

First Internet Bancorp  
Form DEF 14A  
March 28, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

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☒ Definitive Proxy Statement

☐ Definitive Additional Materials

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**First Internet Bancorp**

(Name of Registrant as Specified In Its Charter)

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(3)

Filing Party:

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Date Filed:

March 28, 2016

Dear Fellow Shareholder:

It is my pleasure to invite you to attend the 2016 Annual Meeting of Shareholders of First Internet Bancorp on Monday, May 16, 2016 at 1:00 p.m. EDT, in the Rockefeller Conference Room located at 11201 USA Parkway, Fishers, Indiana 46037. At the meeting, shareholders will vote on the business items listed in the notice of the meeting, which follows on the next page.

We are furnishing our proxy materials to our shareholders primarily over the Internet. We believe that this e-proxy process will expedite shareholders' receipt of proxy materials, help keep our costs low and reduce the environmental impact of our annual meeting. On or about April 4, 2016, a Notice of Internet Availability of Proxy Materials will be mailed to our shareholders containing instructions on how to access our proxy statement and our 2015 Annual Report to Shareholders and how to vote online. The Notice of Internet Availability of Proxy Materials also contains instructions on how you can elect to receive a paper copy of the proxy statement, annual report and related materials.

**Whether or not you plan to attend the meeting, your vote is important and we encourage you to vote promptly.**

You may vote your shares via a toll-free telephone number or over the Internet. If you receive a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding available methods of voting are contained in the Notice of Internet Availability of Proxy Materials, the proxy statement and the proxy card. If you attend the meeting, you may vote in person.

Sincerely,

/s/ David B. Becker

David B. Becker  
Chairman, President  
and Chief Executive Officer

11201 USA Parkway

Fishers, Indiana 46037

(317) 532-7900

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 16, 2016

The 2016 Annual Meeting of Shareholders of First Internet Bancorp will be held in the Rockefeller Conference Room located at 11201 USA Parkway, Fishers, Indiana 46037, at 1:00 p.m. EDT on Monday, May 16, 2016, for the following purposes:

- To elect seven directors to serve until the next annual meeting of shareholders,
- To approve, in an advisory (non-binding) vote, the compensation paid to our named executive officers,
- To ratify the appointment of BKD, LLP as our independent registered public accounting firm for 2016, and
- To transact such other business as may properly come before the meeting or any adjournments thereof.

Only shareholders of record as of the close of business on March 22, 2016 are entitled to notice of and to vote at the annual meeting or any adjournments thereof. In the event there are not sufficient votes for approval of one or more of the above matters at the time of the annual meeting, the annual meeting may be adjourned in order to permit further solicitation of proxies.

Your vote is important, regardless of the number of shares you own. If you do not attend the meeting to vote in person, your vote will not be counted unless a proxy representing your shares is presented at the meeting. To ensure that your shares will be voted at the meeting, please vote in one of these ways:

Go to the website noted on your proxy card or the Notice of Internet Availability of Proxy Materials and vote via the Internet;

If you receive a printed copy of the proxy materials by mail, use the toll-free telephone number shown on your proxy card;

If you receive a printed copy of the proxy materials by mail, mark, sign, date and promptly return your proxy card in the envelope provided, which requires no additional postage if mailed in the U.S.; and

If you attend the meeting, you may revoke any previously-submitted proxy and vote by ballot.

By order of the Board of Directors,

/s/ C. Charles Perfetti

C. Charles Perfetti  
Secretary

Fishers, Indiana  
March 28, 2016

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11201 USA Parkway  
Fishers, Indiana 46037  
(317) 532-7900

Annual Meeting of Shareholders

May 16, 2016

## **PROXY STATEMENT**

This proxy statement and the accompanying form of proxy are being furnished to the holders of common stock of First Internet Bancorp (the “Company,” “First Internet,” “we,” “our,” or “us”) in connection with the solicitation of proxies by the Board of Directors (the “Board”) for the 2016 Annual Meeting of Shareholders to be held at 1:00 p.m. EDT on Monday, May 16, 2016, in the Rockefeller Conference Room located at 11201 USA Parkway, Fishers, Indiana 46037, and at any adjournments thereof. This proxy statement and the accompanying form of proxy, or a notice of internet availability, are being mailed to our shareholders on or about April 4, 2016.

