



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Lake City Bank ("Bank") and Lakeland Financial Corporation ("Holding Company")

Person to be contacted regarding this report:	Kristin L. Pruitt, SVP & General Counsel
UST Sequence Number:	190
CPP Funds Received:	56,044,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 27, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	874845
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	13102
City:	Warsaw
State:	Indiana

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Since 2-27-09 (date of receipt of CPP), the Bank has increased total loans from \$1.85 billion to \$2.03 billion (as of 2-28-10), an increase of 10%, or \$180 million. All loan growth has occurred in existing markets. There have been no acquisitions, market expansions or business line additions.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Commercial loans grew from \$1.54 billion to \$1.71 billion, an increase of 11% (or \$170 million), with a focus on commercial and industrial lending. Consumer loans have grown from \$197 million to \$222 million, an increase of 13% (or \$25 million), with a focus on home equity lines of credit.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

Management does not believe that any actions were avoided because of the capital infusion of CPP funds.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Management believes that the following actions were aided by the presence of the CPP funds:

1. Strong loan growth occurred and the bank remained well capitalized. The combination of the additional capital provided by the CPP funding and strong earnings performance, which contributed to the capital strength of the Bank, provided for loan growth without negatively impacting capital adequacy.
2. The holding company successfully issued \$58 million of common stock in a public offering in November 2009. The combination of the following factors contributed to the success of this offering:
  - (a) Capital provided by the CPP funding.
  - (b) Strong earnings performance.
  - (c) Long term track record of consistent financial strength and capital management.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

Management does not believe that there were any other substantive actions that the Bank was able to undertake due to CPP.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.