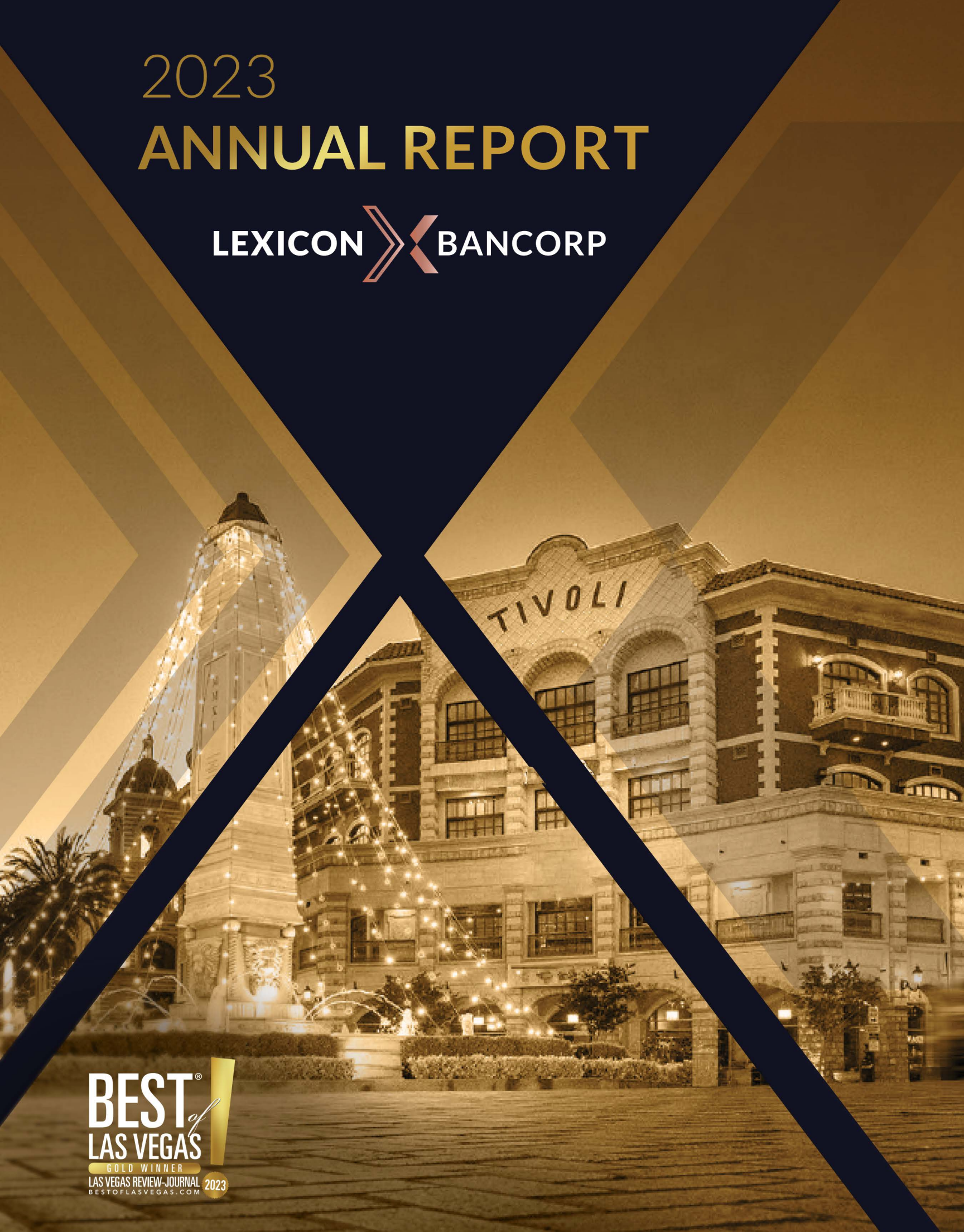


2023 ANNUAL REPORT

LEXICON  BANCORP



BEST[®]
of
LAS VEGAS
GOLD WINNER
LAS VEGAS REVIEW-JOURNAL
BESTOF LAS VEGAS.COM 2023

MESSAGE FROM THE CHAIRMAN OF THE BOARD

"2023 was an exciting year for the leadership team at Lexicon. The team's exemplary performance showcased their abilities in the absence of external anomalies from previous years, replaced with new challenges from the banking, economic and operating environments of 2023. As a result, we were able to demonstrate the effectiveness of our corporate strategies.

