Live Oak Bancshares

First Quarter 2019

Information in this presentation may contain "forward-looking statements" within the Private Securities Litigation Reform Act of 1995. These statements generally relate to our financial condition, results of operations, plans, objectives, future performance or business and usually can be identified by the use of forward-looking terminology such as "may," "will," "would," "should," "could," "expect," "anticipate," "estimate," "believe," "plan," "intend," "project," "goals," "outlook," or "continue," or the negative thereof or other variations thereof or comparable terminology. These statements represent our judgment concerning the future and are subject to business, economic and other risks and uncertainties, both known and unknown. These statements are based on current expectations, estimates and projections about our business, management's beliefs and assumptions made by management. These statements are not guarantees of our future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements. These risks, uncertainties and assumptions include, without limitation:

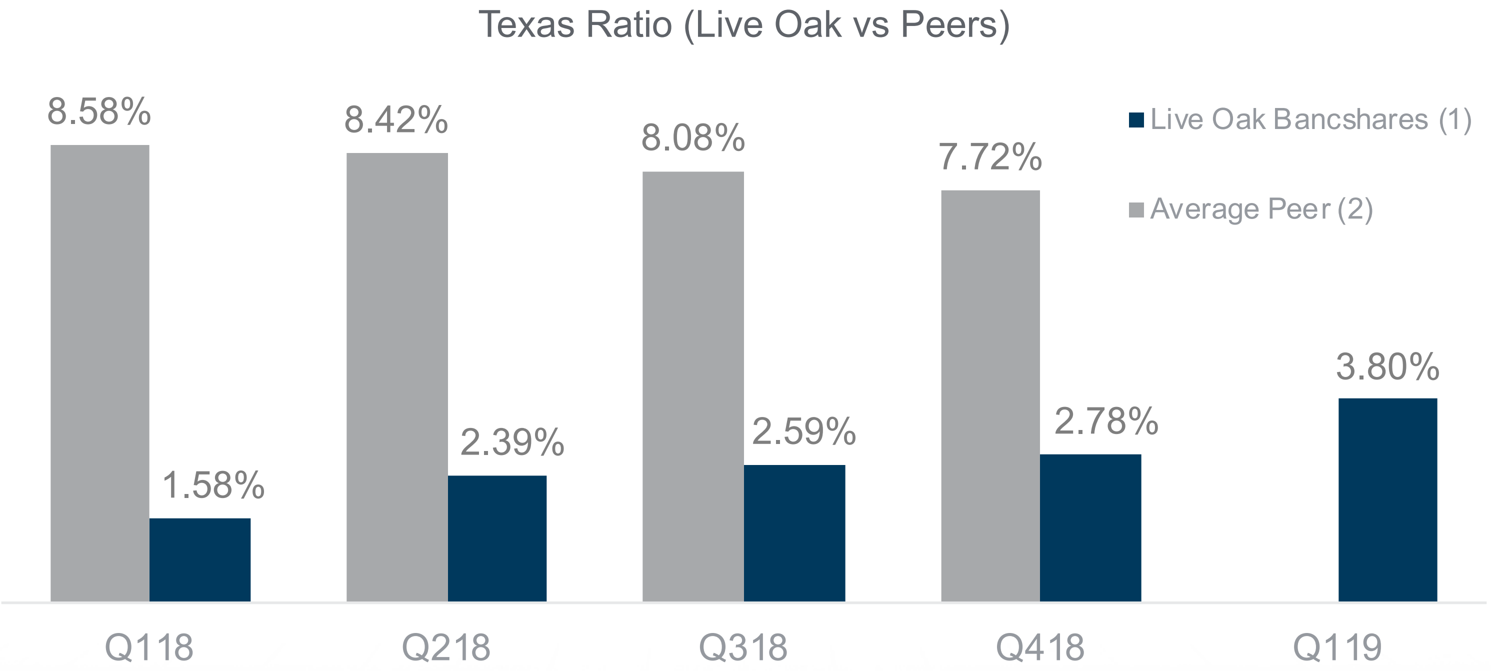
- deterioration in the financial condition of borrowers resulting in significant increases in our loan and lease losses and provisions for those losses and other adverse impacts to results of operations and financial condition;
- changes in SBA rules, regulations and loan products, including specifically the Section 7(a) program, changes in SBA standard operating procedures or changes to Live Oak Banking Company's status as an SBA Preferred Lender;
- changes in rules, regulations or procedures for other government loan programs, including those of the United States Department of Agriculture;
- changes in interest rates that affect the level and composition of deposits, loan demand and the values of loan collateral, securities, and interest sensitive assets and liabilities;
- the failure of assumptions underlying the establishment of reserves for possible loan and lease losses;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- a reduction in or the termination of our ability to use the technology-based platform that is critical to the success of our business model, including a failure in or a breach of our operational or security systems or those of its third party service providers;
- changes in financial market conditions, either internationally, nationally or locally in areas in which we 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 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.

Today's Agenda

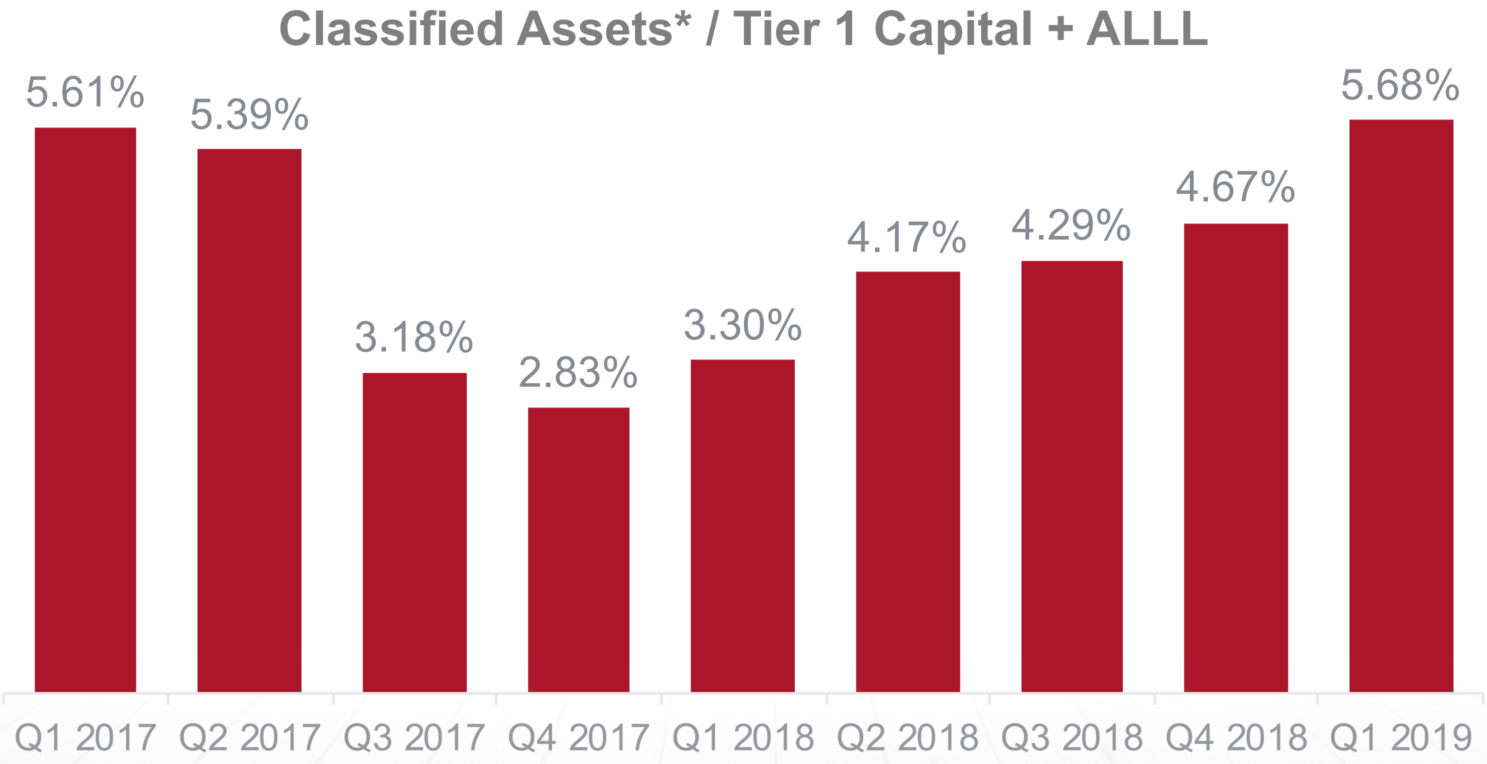
- CEO Comments
  - Safety & Soundness
    Increasing recurring revenue by prudently growing the balance sheet
  - Expenses
    Being mindful about expenses
  - Lending
    Investing in the platform – people and infrastructure
- Quarterly Results Discussion
- Q&A

