



**Esquire Bank, National Association  
Jericho, New York**

**Community Reinvestment Act  
Strategic Plan**

**Commitments and Goals 2024 – 2026**

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## EXECUTIVE SUMMARY

The Board of Directors of Esquire Bank, National Association (Esquire Bank or the Bank) had previously implemented a Community Reinvestment Act (CRA) Plan covering the calendar year periods from 2021 through 2023 and is submitting a new Plan covering the calendar year periods from 2024 through 2026.

The CRA Plan (the Plan) sets forth the Bank's goals for lending, investment, and community development (CD) services in its CRA assessment area and the timetables for achieving those goals. The Plan details CRA governance structure, describes reporting that will be used to monitor the achievement of Plan goals, and explains the Bank's plans to continue to offer products and services that serve community needs while simultaneously increasing its community visibility. As part of the implementation of the Plan, the Bank will expand upon its current strategies for servicing its assessment area, including regular ongoing dialogue with local community-based organizations. The Plan presented herein describes the Bank's activities and goals that will be evaluated under the strategic plan option.

Financial regulators, such as the Office of the Comptroller of the Currency (OCC), review the CRA performance of banks operating in the United States and evaluate compliance with CRA utilizing performance criteria that varies based on the asset size of an institution. For institutions such as Esquire Bank, the applicable performance evaluation is the intermediate small institution test which is comprised of an assessment of an institution's loan-to-deposit ratio, percentage of loans in the institution's CRA assessment area, geographic distribution of loans within its CRA assessment area, institution's record of lending to individual borrowers of different incomes and businesses and farms of different revenue sizes, an institution's record of responding to consumer complaints, and an institutions number and dollar amount of community development loans, dollar amount of qualified investments, and level of community development services.

Before the advent of developments such as online banking and access to credit from diversified financial providers via the Internet, banks, like Esquire Bank, designated their CRA assessment area based on where the institution had its main office, its branch, as well as surrounding geographies in which the institution has originated or purchased a substantial portion of its loans. In the 46 years since the enactment of CRA, technology and the advancement of financial systems has enabled institutions like Esquire Bank to expand their operations beyond the limited geographic reach of their traditional banking locations. As delineated in this CRA Plan, the Bank has developed a business strategy that focuses on making business loan products available to law firms that specialize in personal injury representation and unique loan products to individuals suffering from personal injuries throughout the United States. The loans to these law firms provide the capital necessary to represent injured individuals who otherwise do not have the funds to advance to the law firm to commence their case. This nationwide lending strategy is driven by the business operations and expertise of the Board of Directors and senior management, portfolio diversification goals, direct lending relationships with law firms, and lending opportunities (including in low- and moderate-income areas) outside of the communities that are served by the Bank's retail facility. The Bank's intentions are to expand its base of customers nationwide, who are attracted by the Bank's state- of-the-art online and mobile offerings, and expertise in lending to law firms that specialize in personal injury representation.

Another area worthy of mention involves the Bank's merchant processing activities. Presently the Bank provides credit and debit card processing services to 24,000 merchants located in low- and moderate-income geographies representing 34% of the Bank's merchant processing customer base. The ability of these merchants to accept credit and debit card payments eases the cash burden on low- and moderate-income (LMI) individuals in these areas for purchasing goods and services (e.g., groceries) and helps to stabilize these communities. The beneficial impact is multiplied by the number of customers each merchant serves in these communities.

In view of the Bank's business strategy, the Board of Directors and senior management do not believe CRA's intermediate small bank lending test or large bank test will adequately measure the lending performance of the Bank. As an alternative to the standard evaluation option, the CRA permits the Bank to comply with the

regulation by electing to implement an approved CRA strategic plan. Accordingly, the Bank elects to operate under this Plan to satisfy its CRA responsibilities. The strategic plan option allows the Bank to develop a plan with community input, detailing how the Bank proposes to meet its CRA obligations. The Plan is tailored to the credit, investment, and service needs of Esquire Bank's CRA assessment area using direct community input at the development stage.

All CRA Strategic Plans must include measurable goals. Most institutions develop separate measurable goals to achieve a *Satisfactory* rating or an *Outstanding* rating. At issue is how does any depository institution develops measurable goals. There are a variety of ways to do it. One is tying the goals to a percentage of Tier One Capital, another is tying the goals to a percentage of aggregate data such as low- and moderate-income families, owner-occupied housing units, and small businesses. Another is establishing a percentage based on a depository institution's own performance. The one most frequently adopted, and we think preferable for Esquire Bank, is based on a percentage of an institution's average total assets.

In accordance with the Bank's budget projections of asset size and financial condition, the Bank has established measurable CRA qualifying loan goals tied to the Bank's average total annual assets. In addition, the Bank has developed measurable goals for qualified investments that are also tied to the Bank's average total annual assets. Choosing the institution's average total asset size as a benchmark will allow the CRA commitment to grow as the Bank grows.

Measurable goals are delineated under the Lending, Investment, and Service Test portion of this Plan. The following factors were considered in the development of measurable goals:

- Location of Bank and designated assessment area
- Demographic and current economic conditions within the Bank's assessment area
- Regulatory agencies responsible for examining the Bank
- Products and services offered
- Lending focus (local, regional, and nationwide)
- Calculation method employed to determine measurable goals
- Asset size
- Delivery channels (direct or indirect through third-party organizations/entities)

Esquire Bank is a full-service, commercial bank dedicated to serving the financial needs of law firms specializing in personal injury representation on a national basis as well as commercial and retail customers in the New York metropolitan area. The Bank serves the financial needs of participants of the litigation market and other professional service firms, provides merchant services to small- to medium-sized businesses nationally and in addition offers banking services and products to small- to medium-sized businesses as well as retail customers in the New York metropolitan market. The Bank's products and services include commercial lending and depository products with a focus on commercial, commercial real estate, multifamily and 1-4 family income producing investment property loans, mobile and online banking, cash management services, remote deposit capture and ACH.

On the deposit side, the Bank offers the full array of deposit products including transaction accounts (interest and non-interest-bearing accounts), non-transaction accounts such as saving deposits, money market, and certificates of deposit accounts. Approximately 75% of our deposit base is derived from the legal community and includes law firms' operating accounts (DDA), escrow/IOLTA accounts (consumer or claimant settlements), and money market accounts (consumer or claimant settlements). These deposit funds are utilized to lend back to the legal community in the form of commercial law firm loans (C&I) and post settlement consumer loans (claimants). Our business strategy and methodology represent a legal ecosystem where the deposit funds derived nationally are loaned back into the legal community.

## COMPANY OVERVIEW

Esquire Bank is a specialized bank founded in 2006. As of December 31, 2023, Esquire Bank is a \$1.59 billion-dollar financial institution wholly owned by Esquire Financial Holdings, Inc., a one-bank holding company with headquarters in Jericho, New York. Esquire Bank is a full-service, commercial bank dedicated to serving the financial needs of law firms specializing in personal injury representation on a national basis as well as commercial and retail customers in the New York metropolitan area. The Bank serves the financial needs of participants of the litigation market and other professional service firms, provides merchant services to small- to medium-sized businesses nationally and in addition offers banking services and products to small- to medium-sized businesses as well as retail customers in the New York metropolitan market. The Bank's products and services include commercial and consumer lending and depository products with a focus on commercial, commercial real estate, multifamily and 1-4 family income producing investment property loans, mobile and online banking, cash management services, remote deposit capture and ACH. Esquire Bank's headquarters and its single branch are located in Jericho, New York. An administrative office is maintained in Boca Raton, Florida and a branch office is planned for Southern California, which is anticipated to open in 2025.

As of December 31, 2023, the Bank's loan portfolio totaled \$1.20 billion and consisted of 60.9% in commercial and industrial loans, 28.9% in multi-family loans, 1.5% in one- to four-family investment property loans, 7.5% in commercial real estate loans, and 1.2% in non-real estate consumer loans. The Bank's business model is focused on specialty loans to personal injury law firms, community development lending, and multi-family lending. The multi-family loan portfolio includes loans that provide affordable housing. Total deposits were \$1.41 billion and total liabilities of \$1.43 billion as of December 31, 2023

There are no legal, financial, or other factors impeding the Bank's ability to help meet the credit needs in its assessment area. However, given that the Bank's strategic focus is its law firm lending strategy, the Bank does not offer typical consumer products such as owner-occupied residential mortgages, automobile loans, personal loans, or student loans.

The previous CRA examination under the Intermediate Small Bank evaluation procedures, covering January 1, 2019, through December 31, 2020, resulted in the Bank receiving an Institution CRA Rating of Outstanding, with the lending test rated Satisfactory and the community development test rated Outstanding

## CRA ASSESSMENT AREA DATA

The Bank defines its assessment area as Bronx, Kings, New York, Queens, Nassau, and Suffolk Counties in the State of New York and the broader statewide or regional area. Bronx, Kings, New York, and Queens Counties fall in the New York-Jersey City-White Plains NY-NJ MD (35614). Nassau and Suffolk Counties fall in the Nassau County-Suffolk County, NY MD (35004). Both Metro Divisions fall within the New York-Newark-Jersey City, NY-NJ-PA MSA (35620). The six counties are contiguous, with Kings and New York Counties on the western end and Nassau and Suffolk Counties on the eastern end of the assessment area. The Bank operates one full-service branch, located in Jericho, Nassau County, NY.