We performed commendably from a financial perspective and achieved ambitious goals set around connecting with our community. None of this would have been possible without the unwavering support from our investors and clients. I am delighted to present this report as a promising validation of everyone's expectations of Lexicon."

Russell Rosenblum

Chairman of the Board



- OUR MISSION -

Lexicon empowers clients to achieve their financial goals by providing a concierge-like private banking experience where service goes above and beyond clients' expectations.

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STACY WATKINS

PRESIDENT & CEO; DIRECTOR
LEXICON BANCORP | LEXICON BANK

“Lexicon entered 2024 with an unwavering dedication to sustained top-tier client service and community advocacy driving shareholder value. While awards and accolades validate our progress over the first four years, we look towards scalability with our client base and involvement throughout Southern Nevada. We recognize the need for excellence and personalized service in local banking and giving back to our community partners through collaborative activities and support.”

PHONE: 702.780.7702

EMAIL: swatkins@lexiconbank.com

DEAR SHAREHOLDERS, CLIENTS AND COMMUNITY PARTNERS OF LEXICON BANCORP and LEXICON BANK,

In 2023, we saw many changes in the overall operating environment, primarily driven by the challenges created by the changes in banking, economy, and interest rates that caused a shift in client behaviors and expectations. Our ability to navigate these complex issues while delivering excellence in client service allowed us to thrive and drive shareholder value.

We continued to grow profits, loans, and deposits while also maintaining strong capital levels, providing new and innovative solutions to our clients, continuing our community spotlight initiatives, and achieving “Best of Las Vegas Service.”

With your steadfast support and partnership, Lexicon Bank entered 2024 holding the esteemed titles of Gold for Best Bank, Gold for Best Commercial Banking, and Gold for Best Commercial Lending in Las Vegas, as voted on by the readers of the Las Vegas Review-Journal. To receive Best Bank in such a competitive local financial marketplace reflects our team’s mission to deliver outstanding concierge service to our valued clients while validating Lexicon’s quality, business philosophy, products, and services.

At the same time, I recognize that accolades must also bring value to the bottom line. I am delighted to announce that in 2023, we continued to build upon the successes of our first three years by producing meaningful deposit growth and exceeding loan growth expectations, leading to growth in Southern Nevada businesses. In the face of adversity, such as the “banking crisis” in the spring of 2023, our resilience has shone through. Not only did we navigate these choppy waters with precision, but we also emerged more robust, as evidenced by our performance metrics. Among our local peers, we stand out distinctly as one of the few that reported growth in loans and deposits in such trying times. These results underscore our robust risk management practices and reaffirms our unwavering dedication to financial excellence and client confidence.

Furthermore, it is imperative to acknowledge the strategic moves that have strengthened our institution’s foundation. The formation of Lexicon Bancorp marked a pivotal moment in our history, setting the stage for the remarkable achievements

we celebrate today. An investment at the Bancorp level that has created value is our partnership and investment in IconTrust, which exemplifies our commitment to diversifying our revenue stream and the continued growth of our organization.

IconTrust administers trusts exclusively under the favorable trust laws of Nevada. They have experienced tremendous growth since their formation in 2020, adding over 450 trusts per year. We are delighted to be their banking partner and see their success become our success. Our partnership has allowed Lexicon to add trust services as an offering to our clients, a differentiator in commercial banking, while giving IconTrust's 1,300 clients access to our concierge business bank. Our collective partnership is a win for Lexicon, IconTrust, our clients, and Southern Nevada.

Our leadership's ability to analyze and adapt to ever-changing dynamics in the financial world positioned us to thrive and drive shareholder value. In 2023, we continued to grow profits and grow a balanced loan portfolio, unveiled our new debit cards, and extended our outreach into the Southern Nevada community - through our community spotlight, branch donation drives, and team members donating their time to many worthy causes.

