



**NASDAQ: INBK**

**Investor Presentation**

**March 2014**



# ▶ Safe Harbor

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*This presentation may contain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance or business of the company. Forward-looking statements are generally identifiable by the use of words such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “estimate,” “may,” “will,” “would,” “could,” “should” or other similar expressions. Forward-looking statements are not a guarantee of future performance or results, are based on information available at the time the statements are made and involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the information in the forward-looking statements. Factors that may cause such differences include: failures of or interruptions in the communications and information systems on which we rely to conduct our business; our plans to grow our commercial real estate and commercial and industrial loan portfolios; competition with national, regional and community financial institutions; the loss of any key members of senior management; fluctuations in interest rates; general economic conditions; risks relating to the regulation of financial institutions; and other factors identified in reports we file with the SEC. All statements in this presentation, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.*

# INBK Summary Statistics

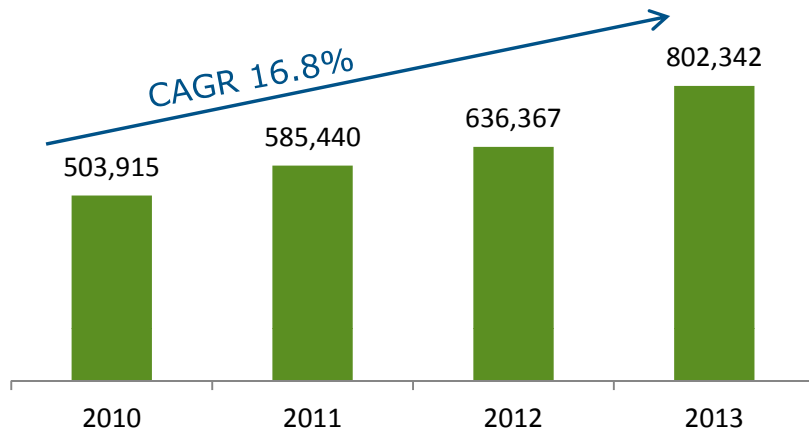
<b>Assets</b>	\$802.3 million
<b>Net Loans<sup>1</sup></b>	\$495.7 million
<b>Deposits</b>	\$673.1 million
<b>Tangible Common Equity<sup>2</sup></b>	\$86.2 million
<b>Tangible Book Value Per Share<sup>2</sup></b>	\$19.38
<b>2013 Net Income</b>	\$4.6 million
<b>Shares Outstanding</b>	4,448,326
<b>Headquarters</b>	Indianapolis, IN
<b>Stock Price (as of 02/10/14)</b>	\$23.00
<b>Market Capitalization (as of 02/10/14)</b>	\$102.3 million
<b>Insider Ownership</b>	9.4%

Note: Financial data as of December 31, 2013

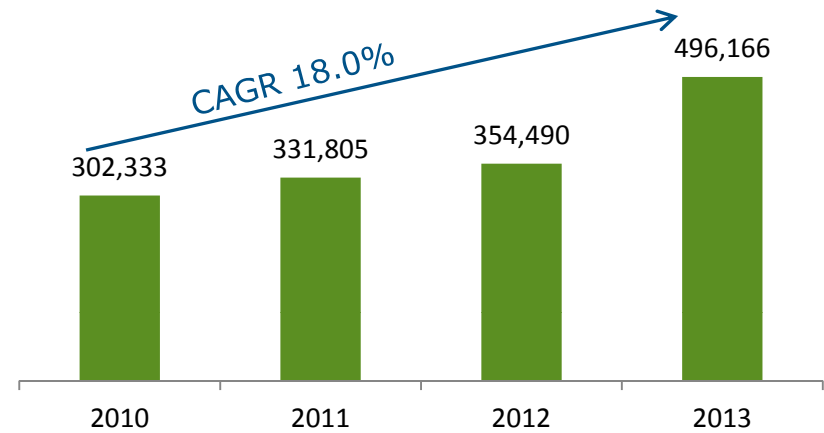
<sup>1</sup> Net of loans held for sale ("HFS"); <sup>2</sup> Tangible book value is a non-GAAP financial measure; reconciliation for tangible book value is set forth in the Appendix

