

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
For the quarterly period ended: March 31, 2022  
Commission File Number: 1-10853

TRUIST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-0939887

(I.R.S. Employer Identification No.)

214 North Tryon Street

Charlotte, North Carolina

(Address of principal executive offices)

28202

(Zip Code)

Registrant's telephone number, including area code:

(336) 733-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$5 par value	TFC	New York Stock Exchange
Depository Shares each representing 1/4,000th interest in a share of Series I Perpetual Preferred Stock	TFC.PI	New York Stock Exchange
5.853% Fixed-to-Floating Rate Normal Preferred Purchase Securities each representing 1/100th interest in a share of Series J Perpetual Preferred Stock	TFC.PJ	New York Stock Exchange
Depository Shares each representing 1/1,000th interest in a share of Series O Non-Cumulative Perpetual Preferred Stock	TFC.PO	New York Stock Exchange
Depository Shares each representing 1/1,000th interest in a share of Series R Non-Cumulative Perpetual Preferred Stock	TFC.PR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At March 31, 2022, 1,331,413,896 shares of the registrant's common stock, \$5 par value, were outstanding.

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## Glossary of Defined Terms

The following terms may be used throughout this report, including the consolidated financial statements and related notes.

Term	Definition
ACL	Allowance for credit losses
AFS	Available-for-sale
Agency MBS	Mortgage-backed securities issued by a U.S. government agency or GSE
ALLL	Allowance for loan and lease losses
ARRC	Alternative Reference Rates Committee of the FRB and the Federal Reserve Bank of New York
AOCI	Accumulated other comprehensive income (loss)
BB&T	BB&T Corporation and subsidiaries (changed to "Truist Financial Corporation" effective with the Merger)
Board	Truist's Board of Directors
C&CB	Corporate and Commercial Banking, an operating segment
CARES Act	The Coronavirus Aid, Relief, and Economic Security Act
CB&W	Consumer Banking and Wealth, an operating segment
CCAR	Comprehensive Capital Analysis and Review
CDI	Core deposit intangible
CECL	Current expected credit loss model
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CET1	Common equity tier 1
CFPB	Consumer Financial Protection Bureau
Company	Truist Financial Corporation and its subsidiaries (interchangeable with "Truist" below)
COVID-19	Coronavirus disease 2019
CRE	Commercial real estate
CRO	Chief Risk Officer
CVA	Credit valuation adjustment
EPS	Earnings per common share
ESG	Environmental, Social, and Governance
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
FRB	Board of Governors of the Federal Reserve System
GAAP	Accounting principles generally accepted in the United States of America
GDP	Gross Domestic Product
GSE	U.S. government-sponsored enterprise
HFI	Held for investment
HQLA	High-quality liquid assets
HTM	Held-to-maturity
IH	Insurance Holdings, an operating segment
IPV	Independent price verification
ISDA	International Swaps and Derivatives Association, Inc.
LCR	Liquidity Coverage Ratio
LHFS	Loans held for sale
LIBOR	London Interbank Offered Rate
LOCOM	Lower of cost or market
Market Risk Rule	Market risk capital requirements issued jointly by the OCC, U.S. Treasury, FRB, and FDIC
MBS	Mortgage-backed securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Merger	Merger of BB&T and SunTrust effective December 6, 2019
MRM	Model Risk Management
MSR	Mortgage servicing right
NA	Not applicable
NIM	Net interest margin, computed on a TE basis
NM	Not meaningful
NPA	Nonperforming asset
NPL	Nonperforming loan
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange
OAS	Option adjusted spread
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
OPEB	Other post-employment benefit
OREO	Other real estate owned
OT&C	Other, Treasury and Corporate
Parent Company	Truist Financial Corporation, the parent company of Truist Bank and other subsidiaries
PCD	Purchased credit deteriorated loans
PPP	Paycheck Protection Program, established by the CARES Act
ROU assets	Right-of-use assets

<b>Term</b>	<b>Definition</b>
RUFC	Reserve for unfunded lending commitments
S&P	Standard & Poor's
SBIC	Small Business Investment Company
SCB	Stress Capital Buffer
SEC	Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
SunTrust	SunTrust Banks, Inc.
TDR	Troubled debt restructuring
TE	Taxable-equivalent
TRS	Total Return Swap
Truist	Truist Financial Corporation and its subsidiaries (interchangeable with the "Company" above)
Truist Bank	Truist Bank, formerly Branch Banking and Trust Company
U.S.	United States of America
U.S. Treasury	United States Department of the Treasury
UPB	Unpaid principal balance
VaR	Value-at-risk
VIE	Variable interest entity

## Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the financial condition, results of operations, business plans and the future performance of Truist. Words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “plans,” “projects,” “may,” “will,” “should,” “would,” “could,” and other similar expressions are intended to identify these forward-looking statements.

Forward-looking statements are not based on historical facts but instead represent management’s expectations and assumptions regarding Truist’s business, the economy, and other future conditions. Such statements involve inherent uncertainties, risks, and changes in circumstances that are difficult to predict. As such, Truist’s actual results may differ materially from those contemplated by forward-looking statements. While there can be no assurance that any list of risks and uncertainties or risk factors is complete, important factors that could cause actual results to differ materially from those contemplated by forward-looking statements include the following, without limitation, as well as the risks and uncertainties more fully discussed in Part I, Item 1A-Risk Factors in Truist’s Form 10-K for the year ended December 31, 2021:

- residual risks and uncertainties relating to the Merger of heritage BB&T and heritage SunTrust, including the ability to realize the anticipated benefits of the Merger;
- expenses relating to the Merger and application and data center decommissioning;
- deposit attrition, client loss or revenue loss following completed mergers or acquisitions may be greater than anticipated;
- the COVID-19 pandemic disrupted the global economy and adversely impacted Truist’s financial condition and results of operations, including through increased expenses, reduced fee income and net interest margin, decreased demand for certain types of loans, and increases in the allowance for credit losses; a resurgence of the pandemic, whether due to new variants of the coronavirus or other factors, could reintroduce or prolong these negative impacts and also adversely affect Truist’s capital and liquidity position or cost of capital, impair the ability of borrowers to repay outstanding loans, cause an outflow of deposits, and impair goodwill or other assets;
- Truist is subject to credit risk by lending or committing to lend money, and may have more credit risk and higher credit losses to the extent that loans are concentrated by loan type, industry segment, borrower type or location of the borrower or collateral;
- changes in the interest rate environment, including the replacement of LIBOR as an interest rate benchmark, which could adversely affect Truist’s revenue and expenses, the value of assets and obligations, and the availability and cost of capital, cash flows, and liquidity;
- inability to access short-term funding or liquidity, loss of client deposits or changes in Truist’s credit ratings, which could increase the cost of funding or limit access to capital markets;
- risk management oversight functions may not identify or address risks adequately, and management may not be able to effectively manage credit risk;
- risks resulting from the extensive use of models in Truist’s business, which may impact decisions made by management and regulators;
- failure to execute on strategic or operational plans, including the ability to successfully complete or integrate mergers and acquisitions;
- increased competition, including from (i) new or existing competitors that could have greater financial resources or be subject to different regulatory standards, and (ii) products and services offered by non-bank financial technology companies, may reduce Truist’s client base, cause Truist to lower prices for its products and services in order to maintain market share or otherwise adversely impact Truist’s businesses or results of operations;
- failure to maintain or enhance Truist’s competitive position with respect to new products, services and technology, whether it fails to anticipate client expectations or because its technological developments fail to perform as desired or do not achieve market acceptance or regulatory approval or for other reasons, may cause Truist to lose market share or incur additional expense;
- negative public opinion, which could damage Truist’s reputation;
- increased scrutiny regarding Truist’s consumer sales practices, training practices, incentive compensation design, and governance;
- regulatory matters, litigation or other legal actions, which may result in, among other things, costs, fines, penalties, restrictions on Truist’s business activities, reputational harm, negative publicity, or other adverse consequences;
- evolving legislative, accounting and regulatory standards, including with respect to climate, capital, and liquidity requirements, and results of regulatory examinations may adversely affect Truist’s financial condition and results of operations;
- the monetary and fiscal policies of the federal government and its agencies, including in response to rising inflation, could have a material adverse effect on profitability;
- accounting policies and processes require management to make estimates about matters that are uncertain, including the potential write down to goodwill if there is an elongated period of decline in market value for Truist’s stock and adverse economic conditions are sustained over a period of time;
- general economic or business conditions, either globally, nationally or regionally, may be less favorable than expected, and instability in global geopolitical matters or volatility in financial markets could result in, among other things, slower deposit or asset growth, a deterioration in credit quality, or a reduced demand for credit, insurance, or other services;
- risks related to originating and selling mortgages, including repurchase and indemnity demands from purchasers related to representations and warranties on loans sold, which could result in an increase in the amount of losses for loan repurchases;
- risks relating to Truist’s role as a loan servicer, including an increase in the scope or costs of the services Truist is required to perform, without any corresponding increase in servicing fees or a breach of Truist’s obligations as servicer;
- Truist’s success depends on hiring and retaining key teammates, and if these individuals leave or change roles without effective replacements, Truist’s operations and integration activities could be adversely impacted, which could be exacerbated in the increased work-from-home environment caused by the COVID-19 pandemic as job markets may be less constrained by physical geography;
- fraud or misconduct by internal or external parties, which Truist may not be able to prevent, detect, or mitigate;
- security risks, including denial of service attacks, hacking, social engineering attacks targeting Truist’s teammates and clients, malware intrusion, data corruption attempts, system breaches, cyber-attacks, which have increased in frequency with current geopolitical tensions, identity theft, ransomware attacks, and physical security risks, such as natural disasters, environmental conditions, and intentional acts of destruction, could result in the disclosure of confidential information, adversely affect Truist’s business or reputation or create significant legal or financial exposure; and
- widespread outages of operational, communication, or other systems, whether internal or provided by third parties, natural or other disasters (including acts of terrorism and pandemics), and the effects of climate change, including physical risks, such as more frequent and intense weather events, and risks related to the transition to a lower carbon economy, such as regulatory or technological changes or shifts in market dynamics or consumer preferences, could have an adverse effect on Truist’s financial condition and results of operations, lead to material disruption of Truist’s operations or the ability or willingness of clients to access Truist’s products and services.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by applicable law or regulation, Truist undertakes no obligation to revise or update any forward-looking statements.

## ITEM 1. FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEETS TRUIST FINANCIAL CORPORATION AND SUBSIDIARIES

Unaudited (Dollars in millions, except per share data, shares in thousands)	Mar 31, 2022	Dec 31, 2021
<b>Assets</b>		
Cash and due from banks	\$ 5,516	\$ 5,085
Interest-bearing deposits with banks	23,606	15,210
Securities borrowed or purchased under agreements to resell	2,322	4,028
Trading assets at fair value	5,920	4,423
AFS securities at fair value	84,753	153,123
HTM securities (fair value of \$59,124 and \$1,495 at fair value, respectively)	61,662	1,494
LHFS (including \$3,364 and \$3,544 at fair value, respectively)	4,167	4,812
Loans and leases (including \$21 and \$23 at fair value, respectively)	290,081	289,513
ALLL	(4,170)	(4,435)
Loans and leases, net of ALLL	285,911	285,078
Premises and equipment	3,662	3,700
Goodwill	26,284	26,098
CDI and other intangible assets	3,693	3,408
Loan servicing rights at fair value	3,013	2,633
Other assets (including \$3,137 and \$3,436 at fair value, respectively)	33,470	32,149
<b>Total assets</b>	<b>\$ 543,979</b>	<b>\$ 541,241</b>
<b>Liabilities</b>		
Noninterest-bearing deposits	\$ 150,446	\$ 145,892
Interest-bearing deposits	277,882	270,596
Short-term borrowings (including \$1,717 and \$1,731 at fair value, respectively)	5,147	5,292
Long-term debt	33,773	35,913
Other liabilities (including \$1,482 and \$586 at fair value, respectively)	11,687	14,277
<b>Total liabilities</b>	<b>478,935</b>	<b>471,970</b>
<b>Shareholders' Equity</b>		
Preferred stock	6,673	6,673
Common stock, \$5 par value	6,657	6,639
Additional paid-in capital	34,539	34,565
Retained earnings	23,687	22,998
AOCI, net of deferred income taxes	(6,535)	(1,604)
Noncontrolling interests	23	—
<b>Total shareholders' equity</b>	<b>65,044</b>	<b>69,271</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 543,979</b>	<b>\$ 541,241</b>
Common shares outstanding	1,331,414	1,327,818
Common shares authorized	2,000,000	2,000,000
Preferred shares outstanding	223	223
Preferred shares authorized	5,000	5,000

The accompanying notes are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENTS OF INCOME**  
**TRUIST FINANCIAL CORPORATION AND SUBSIDIARIES**

Unaudited (Dollars in millions, except per share data, shares in thousands)	Three Months Ended March 31,	
	2022	2021
<b>Interest Income</b>		
Interest and fees on loans and leases	\$ 2,644	\$ 3,002
Interest on securities	640	443
Interest on other earning assets	73	49
Total interest income	3,357	3,494
<b>Interest Expense</b>		
Interest on deposits	32	47
Interest on long-term debt	132	148
Interest on other borrowings	10	14
Total interest expense	174	209
<b>Net Interest Income</b>	3,183	3,285
Provision for credit losses	(95)	48
<b>Net Interest Income After Provision for Credit Losses</b>	3,278	3,237
<b>Noninterest Income</b>		
Insurance income	727	626
Investment banking and trading income	261	346
Wealth management income	343	341
Service charges on deposits	252	258
Card and payment related fees	212	200
Residential mortgage income	89	100
Lending related fees	85	100
Operating lease income	58	68
Commercial mortgage income	32	33
Income from bank-owned life insurance	51	50
Securities gains (losses)	(69)	—
Other income	101	75
Total noninterest income	2,142	2,197
<b>Noninterest Expense</b>		
Personnel expense	2,051	2,142
Professional fees and outside processing	363	350
Software expense	232	210
Net occupancy expense	208	209
Amortization of intangibles	137	144
Equipment expense	118	113
Marketing and customer development	84	66
Operating lease depreciation	48	50
Loan-related expense	44	54
Regulatory costs	35	25
Merger-related and restructuring charges	216	141
Loss (gain) on early extinguishment of debt	—	(3)
Other expense	138	109
Total noninterest expense	3,674	3,610
<b>Earnings</b>		
Income before income taxes	1,746	1,824
Provision for income taxes	330	351
<b>Net income</b>	1,416	1,473
Noncontrolling interests	1	(4)
<b>Net income available to the bank holding company</b>	1,415	1,477
Preferred stock dividends and other	88	143
<b>Net income available to common shareholders</b>	\$ 1,327	\$ 1,334
Basic EPS	\$ 1.00	\$ 0.99
Diluted EPS	0.99	0.98
Basic weighted average shares outstanding	1,329,037	1,345,666
Diluted weighted average shares outstanding	1,341,563	1,358,932

The accompanying notes are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**TRUIST FINANCIAL CORPORATION AND SUBSIDIARIES**

Unaudited (Dollars in millions)	Three Months Ended March 31,	
	2022	2021
<b>Net income</b>	\$ 1,416	\$ 1,473
<b>OCI, net of tax:</b>		
Net change in net pension and postretirement costs	8	35
Net change in cash flow hedges	5	36
Net change in AFS securities	(4,989)	(2,304)
Net change in HTM securities	44	—
Other, net	1	1
<b>Total OCI, net of tax</b>	<b>(4,931)</b>	<b>(2,232)</b>
<b>Total comprehensive income</b>	<b>\$ (3,515)</b>	<b>\$ (759)</b>
<b>Income Tax Effect of Items Included in OCI:</b>		
Net change in net pension and postretirement costs	\$ 2	\$ 11
Net change in cash flow hedges	1	11
Net change in AFS securities	(1,513)	(707)
Net change in HTM securities	13	—
Other, net	—	—
<b>Total income taxes related to OCI</b>	<b>\$ (1,497)</b>	<b>\$ (685)</b>

The accompanying notes are an integral part of these consolidated financial statements.



**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
TRUIST FINANCIAL CORPORATION AND SUBSIDIARIES**

Unaudited (Dollars in millions, shares in thousands)	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	AOCI	Noncontrolling Interests	Total Shareholders' Equity
<b>Balance, January 1, 2021</b>	1,348,961	\$ 8,048	\$ 6,745	\$ 35,843	\$ 19,455	\$ 716	\$ 105	\$ 70,912
Net income	—	—	—	—	1,477	—	(4)	1,473
OCI	—	—	—	—	—	(2,232)	—	(2,232)
Issued in connection with equity awards, net	5,388	—	27	(111)	—	—	—	(84)
Repurchase of common stock	(9,504)	—	(48)	(458)	—	—	—	(506)
Redemption of preferred stock	—	(924)	—	—	(26)	—	—	(950)
Cash dividends declared on common stock	—	—	—	—	(605)	—	—	(605)
Cash dividends declared on preferred stock	—	—	—	—	(117)	—	—	(117)
Equity-based compensation expense	—	—	—	86	—	—	—	86
Other, net	—	—	—	—	—	—	(101)	(101)
<b>Balance, March 31, 2021</b>	1,344,845	\$ 7,124	\$ 6,724	\$ 35,360	\$ 20,184	\$ (1,516)	\$ —	\$ 67,876
<b>Balance, January 1, 2022</b>	1,327,818	\$ 6,673	\$ 6,639	\$ 34,565	\$ 22,998	\$ (1,604)	\$ —	\$ 69,271
Net income	—	—	—	—	1,415	—	1	1,416
OCI	—	—	—	—	—	(4,931)	—	(4,931)
Issued in connection with equity awards, net	3,596	—	18	(106)	(1)	—	—	(89)
Cash dividends declared on common stock	—	—	—	—	(637)	—	—	(637)
Cash dividends declared on preferred stock	—	—	—	—	(88)	—	—	(88)
Equity-based compensation expense	—	—	—	80	—	—	—	80
Other, net	—	—	—	—	—	—	22	22
<b>Balance, March 31, 2022</b>	1,331,414	\$ 6,673	\$ 6,657	\$ 34,539	\$ 23,687	\$ (6,535)	\$ 23	\$ 65,044

The accompanying notes are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**TRUIST FINANCIAL CORPORATION AND SUBSIDIARIES**

Unaudited (Dollars in millions)	Three Months Ended March 31,	
	2022	2021
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 1,416	\$ 1,473
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	(95)	48
Depreciation	195	201
Amortization of intangibles	137	144
Securities (gains) losses	69	—
Net change in operating assets and liabilities:		
LHFS	180	(510)
Loan servicing rights	(380)	(342)
Pension asset	(410)	(452)
Derivative assets and liabilities	986	1,060
Trading assets	(1,497)	(1,222)
Other assets and other liabilities	(558)	(915)
Other, net	(231)	482
Net cash from operating activities	(188)	(33)
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales of AFS securities	3,127	60
Proceeds from maturities, calls and paydowns of AFS securities	5,259	8,862
Purchases of AFS securities	(7,219)	(15,601)
Proceeds from maturities, calls and paydowns of HTM securities	857	—
Purchases of HTM securities	(3,020)	—
Originations and purchases of loans and leases, net of sales and principal collected	(134)	8,249
Net cash received (paid) for securities borrowed or purchased under agreements to resell	1,706	396
Net cash received (paid) for asset acquisitions, business combinations, and divestitures	(488)	1,130
Other, net	(122)	23
Net cash from investing activities	(34)	3,119
<b>Cash Flows From Financing Activities:</b>		
Net change in deposits	11,842	14,489
Net change in short-term borrowings	(145)	(203)
Proceeds from issuance of long-term debt	66	1,299
Repayment of long-term debt	(1,699)	(3,032)
Repurchase of common stock	—	(506)
Redemption of preferred stock	—	(950)
Cash dividends paid on common stock	(637)	(605)
Cash dividends paid on preferred stock	(88)	(117)
Net cash received (paid) for hedge unwinds	(198)	—
Other, net	(92)	(197)
Net cash from financing activities	9,049	10,178
<b>Net Change in Cash and Cash Equivalents</b>	<b>8,827</b>	<b>13,264</b>
<b>Cash and Cash Equivalents, January 1</b>	<b>20,295</b>	<b>18,868</b>
<b>Cash and Cash Equivalents, March 31</b>	<b>\$ 29,122</b>	<b>\$ 32,132</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Net cash paid (received) during the period for:		
Interest expense	\$ 156	\$ 248
Income taxes	40	28
Noncash investing activities:		
Transfer of AFS securities to HTM	59,436	—

The accompanying notes are an integral part of these consolidated financial statements.

## NOTE 1. Basis of Presentation

### General

See the Glossary of Defined Terms at the beginning of this Report for terms used herein. These consolidated financial statements and notes are presented in accordance with the instructions for Form 10-Q, and, therefore, do not include all information and notes necessary for a complete presentation of financial position, results of operations, and cash flow activity required in accordance with GAAP. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the consolidated financial position and consolidated results of operations have been made. The year-end consolidated balance sheet data was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. The information contained in the financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2021 should be referred to in connection with these unaudited interim consolidated financial statements. There were no significant changes to the Company's accounting policies from those disclosed in the Annual Report on Form 10-K for the year ended December 31, 2021 that could have a material effect on the Company's financial statements.

### Reclassifications

Certain amounts reported in prior periods' consolidated financial statements have been reclassified to conform to the current presentation.

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change include the determination of the ACL; determination of fair value for securities, MSRs, LHFS, trading loans, and derivative assets and liabilities; goodwill and other intangible assets; income taxes; and pension and postretirement benefit obligations.

### Changes in Accounting Principles and Effects of New Accounting Pronouncements

Standard / Adoption Date	Description	Effects on the Financial Statements
<b>Standards Not Yet Adopted</b>		
Troubled Debt Restructurings and Vintage Disclosures January 1, 2023	Eliminates the accounting guidance for TDRs, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors made to borrowers experiencing financial difficulty. Additionally, requires disclosure of current-period gross write-offs by year of origination for financing receivables and net investment in leases.	Truist is evaluating this standard. Upon adoption, Truist expects the newly required disclosures to be included in the Loans and ACL footnote.
Fair Value Hedging – Portfolio Layer Method January 1, 2023	Introduces the portfolio layer method, which expands the current single-layer method to allow multiple hedged layers of a single closed portfolio under the method (previously named, last-of-layer method).  Additionally, expands the scope of the portfolio layer method to include non-prepayable assets, specifies eligible hedging instruments in a single-layer hedge, provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method, and specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio.	Truist is evaluating the use of the portfolio layer method in its hedging programs.

