LIVE OAK
BANCSHARES

Third Quarter 2019

October 24, 2019

Information in this presentation may contain "forward-looking statements" within the Private Securities Litigation Reform Act of 1995. These statements generally relate to our financial condition, results of operations, plans, objectives, future performance or business and usually can be identified by the use of forward-looking terminology such as "may," "will," "would," "should," "could," "expect," "anticipate," "estimate," "believe," "plan," "intend," "project," "goals," "outlook," or "continue," or the negative thereof or other variations thereof or comparable terminology. These statements represent our judgment concerning the future and are subject to business, economic and other risks and uncertainties, both known and unknown. These statements are based on current expectations, estimates and projections about our business, management's beliefs and assumptions made by management. These statements are not guarantees of our future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements. These risks, uncertainties and assumptions include, without limitation:

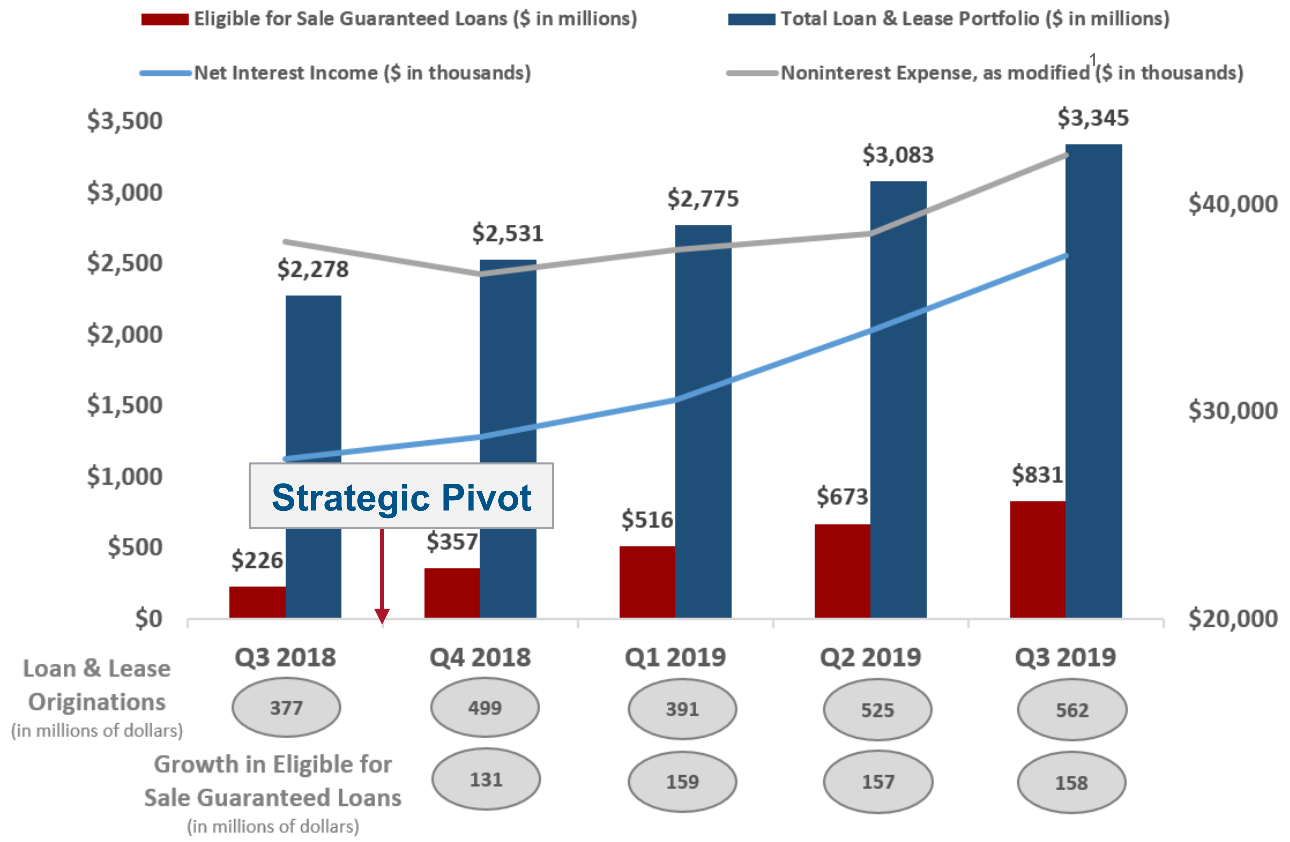
- deterioration in the financial condition of borrowers resulting in significant increases in our loan and lease losses and provisions for those losses and other adverse impacts to results of operations and financial condition;
- changes in SBA rules, regulations and loan products, including specifically the Section 7(a) program, changes in SBA standard operating procedures or changes to Live Oak Banking Company's status as an SBA Preferred Lender;
- changes in rules, regulations or procedures for other government loan programs, including those of the United States Department of Agriculture;
- changes in interest rates that affect the level and composition of deposits, loan demand and the values of loan collateral, securities, and interest sensitive assets and liabilities;
- the failure of assumptions underlying the establishment of reserves for possible loan and lease losses;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- a reduction in or the termination of our ability to use the technology-based platform that is critical to the success of our business model, including a failure in or a breach of our operational or security systems or those of its third party service providers;
- changes in financial market conditions, either internationally, nationally or locally in areas in which we conduct operations, including reductions in rates of business formation and growth, demand for our products and services, commercial and residential real estate development and prices, premiums paid in the secondary market for the sale of loans, and valuation of servicing rights;
- changes in accounting principles, policies, and guidelines applicable to bank holding companies and banking;
- fluctuations in markets for equity, fixed-income, commercial paper and other securities, which could affect availability, market liquidity levels, and pricing;
- the effects of competition from other commercial banks, non-bank lenders, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and mutual funds, and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone and the Internet;
- our ability to attract and retain key personnel;
- changes in governmental monetary and fiscal policies as well as other legislative and regulatory changes, including with respect to SBA lending programs and investment tax credits;
- changes in political and economic conditions;
- the impact of heightened regulatory scrutiny of financial products and services, primarily led by the Consumer Financial Protection Bureau;
- our ability to comply with any requirements imposed on us by our regulators, and the potential negative consequences that may result;
- operational, compliance and other factors, including conditions in local areas in which we conduct business such as inclement weather or a reduction in the availability of services or products for which loan proceeds will be used, that could prevent or delay closing and funding loans before they can be sold in the secondary market;
- the effect of any mergers, acquisitions or other transactions, to which we may from time to time be a party, including management's ability to successfully integrate any businesses that we acquire;
- other risk factors listed from time to time in reports that we file with the SEC, including in our Annual Report on Form 10-K; and
- our success at managing the risks involved in the foregoing.

Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Moreover, these forward-looking statements speak only as of the date they are made and based only on information actually known to us at the time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Except as otherwise disclosed, forward-looking statements do not reflect: (i) the effect of any acquisitions, divestitures or similar transactions that have not been previously disclosed; (ii) any changes in laws, regulations or regulatory interpretations; or (iii) any change in current dividend or repurchase strategies, in each case after the date as of which such statements are made.

Q3 HEADLINES

- THE BEAT GOES ON!
- What makes Live Oak so different and interesting to own?
  - Another quarter of high growth in recurring revenue
  - Strong credit quality
  - The real earnings of the bank and its growth
  - Over to Huntley for more details

THE BEAT GOES ON



Q3 2019 vs. Q3 2018

46.9% ↑ Total Loan & Lease Portfolio

3.7x ↑ Guaranteed Loans Eligible for Sale

35.4% ↑ Net Interest Income

10.9% ↑ Noninterest Expense, as adjusted [1]

1. See Appendix for GAAP to Non-GAAP reconciliation

ORGANIC GROWTH DRIVES BOTTOM LINE

	Loan & Lease Growth[1]		Net Spread[2]		Net Income[3]	EPS[4]
					Incremental Quarterly Impact	
Q4 2018	$253 million	x	4.56%	=	$2.31 million	**$0.06**
Q1 2019	$244 million	x	4.44%	=	$2.17 million	**$0.05**
Q2 2019	$309 million	x	4.43%	=	$2.74 million	**$0.07**
Q3 2019	$262 million	x	4.44%	=	$2.32 million	**$0.06**

1. *Loans and leases held for sale and held for investment growth from previous quarter*
2. *Weighted average yield on loans and leases held for sale and held for investment in the quarter minus weighted average rate on interest bearing liabilities in the quarter*
3. *Net Income is tax effected at an assumed tax rate of 20%*
4. *Incremental Quarterly Impact on Net Income divided by weighted average diluted shares for the quarter*

