LiveOak BANCSHARES

THIRD QUARTER 2023

October 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.

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LIVE OAK BANCSHARES Q3 GAAP RESULTS

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

		Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
a	Net Interest Income	$ 89.4	$ 84.3	$ 82.0	$ 85.9	$ 83.9
	Provision for Loan and Lease Credit Losses	10.3	13.0	19.0	19.7	14.2
b	Total Noninterest Income	37.9	24.2	19.6	19.1	57.7
a + b	**Total Revenue**	**127.3**	**108.5**	**101.6**	**105.0**	**141.6**
	Total Noninterest Expense	74.3	76.5	79.0	84.6	83.0
	Income before Taxes	42.8	19.0	3.6	0.7	44.4
	Net Income	**39.8**	**17.5**	**0.4**	**1.8**	**42.9**
	Diluted Earnings per Share	**$ 0.88**	**$ 0.39**	**$ 0.01**	**$ 0.04**	**$ 0.96**
	Total Assets	**$ 10,950.5**	**$ 10,819.2**	**$ 10,364.3**	**$ 9,855.5**	**$ 9,314.7**
	Total HFS and HFI Loans and Leases	8,775.2	8,360.2	8,220.3	7,898.8	7,391.0
	Allowance for Credit Losses on Loans and Leases	(121.3)	(120.1)	(108.2)	(96.6)	(78.3)
	All Other Assets	2,296.5	2,579.1	2,252.3	2,053.3	2,001.9
	Total Liabilities	**10,100.1**	**9,986.7**	**9,541.5**	**9,044.5**	**8,512.5**
	Total Deposits	10,003.6	9,879.1	9,422.0	8,884.9	8,404.9
	Borrowings	25.8	28.3	30.8	83.2	35.6
	Other Liabilities	70.6	79.3	88.7	76.3	72.0
	Total Shareholders' Equity	**850.4**	**832.5**	**822.8**	**811.0**	**802.2**
	Net Interest Margin	**3.37 %**	**3.29 %**	**3.46 %**	**3.76 %**	**3.84 %**
	Effective Tax Rate	**6.9%**	**7.5%**	**89.0%**	**NM**	**3.4%**

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LIVE OAK POSITIONING - I LIKE WHERE WE ARE!

Soundness, profitability and growth — credit metrics galore
We have a secret weapon

What has happened to our industry after "March Madness"
and does that play into our hand?

As others pull back, we will aggressively pursue high-quality revenue producers

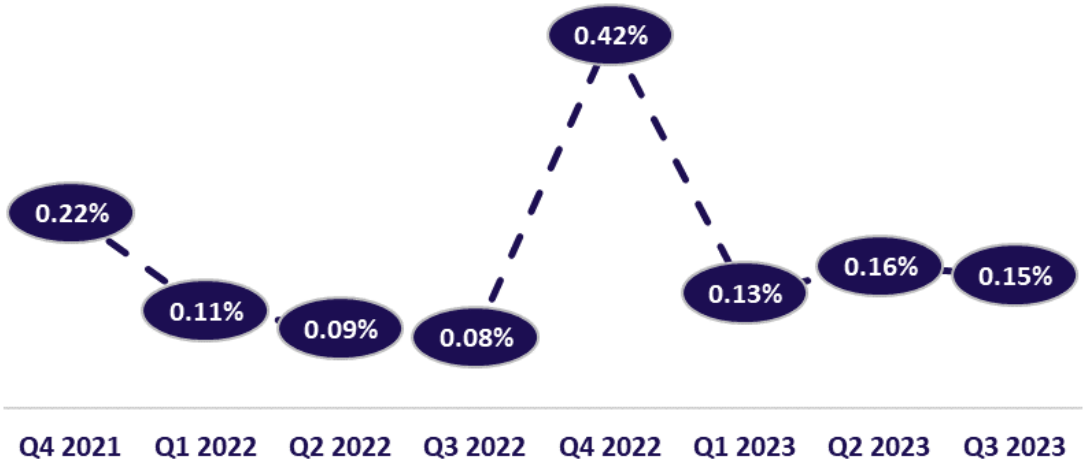
How are we doubling down on technology?
How are we paying for it?

What are the true operating earnings of our business?
Let's highlight operating leverage

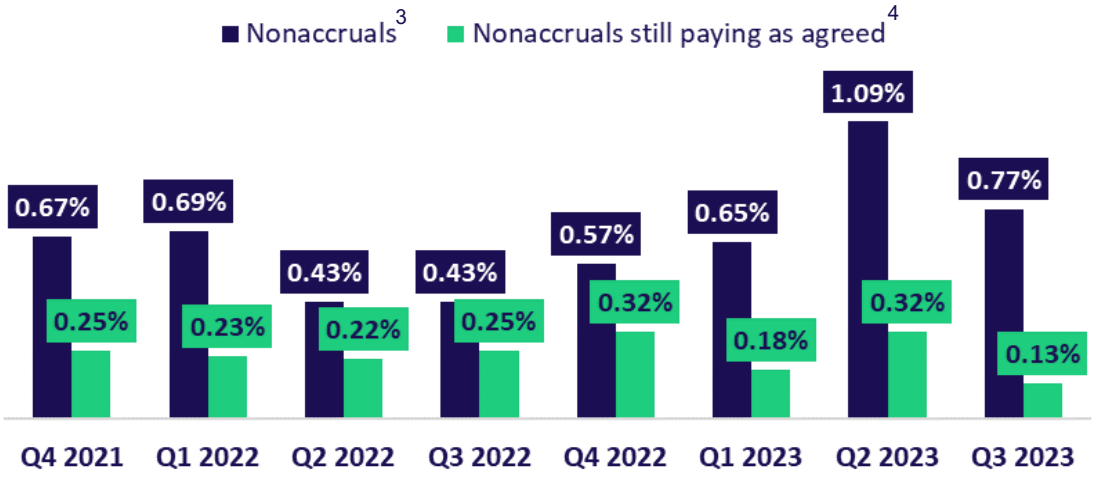
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CREDIT PERFORMANCE IN LINE WITH HISTORICAL TRENDS

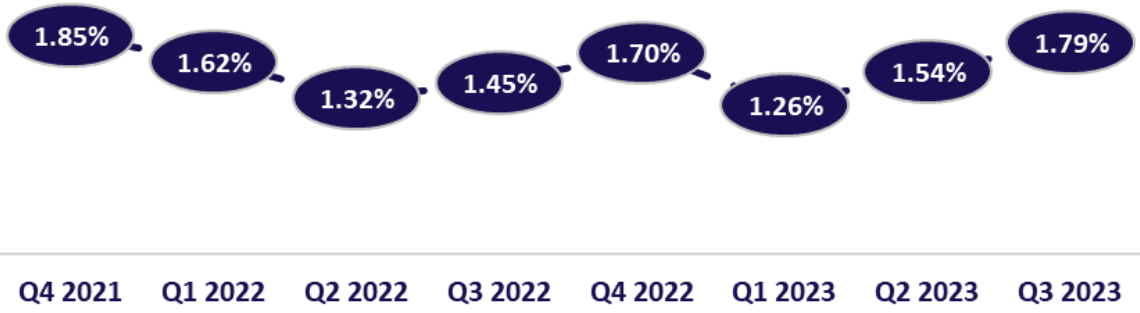
Over 30 Day Past Dues
(Over 30 Day Past Dues[1] / HFI Unguaranteed Loans & Leases)[2]



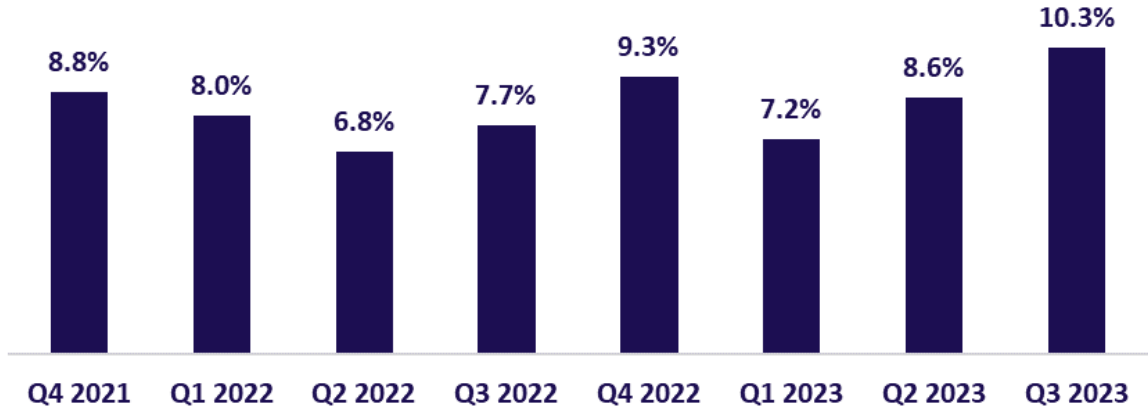
Nonaccrual Trends[2]
(Nonaccruals / HFI Unguaranteed Loans & Leases)



Classified[2, 5]



