

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 quarter ending March 31, 2012.

First Quarter Financial Highlights

FineMark's total assets were \$463 million as of March 31, 2012. Pre-tax income totaled \$451 thousand for the quarter, compared to \$91 thousand for the first quarter last year.

Total net revenue was \$4.3 million for the quarter, compared with \$2.8 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 security sales.

Please refer to abbreviated financial statement below:

FineMark Holdings, Inc Income Statement Highlights (\$ in thousands, except per-share data)						
	First Quarter 2012	First Quarter 2011	Percent Change	YTD 2012	YTD 2011	Percent Change
Net Interest Income	2,758	2,033	35.7%	2,758	2,033	35.7%
Non Interest Income	1,544	793	94.7%	1,544	793	94.7%
Total Net Revenue	4,302	2,826	52.2%	4,302	2,826	52.2%
Non Interest Expense	3,723	2,640	41.0%	3,723	2,640	41.0%
Income Before Provision & Taxes	579	186	211.3%	579	186	211.3%
Provision for Credit Losses	128	95	34.7%	128	95	34.7%
Income Before Taxes	451	91	395.6%	451	91	395.6%
Applicable Income Taxes	139	28	396.4%	139	28	396.4%
Net Income	312	63	395.2%	312	63	395.2%
Preferred Stock Dividends	14	-		14	-	
Earnings Available to Common Shareholders	298	63	373.0%	298	63	373.0%
Earnings per Common Share	0.08	0.02	300.0%	0.08	0.02	300.0%

FineMark Holdings, Inc Balance Sheet (\$ in thousands, except per-share data)			
	As of 3/31/12	As of 3/31/11	Percent Change
Tota Cash & Cash Equivalentts	17,773	6,520	172.6%
Investments	192,219	207,963	-7.6%
Loans, Net of Allowance for Loan Losses	229,795	174,213	31.9%
Premises & Fixed Assets	10,722	10,686	0.3%
Other Assets	12,634	10,364	21.9%
Total Assets	463,143	409,746	13.0%
Total Deposits	351,587	328,598	7.0%
Other Borrowings	2,712	3,019	-10.2%
Federal Home Loan Bank Advances	59,552	45,959	29.6%
Other Liabilities	2,912	960	203.3%
*Preferred Stock	5,665	-	
Shareholders' Equity	40,715	31,210	30.5%
Total Liabilities & Shareholders' Equity	463,143	409,746	13.0%
Book Value per Common Share	10.39	9.04	
	3920159		

*result of funding U.S. Treasury Small Business Lending Fund

Net Interest Income

Net interest income was \$2.8 million for the quarter, 36 percent higher than the \$2 million for the first quarter 2011. The increase resulted from higher loan growth and lower cost of core deposits. As a result, net interest margin increased to 2.63 percent, compared with 2.28 percent for the same period last year.

FineMark's securities portfolio balance was \$187 million, compared with \$204 million as of March 31, 2011. The reduction in the securities portfolio was a result of funding loan growth.

Loans grew to \$233 million, compared to \$177 million in the first quarter 2011. Loan growth was centered in residential lending, growing by approximately \$42 million. Loans to businesses grew by approximately \$5 million. As a result of the Bank's focus on community assistance, an additional \$1 million acquisition of Habitat for Humanity Loans was made. These loans were made to individuals in order to assist in home ownership.

Total deposits grew to \$352 million, compared to \$328 million as of March 31, 2011. The average cost of deposits has declined to 0.59% compared to 1.19% for the quarter ended March 31, 2011. This is a direct result of the continued low interest rate environment.

Noninterest Income

Noninterest income generated from asset management and trust fees totaled \$889 thousand in the first quarter of 2012, 38 percent higher than the \$644 thousand for first quarter 2011. Investment and trust assets grew from \$ 461 million to \$767 million during the quarter ending March 31, 2012. Asset management revenues continue to increase from developing new relationships across the organization.

FineMark generated security gains of \$470 thousand during the quarter versus \$64 thousand for the same period last year. These gains were the result of repositioning the portfolio to reduce interest rate volatility and to provide liquidity for loan growth.

Noninterest Expense

Noninterest expense was \$3.7 million, 41 percent higher than the \$2.6 million last year. Year-over-year operating expenses were higher due to the bank expanding geographically and adding staff to enhance its enterprise risk management capabilities.

Credit Quality

FineMark's overall credit quality remains high with low levels of classified loans relative to capital and total assets of the bank. Classified loans total \$5.5 million, which represents 13 percent of total capital and reserves.

FineMark's allowance for loan losses had a balance of \$3.3 million or 1.42 percent of the total loans outstanding as of March 31, 2012. Management believes this level of reserve is adequate to support the risk associated with the loan portfolio.

Capital

The Bank's Tier One Capital ratio was 8.53 percent as of March 31st, 2012, compared with 7.91 percent at the end of first quarter 2011. There continues to be \$6.4 million of capital in the Holding Company to support future growth. All bank capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

First Quarter 2012 Business Highlight

FineMark's marketing team finalized the redesign of the Bank's website www.finemarkbank.com. The revamped site is more interactive with video profiles, an updated news feed and improved compatibility for iPads, iPhones and other mobile devices.

We thank you for your ongoing support and commitment to FineMark. Your contribution to this organization is greatly appreciated and I encourage you to contact me anytime.

Joseph R. Catti
President & Chief Executive Officer