

First Internet Bancorp  
Form 424B5  
September 28, 2016

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed pursuant to Rule 424(b)(5)  
Registration No. 333-208748

Prospectus Supplement  
(To Prospectus dated January 4, 2016)

**\$25,000,000**

## **6.0% Fixed-to-Floating Rate Subordinated Notes due 2026**

We are offering \$25,000,000 aggregate principal amount of our 6.0% Fixed-to-Floating Rate Subordinated Notes due 2026 (which we refer to as the "Notes") pursuant to this prospectus supplement and the accompanying prospectus. The Notes will mature on September 30, 2026. From and including September 30, 2016 to but excluding September 30, 2021, the Notes will bear interest at an initial rate of 6.0% per annum. From and including September 30, 2021 to but excluding the maturity date or the date of earlier redemption, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 4.85%. Interest is payable quarterly in arrears on each March 30, June 30, September 30 and December 30. Notwithstanding the foregoing, if the three-month LIBOR is less than zero, three-month LIBOR will be deemed to be zero.

We may, beginning with the interest payment date of September 30, 2021 and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption. The Notes will not otherwise be redeemable by us prior to maturity, unless certain events occur, as described under "Description of the Notes - Redemption" in this prospectus supplement. Any early redemption of the Notes will be subject to the receipt of the approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve") to the extent then required under applicable laws or regulations, including capital regulations. The Notes will not be convertible or exchangeable.

The Notes will be unsecured subordinated obligations of First Internet Bancorp. There is no sinking fund for the Notes. The Notes will be subordinated in right of payment to the payment of our existing and future senior indebtedness, including all of our general creditors, and they will be structurally subordinated to all of our subsidiaries' existing and future indebtedness and other obligations. The Notes are obligations of First Internet Bancorp only and are not obligations of, and are not guaranteed by, any of our subsidiaries. The holders of the Notes may be fully subordinated to interests held by the U.S. government in the event that we enter into a receivership, insolvency, liquidation, or similar proceeding.

We have applied to list the Notes on the NASDAQ Global Market. Trading on the NASDAQ Global Market is expected to commence within a 30-day period after the initial delivery of the Notes. Currently, there is no public trading market for the Notes.

The Notes will only be issued in fully registered book-entry form without coupons and in denominations of \$25 and integral multiples of \$25 in excess thereof.

| Per Note | Total(1) |
|----------|----------|
|----------|----------|

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|                                 |         |               |
|---------------------------------|---------|---------------|
| Public offering price(2)        | 100.00% | \$ 25,000,000 |
| Underwriting discounts          | 3.15%   | \$ 787,500    |
| Proceeds to us, before expenses | 96.85%  | \$ 24,212,500 |

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- (1) Assumes no exercise of the underwriters' option described below.
- (2) Plus accrued interest, if any, from the original issue date. The underwriters will also be reimbursed for certain expenses incurred in this offering. See "Underwriting" in this prospectus supplement.

The underwriters have the option to purchase up to an additional \$3,750,000 principal amount of Notes from us at the initial price to public less the underwriting discounts.

**Investing in the Notes involves risks. Before investing in the Notes, potential purchasers of the Notes should consider the information set forth in the "Risk Factors" section beginning on page S-9 and in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our Quarterly Reports on Form 10-Q, which are incorporated herein by reference.**

**The Notes are not savings accounts, deposits or other obligations of our subsidiary bank, First Internet Bank, or any of our nonbank subsidiaries. The Notes are not insured or guaranteed by the Federal Deposit Insurance Corporation, or "FDIC," or any other governmental agency or instrumentality or public or private insurer.**

**None of the Securities and Exchange Commission ("SEC"), the FDIC, the Federal Reserve, the Office of the Comptroller of the Currency (the "OCC") or any state securities commission or any other bank regulatory agency has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the Notes to purchasers in book-entry form through the facilities of The Depository Trust Company (which, along with its successors, we refer to as "DTC"), and its direct participants, against payment therefor in immediately available funds, on or about September 30, 2016.

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*Sole Book-Running Manager*

*Co-Managers*

**American Capital Partners, LLC**

**Boenning & Scattergood**

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**R. Seelaus & Co., Inc.**

Prospectus Supplement dated September 27, 2016

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Table of Contents**TABLE OF CONTENTS**

|  | <b>Page</b>  |
|--|--------------|
| <b>Prospectus Supplement</b>   |              |
| <u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>  |              |
|  | <u>S-ii</u>  |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u>   | <u>S-iii</u> |
| <u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>   | <u>S-iv</u>  |
| <u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>   | <u>S-iv</u>  |
| <u>PROSPECTUS SUPPLEMENT SUMMARY</u>   | <u>S-1</u>   |
| <u>SUMMARY HISTORICAL FINANCIAL DATA</u>   | <u>S-2</u>   |
| <u>RISK FACTORS</u>  | <u>S-9</u>   |
| <u>USE OF PROCEEDS</u>   | <u>S-15</u>  |
| <u>CAPITALIZATION</u>  | <u>S-16</u>  |
| <u>RATIOS OF EARNINGS TO FIXED CHARGES</u>   | <u>S-17</u>  |
| <u>DESCRIPTION OF THE NOTES</u>  | <u>S-18</u>  |
| <u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>   | <u>S-32</u>  |
| <u>BENEFIT PLAN INVESTOR CONSIDERATIONS</u>  | <u>S-37</u>  |
| <u>UNDERWRITING</u>  | <u>S-39</u>  |
| <u>LEGAL MATTERS</u>   | <u>S-42</u>  |
| <u>EXPERTS</u>   | <u>S-42</u>  |
| <b>Prospectus</b>  |              |
| <u>ABOUT THIS PROSPECTUS</u>   |              |
|  | <u>1</u>     |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u>   | <u>2</u>     |
| <u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>   | <u>2</u>     |
| <u>OUR COMPANY</u>   | <u>3</u>     |
| <u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>   | <u>4</u>     |
| <u>RISK FACTORS</u>  | <u>5</u>     |
| <u>USE OF PROCEEDS</u>   | <u>5</u>     |
| <u>RATIO OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u> | <u>5</u>     |
| <u>DESCRIPTION OF CAPITAL STOCK</u>  | <u>6</u>     |
| <u>DESCRIPTION OF DEBT SECURITIES</u>  | <u>11</u>    |
| <u>DESCRIPTION OF WARRANTS</u>   | <u>26</u>    |
| <u>DESCRIPTION OF PURCHASE CONTRACTS</u>   | <u>28</u>    |
| <u>DESCRIPTION OF UNITS</u>  | <u>28</u>    |
| <u>PLAN OF DISTRIBUTION</u>  | <u>29</u>    |
| <u>LEGAL MATTERS</u>   | <u>31</u>    |
| <u>EXPERTS</u>   | <u>31</u>    |

We are offering to sell, and seeking offers to buy, Notes only in jurisdictions where such offers and sales are permitted. The distribution of this prospectus supplement and accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and accompanying prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Table of Contents

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters relating to us and our financial condition and adds to, updates and changes the information contained in the accompanying prospectus. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. To the extent information contained in this prospectus supplement and any free writing prospectus is inconsistent with information contained in the accompanying prospectus or any document incorporated by reference herein and therein, you should rely on the information in this prospectus supplement and any free writing prospectus. If any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date will apply and will supersede the earlier statement.

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 (File No. 333-208748) that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under the shelf registration process, we may, from time to time, sell the securities described in the accompanying prospectus in one or more offerings up to a total amount of \$100,000,000. The shelf registration statement became effective on January 4, 2016.

This prospectus supplement and the accompanying prospectus relate to the offering of Notes. Before buying any of the Notes offered hereby, we urge you to read carefully this prospectus supplement, any free writing prospectus and the accompanying prospectus, together with the information incorporated herein by reference as described below under the heading "Incorporation of Certain Information by Reference." This prospectus supplement contains information about the Notes offered hereby.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we authorize to be delivered to you. We have not, and the underwriters have not, authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, making offers to sell or solicitations of offers to buy our Notes in any jurisdiction in which an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. You should assume that the information in this prospectus supplement, the accompanying prospectus and any free writing prospectus is accurate only as of the date on the front of the respective document and that any information that we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or the accompanying prospectus or the time of any sale of a security.

This prospectus supplement and the accompanying prospectus contain summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified by the actual text of the documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated herein by reference as exhibits to the registration statement, and you may obtain copies of those documents as described below under the section entitled "Where You Can Find More Information."

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made.

# Edgar Filing: First Internet Bancorp - Form 424B5

## Table of Contents

Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

This prospectus supplement, the accompanying prospectus and any free writing prospectus may contain and incorporate by reference market data and industry statistics and forecasts that are based on independent industry publications and other publicly available information. Although we believe these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information. Although we are not aware of any misstatements regarding the market and industry data that may be presented in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated herein by reference, these estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus supplement and the accompanying prospectus, and under similar headings in the other documents that are incorporated herein by reference. Accordingly, investors should not place undue reliance on this information.

When we refer to "First Internet Bancorp," the "Company," "we," "us" and "our" in this prospectus supplement, we mean First Internet Bancorp, an Indiana corporation, and its consolidated subsidiaries, unless the context indicates otherwise. References to "First Internet Bank" or the "Bank" refer to First Internet Bank of Indiana, an Indiana chartered bank and wholly owned subsidiary of the Company.

### **WHERE YOU CAN FIND MORE INFORMATION**

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 we have filed with the SEC under the Securities Act of 1933, as amended, which we refer to as the "Securities Act," and do not contain all the information set forth in the registration statement. Whenever a reference is made in this prospectus supplement and the accompanying prospectus to any of our contracts, agreements or other documents, the reference may not be complete and you should refer to the exhibits that are a part of the registration statement or the exhibits to the reports or other documents incorporated herein by reference for a copy of such contract, agreement or other document. Because we are subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the "Exchange Act," we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room.

We also make available, free of charge, on or through our website (<http://www.firstinternetbancorp.com>) our annual, quarterly and current reports, proxy statements and other information we file or furnish pursuant the Exchange Act. Please note, however, that we have not incorporated herein any other information by reference from our website, other than the documents listed under the heading "Incorporation of Certain Information by Reference." In addition, you may request copies of these filings at no cost, by writing or telephoning us at the following address or telephone number:

Chief Financial Officer  
First Internet Bancorp  
11201 USA Parkway  
Fishers, Indiana 46037  
(317) 532-7900

S-iii

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Table of Contents

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC allows us to "incorporate by reference" information from other documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement. Information in this prospectus supplement supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus supplement, while information that we file later with the SEC will automatically update and supersede the information in this prospectus supplement. We incorporate by reference into this prospectus supplement, the accompanying prospectus and the registration statement of which this prospectus supplement and the accompanying prospectus are a part the information or documents listed below that we have filed with the SEC (Commission File No. 001-35750):

Our Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 10, 2016;

Our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2016, filed on May 4, 2016; and for the quarter ended June 30, 2016, filed on August 2, 2016;

Our Current Reports on Form 8-K filed on May 6, 2016, May 19, 2016, May 24, 2016, and September 19, 2016;

Portions of our proxy statement for the annual meeting of shareholders held on May 16, 2016 that have been incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2015; and

The description of our capital stock contained in our registration statement on Form 10 filed on November 30, 2012, including any subsequently filed amendment or report updating such description.

We also incorporate by reference any future filings (other than any filings or portions of such reports that are not deemed "filed" under the Exchange Act in accordance with the Exchange Act and applicable SEC rules, including current reports furnished under Item 2.02 or Item 7.01 of Form 8-K and exhibits filed on such form that are related to such items unless such Form 8-K expressly provides to the contrary) made with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, including those made after the date of the initial filing of the registration statement of which this prospectus supplement is a part, until we file a post-effective amendment that indicates the termination of the offering of the securities made by this prospectus supplement and will become a part of this prospectus supplement from the date that such documents are filed with the SEC. Information in such future filings updates and supplements the information provided in this prospectus supplement. Any statements in any such future filings will automatically be deemed to modify and supersede any information in any document we previously filed with the SEC that is incorporated or deemed to be incorporated herein by reference to the extent that statements in the later filed document modify or replace such earlier statements. To obtain copies of these filings, see "Where You Can Find More Information."

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect the Company and to take advantage of the "safe harbor" protection for forward-looking statements afforded by applicable federal securities laws.

