



PARAGON  
FINANCIAL SOLUTIONS

# 2025 Shareholder Meeting

May 22, 2025





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# Call to Order and Welcome

Craig Weiss  
Chairman of the Board





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# Invocation

J.T. Novarese  
Board of Directors





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# Business Meeting

Robert Shaw  
President and CEO



# Paragon's Board of Directors



- Napoleon L. (Nap) Cassibry, III
- James F. Freeman, M.D.
- Scott A. Hauss
- Lawrence (Larry) M. Magdovitz, II
- Mary H. McDaniel
- John T. (J.T.) Novarese, Jr.
- Christian John (Chris) Saenger
- Robert S. Shaw, Jr.
- Pete A. Stark
- Anita S. Vaughan
- Craig L. Weiss, Chair

# Paragon's Executive Team



- **Robert Shaw** – President and Chief Executive Officer
- **Andy Taylor** – Executive Vice President, Chief Banking Officer
- **Marshall Talley** – Executive Vice President, Chief Credit Officer
- **Lewis Perkins** – Executive Vice President, Chief Financial Officer

# Business Meeting



- Procedural Details
- Proof of Notice of Meeting
- Report on Quorum; Proxies
- Proposals and Discussions

# Two Items of Business

- **Election of Directors:** The Board recommends the following nominees:

## Class B Directors:

- Lawrence (Larry) M. Magdovitz
- Mary H. McDaniel
- Anita S. Vaughn
- Craig L. Weiss

## Class A Director:

- Scott A. Hauss

# Two Items of Business

- **Ratification of Independent Auditor:** The Board recommends ratification of Reynolds Bone & Griesbeck, PLC

**VOTE**

# Voting Results

- Procedural Details
- Proof of Notice of Meeting
- Report on Quorum; Proxies
- Proposals and Discussions

## Business Meeting Adjournment



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# Management Discussion of Results



# 2024 Strategic Priorities



- Continue to grow our deposit base
- Retain liquidity sources
- Continue to make prudent loan decisions
- Maintain healthy levels of capital
- Complete Additional groundwork projects
  - Find a long-term location for our Jackson and Nashville teams
  - Convert our online and mobile banking platform to Banno
  - Introduce a new private banking suite of products

# Continuing the Groundwork for Growth



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# 2024 Groundwork Timeline



## January

- New Jackson, TN team joins Paragon



## February

- Paragon hosts Grand Opening for its new Atlanta, GA Banking Center
- Paragon's Capital Markets Division purchases first SBA loan to begin assembling loan pools

# Paragon Capital Markets

SBA Licensed Pool Assembler



## Example Transaction

Community Bank  
of Denver

SBA Loan Originator

Houston Bancorp

SBA Loan Originator

First Unity  
Community City  
Capital Bank of  
NC

SBA Loan Originator

These Banks  
Sell the  
Guaranteed  
Portion of  
Individual  
SBA Loans to  
an SBA  
Pooler in  
exchange for  
a Premium

Paragon Holds Loans until  
Pool is Formed.

- Carry (approx. 4.5% margin)
- Zero Credit Risk

\$300k at WSJ + 2.5 %  
Purchased at 10%

ETC.

\$10 million Government  
Guaranteed Security

Yields WSJ plus .75%  
Sold at 1.10

Small Amount of  
Premium Income  
.25%-.50%

# Paragon Capital Markets



## ➤ Risks

- Premium Risk – Early Payoffs/Defaults

## ➤ Benefits

- Asset growth is scalable
- Above average yield vs. treasuries and mortgage-backed securities
- Zero credit risk – underlying loans are government guaranteed
- Low interest rate risk – variable rate
- Liquidity – loans and securities can be sold at par, with bank retaining premium

# 2024 Groundwork Timeline

## March

- A temporary Loan Production and Deposit Production office is opened in Jackson, TN

## May

- A new enhanced online banking platform, Banno, is launched

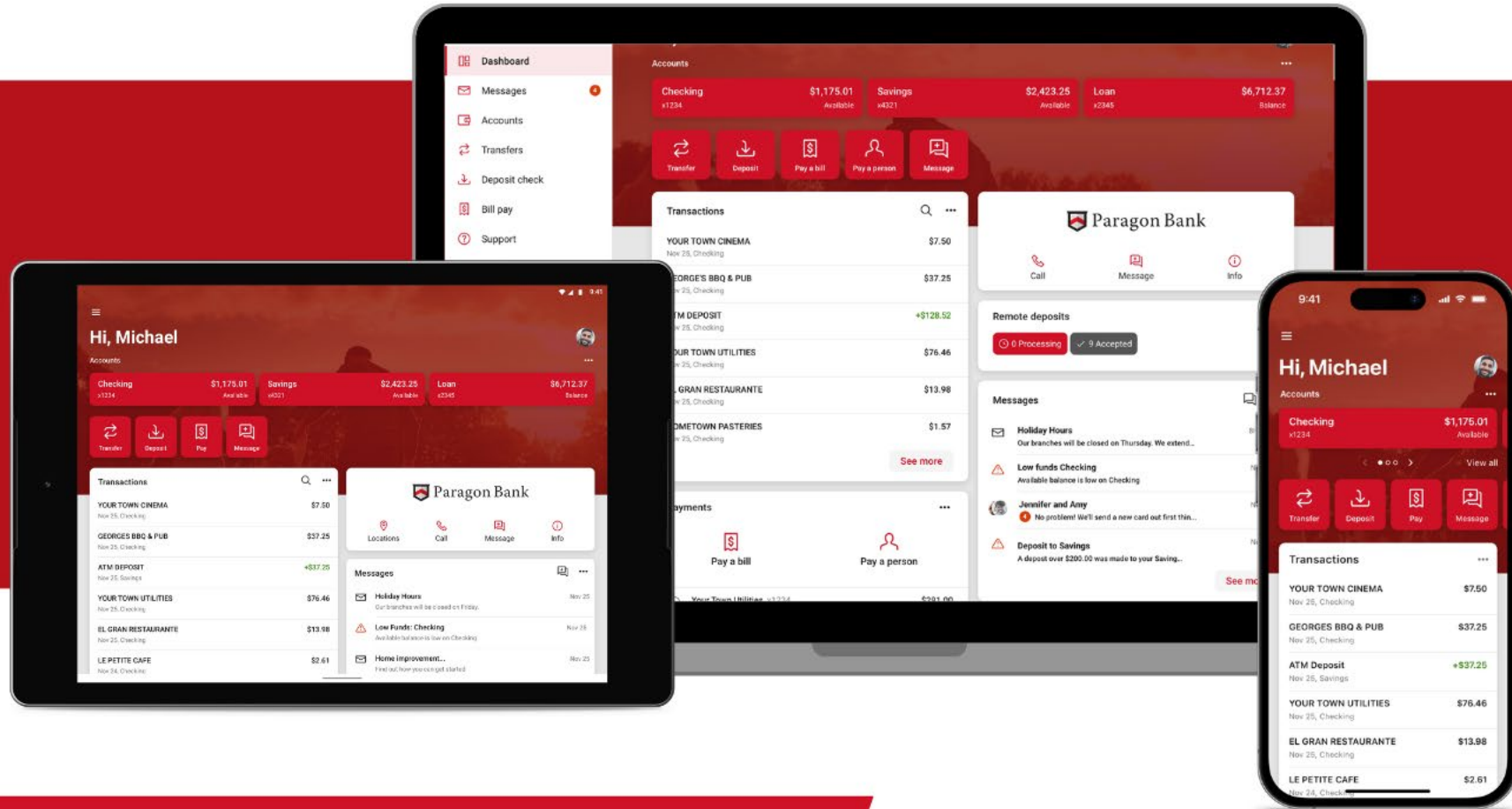


## April

- New Nashville, TN team joins Paragon Bank

# Welcome to Banking Made Easier

Introducing Paragon's NEW online and mobile banking platform: **Banno**



[bankparagon.com](http://bankparagon.com)

*People you know. Solutions that work.*

# 2024 Groundwork Timeline

## March

- A temporary Loan Production and Deposit Production office is opened in Jackson, TN

## May

- A new enhanced online banking platform, Banno, is launched



## April

- New Nashville, TN team joins Paragon Bank

## June

- A new private banking suite of products is introduced

# Introducing: Prestige Checking

A new Private Banking Checking Account



- Uniquely for Doctors, Dentists, Physician Assistants, Pharmacists, Optometrists, Licensed Attorneys, C.P.A.s , or Customers with joint annual AGI of \$350,000+ or joint liquid assets of \$500,000+



New Private Banking Brochure



New Prestige Client Checks



New Prestige Debit Card

# 2024 Groundwork Timeline

## August

- Paragon's Nashville team moves into new temporary space in Cool Springs



**830 Crescent Centre Drive, Suite 460  
Franklin, TN 37067**

# 2025 Groundwork Timeline

## January

- Paragon celebrates its 20<sup>th</sup> Anniversary as a bank!

## March

- Paragon hosts its 20<sup>th</sup> Anniversary Celebration!



# 2025 Groundwork Timeline

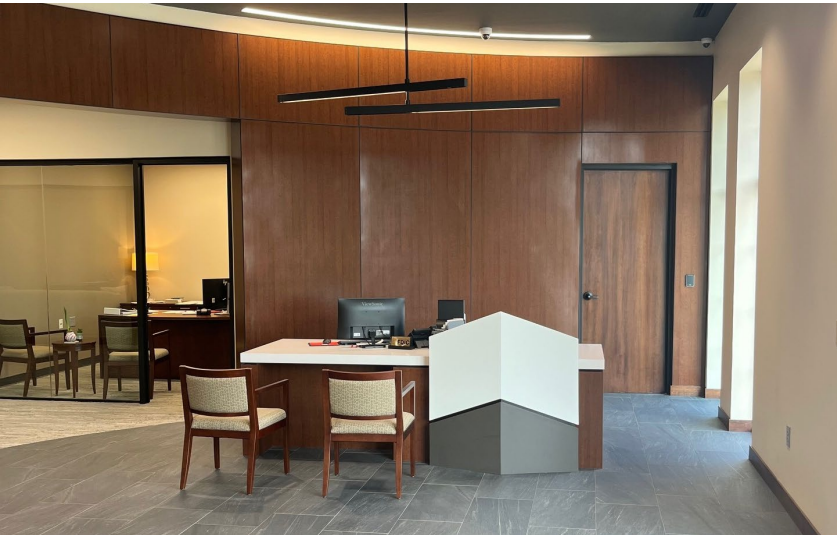
## March

- Paragon's Jackson, TN team moves into their new Banking Center



**1348 Union University Drive, Suite D  
Jackson, TN 38305**

# Our NEW Jackson, TN Banking Center

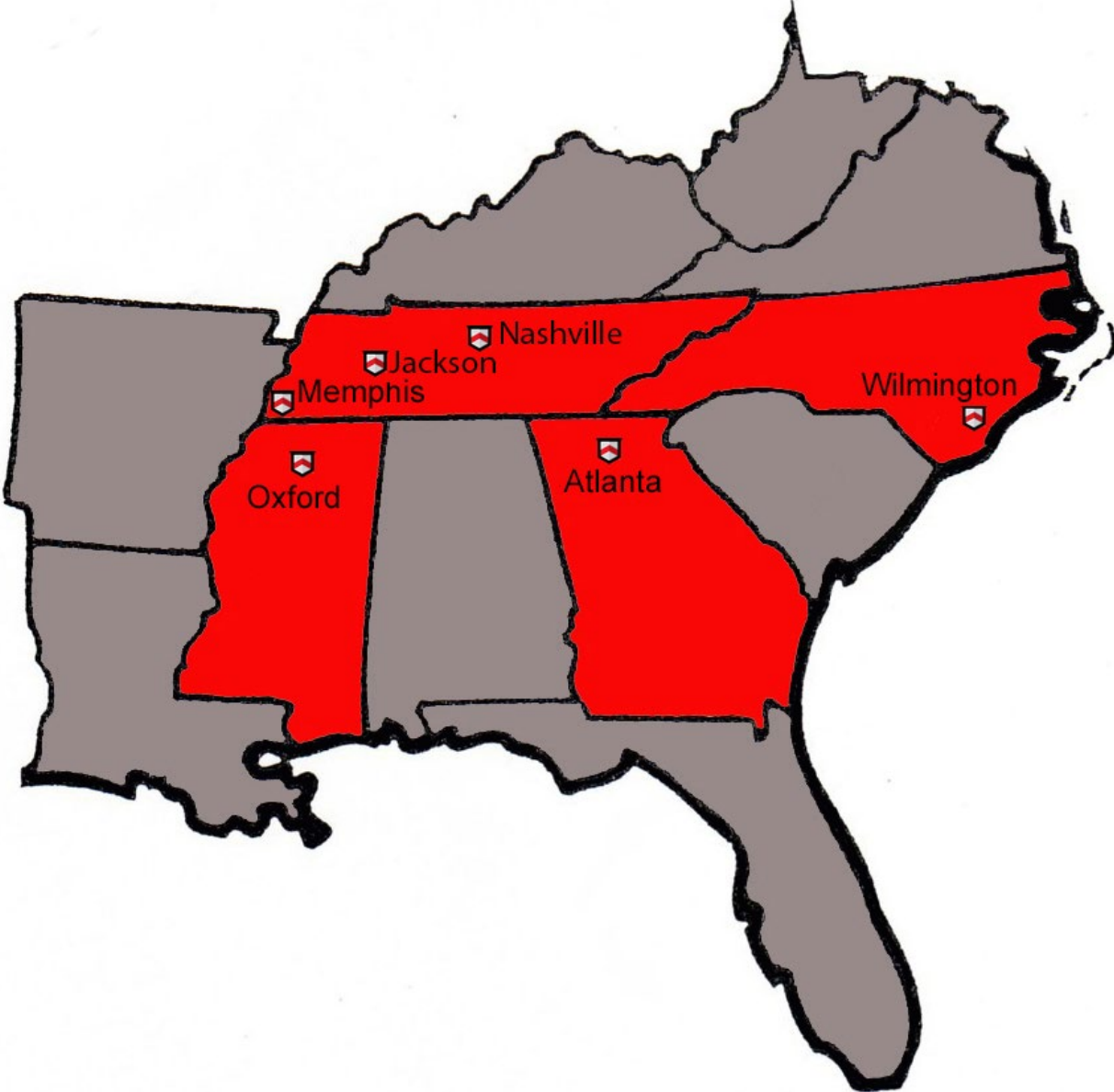


**Ribbon Cutting/Grand Opening Event:  
August 28, 2025**

*bankparagon.com*

*People you know. Solutions that work.*

# Paragon's Footprint



**1.989 million**  
(2020)  
**1.646 million**  
(2010)  
**20.86% in 10 years**

**Nashville, TN**

**300.4 thousand**  
(2020)  
**254.9 thousand**  
(2010)  
**17.86% in 10 years**

**Wilmington, NC**

**6.088 million**  
(2020)  
**5.287 million**  
(2010)  
**15.15% in 10 years**

**Atlanta, GA**

**54.4 thousand**  
(2020)  
**47.4 thousand**  
(2010)  
**14.91% in 10 years**

**Oxford, MS**

**68.2 thousand**  
(2020)  
**65.2 thousand**  
(2010)  
**4.59% in 10 years**

**Jackson, TN**

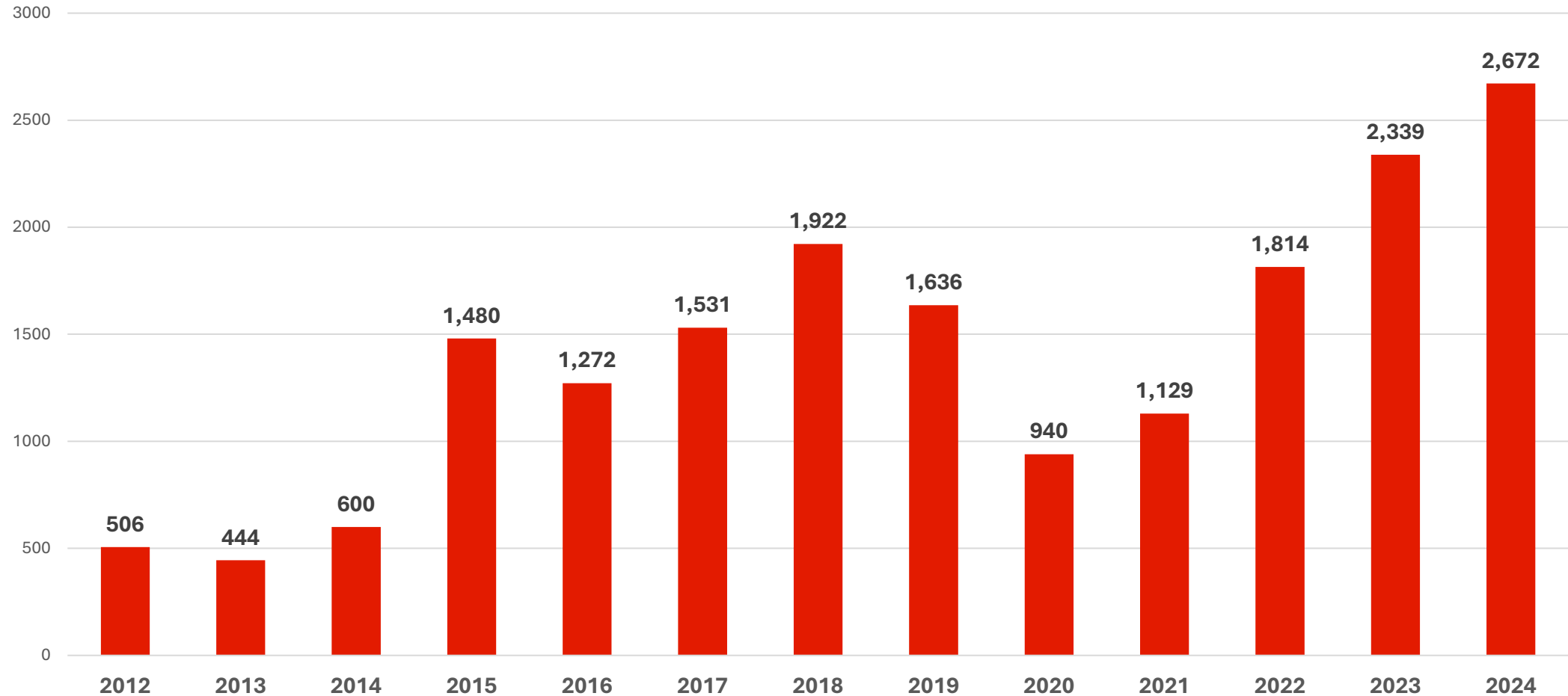
**1.349 million**  
(2020)  
**1.316 million**  
(2010)  
**2.48% in 10 years**

**Memphis, TN**

# COMMITMENT TO OUR COMMUNITIES



# ACTS Hours by Year: 19,769 since 2008!



# ACTS

Assisting the Community Through Service



Paragon Bank

**89**

Organizations served in all 4 markets

Up **11%** from 2023

**95.8%**

Team Paragon served a community shift in 2024

Up **2.4%** from 2023

**2,672\***

Total number of ACTS hours served in 2024

Up **14%** from 2023

**23.4**

Average number of hours served by each team member

Equal to 2023

**\*A new service record!**

**CULTURE**

# Trifecta: **Seven** Years in a Row!

AMERICAN BANKER

2024

**Best Banks  
to Work For**

**TOP  
WORK  
PLACES  
2024**

THE  
COMMERCIAL APPEAL

MEMPHIS BUSINESS JOURNAL



2024 BEST PLACES TO WORK®

# Ranked the #9 Bank in the U.S.!



2024	#9 in the U.S.
2023	#13 in the U.S.
2022	#4 in the U.S.
2021	#10 in the U.S.
2020	#5 in the U.S.
2019	#10 in the U.S.
2018	#33 in the U.S.



Employees from Paragon Bank volunteer for Habitat for Humanity in Dekalb County, Georgia. Paragon Bank

### 9 Paragon Bank

Memphis, Tennessee

Assets: \$774.8 million

President and CEO: Robert Shaw Jr.

