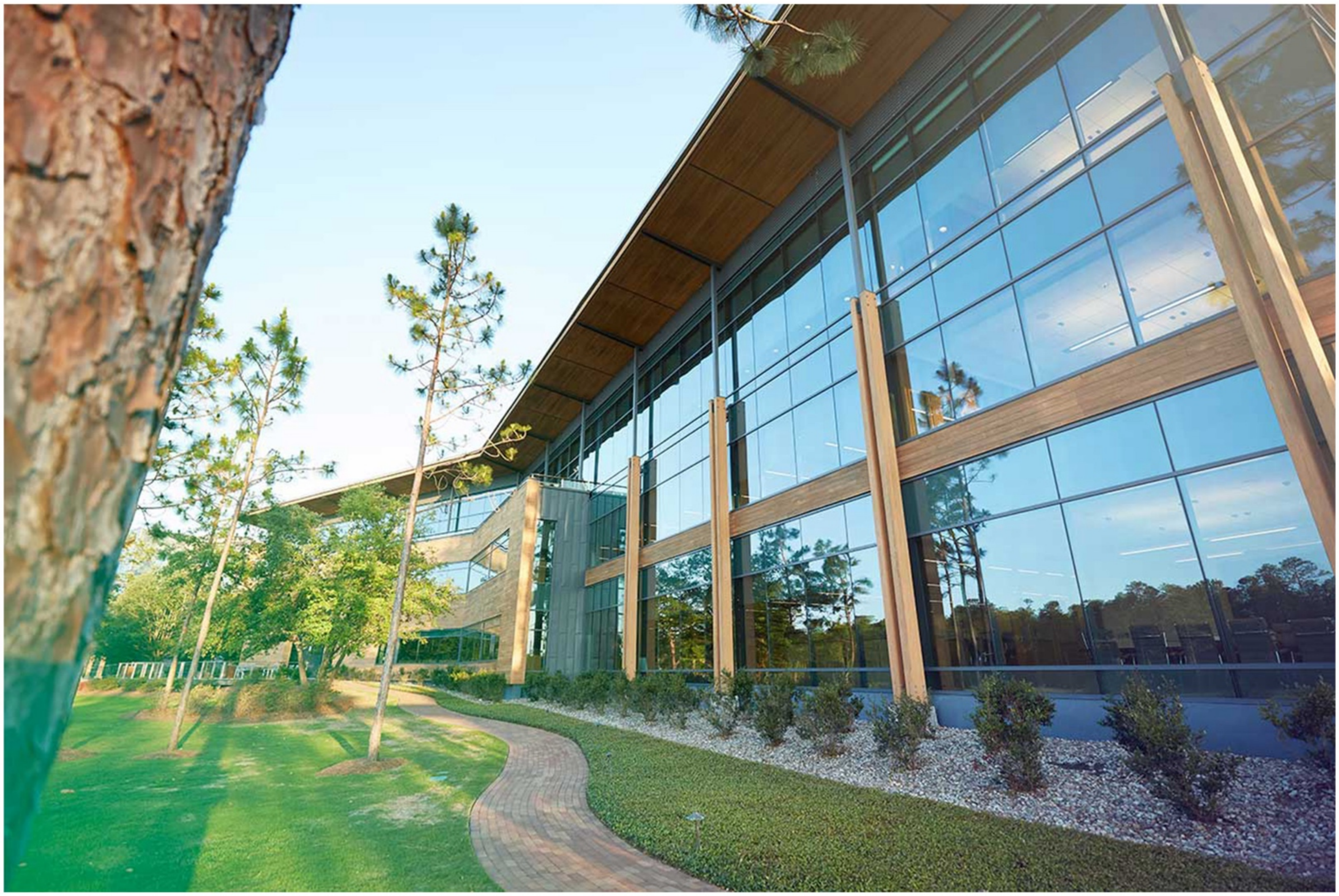


CFO HIGHLIGHTS
Q4 2020

January 27, 2021

CFO Highlights: Q4 2020

Our dedication to the small business community was fully displayed during the unprecedented year of 2020 with $4.45 billion of small business loans and leases originated, including $1.76 billion as part of the SBA Paycheck Protection Program ("PPP"). Recurring revenue, consisting of net interest income and servicing revenue, totaled a record-setting $221.3 million for the year 2020, an increase of 31.6% over 2019, highlighting the dedication Live Oakers embodied in living out our mission to become America's best small business bank. In addition, our teams maintained a focus on transforming the financial technology landscape to better serve our small business clients, all while helping them navigate the turbulence of the COVID-19 pandemic in a year like no other.

We reported $0.68 earnings per diluted share and $12.0 million of net income before taxes for the fourth quarter of 2020; and we reported $1.43 earnings per diluted share and $47.4 million of net income before taxes for the full year 2020. Our non-GAAP pre-tax pre-provision income increased to $43.2 million for the fourth quarter of 2020 from $37.4 million for the third quarter of 2020. For the year 2020, non-GAAP pre-tax pre-provision income totaled $117.9 million compared to $60.6 million for 2019, an 94.6% increase. See the Appendix for a reconciliation of non-GAAP pre-tax pre-provision income to our reported balances.

SUCCESS OF BALANCE SHEET STRATEGY

Our focus on safety and soundness, profitability, and growth was again highlighted by the results of the fourth quarter of 2020. At December 31, 2020, our total loan and lease portfolio consisted of 59.6% government guaranteed loans. Cash, government guaranteed investments, and government guaranteed loans comprised 52.6% of our balance sheet at the end of the fourth quarter as a percent of total assets, excluding PPP loans which carry a 100% government guarantee. The meaningful contribution of net interest income provided by this portfolio is a result of our consistent focus on guaranteed loan retention. Additionally, we believe that the growth of our guaranteed loan portfolio significantly increases financial and capital flexibility while providing quality returns and that this flexibility remains a strength of our balance sheet model.

