

# Recently issued accounting pronouncements

## Financial services

As part of our continuous efforts to stay current on the latest Financial Accounting Standards Board (FASB) pronouncements, we offer this resource to keep you up to date. We will update this regularly. As always, contact us if you have questions or concerns.

**Last review date:** November 29, 2025, through Accounting Standards Update (ASU) No. 2025-09.

### Legend

**P** - Public business entity that meets the definition of an SEC filer

**PBE** - All other public business entities

**NP** - All other entities

### Accounting Pronouncements Issued Since Last Quarter

Accounting Standards Update	Highlights	Effective Dates
<b>2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)</b>	<p>This ASU supersedes the project stages described in extant US GAAP (preliminary project stage, application development stage, and post-implementation-operation stage) and requires an entity to start capitalizing software costs when both of the following occur:</p> <ol style="list-style-type: none"><li>1. Management has authorized and committed to funding the software project.</li><li>2. It is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold").</li></ol>	<p><b>P/PBE/NP:</b> Annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods.</p> <p>Early adoption is permitted.</p>
2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)	<p><b>Issue 1: Derivatives Scope Refinements:</b> This ASU excludes from derivative accounting non-exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. However, this scope exception does not apply to (1) variables based on a market rate, market price, or market index, (2) variables based on the price or performance of a financial asset or financial liability of one of the parties to the contract, (3) contracts (or features) involving the issuer's own equity that are evaluated under the guidance in Subtopic 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity, and (4) call options and put options on debt instruments.</p> <p><b>Issue 2: Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract:</b> This ASU clarifies that an entity should apply the guidance in Topic 606 to a contract with share-based noncash consideration from a customer for the transfer of goods or services. The guidance in other Topics does not apply to share-based noncash consideration from a customer for the transfer of goods or services unless and until the entity's right to receive or retain the share-based noncash consideration is unconditional under Topic 606.</p>	<p><b>P/PBE/NP:</b> Annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods.</p> <p>Early adoption is permitted.</p>

<b>2025-08, Financial Instruments – Credit Losses (Topic 326)</b>	<p>This ASU expands the use of the “gross-up approach” to a broader population of acquired loans, specifically “purchased seasoned loans.” The gross-up approach recognizes an allowance for expected credit losses at acquisition, offset by a gross-up adjustment to the purchase price. Purchased seasoned loans are defined as loans (excluding credit cards) acquired without significant credit deterioration and deemed “seasoned”—either obtained in a business combination or purchased at least 90 days after origination, provided the acquirer was not involved in the origination. This change eliminates much of the complexity and subjectivity in distinguishing between purchased credit deteriorated (PCD) assets and non-PCD assets and reduces the risk of double counting expected credit losses that are already reflected in fair value measurements determined at the time of acquiring the financial assets.</p>	<p><b>P/PBE/NP:</b> Annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods.</p> <p>Early adoption is permitted.</p>
2025-09, Derivatives and Hedging (Topic 815)	<p>This ASU clarifies certain aspects of the guidance on hedge accounting and addresses several incremental hedge accounting issues arising from the global reference rate reform initiative. Specifically, it addresses:</p> <p><b>Issue 1: Similar Risk Assessment for Cash Flow Hedges:</b> The amendments in the ASU expand the hedged risks permitted to be aggregated in a group of individual forecasted transactions in a cash flow hedge by changing the requirement to designate a group of individual forecasted transactions from having a shared risk exposure to having a similar risk exposure. The amendments also clarify that a group of individual forecasted transactions can be considered to have a similar risk exposure if the derivative used as the hedging instrument is highly effective against each hedged risk in the group.</p> <p><b>Issue 2: Hedging Forecasted Interest Payments on Choose-Your-Rate Debt Instruments:</b> The amendments in the ASU provide a model to facilitate the application of cash flow hedge accounting to forecasted payments on variable-rate debt instruments with contractual terms that permit the borrower to change the interest rate index and interest rate tenor upon which interest is accrued (commonly referred to as “choose-your-rate” debt instruments).</p> <p><b>Issue 3: Cash Flow Hedges of Nonfinancial Forecasted Transactions:</b> The amendments in the ASU expand hedge accounting for forecasted purchases and sales of nonfinancial assets. Subject to meeting specific criteria, entities are permitted to apply hedge accounting for eligible components of forecasted spot-market transactions, forward-market transactions, and subcomponents of explicitly referenced components in an agreement’s pricing formula. The amendments in the ASU also clarify that entities may designate a variable price component in a contract that is accounted for as a derivative as the hedged risk if all other hedge criteria are satisfied.</p> <p><b>Issue 4: Net Written Options as Hedging Instruments:</b> The amendments in the ASU eliminate the requirement to apply the net written option test to a compound derivative comprising a swap and a written option designated as the hedging instrument in a cash flow hedge or a fair value hedge of interest rate risk.</p> <p><b>Issue 5: Foreign-Currency-Denominated Debt Instrument as Hedging Instrument and Hedged Item (Dual Hedge):</b> The amendments in the ASU eliminate the recognition and presentation mismatch related to a dual hedge strategy (that is, a hedge for which a foreign-currency-denominated debt instrument is both designated as the hedging instrument in a net investment hedge and designated as the hedged item in a fair value hedge of interest rate risk). The amendments require that an entity excludes the debt instrument’s fair value hedge basis adjustment from the net investment hedge effectiveness assessment. As a result, an entity immediately recognizes in earnings the gains and losses from the remeasurement of the debt instrument’s fair value hedge basis adjustment at the spot exchange rate.</p>	<p><b>P/PBE:</b> Annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods.</p> <p><b>NP:</b> Annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods.</p> <p>Early adoption is permitted.</p>