Safety & Soundness



(1) LOB Texas Ratio equals unguaranteed nonperforming loans + foreclosures / Tangible shareholders' equity + Allowance for loan and lease losses
(2) SNL Data. Data not yet released for Q119. Peer Defined as <$10B Holding Company. Texas Ratio uses the Adj NPA+Adj Lns 90PD/ Tang Eq+LLR field defined as Nonperforming assets plus loans 90 days or more past due net of delinquent government guaranteed loans and OREO covered by loss-sharing agreements with the FDIC as a percent of tangible equity and reserves. This is a modified Texas ratio.

Safety & Soundness (cont.)



** Classified assets consist of loans and leases internally classified as a risk grade 6 or worse*

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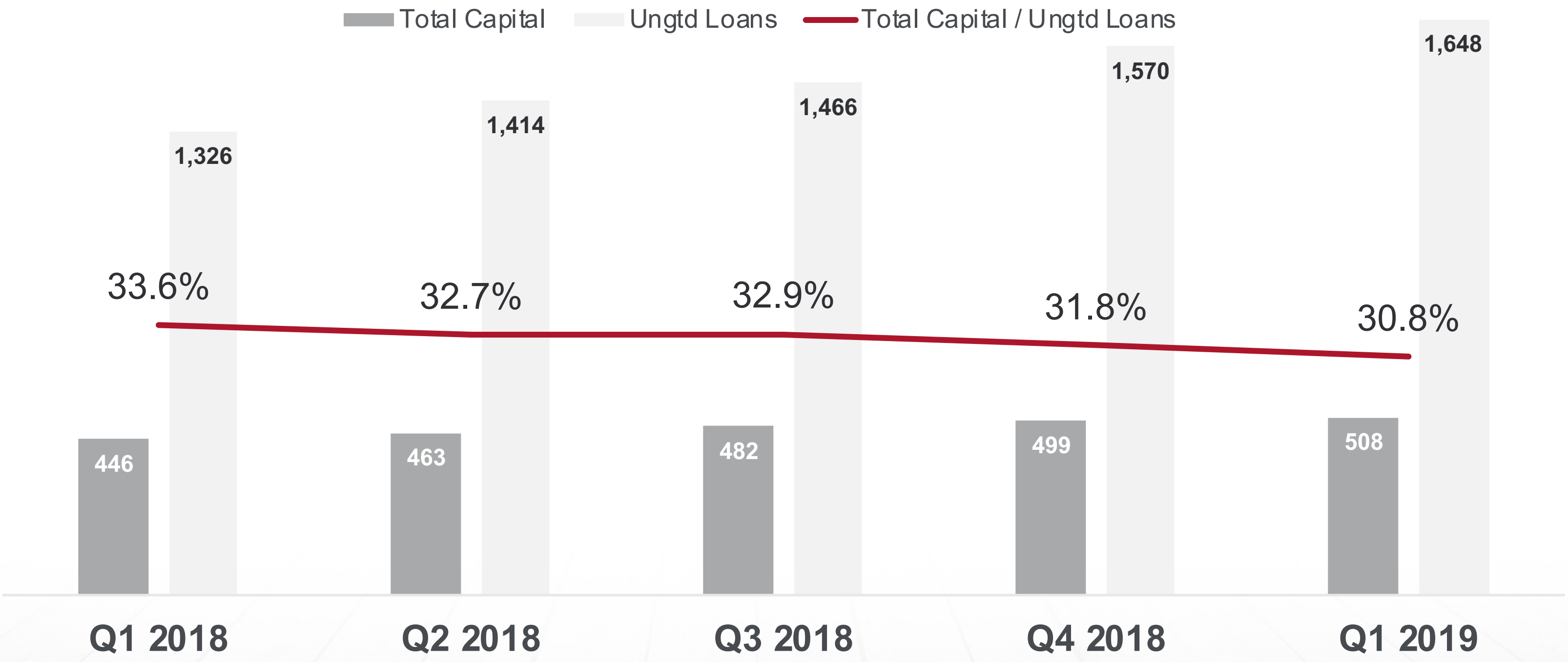
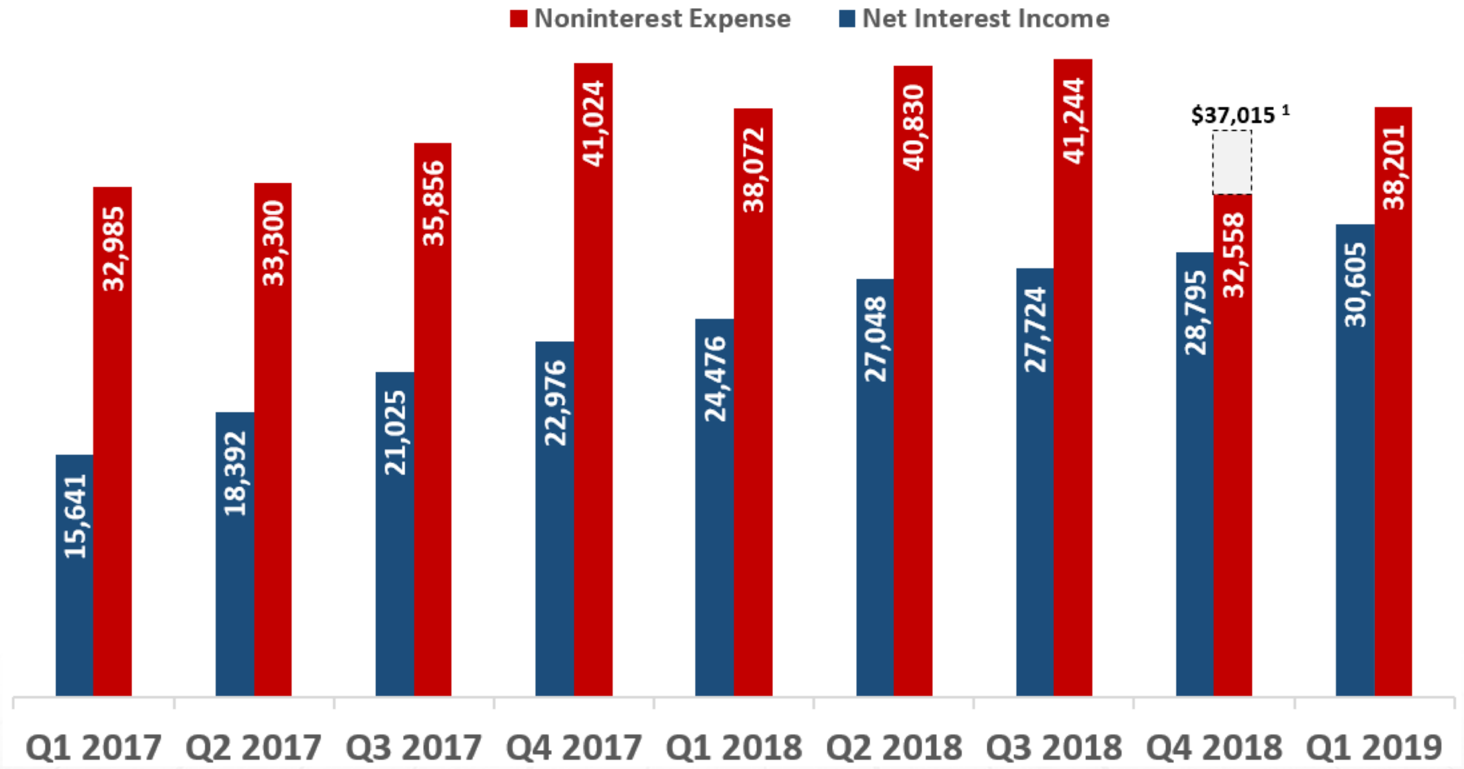
Safety & Soundness (cont.)