The assessment area includes all 2,872 census tracts within Bronx, Kings, New York, Queens, Nassau, and Suffolk Counties. Of the 2,872 census tracts, 297 (10.3%) are designated as low-income tracts, 678 (23.6%) are designated as moderate-income tracts, 1,051 (36.6%) are designated as middle-income tracts, 687 (23.9%) are designated as upper-income tracts, and 159 (5.5%) have not been assigned an income classification. The assessment area complies with the CRA guidelines and does not arbitrarily exclude LMI geographies.

The overall population of the assessment area is 11,230,137, comprising 3,970,165 households and 2,487,049 families. The median family income in the New York-Jersey City-White Plains MD (35614) is \$99,300, and the median family income in the Nassau County-Suffolk County, NY MD (35004) is \$156,300. With respect to family distribution by income level, 12.4% of families in the assessment area live in low-income tracts, 24.4% live in moderate-income tracts, 38.2% live in middle-income tracts, and 24.1% live in upper-income tracts. Within this assessment area, 11.4% of families are below poverty level.

The median housing value in this assessment area based on FFIEC dataset from August 2023 is \$554,650. This high median housing value constrains lending opportunities to LMI borrowers, as the proportion of properties affordable to LMI borrowers is limited. Using the median family income (MFI) for MD 35614 from the same dataset, the maximum income level for low-income borrowers is \$49,650, making the median housing value more than eleven times over the maximum low-income level. The maximum income level for moderate-income borrowers in MD 35614 is under \$80,000, making the median housing value about seven times over the maximum moderate-income level. Using the MFI for MD 35004 from the same dataset, the maximum income level for low-income borrowers is \$78,150, making the median housing value more than seven times over the maximum low-income level. The maximum income level for moderate-income borrowers in MD 35004 is \$125,040, making the median housing value more than four times over the maximum moderate-income level.

Competition within the assessment is strong with the market dominated by large national financial institutions. According to the Federal Deposit Insurance Corporation's Deposit Market Share Report as of June 30, 2023, out of 161 institutions operating in the assessment area, Esquire Bank ranked 69<sup>th</sup> in deposit market share with 0.05% of the market. The top five financial institutions have a combined deposit market share of 63.43% and include JP Morgan Chase Bank (32.98%), Goldman Sachs Bank USA (8.97%), The Bank of New York Mellon (7.50%), Bank of America (7.02%) and Morgan Stanley Private Bank (6.96%).

The top employers in the New York-Jersey City-White Plains, NY-NJ MD were Montefiore Health System, Mount Sinai Health System, and JPMorgan Chase & Co. The top employers in Nassau County-Suffolk County were Northwell Health, Henry Schein Inc. (distributor of health care products and services), and Cablevision Systems Corp. As of December 2023, the U.S. Bureau of Labor Statistics (BLS) reported the unemployment rate for Bronx County as 6.6%, for Kings County as 5.4%, for New York County as 4.5%, for Queens County as 4.4%, for Nassau County as 3.4%, and for Suffolk County as 3.7%. For the same time, the BLS reported the unemployment rate for New York State as 4.4%, and the national unemployment rate as 3.5%.

Table 1 below summarizes the demographic information comprising the Bank’s CRA Assessment Area.

<b>Table 1</b>						
<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Esquire Bank's CRA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA % of #</b>
Geographies (Census Tracts)	2,872	10.3	23.6	36.6	23.9	5.5
Population by Geography	11,230,137	12.7	25.4	36.3	24.3	1.2
Housing Units by Geography	4,388,754	12.1	23.4	34.6	28.8	1.1
Owner-Occupied Units by Geography	1,702,046	2.7	17.0	46.9	32.7	0.6
Occupied Rental Units by Geography	2,268,119	20.0	28.7	26.0	23.8	1.5
Vacant Units by Geography	418,589	7.3	21.0	30.8	39.4	1.5
Family Distribution by Income Level	2,487,049	12.4	24.4	38.2	24.1	0.9
Household Distribution by Income Level	3,970,165	12.6	23.7	35.0	27.6	1.1
Median Family Income MSA - 35004 Nassau County, Suffolk County, NY MD		\$156,300	Median Housing Value			\$554,650
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ MD		\$99,300	Median Gross Rent			\$1,579
			Families below Poverty Level			11.4%

Source: 2023 FFIEC Data

Due to rounding, totals may not equal 100.0

(\*) The NA category consists of geographies that have not been assigned an income classification.

## CRA POLICY STATEMENT

The purpose of the Community Reinvestment Act (CRA), enacted by Congress in 1977 (12 U.S.C. 2901) and implemented by various regulations, is to establish the framework and criteria by which the agencies assess an institution's record of helping to meet the credit needs of its community. This assessment shall be considered in reviewing certain applications for deposit facilities, including mergers and acquisitions. The regulations implementing the CRA seek to emphasize performance rather than process to promote consistency in evaluations, and to eliminate unnecessary burden.

It is the policy of Esquire Bank to help meet the credit needs of the communities in which the Bank is located, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations. In pursuing this commitment, Esquire Bank shall comply with the letter and spirit of the CRA.

Furthermore, it is Esquire Bank's policy to fully comply with all applicable consumer and fair lending laws and regulations. No individual will be denied credit due to discrimination based on race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to contract), because all or part of the applicant's income is derived from any public assistance program or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. Employees are instructed to treat all persons fairly and not to discourage any individual from applying for credit. The Bank will accept and consider all applications for credit and will grant such credit based on safe and sound banking principles.



## CRA PERFORMANCE CONTEXT

### A. The Bank’s Business Model

Esquire Bank is a New York-based financial institution promoting community partnerships and providing personal attention and responsiveness to the needs of its customers through in-person, mobile, online, and phone-based channels. The Bank is a full-service, commercial bank dedicated to serving the financial needs of law firms specializing in personal injury representation on a national basis as well as commercial and retail customers in the New York metropolitan area. The Bank serves the financial needs of participants of the litigation market and other professional service firms, provides merchant services to small- to medium-sized businesses nationally and in addition offers banking services and products to small- to medium-sized businesses as well as retail customers in the New York metropolitan market. The Bank’s products and services include commercial and consumer lending and depository products with a focus on commercial, commercial real estate, multifamily and 1-4 family income producing investment property loans, mobile and online banking, cash management services, remote deposit capture and ACH. Products and services are offered and available to all those who have the need and can qualify for them.

The Bank’s business model combines traditional banking products and services with modern technology enabled delivery channels, exceptionally robust controls, and sound risk management practices which have created a reliable, streamlined banking experience. The Bank offers the following deposit and deposit related products and services: demand deposit accounts (DDA), savings accounts, money market accounts, escrow accounts, IOLTA accounts, and time deposits. The Bank offers lending products primarily to personal injury law firms, multifamily properties, and other commercial real estate loans.

### B. Competitive Environment

The Bank’s CRA assessment area is highly competitive. There are a total of 161 banks in the assessment area. The following table shows the top 10 banks by market share in the Bank’s CRA assessment area. Clearly these are some of the largest institutions in the county.

RANK	BANK	TOTAL BRANCH DEPOSITS IN ASSESSMENT AREA (\$000s)	DEPOSIT MARKET SHARE %	% OF BANK’S TOTAL DEPOSITS IN THIS ASSESSMENT AREA	TOTAL BRANCHES IN ASSESSMENT AREA	% OF BANK’S TOTAL BRANCHES IN THIS ASSESSMENT AREA
1	JP Morgan Chase Bank	852,340,290	32.98%	41.21%	681	13.97%
2	Goldman Sachs Bank USA	231,713,000	8.97%	65.79%	2	40.00%
3	Bank of New York Mellon	193,689,000	7.50%	100.00%	3	50.00%
4	Bank of America	181,454,823	7.02%	9.66%	358	9.39%
5	Morgan Stanley Private Bank	179,781,000	6.96%	100.00%	1	100.00%
6	Citibank	122,081,000	4.72%	16.12%	228	34.03%
7	HSBC Bank USA	101,407,181	3.92%	76.92%	9	40.91%
8	TD Bank	92,464,870	3.58%	30.43%	379	32.31%

9	Flagstar Bank	64,498,585	2.50%	72.78%	198	45.41%
10	Wells Fargo Bank	59,579,738	2.31%	4.38%	255	5.60%

Source: FDIC Deposit Market Share Report, June 30, 2023, for MSA: NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA  
<https://www.fdic.gov/bank/statistical/index.html>

The competitive nature of the Bank’s marketplace dovetails with the Bank’s innovative and entrepreneurial methodology and delivery systems. The Bank’s business model provides for community development and multifamily lending as well as post settlement consumer lending. The multifamily loan portfolio includes loans that provide affordable housing. The legal community post settlement programs often benefit LMI borrowers, including borrowers within the Bank’s CRA assessment area, who have little or no income due to their injuries. This loan pool includes loans to 9/11 first responders and others that are suffering from qualified medical disorders. These World Trade Center Victims Compensation Fund loans assist these individuals by bridging critical life-needs, such as shelter, food, and utility costs while they await payment of their claim for injuries sustained in an international act of war carried out on domestic soil. In prior examinations, this loan activity assisted the Bank’s achievement of satisfactory results in the lending test.