Our total portfolio of loans and leases held for investment and held for sale of $6.32 billion increased by $2.73 billion, or 75.9%, compared to the end of the fourth quarter of 2019 and $93.2 million, or 1.5%, compared to the prior quarter. Excluding PPP loans, our total portfolio of loans and leases increased by $1.23 billion, or 34.2%, compared to the end of the fourth quarter 2019 and $308.2 million, or 6.8%, compared to the prior quarter.

NOTABLE EVENTS

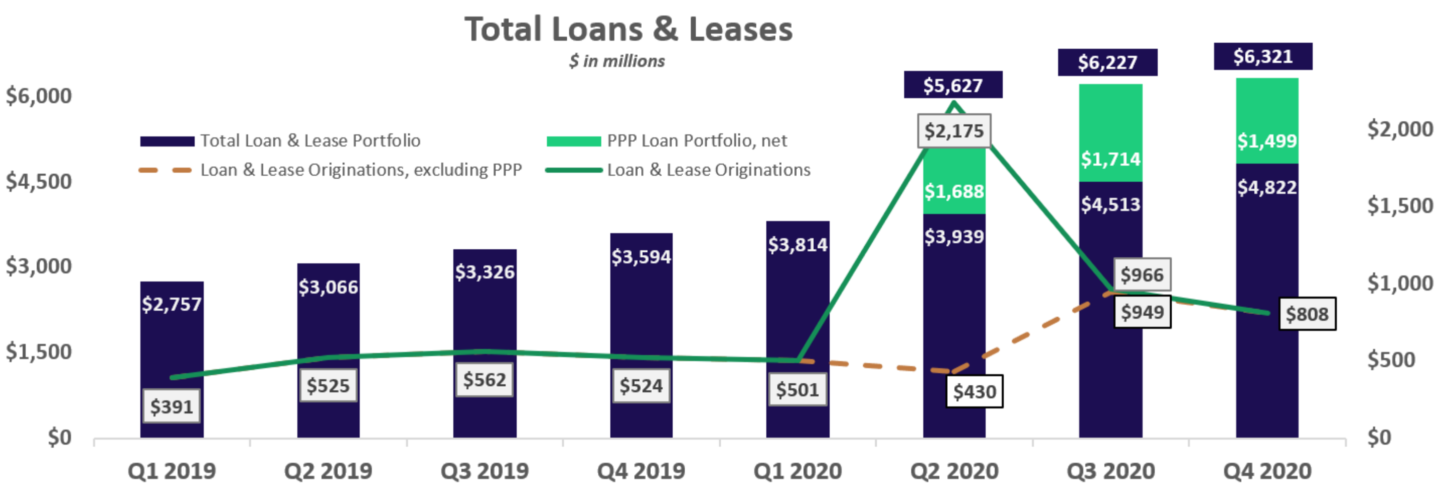
Vesting of Restricted Stock Unit Awards with Market Price Conditions

During the fourth quarter of 2020, approximately 2.5 million restricted stock unit awards with market price conditions vested as the share price of Live Oak Bancshares ("the Company") satisfied the applicable target price criteria. The vesting of the awards resulted in $4.1 million of additional noninterest expense and resulted in an income tax benefit of $22.1 million at the vest date due to fair value exceeding the compensation cost recognized for book purposes. This net positive impact to retained earnings was offset by a $48.6 million negative equity adjustment for the payment of cash in lieu of stock for employee tax obligations ("net settlement"). This event was the primary driver in the reduction of total equity to $567.9 million at December 31, 2020, from $584.2 million at September 30, 2020. After net settlement, approximately 1.4 million new shares of common stock were issued to employees of the Company. As of December 31, 2020, the remaining unvested awards with market price conditions ranging from $45 to $55 per share totaled 583,500 restricted stock units. The target price criteria for restricted stock unit awards at $45 per share were met after December 31, 2020, and consequently 200,750 restricted stock unit awards vested with 113,844 new shares of common stock issued after net settlement. The remaining unvested restricted stock unit awards with market price conditions of $48, $50, and $55 per share total 382,750.

Conversion of Apiture to a Corporation

Also, during the fourth quarter of 2020, the Company recognized a $7.8 million loss from its pro-rata portion of tax expense arising from Apiture's conversion from a partnership to a corporation. This transaction significantly and negatively impacted our total noninterest income for the quarter. However, we believe this conversion and accompanying changes to Apiture's governance profile will positively impact the investee's overall performance. Apiture raised a total of $30 million in 2020, including $20 million in connection with its conversion to a corporation and $10 million in a follow-on raise.

