

Ensuring our Clients and Our Institution *Succeed Boldly*

Esquire Financial Holdings, Inc.
(Financial Holding Company for Esquire Bank, N.A.)

3Q 2021 Investor Presentation



Listed as **ESQ**



Forward Looking Disclosure

This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are not historical fact and express management's current expectations, forecasts of future events or long-term goals and, by their nature, are subject to assumptions, risks and uncertainties, many of which are beyond the control of the Company. These statements are may be identified through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "attribute," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "goal," "target," "outlook," "aim," "would," "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. Forward-looking statements speak only as of the date they are made and are inherently subject to uncertainties and changes in circumstances, including those described under the heading "Risk Factors" in the Company's 10-K and 10-Q, filed with the Securities and Exchange Commission ("SEC"). Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. Actual results could differ materially from those indicated. The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

The forward-looking statements speak as of the date of this presentation. The delivery of this presentation shall not, under any circumstances, create any implication there has been no change in the affairs of the Company after the date hereof.

This presentation includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this presentation, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management uses these "non-GAAP" measures in its analysis of our performance. Management believes that these non-GAAP financial measures allows for better comparability with prior periods, as well as with peers in the industry who provide a similar presentation, and provide a greater understanding of our ongoing operations.

These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

A reconciliation of the non-GAAP measures used in this presentation to the most directly comparable GAAP measures is provided in the Appendix to this presentation.



Our Mission

Ensuring that our Company and clients ***succeed boldly*** with innovative products and technology, ***driving client success through relationship banking***



How Our Clients *Succeed Boldly*



A Branchless Financial Institution with Innovative Technology and Industry Leading Returns



Litigation

Commercial Banking Nationally

- ▶ Expertise in the litigation market for 14+ years
- ▶ Client centric – relationship banking with a single point of contact
- ▶ Unique products and services tailored to client's needs
- ▶ Strong underwriting and excellent commercial credit metrics



Payment Processing (Merchant Services)

Small Business Banking Nationally

- ▶ Expertise in sales, risk, and compliance management for 25+ years
- ▶ Independent Sales Organization (“ISO”) model
- ▶ Support multiple processing platforms
- ▶ Strong growth and stable payment processing fee income - Compound Annual Growth Rate (“CAGR”) of 62% since 2017



Commercial Real Estate (“CRE”) Lending & Personal Banking

NY Metro Area /
Focused on Unique Verticals

- ▶ Relationship based commercial real estate lending with a focus on multifamily
- ▶ Selective process and prudent growth
- ▶ Personal Banking tailored to our unique markets – full suite of online and mobile banking products



Technology

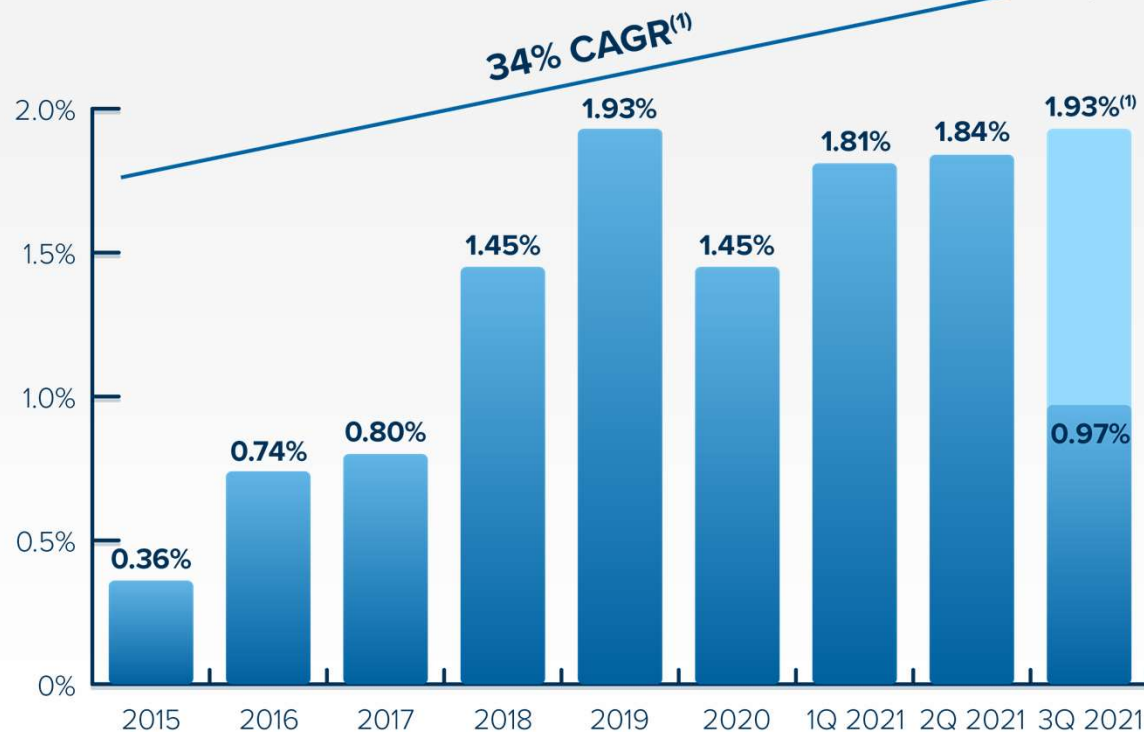
A Catalyst for Strong Growth

- ▶ A digital-first bank with best-in-class technology fueling future growth and industry leading client retention rates
- ▶ Customized and fully integrated Customer Relationship Management (“CRM”) for excellence in client service and operational efficiency
- ▶ Investments made in artificial intelligence (“AI”) to facilitate precision marketing and client acquisition across our national verticals

Financial Highlights

at September 30, 2021

Return on average assets



Key Highlights

- ▶ Industry leading returns from our unique national business models
- ▶ Stable payment processing fee income – noninterest income totaled 30% of revenue
- ▶ Branchless low-cost deposits with a cost of funds of 0.09% at September 30, 2021 *
- ▶ Book value per share and equity to assets are \$17.48 and 12.21% at September 30, 2021, respectively
- ▶ Raymond James' #1 Top Performing Community Bank (2020, 2019)
- ▶ Piper Sandler & Co.'s "2021 FSG Top Ideas"

(1) Adjusted to exclude the \$2.5 million charge, net of tax, related to the reclassification of our legacy NFL consumer post settlement loan portfolio from held for investment to held for sale. See non-GAAP reconciliation provided elsewhere herein.

*Included noninterest bearing demand deposits ("DDA")

Financial Highlights, cont'd

at September 30, 2021

Diluted EPS*



Return on average stockholders' equity



(1) Adjusted to exclude the \$2.5 million charge, net of tax, related to the reclassification of our legacy NFL consumer post settlement loan portfolio from held for investment to held for sale. See non-GAAP reconciliation provided elsewhere herein.

