

Board of Governors of the Federal Reserve System



# Annual Report of Holding Companies—FR Y-6

## Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, **Steve Jackson**

Name of the Holding Company Director and Official

**VP/Treasurer & Director**

Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

*With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.*

Signature of Holding Company Director and Official

**03/29/2021**

Date of Signature

**For holding companies not registered with the SEC—**

Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

**For Federal Reserve Bank Use Only**

RSSD ID \_\_\_\_\_  
 C.I. \_\_\_\_\_

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

Date of Report (top-tier holding company's fiscal year-end):

**December 31, 2020**

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

**Live Oak Bancshares Corporation**

Legal Title of Holding Company

**P.O. Box 2230**

(Mailing Address of the Holding Company) Street / P.O. Box

**George West TX 78022**

City State Zip Code

**601 Guadalupe Street, George West, TX 78022**

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

**Michelle Benoit CFO & Cashier**

Name Title

**713-722-3563**

Area Code / Phone Number / Extension

**713-465-1149**

Area Code / FAX Number

**mbenoit@southtrust.com**

E-mail Address

**none**

Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .....	0=No 1=Yes	<input type="radio"/> 0
In accordance with the General Instructions for this report (check only one),		
1. a letter justifying this request is being provided along with the report .....	<input type="checkbox"/>	
2. a letter justifying this request has been provided separately ...	<input type="checkbox"/>	
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."		

## For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

<p>_____ Legal Title of Subsidiary Holding Company</p> <p>_____ (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <p>_____ City</p> <p>_____ State</p> <p>_____ Zip Code</p> <p>_____ Physical Location (if different from mailing address)</p>	<p>_____ Legal Title of Subsidiary Holding Company</p> <p>_____ (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <p>_____ City</p> <p>_____ State</p> <p>_____ Zip Code</p> <p>_____ Physical Location (if different from mailing address)</p>
<p>_____ Legal Title of Subsidiary Holding Company</p> <p>_____ (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <p>_____ City</p> <p>_____ State</p> <p>_____ Zip Code</p> <p>_____ Physical Location (if different from mailing address)</p>	<p>_____ Legal Title of Subsidiary Holding Company</p> <p>_____ (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <p>_____ City</p> <p>_____ State</p> <p>_____ Zip Code</p> <p>_____ Physical Location (if different from mailing address)</p>
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Annual  
Report | 2020

# A Year Like No Other

**SouthTrustBank**

**Live Oak Bancshares Corporation**  
2020 Annual Report  
Table of Contents

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Financial Highlights .....	1
Management's Message .....	3
Consolidated Balance Sheet .....	4
Consolidated Income Statement .....	5
Consolidated Statements of Changes in Shareholders' Equity .....	6
Consolidated Statements of Cash Flows .....	7
Notes to Financial Statements .....	9
Live Oak Bancshares Balance Sheets .....	15
Live Oak Bancshares Income Statements .....	16
SouthTrust Bank Balance Sheets .....	17
SouthTrust Bank Income Statements .....	18
Peer Group Comparison .....	19
Regional Peer Group Comparison .....	20
Organizational Chart .....	21
Board of Directors and Officers .....	22
History .....	24

**Live Oak Bancshares Corporation**  
2020 Annual Report

**Financial Highlights**  
(Dollars in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>For the year:</b>					
Interest income	<b>13,466</b>	13,886	13,355	13,534	14,585
Interest expense	<b>1,002</b>	1,367	1,018	1,031	1,005
Net interest income	<b>12,464</b>	12,519	12,337	12,503	13,580
Net overhead expense	<b>9,864</b>	9,570	9,230	9,919	9,867
Net income	<b>2,600</b>	2,949	3,046	1,235	563
Return on average equity*	<b>5.3%</b>	6.5%	7.2%	3.4%	2.8%
Return on average assets*	<b>0.6%</b>	0.7%	0.8%	0.3%	0.3%
<b>At year-end:</b>					
Total assets	<b>475,095</b>	408,362	378,720	380,013	359,561
Total loans	<b>276,957</b>	196,407	199,157	218,053	245,871
Total deposits	<b>422,760</b>	360,270	333,522	335,692	306,012
Stockholders' equity	<b>49,895</b>	46,555	43,831	42,379	39,326

\* This percentage is prior to tax.

**Live Oak Bancshares Corporation**

is a one-bank holding company with assets of \$475.1 million at December 31, 2020. The company has offices in six banking markets - George West, Three Rivers, Floresville, San Antonio, Pleasanton and Houston.

**The Annual Meeting of Shareholders**

will be a virtual Microsoft Teams meeting scheduled for March 25, 2021 at 2:00 pm CST.

For audio only,

Call 1(469)708-0487

Conference ID: 296 823 131#

For a link to join on your computer or other device,

please send a request to

accounting@southtrust.com and the link will be emailed to you.

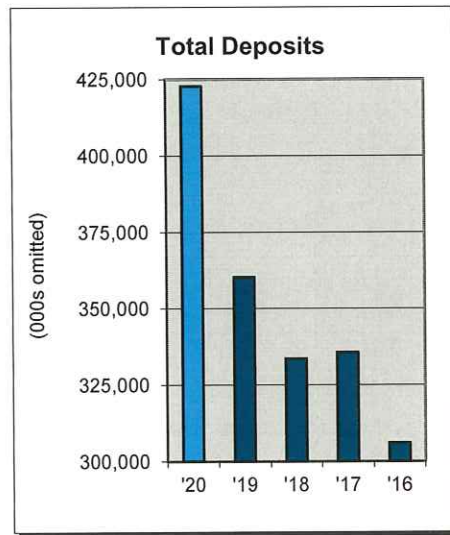
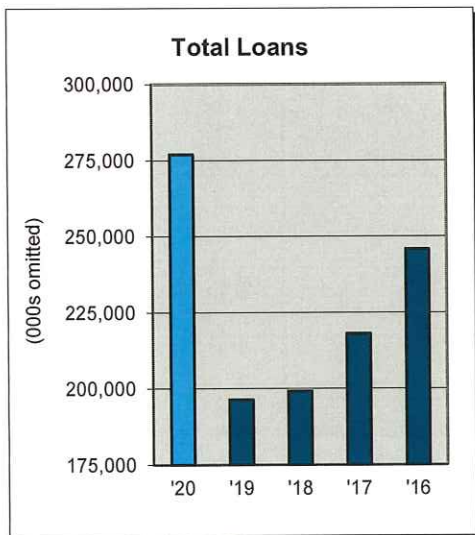
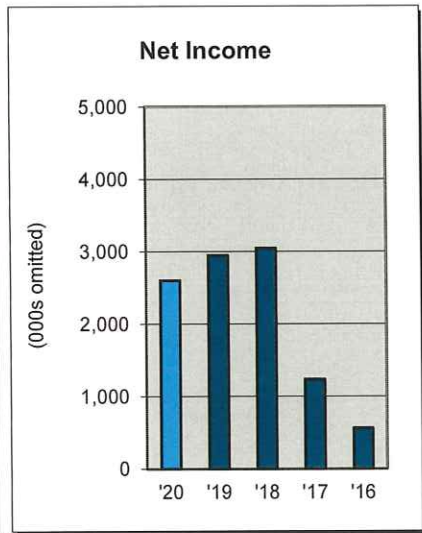
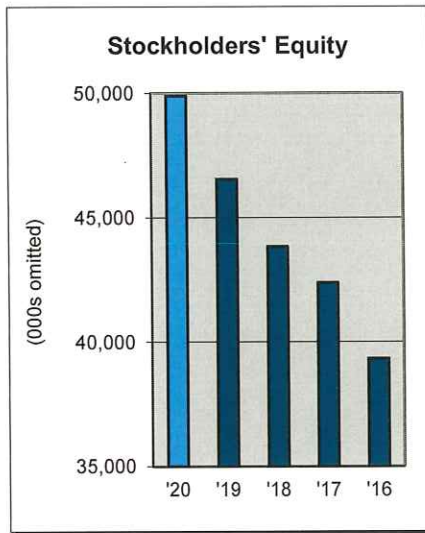
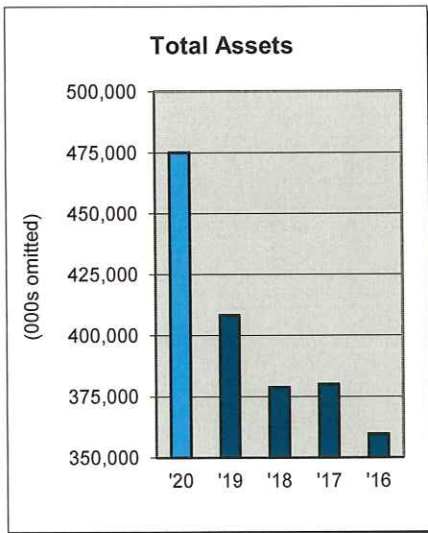
**The Corporate Headquarters**

is located at 601 Guadalupe Street, George West, Texas.

The mailing address is Post Office Box 2230, George West, Texas, 78022,  
and the telephone number is 361-449-1571. The President's e-mail address is sjackson@southtrust.com.

**The Last Stock Sale**

was on February 14, 2020 when 370 shares changed hands at \$1,320.00 per share.



