LiveOak BANCSHARES

SECOND QUARTER 2023

July 26, 2023



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FORWARD LOOKING STATEMENTS

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. Please see the Appendix for more information about these risks, uncertainties and assumptions.

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.

Non-GAAP Measures

This document 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. Tabular presentation of this reconciliation is included in the Appendix to this document. We consider these adjustments to be relevant to ongoing operating results. We believe 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 our operating results or financial position. The non-GAAP financial measures are used by management to assess the performance of our business for presentations of our performance to investors, and for other reasons as may be requested by investors and analysts. We further believe that presenting the non-GAAP financial measures will permit investors and analysts to assess our performance 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.

Numbers may not foot due to rounding in this presentation.

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LIVE OAK BANCSHARES Q2 GAAP RESULTS

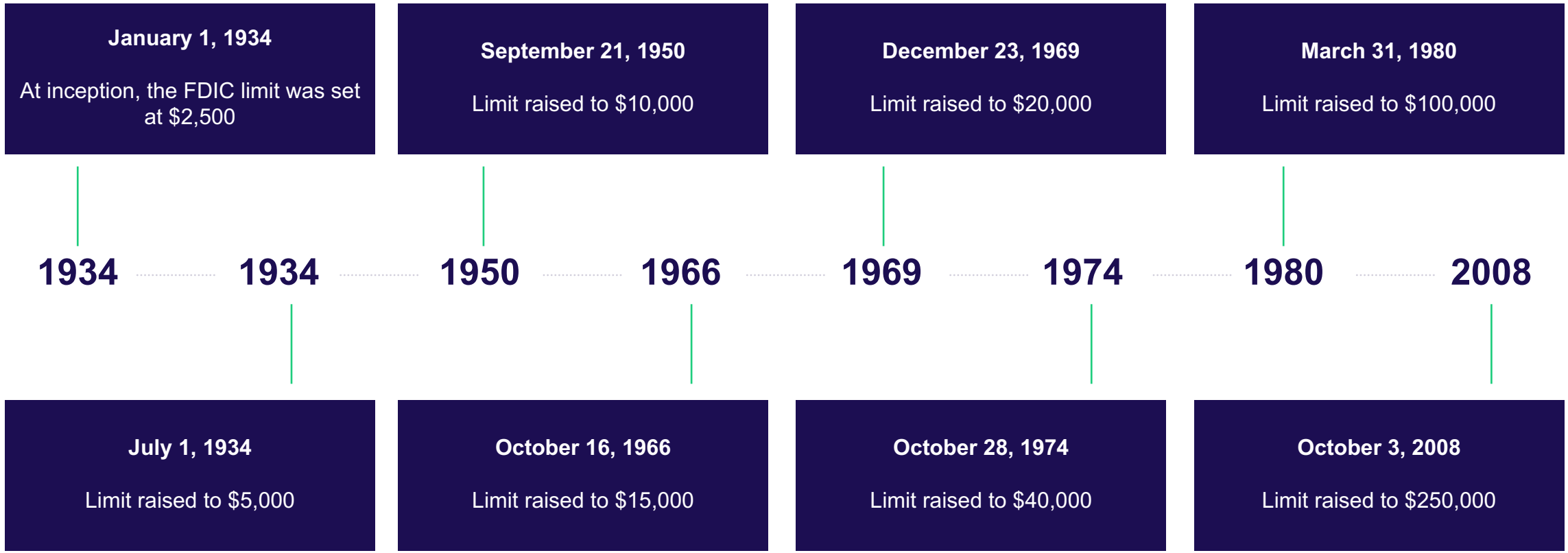
LIVE OAK BANCSHARES, INC.
($ IN MILLIONS, EXCEPT PER SHARE DATA)

		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
a	Net Interest Income	$ 84.3	$ 82.0	$ 85.9	$ 83.9	$ 79.9
	Provision for Loan and Lease Credit Losses	13.0	19.0	19.7	14.2	5.3
b	Total Noninterest Income	24.2	19.6	19.1	57.7	128.5
a + b	**Total Revenue**	**108.5**	**101.6**	**105.0**	**141.6**	**208.5**
	Total Noninterest Expense	76.5	79.0	84.6	83.0	80.9
	Income before Taxes	19.0	3.6	0.7	44.4	122.3
	Net Income	**17.5**	**0.4**	**1.8**	**42.9**	**97.0**
	Diluted Earnings per Share	**$ 0.39**	**$ 0.01**	**$ 0.04**	**$ 0.96**	**$ 2.16**
	Total Assets	**$ 10,819.2**	**$ 10,364.3**	**$ 9,855.5**	**$ 9,314.7**	**$ 9,120.9**
	Total HFS and HFI Loans and Leases	8,360.2	8,220.3	7,898.8	7,391.0	7,059.9
	Allowance for Credit Losses on Loans and Leases	(120.1)	(108.2)	(96.6)	(78.3)	(65.9)
	All Other Assets	2,579.1	2,252.3	2,053.3	2,001.9	2,126.8
	Total Liabilities	**9,986.7**	**9,541.5**	**9,044.5**	**8,512.5**	**8,329.2**
	Total Deposits	9,879.1	9,422.0	8,884.9	8,404.9	8,155.7
	Borrowings	28.3	30.8	83.2	35.6	86.2
	Other Liabilities	79.3	88.7	76.3	72.0	87.3
	Total Shareholders' Equity	**832.5**	**822.8**	**811.0**	**802.2**	**791.7**
	Net Interest Margin	**3.29 %**	**3.46 %**	**3.76 %**	**3.84 %**	**3.89 %**
	Effective Tax Rate	**7.5%**	**89.0%**	**NM**	**3.4%**	**20.7%**

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HISTORY OF FDIC INSURANCE LIMITS



Source: FDIC

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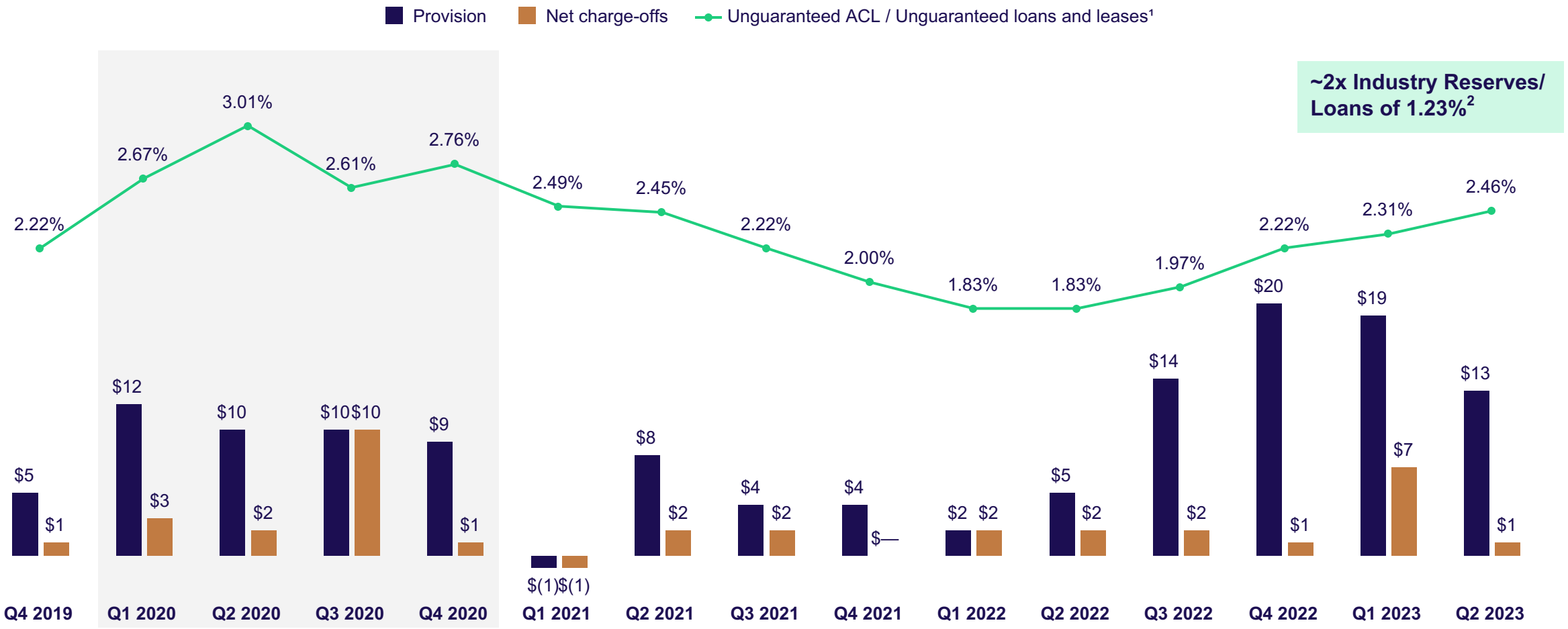
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REGRESSION TO THE NORM CONTINUES

