



2026 WICPA FINANCIAL INSTITUTIONS CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



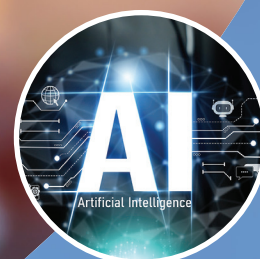
BUILDING THE NEXT GENERATION OF FINANCIAL SERVICES WITH DIGITAL ASSETS

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 morning sessions of the 2026 WICPA Financial Institutions Conference held on Tuesday, May 13, including:

- A Guide to the Markets
- Building the Next Generation of Financial Services with Digital Assets
- Rethinking Credit Union Profitability: From Branch Performance to Channel Economics
- Tax & Accounting Update

VIEW THOUSANDS OF ADDITIONAL IN-PERSON AND ONLINE CPE OPPORTUNITIES AT [WICPA.ORG/CPECATALOG](https://www.wicpa.org/cpecatalog)

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Investment, Securities and Insurance Products:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NOT A DEPOSIT
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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

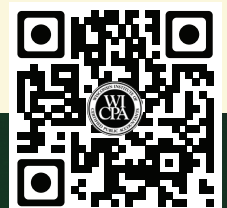
9:00 a.m.
Practice Greens
& Driving Range

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!

wicpa.org/Livestream

wicpa.org/OnDemand

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.
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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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The CPE Tracker is an easy to use tool created to keep track of all your CPE in one convenient location.

- Automatically tracks WICPA formal learning activities
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- Print reports for any reporting period

**To get started, visit
wicpa.org/cpetracker**



8:15 – 9:15 a.m.

Guide to the Markets: Investing through Shocks and Stimulus

Jordan Jackson, *Executive Director, Global Market Strategist,*
J.P. Morgan Asset Management



Market Insights

Guide to the Markets: Investing through Shocks and Stimulus

Jordan Jackson,
Global Market Strategist

U.S. | 2Q 2026
As of April 10, 2026



J.P.Morgan
ASSET MANAGEMENT

1

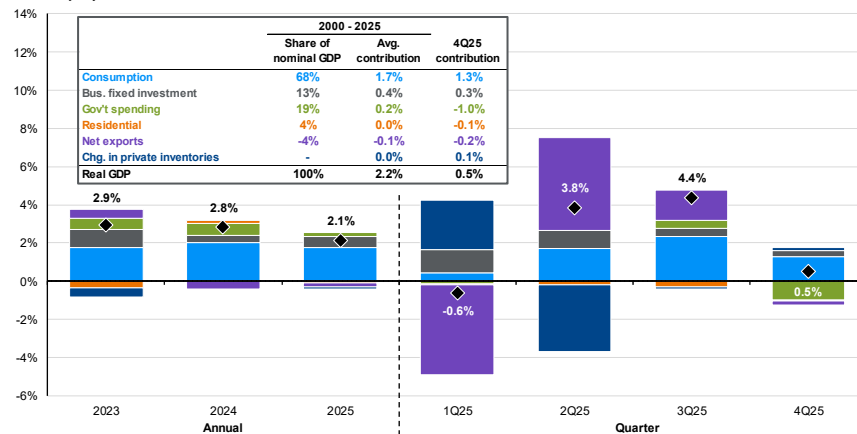


Growth has generally normalized to trend pace of 2%.

GTM U.S. 18

Contributors to real GDP growth

Seasonally adjusted annualized rate

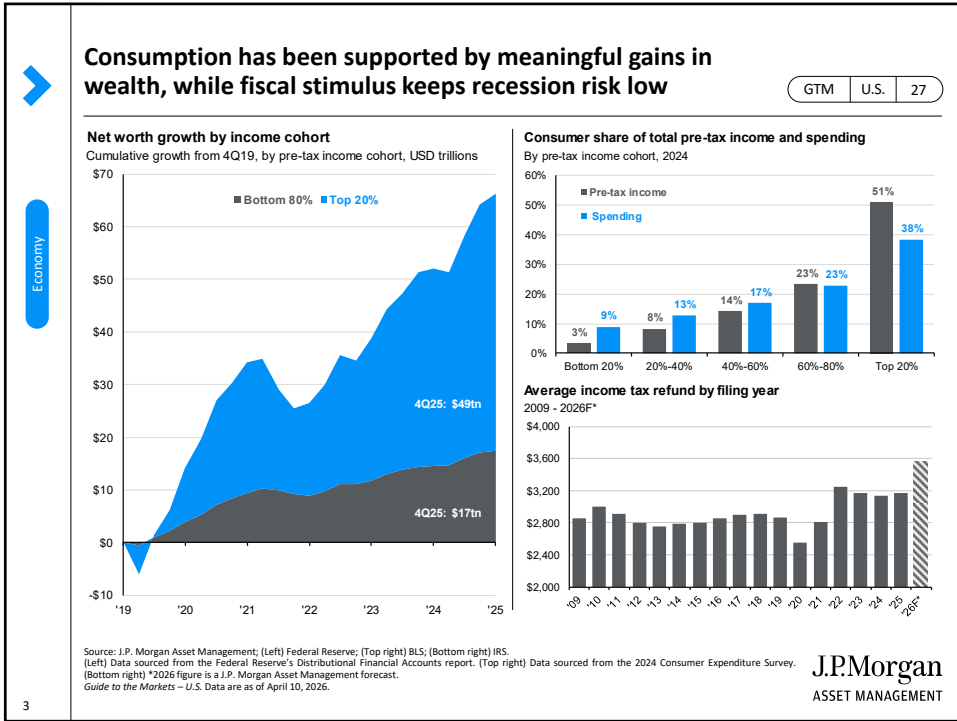


Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of April 10, 2026.