All statements other than statements of historical fact included or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus authorized for use in connection with this offering, including any regarding our financial condition, results of operations, plans, objectives, future operations or performance, business strategy, and industry trends, are forward-looking statements. Forward-looking statements are generally accompanied by terms or phrases such as "estimate," "project," "predict," "believe," "expect," "anticipate," "target," "plan," "intend," "seek," "goal," "will," "should," "contemplate," "continue," "may" or other words and similar expressions that convey the uncertainty of

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### Table of Contents

future events or outcomes. Items contemplating or making assumptions about actual or potential future income, market size, collaborations, and trends or operating results also constitute such forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond our control) that could cause actual results to differ materially from those set forth in the forward-looking statements. The following factors, among others, could cause our financial performance to differ materially from that expressed in such forward-looking statements:

The use of proceeds from any sale of securities by us;

General economic conditions, whether national or regional, and conditions in the lending markets in which we participate that may have an adverse effect on the demand for our loans and other products, our credit quality and related levels of nonperforming assets and loan losses, and the value and salability of the real estate that we own or that is the collateral for our loans;

Failures of or interruptions in the communication and information systems on which we rely to conduct our business that could reduce our revenues, increase our costs or lead to disruptions in our business;

Our plans to grow our commercial real estate and commercial and industrial loan portfolios which may carry greater risks of non-payment or other unfavorable consequences;

Our dependence on capital distributions from First Internet Bank;

Results of examinations of us by our regulators, including the possibility that our regulators may, among other things, require us to increase our allowance for credit losses or to write-down assets;

Changing bank regulatory conditions, policies or programs, whether arising as new legislation or regulatory initiatives, that could lead to restrictions on activities of banks generally, or First Internet Bank in particular, more restrictive regulatory capital requirements, increased costs, including deposit insurance premiums, regulation or prohibition of certain income producing activities or changes in the secondary market for loans and other products;

Changes in market rates and prices that may adversely impact the value of securities, loans, deposits and other financial instruments and the interest rate sensitivity of our balance sheet;

Our liquidity requirements could be adversely affected by changes in our assets and liabilities;

The effect of legislative or regulatory developments, including changes in laws concerning taxes, banking, securities, insurance and other aspects of the financial services industry;

Competitive factors among financial services organizations, including product and pricing pressures and our ability to attract, develop and retain qualified banking professionals;

Execution of future acquisition, reorganization or disposition transactions including without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings and other anticipated benefits from such transactions;

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The growth and profitability of noninterest or fee income being less than expected;

The loss of any key members of senior management;

The effect of changes in accounting policies and practices, as may be adopted by the Financial Accounting Standards Board, the SEC, the Public Company Accounting Oversight Board and other regulatory agencies;

The effect of fiscal and governmental policies of the U.S. federal government; and

S-v

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## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

Other risk factors included under the heading "Risk Factors" beginning on page S-9 and appearing in our Annual Report on Form 10-K for the year ended December 31, 2015.

We have based any forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results, performance or achievements may differ materially from those expressed in or implied by these statements, and we caution you not to place undue reliance on our forward-looking information and statements. Forward-looking statements speak only as of the date they are made. You should consider carefully the statements under the heading "Risk Factors" in this prospectus supplement, the accompanying prospectus, any free writing prospectus that we authorize for use in connection with this offering, in our most recent Annual Report on Form 10-K and in other reports, filings or documents filed with the SEC and incorporated by reference into this prospectus supplement and the accompanying prospectus, which describe factors that could cause our actual results to differ from those set forth in the forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements other than as may be required by applicable law or regulation.

S-vi

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Table of Contents

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained elsewhere in, or incorporated by reference into, this prospectus supplement or the accompanying prospectus, and does not contain all of the information that you need to consider in making your investment decision. Before you make an investment decision to purchase the Notes offered hereby, you should carefully read the entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, including the risks of investing in the Notes discussed under the headings "Risk Factors" in this prospectus supplement, in the accompanying prospectus, and under similar headings in the other documents that are incorporated by reference herein.*

**First Internet Bancorp**

**Overview**

First Internet Bancorp is a bank holding company that conducts its business activities through its wholly-owned subsidiary, First Internet Bank. The Bank was the first state-chartered, Federal Deposit Insurance Corporation ("FDIC") insured Internet bank. We offer a full complement of products and services on a nationwide basis. We conduct our deposit operations primarily over the Internet and have no traditional branch offices. We have diversified our operations by adding commercial real estate ("CRE") lending, including nationwide single tenant lease financing, and commercial and industrial ("C&I") lending, including business banking/treasury management services to meet the needs of high-quality commercial borrowers and depositors.

Our business model differs from that of a typical community bank. We do not have a conventional brick and mortar branch system, but instead operate through our scalable Internet banking platform. The market area for our residential real estate lending, consumer lending, and deposit gathering activities is the entire United States. We also offer single tenant lease financing on a nationwide basis. Our other commercial banking activities, including CRE and C&I loans, corporate credit cards, and corporate treasury management services, are offered by our commercial banking team to businesses primarily within Central Indiana, Phoenix, Arizona, and adjacent markets.

The Bank commenced banking operations in 1999 and grew organically in the consumer market in its early years by adding new customers, products and capabilities through its Internet-based platform. The Company was incorporated under the laws of the State of Indiana in 2005 for the purpose of becoming a holding company registered under the Bank Holding Company Act of 1956, as amended. In 2006, we acquired all of the outstanding shares of the Bank. In 2007, we acquired Indianapolis-based Landmark Financial Corporation and merged Landmark Savings Bank, FSB, into the Bank. The Landmark acquisition added a turnkey retail mortgage lending operation that we then expanded on a nationwide basis through our Internet platform.

At June 30, 2016, we had total consolidated assets of approximately \$1.7 billion, total liabilities of approximately \$1.6 billion, and shareholders' equity of approximately \$135.7 million. We employed 177 full-time equivalent employees at June 30, 2016.

Our principal executive offices are located at 11201 USA Parkway, Fishers, Indiana 46037, and our telephone number is (317) 532-7900. Our website is [www.firstinternetbancorp.com](http://www.firstinternetbancorp.com). The information on our website is not part of this prospectus supplement and the reference to our website address does not constitute incorporation by reference of any information on our website into this prospectus supplement or the accompanying prospectus.

Table of Contents

**SUMMARY HISTORICAL FINANCIAL DATA**

The following tables set forth selected consolidated historical financial and operating data for the periods ended and as of the dates indicated. The selected consolidated financial data presented for the fiscal years ended December 31, 2015, 2014, and 2013 is derived from our audited consolidated financial statements, which are incorporated by reference into this prospectus supplement and accompanying prospectus. The historical financial information for the years ended December 31, 2012, and 2011 is derived from our audited financial statements not included in this prospectus. The selected consolidated financial data presented for the six months ended June 30, 2016 and 2015 is derived from our unaudited interim consolidated financial statements, which are also incorporated by reference into this prospectus supplement and accompanying prospectus. See "Where You Can Find More Information" for more information on accessing the sources of the data set forth below.

The summary historical financial data should be read in conjunction with the section titled "Capitalization," set forth in this prospectus supplement, as well as our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016. The selected consolidated financial data presented for the six months ended June 30, 2016 was prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments necessary to fairly present the data for such periods. The results included here and elsewhere in this prospectus supplement are not necessarily indicative of performance for the full fiscal year or any future period. Average balances have been computed using daily averages.

We have presented certain information in the table below on a non-GAAP (as defined below) basis. We believe that these non-GAAP ratios, when taken together with the corresponding ratios calculated in

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

accordance with GAAP, provide meaningful supplemental information regarding our performance for the periods presented. Reconciliations for the non-GAAP measures included in the table are provided below.

| Amounts in thousands, except<br>share and per share data and<br>ratios              | Six Months Ended<br>June 30, |              | Fiscal Year Ended December 31, |            |            |            |            |
|---|------------------------------|--------------|--------------------------------|------------|------------|------------|------------|
|   | 2016                         | 2015         | 2015                           | 2014       | 2013       | 2012       | 2011       |
| <b>Income Statement Summary:</b>  |                              |              |                                |            |            |            |            |
| Interest income   | \$ 26,664                    | \$ 19,317    | \$ 41,447                      | \$ 31,215  | \$ 25,536  | \$ 24,374  | \$ 23,944  |
| Interest expense  | 8,217                        | 4,971        | 10,694                         | 8,928      | 8,088      | 8,532      | 9,621      |
| Net interest income   | 18,447                       | 14,346       | 30,753                         | 22,287     | 17,448     | 15,842     | 14,323     |
| Provision for loan losses   | 1,870                        | 746          | 1,946                          | 349        | 324        | 2,852      | 2,440      |
| Net interest income after provision<br>for loan losses                              | 16,577                       | 13,600       | 28,807                         | 21,938     | 17,124     | 12,990     | 11,883     |
| Noninterest income  | 6,288                        | 5,624        | 10,141                         | 7,174      | 9,517      | 11,423     | 3,559      |
| Noninterest expense   | 14,880                       | 12,584       | 25,283                         | 22,662     | 20,482     | 16,613     | 11,483     |
| Income before income taxes  | 7,985                        | 6,640        | 13,665                         | 6,450      | 6,159      | 7,800      | 3,959      |
| Income tax provision  | 2,719                        | 2,312        | 4,736                          | 2,126      | 1,566      | 2,194      | 773        |
| Net income  | \$ 5,266                     | \$ 4,328     | \$ 8,929                       | \$ 4,324   | \$ 4,593   | \$ 5,606   | \$ 3,186   |
| <b>Per Share and Share Information:</b>   |                              |              |                                |            |            |            |            |
| Net income:   |                              |              |                                |            |            |            |            |
| Basic   | \$ 1.11                      | \$ 0.96      | \$ 1.97                        | \$ 0.96    | \$ 1.51    | \$ 1.95    | \$ 1.11    |
| Diluted   | \$ 1.10                      | \$ 0.95      | \$ 1.96                        | \$ 0.96    | \$ 1.51    | \$ 1.95    | \$ 1.11    |
| Tangible book value per common<br>share(1)  | \$ 23.67                     | \$ 21.23     | \$ 22.24                       | \$ 20.74   | \$ 19.38   | \$ 20.13   | \$ 18.07   |
| Weighted average common shares<br>outstanding:                                      |                              |              |                                |            |            |            |            |
| Basic   | 4,757,243                    | 4,523,336    | 4,528,528                      | 4,497,007  | 3,041,666  | 2,869,365  | 2,859,434  |
| Diluted   | 4,782,700                    | 4,536,736    | 4,554,219                      | 4,507,995  | 3,050,001  | 2,869,365  | 2,859,434  |
| Common shares outstanding at end<br>of period                                       | 5,533,050                    | 4,484,513    | 4,481,347                      | 4,439,575  | 4,448,326  | 2,815,094  | 2,807,385  |
| <b>Balance Sheet Data:</b>  |                              |              |                                |            |            |            |            |
| Total assets  | \$ 1,702,468                 | \$ 1,104,645 | \$ 1,269,870                   | \$ 970,503 | \$ 802,342 | \$ 636,367 | \$ 585,440 |
| Cash and cash equivalents   | \$ 70,008                    | \$ 30,602    | \$ 25,152                      | \$ 28,289  | \$ 53,690  | \$ 32,513  | \$ 34,778  |
| Net loans   | \$ 1,101,606                 | \$ 807,170   | \$ 945,508                     | \$ 726,626 | \$ 495,727 | \$ 352,328 | \$ 329,570 |
| Loans held-for-sale   | \$ 44,503                    | \$ 29,872    | \$ 36,518                      | \$ 34,671  | \$ 28,610  | \$ 63,234  | \$ 45,091  |
| Securities available for sale   | \$ 433,806                   | \$ 190,767   | \$ 213,698                     | \$ 137,518 | \$ 181,409 | \$ 156,693 | \$ 149,270 |
| Deposits  | \$ 1,388,933                 | \$ 856,503   | \$ 956,054                     | \$ 758,598 | \$ 673,095 | \$ 530,691 | \$ 486,665 |
| Tangible common equity(1)   | \$ 130,992                   | \$ 95,221    | \$ 99,643                      | \$ 92,098  | \$ 86,221  | \$ 56,663  | \$ 50,736  |
| Total shareholders' equity  | \$ 135,679                   | \$ 99,908    | \$ 104,330                     | \$ 96,785  | \$ 90,908  | \$ 61,350  | \$ 55,423  |
| <b>Performance Ratios:</b>  |                              |              |                                |            |            |            |            |
| Return on average assets  | 0.72%                        | 0.84%        | 0.81%                          | 0.50%      | 0.67%      | 0.91%      | 0.59%      |
| Return on average shareholders'<br>equity   | 9.45%                        | 8.85%        | 8.89%                          | 4.61%      | 7.10%      | 9.51%      | 6.09%      |
| Net interest margin(2)  | 2.57%                        | 2.86%        | 2.85%                          | 2.65%      | 2.67%      | 2.67%      | 2.75%      |
| Noninterest expense to average<br>assets  | 2.03%                        | 2.44%        | 2.28%                          | 2.60%      | 2.99%      | 2.70%      | 2.12%      |
| <b>Asset Quality Ratios:</b>  |                              |              |                                |            |            |            |            |
| Nonperforming loans to total loans  | 0.51%                        | 0.02%        | 0.02%                          | 0.04%      | 0.37%      | 1.23%      | 2.64%      |
| Nonperforming assets to total assets  | 0.60%                        | 0.43%        | 0.37%                          | 0.50%      | 0.90%      | 1.62%      | 2.29%      |
| Nonperforming assets (including<br>troubled debt restructurings) to total<br>assets | 0.66%                        | 0.54%        | 0.46%                          | 0.62%      | 1.05%      | 1.84%      | 2.47%      |

## Edgar Filing: First Internet Bancorp - Form 424B5

|   |        |         |         |        |        |        |        |
|---|--------|---------|---------|--------|--------|--------|--------|
| Allowance for loan losses to total loans      | 0.90%  | 0.87%   | 0.88%   | 0.79%  | 1.09%  | 1.65%  | 1.70%  |
| Net charge-offs (recoveries) to average loans | 0.04%  | (0.14)% | (0.07)% | 0.00%  | 0.17%  | 0.69%  | 1.05%  |
| <b>Capital Ratios:(3)</b>                     |        |         |         |        |        |        |        |
| Tangible common equity to tangible assets(1)  | 7.72%  | 8.66%   | 7.88%   | 9.54%  | 10.81% | 8.97%  | 8.74%  |
| Tier 1 leverage ratio                         | 8.08%  | 8.93%   | 8.28%   | 9.87%  | 11.66% | 8.89%  | 8.74%  |
| Common equity tier 1 capital ratio(4)         | 10.66% | 11.12%  | 10.11%  | N/A    | N/A    | N/A    | N/A    |
| Tier 1 capital ratio                          | 10.66% | 11.12%  | 10.11%  | 12.55% | 15.61% | 12.20% | 11.15% |
| Total risk-based capital ratio                | 12.54% | 12.28%  | 12.25%  | 13.75% | 17.09% | 13.46% | 12.40% |
| <b>Other Data:</b>                            |        |         |         |        |        |        |        |
| Full-time equivalent employees                | 177    | 155     | 152     | 143    | 130    | 97     | 74     |

- (1) Tangible common equity, tangible assets and tangible book value per share are financial measures not recognized by generally accepted accounting principles ("GAAP"). Our management, banking regulators, many financial analysts and other investors use these non-GAAP financial measures to compare the capital adequacy of banking organizations with significant amounts of preferred equity and/or goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

accounting for mergers and acquisitions. Tangible common equity, tangible assets, tangible book value per share or related measures should not be considered as a substitute for total shareholders' equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate these measures may differ from those of other companies reporting measures with similar names. The following table reconciles these non-GAAP performance measures and a capital ratio using such measures to the most directly comparable GAAP measure or ratio.

