

**BREAKEVEN, PAYBACK AND CAPITAL RECOUP ANALYSIS**  
**SAMPLE FINANCIAL INSTITUTION**  
**TARGET DEVELOPMENT**  
**SIMULATED SCENARIO**

Total GRFI Ltd. Point Score: 402.38					
ESTIMATED OPTIMAL DEPOSIT VOLUME OVER FIVE (5) TO SEVEN (7) YEARS --> \$46 MM AS FULL SERVICE BRANCH					
LINE ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Deposits - Incremental (1)	\$ 0	\$ 9,200,000	\$ 9,200,000	\$ 9,200,000	\$ 9,200,000
Deposits - Cumulative	\$ 9,200,000	\$18,400,000	\$27,600,000	\$36,800,000	\$46,000,000
Net Gross Revenue @ 300 BP (2)	\$ 276,000	\$ 552,000	\$ 828,000	\$ 1,104,000	\$ 1,380,000
Net Gross Revenue from Fees @ 50 BP	\$ 46,000	\$ 92,000	\$ 138,000	\$ 184,000	\$ 230,000
<b>Total Net Gross Revenue</b>	<b>\$ 322,000</b>	<b>\$ 644,000</b>	<b>\$ 966,000</b>	<b>\$1,288,000</b>	<b>\$1,610,000</b>
<b>Expenses:*</b>					
Land Cost (Est. \$650,000 M Purchase)	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Construction @ \$250/SF - Inclusive of Furniture, Fixtures, Equipment (4,000 SF) = \$1.0 M	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
ATM (3 @ \$50,000 = \$150,000 OVER 5 YEARS)	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Staffing (7 - 9 @ \$30,000)	\$ 210,000	\$ 310,000	\$ 370,000	\$ 400,000	\$ 430,000
Taxes, Home Office Allocation	\$ 14,305	\$ 14,305	\$ 14,305	\$ 14,305	\$ 14,305
plus new signing @ 25 BP	\$ 23,000	\$ 46,000	\$ 69,000	\$ 92,000	\$ 115,000
Merchandising	\$ 20,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<b>Combined Expenses (3)</b>	<b>\$ 462,305</b>	<b>\$ 575,305</b>	<b>\$ 658,305</b>	<b>\$ 711,305</b>	<b>\$ 764,305</b>
Projected Net Annual Revenue	\$ (140,305) (4)	\$ 68,695	\$ 307,695	\$ 576,695	\$ 845,695
Cumulative Cash Flow (5)	\$ (140,305)	\$ (71,610) (5)	\$ 236,085	\$ 812,780 (6)	\$ 1,658,475

**NOTES:**

- (1) The above scenario assumes that any new growth in deposits (upside potential) will be achieved over a period of several years.
- (2) A 3.0% net margin is calculated against upside deposits and is used to cover both deposit and associated loan net revenues resulting from usage of funds at the study group facilities or elsewhere within the distribution system.
- (3) Assumes full improvement and development cost over a period of several years.
- (4) **Break even (positive cash flow) is reached in year two from the date of scenario commencement.** ■
- (5) **Pay back (on the investment) is reached in year three from the date of scenario commencement.** ■
- (6) **Capital Recoup is reached in year five from the date of scenario commencement.** ■

\* Expenses are estimated as based upon GRFI's most recent and ongoing build projects. Additional efficiencies may also be realized via the reuse of owned equipment, etc.