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## Section 1: 8-K (8-K)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): October 24, 2018

First Internet Bancorp

(Exact Name of Registrant as Specified in Its Charter)

Indiana

(State or Other Jurisdiction of Incorporation)

001-35750

(Commission File Number)

20-3489991

(IRS Employer Identification No.)

11201 USA Parkway  
Fishers, Indiana

(Address of Principal Executive Offices)

46037

(Zip Code)

(317) 532-7900

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying

with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition**

On October 24, 2018, First Internet Bancorp issued a press release announcing financial results for the quarter ended September 30, 2018. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits**

| <b>Number</b>        | <b>Description</b>                                   | <b>Method of filing</b> |
|----------------------|--|-------------------------|
| <a href="#">99.1</a> | <a href="#">Press release dated October 24, 2018</a> | Furnished herewith      |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 24, 2018

FIRST INTERNET BANCORP

By: /s/ Kenneth J. Lovik

Kenneth J. Lovik, Executive Vice President & Chief Financial Officer

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## Section 2: EX-99.1 (EXHIBIT 99.1)



### First Internet Bancorp Reports Third Quarter 2018 Results

Highlights for the third quarter include:

- **Net income of \$6.3 million, an increase of 28.5% from the third quarter of 2017**
- **Diluted earnings per share of \$0.61**
- **Total loans increased \$625 million from September 30, 2017, or 33.5%, and \$120 million from June 30, 2018, or 20.1% annualized**
- **Net interest income of \$16.0 million, an increase of 12.5% from the third quarter of 2017 and 3.3% from the second quarter of 2018**

**Fishers, Indiana, October 24, 2018** - First Internet Bancorp (the "Company") (Nasdaq: INBK), the parent company of First Internet Bank (the "Bank"), announced today financial and operational results for the third quarter of 2018. Net income for the third quarter of 2018 was \$6.3 million, or \$0.61 diluted earnings per share. This compares to net income of \$6.0 million, or \$0.67 diluted earnings per share, for the second quarter of 2018, and net income of \$4.9 million, or \$0.71 diluted earnings per share, for the third quarter of 2017.

David Becker, Chairman, President and Chief Executive Officer, commented, "We are pleased with our results in the third quarter, driven by solid loan growth, excellent credit quality and well-managed expenses. We continue to take a disciplined approach to capital deployment and execute on our lending strategies, including our specialized areas of focus in public finance, healthcare and single tenant lease financing.

"Looking to the fourth quarter and into 2019, we see tremendous potential in our current business lines, and we continue to explore new opportunities to diversify our revenue channels," Becker added. "Our entrepreneurial culture provides us a competitive advantage in attracting and retaining top talent - and that is key to our ongoing growth and success."

#### Net Interest Income and Net Interest Margin

Net interest income for the third quarter of 2018 was \$16.0 million, an increase of 3.3% from \$15.5 million for the second quarter of 2018. On a fully-taxable equivalent basis, net interest income for the third quarter was \$17.3 million, an increase of 4.2% from \$16.6 million for the second quarter. Relative to the third quarter of 2017, net interest income

increased 12.5% from \$14.2 million, and on a fully-taxable equivalent basis, increased 12.0% from \$15.5 million.

Total interest income for the third quarter of 2018 was \$30.2 million, an increase of 10.2% compared to the second quarter of 2018, and an increase of 33.2% compared to the third quarter of 2017. On a fully-taxable equivalent basis, total interest income for the third quarter was \$31.6 million, an increase of 10.5% compared to the second quarter, and an increase of 31.7% compared to the third quarter of 2017. The increase in total interest income compared to the second quarter of 2018 was driven primarily by a \$221.4 million increase in average interest-earning assets, combined with the effect of a 5 basis point increase in the yield earned on these assets.

Total interest expense for the third quarter of 2018 was \$14.3 million, an increase of 19.2% compared to the second quarter of 2018, and an increase of 67.6% compared to the third quarter of 2017. The increase in total interest expense compared to the second quarter of 2018 was driven primarily by a \$231.4 million increase in average interest-bearing deposit balances, combined with the effect of a 22 basis point increase in the cost of funds related to those deposits. The increase in deposit costs was partially offset by lower interest expenses related to advances from the Federal Home Loan Bank and subordinated debt.

Net interest margin ("NIM") was 2.06% for the third quarter of 2018 compared to 2.17% for the second quarter of 2018 and 2.31% for the third quarter of 2017. On a fully-taxable equivalent basis, NIM decreased 10 basis points to 2.23% for the third quarter of 2018 from 2.33% for the second quarter of 2018 and was down from 2.52% for the third quarter of 2017. The decline in NIM was primarily due to the higher cost of funds during the quarter, partially offset by the higher yield on interest-earning assets as mentioned above.

### **Noninterest Income**

Noninterest income for the third quarter of 2018 was \$2.0 million compared to \$2.2 million for the second quarter of 2018 and \$3.1 million for the third quarter of 2017. The decrease of \$0.2 million from the second quarter was primarily due to a decrease in revenue from mortgage banking activities as mandatory pipeline volumes were down compared to the second quarter of 2018.

### **Noninterest Expense**

Noninterest expense for the third quarter of 2018 was \$10.0 million, compared to \$10.2 million for the second quarter of 2018 and \$9.4 million for the third quarter of 2017. The decline from the second quarter was primarily due to lower salaries and employee benefits and other expenses. The decrease in salaries and employee benefits was driven by lower incentive compensation and medical claims experience. The decrease in other expenses was due mainly to lower costs related to other real estate owned properties.