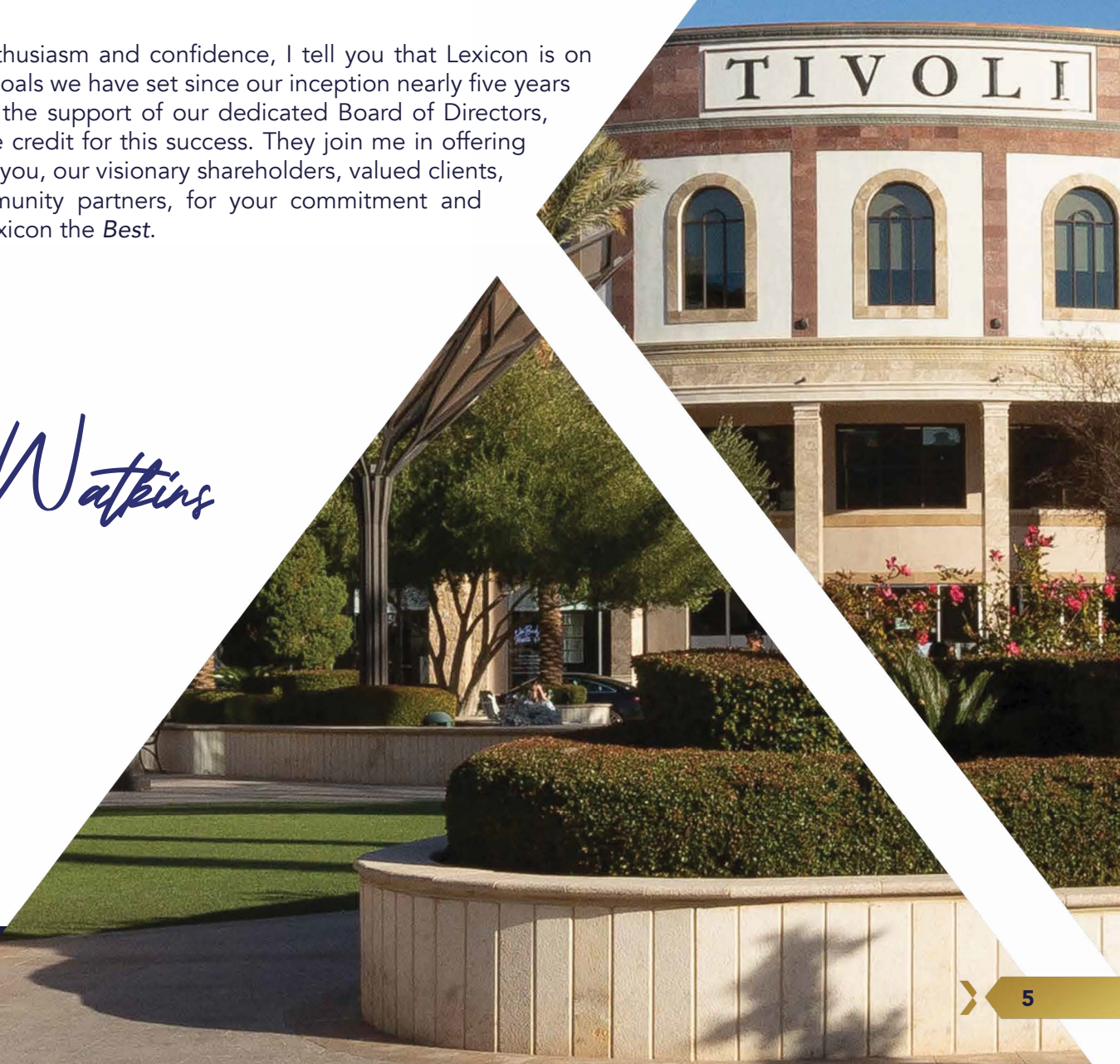
Our monthly community spotlight increased awareness and resources to many of the most vital nonprofits in Southern Nevada. As we approach our 5th anniversary, I reflect on this program's impact on our communities. Since the program's inception, Lexicon has supported over 50 non-profit organizations. I am very proud of that, but even more so is in our work's impact. We have inspired other organizations and community leaders to develop similar programs highlighting our communities' many important nonprofit organizations.

