

Investor Presentation



December 2015



LIVE OAK BANK

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,” “expect,” “anticipate,” “estimate,” “believe,” “plan,” “intend,” 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, uncertainties and assumptions, 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 the our loan losses and provisions for those losses and other adverse impacts to results of operations and financial condition;
- changes in SBA loan products, including specifically the Section 7(a) program, or changes in SBA standard operating procedures;
- 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 losses;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- 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, 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 conducts operations, including reduced rates of business formation and growth, demand for our products and services, commercial and residential real estate development, real estate prices, 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 institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone and the Internet;

- governmental monetary and fiscal policies as well as other legislative and regulatory changes, including with respect to SBA lending programs;
- changes in political and economic conditions, including continuing political and economic effects of the global economic downturn and other major developments;
- the impact of heightened regulatory scrutiny of financial products, primarily led by the Consumer Financial Protection Bureau;
- our ability to comply with any requirements imposed on us or Live Oak Banking Company by our respective 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;
- other risk factors listed from time to time in reports that we file with the SEC, including in our registration statement on Form S-1 (File No. 333-205126), as amended; 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.

Domain Experts at Live Oak Bank

Verticality



Jimmy Neil – Independent Pharmacies

- 16 Years at Cardinal
- Practice Transitions
- Multiple Pharmacy Owner



Jeff Clark- Wine & Craft Beverage

- 20 years in Industry
- Managed Wine banking group; focused on succession



Mark Milton – Death Care Management

- 25 years in financial services
- Led merger & acquisition strategies in the funeral trust space
- Form EVP and Director of Institutional Services at Regions Bank



Jason Carroll – Investment Advisors

- 15 years financial services experience
- Former manager of a multi-million dollar RIA loan portfolio at Schwab
- Only Lender on both BD & Bank



Jody Murphy – Poultry Agriculture

- 15 years Ag lending
- 13 years, he has originated over \$450,000,000 in poultry loans in U.S.
- Former VP of First Financial Bank



Carol Hart – Veterinary Practices

- 18 years as a practicing veterinarian
- Served as Medical and Financial Operations Manager for 7 full-service hospitals



Ben Jones- Family Entertainment Centers

- Owned and operated FECs for 23 years
- Key planning role with IAAPA



Jerry Pullins – Death Care Management

- 40 years in Funeral Industry
- Former President and COO at Service Corporate International
- Grew funeral service holding group to 85 funeral homes



Terry Campbell – Self-Storage

- 20 years Director of Sales and Marketing BETCO
- Board Member NC Self Storage Association

Live Oak Revenue Generation

Typical \$1 Million Loan		
75% Guaranteed		750,000
Gain on Sale	10%	75,000
Servicing Income	1%	7,500
15% Unguaranteed		150,000
Participated Loan	15%	150,000
Gain On Sale	1%	1,500
10% Unguaranteed		100,000
Retained Portion	10%	100,000
Interest Income P+2%	5.25%	5,250
TOTAL EXPOSURE		100,000
Year 1 Revenue		89,250
Recurring Revenue (Yr. 1)		12,750