($ in thousands)	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Net charge-offs	$2,310	$1,185	$65	$526	$2,264
Provision for (recovery of) loan & lease losses	(243)	6,822	2,742	3,463	7,160
Allowance for loan & lease losses	26,797	32,434	35,111	38,048	42,944
Nonperforming Loans[1] to Bank Tier 1 Capital plus Allowance for Loan and Lease Losses	3.3%	3.5%	4.4%	3.9%	4.1%
Growth in Eligible for Sale Guaranteed Loans (in milions)		131	159	157	158

$2.3 million
Q3 Net Charge-Offs

$7.2 million
Q3 Provision Expense

$158 million
Q3 Increase in Eligible for Sale Guaranteed Loans

1. Nonperforming Loans (unguaranteed exposure)

FinTech Activities Impact Earnings

($ in thousands)

	Three Months Ended			
	9/30/2019	6/30/2019	3/31/2019	YTD 2019
Income before taxes, as reported	**$ 6,262**	**$ 5,597**	**$ 2,689**	**$ 14,548**
Provision for loan and lease losses	7,160	3,463	2,742	13,365
Income before taxes, adjusted to exclude provision for loan and lease losses	**13,422**	**9,060**	**5,431**	**27,913**
FinTech activities included in reported income before tax				
Live Oak Ventures, Inc. - income/(loss)	2,785	(929)	(881)	975
Canapi Advisors, LLC - income/(loss)	(2,313)	(1,059)	(1,629)	(5,001)
Apiture, LLC - (Loss) from Apiture equity method investment[1]	(1,467)	(1,036)	(1,194)	(3,697)
Total FinTech actvities net (loss) before tax	**(995)**	**(3,024)**	**(3,704)**	**(7,723)**
Income before taxes, adjusted to exclude provision for loan and lease losses and net loss from FinTech activities	**$ 14,417**	**$ 12,084**	**$ 9,135**	**$ 35,636**

1. Apiture, LLC is an equity method investment held by Live Oak Banking Company

FINTECH INVESTMENTS

Total Investment	Carrying Value
$17.4 million	**$16.6** million

Latest Implied Value	Implied Unrealized Gain
$56.6 million	**$40.0** million

Publicly Traded $5-10BB Banks with 15% ROE[1]

Entity Name	Ticker	Insider Ownership %
ServisFirst Bancshares, Inc.	SFBS	14%
Meta Financial Group, Inc.	CASH	8%
First Financial Bankshares, Inc.	FFIN	5%
Washington Trust Bancorp, Inc.	WASH	9%
BancFirst Corporation	BANF	6%
	Average	**8%**

26%

Live Oak's Insider Ownership %

1. S&P Market Intelligence US Publicly Traded Banks with Total Assets $5-10BB and return on equity of at least 14.5% as of the 2nd Fiscal Quarter 2019

PERFORMANCE

Q3 2019 HIGHLIGHTS

47%
increase versus Q3 2018

Loans and Leases HFS and HFI

$3.35 billion

34%
Increase versus Q3 2018

Total Assets

$4.60 billion

15%
increase versus Q3 2018

Managed Portfolio (1)

$6.36 billion

26%
Q3 2019 versus Q3 2018

Net Interest Income & Loan Servicing Revenue

$44.4 million

11%
Q3 2019 versus Q3 2018

Noninterest Expense, as adjusted(2)

