

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 during the calendar quarter ending September 30, 2009.

### **Third Quarter Financial Highlights**

Revenues for the third quarter of 2009 totaled \$ 2.079 million which represents a 150 % increase over the third quarter of 2008. FineMark's revenue growth resulted in a lower than expected net loss before taxes of \$472,000 against a budgeted loss of \$508,000 for the quarter. On a cash basis (adding non-cash charges to the net loss), the net income was \$437,000.

Non-interest expenses for the quarter totaled \$1.92 million. FineMark increased its loan loss reserve to 200-basis points of total loans outstanding resulting in an additional provision for loan loss expense of \$543,000 during the quarter. The decision to adjust the loan loss reserve was based on our expectation of a continued weak economic environment both locally and nationally and not the result of any specific concern over the bank's loan portfolio.

Deposits ended the quarter at \$141.3 million, up by \$25.1 million from June 30, 2009. FineMark's loan portfolio increased by \$5.8 million for the quarter resulting in total loans outstanding in the amount of \$108.6 million.

FineMark's total assets grew to \$197.0 million as of September 30, 2009. At \$63.1 million, the bank's securities portfolio increased by \$21.2 million during the quarter as we deployed liquidity resulting from strong deposit growth. This is consistent with our goal of managing a conservative asset mix of high quality loan and security portfolios. Securities sales resulted in a gain of \$563,000.

Trust and investment assets grew from \$246.9 million to \$292.6 million during the quarter. This continued strong growth translated into trust and investment management revenues of \$342,000 for the quarter, which was a 35% increase over the prior quarter.

FineMark is very well capitalized with a Tier I Capital Ratio of 13.9%, approximately two times the required regulatory level. As expected, this ratio has declined due to the significant growth experienced by the bank over the past two years.

### **First Nine Months Financial Highlights**

FineMark's revenues through September 30, 2009 totaled \$4.7 million representing a 93% increase over the first nine months of 2008 while expenses increased by 56%, resulting in positive operating leverage. Net loss before taxes equaled \$1.4 million versus a net loss of \$1.2 million during the first nine months of 2008. The increased expenses and net loss are a result of opening the bank's second location at Coconut Point in February of this year and the bank's third location at Shell Point. On a cash basis, the net income was \$289 thousand.

### **Business Highlights**

We initiated two construction projects during the third quarter. Our Riverwalk office began the build out of the remaining 5,000 square feet on the second floor. When completed, the new space will house our investment specialists, the financial accounting team, bank operations and our executive offices. The second project is the updating of the facility to be used as our permanent office at Shell Point. The 1,300 square foot office will have teller stations, a conference room, safe deposit boxes and an ATM machine. The office is open to Shell Point residents, employees and the



general public. We have been warmly received at Shell Point and the temporary office has already grown to in excess of \$14,000,000 in deposits.

As we announced in a recent letter to you, our new Brokerage division, called FineMark Financial Services, is open for business.

On behalf of my colleagues at FineMark, I thank you for your continued support and confidence. We hope that you are pleased with the progress of your company.

Kind Regards,

Joseph R. Catti  
President and Chief Executive Officer