Live Oak Bancshares

Second Quarter 2017

LIVE OAK BANCSHARES

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:

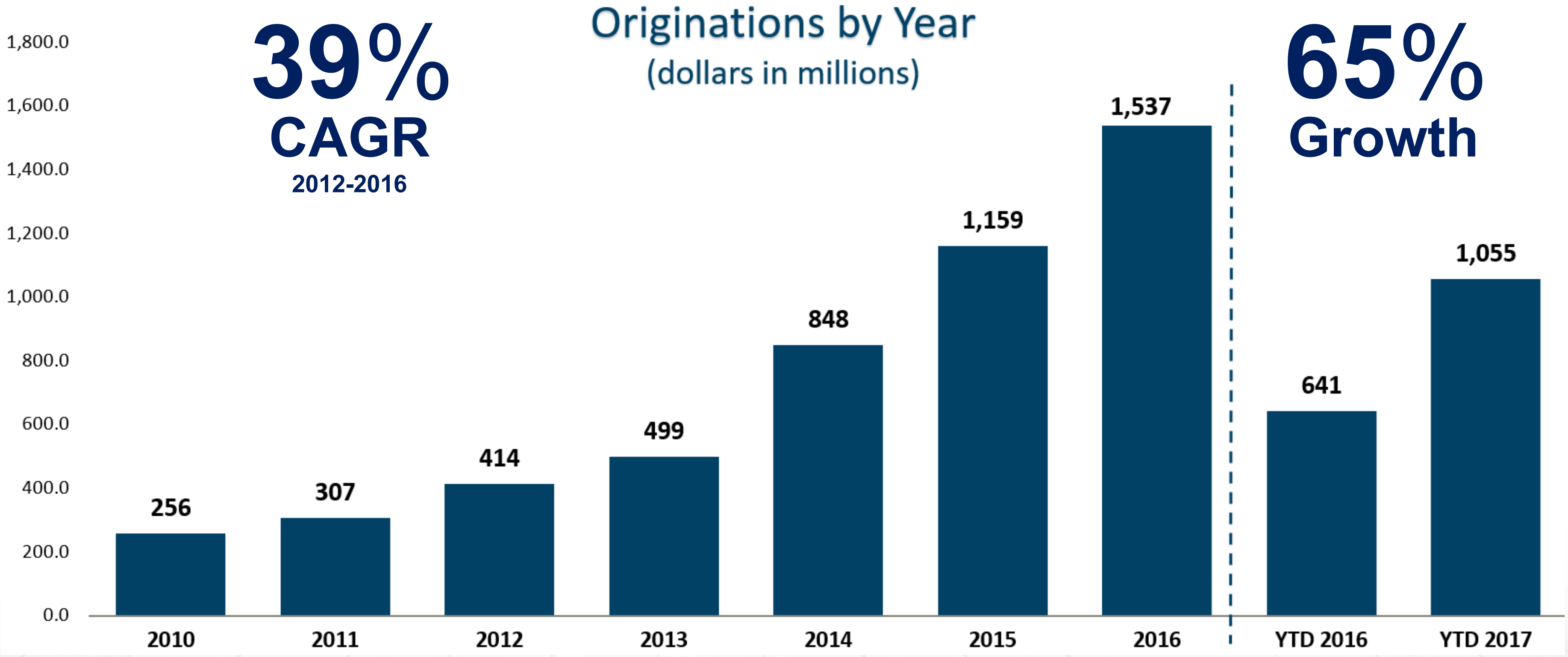
- deterioration in the financial condition of borrowers resulting in significant increases in the our loan and lease losses and provisions for those losses and other adverse impacts to results of operations and financial condition;
- changes in SBA rules, regulations and loan products, including specifically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

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

The Live Oak Franchise

- **Business Model Kicking In**
  - Past Investments are Producing Results (Scalability)
  - Given Growth, Let's Discuss Safety & Soundness
  - Renewable Energy – Loans and Leases
- **Operations**
  - Six Month Update
  - Just the Facts: Deposits
- **Technology**
  - API Banking
  - First Data Joint Venture
- **Financial Performance**

Robust Loan & Lease Origination



Safety & Soundness

- **Since Inception in May 2007:**

Originations	$6.44 Billion
Cumulative Net C/O's	$12.1 Million

- **At June 30, 2017:**

Classified Assets	$12.2 Million
Classified Assets to Total Capital	7%

	Live Oak Bank[1]	$2-5 BB Banks[2]
30-89 Days Past Dues to Loans	0.24	0.38
Nonaccruals to Loans	0.34	0.71
>30 Past Due + NA to Loans	0.58	1.07
Texas Ratio	2.25	8.58

Packages sent to Herndon:

66

$13.1 Million

Packages Repaired by Herndon:

