



Paragon Commercial Bank Successfully Closes \$11.8 Million in Private Placement of Subordinated Notes

RALEIGH, N.C., RICHMOND, Va. and CHARLOTTE, N.C. (November 10, 2008) – Paragon Commercial Bank announced it has successfully closed \$11,780,000 of subordinated notes in a private placement to qualified institutional and individual investors. The notes have a maturity date of Nov. 1, 2018 and are redeemable in whole or in part, at par, on or after Nov. 1, 2013. The bank expects to use the proceeds for general corporate purposes, including originating loans.

“Paragon Commercial Bank continues to set an example for how community banks in the United States should operate,” said Howard Jung, chairman of the board at Paragon. “With a steady hand and customer service as the top priority, Bob Hatley and our Paragon management teams in Raleigh, Richmond and Charlotte have put the bank in a very enviable position. The private placement is timely, smart and extremely strategic and will provide Paragon with the flexibility needed to continue to serve its customers and expand its banking relationships and services.”

The private placement is a signal of Paragon’s healthy condition and will allow the bank to continue its growth plans and make additional loans to businesses within its markets.

“Since our inception in 1999, Paragon Commercial Bank has a history of strong profitability, quality growth and tremendous asset quality,” said Robert C. Hatley, Paragon’s president and chief executive officer. “This additional capital will allow us to expand our banking relationships throughout our targeted markets. Given the current banking environment, access to capital is an important component to be able to leverage new growth opportunities. Therefore, we are also exploring the U.S. Treasury’s TARP Program which will potentially allow us to issue preferred stock to further increase our capital base.”

The investment banking firms of Howe Barnes Hoefler & Arnett, Inc. and Sandler O’Neill + Partners, L.P. acted as placement agents in connection with the transaction.

About Paragon Bank

Founded in Raleigh, N.C. in 1999, Paragon Commercial Bank is North Carolina’s first business-only bank with three locations and more than 100 employees. Paragon Commercial Bank provides banking products and services tailored exclusively to the needs of middle market companies with revenues from \$5 million to \$100 million, their executives, and high net worth individuals. In addition to its Raleigh headquarters, the bank has offices in Charlotte, N.C. and Richmond, Va.

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