# ▶ A Steadily Growing Balance Sheet

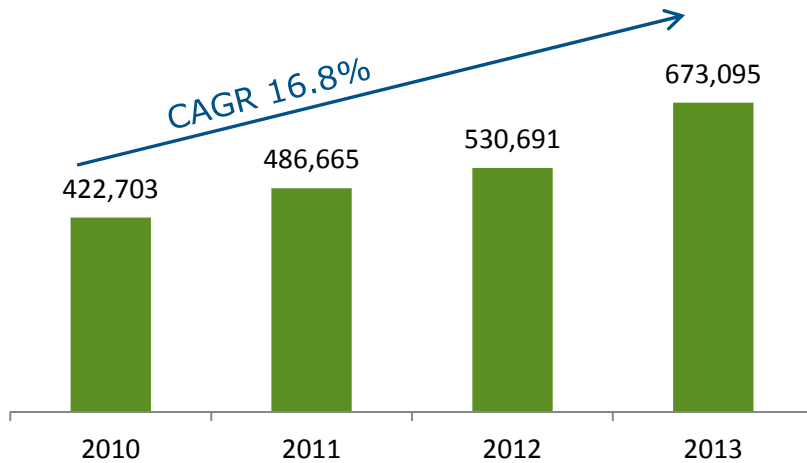
## Assets



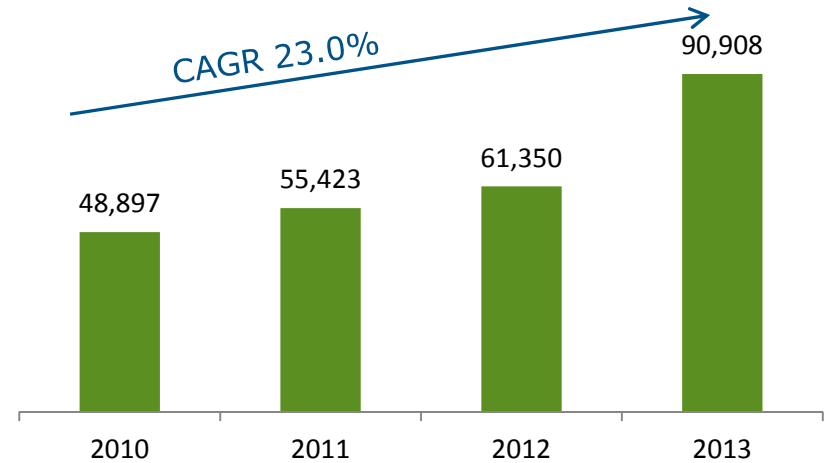
## Loans



## Deposits



## Equity



Note: Loans exclude HFS  
Dollar values in thousands

# ▶ Management Team

- ▶ Integral to INBK's success are the Management team and Board of Directors
- ▶ Prior experience in both community banking and financial technology

## **David B. Becker** **Chairman and Chief Executive Officer**

- Founded First Internet Bank in 1999 and CEO since inception
- Over three decades of experience in financial services and technology
- 2001 recipient of the Ernst and Young Entrepreneur of the Year award
- Inducted into the Central Indiana Business Hall of Fame in 2008

## **Kay E. Whitaker** **Chief Financial Officer**

- Chief Financial Officer since January 2013
- 15 years at PriceWaterhouseCoopers focused on financial institutions
- Over 20 years of experience in the financial services industry
- Previously worked as the CFO of Central Indiana Community Foundation providing oversight for 800 philanthropic funds and 165 investment accounts

## **Edward A. Roebuck** **Chief Credit Officer**

- Chief Credit Officer since August 2012
- Served over 22 years at National City prior to acquisition by PNC
- Held senior roles responsible for lending and credit activities in Indiana and Ohio

# History of First Internet Bancorp

## **1999:**

Based in Indianapolis, First Internet Bank of Indiana commences online operations with David Becker as Founder & CEO

## **2006:**

First Internet Bancorp Holding Company established

## **November 2011:**

Connie Shepherd joins to lead new C&I lending effort

## **August 2012:**

Ed Roebuck joins as Chief Credit Officer

## **February 2013:**

INBK begins trading on NASDAQ

## **November 2013:**

INBK issues 1,587,000 shares in public offering

## **March 2013:**

INBK declares first quarterly cash dividend on common shares of \$0.04



1999

2007

2010

2011

2012

2013

## **April 2008:**

Kevin Quinn joins to lead Consumer Lending & Mortgage Operations

## **January 2007:**

Acquire Indianapolis-based Landmark Financial Corporation, enabling expansion into residential mortgage lending

## **August 2010:**

Announces entry into CRE lending; Michael Lewis joins to lead CRE lending group

## **2012:**

Declared special cash dividend \$0.1667

## **January 2013:**

Kay Whitaker joins as CFO

## **June 2013:**

Added to the Russell Microcap Index; 3:2 stock split designed to increase stock liquidity

## **November 2013:**

INBK adds Asset-Based Lending Team

## ▶ Recent Company Awards / Accolades

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- ▶ November 2013: Ranked as One of Best Banks to Work For in 2013



- ▶ October 2013: Awarded top honors in the Online Mortgage Originator category, which recognizes lenders that use Web-based technologies to generate borrower leads and close loans



- ▶ August 2013: SNL highlights INBK as one of the Top 10 performing U.S. Bank stocks in 2013



- ▶ June 2013: INBK added to the Russell Microcap Index
- ▶ MCSI Micro Cap Index, and ABA NASDAQ Community Bank Index

# ▶ Strategic Highlights

- ▶ **National Focus on Deposit and Consumer and Commercial Banking Growth**
  - Over 55% asset, loan and deposit growth since December 31, 2010
  - Consumer loans include high-end horse trailer and RV lending
  - Credit Tenant Leasing (“CTL”) with brand name customers
  
- ▶ **Regional Footprint for Commercial Banking Growth**
  - Increasingly diverse revenue streams as a result of continued product expansion
  - C&I and CRE lending
  
- ▶ **Management Experience and Depth**
  - Strong management team with backgrounds in both community banking and financial technology services
  - David Becker, Chairman & CEO, has over three decades of management and financial services experience creating and developing successful companies
  - Supported by a deep team of former “big bank” (PNC, National City, M&I) leaders
  
- ▶ **Focus on Profitability and Returns**
  - Track record of growth and profitability has delivered positive returns to shareholders
  
