

Live Oak Bancshares, Inc.
Form 10-Q
August 07, 2017

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

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017

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 August 4, 2017, there were 30,020,634 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 June 30, 2017 (unaudited) and December 31, 2016*

(Dollars in thousands)

	June 30, 2017	December 31, 2016*
Assets		
Cash and due from banks	\$207,373	\$238,008
Certificates of deposit with other banks	5,750	7,250
Investment securities available-for-sale	72,993	71,056
Loans held for sale	609,138	394,278
Loans and leases held for investment	1,084,503	907,566
Allowance for loan and lease losses	(19,560)	(18,209)
Net loans and leases	1,064,943	889,357
Premises and equipment, net	125,008	64,661
Foreclosed assets	2,140	1,648
Servicing assets	53,675	51,994
Other assets	57,087	37,009
Total assets	\$2,198,107	\$1,755,261
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$40,966	\$27,990
Interest-bearing	1,830,755	1,457,086
Total deposits	1,871,721	1,485,076
Short term borrowings	10,000	—
Long term borrowings	52,173	27,843
Other liabilities	26,582	19,495
Total liabilities	1,960,476	1,532,414
Shareholders' equity		
Preferred stock, no par value, 1,000,000 authorized, none issued or outstanding at June 30, 2017 and December 31, 2016	—	—
Class A common stock, no par value, 100,000,000 shares authorized, 29,996,318 and 29,530,072 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	150,939	149,966
Class B common stock, no par value, 10,000,000 shares authorized, 4,643,530 and 4,723,530 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	49,168	50,015
Retained earnings	38,041	23,518
Accumulated other comprehensive loss	(517)	(652)
Total equity	237,631	222,847
Total liabilities and shareholders' equity	\$2,198,107	\$1,755,261

* 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 and six months ended June 30, 2017 and 2016 (unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Interest income				
Loans and fees on loans	\$23,559	\$12,902	\$43,313	\$23,907
Investment securities, taxable	316	252	639	503
Other interest earning assets	470	248	812	386
Total interest income	24,345	13,402	44,764	24,796
Interest expense				
Deposits	5,592	3,243	10,135	5,687
Borrowings	361	242	596	483
Total interest expense	5,953	3,485	10,731	6,170
Net interest income	18,392	9,917	34,033	18,626
Provision for loan and lease losses	1,556	3,453	3,055	4,886
Net interest income after provision for loan and lease losses	16,836	6,464	30,978	13,740
Noninterest income				
Loan servicing revenue	6,174	5,081		