LiveOak BANCSHARES

FOURTH QUARTER 2023

January 25, 2024



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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 Q4 2023 GAAP RESULTS

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

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2022	FY 2023
a	Net Interest Income	$ 85.9	$ 82.0	$ 84.3	$ 89.4	$ 89.6	$ 327.5	$ 345.3
	Provision for Loan and Lease Credit Losses	19.7	19.0	13.0	10.3	9.0	40.9	51.3
b	Total Noninterest Income	19.1	19.6	24.2	37.9	30.1	238.0	111.7
a + b	**Total Revenue**	**105.0**	**101.6**	**108.5**	**127.3**	**119.7**	**565.5**	**457.0**
	Total Noninterest Expense	84.6	79.0	76.5	74.3	93.2	314.2	322.9
	Income before Taxes	0.7	3.6	19.0	42.8	17.5	210.3	82.8
	Net Income	**1.8**	**0.4**	**17.5**	**39.8**	**16.2**	**176.2**	**73.9**
	Diluted Earnings per Share	**$ 0.04**	**$ 0.01**	**$ 0.39**	**$ 0.88**	**$ 0.36**	**$ 3.92**	**$ 1.64**
	Total Assets	**$ 9,855.5**	**$ 10,364.3**	**$ 10,819.2**	**$ 10,950.5**	**$ 11,271.4**		
	Total HFS and HFI Loans and Leases	7,898.8	8,220.3	8,360.2	8,775.2	9,020.9		
	Allowance for Credit Losses on Loans and Leases	(96.6)	(108.2)	(120.1)	(121.3)	(125.8)		
	All Other Assets	2,053.3	2,252.3	2,579.1	2,296.5	2,376.4		
	Total Liabilities	**9,044.5**	**9,541.5**	**9,986.7**	**10,100.1**	**10,368.8**		
	Total Deposits	8,884.9	9,422.0	9,879.1	10,003.6	10,275.0		
	Borrowings	83.2	30.8	28.3	25.8	23.4		
	Other Liabilities	76.3	88.7	79.3	70.6	70.4		
	Total Shareholders' Equity	**811.0**	**822.8**	**832.5**	**850.4**	**902.7**		
	Net Interest Margin	**3.76 %**	**3.46 %**	**3.29 %**	**3.37 %**	**3.32 %**	**3.87 %**	**3.35 %**
	Effective Tax Rate	**NM**	**89.0%**	**7.5%**	**6.9%**	**7.6%**	**16.2%**	**10.8%**

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LIVE OAK POSITIONING

As always, we shall lead with credit quality, and once again ...
soundness, profitability and growth — In That Order!

Let's talk loans and deposits ...
Where are we? Where is the industry?

What is the state of Self Service and Full Service?
Is there a moat developing out there for us?

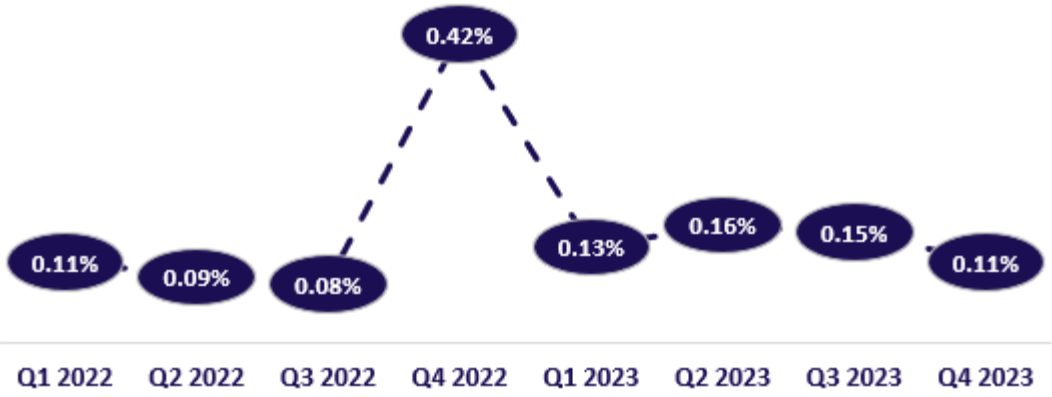
Operating leverage ...
Are we getting there?

SBA program expansion plays to the favor
of underserved borrowers and smaller businesses

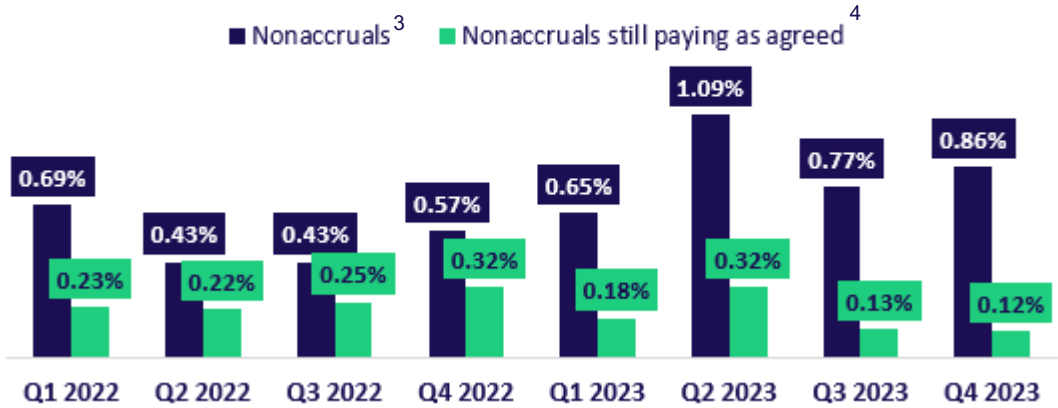
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CREDIT PERFORMANCE IN LINE WITH HISTORICAL TRENDS

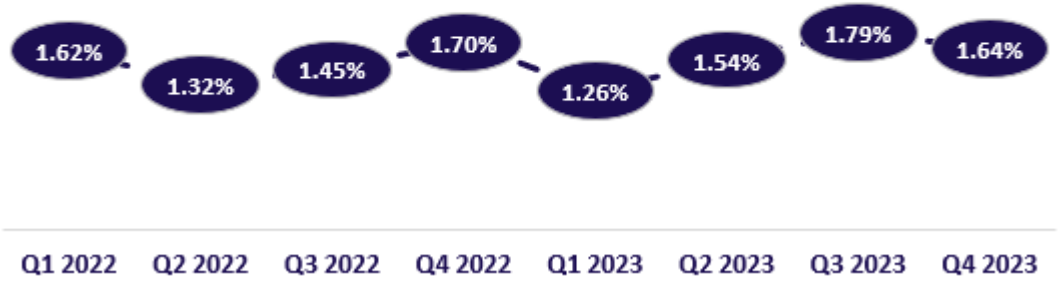
Over 30 Day Past Dues
(Over 30 Day Past Dues[1] / HFI Unguaranteed Loans)[2]



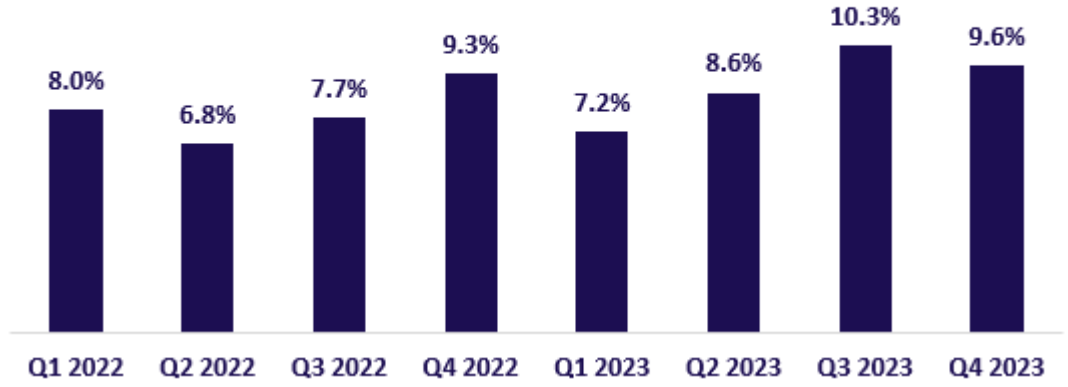
Nonaccrual Trends [2]
(Nonaccruals / HFI Unguaranteed Loans)



Classified [2, 5]