March 3, 2021

Dear Fellow Shareholders:

As you are aware, 2020 was an extraordinary year. COVID-19 and the resulting economic and societal disruptions presented challenges we could never have predicted. In March, we closed branch lobbies while simultaneously arranging for dozens of employees to work from home. Our success in building capital and improving liquidity provided stability during a time of intense financial and operational stress. Our focus on asset quality and risk reduction was particularly important to help us weather the storm.

April saw the beginning of the SBA Paycheck Protection Program (PPP). This helped stabilize the economy by enabling banks to make forgivable SBA loans to small businesses. Employees from all parts of the Bank approved and funded 600 PPP loans totaling \$49 million in less than three months. Through our participation in PPP, we earned significant fee income totaling almost \$900,000. More importantly, we facilitated the distribution of much needed funds to small businesses across our communities.

The Bank also took advantage of the marketing opportunities PPP presented. Most of the country's biggest banks focused on larger, more sophisticated customers and ignored many small business owners. In contrast, we concentrated on providing excellent, personalized customer service and quick turnaround to all businesses regardless of size. Not only did we service our existing customers, but we moved many new customers from the big banks who saw the benefits of being able to talk to a person and not someone at a phone bank located outside their community. Even with branches open by appointment-only for most of the year, these new customers helped grow deposits 17.4%, well above most of our peers.

Just as PPP loan activity was slowing, our new Second Lien Department began originating mortgage loans. By July, this group was closing over \$5 million per month in new, purchase-money, second-lien mortgages. Despite the complex compliance and documentation requirements, our hard-working teams in Second Liens and Loan Operations closed over thirty loans a month accurately and on time. As this portfolio builds, it is rapidly becoming a significant contributor to the Bank's bottom-line.

At year-end 2020, SouthTrust's loan portfolio totaled \$283 million, an increase of \$81 million from 2019. This includes \$35 million in second lien mortgages and \$49 million in PPP loans. Similarly, deposits increased \$62 million to end the year at \$423 million. Both loans and deposits are at all-time highs.

As the COVID-19 crisis unfolded, the Federal Reserve dropped its benchmark overnight rate from 1.60% on March 1<sup>st</sup> to 0.10% by March 16<sup>th</sup>. As a result, the banking industry's net interest margin dropped to a record low. PPP loan fees offset part of the reduction, but even so the Bank's net income dropped 13%, to \$2.6 million.

Fortunately, loan quality remains remarkably good. While many small businesses struggled during 2020, our emphasis on credit quality paid off. At year-end, only 0.02% of loans were past due. Non-performing loans totaled just over \$700,000, roughly half the total from a year earlier. Particularly

with our large loan loss reserve, the Bank is well-positioned to meet whatever credit challenges lie ahead.

The outlook for 2021 is mixed. Another round of PPP loans is providing additional help to hundreds of our customers and will result in more fee income for the Bank. However, interest rates remain at historic lows and economic uncertainty continues. Goals for 2021 include improving efficiency while continuing to grow high-quality loans and core deposits.

We hope you and your families are healthy and safe. We look forward to seeing you virtually on Thursday, March 25<sup>th</sup>, for the annual meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven H. Jackson". The signature is fluid and cursive, with the first letter of the first name being a large, stylized 'S'.

Steven H. Jackson



**Live Oak Bancshares Corporation**  
**Consolidated Balance Sheets**

(Dollars in thousands)

	December 31				
	2020	2019	2018	2017	2016
<b>Assets</b>					
Cash and due from banks	\$ 107,544	\$ 95,843	\$ 100,996	\$ 83,915	\$ 33,600
Federal funds sold	0	0	0	0	0
Securities held to maturity	0	0	0	0	1,760
Securities available for sale	74,884	100,768	63,169	61,936	61,889
Loans, net (Notes 1 and 2)	276,957	196,407	199,157	218,053	245,871
Investment in Forehand Title Management, L.L.C. (Note 3)	397	374	389	367	332
Premises and equipment, net (Note 4)	5,122	5,494	5,768	6,281	6,646
Excess of cost over fair value of net assets acquired	772	772	772	772	772
Other assets	9,419	8,704	8,469	8,689	8,691
<b>Total Assets</b>	<b>\$ 475,095</b>	<b>\$ 408,362</b>	<b>\$ 378,720</b>	<b>\$ 380,013</b>	<b>\$ 359,561</b>
<b>Liabilities</b>					
Deposits (Note 5)	\$ 422,760	\$ 360,270	\$ 333,522	\$ 335,692	\$ 306,012
Overnight borrowings	0	0	0	742	0
Short-term borrowings	25	0	0	0	0
Long-term borrowings	0	0	0	0	13,000
Other liabilities	2,415	1,537	1,367	1,200	1,223
<b>Total Liabilities</b>	<b>425,200</b>	<b>361,807</b>	<b>334,889</b>	<b>337,634</b>	<b>320,235</b>
<b>Shareholders' Equity</b>					
Common stock (without par value; 54,997 shares authorized and issued)	55	55	55	55	55
Surplus	3,739	3,739	3,739	3,739	1,889
Retained earnings	45,923	44,692	42,752	41,033	40,013
Less cost of treasury shares (23,718 shares)	(2,168)	(2,168)	(2,168)	(2,168)	(2,318)
Net unrealized gain (loss) on investments	2,346	237	(547)	(280)	(313)
<b>Total Stockholders' Equity (Note 6)</b>	<b>49,895</b>	<b>46,555</b>	<b>43,831</b>	<b>42,379</b>	<b>39,326</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 475,095</b>	<b>\$ 408,362</b>	<b>\$ 378,720</b>	<b>\$ 380,013</b>	<b>\$ 359,561</b>

**Live Oak Bancshares Corporation**  
**Consolidated Income Statements**

(Dollars in thousands except share amount)

	December 31				
	2020	2019	2018	2017	2016
<b>Interest Income</b>					
Interest and fees on loans	\$ 11,583	\$ 11,081	\$ 11,380	\$ 11,956	\$ 13,107
Interest and dividends on securities:					
Taxable	1,634	1,180	608	456	576
Non-taxable	131	305	487	654	808
Interest on certificates of deposits	39	0	0	0	1
Due from balances/Federal funds sold	79	1,320	880	468	93
Total interest income	<u>13,466</u>	<u>13,886</u>	<u>13,355</u>	<u>13,534</u>	<u>14,585</u>
<b>Interest Expense</b>					
Deposits	991	1,367	998	1,005	855
Federal funds purchased	0	0	20	0	0
Short-term borrowings	0	0	0	0	46
Long-term borrowings	0	0	0	26	104
Other	11	0	0	0	0
Total interest expense	<u>1,002</u>	<u>1,367</u>	<u>1,018</u>	<u>1,031</u>	<u>1,005</u>
<b>Net interest income</b>	<u>12,464</u>	<u>12,519</u>	<u>12,337</u>	<u>12,503</u>	<u>13,580</u>
Provision for loan losses	0	0	60	1,350	3,150
<b>Net interest income after provision for loan losses</b>	<u>12,464</u>	<u>12,519</u>	<u>12,277</u>	<u>11,153</u>	<u>10,430</u>
<b>Non-Interest Income</b>					
Service charges and fees on deposit accounts	1,255	1,370	1,416	1,261	1,318
Other	1,314	425	354	352	361
Total non-interest income	<u>2,569</u>	<u>1,795</u>	<u>1,770</u>	<u>1,613</u>	<u>1,679</u>
<b>Non-Interest Expense</b>					
Salaries and benefits (Note 7)	8,915	8,207	7,487	6,695	7,249
Occupancy	1,411	1,394	1,325	1,350	1,334
Write down of other real estate owned	0	(2)	74	15	0
Other operating expenses (Note 8)	2,107	1,766	2,115	3,471	2,963
Total non-interest expense	<u>12,433</u>	<u>11,365</u>	<u>11,001</u>	<u>11,531</u>	<u>11,546</u>
<b>Income before taxes</b>	<u>2,600</u>	<u>2,949</u>	<u>3,046</u>	<u>1,235</u>	<u>563</u>
Federal income taxes (Note 9)	0	0	0	0	0
<b>Net Income</b>	<u>\$ 2,600</u>	<u>\$ 2,949</u>	<u>\$ 3,046</u>	<u>\$ 1,235</u>	<u>\$ 563</u>
<b>Per common share:</b>					
Net Income	<u>\$ 83.12</u>	<u>\$ 94.28</u>	<u>\$ 97.38</u>	<u>\$ 39.48</u>	<u>\$ 19.10</u>
Distributions declared	<u>\$ 43.76</u>	<u>\$ 32.22</u>	<u>\$ 44.05</u>	<u>\$ 7.31</u>	<u>\$ 34.69</u>
<b>Average shares outstanding</b>	<u>31,279</u>	<u>31,279</u>	<u>31,279</u>	<u>31,279</u>	<u>29,469</u>

**Live Oak Bancshares Corporation**  
**Consolidated Statements of Changes in Shareholders' Equity**

(Dollars in thousands)

