

THIRD QUARTER 2020

October 22, 2020



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;
- 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

It Starts and Ends with Safety and Soundness, like always
Right Place, Right Time & Right Business Model
Giant Leap Towards Sustained Profitability
Technology Wins Continue

CREDIT & FAIR VALUE METRICS

Ratios ¹	12/31/2019	3/31/2020	06/30/2020	09/30/2020
Past Due > 30 Days ²	0.44%	0.54%	0.00%	0.00%
Watchlist Loans and Leases ³	6.28%	6.45%	6.46%	7.97%
Classified Assets ⁴	1.85%	1.88%	1.66%	2.32%
Non-Accruals ⁵	0.86%	1.06%	1.00%	1.30%
Net Charge Off (Annualized)	0.13%	0.58%	0.21%	1.03%
ACL⁶ & FV Mark⁷ on HFI Unguaranteed Loans and Leases	\$44.4	\$61.3	\$67.2	\$61.8

(\$ in millions)

Tier 1 Capital (a)	\$532.2
ACL and FV Mark on HFI Loans and Leases (b)	\$61.8
Total HFI Unguaranteed Loans and Leases ⁸ (c)	\$2,328.1
Ratio (a+b)/c	25.5%
Ratio b/c	2.7%
Classified HFI Unguaranteed Loans & Leases to Tier 1 Capital plus ACL & FV Mark on HFI Unguaranteed HFI Loans and Leases	9.1%

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. Nonaccrual 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)

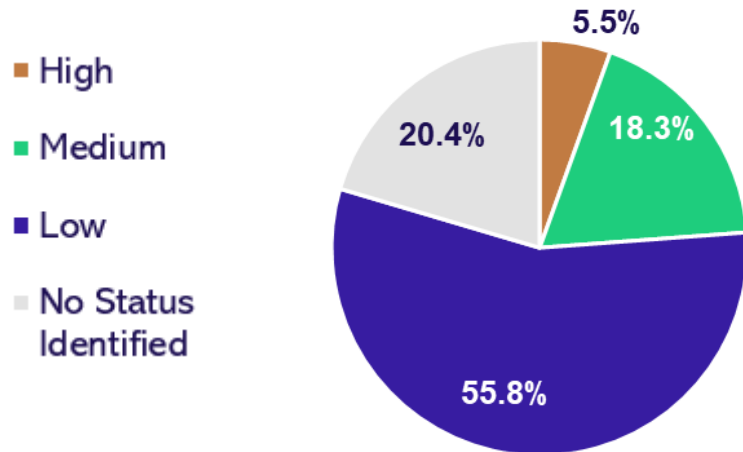
6. Allowance for credit losses on HFI unguaranteed loans and leases carried at historical cost

7. Fair value mark on HFI unguaranteed loans measured at fair value

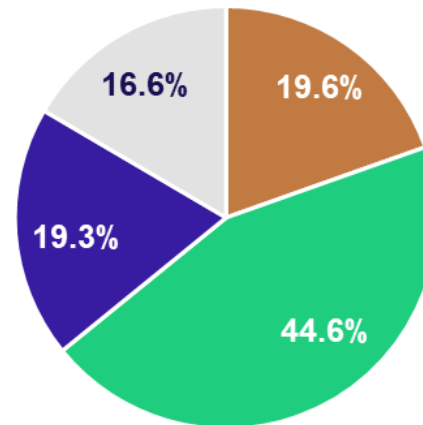
8. Represents total HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost)

ACTIVE PORTFOLIO MANAGEMENT

Servicing Status: Total Portfolio



Servicing Status: At Risk Verticals



Servicing Status Definition

High

- Significant business disruption
- 3-month deferral has been requested

Medium

- Business is open with limited to no constraints
- Cash reserves are adequate for obligations (13-week projection)

Low

- Business operating as expected
- Trends are favorable

1. At risk verticals include Hotels, Entertainment Centers, Educational Services, Wine & Craft Beverage, Fitness, and Quick Service Restaurants

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	Agriculture	\$274.8	11.5%	0.0%	3.4%	1.4%
	Healthcare	263.5	11.1%	0.0%	10.7%	2.1%
	Veterinary	177.0	7.4%	0.0%	6.7%	0.4%
	Self Storage	151.8	6.4%	0.0%	4.0%	1.0%
	General Lending Solutions	133.4	5.6%	0.0%	5.1%	0.2%
At Risk Verticals	Hotels	\$129.1	5.4%	0.0%	26.1%	9.1%
	Wine & Craft Beverage	98.8	4.1%	0.0%	14.5%	1.4%
	Educational Services	88.8	3.7%	0.0%	9.5%	0.0%
	Entertainment Centers	55.3	2.3%	0.0%	57.3%	17.3%
	Fitness Centers	25.6	1.1%	0.0%	38.8%	0.0%
	Quick Service Restaurants	16.8	0.7%	0.0%	4.3%	0.0%
	Other Loans & Leases	\$971.2	40.7%	0.0%	3.7%	0.2%
	Total Loans and Leases	\$2,386.0	100.0%	0.0%	8.3%	1.5%

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				
	Vertical	HFI Unguaranteed ¹	Total ACL ³ & FV Mark ⁴	Mark/Total HFI Unguaranteed ¹	% on Payment Deferral ⁵	% Receiving Subsidy ^{2,5}
5 Largest Exposures	Agriculture	\$274.8	\$5.7	2.1%	0.0%	77.8%
	Healthcare	263.5	4.9	1.9%	0.1%	80.1%
	Veterinary	177.0	2.5	1.4%	0.8%	71.3%
	Self Storage	151.8	1.3	0.9%	0.2%	76.7%
	General Lending Solutions	133.4	7.9	5.9%	2.0%	58.2%
At Risk Verticals	Hotels	\$104.9	\$10.7	10.2%	11.7%	78.5%
	Wine & Craft Beverage	98.8	3.9	3.9%	2.5%	72.5%
	Educational Services	88.8	2.8	3.1%	3.5%	75.2%
	Entertainment Centers	55.3	4.4	8.0%	8.0%	63.9%
	Fitness Centers	25.6	1.8	7.1%	15.5%	48.8%
	Quick Service Restaurants	16.8	0.6	3.4%	0.0%	71.1%
	Other Loans & Leases	\$937.4	\$15.4	1.6%	0.2%	61.9%
	Total Loans and Leases	\$2,328.1	\$61.8	2.7%	1.5%	69.9%

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

2. Loans for which SBA provides 6 months of payment relief under the CARES Act

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

HOTEL PORTFOLIO

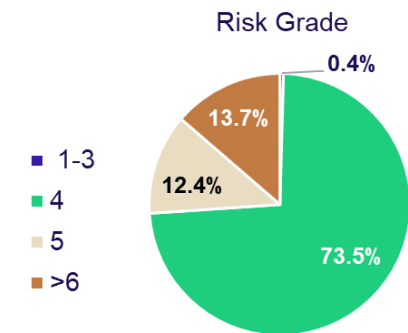
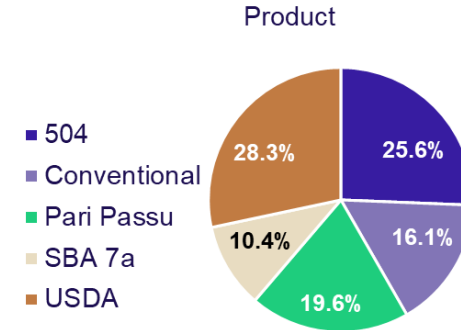
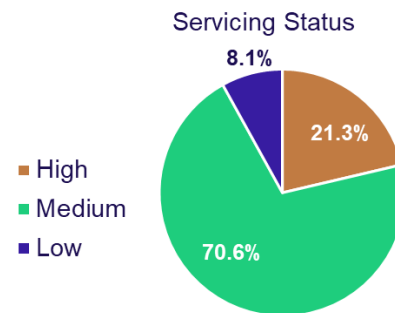
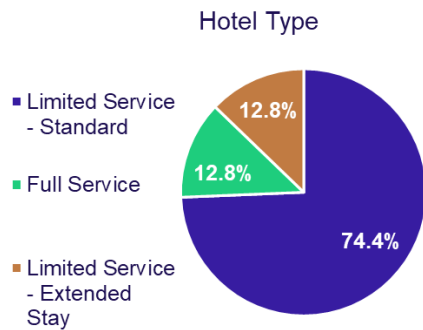
39
Properties

\$129
million⁵

59%
Occupancy

\$116
ADR³

\$74
RevPAR⁴



Q3 Hotel Loan Sales

(\$ in millions)

	Net Investment ¹	Quantity
Loans reclassified from held for investment to held for sale ("HFS")	\$ 81.2	15
Less: lower of cost or market charge-offs upon transfer to HFS		
Portion related to loans sold prior to quarter end	(5.2)	
Portion related to loans held for sale	(4.7)	
	(9.8)	
Less: sale proceeds for loans HFS	(45.7)	(10)
Hotel loans held for sale at September 30, 2020	25.7	5

1. Net investment is the sum of principal balance, accrued interest, and net deferred costs (fees)
2. At amortized cost
3. Average Daily Rate
4. Revenue per Available Room
5. Total HFS & HFI unguaranteed balance at amortized cost (inclusive of loans & leases at fair value and historical cost)

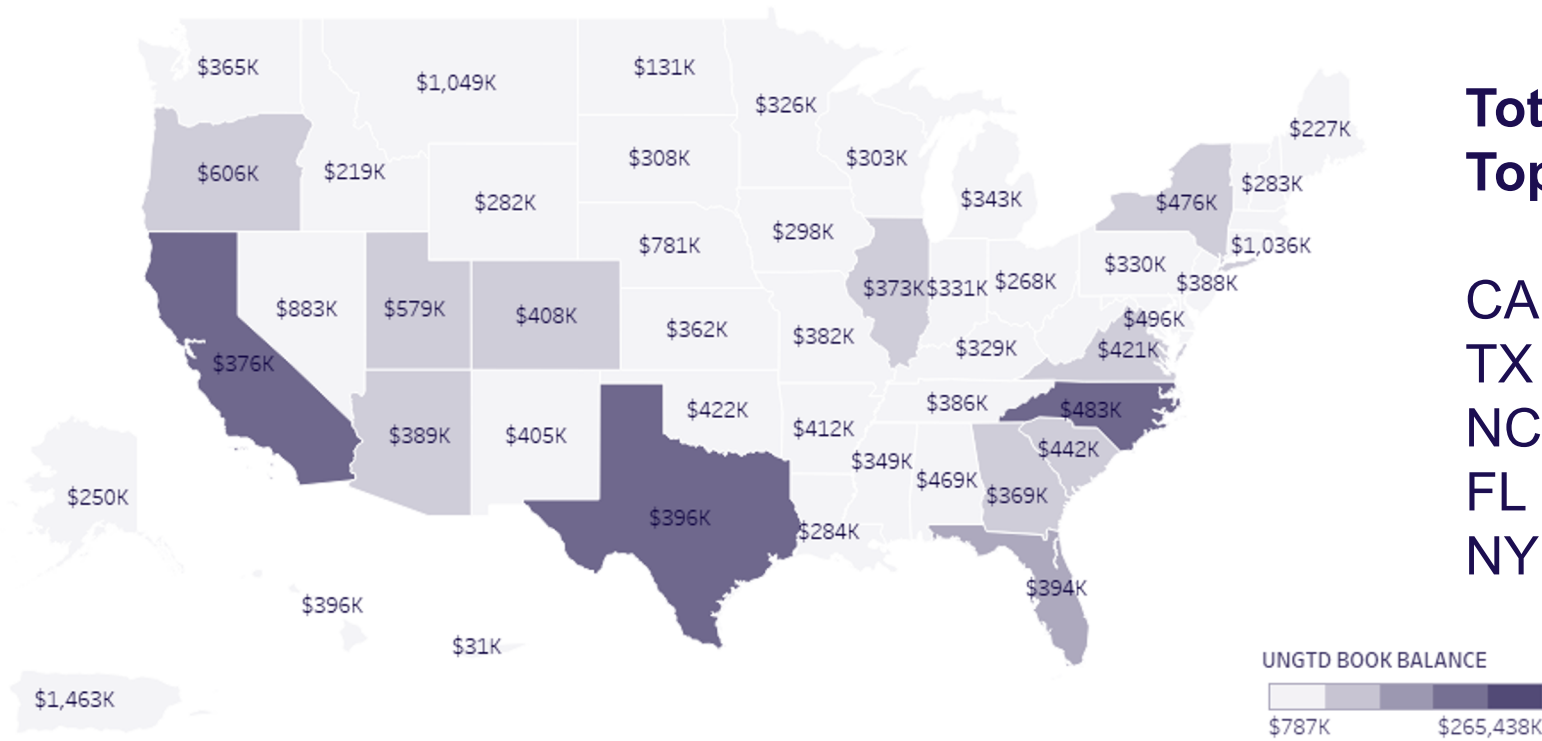
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10 Largest Exposures

