PARAGON COMMERCIAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION December 31, 2013 and 2012

ASSETS 2013 2012 Changes % Cha (ash and due from banks: Interest-earning \$ 25,238 \$ 2,341 \$ 22.897 978. Non-interest-earning \$ 25,238 \$ 2,341 \$ 22.897 978. Interest-earning \$ 19,899 16,037 3,862 24.1 Federal funds sold - - nuth - nuth Investment securities - available for sale, at fair value 147,196 147,974 (778) -0.5 Lonan-net to nueamed income and deferred fees 760,453 712,018 48,435 6.87 Premises and equipment, net 15,268 13,779 1,489 10.8 Bank owned life insurance 26,622 25,775 847 3.37 Pederal Home Loan Bank stock, at cost 6,323 6,396 (73) -1.1 Interest Receivable 3,130 2,796 334 11.9 Deferred tax assets 4,991 3,451 1,540 44.6	December 31, 2013 and 2012	December 31,	December 31,		
Cash and due from banks: Interest-earning \$ 25,238 \$ 2,341 \$ 22,897 978. Non-interest-earning 19,899 16,037 3,862 24.1 Investment securities - available for sale, at fair value 147,196 147,974 (778) -0.5 Lonns-net of unearned income and deferred fees 767,392 722,366 45,026 6.22 Allowance for loan losses (6,939) (10,348) 3,409 -32.2 Net loans 760,453 712,018 48,435 6.8 Premises and equipment, net 15,268 13,779 1,489 10.8 Bank owned life insurance 26,622 25,775 847 3.3 Pederal Home Loan Bank stock, at cost 6,323 6,396 (73) -1.1 Interest Receivable 3,130 2,796 334 119 Deferred tax assets 8,477 8,347 130 1.6 Other saest 4,991 3,451 1.540 44.6 Demosits 277,205 202,797 74,412 36.7 Total assets 2,090,50 423,586 (24,536)	ASSETS		,	Changes	% Change
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	(In thousands)	(Una	udited)		
Non-interest-earning 19,899 16,037 3,862 24.1 Federal funds sold - - n/d Investment securities - available for sale, at fair value 147,196 147,974 (778) 0.55 Loans-net of unearned income and deferred fees 767,392 722,366 45,026 6.22 Allowance for loan losses (6,037) 14,897 10,849 3,409 -232 Net loans 760,453 712,018 48,435 6.88 Premises and equipment, net 15,268 13,779 1,489 10,8 Bank woned life insurance 26,622 25,775 8447 3,34 Deferred tax assets 8,477 8,347 130 1.6 Other real estate owned 18,174 18,756 (582) -3.1 Other assets 4,991 3,451 1,540 44.60 Deposits: Deposits 277,205 \$ 78,101 82.2 Money market accounts and interest checking 770,152 700,301 69,851 1000 Repurchase agreements and federal funds purchased 28,012 26,303 1,709	Cash and due from banks:				
Federal funds sold -	Interest-earning	\$ 25,238	\$ 2,341	\$ 22,897	978.1%
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Non-interest-earning	19,899	16,037	3,862	24.1%
Loans-net of unearned income and deferred fees $767,392$ $722,366$ $45,026$ 6.27 Allowance for loan losses $700,453$ $712,018$ $48,435$ 6.87 Premises and equipment, net $15,268$ $13,779$ 1.489 10.8 Bank owned life insurance $26,622$ $25,775$ 847 3.37 Federal Home Loan Bank stock, at cost $6,323$ $6,366$ (73) -1.1 Interest Receivable $3,130$ $2,796$ 334 11.9 Deferred tax assets $8,477$ $8,347$ $18,566$ (582) -3.1 Other sests 4.991 $3,451$ 1.540 44.66 Total assets $$$1,035,771$ $$$957,670$ $$$78,101$ 8.22 LIABILITIES Deposits $700,050$ $433,586$ $(24,536)$ -5.7 Total assets $297,205$ $202,793$ $74,412$ 36.7 Time deposits $770,152$ $700,301$ $69,851$ 10.00 Repurchase agreements and federal funds purchased $28,012$ $26,303$	Federal funds sold	-	-	-	n/a
