

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

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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, 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 ý NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). YES ý 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 x

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

Emerging growth company x

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 ý

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 6, 2018, there were 35,473,289 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, 2018 (unaudited) and December 31, 2017*

(Dollars in thousands)

	June 30, 2018	December 31, 2017*
Assets		
Cash and due from banks	\$392,941	\$295,271
Certificates of deposit with other banks	2,250	3,000
Investment securities available-for-sale	384,943	93,355
Loans held for sale	757,494	680,454
Loans and leases held for investment	1,534,368	1,343,973
Allowance for loan and lease losses	(29,350)	(24,190)
Net loans and leases	1,505,018	1,319,783
Premises and equipment, net	234,817	178,790
Foreclosed assets	1,725	1,281
Servicing assets	52,689	52,298
Other assets	141,092	134,242
Total assets	\$3,472,969	\$2,758,474
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$46,192	\$57,868
Interest-bearing	2,923,044	2,202,395
Total deposits	2,969,236	2,260,263
Long term borrowings	3,385	26,564
Other liabilities	37,362	34,714
Total liabilities	3,009,983	2,321,541
Shareholders' equity		
Preferred stock, no par value, 1,000,000 authorized, none issued or outstanding at June 30, 2018 and December 31, 2017	—	—
Class A common stock, no par value, 100,000,000 shares authorized, 35,442,879 and 35,252,053 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	274,043	268,557
Class B common stock, no par value, 10,000,000 shares authorized, 4,643,530 shares issued and outstanding at June 30, 2018 and December 31, 2017	49,168	49,168
Retained earnings	144,791	120,241
Accumulated other comprehensive loss	(5,016)	(1,033)
Total equity	462,986	436,933
Total liabilities and shareholders' equity	\$3,472,969	\$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 and six months ended June 30, 2018 and 2017 (unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income				
Loans and fees on loans	\$36,267	\$23,559	\$68,958	\$43,313
Investment securities, taxable	2,530	316	3,647	639
Other interest earning assets	2,179	470	3,394	812
Total interest income	40,976	24,345	75,999	44,764
Interest expense				
Deposits	13,927	5,592	24,345	10,135
Borrowings	1	361	130	596
Total interest expense	13,928	5,953	24,475	10,731
Net interest income	27,048	18,392	51,524	34,033
Provision for loan and lease losses	2,087	1,556	6,479	3,055
Net interest income after provision for loan and lease losses	24,961	16,836	45,045	30,978
Noninterest income				
Loan servicing revenue	6,965	6,174	13,863	12,097
Loan servicing asset revaluation				