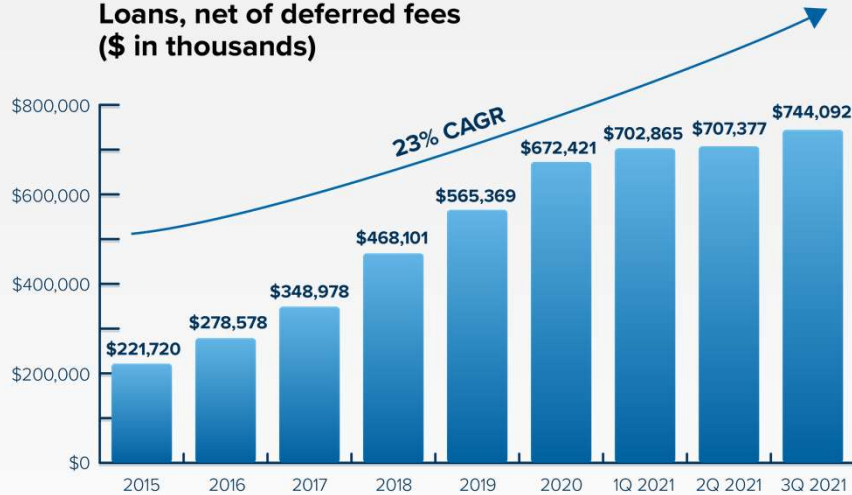
*EPS – Diluted Earnings Per Share



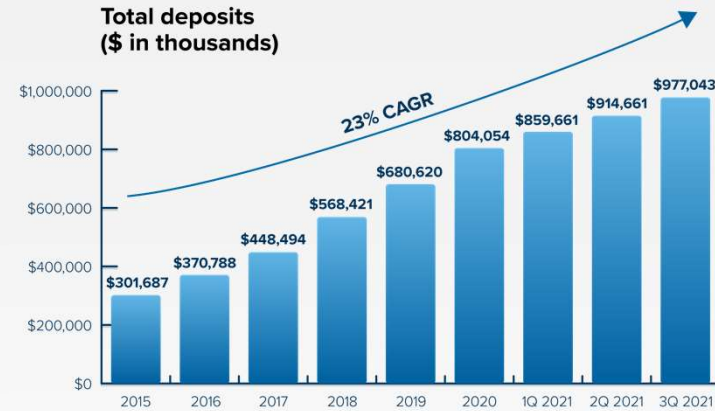
How Esquire Succeeds Boldly

Strong Growth Driven by Unique National Verticals at September 30, 2021

Loans, net of deferred fees (\$ in thousands)



Total deposits (\$ in thousands)



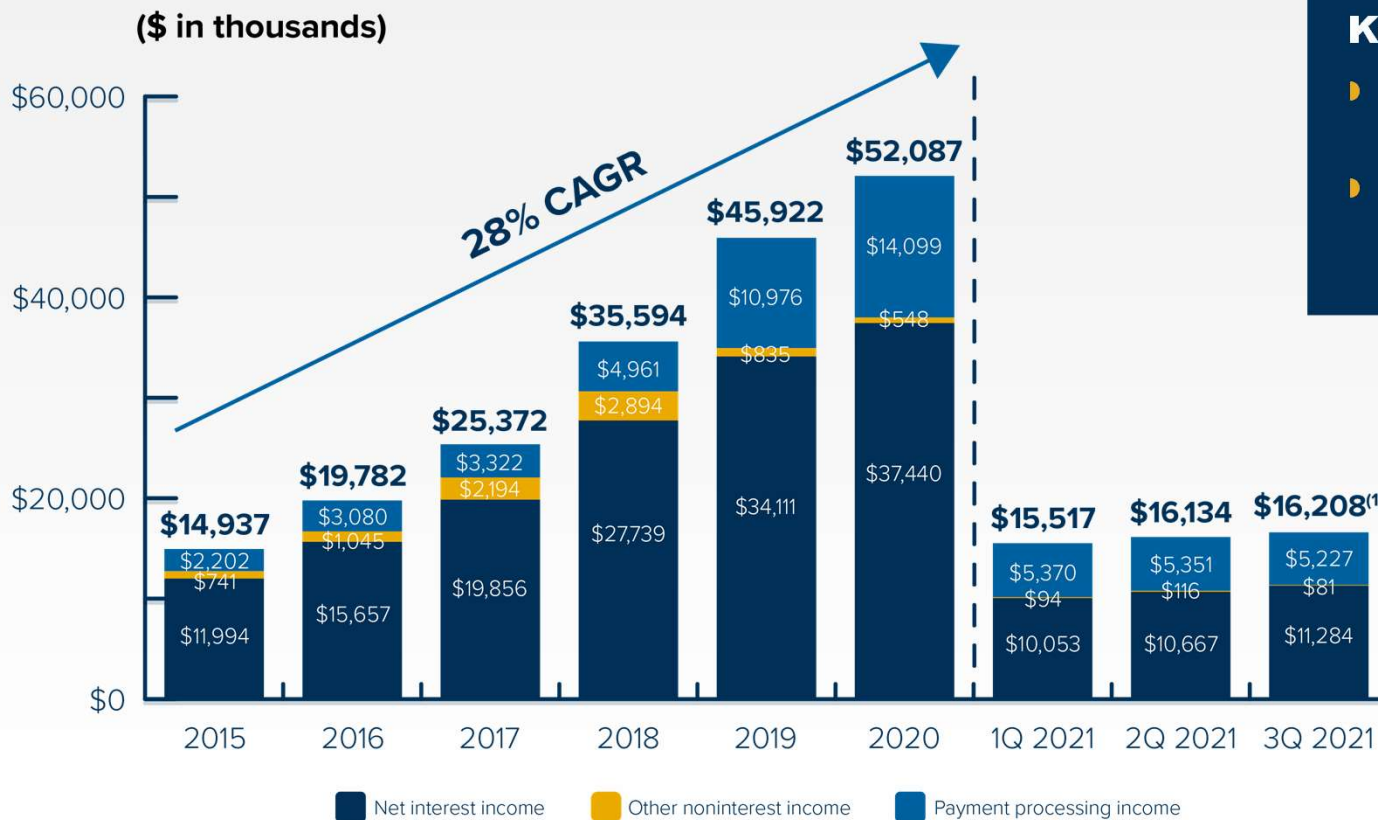
Stockholders equity (\$ in thousands)



Key Highlights

- ▶ Strong growth in higher yielding loans
- ▶ Stable low-cost deposit model
- ▶ Equity to Assets of 12.21%