Allowance for loan losses $(6,939)$ $(10,348)$ $3,409$ -32.5 Net loans $760,453$ $712,018$ $48,435$ 6.89 Premises and equipment, net $15,268$ $13,779$ $1,489$ 10.8 Bark owned life insurance $26,622$ $25,775$ 847 3.33 Federal Home Loan Bark stock, at cost $6,323$ $6,396$ (73) 1.11 Interest Receivable $3,130$ $2,796$ 334 11.9 Deferred tax assets $8,477$ $8,347$ 13.01 1.66 Other assets $4,991$ $3,451$ 1.540 44.66 Total assets $$$1,035,771$ $$$957,670$ $$78,101$ 8.22 LIABILITIES Deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $770,152$ $700,301$ $69,851$ 10.0 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 65.5 Borrowings $204,012$ $26,303$ $1,709$ 65.5 10.00 Other liabilities <td>Investment securities - available for sale, at fair value</td> <td>147,196</td> <td>147,974</td> <td>(778)</td> <td>-0.5%</td>	Investment securities - available for sale, at fair value	147,196	147,974	(778)	-0.5%
Net loans $760,453$ $712,018$ $48,435$ 6.87 Premises and equipment, net 15,268 13,779 1,489 10.8 Bank owned life insurance 26,622 25,775 847 3.33 Pederal Home Loan Bank stock, at cost 6,323 6,396 (73) -1.1 Interest Receivable 3,130 2,796 334 11.9 Deferred tax assets 8,477 8,347 130 1.60 Other real estate owned 18,174 18,756 (582) -3.1 Other real estate owned 18,174 18,756 (582) -3.1 Other real estate owned 18,174 18,756 (582) -3.1 Other sets 4,991 3,451 1,540 44.60 Demand, non-interest bearing \$ 83,897 \$ 63,922 \$ 19,975 31.2 Money market accounts and interest checking $277,205$ 202,793 74,412 36.7 Total deposits $770,050$ $433,586$ (24,536) -5.7 Total deposits	Loans-net of unearned income and deferred fees	767,392	722,366	45,026	6.2%
Premises and equipment, net 15,268 13,779 1,489 108 Bank owned life insurance 26,622 25,775 847 3.33 Federal Home Loan Bank stock, at cost 6,323 6,396 (73) -1.1 Interest Receivable 3,130 2,796 334 11.9 Deferred tax assets 8,477 8,347 130 1.66 Other real estate owned 18,174 18,756 (582) -3.1 Other assets $4,991$ 3,451 1,540 44.6 LABBILITIES Deposits: 5 1.035,771 \$ 957,670 \$ 78,101 8.22 Demand, non-interest bearing \$ 83,897 \$ 63,922 \$ 1,9,975 31.2 Money market accounts and interest checking 770,152 700,301 69,851 10.00 Repurchase agreements and federal funds purchased 28,012 26,303 1,709 6.5 Borrowings 124,616 120,000 4,616 3.8 8.7 Subordinated debentures 30,338 30,338 -0.00 6.5 Total liabilities 5,050 4,7	Allowance for loan losses	(6,939)	(10,348)	3,409	-32.9%
Bank owned life insurance $26,622$ $25,775$ 847 3.37 Federal Home Loan Bank stock, at cost $6,323$ $6,396$ (73) 1.1 Interest Receivable $3,130$ $2,796$ 334 11.9 Deferred tax assets $8,477$ $8,347$ 130 1.66 Other real estate owned $18,174$ $18,756$ (582) -3.1 Other assets $4,991$ $3,451$ 1.540 44.60 Total assets $$$1.035,771$ $$$957,670$ $$$78,101$ 8.22 LIABLITIES Deposits: $Demand, non-interest bearing $$83,897 $63,922 $$19,975 31.2 Money market accounts and interest checking 277,205 202,793 74,412 36.7 Time deposits 409,050 433,586 (24,536) -5.7 Total deposits 770,152 202,793 74,412 36.7 Borrowings 124,616 120,000 4,616 3.88 5050 4,743 307 6.57 Total liabilities $	Net loans	760,453	712,018	48,435	6.8%