No. of U.S. employees: 120

At [Paragon Bank](#), the view is that happy employees will translate into happy customers, board members and communities. A community bank that operates in three states, Paragon recognizes and celebrates employees for outstanding service and performance. In the past year, it has added perks such as an onsite valet for car service and dry cleaning, and increased the amount it reimburses employees to pay for college courses.

# Team Culture Recognition

## Historical Awards



### American Banker Best Banks To Work For

2024	#9 in the U.S.
2023	#13 in the U.S.
2022	#4 in the U.S.
2021	#10 in the U.S.
2020	#5 in the U.S.
2019	#10 in the U.S.
2018	#33 in the U.S.

### Tennessee Psychological Association Psychologically Healthy Workplace Award

2014	
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### Germantown Chamber of Commerce - Culture Creator Award

2023	
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### Memphis Business Journal Best Places to Work

2024	Finalist
2023	Finalist
2022	Finalist
2021	Finalist
2020	Finalist
2019	Finalist
2018	Finalist
2017	Did Not Participate
2016	Finalist
2015	Finalist
No Awards Presented	
2008	Winner
2007	Winner
2006	Winner
2005	Finalist

### Memphis Commercial Appeal Top Workplaces

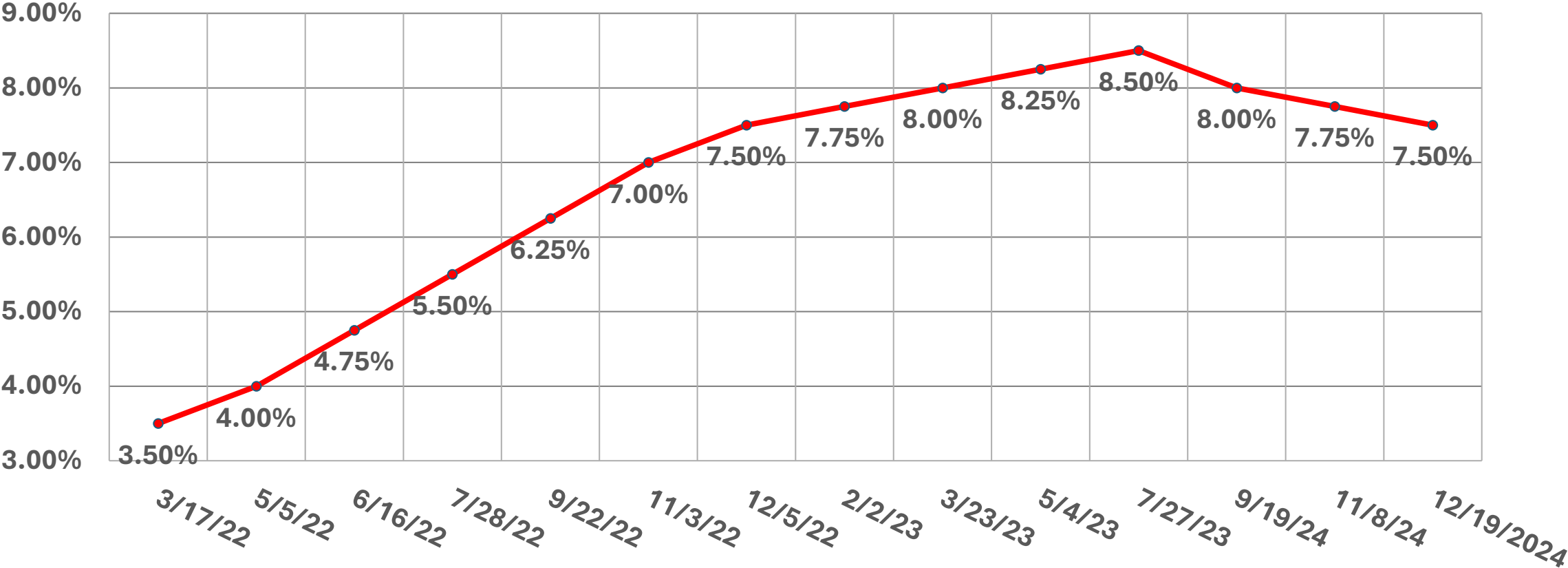
2024	Finalist
2023	Finalist
2022	Finalist
2021	Finalist
2020	Finalist
2019	Finalist
2018	Third Place
2017	Finalist
2016	Finalist

# Financial Results



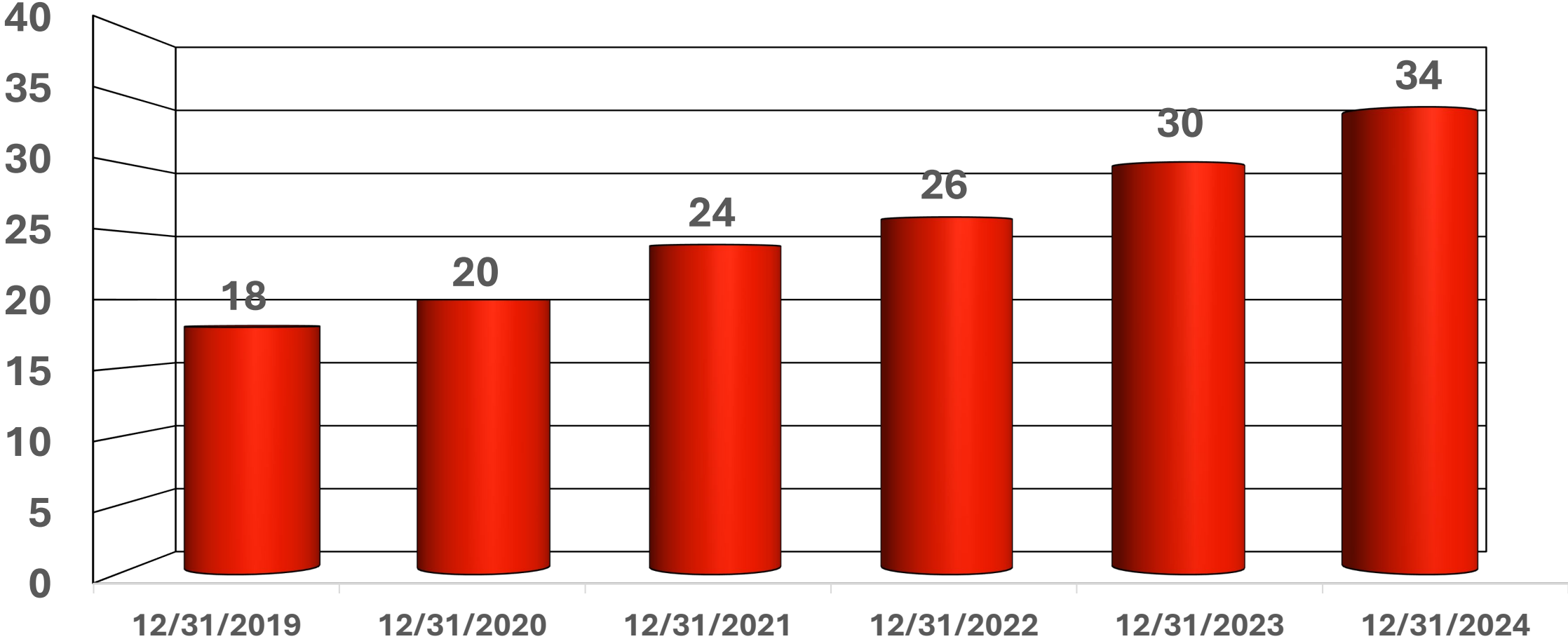
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# Prime Rate



# Revenue Producers

Relationship Managers and Mortgage Consultants



# DEPOSITS

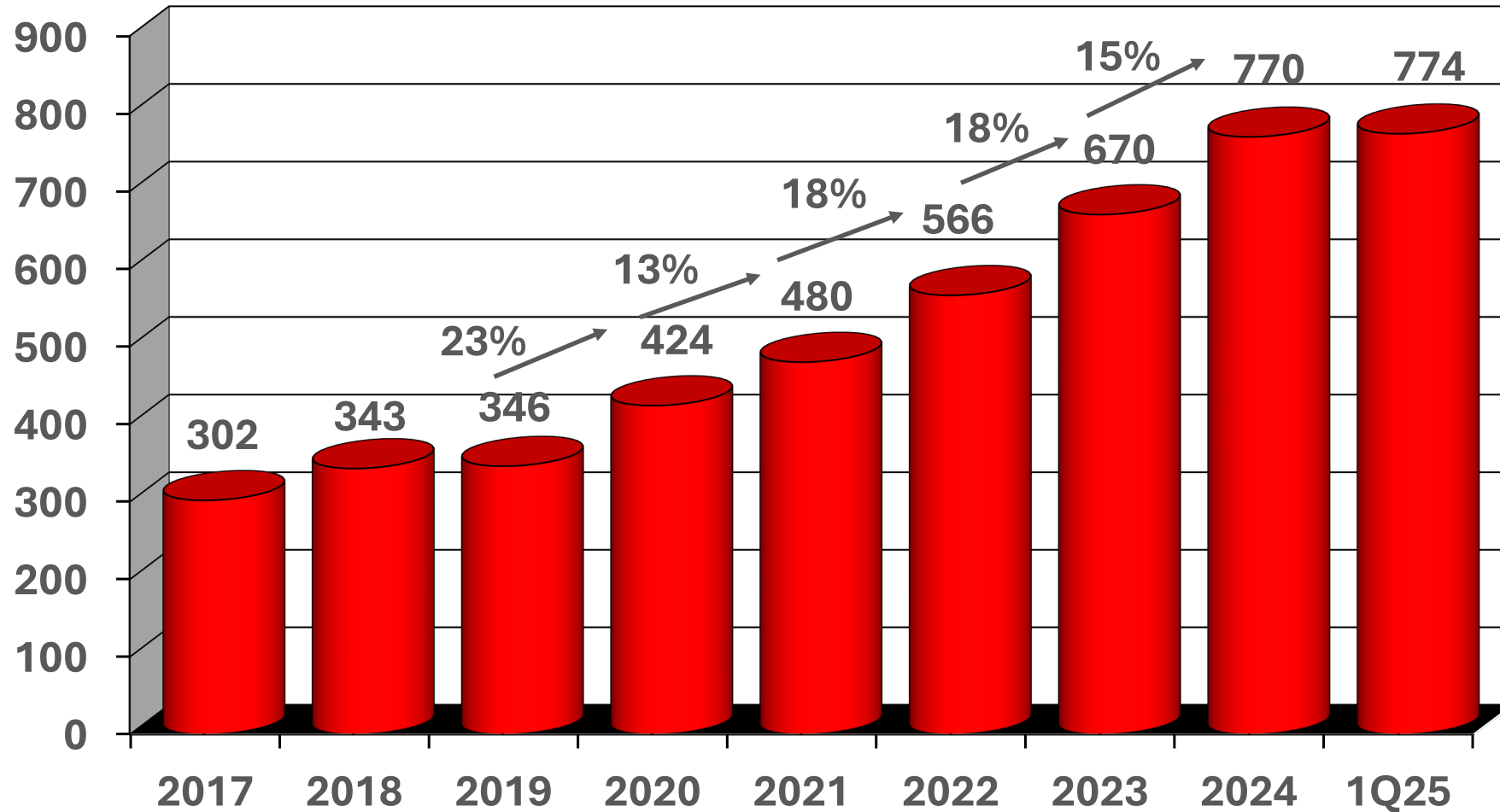
# Total Deposits

(end of period in millions)

**Deposits! Deposits! Deposits!**

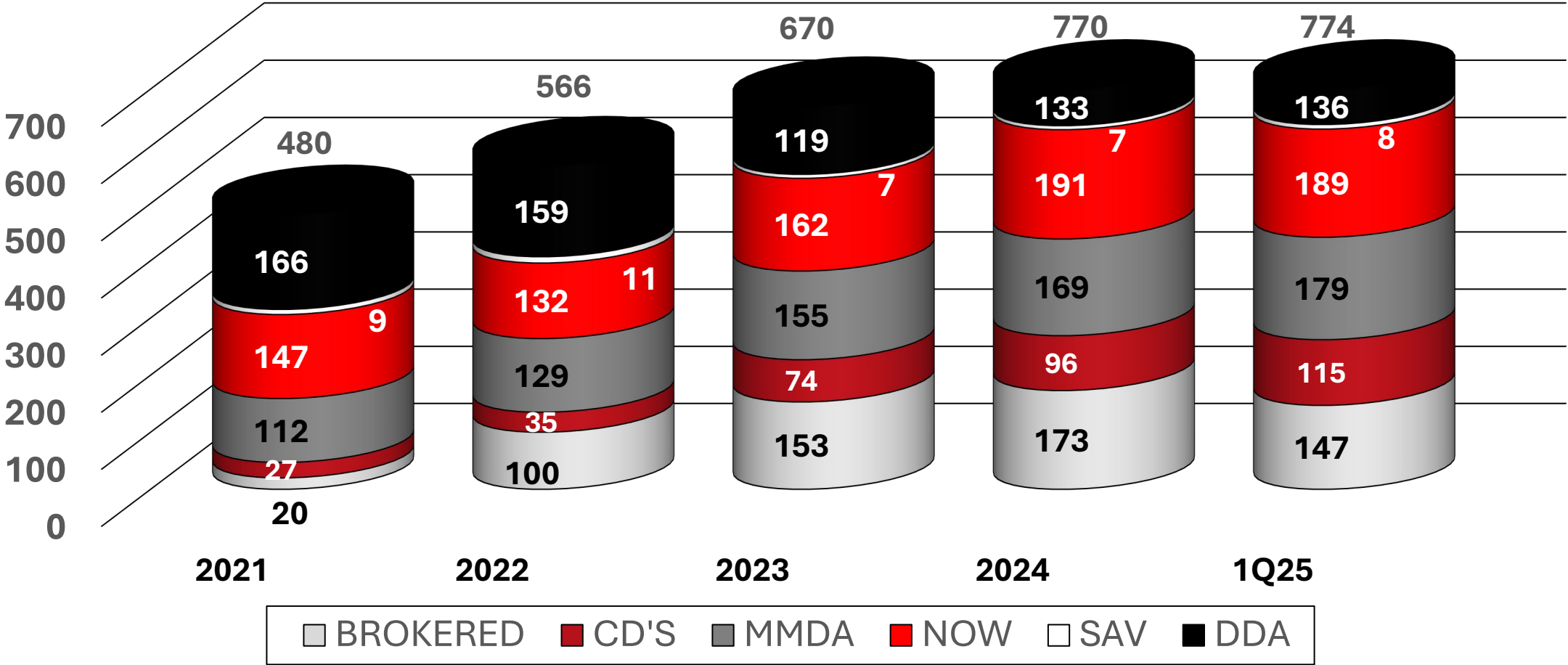


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# Deposit Mix

(end of period in millions)

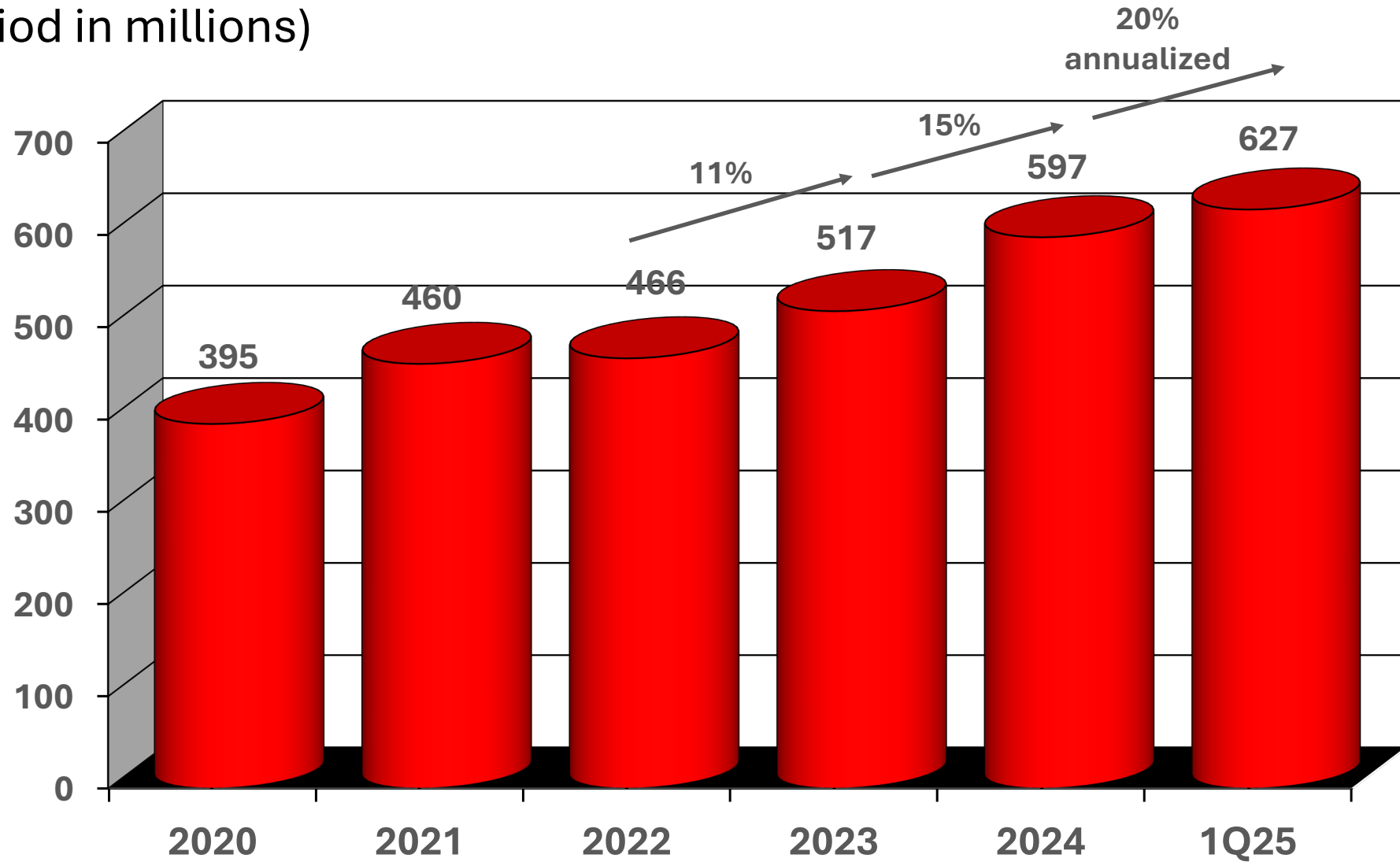


# Core Deposits

(end of period in millions)