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

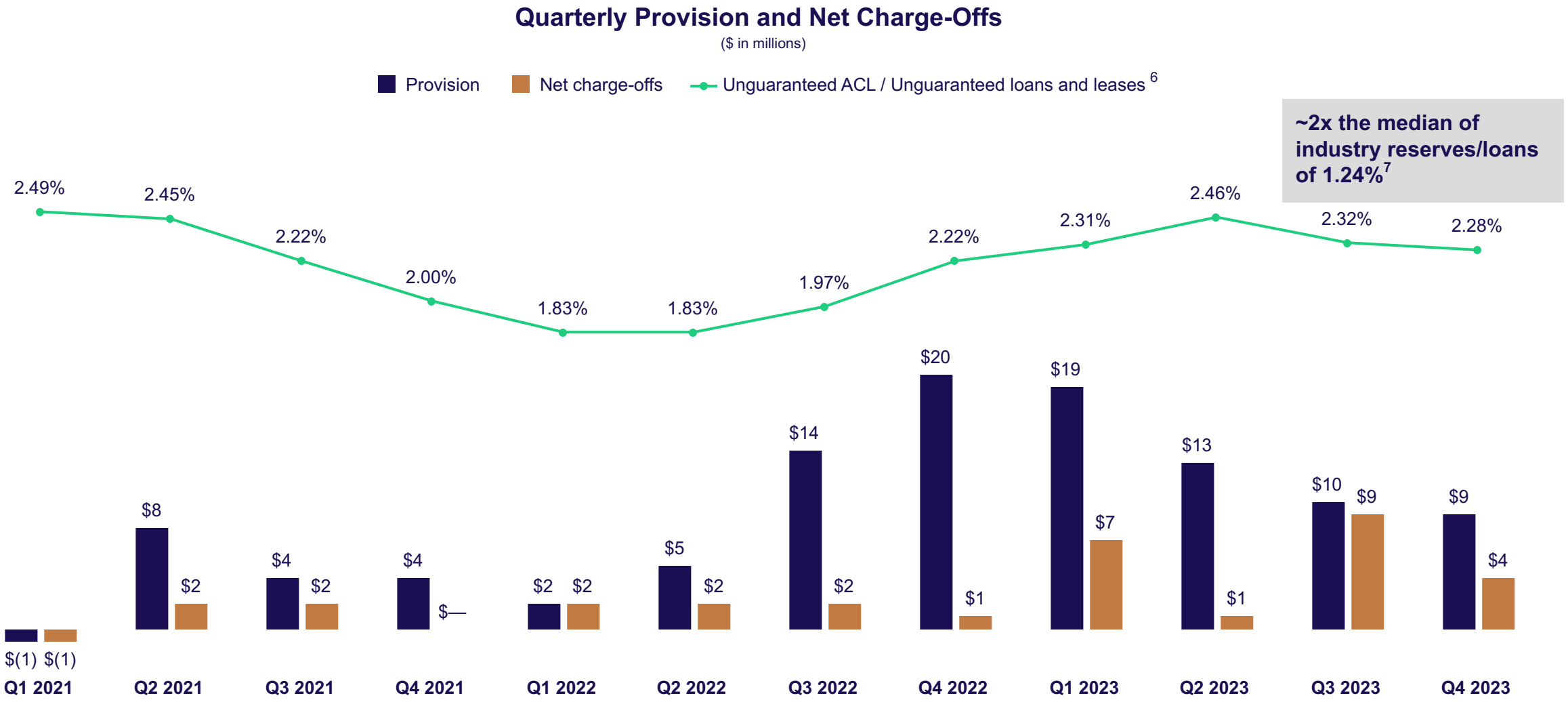


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REGRESSION TO THE NORM CONTINUES

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

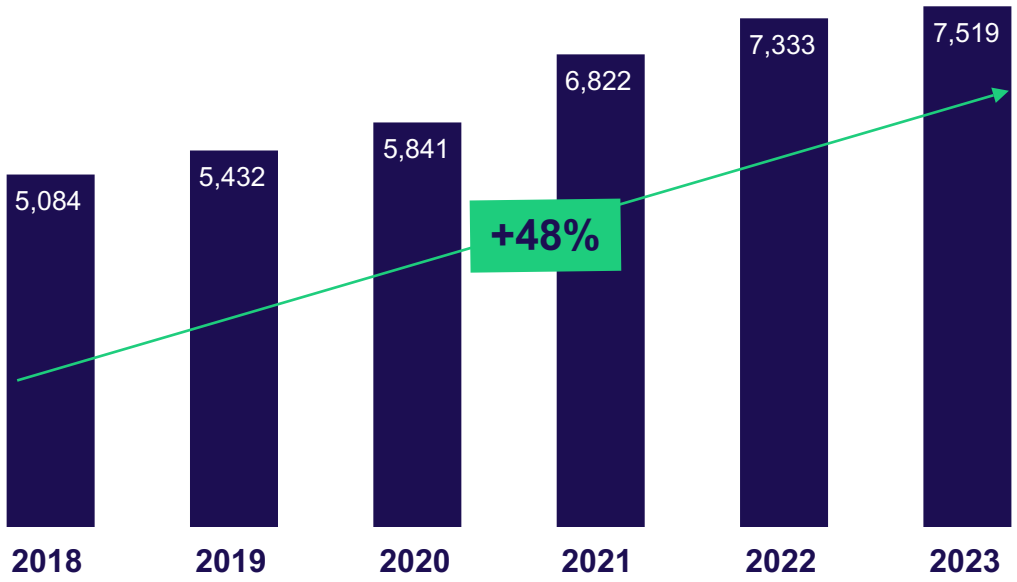


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ORGANIC GROWTH & TECH-FORWARD PLATFORM PAVE WAY FOR THE FUTURE

Loan Customer Growth



	Average Total Cost of Funds on Deposits[9]				
	Q4 2022	Q3 2023	Q4 2023	QoQ Change	YoY Change
LOB	2.31%	3.63%	3.78%	0.15%	1.47%
Regional Bank[8] Average	0.64%	2.03%	2.21%	0.18%	1.57%
Select Regional Banks:					
Regions	0.34%	1.15%	1.40%	0.25%	1.06%
Huntington	0.63%	1.91%	2.14%	0.23%	1.51%
Zions	0.20%	1.94%	2.08%	0.14%	1.88%
First Horizon	0.69%	2.45%	2.51%	0.06%	1.82%
Pinnacle	1.39%	2.92%	3.08%	0.16%	1.69%
Fifth Third	0.73%	2.02%	2.24%	0.22%	1.51%
Webster	0.59%	1.96%	2.14%	0.18%	1.55%
Synovus	0.89%	2.31%	2.50%	0.19%	1.61%
Old National	0.34%	1.59%	1.84%	0.25%	1.50%

Since Q4 2022, the regional bank[8] average non-interest bearing deposits as a percent of total deposits decreased from 34% to 26% as of Q4 2023

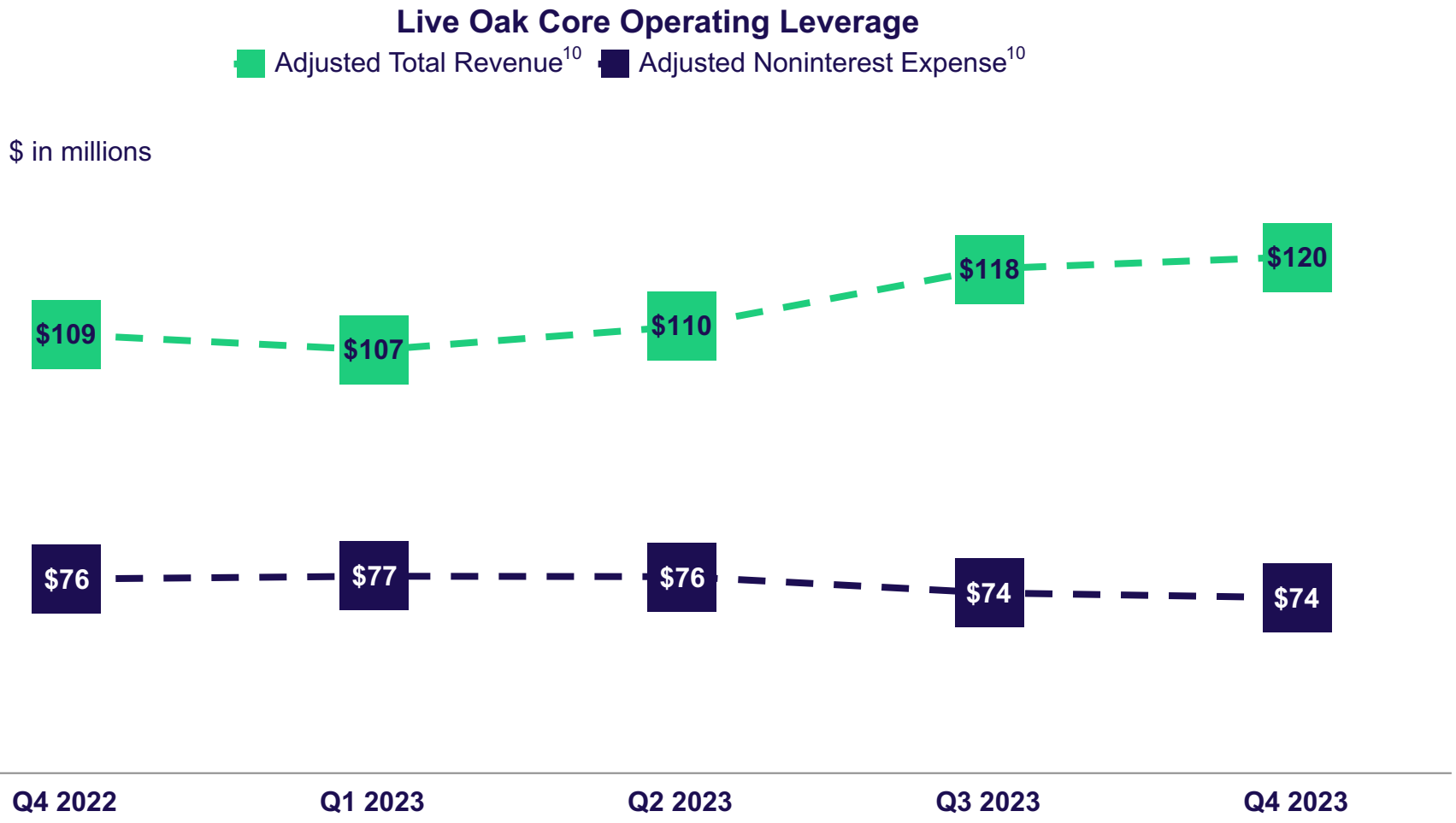
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LIVE OAK'S CORE BUSINESS GENERATING IMPROVED LEVERAGE

