FINEMARK HOLDINGS, INC.

DEAR VALUED SHAREHOLDERS

On behalf of FineMark Holdings, Inc. - the Board of Directors, the executive management team and all of our dedicated associates - I am pleased to report on the company's performance for the first quarter of 2020.

FineMark Holdings, Inc. (OTCQX: FNBT), the parent company of FineMark National Bank & Trust, today announced first quarter 2020 net income of $5.1 million, or $0.56 per diluted share, compared to net income of $3.0 million, or $0.33 per diluted share, reported for the first quarter of 2019.

COVID-19 RESPONSE AND IMPACT

We are living through a historic time as COVID-19 threatens our world, our nation and the communities in which we live and work. At FineMark, the health and safety of our associates and our clients is our utmost priority. I would like to begin this letter by sharing some of the steps we have taken to deal with the impact of this virus.

In January, we began closely monitoring the outbreak in China. In February, we initiated weekly, followed by daily pandemic meetings. We implemented enhanced sanitization practices and social distancing measures recommended by the CDC, and in line with our pandemic plan, which was most recently tested in December 2019. We purchased more than 100 laptops, and by March 31, half of our associates were working remotely, via a secure virtual network. Lobby access was limited in each of our offices to appointment only and banking hours were adjusted to limit the potential health risk. We waived surcharges for foreign ATMs and most banking fees for 90 days. During this challenging time, we strive to strike a balance between ensuring the safety of our associates and maintaining very high service levels for our clients.

When the U.S. Federal Reserve cut interest rates to near zero to offset the impact of the COVID-19 outbreak, FineMark responded by lowering the interest rate floor for client loans. Then on March 27, when the Paycheck Protection Program was announced, as part of the CARES Act, FineMark immediately applied to become a Small Business Administration lender. Within days, we were accepting applications from our clients, to help provide access to much needed funds to keep their businesses operational. We continue to proactively reach out to our clients to make sure we are helping them, however we can.

Despite disruptions caused by COVID-19, FineMark delivered remarkable financial performance in the first quarter. We were able to capitalize on market volatility by reducing our cost of funds and repositioning the bank's debt securities portfolio. It is important to note, however, the full impact of COVID-19 on the bank's performance, including factors such as loan modifications, will not be seen until subsequent quarters.

FIRST QUARTER FINANCIAL HIGHLIGHTS

FineMark's assets totaled $2.5 billion as of March 31, 2020, compared to $1.9 billion a year earlier. This 28% increase is a robust pace in an industry that typically sees assets grow at a 4% to 8% annual clip. Quarterly pre-tax operating income increased to $6.7 million, a 70% year-over-year increase.

Highlights of first quarter 2020 performance on a year-over-year basis include:

- Strong earnings resulted in ROA of 0.92% and ROE of 11.11%, up from 0.64% and 7.48% respectively
- Trust and investment fees increased 20% to $5.1 million, representing 28% of total revenue

- Assets under management and administration increased 4%, despite a steep decline in equity markets in March
- Loans, net of allowance, increased 12% to $1.6 billion
- Deposits increased 16% to $1.8 billion
- Net interest income increased 12% to $12.6 million

Please refer to attached abbreviated financial statements.

NET INTEREST INCOME AND MARGIN

The Federal Reserve lowered rates a total of 150 basis points in the first quarter to provide liquidity amid the escalating pandemic. FineMark reduced funding costs by lowering deposit rates and increasing its borrowing from the Federal Home Loan Bank, from both a current and future advances standpoint, decreasing interest-rate sensitivity going forward. At the end of March, FineMark lowered the interest rate floor on loans, allowing clients to benefit from the low-rate environment.

Quarterly net interest income increased 12% year-over-year. This improvement was driven largely by the decrease in the cost of funds to 1.26% as of March 31, 2020, from 1.40% a year earlier, coupled with the continued growth of the loan portfolio. The bank's quarterly net interest margin was 2.39% as of March 31, 2020, compared with 2.52% a year ago and 2.41% three months ago. The yield on earning assets declined to 3.59%, from 3.85% a year earlier.

