

Live Oak Bancshares, Inc.  
Form DEF 14A  
April 05, 2019  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

Live Oak Bancshares, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
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- 4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual Meeting (the “Annual Meeting”) of Shareholders of Live Oak Bancshares, Inc. (the “Company”) will be held as follows:

Place: Live Oak Corporate Offices  
1741 Tiburon Drive  
Wilmington, NC 28403  
Date: May 14, 2019  
Time: 9:00 a.m.

The purposes of the meeting are:

1. Election of Directors. To elect eight members of the Board of Directors for terms of one year;
2. Say-on-Pay Vote. To vote on a non-binding, advisory proposal to approve compensation paid to our named executive officers (commonly referred to as a “say-on-pay” vote);
3. Say-on-Frequency Vote. To vote on a non-binding, advisory proposal regarding the frequency of future advisory votes on executive compensation (commonly referred to as a “say-on-frequency” vote);
4. Ratification of Independent Auditors. To vote on a proposal to ratify Dixon Hughes Goodman LLP as the Company’s independent auditors for 2019; and
5. Other Business. To transact any other business properly presented for action at the Annual Meeting.

YOU ARE INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. HOWEVER, IF YOU ARE THE RECORD HOLDER OF YOUR SHARES OF OUR VOTING COMMON STOCK, WE ASK THAT YOU APPOINT THE PROXIES NAMED IN THE ENCLOSED PROXY STATEMENT TO VOTE YOUR SHARES FOR YOU BY SIGNING AND RETURNING THE ENCLOSED PROXY CARD OR FOLLOWING THE INSTRUCTIONS IN THE PROXY STATEMENT TO APPOINT THE PROXIES BY INTERNET, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING. IF YOUR SHARES ARE HELD IN “STREET NAME” BY A BROKER OR OTHER NOMINEE, ONLY THE RECORD HOLDER OF YOUR SHARES MAY VOTE THEM FOR YOU, SO YOU SHOULD FOLLOW YOUR BROKER’S OR NOMINEE’S DIRECTIONS AND GIVE IT INSTRUCTIONS AS TO HOW IT SHOULD VOTE YOUR SHARES. DOING THAT WILL HELP US ENSURE THAT YOUR SHARES ARE REPRESENTED AND THAT A QUORUM IS PRESENT AT THE ANNUAL MEETING. THE GIVING OF AN APPOINTMENT OF PROXY WILL NOT AFFECT YOUR RIGHT TO REVOKE IT OR TO ATTEND THE MEETING AND VOTE IN PERSON.

THE NOTICE OF ANNUAL MEETING, PROXY STATEMENT, AND ANNUAL REPORT ARE AVAILABLE IN THE INVESTOR RELATIONS SECTION OF OUR WEBSITE, [WWW.LIVEOAKBANK.COM](http://WWW.LIVEOAKBANK.COM).

By Order of the Board of Directors

/s/ James S. Mahan III  
James S. Mahan III  
Chairman and CEO

April 5, 2019

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LIVE OAK BANCSHARES, INC.

Proxy Statement For The

Annual Meeting Of Shareholders

To Be Held May 14, 2019

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LIVE OAK BANCSHARES, INC.

PROXY STATEMENT

Mailing Date: On or About April 5, 2019

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 14, 2019

General INFORMATION

This Proxy Statement is being furnished in connection with the solicitation by the Board of Directors of Live Oak Bancshares, Inc. (the "Company") of appointments of proxy for use at the annual meeting of the Company's shareholders (the "Annual Meeting") to be held on May 14, 2019, at 9:00 a.m., at the Company's corporate offices located at 1741 Tiburon Drive, Wilmington, North Carolina 28403, and at any adjournments thereof. The Company's proxy solicitation materials are being mailed to our shareholders on or about April 5, 2019. In this Proxy Statement, the Company's subsidiary bank, Live Oak Banking Company, is referred to as the "Bank." The mailing address of the Company's principal executive offices is 1741 Tiburon Drive, Wilmington, North Carolina 28403.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING TO BE HELD ON MAY 14, 2019:

Copies of this Proxy Statement and our Annual Report are available in the investor relations section of our website, [www.liveoakbank.com](http://www.liveoakbank.com).

Proposals to be Voted on at the Annual Meeting

At the Annual Meeting, record holders of our voting common stock will consider and vote on the following matters:

- election of eight members of the Board of Directors for terms of one year;
- a non-binding, advisory proposal to approve compensation paid to our named executive officers;
- a non-binding, advisory proposal regarding the frequency of future advisory votes on executive compensation;
- ratification of the appointment of Dixon Hughes Goodman LLP as the Company's independent auditors for 2019; and
- transaction of any other business properly presented for action at the Annual Meeting.

The Board of Directors recommends that you vote "FOR" the election of each of the eight nominees for director named in this Proxy Statement, "FOR" Proposals 2 and 4, and "1 YEAR" on Proposal 3.

How You Can Vote at the Annual Meeting

Record Holders. If your shares of our voting common stock are held of record in your name, you can vote at the Annual Meeting in one of the following ways:

- you can attend the Annual Meeting and vote in person;

• you can sign and return the proxy card enclosed with this Proxy Statement and appoint the “Proxies” named below to vote your shares for you at the Annual Meeting, or you can validly appoint another person to vote your shares for you; or

• you can appoint the Proxies to vote your shares for you by going to the internet website [www.proxyvote.com](http://www.proxyvote.com). When you are prompted for your “control number,” enter the number printed on the enclosed proxy card and then follow the instructions provided.

You may appoint the Proxies by internet only until 11:59 p.m. Eastern Time on May 13, 2019, which is the day before the Annual Meeting. If you appoint the Proxies by internet, you need not sign and return a proxy card. You will be appointing the Proxies to vote your shares on the same terms and with the same authority as if you marked, signed and returned a proxy card. The authority you will be giving the Proxies is described below and in the proxy card enclosed with this Proxy Statement.