Federal Home Loan Bank stock, at cost $6,323$ $6,396$ (73) -1.1 Interest Receivable $3,130$ $2,796$ 334 11.9 Deferred tax assets $8,477$ $8,347$ 130 1.60 Other real estate owned $18,174$ $18,756$ (582) -3.1 Other assets $4,991$ $3,451$ 1.540 44.60 Total assets $$1,035,771$ $$957,670$ $$78,101$ 8.27 LIABILITIES Deposits: Demand, non-interest bearing $$83,897$ $$63,922$ $$19,975$ 31.2 Money market accounts and interest checking $277,205$ $202,793$ $74,412$ 36.7 Total deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $770,152$ $700,301$ $69,881$ 100.0 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.55 Dorrowings $124,616$ $120,000$ 4.616 3.88 $30,338$ -0.00 Other tase dependentures $30,338$ $30,338$ <	Premises and equipment, net	15,268	13,779	1,489	10.8%
Interest Receivable $3,130$ $2,796$ 334 11.9 Deferred tax assets $8,477$ $8,347$ 13.0 1.66 Other real estate owned $18,174$ $18,756$ (582) -3.1 Other assets 4.991 $3,451$ 1.540 44.6 Total assets $5 1.035,771$ $$ 957,670$ $$ 78,101$ 8.22 LIABILITIES Deposits: $202,793$ $74,412$ 36.7 Time deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $770,152$ $700,301$ $69,851$ 10.00 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.57 Borrowings $124,616$ $120,000$ $4,616$ 3.8 $30,338$ -0.00 Other liabilities 5050 $4,743$ 307 6.57 $76,483$ 8.7^{10} StockHOLDERS' EQUITY Common stock - Class A, \$1 par value; $10,000,000$ shares authorized; $34,608$ and $34,463$ issued and outstanding as	Bank owned life insurance	26,622	25,775	847	3.3%
Deferred tax assets $8,477$ $8,347$ 130 1.66 Other real estate owned $18,174$ $18,756$ (582) -3.1 Other assets $4,991$ 3.451 $1,540$ 44.60 Total assets $\$$ $1,035,771$ $\$$ $957,670$ $\$$ $78,101$ 8.22 LIABILITIES Deposits: Demand, non-interest bearing $\$$ $83,897$ $\$$ $63,922$ $\$$ $19,975$ 31.2 Money market accounts and interest checking $277,205$ $202,793$ $74,412$ 36.7 Total deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $770,152$ $700,301$ $69,851$ 10.00 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.59 Subordinated debentures $30,338$ $30,338$ -0.00 Other liabilities $5,050$ $4,743$ 307 6.59 Total liabilities $958,168$ $881,685$ $76,483$ 8.76 Common stock - Class A, \$1 par value; $10,000,000$	Federal Home Loan Bank stock, at cost	6,323	6,396	(73)	-1.1%
Other real estate owned $18,174$ $18,756$ (582) -3.1 Other assets 4.991 3.451 1.540 44.60 Total assets $$ 1.035,771$ $$ 957,670$ $$ 78,101$ 8.22 LIABILITIES Demand, non-interest bearing $$ 83,897$ $$ 63,922$ $$ 19,975$ 31.2 Money market accounts and interest checking $277,205$ $202,793$ $74,412$ 36.7 Time deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $770,152$ $700,301$ $69,851$ 10.00 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.57 Borrowings $124,616$ $120,000$ $4,616$ 3.80 30.338 -0.00 Other liabilities $5,050$ $4,743$ 307 6.57 Total liabilities $958,168$ $881,685$ $76,483$ 8.77 STOCKHOLDERS' EQUITY 34 34 $ 0.00$ Common sto	Interest Receivable	3,130	2,796	334	11.9%
Other assets 4.991 3.451 1.540 44.6 Total assets $\$$ $1.035,771$ $\$$ $957,670$ $\$$ $78,101$ 8.22 LIABILITIES Deposits: $2000000000000000000000000000000000000$	Deferred tax assets	8,477	8,347	130	1.6%
Total assets $$ 1,035,771$ $$ 957,670$ $$ 78,101$ 8.21 LIABILITIESDeposits:Demand, non-interest bearing $$ 83,897$ $$ 63,922$ $$ 19,975$ 31.2 Money market accounts and interest checking $277,205$ $202,793$ $74,412$ 36.7 Time deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $28,012$ $26,303$ $1,709$ 6.57 Borrowings $124,616$ $120,000$ $4,616$ 3.89 Subordinated debentures $30,338$ $30,338$ $ 0.00$ Other liabilities $5,050$ $4,743$ 307 6.57 Total liabilities $958,168$ $881,685$ $76,483$ 8.79 STOCKHOLDERS' EQUITYCommon stock - Class A, \$1 par value; 