Loan	Unguaranteed Loan Balance ²	Type	Product	Risk Grade	Servicing Status	LTV
1	\$7.2	Full Service	Conventional	4	Medium	65.1
2	6.1	Extended Stay	504	6	High	21.5
3	5.8	Extended Stay	504	5	High	29.7
4	5.6	Full Service	USDA	4	Medium	64.7
5	5.2	Limited Service	504	4	Medium	23.5
6	5.1	Extended Stay	504	5	Medium	29.6
7	5.0	Extended Stay	Conventional	4	Low	39.8
8	5.0	Extended Stay	Pari Passu	4	Medium	23.9
9	5.0	Extended Stay	Conventional	4	Medium	48.8
10	4.9	Extended Stay	504	4	Medium	41.4
Total	\$54.9					

DIVERSE CREDIT PORTFOLIO

Average Loan Unguaranteed Exposure by State

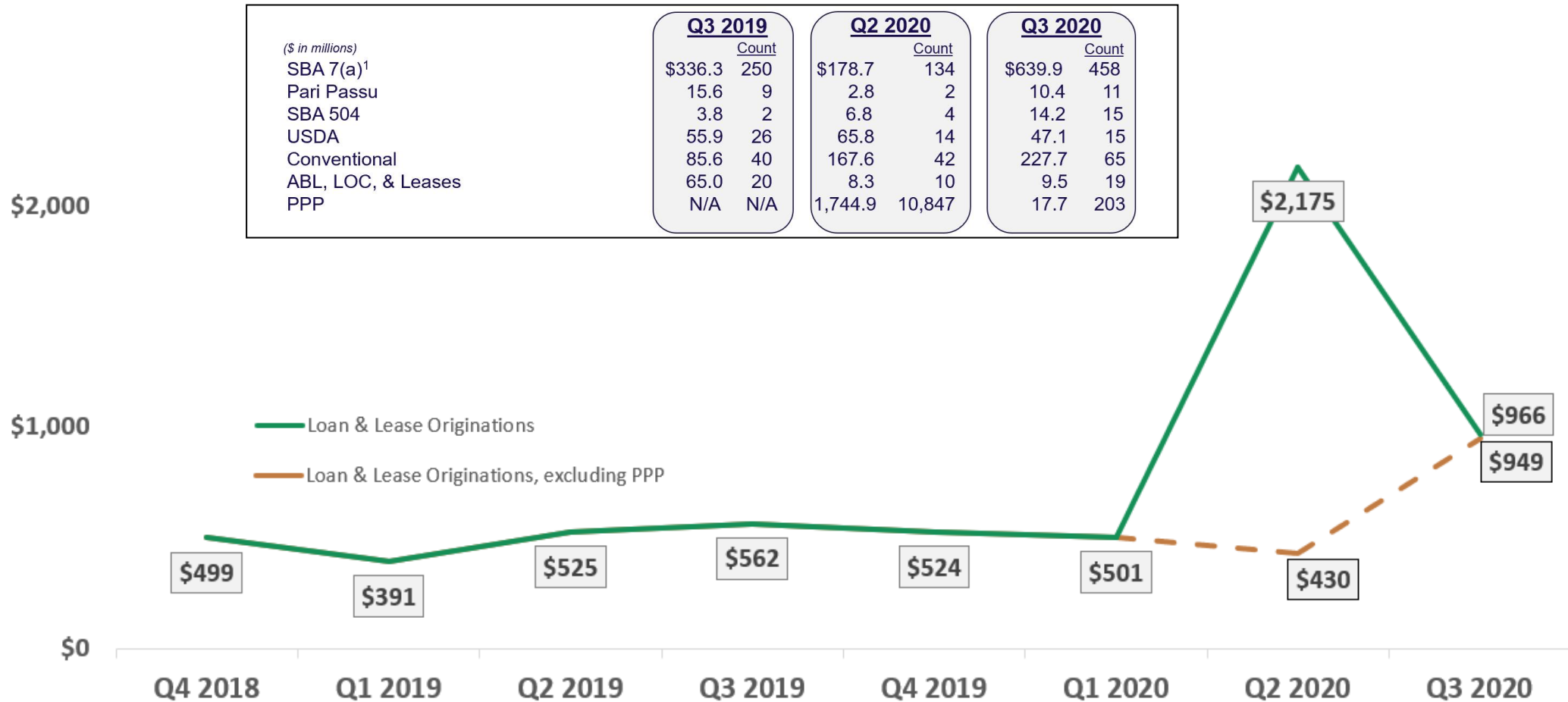


Total Unguaranteed Exposure Top 5 States

CA	\$265 million
TX	\$225 million
NC	\$212 million
FL	\$149 million
NY	\$103 million

LOAN & LEASE ORIGINATIONS

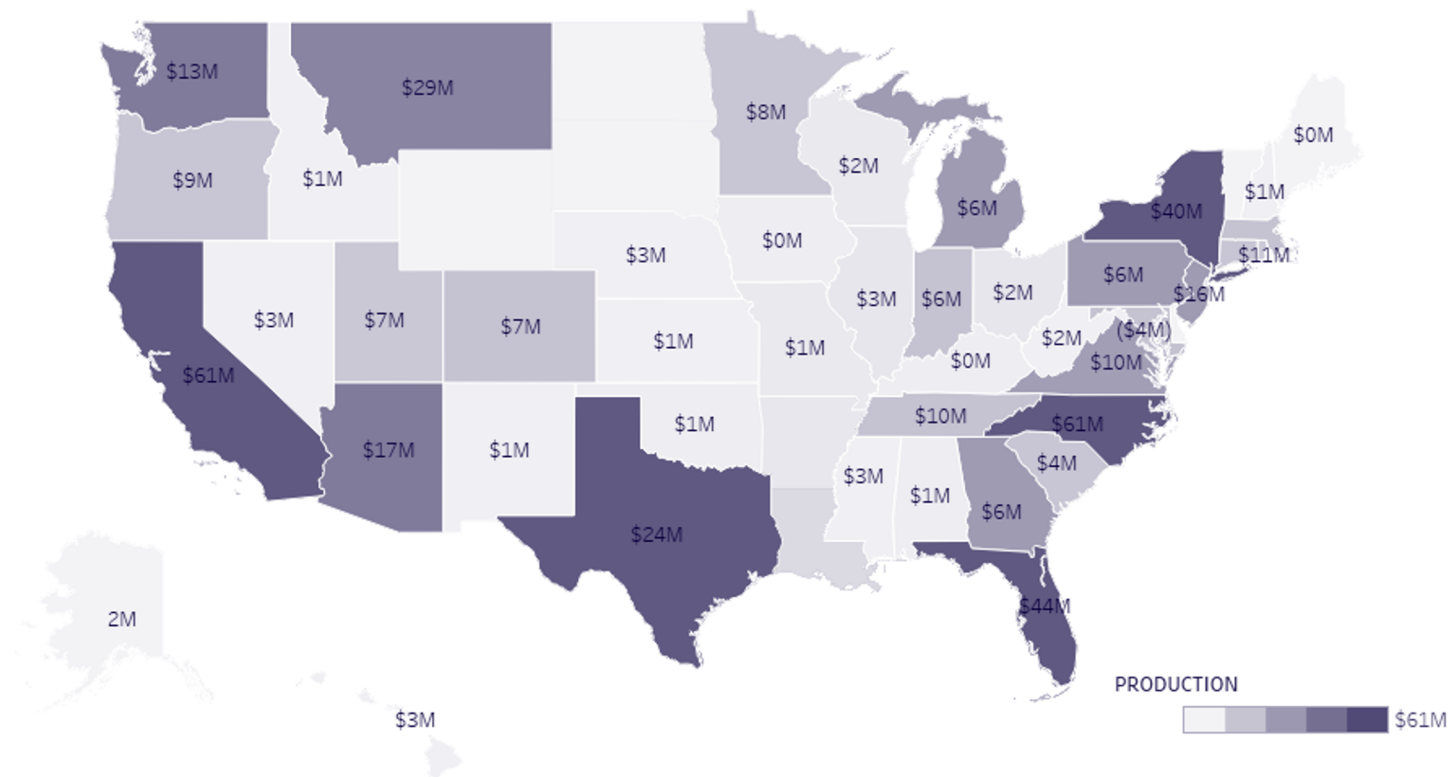
\$ in millions



1. SBA 7(a) loans includes loans originated under the standard 7(a) program, SBA Express and SLA but excludes PPP loans

Q3 DIVERSIFIED LOAN & LEASE ORIGINATIONS

Q3 Loan & Lease Originations: Total Unguaranteed Balance by State



\$447.9
million
Total Unguaranteed
Balance

46
States

\$790
thousand
Average Unguaranteed
Balance per Loan

Q3 DIVERSIFIED LOAN & LEASE ORIGINATIONS

Vertical (in \$millions)	Loan & Lease Originations		
	Total	Guaranteed	Unguaranteed
General Lending Solutions	\$163	\$103	\$60
Sponsor Finance	65	34	31
Self Storage	57	37	20
Solar Energy	50	11	39
Auto Care	50	34	16
Investment Advisors	49	34	15
Senior Care	47	19	28
BioEnergy	42	-	42
Community Facilities	41	14	27
Educational Services	39	19	20
Healthcare	38	26	12
Insurance	36	26	10
Agriculture	32	3	29
Pharmacy	32	24	8
Funeral Home & Cemetary	30	22	8
Government Contracting	24	7	17

