



2026 WICPA FINANCIAL INSTITUTIONS CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



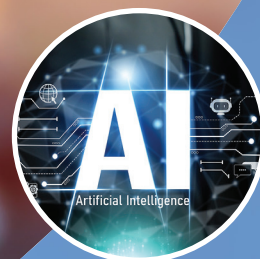
BUILDING THE NEXT GENERATION OF FINANCIAL SERVICES WITH DIGITAL ASSETS

Explore the next frontier of financial services and digital assets, including stablecoins and tokenized payments



A GUIDE TO THE MARKETS

Gain insights into forecasts on GDP, Fed policy, interest rates and investment opportunities in the fixed-income markets



FROM GENERATIVE AI TO AGENTIC INTELLIGENCE: WHAT FINANCIAL LEADERS NEED TO KNOW

Learn how organizations can responsibly adopt AI through strong governance, risk management and ethical frameworks

WEDNESDAY, MAY 13 | WICPA CPE LIVESTREAM ONLY

MATERIALS AT A GLANCE

The following materials are from the afternoon sessions of the 2026 WICPA Financial Institutions Conference held on Tuesday, May 13, including:

- ALCO Reimagined
- The Return of Bank M&A: Understanding New Market Trends & How They Should Shape Your Strategic Thinking
- From Generative AI to Agentic Intelligence: What Financial Leaders Need to Know
- In the Crosshairs: Accountant Liability Issues

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2026 WICPA GOLF OUTING

FRIDAY, SEPT. 18 – Ironwood Golf Course, Sussex



4-PERSON SCRAMBLE

\$95 per Golfer
\$380 for Foursome

REGISTRATION INCLUDES

18 Holes of Golf With Cart
Practice Greens & Driving Range
Continental Breakfast & Lunch
Beverage Vouchers
Hole & Event Contests
Entry in Prize Drawings
Awards Reception & Appetizers

SCHEDULE

8:30 a.m.
Check-In & Breakfast

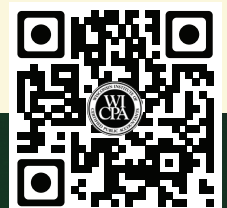
9:00 a.m.
Practice Greens
& Driving Range

10:00 a.m.
Shotgun Start

4:00 p.m.
Awards Reception,
Prize Drawings & Appetizers

HOLE & EVENT PRIZES

\$1,000+ in Drawing Prizes
\$500+ in Individual Prizes
\$500+ in Team Prizes
\$500 Inside the Circle Contest



Scan the QR code or visit wicpa.org/GolfOuting to register.

SAVE THE DATE!

UPCOMING WICPA CONFERENCES & SPECIAL EVENTS



CONFERENCES

WICPA conferences are your source for key updates and insights on timely issues. As a WICPA member, you can save up to \$150 on registration!

Financial Institutions Conference

Wednesday, May 13
WICPA Office & WICPA CPE Livestream

School District Audit Conference

Wednesday, May 27
WICPA CPE Livestream Only

Business & Industry Fall Conference

Thursday, Sept. 24
Brookfield Conference Center & WICPA CPE Livestream

Not-for-Profit Accounting Conference

Wednesday, Sept. 16
WICPA Office & WICPA CPE Livestream

Tax Conference

Monday, Nov. 16 - Tuesday, Nov. 17
Brookfield Conference Center & WICPA CPE Livestream

Accounting & Auditing Conference

Tuesday, Nov. 10
WICPA Office & WICPA CPE Livestream

Accounting Technology Conference

Thursday, Dec. 17
WICPA Office & WICPA CPE Livestream

SPECIAL EVENTS

WICPA special events are unique opportunities to connect with fellow members and provide a great way to socialize and have fun!

Member Recognition Banquet & Annual Business Meeting

Friday, May 7, 2027
Brookfield Conference Center

New CPA Banquet

Friday, June 12
Brookfield Conference Center

Golf Outing

Friday, Sept. 18
Ironwood Golf Course

Bowling Night

Thursday, April 29, 2027
New Berlin Ale House

Conveniently attend WICPA conferences from anywhere with an internet connection!

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Registration opens approximately eight weeks prior. For more details about each and to register, visit wicpa.org/conferences and wicpa.org/events.

JOIN A CONFERENCE PLANNING COMMITTEE

Participate in planning a WICPA conference and enjoy:

- ⦿ FREE registration*
(a \$300-\$400 value!)
- ⦿ Exclusive networking
- ⦿ Leadership skill development
- ⦿ Recognition for your WICPA involvement
- ⦿ Informal CPE credit

* To receive free conference registration:

- attend one planning meeting ~ 2 hours
- select topics
- contact speakers
- introduce speakers at conferences

2026 CONFERENCES Accepting Volunteers

SEPT.
24

BUSINESS &
INDUSTRY FALL
CONFERENCE

SEPT.
16

NOT-FOR-PROFIT
ACCOUNTING
CONFERENCE

NOV.
16-17

TAX
CONFERENCE

NOV.
10

ACCOUNTING &
AUDITING
CONFERENCE

For more information or to join, email tammy@wicpa.org.



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**To get started, visit
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12:10 – 1:10 p.m.

ALCO Reimagined

Daniel Farmer, *Senior Consultant, Darling Consulting Group*



ALCO Reimagined

May 13, 2026

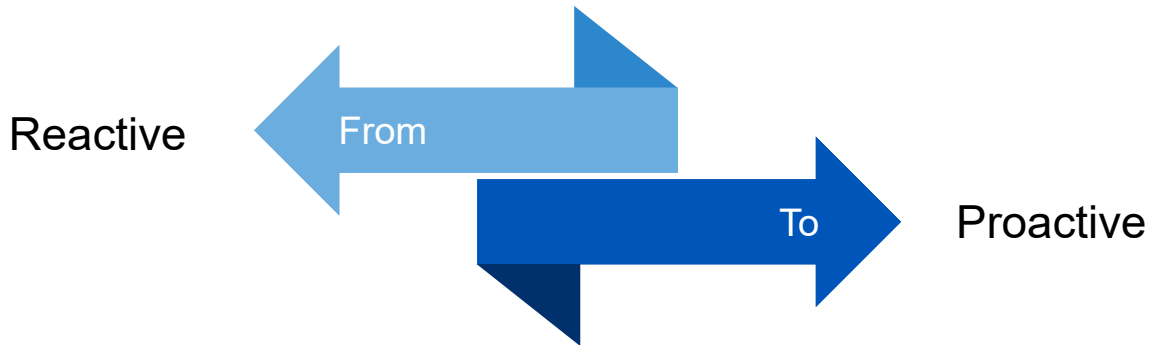
Daniel Farmer | Senior Consultant | dfarmer@darlingconsulting.com



Wisconsin Institute of
Certified Public Accountants

1

ALCO Evolution



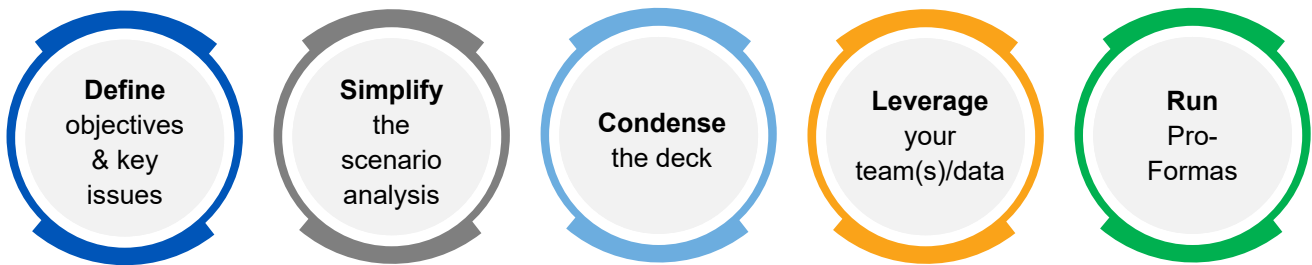
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Evolution of Strategy at ALCO



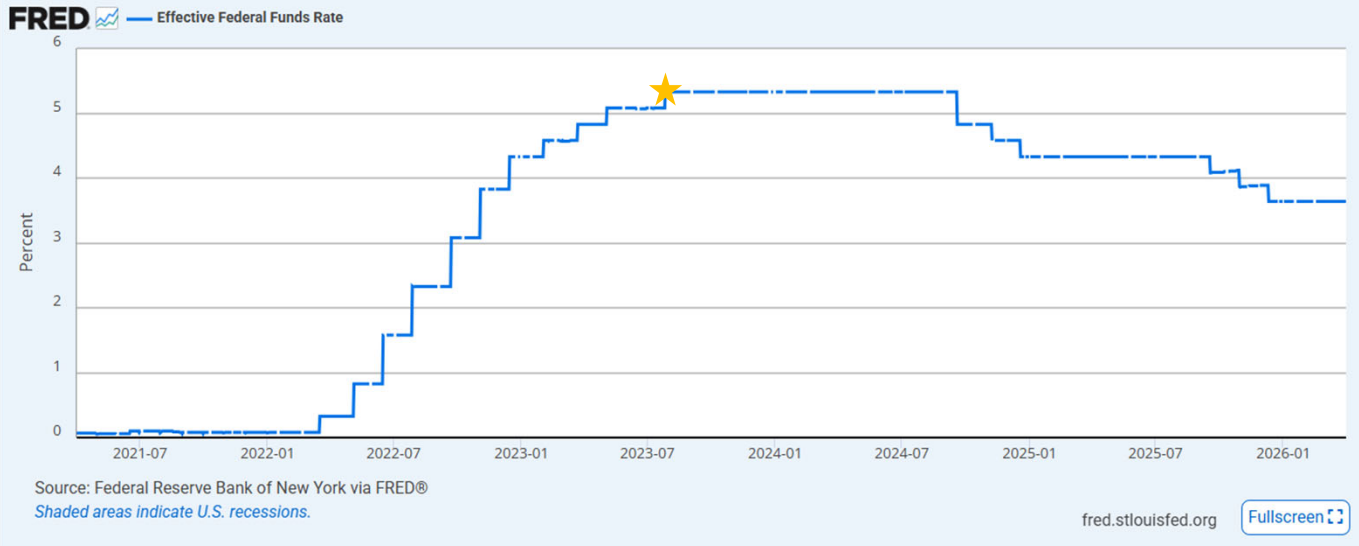
3

Preparation Is Key



4

Case Study: Deposit Modeling



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Assumptions: Deposits

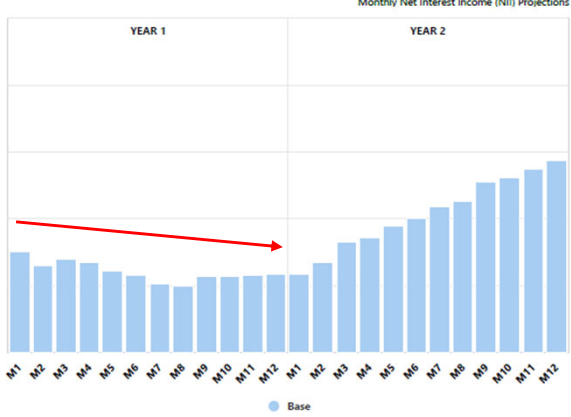
Rate Sensitivity of MMDA Portfolio



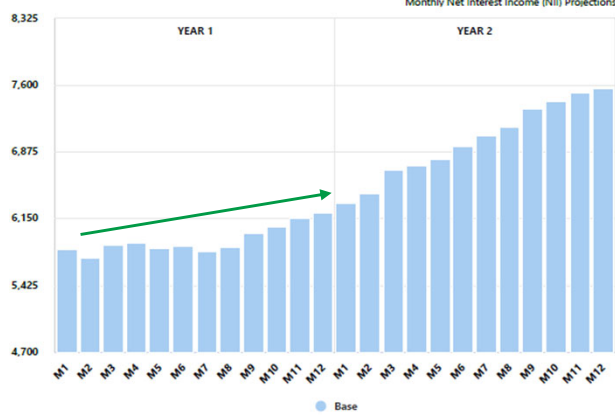
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Importance of Dynamic Assumptions

NII Migration - Forecast



Base Simulation as of 9/30/2023



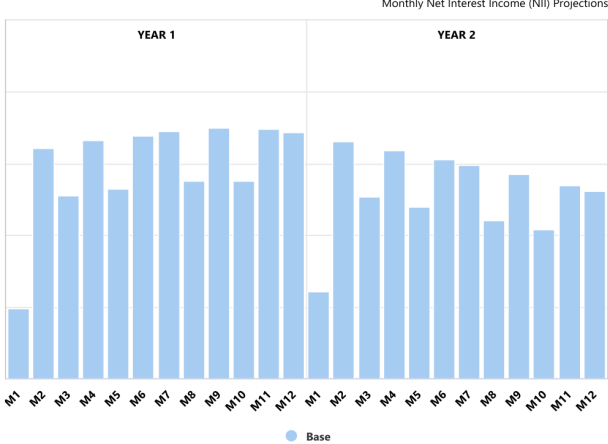
Source: Darling Consulting Group Deposits360®



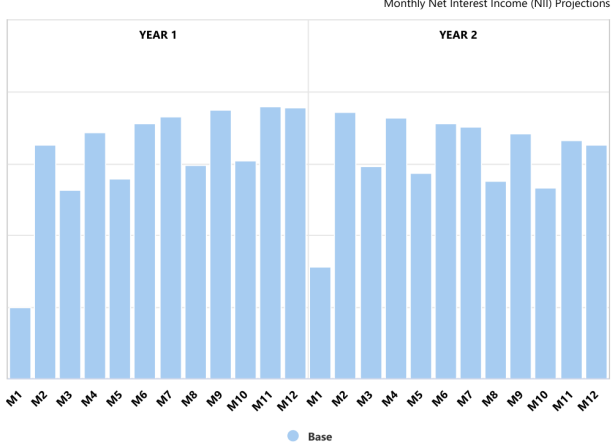
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Loan Replacement Rates Down 25bps

25BP Decrease in Loan Replacement Rates Simulation as of 1/31/2026



Base Simulation as of 1/31/2026



	Y1	Y2
	-111	-306
DIFFERENCE		



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Assumptions: Loans

Product	Balance	% Allocation	Projected Prepayment Rates
			Base Scenario
✓ Broad Current Interest Rate Group	\$1,280,073	100.00%	22.3
>3 to 4	\$100,328	7.84%	13.9
>4 to 5	\$177,049	13.83%	15.5
>5 to 6	\$71,698	5.60%	14.6
>6 to 7	\$234,048	18.28%	18.5
>7 to 8	\$441,556	34.49%	26.2
>8 to 9	\$255,395	19.95%	31.8

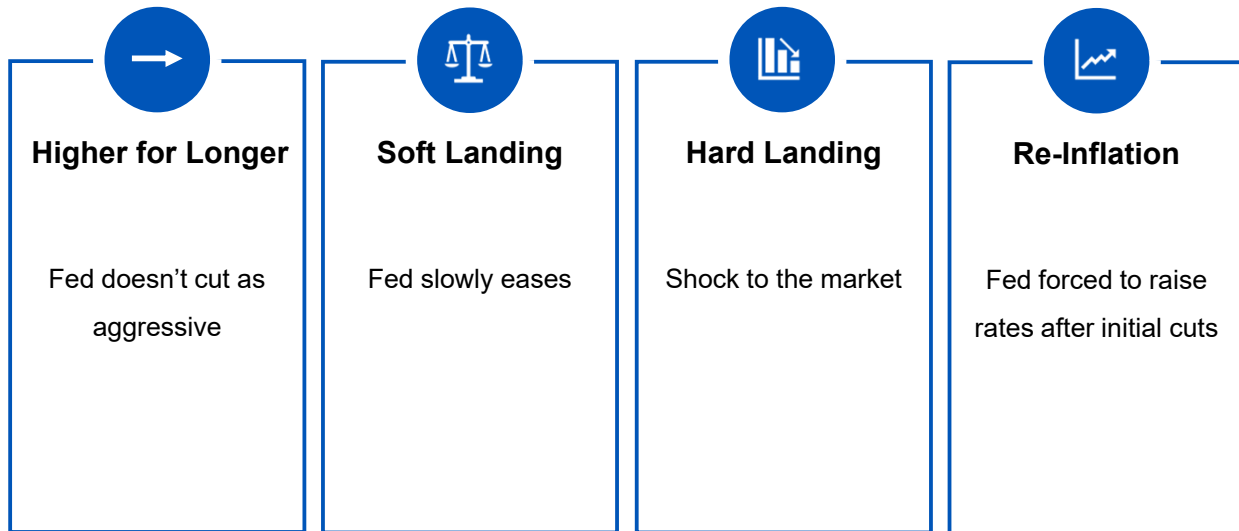
Source: Darling Consulting Group Loans360®

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The ALCO Meeting

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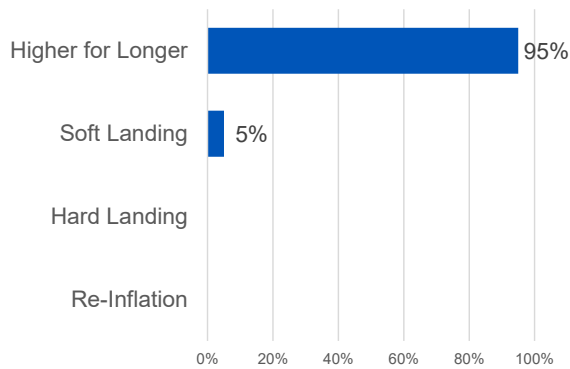
Revisiting the IRR Story



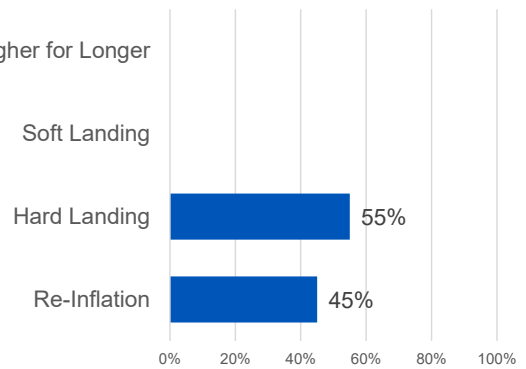
11

We Polled an Audience of 100 Bankers...

What scenario is most likely to play out in 2025?



What scenario is the worst case for earnings in 2025?