- (2) Net interest margin is net interest income divided by average earnings assets.
- (3) Capital ratios are calculated in accordance with regulatory guidelines specified by our primary federal banking regulatory authority.
- (4) Introduced as part of the final implementation of the "Basel III" regulatory capital reforms as of January 1, 2015. Not applicable to periods prior to 2015.

| Amounts in thousands, except<br>share and per share data and<br>ratios | Six Months<br>Ended June 30, |                     | Fiscal Year Ended December 31, |                   |                   |                   |                   |
|--|------------------------------|---------------------|--------------------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2016                         | 2015                | 2015                           | 2014              | 2013              | 2012              | 2011              |
| Total equity GAAP  | \$ 135,679                   | \$ 99,908           | \$ 104,330                     | \$ 96,785         | \$ 90,908         | \$ 61,350         | \$ 55,423         |
| Less: goodwill   | (4,687)                      | (4,687)             | (4,687)                        | (4,687)           | (4,687)           | (4,687)           | (4,687)           |
| <b>Tangible common equity</b>  | <b>\$ 130,992</b>            | <b>\$ 95,221</b>    | <b>\$ 99,643</b>               | <b>\$ 92,098</b>  | <b>\$ 86,221</b>  | <b>\$ 56,663</b>  | <b>\$ 50,736</b>  |
| <br>   |                              |                     |                                |                   |                   |                   |                   |
| Total assets GAAP  | \$ 1,702,468                 | \$ 1,104,645        | \$ 1,269,870                   | \$ 970,503        | \$ 802,342        | \$ 636,367        | \$ 585,440        |
| Less: goodwill   | (4,687)                      | (4,687)             | (4,687)                        | (4,687)           | (4,687)           | (4,687)           | (4,687)           |
| <b>Tangible assets</b>   | <b>\$ 1,697,781</b>          | <b>\$ 1,099,958</b> | <b>\$ 1,265,183</b>            | <b>\$ 965,816</b> | <b>\$ 797,655</b> | <b>\$ 631,680</b> | <b>\$ 580,753</b> |
| <br>   |                              |                     |                                |                   |                   |                   |                   |
| <b>Total common shares<br/>outstanding</b>                             | <b>5,533,050</b>             | <b>4,484,513</b>    | <b>4,481,347</b>               | <b>4,439,575</b>  | <b>4,448,326</b>  | <b>2,815,094</b>  | <b>2,807,385</b>  |
| Book value per share   | \$ 24.52                     | \$ 22.28            | \$ 23.28                       | \$ 21.80          | \$ 20.44          | \$ 21.79          | \$ 19.74          |
| Effect of goodwill   | (0.85)                       | (1.05)              | (1.04)                         | (1.06)            | (1.06)            | (1.66)            | (1.67)            |
| <b>Tangible book value per share</b>                                   | <b>\$ 23.67</b>              | <b>\$ 21.23</b>     | <b>\$ 22.24</b>                | <b>\$ 20.74</b>   | <b>\$ 19.38</b>   | <b>\$ 20.13</b>   | <b>\$ 18.07</b>   |
| <br>   |                              |                     |                                |                   |                   |                   |                   |
| Total shareholders' equity to<br>assets ratio                          | 7.97%                        | 9.04%               | 8.22%                          | 9.97%             | 11.33%            | 9.64%             | 9.47%             |
| Effect of goodwill   | (0.25)%                      | (0.38)%             | (0.34)%                        | (0.43)%           | (0.52)%           | (0.67)%           | (0.73)%           |
| <b>Tangible common equity to<br/>tangible assets ratio</b>             | <b>7.72%</b>                 | <b>8.66%</b>        | <b>7.88%</b>                   | <b>9.54%</b>      | <b>10.81%</b>     | <b>8.97%</b>      | <b>8.74%</b>      |

Table of Contents

**The Offering**

|                            |  |
|----------------------------|--|
| Issuer                     | First Internet Bancorp   |
| Securities offered         | 6.0% Fixed-to-Floating Rate Subordinated Notes due 2026  |
| Aggregate principal amount | \$25,000,000 (or up to \$28,750,000 if the underwriters exercise their purchase option in full)  |
| Issue price                | 100%   |
| Maturity date              | The Notes will mature on September 30, 2026.   |
| Interest Rate              | From and including the issue date to but excluding September 30, 2021, a fixed per annum rate of 6.0%.<br>From and including September 30, 2021 to but excluding the maturity date or the date of earlier redemption, a floating per annum rate equal to the then-current three-month LIBOR rate, determined on the determination date of the applicable interest period, plus 4.85%; however, if three-month LIBOR is less than zero, three-month LIBOR will be deemed to be zero. For any determination date, "LIBOR" means the rate as published by Reuters (or any successor service) at approximately 11:00 a.m., London time, two business days prior to the commencement of the relevant quarterly interest period, as the London interbank rate for U.S. dollars. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as provided in the Indenture (as defined in "Description of the Notes" in this prospectus supplement). The Company has appointed U.S. Bank National Association as the calculation agent for purposes of determining three-month LIBOR for each floating rate interest period. |
| Interest Payment Dates     | We will pay interest on the Notes on March 30, June 30, September 30 and December 30 of each year.   |
| Record Dates               | The 15th day of the month immediately before the month of the applicable interest payment date.  |
| Day Count Convention       | Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months to but excluding September 30, 2021 and, thereafter, on the basis of the actual number of days in the relevant interest period divided by 360.   |
| No Guarantees              | The Notes are not guaranteed by any of our subsidiaries. As a result, the Notes will be structurally subordinated to the liabilities of our subsidiaries as discussed below under "Ranking."   |

Table of Contents

Ranking

The Notes offered by this prospectus supplement will be issued by First Internet Bancorp under a Subordinated Indenture dated as of September 30, 2016 between First Internet Bancorp and U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Indenture dated as of September 30, 2016 between First Internet Bancorp and the Trustee. We refer to the Subordinated Indenture, as amended and supplemented by the First Supplemental Indenture, as the "Indenture."

The Notes will be our unsecured, subordinated obligations and:

will rank junior in right of payment and upon our liquidation to any of our existing and all future Senior Indebtedness (as defined in the Indenture), all as described under "Description of the Notes" in this prospectus supplement;

will rank junior in right of payment and upon our liquidation to any of our existing and all of our future general creditors other than our outstanding subordinated indebtedness, which ranks equal in right;

will rank equal in right of payment and upon our liquidation with any of our existing and all of our future indebtedness the terms of which provide that such indebtedness ranks equally with the Notes;

will rank senior in right of payment and upon our liquidation to any of our indebtedness the terms of which provide that such indebtedness ranks junior in right of payment to note indebtedness such as the Notes; and

will be effectively subordinated to our future secured indebtedness to the extent of the value of the collateral securing such indebtedness, and structurally subordinated to the existing and future indebtedness of our subsidiaries, including without limitation the Bank's depositors, liabilities to general creditors and liabilities arising in the ordinary course of business or otherwise.

As of June 30, 2016, on a consolidated basis, the Company's total liabilities were approximately \$1.57 billion, which included approximately \$1.39 billion of deposit liabilities. As of June 30, 2016, we also had \$13.0 million principal amount of outstanding subordinated indebtedness that ranks equal in right to the Notes.

The Indenture does not limit the amount of additional indebtedness we or our subsidiaries may incur.

Optional Redemption

We may, beginning with the interest payment date of September 30, 2021, and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption.



## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

|                          |   |
|--------------------------|---|
| Special Event Redemption | We may also redeem the Notes at any time, including prior to September 30, 2021, at our option, in whole but not in part, if: (a) a change or prospective change in law occurs that could prevent us from deducting interest payable on the Notes for U.S. federal income tax purposes; (b) a subsequent event occurs that could preclude the Notes from being recognized as Tier 2 capital for regulatory capital purposes; or (c) we are required to register as an investment company under the Investment Company Act of 1940, as amended; in each case, at a redemption price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest to but excluding the redemption date. For more information, see "Description of the Notes Redemption" in this prospectus supplement. |
| Sinking Fund             | There is no sinking fund for the Notes.   |
| Further Issuances        | The Notes will initially be limited to an aggregate principal amount of \$25,000,000. We may from time to time, without notice to or consent of the holders, increase the aggregate principal amount of the Notes outstanding by issuing additional notes in the future with the same terms as the Notes, except for the issue date, the offering price and the first interest payment date, and such additional notes may be consolidated with the Notes issued in this offering and form a single series.   |
| Use of Proceeds          | We estimate that the net proceeds from this offering, after deducting underwriting discounts and estimated expenses, will be approximately \$23,737,500 (or up to \$27,369,375 if the underwriters exercise their purchase option in full). We intend to use these proceeds for general corporate purposes, which may include providing capital to support our growth organically or through strategic acquisitions, repaying indebtedness and financing investments and capital expenditures, and for investments in the Bank as regulatory capital. See "Use of Proceeds" in this prospectus supplement.  |
| Form and Denomination    | The Notes will be offered in book-entry form through the facilities of DTC in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.   |
| Listing                  | We have applied to list the Notes on the NASDAQ Global Market. Trading on the NASDAQ Global Market is expected to commence within a 30-day period after the initial delivery of the Notes. Currently, there is no market for the Notes, and there can be no assurances that an active market for the Notes will develop.  |
| Governing Law            | The Notes and the Indenture will be governed by the laws of the State of New York.  |
| Trustee                  | U.S. Bank National Association.   |

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

#### Risk Factors

An investment in the Notes involves risks. You should carefully consider the information contained under "Risk Factors" beginning on page S-9 in this prospectus supplement and Item 1A., Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our financial statements and the notes thereto, before making an investment decision.

#### Ratios of Earnings to Fixed Charges

Please refer to the information contained under "Ratios of Earnings to Fixed Charges" in this prospectus supplement for a presentation of such ratios as of June 30, 2016 and 2015 and for each of the last five years.

S-8

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Table of Contents

**RISK FACTORS**

*An investment in the Notes involves a number of risks. This prospectus supplement does not describe all of those risks. Before you decide whether an investment in the Notes is suitable for you, you should carefully consider the risks described below relating to the offering as well as the risk factors concerning our business included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, in addition to the other information in this prospectus supplement and the accompanying prospectus, including our other filings which are incorporated by reference into this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement and the accompanying prospectus for discussions of these other filings. The prospectus is qualified in its entirety by those risk factors.*

***Our obligations under the Notes will be unsecured and subordinated to any Senior Indebtedness.***

The Notes will be unsecured subordinated obligations of First Internet Bancorp. Accordingly, they will be junior in right of payment to any of our existing and future Senior Indebtedness (as defined in the Indenture). The Notes will rank equally with all of our other unsecured subordinated indebtedness issued in the future under the Indenture. In addition, the Notes will be structurally subordinated to all existing and future indebtedness, liabilities and other obligations, including deposits, of our current and future subsidiaries, including the Bank. As of June 30, 2016, on a consolidated basis, we had outstanding liabilities totaling approximately \$1.57 billion, which included approximately \$1.39 billion of deposit liabilities. As adjusted to give effect to the offering of the Notes, as if the offerings had been completed as of June 30, 2016, First Internet Bancorp, the Bank and our other subsidiaries had, on a consolidated basis, \$38.0 million principal amount of indebtedness. As of June 30, 2016, we also had approximately \$13.0 million principal amount of outstanding subordinated indebtedness that ranks equal in right to the Notes.

In addition, the Notes will not be secured by any of our assets. As a result, the Notes will be effectively subordinated to all of our secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness. The Indenture does not limit the amount of Senior Indebtedness and other financial obligations or secured obligations that we or our subsidiaries may incur.

As a result of the subordination provisions described above and in the following paragraph, holders of Notes may not be fully repaid in the event of our bankruptcy, liquidation, or reorganization.

***The Notes are not obligations of, or guaranteed by, our subsidiaries and are structurally subordinated to all liabilities of our subsidiaries.***

The Notes will be obligations of First Internet Bancorp only and will not be guaranteed by any of our subsidiaries, including the Bank. The Notes will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, which means that creditors of our subsidiaries (including, in the case of the Bank, its depositors) generally will be paid from those subsidiaries' assets before holders of the Notes would have any claims to those assets. Even if we become a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any debt of that subsidiary senior to that held by us, and our rights could otherwise be subordinated to the rights of other creditors and depositors of that subsidiary. Furthermore, none of our subsidiaries is under any obligation to make payments to us, and any payments to us would depend on the earnings or financial condition of our subsidiaries and various business considerations. Statutory, contractual, or other restrictions also limit our subsidiaries' ability to pay dividends or make distributions, loans or advances to us. For these reasons, we may not have access to any assets or cash flows of our subsidiaries to make interest and principal payments on the Notes.

Table of Contents

***We may incur a substantial level of debt that could materially adversely affect our ability to generate sufficient cash to fulfill our obligations under the Notes.***

Neither we, nor any of our subsidiaries, are subject to any limitations under the terms of the Indenture from issuing, accepting or incurring any amount of additional debt, deposits or other liabilities, including Senior Indebtedness or other obligations ranking senior to or equally with the Notes. We and our subsidiaries are expected to incur additional debt and other liabilities from time to time, and our level of debt and the risks related thereto could increase.