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held May 16, 2016**

Copies of the notice of annual meeting of shareholders, this proxy statement and the annual report for the year ended December 31, 2015 are each available at [www.firstinternetbancorp.com](http://www.firstinternetbancorp.com).

## **QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

Why did shareholders receive a Notice of Internet Availability of Proxy Materials?

All of our shareholders will receive a Notice of Internet Availability of Proxy Materials (“Notice”) containing information on the availability of our proxy materials on the Internet, unless they previously requested a printed copy of the proxy materials. Shareholders will not receive a printed copy of our proxy materials unless they request the materials in the manner described in the Notice. The Notice explains how to access and review this proxy statement and our 2015 Annual Report to Shareholders, and how you may vote by proxy.

What is a proxy?

A proxy is your legal designation of another person to vote on your behalf. By voting over the Internet, by telephone or, if you receive a printed copy of the proxy materials, by completing and returning a proxy card, you are giving the persons named, David B. Becker and Kenneth J. Lovik, the authority to vote your shares in the manner you indicate.

Who is qualified to vote?

Shareholders of record as of the close of business on March 22, 2016 are entitled to vote at the annual meeting or any adjournments thereof. As of that date, we had 4,491,024 shares of our common stock outstanding, each of which is entitled to one vote for each director nominee and one vote on each other item of business properly brought before the meeting.

How many shares must be present to hold the meeting?

The presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at the annual meeting, or 2,245,513 shares, is necessary to constitute a quorum for the transaction of business.

What is the difference between a “shareholder of record” and a “street name” holder?

These terms describe how your shares are held. You are a “shareholder of record” if your shares are registered directly in your name with our transfer agent, Computershare. You are a “street name” holder if your shares are held in the name of a brokerage, bank, trust or other nominee as a custodian.

How do I vote my shares?

*If you are a “shareholder of record,”* you have several choices. You can vote your shares by proxy:

- over the Internet;
- by telephone; or
- if you receive a printed copy of the proxy card, by marking, signing, dating and mailing your proxy card.

You will need to have the Notice or, if you received a printed copy of the proxy materials, your proxy card, available when voting over the Internet or by telephone. Please refer to the specific instructions set forth on the Notice or proxy card. For security reasons, our electronic voting system has been designed to authenticate your identity as a shareholder. If you vote over the Internet or by telephone, you do not need to return a proxy card.

*If you hold your shares in “street name,”* your broker, bank, trustee or other nominee will provide you with materials and instructions for voting your shares.

Can I vote in person at the meeting?

*If you are a “shareholder of record,”* you may vote your shares in person at the meeting. *If you hold your shares in “street name,”* you must obtain a legal proxy from your broker, bank, trustee or other nominee, giving you the right to vote your shares at the meeting.

What do I need to do to attend the meeting and how do I vote my shares in person?

Proof of stock ownership and some form of government-issued photo identification (such as a valid driver’s license or passport) will be required for admission to the meeting. **Only shareholders who owned our common stock as of the close of business on March 22, 2016 are entitled to attend the meeting.**

*If you are a “shareholder of record”* as of March 22, 2016, you must bring some form of government-issued photo identification to be admitted to the meeting. You may vote your shares in person at the meeting by completing a ballot at the meeting.

*If your shares are held in “street name,”* you must bring some form of government-issued photo identification and must request a written legal proxy from your broker, bank, trustee or other nominee that holds your shares in order to vote your shares at the meeting. If you do not obtain a written legal proxy from your broker, bank, trustee or other nominee and bring it to the meeting, then you will not be entitled to vote your shares at the meeting, but you can still attend the meeting if you bring a recent bank or brokerage statement showing that you owned shares of common stock on March 22, 2016 and provide some form of government-issued photo identification.