- ▶ **Exceptional Asset Quality, Diverse Loan Portfolio and Effective Underwriting**
  - Strong asset quality backed by prudent, conservative lending standards
  - Loan portfolio is diversified with no one loan type accounting for more than 31% of the total portfolio<sup>1</sup>
  - 0.90% non-performing assets/total assets<sup>1</sup>
  
- ▶ **Efficient, Scalable Technology with Multiple Layers of Redundancy**
  - Highly flexible internet model enables lower overhead costs as strategic growth is realized
  
- ▶ **Strong Risk Management**
  - Continued build out of in-house compliance and regulatory staff
  - Recently hired a compliance officer with 30+ years of experience to enhance existing infrastructure

<sup>1</sup> As of December 31, 2013



# ▶ Experienced Lending Team

- ▶ INBK lending efforts are led by a team of highly experienced bankers with roots at some of the largest regional and super-regional institutions in the country
- ▶ Each division manager has 20+ years of experience in banking

## Consumer & Mortgage

**Kevin Quinn, SVP  
(21 years of experience)**  
*First Indiana Bank  
First Nationwide Mortgage*

### 64 Team Members

- *Core Landmark Financial team retained*
- *Tempe (AZ) talent pool*
- *Lending Tree loan officers*

## Commercial & Industrial

**Connie Shepherd, SVP  
(26 years of experience)**  
*M&I Bank  
National City  
Mellon Bank*

### 12 Team Members

- *Each member has over 15 years of experience*
- *Indianapolis based team of 7 from prior institution*
- *Tempe (AZ) based team launched 2014*
- *ABL team operates from Portland*

## Commercial RE

**Michael Lewis, SVP  
(30 years of experience)**  
*Huntington / Sky Bank  
Chase / Bank One  
La Salle National*

### 8 Team Members

- *19 years of experience on average*
- *Regional bank group leaders/ and or real estate developer expertise*
- *Paralegal*

# ▶ Loan Product Offering

Product Offering / Expertise					
Business Line	Niche Consumer Lending	Residential Mortgage/ HELOCs	CRE	Credit Tenant Leasing ("CTL")	Commercial & Industrial
<b>Overview</b>	<ul style="list-style-type: none"> <li>Specialized lending niche in RV &amp; horse-trailers</li> <li>Direct and Indirect</li> <li>2013 net charge offs of 0.43% as a percentage of total consumer loans</li> <li>Focused on high quality customers: Average FICO score of 762 at time of origination</li> </ul>	<ul style="list-style-type: none"> <li>Award winning national online platform for origination</li> <li>Traditional 1-4 family mortgages                             <ul style="list-style-type: none"> <li>Fixed rate loans are generally sold into secondary market</li> <li>Majority of portfolio is adjustable rate</li> </ul> </li> <li>Variable rate home equity lines of credit</li> </ul>	<ul style="list-style-type: none"> <li>Local decision making</li> <li>Midwest collateral</li> <li>Financial recourse to individual sponsors</li> <li>Interim real estate financing for construction and development ("C&amp;D"), acquisition, renovating, refinancing, and repositioning                             <ul style="list-style-type: none"> <li>Offices, Retail, Industrial and Multi-Family</li> </ul> </li> <li>Residential C&amp;D with low LTVs (50%-60%)                             <ul style="list-style-type: none"> <li>Restricted to well known, reputable developers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Nationally focused CTL financing</li> <li>Strong national broker and mortgage banking network</li> <li>Lessors include Walgreens, Staples, CVS, McDonalds, Hardees, Dollar General, Wawa, Taco Bell, Kentucky Fried Chicken</li> </ul>	<ul style="list-style-type: none"> <li>Local decision making</li> <li>Business lines of credit, term loans, and owner occupied real estate to middle market companies</li> <li>Treasury management services (business online banking &amp; remote deposit capture)</li> <li>SBA Lending</li> <li>Asset-Based Lending</li> </ul>
<b>12/31/13 Balance</b>	\$107,562	\$191,007	\$58,256	\$84,173	\$55,168
<b>Avg. Loan Balance</b>	\$13	\$181	\$869	\$1,295	\$239