With tremendous enthusiasm and confidence, I tell you that Lexicon is on track to achieve the goals we have set since our inception nearly five years ago. Our team, with the support of our dedicated Board of Directors, deserves much of the credit for this success. They join me in offering heartfelt gratitude to you, our visionary shareholders, valued clients, and dedicated community partners, for your commitment and support in making Lexicon the *Best*.

SINCERELY,

Stacy Watkins

**STACY WATKINS
PRESIDENT & CEO**



Selected Financial Data

As of and for the Period Ended December 31,					
	2019	2020	2021	2022	2023
(Dollars in thousands, except per share data)					
Core Loans, net of unearned fees	\$ 27,609	\$ 58,590	\$ 86,152	\$ 120,410	\$ 159,337
PPP Loans, net of unearned fees	-	\$ 96,453	\$ 53,549	\$ 14,267	\$ 9,519
Total Loans, net of unearned fees	\$ 27,609	\$ 54,320	\$ 139,701	\$ 134,677	\$ 168,856
Allowance for Credit Losses (ACL)	\$ 350	\$ 723	\$ 1,080	\$ 1,489	\$ 2,389
ACL to Core Loans	1.27%	1.23%	1.25%	1.24%	1.36%
Non-interest Bearing (NIB) Deposits	\$ 5,957	\$ 43,933	\$ 86,989	\$ 81,846	\$ 105,921
Interest-Bearing (IB) Deposits	\$ 25,429	\$ 91,874	\$ 107,885	\$ 137,821	\$ 130,908
Total Deposits	\$ 31,386	\$ 135,807	\$ 194,874	\$ 219,667	\$ 236,829
NIB Deposits to Total Deposits	19%	32%	45%	37%	45%
Core Loans to Total Deposits	88%	43%	44%	55%	67%
Total Assets	\$ 49,871	\$ 251,757	\$ 247,128	\$ 247,437	\$ 274,184
Total Shareholders' Equity	18,306	17,788	26,026	24,418	25,965
Unrealized Gain (Loss) on AFS Securities, net	(11)	191	(420)	(2,940)	(2,483)
Total Tier I Capital	18,317	17,440	26,446	27,358	28,448
Community Bank Leverage Ratio (CBLR)	53.7%	12.2%	12.3%	11.2%	11.0%
Common Shares Outstanding	2,109,000	2,109,000	2,552,231	2,552,231	2,552,231
Book Value Per Share	\$ 8.68	\$ 8.43	\$ 10.20	\$ 9.57	\$ 10.17
Book Value Per Share, excluding OCI	\$ 8.69	\$8.27	\$ 10.36	\$ 10.72	\$ 11.15
Net Income (Loss) Before Taxes	\$ (2,179)	\$ (851)	\$ 2,960	\$ 627	\$ 1,235
PPP Interest Income and Fees	-	\$ 2,198	\$ 5,453	\$ 953	\$ 125
PPP Related Interest Expense	-	\$ (255)	\$ (338)	\$ (567)	-
Adjusted Pretax Income (Loss)	\$ (2,179)	\$ (2,794)	\$ (2,155)	\$ 241	\$ 1,110
Net Income (Loss)	\$ (2,179)	\$ (851)	\$ 2,638	\$ 936	\$ 969
Net Interest Margin (NIM)	NM	2.03%	3.23%	3.07%	3.76%
Return on Average Assets (ROAA)	NM	NM	0.94%	0.39%	0.40%
Return on Average Equity (ROAE)	NM	NM	13.25%	3.88%	4.05%
Efficiency Ratio	NM	NM	63.80%	79.72%	75.29%

(NM - Not Meaningful)

For Lexicon Bancorp's 2023 audited consolidated financial statements and other investor related information, visit annualgeneralmeetings.com/lexicon.

Financial Performance Overview. During 2023, given the current banking, economic, and operating environments, Lexicon continued to focus on customer service, driving loan and deposit growth, and maintaining strong on-balance sheet liquidity, adequate allowances for credit losses, and strong capital levels.

