

Assisting the Community Through Service

ACTS

COMMUNITY REPORT

ASSISTING THE COMMUNITY THROUGH SERVICE



Paragon

2022

MEMBER FDIC

A MESSAGE FROM OUR CEO



2022 was a year of growth for Paragon Bank. Net income, excluding income recognized on the Paycheck Protection Program, increased 86%. Total assets, driven by a 41% increase in loans, increased to \$654 million. This Community Report includes our year-end balance sheet and income statement for your review. The Investor Relations page of bankparagon.com contains the details of Paragon's latest financial results.

In addition to 2022 being a year of record growth and profitability, we celebrated:

- For the fifth year in a row, Paragon was recognized as a Best Bank to Work For by the *American Banker*, a Best Place to Work by the *Memphis Business Journal*, and a Top Workplace by the *Commercial Appeal*. The *American Banker* survey ranked Paragon the number four bank to work for in the United States.
- We began construction on our new Oxford, Mississippi Banking Center which we expect to be complete by summer 2023.
- We completed the process with the Small Business Administration (SBA) to have all our customers' Paycheck Protection Plan (PPP) loans forgiven.
- The SBA approved Paragon Bank as an SBA Pool Assembler in the 7(a) Loan Guarantee Program.
- We opened our new Banking Center in Wilmington, NC.
- We added several talented bankers in all four of our markets.

While Paragon experienced growth in both assets and profitability, the number of hours Paragon team members were engaged in our communities increased 61%.

During 2022, Paragon experienced double-digit loan growth in all four of our markets. At the same time, our community service in each of the markets also surged. The number of organizations our team members were engaged with increased from 47 to 61. The average number of hours our team members spent on community service also increased from 13.6 hours to 18.1 hours.

Paragon had team members serving on several board of directors including Catholic Charities of West Tennessee, Habitat for Humanity DeKalb County, Georgia, Gilda's Club, Memphis Child Advocacy Center, Oxford Medical Ministries Clinic, and the Greater Wilmington Sports Hall of Fame. Paragon team members served as President of The Junior League of Memphis and The Phoenix Club, along with serving as officers of civic clubs. Paragon team members also coached golf, basketball, track, and trap teams.

We hope you enjoy this 2022 Community Report and that you see we are your neighbors working together to better our communities.

Robert Shaw

President and CEO



Consolidated Statements of Financial Condition

	December 31, 2022 (unaudited)	December 31, 2021
ASSETS		
Cash, cash equivalents & fed funds sold	\$ 12,241,404	\$ 70,880,581
Securities, available for sale	70,430,180	67,009,232
Loans, net	548,130,451	386,666,700
Restricted equity securities, at cost	2,591,100	1,396,800
Fixed assets	7,874,920	4,400,829
Other real estate owned	51,000	102,000
Other assets	12,510,705	8,367,977
Total Assets	\$ 653,829,760	\$ 538,824,119
LIABILITIES AND SHAREHOLDERS' EQUITY		
Non-interest-bearing demand deposits	\$ 159,424,772	\$ 165,391,079
Interest-bearing deposits		
Interest-bearing checking	131,746,951	146,619,386
Savings and money market demand	139,728,604	121,382,545
Certificates of deposit	135,466,968	46,355,008
Total Deposits	566,367,295	479,748,018
Repurchase agreements	3,197,207	3,334,588
Short-term borrowings	28,000,000	-
Accrued interest and other liabilities	7,040,613	5,369,842
Total Liabilities	604,605,115	488,452,448
Total Shareholders' Equity	49,224,645	50,371,671
Total Liabilities and Shareholders' Equity	\$ 653,829,760	\$ 538,824,119
Tangible Book Value Per Share	\$ 11.17	\$ 11.63



Consolidated Statement of Operations (unaudited)