Even if you currently plan to attend the meeting, we recommend that you vote by proxy, either via the Internet, by telephone or by mail, so that your vote will be counted if you later decide not to attend the meeting.

What matters will be voted on at the meeting?

There are three matters to be voted on at the meeting, as follows:

- The election of seven directors to serve until the next annual meeting of shareholders;
- An advisory vote to approve the compensation paid to our named executive officers, also referred to as a “say-on-pay” vote; and
- The ratification of the appointment of BKD, LLP as our independent registered public accounting firm for 2016.

What are broker non-votes?

A broker non-vote occurs when a nominee, such as a broker, holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary authority to vote for that particular proposal and has not received instructions from the beneficial owner as to how to vote its shares. Proposals 1 and 2 each fall into this category. If you do not provide your broker with voting instructions, none of your shares held by the broker will be voted on either of those proposals.

What vote is required for each of the proposals to be approved?

For Proposal 1, the directors receiving a plurality of the votes cast **FOR** will be elected. Neither abstentions nor broker non-votes will affect the outcome of this proposal.

Proposals 2 and 3 will be approved if more shares are voted **FOR** the proposal than **AGAINST**. Neither abstentions nor broker non-votes will affect the outcome of either proposal.

What can I do if I change my mind after I submit my proxy?

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If you are a shareholder of record, you may revoke your proxy at any time before it is voted at the meeting by: (1) sending a written notice of the revocation to our Secretary at 11201 USA Parkway, Fishers, Indiana 46037 that is received prior to the meeting, (2) submitting a later-dated proxy via the Internet, by telephone or by mail, or (3) by attending the meeting and voting your shares in person. If your shares are held in street name, you may submit new voting instructions by contacting your broker, bank, trustee or other nominee holder. You may also vote in person at the annual meeting if you obtain a written legal proxy as described above.

What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

**FOR** the election of the seven director nominees.

**FOR** the "say-on-pay" vote.

**FOR** the ratification of the appointment of BKD, LLP as our independent registered public accounting firm for 2016.

How would my shares be voted if I do not specify how they should be voted?

If you submit a proxy without indicating how you want your shares to be voted, the persons named as proxies will vote your shares in accordance with the Board's recommendations.

What is the effect of the "say-on-pay" vote?

This proposal is advisory and not binding on the Company, the Board or the Compensation Committee of the Board. We could, if the Board or the Compensation Committee concluded it was in our best interests to do so, choose not to follow or implement the outcome of this advisory vote.

Why did I receive more than one Notice or proxy card?

You may receive multiple Notices or proxy cards if you hold your shares of record in different ways (*e.g.*, joint tenancy, trusts, and custodial accounts) or in multiple accounts. If your shares are held in street name by a broker, bank, trustee or other nominee, you will receive voting instructions from your broker, bank, trustee or other nominee and you will return your voting instructions to your broker, bank, trustee or other nominee. You should vote on and sign each proxy card and/or voting instruction form you receive.

What is householding?

Under a procedure approved by the SEC called “householding,” certain shareholders who have the same address and last name and do not participate in electronic delivery of proxy materials may receive only one copy of our annual report and proxy statement, unless one or more of those shareholders provides notice that they would like to continue to receive individual copies. Shareholders who participate in householding will continue to receive separate proxy cards. Householding does not in any way affect the payment of dividends.

If you and other shareholders with whom you share an address currently receive multiple copies of our annual report and/or proxy statement, or if you hold stock in more than one account, and in either case, you would like to receive only a single copy of the annual report or proxy statement for your household, please contact our Secretary at First Internet Bancorp, 11201 USA Parkway, Fishers, Indiana 46037 or by calling (317) 532-7900.

