

ACTS
Assisting the Community Through Service

COMMUNITY IMPACT REPORT

ASSISTING THE COMMUNITY THROUGH SERVICE



2023

A MESSAGE FROM OUR CEO



2023 was another year of growth for Paragon Bank. In a very challenging operating environment, core income increased to a record \$3.9 million. During 2023, total loans increased 19%, which propelled total assets to a record \$751 million. This Community Impact 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 2023 being a year of record growth and profitability, several highlights occurred:

- We rolled out a new website to showcase Paragon as a strong regional community bank.
- We established our new Capital Markets Group to run a government guaranteed loan pooling operation.
- We relocated our Atlanta offices to a new branch in Buckhead and hired a traditional banking team to work alongside our Small Business Capital Group (government guaranteed lending).
- We implemented online deposit account opening, touchless payment cards, enhanced person-to-person payments, and new interactive teller machines to enhance customer service and improve operating efficiency.
- We completed the hiring of our Oxford team and opened a new stand-alone branch.
- We hired additional experienced bankers to continue to grow Paragon Bank.
- For the sixth 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.

While Paragon experienced growth in both assets and profitability, the impact on the communities we served increased substantially. Some highlights of Paragon's Assisting the Community Through Service (ACTS) program in 2023 include:

- The number of hours assisting the community increased by 29% to 2,339, which is an all-time high at Paragon.
- The number of organizations served increased from 61 in 2022 to 80 in 2023.
- 93.4% of Team Paragon participated in ACTS in 2023 an increase from 92.6% in 2022.
- The average amount of time spent by team members increased from 18.1 hours per year to 23.6 hours per year in 2023.

Paragon team members were active in all our markets while serving on boards of directors, participating in civic clubs, or coaching youth teams. We hope you enjoy this Community Impact Report and see that we are your neighbors working together to better our communities.

Robert Shaw

President and CEO





Consolidated Statements of Financial Condition

	December 31, 2023 (unaudited)	December 31, 2022
ASSETS		
Cash, cash equivalents & fed funds sold	\$ 12,198,290	\$ 12,241,404
Securities, available for sale	60,226,596	70,430,180
Loans, net	652,151,572	548,130,451
Restricted equity securities, at cost	1,829,900	2,591,100
Fixed assets	12,430,376	7,874,920
Other real estate owned	-	51,000
Other assets	12,601,492	12,478,751
Total Assets	\$ 7 51,438,226	\$ 6 53,797,806
LIABILITIES AND SHAREHOLDERS' EQUITY		
Non-interest-bearing demand deposits	\$ 118,115,344	\$ 159,227,646
Interest-bearing deposits		
Interest-bearing checking	161,912,291	131,746,951
Savings and money market demand	161,827,778	139,728,604
Certificates of deposit	227,167,660	135,466,968
Total Deposits	669,023,073	566,170,169
Repurchase agreements Short-term	2,369,122	3,197,207
borrowings Revolving line of credit	10,000,000	28,000,000
Accrued interest and other liabilities	6,070,000	-
	10,059,537	7,030,565
Total Liabilities	697,521,732	604,397,941
Total Shareholders' Equity	53,916,494	49,399,865
Total Liabilities and Shareholders' Equity	\$ 7 51,438,226	\$ 6 53,797,806
Tangible Book Value Per Share	\$ 12.08	\$ 11.21



Consolidated Statement of Operations (unaudited)

