

**LEXICON BANK
PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS**

April 27, 2023

INTRODUCTION

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2023 annual meeting of shareholders of Lexicon Bank to be held at The Piazza at Tivoli Village and Lexicon Bank, located at 330 S. Rampart Blvd, Las Vegas, Nevada, at 6 p.m. on Thursday, April 27, 2023, and at any and all adjournments thereof. This Proxy Statement and the accompanying form of proxy are being mailed on approximately March 30, 2023 to all persons who were shareholders as of March 1, 2023.

Voting and Revocability of Proxies

Shareholders may vote over the internet or by returning a proxy card, or they may vote in person at the meeting. Instructions for voting over the internet or by proxy card are contained in the proxy card enclosed herewith, mailed to all shareholders entitled to vote at the meeting, and you will need information from your proxy card in order to submit your proxy. The deadline for voting over the internet is 11:59 p.m., PST, on April 26, 2023.

Any shareholder has the right to and may revoke their proxy and change their vote at any time before it is exercised by notifying the Secretary of Lexicon Bank in writing of the revocation of the proxy or by filing a duly executed proxy bearing a later date (including by means of internet vote). In addition, the powers of the proxy holders will be suspended if the person executing the proxy is present at the meeting and elects to vote in person by advising the chairman of the meeting of his or her election to vote in person and votes in person at the meeting. Subject to such revocation or suspension, all shares represented by a properly executed proxy received in time for the meeting will be voted by the proxy holders in accordance with the instructions specified on the proxy. UNLESS OTHERWISE DIRECTED IN THE ACCOMPANYING PROXY, THE SHARES REPRESENTED BY YOUR EXECUTED PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED HEREIN, FOR THE INCREASE IN SHARES ALLOCATED TO THE LEXICON BANK 2018 STOCK OPTION AND RESTRICTED STOCK PLAN, AND FOR APPROVAL OF THE PRINCIPLE TERMS OF THE PLAN OF REORGANIZATION AND MERGER AGREEMENT. IF ANY OTHER BUSINESS IS PROPERLY PRESENTED AT THE MEETING, THE PROXY WILL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATIONS OF MANAGEMENT.

Persons Making the Solicitation

This solicitation of proxies is being made by Lexicon Bank's Board of Directors. The expense of preparing, assembling, printing, providing access to, and any mailing of this proxy statement and the materials used in the solicitation of proxies for the meeting will be borne by Lexicon Bank. Directors, officers and regular employees of Lexicon Bank may, but without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, facsimile, or electronic means.

VOTING SECURITIES

There were issued and outstanding 2,552,231 shares of Lexicon Bank's common stock on March 1, 2023, which was fixed as the record date for the purpose of determining shareholders entitled to notice of, and to vote at, the meeting. On any matter submitted to the vote of the shareholders, each holder of Lexicon Bank's common stock will be entitled to one vote, in person or by proxy, for each share of common stock he or she held of record on the books of Lexicon Bank as of the record date.

SHAREHOLDINGS OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 31, 2022, the numbers and percentages of shares of outstanding common stock beneficially owned, directly or indirectly, by each of Lexicon Bank's directors, executive officers, and principal shareholders (persons holding at least 10% of Lexicon Bank's common stock) and by the directors and executive officers of Lexicon Bank as a group. The shares beneficially owned are determined under Securities and Exchange Commission Rules, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which the director or executive officer has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of December 31, 2022. Unless otherwise indicated, the persons listed below have sole voting and investment powers of the shares beneficially owned. Management is not aware of any arrangements which may, at a subsequent date, result in a change of control of Lexicon Bank.

<u>Name of Beneficial Owner</u>		<u>Number of Shares of Common Stock Beneficially Owned</u>	<u>Percentage of Outstanding Shares</u>
Diana Bennett,	Director ¹	8,000	0.31%
Robyn Caspersen,	Director ²	8,010	0.31%
Cedric Crear,	Director	1,529	0.06%
Gene Galloway,	Director ³	18,358	0.72%
Eric Houssels,	Director ⁴	110,144	4.31%
Sam Johnson,	Director ⁵	36,600	1.43%
Bradley Mayer,	Director ⁶	3,958	0.15%
John Miller,	Director ⁷	146,343	5.68%

Jim Nagy,	Director ⁸	112,643	4.41%
Tim O'Reilly,	Director ⁹	24,572	0.96%
Perry Rogers,	Director ¹⁰	28,715	1.12%
Russell Rosenblum,	Director ¹¹	529,404	20.69%
Stacy Williams,	Director ¹²	8,022	0.31%
Stacy L. Watkins,	Director and Executive Officer	850	0.03%
Leo Moschioni,	Executive Officer ¹³	750	0.03%
Hilary Nelson,	Executive Officer	143	0.01%
Paul Yang,	Executive Officer	0	0.00%

Directors and Executive Officers as a Group (17 in all)¹⁴

- (1) Includes 3,000 shares obtainable through the exercise of vested options.
- (2) Includes 200 shares obtainable through the exercise of warrants and 3,000 shares obtainable through the exercise of vested options.
- (3) Includes 3,000 shares obtainable through the exercise of vested options.
- (4) Includes 3,000 shares obtainable through the exercise of vested options.
- (5) Includes 5,000 shares obtainable through the exercise of warrants and 3,000 shares obtainable through the exercise of vested options.
- (6) Includes 100 shares obtainable through the exercise of warrants and 3,000 shares obtainable through the exercise of vested options.
- (7) Includes 6,200 shares obtainable through the exercise of warrants and 18,000 shares obtainable through the exercise of vested options.
- (8) Includes 3,000 shares obtainable through the exercise of vested options.
- (9) Includes 3,000 shares obtainable through the exercise of warrants and 3,000 shares obtainable through the exercise of vested options.
- (10) Includes 3,000 shares obtainable through the exercise of vested options.
- (11) Includes 6,200 shares obtainable through the exercise of warrants, 5,000 shares obtainable through the exercise of vested options, and 5,000 shares owned by Mr. Rosenblum's spouse.
- (12) Includes 600 shares obtainable through the exercise of warrants and 3,000 shares obtainable through the exercise of vested options.
- (13) Includes 18,000 shares obtainable through the exercise of vested options.
- (14) Includes 21,300 shares obtainable through the exercise of warrants and 71,000 shares obtainable through the exercise of vested options.

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees

Lexicon Bank's Bylaws provide that the number of directors of Lexicon Bank shall not be less than 5 nor more than 16 with the exact number of directors to be fixed from time to time by resolution of the Board of Directors. In the event that the authorized number of directors shall be fixed at nine (9) or more, the Board of Directors shall be divided into three classes: Class I, Class II, and Class III, each consisting of a number of directors as nearly as practicable to one-third of the total number and directors. Directors in Class I shall initially serve for a term expiring at the Annual Meeting of Shareholders held in 2024. Directors in Class II shall initially serve for a term expiring at the Annual Meeting of Shareholders held in 2023. Directors in Class III initially served for a term expiring at the Annual Meeting of Shareholders held in 2022. Thereafter, each director shall serve for the term ending at the third annual meeting following the annual meeting at which such director was elected. In the event that the authorized number of directors shall be fixed with at least six (6), but fewer than nine (9), the Board of Directors shall be divided into two classes, designated Class I and Class II, each consisting of one-half of the directors or as close an approximation as possible. At each annual meeting, each of the successors to the directors of the class whose term shall have expired at such annual meeting shall be elected for a term running until the second annual meeting next succeeding his or her election and until his or her successor shall have been duly elected and qualified. Each director shall serve until his or her successor shall have been duly elected and qualified, unless such director shall resign, die, become disqualified or disabled, or shall otherwise be removed. Lexicon Bank's Board has fixed the number of directors at fourteen (14).

Pursuant to these provisions of the Bylaws, Class II directors will be elected at the 2023 Annual Meeting of Shareholders for a term ending at the 2026 annual meeting and until their successors are elected and have been qualified.

The nominees for Class II are set forth below.

Robyn Caspersen
Gene Galloway
Bradley Mayer
Stacy Williams

In the event that any of the nominees should be unable to serve as a director, it is intended that the proxy will be voted for the election of such substitute nominee, if any, as shall be designated by the Board of Directors. The Board of Directors has no reason to believe that any of the nominees named below will be unable or unwilling to serve if elected.

The following table sets forth as of December 31, 2022, the names of, and certain information concerning, the persons nominated by the Board of Directors for election as Class II directors of Lexicon Bank.

<u>Name and Title Other than Director</u>	<u>Age</u>	<u>Year First Appointed Director</u>	<u>Principal Occupation During the Past Five Years</u>
Robyn Caspersen	60	2018	Retired - Partner, Deloitte
Gene Galloway	75	2019	Retired - Former Plaza Bank CEO
Bradley Mayer	40	2018	Campaign Strategist and Lobbyist
Stacy Williams	55	2018	IT Executive

None of the directors were selected pursuant to any arrangement or understanding other than with the directors and executive officers of Lexicon Bank acting within their capacities as such. There are no family relationships between any of the nominees for directors and executive officers of Lexicon Bank.