A substantial level of debt could have important consequences to holders of the Notes, including the following:

making it more difficult for us to satisfy our obligations with respect to our debt, including the Notes;

requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for other purposes;

increasing our vulnerability to adverse economic and industry conditions, which could place us at a disadvantage compared to our competitors that have relatively less debt;

limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; and

limiting our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions and other corporate purposes.

In addition, a breach of any of the restrictions or covenants in our debt agreements could cause a cross-default under other debt agreements. A significant portion of our debt then may become immediately due and payable. We are not certain whether we would then have, or be able to obtain, sufficient funds to make these accelerated payments. If any of our debt is accelerated, our assets may not be sufficient to repay such debt in full.

***The Indenture has limited covenants and does not contain any limitations on our ability to grant or incur a lien on our assets, sell or otherwise dispose of assets, pay dividends, or repurchase our capital stock, which may not protect your investment.***

In addition to the absence of any restrictions on us or our subsidiaries on incurring any additional debt or other liabilities, we are not restricted under the Indenture from granting security interests over our assets, or from paying dividends or issuing or repurchasing our securities. Also, there are no covenants in the Indenture requiring us to achieve or maintain any minimum financial results relating to our financial position or results of operations. You are not protected under the Indenture in the event of a highly leveraged transaction, reorganization, a default under our existing indebtedness, restructuring, merger or similar transaction that may adversely affect our ability to make payments on the Notes when due.

***Our access to funds from First Internet Bank may become limited, thereby restricting our ability to make payments on our obligations.***

First Internet Bancorp is a separate and distinct legal entity from the Bank and our other subsidiaries. Our principal source of funds to make payments on the Notes and our other obligations is dividends, distributions and other payments from the Bank. The Bank is subject to laws that authorize regulatory bodies to block or reduce the flow of funds from the Bank to us, which could impede access to funds we need to make payments on our obligations, including interest and principal payments on the Notes. For example, under Indiana law an Indiana bank such as First Internet Bank is generally limited to paying dividends equal to its profits for that year, plus its retained net profits for the two preceding years, less any required transfers to surplus or to fund the retirement of preferred stock or debt, absent approval of the Indiana Department of Financial Institutions.

Table of Contents

In addition, effective January 1, 2016, banks and bank holding companies are required to maintain a capital conservation buffer on top of minimum risk-weighted asset ratios. This buffer is designed to absorb losses during periods of economic stress. When fully phased-in on January 1, 2019, the capital conservation buffer will be 2.5%. Banking institutions that do not maintain capital in excess of the capital conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. Accordingly, if the Bank does not maintain capital in excess of the buffer, distributions to the Company may be prohibited or limited and we may not have funds to make principal and interest payments on the Notes.

For more information about these restrictions, see the information under the heading "Supervision and Regulation" in Item 1., Business, and the information under the headings "*We are subject to extensive government regulation, and such regulation could limit or restrict our activities and adversely affect our earnings.*" and "*Financial reform legislation enacted by Congress will, among other things, tighten capital standards and result in new laws and regulations that likely will increase our costs of operations.*" in Item 1A., Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

***We may not be able to generate sufficient cash to service all of our debt, including the Notes.***

Our ability to make scheduled payments of principal and interest, or to satisfy our obligations in respect of our debt or to refinance our debt, will depend on our future performance of our operating subsidiaries. Prevailing economic conditions (including interest rates), regulatory constraints, including, among other things, limiting distributions to us from the Bank and required capital levels with respect to the Bank and certain of our nonbank subsidiaries, and financial, business and other factors, many of which are beyond our control, will also affect our ability to meet these needs. Our subsidiaries may not be able to generate sufficient cash flows from operations, or we may be unable to obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We may not be able to refinance any of our debt when needed on commercially reasonable terms or at all.

***Regulatory guidelines may restrict our ability to pay the principal of, and accrued and unpaid interest on, the Notes, regardless of whether we are the subject of an insolvency proceeding.***

As a bank holding company, our ability to pay the principal of, and interest on, the Notes is subject to the rules and guidelines of the Federal Reserve regarding capital adequacy. We intend to treat the Notes as "Tier 2 capital" under these rules and guidelines. The Federal Reserve guidelines generally require us to review the effects of the cash payment of Tier 2 capital instruments, such as the Notes, on our overall financial condition. The guidelines also require that we review our net income for the current and past four quarters, and the amounts we have paid on Tier 2 capital instruments for those periods, as well as our projected rate of earnings retention. Moreover, pursuant to federal law and the Federal Reserve regulations, as a bank holding company, we are required to act as a source of financial and managerial strength to the Bank and commit resources to its support, including the guarantee of capital plans of an undercapitalized bank subsidiary. Such support may be required at times when we may not otherwise be inclined or able to provide it. As a result of the foregoing, we may be unable to pay accrued interest on the Notes on one or more of the scheduled interest payment dates, or at any other time, or the principal of the Notes at the maturity of the Notes.

If we were to be the subject of a bankruptcy proceeding under Chapter 11 of the U.S. Bankruptcy Code, the bankruptcy trustee would be deemed to have assumed, and would be required to cure, immediately any deficit under any commitment we have to any of the federal banking agencies to maintain the capital of the Bank, and any other insured depository institution for which we have such a responsibility, and any claim for breach of such obligation would generally have priority over most other unsecured claims.

Table of Contents

***Holders of the Notes will have limited rights, including limited rights of acceleration, if there is an event of default.***

Payment of principal on the Notes may be accelerated only in the case of certain events of bankruptcy or insolvency involving us or First Internet Bank. There is no automatic acceleration, or right of acceleration, in the case of default in the payment of principal of or interest on the Notes, or in the performance of any of our other obligations under the Notes or the Indenture. Our regulators can, in the event we become subject to an enforcement action, require our subsidiary bank to not pay dividends to us, and to prevent payment of interest or principal on the Notes and any dividends on our capital stock, but such limits will not permit acceleration of the Notes.

***There may be no active trading market for the Notes.***

The Notes will be a new issue of securities with no established trading market. Although we intend to apply to have the notes listed on the NASDAQ Global Market, there can be no assurance the Notes will be approved for listing or, if listed, that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. Although representatives of the underwriters have advised us that, following completion of the offering of Notes, one or more of the underwriters currently intend to make secondary markets in the Notes, they are not obligated to do so and may discontinue any market-making activities at any time without notice. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and our financial condition and results of operations.

***The market value of the Notes may be less than the principal amount of the Notes.***

If a market develops for the Notes, the prices at which holders may be able to sell their Notes may be affected, potentially adversely, by a number of factors. These factors include: the method of calculating the principal, premium, if any, interest or other amounts payable, if any, on the Notes; the time remaining to maturity of the Notes; the aggregate amount outstanding of the Notes; any redemption or repayment features of the Notes; the level, direction, and volatility of market interest rates generally; general economic conditions of the capital markets in the United States; geopolitical conditions and other financial, political, regulatory, and judicial events that affect the capital markets generally; the extent of any market-making activities with respect to the Notes; and the operating performance of the Bank. Often, the only way to liquidate your investment in the Notes prior to maturity will be to sell the Notes. At that time, there may be a very illiquid market for the Notes or no market at all.

***Because the Notes may be redeemed at our option under certain circumstances prior to their maturity, you may be subject to reinvestment risk.***

Subject to the prior approval of the Federal Reserve, to the extent that such approval is then required, we may redeem all or a portion of the Notes on September 30, 2021 and on any interest payment date thereafter prior to their stated maturity date. In addition, at any time at which any Notes remain outstanding, subject to the prior approval of the Federal Reserve, to the extent that such approval is then required, we may redeem the Notes in whole but not in part upon the occurrence of (i) a "Tax Event," (ii) a "Tier 2 Capital Event" or (iii) a "1940 Act Event." In the event that we redeem the Notes, holders of the Notes will receive only the principal amount of the Notes plus any accrued and unpaid interest to but excluding such earlier redemption date. If any redemption occurs, holders of the Notes will not have the opportunity to continue to accrue and be paid interest to the stated maturity date. Any such redemption may have the effect of reducing the income or return that you may receive on an investment in the Notes by reducing the term of the investment. If this occurs, you may not be able to reinvest the proceeds at an interest rate

Table of Contents

comparable to the rate paid on the Notes. See "Description of the Notes - Redemption" in this prospectus supplement.

Investors should not expect us to redeem the Notes on or after the date on which they become redeemable at our option. Under Federal Reserve regulations, unless the Federal Reserve authorizes us in writing to do otherwise, we may not redeem the Notes unless they are replaced with other Tier 2 capital instruments or unless we can demonstrate to the satisfaction of the Federal Reserve that, following redemption, we will continue to hold capital commensurate with our risk.

***The amount of interest payable on the Notes will vary on and after September 30, 2021.***

As the interest rate of the Notes will be calculated based on LIBOR from September 30, 2021 to but excluding the maturity date or earlier redemption date and LIBOR is a floating rate, the interest rate on the Notes will vary on and after September 30, 2021. During this period, the Notes will bear a floating interest rate set each quarterly interest period at a per annum rate equal to the then-current three-month LIBOR rate plus 4.85%; provided, that in the event three-month LIBOR is less than zero, three-month LIBOR shall be deemed to be zero. The per annum interest rate that is determined on the relevant determination date will apply to the entire quarterly interest period following such determination date even if LIBOR increases during that period.

Floating rate notes bear additional significant risks not associated with fixed rate debt securities. These risks include fluctuation of the interest rates and the possibility that you will receive an amount of interest that is lower than expected. We have no control over a number of matters, including economic, financial, and political events, that are important in determining the existence, magnitude, and longevity of market volatility and other risks and their impact on the value of, or payments made on, the floating rate Notes. In recent years, interest rates have been volatile, and that volatility may be expected in the future.

***The level of LIBOR may affect our decision to redeem the Notes.***

We are more likely to redeem the Notes on or after September 30, 2021 if the interest rate on them is higher than that which would be payable on one or more other forms of borrowing. If we redeem the Notes prior to their maturity date, holders may not be able to invest in other securities that yield as much interest as the Notes.

***Holders of the Notes will have no rights against the publishers of LIBOR.***

Holders of the Notes will have no rights against the publishers of LIBOR, even though the amount they receive on each interest payment date on and after September 30, 2021 will depend upon the level of LIBOR. The publishers of LIBOR are not in any way involved in this offering and have no obligations relating to the Notes or the holders of the Notes.

***The Notes are not insured or guaranteed by the Federal Deposit Insurance Corporation.***

The Notes are not savings accounts, deposits or other obligations of our bank subsidiary or any of our nonbank subsidiaries. The Notes are not insured by the FDIC or any other governmental agency or public or private insurer. The Notes are ineligible and may not be used as collateral for a loan by us or our bank subsidiary.

***Our credit ratings may not reflect all risks of an investment in the Notes, and changes in our credit ratings may adversely affect your investment in the Notes.***

The credit ratings of our indebtedness are an assessment by rating agencies of our ability to pay our debts when due. These ratings are not recommendations to purchase, hold or sell the Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor, are limited in scope,

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. The ratings are based on current and historical information furnished to the ratings agencies by us and information obtained by the ratings agencies from other sources. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time, or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant.

S-14

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Table of Contents

**USE OF PROCEEDS**

We estimate that the net proceeds to us from this offering, after underwriting discounts and estimated expenses, will be approximately \$23,737,500 (or up to \$27,369,375 if the underwriters exercise their purchase option in full). We intend to use the net proceeds to support the Bank's organic growth, the pursuit of strategic acquisition opportunities and other general corporate purposes, which may include, among other things, contributing capital to the Bank, reducing or redeeming existing debt, funding loans and purchasing investment securities through the Bank. We do not have any immediate plans, arrangements or understandings relating to any material acquisition.

As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses for the net proceeds we will have upon completion of this offering. Accordingly, our management will have broad discretion in the application of net proceeds.

Pending the uses described above, we plan to invest the net proceeds from this offering in cash or cash equivalents. Investing the offering proceeds in securities until we are able to deploy the proceeds will provide lower yields than we generally earn on loans, potentially adversely affecting our net interest yield and our net interest margin.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization, including regulatory capital ratios, on a consolidated basis, as of June 30, 2016:

on an actual basis, and

on an as adjusted basis to give effect to the sale of the Notes offered hereby without giving effect to any Notes that may be issued pursuant to the underwriters' purchase option.

This information should be read together with the financial and other data in this prospectus supplement as well as the unaudited consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Conditions and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, which is incorporated by reference into this prospectus supplement.

|  | As of June 30, 2016    |                     |
|--|------------------------|---------------------|
|  | Actual                 | As Adjusted         |
|  | (dollars in thousands) |                     |
| <b>Liabilities:</b>  |                        |                     |
| Total Deposits   | \$ 1,388,933           | \$ 1,388,933        |
| Advances from Federal Home Loan Bank   | 147,974                | 147,974             |
| Outstanding subordinated debt  | 12,778                 | 12,778              |
| Notes offered hereby   |                        | 23,738(1)           |
| Accrued interest payable   | 138                    | 138                 |
| Accrued expenses and other liabilities   | 16,966                 | 16,966              |
| <b>Total Liabilities</b>   | <b>1,566,789</b>       | <b>1,590,527</b>    |
| <b>Shareholders' equity:</b>   |                        |                     |
| Preferred stock, no par value; 4,913,779 shares authorized; issued and outstanding none                  | \$                     | \$                  |
| Voting common stock, no par value; 45,000,000 shares authorized; 5,533,050 shares issued and outstanding | 95,642                 | 95,642              |
| Nonvoting common stock, no par value; 86,221 shares authorized; issued and outstanding none              |                        |                     |
| Retained earnings  | 37,630                 | 37,630              |
| Accumulated other comprehensive income (loss)  | 2,407                  | 2,407               |
| <b>Total shareholders' equity</b>  | <b>\$ 135,679</b>      | <b>\$ 135,679</b>   |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$ 1,702,468</b>    | <b>\$ 1,726,206</b> |
| <b>Capital Ratios(2):</b>  |                        |                     |
| Common equity tier 1 to risk-weighted assets   | 10.66%                 | 10.66%              |
| Tier 1 capital to risk-weighted assets   | 10.66%                 | 10.66%              |
| Total capital to risk-weighted assets  | 12.54%                 | 14.51%              |
| Tier 1 leverage to average assets(3)   | 8.08%                  | 8.08%               |

(1) Represents the aggregate principal amount of the Notes, reduced by the underwriting discount (\$787,500) and our estimated offering expenses (\$475,000).