Classified[5] /
Bank Tier 1 Capital + HFI Unguaranteed ACL & FV Mark



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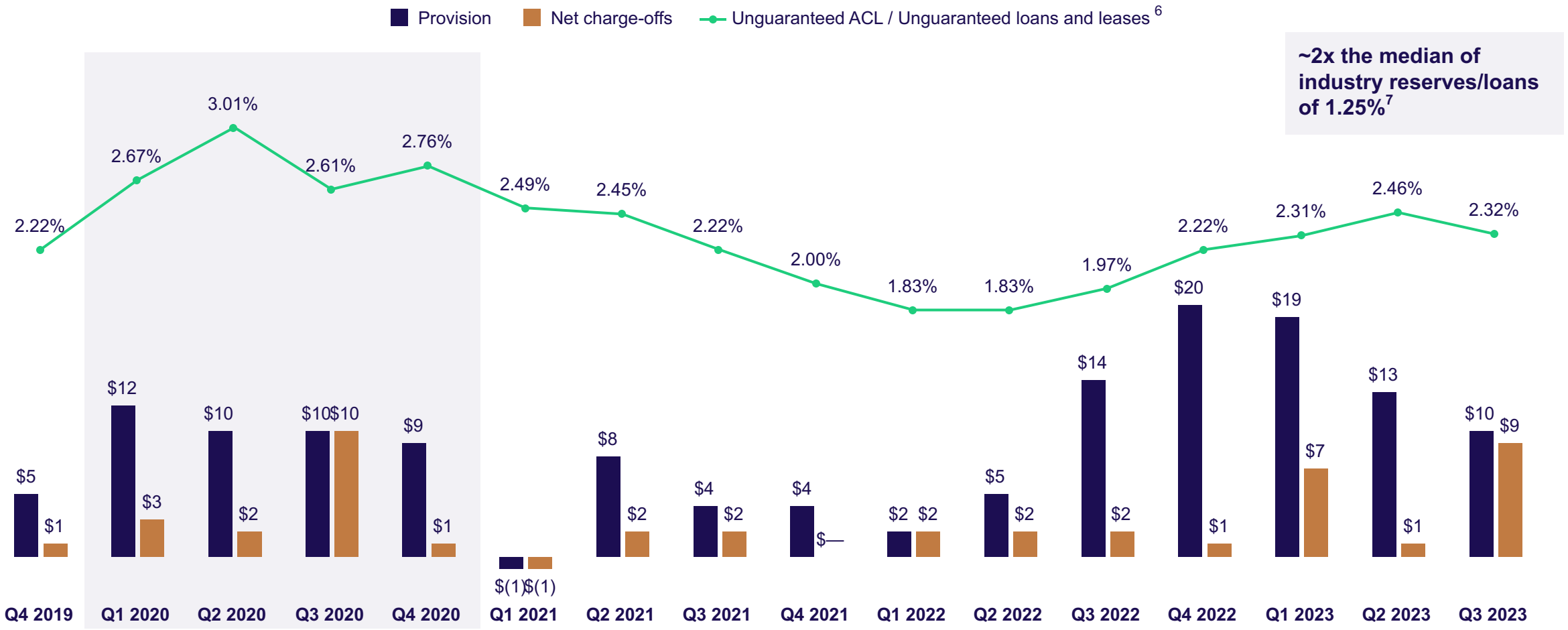
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REGRESSION TO THE NORM CONTINUES

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

Quarterly Provision and Net Charge-Offs

($ in millions)

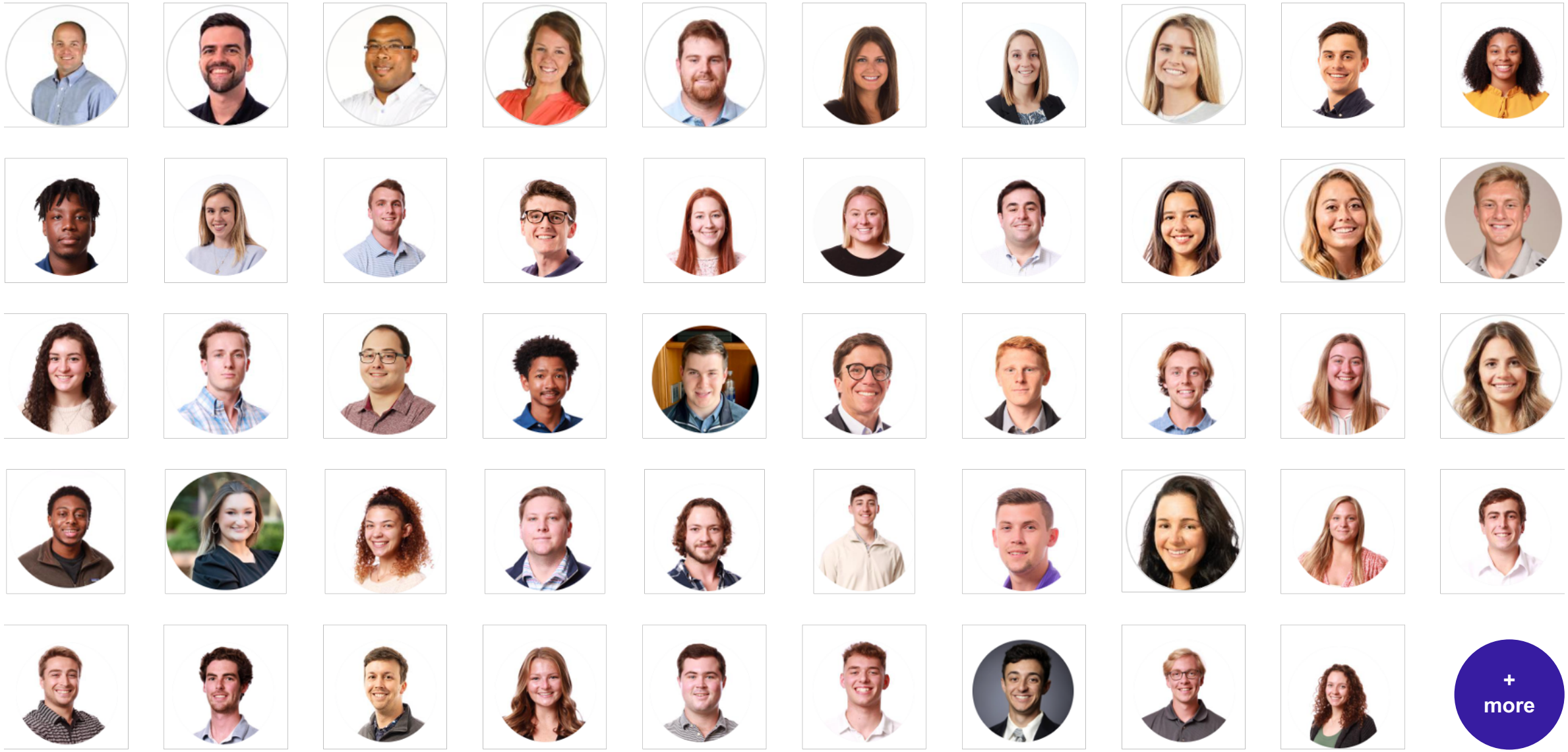


Shaded area represents quarters impacted by COVID-19

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SERVING SMALL BUSINESS - BUSINESS ANALYST TEAM



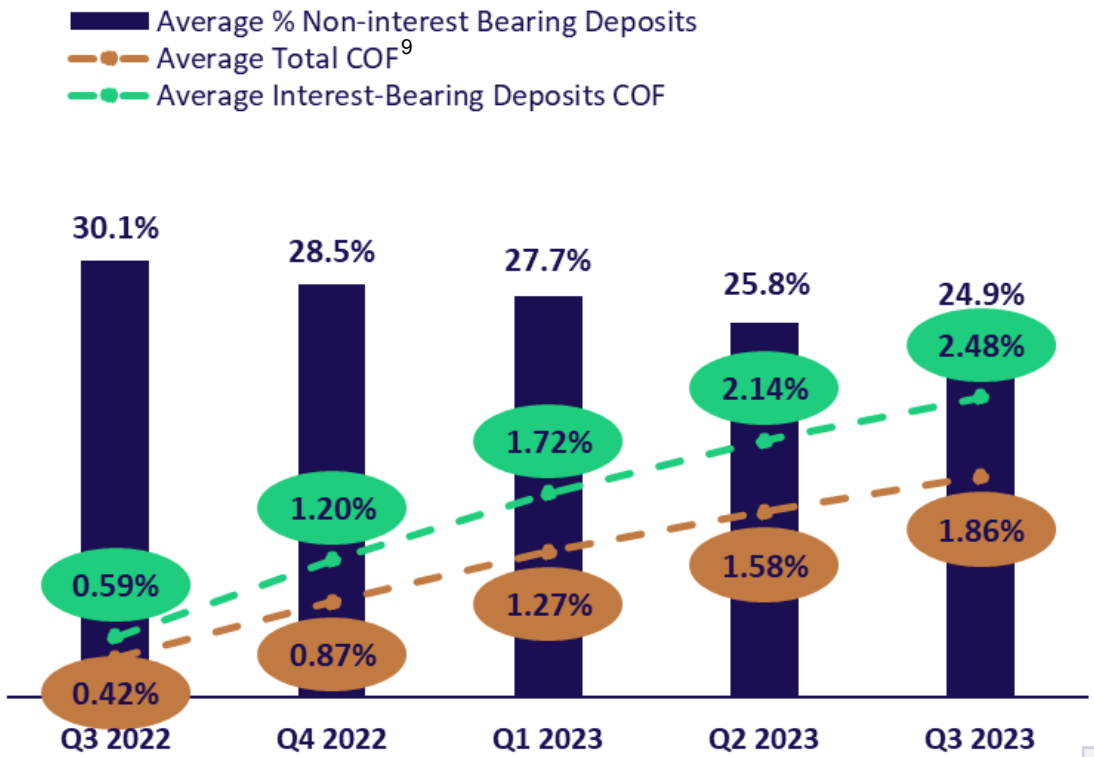
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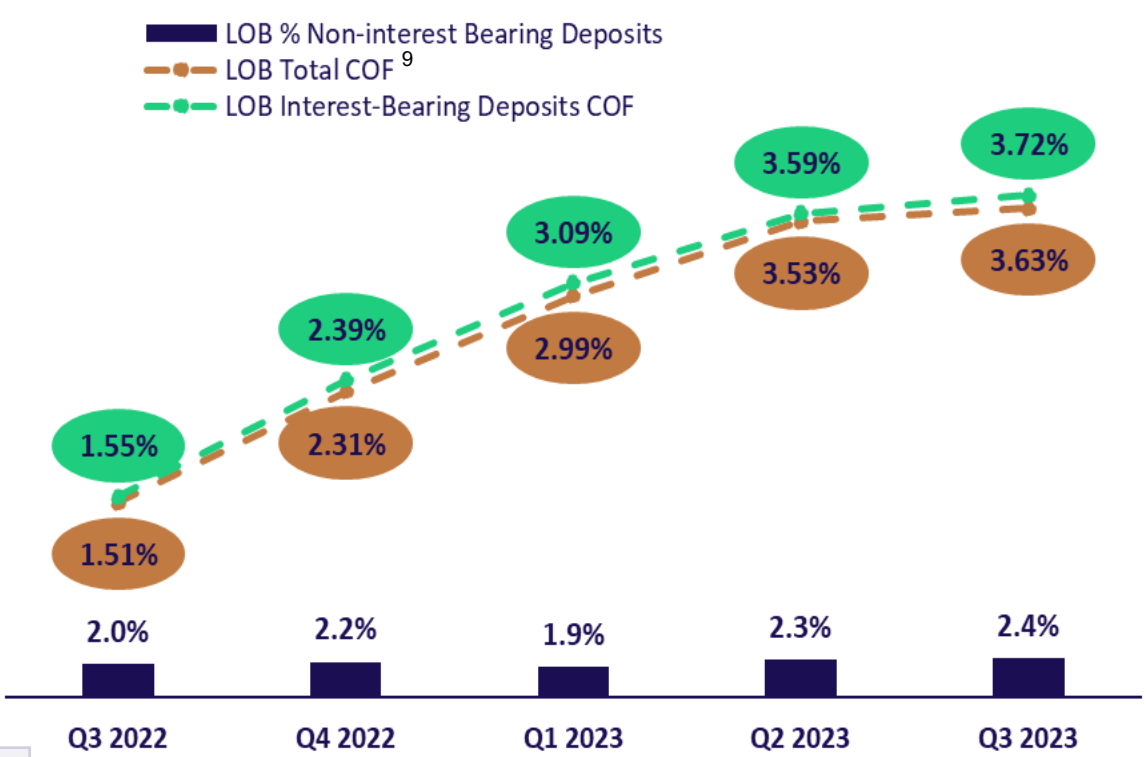
DEPOSITS ARE MIGRATING AWAY FROM NON-INTEREST-BEARING PRODUCTS