**Shares Held in “Street Name.”** Only the record holders of shares of our voting common stock or their appointed proxies may vote those shares. As a result, if your shares of our voting common stock are held for you in “street name” by a broker or other nominee, then only your broker or nominee (i.e. the record holder) may vote them for you, or appoint the Proxies to vote them for you, unless you make arrangements for your broker or nominee to assign its voting rights to you or for you to be recognized as the person entitled to vote your shares. You will need to follow the directions your broker or nominee provides you and give it instructions as to how it should vote your shares by completing and returning to it the voting instruction sheet you received with your copy of our Proxy Statement (or by following any directions you received for giving voting instructions electronically). Brokers and other nominees who hold shares in street name for their clients typically have the discretionary authority to vote those shares on “routine” matters when they have not received instructions from beneficial owners of the shares. However, they may not vote those shares on non-routine matters (including the election of directors) unless their clients give them voting instructions. To ensure that shares you hold in street name are represented at the Annual Meeting and voted in the manner you desire, it is important that you instruct your broker or nominee as to how it should vote your shares.

#### Solicitation and Voting of Proxy Cards

If you are the record holder of your shares of our voting common stock, a proxy card is included with this Proxy Statement that provides for you to name S. Brett Caines, our Chief Financial Officer, and Gregory W. Seward, our General Counsel, or any substitutes appointed by them, individually and as a group, to act as your “Proxies” and vote your shares at the Annual Meeting. We ask that you sign and date your proxy card and return it in the enclosed envelope or follow the instructions above for appointing the Proxies by internet, so that your shares will be represented at the meeting.

If you sign a proxy card and return it so that we receive it before the Annual Meeting, or you appoint the Proxies by internet, the shares of our voting common stock that you hold of record will be voted by the Proxies according to your instructions. If you sign and return a proxy card or appoint the Proxies by internet, but you do not give any voting instructions, then the Proxies will vote your shares “FOR” the election of each of the eight nominees for director named in Proposal 1 below, “FOR” Proposals 2 and 4, and “1 YEAR” on Proposal 3. If, before the Annual Meeting, any nominee named in Proposal 1 becomes unable or unwilling to serve as a director for any reason, your proxy card or internet appointment will give the Proxies discretion to vote your shares for a substitute nominee named by our Board of Directors. We are not aware of any other business that will be brought before the Annual Meeting other than the election of directors and Proposals 2, 3 and 4 described in this Proxy Statement, but, if any other matter is properly presented for action by our shareholders, your proxy card or internet appointment will authorize the Proxies to vote your shares according to their best judgment. The Proxies also will be authorized to vote your shares according to their best judgment on matters incident to the conduct of the meeting.

If you are a record holder of your shares and you do not return a proxy card or appoint the Proxies by internet, the Proxies will not have authority to vote for you and your shares will not be represented or voted at the Annual Meeting unless you attend the meeting in person or validly appoint another person to vote your shares for you.

#### Revocation of Proxy Cards; How You Can Change Your Vote

Record Holders. If you are the record holder of your shares and you sign and return a proxy card or appoint the Proxies by internet and later wish to change the voting instructions or revoke the authority you gave the Proxies, you can do so before the Annual Meeting by taking the appropriate action described below.

To change the voting instruction you gave the Proxies:

- you can sign a new proxy card, dated after the date of your original proxy card, which contains your new instructions, and submit it to us so that we receive it before the voting takes place at the Annual Meeting; or
- if you appointed the Proxies by internet, you can go to the same internet website you used to appoint the Proxies ([www.proxyvote.com](http://www.proxyvote.com)) before 11:59 p.m. Eastern Time on May 13, 2019 (the day before the Annual Meeting), enter your control number (printed on the enclosed proxy card), and then change your voting instructions. The Proxies will follow the last voting instructions they receive from you before the Annual Meeting.

To revoke your proxy card or your appointment of the Proxies by internet:

- you can give our Corporate Secretary a written notice, before the voting takes place at the Annual Meeting, that you want to revoke your proxy card or internet appointment; or
- you can attend the Annual Meeting and notify our Corporate Secretary that you want to revoke your proxy card or internet appointment and vote your shares in person. Simply attending the Annual Meeting alone, without notifying our Corporate Secretary, will not revoke your proxy card or internet appointment.

Shares Held in “Street Name.” If your shares are held in “street name” and you want to change the voting instructions you have given to your broker or other nominee, you must follow your broker’s or nominee’s directions.

#### Expenses of Solicitation

The Company will pay the cost of preparing, assembling, and mailing this Proxy Statement and other proxy solicitation expenses. In addition to the use of the mails and the internet, appointments of proxy may be solicited in person or by telephone by officers, directors, and employees of the Company or its subsidiaries without additional compensation. The Company will reimburse banks, brokers and other custodians, nominees and fiduciaries for their costs in sending the proxy materials to the beneficial owners of the Company’s voting common stock.

#### Record Date

The close of business on March 15, 2019, has been fixed as the record date (the “Record Date”) for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Only those shareholders of record on that date will be eligible to vote on the proposals described herein.

## Voting Securities

The voting securities of the Company are the shares of its voting common stock, of which 100,000,000 shares are authorized and 35,529,167 shares were issued and outstanding on March 15, 2019. There were 373 holders of record of the Company's voting common stock as of such date.

The Company has 10,000,000 shares of authorized non-voting common stock, of which 4,643,530 shares were issued and outstanding on March 15, 2019, and 1,000,000 shares of authorized preferred stock, of which no shares are issued or outstanding.

## Voting Procedures; Quorum; Votes Required for Approval

At the Annual Meeting, each shareholder will be entitled to one vote for each share of voting common stock held of record on the Record Date on each matter submitted for voting.

A majority of the shares of the Company's voting common stock issued and outstanding on the Record Date must be present in person or by proxy to constitute a quorum for the conduct of business at the Annual Meeting.

Assuming a quorum is present; in the case of Proposal 1 below, the eight nominees receiving the greatest number of votes shall be elected. In the case of Proposals 2 and 4 below, for each proposal to be approved, the number of votes cast for approval must exceed the number of votes cast against the proposal. In the case of Proposal 3, the option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency for the advisory vote on executive compensation that has been selected by shareholders. Abstentions and broker non-votes will have no effect.

