

November 14, 2017

To our shareholders:

Touchmark Bancshares, Inc.'s asset growth and earnings remain solid through the third quarter of 2017. Assets increased by 35% during the first nine months of the year and stand at \$372.9 million from strong loan growth. Net interest income increased by \$2.2 million (36%) to \$8.3 million over the same period last year. Net income after tax increased by \$795 thousand (49%) to \$2.4 million resulting in a basic earnings per share of \$0.60 as compared to \$0.47 during the prior period.

### **Touchmark National Bank – 3<sup>rd</sup> Quarter Financial Highlights:**

- **Net interest income after provision for loan losses increased 45% to \$8.1 million** from \$5.6 million for the same period in 2016. Our net interest margin decreased by 12bp to 3.69% from the 3.81% a year earlier, due to a 15bp decline in the spread.
- **Non-interest income remains relatively unchanged from the prior year.** Sales of Government Guaranteed loans were \$1.6 million in 2017 as compared to \$1.4 million in 2016. There were no security gains taken during 2017 as compared to \$145 thousand in 2016.
- **Non-interest expense increased by 20%** from the prior period primarily from Government Guaranteed loan referrals. This increase was partially offset by the increased fees noted in non-interest income above.
- **Net loan balances are \$340 million, an increase of \$140 million (70%)** year over year primarily from purchases of Government Guaranteed loans.
- **Deposits increased 67% to \$308 million.** The overall cost of funds was 1.05% during the period as compared to 0.91% during the same period last year after considering the effect of non-interest bearing deposits.
- **The Allowance for Loan Losses was \$3.3 million or 0.99% of loans** compared to \$2.8 million or 1.41% of loans a year earlier. The decline in ALLL percentage can be directly linked to the increased volume of Government Guaranteed loans, which have no credit risk. There are no non-performing assets or charge-offs at the end of the third quarter of 2017.

On September 1, 2017, Touchmark Bancshares, Inc. embarked on a campaign to augment capital through a Confidential Private Placement Memorandum (PPM) for accredited investors only. The PPM called for a minimum of \$5 million of shares and a maximum of \$35 million of shares with a par value of \$0.01 per share at a purchase price of \$10.05 per share. We successfully exceeded the minimum and to date have raised nearly \$6.2 million of additional equity. The directors believe the additional capital creates an even stronger organization while providing the required support for our strategic growth initiatives.

Currently, we intend to offer the Shares through January 31, 2018, provided that the Offering period may be terminated at any time prior to such date at the sole discretion of the Board. I strongly encourage you to review the PPM and consider investing in this new round of capital.

Finally, I would like to invite you to review our unaudited third quarter financial performance by visiting the investor relations section on our website at [www.touchmarknb.com](http://www.touchmarknb.com).

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

Sincerely,

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

Jorge L. Forment  
President & CEO