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 37,781,302	\$ 22,265,778	\$ 15,515,524	69.68%
Securities, available for sale	1,484,404	1,436,710	47,694	3.32%
Federal funds sold and other	203,744	112,327	91,417	81.38%
Total interest income	<u>39,469,450</u>	<u>23,814,815</u>	<u>15,654,635</u>	<u>65.73%</u>
INTEREST EXPENSE				
Deposits	14,676,132	2,140,243	12,535,889	585.72%
Securities sold under agreements to repurchase	87,341	26,876	60,465	224.98%
Federal funds purchased and other borrowings	1,055,075	551,295	503,780	91.38%
Total interest expense	<u>15,818,548</u>	<u>2,718,414</u>	<u>13,100,134</u>	<u>481.90%</u>
Net interest income	23,650,902	21,096,401	2,554,501	12.11%
PROVISION FOR LOAN LOSSES	-	-	-	0.00%
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	23,650,902	21,096,401	2,554,501	12.11%
NON-INTEREST INCOME	2,176,200	2,731,966	(555,766)	-20.34%
NON-INTEREST EXPENSE				
Salaries and employee benefits	13,529,346	12,648,910	880,436	6.96%
Occupancy and equipment expense	2,624,145	1,999,454	624,691	31.24%
Other expense	4,956,525	3,925,750	1,030,775	26.26%
Total operating expenses	<u>21,110,016</u>	<u>18,574,114</u>	<u>2,535,902</u>	<u>13.65%</u>
INCOME BEFORE INCOME TAXES	4,717,086	5,254,253	(537,167)	-10.22%
INCOME TAX EXPENSE	777,437	1,314,623	(537,186)	-40.86%
NET INCOME	<u>\$ 3,939,649</u>	<u>\$ 3,939,630</u>	<u>\$ 19</u>	<u>0.00%</u>
BASIC EARNINGS PER SHARE	\$ 0.89	\$ 0.90	\$ (0.01)	

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.



2023 ACTS ORGANIZATIONS

This year our team served 80 organizations through our ACTS program. Below are the organizations served.



Tennessee-based

- AngelStreet Memphis
- Arlington High School
- Binghampton Christian Academy
- BLDG Memphis
- Boy Scouts of America
- Boys & Girls Clubs of Greater Memphis
- Briarcrest Christian School
- Calvary Rescue Mission
- Catholic Charities of West Tennessee
- Dorothy Day House
- Ducks Unlimited
- Germantown Chamber of Commerce
- Grace House of Memphis
- Hawkins Mill Elementary
- Housing Foundation of West Tennessee
- Houston High School
- Idlewild Presbyterian Church
- Junior Achievement of Memphis and the Mid-South
- Junior League of Memphis
- Kings of Grit
- LeBonheur Children's Hospital
- Make-A-Wish Mid-South

- Memphis Child Advocacy Center
- Memphis in May
- Memphis Jewish Community Center
- Metal Museum
- Metropolitan Inter-Faith Association (MIFA)
- Mid-South Food Bank
- Neighborhood Christian Centers
- One Mouth at a Time
- Pinecrest Camp and Retreat Center
- Richland Elementary School
- RISE Foundation
- Ronald McDonald House Charities
- Ross Elementary School
- Rotary Club of Memphis
- Salvation Army Memphis
- South Memphis Alliance
- St. Jude Children's Research Hospital
- St. Louis Catholic School
- United Housing
- United Methodist Foundation for TN & W KY
- United Way of the Mid-South
- University Campus School
- Woodland Presbyterian School

Mississippi-based

- American Cancer Society
- Boys & Girls Club of Lafayette, Oxford & University
- CASA of North Mississippi
- First Presbyterian Church Jackson
- Leadership Lafayette
- Make-A-Wish Mississippi
- Memory Makers
- Oxford Lafayette Chamber of Commerce
- Oxford Police Department
- Oxford Treatment Center
- Pinelake Church
- Sister SOAR
- Tupelo Christian Preparatory School
- Tupelo-Lee Humane Society
- United Way of Oxford-Lafayette County

Georgia-based

- American Heart Association
- Atlanta Community Food Bank
- Habitat for Humanity DeKalb
- Junior Achievement of Georgia
- The Bill Harrison Foundation

North Carolina-based

- Alzheimer's Association
- Breast Cancer Awareness Foundation
- Cape Fear Habitat for Humanity
- City of Wilmington Municipal Advisory Board
- Greater Wilmington Sports Hall of Fame
- New Hanover School
- Nourish NC
- Sickled Life Inc.
- United Way of the Cape Fear Area
- Wilmington Greek Festival

Alabama-based

- Leadership Barbour

Florida-based

- OneBlood



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.

