



# FINEMARK HOLDINGS, INC.

## FineMark Holdings, Inc. Reports Fourth Quarter 2024 Net Income of \$3.5 million and Full-Year 2024 Net Income of \$6.4 million

### Fourth Quarter and Full-Year 2024 Results:

<b>Interest Income:</b> \$42.8 million Q4 2024 \$172.7 million 2024	<b>Net Loan growth:</b> 4% Q4 2024 (annualized) 7% 2024	<b>Deposit growth:</b> 25% Q4 2024 (annualized) 13% 2024
<b>Consolidated Results</b>		
<b>Net interest income:</b> \$15.3 million Q4 2024 \$50.7 million 2024  <b>Return on avg assets:</b> 0.34% Q4 2024 0.15% 2024  <b>Total risk-based capital ratio:</b> 18.74%	<p>Joseph R. Catti, Chairman &amp; CEO commented on the quarter and the year:</p> <p>FineMark delivered a strong finish to 2024 with continued increases in fee income and loan growth, moderating funding costs and stable non-interest expenses driving margin and earnings improvements in the fourth quarter. After a challenging period in which we adjusted to a higher rate environment, we are confident earnings have turned the corner and will continue to improve in 2025. While our 2023 and 2024 financial results were negatively impacted by the rapid rate increases, we held steadfast in our commitment to our core values, prioritizing exceptional service to our clients, the well-being of our associates and the continued growth of our business. Although we remain cautious on the economy and continue to see potential areas of concern, we believe we are well-positioned for a successful 2025.</p> <p>The dedication and exceptional service of our 298 outstanding professionals, along with the unwavering support of our loyal clients, resulted in new client growth and expanded relationships with existing clients in Florida, Arizona, South Carolina, and Dallas— where we have not yet established a physical presence. As a result, we welcomed 918 new families as clients in 2024, building on the success of the 990 households added in 2023.</p>	
<b>Banking</b>		
<b>Annual loan growth (net):</b> \$178 million  <b>Annual deposit growth:</b> \$365 million  <b>Non-performing loan ratio:</b> 0.02%	<p>This client growth helped drive a 13% increase in deposits, including a 6% increase in non-interest-bearing deposits and a 7% increase in net loans in 2024. The growth in the loan portfolio, combined with the repricing of lower yielding adjustable rate loans originated several years ago, and the roll off of \$285 million of low interest rate bonds, resulted in record annual interest income of \$172.7 million, marking a 25% increase compared to 2023. Fourth quarter net interest income was \$15.3 million, a 37% increase compared to the fourth quarter of 2023. Full year net interest income increased by 1% in 2024 to \$50.7 million and is expected to continue to increase in 2025.</p> <p>We are pleased with the continued growth of our trust and asset management business, driven by the expertise of our professionals and the depth and diversification of our investment offerings, which appeal to both new and existing clients. Assets under management and administration (AUMA) increased by 12% in 2024 and now total \$7.7 billion. Trust fees increased to a record \$9.9 million in the fourth quarter, marking a 27% increase from the fourth quarter of 2023. Full year fees were a record \$36.6 million in 2024, marking a 23% increase from 2023.</p>	
<b>Trust &amp; Investments</b>		
<b>7.5%</b> annual increase in relationships (households)  <b>12%</b> annual increase in assets under management & administration  <b>23%</b> annual increase in fees	<p>As FineMark’s loan portfolio, deposit base, and trust and investment business continue to grow, operating overhead also increases to maintain our high level of client service. Non-interest expenses increased by 8% in 2024 as we hired new associates to service our clients and made additional investments in cybersecurity and technology.</p> <p>We continue to maintain strong capital and on-balance sheet liquidity levels to provide stability and support growth. Credit quality remains excellent.</p> <p>We remain focused on creating long-term shareholder value by serving our clients, maintaining a conservative credit culture and supporting our associates—three tenets that, when combined, will help to ensure our continued success.</p>	

## **Net Interest Income & Margin**

Beginning in September of 2024, the Federal Open Market Committee (FOMC) reduced the Overnight Bank Funding Rate by 100 basis points, suggesting a degree of confidence that inflation may be contained. This reduction followed two and a half years of “tighter” monetary policy in which eleven rate increases, totaling 525 basis points, negatively impacted FineMark’s net interest income by increasing funding costs.

