



FINEMARK HOLDINGS, INC.

DEAR VALUED SHAREHOLDERS:

On behalf of everyone at FineMark Holdings, Inc.—the Board of Directors, the executive management team, and our dedicated associates—I am pleased to report on our performance for the fourth quarter as well as for the full year 2021.

FineMark Holdings, Inc. (the “Holding Company”; OTCQX: FNBT), the parent company of FineMark National Bank & Trust (the “Bank”; collectively, “FineMark”), today announced fourth quarter 2021 net income of \$7.0 million. This compares to \$6.3 million for the fourth quarter of 2020. Per-share earnings were \$0.59 per diluted share, a \$0.10 decrease compared to the fourth quarter of 2020, which reflects the issuance of 2.5 million new shares in 2021. For the full year 2021, FineMark announced net income of \$25.0 million (or \$2.39 per diluted share), a 14% increase over the \$22.0 million (or \$2.42 per diluted share) in 2020.

We attribute FineMark’s growth to the quality and dedication of our associates and their commitment to provide outstanding service. Net income for 2021 was a record high, and fourth quarter net income was just shy of hitting another record. For both the quarter and the year, growth in the loan portfolio and trust assets under management were key drivers of these results.

As with many businesses around the Country, we continue to be challenged by the pandemic and are mindful of our associates’ and clients’ safety. While our preference is to meet with our clients in person, our investment in technology allows us to engage virtually with our clients. Our hope remains that pandemic-related issues will wane as we progress into the new year.

FOURTH QUARTER FINANCIAL HIGHLIGHTS

Highlights of the fourth quarter of 2021 on a year-over-year basis include:

- Net income increased 11% to \$7.0 million.
- Loans, net of allowance, increased 8% to \$2 billion.
- Total deposits increased 23% to \$2.7 billion.
- Net interest income increased 12% to \$17.2 million.
- Cost of funds decreased 15% to \$3.3 million.
- Trust fees increased 26% to \$7.0 million.
- Assets under management and administration increased 22% to \$6.2 billion (including \$181 million from new and expanded relationships, a 51% increase year-over-year).

YEAR-END FINANCIAL HIGHLIGHTS

Highlights for the entire year of 2021 include:

- Net income increased 14% to a record \$25.0 million.
- Net interest income increased 11% to \$64.7 million.
- Diluted earnings per share was \$2.39 versus \$2.42 in 2020, a minimal decline given the greater number of shares outstanding (11,603,781 as of 12-31-21 versus 8,955,427 as of 12-31-20).
- Net interest margin was 2.24%, down from 2.45% as yields available on earning assets declined from 3.23% to 2.74%.
- Cost of funds was 0.53% (down from 0.81% in 2020).
- Trust fees increased by 28% to \$26.6 million.

Please refer to the attached abbreviated financial statement for more details.

NET INTEREST INCOME AND MARGIN

For the fourth quarter of 2021, FineMark's net interest income totaled \$17.2 million, up 12% from the fourth quarter of 2020. The increase in interest income was largely attributable to the investment portfolio which increased by 50% year-over-year, and interest income generated from the 8% net growth in the loan portfolio. In addition, two interest rate swaps were terminated, reducing our interest expense by \$45,000 per month. Also, in the fourth quarter, two Federal Home Loan Bank advances, totaling \$20 million, were prepaid. Despite the upfront cost, interest expense was reduced by \$27,000 per month. For the entire year, FineMark's net interest income totaled \$64.7 million, up 11% from 2020.

With short-term rates near zero throughout 2021, the Bank achieved a net interest margin of 2.24% in the fourth quarter, compared to 2.36% in the fourth quarter of 2020. A decline in yield generated from earning assets was partly offset by a decrease in the cost of funds for the quarter from .62% to .46%, in 2021. For the year, net interest margin of 2.24% was down from 2.45% in 2020. Yields are expected to increase as the Federal Reserve has signaled it will likely raise short-term interest rates in 2022. We continue to seek ways to manage the impact that rising interest rates could place on net interest income. In addition, in the fourth quarter, we strategically invested over \$91 million in securities to improve net interest income. This investment will generate more income than holding those funds in cash. Finally, we have engaged a third-party consultant to provide tactical and strategic initiatives with respect to our balance sheet structure and overall asset-liability management.