\$966.5
million
Total Originations

\$518.6
million
Guaranteed

\$447.9
million
Unguaranteed

Vertical (in \$millions)	Loan & Lease Originations		
	Total	Guaranteed	Unguaranteed
Professional Services	\$20	\$14	\$6
Paycheck Protection Program	18	18	-
Veterinary	17	12	5
Broadband	16	11	5
Quick Service Restaurants	13	8	5
Small Business Solar	13	2	11
Wine & Craft Beverage	13	5	8
General Franchises	13	8	5
Auto Dealerships	11	5	6
Fitness Centers	11	9	2
Conventional Financing	8	2	6
Restoration	8	6	2
Service Contractors	4	3	1
Hotels	4	3	1
Venture Banking	2	-	2
Other	1	-	1

GENERAL LENDING & SPONSOR FRANCHISE

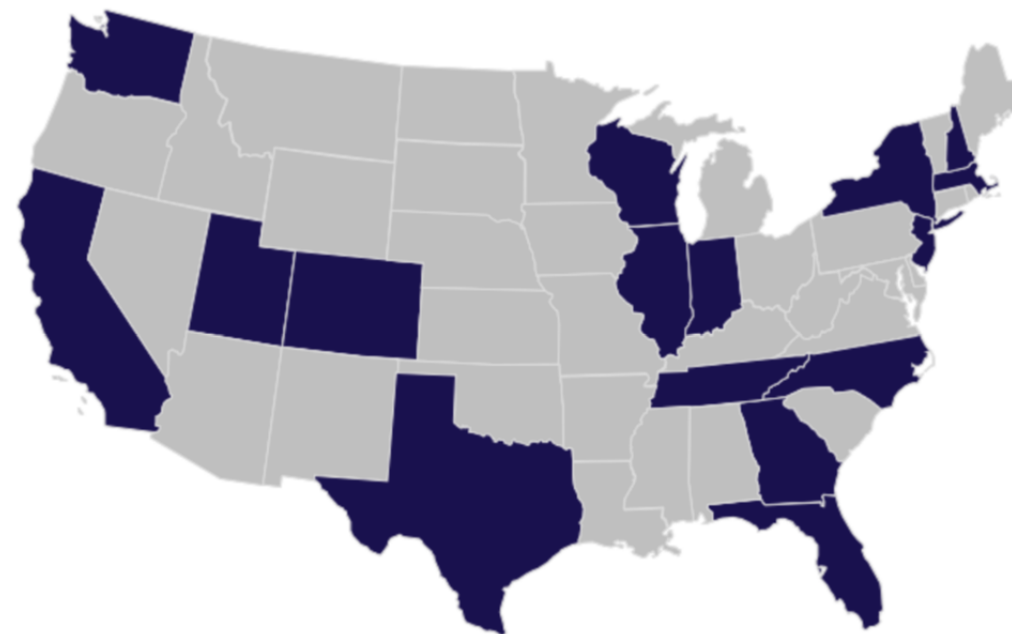
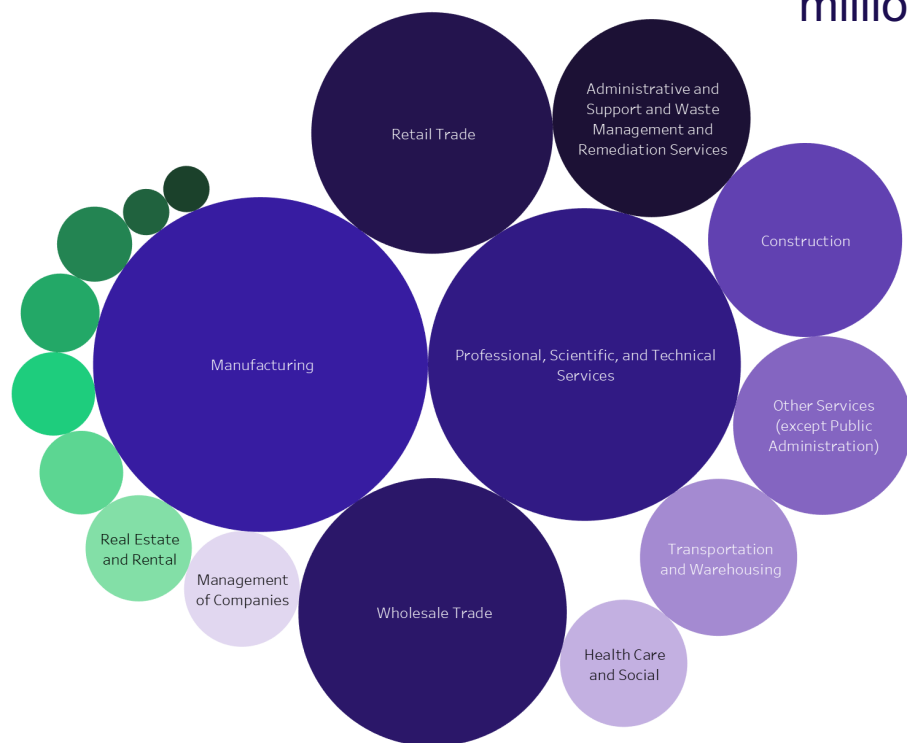
19
Lenders

17
Industries

Q3
Originations
\$228
million

Portfolio HFS & HFI
Unguaranteed Balance
\$233
million

Portfolio HFS & HFI
Guaranteed Balance
\$221
million



RIGHT PLACE, RIGHT TIME, RIGHT MODEL

SBA 7(a) Program Top 10 Lenders¹

FY 2018 Lender (\$ in millions)	Approval Amount	FY 2019 Lender (\$ in millions)	Approval Amount	FY 2020 Lender (\$ in millions)	Approval Amount
Live Oak Banking Company	\$1,269	Live Oak Banking Company	\$1,347	Live Oak Banking Company	\$1,491
Wells Fargo Bank	\$1,198	Wells Fargo Bank	\$786	Byline Bank	\$633
The Huntington National Bank	\$826	The Huntington National Bank	\$640	Wells Fargo Bank	\$547
JPMorgan Chase Bank	\$605	Newtek Small Business Finance	\$618	Celtic Bank Corporation	\$539
Newtek Small Business Finance	\$559	Byline Bank	\$525	The Huntington National Bank	\$493
Byline Bank	\$514	Celtic Bank Corporation	\$500	Newtek Small Business Finance	\$336
Celtic Bank Corporation	\$421	JPMorgan Chase Bank	\$472	KeyBank National Association	\$316
Compass Bank	\$358	U.S. Bank	\$424	Seacoast Commerce Bank	\$316
U.S. Bank	\$351	First Home Bank	\$369	U.S. Bank	\$312
First Bank	\$343	Seacoast Commerce Bank	\$321	Harvest Small Business Finance	\$309

\$25.37 billion
FY 2018 Gross Approvals

\$23.18 billion
FY 2019 Gross Approvals

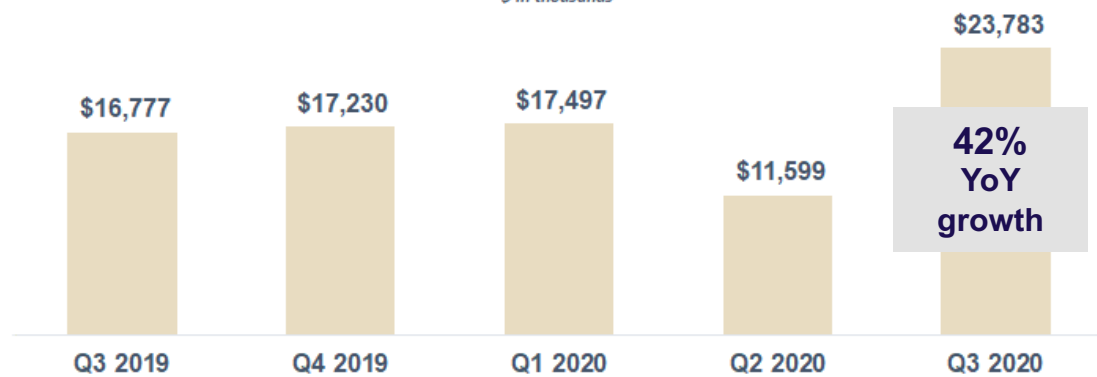
\$22.55 billion
FY 2020 Gross Approvals

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
<i>(\$ in billions)</i> SBA 7(a) Program Gross Loan Approvals ¹	\$6.17	\$5.50	\$4.59	\$4.66	\$7.80

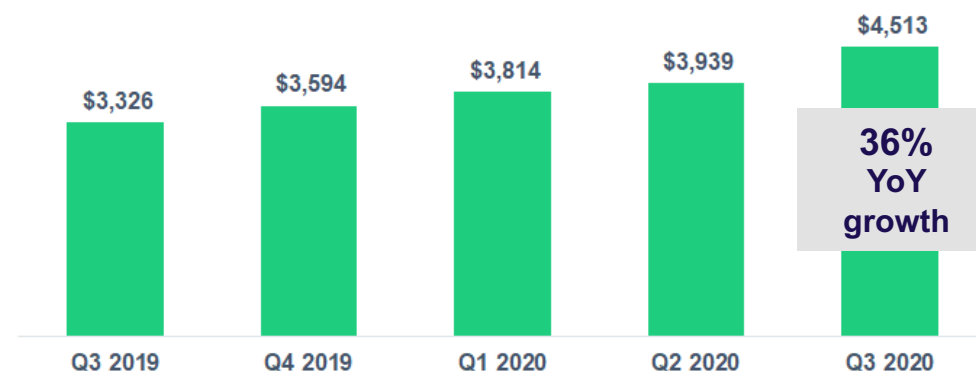
1. SBA FY 2018 and FY 2019 provided by National Association of Government Guaranteed Lenders. SBA FY 2020 from SBA website

GROWTH IN EARNINGS & ASSETS

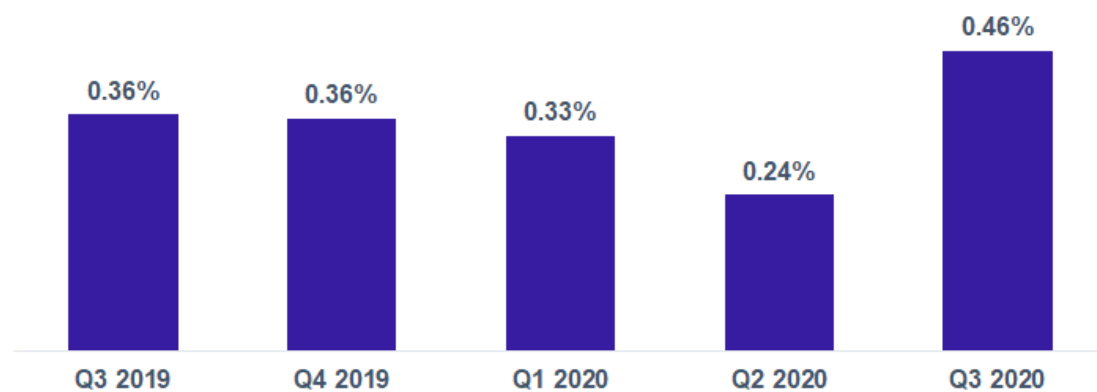
Non-GAAP pre-tax pre-provision income, adjusted for
PPP activities ²
\$ in thousands