WE HAVE CONSISTENTLY BUILT RESERVES TO SUPPORT LOAN GROWTH AND CHANGES IN THE MACRO OUTLOOK

Quarterly Provision and Net Charge-Offs

($ in millions)



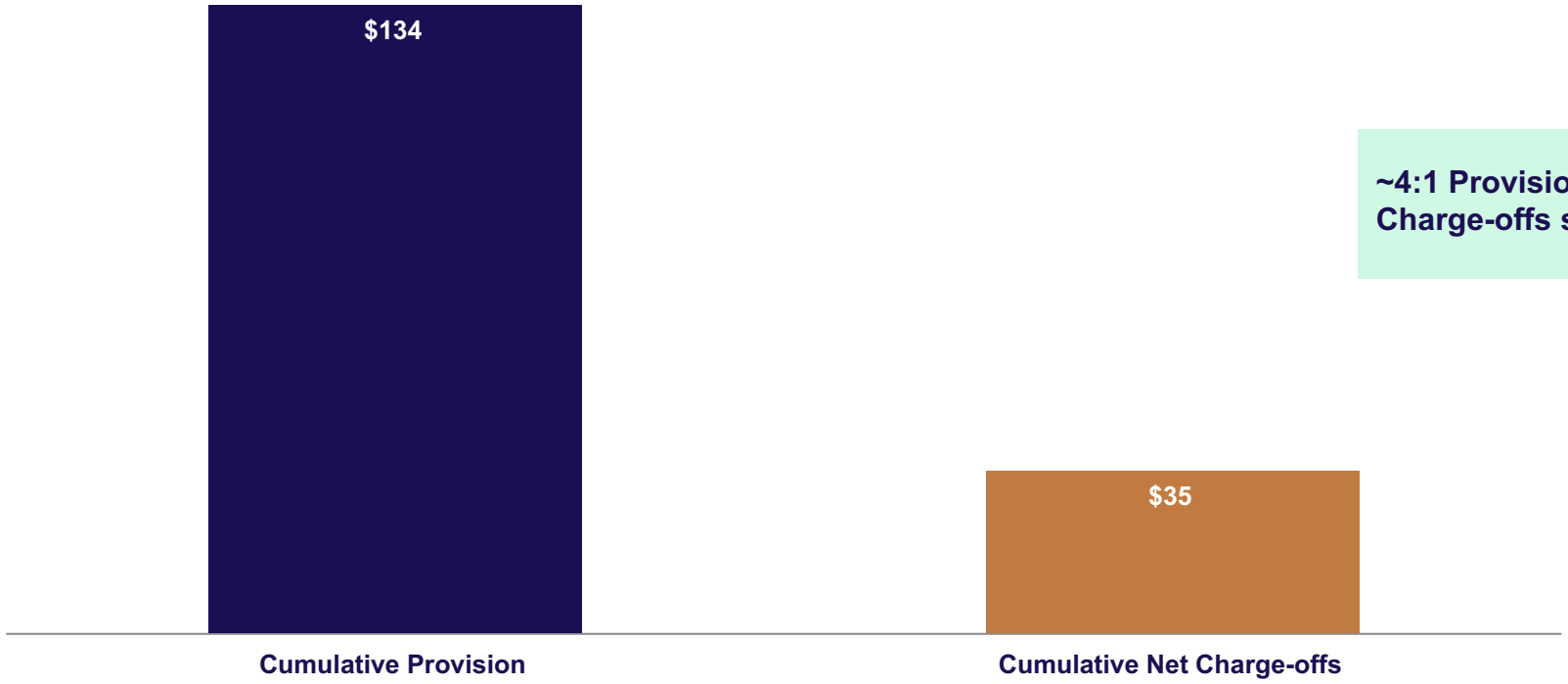
Shaded area represents quarters impacted by COVID-19

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CONSERVATIVE IN HOW WE PROVISION VS. ACTUAL CHARGE-OFFS

Cumulative Provision Expense vs. Net Charge-Offs since Q4 2019
($ in millions)



~4:1 Provision Expense to Net Charge-offs since Q4 2019

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QUARTER HIGHLIGHTS

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Q2 EARNINGS SUMMARY

Diluted EPS of $0.39

- PPNR of $32 million, up 41% LQ on higher net interest income and lower expenses

Loan balance and production growth healthy

- $861 million of loan production, down 10% from Q2 2022
- Loan growth up 2% QoQ, 18% YoY

Deposit growth up 5% QoQ, 21% YoY

- Customer deposit growth up 6.8% LQ
- Growth coming from business accounts, up 22% LQ

NIM better than expected

- 3.29% NIM, ~12bps impact from conservative liquidity position
- Q2 average loan portfolio yield of 7.37%, up 37bps LQ.
  Q2 loan production average yield @ 9.12%
- Q2 average deposit cost of 3.59%, up 50bps LQ
- Savings rate unchanged since March 2023

Noninterest income improvement

- Net gain on sale increased modestly, up 6% LQ
- Premiums relatively stable the last three quarters

Expense growth moderated

- FTEs up only 1% QoQ
- Noninterest expenses down 3% QoQ, 5% YoY

Provision for credit losses

- Supported by loan growth and specific reserve on two loans recently downgraded to nonperforming status

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Q2 KEY HIGHLIGHTS

	$ IN MILLIONS	Q2 2023	Q2 2023 CHANGE VS. Q1 2023	Q2 2023 CHANGE VS. Q2 2022
	Net interest income	$ 84	3%	5%
	Noninterest income	24	23%	(81)%
a	Total revenue	108	7%	(48)%
b	Noninterest expense	76	(3)%	(5)%
a-b	PPNR	32	41%	(75)%
	Provision for credit losses	13	(32)%	147%
	Net income before tax	19	425%	(84)%
	Income tax expense	1	(56)%	(94)%

	Q2 2023	CHANGE FROM Q1 2023	CHANGE FROM Q2 2022
Net interest margin	3.29%	(17) bps	(60) bps
Efficiency ratio[3]	70.5%	(723) bps	3,169 bps
Common equity tier 1 capital	11.6 %	(12) bps	(159) bps
TBV per share[3]	$ 18.69	1%	4%
Loan and lease originations	$ 861	(16)%	(10)%
Period-end total loan and lease portfolio	8,360	2%	18%
Period-end total deposits	9,879	5%	21%

$0.39
Diluted EPS

41%
PPNR Growth LQ

3%
Net Interest Income Growth LQ

3.29%
Net Interest Margin

2%
Loan Growth LQ

$861M
Q2 Loan Production

5%
Deposit Growth LQ

1%
TBV[3] Growth LQ

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LENDING DIVERSIFICATION ACROSS THE PLATFORM

YTD YOY Origination Growth by Vertical

Size represents each vertical's outstanding balance as a proportion of the bank's total outstanding balance



Q2 2023 Production Mix by Business Unit (%)

56% 32% 12%

$ IN MILLIONS	Q2 LOANS OUTSTANDING[4]	Q2 2023 ORIGINATIONS $	Q2 2023 ORIGINATIONS YoY % CHANGE
Small Business Banking	$5,747	$479	(18)%
Specialty Finance	1,764	278	16
Energy & Infrastructure	877	104	(23)