LOAN & LEASE PORTFOLIO

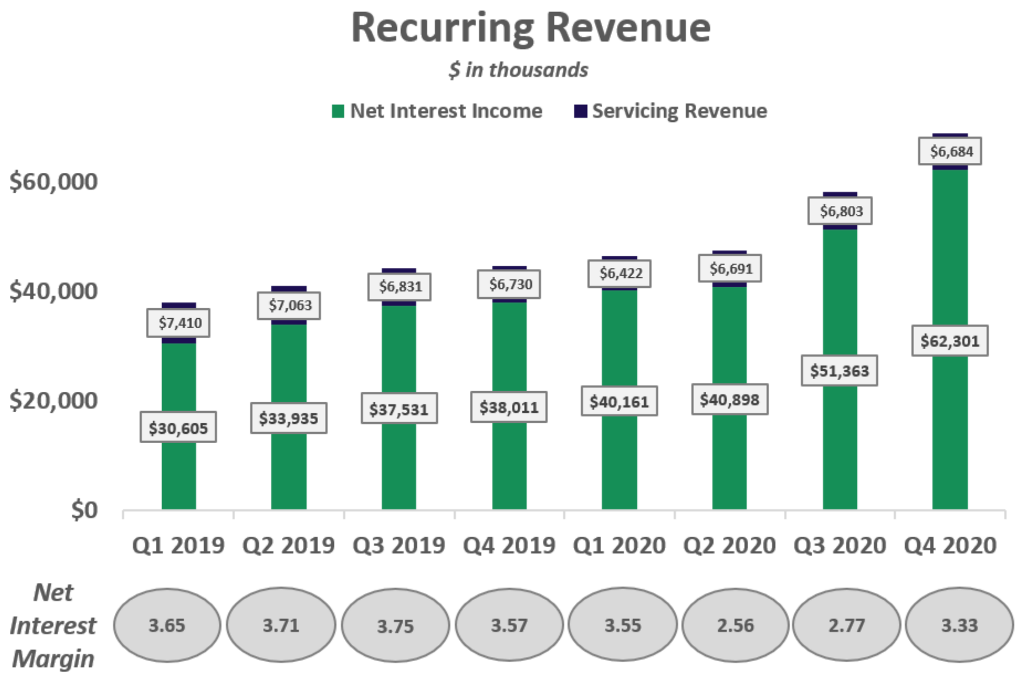


Loan and lease originations during the fourth quarter of 2020 totaled $808.0 million compared to $948.8 million from our traditional lending platforms during the prior quarter. For the full year of 2020, our loan and lease originations of $4.45 billion were comprised of $2.69 billion from our traditional lending platforms and $1.76 billion of PPP loans. Although the nationwide effects of COVID-19 depressed total loan originations outside of PPP lending during the first and second quarters of 2020, we believe we maintained our focus on quality loan and lease originations while considering the ongoing pandemic-related impacts. Loan and lease originations, excluding PPP loans, grew $685.7 million, or 34.3%, from $2.00 billion in 2019 to $2.69 billion in 2020.

SUSTAINED RECURRING REVENUE

The recurring revenue streams of net interest income and servicing revenue grew to $69.0 million for the fourth quarter of 2020, a 54.2% increase compared to the fourth quarter of 2019. For the year 2020, recurring revenue of net interest income and servicing revenue grew to $221.3 million from $168.1 million for the year 2019, a 31.6% increase. The growth of these revenue streams arises principally from our focus through 2019 and 2020 on guaranteed loan retention to maximize long term value.

Net interest income for the fourth quarter of 2020 increased to $62.3 million, a 63.9% increase over the fourth quarter of 2019. Our efforts in the PPP contributed an estimated $15.2 million to net interest income through the amortization of net deferred fees combined with a 1.0% annualized interest rate earned on those loans offset by interest expense for funding activities to support the PPP. Net interest income for the year 2020 totaled $194.7 million, a 39.0% increase from $140.1 million for the year 2019. The increase from the prior year was largely attributable to year-over-year growth in the loan and lease portfolio, partially offset by reductions in the Prime Rate used for quarterly adjusting loans. PPP contributed $32.9 million of the $194.7 million net interest income for the year 2020.

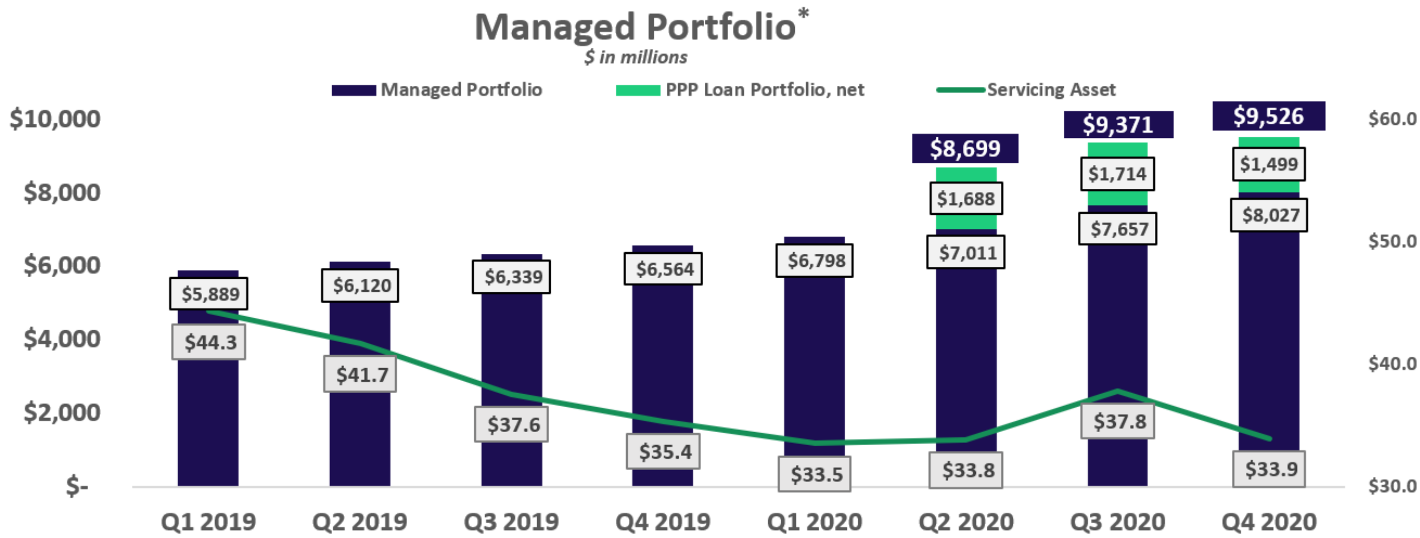


On a linked quarter basis, the net interest margin increased 56 basis points to 3.33% for the fourth quarter of 2020. Compared to the third quarter of 2020, the yield on interest earnings assets increased 39 basis points to 4.44%. Net interest margin also benefitted from a decrease in the cost of interest-bearing liabilities of 14 basis points during the fourth quarter largely as a result of a lag in deposit repricing from the first quarter of 2020 cuts in federal funds rates combined with runoff of higher rate maturing deposits. The yield on our loan and lease portfolio increased 21 basis points to 4.99% during the fourth quarter of 2020 from 4.78% during the third quarter of 2020. Excluding the impacts of PPP loans, we estimate the loan portfolio yield during the fourth quarter of 2020 was 5.27% compared 5.44% for the third quarter of 2020.

