



FINEMARK HOLDINGS, INC.

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, 2015.

Year-End Financial Highlights

FineMark ended 2015 with total assets of \$1.1 billion, compared to \$888 million at the prior year-end. Pre-tax income totaled \$9.5 million for 2015, 76 percent higher than the \$5.4 million for 2014. Positive results were due to strong revenue growth throughout the year, driven by increases in the bank's loan portfolio and asset management business. As always, the strong business growth is a result of the continued focus on providing very high service levels to the bank's clients.

Fourth Quarter Financial Highlights

Pre-tax income totaled \$2.2 million for the fourth quarter, compared to \$1.6 million for the same quarter. Both net interest income and noninterest income increased while operating leverage continued to improve.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income totaled \$7.8 million for the quarter, 26 percent higher than \$6.2 million for the fourth quarter 2014. Net loans increased by 27 percent or \$172 million to \$798 million at year-end compared to \$626 million at year-end 2014. Total deposits grew by \$80 million in the fourth quarter. At the end of 2015, deposits totaled \$915 million compared to \$709 million at year-end 2014. This growth is a direct result of new relationships developed in each of FineMark's eleven offices. The bank's net interest margin decreased slightly to 2.9 percent from 3.0 percent year-over-year. The decrease resulted from significant deposit growth and the lag time taken to invest the cash.

Noninterest Income

Noninterest income generated from asset management and trust fees increased 13 percent to \$2.5 million in the fourth quarter, compared to \$2.2 million in the fourth quarter of 2014. FineMark ended the year with \$1.97 billion of assets under management and administration, compared to \$1.75 billion a year ago. Asset management and trust revenues continue to improve as new relationships are developed throughout the organization.

Noninterest Expense

Fourth quarter noninterest expense was \$7.8 million, 16 percent higher than the \$6.8 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 three new offices.

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 represent 4.7 percent of total capital and reserves. This figure is considerably better than the industry average of 19.8 percent.

The allowance for loan loss reserve was \$8.8 million or 1.1 percent of the total loans outstanding as of December 31, 2015. Management continues to believe this level of reserve is sufficient to support the bank's loan portfolio risk.

Capital

Tier 1 Capital ratio was 9.08 percent as of December 31, 2015, compared with 8.31 percent for year-ending 2014. All bank capital ratios continue to be in excess of “well-capitalized” regulatory requirements. Additionally, \$19 million of capital remains in the Holding Company to support future growth.

Fourth Quarter 2015 Business Highlights:

Capital Raise

At its June 25, 2015 meeting, the Board of Directors authorized the sale of up to \$45 million of its common stock at a price of \$18.50 per share. On December 16, 2015 the capital raise was completed. The additional capital enabled FineMark to support continued balance sheet growth, maintain appropriate regulatory capital levels, repay the Small Business Lending Fund and allow for opportunistic expansion.

Habitat for Humanity Dedication

In November, FineMark continued its partnership with Habitat for Humanity by becoming the Neighborhood Sponsor of the Heights Community Investment Project in Fort Myers. FineMark invested \$250,000 to fund the infrastructure for the construction of eleven new homes and critical home repairs on an additional twenty-four homes in the Harlem Heights neighborhood.

New Board Member

Harlan Parrish has been appointed to the FineMark National Bank & Trust, Bank Board of Directors. Mr. Parrish is President of FineMark’s Bonita Springs/Estero market. Parrish is a seasoned professional with more than 30 years of banking experience. He recently relocated back to Southwest Florida from Alabama where he spent five years as Aliant Bank’s Alabama President.

5-Star Rating

FineMark National Bank & Trust has been awarded a 5-Star Superior Rating for the past 19 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,	
	2015	2014
Assets		
Total Cash and Cash Equivalents	13,233	20,225
Total Investments	258,686	209,791
Loans, Net of Allowance for Loan Losses	797,534	625,519
Premises and Equipment, Net	12,811	11,747
Other Assets	32,161	21,043
Total Assets	\$1,114,425	\$888,325
Liabilities & Shareholder's Equity		
<u>Liabilities:</u>		
Total Deposits	894,032	708,851
Other Borrowings	3,632	3,414
Federal Home Loan Bank Advances	87,156	93,677
Other Liabilities	8,000	6,594
Total Liabilities	\$992,820	\$812,536
<u>Shareholder's Equity:</u>		
Preferred Stock	0	5,665
Shareholder's Equity	121,605	70,124
Total Liabilities & Shareholder's Equity	\$1,114,425	\$888,325
Book Value per Common Share	14.76	12.21
Number of Common Shares Outstanding	8,239,811	5,743,078

Consolidated Statement of Income

	3 Months Ended		12 Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Interest Income				
Loans	7,435	5,877	27,306	21,195
Investment Securities	1,625	1,380	5,551	4,501
Other Interest Income	37	12	72	51
Total Interest Income	9,097	7,269	32,929	25,747
Interest Expense				
Deposits	783	577	2,671	2,213
Borrowings	527	497	1,957	1,869
Total Interest Expense	1,310	1,074	4,628	4,082
Net Interest Income	7,787	6,195	28,301	21,665
Provision for Loan Losses	647	566	2,162	2,192
Net Interest Income After Provision for Loan Losses	7,140	5,629	26,139	19,473
Non-Interest Income				
Total Non-Interest Income	2,949	2,841	12,158	10,809
Non-Interest Expense				
Total Non-Interest Expense	7,837	6,830	28,775	24,875
Income Before Income Taxes	2,252	1,640	9,522	5,407
Applicable Income Taxes	795	542	3,385	1,826
Net Income	1,457	1,098	6,137	3,581
Preferred Stock Dividends	12	15	54	57
Net Income Applicable to Common Shareholders	1,445	1,083	6,083	3,524
Earnings per Common Share	0.18	0.19	0.74	0.61