

**First Internet Bancorp
Investor Presentation
Third Quarter 2016**



Forward Looking Statement

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.

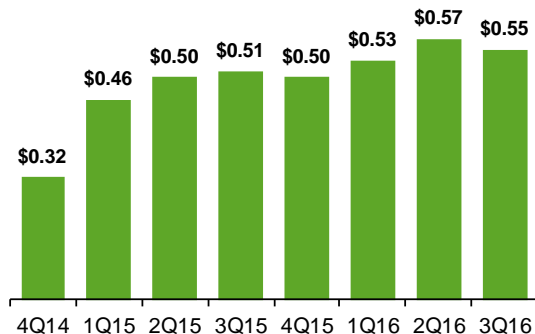
Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than in accordance with U.S. generally accepted accounting principles (“GAAP”). Non-GAAP financial measures, specifically tangible common equity, tangible assets, tangible book value per common share, return on average tangible common equity, tangible common equity to tangible assets, adjusted net income, adjusted net charge-offs (recoveries), adjusted diluted earnings per share, adjusted net charge-offs (recoveries) to average loans, adjusted return on average assets, adjusted return on average shareholders’ equity and adjusted return on average tangible common equity are used by the Company’s management to measure the strength of its capital and its ability to generate earnings on tangible capital invested by its shareholders. Although management believes these non-GAAP measures provide a greater understanding of its business, they should not be considered a substitute for financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the table at the end of this presentation under the caption “Reconciliation of Non-GAAP Financial Measures.”

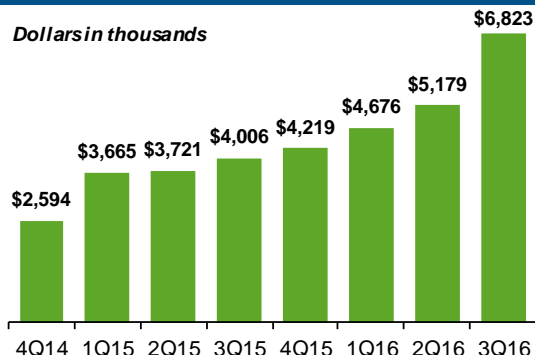
Performance Summary

Strong balance sheet growth has driven increased earnings and consistent growth in tangible book value per share

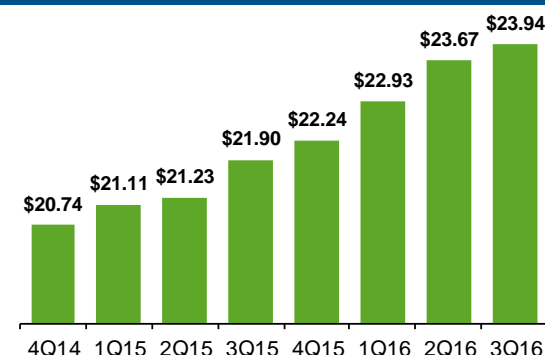
Diluted Earnings Per Share



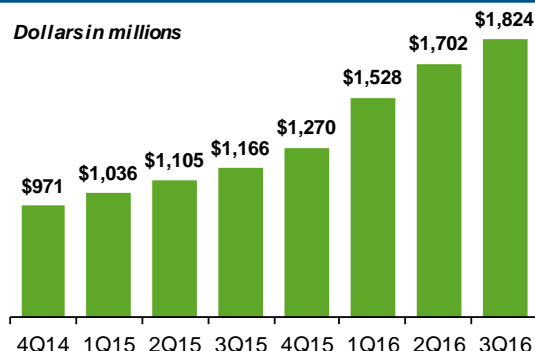
Pre-Tax, Pre-Provision Earnings



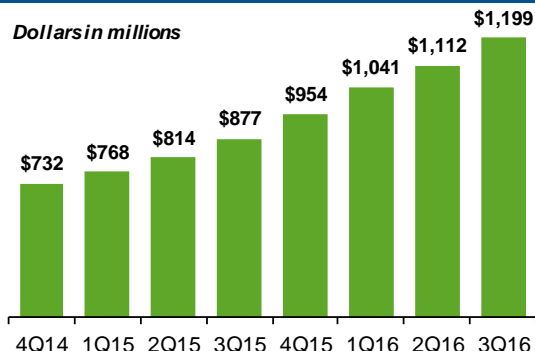
Tangible Book Value Per Share¹



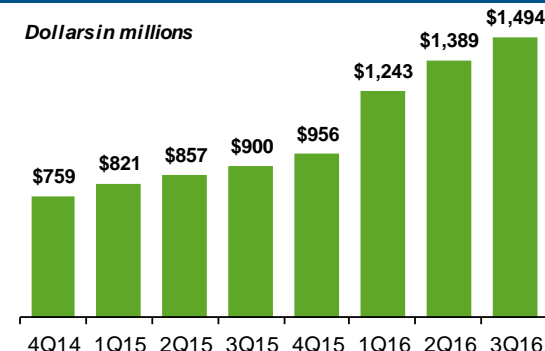
Total Assets



Total Loans



Total Deposits



¹ See Reconciliation of Non-GAAP Financial Measures

Third Quarter 2016 Financial Highlights

- Record quarterly net income of \$3.1 million, increasing 33.4% compared to 3Q15
- Quarterly diluted EPS of \$0.55, increasing 7.8% compared to 3Q15
- Results include the charge-off of a commercial loan, impacting pre-tax earnings by \$1.1 million and diluted EPS by \$0.13¹
 - Adjusted for this item, net income was \$3.8 million and diluted EPS was \$0.68¹
- Quarterly ROAA of 0.71%; 0.88% excluding the charge-off above¹
- Quarterly ROATCE of 9.41%; 11.60% excluding the charge-off above¹
- Total year-over-year loan growth of \$322.4 million, or 36.8%
- Quarterly net interest income of \$10.3 million, increasing 31.9% compared to 3Q15

¹ See Reconciliation of Non-GAAP Financial Measures

Corporate Overview

Corporate Summary

- First Internet Bank launched in 1999
- First state-chartered FDIC-insured Internet bank
- Headquartered in Fishers, IN with an office in Phoenix, AZ
- Industry pioneer in branchless delivery of consumer and commercial banking services
- Nationwide deposit and lending footprint
- Experienced management team
- Strong balance sheet and earnings growth

3Q16 Financial Information

- | | |
|--------------------------------------|-----------------|
| ▪ Total assets | \$1.8 billion |
| ▪ Total loans | \$1.2 billion |
| ▪ Total deposits | \$1.5 billion |
| ▪ TCE / tangible assets ¹ | 7.28% |
| ▪ NPLs / total loans | 0.09% |
| ▪ ROAA ¹ | 0.71% |
| ▪ ROATCE ¹ | 9.41% |
| ▪ Market capitalization ² | \$161.0 million |
| ▪ Dividend yield ² | 0.8% |
| ▪ NASDAQ Global Select Market | INBK |

¹ See Reconciliation of Non-GAAP Financial Measures

² Market valuation data as of November 14, 2016

Differentiated Business Model

- Nationwide **consumer banking** provider
 - Proven online / mobile retail deposit platform using scalable technology backed by exceptional customer service
 - Low cost delivery channel creates customer value through competitive rates and low fees
- **Commercial banking** franchise focused on select local and national markets

