Live Oak Bancshares

Third Quarter 2017

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 conducts 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.

The Live Oak Franchise

- **Strong Balance Sheet**
  - Credit Monitoring & Customer Relationships
  - Capital Generation: Renewable Energy Leasing & The "Treasure Chest"
- **Technology**
  - Joint Venture with First Data Corporation
  - API Banking Ecosystem
- **Growth Indicators & Drivers**
  - Loan & Lease Originations and New Verticals
  - Model Leverage & Scalability
- **Financial Performance**
  - Revenue Diversification
  - Building Recurring Revenue

Who We Are

2nd Largest SBA Lender

Specialized Lending Focus
Across a National Footprint

Tremendous Growth
Track Record

Highly Profitable, Flexible
Business Model

What We Have Done

$6.8 Billion Originated
Since Inception

39% Origination Growth
Across Verticals

<1% Net Charge-Offs

1.8% YTD 2017 ROAA

Capital Raise

Secondary Offering Completed in August 2017

$113
million
Net Proceeds

5,175,000
Shares Issued

Capital Fortification
Loan Portfolio Growth
Asset Diversification
Strategic Investments

Total Capital	18.9%
CET1 Capital	17.8%
Tier 1 Capital	17.8%
Tier 1 Leverage	14.0%

Capital Ratios of Live Oak Bancshares as of September 30, 2017

A Strong Balance Sheet

$365 million
Total Equity

$21 million
Loan Loss Reserve

$2.4 billion
Total Assets

$1.1 billion
Unguaranteed Loan Exposure

$3.3 million
Nonperforming Loans, Unguaranteed

$$\frac{\textit{Total Equity + Reserve}}{\textit{Unguaranteed Exposure}}$$

↓

34%
Coverage

Live Oak Bancshares

Disciplined Underwriting Practices

- ✓ Senior management commitment
- ✓ No loan authority outside credit administration
- ✓ No employee incentive compensation for volume
- ✓ Lending officers are not commission-based and most own stock
- ✓ Credit training mandatory for all employees (credit boot camp)
- ✓ Identify good management & stable cash flows
- ✓ Site visits mandatory
- ✓ Industry concentration limits (unguaranteed exposure as a % of capital)
- ✓ Early intervention, default prevention is emphasized with respect to special assets
- ✓ Industry experts brought on for any new verticals
- ✓ Intense servicing on the portfolio

Credit Quality & Monitoring

Business Advisory Group: BAG Mission Statement

MAINTAINING SAFETY AND SOUNDNESS WHILE PROMOTING PROFITABILITY, PERSONAL AND PROFESSIONAL GROWTH

3,500
Relationships Managed*

100
Relationships Per RM*

Quarterly Watchlist Meetings with Credit Department
Annual Reviews: Completed on every loan when tax returns are received
Financial Statement Analysis:
- Helping the Customer: Identifying trends, opportunities, & risks
- Protecting the Portfolio: Identifying issues early

99.9%
Risk Grade 5
Performing, Not Past Due

1,000
Site Visits*
YTD 2017

96%
Customer Financials
Dated within 12 months

87%
Customer Financials
Dated within 6 months

* Approximate values at September 30, 2017

LIVE OAK BANCSHARES

Treasure Chest

$270
million
Guaranteed Loans

Favorable Risk-Adjusted Return
Via Interest Income

$297
million
Liquidity Injection[1]

Earnings Consistency
Reduced Reliance on Gain on Sale Revenue

$30
million
Capital Injection[2]

Renewable Energy Leasing
Enhances Opportunity to Build the Treasure Chest

1. *Loan liquidation of $270 million plus cash proceeds from assumed 10% premium sale.*
2. *Anticipated pre-tax earnings via proceeds from the gain on sale of loans*

Renewable Energy

Loans & Leases

Robust Pipeline

$350

million
TTM Closed

Investment

Tax Credits

$13

million
YTD 2017

Lending: Utility Grade Renewable Energy Projects - USDA REAP Program

Leasing: Not a financial engineering tax equity play

- Reduces our effective tax rate and builds capital
- Off-taker is typically a rated municipality/company
- Live Oak owns the asset and receives the tax credit