During the fourth quarter of 2024, lower market rates on deposits and a strategic reduction in “Other Borrowings” including funds borrowed through the Federal Reserve’s Bank Term Funding Program, resulted in a 35-basis point decrease in funding costs when compared to the third quarter of 2024. This reduction was the primary driver of a 16.5% increase in FineMark’s net interest income which totaled \$15.3 million in the fourth quarter. The Bank’s net interest margin (NIM) increased to 1.56% in the fourth quarter of 2024, compared to 1.30% in the prior quarter and 1.15% in the fourth quarter of 2023.

The investment portfolio includes \$314 million in securities, carrying a weighted-average yield of 1.3%, that will mature in 2025. These proceeds are expected to be reinvested at significantly higher interest rates, likely resulting in material improvement to net interest income in 2025.

## **Non-Interest Income**

Fourth quarter non-interest income increased to \$11.0 million, a 24% improvement over the fourth quarter of 2023. The primary driver of this increase continues to be growth of the Bank’s trust and investment business. Assets under management and administration totaled \$7.7 billion on December 31, 2024, marking a 12% increase from \$6.8 billion a year prior. Trust fees reached \$9.9 million in the fourth quarter, representing a 27% increase over the fourth quarter of 2023.

## **Non-Interest Expense**

Continued investments in personnel and technology, coupled with increased regulatory costs, led to an 8% increase in non-interest expense in the fourth quarter of 2024 compared to fourth quarter of 2023. These investments are vital to FineMark’s success and support the Bank’s high quality of service that cultivates loyalty among our clients and strong risk management practices.

## **Balance Sheet Highlights**

Gross loan production totaled \$176 million for the quarter, compared to \$146 million in the fourth quarter 2023, and was in-line with management expectations. Net loans increased 7% for the year and totaled \$2.7 billion as of December 31, 2024. Loan growth was funded by deposits which grew 13% from the fourth quarter of 2023 and totaled \$3.3 billion as of

December 31, 2024. Robust deposit growth in 2024 facilitated the repayment of \$500 million of Federal Reserve Bank Term Funding Program borrowings. Deposit growth continues to outpace loan growth and supports management's desire to maintain elevated levels of cash and securities to provide appropriate levels of on-balance-sheet liquidity.

## **Credit Quality**

FineMark continues to maintain its commitment to high credit standards by utilizing a personalized and relationship centric approach to lending. Loan decisions are based on a comprehensive understanding of each borrower's requirements and distinctive financial circumstances, leading to minimal loan defaults across diverse economic conditions.

As of December 31, 2024, non-performing loans totaled \$639 thousand, or 0.02% of total loans, compared to \$1.6 million, or 0.07% of total loans, in the fourth quarter 2023. The allowance for credit losses on December 31, 2024 totaled \$23.6 million, equivalent to 0.88% of gross loans, which management believes is sufficient to support the Bank's low-risk loan portfolio.

## **Capital**

All capital ratios continue to exceed regulatory requirements for "well-capitalized" banks. On December 31, 2024, FineMark's Tier 1 leverage ratio, on a consolidated basis, was 9.46%, while the total risk-based capital ratio was 18.74%. Increased interest rates resulted in a net unrealized loss of \$34.1 million on the Bank's investment portfolio as of December 31, 2024, which decreased from \$51.9 million as of December 31, 2023.

This unrealized loss does not reflect bond credit quality, rather it represents the effect of the rapid interest rate increases of 2022 and 2023 by the Federal Reserve. Given the short duration of the portfolio of 1.97 years, these losses are expected to continue to decline as bonds mature.

