



PARAGON
FINANCIAL SOLUTIONS

2025 Annual Shareholder Meeting

May 21, 2026





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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
- Tim Dries
- James F. Freeman
- Scott 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. Vaughn
- 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 C Directors:

- James F. Freeman, M.D.
- Christian (Chris) John Saenger
- Robert S. Shaw, Jr.
- Tim Dries

VOTE

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

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

Robert Shaw, President and CEO

Lewis Perkins, EVP and CFO



The Foundations

Culture

Trifecta: **Eight** Years in a Row!



Ranked the #3 Bank in the U.S.!



2025	#3 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.



3: Paragon Bank

Memphis, Tennessee

Assets: \$865.2 million

President and CEO: Robert Shaw Jr.

No. of U.S. employees: 121

Team Culture Recognition

Historical Awards



American Banker Best Banks To Work For

2025	#3 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.

Tennessee Psychological Association Psychologically Healthy Workplace Award

2014	
------	--

Germantown Chamber of Commerce - Culture Creator Award

2023	
------	--

Memphis Business Journal Best Places to Work

2025	Finalist
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

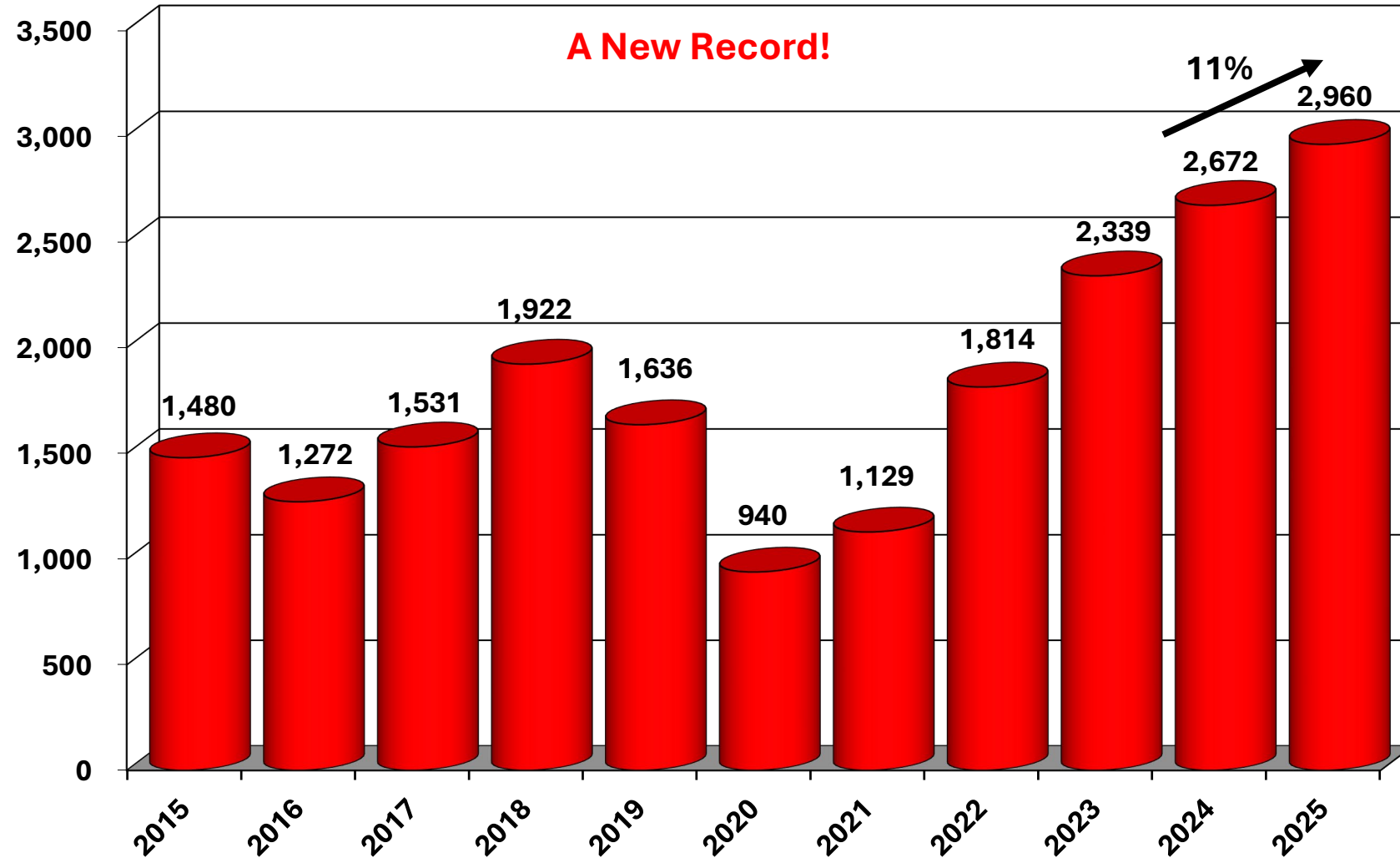
2025	Finalist
2024	Finalist
2023	Finalist
2022	Finalist
2021	Finalist
2020	Finalist
2019	Finalist
2018	Third Place
2017	Finalist
2016	Finalist

Top Workplaces Special Award 2026

Clued in Senior Management

Commitment to our Communities

Number of ACTS Hours by Year



ACTS

Assisting the Community Through Service



Paragon Bank

119

Organizations served in all 5 markets

Up **33.7%** in 2024

99%

Team Paragon served a community shift in 2025

Up from 96% in 2024

2,960*

Total number of ACTS hours served in 2025

Up from 2,672 in 2024

25

Average number of hours served by each team member

Up from 23 in 2024

***A new service record!**

22,729 total number of ACTS hours served since the inception of the program in 2008

Our 20th
Wish!



**WISH
GRANTED**
Make A Wish
MID-SOUTH

Harvesting the Results of our Groundwork



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Strategic Priorities

2025 Strategic Priorities



- Continue to grow our deposit base ✓
- Retain liquidity sources ✓
- Continue to make prudent loan decisions ✓
- Maintain healthy levels of capital

Maintain Healthy Levels of Capital



- Paragon's holding company loan, which serves as a source of bank capital, was increased from \$10 million to \$15 million.
- Due to improved profits, the holding company loan has been paid down by \$3 million to a balance of approximately \$4.3 million
- The undrawn portion of the loan is available to be advanced and invested in Paragon Bank to support Paragon's future growth

2025 Strategic Priorities



- Continue to grow our deposit base ✓
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- Maintain healthy levels of capital ✓
- Complete remaining groundwork projects
- Complete and open Jackson Banking Center



Jackson TN Grand Opening

August 31, 2025



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
 - Complete and open Jackson Banking Center ✓
 - Find a long-term location for our Nashville team

2025 Strategic Priorities



- Maintain focus on Paragon's Compliance Management System ✓
- Evaluate becoming a Federal Reserve Bank member

2025 Strategic Priorities



- Maintain focus on Paragon's Compliance Management System ✓
- Evaluate becoming a Federal Reserve Bank member ✓
- Increase awareness of Paragon's stock value

Enhancing Shareholder Relations



- In addition to our shareholder letter, sending out quarterly press releases to local media firms
- Have been making contact with investment advisors and investment bankers to tell Paragon's story
- Meeting with existing shareholders to tell Paragon's story

2025 Strategic Priorities



- Maintain focus on Paragon's Compliance Management System ✓
- Evaluate becoming a Federal Reserve Bank member ✓
- Increase awareness of Paragon's stock value ✓
- Capitalize on the Groundwork for Growth
 - Drive improved profitability by:
 - Increased revenue from growth within existing markets ✓
 - Improving efficiency



Improving Efficiency

- Reviewed Paragon's credit process
- Outsourced mortgage loan processing
- Outsourced Paragon's core data processing system
- Streamlined internal bank communication
- Outsourced Paragon annual meeting shareholder communication

Credit Process Review



- Reynolds Williams Group conducted credit process review
 - Recommended changes related to the loan portfolio to improve the organization, consistency, and effectiveness of the credit approval process and portfolio management and administration
- A new Credit Approval Transmittal (CAT) sheet was devised
- The loan covenant monitoring process and annual review process were improved

Outsourced Mortgage Loan Servicing



- Outsourced to Dovenmuehle Mortgage, Inc. (DMI) a leading U.S. mortgage subservicing firm
- Fully services 1-4 family mortgage loans including payment processing, escrow servicing, 1099 reporting
- Handles customer communication reporting and mailing of monthly statements
- Handles past due accounts including foreclosure and/or bankruptcy
- Handles payoff processing and the release of mortgage documents



Outsourced Paragon's Core Data Processing System

- Jack Henry 20/20 was moved from onsite to the cloud
- Processes transferred to Jack Henry include:
 - Nightly processing
 - Statement printing and mailing

Streamlining and Improving Internal Communication



- During the first quarter of 2026, Paragon unveiled a new intranet site – Paragon Connect – a One-Stop Shop for:
 - Company news
 - Master calendar
 - Department pages
 - Forms and templates
 - Policies and procedures

Outsourcing Annual Shareholder Meeting Communications



- ClearTrust handled Paragon's shareholder proxies and shareholder meeting administration
- They communicated with DTC (Depository Trust Company)
- They distributed proxies
- They tallied the votes
- They are hosting this meeting for those online

2025 Strategic Priorities



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 - Increased revenue from growth within existing markets ✓
 - Improving efficiency ✓

Harvesting the Results of our Groundwork



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Financial Results

Deposits

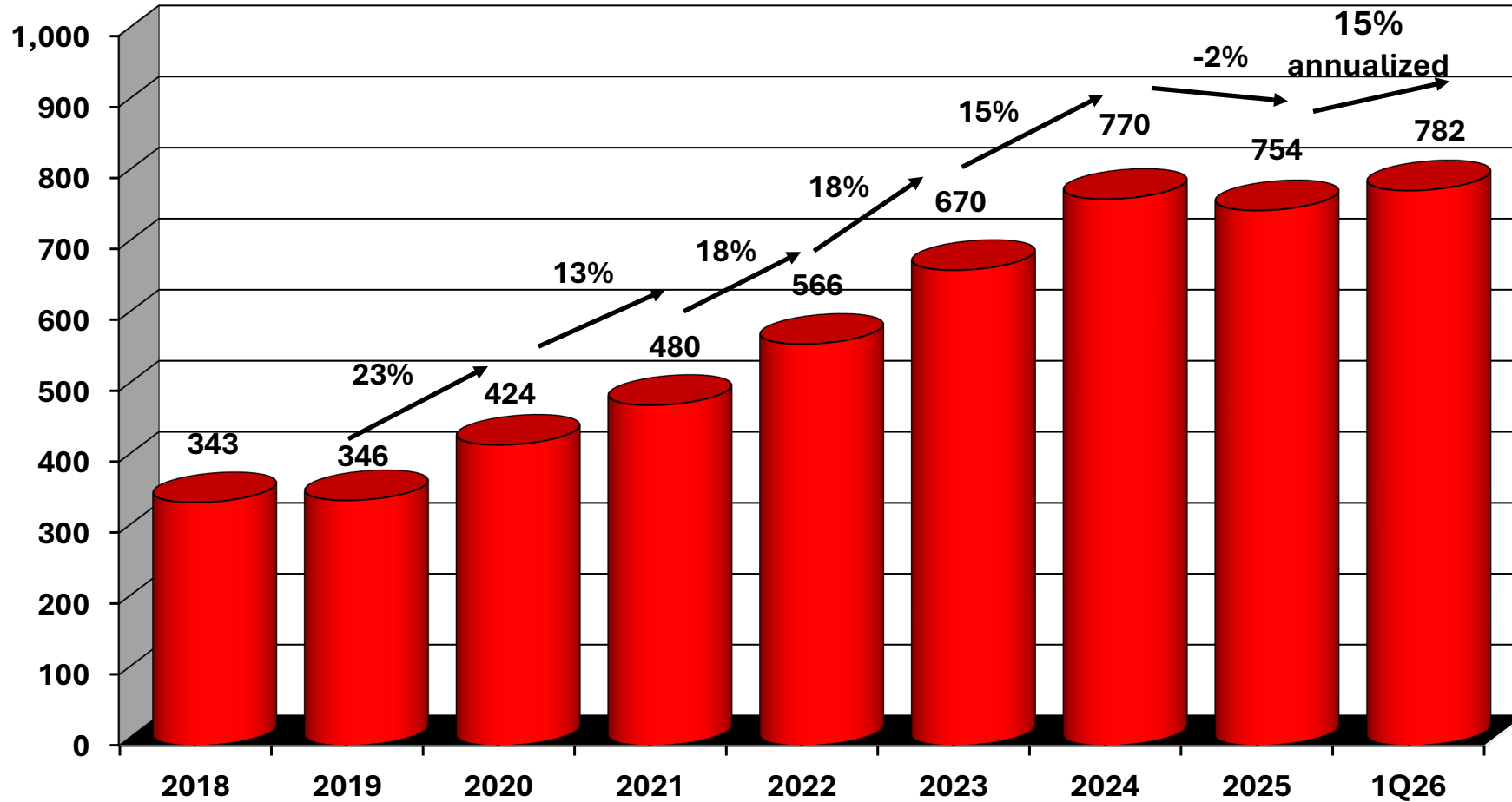
Total Deposits

(end of period in millions)

Deposits! Deposits! Deposits!

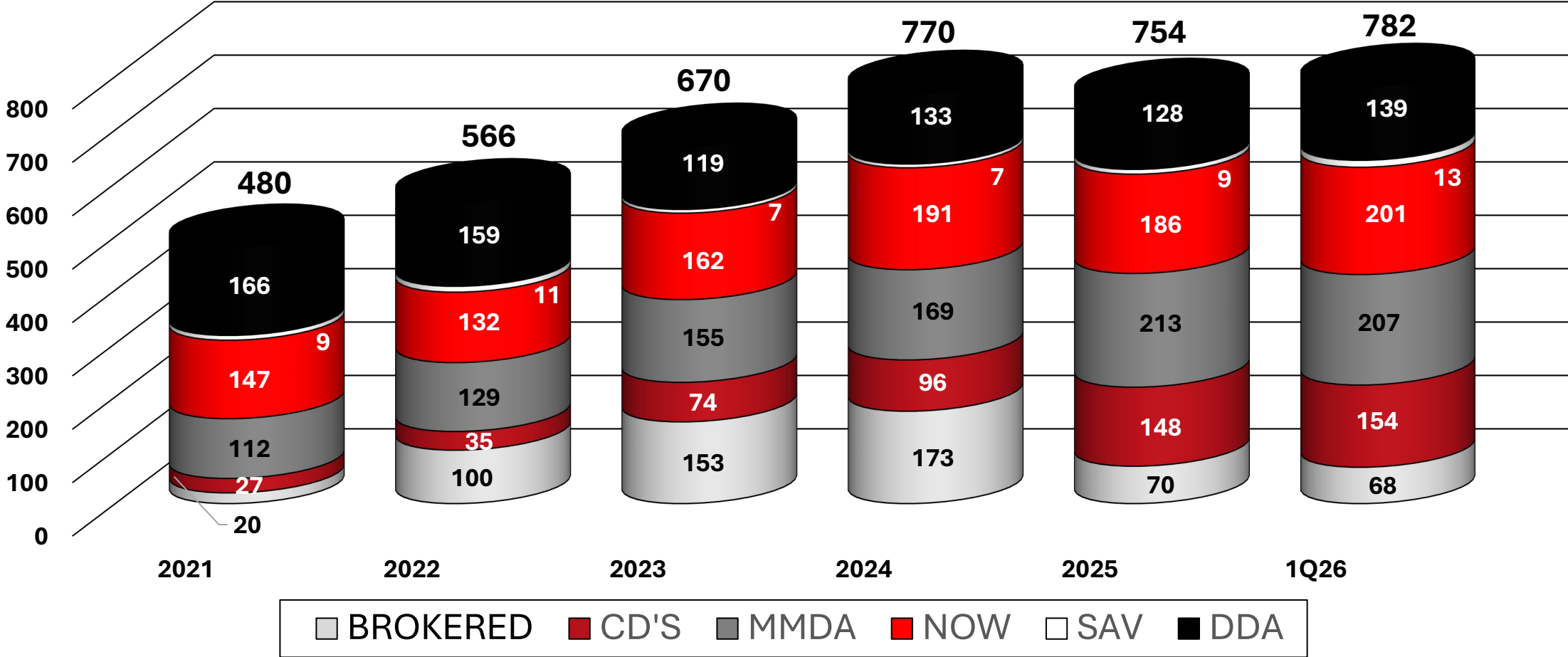


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Deposit Mix

(end of period in millions)

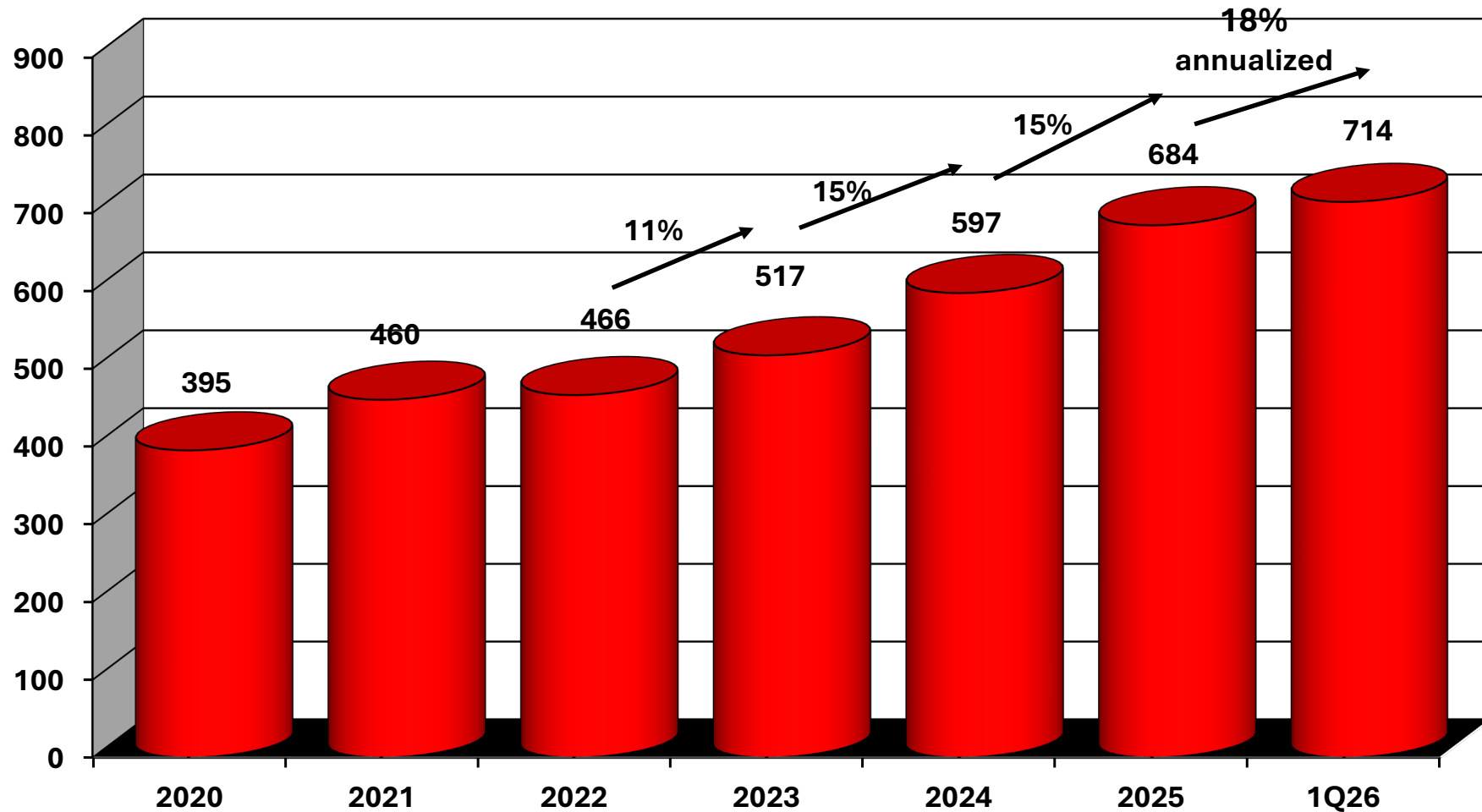


Core Deposits

(end of period in millions)

