



ESQUIRE[®] BANK

CUSTOMER NEWSLETTER

FALL 2008

800-996-0213

www.EsquireBank.com

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Esquire Bank – A Focus On Safety & Soundness

Our headline for this newsletter reflects our position before, during, and after this period of turmoil in the financial markets. When we first filed for the application for Esquire Bank's charter in 2005, we based our application on a model of "safety and soundness." This conservative management approach was used as the basis of our business plan. Our founders realized that the financial services business was very competitive and would be a challenging arena in which to establish a new bank. We also believed that Esquire Bank would have to distinguish itself by providing exceptional service and innovative products without losing sight of managing the Bank with a strong focus on the core principle of "safety and soundness."

The management team and Board of Directors kept true to our plan. We are very pleased to inform you that we have achieved a number of milestones in our growth. These milestones include, the hiring of experienced professional bankers, the successful opening of

our second branch in Garden City, the forming of a relationship with a number of key organizations including New York State Academy of Trial Lawyers, Workers Injury Law & Advocacy Group and the California Association of Consumer Attorneys and the introduction of innovative products.

We are very gratified that our deposits have grown dramatically over the past year. We believe that the increase in our deposits is a vote of confidence in our Bank, our products, our management and staff, and our Board of Directors. See "*Safety & Soundness By the Numbers.*"

Through the expertise of our management team, staff, and the support of our Board of Directors we have built a strong balance sheet as a foundation to move forward with our growth. During a period when other financial institutions acquired high-risk assets, we maintained true to our core principals of underwriting loans to very strict guidelines.

We have not and will not underwrite or purchase loans that we deem risky or unhealthy for our Bank. We will not sacrifice quality to achieve short-term high yields.

In addition to our deposit growth and the careful management of our balance sheet we have been able to maintain a very respectful interest rate margin while maintaining quality assets.

Our customers can feel secure in the fact that we are an FDIC insured institution operating under a federal charter. FDIC coverage is detailed in this newsletter under "*Expanded FDIC Coverage.*"

In addition to the expanded FDIC coverage, our customers can obtain up to **\$50 million in FDIC protection through the CDARS program.** Our CDARS program is a way for Esquire Bank customers to keep large deposits safe. For more information see "*Esquire Bank is an approved CDARS member bank.*"

New Expanded FDIC Coverage

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. The FDIC insures customer deposits and through the various title categories depositors can avail themselves of FDIC coverage in excess of \$250,000.

The FDIC insures all deposits at Esquire Bank, including NOW accounts, savings accounts, money market deposit accounts, and certificates of deposit (CDs), up to the insurance limit. The basic insurance amount is currently \$250,000 per depositor per insured bank.

On October 14, 2008 the FDIC expanded full coverage to all non-interest bearing transaction deposit accounts at an FDIC-insured institution, including all personal and business checking deposit accounts that do not earn interest. These accounts are fully insured for the entire amount in the deposit account. This unlimited insurance coverage is temporary and will remain in effect for

participating institutions until December 31, 2009.

In most cases, the FDIC can provide coverage over \$250,000. The FDIC provides separate insurance coverage for deposit accounts held in different categories of ownership.

Fiduciary accounts established by a person or entity for the benefit of one or more other parties are a separate category. Types of fiduciary accounts may include, but are not limited to:

- Accounts with a power of attorney
- Decedent estate accounts
- Real estate and other escrow accounts
- Mortgage servicing accounts
- Interest on lawyer trust accounts (IOLA & IOLTA)
- Brokered deposits

Funds deposited by a fiduciary on behalf of one or more principals are insured as the funds

of the principal (the actual owner) to the same extent as if the funds were deposited directly by the principal, provided all of the following requirements are met:

- The fiduciary nature of the account must be disclosed in the account title.
- The identities and the interests of the principals for whom the fiduciary is acting must be ascertainable from either the deposit account records of the bank, or records maintained in good faith and in the regular course of business by the depositor or by some person or entity that had undertaken to maintain such records for the depositor.

Please call us at **1-800-996-0213** to discuss how Esquire can provide an investment opportunity or answer any questions you may have regarding CDARS and how it can work for you. To see how you can structure your accounts to obtain expanded FDIC coverage, visit our Web site at **www.esquirebank.com**.