Lexicon ended the year with cash and cash equivalents of \$67.3 million, or 28.4% of total deposits. Additionally, Lexicon has unused credit lines that can be used as additional funding, totaling \$70.4 million, or an additional 29.7% of total deposits. Lexicon's total operating liquidity (cash plus available credit lines and unpledged securities) was \$137.7 million or 58.1% of total deposits.

Total investment securities were \$31.6 million, comprised of \$25.5 million classified as available-for-sale securities (AFS), which includes net unrealized losses of \$3.1 million before taxes recorded as a reduction of equity; and \$6.1 million classified as held-to-maturity (HTM), which excludes unrealized losses of \$42 thousand.

A photograph of a Lexicon Bank building. The building has a multi-story facade with a mix of brown and tan tiles. A prominent feature is a balcony with a decorative white railing and a curved section. The Lexicon Bank logo is mounted on the building's facade, featuring the word "LEXICON" in large, blue, 3D block letters and "BANK" in smaller, blue, 3D block letters to its right. The building has large glass windows and doors at the ground level. The sky is clear and blue.

LEXICON BANK

Core loans, net of fees and excluding PPP loans, grew to \$159.3 million as of December 31, 2023, an increase of \$38.9 million from 2022. In 2023, the overall core loan portfolio weighted average interest rate increased to 5.79% from 5.69% in 2022. PPP loans, net of fees, decreased by \$4.7 million in 2023 to \$9.5 million. Lexicon closely monitors economic developments and adjusts lending strategies to address potential credit risk while optimizing loan yields. On December 31, 2023, Lexicon had an allowance for credit losses of \$2.4 million, or 1.36% of core loans.

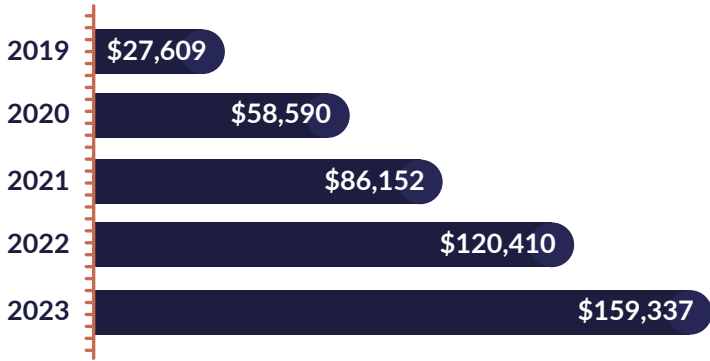
Total deposits increased to \$236.8 million as of December 31, 2023, including 764 new accounts representing approximately \$91 million in new deposits. The continued increase in short-term interest rates by the Federal Reserve placed upward pressure on interest rates, increasing the interest rate on total deposits by 38 basis points to 1.31% compared to 2022. Non-interest-bearing account balances were 45% of total deposits as of December 31, 2023, up from 37% at December 31, 2022.

At year end, shareholders' equity increased \$1.5 million to \$26 million due to net income of \$969 thousand for 2023 and a \$457 thousand reduction in the unrealized loss, net of taxes, on AFS. As of December 31, 2023, Lexicon's Tier 1 Capital was \$28.4 million, with a Community Bank Leverage Ratio (CBLR) of 11.0%. As a reference, 9% is the minimum requirement to be designated a "well-capitalized bank" by the FDIC.

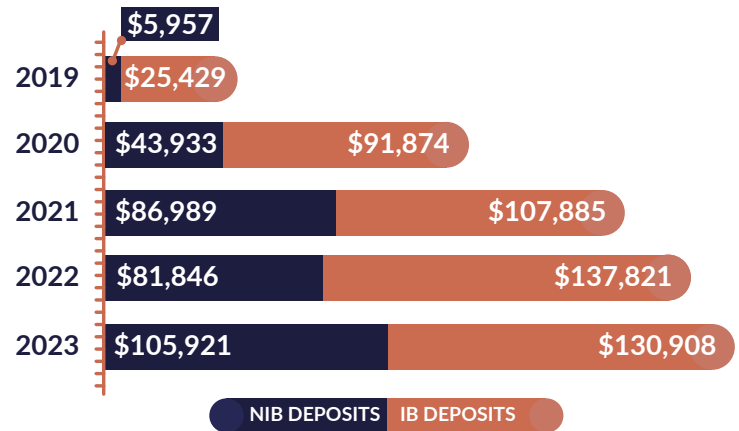
For 2023, net income totaled \$969 thousand, compared to \$936 thousand in 2022. Adjusted Pretax Income (income before taxes, excluding PPP loan interest income and direct interest expense from funding PPP loans through the PPPLFP program) was \$1.11 million in 2023, compared to \$241 thousand in 2022. The return on average assets (ROAA) and return on average equity (ROAE) were 0.40% and 4.05%, respectively.

