Live Oak Bancshares

Third Quarter 2016

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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 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 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;
- governmental monetary and fiscal policies as well as other legislative and regulatory changes, including with respect to SBA lending programs;
- changes in political and economic conditions, including continuing political and economic effects of the global economic downturn and other major developments;
- 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.

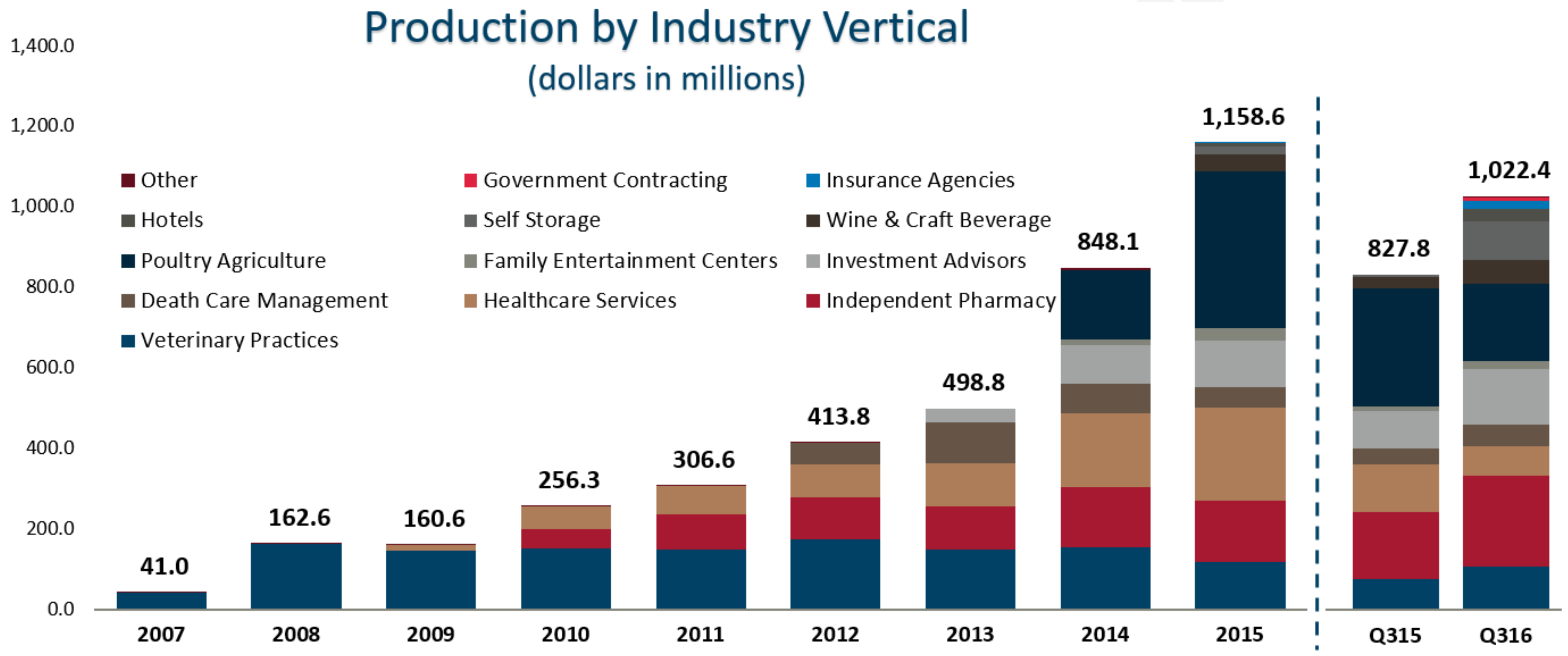
Given these risks, uncertainties and other factors, you should not place undue reliance on these forward looking statements. Moreover, these forward-looking statements speak only as of the date they are made and based only on information actually known to us at the time. We undertake no obligation to 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

