



## LIVE OAK BANCSHARES, INC. REPORTS FIRST QUARTER 2023 RESULTS

Wilmington, NC, April 26, 2023 - Live Oak Bancshares, Inc. (NYSE: LOB) (“Live Oak” or “the Company”) today reported first quarter of 2023 net income of \$398 thousand, or \$0.01 per diluted share.

“The headlines for the first quarter of 2023 centered around deposits, liquidity, and credit. In the midst of this discourse, Live Oak weathered the noise and has a solid story to tell with continued deposit growth, a record first quarter for production backed by strong liquidity and healthy credit,” said Live Oak Chairman and CEO James S. (Chip) Mahan III. “We will continue to do what we have been doing since inception, diligently working to be America’s small business bank, while keeping a focus on soundness, profitability, and growth, in that order. Always.”

### First Quarter 2023 Key Measures

(Dollars in thousands, except per share data)

|                                    | 1Q 2023      | 4Q 2022      | Increase (Decrease) |         | 1Q 2022      |
|------------------------------------|--------------|--------------|---------------------|---------|--------------|
|                                    |              |              | Dollars             | Percent |              |
| <b>Total revenue<sup>(1)</sup></b> | \$ 101,596   | \$ 104,973   | \$ (3,377)          | (3)%    | \$ 110,447   |
| <b>Total noninterest expense</b>   | 78,962       | 84,585       | (5,623)             | (7)     | 65,714       |
| <b>Income before taxes</b>         | 3,613        | 717          | 2,896               | 404     | 42,897       |
| <b>Effective tax rate</b>          | 89.0 %       | (149.9)%     | n/a                 | n/a     | 19.6 %       |
| <b>Net income</b>                  | \$ 398       | \$ 1,792     | \$ (1,394)          | (78)%   | \$ 34,509    |
| <b>Diluted earnings per share</b>  | 0.01         | 0.04         | (0.03)              | (75)    | 0.76         |
| <b>Loan and lease production:</b>  |              |              |                     |         |              |
| Loans and leases originated        | \$ 1,030,882 | \$ 1,177,688 | \$ (146,806)        | (12)%   | \$ 865,063   |
| % Fully funded                     | 54.5 %       | 58.1 %       | n/a                 | n/a     | 55.9 %       |
| <b>Total loans and leases:</b>     | \$ 8,220,279 | \$ 7,898,788 | \$ 321,491          | 4 %     | \$ 6,766,876 |
| <b>Total assets:</b>               | 10,364,297   | 9,855,498    | 508,799             | 5       | 8,619,966    |
| <b>Total deposits:</b>             | 9,421,994    | 8,884,928    | 537,066             | 6       | 7,637,163    |

(1) Total revenue consists of net interest income and total noninterest income.

### Loans and Leases

As of March 31, 2023, the total loan and lease portfolio was \$8.22 billion, 4.1% above its level at December 31, 2022, and 21.5% above its level a year ago. This growth was the product of strong origination volumes. Compared to the fourth quarter of 2022, loans and leases held for investment increased \$342.8 million, or 4.7%, to \$7.69 billion while loans held for sale decreased \$21.3 million, or 3.8%, to \$533.3 million. The decrease in loans held for sale was principally due to the impact of market conditions in a rising rate environment which has influenced management's intent to hold a greater portion of loans as held for investment. Average loans and leases were \$8.06 billion during the first quarter of 2023 compared to \$7.64 billion during the fourth quarter of 2022.

The total loan and lease portfolio at March 31, 2023, and December 31, 2022, was comprised of 40.9% and 42.3% of guaranteed loans and leases, respectively.

Loan and lease originations totaled \$1.03 billion during the first quarter of 2023, a decrease of \$146.8 million, or 12.5%, from the fourth quarter of 2022. Loan and lease originations increased \$165.8 million, or 19.2%, from the first quarter of 2022.

## **Deposits**

Total deposits increased to \$9.42 billion at March 31, 2023, an increase of \$537.1 million compared to December 31, 2022, and an increase of \$1.78 billion compared to March 31, 2022. The increase in total deposits from prior periods was to support growth in the loan and lease portfolio, as well as enhance the Company's liquidity profile in response to the recent banking crisis. In addition, the Company began offering the IntraFi Insured Cash Sweep product in the first quarter of 2023 whereby depositors have access to FDIC insurance in excess of \$250 thousand.

Average total interest-bearing deposits for the first quarter of 2023 increased \$520.6 million, or 6.2%, to \$8.88 billion, compared to \$8.36 billion for the fourth quarter of 2022. The ratio of average total loans and leases to average interest-bearing deposits was 90.8% for the first quarter of 2023, compared to 91.4% for the fourth quarter of 2022.

## **Borrowings**

Borrowings totaled \$30.8 million at March 31, 2023 compared to \$83.2 million and \$196.9 million at December 31, 2022, and March 31, 2022, respectively. During the first quarter of 2023, the Company decreased borrowings by \$52.4 million and \$166.1 million as compared to December 31, 2022, and March 31, 2022, respectively. The decrease from the fourth quarter of 2022 was principally due to paying off the Company's Fed Funds line of credit while the decrease from the first quarter of 2022 was primarily the result of paying off the outstanding balance of the Federal Reserve's Paycheck Protection Program Liquidity Facility in September 2022.