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## **Background**

FineMark Holdings, Inc. serves as the parent company for FineMark National Bank & Trust. Established in 2007, FineMark National Bank & Trust operates as a nationally chartered bank with its headquarters in Florida. With offices in Florida, Arizona and South Carolina, FineMark provides a comprehensive array of financial services encompassing personal and business banking, lending services, trust, and investment services. The Corporation's common stock is traded on the OTCQX under the symbol FNBT. For investor information, please visit 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,	
	2024 (Unaudited)	2023
Cash and due from banks	\$ 366,795	369,060
Debt securities available for sale	807,303	947,701
Debt securities held to maturity	80,944	87,928
Loans, net of allowance for credit losses of \$23,576 in 2024 and \$23,472 in 2023	2,672,279	2,493,809
Federal Home Loan Bank stock	19,494	16,974
Federal Reserve Bank stock	7,548	6,362
Premises and equipment, net	38,367	39,869
Operating lease right-of-use assets	10,282	11,338
Accrued interest receivable	13,637	13,062
Deferred tax asset	15,831	21,152
Bank-owned life insurance	75,267	73,333
Other assets	7,153	20,167
Total assets	\$ 4,114,900	4,100,755
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Noninterest-bearing demand deposits	668,036	629,976
Savings, NOW and money-market deposits	2,356,602	1,949,898
Time deposits	232,843	312,137
Total deposits	3,257,481	2,892,011
Official checks	23,339	6,264
Other borrowings	-	500,000
Federal Home Loan Bank advances	350,000	305,000
Repurchase agreements	77,972	31,397
Operating lease liabilities	10,445	11,490
Subordinated debt	27,517	27,477
Other liabilities	13,111	30,829
Total liabilities	3,759,865	3,804,468
Shareholders' equity:		
Preferred stock, 10,000,000 shares authorized, \$.01 par value, 50,000 designated 7.25%, Series B Non-Cumulative Perpetual Convertible, 30,000 shares issued and outstanding	-	-
Common stock, \$.01 par value 50,000,000 shares authorized, 12,148,343 and 11,934,086 shares issued and outstanding in 2024 and 2023	121	119
Additional paid-in capital	251,323	215,497
Retained earnings	137,661	132,585
Accumulated other comprehensive loss	(34,070)	(51,914)
Total shareholders' equity	355,035	296,287
Total liabilities and shareholders' equity	\$ 4,114,900	4,100,755
Book Value per Share	\$ 26.77	24.83

## FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

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

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)	(Unaudited)	
Interest income:				
Loans	\$ 34,745	30,842	\$ 135,323	112,138
Debt securities	4,476	3,754	18,387	15,786
Interest bearing deposits and other	3,591	4,940	18,949	10,599
Total interest income	<u>42,812</u>	<u>39,536</u>	<u>172,659</u>	<u>138,523</u>
Interest expense:				
Deposits	21,212	18,722	87,424	56,733
Other borrowings	2,111	6,247	20,686	18,469
Federal Home Loan Bank advances	3,850	3,068	12,405	11,672
Subordinated debt	370	369	1,481	1,716
Total interest expense	<u>27,543</u>	<u>28,406</u>	<u>121,996</u>	<u>88,590</u>
Net interest income	15,269	11,130	50,663	49,933
Credit loss expense (income)	96	(866)	716	406
Net interest income after credit loss expense	<u>15,173</u>	<u>11,996</u>	<u>49,947</u>	<u>49,527</u>
Noninterest income:				
Trust fees	9,936	7,839	36,649	29,774
Income from bank-owned life insurance	497	454	1,934	2,190
Income from solar farms	68	70	309	310
Gain on sale of debt securities available for sale	-	-	104	-
Gain on extinguishment of debt	-	-	367	534
Other fees and service charges	491	466	1,901	1,692
Total noninterest income	<u>10,992</u>	<u>8,829</u>	<u>41,264</u>	<u>34,500</u>
Noninterest expenses:				
Salaries and employee benefits	13,782	11,960	51,848	47,167
Occupancy	2,366	2,497	9,708	9,921
Information systems	1,796	1,555	6,933	6,240
Professional fees	765	614	2,555	2,598
Marketing and business development	353	410	1,619	2,023
Regulatory assessments	738	899	3,036	2,921
Other	1,840	2,184	7,450	7,071
Total noninterest expense	<u>21,640</u>	<u>20,119</u>	<u>83,149</u>	<u>77,941</u>
Earnings before income tax expense	4,525	706	8,062	6,086
Income tax expense	<u>1,021</u>	<u>171</u>	<u>1,699</u>	<u>987</u>
Net earnings	3,504	535	6,363	5,099
Preferred stock dividends	725	-	1,287	-
Earnings available to common shareholders	<u>\$ 2,779</u>	<u>535</u>	<u>\$ 5,076</u>	<u>5,099</u>
Weighted average common shares outstanding - basic	12,121	11,921	12,075	11,898
Weighted average common shares outstanding - diluted	12,185	11,959	12,157	11,936
Per share information: Basic earnings per common share	<u>\$ 0.23</u>	<u>0.04</u>	<u>\$ 0.42</u>	<u>0.43</u>
Diluted earnings per common share	<u>\$ 0.23</u>	<u>0.04</u>	<u>\$ 0.42</u>	<u>0.43</u>

