

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
LIVE OAK BANCSHARES, INC.		26-4596286	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
BETTY NORRIS	910-790-5867	betty.norris@liveoakbank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1741 TIBURON DRIVE		WILMINGTON, NC 28403-6244	
8 Date of action		9 Classification and description	
OCTOBER 10, 2014		10-FOR-1 STOCK SPLIT OF COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
N/A	N/A	N/A	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ ON OCTOBER 10, 2014, LIVE OAK BANCSHARES, INC. (THE "COMPANY") EFFECTED A 10-FOR-1 STOCK SPLIT OF ITS ISSUED AND OUTSTANDING SHARES OF COMMON STOCK. EFFECTIVE ON THAT DATE, 9 ADDITIONAL SHARES OF COMPANY COMMON STOCK WERE ISSUED FOR EACH SHARE OF COMPANY COMMON STOCK OWNED OF RECORD ON OCTOBER 10, 2014.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ A SHAREHOLDER'S TAX BASIS IN EACH SHARE OF COMPANY COMMON STOCK FOLLOWING THE STOCK SPLIT ON OCTOBER 10, 2014 IS ONE-TENTH (10%) OF THE PRE-SPLIT TAX BASIS OF THE ORIGINALLY OWNED SHARE OF COMMON STOCK WITH RESPECT TO WHICH THE ADDITIONAL NINE SHARES OF COMMON STOCK WERE ISSUED. ALTHOUGH THE NUMBER OF SHARES HELD BY EACH SHAREHOLDER INCREASED, EACH SHAREHOLDER'S TOTAL BASIS AND PROPORTIONATE INTEREST IN THE COMPANY REMAINS THE SAME IMMEDIATELY AFTER THE SPLIT.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE COMMON STOCK OF THE COMPANY IS NO-PAR VALUE STOCK. A REASONABLE APPROXIMATION OF THE FAIR MARKET VALUE OF EACH SHARE OF COMMON STOCK IMMEDIATELY BEFORE THE STOCK SPLIT IS \$106.34 PER SHARE. IMMEDIATELY BEFORE THE SPLIT, THE NUMBER OF OUTSTANDING SHARES WAS 2,857,645. IMMEDIATELY AFTER THE SPLIT, A REASONABLE APPROXIMATION OF THE FAIR MARKET VALUE OF EACH SHARE OF COMMON STOCK IS \$10.63 PER SHARE, AND IMMEDIATELY AFTER THE SPLIT, THE NUMBER OF OUTSTANDING SHARES WAS 28,576,450

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **INTERNAL REVENUE CODE SECTIONS 305(a) AND 307(a). UNDER INTERNAL REVENUE CODE SECTION 305(a), THE ISSUANCE OF ADDITIONAL SHARES OF COMPANY COMMON STOCK AS PART OF A STOCK SPLIT IS NOT TAXABLE TO SHAREHOLDERS.**

18 Can any resulting loss be recognized? ► **NO**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **2014 IS THE REPORTABLE TAX YEAR FOR CALENDAR-YEAR TAXPAYERS.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here


Signature ► 

Date ► **11/3/2014**

Print your name ► **BRETT S. CAINES**

Title ► **CHIEF FINANCIAL OFFICER**

Paid Preparer Use Only

Print/Type preparer's name JOHN T. LEMASTUS	Preparer's signature 	Date 11/3/2014	Check <input type="checkbox"/> if self-employed	PTIN P00225963
Firm's name ► BUETOW, LEMASTUS & DICK, PLLC			Firm's EIN ► 61-1315679	
Firm's address ► 500 W. JEFFERSON ST., #1510, LOUISVILLE, KY 40202			Phone no. 502-568-6533	