## **Net Interest Income**

Net interest income for the first quarter of 2023 was \$82.0 million compared to \$85.9 million for the fourth quarter of 2022 and \$77.8 million for the first quarter of 2022. The net interest margin for the first quarter of 2023 and fourth quarter of 2022 was 3.46% and 3.76%, respectively, a decrease of 30 basis points quarter over quarter. This decrease was due to higher average liquidity levels as well as recent interest rate increases where new and existing deposits are repricing more rapidly than the Company's total loan and lease portfolio. During the first quarter of 2023, the average cost of interest-bearing liabilities increased by 71 basis points while the average yield on interest-earning assets increased by 41 basis points.

The increase in net interest income for the first quarter of 2023 compared to the first quarter of 2022 was driven by growth in the total loan and lease portfolio. Partially mitigating this increase was a decrease in the net interest margin arising from an increase in interest-bearing liabilities combined with the increase in average cost of funds outpacing the increase in average yield on interest-earning assets.

## **Noninterest Income**

Noninterest income for the first quarter of 2023 was \$19.6 million, an increase of \$508 thousand compared to the fourth quarter of 2022, and a decrease of \$13.1 million compared to the first quarter of 2022. The primary drivers in noninterest income changes are outlined below.

The loan servicing asset revaluation resulted in a gain of \$356 thousand for the first quarter of 2023 compared to a \$5.0 million loss for the fourth quarter of 2022 and a \$1.6 million loss for the first quarter of 2022. The net gain in the loan servicing asset revaluation during the first quarter of 2023 was principally related to positive movements in market premiums during the quarter.

Net gains on sales of loans for the first quarter of 2023 was \$10.2 million, a \$2.8 million increase compared to the fourth quarter of 2022, and a \$10.8 million decrease compared to the first quarter of 2022. The increase in net gains on sales of loans compared to the fourth quarter of 2022 was largely the result of a higher volume of loan sales combined with higher quarter over quarter market premiums. The decrease in the net gains on loan sales compared to the first quarter of 2022 was the result of lower loan sale volume and comparatively lower premiums in the first quarter of 2023. The average gain on sale premium of guaranteed loans was 106%, 105% and 109% for the first quarter of 2023, fourth quarter of 2022 and first quarter of 2022, respectively. The volume of guaranteed loans sold was \$167.8 million for the first quarter of 2023, compared to \$144.3 million sold in the fourth quarter of 2022, and \$219.7 million sold in the first quarter of 2022.

Loans accounted for under the fair value option had a net loss of \$4.5 million for the first quarter of 2023, a \$571 thousand net gain for the fourth quarter of 2022, and a \$516 thousand net gain for the first quarter of 2022. The decrease in valuation of loans accounted for under the fair value option compared to both prior periods was largely the result of negative market impacts related to rising interest rates.

Net equity method and equity security investment losses totaled \$2.9 million for the first quarter of 2023, a \$1.9 million increase in losses from the net loss for the fourth quarter of 2022. The increase was principally related to heightened levels of underlying losses in several of the Company's equity method investees combined with lower levels of profit distributions from equity security investments.

Management fee income increased \$2.0 million to \$3.5 million for the first quarter of 2023 compared to the first quarter of 2022. Management fees are earned via Canapi Advisors investment advisory services for financial technology venture funds. This increase was principally due to four funds receiving advisory services in the first quarter of 2023 compared to two funds receiving advisory services in the first quarter of 2022. Canapi Advisors is one of the Company's wholly owned subsidiaries.

### **Noninterest Expense**

Noninterest expense for the first quarter of 2023 totaled \$79.0 million compared to \$84.6 million for the fourth quarter of 2022 and \$65.7 million for the first quarter of 2022. The primary drivers in noninterest expense changes are outlined below.

Salaries and employee benefits for the first quarter of 2023 increased \$2.2 million compared to the fourth quarter of 2022 and \$6.3 million compared to the first quarter of 2022. This increase was largely the product of continued investment in human resources to support strategic and growth initiatives.

Professional services expense for the first quarter of 2023 decreased \$1.5 million compared to the fourth quarter of 2022 and \$1.9 million compared to the first quarter of 2022. This decrease was primarily driven by an insurance recovery of \$1.3 million in the current quarter for previously expensed legal fees.

Advertising and marketing expense increased \$1.9 million compared to the first quarter of 2022 as a continued investment in the Company's lending and deposit market growth.

The Company incurred \$8.4 million in impairment charges related to a renewable energy tax credit investment in the fourth quarter of 2022. Comparatively, there was \$69 thousand in impairment charges in the first quarter of 2023.

Other noninterest expense increased by \$3.7 million during the first quarter of 2023 compared to the fourth quarter of 2022 and \$3.5 million compared to the first quarter of 2022, largely related to \$2.8 million in increased levels of reserves on unfunded commitments. This increase was a result of refinements to the assumptions for estimating the reserve in the first quarter of 2023.