1

$29 Thousand

[1] Loans exclude Guaranteed Balances
[2] Source: SNL Financial; bank averages as of March 31, 2017

Powerful Scalability

2008-2014 **Live Oak 1.0**	2015-2016 **Live Oak 2.0**	2017 **Live Oak 3.0**
• Veterinary • Healthcare • Ind. Pharmacies • Death Care • Investment Adv. • Family Ent. • Chickens	• Wine & Craft Bev. • Self Storage • Ind. Insurance • Hotels • Renewable Energy • Government Contractors	• Tax Credit Leasing (Solar) • Equipment Leasing (Horizontal) • Early Education Services • Senior Care • M&A (Horizontal) • Professional Services (Initially CPAs)
YTD 2016 **$503** million YTD 2017 **$530** million	YTD 2016 **$138** million YTD 2017 **$471** million	YTD 2017 Originations **$54** million

2017 Originations Expected to be $1.80 to $1.90 billion

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YTD Model Leverage | Live Oak 1.0 vs. 2.0

YTD 2017 Originations **(Verticals 1.0)**

$530 million

Direct Operating Cost[1] per $1 million Originations

$21.6 thousand

Direct Operating[1] Cost to Revenue[2]

18%

Approximate Fully Funding Percentage of Originations

45%

YTD 2017 Originations **(Verticals 2.0)**

$471 million

Direct Operating Cost[1] per $1 million Originations

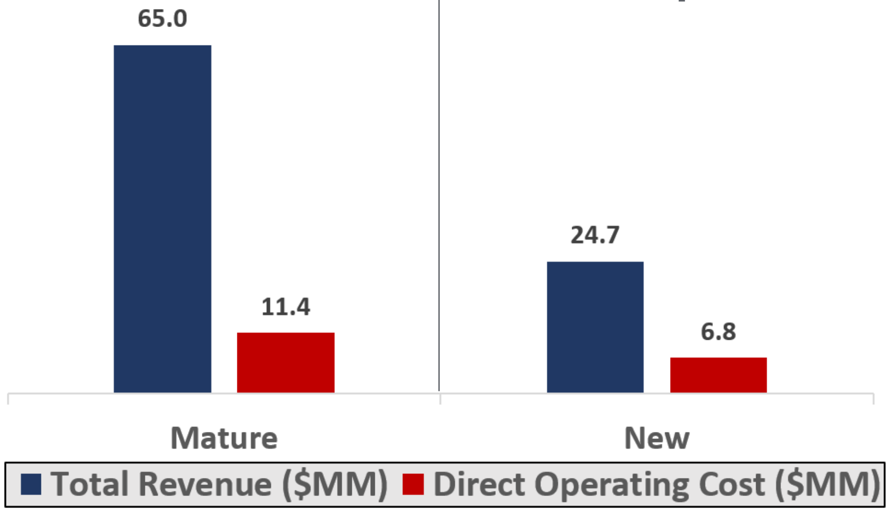
$14.5 thousand

Direct Operating[1] Cost to Revenue[2]

28%

Approximate Fully Funding Percentage of Originations

58%



1. Direct operating costs are management-defined direct costs associated with the origination and servicing activities of the Verticals which excludes corporate/support expenses of the Bank not allocated to specific verticals and Live Oak Bancshares expenses.

2. Revenue includes loan interest & fee income and the components of noninterest income related to the activities of Live Oak Banking Company.

Renewable Energy

- **Loans**
  - In the last 12 months we have closed over $250MM in loans
  - Pipeline is robust and is line with that production figure
  - Successful in attracting partners where we have reached our legal limit with some customers
- **Leases**
  - LOCEF is a business not a financial engineering tax equity play
  - YTD we have closed $43mm driving our effective tax rate into the single digits.
  - Working with several large banks to help with sizable deals
  - Robust 8 figure pipeline

Launch of Online Savings | Q2 2017

YTD Savings Origination*:

$82 million

1,512 new accounts

Online Marketing Campaign launched on June 21:

37	$2.0 million	$54k
Avg Daily New Accounts	Avg Daily New Balances	Average Balance

* As of July 24, 2017

Q2 Deposits Growth:

$233 million

14% Q2 Growth / 26% YTD Growth

Portfolio Stats:

