

FIRST QUARTER 2021

April 22, 2021



FORWARD LOOKING STATEMENTS

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;
- the potential impacts of the Coronavirus Disease 2019 (COVID-19) pandemic on trade (including supply chains and export levels), travel, employee productivity and other economic activities that may have a destabilizing and negative effect on financial markets, economic activity and customer behavior;
- 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 or to develop a next-generation banking platform, 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 or USDA lending programs and investment tax credits;
- changes in political and economic conditions, including as a result of the 2020 federal elections;
- the impact of heightened regulatory scrutiny of financial products and services, primarily led by the Consumer Financial Protection Bureau and various state agencies;
- 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.

AGENDA

1. Kel Landis
2. Safety and Soundness
3. Earnings & Growth
4. Technology Investments and Canapi Progress
5. Bank Performance
6. ESG Update

Q1 2021 PERFORMANCE

As reported

Live Oak Bancshares, Inc.

(\$ in thousands, except per share data)

	<u>Q1 2020</u>	<u>Q2 2020</u>	<u>Q3 2020</u>	<u>Q4 2020</u>	<u>Q1 2021</u>
Net Interest Income	\$ 40,161	\$ 40,898	\$ 51,363	\$ 62,301	\$ 69,950
Provision for (Recovery of) Loan and Lease Credit Losses	11,792	9,958	10,274	8,634	(873)
Noninterest Income	5,742	22,411	47,044	10,803	31,057
Noninterest Expense	49,491	48,100	42,650	52,435	58,272
Income (Loss) before Taxes	(15,380)	5,251	45,483	12,035	43,608
Net Income (Loss)	(7,602)	3,777	33,780	29,588	39,427
Diluted Earnings (Loss) per Share	\$ (0.19)	\$ 0.09	\$ 0.81	\$ 0.68	\$ 0.88
Total Assets	\$ 5,273,569	\$ 8,209,154	\$ 8,093,381	\$ 7,872,303	\$ 8,417,875
Total HFS and HFI Loans and Leases	3,813,455	5,626,624	6,227,294	6,320,400	6,533,495
Allowance for Credit Losses on Loans and Leases	(35,906)	(44,083)	(44,210)	(52,306)	(52,417)
All Other Assets	1,496,020	2,626,613	1,910,297	1,604,209	1,936,797
Total Liabilities	4,739,797	7,660,719	7,509,217	7,304,453	7,827,515
Total Deposits	4,639,401	5,873,292	5,706,044	5,712,828	6,316,004
Total Borrowings	50,012	1,721,029	1,747,083	1,542,093	1,465,961
All Other Liabilities	50,384	66,398	56,090	49,532	45,550
Total Shareholders' Equity	533,772	548,435	584,164	567,850	590,360

SITE VISITS

5

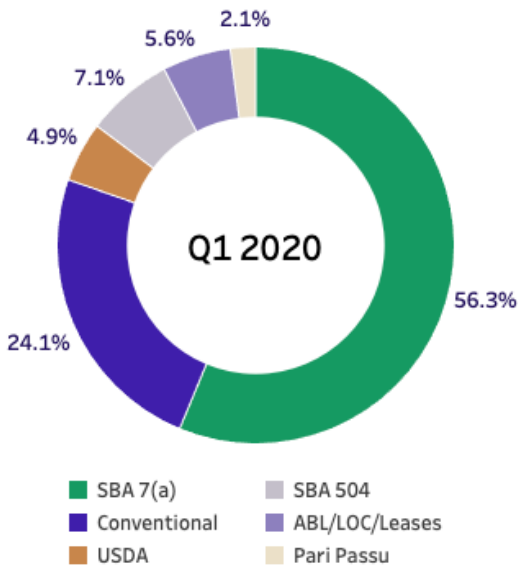
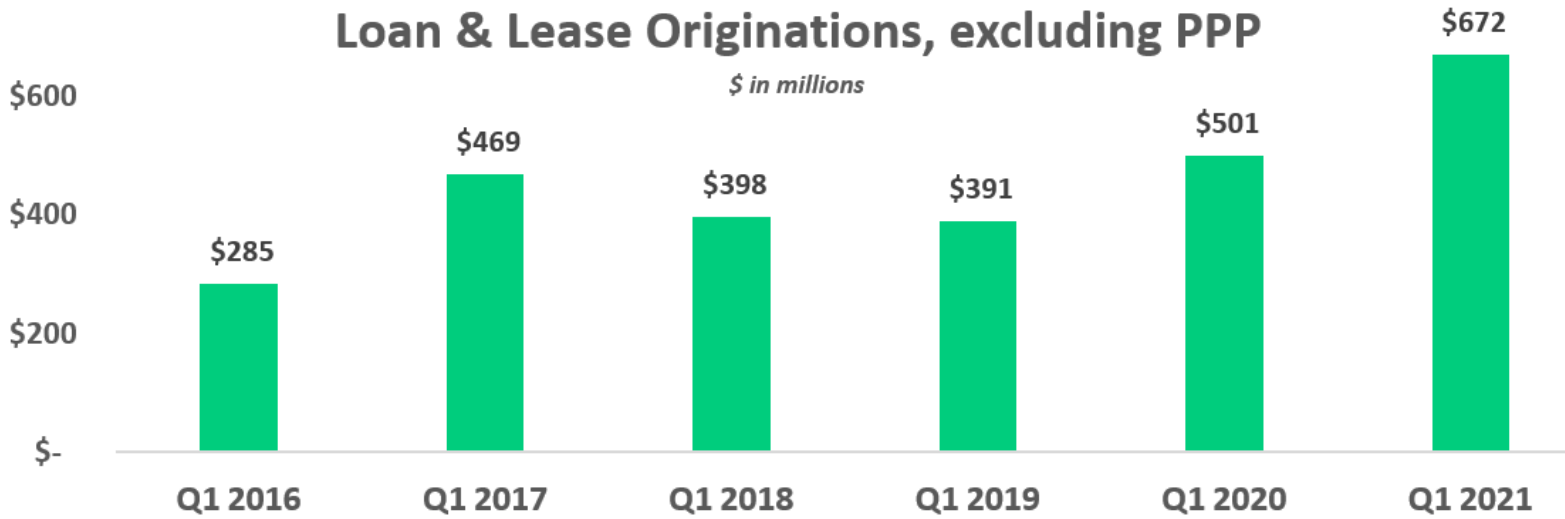
\$ in millions

Vertical	HFI Unguaranteed ¹	No. of Site Visits YTD April 2021	Site Visits YTD April 2021	% Visited (by \$)	No. of Site Visits Q4 2020 + YTD April 2021	Site Visits Q4 2020 + YTD April 2021	% Visited (by \$)
Hotel	\$112.9	16	\$63.1	55.9%	25	\$107.7	95.4%
WCB	112.2	20	29.9	26.6%	35	40.7	36.3%
Education Services	98.8	10	11.7	11.8%	15	14.5	14.7%
FEC	54.6	12	15.3	28.0%	26	34.5	63.2%
Fitness Centers	32.3	7	2.0	6.2%	14	4.3	13.3%
Quick Service Restaurants	23.1	3	1.4	6.1%	6	3.9	16.9%
Total	\$433.9	68	\$123.4	28.4%	121	\$205.6	47.4%

1.) At amortized cost (inclusive of loans and leases at fair value and historical cost)

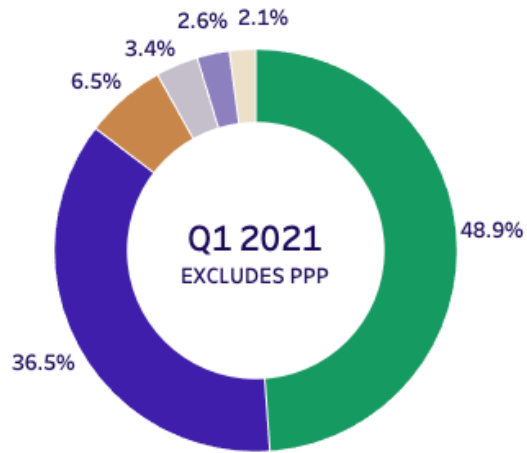
FIRST QUARTER COMPARISONS

Growth & Diversification



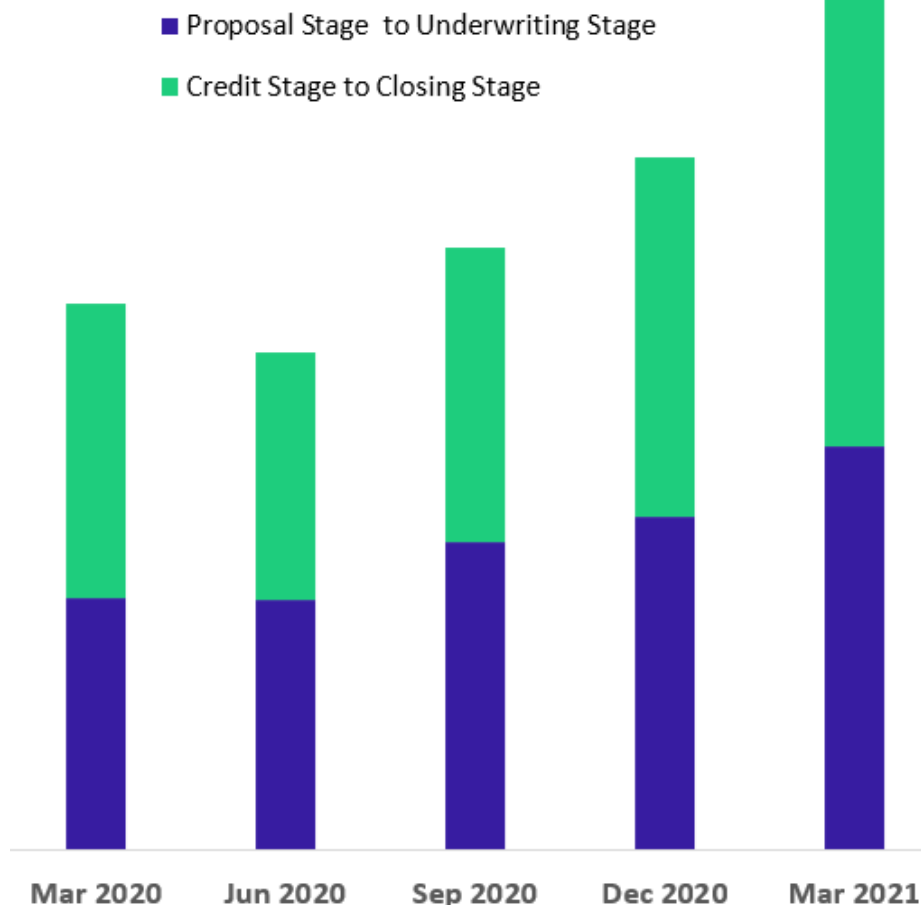
34% Growth
Q1 2020 to Q1 2021
\$500.6 million to \$672.4 million
Originations excluding PPP

~\$280
million
Month-to-Date April 21, 2021
Originations excluding PPP



ROBUST PIPELINE GROWTH

Lending Pipeline (\$)¹



60% ↑

March 2021 vs March 2020
Pipeline from Proposal Stage
through Underwriting Stage

65% ↑

March 2021 vs March 2020
Pipeline from Credit Stage
through Closing Stage

1.) Graph is a proportional illustration of total pipeline as of the end of each period presented. Pipeline trends do not necessarily translate into loan and lease originations.