NON-INTEREST INCOME

As rates declined, FineMark was able to reposition the debt securities portfolio generating $2.7 million in gains. This was a primary driver of FineMark's strong first quarter performance. FineMark acquired bonds amid dislocations in municipal bond and credit markets resulting from the extreme market volatility.

One important aspect of FineMark's growth continues to be the impressive expansion of our trust and investment business, which is measured by assets under management and administration. During the first quarter, FineMark added $166 million of client assets, which consisted primarily of existing clients adding funds to their portfolio, reinforcing their trust in FineMark's associates. The inflows, however, were offset by $707 million in investment depreciation, net of income generated by the assets, as equity markets experienced a sharp decline as the COVID-19 pandemic spread. As of March 31, 2020, FineMark had $3.9 billion in assets under management and administration, up 4% on a year-over-year basis but down 12% from the previous quarter. Trust fees for the quarter totaled $5.1 million, up 20% on a year-over-year basis, but up less than 1% from the previous quarter.

NON-INTEREST EXPENSE

The growth of FineMark's overall business has necessitated increased expenses to maintain the bank's high levels of client service. Non-interest expense totaled $13.0 million in the first quarter of 2020, a 10% year-over-year increase. This increase, which includes adding more associates and investing in technology to improve client service, is in line with the steady expansion FineMark has experienced over the past several years.

CREDIT QUALITY

In the first quarter, the overall credit quality of the bank's loan portfolio remained strong, with low levels of classified loans relative to capital and total assets. As of March 31, 2020, classified loans—loans that may potentially default—totaled $2.65 million, or just 1.17% of total capital and reserves. Management believes there is a very low probability of any losses associated with these loans. This amount compares favorably to the industry average of 14.80%.

The allowance for loan losses was $17.0 million, up 15% from March 2019. In addition to increasing the allowance in line with the growth of the loan portfolio, management added $450 thousand in March to be proactive given the current economic climate. The allowance for loan losses was 1.06% of the total loans outstanding as of March 31,

2020. Management believes this level of reserve is sufficient to support the bank’s loan portfolio risk and will continue to monitor economic conditions closely to determine if additional provisions should be made.

FineMark’s management team is very pleased with the credit quality of the bank’s loan portfolio. Management believes our commitment to personally knowing our clients and working with them proactively, has, and will continue to, serve shareholders well.

CAPITAL AND LIQUIDITY

All of FineMark's capital ratios continue to be in excess of regulatory requirements for "well-capitalized" banks. As of March 31, 2020, the bank's tier 1 leverage ratio was 9.52%. As a best practice for ensuring strong liquidity, FineMark tested its lines of credit near the end of the first quarter, borrowing $100 million from the Federal Reserve and $10 million from a line of credit at the holding company level. Both lines were promptly repaid on April 1st.

PROGRESS OF NEW BUILDING

As noted in previous quarterly letters, FineMark is in the process of building a new office in Fort Myers, Florida, to support the bank’s growth and serve as a home for our expanding team. Since the COVID-19 pandemic escalated, FineMark has been working closely with the contractor to ensure the safety of workers is prioritized over meeting any construction deadlines. The contractor has assured FineMark that all appropriate safety measures recommended by the CDC are being implemented on the job site. Construction continues with a projected completion date of year-end 2020.

CLOSING REMARKS

During this challenging time, we sincerely appreciate the trust our clients, and each of you, have placed in us and the commitment of our associates to making a positive impact on the individuals, families, and communities we serve while being good stewards of FineMark’s resources. We are committed to enhancing our staffing levels and supporting our associates during this time of uncertainty, and we are doing everything possible to mitigate the effects of the virus.