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

Balanced expense management through 2023, after growth in 2021-2022 from investing in our operations and technology teams



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KEY SBA CHANGES IN PLAY

- **No SBA origination fees for loans under $1 million**
- **For loans under $500K, updated rules for:**
  - **Collateral**
  - **Underwriting**
  - **Equity injection**
  - **Insurance requirements**
- **Refinancing debt is now simpler**

AMERICAN BANKER

STATE OF SMALL BIZ BANKING 2023

SBA 7(a) loans are getting smaller

By John Reosti November 13, 2023, 4:53 p.m. EST 4 Min Read

STATE OF SMALL BIZ BANKING 2023 →



SBA

Top 20 SBA lenders for 2023

Small Business Administration lending is an arena where community banks and nonbanks compete favorably with some of the largest U.S. financial institutions. Here are the biggest SBA 7(a) lenders based on the value of approved loans.

By Jackie Stewart

November 13 1 Min Read

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FINANCIAL HIGHLIGHTS

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2023 IN REVIEW

$1.64	+6%	5%	3.35%	~$4 billion	+14%	56%	+10%
FY 2023 Diluted EPS	Adjusted PPNR[10] Growth YoY	Net Interest Income Growth YoY	Net Interest Margin	FY 2023 Loan Production	Loan Growth YoY	Business Deposit Growth YoY	TBV[10] Growth YoY

Soundness

- Healthy credit quality
  - 0.29% NCOs
  - 0.86% Unguaranteed NPLs[2,3]
- Growing and diversified loan and deposit portfolios
- Strong liquidity profile
  - ~86% of deposits fully insured
  - ~3:1 liquidity capacity to uninsured deposits
  - 100% of investments unpledged, available for sale
- Strong capital levels

Profitability

- YoY adjusted total revenue[10] +6%
- NIM remains healthy at 3.35%
- Secondary markets stabilized and rebounding
- Good costs > Bad costs

Growth

- Nation's #1 largest SBA lender for sixth consecutive year
- ~$4 billion in loan production for FY 2023
- +16% YoY total deposits growth
  - Business deposits +56% YoY
- Business checking is live
- 7 million small businesses in the US with at least one employee - we have a lot of runway

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Q4 KEY HIGHLIGHTS

	$ IN MILLIONS	Q4 2023	Q4 2023 CHANGE VS. Q3 2023	Q4 2023 CHANGE VS. Q4 2022
	Net interest income	$ 90	—%	4%
	Noninterest income	$ 30	(21)%	58%
a	Total revenue	$ 120	(6)%	14%
b	Noninterest expense	$ 93	26%	10%
a-b	PPNR	$ 26	(50)%	30%
	Provision for credit losses	$ 9	(12)%	(54)%
	Net income before tax	$ 17	(59)%	2,338%
	Income tax expense	$ 1	(55)%	223%
	Net income	$ 16	(59)%	802%
	Diluted EPS	$ 0.36	(59)%	800%

	Q4 2023	CHANGE FROM Q3 2023	CHANGE FROM Q4 2022
Net interest margin	3.32%	(5) bps	(44) bps
Efficiency ratio[10]	77.9%	NM	(270) bps
Common equity tier 1 capital	11.7%	10 bps	(73) bps
TBV per share[10]	$ 20.15	6%	10%
Loan and lease originations	$ 982	(9)%	(17)%
Period-end total loan and lease portfolio	$ 9,021	3%	14%
Period-end total deposits	$ 10,275	3%	16%

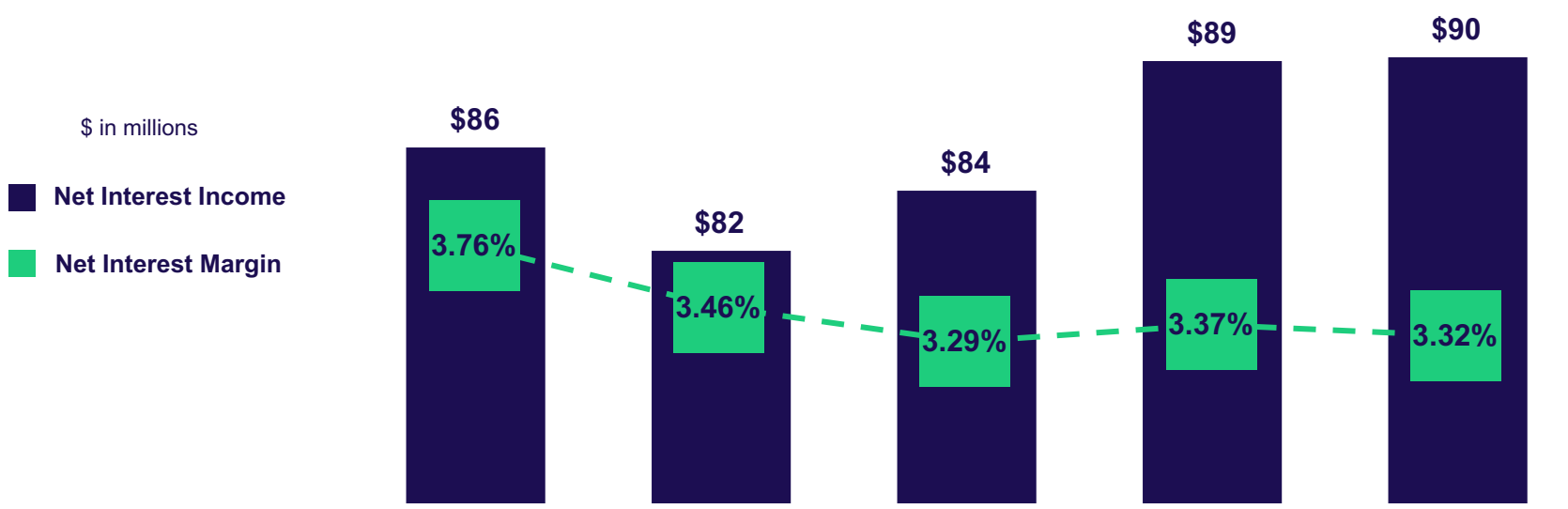
Notable Items

Line Item	Q4 2023	Q3 2023
Noninterest Income	$4.4 million fixed asset gain	$13.7 million loan servicing asset revaluation model change
		$1.3 million net gain on loans accounted for under the fair value option model change
Noninterest Expense	$4.5 million special employee bonus	
	$14.6 million renewable energy tax credit impairment	

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NET INTEREST MARGIN AND NET INTEREST INCOME TRENDS



	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Portfolio Loan Yield	6.61%	7.00%	7.37%	7.52%	7.61%
Deposit Cost	2.39%	3.09%	3.59%	3.72%	3.90%
Net Spread	4.22%	3.91%	3.78%	3.80%	3.71%
Reference Information:					
Consumer Savings Rate	3.50%	4.00%	4.00%	4.15%	4.40%
Cumulative Savings Beta	71%	74%	70%	70%	74%
Business Savings Rate	3.50%	4.00%	4.00%	4.00%	4.00%
Cumulative Savings Beta	71%	74%	70%	67%	67%
Top Digital Competitors[11]	3.46%	3.86%	4.25%	4.46%	4.51%
Cumulative Savings Beta[11]	70%	71%	75%	76%	77%