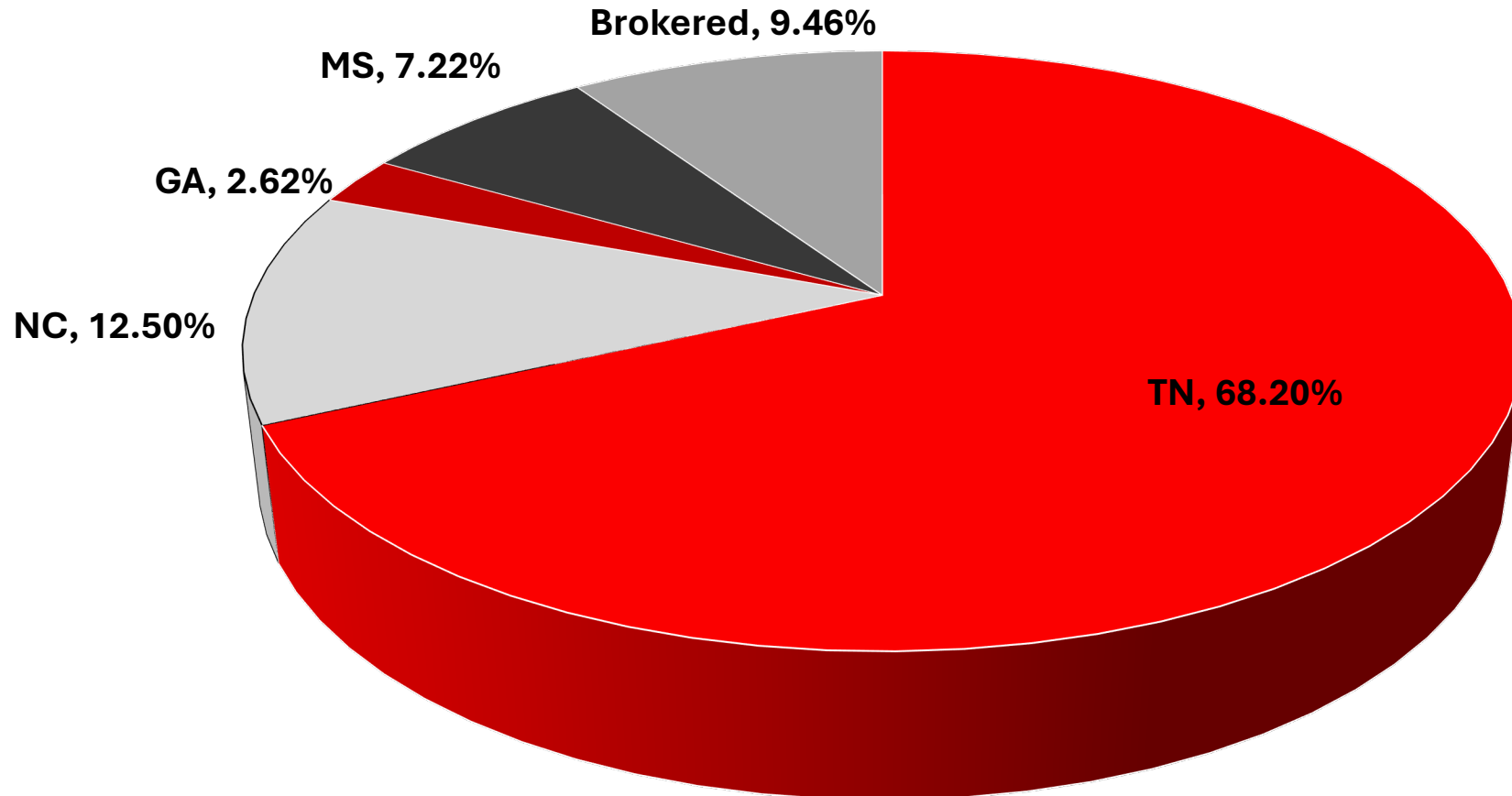


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Core Deposits by State

(As of March 31, 2026)

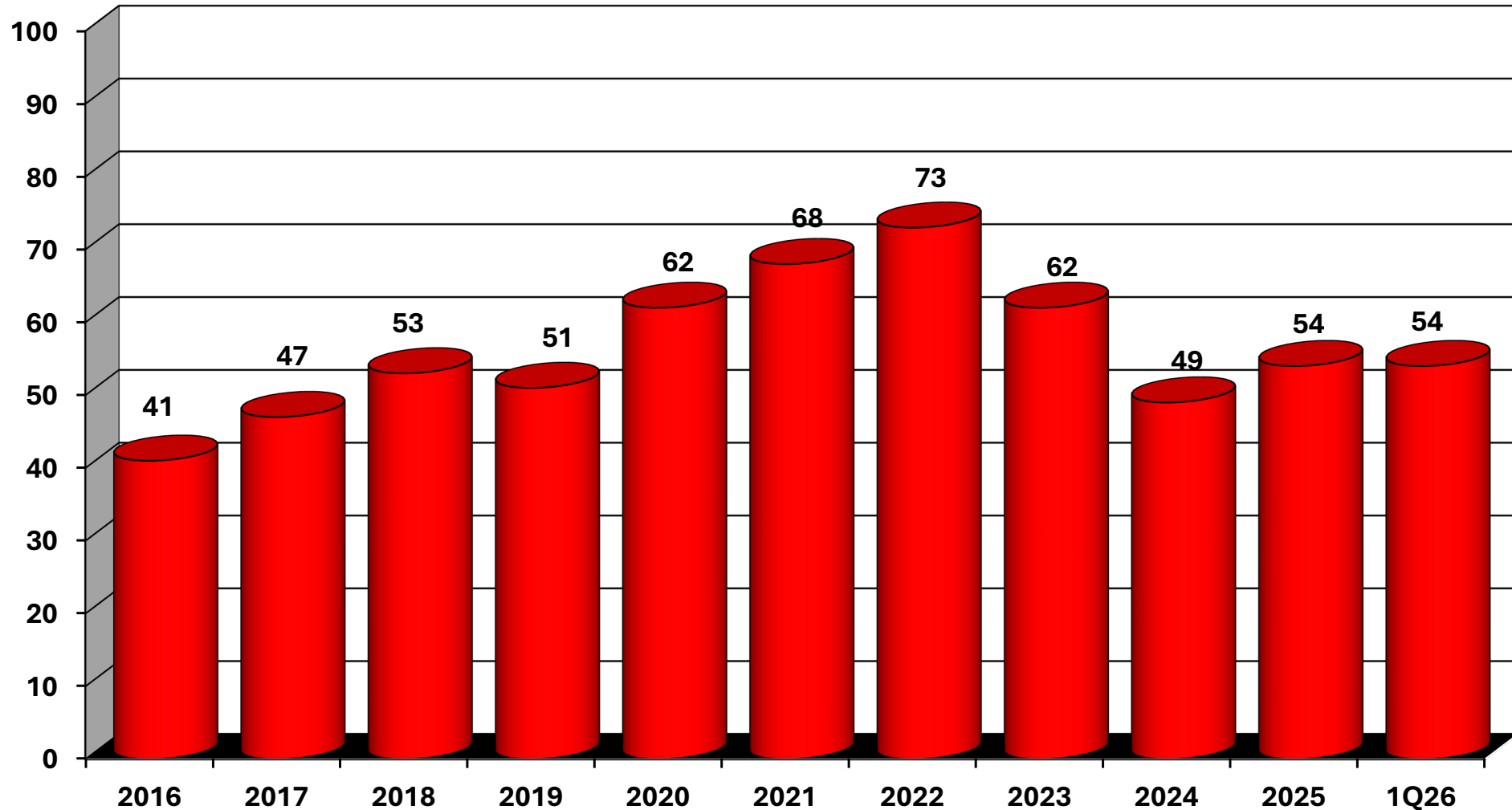


Investments

Total Investments

(End of period, in millions)

Average Life 4.7 Years

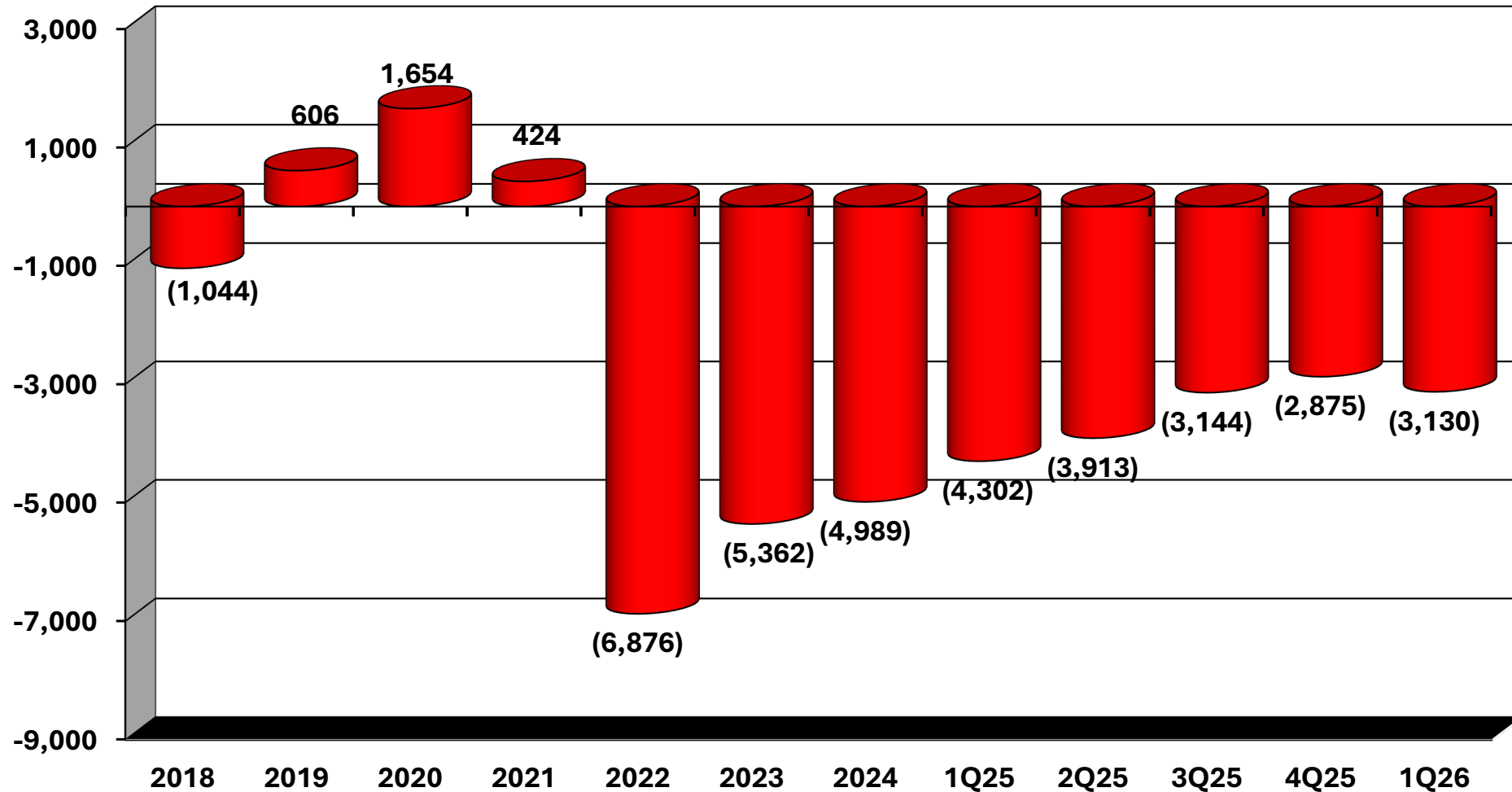


Pre-Tax Unrealized Gain/(Loss) on Investments

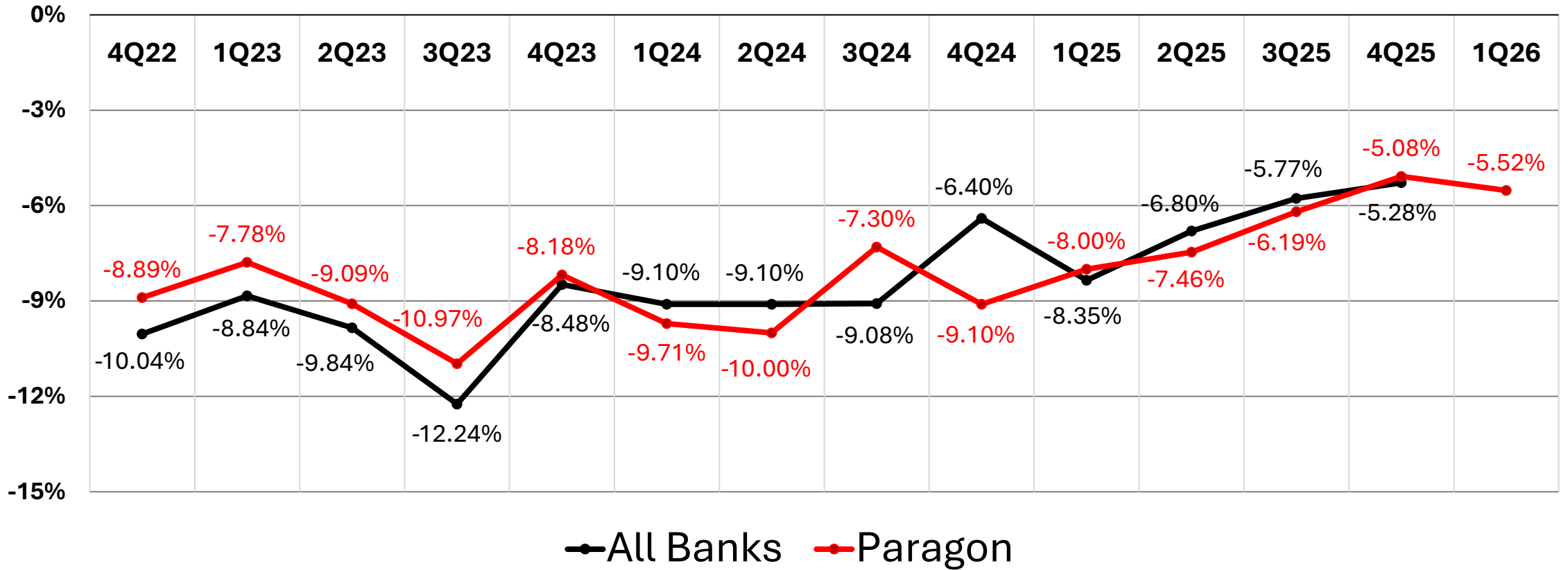
(In thousands)



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Percentage Gain/(Loss) on Investment Portfolio



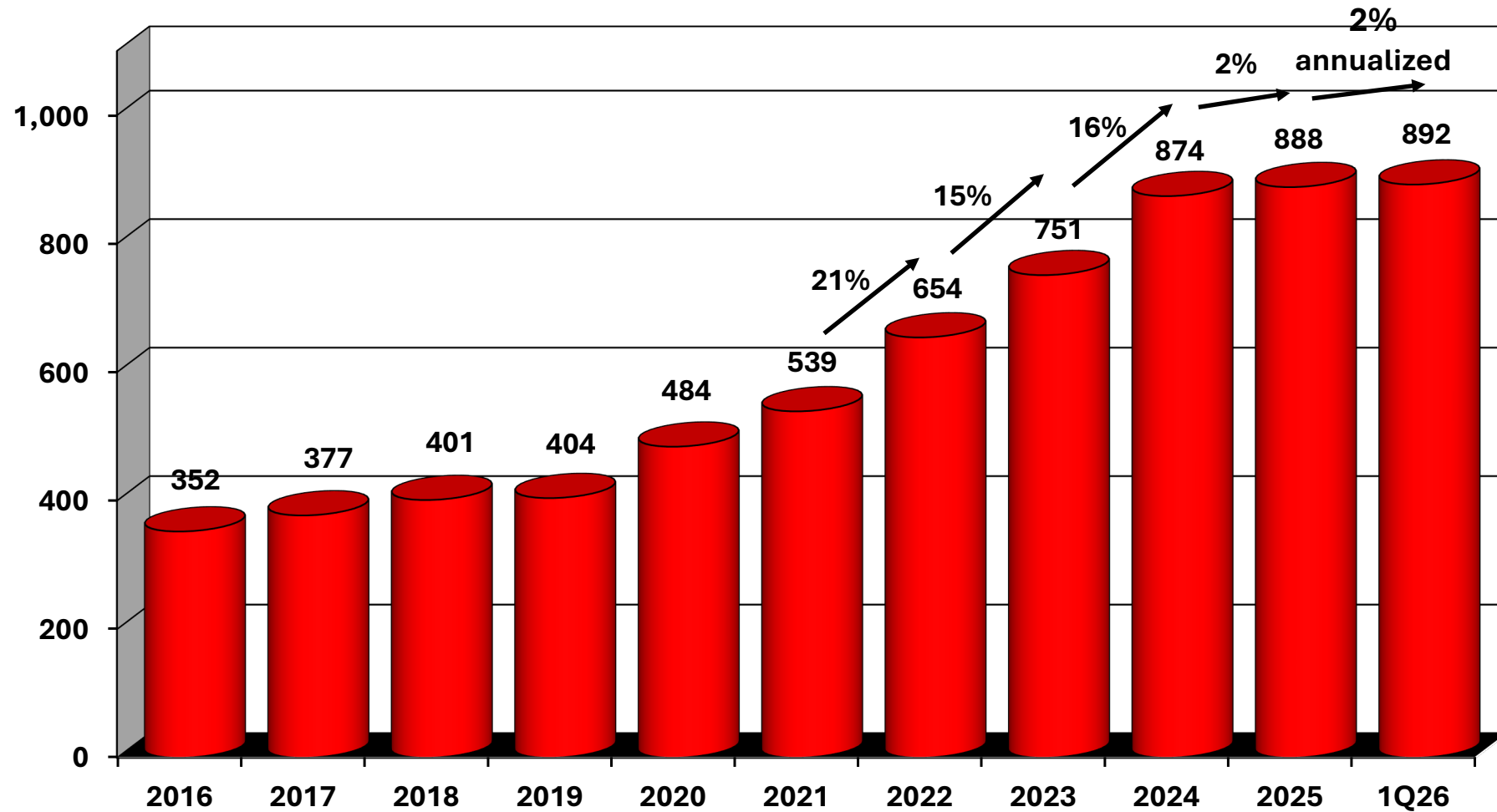
Asset Trends

Total Assets

(End of period, in millions)