11,698	65% / 35%	1.25%
Open Accounts	Core vs. Brokered	Cost of Funds

Building the Brand

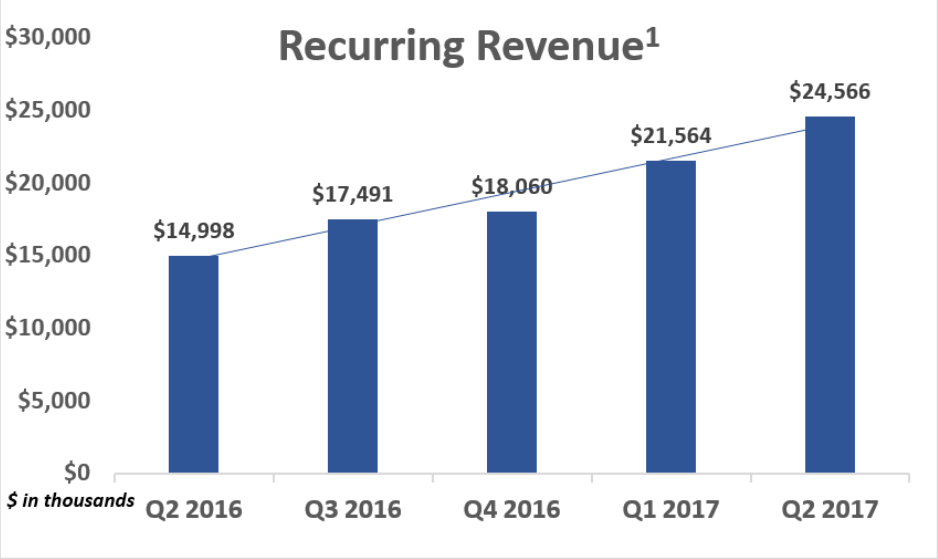
- Full-page print ads in Money Magazine & Kiplinger
- Search Engine Optimization (Google, Bing)
- Social Media – Spenders vs. Savings Campaign
- Aggregators – Bankrate, QuinStreet network

Coming in Q3 2017

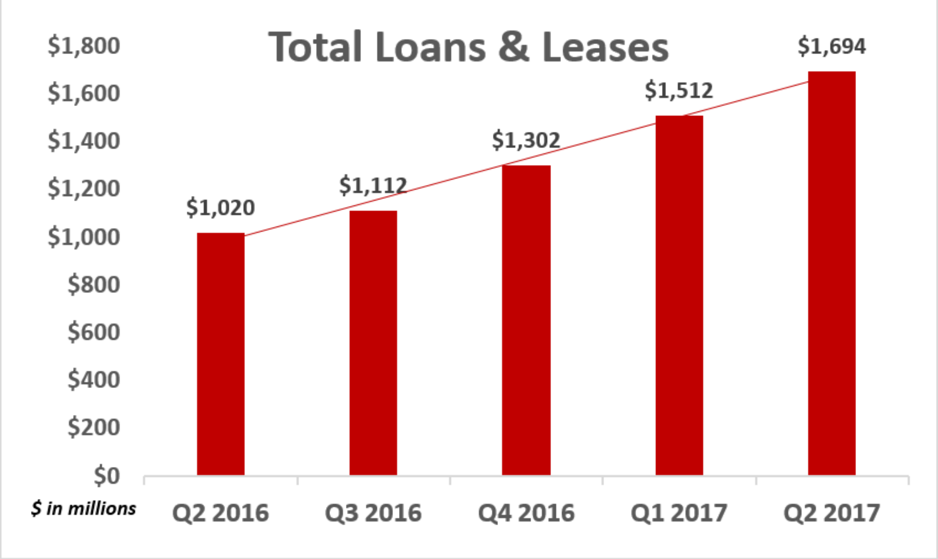
- Mobile Banking launch
  - Includes Mobile Deposit Capture
  - Fully functional banking experience via a phone or tablet

Growing Recurring Revenue

Year-Over-Year
64%
Recurring Revenue[1] Growth



Year-Over-Year
66%
Portfolio Growth



1. *Net Interest Income plus Loan Servicing Revenue*

Second Quarter 2017 | Financial Highlights [Consolidated]

64%
increase versus Q2 2016
Loan & Lease Originations
$586 million

64%
increase versus Q2 2016
Net Interest Income & Loan Servicing Revenue
$25 million

66%
increase versus Q2 2016
Total Loans & Leases
$1.7 billion

50%
increase versus Q2 2016
Guaranteed Loans Sold
$204 million

57%
increase versus Q2 2016
Guaranteed Portion of HFS Loans (Note Amount)
$1.0 billion

23 Percentage Points
improved diversification versus Q2 2016
% of SBA Loans to Total Originations
65%

Proactive Approach to Credit Decisions & Monitoring

7 bps

Versus Q1 2017 of 63 bps

Annualized Net CO to
Average Loans & Leases HFI

1.80%

Versus Q1 2017 of 1.82%

ALLL to Loans & Leases HFI

$3.9 million

Versus Q1 2017 of $3.9 million

Unguaranteed Nonperforming Loans &
Foreclosures

18 bps

Versus Q1 2017 of 20 bps

Unguaranteed Nonperforming Loans &
Foreclosures to Total Assets

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