Net interest margin for the year 2020 was 3.03% compared to 3.67% for the year 2019. The decrease in the net interest margin from the prior year resulted largely from reductions in the Prime Rate used for our quarterly adjusting loans combined with the lower interest yield on PPP loans and higher average liquidity through 2020. The loan portfolio yield during 2020 was 5.14%, compared to an estimated 5.63% with PPP loans excluded. The yield on interest earning assets declined 149 basis points to 4.48% for the year 2020 from 5.97% for the year 2019. This change was partially offset by a 90-basis point reduction in the rate on interest bearing liabilities from 2.38% for the year 2019 to 1.48% for the year 2020 due to deposit repricing combined with borrowings from the Federal Reserve's Paycheck Protection Liquidity Facility ("PPPLF") used to help fund PPP loans, with a 0.35% interest rate.

Servicing revenue on our sold and serviced loan portfolio amounted to $6.7 million during the fourth quarter of 2020, a decrease of 0.7% from the fourth quarter of 2019 and a 1.7% decrease from the prior quarter. Servicing revenue for the year 2020 totaled $26.6 million, a decrease of $1.4 million from $28.0 million for the year 2019. Revenue from our guaranteed sold-and-serviced loan portfolio has remained relatively unchanged as new loan sales have moderated in favor of retaining more loans.

The managed portfolio, consisting of the outstanding balance of sold and serviced loans plus loans and leases held for investment and held for sale, at December 31, 2020, totaled $9.53 billion, a 45.1% increase over its level at December 31, 2019. The outstanding balance of PPP loans at December 31, 2020, totaled $1.50 billion, contributing to the growth in the managed portfolio. Excluding the PPP loans, the managed portfolio grew to $8.03 billion, or 22.3% over its level at December 31, 2019.



*Outstanding balance of sold and serviced loans plus loans and leases held for investment and held for sale.

At the end of the fourth quarter of 2020, the carrying value of the servicing asset declined 4.1% compared to the end of the fourth quarter of 2019 to $33.9 million, representing 6.0% of our total equity, a downward trend from 6.6% at the end of the fourth quarter of 2019. The loss arising from the revaluation of the loan servicing asset amounted to $5.8 million in the fourth quarter of 2020 compared to a loss of $4.1 million in the fourth quarter of 2019. The increase in the negative loan servicing asset revaluation was largely the result of an increase in paydowns combined with COVID-19 impacted market conditions in the fourth quarter of 2020, as discussed more fully below under Secondary Market Sales. For the year 2020, the loss attributable to the revaluation of the loan servicing asset amounted to $10.0 million compared to $16.6 million for the year 2019. The year-over-year decrease in the negative valuation was largely driven by slower prepayment speeds and more favorable market conditions for guaranteed loan purchases during 2020.

SECONDARY MARKET SALES

Our loan sale volumes in the fourth quarter of 2020 decreased to $110.6 million compared to $114.7 million in the prior quarter. The gain on sale revenue from the sale of guaranteed loans for the fourth quarter of 2020 totaled $12.8 million, including a $207 thousand gain on the fair value adjustment for exchange-traded interest rate futures contracts. The average net gain per $1 million sold, excluding the fair value adjustment on exchange-traded interest rate futures contracts, was $114.1 thousand for the fourth quarter of 2020 compared to $94.9 thousand for the fourth quarter of 2019 and $108.0 thousand for the prior quarter. The average net gain per $1 million sold including the fair value adjustment was $115.9 thousand for the fourth quarter of 2020 compared to $106.2 thousand for the fourth quarter of 2019 and $110.2 thousand for the prior quarter.

In 2020, we sold $431.4 million, or 30.8%, of $1.40 billion in SBA guaranteed loans that became eligible for sale and $111.2 million, or 81.2%, of $136.9 million in USDA guaranteed loans that became eligible for sale.

Our eligible for sale guaranteed loan portfolio totaled $1.68 billion as of December 31, 2020. This portfolio consists of loans that meet the requirements for immediate sale in the secondary market.

