



## FINEMARK HOLDINGS, INC.

### FineMark Holdings, Inc. Reports Full Year and Fourth Quarter 2022 Earnings

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**FORT MYERS, JANUARY 18, 2022** – FineMark Holdings, Inc. (the “Holding Company”; OTCQX: FNBT), the parent company of FineMark National Bank & Trust (the “Bank”; collectively, “FineMark”), today reported net revenues of \$102.6 million for the year ended December 31, 2022, compared to \$94.6 million in 2021. Net income for 2022 was \$22.4 million, or \$1.89 per diluted share, compared to \$25 million, or \$2.39 per diluted share, reported for 2021. For the fourth quarter of 2022 net revenues were \$23.1 million, compared to \$25.8 million in the fourth quarter of 2021. Net income was \$3.1 million, or \$.26 per diluted share, compared with net income of \$7 million, or \$.59 per diluted share, for the same period a year ago.

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**Joseph R. Catti, Chairman & Chief Executive Officer:**

*“The most significant drivers of FineMark’s success are the extraordinary talents of our associates, the strength of our balance sheet, and an unwavering commitment to our culture of service. In 2022, our associates exceeded expectations, overcoming difficult market conditions and a massive hurricane, on the heels of the COVID pandemic.*

*Hurricane Ian caused unimaginable damage and inflicted hardships, particularly on the communities and people in Southwest Florida, where FineMark has a significant presence. I have been deeply inspired by the work of our associates in helping each other and the broader community in the aftermath of the storm.*

*On the financial front, the twin shocks of inflation and rising interest rates have rocked the equity and bond markets, resulting in the worst annual performance of bonds since inception of the Bloomberg Bond index in 1976 and U.S. stock markets since 2008.*

*After a period of difficulties such as this, we assess our performance based on how well we have risen to the challenges, and I am proud of what was accomplished in 2022.”*

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**Financial highlights for full-year and fourth quarter 2022 on a year-over-year basis include:**

- Net interest income increased to \$69.9 in 2022 from \$64.7 million for 2021. For the fourth quarter of 2022, net interest income totaled \$15.9 million compared to \$17.2 for the fourth quarter of 2021, due in part to the significant rise in interest rates.
- Despite rising interest rates, loan production totaled \$754 million for the year and \$236 million for the fourth quarter, compared to \$934 million in 2021 and \$205 million in the fourth quarter of 2021.
- Net loans grew 12% year-over-year, increasing from just under \$2 billion in 2021 to \$2.23 billion in 2022.
- Deposits increased 3% to \$2.8 billion, despite moving approximately \$370 million from deposit accounts into Treasuries.
- Trust fees remained flat year-over-year at \$26.6 million despite double digit declines in the S&P, Nasdaq and bond market. For the fourth quarter 2022, trust fees were \$6.4 million compared to \$7 million in the fourth quarter of 2021.
- Net asset inflows from new and existing trust clients reached \$705 million during 2022, a 21% increase compared to \$583 million in 2021. The fourth quarter of 2022 represented a 31% increase with net asset inflows of \$237 million compared to \$181 million in the fourth quarter of 2021.
- Asset quality remains pristine, with non-performing loans to total loans at .03%, down from an already low .04%. Additionally, the Bank’s criticized assets decreased to \$2.8 million at the end of 2022, from \$15.4 million in 2021, which is a testament to the relationships we build with clients and the Bank’s conservative credit culture.
- The Bank added 1,247 new client households in 2022 (including 263 new investment relationships), compared to 1,186 new client households in 2021.
- FineMark’s Sports Management division welcomed 20 new professional athletes in 2022, bringing the total to 228.