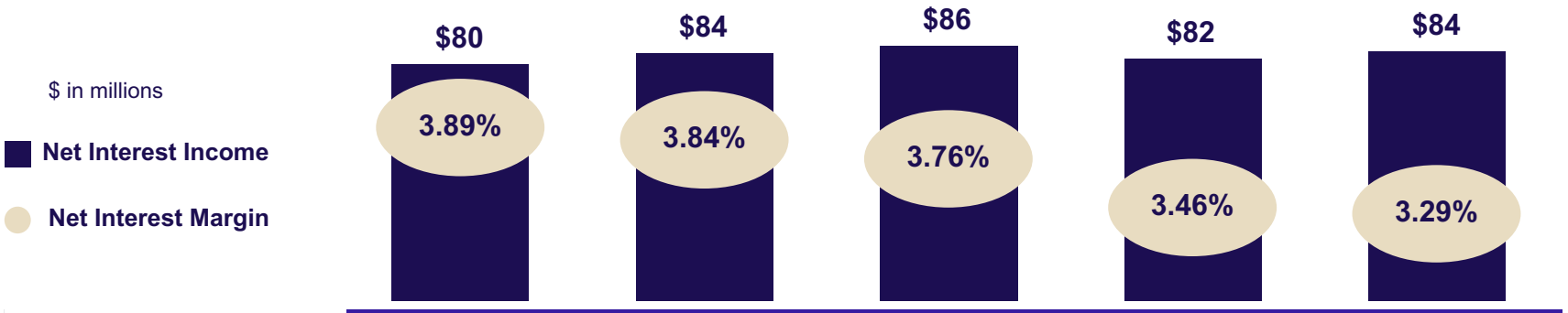
Lending Across 30+ Verticals

Accounting & Tax
Agriculture
Asset-Based Lending
Auto Dealerships
Automotive Care
Bioenergy
Broadband
Community Facilities
Dental
Education Services
Fitness Centers
Franchises
Franchise Restaurants
Funeral Home & Cemetery
Government Contracting
Hardware Stores
Healthcare
Home Care
HVAC & Plumbing Contractors
Inclusive Small Business
Insurance
Investment Advisory
Law Firms
Liquor Stores
Managed Service Providers
Pharmacy
Professional Services Firms
Property Management
Restoration, Remediation & Cleaning
RV Parks
SBA General Lending
Self Storage
Seniors Housing
Solar
Sponsor Finance
Venture Banking
Veterinary
Water & Wastewater Programs
Wine & Craft Beverage

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NET INTEREST MARGIN AND NET INTEREST INCOME TRENDS



	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Loan Yield	5.45%	5.94%	6.61%	7.00%	7.37%
Deposit Cost	0.98%	1.55%	2.39%	3.09%	3.59%
Net Spread	4.47%	4.39%	4.22%	3.91%	3.78%
Reference Information:					
Live Oak Savings Rate	1.05%	2.00%	3.50%	4.00%	4.00%
Quarterly Savings Beta	36%	63%	120%	100%	—%
Cumulative Savings Beta	37%	50%	71%	74%	70%
Market Information:					
Top Digital Competitors[5]	1.07%	2.24%	3.46%	3.86%	4.25%
Quarterly Savings Beta[5]	44%	78%	98%	79%	156%
Cumulative Savings Beta[5]	40%	59%	70%	71%	75%
National Savings Rate[6]	0.08%	0.17%	0.30%	0.37%	0.42%
FF Ending Upper	1.75%	3.25%	4.50%	5.00%	5.25%

Key Highlights

Q2 2023 Net Interest Margin includes ~12bps impact from conservative liquidity position

Quarterly-adjusting variable rates increased another 25bps on 7/1

Q2 2023 loan production average yield @ 9.12%

~46% of loans are variable, primarily Prime-based, and adjust at least annually

Savings rate offerings held constant since March

LOB cumulative deposit beta below top digital competitors

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NONINTEREST INCOME TRENDS

$ IN MILLIONS	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net gains on sales of loans	$6	$9	$7	$10	$11
Loan servicing revenue	6	6	6	6	7
Loan servicing asset revaluation	(9)	(1)	(5)	—	(3)
Net gain (loss) on loans accounted for under fair value option	(4)	4	1	(5)	2
Other noninterest income	130	39	10	7	8
Total noninterest income	129	58	19	20	24

$ IN MILLIONS	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
SBA Guaranteed Loans Sold	$50	$107	$144	$168	$245
USDA Guaranteed Loans Sold	$19	$41	$—	$—	$—
Total Guaranteed Loans Sold	**$69**	**$148**	**$144**	**$168**	**$245**
SBA Average Gain on Sale Premium	108%	108%	105%	106%	105%
USDA Average Gain on Sale Premium	107%	108%	—%	—%	—%
Total Average Gain on Sale Premium	**108%**	**108%**	**105%**	**106%**	**105%**

Key Highlights

Net gains on sales of loans in Q2

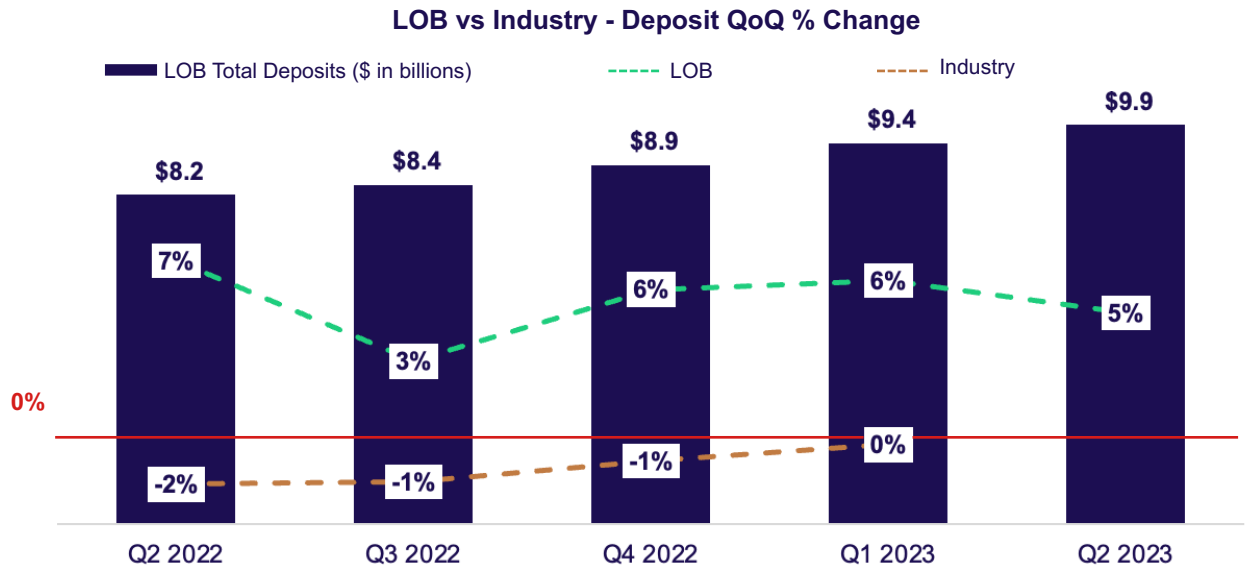
- Secondary market premiums stable after mid-March industry stress
- >80% of Small Business production variable rate[7] last two quarters; provides for more sales flexibility