Chondrea Black

Memphis Area CRA Association
Secretary



Helean Davis

Boys and Girls Club of North Mississippi
Member of Board of Directors



Anne Richards

Metro Memphis and West TN Conference UMC
Building and Locations Committee Chair



Brent Boswell

Wilmington Cape Fear Rotary Club
President



Sister Soar

Board of Directors

United Methodist Foundation of Tennessee and Western Kentucky
Chairman of the Board

Michael Brennan

Phoenix Club
Past President



Gina DiCicco

Greater Wilmington Sports Hall of Fame
Member of Board of Directors



Jon Roskos

Ducks Unlimited
Collierville Chapter Chair



Boys and Girls Club Executive Committee
Member of Board of Directors

Laura Falls

Idlewild Presbyterian Church
Young Adult Committee Chair,
Member of Communications Committee



Briarcrest Christian School
Trap Coach

Quentin Brewer

Oxford Medical Ministries Clinic
Member of Board of Directors
Fundraising Chair



Deborah Howell

Boy Scouts of America
Registered Leader,
Day Camp Archery Instructor



Robert Shaw

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



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

Kin Kinney

Oxford-Lafayette County Economic Development Foundation
Member of Board of Directors



Woodland Presbyterian School
Member of Board of Directors
Chair

Leadership Lafayette Steering Committee
Chairman

Austin Lange

Ducks Unlimited
Collierville Chapter Board



Traci Strickland

Junior League of Memphis
President



United Way of Oxford-Lafayette County
Board of Directors,
Financial Stability Advisory Committee,
Fundraising Committee

Eric Larson

Habitat for Humanity DeKalb
Member of Board of Directors



Marshall Talley

River City Capital
Member of Loan Committee



Lea Carr

Rotary Club of Memphis
Treasurer,
Cafe du Memphis
Immediate Past Chair



Steve Maury

Housing Foundation of West Tennessee dba Intunity
Board of Director



Andy Taylor

Metal Museum
Fundraising Committee



Dorothy Day House
Ambassador

Jay Pearson

Tupelo Christian Academy
Volunteer Assistant
Baseball Coach



Pat Thompson

One Mouth at a Time
Executive Director



Salvation Army
Advisory Board Member

Lewis Perkins

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



Chris Waggoner

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



George Daley

St. Louis Catholic School
Head Track & Field Coach



BY THE NUMBERS

2,339 hours Team Paragon spent serving the community.

93.4%

Percentage of Team Paragon who participated in the ACTS program.

80

organizations impacted by Team Paragon volunteers.

23.6

Average number of ACTS hours per team member.

17,097

Total number of Paragon ACTS hours since 2008.

FROM OUR TEAM



Volunteering, to me, is not merely a commitment of time; it is an embodiment of my deepest values and a testament to the profound impact that collective efforts can have on the world. Volunteering is something I have done all my life. It is a rewarding experience that benefits the community as a whole and allows me to help others learn, grow, and thrive in their lives and in the communities they live in. The love I feel for volunteering stems from the transformative power it holds — both for individuals and the communities we serve. With these experiences and the ACTS of Service, I am proud that my values align with Paragon's.

Helean Davis

AVP, Banking Center Manager
Oxford, MS



Volunteering allows everyone the opportunity to help someone else in need. Giving your time can often be a greater gift than money and material things. My reward for volunteering has always been the smiles and laughter of those involved, whether it's the intended recipient or the team I'm working with. As a Boy Scouts of America leader, I'm able to give back to an organization that provided so much for my boys, and to create memories and experiences for children from all areas of our city. Paragon's annual Make-A-Wish granting brings joy to a child and their family, while providing a creative outlet for many of us that spend our day behind a desk.

Deborah Howell

Vice President, Senior Accountant
Memphis, TN



2023 SERVICE PROJECT HIGHLIGHTS

Memphis, TN | Junior Achievement of Memphis and the Mid-South



Junior Achievement of Memphis and the Mid-South has been educating K-12 students about entrepreneurship, career and work readiness and financial literacy since 1955.