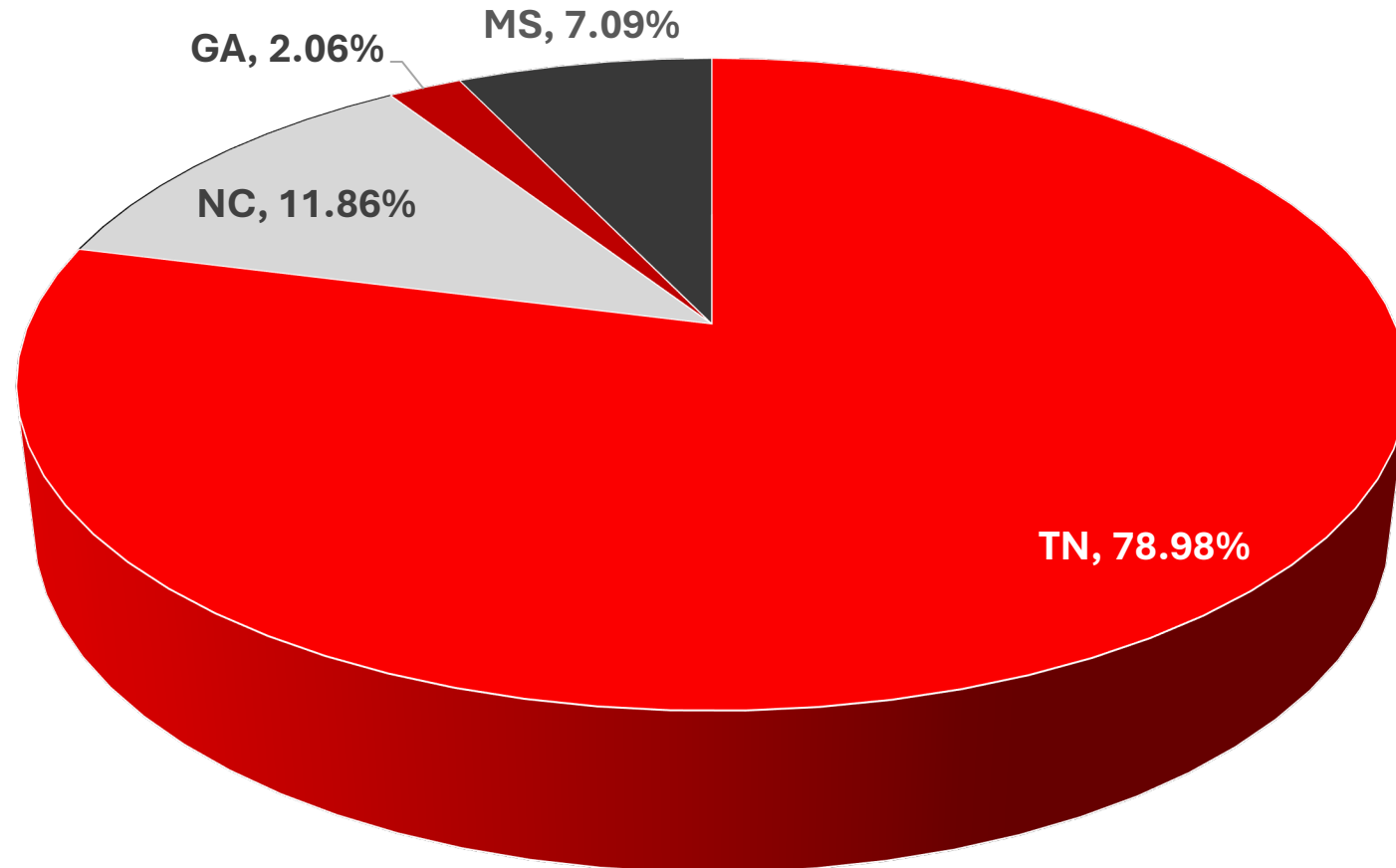


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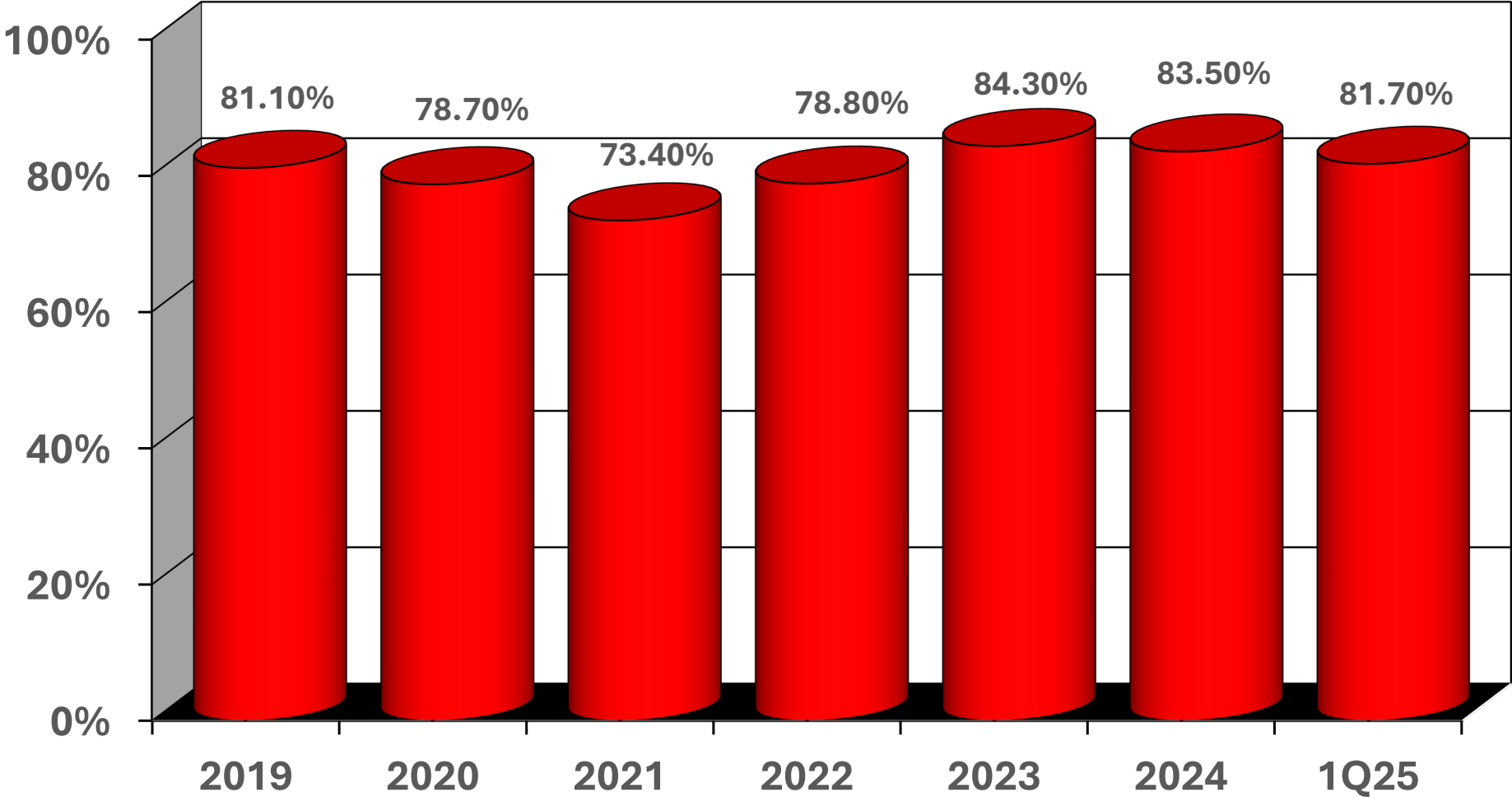


# Core Deposits by State

(As of March 31, 2025)



# Insured Deposit Ratio



*Silicon Valley Bank: 8.78%*      *Signature Bank: 13.84%*

# Sources of Liquidity

(As of March 31, 2025, in millions)



Federal Funds Sold & Interest-Bearing Bank Deposits	11.5
Federal Home Loan Bank Line of Credit	100.5
Federal Funds Purchased	46.8
Federal Reserve Bank Discount Window	33.8
Purchased Loans/Unpledged USDA/SBA Loans	18.5
SBA/USDA Guaranteed Loans Held	54.4
Capital Markets	51.9
Unpledged Marketable Securities	13.8
Other Liquid Assets	8.8
<b>Total Available Liquid Assets</b>	<b>340.0 *</b>

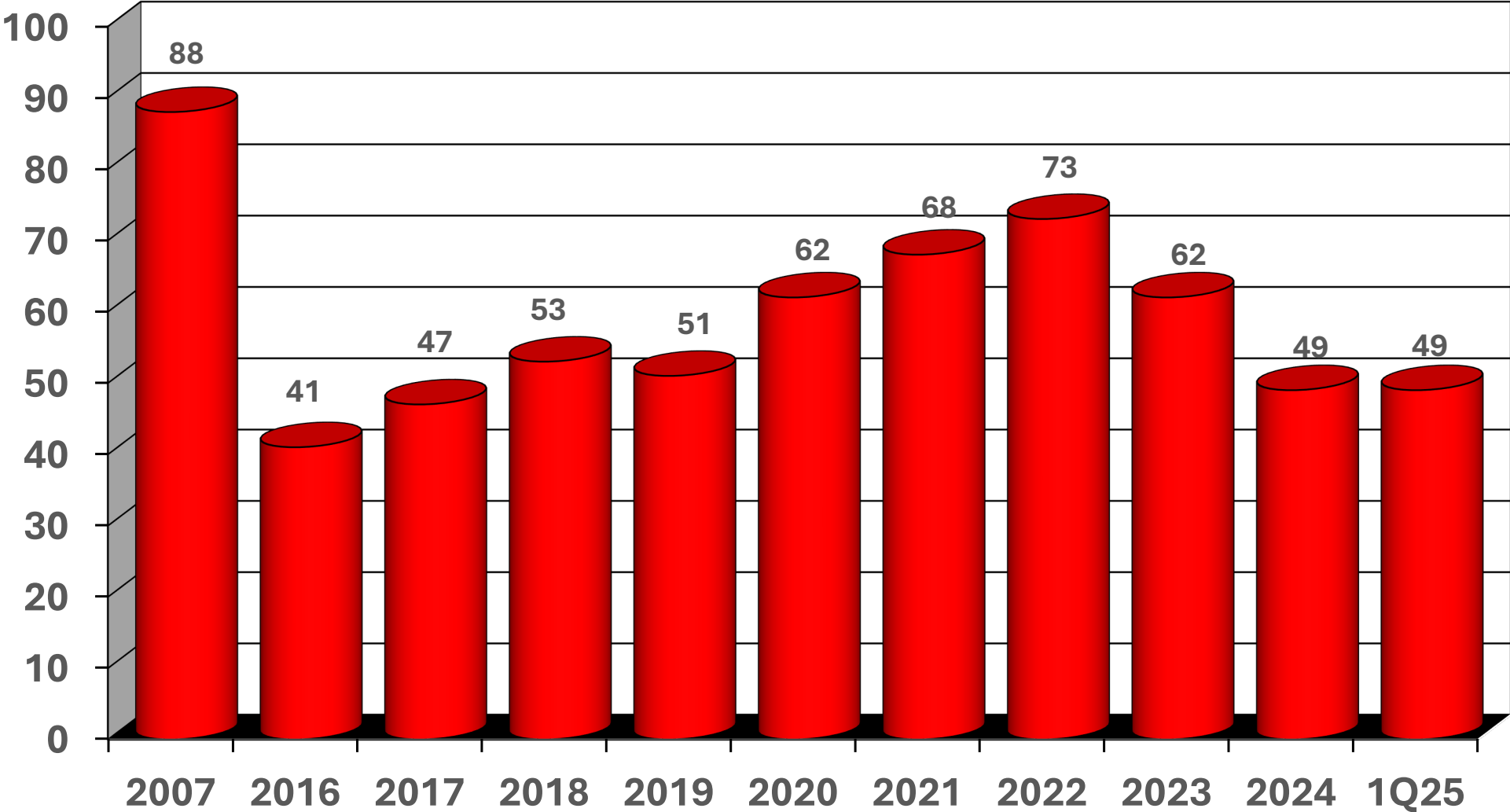
**\* 239% of uninsured deposits**

# INVESTMENTS

# Total Investments

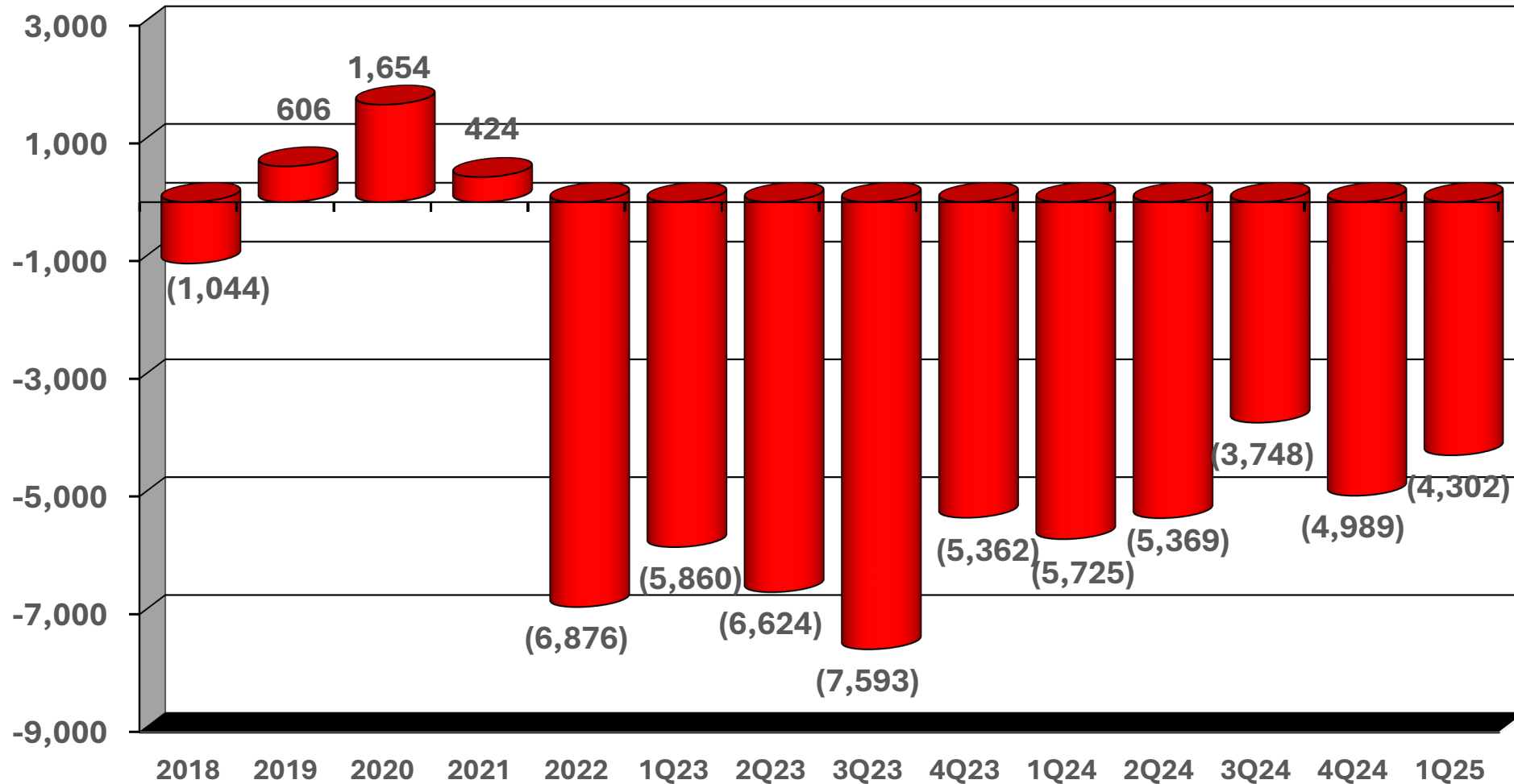
(End of period, in millions)

Average Life 4.4 Years

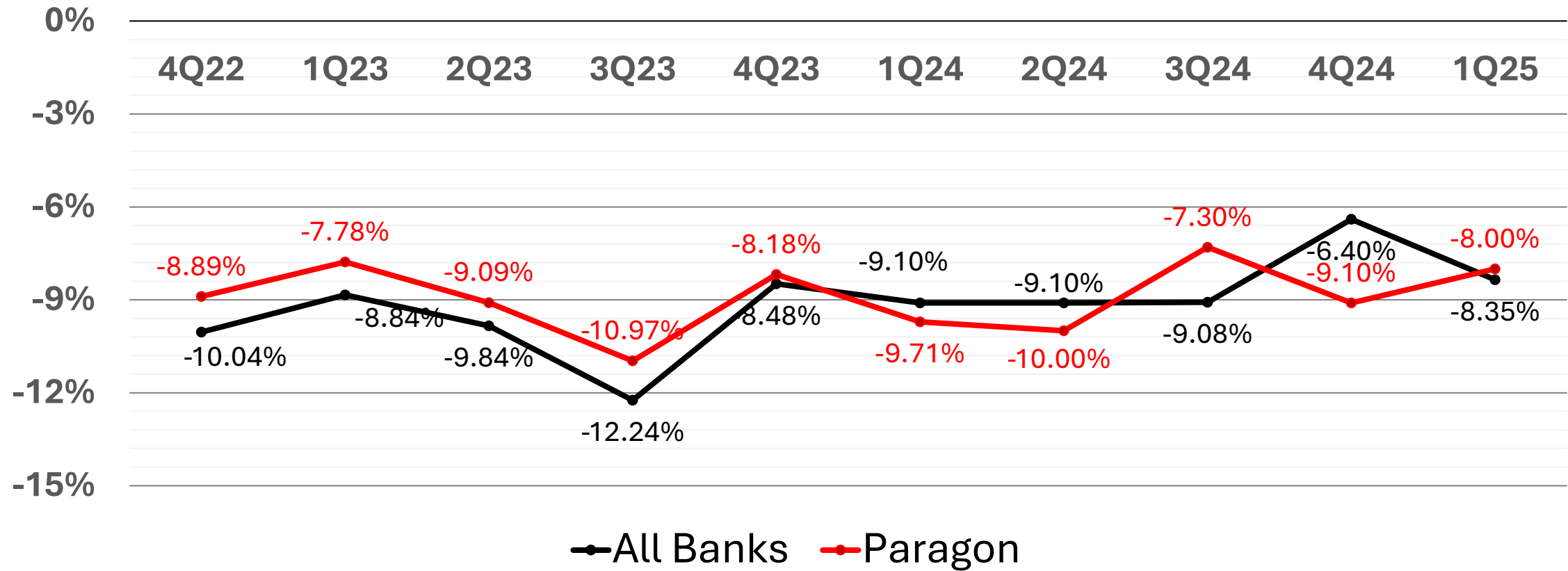


# Pre-Tax Unrealized Gain/(Loss) on Investments

(In thousands)



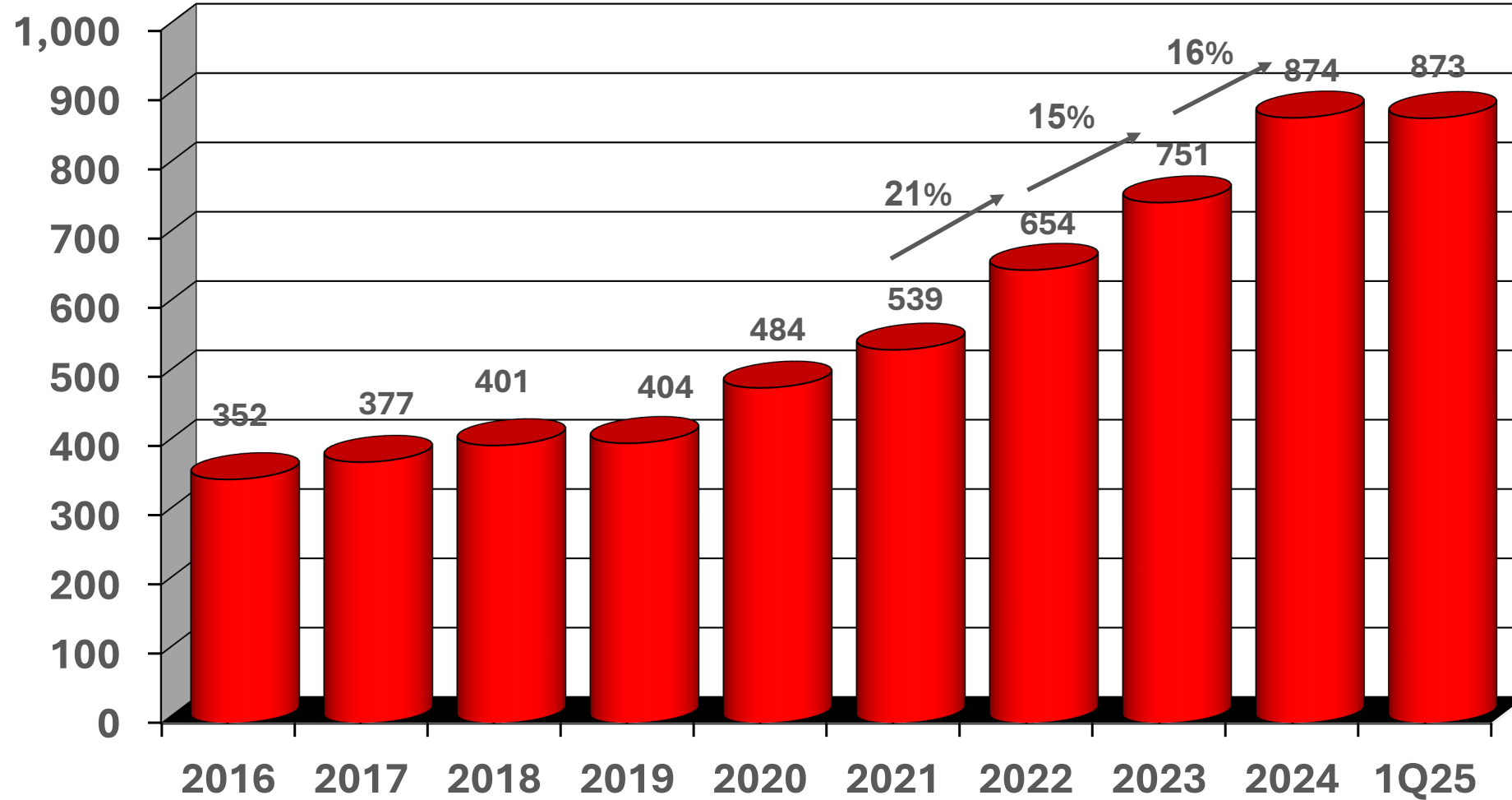
# Percentage Gain/(Loss) on Investment Portfolio