Holders of the Company's non-voting common stock are not entitled to vote at the Annual Meeting.

## Beneficial Ownership of Our Common Stock

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of January 31, 2019 for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our outstanding shares of voting common stock.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "SEC") and includes voting or investment power with respect to the securities. Shares of common stock that may be acquired by an individual or group within sixty days of January 31, 2019, pursuant to the exercise of options, warrants or other rights, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. The table below calculates the percentage of beneficial ownership of our common stock based on 35,512,420 shares of voting and 4,643,530 shares of non-voting common stock outstanding as of January 31, 2019.



Name	Shares	
	Beneficially Owned Number of	
	Shares <sup>(1)</sup>	%
Directors and Named Executive Officers:		
James S. Mahan III <sup>(2)</sup>	6,488,432	16.2
S. Brett Caines	263,952	*
Susan N. Janson	2,000	*
Steven J. Smits	98,379	*
Gregory B. Thompson	0	*
Gregory W. Seward	21,002	*
William H. Cameron <sup>(3)</sup>	155,659	*
Diane B. Glossman	42,102	*
Glen F. Hoffsis	101,192	*
Howard K. Landis III	208,310	*
Miltom E. Petty	104,512	*
Jerald L. Pullins	249,590	*
Neil L. Underwood <sup>(4)</sup>	1,305,434	3.3
William L. Williams III <sup>(5)</sup>	1,286,520	3.2
All directors and executive officers as a group (16 persons) <sup>(6)</sup>	10,427,346	25.9
Greater than 5% Shareholders:		
T. Rowe Price Associates, Inc. <sup>(7)</sup>	5,122,164	12.8
100 E. Pratt Street		
Baltimore, Maryland 21202		

\*Represents beneficial ownership of less than one percent.

<sup>(1)</sup>Included in the beneficial ownership tabulations are options to purchase the following number of shares of voting common stock: Mr. Seward – 9,002 shares; Mr. Smits – 48,249 shares; Mr. Cameron – 15,000 shares; Ms. Glossman – 12,000 shares; Dr. Hoffsis – 9,000 shares; Mr. Landis – 15,000 shares; Mr. Petty – 15,000 shares; Mr. Pullins – 3,000 shares; and all directors and executive officers as a group – 137,051 shares. These options are capable of being exercised within sixty days of January 31, 2019 and therefore, under the beneficial ownership rules of the SEC, are deemed to be owned by the holder.

<sup>(2)</sup>Includes 3,125,218 shares held by the James S. Mahan III Revocable Trust; also includes shared voting rights on 3,209,714 shares held by the Marguerite D. Mahan Revocable Trust and on 153,500 shares held by Salt Water Fund, a nonprofit corporation for which Mr. Mahan serves as a director and officer.

<sup>(3)</sup>Includes 470 shares held by the GST-Exempt Trust for William H. Cameron and 140,189 shares held by the William H. Cameron Revocable Trust; excludes 60,890 shares held by the Mary Jo Cameron Revocable Trust for which Mr. Cameron disclaims beneficial ownership.

<sup>(4)</sup>Includes 1,255,434 shares held by the Neil L. Underwood Revocable Trust; also includes shared voting rights on 50,000 shares held by the Linda D. Underwood Revocable Trust, which shares are pledged as security for personal loans.

- (5) Includes 774,310 shares held by the William L. Williams III Revocable Trust; also includes shared voting rights on 450,000 shares held by the Elizabeth L. Williams Revocable Trust and on 14,110 shares held by Spoint-ILM, LLC.
- (6) Includes the beneficial ownership of two additional executive officers not listed in the table.
- (7) A Schedule 13G/A filed on February 14, 2019, by T. Rowe Price Associates, Inc. and T. Rowe Price Small-Cap Value Fund, Inc. reported beneficial ownership of 5,122,164 shares of voting common stock as of December 31, 2018, with (i) T. Rowe Price Associates, Inc. having sole voting power over 1,051,734 shares and sole dispositive power over 5,122,164 shares and (ii) T. Rowe Price Small-Cap Value Fund, Inc. having sole voting power over 2,256,254 shares.

Except as indicated in footnotes to the table above, we believe that the shareholders named in the table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, based on information provided to us by such shareholders. Unless otherwise indicated, the address for each director and named executive officer listed is: c/o Live Oak Bancshares, Inc., 1741 Tiburon Drive, Wilmington, NC 28403.

Section 16(a) Beneficial Ownership Reporting Compliance

Directors and executive officers of the Company are required by federal law to file reports with the SEC regarding the amount of, and changes in, their beneficial ownership of the Company's voting common stock. Based upon a review of copies of reports received by the Company, all required reports of directors and executive officers of the Company during 2018 were filed on a timely basis.

## PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors has set the number of directors of the Company at eight and recommends that shareholders vote for the nominees listed below, each for a term of one year.

Name and Age	Position(s) Held	Director Since <sup>(1)</sup>	Principal Occupation and Business Experience During the Past Five Years
William H. Cameron (65)	Director	2013	President, Cameron Management, Inc., an investment management company focusing on real estate development, brokerage, and property management.
Diane B. Glossman (63)	Director	2014	Retired investment analyst with over 25 years of experience as an analyst and 20 years of governance experience on corporate boards of directors; currently serves on the boards of directors of Barclays US LLC and Barclays Bank Delaware as well as the Bucks County SPCA. Previously, Ms. Glossman served on the board of directors of WMI Holdings Corp. from 2012 through July 2018.
Glen F. Hoffsis (78)	Director	2008	Special Assistant to the President, Lincoln Memorial University, July 2016 to present; Dean, Lincoln Memorial University College of Veterinary Medicine, 2014 to 2016; Dean, College of Veterinary Medicine, University of Florida, 2006 to 2013; currently serves on the Board of Trustees of Ross University Medical Group.
Howard K. Landis III (62)	Director	2008	Principal, Plexus Capital, an investment firm focused on middle market businesses.
James S. Mahan III (67)	Chairman and CEO	2008	Chairman and Chief Executive Officer of the Company and the Bank.
Miltom E. Petty (67)	Director	2010	Chief Financial Officer, Carolina Hosiery Mills, Inc., a privately held manufacturing and real estate development company.
Neil L. Underwood (49)	Director and President	2010	President of the Company.

