

BROOKLINE BRANCH SERVICES works with financial institutions that have single and oversized branches to:

- Utilize ASC Topic 842 "Leases" Standard to Create Non-Dilutive Capital for Financial Institutions
- Down-Size Branches to Reduce Operating Costs and Eliminate Unnecessary Branch Square Footage
- Alleviate Property Management concerns to allow Financial Institutions to focus on Earnings Management and Regulatory Requirements

***Create Non-Dilutive Capital
Reduce Costs and Improve Earnings***

Increase Earnings, Liquidity and Capital



ASC Topic 842 *Leases* permits, assuming certain criteria are met, to immediately recognize a gain on sale-leaseback transactions. In addition to increasing liquidity, such transactions also generate non-dilutive, Tier-1 capital.

With additional capital, financial institutions can:

- Meet existing regulatory requirements
- Use leverage to increase loan growth
- Fund IT upgrades to reduce compliance costs
- Eliminate non-earning assets

Oversized to Right-Sized



Oversized branches do not fit today's banking model. Right-size branches and repurpose low-use space to:

- Realize immediate cost savings
- Generate long-term efficiencies
- Modernize office space to better fit current needs
- Enable leasing to co-tenants, driving new foot traffic to the branch



Reduce M&A Redundancies

An often-overlooked component of mergers & acquisitions is the purchase of operating real estate assets which later play a significant role in the outcome of the M&A. Brookline works with financial institutions to:

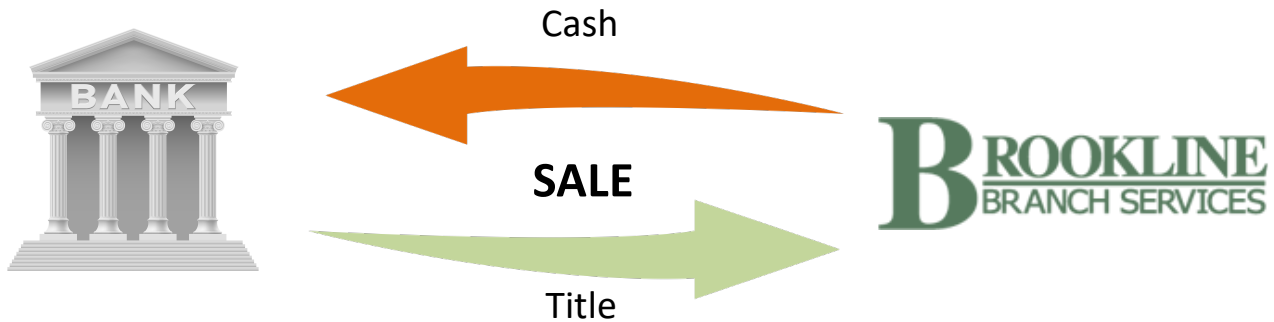
- Develop flexible options for acquiring companies, including the acquired real estate
- Address the issue of redundant branches
- Reduce operating expenses



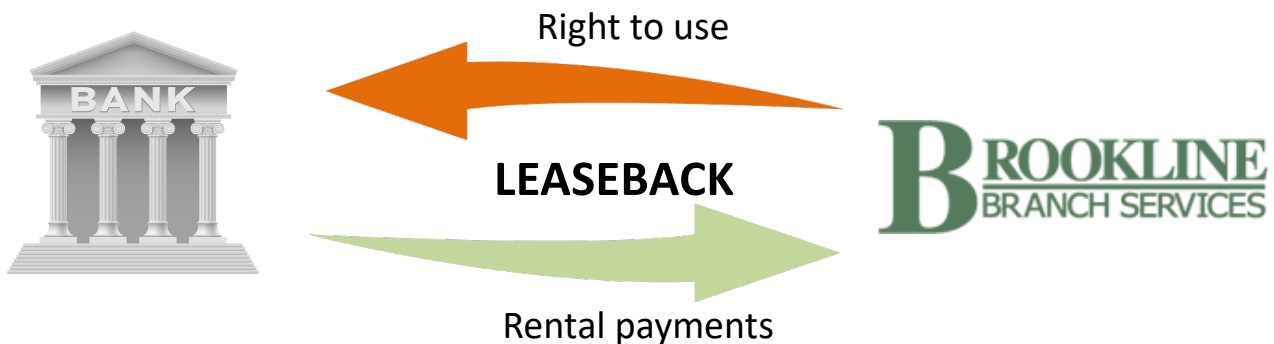
Simplify your Property Management

Operating fixed assets, including the related maintenance is a non-core distraction. By entering a sale-leaseback transaction with Brookline, we take over branch management and let financial institutions focus on improving customer service and increasing shareholder value.