NON-INTEREST INCOME

FineMark's trust and investment business continues to grow at significant rates, resulting in desired revenue diversification. As of December 31, 2021, assets under management and administration totaled \$6.2 billion, an 8% increase from the previous quarter and a 22% increase from year-end 2020. Trust fees increased to \$26.6 million for the year, a 28% increase over 2020.

More than 50% of this growth was the result of satisfied clients expanding their relationships with FineMark, as well as our associates developing new client relationships. In addition, growth was aided by strong equity market returns in 2021.

Net asset inflows in the fourth quarter of 2021 totaled \$181 million, a 48% increase versus the previous quarter. For the year, net asset inflows were \$583 million, a 39% increase compared to 2020. This growth is a testament to the exceptional level of expertise, service and comprehensive advice provided by our team.

NON-INTEREST EXPENSE

As FineMark grows, additional expenses are incurred to maintain our high service levels. Non-interest expense increased 30% in the fourth quarter year-over-year, and 17% for the full year, to \$62.2 million. The increases were primarily due to higher personnel costs. In 2021, we hired 29 associates (net), and several programs were initiated in a very tight labor market to proactively reward and help retain the associates who are crucial to our continued success. To offset these initiatives, we purchased an additional \$15 million of bank-owned life insurance, which generates an attractive tax-free yield. FineMark's efficiency ratio, which measures non-interest expense as a percent of revenues, increased to 66.6% in 2021, compared to 61.27% in 2020; however, this level remains in line with our targets.

CREDIT QUALITY

FineMark's loan portfolio (net of allowances) grew by \$146 million in 2021. This 8% net increase masks extremely strong gross-loan production of over \$912 million as many clients took advantage of favorable conditions to reduce debt during the year, and \$70 million in Paycheck Protection Program loans were repaid in 2021.

As always, the Bank remains committed to maintaining its high credit standards through our relationship-based approach to lending. Loan decisions are always based on an in-depth understanding of each borrower's needs, the relationship and financial situation. As a result, the Bank has experienced minimal defaults on loans through a variety

of market cycles. At the end of 2021, nonperforming loans were just \$729,000 or 0.04% of total loans, a decrease from the already low rate of 0.07% at year-end 2020. As of December 31, 2021, the bank's allowance for loan loss reserve was \$20.2 million (1.01% of total loans outstanding) and includes \$750 thousand held as a precaution due to the pandemic. Management believes this reserve is sufficient to support the Bank's loan portfolio risk.

FineMark's management team is pleased with the credit quality of the Bank's loan portfolio and will continue to closely monitor economic conditions to determine whether additional provisions should be made. We believe our commitment to maintaining strong relationships, understanding our clients' individual circumstances, and working proactively to deliver comprehensive solutions, continues to serve our shareholders well.

CAPITAL

All capital ratios continue to exceed regulatory requirements for "well-capitalized" banks. As of December 31, 2021, FineMark's tier 1 leverage ratio on a consolidated basis was 9.73%, and the total risk-based capital ratio was 20.64%. ROAE declined relative to 2020 due to the issuance of 2.5 million shares in 2021: increasing shareholders' equity by \$80 million or 37%.

FINEMARK HOLDINGS, INC. ON THE OTCQX EXCHANGE

Shares of FineMark Holdings, Inc. (OTCQX: FNBT), the parent company of FineMark National Bank & Trust, are traded on the OTCQX exchange. Operated by the OTC Markets Group, the OTCQX allows investors to trade privately held stock through their preferred broker. During 2021, FineMark's shares traded in a range of \$23.65 to \$36.00 at an average volume of 1,759 shares per trading day. The shares closed the year trading at \$33.60, a 44% increase compared to the end of 2020, for a price-to-tangible book value multiple of 1.28.