### **Income Taxes**

Income tax expense was \$0.7 million for the third quarter of 2018, resulting in an effective tax rate of 10.6%, compared to \$0.8 million and an effective tax rate of 11.5% for the second quarter of 2018 and \$1.7 million and an effective tax rate of 25.7% for the third quarter of 2017. Income taxes continued to be positively impacted by the continued growth in the public finance portfolio, which increased the proportion of tax-exempt income relative to overall total pre-tax income.

### **Loans and Credit Quality**

Total loans as of September 30, 2018 were \$2.5 billion, an increase of \$119.6 million, or 5.0%, compared to June 30, 2018 and \$625.1 million, or 33.5%, compared to September 30, 2017. Total commercial loan balances were \$1.8 billion as of September 30, 2018, an increase of \$84.4 million, or 4.8%, compared to June 30, 2018 and \$504.6 million, or 38.2%, compared to September 30, 2017. The growth in commercial loan balances was driven largely by production in public finance, healthcare finance and single tenant lease financing.

Total consumer loan balances were \$661.9 million as of September 30, 2018, an increase of \$35.7 million, or 5.7%, compared to June 30, 2018 and \$118.3 million, or 21.8%, compared to September 30, 2017. The growth in consumer loan balances was primarily driven by increased draw-downs on residential construction loans and production in portfolio residential mortgages, trailers and recreational vehicles.

Credit quality remained solid as total delinquencies 30 days or more past due were 0.02% of total loans as of September 30, 2018, down from 0.03% as of June 30, 2018 and down from 0.05% as of September 30, 2017. Nonperforming loans to total loans was 0.01% as of September 30, 2018, flat from June 30, 2018 and down from 0.14% as of September 30, 2017.

The allowance for loan losses as a percentage of total loans was 0.67% as of September 30, 2018, compared to 0.68% as of June 30, 2018 and 0.75% as of September 30, 2017. The decline in the allowance as a percentage of total loans was primarily due to the continued growth in the public finance portfolio, as well as growth in the residential mortgage portfolio, as these loan categories generally have lower loss reserve factors than other loan types.

Net charge-offs of \$0.2 million were recognized during the third quarter of 2018, resulting in net charge-offs to average loans of 0.04%, compared to 0.03% for the second quarter and 0.10% for the third quarter of 2017. The provision for loan losses in the third quarter was \$0.9 million, compared to \$0.7 million for the second quarter and \$1.3 million for the third quarter of 2017. The increase in the provision for loan losses compared to the second quarter of 2018 was driven by the loan growth discussed above as well as slightly higher net charge-offs.

### Balance Sheet Management

To increase asset sensitivity and reduce long term interest rate risk, the Company maintained its asset hedging strategy that was initiated in the fourth quarter of 2017. As of September 30, 2018, the Company had \$338.2 million of notional value pay fixed / receive variable interest rate swaps in place to hedge public finance loans, representing 55.4% of total public finance loan balances outstanding. Additionally, the Company had \$88.2 million of notional value pay fixed / receive variable interest rate swaps in place to hedge fixed rate investment securities, resulting in \$426.4 million of notional value interest rate swaps in place at the end of the third quarter of 2018 to effectively convert long term fixed rate assets to variable rate and mitigate the impact of higher short term interest rates on deposit and funding costs.

The Company also maintained its liability hedging strategy using pay fixed / receive variable interest rate swaps, extending the duration of certain funding sources to lessen the impact of future short term interest and deposit rate increases. Short term FHLB advances and brokered variable rate money market deposits were previously converted to longer term fixed rates using interest rate swaps with a total notional value of \$130.0 million, of which \$60.0 million were forward starting swaps that became effective on October 1, 2018. Similar to the asset hedging strategy, these swaps are intended to improve asset sensitivity and reduce long term interest rate risk.

### Capital

As of September 30, 2018, total shareholders' equity was \$287.7 million, increasing \$5.7 million, or 2.0%, compared to June 30, 2018 primarily due to the net income earned during the quarter. Tangible book value per share increased to \$27.80 as of September 30, 2018 from \$27.25 as of June 30, 2018 and \$25.70 as of September 30, 2017.

The following table presents the Company's and the Banks's regulatory and other capital ratios as of September 30, 2018.

|  | As of September 30, 2018 |        |
|--|--------------------------|--------|
|  | Company                  | Bank   |
| Total shareholders' equity to assets <sup>1</sup>      | 8.98%                    | 8.02%  |
| Tangible common equity to tangible assets <sup>1</sup> | 8.85%                    | 7.88%  |
| Tier 1 leverage ratio <sup>2</sup>                     | 9.40%                    | 8.42%  |
| Common equity tier 1 capital ratio <sup>2</sup>        | 13.14%                   | 11.78% |
| Tier 1 capital ratio <sup>2</sup>                      | 13.14%                   | 11.78% |
| Total risk-based capital ratio <sup>2</sup>            | 15.38%                   | 12.52% |

<sup>1</sup> This information represents a non-GAAP financial measure. For a discussion of non-GAAP financial measures, see the section below entitled "Non-GAAP Financial Measures."

<sup>2</sup> Regulatory capital ratios are preliminary pending filing of the Company's and the Bank's regulatory reports.

## Conference Call and Webcast

The Company will host a conference call and webcast at 12:00 p.m. Eastern Time on Thursday, October 25, 2018 to discuss its quarterly financial results. The call can be accessed via telephone at (888) 317-6016. A recorded replay can be accessed through November 25, 2018 by dialing (877) 344-7529; passcode: 10125208.

