



FINEMARK HOLDINGS, INC.

4th Quarter and Full Year 2022 Earnings Results

January 19, 2023

9:00 a.m. Eastern Daylight Time

Forward-looking Statements



FINEMARK HOLDINGS, INC.

This investor presentation contains, and future oral and written statements of the Company and its wholly-owned banking subsidiary, FineMark National Bank & Trust (the “Bank”), and its management may contain, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, liquidity, results of operations, future performance, and business of the Company. These forward-looking statements are intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not historical facts. Forward-looking statements include statements with respect to beliefs, plans, objectives, goals, budgets, expectations, anticipations, estimates, and intentions that are subject to significant risks and uncertainties, and are subject to change based on various factors (some of which are beyond our control). Forward-looking statements often include the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook,” “positioned” or similar expressions, or future conditional verbs such as “may,” “will,” “should,” “would,” and “could.” Such known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements include, but are not limited to: (i) changes in general business, industry or economic conditions, or competition; (ii) changes in any applicable law, rule, regulation, policy, guideline, or practice governing or affecting bank holding companies and their subsidiaries or with respect to tax or accounting principles or otherwise; (iii) adverse changes or conditions in capital and financial markets; (iv) changes in interest rates; (v) the costs and effects of litigation, investigations, inquiries or similar matters, or adverse facts and developments related thereto, including the costs and effects of litigation related to our participation in government stimulus programs associated with the COVID-19 pandemic; (vi) changes in the quality or composition of our loan and investment portfolios; (vii) adequacy of loan loss reserves; (viii) increased competition; (ix) loss of certain key officers; (x) continued relationships with major customers; (xi) deposit attrition; (xii) rapidly changing technology; (xiii) unanticipated regulatory or judicial proceedings and liabilities and other costs; (xiv) changes in the cost of funds, demand for loan products, or demand for financial services; (xv) other economic, competitive, governmental, or technological factors affecting our operations, markets, products, services, and prices; and (xvi) our success at managing the foregoing items. Such developments could have an adverse impact on our financial position and our results of operations.

The forward-looking statements are based upon management’s beliefs and assumptions. The Company’s ability to accurately project results or predict the effects of future plans or strategies or predict market or economic developments is inherently limited. We believe that the expectations reflected or implied by any forward-looking statements are based on reasonable assumptions, but are not guarantees of performance or results, and our actual results and performance could differ materially from those set forth in our forward-looking statements. Any forward-looking statement made herein speaks only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law. Potential investors should not rely on forward-looking statements as predictions of future performance.

Consolidated Financial Highlights



FINEMARK HOLDINGS, INC.