Q1 DIVERSIFIED LOAN & LEASE ORIGINATIONS

Growth & Diversification

Q1 2021 Originations by Year Vertical Started

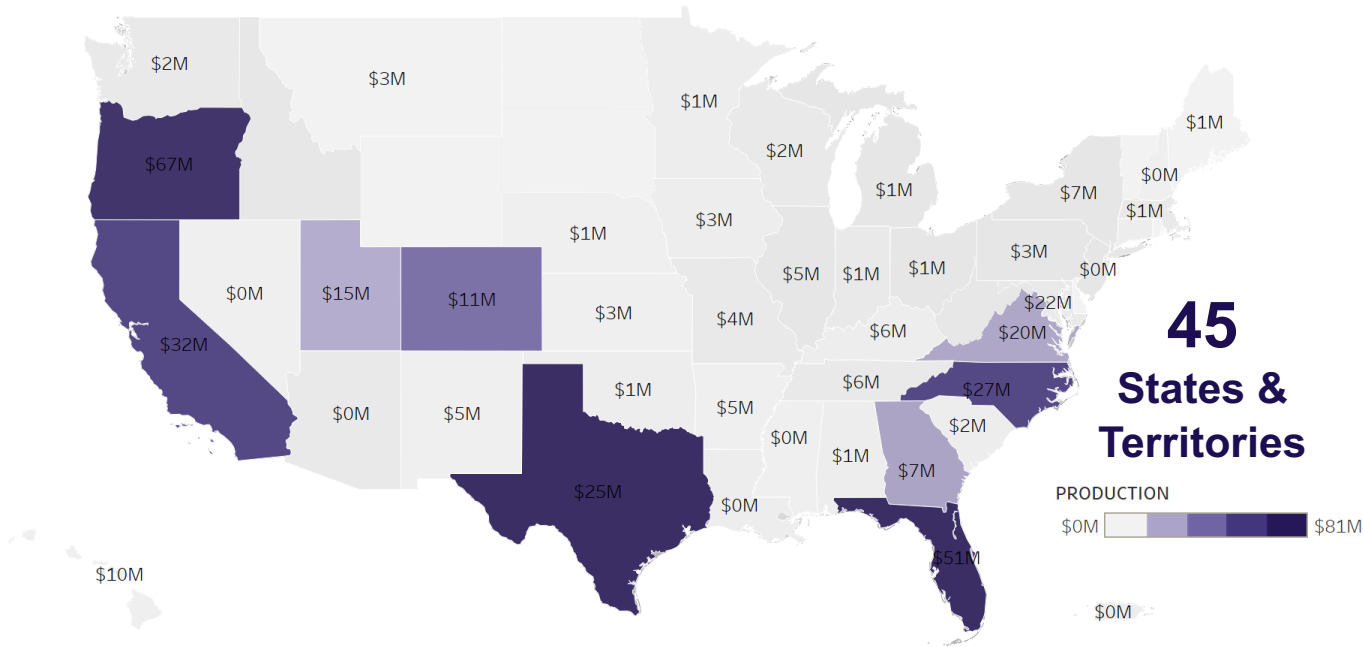
(\$ in millions)

2008 – 2017

\$392.2

After 2017

\$280.2



\$672.4
million

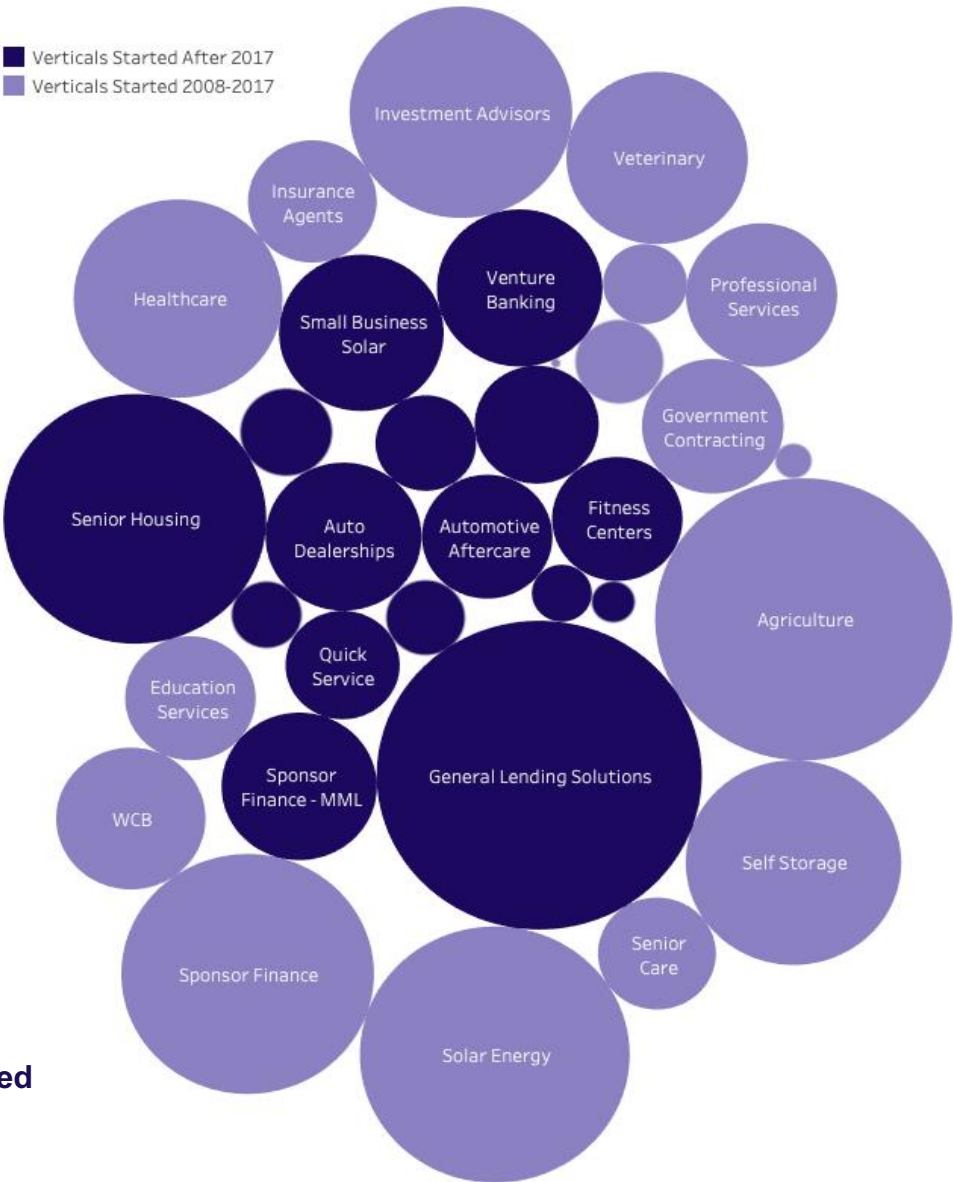
Loan & Lease Originations

\$362.1
million

Total Unguaranteed Balance

\$1.0
million

**Average Unguaranteed
Balance per Loan**



TECHNOLOGY INVESTMENTS

\$ in millions

Finxact™

payrailz

 DEFENSESTORM

 savana

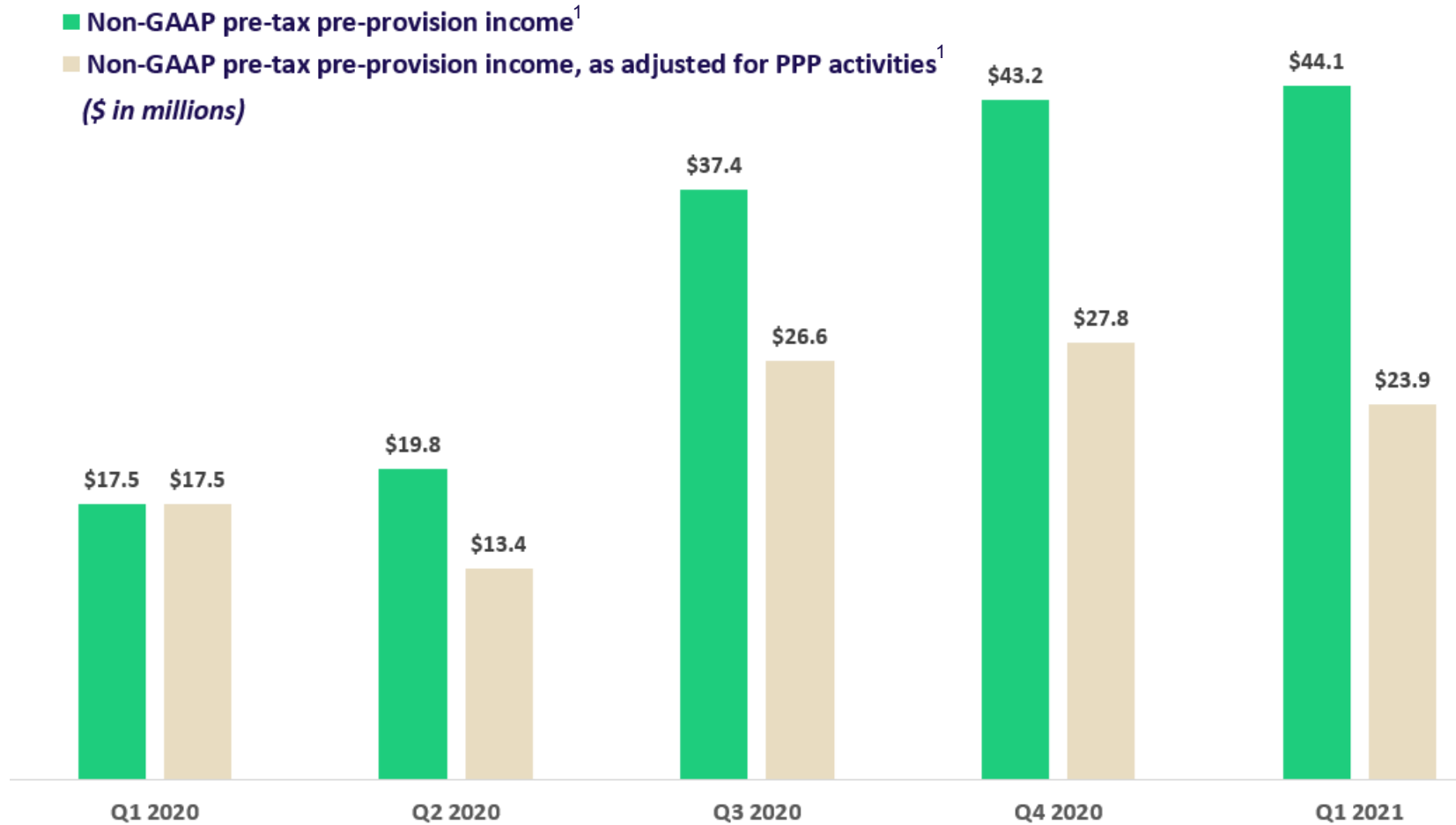
greenlight

A P I T U R E

Live Oak Cash Investment	\$13.4	\$2.1	\$2.2	\$1.5	\$5.0	\$0.0
Live Oak Carrying Value	\$6.0	\$0.0	\$2.9	\$1.5	\$22.4	\$53.9
Estimated Implied Value ¹ of Shares Owned by Live Oak	\$41.8	\$13.9	\$4.4	\$1.4	\$38.2	\$68.3
vs. Q4 2020	\$28.9	\$13.9	\$4.4	\$1.4	\$38.2	\$68.3
\$24.2	\$86.7	\$168.0	\$81.3			
Investment	Total Carrying Value	Estimated Implied Value ¹	Difference			
		vs. Q4 2020 of \$155.1	vs. Q4 2020 of \$73.6			

