



LiveOak[®]

**CHARTER OF THE
AUDIT AND RISK COMMITTEE OF
LIVE OAK BANCSHARES, INC.
AND
LIVE OAK BANKING COMPANY**

MEMBERSHIP

The Audit and Risk Committee (the “Committee”) of the board of directors (the “Board”) of Live Oak Bancshares, Inc. and Live Oak Banking Company (collectively referred to herein as the “Company”), shall consist of three or more directors. The members of the Committee shall meet the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of the NASDAQ Stock Market. No member of the Committee can have participated in the preparation of the Company’s or any of its subsidiaries’ financial statements at any time during the past three years.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.

The members of the Committee shall be appointed by the Board. The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

PURPOSE

The purpose of the Committee is to oversee the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements (“Audit Oversight”) and to assist the Board in its oversight of the Company’s risk management function (“Risk Oversight”).

Audit Oversight

The primary role of the Committee is to oversee the financial reporting and disclosure process. To fulfill this obligation, the Committee relies on: management for the preparation and accuracy of the Company’s financial statements; both management and the Company’s internal audit provider for establishing effective internal controls and procedures to ensure the Company’s compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and the Company’s independent auditors for an unbiased, diligent audit or review, as applicable, of the Company’s financial statements and the effectiveness of the Company’s internal controls. The members

of the Committee are not employees of the Company and are not responsible for conducting the audit or performing other accounting procedures.

Risk Oversight

Discharging the duties of risk oversight requires, among other things, that the members of the Committee: (i) understand, communicate and monitor the Company's risk appetite and risk profile; (ii) stay abreast of regulatory requirements and industry standards related to risk management; (iii) provide input to management on risk appetite, risk profile and regulatory requirements; and (iv) approve the effectiveness of the Company's risk management framework.

While the Committee oversees the Company's risk functions, management is ultimately responsible for the identification of, planning for, and responding to, the Company's material risks, including credit risk, liquidity risk, interest rate risk, market risk, operational risk (including regulatory compliance as well as information technology and client information risks), and reputational risk.

DUTIES AND RESPONSIBILITIES

Audit Oversight

The Committee shall have the following authority and responsibilities:

To (1) select and retain an independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal controls over financial reporting, (2) set the compensation of the Company's independent auditors, (3) oversee the work done by the Company's independent auditors and (4) terminate the Company's independent auditors, if necessary.

To select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the Company's independent auditors and any other accounting firm engaged to perform services for the Company.

To pre-approve all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditors or other registered public accounting firms on an on-going basis.

At least annually, to obtain and review a report by the Company's independent auditors that describes (1) the accounting firm's internal quality control procedures, (2) any issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board ("PCAOB") review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm and any steps taken to deal with any such issues, and (3) all relationships between the firm and the Company or any of its subsidiaries; and to discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the auditors.

To assure the regular rotation of the lead audit partner at the Company's independent auditors and consider regular rotation of the accounting firm serving as the Company's independent auditors.

To review and discuss with the Company's independent auditors (1) the auditors' responsibilities under generally accepted auditing and PCAOB standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the scope and timing of the annual audit, (4) any significant risks identified during the auditors' risk assessment procedures and (5) when completed, the results, including significant findings, of the annual audit.

To review and discuss with the Company's independent auditors (1) all critical accounting policies and practices to be used in the audit; (2) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (3) other material written communications between the auditors and management.

To review with management and the Company's independent auditors: any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

To review with management and the Company's independent auditors the adequacy and effectiveness of the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company's processes, controls and procedures and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such processes, controls and procedures, and review and discuss with management and the Company's independent auditors disclosure relating to the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures, and the independent auditors' report on the effectiveness of the Company's internal control over financial reporting.

To review and discuss with the Company's independent auditors any other matters required to be discussed by the PCAOB's Auditing Standards, including (a) any new accounting pronouncements; and (b) *PCAOB Auditing Standards No. 1301, Communications with Audit Committees*, which relates to the conduct of the audit, including any difficulties encountered in the course of the audit work, restrictions on the scope of activities or access to requested information, and any significant disagreements with management, and management's response.

