

May 21, 2026

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006-2803

Re: Request for Public Comment – PCAOB Strategic Priorities (PCAOB No. 2026-001)

Dear Members of the Public Company Accounting Oversight Board (the “PCAOB”):

This letter is being submitted by International Bancshares Corporation (“IBC”), a publicly traded, multi-bank financial holding company headquartered in Laredo, Texas. IBC maintains 166 facilities and 247 ATMs, serving 75 communities in Texas and Oklahoma through five separately chartered banks ranging in size from approximately \$500 million to \$9.8 billion, with consolidated assets totaling over \$16.5 billion. IBC is one of the largest independent commercial bank holding companies headquartered in Texas.

IBC submits this letter in support of, and in agreement with, the comment letter submitted by the American Bankers Association (the “ABA”) on or around May 15, 2026, in response to the PCAOB’s Request for Public Comment on its strategic priorities as it develops its 2026–2030 strategic plan. Those priorities are particularly relevant to the operation of the Sarbanes-Oxley Act (“SOX”) and the audit expectations that have developed around it.

SOX was enacted following a series of corporate failures that called into question the reliability of public company financial reporting and the effectiveness of corporate governance and audits. SOX established a framework built around executive accountability, internal controls over financial reporting, and the concept of reasonable assurance, but in the years since enactment, audit and compliance expectations associated with SOX have expanded through the PCAOB’s increasingly prescriptive interpretation and application of SOX requirements.

That expansion has been gradual, but meaningful. Audit practices have increasingly emphasized prescriptive procedures, extensive documentation, and rigorous testing driven by evolving audit expectations and PCAOB inspection priorities. As a result, the balance intended by SOX between requiring auditors to obtain reasonable assurance regarding the accuracy and reliability of financial reporting and promoting auditors’ exercise of professional judgment in planning audit procedures, evaluating audit evidence, and assessing risk has, in some areas, shifted toward costly process compliance at the expense of experience-informed, risk-based judgment and decision-making.

Especially concerning is the extent to which the PCAOB's current standard-setting, inspection, and supervisory practices are carried out behind closed doors with little visibility for public issuers. The PCAOB is not fully transparent with public issuers regarding the auditing standards, evolving inspection expectations, and supervisory considerations that increasingly shape accounting firms' audit approaches and compliance demands, and the strict confidentiality rules under SOX prevent accounting firms from being fully transparent with their clients regarding certain nonpublic inspection information. Public companies are frequently asked to accommodate expanded audit procedures, documentation requests, and testing protocols without meaningful transparency into the inspection expectations or regulatory concerns driving those demands. In many cases, issuers are simply told that "the PCAOB is requiring this," without further explanation or context. The result is that public companies subject to SOX audits often are not provided full details and support regarding changes in audit programs, and they are left in the dark regarding the basis for evolving audit requirements, many of which increase audit costs with limited corresponding improvement in audit quality.

For banks, this trend is particularly consequential. Public banking organizations already operate under continuous prudential supervision, routine examinations, and detailed regulatory reporting requirements. Even so, SOX audit expectations continue to expand, requiring additional layers of testing and increased documentation that frequently cover ground already addressed through existing compensating controls and regulatory-oversight mechanisms. Furthermore, such testing and documentation has moved the needle beyond SOX's reasonable-assurance expectation to an expectation of absolute assurance. These demands increase audit costs, inhibit audit efficiency, and draw management and internal audit resources away from core activities, especially for regional and mid-size institutions.

IBC shares the ABA's view that the effects associated with the PCAOB's expanding audit expectations and compliance demands are not evenly distributed across the banking industry. Community banks, like IBC, often bear a disproportionate share of the resulting compliance burden despite their relatively straightforward risk profiles. The PCAOB has, in effect, become another regulator of publicly traded banks, increasing regulatory burdens through requirements that often overlap substantially with the existing banking regulatory framework while providing little incremental value.

IBC therefore agrees with the ABA that the PCAOB's strategic priorities should place greater emphasis on proportionality, scalability, and risk-based auditing. Clearer alignment between audit effort and actual financial reporting risk would better reflect the reasonable-assurance standard embedded in SOX. In addition, clearer and more consistent communication regarding inspection themes, implementation expectations, and standard-setting priorities would help prevent expectations from evolving informally over time, reduce unnecessary layering and uncertainty, and foster greater transparency that will enable public issuers to better align their financial reporting and compliance practices with evolving audit expectations.

For these reasons, IBC supports the perspectives and recommendations set forth in the ABA's comment letter and respectfully encourages the PCAOB to consider those views as it finalizes its strategic priorities and future standard-setting agenda. Thank you for the opportunity to provide these comments.

Respectfully submitted,

INTERNATIONAL BANCSHARES CORPORATION

A handwritten signature in blue ink, appearing to read "Judith I. Wawroski".

Judith I. Wawroski
CFO
International Bancshares Corporation