



KeyState

Unlocking Earnings from Unexpected Places

JD David
EVP – Strategy & Growth



SBA For-Profit Forum

Most of this is true

FIRST PEOPLES COMMUNITY BANK of BOZEMAN

❑ **Bank Assets:** \$12.5B

❑ **Effective Tax Rate:** 25%

❑ **Taxes Paid:** \$40M

❑ **Objective:** Reduce ETR by \$4M

Most of this is true

FIRST PEOPLES COMMUNITY BANK of BOZEMAN

❑ **Bank Assets:** \$12.5B

❑ **Facilities Spend:** \$10M

❑ **Effective Tax Rate:** 25%

❑ **Branches:** ~50

❑ **Taxes Paid:** \$40M

❑ **To Save \$4M:** Close 20 Branches

❑ **Objective:** Reduce ETR by \$4M

Eliminate 100+ Jobs

UNLOCKING EARNINGS FROM UNEXPECTED PLACES

KeyState helps community banks level the playing field so they can focus on what matters most...

enabling their local economies to prosper and flourish.

The banks with the lowest effective tax rates on a sustained basis...

are the ones that are **INTENTIONAL** about managing income tax expenses.

LEADERSHIP TEAM



JOSH MILLER
Chief Executive Officer



NICK MILLER
President



GAYLE ESPINOSA
CFO



BRIAN AMEND
COO



JD DAVID
EVP – Strategy & Growth



LARRY WOOD
EVP – Investment Subsidiary
& Portfolio Management



DAVID GUERINO
EVP – Captive Solutions



TRISH TAAFE-MCMENAMY
VP – Client Administration



WE SPEAK COMMUNITY BANK

1991

Year Founded

\$20B+

Fixed Income AUM*

30+

States with Active
Bank Clients

150+

Community
Bank Clients

\$800M+

Tax Equity Deployed
and Committed

BUSINESS UPDATE

CAPTIVE SOLUTIONS

**INVESTMENT SUBSIDIARY
& PORTFOLIO MANAGEMENT**

TAX CREDIT INVESTMENTS

BUSINESS UPDATE – CAPTIVE SOLUTIONS

BENEFITS

- Lower insurance premiums
- Better manage coverages
- Reduce taxes

Adds 1-2% to bank earnings

2025 UPDATE

- IRS ruling on micro-captives
- Joint letter / lobbying efforts
- Outcome to drive next steps

BUSINESS UPDATE – INVESTMENT SUBSIDIARY & PORTFOLIO MANAGEMENT

BENEFITS

- TEFRA and state tax savings
- Increased access to non-BQs
- Better manage inv. portfolio

Adds 1-3% to bank earnings

2025 UPDATE

- Primary competitor acquired
 - Bought by private equity
 - Cayman-based

BUSINESS UPDATE – TAX CREDIT INVESTMENTS

BENEFITS

- Highest ROI of all federal TCs
- Min. balance sheet impact
- Very short payback period

Adds 2-3% to bank earnings

2025 UPDATE

- OBBBA phases out RE TCs
- Still clear path for solar to 2030
- Alternative tech through 2035



Thank You