## FINEMARK HOLDINGS, INC.

### Financial Summary

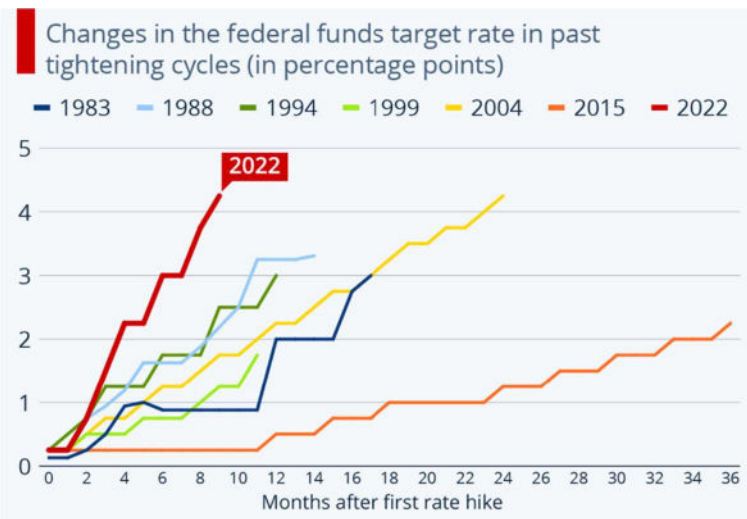
(\$ in thousands, except per share data)

	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>% Change</u>	<u>Full Yr 22</u>	<u>Full Yr 21</u>	<u>% Change</u>
Net Interest Income	\$15,889	\$17,155	(7)%	\$69,893	\$64,689	8 %
Provision for Loan Losses	\$1,039	\$18	5672 %	\$2,445	\$31	7787 %
Trust Fees	\$6,390	\$7,030	(9)%	\$26,617	\$26,638	(0)%
Other Non-Interest Income	\$834	\$682	22 %	\$3,788	\$2,386	59 %
Salary & Benefits Expense	\$11,574	\$11,190	3 %	\$45,445	\$38,894	17 %
Other Non-Interest Expense	\$6,437	\$5,971	8 %	\$25,926	\$23,314	11 %
Pre-Gain/(Loss) Income	\$4,063	\$7,688	(47)%	\$26,482	\$31,474	(16)%
Gains/(Losses)	\$0	\$968	(100)%	\$2,349	\$915	157 %
Pre-Tax Income	\$4,063	\$8,656	(53)%	\$28,831	\$32,389	(11)%
Net Income	\$3,130	\$7,003	(55)%	\$22,367	\$25,027	(11)%
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Net Loans	\$2,228,236	\$1,996,362	12 %			
Investments	\$1,134,117	\$995,035	14 %			
Total Assets	\$3,554,370	\$3,377,198	5 %			
Total Deposits	\$2,818,491	\$2,734,120	3 %			
Subordinated Debt	\$33,545	\$40,919	(18)%			
FHLB Borrowings	\$286,100	\$264,016	8 %			
Total Equity	\$260,307	\$305,062	(15)%			
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Trust Assets Under Administration	\$5,944,772	\$6,200,407	(4)%			
Net New Trust Business	\$237,012	\$181,465	31 %	\$704,837	\$582,951	21 %
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Tier 1 Capital Ratio	9.36%	9.73%				
Return on Average Equity	4.92%	9.22%		8.17%	9.66%	
Diluted Earnings per Common Share	\$0.26	\$0.59	(56)%	\$1.89	\$2.39	(21)%
Book Value Per Share	\$22.11	\$26.29	(16)%			



## FINEMARK HOLDINGS, INC.

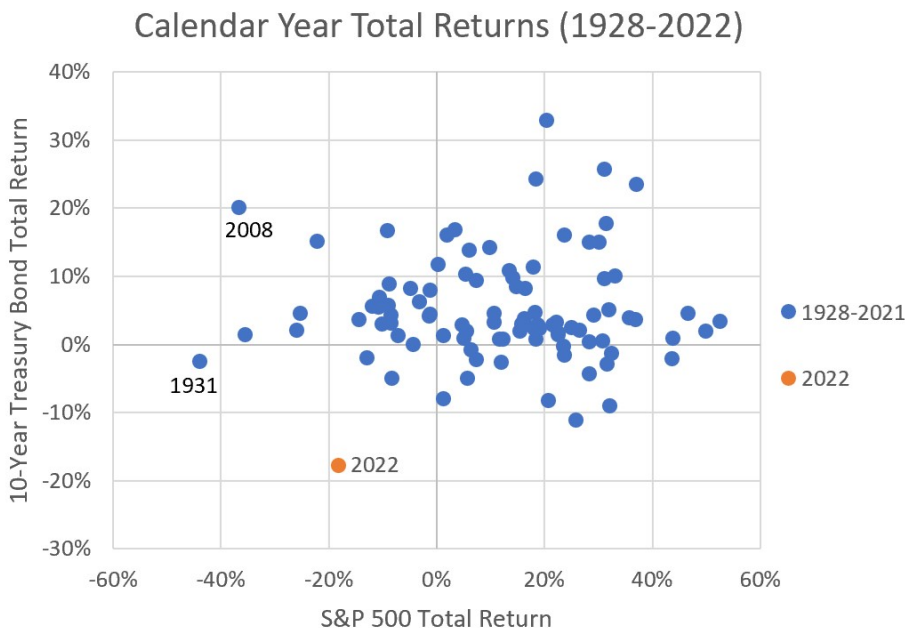
The dramatic rate increases in 2022, as the Fed continued attempts to stem inflation, created unanticipated challenges for the year. As illustrated in the figure below, the federal funds rate increased much more rapidly than in past cycles of monetary tightening and took a toll on earnings, as the cost of funding rose dramatically.