- **Growth Indicators & Drivers**
  - Record Loan Origination: Increased 26% versus Q3 2015
  - New Verticals & New Products
- **Profitability**
  - Diversification of Revenue Streams
  - Operating NIE & Model Leverage
- **Safety & Soundness**
  - Proactive Approach to Credit Decisions and Monitoring
  - Strong Capital and Liquidity

Record Loan Origination

Growth



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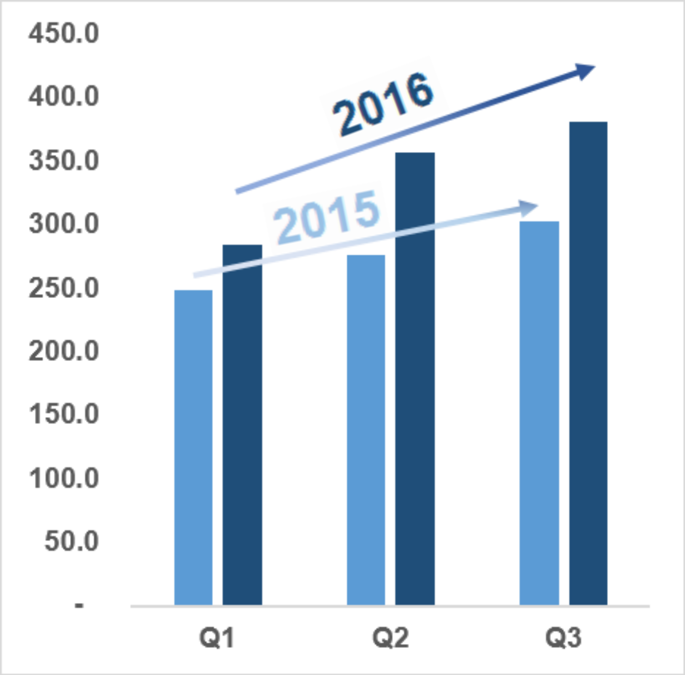
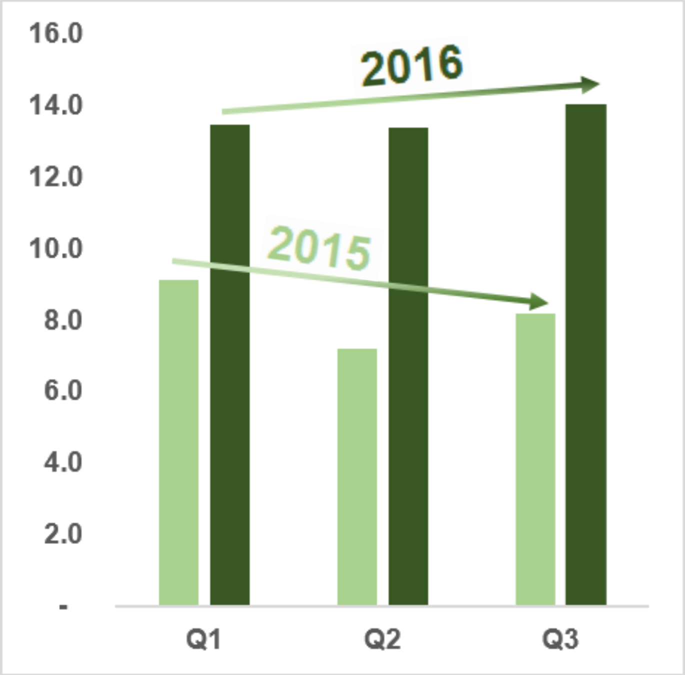
YTD 2015 vs. 2016 | Growth & Scalability

Growth

Loan Originations
($ in millions)



Net Recurring Revenue[1]
($ in millions)



1. *Net Interest Income plus Servicing Revenue net of loan servicing revaluation adjustment*