Source: Darling Consulting Group audience data

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FOMC Outlook – Rate Probabilities

MEETING DATE	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES							
	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
6/17/2026	0.0%	0.0%	0.0%	3.1%	96.9%	0.0%	0.0%	0.0%
7/29/2026	0.0%	0.0%	0.2%	9.1%	90.7%	0.0%	0.0%	0.0%
9/16/2026	0.0%	0.0%	0.6%	12.4%	87.1%	0.0%	0.0%	0.0%
10/28/2026	0.0%	0.0%	0.6%	12.4%	87.1%	0.0%	0.0%	0.0%
12/9/2026	0.0%	0.0%	0.5%	11.6%	82.0%	5.9%	0.0%	0.0%
1/27/2027	0.0%	0.0%	0.5%	10.5%	75.5%	12.9%	0.5%	0.0%
3/17/2027	0.0%	0.0%	0.4%	9.2%	66.7%	21.4%	2.2%	0.1%
4/28/2027	0.0%	0.0%	0.4%	8.5%	62.4%	24.8%	3.7%	0.2%
6/9/2027	0.0%	0.0%	1.0%	12.3%	59.8%	23.3%	3.4%	0.2%
7/28/2027	0.0%	0.1%	2.1%	17.0%	56.1%	21.3%	3.1%	0.2%
9/15/2027	0.0%	0.4%	4.4%	23.2%	50.7%	18.4%	2.6%	0.2%
10/27/2027	0.2%	1.8%	10.7%	32.3%	39.9%	13.2%	1.8%	0.1%
12/8/2027	0.6%	4.2%	16.5%	34.4%	32.7%	10.1%	1.4%	0.1%

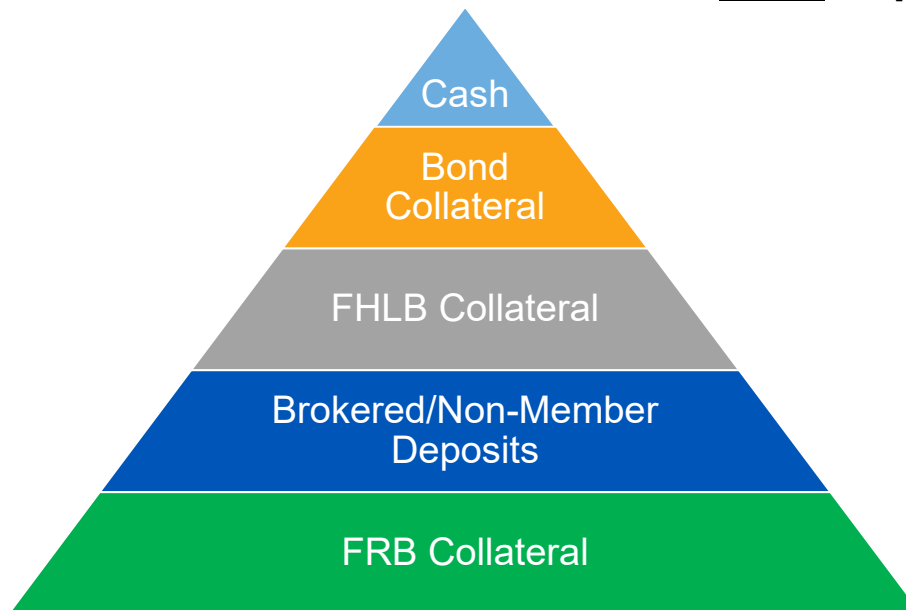
As of 4/30/26

Risk Assessment

Liquidity Takeaways

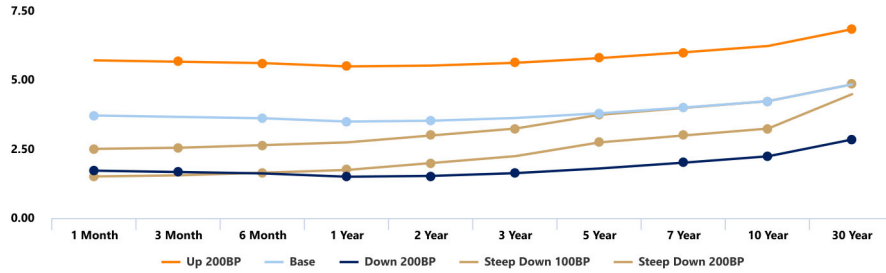


What We Learned From '23: A Focus on Total Liquidity



Yield Curve Assumptions - Example

Model Treasury Yield Curve Assumptions - 1/30/2026



SCENARIOS	1 MONTH	3 MONTH	6 MONTH	1 YEAR	2 YEAR	3 YEAR	5 YEAR	7 YEAR	10 YEAR	30 YEAR
UP 200BP	+200bps	+200bps	+200bps	+200bps	+200bps	+200bps	+200bps	+200bps	+200bps	+200bps
BASE	3.72	3.67	3.62	3.50	3.53	3.63	3.80	4.01	4.24	4.85
DOWN 200BP	-200bps	-200bps	-200bps	-200bps	-200bps	-200bps	-200bps	-200bps	-200bps	-200bps
STEEP DOWN 100BP	-121bps	-112bps	-97bps	-75bps	-53bps	-38bps	-5bps	-1bps	0bps	0bps
STEEP DOWN 200BP	-221bps	-212bps	-197bps	-175bps	-153bps	-138bps	-105bps	-101bps	-99bps	-35bps

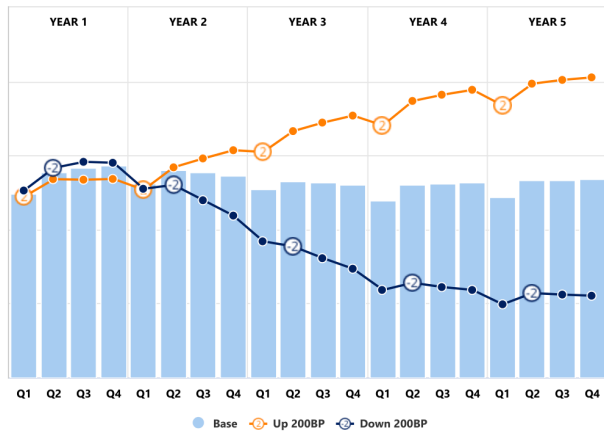


Understand Your Balance Sheet Exposure

Parallel YC Changes

Base Simulation as of 1/31/2026

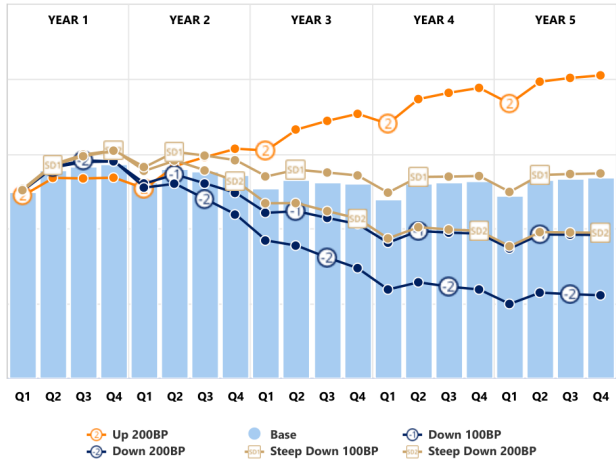
Quarterly Net Interest Income (NII) Projections



Non-Parallel YC Changes

Base Simulation as of 1/31/2026

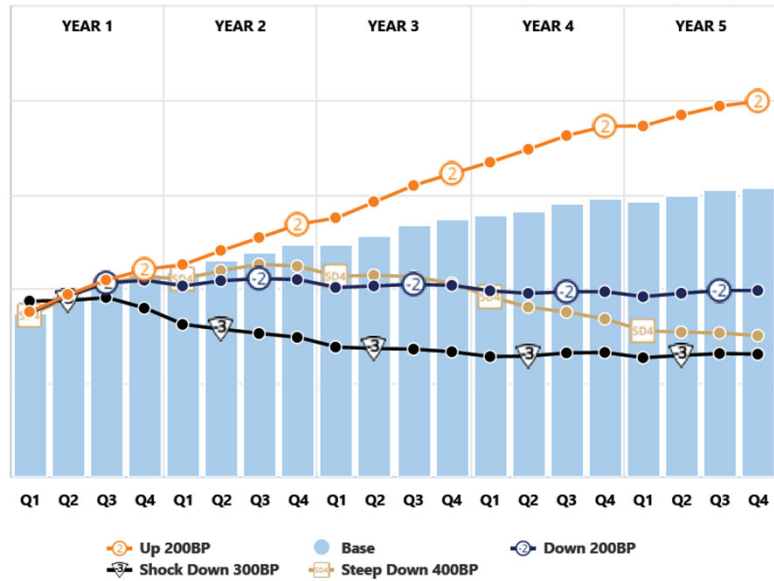
Quarterly Net Interest Income (NII) Projections



Strategy Considerations (Asset Sensitive)

Strategy Considerations:

1. Where is our real exposure?
2. Must maintain discipline with loan prepayment & floor options
3. Call protection may be worth the yield give up
4. Keep wholesale short
5. Derivatives... "window" not closed



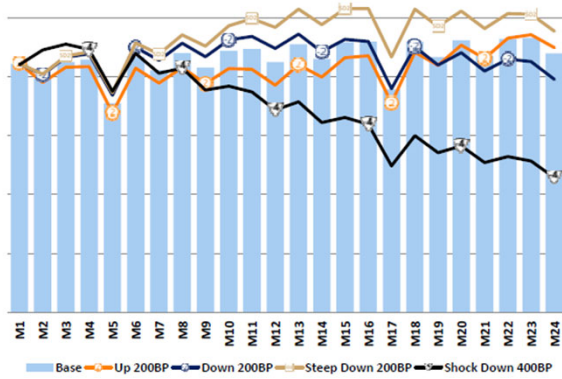
Source: Darling Consulting Group



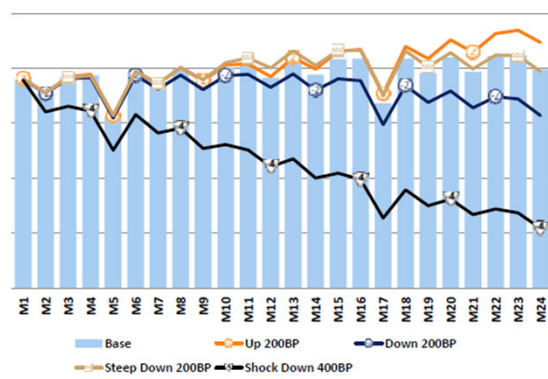
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Telling a Story w/ Pro Forma Simulation – Cash Deployment Example

Pro Forma



Base Simulation



% Change from Y1 Base – Leverage Transaction

Up 200BP	-2.1	1.2
Base		2.7
Down 200BP	1.5	1.3
Steep Down 200BP	2.9	8.1
Shock Down 400BP	-1.4	-14.4

Difference

	-2.4	-4.6
		-0.1
	2.4	4.4
	2.4	4.2
	8.5	9.6

% Change from Y1 Base – Base Simulation

	0.2	5.8
		2.8
	-0.9	-3.1
	0.5	3.9
	-9.9	-23.9

Source: Darling Consulting Group

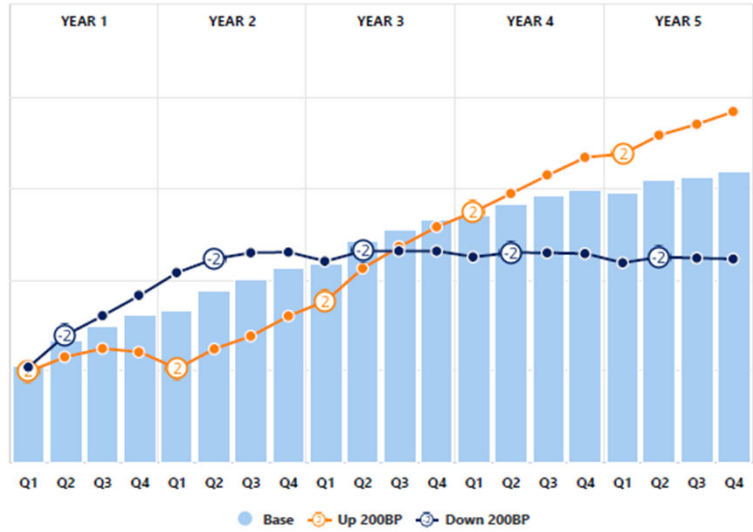


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Strategy Considerations (Liability Sensitive)

Strategy Thoughts:

1. Tricky time to be liability sensitive
2. Ask: Do we need to maintain discipline on adding protection?
3. Understand where protection is needed...match funding is a myth
4. Derivatives = Must Have
5. Consider Caps with Swaps



Source: Darling Consulting Group



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Deposits & Loans

Insights to bring back to your ALCO meetings

An Inside Look at the Data

↑ 18 bps

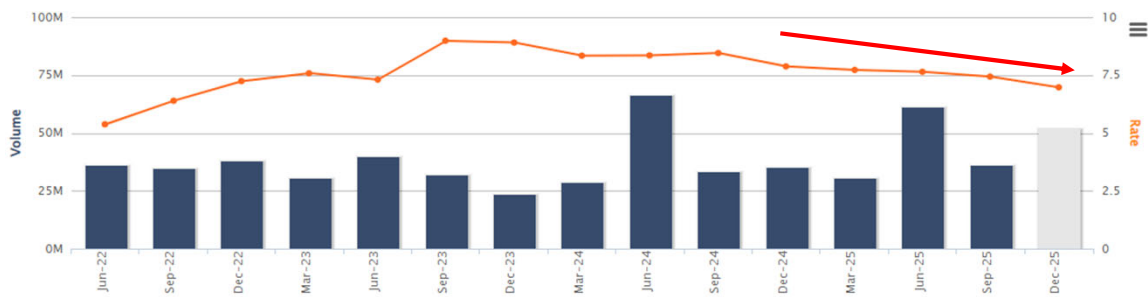
DCG's base case projections for client asset yields in 2026

↓ 105 bps

CRE origination yields since Fed started to ease!

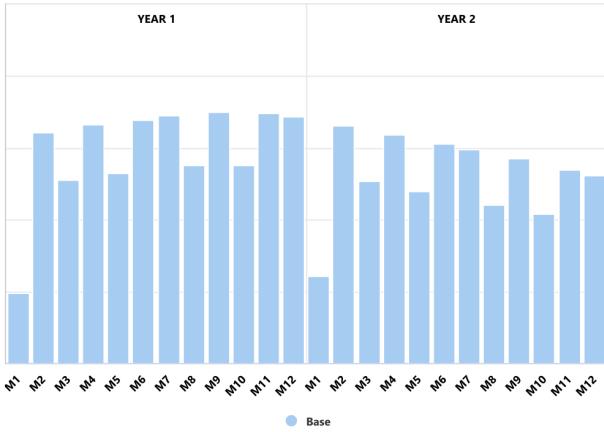
Loan Tailwind or Trend Reversal?

Sample Institution Total Loan Originations

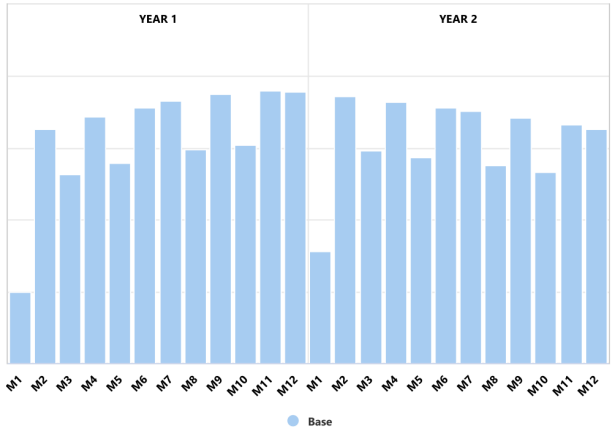


Loan Replacement Rates Down 25bps

25BP Decrease in Loan Replacement Rates Simulation as of 1/31/2026
Monthly Net Interest Income (NII) Projections



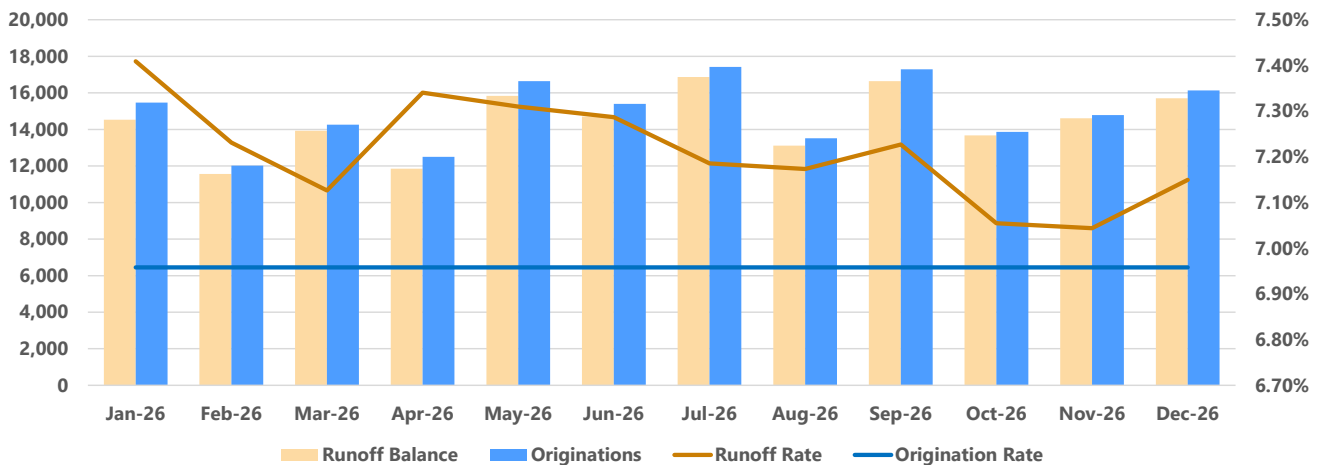
Base Simulation as of 1/31/2026
Monthly Net Interest Income (NII) Projections



	Y1	Y2
	-111	-306
DIFFERENCE		

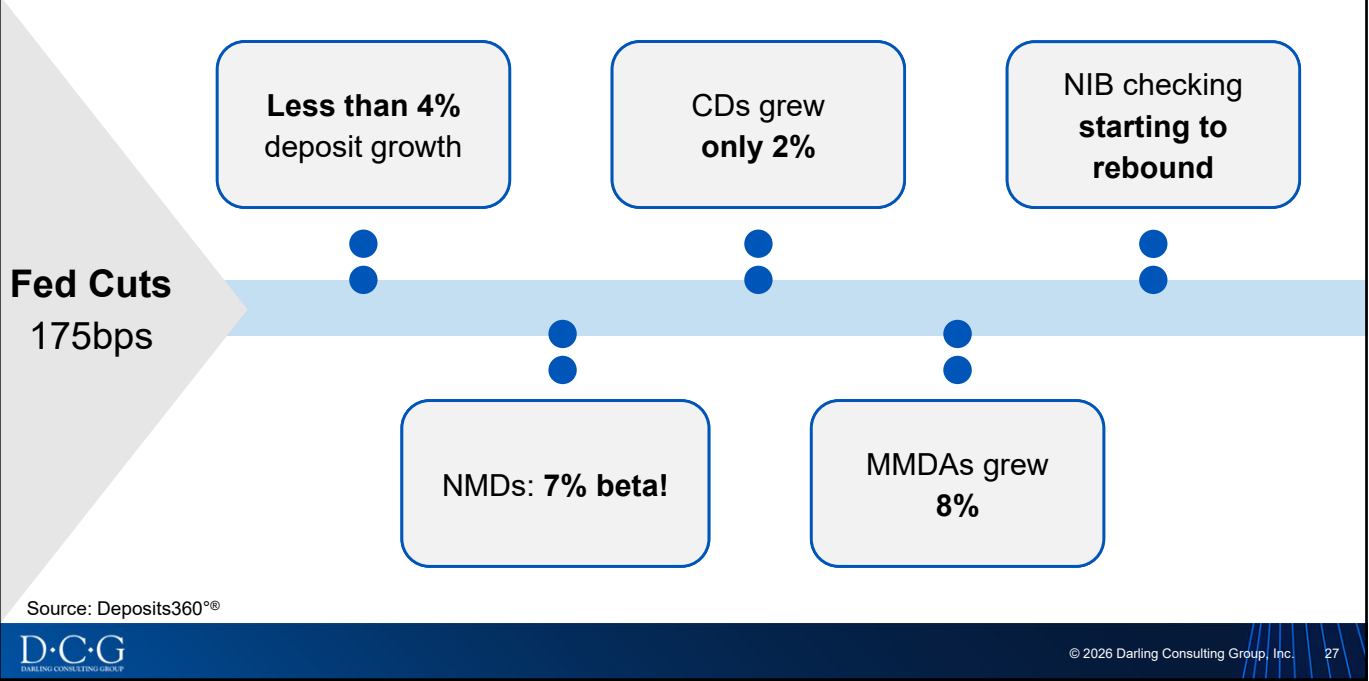
Loan Activity

Loan Runoff Replacement



*\$6MM of Loan Growth is Needed to Maintain Loan Portfolio Yields

After the Cuts... What Happened with Deposits?



27

Deposit Strategy Thoughts

- 1**

Deposit
Pricing Spreads
Still Too Close to Wholesale
- 2**

MMDAs
Outperforming CDs... How Are You Positioned in '26?
- 3**

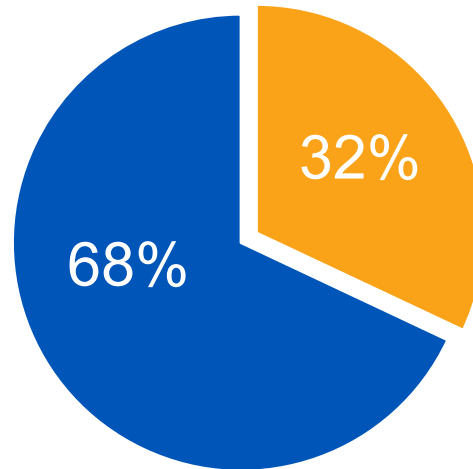
Understand
Cost of Cannibalization
- 4**

Ask the Team:
What's More Important: Growth or Margin?

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Which “tiebreaker” would you choose for 2026?

Greater deposit growth than industry, but costs remain constant



Significant cost relief, but slight deposit contraction

Source: Darling Consulting Group poll of 248 bankers, 1/29/2026

5 Deposit Discussion Points

1 | Can we drop rates without the coverage of a Fed cut?

2 | How much do we test CD elasticity?

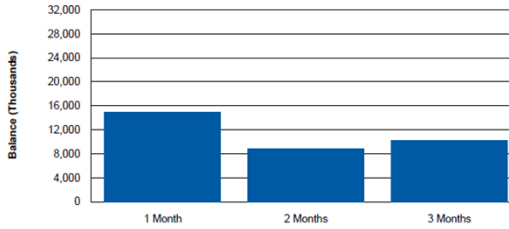
3 | MMDAs outperforming CDs

4 | Getting surgical with MMDA tiers

5 | Normalizing CD curve...incentivize extension?

