

# 2026 WICPA FINANCIAL INSTITUTIONS CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

## HIGHLIGHTED TOPICS:



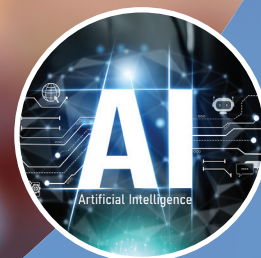
### **BUILDING THE NEXT GENERATION OF FINANCIAL SERVICES WITH DIGITAL ASSETS**

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**

## CONFERENCE AT A GLANCE

**TUESDAY, MAY 13**

WICPA CPE Livestream Only

**8 – 8:15 a.m.**

Welcome & Opening Remarks

**8:15 – 9:15 a.m.**

GENERAL SESSION

A Guide to the Markets

**9:15 – 9:25 a.m.**

Break

**9:25 – 10:15 a.m. BREAKOUT SESSIONS**

- ▶ Building the Next Generation of Financial Services with Digital Assets
- ▶ Rethinking Credit Union Profitability: From Branch Performance to Channel Economics

**10:15 – 10:25 a.m.**

Break

**10:25 – 11:25 a.m.**

GENERAL SESSION

Tax & Accounting

**11:25 a.m. – 12:10 p.m.**

Lunch Break

**12:10 – 1:10 p.m.**

GENERAL SESSION

ALCO Reimagined

**1:10 – 1:20 p.m.**

Break

**1:20 – 2:10 p.m.**

GENERAL SESSION

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

**2:10 – 2:20 p.m.**

Break

**2:20 – 3:10 p.m.**

GENERAL SESSION

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

**3:10 – 3:20 p.m.**

Break

**3:20 – 4:35 p.m.**

GENERAL SESSION

In the Crosshairs: Accountant Liability Issues

**4:35 p.m.**

Closing Remarks

Your money works here.®



# Tailored solutions, trusted expertise.



Associated Bank Private Wealth provides individuals, organizations and institutions with customized financial and wealth planning solutions built around your goals.

**Retirement Plan Services** - A results-driven approach to employer sponsored retirement plans that reduces administrative burdens and helps employees achieve financial success.

**Private Banking** - Exclusive accounts, tailored financial solutions and customized lending for your unique needs.

**Investment Management and Trust** - Tailored investment strategies, wealth management and comprehensive trust services to protect and grow your legacy.

**Institutional Services** - Expert guidance and robust financial solutions to help organizations reach their goals.

**Learn more at [AssociatedBank.com/PrivateWealth](http://AssociatedBank.com/PrivateWealth).**

Deposit and loan products are offered by Associated Bank, N.A. Loan products are subject to credit approval and involve interest and other costs. Please ask about details on fees and terms and conditions of these products. Relevant insurance coverage, if applicable, will be required on collateral. Associated Bank, N.A. Member FDIC.



**Investment, Securities and Insurance Products:**

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

Associated Bank and Associated Bank Private Wealth are marketing names AB-C uses for products and services offered by its affiliates. Securities and investment advisory services are offered by Associated Investment Services, Inc. (AIS), member FINRA/SIPC; insurance products are offered by licensed agents of AIS; deposit and loan products and services are offered through Associated Bank, N.A. (ABNA); investment management, fiduciary, administrative and planning services are offered through Associated Trust Company, N.A. (ATC); and Kellogg Asset Management, LLC® (KAM) provides investment management services to AB-C affiliates. AIS, ABNA, ATC, and KAM are all direct or indirect, wholly-owned subsidiaries of AB-C. AB-C and its affiliates do not provide tax, legal or accounting advice. Please consult with your advisors regarding your individual situation. (1/25) W147533

# 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

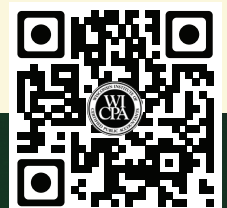
**9:00 a.m.**  
Practice Greens  
& Driving Range

**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](http://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](https://wicpa.org/Livestream)

[wicpa.org/OnDemand](https://wicpa.org/OnDemand)

Registration opens approximately eight weeks prior. For more details about each and to register, visit [wicpa.org/conferences](https://wicpa.org/conferences) and [wicpa.org/events](https://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](mailto:tammy@wicpa.org).



# TRACK YOUR CPE WITH THE WICPA'S CPE TRACKER

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
- Add any non-WICPA CPE courses
- Print reports for any reporting period

**To get started, visit  
[wicpa.org/cpetracker](http://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

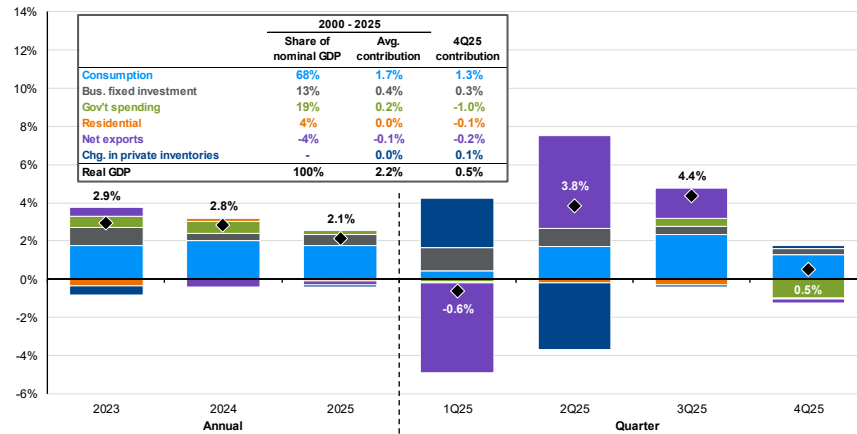


## Growth has generally normalized to trend pace of 2%.

GTM U.S. 18

### Contributors to real GDP growth

Seasonally adjusted annualized rate

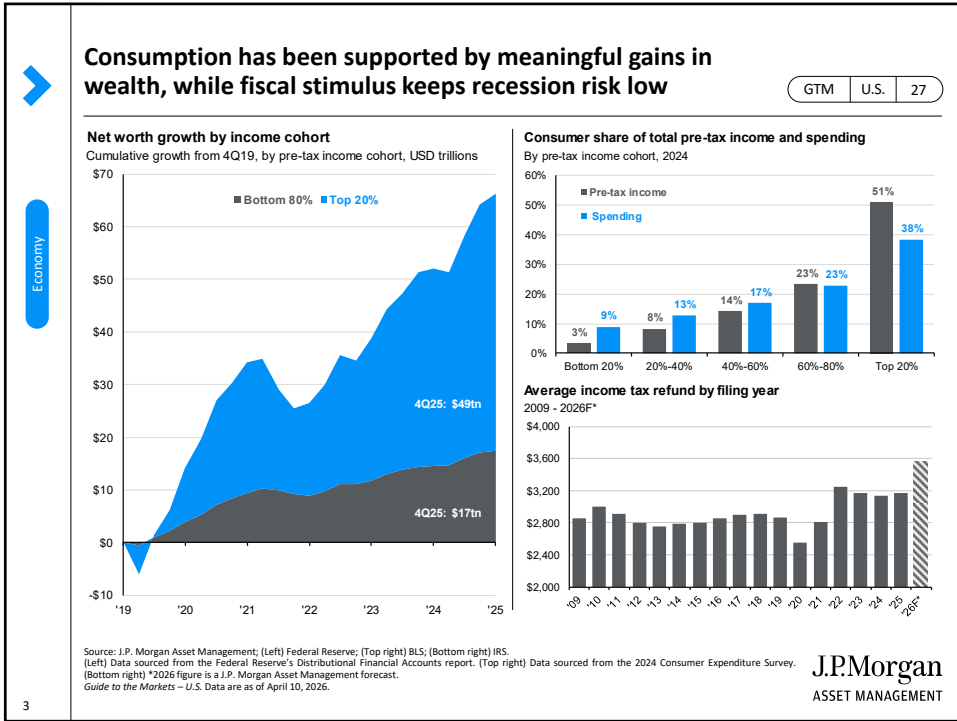


Source: BEA, FactSet, J.P. Morgan Asset Management.  
Guide to the Markets – U.S. Data are as of April 10, 2026.