## NOTE 2. Business Combinations

On March 1, 2022, Truist acquired Kensington Vanguard National Land Services, one of the country's largest independent full-service national title insurance agencies, which resulted in approximately \$187 million of goodwill and \$148 million of identifiable intangible assets in the IH segment. Fair value estimates related to the acquired assets and liabilities are subject to adjustment during the one-year measurement period following the closing of the acquisition. The intangible assets are being amortized over a term of 15 years based upon the estimated economic benefits received. Goodwill of \$129 million and identifiable intangible assets of \$110 million are deductible for tax purposes.

## NOTE 3. Securities Financing Activities

Securities purchased under agreements to resell are primarily collateralized by U.S. government or agency securities and are carried at the amounts at which the securities will be subsequently sold, plus accrued interest. Securities borrowed are primarily collateralized by corporate securities. The Company borrows securities and purchases securities under agreements to resell as part of its securities financing activities. On the acquisition date of these securities, the Company and the related counterparty agree on the amount of collateral required to secure the principal amount loaned under these arrangements. The Company monitors collateral values daily and calls for additional collateral to be provided as warranted under the respective agreements. The following table presents securities borrowed or purchased under agreements to resell:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Securities purchased under agreements to resell	\$ 1,678	\$ 3,460
Securities borrowed	644	568
Total securities borrowed or purchased under agreements to resell	\$ 2,322	\$ 4,028
Fair value of collateral held available to be resold or repledged	\$ 2,316	\$ 4,005
Fair value of securities repledged	342	1,141

For securities sold under agreements to repurchase, the Company would be obligated to provide additional collateral in the event of a significant decline in fair value of the collateral pledged. This risk is managed by monitoring the liquidity and credit quality of the collateral, as well as the maturity profile of the transactions. Refer to "Note 14. Commitments and Contingencies" for additional information related to pledged securities. The following table presents the Company's related activity, by collateral type and remaining contractual maturity:

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Overnight and Continuous	Up to 30 days	Total	Overnight and Continuous	Up to 30 days	Total
U.S. Treasury	\$ 439	\$ 41	\$ 480	\$ 749	\$ 409	\$ 1,158
GSE	81	31	112	53	25	78
Agency MBS - residential	973	338	1,311	720	141	861
Corporate and other debt securities	150	314	464	213	125	338
Total securities sold under agreements to repurchase	\$ 1,643	\$ 724	\$ 2,367	\$ 1,735	\$ 700	\$ 2,435

There were no securities financing transactions subject to legally enforceable master netting arrangements that were eligible for balance sheet netting for the periods presented.

## NOTE 4. Investment Securities

The following tables summarize the Company's AFS and HTM securities:

March 31, 2022 (Dollars in millions)	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
AFS securities:				
U.S. Treasury	\$ 9,891	\$ —	\$ 479	\$ 9,412
GSE	257	—	12	245
Agency MBS - residential	71,956	37	3,755	68,238
Agency MBS - commercial	2,831	2	174	2,659
States and political subdivisions	366	19	15	370
Non-agency MBS	4,149	—	346	3,803
Other	26	—	—	26
Total AFS securities	\$ 89,476	\$ 58	\$ 4,781	\$ 84,753
HTM securities:				
Agency MBS - residential	\$ 61,662	\$ —	\$ 2,538	\$ 59,124
December 31, 2021 (Dollars in millions)	Amortized Cost	Gross Unrealized		Fair Value
AFS securities:				
U.S. Treasury	\$ 9,892	\$ 9	\$ 106	\$ 9,795
GSE	1,667	33	2	1,698
Agency MBS - residential	135,886	656	2,500	134,042
Agency MBS - commercial	2,928	18	64	2,882
States and political subdivisions	382	39	1	420
Non-agency MBS	4,305	—	47	4,258
Other	28	—	—	28
Total AFS securities	\$ 155,088	\$ 755	\$ 2,720	\$ 153,123
HTM securities:				
Agency MBS - residential	\$ 1,494	\$ 1	\$ —	\$ 1,495

In the first quarter of 2022, Truist transferred \$59.4 billion of AFS securities to HTM as the Company continues to execute upon its asset-liability management strategies. Management determined that it has both the positive intent and ability to hold these securities to maturity. On the date of transfer, the difference between the par value and the fair value of these securities, which was recorded as a loss in AOCI, resulted in a net discount of \$3.7 billion, inclusive of \$510 million of basis adjustment gains from terminated fair value hedges attributable to the transferred securities. The discount will be accreted and unrealized loss in AOCI will be amortized, offsetting within interest income over the remaining life of the securities using the interest method. There were no gains or losses recognized as a result of this transfer.

Certain MBS securities issued by FNMA and FHLMC exceeded 10% of shareholders' equity at March 31, 2022. The FNMA investments had total amortized cost and fair value of \$45.2 billion and \$43.0 billion, respectively. The FHLMC investments had total amortized cost and fair value of \$45.7 billion and \$43.4 billion, respectively.

The amortized cost and estimated fair value of the securities portfolio by contractual maturity are shown in the following table. The expected life of MBS may be shorter than the contractual maturities because borrowers may have the right to prepay their obligations with or without penalties.

March 31, 2022 (Dollars in millions)	Amortized Cost					Fair Value				
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
AFS securities:										
U.S. Treasury	\$ 309	\$ 8,602	\$ 980	\$ —	\$ 9,891	\$ 307	\$ 8,188	\$ 917	\$ —	\$ 9,412
GSE	—	—	—	257	257	—	—	—	245	245
Agency MBS - residential	—	1	633	71,322	71,956	—	1	624	67,613	68,238
Agency MBS - commercial	—	8	15	2,808	2,831	—	8	14	2,637	2,659
States and political subdivisions	15	76	124	151	366	15	76	129	150	370
Non-agency MBS	—	—	—	4,149	4,149	—	—	—	3,803	3,803
Other	—	6	—	20	26	—	6	—	20	26
Total AFS securities	\$ 324	\$ 8,693	\$ 1,752	\$ 78,707	\$ 89,476	\$ 322	\$ 8,279	\$ 1,684	\$ 74,468	\$ 84,753
HTM securities:										
Agency MBS - residential	\$ —	\$ —	\$ —	\$ 61,662	\$ 61,662	\$ —	\$ —	\$ —	\$ 59,124	\$ 59,124

The following tables present the fair values and gross unrealized losses of investments based on the length of time that individual securities have been in a continuous unrealized loss position:

March 31, 2022 (Dollars in millions)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS securities:						
U.S. Treasury	\$ 8,793	\$ 431	\$ 602	\$ 48	\$ 9,395	\$ 479
GSE	209	12	—	—	209	12
Agency MBS - residential	54,565	2,940	9,386	815	63,951	3,755
Agency MBS - commercial	909	40	1,672	134	2,581	174
States and political subdivisions	206	13	21	2	227	15
Non-agency MBS	3,803	346	—	—	3,803	346
Other	21	—	—	—	21	—
Total	\$ 68,506	\$ 3,782	\$ 11,681	\$ 999	\$ 80,187	\$ 4,781
HTM securities:						
Agency MBS - residential	\$ 39,486	\$ 1,388	\$ 19,638	\$ 1,150	\$ 59,124	\$ 2,538

December 31, 2021 (Dollars in millions)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS securities:						
U.S. Treasury	\$ 8,412	\$ 88	\$ 582	\$ 18	\$ 8,994	\$ 106
GSE	104	2	—	—	104	2
Agency MBS - residential	101,262	2,377	2,638	123	103,900	2,500
Agency MBS - commercial	1,749	50	413	14	2,162	64
States and political subdivisions	—	—	22	1	22	1
Non-agency MBS	4,258	47	—	—	4,258	47
Other	6	—	—	—	6	—
Total	\$ 115,791	\$ 2,564	\$ 3,655	\$ 156	\$ 119,446	\$ 2,720

At March 31, 2022 and December 31, 2021, no ACL was established for AFS or HTM securities. Substantially all of the unrealized losses on the securities portfolio, including non-agency MBS, were the result of changes in market interest rates compared to the date the securities were acquired rather than the credit quality of the issuers or underlying loans. HTM debt securities consists of residential agency MBS. Accordingly, the Company does not expect to incur any credit losses on HTM investment securities.

The following table presents gross securities gains and losses recognized in earnings:

(Dollars in millions)	Three Months Ended March 31,	
	2022	2021
Gross realized gains	\$ 13	\$ —
Gross realized losses	(82)	—
Securities gains (losses), net	\$ (69)	\$ —

## NOTE 5. Loans and ACL

The following tables present loans and leases HFI by aging category. Government guaranteed loans are not placed on nonperforming status regardless of delinquency because collection of principal and interest is reasonably assured. The past due status of loans that received a deferral under the CARES Act is generally frozen during the deferral period. In certain limited circumstances, accommodation programs result in the delinquency status being reset to current.

March 31, 2022 (Dollars in millions)	Accruing			Nonperforming	Total
	Current	30-89 Days Past Due	90 Days Or More Past Due (1)		
Commercial:					
Commercial and industrial	\$ 140,428	\$ 280	\$ 22	\$ 330	\$ 141,060
CRE	22,734	13	—	27	22,774
Commercial construction	5,219	1	—	—	5,220
Consumer:					
Residential mortgage	46,287	542	1,027	315	48,171
Residential home equity and direct	24,558	142	12	141	24,853
Indirect auto	24,999	529	1	227	25,756
Indirect other	10,972	65	2	4	11,043
Student	5,210	482	822	—	6,514
Credit card	4,615	47	28	—	4,690
<b>Total</b>	<b>\$ 285,022</b>	<b>\$ 2,101</b>	<b>\$ 1,914</b>	<b>\$ 1,044</b>	<b>\$ 290,081</b>

(1) Includes government guaranteed loans of \$996 million in the residential mortgage portfolio and \$818 million in the student portfolio.

December 31, 2021 (Dollars in millions)	Accruing			Nonperforming	Total
	Current	30-89 Days Past Due	90 Days Or More Past Due (1)		
Commercial:					
Commercial and industrial	\$ 138,225	\$ 130	\$ 13	\$ 394	\$ 138,762
CRE	23,902	20	—	29	23,951
Commercial construction	4,962	2	—	7	4,971
Consumer:					
Residential mortgage	46,033	514	1,009	296	47,852
Residential home equity and direct	24,809	107	9	141	25,066
Indirect auto	25,615	607	1	218	26,441
Indirect other	10,811	64	3	5	10,883
Student	5,357	555	868	—	6,780
Credit card	4,735	45	27	—	4,807
<b>Total</b>	<b>\$ 284,449</b>	<b>\$ 2,044</b>	<b>\$ 1,930</b>	<b>\$ 1,090</b>	<b>\$ 289,513</b>

(1) Includes government guaranteed loans of \$978 million in the residential mortgage portfolio and \$864 million in the student portfolio.

The following tables present the amortized cost basis of loans by origination year and credit quality indicator:

March 31, 2022 (Dollars in millions)	Amortized Cost Basis by Origination Year						Revolving Credit	Loans Converted to Term	Other (1)	Total
	2022	2021	2020	2019	2018	Prior				
Commercial:										
Commercial and industrial:										
Pass	\$ 10,993	\$ 30,955	\$ 15,100	\$ 11,947	\$ 7,874	\$ 13,160	\$ 46,584	\$ —	\$ (65)	\$ 136,548
Special mention	104	227	303	212	279	100	530	—	—	1,755
Substandard	98	334	361	375	238	256	765	—	—	2,427
Nonperforming	4	42	11	62	10	43	158	—	—	330
Total	11,199	31,558	15,775	12,596	8,401	13,559	48,037	—	(65)	141,060
CRE:										
Pass	971	4,396	2,744	4,951	3,093	3,405	882	—	(50)	20,392
Special mention	9	37	93	140	164	99	—	—	—	542
Substandard	64	212	207	463	450	417	—	—	—	1,813
Nonperforming	1	1	1	11	1	12	—	—	—	27
Total	1,045	4,646	3,045	5,565	3,708	3,933	882	—	(50)	22,774
Commercial construction:										
Pass	417	1,219	1,124	896	346	164	832	—	—	4,998
Special mention	4	—	14	66	—	—	—	—	—	84
Substandard	1	4	22	33	61	17	—	—	—	138
Nonperforming	—	—	—	—	—	—	—	—	—	—
Total	422	1,223	1,160	995	407	181	832	—	—	5,220
Consumer:										
Residential mortgage:										
Current	\$ 2,066	\$ 17,749	\$ 6,519	\$ 3,238	\$ 1,621	\$ 15,094	\$ —	\$ —	\$ —	\$ 46,287
30 - 89 days past due	10	66	43	35	35	353	—	—	—	542
90 days or more past due	1	4	52	93	128	749	—	—	—	1,027
Nonperforming	—	4	7	21	27	256	—	—	—	315
Total	2,077	17,823	6,621	3,387	1,811	16,452	—	—	—	48,171
Residential home equity and direct:										
Current	1,481	4,361	2,268	1,447	560	476	10,534	3,446	(15)	24,558
30 - 89 days past due	1	12	8	9	3	4	67	38	—	142
90 days or more past due	—	1	—	—	—	—	6	5	—	12
Nonperforming	—	3	3	4	1	7	42	81	—	141
Total	1,482	4,377	2,279	1,460	564	487	10,649	3,570	(15)	24,853
Indirect auto:										
Current	2,369	9,794	5,938	3,775	1,860	1,263	—	—	—	24,999
30 - 89 days past due	5	139	116	116	75	78	—	—	—	529
90 days or more past due	—	1	—	—	—	—	—	—	—	1
Nonperforming	—	42	51	60	39	35	—	—	—	227
Total	2,374	9,976	6,105	3,951	1,974	1,376	—	—	—	25,756
Indirect other:										
Current	1,433	3,869	2,405	1,424	812	1,029	—	—	—	10,972
30 - 89 days past due	2	18	16	13	8	8	—	—	—	65
90 days or more past due	—	1	1	—	—	—	—	—	—	2
Nonperforming	—	—	—	3	—	1	—	—	—	4
Total	1,435	3,888	2,422	1,440	820	1,038	—	—	—	11,043
Student:										
Current	—	—	20	82	66	5,041	—	—	1	5,210
30 - 89 days past due	—	—	—	—	1	481	—	—	—	482
90 days or more past due	—	—	—	—	1	821	—	—	—	822
Total	—	—	20	82	68	6,343	—	—	1	6,514
Credit card:										
Current	—	—	—	—	—	—	4,591	21	3	4,615
30 - 89 days past due	—	—	—	—	—	—	45	2	—	47
90 days or more past due	—	—	—	—	—	—	27	1	—	28
Total	—	—	—	—	—	—	4,663	24	3	4,690
Total	\$ 20,034	\$ 73,491	\$ 37,427	\$ 29,476	\$ 17,753	\$ 43,369	\$ 65,063	\$ 3,594	\$ (126)	\$ 290,081



December 31, 2021 (Dollars in millions)	Amortized Cost Basis by Origination Year						Revolving Credit	Loans Converted to Term	Other (1)	Total
	2021	2020	2019	2018	2017	Prior				
Commercial:										
Commercial and industrial:										
Pass	\$ 35,530	\$ 17,430	\$ 14,105	\$ 8,994	\$ 5,633	\$ 9,424	\$ 43,035	\$ —	\$ (169)	\$ 133,982
Special mention	195	221	326	317	46	70	691	—	—	1,866
Substandard	352	356	395	197	91	335	794	—	—	2,520
Nonperforming	50	19	49	42	16	34	184	—	—	394
Total	36,127	18,026	14,875	9,550	5,786	9,863	44,704	—	(169)	138,762
CRE:										
Pass	4,836	2,946	5,109	3,201	1,774	2,131	762	—	(61)	20,698
Special mention	13	118	483	247	44	83	—	—	—	988
Substandard	321	264	523	528	321	279	—	—	—	2,236
Nonperforming	1	1	11	—	9	7	—	—	—	29
Total	5,171	3,329	6,126	3,976	2,148	2,500	762	—	(61)	23,951
Commercial construction:										
Pass	1,113	1,179	1,259	419	44	95	558	—	12	4,679
Special mention	—	14	72	50	—	—	—	—	—	136
Substandard	7	13	45	67	17	—	—	—	—	149
Nonperforming	—	—	1	—	5	—	—	—	1	7
Total	1,120	1,206	1,377	536	66	95	558	—	13	4,971
Consumer:										
Residential mortgage:										
Current	17,271	6,798	3,642	1,753	2,237	14,240	—	—	92	46,033
30 - 89 days past due	58	31	32	40	31	322	—	—	—	514
90 or more days past due	3	44	91	133	95	643	—	—	—	1,009
Nonperforming	1	5	18	27	20	226	—	—	(1)	296
Total	17,333	6,878	3,783	1,953	2,383	15,431	—	—	91	47,852
Residential home equity and direct:										
Current	4,962	2,630	1,717	691	189	425	10,757	3,388	50	24,809
30 - 89 days past due	8	8	10	3	1	3	53	21	—	107
90 days or more past due	—	—	—	—	—	—	5	4	—	9
Nonperforming	2	3	4	1	—	7	48	75	1	141
Total	4,972	2,641	1,731	695	190	435	10,863	3,488	51	25,066
Indirect auto:										
Current	10,699	6,691	4,293	2,158	1,081	504	—	—	189	25,615
30 - 89 days past due	119	138	145	97	56	52	—	—	—	607
90 days or more past due	—	—	—	—	—	1	—	—	—	1
Nonperforming	28	48	61	41	21	19	—	—	—	218
Total	10,846	6,877	4,499	2,296	1,158	576	—	—	189	26,441
Indirect other:										
Current	4,333	2,724	1,638	937	455	691	—	—	33	10,811
30 - 89 days past due	14	15	15	12	4	4	—	—	—	64
90 days or more past due	1	1	1	—	—	—	—	—	—	3
Nonperforming	1	1	1	—	—	2	—	—	—	5
Total	4,349	2,741	1,655	949	459	697	—	—	33	10,883
Student:										
Current	—	21	88	73	61	5,122	—	—	(8)	5,357
30 - 89 days past due	—	—	1	1	1	552	—	—	—	555
90 days or more past due	—	—	—	—	1	867	—	—	—	868
Total	—	21	89	74	63	6,541	—	—	(8)	6,780
Credit card:										
Current	—	—	—	—	—	—	4,711	24	—	4,735
30 - 89 days past due	—	—	—	—	—	—	43	2	—	45
90 days or more past due	—	—	—	—	—	—	26	1	—	27
Total	—	—	—	—	—	—	4,780	27	—	4,807
Total	\$ 79,918	\$ 41,719	\$ 34,135	\$ 20,029	\$ 12,253	\$ 36,138	\$ 61,667	\$ 3,515	\$ 139	\$ 289,513

(1) Includes certain deferred fees and costs, unapplied payments, and other adjustments.

## ACL

The following tables present activity in the ACL:

(Dollars in millions)	Balance at Jan 1, 2021	Charge-Offs	Recoveries	Provision (Benefit)	Other (1)	Balance at Mar 31, 2021
Commercial:						
Commercial and industrial	\$ 2,204	\$ (79)	\$ 19	\$ (8)	\$ —	\$ 2,136
CRE	573	(4)	1	(26)	—	544
Commercial construction	81	(2)	1	(3)	—	77
Consumer:						
Residential mortgage	368	(11)	2	(16)	—	343
Residential home equity and direct	714	(55)	18	30	—	707
Indirect auto	1,198	(105)	22	61	—	1,176
Indirect other	208	(17)	6	(10)	—	187
Student	130	(3)	—	2	2	131
Credit card	359	(40)	9	33	—	361
ALLL	5,835	(316)	78	63	2	5,662
RUFC	364	—	—	(15)	—	349
ACL	\$ 6,199	\$ (316)	\$ 78	\$ 48	\$ 2	\$ 6,011

(Dollars in millions)	Balance at Jan 1, 2022	Charge-Offs	Recoveries	Provision (Benefit)	Other (1)	Balance at Mar 31, 2022
Commercial:						
Commercial and industrial	\$ 1,426	\$ (31)	\$ 17	\$ (93)	\$ —	\$ 1,319
CRE	350	(1)	1	(67)	—	283
Commercial construction	52	(1)	1	1	—	53
Consumer:						
Residential mortgage	308	(2)	6	(2)	—	310
Residential home equity and direct	615	(58)	20	(3)	—	574
Indirect auto	1,022	(102)	23	14	—	957
Indirect other	195	(19)	6	29	—	211
Student	117	(6)	—	3	1	115
Credit card	350	(41)	9	30	—	348
ALLL	4,435	(261)	83	(88)	1	4,170
RUFC	260	—	—	(7)	—	253
ACL	\$ 4,695	\$ (261)	\$ 83	\$ (95)	\$ 1	\$ 4,423

(1) Includes the amounts for the ALLL for PCD acquisitions, and other activity.

The commercial ALLL decreased \$173 million and the consumer ALLL decreased \$90 million for the three months ended March 31, 2022. The decrease reflects a continued favorable credit environment tempered by uncertainty associated with inflation, supply chain disruption, rising rates, and geopolitical events.

The RUFC decreased \$7 million for the three months ended March 31, 2022. The decrease reflects a continued favorable credit environment.

The quantitative models have been designed to estimate losses using macro-economic forecasts over a reasonable and supportable forecast period of two years, followed by a reversion to long-term historical loss conditions over a one-year period. These macro-economic forecasts include a number of key economic variables utilized in loss forecasting that include, but are not limited to, unemployment trends, US real GDP, corporate credit spreads, rental rates, property values, the primary 30-year mortgage rate, home price indices, and used car prices.

The primary economic forecast incorporates a third-party baseline forecast that is adjusted to reflect Truist's interest rate outlook. Management also considers optimistic and pessimistic third-party macro-economic forecasts in order to capture uncertainty in the economic environment. These forecasts, along with the primary economic forecast, are weighted 40% baseline, 30% optimistic, and 30% pessimistic in the March 31, 2022 ACL, unchanged since December 31, 2021. The primary economic forecast shaping the ACL estimate at March 31, 2022 included GDP growth in the mid-single digits followed by a decline to the low-single digits through the end of 2022 and an unemployment rate starting in the low-single digits with improvement through the end of the reasonable and supportable period.

