



May 19, 2016

To our shareholders:

Quality loan growth and strong financial performance was the highlight of 2015. Through the first quarter of 2016, Touchmark National Bank's growth remains strong and core earnings continue to improve. Net interest income after provisions for loan losses increased by 36% to \$1.8 million over the same period last year. Overall, net income after tax increased by 35% to \$369 thousand resulting in an annualized ROA of 0.71% as compared to 0.67% the prior period.

**Touchmark National Bank - 1<sup>st</sup> Quarter Financial Highlights:**

- **Net interest income before provision for loan losses increased 28% to \$1.8 million** from \$1.4 million for the same period in 2015. There was a slight decrease of 4bp in our net interest margin to 3.71% from the 3.75% a year earlier, due to decline in earning asset yields.
- **Non-interest income declined by \$336 thousand** as a result of less SBA loan sales in the first quarter. Several sizeable Government Guaranteed loans are expected to close and be sold in the second half of the year which will exceed the shortfall.
- **Non-interest expense remained relatively unchanged** from the prior period.
- **Gross loan balances increased by \$41.9 million, or 33% year over year.**
- **Deposits increased 29% to \$167.7 million.** The overall cost of funds was 0.89% during the quarter as compared to 0.93% during the same period last year.
- **The Allowance for Loan Losses was \$2.4 million or 1.44% of loans** compared to \$2.0 million or 1.58% of loans a year earlier. Non-performing assets remain unchanged at \$525 thousand or 0.24% of total assets. We did not experience any 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](http://www.touchmarknb.com).

We remain focused on leveraging the bank's capital by increasing the loan volume in order to maximize shareholder value. We will remain committed to this strategy in order to achieve our growth objectives and recover accumulated prior period losses. First quarter results are in line with this objective. Our loan pipeline is stronger than it has ever been and yet our credit quality remains sound with minimal non-performing assets. We are very optimistic about our future prospects.

Thank you for your continued support and I welcome your questions, comments, or suggestions.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Forment", written in a cursive style.

Jorge L. Forment  
President & CEO