We'll work with you to ensure that the transaction meets sale and leaseback accounting in accordance with ASC 842 *Leases*.



First, you sell the branch to us. On closing, you'll transfer title and we'll wire you the funds. We'll ensure that the sale meets the criteria within ASC 606 *Revenue from Contracts with Customers*, including that we obtain control over the asset and there are no repurchase agreements or other items that would cause the sale to "fail." If structured correctly, you will derecognize the branch and record an immediate gain on sale...increasing profits, liquidity, and capital!



Simultaneously, we'll enter a lease, granting you the right to use the branch in exchange for periodic rental payments. We'll work with you to ensure that you get to use the branch to meet your needs, while still ensuring that the lease is classified as an operating lease using the classification criteria within ASC 842. It's a win-win!

Recent Projects

	Park Bank	BMO Harris
Goal	Generate Non-Dilutive Capital	Reduce Operating Exp & Generate Capital
Size	\$1 Billion	\$550 Billion
Project	This bank had an opportunity to expand their loan portfolio but didn't want to dilute shareholders to raise capital.	BMO acquired over 100 branches from a previous merger and acquisition. BMO strategically divested 16 oversized and 10 triple net branches with a combined 483,000 SF. The branches had strong deposits but were expensive to operate.
Results	Brookline purchased a branch with a low net book value, allowing the bank to recognize a gain and increase Tier-1 capital. The bank then leased back the branch for a term of 15 years and options to extend.	Brookline right-sized this bank's portfolio of oversized branches. As a result, the bank's operating expenses were reduced, the branch space was redesigned to fit the bank's needs, and the new space is now available for complementary tenants.
Sale Price	\$2.5M	\$35.3M

"Working with Brookline Branch Services was exceptional! They understood our needs, the transaction process was seamless and the management team is top notch. We would recommend them to any financial institution looking to utilize ASC Topic 842 "Leases" for a sale-leaseback of their bank branch real estate portfolio."