\$ in thousands except for share data	4th Qtr 2022	4th Qtr 2021	2022	2021	\$ in thousands except for share data	4th Qtr 2022	4th Qtr 2021	2022	2021
\$ Earnings					Loan Composition (% of Total Gross Loans)				
Net Interest Income	\$ 15,889	\$ 17,155	\$ 69,893	\$ 64,689	1-4 Family	49.0%	51.8%	49.0 %	51.8%
Provision for loan loss	1,039	18	2,445	31	Commercial Loans	9.5%	10.2%	9.5 %	10.2%
Non-interest Income	7,224	7,712	30,405	29,024	Commercial Real Estate	24.4%	21.7%	24.4 %	21.7%
Gain on sale of securities available for sale	—	—	—	902	Construction Loans	9.0%	8.3%	9.0 %	8.3%
Loss on extinguishment of debt	—	\$ (244)	2,349	\$ (1,199)	Other Loans	8.1%	8.0%	8.1 %	8.0%
Gain on termination of swap	—	\$ 1,212	—	\$ 1,212	End of Period Balances				
Non-interest Expense	\$ 18,011	\$ 17,161	\$ 71,371	\$ 62,208	Total Assets	\$ 3,554,370	\$ 3,377,198	\$ 3,554,370	\$ 3,377,198
Earnings before income taxes	4,063	8,656	28,831	32,389	Investments	1,113,981	978,228	1,113,981	978,228
Taxes	933	1,653	6,464	7,362	Loans, net of allowance	2,228,236	1,996,362	2,228,236	1,996,362
Net Income	\$ 3,130	\$ 7,003	\$ 22,367	\$ 25,027	Total Deposits	2,818,491	2,734,120	2,818,491	2,734,120
Basic earnings per share	\$ 0.27	\$ 0.60	\$ 1.91	\$ 2.43	Other borrowings	118,444	1,873	118,444	1,873
Diluted earnings per share	\$ 0.26	\$ 0.59	\$ 1.89	\$ 2.39	Subordinated Debt	33,545	40,919	33,545	40,919
Performance Ratios					FHLB Advances	286,100	264,016	286,100	264,016
Return on average assets*	0.36%	0.88%	0.64%	0.83%	Total Shareholders Equity	260,307	305,062	260,307	305,062
Return on risk weighted assets*	0.63%	1.55%	1.12%	1.39%	Wealth Management				
Return on average equity*	4.92%	9.22%	8.17%	9.66%	Trust fees	\$ 6,390	\$ 7,030	\$ 26,617	\$ 26,638
Yield on earning assets*	3.17%	2.67%	2.82%	2.74%	Assets Under Administration				
Cost of funds*	1.27%	0.46%	0.73%	0.53%	Balance at beginning of period	\$ 5,392,768	\$ 5,739,551	\$ 6,200,407	\$ 5,091,408
Net Interest Margin*	1.90%	2.24%	2.11%	2.24%	Net investment appreciation (depreciation) & income	314,992	279,391	\$ (960,472)	526,048
Efficiency ratio	77.93%	69.70%	71.16%	66.59%	Net client asset flows	237,012	181,465	704,837	582,951
Capital					Balance at end of period	\$ 5,944,772	\$ 6,200,407	\$ 5,944,772	\$ 6,200,407
Tier 1 leverage capital ratio	9.36%	9.73%	9.36 %	9.73%	Percentage of AUA that are managed	88.08%	87.73%	88.08%	87.73%
Common equity risk-based capital ratio	17.01%	17.24%	17.01 %	17.24%					
Tier 1 risk-based capital ratio	17.01%	17.24%	17.01 %	17.24%					
Total risk-based capital ratio	19.86%	20.64%	19.86 %	20.64%					
Book value per share	\$ 22.11	\$ 26.29	\$ 22.11	\$ 26.29					
Tangible book value per share	\$ 22.11	\$ 26.29	\$ 22.11	\$ 26.29					
Asset Quality									
Net charge-offs (recoveries)	\$ (227)	541	-440	530					
Net charge-offs (recoveries) to average total loans	-0.01%	0.03%	-0.02%	0.03%					
Allowance for loan losses	\$ 23,168	20,283	23,168	20,283					
Allowance to total loans	1.03%	1.01%	1.03 %	1.01%					
Nonperforming loans	\$ 730	729	730	729					
Other real estate owned	\$ —	—	—	—					
Nonperforming loans to total loans	0.03%	0.04%	0.03 %	0.04%					
Nonperforming assets to total assets	0.02%	0.02%	0.02 %	0.02%					

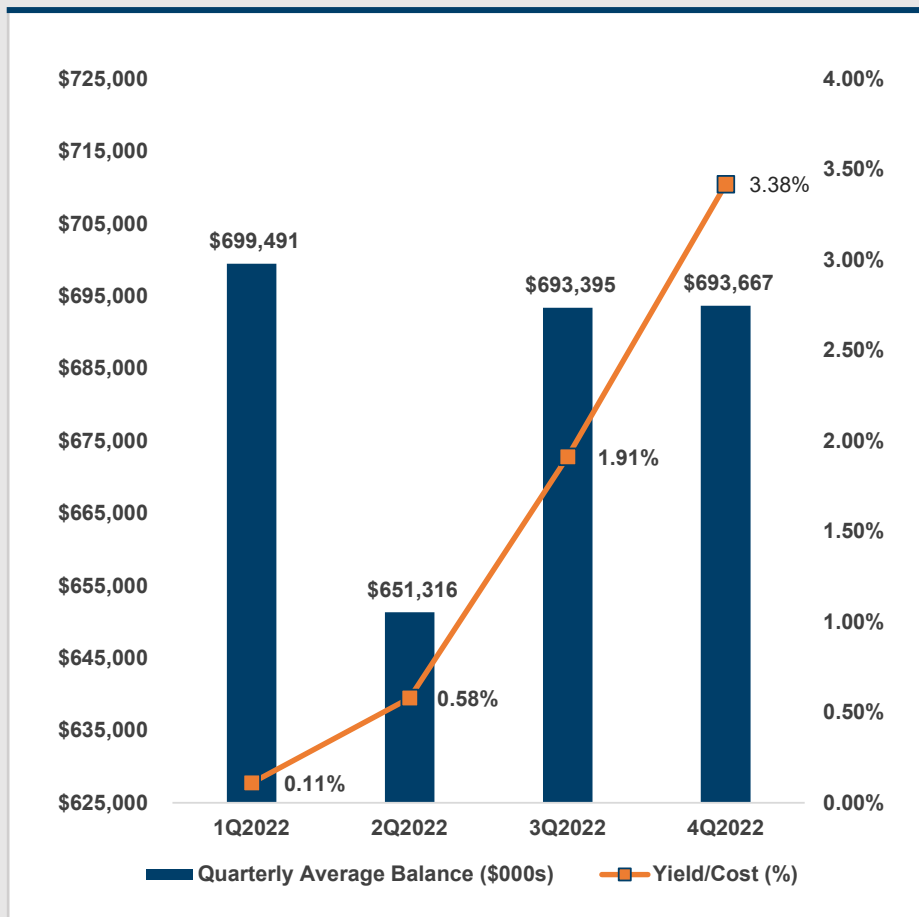
* Annualized.