Quantitative models have certain limitations with respect to estimating expected losses, particularly in times of rapidly changing macro-economic conditions and forecasts. As a result, management believes that the qualitative component of the ACL, which incorporates management's expert judgment related to expected future credit losses, will continue to be an important component of the ACL for the foreseeable future. The March 31, 2022 ACL estimate includes adjustments to consider the impact of current and expected events or risks not captured by the loss forecasting models, the outcomes of which are uncertain and may not be completely considered by quantitative models. Refer to "Note 1. Basis of Presentation" in Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional information.

## NPAs

The following table provides a summary of nonperforming loans, excluding LHFS. Interest income recognized on nonperforming loans HFI was immaterial for the three months ended March 31, 2022 and 2021, respectively.

(Dollars in millions)	March 31, 2022		December 31, 2021	
	Recorded Investment		Recorded Investment	
	Without an ALLL	With an ALLL	Without an ALLL	With an ALLL
Commercial:				
Commercial and industrial	\$ 139	\$ 191	\$ 125	\$ 269
CRE	18	9	12	17
Commercial construction	—	—	—	7
Consumer:				
Residential mortgage	5	310	4	292
Residential home equity and direct	3	138	3	138
Indirect auto	3	224	1	217
Indirect other	—	4	—	5
Total	\$ 168	\$ 876	\$ 145	\$ 945

The following table presents a summary of nonperforming assets and residential mortgage loans in the process of foreclosure.

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Nonperforming loans and leases HFI	\$ 1,044	\$ 1,090
Nonperforming LHFS	39	22
Foreclosed real estate	3	8
Other foreclosed property	49	43
Total nonperforming assets	\$ 1,135	\$ 1,163
Residential mortgage loans in the process of foreclosure	\$ 208	\$ 135

## TDRs

The following table presents a summary of TDRs:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Performing TDRs:		
Commercial:		
Commercial and industrial	\$ 104	\$ 147
CRE	5	5
Commercial construction	1	—
Consumer:		
Residential mortgage	866	692
Residential home equity and direct	91	98
Indirect auto	392	389
Indirect other	6	7
Student	25	25
Credit card	25	27
Total performing TDRs	1,515	1,390
Nonperforming TDRs	189	152
Total TDRs	\$ 1,704	\$ 1,542
ALLL attributable to TDRs	\$ 87	\$ 102

The primary type of modification for newly designated TDRs is summarized in the tables below. New TDR balances represent the recorded investment at the end of the quarter in which the modification was made. The prior quarter balance represents recorded investment at the beginning of the quarter in which the modification was made. Rate modifications consist of TDRs made with below market interest rates, including those that also have modifications of loan structures.

(Dollars in millions)	As of / For the Three Months Ended March 31, 2022			
	Type of Modification		Prior Quarter Loan Balance	ALLL at Period End
	Rate	Structure		
Newly designated TDRs:				
Commercial	\$ —	\$ 8	\$ 10	\$ —
Consumer	148	191	329	15
Credit card	2	—	2	1
Re-modification of previously designated TDRs	21	11		

(Dollars in millions)	As of / For the Three Months Ended March 31, 2021			
	Type of Modification		Prior Quarter Loan Balance	ALLL at Period End
	Rate	Structure		
Newly designated TDRs:				
Commercial	\$ 27	\$ 103	\$ 147	\$ 13
Consumer	75	155	233	13
Credit card	4	—	4	2
Re-modification of previously designated TDRs	14	14		

Charge-offs and forgiveness of principal and interest for TDRs were immaterial for all periods presented. The amount of modified loans that were classified as TDRs during the previous 12 months and experienced a payment default for three months ended March 31, 2022 and 2021 was immaterial. Payment default is defined as movement of the TDR to nonperforming status, foreclosure, or charge-off, whichever occurs first.

#### **Unearned Income, Discounts, and Net Deferred Loan Fees and Costs**

The following table presents additional information about loans and leases:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Unearned income, discounts, and net deferred loan fees and costs	\$ 537	\$ 849

## NOTE 6. Goodwill and Other Intangible Assets

The Company performed a qualitative assessment of current events and circumstances, including macroeconomic and market factors, industry and banking sector events, Truist specific performance indicators, and a comparison of management's forecast and assumptions to those used in its October 1, 2021 quantitative impairment test, concluding that it was not more-likely-than-not that the fair value of one or more of its reporting units is below its respective carrying amount as of March 31, 2022, and therefore no triggering event occurred that required a quantitative goodwill impairment test. Refer to "Note 1. Basis of Presentation" in Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional information.

The changes in the carrying amount of goodwill attributable to operating segments are reflected in the table below. Activity during 2022 reflects the acquisition of Kensington Vanguard National Land Services. Activity during 2021 primarily reflects the acquisitions of Service Finance, LLC, and Constellation Affiliated Partners. Refer to "Note 2. Business Combinations" in Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional information on the acquisitions and "Note 18. Operating Segments" for additional information on segments.

(Dollars in millions)	CB&W	C&CB	IH	Total
Goodwill, January 1, 2021	\$ 15,841	\$ 6,167	\$ 2,439	\$ 24,447
Mergers and acquisitions	1,168	—	556	1,724
Adjustments and other	(139)	(18)	84	(73)
Goodwill, December 31, 2021	16,870	6,149	3,079	26,098
Mergers and acquisitions	—	—	187	187
Adjustments and other	(1)	—	—	(1)
Goodwill, March 31, 2022	\$ 16,869	\$ 6,149	\$ 3,266	\$ 26,284

The following table, which excludes fully amortized intangibles, presents information for identifiable intangible assets:

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
CDI	\$ 2,563	\$ (1,267)	\$ 1,296	\$ 2,563	\$ (1,190)	\$ 1,373
Other, primarily client relationship intangibles	3,531	(1,134)	2,397	3,116	(1,081)	2,035
Total	\$ 6,094	\$ (2,401)	\$ 3,693	\$ 5,679	\$ (2,271)	\$ 3,408

Truist redeemed a noncontrolling equity interest in SunTrust Merchant Services, LLC, and paid cash of \$175 million in exchange for the rights to certain merchant banking relations, including relations previously referred by Truist to SunTrust Merchant Services, LLC. Upon completion of this transaction, Truist recognized a gain on the redemption of noncontrolling equity interest of \$74 million and \$282 million of other intangibles representing the fair value of acquired contractual relationships as of the transaction date. The intangible assets are being amortized over a term of 12 years based upon the estimated economic benefits received.

## NOTE 7. Loan Servicing

The Company acquires servicing rights, and retains servicing rights related to certain of its sales or securitizations of residential mortgages, commercial mortgages, and other consumer loans. Servicing rights are capitalized by the Company as Loan servicing rights on the Consolidated Balance Sheets. Income earned by the Company on its loan servicing rights is derived primarily from contractually specified servicing fees, late fees, net of curtailment costs, and other ancillary fees.

### Residential Mortgage Activities

The following tables summarize residential mortgage servicing activities:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
UPB of residential mortgage loan servicing portfolio	\$ 246,664	\$ 246,727
UPB of residential mortgage loans serviced for others, primarily agency conforming fixed rate	195,737	196,011
Mortgage loans sold with recourse	221	244
Maximum recourse exposure from mortgage loans sold with recourse liability	137	155
Indemnification, recourse and repurchase reserves	73	74

As of / For the Three Months Ended March 31, (Dollars in millions)	2022	2021
UPB of residential mortgage loans sold from LHFS	\$ 8,818	\$ 9,489
Pre-tax gains recognized on mortgage loans sold and held for sale	39	119
Servicing fees recognized from mortgage loans serviced for others	145	141
Approximate weighted average servicing fee on the outstanding balance of residential mortgage loans serviced for others	0.31 %	0.31 %
Weighted average interest rate on mortgage loans serviced for others	3.41	3.76

The following table presents a roll forward of the carrying value of residential MSR's recorded at fair value:

Three Months Ended March 31, (Dollars in millions)	2022	2021
Residential MSR's, carrying value, January 1	\$ 2,305	\$ 1,778
Additions	147	174
Change in fair value due to changes in valuation inputs or assumptions:		
Prepayment speeds	376	219
OAS	(26)	141
Realization of expected net servicing cash flows, passage of time and other	(110)	(209)
Residential MSR's, carrying value, March 31	\$ 2,692	\$ 2,103

The sensitivity of the fair value of the Company's residential MSR's to changes in key assumptions is presented in the following table:

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Min	Max	Weighted Average	Min	Max	Weighted Average
Prepayment speed	10.0 %	12.8 %	11.1 %	11.4 %	15.3 %	13.8 %
Effect on fair value of a 10% increase			\$ (104)			\$ (113)
Effect on fair value of a 20% increase			(199)			(216)
OAS	1.2 %	11.2 %	4.3 %	1.5 %	10.7 %	4.2 %
Effect on fair value of a 10% increase			\$ (44)			\$ (37)
Effect on fair value of a 20% increase			(87)			(73)
Composition of loans serviced for others:						
Fixed-rate residential mortgage loans			99.3 %			99.3 %
Adjustable-rate residential mortgage loans			0.7			0.7
Total			100.0 %			100.0 %
Weighted average life			6.0 years			5.2 years

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. As indicated, changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in the above table, the effect of an adverse variation in one assumption on the fair value of the MSR's is calculated without changing any other assumption; while in reality, changes in one factor may result in changes in another, which may magnify or counteract the effect of the change. See "Note 15. Fair Value Disclosures" for additional information on the valuation techniques used.

## Commercial Mortgage Activities

The following table summarizes commercial mortgage servicing activities:

(Dollars in millions)	As of/Year-to-Date Ended	
	Mar 31, 2022	Dec 31, 2021
UPB of CRE mortgages serviced for others	\$ 37,397	\$ 37,960
CRE mortgages serviced for others covered by recourse provisions	9,938	10,243
Maximum recourse exposure from CRE mortgages sold with recourse liability	2,861	2,958
Recorded reserves related to recourse exposure	15	16
CRE mortgages originated during the year-to-date period	1,557	9,380
Commercial MSRs at fair value	280	280

## Other Servicing Activities

The Company had \$41 million and \$48 million of other loan servicing rights at fair value as of March 31, 2022 and December 31, 2021, respectively.

## NOTE 8. Other Assets and Liabilities

### Lessee Operating and Finance Leases

The Company leases certain assets, consisting primarily of real estate, and assesses at contract inception whether a contract is, or contains, a lease. The following tables present additional information on leases, excluding leases related to the lease financing businesses:

(Dollars in millions)	March 31, 2022		December 31, 2021	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
ROU assets	\$ 1,126	\$ 22	\$ 1,168	\$ 22
Lease liabilities	1,529	26	1,600	26
Weighted average remaining term	6.5 years	6.2 years	6.6 years	6.4 years
Weighted average discount rate	2.3 %	3.4 %	2.3 %	3.5 %

(Dollars in millions)	Three Months Ended March 31,	
	2022	2021
Operating lease costs	\$ 85	\$ 85

### Lessor Operating Leases

The Company's two primary lessor businesses are equipment financing and structured real estate with income recorded in Operating lease income on the Consolidated Statements of Income. The following table presents a summary of assets under operating leases and activity related to assets under operating leases. This table excludes subleases on assets included in premises and equipment.

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Assets held under operating leases (1)	\$ 2,034	\$ 2,110
Accumulated depreciation	(524)	(539)
Net	\$ 1,510	\$ 1,571

(1) Includes certain land parcels subject to operating leases that have indefinite lives.

### Bank-Owned Life Insurance

Bank-owned life insurance consists of life insurance policies held on certain teammates for which the Company is the beneficiary. These policies provide the Company an efficient form of funding for retirement and other employee benefits costs. The carrying value of bank-owned life insurance was \$7.5 billion at March 31, 2022 and \$7.3 billion December 31, 2021.

## NOTE 9. Borrowings

The following table presents a summary of short-term borrowings:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Securities sold under agreements to repurchase	\$ 2,367	\$ 2,435
Collateral in excess of derivative exposures	380	318
Master notes	683	808
Securities sold short	1,717	1,731
Total short-term borrowings	\$ 5,147	\$ 5,292

The following table presents a summary of long-term debt:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Truist Financial Corporation:		
Fixed rate senior notes (1)	\$ 12,038	\$ 13,271
Floating rate senior notes (1)	999	1,348
Fixed rate subordinated notes (2)	927	1,254
Capital notes (2)	621	620
Structured notes (3)	11	11
Truist Bank:		
Fixed rate senior notes (1)	9,442	9,545
Floating rate senior notes (1)	2,398	2,399
Fixed rate subordinated notes (2)	4,908	5,043
FHLB advances	860	863
Other long-term debt (4)	1,275	1,263
Nonbank subsidiaries:		
Other long-term debt (5)	294	296
Total long-term debt	\$ 33,773	\$ 35,913

- (1) Prior period was revised to reclassify certain floating rate senior notes that were reported as fixed rate senior notes at December 31, 2021.
- (2) Subordinated and capital notes with a remaining maturity of one year or greater qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations.
- (3) Consist of notes with various terms that include fixed or floating rate interest or returns that are linked to an equity index.
- (4) Includes debt associated with finance leases, tax credit investments, and other.
- (5) Includes debt associated with structured real estate leases.

## NOTE 10. Shareholders' Equity

### Common Stock

The following table presents total dividends declared per share of common stock:

	Three Months Ended March 31,	
	2022	2021
Cash dividends declared per share	\$ 0.48	\$ 0.45

### Share Repurchase Activity

The Board of Directors has authorized the repurchase of up to \$4.2 billion of the Company's common stock through September 30, 2022. At March 31, 2022, Truist had remaining authorization to repurchase \$2.6 billion of common stock under the Board approved repurchase plan. The amount of share repurchases is dependent on capital deployment through organic growth and acquisitions, giving consideration to economic and regulatory conditions.



## NOTE 11. AOCI

AOCI includes the after-tax change in unrecognized net costs related to defined benefit pension and OPEB plans as well as unrealized gains and losses on cash flow hedges, AFS securities, and HTM securities transferred from AFS securities.

Three Months Ended March 31, 2022 and 2021 (Dollars in millions)	Pension and OPEB Costs	Cash Flow Hedges	AFS Securities	HTM Securities	Other, net	Total
AOCI balance, January 1, 2021	\$ (875)	\$ (64)	\$ 1,654	\$ —	\$ 1	\$ 716
OCI before reclassifications, net of tax	28	—	(2,408)	—	1	(2,379)
Amounts reclassified from AOCI:						
Before tax	9	47	136	—	—	192
Tax effect	2	11	32	—	—	45
Amounts reclassified, net of tax	7	36	104	—	—	147
Total OCI, net of tax	35	36	(2,304)	—	1	(2,232)
AOCI balance, March 31, 2021	\$ (840)	\$ (28)	\$ (650)	\$ —	\$ 2	\$ (1,516)
AOCI balance, January 1, 2022	\$ (86)	\$ (9)	\$ (1,510)	\$ —	\$ 1	\$ (1,604)
OCI before reclassifications, net of tax	2	—	(5,036)	—	1	(5,033)
AFS Securities transferred to HTM, net of tax	—	—	2,872	(2,872)	—	—
Amounts reclassified from AOCI:						
Before tax	8	6	61	57	—	132
Tax effect	2	1	14	13	—	30
Amounts reclassified, net of tax	6	5	47	44	—	102
Total OCI, net of tax	8	5	(4,989)	44	1	(4,931)
AOCI balance, March 31, 2022	\$ (78)	\$ (4)	\$ (3,627)	\$ (2,828)	\$ 2	\$ (6,535)
Primary income statement location of amounts reclassified from AOCI	Other expense	Net interest income and Other expense	Securities gains (losses) and Net interest income	Net interest income	Net interest income	

## NOTE 12. Income Taxes

For the three months ended March 31, 2022 and 2021, the provision for income taxes was \$330 million and \$351 million, respectively, representing effective tax rates of 18.9% and 19.2%, respectively. The lower effective tax rate for the three months ended March 31, 2022 was primarily due to discrete tax expenses resulting from the divestiture of certain businesses in the prior year. The Company calculated the provision for income taxes by applying the estimated annual effective tax rate to year-to-date pre-tax income and adjusting for discrete items that occurred during the period.

## NOTE 13. Benefit Plans

The components of net periodic (benefit) cost for defined benefit pension plans are summarized in the following table:

(Dollars in millions)	Income Statement Location	Three Months Ended March 31,	
		2022	2021
Service cost	Personnel expense	\$ 139	\$ 158
Interest cost	Other expense	88	79
Estimated return on plan assets	Other expense	(269)	(249)
Amortization and other	Other expense	8	8
Net periodic (benefit) cost		\$ (34)	\$ (4)

Truist makes contributions to the qualified pension plans up to the maximum deductible for federal income tax purposes. Discretionary contributions totaling \$351 million were made to the Truist pension plan during the three months ended March 31, 2022. There are no required contributions for 2022.

## NOTE 14. Commitments and Contingencies

Truist utilizes a variety of financial instruments to mitigate exposure to risks and meet the financing needs and provide investment opportunities for clients. These financial instruments include commitments to extend credit, letters of credit and financial guarantees, derivatives, and other investments. Truist also has commitments to fund certain affordable housing investments and contingent liabilities related to certain sold loans.

### Tax Credit and Certain Equity Investments

The following table summarizes certain tax credit and certain equity investments:

(Dollars in millions)	Balance Sheet Location	Mar 31, 2022	Dec 31, 2021
Investments in affordable housing projects:			
Carrying amount	Other assets	\$ 4,133	\$ 4,107
Amount of future funding commitments included in carrying amount	Other liabilities	1,346	1,285
Lending exposure	Loans and leases for funded amounts	942	763
Renewable energy investments:			
Carrying amount	Other assets	199	257
Amount of future funding commitments not included in carrying amount	NA	70	71
Private equity and certain other equity method investments:			
Carrying amount	Other assets	1,925	1,822
Amount of future funding commitments not included in carrying amount	NA	435	411

The following table presents a summary of tax credits and amortization associated with the Company's tax credit investment activity:

(Dollars in millions)	Income Statement Location	Three Months Ended March 31,	
		2022	2021
Tax credits:			
Investments in affordable housing projects	Provision for income taxes	\$ 127	\$ 120
Other community development investments	Provision for income taxes	23	23
Renewable energy investments	NA (1)	37	39
Amortization and other changes in carrying amount:			
Investments in affordable housing projects	Provision for income taxes	\$ 124	\$ 119
Other community development investments	Other noninterest income	19	19
Renewable energy investments	Other noninterest income	4	—

(1) Tax credits received for these investments are recorded as a reduction to the carrying value of these investments.

### Letters of Credit and Financial Guarantees

In the normal course of business, Truist utilizes certain financial instruments to meet the financing needs of clients and to mitigate exposure to risks. Such financial instruments include commitments to extend credit and certain contractual agreements, including standby letters of credit and financial guarantee arrangements.

The following is a summary of selected notional amounts of off-balance sheet financial instruments:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Commitments to extend, originate, or purchase credit	\$ 202,695	\$ 198,658
Residential mortgage loans sold with recourse	221	244
CRE mortgages serviced for others covered by recourse provisions	9,938	10,243
Other loans serviced for others covered by recourse provisions	594	588
Letters of credit	5,818	5,568

## Total Return Swaps

The Company facilitates matched book TRS transactions on behalf of clients, whereby a VIE purchases reference assets identified by a client and the Company enters into a TRS with the VIE, with a mirror-image TRS facing the client. The Company provides senior financing to the VIE in the form of demand notes to fund the purchase of the reference assets. Reference assets are typically fixed income instruments primarily composed of syndicated bank loans. The TRS contracts pass through interest and other cash flows on the reference assets to the third party clients, along with exposing those clients to decreases in value on the assets and providing them with the rights to appreciation on the assets. The terms of the TRS contracts require the third parties to post initial margin collateral, as well as ongoing margin as the fair values of the underlying reference assets change. The following table provides a summary of the TRS transactions with VIE purchases. VIE assets include trading loans and bonds:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Total return swaps:		
VIE assets	\$ 1,627	\$ 1,519
Trading loans and bonds	1,602	1,491
VIE liabilities	104	50

The Company concluded that the associated VIEs should be consolidated because the Company has (i) the power to direct the activities that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses and the right to receive benefits, that could potentially be significant. The activities of the VIEs are restricted to buying and selling the reference assets and the risks/benefits of any such assets owned by the VIEs are passed to the third party clients via the TRS contracts. For additional information on TRS contracts and the related VIEs, see "Note 16. Derivative Financial Instruments."

## Pledged Assets

Certain assets were pledged to secure municipal deposits, securities sold under agreements to repurchase, certain derivative agreements, and borrowings or borrowing capacity, as well as to fund certain obligations related to nonqualified defined benefit and defined contribution retirement plans and for other purposes as required or permitted by law. Assets pledged to the FHLB and FRB are subject to applicable asset discounts when determining borrowing capacity. The Company obtains secured financing and letters of credit from the FRB and FHLB. The Company's letters of credit from the FHLB can be used to secure various client deposits, including public fund relationships. Excluding assets related to nonqualified benefit plans, the majority of the agreements governing the pledged assets do not permit the other party to sell or repledge the collateral. The following table provides the total carrying amount of pledged assets by asset type:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Pledged securities	\$ 28,614	\$ 29,678
Pledged loans:		
FRB	70,815	73,349
FHLB	60,151	64,698
Unused borrowing capacity:		
FRB	51,876	52,170
FHLB	45,961	49,244

## Litigation and Regulatory Matters

Truist and/or its subsidiaries are routinely named as defendants in or parties to numerous actual or threatened legal proceedings, including civil litigation and regulatory investigations or enforcement matters, arising from the ordinary conduct of its regular business activities. The matters range from individual actions involving a single plaintiff to class action lawsuits with many class members and can involve claims for substantial or indeterminate alleged damages or for injunctive or other relief. Investigations may involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations, and could result in fines, penalties, restitution, and/or alterations in Truist's business practices. These legal proceedings are at varying stages of adjudication, arbitration, or investigation and may consist of a variety of claims, including common law tort and contract claims, as well as statutory antitrust, securities, and consumer protection claims. The ultimate resolution of any proceeding and the timing of such resolution is uncertain and inherently difficult to predict. It is possible that the ultimate resolution of these matters, if unfavorable, may be material to the consolidated financial position, consolidated results of operations, or consolidated cash flows of Truist, or cause significant reputational consequences.

