

webinar to begin shortly

elliott davis

Financial Services Group

Quarterly Accounting and Reporting Update



June 25, 2026




2-3 ET | 1-2 CT



elliott davis

Financial Services Group

Quarterly Accounting and Reporting Update

 June 25, 2026

 2-3 ET | 1-2 CT

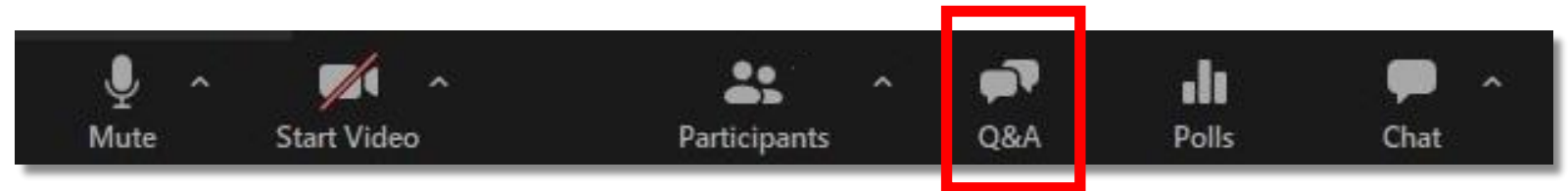
before we begin

This material is being used by Elliott Davis during an oral presentation; it is not a complete record of the discussion. This presentation is for informational purposes and does not contain or convey specific advice. It should not be used or relied upon in regard to any particular situation or circumstances without first consulting the appropriate advisor. No part of the presentation may be circulated, quoted, or reproduced for distribution without prior written approval from Elliott Davis.



questions:

Submit questions via the Q&A box
Questions will be addressed at the end, or via email



cpe requirements:



Stay on for the
duration of the
webinar



Respond to all 4 polling
questions

*For technical difficulties with
polling, please notify us via the
Q&A box in Zoom*



Complete and submit
the survey following
the webinar

today's speakers

Host

Presenters



Mark Scriven

Shareholder

Mark.Scriven@elliottdavis.com



Lauren Nilan

Principal

Lauren.Nilan@elliottdavis.com



Blake Patterson

Senior Manager

Blake.Patterson@elliottdavis.com



Nick Goode

Manager

Nick.Goode@elliottdavis.com



Maurice Walker

Manager

Maurice.Walker@elliottdavis.com



agenda:

1

CBLR, SEMIANNUAL REPORTING, AND SEC FILING STATUS UPDATES
Understand key accounting and financial reporting hot topics impacting financial institutions, including the SEC's proposed transition from quarterly to semiannual Form 10-Q reporting.

2

TRENDS IN CREDIT RISK MONITORING
Develop insight into evolving credit risk monitoring trends, identify emerging risks facing financial institutions, and apply practical considerations for evaluating those risks within your institution.

3

ASSET LIABILITY MANAGEMENT UPDATES
Assess developments in interest rate and liquidity risk management by evaluating key balance sheet and market drivers, analyzing ALM strategies, and applying regulatory guidance to enhance governance and oversight in changing economic environments.

CBLR, Semiannual Reporting, and SEC Filing Status Updates

Lauren Nilan
Principal
Lauren.Nilan@elliottdavis.com

Blake Patterson
Senior Manager
Blake.Patterson@elliottdavis.com



polling question #1

CBLR framework changes

- **Lowers minimum CBLR from 9% to 8%**
- **Extends the grace period from 2 to 4 consecutive quarters** if leverage ratio stays above 7%.
- **Cap grace-period use** at 8 quarters per rolling 5-year period.
- **Other qualifying criteria unchanged:** <\$10B assets, off-balance-sheet \leq 25%, trading \leq 5%.
- **Timing:** joint FDIC/OCC/Fed rule issued April 23, 2026; effective July 1, 2026.



impact on community banks



Broader eligibility: roughly 475 additional community banking organizations become eligible to opt into the simplified CBLR framework.



Capital cushion: larger buffer above the 8% floor reduces the risk of falling out of compliance during normal capital fluctuations.



Compliance relief: opt-in banks skip complex Basel III risk-based capital calculations, cutting reporting and audit effort.



Lending capacity: freed balance sheet room can support more credit to small businesses, farmers, and local households.



Strategic flexibility: longer 4-quarter grace period supports M&A activity, dividend planning, and balance sheet growth without forced reversion to risk-based rules.



Adoption outlook: roughly 40–48% of qualifying banks currently use CBLR; recalibration is expected to lift participation post-July 1, 2026.

CBLR changes comparison

Criteria / Thresholds	Old Rule	Updated Rule
ELIGIBILITY CRITERIA (UNCHANGED)		
Total Consolidated Assets	Less than \$10 billion	
Off-Balance-Sheet Exposures	25% or less of total assets	
Trading Assets/Liabilities	5% or less of total assets	
THRESHOLDS		
Minimum Leverage Ratio	Greater than 9%	Greater than 8%
Grace Period Length	2 consecutive quarters	4 consecutive quarters, capped at 8 quarters of any rolling 5 year period
Grace Period Floor	Leverage ratio greater than 8%	Leverage ratio greater than 7%

SEC semiannual reporting proposal: overview

THE PROPOSAL

On May 5, 2026, the SEC proposed allowing public companies file a new Form 10-S semiannually in lieu of three Form 10-Q quarterly reports (File No. S7-2026-15).

OPTIONAL, NOT MANDATORY

Quarterly remains the default; companies elect annually via a check box on Form 10-K, with no mid-year switches.

FORM 10-S CONTENTS

Same disclosures as Form 10-Q for a six-month period, auditor reviewed, Inline XBRL tagged; due 40 or 45 days after the first half closes.

WHAT DOES NOT CHANGE

Form 8-K, Regulation FD, CEO/CFO certifications, and ICFR disclosures all remain; voluntary quarterly earnings releases are still permitted.

SCOPE

Any domestic registrant filing Form 10-Q is eligible regardless of filer size

COMMENT PERIOD

SEC comments are due July 6, 2026; final adoption timing and effective dates are not yet set.

impact on community banks

POTENTIAL COST SAVINGS:

Form 10-S election cuts audit review, XBRL, and disclosure-control work on two of three interim filings.

INVESTOR AND ANALYST EXPECTATIONS:

Markets may still expect quarterly visibility; reduced cadence can hit coverage and liquidity.

INFORMATION ASYMMETRY RISK:

If peers stay quarterly, the election itself signals to investors and rating agencies.

INSIDER LIQUIDITY AND TRADING WINDOWS:

Longer blackouts and fewer trading windows as MNPI accumulates over six months.

CALL REPORT OBLIGATIONS UNCHANGED:

Quarterly Call Reports (FFIEC 031/041/051) continue; outside the SEC proposal.

what community banks should be thinking about



STAKEHOLDER READINESS

Survey investor, analyst, and audit committee expectations before electing; gauge whether peer banks are likely to stay on Form 10-Q.



DEBT COVENANTS AND CONTRACTS

Review credit agreements, subordinated debt, and correspondent relationships for covenants tied to quarterly financial statements or 10-Q filings.



DISCLOSURE CONTROLS AND ICFR

Re-tune disclosure controls, internal audit cadence, and CECL governance for a six-month interim cycle, and plan how 8-K reporting fills the gap.



INSIDER TRADING POLICY

Revisit blackout windows, 10b5-1 plan templates, and Section 16 practices given longer accumulation of material non-public information.



EARNINGS COMMUNICATIONS

Decide whether to keep voluntary quarterly earnings releases and calls via Form 8-K to preserve dialogue with investors and analysts.