INCREASED PRICING IN THE INDUSTRY WILL CURTAIL GROWTH, PROVIDING WELL-POSITIONED BANKS WITH AN OPPORTUNITY

Major Bank[8] Funding Costs and % Non-Interest Bearing Deposits



Live Oak Funding Costs and % Non-Interest Bearing Deposits



Net Interest Margin	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Major Bank	2.58%	2.77%	2.79%	2.69%	2.69%
Live Oak	3.84%	3.76%	3.46%	3.29%	3.37%

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INDUSTRY DISRUPTION

AMERICAN BANKER

Bank of America, Wells Fargo plan more branch closures

Bank of America has said it plans to lower its total branch count with the help of digital banking services. As of Oct. 13, Bank of America had 3,798 U.S. branches, according to data from the Federal Deposit Insurance Corp.

REGULATION AND COMPLIANCE

U.S. Bancorp sheds assets to avoid stricter regs, insists it can still grow

U.S. Bancorp has avoided stricter regulatory requirements — for now.

The Federal Reserve informed the Minneapolis banking giant this week that it will no longer be required to meet liquidity and other federal requirements for so-called Category II banks by the end of 2024, according to the company.

THE WALL STREET JOURNAL.

FINANCE | BANKING

Smaller Banks Look to Shrink Their Way Back to Health

Banks that are big but not huge, such as KeyCorp, Citizens and Truist, reported big profit declines

BUSINESS

Truist announces 'sizable reduction' in workforce as part of cost-saving plan

The bank said it plans to reduce costs by $750 million, which includes $300 million in annual workforce

Busines

PNC Says 4% Workforce Reduction Will Save $325 Million in 2024



FINANCE

Big banks are quietly cutting thousands of employees, and more layoffs are coming

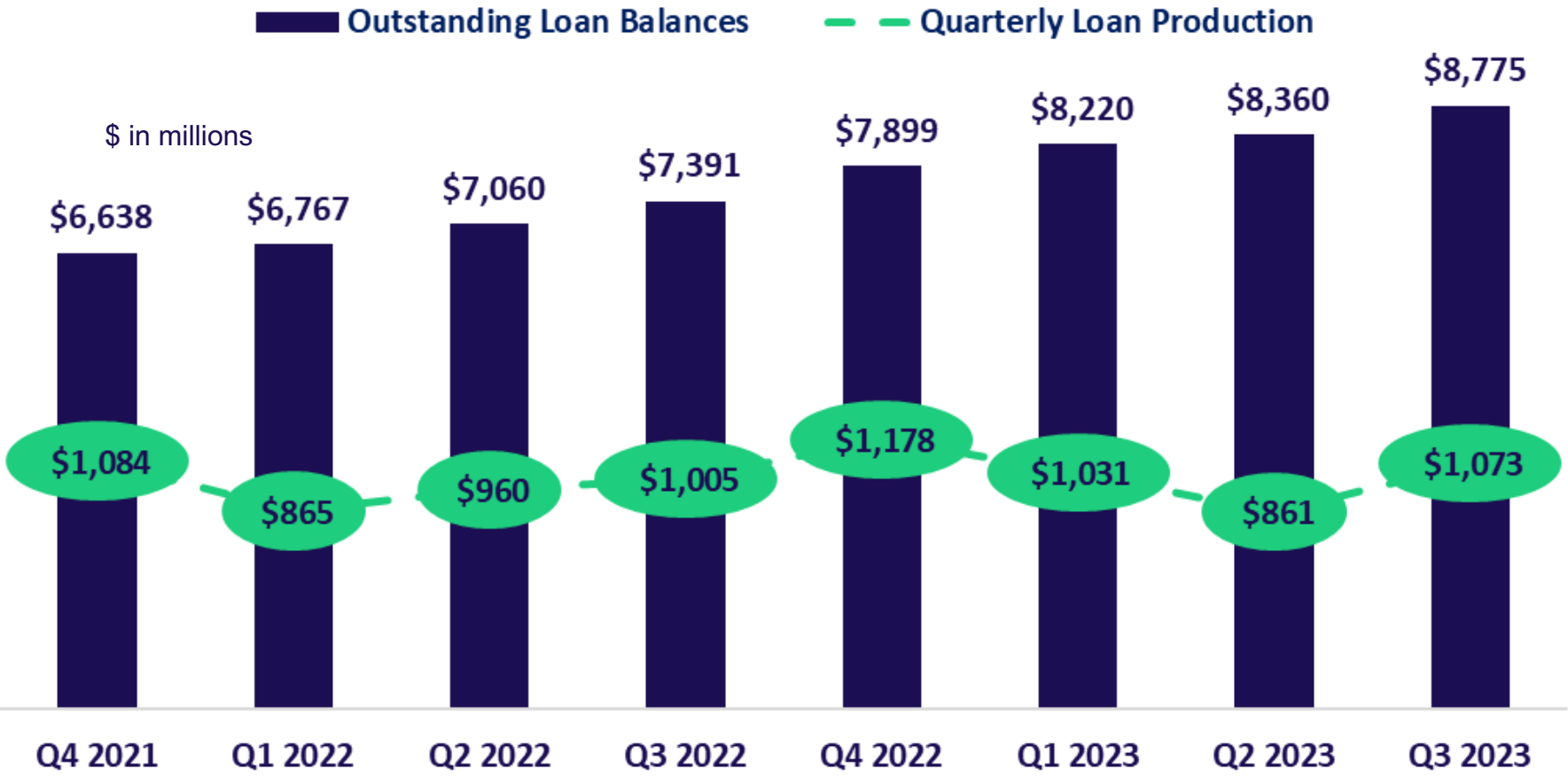
The deepest cuts have been at Wells Fargo and Goldman Sachs, institutions that are wrestling with revenue declines in key businesses. They each have cut roughly 5% of their workforce so far this year.

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OUR SALES TEAM CONTINUES TO GENERATE STRONG QUARTERLY PRODUCTION

WE REMAIN COMMITTED TO BROADENING OUR SALES TEAM TO CONTINUE ON OUR MISSION OF BEING AMERICA'S #1 SBA LENDER



	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Number of Lenders	121	126	135	140	148	155	153	149

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$275 MILLION PRE-TAX VENTURES GAINS HAVE ENABLED TECHNOLOGY INVESTMENT

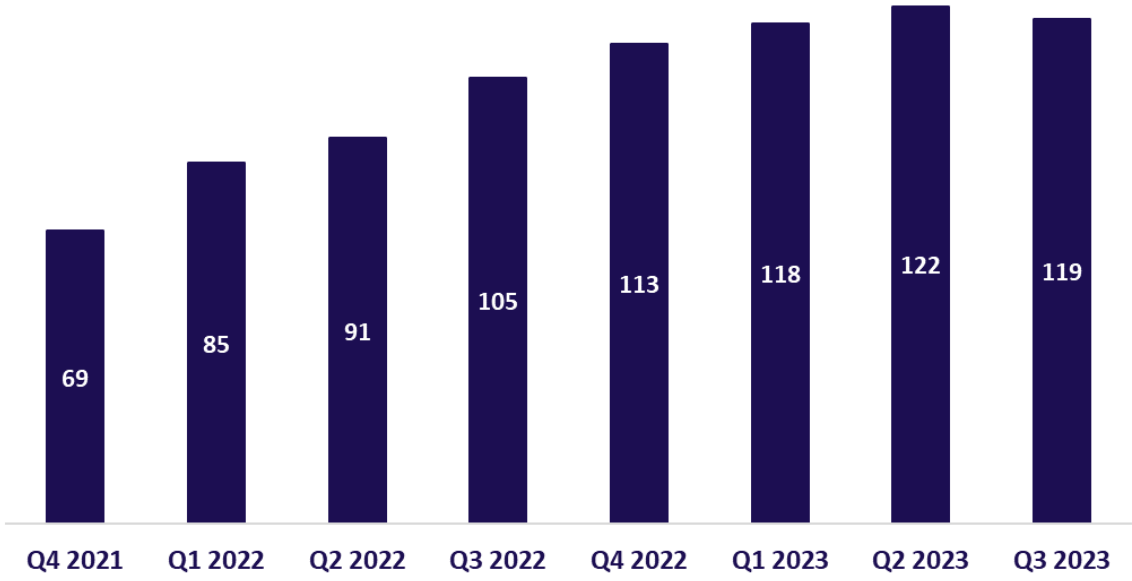
RAMP IN TECHNOLOGY STAFF IN 2022 WILL HASTEN ABILITY TO DELIVER FUTURE-STATE ASPIRATIONS

Ventures Gains

$ in millions

Year	Investment	Gross Gain	Employee Bonus & Charitable Contributions	Net Gain
2017	Apiture	$68	$—	$68
2020 & 2021	Greenlight	$58	$(4)	$54
2022	Finxact	$121	$(13)	$108
2022	Payrailz	$28	$(3)	$25
Total Pre-Tax Net Gains		**$275**	**$(20)**	**$255**