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Total Loans

(End of period, in millions)

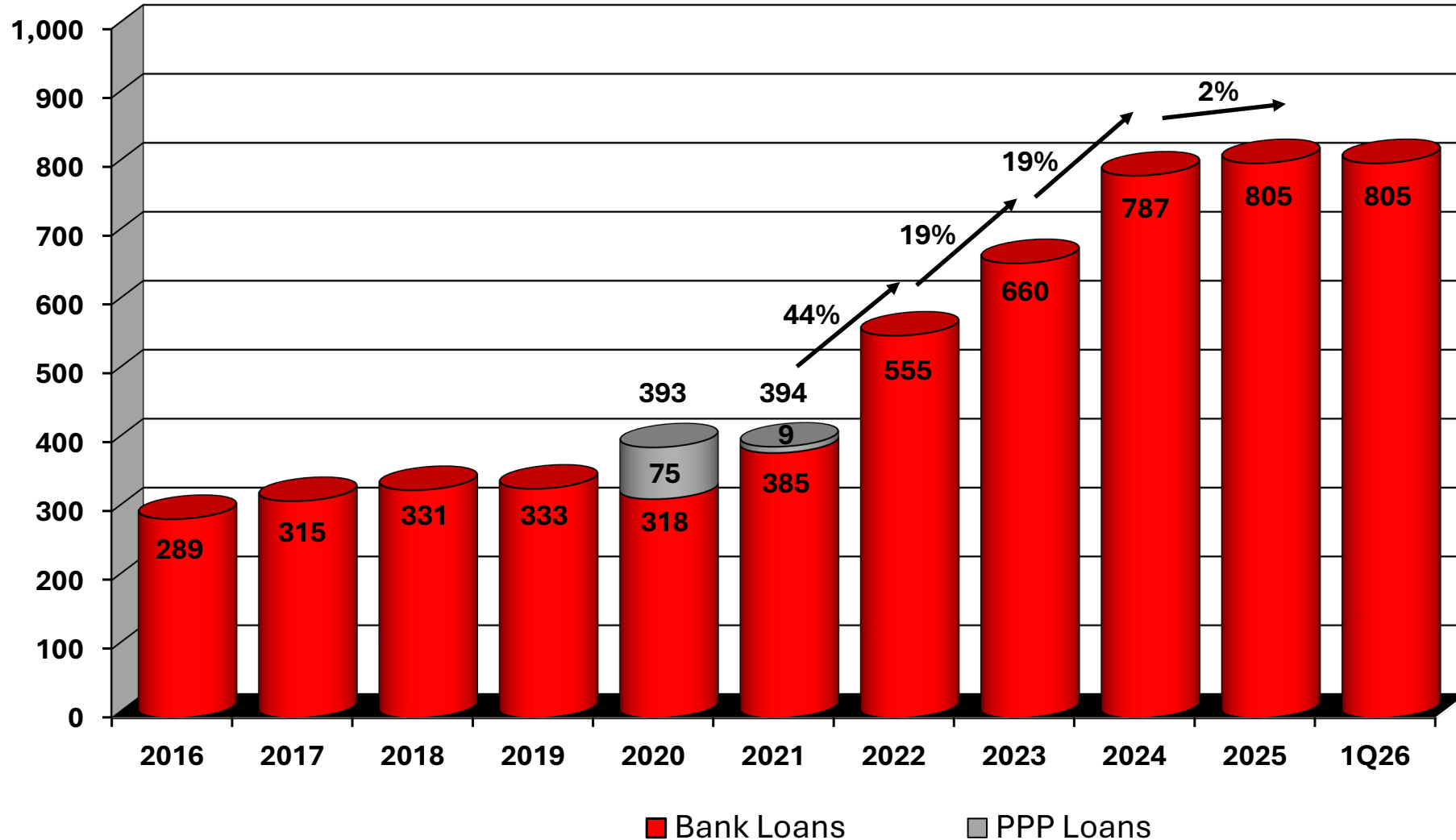
2025 Loan Growth:

UBPR Peers 6.29%

Local Peers 4.73%



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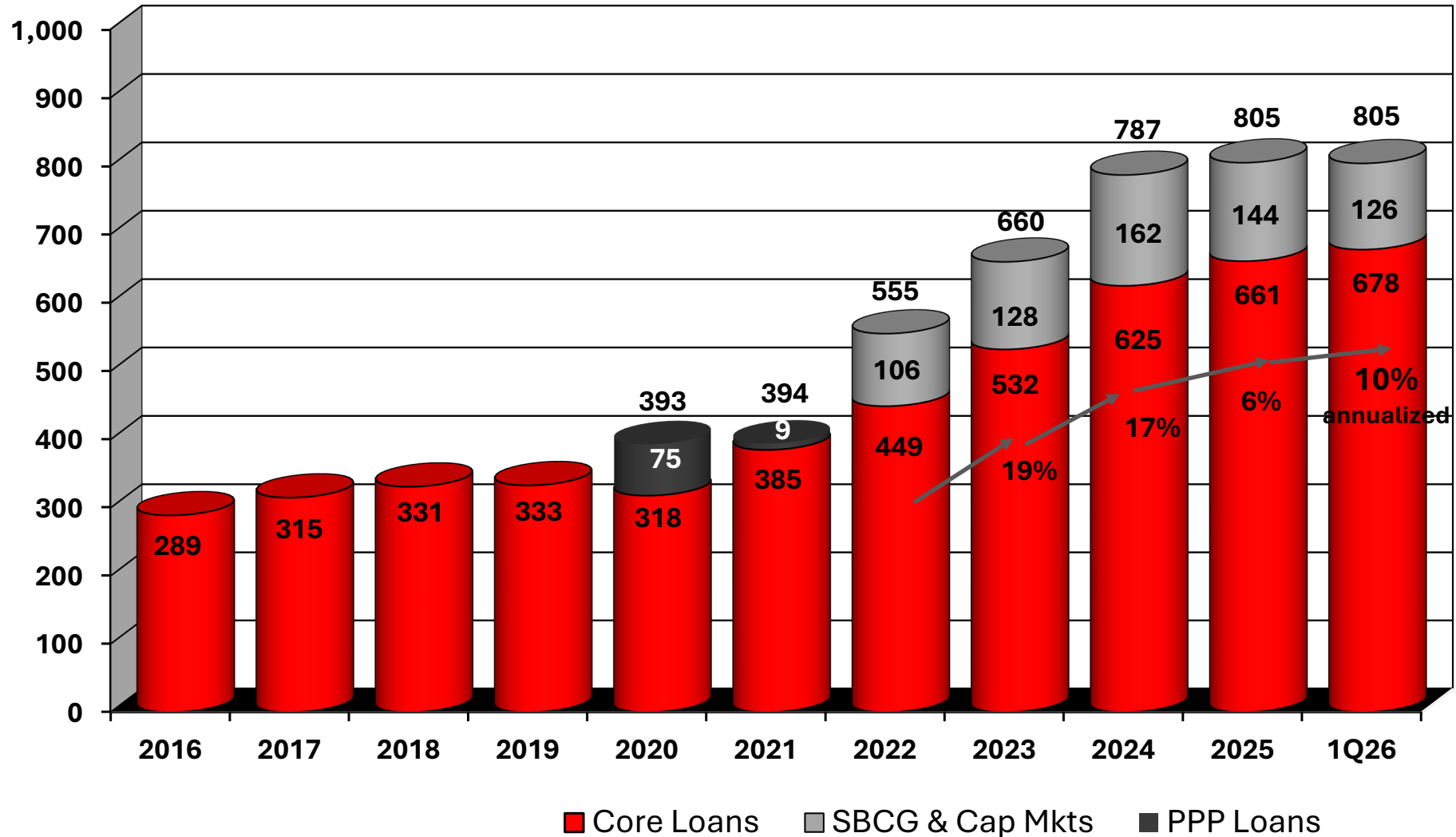


Total Loans

(End of period, in millions)

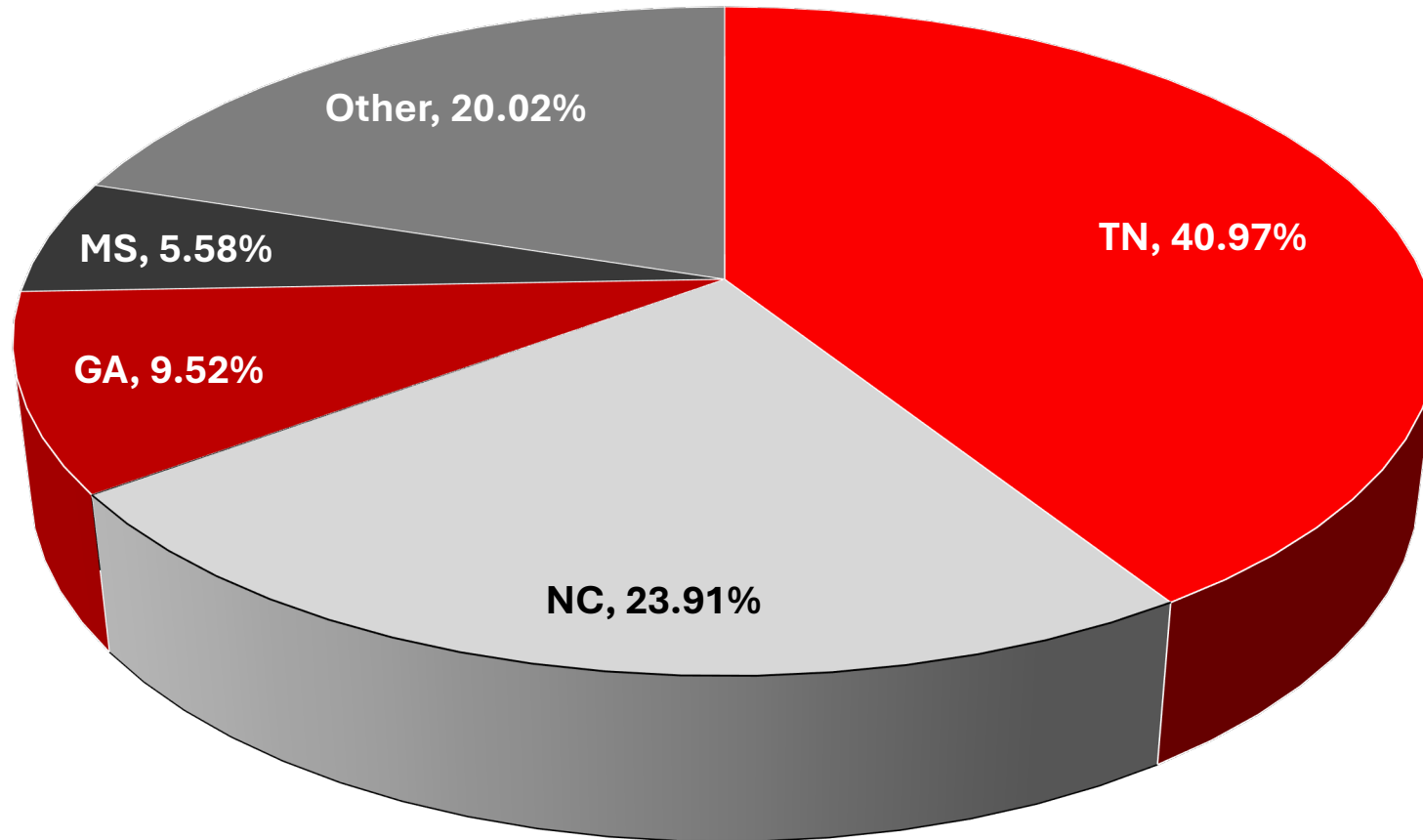
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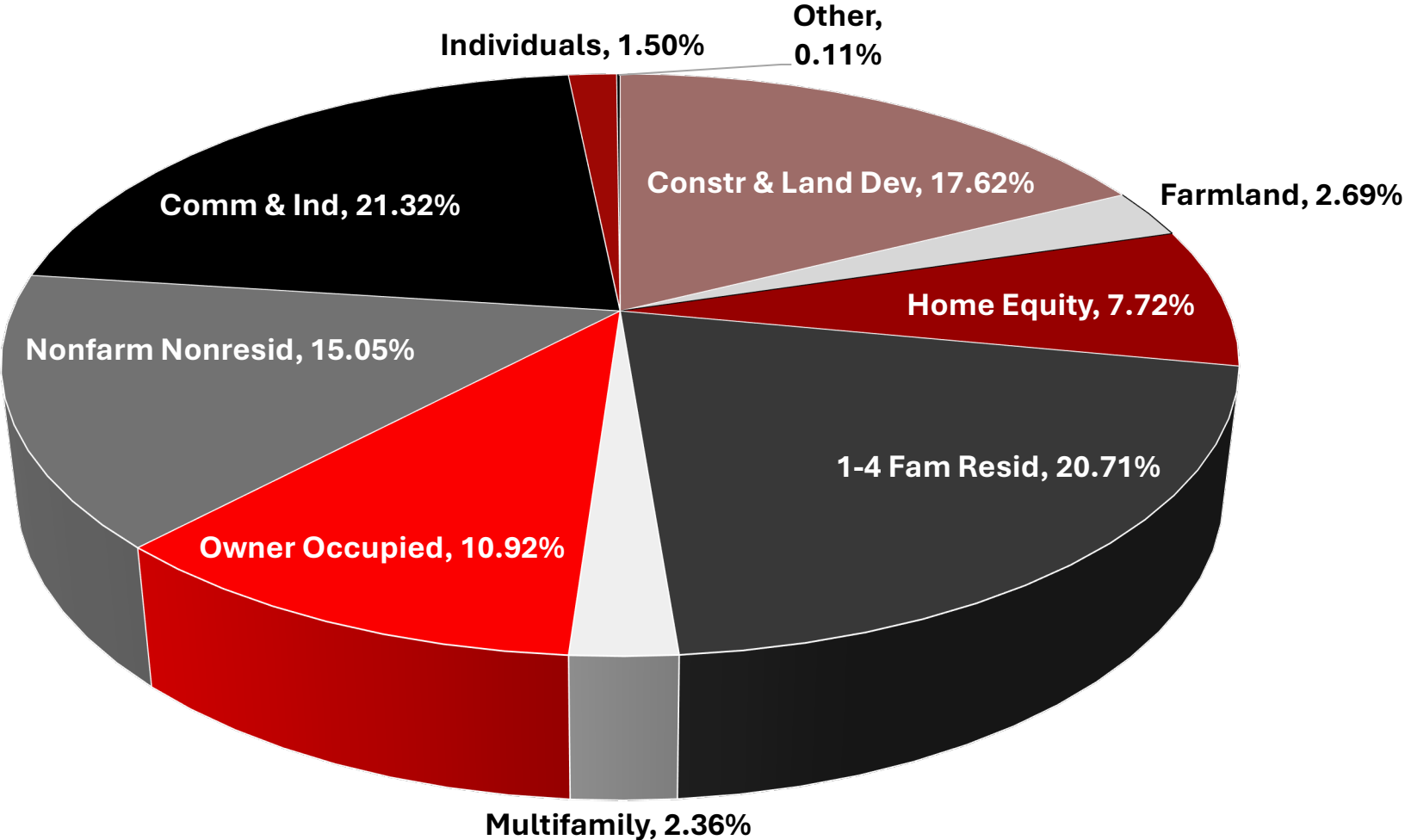
Loans by State

(As of March 31, 2026)



Loan Mix

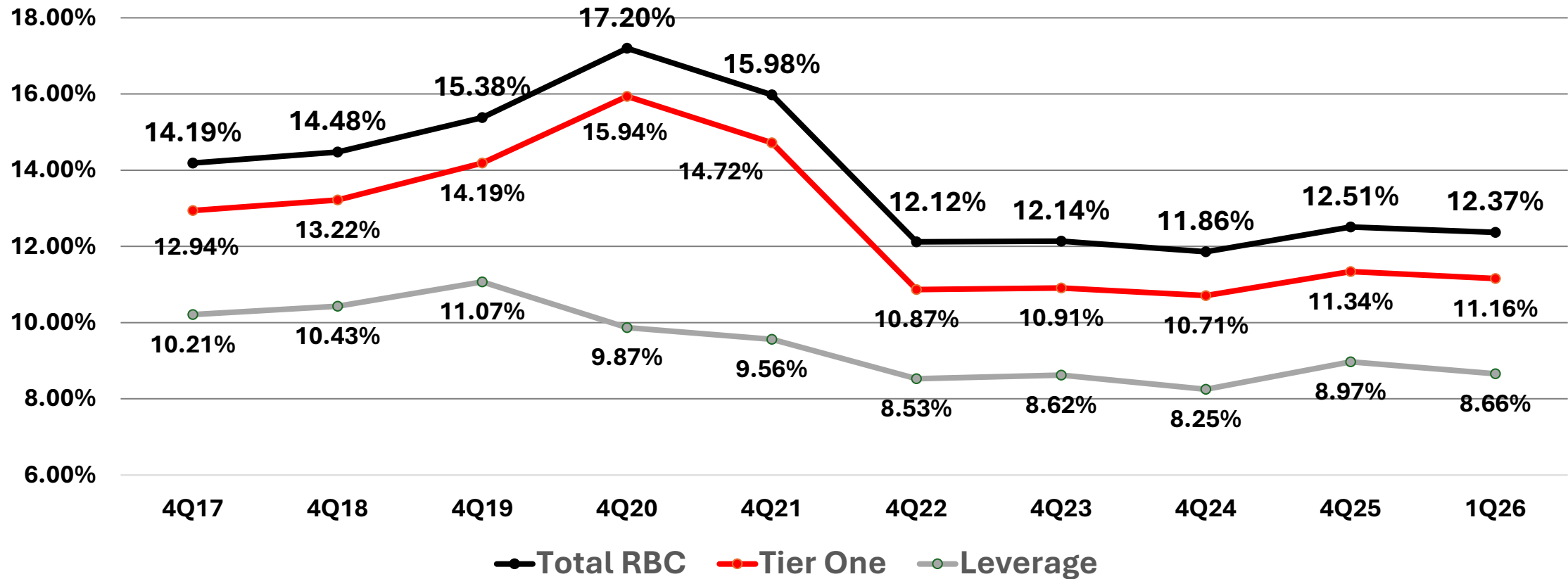
(As of March 31, 2026)



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 \$10.7 million available to draw.