ENGAGE IN THE RULEMAKING

Submit comments on File No. S7-2026-15 by July 6, 2026; monitor SEC and banking regulator guidance before committing to an election.

potential filing methods under the SEC semiannual proposal

Path	Interim filing approach	Disclosure between annual reports	Key trade-off
A. Status quo	Continue filing three Form 10-Qs per year; no election made on Form 10-K	Full quarterly GAAP financials, MD&A, reviewed by auditor, Inline XBRL	Maximum comparability and analyst support; highest ongoing reporting cost
B. Semiannual + full quarterly 8-K	Elect Form 10-S; furnish a voluntary 8-K each quarter	10-Q-equivalent financials, MD&A, and KPIs furnished without auditor review or XBRL	Preserves transparency for investors; modest cost savings; less liability protection than a filed 10-Q
C. Semiannual + summarized 8-K	Elect Form 10-S; furnish a quarterly 8-K with abbreviated information	Condensed financials, top-line metrics, brief MD&A commentary	Moderate cost savings; selectivity raises Reg FD, Reg G, and litigation considerations
D. Semiannual + operational metrics 8-K	Elect Form 10-S; furnish a quarterly 8-K with operational data only	Loans, deposits, credit quality, NIM, and capital trends; no full GAAP statements	Lower disclosure burden; limited GAAP visibility may compress analyst coverage
E. Semiannual + event-only 8-K	Elect Form 10-S; 8-K only when a mandatory triggering event occurs	Only Form 8-K Items required by SEC rules between 10-S filings	Maximum cost savings; longest information gaps; highest signaling and rating risk
F. Annual reevaluation (hybrid)	Reassess each year via Form 10-K check box; switch cadence as conditions change	Varies with election; mid-year switches are not permitted	Maximum flexibility; investors may view frequent changes as a governance signal

SEC filer status threshold proposal: overview

THE PROPOSAL

May 19, 2026 SEC proposal collapses five filer categories into two – LAF and NAF (File No. S7-2026-18).

HIGHER LAF THRESHOLD

Public float cutoff rises from \$700M to \$2B; 10-day Q2 average, two consecutive years.

NAF ACCOMMODATIONS

SRC/EGC scaling: no ICFR attestation, two years of financials, scaled exec comp, no say-on-pay or pay-versus-performance.

SMALL NAF SUBCATEGORY

\$35M total assets for two years gets +30 days on 10-K, +5 days on 10-Q.

IPO ON-RAMP

New public companies enter as NAFs; 60 months of reporting required before LAF.

ESTIMATED IMPACT

~81% of domestic registrants would be NAFs (vs. ~52% today); comments due July 20, 2026.

impact on banks



MOST BANK HOLDING COMPANIES BECOME NAFS

Community and most regional BHCs sit below the \$2B float bar; AF and SRC labels collapse into NAF.



ICFR AUDITOR ATTESTATION RELIEF

No SOX 404(b) ICFR audit; management still assesses, but external audit cost and scope drop.



SCALED DISCLOSURE SAVINGS

Two years of audited financials, scaled exec comp, no pay-versus-performance, no say-on-pay.



BANK REGULATORY REQUIREMENTS UNCHANGED

FDIC Part 363, Call Report, and bank ICFR obligations remain.



EASIER SHELF ACCESS

Companion Registered Offering Reform extends S-3 shelf and WKSI-style access regardless of float.



INVESTOR PERCEPTION RISK

Dropping ICFR attestation or full exec comp tables may concern institutional investors and proxy advisors.

what banks should be thinking about

RECALCULATE	Recalculate filer status: model your public float under the new 10-day Q2 average over two years to confirm LAF vs NAF status and identify the filing deadlines that would apply.
DECIDE	Disclosure strategy: decide which scaled accommodations to actually use; voluntarily retaining LAF-level disclosures may better serve investors even when not required.
DISCUSS	ICFR and audit planning: discuss SOX 404(b) audit scope with auditors; FDIC Part 363 ICFR rules still apply at \$1B and \$5B asset thresholds, so total assurance cost may not change much.
ENGAGE	Investor and proxy advisor outreach: engage major holders and proxy advisors before dropping say-on-pay, pay-versus-performance, or other LAF-level disclosures to manage governance perception.
READ	Interaction with other proposals: read alongside the Form 10-S semiannual proposal and the registered offering reform to plan a coherent disclosure, capital-raising, and shelf strategy.
ENGAGE IN	Engage in the rulemaking: filer status comments are due July 20, 2026, and registered offering reform comments are due July 27, 2026; track SEC adoption before changing reporting controls.






Trends in Credit Risk Monitoring

Nick Goode
Manager
Nick.Goode@elliottdavis.com

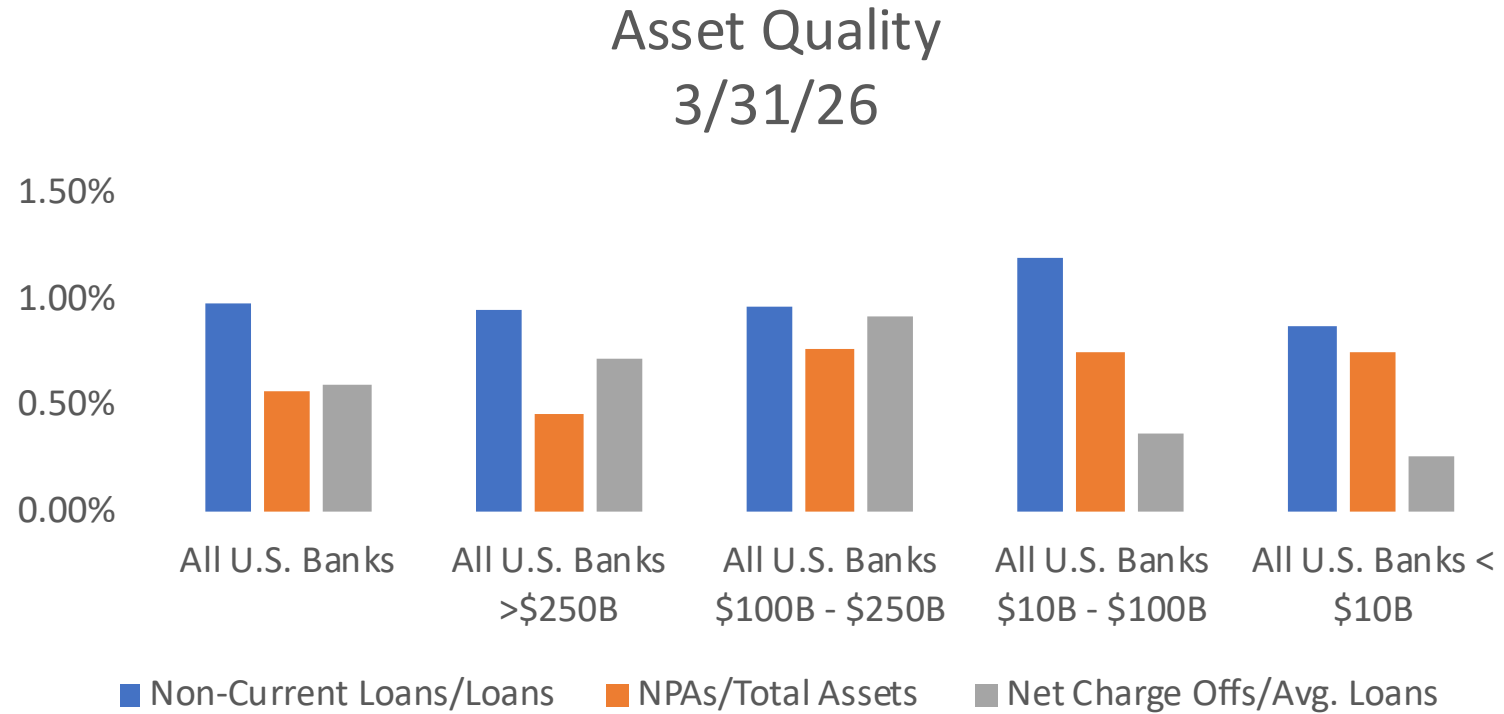


polling question #2

Where does the risk lie?