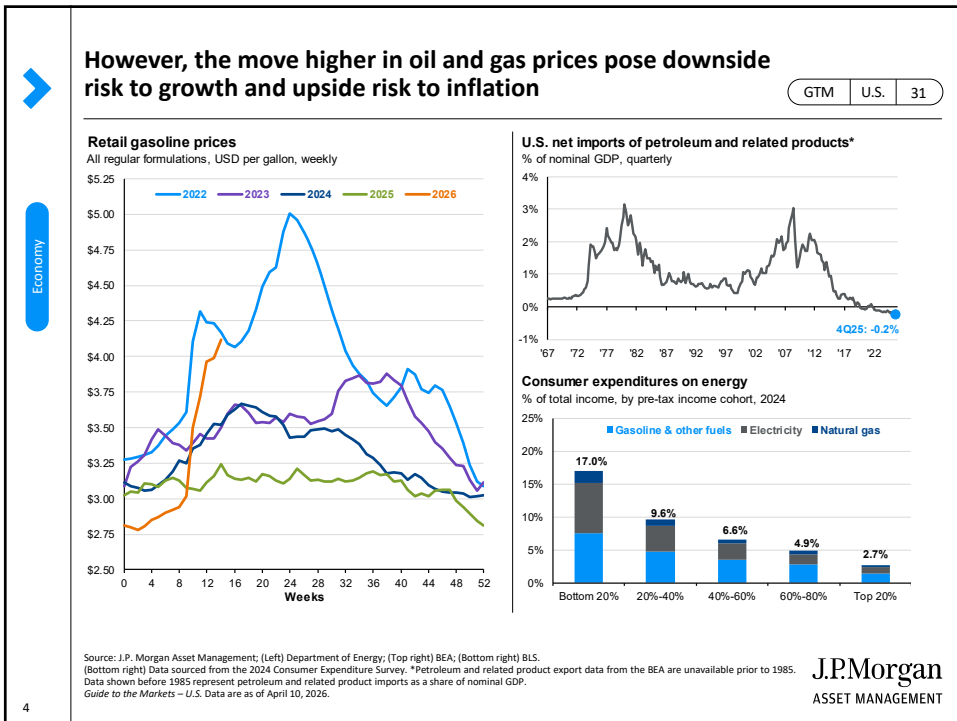
J.P.Morgan
ASSET MANAGEMENT

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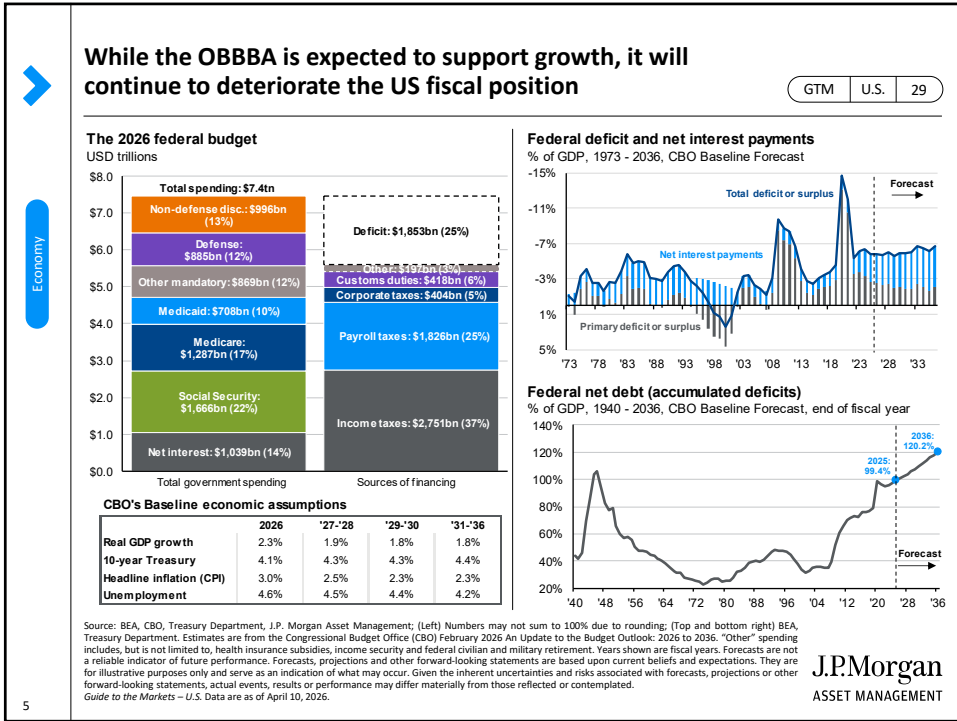
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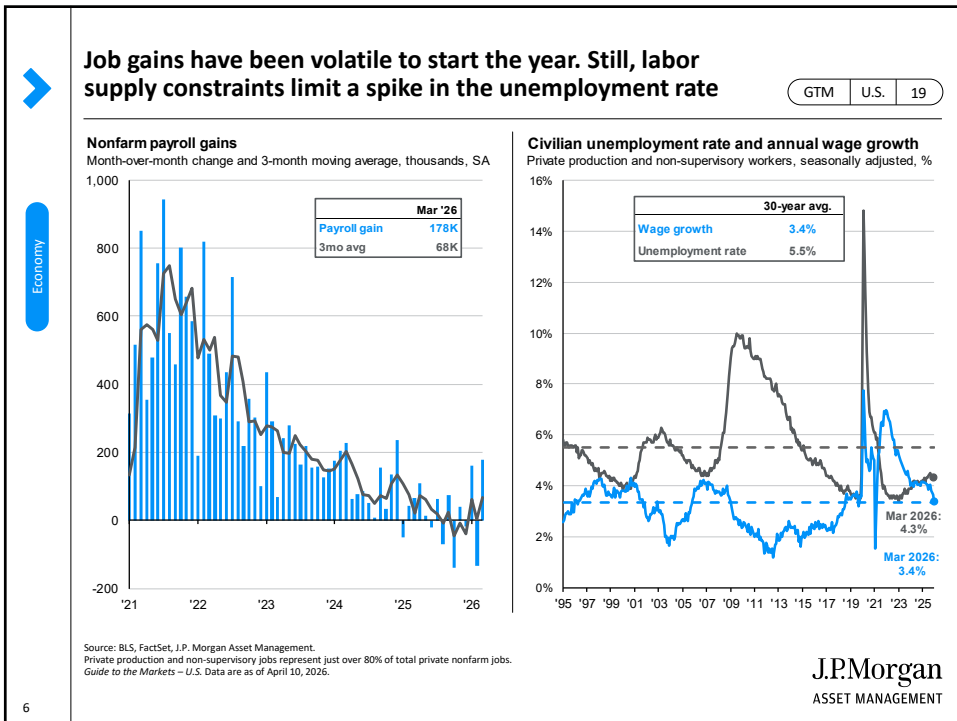
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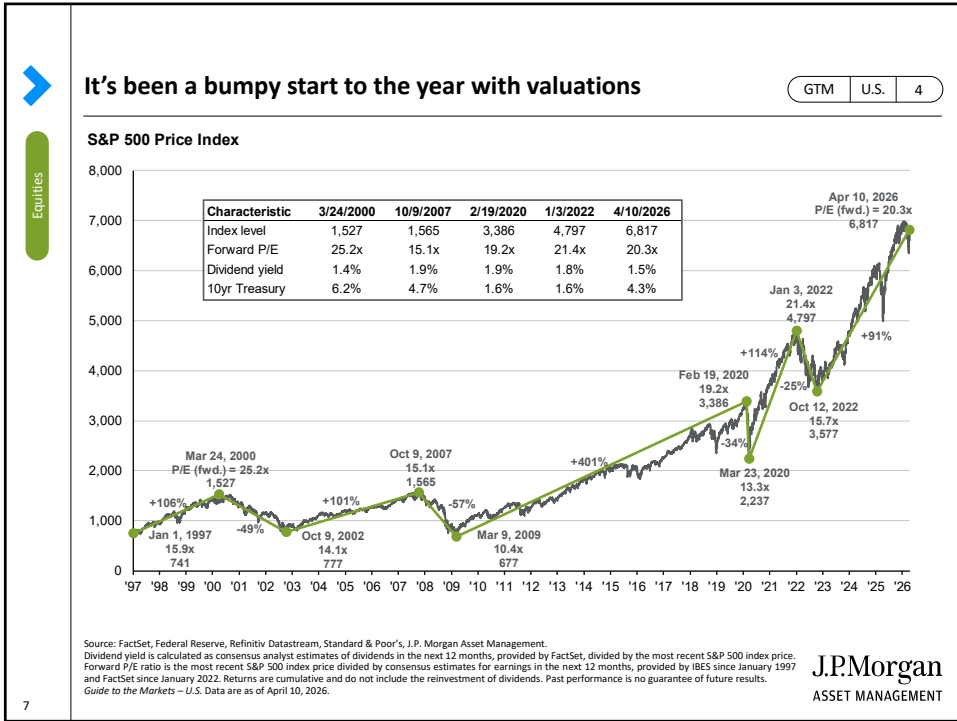
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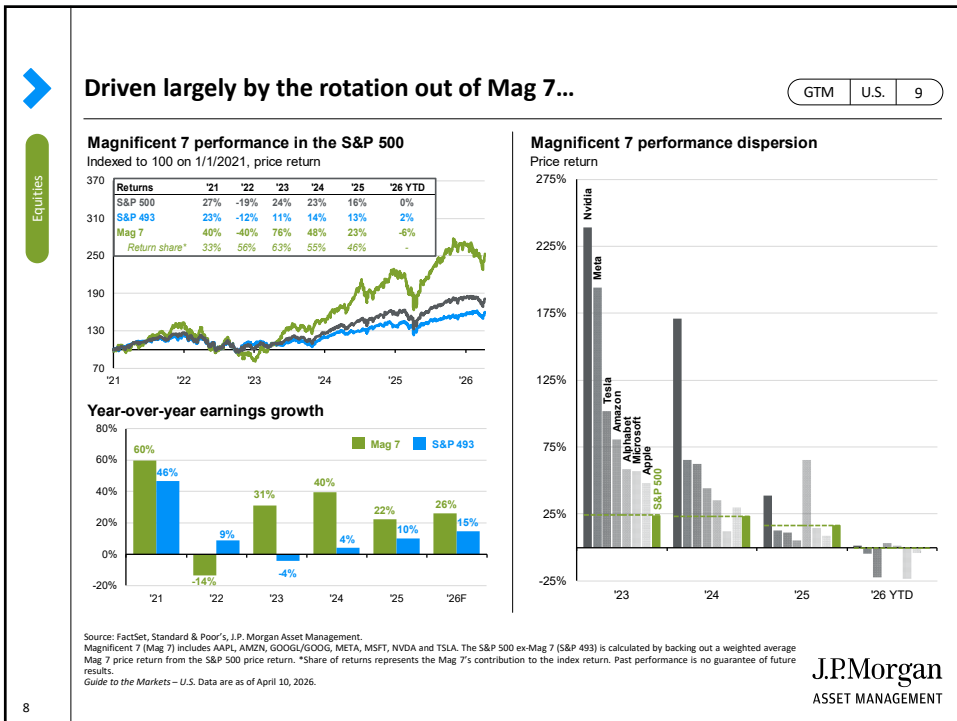
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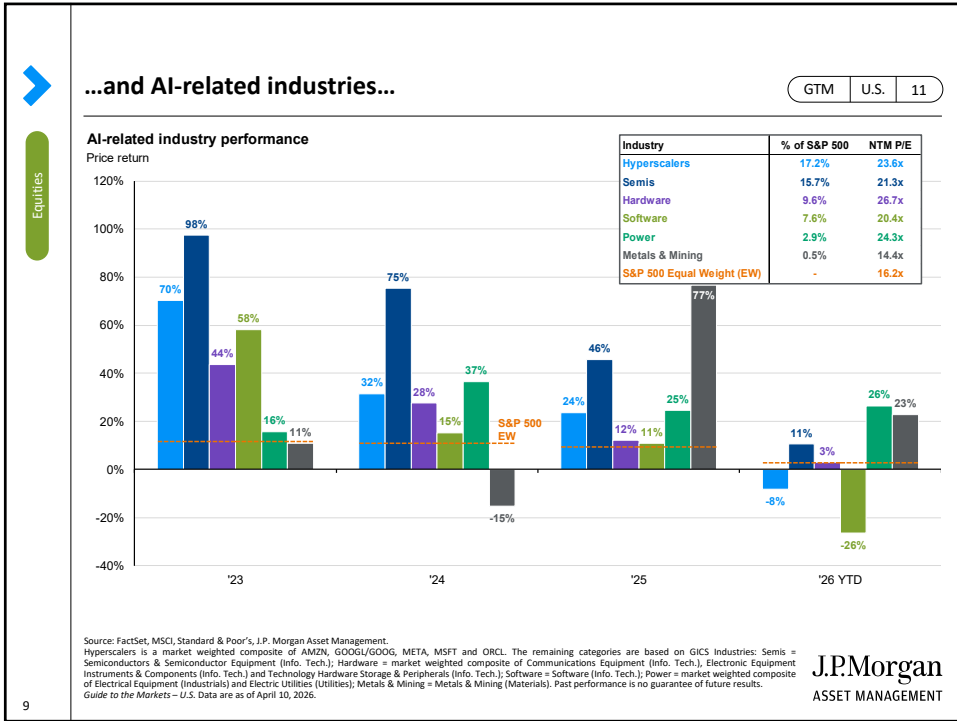
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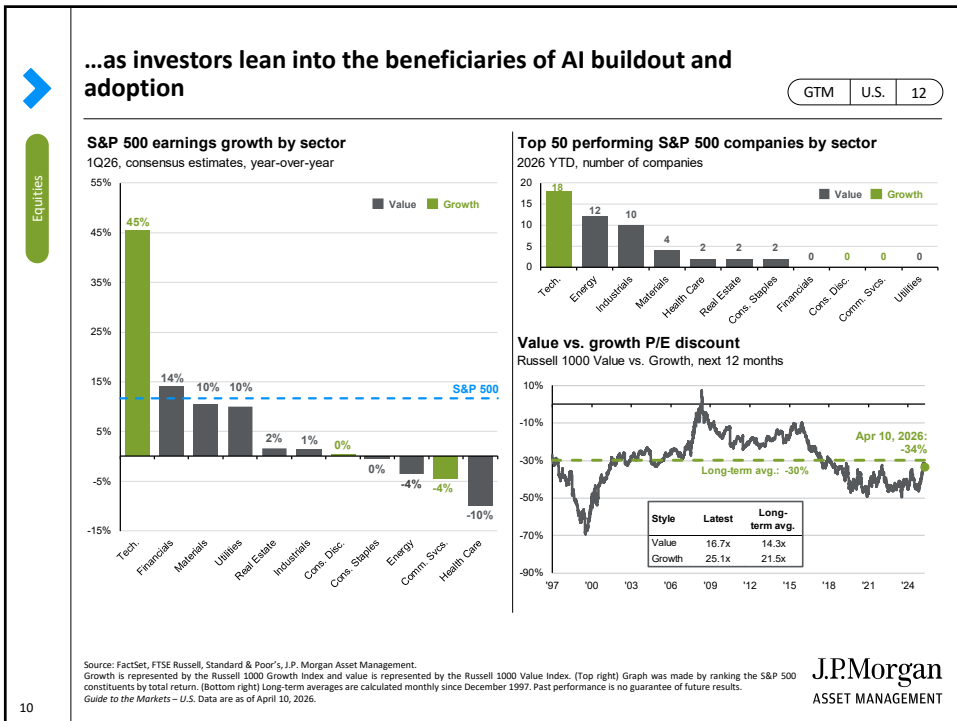
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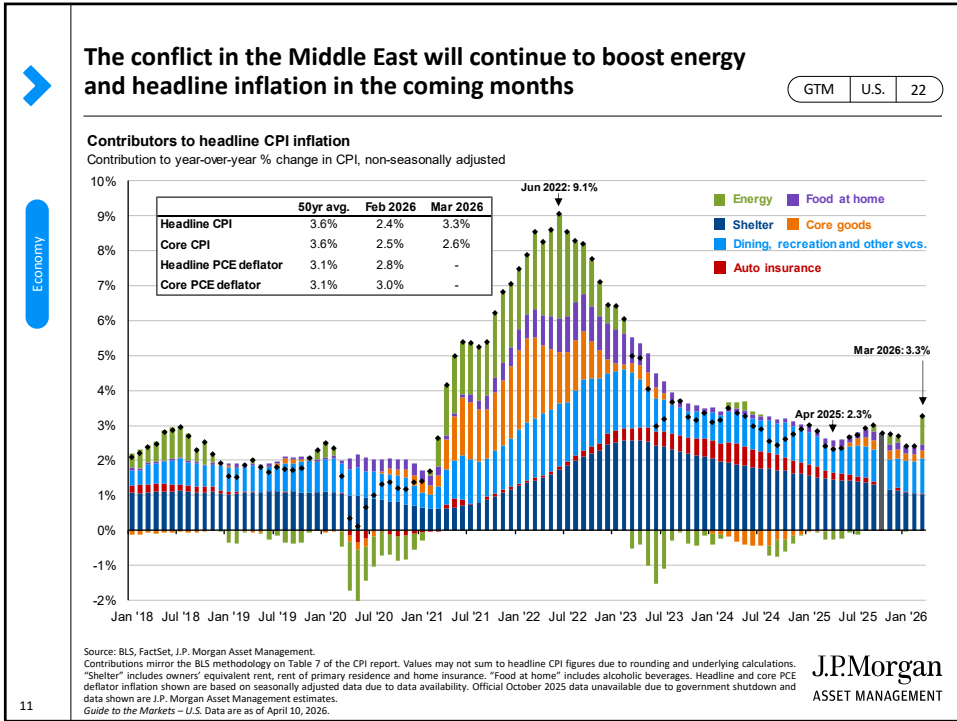