Local

- C&I – Central Indiana
- C&I – Arizona
- Investor CRE – Central Indiana
- Construction – Central Indiana

National

- Single tenant lease financing

- National, award-winning online direct-to-consumer mortgage banking platform
- National, niche consumer lending segments with strong yields and asset quality

Asset class and geographic diversity provides ability to generate top tier balance sheet and revenue growth funded by a loyal, efficient and growing deposit base

Strategic Objectives

- Drive revenue growth and positive operating leverage
- Achieve consistent strong profitability
- Deploy capital in an accretive manner focused on building shareholder value
- Capitalize on consumer trends by capturing greater deposit market share among digital banking adopters
- Maintain strong asset quality and focus on disciplined risk management
- Expand asset generation channels to supplement growth and increase profitability
- Continue investing in technology to remain a digital banking leader and increase efficiency

Corporate Recognition

First Internet Bank has been recognized for its innovation and is consistently ranked among the best banks to work for, enhancing its ability to attract and retain top-level talent

- TechPoint 2016 Mira Award “Tech-enabled Company of the Year”
- Top 10 finalist – 2016 Indiana Public Company of the year presented by the CFA Society and FEI
- American Banker’s “Best Banks to Work For”
 - ✓ 2016
 - ✓ 2015
 - ✓ 2014
 - ✓ 2013
- Workplace Dynamics’ “Indianapolis Star Top Workplaces”
 - ✓ 2016
 - ✓ 2015
 - ✓ 2014
- “Best Places to Work in Indiana”
 - ✓ 2016
 - ✓ 2013
- Mortgage Technology 2013 awarded top honors in the Online Mortgage Originator category



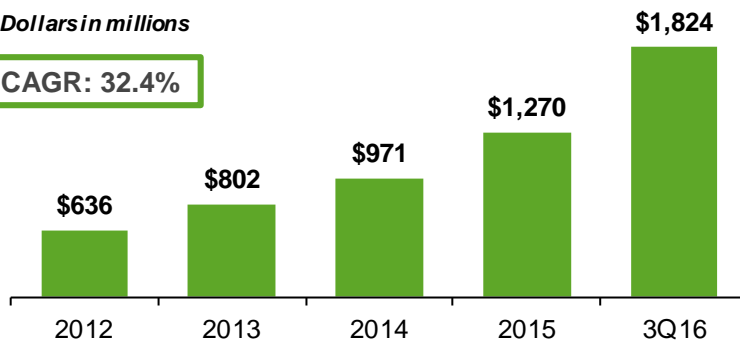
Consistent Balance Sheet Growth

Execution of the business strategy is driving consistent and sustainable balance sheet growth

Total Assets

Dollars in millions

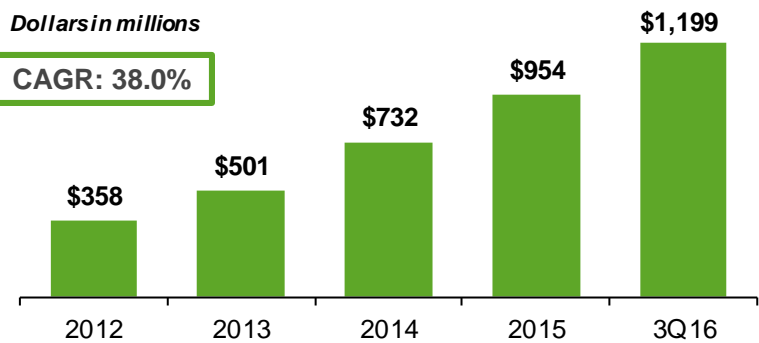
CAGR: 32.4%



Total Loans

Dollars in millions

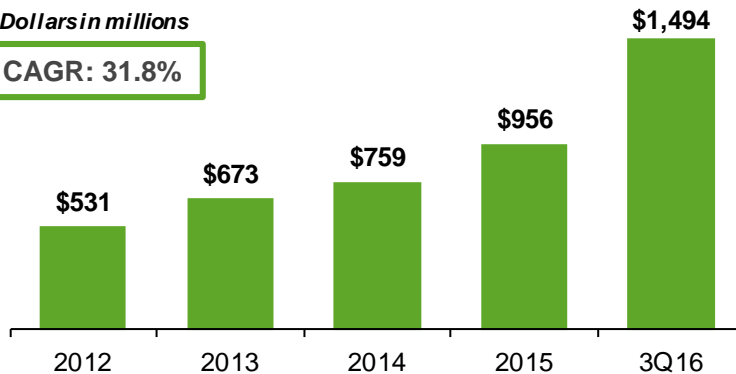
CAGR: 38.0%



Total Deposits

Dollars in millions

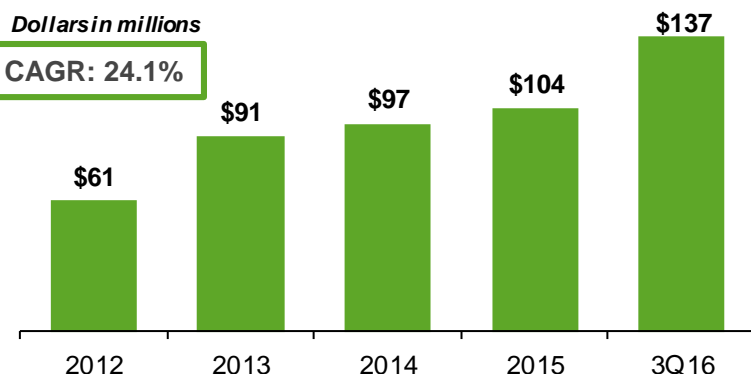
CAGR: 31.8%



Shareholders' Equity

Dollars in millions

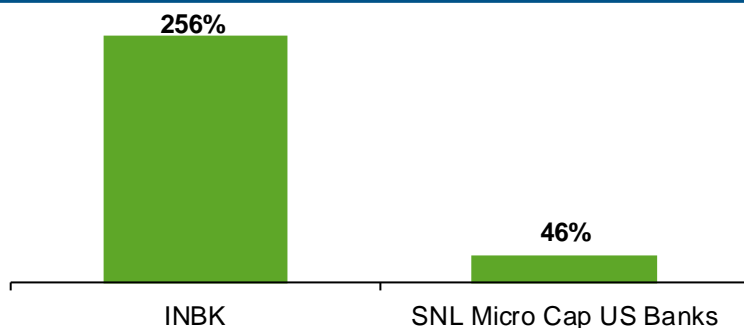
CAGR: 24.1%



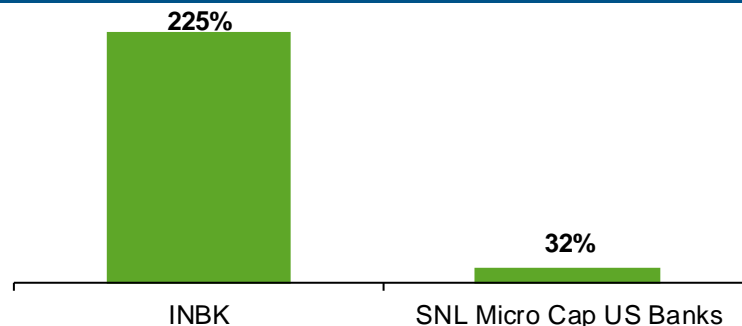
Five Year Balance Sheet Growth

- Five year balance sheet growth rates far exceed the median rates for similar institutions
- INBK growth over this period has been primarily organic as opposed to through acquisitions