While the pandemic is both a medical issue and an economic issue, the health of our associates, clients and communities is most important. We are hopeful positive developments on the medical front will quickly translate to improving economic health. As we all work toward better days ahead, we will continue to be here to support you.

Kind regards,

Joe

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, trust and investment services through its offices located in Florida, Arizona and South Carolina. The Corporation's common stock trades on the OTCQX under the symbol FNBT. Investor information is available on the Corporation's website at www.finemarkbank.com.

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 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 cyber attacks, 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 March 31,	
Assets	**2020**	**2019**
Cash and due from banks	$ 194,839	$ 45,789
Debt securities available for sale	547,710	344,126
Debt securities held to maturity	30,207	28,255
Loans, net of allowance for loan losses of $17,028 in 2020 and $14,823 in 2019	1,584,767	1,415,911
Federal Home Loan Bank stock	14,464	8,101
Federal Reserve Bank stock	4,069	3,806
Premises and equipment, net	28,026	23,576
Operating lease right-of-use assets	8,579	7,742
Accrued interest receivable	8,072	6,220
Deferred tax asset	1,891	3,098
	34,330	33,452
Other assets	7,723	11,038
Total assets	$ 2,464,677	$ 1,931,114
Liabilities and Shareholders' Equity		
Liabilities:		
Non-interest bearing demand deposits	243,352	196,642
Savings, NOW and money-market deposits	1,480,662	1,252,900
Time deposits	100,160	119,752
Total deposits	1,824,174	1,569,294
Official checks	2,704	2,226
Other borrowings	112,527	1,821
Federal Home Loan Bank advances	294,458	151,328
Operating lease liabilities	8,783	8,025
Subordinated debt	29,598	29,549
Other liabilities	7,314	4,931
Total liabilities	2,279,558	1,767,174
Shareholders' equity:		
Common stock, $.01 par value; 50,000,000 shares authorized, 8,924,244 and 8,871,050 shares issued and outstanding in 2020 and 2019	89	89
Additional paid-in capital	121,491	120,801
Retained earnings	63,251	45,966
Accumulated other comprehensive gain/(loss)	288	(2,916)
Total shareholders' equity	185,119	163,940
Total liabilities and shareholders' equity	$ 2,464,677	$ 1,931,114
Book Value per Share	20.74	18.48

FINEMARK HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Earnings
($ in thousands, except per share amounts)
Unaudited

	March 31	
	2020	**2019**
Interest income:		
Loans	$ 15,769	$ 14,731
Debt securities	2,861	2,246
Dividends on Federal Home Loan Bank stock	185	128
Other	138	73
Total interest income	18,953	17,178
Interest expense:		
Deposits	3,969	4,337
Federal Home Loan Bank advances	1,906	1,159
Subordinated debt	453	453
Total interest expense	6,328	5,949
Net interest income	12,625	11,229
Provision for loan losses	1,183	472
Net interest income after provision for loan losses	11,442	10,757
Non-interest income:		
Trust fees	5,055	4,216
Income from bank-owned life insurance	212	220
Income from solar farms	63	68
Gain on sale of debt securities available for sale	2,691	233
Other fees and service charges	260	257
Total non-interest income	8,281	4,994
Non-interest expenses:		
Salaries and employee benefits	7,989	7,048
Occupancy	1,431	1,427
Information systems	1,208	1,121
Professional fees	350	333
Marketing and business development	494	618
Regulatory assessments	303	320
Other	1,251	935
Total non-interest expense	13,026	11,802
Earnings before income taxes	6,697	3,949
Income taxes	1,610	940
Net earnings	5,087	$ 3,009
Basic earnings per common share	0.57	0.34
Diluted earnings per common share	0.56	0.33

FineMark Holdings, Inc.