EXPANSION UPDATE

Our newest full-service location in Jupiter, Florida, is slated to open in March, followed shortly thereafter by our second Naples location in the heart of the historic downtown area. In addition, the buildout continues of our flagship location in Fort Myers, Florida. Tenants will occupy approximately half of the built-out second floor, generating rental income, and the Bank will use the remaining space to support our continued growth.

CLOSING REMARKS

As we look ahead to 2022, the most important drivers of the Bank's growth will always be our associates' unparalleled commitment to providing the highest level of personalized and comprehensive service to our clients and the strength of our balance sheet. We believe that these qualities will continue to create shareholder value in all types of economic environments and across market cycles.

We remain faithful to the vision that has guided FineMark since its founding in 2007: to make a positive impact on the families, individuals, and communities we serve while being good stewards of FineMark's resources. On behalf of the entire FineMark team, I want to thank you for your support of—and dedication to—our vision.

Kind regards,



Joseph R. Catti
Chairman & CEO

Background

FineMark Holdings, Inc. is the parent company of FineMark National Bank & Trust. Founded in 2007, FineMark National Bank & Trust is a nationally chartered bank, headquartered in Florida. Through its offices located in Florida, Arizona and South Carolina, FineMark offers a full range of financial services, including personal and business banking, lending services, trust and investment services. The Corporation's common stock trades on the OTCQX under the symbol FNBT. Investor information is available on the Corporation's website at www.finemarkbank.com.

Forward-Looking Statements

This press release contains statements that are "forward-looking statements." You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include: weakness in national, regional or international economic conditions or conditions affecting the banking or financial services industries or financial capital markets; volatility in national and international financial markets; reductions in net interest income resulting from interest rate volatility as well as changes in the balance and mix of loans and deposits; reductions in the market value or outflows of assets under administration; changes in the value of securities and other assets; reductions in loan demand; changes in loan collectability, default and charge-off rates; changes in the size and nature of our competition; changes in legislation or regulation and accounting principles, policies and guidelines; occurrences of cyber-attacks, hacking and identity theft; natural disasters; and changes in the assumptions used in making such forward-looking statements. You should carefully review all of these factors and you should be aware that there might be other factors that could cause these differences.

These forward-looking statements were based on information, plans and estimates at the date of this report. We assume no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (\$ in thousands, except share amounts)

Assets	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	(Unaudited)	
Cash and due from banks	\$ 261,751	227,921
Debt securities available for sale	898,711	589,233
Debt securities held to maturity	79,517	64,908
Loans, net of allowance for loan losses of \$20,283 in 2021 and \$20,782 in 2020	1,996,362	1,850,293
Federal Home Loan Bank stock	11,326	16,155
Federal Reserve Bank stock	5,481	4,397
Premises and equipment, net	42,287	41,303
Operating lease right-of-use assets	11,207	7,674
Accrued interest receivable	7,215	7,604
Deferred tax asset	4,916	-
Bank-owned life insurance	50,862	34,963
Other assets	7,563	6,965
	<u>\$ 3,377,198</u>	<u>2,851,416</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	521,459	352,281
Savings, NOW and money-market deposits	2,151,635	1,788,441
Time deposits	61,026	84,232
	<u>2,734,120</u>	<u>2,224,954</u>
Official checks	9,420	5,883
Other borrowings	1,873	5,612
Federal Home Loan Bank advances	264,016	334,271
Operating lease liabilities	11,311	7,849
Subordinated debt	40,919	50,712
Deferred tax liability	-	202
Other liabilities	10,477	10,876
	<u>3,072,136</u>	<u>2,640,359</u>
Shareholders' equity:		
Common stock, \$.01 par value; 50,000,000 shares authorized, 11,603,781 and 8,955,427 shares issued and outstanding in 2021 and 2020	116	90
Additional paid-in capital	205,907	122,629
Retained earnings	105,147	80,120
Accumulated other comprehensive (loss) income	(6,108)	8,218
	<u>305,062</u>	<u>211,057</u>
Total liabilities and shareholders' equity	<u>\$ 3,377,198</u>	<u>2,851,416</u>
Book Value per Share	26.29	23.57

FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings (\$ in thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020
Interest income:				
Loans	\$ 17,494	16,265	\$ 68,073	63,678
Debt securities	2,777	2,664	10,181	11,377
Dividends on Federal Home Loan Bank stock	124	138	484	670
Other	44	36	201	185
Total interest income	<u>20,439</u>	<u>19,103</u>	<u>78,939</u>	<u>75,910</u>
Interest expense:				
Deposits	976	1,142	4,317	7,867
Federal Home Loan Bank advances	1,767	2,095	7,427	7,957
Subordinated debt	541	554	2,506	1,912
Total interest expense	<u>3,284</u>	<u>3,791</u>	<u>14,250</u>	<u>17,736</u>
Net interest income	17,155	15,312	64,689	58,174
Provision for loan losses	18	610	31	4,986
Net interest income after provision for loan losses	<u>17,137</u>	<u>14,702</u>	<u>64,658</u>	<u>53,188</u>
Noninterest income:				
Trust fees	7,030	5,591	26,638	20,880
Income from bank-owned life insurance	281	210	899	845
Income from solar farms	68	71	318	312
Gain on sale of debt securities available for sale	-	584	902	5,712
Loss on extinguishment of debt	(244)	(160)	(1,199)	(160)
Gain on termination of swap agreement	1,212	-	1,212	-
Other fees and service charges	333	241	1,169	865
Total noninterest income	<u>8,680</u>	<u>6,537</u>	<u>29,939</u>	<u>28,454</u>
Noninterest expenses:				
Salaries and employee benefits	11,190	8,098	38,894	31,835
Occupancy	1,833	1,310	6,535	5,825
Information systems	1,647	1,410	6,318	5,241
Professional fees	402	520	1,761	1,568
Marketing and business development	321	293	1,563	1,507
Regulatory assessments	428	391	1,599	1,393
Other	1,340	1,142	5,538	5,704
Total noninterest expense	<u>17,161</u>	<u>13,164</u>	<u>62,208</u>	<u>53,073</u>
Earnings before income taxes	8,656	8,075	32,389	28,569
Income taxes	<u>1,653</u>	<u>1,789</u>	<u>7,362</u>	<u>6,613</u>
Net earnings	<u>\$ 7,003</u>	<u>6,286</u>	<u>\$ 25,027</u>	<u>21,956</u>
Weighted average common shares outstanding - basic	11,587	8,942	10,318	8,925
Weighted average common shares outstanding - diluted	11,751	9,087	10,483	9,082
Per share information: Basic earnings per common share	<u>\$ 0.60</u>	<u>0.70</u>	<u>\$ 2.43</u>	<u>2.46</u>
Diluted earnings per common share	<u>\$ 0.59</u>	<u>0.69</u>	<u>\$ 2.39</u>	<u>2.42</u>

FineMark Holdings, Inc.