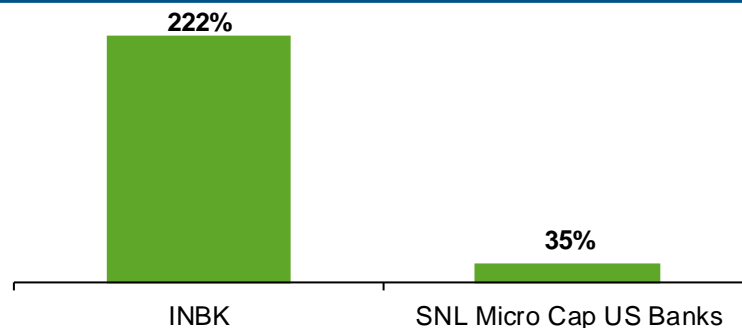
Five Year Total Loan Growth



Five Year Total Asset Growth



Five Year Total Deposit Growth

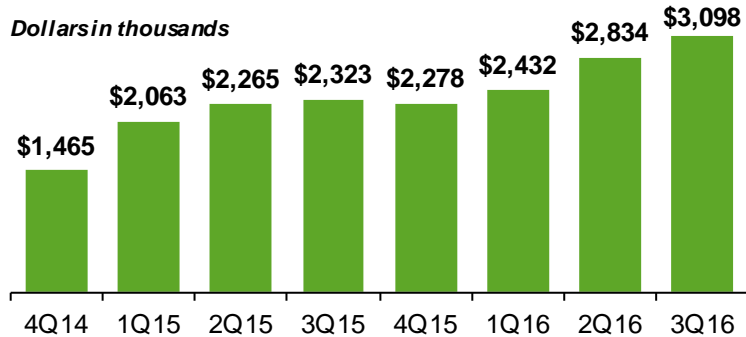


Source: Company data and SNL Financial; financial data as of September 30, 2016; peer data represents median value of component companies. SNL Micro Cap US Banks represent publicly traded micro cap banks with a market capitalization of less than \$250 million; peer data based on index components as of September 30, 2016.

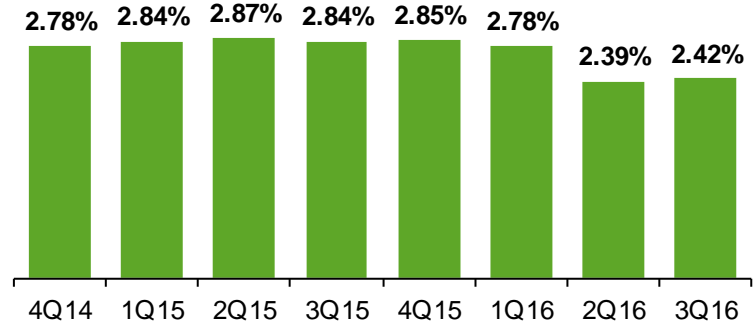
Earnings and Profitability

The Company remains focused on driving earnings growth and improving profitability