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CUSTOMER DEPOSIT GROWTH CONTINUES, PORTFOLIO DIVERSIFIED & BALANCED

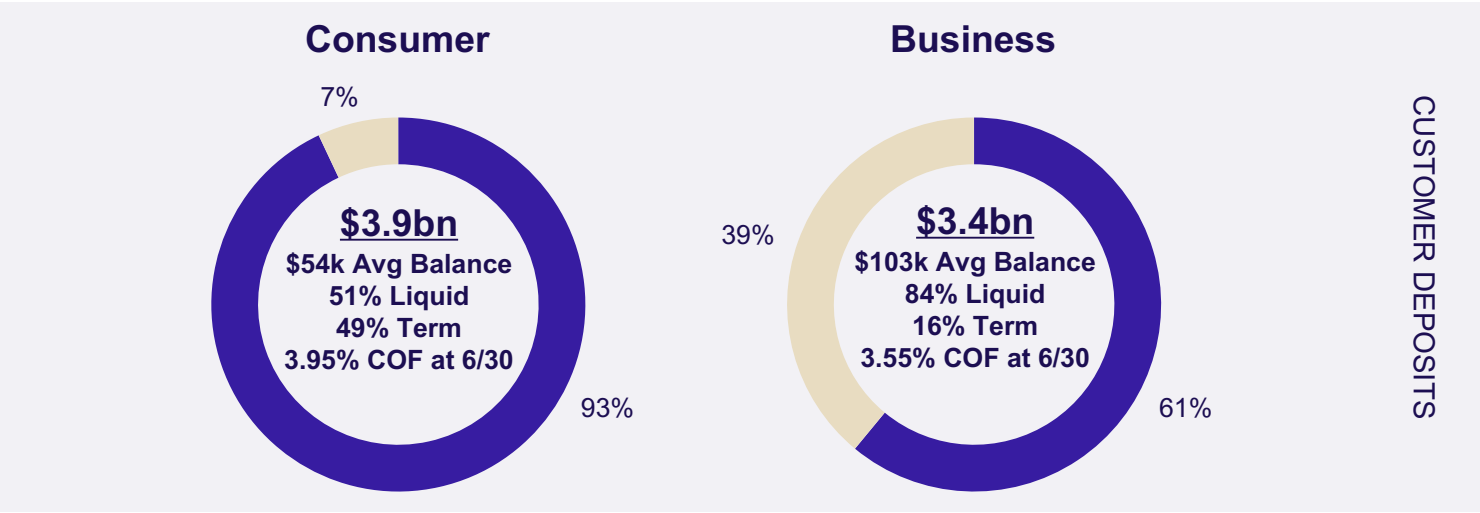
- Strong customer deposit growth QoQ: +$438 million, +6.8%
- +22% QoQ growth rate in business deposits
- Live Oak Deposits ~5% average QoQ growth rate has outpaced industry (-1%) since Q1 2022
- Insured Cash Sweeps product continues to provides access to additional FDIC insurance to businesses with excess deposits



WHOLESALE DEPOSITS 26%

BUSINESS DEPOSITS 35%

CONSUMER DEPOSITS 39%



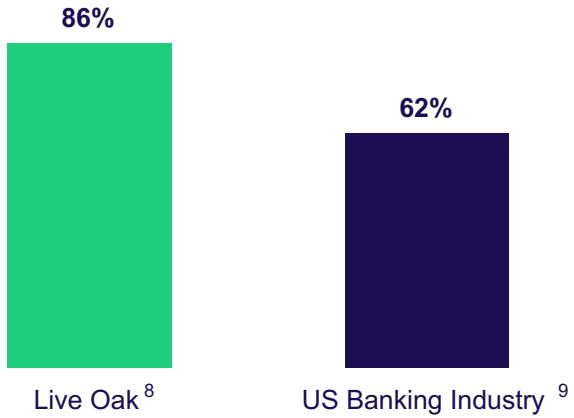
Wholesale Deposits | Customer Deposits | Insured | Uninsured

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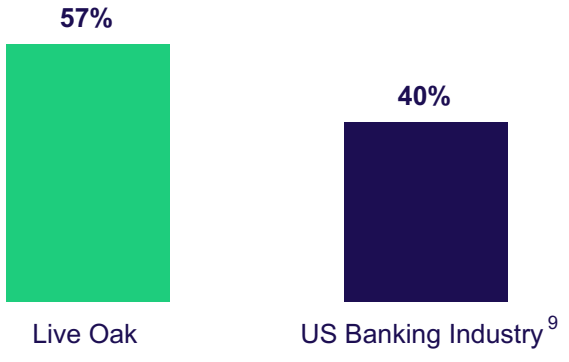
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STRONG LIQUIDITY PROFILE

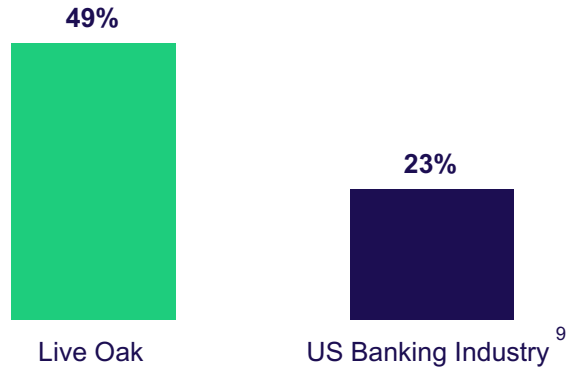
Insured Deposits / Total Deposits



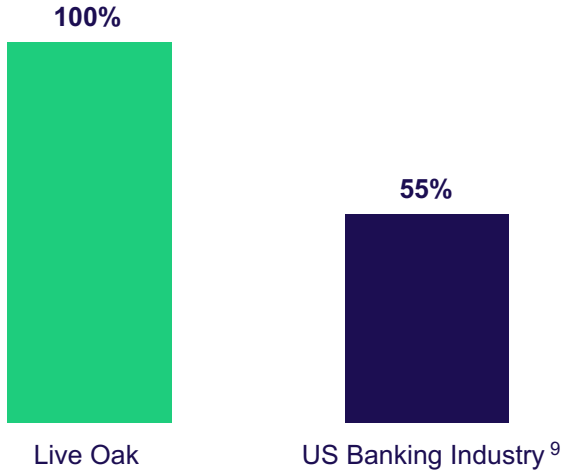
On-Balance Sheet Cash Coverage of Uninsured Deposits



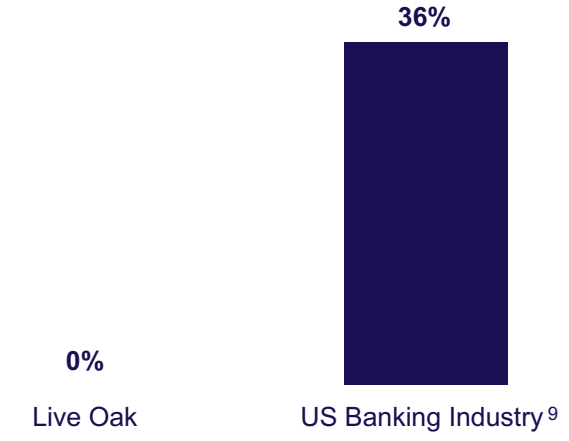
Cash + Securities + Guaranteed Loans / Total Assets