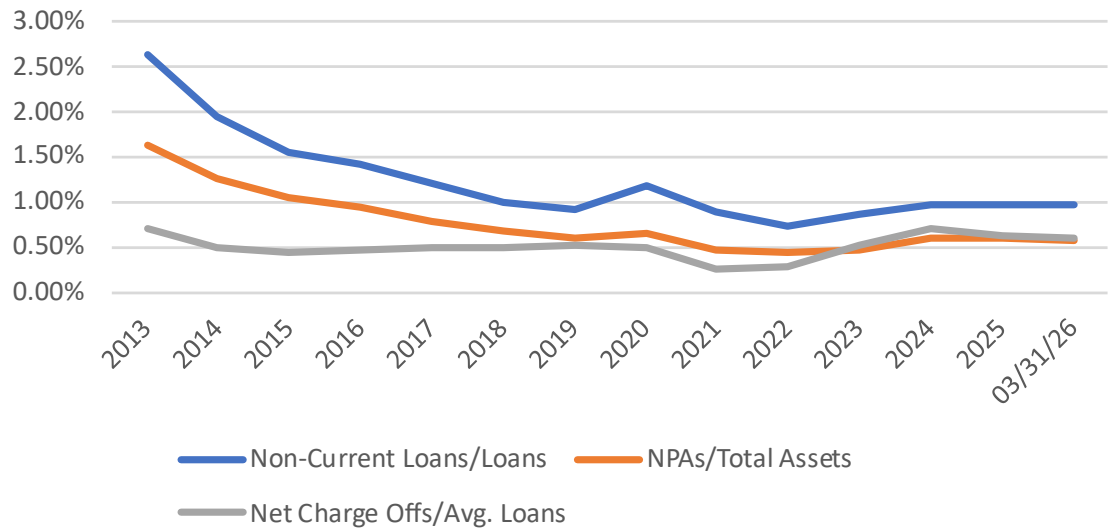
-  Asset Quality Trends
-  Consumer/Auto Loans
-  Commercial Real Estate Update
-  Allowance for Credit Loss Model Considerations
-  Final Thoughts

Asset Quality Trends

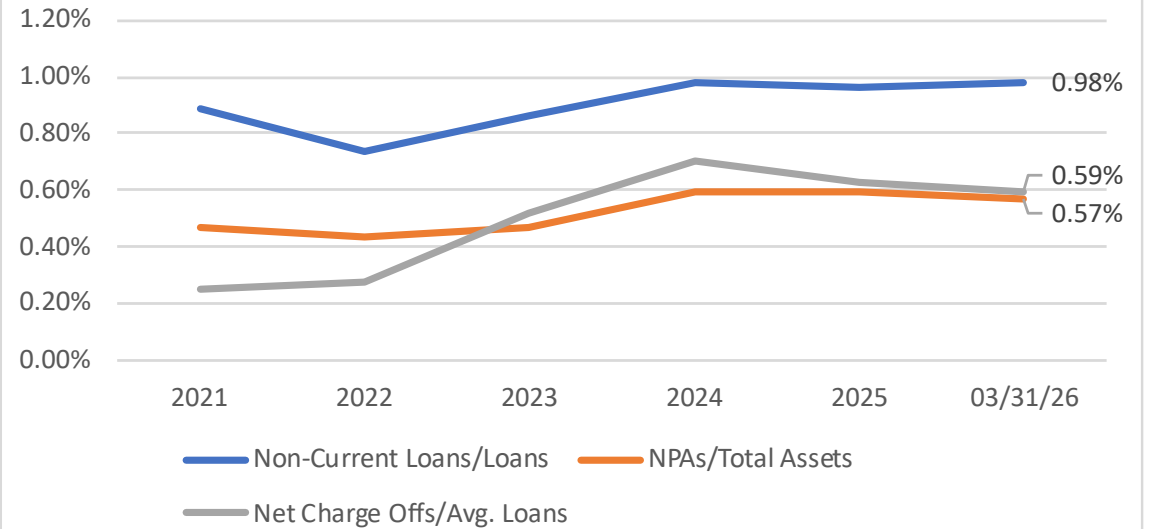


Asset Quality Trends

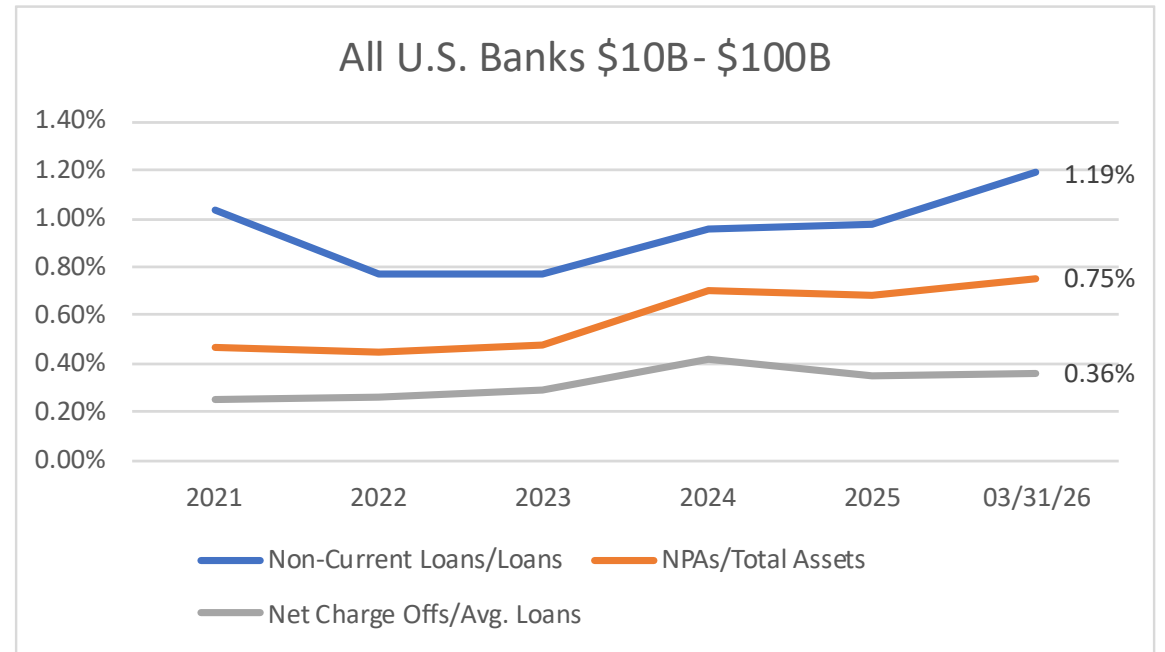
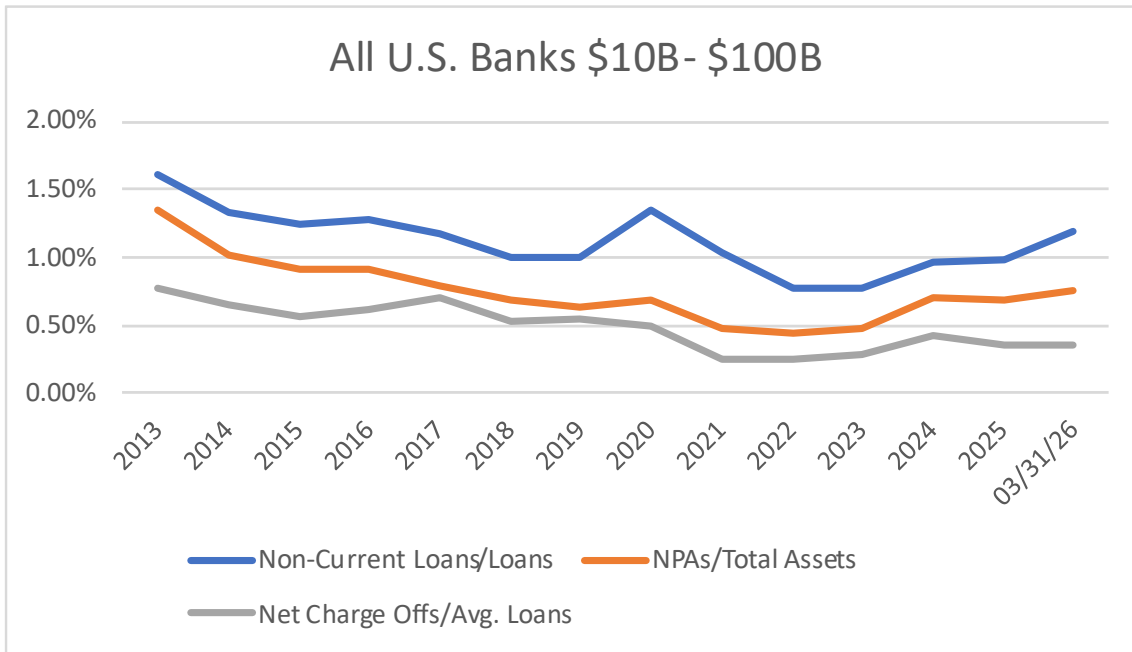
All U.S. Banks