Additionally, interested parties can listen to a live webcast of the call on Company's website at [www.firstinternetbancorp.com](http://www.firstinternetbancorp.com). An archived version of the webcast will be available in the same location shortly after the live call has ended.

## About First Internet Bancorp

First Internet Bancorp is a bank holding company with assets of \$3.2 billion as of September 30, 2018. The Company's subsidiary, First Internet Bank, opened for business in 1999 as an industry pioneer in the branchless delivery of banking services. The Bank now provides consumer and small business deposit, consumer loan, residential mortgage, and specialty finance services nationally as well as commercial real estate loans, commercial and industrial loans and treasury management services in select geographies. First Internet Bancorp's common stock trades on the Nasdaq Global Select Market under the symbol "INBK" and is a component of the Russell 2000® Index. Additional information about the Company is available at [www.firstinternetbancorp.com](http://www.firstinternetbancorp.com) and additional information about the Bank, including its products and services, is available at [www.firstib.com](http://www.firstib.com).

## Forward-Looking Statements

This press release may contain forward-looking statements with respect to the financial condition, results of operations, trends in lending policies, 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 or breaches of or interruptions in the communications and information systems on which we rely to conduct our business; failure of our plans to grow our commercial real estate, commercial and industrial, public finance and healthcare finance 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 U.S. Securities and Exchange Commission. All statements in this press release, 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 press release 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, tangible common equity to tangible assets, return on average tangible common equity, total interest income - FTE, net interest income - FTE and net interest margin - FTE are used by the Company's management to measure the strength of its capital and analyze profitability, including its ability to generate earnings on tangible capital invested by its shareholders. Although management believes these non-GAAP measures are useful to investors by providing 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 release under the caption "Reconciliation of Non-GAAP Financial Measures."



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## First Internet Bancorp

### Summary Financial Information (unaudited)

Amounts in thousands, except per share data

|   | Three Months Ended |               |                    | Nine Months Ended  |                    |
|---|--------------------|---------------|--------------------|--------------------|--------------------|
|   | September 30, 2018 | June 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| <b>Net income</b>                         | \$ 6,288           | \$ 6,008      | \$ 4,895           | \$ 18,324          | \$ 11,728          |
| <b>Per share and share information</b>    |                    |               |                    |                    |                    |
| Earnings per share - basic                | \$ 0.61            | \$ 0.67       | \$ 0.72            | \$ 1.99            | \$ 1.76            |
| Earnings per share - diluted              | 0.61               | 0.67          | 0.71               | 1.98               | 1.75               |
| Dividends declared per share              | 0.06               | 0.06          | 0.06               | 0.18               | 0.18               |
| Book value per common share               | 28.26              | 27.71         | 26.26              | 28.26              | 26.26              |
| Tangible book value per common share      | 27.80              | 27.25         | 25.70              | 27.80              | 25.70              |
| Common shares outstanding                 | 10,181,675         | 10,181,675    | 8,411,077          | 10,181,675         | 8,411,077          |
| Average common shares outstanding:        |                    |               |                    |                    |                    |
| Basic                                     | 10,261,967         | 8,909,913     | 6,834,011          | 9,230,149          | 6,656,160          |
| Diluted                                   | 10,273,766         | 8,919,460     | 6,854,614          | 9,250,839          | 6,683,379          |
| <b>Performance ratios</b>                 |                    |               |                    |                    |                    |
| Return on average assets                  | 0.79%              | 0.82%         | 0.78%              | 0.83%              | 0.71%              |
| Return on average shareholders' equity    | 8.75%              | 10.11%        | 11.20%             | 9.83%              | 9.61%              |
| Return on average tangible common equity  | 8.89%              | 10.31%        | 11.51%             | 10.02%             | 9.89%              |
| Net interest margin                       | 2.06%              | 2.17%         | 2.31%              | 2.16%              | 2.41%              |
| Net interest margin - FTE <sup>1</sup>    | 2.23%              | 2.33%         | 2.52%              | 2.32%              | 2.57%              |
| <b>Capital ratios <sup>2</sup></b>        |                    |               |                    |                    |                    |
| Total shareholders' equity to assets      | 8.98%              | 9.05%         | 8.39%              | 8.98%              | 8.39%              |
| Tangible common equity to tangible assets | 8.85%              | 8.92%         | 8.22%              | 8.85%              | 8.22%              |
| Tier 1 leverage ratio                     | 9.40%              | 9.93%         | 8.86%              | 9.40%              | 8.86%              |
| Common equity tier 1 capital ratio        | 13.14%             | 13.54%        | 11.93%             | 13.14%             | 11.93%             |
| Tier 1 capital ratio                      | 13.14%             | 13.54%        | 11.93%             | 13.14%             | 11.93%             |
| Total risk-based capital ratio            | 15.38%             | 15.85%        | 14.67%             | 15.38%             | 14.67%             |
| <b>Asset quality</b>                      |                    |               |                    |                    |                    |
| Nonperforming loans                       | \$ 256             | \$ 285        | \$ 2,662           | \$ 256             | \$ 2,662           |
| Nonperforming assets                      | 5,304              | 5,335         | 7,855              | 5,304              | 7,855              |
| Nonperforming loans to loans              | 0.01%              | 0.01%         | 0.14%              | 0.01%              | 0.14%              |
| Nonperforming assets to total assets      | 0.17%              | 0.17%         | 0.30%              | 0.17%              | 0.30%              |
| Allowance for loan losses to:             |                    |               |                    |                    |                    |
| Loans                                     | 0.67%              | 0.68%         | 0.75%              | 0.67%              | 0.75%              |
| Nonperforming loans                       | 6,525.0%           | 5,632.6%      | 529.2%             | 6,525.0%           | 529.2%             |
| Net charge-offs to average loans          | 0.04%              | 0.03%         | 0.10%              | 0.04%              | 0.05%              |
| <b>Average balance sheet information</b>  |                    |               |                    |                    |                    |
| Loans                                     | \$ 2,440,982       | \$ 2,278,415  | \$ 1,795,118       | \$ 2,292,472       | \$ 1,557,620       |
| Total securities                          | 483,900            | 480,713       | 507,873            | 483,257            | 494,632            |
| Other earning assets                      | 131,306            | 79,346        | 108,547            | 105,210            | 74,208             |
| Total interest-earning assets             | 3,077,415          | 2,856,029     | 2,434,799          | 2,899,841          | 2,146,366          |
| Total assets                              | 3,148,230          | 2,921,540     | 2,492,751          | 2,965,709          | 2,199,864          |
| Noninterest-bearing deposits              | 44,921             | 44,524        | 35,094             | 44,477             | 33,164             |
| Interest-bearing deposits                 | 2,368,472          | 2,137,045     | 1,839,943          | 2,204,501          | 1,629,421          |
| Total deposits                            | 2,413,393          | 2,181,569     | 1,875,037          | 2,248,978          | 1,662,585          |
| Shareholders' equity                      | 285,207            | 238,465       | 173,459            | 249,162            | 163,230            |