To review and discuss with the Company's independent auditors and management the Company's annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual report on Form 10-K before the Form 10-K is filed.

To recommend to the Board that the audited financial statements be included in the Company's Form 10-K and produce the audit committee report required to be included in the Company's proxy statement.

To review and discuss with the Company's independent auditors and management the Company's quarterly financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's quarterly report on Form 10-Q before the Form 10-Q is filed.

To ensure internal audit services functionally reports to the Committee.

To select and retain services of internal audit providers, if outsourced, and to conduct annual performance reviews of in-house internal audit providers.

To review, discuss with the Company's independent auditors, and approve the functions of the Company's internal audit provider, including its purpose, organization, responsibilities, budget and performance; and to review the scope, performance and results of such department's internal audit plans, including any reports to management and management's response to those reports.

To set clear Company hiring policies for employees or former employees of the Company's independent auditors that participated in any capacity in any Company audit.

To establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

To review, approve and oversee any transaction and any other potential conflict of interest situations between the Company and any related person (as defined in Item 404 of Regulation S-K), other than any compensation arrangements reviewed and approved by the Compensation Committee of the Board or a duly authorized Subcommittee.

Risk Oversight

The Committee shall have the following authority and responsibilities:

To approve the Company's risk management framework and periodically review and evaluate the adequacy and effectiveness of such framework.

To approve a statement or statements defining the Company's risk appetite, monitor the Company's risk profile and provide input to management regarding the Company's risk appetite and risk profile.

To oversee management's implementation and management of, and conformance with, the Company's significant risk management policies, procedures, limits and tolerances.

To approve any and all significant changes, additions or deletions to the Company's risk management framework and function.

To receive from members of management, and other officers or employees as appropriate, periodic reports on, and reviews of, the Company's risk management framework and risk management programs and their results. The subject of such reports will include, but not be limited to:

- a. Funds management;
- b. Capital planning and management;
- c. Investment portfolios;
- d. Liquidity management;
- e. Loan and credit policies;
- f. Loan portfolio performance and concentrations;
- g. Asset/Liability management and market functions;
- h. Plans and risks associated with information technology and management information systems (including information security and business recovery planning); and
- i. Complex structured finance transactions.

To discuss with management the Company's major risk exposures and review the steps management has taken to identify, monitor and control such exposures.

To review the independence, authority and adequacy of the risk management function and ensure that the senior-level risk management officers have sufficient stature, authority and seniority, and resources to carry out such officers' responsibilities.

Audit & Risk Oversight Responsibilities

As necessary or advisable, or as may be required to carry out statutory, regulatory or other responsibilities, the Committee will coordinate and share information with, or receive information from, other Board committees concerning risk management matters within such other committees' respective areas of oversight and responsibility.

The Committee may perform any other activities, including delegating its authority to one or more subcommittees or to management in furtherance of its responsibilities, consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate or as required by law or regulation.

OUTSIDE ADVISORS

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of

its outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its outside counsel and any other advisors.

STRUCTURE AND OPERATIONS

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least six times per year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee may also meet periodically in separate executive sessions, including executive sessions with the Chief Executive Officer, the General Counsel and other members of management, as it deems appropriate.

The Chair of the Committee shall report periodically to the Board on the Committee's activities. The Committee shall maintain minutes of its meetings.

The Committee may form, and delegate authority to, subcommittees consisting of one or more members of the Committee. Each subcommittee shall have the full power and authority of the Committee as to the matters delegated to it.

The Committee shall conduct an annual performance evaluation of the Committee and report to the Board the results of that evaluation. The Committee shall assess the skills and resources required to meet its obligations under this Charter and shall recommend to the Board such enhancements as the Committee deems prudent.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

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Approved by the Committee and the Boards on May 17, 2022.