Another area worthy of mention involves the Bank’s merchant processing activities. Presently the Bank provides credit and debit card processing services to 24,000 merchants located in low- and moderate-income geographies representing 34% of the Bank’s merchant processing customer base. The ability of these merchants to accept credit and debit card payments eases the cash burden on LMI individuals in these areas for purchasing goods and services (e.g., groceries) and helps to stabilize these communities. The beneficial impact is multiplied by the number of customers each merchant serves in these communities.

The Bank’s lending activities focused on products primarily supporting personal injury law firms, consumers leveraging their settled injury lawsuit, multifamily properties and affordable housing, other commercial real estate, and loans to merchant payment processors illustrate its market niche with a specialized lending focus. The Bank will supplement its market niche by partnering with for profit and nonprofit organizations to meet other existing credit needs within its CRA assessment area.

*With 62,937 organizations designated as IRS registered non-profits located within the Bank’s assessment area (many of which are listed on pages 9-10, 19-23, and Appendix A of this Plan), direct and indirect Community Development (CD) loan, CD investment, and CD service partnership opportunities exist to serve the Bank’s assessment area, and broader statewide and regional area that includes the Bank’s assessment area.*

### **C. The Bank’s Capacity**

As of December 31, 2023, the Bank had total assets of \$1.59 billion, reflecting a \$216.93 million, or 15.7% increase from December 31, 2022. This increase is attributable to increases in loans totaling \$253.68 million, or 26.8%, to \$1.20 billion, primarily driven by commercial loans to law firms, multifamily, and commercial real estate, funded with core low-cost deposits.

Total deposits were \$1.41 billion as of December 31, 2023, a \$174.3 million, or 14.1% increase from December 31, 2022. This was primarily due to a \$161.9 million, or 21.2% increase in Savings, NOW and Money Market deposits to \$926.3 million, and a \$24.2 million, or 5.3% increase in noninterest bearing demand deposits, offset by an \$11.8 million, or 60.3% decrease in time deposits to \$7.8 million. The increase was primarily driven by commercial and escrow low-cost deposits from our litigation customers.

**D. Legal and Business Model Constraints**

Esquire Bank remains well above bank regulatory “Well Capitalized” standards and there are no legal constraints on the Bank preventing it from executing its business plan.

## COMMUNITY NEEDS ASSESSMENT

### A. Outreach

In developing this CRA Strategic Plan, Esquire Bank's management engaged with representatives of community organizations, community development organizations, and consumer financial educational organizations to identify the credit, investment, and service needs of its assessment area. The meetings focused on organizations located in Esquire Bank's CRA assessment area.

### B. Community Needs

The following summarizes the assessment area credit, investment, and service needs identified by Esquire Bank in the development of this CRA Strategic Plan:

1. *Consumer Financial Literacy* – Esquire Bank will continue to work with *EVERFI* to provide financial literacy training to middle and high school students in LMI school districts within the Bank's assessment area (AA). For the 2023-24 school year, EVERFI is providing financial literacy training to 13 low- and moderate-income (LMI) school districts within the Bank's AA. The online, self-paced program includes modules covering introductory topics such as saving and budgeting to advanced topics like insurance, taxes, and investing. Bank officers provided financial literacy training to LMI individuals belonging to community organizations within the Bank's CRA assessment area. Finally, Esquire Bank will provide financial support in terms of grants, donations as qualified investments to other for profit and nonprofit organizations located within the Bank's assessment area and broader statewide regional area.
2. *Consumer Financial Need* – Esquire Bank recognizes the importance of supporting not for profit agencies advocating for and providing services to the LMI community in its assessment area. The Bank will continue to support the following agencies with annual grants and will seek to expand the reach of the grant program over the period covered by this plan.
  - The Coelho Center for Disability Law and Policy at Loyola Law School
  - Brooklyn Legal Services Corporation
  - Fordham Bedford Housing Corp
  - Lawyers Alliance for New York
  - Nassau-Suffolk Law Services Committee
  - University Neighborhood Housing Program
  - Fiver Children's Foundation
  - Congregation B'Nai Jeshurun
  - Senior Housing Crime Prevention
  - Maureen's Haven

In addition, Esquire Bank recognizes the continuing needs created by the COVID-19 Pandemic within its assessment area. As a result, the Bank acted immediately to meet the needs of the communities it serves and established relationships with Long Island Cares, Island Harvest Food Bank, and United Way of Long Island. While these new relationships were created as a result of the COVID-19 Pandemic, the Bank will maintain its support with these organizations through the CRA plan period.

**Long Island Cares** is a Long Island based organization dedicated to eliminating the underlying causes of hunger. As a result of this established relationship, Esquire Bank was able to identify the immediate need for emergency food relief on Long Island and donated to the organization to meet this need. The role of the regional food bank in providing emergency food to people in need. The Food Bank receives, warehouses, and distributes millions of pounds of donated and purchased food to residents of Nassau and Suffolk County who are in need, via hundreds of member agencies: food pantries, soup kitchens, shelters, group homes, day treatment facilities, senior nutrition sites, care centers and children’s breakfast trucks. Esquire Bank donated to the organization to meet this need.

**Island Harvest Food Bank** is a leading hunger-relief organization that provides food and other resources to people in need. Their mission is “to end hunger and reduce food waste on Long Island” through efficient food collection and distribution; enhanced hunger-awareness and nutrition education programs; job training; and direct services targeted at children, senior citizens, veterans, and others at risk of food insecurity. Esquire Bank donated to the organization to meet this need.

**United Way of Long Island** collaborates with a network of nonprofit organizations in the region to help eligible applicants meet their critical basic needs of food and household supplies. Esquire Bank donated to this effort. The Bank will continue to maintain our relationship with *United Way of Long Island* as an effective tool in identifying the ongoing community development needs of the residents of Nassau and Suffolk Counties.

3. *Community Development Services Targeted to Low- and Moderate-Income Individuals* – Esquire Bank will continue to work with **CRA Partners** (formerly Senior Housing Crime Prevention Foundation) which is national organization which was established to provide a vehicle for banks to earn CRA consideration. Since its inception in 2000, CRA Partners has helped banks across the country earn meaningful CRA credit for ensuring safe senior living environments through their turnkey crime prevention program, Senior Crime-stoppers. Funded exclusively by the banking industry and endorsed by the Independent Community Bankers of America and over 30 state banking associations, Senior Crime stoppers protects low- to moderate-income seniors living in senior housing facilities, HUD communities and state veterans’ homes from theft, abuse, and neglect.

Esquire Bank representatives discussed with Mr. David Lenoir, Chairman, President, and CEO of **CRA Partners** senior housings facilities located throughout the Bank’s CRA assessment area where the Bank’s continued participation would have a direct and immediate impact on low and moderate-income seniors. Mr. Lenoir identified his organization’s need for CRA-qualified community development loans, investments, and grants that would meet ongoing organizational operating needs as well as ongoing support Senior Crime-stopper Programs in senior housing facilities located in the Bank’s CRA assessment area. The Bank committed to its ongoing support of the Senior Housing Crime Prevention Foundation.

4. *Affordable Housing* – The Bank has been in existence since 2006 and thus its senior management are well acquainted with the need for affordable housing and rehabilitation financing for low- and moderate-income homeowners in the Bank’s assessment area. The Bank has historically met the affordable housing needs within its assessment area through its multifamily commercial real estate loan product and intends on continuing to meet this need primarily through its multifamily loan product.

## CRA PROGRAM

Esquire Bank is a full-service, commercial bank dedicated to serving the financial needs of law firms specializing in personal injury representation on a national basis as well as commercial and retail customers in the New York metropolitan area. The Bank's product offerings dovetail neatly with the identified needs delineated in this Plan's Community Needs Assessment. Furthermore, the diversity of the Bank's credit products corresponds neatly with demographic information highlighted in this Plan's Assessment Area Data section.

The Bank's Board of Directors has designated the Chief Lending Officer as the Bank's CRA Officer. The CRA Officer, with support from the Bank's Chief Compliance Officer, is responsible for developing and monitoring the Bank's CRA program.