## Previously Issued Accounting Pronouncements

Accounting Standards Update	Highlights	Effective Dates
<b>2023-02, Investments - Equity Method and Joint Ventures (Topic 323)</b>	<p>ASU No. 2014-01 previously introduced the option to apply the proportional amortization method to account for investments made primarily for the purpose of receiving income tax credits and other income tax benefits when certain requirements are met; however, this guidance limited the proportional amortization method to investments in low-income-housing tax credit structures. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other benefits received, with the amortization of the investment and the income tax credits being presented net in the statements of income as a component of income tax expense. Equity investments in other tax credit structures are typically accounted for using the equity method, which results in investment income, gains and losses, and tax credits being presented gross on the statements of income in their respective line items.</p> <p>ASU No. 2023-02 permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met.</p>	<p><b>P/PBE:</b> Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.</p> <p><b>NP:</b> Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years.</p> <p>Early adoption is permitted.</p>
<b>2023-07, Segment Reporting (Topic 280)</b>	<p>The amendments in this ASU improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This is accomplished through various new requirements, including the disclosure of significant segment expenses that are regularly provided to the chief operating decision-maker and disclosing an amount for <i>other segment items</i> (as defined in the ASU) by reportable segment and a description of its composition.</p>	<p><b>P/PBE*:</b> Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.</p> <p><b>NP:</b> Not applicable.</p> <p>*Excludes nonprofit entities (regardless of whether the entity meets the definition of a public entity)</p> <p>Early adoption is permitted.</p>
2023-08, Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60)	<p>This ASU establishes the first-ever accounting and disclosure framework for crypto assets within US GAAP. Assets that meet six criteria (as defined in the ASU) are required to subsequently be measured at fair value with changes recognized in net income each reporting period. Such assets must be presented separately from other intangible assets in the balance sheet, and changes from the remeasurement of crypto assets must be separately presented from changes in the carrying amounts of other intangible assets in the income statement.</p> <p>The ASU also provides for various disclosure requirements, including disclosure of the name, cost basis, fair value, and number of units for each significant crypto asset holding, as well as a roll forward, in the aggregate, of crypto asset holding activity for the reporting period.</p>	<p><b>P/PBE/NP:</b> Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years.</p> <p>Early adoption is permitted; however, if an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period.</p>

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2023-09, Income Taxes (Topic 740)

This ASU provides more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information.

*Rate Reconciliation:* Public business entities are required to disclose specific categories in a tabular rate reconciliation (using both percentages and currency amounts) and provide additional information for reconciling items that meet a quantitative threshold. One of the required categories is "state and local income tax." For this category, public business entities must also disclose a qualitative description of the states and local jurisdictions that make up the majority (greater than 50%) of the effect of the state and local income tax category.

For entities other than public business entities, this ASU requires qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate.

*Income Taxes Paid:* All entities must disclose (1) the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid are equal to or greater than 5% of total income taxes paid.

*Other:* All entities must disclose (1) income from continuing operations before income tax expense disaggregated between domestic and foreign and (2) income tax expense from continuing operations disaggregated by federal, state, and foreign.

This ASU also eliminates some existing disclosure requirements, including the requirement to (1) disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of the range cannot be made.

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**2024-03, Income Statement  
- Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses**

The ASU, among other things, requires disclosure in the notes to the financial statements of specified information about certain costs and expenses. Specifically, public business entities must disclose the amounts of employee compensation, depreciation, and intangible asset amortization. The ASU also lists other expense categories that are likely not relevant to financial institutions. A qualitative description of the amounts remaining in relevant expense captions must be disclosed if not disaggregated quantitatively. A relevant expense caption is defined as an expense caption presented on the face of the income statement that contains any of the expenses specifically required to be disclosed by the ASU. The ASU also requires the disclosure of the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. Example 3, starting at paragraph 220-40-55-20, provides example disclosures for a bank.

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**P/PBE:** Annual periods beginning after December 15, 2024.

**NP:** Annual periods beginning after December 15, 2025.

Early adoption is permitted.

**P/PBE:** Annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027.

**NP:** Not applicable.

Early adoption is permitted.



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