$42.4 million

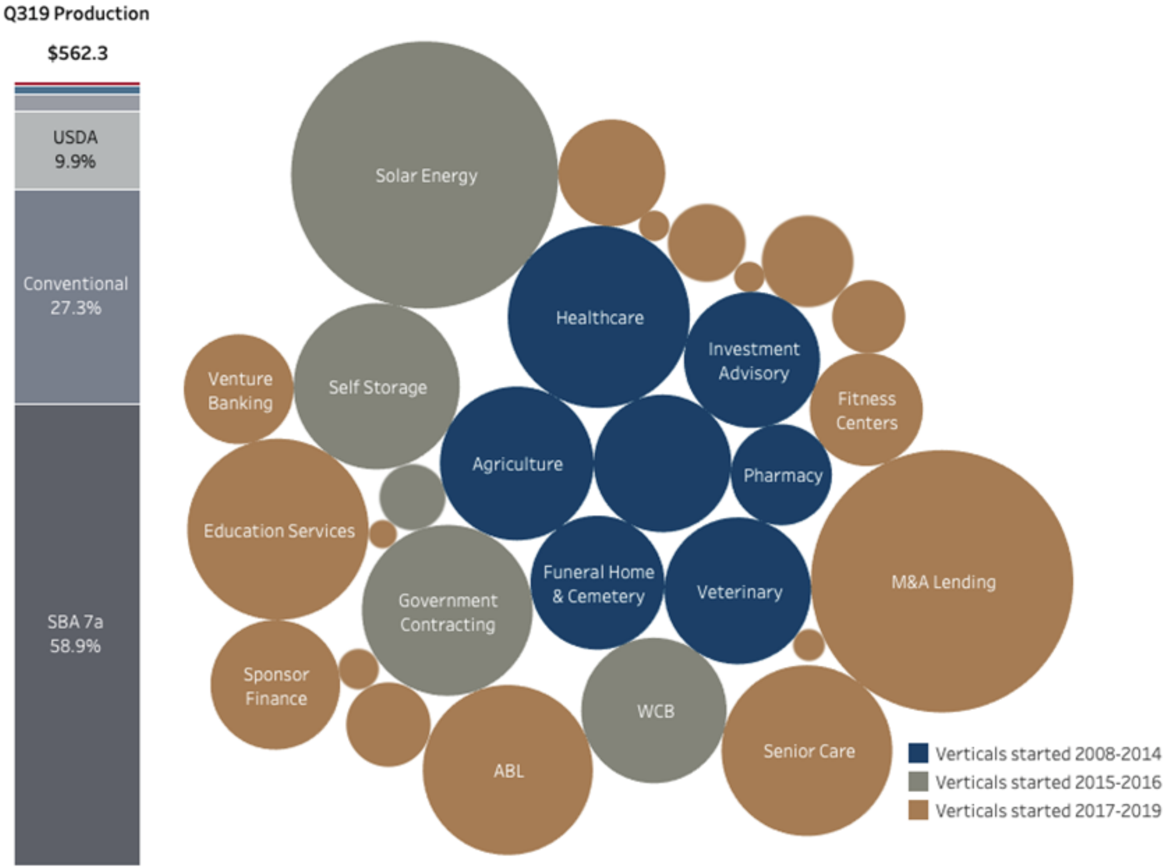
64% (3)

Guaranteed loans held that became eligible for sale in Q3 2019

$176.0 million

1. Outstanding balance of sold and serviced loans plus loans and leases held for investment and held for sale
2. See Appendix for GAAP to Non-GAAP reconciliation
3. Percentage held of $276.5 million of guaranteed loans that became eligible for sale in Q3 2019