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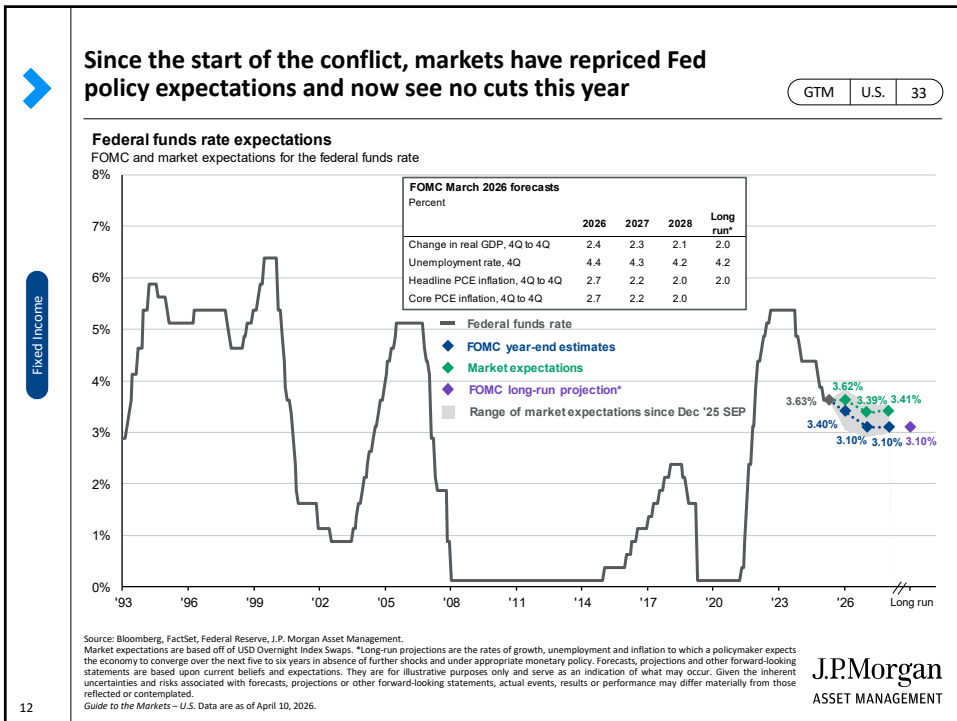
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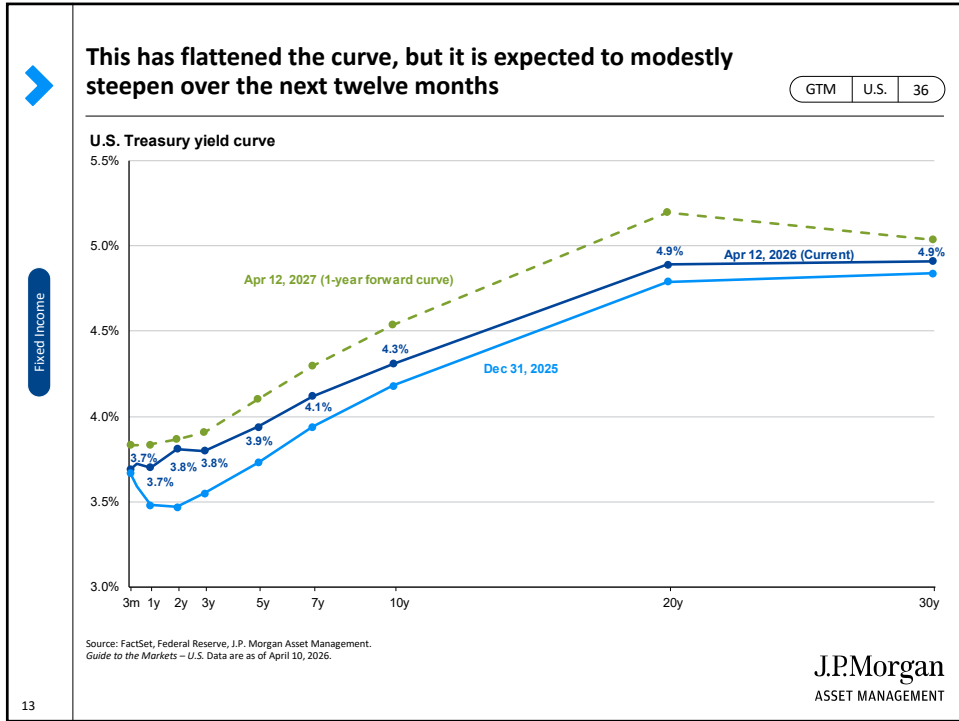
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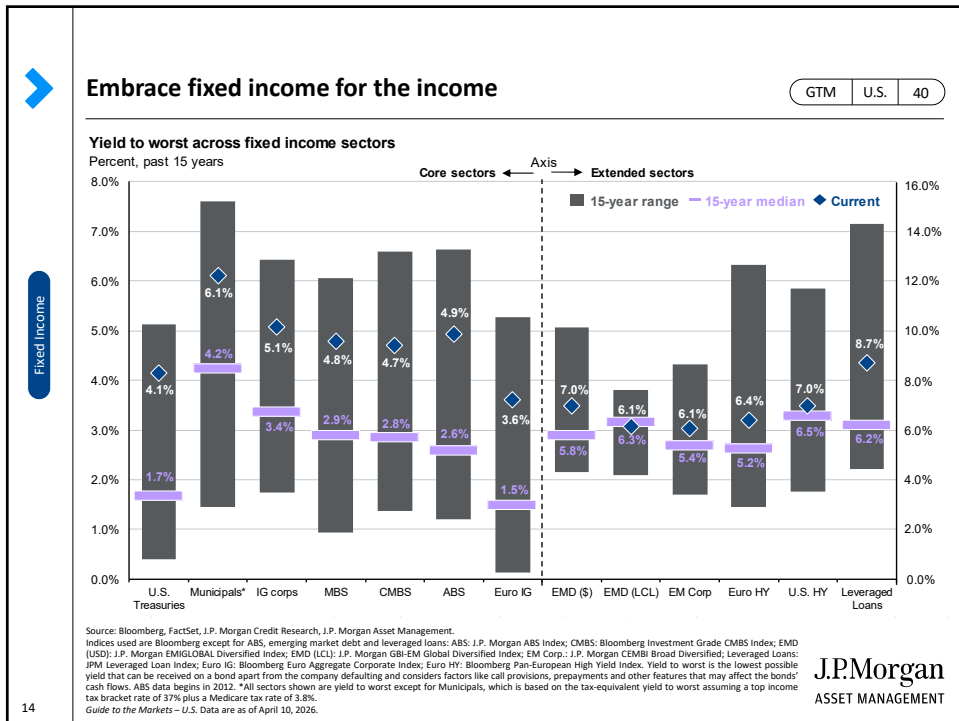
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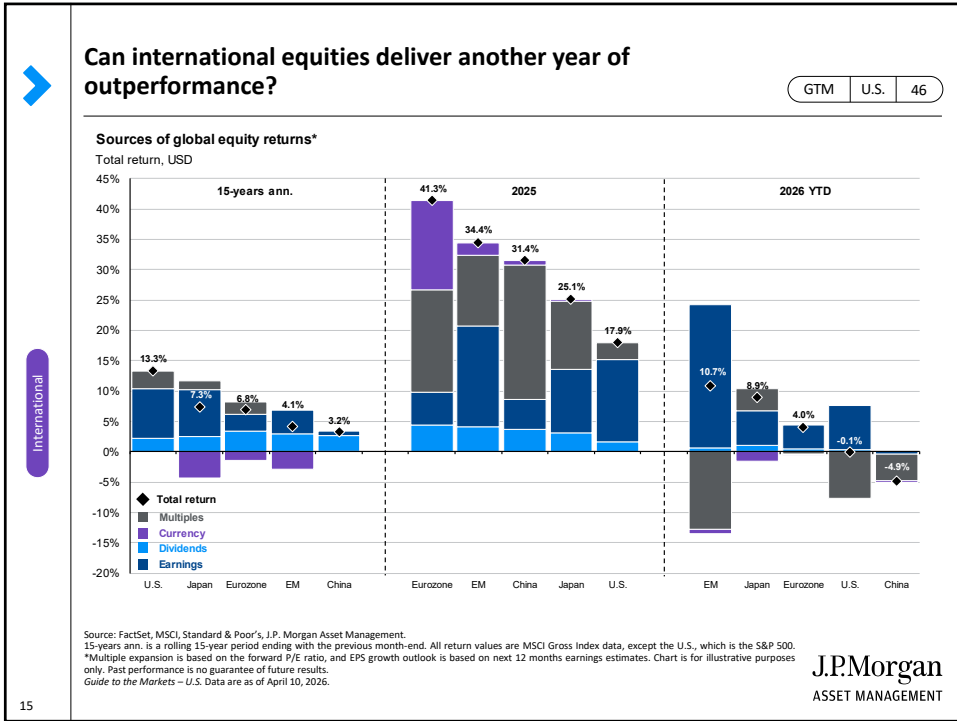
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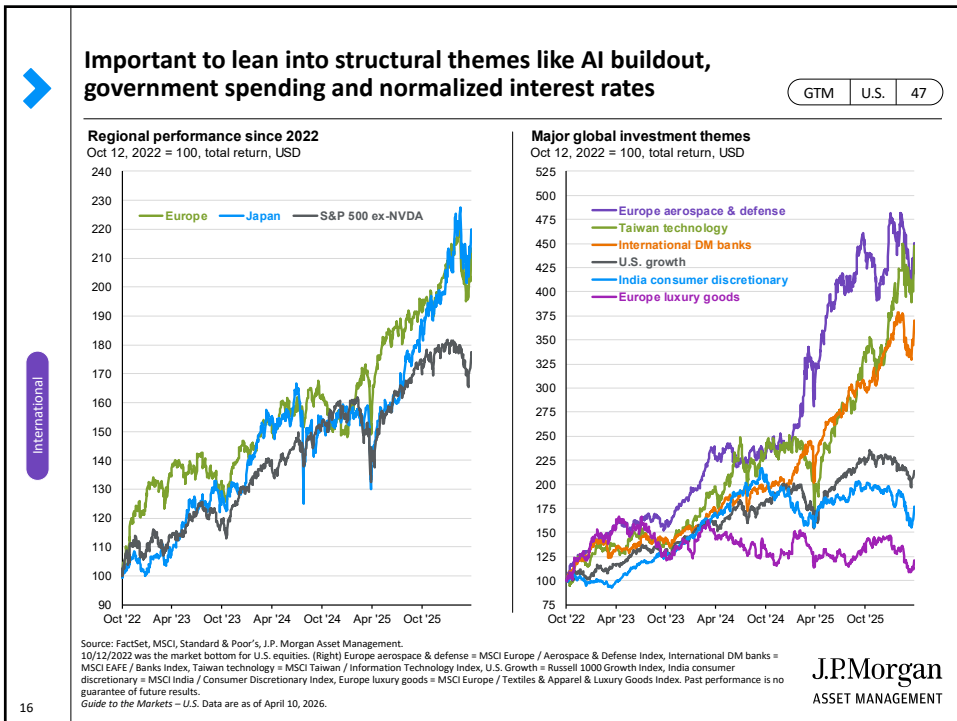
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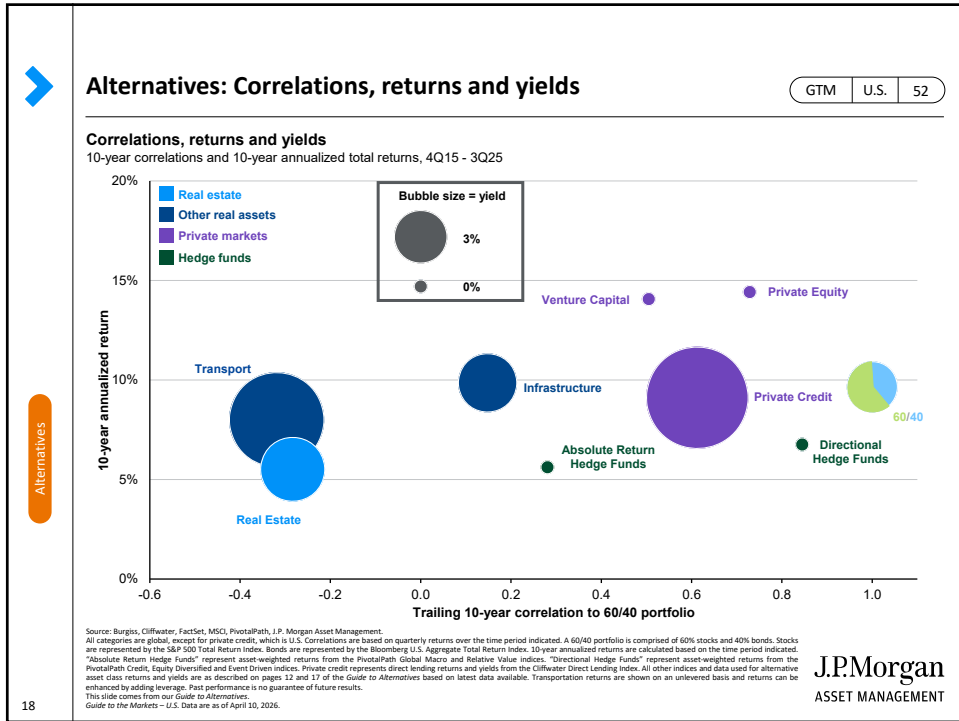
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You hedge the risks you know, and diversify the risks you don't