Total Capital to Unguaranteed Loans and Leases

($ in millions)



Growing Net Interest Income & Improving Operating Leverage



1. *Noninterest expense, as adjusted excluding Q4 2018 accrued incentive compensation reversal*

Continuing to Grow Through Verticality

2008-2014

- Veterinary
- Healthcare
- Pharmacies
- Death Care
- Investment Advisory
- Family Entertainment
- Chickens

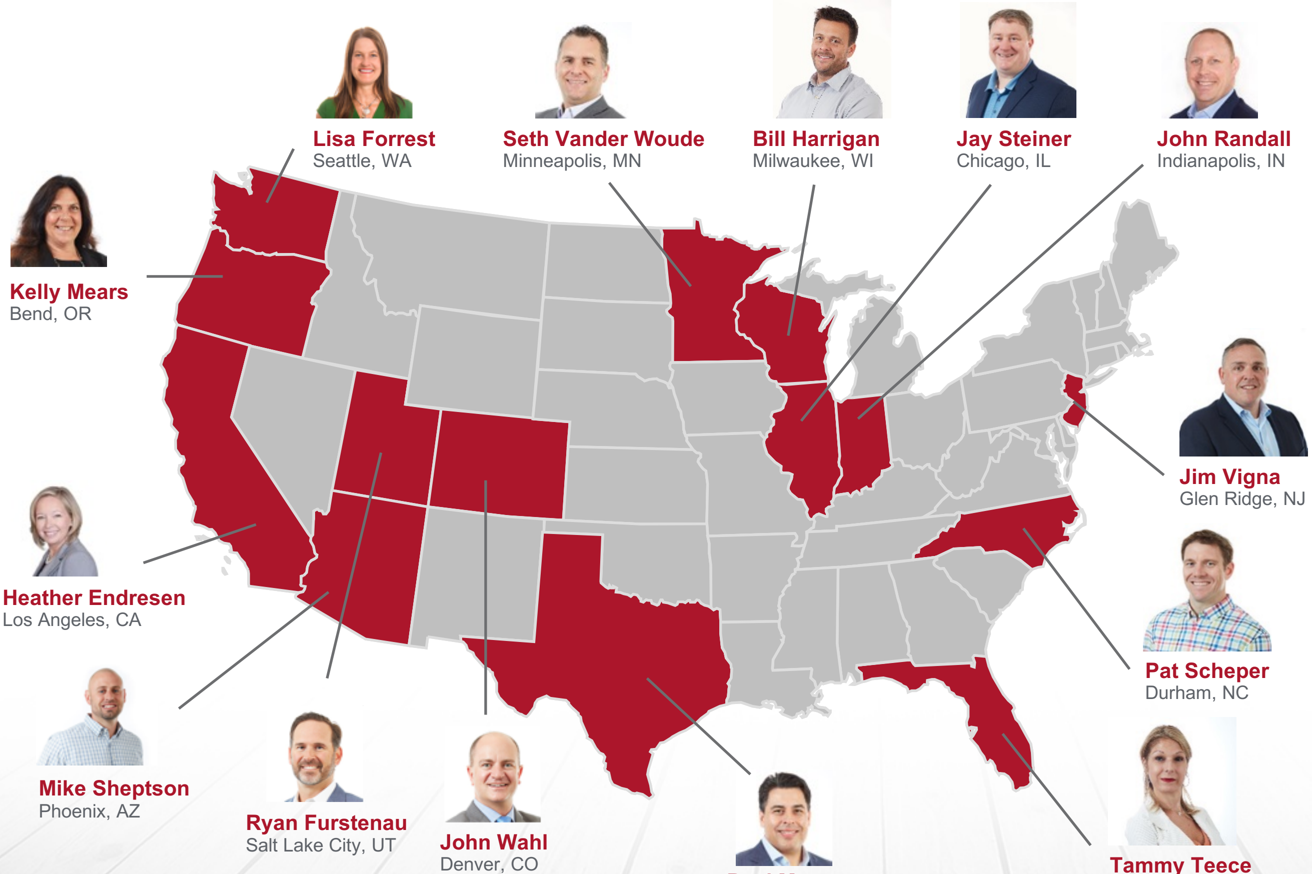
2015-2016

- Wine and Craft Beverages
- Self-Storage
- Independent Insurance
- Hotels
- Renewable Energy
- Government Contractors

2017-2019

- Solar Panel Leasing
- Early Education Services
- Senior Care
- Professional Services
- Automotive After-Market
- Bio Energy
- Community Facilities
- Fitness Centers
- Quick Serve Restaurants
- Service Contractors
- Home Restoration
- Broadband
- Water & Environmental
- Venture Banking

Diversification & Expansion



Lisa Forrest
Seattle, WA

Seth Vander Woude
Minneapolis, MN

Bill Harrigan
Milwaukee, WI

Jay Steiner
Chicago, IL

John Randall
Indianapolis, IN

Kelly Mears
Bend, OR

Jim Vigna
Glen Ridge, NJ

Heather Endresen
Los Angeles, CA

Pat Scheper
Durham, NC

Mike Sheptson
Phoenix, AZ

Ryan Furstenau
Salt Lake City, UT

John Wahl
Denver, CO

Paul Moreno
Austin, TX

Tammy Teece
Fort Myers, FL

11

SBA General Lenders

17

Average Years Working in SBA Lending

3

Specialty Finance Lenders

Organic Loan and Lease Growth Drives Earnings Growth

Q418 Incremental Impact

$253 Million
Q418 Loan and Lease Growth[1]

X

4.56%
Q418 Net Spread[2]

X

(1 - 10%)
Assumed Tax Rate

=

$10.4 Million / $0.25
Incremental Annual Impact on Net Income / Diluted EPS[3]

Q119 Incremental Impact

$244 Million
Q119 Loan and Lease Growth[1]

X

4.44%
Q119 Net Spread[2]