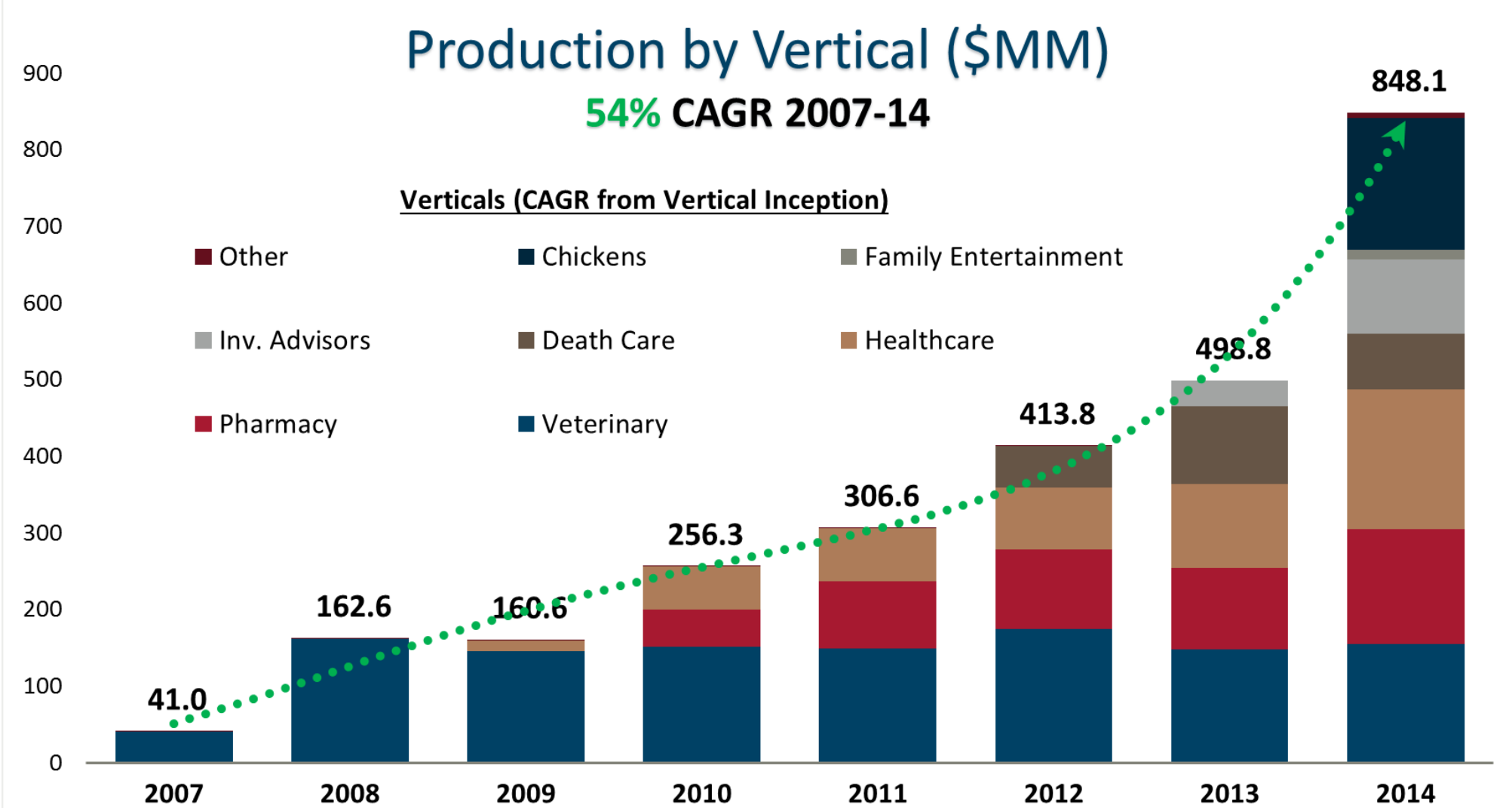
Income Statement	
Year ended December 31, 2014 (dollars in thousands)	
Interest Income	20,509
Interest Expense	5,852
Net Interest Income	14,657
Loan Loss Provision	2,793
Net Income After Provision	11,864
Net gains on sales of loans	49,977
Loan servicing revenue & revaluation	10,622
Other noninterest income	(557) ¹
Noninterest Income	60,042
Noninterest Expense	54,470
Income before Taxes	17,436



1) Represents the combination of a \$2.2 million loss of non-consolidated affiliates, a \$74 thousand loss from the sale of investment securities AFS, and \$1.7 million of other noninterest income.

