



May 1, 2014

To our shareholders:

We have seen some improvement in our business activity during the first quarter despite the U.S. economy slowing to an anemic 0.1 percent annual rate, which is the weakest since the end of 2012. Touchmark National Bank recorded modest growth in core earnings but strong non-interest revenue. Net income was \$290 thousand or \$0.08 per share for the quarter, an increase from the \$165 thousand the previous year. Revenue grew 37% over last year on strong non-interest income.

Touchmark National Bank - 1st Quarter Financial Highlights:

- **Net interest income before provision for loan losses increased 3%** from 2013 to \$1.1 million. Our net interest margin decreased to 3.81% from 3.96% a year earlier, on lower earning asset yields.
- **Non-interest income grew 295%** to \$646 thousand primarily from SBA loan related fees.
- **Non-interest expense was down 14%** from the personnel and occupancy cost savings related to the two branch closures.
- **Gross loan balances were \$92 million, up 20%** year over year.
- **Deposits increased 25%** to \$95 million. The overall cost of funds was 0.84% during the quarter compared to 0.88% last year.
- **The allowance for loan losses was \$1.47 million or 1.59% of loans** compared to \$1.54 million or 2.00% of loans a year earlier. Non-performing assets were \$5.4 million or 4.0% of total assets as compared to \$9.2 million or 33% last year. We recorded no charge offs during the quarter.

You may view our unaudited first quarter financial statements by visiting the investor relations section on our website at www.touchmarknb.com.

Growth Strategy

We are investing in human capital to accelerate the pace of organic business growth. Accordingly, the pipeline of loan opportunities continues to build steadily. As a complement to our remote deposit capture services, we released a robust mobile banking product for small businesses and retail customers. We believe technology will be paramount to our success in the future and will allow us to compete despite having one location.

We are mindful of the need to leverage our capital in order to maximize shareholder value. Thus we will explore all business opportunities including the acquisition of other financial institutions. While we cannot predict the outcome of these opportunities, we believe such a strategy merits prudent, selective and meaningful consideration.

We are pleased with our performance so far this year and remain optimistic and confident about the future. Thank you for your continued support and welcome your questions, comments, and suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Forment', with a long horizontal flourish extending to the right.

Jorge L. Forment
President & CEO