Strong Revenue Growth



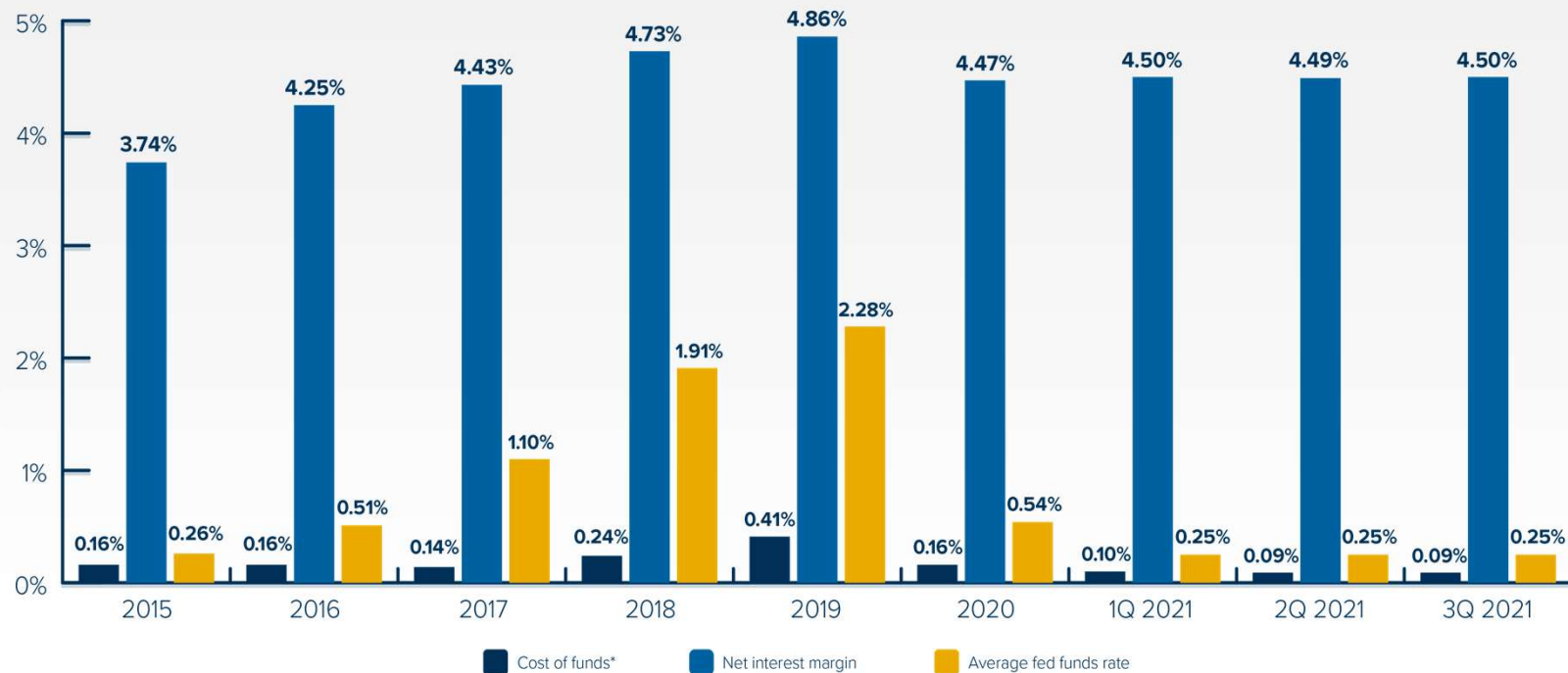
Key Highlights

- Strong net interest margin
- Stable payment processing fee income

(1) Includes a \$384 thousand charge related to the NFL loan portfolio valuation.

Industry Leading Net Interest Margin

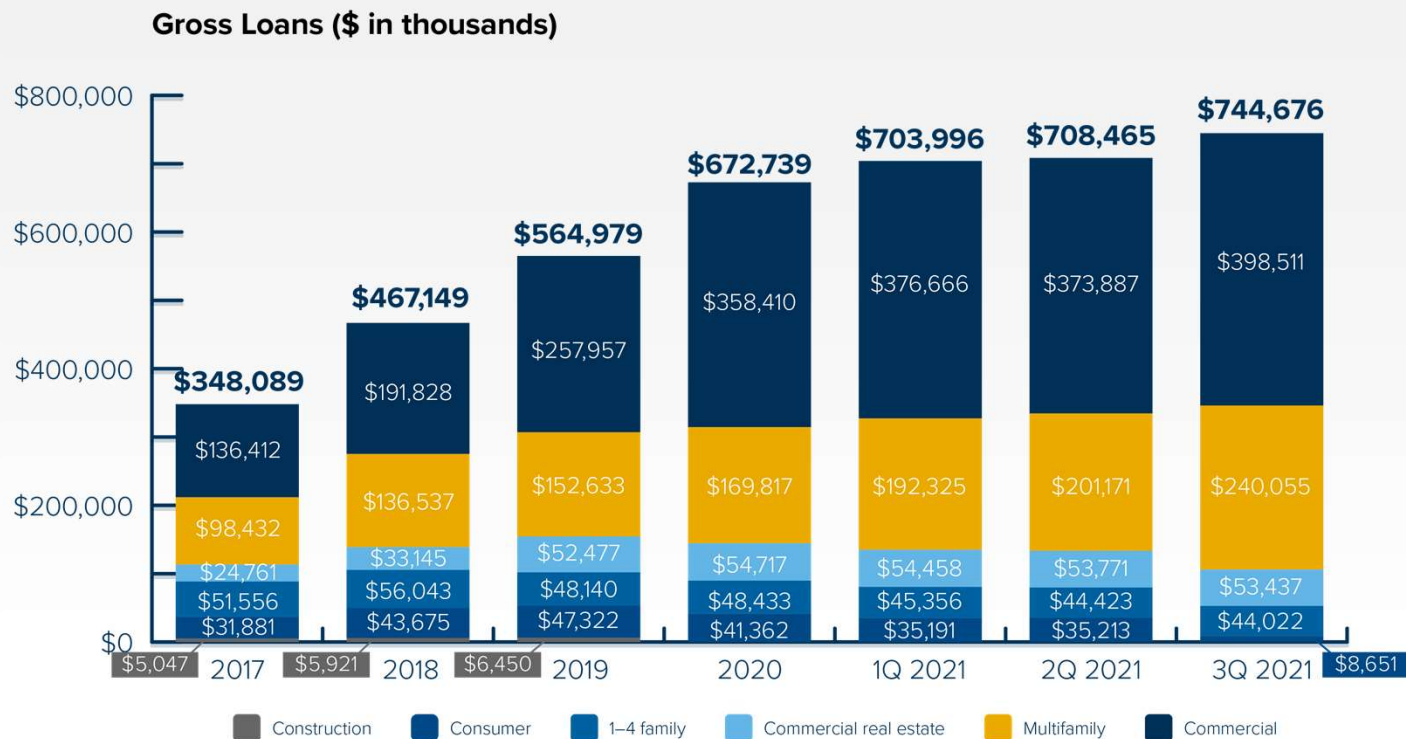
- ▶ Stable low-cost deposit model
- ▶ Strong commercial deposits franchise
- ▶ DDA and escrow-based NOW accounts represent 43% and 36% of total deposits at September 30, 2021, respectively
- ▶ Higher yielding variable rate commercial loans anchored by our litigation (attorney related) portfolio



*Included noninterest bearing demand deposits ("DDA")

Loan Portfolio Diversification with Focused Growth at September 30, 2021

- ▶ Focused growth in higher yielding commercial loans with strong credit metrics
- ▶ Selective multifamily loan growth with strong historical performance in the NY metro market