STRONG DIVERSIFIED Q3 LOAN PRODUCTION



Q3 Production

Across
43
States

Across
29
Verticals

$1.7
million
Average
Loan Size

TOTAL PORTFOLIO DIVERSIFICATION

$3.34 billion

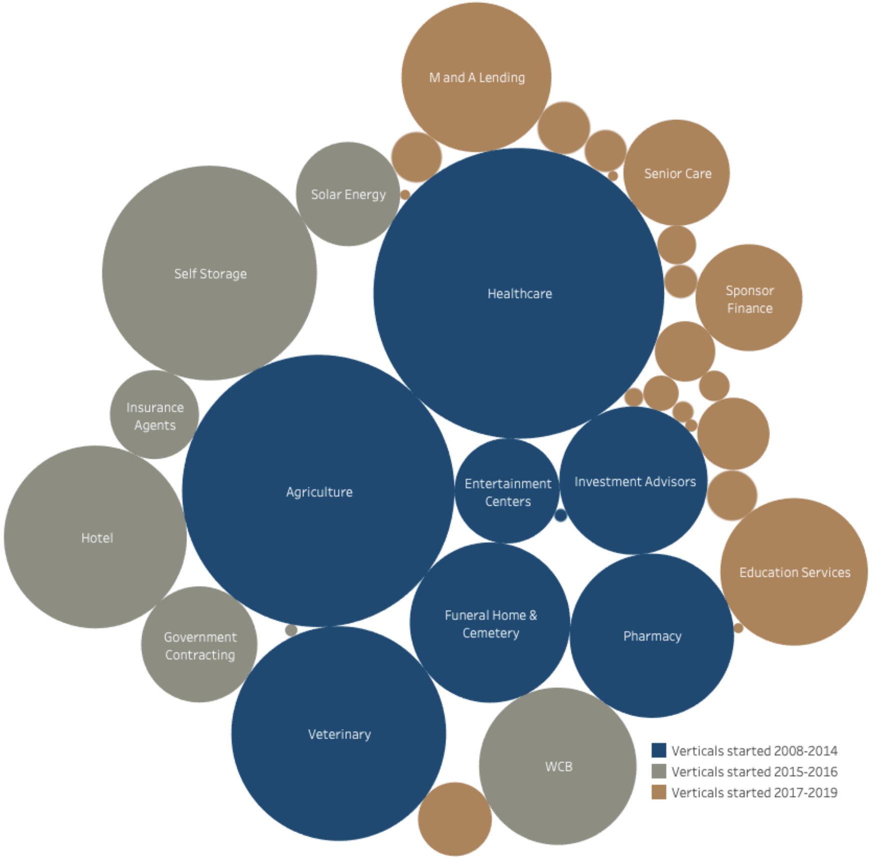
Portfolio Balance

Growth through Diversification

45.3%

Guaranteed Portfolio Percentage

$1.53 billion



CREDIT QUALITY REMAINS STRONG

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$7.2 million

versus Q2 2019 of $3.5 million

Provision for loan and lease losses

39 bps

versus Q2 2019 of 10 bps

Annualized Net CO to Average Loans & Leases HFI

1.76%

versus Q2 2019 of 1.71%

ALLL to Loans & Leases HFI