10,000,000 sharesauthorized; 84 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.09$ Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 84 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 $ 0.09$ Additional paid-in-capital $51,963$ $51,832$ 131 0.33 Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) 2.875 $(3,437)$ -119 Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.19 <td>Other real estate owned</td> <td>18,174</td> <td>18,756</td> <td>(582)</td> <td>-3.1%</td>	Other real estate owned	18,174	18,756	(582)	-3.1%
LIABILITIES Deposits: Demand, non-interest bearing \$ 83,897 \$ 63,922 \$ 19,975 31.2 Money market accounts and interest checking 277,205 202,793 74,412 36.7 Time deposits $409,050$ 433,586 (24,536) -5.7 Total deposits $770,152$ $700,301$ $69,851$ 10.0 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.55 Borrowings 124,616 120,000 $4,616$ 3.89 Subordinated debentures $30,338$ $30,338$ $ 0.00$ Other liabilities $5,050$ $4,743$ 307 6.57 Total liabilities $958,168$ $881,685$ $76,483$ 8.70 STOCKHOLDERS' EQUITY 34 34 $ 0.00$ Common stock - Class A, \$1 par value; 10,000,000 shares authorized; 846 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.00$ Additional paid-in-capital $51,963$ $51,832$ 131 0.37 Retained earnings	Other assets	4,991	3,451	1,540	44.6%
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total assets	\$ 1,035,771	\$ 957,670	\$ 78,101	8.2%
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	LIABILITIES				
Money market accounts and interest checking Time deposits $277,205$ $409,050$ $202,793$ $433,586$ $74,412$ $24,536$ 36.7 -5.7 10.00 Repurchase agreements and federal funds purchased Borrowings $28,012$ $26,303$ $26,303$ $1,709$ 10.00 6.59 Borrowings $124,616$ $120,000$ $120,000$ $4,616$ $4,616$ 3.86 Subordinated debentures $30,338$ $30,338$ $30,338$ $30,338$ -0.00 -0.00 Other liabilities $5,050$ 4.743 4.743 307 307 6.59 STOCKHOLDERS' EQUITY Common stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 $51,963$ 34 $51,832$ -0.00 -0.000 Additional paid-in-capital Retained earnings $51,963$ $26,167$ $51,832$ $21,243$ 131 $4,924$ $23.2000Accumulated other comprehensive incomeTotal stockholders' equity77,60375,98575,9851,61821022,87534,618$	Deposits:				
Time deposits $409,050$ $433,586$ $(24,536)$ -5.7 Total deposits $770,152$ $700,301$ $69,851$ 10.0 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.59 Borrowings $124,616$ $120,000$ $4,616$ 3.86 Subordinated debentures $30,338$ $30,338$ -0.09 Other liabilities $5,050$ $4,743$ 307 6.59 Total liabilities $958,168$ $881,685$ $76,483$ 8.79 STOCKHOLDERS' EQUITY $000,000$ shares authorized; $34,608$ and $34,463$ issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $-$ 0.09 Additional paid-in-capital $51,963$ $51,832$ 131 0.33 Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) $2,875$ $(3,437)$ $-119.$ Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.19	Demand, non-interest bearing	\$ 83,897	\$ 63,922	\$ 19,975	31.2%
Total deposits $770,152$ $700,301$ $69,851$ 10.0 Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.54 Borrowings $124,616$ $120,000$ $4,616$ 3.84 Subordinated debentures $30,338$ $30,338$ $ 0.06$ Other liabilities $5,050$ $4,743$ 307 6.54 Total liabilities $5,050$ $4,743$ 307 6.54 STOCKHOLDERS' EQUITY $958,168$ $881,685$ $76,483$ 8.76 Common stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.06$ Additional paid-in-capital $51,963$ $51,832$ 131 0.39 Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) $2,875$ $(3,437)$ -119 Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.16	Money market accounts and interest checking	277,205	202,793	74,412	36.7%