Note: Consolidated unaudited financials for FineMark Holdings, Inc.

Source: Internal company documents.

Trust/Investment Sweep Accounts

Quarterly Trust/Investment Sweep Accounts



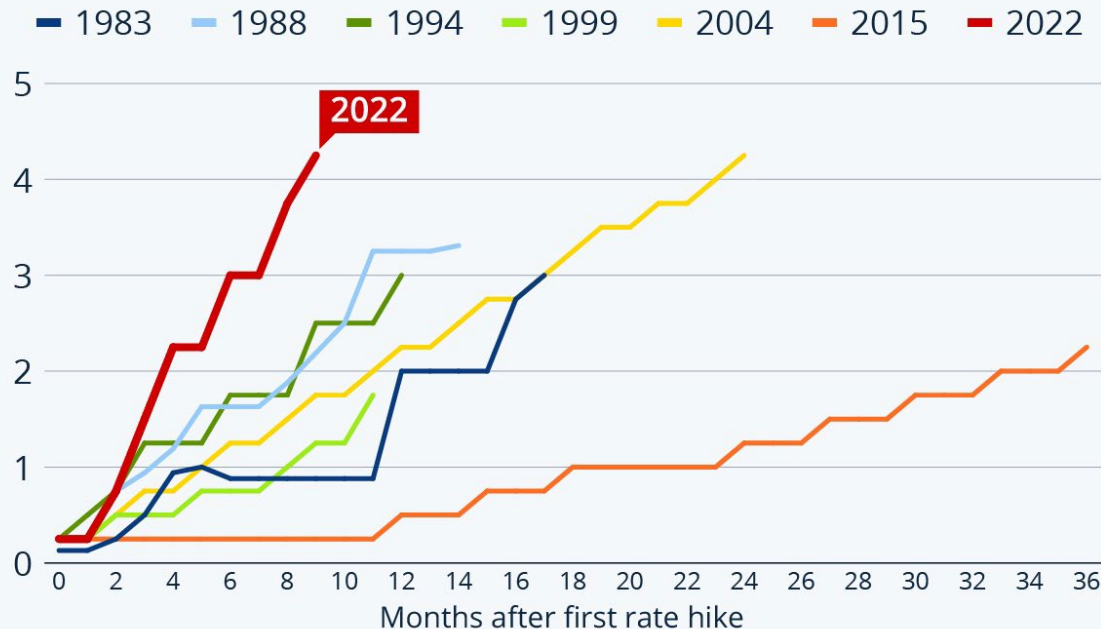
- Provided by FNBT to trust, fiduciary and managed asset accounts for swept cash, matches GS money market account⁽¹⁾
- Trust Sweep account totals 24% of deposits; however, it accounted for 85% of deposit interest expense in 4Q 2022
- In 2021, average cost of these funds was 0.10%

1) GS Financial Square Government Fund FGTXX.
Source: Internal company documents.