Truist establishes accruals for legal matters when potential losses associated with the actions become probable and the amount of loss can be reasonably estimated. There is no assurance that the ultimate resolution of these matters will not significantly exceed the amounts that Truist has accrued. Accruals for legal matters are based on management's best judgment after consultation with counsel and others.

The Company estimates reasonably possible losses, in excess of amounts accrued, of up to approximately \$200 million as of March 31, 2022. This estimate does not represent Truist's maximum loss exposure, and actual losses may vary significantly. In addition, the matters underlying this estimate will change from time to time. Estimated losses are based upon currently available information and involve considerable judgment, given that claims often include significant legal uncertainties, damages alleged by plaintiffs are often unspecified or overstated, discovery may not have started or may not be complete, and material facts may be disputed or unsubstantiated, among other factors.

For certain matters, Truist may be unable to estimate the loss or range of loss, even if it believes that a loss is probable or reasonably possible, until developments in the case provide additional information sufficient to support such an estimate. Such matters are not accrued for and are not reflected in the estimate of reasonably possible losses.

The following is a description of a certain legal proceeding in which Truist is involved:

**Bickerstaff v. SunTrust Bank**

This class action case was filed in the Fulton County State Court on July 12, 2010, and an amended complaint was filed on August 9, 2010. Plaintiff asserts that all overdraft fees charged to his account which related to debit card and ATM transactions are actually interest charges and therefore subject to the usury laws of Georgia. Plaintiff has brought claims for violations of civil and criminal usury laws, conversion, and money had and received, and seeks damages on a class-wide basis, including refunds of challenged overdraft fees and pre-judgment interest. On October 6, 2017, the trial court granted plaintiff's motion for class certification and defined the class as "Every Georgia citizen who had or has one or more accounts with SunTrust Bank and who, from July 12, 2006, to October 6, 2017 (i) had at least one overdraft of \$500.00 or less resulting from an ATM or debit card transaction (the "Transaction"); (ii) paid any Overdraft Fees as a result of the Transaction; and (iii) did not receive a refund of those Fees," and the granting of a certified class was affirmed on appeal. On April 8, 2020, the Company filed a motion seeking to narrow the scope of this class, and on May 29, 2020, it filed a renewed motion to compel arbitration of the claims of some of the class members. On February 9, 2021, the trial court denied both motions as premature but held that the issues could be raised again after the conclusion of discovery, which is currently underway. The Company believes that the claims are without merit.

## NOTE 15. Fair Value Disclosures

### Recurring Fair Value Measurements

Accounting standards define fair value as the price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants, with a three level measurement hierarchy:

- Level 1: Quoted prices for identical instruments in active markets
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable

The following tables present fair value information for assets and liabilities measured at fair value on a recurring basis:

March 31, 2022 (Dollars in millions)	Total	Level 1	Level 2	Level 3	Netting Adjustments (1)
<b>Assets:</b>					
Trading assets:					
U.S. Treasury	\$ 965	\$ —	\$ 965	\$ —	\$ —
GSE	391	—	391	—	—
Agency MBS - residential	1,164	—	1,164	—	—
Agency MBS - commercial	52	—	52	—	—
States and political subdivisions	69	—	69	—	—
Corporate and other debt securities	1,023	—	1,023	—	—
Loans	1,933	—	1,933	—	—
Other	323	273	50	—	—
Total trading assets	5,920	273	5,647	—	—
AFS securities:					
U.S. Treasury	9,412	—	9,412	—	—
GSE	245	—	245	—	—
Agency MBS - residential	68,238	—	68,238	—	—
Agency MBS - commercial	2,659	—	2,659	—	—
States and political subdivisions	370	—	370	—	—
Non-agency MBS	3,803	—	3,803	—	—
Other	26	—	26	—	—
Total AFS securities	84,753	—	84,753	—	—
LHFS at fair value	3,364	—	3,364	—	—
Loans and leases	21	—	—	21	—
Loan servicing rights at fair value	3,013	—	—	3,013	—
Other assets:					
Derivative assets	2,113	739	2,989	7	(1,622)
Equity securities	1,024	812	212	—	—
Total assets	\$ 100,208	\$ 1,824	\$ 96,965	\$ 3,041	\$ (1,622)
<b>Liabilities:</b>					
Derivative liabilities	\$ 1,482	\$ 360	\$ 4,128	\$ 81	\$ (3,087)
Securities sold short	1,717	13	1,704	—	—
Total liabilities	\$ 3,199	\$ 373	\$ 5,832	\$ 81	\$ (3,087)

December 31, 2021 (Dollars in millions)	Total	Level 1	Level 2	Level 3	Netting Adjustments (1)
<b>Assets:</b>					
Trading assets:					
U.S. Treasury	\$ 125	\$ —	\$ 125	\$ —	\$ —
GSE	306	—	306	—	—
Agency MBS - residential	1,016	—	1,016	—	—
Agency MBS - commercial	13	—	13	—	—
States and political subdivisions	91	—	91	—	—
Corporate and other debt securities	738	—	738	—	—
Loans	1,791	—	1,791	—	—
Other	343	285	58	—	—
Total trading assets	4,423	285	4,138	—	—
AFS securities:					
U.S. Treasury	9,795	—	9,795	—	—
GSE	1,698	—	1,698	—	—
Agency MBS - residential	134,042	—	134,042	—	—
Agency MBS - commercial	2,882	—	2,882	—	—
States and political subdivisions	420	—	420	—	—
Non-agency MBS	4,258	—	4,258	—	—
Other	28	—	28	—	—
Total AFS securities	153,123	—	153,123	—	—
LHFS at fair value	3,544	—	3,544	—	—
Loans and leases	23	—	—	23	—
Loan servicing rights at fair value	2,633	—	—	2,633	—
Other assets:					
Derivative assets	2,370	887	3,110	30	(1,657)
Equity securities	1,066	967	99	—	—
Total assets	\$ 167,182	\$ 2,139	\$ 164,014	\$ 2,686	\$ (1,657)
<b>Liabilities:</b>					
Derivative liabilities	\$ 586	\$ 438	\$ 3,056	\$ 42	\$ (2,950)
Securities sold short	1,731	8	1,723	—	—
Total liabilities	\$ 2,317	\$ 446	\$ 4,779	\$ 42	\$ (2,950)

(1) Refer to "Note 16. Derivative Financial Instruments" for additional discussion on netting adjustments.

At March 31, 2022 and December 31, 2021, investments totaling \$495 million and \$440 million, respectively, have been excluded from the table above as they are valued based on net asset value as a practical expedient. These investments primarily consist of certain SBIC funds.

For additional information on the valuation techniques and significant inputs for Level 2 and Level 3 assets and liabilities that are measured at fair value on a recurring basis, see "Note 18. Fair Value Disclosures" of the Annual Report on Form 10-K for the year ended December 31, 2021.

Activity for Level 3 assets and liabilities is summarized below:

Three Months Ended March 31, 2022 and 2021 (Dollars in millions)	Loans and Leases	Loan Servicing Rights	Net Derivatives
Balance at January 1, 2021	\$ —	\$ 2,023	\$ 172
Total realized and unrealized gains (losses):			
Included in earnings	—	374	(164)
Issuances	—	192	96
Settlements	—	(224)	(114)
Balance at March 31, 2021	<u>\$ —</u>	<u>\$ 2,365</u>	<u>\$ (10)</u>
Balance at January 1, 2022	\$ 23	\$ 2,633	\$ (12)
Total realized and unrealized gains (losses):			
Included in earnings	—	357	(170)
Issuances	—	158	17
Settlements	—	(135)	91
Other	(2)	—	—
Balance at March 31, 2022	<u>\$ 21</u>	<u>\$ 3,013</u>	<u>\$ (74)</u>
Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at March 31, 2022	\$ —	\$ 357	\$ (45)
Primary income statement location of realized gains (losses) included in earnings	Other income	Residential mortgage income and Commercial mortgage income	Residential mortgage income and Commercial mortgage income

### Fair Value Option

The following table details the fair value and UPB of certain loans that were elected to be measured at fair value:

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Fair Value	UPB	Difference	Fair Value	UPB	Difference
Trading loans	\$ 1,933	\$ 1,944	\$ (11)	\$ 1,791	\$ 1,784	\$ 7
Loans and leases	21	23	(2)	23	35	(12)
LHFS at fair value	3,364	3,405	(41)	3,544	3,450	94

### Nonrecurring Fair Value Measurements

The following table provides information about certain assets measured at fair value on a nonrecurring basis still held as of period end. The carrying values represent end of period values, which approximate the fair value measurements that occurred on the various measurement dates throughout the period. These assets are considered to be Level 3 assets.

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Carrying value:		
LHFS	\$ 141	\$ 101
Loans and leases	429	443
Other	52	100

The following table provides information about valuation adjustments for certain assets measured at fair value on a nonrecurring basis. The valuation adjustments represent the amounts recorded during the period regardless of whether the asset is still held at period end.

(Dollars in millions)	Three Months Ended March 31,	
	2022	2021
Valuation adjustments:		
LHFS	\$ (3)	\$ (16)
Loans and leases	(97)	(154)
Other	(139)	(95)

LHFS with valuation adjustments in the table above consisted primarily of residential mortgages and commercial loans that were valued using market prices and measured at LOCOM. The table above excludes \$662 million and \$1.2 billion of LHFS carried at cost at March 31, 2022 and December 31, 2021, respectively, that did not require a valuation adjustment during the period. The remainder of LHFS is carried at fair value. LHFS that were classified as nonperforming and LHFS that were 90 days or more past due and still accruing interest were not material at March 31, 2022 and December 31, 2021.

Loans and leases consists of larger commercial loans and leases that are collateral-dependent and other secured loans and leases that have been charged-off to the fair value of the collateral. Valuation adjustments for loans and leases are primarily recorded in the Provision for credit losses in the Consolidated statement of income. Refer to “Note 1. Basis of Presentation” in Truist’s Annual Report on Form 10-K for the year ended December 31, 2021 for additional discussion of individually evaluated loans and leases.

Other includes foreclosed real estate, other foreclosed property, ROU assets, premises and equipment, and OREO, and consists primarily of residential homes, commercial properties, vacant lots, and automobiles. ROU assets are measured based on the fair value of the assets, which considers the potential for sublease income. The remaining assets are measured at Locom, less costs to sell.

### **Financial Instruments Not Recorded at Fair Value**

For financial instruments not recorded at fair value, estimates of fair value are based on relevant market data and information about the instruments. Values obtained relate to trading without regard to any premium or discount that may result from concentrations of ownership, possible tax ramifications, estimated transaction costs that may result from bulk sales or the relationship between various instruments.

An active market does not exist for certain financial instruments. Fair value estimates for these instruments are based on current economic conditions and interest rate risk characteristics, loss experience and other factors. Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision. Therefore, the fair value estimates in many instances cannot be substantiated by comparison to independent markets. In addition, changes in assumptions could significantly affect these fair value estimates. Financial assets and liabilities not recorded at fair value are summarized below:

(Dollars in millions)	Fair Value Hierarchy	March 31, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets:</b>					
HTM securities	Level 2	\$ 61,662	\$ 59,124	\$ 1,494	\$ 1,495
Loans and leases HFI, net of ALLL	Level 3	285,890	282,709	285,055	284,914
<b>Financial liabilities:</b>					
Time deposits	Level 2	14,476	14,582	15,886	16,017
Long-term debt	Level 2	33,773	33,275	35,913	36,251

The carrying value of the RUFC, which approximates the fair value of unfunded commitments, was \$253 million and \$260 million at March 31, 2022 and December 31, 2021, respectively.



## NOTE 16. Derivative Financial Instruments

### Impact of Derivatives on the Consolidated Balance Sheets

The following table presents the gross notional amounts and estimated fair value of derivative instruments employed by the Company. Truist held no cash flow hedges as of March 31, 2022 and December 31, 2021.

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedges:						
Interest rate contracts:						
Swaps hedging long-term debt	\$ 7,043	\$ —	\$ (34)	\$ 12,690	\$ —	\$ (6)
Swaps hedging AFS securities	7,098	—	—	12,711	—	(2)
Total	14,141	—	(34)	25,401	—	(8)
Not designated as hedges:						
Client-related and other risk management:						
Interest rate contracts:						
Swaps	153,378	733	(1,320)	150,223	1,716	(733)
Options	30,904	113	(95)	23,659	43	(30)
Forward commitments	4,118	29	(14)	2,404	2	(5)
Other	2,572	—	(1)	2,927	—	—
Equity contracts	39,530	1,275	(1,630)	34,232	1,582	(2,089)
Credit contracts:						
Loans and leases	630	—	(1)	570	—	(2)
Risk participation agreements	7,330	—	(3)	8,145	—	(4)
Total return swaps	1,515	8	(5)	1,445	3	(19)
Foreign exchange contracts	18,663	207	(204)	16,102	160	(156)
Commodity	6,338	1,152	(1,144)	4,641	475	(468)
Total	264,978	3,517	(4,417)	244,348	3,981	(3,506)
Mortgage banking:						
Interest rate contracts:						
Swaps	1,016	3	—	441	—	—
Interest rate lock commitments	3,911	7	(51)	4,163	30	(7)
When issued securities, forward rate agreements and forward commitments	7,129	147	(1)	6,913	7	(15)
Other	357	2	—	424	1	—
Total	12,413	159	(52)	11,941	38	(22)
MSRs:						
Interest rate contracts:						
Swaps	19,634	1	—	12,837	—	—
Options	5,237	39	—	101	1	—
When issued securities, forward rate agreements and forward commitments	2,856	19	(66)	3,927	7	—
Other	1,273	—	—	2,017	—	—
Total	29,000	59	(66)	18,882	8	—
Total derivatives not designated as hedges	306,391	3,735	(4,535)	275,171	4,027	(3,528)
Total derivatives	<u>\$ 320,532</u>	3,735	(4,569)	<u>\$ 300,572</u>	4,027	(3,536)
Gross amounts in the Consolidated Balance Sheets:						
Amounts subject to master netting arrangements		(1,290)	1,290		(1,312)	1,312
Cash collateral (received) posted for amounts subject to master netting arrangements		(332)	1,797		(345)	1,638
Net amount		\$ 2,113	\$ (1,482)		\$ 2,370	\$ (586)

The following table presents the offsetting of derivative instruments including financial instrument collateral related to legally enforceable master netting agreements and amounts held or pledged as collateral. U.S. GAAP does not permit netting of non-cash collateral balances in the Consolidated Balance Sheets:

March 31, 2022 (Dollars in millions)	Gross Amount	Amount Offset	Net Amount in Consolidated Balance Sheets	Held/Pledged Financial Instruments	Net Amount
<b>Derivative assets:</b>					
Derivatives subject to master netting arrangement or similar arrangement	\$ 2,787	\$ (1,270)	\$ 1,517	\$ —	\$ 1,517
Derivatives not subject to master netting arrangement or similar arrangement	209	—	209	—	209
Exchange traded derivatives	739	(352)	387	—	387
Total derivative assets	\$ 3,735	\$ (1,622)	\$ 2,113	\$ —	\$ 2,113
<b>Derivative liabilities:</b>					
Derivatives subject to master netting arrangement or similar arrangement	\$ (3,819)	\$ 2,735	\$ (1,084)	\$ 64	\$ (1,020)
Derivatives not subject to master netting arrangement or similar arrangement	(390)	—	(390)	—	(390)
Exchange traded derivatives	(360)	352	(8)	—	(8)
Total derivative liabilities	\$ (4,569)	\$ 3,087	\$ (1,482)	\$ 64	\$ (1,418)
<b>December 31, 2021 (Dollars in millions)</b>					
	<b>Gross Amount</b>	<b>Amount Offset</b>	<b>Net Amount in Consolidated Balance Sheets</b>	<b>Held/Pledged Financial Instruments</b>	<b>Net Amount</b>
<b>Derivative assets:</b>					
Derivatives subject to master netting arrangement or similar arrangement	\$ 2,752	\$ (1,221)	\$ 1,531	\$ (1)	\$ 1,530
Derivatives not subject to master netting arrangement or similar arrangement	388	—	388	—	388
Exchange traded derivatives	887	(436)	451	—	451
Total derivative assets	\$ 4,027	\$ (1,657)	\$ 2,370	\$ (1)	\$ 2,369
<b>Derivative liabilities:</b>					
Derivatives subject to master netting arrangement or similar arrangement	\$ (2,873)	\$ 2,514	\$ (359)	\$ 66	\$ (293)
Derivatives not subject to master netting arrangement or similar arrangement	(225)	—	(225)	—	(225)
Exchange traded derivatives	(438)	436	(2)	—	(2)
Total derivative liabilities	\$ (3,536)	\$ 2,950	\$ (586)	\$ 66	\$ (520)

The following table presents the carrying value of hedged items in fair value hedging relationships:

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Hedged Asset / Liability Basis	Hedge Basis Adjustment		Hedged Asset / Liability Basis	Hedge Basis Adjustment	
		Items Currently Designated	Discontinued Hedges		Items Currently Designated	Discontinued Hedges
AFS securities (1)	\$ 48,429	\$ (441)	\$ (5)	\$ 108,758	\$ (400)	\$ (150)
Loans and leases	377	—	12	382	—	12
Long-term debt	24,562	(355)	361	27,361	(137)	629

(1) The amortized cost of AFS securities was \$51.3 billion at March 31, 2022 and \$110.6 billion at December 31, 2021.

## Impact of Derivatives on the Consolidated Statements of Income and Comprehensive Income

### Derivatives Designated as Hedging Instruments under GAAP

No portion of the change in fair value of derivatives designated as hedges has been excluded from effectiveness testing.

The following table summarizes amounts related to cash flow hedges, which consist of interest rate contracts.

(Dollars in millions)	Three Months Ended March 31,	
	2022	2021
Pre-tax gain (loss) reclassified from AOCI into interest expense:		
Deposits	\$ —	\$ (1)
Short-term borrowings	—	(5)
Long-term debt	(6)	(5)
Total	\$ (6)	\$ (11)
Pre-tax gain (loss) reclassified from AOCI into other expense: (1)		
Deposits	\$ —	\$ (12)
Short-term borrowings	—	(20)
Long-term debt	—	(4)
Total	\$ —	\$ (36)

(1) Represents the accelerated amortization of amounts reclassified from AOCI, where management determined that the forecasted transaction is probable of not occurring.

The following table summarizes the impact on net interest income related to fair value hedges:

(Dollars in millions)	Three Months Ended March 31,	
	2022	2021
AFS securities:		
Amounts related to interest settlements	\$ (5)	\$ (11)
Recognized on derivatives	414	524
Recognized on hedged items	(402)	(526)
Net income (expense) recognized	7	(13)
Loans and leases:		
Amounts related to interest settlements	—	—
Recognized on derivatives	—	—
Recognized on hedged items	(1)	(1)
Net income (expense) recognized	(1)	(1)
Long-term debt:		
Amounts related to interest settlements	16	—
Recognized on derivatives	(429)	—
Recognized on hedged items	486	79
Net income (expense) recognized	73	79
Net income (expense) recognized, total	\$ 79	\$ 65

The following table presents information about the Company's terminated cash flow and fair value hedges:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Cash flow hedges:		
Net unrecognized after-tax gain (loss) on terminated hedges recorded in AOCI (to be recognized in earnings through 2022)	\$ (4)	\$ (9)
Estimated portion of net after-tax gain (loss) on terminated hedges to be reclassified from AOCI into earnings during the next 12 months	(4)	(9)
Fair value hedges:		
Unrecognized pre-tax net gain (loss) on terminated hedges (to be recognized as interest primarily through 2030) (1)	\$ 856	\$ 767
Portion of pre-tax net gain (loss) on terminated hedges to be recognized as a change in interest during the next 12 months	216	231

(1) Includes deferred gains that are recorded in AOCI as a result of the reclassification to HTM of previously hedged securities of \$502 million at March 31, 2022.

### Derivatives Not Designated as Hedging Instruments under GAAP

The Company also enters into derivatives that are not designated as accounting hedges under GAAP to economically hedge certain risks as well as in a trading capacity with its clients.

The following table presents pre-tax gain (loss) recognized in income for derivative instruments not designated as hedges:

(Dollars in millions)	Income Statement Location	Three Months Ended March 31,	
		2022	2021
Client-related and other risk management:			
Interest rate contracts	Investment banking and trading income and other income	\$ 56	\$ 102
Foreign exchange contracts	Investment banking and trading income and other income	32	26
Equity contracts	Investment banking and trading income and other income	5	(8)
Credit contracts	Investment banking and trading income and other income	8	(34)
Commodity contracts	Investment banking and trading income	5	2
Mortgage banking:			
Interest rate contracts	Residential mortgage income	261	91
Interest rate contracts	Commercial mortgage income	(1)	(1)
MSRs:			
Interest rate contracts	Residential mortgage income	(349)	(333)
Interest rate contracts	Commercial mortgage income	(9)	(12)
Total		\$ 8	\$ (167)

### Credit Derivative Instruments

As part of the Company's corporate investment banking business, the Company enters into contracts that are, in form or substance, written guarantees; specifically, risk participations, TRS, and credit default swaps. The Company accounts for these contracts as derivatives.

Truist has entered into risk participation agreements to share the credit exposure with other financial institutions on client-related interest rate derivative contracts. Under these agreements, the Company has guaranteed payment to a dealer counterparty in the event the counterparty experiences a loss on the derivative due to a failure to pay by the counterparty's client. The Company manages its payment risk on its risk participations by monitoring the creditworthiness of the underlying client through the normal credit review process that the Company would have performed had it entered into a derivative directly with the obligors. At March 31, 2022, the remaining terms on these risk participations ranged from less than one year to 16 years. The potential future exposure represents the Company's maximum estimated exposure to written risk participations, as measured by projecting a maximum value of the guaranteed derivative instruments based on scenario simulations and assuming 100% default by all obligors on the maximum value.

The Company has also entered into TRS contracts on loans and bonds. To mitigate its credit risk, the Company typically receives initial margin from the counterparty upon entering into the TRS and variation margin if the fair value of the underlying reference assets deteriorates. For additional information on the Company's TRS contracts, see "Note 14. Commitments and Contingencies."