<sup>1</sup> On a fully-taxable equivalent ("FTE") basis assuming a 21% tax rate in 2018 and a 35% tax rate in 2017

<sup>2</sup> Regulatory capital ratios are preliminary pending filing of the Company's regulatory reports



**First Internet Bancorp**  
**Condensed Consolidated Balance Sheets (unaudited)**

Amounts in thousands

|   | September 30,<br>2018 | June 30,<br>2018    | September 30,<br>2017 |
|---|-----------------------|---------------------|-----------------------|
| <b>Assets</b>                                     |                       |                     |                       |
| Cash and due from banks                           | \$ 3,517              | \$ 3,694            | \$ 4,509              |
| Interest-bearing deposits                         | 82,273                | 138,666             | 121,195               |
| Securities available-for-sale, at fair value      | 468,997               | 460,822             | 492,468               |
| Securities held-to-maturity, at amortized cost    | 20,200                | 19,203              | 19,212                |
| Loans held-for-sale                               | 23,493                | 20,672              | 45,487                |
| Loans   | 2,493,622             | 2,374,035           | 1,868,487             |
| Allowance for loan losses                         | (16,704)              | (16,053)            | (14,087)              |
| Net loans   | 2,476,918             | 2,357,982           | 1,854,400             |
| Accrued interest receivable                       | 14,472                | 14,540              | 9,366                 |
| Federal Home Loan Bank of Indianapolis stock      | 22,050                | 22,050              | 19,575                |
| Cash surrender value of bank-owned life insurance | 35,819                | 35,579              | 34,856                |
| Premises and equipment, net                       | 20,207                | 10,169              | 9,739                 |
| Goodwill  | 4,687                 | 4,687               | 4,687                 |
| Other real estate owned                           | 5,041                 | 5,041               | 5,136                 |
| Accrued income and other assets                   | 25,244                | 22,668              | 12,792                |
| <b>Total assets</b>                               | <b>\$ 3,202,918</b>   | <b>\$ 3,115,773</b> | <b>\$ 2,633,422</b>   |
| <b>Liabilities</b>                                |                       |                     |                       |
| Noninterest-bearing deposits                      | \$ 42,750             | \$ 44,671           | \$ 33,734             |
| Interest-bearing deposits                         | 2,403,814             | 2,349,613           | 1,963,294             |
| Total deposits                                    | 2,446,564             | 2,394,284           | 1,997,028             |
| Advances from Federal Home Loan Bank              | 425,160               | 390,167             | 365,180               |
| Subordinated debt                                 | 33,837                | 33,800              | 36,689                |
| Accrued interest payable                          | 887                   | 435                 | 237                   |
| Accrued expenses and other liabilities            | 8,730                 | 15,000              | 13,421                |
| <b>Total liabilities</b>                          | <b>2,915,178</b>      | <b>2,833,686</b>    | <b>2,412,555</b>      |
| <b>Shareholders' equity</b>                       |                       |                     |                       |
| Voting common stock                               | 227,454               | 227,099             | 171,783               |
| Retained earnings                                 | 74,733                | 69,066              | 54,119                |
| Accumulated other comprehensive loss              | (14,447)              | (14,078)            | (5,035)               |
| <b>Total shareholders' equity</b>                 | <b>287,740</b>        | <b>282,087</b>      | <b>220,867</b>        |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 3,202,918</b>   | <b>\$ 3,115,773</b> | <b>\$ 2,633,422</b>   |