Key Highlights

- Q4 2023 Net Interest Income +4% YoY
- Q4 2023 loan production average yield @ 9.23%
- ~49% of loans are variable[12], primarily Prime-based
- Q4 2023 deposit pricing activity:
  - $875MM in CD maturities, renewal rates +112bps
  - Consumer savings rate +25bps

$ in millions	Net Interest Income	Net Interest Margin
Q3 2023	**$89**	**3.37%**
Loan Volume & Mix	$5	0.09%
Loan Rates	$2	0.08%
Funding Volume & Mix	$(1)	(0.05)%
Funding Rates	$(4)	(0.17)%
Other	$(1)	(0.00)%
Q4 2023	**$90**	**3.32%**

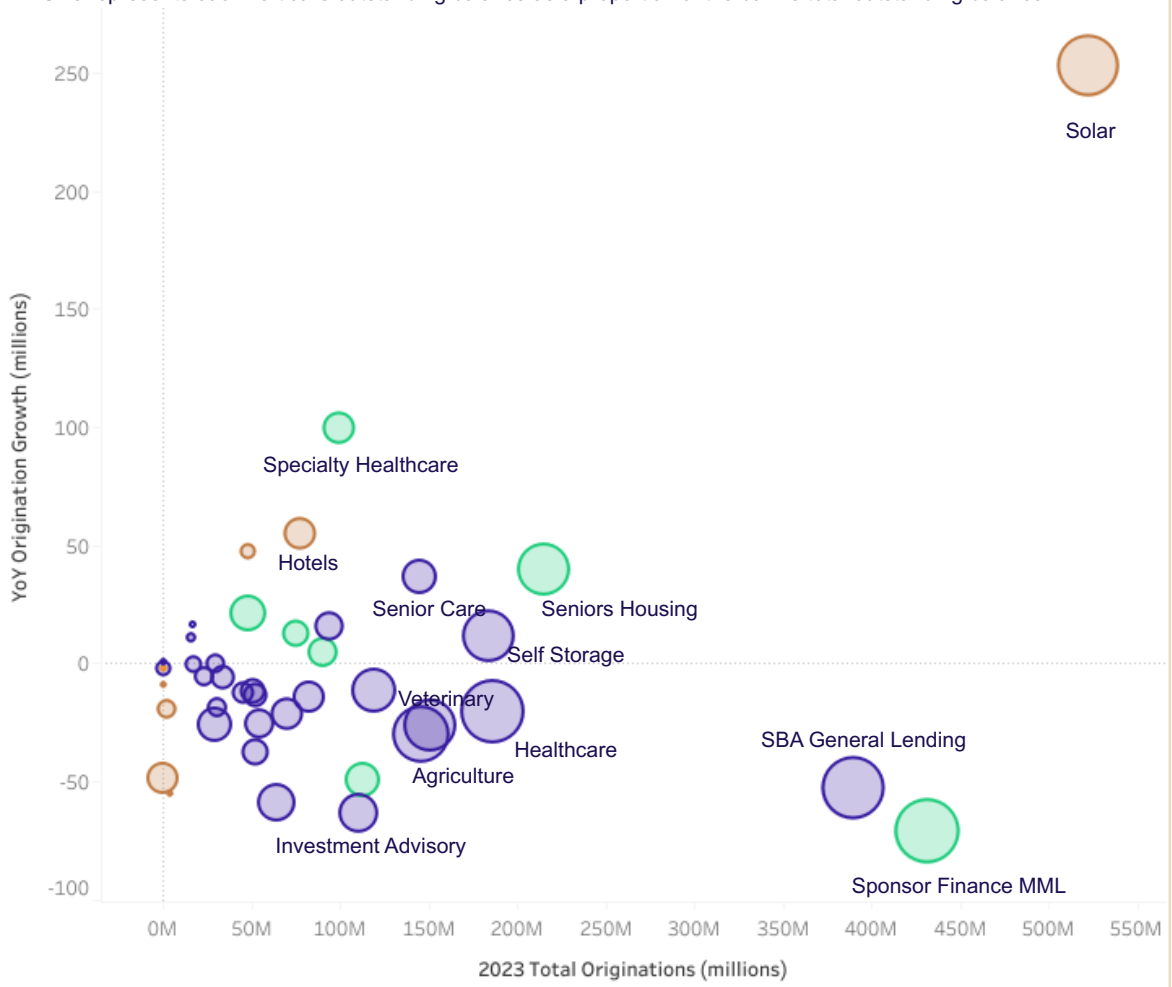
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LENDING DIVERSIFICATION ACROSS THE PLATFORM

YOY Origination Growth by Vertical

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



2023 Production Mix by Business Unit (%)

56% 27% 17%

$ IN MILLIONS	Q4 LOANS OUTSTANDING[13]	2023 ORIGINATIONS $	2023 ORIGINATIONS YoY % CHANGE
Small Business Banking	$6,183	$2,222	(13)%
Specialty Finance	1,711	1,072	6
Energy & Infrastructure	1,159	653	52

Lending Across 30+ Verticals

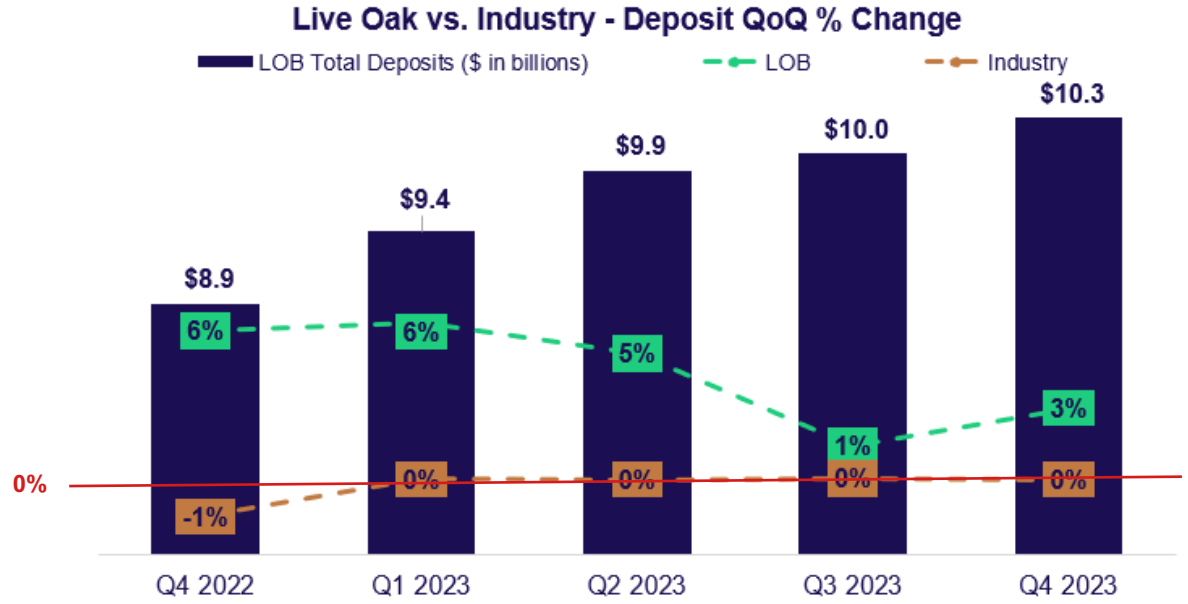
Accounting & Tax
Agriculture
Asset-Based Lending
Auto Dealerships
Automotive Care
Bioenergy
Broadband
Community Facilities
Dental
Education Services
Fitness Centers
Franchises
Franchise Restaurants
Funeral Home & Cemetery
Government Contracting
Hardware Stores
Healthcare
Home Care
HVAC & Plumbing Contractors
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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STRONG DEPOSIT GROWTH IN 2023