X

(1 - 10%)
Assumed Tax Rate

=

$9.8 Million / $0.24
Incremental Annual Impact on Net Income / Diluted EPS[3]

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[1] Loans and leases held for sale and held for investment growth from previous quarter

[2] Weighted average yield on loans and leases held for sale and held for investment in the quarter minus average rate on interest bearing liabilities in the quarter

[3] Incremental Annual Impact on Net Income divided by weighted average diluted shares for the quarter

Q1 2019 Highlights

28% ⬆

increase versus Q1 2018

Loans and Leases HFS and HFI

$2.77 billion

17% ⬆

Increase versus Q1 2018

Total Assets

$4.06 billion

15% ⬆

increase versus Q1 2018

Managed Portfolio (1)

$5.91 billion

21% ⬆

Q1 2019 versus Q1 2018

Net Interest Income &
Loan Servicing Revenue

$38.0 million

0.3% ⬆

Q1 2019 versus Q1 2018

Noninterest Expense, as adjusted(2)

$37.8 million

72%

Guaranteed loans held as a percentage of newly eligible loans originated in Q1 2019

$163.8 million (3)

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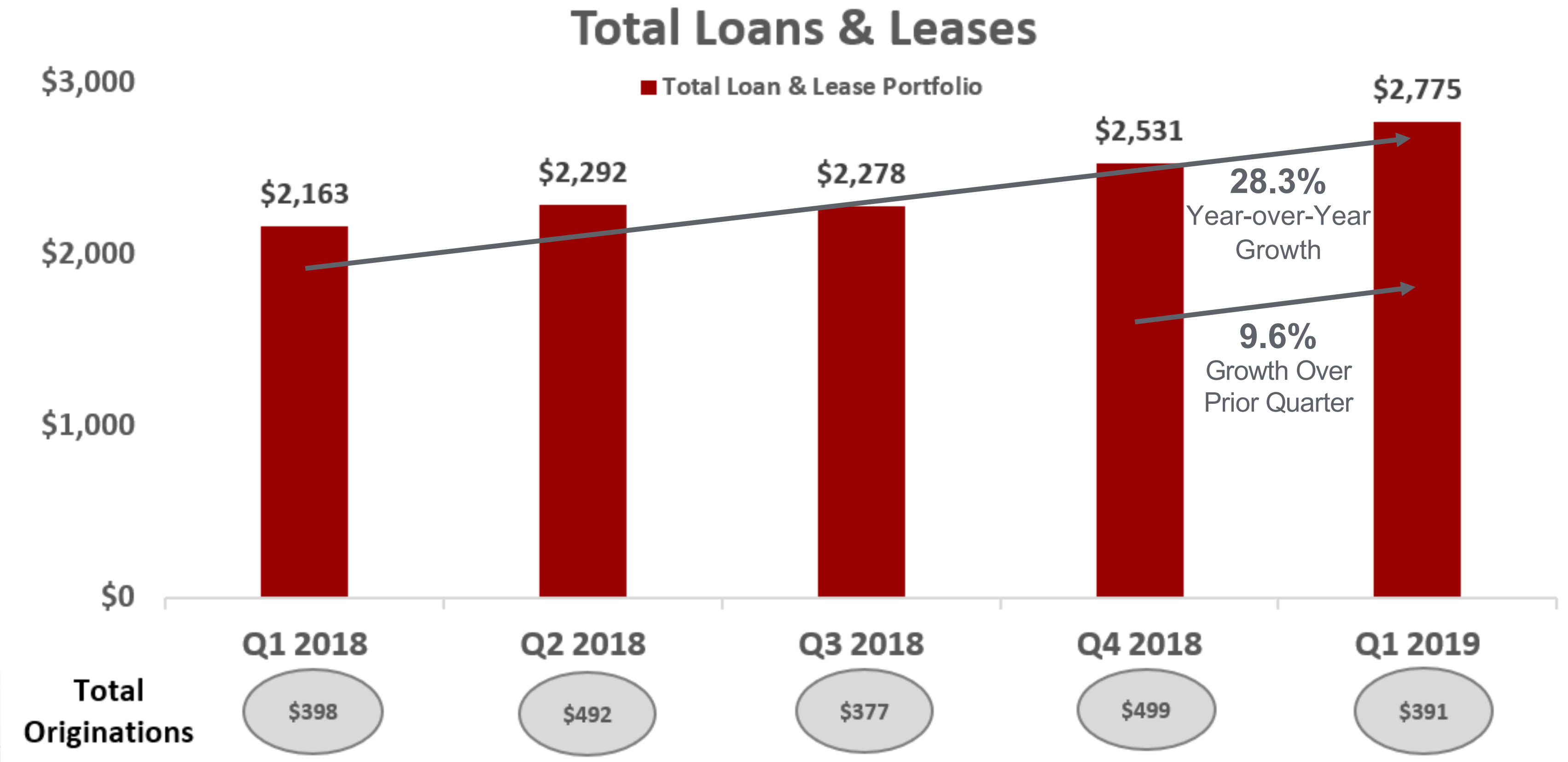
1. *Outstanding balance of sold and serviced loans plus loans and leases held for investment and held for sale*
2. *See Appendix for GAAP to Non-GAAP reconciliation*
3. *The balance of guaranteed loans held of $227 million that became eligible for sale in Q1 2019*

Strong Balance Sheet Growth



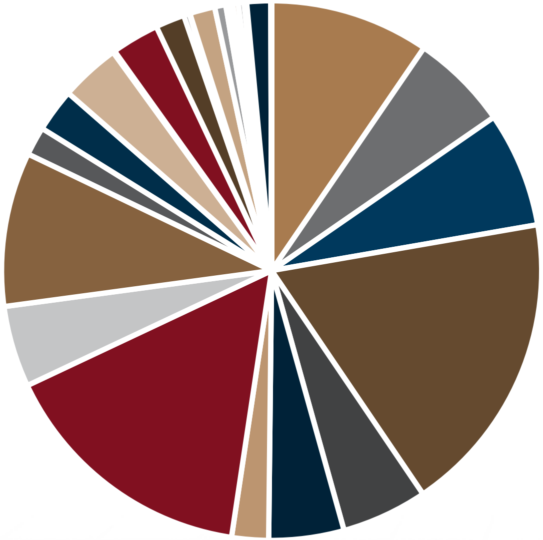
28.3% Year-over-Year Growth

9.6% Growth Over Prior Quarter

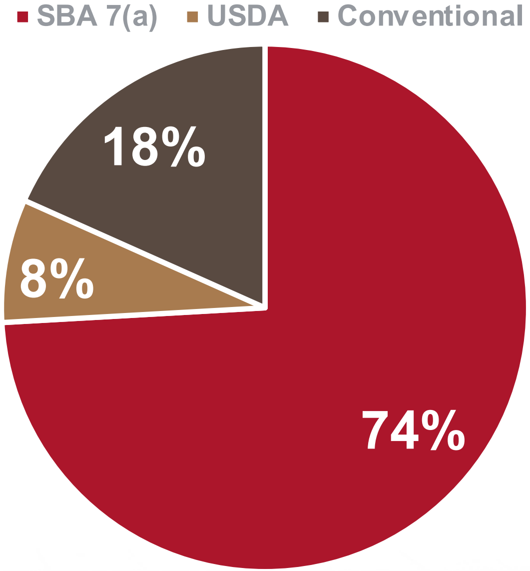
Diversified Loan Portfolio and Production

Industry Diversification[1]

As of 3/31/2019



Product Diversification[2]



