Live Oak Bancshares

First Quarter 2016

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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 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.

Q1 Highlights

- **The Live Oak Franchise**
- **Growth Indicators**
  - Loan Origination increased 15% versus Q1 2015
  - Loan Sales increased 14% versus Q1 2015
  - Recurring Revenue* increased 56% from Q1 2015
- **Growth Drivers**
  - Maturing Verticals
  - New Verticals
  - Monetization of Construction Loans
  - Other Initiatives

**Recurring Revenue = Net Interest Income + Loan Servicing Revenue*

New Verticals

We have started six new verticals since January 2015

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

Originations

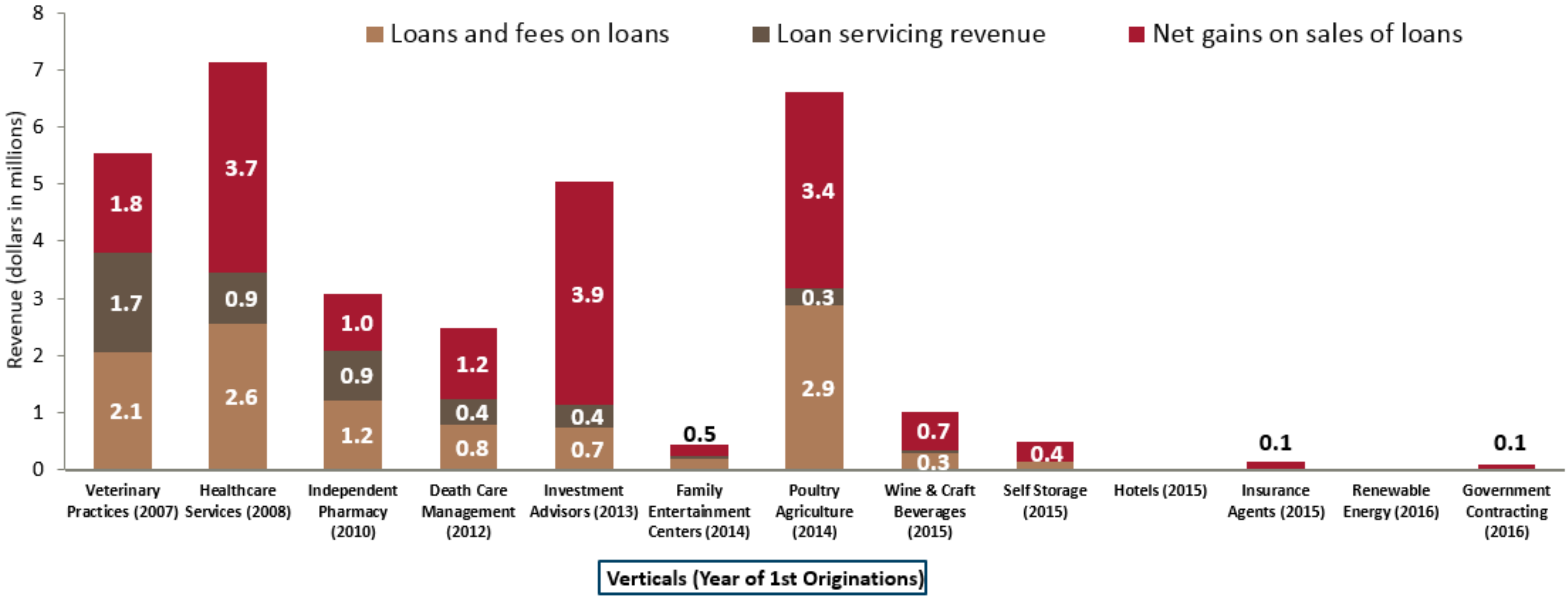
- New Verticals are just getting started
- Mature verticals show significant growth in Year 2 followed by additional growth in Year 3

Monetization

- Construction focused verticals
- Very little gain on sale revenue in Year 1
- Net interest income during the funds advancement stage

2016 originations from legacy and new verticals expected to be \$1.35 to \$1.40 billion