**First Internet Bancorp**
**Condensed Consolidated Statements of Income (unaudited)**
*Amounts in thousands, except per share data*

|   | Three Months Ended    |                  |                       | Nine Months Ended     |                       |
|---|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|   | September 30,<br>2018 | June 30,<br>2018 | September 30,<br>2017 | September 30,<br>2018 | September 30,<br>2017 |
| <b>Interest income</b>                              |                       |                  |                       |                       |                       |
| Loans   | \$ 26,019             | \$ 23,699        | \$ 18,922             | \$ 71,833             | \$ 49,494             |
| Securities - taxable                                | 2,659                 | 2,556            | 2,582                 | 7,703                 | 7,515                 |
| Securities - non-taxable                            | 698                   | 700              | 697                   | 2,109                 | 2,090                 |
| Other earning assets                                | 847                   | 461              | 493                   | 1,973                 | 960                   |
| Total interest income                               | 30,223                | 27,416           | 22,694                | 83,618                | 60,059                |
| <b>Interest expense</b>                             |                       |                  |                       |                       |                       |
| Deposits  | 11,650                | 9,226            | 6,594                 | 29,146                | 16,617                |
| Other borrowed funds                                | 2,603                 | 2,729            | 1,909                 | 7,626                 | 4,820                 |
| Total interest expense                              | 14,253                | 11,955           | 8,503                 | 36,772                | 21,437                |
| Net interest income                                 | 15,970                | 15,461           | 14,191                | 46,846                | 38,622                |
| <b>Provision for loan losses</b>                    | 888                   | 667              | 1,336                 | 2,405                 | 3,693                 |
| Net interest income after provision for loan losses | 15,082                | 14,794           | 12,855                | 44,441                | 34,929                |
| <b>Noninterest income</b>                           |                       |                  |                       |                       |                       |
| Service charges and fees                            | 236                   | 231              | 226                   | 697                   | 657                   |
| Mortgage banking activities                         | 1,402                 | 1,597            | 2,535                 | 4,577                 | 6,306                 |
| Gain on sale of loans                               | —                     | —                | —                     | 414                   | —                     |
| Other   | 356                   | 349              | 374                   | 1,025                 | 1,039                 |
| Total noninterest income                            | 1,994                 | 2,177            | 3,135                 | 6,713                 | 8,002                 |
| <b>Noninterest expense</b>                          |                       |                  |                       |                       |                       |
| Salaries and employee benefits                      | 5,704                 | 5,827            | 5,197                 | 17,436                | 15,463                |
| Marketing, advertising and promotion                | 601                   | 608              | 741                   | 1,925                 | 1,803                 |
| Consulting and professional fees                    | 709                   | 633              | 897                   | 2,193                 | 2,474                 |
| Data processing                                     | 368                   | 282              | 247                   | 913                   | 729                   |
| Loan expenses                                       | 241                   | 260              | 262                   | 738                   | 724                   |
| Premises and equipment                              | 1,244                 | 1,231            | 1,080                 | 3,689                 | 3,058                 |
| Deposit insurance premium                           | 441                   | 480              | 375                   | 1,386                 | 990                   |
| Other   | 737                   | 861              | 602                   | 2,164                 | 1,781                 |
| Total noninterest expense                           | 10,045                | 10,182           | 9,401                 | 30,444                | 27,022                |
| <b>Income before income taxes</b>                   | 7,031                 | 6,789            | 6,589                 | 20,710                | 15,909                |
| <b>Income tax provision</b>                         | 743                   | 781              | 1,694                 | 2,386                 | 4,181                 |
| <b>Net income</b>                                   | \$ 6,288              | \$ 6,008         | \$ 4,895              | \$ 18,324             | \$ 11,728             |
| <b>Per common share data</b>                        |                       |                  |                       |                       |                       |
| Earnings per share - basic                          | \$ 0.61               | \$ 0.67          | \$ 0.72               | \$ 1.99               | \$ 1.76               |
| Earnings per share - diluted                        | \$ 0.61               | \$ 0.67          | \$ 0.71               | \$ 1.98               | \$ 1.75               |
| Dividends declared per share                        | \$ 0.06               | \$ 0.06          | \$ 0.06               | \$ 0.18               | \$ 0.18               |

All periods presented have been reclassified to conform to the current period classification