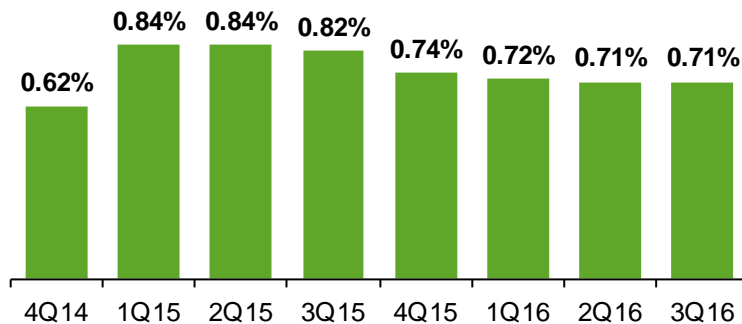
Net Income



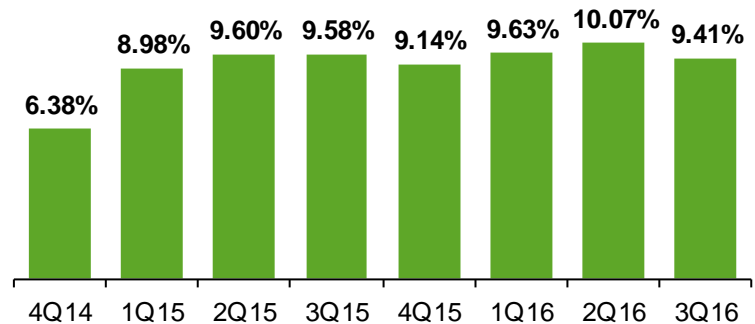
Net Interest Margin



Return on Average Assets



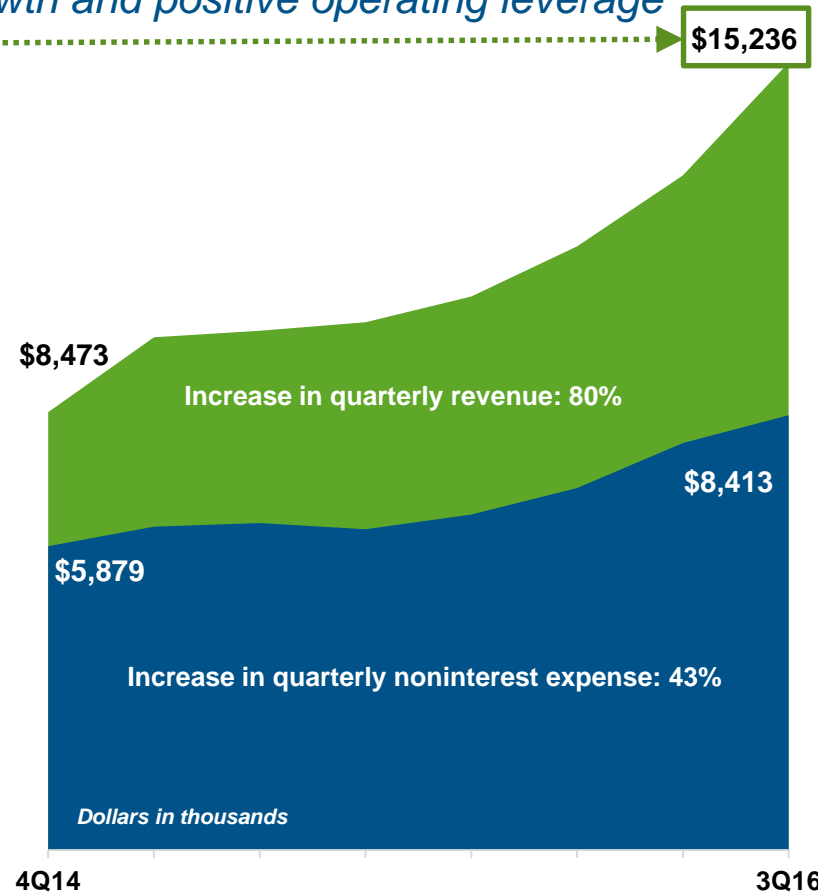
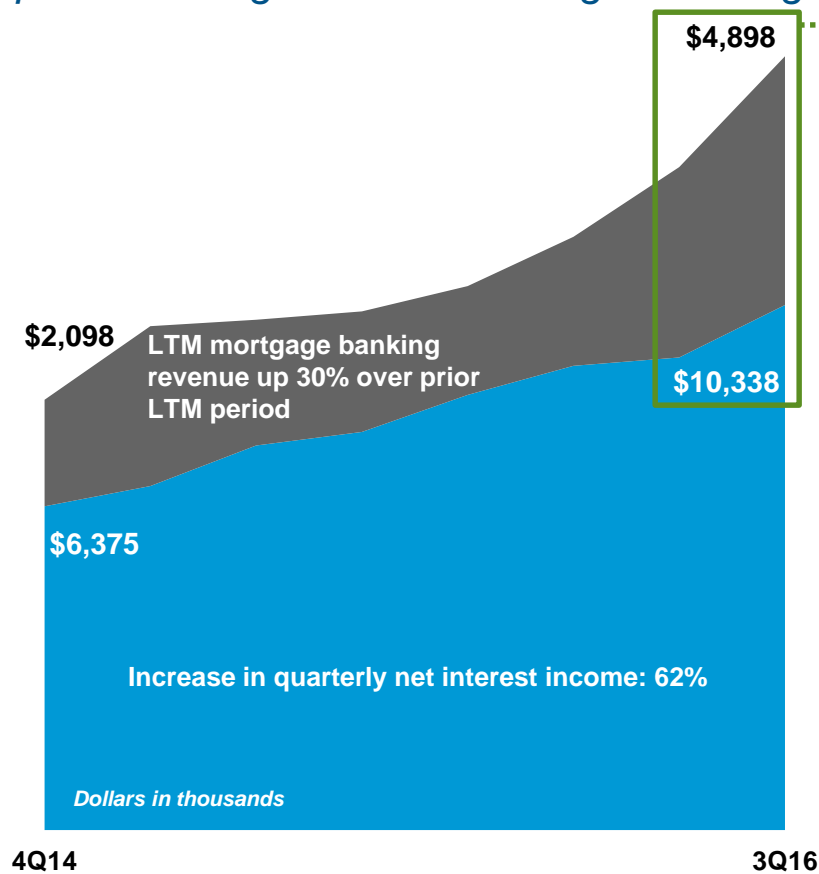
Return on Average Tangible Common Equity¹



¹ See Reconciliation of Non-GAAP Financial Measures

Strong Revenue and Earnings Growth

Strong asset generation and re-focused mortgage banking activities combined with disciplined expense management are driving revenue growth and positive operating leverage



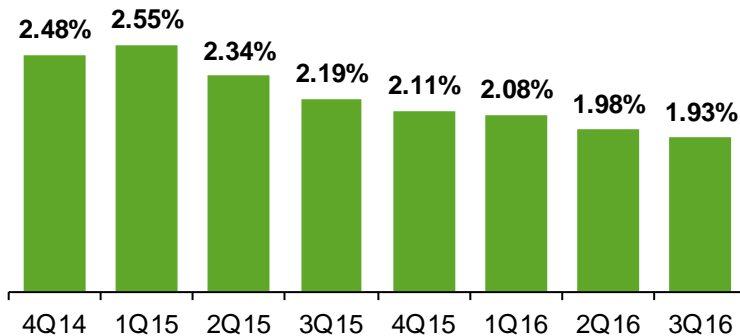
■ Net Interest Income ■ Noninterest Income

■ Net Interest Income + Noninterest Income ■ Noninterest Expense

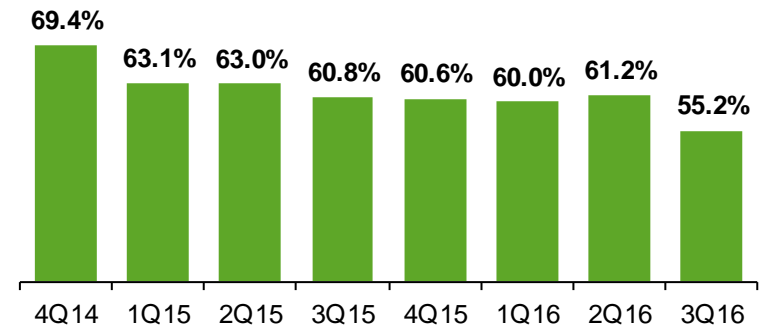
Increasing Economies of Scale

Scalable, technology-driven model delivers increasing efficiency and is a key component driving improved operating leverage