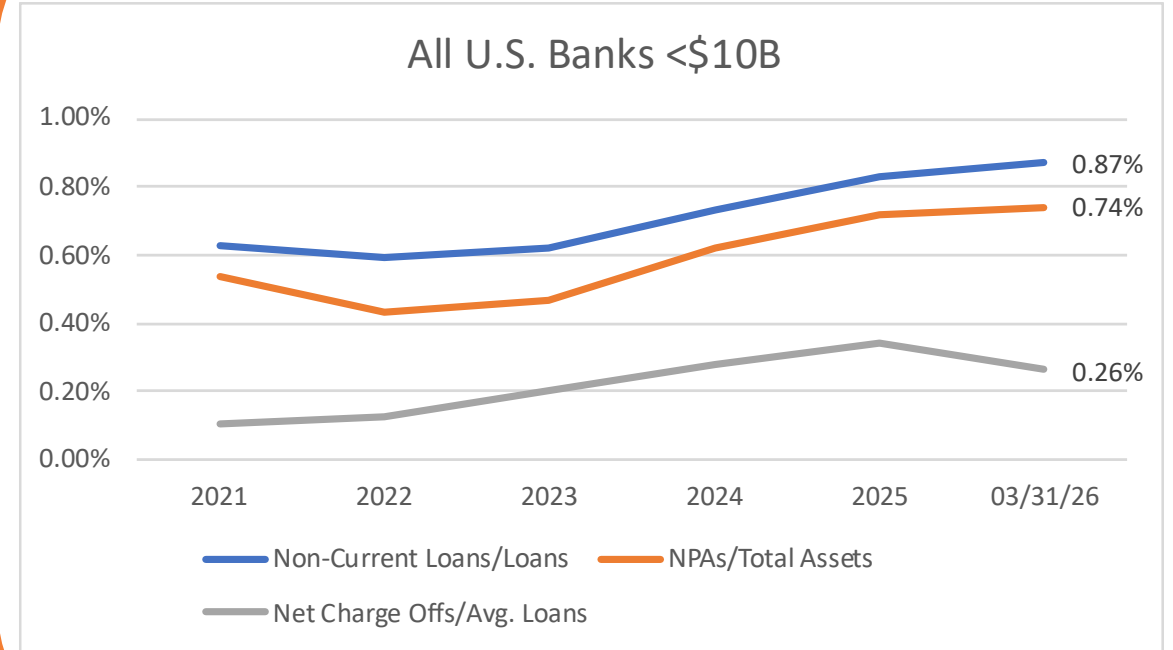
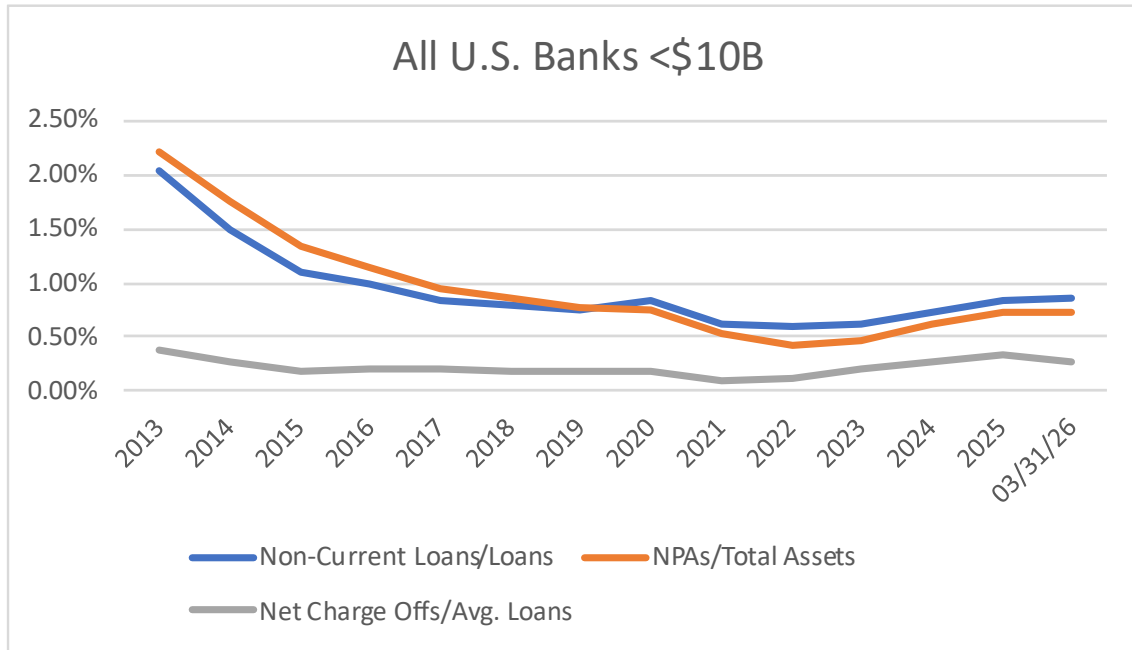
All U.S. Banks



Asset Quality Trends



Asset Quality Trends



Key Takeaways



Delinquencies and charge-offs continue to remain stable across the banking industry



Noncurrent loans to total loans appear to be increasing



We continue to see loan growth accelerating across all portfolios



Seeing certain pockets in consumer and CRE segments showing early stress

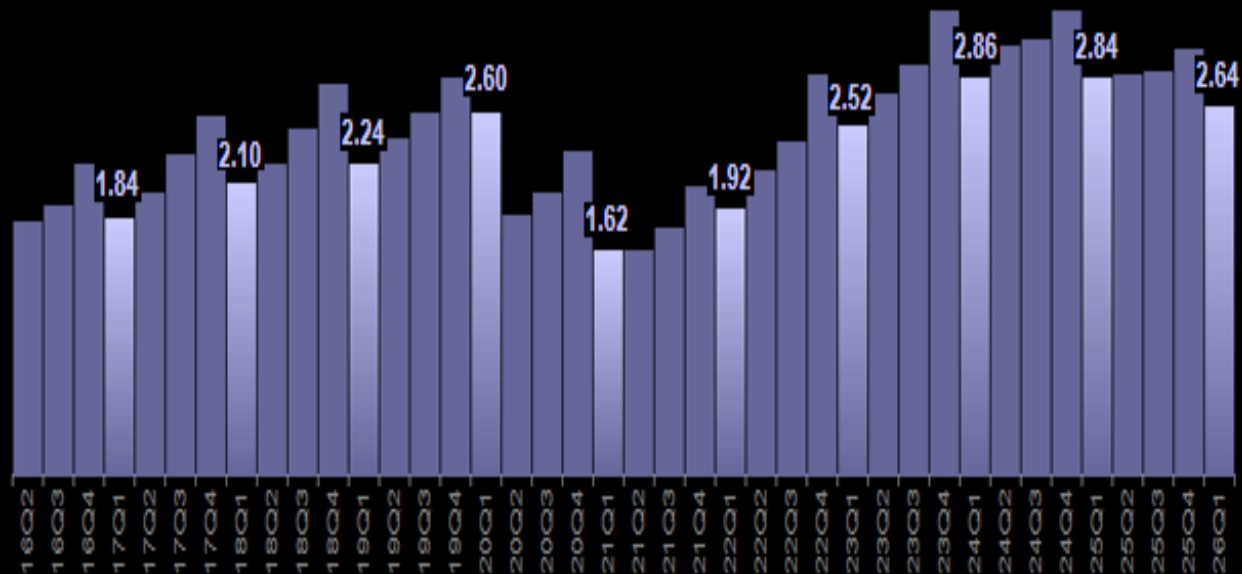


Seeing volatility in the market on appraisal values

Consumer Credit/Auto Loans

Top 10 Auto Lenders

Institution	26Q1 Auto Lns	Delinquency Rate			
		23Q1	24Q1	25Q1	26Q1
Capital One	85,700,000,000	5.67	6.07	5.66	4.77
Ally Bank	77,424,000,000	4.92	5.42	5.46	5.23
JPMorgan Chase & Co.	56,741,000,000	1.07	1.24	1.43	1.31
Wells Fargo & Company	53,794,000,000	2.53	2.60	2.08	1.39
Bank of America Corporation	38,878,000,000	0.70	1.05	1.09	0.98
Toronto-Dominion Bank	29,397,706,000	1.62	2.08	2.10	2.09
Truist Bank	28,343,000,000	2.58	3.26	2.88	3.58
USAA Federal Savings Bank	17,401,000,000	0.44	0.55	0.73	0.68
The Huntington National Bank	16,496,521,000	0.82	0.83	0.91	1.13
PNC Financial Services Group	16,324,943,000	1.65	1.37	1.18	1.01