Use Marginal Cost of Funds as a Guide

CDs Maturing Next 90 Days



	1 Month	2 Months	3 Months
Regular	14,911	8,830	10,272
	3.96%	3.95%	3.90%
Special	493	339	331
	-	-	-
Total	14,911	8,830	10,272
	3.96%	3.95%	3.90%
	493	339	331
Cumulative	14,911	23,742	34,013
	3.96%	3.96%	3.94%
	493	832	1,163

Source: Darling Consulting Group

Balance (in thousands)

\$ 34,013

Current Rate

3.94 %

		Rate decrease			
		0.25 %	0.50 %	0.75 %	1.00 %
Runoff protected	10.00 %	6.19 %	8.44 %	10.69 %	12.94 %
	20.00 %	4.94 %	★5.94 %	6.94 %	7.94 %
	30.00 %	4.52 %	5.11 %	5.69 %	6.27 %



20% Reduction in Balances and 0.50% rate reduction

			Annualized Int Exp
	\$ 34,013	3.94%	\$1,340
CDs	\$ 27,210	3.44%	\$936
Borrowing	\$ 6,803	5.94%	\$404
			\$1,340

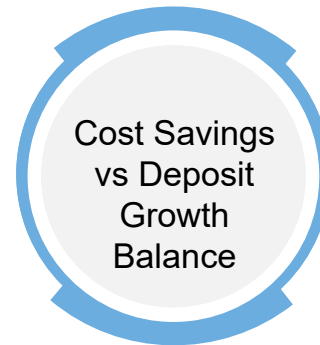


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Takeaways



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Thank you!



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Senior Consultant

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42nd Annual
Balance Sheet & Model Risk Management
CONFERENCE
Register Now: June 7-9, 2026 | BOSTON



1:20 – 2:10 p.m.

The Return of Bank M&A: Understanding New Market Trends and How They Should Shape Your Strategic Thinking


Adam Keefer, *Managing Director, Financial Services Investment
Banking, Piper|Sandler*

The Return of Bank M&A: *Understanding new market trends and how they should shape your strategic thinking*

April 2026

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1



Adam Keefer
 Managing Director
 Financial Services Investment Banking

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 Email: adam.keeper@psc.com

Adam Keefer is a managing director in the financial services group at Piper Sandler. Mr. Keefer has been involved in numerous transactions for depository institutions, including, most recently, the sale of Heritage Commerce Corp to CVB Financial Corp., Olympic Bancorp, Inc.'s sale to Heritage Financial Corporation, the merger of Columbia Banking System, Inc. and Pacific Premier Bancorp, Inc., the merger of 1st Capital Bancorp and West Coast Community Bancorp and the acquisition of Community Financial Group by Glacier Bancorp.

Previously, Mr. Keefer was a managing director in the investment banking group of Sandler O'Neill + Partners, L.P. Since joining the firm in 2004, Mr. Keefer focused on financial institutions in the western region. He has over two decades of experience serving as an advisor in mergers and acquisitions, public and private capital raising transactions, recapitalizations, restructurings and other strategic initiatives for Sandler O'Neill's clients, including the \$2B merger between Umpqua Holdings Corp. and Sterling Financial Corp., Pacific Capital Bancorp's \$1.5B sale to Mitsubishi UFJ Financial Group, Inc., Washington Banking Company's \$265M strategic merger with Heritage Financial Corp., Columbia Banking System's \$546 million acquisition of West Coast Bancorp and SKBHC Holdings' acquisition of AmericanWest Bank. Prior to joining Sandler O'Neill, Mr. Keefer was an investment banking analyst with D.A. Davidson & Co.

Following a year of study at the London School of Economics, Mr. Keefer graduated with honors from Trinity College in Connecticut with a bachelor's degree in economics. In 2010, Mr. Keefer completed Pacific Coast Banking School's graduate program in banking at the University of Washington. Mr. Keefer has served as a faculty member at Pacific Coast Banking School since 2019.

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2

Executive Summary

- From a performance standpoint, the banking industry is in pretty good shape and has been for some time
- However, bank stocks have largely failed investors over the past decade
- In banking, scale does not ensure a higher valuation or greater profitability, but it does accommodate greater capital efficiency
- Bank M&A activity increased in 2025, but remains constrained in most market areas
- One prerequisite for bank M&A activity is operational stability – the relative volatility of 2020-2024 resulted in muted M&A activity
- 2025's new regulatory posture has significantly changed the M&A landscape and contributed to an uptick in activity

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3

I. Current State of the Banking Industry

4

Future EPS Expectations Are the Strongest Driver of Bank Stock Valuation

Exchange-traded bank regression analysis

Price / Tangible Book Value Per Share



Price / LTM EPS



Price / 2026E EPS



Price / 2027E EPS



Note: Includes all exchange-traded banks with stock prices below \$200 and tangible book value per share greater than \$0. Excludes merger targets and mutual holding companies. Market data as of April 15, 2025. Source: S&P Capital IQ Pro

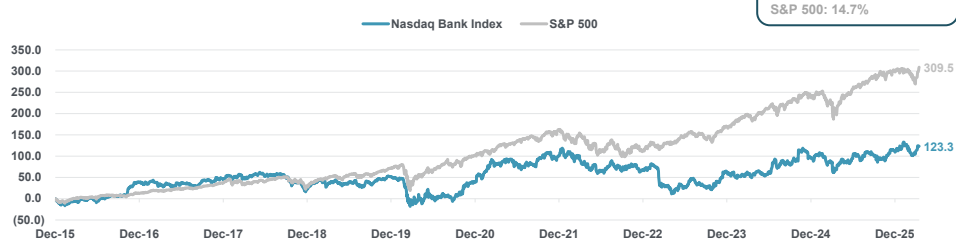
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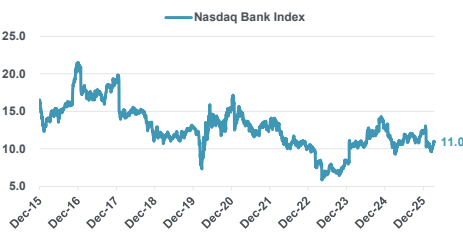
Long Term Performance of Bank Stocks and Historical Valuations

December 31, 2015 to April 15, 2026

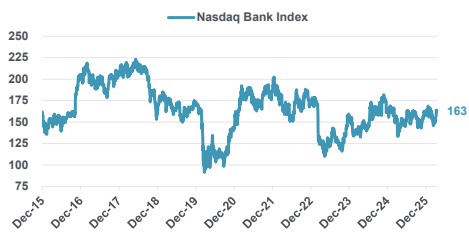
Total Return (%)



Price / NTM EPS (x)



Price / Tangible Book Value (%)



Note: Market data as of April 15, 2026. Source: Bloomberg

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Industry Forecast: Expanding NIM + Clean Credit = EPS Growth

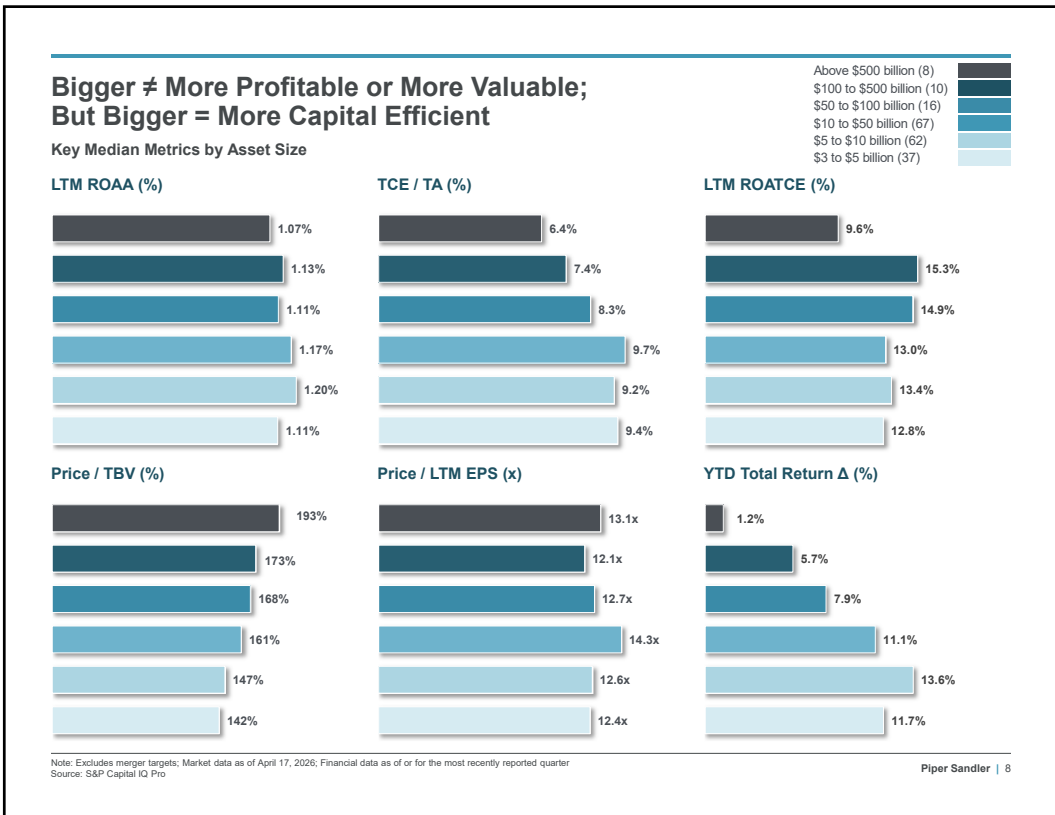
Median Wall Street analyst estimates for future industry performance

	2024A	2025A	2026E	2027E
YoY Change in EPS	(3.1%)	+16.9%	+15.5%	+9.3%
ROAA	0.90%	1.06%	1.24%	1.27%
NIM	3.20%	3.52%	3.68%	3.73%
Efficiency Ratio	62%	58%	57%	56%
NCOs / Avg. Loans	0.11%	0.12%	0.15%	0.15%
YoY Change in Gross Loans	+3.9%	+5.2%	+5.0%	+5.5%
YoY Change in Deposits	+3.9%	+4.9%	+5.7%	+5.4%

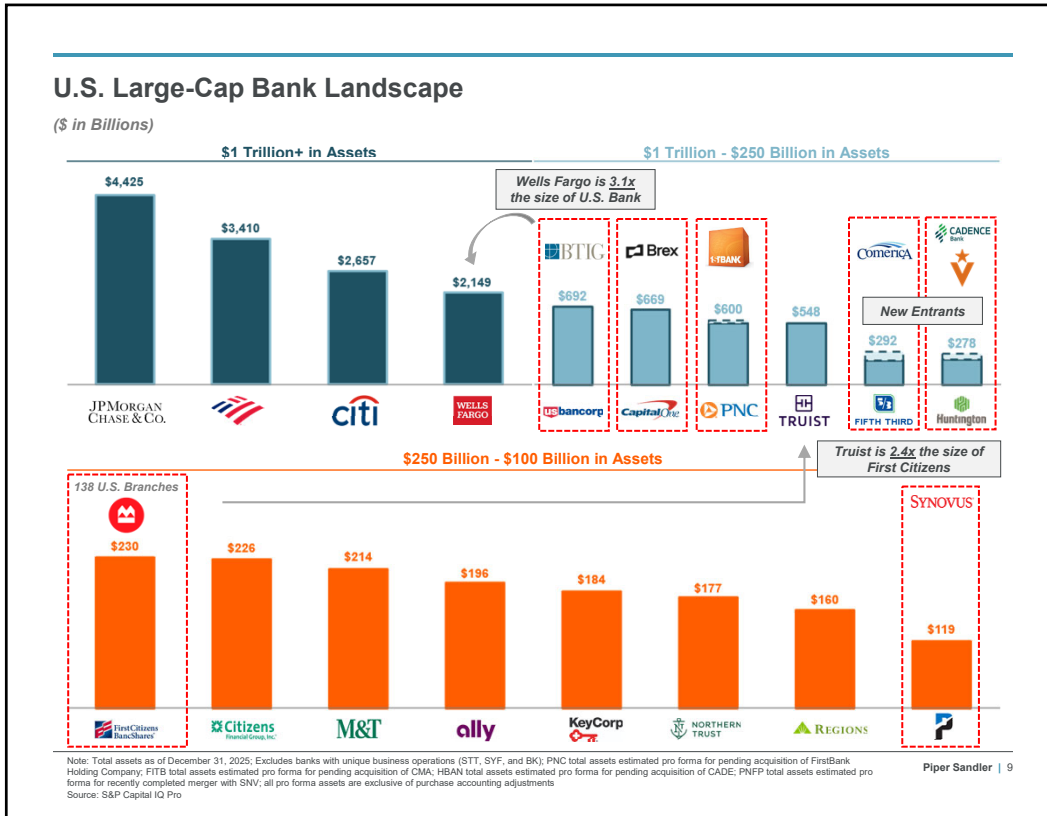
Note: Reflects median values of most recently available analyst estimates for all nationwide major exchange traded banks (traded on Nasdaq or NYSE exchanges) with total assets less than \$100.0B as of December 31, 2025. Excludes merger targets and mutuals. Data as of April 15, 2026. Source: S&P Capital IQ Pro

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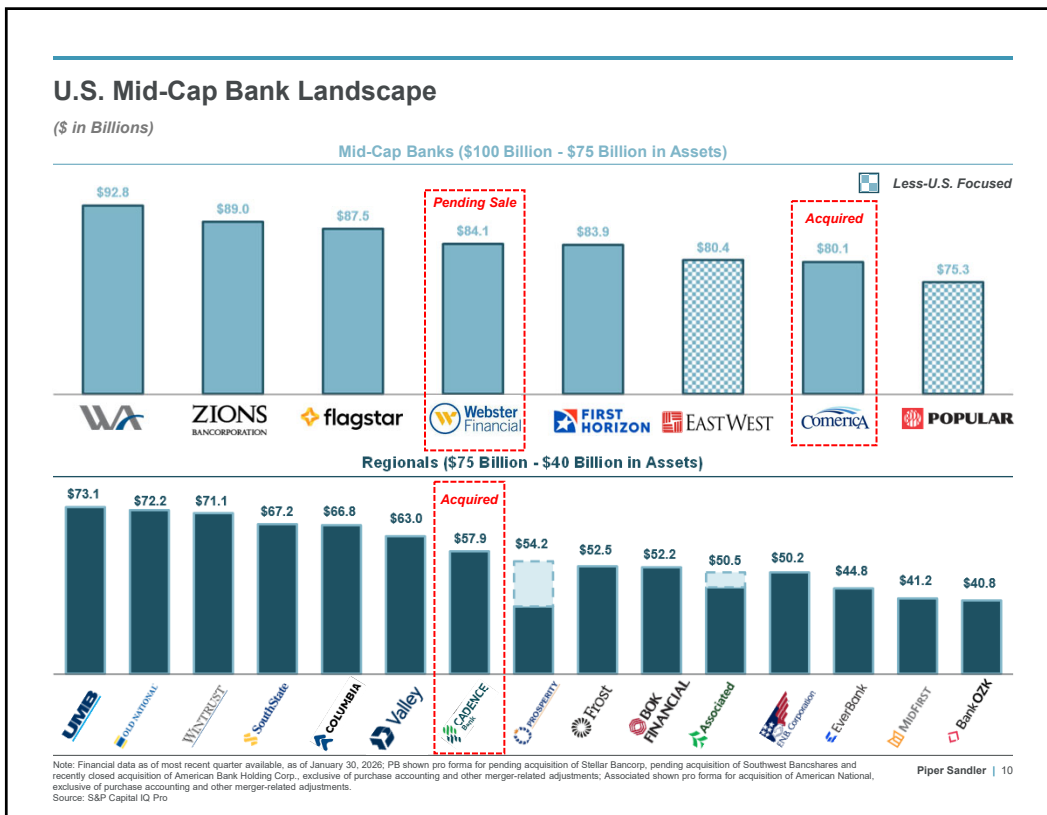
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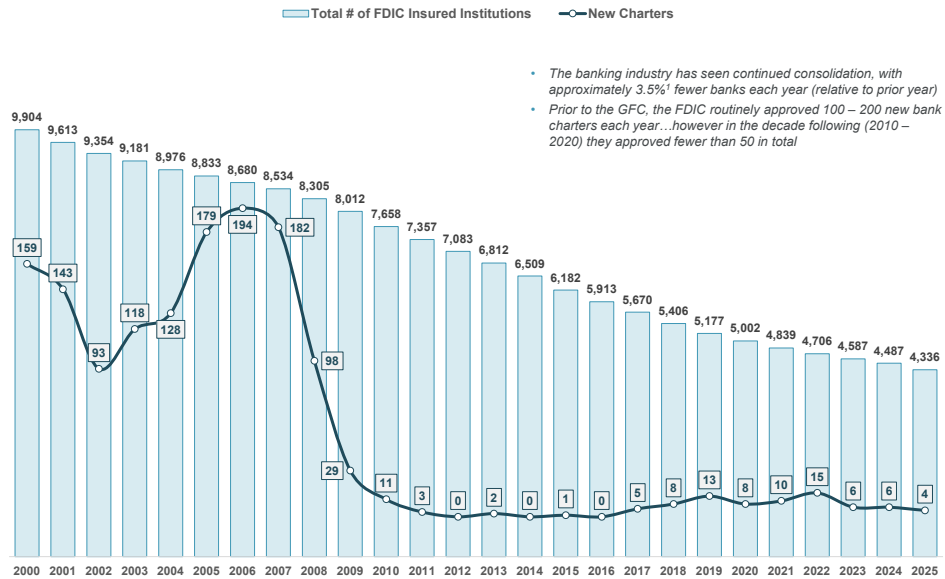


10

II. Long Term Trends in Bank M&A

11

Long Term Consolidation in the Banking Industry – 2000 to 2025



- The banking industry has seen continued consolidation, with approximately 3.5%¹⁾ fewer banks each year (relative to prior year)
- Prior to the GFC, the FDIC routinely approved 100 – 200 new bank charters each year...however in the decade following (2010 – 2020) they approved fewer than 50 in total

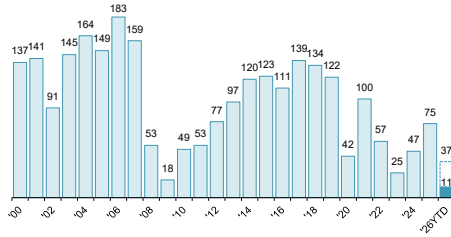
1) Median change in total number of banks from 2001 to 2025
Source: FDIC

12

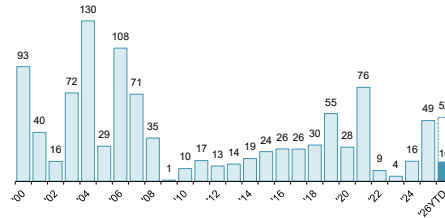
Long Term Trends in Bank M&A

Announced nationwide bank transactions with deal values greater than \$15M

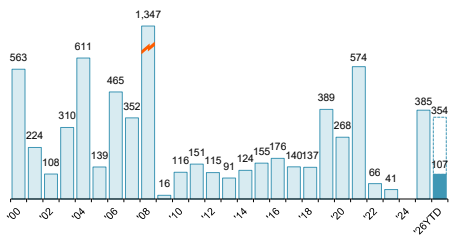
Announced Transaction Deal Count (#)



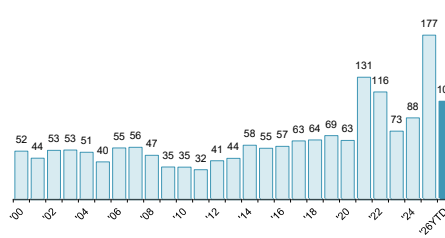
Deal Value (\$B)



Total Assets Acquired (\$B)



Median Transaction Value (\$M)



Note: Includes announced nationwide bank deals with announced deal values greater than \$15M since 2000. Excludes terminated transactions. Data as of April 20, 2026
Source: S&P Capital IQ Pro

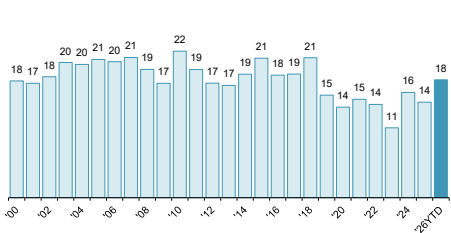
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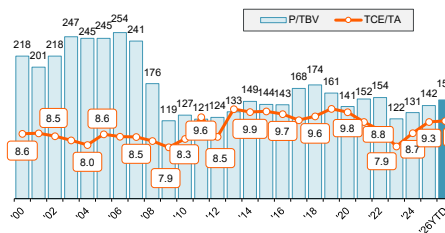
Long Term Trends in Bank M&A

Announced nationwide bank transactions with deal values greater than \$15M (continued)

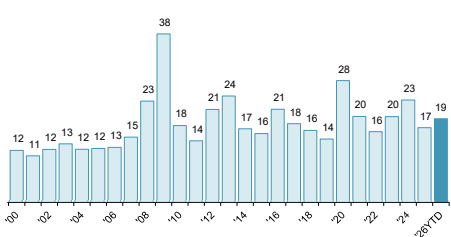
Price / LTM Earnings¹ (x)