Working with our education and community partners — and using an extensive array of experiential, hands-on programs supported by best-in-class curriculum — JA helps children discover the tools they need to own their economic success and build the future they want. More than 20,000 students participate in JA programs each year within our 71-county service area that includes schools in Tennessee, Mississippi and Arkansas. Our programs are taught by both classroom teachers and trained volunteers from across the community.



“The Paragon Bank team has supported our programs (such as JA BizTown for 5th and/or 6th graders and JA Finance Park for 7th graders) by joining in our volunteer efforts during the academic school year,” said Tenela Blakney, Volunteer and Recruitment Manager of JAMM. “Although the impact made on students is immeasurable, we could not do it without the support of dedicated partners such as Paragon Bank. We are very appreciative to have Paragon Bank joining us on this rewarding journey as we seek to make every child ‘World Ready.’”

Oxford, MS | CASA of North Mississippi

CASA of North Mississippi plays a crucial role in uplifting the local community by providing unwavering support to children who have experienced abuse or neglect. CASA of North Mississippi serves Lafayette, Lee, and Yalobusha counties with plans to expand to more counties in the future. Through the committed team of volunteers, CASA ensures that the voice of each child is heard and their best interests are advocated for in the court system

“The vital collaborations we have formed in our community, such as our partnership with Paragon Bank, enable us to fulfill our mission,” said Erin Smith, Founding Executive Director of CASA of North Mississippi. “Kin and the dedicated team at Paragon Bank have consistently offered their support, not only through financial contributions but, more importantly, with their valuable time. Whether it is volunteering at events or participating in our CASA Christmas program, we are immensely thankful for the unwavering partnership we share with Paragon Bank.”



CHANGE A CHILD'S STORY.™



2023 SERVICE PROJECT HIGHLIGHTS

Atlanta, GA | Habitat for Humanity DeKalb



Habitat for Humanity brings people together to build homes, communities and hope. They aim to build and rehabilitate simple, decent and affordable homes for families unable to access traditional housing options. Habitat for Humanity DeKalb has built 82 homes and completed over 300 home repairs for older adults and veterans, helping them age in place safely.

“Corporate partnerships play a significant role in advancing our mission, and the continued support from Paragon Bank has been vital to our success,” said Sharon Steele, Executive Director at Habitat for Humanity DeKalb. “From board appointments, financial support and their team members who build, repair and renovate alongside us annual, this partnership helps strengthen our capacity to create safe, decent and affordable housing for those in need.”

Paragon Bank was selected as the corporate partner of the year for 2023 and received the Golden Hammer at the volunteer recognition event “Barbecue, Blue Jeans, and Blueprints Festival in April 2024.



Wilmington, NC | McKee Homes & Alzheimer’s Walk

Worldwide, more than 55 million people are living with dementia. In the United States alone, more than 6 million have Alzheimer’s, and over 11 million are providing unpaid care.

Alzheimer’s is a cause near and dear to McKee Homes, a Paragon Bank customer. Two years ago, McKee Homes asked Paragon team members to participate in the Walk on Team McKee, and we haven’t looked back since.

“John Tyndall and his team at Paragon Bank have worked closely with us to help secure financing for our construction projects across Eastern NC. With Paragon’s help we were able to build over 250 new construction homes last year across the Wilmington, Fayetteville, Moore Co and Raleigh markets,” said Monica McLean, Operations Specialist and point person for McKee’s Alzheimer’s work. “They have also supported our efforts in the fight to end Alzheimer’s by donating to our Wilmington Walk Team and actively participating in the walk. We appreciate the business relationship we have developed over the last 2 years and look forward to our continued relationship and business success.”



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

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Memphis

5400 Poplar Avenue, Ste 150
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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

293 Pharr Road N.E.
Atlanta, GA 30305
404.419.1856

Mississippi

Oxford

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Oxford, MS 38655
662.259.8306

North Carolina

Wilmington

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910.218.7000

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