# ASSET TRENDS

# Total Assets

(End of period, in millions)



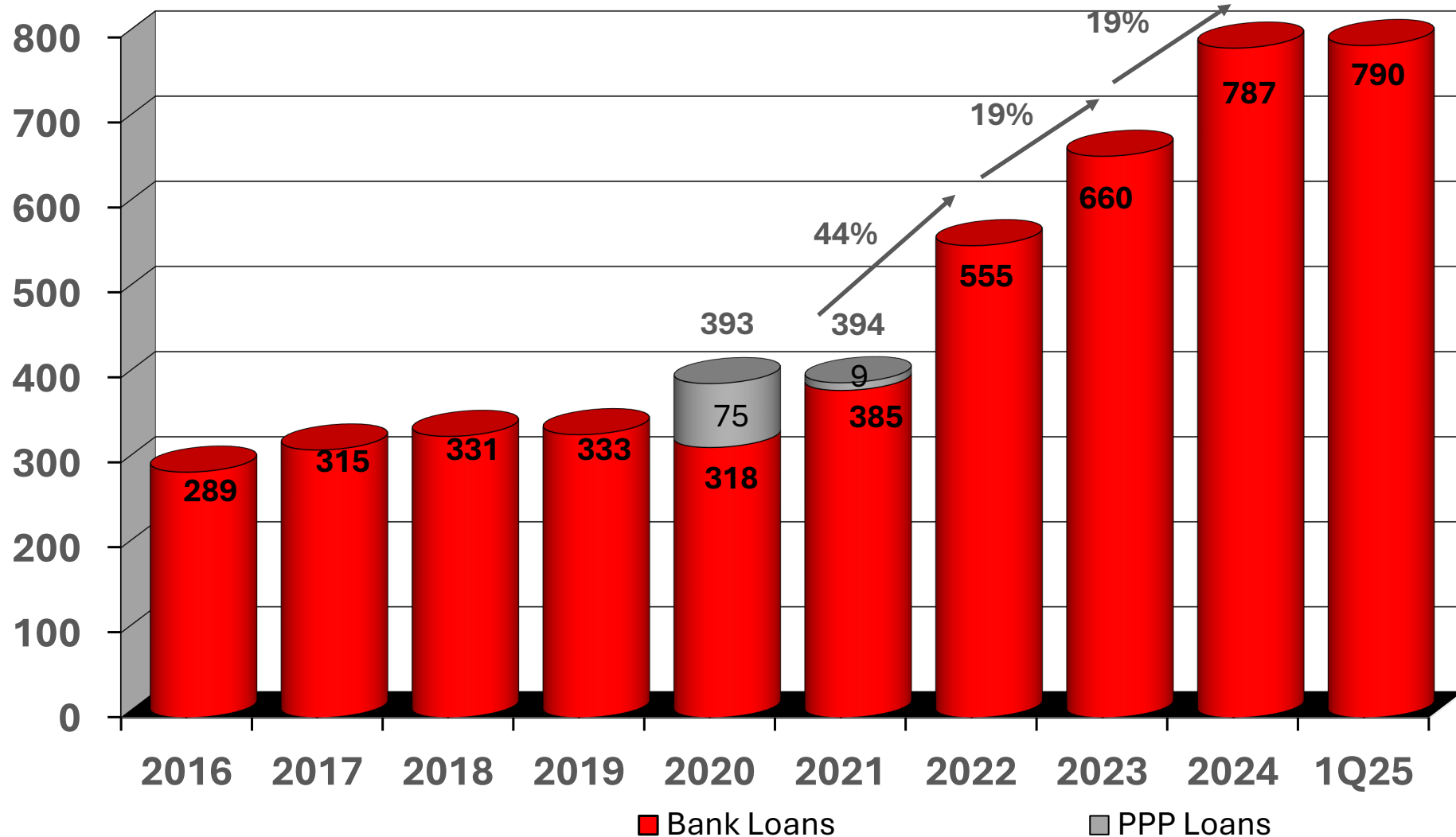
# Total Loans

(End of period, in millions)

2024 Loan Growth:

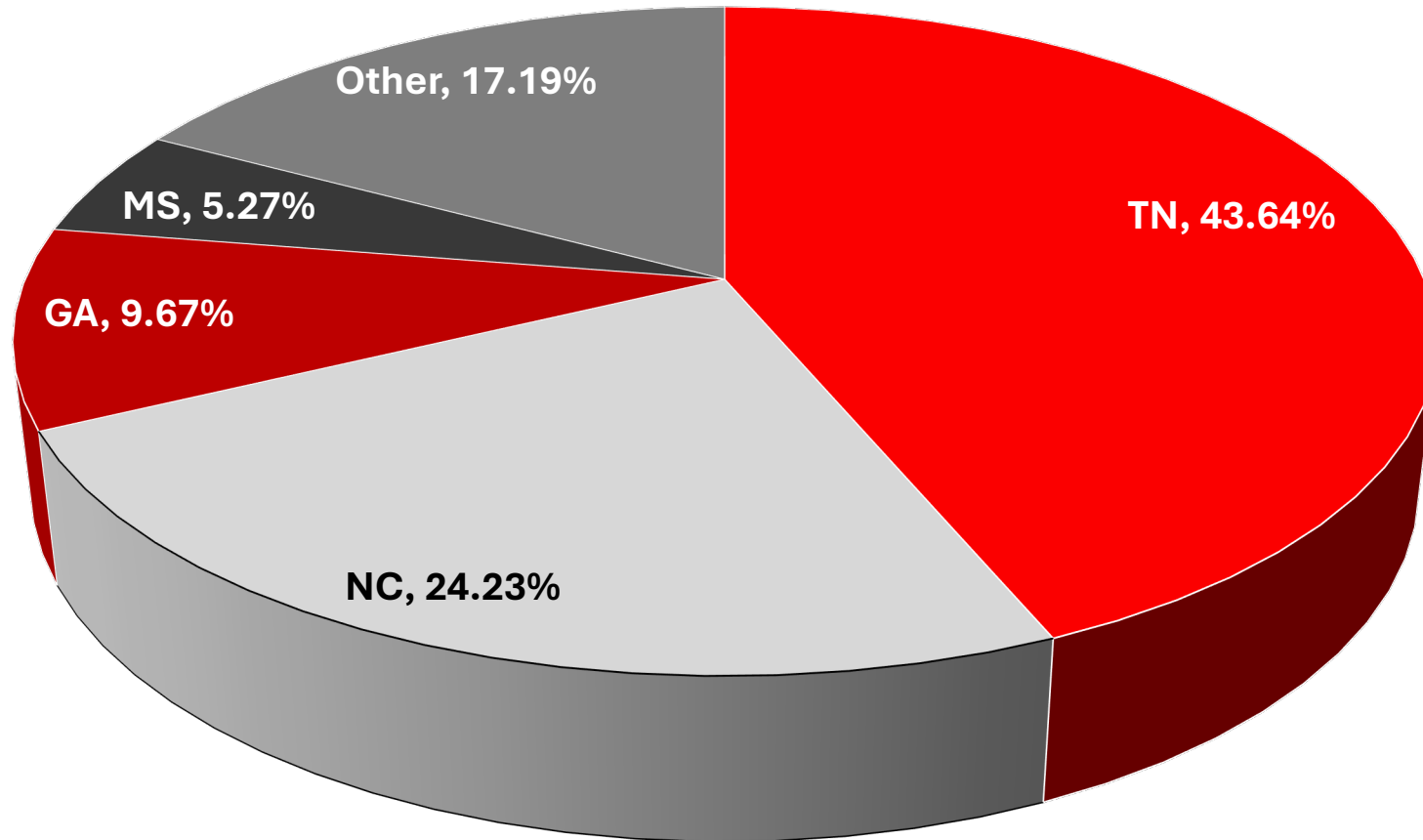
UBPR Peers 6.44%

Local Peers 3.18%



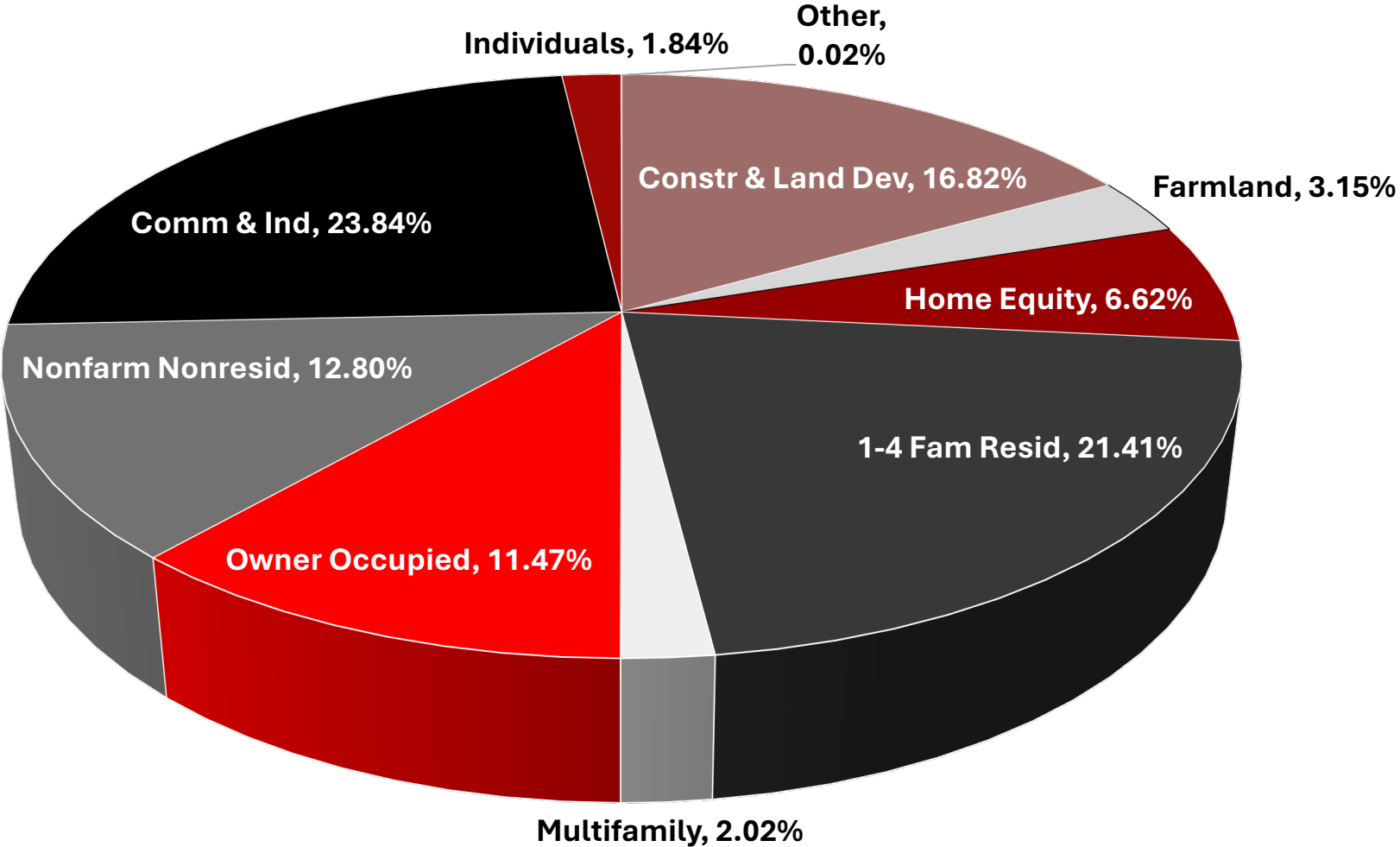
# Loans by State

(As of March 31, 2025)



# Loan Mix

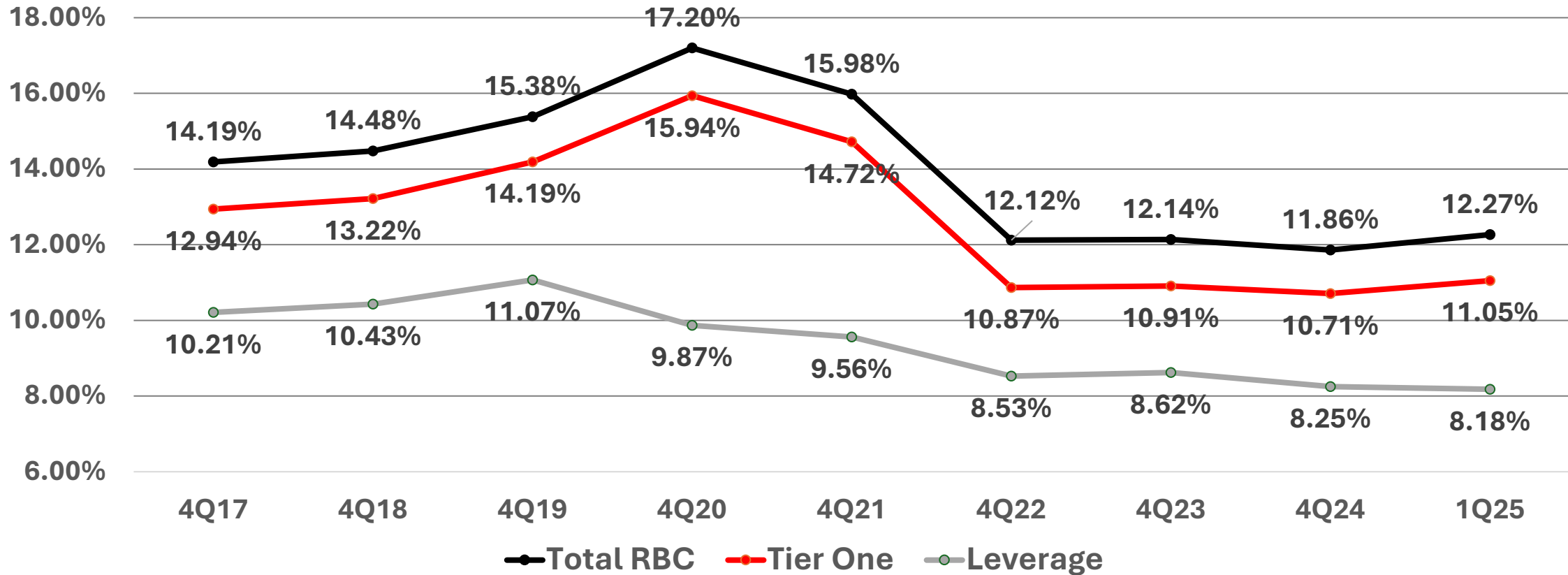
(As of March 31, 2025)



**CAPITAL**

# Capital Ratios

On May 1, 2025, Paragon Financial Solutions closed a \$15 million bank stock loan that can be invested in Paragon Bank to support the bank's rapid growth. Currently, there is approximately \$7.7 million available to draw.



Ratios for Well Capitalized Bankers - Total RBC - 10%; Tier One - 8%; Leverage - 5%

# CREDIT QUALITY

# Loan Loss Allowance

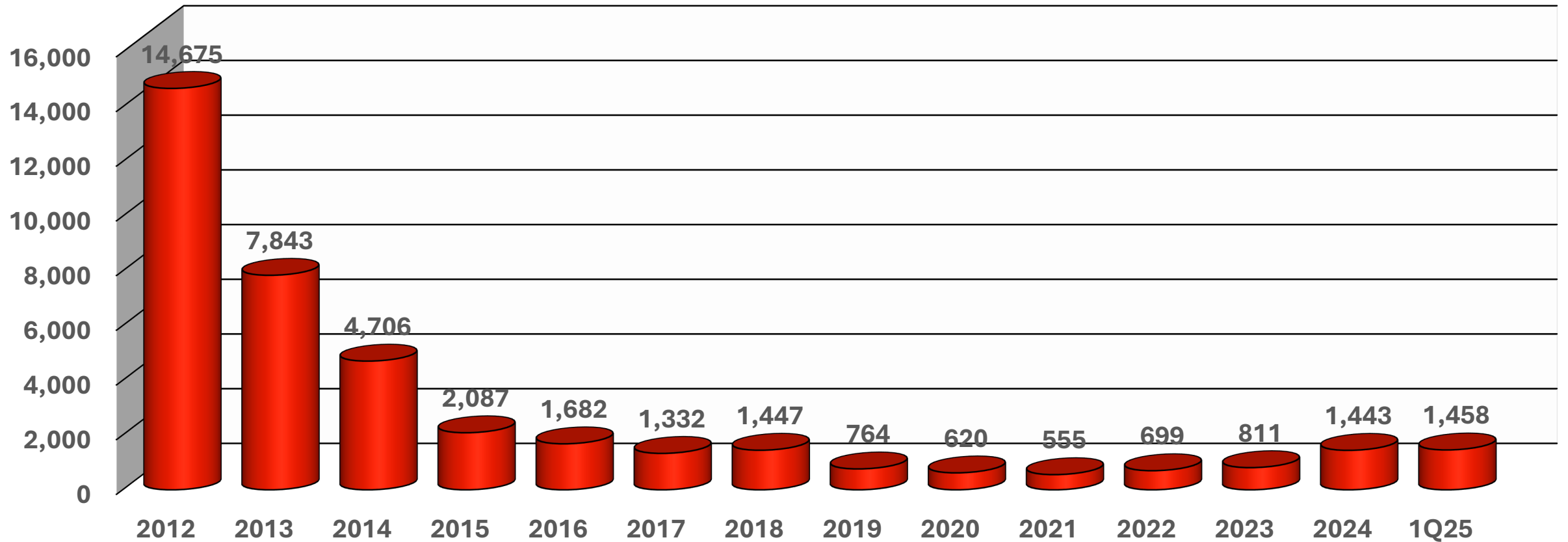
(In thousands)



