Dear Shareholder:

The second quarter, ending June 30, 2016, was characterized by sustained market volatility, lower interest rates and a surprising Brexit vote in the UK. Despite this challenging environment, financial results for the quarter continue to be positive and demonstrate our ongoing commitment to existing clients and our ability to develop new relationships. FineMark experienced year-over-year growth in loans, deposits and assets under management and administration. Credit quality and capital levels also remain strong. Below is a summary of the results.

Second Quarter Financial Highlights

FineMark's assets totaled $1.3 billion as of June 30, 2016, compared to $966 million at June 30, 2015. Pre-tax income reached $3 million for the quarter, compared to $2.8 million for the same period last year. While quarter-over-quarter pre-tax earnings did not increase substantially, second quarter of 2015 included $675,000 in non-recurring estate settlement fees.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income totaled $8.6 million for the quarter, 25 percent higher than the $6.9 million for the second quarter 2015. Net loans increased 24 percent to $872 million up from $703 million at June 30, 2015, far exceeding the national loan growth average of 12 percent. The bank's loan portfolio continues to be centered in the residential real estate sector, comprising 63 percent of the total portfolio. While these types of loans generate lower yields, the risk related to residential loans is significantly lower than most other types of loans.

Deposits grew to $980 million as of June 30, 2016 compared to $788 million as of June 30, 2015. The bank continues to build new relationships and build deposits as a result of our reputation for delivering exceptional client service. Deposit growth continues to be sufficient to fund the bank's strong loan growth.

Net interest margin decreased to 2.95 percent from 3.02 percent a year ago as interest rates have declined. Quarter-over-quarter, the net interest margin was negatively affected by the prepayment of a number of loans. Several construction projects were completed, the properties sold and the loans repaid. Margin compression was also the result of both higher yielding loans and securities being replaced by lower yielding assets as the yield curve has flattened.

Noninterest Income

Noninterest income generated from asset management and trust fees decreased 9 percent to $2.9 million in the second quarter 2016, compared to $3.1 million in the second quarter

2015. Recurring fee revenue grew steadily by 8 percent to $2.7 million from $2.5 million in the second quarter last year, representing new assets from both existing and new clients. However, as previously mentioned, non-recurring fees declined quarter-over-quarter. Over time, non-recurring revenue is expected to be more consistent year-over-year.

Investment and trust assets under administration grew to $2.1 billion as of June 30, 2016 up from $1.8 billion at the same time last year. Approximately 60 percent of this growth resulted from new relationships with the balance from expanding existing relationships.

Noninterest Expense

Second quarter noninterest expense was $8.5 million, 19 percent higher than the $7.1 million last year. The increase continues to be driven by the addition of new associates to support the growth of the bank. From June 30th, 2015 to June 30th 2016, FineMark hired 27 new associates for existing offices and the bank's newest office in Charleston, South Carolina.

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 $8.6 million, which represents 7 percent of total capital and reserves. This figure remains favorable when compared to an industry average of 24.91 percent, however, it is higher than recent years. In the second quarter, the bank reclassified one loan to special mention. Management believes there is a low likelihood of any principal loss related to this loan. We remain fully committed to high credit standards and credit quality remains exceptional.

The allowance for loan loss balance was $10 million or 1.15 percent of the total loans outstanding as of June 30, 2016. $2.3 million was added year-over-year due to continued loan growth. 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 9.41 percent as of June 30, 2016 compared with 8.09 percent for second quarter 2015. When including capital held at the Holding Company, the consolidated Tier 1 Capital ratio is 10.26 percent. All capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

Second Quarter 2016 Business Highlights

FineMark Hires Chief Investment Officer

In June, FineMark hired Chris Battifarano as Executive Vice President and Chief Investment Officer. Chris is responsible for the investment process and philosophy at the bank, while leading the company's strategic and tactical investment recommendations. Chris is based in FineMark's Palm Beach office.

FineMark secures office space in Charleston
FineMark's newest team in Charleston, South Carolina moved into office space located on Daniel Island, a premier island community located within the city of Charleston. Six associates, led by Michael Drohan, will work in the nearly 5,000 square foot office.

Five Star Rating
During the second quarter, the bank was awarded its 21st consecutive *5-Star Superior Rating* from Bauer Financial, the nation's leading independent bank rating and research firm.

As we look to the second quarter, the bank continues to invest in people and technology to support our growth. We thank you for your ongoing support and commitment to FineMark. Your contribution is an integral part of the bank's success.

Kind Regards,

Joe

Joseph R. Catti
President & CEO

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FineMark Holdings, Inc. and Subsidiary

(Dollars in Thousands, Except per Share Data)

(Unaudited)

Consolidated Statement of Condition

	June 30, 2016	June 30, 2015
Assets		
Total Cash and Cash Equivalents	19,046	10,542
Total Investments	326,700	217,420
Loans, Net of Allowance for Loan Losses	871,790	702,871
Premises and Equipment, Net	12,553	12,563
Other Assets	33,222	22,324
Total Assets	$1,263,311	$965,720
Liabilities & Shareholder's Equity		
Liabilities:		
Total Deposits	979,635	787,752
Other Borrowings	9,954	7,288
Federal Home Loan Bank Advances	133,682	85,927
Other Liabilities	12,545	6,100
Total Liabilities	$1,135,816	$887,067
Shareholder's Equity:		
Preferred Stock	0	5,665
Common Shareholder's Equity	127,495	72,988
Total Liabilities & Shareholder's Equity	$1,263,311	$965,720
Book Value per Common Share	15.51	12.70
Number of Common Shares Outstanding	8,220,796	5,744,688

Consolidated Statement of Income

	3 Months Ended June 30, 2016	3 Months Ended June 30, 2015	6 Months Ended June 30, 2016	6 Months Ended June 30, 2015
Interest Income				
Loans	8,232	6,649	16,099	12,910
Investment Securities	1,705	1,315	3,258	2,559
Other Interest Income	25	12	55	23
Total Interest Income	9,962	7,976	19,412	15,492
Interest Expense				
Deposits	804	625	1,557	1,225
Borrowings	517	461	999	930
Total Interest Expense	1,321	1,086	2,556	2,155
Net Interest Income	8,641	6,890	16,856	13,337
Provision for Loan Losses	653	412	1,169	1,026
Net Interest Income After Provision for Loan Losses	7,988	6,478	15,687	12,311
Non-Interest Income				
Total Non-Interest Income	3,523	3,407	7,008	6,187
Non-Interest Expense				
Total Non-Interest Expense	8,492	7,118	16,674	13,678
Income Before Income Taxes	3,019	2,767	6,021	4,820
Applicable Income Taxes	1,037	984	2,121	1,743
Net Income	1,982	1,783	3,900	3,077
Preferred Stock Dividends	0	14	0	28
Net Income Applicable to Common Shareholders	1,982	1,769	3,900	3,049
Basic Earnings per Common Share	0.24	0.31	0.47	0.53