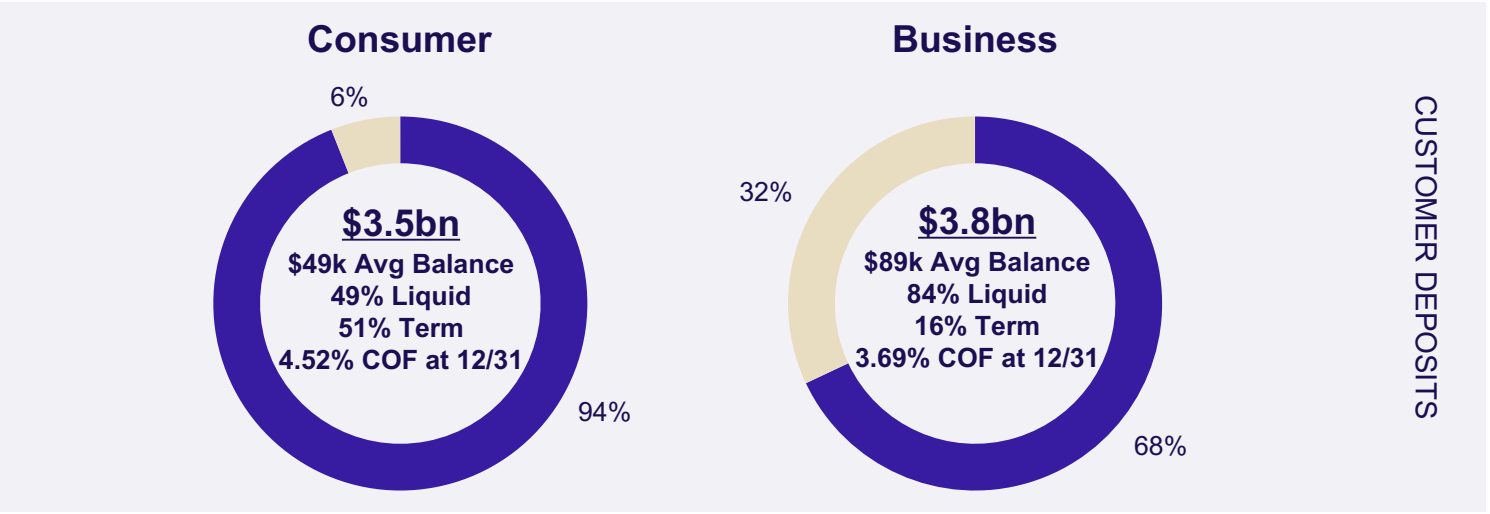
- +16% YoY deposit growth while banking industry remained essentially flat
- Deposit growth moderated in H2 2023 to normalize liquidity levels post H1 2023 stress events
- +56% YoY growth rate in business deposits
- Customer deposits total average balance of $64k



WHOLESALE DEPOSITS 29%

CONSUMER DEPOSITS 34%

BUSINESS DEPOSITS 37%



Wholesale Deposits | Customer Deposits | Insured | Uninsured

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NONINTEREST INCOME TRENDS

$ IN MILLIONS	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net gains on sales of loans	$7	$10	$11	$13	$13
Loan servicing revenue	6	6	7	7	7
Loan servicing asset revaluation	(5)	—	(3)	11	(4)
Net gain (loss) on loans accounted for under fair value option	1	(5)	2	(1)	—
Other noninterest income	10	7	8	7	14
Total noninterest income	19	20	24	38	30

$ IN MILLIONS	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
SBA Guaranteed Loans Sold	$144	$168	$245	$226	$239
USDA Guaranteed Loans Sold	$—	$—	$—	$—	$—
Total Guaranteed Loans Sold	**$144**	**$168**	**$245**	**$226**	**$239**
SBA Average Gain on Sale Premium	105%	106%	105%	105%	105%
USDA Average Gain on Sale Premium	—%	—%	—%	—%	—%
Total Average Gain on Sale Premium	**105%**	**106%**	**105%**	**105%**	**105%**

Key Highlights

Net gains on Q4 loan sales

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

Other noninterest income

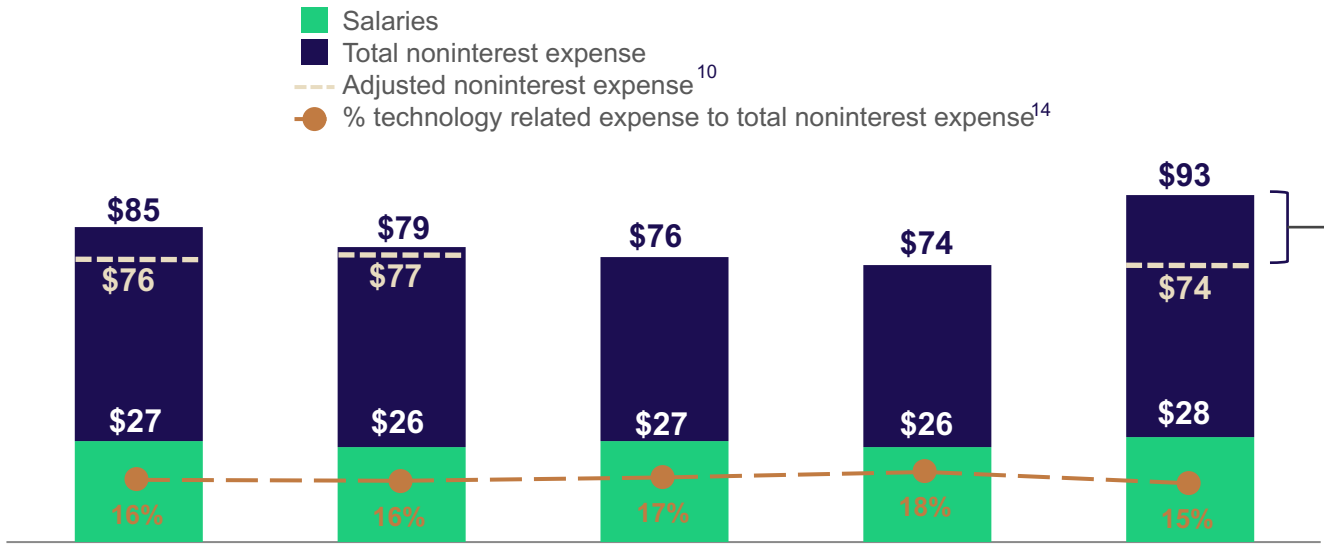
- $4.4 million fixed asset gain

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MODERATING EXPENSE GROWTH

$ in millions



	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
FTEs	970	977	984	956	952
Efficiency ratio[10]	80.6%	77.7%	70.5%	58.3%	77.9%

Key Highlights

- Adjusted expenses[10] were $74 million in Q4 2023, flat LQ
- Reported Q4 2023 includes a $4.5 million special employee bonus and a $14.6 million renewable energy tax credit impairment

FTEs flat since Q3 2023 and down 2% since Q4 2022

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CREDIT METRICS HEALTHY

$9 million Q4 provision breakdown:

- ~60% related to loan growth

$4 million of net charge offs in the quarter

- Largely related to four loans spread across three verticals

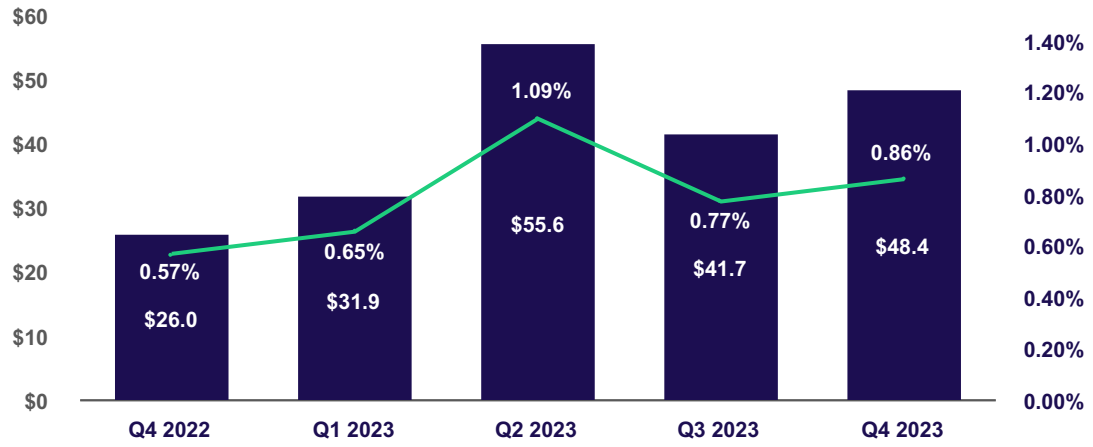
CRE portfolio primarily owner-occupied

- Non owner-occupied CRE is 17% of total loan and lease portfolio and is specialty use (senior housing, self-storage)
- ~45% of the CRE portfolio is government guaranteed

$ in millions	Q4 HFI UNGUARANTEED BALANCE	PAST DUE >30 DAYS[1, 2]	NON-ACCRUALS[2, 3]
Small Business Banking	$3,194	0.19%	0.89%
Specialty Finance	$1,691	0.00%	0.74%
Energy & Infrastructure	$757	0.00%	0.95%
Total	$5,642	0.11%	0.86%

