



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 third quarter ending September 30, 2017.

Third Quarter Financial Highlights

FineMark's assets totaled \$1.53 billion as of September 30, 2017, compared to \$1.31 billion for the same period last year. This represents a 17 percent increase in assets. Pre-tax operating income totaled \$4.6 million for the third quarter, compared to \$3.3 million for the same quarter last year. This increase was largely due to higher income from both loans and managed assets.

Please refer to attached abbreviated financial statement.

Net Interest Income and Margin

Net interest income totaled \$10.6 million for the quarter, 22 percent higher than \$8.7 million for the third quarter 2016. Net loans increased by 27 percent to \$1.16 billion compared to \$912.6 million at September 30, 2016. The growth in net interest income is attributed to our continued increase in loans. The bank's net interest margin was 2.98 percent as of September 30, 2017.

Deposits grew to \$1.25 billion compared to \$1.05 billion as of September 30, 2016. The deposit growth is a result of our focus on providing outstanding levels of personal service to our clients.

Noninterest Income

Noninterest income, predominantly generated from trust fees, increased 8 percent to \$4.2 million in the third quarter compared to \$3.9 million in the third quarter of 2016. Investment and trust assets under administration grew to \$2.8 billion as of September 30, 2017, compared to \$2.3 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 and further develop existing relationships as well as acquire and foster new relationships, coupled with continued increases in the equity markets.

Noninterest Expense

Third quarter noninterest expense totaled \$10 million, approximately 14 percent higher than the \$8.8 million in the third quarter last year. The increase is attributed to our exceptional growth and the need to hire additional associates to maintain our client service levels. Since January 1, 2017, FineMark has hired 17 new associates. As of September 30, 2017, the bank had 173 associates compared to 160 associates as of September 30, 2016. FineMark will continue to hire talented associates as needed to support the high level of service our clients deserve.

Credit Quality

The bank remains 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 \$2 million which represents 1.44 percent of total capital and reserves. This amount compares favorably to the industry average of 18.19 percent.

The allowance for loan loss reserve was \$12.4 million or 1.06 percent of the total loans outstanding as of September 30, 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 8.64 percent as of September 30, 2017, compared with 9.13 percent for the third quarter 2016. All bank capital ratios continue to be in excess of regulatory requirements for "well-capitalized" banks. Additionally, FineMark Holdings has over \$12 million of capital to support future growth.

Third Quarter 2017 Company Highlights:

Florida Offices

Hurricane Irma hit Southwest Florida as a category 3 storm on September 10, and many homes and businesses sustained heavy damage. FineMark opened its Riverwalk office as a shelter and provided refuge to over 130 associates, clients, and friends during the storm. Even though several of the bank's Southwest Florida offices were without power for quite some time, Riverwalk opened shortly after the storm to assist clients with immediate needs. In addition, FineMark donated \$52,000 in disaster relief to the United Way and many associates volunteered for clean-up efforts.

5-Star Rating

FineMark National Bank & Trust has been awarded a 5-Star Superior Rating for the past 26 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, along with our Mission: Build extraordinary relationships by going above and beyond! Your support and commitment is instrumental to the FineMark'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

	September 30,	
	2017	2016
Assets		
Total Cash and Cash Equivalents	36,579	23,409
Total Investments	268,841	320,573
Loans, Net of Allowance for Loan Losses	1,163,187	912,570
Premises and Equipment, Net	15,384	12,762
Other Assets	44,853	42,068
Total Assets	\$1,528,844	\$1,311,382
Liabilities & Shareholder's Equity		
<u>Liabilities:</u>		
Total Deposits	1,247,771	1,047,832
Other Borrowings	5,897	5,914
Federal Home Loan Bank Advances	124,010	118,153
Other Liabilities	9,569	8,854
Total Liabilities	\$1,387,247	\$1,180,753
<u>Shareholder's Equity:</u>		
Preferred Stock	0	0
Common Shareholder's Equity	141,597	130,629
Total Liabilities & Shareholder's Equity	\$1,528,844	\$1,311,382
Book Value per Common Share	16.61	15.70
Number of Common Shares Outstanding	8,525,445	8,321,036

Consolidated Statement of Income

	3 Months Ended		9 Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Interest Income				
Loans	11,236	8,611	31,503	24,710
Investment Securities	1,390	1,485	4,030	4,743
Other Interest Income	69	28	124	83
Total Interest Income	12,695	10,124	35,657	29,536
Interest Expense				
Deposits	1,451	794	3,563	2,351
Borrowings	605	606	1,664	1,605
Total Interest Expense	2,056	1,400	5,227	3,956
Net Interest Income	10,639	8,724	30,430	25,580
Provision for Loan Losses	305	562	1,737	1,731
Net Interest Income After Provision for Loan Losses	10,334	8,162	28,693	23,849
Non-Interest Income				
Total Non-Interest Income	4,241	3,945	11,983	10,953
Non-Interest Expense				
Total Non-Interest Expense	10,022	8,782	29,794	25,456
Income Before Income Taxes	4,553	3,325	10,882	9,346
Applicable Income Taxes	779	1,152	2,972	3,273
Net Income	3,774	2,173	7,910	6,073
Basic Earnings per Common Share	0.45	0.26	0.93	0.74