Technology Staff Over Time



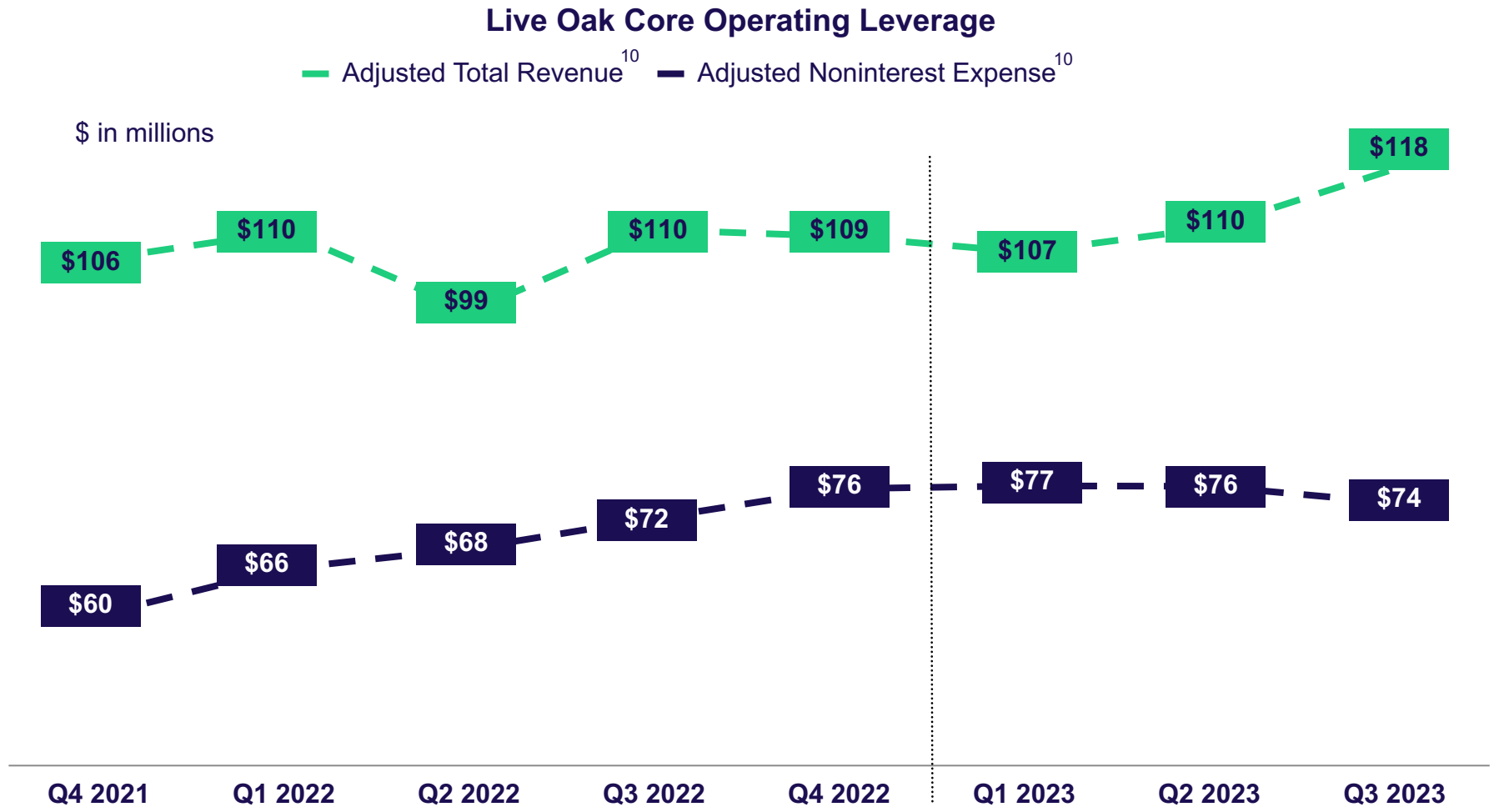
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LIVE OAK'S CORE BUSINESS GENERATING IMPROVED LEVERAGE

We continue to reduce reliance on gain on sale in favor of long-term, recurring revenue

Expense growth in 2022 driven by 2021-2022 investment in lending support and technology



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QUARTER HIGHLIGHTS

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Q3 EARNINGS SUMMARY

Diluted EPS of $0.88

- PPNR of $53.0 million, up 66% LQ
- 2% TBV[10] growth LQ, 5% YoY
- One-time impact of $15.0 million from fair value estimate adjustment

Loan balance and production growth healthy

- $1.1 billion of loan production, up 7% from Q3 2022
- Loan growth up 5% QoQ, 19% YoY

Deposit growth up 1% QoQ, 19% YoY

- Customer deposit growth up 2.1% LQ
- Growth coming from business accounts, up 12% LQ

NIM better than expected

- 3.37% Net interest margin, up 8bps QoQ
- Net interest income up 6% QoQ, 7% YoY
- Q3 average loan portfolio yield of 7.52%, up 15bps LQ.
  Q3 loan production average yield @ 8.93%
- Q3 average deposit cost of 3.72%, up 13bps LQ

Noninterest income improvement

- $15.0 million one-time change in FV estimate adjustment for loan servicing asset & loans accounted for under the FV option
- Net gain on sale increased, up 17% LQ
- Premiums relatively stable the last three quarters

Expense growth moderated

- FTEs down 3% QoQ
- Noninterest expenses down 3% QoQ, 11% YoY

Provision for credit losses

- Supported by loan growth, down from Q2

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Q3 KEY HIGHLIGHTS

	$ IN MILLIONS	Q3 2023	Q3 2023 CHANGE VS. Q2 2023	Q3 2023 CHANGE VS. Q3 2022
	Net interest income	$ 89	6%	7%
	Noninterest income	38	57%	(34)%
a	Total revenue	127	17%	(10)%
b	Noninterest expense	74	(3)%	(11)%
a-b	PPNR	53	66%	(9)%
	Provision for credit losses	10	(21)%	(27)%
	Net income before tax	43	125%	(4)%
	Income tax expense	3	108%	95%
	Net income	40	127%	(7)%
	Diluted EPS	0.88	126%	(8)%

	Q3 2023	CHANGE FROM Q2 2023	CHANGE FROM Q3 2022
Net interest margin	3.37%	8 bps	(47) bps
Efficiency ratio[10]	58.3%	(1,215) bps	(31) bps
Common equity tier 1 capital	11.6 %	8 bps	(153) bps
TBV per share[10]	$ 19.04	2%	5%
Loan and lease originations	$ 1,073	25%	7%
Period-end total loan and lease portfolio	8,775	5%	19%
Period-end total deposits	10,004	1%	19%

Q3 Notable Items

Noninterest Income

One-time impact from change in estimate:

- Loan servicing asset revaluation ($13.7MM, or ~$0.23 diluted EPS)
- Net gain on loans accounted for under the fair value option ($1.3MM, or ~$0.02 diluted EPS)

Income Taxes

- 7% tax rate

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NET INTEREST MARGIN AND NET INTEREST INCOME TRENDS

NET INTEREST INCOME AND MARGIN EXPANSION IN Q3 2023 DRIVEN BY STRONG LOAN PRICING AND GROWTH



	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Portfolio Loan Yield	5.94%	6.61%	7.00%	7.37%	7.52%
Deposit Cost	1.55%	2.39%	3.09%	3.59%	3.72%
Net Spread	4.39%	4.22%	3.91%	3.78%	3.80%
Reference Information:					
Consumer Savings Rate	2.00%	3.50%	4.00%	4.00%	4.15%
Cumulative Savings Beta	50%	71%	74%	70%	70%
Business Savings Rate	2.00%	3.50%	4.00%	4.00%	4.00%
Cumulative Savings Beta	50%	71%	74%	70%	67%
Top Digital Competitors[11]	2.24%	3.46%	3.86%	4.25%	4.46%
Cumulative Savings Beta[11]	59%	70%	71%	75%	76%

Key Highlights

Net Interest Income +6% QoQ, with 8bps margin expansion.

Q3 2023 loan production average yield @ 8.93%.

Quarterly-adjusting variable rates increased another 25bps on 10/1.

- ~47% of loans are variable[12], primarily Prime-based

$ in millions	Net Interest Income	Net Interest Margin
Q2 2023	**$84**	**3.29%**
Loan Volumes & Mix	$6	0.12%
Loan Rates	$4	0.17%
Funding Volume & Mix	$(2)	(0.08)%
Funding Rates	$(4)	(0.15)%
Other	$1	0.02%
Q3 2023	**$89**	**3.37%**

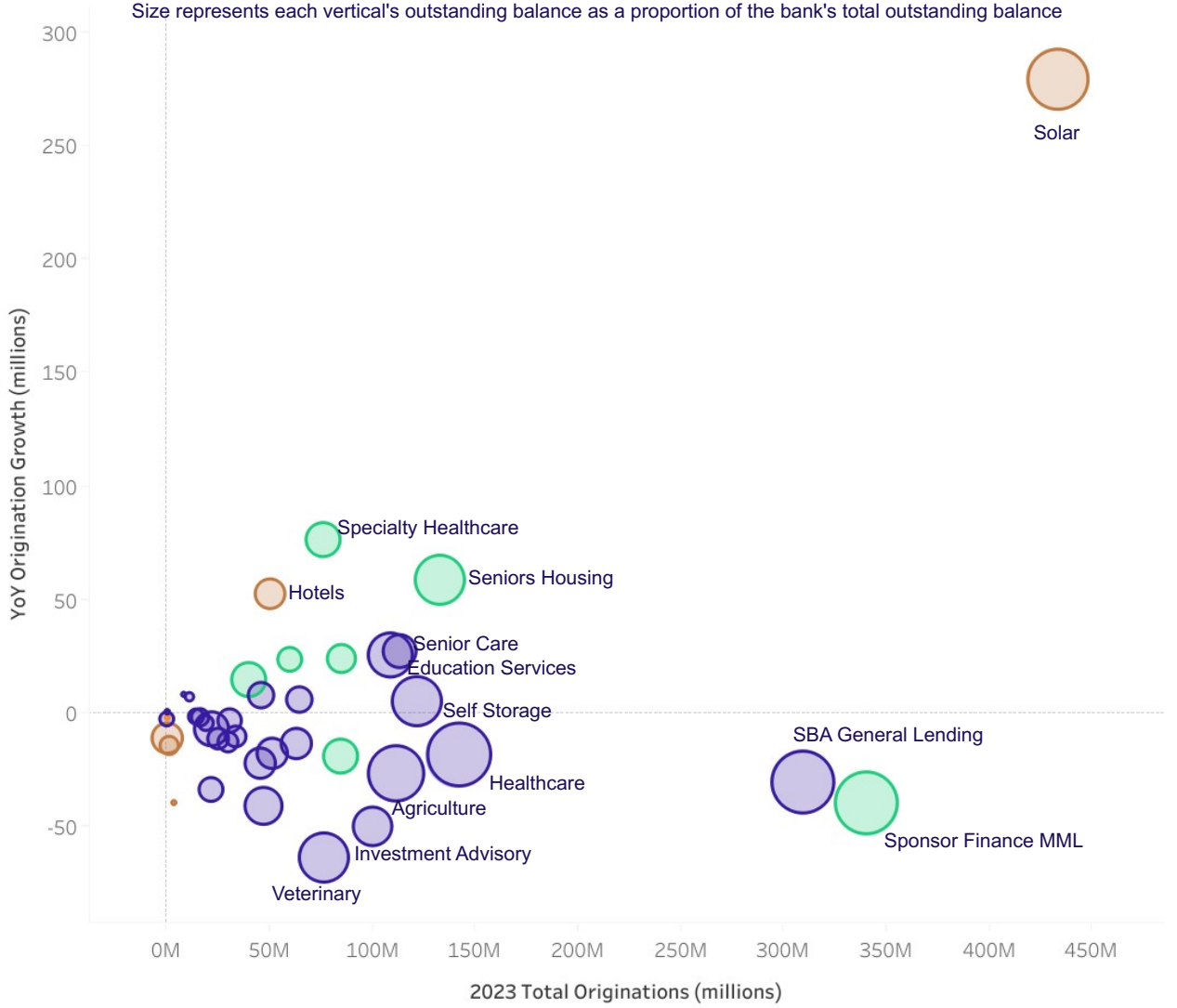
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LENDING DIVERSIFICATION ACROSS THE PLATFORM

