FINEMARK HOLDINGS, INC.

DEAR VALUED SHAREHOLDERS,

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 fourth quarter and full year 2018.

FineMark Holdings, Inc. (OTCQX: FNBT), the parent company of FineMark National Bank & Trust, today announced fourth quarter 2018 net income of $4.1 million, or $0.46 per diluted share, compared to net income of $1.7 million, or $0.19 per diluted share, reported for the fourth quarter of 2017. For the full year 2018, FineMark announced net income of $15.1 million, or $1.70 per diluted share, compared to $9.6 million, or $1.10 per diluted share, in 2017, a 57% increase year over year. Due to the tax code changes in 2017, FineMark wrote off $1.7 million, which would have resulted in earnings of $11.2 million or a 34% year-over-year increase.

The significant growth in FineMark's net income and earnings per share is attributable to several factors including robust growth in the bank's trust and investment area and steady organic growth in its loan portfolio. FineMark's net profit was also enhanced by tax credits in the fourth quarter related to the recapture of certain items reversed in 2017, stock options and purchases of two solar farms, totaling $1.42 million. These benefits resulted in FineMark having a negative tax expense of $662,000 in the fourth quarter.

Overall, FineMark's management is pleased with the continued growth of the trust, investment and lending business, while maintaining the strength of the balance sheet and the high level of personalized client service. However, management is moderating its expectations for the coming year, based upon several trends that began in the second half of 2018. Rising interest rates, a flat yield curve and a spike in equity market volatility will likely create a challenging environment for all banks in 2019.

FOURTH QUARTER FINANCIAL HIGHLIGHTS

Financial highlights for the fourth quarter of 2018 include:

- Net income totaled $4.1 million, up 19% from the third quarter of 2018 and up 144% from the fourth quarter of 2017.
- Diluted earnings per share were $0.46, up 18% from the third quarter of 2018 and up 142% from the fourth quarter of 2017.
- Pre-tax operating income totaled $3.5 million, down 24% from the third quarter of 2018 and down 26% from the fourth quarter of 2017.
- Tax credits totaling $1.42 million related to the recapture of certain items that were reversed in 2017, stock options and purchases of two solar farms resulted in a negative tax expense of $662,000 for the quarter.
- Net interest margin was 2.61%, down from 2.63% in the third quarter of 2018 and 3.00% in the fourth quarter of 2017; a rising cost of funds and a flat yield curve drove this margin compression.

YEAR-END FINANCIAL HIGHLIGHTS

Financial highlights for the entire year of 2018 include:

- Net income totaled $15.1 million, up 57% from 2017.
- Diluted earnings per share were $1.70, up 55% from 2017.
- Pre-tax operating income totaled $17.8 million, up 14% from 2017.
- Net tax expense was $2.7 million, down from $6.0 million in 2017.

- Net interest margin was 2.70%, down from 2.96% in 2017.
- Total assets under management and administration, as of December 31, 2018, were $3.4 billion, up 13% from 2017; net asset flows in 2018 totaled $573 million, up 41% from 2017.
- Total bank assets were $1.9 billion as of December 31, 2018, up 18% from 2017.

Please refer to attached abbreviated financial statement.

NET INTEREST INCOME AND MARGIN

For the year, FineMark's net interest income increased a healthy 9% to $45.5 million in 2018, as net loans increased 14% to $1.4 billion. Deposits grew 12% to $1.5 billion. We believe the deposit growth is a result of our focus on providing outstanding levels of personal service to our clients.

A combination of multiple factors, however, resulted in significant compression of FineMark's net interest margin (NIM) from 2.96% in 2017 to 2.70% in 2018. In addition to the rising interest rate environment and a flat yield curve, this compression was driven by FineMark adding $30 million of subordinated debt in June 2018 at an interest rate of 5.875%. The debt, which was issued to fund future growth and augment the bank's already healthy capital levels, adds a quarterly interest expense of $441,000.

For the fourth quarter of 2018, FineMark's NIM was 2.61%, down from 2.63% in the third quarter. FineMark's yield on earning assets increased modestly from 3.67% in the third quarter of 2018 to 3.82% in the fourth quarter of 2018, but the cost of funds experienced a more significant increase on a relative basis, rising from 1.10% in the third quarter to 1.26% in the fourth quarter. In addition to the rising rate environment, the increase in FineMark's cost of funds was driven largely by the bank's decision to increase rates on its money market accounts in December 2018 to be more competitive given prevailing market conditions.

