



FINEMARK HOLDINGS, INC.

Dear Shareholder:

On behalf of the Board of Directors, the executive management team, and all of the dedicated associates of FineMark National Bank & Trust, I am pleased to report on the bank's performance for the first quarter ending March 31, 2017.

First Quarter Financial Highlights

FineMark's assets totaled \$1.4 billion as of March 31, 2017 compared to \$1.2 billion for the same period last year. This represents a 17 percent increase in assets. Pre-tax operating income totaled \$2.54 million for the first quarter, compared to \$2.37 million for the same quarter last year. This increase was largely due to higher net interest income and noninterest income excluding gains. Operating expenses continue to rise in conjunction with the bank's substantial growth rates. Seven associates were hired in the fourth quarter of 2016. We expect to see better leveraging of our operating income over the next several quarters.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income totaled \$9.6 million for the quarter, 17 percent higher than \$8.2 million for the first quarter 2016. Net loans increased by 28 percent to over \$1 billion compared to \$816.5 million at March 31, 2016. The growth in net interest income is attributed to our continued increase in loan growth.

The bank's net interest margin decreased to 2.95 percent from 2.98 percent year-over-year. This slight decrease resulted mostly from the continued low interest rate environment.

Deposits grew to \$1.16 billion compared to \$992 million as of March 31, 2016. The deposit growth is a result of the unparalleled, high touch personal service we provide our clients.

Noninterest Income

Noninterest income, predominantly generated from asset management and trust fees, increased 6.7 percent to \$3.7 million in the first quarter, compared to \$3.5 million in the first quarter of 2016. Investment and trust assets under management and administration grew to \$2.5 billion as of March 31, 2017, compared to \$2 billion at the same time last year. The continued increase in asset management and trust revenues is a result of our continued commitment to expand existing relationships and develop new ones.

Noninterest Expense

First quarter noninterest expense totaled \$10 million, approximately 22 percent higher than the \$8.2 million in the first quarter last year. As referenced above, the increase is primarily attributed to the costs associated with hiring additional associates needed to support the bank's continued expansion and growth.

Credit Quality

The bank is fully committed to high credit standards. The overall credit quality remains strong with low levels of classified loans relative to capital and total assets. Classified loans total \$6.1 million, which represents 4.2 percent of total capital and reserves. This figure is significantly better than the industry average of 18.3 percent.

The allowance for loan loss reserve was \$11.8 million or 1.1 percent of the total loans outstanding as of March 31, 2017. Management continues to believe this level of reserve is sufficient to support the bank's loan portfolio risk.

Capital

The bank's tier 1 capital ratio was 8.82 percent as of March 31, 2017, compared with 8.89 percent for the first quarter 2016. All bank capital ratios continue to be in excess of regulatory requirements for "well-capitalized" banks. Additionally, FineMark Holdings has over \$11.5 million of capital to support future growth.

First Quarter 2017 Company Highlights:

Hale S. Irwin joins FineMark Holdings, Inc. Board of Directors

Hall of Fame golfer, Hale S. Irwin, was appointed to FineMark Holdings, Inc. Board of Directors in January. Mr. Irwin has 20 PGA wins, is a three-time U.S. Open winner, and has played on five Ryder Cup teams. He is active with the Phoenix Chapter of the First Tee, the Wounded Warrior's program, and other foundations that support our US Military personnel. Mr. Irwin has also raised over \$15 million for St. Louis Children's Hospital through 25 years of hosting the Hale Irwin St. Louis Children's Hospital Golf Benefit.

10-Year Anniversary

On February 16, 2017, FineMark National Bank & Trust celebrated its 10-year anniversary! A reception for more than 500 clients and associates was held at the Riverwalk office.

Habitat for Humanity


FineMark National Bank & Trust's Naples office sponsored a home for Habitat for Humanity through a community contribution tax program. In exchange for money to fund the construction and numerous volunteers to build the house, the bank receives an equal amount of money in corporate tax credits. FineMark has sponsored five homes through the same program in Lee County.

5-Star Rating

FineMark National Bank & Trust has been awarded a 5-Star Superior Rating for the past 24 consecutive quarters. The nation's leading independent bank rating and research firm, Bauer Financial, rates banks on a scale from zero to five. Ratings are based on capital ratios, profitability trends, levels of delinquent loans, charge-offs, repossessed assets, liquidity and other historical data.

We thank you for supporting our vision: To make a positive impact on the families, individuals, and communities we serve while being good stewards of FineMark's resources. Your support and commitment is instrumental to the bank's continued success.

Kind regards,


Joseph R. Catti
President & CEO

FineMark Holdings, Inc. and Subsidiary

(Dollars in Thousands, Except per Share Data)

(Unaudited)

Consolidated Statement of Condition

	March 31,	
	2017	2016
Assets		
Total Cash and Cash Equivalents	27,998	38,100
Total Investments	280,070	307,643
Loans, Net of Allowance for Loan Losses	1,046,048	816,568
Premises and Equipment, Net	13,275	12,626
Other Assets	45,089	33,496
Total Assets	\$1,412,480	\$1,208,433
Liabilities & Shareholder's Equity		
<u>Liabilities:</u>		
Total Deposits	1,162,591	991,650
Other Borrowings	6,753	5,316
Federal Home Loan Bank Advances	102,083	81,086
Other Liabilities	7,327	5,558
Total Liabilities	\$1,278,754	\$1,083,610
<u>Shareholder's Equity:</u>		
Preferred Stock	0	0
Common Shareholder's Equity	133,726	124,823
Total Liabilities & Shareholder's Equity	\$1,412,480	\$1,208,433
Book Value per Common Share	15.81	15.11
Number of Common Shares Outstanding	8,459,211	8,260,796

Consolidated Statement of Income

	3 Months Ended		3 Months Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Interest Income				
Loans	9,697	7,867	9,697	7,867
Investment Securities	1,329	1,553	1,329	1,553
Other Interest Income	21	30	21	30
Total Interest Income	11,047	9,450	11,047	9,450
Interest Expense				
Deposits	919	753	919	753
Borrowings	524	482	524	482
Total Interest Expense	1,443	1,235	1,443	1,235
Net Interest Income	9,604	8,215	9,604	8,215
Provision for Loan Losses	622	516	622	516
Net Interest Income After Provision for Loan Losses	8,982	7,699	8,982	7,699
Non-Interest Income				
Total Non-Interest Income	3,719	3,485	3,719	3,485
Non-Interest Expense				
Total Non-Interest Expense	9,971	8,182	9,971	8,182
Income Before Income Taxes	2,730	3,002	2,730	3,002
Applicable Income Taxes	933	1,084	933	1,084
Net Income	1,797	1,918	1,797	1,918
Preferred Stock Dividends	0	0	0	0
Net Income Applicable to Common Shareholders	1,797	1,918	1,797	1,918
Basic Earnings per Common Share	0.21	0.23	0.21	0.23