# FineMark Holdings, Inc.

## Consolidated Financial Highlights

Fourth Quarter 2024

Unaudited

\$ in thousands except for share data	4th Qtr 2024	3rd Qtr 2024	2nd Qtr 2024	1st Qtr 2024	4th Qtr 2023	Full Year	
						2024	2023
<b>\$ Earnings</b>							
Net Interest Income	\$ 15,269	\$ 13,106	\$ 11,635	\$ 10,653	\$ 11,130	\$ 50,663	\$ 49,933
Credit Loss Expense (Income)	\$ 96	\$ —	\$ 200	\$ 420	\$ (866)	\$ 716	\$ 406
Non-Interest Income (excl. gains and losses)	\$ 10,992	\$ 10,344	\$ 9,929	\$ 9,528	\$ 8,829	\$ 40,793	\$ 33,966
Gain on Sale of Debt Securities Available for Sale	\$ —	\$ 104	\$ —	\$ —	\$ —	\$ 104	\$ —
Gain on Debt Extinguishment	\$ —	\$ —	\$ —	\$ 367	\$ —	\$ 367	\$ 534
Non-interest Expense	\$ 21,640	\$ 21,801	\$ 20,497	\$ 19,211	\$ 20,119	\$ 83,149	\$ 77,941
Earnings Before Income Tax Expense	\$ 4,525	\$ 1,753	\$ 867	\$ 917	\$ 706	\$ 8,062	\$ 6,086
Income Tax Expense	\$ 1,021	\$ 471	\$ 101	\$ 106	\$ 171	\$ 1,699	\$ 987
Net Earnings	\$ 3,504	\$ 1,282	\$ 766	\$ 811	\$ 535	\$ 6,363	\$ 5,099
Preferred Stock Dividends	\$ 725	\$ —	\$ 562	\$ —	\$ —	\$ 1,287	\$ —
Earnings Available to Common Shareholders	\$ 2,779	\$ 1,282	\$ 204	\$ 811	\$ 535	\$ 5,076	\$ 5,099
Basic Earnings per Share	\$ 0.23	\$ 0.11	\$ 0.02	\$ 0.07	\$ 0.04	\$ 0.42	\$ 0.43
Diluted Earnings per Share	\$ 0.23	\$ 0.11	\$ 0.02	\$ 0.07	\$ 0.04	\$ 0.42	\$ 0.43
<b>Performance Ratios</b>							
Return on average assets*	0.34 %	0.12 %	0.07 %	0.08 %	0.05 %	0.15 %	0.13 %
Return on risk weighted assets*	0.60 %	0.22 %	0.13 %	0.14 %	0.09 %	0.27 %	0.23 %
Return on average equity*	3.97 %	1.50 %	0.93 %	1.09 %	0.77 %	1.93 %	1.85 %
Yield on earning assets*	4.40 %	4.49 %	4.34 %	4.23 %	4.12 %	4.36 %	3.79 %
Cost of funds*	2.98 %	3.33 %	3.33 %	3.29 %	3.04 %	3.23 %	2.50 %
Net Interest Margin*	1.56 %	1.30 %	1.18 %	1.08 %	1.15 %	1.28 %	1.37 %
Efficiency ratio	82.41 %	92.56 %	95.05 %	95.19 %	100.80 %	90.92 %	92.90 %
<b>Capital</b>							
Tier 1 leverage capital ratio	9.46 %	9.04 %	9.06 %	9.04 %	8.46 %	9.46 %	8.46 %
Common equity Tier 1 (CET1) risk-based capital ratio	15.29 %	15.09 %	15.12 %	15.28 %	15.46 %	15.29 %	15.46 %
Tier 1 risk-based capital ratio	16.56 %	16.36 %	16.40 %	16.58 %	15.46 %	16.56 %	15.46 %
Total risk-based capital ratio	18.74 %	18.53 %	18.59 %	18.80 %	17.72 %	18.74 %	17.72 %
Book value per share	\$ 26.77	\$ 26.81	\$ 25.28	\$ 24.85	\$ 24.83	\$ 26.77	\$ 24.83
Tangible book value per share	\$ 26.77	\$ 26.81	\$ 25.28	\$ 24.85	\$ 24.83	\$ 26.77	\$ 24.83
<b>Asset Quality</b>							
Net charge-offs (recoveries)	\$ 143	\$ —	\$ (14)	\$ 627	\$ (2)	\$ 756	\$ (31)