If you participate in householding and would like to receive a separate copy of our annual report or this proxy statement, please contact us in the manner described in the immediately preceding paragraph. The requested documents will be delivered to you promptly upon receipt of your request.

What happens if additional matters are presented at the annual meeting?

We know of no other matters other than the items of business described in this proxy statement that will be presented at the meeting. If you grant a proxy, the persons named as proxy holders will have discretion to vote your shares on any additional matters properly presented for a vote at the meeting in accordance with Indiana law and our Amended and Restated Bylaws.

Can I review the list of shareholders entitled to vote at the meeting?

A list of shareholders entitled to vote at the meeting will be available at the meeting and for five days prior to the meeting, between the hours of 9:00 a.m. and 4:30 p.m., at our offices at 11201 USA Parkway, Fishers, Indiana 46037.

Who pays for the cost of proxy preparation and solicitation?

We will pay the cost of preparing, assembling and mailing the proxy materials. We will also request banks, brokers and other holders of record to send the proxy materials to, and obtain proxies from, beneficial owners and we will reimburse them for their reasonable expenses in doing so.

Is this proxy statement the only way that proxies are being solicited?

Our directors, officers and other employees may also solicit proxies personally by telephone, facsimile, electronic mail, personal contact or otherwise. They will not be specifically compensated for doing so.



# SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 22, 2016, regarding beneficial ownership of our common stock held by each director and named executive officer, by all directors and executive officers as a group, and by all persons who are known to be beneficial owners of more than 5% of our common stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Outstanding Shares	
David B. Becker	221,929	(2)	4.9 %
Kenneth J. Lovik	5,867	(3)	*
C. Charles Perfetti	35,967	(4)	*
Nicole S. Lorch	13,001	(5)	*
Edward A. Roebuck <sup>(6)</sup>	5,005		*
John K. Keach, Jr.	11,495	(7)	*
David R. Lovejoy	20,118	(8)	*
Ann D. Murtlow	8,303	(9)	*
Ralph R. Whitney, Jr.	45,103	(10)	1.0 %
Jerry L. Williams	67,907	(11)	1.5 %
Jean L. Wojtowicz	43,543	(12)	1.0 %
All directors and current executive officers as a group (10 persons)	473,233	(13)	10.3 %
Wellington Management Group LLP 280 Congress Street Boston, MA 02210	299,597	(14)	6.7 %

\* Less than 1 percent.

Unless otherwise indicated in the footnotes to this table, (a) the listed beneficial owner has sole voting power and investment power with respect to the number of shares shown, (b) no director or executive officer has pledged as security any shares shown as beneficially owned, and (c) deferred stock rights were issued under the Directors' Deferred Stock Rights Plan. Excludes fractional shares.

(1) Includes 2,542 shares underlying restricted stock units scheduled to vest within 60 days of March 22, 2016; and 187,572 shares pledged as security for a personal line of credit at an unaffiliated institution.

(2) Includes 1,470 shares underlying restricted stock units scheduled to vest within 60 days of March 22, 2016.

(3) Includes 1,131 shares underlying restricted stock units scheduled to vest within 60 days of March 22, 2016.

(4) Includes 990 shares underlying restricted stock units scheduled to vest within 60 days of March 22, 2016.

(5) Mr. Roebuck resigned from all positions with the Company in October 2015.

(6) Includes 1,986 shares underlying deferred stock rights.

- (8) Includes 11,504 shares underlying deferred stock rights.
- (9) Includes 1,467 shares underlying deferred stock rights, 577 shares held jointly with spouse, and 5,014 shares in a revocable trust, of which Ms. Murtlow is the sole settlor and a co-trustee with her spouse.
- (10) Includes 25,660 shares underlying deferred stock rights, of which 910 shares were issued under the 2013 Equity Plan.
- (11) Includes 17,407 shares underlying deferred stock rights.
- (12) Includes 24,750 shares underlying deferred stock rights.
- (13) Includes 6,133 shares issuable upon vesting of restricted stock units scheduled to vest within 60 days of March 22, 2016; and 81,864 deferred stock rights, of which 910 were issued under the 2013 Equity Plan.  
Based on information reported to the SEC in a Schedule 13G/A filed by Wellington Management Group LLP on
- (14) February 11, 2016, and reflects beneficial ownership as of December 31, 2015. Wellington Management Group LLP reported having shared voting and disposition power with respect to all shares identified.