Key Takeaways – ACL



Revisit Q factors as stable performance could mask underlying stress/problem loans



New loan growth introduces seasoning risk



Loan modifications may be distorting observed performance



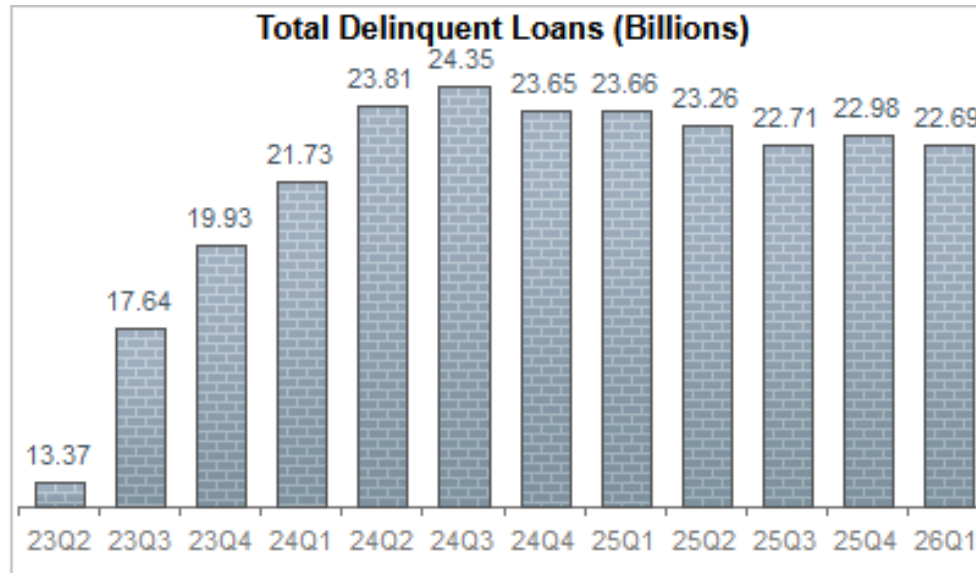
Segmentation becomes more important (Auto vs. unsecured vs. credit card)



Reasonable and supportable forecasts become more judgmental and require sensitivity analysis

Commercial Real Estate – Non-Owner Occupied

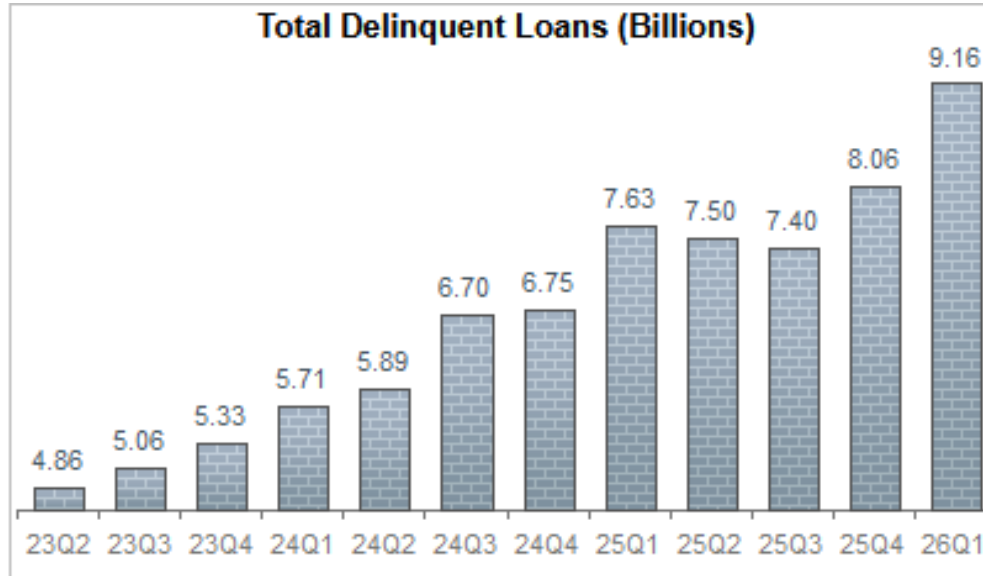
Qtr	Total Delinquent
23Q2	13,367,790,000
23Q3	17,637,715,000
23Q4	19,929,175,000
24Q1	21,731,825,000
24Q2	23,805,136,000
24Q3	24,345,127,000
24Q4	23,649,332,000
25Q1	23,664,574,000
25Q2	23,261,631,000
25Q3	22,706,367,000
25Q4	22,980,127,000
26Q1	22,689,381,000



Perc
1.15
1.52
1.70
1.85
2.03
2.07
2.02
2.01
1.96
1.90
1.90
1.86

Commercial Real Estate – Owner-Occupied

Qtr	Total Delinquent
23Q2	4,856,632,000
23Q3	5,062,229,000
23Q4	5,329,017,000
24Q1	5,710,122,000
24Q2	5,892,766,000
24Q3	6,702,868,000
24Q4	6,752,309,000
25Q1	7,632,985,000
25Q2	7,498,129,000
25Q3	7,397,418,000
25Q4	8,059,630,000
26Q1	9,156,494,000