Consolidated Financial Highlights

Fourth Quarter 2021

Unaudited

\$ in thousands except for share data	4th Qtr 2021	3rd Qtr 2021	2nd Qtr 2021	1st Qtr 2021	4th Qtr 2020	Full Year	
						2021	2020
\$ Earnings							
Net Interest Income	\$ 17,155	\$ 16,496	\$ 15,640	\$ 15,398	\$ 15,312	\$ 64,689	\$ 58,174
Provision (credit) for loan loss	\$ 18	\$ (834)	\$ 540	\$ 307	\$ 610	\$ 31	\$ 4,986
Non-interest Income (excl. gains and losses)	\$ 7,712	\$ 7,617	\$ 7,234	\$ 6,461	\$ 6,113	\$ 29,024	\$ 22,902
Gain on sale of debt securities available for sale	\$ —	\$ —	\$ 243	\$ 659	\$ 584	\$ 902	\$ 5,712
Debt extinguishment losses	\$ (244)	\$ —	\$ (400)	\$ (555)	\$ (160)	\$ (1,199)	\$ (160)
Gain on termination of swap	\$ 1,212	\$ —	\$ —	\$ —	\$ —	\$ 1,212	\$ —
Non-interest Expense	\$ 17,161	\$ 15,599	\$ 15,078	\$ 14,370	\$ 13,164	\$ 62,208	\$ 53,073
Earnings before income taxes	\$ 8,656	\$ 9,348	\$ 7,099	\$ 7,286	\$ 8,075	\$ 32,389	\$ 28,569
Taxes	\$ 1,653	\$ 2,292	\$ 1,703	\$ 1,714	\$ 1,789	\$ 7,362	\$ 6,613
Net Income	\$ 7,003	\$ 7,056	\$ 5,396	\$ 5,572	\$ 6,286	\$ 25,027	\$ 21,956
Basic earnings per share	\$ 0.60	\$ 0.62	\$ 0.59	\$ 0.62	\$ 0.70	\$ 2.43	\$ 2.46
Diluted earnings per share	\$ 0.59	\$ 0.61	\$ 0.58	\$ 0.61	\$ 0.69	\$ 2.39	\$ 2.42
Performance Ratios							
Return on average assets*	0.88 %	0.92 %	0.74 %	0.78 %	0.93 %	0.83 %	0.89 %
Return on risk weighted assets*	1.55 %	1.56 %	1.28 %	1.37 %	1.60 %	1.39 %	1.49 %
Return on average equity*	9.22 %	9.39 %	9.89 %	10.48 %	12.12 %	9.66 %	11.20 %
Yield on earning assets*	2.67 %	2.71 %	2.79 %	2.81 %	2.95 %	2.74 %	3.23 %
Cost of funds*	0.46 %	0.51 %	0.57 %	0.58 %	0.62 %	0.53 %	0.81 %
Net Interest Margin*	2.24 %	2.24 %	2.24 %	2.25 %	2.36 %	2.24 %	2.45 %
Efficiency ratio	69.70 %	64.69 %	66.37 %	65.43 %	60.24 %	66.59 %	61.27 %
Capital							
Tier 1 leverage capital ratio	9.73 %	9.88 %	9.27 %	7.37 %	7.48 %	9.73 %	7.48 %
Common equity risk-based capital ratio	17.24 %	16.80 %	15.96 %	12.91 %	12.94 %	17.24 %	12.94 %
Tier 1 risk-based capital ratio	17.24 %	16.80 %	15.96 %	12.91 %	12.94 %	17.24 %	12.94 %
Total risk-based capital ratio	20.64 %	20.22 %	19.68 %	17.36 %	17.52 %	20.64 %	17.52 %
Book value per share	\$ 26.29	\$ 26.32	\$ 25.20	\$ 23.20	\$ 23.57	\$ 26.29	\$ 23.57
Tangible book value per share	\$ 26.29	\$ 26.32	\$ 25.20	\$ 23.20	\$ 23.57	\$ 26.29	\$ 23.57
Asset Quality							
Net charge-offs (recoveries)	\$ 541	\$ (4)	\$ (1)	\$ (6)	\$ 37	\$ 530	\$ 42
Net charge-offs (recoveries) to average total loans	0.03 %	— %	— %	— %	— %	0.03 %	— %