## CORPORATE GOVERNANCE

This section of the proxy statement includes Proposal 1, the election of seven persons to serve as directors of the Company until the 2017 Annual Meeting of Shareholders. It also includes information on the business experiences and skills of the nominees, our corporate and governance structure, our governance policies and the committees of the Board.

### Proposal 1: Election of Directors

The Board, acting on the recommendation of its Nominating and Corporate Governance Committee, has nominated the seven incumbent directors for election as directors. Each nominee who is elected will serve for a term of one year, which expires at our next annual meeting of shareholders or such later date as his or her successor has been elected and qualifies.

No fees were paid to any third parties to identify or evaluate potential nominees. Unless authority is specifically withheld, the shares voting by proxy will be voted in favor of these nominees.

If any of these nominees becomes unable to serve, we expect that the persons named as proxies will exercise their voting power in favor of other such person or persons as the Board may recommend. All of the nominees have consented to being named in this proxy statement and to serve if elected. The Board knows of no reason why any of the nominees would be unable to serve.

The names of the persons who are nominees for election, their current positions and offices with First Internet Bancorp and their experience and qualifications are set forth below. There are no family relationships among any of our directors or executive officers. Except for Mr. Becker's employment agreement, which provides that he will be employed as Chairman, President and Chief Executive Officer of our Company, there is no arrangement or understanding pursuant to which a director or executive officer has been selected as a director or nominee for election or as an executive officer.

Director/Nominee	Age	Positions and Offices Held with First Internet Bancorp
David B. Becker	62	Chairman, President, Chief Executive Officer and Director

John K. Keach, Jr.	64	Director
David R. Lovejoy	67	Director, Vice Chairman of the Board
Ann D. Murtlow	55	Director
Ralph R. Whitney, Jr.	81	Director
Jerry Williams	73	Director
Jean L. Wojtowicz	58	Director

**David B. Becker** has served as our Chairman of the Board since 2006 and as our President and Chief Executive Officer since 2007. Mr. Becker founded the Company's subsidiary, First Internet Bank of Indiana (the "Bank"), in 1998 and has served as its president and chief executive officer since its founding and as a director of the Bank since 1999. In 1981, he founded re:Member Data Services, an electronic data processing services provider focused on credit unions throughout the United States, and served as its chief executive officer until its acquisition by Open Solutions Inc. in 2004. In 1994, he founded OneBridge, Inc., a credit and debit card processing firm, and served as its chief executive officer until it was acquired by Vantiv Inc. in 2014. In 1995, he founded VIFI, an Internet services provider focused on financial institutions, which was acquired by Digital Insight Corporation in 2002. In 2002, he founded Dynamic Knowledge Transfer, LLC, a private company that does business under the name DyKnow and specializes in educational technology for interactive learning experiences, and currently serves as a director. In 2007, he founded RICS Software, Inc., a private provider of web-based inventory control and POS solutions for retailers. He served as chief executive officer of RICS Software from 2007 to February 2016 and has served as a director since 2007. He also serves on the board of directors of Techpoint, a philanthropic organization focused on strengthening Indiana's tech ecosystem and helping its tech companies grow.

Mr. Becker's more than 30 years of experience as a successful entrepreneur in numerous businesses and his role as our principal executive officer for over seven years uniquely qualify him for service on our Board.

**John K. Keach, Jr.** has served as a director of the Company and the Bank since November 2012. He is currently a private investor. From 1994 to September 2012, he was Chairman of the Board, President and Chief Executive Officer of Indiana Community Bancorp, a bank holding company headquartered in Columbus, Indiana, that was acquired by Old National Bancorp in September 2012.

