

Live Oak Bancshares, Inc.  
Form 10-Q  
May 07, 2018

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2018

or  
Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 001-37497

LIVE OAK BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

North Carolina 26-4596286  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1741 Tiburon Drive 28403  
Wilmington, North Carolina  
(Address of principal executive offices) (Zip Code)

(910) 790-5867  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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As of May 4, 2018, there were 35,360,011 shares of the registrant's voting common stock outstanding and 4,643,530 shares of the registrant's non-voting common stock outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## Live Oak Bancshares, Inc.

## Consolidated Balance Sheets

As of March 31, 2018 (unaudited) and December 31, 2017\*

(Dollars in thousands)

	March 31, 2018	December 31, 2017*
Assets		
Cash and due from banks	\$527,952	\$295,271
Certificates of deposit with other banks	2,250	3,000
Investment securities available-for-sale	378,488	93,355
Loans held for sale	720,511	680,454
Loans and leases held for investment	1,442,077	1,343,973
Allowance for loan and lease losses	(28,050 )	(24,190 )
Net loans and leases	1,414,027	1,319,783
Premises and equipment, net	216,831	178,790
Foreclosed assets	1,519	1,281
Servicing assets	53,120	52,298
Other assets	146,165	134,242
Total assets	\$3,460,863	\$2,758,474
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$48,755	\$57,868
Interest-bearing	2,924,586	2,202,395
Total deposits	2,973,341	2,260,263
Long term borrowings	3,489	26,564
Other liabilities	35,197	34,714
Total liabilities	3,012,027	2,321,541
Shareholders' equity		
Preferred stock, no par value, 1,000,000 authorized, none issued or outstanding at March 31, 2018 and December 31, 2017	—	—
Class A common stock, no par value, 100,000,000 shares authorized, 35,330,618 and 35,252,053 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	271,451	268,557
Class B common stock, no par value, 10,000,000 shares authorized, 4,643,530 shares issued and outstanding at March 31, 2018 and December 31, 2017	49,168	49,168
Retained earnings	131,739	120,241
Accumulated other comprehensive loss	(3,522 )	(1,033 )
Total equity	448,836	436,933
Total liabilities and shareholders' equity	\$3,460,863	\$2,758,474

\* Derived from audited consolidated financial statements.

See Notes to Unaudited Consolidated Financial Statements

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Live Oak Bancshares, Inc.  
 Consolidated Statements of Income  
 For the three months ended March 31, 2018 and 2017 (unaudited)  
 (Dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Interest income		
Loans and fees on loans	\$32,691	\$19,754
Investment securities, taxable	1,117	323
Other interest earning assets	1,215	342
Total interest income	35,023	20,419
Interest expense		
Deposits	10,418	4,543
Borrowings	129	235
Total interest expense	10,547	4,778
Net interest income	24,476	15,641
Provision for loan and lease losses	4,392	1,499
Net interest income after provision for loan and lease losses	20,084	14,142
Noninterest income		
Loan servicing revenue	6,898	5,923
Loan servicing asset revaluation	(5,088)	(2,009)
Net gains on sales of loans	24,418	18,952
Lease income	1,608	—
Construction supervision fee income	779	429
Title insurance income	1,300	1,438
Other noninterest income	841	1,020
Total noninterest income	30,756	25,753
Noninterest expense		
Salaries and employee benefits	20,209	18,682
Travel expense	1,843	1,598
Professional services expense	1,298	1,736
Advertising and marketing expense	1,662	1,485
Occupancy expense	1,857	1,195
Data processing expense	2,837	1,696
Equipment expense	3,077	1,074
Other loan origination and maintenance expense	1,329	