### **Asset Quality**

During the first quarter of 2023, the Company recognized net charge-offs for loans carried at historical cost of \$6.7 million compared to \$1.4 million in the fourth quarter of 2022 and \$2.4 million in the first quarter of 2022. Net charge-offs as a percentage of average held for investment loans and leases carried at historical cost, annualized, for the quarters ended March 31, 2023, December 31, 2022 and March 31, 2022, was 0.38%, 0.09% and 0.19%, respectively. The increase in net charge-offs in the first quarter of 2023 was primarily isolated to two relationships.

Unguaranteed nonperforming (nonaccrual) loans and leases, excluding \$8.2 million and \$6.7 million accounted for under the fair value option at March 31, 2023, and December 31, 2022, respectively, increased to \$22.0 million, or 0.30% of loans and leases held for investment which are carried at historical cost, at March 31, 2023, compared to \$18.8 million, or 0.27%, at December 31, 2022.

### **Provision for Loan and Lease Credit Losses**

The provision for loan and lease credit losses for the first quarter of 2023 totaled \$19.0 million compared to \$19.7 million for the fourth quarter of 2022 and \$1.8 million for the first quarter of 2022. The provision expense in the first quarter of 2023 was primarily the result of continued growth of the loan and lease portfolio combined with portfolio trends and changes in the macroeconomic outlook.

The allowance for credit losses on loans and leases totaled \$108.2 million at March 31, 2023 compared to \$96.6 million at December 31, 2022. The allowance for credit losses on loans and leases as a percentage of total loans and leases held for investment carried at historical cost was 1.50% and 1.41% at March 31, 2023, and December 31, 2022, respectively.

### **Income Tax**

Income tax expense (benefit) and related effective tax rate was \$3.2 million and 89.0% for the first quarter of 2023, \$(1.1) million and (149.9)% for the fourth quarter of 2022 and \$8.4 million and 19.6% for the first quarter of 2022, respectively. The higher level of income tax expense for the first quarter of 2023 compared to the fourth quarter of 2022 was primarily the result of discrete items related to stock compensation expense while the lower level of income tax expense compared to the first quarter of 2022 was principally related to decreased pretax income.

### **Conference Call**

Live Oak will host a conference call to discuss the company's financial results and business outlook tomorrow, April 27, 2023, at 9:00 a.m. ET. The call will be accessible by telephone and webcast using Conference ID: 21279493. A supplementary slide presentation will be posted to the website prior to the event, and a replay will be available for 12 months following the event. The conference call details are as follows:

#### **Live Telephone Dial-In**

U.S.: 888.886.7786

International: +1 416.764.8658

Pass Code: None Required

#### **Live Webcast Log-In**

Webcast Link: [investor.liveoakbank.com](https://investor.liveoakbank.com)

Registration: Name and Email Required

Multi-Factor Code: Provided After Registration

## **Important Note Regarding Forward-Looking Statements**

Statements in this press release that are based on other than historical data or that express the Company's plans or expectations regarding future events or determinations are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Statements based on historical data are not intended and should not be understood to indicate the Company's expectations regarding future events. Forward-looking statements provide current expectations or forecasts of future events or determinations. These forward-looking statements are not guarantees of future performance or determinations, nor should they be relied upon as representing management's views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties, and actual results may differ materially from those presented, either expressed or implied, in this press release. Factors that could cause actual results to differ materially from those expressed in the forward-looking statements include changes in Small Business Administration ("SBA") rules, regulations or loan products, including the Section 7(a) program, changes in SBA standard operating procedures or changes in 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; the impacts of global health crises and pandemics, such as the Coronavirus Disease 2019 (COVID-19) pandemic, on trade (including supply chains and export levels), travel, employee productivity and other economic activities that may have a destabilizing and negative effect on financial markets, economic activity and customer behavior; a reduction in or the termination of the Company's ability to use the technology-based platform that is critical to the success of its business model, including a failure in or a breach of operational or security systems; competition from other lenders; the Company's ability to attract and retain key personnel; market and economic conditions and the associated impact on the Company; operational, liquidity and credit risks associated with the Company's business; the impact of heightened regulatory scrutiny of financial products and services and the Company's ability to comply with regulatory requirements and expectations; a deterioration of the credit rating for U.S. long-term sovereign debt, actions that the U.S. government may take to avoid exceeding the debt ceiling, and uncertainties surrounding the debt ceiling and the federal budget; adverse results, including related fees and expenses, from pending or future lawsuits, government investigations or private actions; and the other factors discussed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") and available at the SEC's Internet site (<http://www.sec.gov>). Except as required by law, the Company specifically disclaims any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

## **About Live Oak Bancshares, Inc.**

Live Oak Bancshares, Inc. (NYSE: LOB) is a financial holding company and the parent company of Live Oak Bank. Live Oak Bancshares and its subsidiaries partner with businesses that share a groundbreaking focus on service and technology to redefine banking. To learn more, visit [www.liveoakbank.com](http://www.liveoakbank.com).