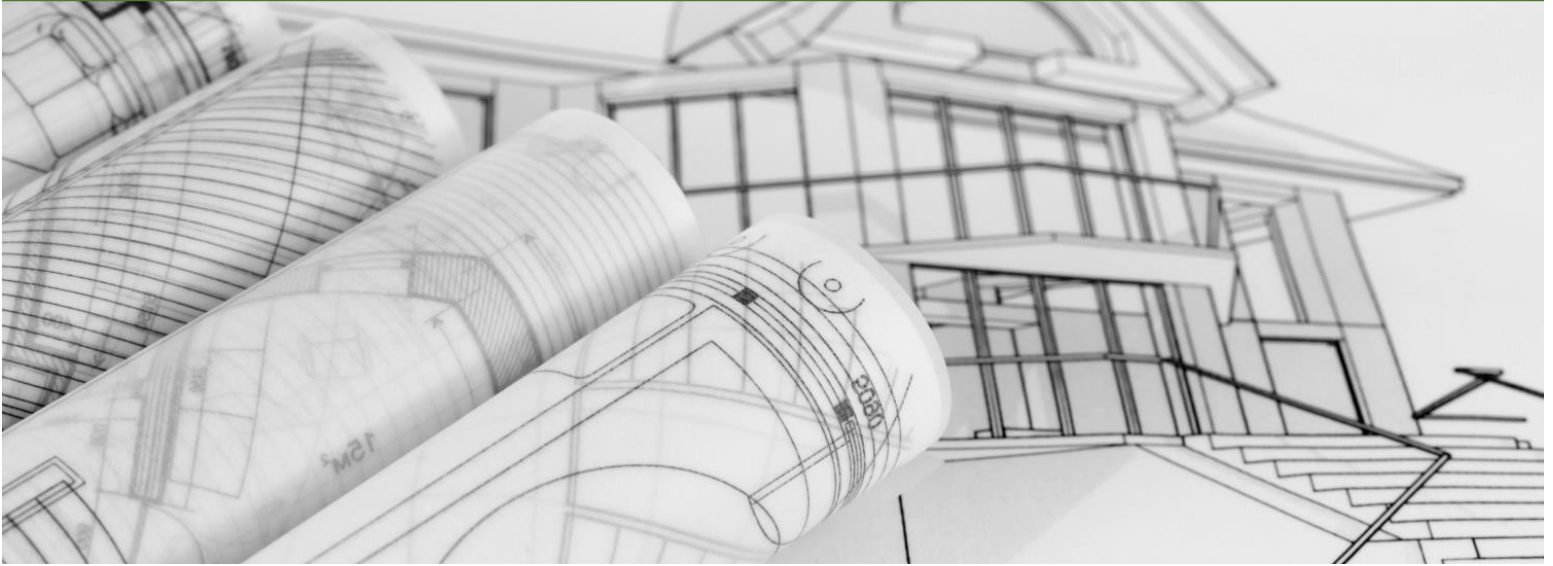
Mike Kelly, Park Bank

"BMO Harris was looking to right-size a group of large, legacy bank branches. Through two successive transactions with Brookline, BMO Harris divested a portfolio of our single and oversized branches under a Sale-Leaseback (SLB) program. The first SLB immediately reduced our operating expenses and enabled the redesign of the oversized branch's space to fit our needs. The second portfolio transaction enabled further cost savings, branch space rightsizing and a step-up capital gain meeting BMO's financial objectives. Our working partnership with Brookline on these transactions has been very effective, and we would recommend them to anyone."

BMO Harris Bank, Chicago, Illinois

Below is a hypothetical sale-leaseback transaction for a portfolio of branches. The example is meant to help a financial institution understand how dormant capital found on their balance sheet, as depreciated bank-owned branches, can be leveraged and redeployed as working CET1 capital to create new income. The assumptions used for this hypothetical transaction are representative of the outcomes for many financial institutions.

1	Fair Market Value	\$20,000,000	Assume a \$20M fair market value for a portfolio of multiple branches.
2	Net Book Value	\$4,000,000	Assume a combined \$4M net book value for the substantially depreciated branch portfolio.
3 (1 - 2) x (1 - 21%)	CET1 Capital Generated from Sale-Leaseback	\$12,640,000	After tax (21%) capital gains generated by the sale-leaseback.
4	Leverage Multiplier	10x	Assumed leverage multiplier applicable to the new CET1 capital.
5 (3 x 4)	Tier 1 Lendable Capital	\$126,400,000	Increase in new earning assets.
6	Annual Net Interest Margin on new earning assets	3.00%	Assumed net interest rate applied to new earning assets.
7 (5 X 6)	New Revenue	\$3,792,000	Gross profit on lending.
8 (1 x 8%)	Leaseback Expense	\$1,600,000	Annual NNN lease payment; 8% of the purchase price.
9 (7 - 8)	Increase in NOI	\$2,192,000	Net Profit on lending.
10 (9 / 2)	Annual Return on Balance Sheet Equity	54.80%	First year increase in NOI divided by the balance sheet book value of the branches.



Contact Us on Your Branch Needs

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Brookline Branch Services (BBS) is an affiliate of Brookline Development Company, a real estate development group founded in 2001. BBS owns and operates over 3 million square feet of retail and office real estate across 10 states and Washington, D.C. Our Principals have a combined 50+ years of commercial real estate business with offices in Florida and New York. The BBS Team has presented to the American Bankers Association, Florida Bankers Association, IBANYS, and other banking associations. BBS has a broad knowledge of meeting the real estate needs of financial institutions.

Other services include:

- New Site Development
- Ground Lease Options
 - Build to Suit Options
 - Multi-Tenant Buildouts
 - Property Management
 - Branch Modernization
- Merger and Acquisition Assistance
- Identify Infill Locations following M&A