**First Internet Bancorp**  
**Average Balances and Rates**  
**(unaudited)**

Amounts in thousands

|   | Three Months Ended |                      |              |                    |                      |              |                    |                      |              |
|---|--------------------|----------------------|--------------|--------------------|----------------------|--------------|--------------------|----------------------|--------------|
|   | September 30, 2018 |                      |              | June 30, 2018      |                      |              | September 30, 2017 |                      |              |
|   | Average Balance    | Interest / Dividends | Yield / Cost | Average Balance    | Interest / Dividends | Yield / Cost | Average Balance    | Interest / Dividends | Yield / Cost |
| <b>Assets</b>                                     |                    |                      |              |                    |                      |              |                    |                      |              |
| Interest-earning assets                           |                    |                      |              |                    |                      |              |                    |                      |              |
| Loans, including loans held-for-sale <sup>1</sup> | \$2,462,209        | \$ 26,019            | 4.19%        | \$2,295,970        | \$ 23,699            | 4.14%        | \$1,818,379        | \$ 18,922            | 4.13%        |
| Securities - taxable                              | 389,880            | 2,659                | 2.71%        | 386,207            | 2,556                | 2.65%        | 410,630            | 2,582                | 2.49%        |
| Securities - non-taxable                          | 94,020             | 698                  | 2.95%        | 94,506             | 700                  | 2.97%        | 97,243             | 697                  | 2.84%        |
| Other earning assets                              | 131,306            | 847                  | 2.56%        | 79,346             | 461                  | 2.33%        | 108,547            | 493                  | 1.80%        |
| Total interest-earning assets                     | 3,077,415          | 30,223               | 3.90%        | 2,856,029          | 27,416               | 3.85%        | 2,434,799          | 22,694               | 3.70%        |
| Allowance for loan losses                         | (16,312)           |                      |              | (15,782)           |                      |              | (13,657)           |                      |              |
| Noninterest-earning assets                        | 87,127             |                      |              | 81,293             |                      |              | 71,609             |                      |              |
| Total assets                                      | <u>\$3,148,230</u> |                      |              | <u>\$2,921,540</u> |                      |              | <u>\$2,492,751</u> |                      |              |
| <b>Liabilities</b>                                |                    |                      |              |                    |                      |              |                    |                      |              |
| Interest-bearing liabilities                      |                    |                      |              |                    |                      |              |                    |                      |              |
| Interest-bearing demand deposits                  | \$ 87,102          | \$ 133               | 0.61%        | \$ 93,599          | \$ 145               | 0.62%        | \$ 88,633          | \$ 122               | 0.55%        |
| Savings accounts                                  | 51,557             | 147                  | 1.13%        | 55,273             | 158                  | 1.15%        | 42,308             | 97                   | 0.91%        |
| Money market accounts                             | 527,715            | 2,206                | 1.66%        | 571,398            | 2,130                | 1.50%        | 440,293            | 1,187                | 1.07%        |
| Certificates and brokered deposits                | 1,702,098          | 9,164                | 2.14%        | 1,416,775          | 6,793                | 1.92%        | 1,268,709          | 5,188                | 1.62%        |
| Total interest-bearing deposits                   | 2,368,472          | 11,650               | 1.95%        | 2,137,045          | 9,226                | 1.73%        | 1,839,943          | 6,594                | 1.42%        |
| Other borrowed funds                              | 439,412            | 2,603                | 2.35%        | 492,068            | 2,729                | 2.22%        | 431,738            | 1,909                | 1.75%        |
| Total interest-bearing liabilities                | 2,807,884          | 14,253               | 2.01%        | 2,629,113          | 11,955               | 1.82%        | 2,271,681          | 8,503                | 1.49%        |
| Noninterest-bearing deposits                      | 44,921             |                      |              | 44,524             |                      |              | 35,094             |                      |              |
| Other noninterest-bearing liabilities             | 10,218             |                      |              | 9,438              |                      |              | 12,517             |                      |              |
| Total liabilities                                 | 2,863,023          |                      |              | 2,683,075          |                      |              | 2,319,292          |                      |              |
| Shareholders' equity                              | 285,207            |                      |              | 238,465            |                      |              | 173,459            |                      |              |
| Total liabilities and shareholders' equity        | <u>\$3,148,230</u> |                      |              | <u>\$2,921,540</u> |                      |              | <u>\$2,492,751</u> |                      |              |
| Net interest income                               |                    | <u>\$ 15,970</u>     |              |                    | <u>\$ 15,461</u>     |              |                    | <u>\$ 14,191</u>     |              |
| Interest rate spread                              |                    |                      | 1.89%        |                    |                      | 2.03%        |                    |                      | 2.21%        |
| Net interest margin                               |                    |                      | 2.06%        |                    |                      | 2.17%        |                    |                      | 2.31%        |
| Net interest margin - FTE <sup>2</sup>            |                    |                      | 2.23%        |                    |                      | 2.33%        |                    |                      | 2.52%        |

<sup>1</sup> Includes nonaccrual loans

<sup>2</sup> On a fully-taxable equivalent ("FTE") basis assuming a 21% tax rate in 2018 and a 35% tax rate in 2017

**First Internet Bancorp**  
**Average Balances and Rates**  
**(unaudited)**

Amounts in thousands

|   | Nine Months Ended   |                      |              |                     |                      |              |
|---|---------------------|----------------------|--------------|---------------------|----------------------|--------------|
|   | September 30, 2018  |                      |              | September 30, 2017  |                      |              |
|   | Average Balance     | Interest / Dividends | Yield / Cost | Average Balance     | Interest / Dividends | Yield / Cost |
| <b>Assets</b>                                     |                     |                      |              |                     |                      |              |
| Interest-earning assets                           |                     |                      |              |                     |                      |              |
| Loans, including loans held-for-sale <sup>1</sup> | \$ 2,311,374        | \$ 71,833            | 4.16%        | \$ 1,577,526        | \$ 49,494            | 4.19%        |
| Securities - taxable                              | 388,513             | 7,703                | 2.65%        | 399,284             | 7,515                | 2.52%        |
| Securities - non-taxable                          | 94,744              | 2,109                | 2.98%        | 95,348              | 2,090                | 2.93%        |
| Other earning assets                              | 105,210             | 1,973                | 2.51%        | 74,208              | 960                  | 1.73%        |
| Total interest-earning assets                     | 2,899,841           | 83,618               | 3.86%        | 2,146,366           | 60,059               | 3.74%        |
| Allowance for loan losses                         | (15,770)            |                      |              | (12,451)            |                      |              |
| Noninterest-earning assets                        | 81,638              |                      |              | 65,949              |                      |              |
| Total assets                                      | <u>\$ 2,965,709</u> |                      |              | <u>\$ 2,199,864</u> |                      |              |
| <b>Liabilities</b>                                |                     |                      |              |                     |                      |              |
| Interest-bearing liabilities                      |                     |                      |              |                     |                      |              |
| Interest-bearing demand deposits                  | \$ 90,564           | \$ 401               | 0.59%        | \$ 89,869           | \$ 368               | 0.55%        |
| Savings accounts                                  | 54,245              | 462                  | 1.14%        | 35,113              | 210                  | 0.80%        |
| Money market accounts                             | 553,692             | 6,228                | 1.50%        | 394,581             | 2,799                | 0.95%        |
| Certificates and brokered deposits                | 1,506,000           | 22,055               | 1.96%        | 1,109,858           | 13,240               | 1.59%        |
| Total interest-bearing deposits                   | 2,204,501           | 29,146               | 1.77%        | 1,629,421           | 16,617               | 1.36%        |
| Other borrowed funds                              | 457,807             | 7,626                | 2.23%        | 364,738             | 4,820                | 1.77%        |
| Total interest-bearing liabilities                | 2,662,308           | 36,772               | 1.85%        | 1,994,159           | 21,437               | 1.44%        |
| Noninterest-bearing deposits                      | 44,477              |                      |              | 33,164              |                      |              |
| Other noninterest-bearing liabilities             | 9,762               |                      |              | 9,311               |                      |              |
| Total liabilities                                 | 2,716,547           |                      |              | 2,036,634           |                      |              |
| Shareholders' equity                              | 249,162             |                      |              | 163,230             |                      |              |
| <b>Total liabilities and shareholders' equity</b> | <u>\$ 2,965,709</u> |                      |              | <u>\$ 2,199,864</u> |                      |              |
| Net interest income                               |                     | <u>\$ 46,846</u>     |              |                     | <u>\$ 38,622</u>     |              |
| Interest rate spread                              |                     |                      | 2.01%        |                     |                      | 2.30%        |
| Net interest margin                               |                     |                      | 2.16%        |                     |                      | 2.41%        |
| Net interest margin - FTE <sup>2</sup>            |                     |                      | 2.32%        |                     |                      | 2.57%        |