Source: [Statista](https://www.statista.com), using data from the Federal Reserve

This rapid rise in interest rates adversely impacted FineMark through the Bank's sweep accounts. Each night, investment clients' cash is automatically transferred into a higher yielding bank money market account. The interest rate for sweep accounts rose from 0.10% in January to 4.14% in December. In addition to the higher costs on these accounts, approximately \$370 million was moved from deposits held at the Bank to Treasuries in the Bank's investment area, providing a higher yield to clients. The deposits were replaced, in part, by overnight borrowings from the Federal Reserve at the Fed Funds rate, which rose from 0.07% at the start of 2022 to 4.3% in December<sup>1</sup>. These two sources contributed to reduced earnings in 2022.

The overall decline in value of both stocks and bonds, has also reduced asset-based fee income. Having these two asset classes fall so much over the same period is highly unusual. Looking at calendar year returns for the S&P 500 and 10-year Treasury bonds over the last 95 years<sup>2</sup> (figure below), 2022 is an outlier in terms of such negative returns for both stocks and bonds.



Calendar year total returns for the S&P 500 vs. 10-year Treasury bonds (Source: [NYU-Stern](https://www.nyu.edu))

<sup>1</sup> <https://www.newyorkfed.org/markets/reference-rates/obfr>

<sup>2</sup> [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/histretSP.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html)



## FINEMARK HOLDINGS, INC.

### Net Interest Income & Margin

For the year ended December 31, 2022, net interest income totaled \$69.9 million, 8% higher than 2021. For the fourth quarter of 2022, FineMark's net interest income totaled \$15.9 million, down 7% from fourth quarter 2021. Between March and October 2022, rates increased five times totaling 300 basis points. As a result, the fourth quarter bore the weight of those increases, plus two additional rate hikes to end the year.

The rising rates in the fourth quarter increased interest expense and, to a lesser degree, higher loan yields offset the rising cost of deposits and overnight borrowings. The Bank's net interest margin decreased to 2.11% in 2022, down from 2.24% in 2021. The net interest margin also decreased for the fourth quarter of 2022, coming in at 1.90% compared to 2.24% in the fourth quarter of 2021. Approximately 25% of total loans float with changes in interest rates. Most of the remaining loans reset on 5 and 7-year intervals and would not keep pace with the speed of the Federal Reserve rate hikes.

(\$ in thousands)	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>% Change</u>	<u>Full Yr 22</u>	<u>Full Yr 21</u>	<u>% Change</u>
Investment Income	\$4,085	\$2,945	39%	\$15,781	\$10,866	45%
Loan Income	\$22,148	\$17,494	27%	\$77,511	\$68,073	14%
Total Interest Income	\$26,233	\$20,439	28%	\$93,292	\$78,939	18%
Deposit Expense	\$6,961	\$976	613%	\$13,924	\$4,317	223%
FHLB Borrowing Expense	\$2,101	\$1,765	19%	\$6,382	\$7,404	-14%
Subordinated Debt	\$472	\$541	-13%	\$2,062	\$2,506	-18%
Other Borrowings	\$810	\$2	40400%	\$1,031	\$23	4383%
Total Interest Expense	\$10,344	\$3,284	215%	\$23,399	\$14,250	64%
Net Interest Income	\$15,889	\$17,155	-7%	\$69,893	\$64,689	8%
Net Interest Margin	1.90%	2.24%		2.11%	2.24%	
Loan Yield	4.05%	3.45%		3.70%	3.51%	
Investment Yield	1.39%	1.24%		1.32%	1.36%	
Cost of Funds	1.27%	0.46%		0.73%	0.53%	