Net interest margin, without PPP, increased by 69 basis points from 3.07% to 3.76% compared to 2022. The increase in NIM is attributable to the higher interest environment resulting in higher yields on cash and loans in 2023 partially offset by the increase in rates on interest-bearing deposits discussed above. Similarly, Lexicon's efficiency ratio improved from 79.7% in 2022 to 75.3% in 2023.

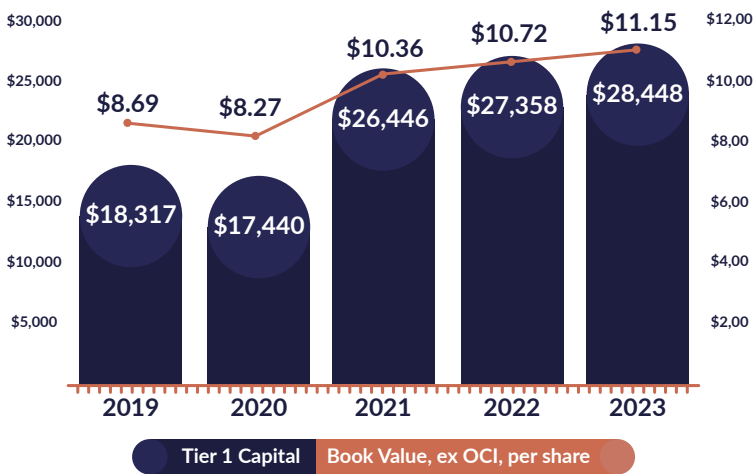
CORE LOAN GROWTH



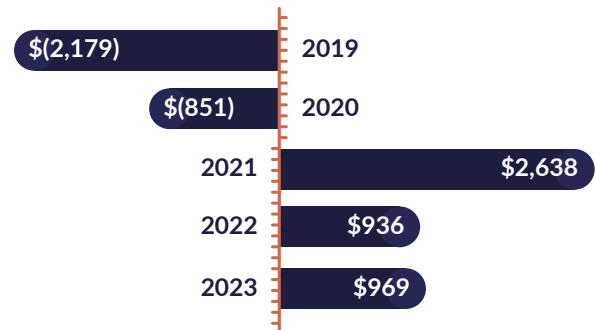
DEPOSIT GROWTH



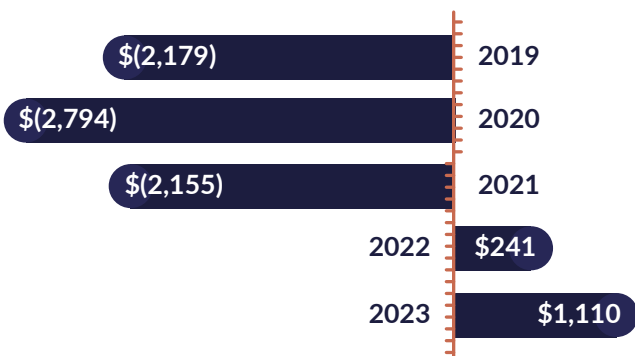
TIER 1 CAPITAL



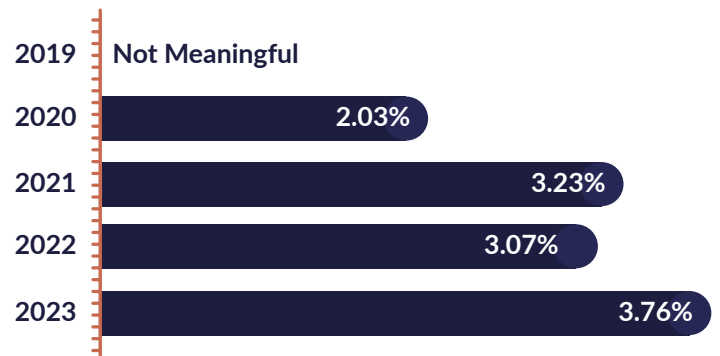
NET INCOME (LOSS)