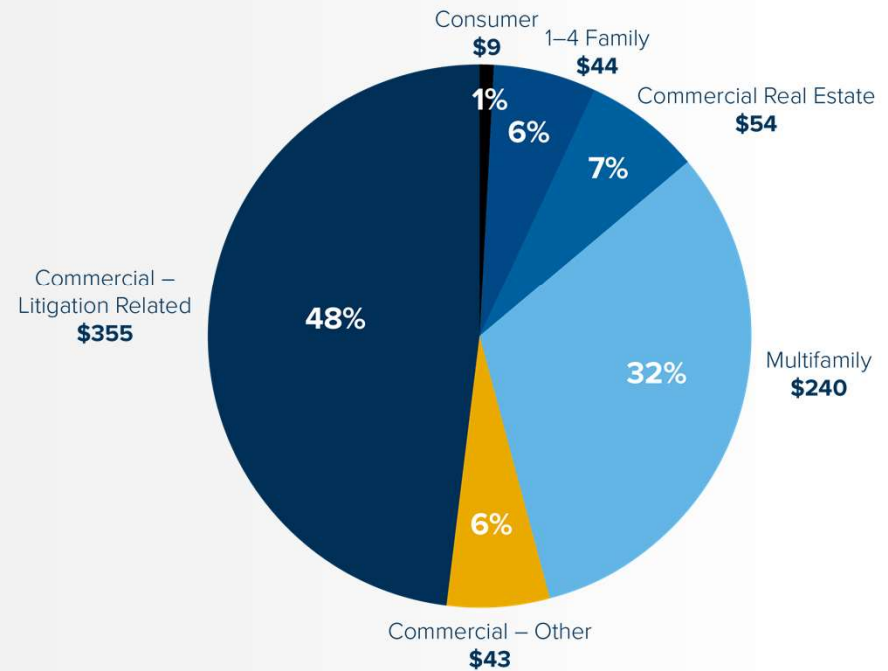
How Esquire Succeeds Boldly

Loan Portfolio Diversification with Focused Growth

- ▶ Approximately 54% of our loan portfolio is variable rate of which 87% have interest rate floor protection at September 30, 2021
- ▶ Asset sensitive – estimated sensitivity of projected annualized net interest income (“NII”) up 100 and 200 basis point rate scenarios increases projected NII by 9.3% and 19.0%, respectively at June 30, 2021



Loan portfolio diversification – \$745 million at September 30, 2021 (\$ in millions)





Esquire's *Bold Opportunities*

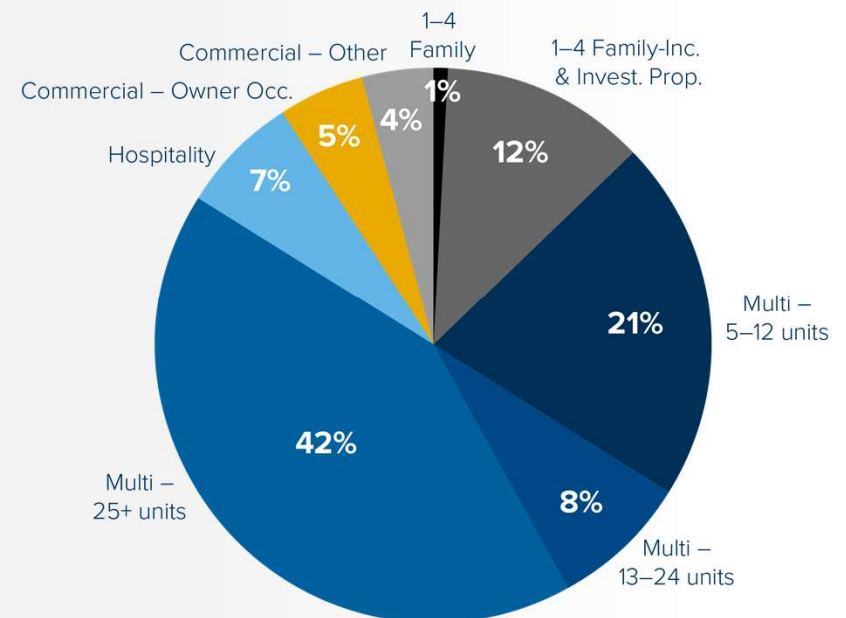
New York City properties total \$1.3 trillion in Market Value.* A Significant Growth Opportunity

- ▶ Thoughtful in our property and borrower selection process
- ▶ Minimal historical losses
- ▶ Average debt-service coverage ("DSCR") of approximately **1.5x**
- ▶ Average loan-to-value ("LTV") of **55%**
- ▶ Strong owner and operators with high quality net worth
- ▶ CRE exposure is less than 225% of total capital plus the allowance for loan losses ("ALLL")

*NYC Department of Finance publishes fiscal year 2022 tentative property tax assessment roll issued on January 15, 2021