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**Live Oak Bancshares, Inc.**
**Quarterly Statements of Income (unaudited)**

(Dollars in thousands, except per share data)

|                                                                      | Three Months Ended |            |            |            |            | 1Q 2023 Change vs. |         |
|----------------------------------------------------------------------|--------------------|------------|------------|------------|------------|--------------------|---------|
|                                                                      | 1Q 2023            | 4Q 2022    | 3Q 2022    | 2Q 2022    | 1Q 2022    | 4Q 2022            | 1Q 2022 |
| <b>Interest income</b>                                               |                    |            |            |            |            | %                  | %       |
| Loans and fees on loans                                              | \$ 139,052         | \$ 127,310 | \$ 107,880 | \$ 94,157  | \$ 89,198  | 9.2                | 55.9    |
| Investment securities, taxable                                       | 7,547              | 6,716      | 5,506      | 4,046      | 3,399      | 12.4               | 122.0   |
| Other interest earning assets                                        | 4,817              | 2,584      | 2,448      | 1,044      | 185        | 86.4               | 2503.8  |
| Total interest income                                                | 151,416            | 136,610    | 115,834    | 99,247     | 92,782     | 10.8               | 63.2    |
| <b>Interest expense</b>                                              |                    |            |            |            |            |                    |         |
| Deposits                                                             | 67,595             | 50,357     | 31,553     | 18,777     | 14,348     | 34.2               | 371.1   |
| Borrowings                                                           | 1,804              | 351        | 395        | 536        | 655        | 414.0              | 175.4   |
| Total interest expense                                               | 69,399             | 50,708     | 31,948     | 19,313     | 15,003     | 36.9               | 362.6   |
| Net interest income                                                  | 82,017             | 85,902     | 83,886     | 79,934     | 77,779     | (4.5)              | 5.4     |
| <b>Provision for loan and lease credit losses</b>                    | 19,021             | 19,671     | 14,169     | 5,267      | 1,836      | (3.3)              | 936.0   |
| Net interest income after provision for loan and lease credit losses | 62,996             | 66,231     | 69,717     | 74,667     | 75,943     | (4.9)              | (17.0)  |
| <b>Noninterest income</b>                                            |                    |            |            |            |            |                    |         |
| Loan servicing revenue                                               | 6,380              | 6,296      | 6,230      | 6,477      | 6,356      | 1.3                | 0.4     |
| Loan servicing asset revaluation                                     | 356                | (5,016)    | (1,324)    | (8,668)    | (1,569)    | 107.1              | 122.7   |
| Net gains on sales of loans                                          | 10,175             | 7,362      | 9,275      | 5,630      | 20,977     | 38.2               | (51.5)  |
| Net (loss) gain on loans accounted for under the fair value option   | (4,529)            | 571        | 4,420      | (4,461)    | 516        | (893.2)            | (977.7) |
| Equity method investments income (loss)                              | (2,952)            | (1,818)    | 29,136     | 119,056    | (2,124)    | (62.4)             | (39.0)  |
| Equity security investments gains (losses), net                      | 77                 | 868        | 876        | 1,655      | (44)       | (91.1)             | 275.0   |
| Lease income                                                         | 2,535              | 2,555      | 2,516      | 2,510      | 2,503      | (0.8)              | 1.3     |
| Management fee income                                                | 3,472              | 3,200      | 2,844      | 2,558      | 1,488      | 8.5                | 133.3   |
| Other noninterest income                                             | 4,065              | 5,053      | 3,751      | 3,772      | 4,565      | (19.6)             | (11.0)  |
| Total noninterest income                                             | 19,579             | 19,071     | 57,724     | 128,529    | 32,668     | 2.7                | (40.1)  |
| <b>Noninterest expense</b>                                           |                    |            |            |            |            |                    |         |
| Salaries and employee benefits                                       | 44,765             | 42,560     | 43,479     | 46,276     | 38,507     | 5.2                | 16.3    |
| Travel expense                                                       | 2,411              | 1,872      | 2,372      | 2,358      | 1,897      | 28.8               | 27.1    |
| Professional services expense                                        | 927                | 2,453      | 2,505      | 3,988      | 2,791      | (62.2)             | (66.8)  |
| Advertising and marketing expense                                    | 3,603              | 3,892      | 2,621      | 2,301      | 1,729      | (7.4)              | 108.4   |
| Occupancy expense                                                    | 1,925              | 3,469      | 2,519      | 2,773      | 2,327      | (44.5)             | (17.3)  |
| Technology expense                                                   | 7,729              | 8,849      | 7,770      | 5,762      | 6,053      | (12.7)             | 27.7    |
| Equipment expense                                                    | 3,818              | 3,759      | 3,761      | 3,784      | 3,816      | 1.6                | 0.1     |
| Other loan origination and maintenance                               | 3,927              | 3,657      | 3,376      | 3,022      | 3,113      | 7.4                | 26.1    |
| Renewable energy tax credit investment impairment                    | 69                 | 8,446      | 7,721      | 50         | —          | (99.2)             | 100.0   |
| FDIC insurance                                                       | 3,403              | 2,923      | 2,697      | 2,164      | 1,972      | 16.4               | 72.6    |
| Contributions and donations                                          | 56                 | 33         | 191        | 5,515      | 723        | 69.7               | (92.3)  |
| Other expense                                                        | 6,329              | 2,672      | 4,036      | 2,886      | 2,786      | 136.9              | 127.2   |
| Total noninterest expense                                            | 78,962             | 84,585     | 83,048     | 80,879     | 65,714     | (6.6)              | 20.2    |
| <b>Income before taxes</b>                                           | 3,613              | 717        | 44,393     | 122,317    | 42,897     | 403.9              | (91.6)  |
| Income tax expense (benefit)                                         | 3,215              | (1,075)    | 1,525      | 25,278     | 8,388      | 399.1              | (61.7)  |
| <b>Net income</b>                                                    | \$ 398             | \$ 1,792   | \$ 42,868  | \$ 97,039  | \$ 34,509  | (77.8)             | (98.8)  |
| <b>Earnings per share</b>                                            |                    |            |            |            |            |                    |         |
| Basic                                                                | \$ 0.01            | \$ 0.04    | \$ 0.97    | \$ 2.22    | \$ 0.79    | (75.0)             | (98.7)  |
| Diluted                                                              | \$ 0.01            | \$ 0.04    | \$ 0.96    | \$ 2.16    | \$ 0.76    | (75.0)             | (98.7)  |
| <b>Weighted average shares outstanding</b>                           |                    |            |            |            |            |                    |         |
| Basic                                                                | 44,157,156         | 44,005,220 | 43,914,920 | 43,824,707 | 43,701,943 |                    |         |
| Diluted                                                              | 44,964,616         | 44,794,941 | 44,797,109 | 44,803,278 | 45,227,536 |                    |         |