ADJUSTED PRETAX INCOME (LOSS) EXCLUDING PPP



NET INTEREST MARGIN





ROBERTO'S

"Lexicon is our go to banking partner. Roberto's has banked with other establishments in the past. However, none have come close to the concierge service that Mindy Kermes and her team consistently deliver on. We recently closed on an in-line shopping center and Mindy simplified the process for us all the way to the closing. She is truly knowledgeable and was excellent at keeping us informed, step by step. She goes beyond by being available for us, many times after hours. We are pleased to be affiliated with a banking establishment that has raised the bar for dedicated customer service in this industry."

Reynaldo Robledo, President & CEO
Roberto's Taco Shop, LLC

Roberto's Taco Shops, opened by Roberto and Dolores Robledo in 1964. From the beginning, Roberto's made a commitment to deliver fresh, authentic, simple food made from quality ingredients and served in satisfying portions at a modest price. Their passion for good ingredients, friendly service and a welcoming environment is what made Roberto's a pioneer of classic Mexican food 60 years ago, and it is what keeps the famous taco shops thriving today. Roberto's remains a family-operated business with over 80 Roberto's Taco Shops today in California, Nevada, and Texas.



NEVADA BALLET THEATRE

NEVADA BALLET THEATRE

“From our first PPP loan to the expanded banking relationship we enjoy today, Lexicon Bank has been a partner of Nevada Ballet Theatre as we’ve continued to grow as a business and a client. Lexicon Bank’s level of service is unmatched in the banking industry and their concierge-level focus means that they partner with us to find the products and services that fit our business goals. As part of the community for more than 50 years, Nevada Ballet Theatre is pleased to partner with Lexicon to continue that tradition together.”

Beth Barbre, President & CEO
Nevada Ballet Theatre

NEVADA BALLET THEATRE has spent more than 50 years inspiring audiences and educating children and the community through professional company productions, dance training and community education. A resident company of The Smith Center for the Performing Arts, Nevada Ballet Theatre believes in the ability to inspire positive change as a leader in Nevada’s artistic landscape.



Photo credits: Photo by Virginia Trudeau Featuring artists of Nevada Ballet Theatre

OUR 2023 COMMUNITY SPOTLIGHT PARTNERS



bbbsn.org



crohnscolitisfoundation.org



fcvegas.org



horses4heroes.org



lvmpdfoundation.org



nature.org



nvblindchildren.org



Celebrating 25 Years

rmhlv.org



safenest.org



sherofoundation.org



Special Olympics

specialolympics.org



springspreserve.org

BRANCH DRIVES & VOLUNTEER EVENTS

American Heart Association's Heart Walk VIP & Survivor Tent
 Battle 4 Vegas Fan Fest
 Boy Scouts Las Vegas – Good Scout Luncheon
 CCMSA Luncheon for Project Marilyn
 Collaboration Center Foundation Night En Blanc
 Communities in Schools Fill The Bus Drive
 Dress for Success Southern NV Luncheon
 Girl Scouts – Dessert Before Dinner
 Hopelink NV – Links 2 Hope Golf Tournament
 Junior Achievement – Big Fish Luncheon
 Las Vegas Rescue Mission Food Drive and Volunteer Event

Scale the Strat – American Lung Association
 The LGBTQ Center of Southern NV – Honorarium
 Marine Corps Reserve Toys For Tots Drive
 Opera Las Vegas Gala
 Ronald McDonald House Charities of Greater Las Vegas Gala
 SafeNest 2023 Hope Heroes Spring Soirée
 Shaquille O'Neal Foundation Gala
 Spread the Word NV Gala
 Summerlin Rotary Club Gala
 United Way's Day of Giving and Suit Drive Lunch
 Walk4Friendship Las Vegas Annual Walk



"Unequivocally, I can report to you that after four years of operations, Lexicon has improved the quality of life in our community. Commercially and civically, we have provided much needed services and resources to Nevadans from all walks of life. I look forward to expanding upon our accomplishments to date. It is rewarding work that we perform together."