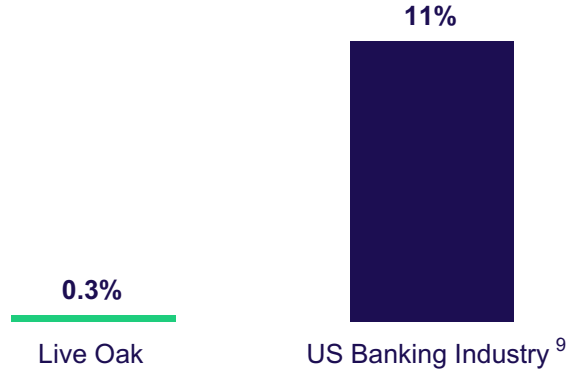
AFS Securities / Total Securities



Pledged Securities / Total Securities



Borrowings / Total Liabilities

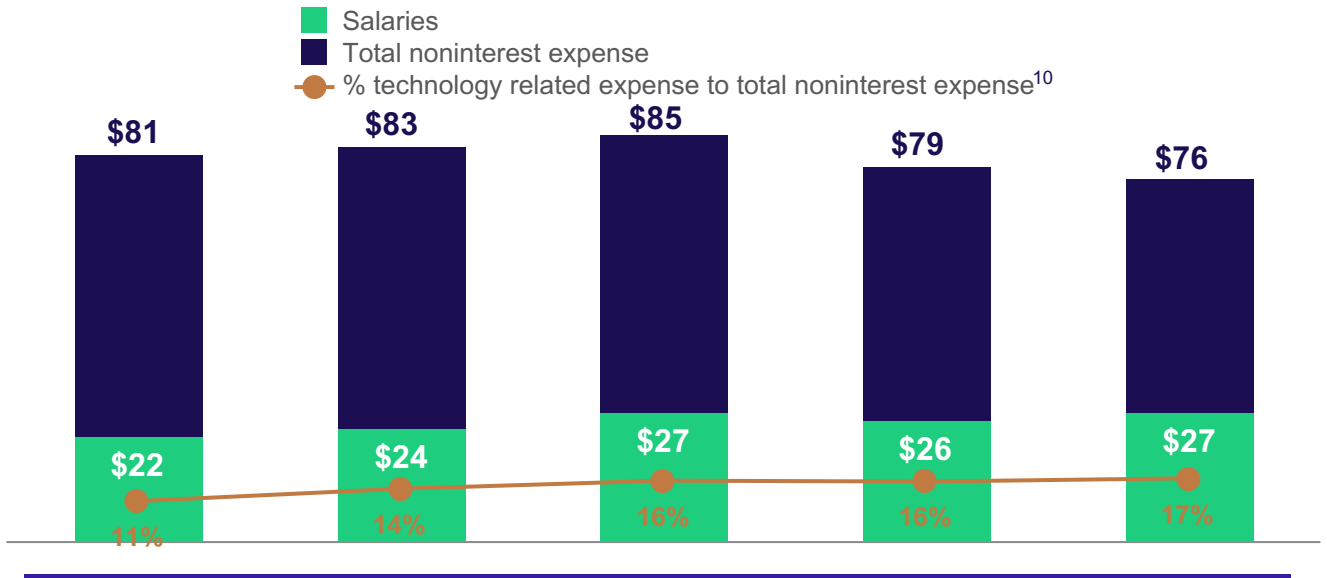


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MODERATING EXPENSE GROWTH

$ in millions



	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
FTEs	891	940	970	977	984
Efficiency ratio[3]	38.8%	58.6%	80.6%	77.7%	70.5%

Key Highlights

Expenses down 3% LQ, 5% YoY

- Q1 2023 includes $2.4 million reserve for unfunded commitments expense related to assumption refinements
- Q2 2022 includes $7.5 million bonus and $5 million charitable giving related to fintech investment gains

FTEs up 1% since Q1 2023 and 10% since Q2 2022

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CREDIT METRICS HEALTHY

$13 million Q2 provision breakdown:

- ~ $5 million from loan growth
- ~ $1 million from net charge-offs
- ~ $7 million from portfolio & macroeconomic changes

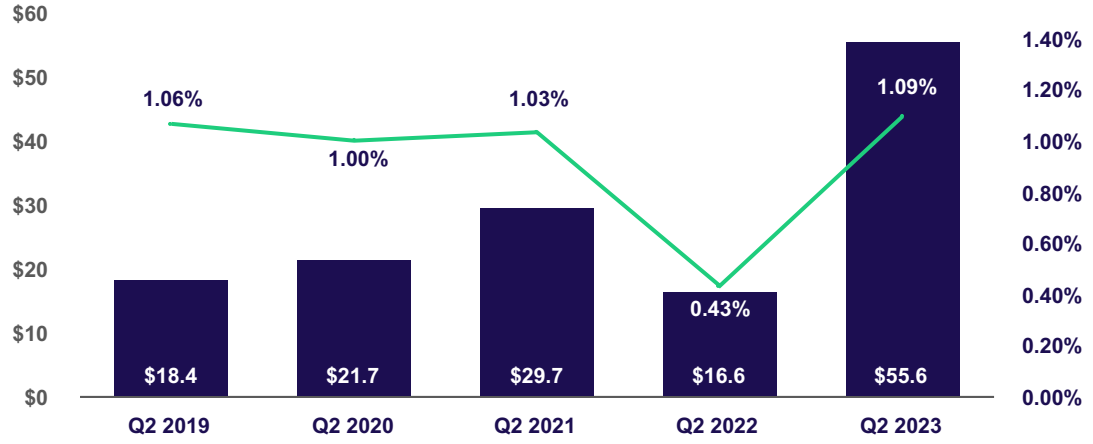
~70% of CRE portfolio is SBA & USDA

- CRE portfolio primarily owner-occupied or specialty use (senior housing, self-storage)

$ in millions	Q2 HFI UNGUARANTEED BALANCE	PAST DUE >30 DAYS[11]	NON-ACCRUALS[12]
Small Business Banking	$2,788	0.30%	0.84%
Specialty Finance	$1,658	0.00%	1.49%
Energy & Infrastructure	$640	0.00%	1.14%
Total	$5,086	0.16%	1.09%

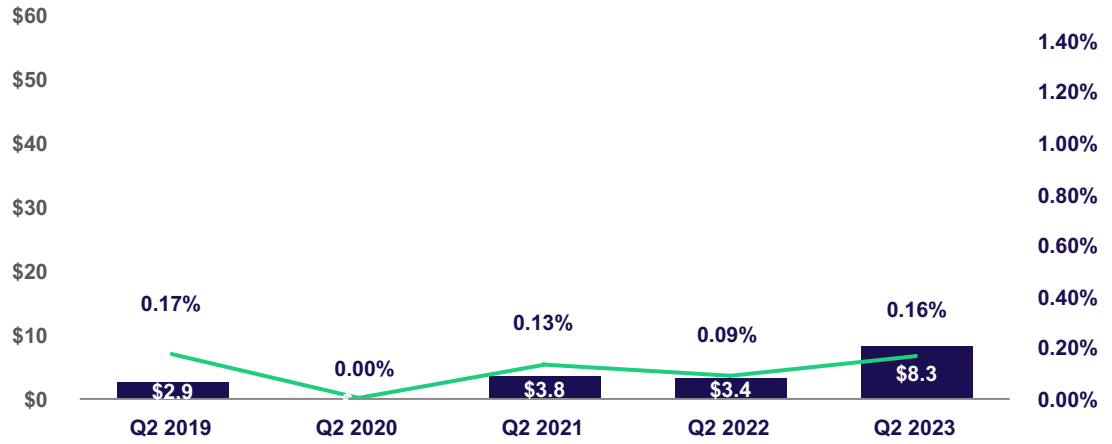
$ in millions

Non-Accruals[12]