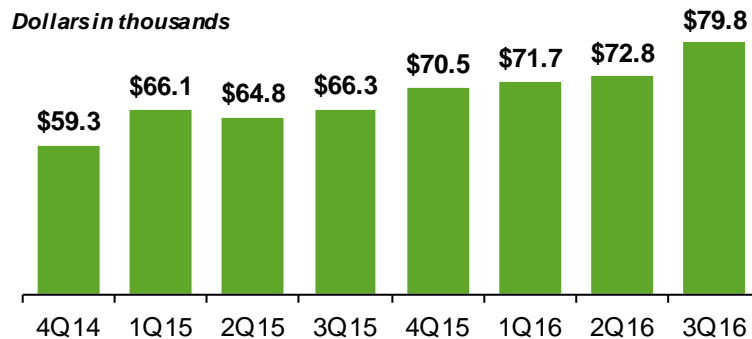
Noninterest Expense / Average Assets



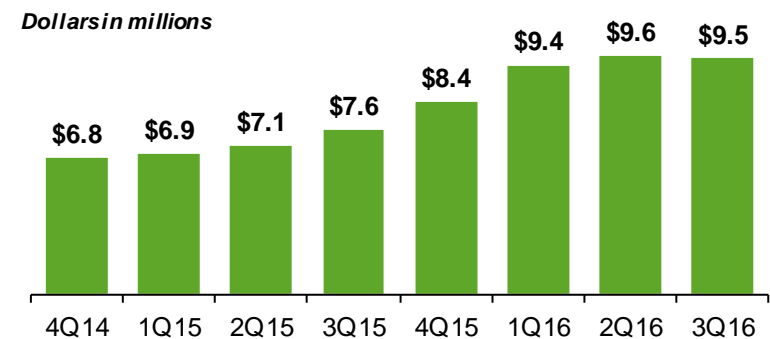
Efficiency Ratio



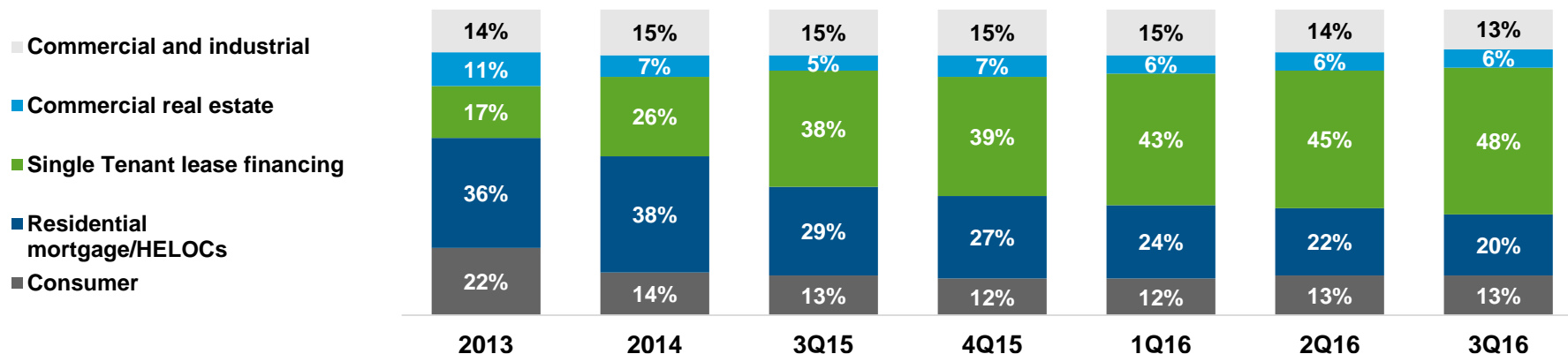
Total Revenue Per FTE



Total Assets Per FTE



Loan Portfolio Overview



<i>Dollars in thousands</i>	2013	2014	3Q15	4Q15	1Q16	2Q16	3Q16
Commercial loans							
Commercial and industrial	\$ 55,168	\$ 77,232	\$ 89,762	\$ 102,000	\$ 106,431	\$ 111,130	\$ 107,250
Owner-occupied commercial real estate	18,165	34,295	42,117	44,462	47,010	46,543	45,540
Investor commercial real estate	26,574	22,069	17,483	16,184	14,756	12,976	12,752
Construction	28,200	24,883	30,196	45,898	52,591	53,368	56,391
Single tenant lease financing	84,173	192,608	329,149	374,344	445,534	500,937	571,972
Total commercial loans	212,280	351,087	508,707	582,888	666,322	724,954	793,905
Consumer loans							
Residential mortgage	138,418	220,612	209,507	214,559	208,636	202,107	200,889
Home equity	37,906	58,434	47,319	43,279	40,000	38,981	37,849
Trailers	68,991	63,288	66,749	67,326	69,845	74,777	78,419
Recreational vehicles	34,738	30,605	36,800	38,597	41,227	44,387	49,275
Other consumer loans	3,833	3,201	2,638	2,389	10,251	22,592	35,464
Total consumer loans	283,886	376,140	363,013	366,150	369,959	382,844	401,896
Net def. loan fees, prem. and disc.	4,987	5,199	4,858	4,821	4,402	3,824	3,131
Total loans	\$ 501,153	\$ 732,426	\$ 876,578	\$ 953,859	\$ 1,040,683	\$ 1,111,622	\$ 1,198,932

Commercial Real Estate

Commercial real estate balances increased \$264.3 million, or 70.1%, since 3Q15

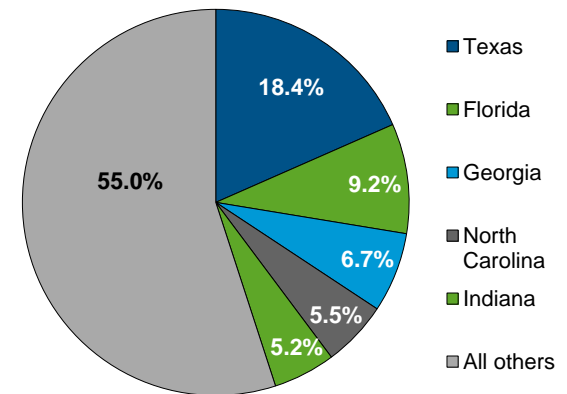
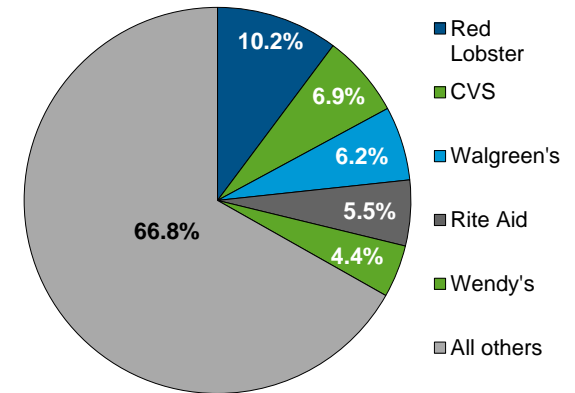
Dollars in millions

	As of September 30, 2016	% of total
Single tenant lease financing	\$572.0	89.2%
Construction	56.4	8.8%
Investor commercial real estate	12.7	2.0%
Total commercial real estate	\$641.1	100.0%

Single tenant lease financing overview:

- Long term lease financing of single tenant properties occupied by financially strong lessees
- Originations / commitments over the past twelve months exceeded \$283 million
- Nationwide platform provides ability to capitalize on national correspondent network
- Expertise in asset class with streamlined execution and credit process
- Strong historic credit performance
- Average LTV of approximately 53%

Single Tenant Lease Financing Portfolio Diversity



Commercial and Industrial

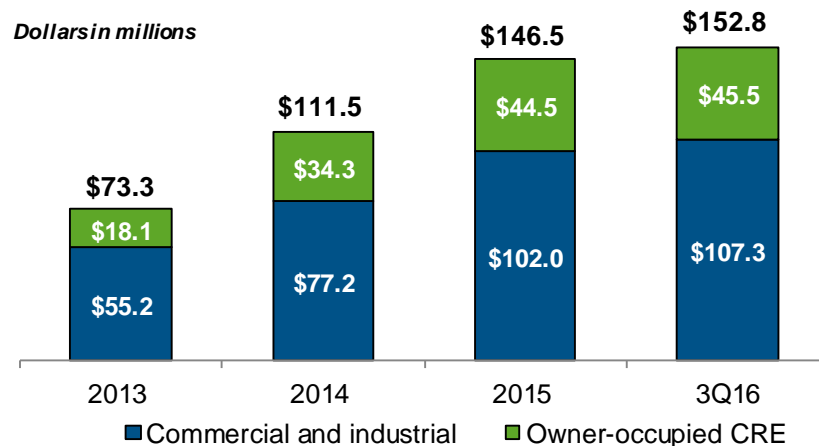
Commercial and industrial overview:

- Originations / commitments exceeded \$67 million over the past twelve months
- Primarily serves the borrowing and treasury management needs of small and middle-market businesses
- Seasoned banking team leverages market knowledge and experience to serve clients in a relationship-based approach
- Business line built organically, adding select personnel with specialized product or market expertise
 - Indiana team focuses on central Indiana and ancillary Midwestern markets
 - Added to Arizona team to further enhance origination efforts
- Strong credit performance to date

Commercial and industrial balances increased \$20.9 million, or 15.9%, since 3Q15

	As of September 30, 2016	% of total
<i>Dollars in millions</i>		
Commercial and industrial	\$107.3	70.2%
Owner-occupied CRE	45.5	29.8%
Total commercial and ind.	\$152.8	100.0%

