In Re: Live Oak Banking Company
Wilmington, North Carolina
Application for Federal Deposit Insurance (Deposit Insurance Fund)

ORDER

The undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance for Live Oak Banking Company ("Bank"), a proposed new State nonmember bank to be located at 2605 Irongate Drive, Wilmington, New Hanover County, North Carolina, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Live Oak Banking Company for Federal deposit insurance be and is approved subject to the following conditions:

(1) That beginning paid-in capital funds of not less than $11,200,000 be provided, of which not less than $3,920,000 shall be allocated to common capital and not less than $7,280,000 to surplus;

(2) That the Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance of the institution's primary federal regulator) will be maintained at not less than eight percent throughout the first three years of operation;

(3) That the Total Risk Based capital to risk weighted assets ratio (as defined in the appropriate capital regulation and guidance of the institution's primary federal regulator) will be maintained at not less than twelve percent throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided;

(4) That any changes in proposed management or proposed ownership (10 percent or more of stock), including new acquisitions of or subscriptions to 10 percent or more of the stock, shall be approved by the FDIC prior to opening of the Bank;

(5) That an accrual accounting system be adopted for maintaining the Bank's books;

(6) That sufficient fidelity coverage on the Bank's active officers and employees to conform with generally accepted banking practices be obtained prior to opening for business;

(7) That the Bank obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance coverage is effective and submit to the Atlanta Regional Office (i) a copy of the audited financial statements and the independent public auditor's report thereon within 90 days after the end of the bank's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days of receipt, and (iii) written notification within 15 days when a change in its independent auditor occurs;

(8) That the Bank shall operate within the parameters of the Business Plan submitted as part of the application for Federal deposit insurance, including capital adequacy and concentration risk measures therein. The Bank shall notify and seek the prior approval of the Regional Director of any proposed material change to its business plan 60 days before consummation of the change.

(9) That Federal deposit insurance shall not become effective unless and until the applicant has been granted a charter as a depository institution, that it has authority to conduct a banking business, and that its establishment and operation as a bank have been fully approved by the North Carolina Office of the Commissioner of Banks;

(10) That until the Bank is established, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action; and,

(11) That if deposit insurance has not become effective within twelve months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the Corporation, the consent granted shall expire at the end of the said twelve-month period.

Dated at Atlanta, Georgia, this 21st day of April, 2008.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: /s/

Mark S. Schmidt
Regional Director
Atlanta Region