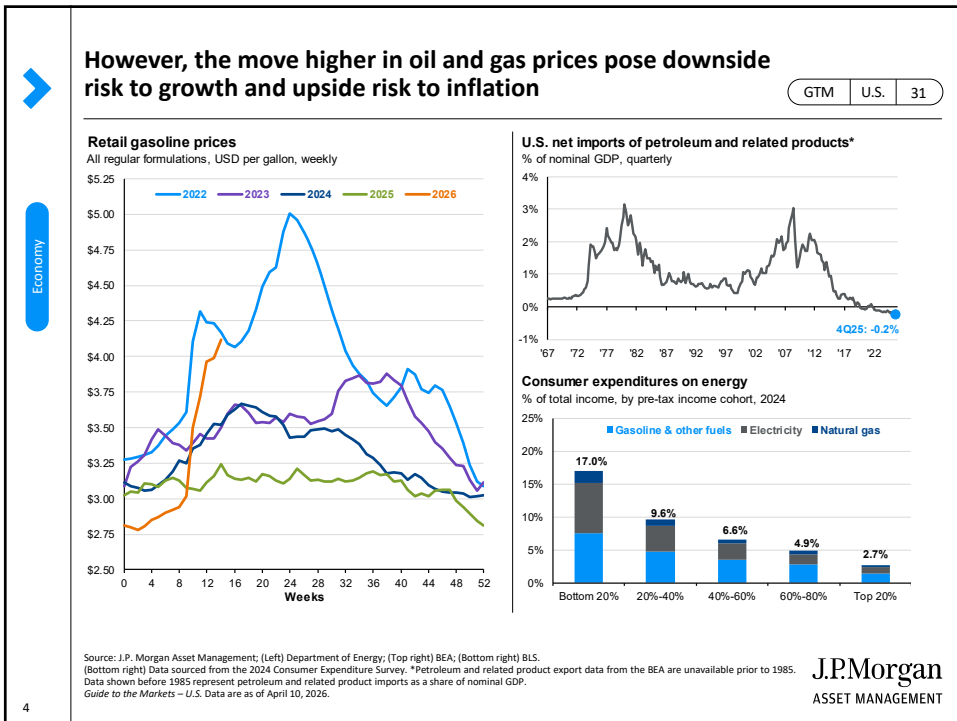
J.P.Morgan  
ASSET MANAGEMENT

2

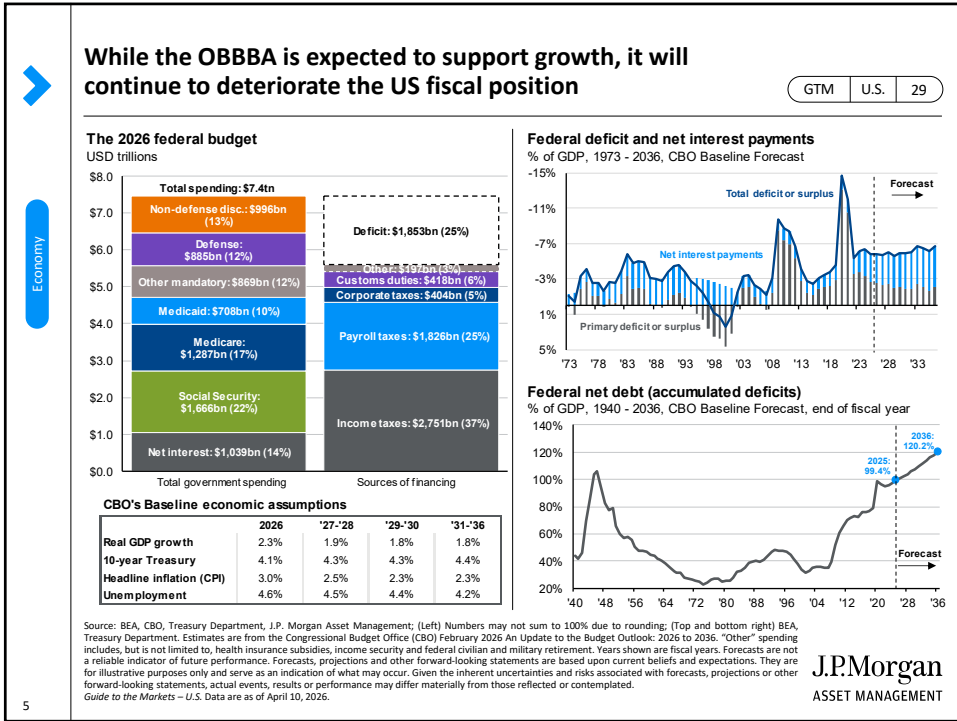
2



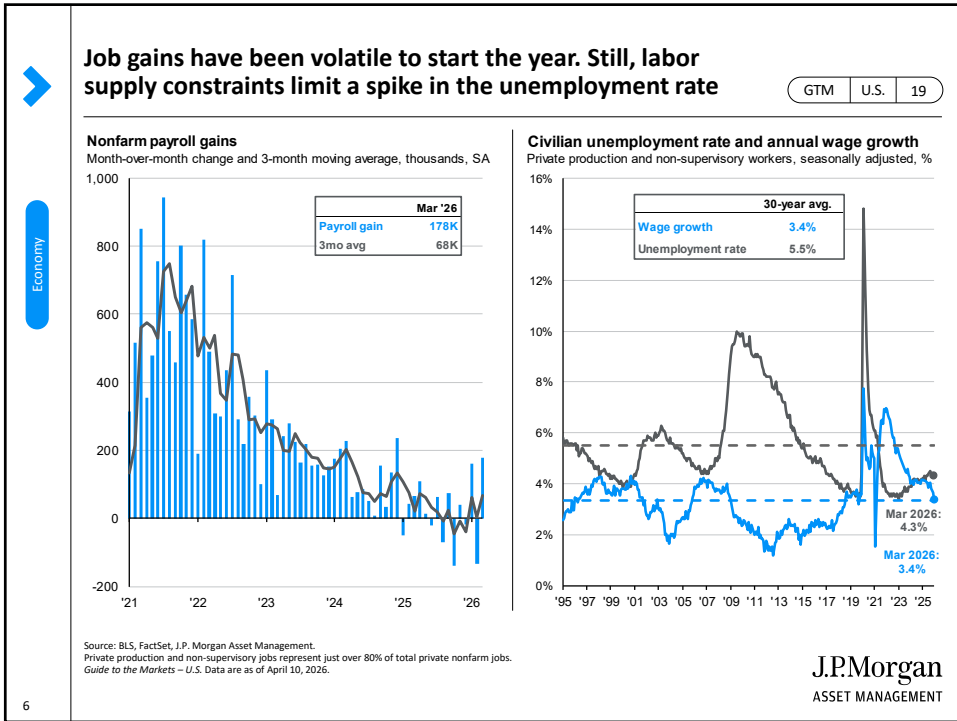
3



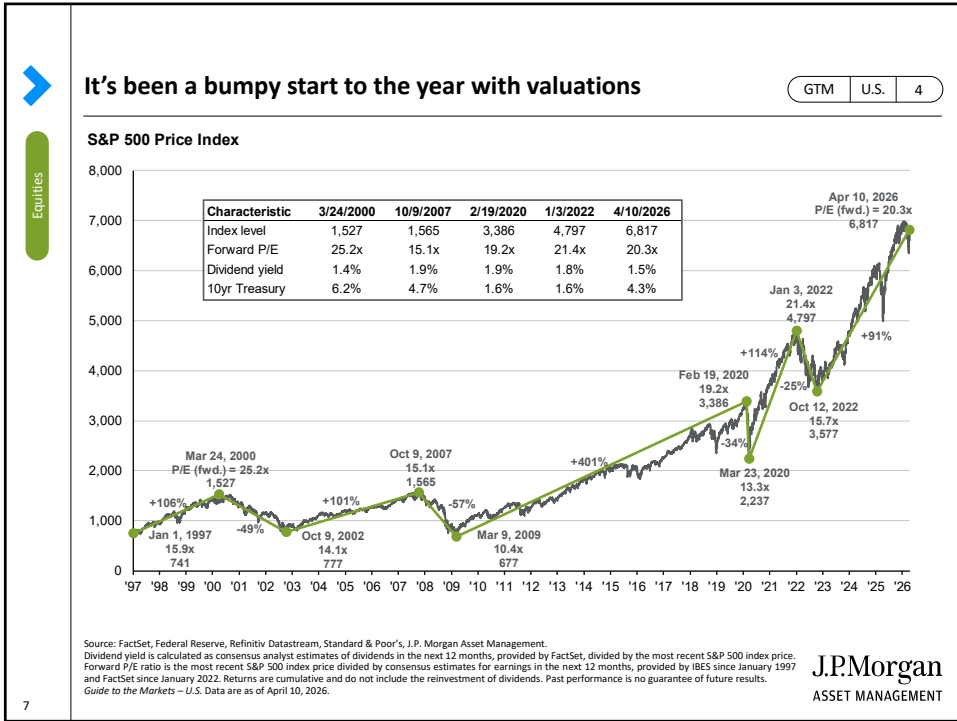
4



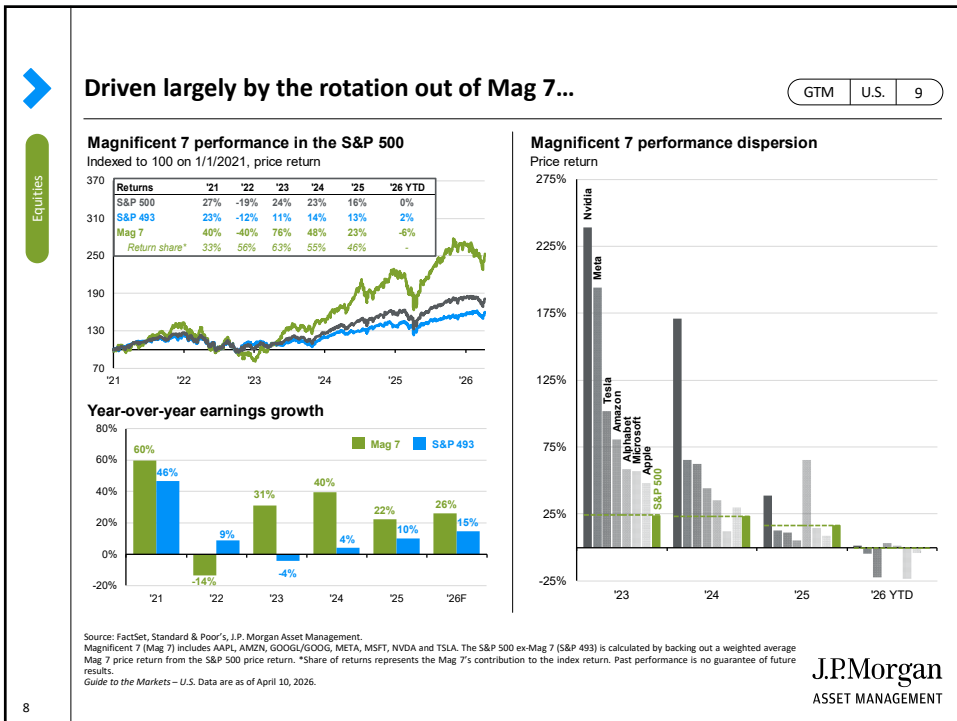
5



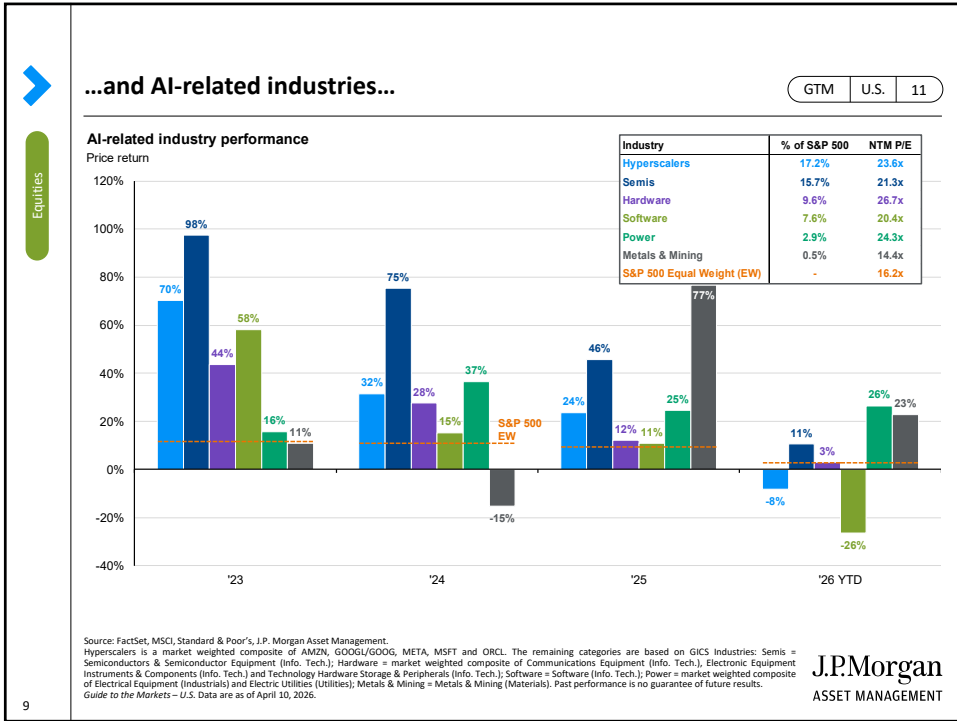
6



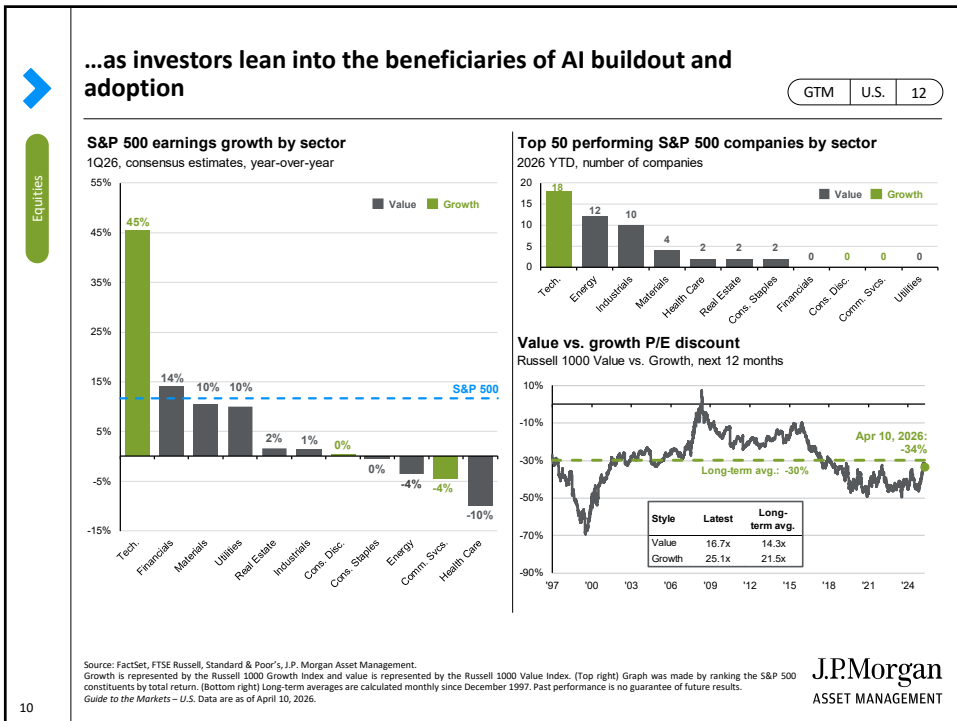
7



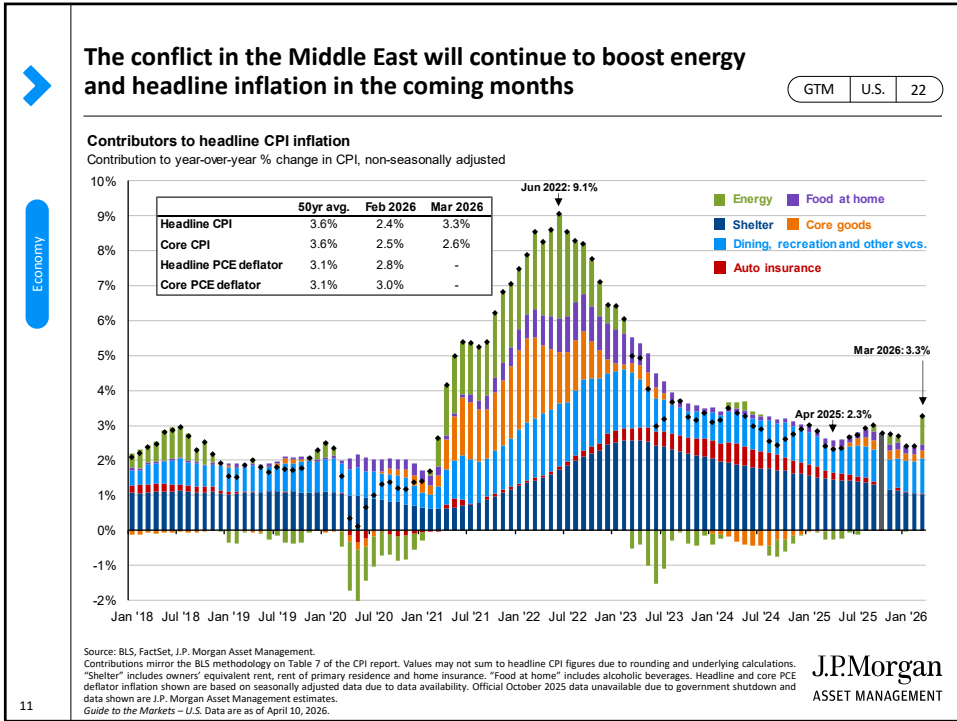
8



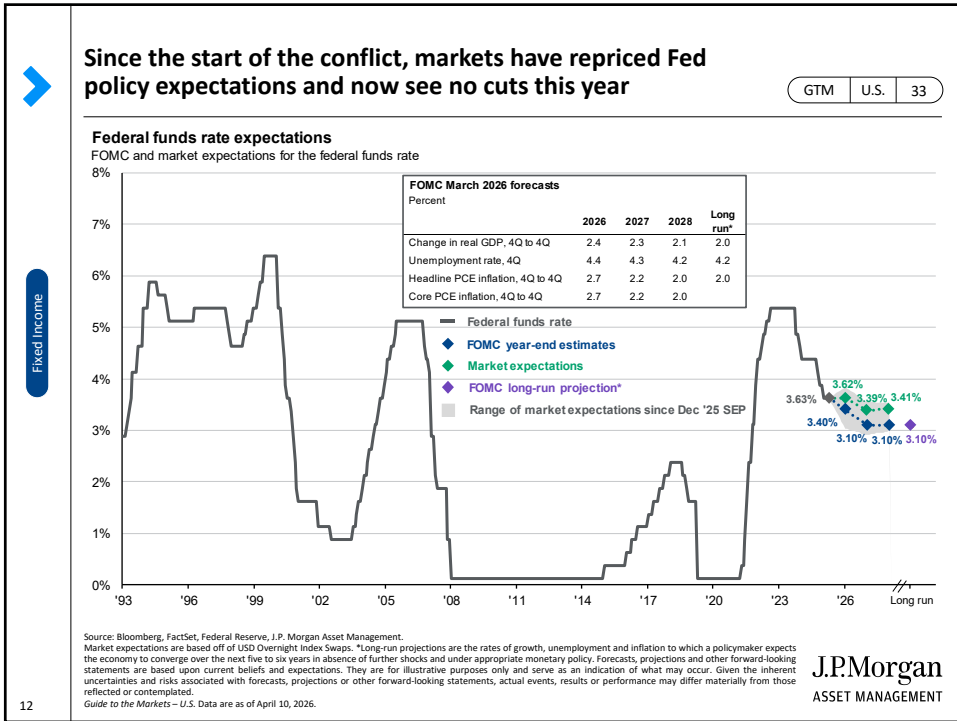
9



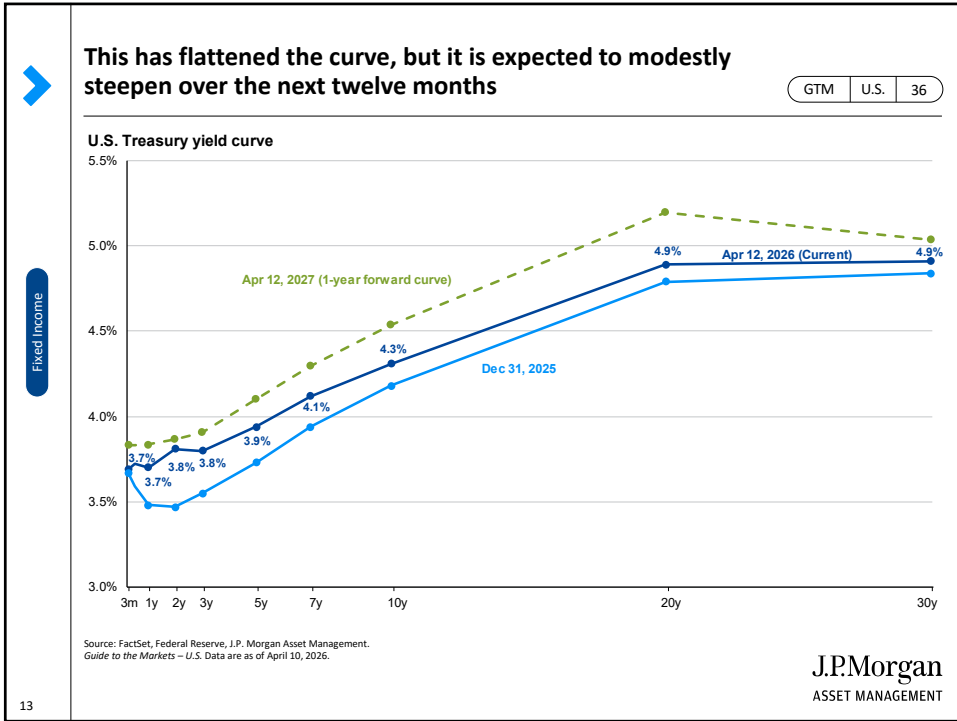
10



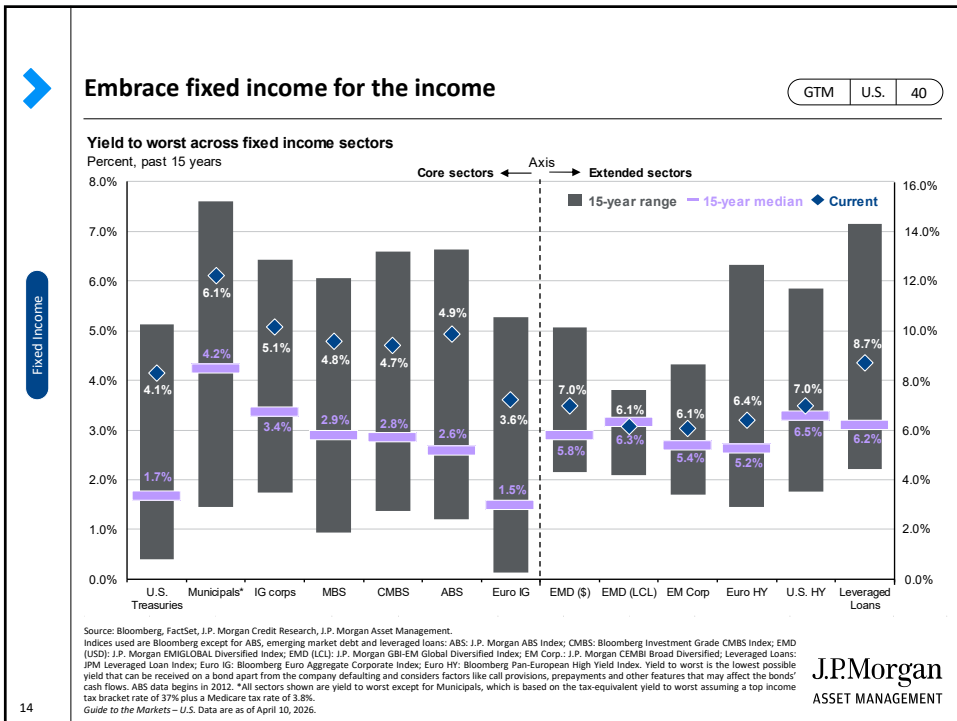
11



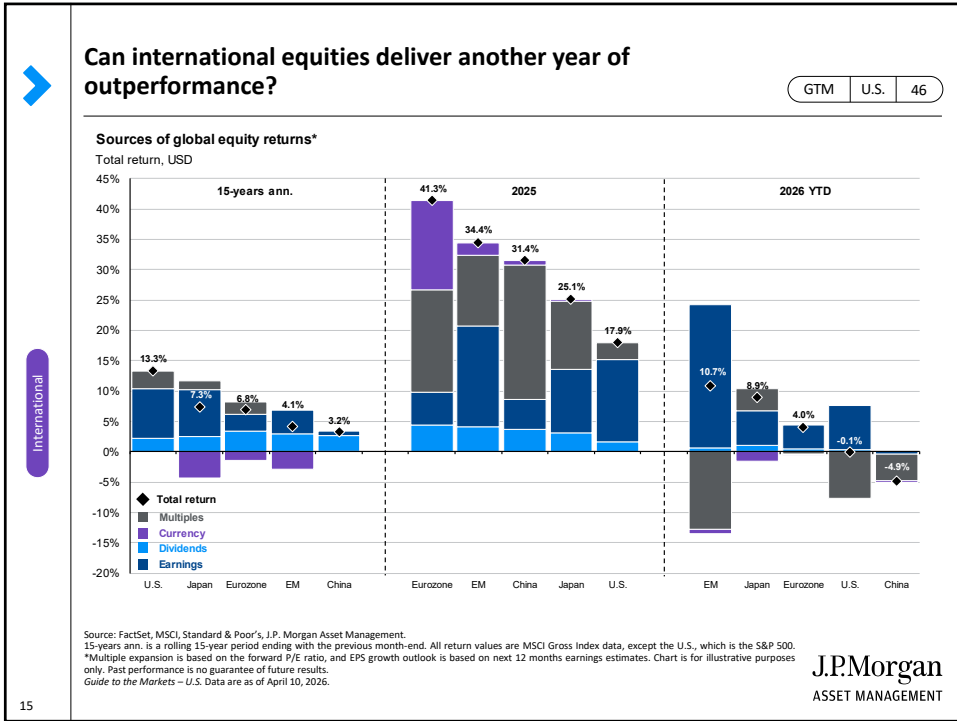
12



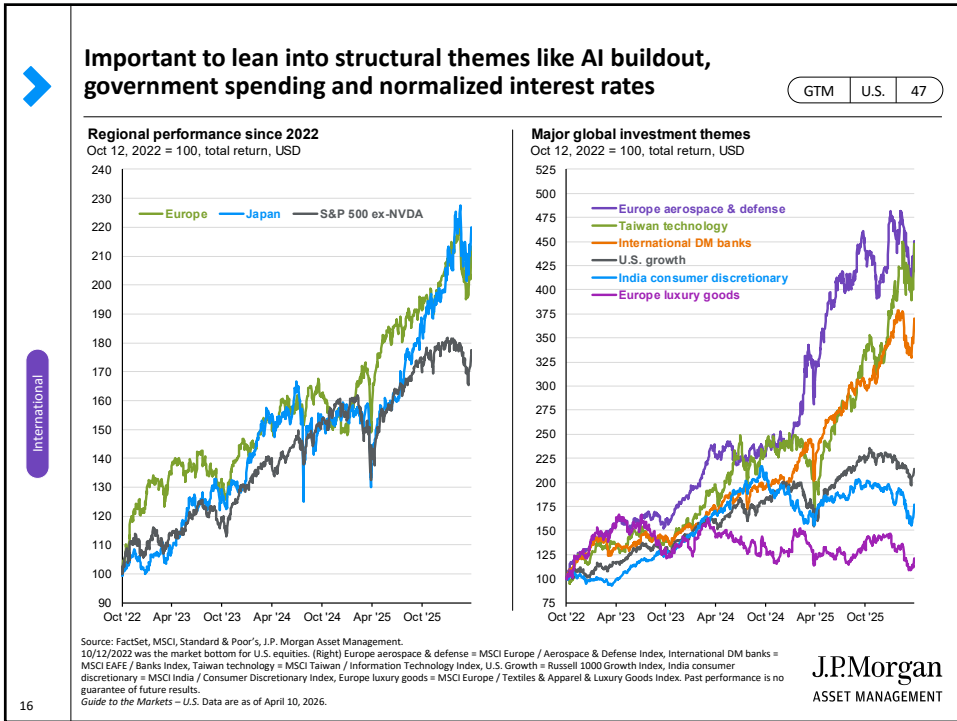
13



14



15



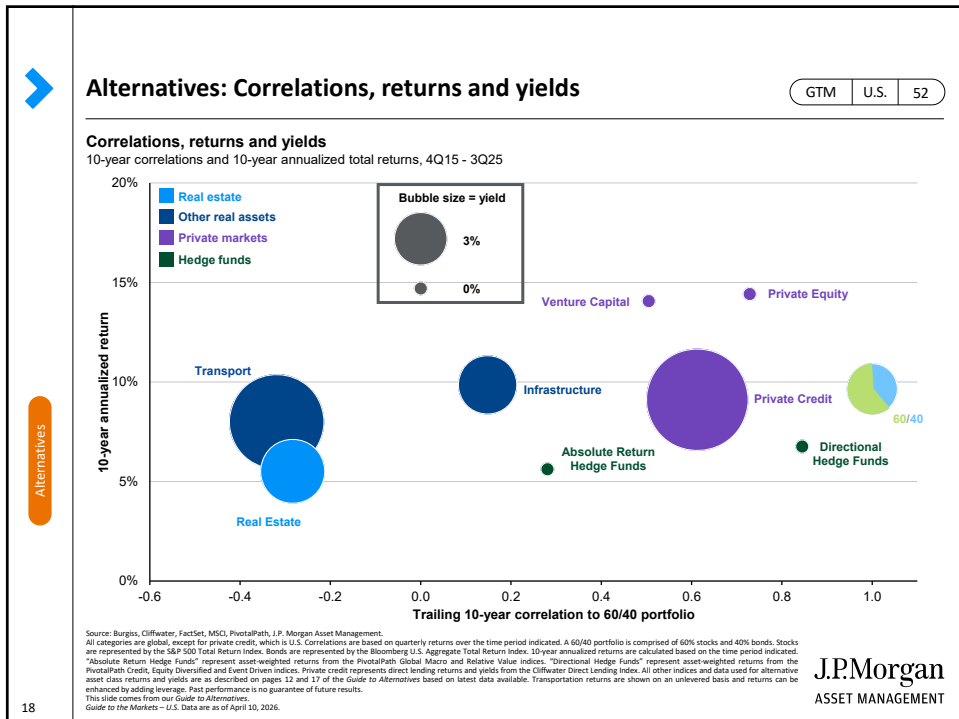
16

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

GTM
U.S.
58

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%	14.9%	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.



## Scan the QR code to get the Guide to the Markets and connect with me!

**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

Connect with me on  
**LinkedIn!**

19

## J.P. Morgan Asset Management – Index definitions

GTM
U.S.
69

**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+ or 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 PHLICs.
- 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.

20



## J.P. Morgan Asset Management – Definitions

GTM
U.S.
70

**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.

21


21



## J.P. Morgan Asset Management – Risks & disclosures

GTM
U.S.
71

The **Market Insights program** provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.

For the purposes of MFID II, the JPM Market Insights and Portfolio Insights programs are marketing communications and are not in scope for any MIFID II / MiFIR requirements specifically related to investment research. Furthermore, the J.P. Morgan Asset Management Market Insights and Portfolio Insights programs, as non-independent research, have not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are they subject to any prohibition on dealing ahead of the dissemination of investment research.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from J.P. Morgan Asset Management or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine, together with their own financial professional, if any investment mentioned herein is believed to be appropriate to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not reliable indicators of current and future results.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmorgan.com/global/privacy>.

This communication is issued by the following entities:

In the United States, by J.P. Morgan Investment Management Inc. or J.P. Morgan Alternative Asset Management, Inc., both regulated by the Securities and Exchange Commission; in Latin America, for intended recipients' use only, by local J.P. Morgan entities, as the case may be. In Canada, for institutional clients' use only, by JPMorgan Asset Management (Canada) Inc., which is a registered Portfolio Manager and Exempt Market Dealer in all Canadian provinces and territories except the Yukon and is also registered as an Investment Fund Manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador. In the United Kingdom, by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions, by JPMorgan Asset Management (Europe) S.à r.l. In Asia Pacific ("APAC"), by the following issuing entities and in the respective jurisdictions in which they are primarily regulated: JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited, each of which is regulated by the Securities and Futures Commission of Hong Kong; JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 1076015824), the advertisement herein has not been reviewed by the Monetary Authority of Singapore; JPMorgan Asset Management (Taiwan) Limited, JPMorgan Asset Management (Japan) Limited, which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 5337); in Australia, to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Commonwealth), by JPMorgan Asset Management (Australia) Limited (ABN 55143532080) (AFSL 376919). For all other markets in APAC, to intended recipients only.

**For U.S. only:** If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.


Copyright 2025 JPMorgan Chase & Co. All rights reserved.

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 Komjebel 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


22

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?

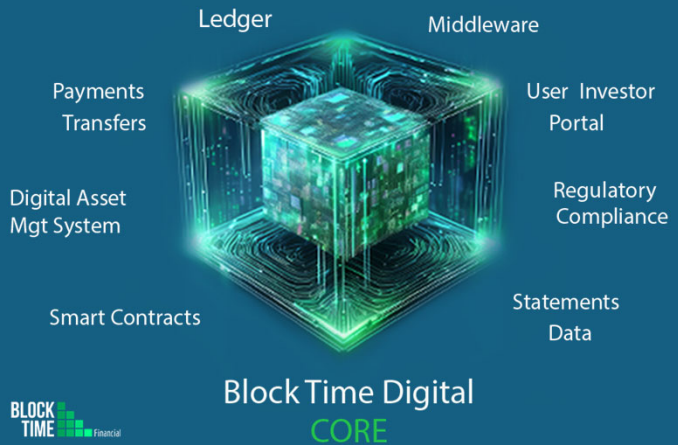


Founded in Delafield, WI

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



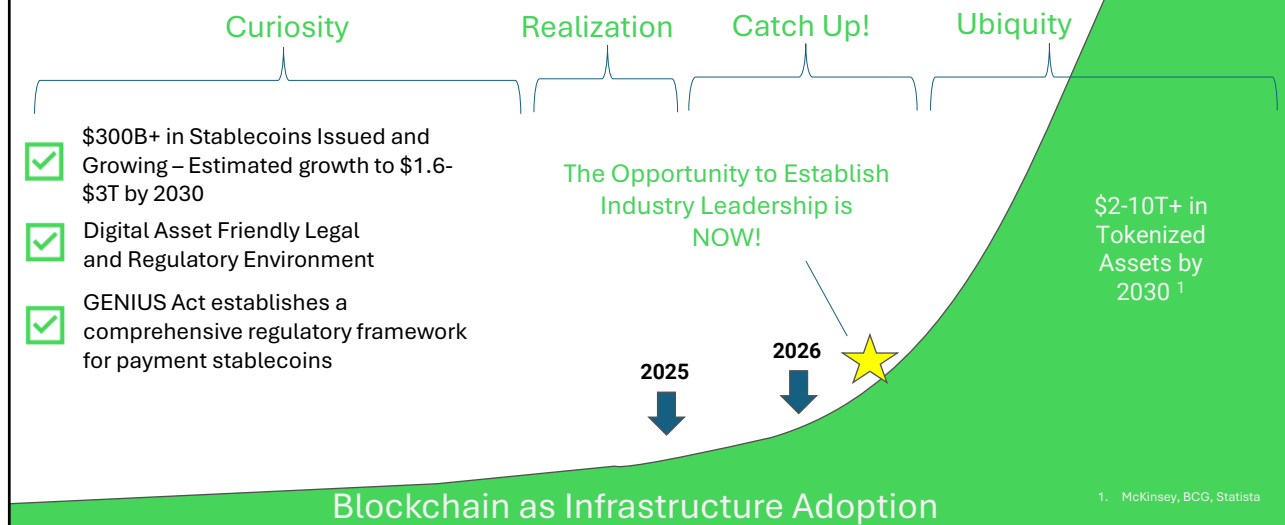
Corporate Coin – A digital token issued and managed by a corporation, often backed by fiat currency, assets, or other reserves for the purposes of payments, settlements, etc.