## FINEMARK HOLDINGS, INC.

### Non-Interest Income

As of December 31, 2022, assets under management and administration totaled \$5.9 billion, down slightly from \$6.2 billion at year-end 2021. On average, the Bank's assets under administration consist of 60% equities, 23% bonds, 12% Cash and 5% other. The Bank's trust and estate settlement fees were flat for the year, in spite of the decline in the U.S. equity (S&P down 19.4%, Nasdaq down 33% for the year) and bond markets (Bloomberg U.S. Aggregate Bond index down 13% for the year+).

The Bank continued to add assets from new and existing clients totaling \$705 million for the year and \$237 million in the fourth quarter, representing a 21% increase compared to full year 2021 and a 31% increase over fourth quarter 2021, respectively. This is a testament to the exceptional level of expertise and service provided by our associates.

(\$ in thousands)	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>% Change</u>	<u>Full Yr 22</u>	<u>Full Yr 21</u>	<u>% Change</u>
Trust Recurring Fees	\$6,145	\$6,861	-10%	\$25,459	\$26,001	-2%
Estate Settlement Fees	\$245	\$169	45%	\$1,158	\$637	82%
Other Non-Interest Income	\$834	\$682	22%	\$3,788	\$2,386	59%
Total Non-Interest Income	\$7,224	\$7,712	-6%	\$30,405	\$29,024	5%
Debt Extinguishment Gains/(Losses)	\$0	\$(244)	-100%	\$2,349	\$(1,199)	-296%
Securities Gains/(Losses)	\$0	\$0	0%	\$0	\$902	-100%
Termination of Swap Gains/(Losses)	\$0	\$1,212	-100%	\$0	\$1,212	-100%
Total Gains/(Losses)	\$0	\$968	-100%	\$2,349	\$915	157%

### Non-Interest Expense

Non-interest expense increased to \$71.4 million for the year ended December 31, 2022, up 15% from \$62.2 million in 2021. For the fourth quarter of 2022, non-interest expense totaled \$18 million, a 5% increase over the fourth quarter of 2021. Several factors contributed to the increase including two new locations opened in 2022, 28 new associates were hired bank wide, and FineMark proactively increased the salaries of a number of existing associates to remain competitive in a tight labor market. In order to preserve our high service levels as we grow, the hiring of additional associates and investments in technology (information systems) is expected.

(\$ in thousands)	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>% Change</u>	<u>Full Yr 22</u>	<u>Full Yr 21</u>	<u>% Change</u>
Salary Expense	\$10,176	\$9,953	2%	\$39,736	\$33,886	17%
Employee Benefits Expense	\$1,398	\$1,237	13%	\$5,709	\$5,008	14%
Occupancy Expense	\$2,086	\$1,833	14%	\$8,020	\$6,535	23%
Information Systems Expense	\$1,451	\$1,647	-12%	\$5,964	\$6,318	-6%
Other Non-Interest Expense	\$2,900	\$2,491	16%	\$11,942	\$10,461	14%
Total Non-Interest Expense	\$18,011	\$17,161	5%	\$71,371	\$62,208	15%
Tax Expense	\$933	\$1,653	-44%	\$6,464	\$7,362	-12%



## FINEMARK HOLDINGS, INC.

### Credit Quality

Asset quality remained pristine in 2022 and the same is expected for 2023. The Bank's criticized assets were reduced to 1% of total capital reserves or \$2.8 million in 2022, compared to 5% or \$15.4 million at the end of 2021. FineMark remains committed to maintaining high credit standards through a relationship-centered approach to lending. Loan decisions are based on an in-depth understanding of each borrower's needs and unique financial situation.