Dollar values in thousands

# Loan Portfolio Overview

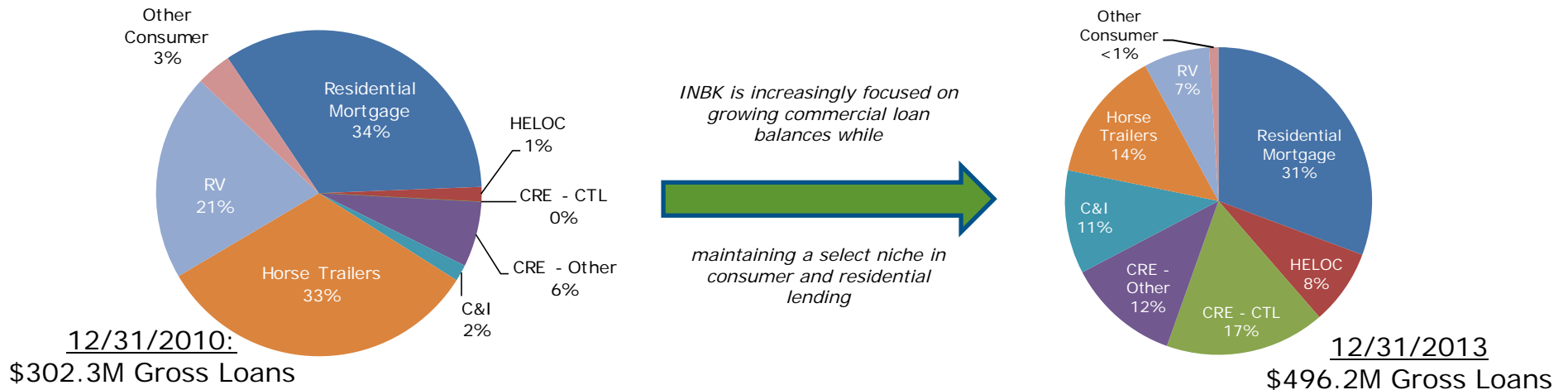
## Portfolio Overview

- ▶ 2013 average yield on loan portfolio of 4.78%
- ▶ INBK has made significant efforts to grow its commercial banking capability
  - Hired 20 loan production officers since 2010
  - Total commercial loans now represent 40% of the portfolio vs. 8% in 2010
- ▶ Niche consumer lending remains an important part of the INBK story
  - Industry leader for horse trailer, RV financing
  - Average borrower FICO score of 762 for loans originated in 2013

## Loan Portfolio by Type

Loan Type	As of 12/31/2013:	
	%	\$
Commercial Real Estate	11.7%	58,256
Commercial & Industrial	11.1%	55,168
Credit Tenant Leasing	17.0%	84,173
<b>Total Commercial Loans</b>	<b>39.8%</b>	<b>197,597</b>
1-4 Family / Residential	30.9%	153,101
Home Equity LOC	7.6%	37,906
<b>Consumer:</b>		
RV	7.1%	35,096
Horse Trailer	13.9%	68,992
Other	0.7%	3,474
<b>Gross Loans Held for Inv.</b>	<b>100.0%</b>	<b>496,166</b>

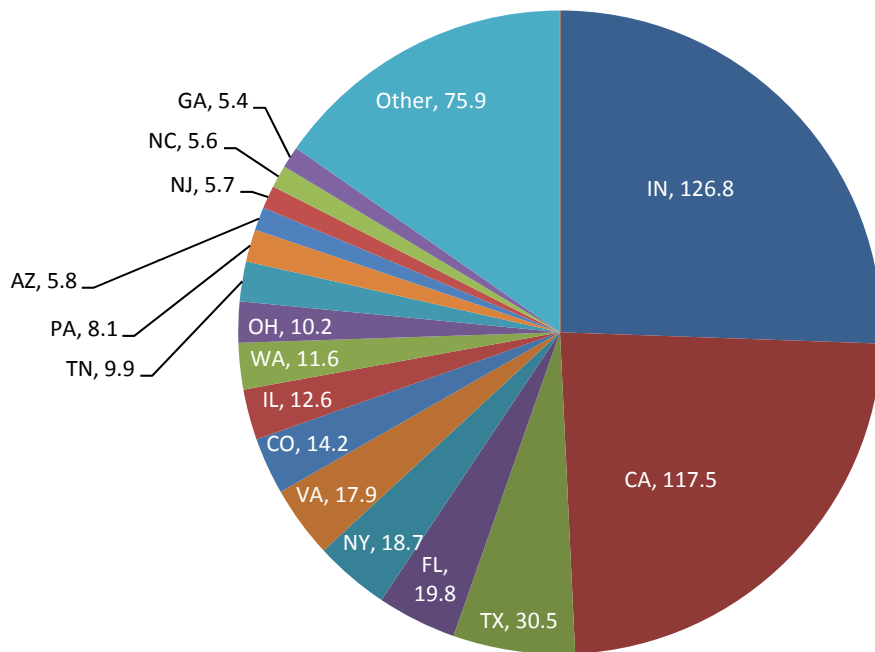
## Loan Portfolio Evolution



Note: Excludes loans HFS  
Dollar values in thousands unless otherwise noted

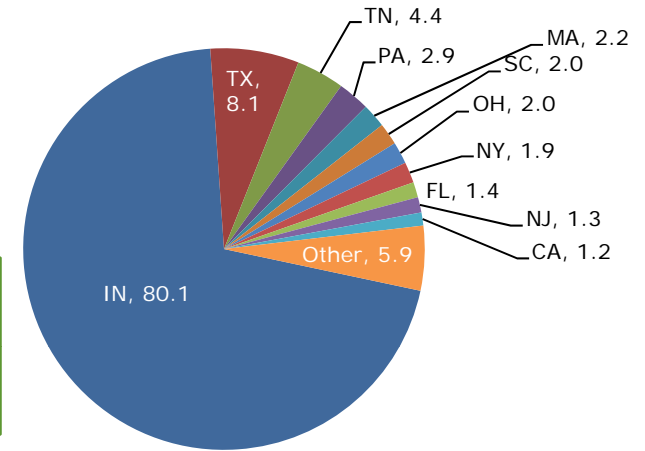
# ▶ Loan Portfolio by Geography

National Footprint: Loans by State



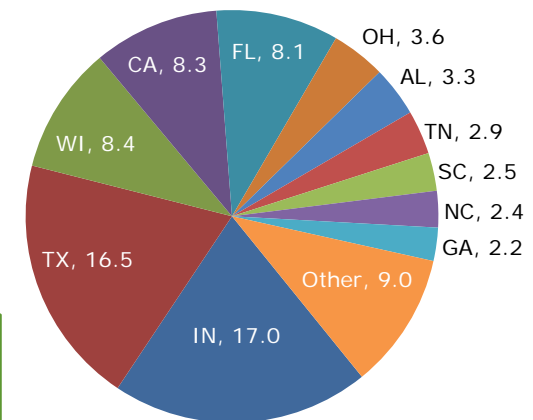
**12/31/2013**  
**\$496.2M**  
**Gross Loans**