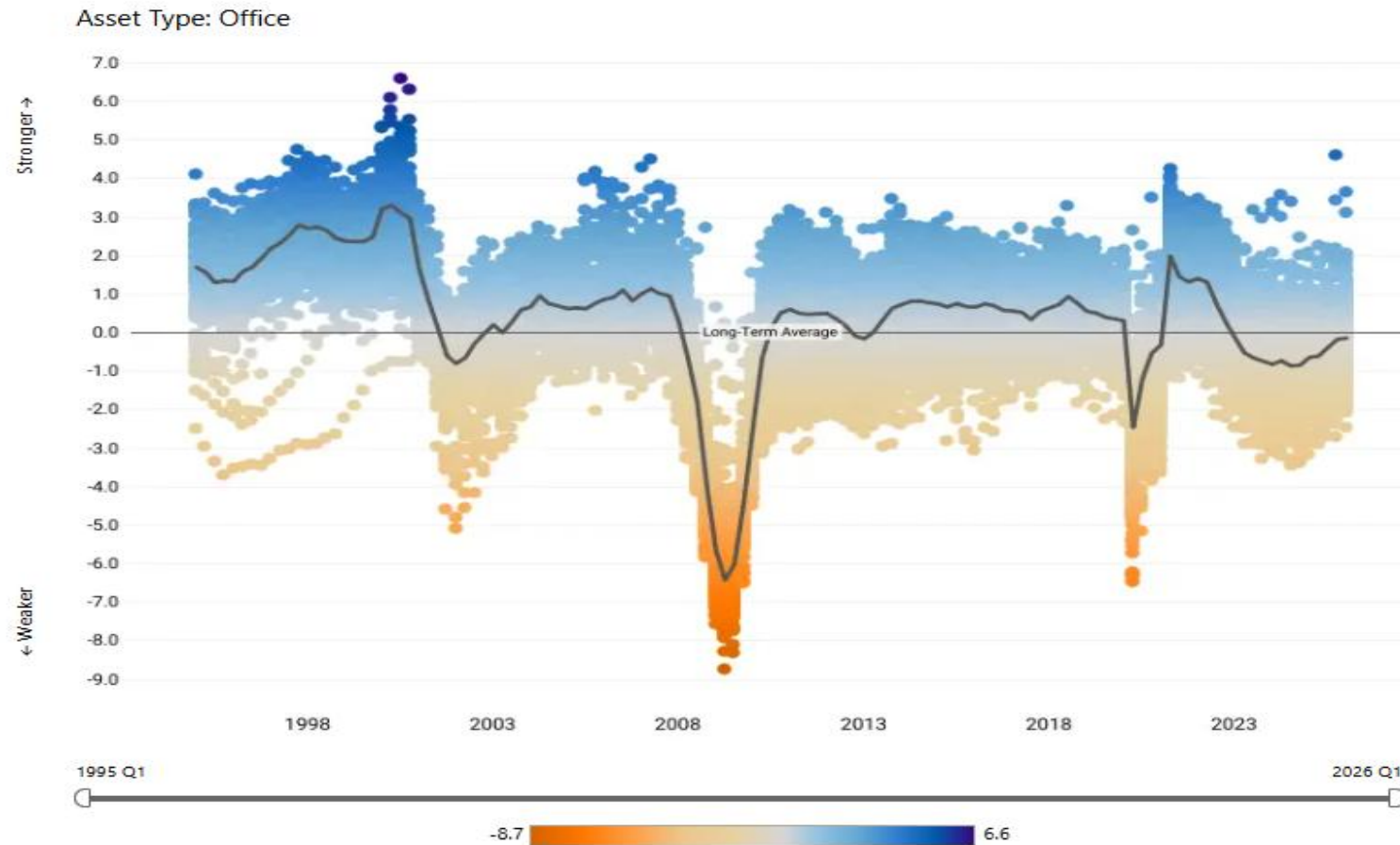
Perc
0.76
0.79
0.83
0.88
0.89
1.01
1.01
1.13
1.10
1.08
1.16
1.30

Commercial Real Estate – Office Space

Commercial Real Estate Market Index

CREMI Scores Over Time: All CBSAs

Black Line = Median All CBSA CREMI Scores, Colored Circle = Individual CBSA CREMI Score

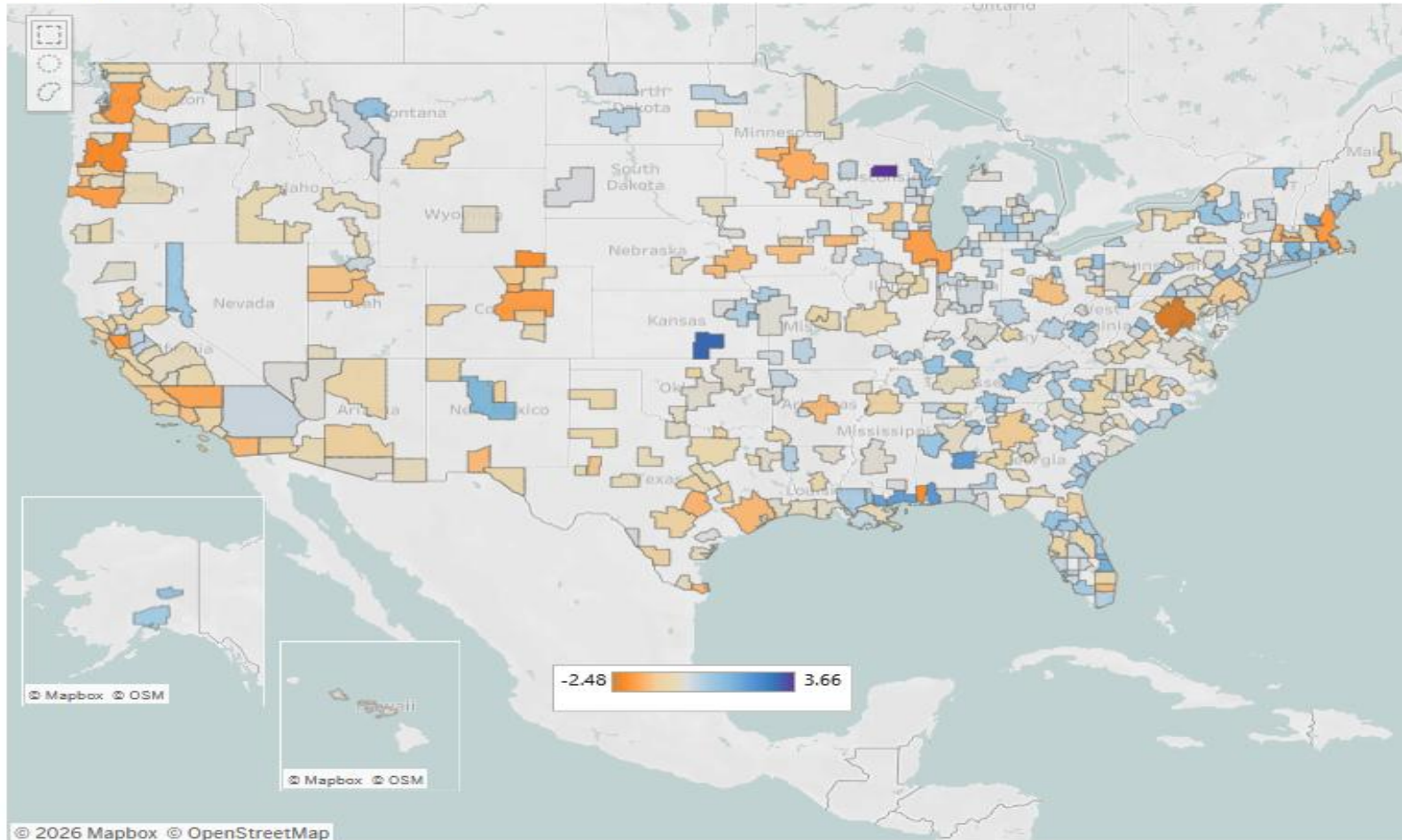


Commercial Real Estate Trends – Office

CREMI Map: All CBSAs

Asset Type: Office

as-of March 2026



Commercial Real Estate Key Takeaways

Rising 90 delinquencies –
review risk migration in your
models

Loan growth can sometimes
mask deteriorating
performance trends

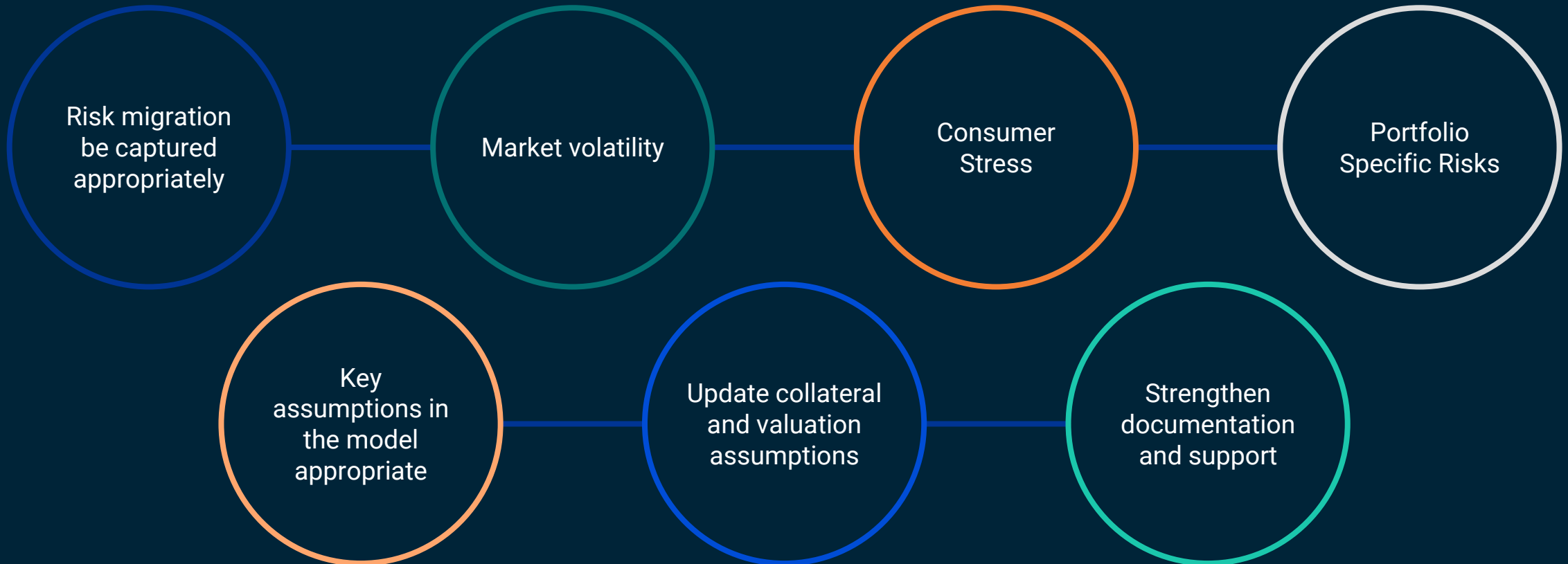
Certain CRE segments, office
space, or certain locations
could require targeted
valuation adjustments