The Company enters into credit default swaps to hedge credit risk associated with certain loans and leases. The Company accounts for these contracts as derivatives, and accordingly, recognizes these contracts at fair value.

The following table presents additional information related to interest rate derivative risk participation agreements and total return swaps:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Risk participation agreements:		
Maximum potential amount of exposure	\$ 327	\$ 521
Total return swaps:		
Cash collateral held	323	290

The following table summarizes collateral positions with counterparties:

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Dealer and other counterparties:		
Cash and other collateral received from counterparties	\$ 332	\$ 346
Derivatives in a net gain position secured by collateral received	450	506
Unsecured positions in a net gain with counterparties after collateral postings	79	143
Cash collateral posted to counterparties	1,861	1,704
Derivatives in a net loss position secured by collateral	2,196	2,591
Additional collateral that would have been posted had the Company's credit ratings dropped below investment grade	2	3
Central counterparties clearing:		
Cash collateral, including initial margin, posted to central clearing parties	—	31
Derivatives in a net loss position	7	18
Derivatives in a net gain position	86	—
Securities pledged to central counterparties clearing	797	904

## NOTE 17. Computation of EPS

Basic and diluted EPS calculations are presented in the following table:

(Dollars in millions, except per share data, shares in thousands)	Three Months Ended March 31,	
	2022	2021
Net income available to common shareholders	\$ 1,327	\$ 1,334
Weighted average number of common shares	1,329,037	1,345,666
Effect of dilutive outstanding equity-based awards	12,526	13,266
Weighted average number of diluted common shares	1,341,563	1,358,932
Basic EPS	\$ 1.00	\$ 0.99
Diluted EPS	\$ 0.99	\$ 0.98
Anti-dilutive awards	—	376

## NOTE 18. Operating Segments

Truist operates and measures business activity across three segments: CB&W, C&CB, and IH, with functional activities included in OT&C. The Company's business segment structure is based on the manner in which financial information is evaluated by management as well as the products and services provided or the type of client served. For additional information, see "Note 21. Operating Segments" of the Annual Report on Form 10-K for the year ended December 31, 2021.

The following table presents results by segment:

Three Months Ended March 31, (Dollars in millions)	CB&W		C&CB		IH		OT&C (1)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net interest income (expense)	\$ 1,529	\$ 1,753	\$ 1,093	\$ 1,208	\$ 24	\$ 24	\$ 537	\$ 300	\$ 3,183	\$ 3,285
Net intersegment interest income (expense)	649	231	156	72	—	—	(805)	(303)	—	—
Segment net interest income	2,178	1,984	1,249	1,280	24	24	(268)	(3)	3,183	3,285
Allocated provision for credit losses	74	100	(150)	(35)	—	1	(19)	(18)	(95)	48
Segment net interest income after provision	2,104	1,884	1,399	1,315	24	23	(249)	15	3,278	3,237
Noninterest income	950	920	619	692	737	633	(164)	(48)	2,142	2,197
Amortization of intangibles	73	79	33	38	31	27	—	—	137	144
Other noninterest expense	1,846	1,836	724	737	529	453	438	440	3,537	3,466
Income (loss) before income taxes	1,135	889	1,261	1,232	201	176	(851)	(473)	1,746	1,824
Provision (benefit) for income taxes	271	208	276	266	49	43	(266)	(166)	330	351
Segment net income (loss)	\$ 864	\$ 681	\$ 985	\$ 966	\$ 152	\$ 133	\$ (585)	\$ (307)	\$ 1,416	\$ 1,473
Identifiable assets (period end)	\$160,220	\$159,541	\$184,834	\$183,241	\$ 10,292	\$ 8,062	\$188,633	\$166,693	\$543,979	\$517,537

(1) Includes financial data from business units below the quantitative and qualitative thresholds requiring disclosure.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MD&A is intended to assist readers in their analysis of the accompanying Consolidated Financial Statements and supplemental financial information. It should be read in conjunction with the Consolidated Financial Statements, the accompanying Notes to the Consolidated Financial Statements in this Form 10-K, other information contained in this document, as well as with Truist's Annual Report on Form 10-K for the year ended December 31, 2021.

### ***Regulatory Considerations***

The regulatory framework applicable to banking organizations is intended primarily for the protection of depositors and the stability of the financial system, rather than for the protection of shareholders and creditors. Truist is subject to banking laws and regulations, and various other laws and regulations, which affect the operations and management of Truist and its ability to make distributions to shareholders. Truist and its subsidiaries are also subject to supervision and examination by multiple regulators. The descriptions below summarize updates since the filing of the Annual Report on Form 10-K for the year ended December 31, 2021 to state and federal laws to which Truist is subject. These descriptions do not summarize all possible or proposed changes in current laws or regulations and are not intended to be a substitute for the related statutes or regulatory provisions. Refer to Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional disclosures.

In March 2022, the U.S. enacted federal legislation that is intended to minimize legal and economic uncertainty following U.S. dollar LIBOR's cessation by replacing LIBOR references in certain contracts under certain circumstances with a SOFR-based rate to be established in a forthcoming FRB rule that incorporates a spread adjustment specified in the statute. While some states have already adopted LIBOR legislation, the federal legislation expressly preempts any provision of any state or local law, statute, rule, regulation, or standard.

### ***Executive Overview***

The first quarter of 2022 marked a pivotal turning point for Truist as we completed our final core bank conversion and are positioned to focus on executional excellence. Our financial results for the first quarter of 2022 were solid, though underlying results were mixed in light of market volatility and geopolitical uncertainty. The continued favorable credit environment also led to a strong credit performance and a benefit from the provision for credit losses. Revenues were lower as a result of a challenging environment for investment banking and mortgage, but we remain confident in our outlook given expectations for higher interest rates, our diverse business model, and continued expense discipline. At the same time, we acknowledge the increasing uncertainty presented by a range of geopolitical and economic risks. See below for further updates on our final integration and ESG efforts and a more detailed discussion of our first quarter financial performance.

### ***Merger Integration***

Truist completed our largest conversion event during the first quarter of 2022, transitioning nearly seven million clients to the Truist ecosystem and rebranding more than 6,000 signs at branches, ATMs, and other locations. We now operate officially as one brand and one bank to our clients. This accomplishment was possible because of the expertise, purposeful commitment, and hard work of thousands of teammates. We remain guided by our purpose as we continue supporting our clients through the transition and look forward to shifting our focus to executional excellence and purposeful growth throughout this year.

### **ESG**

#### *Environmental*

- Truist has joined the Partnership for Carbon Accounting Financials, and set 2030 goals to reduce Scope 1 and Scope 2 emissions by 35% each, and to reduce water consumption by 25%, relative to 2019.
- We announced our goal to achieve net zero greenhouse gas emissions by 2050, supporting our clients' transition to a low-carbon economy.

## *Social*

- Truist continued to be ahead of schedule with regard to our \$60 billion Community Benefits Plan commitment.
- In January 2022, Truist announced Truist One Banking, a first-of-its-kind approach to the checking account experience, designed to address clients' direct feedback. Truist One Banking will be available to clients beginning in the summer of 2022. The Truist One checking account features will include: no overdraft fees; a \$100 negative balance buffer for qualifying clients; an easily accessible, deposit-based line of credit of up to \$750; and premium rewards that instantly recognize relationships and honor loyalty. In addition, Truist will offer an alternative checking account product created for clients who are new to credit and want simplicity and control without overdraft fees. It will help clients avoid high fees from check-cashing and payday lenders, bring many more households into mainstream banking, and create a pathway to upgrade to a Truist One checking account.
- In March 2022, Truist issued its first Social Bond Impact Report, which details the investments made from the bond proceeds and underscores the Company's commitment to advancing its ESG goals.
- In March 2022, Truist partnered with Connect Humanity to provide internet connectivity to historically marginalized communities.

## *Governance*

- Truist made several leadership changes during 2022 as we continued to execute on the strategy first agreed upon in the Merger. Effective March 12, 2022, William H. Rogers, Jr. was appointed chairman of the board and Thomas E. Skains was appointed lead independent director. Rogers succeeds Kelly S. King, who stepped down from the role of chairman as previously announced. Skains succeeds David M. Ratcliffe. Both King and Ratcliffe remain on the board.
- In March 2022, Truist appointed Dontá L. Wilson to lead Retail and Small Business Banking. In his new role, Wilson will oversee Truist's branches across the Southeast, Mid-Atlantic, and Texas; ATMs; mortgage; card-based services; retail payments; deposit and loan products; small business delivery; retail loan approval channels; and brand, sports, performance, and digital marketing. Wilson assumes these responsibilities from Brant J. Standridge, who left Truist to pursue a new opportunity.
- In January 2022, Truist appointed Denise M. DeMaio as Chief Audit Officer, effective February 28, 2022. Denise joined the Executive Leadership team, leading Truist's internal audit function, and providing counsel to senior management on emerging risk trends from the vantage points of governance, processes, technologies and reporting.

## **Financial Results**

Net income available to common shareholders for the first quarter of 2022 of \$1.3 billion was relatively stable compared with the first quarter of 2021. On a diluted per common share basis, earnings for the first quarter of 2022 were \$0.99, an increase of \$0.01 compared to the first quarter of 2021. Truist's results of operations for the first quarter of 2022 produced an annualized return on average assets of 1.07% and an annualized return on average common shareholders' equity of 9.0% compared to prior year returns of 1.17% and 8.7%, respectively. Results for the first quarter of 2022 included merger-related and restructuring charges of \$216 million (\$166 million after-tax), incremental operating expenses related to the Merger of \$202 million (\$155 million after-tax), a gain on the redemption of noncontrolling equity interest of \$74 million (\$57 million after-tax) related to the acquisition of certain merchant services relationships, and net losses on the sales of securities of \$69 million (\$53 million after-tax). Results for the first quarter of 2021 included \$141 million (\$108 million after-tax) of merger-related and restructuring charges, \$175 million (\$134 million after-tax) of incremental operating expenses related to the Merger, and an acceleration of loss recognition related to certain terminated cash flow hedges of \$36 million (\$28 million after-tax).

On a TE basis, revenue was \$5.4 billion for the first quarter of 2022, a decrease of \$159 million, or 2.9%, compared to the same period in 2021. TE net interest income for the first quarter of 2022 was down \$104 million, or 3.1%, compared to the earlier quarter due to lower purchase accounting accretion, lower PPP fees, and a decrease in loan balances. These decreases were partially offset by growth in the securities portfolio and lower funding costs. Average earning assets increased \$26.0 billion, or 5.9%, compared to the earlier quarter. The increase in average earning assets reflects a \$30.4 billion, or 25%, increase in average securities, a \$1.5 billion, or 8.7%, increase in average other earning assets, and a \$1.1 billion, or 23%, increase in average interest earning trading assets, while average total loans and leases decreased \$7.1 billion, or 2.4%. The growth in average earning assets is a result of the deployment of strong deposit growth resulting from fiscal and monetary stimulus. Average deposits increased \$32.1 billion, or 8.4%, compared to the earlier quarter, while average long-term debt decreased \$2.5 billion, or 6.6%.

Net interest margin was 2.76%, down 25 basis points compared to the earlier quarter. The yield on the total loan portfolio for the first quarter of 2022 was 3.69%, down 40 basis points compared to the earlier quarter, reflecting the impact of lower purchase accounting accretion, lower PPP fees, and the ongoing impact of the lower rate environment. The yield on the average securities portfolio was 1.68%, up 23 basis points compared to the earlier quarter primarily due to higher yields on new purchases and lower premium amortization.



The provision for credit losses was a benefit of \$95 million, compared to a cost of \$48 million for the earlier quarter. The current quarter includes a reserve release due to the continued favorable credit environment. Net charge-offs for the first quarter of 2022 totaled \$178 million compared to \$238 million in the earlier quarter. The net charge-off ratio for the current quarter of 0.25% was down eight basis points compared to the earlier quarter.

Noninterest income for the first quarter of 2022 decreased \$55 million, or 2.5%, compared to the earlier quarter. The first quarter of 2022 includes net securities losses of \$69 million and the gain on the redemption of noncontrolling equity interest (other income) of \$74 million. The earlier quarter included a gain of \$37 million from the divestiture of certain businesses (other income). Excluding the aforementioned items, noninterest income was down \$23 million, or 1.1%. Insurance income increased \$101 million, or 16%, due to continued organic growth and acquisitions. Investment banking and trading income decreased \$85 million, or 25%, due to lower high yield bond and equity originations fees, lower core trading income, and lower CVA gains, partially offset by higher structured real estate fees. Residential mortgage income decreased \$11 million, or 11%, as lower production income (due to margins and refinance volumes) was largely offset by higher servicing income (due to lower prepayments). Excluding the gain on the redemption of noncontrolling equity interest, the gain in the earlier quarter from the divestiture of certain businesses and a \$67 million decrease for assets held for certain post-retirement benefits, which is primarily offset by lower personnel expense, other income increased \$56 million, due to higher investment income from the Company's SBIC and other investments.

Noninterest expense for the first quarter of 2022 was up \$64 million, or 1.8%, compared to the earlier quarter. Merger-related and restructuring charges increased \$75 million due to costs for client day one conversions. Incremental operating expenses related to the Merger increased \$27 million, primarily reflected in net occupancy expense in connection with updating the branch network to incorporate the Truist brand. The prior quarter also includes \$36 million of expense associated with an acceleration of loss recognition related to certain terminated cash flow hedges and a small gain on the extinguishment of debt. Excluding the aforementioned items and the amortization of intangibles, adjusted noninterest expense was relatively stable compared to the earlier quarter. Personnel expense decreased \$91 million, or 4.2%, due to lower other employee benefits as a result of the decrease in noninterest income for post-retirement benefits, lower incentives (due to declines in noninterest income), and lower salaries driven by fewer FTEs. Additionally, other expense increased \$29 million due to increased operational losses, software expense increased \$22 million, and marketing and customer development expense increased \$18 million due to increased branding efforts.

The provision for income taxes was \$330 million for the first quarter of 2022, compared to \$351 million for the earlier quarter. The effective tax rate for the first quarter of 2022 was 18.9%, compared to 19.2% for the earlier quarter, primarily due to discrete tax expenses resulting from the divestiture of certain businesses in the prior year.

Truist's total assets at March 31, 2022 were \$544.0 billion, an increase of \$2.7 billion, or 0.5%, compared to December 31, 2021. Total deposits at March 31, 2022 were \$428.3 billion, an increase of \$11.8 billion, or 2.8%, compared to December 31, 2021. In April 2022, Truist redeemed \$800 million notional of FHLB advances, which resulted in a gain on early extinguishment of long-term debt of \$39 million.

Truist transferred \$59.4 billion of AFS securities to HTM as the Company continues to execute upon its asset-liability management strategies.

Asset quality remains excellent, reflecting Truist's prudent risk culture, diverse portfolio, and the continued favorable credit environment.

Truist maintained strong capital and liquidity. As of March 31, 2022, the CET1 ratio was 9.4% and the average LCR was 111%. The 20 basis point decline compared to the fourth quarter 2021 CET1 ratio reflects capital deployed through the acquisition of Kensington Vanguard National Land Services, the acquisition of certain merchant services relationships, an increase in risk-weighted assets, and the impact from the phase-in of the CECL transition relief. Additionally, the Company had \$1.7 billion of senior long-term debt maturities and redemptions. Truist declared common dividends of \$0.48 per share in the first quarter of 2022, resulting in dividend and total payout ratios of 48%.

## ***Analysis of Results of Operations***

### **Net Interest Income and NIM**

#### *First Quarter 2022 compared to First Quarter 2021*

Net interest income for the first quarter of 2022 was down \$104 million, or 3.1%, compared to the earlier quarter due to lower purchase accounting accretion, lower PPP fees, and a decrease in loan balances. These decreases were partially offset by growth in the securities portfolio and lower funding costs. Average earning assets increased \$26.0 billion, or 5.9%, compared to the earlier quarter. The increase in average earning assets reflects a \$30.4 billion, or 25%, increase in average securities, a \$1.5 billion, or 8.7%, increase in average other earning assets, and a \$1.1 billion, or 23%, increase in average interest earning trading assets, while average total loans and leases decreased \$7.1 billion, or 2.4%. The growth in average earning assets is a result of the deployment of strong deposit growth resulting from fiscal and monetary stimulus. Average deposits increased \$32.1 billion, or 8.4%, compared to the earlier quarter, while average long-term debt decreased \$2.5 billion, or 6.6%.

Net interest margin was 2.76%, down 25 basis points compared to the earlier quarter. The yield on the total loan portfolio for the first quarter of 2022 was 3.69%, down 40 basis points compared to the earlier quarter, reflecting the impact of lower purchase accounting accretion, lower PPP fees, and the ongoing impact of the lower rate environment. The yield on the average securities portfolio was 1.68%, up 23 basis points compared to the earlier quarter primarily due to higher yields on new purchases and lower premium amortization.

The average cost of total deposits was 0.03%, down two basis points compared to the earlier quarter. The average cost of short-term borrowings was 0.60%, down 22 basis points compared to the earlier quarter. The average cost of long-term debt was 1.50%, down seven basis points compared to the earlier quarter. The lower rates on interest-bearing liabilities reflect the impact of repricing of liabilities at lower rates.

As of March 31, 2022, the remaining unamortized fair value marks on the loan and lease portfolio, deposits, and long-term debt were \$1.1 billion, \$5 million, and \$122 million, respectively. As of December 31, 2021, the remaining unamortized fair value marks on the loan and lease portfolio, deposits and long-term debt were \$1.3 billion, \$7 million, and \$139 million, respectively.

The remaining unamortized fair value mark on loans and leases consist of \$624 million for consumer loans and leases, and \$495 million for commercial loans and leases. These amounts will be recognized over the remaining contractual lives of the underlying instruments or as paydowns occur.

The major components of net interest income and the related annualized yields as well as the variances between the periods caused by changes in interest rates versus changes in volumes are summarized below.

**Table 1: Taxable-Equivalent Net Interest Income and Rate / Volume Analysis (1)**

Three Months Ended March 31, (Dollars in millions)	Average Balances (5)		Annualized Yield/Rate		Income/Expense		Incr. (Decr.)	Change due to		
	2022	2021	2022	2021	2022	2021		Rate	Volume	
<b>Assets</b>										
Total securities, at amortized cost: (2)										
U.S. Treasury	\$ 9,890	\$ 1,759	0.72 %	0.89 %	\$ 18	\$ 4	\$ 14	\$ (1)	\$ 15	
GSE	1,120	1,839	2.13	2.33	6	11	(5)	(1)	(4)	
Agency MBS	137,052	118,171	1.72	1.44	590	426	164	90	74	
States and political subdivisions	374	444	3.72	3.52	3	4	(1)	—	(1)	
Non-agency MBS	4,224	—	2.25	—	24	—	24	—	24	
Other	27	33	2.04	1.92	—	—	—	—	—	
Total securities	152,687	122,246	1.68	1.45	641	445	196	88	108	
Interest earning trading assets	5,837	4,742	3.04	2.79	43	32	11	3	8	
Other earning assets (3)	18,932	17,417	0.63	0.37	30	16	14	13	1	
Loans and leases, net of unearned income: (4)										
Commercial and industrial	138,872	141,026	2.88	3.14	987	1,093	(106)	(90)	(16)	
CRE	23,555	26,211	2.84	2.90	168	189	(21)	(4)	(17)	
Commercial Construction	5,046	6,557	3.05	3.04	35	48	(13)	—	(13)	
Residential mortgage	47,976	45,823	3.57	4.42	428	507	(79)	(102)	23	
Residential home equity and direct	24,883	25,658	5.38	5.81	330	368	(38)	(27)	(11)	
Indirect auto	26,088	26,363	5.56	6.56	357	426	(69)	(65)	(4)	
Indirect other	10,860	10,848	6.32	6.98	169	187	(18)	(18)	—	
Student	6,648	7,519	3.86	3.96	63	73	(10)	(2)	(8)	
Credit card	4,682	4,645	8.97	9.24	104	106	(2)	(3)	1	
Total loans and leases HFI	288,610	294,650	3.70	4.11	2,641	2,997	(356)	(311)	(45)	
LHFS	3,874	4,891	2.87	2.59	28	32	(4)	3	(7)	
Total loans and leases	292,484	299,541	3.69	4.09	2,669	3,029	(360)	(308)	(52)	
Total earning assets	469,940	443,946	2.90	3.20	3,383	3,522	(139)	(204)	65	
Nonearning assets	66,041	64,887								
Total assets	\$ 535,981	\$ 508,833								
<b>Liabilities and Shareholders' Equity</b>										
Interest-bearing deposits:										
Interest-checking	\$ 112,159	\$ 104,744	0.05	0.06	14	15	(1)	(2)	1	
Money market and savings	141,500	129,303	0.03	0.03	11	10	1	—	1	
Time deposits	15,646	20,559	0.18	0.44	7	22	(15)	(11)	(4)	
Total interest-bearing deposits (6)	269,305	254,606	0.05	0.07	32	47	(15)	(13)	(2)	
Short-term borrowings	6,944	6,731	0.60	0.82	10	14	(4)	(4)	—	
Long-term debt	35,337	37,820	1.50	1.57	132	148	(16)	(6)	(10)	
Total interest-bearing liabilities	311,586	299,157	0.22	0.28	174	209	(35)	(23)	(12)	
Noninterest-bearing deposits (6)	145,933	128,579								
Other liabilities	11,664	11,050								
Shareholders' equity	66,798	70,047								
Total liabilities and shareholders' equity	\$ 535,981	\$ 508,833								
Average interest-rate spread			2.68 %	2.92 %						
NIM/net interest income - taxable equivalent			2.76 %	3.01 %	\$ 3,209	\$ 3,313	\$ (104)	\$ (181)	\$ 77	
Taxable-equivalent adjustment					\$ 26	\$ 28				

(1) Yields are stated on a TE basis utilizing federal tax rate. The change in interest not solely due to changes in rate or volume has been allocated based on the pro-rata absolute dollar amount of each. Interest income includes certain fees, deferred costs, and dividends.

(2) Total securities include AFS and HTM securities.

(3) Includes cash equivalents, interest-bearing deposits with banks, FHLB stock and other earning assets.

(4) Fees, which are not material for any of the periods shown, are included for rate calculation purposes. NPLs are included in the average balances.

(5) Represents daily average balances. Excludes basis adjustments for fair value hedges.

(6) Total deposit costs were 0.03% and 0.05% for the three months ended March 31, 2022 and 2021, respectively.

