



FineMark Holdings, Inc. Reports First Quarter 2025 Net Earnings of \$4.1 million or \$0.29 per share

First Quarter 2025 Results:

| 405% increase in Net Earnings vs Q1 2024 | 60% increase in Net Interest Income vs Q1 2024 | 10% increase in Book Value / Share vs Q1 2024 |
|---|--|--|
| Consolidated Results | <p>Joseph R. Catti, Chairman & CEO commented on the quarter and the year:</p> <p>FineMark delivered strong results to begin 2025, building on the positive momentum that started at the end third quarter of last year. Net interest income for the first quarter increased 11% from the fourth quarter of 2024 and 60% compared to the same quarter last year. Net earnings rose 17% and 405% for the same respective periods. These results reflect the commitment of our 304 associates to serving our clients at the highest level.</p> <p>Despite ongoing uncertainty in the markets, we remain optimistic about the growth of our business. Throughout FineMark's history, periods of uncertainty have been inevitable. Yet, despite these challenges, our business has consistently grown, a reflection of our exceptional people, the depth of our services and the trust of our clients. We believe this commitment is both recognized and valued, which is why much of our growth comes from referrals, including many of the 204 new households we welcomed in the first quarter of 2025.</p> <p>Funding costs continued to decline in the first quarter and are now 58 basis points lower than their peak in the third quarter of 2024. We anticipate further reductions in funding costs, but at a more moderate pace over the next few quarters, as we carefully manage our liquidity and sources of funding.</p> | |
| <p>Net interest income: \$17.0 million Q1 2025</p> <p>Return on avg assets: 0.41% Q1 2025</p> <p>Total risk-based capital ratio: 19.40%</p> | | |
| Banking | <p>Loan growth in the first quarter of 2025 was tempered, largely due to elevated loan paydowns. While new loan production of \$142.2 million was on par comparing first quarter 2025 to first quarter of 2024, loan paydowns were substantially higher, resulting in a 3% decline in net loans. These paydowns included both contractual repayments and a large repayment related to an asset sale. Stable loan originations suggest loan growth will resume in the second quarter and into the second half of 2025. This growth, combined with the reinvestment [at higher rates] of \$227.6 million of low-yielding securities maturing through the remainder of the year, should drive asset yields and interest income higher.</p> | |
| <p>Annual loan growth (net): \$71 million</p> <p>Annual deposit growth: \$55 million</p> <p>Non-performing loans to total loans: 0.03%</p> | | |
| Trust & Investments | <p>Our Trust and Investment business continues to be a key driver for FineMark, as our high service levels and broad range of investment offerings result in new clients and expanded relationships with existing clients. First quarter 2025 trust fees of \$9.6 million increased 12% from the first quarter of 2024. Assets under management and administration totaled \$7.6 billion, a 3% increase from the same period last year. Strong new client asset in-flows were offset by stock market declines. During the first quarter, the S&P 500 fell 4.27% and the Dow Jones Industrial Average declined 0.87%.</p> <p>To support our continued growth in all areas of the bank, and to preserve FineMark's consistent, high-touch experience, we made strategic investments in our people and technology. These investments contributed to a 3% increase in noninterest expenses in the first quarter of 2025 compared to the fourth quarter of 2024.</p> <p>Credit quality remains excellent, and we continue to maintain robust capital and liquidity to provide stability and support growth.</p> <p>FineMark continues to build on strong client relationships while earning the trust of new clients who value our comprehensive approach to financial services including banking, lending, asset management and trust services. As we look ahead, we remain committed to maintaining a strong balance sheet while serving our clients through periods of growth and uncertainty, providing guidance, resources, and stability.</p> | |
| <p>7.6% annual increase in relationships (households)</p> <p>3.3% annual increase in assets under management & administration</p> <p>12% annual increase in fees</p> | | |

Net Interest Income & Margin

In the first quarter of 2025, lower deposit rates and an increase in noninterest-bearing demand deposits led to a 23-basis point drop in funding costs compared to the fourth quarter of 2024. This reduction drove an 11.3% increase in net interest income, which totaled \$17.0 million. The Bank's net interest margin (NIM) rose to 1.81% from 1.56% in the prior quarter and 1.08% in the first quarter of 2024.