CRE & C&I Loans by State



**12/31/2013**  
**\$113.4M**  
**Commercial Loans**

CTL Loans by State



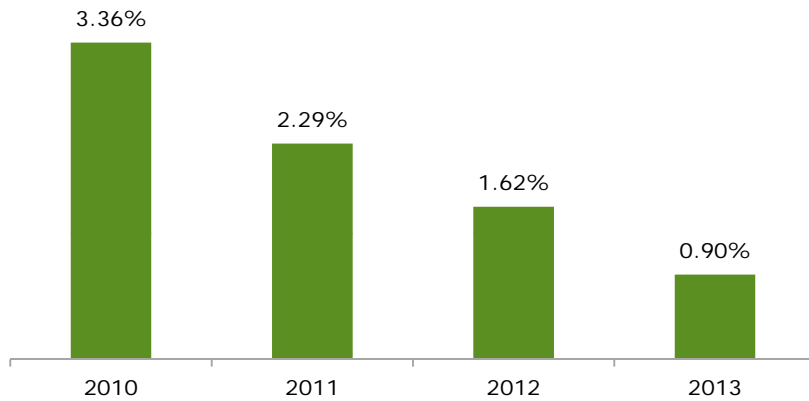
**12/31/2013**  
**\$84.2M**  
**CTL Loans**

Note: Excludes loans HFS  
 Dollar values in millions

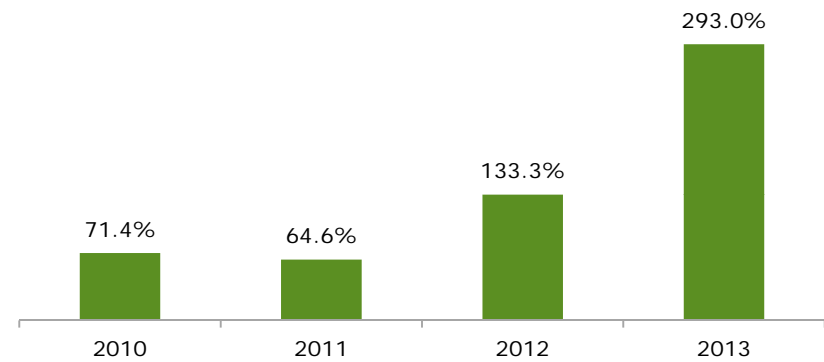
# ▶ Exceptional Asset Quality

- ▶ Conservative underwriting culture and strong attention to risk management has produced solid asset quality