**Live Oak Bancshares, Inc.**  
**Quarterly Balance Sheets (unaudited)**  
(Dollars in thousands)

|                                                                                        | As of the quarter ended |                     |                     |                     |                     | 1Q 2023 Change vs. |             |
|----------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|-------------|
|                                                                                        | 1Q 2023                 | 4Q 2022             | 3Q 2022             | 2Q 2022             | 1Q 2022             | 4Q 2022            | 1Q 2022     |
| <b>Assets</b>                                                                          |                         |                     |                     |                     |                     | %                  | %           |
| Cash and due from banks                                                                | \$ 463,186              | \$ 280,239          | \$ 335,046          | \$ 580,493          | \$ 477,778          | 65.3               | (3.1)       |
| Federal funds sold                                                                     | —                       | 136,397             | 68,324              | 51,694              | 29,993              | (100.0)            | (100.0)     |
| Certificates of deposit with other banks                                               | 4,000                   | 4,000               | 4,250               | 4,250               | 4,250               | —                  | (5.9)       |
| Investment securities available-for-sale                                               | 1,149,691               | 1,014,719           | 1,005,372           | 927,968             | 844,577             | 13.3               | 36.1        |
| Loans held for sale <sup>(1)</sup>                                                     | 533,292                 | 554,610             | 537,649             | 1,199,734           | 1,028,635           | (3.8)              | (48.2)      |
| Loans and leases held for investment <sup>(2)</sup>                                    | 7,686,987               | 7,344,178           | 6,853,382           | 5,860,209           | 5,738,241           | 4.7                | 34.0        |
| Allowance for credit losses on loans and leases                                        | (108,242)               | (96,566)            | (78,291)            | (65,863)            | (63,058)            | 12.1               | 71.7        |
| Net loans and leases                                                                   | 7,578,745               | 7,247,612           | 6,775,091           | 5,794,346           | 5,675,183           | 4.6                | 33.5        |
| Premises and equipment, net                                                            | 268,138                 | 263,290             | 260,285             | 257,926             | 254,865             | 1.8                | 5.2         |
| Foreclosed assets                                                                      | —                       | —                   | 1,178               | 191                 | 198                 | —                  | (100.0)     |
| Servicing assets                                                                       | 29,357                  | 26,323              | 29,081              | 28,661              | 36,286              | 11.5               | (19.1)      |
| Other assets                                                                           | 337,888                 | 328,308             | 298,374             | 275,634             | 268,201             | 2.9                | 26.0        |
| <b>Total assets</b>                                                                    | <b>\$10,364,297</b>     | <b>\$ 9,855,498</b> | <b>\$ 9,314,650</b> | <b>\$ 9,120,897</b> | <b>\$ 8,619,966</b> | <b>5.2</b>         | <b>20.2</b> |
| <b>Liabilities and Shareholders' Equity</b>                                            |                         |                     |                     |                     |                     |                    |             |
| <b>Liabilities</b>                                                                     |                         |                     |                     |                     |                     |                    |             |
| Deposits:                                                                              |                         |                     |                     |                     |                     |                    |             |
| Noninterest-bearing                                                                    | \$ 176,439              | \$ 194,100          | \$ 170,336          | \$ 119,371          | \$ 86,342           | (9.1)              | 104.3       |
| Interest-bearing                                                                       | 9,245,555               | 8,690,828           | 8,234,573           | 8,036,373           | 7,550,821           | 6.4                | 22.4        |
| Total deposits                                                                         | 9,421,994               | 8,884,928           | 8,404,909           | 8,155,744           | 7,637,163           | 6.0                | 23.4        |
| Borrowings                                                                             | 30,767                  | 83,203              | 35,616              | 86,209              | 196,911             | (63.0)             | (84.4)      |
| Other liabilities                                                                      | 88,729                  | 76,334              | 71,957              | 87,282              | 72,565              | 16.2               | 22.3        |
| <b>Total liabilities</b>                                                               | <b>9,541,490</b>        | <b>9,044,465</b>    | <b>8,512,482</b>    | <b>8,329,235</b>    | <b>7,906,639</b>    | <b>5.5</b>         | <b>20.7</b> |
| <b>Shareholders' equity</b>                                                            |                         |                     |                     |                     |                     |                    |             |
| Preferred stock, no par value, 1,000,000 shares authorized, none issued or outstanding | —                       | —                   | —                   | —                   | —                   | —                  | —           |
| Class A common stock (voting)                                                          | 334,672                 | 330,854             | 325,632             | 320,924             | 315,607             | 1.2                | 6.0         |
| Class B common stock (non-voting)                                                      | —                       | —                   | —                   | —                   | —                   | —                  | —           |
| Retained earnings                                                                      | 572,530                 | 572,497             | 571,778             | 530,021             | 434,226             | —                  | 31.9        |
| Accumulated other comprehensive                                                        | (84,395)                | (92,318)            | (95,242)            | (59,283)            | (36,506)            | (8.6)              | 131.2       |
| <b>Total shareholders' equity</b>                                                      | <b>822,807</b>          | <b>811,033</b>      | <b>802,168</b>      | <b>791,662</b>      | <b>713,327</b>      | <b>1.5</b>         | <b>15.3</b> |
| <b>Total liabilities and shareholders' equity</b>                                      | <b>\$10,364,297</b>     | <b>\$ 9,855,498</b> | <b>\$ 9,314,650</b> | <b>\$ 9,120,897</b> | <b>\$ 8,619,966</b> | <b>5.2</b>         | <b>20.2</b> |