Esquire Is An Approved CDARS[®] Member Bank

In addition to the standard FDIC coverage, Esquire Bank offers expanded FDIC coverage, up to \$50 million in FDIC protection, through the CDARS Program. The CDARS program is a way for Esquire Bank customers to keep large deposits safe. CDARS is a valuable cash management or longer-term investment tool for personal, business or fiduciary accounts. It is the perfect solution for individuals, businesses, Surrogate and Supreme Court accounts, non-profit organizations, public funds managers, trustees, financial advisors, and IRAs.

Customers no longer have to manage multiple bank deposit relationships, administer various interest rates, organize interest disbursements from various sources, or manually consolidate monthly statements. Esquire Bank can reduce the administrative burden especially for financial reporting and tax filings. CDARS eliminates the need to monitor changing collateral values – another time saving convenience.

- **Safety** – Depositors receive expanded coverage up to \$50 million in FDIC insurance coverage. The information is confidential and remains protected.
- **Convenience** – Depositors receive one interest rate and one regular statement and one year-end tax form.
- **Community Investment** – The full value of your money supports lending opportunities in the local community.
- **CD-Level Rates** – Depositors earn CD-level returns which compare favorably with other investment alternatives, including Treasuries, corporate sweep accounts, and money market funds with the added protection of the FDIC.

Please call us at **1-800-996-0213** to discuss this investment opportunity and to answer any questions you may have regarding the CDARS program. You may obtain additional information on the CDARS program by visiting our Web site at www.esquirebank.com.

Esquire Bank Announces New Partnership

Esquire Bank is the sponsor and business partner of the **Consumer Attorneys of California** and the **New York State Academy of Trial Lawyers** (collectively the “Associations”). The Bank and the Associations entered into revenue sharing arrangements based on services provided to more than 3,200 members of both Associations.

Our goal is to become the bank of choice for the Associations’ members by providing the highest quality “Relationship Banking” and the tools to conduct their banking business more efficiently and effectively. By establishing a banking and business relationship with Esquire Bank, we can generate income for the Associations from unique revenue sharing agreements tied to member deposits and credit cards. This approach to banking enables both the Associations and the Bank to grow and expand services to the community and the Associations’ members.

Esquire CLE Sponsorships

On September 24th, Esquire Bank was pleased to sponsor a CLE class, which featured Joseph Deutsch, Esq. of National Granite 1031 Services. The venue was the Friar’s Club on East 55th Street in NYC. The event was attended by a cross section of attorneys from the metropolitan area interested in the importance of the Section 1031 of the IRS Code, Tax Deferred Sales of Business Property. The program was informative and timely.

Through these programs, we are making available interesting and convenient programs for attorneys to complete their CLE requirements. Esquire Bank knows the importance of supporting our clients not only with the basic banking products and services, but also with other programs that assist the client in running their business.

Please visit our Web site at www.esquirebank.com to see our schedule of future Esquire Bank sponsored CLE programs.

Safety & Soundness By the Numbers

As of September 30, 2008

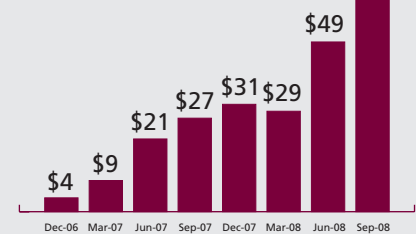
Our accomplishments to date illustrate the commitment by our management team and Board of Directors to our core principles.

Capital: Esquire Bank’s capital ratio (capital /assets) is approximately 17% or 2-3 times greater than most financial institutions.

Growth without Leverage: Esquire Bank has more than doubled in size to \$83 million from December 2007. Our core low-cost deposits totaled \$68 million, an annualized increase of almost 160% from December 2007. We have constructed our balance sheet to ensure maximum liquidity. Our available liquidity totals \$89 million, or 1.3x our deposit base.

Asset Quality: During the current financial crisis, Esquire Bank’s focus is to maintain asset quality while operating the bank in a safe and sound manner. Our current cash position

Deposit Balances
(millions)



is maintained with the Federal Reserve Bank of New York and the Federal Home Loan Bank of New York. We do not maintain any cash in institutional money market funds. Our securities portfolio totaling \$56 million, or 86% of our interest earning assets, consists primarily of securities explicitly guaranteed by the federal government based on their status in September 2008. The remaining portion of our securities portfolio is AAA rated non-agency MBS. We do not have any exposure to corporate or preferred debt of any company or institution. Our loan portfolio totals \$9 million, or 14% of interest earning assets. We have applied very conservative underwriting standards to these credits, demonstrated by our average loan-to-value of 55% and very respectable FICO scores. There are no delinquencies and no non-performing assets in our loan portfolio.