<sup>1</sup> Includes nonaccrual loans

<sup>2</sup> On a fully-taxable equivalent ("FTE") basis assuming a 21% tax rate in 2018 and a 35% tax rate in 2017

**First Internet Bancorp**  
**Loans and Deposits (unaudited)**

Amounts in thousands

|  | September 30, 2018  |               | June 30, 2018       |               | September 30, 2017  |               |
|--|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|  | Amount              | Percent       | Amount              | Percent       | Amount              | Percent       |
| <b>Commercial loans</b>                        |                     |               |                     |               |                     |               |
| Commercial and industrial                      | \$ 105,489          | 4.2%          | \$ 107,394          | 4.5%          | \$ 122,587          | 6.5%          |
| Owner-occupied commercial real estate          | 93,568              | 3.8%          | 86,068              | 3.6%          | 75,986              | 4.1%          |
| Investor commercial real estate                | 5,595               | 0.2%          | 6,185               | 0.3%          | 7,430               | 0.4%          |
| Construction                                   | 38,228              | 1.5%          | 46,769              | 2.0%          | 50,367              | 2.7%          |
| Single tenant lease financing                  | 883,372             | 35.4%         | 863,981             | 36.4%         | 783,918             | 41.9%         |
| Public finance                                 | 610,858             | 24.5%         | 566,184             | 23.8%         | 269,347             | 14.4%         |
| Healthcare finance                             | 89,525              | 3.7%          | 65,605              | 2.8%          | 12,363              | 0.7%          |
| <b>Total commercial loans</b>                  | <b>1,826,635</b>    | <b>73.3%</b>  | <b>1,742,186</b>    | <b>73.4%</b>  | <b>1,321,998</b>    | <b>70.7%</b>  |
| <b>Consumer loans</b>                          |                     |               |                     |               |                     |               |
| Residential mortgage                           | 362,574             | 14.5%         | 337,143             | 14.2%         | 291,382             | 15.6%         |
| Home equity                                    | 28,713              | 1.2%          | 28,826              | 1.2%          | 31,236              | 1.7%          |
| Trailers                                       | 129,571             | 5.2%          | 120,957             | 5.1%          | 97,811              | 5.2%          |
| Recreational vehicles                          | 85,821              | 3.4%          | 79,946              | 3.4%          | 66,619              | 3.6%          |
| Other consumer loans                           | 55,175              | 2.2%          | 59,261              | 2.5%          | 56,490              | 3.0%          |
| <b>Total consumer loans</b>                    | <b>661,854</b>      | <b>26.5%</b>  | <b>626,133</b>      | <b>26.4%</b>  | <b>543,538</b>      | <b>29.1%</b>  |
| Net deferred loan fees, premiums and discounts | 5,133               | 0.2%          | 5,716               | 0.2%          | 2,951               | 0.2%          |
| <b>Total loans</b>                             | <b>\$ 2,493,622</b> | <b>100.0%</b> | <b>\$ 2,374,035</b> | <b>100.0%</b> | <b>\$ 1,868,487</b> | <b>100.0%</b> |

|                                  | September 30, 2018  |               | June 30, 2018       |               | September 30, 2017  |               |
|----------------------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|                                  | Amount              | Percent       | Amount              | Percent       | Amount              | Percent       |
| <b>Deposits</b>                  |                     |               |                     |               |                     |               |
| Noninterest-bearing deposits     | \$ 42,750           | 1.7%          | \$ 44,671           | 1.9%          | \$ 33,734           | 1.7%          |
| Interest-bearing demand deposits | 94,681              | 3.9%          | 91,748              | 3.8%          | 89,748              | 4.5%          |
| Savings accounts                 | 47,033              | 1.9%          | 48,897              | 2.1%          | 49,913              | 2.5%          |
| Money market accounts            | 478,548             | 19.6%         | 582,565             | 24.3%         | 499,160             | 25.0%         |
| Certificates of deposits         | 1,252,690           | 51.2%         | 1,231,438           | 51.4%         | 1,300,952           | 65.1%         |
| Brokered deposits <sup>1</sup>   | 530,862             | 21.7%         | 394,965             | 16.5%         | 23,521              | 1.2%          |
| <b>Total deposits</b>            | <b>\$ 2,446,564</b> | <b>100.0%</b> | <b>\$ 2,394,284</b> | <b>100.0%</b> | <b>\$ 1,997,028</b> | <b>100.0%</b> |

<sup>1</sup> As of March 31, 2018, \$116.3 million of public fund deposits originated through an investment advisor who manages fixed income portfolios for municipalities were reclassified from certificates of deposit to brokered deposits per regulatory guidance.



