



the Shield *of excellence*

Paragon Celebrates Fifth Anniversary



On January 19, Paragon celebrated our 5th anniversary! In addition to celebrating our own milestone, we also recognized the 5th anniversary of 24 employees who have been with Paragon since opening day. Back row: Pam Caviness, Rita Fiduccia, Robert Shaw, Nancy Magness, Chris Platania, Debby Allen, Kim Hall, Hank Word, Michael Erhardt. Middle row: Cheryl Shackelford, Carol McConkey, Carole Hughes, Janie Day, Diane Roten, Lisa Barden, Joyce Davis, Tracey Wilson Thesmar, Gordin McMurtry, Beth Perry Edwards. Front Row: Sharon Gullede, Liz Joyner, Andy Taylor, Chondrea Black, Stacy Stone.

5 Paragon National Bank
HAS A CAUSE FOR CELEBRATION
bankparagon.com/cause

To celebrate our **5**th birthday
we are giving each new customer \$ **5** to donate
to one of **5** local causes:

- Make-A-Wish Foundation of the Mid-South**
- Memphis Child Advocacy Center**
- Memphis Jewish Community Center**
- Mid-South Food Bank**
- United Housing**

Customers will receive their code when opening a new account.

PARAGON NATIONAL BANK



Marshall Talley Joins Team Paragon as Senior Credit Officer

Paragon recently welcomed Marshall Talley as Senior Credit Officer and Senior Vice President. Marshall will be responsible for Paragon's loan policy and compliance and will monitor the quality of the loan portfolio.

"Marshall's experience as a Senior Credit Officer makes him a perfect match for this role," said Robert Shaw, President and CEO of Paragon. "He has more than 20 years of experience in banking, and we are confident that adding him to the team will have a very positive impact on our loan portfolio."



Marshall Talley

Marshall attended Memphis State University, where he received a BBA in Accounting. He and his wife Angel have a blended family of six children ranging in age from 2 years to 20 years.

Tracey Wilson Thesmar Honored in Top 40 Under 40

Tracey Wilson Thesmar, Vice President, Controller, has been recognized by the *Memphis Business Journal* as one of their Top 40 Under 40 in their 13th year of awarding the honor. Tracey is the fourth Paragon team member to be included on this prestigious annual list, which is based on accomplishments, community service, and professional contributions.



Tracey Wilson Thesmar

"Tracey is so dedicated to both the community and her job," said Robert Shaw, Paragon's President. "She's an important part of our team both in our company operations and our community outreach."

Tracey is actively involved in the community, including Junior League of Memphis (board position), Woodland Presbyterian Church, the Le Bonheur Club, and The Alpha Delta Pi Alumnae Association. She is also a member of both American Institute of Certified Public Accountants and Tennessee Society of Certified Public Accountants.

Paragon Hosts Lunch and Learn for The Kindness Revolution



Paragon continued our support of the Kindness Revolution, founded by Ed Horrell (pictured above) with a Lunch and Learn for employees. Ed spoke to our group about recent developments with the Kindness Revolution and gave employees suggestions for ways they can get involved.

The mission of the Kindness Revolution is to raise the awareness of values such as kindness in leadership, customer service, schools, and communities. It celebrates businesses that promote a culture based on values such as dignity, respect, courtesy, and kindness that permeate an organization and moves from employees to customers.

Paragon Honored with Southeast Community Bank GIVE Award

Paragon was one of six financial institutions to receive a 2009 Southeast Community Bank GIVE Award, which honors exceptional community service. GIVE stands for charitable Giving, community Involvement, Volunteerism and employee Engagement. Judges selected winners from community banks in seven southeastern states based on criteria including objectives, strategies, and results.

Paragon won for its endless dedication to children's issues including education and mentoring, and its hands-on support of the Make-A-Wish Foundation.

"It is an honor to be recognized for our work in and around Memphis," said Robert Shaw, President and CEO of Paragon. "Since the bank's inception, we've strived to provide the community with a unique level of commitment through our team's involvement with local non-profit organizations, students, and artists."

Children are a top priority at Paragon. Through its Assisting the Community Through Service program (ACTS), every employee is entitled to spend 40 working hours each year on community service. Employees donated more than 500 hours last year. This included adopting an elementary school class in an economically disadvantaged area, where volunteers taught Junior Achievement, assisted teachers, hosted parties, and donated school supplies.

Additionally, each time someone opens a new account, the bank donates \$10 to the Make-a-Wish Foundation, which enriches the lives of children with life-threatening medical conditions. The employees do more than donate money – we have granted five wishes, which prompted Make-a-Wish to nominate Paragon for Volunteer Mid-South's Spirit of Giving Award. The team also participates in fundraising for the Child Advocacy Center, which serves abused children; supports the work of gifted art students at a local school; and supports many other charities including the March of Dimes and the Mid-South Food Bank's annual Student Food Drive.

"We knew that many community banks make helping the community a priority, but we were deeply touched by the scope of their generosity," said Sal Inserra, partner at Porter Keadle Moore, LLP, the accounting firm that hosted the GIVE awards. "We're happy to make people aware of the inspiring things they do."

