PARAGON
COMMERCIAL CORPORATION

NEWS RELEASE

Paragon Commercial Corporation Reports 23% Increase in Earnings for the First Quarter of 2016

Highlights:

- First quarter 2016 net income of $2.8 million, or 23% increase over the prior year
- Local client funding increased $110.9 million or 13% from December 31, 2015
- Net recoveries of previous charge-offs of $290,000 during the quarter
- Credit quality remains strong with nonperforming loans at only 0.05% of total loans
- Nonperforming assets decreased to 0.43% of total assets

RALEIGH, N.C., April 18, 2016 – Paragon Commercial Corporation (OTCQX: PBNC), parent company of Paragon Bank, today reported unaudited financial results for the quarter ended March 31, 2016. Net income during the three-month period increased 23% to $2.8 million compared to $2.3 million for the same period in 2015. This was primarily driven by an increase in net interest income as a result of continued loan growth. Fully diluted earnings per share for the same periods in 2016 and 2015 were $0.62 and $0.51, respectively. Robert C. Hatley, President and CEO stated "Our business model, excellent staff and robust markets continue to contribute to quarter over quarter increases in earnings, loan growth, efficiency and credit quality. Our significant core deposit growth in the first quarter is a key indicator that our clients really appreciate the quality banking experience they enjoy at Paragon."

The return on assets for the first quarter of 2016 was 0.86% and the return on equity was 11.46% compared to 0.77% and 10.38%, respectively, for the same ratios in the first quarter of 2015.

Consolidated Assets

Total consolidated assets on March 31, 2016 were $1.34 billion compared to $1.31 billion as of December 31, 2015. Assets increased during the quarter by $35.3 million as a result of loan demand and purchases in the investment portfolio to utilize the funds generated from core deposit growth.

Loan Portfolio

Loans outstanding increased by $28.8 million during the first quarter from $1.02 billion at December 31, 2015 to $1.04 billion at March 31, 2016. The Company continues to see strong loan growth throughout the Raleigh, Charlotte and Cary markets in line with historic seasonal trends.

Deposit Portfolio

Total deposits increased by $64.3 million during the first quarter as the Company experienced strong local funding growth while simultaneously making an effort to reduce its noncore deposits, shedding $52.1 million in internet and brokered time deposits during the period. The deposit portfolio mix continues to experience a shift from time deposits to core transactional accounts. During the quarter, demand account balances increased by $7.6 million while money market and interest checking accounts increased by $120.1 million, increases of 5% and 24%, respectively. During the same period, time deposits decreased by $63.4 million or 20% as the Company continued to implement its strategic initiative to reduce its reliance on time deposits.

Credit Quality

The Company recorded no loan loss provisions for the first quarter of 2016 due to net recoveries of past losses totaling $290,000 funding the allowance for loan losses for loan growth as well as continued credit quality improvement. The

allowance for loan losses as a percentage of total loans at March 31, 2016 was 0.76%, up from 0.75% in the previous quarter. The provision for loan losses for the quarter ended March 31, 2015 was $571,000.

Nonperforming loans were 0.05% of total loans at March 31, 2016 and December 31, 2015. Loans past due 30 days or greater at quarter end were 0.01% of total loans. The ratio of total nonperforming assets to total assets including foreclosed real estate was 0.43%, down from 0.46% in the previous quarter.

Net Interest Income
Net interest income increased by $1.1 million during the first quarter of 2016 compared to 2015. Net interest income totaled $10.6 million during the period, representing a net interest margin of 3.54% on a tax equivalent basis, up 0.06% compared to the first quarter of 2015.

Non-Interest Income
For the first quarter of 2016, non-interest income was $266,000 compared to $484,000 for the same period in 2015. The first quarter of 2015 was impacted by $423,000 in securities gains compared to $85,000 for 2016.

Non-Interest Expense
Non-interest expense in the first quarter of 2016 was $6.6 million compared to $5.9 million in the first quarter of 2015. The largest increase was in personnel, which increased by $648,000 as the Company added lenders and staff through 2015 to support its strong growth.

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NEW MEDIA CONTENT:
Paragon Bank LinkedIn Page: http://linkd.in/P0o9Wc

ABOUT PARAGON COMMERCIAL CORPORATION
Paragon Commercial Corporation is the parent company of Paragon Bank, which provides a private banking experience to businesses, professionals, executives, entrepreneurs and other individuals. Paragon's commitment to an extraordinary client experience is built on the philosophy that clients deserve well prepared bankers who are present and fully available, and proactive about helping clients achieve their goals. Founded in Raleigh, North Carolina in 1999, Paragon Bank currently has assets of $1.3 billion. Banking services are provided through highly responsive professionals, an extensive courier service, online and mobile technologies, free worldwide ATM access, and a select number of strategically placed offices in Raleigh, Cary and Charlotte, NC. For more information, visit http://ParagonBank.com.