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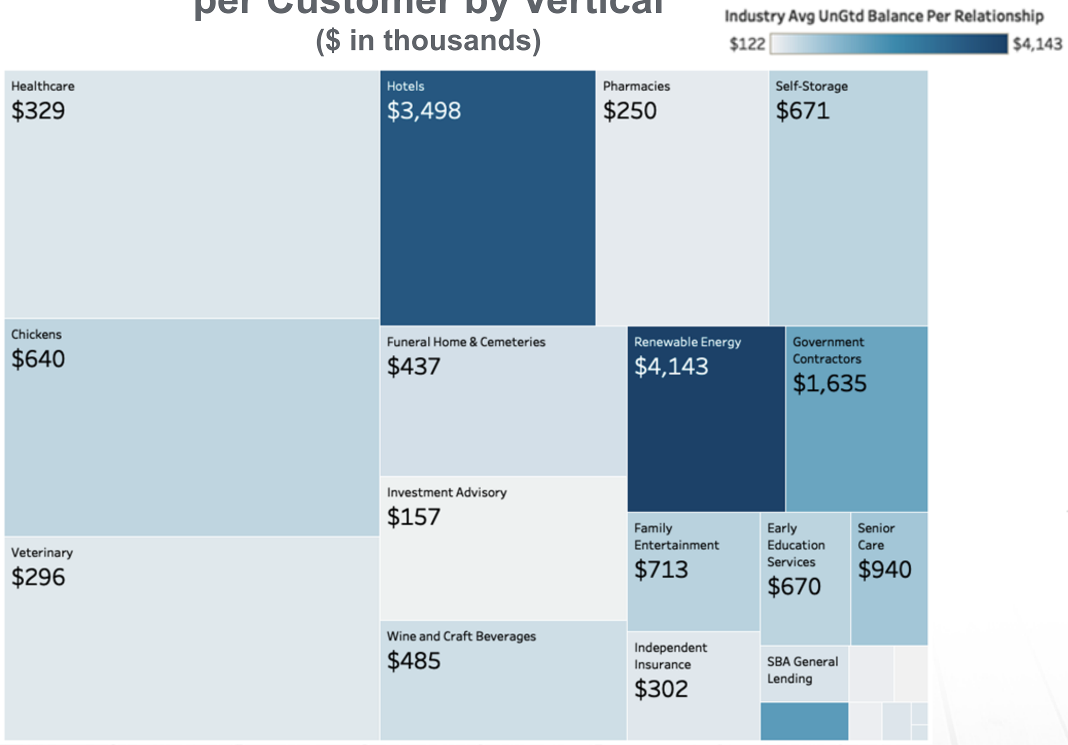
1. Balance sheet diversity of loans and leases HFS and HFI as of 3/31/2019
2. Q1 2019 loan origination diversity by product

Granular, Diversified Portfolio Mitigates Risk

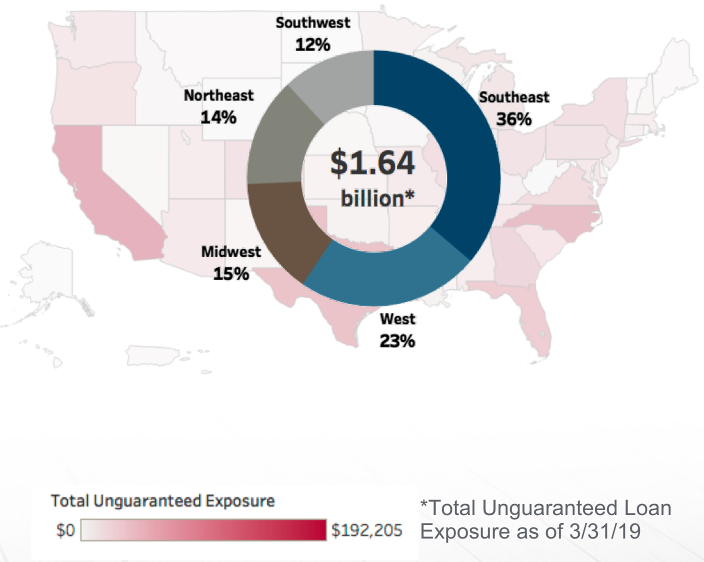
Average Unguaranteed Exposure per Customer by Vertical

($ in thousands)



Size of block corresponds to Total Unguaranteed Loan Exposure as of 3/31/19

Unguaranteed Loan Exposure per Geographical Region



*Total Unguaranteed Loan Exposure as of 3/31/19

First Quarter 2019 – Credit Quality

$2.7 million

versus Q4 2018 of $6.8 million

Provision for (recovery of) loan and lease losses

1 bp

versus Q4 2018 of 28 bps

Annualized Net CO to Average Loans & Leases HFI

1.75%

versus Q4 2018 of 1.76%

ALLL to Loans & Leases HFI

$20.4 million

versus Q4 2018 of $14.6 million

Unguaranteed Nonperforming Loans & Foreclosures

50 bps

versus Q4 2018 of 40 bps

Unguaranteed Nonperforming Loans & Foreclosures to Total Assets

5.39%

versus Q4 2018 of 5.12%

Unguaranteed Criticized Loans and Leases[1] to HFI Unguaranteed Loans and Leases

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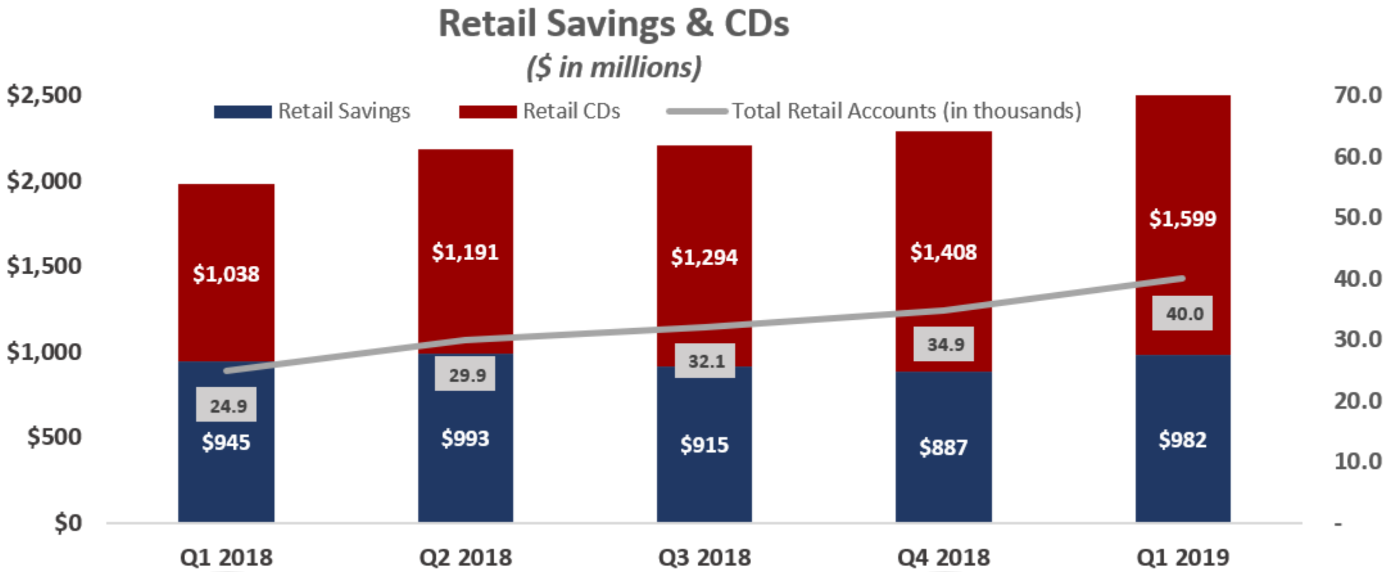
1. *Criticized loans and leases consist of loans and leases internally classified as a risk grade 5 or worse*