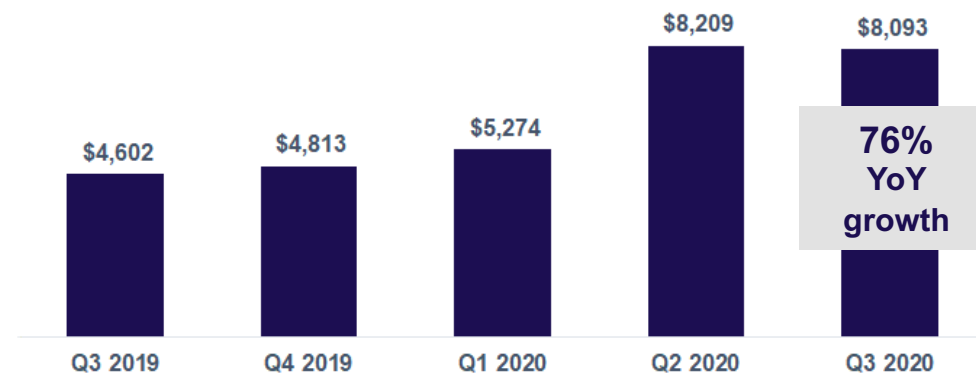
Total Loan and Lease Portfolio, excluding PPP loans ¹
\$ in millions



Non-GAAP pre-tax pre-provision income ¹ versus Total
Assets, as reported



Total Assets, as reported
\$ in millions



1. See Appendix for reconciliation to items excluding PPP activities

2. See slide entitled Non-GAAP Pre-Tax Pre-Provision Income

Q3 TECHNOLOGY INVESTING ACTIVITY



Greenlight

Series C investment results in \$13.7 million gain for Live Oak Bancshares



DEFENSESTORM

Series B investment results in \$862 thousand gain for Live Oak Bancshares



APITURE

Investment results in \$621 thousand gain for Live Oak Bancshares



CANAPI

Investments

Impact LOB Shareholders

Q3 2020 Investments

Alloy

Leading \$40M Series B

Blend

Leading \$75M Series F

Greenlight

Co-Leading \$215M Series C

TECHNOLOGY INVESTMENTS

Finxact™

payrailz

 **DEFENSESTORM**

 **savana**

greenlight

A P I T U R E

Live Oak Cash Investment ¹	\$7.8 million	\$2.1 million	\$2.2 million	\$1.5 million	\$5.0 million	\$0.0 million
Live Oak Carrying Value	\$2.2 million	\$0.0 million	\$2.9 million	\$1.5 million	\$22.4 million	\$61.2 million
Estimated Implied Value of Shares Owned by Live Oak	\$28.9 million	\$13.9 million	\$4.4 million	\$1.4 million	\$38.2 million	\$68.1 million
	\$18.6 million	\$90.2 million	\$154.9 million	\$64.7 million		
	Investment¹	Total Carrying Value	Estimated Implied Value	Difference		

1. Exclude \$300 thousand investment in Kwipped; total cash investments of \$18.9 million (including Kwipped).



PERFORMANCE

OUR FOCUS



KEEPING OUR CUSTOMERS CLOSE

Continued Outreach

Ongoing Credit Assessment



SAFETY & WELL-BEING OF OUR EMPLOYEES & COMMUNITIES

Hybrid remote work model

Healthcare and support for 600+ employees

Continue to invest in our communities



SUPPORTING SMALL BUSINESSES

Continue to provide capital to small business owners across the country



DELIVERING TECHNOLOGY & PRODUCTS

PPP Forgiveness Continues

Business Savings and CDs Launch

Full Conversion to Finxact & Checking on the Horizon

Q3 BALANCE SHEET HIGHLIGHTS





<i>\$ in billions unless otherwise indicated</i>	Q3 2019	Q2 2020	Q3 2020	Change from Prior Quarter	Q3 2020 Notes
Total Loans and Leases Excluding PPP Activities¹	\$3.33	\$3.94	\$4.52	15% ↑	Loan growth driven by diverse origination and slower prepayment speeds
Managed Portfolio Excluding PPP Activities^{2,1}	\$6.34	\$7.01	\$7.66	9% ↑	Total assets, as reported were flat as excess liquidity funded loan growth
Total Assets, As Adjusted to exclude PPP Activities³	\$4.60	\$5.58	\$5.88	5% ↑	Strong capital build as Total Risk-Based Capital Ratio increased to 13.1% from 12.8% and Tier 1
Total Equity	\$528.2 million	\$548.4 million	\$584.2 million	7% ↑	Leverage increased from 8.0% to 8.5% at September 30, 2020

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)

Q3 INCOME STATEMENT HIGHLIGHTS

<i>\$ in millions</i>	Q3 2019	Q2 2020	Q3 2020	Change from Prior Quarter	Q3 2020 Notes
Net Interest Income & Servicing Revenue, as adjusted for PPP Activities¹	\$44.4	\$38.9	\$44.6	15% 	Loan growth and deposit repricing drove NII growth and margin expansion
Net Gain on Sales of Loans	\$7.4	\$10.7	\$12.7	19% 	Strengthening secondary market generated increased gain on sale despite lower amount of loans sold
Noninterest Expense, as adjusted for PPP Activities¹	\$42.7	\$45.1	\$42.7	5% 	Continued expense discipline, normalized for Q2 bonus
Non-GAAP Pre-Tax Pre-Provision Income as adjusted for PPP Activities²	\$16.8	\$11.6	\$23.8	105% 	Significant increase in core profitability

1. See Appendix for Reconciliation to items excluding PPP activities

2. See slide entitled Non-GAAP Pre-tax Pre-Provision Income slide.

PPP IMPACT

(\$ in millions)	<u>Q2 2020</u>	<u>Q3 2020</u>
Total Assets, as reported	\$8,209.2	\$8,093.4
Total Adjustments for PPP Activities ¹	2,625.5	2,218.8
Total Assets, as adjusted to exclude PPP Activities	5,583.6	5,874.6

\$42.9 million net deferred fees on balance sheet at September 30, 2020

(\$ in millions)	<u>Q2 2020</u>	<u>Q3 2020</u>
Interest Income and Fees on Loans, as reported	\$62.0	\$70.6
Less Amortization of Net Deferred Fees on PPP Loans	5.4	9.2
Less Interest Income on PPP Loans	3.3	4.4
Interest Income & Amortization of Net Deferred Fees on Loans (excluding PPP)	53.3	57.0
Interest Income & Amortization of Net Deferred Fees on PPP Loans	\$8.7	\$13.6
Less Interest Expense on Excess Funding Activity to		
Support PPP Activities and COVID-19 Liquidity Safeguarding	3.7	0.7
Net Interest Income & Amortization of Net Deferred Fees on PPP Loans	5.0	12.9

1. See Appendix for adjustments for PPP Activities

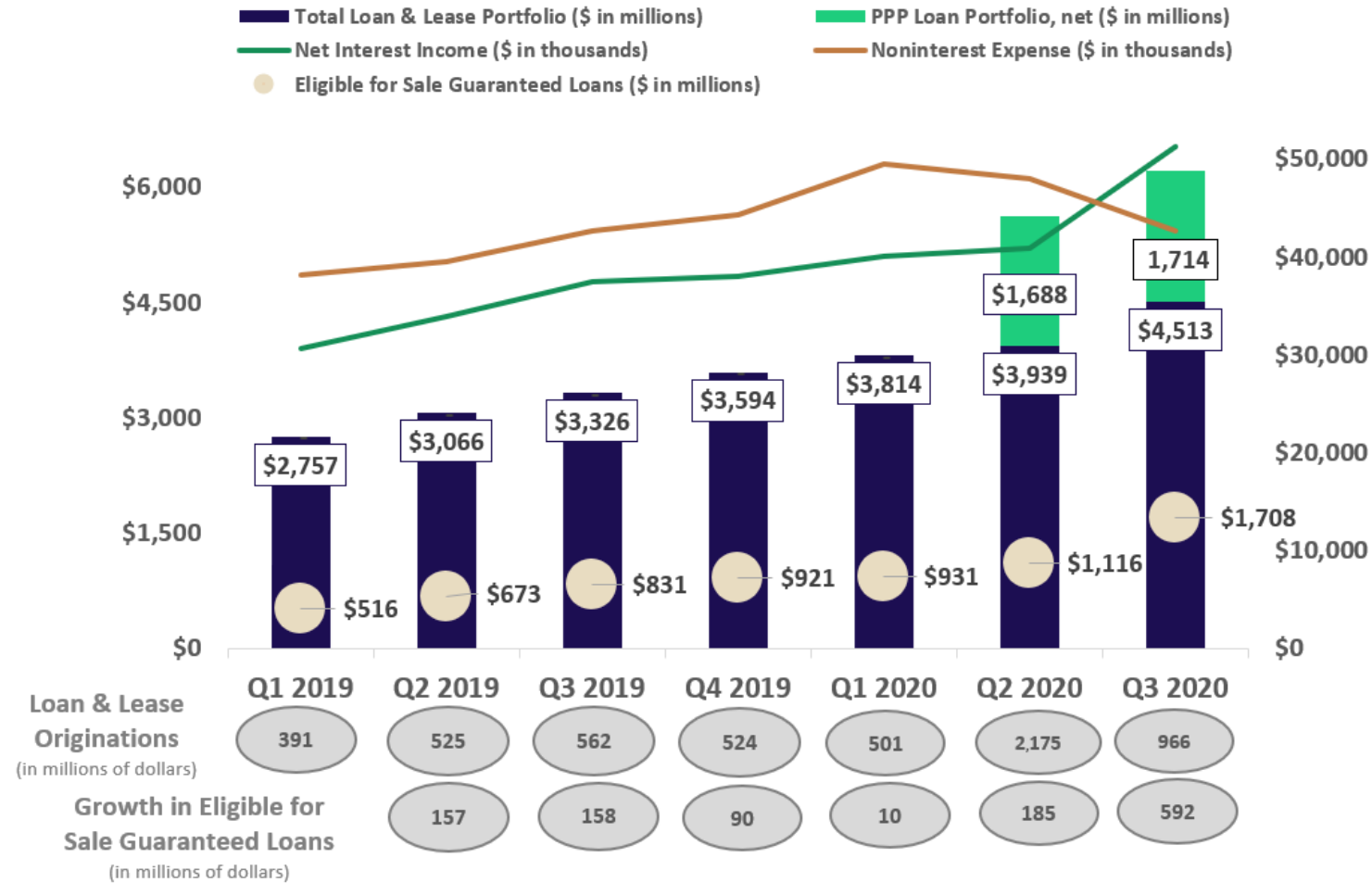
NON-GAAP PRE-TAX PRE-PROVISION INCOME

(\$ in thousands)