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2011 - 2025		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Large Cap	Small Cap	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap	EM Equity	Comdty.
14.1%	28.3%	8.3%	19.7%	38.8%	29.0%	2.8%	21.3%	17.9%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	34.4%	21.7%
Small Cap	EM Equity	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	Large Cap	Large Cap	Cash	Large Cap	Small Cap	DM Equity	EM Equity
9.5%	17.5%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	28.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	31.9%	10.7%
REITs	REITs	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	Asset Alloc.	Large Cap	REITs
7.8%	16.4%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	17.9%	9.1%
Asset Alloc.	DM Equity	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	High Yield	Asset Alloc.	Small Cap
7.3%	15.7%	2.1%	17.9%	19.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	15.8%	6.3%
DM Equity	Comdty.	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	Comdty.	DM Equity
7.1%	15.4%	0.1%	16.3%	7.3%	4.9%	0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	5.1%	15.8%	6.2%
High Yield	Large Cap	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Comdty.	Small Cap	Asset Alloc.
5.7%	14.7%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	12.8%	3.8%
EM Equity	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	High Yield	Cash
4.2%	10.1%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.6%	12.6%	7.0%	0.0%	-18.1%	10.3%	5.3%	12.1%	-1.0%
Fixed Income	High Yield	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	Fixed Income	High Yield
2.4%	9.1%	-11.7%	4.2%	-2.0%	-1.5%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	7.3%	0.7%
Cash	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	EM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Comdty.	Small Cap	Cash	DM Equity	Cash	Fixed Income
1.5%	4.6%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	4.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	4.3%	0.3%
Comdty.	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Comdty.	Fixed Income	REITs	Large Cap
-1.1%	0.9%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	2.5%	-0.1%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management. Large Cap: S&P 500, Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio is for illustrative purposes only and assumes annual rebalancing with the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Annualized (Ann.) return and volatility (Vol.) represents the period from 12/31/2010 to 12/31/2025. Please see the disclosure page at the end for index definitions. All data represent total return for stated period. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data as of April 10, 2026.



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Guide to the Markets®
U.S. | Q3 2024
As of June 30, 2024

Jordan Jackson

Executive Director, Global Market Strategist at J.P. Morgan Asset Management

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LinkedIn!

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J.P. Morgan Asset Management – Index definitions

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U.S.
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All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.


Equities:

- The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.
- The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.
- The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.
- The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
- The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.
- The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.
- The **Russell 1000 Index**® measures the performance of the 1,000 largest companies in the Russell 3000.
- The **Russell 1000 Growth Index**® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
- The **Russell 1000 Value Index**® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- The **Russell 2000 Index**® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.
- The **Russell 2000 Growth Index**® measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.
- The **Russell 2000 Value Index**® measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.
- The **Russell 3000 Index**® measures the performance of the 3,000 largest U.S. companies based on total market capitalization.
- The **Russell Midcap Index**® measures the performance of the 800 smallest companies in the Russell 1000 Index.
- The **Russell Midcap Growth Index**® measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.
- The **Russell Midcap Value Index**® measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index.
- The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Fixed income:

- The **Bloomberg 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$20 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.
- The **Bloomberg Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBIS high yield securities.
- The **Bloomberg Municipal Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.
- The **Bloomberg US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.
- The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered.
- The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+ to BBB- and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included.
- The **Bloomberg US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMAs, FNMAs and PMLICs.
- The **Bloomberg US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- The **J.P. Morgan Emerging Market Bond Global Index (EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.
- The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.
- The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI). The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.
- The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities. Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.
- The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.
- The **U.S. Treasury Index** is a component of the U.S. Government Index.

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J.P. Morgan Asset Management – Definitions

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Other asset classes:

The **Alerion MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc.

The **Cambridge Associates U.S. Global Buyout and Growth Index** is based on data compiled from 1,768 global (U.S. & ex-U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFRI Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NI-OCCE**, short for NCREIF Fund Index - Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NI-OCCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definition:

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity securities** may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.


Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.



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71

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Prepared by: David P. Kelly, Jordan K. Jackson, John C. Manley, Meera Pandit, Gabriela D. Santos, Aaron Mulvihill, Stephanie Aliaga, Sahil Gauba, Brandon Hall, Katie Komgiebel and Grant Pasa.

Unless otherwise stated, all data are as of March 6, 2026 or most recently available.

Guide to the Markets – U.S.

JP-LITTLEBOOK | d139bc0c-ad11-11e7-8642-005056960c6a



22

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9:25 – 10:15 a.m.

Building the Next Generation of Financial Services with Digital Assets

Mike Seifert, *President, Global Market Strategist, Block Time Financial*



Building the Next Generation of Financial Services With Digital Assets



Mike Seifert
President

May 13, 2026

Innovators of the Blockchain-Native Digital Core Platform

1

Who is Block Time Financial?