Modifications and renewal
trends should be treated as
early indicators of stress

Additional Considerations

Pull forward appraisals into the fall – don't want subsequent event issues

- Ways to re-evaluate your model



Final Thoughts

Asset Liability Management Updates

Maurice Walker
Manager
Maurice.Walker@elliottdavis.com



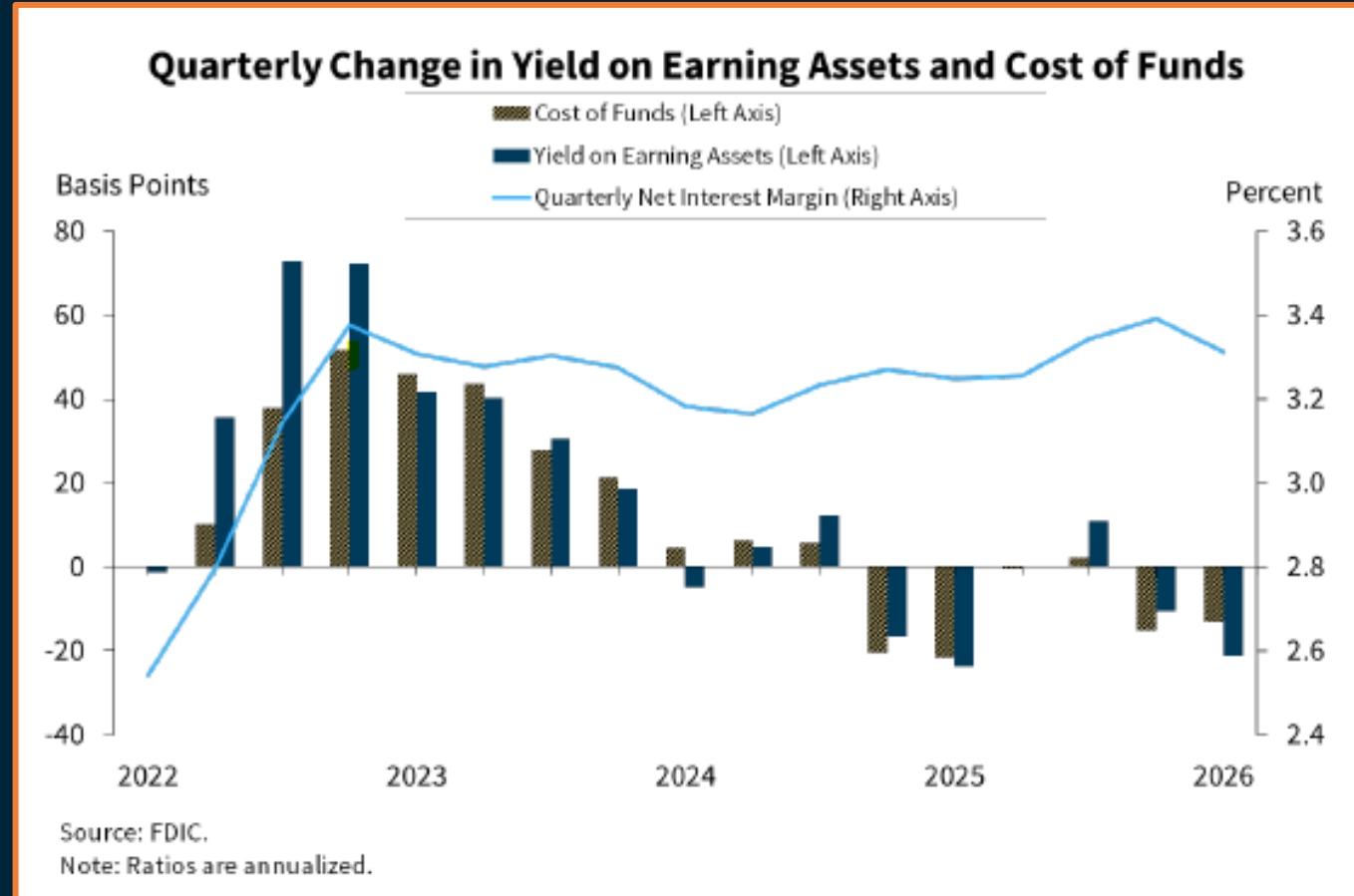
polling question #3

Current rate environment summarized

The current U.S. rate environment is summarized by:

- Transition from aggressive monetary tightening to stable, moderately restrictive policy stance
- Re-steepened yield curve following a prolonged period of inversion
- Stable short-term rates though pressures related to funding cost and asset repricing persist
- Gradual decline in asset yields as long-term rates moderate

Industry activity



Parallel shock results

Asset Size – Banks With \$100 Million to Less Than \$250 Million in Assets

Table 3a: Banks With \$100 Million to Less Than \$250 Million in Assets – Earnings at Risk: 12-Month, Net Interest Income, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-15%	-8%	-4%	-1%	10%
-100	-9%	-4%	-2%	0%	8%
+100	-8%	-1%	1%	4%	8%
+200	-18%	-2%	2%	7%	15%
+300	-28%	-4%	3%	10%	23%
+400	-37%	-6%	3%	14%	30%

Table 3b: Banks With \$100 Million to Less Than \$250 Million in Assets – Economic Value of Equity, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-26%	-8%	0%	7%	55%
-100	-12%	-2%	1%	5%	30%
+100	-31%	-8%	-2%	0%	9%
+200	-56%	-14%	-5%	0%	16%
+300	-88%	-22%	-8%	-1%	23%
+400	-80%	-24%	-9%	-1%	29%

Asset Size – Banks With \$500 Million to Less Than \$1 Billion in Assets

Table 5a: Banks With \$500 Million to Less Than \$1 Billion in Assets – Earnings at Risk: 12-Month, Net Interest Income, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-19%	-5%	-2%	1%	18%
-100	-10%	-3%	-1%	1%	9%
+100	-9%	-2%	0%	3%	13%
+200	-19%	-4%	1%	4%	26%
+300	-28%	-8%	1%	6%	31%
+400	-35%	-10%	1%	7%	38%

Table 5b: Banks With \$500 Million to Less Than \$1 Billion in Assets – Economic Value of Equity, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-30%	-8%	-3%	5%	41%
-100	-13%	-3%	0%	3%	21%
+100	-19%	-4%	0%	2%	14%
+200	-39%	-7%	-2%	4%	21%
+300	-60%	-13%	-4%	4%	28%
+400	-77%	-19%	-5%	4%	26%