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

Credit Quality

Loan Loss Allowance

(In thousands)

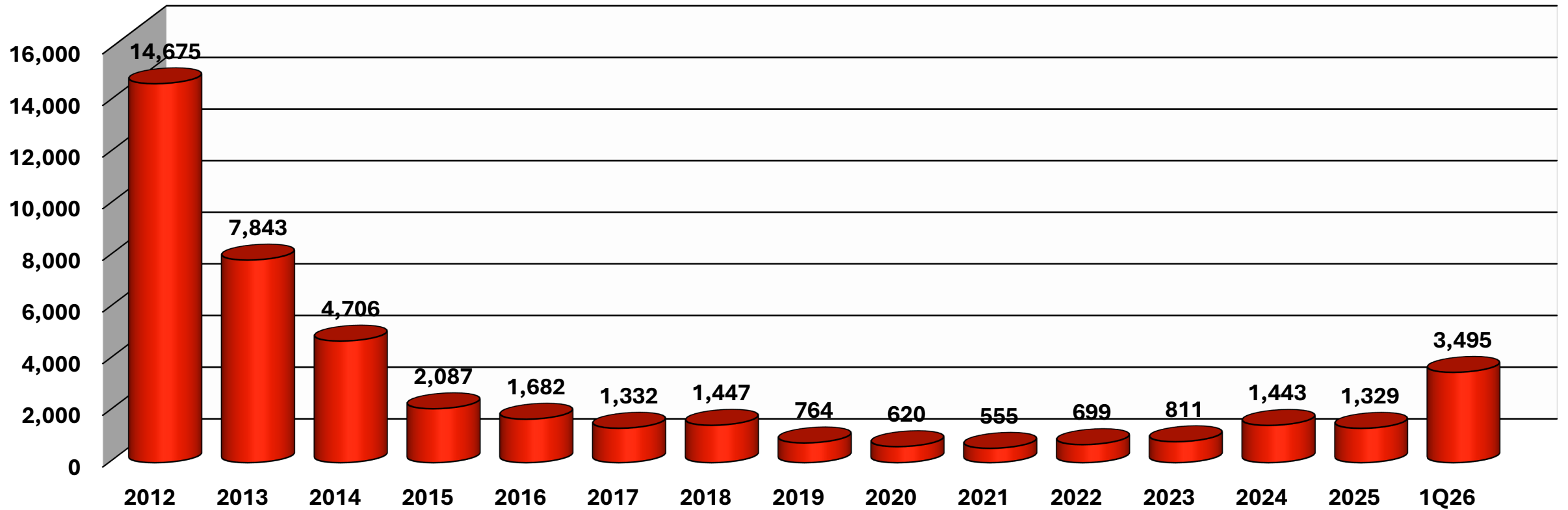


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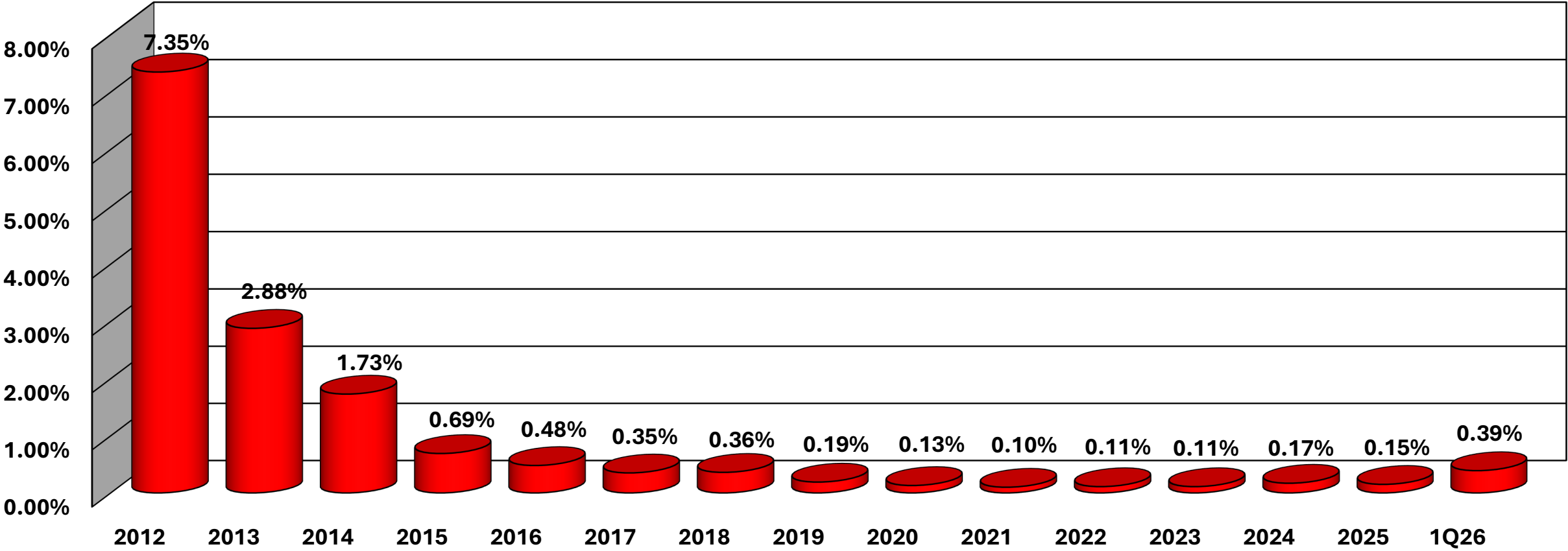
	2020	2021	2022	2023	2024	2025	1Q26
Beginning Allowance	\$3,837	\$5,707	\$7,096	\$6,912	\$8,317	\$8,289	\$8,347
Loan Loss Provision	1,861	973	0	0	0	100	0
CECL Adjustment	0	0	0	1,400	0	0	0
Net (Charge Offs)/Recoveries	8	416	-184	5	-28	-42	8
Ending Allowance	\$5,707	\$7,096	\$6,912	\$8,317	\$8,289	\$8,347	\$8,355

Total Non-Performing Assets

(End of period, in millions)

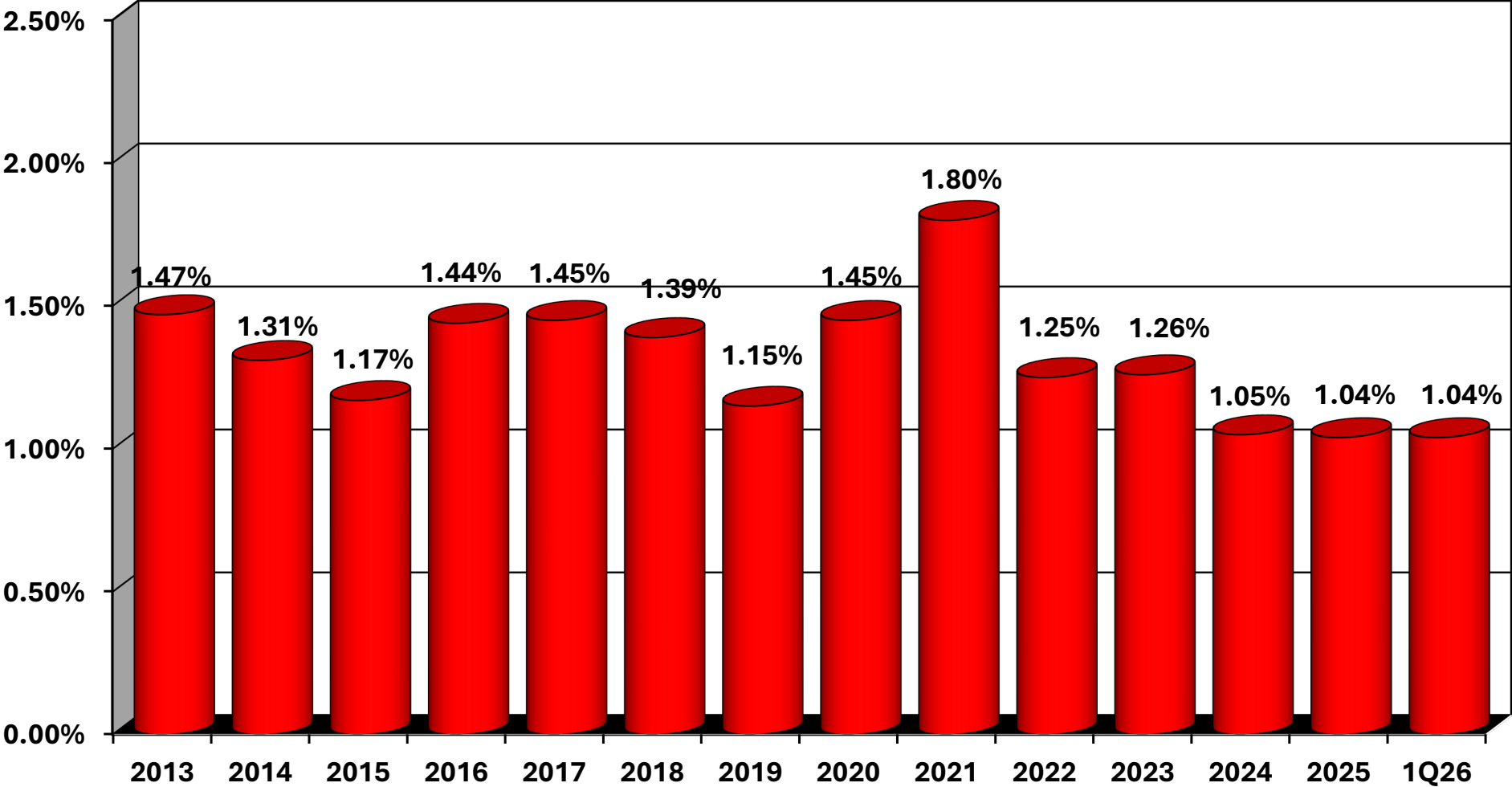


Non-Performing Assets as a Percentage of Total Assets



Loan Loss Reserve to Gross Loans

(End of period)



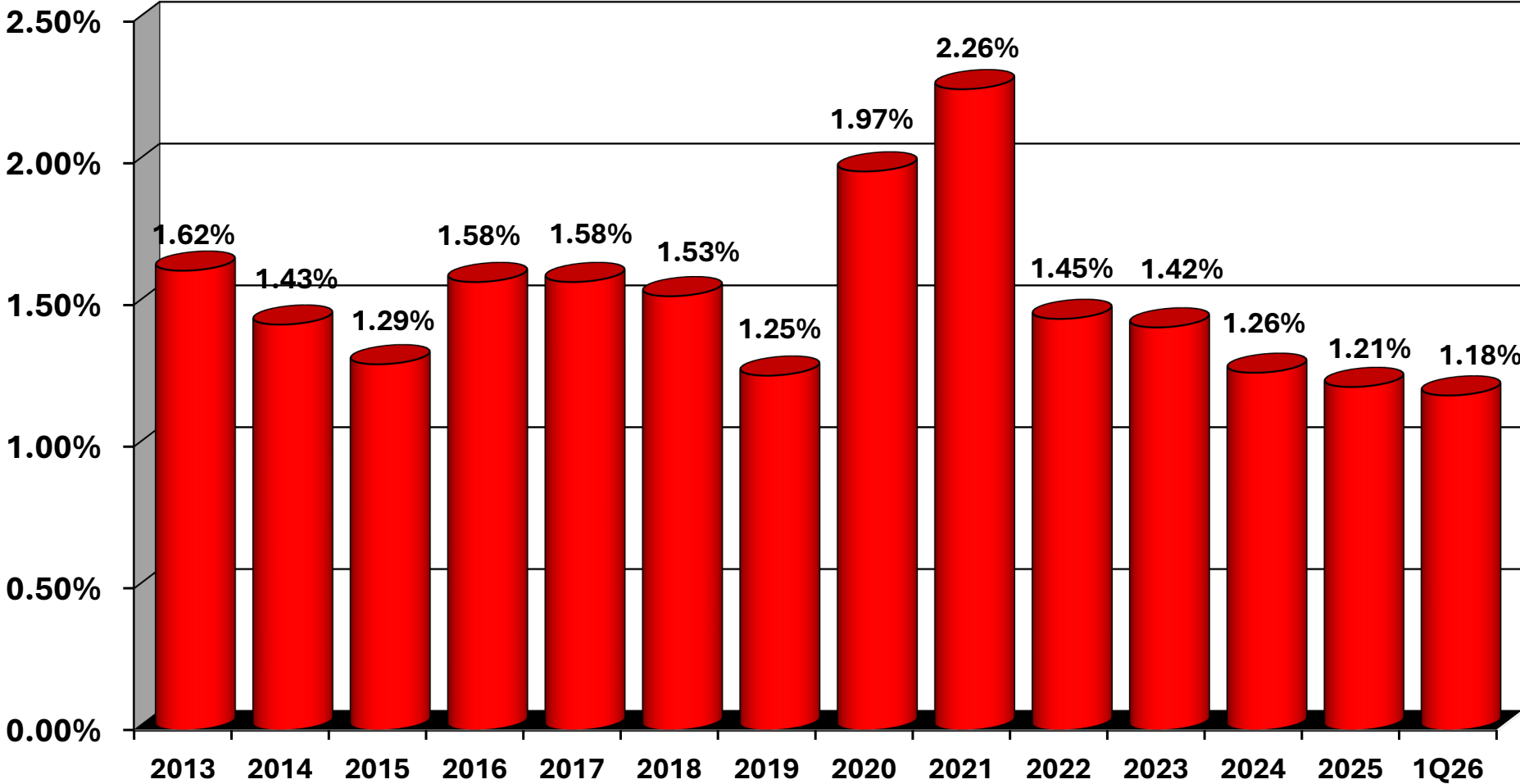
Loan Loss Reserve to Total Loans Less Loans Held for Sale



Institution	Percentage
1 Evolve Bank & Trust	1.46%
2 Fidelity Bank	1.32%
3 BankTennessee	1.26%
4 The Bank of Fayette County	1.15%
5 Paragon Bank	1.09%
6 Bank3	1.07%
7 Independent Bank	1.07%
8 Patriot Bank	1.02%
9 Bank of Bartlett	0.91%
10 Financial Federal Bank	0.75%

Loan Loss Reserve to Gross Loans

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



Loan Loss Reserve Divided by Nonperforming Assets Less Government Guarantees



Institution	Ratio
1 Financial Federal Bank	12.38
2 Bank3	10.44
3 Independent Bank	3.87
4 Paragon Bank	2.47
5 Fidelity Bank	1.83
6 Evolve Bank & Trust	1.49
7 BankTennessee	1.20
8 The Bank of Fayette County	1.19
9 Bank of Bartlett	1.10
10 Patriot Bank	0.73

