

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

4Q 2022 Investor Presentation









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.





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



How Our Clients Succeed Boldly

Nationwide Branchless Tech Enabled Litigation & Payment Processing Verticals

Generating Industry Leading Returns



Litigation Vertical

Commercial Banking Nationally

- Decades of expertise in the national litigation market
- Asset sensitive model anchored by law firm loans yielding approx. 9%
- Branchless and tech enabled core deposit platform funded at 0.15% (0.25% in 4Q '22)
- Driving loan and deposit growth with a CAGR in excess of 20% since 2015



Payment Processing Vertical (Merchant Services)

Small Business Banking Nationally

- Expertise in sales, risk, and compliance management for 25+ years
- Independent Sales Organization ("ISO") model with approximately 76,000 merchants nationally
- Fee income represents 30% (27% in 4Q '22) of total revenue
- Strong growth and stable payment processing fee income with a CAGR of 46% since 2017



Industry Leading Returns

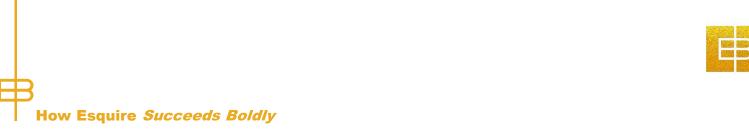
Fueled by Branchless and Tech Enabled National Verticals

- Average ROA and ROTCE of 2.31% and 19.44%, respectively (2.80% and 23.89% in 4Q '22)
- Industry leading NIM of 4.99% (5.81% in 4Q '22)
- Diversified revenue stream with strong NIM and stable fee income
- Strong efficiency ratio of 49.8% (45.3% in 4Q '22) while investing in vertical specific technology & future growth



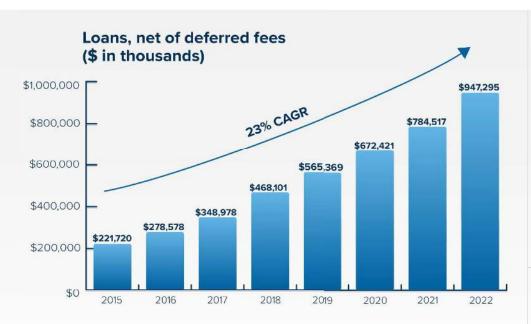
Technology – the Future A Catalyst for Strong Growth

- 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



Strong Growth Driven by Unique National Verticals

at December 31, 2022

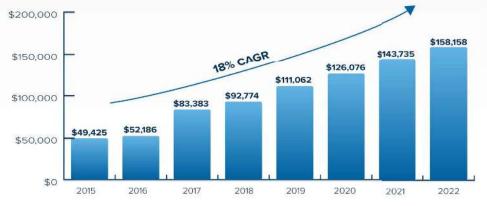


Key Highlights

- Strong growth in higher yielding variable rate commercial loans on a national basis
- Stable low-cost branchless and tech enabled deposit model
- **Equity to Assets of 11.33%**







Succeed Boldly

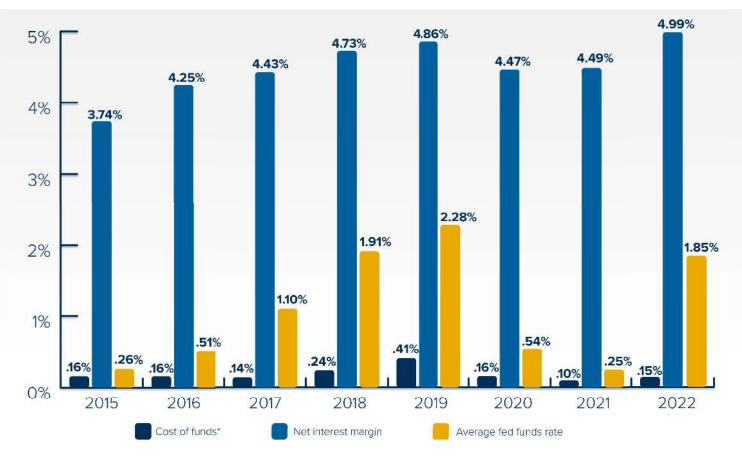




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Industry Leading Net Interest Margin

- Stable low-cost branchless deposit model
- Strong commercial deposits franchise nationally
- DDA and escrow-based NOW accounts represent 36% and 46% of total deposits at December 31, 2022, respectively
- Higher yielding variable rate commercial loans anchored by our national litigation portfolio
- Asset sensitive balance sheet benefiting from increases in short-term interest rates