NONINTEREST INCOME

One important aspect of FineMark's growth has been the impressive expansion of the trust and investment business, which is measured by the assets under management and administration. For the year, FineMark's assets under management and administration increased 13% to $3.4 billion as of December 31, 2018, and noninterest income, which is predominately generated from trust fees, increased 20%. FineMark's net asset flows, which reflect the bank's ability to attract new clients and expand relationships with existing clients, increased 41% for the year to $573 million.

The growth of FineMark's trust and investment business is a result of our commitment to provide advice and services, tailored to our clients' unique needs. This approach is resonating with clients, allowing us to expand and further develop existing relationships, while also fostering new relationships.

FineMark's assets under management and administration at the end of 2018 would have been significantly higher if not for a substantial pullback in equity markets in the fourth quarter. The broad-based pullback, which saw all major indexes record double-digit losses for the fourth quarter, resulted in the S&P 500 having its first year of negative returns since 2008.

NONINTEREST EXPENSE

The growth of FineMark's trust and investment business has required increased expenses to maintain the bank's high levels of client service. For the year, noninterest expense in 2018 increased 13% to $46 million. Much of the increase can be attributed to the need to hire additional associates. During the year, FineMark had a net expansion of 21 associates, which is roughly in line with the steady expansion FineMark has experienced in recent years.

CREDIT QUALITY

Since its founding in 2007, FineMark has been committed to maintaining the bank's high credit standards through a relationship-based approach to lending. As a result, the bank has experienced very low defaults on loans across market cycles.

At the end of 2018, FineMark's nonperforming loans equaled $2.8 million, or just 0.20% of the bank's total loans. This number is up slightly from year-end 2017 levels due to two loans that stopped performing in the second half of 2018. There are no expected losses related to these loans and FineMark's management team is very pleased with the overall credit quality of the loan portfolio. Classified loans totaled $4.1 million, which represents 2.16% of total capital and reserves; this level compares favorably to the industry average of 16.2%. As of December 31, 2018, FineMark's allowance for loan loss reserve was $14.5 million, or 1.05% of the total loans outstanding. Management continues to believe that this level of reserve is sufficient to support the bank's loan portfolio risk.

CAPITAL

All of FineMark's capital ratios continue to be in excess of regulatory requirements for "well-capitalized" banks. The bank's tier 1 capital ratio was 9.55% as of December 31, 2018, up from 8.57% at the end of 2017. Additionally, FineMark Holdings has more than $14 million of capital to support future growth.

FOURTH QUARTER 2018 COMPANY HIGHLIGHTS:

OTCQX
FineMark Holdings, Inc. (OTCQX: FNBT), the parent company of FineMark National Bank & Trust, completed the process of posting its shares on the OTCQX market in the fourth quarter of 2018. FineMark expects its shares to begin trading in January 2019. As part of this transition, FineMark has engaged Computershare to be the transfer agent.

The OTCQX is operated by the OTC Markets Group and enables investors to more easily trade privately held stock through the broker of their choice. The OTCQX provides accessibility and liquidity from the investment community; and for FineMark's shareholders, it offers an informative, user-friendly trading experience that is efficient, transparent and cost effective.

5-Star Rating
FineMark National Bank & Trust has been awarded a 5-Star Superior Rating for the past 31 consecutive quarters. Bauer Financial, the nation's leading independent bank rating and research firm, rates banks on a scale from 0-5. Ratings are based on capital ratios, profitability trends, levels of delinquent loans, charge-offs, repossessed assets, liquidity and other historical data.

On behalf of our entire team, 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 FineMark's continued success.

Kind regards,

Joseph R. Catti
President & CEO

Background

FineMark Holdings, Inc. is the parent company of FineMark National Bank & Trust. Founded in 2007, FineMark National Bank & Trust is a nationally chartered bank, headquartered in Florida. FineMark offers a full range of financial services, including personal and business banking, lending services, wealth management and trust services through its offices located in Florida, Arizona and South Carolina.

Forward-Looking Statements

This press release contains statements that are "forward-looking statements." You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include: weakness in national, regional or international economic conditions or conditions affecting the banking or financial services industries or financial capital markets; volatility in national and international financial markets; reductions in net interest income resulting from interest rate volatility as well as changes in the balance and mix of loans and deposits; reductions in the market value or outflows of wealth management assets under administration; changes in the value of securities and other assets; reductions in loan demand; changes in loan collectability, default and charge-off rates; changes in the size and nature of our competition; changes in legislation or regulation and accounting principles, policies and guidelines; occurrences of cyberattacks, hacking and identity theft; natural disasters; and changes in the assumptions used in making such forward-looking statements. You should carefully review all of these factors and you should be aware that there might be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this report, and we assume no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
($ in thousands, except per share amounts)
Unaudited