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 22,265,778	\$ 17,217,939	\$ 5,047,839	29.32%
Securities, available for sale	1,436,710	922,555	514,155	55.73%
Federal funds sold and other	112,327	44,480	67,847	152.53%
Total interest income	<u>23,814,815</u>	<u>18,184,974</u>	<u>5,629,841</u>	<u>30.96%</u>
INTEREST EXPENSE				
Deposits	2,140,243	845,673	1,294,570	153.08%
Securities sold under agreements to repurchase	26,876	4,752	22,124	465.57%
Federal funds purchased and other borrowings	551,295	104	551,191	529991.35%
Total interest expense	<u>2,718,414</u>	<u>850,529</u>	<u>1,867,885</u>	<u>219.61%</u>
Net interest income	21,096,401	17,334,445	3,761,956	21.70%
PROVISION FOR LOAN LOSSES	-	973,000	(973,000)	-100.00%
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	21,096,401	16,361,445	4,734,956	28.94%
NON-INTEREST INCOME	2,731,966	4,050,978	(1,319,012)	-32.56%
NON-INTEREST EXPENSE				
Salaries and employee benefits	12,648,910	9,775,690	2,873,220	29.39%
Occupancy and equipment expense	1,999,454	1,879,457	119,997	6.38%
Other expense	3,925,750	3,329,991	595,759	17.89%
Total operating expenses	<u>18,574,114</u>	<u>14,985,138</u>	<u>3,588,976</u>	<u>23.95%</u>
INCOME BEFORE TAXES	5,254,253	5,427,285	(173,032)	-3.19%
INCOME TAX EXPENSE (BENEFIT)	1,314,623	1,352,422	(37,799)	-2.79%
NET INCOME	<u>\$ 3,939,630</u>	<u>\$ 4,074,863</u>	<u>\$ (135,233)</u>	<u>-3.32%</u>
BASIC EARNINGS PER SHARE	\$ 0.90	\$ 0.93	\$ (0.03)	

OUR PHILOSOPHY



We believe that the mission of a bank is to serve. Serving means helping our employees flourish, helping our personal and business banking customers thrive, and helping the communities where we live and work be the best they can be.



Since the bank was founded, service to the community has been ingrained in our culture and our mission. Throughout our history, our employees have served the community through donations and volunteerism, but they have also served on boards and committees of local non-profit groups, service clubs, chambers, and charitable organizations. Much of our community involvement stems from a dedicated group of employees who spend their personal and business time working to make our communities better places.



ASSISTING THE COMMUNITY THROUGH SERVICE (ACTS)

Paragon created the ACTS program as a way for employees to give their time to the organizations that are important to them. Through the program, employees are granted 40 hours of paid time each year to support local, regional, and national non-profit organizations of their own choosing. The ACTS program is just one of our community outreach efforts, which also includes individual employee and bank-wide support of multiple non-profit organizations.



2022 ACTS ORGANIZATIONS

This year our team served 61 organizations through our ACTS program. Below are the organizations served.



Tennessee-based

- AngelStreet Memphis
- Binghampton Christian Academy
- Boy Scouts of America
- Boys & Girls Clubs of Greater Memphis
- Briarcrest Christian School
- Catholic Charities of West Tennessee
- Church Health
- City of Love and Angels
- Dorothy Day House
- Ducks Unlimited
- Facing History and Ourselves
- Grace House of Memphis
- Hawkins Mill Elementary
- Houston High School
- Junior Achievement of Memphis and the Mid-South
- Junior League of Memphis
- LeBonheur Club
- Make-A-Wish Mid-South
- Memphis Child Advocacy Center
- Memphis Jewish Community Center
- Metal Museum
- Metropolitan Inter-Faith Association (MIFA)
- Neighborhood Christian Centers
- Oasis of Hope Memphis
- One Mouth at a Time
- Pinecrest Camp and Retreat Center
- Richland Elementary School
- Ronald McDonald House Charities Memphis
- Rotary Club of Memphis
- Sea Isle Elementary School
- South Memphis Alliance
- St. Jude Children's Research Hospital
- St. Louis Catholic School
- Tarik Black Foundation
- United Housing
- United Way of the Mid-South
- Women's Foundation for a Greater Memphis
- Woodland Presbyterian School

North Carolina-based

- Alzheimer's Association
- City of Wilmington Municipal Advisory Board
- Greater Wilmington Sports Hall of Fame
- New Hanover School
- New Horizons Elementary School
- North Carolina Bankers Association Mentorship Program
- Nourish NC
- Novant Health Wilmington Marathon
- OneBlood
- Sickled Life Inc
- United Way of Cape Fear Area
- Wilmington Greek Festival
- Wrightsboro Elementary School

Mississippi-based

- Leadership Lafayette - Oxford Chamber of Commerce
- More Than A Meal
- United Way of Oxford - Oxford Lafayette County

Georgia-based

- American Cancer Society
- Atlanta Community Food Bank
- Habitat for Humanity DeKalb
- United Way of Greater Atlanta
- Wykde Center

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- Leadership Lafayette - Oxford Chamber of Commerce
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- American Cancer Society
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PARAGON'S NON-PROFIT LEADERS

Many of Paragon's employees have chosen to use their gifts and talents to serve in leadership positions with non-profits. Below is a list of these employees and the organizations and positions they hold.