1.) Implied value based on most recent transaction data and not necessarily indicative of future value

NON-GAAP PRE-TAX PRE-PROVISION INCOME



152.0% ↑

Q1 2021 vs Q1 2020
Non-GAAP pre-tax pre-provision income

36.4% ↑

Q1 2021 vs Q1 2020
Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities

1.) See Appendix for reconciliation of reported balances to non-GAAP items

PERFORMANCE

OUR FOCUS REMAINS CONSISTENT



KEEPING OUR CUSTOMERS CLOSE

Continued Outreach & Engagement

Opportunities as We Emerge from Pandemic

Expanding the Customer Base



SAFETY & WELL-BEING OF OUR EMPLOYEES & COMMUNITIES

Hybrid Remote Work Model

Supporting Business Growth with People and Resources

Continue to Invest in Our Communities



SUPPORTING SMALL BUSINESSES

Dedicated to Providing Capital to Small business owners across the country

Responding to Evolving Government Programs (PPP, Forgiveness, 7(a) Enhancements)

Building Future State Product Roadmap



DELIVERING TECHNOLOGY & PRODUCTS

Business Savings and CDs Launch

Checking Pilot Launched





Full Deposit Conversion to Finxact Scheduled for Q3

Q1 BALANCE SHEET HIGHLIGHTS

<i>\$ in billions unless otherwise indicated</i>	Q1 2020	Q4 2020	Q1 2021	Change from Prior Quarter	Change from Prior Year
Total Loans and Leases Excluding PPP¹	\$3.81	\$4.82	\$5.09	5.5% 	33.4% 
Managed Portfolio Excluding PPP^{2,1}	\$6.80	\$8.03	\$8.31	3.5% 	22.2% 
Eligible for Sale Guaranteed Loans	\$0.93	\$1.68	\$1.75	3.8% 	87.6% 
Total Assets, As Adjusted to exclude PPP³	\$5.27	\$6.36	\$6.94	9.1% 	31.7% 
Total Equity	\$533.8 million	\$567.9 million	\$590.4 million	4.0% 	10.6% 

1.) See Appendix for Reconciliation to items excluding PPP activities 2.) Outstanding balance of sold and serviced loans plus loans and leases held for investment and held for sale less adjustments for PPP activities (See Appendix) 3.) Total Assets as reported less adjustments for PPP activities (See Appendix)

Q1 INCOME STATEMENT HIGHLIGHTS

<i>\$ in millions</i>	Q1 2020	Q4 2020	Q1 2021	Change from Prior Quarter	Change from Prior Year
Loan & Lease Originations, excluding PPP	\$501	\$808	\$672	16.8% 	34.3% 
Net Interest Income , as adjusted for PPP Activities¹ + Servicing Revenue	\$46.6	\$53.8	\$57.5	7.0% 	23.5% 
Net Gain on Sales of Guaranteed Loans	\$10.3	\$12.8	\$11.5	10.5% 	11.0% 
Non-GAAP Noninterest Expense, as adjusted for PPP Activities¹	\$49.5	\$48.0	\$53.0	10.3% 	7.1% 
Non-GAAP Pre-Tax Pre- Provision Income as adjusted for PPP Activities¹	\$17.5	\$27.8	\$23.9	14.1% 	36.4% 

1.) See Appendix for Reconciliation of non-GAAP items to reported balances

NOTABLE EVENTS – Q1

Event	Comments	Q1 Financial Impact
The End of Market Price RSUs	398 thousand RSUs vested Final 178 thousand RSUs vested in Q2 2021	Non-interest expense: \$2.6 million Tax benefit: \$4.3 million Equity Impact: \$(9.7) million
Seeking to Reduce Volatility	Discontinued the practice of electing fair value for the unguaranteed retained portion of all new government guaranteed loans sold in the secondary market	Reduces net gain on sale by approximately \$2.7 million Expected to reduce volatility in future periods as the legacy fair value portfolio amortizes.
Another Successful Round of PPP	Originated an additional \$507.8 million of PPP loans Processed forgiveness for \$551.7 million of first draw PPP	PPP Loans: \$1.45 billion at March 31, 2021 PPP Net Interest Income: \$18.9 million
Supporting Renewable Energy through Tax Credit Investment	Returned to the tax equity investing market to support renewable energy activities	Investment: \$3.9 million Noninterest expense: \$3.1 million (investment impairment) Net tax benefit: ~\$4.1 million total in 2021 Estimated Project IRR: >20% over 6 years

MARKET PRICE RSUs IMPACT

	<u>Vested in Q4 2020</u>	<u>Vested in Q1 2021</u>	<u>Vested in April 2021</u>
Restricted Stock Unit Awards	2.5 million \$34 to \$40 per share Market Price Condition	398 thousand \$45 to \$50 per share Market Price Condition	178 thousand \$55 per share Market Price Condition
Net Settlement	1.4 million shares	226 thousand shares	99 thousand shares
Noninterest Expense (NIE) Incurred	\$4.1 million	\$2.6 million	\$2.3 million
Income Tax Benefit upon Vesting	\$22.1 million	\$4.3 million	\$1.5 million
Net Tax Benefit for Related NIE	\$1.2 million	\$0.6 million	\$0.6 million
Book Value Impact*	\$(26.9) million	\$(5.2) million	TBD

*Q1 2021 Impact to Book Value

Net settlement of shares vesting	\$(9.7) million
Employer payroll tax obligation	(0.4) million
Net tax benefit for related noninterest expense	0.6 million
Tax benefit upon vesting	<u>4.3 million</u>
Net impact on book value from awards vesting during Q1 2021	\$(5.2) million
Net impact on tangible book value per share	\$(0.19) per share

All RSUs with market price conditions have fully vested

PPP IMPACT

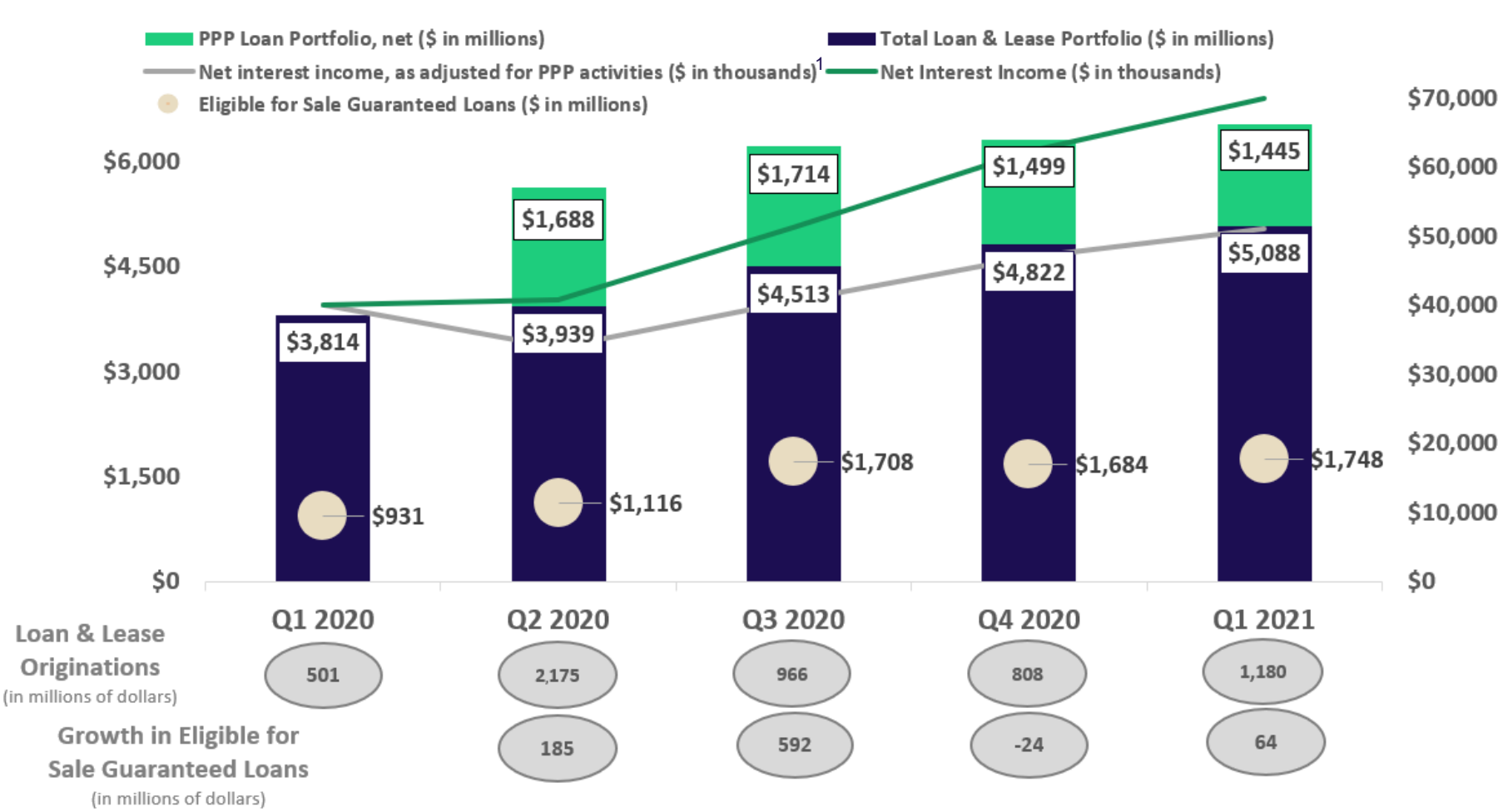
(\$ in millions)	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Total Assets, as reported	\$8,209.2	\$8,093.4	\$7,872.3	\$8,417.9
Total Adjustments for PPP Activities ¹	2,625.5	2,218.8	1,510.2	1,475.1
Total Assets, as adjusted to exclude PPP Activities	5,583.6	5,874.6	6,362.1	6,942.8

\$33.7 million net deferred fees on balance sheet at March 31, 2021
(includes \$20.9 million from Q1 2021 PPP Originations)

(\$ in millions)	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Interest Income and Fees on Loans, as reported	\$62.0	\$70.6	\$79.2	\$85.0
Less Amortization of Net Deferred Fees on PPP Loans ¹	5.4	9.2	13.3	17.2
Less Interest Income on PPP Loans ¹	3.3	4.4	4.3	3.6
Interest Income & Amortization of Net Deferred Fees on Loans (excluding PPP)	53.3	57.0	61.6	64.2
Estimated interest expense on funding activity to support PPP activities ¹	1.8	2.8	2.4	1.9
Impact of PPP Activities on Net Interest Income	6.9	10.8	15.2	18.9