Repurchase agreements and federal funds purchased $28,012$ $26,303$ $1,709$ 6.56 Borrowings $124,616$ $120,000$ $4,616$ 3.8° Subordinated debentures $30,338$ $30,338$ -0.0° Other liabilities $5,050$ $4,743$ 307 6.5° Total liabilities $5,050$ $4,743$ 307 6.5° STOCKHOLDERS' EQUITY $958,168$ $881,685$ $76,483$ 8.7° Common stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.0^{\circ}$ Additional paid-in-capital $51,963$ $51,832$ 131 0.3° Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) $2,875$ $(3,437)$ -119 Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.16	Time deposits	409,050	433,586	(24,536)	-5.7%
Borrowings $124,616$ $120,000$ $4,616$ $3.8''$ Subordinated debentures $30,338$ $30,338$ $-0.0''$ Other liabilities $5,050$ $4,743$ 307 $6.5''$ Total liabilities $958,168$ $881,685$ $76,483$ $8.7''$ STOCKHOLDERS' EQUITYCommon stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.0''$ Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 $ 0.0''$ Additional paid-in-capital $51,963$ $51,832$ 131 $0.3''$ Retained earnings $26,167$ $21,243$ $4,924$ $23.2''$ Accumulated other comprehensive income (562) $2,875$ $(3,437)$ -119 Total stockholders' equity $77,603$ $75,985$ $1,618$ $2.1''$	Total deposits	770,152	700,301	69,851	10.0%
Subordinated debentures $30,338$ $30,338$ $ 0.00$ Other liabilities $5,050$ $4,743$ 307 6.50 Total liabilities $958,168$ $881,685$ $76,483$ 8.70 STOCKHOLDERS' EQUITYCommon stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.00$ Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 $ 0.00$ Additional paid-in-capital $51,963$ $51,832$ 131 0.30 Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) $2,875$ $(3,437)$ -119 Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.10	Repurchase agreements and federal funds purchased	28,012	26,303	1,709	6.5%
Other liabilities $5,050$ $4,743$ 307 6.59 Total liabilities $958,168$ $881,685$ $76,483$ 8.79 STOCKHOLDERS' EQUITYCommon stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.09$ Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.09$ Additional paid-in-capital $51,963$ $51,832$ 131 0.39 Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) $2,875$ $(3,437)$ -119 Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.19	Borrowings	124,616	120,000	4,616	3.8%
Total liabilities 958,168 881,685 76,483 8.79 STOCKHOLDERS' EQUITY Common stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 - 0.09 Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 - 0.09 Additional paid-in-capital 51,963 51,832 131 0.39 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	Subordinated debentures	30,338	30,338	-	0.0%
STOCKHOLDERS' EQUITYCommon stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 $ 0.09$ Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 $ 0.09$ Additional paid-in-capital $51,963$ $51,832$ 131 0.39 Retained earnings $26,167$ $21,243$ $4,924$ 23.2 Accumulated other comprehensive income (562) $2,875$ $(3,437)$ $-119.$ Total stockholders' equity $77,603$ $75,985$ $1,618$ 2.19	Other liabilities	5,050	4,743	307	6.5%