Deposit Platform Continues to Perform



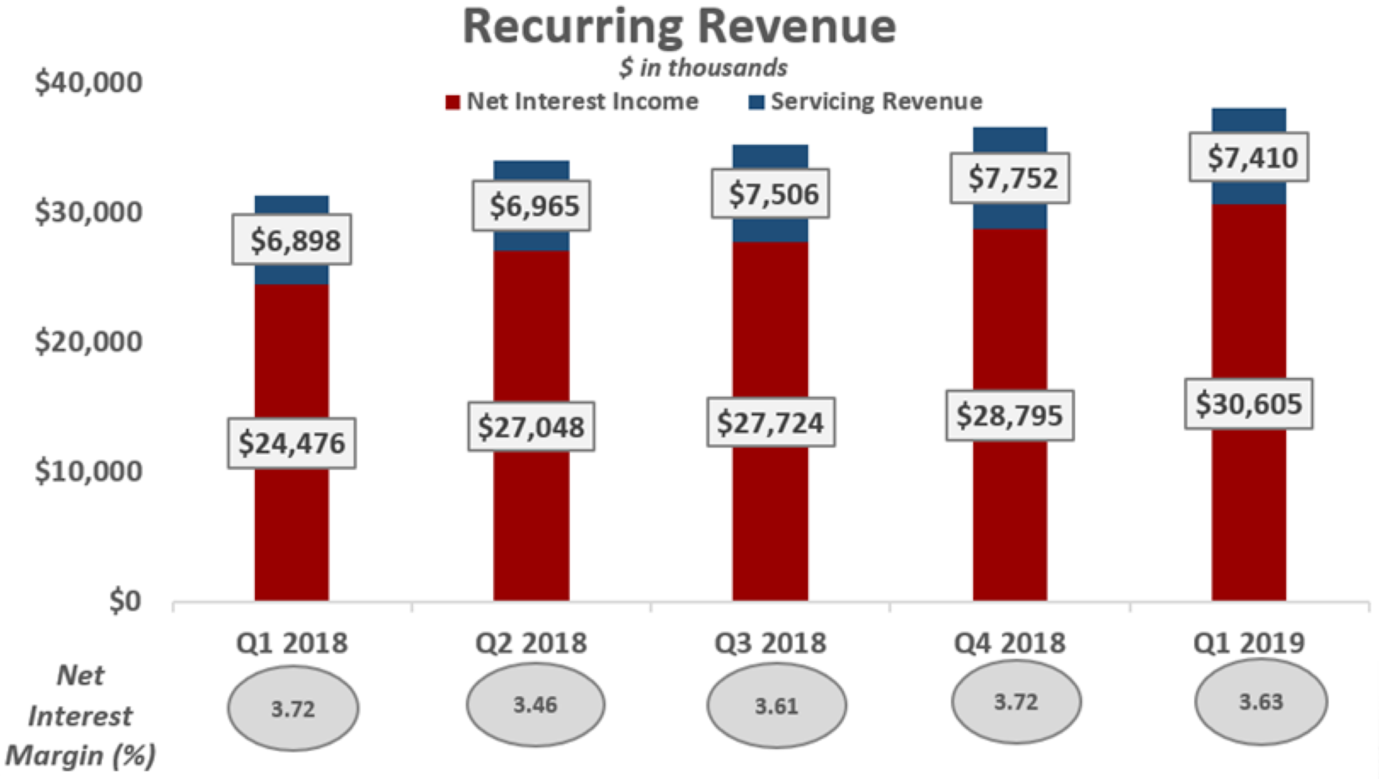
Cost of Funds	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Retail Savings	1.63%	1.63%	1.71%	1.96%	2.11%
Retail CDs	1.88%	2.06%	2.18%	2.31%	2.57%