As of December 31, 2022, non-performing loans totaled \$730 thousand, or 0.03% of total loans, nearly flat compared to \$729 thousand or 0.04% in the fourth quarter of 2021. The current allowance for loan losses is \$23.2 million (or 1.03% of gross loans). Management believes the Bank's reserves continue to be sufficient to support risks in the loan portfolio.

(\$ in thousands)	Q4 2022	Q4 2021	% Change
Gross Loans	\$2,251,404	\$2,016,645	12%
Allowance for Loan Losses	\$23,168	\$20,283	14%
Net Loans	\$2,228,236	\$1,996,362	12%
Non-Accrual Loans	\$730	\$729	0%
Non-Accrual Loans/Gross Loans	0.03%	0.04%	
Past Due 30-89 Days	\$4,520	\$521	768%
Past Due Loans/Gross Loans	0.20%	0.03%	
Net Recoveries/(Charge-Offs) QTD	\$227	\$(541)	-142%
Net Recoveries/(Charge-Offs) YTD	\$440	\$(530)	-183%

### Balance Sheet Highlights

Despite rising interest rates, loan production totaled \$754 million for 2022 and \$236 million for the fourth quarter of 2022, compared to \$934 million for 2021 and \$205 million in the fourth quarter of 2021. This resulted in net loans of \$2.2 billion compared to just under \$2 billion at year end 2021. Deposits continued to grow with additions from new and existing clients, despite the transfer of \$370 million to purchase Treasuries in investment accounts. Deposits increased 3% or \$84 million compared to the fourth quarter of 2021. The bank owned investment portfolio increased to approximately \$1.1 billion from \$995 million at the end of fourth quarter 2021, a 14% or \$139 million increase.

### Capital

All capital ratios continue to exceed regulatory requirements for "well-capitalized" banks. On December 31, 2022, FineMark's Tier 1 leverage ratio on a consolidated basis was 9.36%, and the total risk-based capital ratio was 19.86%.

Rising interest rates throughout the past few quarters resulted in a \$78 million net unrealized loss on the Bank's investment portfolio. This unrealized loss does not reflect bond credit quality; rather, it shows how rapidly interest rates have increased.

(\$ in thousands)	Q4 2022	Q4 2021	% Change
Tier 1 Capital	\$338,585	\$311,170	9%
Net Unrealized Gain/(Loss)	\$(78,278)	\$(6,108)	1182%
Total Capital	\$260,307	\$305,062	-15%
Tier 1 Leverage Ratio	9.36%	9.73%	
Risk-Based Capital Ratio	19.86%	20.64%	
ROAE QTD	4.92%	9.22%	
ROAE YTD	8.17%	9.66%	

On a yearly basis, return on average equity (ROAE) decreased to 8.17% in 2022, compared to 9.66% in 2021. ROAE was 4.92% for the fourth quarter of 2022, compared to 9.22% for the fourth quarter of 2021.





## FINEMARK HOLDINGS, INC.

### Closing Remarks from Chairman & Chief Executive Officer, Joseph R. Catti

*“As we look to 2023, elevated interest rates will likely remain a significant headwind, however I am confident our associates will continue to excel and provide the highest levels of service and stewardship, just as they have while navigating the past year and since FineMark’s inception. In addition, the Bank has made a multimillion-dollar commitment to technology enhancements to include a new application that offers clients a holistic view of their banking and investment accounts, as well as tools to enhance our investment management processes.*

*The people who come to work here each day have a commitment to the long-term success of this company and I firmly believe we will continue to create shareholder value in all types of environments in the coming year and beyond.”*

FineMark will host a conference call to discuss the results at 9am Eastern Time, January 19, 2023. Individuals interested in joining the call should register at <https://ir.finemarkbank.com/>. Please join the call approximately 15 minutes prior to the start to allow time for login.