Real estate portfolio – \$338 million at September 30, 2021



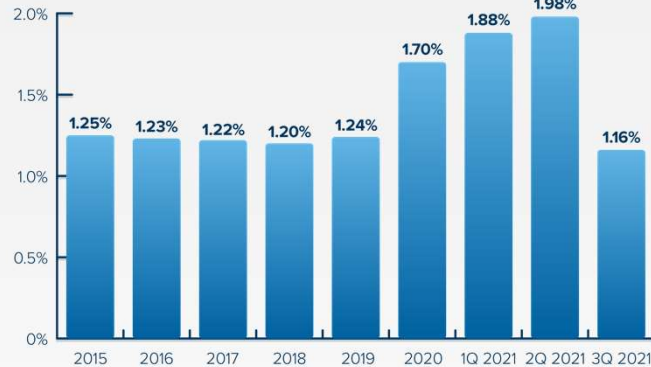


How Esquire Succeeds Boldly

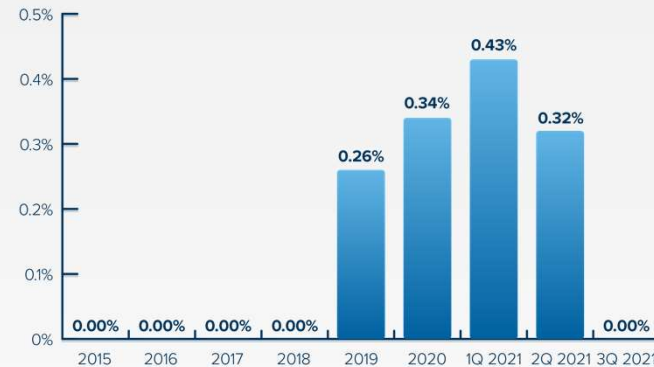


Solid Credit Metrics, Asset Quality and ALLL Coverage at September 30, 2021

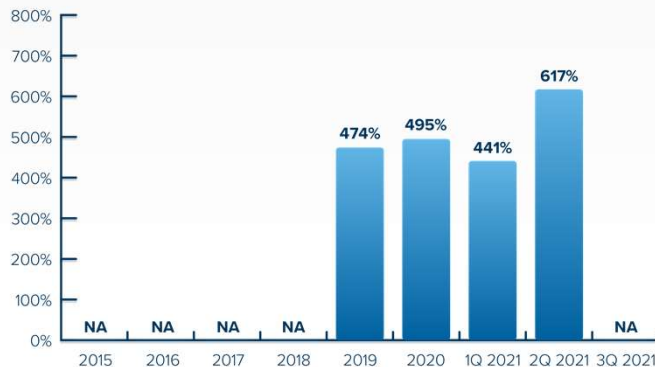
ALLL*/Loans



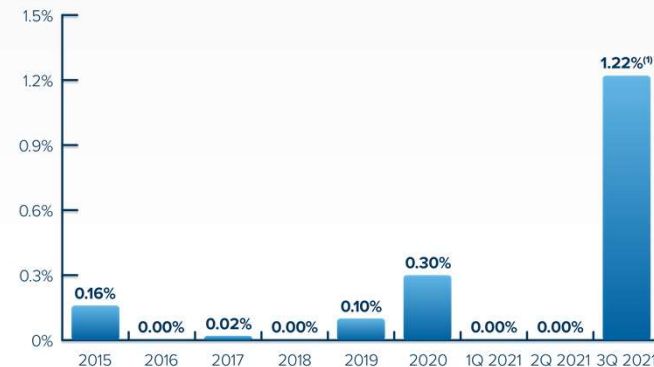
Nonperforming Loans/Loans



ALLL*/Nonperforming Loans



Net Charge-Offs/Average Loans



*ALLL – Allowance for loan and lease losses

Note – All asset quality metrics are based on our loans held for investment portfolio

(1) Reclassified the legacy NFL consumer loan portfolio from held for investment to held for sale which is accounted for at the lower of cost or market driving a \$9.0 million charge off.



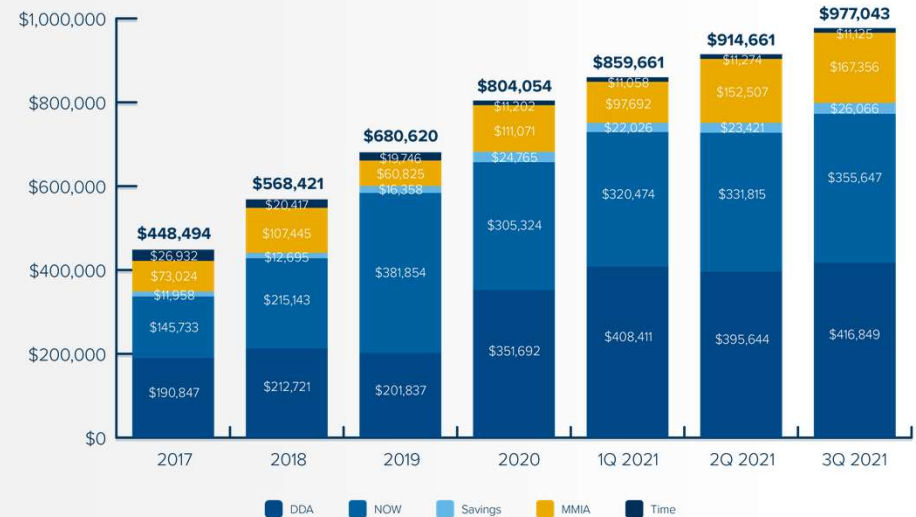
How Esquire Succeeds Boldly

Deposit Composition and Growth

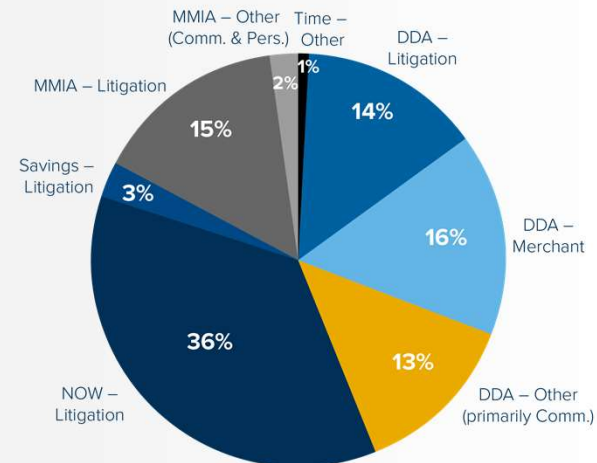
- ▶ DDA and NOW (escrow funds) deposits total 79% of total deposits, representing stable funding sources in various interest rate scenarios
- ▶ Litigation and payment processing deposits represent 68% and 16% of total deposits at September 30, 2021, respectively
- ▶ Off-balance sheet commercial litigation funds (“sweeps”) total \$444 million at September 30, 2021, representing an additional source of funding
- ▶ Commercial customers utilize our corporate cash management suite, including remote deposit capture (“RDC”) while leveraging our mobile banking application for personal banking, creating a highly efficient branchless platform



Deposit composition at September 30, 2021 (\$ in thousands)



Deposit composition at September 30, 2021



*Note: Excludes sweeps totaling \$444 million



Recognized for *Succeeding Boldly*



Strong Financial Metrics = Industry Leading Performance

Consistent recognition of exemplary performance from the industry

RAYMOND JAMES®

Raymond James'
#1 Top Performing
Community Bank
(2020, 2019)

PIPER | SANDLER

Piper Sandler &
Co.'s FSG
Top Ideas
(2021, 2020)

PIPER | SANDLER

2019 Bank and
Thrift SM – All Stars



National Litigation Market
**Law firms need bold
financial partners**





Esquire's *Bold Opportunities*



U.S. Litigation Market A Significant Growth Opportunity

- ▶ U.S. Tort actions are estimated to consume 1.5-2.0% of U.S. GDP* annually or \$429 billion**
- ▶ Esquire does not compete with non-bank finance companies
- ▶ Significant barriers to entry – management expertise, brand awareness, regulatory/compliance, and decades of experience

Key Highlights

- ▶ \$429 billion** Total Addressable Market (“TAM”) in litigation vertical
- ▶ Esquire is a tailored, differentiated brand and thought leader in the litigation market

The Esquire Competitive Advantage

Typically advancing more than traditional banks, on traditional banking terms



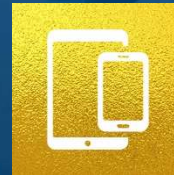
15-Year Industry Track Record



Extensive Litigation Experience In-House



Deep Relationships with Respected Firms Nationally



Daily Resources and Research



Cash Flow Lending Coupled with Borrowing Base or Asset Based Approach

Tailoring unique products other banks do not offer

*US Tort actions are estimated to consume 1.5-2.0% of U.S. GDP annually. – Towers Watson US Tort Trends

**\$429 billion estimated annual US tort costs by US Chamber of Commerce – US Chamber of Commerce IRL Costs and Compensation of US Tort System