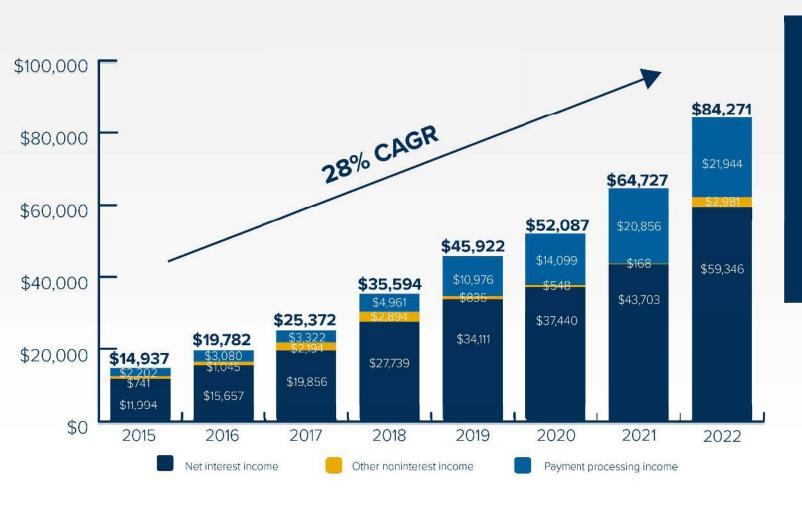






Strong Revenue Growth

(\$ in thousands) at December 31, 2022



Key Highlights

- Strong asset sensitive net interest margin
- Stable payment processing fee income as short-term interest rates increase
- Growing ASP fee income derived from off-balance sheet funds management





Financial Highlights

at December 31, 2022

Return on Average Assets



Key Highlights

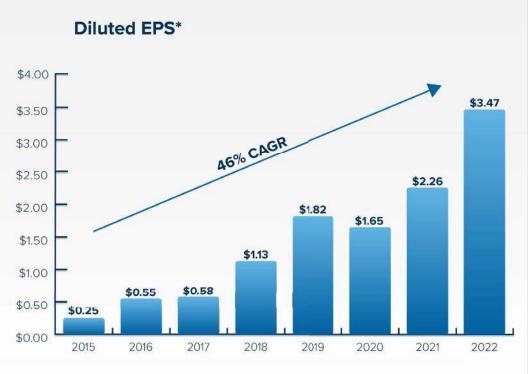
- Industry leading returns from our unique and tech enabled national business models
- Stable payment processing fee income – noninterest income totaled 30% of revenue for the year ended December 31, 2022
- Branchless low-cost deposits with a cost of funds of 0.15% for the year ended December 31, 2022 *
- Book value per share and equity to assets are \$19.30 and 11.33% at December 31, 2022, respectively
- Raymond James' Top Performing Community Bank (2018-2021)
- Piper Sandler & Co.'s "2021 FSG Top Ideas"
- Added to the Russell 3000 Index as part of the 2022 index reconstitution

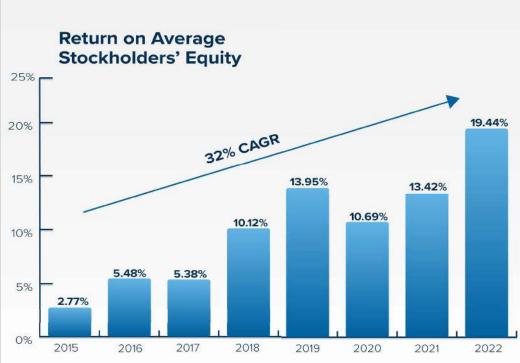




Financial Highlights, cont'd

at December 31, 2022





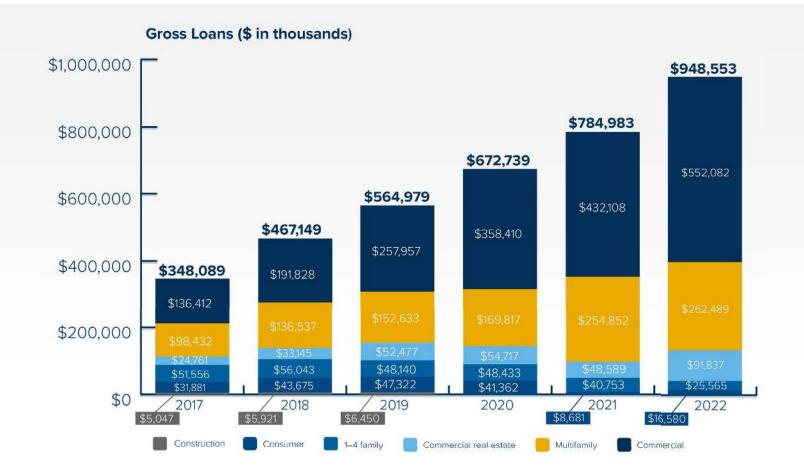




Loan Portfolio Diversification with Focused Growth

at December 31, 2022

- Focused growth in higher yielding variable rate commercial loans with strong credit metrics on a national basis
- Selective multifamily loan growth with strong historical performance in the NY metro market