	Common Stock	Surplus	Retained Earnings	Cost of Treasury Stock	Unrealized Gain (Loss) on Investments	Total Shareholders' Equity
Balance, December 31, 2015	55	1,889	40,472	(2,318)	401	40,499
Net income - 2016			563			563
Distributions on common stock			(1,022)			(1,022)
Net unrealized gain on investments					(714)	(714)
Balance, December 31, 2016	55	1,889	40,013	(2,318)	(313)	39,326
Net income - 2017			1,235			1,235
Sale of Stock		1,850		150		2,000
Distributions on common stock			(215)			(215)
Net unrealized gain on investments					33	33
Balance, December 31, 2017	55	3,739	41,033	(2,168)	(280)	42,379
Net income - 2018			3,046			3,046
Distributions on common stock			(1,378)			(1,378)
Prior period adjustment			50			50
Net unrealized gain on investments					(267)	(267)
Balance, December 31, 2018	55	3,739	42,752	(2,168)	(547)	43,831
Net income - 2019			2,949			2,949
Distributions on common stock			(1,009)			(1,009)
Prior period adjustment						0
Net unrealized gain on investments					784	784
<b>Balance, December 31, 2019</b>	<b><u>\$ 55</u></b>	<b><u>\$ 3,739</u></b>	<b><u>\$ 44,692</u></b>	<b><u>\$ (2,168)</u></b>	<b><u>\$ 237</u></b>	<b><u>\$ 46,555</u></b>
Net income - 2020			2,600			2,600
Distributions on common stock			(1,369)			(1,369)
Prior period adjustment						0
Net unrealized gain on investments					2,109	2,109
<b>Balance, December 31, 2020</b>	<b><u>\$ 55</u></b>	<b><u>\$ 3,739</u></b>	<b><u>\$ 45,923</u></b>	<b><u>\$ (2,168)</u></b>	<b><u>\$ 2,346</u></b>	<b><u>\$ 49,895</u></b>

**Live Oak Bancshares Corporation**  
**Consolidated Statement of Cash Flows**

(Dollars in thousands)

	December 31				
	2020	2019	2018	2017	2016
Cash and Cash Equivalents Balance, January 1	\$ 95,843	\$ 100,996	\$ 83,915	\$ 33,600	\$ 10,672
<b>Cash Flows From Operating Activities</b>					
Cash inflows:					
Interest and fees on loans	11,118	11,098	11,586	11,975	13,102
Interest on investment securities	2,164	1,408	1,180	1,354	1,809
Other interest	98	1,271	844	494	94
Other receipts	2,546	1,795	1,770	1,613	1,685
Total	<u>15,926</u>	<u>15,572</u>	<u>15,380</u>	<u>15,436</u>	<u>16,690</u>
Cash outflows:					
Interest on deposits	1,081	1,299	1,004	970	834
Other interest	11	0	0	25	151
Employee costs	9,254	8,098	7,130	7,137	7,222
Other non-interest costs	1,985	2,800	3,191	4,045	3,803
Total	<u>12,331</u>	<u>12,197</u>	<u>11,325</u>	<u>12,177</u>	<u>12,010</u>
Net Operating Cash Flow (Note 10)	<u>3,595</u>	<u>3,375</u>	<u>4,055</u>	<u>3,259</u>	<u>4,680</u>
<b>Cash Flows From Investing Activities</b>					
Cash inflows:					
Proceeds from maturities of investment securities	165,420	257,745	235,300	70,603	69,952
Proceeds from sales of investment securities	0	0	0	1,760	0
Principal payments on mortgage-backed securities	12,288	4,242	3,200	3,941	4,695
Proceeds from sale of other real estate owned	0	92	212	333	104
Net receipt from loans	0	2,750	18,835	26,422	10,893
Change in Equity of Forehand Title	0	0	0	0	0
Total	<u>177,708</u>	<u>264,829</u>	<u>257,547</u>	<u>103,059</u>	<u>85,644</u>
Cash outflows:					
Net disbursement for loans	80,550	0	0	0	0
Purchase of fixed assets	197	320	92	239	157
Purchase of portfolio investments	150,001	298,777	239,841	74,972	60,186
Purchase of other real estate owned	0	0	298	0	0
Change in Equity of Forehand Title	0	0	0	0	4
Total	<u>230,748</u>	<u>299,097</u>	<u>240,231</u>	<u>75,211</u>	<u>60,347</u>
Net Investing Cash Flow	<u>\$ (53,040)</u>	<u>\$ (34,268)</u>	<u>\$ 17,316</u>	<u>\$ 27,848</u>	<u>\$ 25,297</u>

**Live Oak Bancshares Corporation**  
**Consolidated Statement of Cash Flows**

(Dollars in thousands)

	December 31				
	2020	2019	2018	2017	2016
<b>Cash Flows From Financing Activities</b>					
Cash inflows:					
Borrowings	25	0	0	742	13,000
Sale of Stock	0	0	0	2,001	0
Net receipts from depositors	62,490	26,748	0	29,680	11,973
Total	<u>62,515</u>	<u>26,748</u>	<u>0</u>	<u>32,423</u>	<u>24,973</u>
Cash outflows:					
Net Disbursement to depositors	0	0	2,170	0	0
Payment of dividends	1,369	1,008	1,378	215	1,022
Repayments of borrowings	0	0	742	13,000	31,000
Total	<u>1,369</u>	<u>1,008</u>	<u>4,290</u>	<u>13,215</u>	<u>32,022</u>
Net Financing Cash Flow	<u>61,146</u>	<u>25,740</u>	<u>(4,290)</u>	<u>19,208</u>	<u>(7,049)</u>
Net Increase (Decrease) in Cash and Equivalents	<u>11,701</u>	<u>(5,153)</u>	<u>17,081</u>	<u>50,315</u>	<u>22,928</u>
Cash and Cash Equivalents, December 31	<u>\$ 107,544</u>	<u>\$ 95,843</u>	<u>\$ 100,996</u>	<u>\$ 83,915</u>	<u>\$ 33,600</u>

**Live Oak Bancshares Corporation**  
Notes to Consolidated Financial Statements

(Dollars in thousands)

**Note 1: Loans and Allowance for Loan Losses**

Loans at year-end are as follows:	December 31				
	2020	2019	2018	2017	2016
Real Estate					
Residential	23,561	24,137	26,553	31,070	36,156
Nonresidential	186,475	157,020	159,199	168,607	183,965
Commercial	66,431	13,912	11,623	16,766	22,626
Installment	3,802	4,190	4,494	5,005	6,318
Agricultural	2,695	3,117	3,501	2,914	2,891
Other	234	284	293	297	279
Sub-Total	283,198	202,660	205,663	224,659	252,235
Less					
Unearned income	-	-	(1)	(3)	(9)
Allowance for loan losses	(6,241)	(6,253)	(6,505)	(6,603)	(6,355)
Total loans, net	276,957	196,407	199,157	218,053	245,871

Non-performing loans at year-end were as follows:					
Accrual loans over 90 days past due	-	-	-	-	-
Non-accrual loans	729	1,422	6,551	8,531	10,197
Total	729	1,422	6,551	8,531	10,197

Transactions in the allowance for loan losses are summarized as follows:					
Balance at beginning of year	6,253	6,505	6,603	6,355	4,915
Recoveries	44	93	567	360	122
Loans charged-off	(56)	(345)	(725)	(1,462)	(1,832)
Net recoveries (losses)	(12)	(252)	(158)	(1,102)	(1,710)
Provision for loan losses	-	-	60	1,350	3,150
Balance at end of year	6,241	6,253	6,505	6,603	6,355

**Live Oak Bancshares Corporation**  
**Notes to Consolidated Financial Statements**  
(continued)  
(Dollars in thousands)

**Note 2: Related Party Transactions**

In the ordinary course of business, the subsidiary makes loans to officers and directors. These loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. Loans to officers and directors, including loans to companies in which the officers and directors exercise control through direct or indirect ownership, amounted to \$4,374,984 at December 31, 2020, \$5,176,730 at December 31, 2019, \$3,203,469 at December 31, 2018, \$4,157,748 at December 31, 2017 and \$4,461,004 at December 31, 2016. Approximately 83.26% of the Company's outstanding stock was owned and controlled by officers, directors and principal shareholders of the Company at December 31, 2020.

**Note 3: Investment in Forehand Title Management, L.L.C.**

On March 1, 2008, The Company and four individual partners purchased 100% of the assets of a George West title company. The assets purchased included the building, its contents including the abstract plant and land near The Company's banking house in George West. Effective January 1, 2009, The Company sold a 24.5% interest to another financial institution headquartered in Live Oak County. In 2016, the same 24.5% was sold to another financial institution, but our ownership percentage did not change.

The title company has three full time employees. Forehand Title Company acts as a title insurance agent, assists in real estate closings and has in the past made the title plant available at an hourly fee to those wishing to do title research. The Company's portion of the profits is combined with other non-interest income on Page 5 of the income statements.