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

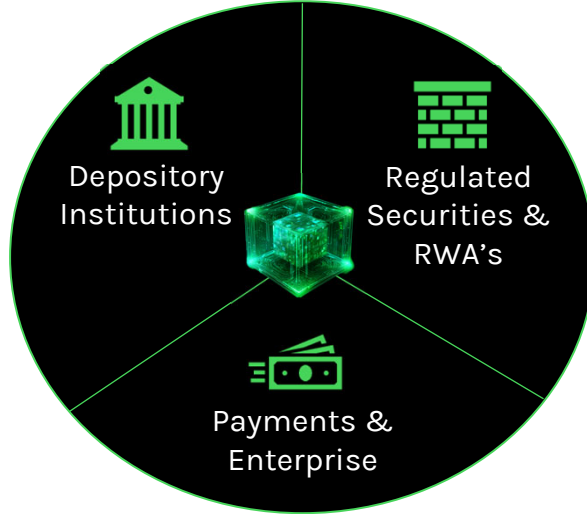
3

## 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



Confidential - © 2026 Block Time Financial, Inc.

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

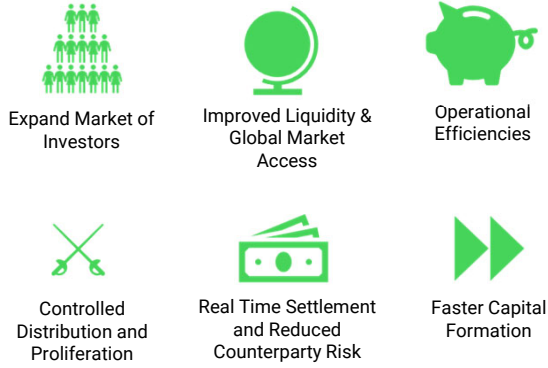


Confidential - © 2026 Block Time Financial, Inc.

6

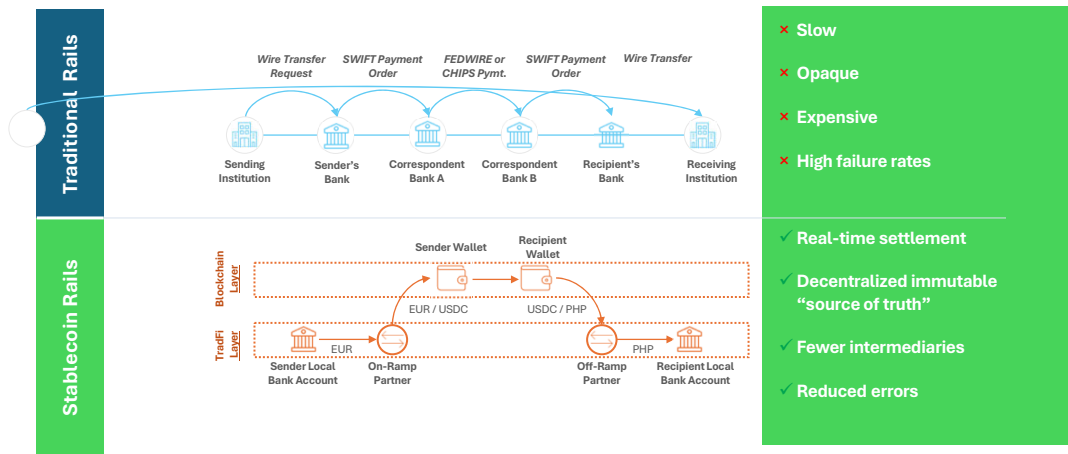
6

## Key Benefits of Tokenized Assets



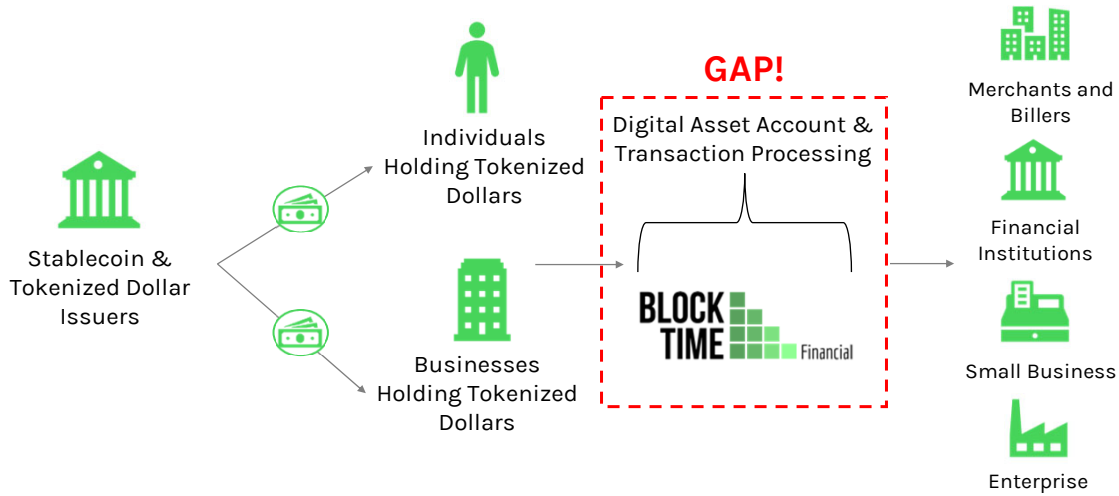
7

## Traditional Rails vs. Blockchain Rails – Cross Border Example



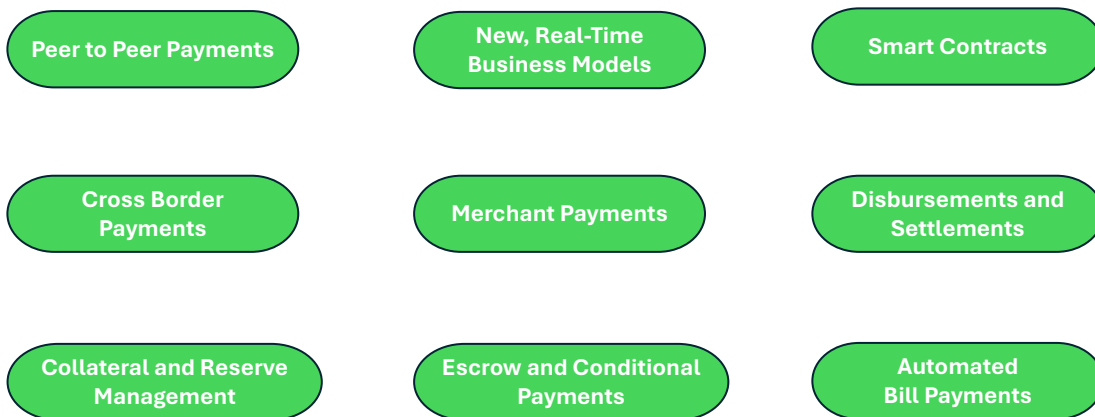
8

## 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](mailto:mike@blocktimefinancial.com)

(262) 490-6363



Confidential - © 2026 Block Time Financial, Inc.

12

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

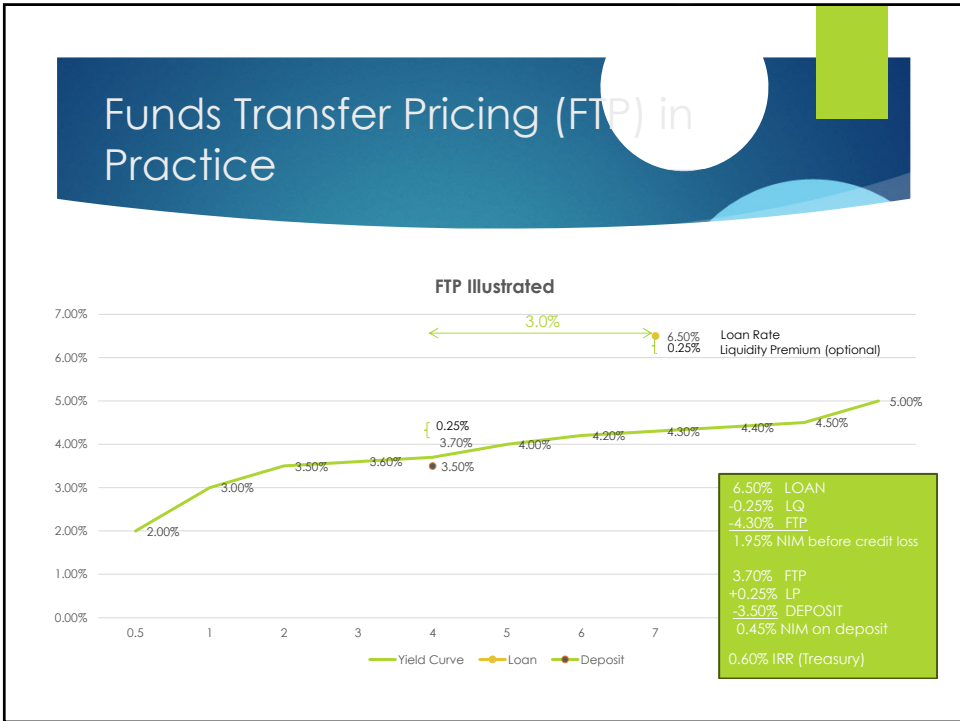


6

## 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



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%
<b>Total</b>	<b>1,305,232,800</b>	<b>167,723</b>	<b>-20,545,776</b>	<b>53,659,330</b>	<b>33,113,554</b>	<b>0</b>	<b>2.39%</b>	<b>4,115,831</b>	<b>-8,131,998</b>	<b>-2,565,388</b>	<b>26,532,003</b>	<b>2.03%</b>	<b>-4,823,847</b>	<b>21,708,156</b>	<b>1.66%</b>

### 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

11

## 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

## At Baker Tilly, we bring a legacy and commitment to helping our clients embrace what's next.

With more than 11,000 professionals from coast to coast and internationally, our resources fuel our ability to offer clients deep industry insights, bold thinking and holistic solutions. Our ranking as the sixth-largest advisory CPA firm\* means we're actively shaping the industry landscape across markets.

- 6<sup>th</sup> largest U.S. accounting firm\*
- 11,000+ team members, 1,000+ principals
- 100+ years in business
- ~3,400 Certified Public Accountants
- \$3B+ firm revenue in 2024
- 100+ worldwide office locations
- 300+ workplace and culture awards


### Connecting you with the global reach of Baker Tilly International


- 47,000 worldwide professionals
- 10<sup>th</sup> largest global network
- 700+ offices
- \$6B+ combined revenue (U.S. dollars)
- 140+ territories

\*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



Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. The name Baker Tilly and its associated logo is used under license from Baker Tilly International limited. The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. © 2024 Baker Tilly Advisory Group, LP



3



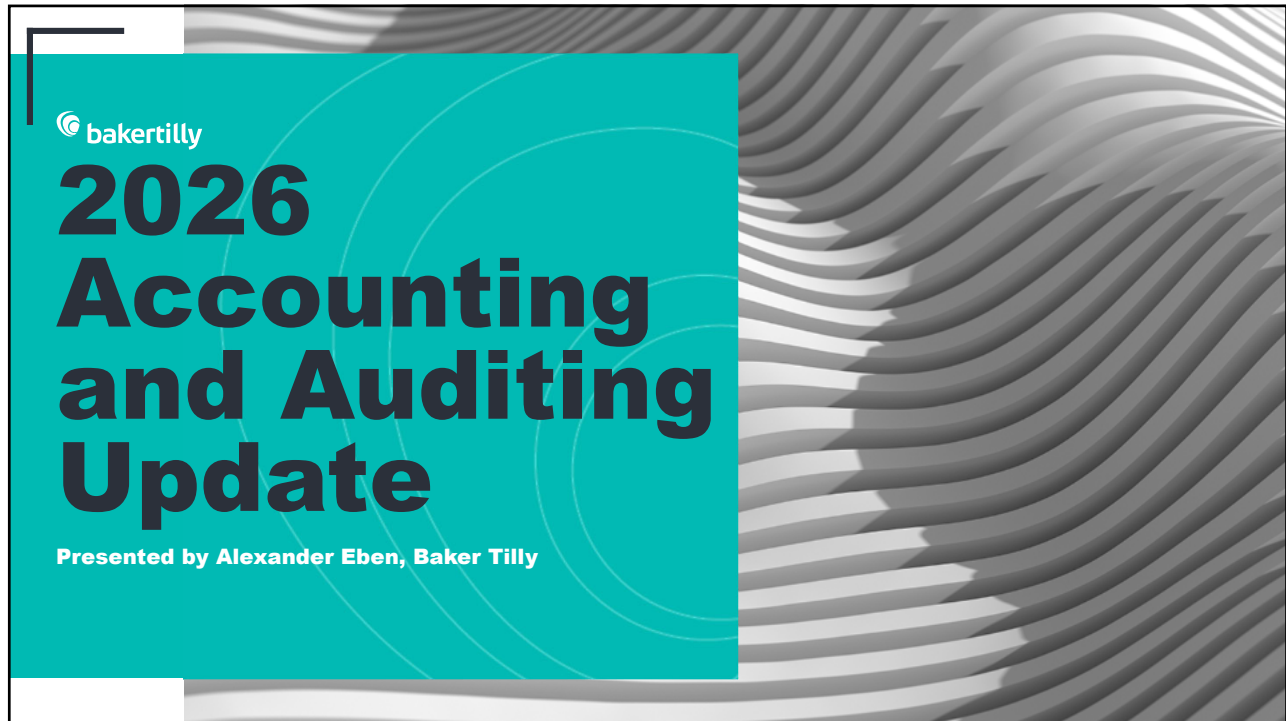
## Today's Agenda:

- 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


Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.



4



The slide features a teal background on the left with the Baker Tilly logo and the title '2026 Accounting and Auditing Update'. The right side has a grey background with a wavy, concentric line pattern. The text is presented in a clean, sans-serif font.

 **2026**  
**Accounting and Auditing Update**  
Presented by Alexander Eben, Baker Tilly

5



The slide has a dark blue background with a pattern of faint, overlapping circles. The title '2026 Accounting Developments' is in white, bold font. Below it is a list of three items, also in white font. 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

7



7

BAKER TILLY

## 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

8



8

BAKER TILLY

## 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

9 

9

BAKER TILLY

## 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

10 

10

BAKER TILLY

## 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

11 

11

BAKER TILLY

## 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

12 

12

BAKER TILLY

## 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

13 

13

BAKER TILLY

## 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

14 

14

BAKER TILLY

## 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

15 

15

BAKER TILLY

## 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

16 

16

BAKER TILLY

## 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

17 

17

BAKER TILLY

## 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

18 

18

BAKER TILLY

## 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

19 

19



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

20

## 2026 Bank Tax developments

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

21



21

BAKER TILLY

## 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

22



22

BAKER TILLY

## 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).

23 

23

BAKER TILLY

## 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.

24 

24

BAKER TILLY

## 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

25



25

BAKER TILLY

## 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.

26



26

BAKER TILLY

## 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

27

27

BAKER TILLY

## 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

28

28

BAKER TILLY

## 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.

29



29

BAKER TILLY

## 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

30



30

BAKER TILLY

## 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)

31

31

BAKER TILLY

## 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

32

32

BAKER TILLY

## 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)

33

33

BAKER TILLY

## 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

34

34

BAKER TILLY

## 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

35



35

# Questions?

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd. Baker Tilly International Ltd. is a separate and independent legal entity. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide advisory services to their clients and are not licensed CPA firms. The name Baker Tilly and its associated logo is used under license from Baker Tilly International limited. The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. © 2024 Baker Tilly Advisory Group, LP

36

## 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



Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. The name Baker Tilly and its associated logo is used under license from Baker Tilly International limited. The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. © 2024 Baker Tilly Advisory Group, LP

37



37

# 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

38

## 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

39

## 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

40

## 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

41

## 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

42

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](mailto:dfarmer@darlingconsulting.com)

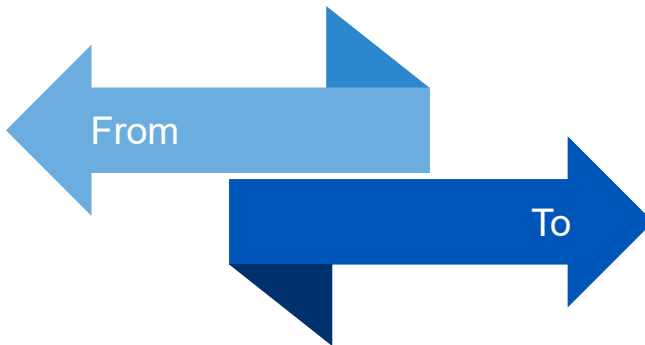


Wisconsin Institute of  
Certified Public Accountants

1

## ALCO Evolution

Reactive



Proactive

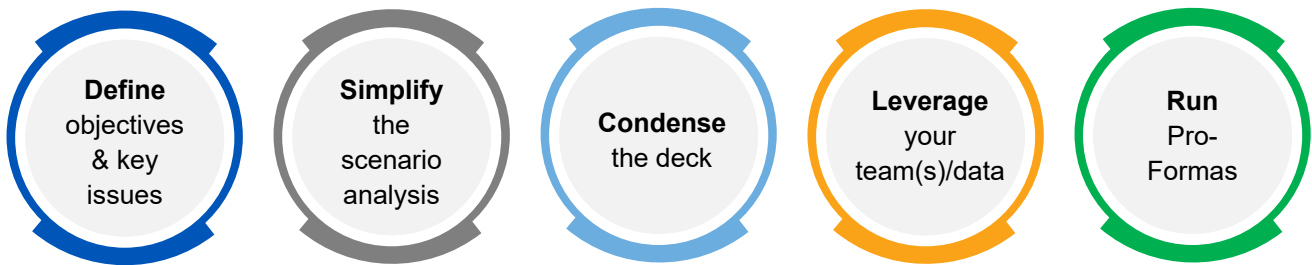


2

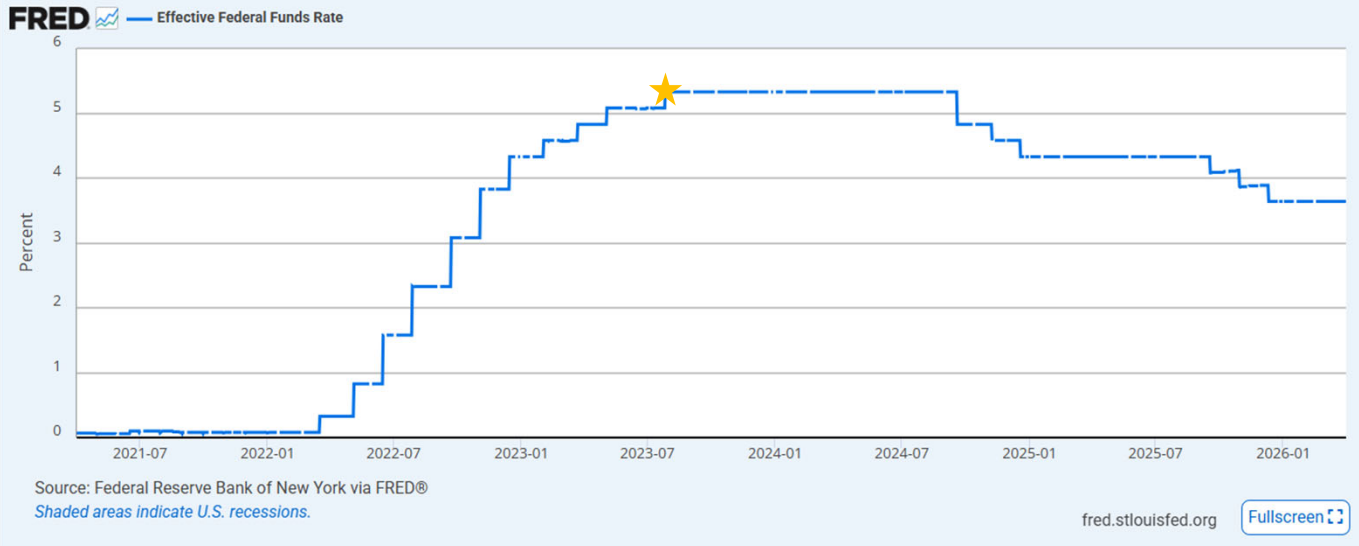
## Evolution of Strategy at ALCO



## Preparation Is Key

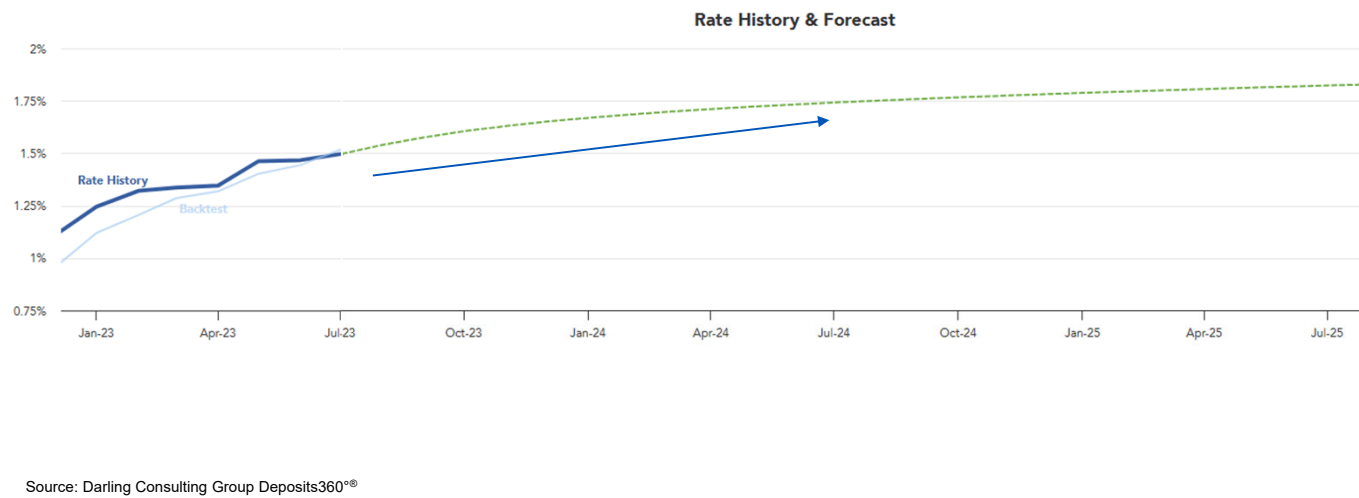


# Case Study: Deposit Modeling



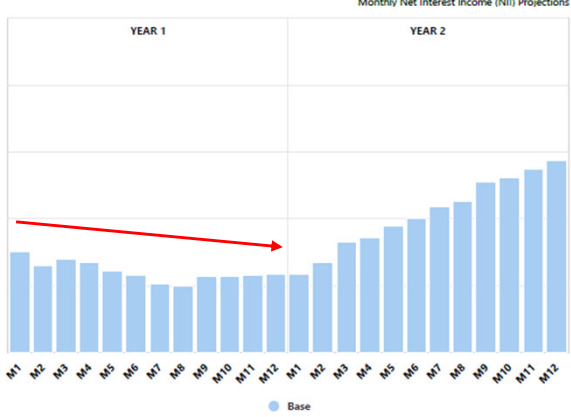
# Assumptions: Deposits

Rate Sensitivity of MMDA Portfolio

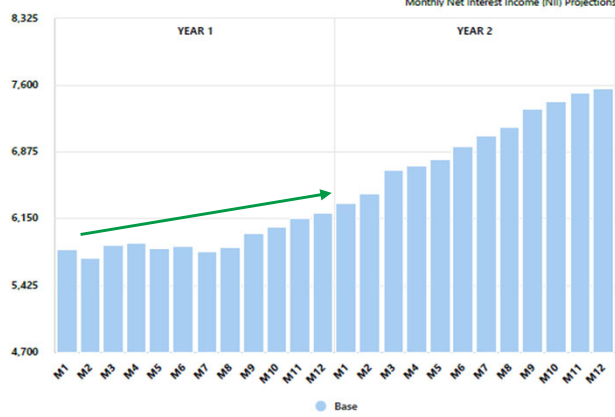


# Importance of Dynamic Assumptions

NII Migration - Forecast



Base Simulation as of 9/30/2023



Source: Darling Consulting Group Deposits360®

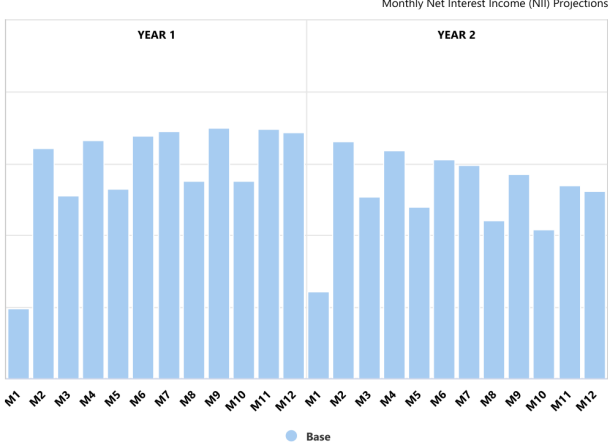


© 2026 Darling Consulting Group, Inc.