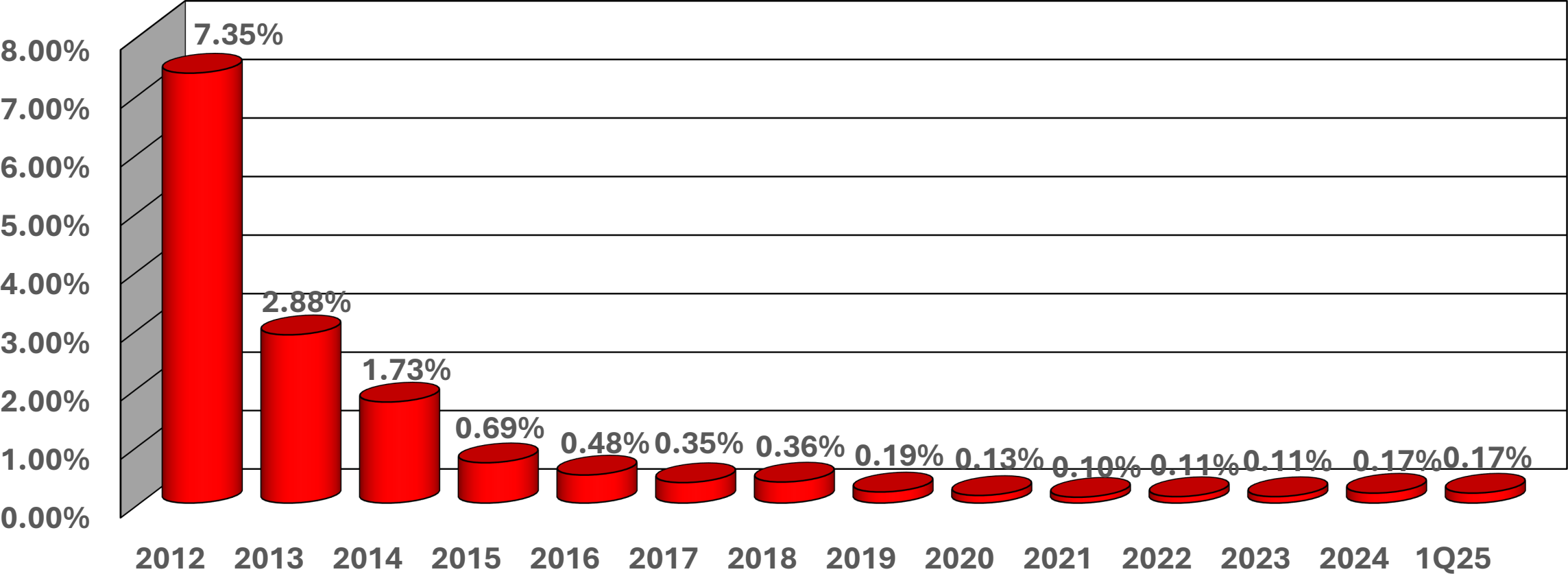
	2020	2021	2022	2023	2024	1Q25
Beginning Allowance	\$3,837	\$5,707	\$7,096	\$6,912	\$8,317	\$8,289
Loan Loss Provision	1,861	973	0	0	0	0
CECL Adjustment	0	0	0	1,400	0	0
Net (Charge Offs)/Recoveries	8	416	(184)	5	(28)	(8)
Ending Allowance	\$5,707	\$7,096	\$6,912	\$8,317	\$8,289	\$8,281

# Total Non-performing Assets

(End of period, in millions)

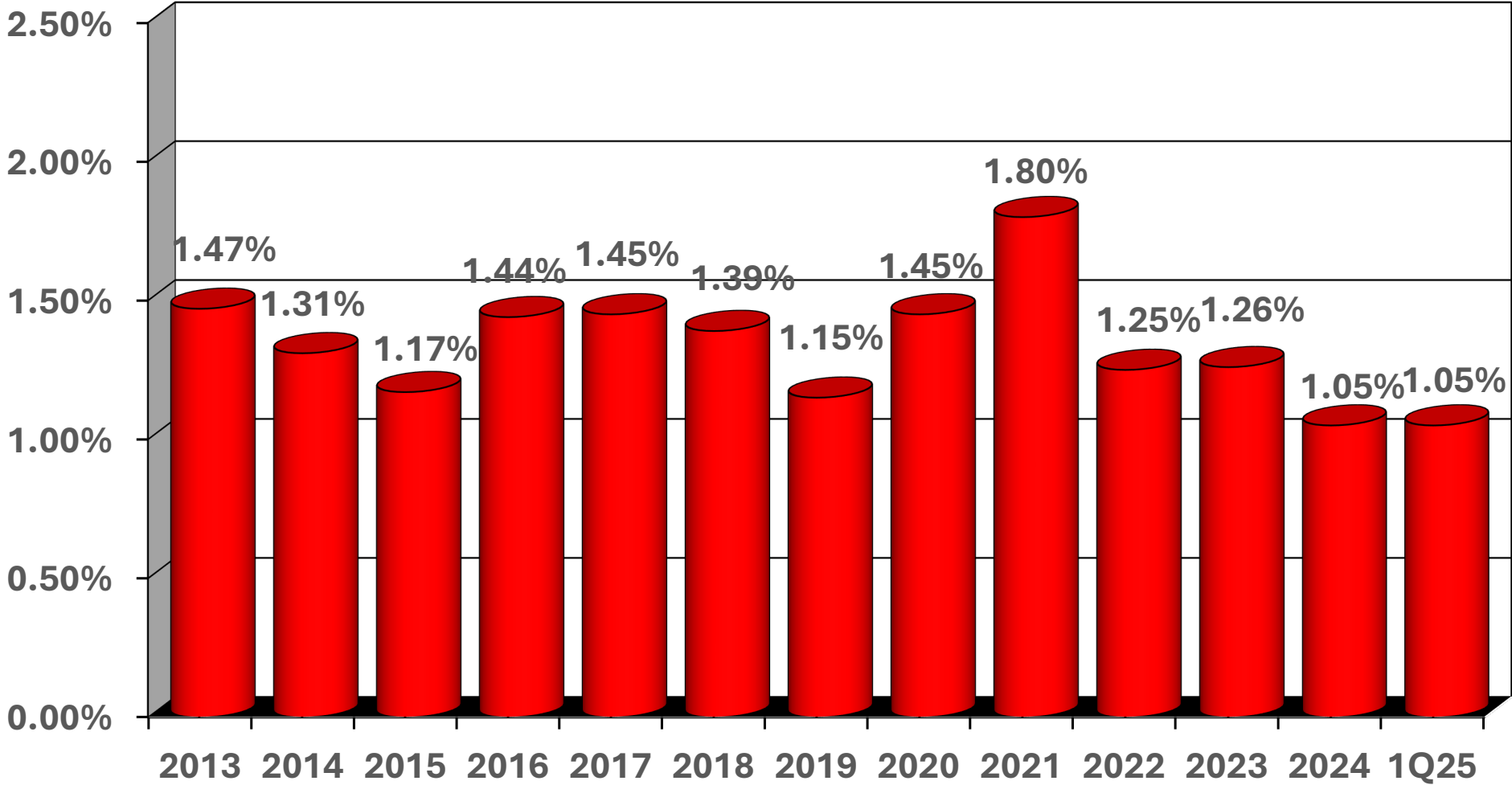


# Non-performing Assets as a Percentage of Total Assets



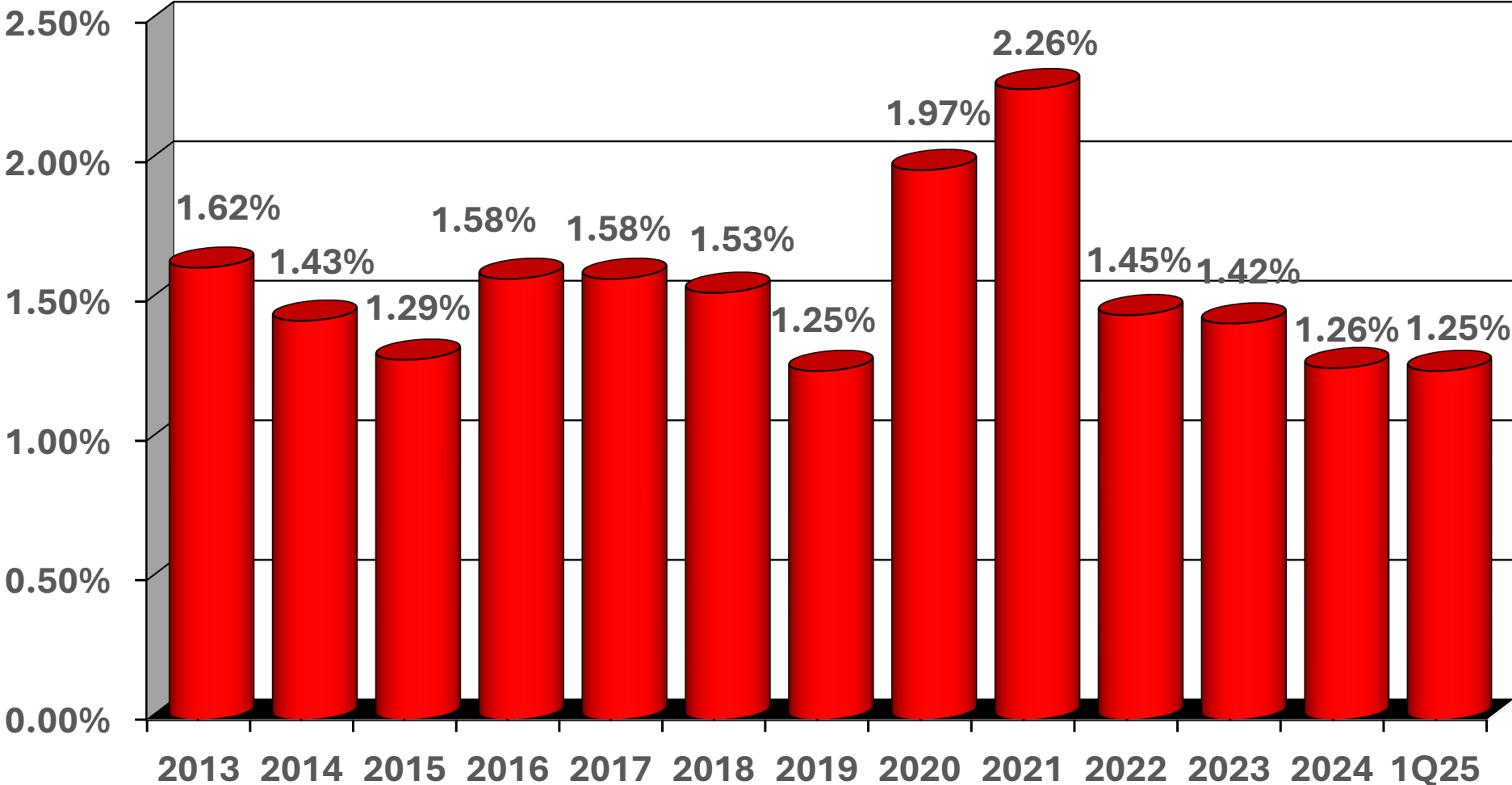
# Loan Loss Reserve to Gross Loans

(End of period)



# Loan Loss Reserve to Gross Loans

(End of period, excluding fully government-guaranteed loans)



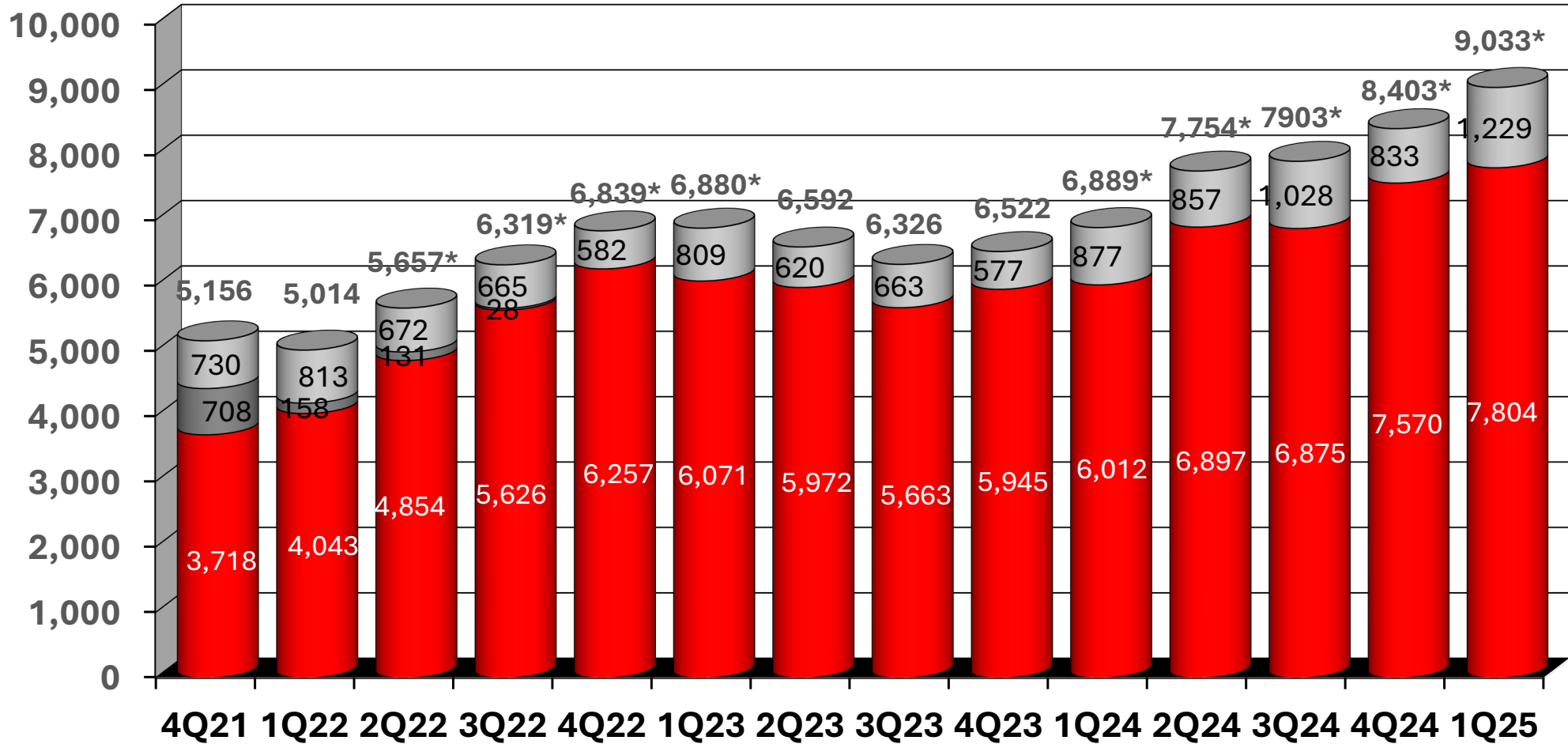
# INCOME STATEMENT

**REVENUE**

# Total Revenue



\*record revenue



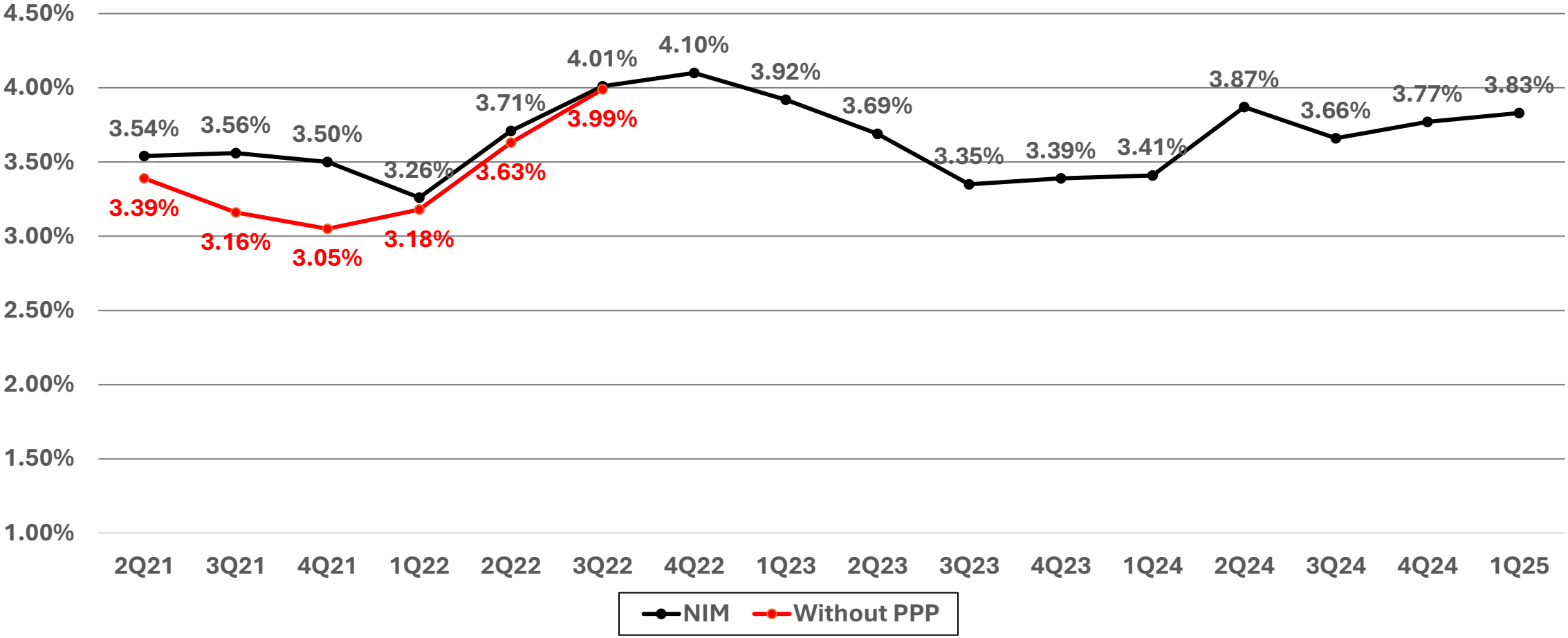
■ Net Interest Income

■ PPP Interest Income

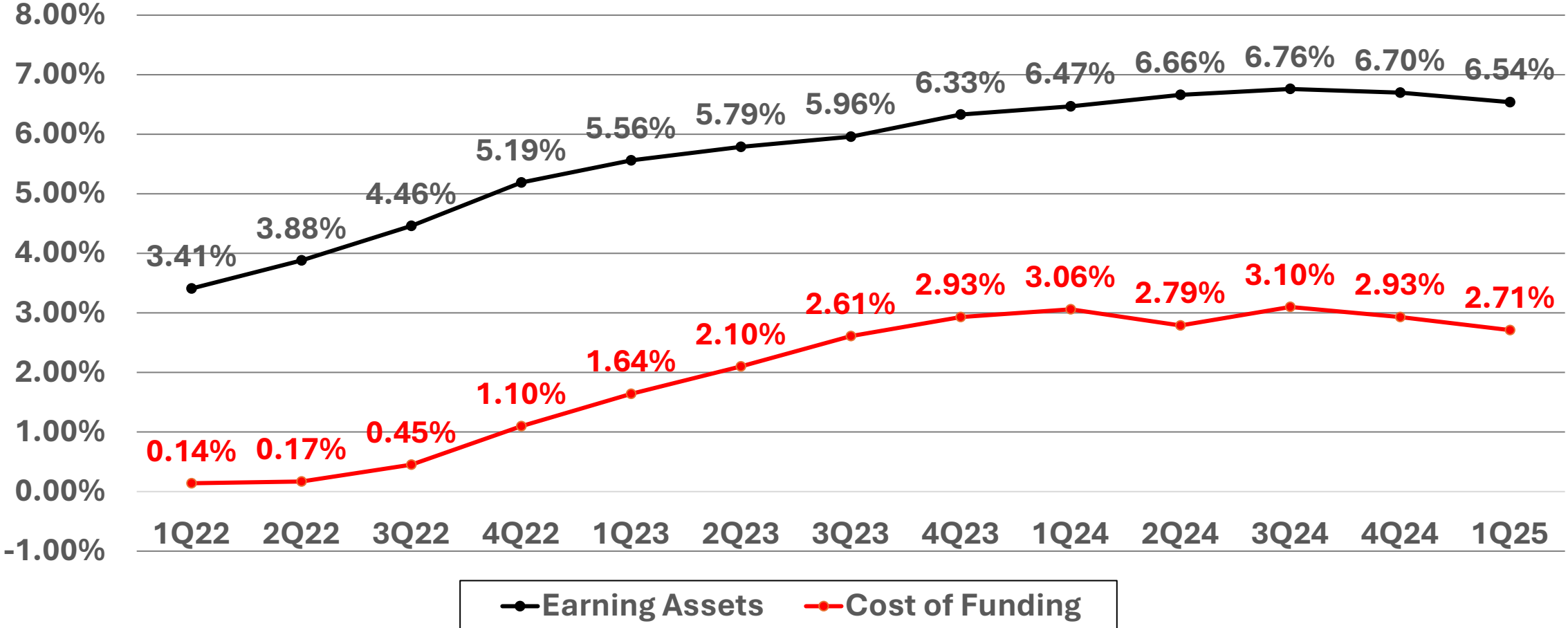
■ Noninterest Income

Excludes security gains and losses and the write off of the historic tax credit in 3Q2023