Compensation of Directors

Directors who are not also officers of Lexicon Bank are not compensated for serving as members of the Board.

Director Equity Compensation

Lexicon Bank directors are eligible to participate in and have been granted options to purchase shares of Lexicon Bank's common stock pursuant to the 2018 Stock Option and Restricted Stock Plan.

Executive Officers

The following table sets forth as of December 31, 2022, certain information concerning executive officers of Lexicon Bank.

<u>Name</u>	<u>Age</u>	<u>Position and Principal Occupation For the Past Five Years</u>
Stacy Watkins	49	President and Chief Executive Officer, Lexicon Bank; former Senior Region Manager, Nevada State Bank.
Leo Moschioni	55	Chief Credit Officer/EVP, Lexicon Bank; former SVP/Director of Commercial Banking Pacific Premier Bank; former SVP/Senior Commercial Lending Officer of Plaza Bank.
Paul Yang	54	Executive Vice President and Chief Financial Officer, Lexicon Bank; former CFO, WyHy FCU; former Consultant CFO, GF; former CEO, CU1
Hilary Nelson	39	Senior Vice President, Operations and Compliance, Lexicon Bank; former Vice President, Zions Bancorporation; former Consulting Manager, Axxiome Group

None of the executive officers were selected pursuant to any arrangement or understanding other than with the directors and executive officers of Lexicon Bank acting within their capacities as such. There are no family relationships between any of the directors and executive officers of Lexicon Bank. There are no material proceedings to which any executive officer of Lexicon Bank or any associate of any executive officer of Lexicon Bank is a party or has an interest materially adverse to Lexicon Bank.

The Board recommends that the shareholders vote “FOR” the election of each of the above-named nominees for directors.

PROPOSAL 2: AMENDMENT TO 2018 LEXICON BANK STOCK OPTION AND RESTRICTED STOCK PLAN

The Lexicon Bank 2018 Stock Option and Restricted Stock Plan (“Plan”) currently provides for the issuance of up to 316,350 shares of common stock, of which options to purchase 170,408 shares have been granted, leaving a net available in the Plan of 145,942 shares. There have been no restricted stock grants under the Plan. The Board of Directors has adopted an amendment to the Plan to increase the maximum number of shares of the Bank’s common stock that are reserved under the Plan by 66,480 shares, from 316,350 shares to 382,830 shares, or a net available in the Plan of 212,422 shares.

The following table indicates the number and type of options currently outstanding under the Plan. These will remain outstanding, with the same terms and conditions, whether or not the amendment is approved.

<u>Option Type</u>	<u>Class</u>	<u>Total Options</u>	<u>Vested</u>	<u>Unvested</u>
NSO	Directors	95,855	53,000	42,855
ISO	Employees	<u>74,553</u>	<u>18,000</u>	<u>56,553</u>
Total		170,408	71,000	99,408

When adopted, the number of shares allocated for issuance under the Plan was approximately 15% of the outstanding shares of common stock of the Bank. Subsequent thereto, the Bank issued additional shares in connection with a capital raise. This increased the number of shares outstanding to 2,552,231. The Bank determined that it would be advisable to increase the number of shares allocated to the Plan in order to maintain the ratio of about 15% of shares outstanding, which would now be 382,830 shares. This will allow the Bank to continue to attract and maintain high-quality persons to serve as directors, officers, and key employees of the Bank. The Plan would not be amended or changed in any other respect, and there would be no effect on the currently outstanding option grants.

The amendment to the Plan was approved by the Board of Directors of Lexicon Bank and the Board recommends that the shareholders approve the amendment to increase the number of shares allocated for issuance under the Plan.

PROPOSAL 3: BANK HOLDING COMPANY REORGANIZATION

General

Shareholders of Lexicon Bank are being asked to consider and approve the agreement, pursuant to which Lexicon Bank will become a wholly-owned subsidiary of Lexicon Bancorp through the reorganization. If the agreement is approved by Lexicon Bank's shareholders and the regulatory authorities, Lexicon Bank's outstanding common stock will be exchanged for an equal number of shares of Lexicon Bancorp's common stock, and shareholders of Lexicon Bank will become shareholders of Lexicon Bancorp. The Board of Directors of Lexicon Bank approved the transaction at a Board meeting held on January 26, 2023, and directed that it be submitted to the shareholders of Lexicon Bank.

The detailed terms and conditions of the reorganization are set forth in the agreement attached hereto as Exhibit A. Plan of Reorganization and Merger Agreement. The statements made herein regarding the agreement are qualified in their entirety by reference to the full text of the agreement as set forth in Exhibit A.

Recommendation of Directors

The terms and conditions of the agreement have been approved by the Board of Directors of Lexicon Bank. The Board of Directors of Lexicon Bank has unanimously recommended that the shareholders approve the agreement providing for the reorganization.

Reasons for the Reorganization

As stated above, the Board of Directors of Lexicon Bank has approved the agreement, believes that its approval is in the best interests of Lexicon Bank and its shareholders, and recommends that Lexicon Bank's shareholders vote in favor of approval of the agreement.

Management and the Board of Directors of Lexicon Bank believe that the formation of a bank holding company, under which Lexicon Bank will operate, will result in a more flexible entity for purposes of growth and expansion into permissible nonbanking activities. Though not currently planned, the existence of a holding company will permit the acquisition and ownership of other banks in Nevada and certain other states and bank-related businesses. A bank holding company, by complying with the Bank Holding Company Act, as amended (the "BHC Act"), may acquire and operate more than one bank and acquire and engage in bank-related businesses, where such acquisitions would serve the convenience and needs of the public. While no assurances can be given that any acquisitions can or will be made in the future, the existence of a bank holding company would facilitate such future acquisitions. Lexicon Bancorp may expand into permissible nonbanking activities including owning mortgage companies, savings and loans subsidiaries, and thrift subsidiaries, whereas Lexicon Bank is prohibited from owning some of these separate entities and must instead merge these entities with and into Lexicon Bank. Entry into nonbanking businesses, either through the acquisition of existing businesses or the establishment of new businesses may entail operating and business risks different from the risks normally associated with the banking business.

Description of the Reorganization and the Merger between Lexicon Bank and LB Merger Company

Lexicon Bancorp has been organized for the purposes of becoming a bank holding company under the laws of the United States and has been organized at the direction of Lexicon Bank's management. Lexicon Bancorp was incorporated as a Nevada corporation on February 7, 2023. Lexicon Bancorp holds all of the outstanding stock of LB Merger Company, a newly organized Nevada corporation, which was incorporated in Nevada on March 14, 2023. The reorganization will be accomplished by merging LB Merger Company into Lexicon Bank. Upon the date of the merger of LB Merger Company into Lexicon Bank, the shares of capital stock of the respective corporate parties to the agreement shall be converted as follows:

1. Each and every share of common stock of Lexicon Bank issued and outstanding shall, by virtue of the merger and without any action on the part of the shareholders, be exchanged for and converted into one share of fully paid and nonassessable common stock of Lexicon Bancorp. Shareholders of Lexicon Bank will be entitled to exchange their present share certificates for new certificates evidencing shares of common stock of Lexicon Bancorp. If no request is made, new certificates will be issued whenever old certificates are surrendered for transfer. Book entry (electronic) shares will be exchanged for book entry (electronic) shares. Until so exchanged, the certificates for shares of Lexicon Bank's common stock and the book-entry shares of Lexicon Bank's common stock will represent shares of Lexicon Bancorp's common stock into which shares of Lexicon Bank's common stock have been converted.
2. The 100 shares of capital stock of LB Merger Company issued and outstanding immediately prior to the completion date of the reorganization shall be converted into and exchanged by Lexicon Bancorp for 100 shares of fully paid and nonassessable common stock of Lexicon Bank as the surviving corporation. LB Merger Company will disappear and all of the outstanding shares of Lexicon Bank's common stock will be owned by Lexicon Bancorp.
3. The shareholders of Lexicon Bank will, as a result of the reorganization be and become the shareholders of Lexicon Bancorp, and will no longer be entitled to vote on matters requiring the approval of the shareholder of Lexicon Bank. Shareholders of Lexicon Bancorp will be entitled to vote with respect to matters affecting Lexicon Bancorp. A discussion of those rights is contained in the section entitled: "Bank Holding Company Reorganization and Merger -- Comparison of Lexicon Bank's and Lexicon Bancorp's Stock: Analysis of Corporate Structures."
4. The stock awards of common stock of Lexicon Bank which have been granted by Lexicon Bank pursuant to the Lexicon Bank 2018 Stock Option and Restricted Stock Award Plan ("Stock Plan") shall be deemed to be stock awards by Lexicon Bancorp and the obligations of Lexicon Bank with respect to those stock awards shall be assumed by Lexicon Bancorp with the same terms and conditions, and each award of one share of common stock of Lexicon Bank which is not vested prior to the reorganization shall be deemed to be an award of one share of common stock of Lexicon Bancorp. Lexicon Bancorp will also adopt and assume the Stock Plan.
5. Each warrant to purchase shares of common stock of Lexicon Bank which are issued and outstanding shall, by virtue of the merger and without any action on the part of the warrant holders, be exchanged for and converted into a warrant to purchase the same number of shares of

Lexicon Bancorp with the same terms and conditions. Warrant holders of Lexicon Bank will be entitled to exchange their present warrant certificates for new certificates evidencing the right to purchase shares of common stock of Lexicon Bancorp. If no request is made, new certificates will be issued whenever old certificates are surrendered for transfer.