**Note 4: Premises and Equipment**

Premises and equipment consisted of the following:	December 31				
	2020	2019	2018	2017	2016
Land	903	903	903	903	903
Buildings and improvements	7,684	7,642	7,555	7,546	7,546
Furniture and equipment	4,550	4,405	4,084	3,952	3,717
Construction in progress	0	0	0	0	0
Sub-total	13,137	12,950	12,542	12,401	12,166
Less – Accumulated depreciation	(8,015)	(7,456)	(6,774)	(6,120)	(5,520)
Total	5,122	5,494	5,768	6,281	6,646

**Note 5: Deposits**

Deposits at year-end are as follows:	December 31				
	2020	2019	2018	2018	2017
Demand Deposits:					
Non-interest bearing	135,946	99,114	98,877	98,877	107,348
Interest bearing	165,001	153,280	130,667	130,667	113,027
Savings deposits	45,574	37,873	33,424	33,424	34,737
Certificates of deposit \$100,000 and over	60,906	54,468	54,017	54,017	62,687
Certificates of deposit less than \$100,000	15,333	15,535	16,537	16,537	17,893
Total	422,760	360,270	333,522	333,522	335,692

**Live Oak Bancshares Corporation**  
**Notes to Consolidated Financial Statements**  
(continued)  
(Dollars in thousands)

**Note 6: Regulatory Matters**

Live Oak Bancshares Corporation's principal source of funds was distributions received from its subsidiary, SouthTrust Bank. For the years 2016, 2017, 2018, 2019 and 2020, the Texas Corporation received \$1,027,950, \$0, \$1,366,750, \$1,020,250 and \$1,383,250 in distributions from its subsidiary, SouthTrust Bank. Under applicable Federal laws, the Office of the Comptroller of the Currency (relating to the Bank subsidiary, which is a national banking association) restricts the total dividend payments of a national bank in any calendar year to the net profits of that year, as defined, combined with retained net profits for the two preceding years. The distributions, as of December 31, 2020, that the Bank could declare under the applicable laws of the Office of the Comptroller of the Currency amounted to approximately \$4,872,415.

The Office of the Comptroller of the Currency (OCC) also has the authority under the Financial Institutions Supervisory Act to prohibit a national bank from engaging in what, in the OCC's opinion, constitutes an unsafe or unsound practice in conducting its business. It is possible, depending upon the financial condition of the bank in question and other factors, that the OCC could claim that payment of dividends or other payments might under some circumstances be an unsafe or unsound practice.

The Corporation is required to maintain minimum risk-based and leverage capital as defined by the Federal banking agencies. The measurement of risk-based capital takes into account the credit risk of both the balance sheet assets and off-balance sheet exposures. The regulatory guidelines require minimum risk-based capital ratios of 6% for Tier 1 capital and 8% for total capital. In addition, a minimum leverage ratio of Tier 1 capital to quarterly average assets of 4% is required for strong banking organizations. A bank is considered "well capitalized," the highest regulatory category, if it has the following minimum ratios: Tier 1 risk-based capital ratio of 8%, total risk-based capital ratio of 10%, and Tier 1 leverage capital ratio of 5%. The capital ratios of the Corporation's banking subsidiary were as follows:

	December 31					Well Capitalized Regulatory Minimums
	2020	2019	2018	2017	2016	
<b>Capital:</b>						
Tier 1	45,808	44,610	42,662	40,936	35,430	
Tier 2	629	3,057	3,072	3,264	3,484	
Total	46,437	47,667	45,734	44,200	38,914	
<b>Assets:</b>						
Risk-weighted assets	271,410	241,271	242,253	257,689	275,802	
Average assets (fourth quarter)	486,255	417,948	386,697	379,316	352,907	
<b>Ratios:</b>						
Tier 1 capital to risk-weighted assets	16.88%	18.49%	17.61%	15.89%	12.85%	8.00%
Total capital to risk-weighted assets	17.11%	19.76%	18.88%	17.15%	14.11%	10.00%
Tier 1 leverage to average assets	9.42%	10.67%	11.03%	10.79%	10.04%	5.00%



**Note 7: Employee Benefits**

The retirement contributions, healthcare insurance and out of pocket expense reimbursements are available and applicable to all employees, assuming employees are eligible, via tenure, to participate in the retirement and healthcare programs. The annual cost to the bank for all health care in 2020 was \$575,026.

The bank subsidiary has a contributory, trustee 401(k) profit sharing plan covering substantially all employees with one or more years of service. An employee member may contribute from one to six percent of his/her salary to the 401(k) plan which is 50% matched by the employer. Matching contributions to this plan by the bank during the five years ended December 31 were as follows: 2020 (\$160,892), 2019 (\$131,690), 2018 (\$120,906), 2017 (\$125,906) and 2016 (\$124,476). Additional discretionary contributions made to this plan during the five years ended December 31 were as follows: 2020 (\$0), 2019 (\$0), 2018 (\$200,000), 2017 (\$0) and 2016 (\$0).

Bonuses paid to certain members of the executive management team were as follows: 2020 (\$107,048), 2019 (\$90,608), 2018 (\$0), 2017 (\$117,150) and 2016 (\$148,756).

The company has established a phantom stock program for certain key employees to provide future cash compensation based on the performance of the company's stock. Payments are based on the change in the book value of the stock from the date of grant to the redemption dates (25% of each grant is redeemed on the fourth, fifth, sixth, and seventh anniversary dates). The company awarded phantom shares valued at \$249,540 in 2020, \$197,500 in 2019, \$30,000 in 2018, \$105,000 in 2017 and \$162,500 in 2016. Total expense for the program in 2020 was \$191,182, which was offset by investment earnings of \$203,611 on life insurance policies purchased to fund this and other employee benefit programs.

**Live Oak Bancshares Corporation**  
**Notes to Consolidated Financial Statements**  
(continued)  
(Dollars in thousands)

**Note 8: Other Operating Expenses**

(Dollars in thousands)	Year Ended December 31,				
	2020	2019	2018	2017	2016
Advertising and promotions	\$101	\$210	\$213	\$310	\$142
Accounting and exam fee	208	116	183	270	274
Courier	6	2	3	18	5
Data processing	671	272	505	1074	933
Directors expense	126	139	118	118	126
Dues and subscriptions	18	20	11	9	9
Education and training	21	61	49	54	73
FDIC insurance	77	69	217	304	439
Franchise tax	5	3	13	14	11
Insurance	115	115	107	98	97
Legal and professional fees	202	98	51	309	176
Miscellaneous loan expense	37	35	4	17	9
Postage and freight	23	13	22	19	38
Supplies	63	63	65	66	84
Telecommunications	248	271	258	296	290
All other	186	279	296	495	257
Total operating expenses	\$2,107	\$1,766	\$2,115	\$3,471	\$2,963

**Note 9: Income Taxes**

For the year 1998, the Company, with the consent of its stockholders, elected to be taxed as a Subchapter S corporation. Subchapter S corporation tax law provides that, in lieu of corporate income taxes, the stockholders separately account for their pro rata share of the Company's items of income, deductions, losses, and credits. As a result of this election, no corporate income taxes will be recognized in the financial statements for the year ending December 31, 1998 and thereafter.

**Live Oak Bancshares Corporation**  
**Notes to Consolidated Financial Statements**  
(continued)  
(Dollars in thousands)

**Note 10: Reconciliation of Net Operating Cash Flow to Net Income**

	December 31				
	2020	2019	2018	2017	2016
Net Operating Cash Flow	<u>\$ 3,595</u>	<u>\$ 3,375</u>	<u>\$ 4,055</u>	<u>\$ 3,259</u>	<u>\$ 4,680</u>
Non-Cash Reconciling Items					
Provision for loan losses	0	0	(60)	(1,350)	(3,150)
Depreciation of bank premises and equipment	(570)	(595)	(605)	(604)	(588)
Amortization of assets	(423)	(209)	(183)	(315)	(431)
Accretion of assets	117	184	178	118	120
Interest and fees on loans, not collected	1,050	585	603	809	828
Interest and fees on loans collected, previously accrued	(585)	(603)	(809)	(828)	(822)
Interest on investments, not collected	318	418	431	348	395
Interest on investments collected, previously accrued	(368)	(267)	(348)	(395)	(510)
Non-interest expense accrued, not paid	(2,048)	(741)	(748)	(951)	(562)
Non-interest expense paid, previously accrued	741	748	951	562	503
Interest expense accrued, not paid	(199)	(305)	(249)	(209)	(174)
Interest expense paid, previously accrued	290	222	209	174	154
Employee costs accrued, not paid	(168)	(507)	(398)	(40)	(482)
Employee costs paid, previously accrued	507	398	40	482	455
Other non-interest expense accrued, not paid	8,094	7,751	7,509	7,428	7,225
Other non-interest expense paid, previously accrued	(7,751)	(7,507)	(7,456)	(7,219)	(7,078)
Write down of other real estate owned	0	2	(74)	(34)	0
Total	<u>(995)</u>	<u>(426)</u>	<u>(1,009)</u>	<u>(2,024)</u>	<u>(4,117)</u>
Net Income as Reported	<u>\$ 2,600</u>	<u>\$ 2,949</u>	<u>\$ 3,046</u>	<u>\$ 1,235</u>	<u>\$ 563</u>