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Income (loss) before taxes⁽¹⁾	\$ 6,262	\$ 8,917	\$ (15,380)	\$ 5,251	\$ 45,483
Add:					
Provision for loan and lease credit losses ⁽¹⁾	3,960	4,809	11,792	9,958	10,274
Fair value adjustments					
Loan servicing asset revaluation ⁽¹⁾	5,161	4,135	4,692	1,571	(2,061)
Exchange-traded interest rate futures contracts (gain) loss ⁽²⁾	1,454	(1,187)	3,209	(127)	(252)
Net (gain) loss on loans accounted for under the fair value option ⁽¹⁾	(1,102)	(1,432)	10,638	1,089	(3,403)
Other losses (gains) on valuation adjustments ⁽³⁾	47	227	176	(271)	(26)
Total fair value adjustments	5,560	1,743	18,715	2,262	(5,742)
Noninterest expense adjustments ⁽⁴⁾	-	-	-	-	1,019
FinTech activities ⁽⁵⁾	995	1,761	2,370	2,303	(13,586)
Non-GAAP pre-tax pre-provision income	\$ 16,777	\$ 17,230	\$ 17,497	\$ 19,774	\$ 37,448
Adjustment for PPP Activities					
Loan interest income	\$ -	\$ -	\$ -	\$ 3,317	\$ 4,403
Loan deferred fees & costs amortized into interest income, net	-	-	-	5,380	9,183
Sales revenue from co-developed processing technology	-	-	-	2,457	-
Performance bonus	-	-	-	(7,150)	-
Deferred salary expense	-	-	-	4,171	79
Total adjustments for PPP activities	-	-	-	8,175	13,665
Non-GAAP pre-tax pre-provision income adjusted for PPP activities	\$ 16,777	\$ 17,230	\$ 17,497	\$ 11,599	\$ 23,783

1. As reported
2. Included as a component of the net gain on sales of loans, as reported
3. Includes valuation gains and losses related to equity security investments, equity warrant assets, and foreclosed assets
4. Impairment on aircraft classified as held for sale in Q3 2020
5. See Appendix

FRANCHISE FUNDAMENTALS



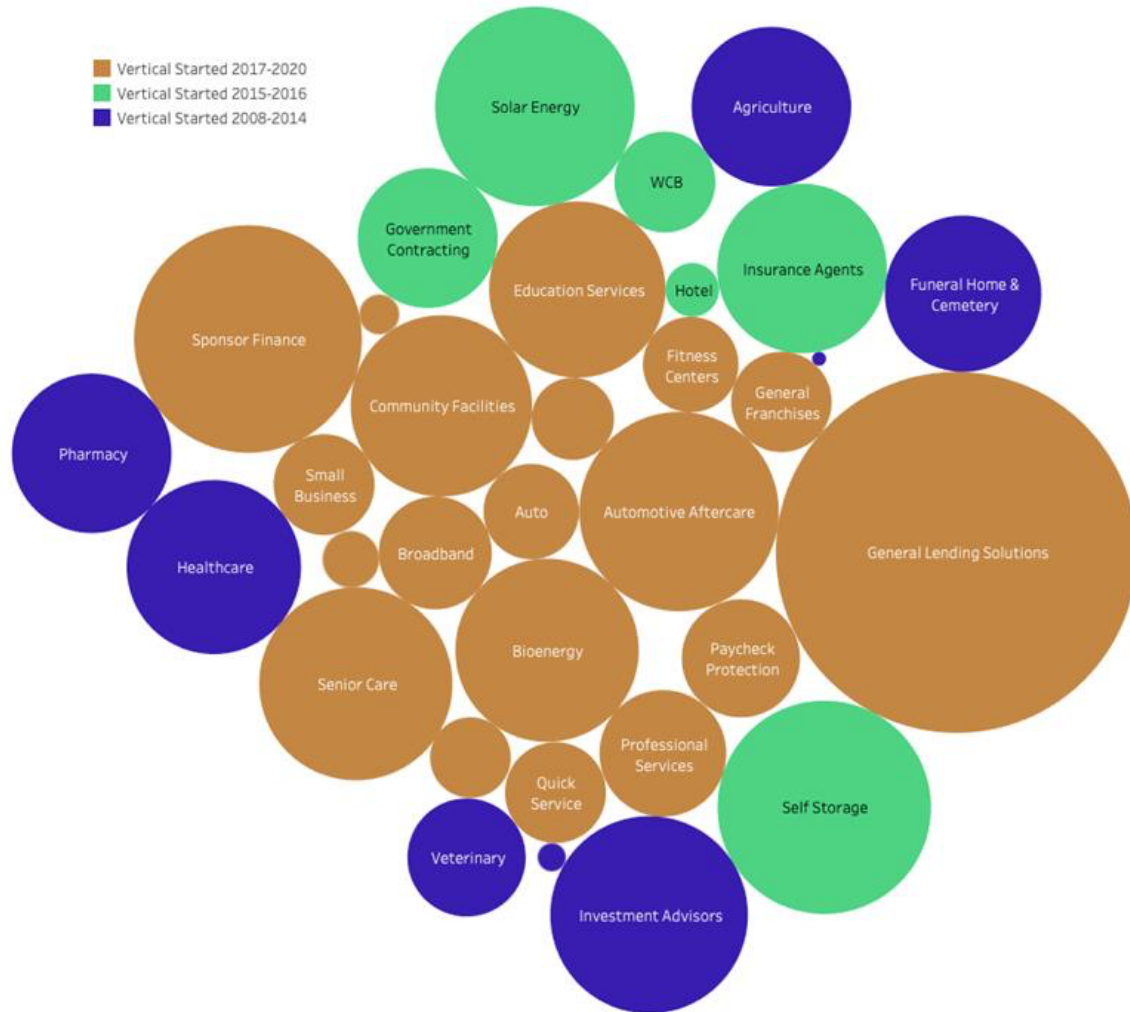
25.6% ↑
Net Interest Income
Q2 2020 vs Q3 2020

11.3% ↓
million
Noninterest Expense
Q2 2020 vs Q3 2020

2.1x
Guaranteed Loans
Eligible for Sale
Q3 2020 vs. Q3 2019

\$949
million
Loan & Lease
Originations
Q3 2020 Excluding PPP

Q3 LOAN & LEASE ORIGINATIONS



Originations by Year Vertical Started

(\$ in millions)

2008 – 2014	\$199.7
2015 – 2016	\$183.3
2017 – 2020	\$583.5

At Risk Vertical Originations

(\$ in millions)

Entertainment Centers	\$0.2
Hotels	\$3.6
Fitness Centers	\$11.4
Wine & Craft Beverage	\$12.7
Quick Service Restaurants	\$13.0
Education Services	\$38.8

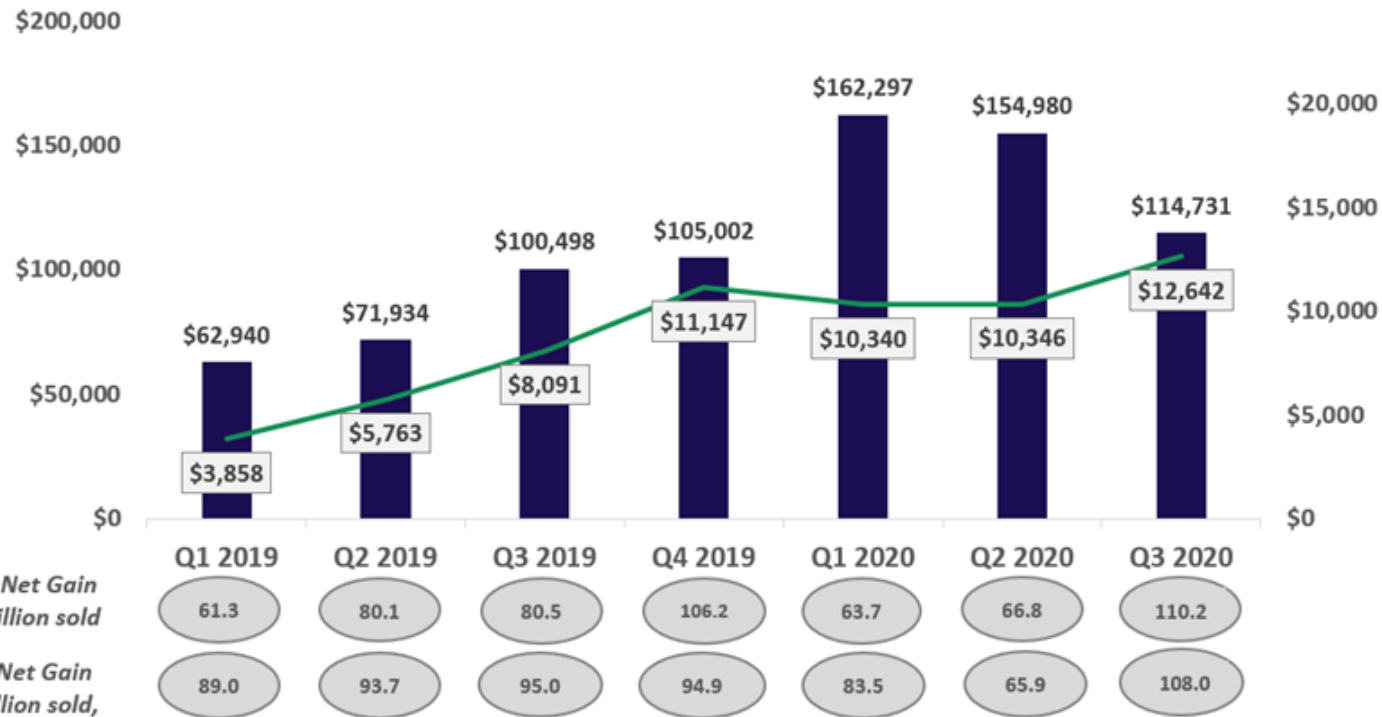
GUARANTEED LOAN SALES

Guaranteed Loan Sales

\$ in thousands

■ Guaranteed Loans Sold

— Net Gains on Sale of Guaranteed Loans



*Excludes the fair value adjustment on exchange-traded interest rate futures contracts