1. Responsibilities of CRA Officer
  - a. Develop policies and procedures necessary to ensure the Bank's compliance with the CRA regulations;
  - b. Keep abreast of changes in the CRA regulations and ensure timely revision of policy, if necessary;
  - c. Periodically analyze the lending patterns of the Bank
  - d. Work with lending personnel to develop special lending programs for the Bank's assessment area;
  - e. Follow up on CRA-related activity reports submitted by other departments of the Bank;
  - f. Conduct periodic self-assessment of the Bank's performance
  - g. Contact local community, civic and government leaders to identify lending, investment, and service opportunities;
  - h. Prepare and maintain all the CRA-related records, reporting and disclosure requirements and public files; and
  - i. Coordinate with outside consultants, auditors, and regulatory examiners regarding CRA related matters.
2. Performance under the Bank's CRA program is subject to review and monitoring by the Compliance Committee and the Board of Directors. The objectives of the Bank's CRA program are to:
  - a. Encourage credit applications from all segments of the communities served by the Bank;
  - b. Serve the needs of the Bank's assessment areas through a combination of small business lending, multifamily and affordable housing real estate and construction lending, community development lending, investments, and services;

- c. Continuously monitor the marketplace and the Bank's loan programs to evaluate the effectiveness in providing loans in low- to moderate-income areas, individuals, and small businesses; and
  - d. Regularly analyze the economic and demographic characteristics of its assessment areas.
- 3. To achieve the objectives of the Bank's CRA program, the Bank has included CRA as part of the overall responsibilities of the Compliance Committee.
- 4. Underlying the Bank's CRA program is a key concept that CRA is the responsibility of every Bank employee, officer, and director.
  - a. All of the Bank's directors and officers are encouraged to be sensitive to the credit needs of the local community, to participate in the activities of the local community groups or development organizations, to examine any credit services that might be offered by the Bank, and to bring such potential credit services to the attention of the Bank's management and directors.

## DEVELOPMENT OF CRA LENDING, INVESTMENT, AND SERVICES GOALS

Esquire Bank has established goals and objectives in accordance with the three tests: lending, investment, and service tests contained in the large Bank CRA examination guidelines. These goals are centered on the different types of credit products, qualified investments including grants and donations, and community development services based on the evaluation criteria utilized by Esquire Bank's primary regulator, the Office of the Comptroller of the Currency, when conducting CRA examinations. These targeted goals have been developed for Esquire Bank's CRA assessment area.

Esquire Bank seeks to understand the credit needs of our community and strives to be responsive to those needs. We will actively work to ensure our employees understand and share Esquire Bank's commitment to providing service to all our customers and are provided with the knowledge, products delivery systems, and motivation to do so effectively.

### *Selection of Methodology for Determining Measurable Goals*

This section of the CRA Plan details Esquire Bank's methodology of developing CRA measurable goals. As stated earlier, the Bank reviewed multiple options available to determine the appropriate measuring tool to be applied in designing measurable goals. We considered tying the goals to a percentage of Tier One Capital. Tier One Capital is the core of a bank's financial strength from a regulatory perspective. It is composed of core capital, which consists primarily of common stock and disclosed reserves (or retained earnings), but many also include non-redeemable, non-cumulative preferred stock. The problem with using Tier One Capital as a benchmark in developing measurable goals is that it disproportionately favors capital percentages above other financial indicators.

We also considered tying measurable goals to a percentage of aggregate data such as the number of low- and moderate-income families, owner-occupied housing units, and/or the number of small businesses within the Bank's CRA assessment area. The percentage of aggregate data is an established regulatory benchmark used in CRA examinations to compare an examined institution to when trying to determine their CRA performance ratings. Aggregate data is used when evaluating both residential and small business CRA performances. The aggregate data represents an average percentage of all reporting institutions in a given metropolitan statistical area. There is an aggregate mortgage percentage for the geographic distribution of loans based on the number of housing units in low-, moderate-, middle-, and upper-income geographies within the Bank's CRA assessment area. There is an aggregate percentage based on the number of low-, moderate-, middle-, and upper-income families within the Bank's CRA assessment area. Finally, there is an aggregate percentage of the number of small businesses within the Bank's assessment area and the number that exist within low-, moderate-, middle-, and upper-income geographies within the Bank's CRA assessment area. The benefits of this benchmark are that it compares an institution's performance to other institutions located in the same market area. The drawbacks are the aggregate percentage figure is comprised of banks who are very dissimilar in size, branch distribution, and product offerings, and, as such, are not true peers or good comparisons in establishing measurable goals.

The most frequently adopted, and preferable to Esquire Bank, is based on a percentage of an institution's average assets.

The benefit of using average assets as the appropriate benchmark for identifying specific goals and objectives is that it is tied directly to the Bank's own growth and success. The ability and level of lending, investment, and service is logically tied to the success or failure of a bank and, in particular, Esquire Bank. This approach ties to Esquire Bank's business plan and financial budget, each of which has certain delineated expectations commensurate with an innovative institution, such as Esquire Bank.



Thus, in developing our CRA Strategic Plan, Esquire Bank’s Board of Directors and senior management took all these factors and methods of determining measurable goals into consideration when determining how best to calculate specific goals for the Bank.

### Definitions

As used in the Strategic Plan, the following definitions shall apply:

1. Average assets for the calendar year will be derived from averaging the total asset figures shown on Esquire Bank’s Call Report Schedule RC-K for each of the four respective quarterly call reports.
2. Community Development (CD) has the meaning set forth in 12 CFR Part 25.12(g)(1)-(4), with sections (1) through (4) as follows:
  - a. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals
  - b. Community services targeted to low- or moderate-income individuals
  - c. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less
  - d. Activities that revitalize or stabilize:
    - Low- or moderate-income geographies
    - Designated disaster areas
    - Distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and the Office of the Comptroller of the Currency.
3. CD Loan has the meaning set forth in 12 CFR Part 25.12(h): a loan that has as its primary purpose community development and benefits the bank's assessment areas(s) or a broader statewide or regional area that includes the bank’s assessment area(s). Esquire Bank products that may be included in this category are mixed-use, commercial, and multifamily loans as well as market placed small business loans.
4. CD Investment has the same meaning as “Qualified Investment” set forth in 12 CFR Part 25.12(t): a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.
5. CD Service has the meaning set forth in 12 CFR Part 25.12(i): a service that has as its primary purpose community development and is related to the provision of financial services.
6. Consumer and Small Business (CSB) loans shall be defined as per 12 CFR 25.12 (j) for consumer loans and 12 CFR 25.12 (v) for loans to small businesses
7. New Originations for a calendar year will include new CSB loans, CD Investments, new CD Loans either originated or purchased by the Bank, and existing CD Loans that are renewed and credit underwritten that year (can only count each loan once per year).

### Areas of Coverage

In accordance with Esquire Bank's internal projections based on asset size and financial condition, the Bank has established combined goals for CSB loans, CD loans, and CD investments tied to the Bank's average annual assets.

The Bank's traditional loan products are included in the mix of CRA Qualifying Loans. The Bank will offer a full array of commercial, consumer, and small business loans within its CRA assessment area to low- and moderate-income people, in low- and moderate-income tracts, and to small businesses.

In addition, Esquire Bank has developed measurable goals for community development services which are expressed in terms of the number of CD Service hours served.

### Effective Date, Oversight, and Amendment of Plan

The Bank anticipates it will receive approval for the strategic plan from the OCC and implement the Plan effective from the date of regulatory approval through the end of calendar year 2026. Esquire Bank's Board of Directors and management team will oversee the Bank's progress in meeting the Plan's objectives. The Bank will request the OCC approval to modify or amend the Plan only if there is a material change in its underlying assumptions or in the Bank's mission, objectives, or operations, and such changes would make the Plan no longer appropriate or viable. In such an event, the Bank would administer the modified or amended Plan in accordance with the OCC's regulatory requirements, timeframes, and guidelines for approval of a CRA strategic plan.

### Term

Esquire Bank plans to operate under this strategic plan from the date of regulatory approval through the end of calendar year 2026. Any proposed changes to the Plan will follow appropriate procedures for approval and modification. A new strategic plan may be developed for the Bank when this term has expired.

### Financial Information

The Bank's balance sheets for the last three years are included in this Plan. On a quarterly basis, the Bank files quarterly *Consolidated Reports of Condition and Income* (Call Reports), which are available to the public through the FFIEC Internet website.

## SUMMARY OF ASSESSMENT AREA GOALS 2024-2026

The Bank’s CRA Plan goals and objectives were established to make an appropriate and representative contribution to meeting the credit needs throughout its CRA assessment area as well as to communities beyond its immediate location.

Based on the Bank’s size and financial condition, we have developed measurable lending and investment goals. The Bank’s measurable goals were developed considering commitments outlined in the following financial institutions approved CRA strategic plans for combined direct loans, direct and indirect CD loans, and CD investments:

<b>COMMUNITY DEVELOPMENT LOANS AND INVESTMENTS TARGET PERCENTAGE OF ASSETS</b>		
<i>Bank Name</i>	<i>Satisfactory</i>	<i>Outstanding</i>
Tri-State Capital	1.15	1.45
Green Dot Bank	1.40	1.80
Merrick Bank	1.35	1.90
Live Oak Banking Company	1.45	1.70

The four banks operating with approved CRA strategic plans vary in asset size. However, all four CRA strategic plans establish goals of between 1.15% and 1.45% of loans and investments to assets for a “Satisfactory” rating and between 1.45% and 1.90% of qualified loans and investments to assets for an “Outstanding” rating.

While each bank is unique in its specific product offerings, Esquire Bank is utilizing the above institutions for CRA Plan comparison purposes since each institution provides banking services, lending and/or deposits, on a statewide and/or regional basis and without a traditional branch network and most importantly uses average assets as an appropriate benchmark to measure performance.

Qualifying activity for Esquire Bank’s CSB Lending, CD Lending, and CD Investment annual measurable goals is the sum of the total origination amount of all new CSB loans, new and/or renewed CD loans and the total amount of all new CD Investments made in a Plan year, including new charitable grants, plus the book value of (non-grant) CD Investments originated in prior years and outstanding at the Plan year-end.