Other GIVE Award winners included the Bank of Tennessee (Kingsport, TN), Fifth Third Bank (Charlotte, NC), The Peoples Bank (Biloxi, MS), Southern Bancorp (Ruleville, MS), and the little bank (Kinston, NC).



Team Paragon Earns New Board Leadership Positions

Several Paragon employees have been named to prestigious board positions for 2010. Janie Day, Private Banking Vice President, is currently serving as Chair Elect for the Germantown Chamber of Commerce and in 2011 will assume the role of Chairman of the Board.

Ashley Cullum, Assistant Vice President of Business Development, is currently serving as Chairman of the Board for Women on the Move, a women's networking group which aims to enrich the lives of women professionally and personally through social interactions and education.

Team Paragon at 2009 Susan G. Komen Race for the Cure



We continued our commitment to Race for the Cure in 2009 and had more than 80 people on our race team. We met at the Saddle Creek Banking Center for a light breakfast before heading over to walk or run the race.



During our December visit to Ms. Martin's third grade class at Hawkins Mill Elementary School, Saddle Creek Banking Center Manager George Daley compares snowflakes with an enthusiastic student.



Paragon President Robert Shaw, Vice President of Private Banking Dorothy Cleaves, and Senior Vice President of Cash Management Kim Hall enjoy the festive atmosphere at Memphis Child Advocacy Center's Chefs Celebrity Gala, where we host a table each year and Kim and Robert serve as "celebrity" waiters.



Paragon and the Mid-South Food Bank Team Up Again



Paragon participated as a title sponsor for the third consecutive year for the Mid-South Food Bank's Annual Student Food Drive. Paragon banking centers served as donation centers for the food drive, and staff from each location were tasked with building an impressive display to encourage donations. One spectacular example is shown above; the "One CAN Make a Difference" display was created by employees at our Paragon Place Banking Center. Pictured from left to right are Karen Coward, Carole Hughes, Dave Biter, and Elizabeth Smith.

Our involvement with the Mid-South Food Bank extends past sponsoring the food drive; 17 team members volunteered several hours in the Food Bank's warehouse recently. We enjoyed the opportunity to have a team-building experience while sorting and stacking food for the needy.

Paragon Employees' Volunteerism "Something Good in Memphis"



Several Paragon employees, including Mary Jackson, Wayne Littleton, Josh Miller, Gordin McMurtry, Patricia Robinson, and Alex Thesmar, were recognized by MIFA's Something Good in Memphis Campaign for their recent weekend volunteerism. They helped build a wheelchair ramp for the son of a former coworker on the Sunday before Thanksgiving. To read the full article, visit MIFA's Something Good in Memphis website at <http://pgnn.me?u=233725>.



MIFA's Something Good in Memphis Program celebrates those who make Memphis better by allowing people to nominate those "whose daily efforts or remarkable deeds embody the spirit of positive action in our community."



Bodine Community Leader Breakfast



Paragon President Robert Shaw spends some time with a student from The Bodine School at their recent Community Leader Breakfast.

Paragon Employee Does Hard Time to Raise Money for MDA



Jonelle Middlebrook, Deposit Operations Associate, helped support the Muscular Dystrophy Association by agreeing to be put in "jail," with donations serving as her "bail money."

Paragon Grants Fifth Wish in Five Years

Paragon recently partnered with the Make-A-Wish Foundation of the MidSouth for the fifth consecutive year to grant the wish of a child. Paragon employees volunteered their time and resources to create a spectacular fall festival and haunted house for Chase. He arrived at our Fountain Place location believing he had simply been invited to a Halloween party and walked into the building to find that the party was actually for him! Chase and his family were treated to a fall festival and haunted house before learning that his wish to go to Disneyworld had been granted.

"Being a part of such a huge moment in a child's life is immeasurably precious to us," said Robert Shaw, Paragon's President and CEO. "We've helped grant a wish for a deserving child every year since our opening and it's always so rewarding." Paragon plans to continue the wish-granting tradition each fall and other partnership opportunities with Make-A-Wish throughout the year.



Team Paragon gathers around an ecstatic Chase and Rockey the Redbird.

Cash Management News

How Paragon Can Further Improve Efficiency and Prevent Fraud

We are excited to report several new developments in our cash management department. We are constantly seeking new ways to save you time and money and to help keep you from being defrauded. We have three new products that are designed to help business owners.

➤ *Virtual Endorsement*

Paragon always strives to add more and more value to our cash management services to better serve our customers. Virtual endorsement is a feature that can help you eliminate the time you spend stamping your checks by having the ability to digitally stamp the checks in our operations center. Add virtual endorsement to the long list of ways remote deposit capture through ParaTeller can save you time!

➤ *Payroll Services*

As your business grows, you may find that you spend so much time managing the little things that you don't have enough time to actually run your company efficiently. In an effort to help our customers' businesses thrive, we are now proud to offer payroll services to free you, your accounting department, and your human resources department from spending excessive time on complex administrative duties.