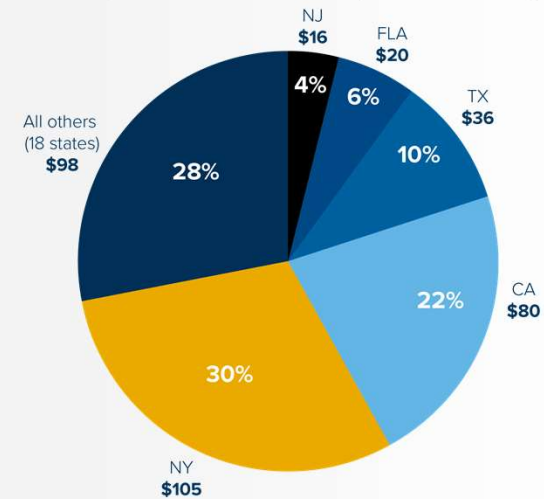
How Esquire *Succeeds Boldly*

Commercial Litigation (Law Firm) Loans

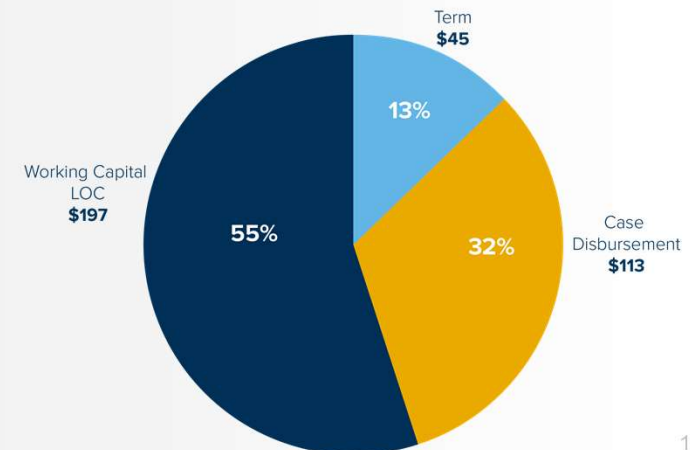
- ▶ **Full annual underwriting:** 3 years financials and tax returns (business and personal)
- ▶ Full case inventory valuation process
- ▶ Collateral assignment of full case inventory
- ▶ Diversity across law firm inventories and collateral
- ▶ Personal guarantees
- ▶ **Average LTV of less than 20%**
- ▶ Average **DSCR is typically greater than 1.70x**
- ▶ Average draws against committed and uncommitted line-of-credit (“LOC”) and case disbursement loans of 54%
- ▶ **Weighted average interest rate approximately 7%**
- ▶ Funded with low-cost litigation deposits
- ▶ **Litigation deposits to litigation loans drawn is 187%**



Law firm loan portfolio by state – \$355 million at September 30, 2021 (\$ in millions)



Breakdown of law firm related loans – \$355 million at September 30, 2021 (\$ in millions)





Payment Processing
***Succeed Boldly* with
flexible payment options
across several payment
platforms**





Esquire's **Bold Opportunities**

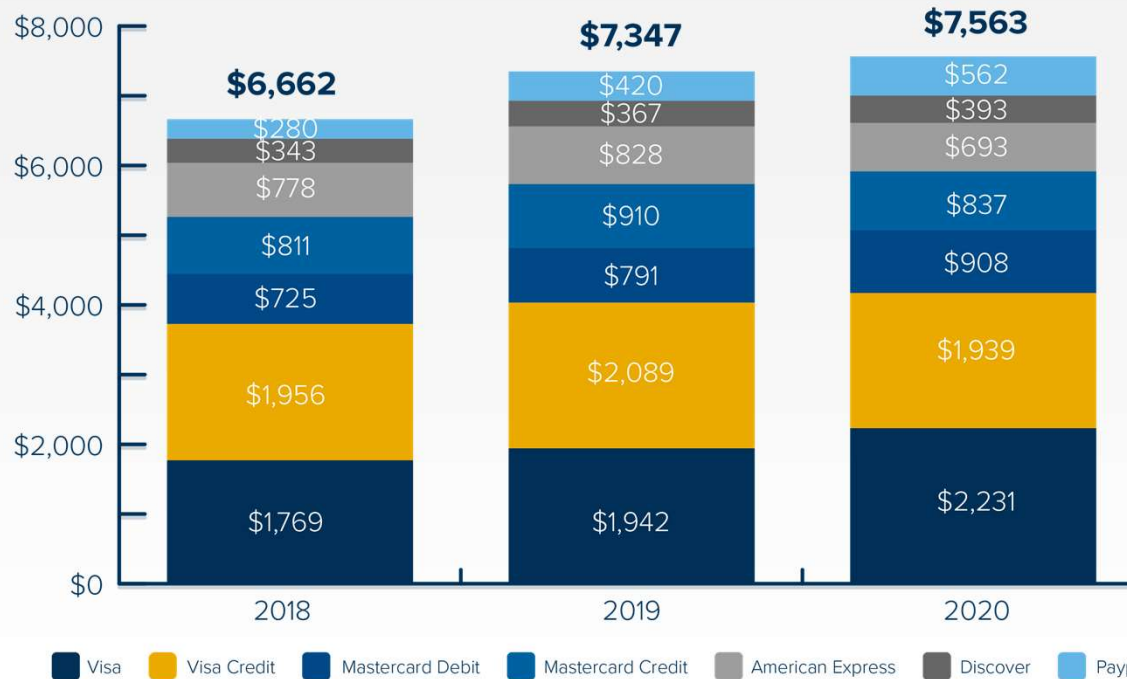


Payment Volume Trends – A Significant Growth Opportunity at December 31, 2020 (\$ in billions)

The payments industry grew nearly 3% from 2019 to 2020 to an estimated total payment volume of **\$7.6 trillion**

2018-2019: +10.3% CAGR

2019-2020: +2.9% CAGR



Sources: Company Financial Records., Note: PayPal figures represent PayPal's estimated U.S. percent share of "Total Payment Volume" (TPV). PayPal volume includes volume from a bank account, a PayPal account balance, a PayPal Credit account, a credit or debit card or other stored value products such as coupons and gift cards. As such, some of this volume may be included in other networks as well. PayPal's classification in the payments industry ecosystem is varied/debated as it performs functions attributed to a payment network, an issuer, acquirer, etc., and its financial reporting does not directly align with other payment network reporting structures and methods. Discover volume includes Discover Network and Pulse Network transactions.

Independent Sales Organization (ISO) Model

What is an ISO?