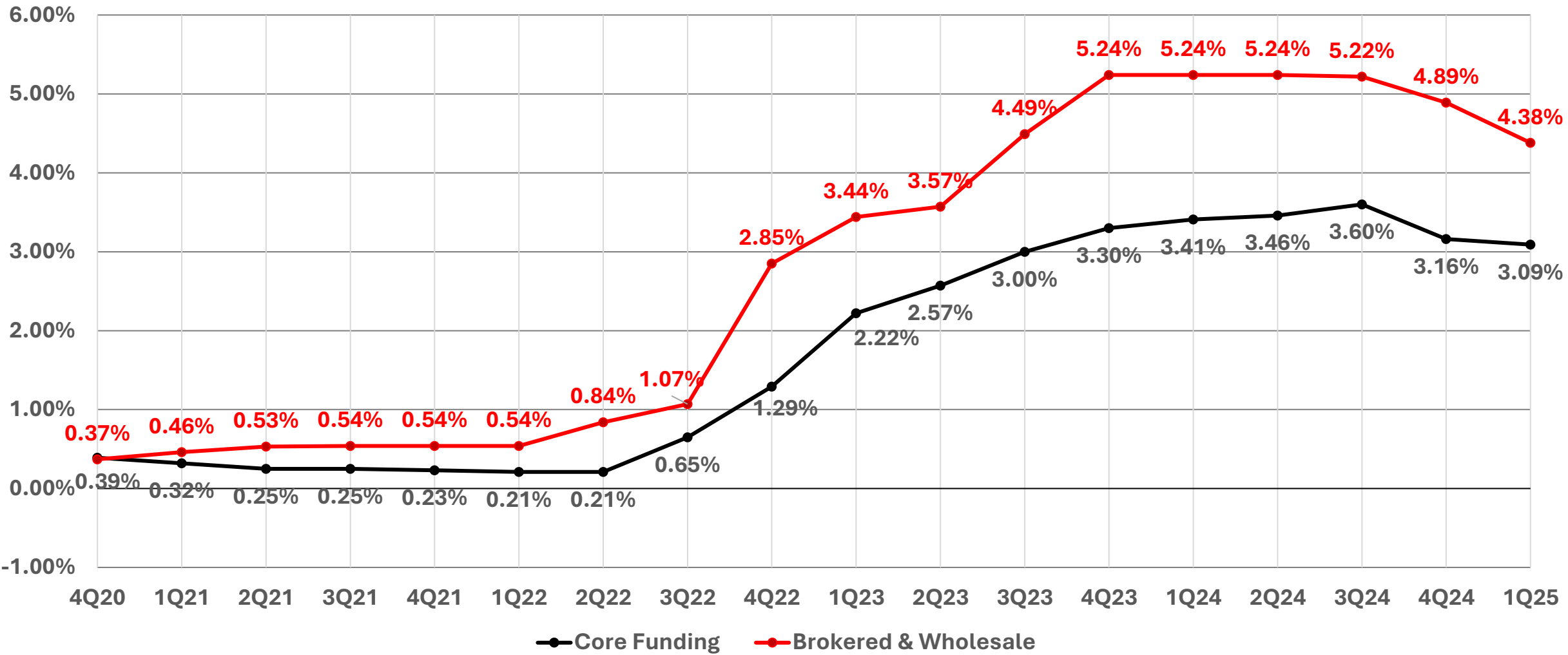
# Net Interest Margin



# Earning Assets and Cost of Funding

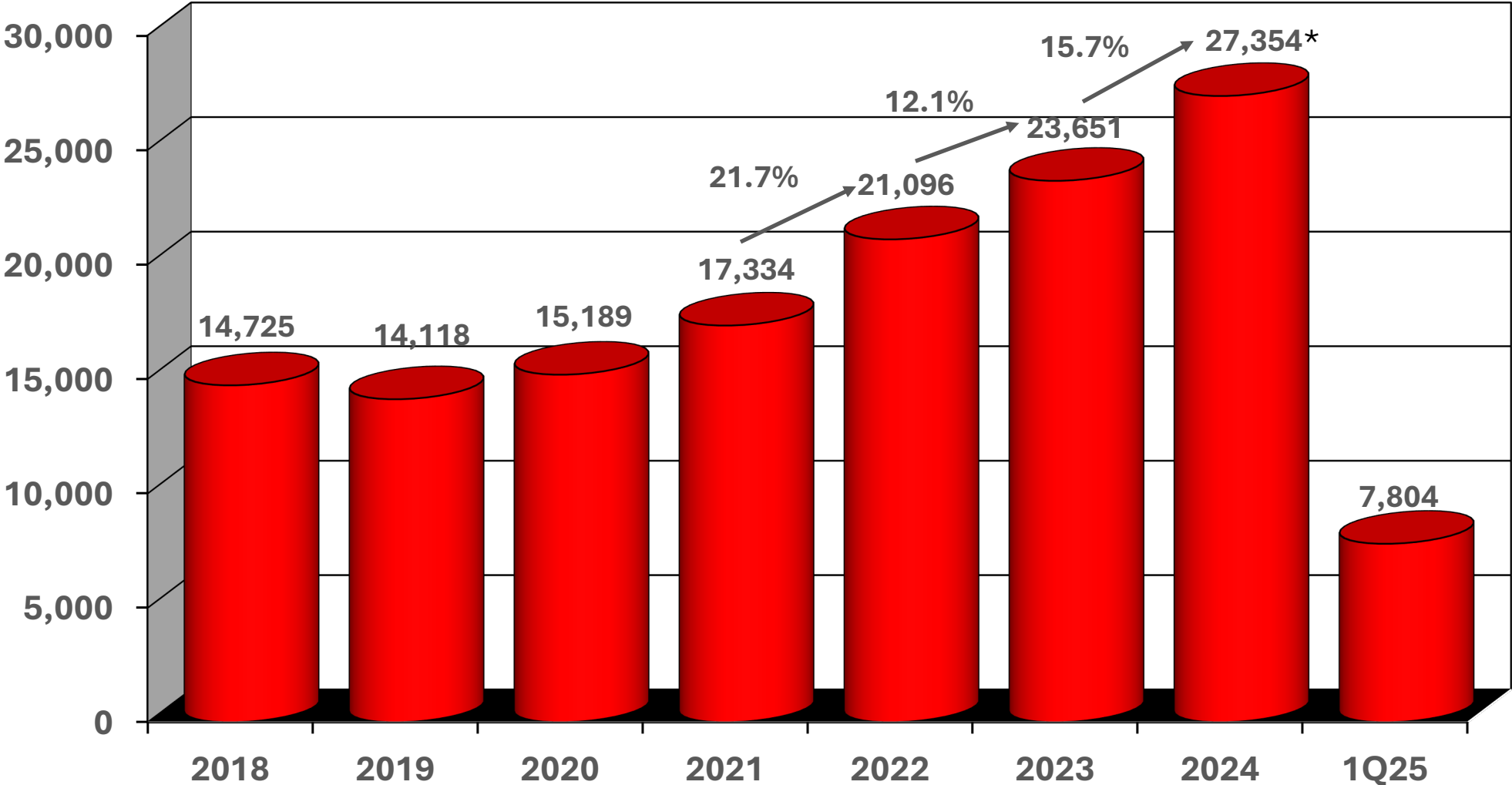


# Interest Expense



# Net Interest Income

(In thousands)

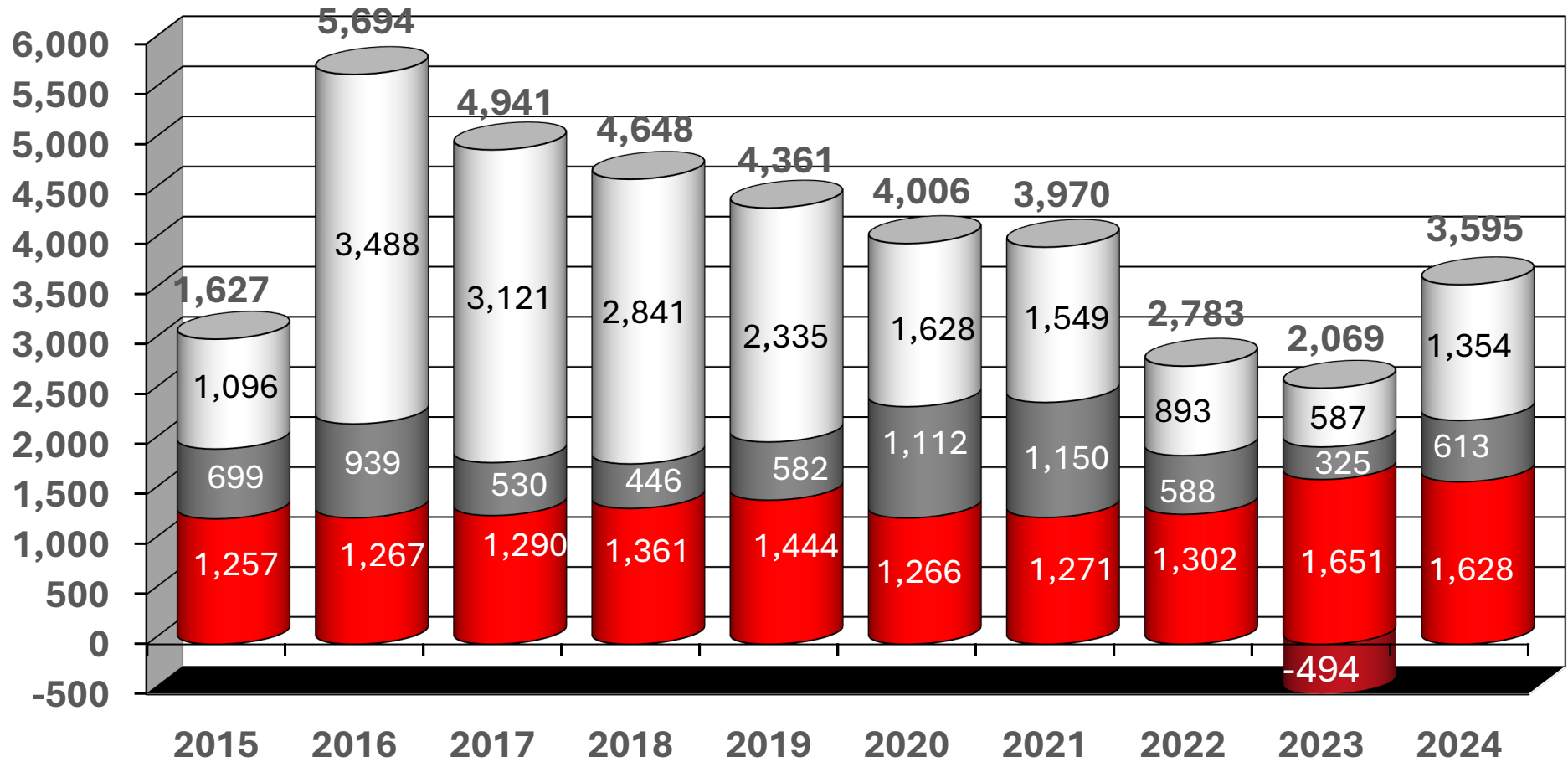


\*record

# **NON-INTEREST INCOME**

# Total Non-interest Income

(In thousands)



■ Core Noninterest Income    
 ■ Mortgage Banking Income    
 ■ SBCG Income    
 ■ Tax Credit

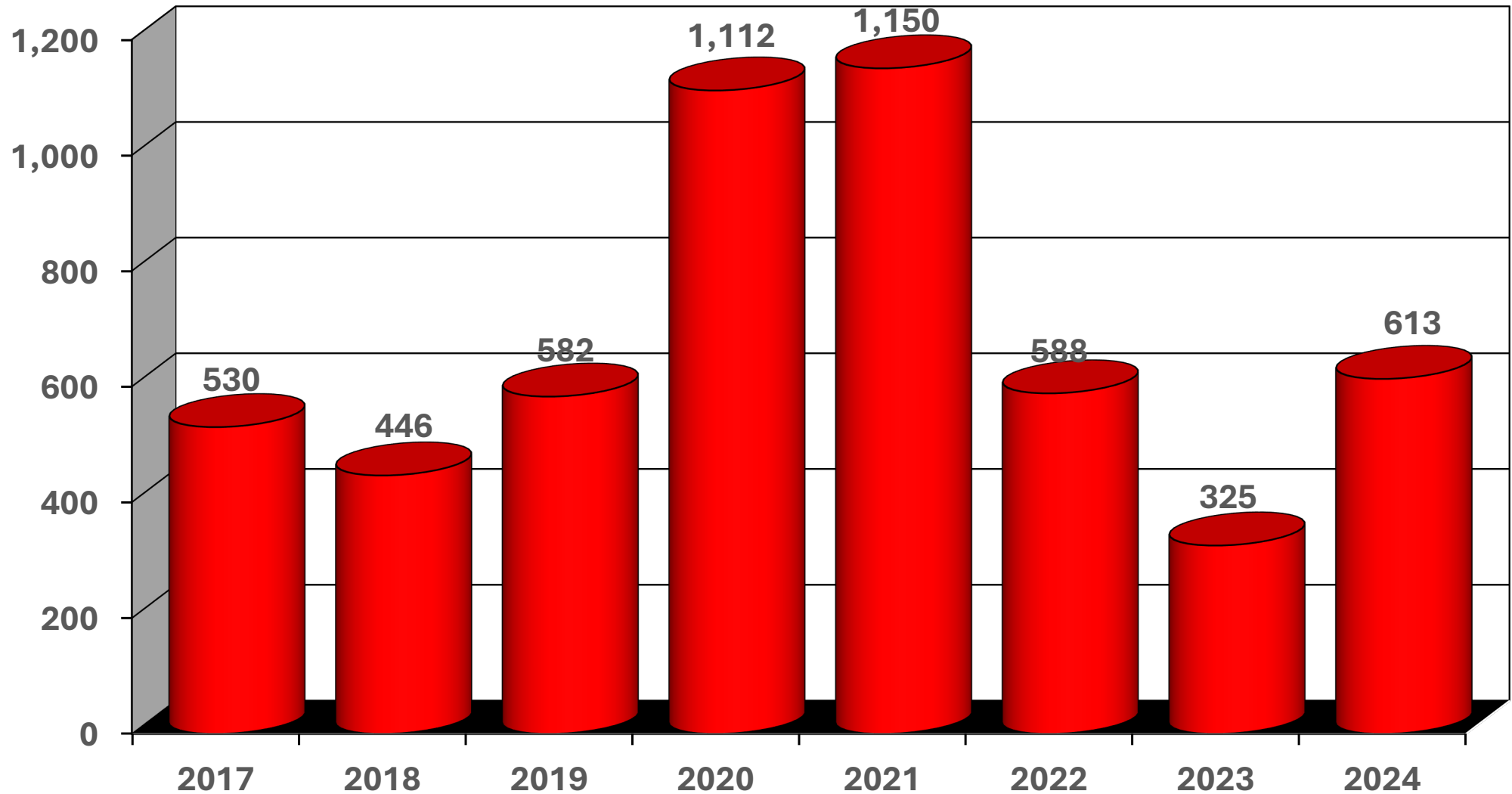
*Excludes security gains and losses*

# 30 Year Fixed Rate Mortgage Rates



# Mortgage Banking Fees

(In thousands)



# Mortgage Banking

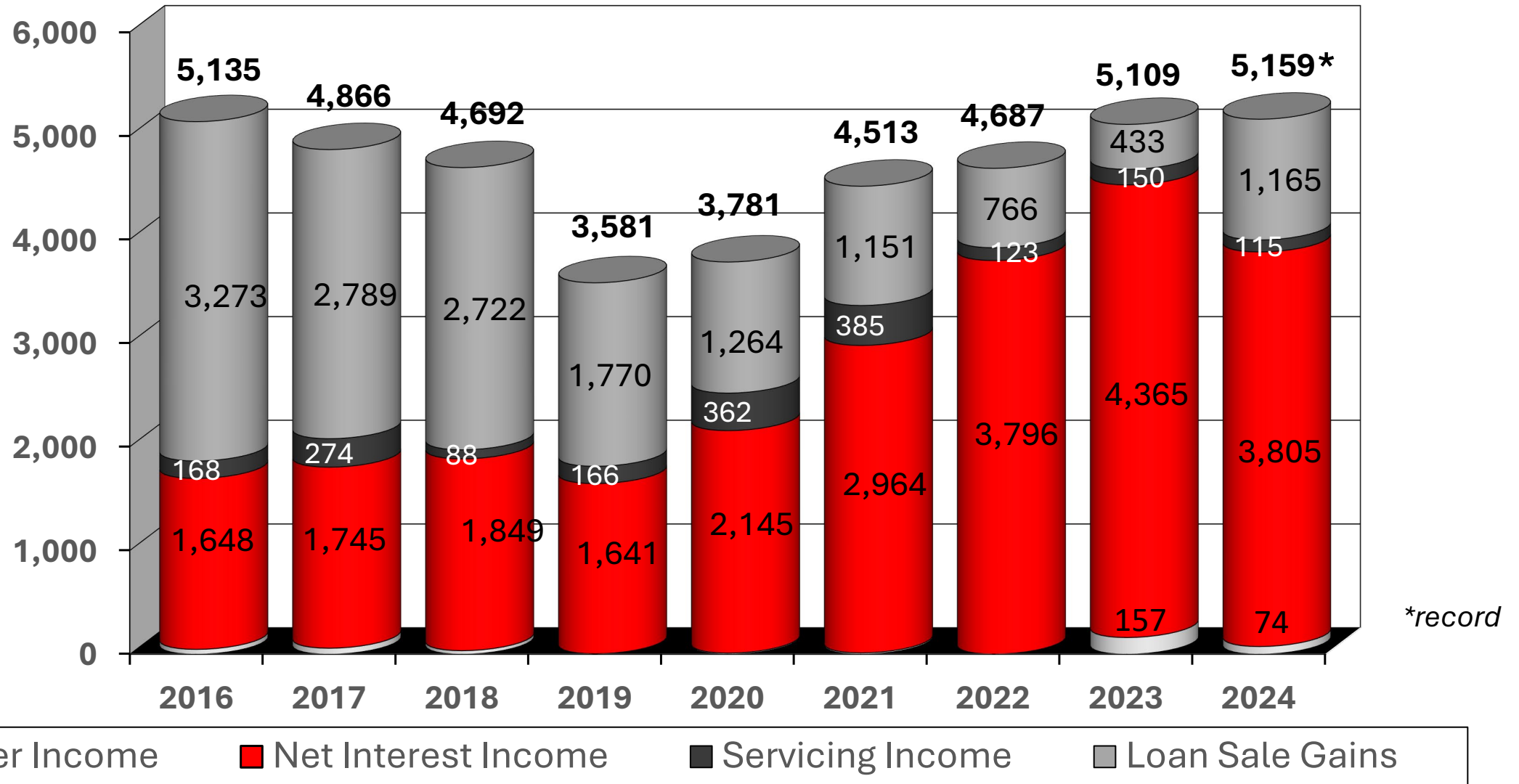
(In thousands)