$ in millions

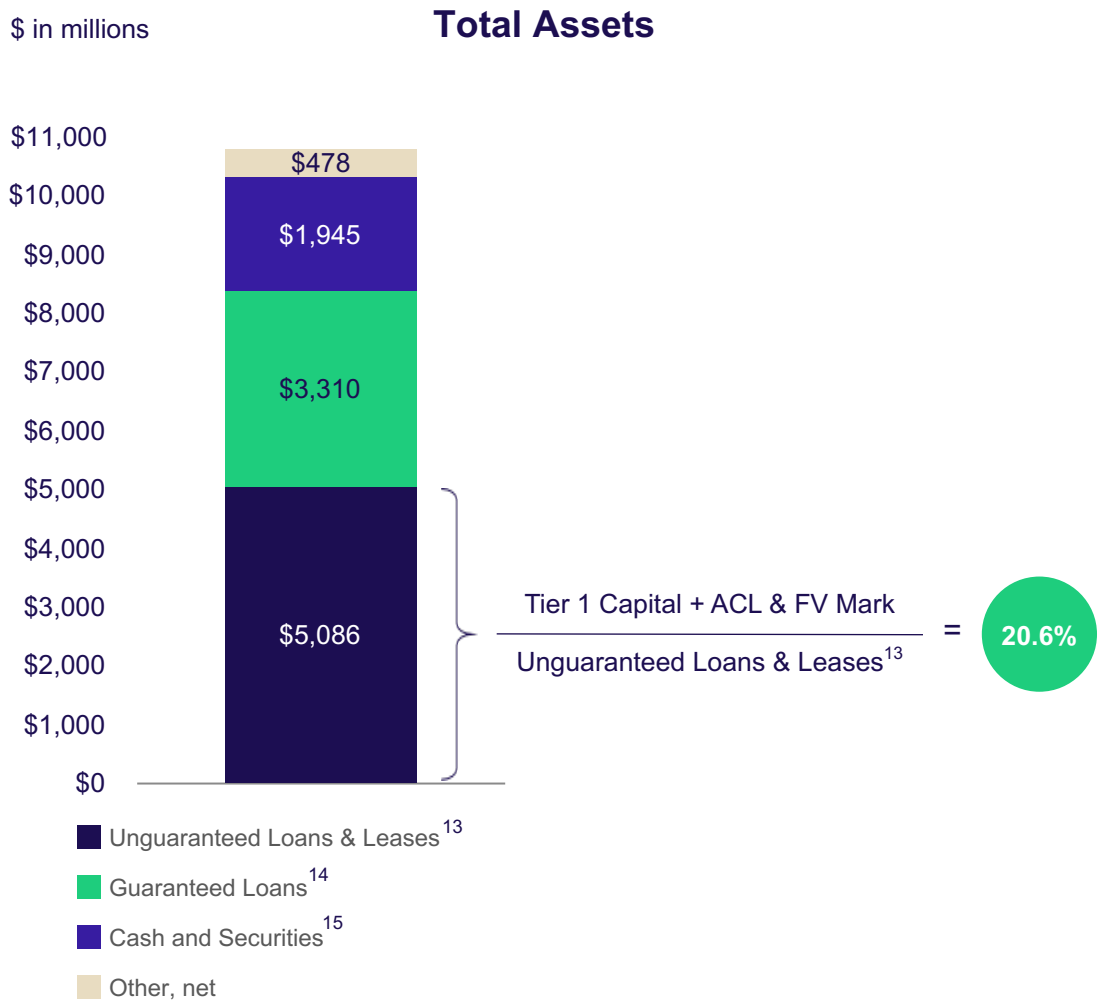
Past Due >30 Days[11]



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STRONG CAPITAL POSITIONING - THE MAHAN RATIO



CAPITAL RATIOS	Q2 2023
Common Equity Tier 1	11.6%
Total Capital	12.8%
Tier 1 Capital	11.6%
Tier 1 Leverage	8.5%

As of June 30, 2023	
Tier 1 Capital (a)	$912
ACL and FV Mark on Unguaranteed Loans and Leases (b)	$135
Total Unguaranteed Loans and Leases[13] (c)	$5,086
Tier 1 Capital to Unguaranteed Loans and Leases[13] (a/c)	**17.9%**
ACL and FV Mark to Unguaranteed Loans and Leases[13] (b/c)	**2.6%**

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Q2 SUMMARY OBSERVATIONS

STAYING TRUE TO OUR GUIDING PRINCIPLES



SAFETY & SOUNDNESS

- Safety and soundness remain paramount
- Continue to maintain conservative liquidity, credit and capital ratios
- Stay close to our teammates and customers
- Continue prudently providing capital to small businesses



PROFITABILITY

- Working to improve consistency in earnings
- Manage near-term NIM compression with resiliency in 2H23
- Anticipate steady to improving secondary market
- Focus on expense controls to improve operating leverage



GROWTH

- Lending franchise should continue to drive healthy loan production and net interest income growth
- Leverage Treasury Management capabilities to grow operating accounts and reduce funding costs
- Continue our journey to a modern, future-state technology architecture
  - Loan origination upgrade
  - Embedded banking platform delivered through developer portal
  - Novel use cases for leveraging modern core

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APPENDIX

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APPENDIX: PRESENTATION FOOTNOTES

1. Loans and leases at historical cost only (excludes loans measured at fair value).
2. Data derived from S&P Capital IQ Pro, financial results as of or for the period ended 6/30/2023. Data includes all MET banks with assets of $3 billion or more and Q2 2023 financials available as of 7/21/23.
3. Non-GAAP financial measures. See Appendix for reconciliation of non-GAAP items to reported balances.
4. Represents total loans and leases at amortized cost, excluding PPP loans (inclusive of loans and leases at fair value and historical cost).
5. Source: Bankrate. Top Digital Competitors include: Capital One, Goldman Sachs Marcus, Ally Bank, American Express, Sallie Mae, Synchrony, Barclays, Citizens, CIT, and Discover.
6. FDIC National Rates and Rate Caps and S&P Capital IQ Pro SNL Financial Data. Savings account rates are based on the $2,500 product tier.
7. Variable rate loans include those with a reprice frequency of one year or less.
8. Live Oak Banking Company in accordance with FDIC guidelines.
9. Bank 3/31/2023 Call Reports via S&P Capital IQ. Includes all commercial and savings banks. Government guaranteed loans derived from that data by assuming reported loans and leases with a 0% and 20% risk-weighting are government guaranteed.
10. Technology related expenses include technology expense and salaries and employee benefits for technology employees.
11. Past due loans and leases include HFI unguaranteed loans and leases on accrual status at amortized cost (inclusive of loans and leases at fair value and historical cost). Ratio uses total HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) as denominator.
12. Non-accrual loans and leases include HFI unguaranteed loans and leases on non-accrual at amortized cost (inclusive of loans and leases at fair value and historical cost). Ratio uses total HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) as denominator.
13. Represents total unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost).
14. Balance reflected is at amortized cost and includes $8.1 million in PPP loans.
15. Includes cash and due from banks, federal funds sold, certificates of deposit with other banks and investment securities available for sale.

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FORWARD LOOKING STATEMENTS

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 our loan and lease 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 the status of Live Oak Banking Company 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 and lease losses;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- recent adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity, and regulatory responses to these developments;
- 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 our ability to use the technology-based platform that is critical to the success of our business model or to develop a next-generation banking platform, 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 conduct 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 service providers operating in our market area and elsewhere, including providers 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;
- changes in governmental monetary and fiscal policies as well as other legislative and regulatory changes, including with respect to SBA or USDA lending programs and investment tax credits;
- 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;
- changes in political and economic conditions;
- the impact of heightened regulatory scrutiny of financial products and services, primarily led by the Consumer Financial Protection Bureau and various state agencies;
- 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;
- adverse results, including related fees and expenses, from pending or future lawsuits, government investigations or private actions
- 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.

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APPENDIX: RECONCILIATION

Fintech Activities Impact on Consolidated Financials
($ in millions)