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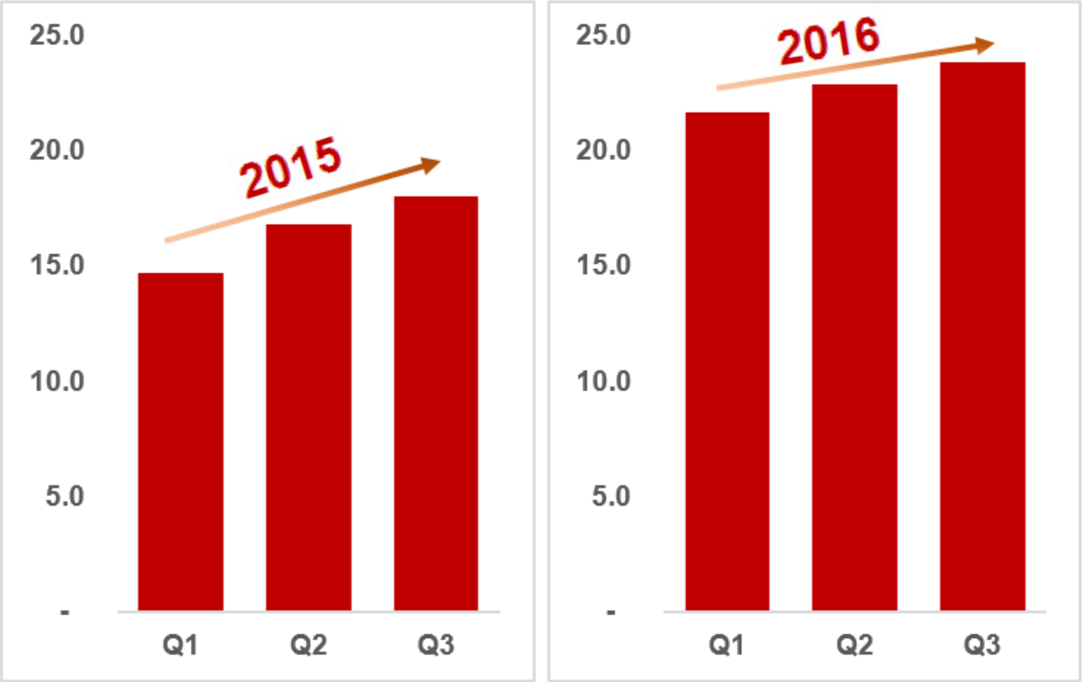
YTD 2015 vs. 2016 | Tempered NIE Growth

Noninterest Expense[2]

2015 2016

($ in millions)



2. Noninterest Expense adjusted in Q2 & Q3 2016 for stock based compensation expense related to restricted stock awards with an effective grant date of May 24, 2010

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Powerful Scalability

Profitability

Legacy Verticals

- Veterinary
- Healthcare
- Independent Pharmacies
- Death Care
- Investment Advisors
- Family Entertainment
- Chickens

YTD Originations

$805.8 million

New Verticals (2015 & 2016)

- Wine & Craft Beverage
- Self Storage
- Independent Insurance Agents
- Hotels
- Renewable Energy
- Government Contractors

YTD Originations

$216.6 million

2016 originations from legacy and new verticals expected to be approximately $1.5 billion

Model Leverage | Mature vs. New Verticals

Profitability

YTD Originations

$805.8 million

Direct Operating Cost[1] per $1 million Originations

$21.9 thousand

Direct Operating[1] Cost to Revenue[2]