Consequences of the Merger Between Lexicon Bank and LB Merger Company

If the reorganization is consummated, LB Merger Company will be merged with and into Lexicon Bank. The separate existence of LB Merger Company will cease, and the present directors, officers, and employees of Lexicon Bank will remain the directors, officers, and employees of Lexicon Bank, as the surviving corporation.

Pursuant to the agreement, the Articles of Incorporation of Lexicon Bank, as in effect immediately prior to the completion date of the reorganization, shall be and remain the Articles of Incorporation of the surviving corporation. Further, the Bylaws of Lexicon Bank shall be and remain the Bylaws of the surviving corporation. Also, Lexicon Bank's insurance of deposits coverage by the FDIC shall be and remain the deposit insurance of the surviving corporation following the reorganization.

Conversion and Exchange of Lexicon Bank's Shares

Upon the reorganization becoming effective, the shareholders of record of Lexicon Bank shall be entitled to receive and shall be allocated one share of common stock of Lexicon Bancorp for each share of common stock of Lexicon Bank held by them. Each holder of a certificate representing shares of Lexicon Bank's common stock shall, upon presentation of such certificate for surrender to Lexicon Bancorp, be entitled to receive in exchange for the certificate, a certificate or certificates representing the number of shares of Lexicon Bancorp's common stock to which such holder shall be entitled. On and after the completion date of the reorganization, each issued and outstanding share of the common stock of Lexicon Bank shall represent one share of the common stock of Lexicon Bancorp. Such certificates may, but need not be, surrendered and exchanged by the holders after the completion date of the reorganization, for new certificates representing the number of shares of Lexicon Bancorp to which the shareholders are entitled. Certificates evidencing ownership of shares of Lexicon Bancorp common stock shall be issued to the holders of lost or destroyed shares of Lexicon Bank's common stock upon presentation to Lexicon Bancorp of such evidence of ownership and agreement of indemnity as Lexicon Bancorp may reasonably require. Book entry (electronic) shares of Lexicon Bank common stock will be exchanged for book entry (electronic) shares of Lexicon Bancorp common stock. Until so exchanged, the book-entry shares of Lexicon Bank's common stock will represent shares of Lexicon Bancorp's common stock into which shares of Lexicon Bank's common stock have been converted.

Ratification and Approval of the Reorganization; Effective Date

The reorganization requires the approvals of the FRB, the FDIC, and the NFID. Applications for the necessary approvals have been made and are now pending before those regulatory agencies. If any one or more of the above regulatory agencies should fail to give the required approval for this transaction within a reasonable time, or if any such approval contains terms not satisfactory

to the Boards of Directors of Lexicon Bank and Lexicon Bancorp, then the Board of Directors of Lexicon Bank reserves the right, in its sole discretion, to terminate and cancel the agreement. It is presently contemplated that the merger will be effective in the second quarter of 2023.

Before the reorganization can be completed, it must be approved by the holders of a majority of the issued and outstanding shares of Lexicon Bank common stock. In addition, if any action, suit, or proceeding should be threatened or instituted with respect to the reorganization, the Board of Directors of Lexicon Bank reserves the right, in its sole discretion, to terminate the transaction at any time before the merger is effective.

If the holders of a majority of the issued and outstanding shares of Lexicon Bank's common stock should fail to approve the reorganization, or if the transaction is otherwise terminated, as provided above, then the business of Lexicon Bank shall continue to operate under the ownership of its existing shareholders as it had prior to the adoption of the agreement.

It is estimated at this time that the total expenses of the reorganization are approximately \$15,000.00, and these expenses will be borne appropriately by the respective parties.

Should the agreement be terminated or canceled for any of the reasons set forth above or in the attached agreement, such termination or cancellation will not result in any liability on the part of Lexicon Bank, LB Merger Company, Lexicon Bancorp, or any of the respective directors, officers, employees, agents or shareholders of Lexicon Bank, LB Merger Company or Lexicon Bancorp.

Federal Income Tax Consequences

Upon the advice of counsel, the agreement has been structured to qualify the reorganization as a tax-free reorganization under '368(a)(1)(A) of the Internal Revenue Code of 1986, as amended. If the reorganization is treated as a tax-free reorganization, it will have the following federal income tax consequences:

1. No gain or loss will be recognized by Lexicon Bank or any of the other parties to the reorganization as a result of the reorganization.
2. No gain or loss will be recognized by the shareholders of Lexicon Bank upon the exchange of their shares of Lexicon Bank's common stock solely for shares of Lexicon Bancorp's common stock.
3. The basis and holding periods of the assets exchanged between the parties to the reorganization shall remain the same as those prior to the reorganization.
4. The basis of the shares of common stock of Lexicon Bancorp to be received by shareholders of Lexicon Bank will be the same as the basis of the shares of common stock of Lexicon Bank surrendered.
5. The holding period of the shares of common stock of Lexicon Bancorp to be received by shareholders of Lexicon Bank will include the holding period of the shares of common stock of Lexicon Bank surrendered, provided that such stock is held as a capital asset on the date of the

completion of the reorganization.

Management cannot advise individual shareholders and prospective shareholders of the proper tax consequences or suggest the methods of reporting the reorganization. Each shareholder or prospective shareholder is advised to contact his or her accountant or tax counsel with respect to the reorganization and the means of reporting the transaction as well as regarding the state and local tax consequences which may or may not parallel the federal income tax consequences.

Comparison of Lexicon Bank's and Lexicon Bancorp's Stock: Analysis of Corporate Structures

The following constitutes a summarization of a comparison between Lexicon Bank's and Lexicon Bancorp's stock as of March 1, 2023.

<u>Item</u>	<u>Lexicon Bank's Stock</u>	<u>Lexicon Bancorp's Stock</u>
Authorized and Outstanding	20,000,000 shares authorized, of which 20,000,000 shares are common stock, \$0.01 par value, total shares outstanding are 2,552,231 shares of common stock.	30,000,000 shares authorized, of which 20,000,000 shares are common stock, \$0.01 par value, and 10,000,000 shares are preferred stock; total shares outstanding are 100 shares of common stock and no shares of preferred stock.
Voting Rights	One vote per share.	One vote per share of common stock.
Dividend Rights	As declared by the board of directors subject to restrictions of the Nevada Revised Statutes applicable to corporations and banks and applicable federal law.	As declared by the board of directors subject to restrictions contained in the Nevada Revised Statutes applicable to corporations and applicable federal law.
Assessment	Fully paid and nonassessable.	Fully paid and nonassessable.
Preemptive Rights	None.	None.
Number of Directors	Fixed in accordance with the Bylaws.	Fixed in accordance with the Bylaws.

Dividend Rights

Holders of Lexicon Bank's common stock are entitled to dividends legally available therefore, when and as declared by Lexicon Bank's Board of Directors. Under Nevada law, a Bank cannot declare a dividend or make a distribution of its net profits until (a) the Bank's surplus fund equals

its initial stockholders' equity (excluding the amount of the initial surplus fund) and (b) ten percent of the previous year's net profits have been carried to the surplus fund. Additionally, no distribution may be made if it would result in the Bank's stockholders' equity (including the reserve for loan losses) being less than 6% of the Bank's average total daily deposit liabilities for the preceding 60 days or if it would reduce the stockholders' equity below the initial stockholders' equity or below minimum applicable regulatory capital requirements under federal law.

In addition, under the Financial Institutions Supervisory Act of 1966, as amended, the FDIC also has the authority and general enforcement powers to prohibit a bank from engaging in practices which the FDIC considers to be unsafe or unsound. It is possible, depending upon the financial condition of Lexicon Bank and other factors, that the FDIC could assert that the payment of dividends or other payments might under some circumstances be such an unsafe or unsound practice and thereby prohibit such payment. The Federal Deposit Insurance Corporation Improvement Act of 1991 further prohibits a bank from paying a dividend if the dividend payment would result in the bank failing to meet any of its minimum capital requirements.

The shareholders of Lexicon Bancorp will be entitled to receive dividends when and as declared by its Board of Directors, out of funds legally available for the payment of dividends, as provided in the Nevada Revised Statutes. Under Nevada, no distribution may be made if, after giving effect to it, the corporation would be unable to pay its debts as they become due in the usual course of business or the sum of the corporation's assets would be less than the sum of its liabilities plus the amount (if any) that would be needed to satisfy the rights of holders of any preferred stock of the corporation, assuming the corporation were to be dissolved at the time of the distribution. In certain circumstances, Lexicon Bancorp may be required to obtain the prior approval of the Federal Reserve Board to make capital distributions to shareholders.