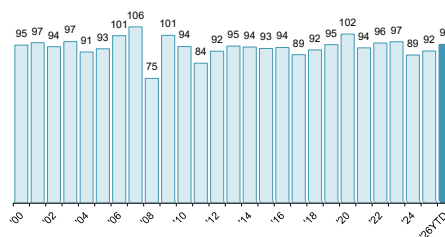
Price / TBV (%) and Target TCE / TA (%)



Target Total Assets / Buyer Total Assets (%)



Pay-to-Trade Ratio (Deal TBV / Buyer TBV) (%)



1) P/LTM earnings greater than 30.0x or less than 0.0x is considered Not Meaningful ("NM")
Note: Includes announced nationwide bank deals with announced deal values greater than \$15M since 2000. Excludes terminated transactions. Data as of April 20, 2026
Source: S&P Capital IQ Pro

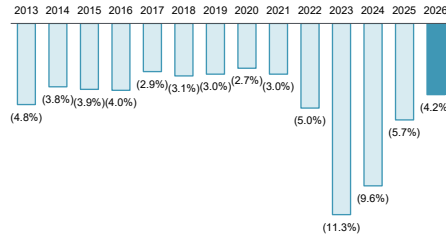
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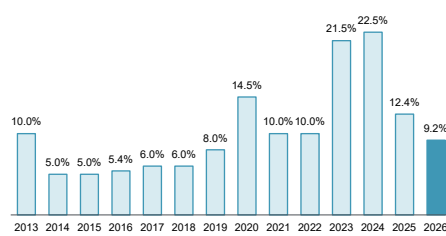
Long Term Trends in Bank M&A

Transactions with deal value > \$50M¹ & publicly traded acquiror

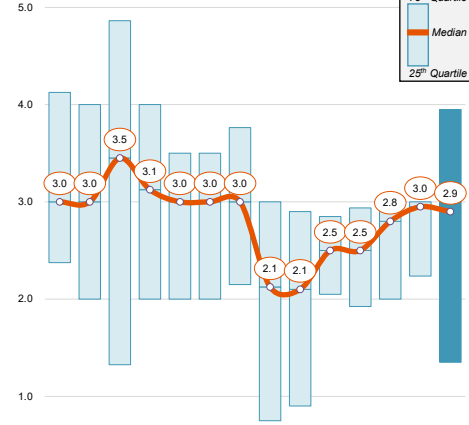
TBV Impact (%)



EPS Accretion - First Full Year (%)



Announced Earnback (Years)



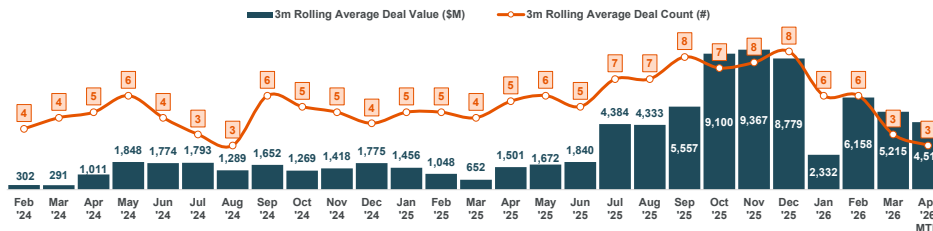
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Median DV (\$M)	139	132	103	132	170	135	106	199	248	138	145	253	244	106
Count (#)	30	58	52	46	72	71	58	18	59	37	12	26	46	5

¹⁾ Population reflects public acquiror bank acquisitions with deal value greater than greater than \$50 million. Excludes terminated transactions. Data reflects announced transaction metrics as of April 20, 2026
 Note: Values reflect median quartiles. Deal count reflect deals with reported earnback
 Source: S&P Capital IQ Pro, Company investor presentations
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III. Developments in Bank M&A

Activity Increased in 2H 2025, But 2026 M&A Activity Has Slowed

Rolling Monthly Average of Nationwide Bank M&A Activity (Three Month Rolling Average)



Last 15 Acquisitions With Deal Value > \$50M

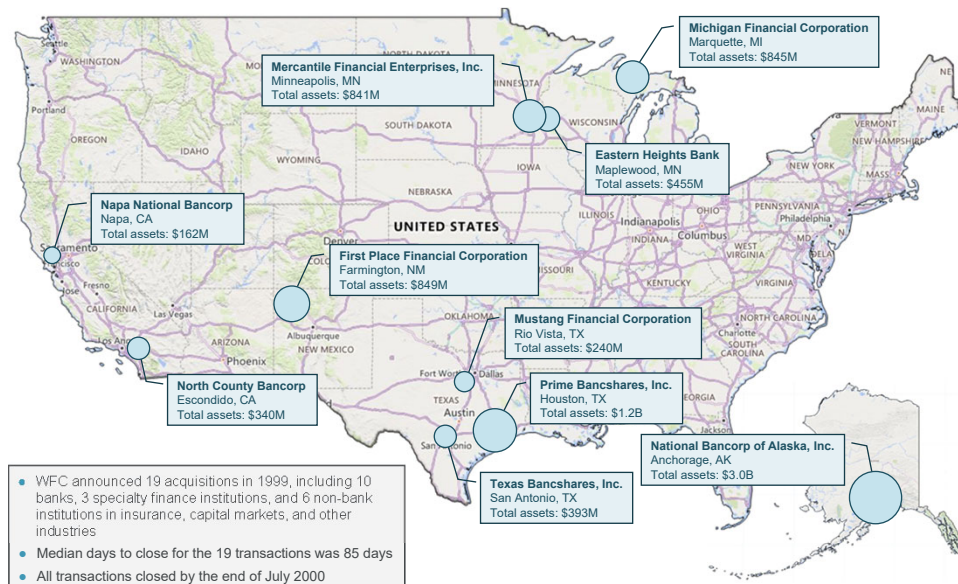
No.	Acquirer	Target	Annnc. Date	Transaction Information					LTM Seller Financial Information			
				Deal Value (\$M)	LTM EPS (\$)	Tang. Book (%)	Deposit Prem. (%)	1-Day Market Prem. (%)	Total Assets (\$M)	TCE/TA (%)	ROAA (%)	NPA/Assets (%)
1	Fidelity BancShares (NC)	Affinity Bancshares, Inc. (GA)	03/30/26	148.0	17.8	129	6.8	-	882	12.6	0.91	0.40
2	Independent Bank Corporation (MI)	HCB Financial Corp. (MI)	03/19/26	70.2	10.4	151	4.8	-	596	7.8	1.09	0.03
3	Esquire Financial Holdings, Inc. (NY)	Signature Bancorporation, Inc. (IL)	03/12/26	336.1	9.0	153	7.0	-	1,994	10.8	1.85	1.90
4	Arrow Financial Corporation (NY)	Adirondack Bancorp, Inc. (NY)	02/26/26	89.1	25.4	138	3.5	-	942	7.7	0.45	0.47
5	Banco Santander, S.A. (I)	Webster Financial Corporation (CT)	02/03/26	12,226.1	12.8	203	-	14.5	84,074	7.4	1.23	0.60
6	Columbia Financial, Inc. (NJ)	Northfield Bancorp, Inc. (NJ)	02/02/26	596.6	NM	86	(2.3)	15.7	5,754	12.0	0.01	-
7	Prosperity Bancshares, Inc. (TX)	Stellar Bancorp, Inc. (TX)	01/28/26	1,999.0	19.6	181	10.9	19.8	10,807	10.7	0.97	0.56
8	Stock Yards Bancorp, Inc. (KY)	Field & Main Bancorp, Inc. (KY)	01/27/26	105.7	9.9	166	6.3	-	861	7.9	1.29	0.63
9	OceanFirst Financial Corp. (NJ)	Flushing Financial Corporation (NY)	12/29/25	578.4	NM	80	(2.1)	(1.4)	8,872	8.0	(0.39)	0.70
10	Credicorp Ltd. (I)	Helm Bank USA (FL)	12/29/25	180.0	19.1	189	10.4	-	1,142	9.4	0.84	1.08
11	Burke & Herbert Financial Services Corp. (VA)	LINKBANCORP, Inc. (PA)	12/19/25	357.7	9.2	152	5.8	12.2	3,122	7.6	1.33	0.77
12	CVB Financial Corp. (CA)	Heritage Commerce Corp (CA)	12/17/25	813.7	18.6	151	6.8	7.2	5,624	9.7	0.78	0.06
13	Community West Bancshares (CA)	United Security Bancshares (CA)	12/11/25	191.8	16.2	144	5.8	4.6	1,236	10.8	0.94	1.10
14	Enova International, Inc. (IL)	Grasshopper Bancorp, Inc. (NY)	12/11/25	387.9	NM	332	24.2	-	1,412	8.1	0.63	1.21
15	Home Bancshares, Inc. (AR)	Mountain Commerce Bancorp, Inc. (TN)	12/08/25	154.1	13.8	107	1.1	7.3	1,803	7.9	0.62	0.79

1) Financial information is the most recent available at the time of announcement.
 Note: Includes transactions with reported deal value from December 1, 2023 to April 20, 2026. Deal value as calculated by S&P Capital IQ Pro. Not meaningful ("NM") denotes P/E ratio value greater than 50.0x or less than 0.0x.
 Source: S&P Capital IQ Pro

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M&A of the Past – Prolific Acquirors Provided More Options for Sellers

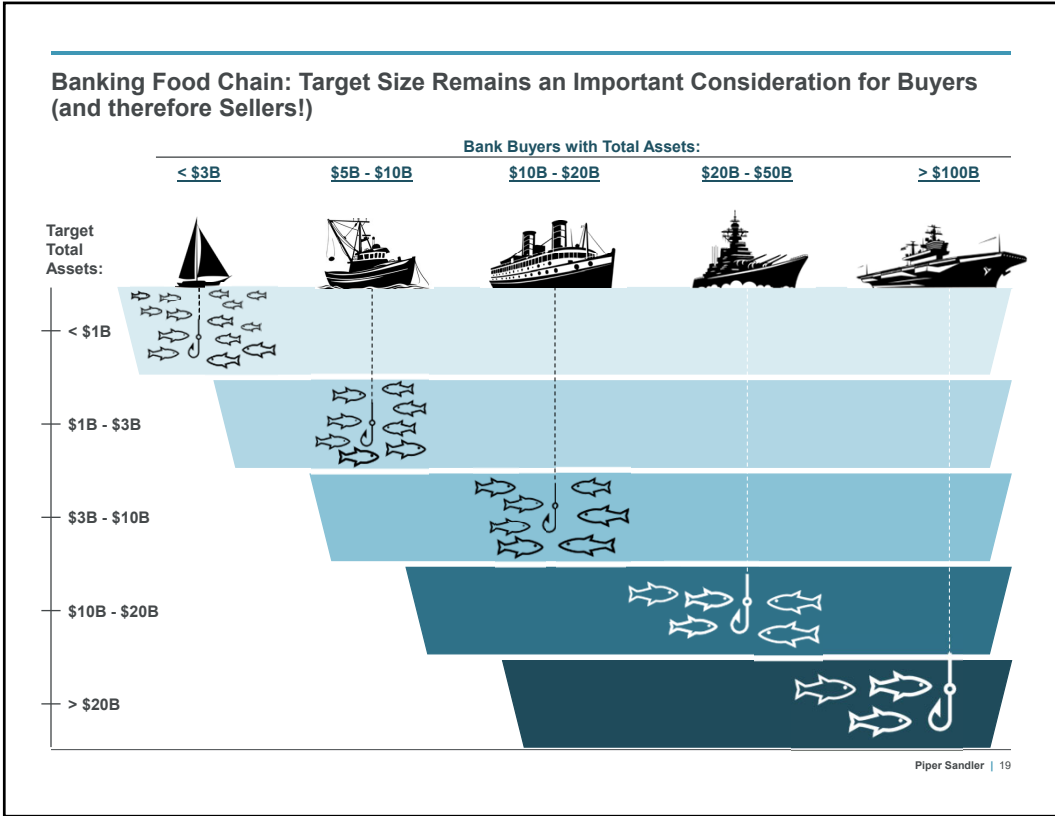
WELLS FARGO of 1999: 10 Bank Acquisitions



- WFC announced 19 acquisitions in 1999, including 10 banks, 3 specialty finance institutions, and 6 non-bank institutions in insurance, capital markets, and other industries
- Median days to close for the 19 transactions was 85 days
- All transactions closed by the end of July 2000

Note: Includes whole company acquisitions of Wells Fargo & Company and its subsidiaries at the time of acquisition.
 Source: S&P Capital IQ Pro


18



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Realities of M&A Marketplace: Lots of Rifle Shots

15 Most recent bank M&A deals with deal value >\$50M, an exchange-traded seller and a filed S-4

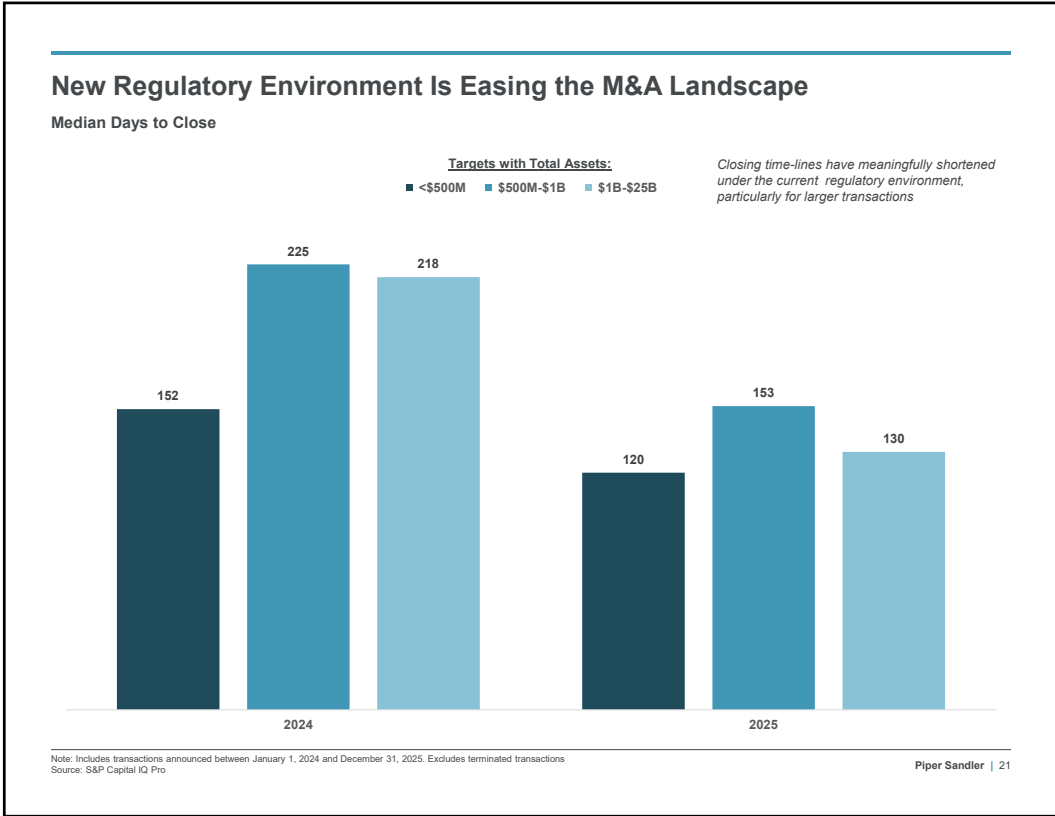


No.	Acquiror	Target	Ann. Date	Parties Contacted (#)	Offers/Bids (#)	Transaction Information			
						Deal Value (\$M)	LTM EPS (x)	Tang. Book (%)	1-Day Market Prem. (%)
1	Banco Santander, S.A. (-)	Webster Financial Corporation (CT)	02/03/26	1	1	12,225.1	12.8	203	14.5
2	Columbia Financial, Inc. (NJ)	Northfield Bancorp, Inc. (NJ)	02/02/26	2	2	596.6	-	86	15.7
3	Prosperity Bancshares, Inc. (TX)	Stellar Bancorp, Inc. (TX)	01/28/26	9	3	1,999.0	19.6	181	19.8
4	Stock Yards Bancorp, Inc. (KY)	Field & Main Bancorp, Inc. (KY)	01/27/26	2	2	105.7	9.9	166	-
5	OceanFirst Financial Corp. (NJ)	Flushing Financial Corporation (NY)	12/29/25	2	2	578.4	-	80	(1.4)
6	CVB Financial Corp. (CA)	Heritage Commerce Corp (CA)	12/17/25	1	1	813.7	18.6	151	7.2
7	Community West Bancshares (CA)	United Security Bancshares (CA)	12/17/25	1	1	191.8	16.2	144	4.6
8	Enova International, Inc. (IL)	Grasshopper Bancorp, Inc. (NY)	12/11/25	3	2	387.9	-	332	-
9	Home Bancshares, Inc. (AR)	Mountain Commerce Bancorp, Inc. (TN)	12/08/25	50	3	154.1	13.8	107	7.3
10	South Plains Financial, Inc. (TX)	BOH Holdings, Inc. (TX)	12/01/25	3	1	104.3	12.4	147	-
11	Associated Banc-Corp (WI)	American National Bank (NE)	12/01/25	1	1	597.1	11.6	123	-
12	Fulton Financial Corporation (PA)	Blue Foundry Bancorp (NJ)	11/24/25	23	1	242.6	-	77	47.4
13	Park National Corporation (OH)	First Citizens Bancshares, Inc. (TN)	10/27/25	NA	3	317.4	15.0	168	-
14	Huntington Bancshares Incorporated (OH)	Cadence Bank (MS)	10/27/25	1	1	7,593.5	14.4	170	9.0
15	FirstSun Capital Bancorp (CO)	First Foundation Inc. (TX)	10/27/25	1	1	758.3	-	65	19.3
(15 Transactions) High				50	3	12,225.1	19.6	332	47.4
Mean				7	2	1,777.7	14.4	147	14.3
Median				2	1	578.4	14.1	147	11.8
Low				1	1	104.3	9.9	65	(1.4)

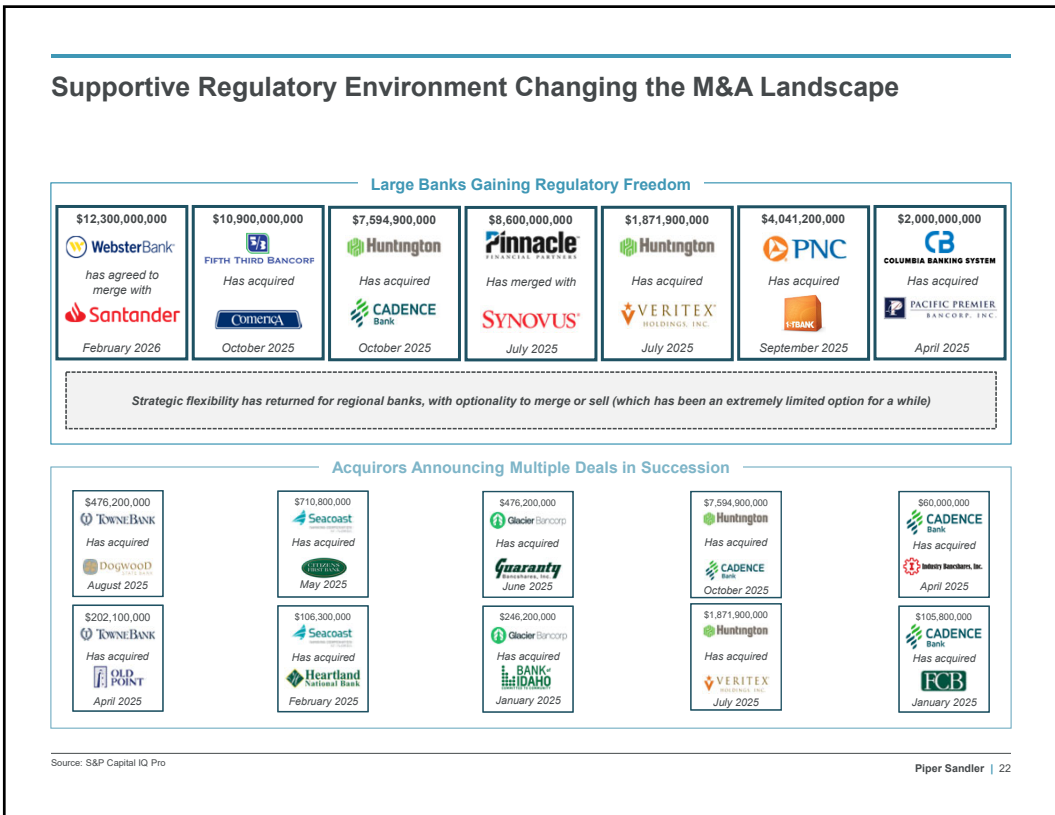
Note: Includes whole-bank M&A transactions with a filed Form S-4 or bidding information available and deal value greater than \$50.0M. Excludes government assisted deals, thrift merger conversions, terminated transactions, and transactions that do not yet have a filed Form S-4. Excludes transactions where detail on bidders is not provided and CommerceOne Financial Corporations acquisition of Green Dot Corporation. Not Meaningful ("NM") denotes P / LTM EPS values greater than 50.0x or less than 0.0x. Data as of April 13, 2026.
Source: S&P Capital IQ Pro