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Information in this press release contains forward-looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, the risks of changes in interest rates, and the effects of competition. Paragon Commercial Corporation does not undertake a duty to update any forward-looking statements in this press release.

PARAGON COMMERCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended				
	March 31, 2016	**Dec. 31, 2015**	**Sept. 30, 2015**	**June 30, 2015**	**March 31, 2015**
Loans and loan fees	$ 11,190	$ 11,311	$ 11,223	$ 10,899	$ 10,067
Investment securities	1,219	1,238	1,249	1,072	1,227
Federal funds and other interest income	58	45	38	40	26
Total Interest and Dividend Income	12,467	12,594	12,510	12,011	11,320
Interest-bearing checking and money markets	857	769	727	645	615
Time deposits	567	704	799	846	964
Borrowings and repurchase agreements	492	391	328	307	289
Total Interest Expense	1,916	1,864	1,854	1,798	1,868
Net Interest Income	10,551	10,730	10,656	10,213	9,452
Provision for loan losses	-	-	-	179	571
Net Interest Income after Provision for Loan Losses	10,551	10,730	10,656	10,034	8,881
Non-interest Income					
Increase in cash surrender value of bank owned life insurance	223	221	225	206	201
Net gain on sale of securities	85	(26)	145	-	423
Deposit service charges and other fees	58	56	58	54	51
Mortgage banking revenues	32	41	44	75	37
Net loss on sale or write-down of other real estate	(212)	(287)	(9)	(126)	(337)
Other noninterest income	80	97	81	115	109
Total Non-interest Income	266	102	544	324	484
Non-interest Expense					
Salaries and employee benefits	3,867	3,617	3,378	3,117	3,219
Occupancy	344	344	366	488	349
Furniture and equipment	492	495	482	451	450
Data processing	296	257	267	299	280
Directors fees and expenses	252	251	253	211	206
Professional fees	237	123	159	318	137
FDIC and other supervisory assessments	195	229	231	252	227
Advertising and public relations	188	211	177	301	245
Unreimbursed loan costs and foreclosure related expenses	69	124	281	298	171
Other expenses	660	649	586	665	596
Total Non-interest Expenses	6,600	6,300	6,180	6,400	5,880
Income before income taxes	4,217	4,532	5,020	3,958	3,485
Income tax expense	1,379	1,569	1,707	1,308	1,177
Net income	**$ 2,838**	**$ 2,963**	**$ 3,313**	**$ 2,650**	**$ 2,308**
Basic earnings per share	**$ 0.62**	**$ 0.65**	**$ 0.73**	**$ 0.59**	**$ 0.52**
Diluted earnings per share	**$ 0.62**	**$ 0.65**	**$ 0.73**	**$ 0.59**	**$ 0.51**

PARAGON COMMERCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars and shares in thousands)
(Unaudited)

	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Assets					
Cash and due from banks	$ 51,559	$ 55,530	$ 118,297	$ 77,949	$ 98,110
Investment securities - available for sale, at fair value	182,157	168,896	172,513	168,048	154,185
Loans-net of unearned income and deferred fees	1,044,981	1,016,156	998,232	991,445	944,039
Allowance for loan losses	(7,931)	(7,641)	(7,618)	(7,569)	(7,553)
	1,037,050	1,008,515	990,614	983,876	936,486
Premises and equipment, net	16,281	16,433	16,538	16,611	16,824
Bank owned life insurance	28,497	28,274	28,052	27,827	27,621
Federal Home Loan Bank stock, at cost	7,232	8,061	7,636	8,699	8,274
Interest receivable	3,858	3,795	3,609	3,944	3,530
Deferred tax assets	4,304	4,118	5,141	5,527	5,004
Other real estate owned and reposessed property	5,228	5,453	13,017	13,679	14,577
Other assets	5,011	6,836	5,776	7,259	6,566
Total Assets	$ 1,341,177	$ 1,305,911	$ 1,361,193	$ 1,313,419	$ 1,271,177
Liabilities and Shareholders' Equity					
Liabilities					
Deposits:					
Demand, non-interest bearing	$ 166,556	$ 158,974	$ 161,878	$ 162,758	$ 145,799
Money market accounts and interest checking	624,199	504,092	501,822	489,675	447,774
Time deposits	256,378	319,781	392,080	372,402	354,512
Total deposits	1,047,133	982,847	1,055,780	1,024,835	948,085
Repurchase agreements and federal funds purchased	24,494	30,580	25,978	26,546	33,183
Borrowings	146,673	169,800	160,422	146,039	176,650
Subordinated debentures	18,558	18,558	18,558	18,558	18,558
Other liabilities	4,147	6,468	6,162	6,297	4,677
Total Liabilities	1,241,005	1,208,253	1,266,900	1,222,275	1,181,153
Stockholders' equity					
Common stock, $0.008 par value	37	37	37	36	36
Additional paid in capital	53,235	53,147	52,993	52,694	52,567
Retained earnings	48,198	45,360	42,397	39,084	36,434
Accumulated other comprehensive (loss) income	(1,298)	(886)	(1,134)	(670)	987
Total Shareholders' Equity	100,172	97,658	94,293	91,144	90,024
Total Liabilities and Shareholders' Equity	$ 1,341,177	$ 1,305,911	$ 1,361,193	$ 1,313,419	$ 1,271,177