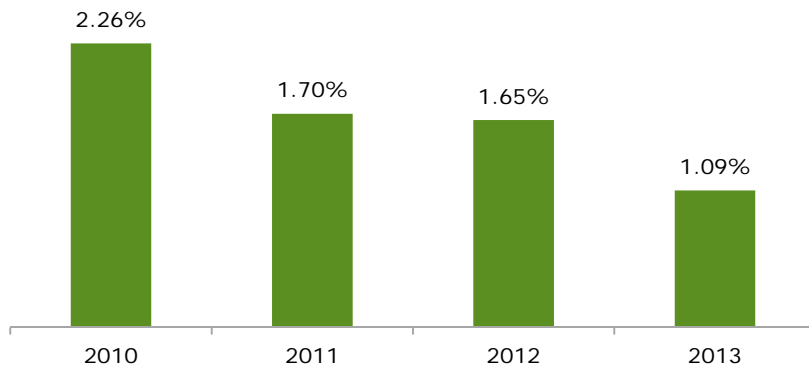
NPAs / Assets



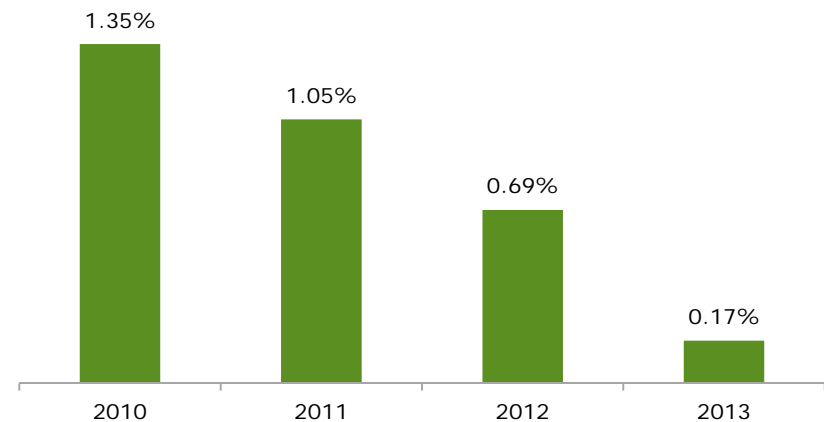
Reserves / NPLs



Reserves / Gross Loans



NCOs / Avg. Loans

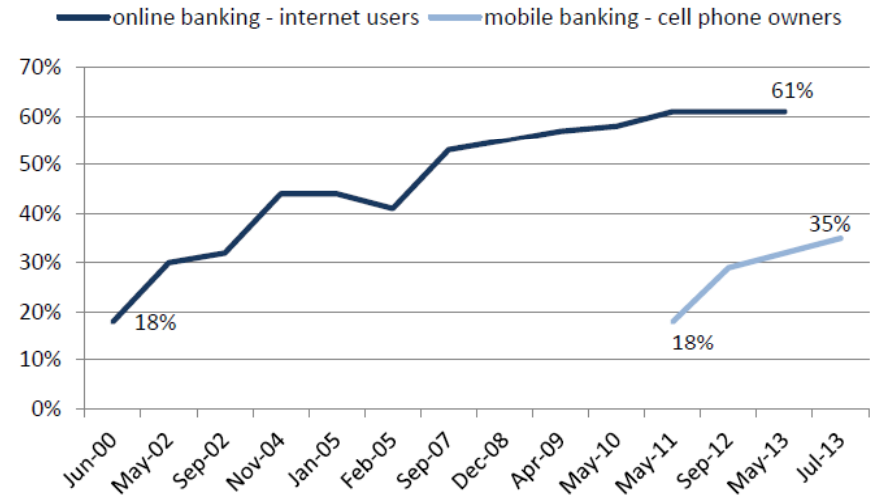


Note: NPAs and NPLs exclude performing troubled debt restructurings

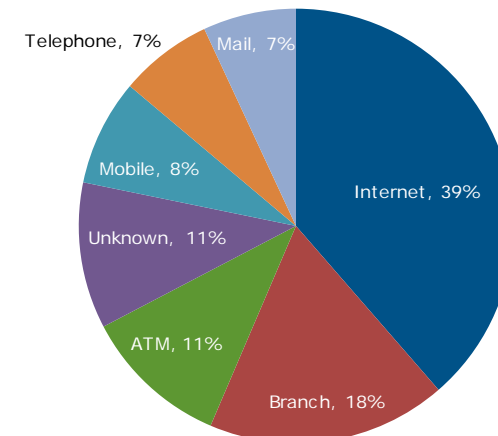
# Capitalizing on Industry Trends

- ▶ The popularity of internet and mobile banking continues to accelerate
  - According to the Pew Research Center, 61% of internet users (and 51% of all adults surveyed) now do their banking online
  - 35% of cell phone owners use their mobile devices to conduct banking transactions
  
- ▶ According to a separate survey performed by the American Bankers Association, internet banking now represents customers' preferred banking method, with 39% responding so when polled
  
- ▶ For the first time in ABA's annual survey, mobile services outranked telephone and traditional mail as a preferred method of banking, representing a 30% increase since 2012

## Online & Mobile Banking Usage<sup>1</sup>



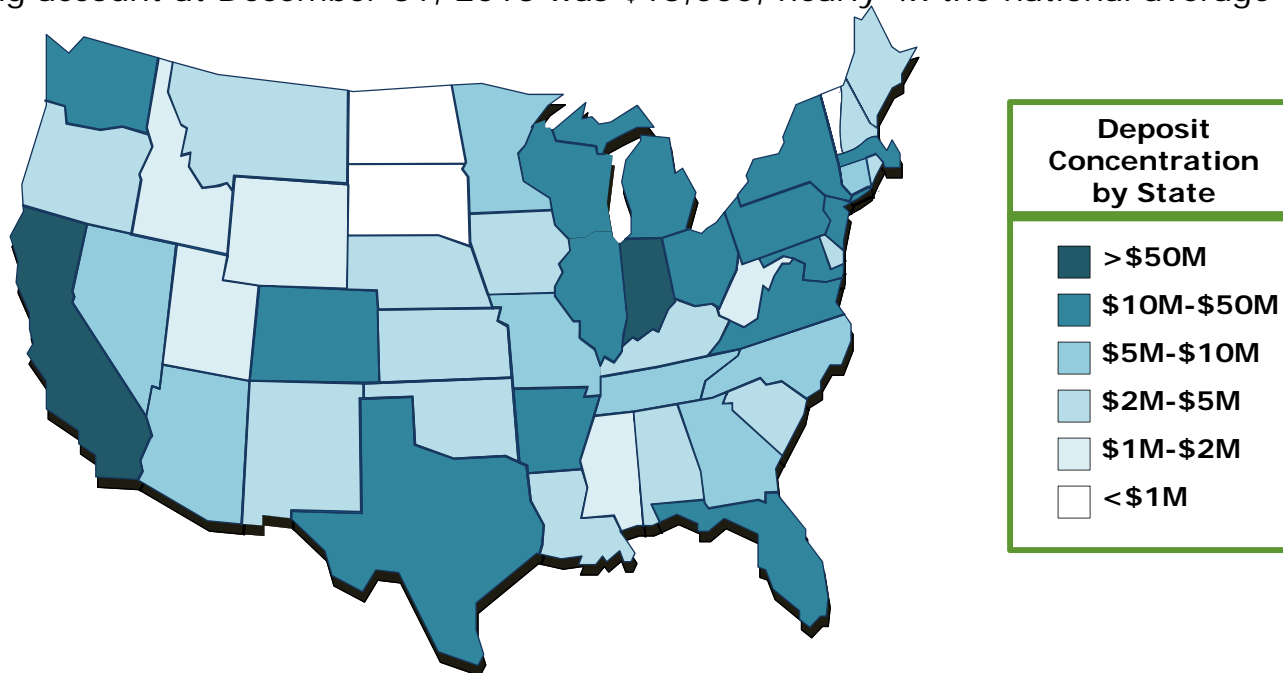
## Consumer Banking Preferences<sup>2</sup>