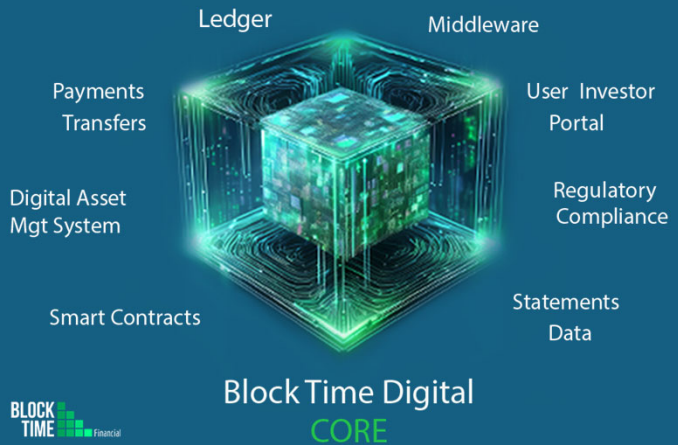


Founded in Delafield, WI

Venture Funding in 2026

Developers/Innovators of the **Digital Core Platform**

A Comprehensive Management Ecosystem for Stablecoin/Digital Asset Issuance & Enablement



2

Level Setting – Types of Digital Assets



Stablecoins – Issued by Financial Institution or Private entity. Dollar reserves are backed 1:1



Tokenized Deposit – Issued by a Bank or Credit Union, represents a dollar deposited in the FI, can be used for fractional reserve banking



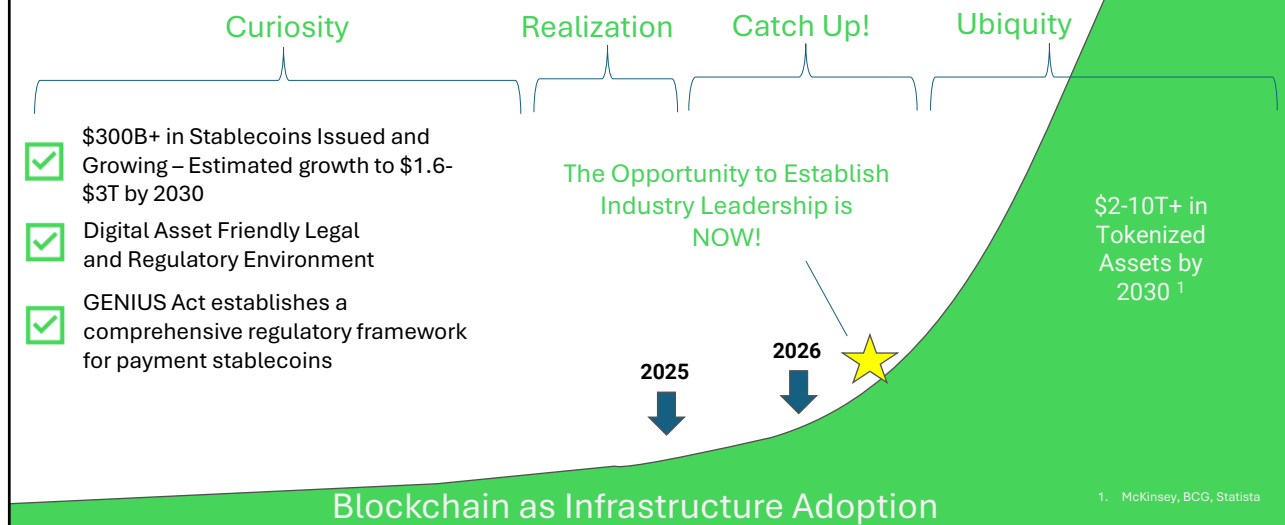
Corporate Coin – A digital token issued and managed by a corporation, often backed by fiat currency, assets, or other reserves for the purposes of payments, settlements, etc.



Tokenized Assets – Including Real World Assets (RWA's) and Digital Securities

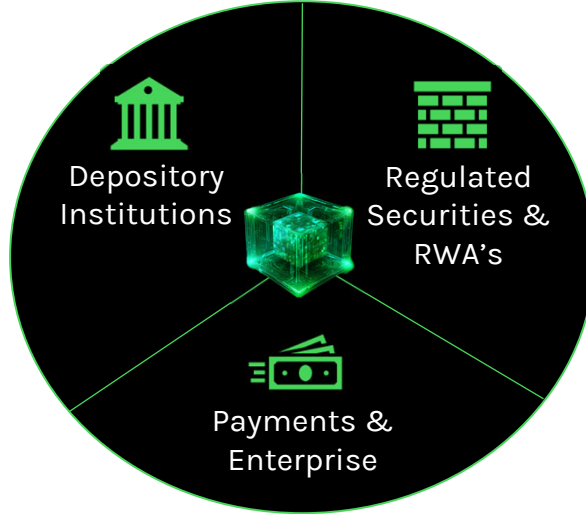
3

Financial Services and Commerce are on The Brink of a Blockchain-Fueled Boom



4

Blockchain and Block Time's Technology Has Massive Cross-Industry Potential



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5

5

Key Benefits of Stablecoins

- ✓ Low fees
- ✓ Instantaneous settlement of digital securities
- ✓ Transparency / immutability
- ✓ Simultaneous exchange of cash and collateral
- ✓ Cross-border, cross-currency payments

Payments Example

<p>5400 Transfers/Payments</p> <p>\$4.2M Total Transaction Value</p> <p>5 Seconds Avg Time to Settle Transaction</p>	➔	<p>\$86,000 Payment Cards</p> <p>\$1358.75 ACH</p> <p>< \$10 Stablecoin</p>
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6

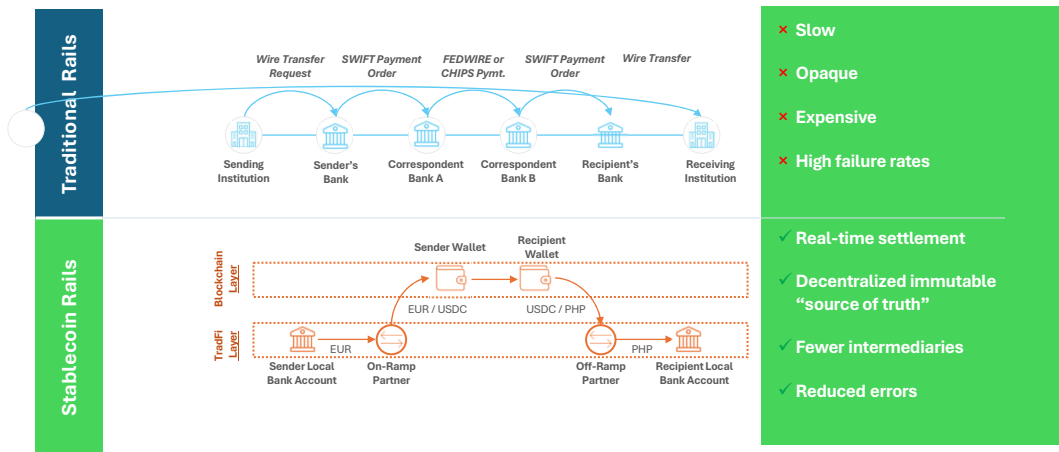
6

Key Benefits of Tokenized Assets



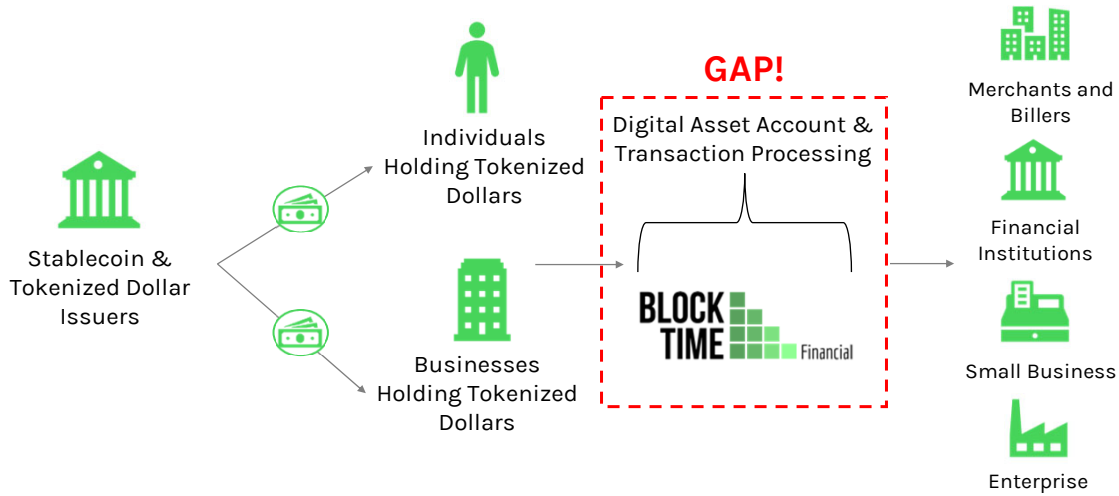
7

Traditional Rails vs. Blockchain Rails – Cross Border Example



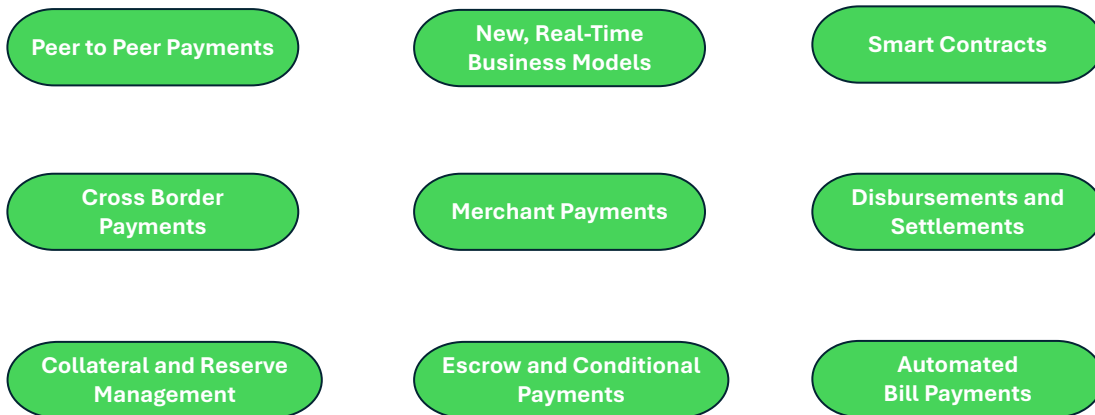
8

Stablecoin and Digital Dollar Utility is Dependent on Infrastructure – Currently a Gap



9

Digital Assets Offer a Variety of Use Cases for Business



10

An Operational Advantage For Your Business

Digital assets turn money into a faster, cheaper, and more flexible tool — helping you operate more efficiently, compete globally, and innovate with confidence

- ✓ **Faster movement of value**
Near-instant settlement and 24/7 operations improve cash flow and reduce delays.
- ✓ **Lower costs, fewer intermediaries**
Blockchain rails and stablecoins cut transaction, reconciliation, and cross-border fees.
- ✓ **Greater transparency & trust**
Immutable records improve auditability, compliance visibility, and partner confidence.
- ✓ **Global reach, local stability**
Stablecoins enable cross-border payments without FX friction or volatility exposure.
- ✓ **Programmable money/value & automation**
Smart contracts unlock automated payments, reporting, and new business models



11

Thank You

Mike Seifert, President

mike@blocktimefinancial.com

(262) 490-6363



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9:25 – 10:15 a.m.