Revenue Q1 2016 by Vertical



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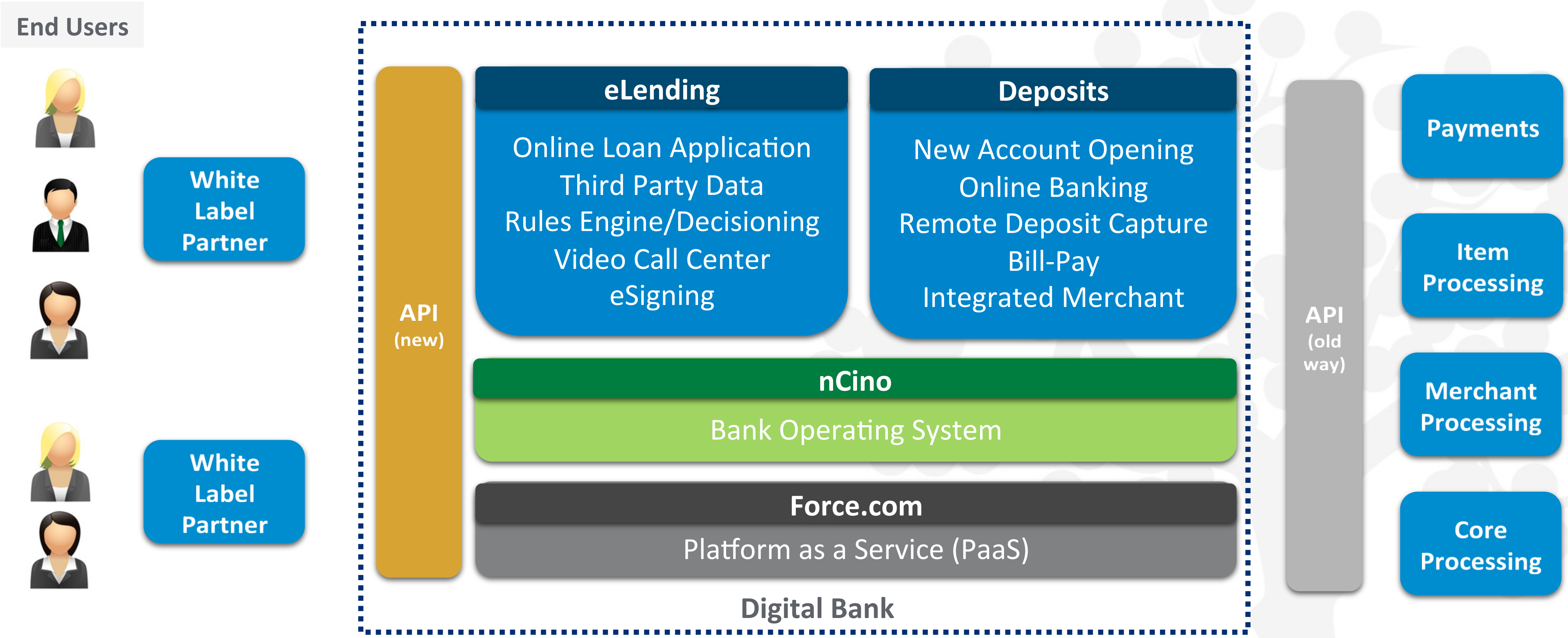
Q1 Deposits Update

- **Online Deposits**
  - 2,706 New Accounts Opened
  - $198 million in new Core Deposits [~60% 1-yr CDS and ~25% 2-yr CDs]
  - Cost of deposit acquisition per thousand approximately $0.70
- **Cost of Funds remains in the 1% range for the Portfolio**
- **Business Checking**
  - On track for Pilot in June, Iterate over 2H 2016, General Availability 1/1/2017
  - Scope
    - **New Account Opening**
    - **Online Banking**
    - **Remote Deposit Capture**
    - **Bill-Pay**
    - **Integrated Merchant**
    - **Account Aggregation**
    - **Mobile**