Common stock - Class A, \$1 par value; 10,000,000 shares authorized; 34,608 and 34,463 issued and outstanding as of December 31, 2013 and 2012, respectively 34 34 - 0.09 Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 - 0.09 Additional paid-in-capital 51,963 51,832 131 0.39 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	Total liabilities	958,168	881,685	76,483	8.7%
authorized; 34,608 and 34,463 issued and outstanding as of 34 34 - 0.00 December 31, 2013 and 2012, respectively 34 34 - 0.00 Common stock - Class B, \$1 par value; 10,000,000 shares - 0.00 authorized; 884 issued and outstanding as of - 0.00 December 31, 2013 and 2012, respectively 1 1 - 0.00 Additional paid-in-capital 51,963 51,832 131 0.30 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.10	STOCKHOLDERS' EQUITY				
December 31, 2013 and 2012, respectively 34 34 - 0.09 Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 - 0.09 Additional paid-in-capital 51,963 51,832 131 0.39 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	Common stock - Class A, \$1 par value; 10,000,000 shares				
Common stock - Class B, \$1 par value; 10,000,000 shares authorized; 884 issued and outstanding as of December 31, 2013 and 2012, respectively 1 1 - 0.09 Additional paid-in-capital 51,963 51,832 131 0.39 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	authorized; 34,608 and 34,463 issued and outstanding as of				
authorized; 884 issued and outstanding as of 1 1 - 0.09 December 31, 2013 and 2012, respectively 1 1 - 0.09 Additional paid-in-capital 51,963 51,832 131 0.39 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	December 31, 2013 and 2012, respectively	34	34	-	0.0%
December 31, 2013 and 2012, respectively 1 1 - 0.00 Additional paid-in-capital 51,963 51,832 131 0.30 Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.10	Common stock - Class B, \$1 par value; 10,000,000 shares				
Additional paid-in-capital51,96351,8321310.39Retained earnings26,16721,2434,92423.2Accumulated other comprehensive income(562)2,875(3,437)-119.Total stockholders' equity77,60375,9851,6182.19	authorized; 884 issued and outstanding as of				
Retained earnings 26,167 21,243 4,924 23.2 Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	December 31, 2013 and 2012, respectively	1	1	-	0.0%
Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	Additional paid-in-capital	51,963	51,832	131	0.3%
Accumulated other comprehensive income (562) 2,875 (3,437) -119. Total stockholders' equity 77,603 75,985 1,618 2.19	Retained earnings	26,167	21,243	4,924	23.2%
Total stockholders' equity 77,603 75,985 1,618 2.19		(562)	2,875	(3,437)	-119.5%
Total liabilities and stockholders' equity \$ 1,035,771 \$ 957,670 \$ 78,101 8.29	Total stockholders' equity	77,603	75,985	1,618	2.1%
	Total liabilities and stockholders' equity	\$ 1,035,771	\$ 957,670	\$ 78,101	8.2%

PARAGON COMMERCIAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2013 and 2012

	2013	2012	Changes	% Change
(In thousands)		udited)	0	8
Interest income:	`			
Loans and loan fees	\$ 36,811	\$ 34,432	\$ 2,379	6.9%
Investment securities	3,735	4,385	(650)	-14.8%
Federal funds and other interest income	55	71	(16)	-22.5%
Total interest income	40,601	38,888	1,713	4.4%
Interest expense:				
Interest-bearing checking and money markets	1,479	1,336	143	10.7%
Time deposits	6,931	8,634	(1,703)	-19.7%
Borrowings and repurchase agreements	2,108	4,444	(2,336)	-52.6%
Total interest expense	10,518	14,414	(3,896)	-27.0%
Net interest income	30,083	24,474	5,609	22.9%
Provision for loan losses	156	929	(773)	-83.2%