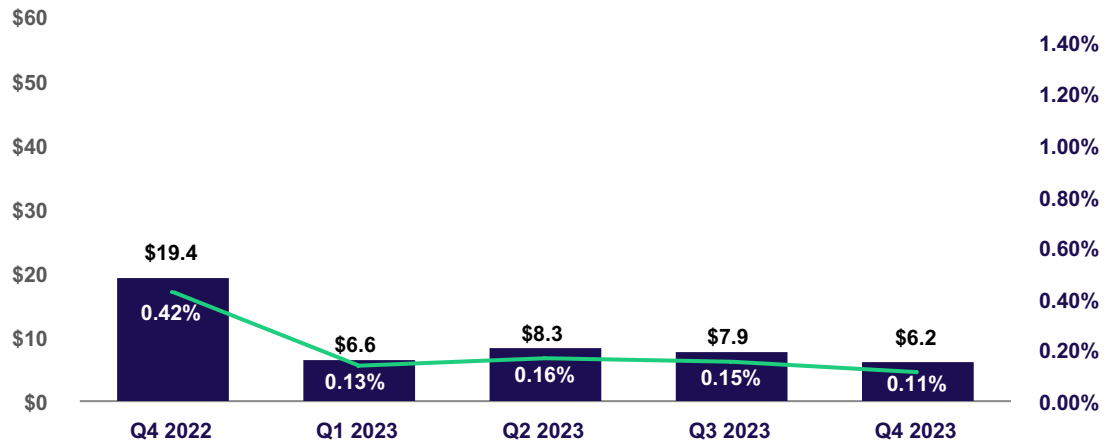
$ in millions

Nonaccruals[2, 3]



$ in millions

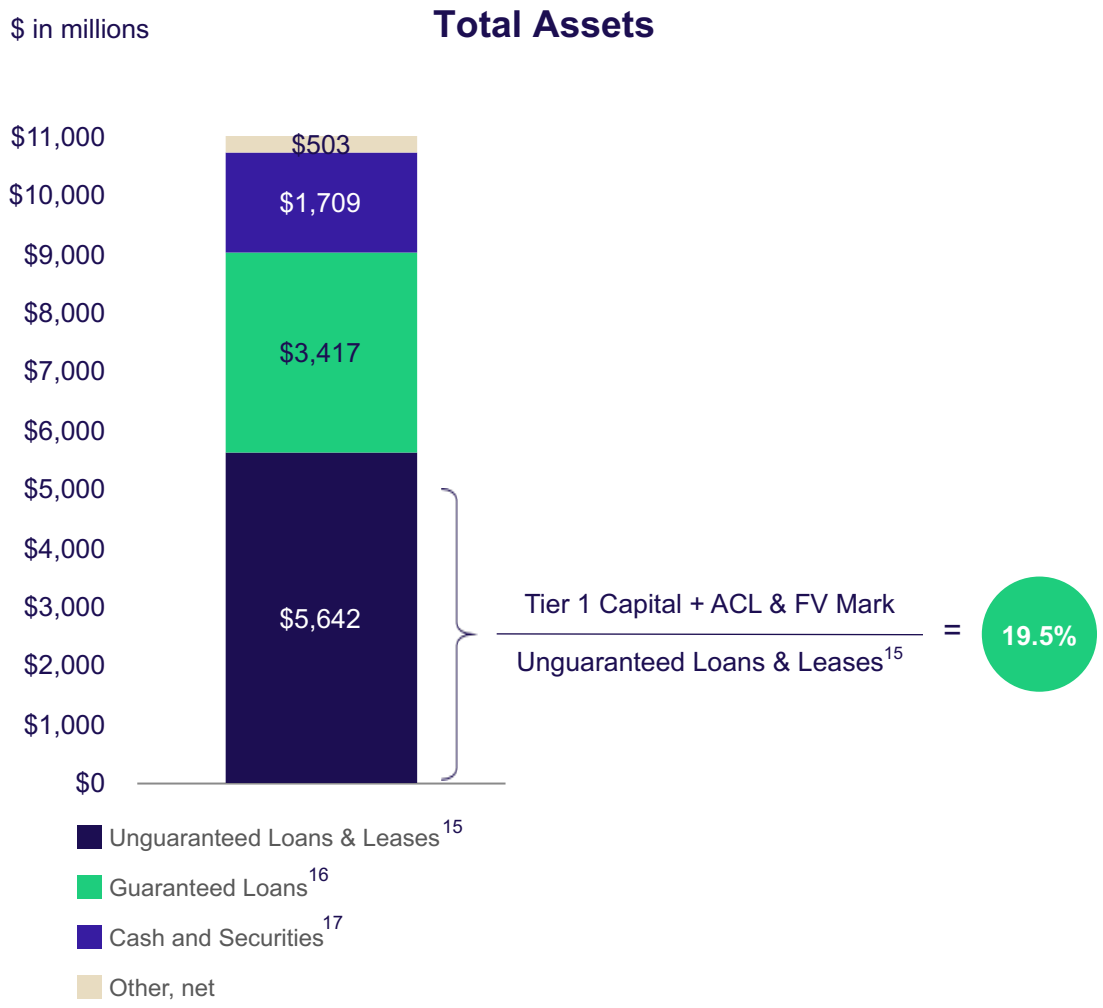
Past Due >30 Days[1, 2]



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STRONG CAPITAL POSITIONING - THE MAHAN RATIO



CAPITAL RATIOS	Q4 2023
Common Equity Tier 1 Capital	11.7%
Total Capital	13.0%
Tier 1 Capital	11.7%
Tier 1 Leverage	8.6%

As of December 31, 2023	
Tier 1 Capital (a)	$960
ACL and FV Mark on Unguaranteed Loans and Leases (b)	$137
Total Unguaranteed Loans and Leases[15] (c)	$5,642
Tier 1 Capital to Unguaranteed Loans and Leases[15] (a/c)	**17.0%**
ACL and FV Mark to Unguaranteed Loans and Leases[15] (b/c)	**2.4%**

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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 9/30/2023 Call Reports via S&P Capital IQ. Includes all commercial and savings banks.
8. Source: Company reports. Select Regional Banks include: Regions, Huntington, Zions, First Horizon, Pinnacle, Fifth Third, Webster, Synovus, and Old National.
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 $5.6 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 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 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 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 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 December 31, 2023							
Net interest income	$ 89.7	$ —	$ —	$ —	$ —	$ (0.1)	$ 89.6
Provision for credit losses	9.0	—	—	—	—	—	9.0
Noninterest income (loss)	26.8	(0.2)	(0.5)	3.3	2.6	0.7	30.1
Noninterest expense	87.8	—	0.1	2.3	2.4	3.0	93.2
Income (loss) before income tax expense	**$ 19.7**	$ (0.2)	$ (0.7)	$ 1.0	**$ 0.2**	$ (2.4)	**$ 17.5**

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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 year ended December 31, 2022							
Net interest income	$ 329.0	$ —	$ 0.1	$ —	$ 0.1	$ (1.6)	$ 327.5
Provision for credit losses	40.9	—	—	—	—	—	40.9
Noninterest income (loss)	80.6	(6.7)	151.0	10.7	155.0	2.4	238.0
Noninterest expense	296.9	—	0.6	8.8	9.4	7.9	314.2
Income (loss) before income tax expense	**$ 71.7**	$ (6.7)	$ 150.4	$ 2.0	**$ 145.7**	$ (7.1)	**$ 210.3**
Actuals for the year ended December 31, 2023							
Net interest income	$ 345.9	$ —	$ —	$ —	$ —	$ (0.6)	$ 345.3
Provision for credit losses	51.3	—	—	—	—	—	51.3
Noninterest income (loss)	101.1	(4.8)	(0.2)	13.3	8.3	2.4	111.7
Noninterest expense	303.7	—	1.0	9.4	10.5	8.7	322.9
Income (loss) before income tax expense	**$ 91.9**	$ (4.8)	$ (1.3)	$ 3.9	**$ (2.1)**	$ (7.0)	**$ 82.8**

