

The Impact of Accounting Changes on Capital

Presented By

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Impact on Capital

WHAT ACCOUNTING CHANGES?

- CECL
- Leases
- Securities
- Revenue

GREAT! ANY MORE GOOD NEWS?

- Basel III
- Tax reform?

CECL

- ALLOWANCE WILL
 BE BASED ON
 EXPECTED
 (LIFETIME) LOSSES,
 NOT INCURRED
 LOSSES
- 3 MATCH EXPECTED
 CONDITIONS TO
 COMPARABLE
 HISTORICAL PERIOD

- WILL REQUIRE
 FORECASTING
 FUTURE ECONOMIC
 CONDITIONS
- 4 USE LIFETIME
 CHARGEOFF DATA
 FROM THAT PERIOD
 TO ESTIMATE ALLL

Leases

BALANCE SHEET

On balance sheet unless term of one year or less, including extensions

LIABILITY

Equals present value of future payments

ASSET

Treated like premises and equipment for capital purposes

EXPENSE

Expense for operating leases will continue to be straight-line

Other Changes

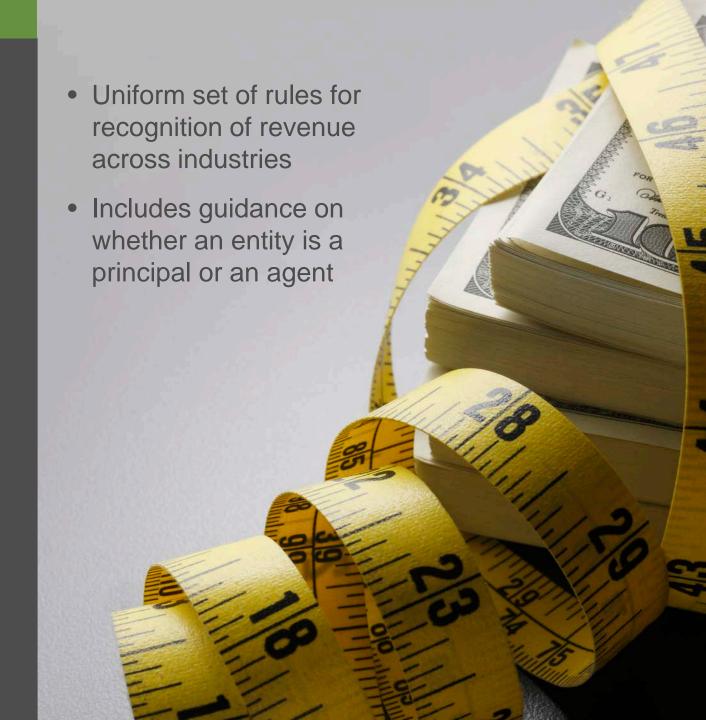
- Equity securities
- Basel III capital conservation buffer
- Tax reform?
- Acquisitions?



Effective Dates

	SEC	OTHER PUBLIC	NONPUBLIC
CECL	3/31/20	3/31/21	12/31/21
Leases	3/31/19	3/31/19	12/31/20
Equity securities	3/31/18	3/31/18	12/31/19
Capital conservation buffer – full phase-in	3/31/19	3/31/19	3/31/19
Tax reform	?	?	?

Revenue Recognition



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