Diana Bennett

Board of Directors, Marketing Chair



OTHER COMMUNITY AFFILIATIONS:

Better Business Bureau, CREW Commercial Real Estate Women of LV, Federal Reserve Board CDIAAC - Community Depository Institutions Advisory Council, Henderson Chamber, IWF - International Women's Forum, Las Vegas Chamber / Executive Women's Council, Lexicon Vegas EXPO, NAWBO, NV CCIM, NV Corporate Giving Foundation, Nevada Bankers Association, Nevada Business Magazine Bankers Roundtable, Risk Management Association, U.S. Small Business Administration (SBA), WSOP.

BOARD OF DIRECTORS



**RUSSELL
ROSENBLUM**
CHAIRMAN



**ROBYN
CASPERSEN**
VICE CHAIR

AUDIT & COMPLIANCE CHAIR

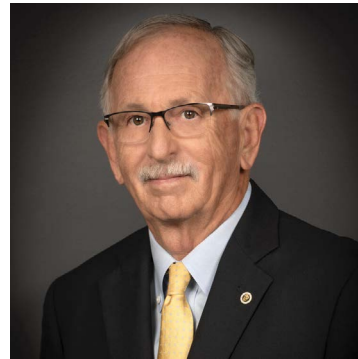


MARKETING CHAIR

DIANA BENNETT



CEDRIC CREAR



GENE GALLOWAY



ASSET & LIABILITY CHAIR

ERIC HOUSSELES



GOVERNANCE CHAIR/SECRETARY

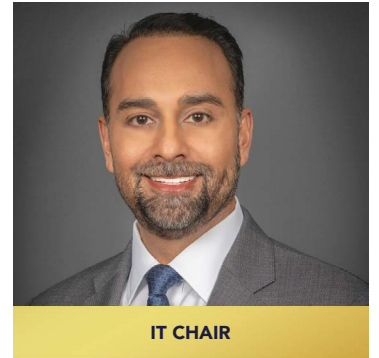
SAMUEL JOHNSON



BRADLEY MAYER



JOHN MILLER



IT CHAIR

DR. ABRAHAM NAGY



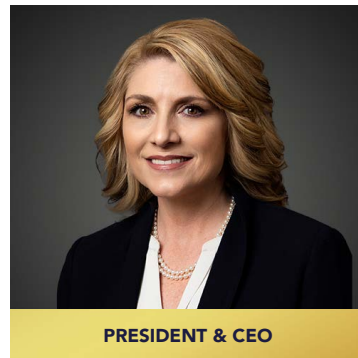
HR & COMPENSATION CHAIR

TIMOTHY R. O'REILLY



DIRECTOR'S LOAN CHAIR

PERRY ROGERS



PRESIDENT & CEO

STACY WATKINS



STACY WILLIAMS

EXECUTIVE MANAGEMENT TEAM



STACY WATKINS

President & CEO



JAMES GORDON

Executive Vice President, Chief
Operating & Financial Officer



LEO MOSCHIONI

Executive Vice President
& Chief Credit Officer



HILARY NELSON

Senior Vice President and
Director of Operations & Compliance



**COMMERCIAL
BANKING**



BEST BANK

THE BANK FOR BUSINESS

Thank you for your continued support of Lexicon Bank. Because of your efforts, we are now the bank for business in Southern Nevada no matter the size. You play an important role in our future success and we could not be more grateful for your referrals. When referring colleagues, friends and family to the bank, please email customerservice@lexiconbank.com. This will ensure your referral receives the highest level of attention by our team.



Scan to Schedule an Appointment.



LEXICON BANK



CONTACT US

For a printed copy of investor materials, please contact us below:

702.780.7700 • ir@lexiconbank.com • 330 S. Rampart Blvd., Suite 150, Las Vegas, NV 89145



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