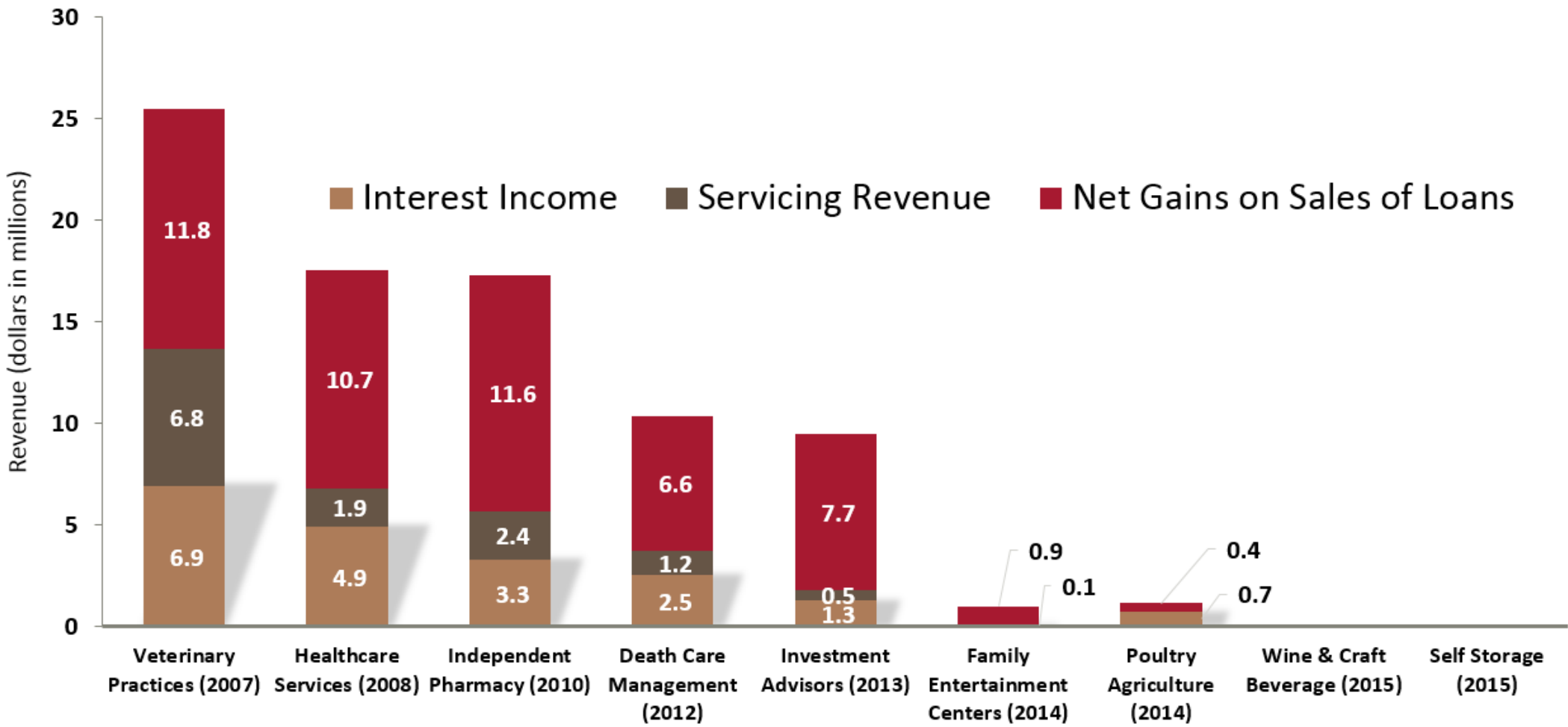
Production Growth & Platform Scalability