Liquidation Rights

The holders of Lexicon Bank's common stock are entitled to share equally in Lexicon Bank's assets legally available for distribution in the event of liquidation or dissolution. Similarly, holders of Lexicon Bancorp common stock will have a pro-rata right to participate in Lexicon Bancorp's assets legally available for distribution in the event of liquidation or dissolution.

Preemptive Rights

The holders of Lexicon Bank's common stock do not have preemptive rights to subscribe to any additional shares of Lexicon Bank's common stock being issued. The holders of Lexicon Bancorp's common stock also will not have preemptive rights to subscribe to any additional shares of Lexicon Bancorp's common stock being issued. Therefore, shares of Lexicon Bancorp common stock or other securities may be offered in the future to the investing public or to shareholders at the discretion of the Lexicon Bancorp Board of Directors.

Directors

Lexicon Bank's Bylaws authorize its Board of Directors or shareholders to designate the number of directors at any number from 5 to 16, and Lexicon Bancorp's Bylaws authorize its Board of Directors or shareholders to designate the number of directors at any number from 5 to 16.

Rights of Dissenting Shareholders of Lexicon Bank

Nevada state law does not provide for the exercise of dissenters' rights in the context of the reorganization.

Corporate Operation and Management

The Articles of Incorporation and Bylaws of Lexicon Bank and Lexicon Bancorp are substantially similar in all material provisions, except with respect to provisions in Lexicon Bank's Articles of Incorporation and Bylaws applicable only to banks.

Operations under Lexicon Bancorp

Organization

Lexicon Bancorp was organized and incorporated under the laws of the State of Nevada on February 7, 2023, at the direction of the Board of Directors of Lexicon Bank for the purpose of becoming a bank holding company to acquire all of the outstanding capital stock of Lexicon Bank. The principal location of Lexicon Bancorp and its operations will be in Las Vegas, Nevada.

In order to effect the reorganization and to provide initial operating funds for Lexicon Bancorp, a loan in the amount of \$10,000 was obtained from Russell Rosenblum. Mr. Rosenblum, the Chairman of Lexicon Bank has purchased 100 shares of the common stock of Lexicon Bancorp at an aggregate purchase price of \$100. Upon the completion of the reorganization, the 100 shares of Lexicon Bancorp common stock will be repurchased and canceled by Lexicon Bancorp for the sum of \$100 and Lexicon Bank will pay a dividend to Lexicon Bancorp, which dividend will be used to repay the loan. Presently, 100 shares of Lexicon Bancorp's common stock are outstanding, and Lexicon Bancorp will have no additional stock issued until after the shareholders of Lexicon Bank have approved the plan of reorganization and merger agreement and the reorganization is completed.

Management and Directors of Lexicon Bancorp

The present Board of Directors of Lexicon Bancorp is composed of all fourteen of the current directors of Lexicon Bank, and consists of the following individuals:

Diana Bennett
Robyn Caspersen
Cedric Crear
Gene Galloway
Eric Houssels
Sam Johnson
Bradley Mayer

John Miller
Jim Nagy
Tim O'Reilly
Perry Rogers
Russell Rosenblum
Stacy L. Watkins
Stacy Williams

Upon completion of the reorganization, the business of Lexicon Bank will be conducted as a subsidiary of Lexicon Bancorp and will be carried on with the same directors, officers,

personnel, property, and name as before the transaction. Lexicon Bancorp will not compensate its executive officers any amounts in addition to the amounts they receive as executive officers of Lexicon Bank.

The following directors and officers of Lexicon Bank have agreed to serve as the initial directors and officers of Lexicon Bancorp:

Directors

Russell Rosenblum
Robyn Caspersen
Diana Bennett
Cedric Crear
Gene Galloway
Eric Houssels
Sam Johnson
Bradley Mayer
John Miller
Jim Nagy
Timothy O'Reilly
Perry Rogers
Stacy L. Watkins
Stacy Williams

Senior Officers

Stacy L. Watkins, President and CEO
Paul Yang, Exec. Vice Pres. and CFO

Lexicon Bancorp's Bylaws provide that the number of directors of Lexicon Bancorp shall not be less than 5 nor more than 16 with the exact number of directors to be fixed from time to time by resolution of the Board of Directors. In the event that the authorized number of directors shall be fixed at nine (9) or more, the Board of Directors shall be divided into three classes: Class I, Class II and Class III, each consisting of a number of directors as nearly as practicable to one-third of the total number and directors. Directors in Class I shall initially serve for a term expiring at the Annual Meeting of Shareholders held in 2024. Directors in Class II shall initially serve for a term expiring at the Annual Meeting of Shareholders held in 2026. Directors in Class III shall initially serve for a term expiring at the Annual Meeting of Shareholders held in 2025. Thereafter, each director shall serve for term ending at the third annual meeting following the annual meeting at which such director was elected. In the event that the authorized number of directors shall be fixed with at least six (6), but fewer than nine (9), the Board of Directors shall be divided into two classes, designated Class I and Class II, each consisting of one-half of the directors or as close an approximation as possible. At each annual meeting, each of the successors to the directors of the class whose term shall have expired at such annual meeting shall be elected for a term running until the second annual meeting next succeeding his or her election and until his or her successor shall have been duly elected and qualified. Each director shall serve until his or her successor shall have been duly elected and qualified, unless such director shall resign, die, become disqualified or disabled, or shall otherwise be removed.

Lexicon Bancorp's Board is currently fixed at fourteen (14) members. The members of each class of director are set forth below.

Class I directors for a term ending at the 2024 annual meeting and until their successors are elected and have been qualified:

Jim Nagy Stacy Watkins Sam Johnson Perry Rogers Tim O'Reilly

Class II directors for a term ending at the 2026 annual meeting and until their successors are elected and have been qualified:

Robyn Caspersen Gene Galloway Bradley Mayer Stacy Williams

Class III directors for a term ending at the 2025 annual meeting and until their successors are elected and have been qualified:

Cedric Crear John Miller Eric Houssels Diana Bennett Russell Rosenblum

The business of Lexicon Bank will be carried on after the reorganization, with the same officers, employees and properties.

Supervision and Regulation of Lexicon Bancorp

Upon completion of the reorganization, Lexicon Bancorp will become a bank holding company within the meaning of the Bank Holding Company Act and will become subject to the supervision and regulation of the Federal Reserve Board. An application for prior approval to become a bank holding company has previously been filed by Lexicon Bancorp with the Federal Reserve Board.

As a bank holding company, Lexicon Bancorp will be required to register with the Federal Reserve Board, and thereafter file annual reports and other information concerning its business operations and those of its subsidiaries as the Federal Reserve Board may require. The Federal Reserve Board also has the authority to examine Lexicon Bancorp and each of its respective subsidiaries, as well as any arrangements between Lexicon Bancorp and any of its respective subsidiaries, with the cost of any such examination to be borne by Lexicon Bancorp.

In the future, Lexicon Bancorp will be required to obtain the prior approval of the Federal Reserve Board before it may acquire all or substantially all of the assets of any bank, or ownership or control of voting securities of any bank if, after giving effect to such acquisition, Lexicon Bancorp would own or control more than five percent (5%) of the voting shares of such bank.

A bank holding company and its subsidiaries are also prohibited from engaging in certain tie-in arrangements in connection with extensions of credit, leases, sales, or the furnishing of services. For example, Lexicon Bank will generally be prohibited from extending credit to a customer on the condition that the customer also obtains other services furnished by Lexicon Bancorp, or any of its subsidiaries, or on the condition that the customer promises not to obtain financial services from a competitor. Lexicon Bancorp and its subsidiaries will also be subject to certain restrictions with respect to engaging in the underwriting, public sale, and distribution of

securities.

Lexicon Bancorp and any subsidiaries which it may acquire or organize after the reorganization will be deemed affiliates of Lexicon Bank within the meaning of the Federal Reserve Act. Loans by Lexicon Bank to affiliates, investments by Lexicon Bank in affiliates' stock, and taking affiliates' stock by Lexicon Bank as collateral for loans to any borrower will be limited to 10 percent of Lexicon Bank's capital, in the case of each affiliate, and 20 percent of Lexicon Bank's capital, in the case of all affiliates. In addition, these transactions must be on terms and conditions that are consistent with safe and sound banking practices and, in particular, a bank and its subsidiaries generally may not purchase from an affiliate a low-quality asset, as that term is defined in the Federal Reserve Act. Such restrictions also prevent a bank holding company and its other affiliates from borrowing from a banking subsidiary of the bank holding company unless the loans are secured by marketable collateral of designated amounts.

A bank holding company is also prohibited from itself engaging in or acquiring direct or indirect ownership or control of more than five percent (5%) of the voting shares of any company engaged in nonbanking activities. One of the principal exceptions to this prohibition is for activities found by the Federal Reserve Board by order or regulation to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In making these determinations, the Federal Reserve Board considers whether the performance of such activities by a bank holding company or a bank holding company subsidiary would offer advantages to the public which outweigh possible adverse effects.