Esquire Bank’s CSB Lending, CD Lending, and CD Investment Measurable Goals may be satisfied with qualifying activity in both Esquire Bank’s assessment area and broader statewide and regional area that includes the Bank’s assessment area. Esquire Bank has also established an aggregate CSB Lending, CD Lending, and CD Investment sub-goal<sup>1</sup> which must be met with qualifying activity only within the Bank’s assessment area. The Bank’s combined cumulative CSB loans, CD loans, and CD investments goals are expressed as a percentage of the Bank’s average assets for each plan year, as opposed to percentages of the Bank’s total assets at the end of each plan year. The use of average asset data more accurately depicts the Bank’s ongoing activities rather than at a specific “point in time.”

A combined cumulative CSB lending, CD lending, and CD investment measurable goal would enable the Bank to better respond to evolving opportunities within its assessment area, which would be highly

<sup>1</sup> Provided on a confidential basis

desirable in light of the anticipated size of the Bank’s CRA program and the Bank’s need to have an innovative and flexible approach to its CRA activities.

During the previous CRA examination, the Bank had previous year average assets of \$716.4 million and was given regulatory credit for originating 17 CD loans for \$38.4 million representing 5.4% of average total assets for the examination period. The Bank received credit for \$13.6 million in qualified investments representing 1.9% of average total assets for the examination period. The Bank’s percentage of CD loans to total assets was considered to be outstanding and above other institutions who are operating under an approved CRA strategic plan. The loans considered were only CD loans and did not include other loans such as consumer and/or small business loans. The Bank’s level of qualified investments was considered satisfactory and in line with other institutions operating under a CRA strategic plan.

The table below shows the CSB loans, CD loans, and CD Investment goals, for Satisfactory and Outstanding ratings, as percentages of average assets for the previous calendar year. If Esquire Bank exceeds a measurable goal for “outstanding” performance in any plan year, it may apply the excess activity of an annual goal to subsequent Plan years within the term of the Plan.

PLAN YEAR	SATISFACTORY RATING	OUTSTANDING RATING
	<i>Percent of Average Assets for the Previous Calendar Year*</i>	<i>Percent of Average Assets for the Previous Calendar Year*</i>
	<b>CRA Assessment Area Target</b>	<b>CRA Assessment Area Target</b>
2024	1.40%	1.60%
2025	1.45%	1.65%
2026	1.50%	1.70%
<b>Plan Cycle:</b>	<b>4.35%</b>	<b>4.95%</b>

*\*Average assets for the previous calendar year will be derived from averaging the total asset figures shown on Esquire Bank’s Call Report Schedule RC-K for each of the four respective quarterly call reports. The Measurable Goal percent of average assets calculation is the ratio of the total new Esquire Bank’s loans, new and/or renewed CD loans, and new CD investments for the Plan year, plus the book value of CD investments (excluding grants and donations) originated in prior years and outstanding at the Plan year end to average total assets for the previous calendar year.*

Measurable Goals for Community Development Services

Esquire Bank’s measurable goals are expressed in terms of the number of hours spent performing qualifying community development services and are realistic considering the Bank’s performance context. The Bank’s staff size is 142 employees as of December 2023. The Bank currently operates with only one branch, which means most of its staff are in critical back-office functions to support its nationwide client base. The Bank is extremely intent on increasing its CD services, but this model presents unique challenges to identify sufficient capacity to align staff level employees with such activities. Therefore, the Bank has calibrated the level of CD service hours to the number of employees holding a VP level title and above, currently 49. Therefore, the total number of CD Service hours to be performed is derived by multiplying the target hours by 49. The service hours under the Plan may be performed by any of the Bank’s employees and not just those holding a VP level title and above. A key CD services initiative which the Bank will invest its time serving is to provide financial literacy education to Middle and High School students within LMI geographies through the Bank’s investment in the EVERFI Financial Literacy program. However, it is anticipated that additional qualifying activities will also be sourced and supported. The Plan service hour

goals illustrated below are in line with other banks operating under strategic plans. The service hours measurable goals below are meant to be meaningful within the Bank’s assessment area. If Esquire Bank exceeds a measurable goal for “outstanding” performance in any plan year, it may apply the excess activity of an annual goal to subsequent Plan years within the term of the Plan.

Measurable Goals for Community/ Financial Education Service Hours

PLAN YEAR	SATISFACTORY RATING	OUTSTANDING RATING
	<i>CD Service Hours Per VP Level Full Time Employee</i>	<i>CD Service Hours Per VP Level Full Time Employee</i>
	<b>CRA Assessment Area Target</b>	<b>CRA Assessment Area Target</b>
2024	2.5 hours	3.0 hours
2025	3.0 hours	3.5 hours
2026	3.5 hours	4.0 hours
<b>Plan Cycle:</b>	<b>9.0 hours</b>	<b>10.5 hours</b>

Beyond the EVERFI program, Esquire Bank is dedicated to identifying and expanding the scope of employee involvement and overall CD service hours and will work diligently throughout the term of the CRA Plan to identify new opportunities to impact the communities we serve.

Additional qualified services to be identified will include:

- Direct services performed by employees in their respective communities – Education and training, policy, product, or similar initiatives services designed to promote financial education and literacy, access to financial services, financial security, financial inclusion, or other needs of low- and moderate-income consumers across the Bank’s assessment area and its broader statewide or regional area; and
- Board and Executive involvement in CRA qualifying community development organizations.

Overall, the Bank believes its CRA goals are appropriate and significant considering the size of the Bank, the size of the Bank’s staff, and are comparable to other regulated institutions in the state operating under a strategic plan.

## OTHER INFORMATION

### A. Resources for the Development of the Strategic Plan

Esquire Bank has identified for profit and not for profit resources within its CRA assessment area which may assist the Bank in meeting its future ongoing CRA plan development. These third-party resources listed below complement both the Bank's array of product offerings as well as supplement credit needs the Bank does not specialize in. Bank management will consider the organizations listed below as information resources regarding local community credit and investment needs as well as effective delivery channels by which the Bank will efficiently serve the credit and investment needs of low- and moderate-income geographies and low- and moderate-income individuals.

1. Nassau
  - Nassau/Suffolk Law Services Committee
  - Gateway Youth Outreach
  - Catholic Charities/Rockville Centre
  - Big Brothers/Big Sisters
  - Child Care Council of Nassau County
2. Suffolk
  - Maureen's Haven Inc.
  - Community Development Corp. of LI
  - Wyandanch Homes and Property Development Corp
  - Sunshine Prevention Center for Youth and Families
  - Alzheimer's Association of LI
3. Queens
  - Ridgewood Local Development Corporation (Myrtle Ave. BID)
  - Greater Ridgewood Restoration Corporation
  - Our Lady Star of the Sea
  - Chhaya CDC
4. Kings (Brooklyn)
  - Brooklyn Legal Services Corporation "A"
  - NYS SBDC @ NY Tech
  - Neighbors Helping Neighbors
  - Cypress Hills Local Development Corporation
5. New York (Manhattan)
  - Lawyers' Alliance for New York
  - Fiver Children's Foundation Inc
  - Congregation B'Nai Jeshurun
  - Community Preservation Corporation
  - Habitat for Humanity
  - The Bridge Fund of New York City
  - Federation of Protestant Welfare Agencies
  - Good Shepherd Services
  - Supportive Housing Network of New York
6. Bronx
  - Fordham Bedford Housing Corporation

- University Neighborhood Housing Partnership
- Kingsbridge Heights Community Center
- Beulah Housing Development Funding Corporation

A sample summary of what some of these organizations specialize in is listed below.

- A. **Brooklyn Legal Services Corporation “A” (Brooklyn A)** (<https://bka.org/>) was founded in 1967 in Brooklyn with a mission to help the Brooklyn working-poor fight tenant and landlord abuse. They partner with tenant associations, cooperatives, and other organizations to mobilize and garner a greater voice in the struggle to preserve affordable housing and seek to preserve and increase affordable housing to provide stability and economic security to low-to-moderate income individuals and families in Brooklyn.

Brooklyn A is one of the few legal services organizations in the country to develop and sustain a neighborhood-based Community and Economic Development (CED) Program. For more than five (5) decades, it has represented thousands of nonprofit community-based organizations (CBOs) and community development corporations (CDCs). Their attorneys provide CBOs and CDCs with ongoing, comprehensive legal counsel in their daily operation and functioning and at all stages of project and program development.

- B. **Fordham Bedford Housing Corporation (FBHC)** (<https://www.fordham-bedford.org/>) was organized as a not-for-profit charity in January 1980 and was formed for the purpose of promoting, developing, and managing low-to-moderate income housing and providing assistance to low-income families and combating community deterioration in the Fordham, Bedford Park, and other surrounding sections of the Northwest Bronx. FBHC has been led by John Reilly for many years and manages 130 apartment buildings in the Bronx, providing safe and affordable housing to nearly 4,000 Bronx families.

- C. **Lawyers’ Alliance for New York** (<http://www.lawyersalliance.org/>) was founded in 1969 as The Council of New York Law Associates by a small group of young lawyers who were driven by a spirit of political activism and a desire to give something back to their city. The Council served as a clearinghouse for lawyers offering pro-bono legal services, and its volunteers aid in a diverse array of community action projects.