ISO Responsibilities

They Do

- ▶ Merchant Vertical and Technology Focus
- ▶ Sales Agent Model
- ▶ Performs Initial Underwriting
- ▶ Boards Merchant to Payment Processing Platform
- ▶ Installation of Merchant Equipment
- ▶ Manage Call Center for Merchant Clients
- ▶ Merchant Risk and PCI Compliance

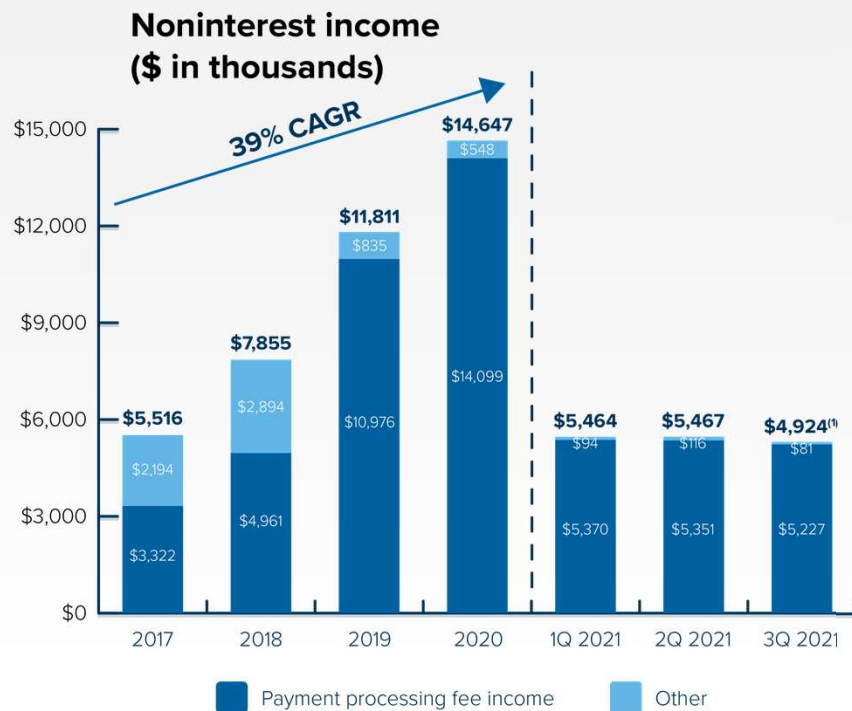
Bank Responsibilities

We Do

- ▶ Robust Policies
- ▶ Card Brand and Regulatory Compliance
- ▶ Support Multiple Processing Systems
- ▶ Assess ISO Verticals
- ▶ Re-underwrite Merchant Applications
- ▶ Utilize Industry Leading Risk Management Technology
- ▶ Daily and Month End Risk and Compliance Management
- ▶ Treasury Function for Merchant Clearing
- ▶ Maintaining and Monitor ISO and Merchant Reserves (DDA)

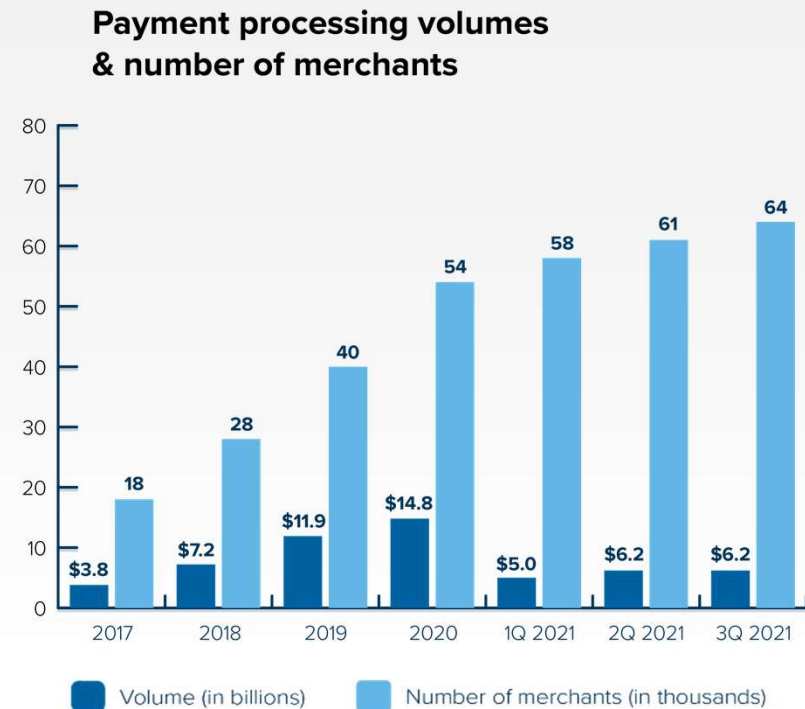
Strong Growth in Stable Noninterest Income at September 30, 2021

- Currently servicing 63,000+ merchants across 50 states
- Noninterest income, primarily payment processing fees, represents 30% of total revenue, at September 30, 2021



(1) Includes a \$384 thousand charge related to the NFL loan portfolio valuation.

*Payment processing CAGR is 62%



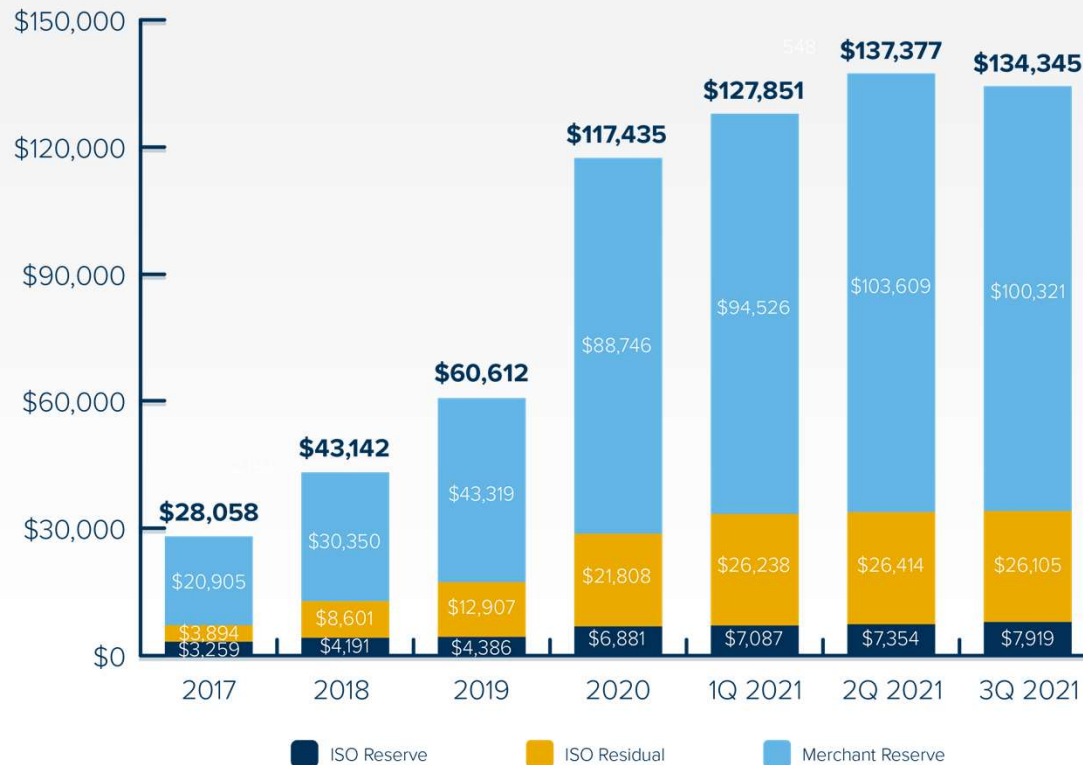


How Esquire Succeeds Boldly

Protecting Our Company with Strong Payment Processing Reserves

at September 30, 2021

ISO and Merchant DDA Reserves (\$ in thousands)