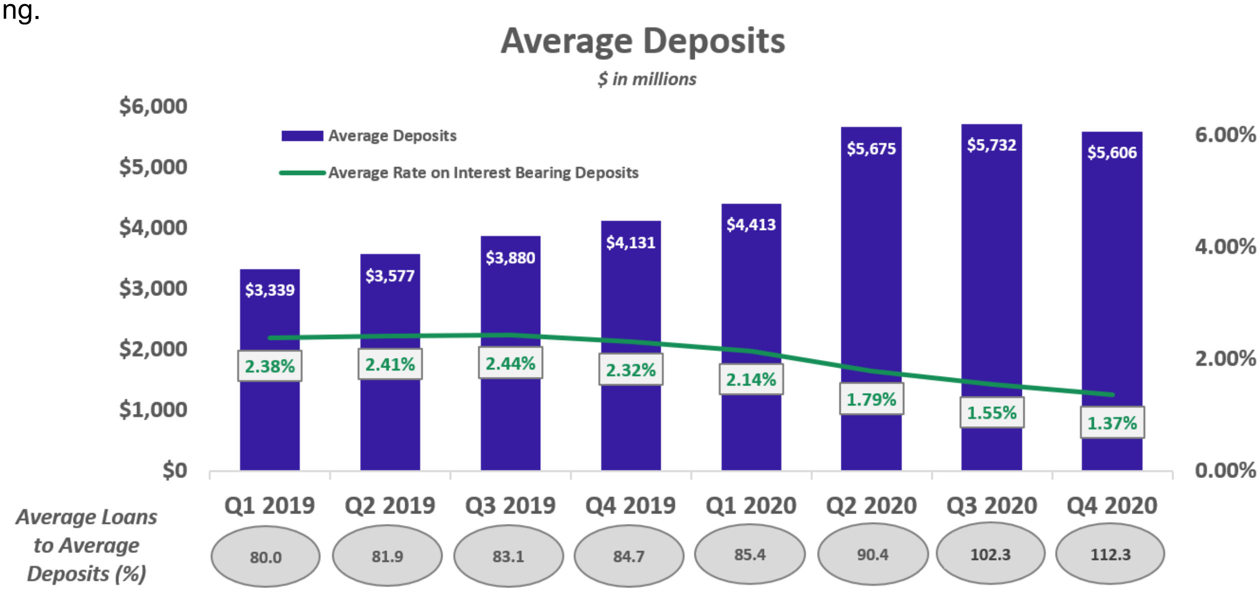
While our net gain per $1 million sold improved during the fourth quarter of 2020 compared to the prior quarter primarily due to the mix of loans sold, the broader market declined from the prior quarter. More broadly, premiums paid for guaranteed loans decreased in the fourth quarter of 2020 compared to the prior quarter with the benchmark trading for 10-year and 25-year Prime+2.75% quarterly adjusting loans trading at 112.3% and 117.8%, respectively, at December 31, 2020. The benchmark trading for 10-year and 25-year Prime+2.75% quarterly adjusting loans was 112.5% and 120.2%, respectively, at September 30, 2020.

FINTECH INVESTMENTS

Our total noninterest income for the fourth quarter was impacted by investments in financial technology. The impact of our FinTech Activities resulted in a loss for the fourth quarter of 2020 totaling $7.9 million primarily driven by our pro-rata portion of tax expense arising from Apiture's conversion from a partnership to a corporation. This loss compared to a gain in the previous quarter of $13.6 million primarily arising from a $13.7 million increase in the observable fair market value of our investment in Greenlight Financial Technology, Inc. For the full year 2020, net gains from our investments totaled $1.1 million compared to net losses of $9.5 million for the full year 2019. The gains and losses are reflected in the equity method investments income (loss) and equity security investments gains (losses), net line items in the income statement. See Fintech Activities Impact on Consolidated Financials in the Appendix for more details.

DEPOSIT STRATEGY

Average deposit balances at December 31, 2020, increased $1.47 billion, or 35.7%, to $5.61 billion compared to the average deposit balances during the fourth quarter of 2019. The average balance of deposits decreased $126.2 million, or 2.2%, during the fourth quarter of 2020 compared to the prior quarter. The growth in average deposits from the prior year was driven by robust lending and loan portfolio growth while the decrease from the prior quarter was the result of utilization of heightened liquidity levels on the balance sheet at the start of the quarter. We continue to operate what we believe is an efficient branchless model for deposit gathering, at an incremental cost of seven basis points during the fourth quarter of 2020, which allows us to offer competitive rates. The average rate on interest bearing deposits for the fourth quarter of 2020 decreased by 18 basis points from the prior quarter and 95 basis points from the fourth quarter of 2019. See the Appendix for more details on our incremental cost of deposit gathering.