Federal Reserve Regulation Y sets out those activities which are regarded as closely related to banking or managing or controlling banks, and thus, are permissible activities that may be engaged in by bank holding companies subject to approval in certain cases by the Federal Reserve Board. The Gramm-Leach-Bliley Act ("GLBA") allows for a new type of bank holding company under the Bank Holding Company Act. The new bank holding company is allowed to engage in insurance and securities underwriting, merchant banking, and insurance company portfolio investment activities. GLBA also allows bank holding companies to engage in any activity considered "financial" in nature or incidental to such financial activities.

Although Lexicon Bancorp has no present plans, agreements, or arrangements to engage in any nonbanking activities, Lexicon Bancorp may consider in the future engaging in one or more of the above activities, subject to the approval of the Federal Reserve Board.

Directors, executive officers, and principal shareholders of Lexicon Bancorp will be subject to restrictions on the sale of their Lexicon Bancorp stock under Rule 144 as promulgated under the Securities Act of 1933.

Indemnification of Lexicon Bancorp's Directors and Officers

The Bancorp's Articles of Incorporation and Bylaws provide, among other things, for the indemnification of the Bancorp's directors, officers, and agents, and authorize the Bancorp's Board of Directors to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, such agents in connection with any personal legal liability incurred by the individual while acting for the Bancorp within the scope of his or her position (subject to certain limitations). It is the policy of the Bancorp's Board of Directors that the Bancorp's directors,

officers, and agents shall be indemnified to the extent permitted under applicable law and the Bancorp's Bylaws, and management anticipates obtaining director and officer liability insurance, when and if available, covering all of the Bancorp's officers and directors.

LB Merger Company

General Background

At the direction of the Board of Directors of Lexicon Bank, LB Merger Company was incorporated on March 14, 2023. It was organized to facilitate the reorganization. On the date of the reorganization, Lexicon Bank will merge with LB Merger Company, with Lexicon Bank as the surviving entity.

Initial Capitalization

LB Merger Company was initially capitalized through the purchase of 100 shares of its common stock by Lexicon Bancorp for an aggregate sum of \$100.00. The 100 shares of capital stock of LB Merger Company issued and outstanding immediately prior to the date of reorganization shall be converted into and exchanged by Lexicon Bancorp for 100 shares of Lexicon Bank's common stock. LB Merger Company will disappear and all of the outstanding shares of Lexicon Bank's common stock will be owned by Lexicon Bancorp.

Lexicon Bank

General

Lexicon Bank was incorporated as a Nevada state-chartered bank on August 24, 2018 and commenced operations on August 12, 2019. The Bank's deposits are insured up to the applicable limits by the FDIC. Lexicon Bank has no parents, affiliates, or subsidiaries. The Bank's head office is located in Las Vegas.

Lexicon Bank's Services

The Bank is focused on delivering personalized concierge-like services to meet the needs of businesses in Southern Nevada. The Bank is committed to fulfilling its responsibilities under the Community Reinvestment Act in assessing and attempting to meet the credit needs of all members of the communities served by the Bank. The Bank provides clients with a high level of personalized service with highly personable employees, while at the same time offering them a wide range of commercial banking services including ATM/debit card services, remote and mobile deposit services through online and mobile banking services, and telephone banking.

The Bank offers a wide range of deposit accounts designed to attract businesses, professionals, and individuals as depositors. These accounts include personal and business checking accounts, money market accounts, time certificates of deposit, and specialized deposit accounts. The Bank also offers a full complement of lending products including commercial lines of credit and term loans, professional loans, SBA loans, equipment loans, accounts receivable financing, and real estate and construction loans. Loans in amounts which exceed the Bank's lending limits may be offered through participation agreements with the Bank's correspondent banks or with other

banks.

The Bank also provides a number of convenience-oriented services and products to its clients, including direct payroll and social security deposit services, safe deposit boxes, foreign exchange transactions, municipal and government accounts, bank-by-mail services, cash management, access to a national automated teller machine network, night depository facilities, and cashier's checks.

Management of the Lexicon Bank will evaluate its services on an ongoing basis and will add or delete services based upon the needs of the Bank's clients, competitive factors, and the financial and other capabilities of the Bank. Future services may also be significantly influenced by improvements and developments in technology and evolving state and federal laws and regulations.

Sources of Business

The Bank offers a broad range of commercial banking products and services, as described above. In marketing its services, the Bank capitalizes on its identity as a local independent bank, with directors, officers, and shareholders who have business and personal ties to the community. Bank is in a position to respond promptly to the changing needs of its local clients.

The Bank competes with other financial institutions in its service area by means of localized promotional activity, personalized service, and personal contact with potential clients by the Bank's executive officers, directors, employees, and shareholders. Promotional activities include social media advertising, conducting financial seminars, community advisory groups, and the participation by executive officers in community business and civic groups. The executive officers and directors are active members in the communities comprising the Bank's service areas and they personally call on their business contacts and acquaintances to become clients of the Bank.

Shareholders are not required to maintain any type of banking relationship with the Bank as a result of their purchase of Shares of Lexicon Bank, however, shareholders are encouraged to maintain their banking relationship with the Bank and to provide business development referrals on an ongoing basis.

Competition

The banking business in Nevada generally, and in Bank's service area in particular, is highly competitive with respect to both loans and deposits and is dominated by a relatively small number of major banks which have many offices operating over wide geographic areas. The Bank competes for deposits and loans with such banks as well as with savings and loan associations, credit unions, mortgage companies, money market and other mutual funds, stock brokerage firms, insurance companies, and other traditional and nontraditional financial institutions.

The major banks and some of the other institutions have the financial capability to conduct extensive advertising campaigns and to shift their resources to regions or activities of greater potential profitability. Many of the competing banks and other institutions offer diversified

financial services (such as trust and investment services) which may not be directly offered by the Bank (but some of which it offers indirectly through correspondent institutions). The major banks also have substantially more capital and higher lending limits than the Bank. In addition, in recent years, the competition among banks, savings and loan associations, and credit unions for the deposit and loan business of individuals has increased. The Bank cannot presently predict what effect the increased competition will have on the Bank's ability to attract the banking business of the area's businesses, residents, businesspersons, and professionals. (See "Bank -- Supervision and Regulation of Bank.")

The Bank competes for clients' funds with governmental and private entities issuing debt or equity securities or other forms of investments which may offer different and potentially higher yields than those available through bank deposits. The Bank also competes with other smaller banks in its intended service areas.

Existing and future state and federal legislation could significantly affect the cost of doing business, the range of permissible activities, and the competitive balance among major and smaller banks and other financial institutions. Management of Lexicon Bank cannot predict the impact such developments may have on commercial banking in general or on the business of the Bank in particular.

In order to compete with the financial institutions operating in the Bank's service areas, the Bank relies on its independent status to provide flexibility and greater personal service to clients. The Bank emphasizes personal contacts with potential clients by Bank's executive officers, directors, and employees, develops local promotional activities, and seeks to develop specialized or streamlined services for clients. Loan programs have been developed to specifically address the needs of professionals and small-to-medium sized businesses. To the extent clients desire loans in excess of the Bank's lending limit or services not offered, the Bank will attempt to assist clients in obtaining such loans or other services through participations with other banks or assistance from the Bank's correspondent banks. The Bank will also assist those clients requiring other services not offered by Bank to obtain such services from its correspondent banks. In addition, the Bank offers access to the ATM network and also offers, among other services, a night depository, bank-by-mail services, safe deposit box services, direct deposit, notary services, and check imaging. However, no assurances can be given that the Bank's efforts to compete with other financial institutions will be successful.

Premises

Lexicon Bank operates from its main office located at 330 S. Rampart Boulevard, Suite 150 in Las Vegas, Nevada. The bank facility is leased.

Employees

As of December 31, 2022, Lexicon Bank employed 27 persons, including four (4) principal officers. The Bank's employees are not represented by a union or covered by a collective bargaining agreement. Management of Lexicon Bank believes that, in general, its employee relations are excellent.

Legal Proceedings

There are no pending legal proceedings against Lexicon Bank which could have a material impact on its financial condition. From time to time, however, the Bank may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business.

Supervision and Regulation of Lexicon Bank

General: Lexicon Bank, as a Nevada state-chartered nonmember bank whose deposits are insured by the FDIC up to the maximum legal limits thereof, is subject to regulation, supervision, and regular examination by the NFID and the FDIC. The Bank is also subject to provisions of the Federal Reserve Act and its regulations. The regulations of these various agencies govern most aspects of the Bank's business, including required reserves on deposits, investments, loans, certain of their check clearing activities, issuance of securities, payment of dividends, branching, and numerous other matters. As a consequence of the extensive regulation of commercial banking activities in Nevada and the United States, Lexicon Bank's business is particularly susceptible to changes in Nevada and federal legislation and regulations which may have the effect of increasing the cost of doing business, limiting permissible activities, or increasing competition.