$21.0 million

versus Q2 2019 of $19.6 million

Unguaranteed Nonperforming Loans, Leases & Foreclosures

46 bps

versus Q2 2019 of 46 bps

Unguaranteed Nonperforming Loans, Leases & Foreclosures to Total Assets

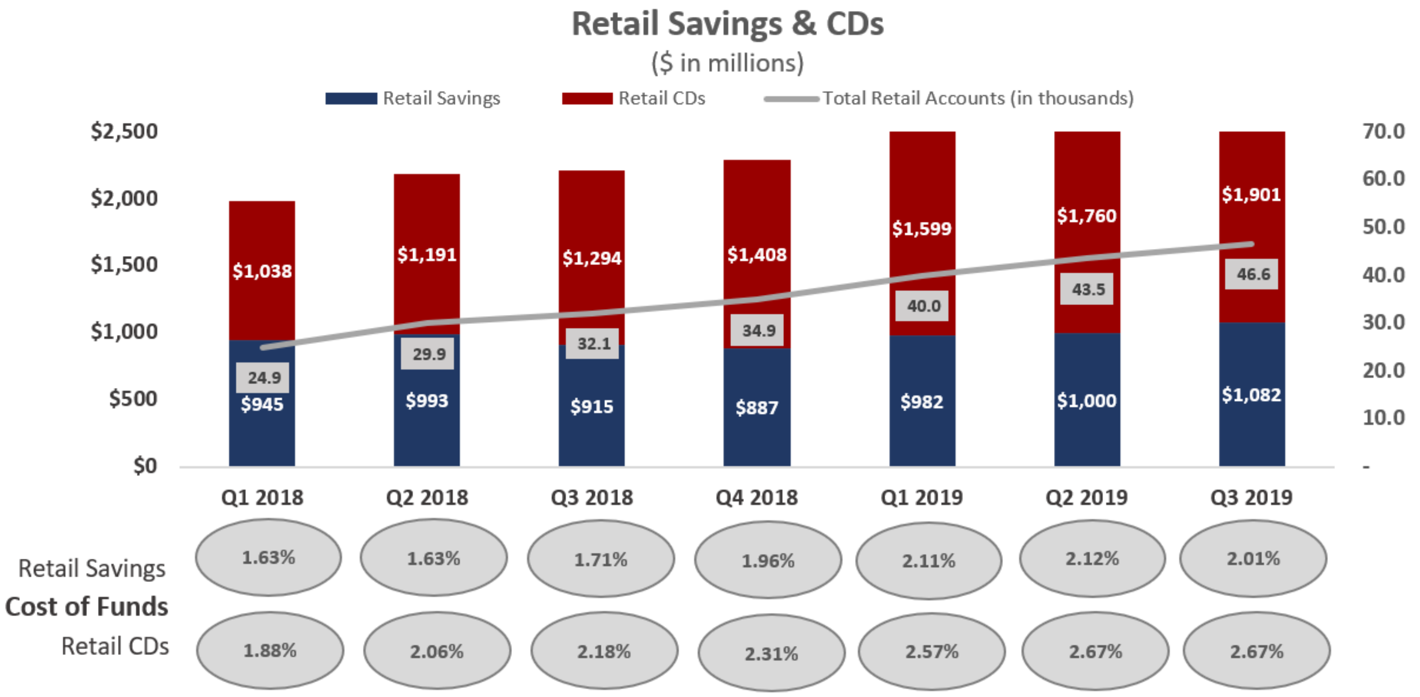
6.62%

versus Q2 2019 of 5.27%

Unguaranteed Criticized and Classified Loans and Leases[1] to HFI Unguaranteed Loans and Leases

1. *Criticized and Classified loans and leases consist of loans and leases internally classified as a risk grade 5 or worse*

HIGHLY EFFICIENT DEPOSIT PLATFORM



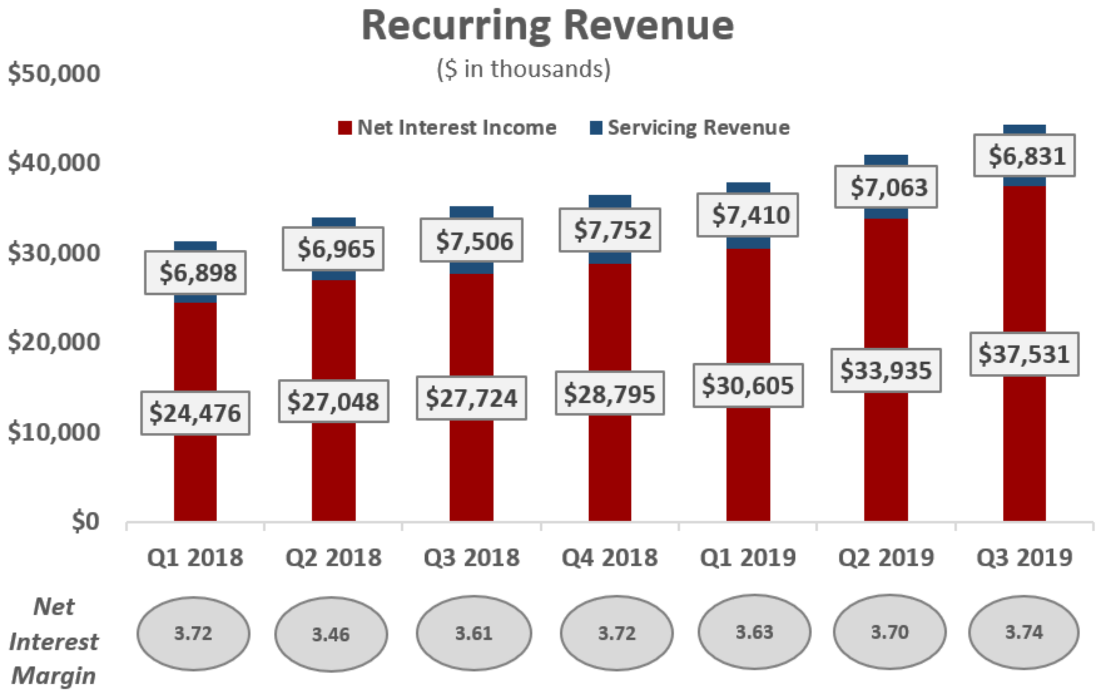
$2.98
Billion
Retail Deposits[1]