Consolidated Financial Highlights
First Quarter 2020
Unaudited

$ in thousands except for share data	1st Qtr 2020	4th Qtr 2019	3rd Qtr 2019	2nd Qtr 2019	1st Qtr 2019	Year to Date 2020	Year to Date 2019
$ Earnings							
Net Interest Income	$ 12,625	$ 12,125	$ 11,359	$ 11,330	$ 11,229	$ 12,625	$ 11,229
Provision for loan loss	$ 1,183	$ 429	$ 233	$ 354	$ 472	$ 1,183	$ 472
Non-interest Income	$ 5,590	$ 5,629	$ 5,607	$ 5,001	$ 4,761	$ 5,590	$ 4,761
Debt securities gains/(losses)	$ 2,691	$ 233	$ 833	262	233	$ 2,691	$ 233
Debt extinguishment gains/(losses)	$ 0	413	272	$ —	$ —	$ 0	$ —
Non-interest Expense	$ 13,026	$ 12,489	$ 11,808	$ 11,792	$ 11,802	$ 13,026	$ 11,802
Earnings before income taxes	$ 6,697	$ 5,483	$ 6,029	$ 4,447	$ 3,949	$ 6,697	$ 3,949
Taxes	$ 1,610	$ 1,163	$ 1,505	$ 1,095	$ 940	$ 1,610	$ 940
Net Income	$ 5,087	$ 4,321	$ 4,525	$ 3,352	$ 3,009	$ 5,087	$ 3,009
Basic earnings per share	$ 0.57	$ 0.49	$ 0.51	$ 0.38	$ 0.34	$ 0.57	$ 0.34
Diluted earnings per share	$ 0.56	$ 0.49	$ 0.50	$ 0.37	$ 0.33	$ 0.56	$ 0.33
Performance Ratios							
Return on average assets*	0.92 %	0.82 %	0.89 %	0.69 %	0.64 %	0.92 %	0.64 %
Return on average equity*	11.11 %	9.72 %	10.47 %	8.07 %	7.48 %	11.11 %	7.48 %
Yield on earning assets*	3.59 %	3.74 %	3.81 %	3.90 %	3.85 %	3.59 %	3.85 %
Cost of funds*	1.26 %	1.40 %	1.55 %	1.48 %	1.40 %	1.26 %	1.40 %
Net Interest Margin*	2.39 %	2.41 %	2.34 %	2.48 %	2.52 %	2.39 %	2.52 %
Efficiency ratio	62.31 %	67.87 %	65.35 %	71.07 %	72.75 %	62.31 %	72.75 %
Capital							
Tier 1 leverage capital ratio	8.35 %	8.51 %	8.59 %	8.80 %	8.88 %	8.35 %	8.88 %
Common equity risk-based capital ratio	13.31 %	13.70 %	14.00 %	13.85 %	13.78 %	13.31 %	13.78 %
Tier 1 risk-based capital ratio	13.31 %	13.70 %	14.00 %	13.85 %	13.78 %	13.31 %	13.78 %
Total risk-based capital ratio	16.68 %	17.18 %	17.61 %	17.49 %	17.44 %	16.68 %	17.44 %
Book value per share	$ 20.74	$ 20.15	$ 19.81	$ 19.26	$ 18.48	$ 20.74	$ 18.48
Tangible book value per share	$ 20.74	$ 20.15	$ 19.81	$ 19.26	$ 18.48	$ 20.74	$ 18.48
Outstanding shares	8,924,244	8,856,646	8,854,557	8,863,319	8,871,050	8,924,244	8,871,050
Average outstanding shares (diluted)	9,057,632	8,905,066	9,035,916	8,962,731	9,023,646	9,057,632	9,023,646
Asset Quality							
Net charge-offs (recoveries)	$ (7)	$ (10)	$ (5)	$ 11	$ 114	$ (7)	$ 114
Net charge-offs (recoveries) to average	0.00 %	0.00 %	0.00 %	0.00 %	0.01 %	— %	0.01 %