1.) See Appendix for adjustments for PPP Activities

FRANCHISE FUNDAMENTALS



27% ↑
 Q1 2021 vs Q1 2020
 Net Interest Income, as
 adjusted for PPP activities

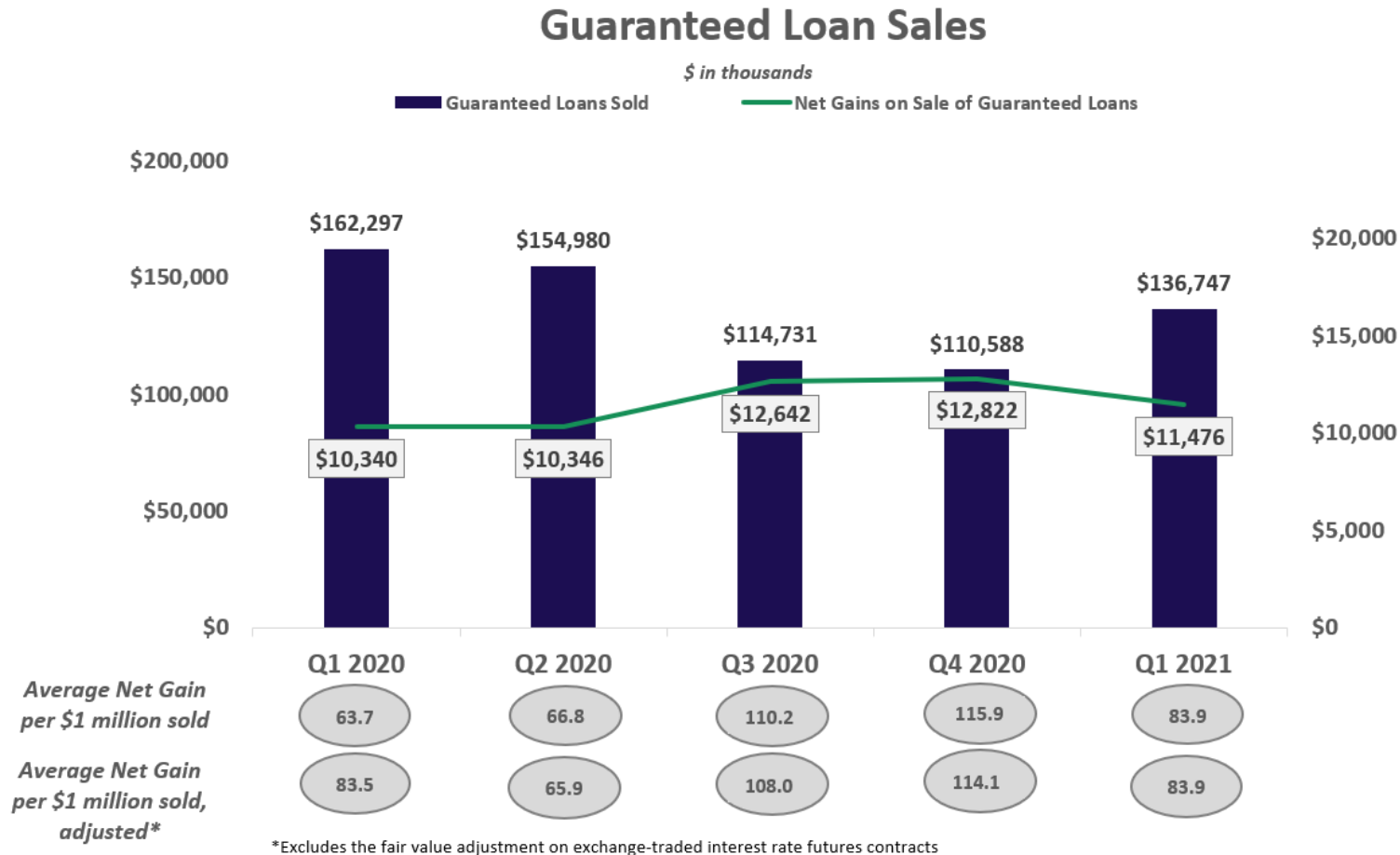
8% ↑
 Q1 2021 vs Q4 2020
 Net Interest Income, as
 adjusted for PPP activities

33% ↑
 Q1 2021 vs Q1 2020
 Total Loan and Lease
 Portfolio, excluding PPP

6% ↑
 Q1 2021 vs Q4 2020
 Total Loan and Lease
 Portfolio, excluding PPP

1.) See Appendix for reconciliation to items excluding PPP activities

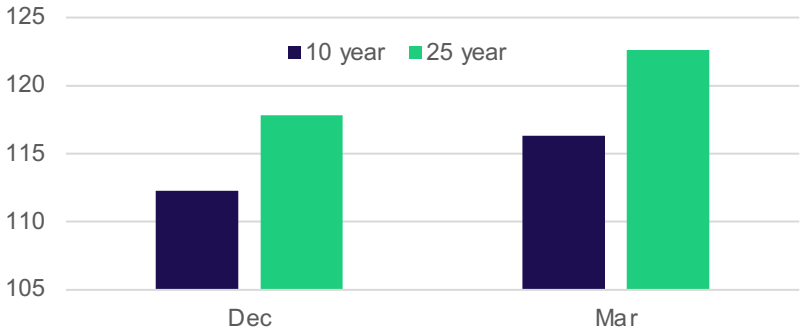
GUARANTEED LOAN SALES



- The secondary market for SBA and USDA loans remains strong
- Discontinuing fair value election for guaranteed loans sold contributed to the gain on sale decline from the prior quarter
- Sale of fixed rate loans in the quarter to manage interest rate risk drove down gain per million
- Reaffirming long term loan sale targets

GUARANTEED LOAN SALES

Secondary Market Remains Strong



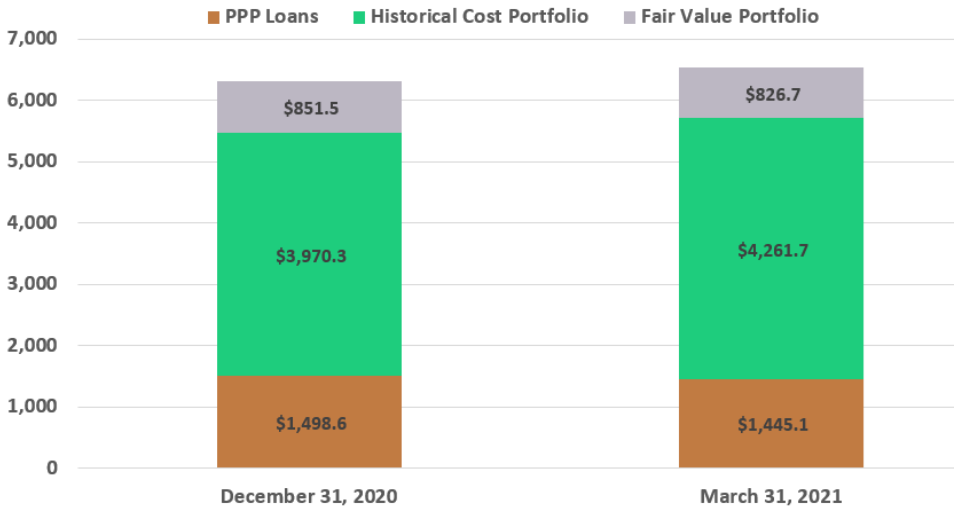
Long Term Sale Targets Remain Consistent

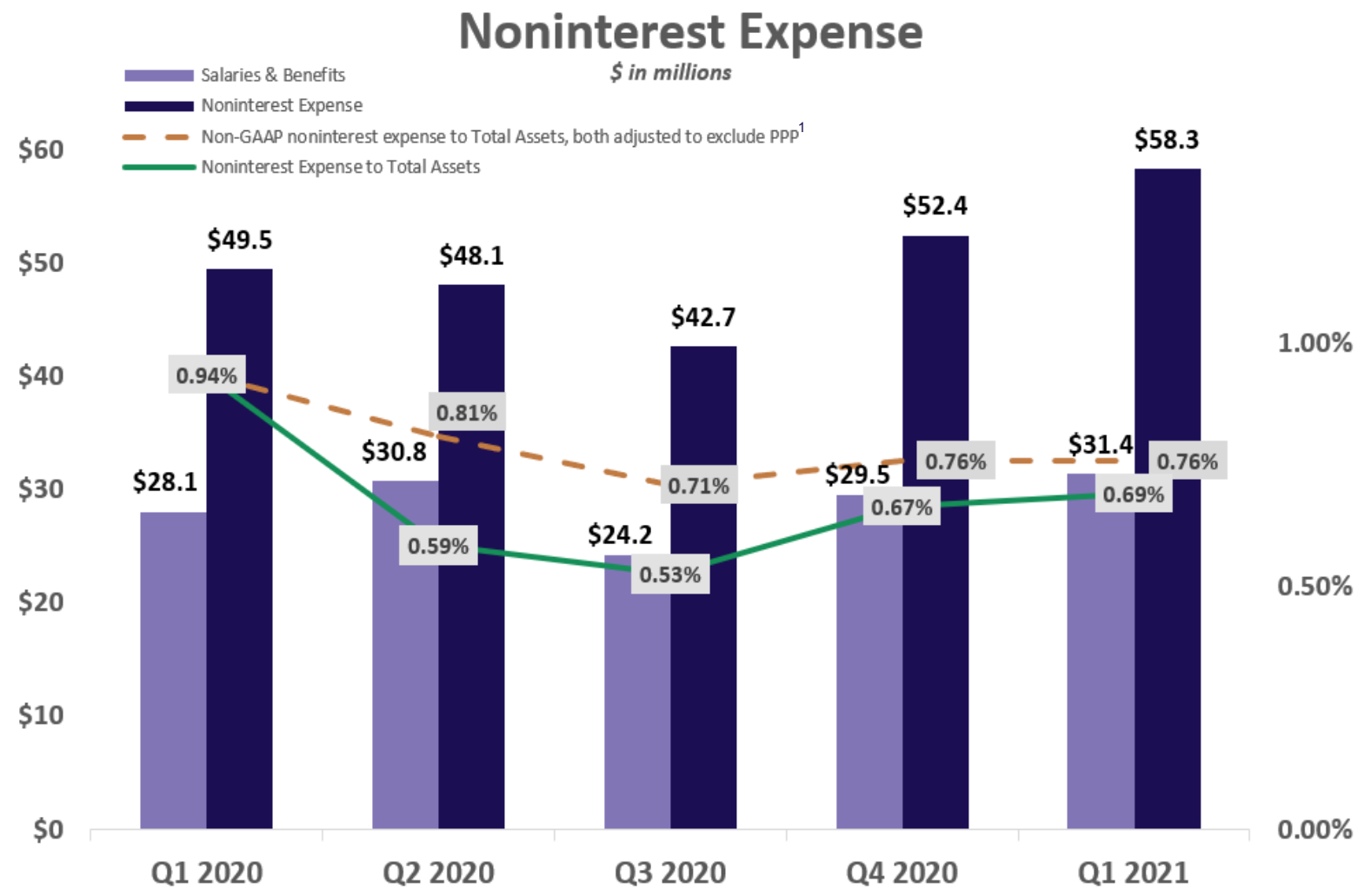
% Sold	Q1 2021	Last 5 Quarters	Target
SBA	46%	33%	35%
USDA	69%	78%	100%

The fair value accounting change reduced gain on sale by ~\$2.7 million or a net gain of ~\$20 thousand per \$1 million sold

Decision to sell ~\$70 million of fixed rate and hybrid rate loans to help manage interest rate risk reduced the net gain per million sold by ~\$20 thousand

