

Dear Shareholder,

We are pleased to report that Touchmark National Bank and Touchmark Bancshares continued to show progress through the 6 months ended June 30, 2009. Our commitment to *soundness, profitability and growth* has served us well in a market that has severely tested the strength and liquidity of financial institutions and their clients.

The banking industry has suffered significant declines in collateral values and daunting increases in non-performing loans this year, resulting in record levels of write-offs and foreclosures. The state of Georgia and the Atlanta metropolitan area in particular have gained the unfortunate distinction of recording the highest occurrence of bank closures nationwide since the onset of the 2007 financial crisis.

Despite these headwinds, Touchmark is weathering this storm from a position of strength. We opened for business after the economic environment had already begun to soften, thereby largely avoiding a seriously over-valued and over-leveraged loan portfolio. While we aren't immune to current market conditions, we do expect that our capital strength and liquidity position will enable us to be among the fortunate banks that navigate through this downturn to more prosperous times ahead.

An overview of our financial performance is provided on the opposite page. A full presentation of our financial results and commentary is available in Touchmark's June 30, 2009 SEC form 10-Q filing, a copy of which is available on our website under the *Investor Relations* tab.

For the six months ended June 30, Touchmark recorded a net loss of \$1.3 million. Of that amount, \$703,450 or 54% of net losses was incurred as provision against loan loss, which increased our total allowance to \$1.1 million or 2.30% of total outstanding loans. Touchmark's allowance for loan loss at year end amounted to 1.26% of funded loans. During the second quarter of 2009, it became appropriate to build reserves at a higher rate as our clients, like all businesses, continue to feel the impact of the current economic slowdown. During the first 6 months of this year, net loans have increased by \$15.4 million or 49%, increasing from \$31.6 million at year end to \$47.0 million at June 30. Deposits have increased by \$25.1 million or 90%, increasing from \$27.8 million to \$52.8 million over the same period. Total assets at June 30, 2009 amounted to \$94.6 million, an increase of \$23.4 million or 33% since year-end. Our net yield on earning assets for the 3 months ended June 30, 2009 amounted to 3.26%, which is a decline from the 4.30% recorded for the second quarter of 2008. The decrease is due to our growing customer deposit base of CDs, money markets and checking accounts. During the second quarter of 2008, most of our asset base was funded from capital, which carries no interest expense. Touchmark's tier 1 risk-based capital and total risk-based capital percentages continue to rank Touchmark among the highest capitalized financial institutions in the country.

On May 19, 2009, Touchmark National Bank received preliminary approval from the Department of the Treasury to receive TARP funds. Our Board of Directors has since determined that it is not in our best interest to accept these funds, and Touchmark has respectfully declined to participate in this program.

We are pleased to report that Touchmark has acquired a branch and headquarters facility at 3651 Old Milton Parkway in Alpharetta, GA. We received approval from the Comptroller of the Currency on August 3, 2009 to operate at this new location, and we anticipate relocating our Davinci headquarters to Alpharetta around Labor Day. This office will complement our existing branches in Doraville and Duluth, and will provide us with access to a dynamic market in North Fulton County.

It is a challenge to balance solid growth and quality assets, but Touchmark must do both to achieve sustainable profitability. We are managing expenses and monitoring risks carefully while still providing support to our growing list of clients. Please consider Touchmark for your banking needs. We continue to offer competitive deposit rates, a robust on-line banking platform and a do-business attitude. We appreciate the confidence you have shown in Touchmark and feel confident that we are positioned to provide superior investment results as we navigate through these challenging times.



William R. Short
President & CEO



Thomas E. Persons, Sr.
Chairman