Asset Size – Banks With \$250 Million to Less Than \$500 Million in Assets

Table 4a: Banks With \$250 Million to Less Than \$500 Million in Assets – Earnings at Risk: 12-Month, Net Interest Income, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-19%	-7%	-3%	3%	11%
-100	-9%	-3%	-1%	2%	7%
+100	-8%	-2%	1%	3%	10%
+200	-13%	-5%	1%	4%	17%
+300	-19%	-7%	0%	6%	26%
+400	-31%	-10%	-1%	8%	35%

Table 4b: Banks With \$250 Million to Less Than \$500 Million in Assets – Economic Value of Equity, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-23%	-8%	-1%	8%	39%
-100	-12%	-3%	1%	5%	22%
+100	-22%	-7%	-2%	1%	8%
+200	-35%	-14%	-6%	0%	15%
+300	-57%	-22%	-10%	-1%	19%
+400	-75%	-25%	-12%	-2%	24%

Asset Size – Banks With \$1 Billion to Less Than \$10 Billion in Assets

Table 6a: Banks With \$1 Billion to Less Than \$10 Billion in Assets – Earnings at Risk: 12-Month, Net Interest Income, Parallel Shocks

Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-20%	-5%	-2%	2%	13%
-100	-8%	-3%	-1%	1%	7%
+100	-7%	-2%	0%	2%	7%
+200	-15%	-3%	0%	4%	15%
+300	-23%	-5%	-1%	6%	22%
+400	-31%	-8%	-2%	6%	28%

Table 6b: Banks With \$1 Billion to Less Than \$10 Billion in Assets – Economic Value of Equity, Parallel Shocks

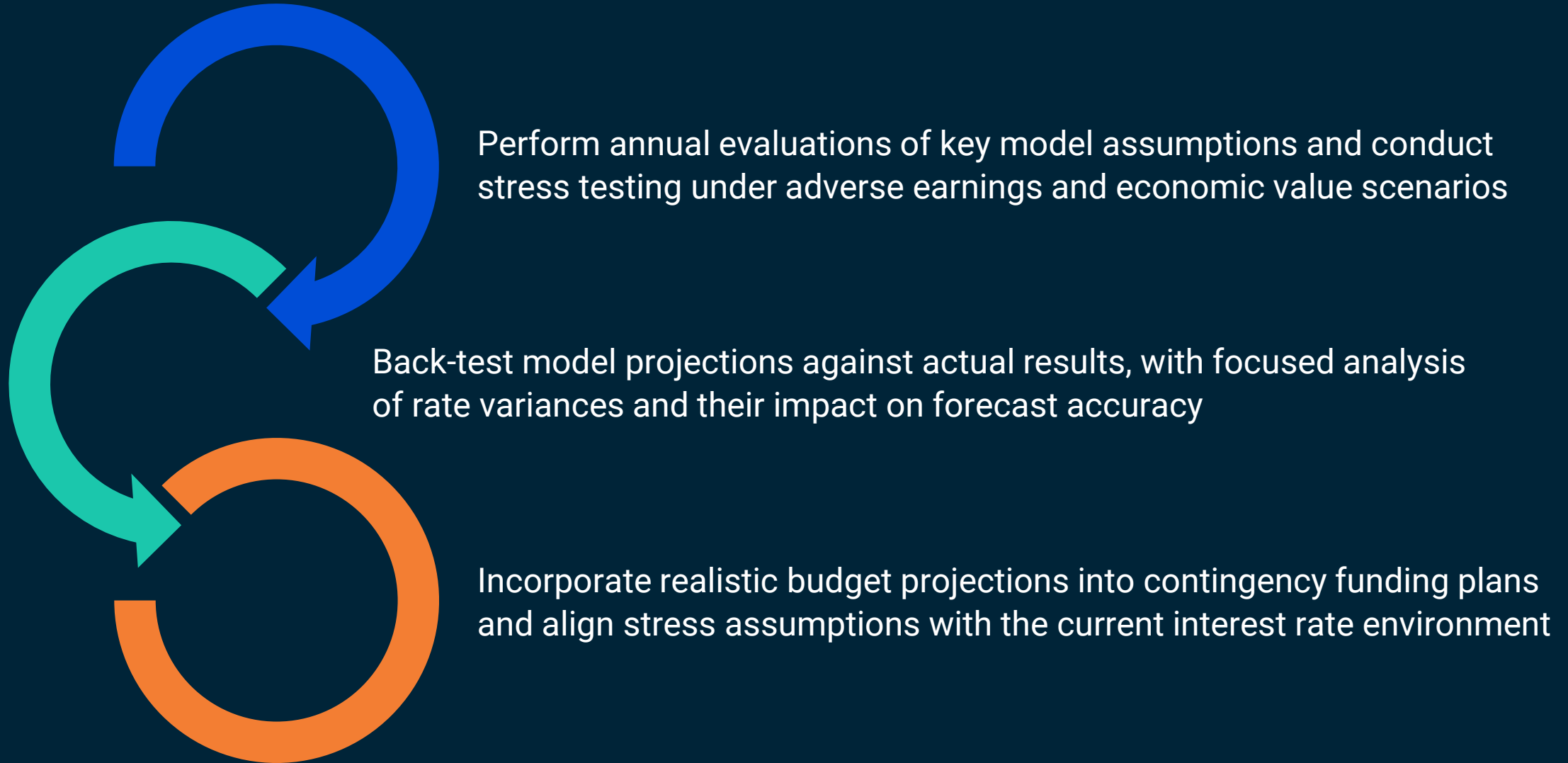
Scenario	Largest loss	25th percentile	Median	75th percentile	Largest gain
-200	-25%	-6%	-1%	6%	39%
-100	-10%	-2%	1%	4%	20%
+100	-17%	-5%	-2%	1%	8%
+200	-33%	-12%	-6%	1%	14%
+300	-46%	-19%	-11%	0%	19%
+400	-61%	-28%	-15%	0%	20%

Shifting Expectations

- Margin compression risk from asset yields repricing faster than funding costs
- Increased loan demand due to lower borrowing costs
- Declining funding costs and shifts in deposit make-up from interest bearing to noninterest-bearing deposits
- Prepayment and reinvestment risk present more impact on net interest income



Asset liability management best practices





polling question #4

Thank you

MARK SCRIVEN

Shareholder
Mark.Scriven@elliottdavis.com

LAUREN NILAN

Principal
Lauren.Nilan@elliottdavis.com

BLAKE PATTERSON

Senior Manager
Blake.Patterson@elliottdavis.com

NICK GOODE

Manager
Nick.Goode@elliottdavis.com

MAURICE WALKER

Manager
Maurice.Walker@elliottdavis.com



replay link:



A replay link will be emailed to you in the coming weeks.
A copy of the slides presented today will also be made available at that time.

feedback welcomed:



We welcome and appreciate your feedback
with the goal of always getting better.

upcoming events & insights:



Please visit elliottdavis.com/insights to view upcoming webinars, events, and additional insights.

upcoming events

Sign up to be notified when
registration opens:
elliottdavis.com/stay-in-touch

Responsible AI Starts Here:
Governance & Controls in Action

BSA & Regulatory Compliance Roundtable

Q3 Quarterly Accounting & Reporting Update

Financial Services Group Risk Management,
Compliance, & Internal Audit Forum

Financial Services Group Finance, Accounting, &
Strategy Forum

elliott davis

thank you

"Elliott Davis" is the brand name under which Elliott Davis, LLC or PLLC and Elliott Davis Advisory, LLC and its subsidiary entities provide professional services. Elliott Davis, LLC or PLLC and Elliott Davis Advisory, LLC (and its subsidiary entities) practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. Elliott Davis, LLC or PLLC is a licensed independent CPA firm that provides attest services to its customers. Elliott Davis Advisory, LLC and its subsidiary entities provide tax and business consulting services to their customers. Elliott Davis Advisory, LLC and its subsidiary entities are not licensed CPA firms. The entities falling under the Elliott Davis brand are each individual firms that are separate legal and independently owned entities and are not responsible or liable for the services and/or products provided by any other entity providing services and/or products under the Elliott Davis brand. Our use of the terms "our firm" and "we" and "us" and terms of similar import, denote the alternative practice structure conducted by Elliott Davis, LLC or PLLC and Elliott Davis Advisory, LLC.