YTD YOY Origination Growth by Vertical

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



YTD 2023 Production Mix by Business Unit (%)

56% 28% 16%

$ IN MILLIONS	Q3 LOANS OUTSTANDING[13]	2023 YTD ORIGINATIONS $	2023 YTD ORIGINATIONS YoY % CHANGE
Small Business Banking	$6,145	$1,655	(14)%
Specialty Finance	1,547	820	20
Energy & Infrastructure	1,110	490	119

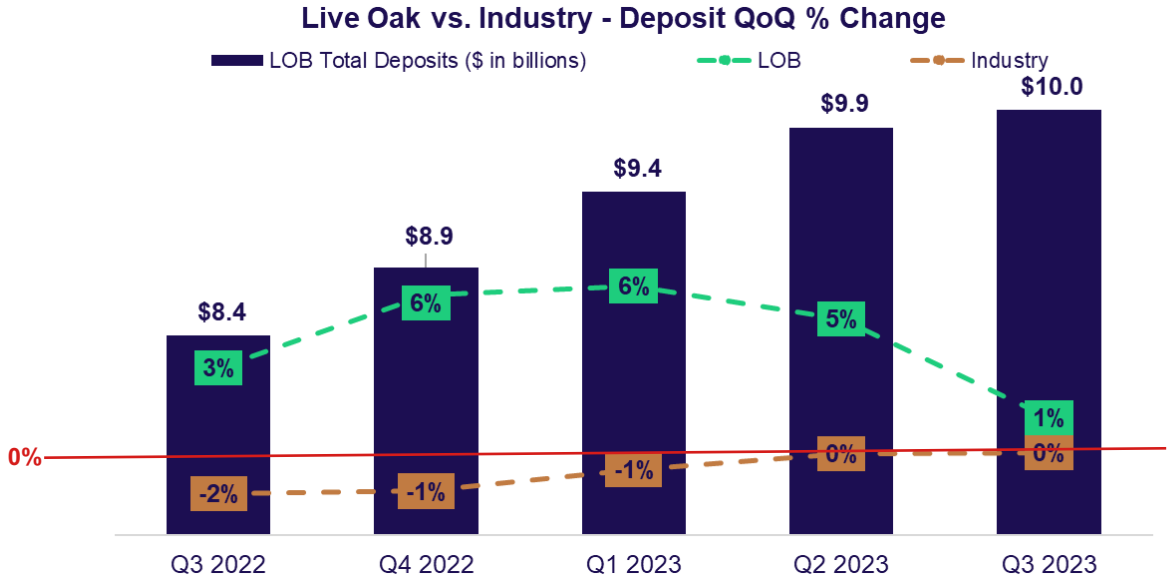
Lending Across 30+ Verticals

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
Specialty Healthcare
Venture Banking
Veterinary
Water & Wastewater Programs
Wine & Craft Beverage

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CUSTOMER DEPOSIT GROWTH CONTINUES, PORTFOLIO DIVERSIFIED & BALANCED

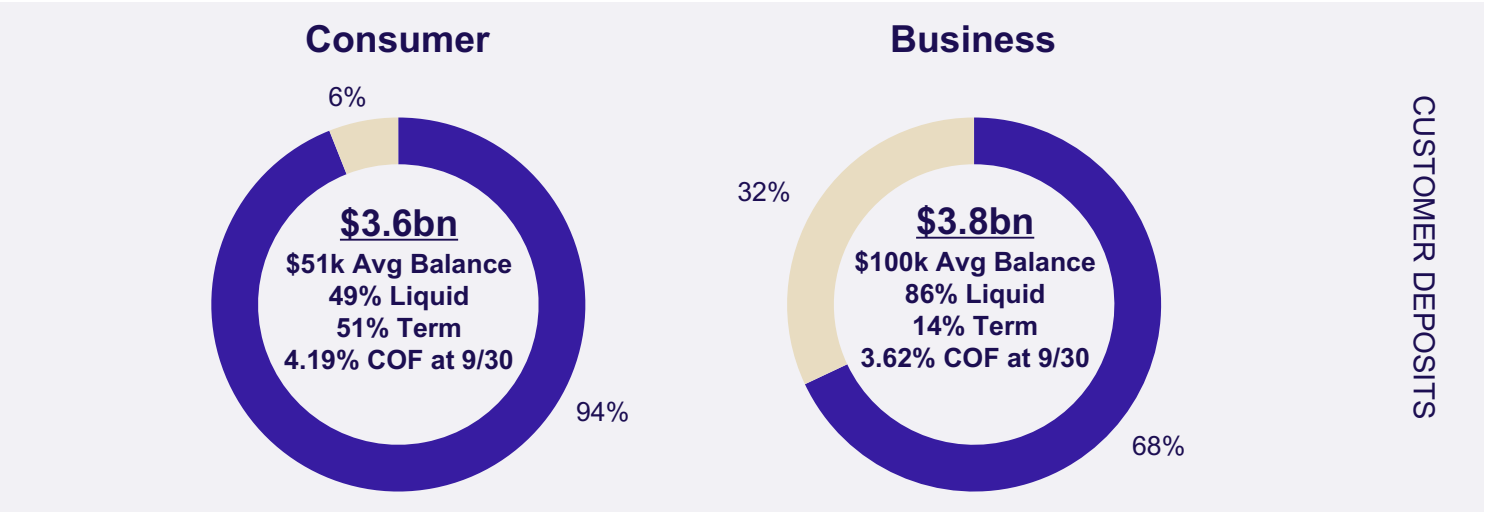
- YTD total deposit growth of +12.6% while banking industry remained essentially flat
- Deposit growth moderated in Q3 2023 (+1.3% QoQ) as liquidity levels normalize post H1 2023 stress events
- YoY Deposit Growth:
  - Live Oak: +19%
  - Industry[7]: -2%
- +12% QoQ growth rate in business deposits
- Customer deposits total average balance of $68k



WHOLESALE DEPOSITS 26%

CONSUMER DEPOSITS 36%

BUSINESS DEPOSITS 38%



Wholesale Deposits | Customer Deposits | Insured | Uninsured

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NONINTEREST INCOME TRENDS

$ IN MILLIONS	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net gains on sales of loans	$9	$7	$10	$11	$13
Loan servicing revenue	6	6	6	7	7
Loan servicing asset revaluation	(1)	(5)	—	(3)	11
Net gain (loss) on loans accounted for under fair value option	4	1	(5)	2	(1)
Other noninterest income	39	10	7	8	7
Total noninterest income	58	19	20	24	38

$ IN MILLIONS	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
SBA Guaranteed Loans Sold	$107	$144	$168	$245	$226
USDA Guaranteed Loans Sold	$41	$—	$—	$—	$—
Total Guaranteed Loans Sold	**$148**	**$144**	**$168**	**$245**	**$226**
SBA Average Gain on Sale Premium	108%	105%	106%	105%	105%
USDA Average Gain on Sale Premium	108%	—%	—%	—%	—%
Total Average Gain on Sale Premium	**108%**	**105%**	**106%**	**105%**	**105%**

Key Highlights

Net gains on sales of loans in Q3

- Secondary market premiums stable after mid-March industry stress
- >80% of small business production variable rate[12] last three quarters; provides for more sales flexibility

Loan servicing asset revaluation in Q3

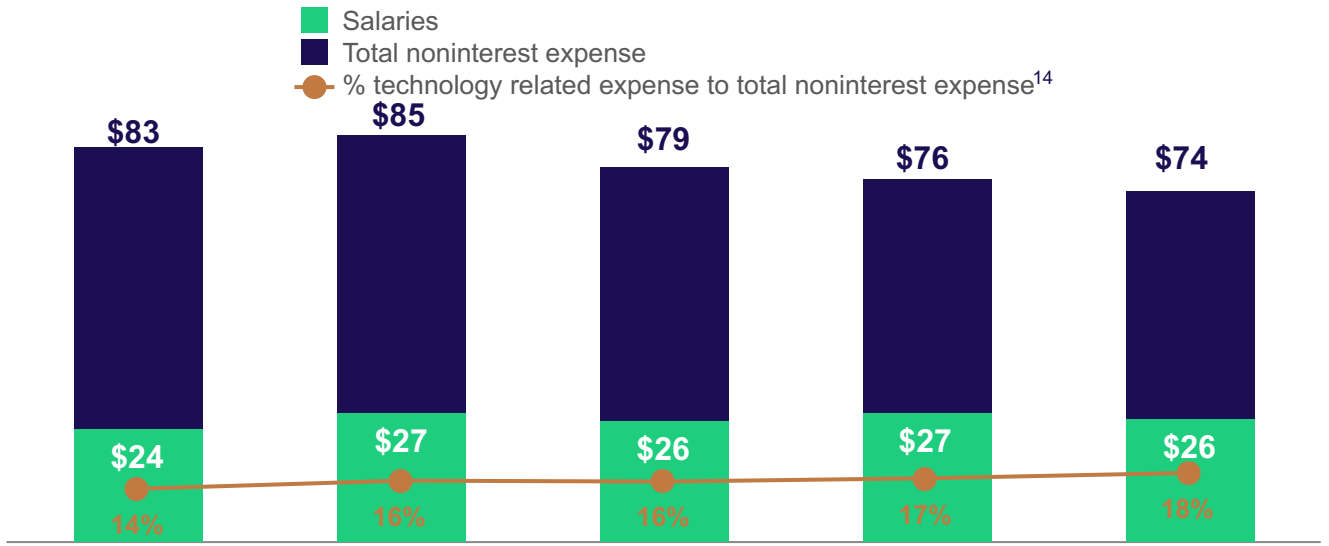
- $13.7 million one-time increase for change in estimate