The Council developed new initiatives in the 1980s to advise nonprofit housing groups and other community-based organizations in corporate, real estate and tax law. It also established its expertise as a legal resource center and advocate for the nonprofit sector. It became Lawyers Alliance for New York in 1991. Since the late 1990s Lawyers Alliance has implemented numerous program priorities and special initiatives that are tailored to the legal needs of its nonprofit clients. Recently, Lawyers Alliance established expanded services and visibility in the advocacy and national arenas and provided vital support to nonprofits affected by the Great Recession and Hurricane Sandy. Currently, Lawyers Alliance is taking a leading role in assisting nonprofits in complying with the Nonprofit Revitalization Act.

- D. **Nassau/Suffolk Law Services Committee (NSLS)** (<https://www.nslawservices.org/>) was established in 1966, Nassau/Suffolk Law Services was among the first Legal Services Corporation programs in the state and is currently one of the largest providers of free civil legal assistance in New York. NSLS provides free legal services to thousands of clients each year as well as legal support to church, agency, and grass roots organizations that work with the poor.

NSLS is dedicated to providing equal access to basic human rights and services through provision of high-quality legal representation, public information, and community advocacy training to ensure that low income, disabled, and disadvantaged individuals have equal access to the civil justice system on Long Island. Through their trainings, partnerships, and contacts with hundreds of Long

Island social, religious, and governmental organizations, they have assisted thousands of Long Islanders obtain knowledge to help their clients.

Most of NSLS' cases involve threats to the basic necessities of human life. Their staff fights to prevent homelessness, obtain medical care for people with HIV, AIDS, cancer, and other illnesses, address discrimination against and obtain services for disabled persons, help senior citizens retain home health care and avoid nursing home placement, and halt domestic violence.

- E. **University Neighborhood Housing Program (UNHP)** (<https://unhp.org/>) was originally created by Fordham University in 1983 to assist in community-based preservation activities. Around the same time, the Northwest Bronx Community and Clergy Coalition (NWBCCC) Reinvestment Project sought to expand funding opportunities for locally controlled buildings and joined forces with Fordham in 1988 to reinvent UNHP. While UNHP continues to create and preserve affordable housing as a lender and developer, its most recent impact has been its collaborative work with banks, community groups and public agencies to identify and improve distressed multifamily buildings. They have worked to combat the growing use of predatory financial services through assisting the many homeowners at risk of foreclosure since 1999 and have recently provided financial education and free tax preparation. Jim Buckley, Executive Director of UNHP, has been with the program since inception.
- F. **Fiver Children's Foundation Inc.** (<http://www.fiver.org/>) is a comprehensive youth development organization that makes a ten (10) year commitment to children from underserved communities throughout New York City and central New York. Through summer and year-round after-school programs, Fiver empowers children to make ethical and healthy decisions, to become engaged citizens, and to succeed in school, careers, and life. Program participants, known as "Fivers," progress through ten (10) years of developmentally appropriate programs. Children begin the program at age eight (8) and graduate at age eighteen (18), upon high school graduation. Fiver has served 1,703 youths since 2000 and has 578 alumni in its network.

In addition to their camp programs, Fiver has been providing one-on-one social and emotional support to youth and families via video and phone, virtual group-based social support for youth led by Fiver counselors and virtual hang-out groups in English and Spanish for parents, led by Fiver leadership.

- G. **Congregation B'Nai Jeshurun** (<https://www.bj.org/>) was founded in 1825 with a mission to "promote the strict keeping of their faith" and to "introduce less formal worship with time set aside for explanations and instruction, without a permanent leader, and with no distinctions made among the members". The congregation has operated a women's shelter since 1985, when Rabbi Marshall Meyer, together with clergy around the city, heeded Mayor Koch's call for a religious response to the needs of a growing homeless population. Today, its homeless shelter, as a part of the Emergency Shelter Network (ESN), which consists of close to fifty (50) faith communities that supplement and offer an alternative to the city shelter system, provides food and overnight lodging year-round for up to ten (10) female homeless guests.
- H. **Maureen's Haven Inc.** (<http://maureenshaven.org/>) has a mission to protect the East End homeless by providing shelter, supportive services, and compassionate care for individuals in need. Maureen's Haven was created in 2002 in response to the witnessing of homeless men and women sleeping in the woods and at the local train station. It began as a grassroots program under the auspices of Peconic Community Council (PCC); through the PCC, the Peconic Housing Initiative was established, and was funded by board member emeritus, Kay Kidde. The program is modeled after Father Charles Strobel's "Room in the Inn" program in Nashville, Tennessee.

Maureen's Haven is organized around a permanent day site and rotating host shelter sites. The rotating shelter sites consist of approximately twenty congregations (two congregations per night),



of ten different faiths and a wide range of socio-economic backgrounds, that volunteer to host up to thirty people each at their facilities. Maureen's Haven provides transportation to and from the host sites. The congregations provide dinner, evening activities, overnight lodging, breakfast, and a lunch to go. There are over 1,500 volunteers who annually participate in and staff the host sites as cooks, organizers, overnight inn-keepers, clean-up, and laundry crews etc. This unique structure allows Maureen's Haven to be the catalyst that empowers the community to help the homeless in a way that is manageable for each congregation.

Upon approval, Esquire Bank's management will conduct further interviews with the organizations listed above as well as stakeholders on a nationwide basis. The key elements of the focus will include an understanding of the community development credit needs including small and micro businesses, qualified investment opportunities including affordable housing securities, development bonds, low income housing tax credit opportunities, and city, county, and state issue redevelopment financial instruments, and finally community development service prospects including financial literacy program targeted to low and moderate-income individuals and geographies.

## **B. Focus of the Strategic Plan**

Esquire Bank's business model is to offer specialized commercial products. The primary reason for writing this CRA Plan is in recognition of the Bank's intended nationwide focus. Esquire Bank senior management and the Board of Directors understand they must jointly service the credit and investment needs of their CRA assessment area as well as demonstrating that they are meeting the needs of low- and moderate-income individuals and geographies on a nationwide basis. The selection of the organizations below serves a dual purpose of this CRA Plan. First, and most important is the fact that these organizations have a presence in the Bank's CRA assessment area. The products and services offered by each organization will directly benefit the Bank's assessment area and its broader statewide and/or regional area.

Second, these organizations do business throughout the country and thus will permit the Bank the ability to serve expanding markets in accordance with the Bank's business strategy delineated in this Plan's Executive Summary.

1. *Solomon Hess SBA Loan Fund LLC* – The Solomon Hess SBA Loan Fund LLC (the Fund) was formed in 2004 with the goal of lowering the cost of capital for U.S.-based small businesses by investing in the federally guaranteed portion of SBA 7(a) loans. The fund purchases the federally guaranteed portion of the SBA loans based on investor-specified geographical regions. The way the fund works is once the investor commits to invest in the fund, the investor will execute a commitment letter with the fund manager. The commitment letter will describe the investment commitment amount and in what, if any, CRA geographical the SBA loans will need to be located. Upon receiving the commitment letter, the fund manager will go about acquiring SBA loans that meet the investment criteria. Upon successful acquisition of substantially all (85%) of the loans in the target region, the investor wires its investment to an investment custody account maintained by the fund from which the funds will be released by the custodian to purchase the loans. The investor will then receive quarterly distributions and statements from the fund manager and will be able to redeem its investment on a quarterly basis with 60-days' notice.

These loans qualified for CRA under the lending test and, as a certified Community Development Entity, investments in the fund should qualify for CRA credit under the investment test as well. The Bank should also seek to have these loans consider community development loans to maximize their CRA utility. Finally, all purchased loans must be located in the Bank's CRA assessment area.

2. *Low-Income Housing Tax Credits* – The Low-Income Housing Tax Credit is a tax incentive for housing developers to construct, purchase, and renovate housing for low-income taxpayers. The Low-Income Housing Tax Credit was written into the Tax Reform Act of 1986. There are specific qualifications a resident must fulfill to benefit from these types of housing projects, including maximum income guidelines. The Low-Income Housing Tax Credit also provides an income incentive for those who invest in low-income housing projects. It is intended to stimulate economic growth in this sector. Typically, the dwelling types that receive this credit are multi-family properties.

The tax credits are allocated to each state by the federal government. From there, each state may choose which developers can take advantage of these credits for their housing projects. Not every developer or investor will be able to take advantage of this program as there are more applications than available permits issued for construction.

These tax credits are considered qualified investments under the CRA examination procedures for large and intermediate small banks because the tax credits benefit affordable housing which is a defined community development purpose under the CRA regulation.

3. *Center for Financial Services Innovation* – The Center for Financial Services Innovation (CFSI) is a non-profit financial services consultancy headquartered in Chicago specializing in serving unbanked and underbanked consumers on a national basis. The CFSI was founded and funded by the Ford Foundation to examine the gap between supply and demand of financial services for low-income consumers as well as potential strategies to close it.
4. *Operation Hope* – This is an American non-profit organization providing financial literacy empowerment and economic education to youth and adults. The mission of this organization is to provide everybody with enterprise work and the programs carried out by Operation HOPE. Operation HOPE serves inner city schools, low-wealth communities, and conducts programs throughout the country.
5. *Habitat for Humanity* – This is a national organization which helps build homes for low- and moderate-income individuals in low- and moderate-income geographies. The program involves sweet equity and educational components focusing on budgeting and other homeownership challenges.