## Provision for Credit Losses

*First Quarter 2022 compared to First Quarter 2021*

The provision for credit losses was a benefit of \$95 million, compared to a cost of \$48 million for the earlier quarter. The current quarter includes a reserve release due to the continued favorable credit environment. Net charge-offs for the first quarter of 2022 totaled \$178 million compared to \$238 million in the earlier quarter. The net charge-off ratio for the current quarter of 0.25% was down eight basis points compared to the earlier quarter.

## Noninterest Income

Noninterest income is a significant contributor to Truist's financial results. Management focuses on diversifying its sources of revenue to reduce Truist's reliance on traditional spread-based interest income, as certain fee-based activities are a relatively stable revenue source during periods of changing interest rates.

**Table 2: Noninterest Income**

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021	% Change
Insurance income	\$ 727	\$ 626	16.1 %
Investment banking and trading income	261	346	(24.6)
Wealth management income	343	341	0.6
Service charges on deposits	252	258	(2.3)
Card and payment related fees	212	200	6.0
Residential mortgage income	89	100	(11.0)
Lending related fees	85	100	(15.0)
Operating lease income	58	68	(14.7)
Commercial mortgage income	32	33	(3.0)
Income from bank-owned life insurance	51	50	2.0
Securities gains (losses)	(69)	—	NM
Other income	101	75	34.7
Total noninterest income	\$ 2,142	\$ 2,197	(2.5)

*First Quarter 2022 compared to First Quarter 2021*

Noninterest income for the first quarter of 2022 decreased \$55 million, or 2.5%, compared to the earlier quarter. The first quarter of 2022 includes net securities losses of \$69 million and the gain on the redemption of noncontrolling equity interest (other income) of \$74 million. The earlier quarter included a gain of \$37 million from the divestiture of certain businesses (other income). Excluding the aforementioned items, noninterest income was down \$23 million, or 1.1%. Insurance income increased \$101 million, or 16%, due to continued organic growth and acquisitions. Investment banking and trading income decreased \$85 million, or 25%, due to lower high yield bond and equity originations fees, lower core trading income, and lower CVA gains, partially offset by higher structured real estate fees. Residential mortgage income decreased \$11 million, or 11%, as lower production income (due to lower margins and refinance volumes) was largely offset by higher servicing income (due to lower prepayments). Excluding the gain on the redemption of noncontrolling equity interest, the gain in the earlier quarter from the divestiture of certain businesses and a \$67 million decrease for assets held for certain post-retirement benefits, which is primarily offset by lower personnel expense, other income increased \$56 million, due to higher investment income from the Company's SBIC and other investments.

## Noninterest Expense

The following table provides a breakdown of Truist's noninterest expense:

**Table 3: Noninterest Expense**

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021	% Change
Personnel expense	\$ 2,051	\$ 2,142	(4.2)%
Professional fees and outside processing	363	350	3.7
Software expense	232	210	10.5
Net occupancy expense	208	209	(0.5)
Amortization of intangibles	137	144	(4.9)
Equipment expense	118	113	4.4
Marketing and customer development	84	66	27.3
Operating lease depreciation	48	50	(4.0)
Loan-related expense	44	54	(18.5)
Regulatory costs	35	25	40.0
Merger-related and restructuring charges	216	141	53.2
Loss (gain) on early extinguishment of debt	—	(3)	(100.0)
Other expense	138	109	26.6
<b>Total noninterest expense</b>	<b>\$ 3,674</b>	<b>\$ 3,610</b>	<b>1.8</b>

### First Quarter 2022 compared to First Quarter 2021

Noninterest expense for the first quarter of 2022 was up \$64 million, or 1.8%, compared to the earlier quarter. Merger-related and restructuring charges increased \$75 million due to costs for client day one conversions. Incremental operating expenses related to the merger increased \$27 million, primarily reflected in net occupancy expense in connection with updating the branch network to incorporate the Truist brand. The prior quarter also includes \$36 million of expense associated with an acceleration of loss recognition related to certain terminated cash flow hedges and a small gain on the extinguishment of debt. Excluding the aforementioned items and the amortization of intangibles, adjusted noninterest expense was relatively stable compared to the earlier quarter. Personnel expense decreased \$91 million, or 4.2%, due to lower other employee benefits as a result of the decrease in noninterest income for post-retirement benefits, lower incentives (due to declines in noninterest income), and lower salaries driven by fewer FTEs. Additionally, other expense increased \$29 million due to increased operational losses, software expense increased \$22 million, and marketing and customer development expense increased \$18 million due to increased branding efforts.

### Merger-Related and Restructuring Charges

The following table presents a summary of merger-related and restructuring charges and the related accruals. The 2022 and 2021 merger-related and restructuring costs primarily reflect charges as a result of the Merger, including costs for severance and other benefits, costs related to exiting facilities, and other restructuring initiatives.

**Table 4: Merger-Related and Restructuring Accrual Activity**

(Dollars in millions)	Three Months Ended March 31, 2022			
	Accrual at Jan 1, 2022	Expense	Utilized	Accrual at Mar 31, 2022
Severance and personnel-related	\$ 77	\$ 37	\$ (72)	\$ 42
Occupancy and equipment	—	98	(98)	—
Professional services	37	64	(64)	37
Systems conversion and related costs	—	20	(17)	3
Other	12	(3)	(2)	7
<b>Total (1)</b>	<b>\$ 126</b>	<b>\$ 216</b>	<b>\$ (253)</b>	<b>\$ 89</b>

- (1) Related to the Merger, the Company recognized \$208 million for the three months ended March 31, 2022. At March 31, 2022, the Company had an accrual of \$81 million related to the Merger. The remaining expense and accrual relate to other restructuring activities.

## Segment Results

Truist operates and measures business activity across three segments: Consumer Banking and Wealth, Corporate and Commercial Banking, and Insurance Holdings, with functional activities included in Other, Treasury, and Corporate. The Company's business segment structure is based on the manner in which financial information is evaluated by management as well as the products and services provided or the type of client served. See "Note 18. Operating Segments" herein and "Note 21. Operating Segments" in Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional disclosures related to Truist's reportable business segments, including additional details related to results of operations. Fluctuations in noninterest income and noninterest expense are more fully discussed in the Noninterest Income and Noninterest Expense sections above.

**Table 5: Net Income by Reportable Segment**

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021	% Change
Consumer Banking and Wealth	\$ 864	\$ 681	26.9 %
Corporate and Commercial Banking	985	966	2.0
Insurance Holdings	152	133	14.3
Other, Treasury & Corporate	(585)	(307)	(90.6)
Truist Financial Corporation	\$ 1,416	\$ 1,473	(3.9)

*First Quarter 2022 compared to First Quarter 2021*

### **Consumer Banking and Wealth**

CB&W net income was \$864 million for the first quarter of 2022, an increase of \$183 million compared to the earlier quarter. Segment net interest income increased \$194 million primarily driven by higher interest rates, favorable funding credit on deposits, and increased deposit balances, partially offset by lower purchase accounting accretion. The allocated provision for credit losses decreased \$26 million reflecting the impact of a larger allowance release than the earlier quarter as well as lower charge offs. Noninterest income increased \$30 million compared to the earlier quarter primarily due to the gain on the redemption of noncontrolling equity interest in the current quarter as well as an increase in card and payment fees driven by increased sales volume, partially offset by a gain from the divestiture of certain businesses in the earlier quarter and lower residential mortgage income. Noninterest expense was flat compared to the earlier quarter.

CB&W average loans and leases held for investment decreased \$1.8 billion, or 1.4%, for the first quarter of 2022 compared to the earlier quarter, primarily driven by lower mortgage warehouse balances, home equity and other direct consumer lending as well as lower student lending along with lower partnership balances net of Service Finance balances resulting from acquisition, partially offset by increased residential mortgage balances and recreational lending. Average mortgage warehouse loans, home equity and other direct consumer loans, student lending balances, and partnership balances net of Service Finance balances resulting from acquisition declined \$2.7 billion, or 51%, \$947 million, or 5.2%, \$871 million, or 12%, and \$211 million, or 6.0%, respectively, while residential mortgage and recreational lending balances increased \$2.1 billion, or 4.7%, and \$193 million, or 6.6%, respectively.

Average total deposits increased \$22.6 billion, or 9.8%, for the first quarter of 2022 compared to the earlier quarter, primarily driven by the impact of fiscal and monetary stimulus. Average money market and savings accounts, interest checking accounts, and noninterest-bearing deposits increased \$10.1 billion, or 10%, \$8.5 billion, or 17%, and \$8.3 billion, or 13%, respectively, partially offset by a decline in time deposits of \$4.3 billion, or 23%.

### **Corporate and Commercial Banking**

C&CB net income was \$985 million for the first quarter of 2022, an increase of \$19 million compared to the earlier quarter. Segment net interest income decreased \$31 million primarily due to lower fee income associated with PPP loan forgiveness and lower purchase accounting accretion, partially offset by higher funding credit on deposits and increases to noninterest-bearing deposit balances. The allocated provision for credit losses decreased \$115 million primarily reflecting a reserve release due to continued favorable credit environment and lower charge offs in the current quarter. Noninterest income decreased \$73 million compared to the earlier quarter due to lower high yield bond and equity originations fees, lower credit trading income, and lower CVA mark to market gains, partially offset by higher structured real estate fees as well as higher investment income from the Company's SBIC and other investments. Noninterest expense decreased \$18 million driven by lower professional fees and intangible amortization expense in the current quarter.

C&CB average loans held for investment decreased \$3.7 billion, or 2.4%, for the first quarter of 2022 compared to the earlier quarter, primarily due to PPP loan forgiveness. Excluding PPP loans, Corporate and Commercial Banking average loans held for investment increased \$4.6 billion, or 3.1%.

Average total deposits increased \$7.8 billion, or 5.4%, for the first quarter of 2022 compared to the earlier quarter, primarily due to the impact of fiscal and monetary stimulus. Average noninterest-bearing deposits increased \$9.0 billion, or 14%, while interest bearing deposits decreased \$1.2 billion, or 1.5%.

### Insurance Holdings

IH net income was \$152 million for the first quarter of 2022, an increase of \$19 million compared to the earlier quarter. Noninterest income increased \$104 million primarily due to continued organic growth and acquisitions. Noninterest expense increased \$80 million primarily due to higher performance-based incentives and salaries.

### Other, Treasury & Corporate

OT&C generated a net loss of \$585 million in the first quarter of 2022, compared to a net loss of \$307 million in the earlier quarter. Net interest income decreased \$265 million primarily due to higher funding credit on deposits to other segments, partially offset by higher earnings in the securities portfolio from higher yields on new purchases and lower premium amortization. The allocated provision for credit losses was flat compared to the earlier quarter. Noninterest income decreased \$116 million primarily due to securities losses in the current quarter and valuation changes from assets held for certain post-retirement benefits, which is primarily offset by lower personnel expense. Noninterest expense was flat compared to the earlier quarter.

### Analysis of Financial Condition

#### Investment Activities

The securities portfolio totaled \$146.4 billion at March 31, 2022, compared to \$154.6 billion at December 31, 2021. The decrease was due primarily to declines in residential agency MBS and GSE securities as a result of prepayment activity. In the first quarter of 2022, Truist transferred \$59.4 billion of AFS securities to HTM as the Company continues to execute upon its asset-liability management strategies.

As of March 31, 2022, approximately 5.6% of the securities portfolio was variable rate, excluding the impact of swaps, compared to 4.6% as of December 31, 2021. The effective duration of the securities portfolio was 6.9 years at March 31, 2022, compared to 5.8 years at December 31, 2021, excluding the impact of unsettled security purchases at period end.

U.S. Treasury, GSE, and Agency MBS represents 97% of the total securities portfolio as of March 31, 2022 and December 31, 2021. While the overwhelming majority of the portfolio remains in agency MBS securities, the Company also holds AAA rated non-agency MBS as the risk adjusted returns for these securities are more attractive than agency MBS.

#### Lending Activities

The following table presents the composition of average loans and leases:

**Table 6: Average Loans and Leases**

For the Three Months Ended (Dollars in millions)	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
<b>Commercial:</b>					
Commercial and industrial	\$ 138,872	\$ 134,804	\$ 134,942	\$ 138,539	\$ 141,026
CRE	23,555	24,396	24,849	25,645	26,211
Commercial construction	5,046	5,341	5,969	6,359	6,557
<b>Consumer:</b>					
Residential mortgage	47,976	47,185	45,369	43,605	45,823
Residential home equity and direct	24,883	25,146	25,242	25,238	25,658
Indirect auto	26,088	26,841	26,830	26,444	26,363
Indirect other	10,860	10,978	11,112	10,797	10,848
Student	6,648	6,884	7,214	7,396	7,519
Credit card	4,682	4,769	4,632	4,552	4,645
<b>Total average loans and leases HFI</b>	<b>\$ 288,610</b>	<b>\$ 286,344</b>	<b>\$ 286,159</b>	<b>\$ 288,575</b>	<b>\$ 294,650</b>

Average loans and leases held for investment for the first quarter of 2022 were \$288.6 billion, up \$2.3 billion, or 0.8%, compared to the fourth quarter of 2021. Excluding a \$1.1 billion decrease in average PPP loans, average loans held for investment were up \$3.3 billion, or 1.2%.

Average commercial loans increased \$2.9 billion, or 1.8%, as a result of \$6.5 billion, or 5.1%, growth within the commercial and industrial portfolio, excluding PPP and mortgage warehouse lending. This growth was partially offset by a \$1.4 billion decrease in mortgage warehouse lending (commercial and industrial), a \$1.1 billion decrease in average PPP loans (commercial and industrial), an \$841 million decrease in average CRE loans, and a \$295 million decrease in average commercial construction loans.

Average consumer loans decreased \$579 million, or 0.5% due to a \$753 million decrease in indirect auto due to market dynamics and the competitive environment, a \$263 million decrease in residential home equity and direct, and a \$236 million decrease in student loans. The decreases were partially offset by a \$791 million increase in residential mortgages due to the continued strategy to put certain correspondent channel production onto the balance sheet and lower prepayments.

At March 31, 2022 and December 31, 2021, 52% of loans and leases HFI were variable rate.



## Asset Quality

The following tables summarize asset quality information:

**Table 7: Asset Quality**

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
<b>NPAs:</b>					
<b>NPLs:</b>					
Commercial and industrial	\$ 330	\$ 394	\$ 423	\$ 402	\$ 474
CRE	27	29	20	25	58
Commercial construction	—	7	7	12	13
Residential mortgage	315	296	306	302	290
Residential home equity and direct	141	141	146	165	172
Indirect auto	227	218	172	148	158
Indirect other	4	5	6	6	6
Total NPLs HFI	1,044	1,090	1,080	1,060	1,171
Loans held for sale	39	22	76	78	72
Total nonaccrual loans and leases	1,083	1,112	1,156	1,138	1,243
Foreclosed real estate	3	8	9	13	18
Other foreclosed property	49	43	39	41	38
Total nonperforming assets	\$ 1,135	\$ 1,163	\$ 1,204	\$ 1,192	\$ 1,299
<b>TDRs:</b>					
<b>Performing TDRs:</b>					
Commercial and industrial	\$ 104	\$ 147	\$ 200	\$ 202	\$ 201
CRE	5	5	8	24	47
Commercial construction	1	—	—	—	—
Residential mortgage - government guaranteed	622	480	507	520	535
Residential mortgage - nonguaranteed	244	212	205	207	198
Residential home equity and direct	91	98	105	107	109
Indirect auto	392	389	390	389	399
Indirect other	6	7	7	7	7
Student - nonguaranteed	25	25	23	13	8
Credit card	25	27	30	32	35
Total performing TDRs	1,515	1,390	1,475	1,501	1,539
Nonperforming TDRs	189	152	159	190	207
Total TDRs	\$ 1,704	\$ 1,542	\$ 1,634	\$ 1,691	\$ 1,746
<b>Loans 90 days or more past due and still accruing:</b>					
Commercial and industrial	\$ 22	\$ 13	\$ 18	\$ 14	\$ 14
Residential mortgage - government guaranteed	996	978	823	929	935
Residential mortgage - nonguaranteed	31	31	29	47	40
Residential home equity and direct	12	9	7	7	11
Indirect auto	1	1	2	2	2
Indirect other	2	3	2	1	1
Student - government guaranteed	818	864	965	1,043	1,033
Student - nonguaranteed	4	4	3	3	4
Credit card	28	27	23	22	32
Total loans 90 days or more past due and still accruing	\$ 1,914	\$ 1,930	\$ 1,872	\$ 2,068	\$ 2,072
<b>Loans 30-89 days past due and still accruing:</b>					
Commercial and industrial	\$ 280	\$ 130	\$ 135	\$ 146	\$ 152
CRE	13	20	4	7	9
Commercial construction	1	2	2	1	4
Residential mortgage - government guaranteed	216	256	264	307	330
Residential mortgage - nonguaranteed	326	258	231	236	247
Residential home equity and direct	142	107	81	73	82
Indirect auto	529	607	560	428	328
Indirect other	65	64	53	47	45
Student - government guaranteed	476	549	451	543	551
Student - nonguaranteed	6	6	5	5	5
Credit card	47	45	37	31	35
Total loans 30-89 days past due and still accruing	\$ 2,101	\$ 2,044	\$ 1,823	\$ 1,824	\$ 1,788

Nonperforming assets totaled \$1.1 billion at March 31, 2022, down \$28 million compared to December 31, 2021 due to declines in the commercial and industrial portfolio. Nonperforming loans and leases held for investment were 0.36% of loans and leases held for investment at March 31, 2022, down two basis points compared to December 31, 2021.

Performing TDRs were up \$125 million compared to the prior quarter primarily due to an increase in government guaranteed residential mortgages.

Loans 90 days or more past due and still accruing totaled \$1.9 billion at March 31, 2022, down \$16 million compared to the prior quarter. The ratio of loans 90 days or more past due and still accruing as a percentage of loans and leases was 0.66% at March 31, 2022, down one basis point from the prior quarter. Excluding government guaranteed loans, the ratio of loans 90 days or more past due and still accruing as a percentage of loans and leases was 0.04% at March 31, 2022, up one basis point from December 31, 2021.

Loans 30-89 days past due and still accruing of \$2.1 billion at March 31, 2022 were up one basis point compared to the prior quarter due to an increase in the commercial and industrial portfolio, partially offset by seasonal declines in the indirect auto portfolio and a decline in the student portfolio.

Problem loans include NPLs and loans that are 90 days or more past due and still accruing as disclosed in Table 7. In addition, for the commercial portfolio segment, loans that are rated special mention or substandard performing are closely monitored by management as potential problem loans. Refer to "Note 5. Loans and ACL" for additional disclosures related to these potential problem loans.

**Table 8: Asset Quality Ratios**

	Mar 31, 2022	Dec 31, 2021
Loans 30-89 days past due and still accruing as a percentage of loans and leases HFI	0.72 %	0.71 %
Loans 90 days or more past due and still accruing as a percentage of loans and leases HFI	0.66	0.67
NPLs as a percentage of loans and leases HFI	0.36	0.38
NPLs as a percentage of total loans and leases (1)	0.37	0.38
NPAs as a percentage of:		
Total assets (1)	0.21	0.21
Loans and leases HFI plus foreclosed property	0.38	0.39
ALLL as a percentage of loans and leases HFI	1.44	1.53
Ratio of ALLL to NPLs	3.99x	4.07x
Loans 90 days or more past due and still accruing as a percentage of loans and leases HFI, excluding PPP and other government guaranteed (2)	0.04 %	0.03 %

(1) Includes LHFS.

(2) This asset quality ratio has been adjusted to remove the impact of government guaranteed mortgage, student, and PPP loans. Management believes the inclusion of such assets in this asset quality ratio results in distortion of this ratio because collection of principal and interest is reasonably assured or the ratio might not be comparable to other periods presented or to other portfolios that do not have government guarantees.

**Table 9: Asset Quality Ratios (Continued)**

For the Three Months Ended	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Net charge-offs as a percentage of average loans and leases HFI:					
Commercial:					
Commercial and industrial	0.04 %	0.09 %	0.04 %	0.09 %	0.17 %
CRE	0.01	0.07	—	(0.05)	0.04
Commercial construction	(0.02)	(0.10)	(0.06)	(0.06)	0.08
Consumer:					
Residential mortgage	(0.03)	(0.02)	0.04	(0.01)	0.08
Residential home equity and direct	0.61	0.49	0.49	0.59	0.58
Indirect auto	1.23	1.01	0.75	0.63	1.28
Indirect other	0.48	0.39	0.26	0.17	0.39
Student	0.33	0.65	0.31	0.16	0.16
Credit card	2.77	2.31	1.90	2.75	2.74
Total	0.25	0.25	0.19	0.20	0.33
Ratio of ALLL to net charge-offs	5.78x	6.14x	8.79x	8.98x	5.87x

Ratios are annualized, as applicable.

The following table presents activity related to NPAs:

**Table 10: Rollforward of NPAs**

(Dollars in millions)	2022	2021
Balance, January 1	\$ 1,163	\$ 1,387
New NPAs	395	563
Advances and principal increases	108	102
Disposals of foreclosed assets (1)	(112)	(112)
Disposals of NPLs (2)	(37)	(41)
Charge-offs and losses	(115)	(112)
Payments	(180)	(300)
Transfers to performing status	(101)	(183)
Other, net	14	(5)
<b>Ending balance, March 31</b>	<b>\$ 1,135</b>	<b>\$ 1,299</b>

- (1) Includes charge-offs and losses recorded upon sale of \$29 million and \$46 million for the three months ended March 31, 2022 and 2021, respectively.
- (2) Includes charge-offs and losses recorded upon sale of \$3 million and \$5 million for the three months ended March 31, 2022 and 2021, respectively.