- (1) Includes \$23.5 million and \$25.1 million measured at fair value for the quarters ended June 30, 2022 and March 31, 2022, respectively.
- (2) Includes \$467.0 million, \$494.5 million, \$512.2 million, \$530.6 million and \$600.6 million measured at fair value for the quarters ended March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022 and March 31, 2022, respectively.

**Live Oak Bancshares, Inc.**
**Quarterly Selected Financial Data**

(Dollars in thousands, except per share data)

|                                                                                                          | As of and for the three months ended |              |              |            |            |
|----------------------------------------------------------------------------------------------------------|--------------------------------------|--------------|--------------|------------|------------|
|                                                                                                          | 1Q 2023                              | 4Q 2022      | 3Q 2022      | 2Q 2022    | 1Q 2022    |
| <b>Income Statement Data</b>                                                                             |                                      |              |              |            |            |
| Net income                                                                                               | \$ 398                               | \$ 1,792     | \$ 42,868    | \$ 97,039  | \$ 34,509  |
| <b>Per Common Share</b>                                                                                  |                                      |              |              |            |            |
| Net income, diluted                                                                                      | \$ 0.01                              | \$ 0.04      | \$ 0.96      | \$ 2.16    | \$ 0.76    |
| Dividends declared                                                                                       | 0.03                                 | 0.03         | 0.03         | 0.03       | 0.03       |
| Book value                                                                                               | 18.58                                | 18.41        | 18.24        | 18.05      | 16.29      |
| Tangible book value (1)                                                                                  | 18.50                                | 18.32        | 18.15        | 17.97      | 16.20      |
| <b>Performance Ratios</b>                                                                                |                                      |              |              |            |            |
| Return on average assets (annualized)                                                                    | 0.02 %                               | 0.08 %       | 1.86 %       | 4.40 %     | 1.65 %     |
| Return on average equity (annualized)                                                                    | 0.19                                 | 0.88         | 20.79        | 46.14      | 18.94      |
| Net interest margin                                                                                      | 3.46                                 | 3.76         | 3.84         | 3.89       | 4.02       |
| Efficiency ratio (1)                                                                                     | 77.72                                | 80.58        | 58.65        | 38.80      | 59.50      |
| Noninterest income to total revenue                                                                      | 19.27                                | 18.17        | 40.76        | 61.66      | 29.58      |
| <b>Selected Loan Metrics</b>                                                                             |                                      |              |              |            |            |
| Loans and leases originated                                                                              | \$ 1,030,882                         | \$ 1,177,688 | \$ 1,005,235 | \$ 959,635 | \$ 865,063 |
| Outstanding balance of sold loans serviced                                                               | 3,616,701                            | 3,481,885    | 3,345,907    | 3,329,616  | 3,381,883  |
| <b>Asset Quality Ratios</b>                                                                              |                                      |              |              |            |            |
| Allowance for credit losses to loans and leases held for investment (3)                                  | 1.50 %                               | 1.41 %       | 1.23 %       | 1.24 %     | 1.23 %     |
| Net charge-offs (3)                                                                                      | \$ 6,669                             | \$ 1,396     | \$ 1,741     | \$ 2,462   | \$ 2,362   |
| Net charge-offs to average loans and leases held for investment (2) (3)                                  | 0.38 %                               | 0.09 %       | 0.12 %       | 0.19 %     | 0.19 %     |
| <b>Nonperforming loans and leases at historical cost (3)</b>                                             |                                      |              |              |            |            |
| Unguaranteed                                                                                             | \$ 22,002                            | \$ 18,784    | \$ 14,334    | \$ 11,974  | \$ 19,475  |
| Guaranteed                                                                                               | 63,696                               | 54,608       | 45,730       | 33,794     | 32,828     |
| Total                                                                                                    | 85,698                               | 73,392       | 60,064       | 45,768     | 52,303     |
| Unguaranteed nonperforming historical cost loans and leases, to loans and leases held for investment (3) | 0.30 %                               | 0.27 %       | 0.23 %       | 0.22 %     | 0.38 %     |
| <b>Nonperforming loans at fair value (4)</b>                                                             |                                      |              |              |            |            |
| Unguaranteed                                                                                             | \$ 8,193                             | \$ 6,678     | \$ 2,736     | \$ 3,615   | \$ 4,451   |
| Guaranteed                                                                                               | 43,968                               | 38,212       | 25,169       | 27,895     | 30,850     |
| Total                                                                                                    | 52,161                               | 44,890       | 27,905       | 31,510     | 35,301     |
| Unguaranteed nonperforming fair value loans to loans held for investment (4)                             | 1.75 %                               | 1.35 %       | 0.53 %       | 0.68 %     | 0.74 %     |
| <b>Capital Ratios</b>                                                                                    |                                      |              |              |            |            |
| Common equity tier 1 capital (to risk-weighted assets)                                                   | 11.67 %                              | 12.46 %      | 13.16 %      | 13.14 %    | 12.10 %    |
| Tier 1 leverage capital (to average assets)                                                              | 8.70                                 | 9.26         | 9.49         | 9.44       | 8.87       |