Allowance for loan losses	$ 17,028	$ 15,838	$ 15,404	$ 15,167	$ 14,823	$ 17,028	$ 14,823
Allowance to total loans	1.06 %	1.04 %	1.05 %	1.04 %	1.04 %	1.06 %	1.04 %
Nonperforming loans	$ 1,184	$ 1,798	$ 1,183	$ 410	$ 1,898	$ 1,184	$ 1,898
Other real estate owned	0	0	0	0	0	0	0
Nonperforming loans to total loans	0.07 %	0.12 %	0.08 %	0.03 %	0.13 %	0.07 %	0.13 %
Nonperforming assets to total assets	0.05 %	0.08 %	0.06 %	0.02 %	0.10 %	0.05 %	0.10 %
Loan Composition (% of Total Gross Loans)							
1-4 Family	55.9 %	57.3 %	56.0 %	55.0 %	54.2 %	55.9 %	54.2 %
Commercial Loans	10.9 %	10.0 %	9.7 %	10.6 %	11.2 %	10.9 %	11.2 %
Commercial Real Estate	21.0 %	20.9 %	20.9 %	21.7 %	20.8 %	21.0 %	20.8 %
Construction Loans	6.6 %	6.1 %	7.6 %	6.7 %	7.6 %	6.6 %	7.6 %
Other Loans	5.6 %	5.7 %	5.9 %	5.9 %	6.2 %	5.6 %	6.2 %
End of Period Balances							
Assets	$ 2,464,677	$ 2,168,983	$ 2,108,066	$ 1,997,852	$ 1,931,114	$ 2,464,677	$ 1,931,114
Debt securities	$ 577,917	$ 505,170	$ 413,792	$ 361,950	$ 372,381	$ 577,917	$ 372,381
Loans, net of allowance	$ 1,584,767	$ 1,512,466	$ 1,458,700	$ 1,448,152	$ 1,415,911	$ 1,584,767	$ 1,415,911
Deposits	$ 1,824,174	$ 1,670,419	$ 1,597,018	$ 1,520,961	$ 1,569,295	$ 1,824,174	$ 1,569,295
Other borrowings	$ 112,527	$ 2,390	$ 2,499	$ 1,661	$ 1,821	$ 112,527	$ 1,821
Subordinated Debt	$ 29,598	$ 29,586	$ 29,574	$ 29,562	$ 29,549	$ 29,598	$ 29,549
FHLB Advances	$ 294,458	$ 264,520	$ 284,581	$ 258,142	$ 151,328	$ 294,458	$ 151,328
Shareholders Equity	$ 185,119	$ 178,453	$ 175,423	$ 170,737	$ 163,940	$ 185,119	$ 163,940
Trust and Investment							
Fee Income	$ 5,055	$ 5,023	$ 4,968	$ 4,407	$ 4,216	$ 5,055	$ 4,216
Assets Under Administration							
Balance at beginning of period	$ 4,472,585	$ 4,175,715	$ 3,930,319	$ 3,771,473	$ 3,391,455	$ 4,472,585	$ 3,391,455
Net investment appreciation	$ (706,530)	$ 180,466	$ 71,545	$ 34,298	$ 248,930	$ (706,530)	$ 248,930
Net client asset flows	$ 166,254	$ 116,404	$ 173,852	$ 124,548	$ 131,088	$ 166,254	$ 131,088
Balance at end of period	$ 3,932,309	$ 4,472,585	$ 4,175,715	$ 3,930,319	$ 3,771,473	$ 3,932,309	$ 3,771,472
Percentage of AUA that are managed	89 %	88 %	89 %	90 %	89 %	89 %	89 %
Stock Valuation							
Closing Market Price (OTCQX)	$ 21.00	$ 25.10	$ 25.10	$ 24.80	$ 29.50	$ 21.00	$ 29.50
Multiple of Tangible Book Value	$ 1.01	$ 1.25	$ 1.27	$ 1.29	$ 1.60	$ 1.01	$ 1.60

*annualized