Loan Portfolio





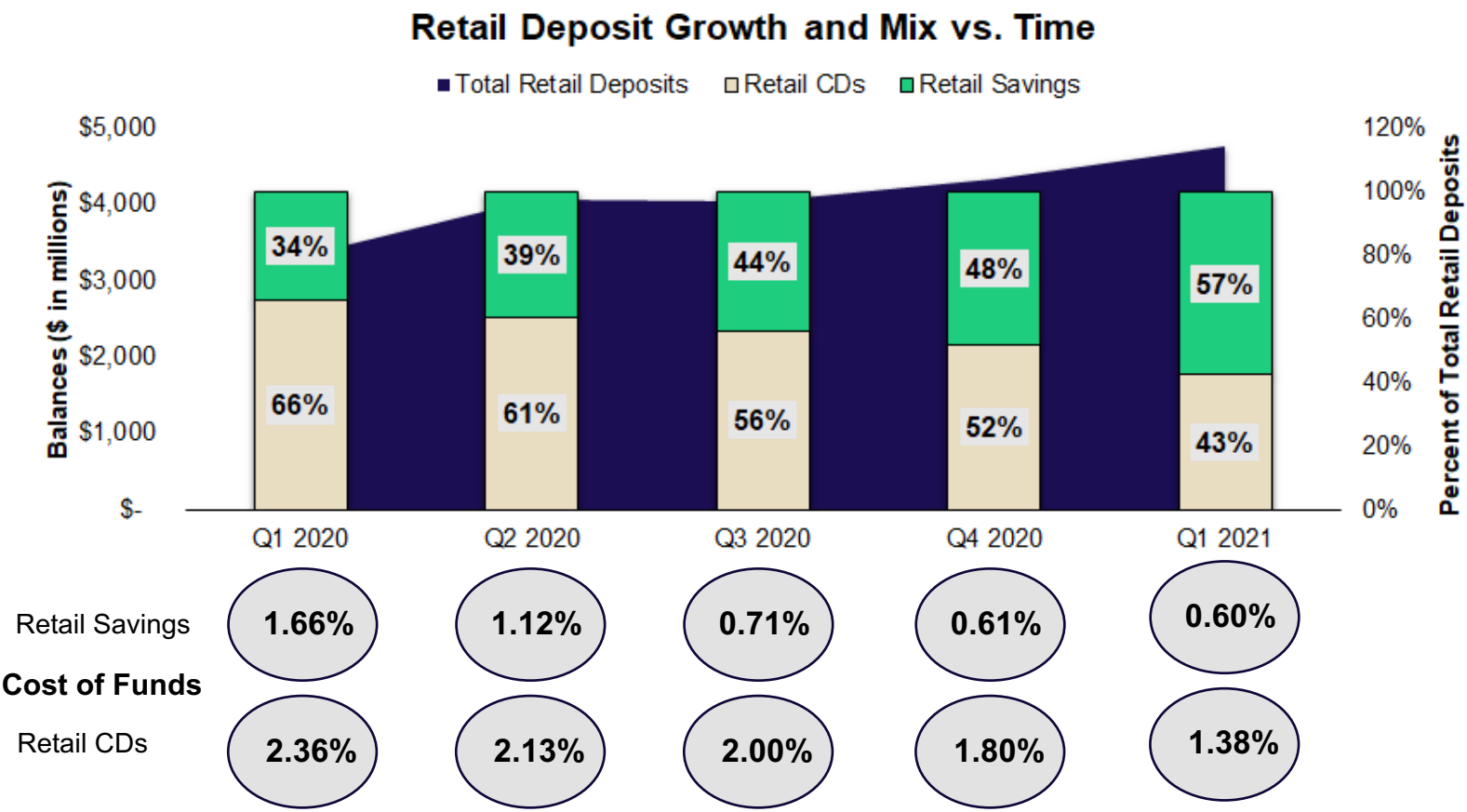
\$53.0 million
Non-GAAP noninterest expense, as adjusted for PPP activities¹

0.76%
Non-GAAP noninterest expense, as adjusted for PPP activities to Total assets, as adjusted to exclude PPP activities¹

1.) See Appendix for reconciliation of non-GAAP items to reported balances

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\$4.80
billion
Retail Deposits
As of March 31, 2021

64.2
thousand
Open Accounts
As of March 31, 2021

9
Basis points
Noninterest Cost of
Funds¹
Q1 2021

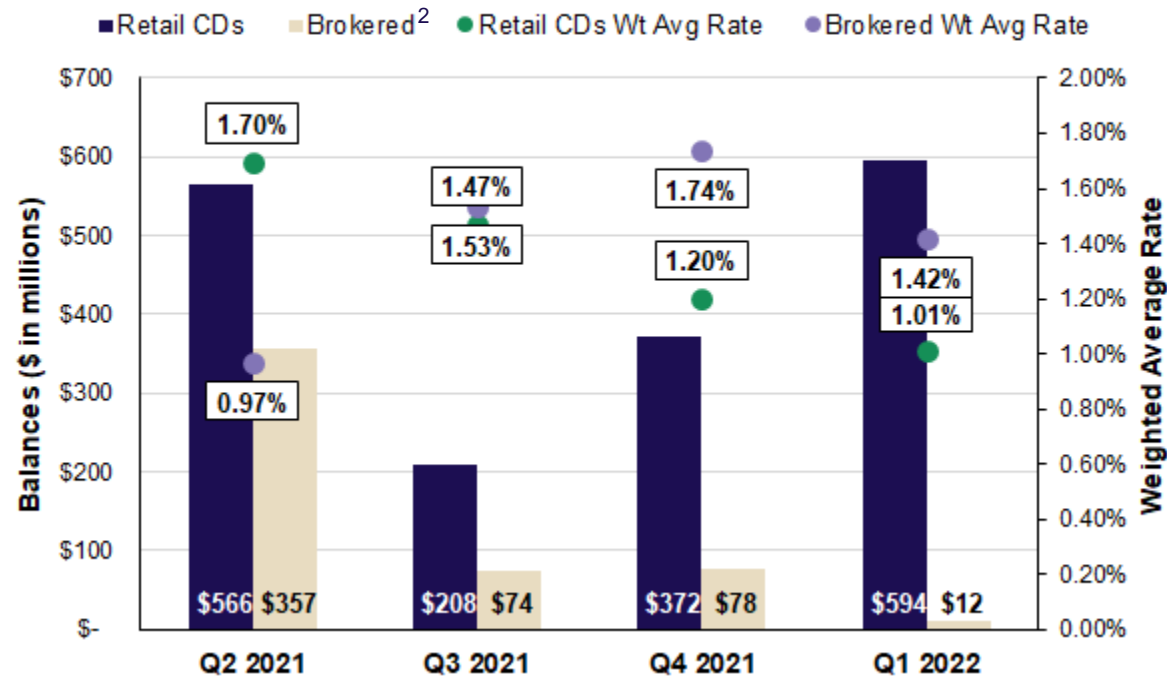
108%
Retail Deposits
Growth
Since Q4 2018

Savings Account Retention		
Open Savings Account As Of	% Still Open as of 3/31/2021	Balance as of 3/31/2021 vs. Stated Year-End
12/31/2018	89.8%	121.2%
12/31/2019	93.8%	124.8%
12/31/2020	98.3%	112.0%



DEPOSIT REPRICING CONTINUES

Retail & Brokered Maturities by Quarter



Since December 31, 2019: Deposit Repricing

- Consumer Savings rate reduced by 125bps to **0.60%**¹
- 12-month CD (comprising 59% of the Retail CD portfolio balance) rate offering reduced by 150bps to **0.65%**¹

Next 12 Months: Deposit Maturities (\$ in millions)

- Retail CD Portfolio: \$1,740 average maturing rate of 1.33%
- Brokered Portfolio: \$521 average maturing rate of 1.17%²

(\$ in millions)

Retail CDs

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Total
Maturing Balance	\$ 566	\$ 208	\$ 372	\$ 594	\$ 1,740
Wt Avg Maturing Rate	1.70%	1.47%	1.20%	1.01%	1.33%
Estimated Annualized Interest Expense Reduction at Renewal ³	\$ (6.1)	\$ (1.8)	\$ (2.0)	\$ (2.1)	\$ (12.0)

Brokered CDs

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Total
Maturing Balance	\$ 107	\$ 74	\$ 78	\$ 12	\$ 271
Wt Avg Maturing Rate	1.91%	1.53%	1.74%	1.42%	1.74%
Estimated Annualized Interest Expense Reduction at Renewal ⁴	\$ (0.8)	\$ (0.3)	\$ (0.5)	\$ (0.0)	\$ (1.6)

1.) As of April 21, 2021

2.) Includes \$250 million of Promontory ICS One-Way Buy maturing in April 2021

3.) Assumes maturing CDs renew into same term or are replaced by new accounts within same term. No change to overall term mix. Assumes weighted average rate of 0.64% on renewals.

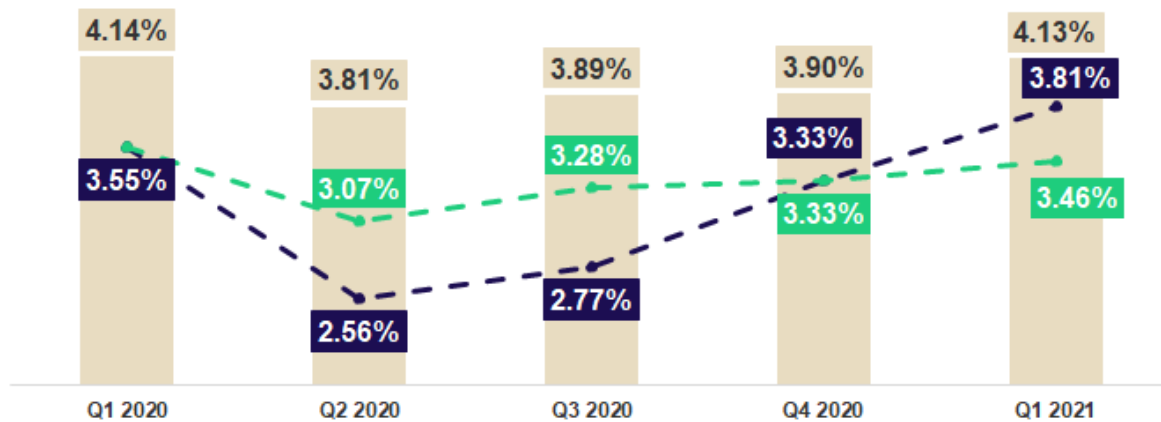
4.) Replacement rates on brokered CDs based on average of 1yr to 10yr funding. Assumes weighted average rate of 1.16% on renewals.

