



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 first quarter, ending March 31, 2015. Loans, assets under management and total assets all showed double digit increases compared to the first quarter 2014. Below is a synopsis of the results.

### **First Quarter Financial Highlights**

FineMark's assets totaled \$936 million as of March 31, 2015, compared to \$744 million at March 31, 2014. Pre-tax income totaled \$2 million for the quarter, compared to \$892 thousand for the quarter ending March 31, 2014. Both net interest income and noninterest income continue to drive earnings while operating leverage also continues to improve.

*Please refer to attached abbreviated financial statement.*

#### Net Interest Income

Net interest income totaled \$6.4 million for the quarter, 36 percent higher than the \$4.7 million for the first quarter 2014. The bank continues to experience significant loan growth. Net loans increased 33 percent to \$665 million up from \$495 million at March 31, 2014, far exceeding the national loan growth average of 10 percent.

Total deposits grew to \$758 million as of March 31, 2015 compared to \$585 million as of March 31, 2014. This growth is the result of expanded relationships along with new relationships developed in each of FineMark's offices. Deposit growth was more than sufficient to fund the bank's loan growth.

Net interest margin improved to 2.99 percent from 2.70 percent a year ago. This improvement was primarily the result of growth in the loan portfolio relative to growth in the bank's investment portfolio.

#### Noninterest Income

Noninterest income generated from asset management and trust fees increased 23 percent to \$2.4 million in the first quarter 2015, compared to \$1.9 million in the first quarter 2014. Investment and trust assets under administration grew to \$1.8 billion as of March 31, 2015 up from just under \$1.5 billion at the same time last year. Approximately 75 percent of this growth came from new relationships and 25 percent from expanding existing relationships.

### Noninterest Expense

First quarter noninterest expense was \$6.6 million, 10 percent higher than the \$6 million last year. The increase continues to be primarily a result of adding staff to support FineMark's growth along with additional personnel expenses related to opening a second office in Scottsdale.

### Credit Quality

The bank's overall credit quality continues to remain strong with low levels of classified loans relative to capital and total assets. Classified loans total \$6.4 million, which represents 7.5 percent of total capital and reserves. This figure remains favorable when compared to industry average of 24 percent.

The allowance for loan loss balance was \$7.5 million or 1.1 percent of the total loans outstanding as of March 31, 2015. Management continues to believe this level of reserve is sufficient to support the risk associated within the bank's loan portfolio.

### Capital

The bank's Tier 1 Capital ratio was 8.08 percent as of March 31, 2015 compared with 8.11 percent for first quarter 2014. The consolidated Tier 1 Capital ratio is 8.44 percent as the Holding Company maintains in excess of \$3.5 million of capital to support future growth. All capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

## **First Quarter 2015 Business Highlights**

### Enhanced Financial Planning

FineMark is utilizing new software that provides an interactive wealth management platform along with goal-based financial planning. Additionally the software allows FineMark to aggregate all of a client's accounts from different institutions, offering a comprehensive view of their financial portfolio, in one place.

### FineMark Opens Marbella

In January, FineMark opened a small office at Marbella at Pelican Bay. Marbella is a luxury retirement condominium building in Naples. Christi Lunsford, Vice President of Banking at FineMark's Naples Office, oversees the Marbella operations.

### Construction Underway at Bonita Bay

Construction began on a second location in Bonita Springs in the first quarter. The office is located in the Bonita Bay Lifestyle Center adjacent to the Bonita Bay Community. Carrie Reynolds has been named Managing Executive of the new office, slated to open mid-June. Reynolds has been a relationship banker with FineMark since 2012.

Five Star Rating

During the first quarter, the bank was awarded its 16th consecutive *5-Star Superior Rating* from Bauer Financial, the nation's leading independent bank rating and research firm. Bauer 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.

On behalf of my colleagues at FineMark, I thank you for your continued support, confidence and commitment to FineMark. Your contribution is invaluable to the Bank's success.

Kind Regards,

A handwritten signature in blue ink, appearing to read "Joe", written over the printed name of Joseph R. Catti.

Joseph R. Catti  
President & CEO