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MODERATING EXPENSE GROWTH

$ in millions



	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
FTEs	940	970	977	984	956
Efficiency ratio[10]	58.6%	80.6%	77.7%	70.5%	58.3%

Key Highlights

Expenses down 3% LQ, 11% YoY

- Q3 2022 includes a $3 million bonus related to fintech investment gains and a $7.7 million renewable energy tax credit impairment

FTEs down 3% since Q2 2023 and up only 2% since Q3 2022

Investment in technology continued into 2023, despite overall expense levels moderating

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CREDIT METRICS HEALTHY

$10 million Q3 provision breakdown:

- ~ 70% related to loan growth

$9 million of net charge offs in the quarter

- $8 million from a previously impaired credit

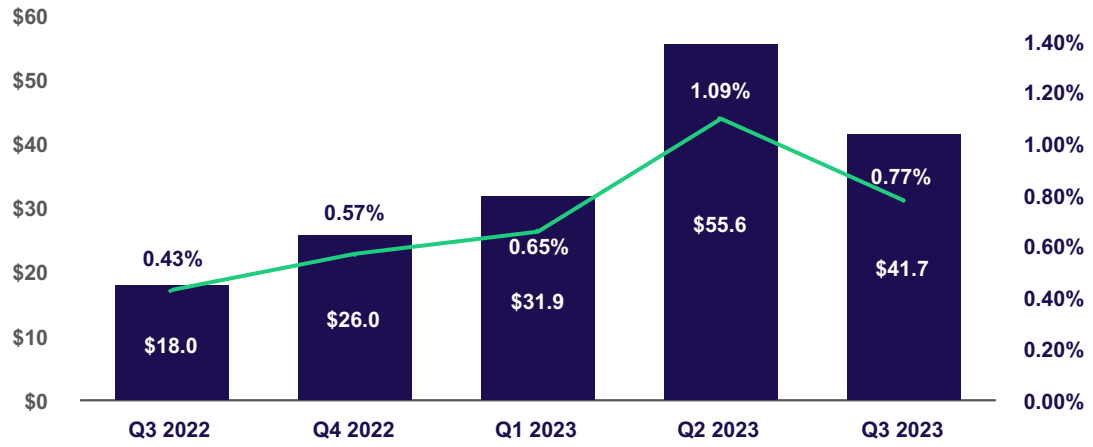
~68% of CRE portfolio is SBA & USDA

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

$ in millions	Q3 HFI UNGUARANTEED BALANCE	PAST DUE >30 DAYS[1, 2]	NON-ACCRUALS[2, 3]
Small Business Banking	$3,135	0.25%	0.69%
Specialty Finance	$1,527	0.00%	0.84%
Energy & Infrastructure	$726	0.00%	0.99%
Total	$5,388	0.15%	0.77%

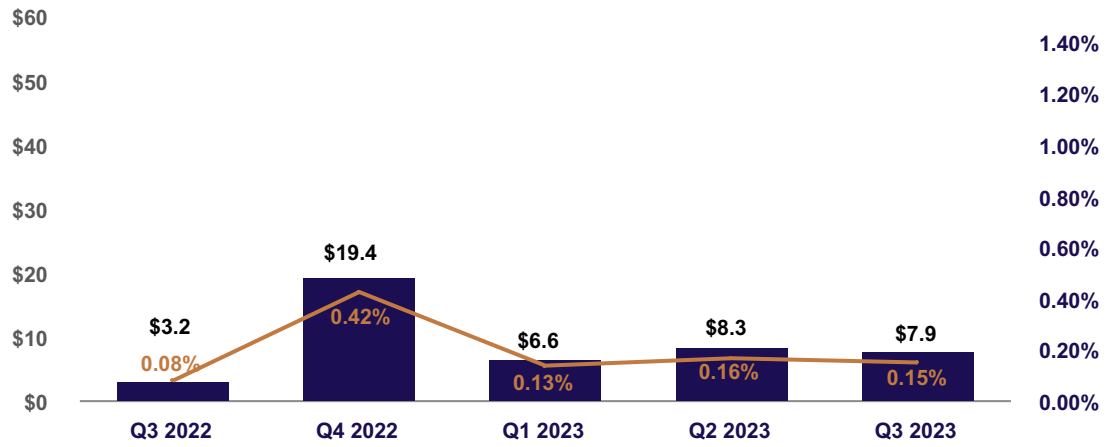
$ in millions

Nonaccruals[2, 3]



$ in millions

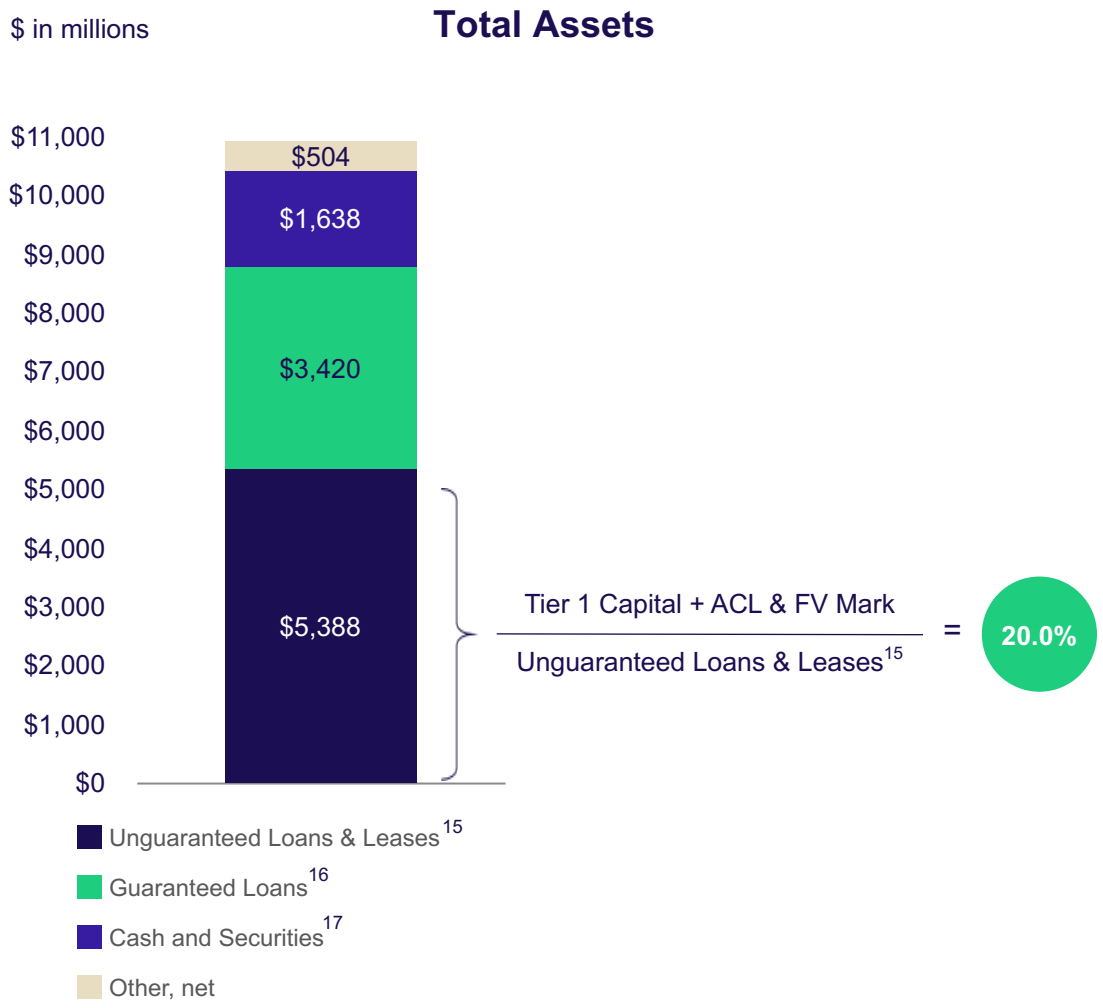
Past Due >30 Days[1, 2]



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STRONG CAPITAL POSITIONING - THE MAHAN RATIO



CAPITAL RATIOS	Q3 2023
Common Equity Tier 1 Capital	11.6%
Total Capital	12.9%
Tier 1 Capital	11.6%
Tier 1 Leverage	8.6%

As of September 30, 2023	
Tier 1 Capital (a)	$942
ACL and FV Mark on Unguaranteed Loans and Leases (b)	$133
Total Unguaranteed Loans and Leases[15] (c)	$5,388
Tier 1 Capital to Unguaranteed Loans and Leases[15] (a/c)	**17.5%**
ACL and FV Mark to Unguaranteed Loans and Leases[15] (b/c)	**2.5%**

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LIVE OAK FOCUS – SOUNDNESS | PROFITABILITY | GROWTH

Strong loan growth

Operating account acquisition

Investing in "good" costs

Consistent pre-provision net revenue improvement

Proving out credit quality

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APPENDIX

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APPENDIX: PRESENTATION FOOTNOTES

1. 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).
2. Ratio uses total HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) as denominator.
3. Nonaccrual loans and leases include HFI unguaranteed loans and leases on nonaccrual at amortized cost (inclusive of loans and leases at fair value and historical cost).
4. Nonaccrual loans and leases paying as agreed include HFI unguaranteed loans and leases on nonaccrual and 30 days or less past due at amortized cost (inclusive of loans and leases at fair value and historical cost).
5. Classified includes HFI unguaranteed loans and leases rated a risk grade 6 at amortized cost (inclusive of loans and leases at fair value and historical cost).
6. Loans and leases at historical cost only (excludes loans measured at fair value).
7. Bank 6/30/2023 Call Reports via S&P Capital IQ. Includes all commercial and savings banks. YoY deposits compares reported deposit balances at June 30, 2023, to June 30, 2022.
8. Source: Company reports. Major Banks include: JP Morgan Chase, Bank of America, Wells Fargo, Citigroup, Truist, PNC, and US Bank.
9. Total cost of funds was calculated using an average of corresponding quarter end balances.
10. Non-GAAP financial measures. See Appendix for reconciliation of non-GAAP items to reported balances.
11. Source: Bankrate. Top Digital Competitors include: Capital One, Goldman Sachs Marcus, Ally Bank, American Express, Sallie Mae, Synchrony, Barclays, Citizens, CIT, and Discover.
12. Variable rate loans include those with a reprice frequency of one year or less.
13. Represents total loans and leases at amortized cost, excluding PPP loans (inclusive of loans and leases at fair value and historical cost).
14. Technology related expenses include technology expense and salaries and employee benefits for technology employees.
15. Represents total unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost).
16. Balance reflected is at amortized cost and includes $6.8 million in PPP loans.
17. 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, including any prolonged U.S. government shutdown;
- 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 September 30, 2023							
Net interest income	$ 89.5	$ —	$ —	$ —	$ —	$ (0.1)	$ 89.4
Provision for credit losses	10.3	—	—	—	—	—	10.3
Noninterest income (loss)	35.7	(1.4)	(0.3)	3.3	1.7	0.5	37.9
Noninterest expense	69.5	—	0.7	2.4	3.1	1.7	74.3
Income (loss) before income tax expense	**$ 45.5**	$ (1.4)	$ (0.9)	$ 0.9	**$ (1.4)**	$ (1.3)	**$ 42.8**
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**