Net charge-offs (recoveries) to average total loans	0.01 %	— %	— %	0.02 %	— %	0.03 %	— %
Allowance for credit losses	\$ 23,576	\$ 23,569	\$ 23,569	\$ 23,354	\$ 23,472	\$ 23,576	\$ 23,472
Allowance to total loans	0.88 %	0.88 %	0.89 %	0.91 %	0.93 %	0.88 %	0.93 %
Nonperforming loans	\$ 639	\$ 295	\$ 1,165	\$ 1,483	\$ 1,629	\$ 639	\$ 1,629
Other real estate owned	—	—	—	—	—	—	—
Nonperforming loans to total loans	0.02 %	0.01 %	0.04 %	0.06 %	0.07 %	0.02 %	0.07 %
Nonperforming assets to total assets	0.02 %	0.01 %	0.03 %	0.04 %	0.04 %	0.02 %	0.04 %
<b>Loan Composition (% of Total Gross Loans)</b>							
1-4 Family	48.4 %	48.4 %	47.6 %	48.9 %	48.8 %	48.4 %	48.8 %
Commercial Loans	12.7 %	13.2 %	13.6 %	10.9 %	10.2 %	12.7 %	10.2 %
Commercial Real Estate	23.9 %	24.2 %	24.8 %	25.6 %	26.8 %	23.9 %	26.8 %
Construction Loans	8.4 %	8.1 %	8.2 %	7.6 %	7.3 %	8.4 %	7.3 %
Other Loans	6.6 %	6.1 %	5.9 %	7.0 %	6.9 %	6.6 %	6.9 %
<b>End of Period Balances</b>							
Assets	\$ 4,114,900	\$ 4,271,444	\$ 4,134,012	\$ 4,189,904	\$ 4,100,755	\$ 4,114,900	\$ 4,100,755
Debt securities	\$ 888,247	\$ 993,098	\$ 1,014,529	\$ 1,036,337	\$ 1,035,629	\$ 888,247	\$ 1,035,629
Loans, net of allowance	\$ 2,672,279	\$ 2,642,940	\$ 2,615,614	\$ 2,551,673	\$ 2,493,809	\$ 2,672,279	\$ 2,493,809
Deposits	\$ 3,257,481	\$ 3,068,162	\$ 2,999,742	\$ 3,064,281	\$ 2,892,011	\$ 3,257,481	\$ 2,892,011
Other borrowings	\$ 77,972	\$ 424,022	\$ 486,932	\$ 527,667	\$ 531,397	\$ 77,972	\$ 531,397
Subordinated Debt	\$ 27,517	\$ 27,507	\$ 27,497	\$ 27,487	\$ 27,477	\$ 27,517	\$ 27,477
FHLB Advances	\$ 350,000	\$ 350,000	\$ 250,000	\$ 210,000	\$ 305,000	\$ 350,000	\$ 305,000
Shareholders' Equity	\$ 355,035	\$ 354,030	\$ 335,304	\$ 329,382	\$ 296,287	\$ 355,035	\$ 296,287
<b>Trust and Investment</b>							
Fee Income	\$ 9,936	\$ 9,304	\$ 8,876	\$ 8,533	\$ 7,839	\$ 36,649	\$ 29,774
<b>Assets Under Administration</b>							
Balance at beginning of period	\$ 7,811,512	\$ 7,536,721	\$ 7,373,816	\$ 6,839,707	\$ 6,395,888	\$ 6,839,707	\$ 5,944,772
Net investment appreciation (depreciation) & income	\$ (210,940)	\$ 111,210	\$ (21,279)	\$ 341,650	\$ 303,241	\$ 220,642	\$ 175,942
Net client asset flows	\$ 76,283	\$ 163,580	\$ 184,184	\$ 192,459	\$ 140,578	\$ 616,507	\$ 718,993
Balance at end of period	\$ 7,676,855	\$ 7,811,512	\$ 7,536,721	\$ 7,373,816	\$ 6,839,707	\$ 7,676,855	\$ 6,839,707
Percentage of AUA that are managed	88 %	88 %	91 %	89 %	88 %	88 %	88 %
<b>Stock Valuation</b>							
Closing Market Price (OTCQX)	\$ 26.55	\$ 26.50	\$ 24.35	\$ 25.25	\$ 24.15	\$ 26.55	\$ 24.15
Multiple of Tangible Book Value	0.99	0.99	0.96	1.02	0.97	0.99	0.97

\*annualized