The investment portfolio includes \$227.6 million in securities with a weighted-average yield of 1.11% maturing in 2025. These funds are expected to be reinvested at higher rates, which should meaningfully improve net interest income during the year.

Non-Interest Income

Non-interest income for the first quarter totaled \$10.7 million, a 7.6% increase over the same period in 2024. The primary driver of this increase continues to be growth of the Bank's trust and investment business. Assets under management and administration totaled \$7.6 billion as of March 31, 2025, up 3.3% from \$7.4 billion a year ago. Trust fees totaled \$9.6 million in the first quarter, a 12.3% increase from the first quarter of 2024.

Non-Interest Expense

Investments in our people and technology to support FineMark's continued growth resulted, in part, in a 3.0% increase in non-interest expense compared to the fourth quarter of 2024. These investments are essential to maintaining our high service standards, strong client loyalty, and prudent risk management.

Balance Sheet Highlights

Gross loan production totaled \$142.2 million for the quarter, compared to \$141.2 million in the first quarter 2024, which was in line with management expectations. Net loans increased 2.8% year-over-year to \$2.6 billion as of March 31, 2025. This growth was supported by deposits, which increased 1.8% to \$3.1 billion over the same period. The investment portfolio was reduced by \$240.2 million over the past year due to the maturity of securities with an average yield of 2.06%. Proceeds from these maturities were reinvested at higher market rates.

Credit Quality

FineMark continues to maintain high credit standards through a personalized, relationship-based lending approach. Each loan is carefully tailored to the borrower's specific needs, resulting in consistently low default rates across varying economic conditions.

As of March 31, 2025, non-performing loans totaled \$658 thousand, or 0.03% of total loans, down from \$1.5 million, or 0.06%, a year earlier. The allowance for credit losses was \$23.1 million, or 0.88% of gross loans, which management believes is sufficient for the Bank's conservative loan portfolio.

Capital

All capital ratios continue to exceed regulatory requirements for "well-capitalized" banks. As of March 31, 2025, FineMark's Tier 1 leverage ratio, on a consolidated basis, was 9.76%, and the total risk-based capital ratio was 19.40%.

The net unrealized loss of \$27.5 million on the Bank's investment portfolio at March 31 was down from \$51.4 million during the same quarter in the prior year. This loss reflects the impact of rising rates rather than a decline in credit quality. With an average portfolio duration of 1.9 years, these losses are expected to continue to decline as bonds mature. At March 31, 2025, 90% of the Bank's securities portfolio was classified as available-for-sale.

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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.

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 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 | March 31, 2025 | December 31, 2024 |
|---|---------------------------|------------------------------|
| | (Unaudited) | |
| Cash and due from banks | \$ 360,880 | 366,795 |
| Debt securities available for sale | 716,144 | 807,303 |
| Debt securities held to maturity | 79,945 | 80,944 |
| Loans, net of allowance for credit losses of \$23,128 in 2025 and \$23,576 in 2024 | 2,623,149 | 2,672,279 |
| Federal Home Loan Bank stock | 19,505 | 19,494 |
| Federal Reserve Bank stock | 7,576 | 7,548 |
| Premises and equipment, net | 37,780 | 38,367 |
| Operating lease right-of-use assets | 9,810 | 10,282 |
| Accrued interest receivable | 13,077 | 13,637 |
| Deferred tax asset | 13,059 | 15,831 |
| Bank-owned life insurance | 75,753 | 75,267 |
| Other assets | 8,956 | 7,153 |
| | <u>\$ 3,965,634</u> | <u>4,114,900</u> |
| Total assets | | |
| Liabilities and Shareholders' Equity | | |
| Liabilities: | | |
| Noninterest-bearing demand deposits | 680,150 | 668,036 |
| Savings, NOW and money-market deposits | 2,240,158 | 2,356,602 |
| Time deposits | 198,545 | 232,843 |
| | <u>3,118,853</u> | <u>3,257,481</u> |
| Total deposits | | |
| Official checks | 11,960 | 23,339 |
| Federal Home Loan Bank advances | 350,000 | 350,000 |
| Repurchase agreements | 70,257 | 77,972 |
| Operating lease liabilities | 9,981 | 10,445 |
| Subordinated debt | 27,527 | 27,517 |
| Other liabilities | 10,777 | 13,111 |
| | <u>3,599,355</u> | <u>3,759,865</u> |
| Total liabilities | | |
| 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, 12,261,408 and 12,148,343 shares issued and outstanding in 2025 and 2024 | 122 | 121 |
| Additional paid-in capital | 252,368 | 251,323 |
| Retained earnings | 141,215 | 137,661 |
| Accumulated other comprehensive loss | (27,426) | (34,070) |
| | <u>366,279</u> | <u>355,035</u> |
| Total shareholders' equity | | |
| Total liabilities and shareholders' equity | <u>\$ 3,965,634</u> | <u>4,114,900</u> |
| | | |
| Book Value per Share | <u>\$ 27.44</u> | <u>26.77</u> |