William L. Williams III	Vice Chairman and EVP	2012	Executive Vice President and Vice Chairman of the Company and the Bank.
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(67)

<sup>(1)</sup>The year first elected indicates the year in which each individual was first elected a director of the Company and does not reflect any break(s) in tenure.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" EACH OF THE NOMINEES FOR DIRECTOR OF THE COMPANY FOR A TERM OF ONE YEAR.

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## Qualifications of Directors

William H. Cameron. Mr. Cameron has served on the Company's Board of Directors since November 2013 and chairs the Compensation Committee and serves on the Nominating and Corporate Governance Committee and the Audit and Risk Committee. Mr. Cameron has extensive prior experience as a director of a financial institution, having served as a founding director of Port City Capital Bank and as a director of Crescent Financial Corporation and Crescent State Bank following its acquisition of Port City Capital Bank in 2006. Mr. Cameron has extensive executive experience in corporate and real estate finance, real estate development, and private equity. He has been President of Cameron Management, Inc. since 2000 and has held leadership positions in a number of businesses over the last 25 years. Mr. Cameron served as Chief Operating Officer of Atlantic Telecasting Corporation, the NBC television affiliate in Wilmington, North Carolina. Mr. Cameron holds a B.S. in Business Administration and a Juris Doctor degree from the University of North Carolina at Chapel Hill. He has successfully completed the North Carolina Bank Directors' College and has participated in numerous Advanced Bank Directors' College programs. As an active business, civic and charitable leader, Mr. Cameron serves on the boards of numerous organizations including Cape Fear Memorial Foundation and Champion McDowell Davis Foundation. He is also president of the Dan Cameron Family Foundation, Inc. which has made significant contributions to the economic and cultural development of the Wilmington area. We believe Mr. Cameron's prior experience as a director of two FDIC-insured financial institutions over a period of 10 years brings to our board critical skills related to financial oversight of complex organizations, strategic planning and corporate governance and qualifies him to serve as one of our directors.

Diane B. Glossman. Ms. Glossman has served as a member of our Board of Directors since August 2014. She serves on the Compensation Committee and the Audit and Risk Committee. Ms. Glossman is a retired investment analyst with over 25 years of experience as an analyst and 20 years of governance experience on boards. Ms. Glossman currently serves on the boards of directors of Barclays US LLC and Barclays Bank Delaware as well as the Bucks County SPCA. Previously, Ms. Glossman served on the board of directors of WMI Holdings Corp. from 2012 through July 2018 as well as the boards of directors of Ambac Assurance Company, QBE North America and A.M. Todd Company, and as an independent trustee on State Street Global Advisors mutual fund board. Ms. Glossman was a six-time member of Institutional Investor's All-America Research Team and a member of the top ranked Global Bank Research team, along with winning the 2003 Wall Street Journal survey in the broker/dealer category and was ranked for several years in the Reuters large cap and mid cap bank surveys by both fund managers and companies. Further, she was a frequent commentator on industry and company events for such entities as The Nightly Business Report, The Wall Street Journal, Financial Times, The New York Times, The Economist, CNN, CNBC, and various trade publications. Ms. Glossman earned a B.S. in economics from the Wharton School at the University of Pennsylvania with a double major in finance and health care administration, having also attended the University of California at Davis. Ms. Glossman was awarded her Chartered Financial Analyst designation (CFA). We believe that Ms. Glossman's depth of experience and financial expertise qualify her to serve as one of our directors.

Glen F. Hoffsis. Dr. Hoffsis has served as a member of our Board of Directors since 2008. He serves on the Nominating and Corporate Governance Committee and the Compensation Committee. He is a veterinarian who has devoted most of his career to veterinary colleges as a clinician, teacher, researcher and administrator. Retiring in July 2013 as Dean of the College of Veterinary Medicine at the University of Florida, Dr. Hoffsis was appointed Dean of the newly established Lincoln Memorial University College of Veterinary Medicine effective July 2014. He relinquished the deanship in July 2016 to become Special Assistant to the President of LMU. Prior to that he served as Director of Veterinary Services at Procter and Gamble for two years. He was Dean of the College of Veterinary Medicine at the Ohio State University for 11 years. He has held many professional positions and served on the board of directors of Banfield Pet Hospitals of Portland, Oregon, from 2010 to 2015. In February 2017, Dr. Hoffsis was

appointed to the Board of Trustees of Ross University Medical Group. He is a diplomate of the American College of Veterinary Internal Medicine. Dr. Hoffsis is well known and respected within the veterinary profession. We believe that his wide range of knowledge and perspective relative to the business of veterinary medicine brings important skills and qualifies him to serve on the Board of Directors.

Howard K. Landis III. Mr. Landis has served as a member of our Board of Directors since 2008. He chairs the Nominating and Corporate Governance Committee and serves on the Audit and Risk Committee and the Compensation Committee. Since 2005, Mr. Landis has been a general partner of Plexus Capital, a small business investment company. He has 25 years of experience in the banking industry, which includes serving as the Chief Executive Officer of RBC Centura Bank's US Operations from 2001 to 2004 after serving as Chief Credit Officer, Chief Risk Officer, and President of Centura Bank. Mr. Landis graduated with a Bachelor of Science in Business Administration and a Master of Business Administration from the University of North Carolina at Chapel Hill. We believe Mr. Landis' 25 years of prior experience in the banking industry, including his service as Chief Executive Officer of an FDIC-insured financial institution with over \$20 billion in total assets, brings to our Board of Directors critical skills related to financial oversight of complex organizations, strategic planning and corporate governance and qualifies him to serve as one of our directors.

