

Dear Shareholder:

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 second quarter ending June 30, 2012.

Second Quarter Financial Highlights

FineMark's assets totaled \$476 million as of June 30, 2012, compared to \$414 for the same quarter 2011. This growth was primarily due to funding advances from the Federal Home Loan Bank. The advances were necessary to minimize the banks interest rate risk.

Pre-tax income totaled \$566 thousand for the quarter, compared to \$449 thousand for the second quarter last year. The growth was a result of stronger net interest income (due to loan growth) coupled with an increase in non-interest income.

Total net revenue was \$4.8 million for the quarter, compared to \$3.5 million for the same period in 2011. This growth in total net revenue was driven by increases in net interest income, fee-based revenue and gains from securities sales.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income was \$2.9 million for the quarter, 23 percent higher than the \$2.4 million for the second quarter 2011. The increase resulted from higher loan growth and lower core deposit costs. As a result, the net interest margin increased to 2.63 percent, compared to 2.43 percent for the same period last year.

Income from securities gains increased by \$416 thousand as the bank realized \$745 thousand in gains during the second quarter 2012, compared to \$329 thousand in the second quarter of 2011. The primary reason securities gains were taken was to continue to reduce the duration of the portfolio and further reduce volatility.

Net Loans grew to \$266 million from \$182 million in the same period last year. Loan growth was robust as a result of offices opening in Arizona, Palm Beach and Naples, along with increased loan demand in existing locations.

Total deposits grew to \$336 million, compared to \$326 million as of June 30, 2011. The average cost of deposits has declined to 0.48% compared to 1.00% as of the quarter ended June 30, 2011 as a result of a continued low interest rate environment

Noninterest Income

Noninterest income generated from asset management and trust fees totaled \$920 thousand in the second quarter of 2012, compared to 718 thousand for second quarter 2011. Investment and trust assets grew from \$ 510 million at June 30, 2011 to \$811 million during the quarter ending June 30, 2012. Asset management revenues continue to increase from developing new relationships across the organization.

Noninterest Expense

Noninterest expense was \$3.9 million, 27 percent higher than the \$3.0 million last year. Year-over-year operating expenses were higher due to the hiring of additional people as a result of increased business in existing locations and the opening of new offices.

Credit Quality

The bank's overall credit quality remains strong with low levels of classified loans relative to capital and total assets of the bank. Classified loans total \$7.1 million which represents 16 percent of total capital and reserves, a low number compared to industry standards.

The allowance for loan loss balance was \$3.3 million or 1.23 percent of the total loans outstanding as of June 30, 2012. Management believes this level of reserve is more than adequate to support the risk associated with our loan portfolio.

Capital

Tier One Capital ratio was 8.46 percent as of June 30, 2012, compared with 7.64 percent for the same quarter last year. This excludes an additional \$6.4 million of capital in the Holding Company, held to support future growth. All bank capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

Second Quarter 2012 Business Highlights

Arizona Office Opens

In early April FineMark National Bank & Trust opened its first 'out of state' office in Scottsdale, Arizona. The bank continues to be opportunistic in growing its franchise in places where the right people are in place to ensure its success. David Highmark, a former CEO of Northern Trust in Arizona, serves as president of the Arizona office. He's assembled a team of experienced professionals with deep ties to the Scottsdale/Phoenix community.

Highmark Sports Management (HSM)

David Highmark continues his role as President and Founder of HSM, which FineMark acquired in April, 2012. HSM provides highly personalized business management services to professional athletes. The HSM acquisition was the ideal opportunity for both companies, by consolidating the highly personalized business services of HSM with the broad spectrum of financial services provided by FineMark.

5 Star Rating

During the second quarter, FineMark National Bank & Trust was awarded its fifth 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. FineMark is the only bank headquartered in Southwest Florida to receive the highest rating, 5 consecutive times.

Allpoint Network

The bank is now a member of Allpoint, the largest surcharge-free ATM network in the country. Allpoint gives FineMark clients' access to more than 43,000 ATMs, surcharge-free in the U.S. and around the world. Allpoint ATMs are at convenient retailers like Costco, Target, Walgreens, CVS and 7-Eleven. This new network is in addition to surcharge-free access to all Presto! Machines.

We thank you for your ongoing support and commitment to FineMark. Your contribution is invaluable to the bank's success. I encourage you to contact me anytime as your questions, comments and thoughts are greatly appreciated.

Kind Regards,

Joseph R. Catti
President & CEO

A handwritten signature in black ink, appearing to read 'Joe', written over the printed name and title of Joseph R. Catti.

FineMark Holdings, Inc. and Subsidiary
(Dollars in Thousands, Except per Share Data)
(Unaudited)

Consolidated Statement of Condition

	June 30	
	2012	2011
Assets		
Total Cash and Cash Equivalents	4,703	1,888
Total Investments	181,839	210,812
Loans, Net of Allowance for Loan Losses	265,837	181,654
Premises and Equipment, Net	11,489	10,604
Other Assets	12,338	8,962
Total Assets	\$476,206	\$413,920
Liabilities & Shareholder's Equity		
<u>Liabilities:</u>		
Total Deposits	335,509	325,588
Other Borrowings	7,284	3,356
Federal Home Loan Bank Advances	84,992	51,467
Other Liabilities	1,584	675
Total Liabilities	\$429,369	\$381,086
<u>Shareholder's Equity:</u>		
Preferred Stock	5,642	
Shareholder's Equity	41,195	32,834
Total Liabilities & Shareholder's Equity	\$476,206	\$413,920
Book Value per Common Share	10.50	9.51
Number of Common Shares Outstanding	3,924,005	3,451,276

Consolidated Statement of Income

	3 Months Ended		6 Months Ended	
	June 30		June 30	
	2012	2011	2012	2011
Interest Income				
Loans	2,713	2,079	5,256	4,058
Investment Securities	1,044	1,424	2,133	2,615
Other Interest Income	9		16	
Total Interest Income	3,766	3,503	7,405	6,673
Interest Expense				
Deposits	413	799	932	1,609
Borrowings	436	334	792	661
Total Interest Expense	849	1,133	1,724	2,270
Net Interest Income	2,917	2,370	5,681	4,403
Provision for Loan Losses	377	20	504	115
Net Interest Income After Provision for Loan Losses	2,540	2,350	5,177	4,288
Non-Interest Income				
Total Non-Interest Income	1,884	1,130	3,429	1,923
Non-Interest Expense				
Total Non-Interest Expense	3,858	3,031	7,583	5,671
Income Before Income Taxes	566	449	1,023	540
Applicable Income Taxes	194	171	333	199
Net Income	372	278	690	341
Preferred Stock Dividends	20		35	
Net Income Applicable to Common Shareholders	352	278	655	341
Earnings per Common Share	0.09	0.08	0.17	0.10