NIM EXPANSION & LIQUIDITY DEPLOYMENT

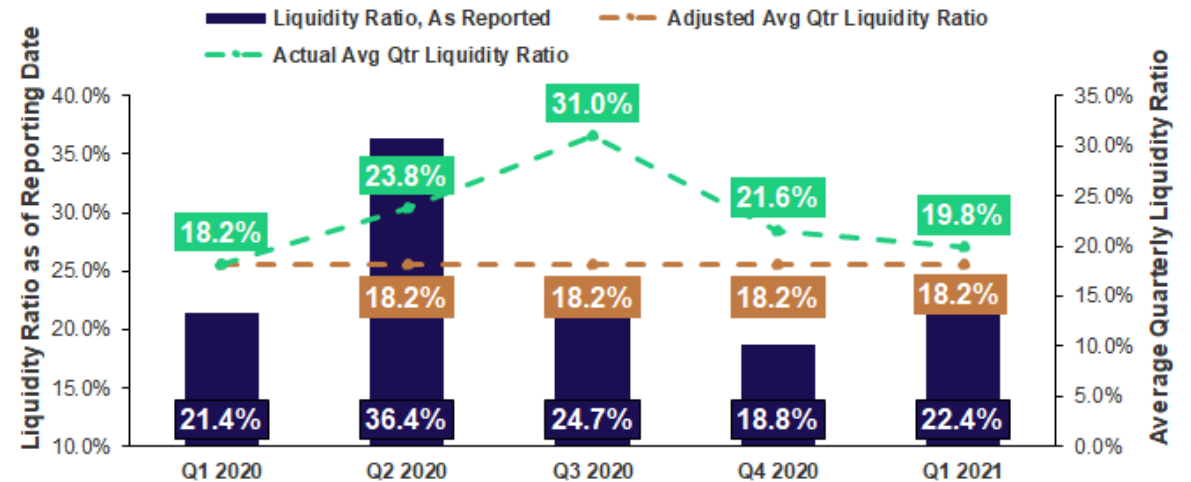
- Reported and Adjusted NIM expansion driven by:
 - PPP forgiveness and fee recognition
 - Deposit rate reductions through Q1 2021 CD maturity event
 - Continued deployment of excess average liquidity
- Average liquidity continues to trend towards pre-PPP levels as excess is deployed into lending opportunities

NIM & Net Spread Trends - As Reported and Adjusted¹

Net Spread² NIM, As Reported NIM



Liquidity Ratio Trends - As Reported and Adjusted¹



1.) Estimated Adjusted NIM and Adjusted Average Quarterly Liquidity Ratio removes \$1.41 billion PPP/PPPLF impacts and related excess average liquidity. Adjusted Average Quarterly Liquidity is assumed to hold constant to Q1 2020. Liquidity ratio is calculated as Net Cash and Short-Term Marketable Assets divided by Net Deposits and Short-Term Liabilities

2.) Net Spread is calculated as average yield on interest-earning loans less average cost of funds on interest-bearing deposits. Net spread for Q2 2020 through Q1 2021 excludes PPP loans earning 1.00%

NON-GAAP PRE-TAX PRE-PROVISION INCOME

(\$ in thousands)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net interest income, as reported	40,161	40,898	51,363	62,301	69,950
Less PPP loan interest income	-	3,317	4,403	4,269	3,567
Less loan deferred fees & costs amortized into interest income, net	-	5,380	9,183	13,310	17,178
Add estimated interest expense on funding activity to support PPP activities	-	1,808	2,815	2,354	1,872
Net interest income, as adjusted for PPP activities	40,161	34,009	40,592	47,076	51,077
Total noninterest income, as reported	5,742	22,411	47,044	10,803	31,057
Total fair value adjustments	18,715	2,262	(5,742)	10,309	(6,058)
Less gain (loss) on sale of aircraft	-	-	-	-	114
Add losses (gains) from FinTech Activities ⁽²⁾	2,370	2,303	(13,586)	7,856	902
Non-GAAP noninterest income⁽¹⁾	26,827	26,976	27,716	28,968	25,787
Less sales revenue from co-developed processing technology	-	2,457	-	217	-
Non-GAAP noninterest income, as adjusted for PPP activities	26,827	24,519	27,716	28,751	25,787
Total noninterest expense, as reported	49,491	48,100	42,650	52,435	58,272
Non-GAAP noninterest expense⁽¹⁾	49,491	48,100	41,631	48,041	51,651
Less performance bonus related to PPP activities	-	7,150	-	-	-
Add deferred salary expense related to PPP activities	-	(4,171)	(79)	-	(1,348)
Non-GAAP noninterest expense, as adjusted for PPP activities	49,491	45,121	41,710	48,041	52,999
Net interest income, as reported	40,161	40,898	51,363	62,301	69,950
Non-GAAP noninterest income	26,827	26,976	27,716	28,968	25,787
Non-GAAP noninterest expense	49,491	48,100	41,631	48,041	51,651
Non-GAAP pre-tax pre-provision income	17,497	19,774	37,448	43,228	44,086
Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities	17,497	13,407	26,598	27,786	23,865

1.) See Appendix for reconciliation of reported balances to non-GAAP items

2.) See Appendix "FinTech Activities Impact on Consolidated Financials"

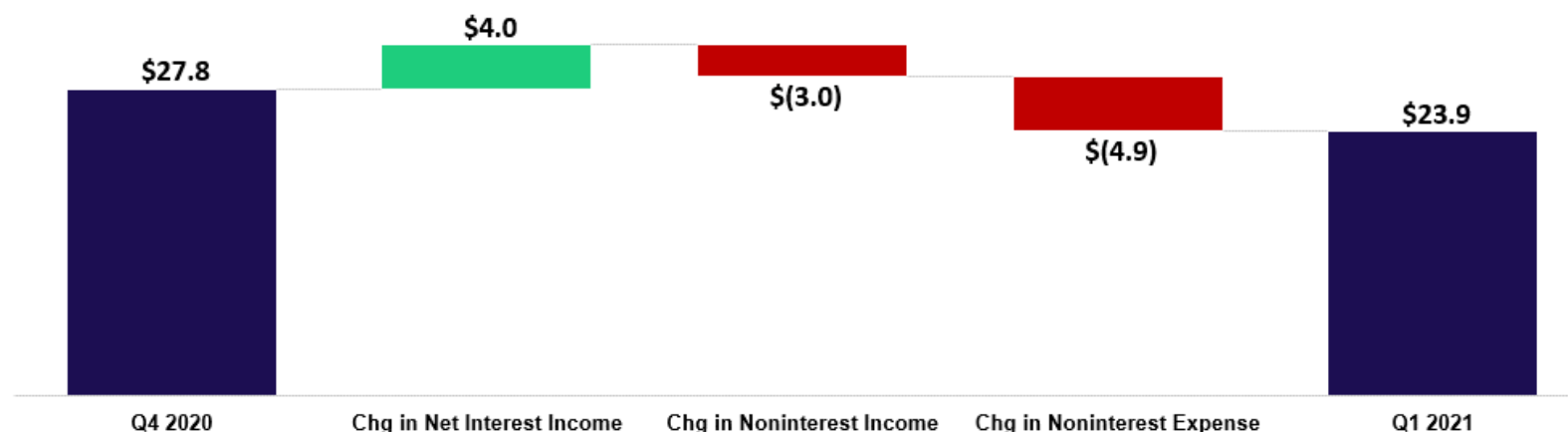
ADJUSTED PRE-TAX, PRE-PROVISION, EXCLUDING PPP ACTIVITIES¹

Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities¹ - \$ in millions



- 27.2% YoY Q1 Net Interest Income Growth
- 36.4% YoY growth in Q1 Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities¹

Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities¹ - \$ in millions

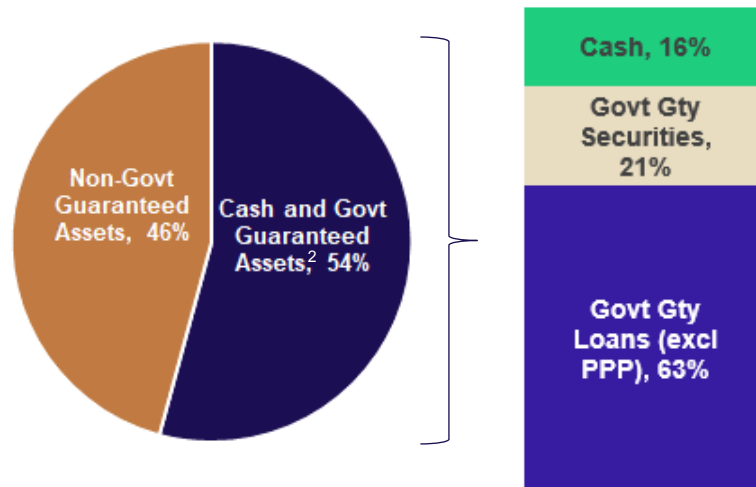


- 8.5% QoQ Net Interest Income Growth
- -14.1% QoQ decline in Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities¹

1.) See Appendix for reconciliation of non-GAAP items to reported balances

CAPITAL & LIQUIDITY

Government Guaranteed² vs. Non-Government Guaranteed Assets (as adjusted to exclude PPP activities)



\$1.42
billion
Cash & Investments

\$2.37
billion
Government
Guaranteed Loans
(excl. PPP)¹

\$1.75
billion
Eligible for Sale
Government
Guaranteed Loans

54.3%
Cash, Investments,
Government Guaranteed
Loans (excl. PPP)⁴
to Total Assets (excl. PPP)⁴

12.2%
CET1 Capital Ratio

22.4%
Liquidity Ratio³

1.) Excludes \$1.45 billion net PPP loans at March 31, 2021. Government guaranteed loans including PPP loans totaled \$3.82 billion at March 31, 2021

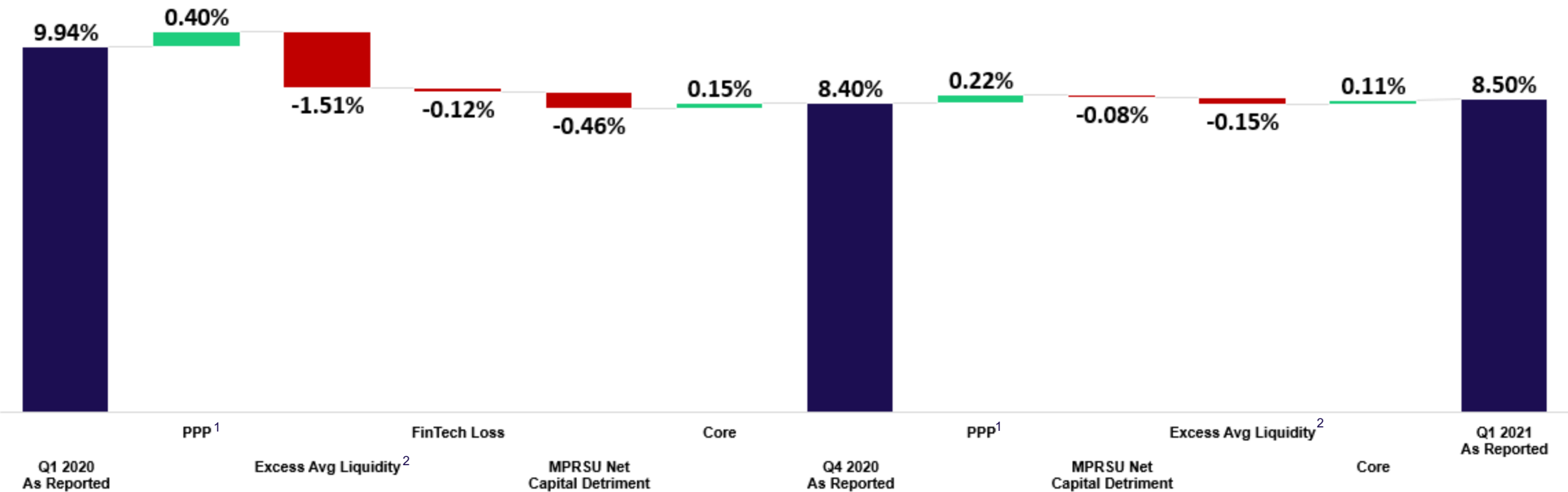
2.) Government Guaranteed Assets includes securities backed by government sponsored entities and the guaranteed portion of net loans, excluding PPP loans on the balance sheet as of March 31, 2021