➤ *Enhanced Internet Banking Security with Fob*

Paragon has added another enhancement to our cash management line of products. Making sure your money and information is safe is of utmost importance in this digital age, and we have added this additional level of security for our business customers.

We have recently introduced a security fob with a digital read-out showing a 6-digit number. This number changes every 60 seconds, and you must enter it, along with your other log-in information, to log in to your internet banking. This service is absolutely a must for businesses that use ACH and wire transfers frequently, as these are the two types of transactions where most fraud is targeted.

➤ *Find out more...*

If you'd like more information about these or any cash management products, contact Kim Hall at 901.322.0740 or Kim.Hall@BankParagon.com.



SAFE DEPOSIT BOX SPECIAL

*Receive 50% off on the first year rental of a new safe deposit box.**

Call 901.273.2900 to get started or to inquire.

*Discount available only to customers with existing or newly opened accounts or loans.

Paragon Strives to Improve Commercial Real Estate Portfolio with Banker's Toolbox

Paragon recently rolled out use of Banker's Toolbox Inc.'s Commercial Real Estate Loan Stress Test (CREST) software. This program proactively stress-tests and monitors our commercial real estate portfolio and allows us



to segment our holdings and apply stress factors to determine how possible changes in the market or loans could impact the health of our entire commercial real estate portfolio.

"It is vital in this market to be able to quickly implement programs that will help us make our bank stronger," said Andy Taylor, Paragon's Executive Vice President. "By being proactive and keeping tabs on our portfolio, we can improve our bottom line for our customers, employees, and shareholders."

Home-Buying Changes Mean Waiting Could Cost Thousands

Waiting a few extra days or weeks to purchase a home this spring could cost buyers thousands of extra dollars as the office of Housing and Urban Development (HUD) implements several changes for loans guaranteed by the Federal Housing Authority (FHA).

Coming just weeks before the April 30 deadline for the Home Buyer Tax Credit and just days after the March 31 expiration of the Federal Reserve Board's mortgage-backed securities purchase program (which has kept home loan rates artificially low for more than a year), these FHA changes make it even more important to act now to save big. Here are a few reasons:

- On April 5, the cost of required upfront mortgage insurance for loans guaranteed by the FHA will increase from 1.75% to 2.25%. For a borrower purchasing a \$200,000 home with a \$7,000 down payment, the upfront mortgage insurance will increase by \$965. This increase, while it may seem minimal, is still borne by the borrower upfront and monthly.
- It is important to note that in order to be eligible for the lower cost upfront mortgage insurance, a lender must order a case number from the FHA before April 5. A case number can only be generated for loan applications when a property is involved and a fully executed purchase contract exists. Home buyers who have been pre-approved but are not under contract will not be eligible for the reduced premium effective April 5.
- Later this spring, the amount of money that a seller can return to the buyer from their sale proceeds will be reduced from 6% to 3%. The reduction in these "seller concessions" can increase the amount of cash a buyer will be required to pay at closing by \$6,000 for a home purchase of \$200,000.

The only way to avoid being affected by these costly changes that lie ahead is to submit all FHA mortgage applications by the last week of March. Contact the mortgage department at 901.322.0750 or mortgage@bankparagon.com for more information.

Paragon's Hank Word Runs St. Jude Half Marathon



Hank Word, Paragon's Senior Vice President of Information Technology, participated in St. Jude's half marathon in December. He is pictured here with his wife Anna Kathryn and son Harry after the race.

Locations:

Paragon Place

Poplar at Massey
6300 Poplar Ave., Suite 117
Memphis, TN 38119

St. Francis

6005 Park Ave., Suite 111
Loewenberg Building
Memphis, TN 38119

Fountain Place

Poplar at Valleybrook
5400 Poplar Ave., Suite 150
Memphis, TN 38119

Saddle Creek

7600 Poplar Ave.
Germantown, TN 38138

Grove Park

4515 Poplar Ave.
Memphis, TN 38117

Telephone:

901.273.2900

Branch Hours:

8:30 am – 5:00 pm Mon-Thu
8:30 am – 6:00 pm Fri
(except St. Francis)

ATM:

24 Hours/7 days a week
Approximately 170 ATMs

Paragon Direct:

901.333.0260
24-Hour Voice Response Unit

Online Banking:

bankparagon.com

Mailing Address:

P.O. Box 2022
Memphis, TN 38101-2022



Paragon
NATIONAL BANK
Local banking from locals.



Future Paragon Customers:



Charlene Franklin
officially adopted her
nephew Charlie on
December 7.



Lauren & Lindsey Roten
9/18/09
Grandchildren of Diane Roten,
Saddle Creek Banking Center
Associate



Wedding Bells



Alex & Tracey Thesmar
September 19, 2009



Leo & Beth Edwards
September 26, 2009



Jonathan & Ashley Cullum
November 7, 2009



New Employees and Promotions



Ryan Esrael
Mortgage Loan
Coordinator



Marshall Talley
Senior Credit Officer



Bill Freeman
VP Commercial
Lending



Ashley Cullum
promoted to
Assistant Vice President
of Business Development



Hank Word
promoted to
Senior Vice President
of Information Technology