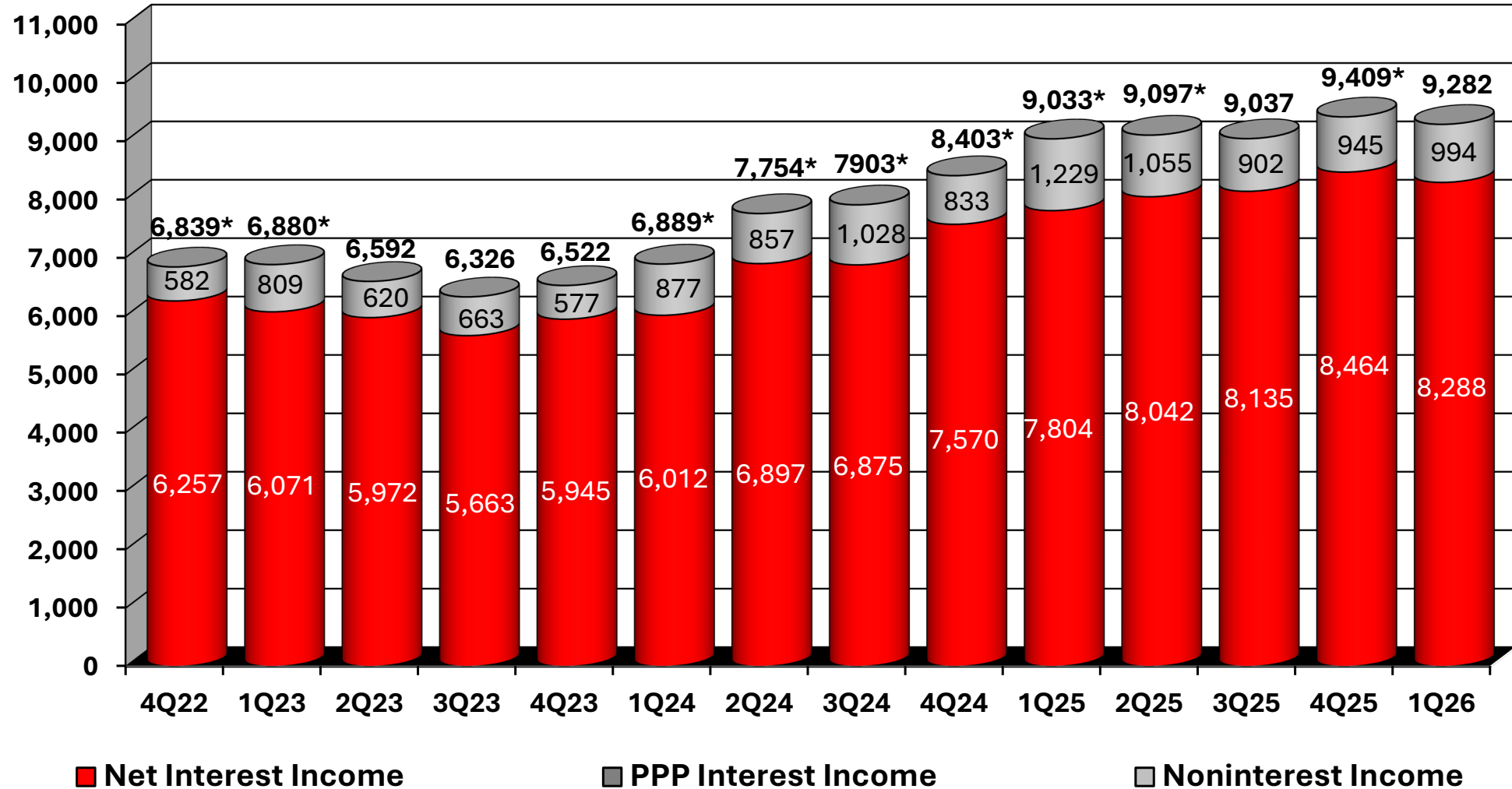
Income Statement

Revenue

Total Revenue

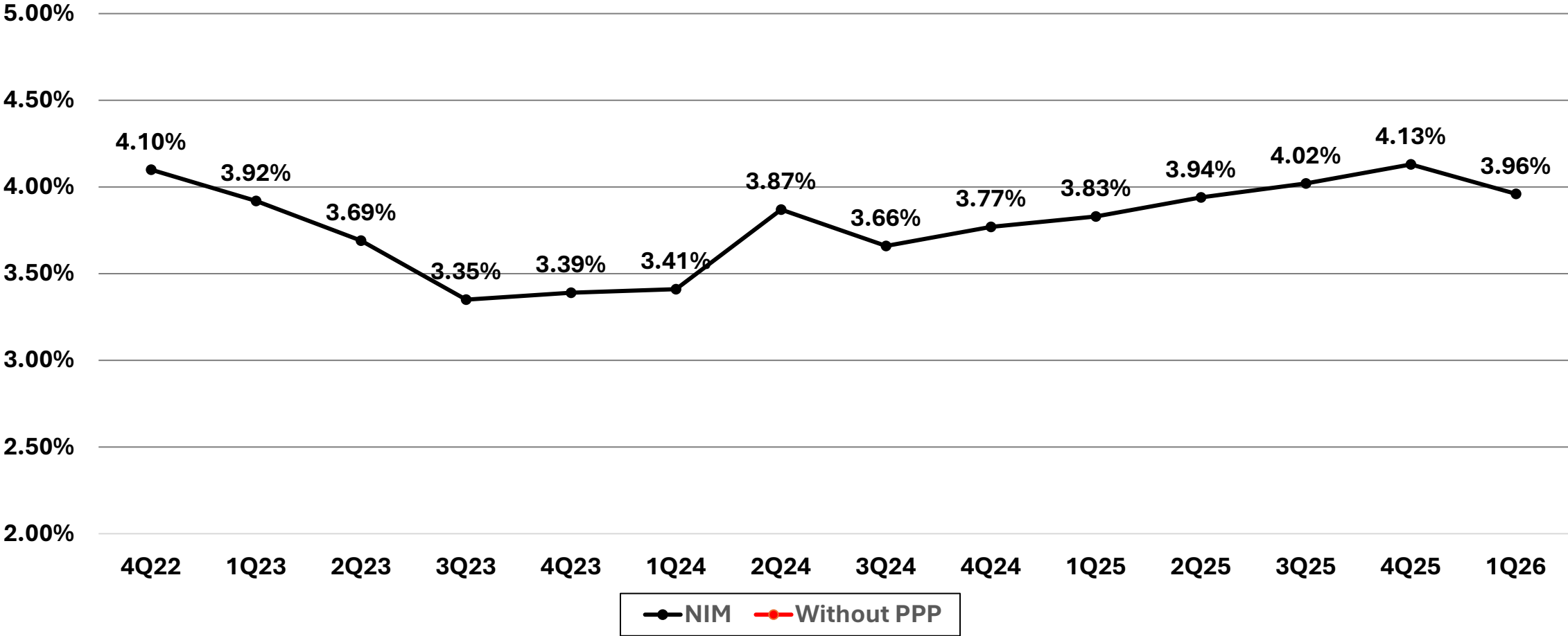
(In thousands)

*Record Revenue

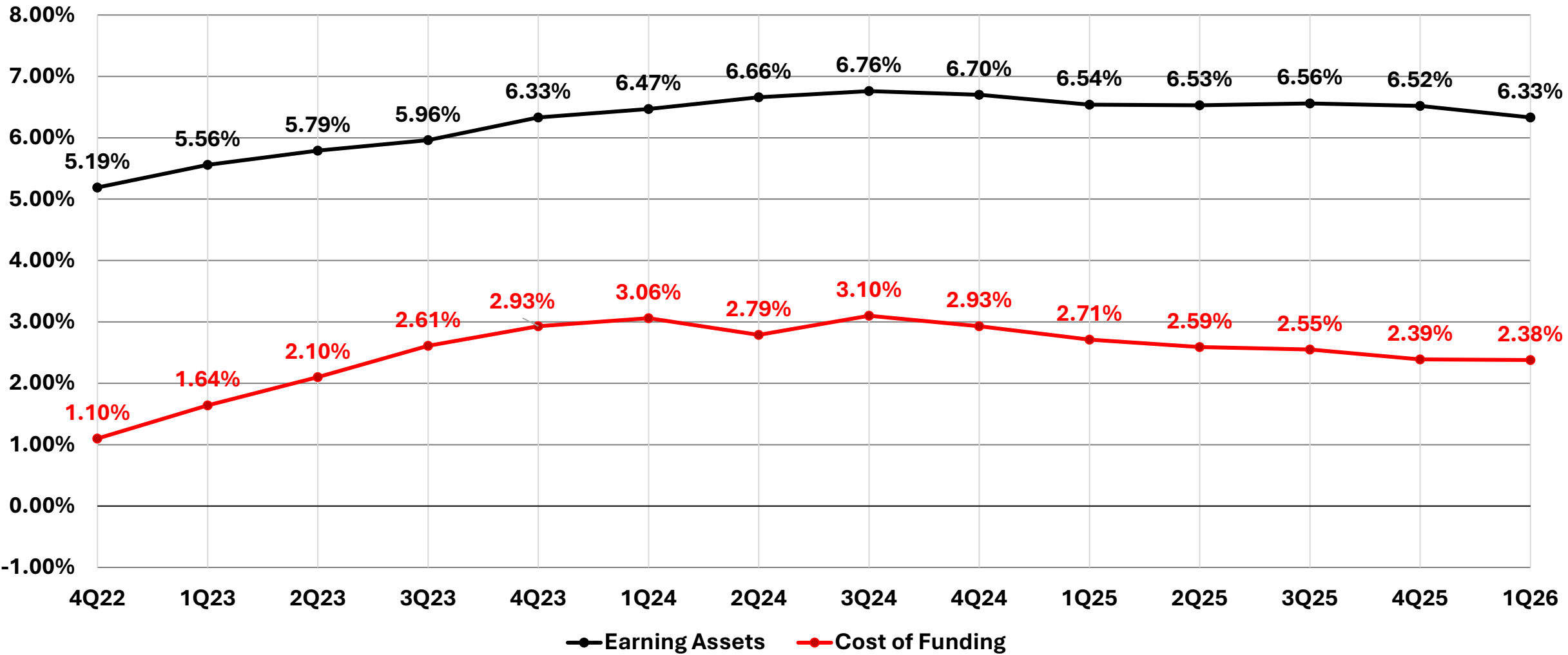


Excludes security gains and losses and the write-off of the historic tax credit in 3Q2023 and 4Q2025

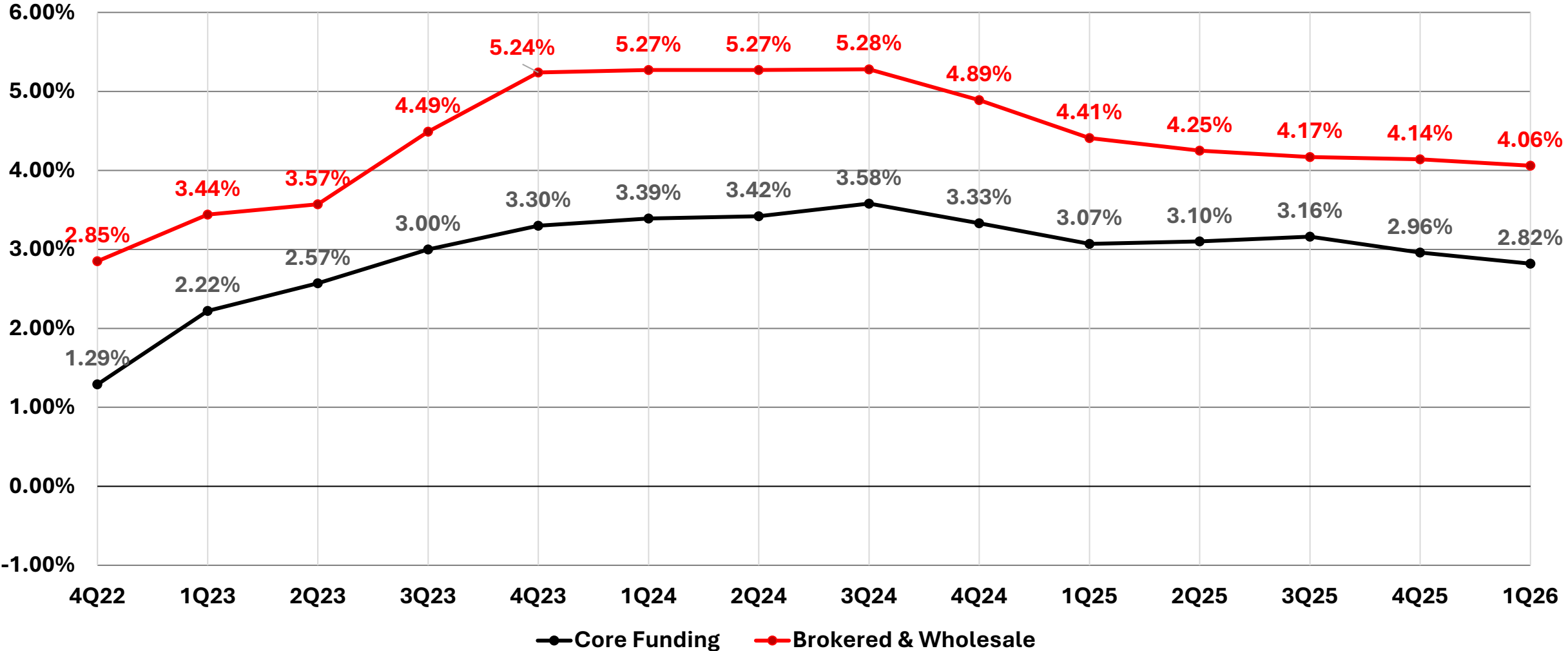
Net Interest Margin



Earning Assets and Cost of Funding

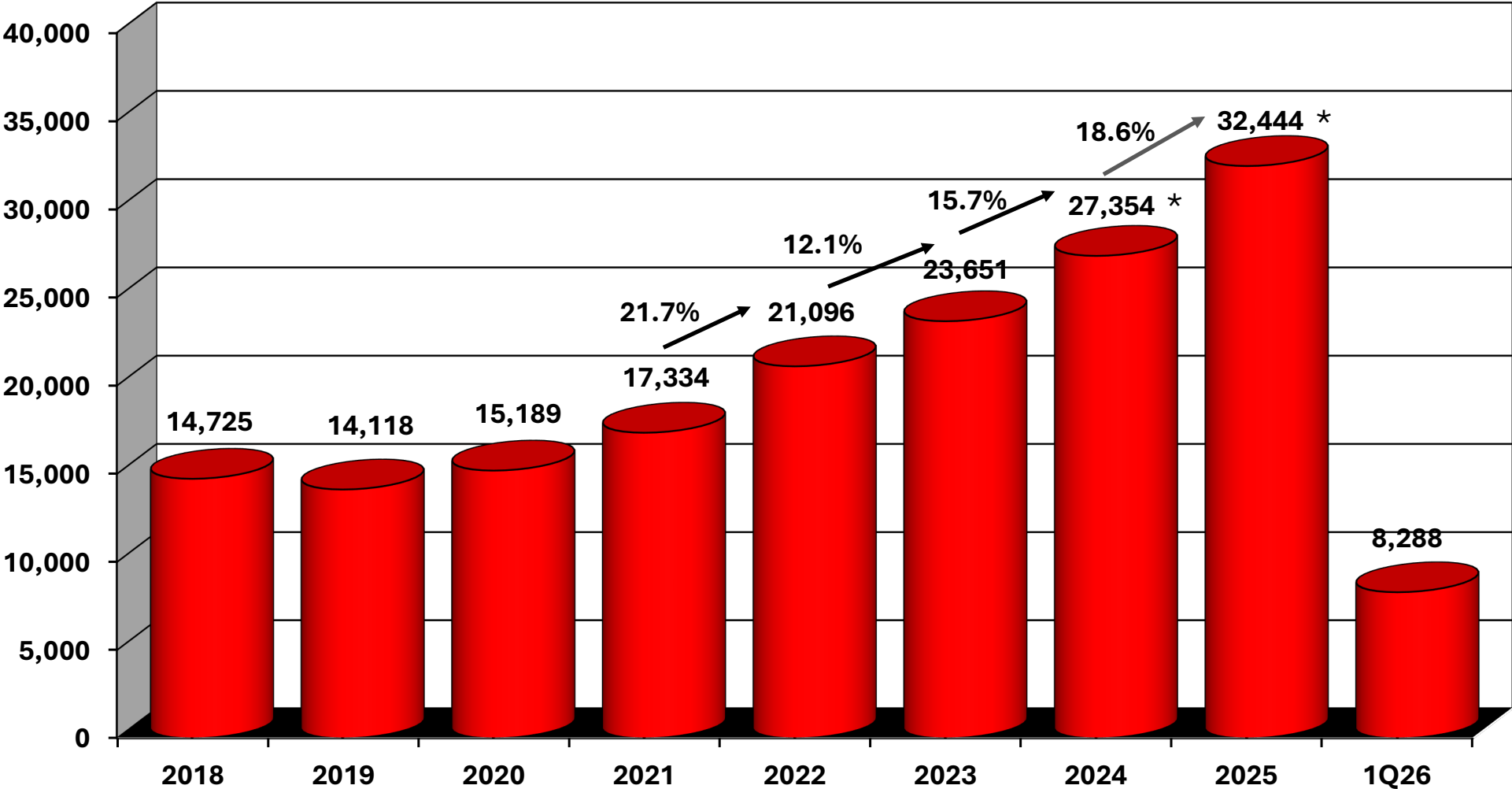


Interest Expense



Net Interest Income

(In thousands)

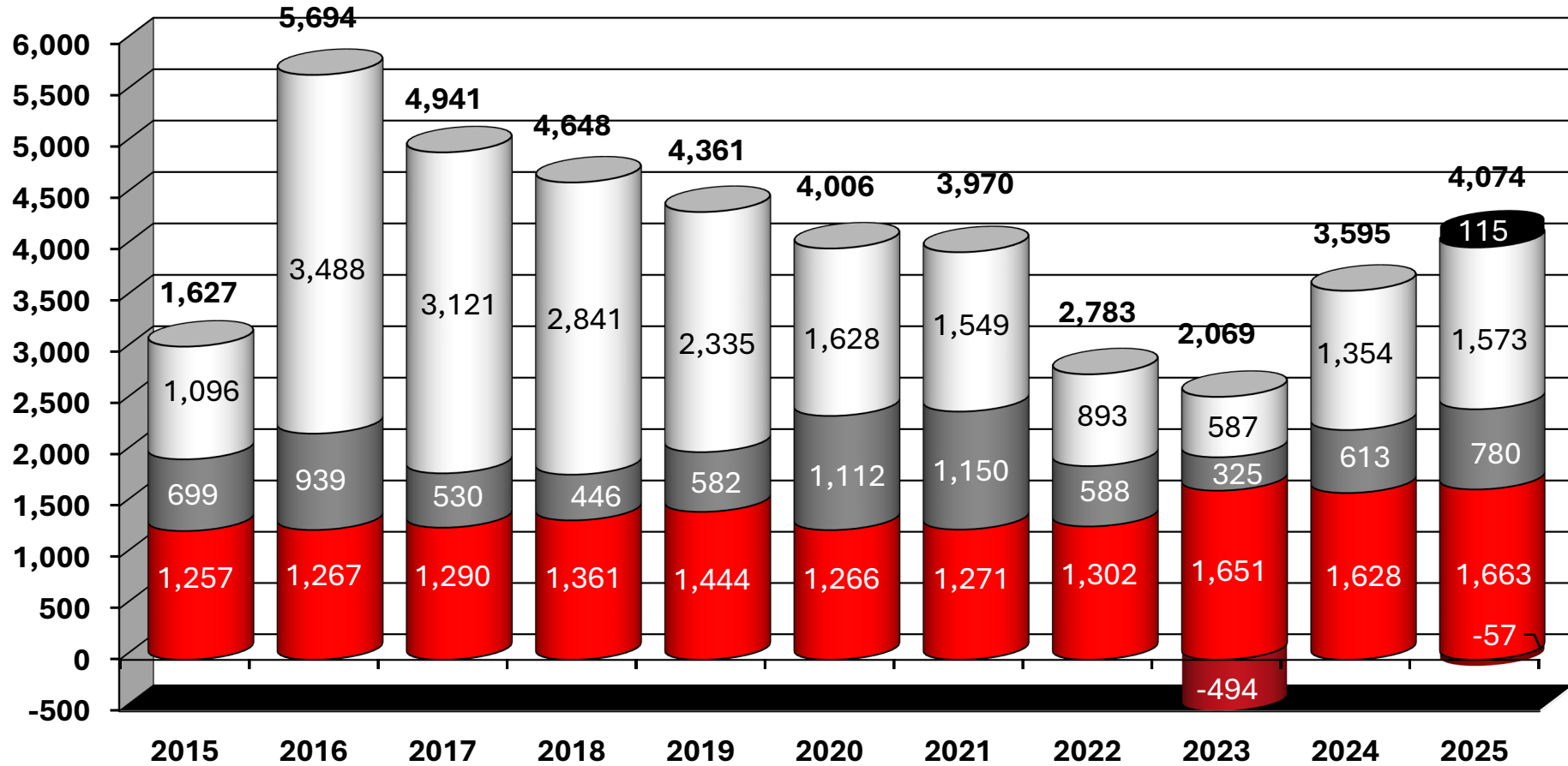


*record

Non-Interest Income

Total Non-Interest Income

(In thousands)



■ Core Noninterest Income
 ■ Mortgage Banking Income
 □ SBCG Income
 ■ Capital Markets
 ■ Tax Credit