	2020	2021	2022	2023	2024
Total Loans Closed	\$88,521	\$68,304	\$72,769	\$63,229	\$71,029
Loans Sold	\$57,187	\$51,098	\$28,318	\$14,117	\$28,999
% Sold	64.60%	74.81%	38.92%	22.33%	40.83%
Loans Kept	\$31,334	\$17,206	\$44,451	\$49,112	\$42,030
Mortgage Fee Income	\$1,112	\$1,149	\$589	\$325	\$613
Interest Income - Mortgages	\$4,270	\$4,009	\$5,382	\$9,714	\$13,016

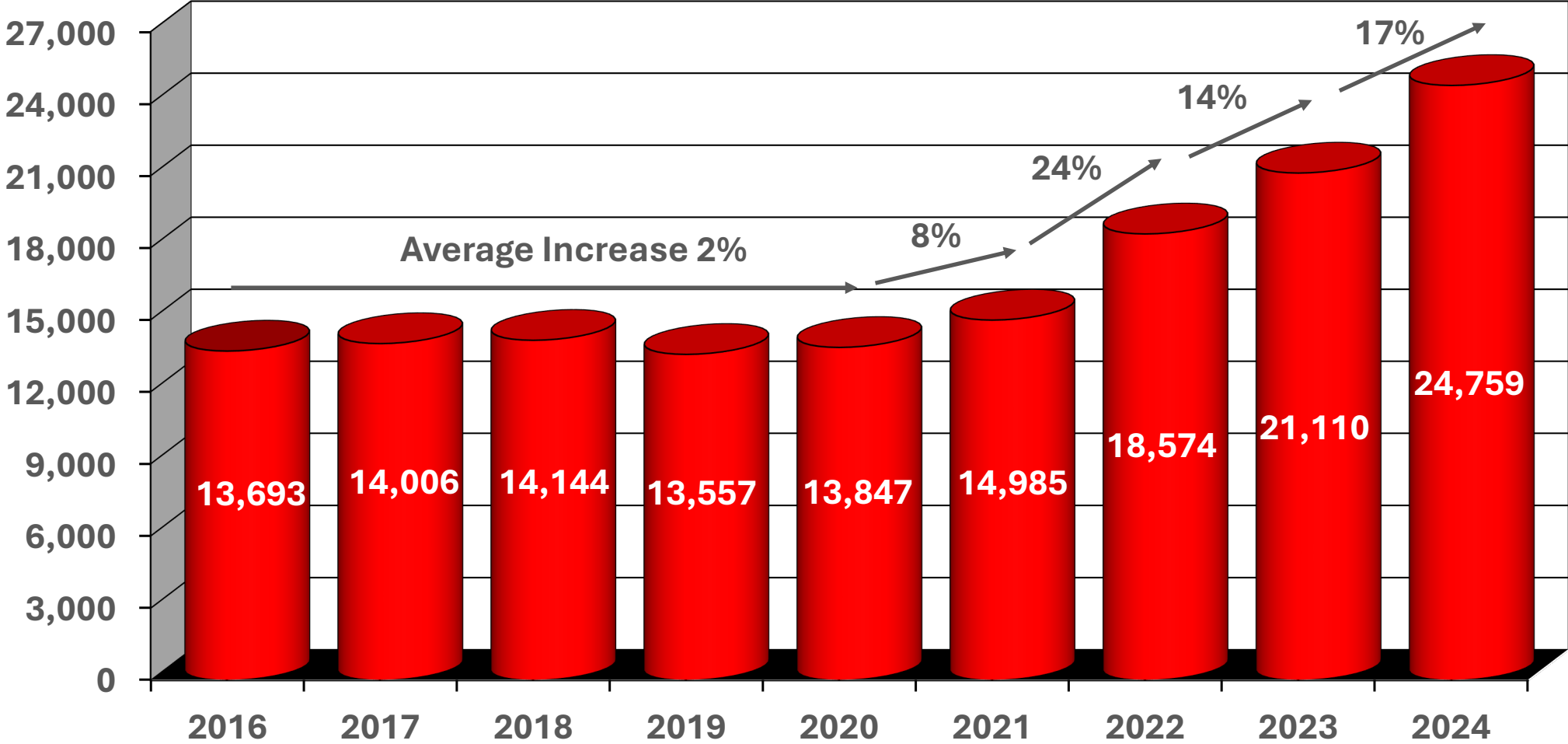
# Small Business Capital Group Revenue

(In thousands)



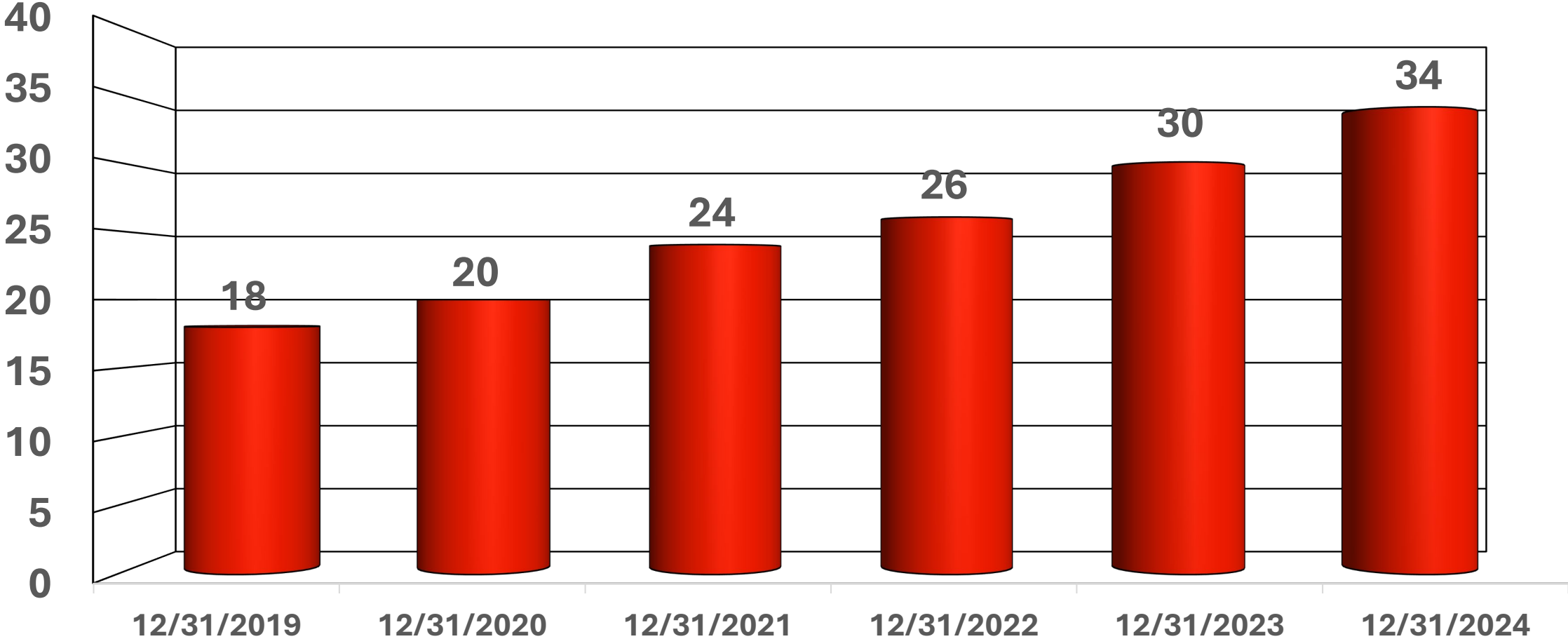
# **NON-INTEREST EXPENSE**

# Non-interest Expense



# Revenue Producers

Relationship Managers and Mortgage Consultants



# Non-interest Expense

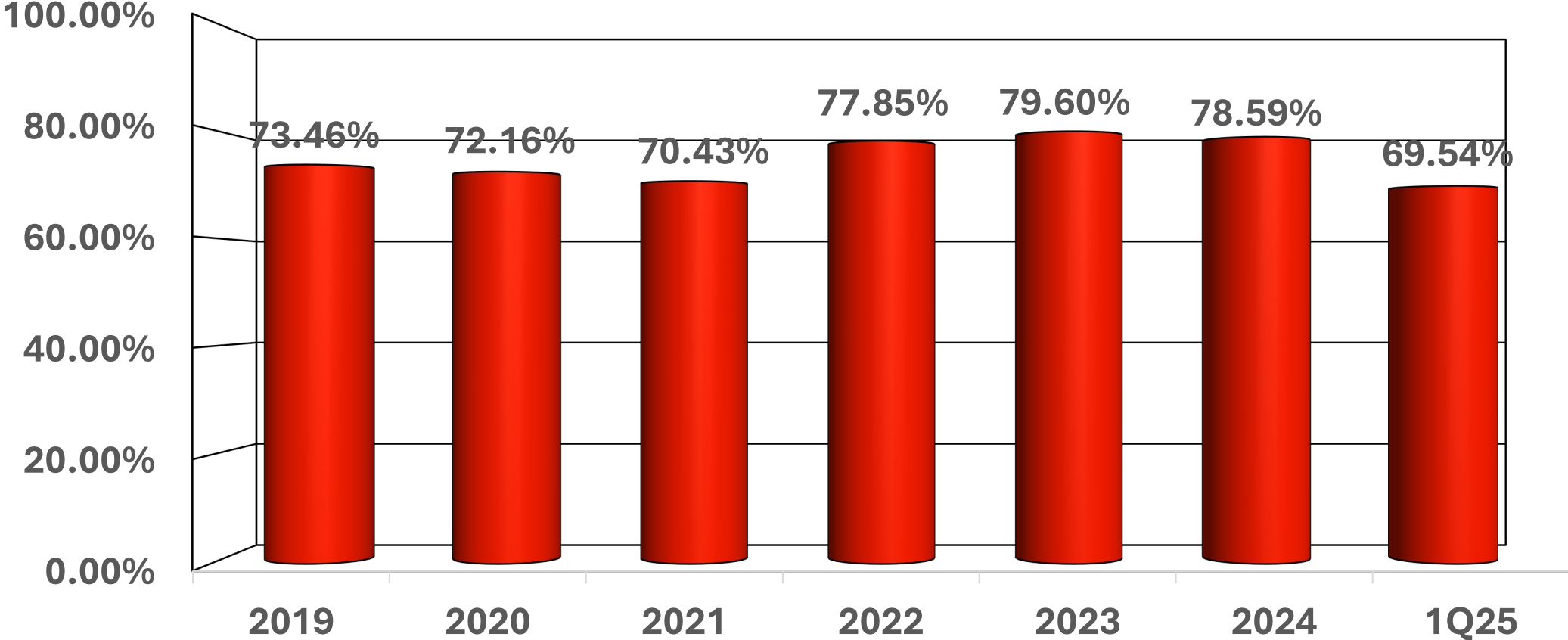
(In thousands)



	<u>2024</u>	<u>2023</u>	<u>\$ Incr</u>	<u>% Incr</u>
Salaries & Benefits	\$16,064	\$13,529	\$2,535	18.73%
Occupancy	3,007	2,396	611	25.48%
Regulatory Assessment	1,141	959	182	19.03%
Data Processing	1,271	1,121	150	13.35%
Other Expenses	3,276	3,104	172	5.53%
<b>Total</b>	<b>\$24,759</b>	<b>\$21,110</b>	<b>\$3,649</b>	<b>17.29%</b>

# Efficiency Ratio

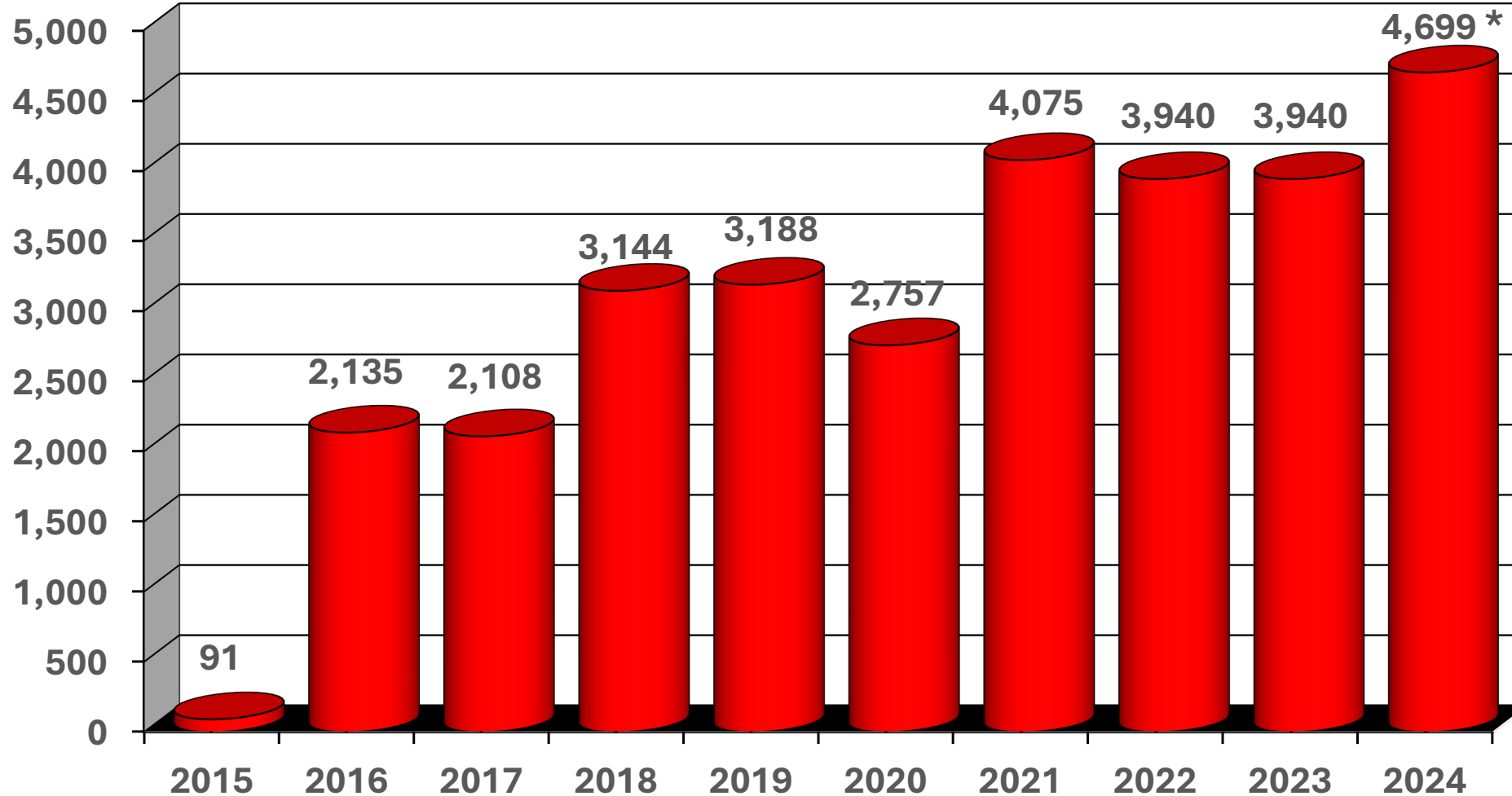
(Expense/Revenue)



**NET INCOME**

# Annual Net Income

(In thousands)



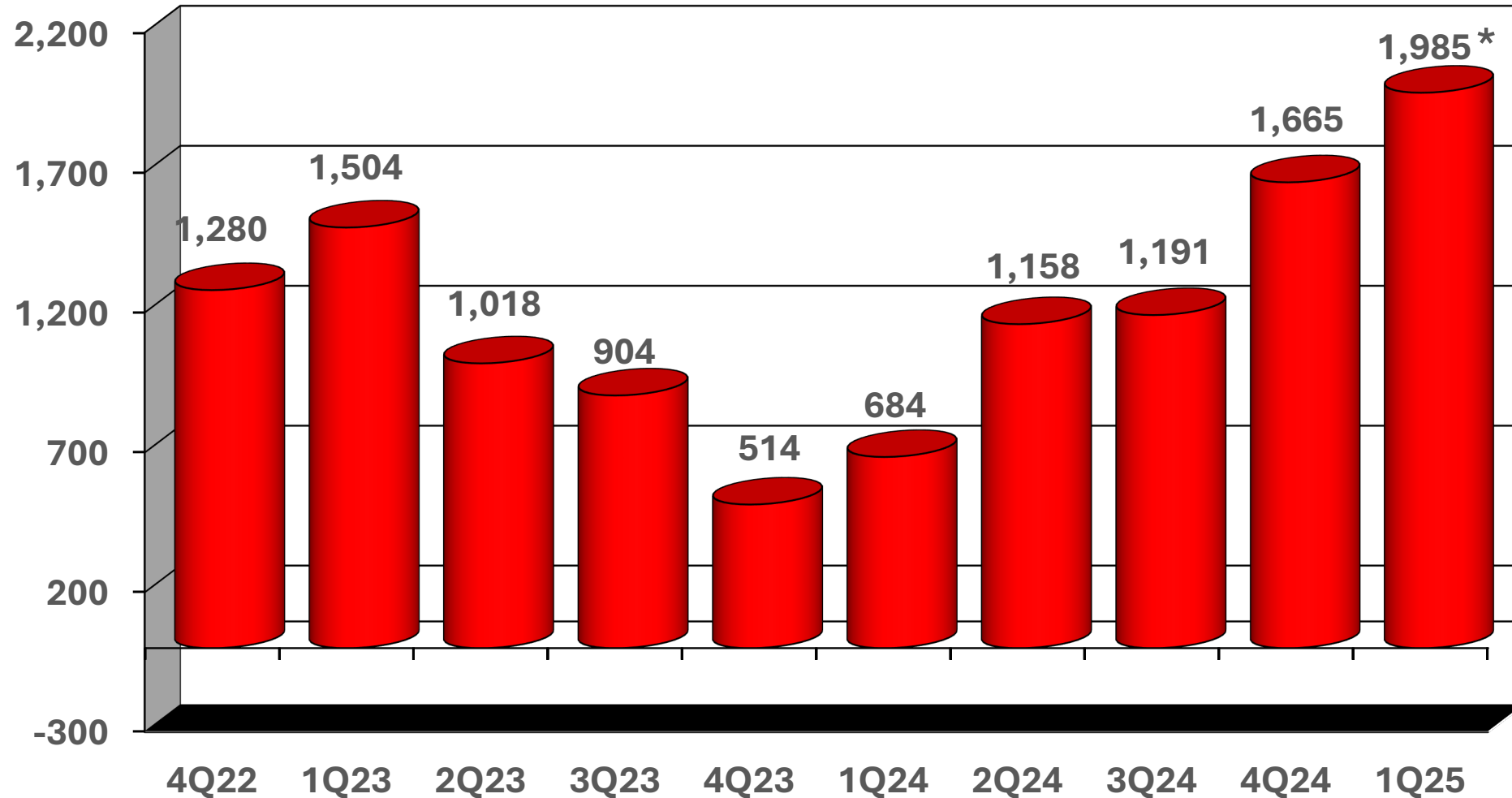
## 2024 Initiatives:

1. First full year in new Atlanta, GA Banking Center
2. First full year in new Oxford, MS Banking Center
3. New Teams in Jackson, TN and Nashville, TN