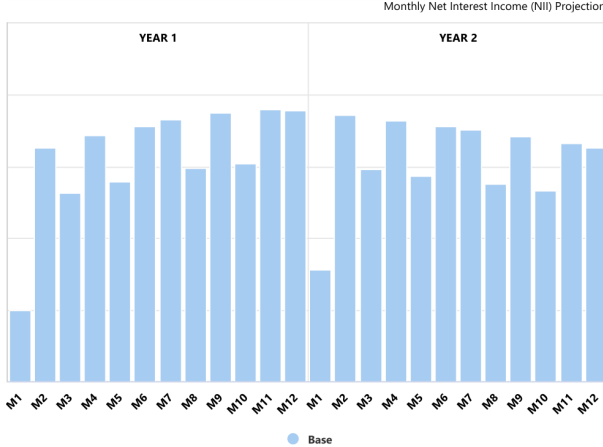
7

# 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
<b>DIFFERENCE</b>		



© 2026 Darling Consulting Group, Inc.

8

## 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

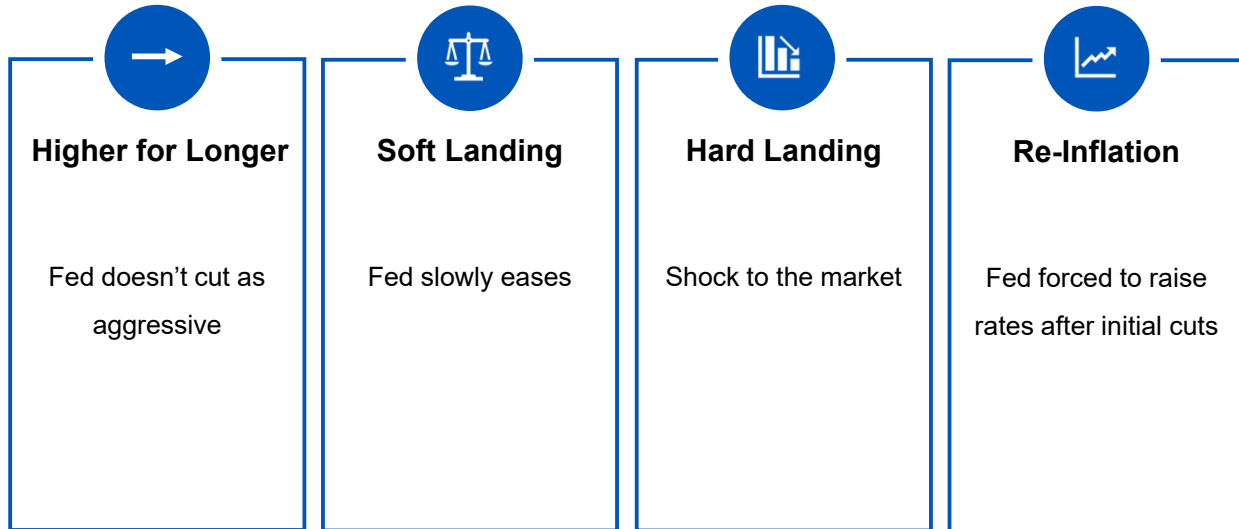
Source: Darling Consulting Group Loans360®

9

## The ALCO Meeting

10

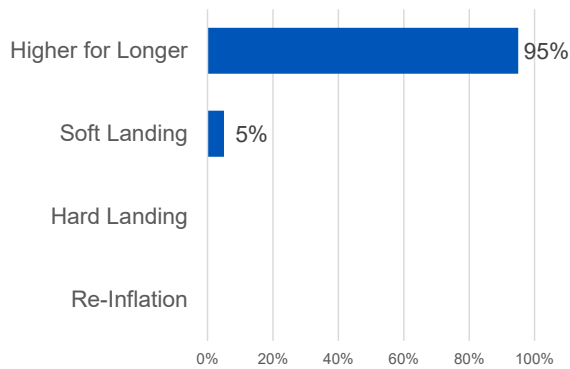
## Revisiting the IRR Story



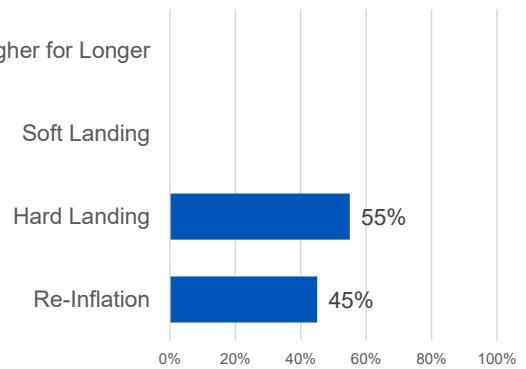
11

## 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

12

## 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%

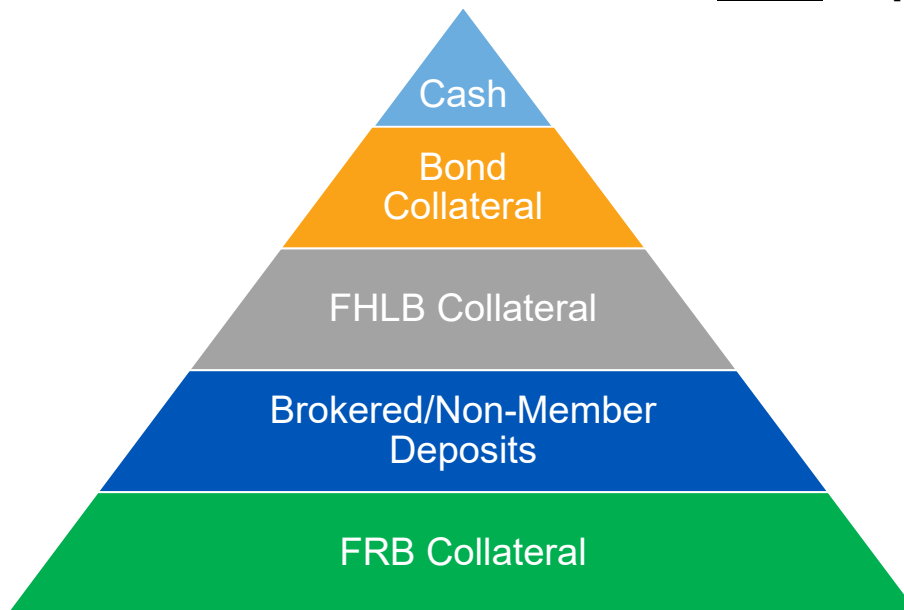
As of 4/30/26

# Risk Assessment

## Liquidity Takeaways

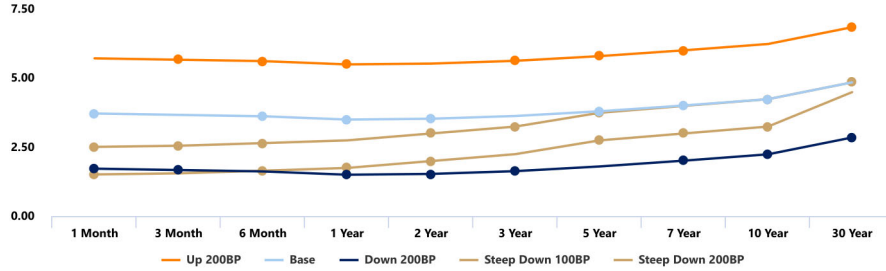


## What We Learned From '23: A Focus on Total Liquidity



# 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

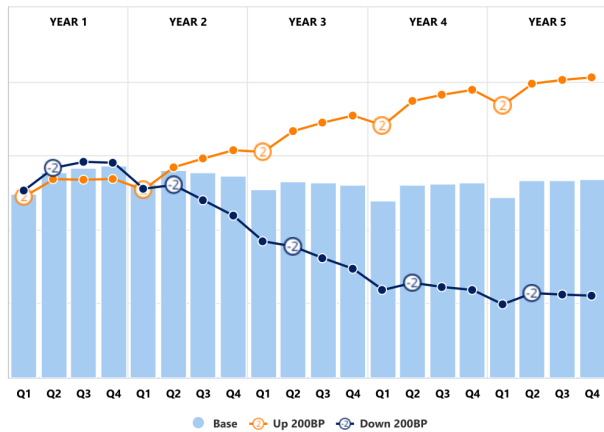


# Understand Your Balance Sheet Exposure

## Parallel YC Changes

Base Simulation as of 1/31/2026

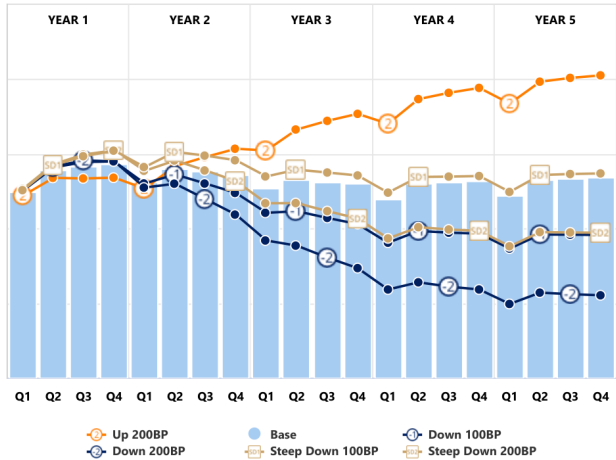
Quarterly Net Interest Income (NII) Projections



## Non-Parallel YC Changes

Base Simulation as of 1/31/2026

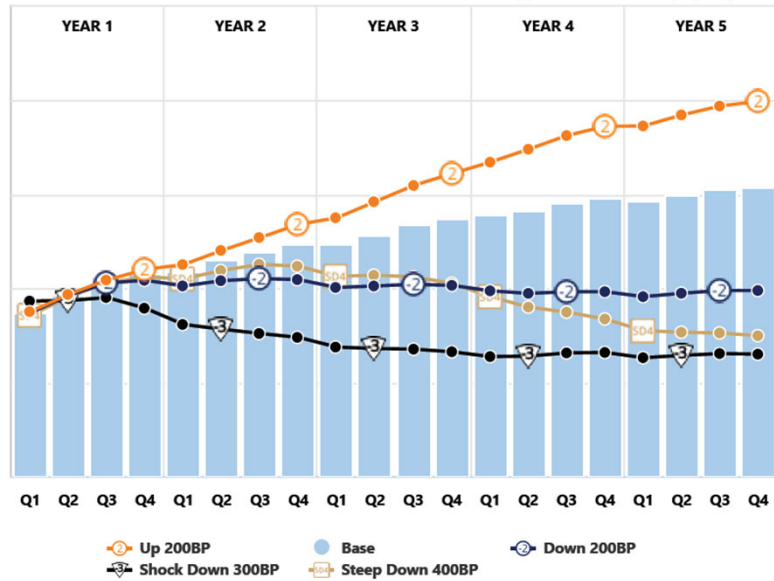
Quarterly Net Interest Income (NII) Projections



# 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



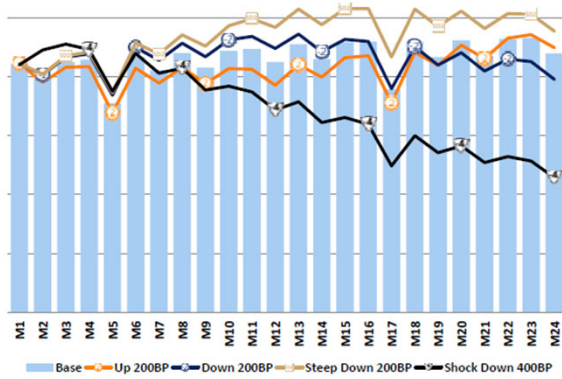
Source: Darling Consulting Group



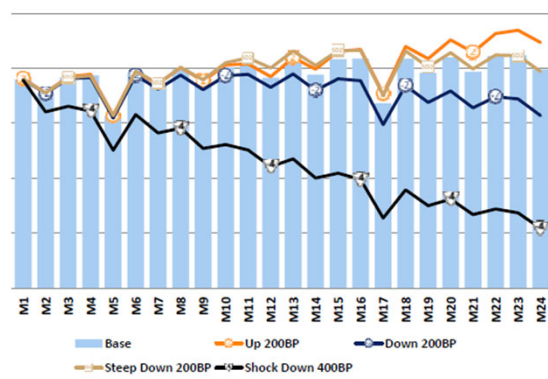
© 2026 Darling Consulting Group, Inc.

# 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

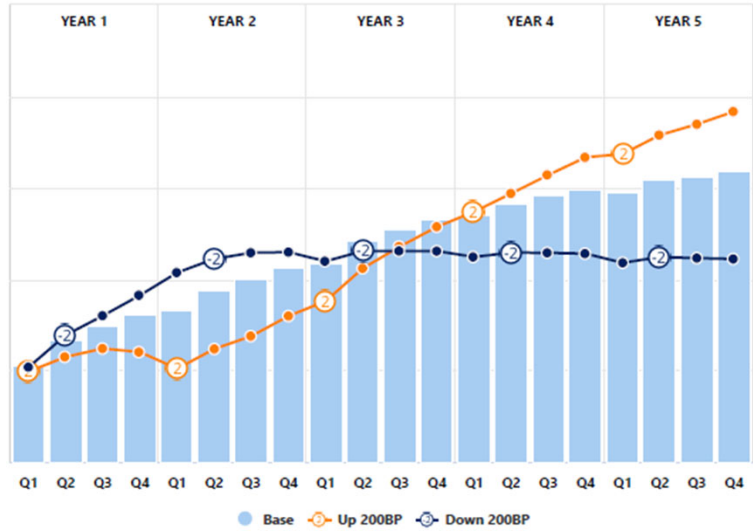


© 2025 Darling Consulting Group, Inc.

## 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



© 2026 Darling Consulting Group, Inc. 21

# Deposits & Loans

Insights to bring back to your ALCO meetings

## An Inside Look at the Data

**↑ 18 bps**

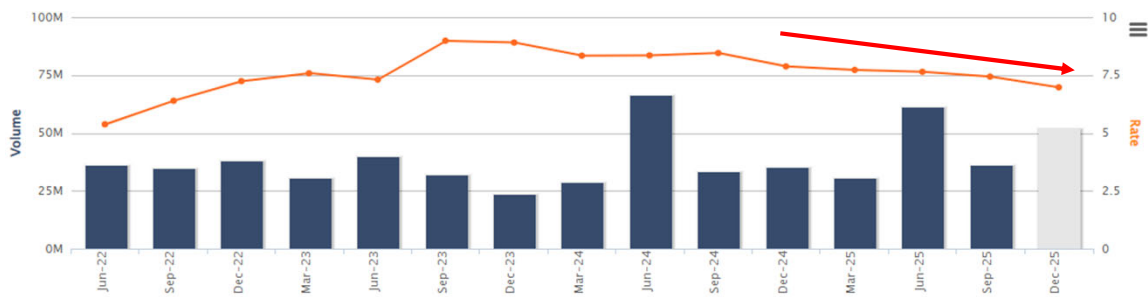
DCG's base case projections for client asset yields in 2026

**↓ 105 bps**

CRE origination yields since Fed started to ease!

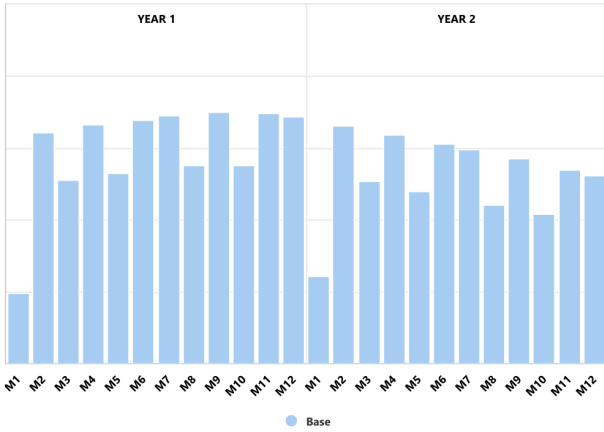
## Loan Tailwind or Trend Reversal?

Sample Institution Total Loan Originations

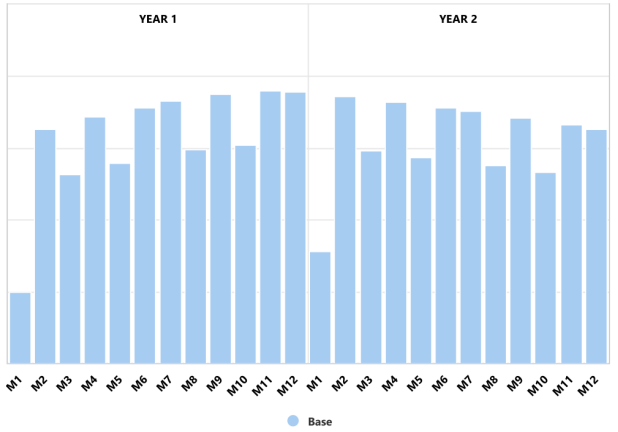


# Loan Replacement Rates Down 25bps

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

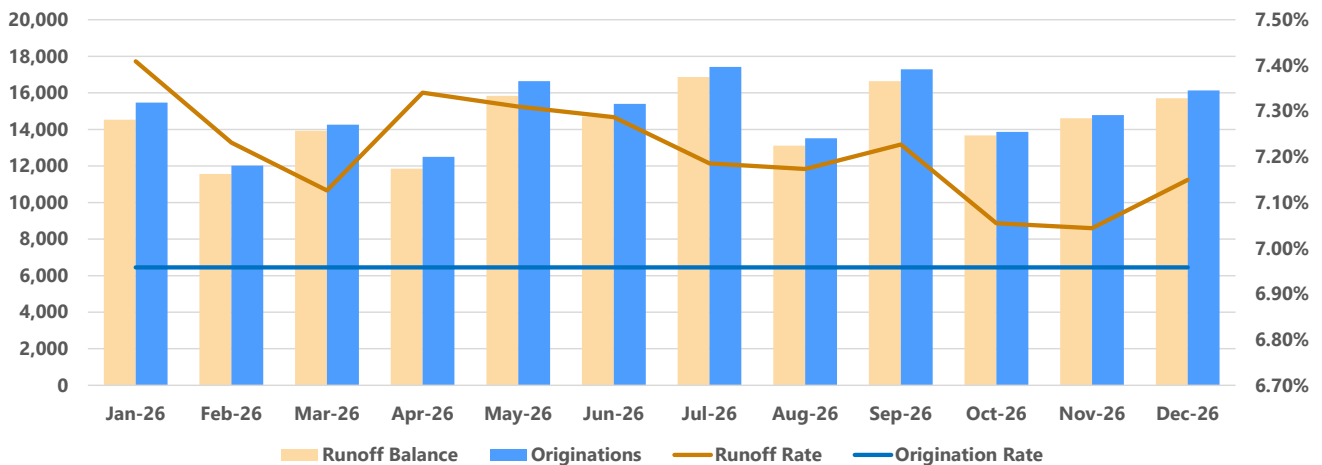


	Y1	Y2
	-111	-306
<b>DIFFERENCE</b>		



# Loan Activity

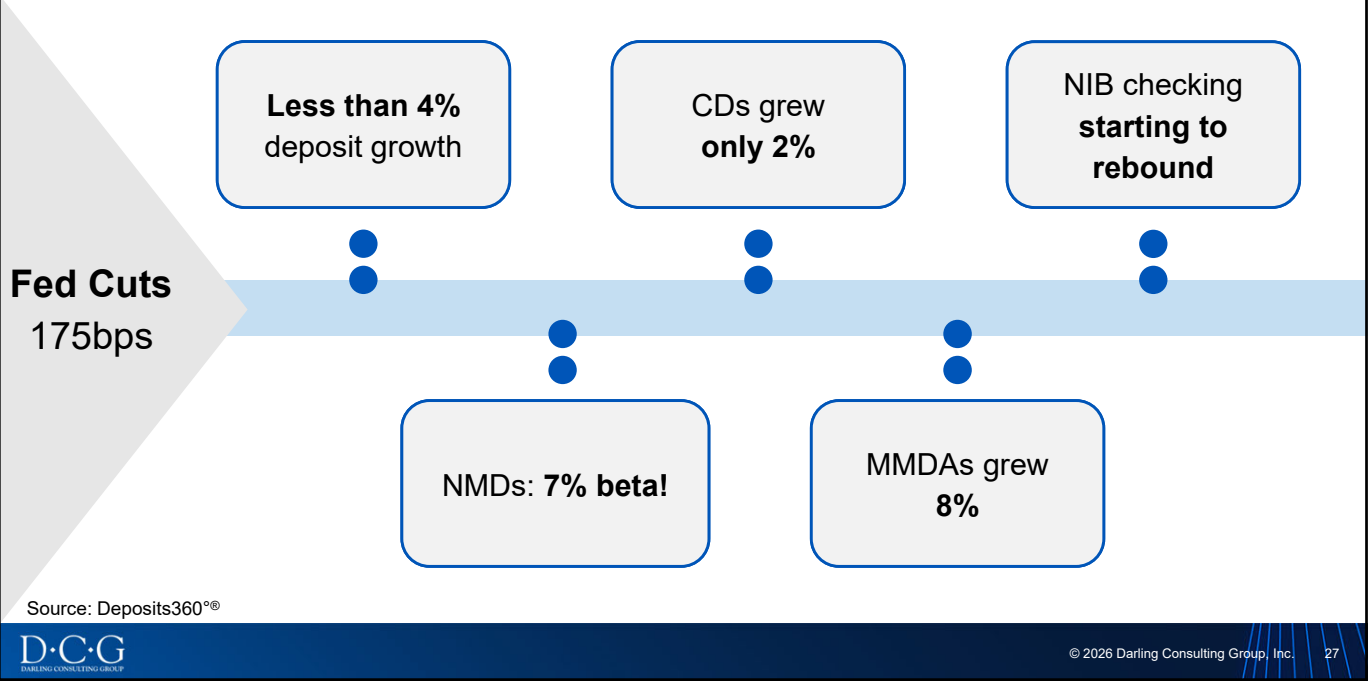
## Loan Runoff Replacement



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



## After the Cuts... What Happened with Deposits?



27

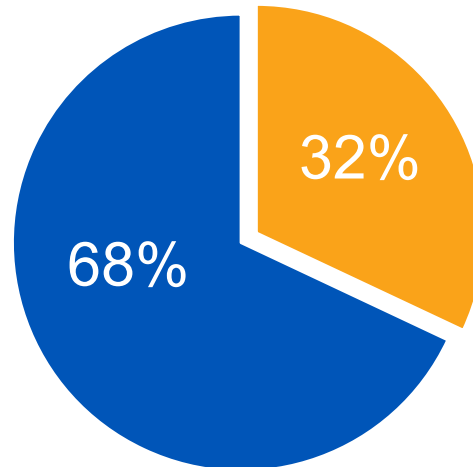
## Deposit Strategy Thoughts

- 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?