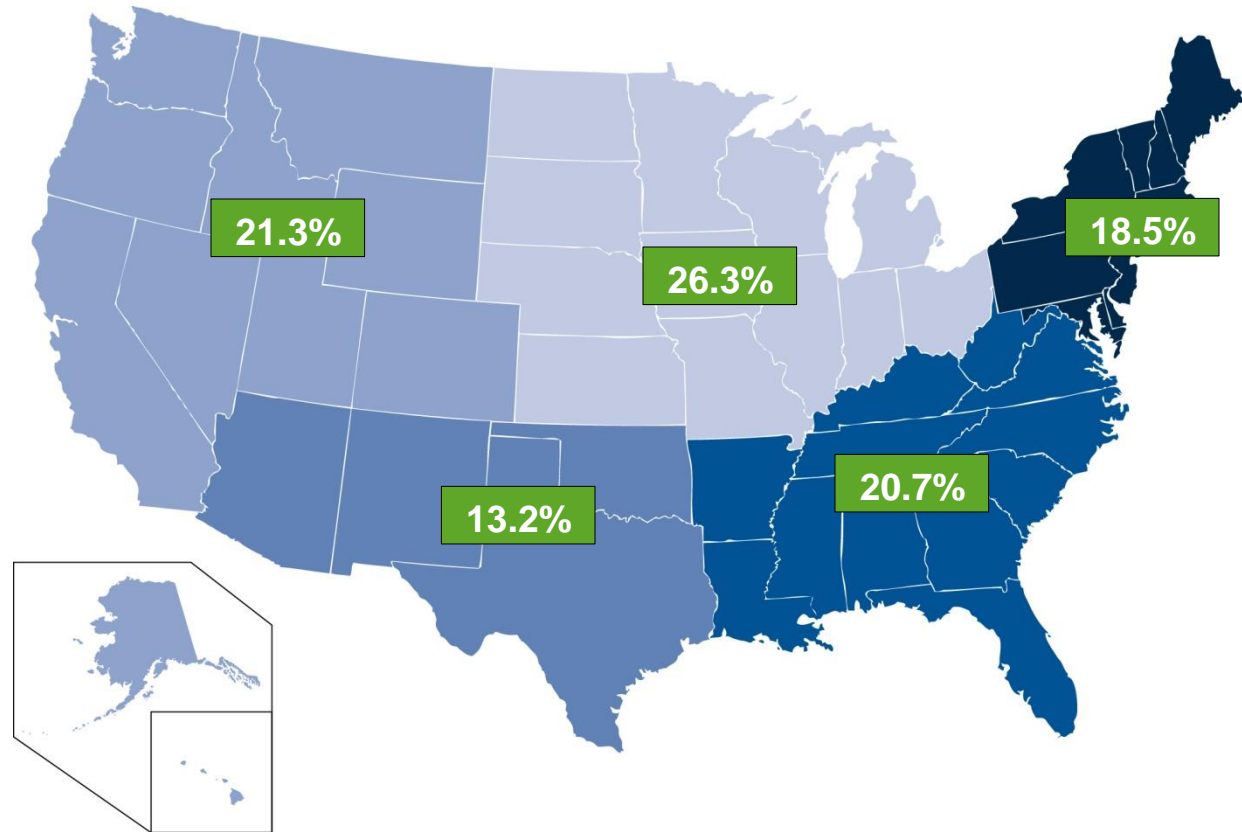
Commercial & Industrial Balances



Residential Mortgage

- Award-winning national online origination platform
- Highly efficient application and underwriting process
- Sales and marketing efforts re-focused on purchase mortgage business
- Full range of residential mortgage and home equity products
- Launched central-Indiana based construction loan program

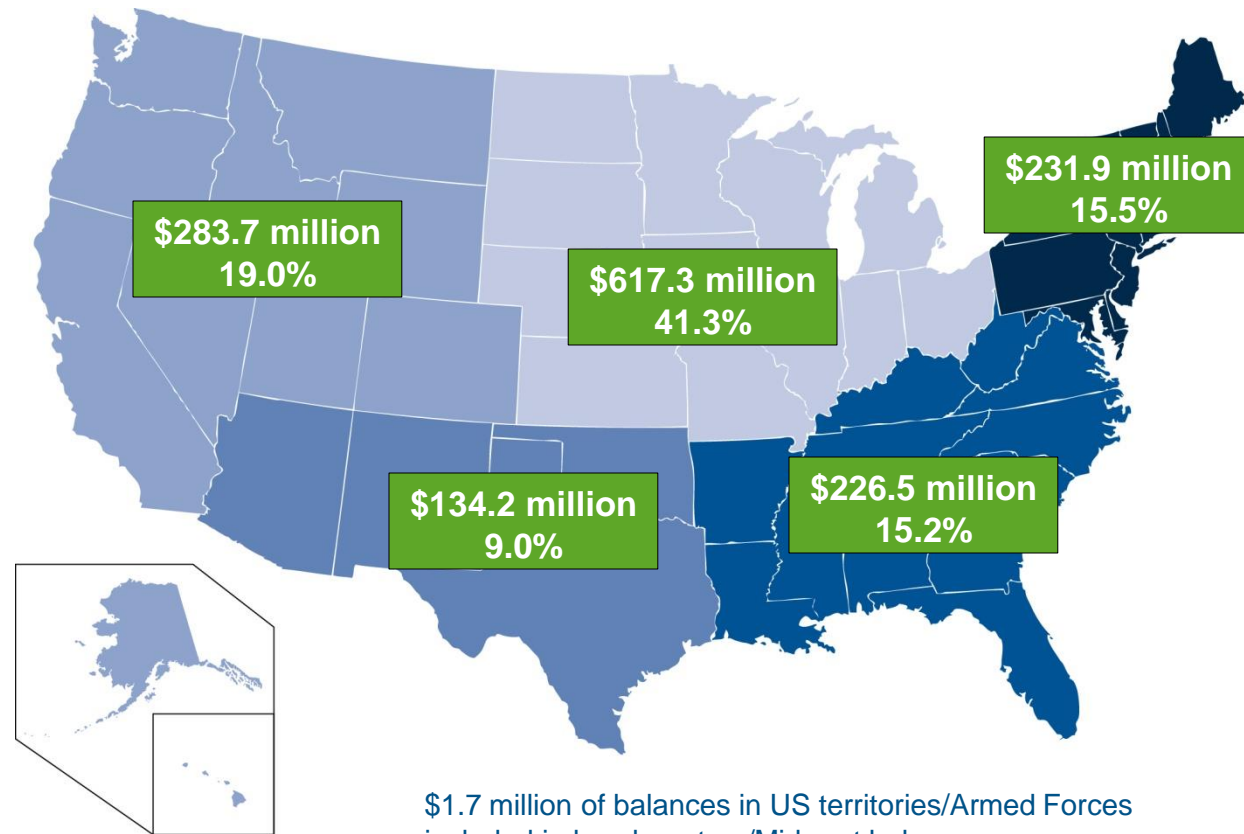
Last 12 Months of Mortgage Originations – Regional Distribution



Nationwide Branchless Deposit Franchise

- Nationwide consumer, small business and commercial deposit base
- Scalable technology and customer convenience supported by exceptional service
- Deposit relationships in all 50 states, including desirable metropolitan markets
- Average consumer interest checking account balance of \$15,300 far exceeds the national average