Excludes security gains and losses

30 Year Fixed Rate Mortgage Rates

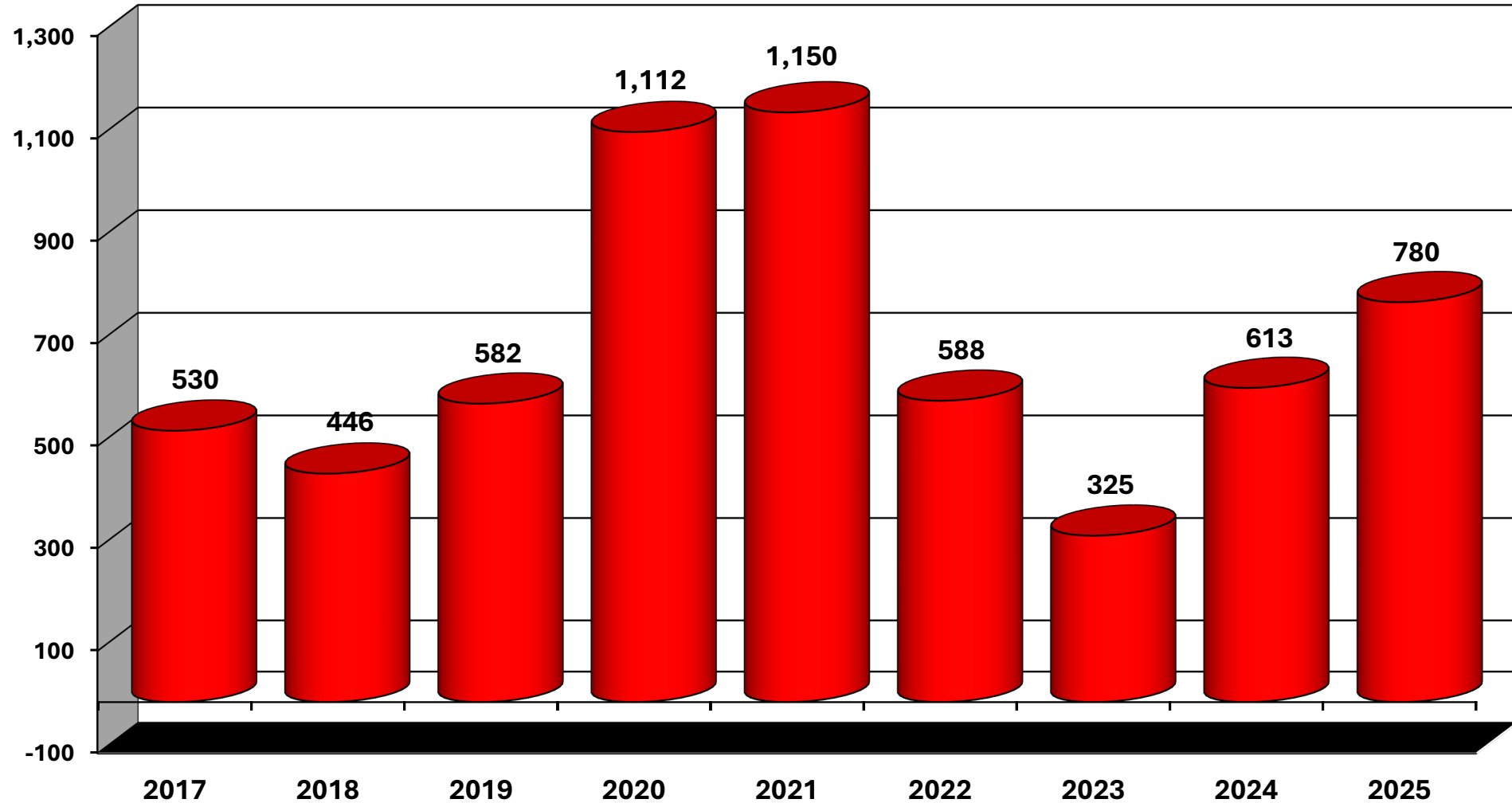


Mortgage Banking Fees

(In thousands)



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Mortgage Banking

(In thousands)



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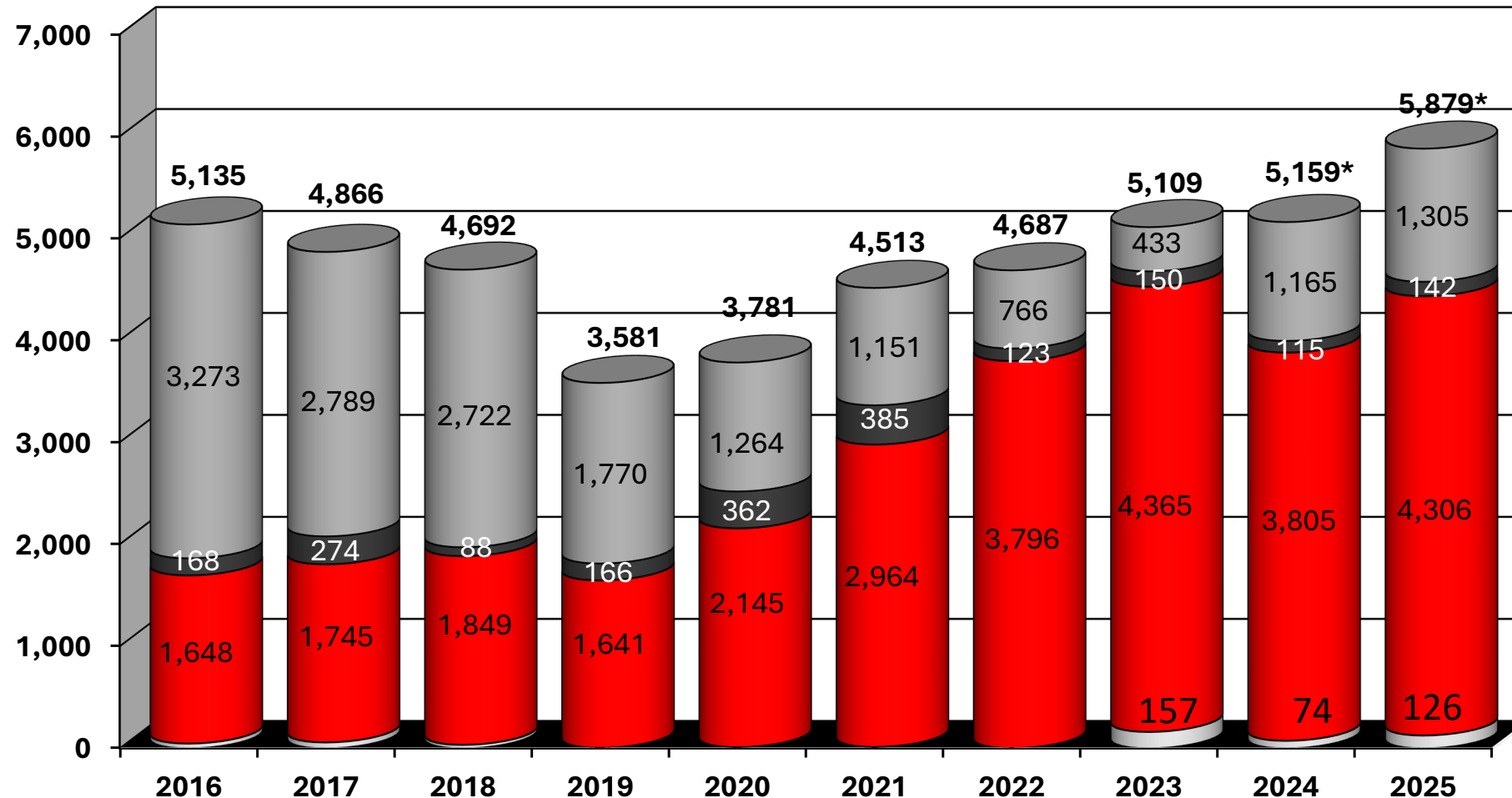
	2020	2021	2022	2023	2024	2025
Total Loans Closed	\$88,521	\$68,304	\$72,769	\$63,229	\$71,029	\$74,268
Loans Sold	\$57,187	\$51,098	\$28,318	\$14,117	\$28,999	\$38,035
% Sold	64.60%	74.81%	38.92%	22.33%	40.83%	51.21%
Loans Kept	\$31,334	\$17,206	\$44,451	\$49,112	\$42,030	\$36,233
Mortgage Fee Income	\$1,112	\$1,149	\$589	\$325	\$613	\$780
Interest Income - Mortgages	\$4,270	\$4,009	\$5,382	\$9,714	\$13,016	\$13,990

Small Business Capital Group Revenue

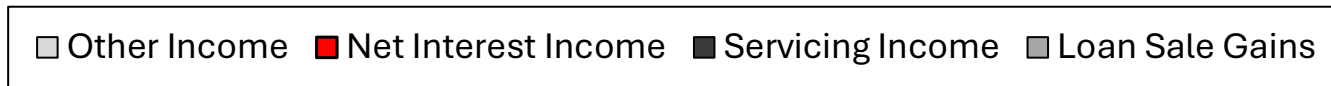
(In thousands)



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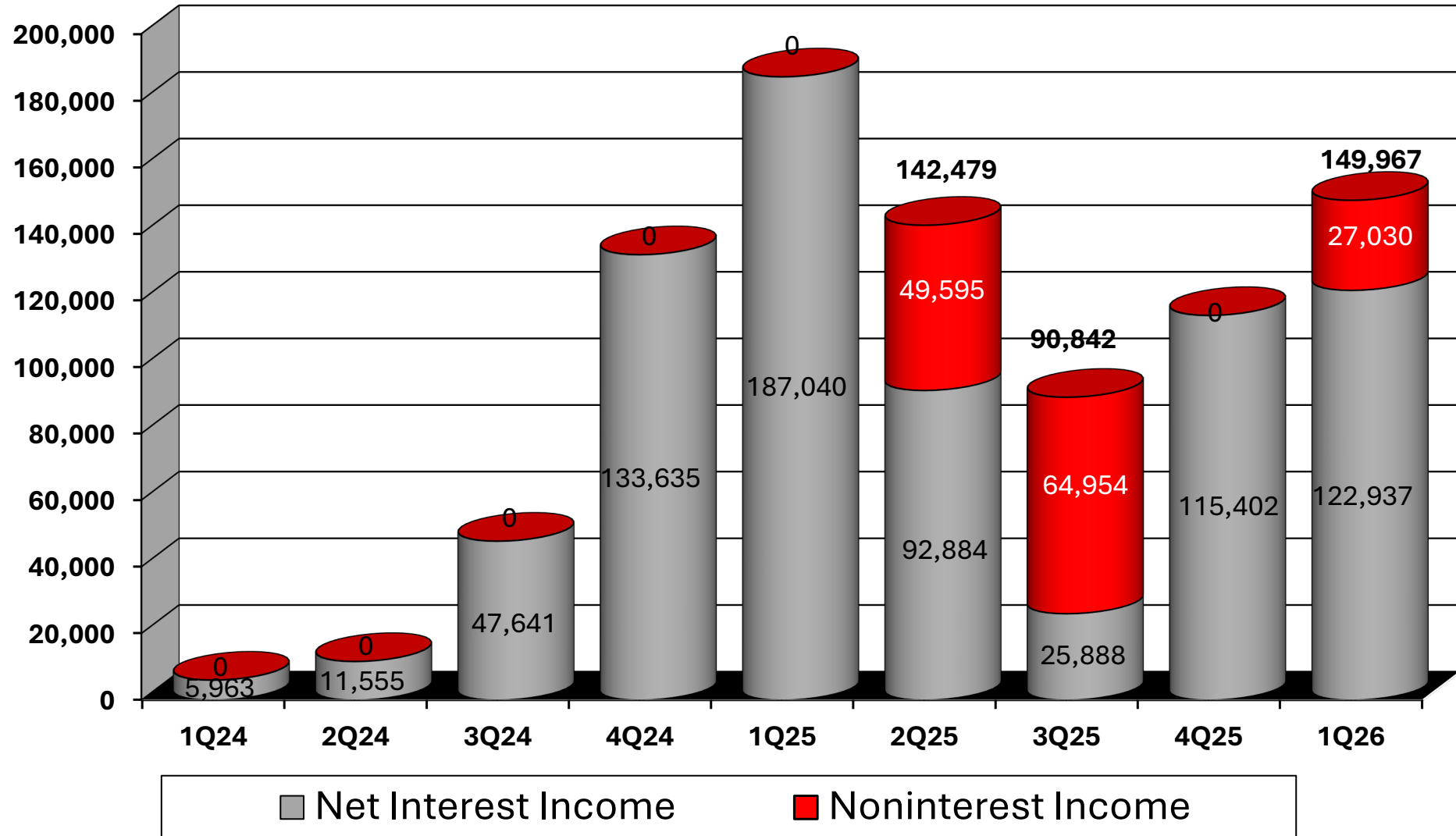


**Record*



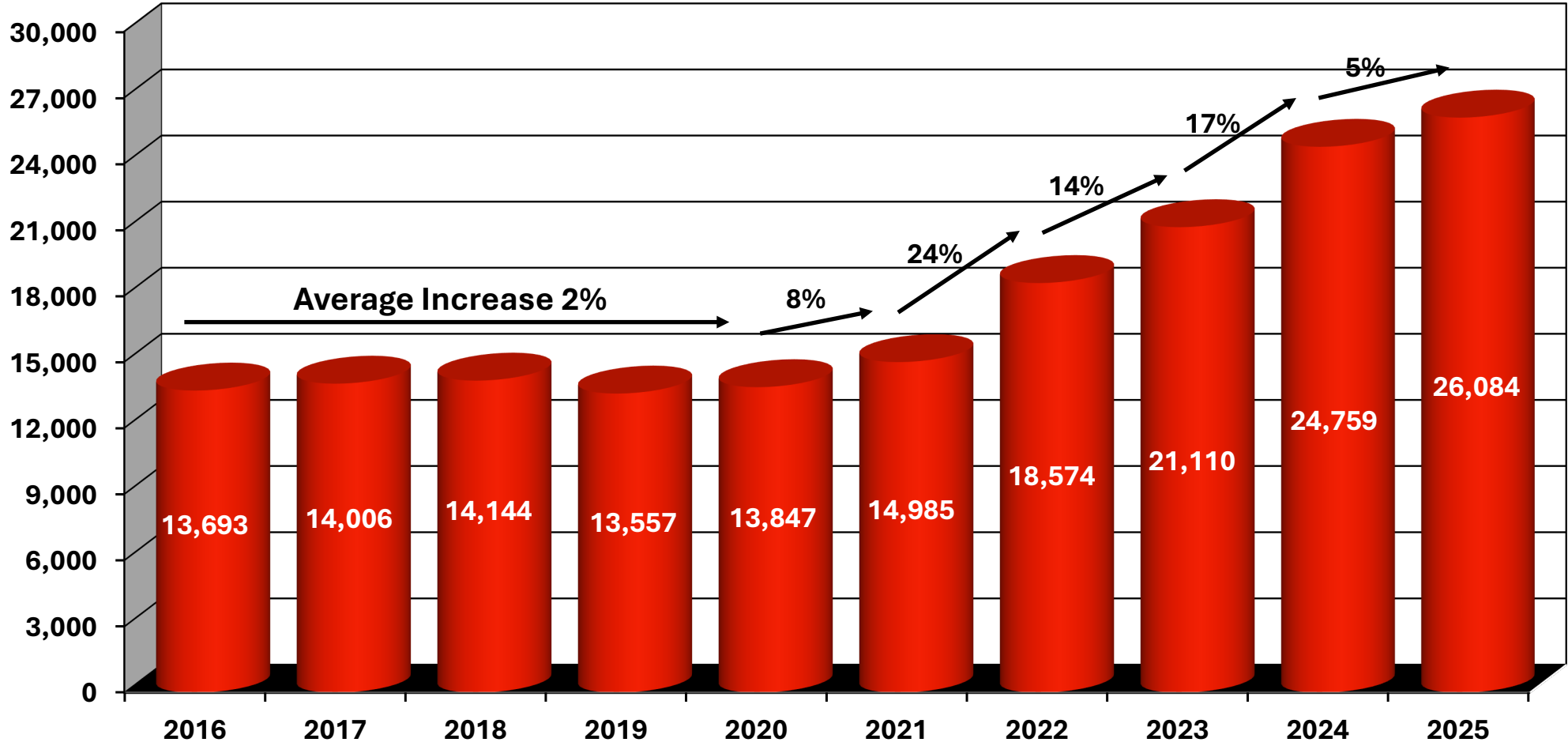
Capital Markets

Formed and sold first pool in 2025



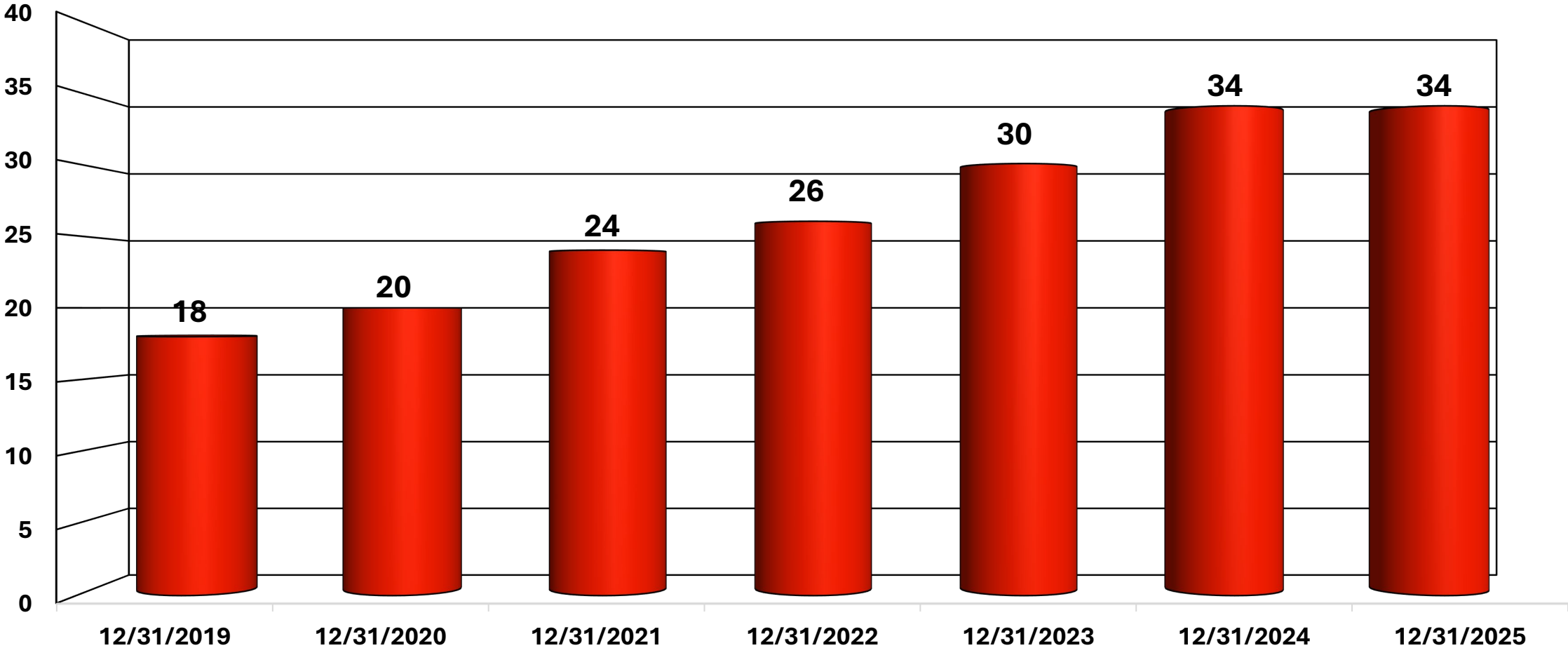
Non-Interest Expense

Non-Interest Expense



Revenue Producers

Relationship Managers and Mortgage Consultants



Non-interest Expense

(In thousands)