Key Highlights

- Strong and stable DDA reserves
- Protection from merchant chargebacks and returns



ESQUIRE
BANK

Succeed Boldly



High Tech, High Touch
**Growing boldly with
financial technology
for the future**



Technology Driving *Bold Success*

Client Centric Technology A Key Driver for Future Growth

Artificial Intelligence* + a b | e a u

Website

Marketing Marketing Cloud

Sales

Underwriting

Onboarding SIGNATURE

AI to facilitate precision marketing and exponential customer acquisition across all verticals

Website analytics, data enrichment and thought leadership content marketing

Precision marketing – right offer right time

Sales enablement, pipeline management and forecasting

Underwriting efficiency & risk management / cash management and mobile banking / online applications

Customer onboarding / core banking

- ▶ Partnering with best-in-class software vendors and solutions, with custom development to service all verticals at the bank
- ▶ Proprietary CRM built on Salesforce platform housing all client data touch points from prospect to boarding with a single client view, enabling high volume client acquisition strategies and excellence in client service

* Deployment of AI technologies applicable only to sales and marketing processes and not used as a decisioning tool for loan underwriting processes.



Digitally Transforming The Business of Law

Aligning Law Firm Case Inventory Lifecycle to Customer Retention



Why Esquire is Set to *Succeed Boldly*

Large national markets primed for disruption: **\$429 billion** for the litigation vertical and **\$7.6 trillion** in the payment processing vertical

Tremendous untapped potential: Esquire's current market share is **a fraction** of both national verticals



We are **thought leaders** in the litigation vertical

Differentiated and positioned for growth: **With industry leading tailored products and state-of-the-art technology** geared towards effective client acquisition

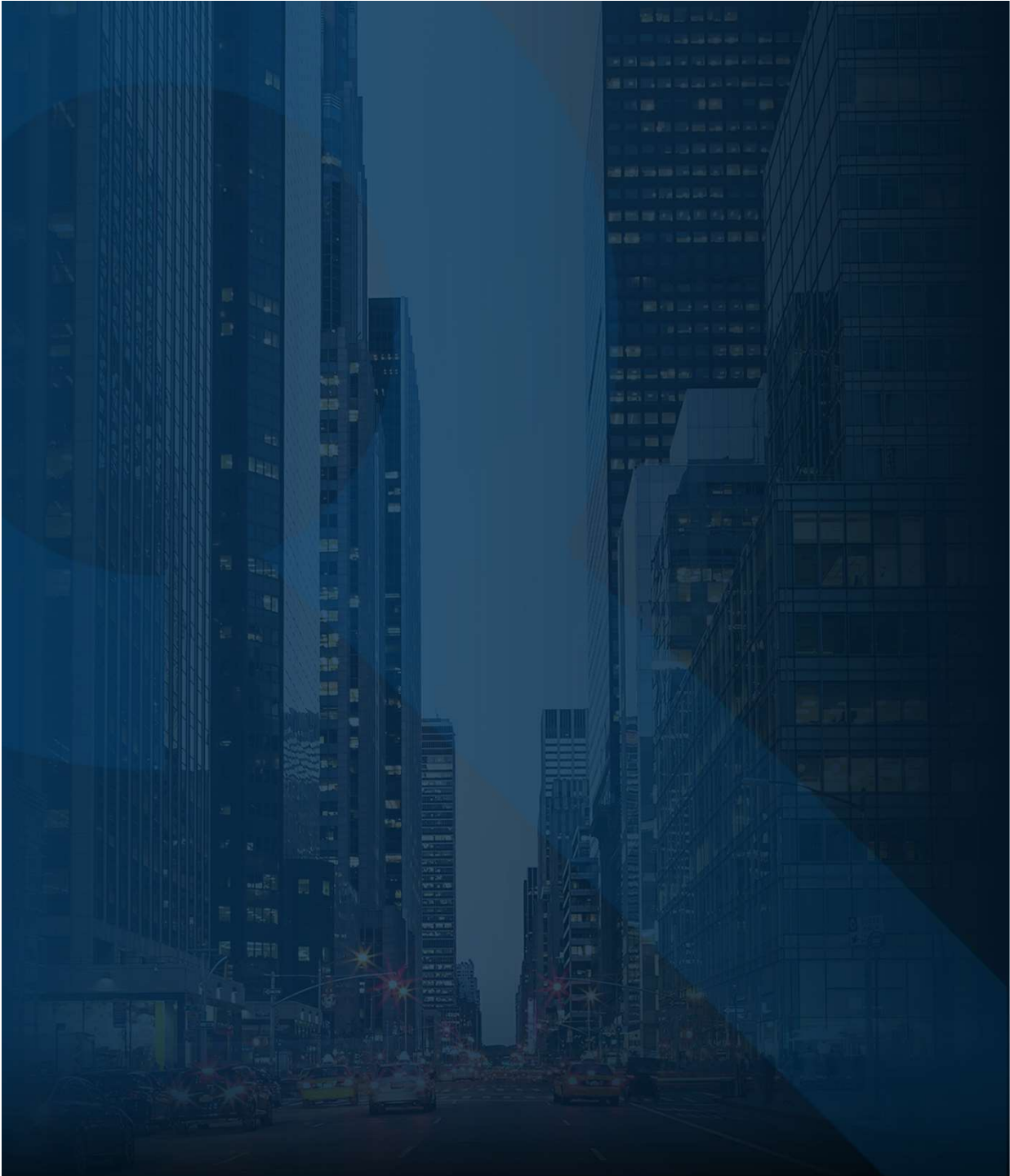
Non-GAAP Financial Measure Reconciliation

(all dollars in thousands except per share data)

Adjusted net income, which is used to compute adjusted return on average assets, adjusted return on average common equity and adjusted earnings per common share, excludes the impact of the charge relating to the reclassification of our legacy NFL consumer post settlement loan portfolio from held for investment at amortized cost to held for sale (“HFS”) at the lower of cost or market.

We believe that these non-GAAP financial measures provide information that is important to investors and that is useful in understanding our financial position, results and ratios. However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. As other companies may use different calculations for this measure, this presentation may not be comparable to other similarly titled measures by other companies.

	Three months ended	
	September 30,	
	2021	2020
Net income - GAAP	\$ 2,519	\$ 3,606
Add: provision for loan losses related to HFS	3,000	—
Add: noninterest income – unrealized loss HFS	384	—
Less: income tax impact	914	—
Loans held for sale charge, net of tax	2,470	—
Adjusted net income	\$ 4,989	\$ 3,606
Return on average assets – GAAP	0.97 %	1.60 %
Adjusted return on average assets	1.93 %	1.60 %
Return on average common equity – GAAP	7.32 %	11.99 %
Adjusted return on average common equity	14.49 %	11.99 %
Basic earnings per share – GAAP	\$ 0.34	\$ 0.49
Adjusted basic earnings per share	\$ 0.67	\$ 0.49
Diluted earnings per share – GAAP	\$ 0.32	\$ 0.48
Adjusted diluted earnings per share	\$ 0.63	\$ 0.48



Succeeding Boldly

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