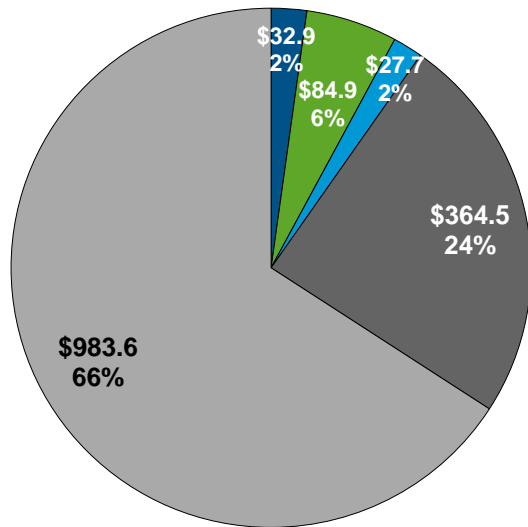
Total Deposits – \$1.5 Billion – Regional Distribution As of September 30, 2016



Deposit Composition

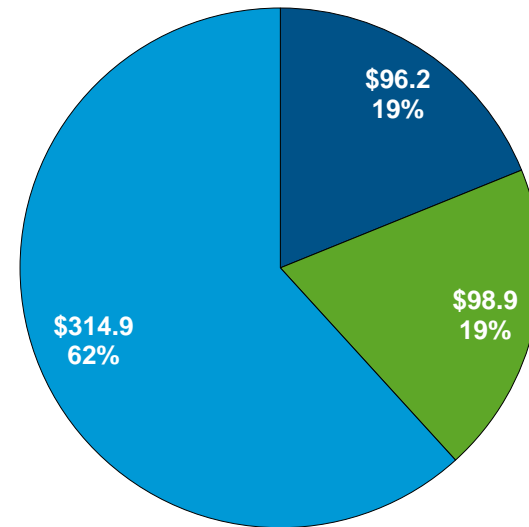
- Total deposits increased \$593.8 million, or 66.0%, since 3Q15
- Treasury management and small business deposits provide a significant opportunity for increasing lower-cost core deposits

Total Deposits - \$1,493.6 Million
As of September 30, 2016



- Noninterest-bearing deposits
- Interest-bearing demand deposits
- Savings accounts
- Money market accounts
- Time deposits

Total Non-Time Deposits - \$510.0 Million
As of September 30, 2016

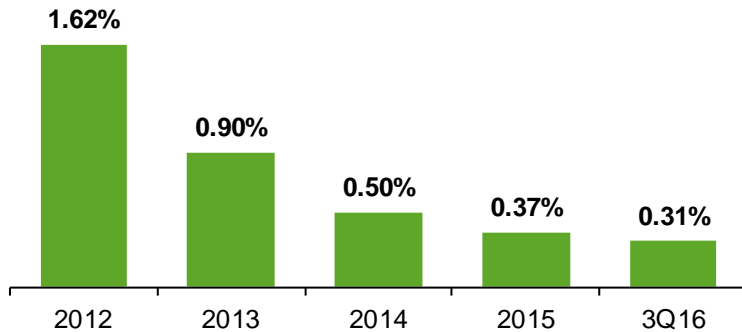


- Treasury management
- Small business
- Consumer

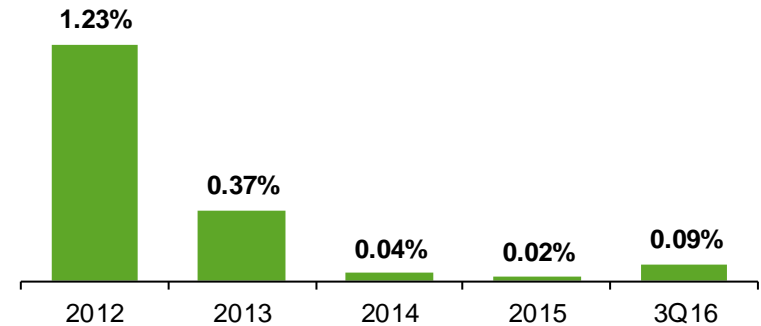
Asset Quality

Asset quality has improved significantly while balance sheet growth has continued on a strong upward trend

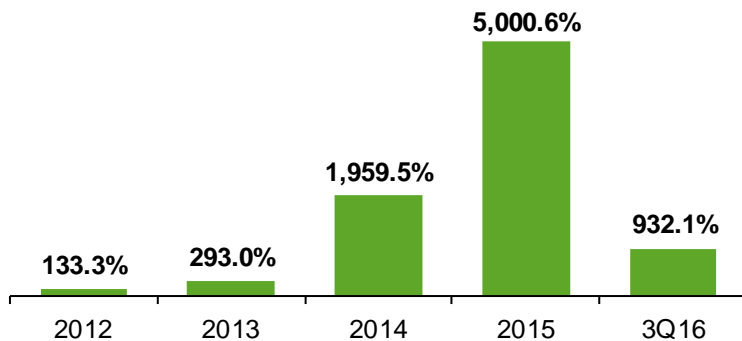
NPAs / Total Assets



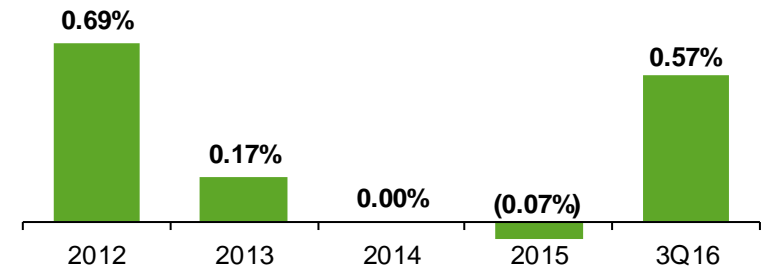
NPLs / Total Loans



Allowance for Loan Losses / NPLs



Net Charge-Offs (Recoveries) / Average Loans¹

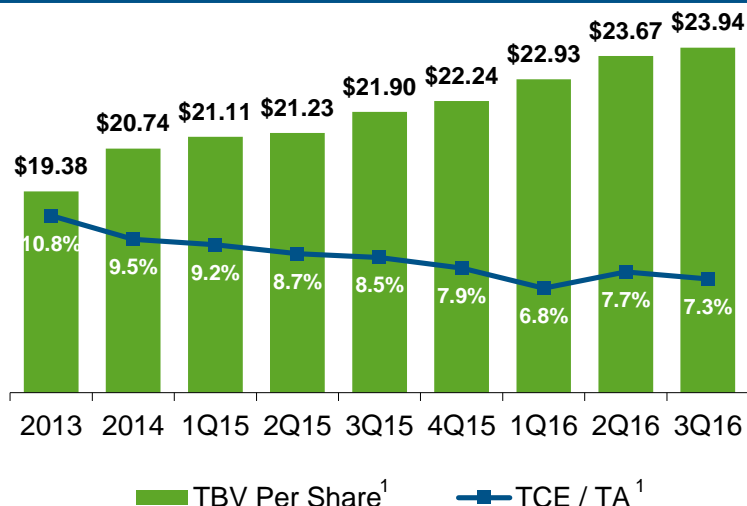


¹ 3Q16 includes 0.54% related to the charge-off of one C&I loan with an outstanding balance of \$1.6 million