James S. Mahan III. Mr. Mahan is the Company's founder, Chief Executive Officer and Chairman of the Board of Directors. Prior to starting Live Oak Bank, Mr. Mahan was the Chief Executive Officer and Chairman for S1 Corporation and founder of Security First Network Bank, the world's first Internet bank. Under his leadership, S1 Corporation grew to become a \$234 million software and services provider in only six years, averaging more than 200 percent growth year over year. At its peak, S1 had a market capitalization of over \$6 billion. During his term as Chief Executive Officer, Mr. Mahan was ranked as one of the 10 Most Influential Personalities in Financial Services by FutureBanker magazine. Prior to founding Security First Network Bank and S1 Corporation, Mr. Mahan launched Cardinal Bancshares, where he served as Chairman and Chief Executive Officer. Mr. Mahan built Cardinal into an institution with approximately \$675 million in total assets and took the company public in 1992. Before launching Cardinal, Mr. Mahan spent several years with Citizens Union National Bank & Trust Co., serving as President, Chief Operating Officer and Vice Chairman and becoming Chairman and Chief Executive Officer in 1984. In 1986, Mr. Mahan formed an investment group that purchased Citizens Union and subsequently sold it to BankOne Corp. of Columbus, Ohio. Mr. Mahan began his career in 1973 at Wachovia Bank & Trust Co. in Winston-Salem, North Carolina, after graduating with a Bachelor's degree in Economics from Washington & Lee University in Lexington, Virginia.

Miltom E. Petty. Mr. Petty has served as a member of our Board of Directors since August 2010. He chairs our Audit and Risk Committee. Since June 1977, Mr. Petty has served as the Chief Financial Officer of Carolina Hosiery Mills, Inc., a privately held manufacturing and real estate development company. Since August 2013, Mr. Petty has served as a director of Trust Company of the South. Mr. Petty graduated with a Bachelor of Science degree in Business Administration from the University of North Carolina at Chapel Hill. He has held an active CPA license from the State of North Carolina for 40 years. We believe Mr. Petty's experience as a chief financial officer, including his familiarity with accounting standards and ability to serve as our Audit and Risk Committee financial expert, brings important skills and qualifies him to serve on our Board of Directors.

Neil L. Underwood. Mr. Underwood is a member of our Board of Directors and serves as President of the Company. Mr. Underwood helps to set technological direction for the Company. Prior to joining the Bank, Mr. Underwood served as General Manager of S1 Corporation, where he was responsible for the S1 Enterprise division. S1, since acquired by ACI Worldwide, Inc., built and deployed financial services systems such as online banking, payments and mobile solutions to over 3,000 financial institutions worldwide. Before S1, Mr. Underwood played a key role in launching the Americas division

of Brokat Technologies AG, a global financial services software supplier based in Stuttgart, Germany. Acting as Chief Operating Officer, he was responsible for Retail and Wholesale Banking solutions for the Americas. Mr. Underwood came to Brokat as a principal of Transaction Software, which was acquired in May of 1999. A native of Miami, Florida, Mr. Underwood holds a Bachelor of Science Degree in Industrial Engineering from the Georgia Institute of Technology. Mr. Underwood's experience in the technology sector, coupled with a talented approach to management and resource utilization, makes him well suited to serve as a member of our Board of Directors.

William L. Williams III. Mr. Williams is the Vice Chairman of our Board of Directors and one of the original founders of the Bank. He currently serves as Executive Vice President of the Company and the Bank. Prior to starting Live Oak Bank, Mr. Williams spent 19 years in corporate banking at Wachovia Bank & Trust Co. and worked for 14 years at Vine Street Financial doing SBA lending. Mr. Williams began his banking career in 1973 at Wachovia, where he worked with Wachovia Services, Inc, then Wachovia Regional Corporate Lending, calling on and lending to mid-market regional companies. In 1987, he relocated to Wilmington, North Carolina, where he managed the Wachovia Corporate Lending group for the three county area of Southeastern North Carolina. In 1992, he re-joined Mr. Mahan at Cardinal Bancshares as they began Vine Street Financial, a niche SBA lending division of Vine Street Trust Company. Mr. Williams held several positions within this group including President and Senior SBA lender. Through a series of mergers/acquisitions, Vine Street Financial became a division of BB&T, where Mr. Williams served as a senior SBA lender, resigning in May of 2007 to found Live Oak Bank's predecessor. Mr. Williams graduated in 1973 from the University of North Carolina at Chapel Hill with a Bachelor of Science degree in Business Administration. Mr. Williams' 40 years of corporate banking experience, including deep experience in the SBA lending sector and his involvement as a founder and organizer of our Company, make him uniquely qualified to serve as Vice Chairman of our Board of Directors.



## CORPORATE GOVERNANCE

### Board Leadership Structure

Our Board of Directors (the “Board”) has a chairman whose duties are described in our Bylaws, and it performs its oversight role through various committees. The Board may select any of its members as its Chairman and has no formal policy as to whether our Chief Executive Officer (“CEO”) will serve as Chairman or whether any other director, including a non-employee or independent director, may be elected to serve as Chairman. At present, the positions of Chairman and CEO are both held by James S. Mahan III. The Board believes that the Company’s CEO is best situated to serve as Chairman because of his familiarity with the Company’s business and because he is the most capable of effectively identifying strategic opportunities and leading the execution of our business strategy. The Board has not appointed a lead independent director at this time.

### Board’s Role in Risk Management

Risk is inherent in any business, and, as is the case with other management functions, our senior management has primary responsibility for managing the risks we face. However, as a financial institution, our business involves financial risks that do not exist, or that are more extensive than the risks that exist, in some other types of businesses. We are subject to extensive regulation that requires us to assess and manage those risks, and during their periodic examinations our regulators assess our performance in that regard. As a result, the Board is actively involved in overseeing our risk management programs.

The Board administers its oversight function primarily through committees, which may be established as separate or joint committees of the boards of the Company and/or the Bank. Those committees include our Audit and Risk Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The Board approves and periodically reviews the Bank’s operating policies and procedures.

