Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Robert C. Hatley
Name of the Holding Company Director and Official
President/CEO
Title of the Holding Company Director and Official

I, Robert C. Hatley
Name of the Holding Company Director and Official
President/CEO

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
03/28/2016
Date of Signature

For holding companies not registered with the SEC—Indicate status of Annual Report to Shareholders:
☐ is included with the FR Y-6 report
☒ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only
RSSD ID 530218800
C.I.

Date of Report (top-tier holding company’s fiscal year-end):
December 31, 2015
Month / Day / Year
5493008M6846E2FNAU09
Reporter’s Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporters Name, Street, and Mailing Address
Paragon Commercial Corporation
3535 Glenwood Avenue
(Remailing Address of the Holding Company) Street / P.O. Box
Raleigh NC 27612
City State Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Steven E. Crouse EVP/COO
Name Title

919-534-7404
Area Code / Phone Number / Extension
866-741-4642
Area Code / FAX Number
scrouse@paragonbank.com
E-mail Address

www.paragonbank.com
Address (URL) for the Holding Company’s web page

Does the reporter request confidential treatment for any portion of this submission?
☐ Yes Please identify the report items to which this request applies:
☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
☒ The information for which confidential treatment is sought is being submitted separately labeled “Confidential.”
☐ No

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Street, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.
Report Item 1: Bank Holding Company Financial Statements

A. Form 10-K filed with the Securities and Exchange Commission

The Company’s duty to file Form 10-K with the Securities and Exchange Commission has been terminated per Rule 12h- (b)(1)(1) Rule 12h-3(c) and Rule 121-3d.

B. Annual Report to shareholders

The Company’s Annual Report was e-mailed to the Federal Reserve’s secured web site on March 21, 2016.

Report Item 2a: Organization Chart

Paragon Commercial Corporation (Parent Company) 3535 Glenwood Avenue, Raleigh NC 27612 Incorporated Raleigh NC NO LEI

Paragon Commercial Bank Raleigh NC Incorporated Raleigh, NC (1) LEI# 5493008M6846E2F NAU09 100%-common 3.01%-of total equity

Mayberry Real Estate Holdings, LLC Raleigh NC Incorporated Raleigh, NC (4) NO LEI 100%-common

Paragon Commercial Capital Trust I Raleigh NC Incorporated Wilmington, DE (2) NO LEI

PCBTrustee, Inc. Raleigh, NC Incorporated Richmond, VA (5) NO LEI 100%-common

Paragon Commercial Capital Trust II Raleigh NC Incorporated Wilmington, DE (3) NO LEI 100%-common

Pyle LSP, LLC Raleigh NC Incorporated Raleigh, NC (6) NO LEI 100%-common

Note: Mayberry Real Estate Holdings, LLC (4) and Pyle LSP (6) are not reportable entities on FR Y-10
Results: A list of branches for your depository institution: PARAGON COMMERCIAL BANK (ID_RSSD: 2806626).

This depository institution is held by PARAGON COMMERCIAL CORPORATION (3021800) of RALEIGH, NC. The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

Reconciliation and Verification Steps
1. In the Date Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Actions
OK: If the branch information is correct, enter 'OK' in the Date Action column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Date Action column and the date when this information first became valid in the Effective Date column.
Close: If a branch listed was sold or closed, enter 'Close' in the Date Action column and the sale or closure date in the Effective Date column.
Delete: If a reportable branch was never owned by this depository institution, enter 'Delete' in the Date Action column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Date Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

Note:
To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Date Action of Change, Close, Delete, or Add.

The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://fry10online.federalreserve.gov.

FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

<table>
<thead>
<tr>
<th>Date Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSD*</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FDIC UNINUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_RSSD*</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>on</td>
<td>12/31/2015</td>
<td>Full Service (Head Office)</td>
<td>2806626</td>
<td>PARAGON COMMERCIAL BANK</td>
<td>200 GLENWOOD AVE</td>
<td>RALEIGH</td>
<td>NC</td>
<td>27602</td>
<td>STATE</td>
<td>UNITED STATES</td>
<td>718968</td>
<td>0 PARAGON COMMERCIAL BANK</td>
<td>2806626</td>
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<td></td>
</tr>
<tr>
<td>on</td>
<td>12/31/2015</td>
<td>Full Service</td>
<td>4172621</td>
<td>CARY BRANCH</td>
<td>2225 VALETTESTONE DRIVE SUITE 110</td>
<td>CARY</td>
<td>NC</td>
<td>27519</td>
<td>STATE</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>PARAGON COMMERCIAL BANK</td>
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<td></td>
</tr>
<tr>
<td>on</td>
<td>12/31/2015</td>
<td>Full Service</td>
<td>3233566</td>
<td>CHARLOTTE BRANCH</td>
<td>5337 MORRISON BOULEVARD</td>
<td>CHARLOTTE</td>
<td>NC</td>
<td>28211</td>
<td>STATE</td>
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<td>458004</td>
<td>4 PARAGON COMMERCIAL BANK</td>
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</tr>
</tbody>
</table>
Report Item 2b: Domestic Branch Listing – See attached