Verticality



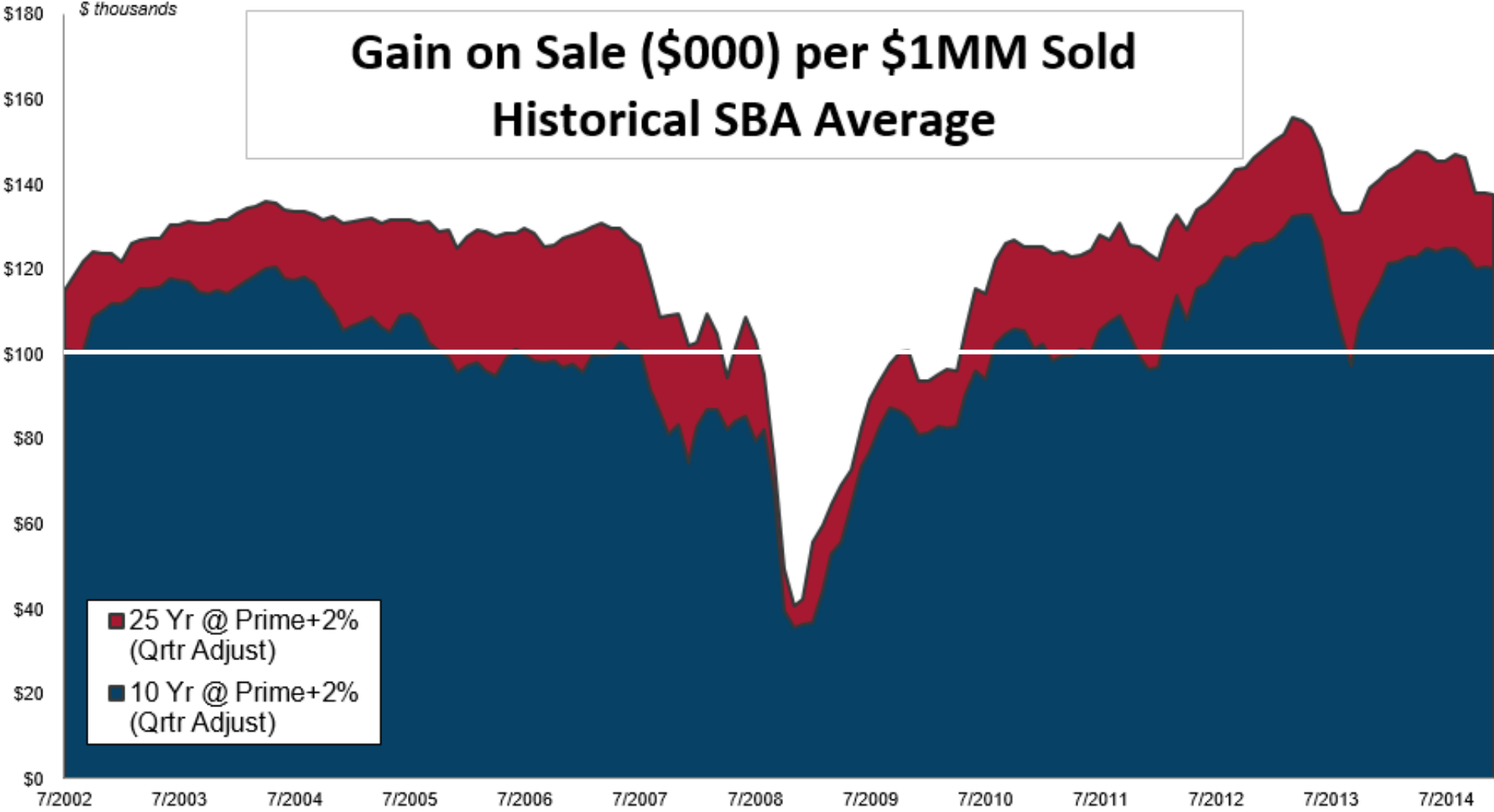
Revenue (dollars in millions) by Vertical (Year Ended December 31, 2014)

Verticality



Verticals (Year of 1st Originations)

Gain on Sale Trends



Source: Government Loan Solutions research