### 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](http://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	December 31,	
	2022 (Unaudited)	2021
Cash and due from banks	\$ 18,374	261,751
Debt securities available for sale	1,020,612	898,711
Debt securities held to maturity	93,369	79,517
Loans, net of allowance for loan losses of \$23,168 in 2022 and \$20,283 in 2021	2,228,236	1,996,362
Federal Home Loan Bank stock	13,859	11,326
Federal Reserve Bank stock	6,277	5,481
Premises and equipment, net	41,009	42,287
Operating lease right-of-use assets	12,825	11,207
Accrued interest receivable	10,220	7,215
Deferred tax asset	29,955	4,916
Bank-owned life insurance	72,138	50,862
Other assets	7,496	7,563
Total assets	\$ 3,554,370	3,377,198
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Noninterest-bearing demand deposits	652,671	521,459
Savings, NOW and money-market deposits	2,122,561	2,151,635
Time deposits	43,259	61,026
Total deposits	2,818,491	2,734,120
Official checks	13,312	9,420
Other borrowings	118,444	1,873
Federal Home Loan Bank advances	286,100	264,016
Operating lease liabilities	12,900	11,311
Subordinated debt	33,545	40,919
Other liabilities	11,271	10,477
Total liabilities	3,294,063	3,072,136
Shareholders' equity:		
Common stock, \$.01 par value 50,000,000 shares authorized, 11,773,050 and 11,603,781 shares issued and outstanding in 2022 and 2021	118	116
Additional paid-in capital	210,953	205,907
Retained earnings	127,514	105,147
Accumulated other comprehensive loss	(78,278)	(6,108)
Total shareholders' equity	260,307	305,062
Total liabilities and shareholders' equity	\$ 3,554,370	3,377,198
Book Value per Share	\$ 22.11	26.29



## FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021
Interest income:				
Loans	\$ 22,148	17,494	\$ 77,511	68,073
Debt securities	3,853	2,777	14,979	10,181
Dividends on Federal Home Loan Bank stock	124	124	443	484
Other	108	44	359	201
Total interest income	<u>26,233</u>	<u>20,439</u>	<u>93,292</u>	<u>78,939</u>
Interest expense:				
Deposits	6,961	976	13,924	4,317
Federal Home Loan Bank advances	2,101	1,765	6,382	7,404
Subordinated debt	472	541	2,062	2,506
Other borrowings	810	2	1,031	23
Total interest expense	<u>10,344</u>	<u>3,284</u>	<u>23,399</u>	<u>14,250</u>
Net interest income	15,889	17,155	69,893	64,689
Provision for loan losses	1,039	18	2,445	31
Net interest income after provision for loan losses	<u>14,850</u>	<u>17,137</u>	<u>67,448</u>	<u>64,658</u>
Noninterest income:				
Trust fees	6,390	7,030	26,617	26,638
Income from bank-owned life insurance	398	281	1,810	899
Income from solar farms	65	68	320	318
Gain on sale of debt securities available for sale	-	-	-	902
(Loss) gain on extinguishment of debt	-	(244)	2,349	(1,199)
Gain on termination of swap agreement	-	1,212	-	1,212
Other fees and service charges	371	333	1,658	1,169
Total noninterest income	<u>7,224</u>	<u>8,680</u>	<u>32,754</u>	<u>29,939</u>
Noninterest expenses:				
Salaries and employee benefits	11,574	11,190	45,445	38,894
Occupancy	2,086	1,833	8,020	6,535
Information systems	1,451	1,647	5,964	6,318
Professional fees	560	402	2,247	1,761
Marketing and business development	436	321	2,080	1,563
Regulatory assessments	359	428	1,700	1,599
Other	1,545	1,340	5,915	5,538
Total noninterest expense	<u>18,011</u>	<u>17,161</u>	<u>71,371</u>	<u>62,208</u>
Earnings before income taxes	4,063	8,656	28,831	32,389
Income taxes	933	1,653	6,464	7,362
Net earnings	<u>\$ 3,130</u>	<u>7,003</u>	<u>\$ 22,367</u>	<u>25,027</u>
Weighted average common shares outstanding - basic (in thousands)	11,761	11,587	11,734	10,318
Weighted average common shares outstanding - diluted (in thousands)	11,907	11,751	11,848	10,483
Per share information: Basic earnings per common share	<u>\$ 0.27</u>	<u>0.60</u>	<u>\$ 1.91</u>	<u>2.43</u>
Diluted earnings per common share	<u>\$ 0.26</u>	<u>0.59</u>	<u>\$ 1.89</u>	<u>2.39</u>