<sup>1</sup> American Bankers Association  
<sup>2</sup> Pew Research Center

# ▶ Diversified, National Deposit Base

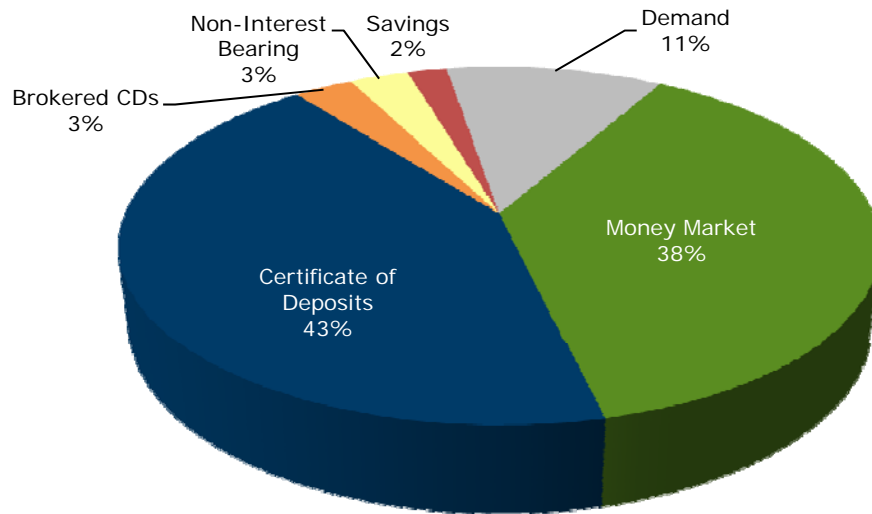
- ▶ Unlike most community banks, INBK is not limited by a particular geographic or customer focus, and therefore is less susceptible to concentration risks
- ▶ INBK has deposit relationships in every state, including some of the most desirable MSAs in the U.S.
- ▶ The average checking account at December 31, 2013 was \$13,000, nearly 4x the national average



	IN	CA	TX	FL	IL	NY	MA	PA	WI	MI
<b>Total Deposits By State (\$000s)</b>	\$138,475	\$83,914	\$47,029	\$36,256	\$30,452	\$29,379	\$22,561	\$22,366	\$21,247	\$18,480
<b># of Accounts</b>	3,208	1,881	995	734	924	956	674	639	240	365
<b>Avg. Account Balance (\$000s)</b>	\$43	\$45	\$47	\$49	\$33	\$31	\$33	\$35	\$89	\$51

# Deposit Composition & Product Offering

Deposit Composition at 12/31/13



Cost of Total Deposits



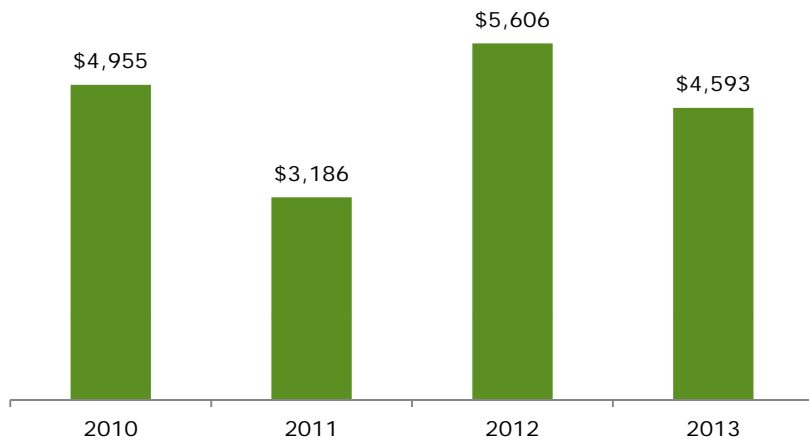
- ▶ Since December 31, 2010, INBK has grown deposits by 59% while reducing the overall cost of deposits by 112bps
  - At December 31, 2013 Non-CDs represented 54% of the portfolio
- ▶ The growing commercial lending pipeline has been accompanied by growth in commercial deposits, helping to lower overall cost of deposits