$2.6
Billion
Retail Deposits

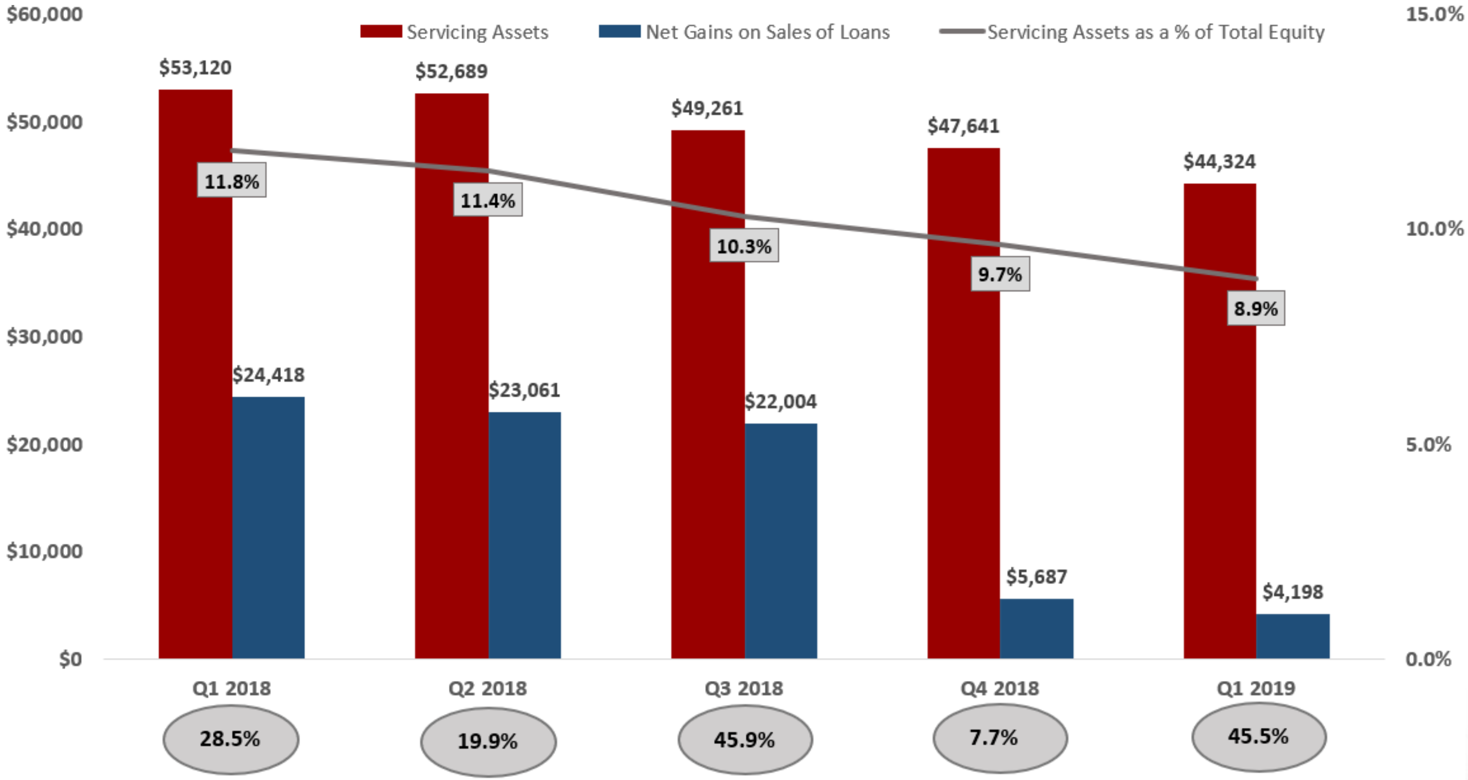
99%
Savings
Retention
YTD 2019

71%
CD Retention
YTD 2019

Increasing Recurring Revenue Streams

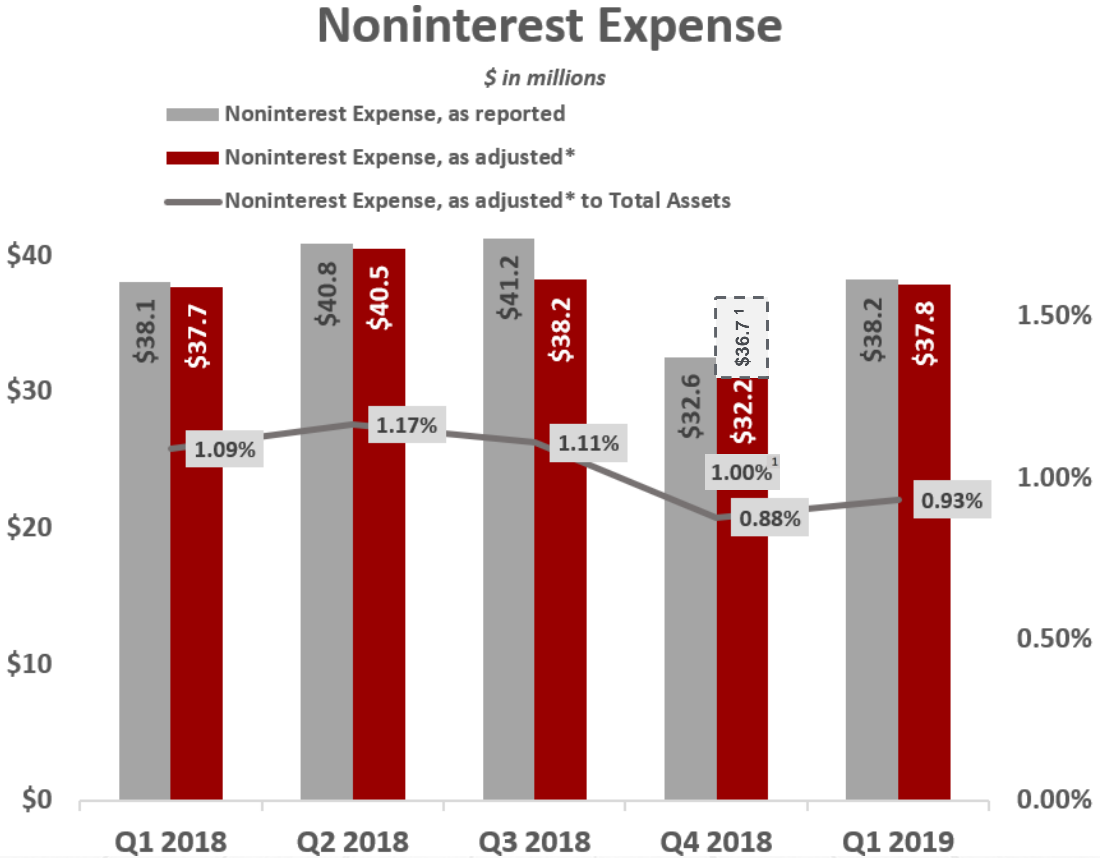


Reduced Dependence on Volatile Earnings



Loan servicing asset revaluation loss as a percentage of Income before taxes, net of loan servicing asset revaluation impact