# FineMark Holdings, Inc.

## Consolidated Financial Highlights

Fourth Quarter 2022

Unaudited

\$ in thousands except for share data	4th Qtr 2022	3rd Qtr 2022	2nd Qtr 2022	1st Qtr 2022	4th Qtr 2021	Full Year	
						2022	2021
<b>\$ Earnings</b>							
Net Interest Income	\$ 15,889	\$ 18,079	\$ 18,386	\$ 17,539	\$ 17,155	\$ 69,893	\$ 64,689
Provision for loan loss	\$ 1,039	\$ 121	\$ 836	\$ 449	\$ 18	\$ 2,445	\$ 31
Non-interest Income (excl. gains and losses)	\$ 7,224	\$ 7,342	\$ 7,648	\$ 8,191	\$ 7,712	\$ 30,405	\$ 29,024
Gain on sale of debt securities available for sale	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 902
Gain (loss) on debt extinguishment	\$ —	\$ 505	\$ 1,226	\$ 618	\$ (244)	\$ 2,349	\$ (1,199)
Gain on termination of swap	\$ —	\$ —	\$ —	\$ —	\$ 1,212	\$ —	\$ 1,212
Non-interest Expense	\$ 18,011	\$ 18,660	\$ 17,700	\$ 17,000	\$ 17,161	\$ 71,371	\$ 62,208
Earnings before income taxes	\$ 4,063	\$ 7,145	\$ 8,724	\$ 8,899	\$ 8,656	\$ 28,831	\$ 32,389
Income Taxes	\$ 933	\$ 1,757	\$ 1,747	\$ 2,027	\$ 1,653	\$ 6,464	\$ 7,362
Net Earnings	\$ 3,130	\$ 5,388	\$ 6,977	\$ 6,872	\$ 7,003	\$ 22,367	\$ 25,027
Basic earnings per share	\$ 0.27	\$ 0.46	\$ 0.60	\$ 0.59	\$ 0.60	\$ 1.91	\$ 2.43
Diluted earnings per share	\$ 0.26	\$ 0.45	\$ 0.59	\$ 0.58	\$ 0.59	\$ 1.89	\$ 2.39
<b>Performance Ratios</b>							
Return on average assets*	0.36 %	0.62 %	0.80 %	0.80 %	0.88 %	0.64 %	0.83 %
Return on risk weighted assets*	0.63 %	1.12 %	1.43 %	1.46 %	1.55 %	1.12 %	1.39 %
Return on average equity*	4.92 %	7.97 %	10.28 %	9.17 %	9.22 %	8.17 %	9.66 %
Yield on earning assets*	3.17 %	2.92 %	2.66 %	2.52 %	2.67 %	2.82 %	2.74 %
Cost of funds*	1.27 %	0.76 %	0.46 %	0.41 %	0.46 %	0.73 %	0.53 %
Net Interest Margin*	1.90 %	2.16 %	2.22 %	2.14 %	2.24 %	2.11 %	2.24 %
Efficiency ratio	77.93 %	71.98 %	64.93 %	64.52 %	69.70 %	71.16 %	66.59 %
<b>Capital</b>							
Tier 1 leverage capital ratio	9.36 %	9.35 %	9.16 %	9.22 %	9.73 %	9.36 %	9.73 %
Common equity risk-based capital ratio	17.01 %	17.41 %	16.81 %	16.96 %	17.24 %	17.01 %	17.24 %
Tier 1 risk-based capital ratio	17.01 %	17.41 %	16.81 %	16.96 %	17.24 %	17.01 %	17.24 %
Total risk-based capital ratio	19.86 %	20.30 %	20.03 %	20.25 %	20.64 %	19.86 %	20.64 %
Book value per share	\$ 22.11	\$ 21.81	\$ 22.73	\$ 23.82	\$ 26.29	\$ 22.11	\$ 26.29
Tangible book value per share	\$ 22.11	\$ 21.81	\$ 22.73	\$ 23.82	\$ 26.29	\$ 22.11	\$ 26.29
<b>Asset Quality</b>							
Net (recoveries) charge-offs	\$ (227)	\$ (176)	\$ (24)	\$ (13)	\$ 541	\$ (440)	\$ 530
Net (recoveries) charge-offs to average total loans	(0.01)%	(0.01)%	— %	— %	0.03 %	(0.02)%	0.03 %