Live Oak Application Topography



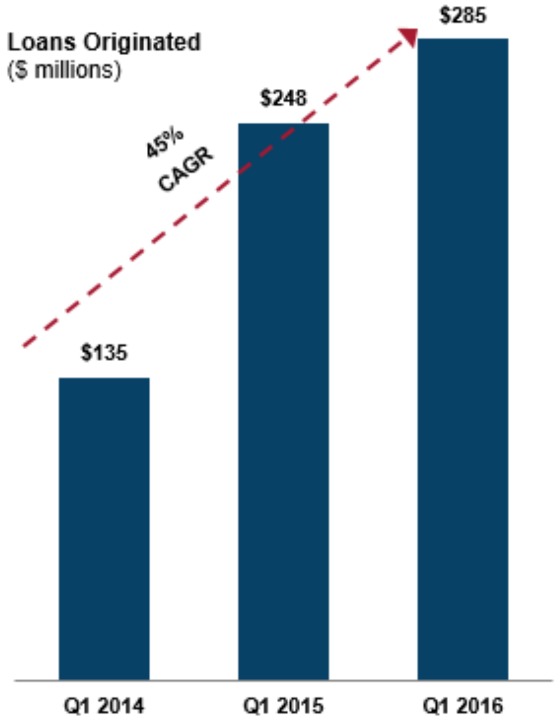
First Quarter 2016 Highlights

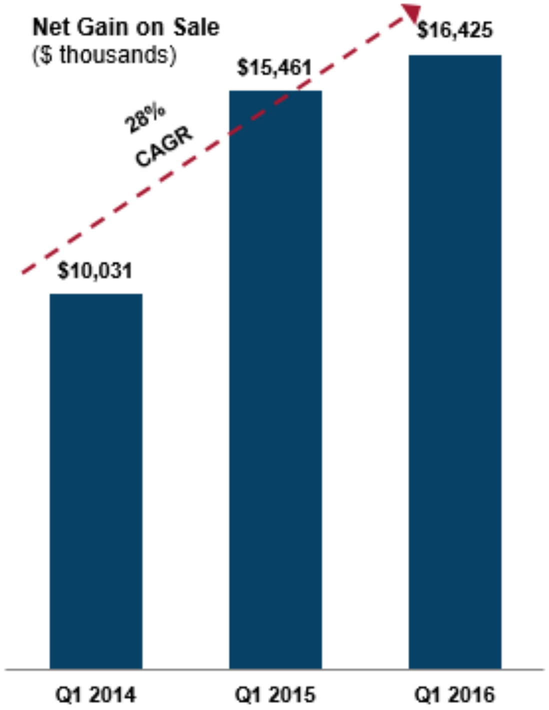
- **Loan originations totaled $284.5 million**
  - 15% increase over Q1 2015
- **Guaranteed loans sold totaled $155.6 million**
  - 14% increase over Q1 2015
- **Net interest income and loan servicing revenues increased to $13.5 million**
  - 56% increase over Q1 2015
- **Nonperforming loans (unguaranteed) totaled $2.4 million**
  - Unchanged as a percentage of assets from fourth quarter 2015 at 0.19%

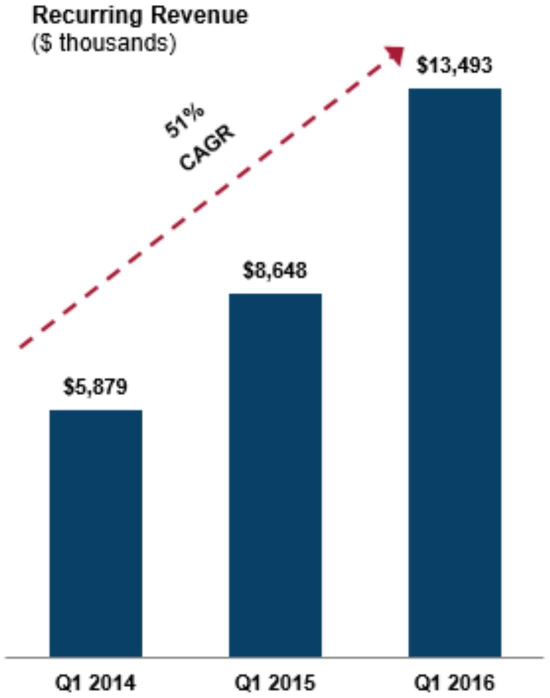
Year over Year Growth

Overview

Originate	Sell	Service







Recurring Revenue = Net Interest Income + Loan Servicing Revenue

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Safety & Soundness

- **Portfolio Average DSCR remains greater than 2.0x**
- **Net charge-offs were $232 thousand in the first quarter, unchanged from Q4 as a percentage of average HFI loans at 0.30%**

	As of and for the three months ended				
	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015
Allowance for loan losses to loans held for investment	2.75%	2.65%	2.37%	2.18%	2.37%
Net charge-offs to average loans held for investment	0.30%	0.30%	0.40%	0.17%	0.47%
Nonperforming loans not guaranteed by the SBA and foreclosures	$2,859	$2,410	$2,610	$3,123	$2,968
Nonperforming loans not guaranteed by the SBA and foreclosures to total assets	0.23%	0.23%	0.26%	0.35%	0.41%

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