Allowance for loan losses	\$ 20,283	\$ 20,806	\$ 21,636	\$ 21,095	\$ 20,782	\$ 20,283	\$ 20,782
Allowance to total loans	1.01 %	1.03 %	1.10 %	1.10 %	1.11 %	1.01 %	1.11 %
Nonperforming loans	\$ 729	\$ 928	\$ 2,001	\$ 1,599	\$ 1,279	\$ 729	\$ 1,279
Other real estate owned	—	—	—	—	—	—	—
Nonperforming loans to total loans	0.04 %	0.05 %	0.10 %	0.08 %	0.07 %	0.04 %	0.07 %
Nonperforming assets to total assets	0.02 %	0.03 %	0.07 %	0.06 %	0.04 %	0.02 %	0.04 %
Loan Composition (% of Total Gross Loans)							
1-4 Family	51.8 %	52.0 %	53.6 %	52.4 %	53.1 %	51.7 %	53.1 %
Commercial Loans	10.2 %	11.0 %	11.2 %	13.1 %	13.4 %	10.2 %	13.4 %
Commercial Real Estate	21.7 %	21.0 %	21.1 %	19.5 %	18.9 %	21.7 %	18.9 %
Construction Loans	8.3 %	8.2 %	6.7 %	7.7 %	7.6 %	8.3 %	7.6 %
Other Loans	8.0 %	7.8 %	7.4 %	7.3 %	7.0 %	8.0 %	7.0 %
End of Period Balances							
Assets	\$ 3,377,198	\$ 3,083,569	\$ 2,982,969	\$ 2,874,148	\$ 2,851,416	\$ 3,377,198	\$ 2,851,416
Debt securities	\$ 978,228	\$ 887,244	\$ 720,893	\$ 668,823	\$ 654,141	\$ 978,228	\$ 654,141
Loans, net of allowance	\$ 1,996,362	\$ 2,002,778	\$ 1,945,541	\$ 1,889,770	\$ 1,850,293	\$ 1,996,362	\$ 1,850,293
Deposits	\$ 2,734,120	\$ 2,429,920	\$ 2,358,263	\$ 2,297,031	\$ 2,224,954	\$ 2,734,120	\$ 2,224,954
Other borrowings	\$ 1,873	\$ 3,456	\$ 5,790	\$ 12,144	\$ 5,612	\$ 1,873	\$ 5,612
Subordinated Debt	\$ 40,919	\$ 40,898	\$ 40,876	\$ 50,737	\$ 50,712	\$ 40,919	\$ 50,712
FHLB Advances	\$ 264,016	\$ 284,080	\$ 284,144	\$ 284,207	\$ 334,271	\$ 264,016	\$ 334,271
Shareholders Equity	\$ 305,062	\$ 304,782	\$ 271,005	\$ 210,400	\$ 211,057	\$ 305,062	\$ 211,057
Trust and Investment							
Fee Income	\$ 7,030	\$ 7,012	\$ 6,628	\$ 5,968	\$ 5,591	\$ 26,638	\$ 20,880
Assets Under Administration							
Balance at beginning of period	\$ 5,739,551	\$ 5,688,110	\$ 5,304,562	\$ 5,091,408	\$ 4,622,464	\$ 5,091,408	\$ 4,472,585
Net investment appreciation (depreciation) & income	\$ 279,391	\$ (71,467)	\$ 242,924	\$ 75,199	\$ 349,016	\$ 526,048	\$ 198,346
Net client asset flows	\$ 181,465	\$ 122,908	\$ 140,623	\$ 137,955	\$ 119,928	\$ 582,951	\$ 420,477
Balance at end of period	\$ 6,200,406	\$ 5,739,551	\$ 5,688,110	\$ 5,304,562	\$ 5,091,408	\$ 6,200,406	\$ 5,091,408
Percentage of AUA that are managed	88 %	88 %	89 %	89 %	89 %	88 %	89 %
Stock Valuation							
Closing Market Price (OTCQX)	\$ 33.60	\$ 34.00	\$ 33.00	\$ 30.00	\$ 23.41	\$ 33.60	\$ 23.41
Multiple of Tangible Book Value	1.28	1.29	1.31	1.29	0.99	1.28	0.99

*annualized