3.) Liquidity ratio is calculated as Net Cash and Short-Term Marketable Assets divided by Net Deposits and Short-Term Liabilities

4.) Excludes \$1.45 billion of net PPP loan impact and \$1.48 billion of net PPP asset impact at March 31, 2021. The ratio of cash, investments, and government guaranteed loans including PPP loans to total assets including PPP loans is 62.2%

TIER 1 LEVERAGE IMPACTS

HC Tier 1 Leverage Ratio - Q1 2020 to Q1 2021



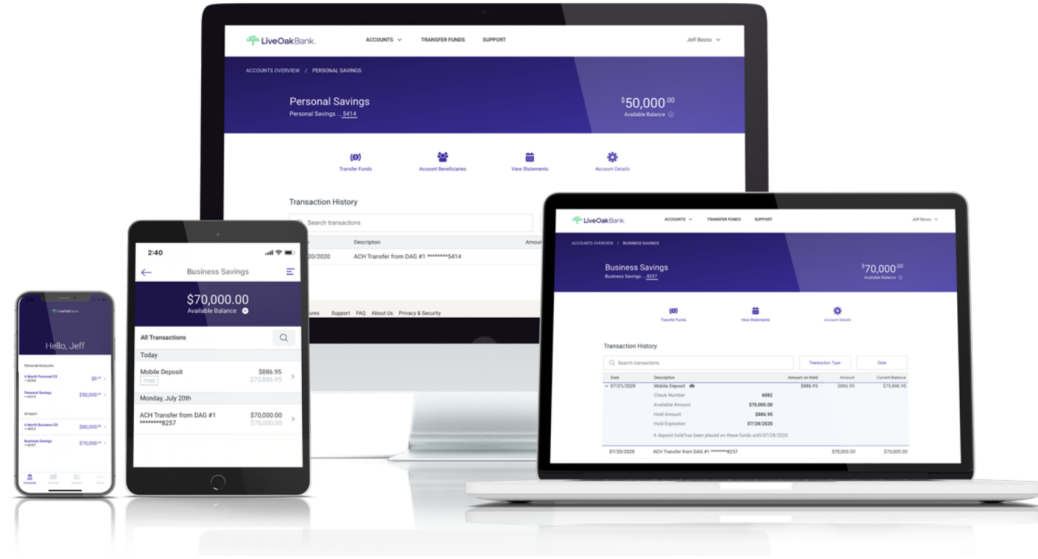
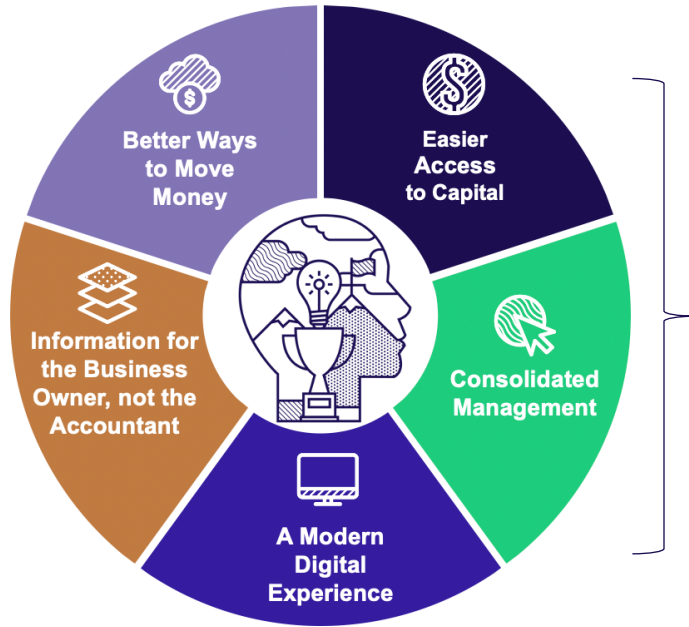
1.) Direct impact to earnings from PPP loan fee recognition and interest income. Average PPP loan balance exclusion from capital ratios dependent on average balance pledged to Federal Reserve's Payroll Protection Program Liquidity Facility. The Bank's average PPPLF balance in Q4 2020 was \$1.69 billion and in Q1 2021 was \$1.41 billion.
2.) Estimated excess average liquidity as compared to Q1 2020.

HIGH PERFORMING BANK METRICS

				<u>Q4 2020</u>	<u>Trend</u>
Asset Size (\$ in billion)	\$ 7.0		\$ 8.0 \$8.42	\$7.87B	+
NIM	3.50%		3.75% 3.81%	3.33%	+
Efficiency Ratio¹	60%	57.7%		71.7%	+
ROA	1.25%		1.75% 1.98%	1.49%	+
ROE	15%		20% 26.9%	19.9%	+
Tier 1 Leverage		8.50%	10%	8.40%	+
Total loan and lease portfolio, excluding PPP (YoY)	15%		20% 33.4%		
Non-GAAP pre-tax pre-provision, as adjusted for PPP activities (YoY)	15%		20% 36.4%		

1.) See Appendix for reconciliation of non-GAAP items to reported balances

NEW DEPOSIT PLATFORM UPDATE



	<u>Sep 30, 2020</u>	<u>For the quarter ended Dec 31, 2020</u>	<u>Mar 31, 2021¹</u>
Accounts	182	740	1,905
Account Balance	\$12.1 million	\$61.6 million	\$156.1 million

1.) Includes 228 Friends and Family Pilot Checking Accounts with Balances totaling \$0.2 million as of March 31, 2021

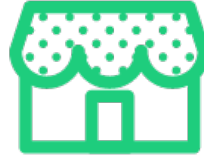
ESG EFFORTS

Inaugural Environmental, Social & Governance Report



Employees

Commitment to HBCU recruitment and affinity groups



Customers

Serving underserved borrowers across the country



Sustainability

Bioenergy and solar lending to support the grid



Community

Driving equitable systemic change in the Cape Fear Region



Governance

Adding diverse leaders to deliver on our commitment to making sound decisions

Read more about our ESG efforts by downloading the 2020 Annual Shareholder Report on our website at www.investor.liveoak.bank.



APPENDIX

FinTech Activities Impact on Consolidated Financials (\$ in thousands)

Actuals for the quarter ended March 31, 2021

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	FinTech Activities	Other	Consolidated, as reported
Net interest income	\$ 69,934	\$ -	\$ -	\$ 122	\$ 122	\$ (106)	\$ 69,950
Provision for credit losses	(873)	-	-	-	-	-	(873)
Noninterest income (loss)	30,524	(925)	(1,013)	1,934	(4)	537	31,057
Noninterest expense	55,625	-	71	949	1,020	1,627	58,272
Income (loss) before income tax expense	\$ 45,706	\$ (925)	\$ (1,084)	\$ 1,107	\$ (902)	\$ (1,196)	\$ 43,608

Actuals for the year ended December 31, 2020

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	FinTech Activities	Other	Consolidated, as reported
Net interest income	\$ 194,992	\$ -	\$ -	\$ -	\$ -	\$ (269)	\$ 194,723
Provision for credit losses	40,658	-	-	-	-	-	40,658
Noninterest income (loss)	77,512	(11,398)	11,398	6,567	6,567	1,921	86,000
Noninterest expense	181,555	-	190	5,320	5,510	5,611	192,676
Income (loss) before income tax expense	\$ 50,291	\$ (11,398)	\$ 11,208	\$ 1,247	\$ 1,057	\$ (3,959)	\$ 47,389

Actuals for the quarter ended December 31, 2020

Net interest income	\$ 62,346	\$ -	\$ -	\$ -	\$ -	\$ (45)	\$ 62,301
Provision for credit losses	8,634	-	-	-	-	-	8,634
Noninterest income (loss)	16,670	(7,868)	(871)	2,422	(6,317)	450	10,803
Noninterest expense	48,567	-	24	1,515	1,539	2,329	52,435
Income (loss) before income tax expense	\$ 21,815	\$ (7,868)	\$ (895)	\$ 907	\$ (7,856)	\$ (1,924)	\$ 12,035

Actuals for the quarter ended September 30, 2020

Net interest income	\$ 51,389	\$ -	\$ -	\$ -	\$ -	\$ (26)	\$ 51,363
Provision for credit losses	10,274	-	-	-	-	-	10,274
Noninterest income (loss)	31,757	(902)	14,306	1,295	14,699	588	47,044
Noninterest expense	41,005	-	53	1,060	1,113	532	42,650
Income (loss) before income tax expense	\$ 31,867	\$ (902)	\$ 14,253	\$ 235	\$ 13,586	\$ 30	\$ 45,483

Actuals for the quarter ended June 30, 2020

Net interest income	\$ 41,064	\$ -	\$ -	\$ -	\$ -	\$ (166)	\$ 40,898
Provision for credit losses	9,958	-	-	-	-	-	9,958
Noninterest income (loss)	23,121	(1,276)	(865)	1,206	(935)	225	22,411
Noninterest expense	45,296	-	54	1,314	1,368	1,436	48,100
Income (loss) before income tax expense	\$ 8,931	\$ (1,276)	\$ (919)	\$ (108)	\$ (2,303)	\$ (1,377)	\$ 5,251

Actuals for the quarter ended March 31, 2020

Net interest income	\$ 40,193	\$ -	\$ -	\$ -	\$ -	\$ (32)	\$ 40,161
Provision for credit losses	11,792	-	-	-	-	-	11,792
Noninterest income (loss)	5,964	(1,352)	(1,172)	1,644	(880)	658	5,742
Noninterest expense	46,687	-	59	1,431	1,490	1,314	49,491
Income (loss) before income tax expense	\$ (12,322)	\$ (1,352)	\$ (1,231)	\$ 213	\$ (2,370)	\$ (688)	\$ (15,380)

APPENDIX

Total Assets, as adjusted to exclude PPP activities

Reconciliation of reported balances to exclude PPP activities

(\$ in thousands)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Loans held for sale, as reported	996,050	976,594	1,190,200	1,175,470	1,076,741
Loans and leases held for investment, as reported	2,817,405	4,650,030	5,037,094	5,144,930	5,456,754
Less PPP loans	-	1,688,104	1,713,695	1,498,617	1,445,058
Total loan and lease portfolio, excluding PPP	3,813,455	3,938,520	4,513,599	4,821,783	5,088,437
Outstanding balance of loans sold & serviced	2,984,602	3,072,031	3,143,493	3,205,623	3,216,727
Managed portfolio, excluding PPP	6,798,057	7,010,551	7,657,092	8,027,406	8,305,164
a Total assets, as reported	5,273,569	8,209,154	8,093,381	7,872,303	8,417,875
PPP-related activities:					
Cash and cash receivable	-	61,492	-	3,343	22,642
Loans, net of unearned	-	1,688,104	1,713,695	1,498,617	1,445,058
Allowance for credit losses	-	(1,565)	(2,636)	(2,297)	(2,218)
Accrued interest receivable	-	3,289	7,696	10,558	9,568
Estimated excess balance sheet liquidity arising from PPP	-	874,195	500,000	-	-
Total adjustments for PPP activities	-	2,625,514	2,218,756	1,510,221	1,475,050
b Total Assets, as adjusted to exclude PPP	5,273,569	5,583,640	5,874,625	6,362,082	6,942,825