We believe the Board’s involvement in our risk management results in Board committees that are more active than those of corporations that are not financial institutions or that are not regulated as extensively as financial institutions. We believe this committee activity enhances our Board’s effectiveness and leadership structure by providing opportunities for non-employee directors to become familiar with the Bank’s critical operations and actively involved in the Board’s oversight role with respect to risk management, as well as its other oversight functions.

### Code of Ethics and Conflict of Interest Policy

The Board of Directors has adopted a Code of Ethics and Conflict of Interest Policy which applies to our directors and executive officers, and, among other things, is intended to promote:

- honest and ethical conduct;
- ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with the SEC and in other public communications we make;
- compliance with laws, rules and regulations;
- prompt internal reporting of violations of the Code of Ethics and Conflict of Interest Policy to the Audit and Risk Committee; and

▪ accountability for adherence to the Code of Ethics and Conflict of Interest Policy.

A copy of the Code of Ethics and Conflict of Interest Policy is posted in the investor relations section of the Company's website at [www.liveoakbank.com](http://www.liveoakbank.com).

#### Director Independence

With the exception of Messrs. Mahan, Underwood and Williams, each member of the Company's Board of Directors is "independent" as defined by Nasdaq listing standards and the regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"). In making this determination, the Board considered certain transactions with directors for the provision of goods or services to the Company and the Bank. All such transactions were conducted at arm's length upon terms no less favorable than those that would be available from an independent third party.

#### Director Relationships

No director is a director or nominee of a corporation with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act, or any corporation registered as an investment company under the Investment Company Act of 1940, with the exception of Ms. Glossman, who served as a director of WMIH Corp., Seattle, Washington, until July 2018.

There are no family relationships among the Company's directors and executive officers.

#### Selection of Nominees for the Board of Directors

The Nominating and Corporate Governance Committee of our Board of Directors has the responsibility for recommending which directors should stand for re-election to the Board and the selection of new directors to serve on the Board. The committee has formulated the following qualifications for director candidates:

- having a basic knowledge of the banking industry, the financial regulatory system, and the laws and regulations that govern the operation of the Company;
- a willingness to put the interests of the Company ahead of personal interests;
- exercising independent judgment and actively participating in decision making;
- having an inquiring and independent mind, practical wisdom, and sound judgment;
- a willingness to avoid conflicts of interest;
- having a background, knowledge, and experience in business or another discipline to facilitate oversight of the Bank;
- a willingness and ability to commit the time necessary to prepare for and regularly attend Board and committee meetings; and
- equity ownership in the Company.

The committee also considers diversity of experience in selecting candidates for director.

The Company's Bylaws permit any shareholder of record to nominate candidates for director. Shareholders wishing to nominate a candidate for director must deliver a written nomination to our Corporate Secretary not less than 120 days prior to the meeting of shareholders at which time nominees will be considered for election to the Board of Directors. The shareholder making such nomination must also submit a detailed resume of the nominee, stating the reasons why such person would be qualified to serve on the Board of Directors and the written consent of the nominee that if elected, such nominee would serve as a member of the Board of Directors.

#### Meetings of the Board of Directors

There were seven meetings of the Board of Directors during 2018. All of our directors attended at least 75% of the aggregate of all meetings of the Board of Directors and the committees on which he or she served during 2018. Although we do not have a formal written policy with respect to directors' attendance at our Annual Meeting, we generally encourage all directors to attend. All of our directors who were on the Board of Directors at that time attended our last Annual Meeting in May 2018.

#### Committees of the Board of Directors

Our Board of Directors has the authority to appoint committees to perform certain management and administrative functions. Our Board of Directors has three permanent committees: the Audit and Risk Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Each of these committees operates under a written charter approved by the Board that sets out the committee's duties and responsibilities. We believe that each member of these committees is an "independent director" as that term is defined by Nasdaq's listing standards. Copies of the charters of each of these committees are posted in the investor relations section of the Company's website at [www.liveoakbank.com](http://www.liveoakbank.com).

In addition, from time to time, special committees may be established under the direction of our Board of Directors when necessary to address specific issues.

Information about each of the permanent committees of the Board follows:

**Audit and Risk Committee.** The current members of the Audit and Risk Committee are Miltom E. Petty, Chair; William H. Cameron; Diane B. Glossman; and Howard K. Landis III. The Audit and Risk Committee met twelve times during 2018. The Audit and Risk Committee is responsible for the following, among other things:

- selecting and retaining an independent registered public accounting firm to act as the Company's independent auditors for the purpose of auditing the Company's annual financial statements;
- setting the compensation of, overseeing the work done by and terminating, if necessary, the Company's independent auditors;
- selecting, retaining, compensating, overseeing and terminating, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company;
- pre-approving all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms;
- establishing policies and procedures for the pre-approval of permitted services by the Company's independent auditors and other registered public accounting firms on an ongoing basis;

- reviewing and discussing with the Company’s independent auditors (1) the auditors’ responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the scope and timing of the annual audit, (4) any significant risks identified during the auditors’ risk assessment procedures and (5) when completed, the results, including significant findings, of the annual audit;
- reviewing and discussing with the Company’s independent auditors (1) all critical accounting policies and practices to be used in the audit; (2) all alternative treatments of financial information within generally accepted accounting principles (“GAAP”) that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (3) other material written communications between the auditors and management;
- reviewing with management and the Company’s independent auditors the adequacy and effectiveness of the Company’s financial reporting processes, internal control over financial reporting and disclosure controls and procedures, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company’s processes, controls and procedures and any special audit steps adopted in light of any material control deficiencies;
- reviewing and discussing with the Company’s independent auditors and management the Company’s annual audited financial statements (including the related notes) and the form of audit opinion to be issued by the auditors on the financial statements;
- selecting and retaining services of internal audit providers, if outsourced, and conducting annual performance reviews of in-house internal audit providers;
- approving the Company’s risk management framework and periodically reviewing and evaluating the adequacy and effectiveness of such framework;
- approving a statement or statements defining the Company’s risk appetite, monitoring the Company’s risk profile and providing input to management regarding the Company’s risk appetite and risk profile;
- receiving from members of management, and other officers or employees as appropriate, periodic reports on, and reviews of, the Company’s risk management framework and risk management programs and their results;
- discussing with management the Company’s major risk exposures and reviewing the steps management has taken to identify, monitor and control such exposures;
- performing any other activities, including delegating its authority to one or more subcommittees or to management in furtherance of its responsibilities, consistent with its charter, the Company’s bylaws and governing law, as the committee or the Board deems necessary or appropriate or as required by law or regulation.