**Notes to Quarterly Selected Financial Data**

- (1) See accompanying GAAP to Non-GAAP Reconciliation.
- (2) Quarterly net charge-offs as a percentage of quarterly average loans and leases held for investment, annualized.
- (3) Loans and leases at historical cost only (excludes loans measured at fair value).
- (4) Loans accounted for under the fair value option only (excludes loans and leases carried at historical cost).

**Live Oak Bancshares, Inc.**

**Quarterly Average Balances and Net Interest Margin**

(Dollars in thousands)

|                                                                      | Three Months Ended<br>March 31, 2023 |                  |                       | Three Months Ended<br>December 31, 2022 |                  |                       |
|----------------------------------------------------------------------|--------------------------------------|------------------|-----------------------|-----------------------------------------|------------------|-----------------------|
|                                                                      | Average<br>Balance                   | Interest         | Average<br>Yield/Rate | Average<br>Balance                      | Interest         | Average<br>Yield/Rate |
| <b>Interest-earning assets:</b>                                      |                                      |                  |                       |                                         |                  |                       |
| Interest-earning balances in other banks                             | \$ 220,114                           | \$ 3,193         | 5.88 %                | \$ 138,819                              | \$ 1,063         | 3.04 %                |
| Federal funds sold                                                   | 140,033                              | 1,624            | 4.70                  | 160,944                                 | 1,521            | 3.75                  |
| Investment securities                                                | 1,187,377                            | 7,547            | 2.58                  | 1,128,105                               | 6,716            | 2.36                  |
| Loans held for sale                                                  | 560,155                              | 11,986           | 8.68                  | 573,280                                 | 11,635           | 8.05                  |
| Loans and leases held for investment <sup>(1)</sup>                  | 7,497,824                            | 127,066          | 6.87                  | 7,066,106                               | 115,675          | 6.49                  |
| Total interest-earning                                               | 9,605,503                            | 151,416          | 6.39                  | 9,067,254                               | 136,610          | 5.98                  |
| Less: Allowance for credit losses on loans and leases                | (94,283)                             |                  |                       | (77,977)                                |                  |                       |
| Noninterest-earning assets                                           | 600,471                              |                  |                       | 476,204                                 |                  |                       |
| Total assets                                                         | <u>\$ 10,111,691</u>                 |                  |                       | <u>\$ 9,465,481</u>                     |                  |                       |
| <b>Interest-bearing</b>                                              |                                      |                  |                       |                                         |                  |                       |
| Interest-bearing                                                     | \$ 21,668                            | \$ 271           | 5.07 %                | \$ —                                    | \$ —             | — %                   |
| Savings                                                              | 4,207,286                            | 36,251           | 3.49                  | 4,096,034                               | 28,587           | 2.77                  |
| Money market accounts                                                | 114,084                              | 137              | 0.49                  | 117,843                                 | 121              | 0.41                  |
| Certificates of deposit                                              | 4,535,363                            | 30,936           | 2.77                  | 4,143,894                               | 21,649           | 2.07                  |
| Total deposits                                                       | 8,878,401                            | 67,595           | 3.09                  | 8,357,771                               | 50,357           | 2.39                  |
| Borrowings                                                           | 158,508                              | 1,804            | 4.62                  | 36,264                                  | 351              | 3.84                  |
| Total interest-bearing liabilities                                   | 9,036,909                            | 69,399           | 3.11                  | 8,394,035                               | 50,708           | 2.40                  |
| Noninterest-bearing deposits                                         | 177,078                              |                  |                       | 182,727                                 |                  |                       |
| Noninterest-bearing liabilities                                      | 64,409                               |                  |                       | 69,814                                  |                  |                       |
| Shareholders' equity                                                 | 833,295                              |                  |                       | 818,905                                 |                  |                       |
| Total liabilities and shareholders' equity                           | <u>\$ 10,111,691</u>                 |                  |                       | <u>\$ 9,465,481</u>                     |                  |                       |
| Net interest income and interest rate spread                         |                                      | <u>\$ 82,017</u> | 3.28 %                |                                         | <u>\$ 85,902</u> | 3.58 %                |
| Net interest margin                                                  |                                      |                  | 3.46                  |                                         |                  | 3.76                  |
| Ratio of average interest-earning assets to average interest-bearing |                                      |                  | 106.29 %              |                                         |                  | 108.02 %              |