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APPENDIX: RECONCILIATION

	Reconciliation of non-GAAP items to reported balances *($ in millions)*	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
a	**Net interest income, as reported**	$ 85.9	$ 82.0	$ 84.3	$ 89.4	$ 89.6
	Less PPP loan interest income	—	—	—	—	—
	Less PPP loan deferred fees & costs amortized into interest income, net	0.2	0.1	—	—	—
b	**Adjusted net interest income**	**85.7**	**81.9**	**84.2**	**89.3**	**89.6**
c	**Total noninterest income, as reported**	**19.1**	**19.6**	**24.2**	**37.9**	**30.1**
	Fair value adjustments:					
	Add loan servicing asset revaluation loss (gain)	5.0	(0.4)	2.8	(11.3)	4.0
	Add net (gain) loss on loans accounted for under the fair value option	(0.6)	4.5	(1.7)	0.6	0.2
	Add other (gains) losses on valuation adjustments[1]	(0.5)	0.2	(0.2)	—	0.2
	Total fair value adjustments	3.9	4.3	0.9	(10.8)	4.4
	Less gain on sale of fixed asset	—	—	—	—	(4.4)
	Add (subtract) noncash (gains) losses from investments in venture funds	0.1	1.1	0.2	0.2	0.3
	Add (gains) losses from FinTech Activities[2]	0.4	0.2	0.7	1.4	(0.2)
d	**Adjusted noninterest income**	**23.5**	**25.2**	**26.0**	**28.7**	**30.1**
b+d	**Adjusted total revenue**	**109.2**	**107.1**	**110.2**	**118.0**	**119.7**
e	**Total noninterest expense, as reported**	**84.6**	**79.0**	**76.5**	**74.3**	**93.2**
	Less special employee bonus	—	—	—	—	4.5
	Less renewable energy tax credit impairment	8.4	0.1	—	—	14.6
	Less reserve for unfunded commitments expense increase from assumption refinements	—	2.4	—	—	—
	Less impairment on long-lived assets	—	—	—	—	0.5
	Adjusted noninterest expense	**76.1**	**76.5**	**76.5**	**74.3**	**73.6**
a+c-e	**PPNR, as reported**	**20.4**	**22.6**	**32.0**	**53.0**	**26.5**
	Adjusted net interest income	85.7	81.9	84.2	89.3	89.6
	Adjusted noninterest income	23.5	25.2	26.0	28.7	30.1
	Adjusted noninterest expense	76.1	76.5	76.5	74.3	73.6
f	**Adjusted PPNR**	**33.0**	**30.6**	**33.8**	**43.8**	**46.1**
g	Provision for loan and lease credit losses, as reported	19.7	19.0	13.0	10.3	9.0
f-g	**Adjusted net income before tax**	$ 13.4	$ 11.6	$ 20.8	$ 33.5	$ 37.1

1.Includes valuation adjustments related to equity security investments, derivatives, 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)

		FY 2022	FY 2023
a	**Net interest income, as reported**	**$ 327.5**	**$ 345.3**
	Less PPP loan interest income	0.7	0.1
	Less PPP loan deferred fees & costs amortized into interest income, net	6.3	0.1
	Add estimated interest expense on funding activity to support PPP activities	0.3	—
b	**Adjusted net interest income**	**320.8**	**345.1**
c	**Total noninterest income, as reported**	**238.0**	**111.7**
	Fair value adjustments:		
	Add loan servicing asset revaluation loss (gain)	16.6	(4.9)
	Add net (gain) loss on loans accounted for under the fair value option	(1.0)	3.5
	Add other (gains) losses on valuation adjustments[1]	(0.5)	0.2
	Total fair value adjustments	15.0	(1.2)
	Less gain on sale of fixed asset	—	(4.4)
	Add (subtract) noncash (gains) losses from investments in venture funds	0.3	1.7
	Add (gains) losses from FinTech Activities[2]	(145.7)	2.1
d	**Adjusted noninterest income**	**107.6**	**110.0**
b+d	**Adjusted total revenue**	**428.4**	**455.1**
e	**Total noninterest expense, as reported**	**314.2**	**322.9**
	Less bonus related to FinTech investment gains	10.5	—
	Less special employee bonus	—	4.5
	Less charitable giving related to FinTech investment gains	5.0	—
	Less renewable energy tax credit impairment	16.2	14.6
	Less reserve for unfunded commitments expense increase from assumption refinements	—	2.4
	Less impairment on long-lived assets	—	0.5
	Adjusted noninterest expense	**282.5**	**300.8**
a+c-e	**PPNR, as reported**	**251.3**	**134.2**
	Adjusted net interest income	320.8	345.0
	Adjusted noninterest income	107.6	110.0
	Adjusted noninterest expense	282.5	300.9
f	**Adjusted PPNR**	**145.9**	**154.2**
g	Provision for loan and lease credit losses, as reported	40.9	51.3
f-g	**Adjusted net income before tax**	**$ 104.9**	**$ 102.9**

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

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APPENDIX: RECONCILIATION

	($ in millions)	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
	Total shareholders' equity	$ 811.0	$ 822.8	$ 832.5	$ 850.4	$ 902.7
	Less:					
	Goodwill	1.8	1.8	1.8	1.8	1.8
	Other intangible assets	1.9	1.8	1.8	1.8	1.7
a	Tangible shareholders' equity	807.4	819.2	828.9	846.8	899.1
b	Shares outstanding	44,061,244	44,290,840	44,351,715	44,480,215	44,617,673
a/b	**TBV (Tangible Book Value) per share**	$ 18.32	$ 18.50	$ 18.69	$ 19.04	$ 20.15

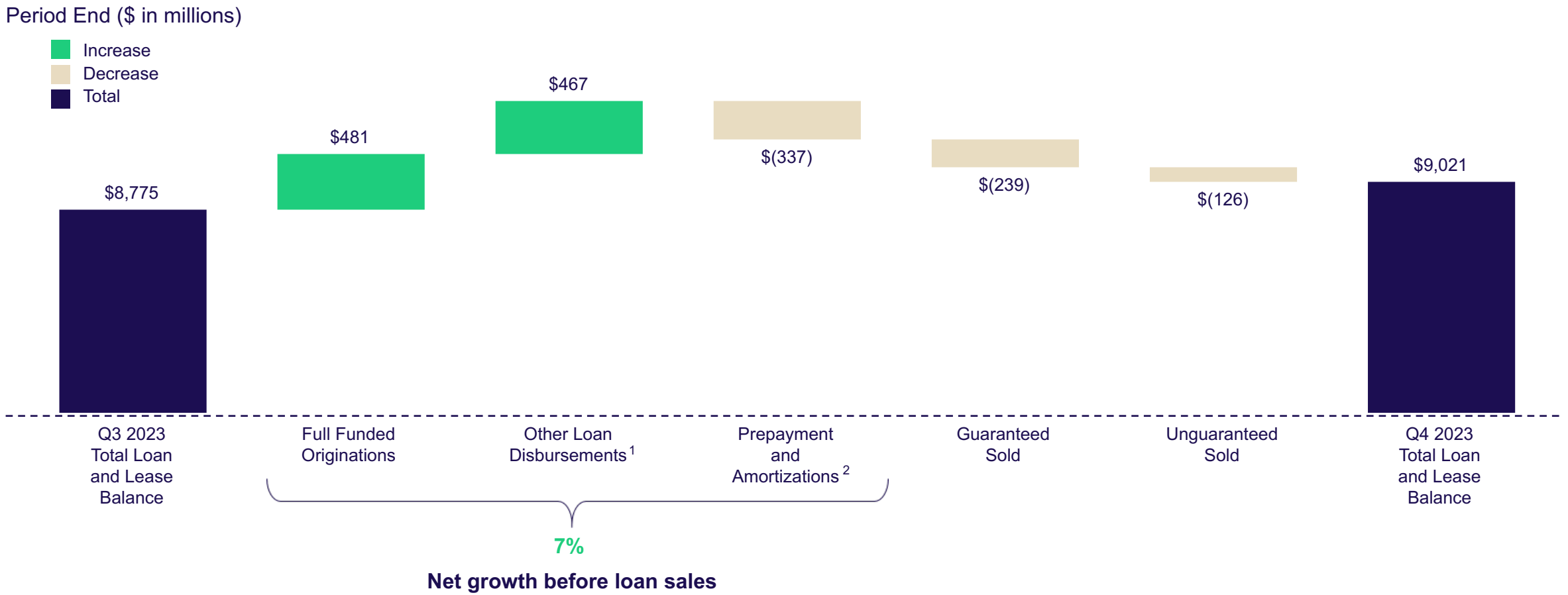
	($ in millions)	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
	Efficiency Ratio					
	Noninterest expense	$ 84.6	$ 79.0	$ 76.5	$ 74.3	$ 93.2
	Net interest income	85.9	82.0	84.3	89.4	89.6
	Noninterest income	19.1	19.6	24.2	37.9	30.1
	Adjusted operating revenue	105.0	101.6	108.5	127.3	119.7
	Efficiency Ratio	**80.6%**	**77.7%**	**70.5%**	**58.3%**	**77.9%**
	Efficiency ratio adjusted for non-GAAP activities					
	Adjusted noninterest expense	$ 76.1	$ 76.5	$ 76.5	$ 74.3	$ 73.6
	Adjusted net interest income	85.7	81.9	84.2	89.3	89.6
	Adjusted noninterest income	23.5	25.2	26.0	28.7	30.1
	Adjusted efficiency ratio	**69.7%**	**71.4%**	**69.4%**	**62.9%**	**61.5%**