Allowance for loan losses	\$ 23,168	\$ 21,902	\$ 21,605	\$ 20,745	\$ 20,283	\$ 23,168	\$ 20,283
Allowance to total loans	1.03 %	1.02 %	1.01 %	1.01 %	1.01 %	1.03 %	1.01 %
Nonperforming loans	\$ 730	\$ 692	\$ 706	\$ 714	\$ 729	\$ 730	\$ 729
Other real estate owned	—	—	—	—	—	—	—
Nonperforming loans to total loans	0.03 %	0.03 %	0.03 %	0.04 %	0.04 %	0.03 %	0.04 %
Nonperforming assets to total assets	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %
<b>Loan Composition (% of Total Gross Loans)</b>							
1-4 Family	49.0 %	50.2 %	49.5 %	50.7 %	51.8 %	49.0 %	51.8 %
Commercial Loans	9.5 %	9.1 %	9.5 %	10.4 %	10.2 %	9.5 %	10.2 %
Commercial Real Estate	24.4 %	24.1 %	24.3 %	23.2 %	21.7 %	24.4 %	21.7 %
Construction Loans	9.0 %	8.3 %	8.5 %	7.8 %	8.3 %	9.0 %	8.3 %
Other Loans	8.1 %	8.3 %	8.2 %	7.9 %	8.0 %	8.1 %	8.0 %
<b>End of Period Balances</b>							
Assets	\$ 3,554,370	\$ 3,455,462	\$ 3,527,841	\$ 3,489,146	\$ 3,377,198	\$ 3,554,370	\$ 3,377,198
Debt securities	\$ 1,113,981	\$ 1,129,272	\$ 1,164,449	\$ 1,209,357	\$ 978,228	\$ 1,113,981	\$ 978,228
Loans, net of allowance	\$ 2,228,236	\$ 2,125,751	\$ 2,115,137	\$ 2,032,426	\$ 1,996,362	\$ 2,228,236	\$ 1,996,362
Deposits	\$ 2,818,491	\$ 2,919,206	\$ 2,951,656	\$ 2,954,042	\$ 2,734,120	\$ 2,818,491	\$ 2,734,120
Other borrowings	\$ 118,444	\$ 40,760	\$ 2,543	\$ 1,507	\$ 1,873	\$ 118,444	\$ 1,873
Subordinated Debt	\$ 33,545	\$ 33,483	\$ 40,961	\$ 40,940	\$ 40,919	\$ 33,545	\$ 40,919
FHLB Advances	\$ 286,100	\$ 175,000	\$ 240,000	\$ 192,951	\$ 264,016	\$ 286,100	\$ 264,016
Shareholders' Equity	\$ 260,307	\$ 256,348	\$ 266,800	\$ 277,814	\$ 305,062	\$ 260,307	\$ 305,062
<b>Trust and Investment</b>							
Fee Income	\$ 6,390	\$ 6,477	\$ 6,752	\$ 6,998	\$ 7,030	\$ 26,617	\$ 26,638
<b>Assets Under Administration</b>							
Balance at beginning of period	\$ 5,392,768	\$ 5,464,847	\$ 6,009,657	\$ 6,200,407	\$ 5,739,551	\$ 6,200,407	\$ 5,091,408
Net investment (depreciation) appreciation & income	\$ 314,992	\$ (204,456)	\$ (675,883)	\$ (395,125)	\$ 279,391	\$ (960,472)	\$ 526,048
Net client asset flows	\$ 237,012	\$ 132,377	\$ 131,073	\$ 204,375	\$ 181,465	\$ 704,837	\$ 582,951
Balance at end of period	\$ 5,944,772	\$ 5,392,768	\$ 5,464,847	\$ 6,009,657	\$ 6,200,407	\$ 5,944,772	\$ 6,200,407
Percentage of AUA that are managed	88 %	88 %	88 %	88 %	88 %	88 %	88 %
<b>Stock Valuation</b>							
Closing Market Price (OTCQX)	\$ 29.75	\$ 29.25	\$ 29.05	\$ 33.25	\$ 33.60	\$ 29.75	\$ 33.60
Multiple of Tangible Book Value	1.35	1.34	1.28	1.40	1.28	1.35	1.28

\*annualized