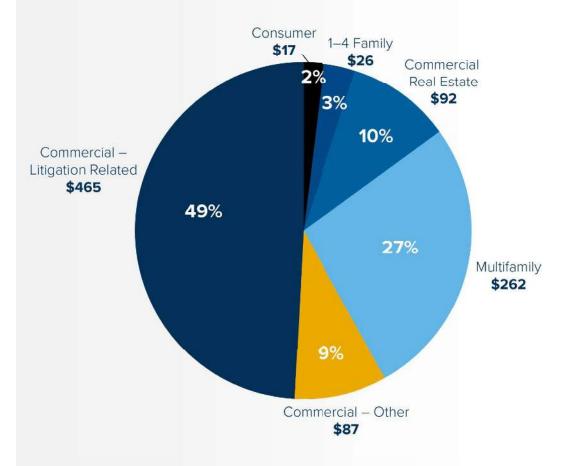


Loan Portfolio Diversification with Focused Growth

- Substantially all of our \$552 million commercial loans are variable rate and tied to prime, comprising approximately 58% of our loan portfolio
- Asset sensitive estimated sensitivity of projected annualized net interest income ("NII") up 100 and 200 basis point rate scenarios increases projected NII by 7.7% and 15.4%, respectively at September 30, 2022



Loan Portfolio Diversification – \$949 Million at December 31, 2022 (\$ in millions)

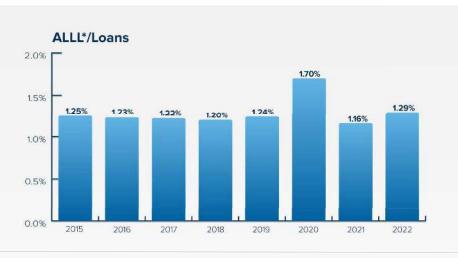


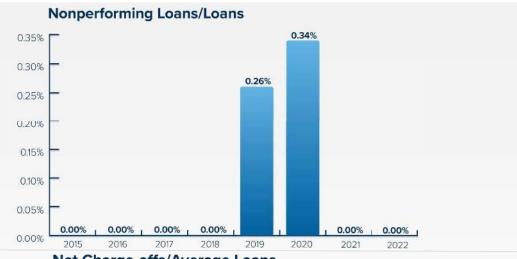


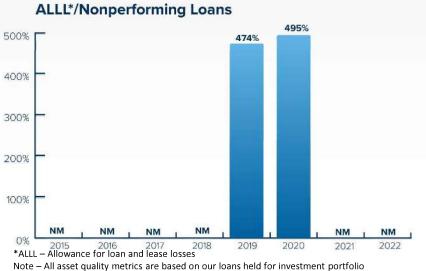


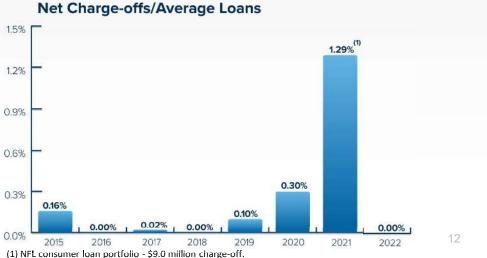
Solid Credit Metrics, Asset Quality and ALLL Coverage

at December 31, 2022











Deposit Composition and Growth

- DDA and NOW (escrow funds) deposits total 82% of total deposits, representing stable funding sources in various interest rate scenarios
- Litigation and payment processing deposits represent 71% and 12% of total deposits at December 31, 2022, respectively
- Off-balance sheet commercial litigation funds ("sweeps") total \$432 million at December 31, 2022. representing an additional source of funding
- Our tech enabled deposit platform allows our commercial customers to utilize our corporate cash management suite, including remote deposit capture ("RDC") while also leveraging our mobile banking application, creating a highly efficient branchless platform



Deposit Composition at December 31, 2022 (\$ in thousands)



Deposit Composition at December 31, 2022



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Why Esquire is Set to Succeed Boldly

Significant national markets primed for disruption: \$429 billion & 100,000+ firms in the litigation vertical and \$9.5 trillion and 10+ million merchants in the payment processing vertical