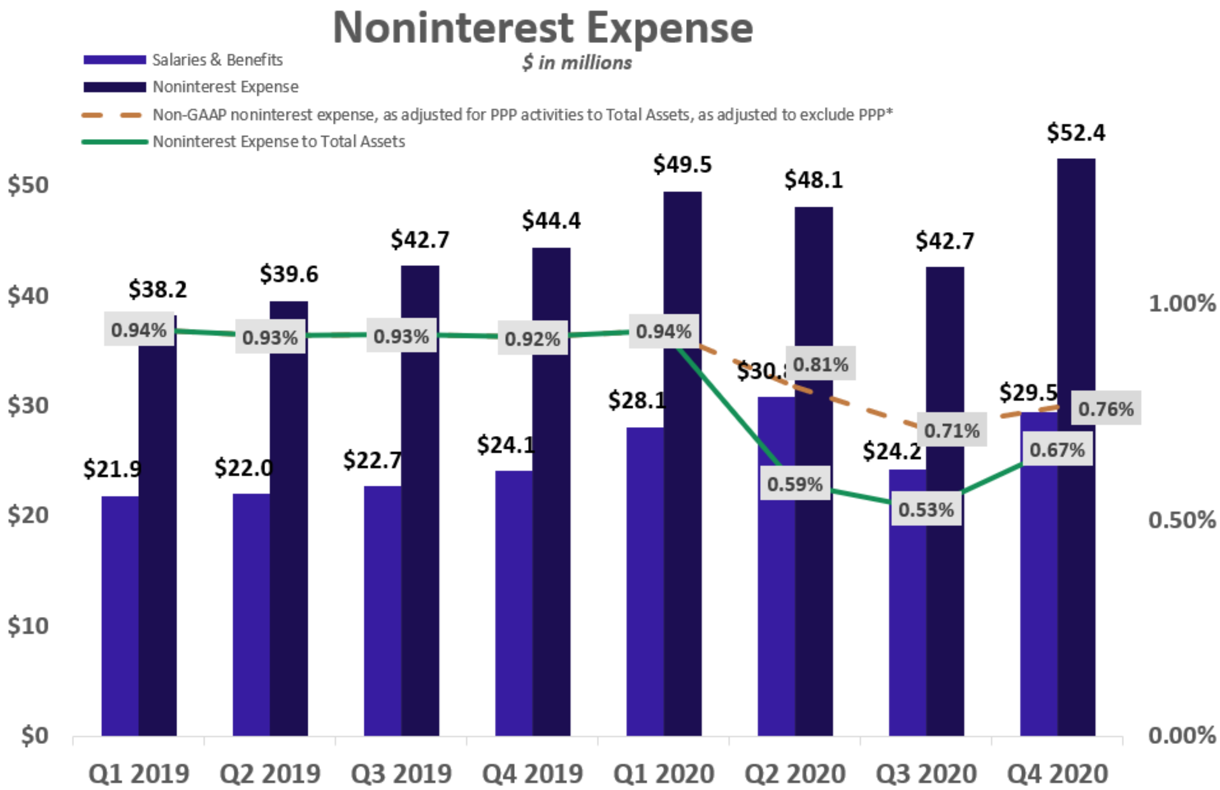


SCALING THE PLATFORM

Our noninterest expense totaled $52.4 million for the fourth quarter of 2020, an increase of $9.8 million, or 22.9%, over the prior quarter. The main contributor to the increase in noninterest expense from the prior quarter was largely driven by the vesting of approximately 2.5 million restricted stock unit awards with market price conditions that impacted both compensation expense and payroll tax expense by a combined $4.1 million. While noninterest expense is routinely impacted by stock compensation expense, the expense for the fourth quarter of 2020 was significantly larger due to the rise in the share price of Live Oak Bancshares through the fourth quarter and the resulting vesting of restricted stock unit awards with market price conditions.

Also contributing to the increase in noninterest expense was an increase of $2.1 million in other expense for fourth quarter of 2020 from the third quarter of 2020. The increase in other expense was largely comprised of increased franchise tax accruals and other operational expenses. Also influencing the quarter over quarter increase in other expenses was a third quarter recovery from a previously recognized asset impairment. The ratio of noninterest expense to total assets increased to 0.67% as of December 31, 2020. Excluding the estimated impact of PPP activities from total assets, the ratio increased to 0.82% for the fourth quarter of 2020. See the Appendix for a reconciliation of total assets, as adjusted to exclude PPP activities.

Noninterest expense for the year 2020 totaled $192.7 million, a $27.8 million increase from the prior year and primarily driven by increases in salaries and employee benefits, FDIC insurance and data processing expense as we continued to invest in our workforce, grow and invest in technological infrastructure. The year-over-year increase of $27.8 million in noninterest expense compares to a combined year-over-year increase in net interest income and noninterest income of $77.1 million.



* See Appendix for non-GAAP adjustments to reported balances

LOAN CREDIT QUALITY & FAIR VALUE MARKS

Net charge-offs of loans carried at historical cost totaled $537 thousand in the fourth quarter of 2020 compared to $10.1 million in the prior quarter. Net charge-offs as a percentage of average held for investment loans and leases carried at historical cost, annualized, for the quarters ended December 31, 2020, and September 30, 2020, were 0.05% and 1.03 %, respectively. The linked quarter decline was significantly impacted by the reclassification of hotel loans from held for investment to held for sale resulting in a write-down of $9.8 million and reflected in charge-offs during the third quarter of 2020. Net charge-offs of loans carried at historical cost totaled $15.3 million compared to $1.4 million, for the years ended December 31, 2020 and 2019, respectively. The year-over-year increase was largely the product of the above discussed hotel loan reclassification.

The provision for loan and lease credit losses for the fourth quarter of 2020 totaled $8.6 million compared to $10.3 million for the prior quarter and $4.8 million for the fourth quarter of 2019. Economic forecasts related to the COVID-19 pandemic, the growing loan and lease portfolio and model refinements in recognition of loss experience on non-mature verticals largely influenced the allowance for credit losses (“ACL”) on loans and leases during the fourth quarter of 2020. These factors combined with the adoption of the new current expected credit losses (“CECL”) standard and significant charge-offs during the year largely influenced the resulting $40.7 million of provision for loan and lease credit losses for the year 2020 compared to $15.2 million for the year 2019.

The ACL on loans and leases totaled $52.3 million at December 31, 2020, compared to $44.2 million at September 30, 2020. The ACL on loans and leases as a percentage of total loans and leases held for investment carried at historical cost was 1.21% and 1.05% at December 31, 2020, and September 30, 2020, respectively. The ACL on loans and leases as a percentage of total loans and leases held for investment carried at historical cost was 1.57% at December 31, 2019. The decline to 1.21% at December 31, 2020, is heavily influenced by the 100% guaranteed PPP loans that comprise $1.50 billion of the $4.33 billion of loans classified as held for investment carried at historical cost. The ACL on loans and leases as a percentage of total loans and leases held for investment carried at historical cost excluding the impact of PPP loans was 1.77% and 1.68% at December 31, 2020 and September 30, 2020, respectively.

Fair Value Marks

The Company recognized a net negative valuation adjustment for loans measured at fair value of $4.8 million in the fourth quarter of 2020 compared to a net positive adjustment of $3.4 million for the third quarter of 2020. The valuation adjustments arise from market conditions related to the COVID-19 pandemic and model refinements in recognition of loss experience in non-mature verticals. For the year 2020, there was a net negative valuation adjustment of $13.1 million compared to a net positive adjustment of $7.4 million for the year 2019. The 2020 net loss on loans accounted for under the fair value option was largely the product of the same factors that influenced the ACL for the same period but dampened by improving market conditions.

ACL and Unguaranteed Held for Investment Portfolio

The combined ACL and fair value mark on our total held for investment unguaranteed loan portfolio at amortized cost totaled $74.8 million at December 31, 2020, compared to $61.8 million at September 30, 2020, an increase of $13.0 million. The combined ACL and fair value mark as a percentage of total held for investment unguaranteed loans at amortized cost grew to 3.0% at December 31, 2020, from 2.7% at September 30, 2020. For the quarter ended December 31, 2020, the ACL on our total held for investment unguaranteed loan portfolio increased $8.1 million and the fair value mark on our total held for investment unguaranteed loan portfolio increased $4.9 million compared to the quarter ended September 30, 2020. In addition, the unguaranteed exposure of nonperforming loans and leases at amortized cost, including loans accounted for under the fair value option, decreased to $25.5 million at December 31, 2020, compared to $27.6 million at September 30, 2020.