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APPENDIX: PRODUCTION AND NET LOAN GROWTH

3% PERIOD-END LOAN GROWTH LQ; 7% TOTAL NET GROWTH LQ BEFORE LOAN SALES



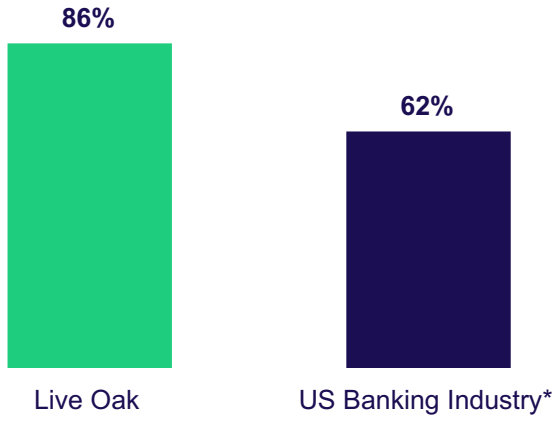
1. Other Loan Disbursements includes disbursements on construction loans and revolving loans
2. Prepayment and Amortizations also includes charge-offs and change in deferred loan fees and cost

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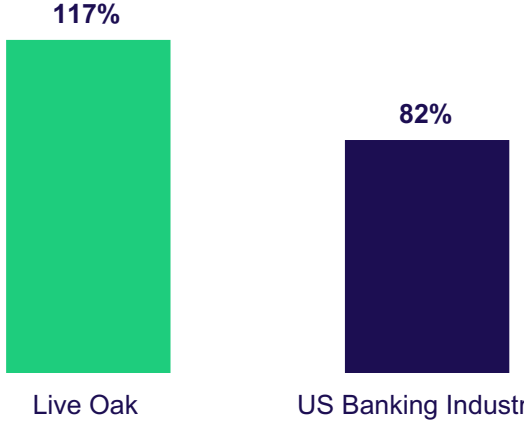
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APPENDIX: STRONG LIQUIDITY PROFILE

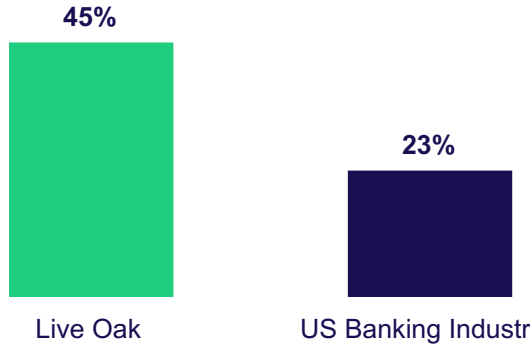
Insured Deposits / Total Deposits



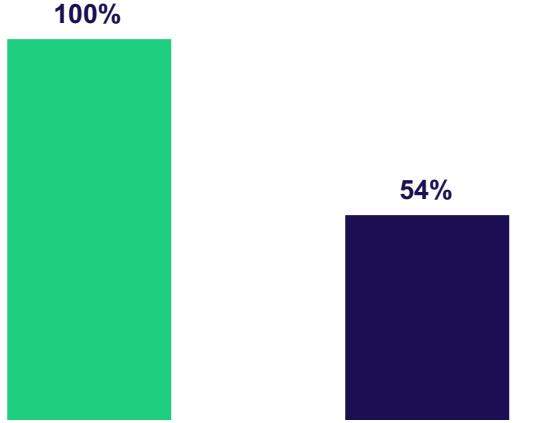
Cash and Un-Pledged Securities / Uninsured Deposits



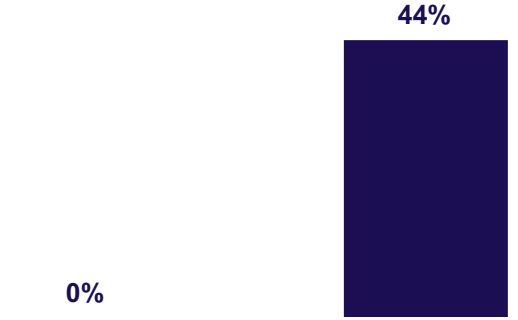
Cash + Securities + Guaranteed Loans / Total Assets



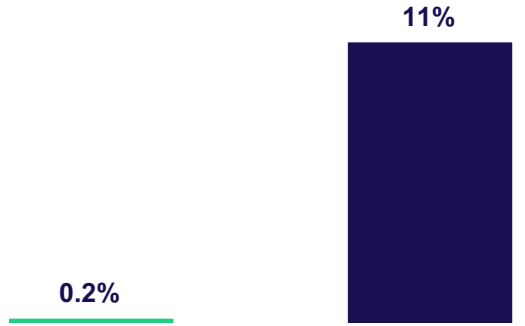
AFS Securities / Total Securities



Pledged Securities / Total Securities



Borrowings / Total Liabilities

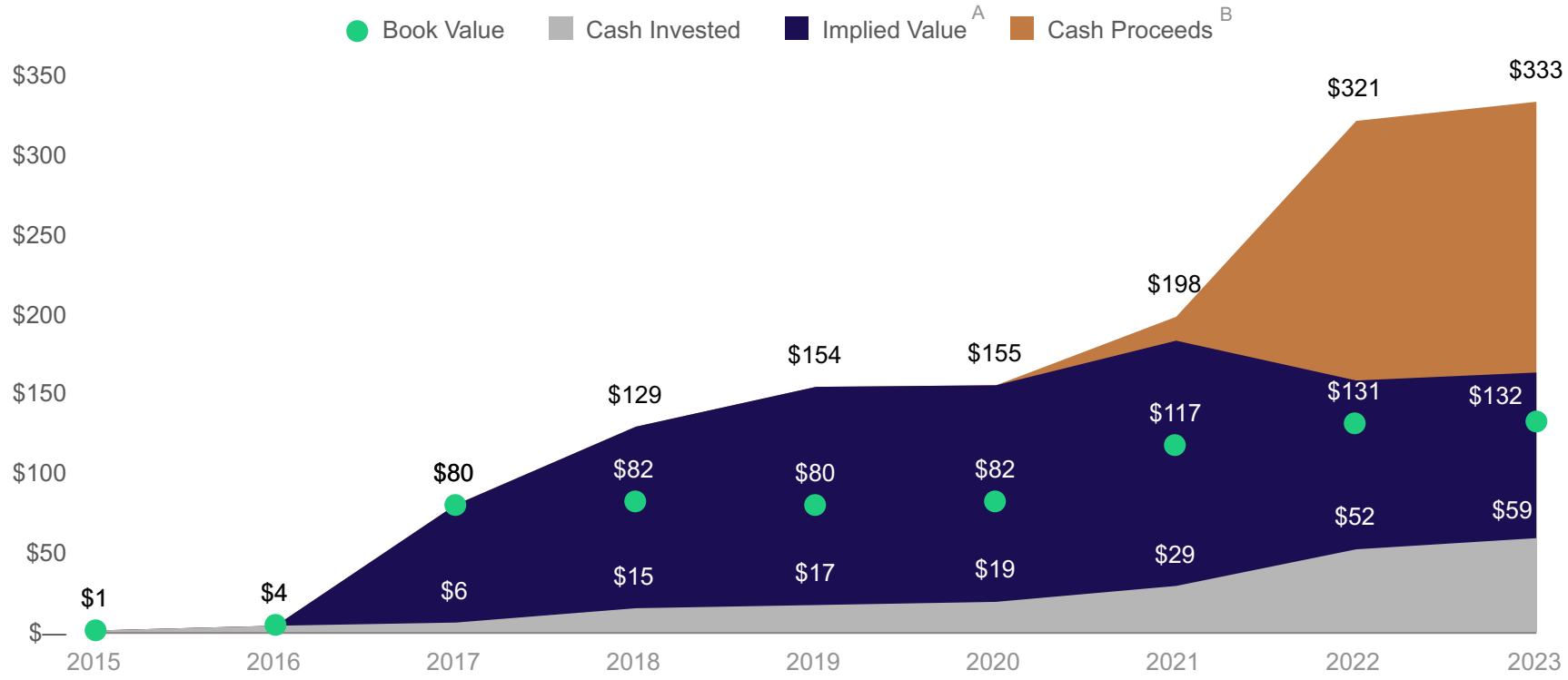


*Bank 9/30/2023 Call Reports via S&P Capital IQ. Includes all commercial and savings banks. Government guaranteed loans derived from that data by assuming reported loans and leases with a 0% and 20% risk-weighting are government guaranteed.

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APPENDIX: LIVE OAK VENTURES



Follow On Round:
APITURE

Cash Proceeds[B] to Date
$170 million

Total Implied Value[A]
Q4 2023
$163 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.

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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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