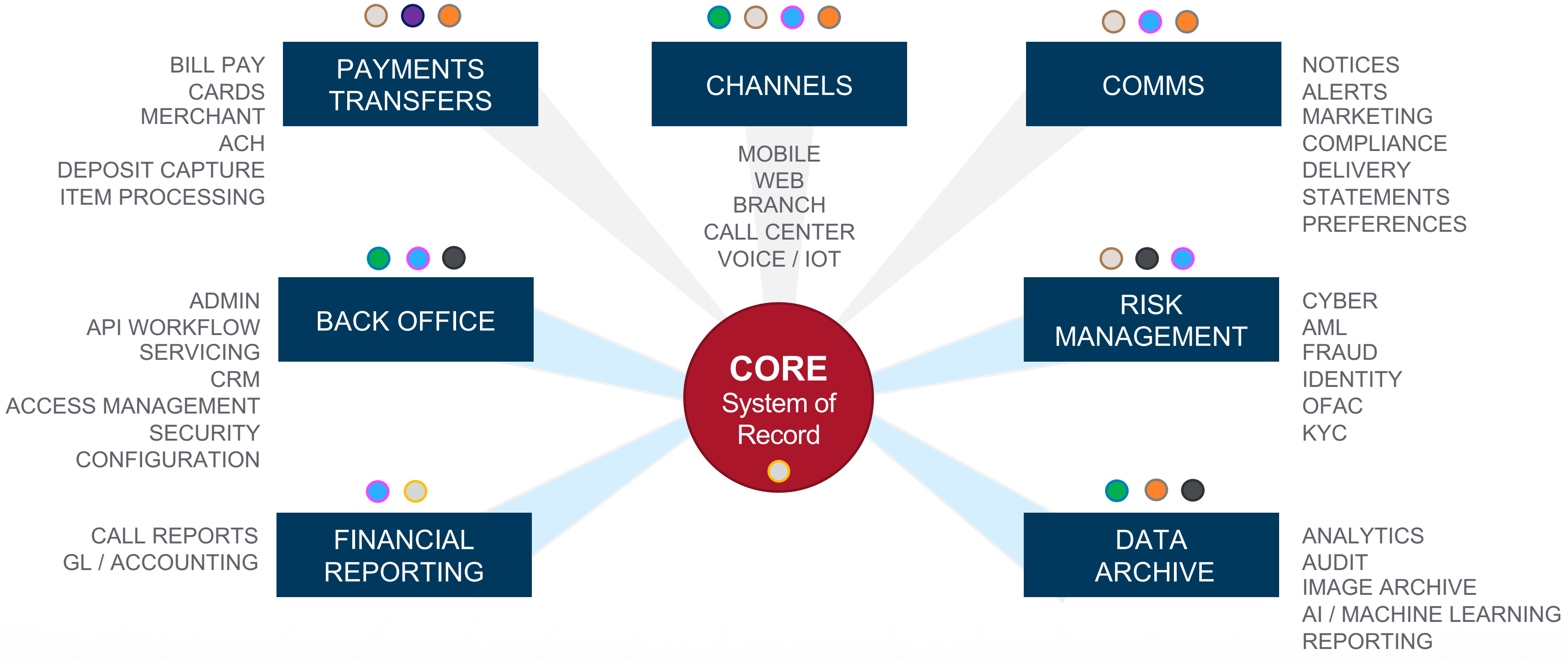
Increased Focus on Expense Mindfulness



* See Appendix for Non-GAAP Reconciliation

1. Noninterest expense, as adjusted excluding Q4 2018 accrued incentive compensation reversal

Technology Infrastructure Framework



PAYMENTS TRANSFERS

BILL PAY
CARDS
MERCHANT
ACH
DEPOSIT CAPTURE
ITEM PROCESSING

CHANNELS

MOBILE
WEB
BRANCH
CALL CENTER
VOICE / IOT

COMMS

NOTICES
ALERTS
MARKETING
COMPLIANCE
DELIVERY
STATEMENTS
PREFERENCES

BACK OFFICE

ADMIN
API WORKFLOW
SERVICING
CRM
ACCESS MANAGEMENT
SECURITY
CONFIGURATION

CORE
System of Record

RISK MANAGEMENT

CYBER
AML
FRAUD
IDENTITY
OFAC
KYC

FINANCIAL REPORTING

CALL REPORTS
GL / ACCOUNTING

DATA ARCHIVE

ANALYTICS
AUDIT
IMAGE ARCHIVE
AI / MACHINE LEARNING
REPORTING

THIRDPARTY
payrailz
APITURE
Finxact
savana
ncino
DefenseStorm

☐ Bank Employees
☐ Bank Customers

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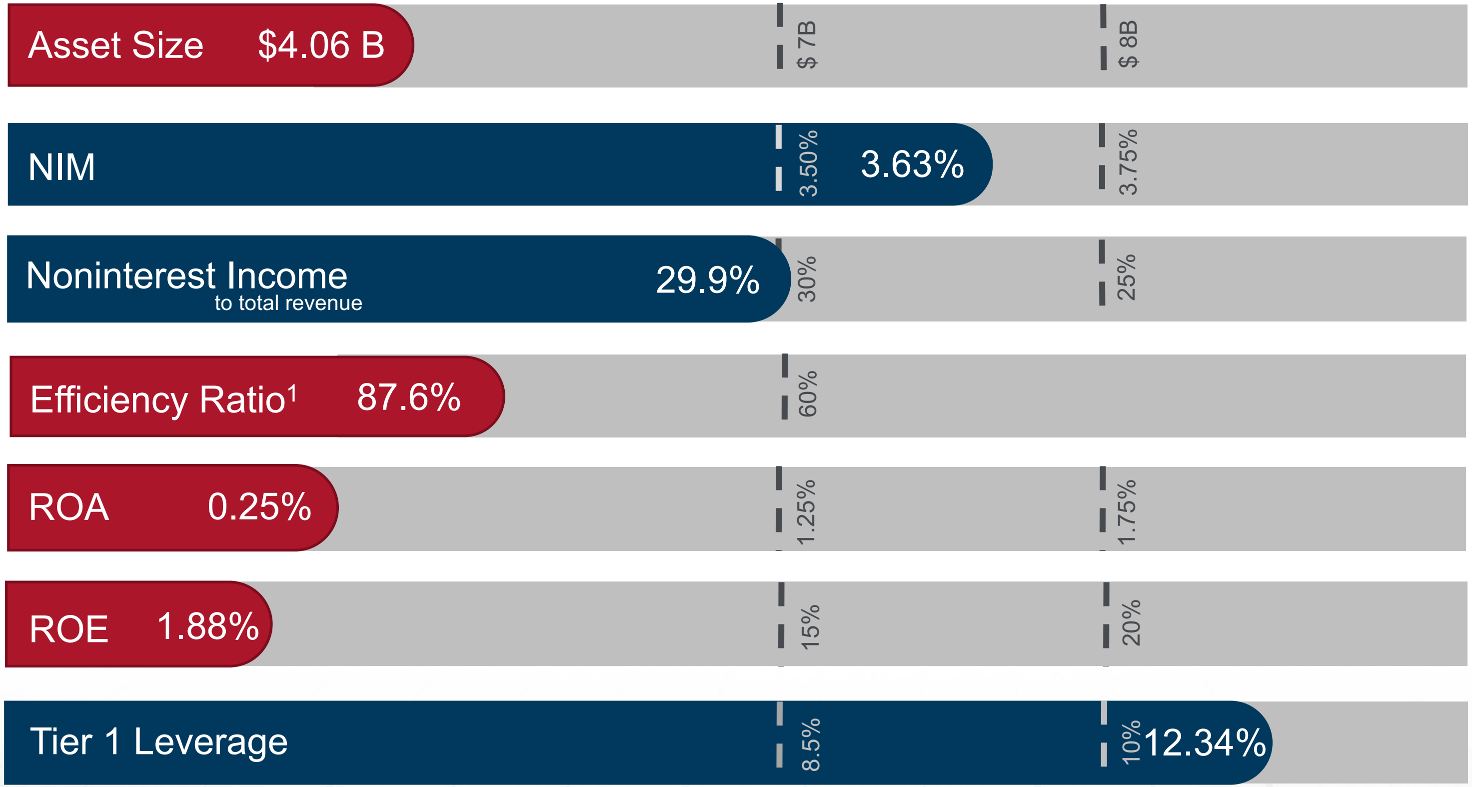
High Performing Bank Metrics

as of and for the quarter ended 3/31/2019



vs. Q4 2018

$3.67B

3.72%

38.6%

69.5%

1.20%

8.64%

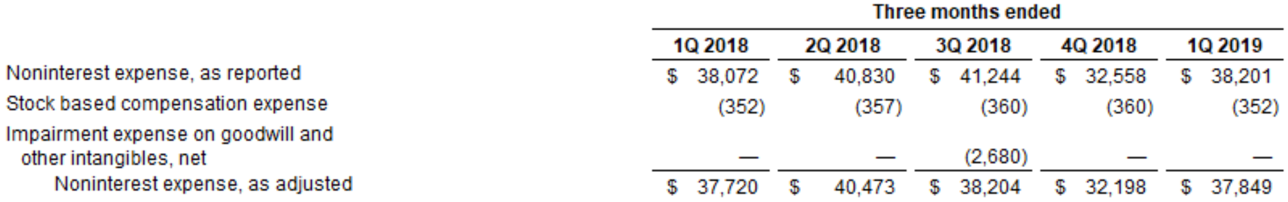
13.40%

1. See Appendix for GAAP to Non-GAAP reconciliation

APPENDIX

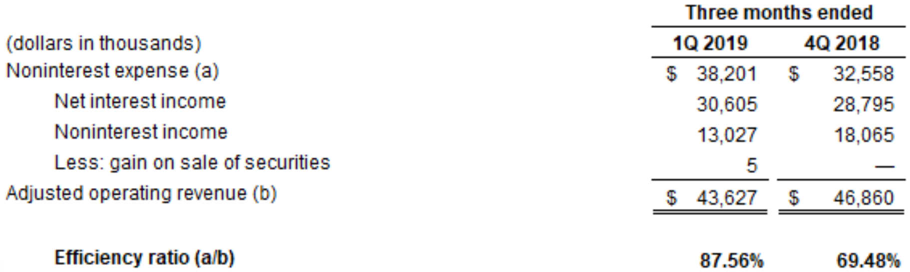
Non-GAAP Reconciliation

Non-Gaap noninterest expense, as adjusted and efficiency ratio



	Three months ended				
	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Noninterest expense, as reported	$ 38,072	$ 40,830	$ 41,244	$ 32,558	$ 38,201
Stock based compensation expense	(352)	(357)	(360)	(360)	(352)
Impairment expense on goodwill and other intangibles, net	—	—	(2,680)	—	—
Noninterest expense, as adjusted	$ 37,720	$ 40,473	$ 38,204	$ 32,198	$ 37,849

Efficiency Ratio



	Three months ended	
(dollars in thousands)	1Q 2019	4Q 2018
Noninterest expense (a)	$ 38,201	$ 32,558
Net interest income	30,605	28,795
Noninterest income	13,027	18,065
Less: gain on sale of securities	5	—
Adjusted operating revenue (b)	$ 43,627	$ 46,860
Efficiency ratio (a/b)	**87.56%**	**69.48%**

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