



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 fourth quarter ending December 31, 2014.

Year End Financial Highlights

FineMark ended 2014 with total assets of \$888 million, compared to \$720 million at the prior year-end. Pre-tax income totaled \$5.4 million for 2014, 138 percent higher than the \$2.2 million for 2013. This is a result of substantial revenue growth coupled with significant improvement in the bank's operating efficiency.

Fourth Quarter Financial Highlights

Pre-tax income totaled \$1.6 million for the fourth quarter, compared to \$445 thousand for the same quarter 2013. Positive results were due to strong revenue growth throughout the year, driven by increases in the bank's loan portfolio and asset management business.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income totaled \$6.1 million for the quarter, 36 percent higher than the \$4.6 million for the fourth quarter 2013. Net loans increased by 33 percent or \$155 million to \$626 million at year-end compared to \$470 million at year-end 2013. The bank's net interest margin increased to 3.0 percent from 2.7 percent year-over-year. The improvement was primarily the result of a higher allocation of loans on the bank's balance sheet.

Total deposits grew by \$62 million in the fourth quarter, resulting in \$709 million in deposits at year-end. This compares to \$567 million at year-end 2013. This growth is a direct result of new relationships developed in each of FineMark's eight offices.

Year-over-year, the average cost of core deposits declined from 40 basis points to 35 basis points due to the continued low interest rate environment.

Noninterest Income

Noninterest income generated from asset management and trust fees increased 38 percent to \$2.2 million in the fourth quarter, compared to \$1.6 million in the fourth quarter of 2013. Noninterest income for the year totaled \$9.6 million compared to \$6.5 million for year-end 2013. FineMark ended the year with \$1.75 billion of assets under administration, compared to \$1.4 billion a year ago. Asset management and trust revenues continue to improve as new relationships are developed throughout the organization.

Income from securities gains totaled \$150 thousand during the fourth quarter 2014, compared to \$203 thousand for the same period last year.

Noninterest Expense

Fourth quarter noninterest expense was \$6.8 million, 17 percent higher than the \$5.8 million last year. The major reason year-over-year operating expenses increased was due to the hiring of additional staff to support the bank's continued growth.

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 \$6.6 million which represents 8.4 percent of total capital and reserves. This figure is considerably better than the industry average of 21.8 percent.

The allowance for loan loss reserve was \$6.9 million or 1.09 percent of the total loans outstanding as of December 31, 2014. Management continues to believe this level of reserve is sufficient to support the bank's loan portfolio risk.

Capital

Tier One Capital ratio was 8.31 percent as of December 31, 2014, compared with 8.32 percent for year-ending 2013. All bank capital ratios continue to be in excess of "well-capitalized" regulatory requirements. Additionally, \$4 million of capital remains in the Holding Company to support future growth.

Fourth Quarter 2014 Business Highlights:

Expansion Plans

During the fourth quarter, FineMark announced plans to open three new offices in early 2015. The new locations are in Arizona, Bonita Springs and Naples. The Scottsdale office will mark the second full-service location in Arizona. The Bonita Springs office is adjacent to the Bonita Bay Community and the Naples office is located in the Marbella Condominiums at Pelican Bay.

FineMark Nominated as Business of the Year

FineMark National Bank & Trust was named a finalist for The News Press Business of the Year. The Fort Myers based newspaper has honored outstanding community contributors for 28 years. FineMark was selected as a finalist from dozens of nominations.

New Board Member

Martin Wasmer has been appointed to FineMark's Holdings, Inc Board of Directors. Mr. Wasmer is the founder of Wasmer, Schroeder & Company, a firm that specializes in fixed income separate account portfolio management for high net worth individuals, wealth management groups and institutions.

5-Star Rating

FineMark National Bank & Trust has been awarded a 5-Star Superior Rating for the past 15 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 your ongoing support and commitment to FineMark. Your contribution is instrumental to the bank's success. Your input is greatly appreciated.

Kind Regards,



Joseph R. Catti

FineMark Holdings, Inc. and Subsidiary

(Dollars in Thousands, Except per Share Data)

(Unaudited)

Consolidated Statement of Condition

| | December 31, | |
|---|------------------|------------------|
| | 2014 | 2013 |
| Assets | | |
| Total Cash and Cash Equivalents | 20,225 | 37,805 |
| Total Investments | 209,791 | 185,696 |
| Loans, Net of Allowance for Loan Losses | 625,519 | 470,142 |
| Premises and Equipment, Net | 11,747 | 11,771 |
| Other Assets | 20,771 | 15,011 |
| Total Assets | <u>\$888,053</u> | <u>\$720,425</u> |
| Liabilities & Shareholder's Equity | | |
| <u>Liabilities:</u> | | |
| Total Deposits | 708,851 | 567,181 |
| Other Borrowings | 3,414 | 4,030 |
| Federal Home Loan Bank Advances | 93,677 | 80,505 |
| Other Liabilities | 6,322 | 3,544 |
| Total Liabilities | <u>\$812,264</u> | <u>\$655,260</u> |
| <u>Shareholder's Equity:</u> | | |
| Preferred Stock | 5,665 | 5,665 |
| Shareholder's Equity | 70,124 | 59,500 |
| Total Liabilities & Shareholder's Equity | <u>\$888,053</u> | <u>\$720,425</u> |
| Book Value per Common Share | 12.21 | 11.22 |
| Number of Common Shares Outstanding | 5,743,078 | 5,300,871 |

Consolidated Statement of Income

| | 3 Months Ended | | 12 Months Ended | |
|---|----------------|--------------|-----------------|---------------|
| | Dec 31 | | Dec 31 | |
| | 2014 | 2013 | 2014 | 2013 |
| Interest Income | | | | |
| Loans | 5,877 | 4,504 | 21,195 | 16,344 |
| Investment Securities | 1,380 | 1,033 | 4,501 | 3,545 |
| Other Interest Income | 12 | 22 | 51 | 63 |
| Total Interest Income | <u>7,269</u> | <u>5,559</u> | <u>25,747</u> | <u>19,952</u> |
| Interest Expense | | | | |
| Deposits | 577 | 549 | 2,213 | 1,969 |
| Borrowings | 497 | 451 | 1,869 | 1,795 |
| Total Interest Expense | <u>1,074</u> | <u>1,000</u> | <u>4,082</u> | <u>3,764</u> |
| Net Interest Income | 6,195 | 4,559 | 21,665 | 16,188 |
| Provision for Loan Losses | 566 | 376 | 2,192 | 1,634 |
| Net Interest Income After Provision for Loan Losses | <u>5,629</u> | <u>4,183</u> | <u>19,473</u> | <u>14,554</u> |
| Non-Interest Income | | | | |
| Total Non-Interest Income | 2,841 | 2,087 | 10,809 | 7,487 |
| Non-Interest Expense | | | | |
| Total Non-Interest Expense | <u>6,830</u> | <u>5,825</u> | <u>24,875</u> | <u>19,770</u> |
| Income Before Income Taxes | 1,641 | 445 | 5,407 | 2,271 |
| Applicable Income Taxes | 542 | 132 | 1,826 | 750 |
| Net Income | <u>1,098</u> | <u>313</u> | <u>3,581</u> | <u>1,521</u> |
| Preferred Stock Dividends | 15 | 15 | 57 | 57 |
| Net Income Applicable to Common Shareholders | <u>1,083</u> | <u>298</u> | <u>3,524</u> | <u>1,464</u> |
| Earnings per Common Share | 0.19 | 0.06 | 0.61 | 0.28 |