We are **thought leaders** in the litigation vertical and provide **C-suite access for ISO flexibility** in the payment processing vertical

Tremendous untapped potential: Esquire's current market share is a fraction of both national verticals that are primed for disruption by our clientcentric & tech-focused institution



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



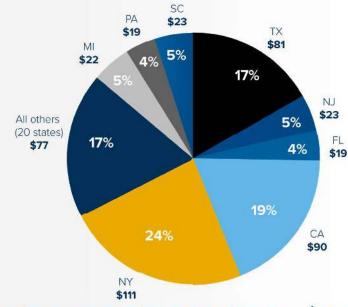


Commercial Litigation (Law Firm) Loans

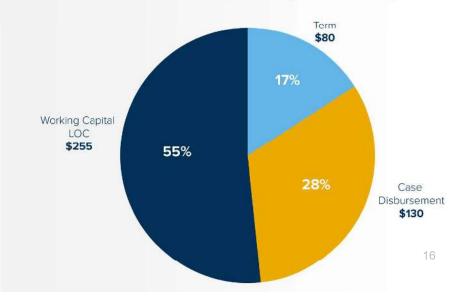
- **Full annual underwriting:** 3 years financials and tax returns (business and personal)
- Full contingent case inventory valuation process & collateral assignment
- Diversity across law firm inventories and collateral
- Personal guarantees
- Average LTV of less than 20%
- Average **DSCR** is typically greater than 1.70x
- Average draws against committed and uncommitted line-of-credit ("LOC") and case disbursement loans of approximately 50%
- Weighted average interest rate approximately 9%
- Funded with low-cost litigation deposits
- Litigation deposits to litigation loans drawn is approximately 185%



Law Firm Loan Portfolio by State – \$465 Million at December 31, 2022 (\$ in millions)



Breakdown of Law Firm Related Loans – \$465 Million at December 31, 2022 (\$ in millions)







Payment Processing – Current 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**

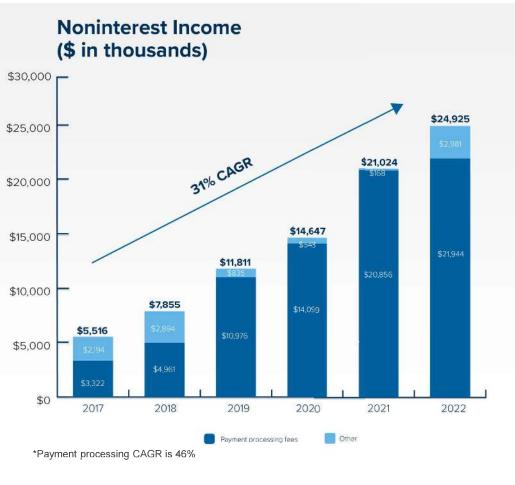
Bank Responsibilities We Do **Robust Policies Tech Enabled Card Brand and Regulatory Compliance Support Multiple Processing Systems Assess ISO Verticals Re-underwrite Merchant Applications Utilize Industry Leading Risk Management Technology** Daily and Month End Risk and **Compliance Management Commercial Treasury Function for Merchant Clearing and ISO Cash** Management **Maintaining and Monitor ISO and Merchant Reserves (DDA)**

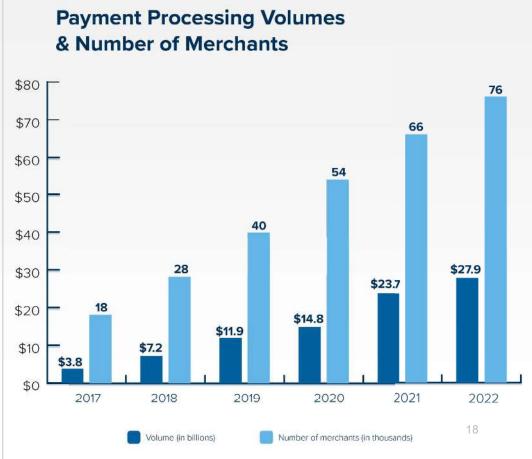




Strong Growth in Stable Noninterest Income at December 31, 2022

- Currently servicing approximately 76,000 merchants across 50 states
- Noninterest income, primarily payment processing fees, represents 30% of total revenue, for the year ended December 31, 2022