Brent Boswell

Wilmington Cape Fear Rotary Club
Vice President



Deborah Howell

Boy Scouts of America
Registered Leader,
Day Camp Archery Instructor,
Troop Treasurer



Traci Strickland

Junior League of Memphis
President



Michael Brennan

Phoenix Club
President



Kin Kinney

OUUMC
Member of Youth Council



AngelStreet Memphis
Member of
Board of Directors

Boys and Girls Club
Executive Committee
Member of Board of Directors

Eric Larson

Habitat for Humanity DeKalb
Member of Board of Directors



Marshall Talley
River City Capital
Member of Loan Committee



Quentin Brewer

Oxford Medical
Ministries Clinic
Member of Board of
Directors
Fundraising Chair



Lewis Perkins

Memphis Child Advocacy Center
Member of Board of Directors,
Member of Finance Committee



Andy Taylor
Metal Museum
Fundraising Committee



Oxford-Lafayette County Chamber
of Commerce
Past Chairman
Board of Directors
Executive Board Member

Anne Richards

Emmanuel UMC
Member of Finance Committee



Pat Thompson
One Mouth at a Time
Executive Director



Leadership Lafayette
Steering Committee
Chairman

Annual Conference of the
Tennessee Western Kentucky UMC
Delegate

Chris Waggoner

Catholic Charities of West TN
Member of Board of Directors
St. Louis Catholic School
Golf Coach



Lea Carr

Rotary Club of
Memphis
Treasurer,
Cafe du Memphis Chair



Jon Roskos

Ducks Unlimited
Collierville Chapter Chair



Crews Wellford
Memphis Jewish
Community Center
Basketball Coach



Dorothy Day House
Ambassador

Briarcrest Christian School
Trap Coach

George Daley

St. Louis Catholic
School
Track Coach



Robert Shaw

Pinecrest Camp and
Retreat Center
Member of Board of Directors
Vice Chair



Greg Wilson

Gilda's Club
Member of Board of Directors



Sanjay Dave

New Wing Order
Vice President
of Sponsorships
and Donations



Woodland Presbyterian School
Member of Board of Directors
Chair

Memphis Child Advocacy Center
Member of Human Resources
Committee

Gina DiCicco

Greater Wilmington
Sports Hall of Fame
Member of Board of Directors



City of Wilmington/Muni Golf
Advisory Board of Directors

BY THE NUMBERS

1814 hours Team Paragon spent serving the community.

92.6%

Percentage of Team Paragon who participated in the ACTS program.

61

organizations impacted by Team Paragon volunteers.

18.1

Average number of ACTS hours per team member.

14,758

Total number of Paragon ACTS hours since 2008.

FROM OUR TEAM



I absolutely love volunteering. I have been a volunteer for a great portion of my life, and I realize that volunteerism is engrained in my DNA. The feeling of knowing that I have made a difference by delivering food, packing boxes to go out to the homeless or cleaning a house for single mothers to live in with their kids, it comes straight for the heart. I know this may sound cliché, “What comes from the heart reaches the hearts of others,” This is truly the heart that God gave me, to serve. When we volunteer at Paragon, we wear a red t-shirt that says, A.C.T.S, Assisting the Community through Service, and I totally believe in that motto!

Nancy Walls

Community Development Officer
Memphis, TN



Volunteering means being able to give back just a little to a community who has given so much to me through the years. It keeps me mindful of the needs of the community and abreast of what is going on. I am so thankful for the unique community mindedness of Paragon Bank and their expectations of us as a group and individually to get involved in our community and give our time to those organizations who rely on volunteers for their continued success.

Gina DiCicco

SVP, Regional Mortgage Executive
Wilmington, NC



2022 SERVICE PROJECT HIGHLIGHTS

Memphis, TN | Binghampton Christian Academy



Binghampton Christian Academy is a Pre-K - 8th grade school in the Binghampton community in Memphis. It has the only residential program in the city where approximately one fourth of the student body live on campus Monday -Thursday nights.



Paragon is pleased to serve as the Class Sponsor for the 5th grade for the 2022-23 school year. Through the sponsorship, Paragon furnishes all the textbooks and other educational materials that the students need to flourish. Our team gets to visit the class several times throughout the year by hosting class parties, providing financial education lessons and hosting a year end field trip. In the Spring, Paragon hosts a school-wide Family Day.