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	Fintech Activities	Other	Consolidated, as reported
Actuals for the quarter ended June 30, 2023							
Net interest income	$ 84.5	$ —	$ —	$ —	$ —	$ (0.2)	$ 84.3
Provision for credit losses	13.0	—	—	—	—	—	13.0
Noninterest income (loss)	21.5	(1.8)	0.5	3.3	2.0	0.7	24.2
Noninterest expense	71.9	—	0.1	2.6	2.7	1.8	76.5
Income (loss) before income tax expense	**$ 21.0**	$ (1.8)	$ 0.4	$ 0.7	**$ (0.7)**	$ (1.4)	**$ 19.0**
Actuals for the quarter ended March 31, 2023							
Net interest income	$ 82.2	$ —	$ —	$ —	$ —	$ (0.2)	$ 82.0
Provision for credit losses	19.0	—	—	—	—	—	19.0
Noninterest income (loss)	17.0	(1.4)	—	3.5	2.0	0.5	19.6
Noninterest expense	74.5	—	0.1	2.1	2.3	2.2	79.0
Income (loss) before income tax expense	**$ 5.7**	$ (1.4)	$ (0.1)	$ 1.3	**$ (0.2)**	$ (1.9)	**$ 3.6**
Actuals for the quarter ended December 31, 2022							
Net interest income	$ 86.2	$ —	$ —	$ —	$ —	$ (0.3)	$ 85.9
Provision for credit losses	19.7	—	—	—	—	—	19.7
Noninterest income (loss)	16.2	(1.7)	0.3	3.6	2.2	0.7	19.1
Noninterest expense	80.2	—	0.1	2.5	2.6	1.7	84.6
Income (loss) before income tax expense	**$ 2.4**	$ (1.7)	$ 0.2	$ 1.1	**$ (0.4)**	$ (1.3)	**$ 0.7**
Actuals for the quarter ended September 30, 2022							
Net interest income	$ 84.2	$ —	$ —	$ —	$ —	$ (0.4)	$ 83.9
Provision for credit losses	14.2	—	—	—	—	—	14.2
Noninterest income (loss)	27.3	(1.8)	28.9	2.8	30.0	0.5	57.7
Noninterest expense	78.5	—	0.2	2.3	2.5	2.1	83.0
Income (loss) before income tax expense	**$ 18.9**	$ (1.8)	$ 28.7	$ 0.6	**$ 27.5**	$ (2.0)	**$ 44.4**
Actuals for the quarter ended June 30, 2022							
Net interest income	$ 80.4	$ —	$ —	$ —	$ —	$ (0.5)	$ 79.9
Provision for credit losses	5.3	—	—	—	—	—	5.3
Noninterest income (loss)	5.2	(1.9)	122.0	2.6	122.7	0.7	128.5
Noninterest expense	76.8	—	0.1	2.0	2.1	2.0	80.9
Income (loss) before income tax expense	**$ 3.5**	$ (1.9)	$ 121.9	$ 0.5	**$ 120.6**	$ (1.7)	**$ 122.3**

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APPENDIX: RECONCILIATION

Reconciliation of non-GAAP items to reported balances
($ in millions)

		Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
a	**Net interest income, as reported**	**$ 79.9**	**$ 83.9**	**$ 85.9**	**$ 82.0**	**$ 84.3**
	Less PPP loan interest income	0.2	0.1	—	—	—
	Less PPP loan deferred fees & costs amortized into interest income, net	1.1	1.1	0.2	0.1	—
	Add estimated interest expense on funding activity to support PPP activities	0.1	—	—	—	—
b	**Adjusted net interest income**	**78.7**	**82.7**	**85.7**	**81.9**	**84.2**
c	**Total noninterest income, as reported**	**128.5**	**57.7**	**19.1**	**19.6**	**24.2**
	Fair value adjustments:					
	Add loan servicing asset revaluation loss (gain)	8.7	1.3	5.0	(0.4)	2.8
	Add net loss (gain) on loans accounted for under the fair value option	4.5	(4.4)	(0.6)	4.5	(1.7)
	Add other (gains) losses on valuation adjustments[1]	—	(0.1)	(0.5)	0.2	(0.2)
	Total fair value adjustments	13.1	(3.2)	3.9	4.3	0.9
	Add (subtract) noncash (gains) losses from investments in venture funds	(0.4)	0.2	0.1	1.1	0.2
	Add losses (gains) from FinTech Activities[2]	(120.6)	(27.5)	0.4	0.2	0.7
d	**Adjusted noninterest income**	**20.7**	**27.3**	**23.5**	**25.2**	**26.0**
b+d	**Adjusted total revenue**	**99.4**	**110.0**	**109.2**	**107.1**	**110.2**
e	**Total noninterest expense, as reported**	**80.9**	**83.0**	**84.6**	**79.0**	**76.5**
	Less bonus related to FinTech investment gains	7.5	3.0	—	—	—
	Less charitable giving related to FinTech investment gains	5.0	—	—	—	—
	Less renewable energy tax credit impairment	0.1	7.7	8.4	0.1	—
	Less reserve for unfunded commitments expense increase from assumption refinements	—	—	—	2.4	—
	Adjusted noninterest expense	**68.3**	**72.3**	**76.1**	**76.5**	**76.5**
a+c-e	**PPNR, as reported**	**127.6**	**58.6**	**20.4**	**22.6**	**32.0**
	Adjusted net interest income	78.7	82.7	85.7	81.9	84.2
	Adjusted noninterest income	20.7	27.3	23.5	25.2	26.0
	Adjusted noninterest expense	68.3	72.3	76.1	76.5	76.5
f	**Adjusted PPNR**	**31.0**	**37.7**	**33.0**	**30.6**	**33.8**
g	Provision for loan and lease credit losses, as reported	5.3	14.2	19.7	19.0	13.0
f-g	**Adjusted net income before tax**	**$ 25.8**	**$ 23.5**	**$ 13.4**	**$ 11.6**	**$ 20.8**

1.Includes valuation adjustments related to equity security investments, equity warrant assets, and foreclosed assets | 2.See Appendix "FinTech Activities Impact on Consolidated Financials."

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APPENDIX: RECONCILIATION

	($ in millions)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
	Total shareholders' equity	$ 791.7	$ 802.2	$ 811.0	$ 822.8	$ 832.5
	Less:					
	Goodwill	1.8	1.8	1.8	1.8	1.8
	Other intangible assets	2.0	1.9	1.9	1.8	1.8
a	Tangible shareholders' equity	787.9	798.5	807.4	819.2	828.9
b	Shares outstanding	43,854,011	43,981,350	44,061,244	44,290,840	44,351,715
a/b	**TBV (Tangible Book Value) per share**	$ 17.97	$ 18.15	$ 18.32	$ 18.50	$ 18.69

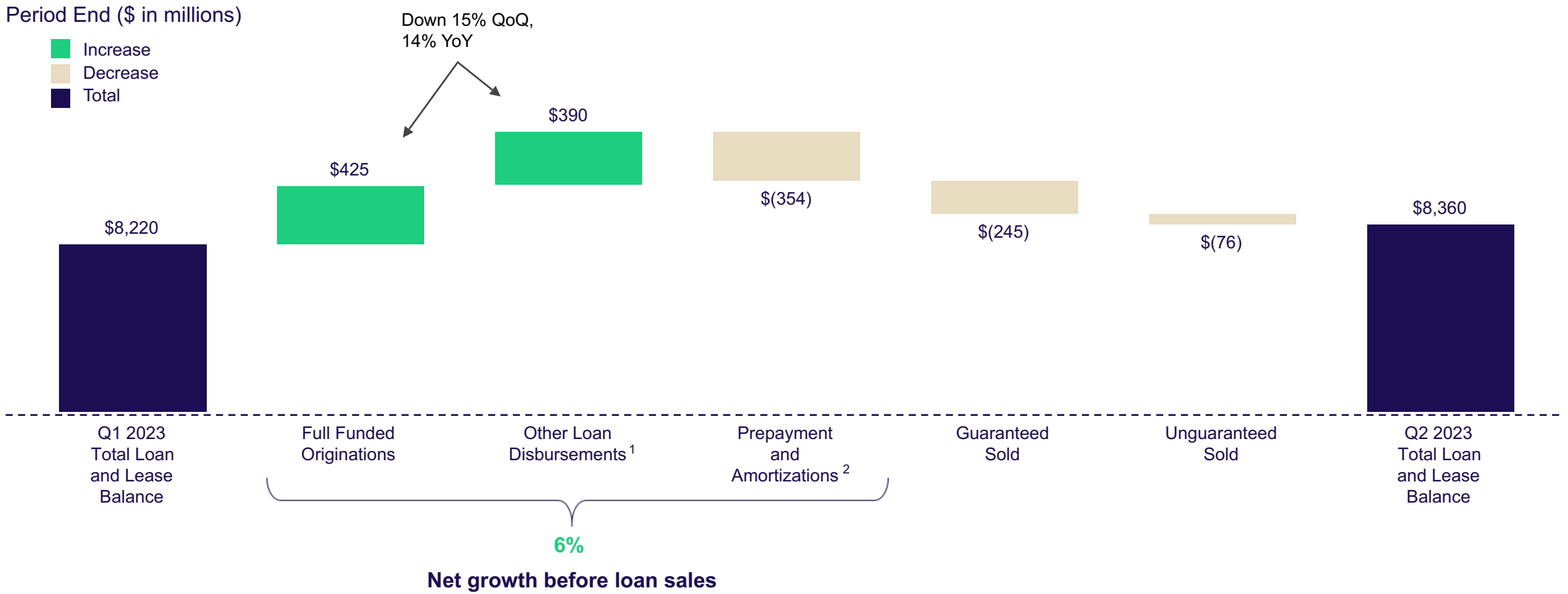
	($ in millions)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
	Efficiency Ratio					
	Noninterest expense	$ 80.9	$ 83.0	$ 84.6	$ 79.0	$ 76.5
	Net interest income	79.9	83.9	85.9	82.0	84.3
	Noninterest income	128.5	57.7	19.1	19.6	24.2
	Adjusted operating revenue	208.5	141.6	105.0	101.6	108.5
	Efficiency Ratio	**38.8%**	**58.6%**	**80.6%**	**77.7%**	**70.5%**
	Efficiency ratio adjusted for non-GAAP activities					
	Adjusted noninterest expense	$ 68.3	$ 72.3	$ 76.1	$ 76.5	$ 76.5
	Adjusted net interest income	78.7	82.7	85.7	81.9	84.2
	Adjusted noninterest income	20.7	27.3	23.5	25.2	26.0
	Adjusted efficiency ratio	**68.8%**	**65.7%**	**69.7%**	**71.4%**	**69.4%**