Impact of Monetary Policies: Banking is a business which depends on interest rate differentials. In general, the difference between the interest paid by the Bank on its deposits and its other borrowings and the interest received by the Bank on loans extended to its customers and securities held in its portfolio comprises the major portion of the Bank's earnings. These rates are highly sensitive to many factors which are beyond the control of the Bank. Accordingly, the earnings and growth of the Bank are subject to the influence of domestic and foreign economic conditions, including inflation, recession, and unemployment.

The earnings and growth of Lexicon Bank are affected not only by general economic conditions, both domestic and international, but also by the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve Board. The Federal Reserve Board can and does implement national monetary policy such as seeking to curb inflation and combat recession, by its open market operations in U.S. Government securities, by adjusting the required level of reserves for financial institutions subject to reserve requirements and by varying the discount rates applicable to borrowings by banks from the Federal Reserve System. The actions of the Federal Reserve Board influence the growth of bank loans, investments, and deposits and also affect interest rates charged on loans and paid on deposits. The nature and impact that future changes in fiscal or monetary policies or economic controls may have on the Bank's business and earnings cannot be predicted. In addition, adverse economic conditions could make a higher provision for loan losses a prudent course and could cause higher loan charge-offs, thus adversely affecting the Bank's net income.

Recent Legislation and Other Changes: From time to time, legislation is enacted which has the effect of increasing the cost of doing business, limiting or expanding permissible activities, or affecting the competitive balance between banks and other financial institutions. Proposals to change the laws and regulations governing the operations and taxation of banks and other financial institutions are frequently made in Congress, in the Nevada legislature, and before various bank regulatory agencies. Certain of the potentially significant changes which have been enacted recently and others which are currently under consideration by Congress or various

regulatory agencies are discussed below.

The federal banking agencies continue to implement the remaining requirements in the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) as well as promulgating other regulations and guidelines intended to assure the financial strength and safety and soundness of banks and the stability of the U.S. banking system, followed by the implementation in 2014 and effectiveness in 2015 of new capital rules (“the New Capital Rules”) and the so-called Volcker Rule restrictions on certain proprietary trading and investment activities

Capital Adequacy Requirements

Bank holding companies and banks are subject to similar regulatory capital requirements administered by state and federal banking agencies. The basic capital rule changes in the New Capital Rules adopted by the federal bank regulatory agencies were fully effective on January 1, 2015, but many elements were phased in over multiple years. The risk-based capital guidelines for bank holding companies, and additionally for banks, require capital ratios that vary based on the perceived degree of risk associated with a banking organization’s operations, both for transactions reported on the balance sheet as assets, such as loans, and for those recorded as off-balance sheet items, such as commitments, letters of credit and recourse arrangements. The risk-based capital ratio is determined by classifying assets and certain off-balance sheet financial instruments into weighted categories, with higher levels of capital being required for those categories perceived as representing greater risks, and with the applicable ratios calculated by dividing qualifying capital by total risk-adjusted assets and off-balance sheet items. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weighting, and other factors. Bank holding companies and banks engaged in significant trading activity may also be subject to the market risk capital guidelines and be required to incorporate additional market and interest rate risk components into their risk-based capital standards. To the extent that the new rules are not fully phased in, the prior capital rules will continue to apply.

The New Capital Rules revised the previous risk-based and leverage capital requirements for banking organizations to meet the requirements of the Dodd-Frank Act and to implement the international Basel Committee on Banking Supervision Basel III agreements. Many of the requirements in the New Capital Rules and other regulations and rules are applicable only to larger or internationally active institutions and not to all banking organizations, including institutions currently with less than \$10 billion of assets, which includes Lexicon Bancorp and Lexicon Bank. These include required annual stress tests for institutions with \$10 billion or more assets and Enhanced Prudential Standards, Comprehensive Capital Analysis and Review requirements, Capital Plan and Resolution Plan or living will submissions. These also include an additional countercyclical capital buffer, a supplementary leverage ratio, and the Liquidity Coverage Ratio rule requiring sufficient high-quality liquid assets, which may in turn apply to institutions with \$50 billion or more in assets, \$250 billion or more in assets, or institutions which may be identified as Global Systemically Important Banking Institutions.

Under the risk-based capital guidelines in place prior to the effectiveness of the New Capital Rules, which trace back to the 1988 Basel I accord, there were three fundamental capital ratios: a total risk-based capital ratio, a Tier 1 risk-based capital ratio, and a Tier 1 leverage ratio. To be

deemed “well capitalized,” a bank must have a total risk-based capital ratio, a Tier 1 risk-based capital ratio, and a Tier 1 leverage ratio of at least ten percent, six percent, and five percent, respectively. Under the capital rules that applied in 2014, there was no Tier 1 leverage requirement for a holding company to be deemed well-capitalized.

The following are the New Capital Rules applicable to Lexicon Bancorp and Lexicon Bank:

- an increase in the minimum Tier 1 capital ratio from 4.00% to 6.00% of risk-weighted assets;
- a new category and a required 4.50% of risk-weighted assets ratio is established for “common equity Tier 1” as a subset of Tier 1 capital limited to common equity;
- a minimum non-risk-based leverage ratio is set at 4.00%;
- changes in the permitted composition of Tier 1 capital to exclude trust preferred securities subject to certain grandfathering exceptions for organizations which were under \$15 billion in assets as of December 31, 2009, mortgage servicing rights, certain deferred tax assets, and unrealized gains and losses on available for sale debt and equity securities unless the organization opts out of including such unrealized gains and losses;
- the risk-weights of certain assets for purposes of calculating the risk-based capital ratios are changed for high volatility commercial real estate acquisition, development and construction loans, certain past due non-residential mortgage loans and certain mortgage-backed and other securities exposures; and
- an additional capital conservation buffer of 2.5% of risk weighted assets above the regulatory minimum capital ratios, which will be phased in until 2019 beginning at 0.625% of risk-weighted assets for 2016 and must be met to avoid limitations on the ability of the bank to pay dividends, repurchase shares or pay discretionary bonuses.

As of December 31, 2022, Lexicon Bank met all requirements under the New Capital Rules applicable to them.

Including the capital conservation buffer of 2.5%, the New Capital Rules result in the following minimum ratios to be considered well capitalized: (i) a Tier 1 capital ratio of 8.5%, (ii) a common equity Tier 1 capital ratio of 7.0%, and (iii) a total capital ratio of 10.5%. On December 31, 2022, the capital ratios of Lexicon Bank exceeded the minimum percentage requirements to be deemed “well-capitalized” for regulatory purposes.

Prompt Corrective Action Provisions

The Federal Deposit Insurance Act requires the federal bank regulatory agencies to take “prompt corrective action” with respect to a depository institution if that institution does not meet certain capital adequacy standards, including requiring the prompt submission of an acceptable capital restoration plan. Depending on the bank’s capital ratios, the agencies’ regulations define five categories in which an insured depository institution will be placed: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. At each successive lower capital category, an insured bank is subject to more restrictions, including restrictions on the bank’s activities, operational practices, or the ability to pay dividends or executive bonuses. Based upon its capital levels, a bank that is classified as well-capitalized, adequately capitalized, or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for

hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment.

The prompt corrective action standards were also changed as the New Capital Rules ratios became effective. Under the new standards, in order to be considered well-capitalized, the bank is required to meet the new common equity Tier 1 ratio of 6.5%, an increased Tier 1 ratio of 8% (increased from 6%), a total capital ratio of 10% (unchanged) and a leverage ratio of 5% (unchanged).

The federal banking agencies also may require banks and bank holding companies subject to enforcement actions to maintain capital ratios in excess of the minimum ratios otherwise required to be deemed well capitalized, in which case institutions may no longer be deemed to be well capitalized and may therefore be subject to certain restrictions such as taking brokered deposits.

Capital Ratios

As of December 31, 2022, Lexicon Bank's Community Bank Leverage Ratio (CBLR) was 11.17%, and Common Equity Tier 1 capital ratio was 9.87%. Based upon these capital ratios and Lexicon Bank's standing with the FDIC, the Bank is considered a well-capitalized institution.