Rethinking Credit Union Profitability From Branch Performance to Channel Economics

Niki Schaumberg, *CFO, Fox Communities Credit Union*



1



2

Why Profitability Analysis Matters

- ▶ Improves pricing, growth ROI, and capital allocation
- ▶ Identifies true margin and cost drivers
- ▶ Creates board-ready, explainable performance insight
- ▶ Aligns retail, lending, digital, and operations on one set of economics

3

Legacy Branch Profitability: The Hidden Assumption

- ▶ Customers/members are assigned to one 'home' branch
- ▶ Digital and shared channels get under-credited (or over-costed)
- ▶ Results depend heavily on allocation rules and reassignments
- ▶ Outcome: misleading comparisons and poor investment signals

4

A New Perspective: Branches as Channels

- ▶ Branches are delivery channels (cost + service capability), not 'owners'
- ▶ **Profit follows instruments**
- ▶ Channel value measured via acquisition + servicing events
- ▶ Customer/Member behavior becomes the organizing principle



5

The Foundation: Instrument-Level Profitability

- ▶ Atomic unit = instrument economics (loan, deposit, card, etc.)
- ▶ Includes: interest, FTP, provision/credit loss, fees, direct operating costs
- ▶ Separates shared overhead unless intentionally allocated
- ▶ Reconciles to GL at aggregate -then roll up to any lens



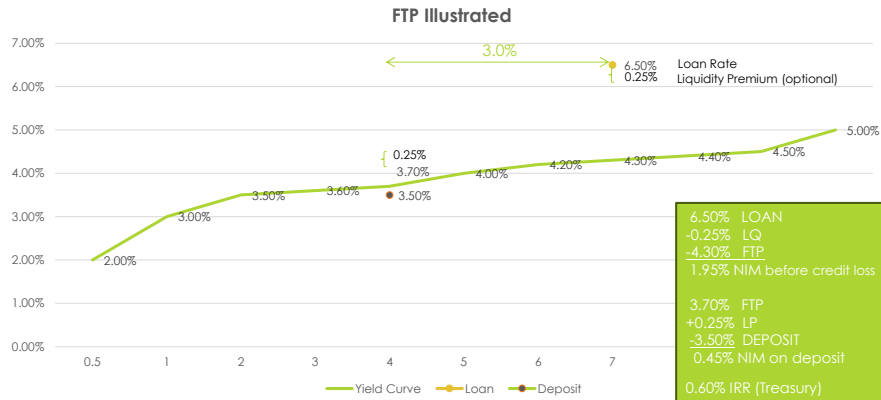
6

Funds Transfer Pricing (FTP) in Practice

- ▶ Ensures comparable margins across products and rate environments
- ▶ Credits deposits / charges loans for cost/value of funds
- ▶ Supports ALM discipline and pricing governance
- ▶ At Fox: add liquidity premium when Loan-to-Share (Loan-to-Deposit) reaches 95%+

7

Funds Transfer Pricing (FTP) in Practice



8

Organizational Profitability: Where Profit 'Lives'

- ▶ Income and expense booked to products/lines of business
- ▶ Channels operate as cost centers
- ▶ Overhead allocated transparently using explainable drivers
- ▶ Channel credit shown via observable events (origination, interactions)

9

Dashboard Example: Products

Product Comparison

Month End
February 2026

Period
12 Mth Rolling

Product
Multiple selections

Contract Year
All

[Return to Profitability Suite](#)

Product	Balance (Ave/Mo)	# Accts (Ave/Mo)	Interest	\$ FTP	Net Interest	Provision	Adj NIM	Fee Income	Transaction Exp	Product Exp	Contribution	% Cont.	Overhead	Net Income	% Return
	61,234,079	14,863	-1,252,139	2,521,633	1,269,494	0	2.00%	3,852,365	-2,541,557	-594,579	1,985,723	3.24%	-1,406,033	579,690	0.95%
	499,941,626	127,017	-496,901	20,398,160	19,901,259	0	3.86%	248,845	-4,488,774	-1,753,885	13,907,448	2.78%	-2,741,130	11,166,318	2.23%
	354,519,928	12,722	-5,592,751	14,313,598	8,720,847	0	2.49%	12,639	-825,416	-121,028	7,777,042	2.19%	-483,186	7,293,857	2.06%
	171,797,530	3,011	-5,392,513	7,081,103	1,688,500	0	0.91%	1,981	-242,195	-60,920	1,387,456	0.81%	-142,781	1,244,674	0.72%
	213,078,590	9,996	-7,651,489	9,143,337	1,491,848	0	0.59%	0	-23,604	-14,050	1,454,194	0.68%	-23,278	1,430,916	0.67%
	4,661,048	114	-159,983	201,499	41,516	0	0.75%	0	-451	-20,926	20,139	0.43%	-27,439	-7,299	-0.16%
TOTAL	1,305,232,800	167,723	-20,545,776	53,659,330	33,113,554	0	2.39%	4,115,831	-8,131,998	-2,565,388	26,532,003	2.03%	-4,823,847	21,708,156	1.66%

Interest Margin

Ave Balance	1,305,232,800
Period End Balance	1,361,082,485
W/A Nominal Rate	1.57%
Effective Rate	1.58%
Cost of Funds (FTP)	3.79%
Premium/Discount	0.17%
Credit Adj Spread	2.39%

Fee Income

Interchange	2,739,682
NSF	1,350,040
Overdraft Protection	56,282
Service Charge	34,749
Wire Fee	6,630
Misc Deposit Fee	-71,552

Product Expense

# Accounts (EOM)	167,328
# Accounts (Ave)	167,723
# New Accounts	10,413
New Acct Expense	-98,140
Acct Maintenance	-67,652
Product Support	-17,683
Card Support	-2,381,912

Transaction Expense

Branch Expense	-6,061,283
Digital Expense	-596,714
Transaction Support	-1,474,002

Overhead

Total Overhead Expense	-4,823,847
Product Overhead	-144,220
Branch Overhead	-3,267,356
Online Overhead	-125,301
Card Support Overhead	-492,682
Support Overhead	-795,289

MTD % Return

Select a PRODUCT to enable Drill-Thru to Account-Owner Product Mix Details

Select a PRODUCT to enable Drill-Thru to Accounts

10

Channel Profitability: Measure What Channels Do

- ▶ Acquisition: account origination, onboarding, relationship start
- ▶ Servicing: transactions, contacts, assisted vs. self-service
- ▶ Cost-to-serve: staffing, occupancy, technology, vendor costs
- ▶ Net view: channel contribution via usage + acquisition—without 'home branch' fiction

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Dashboard Example: Channels

Fox Communities CREDIT UNION		Channel Contribution Margin Analysis						Month End	Return to Profitability Suite
		February 2026							
Department Desc	New Business	Transacting Members	Existing Business	Alternate Channel Exp	Channel Usage Credit	Channel Expense	Total Contribution		
Online Channel	-162,804	952,546	206,380	-5,668	345,740	-497,536	838,657		
Commercial Channel	-10,926		883,003	-228,166			643,911		
Branch A	17,240	243,677	58,619	-28,162	12,720	-98,512	205,582		
Branch B	11,830	230,705	44,744	-31,224	16,146	-103,664	168,536		
Branch C	9,158	174,654	27,850	-18,146	11,090	-67,963	136,643		
Branch D	7,621	148,795	30,027	-11,902	13,040	-63,407	124,175		
Branch E	6,394	164,267	31,892	-18,969	16,963	-86,679	113,868		
Branch F	8,242	189,820	34,428	-31,592	9,362	-104,832	105,429		
Branch G	5,137	154,553	31,948	-19,836	11,618	-80,932	102,487		
Branch H	12,091	175,543	37,699	-28,660	10,837	-105,045	102,465		
Branch I	4,659	138,649	23,759	-17,340	7,922	-62,394	95,255		
Branch J	7,563	131,730	30,769	-22,226	11,513	-71,410	87,939		
Branch K	3,391	114,249	16,318	-10,880	10,817	-66,492	67,403		
Branch L	3,595	80,933	22,175	-8,624	-4,100	-35,008	67,170		
Branch M	4,130	72,864	17,705	-6,046	4,491	-40,665	52,479		
Branch N	4,837	95,035	25,695	-16,763	12,302	-79,221	41,884		
Branch O	2,074	77,107	13,465	-11,870	6,664	-57,816	29,624		
Branch P	5,588	71,991	13,123	-8,913	6,440	-59,720	28,509		
Branch Q	2,831	51,726	10,528	-5,906	2,096	-37,393	23,882		

12

Customer/Member Profitability: A Rollup (Not a Starting Point)

- ▶ Relationship profitability = sum of instrument-level economics
- ▶ Add channel usage costs and direct servicing costs
- ▶ Segment by behavior: digital-first, branch-assisted, high-service, etc.
- ▶ Actionable: retention, cross-sell, pricing exceptions, service model design

13

Transparency Through Dashboards (Self-Service CFO Reporting)

- ▶ Power BI views: organizational, channel, product, and segment profitability
- ▶ Drilldowns: margin, FTP, losses, fees, and cost drivers
- ▶ Explainable allocations with documentation and reconciliation
- ▶ Operationalized calculations using Anaplan (or equivalent)

14

Governance

- ▶ Reconcile to GL at aggregate; document timing/estimation differences
- ▶ Rulebook: allocation drivers, data lineage, and change control
- ▶ Sensitivity testing: what assumptions move results most
- ▶ Cross-functional review cadence (finance, treasury, retail, digital, risk)

15

Implementation Roadmap

- ▶ 1) Get instrument economics right (rates, FTP, losses, direct costs)
- ▶ 2) Add event-based channel attribution (origination + interactions)
- ▶ 3) Introduce transparent overhead allocation where it improves decisions
- ▶ 4) Publish dashboards + iterate quarterly with stakeholders

16

Real-World Use Cases

- ▶ Branch and digital investment ROI comparisons
- ▶ Deposit pricing + betas; loan pricing + exception governance
- ▶ Interchange and payments profitability monitoring
- ▶ Service model optimization: assisted vs. self-service cost-to-serve

17

Close: The Point of View

- ▶ Profitability must follow behavior, not geography
- ▶ Instrument-level truth enables every rollup without rework
- ▶ Channels become measurable strategic levers
- ▶ Q&A / discussion

18

10:25 – 11:25 a.m.