For the nine months ended
September 30, 2020

\$432.0
million

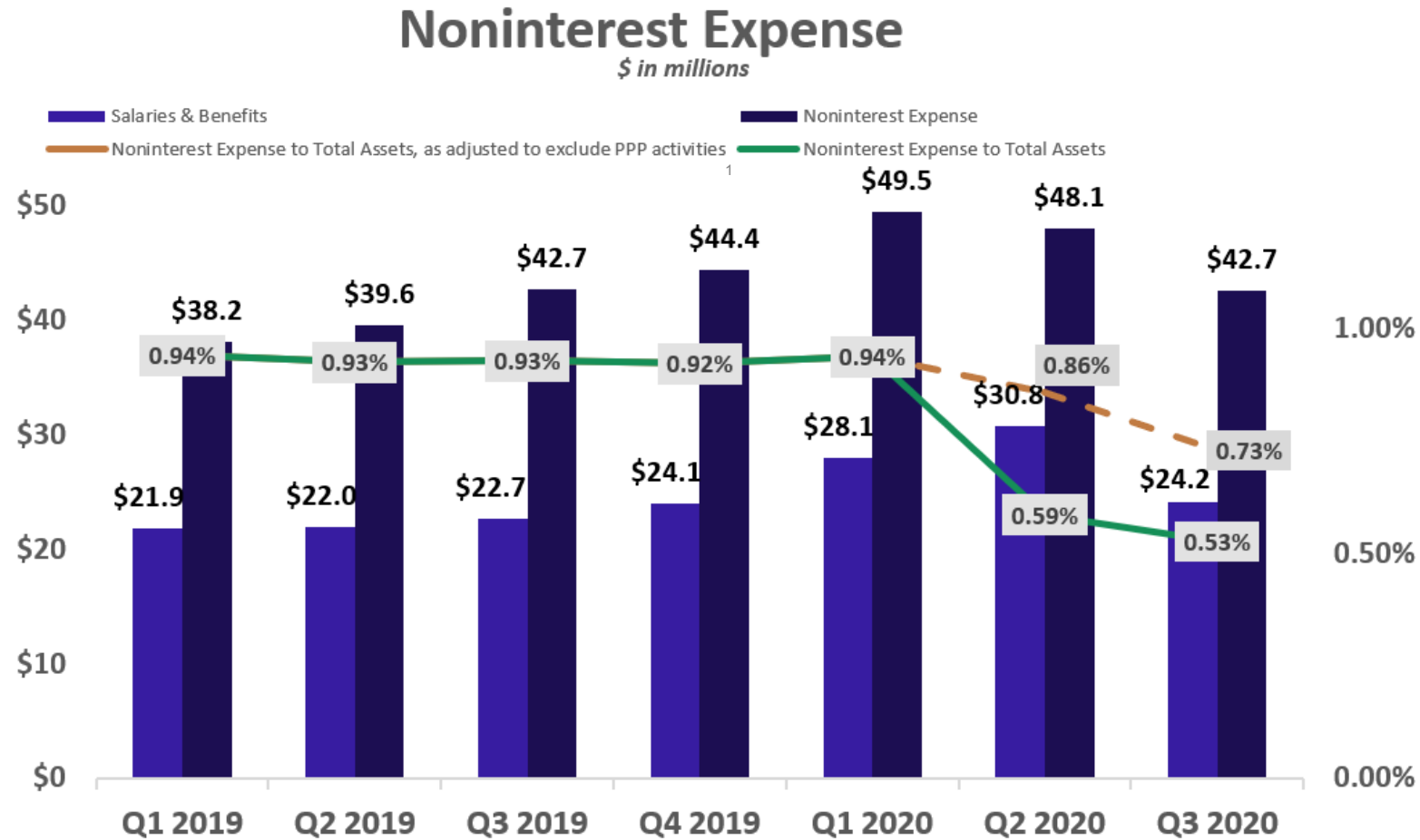
Guaranteed Loans Sold

\$1.33
billion

Guaranteed Loans Became
Eligible for Sale

67.5%
Retention

EXPENSE DISCIPLINE

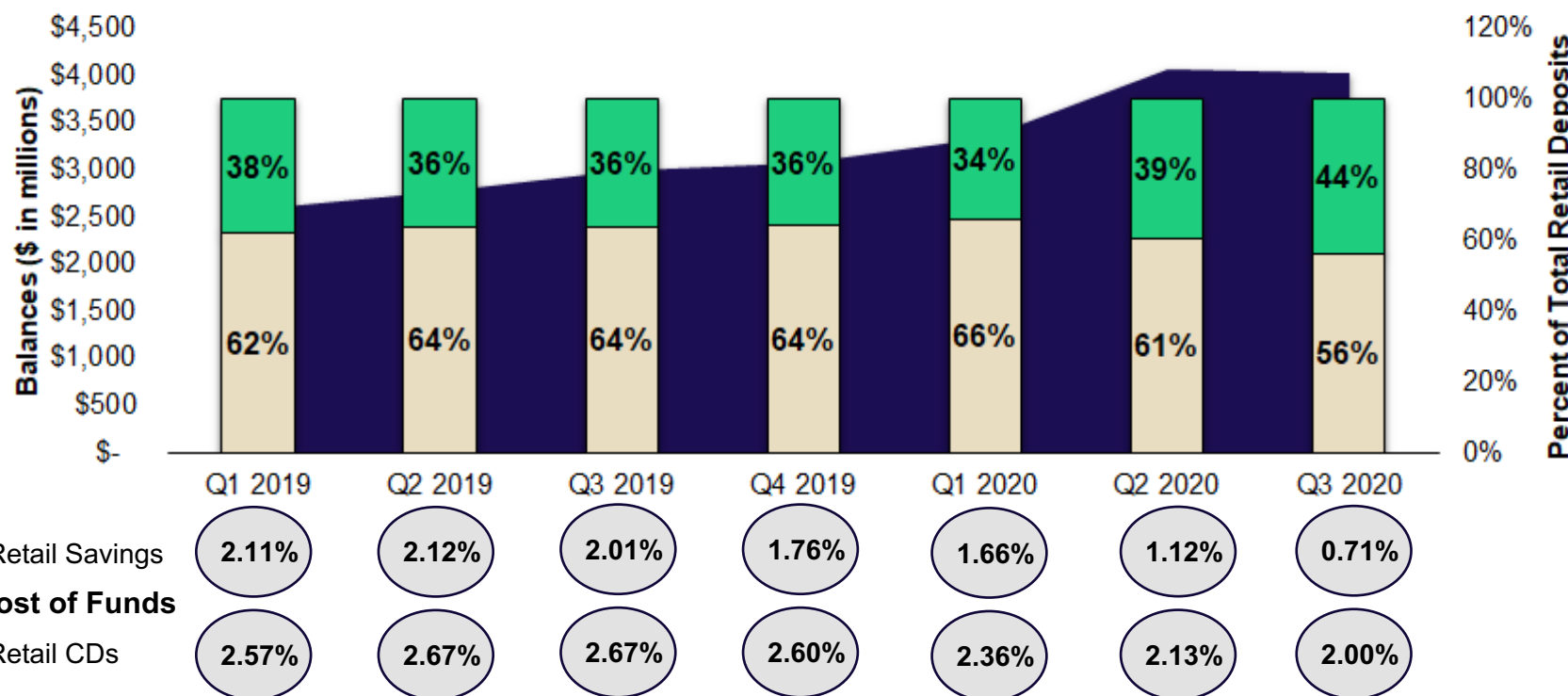


1. See Appendix for Total Assets, as adjusted to exclude PPP activities

HIGHLY EFFICIENT RETAIL ONLINE DEPOSIT MODEL

Retail Deposit Growth and Mix vs. Time

■ Total Retail Deposits ■ Retail CDs ■ Retail Savings



\$4.04
billion
Retail Deposits
As of September 30, 2020

60.1
thousand
Open Accounts
As of September 30, 2020

6
Basis points
Noninterest Cost of Funds¹
Q3 2020

96.1%
Savings Retention²
YTD 2020

54%
Business Savings Balance Growth
Q3 2020

60%
CD Retention³
YTD 2020

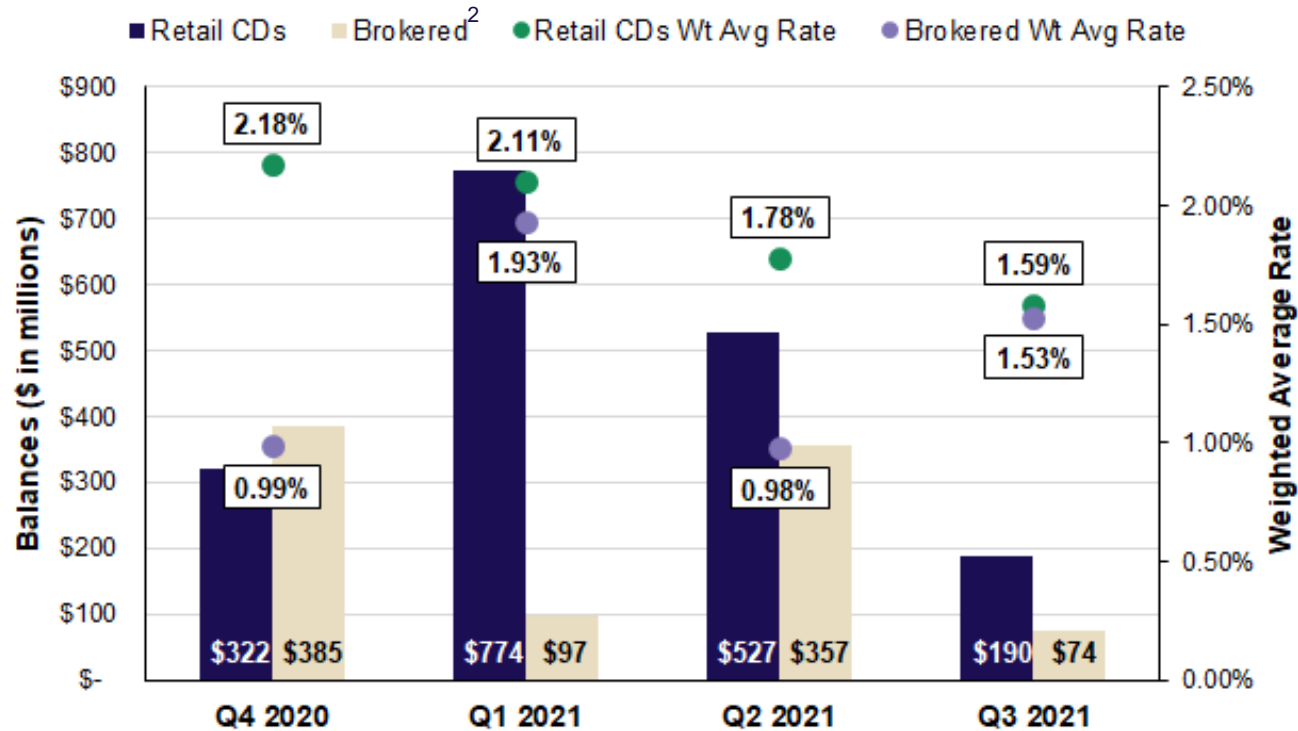
0.70%
Consumer and Business Savings
Offered Rate
October 21, 2020

0.60%
1-Year CD
Offered Rate
October 21, 2020

1. Noninterest Cost of Funds includes direct expenses associated with origination and ongoing servicing of the Bank's retail deposit portfolio
2. Savings balance retention compared to accounts active at December 31, 2019
3. Retention of balances matured in YTD 2020

DEPOSIT RATES & MATURITIES

Retail & Brokered Maturities - Q4 2020 to Q3 2021



Last 9 months: Deposit Repricing

- Consumer Savings rate reduced by 115bps to **0.70%**¹
- 12-month CD (comprising 60% of the Retail CD portfolio balance) rate offering reduced by 155bps to **0.60%**¹

Through Q3 2021: Deposit Maturities (\$ in millions)

- Retail CD Portfolio: \$1,813 average maturing rate of 1.97%
- Brokered Portfolio: \$913 average maturing rate of 1.13%²

(\$ in millions)

Retail CDs

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Total
Maturing Balance	\$ 322	\$ 774	\$ 527	\$ 190	\$ 1,813
Wt Avg Maturing Rate	2.18%	2.11%	1.78%	1.59%	1.97%
Expected Annualized Interest Expense Reduction at Renewal	\$ (5)	\$ (12)	\$ (6)	\$ (2)	\$ (25)

Brokered CDs

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Total
Maturing Balance	\$ 135	\$ 97	\$ 107	\$ 74	\$ 413
Wt Avg Maturing Rate	1.74%	1.93%	1.91%	1.53%	1.79%
Expected Annualized Interest Expense Reduction at Renewal	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (4)