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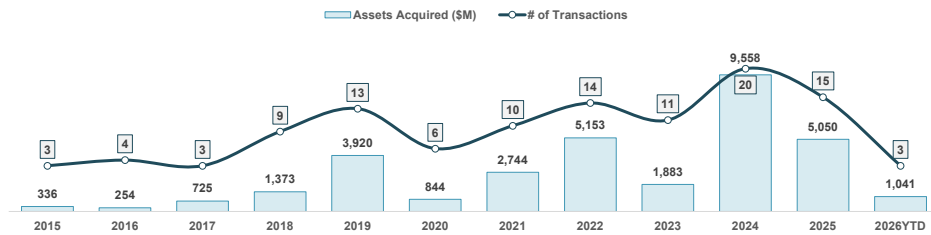
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IV. Credit Union Acquisitions of Banks

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Credit Union > Bank M&A Surged in 2024

Assets Acquired and # of Transactions – 2015 to 2026YTD¹



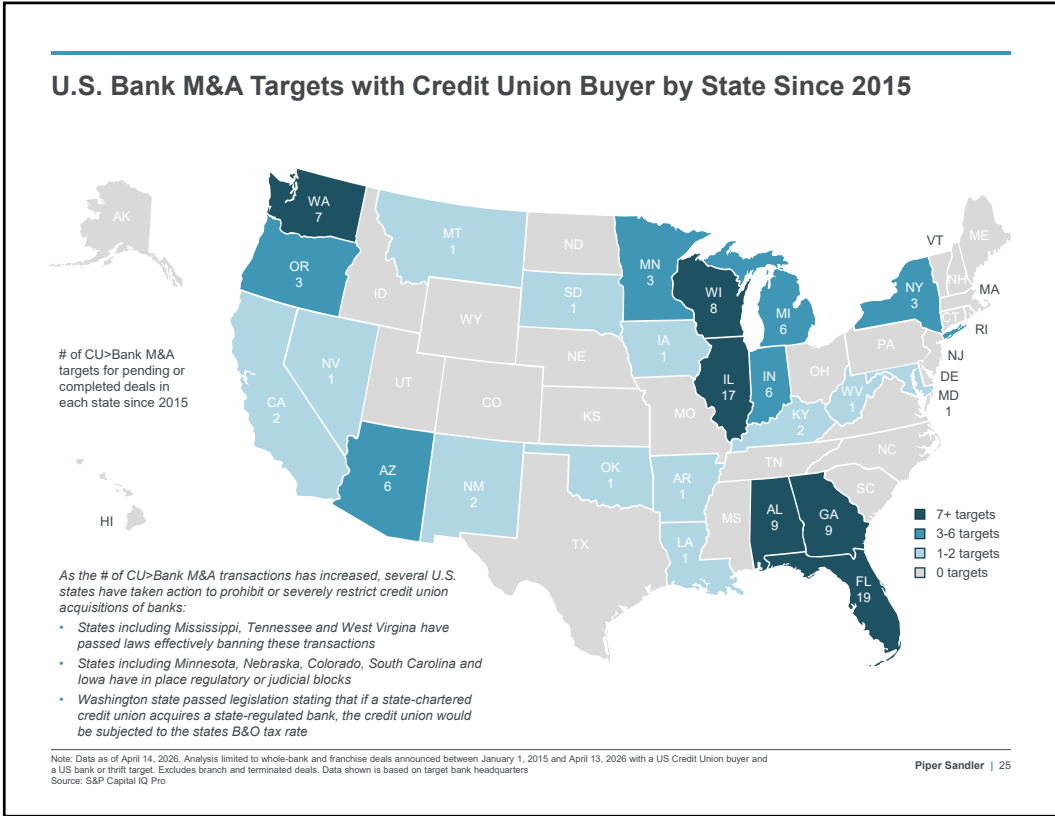
15 Most Recent Credit Union > Bank M&A Transactions with Disclosed Deal Value²

No.	Acquirer	Target	Annuc. Date	Target Total Assets (\$M)	Deal Value (\$M)	Transaction Information			Core Deposit Prem. (%)	1-Day Market Perm. (%)
						LTM Price/ EPS (x)	Tang. Book (%)	Core Deposit Prem. (%)		
1	OnPath Federal Credit Union (LA)	Substantially All Of The Assets And Liabilities Of Heritage Bank Of St. Tammany (LA)	07/24/25	187	29.0	51.3	151	12.0	-	
2	MIDFLORIDA Credit Union (FL)	Prime Meridian Holding Company (FL)	04/22/25	975	210.0	22.4	216	15.6	101.8	
3	Frontwave Credit Union (CA)	Substantially All The Assets and Liabilities of Community Valley Bank (CA)	01/22/25	316	56.4	13.4	154	9.1	-	
4	Harcorn Federal Credit Union (MA)	Assets and Liabilities of The Peoples Bank (MD)	12/25/24	299	50.0	12.9	152	7.1	-	
5	ESL Federal Credit Union (NY)	Substantially All of the assets and liabilities of Generations Bank (NY)	09/24/24	401	25.2	-	90	(3.3)	-	
6	Harborstone Credit Union (WA)	Substantially All Assets and Liabilities of SavBank (WA)	03/22/24	593	77.6	39.5	173	10.9	-	
7	Sound Credit Union (WA)	Substantially all the Assets and Liabilities of Washington Business Bank (WA)	03/11/24	105	25.9	16.4	166	18.4	27.7	
8	Beacon Credit Union (IN)	Substantially all the Assets and Liabilities of Mid-Southern Savings Bank, F.S.B (IN)	01/25/24	265	45.2	21.1	156	9.4	-	
9	Global Federal Credit Union (AK)	First Financial Northwest Bank (WA)	01/11/24	1,525	231.2	24.1	156	11.2	-	
10	Hudson Valley Credit Union (NY)	Catskill Hudson Bancorp, Inc. (NY)	01/10/24	354	28.6	-	-	-	118.9	
11	Harborstone Credit Union (WA)	Substantially all assets and liabilities of First Sound Bank (WA)	08/01/23	175	22.4	29.4	151	6.6	79.8	
12	DFCU Financial (MI)	First Citrus Bancorporation, Inc. (FL)	05/12/22	689	105.0	15.3	211	9.3	63.3	
13	Arizona Federal Credit Union (AZ)	Horizon Community Bank (AZ)	03/10/22	539	91.4	15.4	210	11.1	-	
14	Dupaco Community Credit Union (IA)	Home Savings Bank (WI)	06/30/21	183	36.2	48.0	198	17.2	-	
15	Scott Credit Union (IL)	Tempo Bank (IL)	08/20/21	93	14.3	10.3	156	6.2	-	

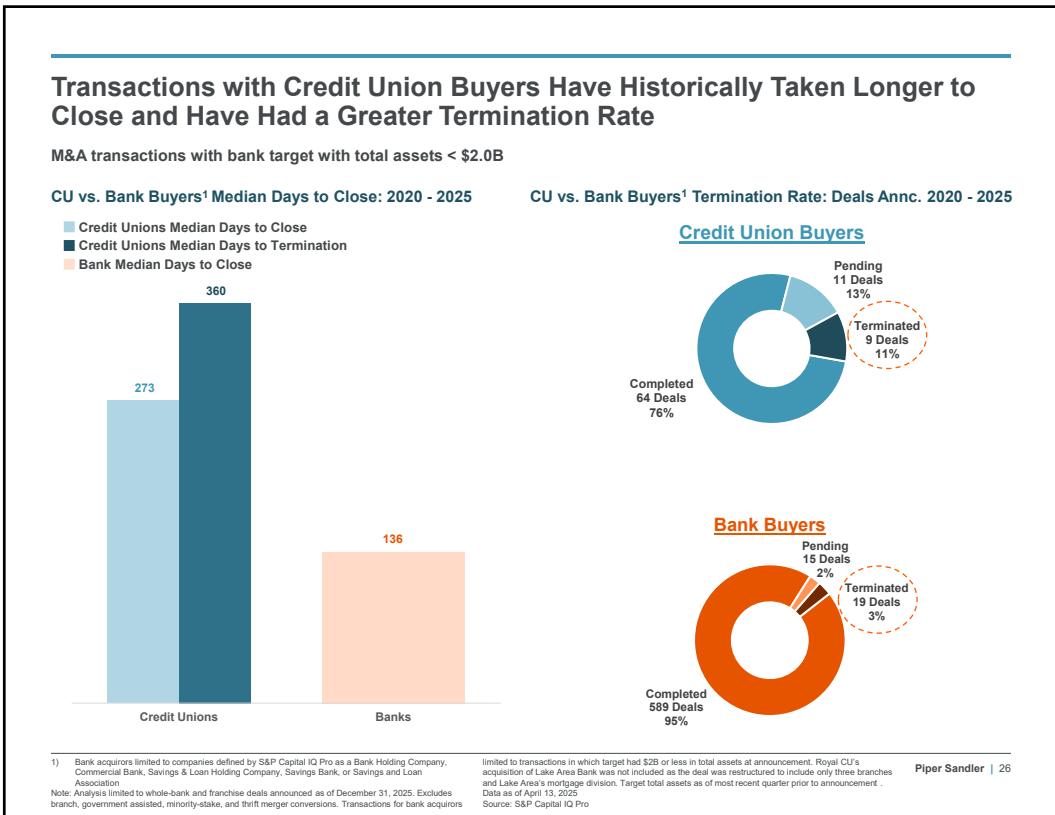
1) Includes transaction announced from January 1, 2015 to April 13, 2026. Excludes terminated transactions and includes transactions without disclosed deal value
 2) Includes the 15 most recent credit union acquisitions of banks with disclosed deal value. Excludes terminated transactions and transactions without disclosed deal value
 Note: All transaction information from time of announcement
 Source: S&P Capital IQ Pro

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- Our research analysts, together with research management, make their own coverage decisions, including decisions to initiate or terminate coverage. Our investment bankers do not have any input into company-specific coverage decisions
- Piper Sandler does not offer favorable research or specific ratings or price targets in consideration of, or as an inducement for, investment banking business
- Our research analysts do not participate in efforts to solicit investment banking business

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- Alternative asset management and fixed income advisory services are offered through separately registered advisory affiliates
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2:20 – 3:10 p.m.

From Generative AI to Agentic Intelligence: What Financial Leaders Need to Know

Carlos Vega, *Director, FS Digital / AI COE*

WIPFLI

From Generative AI to Agentic Intelligence: What Financial Leaders Need to Know



Wisconsin Institute of
Certified Public Accountants

May 13, 2026

Wipfli Expert



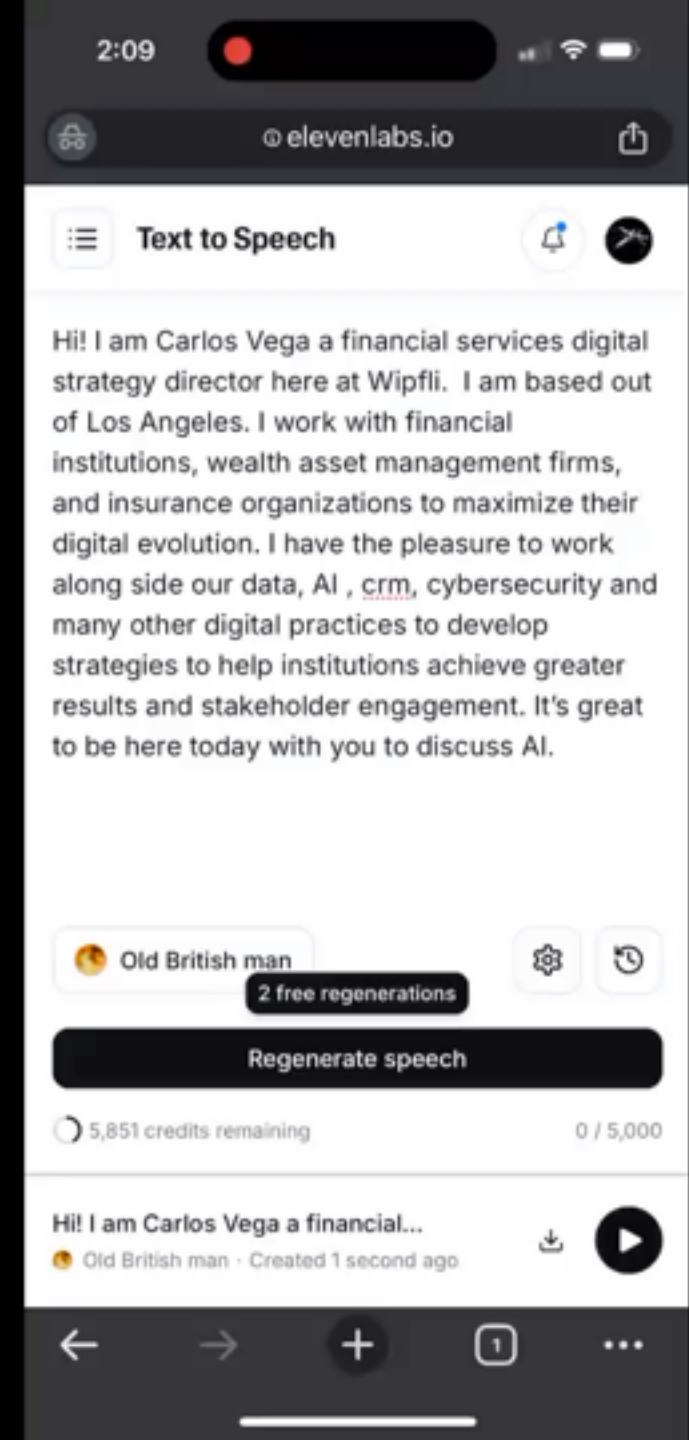
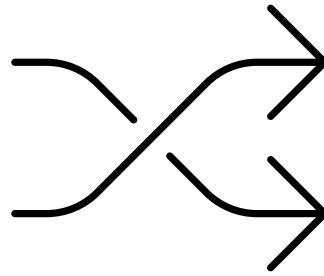
Carlos Vega

Director
FS Digital / AI COE

Example of an AI Powered Tool Eleven Labs

Eleven labs features

- Voice creation
- Voice isolator
- Sound creation
- Voice dubbing
- **Voice Cloning**
- **Multilingual voices**



AGENDA

- 01 How AI will change Banking
- 02 Grades of AI
- 03 AI Risk Readiness
- 04 AI Prompts and Examples
- 05 Where do you Start?

01

How AI is Changing
Banking

Understanding AI

Artificial Intelligence (AI)

AI allows machines to mimic human intelligence, enabling tasks like learning and problem-solving to be automated.

Large Language Models

LLMs such as GPT process vast amounts of text data to generate responses similar to human communication.

Generative AI

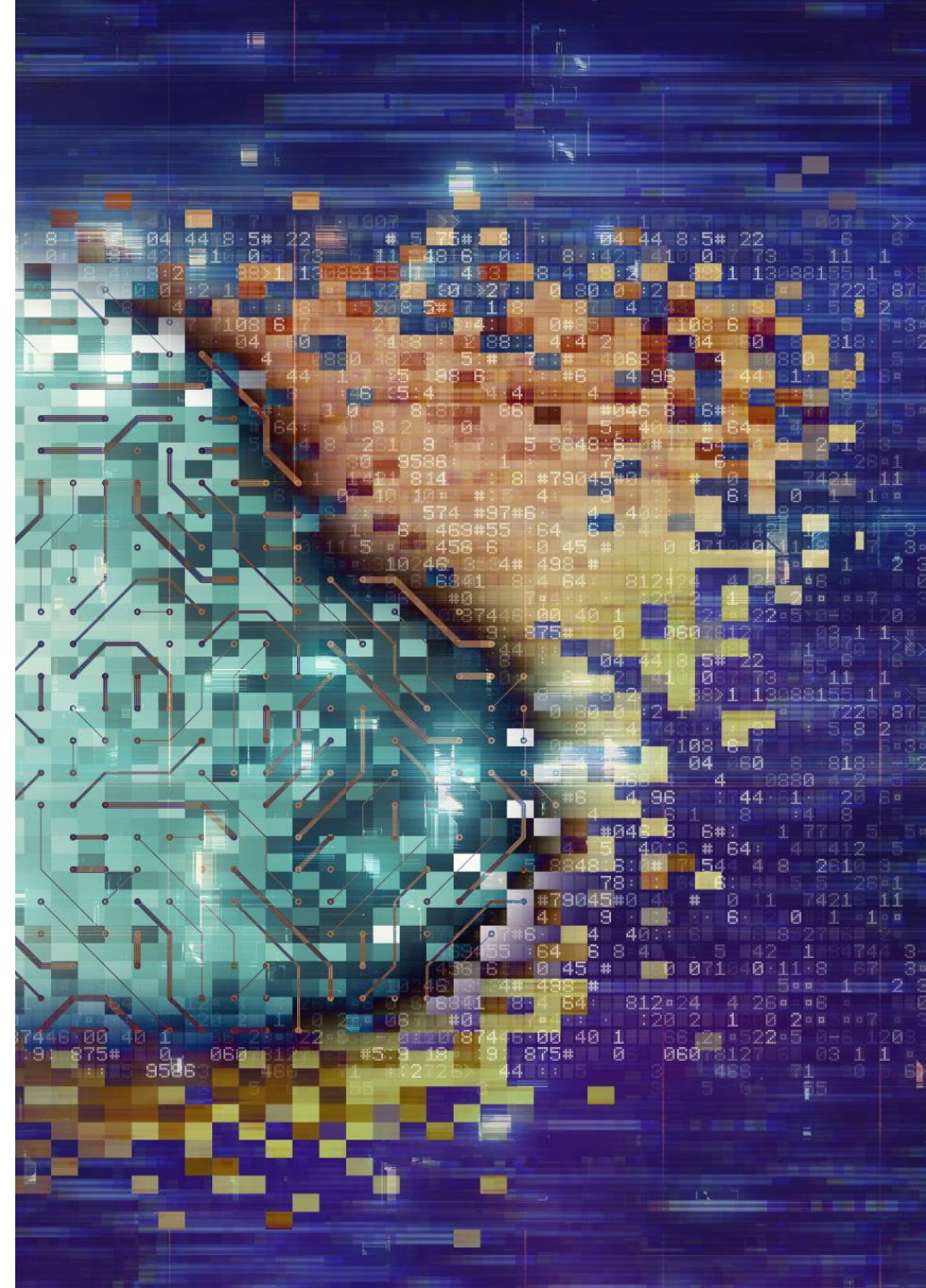
A single-shot AI approach where you ask one prompt and receive an answer to generate text, images, video, audio, or code.

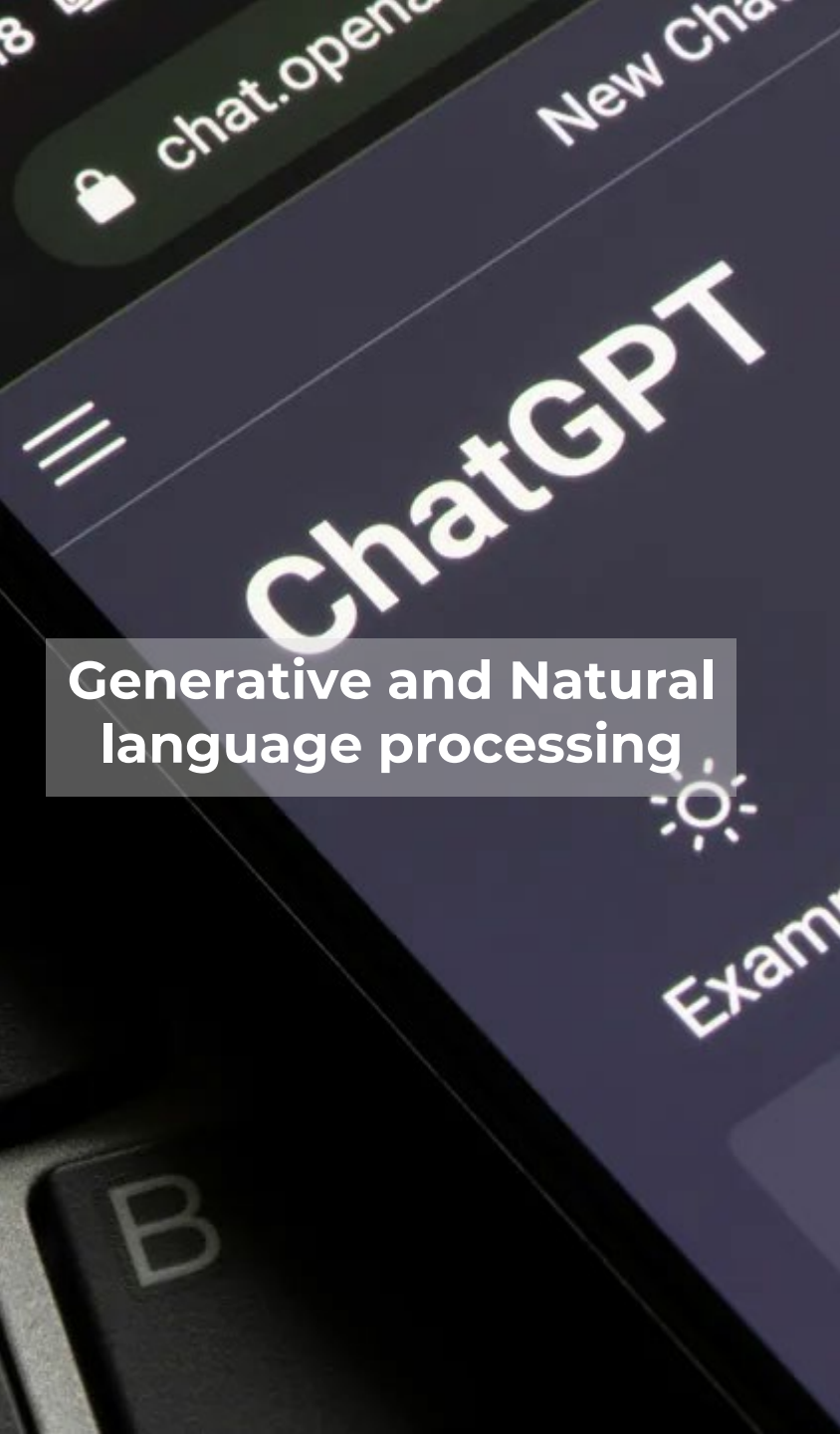
AI Agents

A goal-oriented, linear AI approach that autonomously decides how to complete a specific task, often pulling information from multiple systems and data sources to get the job done.