18%

YTD Originations

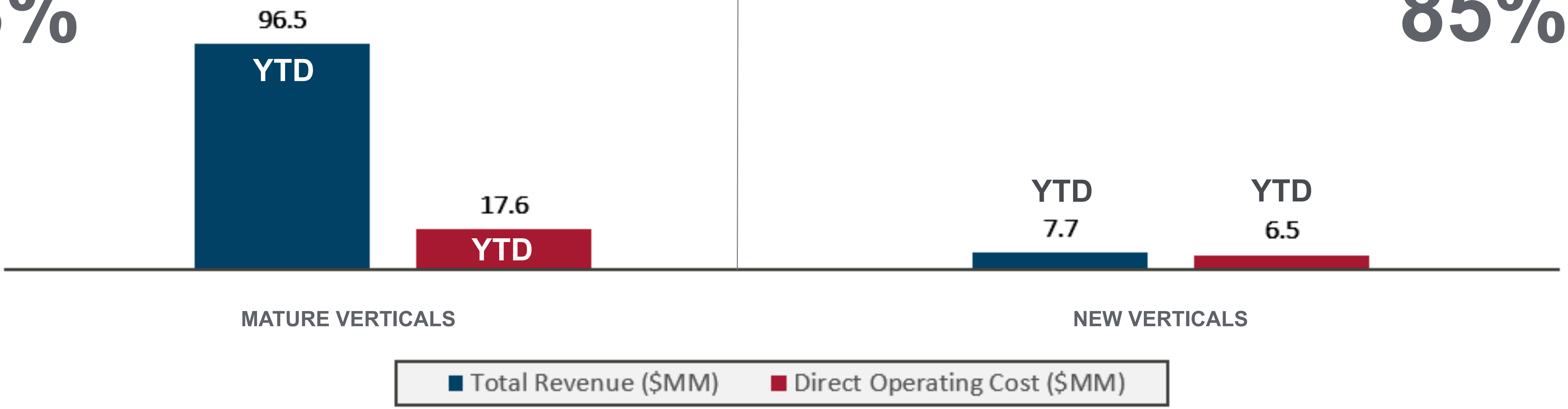
$216.6 million

Direct Operating Cost[1] per $1 million Originations

$30.2 thousand

Direct Operating[1] Cost to Revenue[2]

85%



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

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

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Robust New Deposit Generation | 2016 YTD

Growth

$442 million

$75 thousand average balance

5,884 new accounts

Online CD Campaign

64%	25%
1YR CDS	2YR CDS

Daily Average Origination:

24	$2 million	$0.66
Accounts	Balances	New Acquisition Cost per $thousand

74% Renewal Rates of Maturing CDs

1.14% Portfolio Rate

Online Savings | Both Business & Personal. Anticipated launch in **Q1 2017**

Business Checking | Anticipated launch in **Q1 2017**

Features Included

- New Account Opening
- Integrated Merchant
- Remote Deposit Capture
- Bill-Pay
- Online & Mobile Banking
- Account Aggregation

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Third Quarter 2016 | Financial Highlights

Profitability

26% ↑
increase versus Q3 2015

Loan Originations

$381 million

61% ↑
increase versus Q3 2015

Net Interest Income & Loan Servicing Revenue

$17 million

58% ↑
increase versus Q3 2015

Total Loans

$1.1 billion

43% ↑
increase versus Q3 2015

Guaranteed Loans Sold

$211 million

39% ↑
increase versus Q3 2015

Guaranteed Portion of Held for Sale Loans (Note Amount)

$692 million

4 bps ↓
improvement versus Q3 2015

Nonperforming Assets (unguaranteed) to Total Assets

22 bps

YTD 2015 vs. 2016 | Financial Highlights

Profitability

24% ↑
increase versus YTD 2015

Loan Originations

$1.02 billion

60% ↑
increase versus YTD 2015

Net Interest Income & Loan Servicing Revenue

$46 million

19% ↑
increase versus YTD 2015

Guaranteed Loans Sold

$502 million

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Proactive Approach to Credit Decisions & Monitoring

Safety & Soundness

51 bps

Versus Q2 2016 net recoveries of 18 bps

Annualized Net CO to Average Loans HFI

1.98%

Versus Q2 2016 of 1.78%

Allowance for Loan Losses to Loans Held for Investment

$3.7 million

Versus Q2 2016 of $2.6 million

Unguaranteed Nonperforming Loans & Foreclosures

22 bps

Versus Q2 2016 of 0.19 bps

Unguaranteed Nonperforming Loans & Foreclosures to Total Assets

**average based on month-end unguaranteed portfolio balance*

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