(2) The as adjusted calculations for the risk-based capital ratios assume that the net proceeds from the sale of the Notes are invested in assets that carry a 0% risk weighting as of June 30, 2016.

## Edgar Filing: First Internet Bancorp - Form 424B5

(3)

Tier 1 leverage ratio is defined as Tier 1 capital (pursuant to risk-based capital guidelines) as a percentage of adjusted average assets for the quarter ended June 30, 2016. The as adjusted calculations assume that the proceeds from the sale of the Notes would have been received on June 30, 2016.

S-16

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Table of Contents**RATIOS OF EARNINGS TO FIXED CHARGES**

The following table sets forth our consolidated ratio of earnings to fixed charges and our consolidated ratio of earnings to combined fixed charges and preferred stock dividends on a historical basis for the periods indicated. For purposes of computing these ratios, earnings represent income before taxes and fixed charges. Fixed charges, excluding interest on deposits, consist of interest expense, excluding interest on deposits, and one-third of rental expense for all operating leases, which we believe to be representative of the interest portion of rent expense. Fixed charges, including interest on deposits, consist of interest expense, one-third of rental expense and interest on deposits. The term "preferred stock dividends" is the amount of pre-tax earnings that is required to pay dividends on First Internet Bancorp's issued and outstanding preferred stock. As of the date of this prospectus supplement, we had no preferred stock outstanding.

|  | Six months<br>ended June 30, |       | Year ended December 31, |       |       |       |       |
|--|------------------------------|-------|-------------------------|-------|-------|-------|-------|
|  | 2016                         | 2015  | 2015                    | 2014  | 2013  | 2012  | 2011  |
| <b>Consolidated ratio of earnings to fixed charges:</b>  |                              |       |                         |       |       |       |       |
| Excluding interest on deposits   | 6.17x                        | 7.82x | 7.45x                   | 5.43x | 5.42x | 6.32x | 3.66x |
| Including interest on deposits   | 1.96x                        | 2.31x | 2.26x                   | 1.71x | 1.75x | 1.90x | 1.41x |
| <b>Consolidated ratio of earnings to combined fixed charges and preferred stock dividends:</b> |                              |       |                         |       |       |       |       |
| Excluding interest on deposits   | 6.17x                        | 7.82x | 7.45x                   | 5.43x | 5.42x | 6.32x | 3.66x |
| Including interest on deposits   | 1.96x                        | 2.31x | 2.26x                   | 1.71x | 1.75x | 1.90x | 1.41x |

S-17

Table of Contents

**DESCRIPTION OF THE NOTES**

The Notes offered by this prospectus supplement will be issued by First Internet Bancorp pursuant to a Subordinated Indenture dated as of September 30, 2016 between First Internet Bancorp and the Trustee, as amended and supplemented by a First Supplemental Indenture dated as of September 30, 2016 between First Internet Bancorp and the Trustee. We refer to the Subordinated Indenture, as amended and supplemented by the First Supplemental Indenture, as the "Indenture." You may request a copy of the Indenture from us as described under "Where You Can Find More Information." We have summarized the material terms of the Indenture and the Notes below, but the summary does not purport to be complete and is subject to and qualified in its entirety by reference to all of the provisions of the Indenture and the Notes. The following description of the particular terms of the Indenture and the Notes supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of subordinated debt in the accompanying prospectus, to which description we refer you.

You should read the Indenture and the Notes because they, and not this description, define your rights as holders of the Notes.

**General**

The Notes issued in this offering will initially be limited to \$25,000,000 aggregate principal amount. Under the Indenture, the aggregate principal amount of Notes which may be sold and delivered in other offerings is unlimited. The Notes may be sold in one or more series with the same or various maturities, at par, at a premium, or at a discount.

The maturity of the Notes may not be accelerated in the absence of certain events of default (as such term is defined in the Indenture). There is no right to accelerate the maturity of the Notes if we fail to pay interest or principal on the Notes or any Additional Amounts (as defined below) with respect thereto or default in the performance or breach any covenant or warranty under any Note or in the Indenture " Events of Default; Acceleration of Payment; Limitation on Suits."

The Notes will mature on September 30, 2026 (the "maturity date"). The Notes are not convertible into, or exchangeable for, equity securities, other securities or assets of First Internet Bancorp or First Internet Bank. There is no sinking fund for the Notes.

As a bank holding company, our ability to make payments on the Notes will depend primarily on the receipt of dividends and other distributions from our subsidiary First Internet Bank. There are various regulatory restrictions on the ability of First Internet Bank to pay dividends or make other distributions to us. See "Risk Factors Payments on the Notes will depend on receipt of dividends and distributions from our subsidiaries" and "Regulatory guidelines may restrict our ability to pay the principal of, and accrued and unpaid interest on, the Notes, regardless of whether we are the subject of an insolvency proceeding" in this prospectus supplement.

Delivery of reports, information and documents (including, without limitation, reports contemplated in this section) to the Trustee is for information purposes only, and the Trustee's receipt thereof shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including First Internet Bancorp's compliance with covenants under the Indenture, Notes, and guarantees (if any), as to which the Trustee is entitled to rely exclusively on officers' certificates.

The Notes are not savings accounts, deposits or other obligations of First Internet Bank or any of our non-bank subsidiaries and are not insured or guaranteed by the FDIC or any other governmental agency or public or private insurer. The Notes are solely obligations of First Internet Bancorp and are neither obligations of, nor guaranteed by, any of our subsidiaries.

Table of Contents

The Notes will be issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

**Interest**

The Notes will bear interest (a) at an initial rate of 6.0% per annum, commencing on September 30, 2016, from and including the date of issuance to but excluding September 30, 2021, and (b) thereafter at a floating per annum rate equal to the then-current three-month LIBOR plus 4.85%. Interest is payable quarterly in arrears on March 30, June 30, September 30 and December 30 of each year (the "interest payment dates").

"Three-month LIBOR" means, for any interest period, the offered rate for deposits in U.S. dollars having a maturity of three months that appears on the Designated LIBOR Page as of 11:00 a.m., London time, on the Reset Rate Determination Date related to such interest period. If such rate does not appear on such page at such time, then the Calculation Agent will request the principal London office of each of four major reference banks in the London interbank market, selected by First Internet Bancorp for this purpose and whose names and contact information will be provided by First Internet Bancorp to the Calculation Agent, to provide such bank's offered quotation to prime banks in the London interbank market for deposits in U.S. dollars with a term of three months as of 11:00 a.m., London time, on such Reset Rate Determination Date and in a principal amount equal to an amount for a single transaction in U.S. dollars in the relevant market at the relevant time as determined by First Internet Bancorp and provided to the Calculation Agent (a "Representative Amount"). If at least two such quotations are so provided, three-month LIBOR for the interest period related to such Reset Rate Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are provided, the Calculation Agent will request each of three major banks in the City of New York selected by First Internet Bancorp for this purpose and whose names and contact information will be provided by First Internet Bancorp to the Calculation Agent, to provide such bank's rate for loans in U.S. dollars to leading European banks with a term of three months as of approximately 11:00 a.m., New York City time, on such Reset Rate Determination Date and in a Representative Amount. If at least two such rates are so provided, three-month LIBOR for the interest period related to such Reset Rate Determination Date will be the arithmetic mean of such quotations. If fewer than two such rates are so provided, then three-month LIBOR for the interest period related to such Reset Rate Determination Date will be set to equal the three-month LIBOR for the immediately preceding interest period or, in the case of the interest period commencing on the first floating rate interest payment date, the coupon rate will be 6.0%. All percentages used in or resulting from any calculation of three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005% rounded up to 0.00001%. Notwithstanding the foregoing, in the event that three-month LIBOR as determined in accordance with this definition is less than zero, three-month LIBOR for such interest period shall be deemed to be zero.

"Calculation Agent" means U.S. Bank National Association, or any other successor appointed by us, acting as calculation agent.

"Designated LIBOR Page" means the display on Bloomberg Page BBAM1 (or any successor or substitute page of such service, or any successor to such service selected by First Internet Bancorp), for the purpose of displaying the London interbank rates for U.S. dollars.

"London Banking Day" means any day on which commercial banks are open for business (including dealings in U.S. dollars) in London.

"Reset Rate Determination Date" means the second London Banking Day immediately preceding the first day of each applicable interest period commencing on the first floating rate interest payment date.

"Additional Amounts" means any additional amounts that are required by the Indenture or the Notes, under circumstances specified by the Indenture or the Notes, to be paid by First Internet Bancorp in respect

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

of certain taxes imposed on holders of the Notes specified by the Indenture or the Notes and which are owing to such holders.

The determination of three-month LIBOR for each applicable interest period by the Calculation Agent will (in the absence of manifest error) be final and binding. The Calculation Agent's calculation of the amount of any interest payable after the first Reset Rate Determination Date will be maintained on file at the Calculation Agent's principal offices.

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months to, but excluding, September 30, 2021 and thereafter on the basis of a 360-day year and on the basis of the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

Interest on the Notes, subject to certain exceptions, will accrue during the applicable interest period, which is from and including the immediately preceding interest payment date in respect of which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from and including the date of issuance of the Notes to but excluding the applicable interest payment date or the stated maturity date or date of earlier redemption, if applicable. If an interest payment date or the maturity date for the Notes falls on a day that is not a business day, the interest payment or the payment of principal and interest at maturity will be paid on the next succeeding business day, but the payments made on such dates will be treated as being made on the date that the payment was first due and the holders of the Notes will not be entitled to any further interest or other payments. In the event that a floating rate interest payment date falls on a day that is not a business day, then such floating rate interest payment date will be postponed to the next succeeding business day unless such day falls in the next succeeding calendar month, in which case such floating rate interest payment date will be accelerated to the immediately preceding business day, and, in each such case, the amounts payable on such business day will include interest accrued to but excluding such business day.

Interest on each Note will be payable to the person in whose name such Note is registered for such interest at the close of business on the 15th day of the month immediately preceding the applicable interest payment date, whether or not such day is a business day. Any such interest which is payable, but is not punctually paid or duly provided for, on any interest payment date shall cease to be payable to the holder on such relevant record date by virtue of having been a holder on such date, and such defaulted interest may be paid by us to the person in whose name the Note is registered at the close of business on a special record date for the payment of defaulted interest. However, interest that is paid on the maturity date will be paid to the person to whom the principal will be payable. Interest will be payable by wire transfer in immediately available funds in U.S. dollars at the office of the principal paying agent or, at our option in the event the Notes are not represented by Global Notes (as defined below), by check mailed to the address of the person specified for payment in the preceding sentences.

No recourse will be available for the payment of principal of, or interest or any Additional Amounts on, any Note, for any claim based thereon, or otherwise in respect thereof, against any stockholder, employee, officer or director, as such, past, present or future, of First Internet Bancorp or of any successor entity. Neither the Indenture nor the Notes contain any covenants or restrictions restricting the incurrence of debt, deposits or other liability by us or by our subsidiaries. The Indenture and the Notes contain no financial covenants and do not restrict us from paying dividends or issuing or repurchasing other securities, and do not contain any provision that would provide protection to the holders of the Notes against a sudden and dramatic decline in credit quality resulting from a merger, takeover, recapitalization or similar restructuring or any other event involving us or our subsidiaries that may adversely affect our credit quality.

When we use the term "business day," we mean any day except a Saturday, Sunday, a legal holiday or any other day on which banking institutions in the City of New York, New York or any place of payment are authorized or obligated by law, regulation or executive order to close.

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

#### **Ranking**

The Notes will rank equally with all other unsecured subordinated indebtedness First Internet Bancorp may issue in the future under the Indenture. The Notes will rank equal to the \$13.0 million of First Internet Bancorp's subordinated indebtedness outstanding as of June 30, 2016. As of June 30, 2016, we had no other outstanding subordinated indebtedness.

The Notes will rank junior to and will be subordinated to all of our senior indebtedness, whether now outstanding, or created, assumed or incurred in the future, including all indebtedness relating to money owed to general creditors and trade creditors. The Notes will be obligations of First Internet Bancorp only and will not be guaranteed by any of our subsidiaries, including First Internet Bank, which is our principal subsidiary. The Notes will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, which means that creditors of our subsidiaries (including, in the case of First Internet Bank, its depositors) generally will be paid from those subsidiaries' assets before holders of the Notes would have any claims to those assets. The Indenture and the Notes do not limit the amount of senior indebtedness, secured indebtedness, or other liabilities having priority over the Notes that we or our subsidiaries may incur. As of June 30, 2016, on a consolidated basis, our outstanding indebtedness (including deposits) totaled approximately \$1.57 billion, which includes \$13.0 million principal amount of outstanding unsecured subordinated indebtedness. As of June 30, 2016, we had no other outstanding subordinated indebtedness. As adjusted to give effect to the offering, as if the offering had been completed as of June 30, 2016, First Internet Bancorp, First Internet Bank and our other subsidiaries had, on a consolidated basis, \$38.0 million principal amount of indebtedness.