	At December 31, 2018	At December 31, 2017
Assets		
Cash and due from banks	$ 33,687	11,933
Securities available for sale	343,008	270,525
Securities held to maturity	28,442	29,080
Loans, net of allowance for loan losses of $14,466 in 2018 and $12,812 in 2017	1,367,489	1,199,030
Federal Home Loan Bank stock	9,772	5,374
Federal Reserve Bank stock	3,728	3,014
Premises and equipment, net	23,636	16,058
Accrued interest receivable	5,884	4,523
Deferred tax asset	3,128	3,470
Bank-owned life insurance	33,232	32,588
Other assets	7,445	3,956
Total assets	$ 1,859,451	1,579,551
Liabilities and Shareholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	191,306	172,403
Savings, NOW and money-market deposits	1,124,120	923,414
Time deposits	145,287	208,725
Total deposits	1,460,713	1,304,542
Official checks	4,734	13,028
Fed funds purchased/repurchase agreements	2,076	12,398
Federal Home Loan Bank advances	196,514	97,473
Subordinated debt	29,537	-
Other liabilities	7,662	9,506
Total liabilities	1,701,236	1,436,947
Shareholders' equity:		
Common stock, $.01 par value; 50,000,000 shares authorized, 8,805,399 and 8,536,680 shares issued and outstanding in 2018 and 2017	88	85
Additional paid-in capital	119,654	117,191
Retained earnings	43,093	27,982
Accumulated other comprehensive loss	(4,620)	(2,654)
Total shareholders' equity	158,215	142,604
Total liabilities and shareholders' equity	$ 1,859,451	1,579,551
Book Value per Share	17.97	16.70

FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

($ in thousands, except per share amounts)

Unaudited

	December 31, 2018	December 31, 2017
Interest income:		
Loans	$ 51,911	43,152
Securities	8,627	5,677
Other	806	180
Total interest income	61,344	49,009
Interest expense:		
Deposits	11,791	5,191
Borrowings	4,074	2,246
Total interest expense	15,865	7,437
Net interest income	45,479	41,572
Provision for loan losses	2,029	2,119
Net interest income after provision for loan losses	43,450	39,453
Noninterest income:		
Trust fees	16,689	13,998
Income from bank-owned life insurance	915	952
Income from solar farms	272	137
Gain on sale of securities available for sale	4	290
Gain on extinguishment of debt	1,148	381
Other fees and service charges	1,041	711
Total noninterest income	20,069	16,469
Noninterest expenses:		
Salaries and employee benefits	28,407	25,710
Occupancy	4,932	4,359
Information systems	3,654	3,122
Professional fees	1,214	777
Marketing and business development	1,930	1,632
Regulatory assessments	1,226	1,215
Other	4,368	3,537
Total noninterest expense	45,731	40,352
Earnings before income taxes	17,788	15,570
Income taxes	2,676	5,966
Net earnings	$ 15,112	9,604
Basic earnings per common share	1.75	1.13
Diluted earnings per common share	1.70	1.10

FineMark Holdings, Inc.