Unprecedented Rise in Rates by the Fed

The Fed Is Moving Historically Fast to Tame Inflation

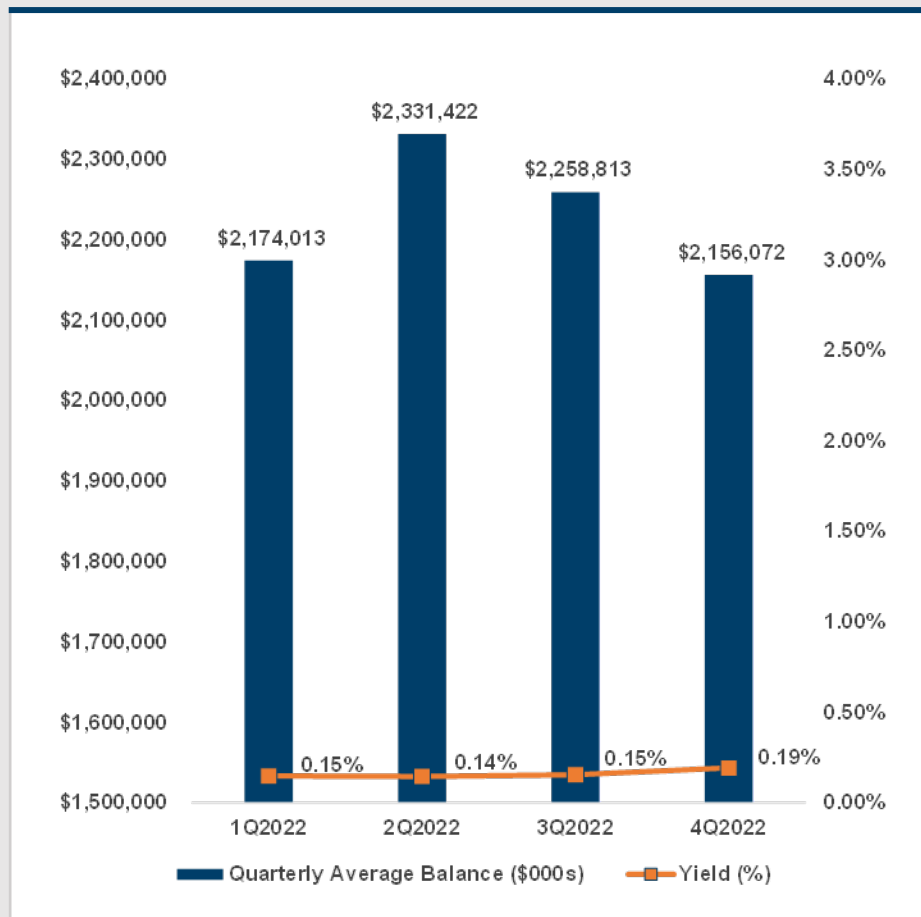
Changes in the federal funds target rate in past tightening cycles (in percentage points)



- Approximately 25% of FNBT's loans are floating rate loans
- An additional 43% are adjustable rate, in the form of 3/1, 5/1 and 7/1 ARM's
- There is a lag to "catch-up" to resets
- FNBT's recent new loan production has been and is expected to continue to be priced at higher yields
- Trust Sweep rate change is nearly instantaneous

Our “Core” Deposit Base Has Very Low Beta

Quarterly “Core” Deposit Accounts



- Deposit beta for non-sweep deposits was 1% in 2022
- Majority of clients, our core relationships, are not rate sensitive
- On a year-over-year basis our average “core” deposit growth was ~\$392 million, or 21%
- We are experiencing some clients moving deposits into Treasury securities, these assets then show as AUM

How Do We Address the Issue?

Active Steps in Our Control

- ~\$175 million of expected cash flows from securities book to use to pay down overnight/FHLB borrowings
- Estimated “core” deposit growth of \$250 million - \$400 million in 2023
- ~\$391 million in 2022
- Expectation that all new loan production will generally be at higher rates than in recent years
- Select sales of AFS securities if duration/mark makes move in favorable direction

Things Not in Our Control

- Timing of Fed rate increases
- Size of Fed rate increases
- Fed pauses or reverses rate policies

Key Takeaway: FNBT Is a Growth Story

Focus Area	Results
# of Households	Added 1,247 households in 2022, (a 12% increase to 11,877 in total households) compared to 10,630 at year end 2021
Loan Growth	11.6% 2022 net loan growth, while maintaining strong asset quality
Deposit Growth	~\$392 million or 21% average core deposit growth
AUM Growth	~\$705 million of net new business
Offices	2 new offices in Jupiter and Naples, FL
Sports Management	FineMark Sports Management added 20 professional athletes, resulting in a total of 228 professional athlete clients.
Relationship Officers	Added 13 new frontline officers to service clients