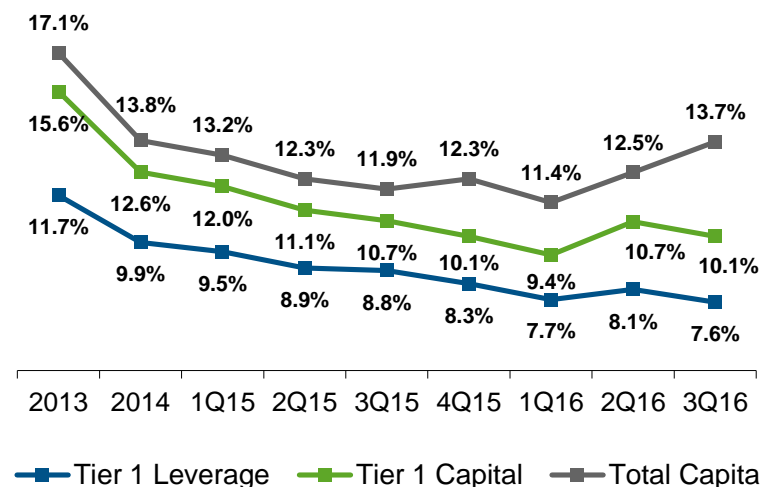
Capital

- Following the initial public offering in late 2013, the Company deployed capital to fund commercial loan growth, driving revenue growth and improved profitability
- During 4Q15, the Company issued \$10 million in subordinated notes (tier 2 capital) to supplement regulatory capital
- In 2Q16, the Company raised \$22.8 million of common equity to further support its growth
- During 3Q16, the Company issued \$25 million in publicly traded subordinated notes (tier 2 capital) to supplement regulatory capital
- Strong insider ownership ensures board, management and shareholder interests are aligned

Tangible Common Equity¹



Regulatory Capital Ratios



¹ See Reconciliation of Non-GAAP Financial Measures

Investment Summary

- Strong earnings growth and rapidly improving profitability
- Demonstrated track record of deploying capital to fuel loan growth while maintaining strong asset quality
- Investments in commercial lending platform are producing results
- Geographic and credit product diversity provide ability to generate sustained balance sheet growth
- Consumer banking platform well-positioned to capitalize on changing consumer preferences
- Full service, technology-driven model will deliver increasing efficiency
- Experienced management team committed to building shareholder value

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total equity - GAAP	\$96,785	\$99,362	\$99,908	\$102,912	\$104,330	\$107,830	\$135,679	\$137,154
Adjustments:								
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	<u>\$92,098</u>	<u>\$94,675</u>	<u>\$95,221</u>	<u>\$98,225</u>	<u>\$99,643</u>	<u>\$103,143</u>	<u>\$130,992</u>	<u>\$132,467</u>
Total assets - GAAP	\$ 970,503	\$ 1,035,677	\$ 1,104,645	\$ 1,166,170	\$ 1,269,870	\$ 1,527,719	\$ 1,702,468	\$ 1,824,196
Adjustments:								
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible assets	<u>\$ 965,816</u>	<u>\$ 1,030,990</u>	<u>\$ 1,099,958</u>	<u>\$ 1,161,483</u>	<u>\$ 1,265,183</u>	<u>\$ 1,523,032</u>	<u>\$ 1,697,781</u>	<u>\$ 1,819,509</u>
Common shares outstanding	4,439,575	4,484,513	4,484,513	4,484,513	4,481,347	4,497,284	5,533,050	5,533,050
Book value per common share	\$21.80	\$22.16	\$22.28	\$22.95	\$23.28	\$23.98	\$24.52	\$24.79
Effect of goodwill	(1.06)	(1.05)	(1.05)	(1.05)	(1.04)	(1.05)	(0.85)	(0.85)
Tangible book value per common share	<u>\$20.74</u>	<u>\$21.11</u>	<u>\$21.23</u>	<u>\$21.90</u>	<u>\$22.24</u>	<u>\$22.93</u>	<u>\$23.67</u>	<u>\$23.94</u>
Total shareholders' equity to assets ratio	9.97%	9.59%	9.04%	8.82%	8.22%	7.06%	7.97%	7.52%
Effect of goodwill	(0.43%)	(0.41%)	(0.38%)	(0.36%)	(0.34%)	(0.29%)	(0.25%)	(0.24%)
Tangible common equity to tangible assets ratio	<u>9.54%</u>	<u>9.18%</u>	<u>8.66%</u>	<u>8.46%</u>	<u>7.88%</u>	<u>6.77%</u>	<u>7.72%</u>	<u>7.28%</u>
Total average equity - GAAP	\$95,832	\$97,844	\$99,333	\$100,885	\$103,583	\$106,278	\$117,913	\$135,666
Adjustments:								
Average goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Average tangible common equity	<u>\$91,145</u>	<u>\$93,157</u>	<u>\$94,646</u>	<u>\$96,198</u>	<u>\$98,896</u>	<u>\$101,591</u>	<u>\$113,226</u>	<u>\$130,979</u>
Return on average shareholders' equity	6.07%	8.55%	9.15%	9.14%	8.73%	9.20%	9.67%	9.08%
Effect of goodwill	0.31%	0.43%	0.45%	0.44%	0.41%	0.43%	0.40%	0.33%
Return on average tangible common equity	<u>6.38%</u>	<u>8.98%</u>	<u>9.60%</u>	<u>9.58%</u>	<u>9.14%</u>	<u>9.63%</u>	<u>10.07%</u>	<u>9.41%</u>

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	3Q16
Net income - GAAP	\$ 3,098
Adjustments:	
Commercial and industrial loan charge-off ¹	722
Net income - adjusted	<u>\$ 3,820</u>
Net charge-offs (recoveries) - GAAP	\$ 1,659
Adjustments:	
Commercial and industrial loan charge-off	1,582
Net charge-offs (recoveries) - adjusted	<u>\$ 77</u>
Diluted earnings per share - GAAP	\$ 0.55
Effect of commercial and industrial loan charge-off ²	0.13
Diluted earnings per share - adjusted	<u>\$ 0.68</u>
Net charge-offs (recoveries) to average loans - GAAP	0.57%
Effect of commercial and industrial loan charge-off	(0.54%)
Net charge-offs (recoveries) to average loans - adjusted	<u>0.03%</u>
Return on average assets - GAAP	0.71%
Effect of commercial and industrial loan charge-off ²	0.17%
Return on average assets - adjusted	<u>0.88%</u>
Return on average shareholders' equity - GAAP	9.08%
Effect of commercial and industrial loan charge-off ²	2.12%
Return on average shareholders' equity - adjusted	<u>11.20%</u>
Return on average tangible common equity	9.41%
Effect of commercial and industrial loan charge-off ²	2.19%
Return on average tangible common equity - adjusted	<u>11.60%</u>

¹ Represents the full commercial and industrial loan charge-off of \$1,582 less the associated specific allowance of \$472 and assuming a tax rate of 35% applied

² Assuming a tax rate of 35% applied

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Investor Presentation
Third Quarter 2016**