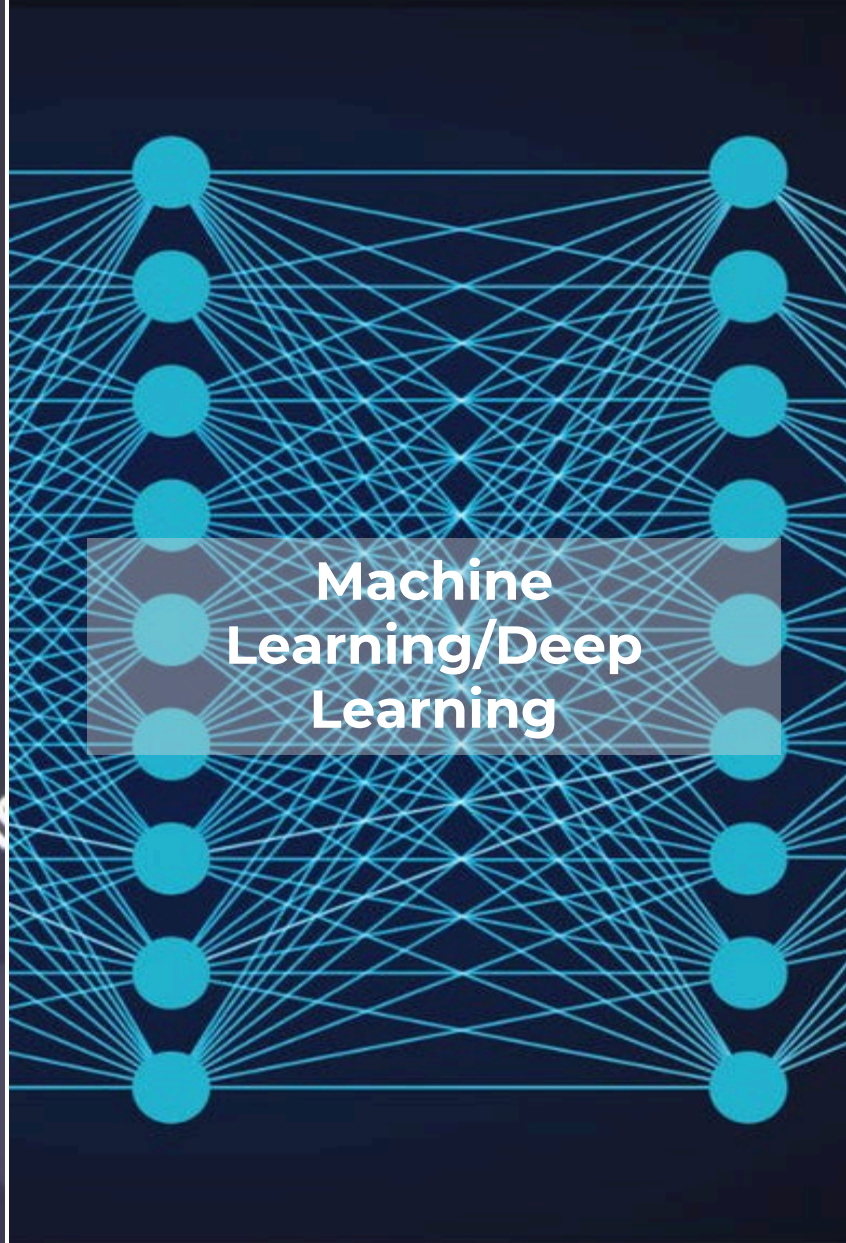
Agentic AI

An autonomous, self-learning AI that can independently analyze information, make decisions, take action, and collaborate with other agents to get work done.

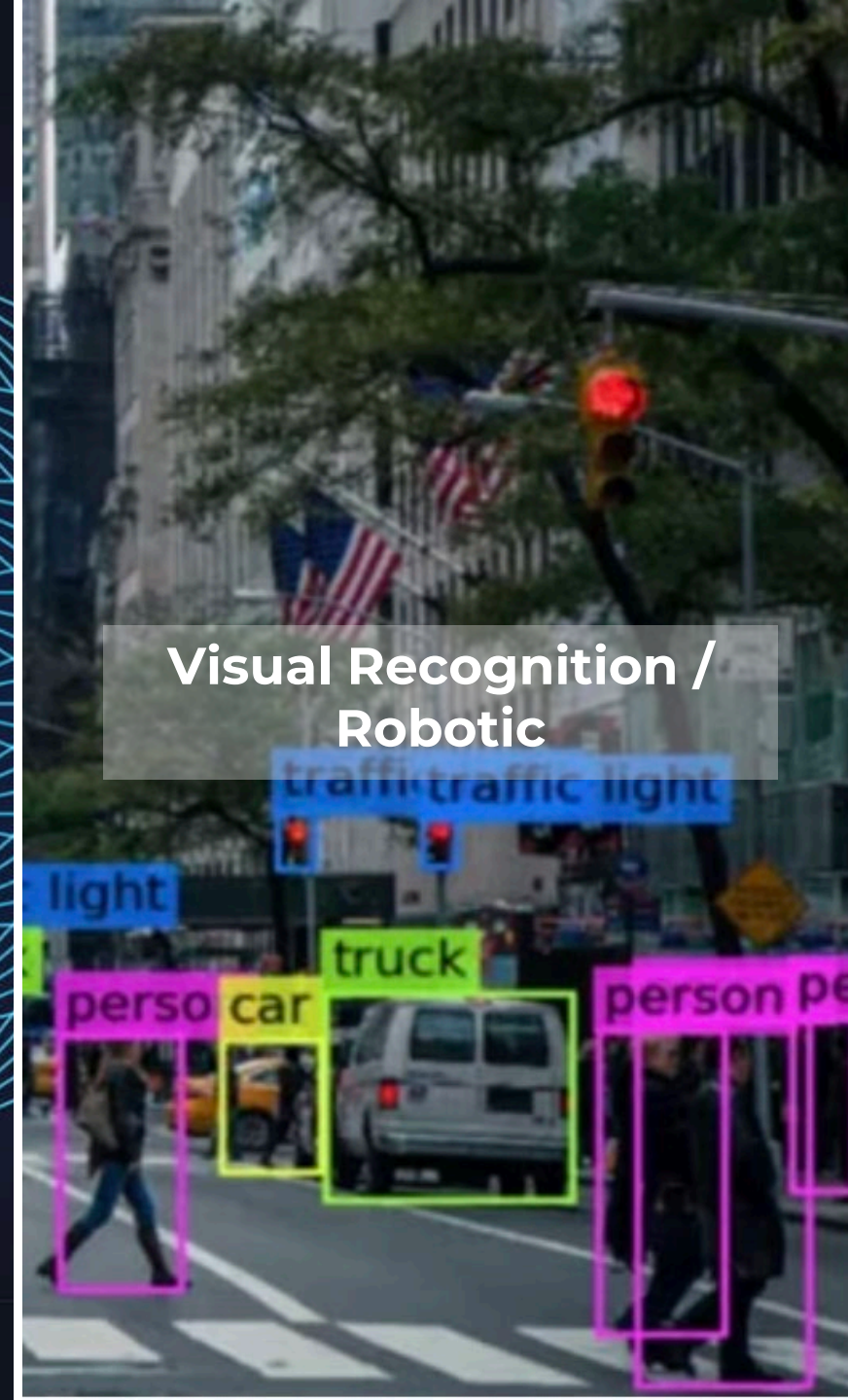




Generative and Natural language processing



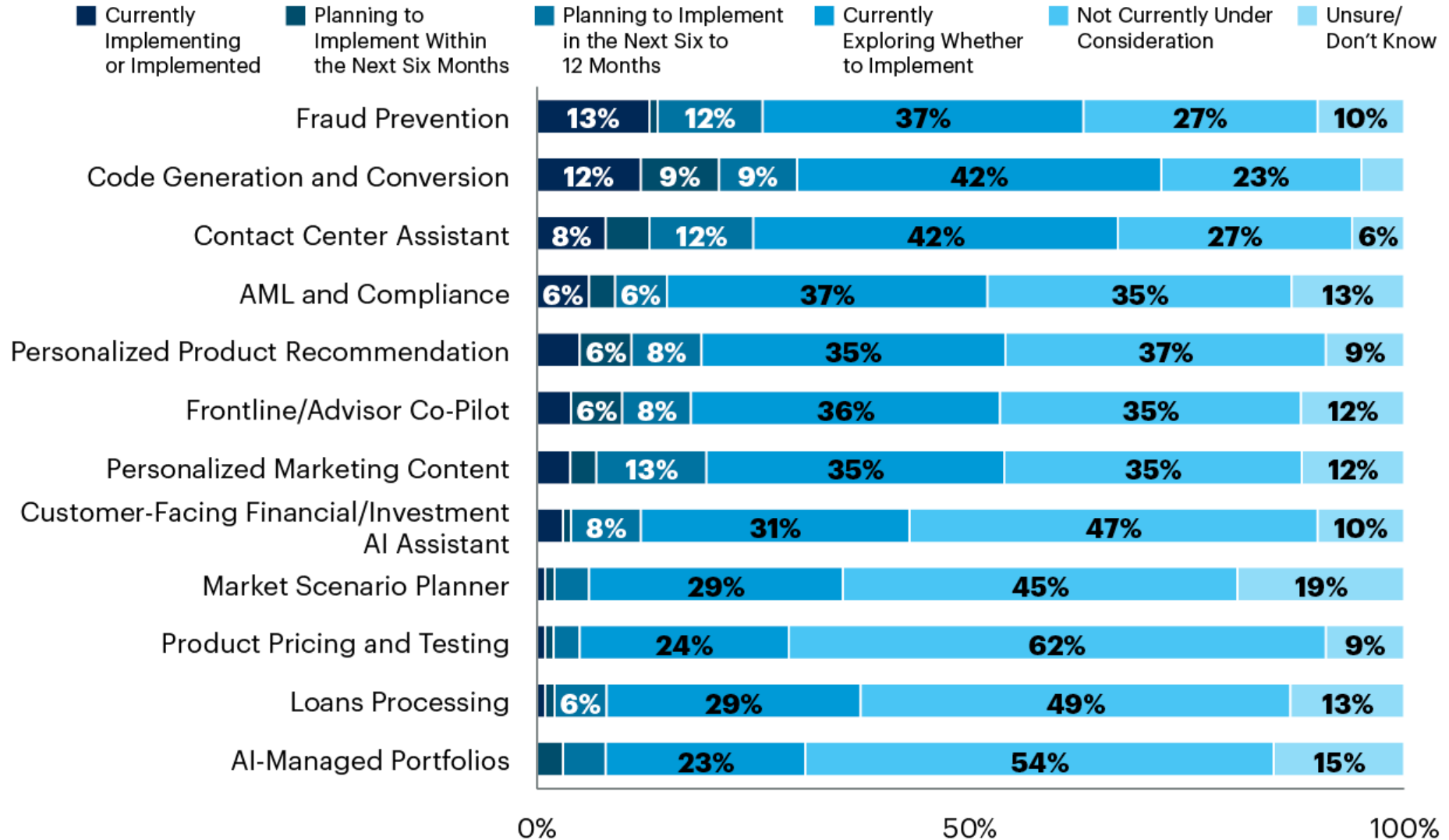
Machine Learning/Deep Learning



Visual Recognition / Robotic

GenAI Use Cases in Banking and Investment Services

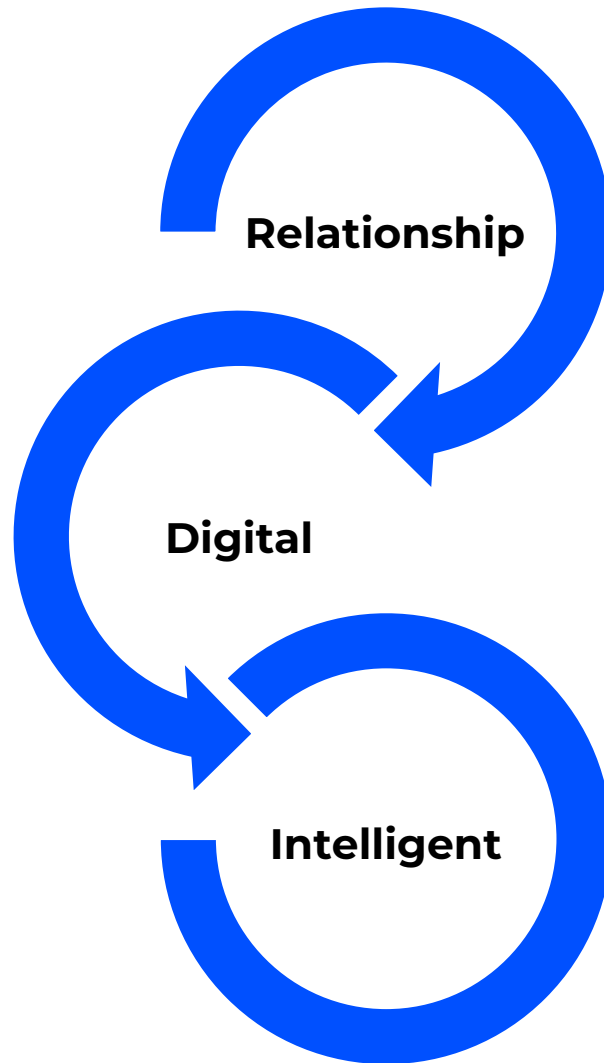
Percentage of Senior Banking Executives



Industry Evolution

Each evolution of technology changed **how** value was created.

The next evolution may change **who** creates it.



Broker + Product Era

- Customers: access, security, record keeping, and status.
 - Institution: information, control, and margin on simplicity
 - **Broker**: trusted authority, the gatekeepers, and the owners of relationships
-

Web + Mobile Era

- Customers: convenience, autonomy, and free services
 - Institution: scaled cheaply, reduced costs, self-service
 - **Broker** shifted to be a **process enabler**.
-

AI + Platform Era

- Customers: Hyper-personalization to support decisions
- Institution: Adaptation in real time. Risks in context.
- **Process enabler** to an **Augmented partner** to anticipate needs.

“Banker” Dashboard of the future – is here today

Agent Operational Efficiency

Agent Operational Efficiency between 01-Jan-2024 and 16-Nov-2024

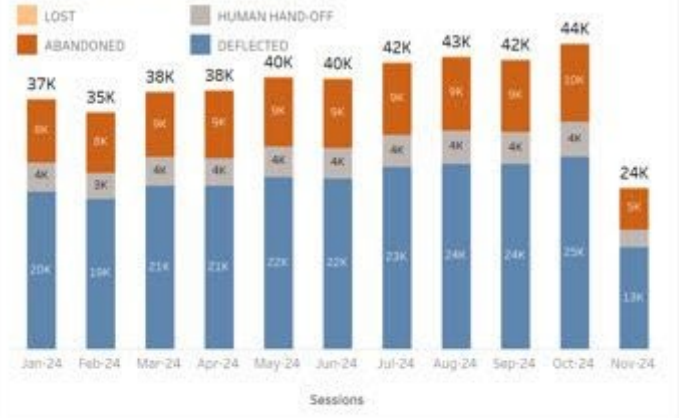
Which Operational Efficiency is driven by our Agents?



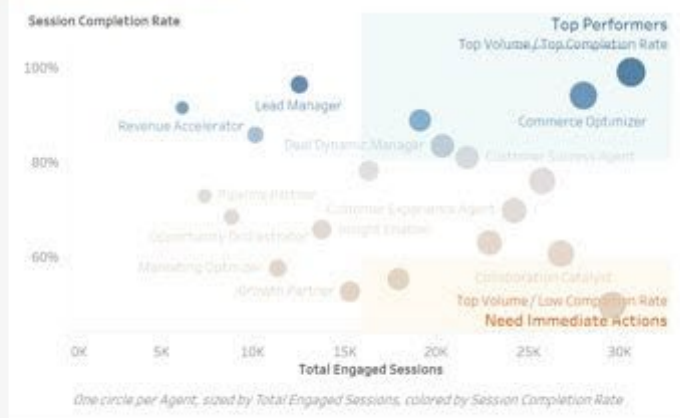
Operational Efficiency by Agent



How is agent activity developing?



How do agents perform?



CUSTOMER RETENTION



AGENT AUTONOMY



AI is good at Guessing...

- Good Pattern recognition **≠ HUMAN REASONING**
 - Once complexity increases likelihood of failure increases
- More GPUs **≠ Accuracy**
 - It will increase the error
- Trustworthy for high-stakes decisions?
 - **Not yet, its still work in-progress...**

Speech and Natural Language Processing
Paper | June 2025

The Illusion of Thinking: Understanding the Strengths and Limitations of Reasoning Models via the Lens of Problem Complexity

Parshin Shojaee*[†], Iman Mirzadeh*, Keivan Alizadeh,
Maxwell Horton, Samy Bengio, Mehrdad Farajtabar

The best strategy is to deploy AI as part of your Applied Intelligence (“AI”) Strategy – Never as a final authority or replacement for humans.