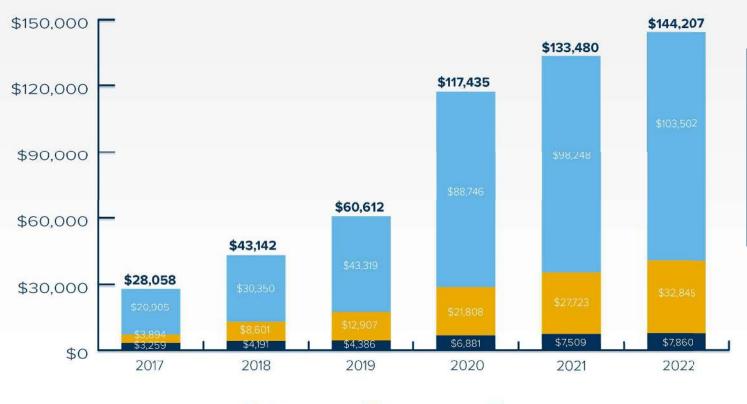
How Esquire Succeeds Boldly

Protecting Our Company with Strong Payment Processing Reserves

at December 31, 2022

ISO and Merchant DDA Reserves (\$ in thousands)

ISO Reserve



ISO Residual

Merchant Reserve

Key Highlights

- Strong and stable DDA reserves
- Protecting capital from merchant chargebacks and returns

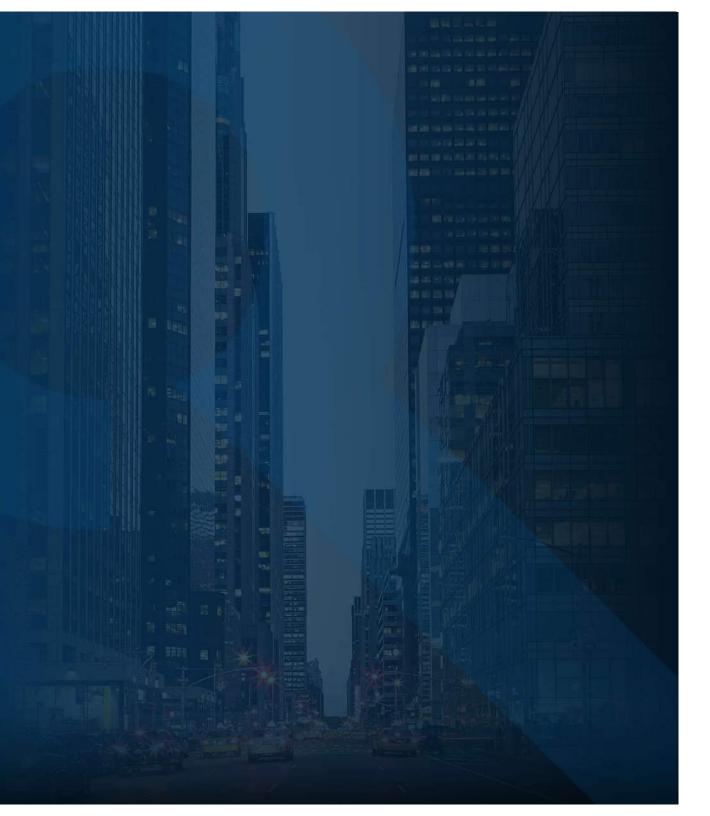




Client Centric Technology A Key Driver for Future Growth



- 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



Succeeding Boldly

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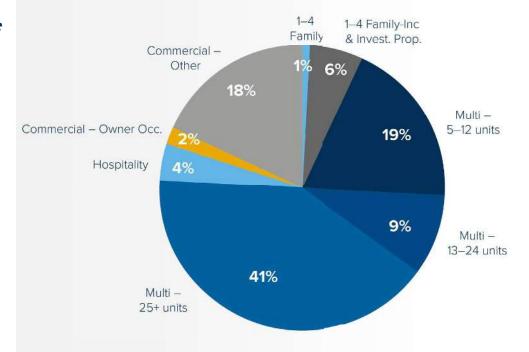


New York City properties total \$1.3 trillion in Market Value.* A Significant Growth Opportunity

- 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 approximately **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")



Real Estate Portfolio – \$380 Million at December 31, 2022







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





Aligning Law Firm Case Inventory Lifecycle to Customer Retention



Products

- Case Cost Loans
- Working Capital Loans
- Firm and Partner Acquisition Loans
- Term Loans to Finance Case Acquisition & Growth
- Escrow Banking and QSF Settlement Services
- Plaintiff Banking including Exclusive Prepaid Card Offering

Technology

- Esquire Insight Case Management Technology
- Commercial Cash Management
- Case Cost Management
- Online Applications
- Thought Leadership Digital Platform and Content



Esquire's *Bold Opportunities*

Payment Volume Trends – A Significant Growth Opportunity

at December 31, 2021 (\$ in billions)

The payments industry grew nearly 25% from 2020 to 2021 to an estimated total payment volume of \$9.5 trillion