2026 Accounting and Tax Reporting Update

Tanya Thomas, Tax Principal, & Alex Eben, Audit Manager,
Baker Tilly



1

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*2025 Inside Public Accounting (IPA) Top 100 firms report


2






Alex Eben
Audit Manager

P: +1 (414) 777-5860
M: +1 (216) 233-5507
E: alexander.eben@bakertilly.com




Tanya Thomas
Tax Principal


P: +1 (972) 748-0515
M: +1 (317) 417-1252
E: tanya.thomas@bakertilly.com



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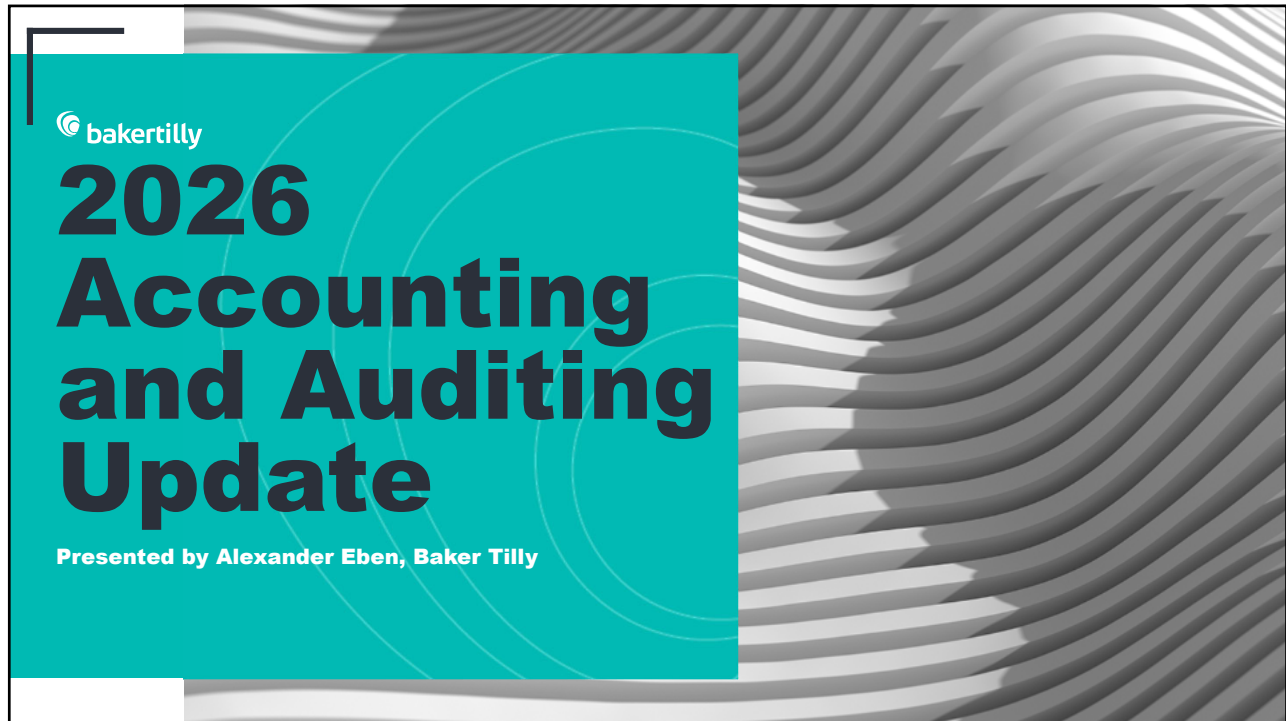
Today's Agenda:


- 2025 - Reporting Year in Review
- 2026 Interim Reporting Update
- 2026 Year-end Preparedness
- Tax Reporting update (ASU 2023-09 Lessons learned)
- Tax law updates (OBBA, WI Ag, state tax law)
- Tax Information reporting

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4

A presentation slide with a teal background on the left and a grey wavy pattern on the right. The Baker Tilly logo is in the top left. The main title is '2026 Accounting and Auditing Update' in large, bold, black text. Below it, in smaller white text, is 'Presented by Alexander Eben, Baker Tilly'.

 bakertilly

2026 Accounting and Auditing Update

Presented by Alexander Eben, Baker Tilly

5

A dark blue slide with a pattern of faint, overlapping circles. The title '2026 Accounting Developments' is in white. Below it is a list of three items: 'I. 2025 Reporting in Review', 'II. 2026 Interim Focus', and 'III. 2026 Year-End Preparedness'. A small Baker Tilly logo is in the bottom right corner.

2026 Accounting Developments

- I. 2025 Reporting in Review
- II. 2026 Interim Focus
- III. 2026 Year-End Preparedness



6

BAKER TILLY

2025 Accounting Standards Update Recap

ASU	Title	Effective SEC Filers and Other PBEs, Excluding SRCs	Effective Non-PBEs
2018-12	Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts	Fiscal years beginning after December 15, 2022, and interim periods within those fiscal years**	Fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025***
2022-05	Financial Services – Insurance (Topic 944): Transition for Sold Contracts	Fiscal years beginning after December 15, 2022, and interim periods within those fiscal years**	Fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025
2023-05	Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement	Effective prospectively for all joint venture formations with a formation date on or after January 1, 2025	Effective prospectively for all joint venture formations with a formation date on or after January 1, 2025
2023-08	Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets	Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years	Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years

*This table does not consider ASUs that have been issued and allow for early adoption in 2025

**For ASUs 2018-12 and 2022-05, other PBEs do not share the SEC filer effective date and instead follow the non-PBEs effective date

***Effective date for SRCs amended by ASU 2020-11, Financial Services – Insurance (Topic 944): Effective Date and Early Application

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2025 Accounting Standards Update Recap

ASU	Title	Effective SEC Filers and Other PBEs, Excluding SRCs	Effective Non-PBEs
2023-09	Income Taxes (Topic 740): Improvements to Income Tax Disclosures	Fiscal years beginning after December 15, 2024	Fiscal years beginning after December 15, 2025
2024-01	Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards	Fiscal years beginning after December 15, 2024, and interim periods within those fiscal years	Fiscal years beginning after December 15, 2025, and interim periods within those fiscal years
2024-02	Codification Improvements – Amendments to Remove References to Concepts Statements	Fiscal years beginning after December 15, 2024	Fiscal years beginning after December 15, 2025
2025-02	Liabilities (Topic 405) – Amendments to SEC paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122	Immediately and on a retrospective basis to annual periods beginning after December 15, 2024	N/A – SEC paragraphs

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2025 Accounting Standards Update Recap

- ASU 2023-08, Crypto Assets (Subtopic 350-60) – Accounting for and Disclosure of Crypto Assets
 - Requires in-scope crypto assets to be measured at fair value each reporting period, with changes recognized in net income
 - Applies to crypto assets that are intangible assets under GAAP, cryptographically secured, based on blockchain or similar technology, fungible, and not issued by the reporting entity
 - Adds enhanced disclosures for significant holdings, contractual sale restrictions, and changes during the reporting period
 - Effective for years beginning after December 15, 2024

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2025 Accounting Standards Update Recap

- ASU 2023-08 – 2025 Recap / Lessons Learned
 - For most financial institutions, adoption impact was limited unless the institution held crypto assets directly or through specific activities or arrangements
 - The most important step was confirming whether any holdings were actually in scope under the standard
 - For entities with in-scope balances, fair value measurement shifted volatility into earnings and required supportable valuation processes and controls
 - Enhanced disclosures required more detailed tracking of significant holdings, activity during the period, and any contractual sale restrictions
 - Even where balances were not material, institutions still needed to document scope conclusions and confirm whether adoption had any disclosure impact

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2025 Regulatory Update – Financial Reporting

- FDIC final rule (Part 363) – 2025 Regulatory Update
 - Final rule updates Part 363 asset thresholds for inflation and provides immediate relief for institutions that fall below the updated thresholds as of January 1, 2026
 - Annual independent audit threshold:
 - Increased from \$500 million to \$1 billion in assets
 - Institutions above the audit threshold remain subject to annual audited financial statements, the independent public accountant's report, and management's annual report, generally due within 120 days after fiscal year-end, or 90 days for public institutions
 - Internal control over financial reporting (ICFR) threshold:
 - Increased from \$1 billion to \$5 billion in assets
 - Institutions above the ICFR threshold are required to submit to FDIC and other appropriate federal and state supervisory agencies an attestation on ICFR and auditors are to provide an opinion on the operating effectiveness of ICFR

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2025 Regulatory Update – Financial Reporting

- FDIC final rule (Part 363) – 2025 Regulatory Update (Cont.)
 - Audit Committee independence thresholds:
 - Increased from \$500 million to \$1 billion and from \$1/\$3 billion to \$5 billion in assets
 - \$1 billion – Institutions are required to have their audit committee comprised of a majority of independent members
 - \$5 billion – Institutions are required to have all independent members and members with banking or related financial management expertise. Further, they are required to have access to their own outside council and not to include any large customers of the institution
 - Director compensation threshold: increased from \$100,000 to \$120,000
 - Starting October 2027 thresholds under Part 363 will be indexed every two years based on the cumulative percent change in the non-seasonally adjusted CPI-W

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2026 Interim Reporting Update

- There are limited broadly applicable new ASUs affecting Q1 2026 interim reporting for financial institutions
- For many institutions, 2026 interim reporting will be more about continued implementation and disclosure execution than adoption of a major new quarter-one standard
- One notable Q1 2026 item is ASU 2025-05 on credit losses for accounts receivable and contract assets
- For entities other than PBEs, certain standards become effective for 2026 reporting, even where practical impact may be limited
- 2026 interim reporting can also serve as a planning period for standards that become more significant in 2026 year-end reporting and beyond
- Overall, the focus is less on major new interim ASUs and more on readiness, documentation, and disclosure processes

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2026 Accounting Standards Update

ASU	Title	Effective SEC Filers and Other PBEs, Excluding SRCs	Effective Non-PBEs
2024-03	Income Statement – Reporting – Expense Disaggregation Disclosures	Fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027	N/A – PBE only
2025-05	Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets	Fiscal years beginning after December 15, 2025, and interim periods within those fiscal years	Fiscal years beginning after December 15, 2025, and interim periods within those fiscal years
2025-06	Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software	Fiscal years beginning after December 15, 2027, and interim periods within those fiscal years	Fiscal years beginning after December 15, 2027, and interim periods within those fiscal years
2025-07	Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract	Fiscal years beginning after December 15, 2026, and interim periods within those fiscal years	Fiscal years beginning after December 15, 2026, and interim periods within those fiscal years

*This table does not consider ASUs that have been issued and allow for early adoption in 2026

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2026 Accounting Standards Update

ASU	Title	Effective SEC Filers and Other PBEs, Excluding SRCs	Effective Non-PBEs
2025-08	Financial Instruments—Credit Losses (Topic 326): Purchased Loans	Fiscal years beginning after December 15, 2026, and interim periods within those fiscal years	Fiscal years beginning after December 15, 2026, and interim periods within those fiscal years
2025-09	Derivatives and Hedging (Topic 815): Hedge Accounting Improvements	Fiscal years beginning after December 15, 2026, and interim periods within those fiscal years	Fiscal years beginning after December 15, 2027, and interim periods within those fiscal years

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2026 Accounting Standards Update

- ASU 2024-03, Income Statement – Reporting – Expense Disaggregation Disclosures
 - Requires additional disaggregated expense disclosures in tabular form for certain relevant expense captions
 - Requires annual disclosures for amounts not separately disaggregated, including a qualitative description of the remaining expenses
 - Requires disclosure of the definition of selling expenses and total annual selling expenses
 - Common categories likely to be relevant include depreciation, amortization, employee compensation, and certain other natural expense categories, depending on the income statement caption
 - Implementation will likely require early assessment of relevant captions, underlying expense mapping, and data availability

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2026 Accounting Standards Update

- ASU 2025-08, Financial Instruments—Credit Losses (Topic 326): Purchased Loans
 - ASU eliminates the dual non-PCD / PCD approach for certain acquired loans and expands the population of acquired financial assets accounted for using the gross-up approach (PCD)
 - Purchased seasoned loans generally include acquired non-PCD loans (excluding credit cards) that are purchased at least 90 days after origination and where the acquirer was not involved in origination, as well as certain non-PCD loans acquired in a business combination
 - Allowance for credit losses (ACL) is recorded in accordance with Topic 326 and added to the purchase price of the loans to determine initial amortized cost basis
 - The ASU does not broadly change Topic 326 measurement, presentation, or disclosure requirements, but ACL rollforwards will include a separate line for the initial ACL recognized for purchased seasoned loans