28

## 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?

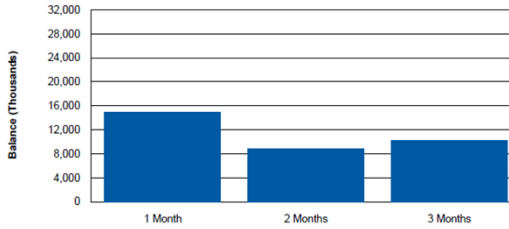
3 | MMDAs outperforming CDs

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

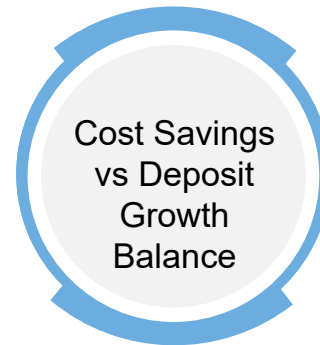


© 2026 Darling Consulting Group, Inc.

31

31

## Takeaways



© 2026 Darling Consulting Group, Inc.

32

32

# Thank you!



**Daniel Farmer**  
Senior Consultant

✉ [dfarmer@darlingconsulting.com](mailto:dfarmer@darlingconsulting.com)  
☎ 978-376-4509  
🌐 [www.linkedin.com/in/daniel-farmer-35bab67b](https://www.linkedin.com/in/daniel-farmer-35bab67b)

## Resources



[www.darlingconsulting.com/  
bank-and-credit-union-insights](http://www.darlingconsulting.com/bank-and-credit-union-insights)



[www.darlingconsulting.com/  
dcg-annual-conference](http://www.darlingconsulting.com/dcg-annual-conference)



[www.darlingconsulting.com/  
dcg-webinars-and-on-  
demand-library](http://www.darlingconsulting.com/dcg-webinars-and-on-demand-library)



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**

**PIPER | SANDLER**

1

---

**Adam Keefer**  
 Managing Director  
 Financial Services Investment Banking

Office: (415) 978-5057  
 Cell: (415) 317-9570  
 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.

---

Piper Sandler | 2

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

---

Piper Sandler | 3

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

Piper Sandler | 5

5

## Long Term Performance of Bank Stocks and Historical Valuations

December 31, 2015 to April 15, 2026

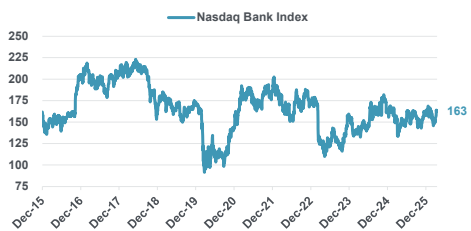
Total Return (%)



Price / NTM EPS (x)



Price / Tangible Book Value (%)



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

Piper Sandler | 6

6

### Industry Forecast: Expanding NIM + Clean Credit = EPS Growth

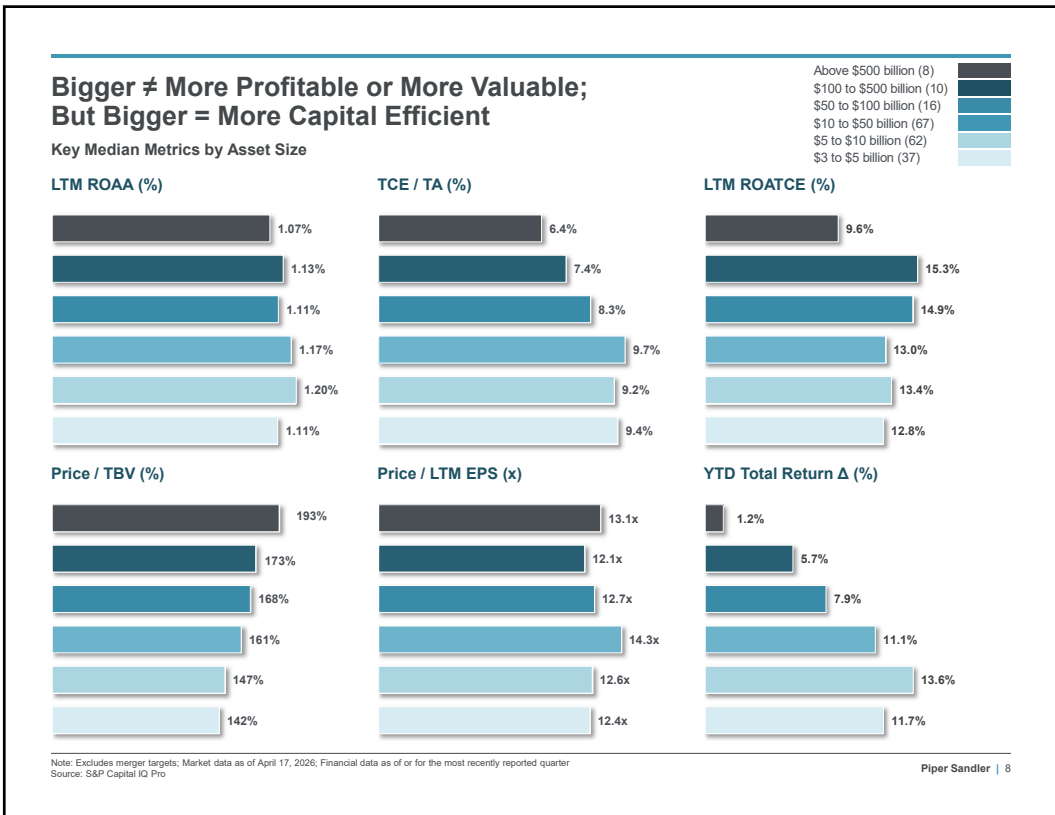
Median Wall Street analyst estimates for future industry performance

	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%

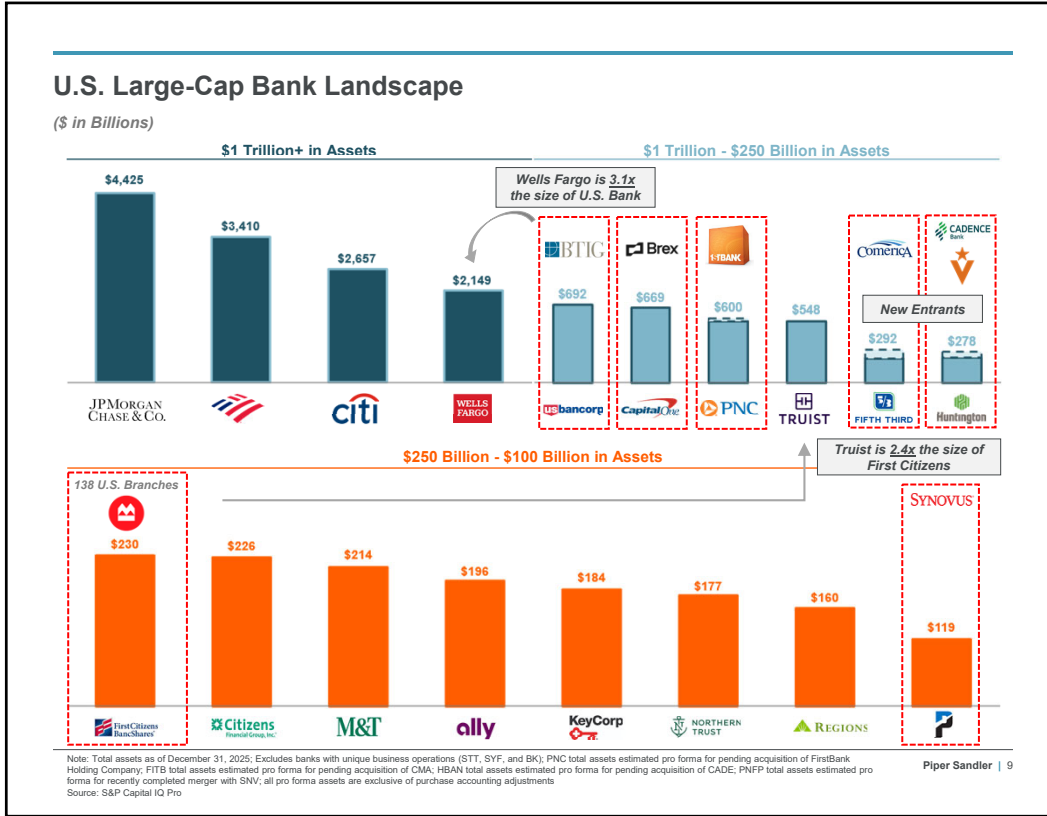
Note: Reflects median values of most recently available analyst estimates for all nationwide major exchange traded banks (traded on Nasdaq or NYSE exchanges) with total assets less than \$100.0B as of December 31, 2025. Excludes merger targets and mutuals. Data as of April 15, 2026. Source: S&P Capital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

Piper Sandler | 7

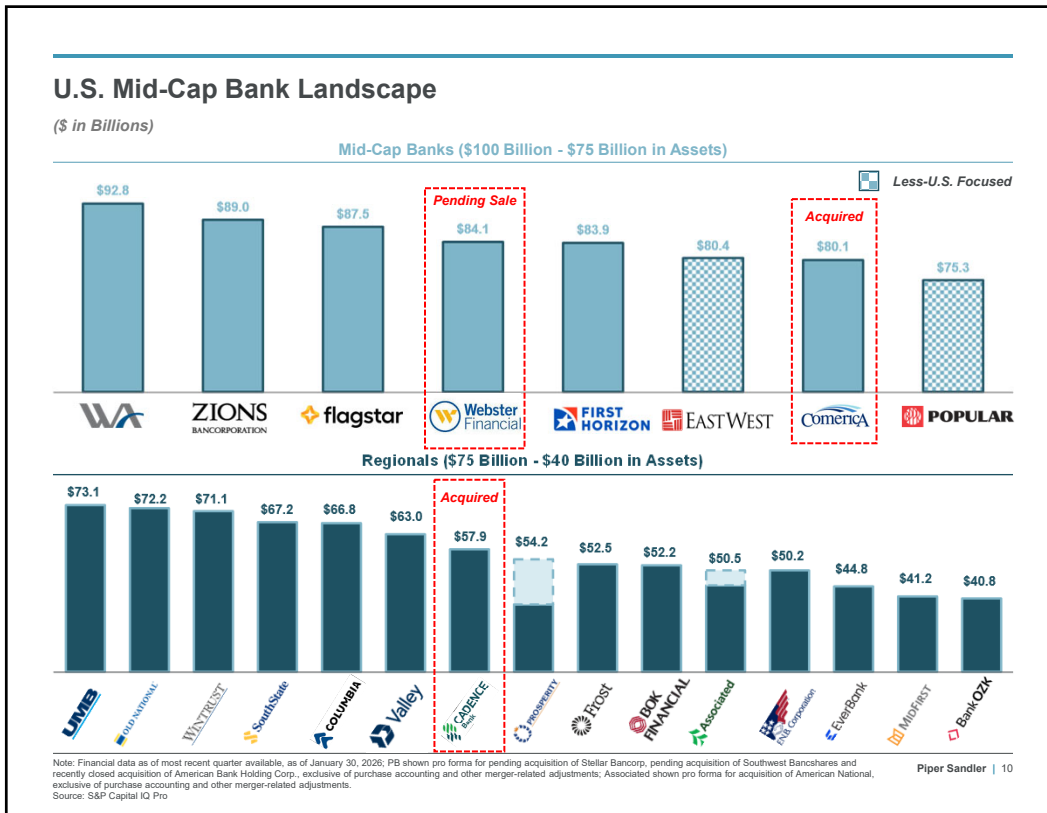
7



8



9

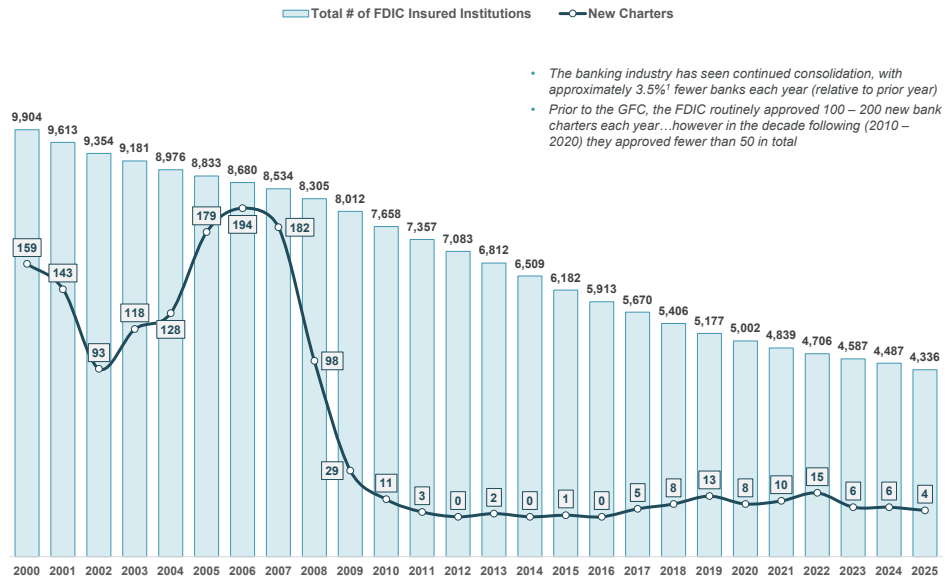


10

## 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%<sup>1)</sup> 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

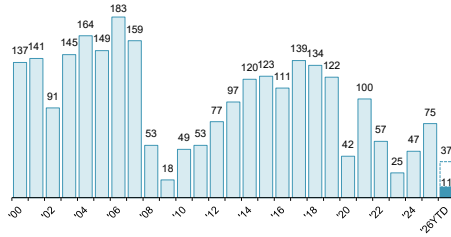
1) Median change in total number of banks from 2001 to 2025  
Source: FDIC

12

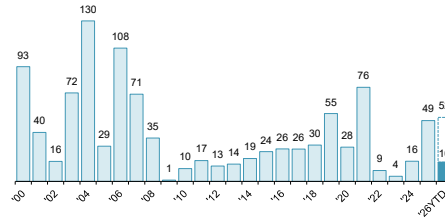
## Long Term Trends in Bank M&A

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

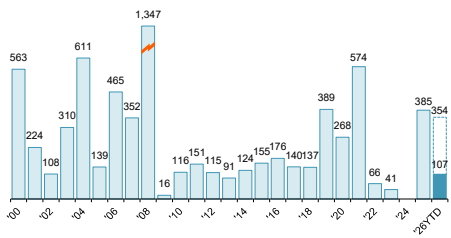
Announced Transaction Deal Count (#)



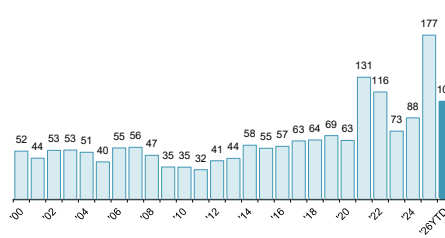
Deal Value (\$B)



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

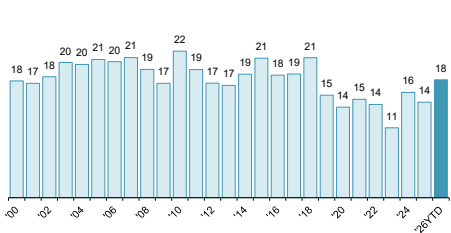
Piper Sandler | 13

13

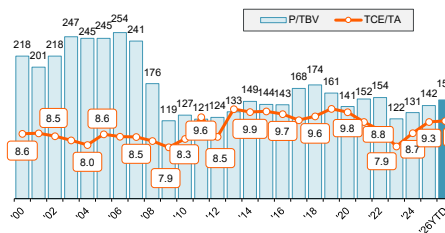
## Long Term Trends in Bank M&A

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

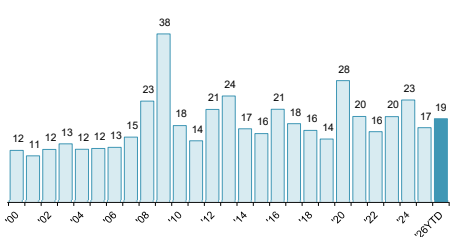
Price / LTM Earnings<sup>1</sup> (x)



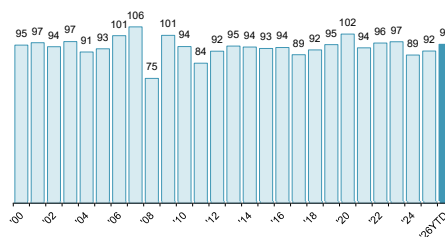
Price / TBV (%) and Target TCE / TA (%)



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

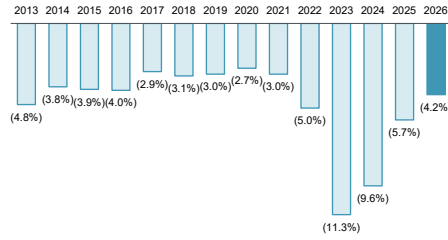
Piper Sandler | 14

14

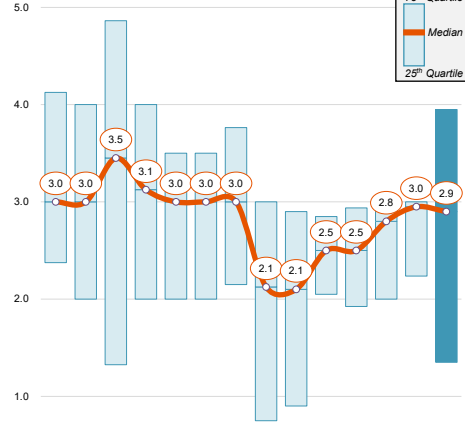
## Long Term Trends in Bank M&A

Transactions with deal value > \$50M<sup>1</sup> & publicly traded acquiror

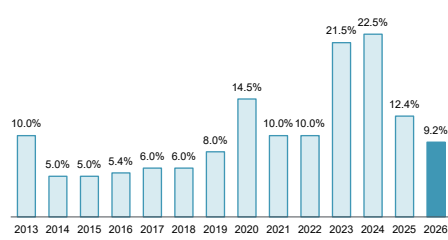
### TBV Impact (%)



### Announced Earnback (Years)



### EPS Accretion - First Full Year (%)



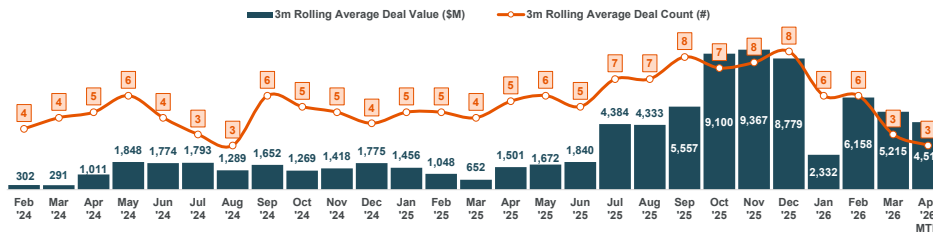
Year	75 <sup>th</sup> Quartile	Median	25 <sup>th</sup> Quartile
2013	139	30	30
2014	132	58	52
2015	103	46	72
2016	132	71	71
2017	170	58	18
2018	135	58	59
2019	106	18	37
2020	199	18	12
2021	248	59	26
2022	138	37	26
2023	145	12	26
2024	253	26	46
2025	244	46	5
2026	106	5	5