1. As of October 21, 2020

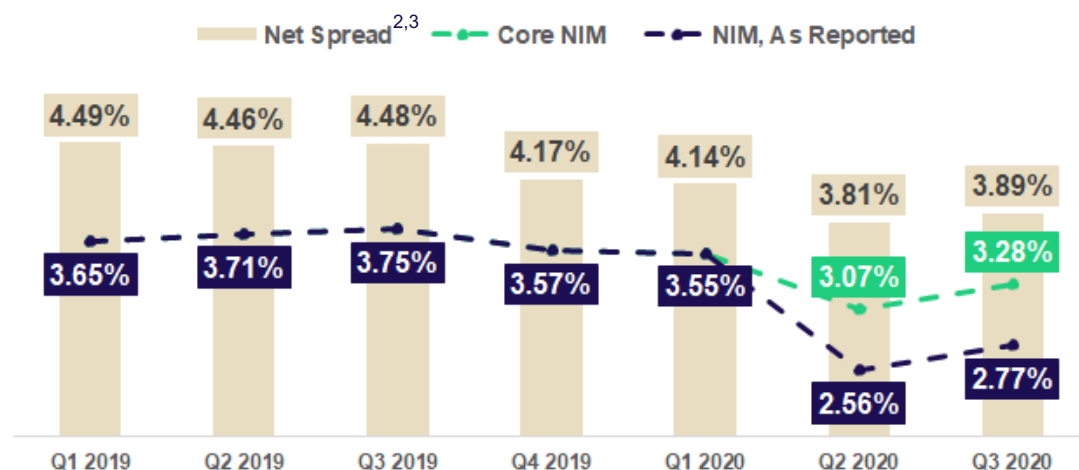
2. Includes \$500 million of Promontory ICS One-Way Buy. \$250 million matures October 2020 and \$250 million matures April 2021

3. Renewal rates as of October 21, 2020. 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 renewal rate of 0.61%

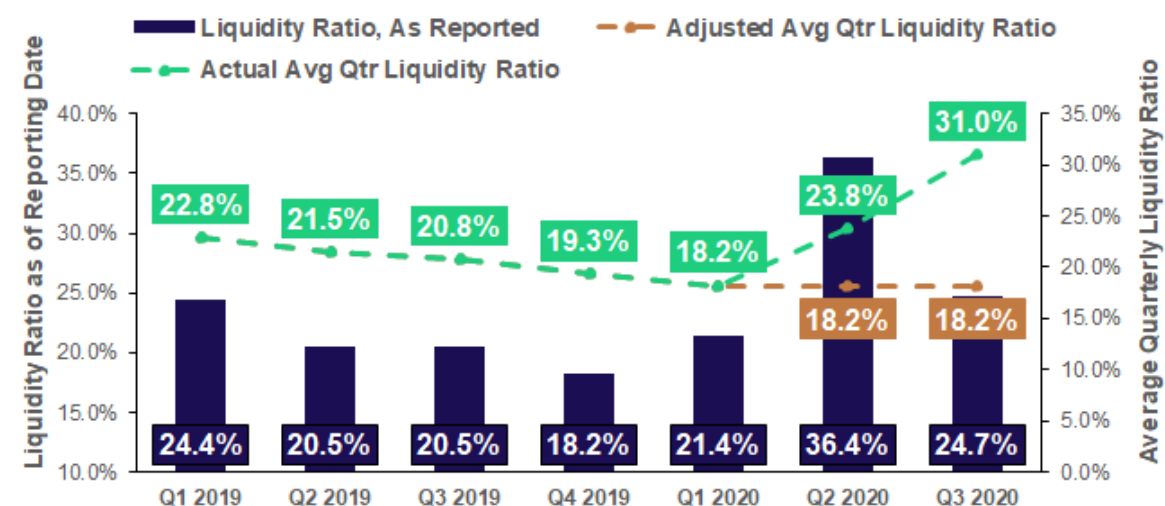
4. Replacement rates on brokered CDs based on average of 1yr to 10yr funding, based on market rates as of October 19, 2020. Assumes weighted average renewal rate of 0.64%

NIM EXPANSION & LIQUIDITY DEPLOYMENT

NIM & Net Spread Trends - As Reported and Adjusted¹



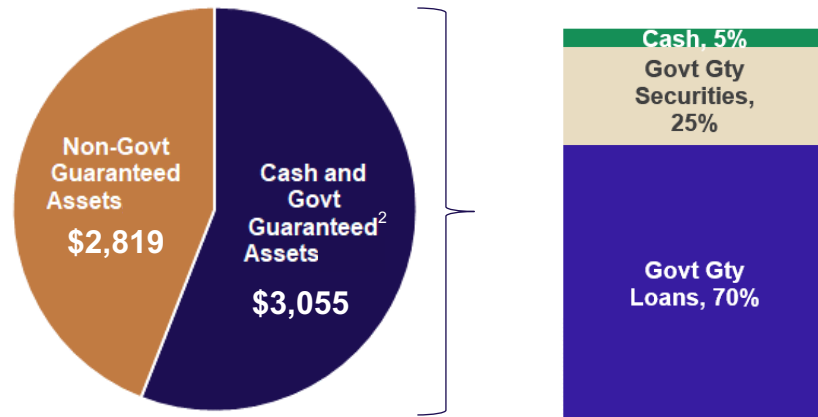
Liquidity Ratio Trends - As Reported and Adjusted¹



1. Q2 2020 and Q3 2020 Core NIM and Adjusted Average Quarterly Liquidity Ratio removes \$1.7 billion PPP/PPPLF impacts. Adjusted Average Quarterly Liquidity is assumed to hold constant to Q1 2020
2. Net spread for Q2 2020 and Q3 2020 excludes \$1.7 billion PPP loans earning 1.00%
3. Net Spread is defined as average yield on interest-earning loans less average cost of funds on interest-bearing deposits

CAPITAL & LIQUIDITY

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



\$1.41
billion
Cash & Investments

\$2.13
billion
Government
Guaranteed Loans
(excl. PPP)¹

\$1.71
billion
Eligible for Sale
Government
Guaranteed Loans

55.5%
Cash, Investments,
Government Guaranteed
Loans (excl. PPP)⁴
to Total Assets (excl. PPP)⁴

13.1%
CET1 Capital Ratio

24.7%
Liquidity Ratio³

1. At amortized costs, excludes \$1.76 billion PPP loans at September 30, 2020. Government guaranteed loans including PPP loans totaled \$3.89 billion at September 30, 2020.
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 September 30, 2020
3. Liquidity ratio is defined as Net Cash and Short-Term Marketable Assets Divided by Net Deposits and Short-Term Liabilities.
4. Excludes \$1.76 billion PPP loans at September 30, 2020. The ratio of cash, investments, and government guaranteed loans including PPP loans to total assets including PPP loans is 65.2%.

PORTFOLIO DIVERSIFICATION

\$6.28 billion

Portfolio Balance¹

Growth through Diversification

62.0%

Guaranteed Portfolio Percentage³

\$3.89 billion²

\$5.36 billion

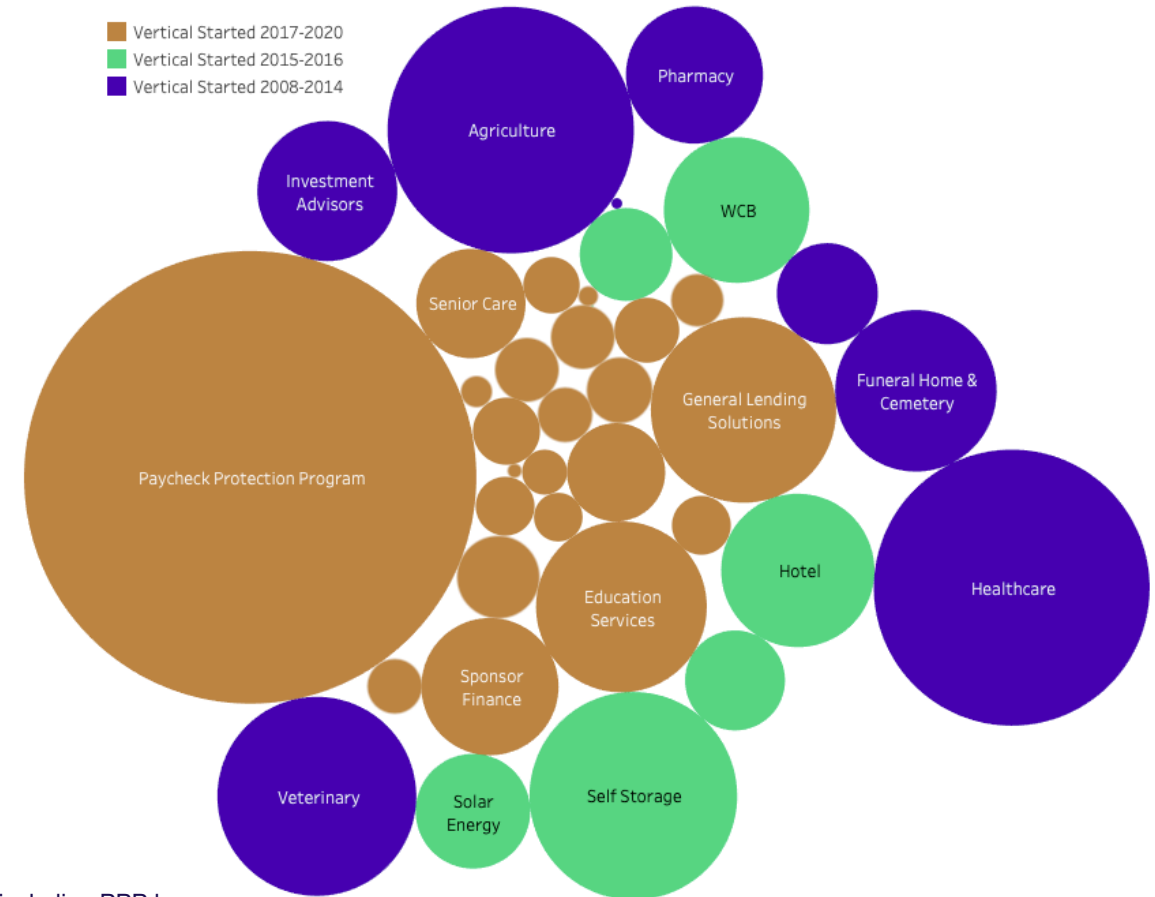
SBA Guaranteed² & Unguaranteed⁴

SBA 504 - \$103M⁵

USDA - \$213M⁶

Leases - \$11M

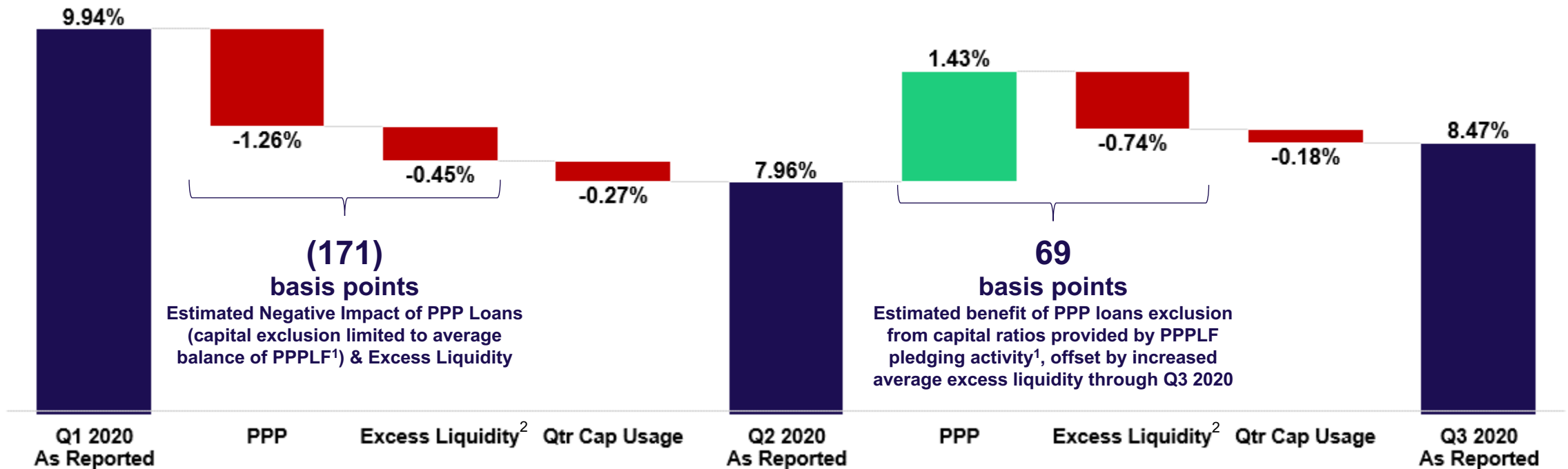
OTHER - \$598M



1. Total Loans and Leases at amortized cost (inclusive of loans at fair value and historical cost) at September 30, 2020, including PPP loans
2. Total Guaranteed Loans at September 30, 2020, including PPP loans
3. The ratio of total guaranteed loans (including PPP loans) divided by portfolio balance
4. Includes \$128 million unguaranteed pari passu balances
5. Comprised of first lien unguaranteed loans with average LTV of 50%
6. Comprised of \$95 million guaranteed and \$118 unguaranteed balances