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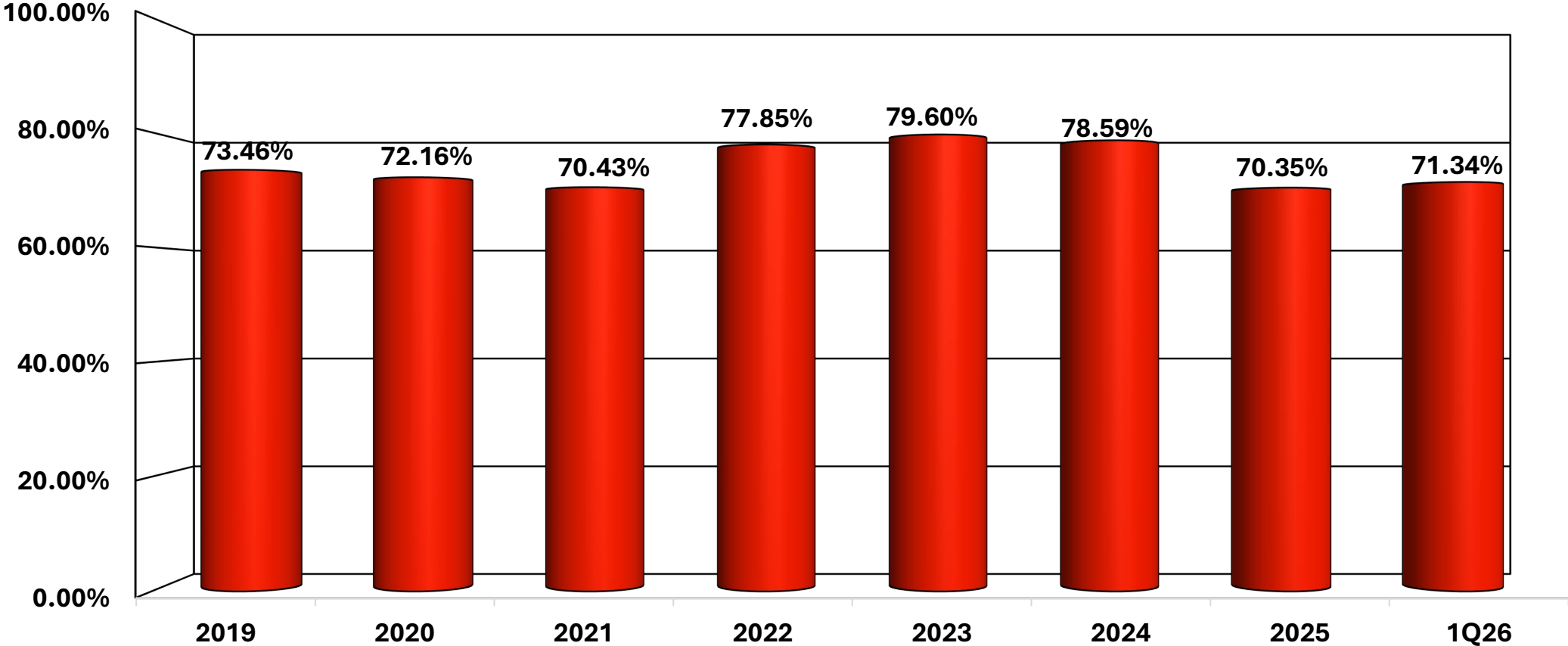
	<u>2025</u>	<u>2024</u>	<u>\$ Incr</u>	<u>% Incr</u>
Salaries & Benefits	\$16,598	\$16,064	\$534	3.32%
Occupancy	3,373	3,007	366	12.17%
Regulatory Assessment	1,109	1,141	-32	-2.80%
Data Processing	1,484	1,271	213	16.76%
Other Expenses	3,520	3,276	244	7.45%
Total	\$26,084	\$24,759	\$1,325	5.35%

Efficiency Ratio

(Expense/Revenue)



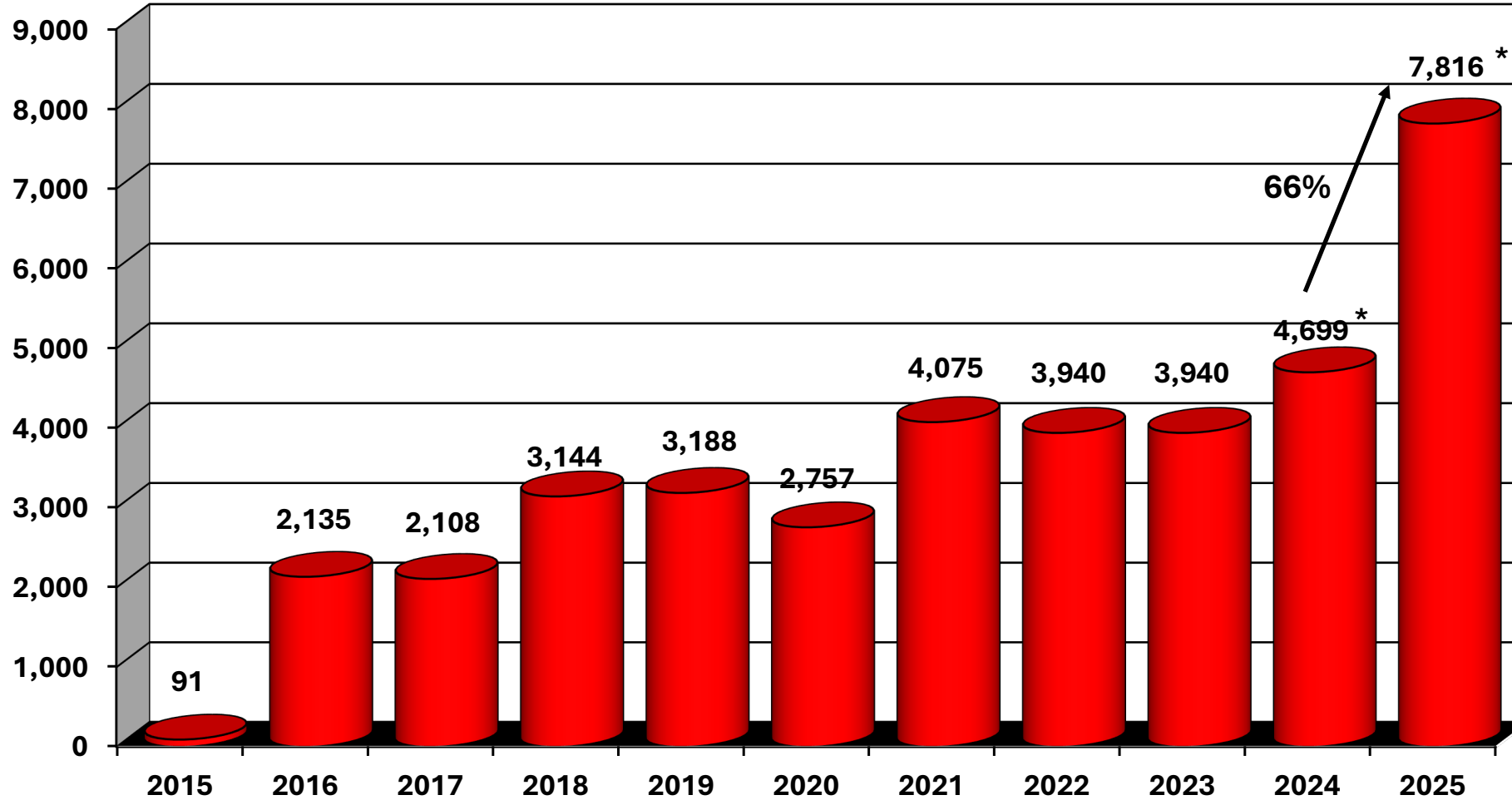
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Net Income

Annual Net Income

(In thousands)



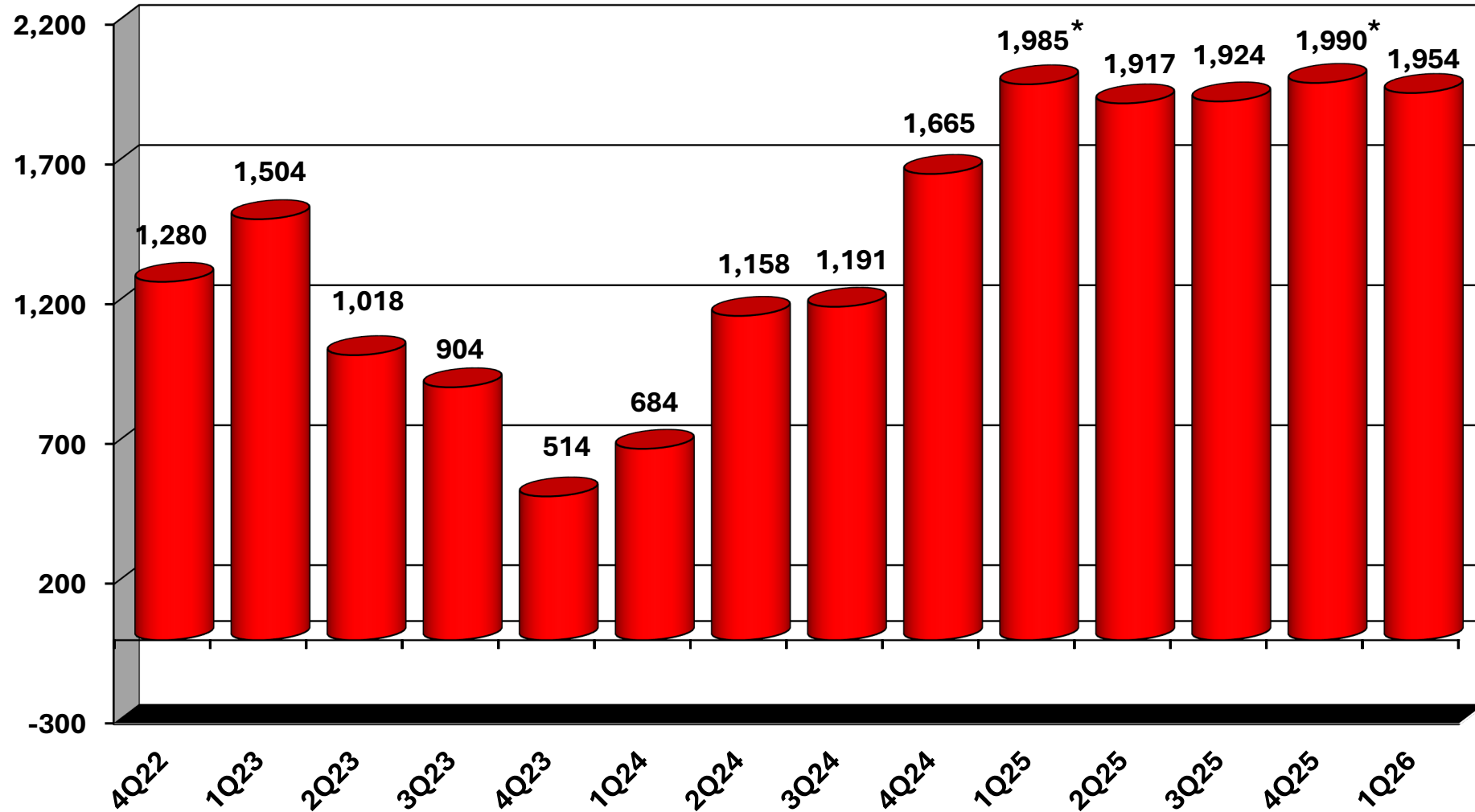
*Record

Quarterly Net Income

(In thousands)

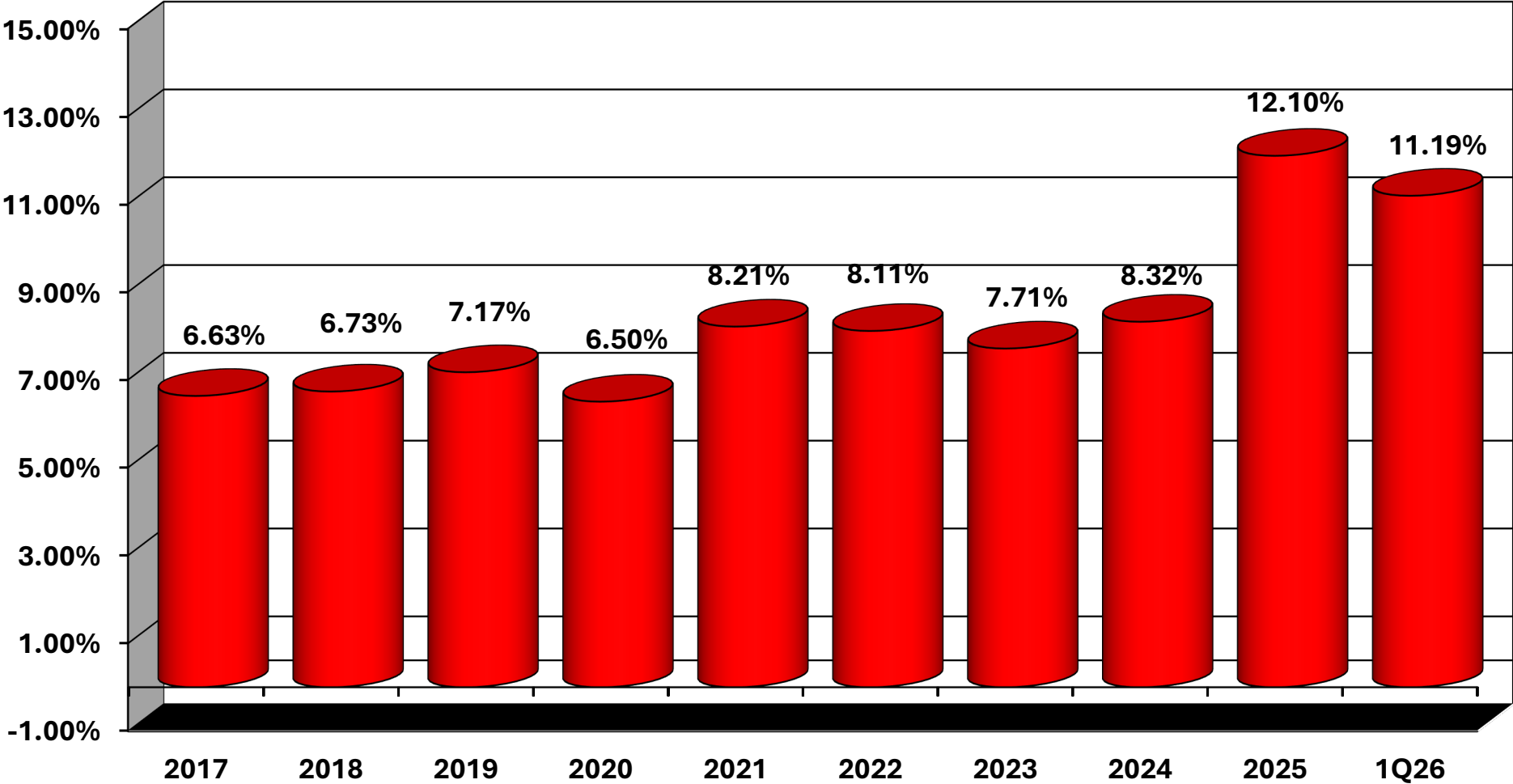


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*record

Return on Equity



Stock Trends

Paragon Financial Solutions, Inc. (PGNN) ☆

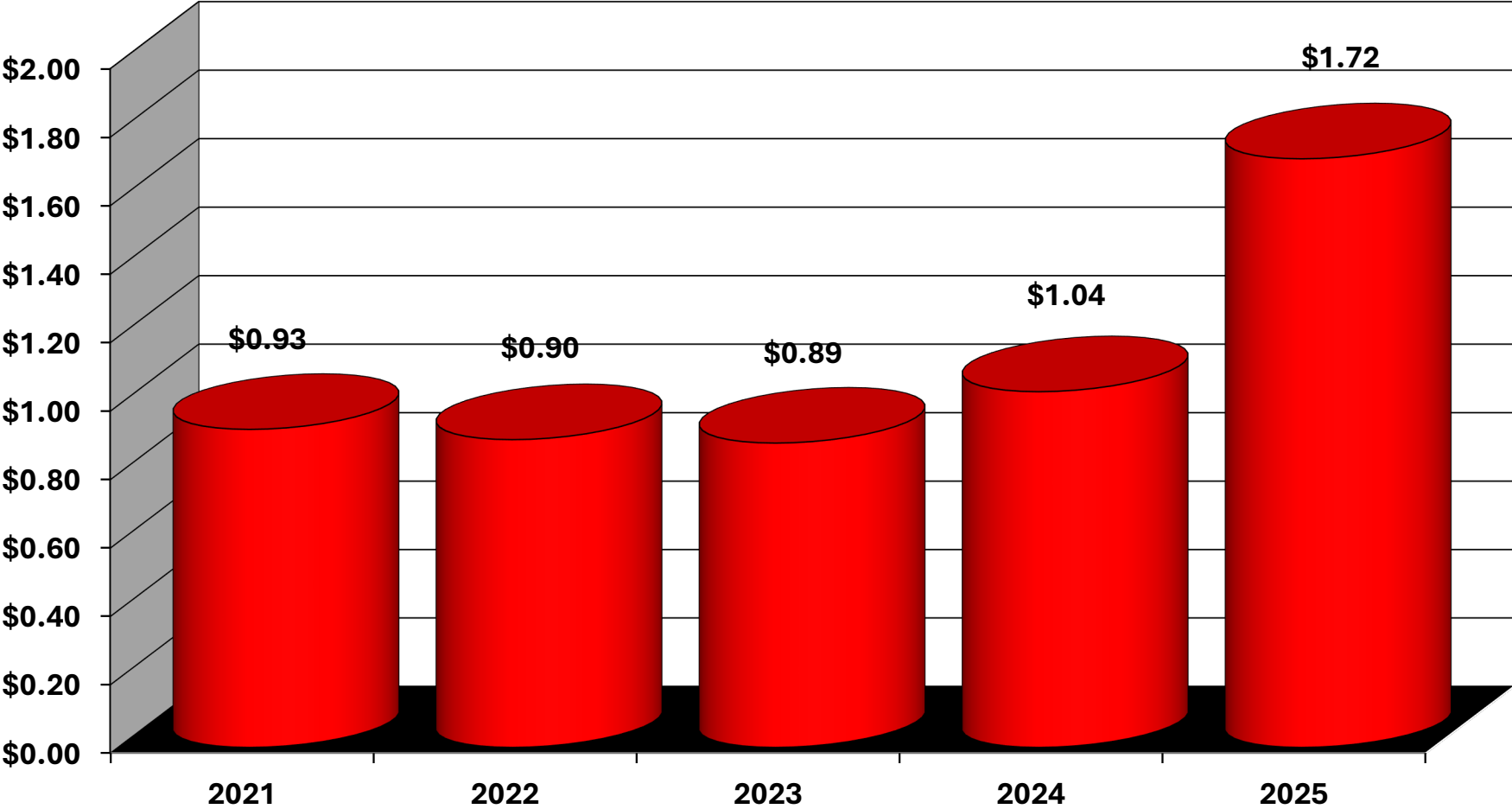
12.76 +0.09 (+0.71%)