02

Grades of AI

Grades of AI

- Consumer Grade ("Good")

- ▶ AI for personal use (e.g., emails, note taking, summaries, etc.)
- ▶ Personal data access
- ▶ General tools built for general purposes (like a Toyota sedan, Classic Edition)



Buy

- Departmental Grade ("Better")

- ▶ Available AI functions adapted for a specific business operation
- ▶ Departmental data access
- ▶ General tools refined and combined for a specific purpose (Toyota XRS for Baja 1000)



Implement

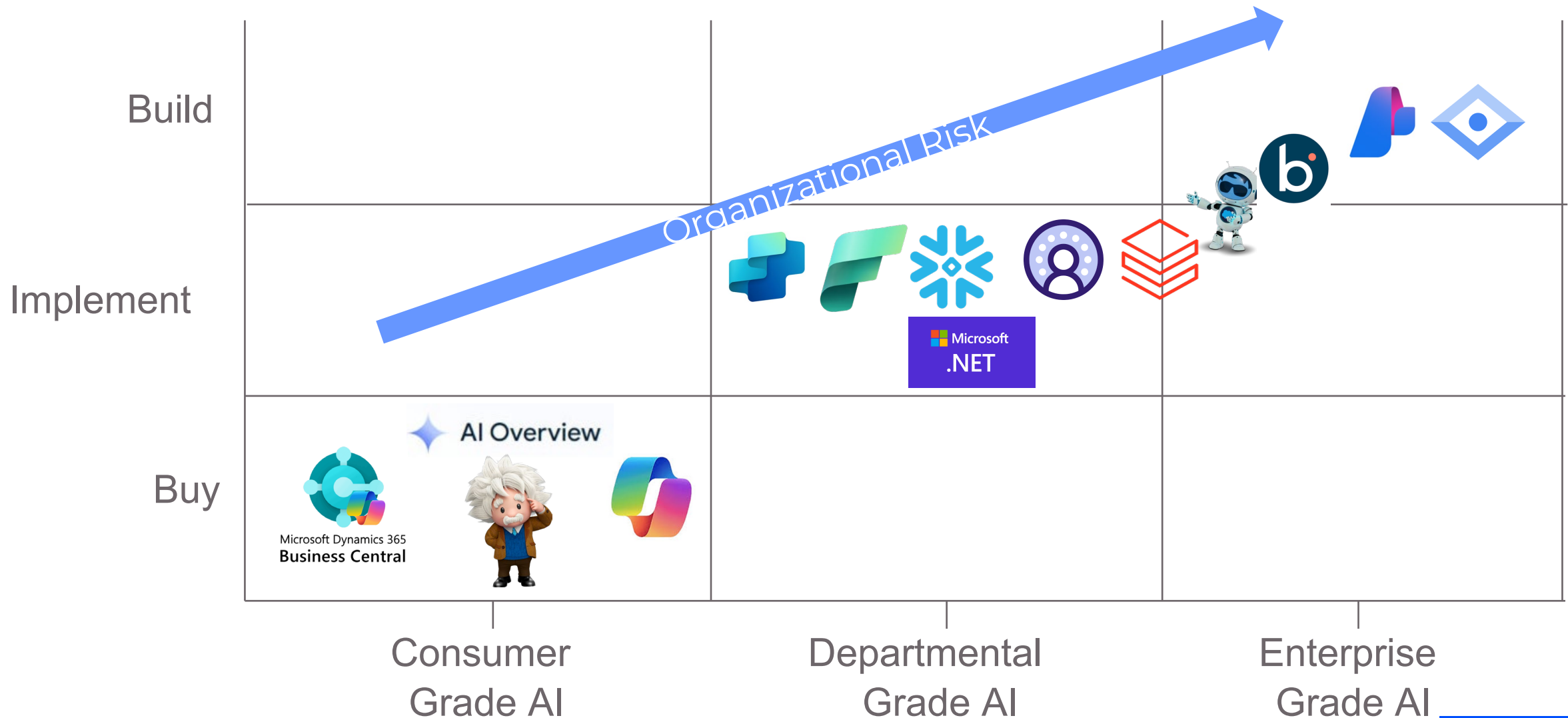
- Enterprise Grade ("Best")

- ▶ Specialized AI functions + Other custom developed components
- ▶ Enterprise Data (and beyond)
- ▶ Specific tools (AI+) for a new and innovative purpose



Build

AI Tools That Are Bought, Help Implement, or Help Build



GENERATIVE VS AGENTS VS AGENTIC

01 Generative AI

- It's a very broad Single shot approach to AI.
- Ask a questions (Prompt) it gives you answer
- Used to create text, images, videos, audio and software code

02 AI Agents

- It adds "AI" **autonomy** but is still very linear and purpose based
- Takes on a task and decides how to tackle it
- Goal oriented and used for specific purposes
- May use multiple tools, APIs and databases

03 Agentic AI

- **Has Agency - you give it Autonomy** to independently analyze data, make **decisions** and take **actions**
- Self adaptable over time through "learning" and use of new data and resources
- Can use other agents to get solve for problems and get tasks done

Every company is on a journey to becoming a Frontier Firm

Pattern 1

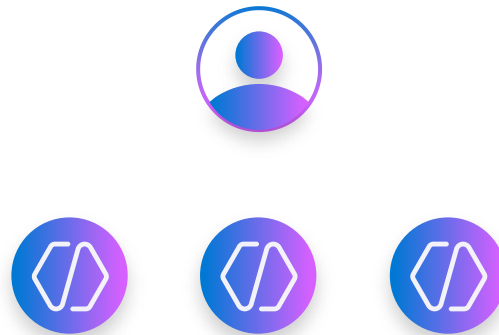
Human with assistant



Every employee has an AI assistant that helps them work better and faster

Pattern 2

Human-led agents



Agents join teams as “digital colleagues,” taking on specific tasks at human direction

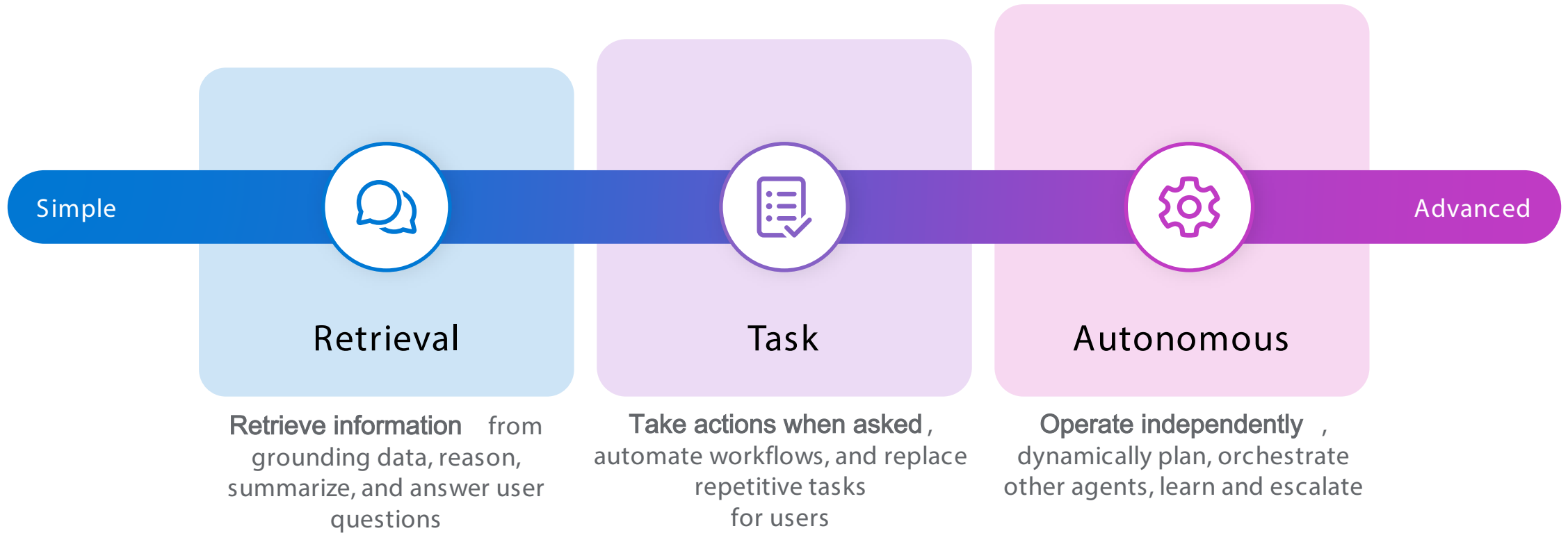
Pattern 3

Human-led, agent-operated



Humans set direction and agents run entire business processes and workflows, checking in as needed

Spectrum of agents



← Agents vary complexity and capabilities depending on your need →

Simple agents can be made in the Copilot Studio lite version in Copilot Chat + M365 Copilot

Advanced agents need to be made in the Copilot Studio full version

03

AI Risk Readiness

AI Risk Considerations

Data Privacy and Security:

AI systems often require large amounts of data, which can include sensitive customer information. Ensuring this data is protected from breaches and unauthorized access is crucial. **Is everyone's data leveraged to learn or is it containerized for your instance?**

Bias and Fairness:

AI algorithms can inadvertently perpetuate or even amplify existing biases in the data they are trained on. This can lead to unfair treatment of certain customer groups, particularly in areas like credit scoring and loan approvals. **Who reviews the validity of the output?**

Regulatory Compliance:

The regulatory landscape for AI is still evolving, and banks must navigate a complex web of regulations to ensure compliance.

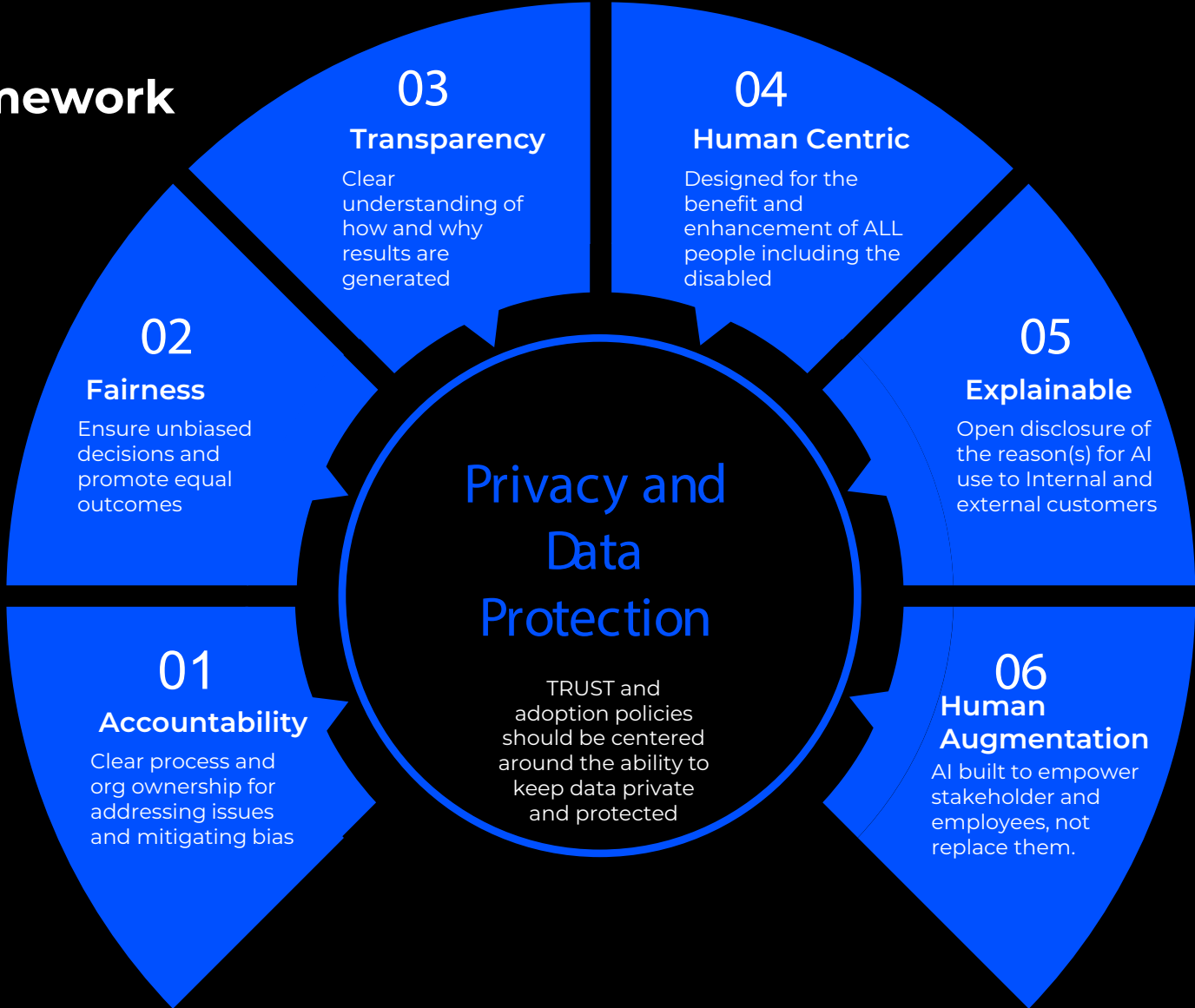




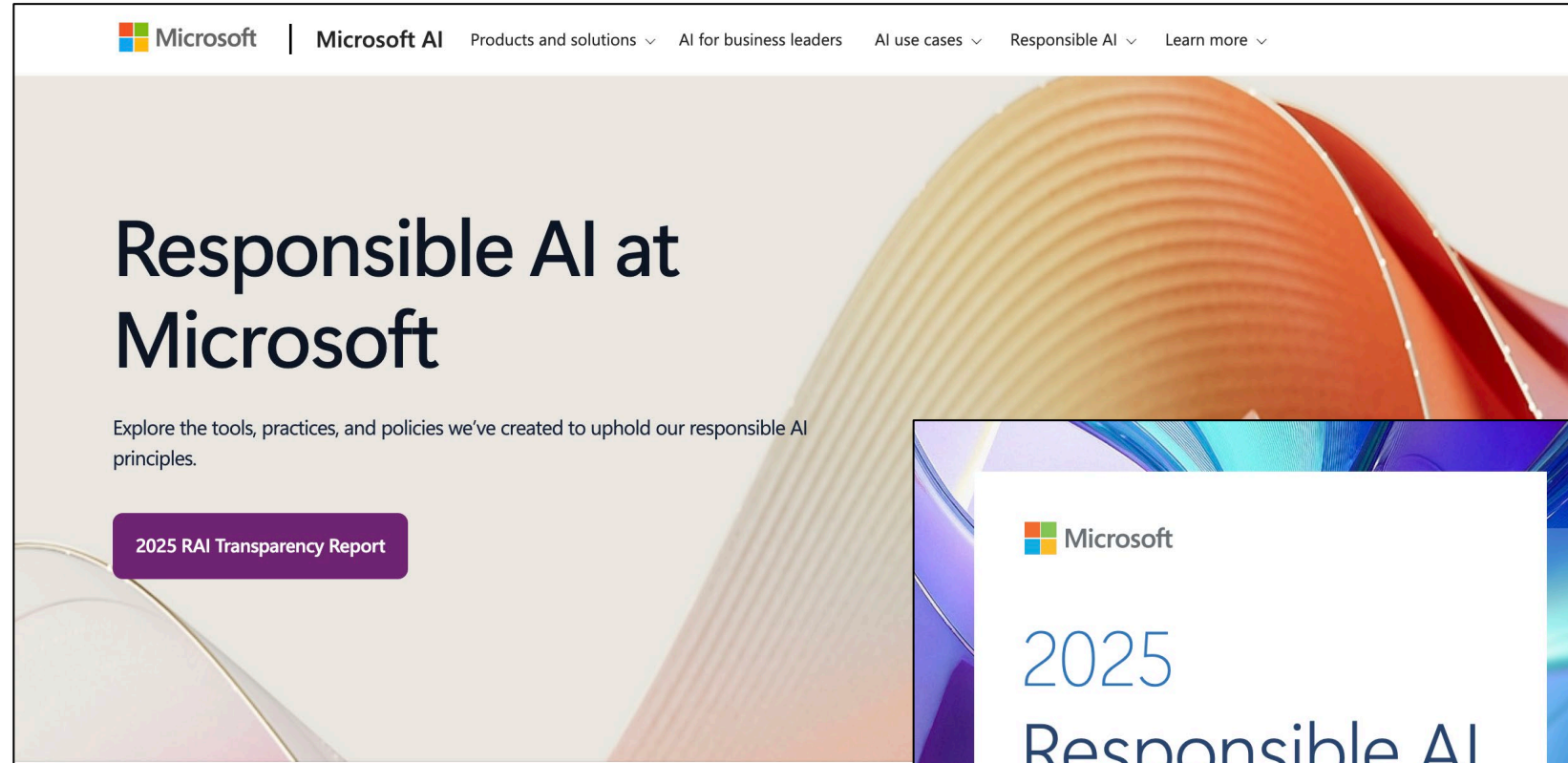
AI Risk Considerations (cont.)

- **Cybersecurity Threats:**
 - AI systems can be targeted by cyberattacks, including data poisoning, where malicious actors manipulate the data used to train AI models, leading to incorrect or harmful outputs. **Interconnections and Data Validation**
- **Operational Risks:**
 - Implementing AI can introduce new operational risks, such as system failures or errors in AI-driven processes. **Ensuring robust testing, monitoring, and contingency plans are in place is essential**
- **Ethical Concerns:**
 - The use of AI in banking raises ethical questions, particularly around the automation of decision-making processes that can significantly impact individuals' lives. **Banks need to establish clear ethical guidelines and ensure their AI systems align with these principles**

Wipfli Example: Responsible AI Framework (RAIF)



**Example:
Microsoft
Responsible AI**



<https://www.microsoft.com/en-us/ai/responsible-ai>



Three essentials for success



Leadership

Develop leadership capabilities to leverage AI for business outcomes

- Executive sponsorship
- Align AI to business strategy
- Providing clarity and prioritization



Human change

Manage human transformation with robust user enablement programs

- User enablement program
- Communications and community
- Skilling and training



Tech readiness

Establish a secure, compliant, and scalable foundation to enable success.

- Strengthen security posture
- Prepare your data
- Proactive monitoring

Responsible AI principles

04

AI Prompts and
Examples

The anatomy of a strong AI prompt:

Goal: *What do you want from the “AI”? Can be a question or request.*

Context: *Why do you need it, and who is involved?*

Source: *Where should “ AI” look for information or samples?*

Expectations: *How should the “AI” respond to best fulfill your request?*

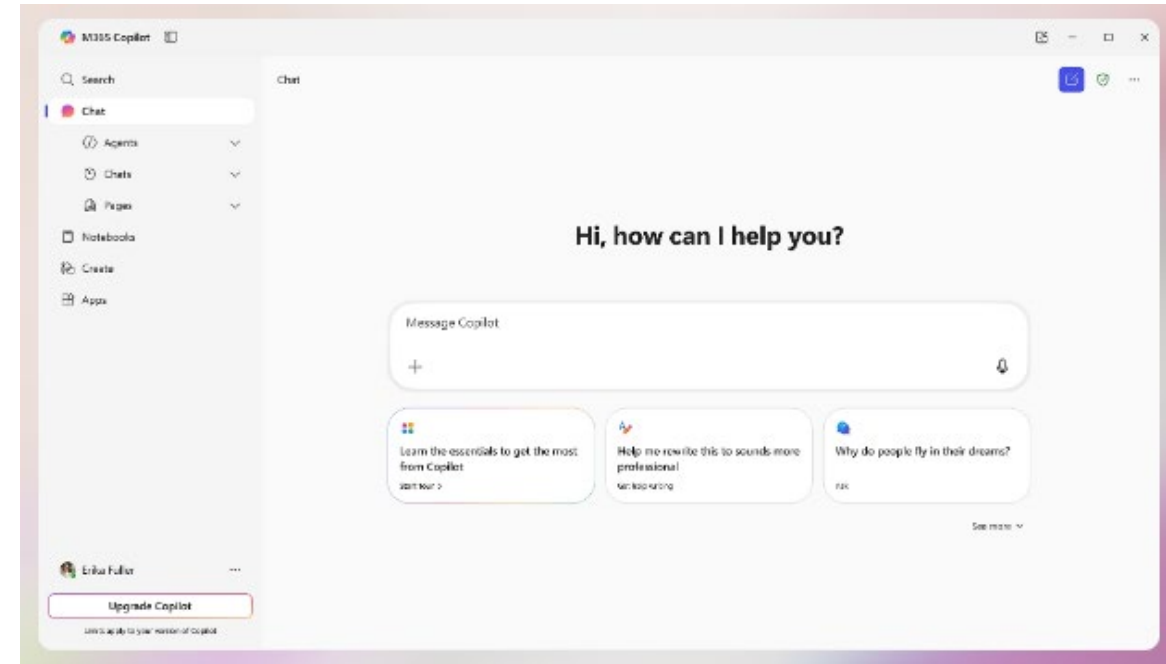
Example:

Generate 3-5 bullet points to prepare me for a meeting with Client X to discuss their "Phase 3+" brand campaign. Focus on Email and Teams chats since June. Please use simple language so I can get up to speed quickly.

The more complete, exact and precise you can be with your prompt the less likely the model will produce a “Hallucination”

Tips for better results

- **Be specific.** The more context you give, the better Copilot Chat can tailor its response.
- **Attach relevant files.** If your question relates to a document, spreadsheet, or email, include it in your chat.
- **Ask follow-up questions.** Copilot Chat remembers the context of your conversation, so you can keep refining your request without starting over.
- **Request structure.** If you'd like your answer in a list, table, or summary, just ask.