**Live Oak Bancshares Corporation**  
(Parent only)  
**Balance Sheets**  
(Dollars in thousands)

	December 31				
	2020	2019	2018	2017	2016
<b>Assets</b>					
Cash	\$ 572	\$ 562	\$ 555	\$ 584	\$ 3,105
Investment in subsidiary	48,154	44,847	42,115	40,656	35,117
Investment in Forehand Title Management, L.L.C.	397	374	389	367	332
Excess of cost over fair value of net assets acquired	772	772	772	772	772
<b>Total Assets</b>	<b>\$ 49,895</b>	<b>\$ 46,555</b>	<b>\$ 43,831</b>	<b>\$ 42,379</b>	<b>\$ 39,326</b>
<b>Liabilities</b>					
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shareholders' Equity</b>					
Capital stock	55	55	55	55	55
Surplus	3,740	3,740	3,740	3,740	1,889
Treasury stock	(2,168)	(2,168)	(2,168)	(2,168)	(2,318)
Retained earnings	45,922	44,691	42,751	41,032	40,013
Net unrealized gain (loss) on investments	2,346	237	(547)	(280)	(313)
<b>Total Stockholders' Equity</b>	<b>49,895</b>	<b>46,555</b>	<b>43,831</b>	<b>42,379</b>	<b>39,326</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 49,895</b>	<b>\$ 46,555</b>	<b>\$ 43,831</b>	<b>\$ 42,379</b>	<b>\$ 39,326</b>

**Live Oak Bancshares Corporation**  
(Parent Only)  
**Income Statements**  
(Dollars in thousands)

	December 31				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Income</b>					
Equity in earnings of bank	<b>\$ 1,198</b>	\$ 1,948	\$ 1,677	\$ 1,256	\$ (445)
Equity in earnings of Forehand Title Mgt., L.L.C.	<b>23</b>	0	23	34	0
Dividend income from bank	<b>1,383</b>	1,020	1,367	0	1,028
Dividend income from Forehand Title, Mgt., L.L.C.	<b>0</b>	0	0	0	0
Interest on certificates of deposit	<b>0</b>	0	0	1	2
Total income	<b><u>2,604</u></b>	<u>2,968</u>	<u>3,067</u>	<u>1,291</u>	<u>585</u>
<b>Expenses</b>					
Loss in equity in earnings of Forehand Title Mgt., L.L.C.	<b>0</b>	16	0	0	4
Other operating expenses	<b>4</b>	3	21	56	18
Total expense	<b><u>4</u></b>	<u>19</u>	<u>21</u>	<u>56</u>	<u>22</u>
<b>Net Income</b>	<b><u><u>\$ 2,600</u></u></b>	<u><u>\$ 2,949</u></u>	<u><u>\$ 3,046</u></u>	<u><u>\$ 1,235</u></u>	<u><u>\$ 563</u></u>

**SouthTrust Bank, N.A.**  
(Subsidiary only)  
**Balance Sheets**  
(Dollars in thousands)

	December 31				
	2020	2019	2018	2017	2016
<b>Assets</b>					
Cash and non-interest bearing deposits	\$ 106,972	\$ 95,280	\$ 100,443	\$ 83,044	\$ 30,495
Federal funds sold	0	0	0	0	0
Securities available for sale	74,884	100,768	63,169	61,936	61,890
Securities to be held to maturity	0	0	0	0	1,760
Loans	283,197	202,660	205,663	224,659	252,236
Deduct: Unearned income	0	0	(1)	(3)	(9)
Provision for loan losses	(6,241)	(6,253)	(6,505)	(6,603)	(6,355)
Premises and equipment, net	5,122	5,494	5,768	6,281	6,646
Other Assets	9,419	8,705	8,468	8,976	8,689
<b>Total Assets</b>	<b>\$ 473,353</b>	<b>\$ 406,654</b>	<b>\$ 377,005</b>	<b>\$ 378,290</b>	<b>\$ 355,352</b>
<b>Liabilities</b>					
Deposits	\$ 422,760	\$ 360,270	\$ 333,522	\$ 335,692	\$ 306,012
Overnight borrowings	0	0	0	742	0
Short-term borrowings	25	0	0	0	0
Long-term borrowings	0	0	0	0	13,000
Other liabilities	2,414	1,536	1,368	1,200	1,223
<b>Total Liabilities</b>	<b>425,199</b>	<b>361,806</b>	<b>334,890</b>	<b>337,634</b>	<b>320,235</b>
<b>Shareholders' Equity</b>					
Common stock	550	550	550	550	550
Surplus	6,601	6,601	6,601	6,600	2,350
Retained earnings	38,657	37,460	35,511	33,786	32,530
Net unrealized gain (loss) on investments	2,346	237	(547)	(280)	(313)
<b>Total Stockholders' Equity</b>	<b>48,154</b>	<b>44,848</b>	<b>42,115</b>	<b>40,656</b>	<b>35,117</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 473,353</b>	<b>\$ 406,654</b>	<b>\$ 377,005</b>	<b>\$ 378,290</b>	<b>\$ 355,352</b>

**SouthTrust Bank, N.A.**  
(Subsidiary only)  
**Income Statements**

(Dollars in thousands)

	December 31				
	2020	2019	2018	2017	2016
<b>Interest Income</b>					
Interest and fees on loans	\$ 11,583	\$ 11,081	\$ 11,380	\$ 11,956	\$ 13,107
Interest and dividends on securities:					
Taxable	1,634	1,180	608	456	576
Non-taxable	131	305	487	654	808
Interest on certificates of deposit	39	0	0	0	1
Federal funds sold/Federal Reserve Balances	79	1,320	880	467	90
Total interest income	<u>13,466</u>	<u>13,886</u>	<u>13,355</u>	<u>13,533</u>	<u>14,582</u>
<b>Interest Expense</b>					
NOW accounts	64	112	66	44	30
Money market	198	404	261	260	253
Savings	37	76	41	33	31
Certificates of deposit					
\$100,000 and over	565	629	525	553	436
Other	127	146	125	114	104
Total interest expense on deposits	<u>991</u>	<u>1,367</u>	<u>1,018</u>	<u>1,004</u>	<u>854</u>
Federal funds purchased	0	0	0	0	0
Short-term borrowings	0	0	0	0	46
Long-term borrowings	0	0	0	25	104
Other	11	0	0	0	0
Total interest expense	<u>1,002</u>	<u>1,367</u>	<u>1,018</u>	<u>1,029</u>	<u>1,004</u>
<b>Net interest income</b>	<u>12,464</u>	12,519	12,337	12,504	13,578
Provision for loan losses	0	0	60	1,350	3,150
<b>Net interest income after provision</b>	<u>12,464</u>	<u>12,519</u>	<u>12,277</u>	<u>11,154</u>	<u>10,428</u>
<b>Non-Interest Income</b>					
Service charges and fees on deposit accounts	1,255	1,370	1,416	1,261	1,318
Other	1,291	425	331	317	364
Total non-interest income	<u>2,546</u>	<u>1,795</u>	<u>1,747</u>	<u>1,578</u>	<u>1,682</u>
<b>Non-Interest Expense</b>					
Salaries	8,915	8,207	7,487	6,695	7,249
Occupancy	1,411	1,394	1,325	1,350	1,334
Advertising & promotion	137	263	277	310	169
Data processing & courier	676	274	508	1,092	938
Directors' expense	126	140	118	117	125
Insurance	191	180	320	403	535
Legal & professional fees	169	65	20	269	170
Other operating expenses	804	823	926	1,240	1,007
Total non-interest expense	<u>12,429</u>	<u>11,346</u>	<u>10,981</u>	<u>11,476</u>	<u>11,527</u>
<b>Net Income</b>	<u>2,581</u>	<u>2,968</u>	<u>3,043</u>	<u>1,256</u>	<u>583</u>

**SouthTrust Bank, N.A.**  
Peer Group Comparison  
December 31, 2020

	<b>SouthTrust Bank</b>	Peer Group	Percentile Rank
<b>Earnings &amp; Profitability as % of avg. assets</b>			
Interest income (tax equiv)	<b>2.97</b>	3.94	4
- Interest expense	<b>0.22</b>	0.56	10
Net interest income (tax equiv.)	<b>2.75</b>	3.36	10
+ Non-Interest income	<b>0.56</b>	0.74	41
- Non-Interest expense	<b>2.73</b>	2.60	60
- Provision for loan lease losses	<b>0.00</b>	0.21	5
= Pretax net operating income (tax equiv.)	<b>0.58</b>	1.37	7
<b>Margin Analysis</b>			
Avg earning assets to avg assets	<b>76.25</b>	94.64	0
Avg interest bearing funds to avg assets	<b>61.38</b>	71.26	17
Interest income (tax equiv.) to avg earning assets	<b>3.90</b>	4.17	32
Interest expense to avg earning assets	<b>0.29</b>	0.60	14
Net interest income to avg earning assets	<b>3.61</b>	3.56	53
<b>As a percent of avg. assets</b>			
Personnel expense	<b>1.96</b>	1.53	85
Occupancy expense	<b>0.31</b>	0.29	59
Other operating expenses	<b>0.46</b>	0.76	9
Total overhead expense	<b>2.73</b>	2.60	60
Avg personnel expense per employee (\$000)	<b>88.27</b>	88.17	57
Assets per employee (\$million)	<b>4.69</b>	6.34	20
<b>Yield on or Cost of</b>			
Total loans	<b>4.66</b>	5.14	20
Real estate loans	<b>5.39</b>	5.13	71
Commercial loans	<b>3.60</b>	5.11	9
Loans to individuals	<b>6.48</b>	6.55	52
Total investment securities (TE)	<b>2.05</b>	2.33	30
US Treasuries	<b>1.85</b>	1.80	53
Mortgage backed securities	<b>2.11</b>	1.94	68
All other securities	<b>2.68</b>	2.52	64
Total interest bearing deposits	<b>0.36</b>	0.77	12
Transaction accounts	<b>0.06</b>	0.29	7
Other savings deposits	<b>0.23</b>	0.37	31
Time deposits	<b>0.97</b>	1.57	8
<b>Growth Rates</b>			
Total Assets	<b>16.40</b>	19.34	44
Tier One Capital	<b>2.69</b>	8.73	13
Net Loans	<b>41.01</b>	11.70	92

Our peer group is defined as all insured commercial banks having assets between \$300 million and \$1 billion. As of 12-31-20, there were 1,274 bank in our peer group.