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LiveOak BANCSHARES

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, 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**
Actuals for the quarter ended March 31, 2022							
Net interest income	$ 78.2	$ —	$ —	$ —	$ —	$ (0.5)	$ 77.8
Provision for credit losses	1.8	—	—	—	—	—	1.8
Noninterest income (loss)	31.9	(1.3)	(0.2)	1.7	0.2	0.5	32.7
Noninterest expense	61.4	—	0.2	2.0	2.2	2.1	65.7
Income (loss) before income tax expense	**$ 46.9**	$ (1.3)	$ (0.4)	$ (0.2)	**$ (1.9)**	$ (2.1)	**$ 42.9**
Actuals for the quarter ended December 31, 2021							
Net interest income	$ 78.0	$ —	$ 0.1	$ —	$ 0.1	$ (0.4)	$ 77.6
Provision for credit losses	3.9	—	—	—	—	—	3.9
Noninterest income (loss)	31.9	(0.6)	(0.1)	1.5	0.8	1.1	33.8
Noninterest expense	56.9	—	—	2.0	2.0	0.7	59.7
Income (loss) before income tax expense	**$ 49.0**	$ (0.6)	$ (0.1)	$ (0.5)	**$ (1.2)**	$ (0.1)	**$ 47.8**

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APPENDIX: RECONCILIATION

	Reconciliation of non-GAAP items to reported balances *($ in millions)*	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
a	**Net interest income, as reported**	**$ 83.9**	**$ 85.9**	**$ 82.0**	**$ 84.3**	**$ 89.4**
	Less PPP loan interest income	0.1	—	—	—	—
	Less PPP loan deferred fees & costs amortized into interest income, net	1.1	0.2	0.1	—	—
	Add estimated interest expense on funding activity to support PPP activities	—	—	—	—	—
b	**Adjusted net interest income**	**82.7**	**85.7**	**81.9**	**84.2**	**89.3**
c	**Total noninterest income, as reported**	**57.7**	**19.1**	**19.6**	**24.2**	**37.9**
	Fair value adjustments:					
	Add loan servicing asset revaluation loss (gain)	1.3	5.0	(0.4)	2.8	(11.3)
	Add net (gain) loss on loans accounted for under the fair value option	(4.4)	(0.6)	4.5	(1.7)	0.6
	Add other (gains) losses on valuation adjustments[1]	(0.1)	(0.5)	0.2	(0.2)	—
	Total fair value adjustments	(3.2)	3.9	4.3	0.9	(10.8)
	Add (subtract) noncash (gains) losses from investments in venture funds	0.2	0.1	1.1	0.2	0.2
	Add (gains) losses from FinTech Activities[2]	(27.5)	0.4	0.2	0.7	1.4
d	**Adjusted noninterest income**	**27.3**	**23.5**	**25.2**	**26.0**	**28.7**
b+d	**Adjusted total revenue**	**110.0**	**109.2**	**107.1**	**110.2**	**118.0**
e	**Total noninterest expense, as reported**	**83.0**	**84.6**	**79.0**	**76.5**	**74.3**
	Less bonus related to FinTech investment gains	3.0	—	—	—	—
	Less renewable energy tax credit impairment	7.7	8.4	0.1	—	—
	Less reserve for unfunded commitments expense increase from assumption refinements	—	—	2.4	—	—
	Adjusted noninterest expense	**72.3**	**76.1**	**76.5**	**76.5**	**74.3**
a+c-e	**PPNR, as reported**	**58.6**	**20.4**	**22.6**	**32.0**	**53.0**
	Adjusted net interest income	82.7	85.7	81.9	84.2	89.3
	Adjusted noninterest income	27.3	23.5	25.2	26.0	28.7
	Adjusted noninterest expense	72.3	76.1	76.5	76.5	74.3
f	**Adjusted PPNR**	**37.7**	**33.0**	**30.6**	**33.8**	**43.8**
g	Provision for loan and lease credit losses, as reported	14.2	19.7	19.0	13.0	10.3
f-g	**Adjusted net income before tax**	**$ 23.5**	**$ 13.4**	**$ 11.6**	**$ 20.8**	**$ 33.5**

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

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

		Q4 2021	Q1 2022	Q2 2022
a	**Net interest income, as reported**	**$ 77.6**	**$ 77.8**	**$ 79.9**
	Less PPP loan interest income	0.8	0.5	0.2
	Less PPP loan deferred fees & costs amortized into interest income, net	6.7	3.8	1.1
	Add estimated interest expense on funding activity to support PPP activities	0.3	0.2	0.1
b	**Adjusted net interest income**	**70.5**	**73.7**	**78.7**
c	**Total noninterest income, as reported**	**33.8**	**32.7**	**128.5**
	Fair value adjustments:			
	Add loan servicing asset revaluation loss (gain)	4.2	1.6	8.7
	Add net (gain) loss on loans accounted for under the fair value option	0.1	(0.5)	4.5
	Add other (gains) losses on valuation adjustments[1]	—	0.1	—
	Total fair value adjustments	4.2	1.1	13.1
	Add (subtract) noncash (gains) losses from investments in venture funds	(3.4)	0.4	(0.4)
	Add (gains) losses from FinTech Activities[2]	1.2	1.9	(120.6)
d	**Adjusted noninterest income**	**35.8**	**36.1**	**20.7**
b+d	**Adjusted total revenue**	**106.2**	**109.8**	**99.4**
e	**Total noninterest expense, as reported**	**59.7**	**65.7**	**80.9**
	Less bonus related to FinTech investment gains	—	—	7.5
	Less charitable giving related to FinTech investment gains	—	—	5.0
	Less renewable energy tax credit impairment	—	—	0.1
	Adjusted noninterest expense	**59.7**	**65.7**	**68.3**
a+c-e	**PPNR, as reported**	**51.7**	**44.7**	**127.6**
	Adjusted net interest income	70.5	73.7	78.7
	Adjusted noninterest income	35.8	36.1	20.7
	Adjusted noninterest expense	59.7	65.7	68.3
f	**Adjusted PPNR**	**46.5**	**44.1**	**31.0**
g	Provision for loan and lease credit losses, as reported	3.9	1.8	5.3
f-g	**Adjusted net income before tax**	**$ 42.6**	**$ 42.3**	**$ 25.8**

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)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
	Total shareholders' equity	$ 802.2	$ 811.0	$ 822.8	$ 832.5	$ 850.4
	Less:					
	Goodwill	1.8	1.8	1.8	1.8	1.8
	Other intangible assets	1.9	1.9	1.8	1.8	1.8
a	Tangible shareholders' equity	798.5	807.4	819.2	828.9	846.8
b	Shares outstanding	43,981,350	44,061,244	44,290,840	44,351,715	44,480,215
a/b	**TBV (Tangible Book Value) per share**	$ 18.15	$ 18.32	$ 18.50	$ 18.69	$ 19.04

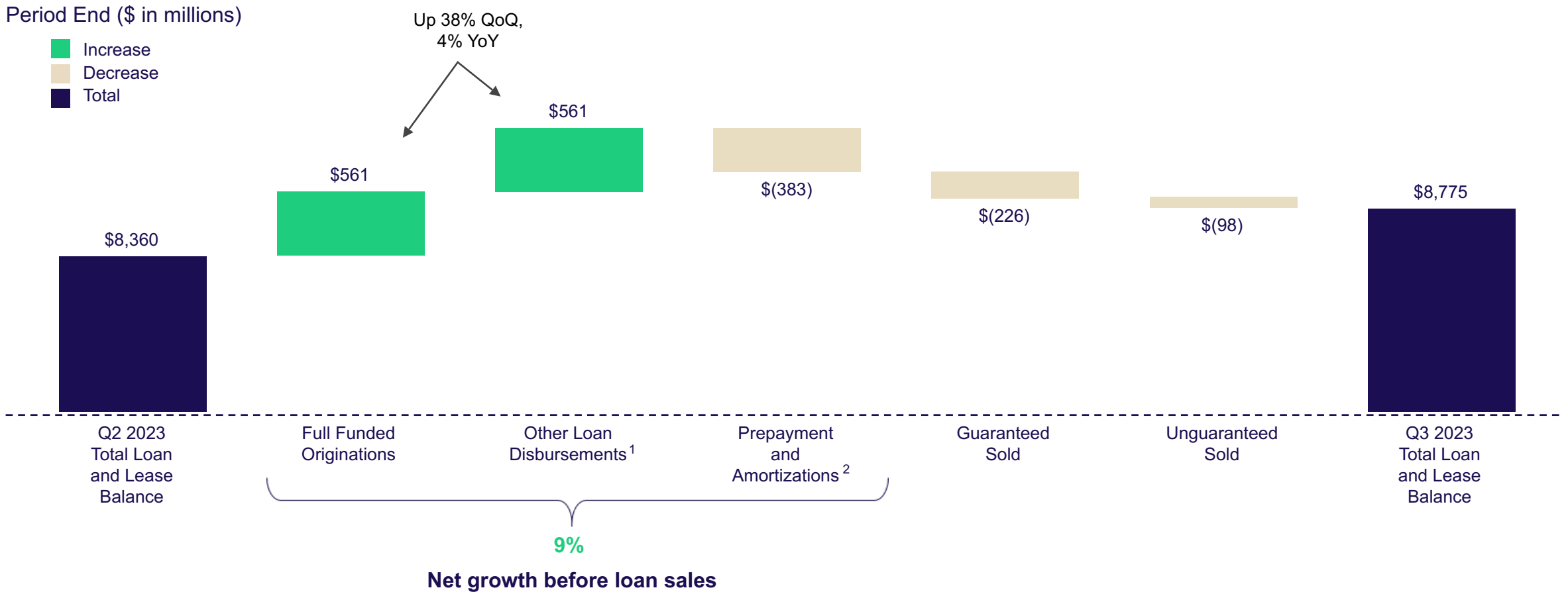
	($ in millions)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
	Efficiency Ratio					
	Noninterest expense	$ 83.0	$ 84.6	$ 79.0	$ 76.5	$ 74.3
	Net interest income	83.9	85.9	82.0	84.3	89.4
	Noninterest income	57.7	19.1	19.6	24.2	37.9
	Adjusted operating revenue	141.6	105.0	101.6	108.5	127.3
	Efficiency Ratio	**58.6%**	**80.6%**	**77.7%**	**70.5%**	**58.3%**
	Efficiency ratio adjusted for non-GAAP activities					
	Adjusted noninterest expense	$ 72.3	$ 76.1	$ 76.5	$ 76.5	$ 74.3
	Adjusted net interest income	82.7	85.7	81.9	84.2	89.3
	Adjusted noninterest income	27.3	23.5	25.2	26.0	28.7
	Adjusted efficiency ratio	**65.7%**	**69.7%**	**71.4%**	**69.4%**	**62.9%**