<sup>1)</sup> 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

## 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

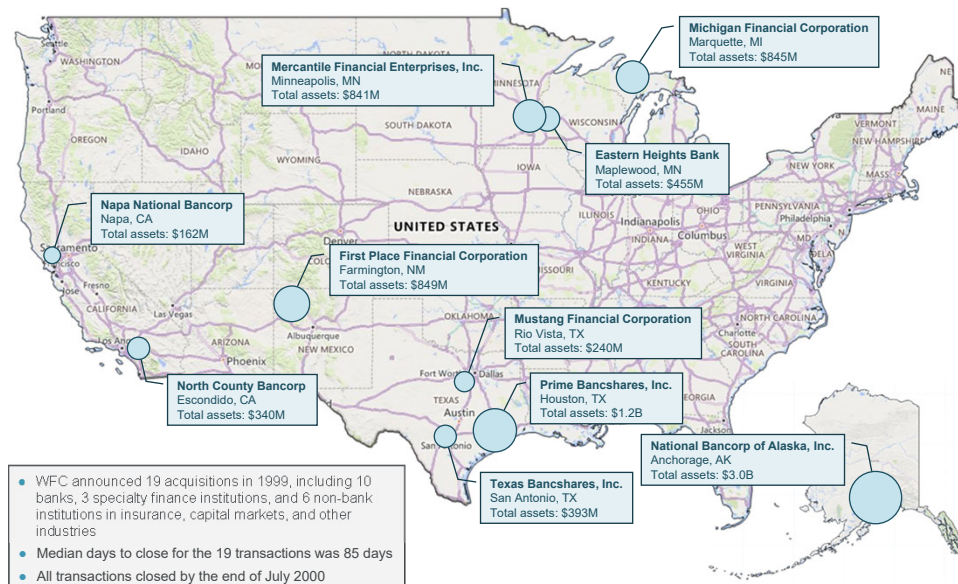
No.	Acquirer	Target	Annnc. Date	Transaction Information					LTM Seller Financial Information			
				Deal Value (\$M)	LTM EPS (\$)	Tang. Book (%)	Deposit Prem. (%)	1-Day Market Prem. (%)	Total Assets (\$M)	TCE/TA (%)	ROAA (%)	NPA/Assets (%)
1	Fidelity BancShares (NC)	Affinity Bancshares, Inc. (GA)	03/30/26	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 EPS value greater than 50.0x or less than 0.0x.  
 Source: S&P Capital IQ Pro

17

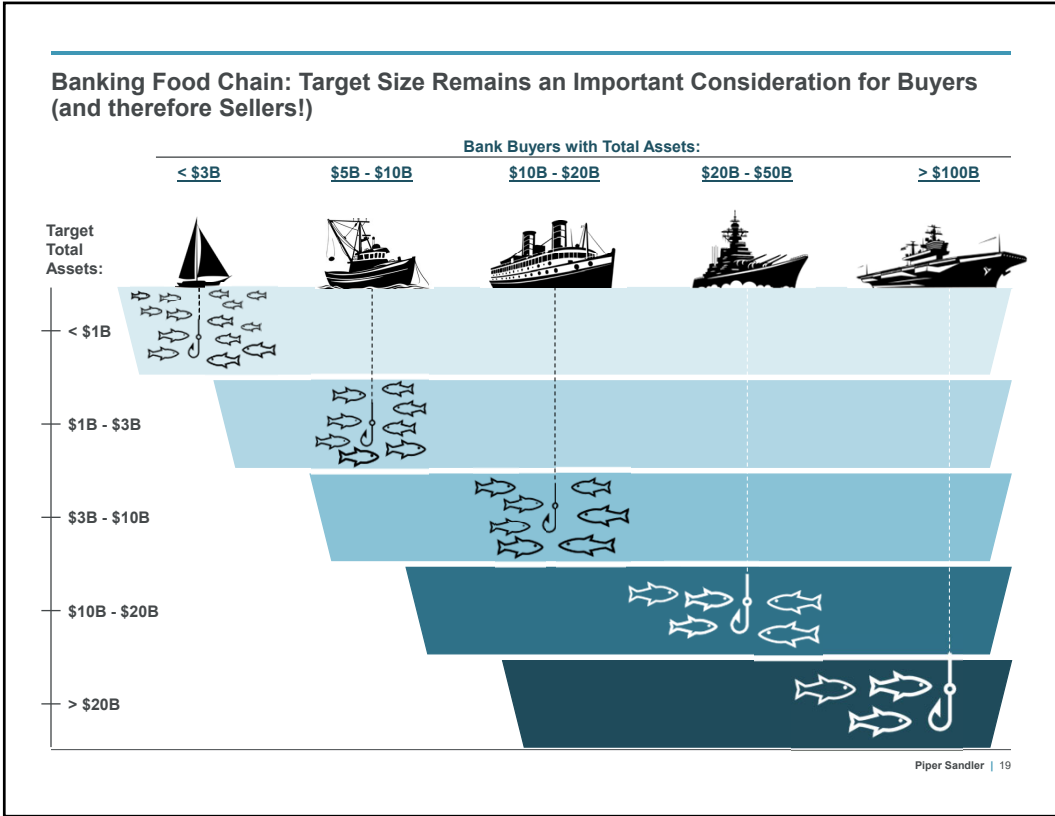
## M&A of the Past – Prolific Acquirors Provided More Options for Sellers

### WELLS FARGO of 1999: 10 Bank Acquisitions



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

18



19

### Realities of M&A Marketplace: Lots of Rifle Shots

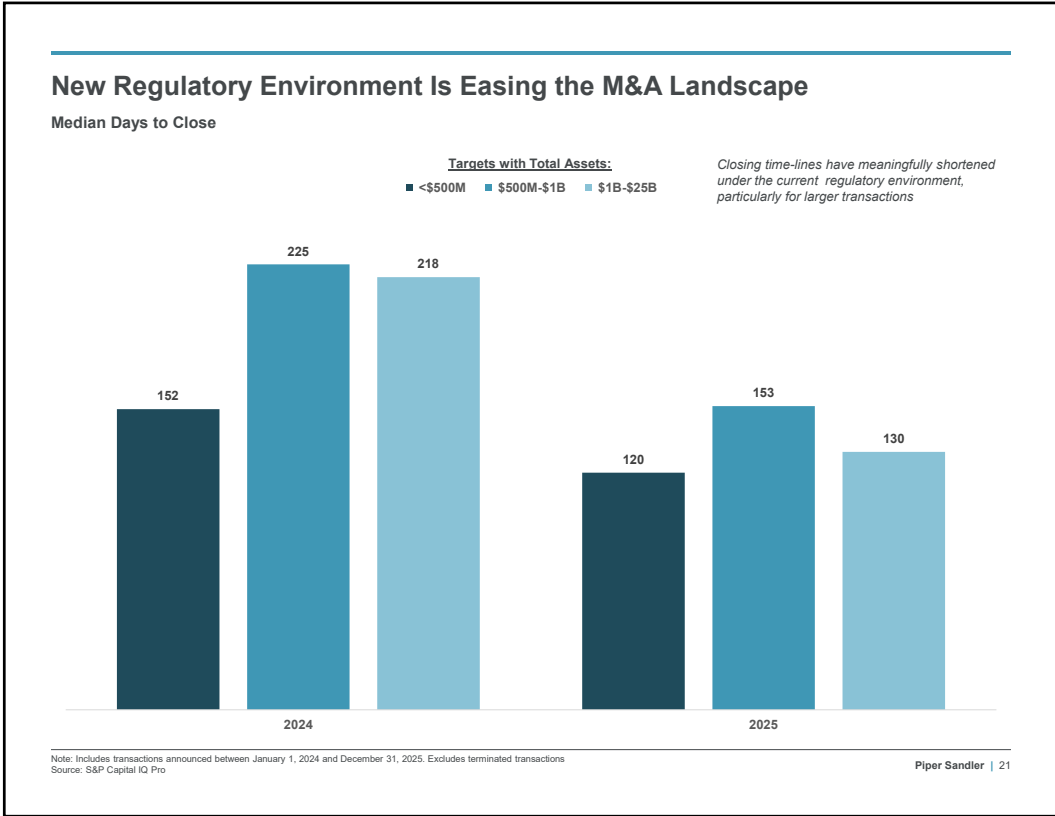
15 Most recent bank M&A deals with deal value >\$50M, an exchange-traded seller and a filed S-4

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)

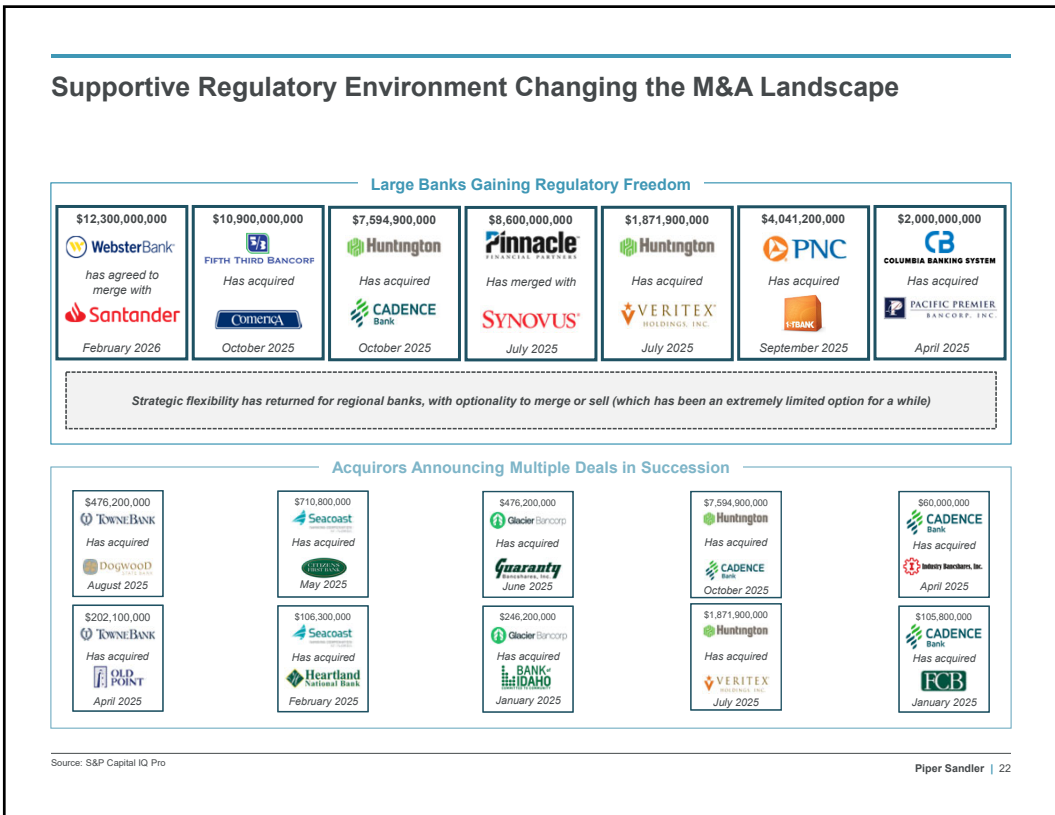
Note: Includes whole-bank M&A transactions with a filed Form S-4 or bidding information available and deal value greater than \$50.0M. Excludes government assisted deals, thrift merger conversions, terminated transactions, and transactions that do not yet have a filed Form S-4. Excludes transactions 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

Piper Sandler | 20

20



21



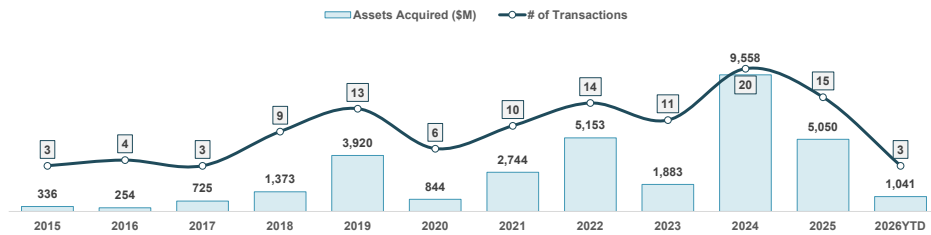
22

## IV. Credit Union Acquisitions of Banks

23

### Credit Union > Bank M&A Surged in 2024

Assets Acquired and # of Transactions – 2015 to 2026YTD<sup>1</sup>



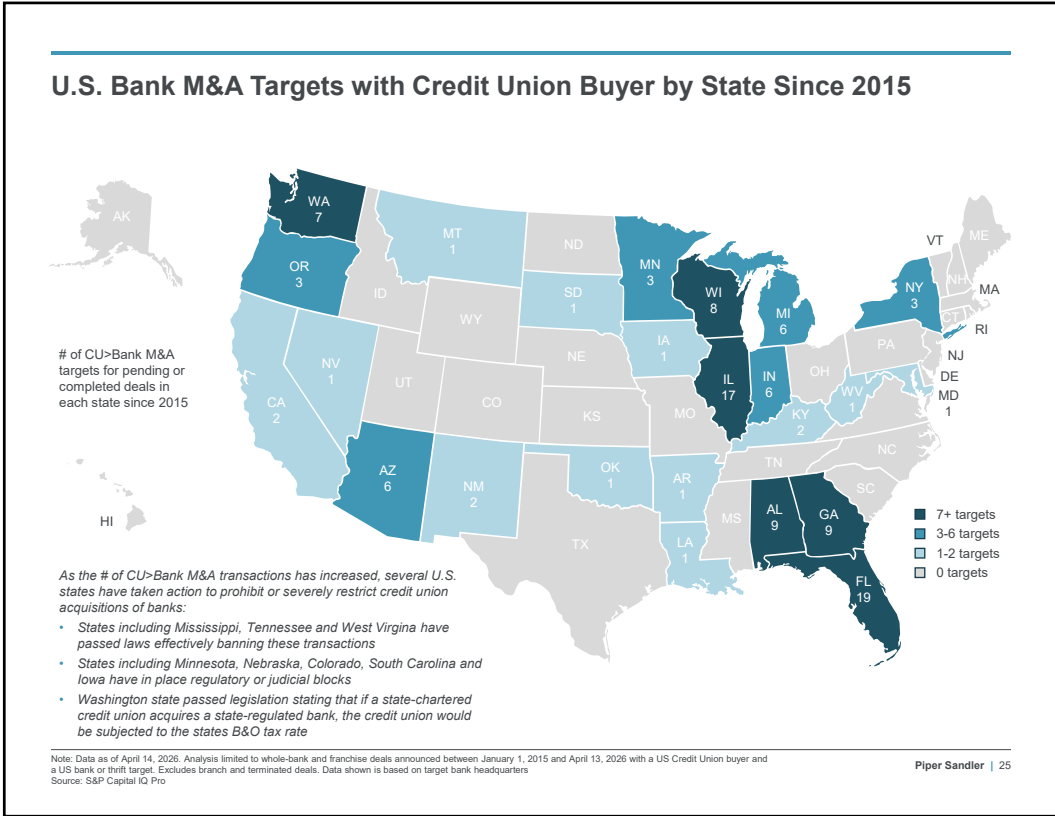
15 Most Recent Credit Union > Bank M&A Transactions with Disclosed Deal Value<sup>2</sup>

No.	Acquirer	Target	Annuc. Date	Target Total Assets (\$M)	Transaction Information				Core Deposit Prem. (%)	1-Day Market Perm. (%)
					Deal Value (\$M)	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)	Catalist 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	-	

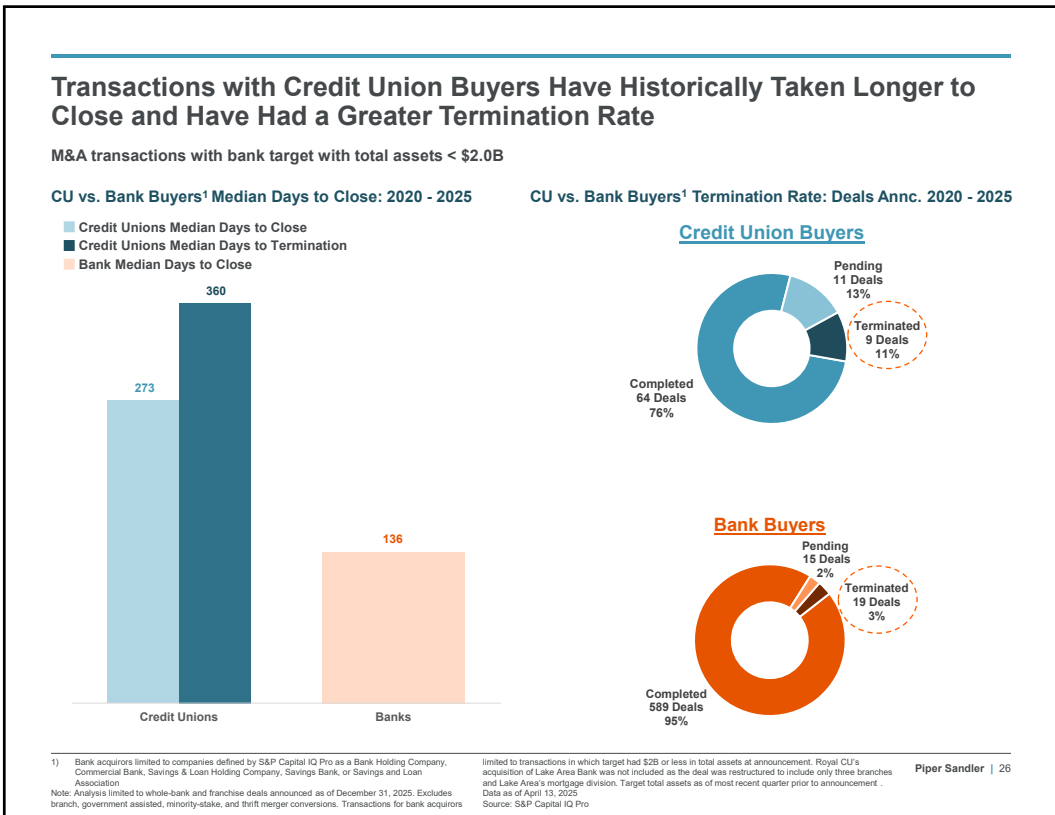
1) Includes transaction announced from January 1, 2015 to April 13, 2026. Excludes terminated transactions and includes transactions without disclosed deal value  
 2) Includes the 15 most recent credit union acquisitions of banks with disclosed deal value. Excludes terminated transactions and transactions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

Piper Sandler | 24

24



25



26

## Piper Sandler Disclosures

---

### Research Independence

- Our research analysts are independent from our investment bankers and develop their opinions based on the results and merits of a covered company
- 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

### General

- Piper Sandler Companies (NYSE: PIPR) is a leading investment bank driven to help clients Realize the Power of Partnership®
- Securities brokerage and investment banking services are offered in the U.S. through Piper Sandler & Co., member SIPC and NYSE; in the U.K. through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; in the EU through Aviditi Capital Advisors Europe GmbH, a tied agent of AHP Capital Management GmbH, authorized and regulated by BaFin; and in Hong Kong through Piper Sandler Hong Kong Ltd., authorized and regulated by the Securities and Futures Commission
- Alternative asset management and fixed income advisory services are offered through separately registered advisory affiliates
- ©2025. Since 1895. Piper Sandler Companies. 800 Nicollet Mall, Minneapolis, Minnesota 55402-7036

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



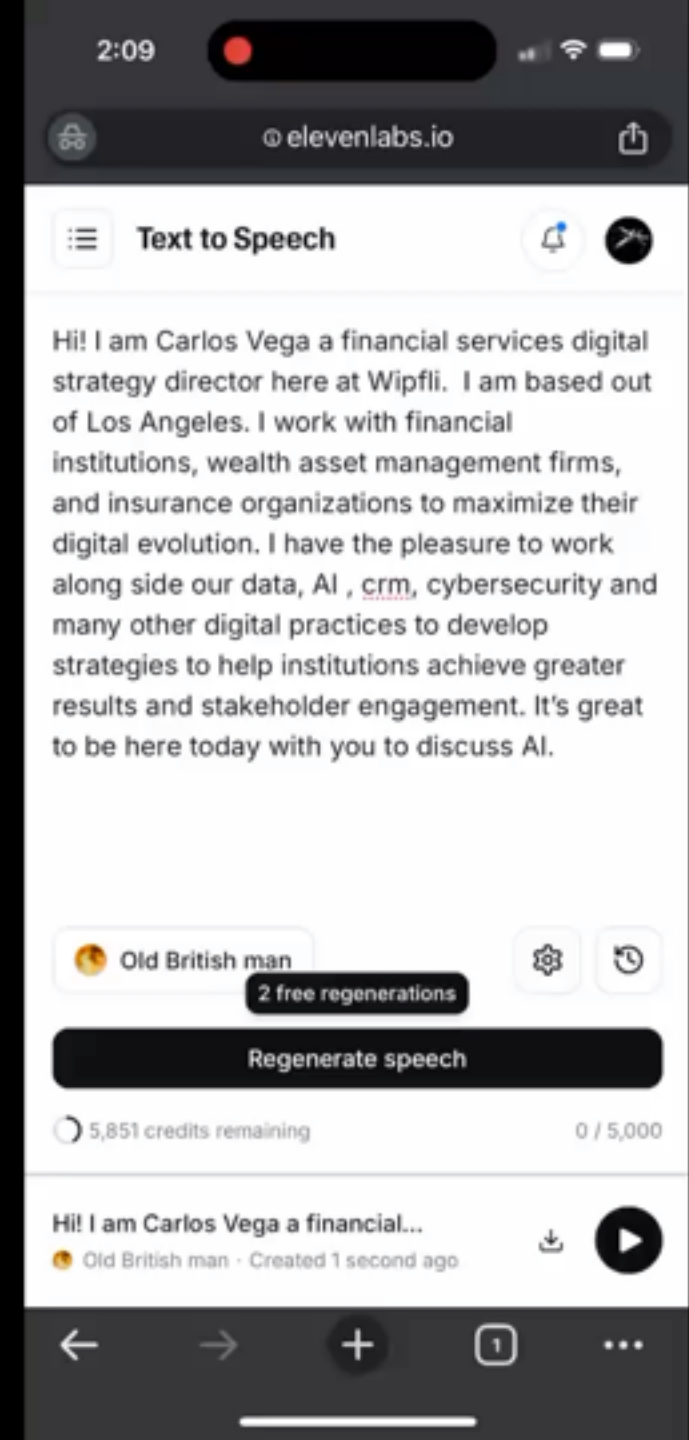
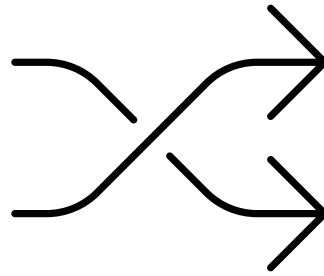
**Carlos Vega**