The Board of Directors has determined that Mr. Petty is an “audit committee financial expert” as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC.

Compensation Committee. The current members of the Compensation Committee are William H. Cameron, Chair; Diane B. Glossman; Glen F. Hoffsis; Howard K. Landis III; and Jerald L. Pullins. The Compensation Committee met six times during 2018. The Compensation Committee is responsible for the following, among other things:

- reviewing and approving annually the corporate goals and objectives applicable to the compensation of the CEO, evaluating at least annually the CEO's performance in light of those goals and objectives, and determining and approving the CEO's compensation level based on this evaluation;
- reviewing and approving the compensation of all other executive officers;
- reviewing, approving and, when appropriate, recommending to the Board for approval, incentive compensation plans and equity-based plans, and where appropriate or required, recommending such plans for approval by the shareholders of the Company, which includes the ability to adopt, amend and terminate such plans;
- administering the Company's incentive compensation plans and equity-based plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan;
- reviewing, approving and, when appropriate, recommending to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans;
- reviewing the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, reviewing and discussing at least annually the relationship between risk management policies and practices and compensation, and evaluating compensation policies and practices that could mitigate any such risk;
- reviewing and recommending to the Board for approval the frequency with which the Company will conduct shareholder advisory votes on executive compensation;
- reviewing and approving the proposals regarding the shareholder advisory votes on executive compensation and the frequency of the shareholder advisory votes on executive compensation to be included in the Company's Proxy Statement;
- reviewing director compensation for service on the Board and Board committees at least once a year and recommending any changes to the Board;
- reviewing and approving compensation disclosures required by the rules of the SEC to be included in the Company's Annual Report on Form 10-K or Proxy Statement; and
- performing any other activities, including delegating its authority to one or more subcommittees or to management in furtherance of its responsibilities, consistent with its charter, the Company's bylaws and governing law, as the committee or the Board deems necessary or appropriate or as required by law or regulation.

Nominating and Corporate Governance Committee. The current members of the Nominating and Corporate Governance Committee are Howard K. Landis III, Chair; William H. Cameron; Glen F. Hoffsis; and Jerald L. Pullins. The Nominating and Corporate Governance Committee met two times during 2018. The Nominating and Corporate Governance Committee is responsible for the following, among other things:

- determining the qualifications, qualities, skills, and other expertise required to be a director and developing criteria to be considered in selecting nominees for director (the "Director Criteria");

identifying and screening individuals qualified to become members of the Board, consistent with the Director Criteria;

- recommending to the Board the nominees to be submitted to a shareholder vote at the Annual Meeting;

if a vacancy on the Board occurs, identifying, selecting and recommending to the Board candidates to fill such vacancy either by election by shareholders or appointment by the Board;

developing and recommending to the Board for approval standards for determining whether a director has a relationship with the Company that would impair his or her independence;

reviewing and approving the disclosures regarding corporate governance, the operations of the committee and director independence required by the rules of the SEC to be included in the Company's Annual Report on Form 10-K or Proxy Statement; and

performing any other activities, including delegating its authority to one or more subcommittees or to management in furtherance of its responsibilities, consistent with its charter, the Company's bylaws and governing law, as the committee or the Board deems necessary or appropriate or as required by law or regulation.

#### Compensation Committee Interlocks and Insider Participation

None of the current members of our compensation committee is or has been an officer or employee of our Company. None of our executive officers currently serve, or in the past year has served, as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) or as a director of any entity that has one or more executive officers serving on our compensation committee or our Board of Directors.

#### Indebtedness of and Transactions with Management

The Bank and its subsidiaries, have had, and expect to have in the future, banking, investment advisory, and other transactions in the ordinary course of business with certain of its current directors, nominees for director, executive officers and associates. All such transactions are made on substantially the same terms, including interest rates, repayment terms and collateral, as those prevailing for comparable transactions with persons not related to the Bank and its subsidiaries, and do not involve more than the normal risk of collection or present other unfavorable features. Loans made by the Bank to directors and executive officers are subject to the requirements of Regulation O of the Board of Governors of the Federal Reserve System. Regulation O requires, among other things, prior approval of the Board of Directors with any "interested director" not participating, dollar limitations on amounts of certain loans and prohibits any favorable treatment being extended to any director or executive officer in any of the Bank's lending matters.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following is a summary of each transaction or series of similar transactions since January 1, 2018, to which we were or are a party in which:

the amount involved exceeded or exceeds \$120,000; and  
any of our directors or executive officers, any holder of 5% or more of our capital stock or any member of their immediately family had or will have a direct or indirect material interest.  
DefenseStorm, Inc.

DefenseStorm, Inc. (“DefenseStorm”) provides a broad range of IT and cyber security solutions designed for financial institutions. As of December 31, 2018, the Company held approximately 9.1% of DefenseStorm on a fully diluted basis in the form of both voting and nonvoting common stock, including approximately 4.9% voting control. Directors and executive officers of the Company collectively owned approximately 9.5% of DefenseStorm on a fully diluted basis in the form of non-voting common stock. In January 2018, the Company invested an additional \$500,000 as part of a capital raise conducted by DefenseStorm. In January 2019, the Company invested an additional \$150,000 into DefenseStorm in the form of convertible notes as part of a capital raise conducted by DefenseStorm.

### Immediate Family Members Employed by the Bank

The Bank employs several relatives of directors and executive officers, including four employees who were paid or earned compensation exceeding \$120,000 in the aggregate during 2018. These employees also received benefits under certain employee benefit plans that are generally available to all similarly situated Bank employees. These family members are adults who do not share the home of the director or executive officer, and the related director or executive officer does not have an interest in the family member’s compensation.