Financial Technology Investments

		Code Writing Began:
nCino	Ownership Spun Out in June 2014	2012
DefenseStorm	10.7% *	2014
Finxact™ CORE AS A SERVICE	19.7% *	2017
payrailz	33.0% *	2017
APITURE	50.0% *	1997

** Represents total equity ownership, including non-voting equity where applicable. Does not reflect potential dilution for management equity. All percentages are as of September 30, 2017, except for Apiture with an effective date of October 1, 2017.*

First Data Corporation + Live Oak Joint Venture

APITURE

Financial Services

- New digital banking solutions & cloud-based technologies
- Consumer & small business banking software
- API Based Architecture

Online & Mobile Platforms

- Digital Bill Payments & Funds Transfer
- Balance Inquiries
- Mobile Check Deposit
- Customizable Online & Mobile Applications

$150* million

Apiture Business Enterprise Value

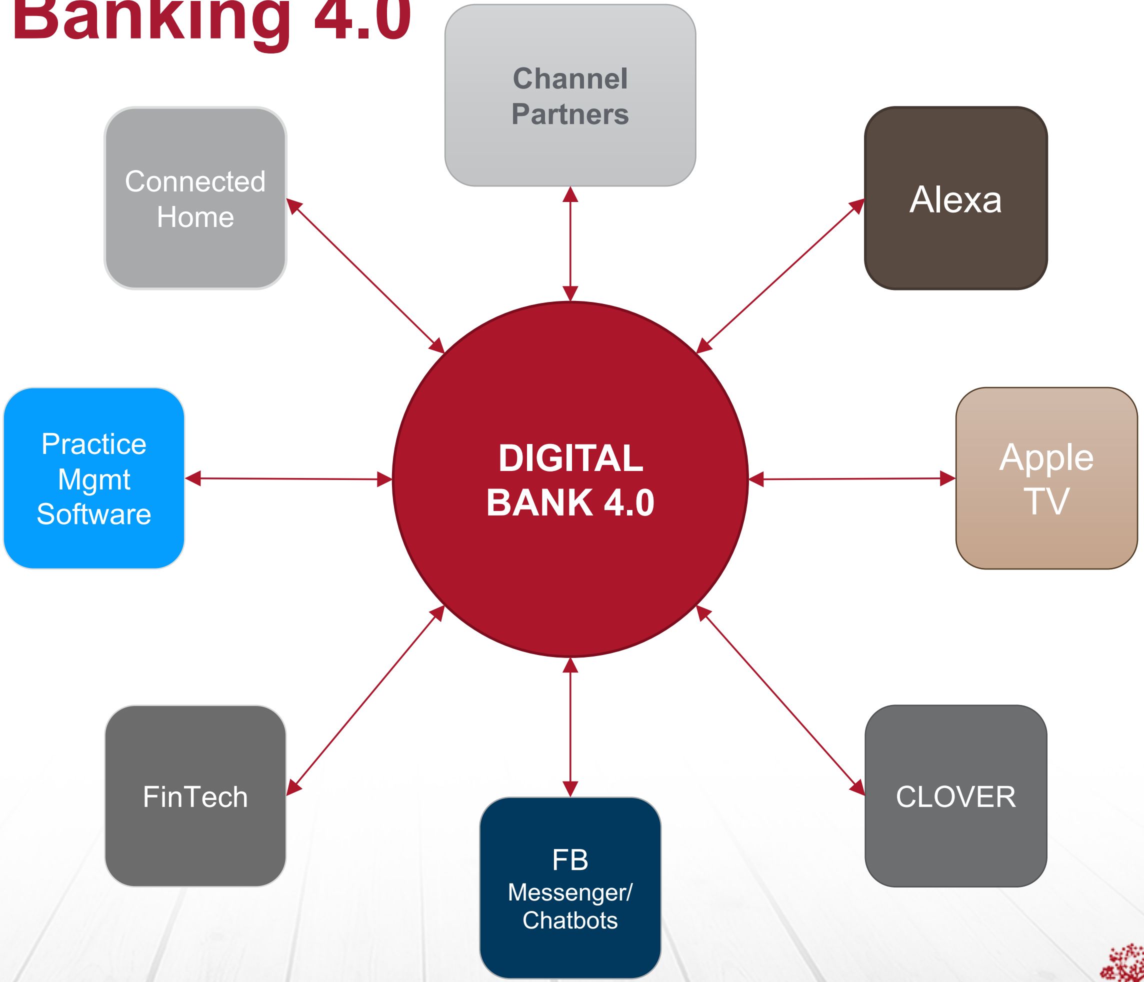
$68* million

Live Oak Non-cash Contribution Value

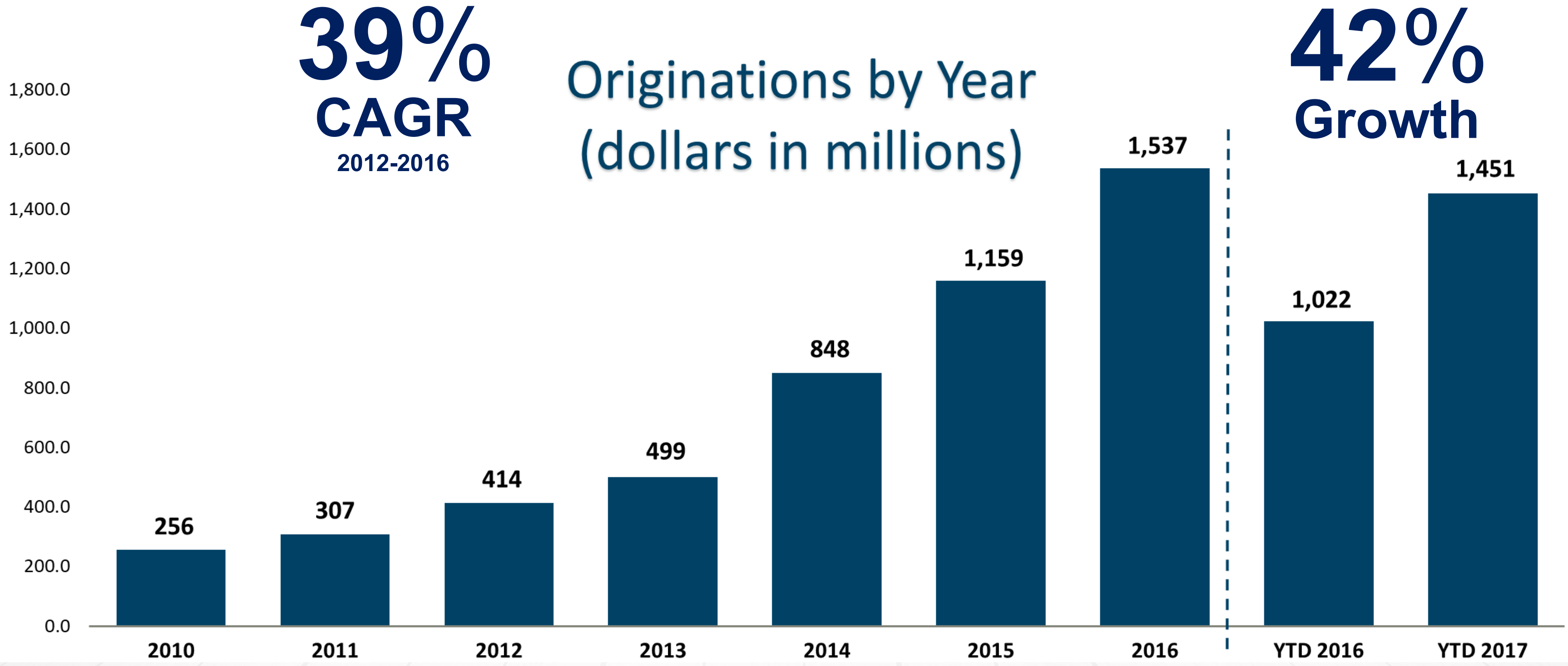
** Preliminary estimate subject to significant estimation*

APPS – Digital Banking 4.0

- Wearables
- Internet of Things
- TV Banking
- Chat-Bots
- Personal Assistants
- Fintech
- Practice Management Software