Note: Dollar values in thousands

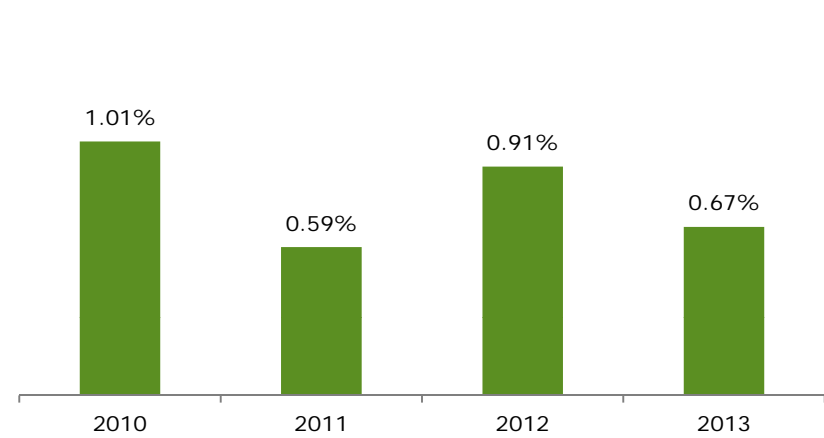


# Positive Returns to Shareholders

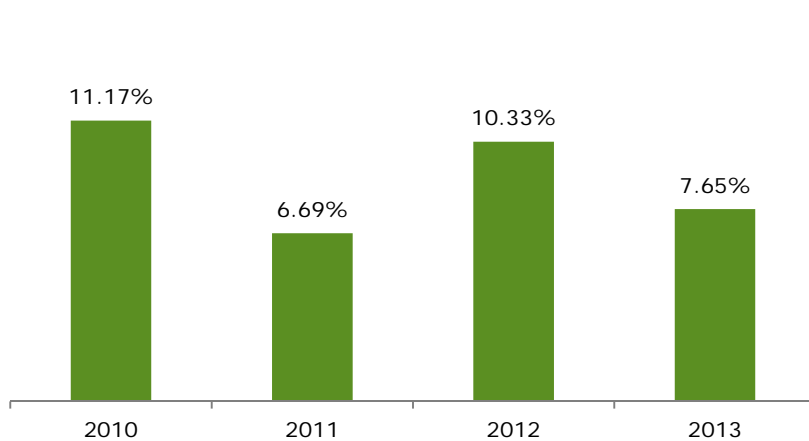
Net Income



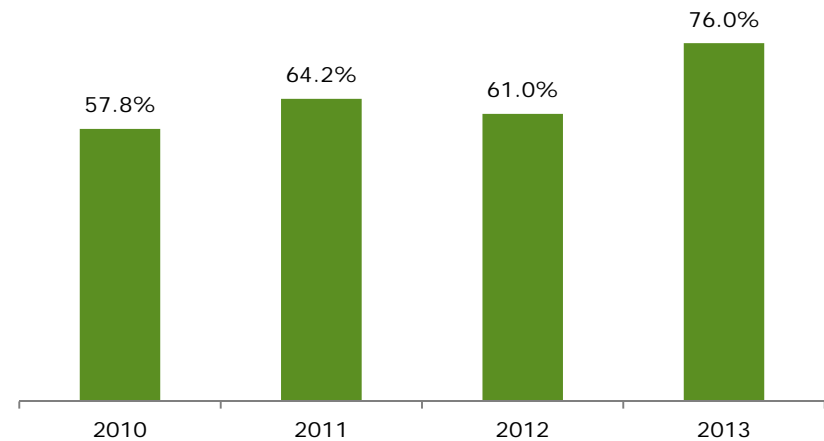
ROAA



ROATCE<sup>1</sup>



Efficiency Ratio



Note: Dollar values in thousands

<sup>1</sup> Return on average tangible common equity is a non-GAAP financial measure; reconciliation for tangible common equity set forth in the Appendix

# ▶ Looking Forward

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▶ **FOCUS:**

- ▶ Organic growth
- ▶ Additional revenue channels, i.e. Asset-Based Lending, SBA Lending
- ▶ Management lift-outs
- ▶ Remain opportunistic on acquisitions

▶ **LEVERAGE:**

- ▶ Infrastructure already in place
- ▶ Technology
- ▶ Management depth



## Appendix



# ▶ Non-GAAP Financial Measures

Tangible common equity, tangible assets and tangible book value per common share are financial measures not recognized in generally accepted accounting principles ("GAAP"). Our management, banking regulators, many financial analysts and other investors use these non-GAAP financial measures to compare the capital adequacy of banking organizations with significant amounts of preferred equity and/or goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions. Tangible common equity, tangible assets, tangible book value per share or related measures should not be considered as a substitute for total shareholders' equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate these measures may differ from those of other companies reporting measures with similar names. The following table reconciles these non-GAAP performance measures and a capital ratio using such measures to the most directly comparable GAAP measure or ratio.

	For the Year Ended December 31,			
	2010	2011	2012	2013
Total equity - GAAP	48,897	55,423	61,350	90,908
Adjustments	-	-	-	-
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	44,210	50,736	56,663	86,221
Total assets - GAAP	503,915	585,440	636,367	802,342
Adjustments	-	-	-	-
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)
Tangible Assets	499,228	580,753	631,680	797,655
Total common shares	2,807,385	2,807,385	2,815,094	4,448,326
Book Value Per Share	17.42	19.74	21.79	20.44
Effect of adjustment	(1.67)	(1.67)	(1.66)	(1.06)
Tangible Book Value Per Share	15.75	18.07	20.13	19.38
Total shareholders' equity to assets	9.70%	9.47%	9.64%	11.33%
Effect of adjustment	(0.84%)	(0.73%)	(0.67%)	(0.52%)
Tangible common equity to tangible assets	8.86%	8.74%	8.97%	10.81%

Note: Dollar values in thousands, except per share amounts

## Contact Information

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### **David B. Becker**

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Chairman and CEO

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