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APPENDIX: PRODUCTION AND NET ASSET GROWTH

2% PERIOD-END LOAN GROWTH LQ; 6% TOTAL NET GROWTH LQ BEFORE LOAN SALES



1. Other Loan Disbursements includes disbursements on construction loans and revolving loans
2. Prepayment and Amortizations also includes charge-offs and change in deferred loan fees and cost

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APPENDIX: EVOLUTION OF FINTECH INVESTING

FROM LIVE OAK VENTURES TO CANAPI, HOW LOB USES FINTECH TO ENHANCE THE BANKING EXPERIENCE

LIVE OAK VENTURES

Direct Investment

Apiture[1*]
Savana*
DefenseStorm*
Greenlight
Kwipped
Philanthropi*
Able*
Vantaca
AgencyKPI
Asset Class
Uplinq*
Pharmacy Marketplace

CANAPI

Advisor and LP Investor in Fund I

Nova
Co-led Series B

Moov*
Seed + Series A
Series B

Laika
Led Series A
Series B
Series C

Neuro-ID
Series A

Capitalize
Led Series A

Able
Led Seed
Led Series A

Blooma
Led Seed A

Orum*
Co-Led Series B

Peach
Led Series A

Posh
Leading Series A

Alloy*
Led Series B + C

Built*
Series B
Series C
Series D

Notarize*
Led Series D

Blend
Led Series F

Greenlight
Co-Led Series C
Series D

MX*
Series C

Capitolis
Co-Lead Series D

Middesk
Series B

CANAPI CONTINUED

Fund II

Codat
Series C

Asset Class
Led Series A

MakersHub
Seed

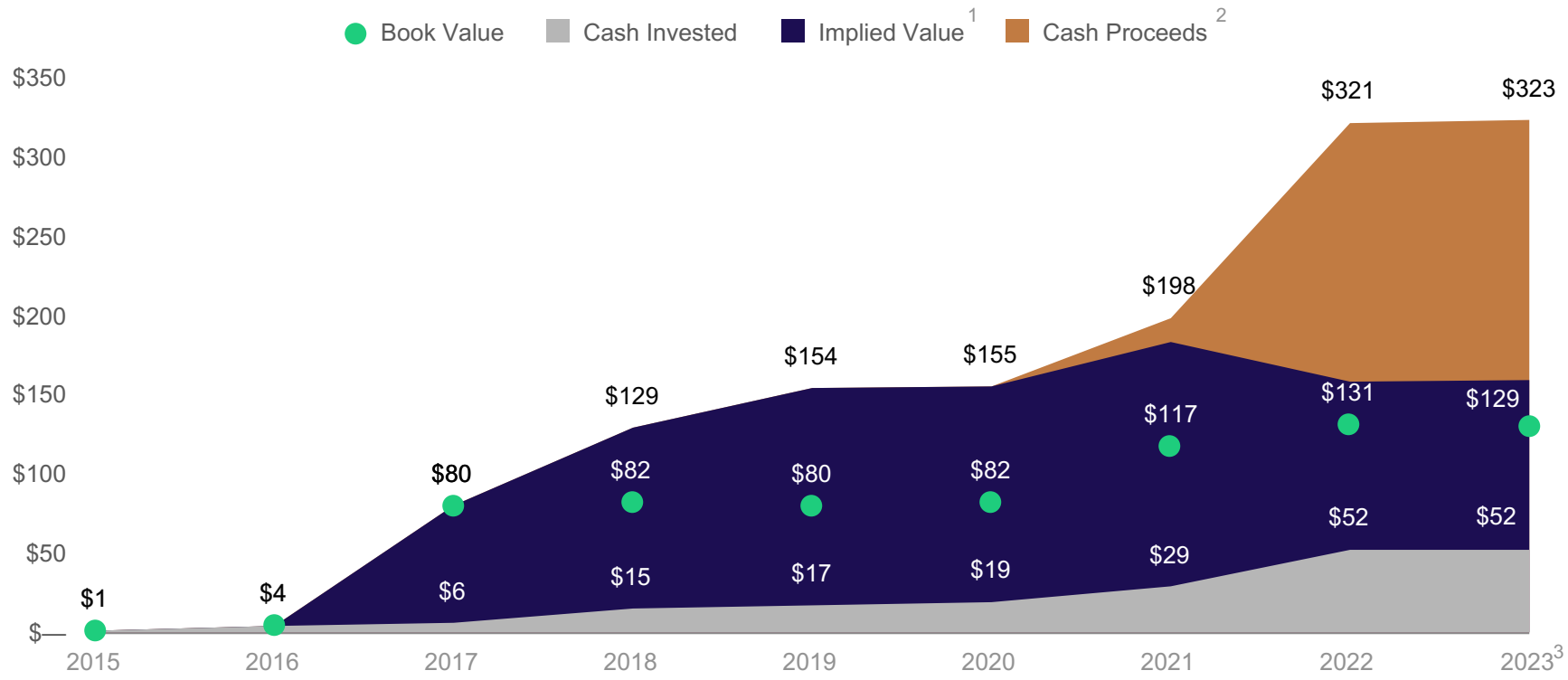
Elpha Secure
Led Series A

1. Apiture is a direct investment by Live Oak Bank.
*Companies Live Oak Bank is currently in production or discussions.

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APPENDIX: LIVE OAK VENTURES



Follow on Round

KWIPPED

Q2 2023

Cash Proceeds[2] to Date
$164 million

Total Implied Value[1]
Q2 2023
$159 million

Portfolio Companies	1	2	4	6	6	7	9	11	12
Additions by Period	DefenseStorm	Finxact	Payrailz, Apiture	Greenlight, Kwipped		savana	able, Philanthropi	Vantaca, Agency KPI, asset class, Uplinq	pharmacy marketplace

1. Estimated implied value based on most recent transaction data and not necessarily indicative of future values.
2. Includes actual cash proceeds from the partial sale of Greenlight Financial Technology, Inc., and full sale of Finxact, Inc. and Payrailz, LLC.
3. Data through Q2 2023

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LIVE OAK BANK

OUR PATH TO BECOMING AMERICA'S SMALL BUSINESS BANK

VERTICALITY	SCALABILITY	OPTIONALITY
Differentiated lending model dedicated to small businesses	Building the moat	Value creation through industry disruption

• 30+ lending verticals with deep industry expertise
• Strong credit profile with significant percentage of loans on book with government guarantee
• Large addressable market for future loan growth
• High touch customer service model
	• Growing and investing in the lending platform
	• Building on next-gen core and ecosystem
	• Efficient deposits platform
	• Future product enhancements
	  • Small business operating account suite
	  • Community bank of the future
	  • Embedded banking
		• Leading-edge fintech investments activities
		  • Live Oak Ventures
		  • Canapi Ventures
		• Product and service innovation platform

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