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2026 Accounting Standards Update

- ASU 2025-08, Financial Instruments—Credit Losses (Topic 326): Purchased Loans (Cont.)
 - Accounting Policy Election: Institutions using a method other than discounted cash flows can utilize the amortized cost basis of purchased seasoned loans to subsequently measure current expected credit losses (CECL), aggregating purchased and originated loans that share similar risk characteristics
 - Acquisition-by-acquisition basis and irrevocable
 - If not elected, initial and subsequent measurement of CECL is based on unpaid principal balance
 - ASU is effective for fiscal years beginning after Dec. 15, 2026, including interim periods within those fiscal years, and is applied prospectively; early adoption is permitted
 - No restatements or recalculations of previously acquired portfolios

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2026 Accounting Standards Update

- ASU 2025-09, Derivatives and Hedging (Topic 815): Hedge Accounting Improvements
 - Clarifies and improves certain aspects of hedge accounting to better align accounting results with risk management activities
 - Amendments affect areas such as cash flow hedges of groups of forecasted transactions, variable-rate interest payments, nonfinancial forecasted transactions, net written options, and certain foreign currency hedging relationships
 - Effective for public business entities for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years; for entities other than PBEs, effective one year later
 - Applied prospectively with targeted transition provisions; early adoption is permitted
 - Institutions should begin evaluating affected hedging strategies, documentation, and policy elections ahead of adoption

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The slide features a teal background on the left with the Baker Tilly logo and the title '2026 Tax Update'. The right side shows a black and white photograph of stadium seating. The text is as follows:

2026 Tax Update

Presented by Tanya Thomas, Baker Tilly

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2026 Bank Tax developments

- I. 2025 Tax Return Decision Points Remaining
- II. 2026 Tax Provision Considerations
- III. 2026/2027 Tax Reporting Planning

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2025 Tax Return Decision Points

- Section 174 Costs – Internally Developed Software
 - Taxpayers may elect to accelerate unamortized expenditures of capitalized domestic R&E from tax years beginning after Dec. 31, 2021, and before Jan. 1, 2025, over either:
 - The first taxable year beginning after Dec. 31, 2024, or
 - Ratably over the two-taxable year period beginning with the first taxable year beginning after Dec. 31, 2024.
 - Newly added Section 174A permits the immediate deduction of domestic research or experimental (R&E) expenditures paid or incurred in tax years beginning after Dec. 31, 2024.
 - Alternatively, taxpayers may elect to capitalize and amortize domestic R&E expenditures ratably over (1) not less than 60 months, or (2) 10 years
 - Your bank needs an accounting method election statement in your 2025 return if you have these costs and changing methods

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2025 Tax Return Decision Points

- Section 174 Costs – Internally Developed Software

Retroactive Application for Qualifying Small Business Taxpayers: Eligible small business taxpayers may elect to apply the change retroactively to taxable years beginning after December 31, 2021.

An *eligible small business taxpayer* is any taxpayer, other than a tax shelter, which meets the gross receipts test of Section 448(c) for the first taxable year beginning after December 31, 2024 (i.e., average annual gross receipts for 2022, 2023 and 2024 must be \$31 million or less).

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2025 Tax Return Decision Points

- Sec. 139L Interest on Loans Secured by Rural or Agricultural Real Property

- **Qualified real estate loan**

- The loan is secured by rural or agricultural real estate, or by a leasehold mortgage (with status as a lien) on rural or agricultural real estate
 - The loan is not made to certain foreign entities of concern, and
 - The loan is made after the date of enactment and before Jan. 1, 2029

- Rural or agricultural real estate means any property which is substantially used for the production of one or more agricultural products, any real property which is substantially used in the trade or business of fishing or seafood processing, or certain aquaculture facilities. The term does not include any property not located in the US or a US territory.

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2025 Tax Return Decision Points

- Sec. 139L Interest on Loans Secured by Rural or Agricultural Real Property
 - A loan shall not be treated as made after the date of enactment to the extent that the proceeds of such loan are used to refinance a loan which was made on or before the date of enactment.
 - If a refinance pays off a loan that existed on or before **July 4, 2025**:
 - The payoff portion is treated as pre-enactment and does **not** qualify
 - The amount of the new loan that **exceeds the outstanding balance** of the old pre-enactment loan can qualify as the post-enactment “new money” portion
 - Interest and principal then have to be allocated pro rata between the qualifying and non-qualifying pieces

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2025 Tax Return Decision Points

- Sec. 139L Interest on Loans Secured by Rural or Agricultural Real Property
 - If a borrower takes an additional advance after **July 4, 2025** and that amount is added to the principal of a pre-enactment loan, that **post-enactment amount** is not treated as pre-enactment, except to the extent it is used to refinance old debt.

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2026 Tax Provision Decision Points

- Permanent Charitable Contribution Deduction Limitation
 - 1% floor on the bank's 2026 charitable deductions unless over 10% of taxable income
 - If taxable income is \$10M
 - Have to donate over \$100,000 to get a deduction (use it or lose it)
 - Donations between \$100,000 and \$1,000,000 are allowed as a deduction
 - Donation excess over \$1,000,000 gets carried over
 - 1% floor results in permanent ETR adjustment
 - Losses

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2026 Tax Planning Points

- Bonus depreciation
 - 100% bonus deduction still in place
 - Cost segregation
 - Used property sold from an affiliate or a shareholder
 - State conformity – only 28% of states allow it

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2026 Tax Planning Points - Information reporting

Form 1099-NEC

- The threshold for reporting remuneration to non-employees is increased from \$600 to \$2,000 *for payments made after Dec. 31, 2025*. The threshold will be adjusted for inflation.

Wage Reporting

- New deduction for employees with overtime pay *during 2025*. This will require additional reporting on issued on Form W-2 or other specified statement. Transition relief for 2025 tax year but required 2026 through 2028.

Mortgage Insurance Premiums

- Borrowers can now treat premiums as interest and deduct on personal tax returns *for payments made after Dec. 31, 2025*. Lenders will need to report on amounts on Form 1098 in 2026.

Auto Loan Interest Reporting

- IRS reporting relief for 2025. Must provide statement or electronic means to obtain totals for customers *for the 2025 tax year* on American-made vehicles. Lenders will need to report on amounts on new Form 1098-VLI beginning in 2026 through 2028.

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2026 Tax Reporting Points

- ASU 2023-09 - Lessons learned from PBEs
 - Preparation:
 - Clients said it took longer than expected and utilized more resources— so prep it early
 - Run it by your auditors
 - Majority doing prospective versus retrospective reporting
 - Tax Expense
 - Non-PBEs need to disclose tax expense for federal, state and foreign categories
 - Continuing operations must be broken between foreign and domestic
 - Cash paid for taxes (net of refunds)— Federal, foreign and state categories
 - If a state is over 5% of the total paid, disclose that jurisdiction

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2026 Tax Reporting Points

- ASU 2023-09 - Lessons learned from PBEs
 - Rate reconciliation observations
 - PBEs need to do rates and values and break down into 8 categories if exceed 5%
 - Non-PBEs – qualitative disclosures required for “significant” items. Consider the following PBE categories:
 - **ALL** State and local income tax, net of federal effects (include state valuation allowance)
 - Foreign tax effects – new category (foreign valuation allowance)
 - **ALL** Effect of changes in tax laws or rates enacted in current period
 - Effect of cross-border tax laws
 - Tax credits (can include proportional amortization if adopted)
 - **ALL** Changes in valuation allowance (federal only)
 - Nontaxable or nondeductible items (equity-based compensation typical)
 - **ALL** Changes in unrecognized tax benefits for prior years - (worldwide taxes)

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2026 Tax Reporting Points

- Proposed Bad Debt Regulations
 - Current methods:
 - Conformity with regulatory charge-off
 - Specific charge-off – a facts and circumstances analysis
 - Reserve method for small banks
 - Proposed Method – Allowance Charge-off Method
 - Two clarifications needed:
 - Non-accrual interest protection
 - Security charge-offs protection

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2027 Tax Reporting Points

- Section 162(m) Changes
 - Maintain CEO, CFO and next three highest compensated officers
 - Maintain all prior in this category – tainted forever
 - Covered employee group expansion to the next highest 5
 - Officer or not
 - Not tainted
- What doesn't work:
 - Moving the compensation to an affiliate not in your consolidated group
 - Moving compensation to a non-profit (or splitting)

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State Tax Law Update

- OBBBA Tax Conformity for Wisconsin:
 - Only conforms through December 31, 2022
 - Legislature has to take action
- Differences:
 - Bonus depreciation – use Section 179
 - Charitable contribution floor – not applicable for Wisconsin
 - Agricultural loan income exemption – Wisconsin rules
 - Section 174 costs – research and development

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State Tax Law Update

- No change/clarification to Wisconsin loan income exemption
- Wisconsin Research Tax Credit Carryover period has been extended from 15 to 50 years
- Wisconsin Historic Rehabilitation Tax Credits
 - New state tax rehabilitation credit equal to 20% of expenditures placed in service in taxable years beginning after December 31, 2025
 - No longer a “substantial rehabilitation” rule – minimum cost
 - Can now claim the state credit without the federal credit
 - For existing rehabilitation projects, do not need to transition to new credit

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Questions?

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Stay in touch



Alex Eben
Audit Manager

P: +1 (414) 777-5860
M: +1 (216) 233-5507
E: alexander.eben@bakertilly.com



Tanya Thomas
Tax Principal

P: +1 (972) 748-0515
M: +1 (317) 417-1252
E: email@bakertilly.com



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Polling Question #1

How large is your financial institution?

1. Less than \$500M in assets
2. \$500M - \$1B in assets
3. \$1B - \$10B in assets
4. \$10B - \$50B in assets
5. Greater than \$50B in assets

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Polling Question #2

Which 2025 reporting update had the greatest impact on your institution?

1. ASU 2023-08 – Crypto assets
2. ASU 2023-09 income tax disclosures
3. FDIC Part 363 threshold updates
4. Limited or no significant update
5. Still evaluating / not sure

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Polling Question #3

Which upcoming accounting standard are you most focused on preparing for?

1. ASU 2024-03 – Expense disaggregation disclosures
2. ASU 2025-08 – Purchased loans
3. ASU 2025-09 – Hedge accounting improvements
4. Other standard / broader reporting processes
5. Not yet started

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Polling Question #4

Which tax law change will impact your company the most?

1. Bonus Depreciation Changes
2. Agricultural Income exemptions
3. R&E Section 174 Changes
4. Other changes not mentioned here

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Polling Question #5

To comply with the requirements of ASU 2023-09, did/do you expect to:

1. Spend more time on income tax provision / footnote preparation.
2. Implement new technology / software.
3. Have no significant changes.
4. A and B.
5. Other

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