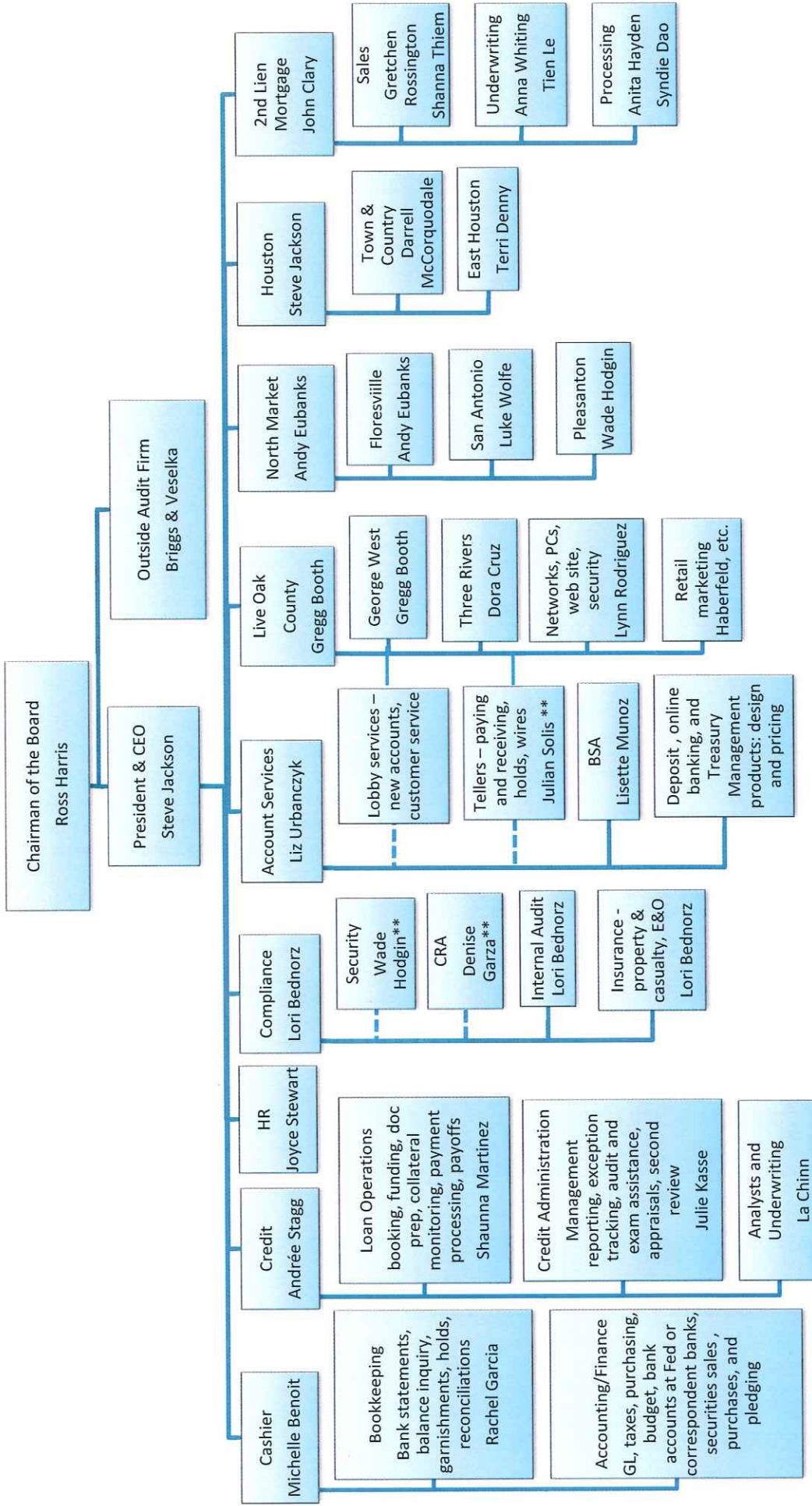
## Regional Peer Group Comparison

Data as of 12-31-2020

Bank	City	Total Assets (millions)	Net Loans (millions)	Total Deposits (millions)	Loan to Deposit Ratio	Tier 1 Lev Capital Ratio	Return on Assets (tax adj)	Return on Equity (tax adj)	Net Interest Margin	Net Charge Offs to Avg Loans	Delq Loans to Total Loans*
Sage Capital Bank	Gonzales	\$ 487	\$ 297	\$ 430	69%	10.0%	1.07%	10.7%	3.75%	-0.01%	0.04%
Falls City National Bank	Falls City	\$ 456	\$ 113	\$ 401	28%	12.2%	1.47%	12.1%	2.70%	0.40%	3.54%
First Commercial Bank	Seguin	\$ 446	\$ 255	\$ 404	63%	8.2%	0.95%	11.6%	3.66%	-0.14%	0.99%
Karnes County Natl Bank	Karnes City	\$ 408	\$ 78	\$ 356	22%	11.8%	0.56%	4.8%	2.25%	-0.33%	6.07%
Texas Champion Bank	Corpus Christi	\$ 362	\$ 286	\$ 259	110%	11.9%	0.20%	1.7%	3.80%	-0.05%	3.39%
First State Bank	Orange	\$ 207	\$ 138	\$ 181	76%	10.0%	0.42%	4.2%	3.77%	0.07%	0.16%
First State Bank of Odem	Odem	\$ 166	\$ 82	\$ 147	56%	11.3%	1.17%	10.4%	4.13%	-0.06%	0.33%
Lytile State Bank	Lytile	\$ 99	\$ 30	\$ 82	37%	15.8%	0.74%	4.7%	3.43%	0.97%	0.98%
Atascosa Bank	Pleasanton	\$ 94	\$ 15	\$ 83	18%	10.4%	0.68%	6.6%	2.20%	0.00%	0.00%
First State Bank	San Diego	\$ 74	\$ 25	\$ 67	37%	8.4%	0.72%	8.6%	2.95%	0.00%	0.53%
Freedom Bank	Freer	\$ 62	\$ 40	\$ 53	75%	10.4%	0.91%	8.7%	4.41%	-0.03%	0.43%
	Average	\$ 260	\$ 124	\$ 224	54%	10.9%	0.81%	7.6%	3.37%	0.07%	1.50%
	Maximum	\$ 487	\$ 297	\$ 430	110%	15.8%	1.47%	12.1%	4.41%	0.97%	6.07%
	Minimum	\$ 62	\$ 15	\$ 53	18%	8.2%	0.20%	1.7%	2.20%	-0.33%	0.00%

<b>SouthTrust Bank</b>	<b>George West</b>	<b>\$ 473</b>	<b>\$ 277</b>	<b>\$ 423</b>	<b>65%</b>	<b>9.4%</b>	<b>0.45%</b>	<b>4.8%</b>	<b>3.61%</b>	<b>0.00%</b>	<b>0.26%</b>
SouthTrust Bank variance from average		\$ 213	\$ 153	\$ 199	12%	-1.5%	-0.36%	-2.9%	0.24%	-0.07%	-1.24%
SouthTrust Bank ranking within group		2	3	2	5	10	10	8	7	7	4

\* Calculation includes ORE



\*\* Indicates direct managerial duties for branch personnel in addition to the bank-wide responsibilities shown

- Direct managerial responsibility, branch personnel
- - - Bank-wide responsibilities

**Live Oak Bancshares Corporation**  
Board of Directors and Officers  
Occupations, Ages, (Length of Service)

---

**Board of Directors**

**Stuart D. Saunders**  
Asset Management  
Mission Heights Enterprises, Ltd.  
56, (13)

**Ross Harris**  
Banker  
Chairman of the Board of STB  
74, (39)

**Steven H. Jackson**  
Banker  
President and CEO of STB  
60, (6)

**Mike Laux**  
VP Technical and Engineering  
Limetree Bay Refining, LLC  
68, (13)

**David West**  
Restaurant and Convenience  
Store Owner  
52, (12)

**James D. Pawlik**  
Retail Merchant  
Pres., Pawlik Supply Co., Inc.  
78, (36)

**William M. Holland, III**  
Rancher  
La Chusa Ranch  
70, (39)

**Bernard Bednorz**  
Retail Merchant  
Pres., Bednorz Motors, Inc.  
85 (39)

**Executive Officers**

**Ross Harris**  
President  
74, (39)

**Andree Stagg**  
Vice President  
60, (2)

**Wade K. Hodgin**  
Vice President  
66, (8)

**Steven H. Jackson**  
Vice President and  
Treasurer  
60, (7)

**Andy M. Eubanks**  
Vice President  
64, (21)

**Michelle Benoit**  
Vice President  
57, (6)

**Denise M. Garza**  
Vice President  
47, (11)

**R. Gregg Booth**  
Vice President  
55, (5)

The  **Holding Company's** Board of Directors held 5 meetings during the 2020 fiscal year. Each director is expected to attend each meeting of the Board. In 2020, director attendance was 88% of all meetings of the board.

