



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 fourth quarter ending December 31, 2014.

### **Year End Financial Highlights**

FineMark ended 2014 with total assets of \$888 million, compared to \$720 million at the prior year-end. Pre-tax income totaled \$5.4 million for 2014, 138 percent higher than the \$2.2 million for 2013. This is a result of substantial revenue growth coupled with significant improvement in the bank's operating efficiency.

### **Fourth Quarter Financial Highlights**

Pre-tax income totaled \$1.6 million for the fourth quarter, compared to \$445 thousand for the same quarter 2013. Positive results were due to strong revenue growth throughout the year, driven by increases in the bank's loan portfolio and asset management business.

*Please refer to attached abbreviated financial statement.*

### Net Interest Income

Net interest income totaled \$6.1 million for the quarter, 36 percent higher than the \$4.6 million for the fourth quarter 2013. Net loans increased by 33 percent or \$155 million to \$626 million at year-end compared to \$470 million at year-end 2013. The bank's net interest margin increased to 3.0 percent from 2.7 percent year-over-year. The improvement was primarily the result of a higher allocation of loans on the bank's balance sheet.

Total deposits grew by \$62 million in the fourth quarter, resulting in \$709 million in deposits at year-end. This compares to \$567 million at year-end 2013. This growth is a direct result of new relationships developed in each of FineMark's eight offices.

Year-over-year, the average cost of core deposits declined from 40 basis points to 35 basis points due to the continued low interest rate environment.

### Noninterest Income

Noninterest income generated from asset management and trust fees increased 38 percent to \$2.2 million in the fourth quarter, compared to \$1.6 million in the fourth quarter of 2013. Noninterest income for the year totaled \$9.6 million compared to \$6.5 million for year-end 2013. FineMark ended the year with \$1.75 billion of assets under administration, compared to \$1.4 billion a year ago. Asset management and trust revenues continue to improve as new relationships are developed throughout the organization.

Income from securities gains totaled \$150 thousand during the fourth quarter 2014, compared to \$203 thousand for the same period last year.

### Noninterest Expense

Fourth quarter noninterest expense was \$6.8 million, 17 percent higher than the \$5.8 million last year. The major reason year-over-year operating expenses increased was due to the hiring of additional staff to support the bank's continued growth.

### 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 \$6.6 million which represents 8.4 percent of total capital and reserves. This figure is considerably better than the industry average of 21.8 percent.

The allowance for loan loss reserve was \$6.9 million or 1.09 percent of the total loans outstanding as of December 31, 2014. Management continues to believe this level of reserve is sufficient to support the bank's loan portfolio risk.

### Capital

Tier One Capital ratio was 8.31 percent as of December 31, 2014, compared with 8.32 percent for year-ending 2013. All bank capital ratios continue to be in excess of "well-capitalized" regulatory requirements. Additionally, \$4 million of capital remains in the Holding Company to support future growth.

## **Fourth Quarter 2014 Business Highlights:**

### Expansion Plans

During the fourth quarter, FineMark announced plans to open three new offices in early 2015. The new locations are in Arizona, Bonita Springs and Naples. The Scottsdale office will mark the second full-service location in Arizona. The Bonita Springs office is adjacent to the Bonita Bay Community and the Naples office is located in the Marbella Condominiums at Pelican Bay.

### FineMark Nominated as Business of the Year

FineMark National Bank & Trust was named a finalist for The News Press Business of the Year. The Fort Myers based newspaper has honored outstanding community contributors for 28 years. FineMark was selected as a finalist from dozens of nominations.

### New Board Member

Martin Wasmer has been appointed to FineMark's Holdings, Inc Board of Directors. Mr. Wasmer is the founder of Wasmer, Schroeder & Company, a firm that specializes in fixed income separate account portfolio management for high net worth individuals, wealth management groups and institutions.

5-Star Rating

FineMark National Bank & Trust has been awarded a 5-Star Superior Rating for the past 15 consecutive quarters. The nation's leading independent bank rating and research firm, Bauer Financial, 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.

We thank you for your ongoing support and commitment to FineMark. Your contribution is instrumental to the bank's success. Your input is greatly appreciated.

Kind Regards,

  
Joseph R. Catti

## FineMark Holdings, Inc. and Subsidiary

(Dollars in Thousands, Except per Share Data)

(Unaudited)

### Consolidated Statement of Condition

	December 31,	
	2014	2013
<b>Assets</b>		
Total Cash and Cash Equivalents	20,225	37,805
Total Investments	209,791	185,696
Loans, Net of Allowance for Loan Losses	625,519	470,142
Premises and Equipment, Net	11,747	11,771
Other Assets	20,771	15,011
<b>Total Assets</b>	<b>\$888,053</b>	<b>\$720,425</b>
<b>Liabilities &amp; Shareholder's Equity</b>		
<u>Liabilities:</u>		
Total Deposits	708,851	567,181
Other Borrowings	3,414	4,030
Federal Home Loan Bank Advances	93,677	80,505
Other Liabilities	6,322	3,544
<b>Total Liabilities</b>	<b>\$812,264</b>	<b>\$655,260</b>
<u>Shareholder's Equity:</u>		
Preferred Stock	5,665	5,665
Shareholder's Equity	70,124	59,500
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$888,053</b>	<b>\$720,425</b>
Book Value per Common Share	12.21	11.22
Number of Common Shares Outstanding	5,743,078	5,300,871

### Consolidated Statement of Income

	3 Months Ended		12 Months Ended	
	Dec 31		Dec 31	
	2014	2013	2014	2013
<b>Interest Income</b>				
Loans	5,877	4,504	21,195	16,344
Investment Securities	1,380	1,033	4,501	3,545
Other Interest Income	12	22	51	63
<b>Total Interest Income</b>	<b>7,269</b>	<b>5,559</b>	<b>25,747</b>	<b>19,952</b>
<b>Interest Expense</b>				
Deposits	577	549	2,213	1,969
Borrowings	497	451	1,869	1,795
<b>Total Interest Expense</b>	<b>1,074</b>	<b>1,000</b>	<b>4,082</b>	<b>3,764</b>
Net Interest Income	6,195	4,559	21,665	16,188
Provision for Loan Losses	566	376	2,192	1,634
<b>Net Interest Income After Provision for Loan Losses</b>	<b>5,629</b>	<b>4,183</b>	<b>19,473</b>	<b>14,554</b>
<b>Non-Interest Income</b>				
Total Non-Interest Income	2,841	2,087	10,809	7,487
<b>Non-Interest Expense</b>				
Total Non-Interest Expense	6,830	5,825	24,875	19,770
Income Before Income Taxes	1,641	445	5,407	2,271
Applicable Income Taxes	542	132	1,826	750
<b>Net Income</b>	<b>1,098</b>	<b>313</b>	<b>3,581</b>	<b>1,521</b>
Preferred Stock Dividends	15	15	57	57
<b>Net Income Applicable to Common Shareholders</b>	<b>1,083</b>	<b>298</b>	<b>3,524</b>	<b>1,464</b>
<b>Earnings per Common Share</b>	<b>0.19</b>	<b>0.06</b>	<b>0.61</b>	<b>0.28</b>