APPENDIX

Reconciliation of reported balances to non-GAAP items

(\$ in thousands)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net interest income, as reported	40,161	40,898	51,363	62,301	69,950
Less PPP loan interest income	-	3,317	4,403	4,269	3,567
Less loan deferred fees & costs amortized into interest income, net	-	5,380	9,183	13,310	17,178
Add estimated interest expense on funding activity to support PPP activities	-	1,808	2,815	2,354	1,872
Net interest income, as adjusted for PPP activities	40,161	34,009	40,592	47,076	51,077
Total noninterest income, as reported	5,742	22,411	47,044	10,803	31,057
Fair value adjustments:					
Add loan servicing asset revaluation loss (gain)	4,692	1,571	(2,061)	5,756	(1,493)
Add exchange-traded interest rate futures contracts loss (gain) ⁽¹⁾	3,209	(127)	(252)	(207)	-
Add net loss (gain) on loans accounted for under the fair value option	10,638	1,089	(3,403)	4,759	(4,218)
Add other losses (gains) on valuation adjustments ⁽²⁾	176	(271)	(26)	1	(347)
Total fair value adjustments	18,715	2,262	(5,742)	10,309	(6,058)
Less gain (loss) on sale of aircraft	-	-	-	-	114
Add losses (gains) from FinTech Activities ⁽³⁾	2,370	2,303	(13,586)	7,856	902
Non-GAAP noninterest income	26,827	26,976	27,716	28,968	25,787
Less sales revenue from co-developed processing technology	-	2,457	-	217	-
Non-GAAP noninterest income, as adjusted for PPP activities	26,827	24,519	27,716	28,751	25,787
c Total noninterest expense, as reported	49,491	48,100	42,650	52,435	58,272
Less loss on sale of aircraft	-	-	-	6	-
Less impairment on aircraft held for sale	-	-	1,019	244	-
Less renewable energy tax credit impairment	-	-	-	-	3,127
Less renewable energy tax credit lease receivable impairment	-	-	-	-	904
Less compensation and payroll taxes related to restricted stock awards with market price conditions ⁽⁴⁾	-	-	-	4,144	2,589
Non-GAAP noninterest expense	49,491	48,100	41,631	48,041	51,651
Less performance bonus related to PPP activities	-	7,150	-	-	-
Add deferred salary expense related to PPP activities	-	(4,171)	(79)	-	(1,348)
d Non-GAAP noninterest expense, as adjusted for PPP activities	49,491	45,121	41,710	48,041	52,999
Net interest income, as reported	40,161	40,898	51,363	62,301	69,950
Non-GAAP noninterest income	26,827	26,976	27,716	28,968	25,787
Non-GAAP noninterest expense	49,491	48,100	41,631	48,041	51,651
Non-GAAP pre-tax pre-provision income	17,497	19,774	37,448	43,228	44,086
Net interest income, as adjusted for PPP activities	40,161	34,009	40,592	47,076	51,077
Non-GAAP noninterest income, as adjusted for PPP activities	26,827	24,519	27,716	28,751	25,787
Non-GAAP noninterest expense, as adjusted for PPP activities	49,491	45,121	41,710	48,041	52,999
Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities	17,497	13,407	26,598	27,786	23,865
c/a Noninterest Expense, as reported to Total Assets, as reported	0.94%	0.59%	0.53%	0.67%	0.69%
d/b Non-GAAP noninterest expense, as adjusted for PPP activities to Total Assets, as adjusted to exclude PPP	0.94%	0.81%	0.71%	0.76%	0.76%

1. Included as a component of the net gains on sales of loans on the income statement

2. Includes valuation losses related to equity security investments, equity warrant assets, and foreclosed assets

3. See Appendix "FinTech Activities Impact on Consolidated Financials"

4. Amount reflects accelerated stock compensation expense and related employer payroll taxes in the quarter of vesting

(\$ in thousands)

Efficiency Ratio

Noninterest Expense
Net Interest Income
Noninterest Income
Less: gain (loss) on sale of securities
Adjusted operating Revenue

Efficiency Ratio

Efficiency ratio adjusted for non-GAAP income, non-GAAP expense, and PPP activities¹

Non-GAAP noninterest expense, as adjusted for PPP activities
Net interest income, as adjusted for PPP activities
Non-GAAP noninterest income, as adjusted for PPP activities

Efficiency ratio adjusted for non-GAAP income, non-GAAP expense, and PPP activities

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
49,491	48,100	42,650	52,435	58,272
40,161	40,898	51,363	62,301	69,950
5,742	22,411	47,044	10,803	31,057
(79)	734	1,225	-	
45,982	62,575	97,182	73,104	101,007
107.63%	76.87%	43.89%	71.73%	57.69%
49,491	45,121	41,710	48,041	52,999
40,161	34,009	40,592	47,076	51,077
26,827	24,519	27,716	28,751	25,787
73.88%	77.09%	61.06%	63.36%	68.95%

1.) See Appendix for reconciliation of non-GAAP items to reported balances

DEPOSITS COF BREAKDOWN

		Three months ended March 31, 2021 (\$ in Thousands)
Interest		\$ 16,944
Personnel		824
Travel & Entertainment		-
Fraud Expense		-
Marketing Expense		4
Technology Expense		469
Other Expense		53
Total Direct Deposit Expenses		\$ 18,294
Average Deposit Balances		\$ 5,863,931
		Annualized Cost of Funds Three months ended March 31, 2021
Interest		1.17%
Personnel		0.06%
Travel & Entertainment		0.00%
Fraud Expense		0.00%
Marketing Expense		0.00%
Technology Expense		0.03%
Other Expense		0.00%
Cost of Funds % including Deposits Department		1.26%
Direct Noninterest Cost of Funds		0.09%

CREDIT & FAIR VALUE METRICS

Ratios ¹	3/31/2020	06/30/2020	09/30/2020	12/31/2020	03/31/2021
Past Due > 30 Days ²	0.54%	0.00%	0.00%	0.05%	0.12%
Watchlist Loans and Leases ³	6.45%	6.46%	7.97%	9.61%	9.45%
Classified Assets ⁴	1.88%	1.66%	2.32%	2.18%	2.23%
Non-Accruals ⁵	1.06%	1.00%	1.30%	1.07%	1.20%
Net Charge Off (Annualized)	0.58%	0.21%	1.03%	0.05%	(0.09)%
ACL⁶ & FV Mark⁷ on HFI Unguaranteed Loans and Leases	\$61.3	\$67.2	\$61.8	\$74.8	\$69.4

As of March 31, 2021 (\$ in millions)

Tier 1 Capital (a)	\$554.5
ACL and FV Mark on HFI Loans and Leases (b)	69.4
Total HFI Unguaranteed Loans and Leases ⁸ (c)	\$2,677.9
Ratio (a+b)/c	23.3 %
Ratio b/c	2.6%
Classified HFI Unguaranteed Loans & Leases to Tier 1 Capital plus ACL & FV Mark on HFI Unguaranteed HFI Loans and Leases	9.6%

1.) All ratios use Total HFI Unguaranteed Loan and Leases (see footnote 8) as the denominator, except for net charge-offs 2.) Past due loans and leases include only loans and leases on accrual status at amortized cost 3.) Watchlist loans and leases include HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) categorized as Risk Grade 5 and 6 4.) Classified assets include Risk Grade 6 and higher HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) 5.) Non-accrual loans include HFI unguaranteed balance of non-accrual loans and leases at amortized cost ((inclusive of loans and leases at fair value and historical cost) 6.) Allowance for credit losses on HFI unguaranteed loans and leases carried at historical cost 7.) Fair value mark on HFI unguaranteed loans measured at fair value 8.) Represents total HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost)

LOAN & LEASE PORTFOLIO CHARACTERISTICS

\$ in millions		% of Total HFS				
	Vertical	HFS & HFI Unguaranteed ¹	and HFI Unguaranteed	30-89 Past Due and Accruing %	Criticized and Classified ² %	Non-Accrual %
5 Largest Exposures	Healthcare	\$271.5	9.9%	0.0%	10.0%	1.6%
	Agriculture	264.3	9.6%	0.9%	3.8%	0.5%
	General Lending Solutions	171.9	6.3%	0.0%	5.5%	0.3%
	Veterinary	169.7	6.2%	0.0%	8.0%	0.4%
	Self Storage	169.5	6.2%	0.3%	7.1%	3.8%
At Risk Verticals	Hotels	\$130.9	4.8%	0.0%	34.9%	4.3%
	Wine & Craft Beverage	112.2	4.1%	0.0%	24.2%	1.6%
	Educational Services	98.8	3.6%	0.0%	26.4%	0.0%
	Entertainment Centers	54.6	2.0%	0.0%	80.6%	17.5%
	Fitness Centers	32.3	1.2%	0.0%	39.3%	0.0%
	Quick Service Restaurants	23.1	0.8%	0.0%	6.0%	0.0%
	Other Loans and Leases	\$1,247.1	45.4%	0.0%	2.7%	0.1%
	Total Loans and Leases	\$2,745.9	100.0%	0.1%	9.6%	1.2%

1.) At amortized cost (inclusive of loans and leases at fair value and historical cost)

2.) Criticized and Classified loans and leases are risk grade 5 and higher

CREDIT RESERVES & FAIR VALUE MARK

\$ in millions				Total ACL & FV	% on	\$ on	
		HFI	Total ACL ³ &	Mark/Total HFI	Payment	Payment	% Receiving
Vertical		Unguaranteed ¹	FV Mark ⁴	Unguaranteed ¹	Deferral ^{1,5,6}	Deferral ^{1,5,6}	Subsidy ^{2,5}
5 Largest Exposures	Healthcare	\$271.5	\$4.7	1.7%	0.1%	\$0.3	72.6%
	Agriculture	264.3	5.7	2.2%	0.0%	0.0	0.0%
	General Lending Solutions	171.9	9.1	5.3%	0.2%	0.7	53.8%
	Veterinary	169.7	2.4	1.4%	0.3%	1.1	69.6%
	Self Storage	169.5	1.8	1.1%	1.6%	6.0	50.9%
At Risk Verticals	Hotel	\$112.9	\$13.1	11.6%	3.1%	\$5.8	10.4%
	WCB	112.2	5.1	4.5%	15.0%	29.1	45.3%
	Education Services	98.8	3.2	3.2%	11.3%	30.1	60.7%
	FEC	54.6	3.3	6.0%	23.2%	19.6	45.4%
	Fitness Centers	32.3	3.1	9.7%	12.6%	8.3	42.9%
	Quick Service Restaurants	23.1	1.0	4.5%	10.2%	5.0	40.6%
Other Loans and Leases		\$1,197.1	\$16.9	1.4%	0.5%	\$18.2	22.6%
Total Loans and Leases		\$2,677.9	\$69.4	2.6%	2.4%	\$124.2	44.4%

1.) At amortized cost (inclusive of loans and leases at fair value and historical cost) 2.) Loans for which SBA provided payment relief under the American Rescue Plan 3.) Allowance for credit losses on HFI unguaranteed loans and leases carried at historical cost 4.) Fair value mark on HFI unguaranteed loans measured at fair value 5.) Percent of total guaranteed and unguaranteed HFS & HFI loans at amortized cost within each vertical listed, excluding PPP loans 6.) Deferral amounts are specific to loans and leases considered to be impacted by the COVID-19 pandemic