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

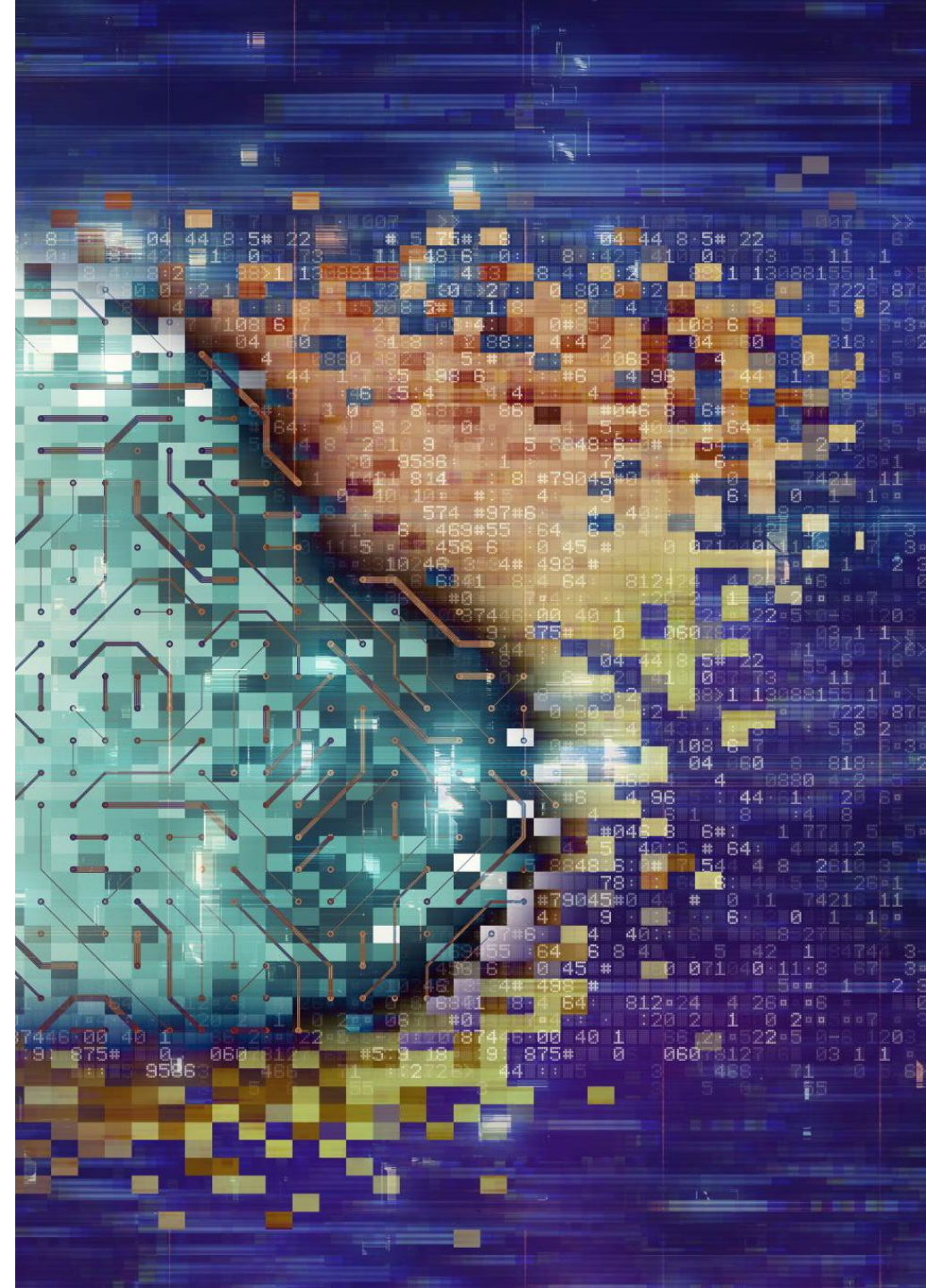
A single-shot AI approach where you ask one prompt and receive an answer to generate text, images, video, audio, or code.

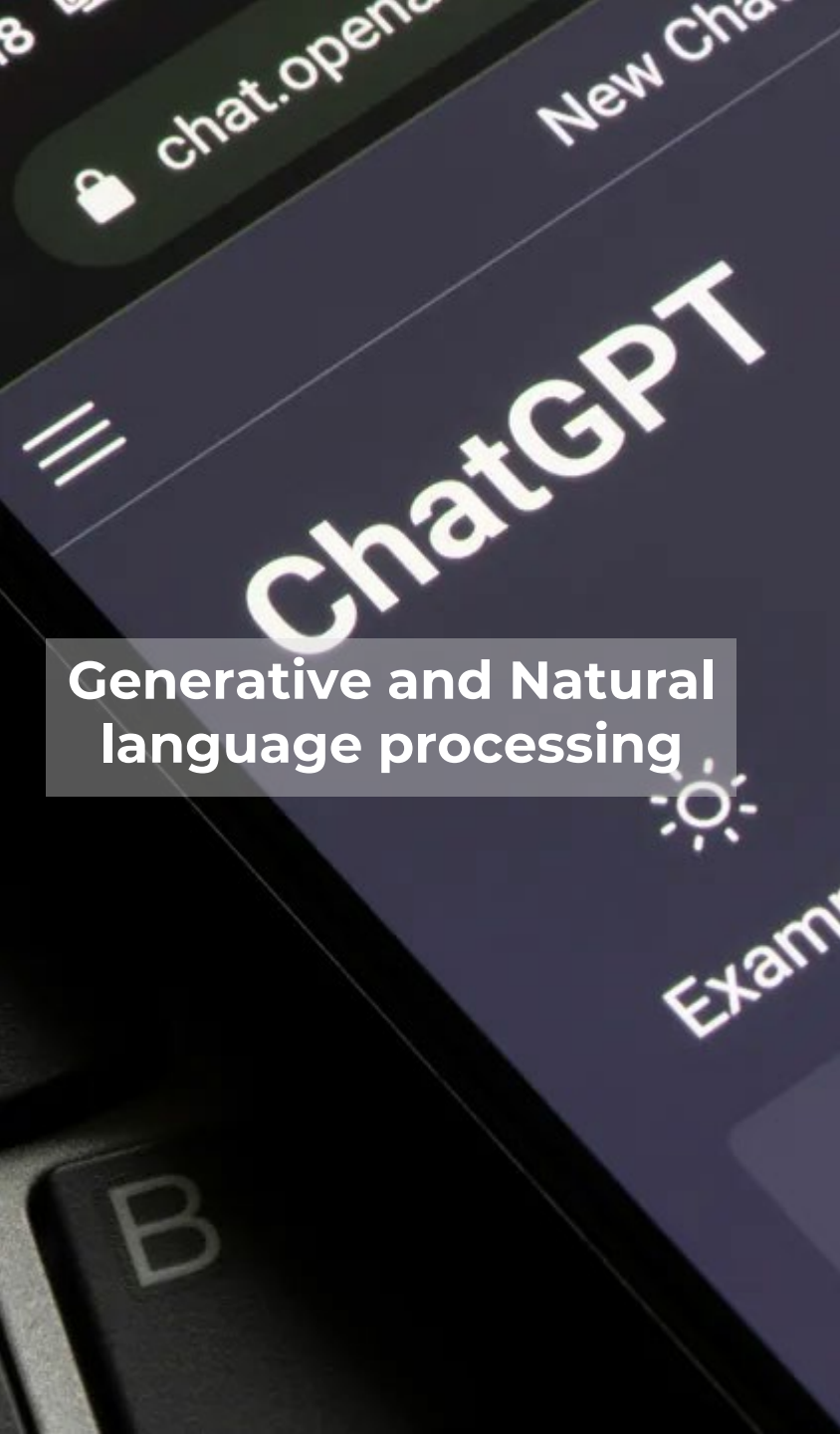
## AI Agents

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.

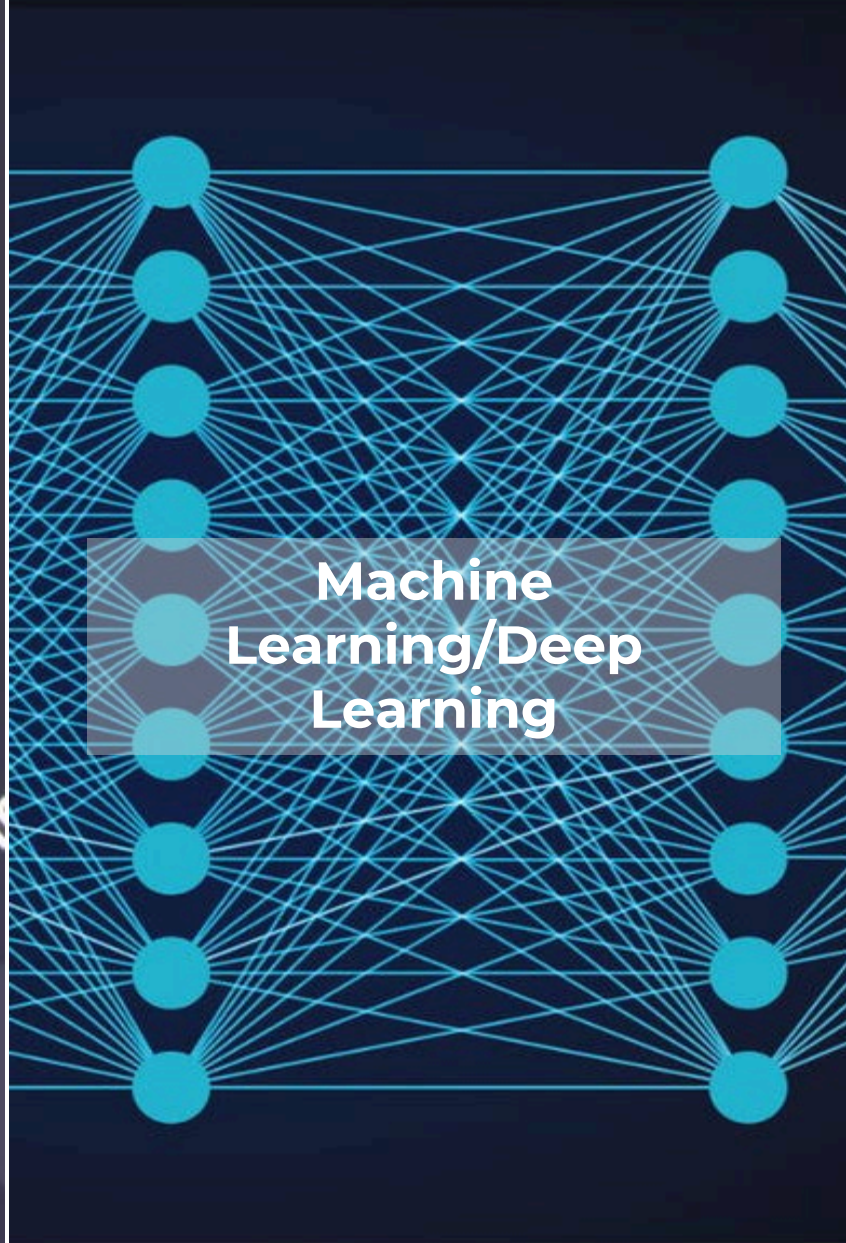
## Agentic AI

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

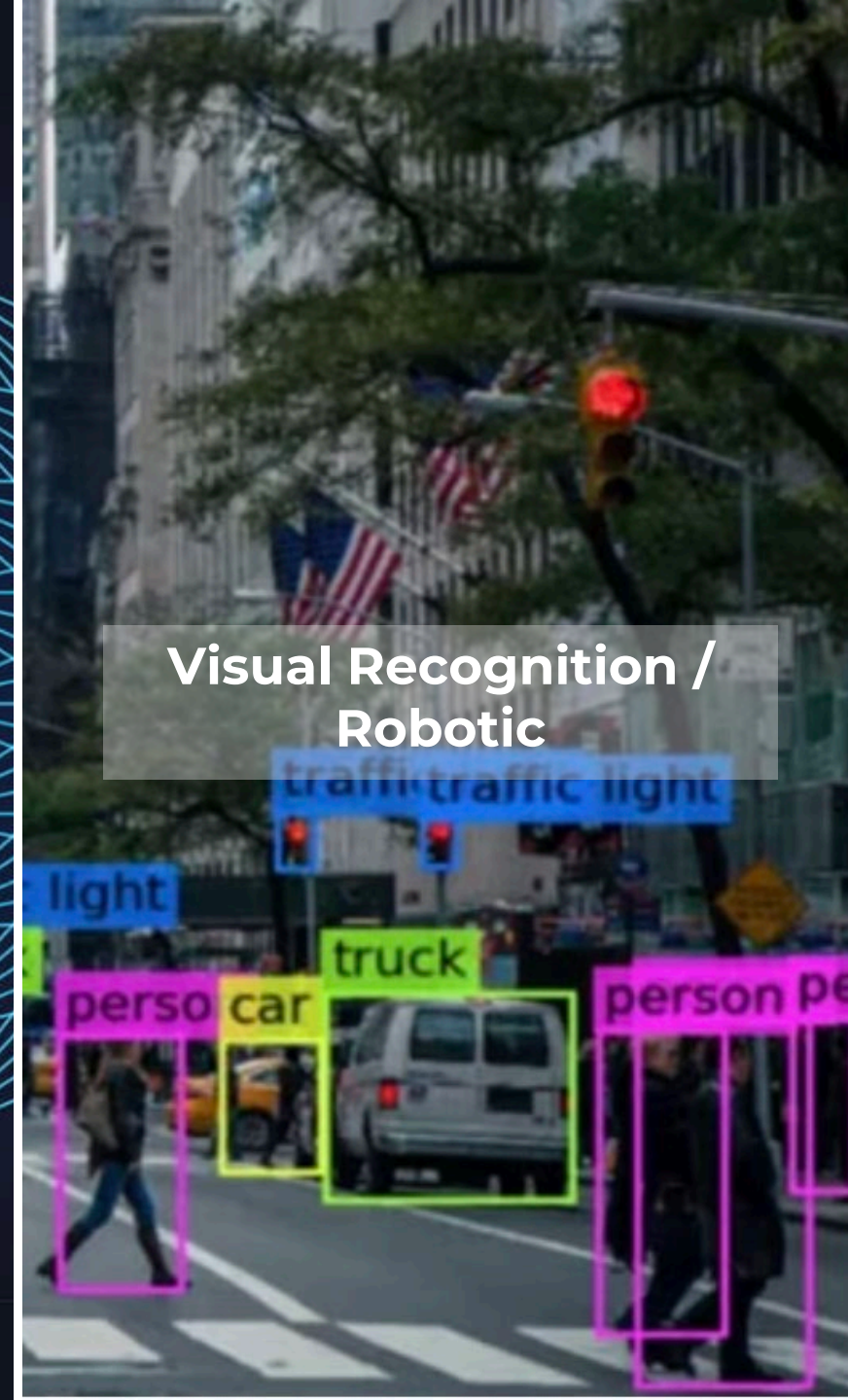




Generative and Natural language processing



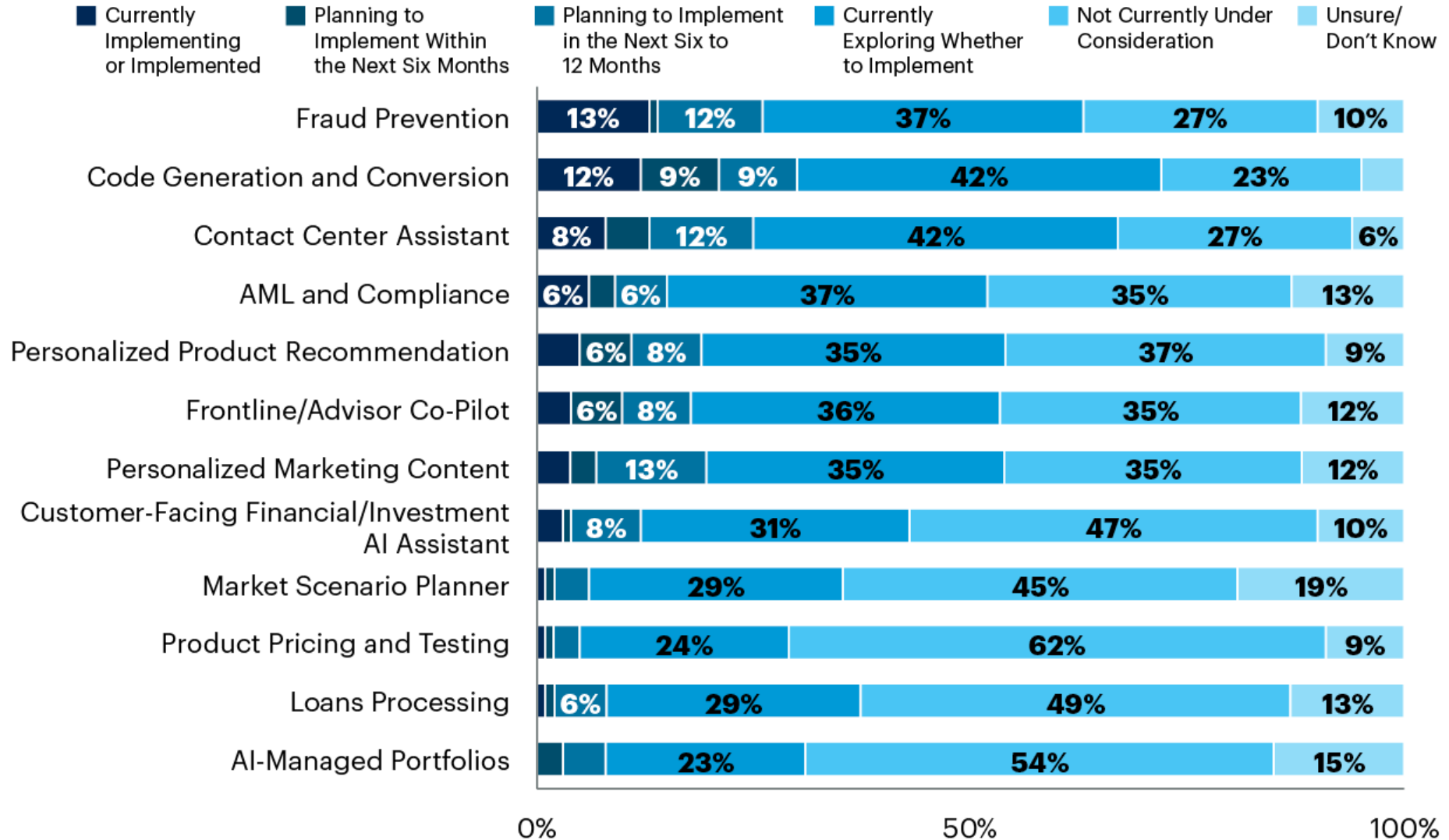
Machine Learning/Deep Learning



Visual Recognition / Robotic

# GenAI Use Cases in Banking and Investment Services

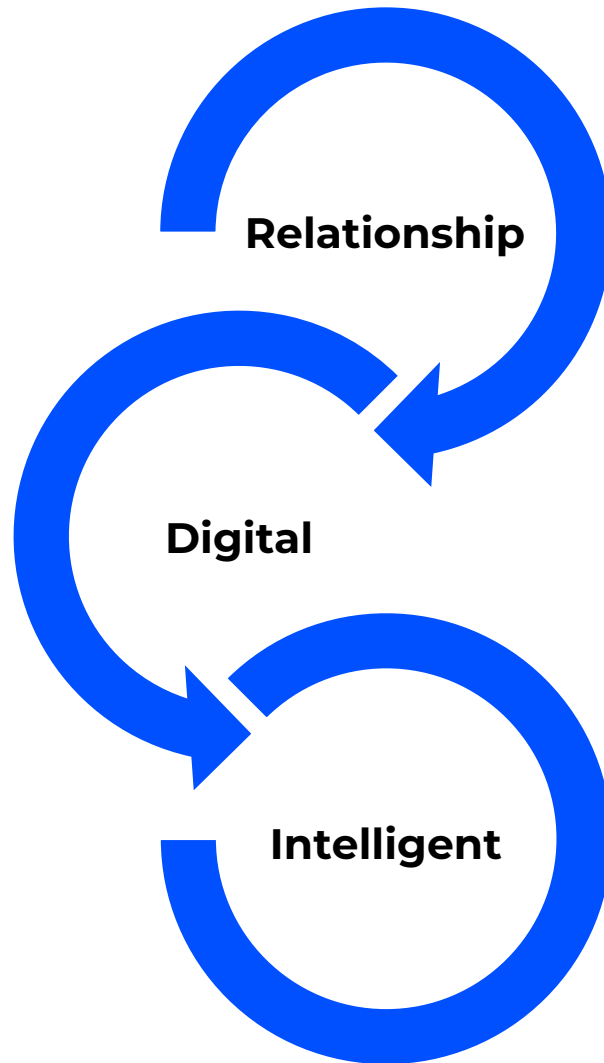
## Percentage of Senior Banking Executives



## 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?



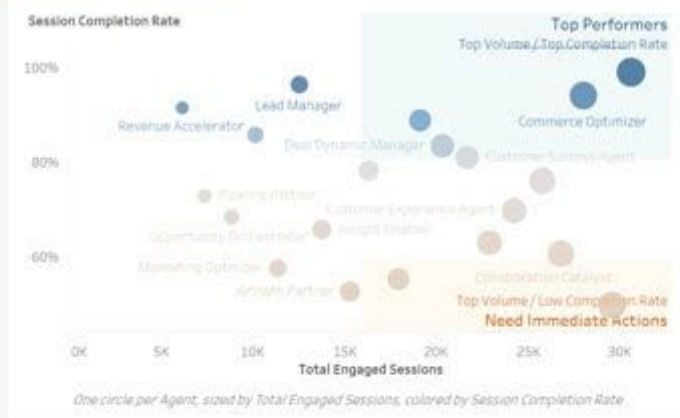
Operational Efficiency by Agent



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\*<sup>+</sup>, 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