Pandemic Responses

In addition to participating in the PPP as discussed earlier, other responses to the COVID-19 pandemic included the SBA providing six months of payment relief for certain loans guaranteed by that agency and our provision of short-term payment deferrals to certain borrowers. The granting of loan and lease deferrals and six months of payment relief by the SBA for certain loans guaranteed by the agency produced relatively neutral asset quality metrics. As a result of these actions, the recognition of net charge-offs, delinquencies, and nonaccrual status for those customers who would have otherwise moved into past due or nonaccrual status could be delayed.

NON-GAAP PRE-TAX PRE- PROVISION INCOME

For the fourth quarter of 2020, we reported $12.0 million income before taxes. Our non-GAAP pre-tax pre-provision income grew to $43.2 million for the fourth quarter of 2020 compared to $37.4 million for the prior quarter. Our non-GAAP pre-tax pre-provision income totaled $117.9 million for the year 2020, a 94.6% increase over 2019's total of $60.6 million. See the Appendix for a reconciliation of non-GAAP pre-tax pre-provision income to reported balances.

Our non-GAAP pre-tax pre-provision income adjusted for PPP activities totaled $27.8 million for the fourth quarter of 2020, slightly higher than the prior quarter, and a 61.3% increase from $17.2 million for the fourth quarter of 2019. For the year 2020, non-GAAP pre-tax pre-provision income adjusted for PPP activities grew to $85.3 million compared to a total of $60.6 million for the prior year, a 40.7% increase. See the Appendix for a reconciliation of non-GAAP pre-tax pre-provision income adjusted for PPP activities to reported balances.

INCOME TAX EXPENSE

There was an income tax benefit of $17.6 million in the fourth quarter of 2020 compared to a net income tax expense of $11.7 million in the third quarter of 2020. The income tax benefit for the fourth quarter of 2020 was driven by the vesting of restricted stock awards with market price conditions during the fourth quarter. We recognized a net tax benefit of $22.1 million during the fourth quarter of 2020 arising from the vesting of restricted stock awards with market price conditions with a vest date fair value exceeding the compensation cost. For the year ending December 31, 2020, there was a total income tax benefit of $12.2 million largely arising from the vesting of restricted stock awards and a tax benefit of $3.7 million due to the enactment of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020 which allows the carryback of certain net operating losses to each of the five taxable years preceding the taxable year of such losses.

APPENDIX

Reconciliation of reported balances to exclude PPP activities

($ in thousands)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Loans held for sale, as reported	**966,447**	**996,050**	**976,594**	**1,190,200**	**1,175,470**
Loans and leases held for investment, as reported	**2,627,286**	**2,817,491**	**4,650,056**	**5,037,199**	**5,145,082**
Less PPP loans	-	-	1,688,104	1,713,695	1,498,617
Total loan and lease portfolio, excluding PPP	**3,593,733**	**3,813,541**	**3,938,546**	**4,513,704**	**4,821,935**
Outstanding balance of loans sold & serviced	**2,970,607**	**2,984,602**	**3,072,031**	**3,143,493**	**3,205,623**
Managed portfolio, excluding PPP	**6,564,340**	**6,798,143**	**7,010,577**	**7,657,197**	**8,027,558**
a **Total assets, as reported**	**4,812,828**	**5,273,569**	**8,209,154**	**8,093,381**	**7,872,303**
PPP-related activities:					
Cash and cash receivable	-	-	61,492	-	3,343
Loans, net of unearned	-	-	1,688,104	1,713,695	1,498,617
Allowance for credit losses	-	-	(1,565)	(2,636)	(2,297)
Accrued interest receivable	-	-	3,289	7,696	10,558
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
b **Total Assets, as adjusted to exclude PPP**	**4,812,828**	**5,273,569**	**5,583,640**	**5,874,625**	**6,362,082**