Overall, the Bank believes the delineated CRA goals are appropriate and significant considering the size of the Bank, the size of the Bank’s staff, and are comparable to other regulated institutions in the assessment area that operate under a strategic plan.

## PUBLIC COMMENTS, CHANGES TO STRATEGIC PLAN, AND ONGOING MONITORING OF CRA PERFORMANCE

### Public Comment Period

Esquire Bank published notice of the availability of its proposed CRA Strategic Plan on March 8, 2024, in the New York Post, a widely distributed newspaper within the Bank's established assessment area.

Esquire Bank will review and address any concerns identified, where permissible under current CRA rules and regulations. All comments received are taken seriously when finalizing the Plan. All comment letters will be provided to the OCC as a part of the draft submission. The letters will become part of the Bank's Public File and can be obtained upon request.

As of the closure of the public comment period on April 8, 2024, Esquire Bank did not receive any requests for the plan document or public comment. A copy of the public notice and affidavit of publication is attached as Appendix D.

### Summary of Public Comment Letters Received

#### *Changes to the Strategic Plan*

Esquire Bank will request the OCC approval to modify or amend the Plan if there is a material change in its underlying assumptions or in the Bank's mission, objectives, or operations. In such an event, the Bank would administer the modified or amended Plan in accordance with the OCC requirements, timeframes, and guidelines for approval of a CRA strategic plan. The Bank plans to establish a de novo branch in Southern California that it anticipates will be open in 2025. Prior to the opening of this branch, the Bank will amend this Plan and seek OCC approval for the amended Plan.

#### *Monitoring Strategic Plan Performance*

The Bank's Board of Directors and senior management will ensure adequate resources are dedicated to implementing the Plan and will oversee the Bank's progress in meeting the measurable goals outlined in the Plan. The Bank recognizes the lending, investment, and service goals outlined in this Plan are based on general assumptions about the Bank's business model and industry as well as general economic conditions. These assumptions and conditions may change. As a result, the Bank's Board of Directors or a committee thereof will monitor the Bank's performance on a periodic basis.

## REQUEST FOR APPROVAL AND CONTACT INFORMATION

### Regulatory Criteria for Approval

Esquire Bank respectfully submits that it has fulfilled all of the regulatory requirements for CRA strategic plans, including those governing development of the plan, public participation in the plan, and the plan's measurable goals. As established herein, Esquire Bank's CRA performance context (12 CFR Part 25.27(4)(b)) thoroughly supports the Bank's measurable goals. Esquire Bank believes that OCC's approval of the Bank's Strategic Plan and its measurable goals set forth in Section VI above are appropriate under applicable criteria for evaluation of a strategic plan outlined in 12 CFR Part 25.27.

Criteria for evaluating plan. The OCC evaluates a plan's measurable goals using the following criteria, as appropriate:

- The extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses and farms of varied sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
- The amount and innovativeness, complexity, and responsiveness of the Bank's qualified investments; and
- The availability and effectiveness of the Bank's systems for delivering retail banking services and the extent and innovativeness of the Bank's community development services.

The extent and breadth of the Bank's combined lending and investment measurable goals meet these requirements. The Bank will continue to seek out and create new lending, investment, and service opportunities that will benefit the Bank's CRA assessment area in accordance with this Strategic Plan's measurable goals.

### A. Request for Approval of Esquire Bank's CRA Strategic Plan 2024 – 2026

For the reasons set forth above, Esquire Bank respectfully requests the OCC's approval of this CRA Strategic Plan 2024– 2026

### B. Contact Information

Questions regarding this Strategic Plan may be directed to the following:

Mr. Tom Ehrhardt  
Chief Lending Officer  
Esquire Bank, N.A.  
E-Mail Address: tom.ehrhardt@esqbank.com

## APPENDICES

- A. List of Non-Profits in the Bank's CRA Assessment Area
- B. Esquire Bank's Three-Year Performance Trend
- C. Peer Bank Information
- D. Affidavit of Publication

## **APPENDIX A**

### **Esquire Bank Non-Profit Organizations by County**

#### **Long Island**

- Nassau/Suffolk Law Services Committee
- Gateway Youth Outreach
- Catholic Charities/Rockville Centre
- Big Brothers/Big Sisters
- Child Care Council of Nassau County
- Maureen's Haven Inc.
- Community Development Corp. of LI
- Wyandanch Homes and Property Development Corp
- Sunshine Prevention Center for Youth and Families
- Alzheimer's Association of LI
- Hope House Ministry
- Meals on Wheels
- Mercy Haven
- Interfaith Nutrition Network
- Mother of Good Counsel Home
- ERASE Racism
- Long Island Council of Churches
- PLUS Group Homes
- Rebuilding Together Long Island
- Mid Island Y JCC
- St. Patrick Parish Outreach Trocaire House
- Long Island Cares
- Chabad Outreach Center
- The Make it Count Foundation
- The Disability Opportunity Fund
- Long Island Coalition for the Homeless
- Catholic Charities

#### **Queens**

- Ridgewood Local Development Corporation (Myrtle Ave. BID)
- Greater Ridgewood Restoration Corporation
- Our Lady Star of the Sea
- Chhaya CDC
- Saint Mary's Foundation for Children
- Ridgewood YMCA
- Cross Island YMCA
- Lifeway Network
- Queens Community House
- Forestdale, Inc.
- Elmcors Youth and Adult Activities

#### **Bronx**

- Fordham Bedford Housing Corporation
- University Neighborhood Housing Partnership
- Kingsbridge Heights Community Center
- Beulah Housing Development Funding Corporation
- Bronx Arts Ensemble
- World of Life International Inc.

- Jeanne Jugan Residence
- Neighborhood Initiatives Development Corporation
- Community Action for Safe Apartments / New Settlement
- NAACP - Williamsbridge, Bronx
- South Bronx Redevelopment Organization
- Unity Neighborhood Center, Inc.
- Mosholu Montefiore Community Center

### **New York**

- Lawyers' Alliance for New York
- Fiver Children's Foundation Inc
- Congregation B'Nai Jeshurun
- Community Preservation Corporation
- Habitat for Humanity
- The Bridge Fund of New York City
- Federation of Protestant Welfare Agencies
- Good Shepherd Services
- Supportive Housing Network of New York
- New Destiny Housing Corporation
- Citizens Committee for New York City
- Junior Achievement of New York
- Association for Neighborhood & Housing Development
- Local Initiatives Support Corporation
- NYC Coalition for the Homeless
- Northern Manhattan Improvement Corporation
- St. Vincent's Services
- Housing Partnership Development Program
- Urban Homesteading Assistance Board

### **Brooklyn**

- Brooklyn Legal Services Corporation "A"
- NYS SBDC @ NY Tech
- Neighbors Helping Neighbors
- Cypress Hills Local Development Corporation
- Boys Hope Girls Hope of NY
- Brooklyn Public Library
- St. John's Bread and Life
- Mercy Home
- Fifth Avenue Committee
- CAMBA
- MCIF (Maura Clarke-Ita Ford) Center
- IMPACCT (Formerly PRATT)
- Providence House

## APPENDIX B

### Recent Operating Trends

Dollar Figures in Thousands (USD) or Percent of Average Assets Annualized * Calculated value rounds to 0.00%	Year end 12/31/2021	Year end 12/31/2022	YTD 9/30/2023
1. Number of Institutions Reporting	1	1	1
2. % of Unprofitable Institutions	N/A	N/A	N/A
3. % of Institutions with Earnings Gains	N/A	N/A	N/A
4. Performance Ratios (% , annualized)			
Yield on Earning Assets	4.42%	4.99%	6.47%
Cost of Funding Earning Assets	0.08%	0.13%	0.51%
Net Interest Margin	4.34%	4.85%	5.96%
Noninterest Income to Average Assets	2.04%	1.95%	1.81%
Noninterest Expense to Average Assets	3.10%	3.03%	3.38%
Credit Loss Provision to Assets <b>(1)</b>	0.66%	0.27%	0.28%
Net Operating Income to Assets	1.91%	2.43%	2.82%
Return on Assets	1.91%	2.43%	2.82%
Pretax Return on Assets	2.43%	3.31%	3.84%
Return on Equity	17.17%	25.20%	28.59%
Retained Earnings to Average Equity (YTD only)	10.30%	15.44%	28.59%
Net Charge-Offs to Loans and Leases	1.29%	0.04%	0.03%
Total Real Estate Loans	0.00%	0.04%	0.00%
Construction and Development	0.00%	0.00%	0.00%
Nonfarm Nonresidential	0.00%	0.00%	0.00%
Multifamily Residential Real Estate	0.00%	0.06%	0.00%
1-4 Family Residential	0.00%	0.00%	0.00%
Home Equity	0.00%	0.00%	0.00%
All Other 1-4 Family	0.00%	0.00%	0.00%
Commercial & Industrial Loans	0.03%	0.01%	0.00%*
Loans to Individuals	35.52%	1.24%	1.95%
Credit Cards & Related Plans	0.00%	0.00%	0.00%
Other Loans to Individuals	35.52%	1.24%	1.95%
Automobile Loans	0.00%	0.00%	0.00%
Other Consumer Loans	35.52%	1.24%	1.95%
All other Loans & Leases (Including Farm)	0.00%	0.00%	0.00%
Memo: Commercial Real Estate Loans Not Secured by Real Estate	0.00%	0.00%	0.00%
Loan and Lease Loss Provision to Net Charge-Offs	74.95%	1014.53%	1490.15%
Earnings Coverage of Net Loan Charge-Offs(x)	300.00%	13300.00%	21700.00%
Efficiency Ratio	50.09%	45.86%	45.03%
Assets Per Employee (\$Millions)	1052.00%	1198.00%	1057.00%
Cash Dividends to Net Income (YTD Only) <b>(1)</b>	40.01%	38.71%	0.00%
5. Condition Ratios (%)			
Earning Assets to total Assets	96.58%	96.00%	95.37%
Loss Allowance to Loans and Leases <b>(2)</b>	1.16%	1.29%	1.39%
Loss Allowance to Noncurrent Loans and Leases <b>(2)</b>	151283.33%	305575.00%	15640.82%
Noncurrent Assets Plus Other Real Estate Owned to Assets	0.00%*	0.00%*	0.01%
Noncurrent Loans to Loans	0.00%*	0.00%*	0.01%
All Real Estate Loans	0.00%	0.00%	0.00%