Report Item 3: Shareholders – Items 1a, 1b, 1c

<table>
<thead>
<tr>
<th>Name and Address (City, State, Country)</th>
<th>Country of Citizenship or Incorporation</th>
<th>Number and Percentage of Each Class of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banc Tenn Corp.Johnson City, TN USA</td>
<td>USA</td>
<td>800,125 shares of common stock 17.46% percent of total outstanding shares</td>
</tr>
</tbody>
</table>

Report Item 3: Shareholders – Item 2

There were no shareholders holding 5% or more share in the Company during 2015 other than those listed above.
## Paragon Commercial Corporation
### Board of Directors & Executive Officer List for Federal Reserve Form Y-6

<table>
<thead>
<tr>
<th>(1) Name and Address (City, State, Country)</th>
<th>(2) Principal Occupation if other than with Bank Holding Company</th>
<th>(3)(a) Title and Position with Bank Holding Company</th>
<th>(3)(b) Title and Position with Subsidiaries</th>
<th>(3)(c) Title and Position with Other Businesses</th>
<th>(4)(a) Percentage of Voting Shares in the Bank Holding Company</th>
<th>(4)(b) Percentage of Voting Shares in Subsidiaries</th>
<th>(4)(c) Other Companies (including Partnerships) where 25% or more of the voting securities are held &amp; % owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert C. Hartley</td>
<td>N/A</td>
<td>Director, Paragon Commercial Corp CEO</td>
<td>Director, Paragon Commercial Bank President &amp; CEO</td>
<td>N/A - None</td>
<td>2.34%</td>
<td>N/A - None</td>
<td>N/A - None</td>
</tr>
<tr>
<td>Raleigh, NC USA</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Curtis C. Brewer, Ill</td>
<td>Retired</td>
<td>Director/Paragon Commercial Corp</td>
<td>Director, Paragon Commercial Bank</td>
<td>Mayo Lake Pins., LLC-Manager Brewer Properties, LLC</td>
<td>1.29%</td>
<td>N/A - None</td>
<td>Brewer Properties, LLC-70% Mayo Lake Partners, LLC-33.3%</td>
</tr>
<tr>
<td>Raleigh, NC USA</td>
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</tr>
<tr>
<td>K. Wesley M. Jones</td>
<td>Managing Partner</td>
<td>Director/Paragon Commercial Corp</td>
<td>Director, Paragon Commercial Bank</td>
<td>Chairman-CEO, Egolf, LLC Investor - Board Member, EEl, LLC</td>
<td>1.16%</td>
<td>N/A - None</td>
<td>FiveOaks Capital, LLC-90% Egolf.com, LLC-90% Pyramid Partners LLC - 33.3% Koupis, LLC - 50%</td>
</tr>
<tr>
<td>Charlotte, NC USA</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Howard Jung</td>
<td>Vice President</td>
<td>Chairman of the Board Paragon Commercial Corporation</td>
<td>Chairman of the Board Paragon Commercial Bank</td>
<td>N/A - None</td>
<td>1.47%</td>
<td>N/A - None</td>
<td>Ace Hardware Stores, Inc.-49%</td>
</tr>
<tr>
<td>Raleigh, NC USA</td>
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</tr>
<tr>
<td>Roy L. Harmon, Jr.</td>
<td>Chairman</td>
<td>Director, Paragon Commercial Corp</td>
<td>Director, Paragon Commercial Bank</td>
<td>EVP &amp; Director BancTenn Corp.</td>
<td>0.96%</td>
<td>N/A - None</td>
<td>N/A - None</td>
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<tr>
<td>Kingsport, TN USA</td>
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<td></td>
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<tr>
<td>Alton Russell</td>
<td>Attorney</td>
<td>Director, Paragon-Commercial Corp</td>
<td>Director, Paragon Commercial Bank</td>
<td>Chairman &amp; General Counsel The Title Company of NC</td>
<td>0.65%</td>
<td>N/A - None</td>
<td>N/A - None</td>
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<tr>
<td>Raleigh, NC USA</td>
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<tr>
<td>Steve Crouse</td>
<td>CFO</td>
<td></td>
<td></td>
<td>EVP/CFO-PCB</td>
<td>0.24%</td>
<td>N/A - None</td>
<td>N/A - None</td>
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<tr>
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<tr>
<td>BancTenn Corp</td>
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<td>Johnson City, TN USA</td>
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<td>BancTenn Corp</td>
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