96%
Savings Retention
YTD 2019

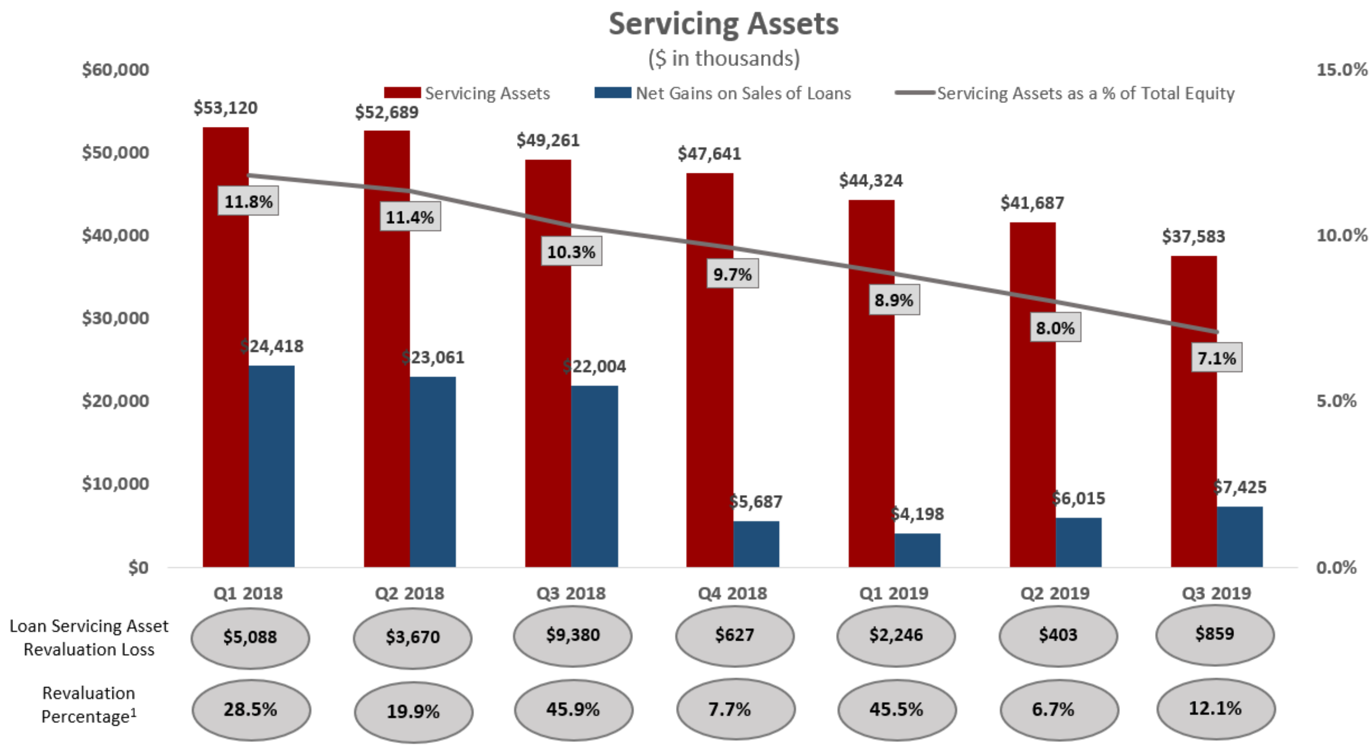
67%
CD Retention
YTD 2019

1. *As of September 30, 2019*

STRONG RECURRING REVENUE GROWTH

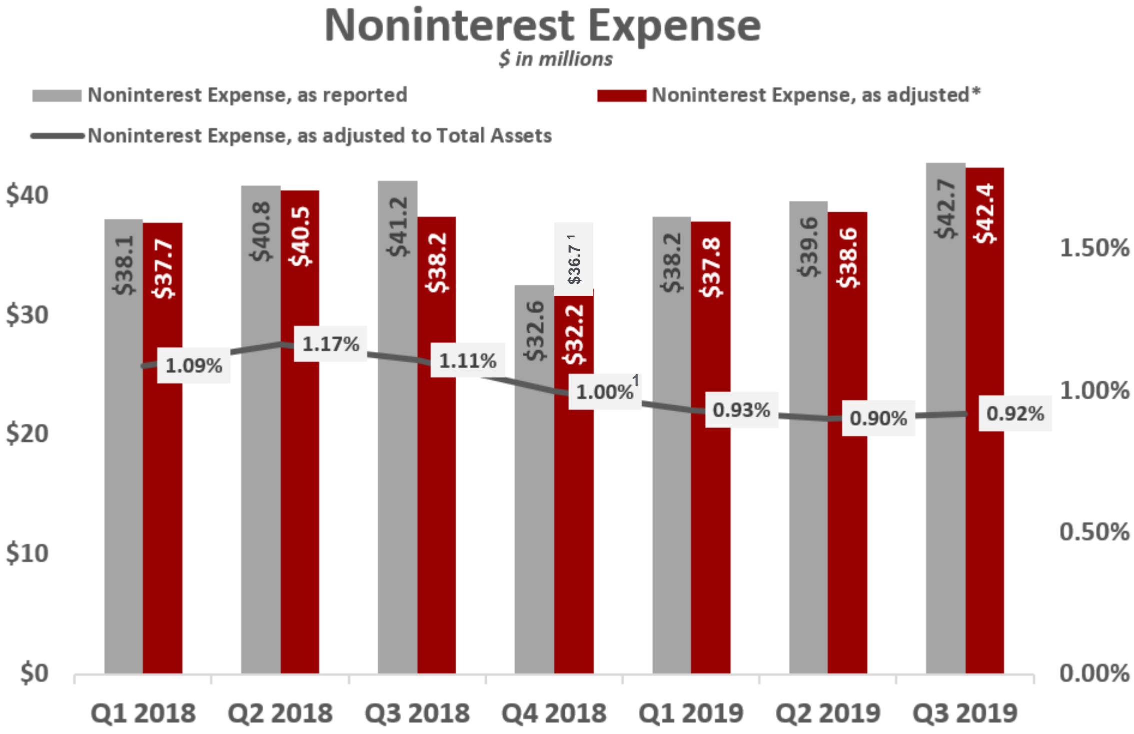


VOLATILITY SUBSIDES & PREDICTABILITY INCREASES



1. Loan servicing asset revaluation loss as a percentage of Income before taxes excluding the impact of loan servicing asset revaluation

EXPENSE DISCIPLINE



* See Appendix for Non-GAAP Reconciliation

1. Noninterest expense, as modified. Excludes Q4 2018 accrued incentive compensation reversal of $4.5 million

HIGH PERFORMING BANK METRICS

				Q2 2019	Trend
Asset Size	$4.60 B	$ 7B	$ 8B	$4.27B	+
NIM	3.74%	3.50%	3.75%	3.70%	+
Noninterest Income to total revenue	33.1%	30%	25%	30.2%	-
Efficiency Ratio[1]	76.2%	60%		81.4%	+
ROA	0.35%	1.25%	1.75%	0.48%	-
ROE	2.94%	15%	20%	3.85%	-
Tier 1 Leverage	11.12%	8.5%	10%	11.77%	+

1. See Appendix for GAAP to Non-GAAP reconciliation

DIGITAL TRANSFORMATION

Varo

chime

BREX

robinhood

6,000 COMMUNITY BANKS

Large Core Processors

fiserv.

FIS

jack henry & ASSOCIATES INC.

Largest Banks

BANK OF AMERICA

WELLS FARGO

CHASE