PARAGON COMMERCIAL CORPORATION
LOANS
(In thousands except per share data)
(Unaudited)

	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Loans					
Construction and land development	$ 68,316	$ 64,704	$ 70,997	$ 72,867	$ 62,379
Commercial real estate:					
Commercial real estate	320,791	305,723	300,696	303,056	305,179
Commercial real estate - owner occupied	144,168	147,017	141,563	134,177	128,985
Farmland	1,313	1,332	1,348	1,054	1,066
Multifamily, nonresidential and junior liens	86,610	79,171	84,228	81,876	81,753
Total commercial real estate	552,882	533,243	527,835	520,163	516,983
Consumer real estate:					
Home equity lines	80,940	78,943	75,687	69,566	60,785
Secured by 1-4 family residential, secured by 1st deeds of trust	171,355	167,709	164,555	162,370	152,413
Secured by 1-4 family residential, secured by 2nd deeds of trust	3,731	3,723	3,642	3,750	4,815
Total consumer real estate	256,026	250,375	243,884	235,686	218,013
Commercial and industrial loans	153,159	153,669	138,571	144,420	132,410
Consumer and other	14,598	14,165	16,945	18,309	14,254
Total loans	1,044,981	1,016,156	998,232	991,445	944,039

PARAGON COMMERCIAL CORPORATION
OTHER FINANCIAL HIGHLIGHTS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended				
	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015
Selected Average Balances:					
Average total assets	$ 1,323,397	$ 1,330,518	$ 1,342,111	$ 1,279,887	$ 1,202,438
Average earning assets	1,235,237	1,239,027	1,240,640	1,196,615	1,119,431
Average loans	1,019,396	1,004,627	999,857	973,610	902,518
Average total deposits	994,219	1,010,610	1,010,398	937,700	879,350
Average shareholders' equity	99,090	96,688	93,498	90,607	88,971
Performance Ratios:					
Return on average assets	0.86%	0.89%	0.99%	0.83%	0.77%
Return on average equity	11.46%	12.26%	14.17%	11.70%	10.38%
Tangible common equity ratio	7.47%	7.48%	6.93%	6.94%	7.08%
Total interest-earning assets	$ 1,257,254	$ 1,224,106	$ 1,280,961	$ 1,223,755	$ 1,187,831
Tax equivalent net interest margin	3.54%	3.52%	3.49%	3.50%	3.48%
Overhead to average assets	1.99%	1.89%	1.84%	2.00%	1.96%
Efficiency ratio	61.02%	58.16%	55.18%	60.74%	59.18%
Credit Ratios:					
Non-accrual loans	$ 487	$ 513	$ 738	$ 754	$ 3,935
Other real estate owned	$ 5,228	$ 5,453	$ 13,017	$ 13,679	$ 14,577
Nonperforming assets to total assets	0.43%	0.46%	1.01%	1.10%	1.46%
Nonperforming loans to total loans	0.05%	0.05%	0.07%	0.08%	0.42%
Loans past due >30 days and still accruing	$ 127	$ -	$ -	$ -	$ 549
Net loan charge-offs (recoveries)	$ (290)	$ (23)	$ (49)	$ 162	$ (112)
Annualized net charge-offs/average loans	-0.11%	-0.01%	-0.02%	0.07%	-0.05%
Allowance for loan losses/ total loans	0.76%	0.75%	0.76%	0.76%	0.80%
Allowance for loan losses/ nonperforming loans	1629%	1489%	1032%	1004%	192%
Per share data:					
Average diluted common shares outstanding	4,574,455	4,567,023	4,565,963	4,528,553	4,514,111
End of quarter common shares outstanding	4,581,334	4,581,334	4,580,434	4,553,141	4,537,595
Book value per common share	$ 21.87	$ 21.32	$ 20.59	$ 20.02	$ 19.84