Robust Loan & Lease Origination



Proven Scalable Business Model

Live Oak 1.0 (2008-2014)	Live Oak 2.0 (2015-2016)	Live Oak 3.0 (2017+)
Veterinary	Wine and Craft Beverages	Solar Panel Leasing
Healthcare	Self-Storage	Equipment Leasing
Pharmacies	Independent Insurance	Early Education Services
Death Care	Hotels	Senior Care
Investment Advisory	Renewable Energy	Mergers & Acquisitions
Family Entertainment	Government Contractors	Professional Services
Chickens		Automotive After-Market

YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2017
$806 million	**$728** million	**$216** million	**$643** million	**$80** million

2017 Originations Expected to be Approximately $2 billion

Growing Recurring Revenue

Year-Over-Year

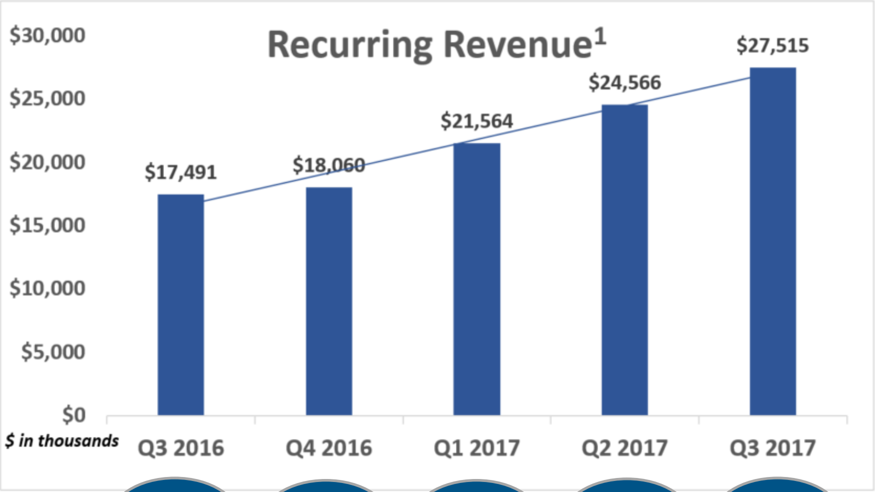
57%

Recurring Revenue[1] Growth

Year-Over-Year

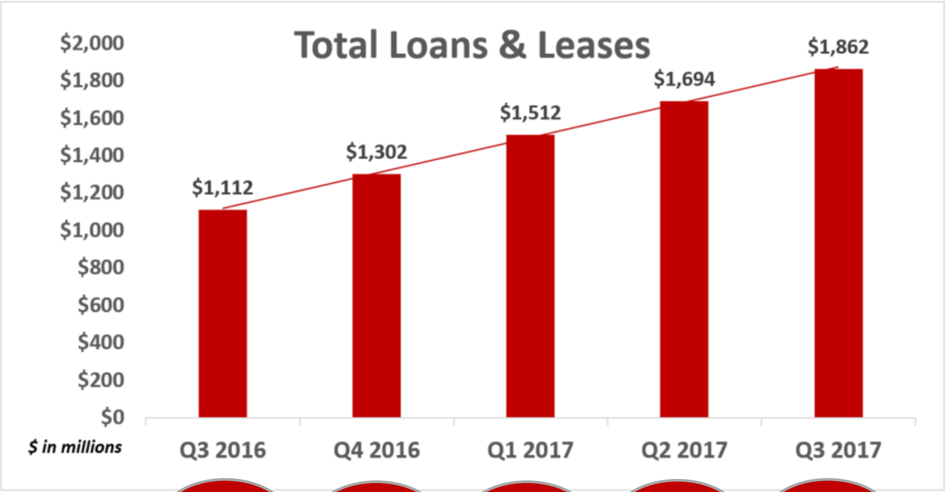
67%

Portfolio Growth



Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
47%	47%	52%	55%	60%

Recurring Revenue as a percent of Total Revenue



Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
34%	33%	37%	38%	39%

Guaranteed Loans as a percent of Total Loans & Leases

1. *Net Interest Income plus Loan Servicing Revenue*

YTD Model Leverage | Live Oak 1.0 vs. 2.0

YTD 2017 Originations **(Verticals 1.0)**

$728 million

Direct Operating Cost[1] per $1 million Originations

$20.7 thousand

Direct Operating[1] Cost to Revenue[2]