Net interest income after provision for loan losses	29,927	23,545	6,382	27.1%
Noninterest income:				
Mortgage banking revenues	171	134	37	27.6%
Deposit service charges and other fees	245	220	25	11.4%
Net gain (loss) on sale of securities	49	9	40	444.4%
Increase in cash surrender value of bank owned life insurance	847	907	(60)	-6.6%
Net loss on sale of other real estate	(3,824)	(2,356)	(1,468)	n/a
Other noninterest income	437	380	57	15.0%
Total noninterest income	(2,075)	(706)	(1,369)	n/a
Noninterest expenses:				
Salaries and employee benefits	9,531	7,705	1,826	23.7%
Occupancy	1,550	960	590	61.5%
Problem loan and foreclosure related expenses	1,446	2,444	(998)	-40.8%
FDIC and other supervisory assessments	1,637	2,329	(692)	-29.7%
Data processing	1,097	1,031	66	6.4%
Professional fees	944	525	419	79.8%
Furniture and equipment	336	289	47	16.3%
Directors fees and expenses	400	152	248	163.2%
Other expenses	3,233	2,474	759	30.7%
Total noninterest expenses	20,174	17,909	2,265	12.6%
Net income before tax expense	7,678	4,930	2,748	55.7%
Income tax expense	2,754	1,756	998	56.8%
Net income	\$ 4,924	\$ 3,174	\$ 1,750	55.1%
Earnings per share - basic	\$ 138.81	\$ 90.02	\$ 48.79	54.2%
Earnings per share - diluted	\$ 138.81	\$ 89.84	\$ 48.97	54.5%
Weighted Average Shares:				
Basic	35,464	35,256	208	0.6%
Fully Diluted	35,464	35,328	136	0.4%

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended December 31, 2013 and 2012

	2013		2012	C	hanges	% Change
(In thousands)		udited)				0
Interest income:						
Loans and loan fees	\$ 9,392	\$	8,884	\$	508	5.7%
Investment securities	1,014		1,023		(9)	-0.9%
Federal funds and other interest income	22		17		5	29.4%
Total interest income	 10,428		9,924		504	5.1%
Interest expense:						
Interest-bearing checking and money markets	459		336		123	36.6%
Time deposits	1,542		1,993		(451)	-22.6%
Borrowings and repurchase agreements	526		772		(246)	-31.9%
Total interest expense	2,527		3,101		(574)	-18.5%
Net interest income	7,901		6,823		1,078	15.8%
Provision for loan losses	(601)		175		(776)	-443.4%
Net interest income after provision for loan losses	 8,502		6,648		1,854	27.9%
Noninterest income:						
Mortgage banking revenues	21		52		(31)	-59.6%
Deposit service charges and other fees	65		54		11	20.4%
Net gain (loss) on sale of securities	25		59		(34)	-57.6%
Increase in cash surrender value of bank owned life insurance	196		215		(19)	-8.8%
Net loss on sale of other real estate	(327)		(725)		398	n/a
Other noninterest income	70		52		18	34.6%
Total noninterest income	 50		(293)		343	n/a
Noninterest expenses:						
Salaries and employee benefits	3,145		2,347		798	34.0%
Occupancy	716		214		502	234.6%
Problem loan and foreclosure related expenses	482		506		(24)	-4.7%
FDIC and other supervisory assessments	231		450		(219)	-48.7%
Data processing	285		261		24	9.2%
Professional fees	217		55		162	294.5%
Furniture and equipment	86		81		5	6.2%
Directors fees and expenses	112		36		76	211.1%
Other expenses	918		715		203	28.4%
Total noninterest expenses	 6,192		4,665		1,527	32.7%
Net income (loss) before tax expense	 2,360		1,690		670	39.6%
Income tax expense (benefit)	 993		708		285	40.3%
Net income	\$ 1,367	\$	982	\$	385	39.2%
Earnings per share - basic	\$ 38.50	\$	27.77	\$	10.73	38.6%
Earnings per share - diluted	\$ 38.50	\$	27.72	\$	10.78	38.9%
Weighted Average Shares:						
Basic	35,492		35,348		144	0.4%
Fully Diluted	 35,492	_	35,394	_	98	0.3%