



FINEMARK HOLDINGS, INC.

On behalf of the Board of Directors and the management team of FineMark National Bank & Trust, I am pleased to report on the bank's performance for the first quarter ending March 31, 2016. Below is a summary of the results.

First Quarter Financial Highlights

FineMark's assets totaled \$1.2 billion at March 31, 2016, compared to \$936 million at March 31, 2015. Pre-tax income totaled \$3 million for the quarter, compared to \$2 million for the quarter ended March 31, 2015. Net interest and noninterest income grew 27 percent and 25 percent, respectively, in the first quarter, compared to 35 percent and 15 percent during the same quarter last year.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income totaled \$8.2 million for the quarter, compared to \$6.4 million for first quarter 2015. This is a result of continued, strong loan growth. Despite loan pay-downs of more than \$41 million in the first quarter, total loans grew to \$817 million, or 23 percent, compared to \$665 million in the first quarter of 2015. The national average for loan growth was 12 percent for the same time period. Pay-downs, while significant, were primarily the result of clients successfully selling real estate projects.

Total deposits grew by \$233 million to \$991 million as of March 31, 2016, compared to \$758 million as of March 31, 2015, and were more than sufficient to fund the bank's loan growth. The bank's growth in deposits is the result of an increased focus on providing a relationship team to our clients. Offering a team approach in all of FineMark's offices provides extraordinary service to our clients; expands existing relationships and creates new relationships.

The bank's net interest margin decreased slightly to 2.98 percent from 2.99 percent a year ago. This is the result of the lag time between receiving and investing an influx of cash from deposits and capital raised during the fourth quarter of 2015.

Noninterest Income

Noninterest income generated from asset management and trust fees increased 7 percent to \$2.6 million in the first quarter 2016, compared to \$2.4 million in the first quarter 2015. Investment and trust assets under administration grew to just over \$2 billion as of March 31, 2016; up from \$1.8 billion at the same time last year.

Noninterest Expense

First quarter noninterest expense was \$8.2 million, 25 percent higher than the \$6.6 million last year. The increase is a direct result of adding staff to support FineMark's growth and expansion in new and existing markets and to ensure we continue to deliver on the exemplary service we promise.

Credit Quality

The bank's overall credit quality remains strong with low levels of classified loans relative to capital and total assets. Classified loans total \$5.1 million, which represents 4.5 percent of total capital and reserves. This figure remains favorable when compared to an industry average of 26 percent.

The allowance for loan loss balance was \$9.5 million or 1.15 percent of the total loans outstanding as of March 31, 2016. Management continues to believe this level of reserves adequately supports the risk associated within the bank's loan portfolio.

Capital

The bank's Tier 1 Capital ratio was 8.89 percent as of March 31, 2016 compared with 8.08 percent for first quarter 2015. The consolidated Tier 1 Capital ratio is 10.68 percent as the Holding Company maintains in excess of \$19 million of capital to support future growth. All capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

First Quarter 2016 Business Highlights

Trust Area Reaches Milestone

FineMark National Bank & Trust reached \$2 billion in Assets under Administration and Management in March of this year and have doubled since 2011. This noteworthy milestone demonstrates how more clients are discovering the value of establishing and maintaining deep relationships with FineMark.

FineMark Expansion

The bank made the decision in late 2015 to expand into Charleston, South Carolina, and named Michael Drohan President of this attractive market. As of today, four additional experienced professionals have joined Michael in building FineMark's presences in Charleston. It is likely that temporary space will be leased on Daniel Island until a permanent location is found.

Investment Newsletter

In March, FineMark National Bank & Trust launched a quarterly investment newsletter covering a variety of current market topics. The newsletter, which is written by FineMark's investment team, will be delivered via email to clients at the start of each quarter.

Five Star Rating

During the first quarter, the bank was awarded its 20th consecutive *5-Star Superior Rating* from Bauer Financial, the nation's leading independent bank rating and research firm. Bauer 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.

On behalf of my colleagues at FineMark, I thank you for your continued support, confidence and commitment to FineMark.

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,	
	2016	2015
Assets		
Total Cash and Cash Equivalents	38,100	28,649
Total Investments	307,643	208,802
Loans, Net of Allowance for Loan Losses	816,568	665,568
Premises and Equipment, Net	12,626	12,148
Other Assets	33,496	21,276
Total Assets	\$1,208,433	\$936,443
 Liabilities & Shareholder's Equity		
<u>Liabilities:</u>		
Total Deposits	991,650	757,990
Other Borrowings	5,316	4,578
Federal Home Loan Bank Advances	81,086	92,302
Other Liabilities	5,558	4,094
Total Liabilities	\$1,083,610	\$858,964
 <u>Shareholder's Equity:</u>		
Preferred Stock	0	5,665
Common Shareholder's Equity	124,823	71,814
Total Liabilities & Shareholder's Equity	\$1,208,433	\$936,443
 Book Value per Common Share	 15.11	 12.50
Number of Common Shares Outstanding	8,260,796	5,743,128

Consolidated Statement of Income

	3 Months Ended	
	March 31,	
	2016	2015
Interest Income		
Loans	7,867	6,261
Investment Securities	1,553	1,244
Other Interest Income	30	11
Total Interest Income	9,450	7,516
Interest Expense		
Deposits	753	600
Borrowings	482	469
Total Interest Expense	1,235	1,069
Net Interest Income	8,215	6,447
Provision for Loan Losses	516	614
Net Interest Income After Provision for Loan Losses	7,699	5,833
Non-Interest Income		
Total Non-Interest Income	3,485	2,780
Non-Interest Expense		
Total Non-Interest Expense	8,182	6,560
Income Before Income Taxes	3,002	2,053
Applicable Income Taxes	1,084	759
Net Income	1,918	1,294
Preferred Stock Dividends	0	14
Net Income Applicable to Common Shareholders	1,918	1,280
Basic Earnings per Common Share	0.23	0.22