Mr. Keach's experience as the chief executive officer of a publicly-held bank holding company for more than ten years qualifies him for service on our Board.

**David R. Lovejoy** has served as Vice Chairman of the Board since 2006. He has been a director of the Company since 2006 and a director of the Bank since 1999. Mr. Lovejoy previously served as President of the Bank from 2000 to 2006. He is currently a managing director of Greycourt & Co., which provides investment advisor services. Mr. Lovejoy has extensive experience in financial services, corporate development and strategy, corporate restructuring and startup. He has served as the Vice Chairman of Mellon Bank Corporation and Security Pacific Corporation, and as a director of the Los Angeles Branch of the 12<sup>th</sup> District Federal Reserve Bank and Phelps Dodge Corporation. He also serves on the board of directors and is President of the Trade Institute of Pittsburgh.

Mr. Lovejoy is qualified to serve as a director due to his years of experience in the financial services industry, including his service as an executive of major financial companies and a director of a Federal Reserve Bank.

**Ann D. Murtlow** has been a director of the Company and the Bank since January 2013. Ms. Murtlow has served as President and CEO of United Way of Central Indiana since April 1, 2013. Previously, she served as Principal of her consulting firm, AM Consulting, LLC. From 2002 to 2011, Ms. Murtlow served as President, Chief Executive Officer and Director of IPALCO Enterprises, Inc., a wholly owned subsidiary of AES Corporation, and Indianapolis Power and Light Company, a wholly owned subsidiary of IPALCO Enterprises. She also served as Vice President and Group Manager of AES Corporation's Northern and Central European operations from 1999 to 2002. Ms. Murtlow served as a director of the Federal Reserve Bank of Chicago from 2007 to 2012, and AEGIS Insurance Services from 2009 to 2011. She currently serves as a director of Great Plains Energy, Inc. and its subsidiaries Kansas City Power & Light Company and Kansas City Power & Light Company Greater Missouri Operations Company, and Wabash National Corporation. In addition, she is a director of The Mind Trust, the Greater Indianapolis Chamber of Commerce and the Greater Indianapolis Progress Committee.

Ms. Murtlow's experience as principal executive officer and experience with corporate and non-profit boards of directors qualify her to serve on our Board. Her experience as a former director of the Federal Reserve Bank of

Chicago and former CEO of a regulated utility company also provides helpful insight into the financial services and banking industry and the associated regulatory environment.

**Ralph R. Whitney, Jr.** has been a director of the Company since 2006 and a director of the Bank since 1998. Mr. Whitney has been a principal at Hammond, Kennedy, Whitney & Co., a New York financial intermediary and private investment banking firm, since 1971. He has served on the boards of directors of Baldwin Technology Company, Inc., Excel Industries, Inc. and Dura Automotive Systems, Inc. He serves as an advisor to Cheyenne Capital and Access Venture Partners. Mr. Whitney is also a Trustee of the University of Rochester and a director of the University of Wyoming Foundation.

Mr. Whitney's decades of experience in private equity and investment banking and his service on several boards of directors of public companies qualify him to serve on our Board.

**Jerry Williams** has been a director of the Company since 2006 and a director of the Bank since 1998. Mr. Williams has been a practicing attorney for more than 40 years and retired in December 2015 from the

Indianapolis office of Taft Stettinius & Hollister LLP, a Cincinnati-based law firm. Mr. Williams previously served as executive vice president, general counsel and a director of ADESA Corporation, and was responsible for more than 20 acquisitions. He is a past director of NNC Group (and chaired its compensation and audit committees), the Indiana Secondary Market for Education Loans, Inc., a state chartered organization originating and acquiring higher education loans, and Gleaners Food Bank of Indiana, Inc. He is also a minority owner of the Indy Fuel, a professional hockey team and member of the ECHL.