**SouthTrust Bank, N.A.**  
Board of Directors and Executive Officers  
Occupations, Ages, (Length of Service)

---

**Board of Directors**

**Ross Harris**

Banker  
Chairman of the Board of STB  
74 (40)

**Mike Laux**

VP Technical and Engineering  
Limetree Bay Refining, LLC  
68, (25)

**Stuart D. Saunders**

Asset Management  
Mission Heights Enterprises, Ltd.  
56, (17)

**William M. Holland, III**

Rancher  
La Chusa Ranch  
70, (45)

**James D. Pawlik**

Retail Merchant  
Pres., Pawlik Supply Co., Inc.  
78, (36)

**David West**

Restaurant and Convenience  
Store Owner  
52, (13)

**Steven H. Jackson**

Banker  
President and CEO of STB  
60, (6)

**Executive Officers**

**Ross Harris**

Chairman of the Board of STB  
74, (40)

**Andree Stagg**

Executive Vice President and  
Chief Credit Officer  
60, (2)

**Wade K. Hodgin**

Pleasanton Branch President  
66, (8)

**Steven H. Jackson**

President and CEO of STB  
60, (7)

**Andy M. Eubanks**

Regional Banking Supervisor  
Floresville Branch President  
64, (21)

**Michelle Benoit**

CFO and Cashier  
57, (6)

**Denise M. Garza**

Senior Vice President  
47, (19)

**R. Gregg Booth**

Regional Banking Supervisor  
George West Branch President  
55, (5)

**Live Oak Bancshares Corporation**  
History - Significant Dates

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**January 27, 1934**

First National Bank in George West founded with the signing of the Articles of Association.

**February 17, 1934**

Comptroller of the Currency issued the charter for the new bank.

**January, 1961**

First National Bank moved into new banking house.

**June, 1981**

Live Oak Bancshares Corporation formed.

**1983**

George West banking house is remodeled.

**February 1, 1991**

First day of business in Three Rivers. The banking house in use today was built in 1995.

**August 11, 1997**

First day of business in Floresville. The banking house in use today was built in 2005.

**December, 1997**

Stockholders consented to the company electing to be taxed as a Subchapter S corporation.

**November 9, 2001**

First day of business in San Antonio. The banking house in use today was built in 2008.

**December 31, 2004**

Bank reaches \$100 million in assets.

**March 31, 2011**

Bank reaches \$200 million in assets.

**August 6, 2012**

First day of business in Pleasanton. The banking house in use today was built in 2014.

**September 23, 2013**

First day of business in Houston.

**October 10, 2013**

Changed the bank's name to SouthTrust Bank, N.A.

**December 31, 2013**

Bank reaches \$300 million in assets.

**June 17, 2019**

East Houston opens for business.

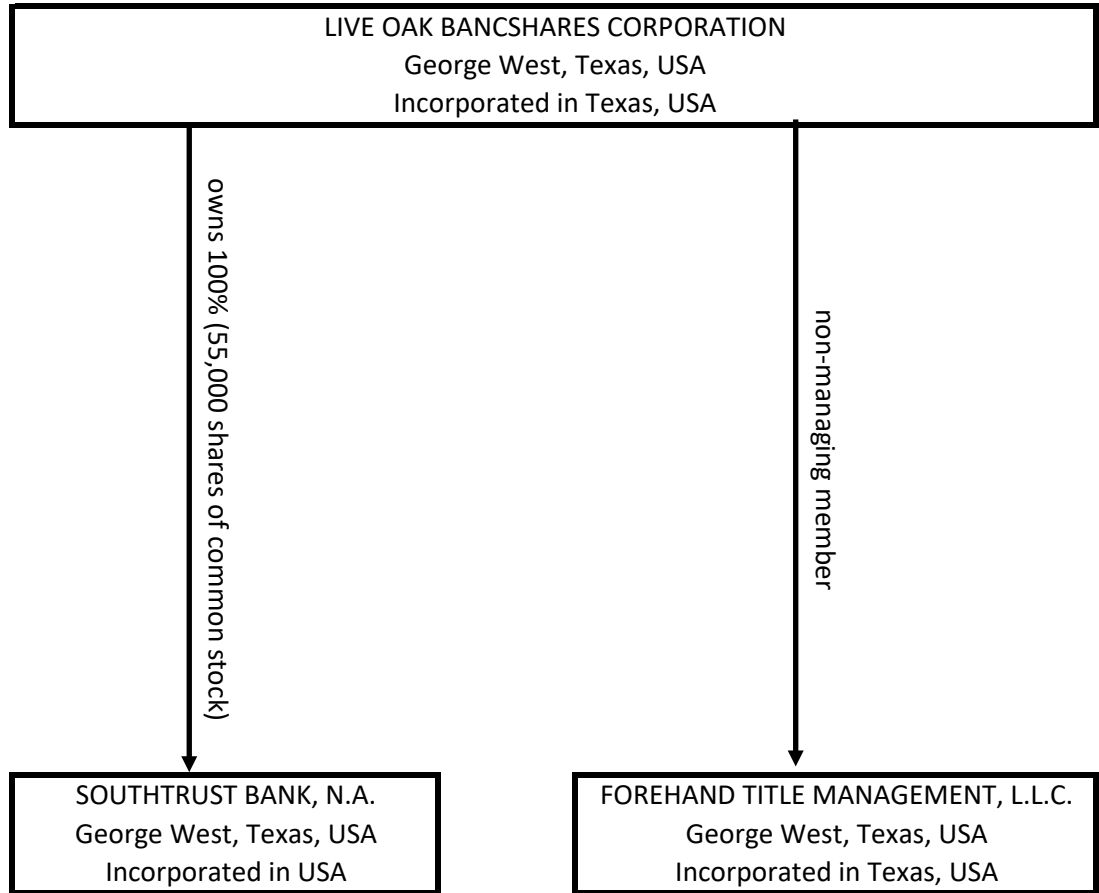
**October 31, 2019**

Bank reaches \$400 million in assets.

Form FR Y-6

Live Oak Bancshares Corporation  
George West, Texas  
Fiscal Year Ending December 31, 2020

Report Item 2a: Organization Chart



NOTE: None of these entities have a Legal Entity Identifier (LEI)

**Results:** A list of branches for your depository institution: **SOUTHTRUST BANK, N.A. (ID\_RSSD: 521158)**.  
 This depository institution is held by **LIVE OAK BANCSHARES CORPORATION (1105685) of GEORGE WEST, TX**.  
 The data are as of **12/31/2020**. Data reflects information that was received and processed through **01/05/2021**.

**Reconciliation and Verification Steps**

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

**Actions**

- OK:** If the branch information is correct, enter 'OK' in the **Data Action** column.
- Change:** If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
- Close:** If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
- Delete:** If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
- Add:** If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

**Submission Procedure**

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.  
 If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:  
 To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of **Change, Close, Delete, or Add**.  
 The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

\* FDIC UNINUM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	521158	SOUTHTRUST BANK, N.A.	601 GUADALUPE STREET	GEORGE WEST	TX	78022	LIVE OAK	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	
OK		Full Service	5400230	EAST HOUSTON BRANCH	15201 EAST FREEWAY, SUITE 106	CHANNELVIEW	TX	77530	HARRIS	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	
OK		Full Service	3022861	FLORESVILLE BRANCH	545 TENTH STREET	FLORESVILLE	TX	78114	WILSON	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	
OK		Full Service	4750107	HOUSTON BRANCH	10497 TOWN AND COUNTRY WAY, SUITE 860	HOUSTON	TX	77024	HARRIS	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	
OK		Full Service	4445038	PLEASANTON BRANCH	1047 OAKLAWN ROAD	PLEASANTON	TX	78064	ATASCOSA	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	
OK		Full Service	3538522	SAN ANTONIO BRANCH	144 MOURSUND BOULEVARD	SAN ANTONIO	TX	78221	BEXAR	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	
OK		Full Service	1830950	THREE RIVERS BRANCH	803 NORTH HARBORTH AVENUE	THREE RIVERS	TX	78071	LIVE OAK	UNITED STATES	Not Required	Not Required	SOUTHTRUST BANK, N.A.	521158	

Form FR Y-6

Live Oak Bancshares Corporation  
 George West, Texas  
 Fiscal Year Ending December 31, 2020