*\*record*

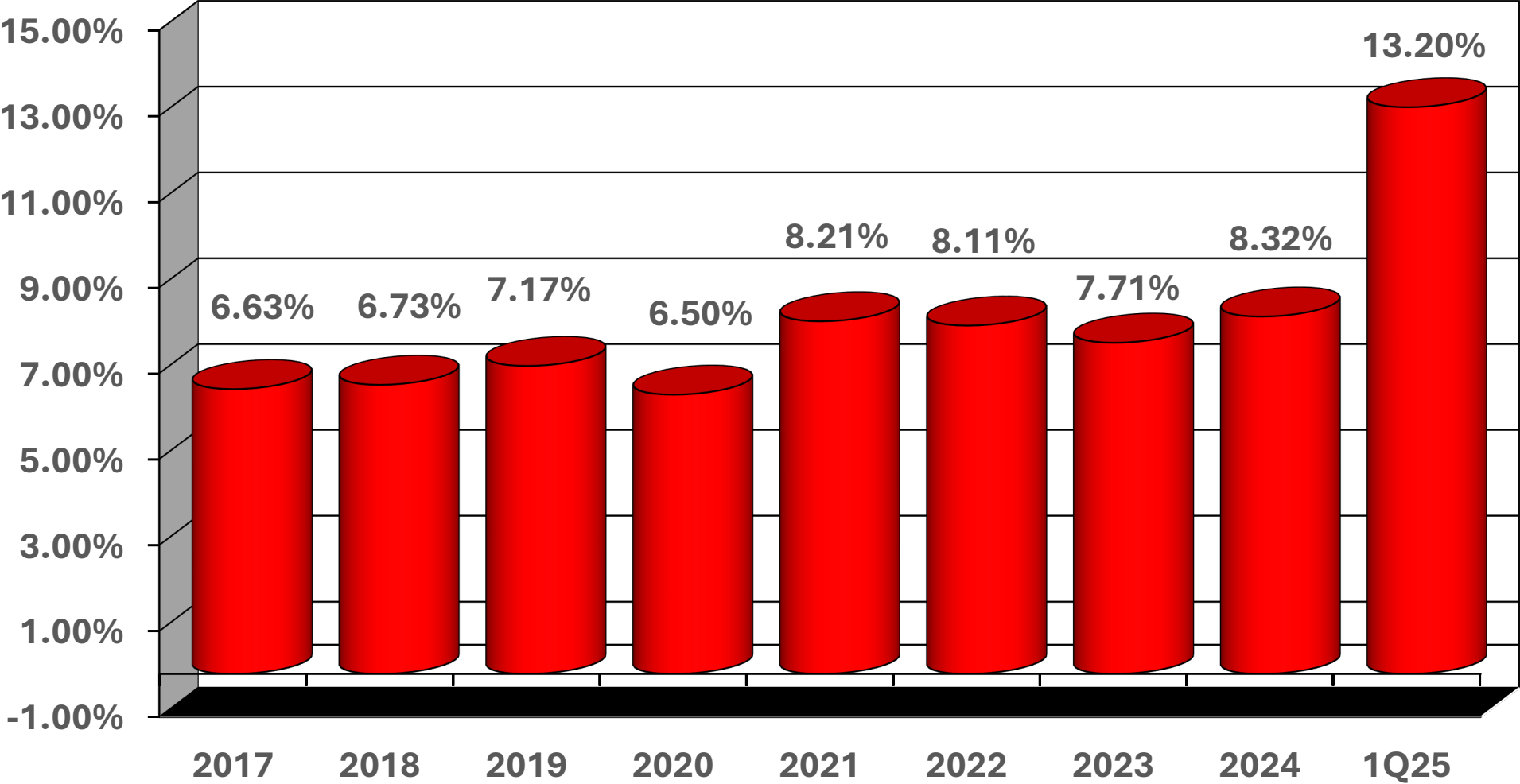
# Quarterly Net Income

(In thousands)

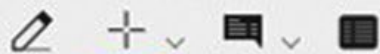


\*record

# Return on Equity



# STOCK TRENDS



1D ▾ Display ▾ Studies ▾ Events ▾ ⚙ ▾

# PGNN

Last: 10.25 ▲ 0 (0.00%)  
Volume: 0

OPEN: 8.75  
CLOSE: 8.75

HIGH: 8.75  
LOW: 8.75

VOL: 0  
DATE: 02/07/2025

PARAGON BK MEMPHIS TENN

+ Compare...

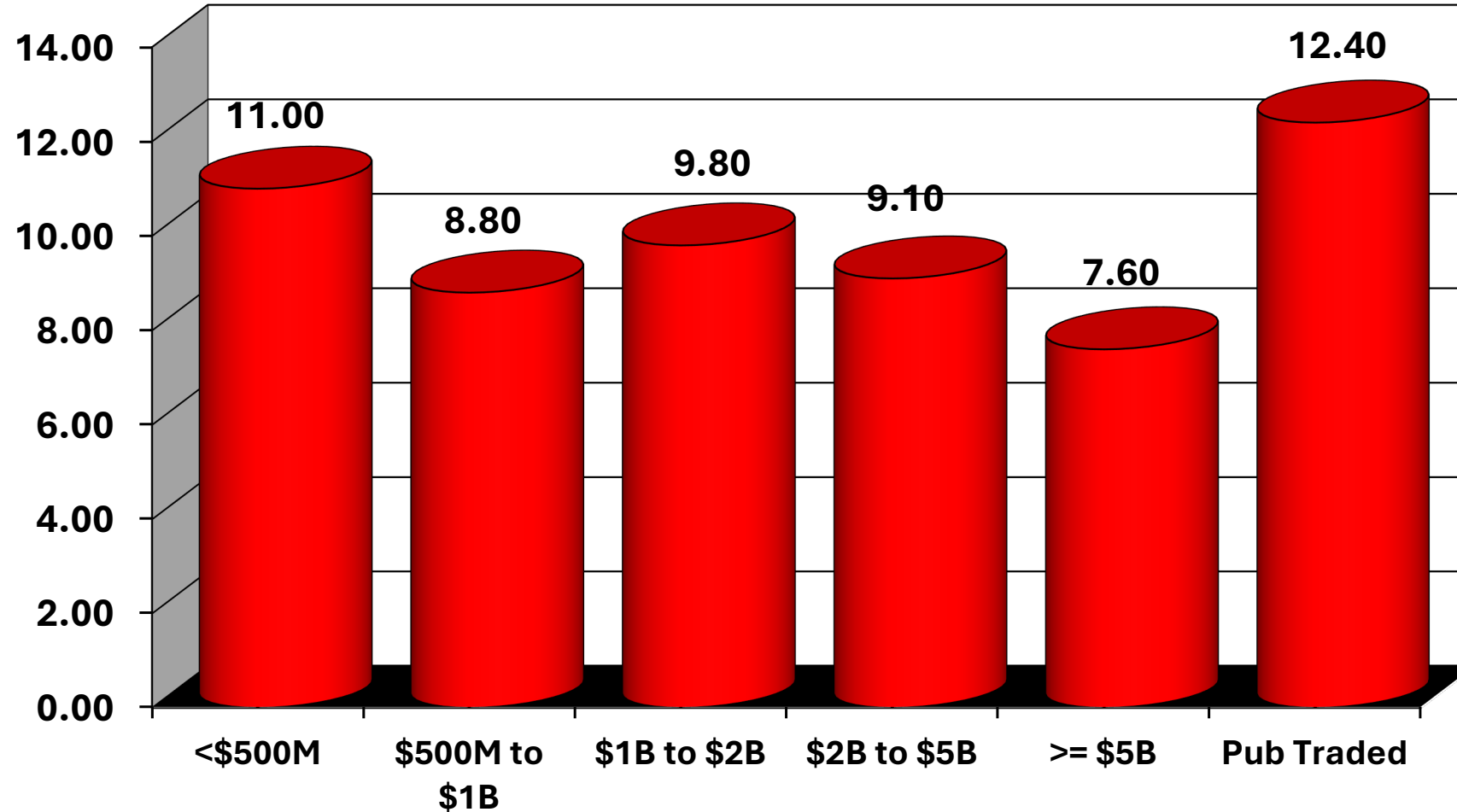


# Price to LTM EPS

OTC and Publicly Traded Banks and Thrifts

Paragon Bank 7.71

5/20/25

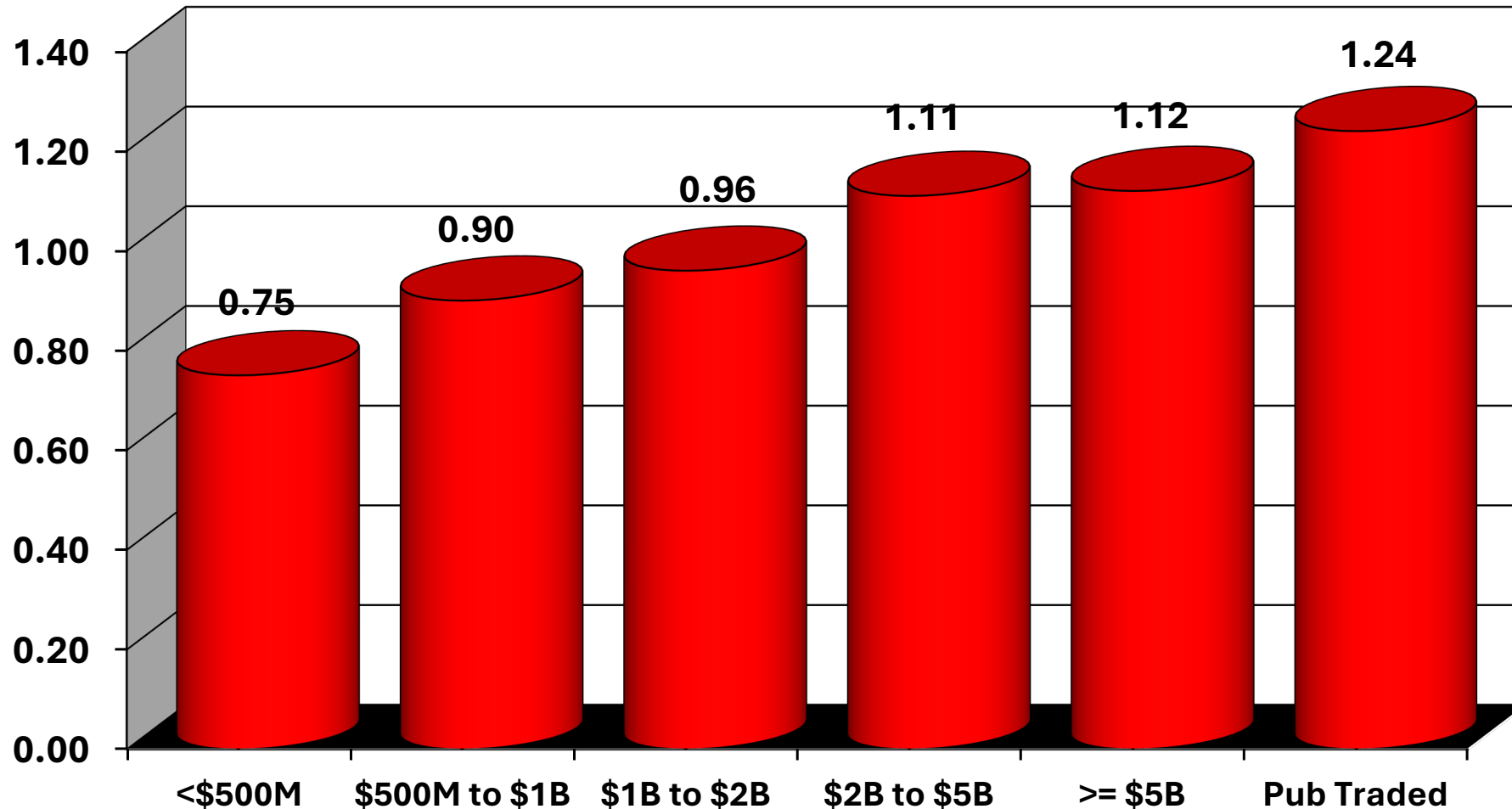


# Price to Tangible Book

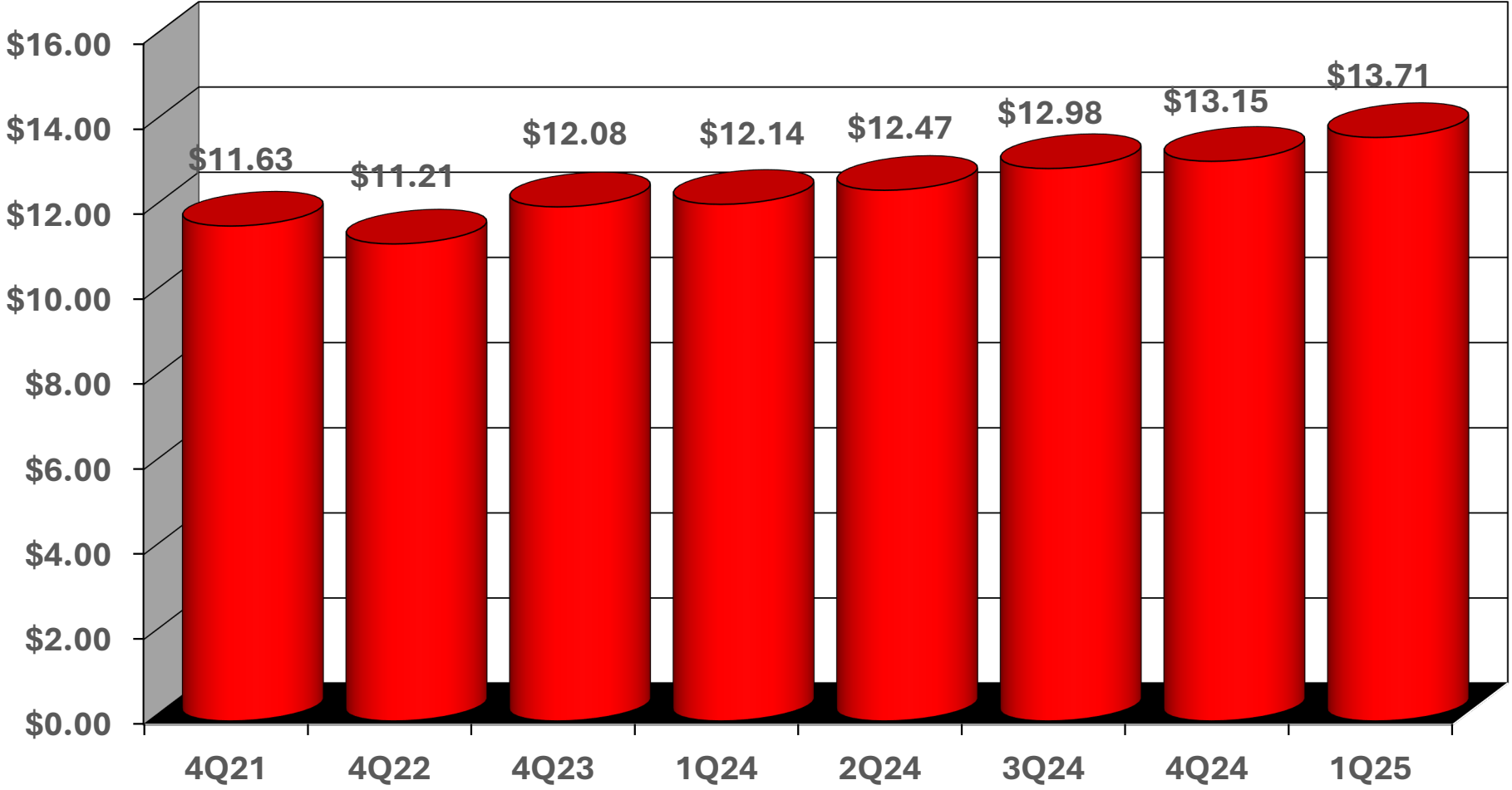
OTC and Publicly Traded Banks and Thrifts

Paragon Bank .75

5/20/25

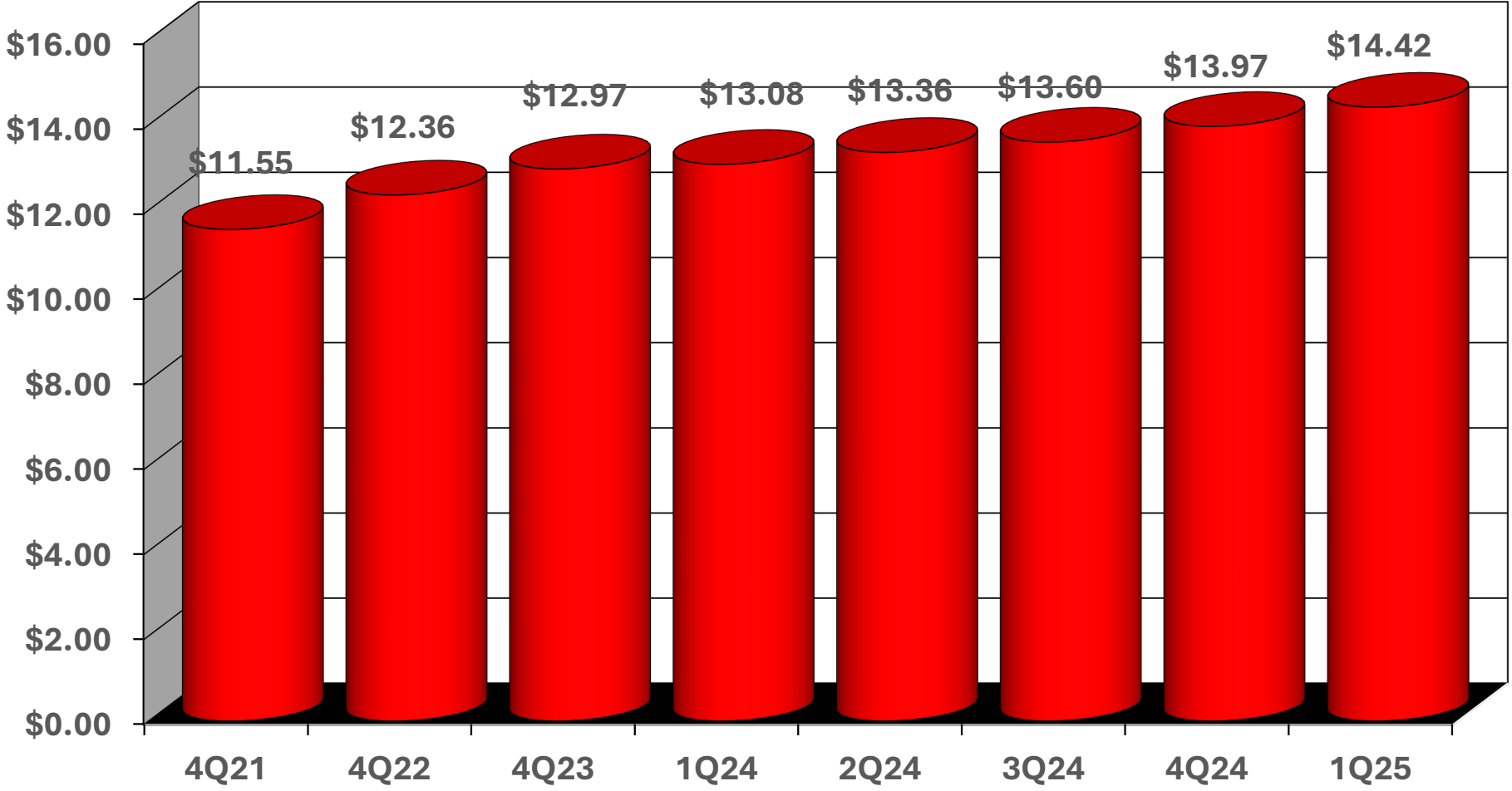


# Book Value



# Book Value

(Excluding gain/loss on investments)



# **SUMMARY AND WRAP UP**

# 2024 Records

- Total Loans
- Total Assets
- Total Core Deposits
- Net Interest Income
- Total Revenue
- Net Income



# 2024 Strategic Priorities



- Continue to grow our deposit base ✓
- Retain liquidity sources ✓
- Continue to make prudent loan decisions ✓
- Maintain healthy levels of capital ✓
- Complete Additional groundwork projects
  - Find a long-term location for our Jackson and Nashville teams ✓
  - Convert our online and mobile banking platform to Banno ✓
  - Introduce a new private banking suite of products ✓

# 2025 Strategic Priorities



- Continue to grow our deposit base
- Retain liquidity sources
- Continue to make prudent loan decisions
- Maintain healthy levels of capital
- Complete remaining groundwork projects
  - Find a long-term location for our Nashville team

# 2025 Strategic Priorities



- Capitalize on the Groundwork for Growth
  - Drive improved profitability by:
    - Increased revenue from growth within existing markets
    - Improving efficiency

**QUESTIONS?**



PARAGON  
FINANCIAL SOLUTIONS

# 2025 Shareholder Meeting

May 22, 2025