Mr. Williams' career, encompassing his experience in private legal practice in advising businesses and as general counsel and a director of publicly-traded and private companies, qualifies him for service on our Board.

**Jean L. Wojtowicz** has been a director of the Company since 2006 and a director of the Bank since 1998. Ms. Wojtowicz founded Cambridge Capital Management Corp., a consulting firm and manager of non-traditional sources of business capital, in 1983 and currently serves as its President. She serves on the boards of directors of publicly traded companies Vectren Corporation and First Merchants Corporation in addition to the One America Mutual Insurance Holding Company.

Ms. Wojtowicz is qualified to serve as one of our directors due to the entrepreneurial skills she demonstrated in the founding of her company and her experiences as an advisor to businesses obtaining financing and as a director of publicly-traded companies.

The Board of Directors recommends a vote "FOR" each of the nominees for director.

#### General

**Board of Directors.** The Company is managed under the direction of the Board. The Company is a bank holding company and substantially all business activities are conducted through the Company's wholly-owned subsidiary, First Internet Bank of Indiana. The directors of the Company also serve as the directors of the Bank.

**Policies on Corporate Governance.** Our Board believes that good corporate governance is important to ensure that the Company is managed for the long-term benefit of its shareholders. The Board or one of its committees periodically reviews our Corporate Governance Principles, the written charters for each of the standing committees of the Board and our Code of Business Conduct and Ethics and amends them as appropriate to reflect new policies or practices.

**Board Leadership Structure.** Our Board is currently led by Mr. Becker who is the Chairman of the Board, President and Chief Executive Officer. Mr. Becker has held all of these positions since 2007 and has experience in leading the Company through a range of cycles in various business environments. The Board believes that it is most efficient and effective for a single individual to fulfill these two leadership roles at this time. Combining the Chairman and Chief Executive Officer roles facilitates clear leadership responsibility and accountability, effective decision-making and a cohesive corporate strategy.

Our Board possesses considerable experience and knowledge of the challenges and opportunities that we face as a company. We feel they are well qualified to evaluate our current and future needs and to judge how the capabilities of our senior management can be most effectively organized to meet those needs. Our Board currently has six independent directors. We have three standing committees whose membership is limited to independent directors. The Board evaluates the appropriateness of its leadership structure on an ongoing basis and may change it in the future as circumstances warrant.

**Board Role in Risk Oversight.** Our Board regularly receives reports from our Chief Executive Officer and other members of our senior management team regarding areas of significant risk to us, including strategic, credit, operational, financial, technology, legal, regulatory and reputational risks. However, management is responsible for assessing and managing our various risk exposures on a day-to-day basis. In this regard, management, with the assistance, where appropriate, of its counsel, has established functions that focus on particular risks, such as legal matters, regulatory compliance, interest rate sensitivity, liquidity management, asset quality and information



security, and has developed a systemic and integrated approach to overall risk management, which includes the identification of risks and mitigation plans in the strategic planning process.

Our Board's role is primarily one of oversight. Our Board oversees our risk management processes to determine whether those processes are functioning as intended and are consistent with our business and strategy. Our Board conducts this oversight primarily through the Audit Committee, although some aspects of risk oversight are performed by the full Board or another committee. The Audit Committee is assigned with, among other things, oversight of our risks relating to accounting matters, financial reporting and legal and regulatory compliance. The Audit Committee meets regularly with our Chief Financial Officer, external auditors and management to discuss our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. The Audit Committee also receives regular reports regarding issues such as the status and findings of audits being conducted by our independent auditors, the status of material litigation and material accounting changes or proposed audit adjustments that could affect our financial statements. Our Audit Committee has standing items on its quarterly meeting agendas relating to these responsibilities. The Audit Committee members, as well as each of the other directors, have access to our Chief Financial Officer and any other member of our management for discussions between meetings as warranted. The Audit Committee provides reports to the full Board on risk-related items.

The activities of the Compensation Committee with respect to risks relating to our compensation policies and procedures are discussed below in the Executive Compensation section of this proxy statement.