Construction and Development	0.00%	0.00%	0.00%
Nonfarm Nonresidential	0.00%	0.00%	0.00%
Multifamily Residential Real Estate	0.00%	0.00%	0.00%
1-4 Family Residential	0.00%	0.00%	0.00%
Home Equity	0.00%	0.00%	0.00%
All Other 1-4 Family	0.00%	0.00%	0.00%
Commercial & Industrial Loans	0.00%	0.00%	0.00%
Loans to Individuals	0.07%	0.02%	0.72%
Credit Cards & Related Plans	0.00%	0.00%	0.00%
Other Loans to Individuals	0.07%	0.02%	0.72%
Automobile Loans	0.00%	0.00%	0.00%
Other Consumer Loans	0.07%	0.02%	0.72%
All other Loans & Leases (Including Farm)	0.00%	0.00%	0.00%
Memo: Commercial Real Estate Loans Not Secured by Real Estate	0.00%	0.00%	0.00%
Noncurrent Loans Which are Wholly or Partially Guaranteed by the U.S. Government	0.00%	0.00%	0.00%
Net Loans and Leases to Assets	66.90%	67.72%	74.68%
Net Loans and Leases to Deposits	75.26%	75.33%	84.51%
Net Loans and Leases to Core Deposits	75.82%	75.36%	84.57%
Domestic Deposits to Total Assets	88.90%	89.90%	88.37%
Equity Capital to Assets	10.48%	9.15%	10.51%
Leverage (Core Capital) Ratio	11.46%	10.98%	11.98%
Community Bank Leverage Ratio Election (1 is Yes)	0.00%	0.00%	0.00%
Common Equity Tier 1 Capital Ratio <b>(3)</b>	14.79%	14.21%	14.34%
Tier 1 Risk-Based Capital Ratio <b>(3)</b>	14.79%	14.21%	14.34%
Total Risk-Based Capital Ratio	15.89%	15.44%	15.59%

1. For institutions that have adopted CECL methodology (ASU 2016-13), this item represents provisions for all credit losses on a consolidated basis.

2. For institutions that have adopted CECL methodology (ASU 2016-13) this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.

3. As of March 2020, not available for institutions that have elected the Community Bank Leverage Ratio (CBLR) framework.

Source: [banks.data.fdic.gov](https://banks.data.fdic.gov) Financial & Regulatory Reporting - FDIC Cert #58140

## APPENDIX C

### Peer Bank Institutions

The Bank also reviewed other CRA Plans in establishing appropriate measurable community development lending and investment goals for both satisfactory and outstanding CRA performances. While each bank is unique in its specific product offerings, Esquire Bank utilized the above institutions for CRA Strategic Plan comparison purposes since each institution provides banking services, lending and/or deposits, on a nationwide basis and without a traditional branch network. See the selected criteria below:

- Branch Network – Esquire Bank is a unitary bank and so that is an important comparable characteristic.
- Nationwide Footprint – One of the main reasons Esquire Bank has drafted this plan is because of the likelihood of offering loan products nationally. A similarly situated bank would have to have a national focus.
- Combination of traditional credit product offerings such mortgage loans, commercial real estate loans, consumer loans, and small business with loans delivered through direct or indirect third-party relationships such as financial technology companies.
- Methodology used in defining measurable goals. The Bank has decided that tying their goals for community development lending and qualified investments to their average asset size is the most effective way to ensure their CRA commitment grows in concert with the Bank’s growth. In analyzing peer performance, this became an important comparable feature.

Institutions identified include:

1. ***Tri-State Capital*** is a \$9.8 billion dollar bank out of Pittsburgh, Pennsylvania, with one main office and four loan productions office spread throughout the county. The Bank does not operate retail branches similar to Esquire Bank. The Bank has a limited business model where traditional banking products and services are not offered to meet the credit needs of the general retail public. ***Tri-State Capital*** is a business bank where a majority of consumer lending is non-residential loans and lines of credit collateralized by marketable securities. The Bank has identified its broader statewide regional area to include all of Pennsylvania, Ohio, New Jersey, and New York. Finally, the Bank’s measurable goals include a percentage combination of CD loans and CD investments based on the Bank’s average assets.
2. ***Green Dot Bank*** is a \$3.8 billion dollar bank out of Provo, Utah. The Bank has a traditional community bank footprint and product offering involving consumers and small businesses and offering an array of services including loans and deposits products out of its single branch location in Provo Utah. Beyond the Provo community, Green Dot Bank has a specialized nationwide business model that is unique in comparison to traditional banks offering two primary consumer and deposit and payment products; a general-purpose reloadable debit card and consumer and small business checking account products that allow customers to acquire and manage their checking account entirely through a mobile application. The Bank’s measurable goals include a percentage combination of CD loans and CD investments based on the Bank’s average assets.
3. ***Merrick Bank*** is a \$5.3 billion dollar bank operating out of a single location in South Jordan, Utah. Merrick Bank’s business focus is originating non-residential loan products. Lending products include credit cards and recreational vehicle loans offered on a nationwide basis. The Bank also offers merchant payment and card settlement services. The Bank’s measurable goals include a percentage combination of CD loans and CD investments based on the Bank’s average assets.

4. **Live Oak Bank is** a \$10.9 billion bank out of Wilmington, North Carolina. The Bank has one location in North Carolina and operates one Loan Production Office in Atlanta, Georgia. The Bank's measurable goals include a percentage combination of small business loans, CD loans, and CD investments based on the Bank's average assets. **Live Oak Bank** has a narrow nontraditional product offering focused almost entirely on small business lending with CD loans and CD investments as defined measurable goals. The Bank's measurable goals include a percentage combination of CD loans and CD investments based on the Bank's average assets.

**APPENDIX D**  
**Affidavit of Publication**



**State of New York**  
**COUNTY OF NEW YORK**

*David F. Rosaworn*

being duly sworn,

says that he/she is the principal Clerk of the Publisher of the

**New York Post**

a daily newspaper of general circulation printed and published in the English language, in the County of New York, State of New York; that advertisement hereto annexed has been regularly published in the said "New York Post" once, on the:

*180887 on the 8<sup>th</sup> of March, 2024*

**Esquire Bank, National Association  
Community Reinvestment Act (CRA) Strategic Plan**

The CRA regulations require a bank that has developed a Strategic Plan to publish Notice of the plan and solicit formal written public comment for at least a 30-day period. In conformance with this requirement, Esquire Bank, National Association (the "Bank") hereby provides notice to the public of its plan to submit a three (3) year CRA Strategic Plan to the Office of the Comptroller of the Currency ("OCC").

Written comments from the public concerning the Strategic Plan are encouraged. To obtain a copy of the Bank's Strategic Plan at no charge to the requesting party, individuals may request a copy by mail or phone by contacting Tom Ehrhardt, Senior Vice President and Chief Lending Officer, 100 Jericho Quadrangle, Suite 100, Jerich NY 11753, (516) 535-2002. All written comments regarding the Strategic Plan should be directed to Mr. Tom Ehrhardt, Chief Lending Officer at the address listed above or via email at [Tom.Ehrhardt@esqbank.com](mailto:Tom.Ehrhardt@esqbank.com)

Comments and suggestions will be accepted until April 8, 2024, following which time the Strategic Plan will be submitted for approval to the OCC. The Bank will review all comments and incorporate suggestions into the Strategic plan at its discretion.

*[Signature]*

Sworn to before me on this *8<sup>th</sup>* day of *March* 2024

*Margaret T. Varrone*

Notary Public

MARGARET T VARRONE  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 01VA6354821  
Qualified in Rockland County  
My Commission Expires: *02-21-25*