Selected Financial Information

The following table presents selected historical consolidated financial data, including per-share information, for Lexicon Bank for the years ended December 31, 2022, 2021, and 2020. The following financial data should be read in conjunction with the consolidated financial statements of Lexicon Bank and the notes to such statements:

Financial Statement Data

(In thousands)

Balance Sheet

	December 31, 2022	December 31, 2021	December 31, 2020
Assets			
Cash & Cash Equivalent	71,794	82,943	79,152
Investment Securities	36,263	22,854	15,209
Loans, net of fees	120,410	86,152	58,590
PPP Loans, net of fees	14,267	53,549	96,453
Allowance for Loan Losses	(1,489)	(1,060)	(723)
Total Loans	133,188	138,621	154,320
Other Assets	6,192	2,710	3,076
Total Assets	247,437	247,128	251,757
Liabilities and Equity			
Non-Interest-Bearing Demand	81,846	86,909	43,933
Interest-Bearing Demand	120,471	69,483	79,944
Time Deposits	17,350	38,402	11,929
Total Deposits	219,667	194,874	135,806
Borrowings - PPPLF and others	0	24,996	97,224
Accrued Interest & Other Liabilities	3,352	1,232	959
Total Liabilities	223,019	221,102	233,989
Total Stockholders' Equity	24,418	26,026	17,768
Total Liabilities & Equity	247,437	247,128	251,757
Book Value Per Share, Actual \$	9.57	10.20	8.42
Shares Outstanding, Actual	2,552,231	2,552,231	2,109,000

Statements of Operations Data

	December 31, 2022	December 31, 2021	December 31, 2020
Interest Income	7,003	3,990	2,252
PPP Interest Income	953	5,453	2,198
Total Interest Income	7,956	9,443	4,450
Interest Expense	683	550	664
Net Interest Income	7,273	8,893	3,786
Provision for Loan Losses	935	356	374
Net Interest Income After Provision for Loan Losses	6,338	8,537	3,412
Non-interest income	430	268	79
Non-Interest Expense			
Compensation & Benefits	3,414	3,014	2,394
Premises & Occupancy	623	591	641
Data Processing	778	976	585
Professional Fees	459	467	310
Marketing Expense	176	177	163
Other Expenses	690	620	249
Total Operating Expense	6,140	5,845	4,342
Income (Loss) before income taxes	628	2,960	(851)
Provision for income taxes	(308)	322	0
Net Income (Loss)	936	2,638	(851)

Price Range and Dividends for Lexicon Bank's Common Stock

Lexicon Bank's common stock is not listed on any exchange nor is it listed with the National Association of Securities Dealers Automated Quotation ("NASDAQ"). On December 31, 2022, the Bank had approximately 133 shareholders of record.

Since Lexicon Bank's inception, there have been limited trades in the shares of common stock. Currently, there is no market maker for the Bank.

The frequency and amount of dividends to be paid are determined by Lexicon Bank's Board of Directors. In issuing dividends, the Board of Directors considers the experience and expectations of the Bank, including net income generated, strategic plans, and the level of capital of the Bank. To date, Lexicon Bank has paid no dividends.

Unaudited Pro Forma Capitalization

The following table sets forth the unaudited actual capitalization of Lexicon Bank on December 31, 2022, the proposed capitalization of LB Merger Company and Lexicon Bancorp immediately prior to the completion of the reorganization, and the pro forma capitalization of Lexicon Bank and Lexicon Bancorp on a consolidated basis to reflect the completion of the reorganization.

	Pro forma Consolidated			
	Lexicon Bank (Unaudited)	LB Merger Company (Unaudited)	Lexicon Bancorp (Unaudited)	Lexicon Bancorp (Unaudited)
Shareholders' Equity				
Common Stock	25,522	100	100	25,522
Other Capital Accounts	24,392,968			24,392,968
Total	24,418,490	100	100	24,418,490
Share Data:				
Common Stock				
Authorized	20,000,000	100	20,000,000	20,000,000
Outstanding	2,552,231	100	0	2,552,231
Preferred Stock				
Authorized	0		10,000,000	10,000,000
Outstanding	0		0	0

Capital stock and outstanding shares are stated as of December 31, 2022. Funds to capitalize LB Merger Company were obtained by issuing 100 shares to Lexicon Bancorp for \$100.00. At the time of the reorganization, Lexicon Bancorp will receive \$100, and the shares of LB Merger Company common stock will be exchanged for shares of Lexicon Bank common stock. Initial funding of Lexicon Bancorp was obtained by a loan in the amount of \$10,000 and the issuing of a total of 100 shares of Lexicon Bancorp for the sum of \$100.00. Upon completion of the reorganization, the 100 shares will be repurchased by Lexicon Bancorp and Lexicon Bank will pay a dividend of \$10,000 to Lexicon Bancorp, which dividend will be used to repay the loan.

CERTAIN TRANSACTIONS

Some of the directors and executive officers of Lexicon Bank and the companies with which they are associated are customers of or have had banking transactions with Lexicon Bank in the ordinary course of Lexicon Bank's business, and Lexicon Bank expects to have banking transactions with such persons in the future. In management's opinion, all loans and commitments to lend included in such transactions were made in compliance with applicable laws on substantially the same terms, including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness and, in the opinion of management, did not involve more than normal risk of collectability or present other unfavorable features.

OTHER MATTERS

Management does not know of any matters to be presented at the meeting other than those set forth above. However, if other matters come before the meeting, it is the intention of the persons named in the proxy to vote the shares represented by the proxy in accordance with the recommendations of management on such matters, and discretionary authority to do so is included in the proxy.

Lexicon Bank's Annual Report for 2022 will be available to each shareholder at the following website: www.annualgeneralmeetings.com/lexicon If you are unable to retrieve the document or do not have computer access, Lexicon Bank will make copies of it at no charge. Any request for a copy may be made by any of the following methods:

- 1) By internet: www.annualgeneralmeetings.com/lexicon under the Contact Us page
- 2) By e-mail: info@pacificstocktransfer.com
- 3) By telephone: 1-800-785-7782

IT IS VERY IMPORTANT THAT EVERY SHAREHOLDER VOTES. WE URGE YOU TO VOTE ELECTRONICALLY VIA THE INTERNET OR SIGN AND RETURN A PROXY CARD AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON, IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED A PROPERLY COMPLETED PROXY OR SUBMITTED YOUR PROXY.

EXHIBIT A

Plan of Reorganization and Merger Agreement

This Plan of Reorganization and Merger Agreement (“Agreement”) is made and entered into as of this 28th day of February 2023 by and between Lexicon Bank (the “Bank”) and LB Merger Company (“Subsidiary”), to which Lexicon Bancorp (the “Holding Company”) is a party.

Recitals and Undertakings

A. The Bank is a Nevada banking corporation with its head banking office in Las Vegas, Nevada. Subsidiary and the Holding Company are each corporation duly organized and existing under the laws of the State of Nevada with their principal offices in Las Vegas, Nevada.

B. As of the date hereof, the Bank has 20,000,000 shares authorized, consisting of 20,000,000 shares of \$0.01 par value common stock, of which there are 2,552,231 shares of stock outstanding. It is anticipated that prior to the Effective Date (as defined in Section 1.2 herein), the Bank will have no more than 2,663,031 shares of common stock outstanding, reflecting the number of shares of common shares outstanding as of the date of this Agreement plus the possible exercise of all stock options presently granted, unexercised and vested as of March 31, 2023, and no shares of preferred stock outstanding.

C. As of the date hereof, Subsidiary has an authorized maximum number of shares of capital stock of 1,000 shares of \$0.01 par value common stock, and at the Effective Date of the merger, 100 of such shares will be issued and outstanding, all of which shares will be owned by the Holding Company.

D. As of the date hereof, the Holding Company has 30,000,000 shares authorized, of which 20,000,000 shares are \$0.01 par value common stock and 10,000,000 shares are preferred stock, and of which no shares of preferred stock and 100 shares of common stock will be outstanding at the time of the merger referred to herein.

E. The Boards of Directors of the Bank and Subsidiary have, respectively, approved this Agreement and authorized its execution, and the Board of Directors of the Holding Company has approved this Agreement, undertaken that the Holding Company shall join in and be bound by it, and authorized the undertakings hereinafter made by the Holding Company.

F. The parties intend by this Agreement to set forth the terms and conditions of a “reorganization” under Sections 368(a)(1)(A) and 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the mutual agreements of the parties contained herein, the parties hereby agree as follows:

Section 1. General

1.1 The Merger. On the Effective Date, the Subsidiary shall be merged into the Bank, and the Bank shall be the surviving corporation (the "Surviving Corporation") and a subsidiary of the Holding Company, and its name shall continue to be "Lexicon Bank."

1.2 Effective Date. This Agreement shall become effective at the close of business on the day on which this Agreement shall have been filed with the State of Nevada in accordance with Nevada Revised Statutes (the "Effective Date").

1.3 Articles of Incorporation and Bylaws. On the Effective Date, the Articles of Incorporation of the Bank, as in effect immediately prior to the Effective Date, shall be and remain the Articles of Incorporation of the Surviving Corporation; the Bylaws of the Bank shall be and remain the Bylaws of the Surviving Corporation until altered, amended or repealed; the certificate of authority of the Bank issued by the Commissioner of the Nevada Financial Institutions Division ("NFID") shall be and remain the certificate of authority of the Surviving Corporation; and the Bank's insurance of deposits coverage by the Federal Deposit Insurance Corporation ("FDIC") shall be and remain the deposit insurance of the Surviving Corporation.

1.4 Directors and Officers of the Surviving Corporation. On the Effective Date, the directors and officers of the Bank immediately prior to the Effective Date shall be and remain the directors and officers of the Surviving Corporation. Directors of the Surviving Corporation shall serve until the next annual meeting of shareholders of the Surviving Corporation at which their Director class is to be elected or until such time as their successors are elected and have qualified.