**Report Item 3: Securities Holders**

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2020

Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2020

(1)(a)	(1)(b)	(1)(c)
Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Number and Percentage of Each Class of Voting Securities

(2)(a)	(2)(b)	(2)(c)
Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Number and Percentage of Each Class of Voting Securities

Ross Harris	George West, TX	USA	Common Stock	5,448	17.42%
Karen H. Elliff	George West, TX	USA	Common Stock	1,710	5.47%
Stuart D. Saunders	Houston, TX	USA	Common Stock	1,760	5.63%
Harris Donovan Saunders	Houston, TX	USA	Common Stock	908	2.90%
Laura Catherine Saunders	Houston, TX	USA	Common Stock	908	2.90%
Lee Marcella Saunders	Houston, TX	USA	Common Stock	908	2.90%
Ross Fredric Saunders	Houston, TX	USA	Common Stock	908	2.90%
Lee Farrell Harris Saunders	Houston, TX	USA	Common Stock	1,023	3.27%
Novia Kinsel Harris	George West, TX	USA	Common Stock	276	0.88%
Gerald O. Elliff	George West, TX	USA	Common Stock	100	0.32%
				<u>13,949</u>	<u>44.59%</u>

N/A

James D. and Janet S. Pawlik	George West, TX	USA	Common Stock	4,600	14.71%
				<u>4,600</u>	<u>14.71%</u>

William and Lana Holland Revocable Trust	George West, TX	USA	Common Stock	1,357	4.34%
Co-trustee William M. Holland, III					
Co-trustee Lana Jean Holland					
Diana Giesler	George West, TX	USA	Common Stock	208	0.66%
Marlana Holland Mauer	George West, TX	USA	Common Stock	832	2.66%
William M. Holland, IV	Amarillo, TX	USA	Common Stock	832	2.66%
William M. Holland, III and Lana Jean Holland	George West, TX	USA	Common Stock	110	0.35%
				<u>3,339</u>	<u>10.68%</u>

George T. Johnson	George West, TX	USA	Common Stock	1,592	5.09%
LaVonne B. Johnson	George West, TX	USA	Common Stock	104	0.33%
				<u>1,696</u>	<u>5.42%</u>



Live Oak Bancshares Corporation  
George West, Texas  
Fiscal Year Ending December 31, 2020

## Report Item 4: Insiders

(1)			(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)			Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Ross Harris	George West, TX	USA	Banker	President / Director	Chairman of the Board / Director of SouthTrust Bank, N.A.	Partner Eliff and Harris Partnership	17.42%	0.00%	Eliff and Harris Partnership 50%
Karen H. Elliff	George West, TX	USA	Retired teacher	Principal Securities Holder	N/A	N/A	5.47%	0.00%	N/A
Stuart D. Saunders	Houston, TX	USA	Investments	Chairman of the Board / Director	Vice Chairman of Board / Director of SouthTrust Bank, N.A.	Limited Partner Mission-Heights Enterprises, Ltd  Member and Manager Mission-Heights, LLC  Partner M & S Partners  Manager 602 Sawyer/MH, LLC  Limited Partner Mission-Heights Capital, Ltd  Director Odem Bancshares, Inc.  Director First State Bank of Odem  Manager Mission-Heights N240KA, LLC	5.63%	0.00%	Mission-Heights Enterprises, Ltd 40%  Mission-Heights, LLC 50%  M & S Partners 48%  602 Sawyer/MH, LLC 40%  Mission-Heights Capital, Ltd 40%          Mission-Heights N240KA, LLC 40%
Harris D. Saunders	Houston, TX	USA	Minor	Principal Securities Holder	N/A	N/A	2.90%	0.00%	n/a
Laura Catherine Saunders	Houston, TX	USA	Minor	Principal Securities Holder	N/A	N/A	2.90%	0.00%	n/a
Lee M. Saunders	Houston, TX	USA	Minor	Principal Securities Holder	N/A	N/A	2.90%	0.00%	n/a

Live Oak Bancshares Corporation  
George West, Texas  
Fiscal Year Ending December 31, 2020

## Report Item 4: Insiders

(1)			(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)			Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Ross Fredric Saunders	Houston, TX	USA	Minor	Principal Securities Holder	N/A	N/A	2.90%	0.00%	n/a
Lee Farrell Harris Saunders	Houston, TX	USA	Retired from Disney marketing	Principal Securities Holder	N/A	N/A	3.27%	0.00%	n/a
Novia Kinsel Harris	George West, TX	USA	Retired from Car Dealership	Principal Securities Holder	N/A	N/A	0.88%	0.00%	N/A
Gerald O. Elliff	George West, TX	USA	Rancher	Principal Securities Holder	N/A	N/A	0.32%	0.00%	N/A
James D. Pawlik	George West, TX	USA	Retail Merchant	Director	Director of SouthTrust Bank, N.A.	President Pawlik's Supply Co.  Member J & J Pawlik Minerals Ltd  Member J & J Pawlik Investments LLC  President James Pawlik Water Well Services, Inc  Member J & J Pawlik Land Ltd	14.71%	0.00%	Pawlik's Supply Co. 100%  J & J Pawlik Minerals Ltd 84%  J & J Pawlik Investments LLC 100%  James Pawlik Water Well Services, Inc 100%  J & Pawlik Land Ltd 49.50%
Diana Giesler	George West, TX	USA	Housewife	Principal Securities Holder	N/A	N/A	0.66%		n/a
Marlana Holland Mauer	George West, TX	USA	Teacher	Principal Securities Holder	N/A	N/A	2.66%		n/a
William M. Holland, IV	Amarillo, TX	USA	Doctor	Principal Securities Holder	N/A	N/A	2.66%		n/a

Live Oak Bancshares Corporation  
George West, Texas  
Fiscal Year Ending December 31, 2020

## Report Item 4: Insiders

(1)			(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)			Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
William M. Holland, III	George West, TX USA		Rancher	Director	Director of SouthTrust Bank, N.A.	Partner William Murray Holland Joint Venture  President Billana Holding  Co-Trustee William Holland & Lana Holland Revocable Trust*  Partner Houdmann LP	4.69%	0.00%	William Murray Holland Joint Venture 25%  Billana Holding 50%  William Holland & Lana Holland Revocable Trust 50%  Houdmann LP 50%
Lana Jean Holland	George West, TX USA		Housewife	Principal Securities Holder	N/A	Co-Trustee William Holland & Lana Holland Revocable Trust*	4.69%		William Holland & Lana Holland Revocable Trust 50%
Bernard R. Bednorz	George West, TX USA		Retired Retail Merchant	Director	N/A	Owner Bednorz Motors, Inc.  Owner Bednorz Classic Cars	2.66%	0.00%	Bednorz Motors, Inc 100%  Bednorz Classic Cars 100%
Mike Laux	Helotes, TX USA		Consultant	Director	Director of SouthTrust Bank, N.A.	Owner Mike Laux Consulting	0.93%	0.00%	Mike Laux Consulting 100%
Andy Eubanks	Floresville, TX USA		Banker	Vice President	Branch President / Regional Banking Supervisor of SouthTrust Bank, N.A.	N/A	0.00%	0.00%	n/a

Live Oak Bancshares Corporation  
George West, Texas  
Fiscal Year Ending December 31, 2020

## Report Item 4: Insiders

(1)			(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)			Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
David L. West	San Antonio, TX	USA	Restaurant and Convenience Store Owner	Director	Director of SouthTrust Bank, N.A.	President CTX Restaurants, Inc  Member-Limited Partner Roma Realty LLP  President Four W Restaurants, Inc  President Jim West Enterprises, Inc	0.90%	0.00%	CTX Restaurants, Inc 55%    Four W Restaurants, Inc 100%  Jim West Enterprises, Inc 100%
Denise Maurer Garza	George West, TX	USA	Banker	Vice President	Senior Vice President of SouthTrust Bank, N.A.	N/A	0.32%	0.00%	n/a
Steve H. Jackson	Houston, TX	USA	Banker	Director / Vice President / Treasurer	Director / President & CEO / Branch President of SouthTrust Bank, N.A.	Trustee Steven H. Jackson Trust	1.33%	0.00%	Steven H. Jackson Trust 100%
Michelle Benoit	Houston, TX	USA	Banker	Vice President	CFO & Cashier of SouthTrust Bank, N.A.	N/A	0.00%	0.00%	n/a
Wade Hodgins	Pleasanton, TX	USA	Banker	Vice President	Branch President SouthTrust Bank, N.A.	Manager Downtown Storage	0.00%	0.00%	Downtown Storage 50%
Gregg Booth	Three Rivers, TX	USA	Banker	Vice President	Branch President / Regional Banking Supervisor SouthTrust Bank, N.A.	Limited Partner Broken b Ranch, L.P.  President Broken b Management, LLC	0.00%	0.00%	Broken b Ranch, L.P. 37.50%  Broken b Management, LLC 50%
Andree Stagg	Houston, TX	USA	Banker	Vice President	EVP & CCO of SouthTrust Bank, N.A.	Limited Partner SV Physician Properties LLP  Limited Partnership 13 LP Fund LLP	0.32%	0.00%	n/a