Iterate...Iterate...Iterate

Agent Examples for Banking

Loan Assessment Agent

- Extracts borrower documents and analyzes financial ratios automatically
- Turns days of manual analysis into structured output
- Connects to SharePoint documents and credit bureau data

Regulatory Research Agent

- Accelerates audit preparation by researching regulatory requirements
- Generates compliance checklists instead of building from scratch
- Enforces data loss prevention with human oversight

Customer Onboarding Agent

- Automates verification of identity and beneficial ownership data
- Reduces onboarding time while ensuring KYC compliance
- Provides 24/7 availability for account setup questions

HR Knowledge Agent

- Provides instant answers to employee benefit questions
- Reduces HR support workload while ensuring consistent, policy-aligned responses
- Offers 24/7 self-service access to benefit questions for employees

Customer Inquiry Agent

Resolves customer questions using bank knowledge and guides to the next best step

From

Customer inquiries are handled manually across channels by searching for information and interpreting queries, which leads to delays and inconsistent answers

To

AI-driven understanding of intent and context to deliver instant, accurate, and tailored answers from knowledge base with clear next steps

Current Workflow Challenges

- Information is scattered across fragmented and disconnected systems/sources
- Knowledge retrieval and interpretation is manual, inconsistent, and can cause response delays
- Inconsistent responses based on individual agent skill levels
- Volume spikes, inflates average-handle-time and thus erode CSAT
- Manual post-call summarization and documentation delays queue and follow-ups

Key Features

Capture customer questions from chat, IVR, or API

Classify intent and sentiment using trained AI models to detect urgency and emotion

Extract customer context from CRM, core-banking systems and identify root cause

Fetch relevant knowledge articles and case precedents

Auto-draft personalized responses with citations. Recommend next steps with escalating dissatisfaction-prone queries to live agents

Document case summarization for live agent review

Business Impact

↑ First-contact Resolution Smart classification and contextual insights resolve issues the first time

↓ Resolution Time Instant data access and auto-responses cut delays

↑ Customer Satisfaction Score Accurate, fast answers improve customer trust by ensuring consistent handling of regulated inquiries

↓ Average Handle Time (AHT) Agents get summaries and next steps pre-generated

↓ Ticket Deflection Rate Fewer issues escalate with better self-service and AI routing

↑ Accuracy & Relevancy Rate Policy precision meets customer intent for trusted, tailored answers maintaining an audit trail with consistency

Document Compliance Agent

Monitor and analyze documents to prevent compliance violations and recommend process improvements

From

Document monitoring and compliance checking processes are manual, intermittent, time-consuming and prone to errors

To

Real-time compliance monitoring and alerts powered by AI agents help prevent violations and suggest process enhancements to maintain accuracy, consistency, and boost efficiency

Current Workflow Challenges

- Customer service document compliance violations are identified manually, which is time-consuming and prone to errors
- Documents are analyzed after interactions, leading to delayed confirmation to acceptance/rejection to customers
- Traceability can be difficult and inefficient because violations are manual reported

Key Features


Continuously monitors customer service documents (ex: customer service scripts, dispute resolutions reports, etc.) for potential compliance violations against compliance benchmarks


Alerts customer support reps and supervisors in real-time when compliance steps are missed


Suggests compliant alternatives to documents based on company guidelines

Stores compliance check history, suggested edits, user overrides, and approvals in an auditable log

Business Impact

 **Compliance Rate** Automated violation monitoring will reduce the likelihood of compliance oversights

 **Customer Satisfaction** Real-time recommendation on corrective action reduces TAT and thus increases CSAT

 **Manual compliance check time** Reduce average time taken to manually check compliance

Automated Contract Review

Detect risks, deviations, and compliance issues and recommend changes for faster legal review

From

Contract reviews are manual, delayed, and require extensive billable hours, as analysts must parse through contracts searching for risks and compliance issues

To

Optimized contract reviews with AI-Agents automate risk identification and mitigation recommendations

Current Workflow Challenges

- Analysts spend considerable time and resources reviewing contracts by hand
- Manual reviews can occasionally overlook risks or deviations

Key Features

Compares uploaded contract against standard templates

Identifies deviations and risky clauses

Suggests alternative clauses based on policy/risk standards and recommends negotiation edits or redlines

Summarizes findings for legal review

Business Impact

↓ Contract Review Time Reduced duration of reviewing a contract

↓ Risk Exposure Decreased exposure to potential risks in the contract review process

↑ Legal Compliance Increased percentage of contracts that fully comply with legal standards

05

Where do you start?

Identifying High-Impact AI Use Cases in Banking

Where do we start?

- **Start with Business Priorities**
 - Focus on areas where productivity, decision-making, or customer experience could be improved.
 - Where are the biggest pain points or opportunities?
- **High-Volume, Repetitive Tasks**
 - Which tasks are done frequently and follow a predictable pattern?
- **Data-Rich Processes**
 - Which processes generate or rely on large volumes of data?
 - Are there repetitive, rules-based tasks that could be automated?

AI Use Case Identification

- **Problem Statement:** What's the challenge or opportunity?
- **Knowledge:** Is it documented? Tribal knowledge?
- **Data Availability:** What data exists? Where does it reside? Is it accessible and clean?
- **Risk:** Are there risks associated with automation?
- **Business Impact:** Cost savings, revenue growth, risk reduction, employee productivity?
- **Feasibility:** Technical complexity, regulatory constraints?

REIMAGINE THE PROCESS, don't just AI it!

Wipfli Contact

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Director

Carlos.Vega@wipfli.com

949 594 2486

wipfli.com

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WIPFLI

3:20 – 4:35 p.m.

In the Crosshairs: Accountant Liability Issues

**Brad Sargent, CPA, ABV, CFF, CFE, CFS, CIRA, CCA, CRFAC,
FABFA, *The Sargent Consulting Group, LLC***

WICPA Financial Institutions Conference: Accountant Liability Issues

May 13, 2026



Brad Sargent
CPA/ABV/CFF, CFE, CFS, CIRA,
CCA, CRFAC, FABFA



The Sargent Consulting Group, LLC

1

Today's Agenda

- Who We Are & What We Do
- Codes of Conduct
- Fraud Triangle
- Case Studies
- Whistle-blowing 101
- Current Cases
- Questions



2

Who We Are & What We Do



The Sargent Consulting Group, LLC is an independent firm providing management advisory and litigation consulting services to attorneys, creditors, individuals, government agencies, management and turnaround advisors. Our firm was formed to meet the needs of a unique client, typically in a state of distress or turmoil.

We recognize our clients depend on consistently accurate, reliable and succinct information. Our unique combination of Accounting, Investigative, Operational and Technical skills deliver solutions to complicated financial problems.

WE SOLVE PROBLEMS!

Our Clients

Our Capabilities

Our Team

3

Our Clients

- Attorneys
- Creditors
- Government Agencies
- Individuals
- Management



4

Our Capabilities

- Business Valuations
- Economic Damages
- Expert Witness Services
- Financial Investigations
- Forensic Accounting



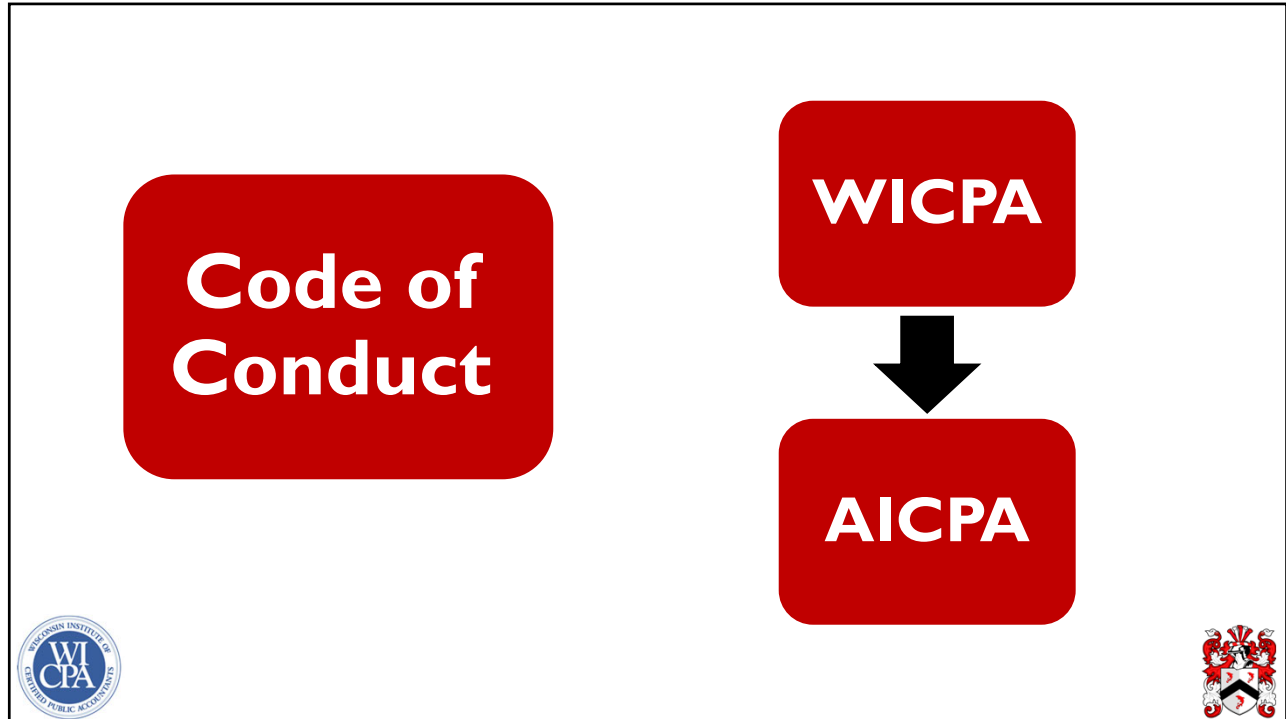
5

Our Team

- Chicago/Denver/Detroit
- Our Credentials:
 - CPA
 - ABV
 - CCA
 - CFE
 - CFF
 - CFS
 - CIRA
 - CRFAC
 - CVA
 - MBA/MSA



6



7

**Wisconsin Administrative Code
Accounting Examining Board
Accy 1.101 - Professional conduct**

- (1) The board adopts by reference the "Code of Professional Conduct" published by the American Institute of Certified Public Accountants, effective as of December 15, 2014, except that references to "member" are replaced by "a person licensed to practice as a certified public accountant."**

- (2) All definitions included in the American Institute of Certified Public Accountants' Code of Professional Conduct shall apply only within that document.**

The bottom-left corner of the slide features the WICPA logo, and the bottom-right corner features the Wisconsin state seal.

8

AICPA's Code of Professional Conduct

Applies to AICPA members professionally holding themselves out as a CPA, whether performing attest or non-attest services. The code contains 6 principles, which SARGENT uses to ensure that we are holding ourselves & our work to the highest standard. SARGENT also uses these principles in our investigations to evaluate other accountant's potential lack of independence.

Responsibilities Principle - 0.300.020

- Members should exercise sensitive professional and moral judgements in all their activities.
- Members of the [AICPA] have responsibilities to all those who use their professional services.

Public Interest Principle - 0.300.030

- Members should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate a commitment to professionalism.

Integrity Principle - 0.300.040

- Members should perform all professional responsibilities with the highest sense of integrity.
- Integrity is measured in terms of what is right and just. In the absence of specific rules, standards, or guidance or in the face of conflicting opinions, a member should test decisions and deeds by asking: "Am I doing what a person of integrity would do? Have I retained my integrity?" Integrity requires a member to observe both the form and the spirit of technical and ethical standards; circumvention of those standards constitutes subordination of judgment.



9

AICPA's Code of Professional Conduct

Objectivity & Independence Principle - 0.300.050

- A member should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. A member in public practice should be independent in fact and appearance when providing auditing and other attestation services.

Due Care Principle - 0.300.060

- A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability.
- It imposes the obligation to perform professional services to the best of a member's ability, with concern for the best interest of those for whom the services are performed.

Scope & Nature of Services Provided Principle - 0.300.070

- A member in public practice should observe the Principles of the Code of Professional Conduct in determining the scope and nature of services to be provided.
- In order to accomplish this, members should:
 - Practice in firms that have in place internal quality control procedures to ensure that services are competently delivered and adequately supervised.
 - Determine, in their individual judgments, whether the scope and nature of other services provided to an audit client would create a conflict of interest in the performance of the audit function for that client.
 - Assess, in their individual judgments, whether an activity is consistent with their role as professionals.



10

The Fraud Triangle

Rationalization

Pressure



Opportunity



11

SARGENT Case Studies

**Lipstick
on a
Pig**

**Many Small
Mistakes
or
One Big
Mistake?**

**More Tales From
the Front:
Current Cases**



12

**Lipstick
on a
Pig**



13

Ratio Analysis Raises Red Flag

- Family owned business was acquired by a mid-size company, which had itself been acquired by a global, publicly traded company.
- Through ratio analysis, new parent company identified signs of a potential fraud.
- "Days Sales Outstanding" was significantly higher than any other subsidiary, and growing.
- Preliminary conclusion: Revenue Recognition Fraud
- SARGENT brought in to review cash, payables, and disbursements and ensure that the fraud was accounting-only



14



SARGENT On the Case

- Spent four days on site and conducted 12 interviews
- Performed background investigations on 14 individuals
- Worked with a private investigator to learn even more about the Controller
- Imaged computer hard drives
- Reviewed thousands of emails
- Searched vendor list for "ghost vendors"
- SARGENT learned that the controller's spouse was a mail carrier, so we checked employee and vendor addresses to their delivery route



15



Findings: the Human Element

- SARGENT learned that when the family business was first bought by the mid-sized business, costs were cut and many employees were terminated
- After getting purchased again, by an even larger company, the controller feared another round of terminations, and began inflating credit sales to appear more profitable and potentially save employee jobs
- While SARGENT did note controls deficiencies in the cash disbursement process, SARGENT was unable to definitively identify any misappropriated funds
- No one profited directly from this fraud



16

**Many Small
Mistakes
or
One Big
Mistake?**



17

Small Mistakes Grow Over Time

- Michigan Public Accountant
- Held himself out as CPA
- 1980's: Moved from public to industry
- Didn't keep up with CPE and let license lapse
- 2000's: Returned to public from industry
- Was asked by tax client to testify as expert witness
- Held himself out as CPA
- Potentially career ending
- Could face civil and **CRIMINAL** liability
- Know the rules!



18

MICHIGAN OCCUPATIONAL CODE (EXCERPT)

Act 299 of 1980

339.735 Violation as felony; penalty; enforcement.

Sec. 735.

(1) A person who violates section 723(1) through (4) is guilty of a felony punishable by a fine of not more than \$25,000.00, or imprisonment for not more than 5 years, or both.

(2) The attorney general or the prosecuting attorney of a county may bring an action in a court of competent jurisdiction to enforce this section and section 601.



19

MICHIGAN OCCUPATIONAL CODE (EXCERPT)

Act 299 of 1980

339.723 Use of title, terms, or abbreviations indicating person is certified public accountant; prohibited conduct; display or uttering of certain instrument or device as prima facie evidence that person caused or procured display; use of certain designations in connection with firm name; violation; fine; investigation and enforcement.

Sec. 723.

(1) **Each individual having complied with the requirements described in section 720(1)(b) shall be known as a certified public accountant** and any other person shall not use that title or the abbreviation "CPA" or any other word, words, letters, or figures to indicate that the person using them is a certified public accountant unless the use is specifically approved by the board. Use of the terms "certified accountant", "chartered accountant", "public accountant", and "registered accountant" and the abbreviations "C.A.", "P.A.", and "R.A." is specifically prohibited as being prima facie misleading to the public.

(2) Except as provided in section 724, **a person shall not engage in the practice of public accounting either in the person's own name, under an assumed name, or as a member of a firm or as an employee, unless the person holds a Michigan license as a certified public accountant** issued under this article or is practicing public accounting in this state pursuant to section 727a.

(3) Unless use of a term is specifically approved by the board, the display or uttering by a person of a card, sign, advertisement, directory listing, or other printed, engraved, or written instrument or device bearing a person's name in conjunction with a title described in subsection (1) shall be prima facie evidence that the person whose name is so displayed caused or procured the display or uttering of the card, sign, advertisement, directory listing, or other printed, engraved, or written instrument or device. Evidence of the commission of a single act prohibited by this section is sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

(4) Each licensed firm may use the designation "certified public accountants" in connection with the firm name, except that a licensed firm having only 1 member may use only the designation "certified public accountant". An unlicensed firm shall not use the designation "certified public accountants", "certified accountants", "chartered accountants", "public accountants", or "registered accountants" or the abbreviation "C.P.A.", "CPA", "CPAs", "C.A.", "P.A.", or "R.A." in connection with the firm name unless the firm is licensed under the laws of another licensing jurisdiction and is permitted to practice in this state without obtaining a license as described in section 728.

(5) A person that violates this section or a rule or order promulgated or issued under or related to this section is liable for an administrative fine payable to the department of not more than \$25,000.00 per violation.

20

Big Mistake: Help Client Commit Tax Fraud

- Illinois Public Accountant
- Devised scheme to move losses from unsuccessful business to successful business
- Cycled money through "Management Fees" to reduce tax liability
- Testified at deposition that tax avoidance scheme was his idea
- Did not realize potential liability/exposure
- Know the rules!



21

Analysis of \$100,000 Transfers between Business Owner, Healthy Entity and Unhealthy Entity, Inc. Exhibit C - Schedule 2
For the Period May 9, 2024 through May 30, 2024

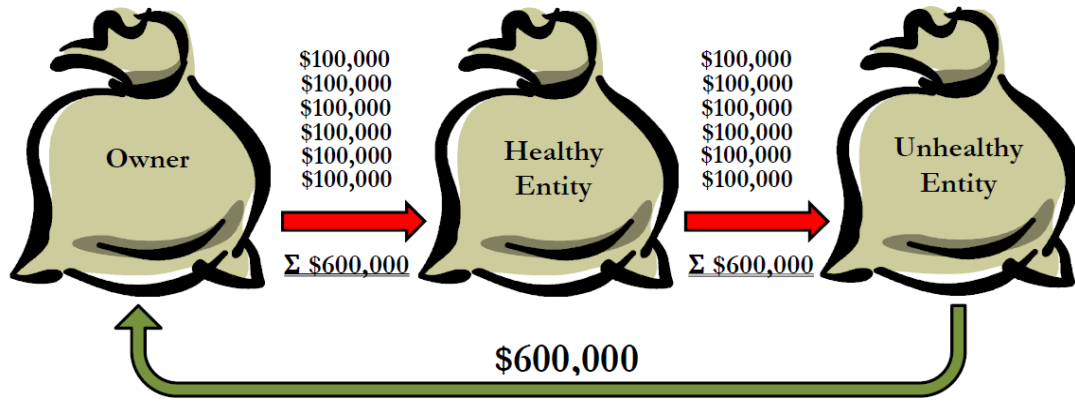
Date	Transaction Description	Bank Account			
		-1234 Business Owner	-5555 Business Owner	-6783 Healthy Entity	-9989 Unhealthy Entity
Transfer #1					
09-May-24	Check: Business Owner to Healthy Entity	\$ (100,000)	\$ -	\$ 100,000	\$ -
10-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
11-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)
Transfer #2					
11-May-24	Check: Business Owner to Healthy Entity	\$ -	\$ (100,000)	\$ 100,000	\$ -
14-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
15-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)
Transfer #3					
15-May-24	Check: Business Owner to Healthy Entity	\$ -	\$ (100,000)	\$ 100,000	\$ -
17-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
17-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)
Transfer #4					
18-May-24	Check: Business Owner to Healthy Entity	\$ -	\$ (100,000)	\$ 100,000 ⁽¹⁾	\$ -
21-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
21-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)
Transfer #5					
22-May-24	Check: Business Owner to Healthy Entity	\$ -	\$ (100,000)	\$ 100,000	\$ -
23-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
23-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)
Transfer #6					
24-May-24	Check: Business Owner to Healthy Entity	\$ -	\$ (100,000)	\$ 100,000	\$ -
29-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
30-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)

Notes:
1.) \$100,414 deposited into Healthy Entity's bank account



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The "Magical" May 2024 \$100,000



In May 2024, Business Owner transfers the same \$100,000 SIX times through Healthy Entity to Unhealthy Entity

- Unhealthy Entity: \$600,000 in "management fees" revenue offset by prior years' losses
- \$600,000 reduction in payable to shareholder
- \$600,000 addition to equity
- Healthy Entity: \$600,000 in "management" expense
- \$600,000 in losses to offset future profits
- Owner: \$600,000 reduction in receivable from Unhealthy Entity
- \$600,000 addition to equity in Unhealthy Entity



Whistle Blowing 101

- Accountants like to keep their head down, get work done and go home
- "Bury their head in the sand"
- Important note: you are not the average accountant/bookkeeper!
- We find out about frauds through whistle-blowers



Reason Why Accountants Don't Speak Up



Reasons Why Accountants Don't Speak Up

- Job security
- Retaliation
- Company culture
- Desire to be liked



The reason we hear most often:
“No one asked me!”



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More Tales
From the
Front:

Current
Cases



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Oh, The Things We See...

- 30 Year CPA and “Friend”
- Not For Profit Outside Accounting Firm
- Mom, CPA, Really Loves her Son
- Poor Widow Claims EVERYTHING as an Expense
- “I’ll be Right Back, Need a Bathroom Break”



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Questions?



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CPA/ABV/CFE, CFE, CFS, CIRA,
CCA, CRFAC, FABFA

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Question 1

Which of the following credentials can provide a knowledge and experience base for investigative work?

- A. Certified Public Accountant
- B. Certified Fraud Examiner
- C. Certified Forensic Accountant
- D. All of the Above



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Question 2

What entity promulgates the Code of Conduct for CPAs in Wisconsin?

- A. WICPA
- B. ACFE
- C. EIEIO
- D. AICPA



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Question 3

If a CPA “cooks the books” at an entity, but for the sole purpose of saving jobs and families, will courts issue a Get Out of Jail Free Card?

- A. True
- B. False



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Question 4

Which is NOT a key Doctrine of the IRS?

- A. Form Over Substance
- B. Business Purpose
- C. Fallenness of Man
- D. Economic Substance



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Question 5

Have you ever advised a client to commit tax fraud?

- A. Yes
- B. Absolutely!
- C. Only When Asked
- D. Never