TIER 1 LEVERAGE IMPROVEMENT

Tier 1 Leverage Ratio - Q1 2020 to Q3 2020, as reported



1. 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 Q2 2020 was \$644 million and the Bank's average balance in Q3 2020 was \$1.73 billion

2. Estimated excess liquidity

HIGH PERFORMING BANK METRICS

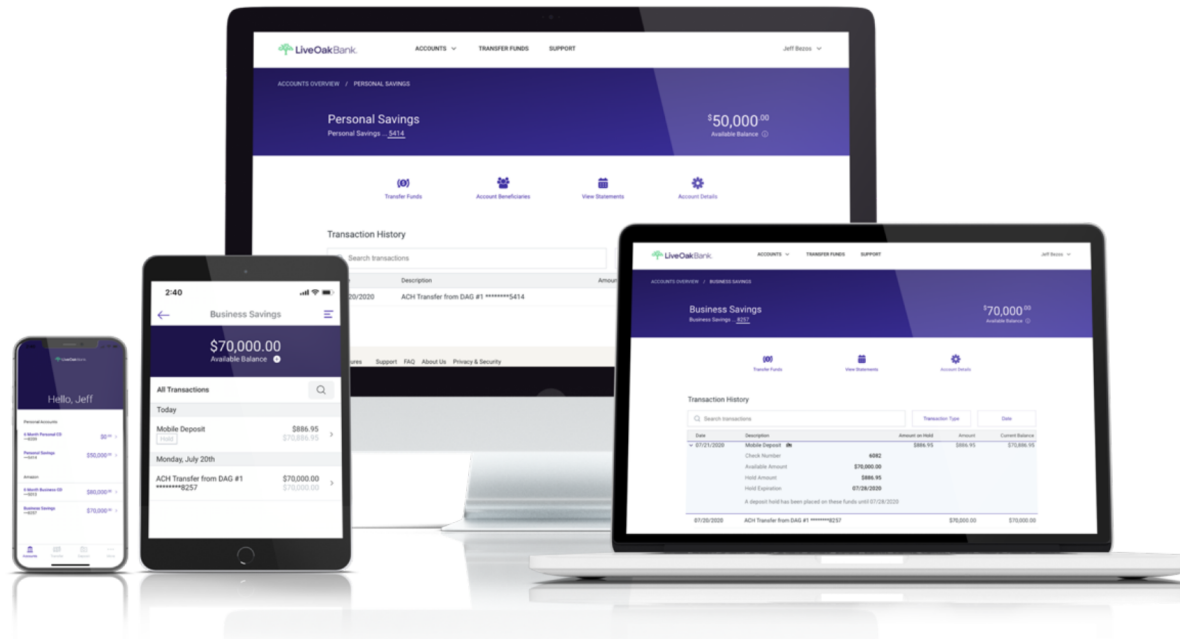
Asset Size (\$ in billion)		\$ 7.0	\$ 8.0	\$8.09
NIM	2.77%	3.50%	3.75%	
Noninterest Income to Total Income	47.8%	30%	25%	
Efficiency Ratio¹		60%	43.9%	
ROA		1.25%	1.67%	1.75%
ROE		15%	20%	23.6%
Tier 1 Leverage	8.47%	8.5%	10%	

Q2 2020 Trend

\$8.21B	-
2.56%	+
35.4%	-
76.9%	+
0.22%	+
2.68%	+
7.96%	+

1. See Appendix for calculation of efficiency ratio

NEW DEPOSIT PLATFORM UPDATE



182

Small Business
Savings & CDs
Customers¹

\$12.1

million
Account Balance

1. Finxact deposit information as of October 16, 2020



APPENDIX

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

Actuals for the quarter ended September 30, 2020

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	FinTech Activities	Consolidated, as reported
Net interest income	\$ 51,363	\$ -	\$ -	\$ -	\$ -	\$ 51,363
Provision for credit losses	10,274	-	-	-	-	10,274
Noninterest income (loss)	32,345	(902)	14,306	1,295	14,699	47,044
Noninterest expense	41,537	-	53	1,060	1,113	42,650
Income (loss) before income tax expense	\$ 31,897	\$ (902)	\$ 14,253	\$ 235	\$ 13,586	\$ 45,483

Actuals for the quarter ended June 30, 2020

Net interest income	\$ 40,898	\$ -	\$ -	\$ -	\$ -	\$ 40,898
Provision for credit losses	9,958	-	-	-	-	9,958
Noninterest income (loss)	23,346	(1,276)	(865)	1,206	(935)	22,411
Noninterest expense	46,732	-	54	1,314	1,368	48,100
Income (loss) before income tax expense	\$ 7,554	\$ (1,276)	\$ (919)	\$ (108)	\$ (2,303)	\$ 5,251

Actuals for the quarter ended March 31, 2020

Net interest income	\$ 40,161	\$ -	\$ -	\$ -	\$ -	\$ 40,161
Provision for credit losses	11,792	-	-	-	-	11,792
Noninterest income (loss)	6,622	(1,352)	(1,172)	1,644	(880)	5,742
Noninterest expense	48,001	-	59	1,431	1,490	49,491
Income (loss) before income tax expense	\$ (13,010)	\$ (1,352)	\$ (1,231)	\$ 213	\$ (2,370)	\$ (15,380)

Actuals for the quarter ended December 31, 2019

Net interest income	\$ 38,011	\$ -	\$ -	\$ -	\$ -	\$ 38,011
Provision for credit losses	4,809	-	-	-	-	4,809
Noninterest income (loss)	20,327	(712)	(1,045)	1,555	(202)	20,125
Noninterest expense	42,851	-	87	1,472	1,559	44,410
Income (loss) before income tax expense	\$ 10,678	\$ (712)	\$ (1,132)	\$ 83	\$ (1,761)	\$ 8,917

Actuals for the quarter ended September 30, 2019

Net interest income	\$ 37,507	\$ -	\$ 24	\$ -	\$ 24	\$ 37,531
Provision for credit losses	7,160	-	-	-	-	7,160
Noninterest income	17,117	(1,467)	2,882	96	1,511	18,628
Noninterest expense	40,207	-	121	2,409	2,530	42,737
Income (loss) before income tax expense	\$ 7,257	\$ (1,467)	\$ 2,785	\$ (2,313)	\$ (995)	\$ 6,262

APPENDIX

(\$ in thousands)

Total Assets, as reported

PPP-related activities

Cash and cash receivable for origination fees

Loans, net of unearned

Allowance for credit losses

Accrued interest receivable

Estimated excess balance sheet liquidity arising from PPP

Total adjustments for PPP activities

a Total Assets, as adjusted to exclude PPP activities

b Noninterest Expense, as reported

b/a Noninterest Expense to Total Assets, as adjusted

For three months ended	
Jun 30, 2020	Sep 30, 2020
\$ 8,209,154	\$ 8,093,381
61,492	-
1,688,104	1,713,695
(1,565)	(2,636)
3,289	7,696
874,195	500,000
2,625,514	2,218,756
5,583,640	5,874,625
48,100	42,650
0.86%	0.73%

APPENDIX

Reconciliation to items excluding PPP activities (\$ in thousands)

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Loans held for sale ⁽¹⁾	\$ 903,095	\$ 966,447	\$ 996,050	\$ 976,594	\$1,190,200
Loans and leases held for investment ⁽¹⁾	2,422,970	2,627,286	2,817,491	4,650,056	5,037,199
Less PPP loans	-	-	-	(1,688,104)	(1,713,695)
Total loan and lease portfolio, excluding PPP	3,326,065	3,593,733	3,813,541	3,938,546	4,513,704
non-GAAP pre-tax pre provision income ⁽²⁾	16,777	17,230	17,497	19,774	37,448
total assets ⁽¹⁾	4,601,529	4,812,828	5,273,569	8,209,154	8,093,381
Non-GAAP pre-tax pre-provision income versus total assets, as reported	0.36%	0.36%	0.33%	0.24%	0.46%
Outstanding balance of loans sold & serviced	\$3,013,168			\$3,072,031	\$3,143,493
Total loan and lease portfolio, excluding PPP	3,326,065			3,938,546	4,513,704
Managed portfolio, excluding PPP activities	6,339,233			7,010,577	7,657,197
Net interest income ⁽¹⁾	37,531			40,898	51,363
Loan servicing revenue ⁽¹⁾	6,831			6,691	6,803
Less:					
PPP loan interest income ⁽²⁾	-			(3,317)	(4,403)
Loan deferred fees & costs amortized into interest income, net ⁽²⁾	-			(5,380)	(9,183)
Net interest income & servicing revenue, as adjusted for PPP activities	44,362			38,892	44,580
Total noninterest expense ⁽¹⁾	42,737			48,100	42,650
Less:					
Performance bonus ⁽²⁾	-			(7,150)	-
Deferred salary expense ⁽²⁾	-			4,171	79
Noninterest expense, as adjusted for PPP	42,737			45,121	42,729

1. As reported

2. Per Non-GAAP pre-tax pre-provision income slide

APPENDIX

(\$ in thousands)

Efficiency ratio:

Noninterest expense (d)

Net interest income

Noninterest income

Less: gain (loss) on sale of securities

Adjusted operating revenue (e)

Efficiency ratio (d/e)

As of and for the three months ended				
3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019
\$ 42,650	\$ 48,100	\$ 49,491	\$ 44,410	\$ 42,737
51,363	40,898	40,161	38,011	37,531
47,044	22,411	5,742	20,125	15,428
1,225	734	(79)	528	87
\$ 97,182	\$ 62,575	\$ 45,982	\$ 57,608	\$ 52,872
43.89%	76.87%	107.63%	77.09%	80.83%