As of 10:12:09 AM EDT. Market Open. 5-20-26



Previous Close	12.67	Day's Range	12.76 - 12.76	Market Cap (intraday)	58.445M	Earnings Date	--
Open	12.76	52 Week Range	9.76 - 12.94	Beta (5Y Monthly)	0.26	Forward Dividend & Yield	--
Bid	12.75 x 10000	Volume	600	PE Ratio (TTM)	7.51	Ex-Dividend Date	--
Ask	12.76 x 30000	Avg. Volume	2,519	EPS (TTM)	1.70	1y Target Est	--

Earnings Per Share



Price to EPS

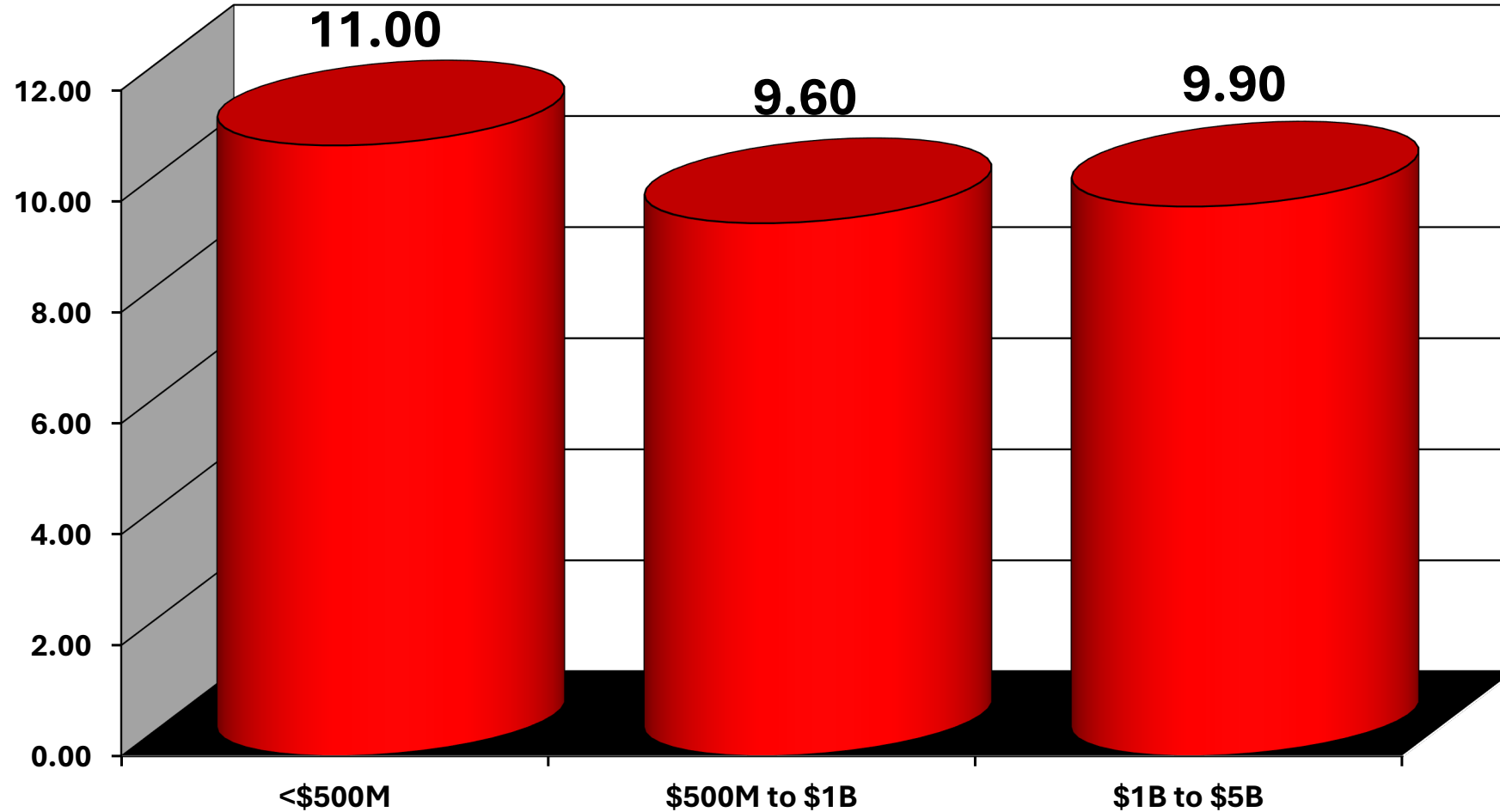
OTC Traded Banks and Thrifts

Paragon Bank 7.42

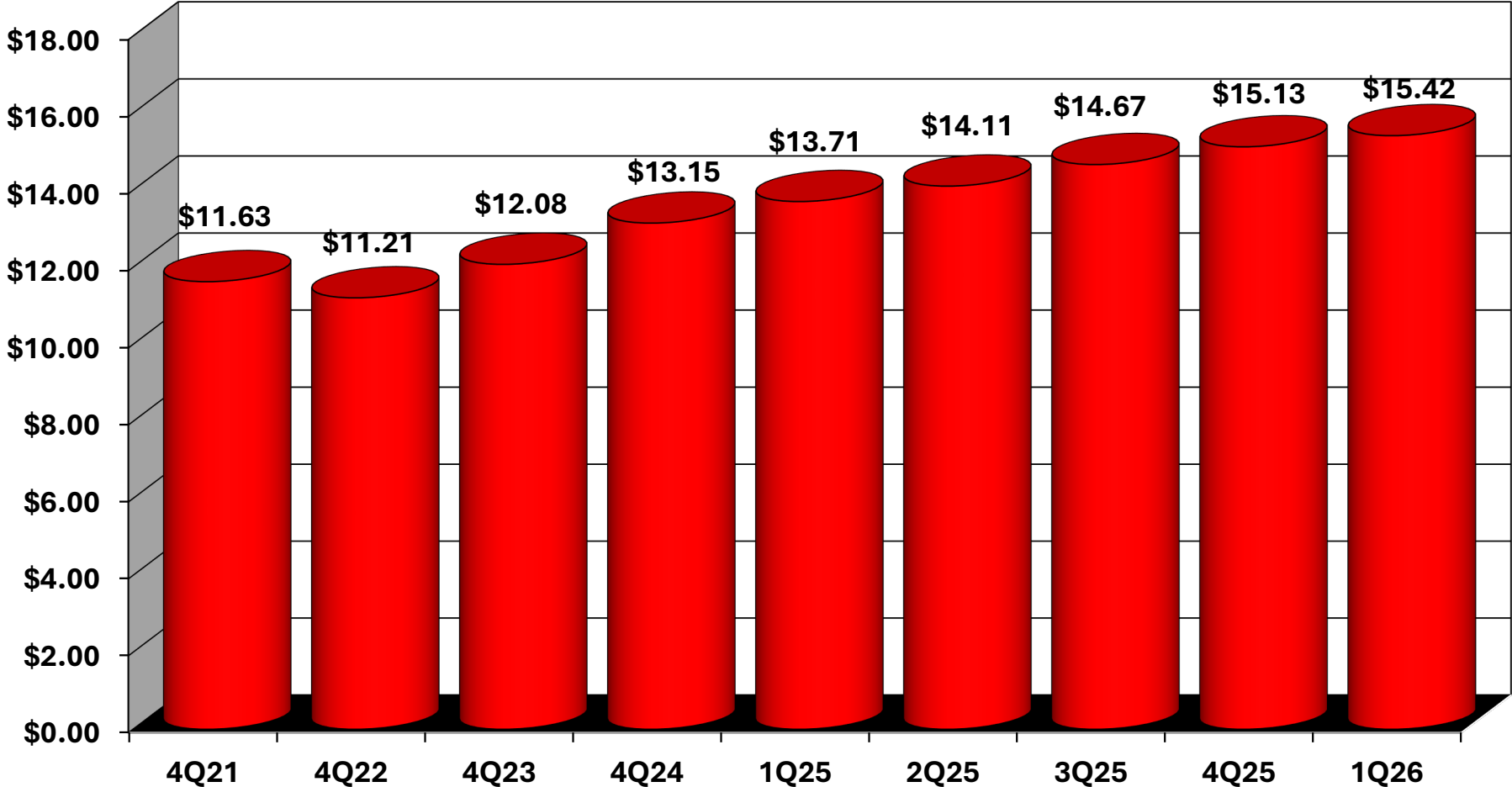
5/20/26



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Book Value



Price to Tangible Book

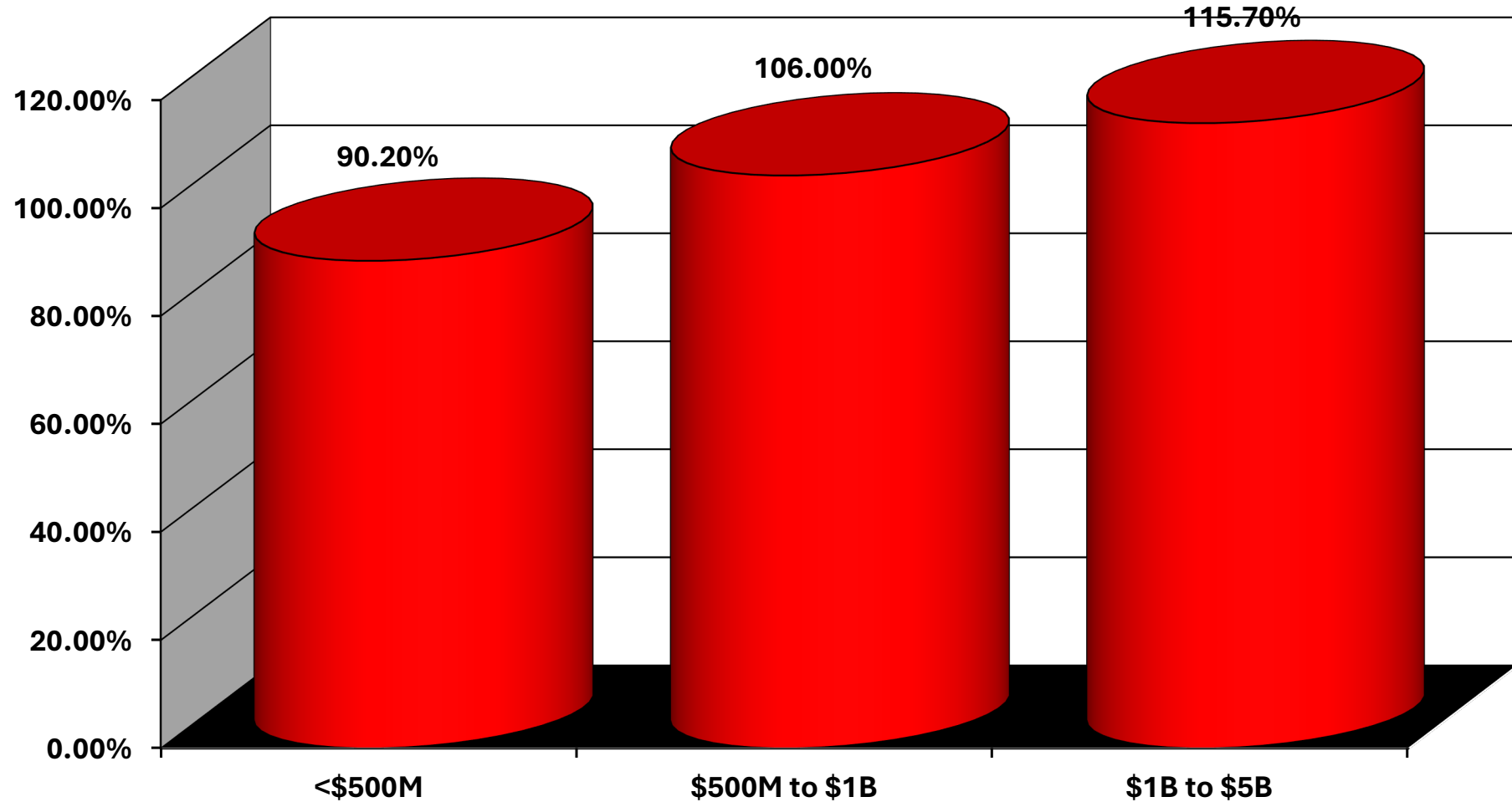
OTC Publicly Traded Banks and Thrifts

Paragon Bank 82.75%

5/20/26

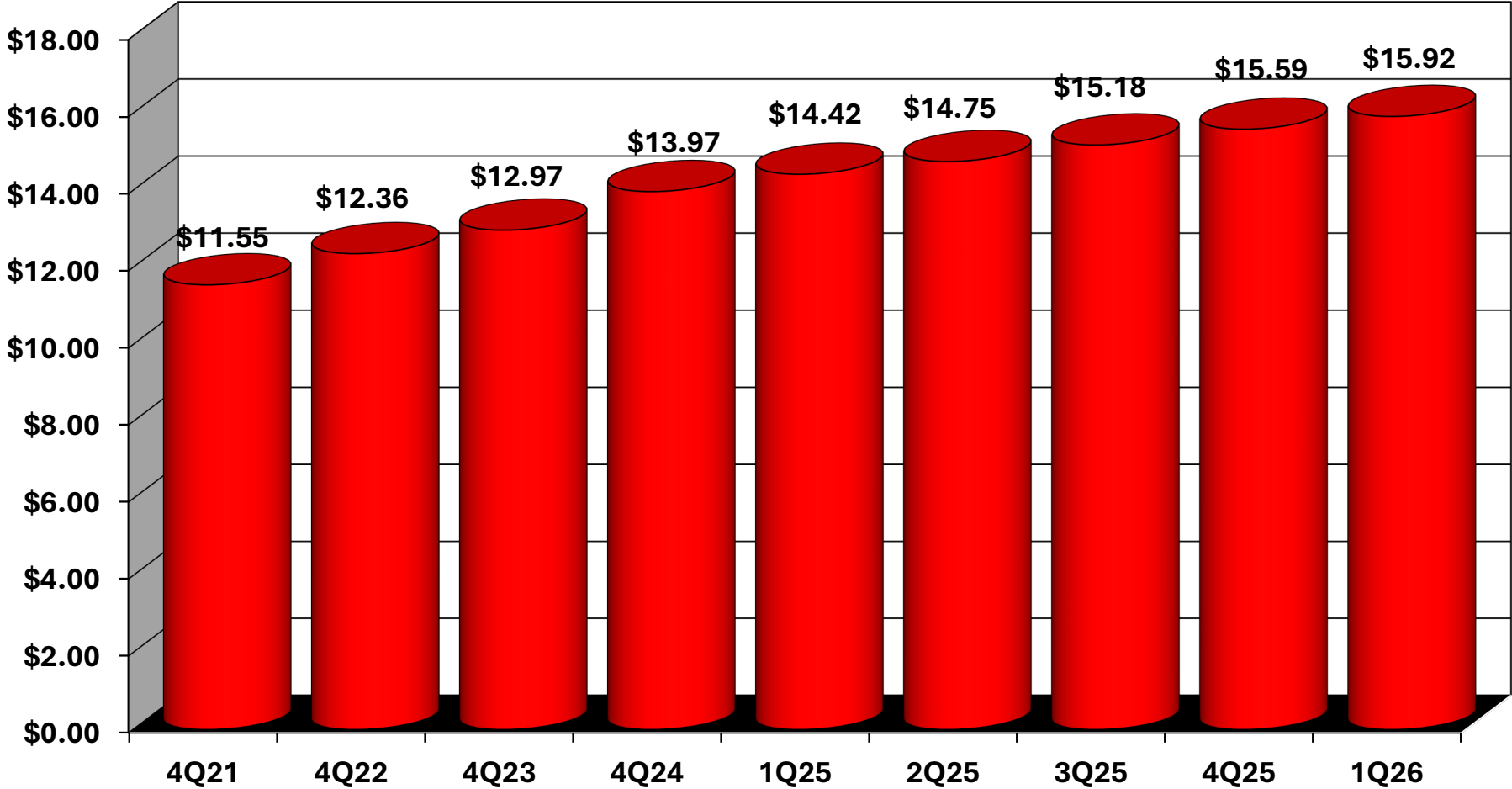


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Book Value

(Excluding gain/loss on investments)



Summary and Wrap Up

2025 Strategic Priorities



- Maintain focus on Paragon's Compliance Management System ✓
- Evaluate becoming a Federal Reserve Bank member ✓
- Increase awareness of Paragon's stock value ✓
- Capitalize on the Groundwork for Growth
 - Drive improved profitability by:
 - Increased revenue from growth within existing markets ✓
 - Improving efficiency ✓

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
 - Complete and open Jackson Banking Center ✓
 - Find a long-term location for our Nashville team



2026 Key Goals

- Continue to improve profitability
- Maintain sufficient sources of liquidity
- Maintain approved capital levels
- Maintain good asset quality while managing loan concentrations
- Maintain appropriate staffing levels
- Continue to grow core deposits - Deposits, Deposits, Deposits!



2026 Key Goals

- Find a permanent location for our Nashville team
- Continue to work on awareness and price of PGNN
- Create new three-year strategic plan (2027-2029)
- Transition rolls of seasoned bankers
- Execute strategic technology plan

Questions?