



Dear Shareholder:

We are pleased to report on third quarter results, ending September 30, 2016. Despite continued low interest rates domestically and negative rates in some parts of the world, coupled with election uncertainty, FineMark continued to perform well in all areas of the bank. We experienced quarter over quarter growth in loans, deposits and assets under management and administration. Credit quality and capital levels continue to remain strong. Below is a summary of the results.

Third Quarter Financial Highlights

Q3 Financial highlights

FineMark's assets totaled \$1.3 billion as of September 30, 2016 compared to just over \$1 billion at the same period last year. This represents a 28 percent growth rate and compares favorably to a peer growth rate of 9.7 percent. Pre-tax income totaled \$3.3 million for the quarter, compared to \$2.4 million for the same period last year. We continue to experience substantial growth in both net interest income and noninterest income in each of our 11 offices.

Please refer to attached abbreviated financial statement.

Net Interest Income

Net interest income totaled \$8.7 million for the quarter, 22 percent higher than the \$7.1 million for the third quarter 2015. Net loans increased by 23 percent to \$913 million up from \$743 million at September 30, 2015, far exceeding the national loan growth average of 12 percent. The growth in net interest income was a result of existing clients expanding their relationships as well as a significant number of new clients. We believe much of our expanded business stems from satisfied clients sharing their FineMark experience with friends and colleagues.

Net interest margin declined to 2.83 percent from 3.02 percent a year ago. The extraordinarily low interest rate environment continues to cause the margins to compress.

Deposits grew to \$1 billion as of September 30, 2016 compared to \$806 million as of September 30, 2015. The bank continues to 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.

Noninterest Income

Noninterest income generated from asset management and trust fees increased 12 percent to \$3 million in the third quarter of 2016, compared to \$2.7 million in the third quarter 2015. Investment and trust assets under administration grew to \$2.3 billion as of September 30, 2016, up from \$1.8 billion at the same time last year. The growth was primarily due to new assets from both existing and new clients throughout the organization.

Noninterest Expense

Third quarter noninterest expense was \$8.8 million, 21 percent higher than the \$7.3 million last year. The increase is driven primarily by the opening of new offices, hiring additional associates and investing in technology to support the expansion and regulatory compliance activities.

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 \$ 8.6 million, which represents 6.71 percent of total capital and reserves. This figure remains favorable when compared to industry averages of 24.9 percent. The bank is fully committed to high credit standards and credit quality remains exceptional.

The allowance for loan loss balance was \$10.7 million or 1.16 percent of the total loans outstanding as of September 30, 2016. 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 9.13 percent as of September 30, compared with 8.02 percent for third quarter 2015. All capital ratios continue to be in excess of "well-capitalized" regulatory requirements.

Third Quarter 2016 Business Highlights

Schwab Conversion

FineMark has maintained a strategic partnership with Bank of Montreal and Charles Schwab to provide custodial services for its investment and trust clients. Due to the challenges of maintaining two custodial platforms as the bank grows, FineMark decided to consolidate client accounts onto the Bank of Montreal platform with the conversion underway. We believe the conversion will result in higher client service levels.

Bonita Office Receives Award

In July, The Bonita Springs Chamber of Commerce awarded FineMark with the 2016 Small Business of the Year award. This honor is a result of FineMark's commitment to the Bonita Springs area and to each of the communities we serve.

Five Star Rating

During the third quarter, the bank was awarded its 22nd 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.

As we approach FineMark's 10 year anniversary, I want to thank each of you for your commitment to this organization. The bank has experienced exponential growth over the past decade and your contribution has been instrumental.

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,	
	2016	2015
Assets		
Total Cash and Cash Equivalents	23,409	29,388
Total Investments	320,573	218,277
Loans, Net of Allowance for Loan Losses	912,570	742,903
Premises and Equipment, Net	12,762	12,967
Other Assets	42,068	23,719
Total Assets	\$1,311,382	\$1,027,254
Liabilities & Shareholder's Equity		
<u>Liabilities:</u>		
Total Deposits	1,047,832	805,626
Other Borrowings	5,914	5,988
Federal Home Loan Bank Advances	118,153	98,548
Other Liabilities	8,854	35,609
Total Liabilities	\$1,180,753	\$945,771
<u>Shareholder's Equity:</u>		
Preferred Stock	0	5,665
Common Shareholder's Equity	130,629	75,818
Total Liabilities & Shareholder's Equity	\$1,311,382	\$1,027,254
Book Value per Common Share	15.70	13.09
Number of Common Shares Outstanding	8,321,036	5,790,186

Consolidated Statement of Income

	3 Months Ended		9 Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Interest Income				
Loans	8,611	6,961	24,710	19,871
Investment Securities	1,485	1,367	4,743	3,926
Other Interest Income	28	12	83	35
Total Interest Income	10,124	8,340	29,536	23,832
Interest Expense				
Deposits	794	663	2,351	1,888
Borrowings	606	500	1,605	1,430
Total Interest Expense	1,400	1,163	3,956	3,318
Net Interest Income	8,724	7,177	25,580	20,514
Provision for Loan Losses	562	489	1,731	1,515
Net Interest Income After Provision for Loan Losses	8,162	6,688	23,849	18,999
Non-Interest Income				
Total Non-Interest Income	3,945	3,022	10,953	9,209
Non-Interest Expense				
Total Non-Interest Expense	8,782	7,261	25,456	20,938
Income Before Income Taxes	3,325	2,449	9,346	7,270
Applicable Income Taxes	1,152	847	3,273	2,590
Net Income	2,173	1,602	6,073	4,680
Preferred Stock Dividends	0	14	0	42
Net Income Applicable to Common Shareholders	2,173	1,588	6,073	4,638
Basic Earnings per Common Share	0.26	0.28	0.74	0.81