William L. Williams IV, the son of William L. Williams III, received total cash compensation in 2018 of \$198,622. Angus McDonald, the son-in-law of William L. Williams III, received total cash compensation in 2018 of \$305,178 and an RSU award covering 2,000 shares, which vests pro rata on each anniversary of the date of grant for a term of five years. Peter Underwood, the brother of Neil L. Underwood, received total cash compensation in 2018 of \$352,008. James Hughes, the son-in-law of Director Miltom E. Petty, received total cash compensation in 2018 of \$107,884 and an RSU award covering 1,000 shares, which vests pro rata on each anniversary of the date of grant for a term of five years.

We regard each of the above team members as a highly educated, trained and competent team member, and we believe these employment relationships are beneficial to the Company and its shareholders.

Procedures for Approval of Related Person Transactions

Our Audit and Risk Committee, pursuant to its charter, is responsible for reviewing and approving any related person transaction. In the course of its review and approval of a related person transaction, the Audit and Risk Committee, among other things, considers, consistent with Item 404 of SEC Regulation S-K, the following:

- the nature and amount of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction; and
- any other matters the Audit and Risk Committee deems appropriate.



## Executive Officers

The following table sets forth certain information regarding the Company's current executive officers.

Name	Age	Position	Business Experience
James S. Mahan III	67	Chairman and CEO	Chairman of the Board and Chief Executive Officer of the Company and the Bank since inception. Prior to Live Oak Bank, Mr. Mahan was the Chief Executive Officer and Chairman for S1 Corporation and founder of Security First Network Bank, the world's first internet bank.
Neil L. Underwood	49	President and Director	President of the Company since 2011; President of the Bank from 2011 to March 2017; Sales and Marketing Manager of the Company and the Bank from 2010 to 2011. Mr. Underwood helps to set technological direction for the Company. Prior to joining the Bank, Mr. Underwood served as General Manager of S1 Corporation, where he was responsible for the S1 Enterprise division.
William L. Williams III	67	EVP and Vice Chairman	Vice Chairman of the Company and the Bank since 2012; Executive Vice President since 2013. Before joining in 2007 as a founding member of the Bank's predecessor, Mr. Williams held executive positions with several different banking institutions, including Wachovia Bank & Trust Co. and Vine Street Financial.
S. Brett Caines	40	Chief Financial Officer	Chief Financial Officer of the Company and the Bank since 2011; Finance Officer of the Bank and its predecessor from 2007-2011. Prior to joining in 2007, Mr. Caines was Production Engineer for INVISTA and Process Engineer for Shell Chemical Company.
M. Huntley Garriott, Jr.	43	President Live Oak Banking Company	President of the Bank since September 2018. Prior to joining the Bank, Mr. Garriott was a partner at Goldman Sachs in the Investment Banking Division and served as co-head of the Banks and Specialty Finance team within the Financial Institutions Group. Over his 20-year career at Goldman, Mr. Garriott covered regional banks throughout North America and held a variety of roles focused on traditional investment banking, private equity investing, debt capital markets and risk management. He was named managing director in 2007 and partner in 2014.
Gregory W. Seward	43	General Counsel	General Counsel of the Company and the Bank since October 2015. Prior to joining the Company, Mr. Seward spent the majority of his career as an attorney in the legal department of Capital One Financial Corporation, most recently leading a team of attorneys advising on a broad range of corporate and regulatory matters. Mr. Seward began his career as a corporate associate at Gibson Dunn & Crutcher LLP.

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Name	Age	Position	Business Experience
Steven J. Smits	52	Chief Credit Officer	Chief Credit Officer of the Company and the Bank since February 2015; joined the Company and the Bank in 2012. Mr. Smits is the former Associate Administrator for the Office of Capital Access at the U.S. Small Business Administration (the "SBA"). While at the SBA, he was responsible for managing and overseeing the agency's programs and operations designed to expand access to capital for America's small businesses. This included managing the agency's \$100 billion small business loan portfolio. Mr. Smits also played a critical role in implementing many of the provisions in the JOBS Act that was signed into law by President Obama in September 2010.
J. Wesley Sutherland	48	Chief Accounting Officer	Chief Accounting Officer of the Company and the Bank since 2014. Prior to joining the Company, Mr. Sutherland was the founder and owner of an accounting and consulting firm, an audit partner in the financial institutions services group of the largest CPA firm based in the South and had served as the president of a \$300 million mutual savings bank. Mr. Sutherland worked, earlier in his career, in the banking practices of two national accounting firms and served as a financial analyst for a Fortune 500 company.
Susan N. Janson	70	Chief Risk Officer  Live Oak Banking Company	Chief Risk Officer of the Bank since April 2018. Ms. Janson oversees risk management, including regulatory relations, compliance, information security, vendor management, loan review, loss prevention, BSA/AML, and Fraud. She brings more than 30 years of financial and risk management experience to the Bank. Ms. Janson previously served as Senior Capital Markets and Securities Specialist for the Federal Deposit Insurance Corporation (FDIC) where she led regulatory risk assessments for financial institutions, including working with FDIC staff in Washington, DC, other federal and state agencies, and bankers to further understand and implement sound governance practices. Prior to that, Ms. Janson served as Managing Director at First National Capital Markets and Comerica Securities.

EXECUTIVE COMPENSATION AND OTHER MATTERS

Compensation Discussion and Analysis

The following discussion provides a description of our philosophy and decision-making process for compensating our named executive officers in 2018. This discussion also describes the material components of our 2018 compensation program. This discussion should be read together with the compensation tables for our named executive officers under the heading “Summary Compensation and Other Tables” beginning on page 32 of this Proxy Statement.

Our 2018 named executive officers were:

James S. Mahan III, Chief Executive Officer

S. Brett Caines, Chief Financial Officer

Susan N. Janson, Chief Risk Officer, Live Oak Bank

Steven J. Smits, Chief Credit Officer