citi

APPENDIX

NON-GAAP RECONCILIATION

NON-GAAP NONINTEREST EXPENSE, AS ADJUSTED AND AS MODIFIED; EFFICIENCY RATIO

	Three months ended						
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Noninterest expense, as reported	$ 38,072	$ 40,830	$ 41,244	$ 32,558	$ 38,201	$ 39,576	$ 42,737
Stock based compensation expense	(352)	(357)	(360)	(360)	(352)	(357)	(360)
Impairment expense on goodwill and other intangibles, net	—	—	(2,680)	—	—	—	—
Renewable energy tax credit investment impairment	—	—	—	—	—	(602)	—
Noninterest expense, as adjusted	$ 37,720	$ 40,473	$ 38,204	$ 32,198	$ 37,849	$ 38,617	$ 42,377
Less: Reversal of Incentive Compensation	—	—	—	4,457	—	—	—
Noninterest expense, as modifed	$ 37,720	$ 40,473	$ 38,204	$ 36,655	$ 37,849	$ 38,617	$ 42,377

Efficiency Ratio

	Three months ended	
(dollars in thousands)	3Q 2019	2Q 2019
Noninterest expense (a)	$ 42,737	$ 39,576
Net interest income	37,531	33,935
Noninterest income	18,628	14,701
Less: gain on sale of securities	87	—
Adjusted operating revenue (b)	$ 56,072	$ 48,636
Efficiency ratio (a/b)	**76.22%**	**81.37%**

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