15%

Approximate Fully Funding Percentage of Originations

43%

YTD 2017 Originations **(Verticals 2.0)**

$643 million

Direct Operating Cost[1] per $1 million Originations

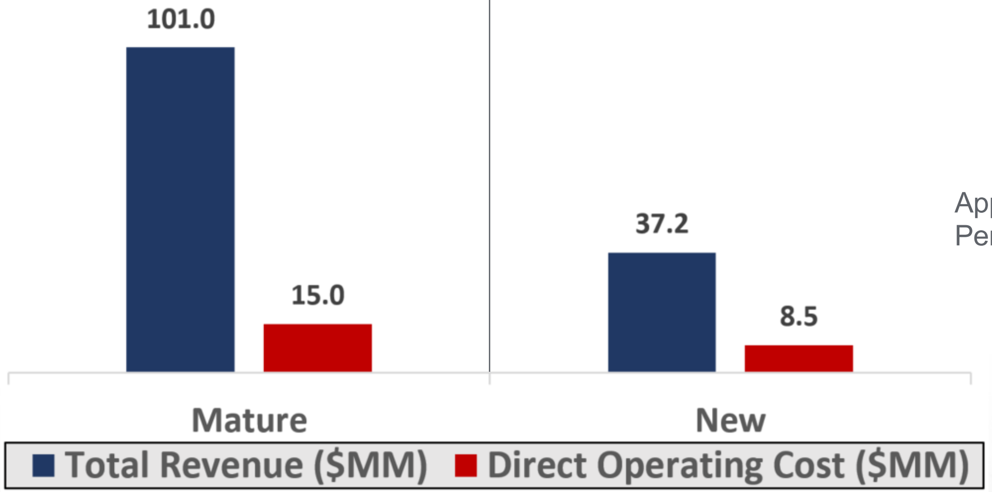
$13.3 thousand

Direct Operating[1] Cost to Revenue[2]

23%

Approximate Fully Funding Percentage of Originations

55%



1. *Direct operating costs are management-defined direct costs associated with the origination and servicing activities of the Verticals which excludes corporate/support expenses of the Bank not allocated to specific verticals and Live Oak Bancshares expenses.*
2. *Revenue includes loan interest & fee income and the components of noninterest income related to the activities of Live Oak Banking Company.*

Online Savings Ramp Continues | Q3 2017

Q3 Savings Growth

$393 million

4,192 accounts

46	$4.3 million	$89k
Avg Daily Accounts	Avg Daily New Balances	Average Balance

Deposits Portfolio as of 9/30/17:

$2.1 billion

10% Q3 Growth / 28% YTD Growth

Portfolio Stats:

15,338	77% / 23%	1.30%
Open Accounts	Core vs. Brokered	Cost of Funds

Building the Brand

- Full-page print ads in Money & Kiplinger's Magazines
- Search Engine Optimization (Google, Bing)
- Social Media – Spenders vs. Savers Campaign
- Aggregators – Bankrate, QuinStreet network

Coming in Q4 2017

- Mobile Banking launch
    - Includes Mobile Deposit Capture
    - Fully functional banking experience via a phone or tablet

Third Quarter 2017 | Financial Highlights

4%
increase versus Q3 2016
Loan & Lease Originations
$396 million

57%
increase versus Q3 2016
Net Interest Income & Loan Servicing Revenue
$28 million

67%
increase versus Q3 2016
Total Loans & Leases
$1.9 billion

22%
decrease versus Q3 2016
Guaranteed Loans Sold
$164 million

58%
increase versus Q3 2016
Guaranteed Portion of HFS Loans (Note Amount)
$1.1 billion

900 bps
improved diversification versus Q3 2016
% of SBA Loans to Total Originations
83%

Proactive Approach to Credit Decisions & Monitoring

34 bps

Versus Q2 2017 of 7 bps

Annualized Net CO to Average Loans & Leases HFI

1.80%

Versus Q2 2017 of 1.80%

ALLL to Loans & Leases HFI

$3.7 million

Versus Q2 2017 of $3.9 million

Unguaranteed Nonperforming Loans & Foreclosures

15 bps

Versus Q2 2017 of 18 bps

Unguaranteed Nonperforming Loans & Foreclosures to Total Assets

Live Oak

BANCSHARES