***Director Independence and Board Meetings.*** The Board has determined that all of our directors other than Mr. Becker are "independent directors" as defined by the listing standards of The Nasdaq Stock Market ("Nasdaq"), which is the market in which our common stock trades, and the director independence rules of the Securities and Exchange Commission ("SEC"). The Board has affirmatively determined that none of our independent directors have any relationship with us that would impair their independence.

Directors are expected to attend Board meetings, meetings of committees on which they serve and our annual meeting of shareholders, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. During 2015, the Board held ten meetings. No member of the board attended fewer than 91% of the aggregate number of meetings of the Board and the committees on which they served during 2015.

Each director is expected to be present at the annual meeting of shareholders, absent exigent circumstances that prevents their attendance. If a director is unable to attend an annual meeting in person but is able to do so by electronic conferencing, then the Company will arrange for the director's participation by means where the director can hear, and be heard, by those present at the meeting. All seven directors attended the annual meeting of shareholders held on May 18, 2015.

Committees of the Board

The Board has three standing committees which facilitate the oversight responsibilities of the Board in three key areas – audit, compensation and nominating and governance. All committees are composed entirely of independent directors. The members of the committees, as of the date of this proxy statement, are identified in the following table.

<b>Name of Independent Director</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating and Corporate Governance Committee</b>
John K. Keach, Jr.	–	û	û
David R. Lovejoy	û	–	Chair
Ann D. Murtlow	–	–	û
Ralph R. Whitney, Jr.	û	û	–
Jerry Williams	–	Chair	–
Jean L. Wojtowicz	Chair	–	–

**Audit Committee.** The Audit Committee oversees our accounting and financial reporting activities. It appoints and evaluates our independent registered public accounting firm and meets with that firm and our Chief Financial Officer to review the scope, cost and results of our annual audit and to review our internal control over financial reporting, disclosure controls, policies and procedures. The Report of the Audit Committee appears in the Audit-Related Matters section of this proxy statement.

All members of the Audit Committee are “independent directors” as such term is defined under the Nasdaq rules and meet the additional independence criteria for audit committee members set forth in the Nasdaq rules and SEC Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Board has determined that Ms. Wojtowicz qualifies as an “audit committee financial expert,” as defined in Item 407(d)(5)(ii) of Regulation S-K of the Exchange Act. Shareholders should understand that this designation is an SEC disclosure requirement related to this director’s experience and understanding with respect to certain accounting and auditing matters. The designation does not impose any duties, obligations or liabilities that are greater than are generally imposed upon such director as a member of the Audit Committee and the Board.

The Audit Committee held four meetings during 2015.

The Audit Committee operates under a written charter, a copy of which is available on our website at [www.firstinternetbancorp.com](http://www.firstinternetbancorp.com).

**Compensation Committee.** The Compensation Committee is responsible for reviewing and approving the compensation of our executive officers and directors and overseeing the Company’s overall compensation plans and benefits programs. The Compensation Committee also oversees the administration of our equity plans, including granting awards to employees and directors under such plans, subject to appropriate delegation. In determining the compensation of the executive officers other than our Chief Executive Officer, the Compensation Committee considers the recommendations of the Chief Executive Officer. The Report of the Compensation Committee appears in the Executive Compensation section of this proxy statement.

All members of the Compensation Committee are “independent directors” as such term is defined in the Nasdaq rules; “non-employee directors” as such term is defined in Rule 16b-3 of the Exchange Act; and “outside directors” as such term is defined in Section 162(m) of the Internal Revenue Code. All of the members also meet the additional independence criteria for compensation committee members set forth in the Nasdaq rules and SEC Rule 10C-1 promulgated under the Exchange Act.

The Compensation Committee held five meetings during 2015.

The Compensation Committee operates under a written charter, a copy of which is available on our website at [\*www.firstinternetbancorp.com\*](http://www.firstinternetbancorp.com).