FINEMARK HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings (Unaudited)

(\$ in thousands, except per share amounts)

| | | Three Months Ended March 31, | |
|---|-----------------------------------|---------------------------------|---------------|
| | | <u>2025</u> | <u>2024</u> |
| Interest income: | | | |
| Loans | \$ | 33,863 | 31,681 |
| Debt securities | | 3,776 | 4,430 |
| Interest bearing deposits and other | | <u>3,781</u> | <u>5,690</u> |
| Total interest income | | <u>41,420</u> | <u>41,801</u> |
| Interest expense: | | | |
| Deposits | | 19,588 | 21,113 |
| Other borrowings | | 707 | 7,110 |
| Federal Home Loan Bank advances | | 3,766 | 2,554 |
| Subordinated debt | | <u>360</u> | <u>371</u> |
| Total interest expense | | <u>24,421</u> | <u>31,148</u> |
| Net interest income | | 16,999 | 10,653 |
| Credit loss expense | | <u>-</u> | <u>420</u> |
| Net interest income after credit loss expense | | <u>16,999</u> | <u>10,233</u> |
| Noninterest income: | | | |
| Trust fees | | 9,584 | 8,533 |
| Income from bank-owned life insurance | | 486 | 470 |
| Gain on extinguishment of debt | | - | 367 |
| Other fees and service charges | | <u>578</u> | <u>525</u> |
| Total noninterest income | | <u>10,648</u> | <u>9,895</u> |
| Noninterest expenses: | | | |
| Salaries and employee benefits | | 14,343 | 11,682 |
| Occupancy | | 2,590 | 2,499 |
| Information systems | | 1,902 | 1,672 |
| Professional fees | | 722 | 508 |
| Marketing and business development | | 445 | 489 |
| Regulatory assessments | | 623 | 762 |
| Other | | <u>1,661</u> | <u>1,599</u> |
| Total noninterest expense | | <u>22,286</u> | <u>19,211</u> |
| Earnings before income taxes | | 5,361 | 917 |
| Income taxes | | <u>1,263</u> | <u>106</u> |
| Net earnings | | 4,098 | 811 |
| Preferred stock dividends | | <u>544</u> | <u>-</u> |
| Earnings available to common shareholders | | <u>\$ 3,554</u> | <u>811</u> |
| Weighted average common shares outstanding - basic (in thousands) | | 12,219 | 12,012 |
| Weighted average common shares outstanding - diluted (in thousands) | | 12,379 | 12,085 |
| Per share information: | Basic earnings per common share | <u>\$ 0.29</u> | <u>0.07</u> |
| | Diluted earnings per common share | <u>\$ 0.29</u> | <u>0.07</u> |

FineMark Holdings, Inc.

Consolidated Financial Highlights

First Quarter 2025

Unaudited

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| \$ in thousands except for share data | | | | | | 2025 | 2024 |
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