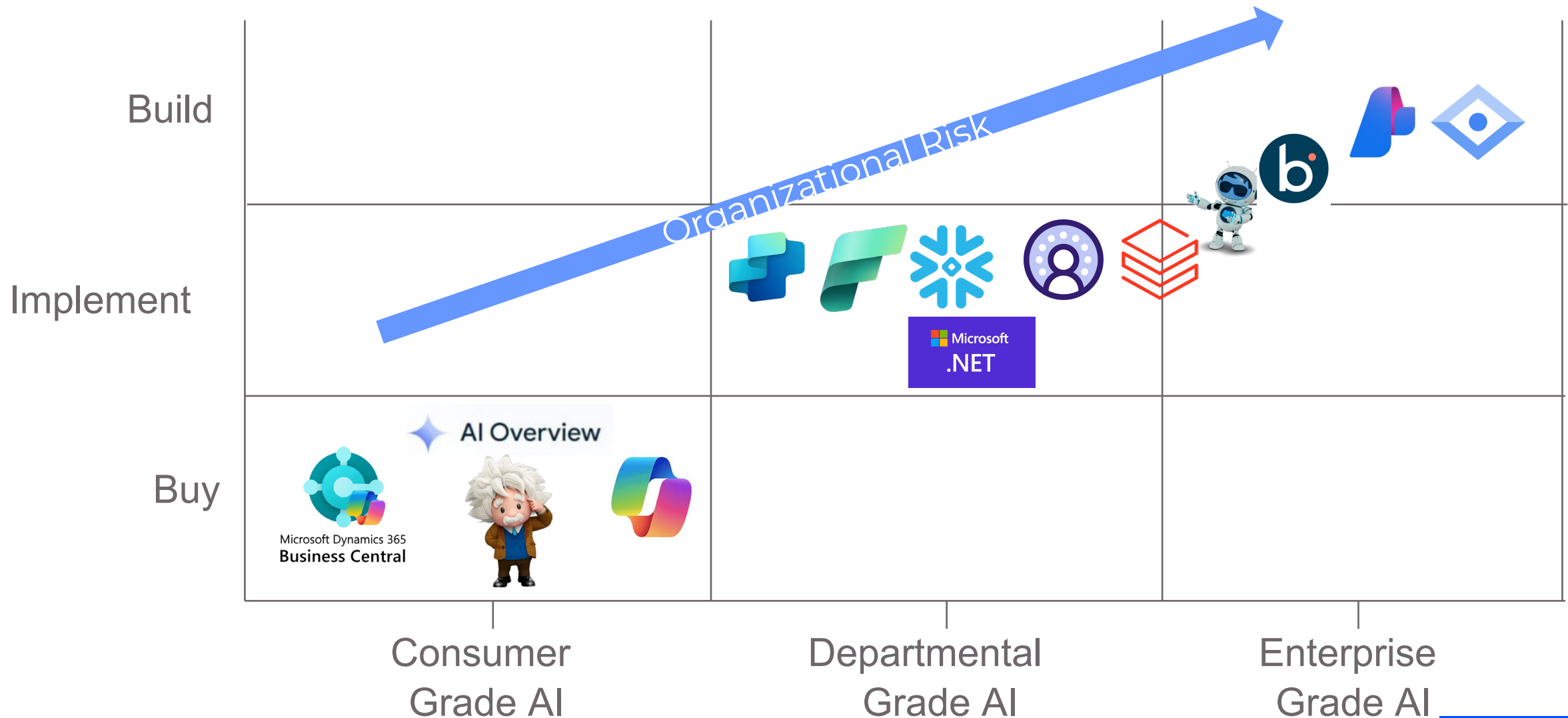
- Enterprise Grade ("Best")

- ▶ 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 question (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

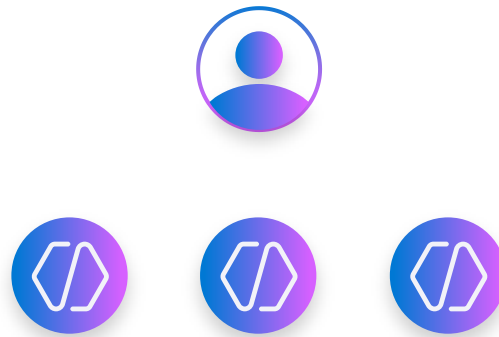
### Human with assistant



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

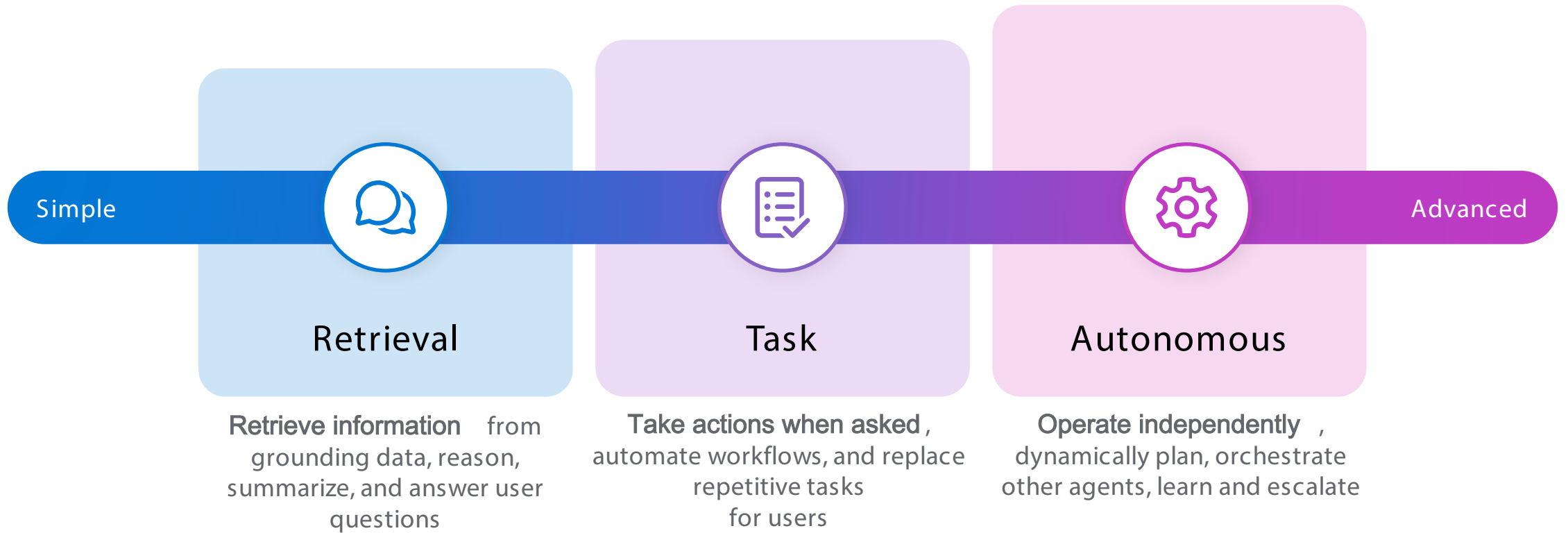
## Pattern 3

### 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.

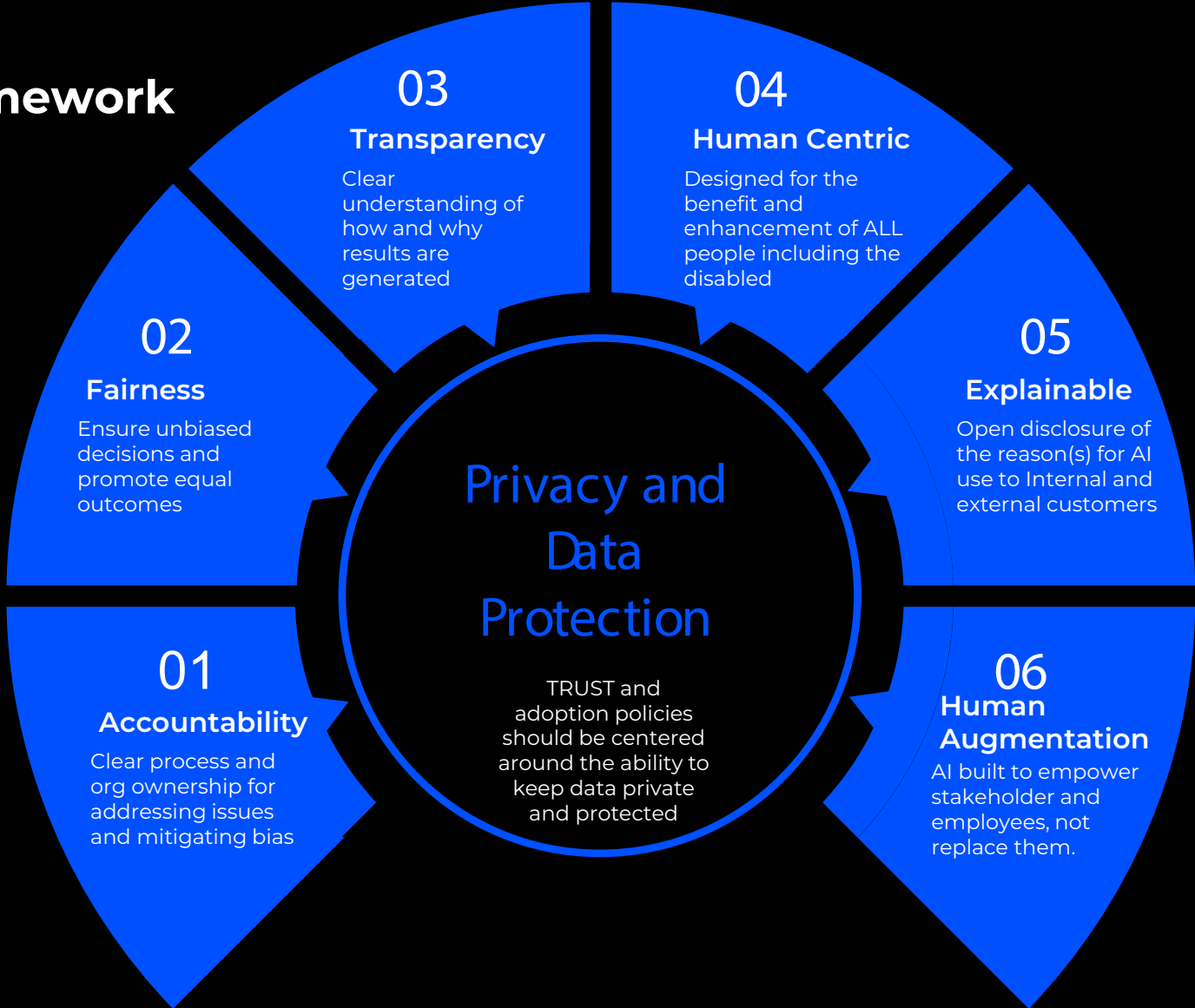




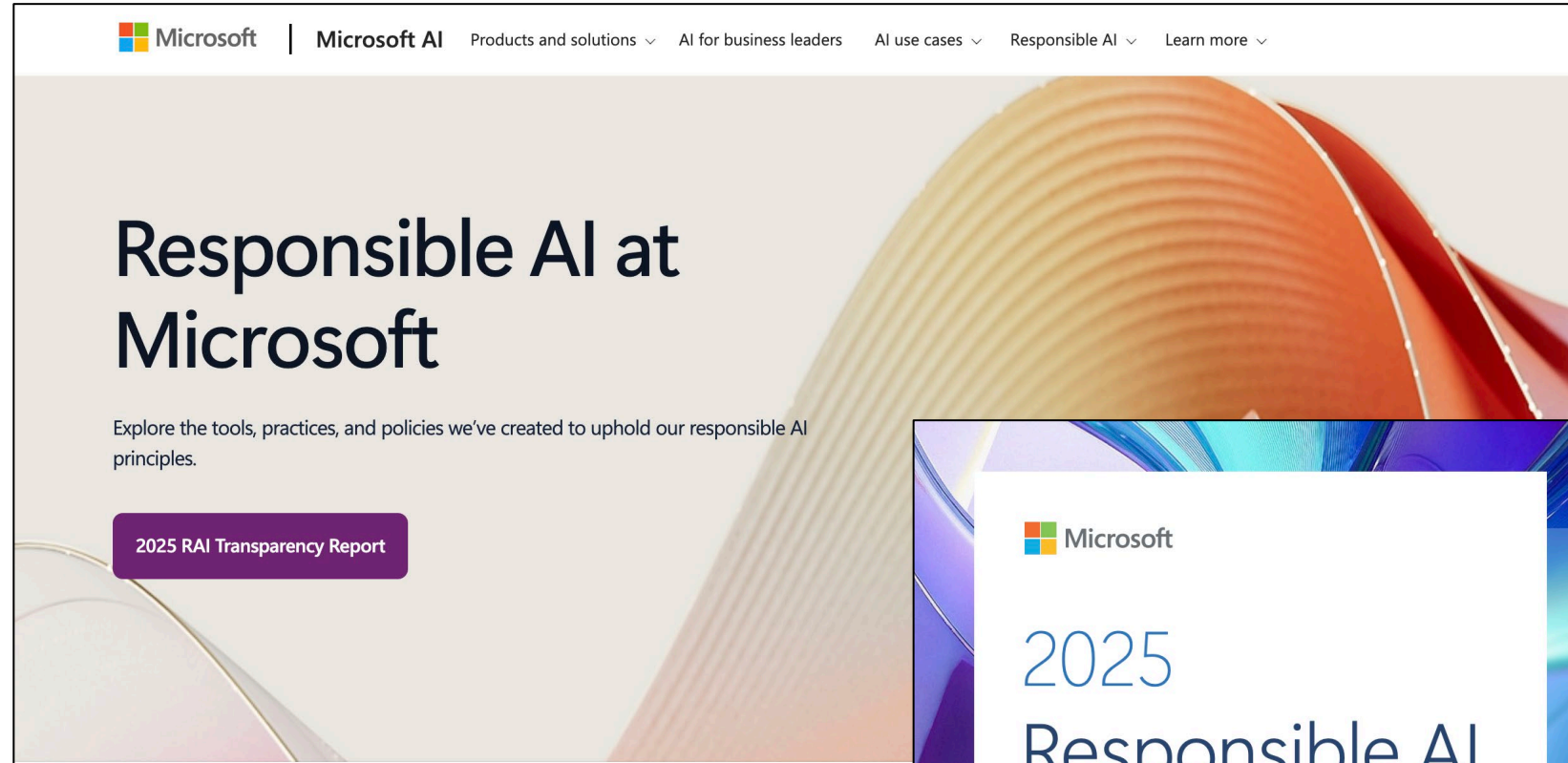
## AI Risk Considerations (cont.)

- **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?*

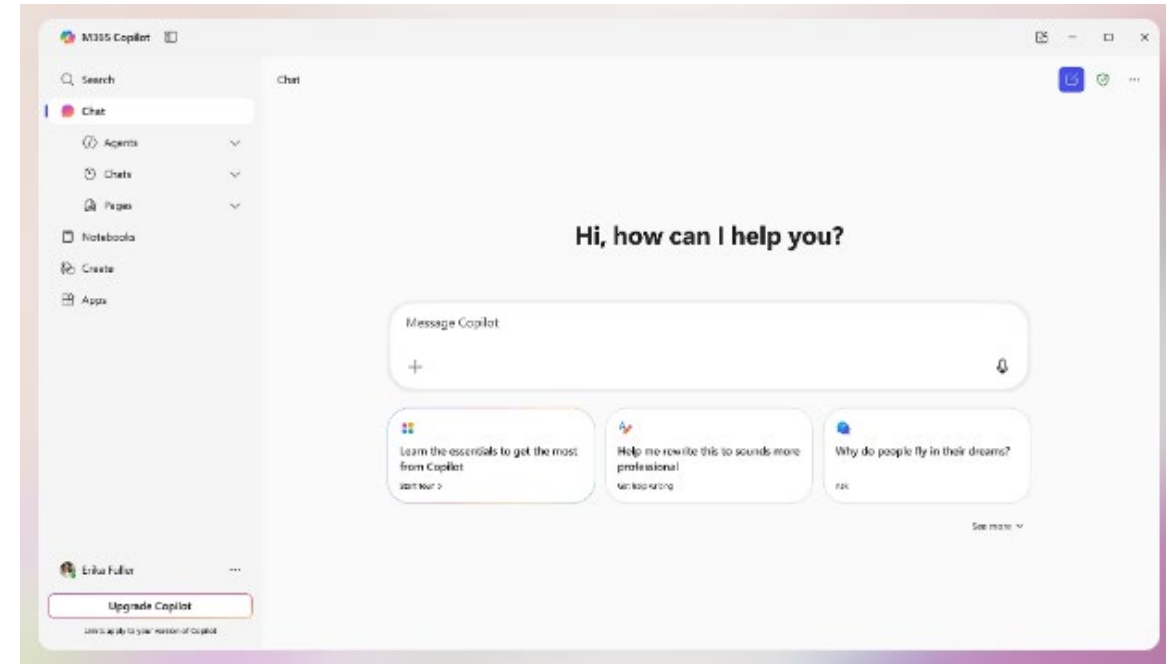
### Example:

**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

**Carlos Vega**

Director

Carlos.Vega@wipfli.com

949 594 2486

**wipfli.com**

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

**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/CFE, 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



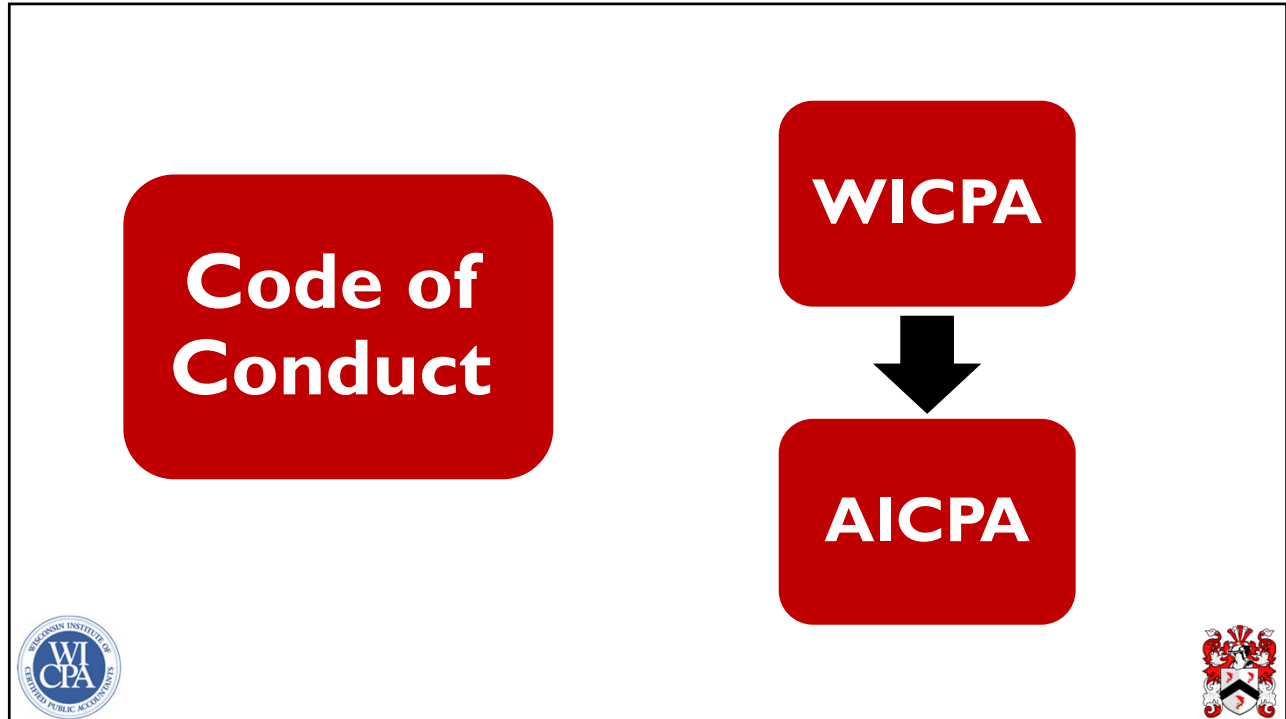
5

# 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.



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

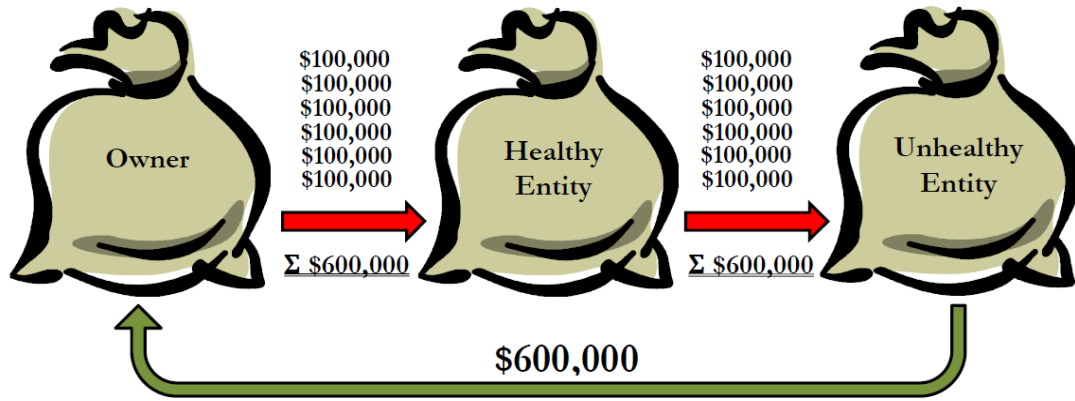
Date	Transaction Description	Bank Account			
		-1234 Business Owner	-5555 Business Owner	-6783 Healthy Entity	-9989 Unhealthy Entity
<b>Transfer #1</b>					
09-May-24	Check: Business Owner to Healthy Entity	\$ (100,000)	\$ -	\$ 100,000	\$ -
10-May-24	Transfer: Healthy Entity to Unhealthy Entity	-	-	(100,000)	100,000
11-May-24	Transfer: Unhealthy Entity to Business Owner	-	100,000	-	(100,000)
<b>Transfer #2</b>					
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)
<b>Transfer #3</b>					
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)
<b>Transfer #4</b>					
18-May-24	Check: Business Owner to Healthy Entity	\$ -	\$ (100,000)	\$ 100,000 <sup>(1)</sup>	\$ -
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)
<b>Transfer #5</b>					
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)
<b>Transfer #6</b>					
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



22

### 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!”



25

More Tales  
From the  
Front:

Current  
Cases



26

## 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”



27

## Questions?

Follow Us On  
**LinkedIn**

 @SARGENTForensics



Follow us on  
**facebook**  
Follow us on  
**Instagram**

**The Sargent Consulting Group, LLC**  
[www.SargentConsultingGroup.com](http://www.SargentConsultingGroup.com)

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

28

# 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



29

# Question 2

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

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



30

## 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



31

## 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



32

# Question 5

Have you ever advised a client to commit tax fraud?

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