"Senior indebtedness" means:

the principal and any premium or interest for money borrowed or purchased by First Internet Bancorp;

the principal and any premium or interest for money borrowed or purchased by another person and guaranteed by First Internet Bancorp;

any deferred obligation for the payment of the purchase price of property or assets evidenced by a note or similar instrument or agreement;

obligations to general and trade creditors;

any obligation arising from direct credit substitutes;

any obligation associated with derivative products such as interest rate and currency exchange contracts, foreign exchange contracts, commodity contracts or any similar arrangements, unless the instrument by which First Internet Bancorp incurred, assumed or guaranteed the obligation expressly provides that it is subordinate or junior in right of payment to any other indebtedness or obligations of First Internet Bancorp; and

all obligations of the type referred to in the first six bullet points above of other persons or entities for the payment of which First Internet Bancorp is responsible or liable as obligor, guarantor or otherwise, whether or not classified as a liability on a balance sheet prepared in accordance with accounting principles generally accepted in the United States;

in each case, whether now outstanding, or created, assumed or incurred in the future. With respect to the Notes, senior indebtedness excludes any indebtedness that:

expressly states that it is junior to, or ranks equally in right of payment with, the Notes; or

is identified as junior to, or equal in right of payment with, the Notes in any board resolution establishing such series of subordinated indebtedness or in any supplemental indenture.





Table of Contents

Notwithstanding the foregoing, and for the avoidance of doubt, if the Federal Reserve (or other competent regulatory agency or authority) promulgates any rule or issues any interpretation that defines general creditor(s), the main purpose of which is to establish criteria for determining whether the subordinated debt of a financial or bank holding company is to be included in its capital, then the term "general creditors" as used in the definition of "senior indebtedness" in the Indenture will have the meaning as described in that rule or interpretation.

Upon the liquidation, dissolution, winding up, or reorganization of First Internet Bancorp, First Internet Bancorp must pay to the holders of all senior indebtedness the full amounts of principal of, premium, interest and any additional amounts owing on, that senior indebtedness before any payment is made on the Notes. If, after we have made those payments on our senior indebtedness there are amounts available for payment on the Notes, then we may make any payment on the Notes. Because of the subordination provisions and the obligation to pay senior indebtedness described above, in the event of insolvency of First Internet Bancorp, holders of the Notes may recover less ratably than holders of senior indebtedness and other creditors of First Internet Bancorp. With respect to the assets of a subsidiary of ours, our creditors (including holders of the Notes) are structurally subordinated to the prior claims of creditors of such subsidiary, except to the extent that we may be a creditor with recognized claims against such subsidiary.

Subject to the terms of the Indenture, if the Trustee or any holder of any of the Notes receives any payment or distribution of our assets in contravention of the subordination provisions applicable to the Notes before all senior indebtedness is paid in full in cash, property or securities, including by way of set-off or any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of First Internet Bancorp being subordinated to the payment of the Notes, then such payment or distribution will be held in trust for the benefit of holders of senior indebtedness or their representatives to the extent necessary to make payment in full in cash or payment satisfactory to the holders of senior indebtedness of all unpaid senior indebtedness.

**Events of Default; Acceleration of Payment; Limitation on Suits**

The Notes and Indenture provide for only limited events upon which the principal of the Notes, together with accrued and unpaid interest and premium, if any, shall be accelerated. These events are:

A court having jurisdiction shall enter a decree or order for the appointment of a receiver, trustee, assignee, liquidator or similar official in any receivership, insolvency, liquidation, or similar proceeding relating to First Internet Bancorp, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

First Internet Bancorp shall consent to the appointment of a receiver, liquidator, trustee, assignee or other similar official in any receivership, insolvency, liquidation or similar proceeding with respect to First Internet Bancorp; or

In the event of an appointment of a receiver, trustee, assignee, liquidator or similar official for our principal banking subsidiary, First Internet Bank, and such appointment shall not have been rescinded for a period of 60 consecutive days from the date thereof.

The Notes and Indenture provide for a limited number of other events of default, which do not permit acceleration of the payment of principal of, and interest on, the Notes, including:

Default in the payment of any interest on the Notes when it becomes due and payable, and continuance of such default for a period of 30 days (unless the entire amount of such payment is deposited by First Internet Bancorp with the Trustee or with a paying agent prior to the expiration of such period of 30 days);

Table of Contents

Default in the payment of the principal on the Notes or any Additional Amounts with respect thereto when it becomes due and payable (whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise); or

Default in the performance or breach of any covenant or warranty of First Internet Bancorp in the Indenture (other than a covenant or warranty for which the consequences of nonperformance or breach are addressed in the five bullet points above and other than a covenant or warranty that has been included in the Indenture solely for the benefit of notes issued thereunder other than the Notes), and the continuance of such default or breach (without such default or breach having been waived in accordance with the provisions of the Indenture) for a period of 90 days after there has been given, by registered or certified mail, to First Internet Bancorp by the Trustee or to First Internet Bancorp and the Trustee by the holders of not less than 25.0% in principal amount of the outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture.

**There is no right of acceleration in the case of a default in the payment of principal of or interest or Additional Amounts on the Notes or in our nonperformance or breach of any other covenant or warranty under the Notes or the Indenture.** If we default in our obligation to pay any interest on the Notes when due and payable and such default continues for a period of 30 days, or if we default in our obligation to pay the principal amount of the Notes or any Additional Amounts with respect thereto when it becomes due and payable (whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise), then the Trustee may demand First Internet Bancorp pay to the Trustee, for the benefit of the holders of the Notes, the whole amount then due and payable on the Notes for principal and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and any overdue interest at the rate or rates prescribed therefor in the Notes and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

No holder of Notes will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless:

such holder has previously given written notice to the Trustee of a continuing event of default with respect to the Notes;

the holders of not less than 25.0% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

such holder or holders have offered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in complying with such request;

the Trustee for 60 days after its receipt of such notice, request, and offer of indemnity has failed to institute any such proceeding; and

no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes.

In any event, the Indenture provides that no one or more of such holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such holders of the Notes, or to obtain or to seek to obtain priority or preference over any other of such holders or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all such holders of Notes.

Table of Contents

**Redemption**

We may, at our option, beginning with the interest payment date of September 30, 2021, and on any interest payment date thereafter, redeem the Notes, in whole or in part, from time to time, subject to obtaining the prior approval of the Federal Reserve to the extent such approval is then required under the rules of the Federal Reserve, at a price equal to 100% of the principal amount of the Notes being redeemed plus accrued but unpaid interest to, but excluding, such date of redemption. The Notes may not otherwise be redeemed prior to maturity, except that we may also, at our option, redeem the Notes at any time, including before September 30, 2021, in whole, but not in part, from time to time, at a price equal to 100% of the principal amount of the Notes being redeemed plus accrued but unpaid interest to, but excluding, such date of redemption upon the occurrence of:

a "Tax Event," defined in the Indenture to mean the receipt by us of an opinion of independent tax counsel to the effect that as a result of (a) an amendment to, or change (including any announced prospective change) in, the laws or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or (b) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change becomes effective or which pronouncement or decision is announced on or after the date of original issuance of the Notes, there is more than an insubstantial risk that the interest payable by us on the Notes is not, or within 90 days of the date of such opinion will not be, deductible by us, in whole or in part, for U.S. federal income tax purposes;

a "Tier 2 Capital Event," defined in the Indenture to mean First Internet Bancorp's good faith determination that, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws or any regulations thereunder of the United States or any rules, guidelines or policies of an applicable regulatory authority for First Internet Bancorp or (b) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement or decision is announced on or after the date of original issuance of the Notes, in each case, that there is more than an insubstantial risk that First Internet Bancorp will not be entitled to treat the Notes then outstanding as Tier 2 capital (or its then equivalent if we were subject to such capital requirement) for purposes of capital adequacy guidelines of the Federal Reserve (or any successor regulatory authority with jurisdiction over bank holding companies), as then in effect and applicable, for so long as any Note is outstanding; or

First Internet Bancorp becoming required to register as an investment company pursuant to the Investment Company Act of 1940, as amended.

Any such redemption will be at a redemption price equal to the principal amount of the Notes plus accrued and unpaid interest to, but excluding, such date of redemption.

In the event of any redemption of the Notes, we will deliver or cause to be delivered a notice of redemption (which notice may be conditional in our discretion on one or more conditions precedent, and the redemption date may be delayed until such time as any or all of such conditions have been satisfied or revoked by us if we determine that such conditions will not be satisfied) by first-class mail, or in the event the Notes are represented by Global Notes, electronically in accordance with DTC's procedures, to each holder of Notes not less than 30 nor more than 60 days prior to the redemption date.

Any partial redemption will be made in accordance with DTC's applicable procedures among all of the holders of the Notes. If any Note is to be redeemed in part only, the notice of redemption relating to such Note shall state it is a partial redemption and the portion of the principal amount thereof to be redeemed. A replacement Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. The Notes are not subject to redemption or prepayment at the option of the holders of the Notes.

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### Table of Contents

#### **Modification and Waiver**

The Indenture provides that we and the Trustee may amend or supplement the Indenture or the Notes with, or, in certain cases, without the consent of the holders of a majority in principal amount of the outstanding Notes; provided, that any amendment or waiver may not, without the consent of the holder of each outstanding Note affected thereby:

reduce the amount of Notes whose holders must consent to an amendment, supplement or waiver;

reduce the rate of or extend the time for payment of interest (including default interest) on any Note;

reduce the principal or change the stated maturity of any Note;

waive a default or event of default in the payment of the principal of or interest, if any, on any Note (except a rescission of acceleration of the Notes by the holders of at least a majority in principal amount of the outstanding Notes and a waiver of the payment default that resulted from such acceleration);

make any change to the percentage in principal amount of the outstanding Notes, held by holders whose consent is required to waive certain defaults and the consequences thereof under the Indenture or any change to such defaults which require such consent;

make any change to certain provisions of the Indenture relating to, among other things, holders' rights to receive payment of the principal of and interest on the Notes and to institute suit for the enforcement of any such payment and waivers of past defaults;

make the principal of or interest, if any, on any Note or any Additional Amount with respect thereto payable in any currency other than that stated in the Note; or

waive any redemption payment with respect to any Notes.

In addition, the holders of at least a majority in principal amount of the outstanding Notes may, on behalf of all holders of Notes, waive compliance by us with certain terms, conditions and provisions of the Indenture, as well as any past default and/or the consequences of default, other than any default in the payment of principal of or interest on any Note (provided that the holders of a majority in principal amount of the outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration) or any breach in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Note.

In addition, we and the Trustee may modify and amend the Indenture without the consent of any holders of Notes for any of the following purposes:

to evidence the succession of another person to First Internet Bancorp as obligor under the Indenture and the assumption by any such successor of the covenants and obligations of First Internet Bancorp in the Indenture and in the Notes;

to add to the covenants of First Internet Bancorp such further covenants, restrictions, conditions or provisions shall be for the protection of the holders of the Notes and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions or provisions an event of default permitting the enforcement of all or any of the several remedies provided in the Indenture, with such period of grace, if any, and subject to such conditions as such supplemental indenture may provide;

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to add or change any of the provisions of the Indenture to such extent as shall be necessary to permit or facilitate the issuance of notes in uncertificated or global form;

S-25

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### Table of Contents

to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trust under the Indenture by more than one Trustee;

to cure any ambiguity, defect or inconsistency in the Indenture;

to add any additional events of default (and if such events of default are to be for less than all series of notes, stating that such are expressly being included solely for the benefit of such series);

to modify, eliminate or add to the provisions of the Indenture, if the change or elimination (i) becomes effective only when there are no debt securities outstanding of any series created prior to the change or elimination that are entitled to the benefit of the changed or eliminated provision or (ii) shall not apply to the any debt securities outstanding at the time of such change or elimination;

to establish the form of the Notes and to provide for the issuance of any other series of notes under the Indenture;

to comply with any requirements of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act of 1939, as amended;

to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act, excluding certain provisions thereof; or

to make any change that does not adversely affect the rights of any holder of notes of any series issued under the Indenture in any material respect.

The Trustee shall be entitled to receive an officer's certificate and opinion of counsel confirming that all conditions precedent are satisfied with respect to any supplemental indenture, that such supplemental indenture is authorized and permitted and that such supplemental indenture is the legal, valid and binding obligation of First Internet Bancorp, enforceable against it in accordance with its terms.

### **Legal Defeasance and Covenant Defeasance**

We may choose to either discharge our obligations under the Indenture and the Notes in a legal defeasance or to release ourselves from certain of our covenant restrictions under the Indenture and the Notes in a covenant defeasance (in each case, except for certain surviving rights of the Trustee and our obligations in connection therewith). We may do so after we irrevocably deposit with the Trustee, in trust, cash and/or U.S. government securities in an amount that, which through the payment of interest and principal in accordance with their terms, will provide, not later than one day before the due date of any payment of money, an amount in cash, which is sufficient in the opinion of our independent public accountants to make all payments of principal of and interest, if any, on the Notes on the dates such installments of interest or principal are due. If we choose the legal defeasance option, the holders of the Notes will not be entitled to the benefits of the Indenture except for certain limited rights, including registration of transfer and exchange of Notes, replacement of lost, stolen or mutilated Notes and the right to receive payments of the principal of (and premium, if any) and interest on such Notes when such payments are due.