(1) Average loan and lease balances include non-accruing loans and leases.

**Live Oak Bancshares, Inc.**  
**GAAP to Non-GAAP Reconciliation**  
(Dollars in thousands)

|                                                        | As of and for the three months ended |              |              |              |              |
|--------------------------------------------------------|--------------------------------------|--------------|--------------|--------------|--------------|
|                                                        | 1Q 2023                              | 4Q 2022      | 3Q 2022      | 2Q 2022      | 1Q 2022      |
| Total shareholders' equity                             | \$ 822,807                           | \$ 811,033   | \$ 802,168   | \$ 791,662   | \$ 713,327   |
| Less:                                                  |                                      |              |              |              |              |
| Goodwill                                               | 1,797                                | 1,797        | 1,797        | 1,797        | 1,797        |
| Other intangible assets                                | 1,835                                | 1,873        | 1,912        | 1,950        | 1,988        |
| Tangible shareholders' equity (a)                      | \$ 819,175                           | \$ 807,363   | \$ 798,459   | \$ 787,915   | \$ 709,542   |
| Shares outstanding (c)                                 | 44,290,840                           | 44,061,244   | 43,981,350   | 43,854,011   | 43,787,660   |
| Total assets                                           | \$10,364,297                         | \$ 9,855,498 | \$ 9,314,650 | \$ 9,120,897 | \$ 8,619,966 |
| Less:                                                  |                                      |              |              |              |              |
| Goodwill                                               | 1,797                                | 1,797        | 1,797        | 1,797        | 1,797        |
| Other intangible assets                                | 1,835                                | 1,873        | 1,912        | 1,950        | 1,988        |
| Tangible assets (b)                                    | \$10,360,665                         | \$ 9,851,828 | \$ 9,310,941 | \$ 9,117,150 | \$ 8,616,181 |
| Tangible shareholders' equity to tangible assets (a/b) | 7.91 %                               | 8.20 %       | 8.58 %       | 8.64 %       | 8.23 %       |
| Tangible book value per share (a/c)                    | \$ 18.50                             | \$ 0.02      | \$ 0.02      | \$ 17.97     | \$ 16.20     |
| Efficiency ratio:                                      |                                      |              |              |              |              |
| Noninterest expense (d)                                | \$ 78,962                            | \$ 84,585    | \$ 83,048    | \$ 80,879    | \$ 65,714    |
| Net interest income                                    | 82,017                               | 85,902       | 83,886       | 79,934       | 77,779       |
| Noninterest income                                     | 19,579                               | 19,071       | 57,724       | 128,529      | 32,668       |
| Total revenue (e)                                      | \$ 101,596                           | \$ 104,973   | \$ 141,610   | \$ 208,463   | \$ 110,447   |
| Efficiency ratio (d/e)                                 | 77.72 %                              | 80.58 %      | 58.65 %      | 38.80 %      | 59.50 %      |

This press release presents non-GAAP financial measures. The adjustments to reconcile from the non-GAAP financial measures to the applicable GAAP financial measure are included where applicable in financial results presented in accordance with GAAP. The Company considers these adjustments to be relevant to ongoing operating results. The Company believes that excluding the amounts associated with these adjustments to present the non-GAAP financial measures provides a meaningful base for period-to-period comparisons, which will assist regulators, investors, and analysts in analyzing the operating results or financial position of the Company. The non-GAAP financial measures are used by management to assess the performance of the Company's business for presentations of Company performance to investors, and for other reasons as may be requested by investors and analysts. The Company further believes that presenting the non-GAAP financial measures will permit investors and analysts to assess the performance of the Company on the same basis as that applied by management. Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. Although non-GAAP financial measures are frequently used by shareholders to evaluate a company, they have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of results reported under GAAP.