



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 third quarter ending September 30, 2015.

### **Third Quarter Financial Highlights**

FineMark's assets totaled just over \$1 billion as of September 30, 2015, compared to \$838 million at the same time in 2014. Pre-tax income totaled \$2.4 million for the quarter, compared to \$1.6 million for the quarter ending September 30, 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 \$7.1 million for the quarter, 27 percent higher than the \$5.6 million for the third quarter 2014. The bank continues to experience significant loan growth. Net loans increased by 26 percent to \$743 million up from \$591 million at September 30, 2014, far exceeding the national loan growth average of 9 percent.

Deposits grew to \$806 million as of September 30, 2015 compared to \$647 million as of September 30, 2014. This growth is the result of expanded relationships along with new relationships developed in each of FineMark's 11 offices.

Net interest margin improved to 3.02 percent from 2.96 percent a year ago. This improvement was the result of investing lower yielding cash and securities into higher yielding loans.

#### Noninterest Income

Noninterest income generated from asset management and trust fees increased 16 percent to \$2.7 million in the third quarter of 2015, compared to \$2.3 million in the third quarter 2014. Investment and trust assets under administration grew to \$1.8 billion as of September 30, 2015, up from \$1.6 billion at the same time last year. Although new asset management business has been strong, the market decline negatively impacted third quarter noninterest income. The S&P 500 was down 6.44 percent year-to-date on September 30, 2015 from the sell-off that started in August.

### Noninterest Expense

Third quarter noninterest expense was \$7.2 million, 22 percent higher than the \$5.9 million last year. The increase continues to be driven by the addition of new associates to support the growth of the bank.

### 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 \$5.3 million, which represents 6 percent of total capital and reserves. This figure remains favorable when compared to industry averages of 21.5 percent.

The allowance for loan loss balance was \$8.2 million or 1.09 percent of the total loans outstanding as of September 30, 2015. The allowance as a percentage of total loans has remained constant for the last several years and 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 8.02 percent as of September 30, compared with 8.13 percent for third quarter 2014. The consolidated Tier 1 Capital ratio is 8.17 percent. All capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

## **Third Quarter 2015 Business Highlights**

### **FineMark raises nearly \$45 million in Capital**

At its June 25, 2015 meeting, the Board of Directors of FineMark Holdings, Inc. authorized the sale of its common stock at a price of \$18.50 per share. By the end of the third quarter, \$44.3 million had been committed. The additional capital will enable FineMark to support continued balance sheet growth, maintain appropriate regulatory capital levels and allow for continued opportunistic expansion.

### **New Website**

FineMark has a new, completely re-designed website. The updated site is clean, sophisticated and simple to navigate. Visit [www.finemarkbank.com](http://www.finemarkbank.com) to take a look.

### **Business Mobile Banking App**

FineMark now offers a business mobile Banking app. The app allows clients to check balances, transfer funds between accounts, remotely verify ACH and wire transfers and pay bills from Android or Apple Phones and Tablets. The app also is available for Kindle Tablets.

**Five Star Rating**

During the third quarter, the bank was awarded its 18th 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 and commitment to FineMark. Your contribution is instrumental to the Bank's success.

Wishing you and your family a wonderful holiday season!

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

## FineMark Holdings, Inc. and Subsidiary

(Dollars in Thousands, Except per Share Data)

(Unaudited)

### Consolidated Statement of Condition

	September 30,	
	2015	2014
<b>Assets</b>		
Total Cash and Cash Equivalents	29,388	15,665
Total Investments	218,277	198,634
Loans, Net of Allowance for Loan Losses	742,903	591,055
Premises and Equipment, Net	12,967	11,876
Other Assets	23,719	20,606
<b>Total Assets</b>	<b>\$1,027,254</b>	<b>\$837,836</b>
<b>Liabilities &amp; Shareholder's Equity</b>		
<u>Liabilities:</u>		
Total Deposits	805,626	647,300
Other Borrowings	5,988	21,100
Federal Home Loan Bank Advances	98,548	90,051
Other Liabilities	35,609	4,967
<b>Total Liabilities</b>	<b>\$945,771</b>	<b>\$763,418</b>
<u>Shareholder's Equity:</u>		
Preferred Stock	5,665	5,665
Shareholder's Equity	75,818	68,753
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$1,027,254</b>	<b>\$837,836</b>
Book Value per Common Share	13.09	11.99
Number of Common Shares Outstanding	5,790,186	5,734,953

### Consolidated Statement of Income

	3 Months Ended		9 Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
<b>Interest Income</b>				
Loans	6,961	5,545	19,871	15,317
Investment Securities	1,367	1,106	3,926	3,121
Other Interest Income	12	9	35	39
<b>Total Interest Income</b>	<b>8,340</b>	<b>6,660</b>	<b>23,832</b>	<b>18,477</b>
<b>Interest Expense</b>				
Deposits	663	556	1,888	1,636
Borrowings	500	466	1,430	1,372
<b>Total Interest Expense</b>	<b>1,163</b>	<b>1,022</b>	<b>3,318</b>	<b>3,008</b>
Net Interest Income	7,177	5,638	20,514	15,469
Provision for Loan Losses	489	659	1,515	1,626
<b>Net Interest Income After Provision for Loan Losses</b>	<b>6,688</b>	<b>4,979</b>	<b>18,999</b>	<b>13,843</b>
<b>Non-Interest Income</b>				
Total Non-Interest Income	3,022	2,546	9,209	7,968
<b>Non-Interest Expense</b>				
Total Non-Interest Expense	7,261	5,936	20,938	18,045
Income Before Income Taxes	2,449	1,589	7,270	3,767
Applicable Income Taxes	847	517	2,590	1,284
<b>Net Income</b>	<b>1,602</b>	<b>1,072</b>	<b>4,680</b>	<b>2,484</b>
Preferred Stock Dividends	14	14	42	42
<b>Net Income Applicable to Common Shareholders</b>	<b>1,588</b>	<b>1,058</b>	<b>4,638</b>	<b>2,442</b>
Earnings per Common Share	0.27	0.18	0.80	0.43