We may discharge our obligations under the Indenture or release ourselves from covenant restrictions only if we meet certain requirements. Among other things, we must deliver to the Trustee an opinion of our legal counsel to the effect that holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred. In the case of legal defeasance only, this opinion must be based on either a ruling received from or published by the Internal Revenue Service (the "IRS") or a change in the applicable federal income tax law. We may not have a default or event of default under the





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### Table of Contents

Indenture or the Notes on the date of deposit or during the period ending 120 days after such deposit. The deposit may not result in a breach or violation of, or constitute a default under, the Indenture or any of our agreements to which we are a party or by which we are bound.

Any defeasance of the Notes pursuant to the Indenture shall be subject to our obtaining the prior approval of the Federal Reserve and any additional requirements that the Federal Reserve may impose with respect to defeasance of the Notes. Notwithstanding the foregoing, if, due to a change in law, regulation or policy subsequent to the issue date of the Notes the Federal Reserve does not require that defeasance of instruments be subject to Federal Reserve approval in order for the instrument to be accorded Tier 2 capital treatment, then no such approval of the Federal Reserve will be required for such defeasance.

### **Satisfaction and Discharge**

We may discharge our obligations under the Indenture (except for certain surviving rights of the Trustee and our obligations in connection therewith) if: (a) all outstanding Notes and all other outstanding notes issued under the Indenture (i) have been delivered for cancellation, or (ii) (1) have become due and payable, (2) will become due and payable at their stated maturity within one year (3) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the filing of notice and redemption by the Trustee or (4) are deemed paid and discharged in a legal defeasance described above, (and in the case of clauses (1), (2) and (3), we have irrevocably deposited with the Trustee an amount sufficient to pay and discharge the principal of and interest on all outstanding Notes on the stated maturity date or redemption date, as the case may be); (b) we have paid all other sums payable by us under the Indenture; and (c) we have delivered an officer's certificate and opinion of counsel confirming that all conditions precedent with respect to the satisfaction and discharge of the Indenture have been satisfied.

### **Consolidation, Merger and Sale of Assets**

The Indenture provides that we may not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our properties and assets to any person, and we may not permit any other person to consolidate with or merge into us or to convey, transfer or lease all or substantially all of its properties and assets to us, unless:

we are the surviving person or the successor person (if not us), is a corporation organized and validly existing under the laws of any U.S. domestic jurisdiction and expressly assumes, by a supplemental indenture, our obligations on the Notes and under the Indenture;

immediately after giving effect to such transaction, and treating any indebtedness that becomes an obligation of us or our subsidiaries as a result of such transaction as having been incurred by us or such subsidiary at the effective date of such transaction, no default or event of default shall have occurred and be continuing; and

we have complied with our obligations to deliver certain documentation to the Trustee, including an officers' certificate and opinion of counsel each stating that such proposed transaction and any supplemental indenture comply with the Indenture.

### **Further Issues**

We may, from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally with the Notes and with identical terms in all respects (or in all respects except for the date of offering, the offering price and the first interest payment date); provided that such further notes either shall be fungible with the original Notes for federal income tax purposes or shall be issued under a different CUSIP number. Such further notes will be consolidated and form a single series with the Notes.

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## Table of Contents

The Trustee may conclusively rely upon certificates, opinions or other documents furnished to it under the Indenture and shall have no responsibility to confirm or investigate the accuracy of mathematical calculations or other facts stated therein. The Trustee shall have no responsibility for monitoring First Internet Bancorp's compliance with any of its covenants under the Indenture.

### **Paying Agent**

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices the Notes in non-Global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed the Trustee, at its office at 60 Livingston Avenue, St. Paul, Minnesota 55107, as the paying agent for the Notes. We must notify you of changes in the paying agents.

### **Governing Law**

The Indenture provides that the Notes and the Indenture governing the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

### **Tier 2 Capital**

The Notes are intended to qualify as Tier 2 capital under the capital rules established by the Federal Reserve for bank holding companies. The rules set forth specific criteria for instruments to qualify as Tier 2 capital. Among other things, the Notes must:

be unsecured;

have a minimum original maturity of at least five years;

be subordinated to depositors and general creditors;

not contain provisions permitting the holders of the Notes to accelerate payment of principal prior to maturity except in the event of receivership, insolvency, liquidation or similar proceedings of First Internet Bancorp; and

not contain provisions permitting First Internet Bancorp to redeem or repurchase the Notes prior to the maturity date without prior approval of the Federal Reserve.

### **Clearance and Settlement**

The Notes will be represented by one or more permanent global certificates, which we refer to individually as a Global Note and collectively as the Global Notes, deposited with, or on behalf of DTC and registered in the name of Cede & Co. (DTC's partnership nominee). The Notes will be available for purchase in minimum denominations of \$25 and integral multiples of \$25 in excess thereof in book-entry form only. So long as DTC or any successor depositary, which we refer to collectively as the Depositary or its nominee is the registered owner of the Global Notes, the Depositary, or such nominee, as the case may be, will be considered to be the sole owner or holder of the Notes for all purposes of the Indenture. Beneficial interests in the Global Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may not elect to receive a certificate representing their Notes while the Notes are held by a Depositary. Investors may elect to hold interests in the Global Notes through DTC either directly if they are participants in DTC or indirectly through organizations that are participants in DTC.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Notes, so long as the corresponding securities are represented by Global Notes.

Table of Contents

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its direct participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, which, in turn, is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority. Access to the DTC system is also available to others, referred to as indirect participants, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under the DTC system must be made by or through direct participants, which will receive a credit for the securities on DTC's records. The ownership interest of each beneficial owner of securities will be recorded on the direct or indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Under a book-entry format, holders may experience some delay in their receipt of payments, as such payments will be forwarded by the depository to Cede & Co., as nominee for DTC. DTC will forward the payments to its participants, who will then forward them to indirect participants or holders. Beneficial owners of securities other than DTC or its nominees will not be recognized by the relevant registrar, transfer agent, paying agent or trustee as registered holders of the securities entitled to the benefits of the Indenture. Beneficial owners that are not participants will be permitted to exercise their rights only indirectly through and according to the procedures of participants and, if applicable, indirect participants.

To facilitate subsequent transfers, all securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts the securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of redemption notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. If less than all of the securities of any class are being redeemed, DTC will determine the amount of the interest of each direct participant to be redeemed in accordance with its then current procedures.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the issuer or its agent. Under these circumstances, in the event that a successor securities depository is not obtained, certificates for the Notes are required to be printed and delivered. We may decide to discontinue the use of the system of book-entry-only transfers through DTC

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

(or a successor securities depository). In that event, certificates for the Notes will be printed and delivered to DTC.

As long as DTC or its nominee is the registered owner of the Global Notes, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the Global Notes and all securities represented by these certificates for all purposes under the instruments governing the rights and obligations of holders of such securities. Except in the limited circumstances referred to above, owners of beneficial interests in Global Notes:

will not be entitled to have such global security certificates or the securities represented by these certificates registered in their names;

will not receive or be entitled to receive physical delivery of securities certificates in exchange for beneficial interests in global security certificates; and

will not be considered to be owners or holders of the global security certificates or any securities represented by these certificates for any purpose under the instruments governing the rights and obligations of holders of such securities.

All redemption proceeds, distributions and dividend payments on the securities represented by the Global Notes and all transfers and deliveries of such securities will be made to DTC or its nominee, as the case may be, as the registered holder of the securities. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of that participant and not of DTC, the depository, the issuer, the Trustee or any of their agents, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or its agent, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

Ownership of beneficial interests in the Global Notes will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with DTC or its nominee. Ownership of beneficial interests in Global Notes will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Payments, transfers, deliveries, exchanges, redemptions and other matters relating to beneficial interests in Global Notes may be subject to various policies and procedures adopted by DTC from time to time. None of First Internet Bancorp, the Trustee or any agent for any of them will have any responsibility or liability for any aspect of DTC's or any direct or indirect participant's records relating to, or for payments made on account of, beneficial interests in Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any direct or indirect participant's records relating to these beneficial ownership interests.

Although DTC has agreed to the foregoing procedures in order to facilitate transfer of interests in the Global Notes among participants, DTC is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither First Internet Bancorp nor the Trustee will have any responsibility for the performance by DTC or its direct participants or indirect participants under the rules and procedures governing DTC.

Because DTC can act only on behalf of direct participants, who in turn act only on behalf of direct or indirect participants, and certain banks, trust companies and other persons approved by it, the ability of a

## Edgar Filing: First Internet Bancorp - Form 424B5

### Table of Contents

beneficial owner of securities to pledge them to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for the securities.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any securities under the Indenture, only at the direction of one or more participants to whose accounts with DTC the relevant securities are credited.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be accurate, but we assume no responsibility for the accuracy thereof.

### **Trustee**

U.S. Bank National Association will act as Trustee under the Indenture. The Trustee has all of the duties and responsibilities specified under the Trust Indenture Act. Other than its duties in a case of an event of default, the Trustee is not obligated to exercise any of its rights or powers under the Indenture at the request or direction of the holders of the Notes, unless the holders have offered to the Trustee security or indemnity satisfactory to the Trustee. From time to time, we, and one or more of our subsidiaries, may maintain deposit accounts and conduct other banking transactions, including lending transactions, with the Trustee in the ordinary course of business. Additionally, we maintain banking relationships with the Trustee and its affiliates in the ordinary course of business. These banking relationships include the Trustee serving as trustee under indentures involving certain of our trust preferred securities.

### **Notices**

Any notices required to be given to the holders of the Notes will be given to the Trustee. Notwithstanding any other provision of the Indenture or any Note, where the Indenture or any Note provides for notice of any event or any other communication (including any notice of redemption or repurchase) to a holder of a Note (whether by mail or otherwise), such notice shall be sufficiently given if given to DTC (or its designee) pursuant to the applicable procedures from DTC or its designee, including by electronic mail in accordance with accepted practices at DTC.

Table of Contents

**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general discussion of material U.S. federal income tax consequences of the ownership and disposition of the Notes offered hereby. Except where noted, this discussion addresses only those beneficial owners of the Notes that are purchased by an initial holder at their original issue price for cash and that are held as capital assets for U.S. federal income tax purposes (generally, property held for investment). This summary does not address the tax consequences to subsequent purchasers of the Notes or any persons who hold the Notes for any reason other than as capital assets. In addition, this summary does not address the tax laws of any state, local or non-U.S. jurisdiction or other U.S. federal taxes, such as the estate and gift taxes. We intend, and by acquiring any Notes each beneficial owner of a Note will agree, to treat the Notes as indebtedness for U.S. federal income tax purposes, and this discussion assumes such treatment.

This discussion does not address all aspects of U.S. federal income taxation that may be applicable to beneficial owners of the Notes in light of their particular circumstances, or to a class of beneficial owners subject to special treatment under U.S. federal income tax laws, such as:

entities treated as partnerships or S corporations for U.S. federal income tax purposes or persons who hold the Notes through entities treated as partnerships or S corporations for U.S. federal income tax purposes,

financial institutions, banks, and pension plans,

insurance companies,

qualified insurance plans,

tax-exempt organizations,

qualified retirement plans and individual retirement accounts,

governmental entities,

brokers, dealers or traders in securities or currencies,

regulated investment companies,

real estate investment trusts or grantor trusts,

a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar,

persons subject to the alternative minimum tax provisions of the Internal Revenue Code of 1986, as amended (the "Code"),

persons who purchase or sell the Notes as part of a wash sale,

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persons who hold the Notes as part of a "hedge," "straddle" or other risk reduction mechanism, "constructive sale," or "conversion transaction," as these terms are used in the Code,

certain U.S. expatriates, and

controlled foreign corporations, passive foreign investment companies and regulated investment companies and shareholders of such corporations.

This summary is for general information only and is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, as well as existing interpretations relating thereto, all as of the date hereof, and changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein (possibly with retroactive effect). We have not sought, and will not seek, any ruling from the IRS with respect to the statements made and the conclusions reached in this summary, and we cannot assure you that the IRS will agree with such statements

S-32

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Table of Contents

and conclusions. You are urged to consult your tax advisor with regard to the application of the U.S. federal income tax laws to your particular situation as well as any tax consequences arising under other U.S. federal tax laws or the laws of any state, local or non-U.S. taxing jurisdiction.

**Tax Consequences to U.S. Holders**

This section applies to you if you are a "U.S. Holder." As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

an individual citizen or resident of the United States,

a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia,

an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or

a trust: (a) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust; or (b) that was in existence on August 20, 1996 and has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

An individual may be treated as a resident instead of a nonresident of the United States in any calendar year for U.S. federal income tax purposes if the individual was present in the United States for at least 31 days in that calendar year and for an aggregate of at least 183 days during the three-year period ending with the current calendar year. For purposes of this calculation, all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year are counted.

*Payments of Interest.* Based on the interest rate characteristics of the Notes, we intend to treat the Notes as "variable rate debt instruments" ("VRDIs") for U.S. federal income tax purposes and this discussion assumes such characterization to be correct. It is expected, and this discussion assumes, that either the issue price of the Notes will equal the stated redemption price at maturity of the Notes or the Notes will otherwise be issued with no more than a *de minimis* amount of original issue discount. Accordingly, stated interest paid on a Note should constitute "qualified stated interest" under the Treasury Regulations applicable to VRDIs, and as such will be taxable to you as ordinary interest income at the time it accrues or is received in accordance with your method of accounting for U.S. federal income tax purposes.

*Sale, Exchange, Redemption, Retirement or Other Taxable Disposition.* Upon the sale, exchange, redemption, retirement or other taxable disposition (including early redemption) of a Note, you generally will recognize taxable gain or loss equal to the difference between the amount you realize and your adjusted tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued and unpaid qualified stated interest, which will be treated as described under "*Payments of Interest*" above. Your adjusted tax basis in the Note generally will equal the cost of the Note to you. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of the disposition, you have held the Note for more than one year. Long term capital gains recognized by certain non-corporate U.S. Holders (including certain individuals) are generally subject to preferential tax rates. The deductibility of capital losses may be subject to limitations. You are urged to consult your tax advisor regarding such limitations.