"We grateful for the dedicated Paragon employees who volunteer with our 5th grade class at Binghampton Christian Academy. During the school year, they plan four class parties for the students, support the teacher's classroom needs, and schedule special visits throughout the year to encourage and connect with students," said Shelley Alley, Director of Development and Communications at BCA. "Each May, we look forward to the annual Family Day hosted by Paragon that includes a carnival for students and free financial literacy workshops for BCA parents."

Oxford, MS | More Than A Meal

Every Tuesday since 2009, volunteers meet at The Stone Center and serve the people of Oxford with good food, encouragement, community and fellowship, tutoring for children and other services such as financial planning. Team Paragon donated not only money, but time as well, volunteering to feed some of the community members.

"Oxford More Than a Meal is so thankful to have Paragon Bank as one of its loyal supporters," said Eleanor Davis, More Than a Meal President. "Not only have Kin Kinney and his team provided meals for our guests, but MTAM was also chosen as one of the local beneficiaries of Paragon's Cause for Celebration anniversary campaign. The money generously donated through this drive allowed MTAM to provide necessary toiletry items to our guests. We are extremely fortunate to work alongside Paragon Bank and appreciate their continued support of our program."



2022 SERVICE PROJECT HIGHLIGHTS

Atlanta, GA | Atlanta Community Food Bank



Nearly one in eight Georgians live with food insecurity, including one in six children. The Atlanta Community Food Bank services 29 counties, and Team Paragon was one of more than 700 nonprofit partners to distribute 65 million meals across metro Atlanta and north Georgia in 2022.

"Volunteers are the backbone of our work at Atlanta Community Food Bank, and we are so happy to have had Paragon Bank employees serve with us the summer of 2022," said Veronica Broadfoot, Volunteer Services Manager of the Atlanta Community Foodbank. "During their volunteer shift, they helped us provide meals to our neighbors most in need. As we continue to see an increase in food insecurity, we are eternally grateful for our incredible volunteers, like Paragon Bank."

Wilmington, NC | NourishNC

Approximately one in five children in New Hanover County, North Carolina are food insecure. NourishNC mobilizes volunteers and resources to provide supplemental food assistance to children in need.

It takes nearly 8,000 volunteer hours a year to operate NourishNC. Team Paragon was proud to be one of the community groups that volunteered to help some of the youngest New Hanover County community members.

"We are so thankful to the team of Paragon volunteers that joined us here at NourishNC," said Scott Wright, Logistics and Distribution Director. "We loved the energy and spirit they brought with them! Through their efforts we can continue to feed the youngsters in our program. [The Paragon] team made an immediate impact in the community, especially with our families."



BOARD OF DIRECTORS

Steve Bargiacchi

Retired, ProTech Systems Group

Napolean L. Cassibry, III

Managing Director, Stifel Financial Corporation

James F. Freeman, MD

Physician, Memphis Eye & Cataract Associates

Lawrence M. Magdovitz II

President, Harrimack LLC

Mary H. McDaniel

President, MHM Investments, LLC

Retired, FedEx Executive

John T. Novarese, Jr.

Partner, Sage Business Advisors

Christian J. Saenger

Managing Partner, Abson Health, LLC

Robert S. Shaw, Jr.

President & CEO, Paragon Bank

Pete A. Stark

CFO & COO, VetEvolve Holdings, LLC

Managing Member, Leeward Advisors LLC

Anita S. Vaughn

Retired, Former CEO, Baptist Memorial Hospital for Women

Craig L. Weiss, Chairman

EVP/Co-Owner, Tower Ventures

EXECUTIVE MANAGEMENT TEAM

Robert S. Shaw, Jr.

President and Chief Executive Officer

Lewis Perkins, CPA

Chief Financial Officer

Andrew Taylor

Executive Vice President

Chief Banking Officer

Marshall Talley

Executive Vice President

Chief Credit Officer



BANKING CENTER OFFICES

Tennessee

Memphis

4515 Poplar Avenue, Ste 108
Memphis, TN 38117
901.273.2900

Memphis

5400 Poplar Avenue, Ste 150
Memphis, TN 38119
901.273.2900

Memphis

6300 Poplar Avenue, Ste 117
Memphis, TN 38119
901.273.2900

Germantown

7600 Poplar Avenue
Germantown, TN 38138
901.273.2900

Georgia

Atlanta

2970 Clairmont Rd NE, Ste 700
Atlanta, GA 30329
404.419.1856

Mississippi

Oxford

265 N. Lamar Blvd, Ste N
Oxford, MS 38655
662.259.8306

North Carolina

Wilmington

6752 Parker Farm Drive, Ste 110
Wilmington, NC 28405
910.218.7000

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