Consolidated Financial Highlights
Fourth Quarter 2018
Unaudited

$ in thousands except for share data		4th Qtr 2018	3rd Qtr 2018	2nd Qtr 2018	1st Qtr 2018	4th Qtr 2017	Year to Date 2018	Year to Date 2017
$ Earnings								
Net Interest Income	$	11,364	11,079	11,585	11,451	11,142	45,479	41,572
Provision for loan loss	$	911	413	343	362	382	2,029	2,119
Noninterest Income	$	4,797	5,042	4,574	4,504	4,338	18,917	15,798
Securities gains/(losses)	$	-	-	4	-	41	4	290
Debt extinguishment gains/(losses)	$	226	236	688	(2)	107	1,148	381
Noninterest Expense	$	12,012	11,363	11,334	11,022	10,558	45,731	40,352
Earnings before income taxes	$	3,464	4,581	5,174	4,569	4,688	17,788	15,570
Taxes	$	(662)	1,128	1,061	1,149	2,994	2,676	5,966
Net Income	$	4,126	3,453	4,113	3,420	1,694	15,112	9,604
Basic earnings per share	$	0.47	0.40	0.48	0.40	0.20	1.75	1.13
Diluted earnings per share	$	0.46	0.39	0.46	0.39	0.19	1.70	1.10
Performance Ratios								
Return on average assets*		0.91%	0.78%	0.96%	0.78%	0.44%	0.86%	0.65%
Return on average equity*		10.80%	9.22%	11.4%	9.6%	4.7%	10.23%	6.96%
Yield on earning assets*		3.82%	3.67%	3.64%	3.60%	3.60%	3.64%	3.49%
Cost of funds*		1.26%	1.10%	0.84%	0.74%	0.63%	0.99%	0.56%
Net Interest Margin*		2.61%	2.63%	2.84%	2.72%	3.00%	2.70%	2.96%
Efficiency ratio		73.30%	69.47%	67.26%	69.09%	67.56%	69.77%	69.52%
Capital								
Tier 1 leverage capital ratio		8.95%	8.99%	9.04%	8.51%	9.34%	8.95%	9.34%
Common equity risk-based capital ratio		13.79%	13.92%	14.11%	13.89%	14.02%	13.79%	14.02%
Tier 1 risk-based capital ratio		13.79%	13.92%	14.11%	13.89%	14.02%	13.79%	14.02%
Total risk-based capital ratio		17.51%	17.70%	18.02%	15.11%	15.27%	17.51%	15.27%
Book value per share	$	17.97	17.47	17.10	16.67	16.70	17.97	16.70
Tangible book value per share	$	17.97	17.47	17.10	16.67	16.70	17.97	16.70
Outstanding shares		8,805,399	8,629,710	8,614,179	8,581,992	8,536,680	8,805,399	8,536,680
Average outstanding shares (diluted)		8,969,565	8,897,948	8,879,594	8,855,807	8,706,806	8,872,552	8,730,909
Asset Quality								
Net charge-offs (recoveries)	$	(5)	(2)	382	-	-	375	454
Net charge-offs (recoveries) to average total loans		0.00%	0.00%	0.03%	0.00%	0.00%	0.03%	0.04%
Allowance for loan losses	$	14,466	13,550	13,134	13,177	12,812	14,466	12,812
Allowance to total loans		1.05%	1.02%	1.03%	1.06%	1.06%	1.05%	1.06%
Nonperforming loans	$	2,762	1,284	416	25	25	2,762	25
Other real estate owned	$	-	-	-	-	-	-	-
Nonperforming loans to total loans		0.20%	0.10%	0.03%	0.00%	0.00%	0.20%	0.00%
Nonperforming assets to total assets		0.15%	0.07%	0.02%	0.00%	0.00%	0.15%	0.00%
Loan Composition (% of Total Gross Loans)								
1-4 Family		55.0%	55.6%	56.3%	55.8%	56.9%	55.0%	56.9%
Commercial Loans		11.0%	10.8%	10.6%	10.3%	9.5%	11.0%	9.5%
Commercial Real Estate		20.9%	20.2%	19.8%	20.1%	19.4%	20.9%	19.4%
Construction Loans		7.1%	7.5%	7.2%	7.6%	8.2%	7.1%	8.2%
Other Loans		6.1%	5.9%	6.1%	6.2%	6.0%	6.1%	6.0%
End of Period Balances								
Assets	$	1,859,451	1,781,841	1,737,597	1,675,265	1,579,551	1,859,451	1,579,551
Investments	$	371,450	369,879	356,568	354,357	299,605	371,450	299,605
Loans, net of allowance	$	1,367,489	1,312,386	1,266,084	1,230,491	1,199,030	1,367,489	1,199,030
Deposits	$	1,460,713	1,456,353	1,411,862	1,422,496	1,304,542	1,460,713	1,304,542
Fed Funds and Repurchase Agreements	$	2,076	2,614	1,801	1,196	12,398	2,076	12,398
Subordinate Debt	$	29,537	29,525	29,550	-	-	29,537	-
FHLB Advances	$	196,514	132,324	133,397	96,935	97,473	196,514	97,473
Shareholders Equity	$	158,215	150,794	147,326	143,024	142,604	158,215	142,604
Wealth Management								
Fee Income	$	4,264	4,405	4,054	3,966	3,850	16,689	13,998
Assets Under Administration								
Balance at beginning of period	$	3,654,248	3,406,992	3,253,794	3,006,025	2,842,643	3,006,025	2,325,804
Net investment appreciation (depreciation) & incc	$	(357,136)	146,864	42,951	(19,996)	82,625	(187,317)	275,333
Net client asset flows	$	94,343	100,392	110,247	267,765	80,757	572,747	404,888
Balance at end of period	$	3,391,455	3,654,248	3,406,992	3,253,794	3,006,025	3,391,455	3,006,025
Percentage of AUA that are managed		91%	91%	89%	83%	80%	91%	80%

*annualized