*Backup Withholding and Information Reporting.* Information returns generally will be filed with the IRS in connection with interest payments on the Notes and the proceeds from a sale or other disposition (including a retirement or redemption) of the Notes. Backup withholding (currently at a rate of 28%) may be imposed on these payments if you fail to provide your correct taxpayer identification number to the paying agent, a certification of exempt status, or have been notified by the IRS that you are subject to backup withholding (and such notification has not been withdrawn). The amount of any backup withholding from a payment to



Table of Contents

you generally will be allowable as a credit or refund against your U.S. federal income tax liability, provided that the required information is furnished to the IRS. You are urged to consult your tax advisor regarding your qualification for an exemption from backup withholding and the procedures for establishing such exemption, if applicable.

*Net Investment Income Tax.* Certain U.S. Holders who are individuals, estates and certain trusts are subject to a 3.8% tax on the lesser of: (a) the U.S. Holder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year (for these purposes, net investment income generally includes interest and gains from sales of Notes); and (b) the excess of the U.S. Holder's modified adjusted gross income for the relevant taxable year over a certain threshold (which, in the case of individuals, is between \$125,000 and \$250,000, depending on the individual's circumstances). U.S. Holders that are individuals, estates or trusts are urged to consult their tax advisors regarding the effect, if any, of the net investment income tax on their purchase, ownership and disposition of Notes.

**Tax Consequences to Non-U.S. Holders**

This section applies to you if you are a "Non-U.S. Holder." As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes, neither a U.S. Holder nor a partnership.

*Payments on the Notes.* A 30% U.S. federal withholding tax will not apply to any payment to you of principal or interest on the Notes, provided that you meet the following requirements of the portfolio interest exemption:

you do not actually (or constructively) own 10% or more of the total combined voting power of all of our voting stock within the meaning of the Code and the Treasury regulations;

you are not a controlled foreign corporation that is related to us through stock ownership;

you are not a bank whose receipt of interest on the Notes is described in section 881(c)(3)(A) of the Code; and

(a) you provide your name and address on an IRS Form W-8BEN or W-8BEN-E (or other applicable form), and certify, under penalties of perjury, that you are not a United States person, or (b) if you hold the Notes through certain foreign intermediaries, you satisfy the certification requirements of applicable U.S. Treasury regulations. Special certification requirements apply to certain non-U.S. holders that are pass-through entities rather than individuals.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to the 30% U.S. federal withholding tax, unless you provide a properly executed:

IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) claiming an exemption from, or reduction in the rate of, withholding under the benefit of an applicable tax treaty; or

IRS Form W-8ECI (or other applicable form) stating that interest paid on the Notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

If interest on the Notes is effectively connected with the conduct by you of a trade or business in the United States (and, if an applicable treaty requires it, is attributable to a permanent establishment in the United States of the Non-U.S. Holder), you generally will be taxed in the same manner as if you were a U.S. Holder (see " *Tax Consequences to U.S. Holders*" above), although you will be exempt from the withholding tax discussed in the preceding paragraphs so long as you provide a properly executed IRS Form W-8 (generally an IRS Form W-8ECI). You should consult your tax advisor with respect to other tax consequences of the ownership and disposition of Notes including the possible imposition of a branch profits tax.

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### Table of Contents

*Sale, Exchange, Redemption, Retirement or other Disposition.* Subject to the discussion below concerning backup withholding, any gain realized on the sale, exchange, redemption, retirement or other disposition of the Notes generally will not be subject to U.S. federal income tax unless:

that gain or income is effectively connected with the conduct of a trade or business by you in the United States (and, where a tax treaty requires, is attributable to a U.S. permanent establishment of the non-U.S. holder); or

you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met.

A non-U.S. holder described in the first bullet above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates (see " *Tax Consequences to U.S. Holders*" above). An individual non-U.S. holder described in the second bullet point above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by certain U.S. source capital losses (even though the individual is not considered a resident of the United States). If a non-U.S. holder that is a foreign corporation falls under the first bullet above, it may also be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable tax treaty.

*Backup Withholding and Information Reporting.* The amount of the interest paid to you and any tax withheld with respect to such interest, regardless of whether withholding was required, must be reported annually to the IRS and to you. Copies of the information returns reporting the amount of such interest and the amount of withholding may also be made available to the tax authority in the country in which you reside under the provisions of an applicable tax treaty.

In general, no backup withholding will be required regarding payments on the Notes that we make to you, provided that the applicable withholding agent does not have actual knowledge or reason to know that you are a United States person and you have delivered the statement described above under " U.S. Federal Withholding Tax."

In addition, no information reporting or backup withholding will be required regarding the proceeds of the sale of the Notes made within the United States or conducted through certain U.S. financial intermediaries if:

the payor (1) receives an applicable Form W-8 and (2) does not have actual knowledge or reason to know that you are a United States person; or

you otherwise establish an exemption.

Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Backup withholding may apply if you fail to comply with applicable U.S. information reporting or certification requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS.

*Foreign Account Tax Compliance Act.* Under Sections 1471 through 1474 of the Code and the Treasury Regulations and administrative guidance promulgated thereunder (collectively, "FATCA"), the relevant withholding agent may be required to withhold 30% of interest paid on the Notes and any gross proceeds of

Table of Contents

either a sale or disposition of the Notes paid after December 31, 2018 to (i) a foreign financial institution (whether such institution is the beneficial owner or an intermediary) unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity (whether such entity is the beneficial owner or an intermediary) unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits of the withholding tax. You should consult your own tax advisor regarding this legislation and whether it may be relevant to your purchase, ownership and disposition of the Notes.

THE FOREGOING DISCUSSION IS FOR GENERAL INFORMATION ONLY AND IS NOT A SUBSTITUTE FOR AN INDIVIDUAL ANALYSIS OF THE TAX CONSEQUENCES RELATED TO THE NOTES TO YOU. WE URGE YOU TO CONSULT A TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES RELATED TO THE NOTES TO YOU.

Table of Contents

**BENEFIT PLAN INVESTOR CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Code, impose certain requirements on:

employee benefit plans that are subject to Part 4 of Subtitle B of Title I of ERISA;

individual retirement accounts ("IRAs"), Keogh plans or other plans and arrangements subject to Section 4975 of the Code;

entities (including certain insurance company general accounts) with underlying assets that are deemed "plan assets" (as defined in U.S. Department of Labor regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "plan asset regulations")) by reason of any such plan's or arrangement's investment therein (we refer to all of the foregoing collectively as "Plans"); and

persons who are fiduciaries with respect to Plans.

Governmental, not for profit, church and non-U.S. plans ("Non-ERISA Arrangements") are not subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code but may be subject to laws that are substantially similar (each, a "Similar Law").

The following discussion summarizes certain aspects of ERISA, the Code and Similar Laws that may affect the decision by a Plan or Non-ERISA Arrangement to invest in the Notes. The following discussion is general in nature and is not intended to be a complete discussion of applicable laws and regulations pertaining to an investment in the Notes by a Plan or Non-ERISA Arrangement. The following discussion is not intended to be legal advice. The following discussion is based on applicable law and regulations in effect as of the date of this prospectus supplement; we do not undertake any obligation to update this summary as a result of changes in applicable law or regulations. Fiduciaries of Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes. References herein to the purchase, holding or disposition of Notes also refer to the purchase, holding or disposition of any beneficial interest in the Notes.

**Fiduciary Considerations**

Before investing in the Notes, the fiduciary of a Plan should consider whether an investment will satisfy the applicable requirements set forth in Part 4 of Title I of ERISA, including whether the investment:

will satisfy the prudence and diversification standards of ERISA;

will be made solely in the interests of the participants and beneficiaries of the Plan;

is permissible under the terms of the Plan and its investment policies and other governing instruments; and

is for the exclusive purpose of providing benefits to the participants and beneficiaries of the Plan and for defraying the reasonable expenses of administering the Plan.

The fiduciary of a Plan should consider all relevant facts and circumstances, including the limitations imposed on transferability, whether the Notes will provide sufficient liquidity in light of the foreseeable needs of the Plan, that the Notes are unsecured and subordinated, and the tax consequences of the investment. The fiduciary of a Non-ERISA Arrangement should consider whether an investment in the Notes satisfies its obligations imposed under Similar Laws and whether an investment is consistent with the terms of the governing instruments of the Non-ERISA Arrangement.

**Prohibited Transactions**

Section 406 of ERISA and Section 4975 of the Code may prohibit certain transactions involving the assets of a Plan and those persons who have specified relationships with the Plan, called "parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code (collectively, "parties in interest").

S-37

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Table of Contents

Parties in interest who engage in a non-exempt prohibited transaction may be subject to excise taxes, and the transaction may be subject to rescission. Similar Law may include prohibitions applicable to Non-ERISA Arrangements that are similar to the prohibited transaction rules contained in ERISA and the Code. A fiduciary considering an investment in the Notes should consider whether the investment, including the holding or disposition of the Notes, may constitute or give rise to such a prohibited transaction for which an exemption is not available.

With respect to Plans subject to ERISA, we believe that the Notes will be treated as indebtedness with no substantial equity features for purposes of the plan asset regulations (although we make no assurances to that effect). Although not free from doubt, our assessment is based upon the traditional debt features of the Notes. If the Notes are treated as indebtedness, rather than equity, our assets will not be treated as plan assets as result of investment in the Notes.

Without regard to whether the Notes may cause our assets to be treated as plan assets under the plan asset regulations, we, the underwriter and our or the underwriter's respective current and future affiliates may be parties in interest with respect to many Plans, and the purchase, holding or disposition of the Notes by, on behalf of, or with the assets of, any such Plan could give rise to a prohibited transaction under ERISA or the Code. For example, a purchase of the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between us and an investing Plan, which would be prohibited if we are a party in interest with respect to the Plan unless exemptive relief is available.

A prospective purchaser that is, or is acting on behalf of, or with the assets of, a Plan may wish to consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (a) the in-house asset manager exemption (PTCE 96-23); (b) the insurance company general account exemption (PTCE 95-60); (c) the bank collective investment fund exemption (PTCE 91-38); (d) the insurance company pooled separate account exemption (PTCE 90-1); and (e) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide limited exemptive relief for the purchase and sale of the Notes, provided that neither we nor certain of our affiliates have or exercise any discretionary authority or control over, or render any investment advice with respect to, the assets of the Plan involved in the transaction, and provided further that the Plan pays no more, and receives no less than, adequate consideration (as defined in the exemption) in connection with the transaction (the so-called "service provider exemption"). There can be no assurance, however, that any of these administrative or statutory exemptions will be available with respect to a transaction involving the Notes or with respect to any particular Plan. Purchasers should consult their own legal counsel to determine whether any purchase will constitute a prohibited transaction and whether exemptive relief is available.

Each purchaser or holder of a Note, including each fiduciary who causes an entity to purchase or hold a Note, shall be deemed to have represented and warranted on each day such purchaser or holder holds such Note that either:

it is neither a Plan nor a Non-ERISA Arrangement, and it is not purchasing or holding the Note on behalf of, or with the assets of, any Plan or Non-ERISA Arrangement; or

its purchase, holding and subsequent disposition of the Note will not constitute or result in (a) a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law, or (b) a breach of fiduciary or other duty or applicable law.

Each purchaser or holder of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the Note does not violate ERISA, the Code or any Similar Law. Nothing contained herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or that an investment in the Notes is appropriate for, Plans or Non-ERISA Arrangements, whether generally or as to any particular Plan or Non-ERISA Arrangement.

Table of Contents

**UNDERWRITING**

We have entered into an underwriting agreement with Sandler O'Neill & Partners, L.P., as the representative of the underwriters named below, with respect to the Notes being offered pursuant to this prospectus supplement. Subject to certain conditions, each underwriter named below has severally agreed to purchase from us, and we have agreed to sell to that underwriter, the principal amount of notes set forth opposite that underwriter's name:

| <b>Underwriter</b>               | <b>Principal Amount</b> |
|----------------------------------|-------------------------|
| Sandler O'Neill & Partners, L.P. | \$ 13,000,000           |
| American Capital Partners, LLC   | 4,000,000               |
| Boening & Scattergood, Inc.      | 4,000,000               |
| R. Seelaus & Co., Inc.           | 4,000,000               |
| <b>Total</b>                     | <b>\$ 25,000,000</b>    |

The underwriting agreement provides that the obligation of the underwriters to purchase the Notes offered hereby is subject to certain conditions precedent and that the underwriters will purchase an aggregate of \$25,000,000 in principal amount of Notes, which represents all of the Notes offered by this prospectus supplement, if any of these Notes are purchased.

The Company has granted the underwriters the right to purchase an additional \$3,750,000 aggregate principal amount of Notes at the public offering price, less the underwriting discount, within 30 days from the date hereof.

Notes sold by the underwriters to the public will be offered at the public offering price set forth on the cover of this prospectus supplement. If all the Notes are not sold at the public offering price, the underwriters may change the offering price and the other selling terms. The offering of the Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

Each underwriter advised us that such underwriter does not intend to confirm sales to any account over which it exercises discretionary authority.

**Discounts, Commissions and Expenses**

The following table shows the per Note and total underwriting discounts and commissions we will pay the underwriters. The amounts shown in the table assume both no exercise and full exercise of the underwriters' option to purchase the additional \$3,750,000 principal amount of Notes.

| <b>Paid by the Company</b> | <b>Per Note</b> | <b>Without Option</b> | <b>With Option</b> |
|----------------------------|-----------------|-----------------------|--------------------|
| Public Offering Price      | \$ 25.000       | \$ 25,000,000         | \$ 28,750,000      |
| Discount                   | 0.788           | 787,500               | 905,625            |