Reconciliation of reported balances to non-GAAP items

($ in thousands)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2019	FY 2020
Net interest income, as reported	**38,011**	**40,161**	**40,898**	**51,363**	**62,301**	**140,082**	**194,723**
Less PPP loan interest income	-	-	3,317	4,403	4,269	-	11,989
Less loan deferred fees & costs amortized into interest income, net	-	-	5,380	9,183	13,310	-	27,873
Add estimated interest expense on funding activity to support PPP activities	-	-	1,808	2,815	2,354	-	6,977
Net interest income, as adjusted for PPP activities	**38,011**	**40,161**	**34,009**	**40,592**	**47,076**	**140,082**	**161,838**
Total noninterest income, as reported	**20,125**	**5,742**	**22,411**	**47,044**	**10,803**	**63,519**	**86,000**
Fair value adjustments:							
Add loan servicing asset revaluation loss (gain)	4,135	4,692	1,571	(2,061)	5,756	16,581	9,958
Add exchange-traded interest rate futures contracts loss (gain)[1]	(1,187)	3,209	(127)	(252)	(207)	2,994	2,623
Add net loss (gain) on loans accounted for under the fair value option	(1,432)	10,638	1,089	(3,403)	4,759	(7,408)	13,083
Add other losses (gains) on valuation adjustments[2]	227	176	(271)	(26)	1	35	(120)
Total fair value adjustments	**1,743**	**18,715**	**2,262**	**(5,742)**	**10,309**	**12,202**	**25,544**
Less gain on sale of aircraft	-	-	-	-	-	357	-
Add losses (gains) from FinTech Activities[3]	1,761	2,370	2,303	(13,586)	7,856	9,484	(1,057)
Non-GAAP noninterest income	**23,629**	**26,827**	**26,976**	**27,716**	**28,968**	**84,848**	**110,487**
Less sales revenue from co-developed processing technology	-	-	2,457	-	217	-	2,674
Non-GAAP noninterest income, as adjusted for PPP activities	**23,629**	**26,827**	**24,519**	**27,716**	**28,751**	**84,848**	**107,813**
c **Total noninterest expense, as reported**	**44,410**	**49,491**	**48,100**	**42,650**	**52,435**	**164,924**	**192,676**
Less loss on sale of aircraft	-	-	-	-	6	-	6
Less impairment on aircraft held for sale	-	-	-	1,019	244	-	1,263
Less renewable energy tax credit investment	-	-	-	-	-	602	-
Less compensation and payroll taxes related to restricted stock awards with market price conditions[4]	-	-	-	-	4,144	-	4,144
Non-GAAP noninterest expense	**44,410**	**49,491**	**48,100**	**41,631**	**48,041**	**164,322**	**187,263**
Less performance bonus related to PPP activities	-	-	7,150	-	-	-	7,150
Add deferred salary expense related to PPP activities	-	-	(4,171)	(79)	-	-	(4,250)
d **Non-GAAP noninterest expense, as adjusted for PPP activities**	**44,410**	**49,491**	**45,121**	**41,710**	**48,041**	**164,322**	**184,363**
Net interest income, as reported	38,011	40,161	40,898	51,363	62,301	140,082	194,723
Non-GAAP noninterest income	23,629	26,827	26,976	27,716	28,968	84,848	110,487
Non-GAAP noninterest expense	44,410	49,491	48,100	41,631	48,041	164,322	187,263
Non-GAAP pre-tax pre-provision income	**17,230**	**17,497**	**19,774**	**37,448**	**43,228**	**60,608**	**117,947**
Net interest income, as adjusted for PPP activities	38,011	40,161	34,009	40,592	47,076	140,082	161,838
Non-GAAP noninterest income, as adjusted for PPP activities	23,629	26,827	24,519	27,716	28,751	84,848	107,813
Non-GAAP noninterest expense, as adjusted for PPP activities	44,410	49,491	45,121	41,710	48,041	164,322	184,363
Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities	**17,230**	**17,497**	**13,407**	**26,598**	**27,786**	**60,608**	**85,288**
c/a **Noninterest Expense, as reported to Total Assets, as reported**	**0.92%**	**0.94%**	**0.59%**	**0.53%**	**0.67%**		
d/b **Non-GAAP noninterest expense, as adjusted for PPP activities to Total Assets, as adjusted to exclude PPP**	**0.92%**	**0.94%**	**0.81%**	**0.71%**	**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

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FinTech Activities Impact on Consolidated Financials
($ in thousands)

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	FinTech Activities	Other	Consolidated, as reported
Actuals for the year ended December 31, 2020							
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)**

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	FinTech Activities	Other	Consolidated, as reported
Actuals for the year ended December 31, 2019							
Net interest income	$ 139,724	$ -	$ 30	$ -	$ 30	$ 328	$ 140,082
Provision for credit losses	15,067	-	-	-	-	145	15,212
Noninterest income (loss)	64,034	(4,409)	231	1,742	(2,436)	1,921	63,519
Noninterest expense	152,227	-	418	6,660	7,078	5,619	164,924
Income (loss) before income tax expense	**$ 36,464**	**$ (4,409)**	**$ (157)**	**$ (4,918)**	**$ (9,484)**	$ (3,515)	**$ 23,465**
Actuals for the quarter ended December 31, 2019							
Net interest income	$ 37,937	$ -	$ -	$ -	$ -	$ 74	$ 38,011
Provision for credit losses	4,809	-	-	-	-	-	4,809
Noninterest income (loss)	20,060	(712)	(1,045)	1,555	(202)	267	20,125
Noninterest expense	41,861	-	87	1,472	1,559	990	44,410
Income (loss) before income tax expense	**$ 11,327**	**$ (712)**	**$ (1,132)**	**$ 83**	**$ (1,761)**	$ (649)	**$ 8,917**
Actuals for the quarter ended September 30, 2019							
Net interest income	$ 37,486	$ -	$ 24	$ -	$ 24	$ 21	$ 37,531
Provision for credit losses	3,960	-	-	-	-	-	3,960
Noninterest income	13,484	(1,467)	2,882	96	1,511	433	15,428
Noninterest expense	38,891	-	121	2,409	2,530	1,316	42,737
Income (loss) before income tax expense	**$ 8,119**	**$ (1,467)**	**$ 2,785**	**$ (2,313)**	**$ (995)**	$ (862)	**$ 6,262**

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Incremental Cost of Deposit Gathering

	Three months ended December 31, 2020 ($ in Thousands)	Twelve months ended December 31, 2020 ($ in Thousands)
Interest	$ 19,195	$ 89,726
Personnel	677	2,682
Travel & Entertainment	-	4
Fraud Expense	-	-
Marketing Expense	(1)	303
Technology Expense	206	1,267
Other Expense	176	423
Total Direct Deposit Expenses	**$ 20,253**	**$ 94,405**
Average Deposit Balances for Three Months Ended September 30, 2020	**$ 5,549,391**	**$ 5,310,409**

	Annualized Cost of Funds Three months ended December 31, 2020	Cost of Funds Twelve months ended December 31, 2020
Interest	1.37%	1.69%
Personnel	0.05%	0.05%
Travel & Entertainment	0.00%	0.00%
Fraud Expense	0.00%	0.00%
Marketing Expense	0.00%	0.01%
Technology Expense	0.01%	0.02%
Other Expense	0.01%	0.01%
Cost of Funds % including Deposits Department	**1.44%**	**1.78%**
Direct Noninterest Cost of Funds	**0.07%**	**0.09%**

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Forward-Looking Statements

Information in this document 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.