1.5 Effect of the Merger.

a. Assets and Rights. Upon the merger becoming effective, all rights, privileges, franchises, and property of Subsidiary, and all debts and liabilities due or to become due to Subsidiary, including things in action and every interest or asset of conceivable value or benefit, shall be deemed fully and finally and without any right of reversion transferred to and vested in the Surviving Corporation without further act or deed, and the Surviving Corporation shall have and hold the same in its own right as fully as the same was possessed and held by Subsidiary.

b. Liabilities. Upon the merger becoming effective, all debts, liabilities, and obligations due or to become due of, and all claims or demands for any cause existing against Subsidiary shall be and become the debts, liabilities, obligations of, and the claims and demands against, the Surviving Corporation in the same manner as if the Surviving Corporation had itself incurred or become liable for them.

c. Creditors' Rights and Liens. Upon the merger becoming effective, all rights of creditors of Subsidiary, and all liens upon the property of Subsidiary, shall be preserved

EXHIBIT A

unimpaired, limited in lien to the property affected by the liens immediately prior to the time of the merger.

d. **Pending Actions.** Upon the merger becoming effective, any action or proceeding pending by or against Subsidiary shall not be deemed to have abated or been discontinued, but may be prosecuted to judgment, with the right to appeal or review as in other cases, as if the merger had not taken place or the Surviving Corporation may be substituted for Subsidiary.

1.6 **Further Assurances.** The Bank and Subsidiary each agree that at any time, or from time to time, as and when requested by the Surviving Corporation, or by its successors and assigns, it will execute and deliver, or cause to be executed and delivered in its name by its last acting officers, or by the corresponding officers of the Surviving Corporation, all such conveyances, assignments, transfers, deeds or other instruments, and will take or cause to be taken such further or other action as the Surviving Corporation, its successors or assigns may deem necessary or desirable, in order to evidence the transfer, vesting or devolution of any property right, privilege or franchise or to vest or perfect in or confirm to the Surviving Corporation, its successors and assigns, title to and possession of all the property, rights, privileges, powers, immunities, franchises and interests referred to in this Section 1 and otherwise to carry out the intent and purposes hereof.

Section 2. Capital Stock of the Surviving Corporation

2.1 **Stock of Subsidiary.** Upon the merger becoming effective, each share of capital stock of Subsidiary issued and outstanding immediately prior to the Effective Date shall thereupon be converted into and exchanged for one share of fully paid and nonassessable common stock of the Bank as the Surviving Corporation.

2.2 **Stock of the Bank.** Upon the merger becoming effective, each and every share of common stock of the Bank issued and outstanding shall, by virtue of the merger and without any action on the part of the holders thereof, be exchanged for and converted into one share of fully paid and nonassessable common stock of the Holding Company, without par value.

2.3 **Exchange of Stock and Warrants.** Upon the merger becoming effective:

a. the shareholders of record of the Bank shall be entitled to receive and shall be allocated one share of common stock of the Holding Company for each share of common stock of the Bank, whether in certificate or book entry (electronic) form;

b. the Holding Company shall issue the shares of its common stock which the shareholders of the Bank shall be entitled to receive; and

c. in the case of certificated shares, each holder of a certificate representing shares of common stock of the Bank shall, upon presentation of such certificate for surrender to the Holding Company, be entitled to receive in exchange thereof, a certificate or certificates representing the number of shares of common stock of the Holding Company to which such holder shall be entitled. Until so surrendered, each outstanding certificate which prior to the

merger represented shares of common stock of the Bank shall be deemed, for all corporate purposes, to evidence ownership of an equal number of shares of common stock of the Holding Company. On and after the Effective Date, each issued and outstanding share of common stock of the Bank shall represent one (1) share of common stock of the Holding Company, whether in certificate or book entry (electronic) form. If certificated, such certificates may, but need not be, surrendered and exchanged by the holders thereof after the Effective Date, for new certificates representing the number of shares of common stock of the Holding Company to which the shareholders are entitled as set forth in this Agreement. Certificates evidencing ownership of shares of common stock of the Holding Company shall be issued to the holders of lost or destroyed shares of common stock of the Bank upon presentation to the Holding Company of such evidence of ownership and agreement of indemnity as the Holding Company may reasonably require.

d. each holder of a warrant certificate representing the right to purchase shares of common stock of the Bank shall, upon presentation of such warrant certificate for surrender to the Holding Company, be entitled to receive in exchange thereof, a warrant certificate or certificates representing the right to purchase the same number of shares of common stock of the Holding Company to which such holder shall be entitled. Until so surrendered, each outstanding warrant certificate which prior to the merger represented the right to purchase shares of common stock of the Bank shall be deemed, for all corporate purposes, to evidence of the right to purchase an equal number of shares of common stock of the Holding Company. Such certificates may, but need not be, surrendered and exchanged by the holders thereof after the Effective Date. Warrant certificates evidencing the right to purchase shares of common stock of the Holding Company shall be issued to the holders of lost or destroyed warrant certificates upon presentation to the Holding Company of such evidence of ownership and agreement of indemnity as the Holding Company may reasonably require.

2.4 Stock Options, Restricted Stock Grants, and Stock Plan. At the close of business on the Effective Date, the Holding Company will adopt and assume all of the Bank's rights and obligations under the LEXICON BANK 2018 STOCK OPTION AND RESTRICTED STOCK AWARD PLAN, as amended (the "Stock Plan") and under each outstanding stock option or restricted stock grant agreement evidencing an option (whether an incentive stock option or a nonqualified stock option) or restricted stock grant previously granted under the Stock Plan. The Stock Plan shall be continued by the Holding Company, the obligations of the Stock Plan shall be assumed by the Holding Company and the Stock Plan shall become the "LEXICON BANCORP STOCK OPTION AND RESTRICTED STOCK AWARD PLAN," and by virtue of such assumption, all rights of an optionee or grantee with respect to the common stock of the Bank shall become the same right with respect to the common stock of the Holding Company, on a one-for-one basis. Each such option or restricted stock grant, subject to such modifications as may be appropriate or required, and subject to the requirements of the Securities Act of 1933, as amended, and the Nevada Revised Statutes shall constitute a continuation of the option or restricted stock grant, substituting the Holding Company for the Bank. The option vesting period and price per share of Holding Company common stock at which such option may be exercised shall be the same vesting period and price as were applicable to the purchase of Bank common stock, and all other terms and conditions applicable to the option shall, except as may be otherwise provided herein, be unchanged. The restrictions and vesting requirements, as well as all other terms and conditions, applicable to each restricted stock grant shall be the same restrictions and vesting requirements, as well as all other terms and conditions, as were

recognized by the shareholders of the Bank upon the exchange of their shares of common stock of the Bank for shares of common stock of the Holding Company, as provided for herein; and

e. performance by each party hereto of all of its obligations hereunder to be performed prior to the merger becoming effective.

4.2 Termination of the Merger. If any condition in Paragraph 4.1 has not been fulfilled, or, if in the opinion of a majority of the Board of Directors of any of the parties:

a. any action, suit, proceeding, or claim has been instituted, made, or threatened relating to the proposed merger which makes consummation of the merger inadvisable; or

b. for any other reason consummation of the merger is inadvisable;

then this Agreement may be terminated at any time before the merger becomes effective. Upon termination, this Agreement shall be void and of no further effect, and there shall be no liability by reason of this Agreement or the termination thereof on the part of the parties or their respective directors, officers, employees, agents, or shareholders, except as provided in Section 4.3 hereof.

4.3 Expenses of the Merger. Subject to applicable federal laws and regulations, each party shall bear its own expenses of the merger, including filing fees, printing costs, mailing costs, accountants' fees, and legal fees.

Section 5. Miscellaneous

5.1 Assignment. Neither party shall have the right to assign its rights or obligations under this Agreement.

5.2 Execution. This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original, and such counterparts shall together constitute one and the same instrument.

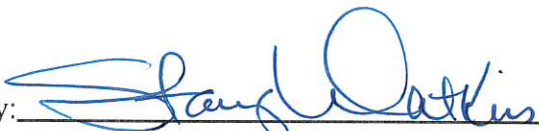
5.3 Governing Law. This Agreement is made and entered into in the State of Nevada, and the laws of said State shall govern the validity and interpretation hereof.


5.4 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the plan of reorganization and merger and supersedes all prior arrangements or understandings with respect thereto.

EXHIBIT A

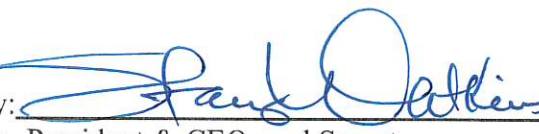
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

LEXICON BANK

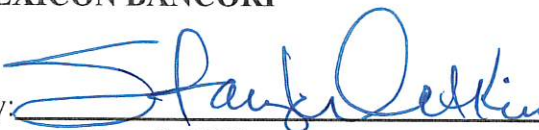
By: 
Its: President & CEO

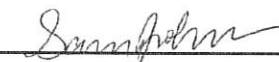
By: 
Its: Secretary

LB MERGER COMPANY

By: 
Its: President & CEO, and Secretary

LEXICON BANCORP

By: 
Its: President & CEO

By: 
Its: Secretary