TDRs occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near term and a concession has been granted to the borrower. As a result, Truist works with borrowers to prevent further difficulties and to improve the likelihood of recovery on a loan. To facilitate this process, a concessionary modification that would not otherwise be considered may be granted, resulting in classification of the loan as a TDR. For loan modification programs in response to the COVID-19 pandemic, Truist applied the relief from TDR accounting described in the CARES Act. Payment relief assistance provided by Truist includes forbearance, deferrals, extension, and re-aging programs, along with certain other modification strategies. Refer to “Note 1. Basis of Presentation” in Truist’s Annual Report on Form 10-K for the year ended December 31, 2021 for the policies related to TDRs and COVID-19 loan modifications. The following table provides a summary of performing TDR activity:

**Table 11: Rollforward of Performing TDRs**

(Dollars in millions)	2022	2021
Balance, January 1	\$ 1,390	\$ 1,361
Inflows	306	294
Payments and payoffs (1)	(60)	(57)
Charge-offs	(9)	(13)
Transfers to nonperforming TDRs (2)	(19)	(13)
Removal due to the passage of time	(71)	(7)
Non-concessionary re-modifications	(1)	(12)
Transferred to LHFS, sold and other	(21)	(14)
<b>Balance, March 31</b>	<b>\$ 1,515</b>	<b>\$ 1,539</b>

- (1) Includes scheduled principal payments, prepayments, and payoffs of amounts outstanding.
- (2) Represent loans that no longer meet the requirements necessary to reflect the loan in accruing status.

The following table provides further details regarding the payment status of TDRs outstanding at March 31, 2022:

**Table 12: Payment Status of TDRs (1)**

March 31, 2022 (Dollars in millions)	Current		Past Due 30-89 Days		Past Due 90 Days Or More		Total
Performing TDRs:							
Commercial:							
Commercial and industrial	\$ 102	98.1 %	\$ 2	1.9 %	\$ —	— %	\$ 104
CRE	5	100.0	—	—	—	—	5
Commercial construction	1	100.0	—	—	—	—	1
Consumer:							
Residential mortgage - government guaranteed	290	46.6	58	9.3	274	44.1	622
Residential mortgage - nonguaranteed	210	86.1	25	10.2	9	3.7	244
Residential home equity and direct	85	93.4	6	6.6	—	—	91
Indirect auto	336	85.7	56	14.3	—	—	392
Indirect other	5	83.3	1	16.7	—	—	6
Student - nonguaranteed	22	88.0	2	8.0	1	4.0	25
Credit card	22	88.0	2	8.0	1	4.0	25
Total performing TDRs	1,078	71.2	152	10.0	285	18.8	1,515
Nonperforming TDRs	57	30.2	24	12.7	108	57.1	189
Total TDRs	\$ 1,135	66.6	\$ 176	10.3	\$ 393	23.1	\$ 1,704

(1) Past due performing TDRs are included in past due disclosures and nonperforming TDRs are included in NPL disclosures.

**ACL**

Activity related to the ACL is presented in the following tables:

**Table 13: Activity in ACL**

For the Three Months Ended (Dollars in millions)	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Balance, beginning of period	\$ 4,695	\$ 4,978	\$ 5,436	\$ 6,011	\$ 6,199
Provision for credit losses	(95)	(103)	(324)	(434)	48
Charge-offs:					
Commercial and industrial	(31)	(54)	(57)	(53)	(79)
CRE	(1)	(5)	(1)	—	(4)
Commercial construction	(1)	—	—	—	(2)
Residential mortgage	(2)	(1)	(7)	(4)	(11)
Residential home equity and direct	(58)	(51)	(51)	(57)	(55)
Indirect auto	(102)	(89)	(73)	(69)	(105)
Indirect other	(19)	(16)	(13)	(11)	(17)
Student	(6)	(12)	(6)	(3)	(3)
Credit card	(41)	(37)	(31)	(42)	(40)
Total charge-offs	(261)	(265)	(239)	(239)	(316)
Recoveries:					
Commercial and industrial	17	23	42	23	19
CRE	1	—	1	4	1
Commercial construction	1	1	1	1	1
Residential mortgage	6	2	3	5	2
Residential home equity and direct	20	21	20	20	18
Indirect auto	23	21	22	27	22
Indirect other	6	6	5	7	6
Student	—	—	1	—	—
Credit card	9	9	9	10	9
Total recoveries	83	83	104	97	78
Net charge-offs	(178)	(182)	(135)	(142)	(238)
Other	1	2	1	1	2
Balance, end of period	\$ 4,423	\$ 4,695	\$ 4,978	\$ 5,436	\$ 6,011
ACL:					
ALLL	\$ 4,170	\$ 4,435	\$ 4,702	\$ 5,121	\$ 5,662
RUFC	253	260	276	315	349
Total ACL	\$ 4,423	\$ 4,695	\$ 4,978	\$ 5,436	\$ 6,011

Net charge-offs during the first quarter totaled \$178 million, or 0.25% as a percentage of average loans, and was stable compared to the prior quarter.

The allowance for credit losses was \$4.4 billion and includes \$4.2 billion for the allowance for loan and lease losses and \$253 million for the reserve for unfunded commitments. The ALLL ratio was 1.44% compared to 1.53% at December 31, 2021. The decrease reflects a continued favorable credit environment tempered by uncertainty associated with inflation, supply chain disruption, rising rates, and geopolitical events. The ALLL covered nonperforming loans and leases held for investment 3.99X compared to 4.07X at December 31, 2021. At March 31, 2022, the ALLL was 5.78X annualized net charge-offs, compared to 6.14X at December 31, 2021.

The following table presents an allocation of the ALLL. The entire amount of the allowance is available to absorb losses occurring in any category of loans and leases.

**Table 14: Allocation of ALLL by Category**

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Amount	% ALLL in Each Category	% Loans in Each Category	Amount	% ALLL in Each Category	% Loans in Each Category
Commercial and industrial	\$ 1,319	31.6 %	48.6 %	\$ 1,426	32.2 %	47.9 %
CRE	283	6.8	7.9	350	7.9	8.3
Commercial construction	53	1.3	1.8	52	1.2	1.7
Residential mortgage	310	7.4	16.6	308	6.9	16.5
Residential home equity and direct	574	13.8	8.6	615	13.9	8.7
Indirect auto	957	22.9	8.9	1,022	23.0	9.1
Indirect other	211	5.1	3.8	195	4.4	3.8
Student	115	2.8	2.2	117	2.6	2.3
Credit card	348	8.3	1.6	350	7.9	1.7
Total ALLL	4,170	100.0 %	100.0 %	4,435	100.0 %	100.0 %
RUFC	253			260		
Total ACL	\$ 4,423			\$ 4,695		

Truist monitors the performance of its home equity loans and lines secured by second liens similarly to other consumer loans and utilizes assumptions specific to these loans in determining the necessary ALLL. Truist also receives notification when the first lien holder, whether Truist or another financial institution, has initiated foreclosure proceedings against the borrower. When notified that the first lien is in the process of foreclosure, Truist obtains valuations to determine if any additional charge-offs or reserves are warranted. These valuations are updated at least annually thereafter.

Truist has limited ability to monitor the delinquency status of the first lien, unless the first lien is held or serviced by Truist. Truist estimates second lien loans where the first lien is delinquent based on historical experience; the increased risk of loss on these credits is reflected in the ALLL. As of March 31, 2022, Truist held or serviced the first lien on 32% of its second lien positions.

#### Other Assets

The components of other assets are presented in the following table:

**Table 15: Other Assets as of Period End**

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Bank-owned life insurance	\$ 7,545	\$ 7,281
Tax credit and other private equity investments	6,352	6,309
Prepaid pension assets	6,348	5,938
Derivative assets	2,113	2,370
Accounts receivable	2,323	2,244
Leased assets and related assets	2,162	2,092
Accrued income	1,875	1,791
ROU assets	1,126	1,168
Prepaid expenses	1,174	1,152
Equity securities at fair value	1,024	1,066
Other	1,428	738
Total other assets	\$ 33,470	\$ 32,149

#### Funding Activities

##### Deposits

The following table presents average deposits:

**Table 16: Average Deposits**

Three Months Ended (Dollars in millions)	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Noninterest-bearing deposits	\$ 145,933	\$ 146,492	\$ 141,738	\$ 137,892	\$ 128,579
Interest checking	112,159	110,506	107,802	106,121	104,744
Money market and savings	141,500	137,676	136,094	134,029	129,303
Time deposits	15,646	16,292	17,094	18,213	20,559
Total average deposits	\$ 415,238	\$ 410,966	\$ 402,728	\$ 396,255	\$ 383,185

Average deposits for the first quarter of 2022 were \$415.2 billion, an increase of \$4.3 billion, or 1.0%, compared to the prior quarter. Average noninterest bearing deposits declined 0.4% compared to the prior quarter and represented 35.1% of total deposits for the first quarter of 2022, compared to 35.6% for the prior quarter. Average interest checking and money market and savings grew 1.5% and 2.8%, respectively, compared to the prior quarter. Average time deposits decreased 4.0% primarily due to the maturity of higher-cost accounts.

#### *Borrowings*

At March 31, 2022, short-term borrowings totaled \$5.1 billion, a decrease of \$145 million compared to December 31, 2021. Average short-term borrowings were \$6.9 billion or 1.5% of total funding for the first quarter of 2022, as compared to \$6.7 billion or 1.6% for the prior year.

Long-term debt provides funding and, to a lesser extent, regulatory capital, and primarily consists of senior and subordinated notes issued by Truist and Truist Bank. Long-term debt totaled \$33.8 billion at March 31, 2022, a decrease of \$2.1 billion compared to December 31, 2021. During 2022, the Company had \$1.4 billion of senior and \$300 million of subordinated long-term debt redemptions. FHLB advances represented 2.5% of total outstanding long-term debt at March 31, 2022, compared to 2.4% at December 31, 2021. The average cost of long-term debt was 1.50% for the three months ended March 31, 2022, down seven basis points compared to the same period in 2021.

In April 2022, Truist redeemed \$800 million of FHLB advances, which resulted in a gain on early extinguishment of long-term debt of \$39 million. Additionally, Truist redeemed \$1.4 billion of fixed rate senior notes and \$650 million of floating rate senior notes that were due in May 2022.

#### *Shareholders' Equity*

Total shareholders' equity was \$65.0 billion at March 31, 2022, a decrease of \$4.2 billion from December 31, 2021. This decrease includes a decrease of \$4.9 billion in AOCI, \$725 million in dividends, partially offset by \$1.4 billion in net income. Truist's book value per common share at March 31, 2022 was \$43.82, compared to \$47.14 at December 31, 2021.

### **Risk Management**

Truist maintains a comprehensive risk management framework supported by people, processes, and systems to identify, measure, monitor, manage, and report significant risks arising from its exposures and business activities. Effective risk management involves optimizing risk and return while operating in a safe and sound manner, and promoting compliance with applicable laws and regulations. The Company's risk management framework promotes the execution of business strategies and objectives in alignment with its risk appetite.

Truist has developed and employs a risk taxonomy that further guides business functions in identifying, measuring, responding to, monitoring, and reporting on possible exposures to the organization. The risk taxonomy drives internal risk conversations and enables Truist to clearly and transparently communicate to stakeholders the level of potential risk the Company faces, both presently and in the future, and the Company's position on managing risk to acceptable levels.

Truist is committed to fostering a culture that supports identification and escalation of risks across the organization. All teammates are responsible for upholding the Company's purpose, mission, and values, and are encouraged to speak up if there is any activity or behavior that is inconsistent with the Company's culture. The Truist code of ethics guides the Company's decision making and informs teammates on how to act in the absence of specific guidance.

Truist seeks an appropriate return for the risk taken in its business operations. Risk-taking activities are evaluated and prioritized to identify those that present attractive risk-adjusted returns, while preserving asset value and capital.

Compensation decisions take into account a teammate's adherence to and successful implementation of Truist's risk values and associated policies and procedures. The Company's compensation structure supports its core values and sound risk management practices in an effort to promote judicious risk-taking behavior.

Truist employs a comprehensive change management program to manage the residual risks associated with integrating heritage BB&T and heritage SunTrust. While integration activities are largely complete, the Board and Executive Leadership oversee the change management program, which is designed to ensure appropriate oversight of application and data center decommissioning and residual integration activities, achieved through Truist's risk management process.

Refer to Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional disclosures under the section titled "Risk Management."

## **Market Risk**

Market risk is the risk to current or anticipated earnings, capital, or economic value arising from changes in the market value of portfolios, securities, or other financial instruments. Market risk results from changes in the level, volatility, or correlations among financial market risk factors or prices, including interest rates, credit spreads, foreign exchange rates, equity, and commodity prices.

Effective management of market risk is essential to achieving Truist's strategic financial objectives. Truist's most significant market risk exposure is to interest rate risk in its balance sheet; however, market risk also results from underlying product liquidity risk, price risk, and volatility risk in Truist's business units. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows associated with assets and liabilities (re-pricing risk); from changing rate relationships among different yield curves affecting bank activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options inherently embedded in bank products (options risk).

The primary objectives of effective market risk management are to minimize adverse effects from changes in market risk factors on net interest income, net income, and capital, and to offset the risk of price changes for certain assets and liabilities recorded at fair value. At Truist, market risk management also includes the enterprise-wide IPV function.

## **Interest Rate Market Risk**

As a financial institution, Truist is exposed to interest rate risk from assets, liabilities, and off-balance sheet positions. To keep net interest margin as stable as possible, Truist actively manages its interest rate risk exposure through the strategic repricing of its assets and liabilities, taking into account the volumes, maturities, and mix. Truist primarily uses three methods to measure and monitor its interest rate risk: (i) simulations of possible changes to net interest income over the next two years based on gradual changes in interest rates; (ii) analysis of interest rate shock scenarios; and (iii) analysis of economic value of equity based on changes in interest rates.

The Company's simulation model takes into account assumptions related to prepayment trends, using a combination of market data and internal historical experiences for deposits and loans, as well as scheduled maturities and payments, and the expected outlook for the economy and interest rates. These assumptions are reviewed and adjusted monthly to reflect changes in current interest rates compared to the rates applicable to Truist's assets and liabilities. The model also considers Truist's current and prospective liquidity position, current balance sheet volumes, projected growth and/or contractions, accessibility of funds for short-term needs and capital maintenance.

Deposit betas (the sensitivity of deposit rate changes relative to market rate changes) are an important assumption in the interest rate risk modeling process. Truist applies deposit beta assumptions to non-maturity interest-bearing deposit accounts that are not contractually tied to an index when determining its interest rate sensitivity. Non-maturity, interest-bearing deposit accounts include interest checking accounts, savings accounts, and money market accounts that do not have a contractual maturity. Truist utilizes a tiered deposit beta assumption framework that accounts for historically observed behaviors of clients and the Company. The deposit beta assumptions are reduced when interest rates are exceptionally low and competition for interest-bearing deposits is commensurately low. As interest rates rise, the deposit beta assumptions also rise to reflect increasing competition among banks as well as increased client demand for interest-bearing deposits. Truist applies an average deposit beta of approximately 25% for the first 100 basis point increase in the Federal funds rate, approximately 35% for the second 100 basis point increase, and approximately 50% for any additional increases. Truist also regularly conducts sensitivity analyses on other key variables, including noninterest-bearing deposits, to determine the impact these variables could have on the Company's interest rate risk position. The predictive value of the simulation model depends upon the accuracy of the assumptions, but management believes that it provides helpful information for the management of interest rate risk.

The following table shows the effect that the indicated changes in interest rates would have on net interest income as projected for the next 12 months assuming a gradual change in interest rates as described below.

**Table 17: Interest Sensitivity Simulation Analysis**

Gradual Change in Prime Rate (bps)	Interest Rate Scenario		Annualized Hypothetical Percentage Change in Net Interest Income	
	Prime Rate		Mar 31, 2022	Mar 31, 2021
	Mar 31, 2022	Mar 31, 2021		
Up 100	4.50 %	4.25 %	4.27 %	3.74 %
Up 50	4.00	3.75	3.29	2.92
No Change	3.50	3.25	—	—
Down 25 (1)	3.25	3.00	(2.48)	(1.32)
Down 50 (1)	3.00	2.75	(3.46)	(1.75)

(1) The Down 25 and 50 rates are floored at one basis point and may not reflect Down 25 and 50 basis points for all rate indices.

Rate sensitivity increased compared to prior periods, primarily driven by a change to the Company's deposit beta assumptions, partially offset by an increase in the investment securities portfolio.



Management considers how the interest rate risk position could be impacted by changes in balance sheet mix. Liquidity in the banking industry has been very strong during the current economic cycle. Much of this liquidity increase has resulted in growth in noninterest-bearing demand deposits. Consistent with the industry, Truist has seen a significant increase in this funding source. The behavior of these deposits is one of the most important assumptions used in determining the interest rate risk position of Truist. A decrease in the amount of these deposits in the future would reduce the asset sensitivity of Truist's balance sheet because the Company may increase interest-bearing funds to offset the loss of this advantageous funding source. Alternatively, the Company may reduce the size of its investment portfolio to offset the loss of noninterest-bearing demand deposits to limit the impact on the balance sheet's asset sensitivity.

The following table shows the results of Truist's interest-rate sensitivity position assuming the loss of additional demand deposits and an associated increase in managed rate deposits versus current projections under various interest rate scenarios. For purposes of this analysis, Truist modeled the incremental beta of managed rate deposits for the replacement of the demand deposits at 100%.

**Table 18: Deposit Mix Sensitivity Analysis**

Gradual Change in Rates (bps)	Base Scenario at March 31, 2022 (1)	Results Assuming a Decrease in Noninterest-Bearing Demand Deposits	
		\$20 Billion	\$40 Billion
Up 100	4.27 %	3.45 %	2.63 %
Up 50	3.29	2.69	2.10

(1) The base scenario is equal to the annualized hypothetical percentage change in net interest income at March 31, 2022 as presented in the preceding table.

Truist uses financial instruments including derivatives to manage interest rate risk related to securities, commercial loans, MSR, and mortgage banking operations, long-term debt, and other funding sources. Truist hedges a portion of its AFS securities to reduce mark-to-market volatility within AOCI and also to increase its overall asset sensitivity position. Truist has utilized derivatives to facilitate transactions on behalf of its clients and as part of associated hedging activities. As of March 31, 2022, Truist had derivative financial instruments outstanding with notional amounts totaling \$320.5 billion, with an associated net fair value of \$631 million. See "Note 16. Derivative Financial Instruments" for additional disclosures.

#### **LIBOR Transition**

For most tenors of U.S. dollar LIBOR, the administrator of LIBOR extended publication until June 30, 2023. Tenors used infrequently by Truist, including one week and two month U.S. dollar LIBOR and all non-U.S. dollar LIBOR, ceased publication at December 31, 2021, based on the October 20, 2021 interagency Joint Statement on Managing the LIBOR transition. To prepare for the transition to an alternative reference rate, management formed a cross-functional project team to address the LIBOR transition. The project team performed an assessment to identify the potential risks related to the transition from LIBOR to a new index or multiple indices and provides updates to Executive Leadership and the Board. As of March 31, 2022, Truist had outstanding LIBOR-based instruments that mature after June 30, 2023, including: loan and lease exposures totaling approximately \$159 billion, notional derivative exposure totaling approximately \$135 billion, long-term debt of \$1.1 billion, and preferred stock of \$1.5 billion. These amounts are inclusive of remediated contracts, which contain adequate fallback language for the transition.

Contract fallback language for existing loans and leases has largely been reviewed and certain contracts will require amendments to support the transition away from LIBOR. For impacted lines of business, the Company has started remediating these contracts to include standardized fallback language. Current fallback language used for new, renewed, and modified contracts is generally consistent with ARRC recommendations and includes use of "hardwired fallback" language, where appropriate.

The progress and approach to remediation will vary based on the type of contract and existing language used in the agreement. For commercial lending and general consumer lending, a significant number of remaining LIBOR contracts will require client outreach and remediation. Efforts to amend and remediate contracts, excluding mortgage and student loans, that mature post June 30, 2023 (\$148 billion) will be accelerated in 2022. Truist has determined that adjustable rate mortgage products (\$4.0 billion) have consistent and adequate fallback language to transition away from LIBOR in line with industry expectations; therefore, these contracts will not require remediation. Remediation of student loans (\$5.8 billion) will depend on guidance from the Department of Education and recent guidance from the CFPB to allow transition to "comparable rates," including SOFR or Prime. Certain derivatives without a clearly defined or practicable replacement benchmark rate will use the recent Federal legislation to replace LIBOR with a SOFR-based rate that will be established by FRB rulemaking. This legislation will also provide additional administrative benefit for a small portion of the commercial and consumer lending portfolios where contracts do not contain fallback language.

Training has been provided for impacted teammates and will continue during 2022. Truist will continue to provide timely notices and information to impacted clients about the transition during 2022 and the first half of 2023. Truist continues to manage the impact of these contracts and other financial instruments, systems implications, hedging strategies, and related operational and market risks on established project plans for business and operational readiness to support the transition.

As of December 31, 2021, Truist ceased entering into new contracts with a LIBOR reference rate for all product offerings, except on a limited basis, as permissible. Market risks associated with this change are dependent on the alternative reference rates available and market conditions as of the transition. The Company is actively using SOFR as a reference rate and has originated approximately \$30 billion of loans, issued \$5 billion of long-term debt, and has \$50 billion in notional derivative exposure using this alternative reference rate as of March 31, 2022. Truist expects SOFR to become a more commonly-used pricing benchmark across the industry and will continue to offer additional SOFR based products during 2022. Additional alternative reference rates, such as Bloomberg Short Term Bank Yield will be supported based on market demand. Other emerging credit sensitive rates will be evaluated as additional alternatives for LIBOR based on market developments. For a further discussion of the various risks associated with the potential cessation of LIBOR and the transition to alternative reference rates, refer to the section titled "Item 1A. Risk Factors" in the Form 10-K for the year ended December 31, 2021.

#### **Market risk from trading activities**

As a financial intermediary, Truist provides its clients access to derivatives, foreign exchange and securities markets, which generate market risks. Trading market risk is managed using a comprehensive risk management approach, which includes measuring risk using VaR, stress testing, and sensitivity analysis. Risk metrics are monitored against a suite of limits on a daily basis at both the trading desk level and at the aggregate portfolio level, which is intended to ensure that exposures are in line with Truist's risk appetite.

Truist is also subject to risk-based capital guidelines for market risk under the Market Risk Rule.

#### *Covered Trading Positions*

Covered positions subject to the Market Risk Rule include trading assets and liabilities, specifically those held for the purpose of short-term resale or with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits. Truist's trading portfolio of covered positions results primarily from market making and underwriting services for the Company's clients, as well as associated risk mitigating hedging activity. The trading portfolio, measured in terms of VaR, consists primarily of four sub-portfolios of covered positions: (i) credit trading, (ii) fixed income securities, (iii) interest rate derivatives, and (iv) equity derivatives. As a market maker across different asset classes, Truist's trading portfolio also contains other sub-portfolios, including foreign exchange, loan trading, and commodity derivatives; however, these portfolios do not generate material trading risk exposures.