## First Internet Bancorp

### Reconciliation of Non-GAAP Financial Measures

Amounts in thousands, except per share data

|   | Three Months Ended    |                  |                       | Nine Months Ended     |                       |
|---|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|   | September 30,<br>2018 | June 30,<br>2018 | September 30,<br>2017 | September 30,<br>2018 | September 30,<br>2017 |
| Total equity - GAAP   | \$ 287,740            | \$ 282,087       | \$ 220,867            | \$ 287,740            | \$ 220,867            |
| Adjustments:  |                       |                  |                       |                       |                       |
| Goodwill  | (4,687)               | (4,687)          | (4,687)               | (4,687)               | (4,687)               |
| Tangible common equity                                      | \$ 283,053            | \$ 277,400       | \$ 216,180            | \$ 283,053            | \$ 216,180            |
| Total assets - GAAP   | \$ 3,202,918          | \$ 3,115,773     | \$ 2,633,422          | \$ 3,202,918          | \$ 2,633,422          |
| Adjustments:  |                       |                  |                       |                       |                       |
| Goodwill  | (4,687)               | (4,687)          | (4,687)               | (4,687)               | (4,687)               |
| Tangible assets   | \$ 3,198,231          | \$ 3,111,086     | \$ 2,628,735          | \$ 3,198,231          | \$ 2,628,735          |
| Common shares outstanding                                   | 10,181,675            | 10,181,675       | 8,411,077             | 10,181,675            | 8,411,077             |
| Book value per common share                                 | \$ 28.26              | \$ 27.71         | \$ 26.26              | \$ 28.26              | \$ 26.26              |
| Effect of goodwill  | (0.46)                | (0.46)           | (0.56)                | (0.46)                | (0.56)                |
| Tangible book value per common share                        | \$ 27.80              | \$ 27.25         | \$ 25.70              | \$ 27.80              | \$ 25.70              |
| Total shareholders' equity to assets ratio                  | 8.98 %                | 9.05 %           | 8.39 %                | 8.98 %                | 8.39 %                |
| Effect of goodwill  | (0.13%)               | (0.13%)          | (0.17%)               | (0.13)%               | (0.17)%               |
| Tangible common equity to tangible assets ratio             | 8.85 %                | 8.92 %           | 8.22 %                | 8.85 %                | 8.22 %                |
| Total average equity - GAAP                                 | \$ 285,207            | \$ 238,465       | \$ 173,459            | \$ 249,162            | \$ 163,230            |
| Adjustments:  |                       |                  |                       |                       |                       |
| Average goodwill  | (4,687)               | (4,687)          | (4,687)               | (4,687)               | (4,687)               |
| Average tangible common equity                              | \$ 280,520            | \$ 233,778       | \$ 168,772            | \$ 244,475            | \$ 158,543            |
| Return on average shareholders' equity                      | 8.75 %                | 10.11 %          | 11.20 %               | 9.83 %                | 9.61 %                |
| Effect of goodwill  | 0.14 %                | 0.20 %           | 0.31 %                | 0.19 %                | 0.28 %                |
| Return on average tangible common equity                    | 8.89 %                | 10.31 %          | 11.51 %               | 10.02 %               | 9.89 %                |
| Total interest income                                       | \$ 30,223             | \$ 27,416        | \$ 22,694             | \$ 83,618             | \$ 60,059             |
| Adjustments:  |                       |                  |                       |                       |                       |
| Fully-taxable equivalent adjustments <sup>1</sup>           | 1,351                 | 1,164            | 1,280                 | 3,533                 | 2,586                 |
| Total interest income - FTE                                 | \$ 31,574             | \$ 28,580        | \$ 23,974             | \$ 87,151             | \$ 62,645             |
| Net interest income   | \$ 15,970             | \$ 15,461        | \$ 14,191             | \$ 46,846             | \$ 38,622             |
| Adjustments:  |                       |                  |                       |                       |                       |
| Fully-taxable equivalent adjustments <sup>1</sup>           | 1,351                 | 1,164            | 1,280                 | 3,533                 | 2,586                 |
| Net interest income - FTE                                   | \$ 17,321             | \$ 16,625        | \$ 15,471             | \$ 50,379             | \$ 41,208             |
| Net interest margin   | 2.06 %                | 2.17 %           | 2.31 %                | 2.16 %                | 2.41 %                |
| Effect of fully-taxable equivalent adjustments <sup>1</sup> | 0.17 %                | 0.16 %           | 0.21 %                | 0.16 %                | 0.16 %                |
| Net interest margin - FTE                                   | 2.23 %                | 2.33 %           | 2.52 %                | 2.32 %                | 2.57 %                |

<sup>1</sup> Assuming a 21% tax rate in 2018 and a 35% tax rate in 2017

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