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APPENDIX: PRODUCTION AND NET LOAN GROWTH

5% PERIOD-END LOAN GROWTH LQ; 9% TOTAL NET GROWTH LQ BEFORE LOAN SALES



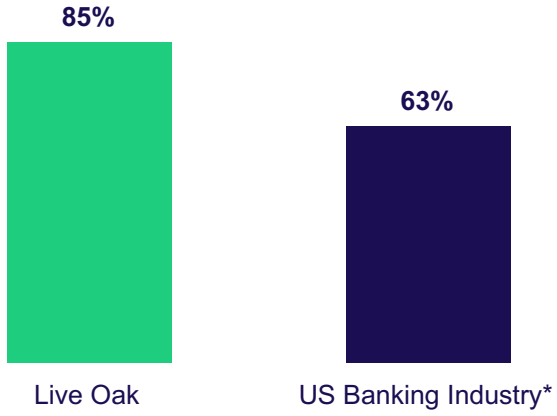
1. Other Loan Disbursements includes disbursements on construction loans and revolving loans
2. Prepayment and Amortizations also includes charge-offs and change in deferred loan fees and cost

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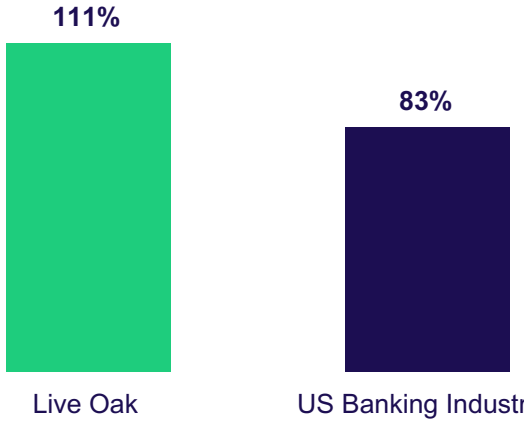
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APPENDIX: STRONG LIQUIDITY PROFILE

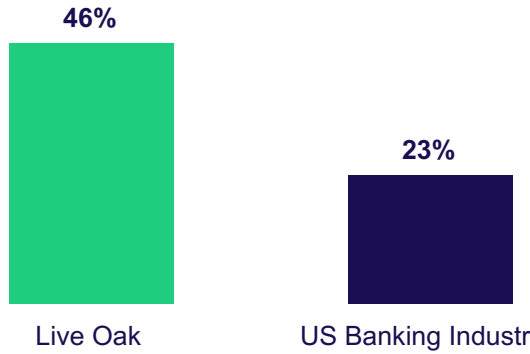
Insured Deposits / Total Deposits



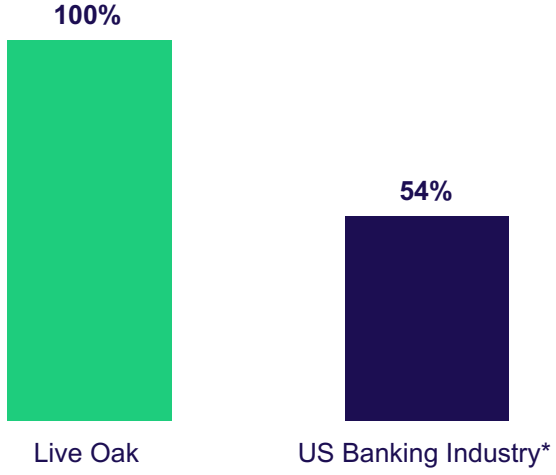
Cash and Un-Pledged Securities / Uninsured Deposits



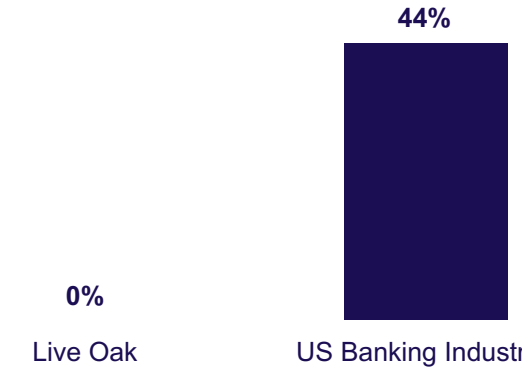
Cash + Securities + Guaranteed Loans / Total Assets



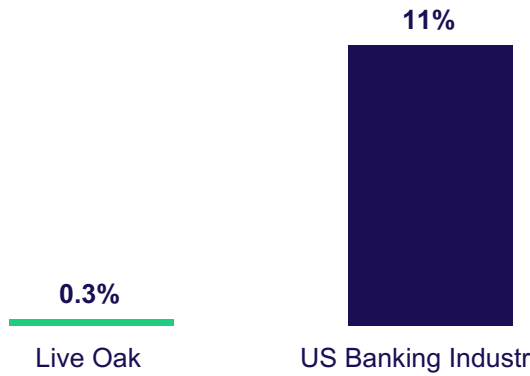
AFS Securities / Total Securities



Pledged Securities / Total Securities



Borrowings / Total Liabilities



*Bank 6/30/2023 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.

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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

Fireblocks
Series E

CANAPI CONTINUED

Fund II

Codat
Series C

Asset Class
Led Series A

MakersHub
Seed

Elpha Secure
Led Series A

DynamoFL
Series A

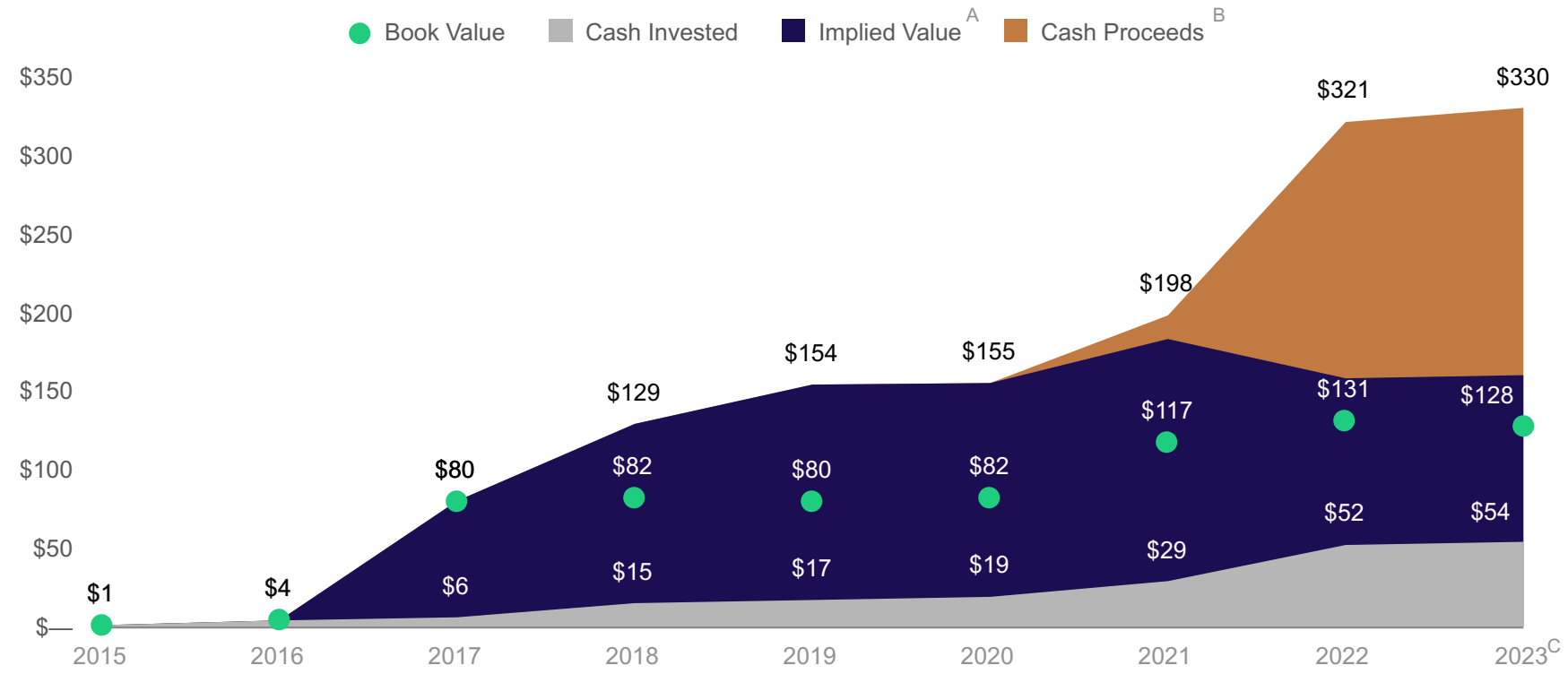
ModernFi
Series A

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



Cash Proceeds[B] to Date
$170 million

Total Implied Value[A]
Q3 2023
$160 million

Portfolio Companies	1	2	4	6	6	7	9	11	13
Additions by Period	DefenseStorm	Finxact	Payrailz, Apiture	Greenlight, Kwipped		savana	able, Philanthropi	Vantaca, AgencyKPI, asset class, Uplinq	pharmacy marketplace

A. Estimated implied value based on most recent transaction data and not necessarily indicative of future values.
B. Includes actual cash proceeds from the partial sale of Greenlight Financial Technology, Inc., and full sale of Finxact, Inc. and Payrailz, LLC.
C. Data through Q3 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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