Valuation policies and methodologies exist for all trading positions. Additionally, these positions are subject to independent price verification. See "Note 16. Derivative Financial Instruments," "Note 15. Fair Value Disclosures," and "Critical Accounting Policies" herein for discussion of valuation policies and methodologies.

#### *Securitizations*

As of March 31, 2022, the aggregate market value of on-balance sheet securitization positions subject to the Market Risk Rule was \$33 million, all of which were non-agency asset backed securities positions. Consistent with the Market Risk Rule requirements, the Company performs pre-purchase due diligence on each securitization position to identify the characteristics including, but not limited to, deal structure and the asset quality of the underlying assets, that materially affect valuation and performance. Securitization positions are subject to Truist's comprehensive risk management framework, which includes daily monitoring against a suite of limits. There were no off-balance sheet securitization positions during the reporting period.

#### *Correlation Trading Positions*

The trading portfolio of covered positions did not contain any correlation trading positions as of March 31, 2022.

## VaR-Based Measures

VaR measures the potential loss of a given position or portfolio of positions at a specified confidence level and time horizon. Truist utilizes a historical VaR methodology to measure and aggregate risks across its covered trading positions. For risk management purposes, the VaR calculation is based on a historical simulation approach and measures the potential trading losses using a one-day holding period at a one-tail, 99% confidence level. For Market Risk Rule purposes, the Company calculates VaR using a 10-day holding period and a 99% confidence level. Due to inherent limitations of the VaR methodology, such as the assumption that past market behavior is indicative of future market performance, VaR is only one of several tools used to measure and manage market risk. Other tools used to actively manage market risk include stress testing, scenario analysis, and stop loss limits.

The trading portfolio's VaR profile is influenced by a variety of factors, including the size and composition of the portfolio, market volatility, and the correlation between different positions. A portfolio of trading positions is typically less risky than the sum of the risk from each of the individual sub-portfolios, because, under normal market conditions, risk within each category partially offsets the exposure to other risk categories. The following table summarizes certain VaR-based measures for the three months ended March 31, 2022 and 2021. Average one and ten day VaR measures declined from last year as heightened market volatility experienced during March 2020 aged out of the 12-month VaR look-back window.

**Table 19: VaR-based Measures**

(Dollars in millions)	Three Months Ended March 31,			
	2022		2021	
	10-Day Holding Period	1-Day Holding Period	10-Day Holding Period	1-Day Holding Period
<b>VaR-based Measures:</b>				
Maximum	\$ 38	\$ 14	\$ 68	\$ 16
Average	18	6	39	10
Minimum	9	3	3	3
Period-end	15	4	5	3
<b>VaR by Risk Class:</b>				
Interest Rate Risk		4		2
Credit Spread Risk		4		4
Equity Price Risk		4		1
Foreign Exchange Risk		—		—
Portfolio Diversification		(8)		(5)
Period-end		4		3

## Stressed VaR-based measures

Stressed VaR, another component of market risk capital, is calculated using the same internal models as used for the VaR-based measure. Stressed VaR is calculated over a ten-day holding period at a one-tail, 99% confidence level and employs a historical simulation approach based on a continuous twelve-month historical window selected to reflect a period of significant financial stress for the Company's trading portfolio. The following table summarizes Stressed VaR-based measures:

**Table 20: Stressed VaR-based Measures - 10 Day Holding Period**

(Dollars in millions)	Three Months Ended March 31,	
	2022	2021
Maximum	\$ 109	\$ 72
Average	76	54
Minimum	59	26
Period-end	72	64

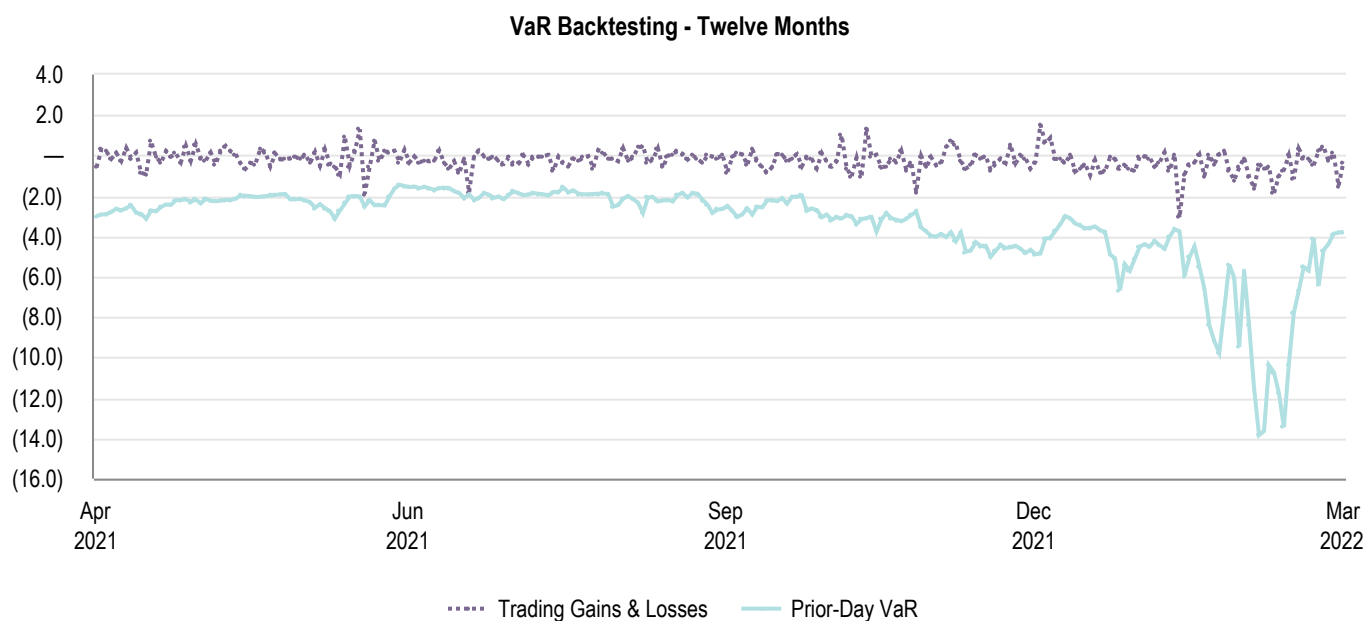
Compared to the prior year, stressed VaR measures increased in 2022 primarily due to the normalization of market making inventory levels this year.

## Specific Risk Measures

Specific risk is a measure of idiosyncratic risk that could result from risk factors other than broad market movements (e.g. default or event risks). The Market Risk Rule provides fixed risk weights under a standardized measurement method while also allowing a model-based approach, subject to regulatory approval. Truist utilizes the standardized measurement method to calculate the specific risk component of market risk regulatory capital. As such, incremental risk capital requirements do not apply.

## VaR Model Backtesting

In accordance with the Market Risk Rule, the Company evaluates the accuracy of its VaR model through daily backtesting by comparing aggregate daily trading gains and losses (excluding fees, commissions, reserves, net interest income, and intraday trading) from covered positions with the corresponding daily VaR-based measures generated by the model. As illustrated in the following graph, VaR measures briefly increased in the first quarter of 2022 due to the increase in market volatility that normalized towards the end of the quarter. There were no Company-wide VaR backtesting exceptions during the twelve months ended March 31, 2022. The total number of Company-wide VaR backtesting exceptions over the preceding twelve months is used to determine the multiplication factor for the VaR-based capital requirement under the Market Risk Rule. The capital multiplication factor increases from a minimum of three to a maximum of four, depending on the number of exceptions. All Company-wide VaR backtesting exceptions are thoroughly reviewed in the context of VaR model use and performance. There was no change in the capital multiplication factor over the preceding twelve months.



## Model Risk Management

MRM is responsible for the independent model validation of all decision tools and models including trading market risk models. The validation activities are conducted in accordance with MRM policy, which incorporates regulatory guidance related to the evaluation of model conceptual soundness, ongoing monitoring, and outcomes analysis. As part of ongoing monitoring efforts, the performance of all trading risk models are reviewed regularly to preemptively address emerging developments in financial markets, assess evolving modeling approaches, and to identify potential model enhancement.

## Stress Testing

The Company uses a comprehensive range of stress testing techniques to help monitor risks across trading desks and to augment standard daily VaR and other risk limits reporting. The stress testing framework is designed to quantify the impact of extreme, but plausible, stress scenarios that could lead to large unexpected losses. Stress tests include simulations for historical repeats and hypothetical risk factor shocks. All trading positions within each applicable market risk category (interest rate risk, equity risk, foreign exchange rate risk, credit spread risk, and commodity price risk) are included in the Company's comprehensive stress testing framework. Management reviews stress testing scenarios on an ongoing basis and makes updates, as necessary, which is intended to ensure that both current and emerging risks are captured appropriately. Management also utilizes stress analyses to support the Company's capital adequacy assessment standards. See the "Capital" section of MD&A for additional discussion of capital adequacy.

## Liquidity

Liquidity represents the continuing ability to meet funding needs, including deposit withdrawals, repayment of borrowings and other liabilities, and funding of loan commitments. In addition to the level of liquid assets, such as cash, cash equivalents, and AFS securities, other factors affect the ability to meet liquidity needs, including access to a variety of funding sources, maintaining borrowing capacity, growing core deposits, loan repayment, and the ability to securitize or package loans for sale.

Truist monitors the ability to meet client demand for funds under both normal and stressed market conditions. In considering its liquidity position, management evaluates Truist's funding mix based on client core funding, client rate-sensitive funding, and national markets funding. In addition, management evaluates exposure to rate-sensitive funding sources that mature in one year or less. Management also measures liquidity needs against 30 days of stressed cash outflows for Truist and Truist Bank. To ensure a strong liquidity position and compliance with regulatory requirements, management maintains a liquid asset buffer of cash on hand and highly liquid unencumbered securities.

#### *Internal Liquidity Stress Testing*

Liquidity stress testing is designed to ensure that Truist and Truist Bank have sufficient liquidity for a variety of institution-specific and market-wide adverse scenarios. Each liquidity stress test scenario applies defined assumptions to execute sources and uses of liquidity over varying planning horizons. The types of expected liquidity uses during a stressed event may include deposit attrition, contractual maturities, reductions in unsecured and secured funding, and increased draws on unfunded commitments. To mitigate liquidity outflows, Truist has identified sources of liquidity; however, access to these sources of liquidity could be affected within a stressed environment.

Truist maintains a liquidity buffer of cash on hand and highly liquid unencumbered securities that is sufficient to meet the projected net stressed cash-flow needs and maintain compliance with regulatory requirements. The liquidity buffer consists of unencumbered highly liquid assets and Truist's liquidity buffer is substantially the same in composition to what qualifies as HQLA under the LCR Rule.

#### *Contingency Funding Plan*

Truist has a contingency funding plan designed to ensure that liquidity sources are sufficient to meet ongoing obligations and commitments, particularly in the event of a liquidity contraction. This plan is designed to examine and quantify the organization's liquidity under the various internal liquidity stress scenarios and is periodically tested to assess the plan's reliability. Additionally, the plan provides a framework for management and other critical teammates to follow in the event of a liquidity contraction or in anticipation of such an event. The plan addresses authority for activation and decision making, liquidity options, and the responsibilities of key departments in the event of a liquidity contraction.

#### *LCR and HQLA*

The LCR rule requires that Truist and Truist Bank maintain an amount of eligible HQLA that is sufficient to meet its estimated total net cash outflows over a prospective 30 calendar-day period of stress. Eligible HQLA, for purposes of calculating the LCR, is the amount of unencumbered HQLA that satisfy operational requirements of the LCR rule. Truist and Truist Bank are subject to the Category III reduced LCR requirements. Truist held average weighted eligible HQLA of \$83.9 billion and Truist's average LCR was 111% for the three months ended March 31, 2022.

Effective July 2021, Truist became subject to final rules implementing the NSFR, which are designed to ensure that banking organizations maintain a stable, long-term funding profile in relation to their asset composition and off-balance sheet activities. At March 31, 2022, the Company was compliant with this requirement.

#### *Sources of Funds*

Management believes current sources of liquidity are sufficient to meet Truist's on- and off-balance sheet obligations. Truist funds its balance sheet through diverse sources of funding including client deposits, secured and unsecured capital markets funding, and shareholders' equity. Truist Bank's primary source of funding is client deposits. Continued access to client deposits is highly dependent on public confidence in the stability of Truist Bank and its ability to return funds to clients when requested.

Truist Bank maintains a number of diverse funding sources to meet its liquidity requirements. These sources include unsecured borrowings from the capital markets through the issuance of senior or subordinated bank notes, institutional CDs, overnight and term Federal funds markets, and retail brokered CDs. Truist Bank also maintains access to secured borrowing sources including FHLB advances, repurchase agreements, and the FRB discount window. The following table presents a summary of Truist Bank's available secured borrowing capacity and eligible cash at the FRB:

**Table 21: Liquidity Sources**

(Dollars in millions)	Mar 31, 2022	Dec 31, 2021
Unused borrowing capacity:		
FRB	\$ 51,876	\$ 52,170
FHLB	45,961	49,244
Available investment securities (after haircuts)	110,327	116,600
Available secured borrowing capacity	208,164	218,014
Eligible cash at the FRB	23,060	14,714
<b>Total</b>	<b>\$ 231,224</b>	<b>\$ 232,728</b>

At March 31, 2022, Truist Bank's available secured borrowing capacity represented approximately 7.4 times the amount of wholesale funding maturities in one-year or less.

#### *Parent Company*

The Parent Company serves as the primary source of capital for the operating subsidiaries. The Parent Company's assets consist primarily of cash on deposit with Truist Bank, equity investments in subsidiaries, advances to subsidiaries, and notes receivable from subsidiaries. The principal obligations of the Parent Company are payments on long-term debt. The main sources of funds for the Parent Company are dividends and management fees from subsidiaries, repayments of advances to subsidiaries, and proceeds from the issuance of equity and long-term debt. The primary uses of funds by the Parent Company are investments in subsidiaries, advances to subsidiaries, dividend payments to common and preferred shareholders, repurchases of common stock, and payments on long-term debt. See "Note 22. Parent Company Financial Information" in Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional information regarding dividends from subsidiaries and debt transactions.

Access to funding at the Parent Company is more sensitive to market disruptions. Therefore, Truist prudently manages cash levels at the Parent Company to cover a minimum of one year of projected cash outflows which includes unfunded external commitments, debt service, common and preferred dividends and scheduled debt maturities, without the benefit of any new cash inflows. Truist maintains a significant buffer above the projected one year of cash outflows. In determining the buffer, Truist considers cash requirements for common and preferred dividends, unfunded commitments to affiliates, serving as a source of strength to Truist Bank, and being able to withstand sustained market disruptions that could limit access to the capital markets. At March 31, 2022 and December 31, 2021, the Parent Company had 30 months and 35 months, respectively, of cash on hand to satisfy projected cash outflows, and 19 months and 19 months, respectively, when including the payment of common stock dividends.

#### *Credit Ratings*

Credit ratings are forward-looking opinions of rating agencies as to the Company's ability to meet its financial commitments and repay its securities and obligations in accordance with their terms of issuance. Credit ratings influence both borrowing costs and access to the capital markets. The Company's credit ratings are continuously monitored by the rating agencies and are subject to change at any time. As Truist seeks to maintain high-quality credit ratings, management meets with the major rating agencies on a regular basis to provide financial and business updates and to discuss current outlooks and trends. See Item 1A, "Risk Factors" in Truist's Annual Report on Form 10-K for the year ended December 31, 2021 for additional information regarding factors that influence credit ratings and potential risks that could materialize in the event of downgrade in the Company's credit ratings.

The credit ratings and outlooks of Truist and Truist Bank are unchanged from those presented in the Company's 2021 Annual Report on Form 10-K.

#### **Capital**

The maintenance of appropriate levels of capital is a management priority and is monitored on a regular basis. Truist's principal goals related to the maintenance of capital are to provide adequate capital to support Truist's risk profile consistent with the Board-approved risk appetite, provide financial flexibility to support future growth and client needs, comply with relevant laws, regulations, and supervisory guidance, achieve optimal credit ratings for Truist and its subsidiaries, remain a source of strength for its subsidiaries, and provide a competitive return to shareholders. Risk-based capital ratios, which include CET1 capital, Tier 1 capital, and Total capital are calculated based on regulatory guidance related to the measurement of capital and risk-weighted assets.

Truist regularly performs stress testing on its capital levels and is required to periodically submit the Company's capital plans and stress testing results to the banking regulators. Management regularly monitors the capital position of Truist on both a consolidated and bank-level basis. In this regard, management's overriding policy is to maintain capital at levels that are in excess of internal capital targets, which are above the regulatory "well capitalized" minimums. Management evaluates whether capital ratios calculated after the effect of alternative capital actions are likely to remain above minimums specified by the FRB for the annual CCAR process. Breaches of minimum targets prompt a review of the planned capital actions included in Truist's capital plan.

**Table 22: Capital Requirements**

	Minimum Capital	Well Capitalized		Minimum Capital Plus Stress Capital Buffer (1)
		Truist	Truist Bank	
CET1	4.5 %	NA	6.5 %	7.0 %
Tier 1 capital	6.0	6.0 %	8.0	8.5
Total capital	8.0	10.0	10.0	10.5
Leverage ratio	4.0	NA	5.0	NA
Supplementary leverage ratio	3.0	NA	NA	NA

(1) Reflects a SCB of 2.5% applicable to Truist as of March 31, 2022. Truist's SCB, received in the 2021 CCAR process, is effective from October 1, 2021 to September 30, 2022.

Truist's capital ratios are presented in the following table:

**Table 23: Capital Ratios - Truist Financial Corporation**

(Dollars in millions, except per share data, shares in thousands)

	Mar 31, 2022	Dec 31, 2021
Risk-based:	<i>(preliminary)</i>	
CET1 capital to risk-weighted assets	9.4 %	9.6 %
Tier 1 capital to risk-weighted assets	11.0	11.3
Total capital to risk-weighted assets	13.0	13.2
Leverage ratio	8.6	8.7
Supplementary leverage ratio	7.3	7.4
Non-GAAP capital measure (1):		
Tangible common equity per common share	\$ 21.87	\$ 25.47
Calculation of tangible common equity (1):		
Total shareholders' equity	\$ 65,044	\$ 69,271
Less:		
Preferred stock	6,673	6,673
Noncontrolling interests	23	—
Goodwill and intangible assets, net of deferred taxes	29,229	28,772
Tangible common equity	\$ 29,119	\$ 33,826
Risk-weighted assets	\$ 397,611	\$ 390,886
Common shares outstanding at end of period	1,331,414	1,327,818

(1) Tangible common equity and related measures are non-GAAP measures that exclude the impact of intangible assets, net of deferred taxes, and their related amortization. These measures are useful for evaluating the performance of a business consistently, whether acquired or developed internally. Truist's management uses these measures to assess the quality of capital and returns relative to balance sheet risk. These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies.

Capital ratios remained strong compared to the regulatory requirements for well capitalized banks. For the three months ended March 31, 2022, Truist paid \$637 million in common stock dividends or \$0.48 per share. The dividend and total payout ratios for the three months ended March 31, 2022 were 48%.

Truist CET1 ratio was 9.4% as of March 31, 2022. The 20 basis point decline compared to the fourth quarter 2021 CET1 ratio reflects capital deployed through the acquisition of Kensington Vanguard National Land Services, the acquisition of certain merchant services relationships, an increase in risk-weighted assets, and the impact from the phase in of the CECL transition relief.

## Share Repurchase Activity

Table 24: Share Repurchase Activity

(Dollars in millions, except per share data, shares in thousands)	Total Shares Repurchased (1)	Average Price Paid Per Share (2)	Total Shares Repurchased Pursuant to Publicly-Announced Plan (3)	Maximum Remaining Dollar Value of Shares Available for Repurchase Pursuant to Publicly-Announced Plan
January 2022	—	\$ —	—	\$ 2,565
February 2022	—	—	—	2,565
March 2022	47	58.02	—	2,565
Total	47	58.02	—	

- (1) Includes shares exchanged or surrendered in connection with the exercise of equity-based awards under equity-based compensation plans.
- (2) Excludes commissions.
- (3) Pursuant to the 2020 Repurchase Plan, announced in December 2020, authorizing up to \$2.0 billion of share repurchases beginning in the first quarter of 2021. In June 2021, the Board of Directors increased, effective July 1, 2021, the previous repurchase authority to effectuate repurchases up to an additional \$2.2 billion in shares of the Company's common stock through September 30, 2022 (up to \$4.2 billion in aggregate amount). With the additional authorization, the Company has \$2.6 billion remaining for share repurchases.

## Critical Accounting Policies

The accounting and reporting policies of Truist are in accordance with GAAP and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Truist's financial position and results of operations are affected by management's application of accounting policies, including estimates, assumptions, and judgments made to arrive at the carrying value of assets and liabilities, and amounts reported for revenues and expenses. Different assumptions in the application of these policies could result in material changes in the consolidated financial position and/or consolidated results of operations, and related disclosures. Material estimates that are particularly susceptible to significant change include the determination of the ACL; determination of fair value for securities, MSRs, LHFS, trading loans, and derivative assets and liabilities; goodwill and other intangible assets; income taxes; and pension and postretirement benefit obligations. Understanding Truist's accounting policies is fundamental to understanding the consolidated financial position and consolidated results of operations. The critical accounting policies are discussed in MD&A in Truist's Annual Report on Form 10-K for the year ended December 31, 2021. Significant accounting policies and changes in accounting principles and effects of new accounting pronouncements are discussed in "Note 1. Basis of Presentation" in Form 10-K for the year ended December 31, 2021. Disclosures regarding the effects of new accounting pronouncements are included in the "Note 1. Basis of Presentation" in this report. There have been no changes to the significant accounting policies during 2022.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the management of the Company, under the supervision and with the participation of the Company's CEO and CFO, carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective.

### Changes in Internal Control over Financial Reporting

Management of Truist is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

During the first quarter of 2022, Truist completed platform conversions related to its commercial, direct-to-consumer and mortgage lending portfolios, as well as platform conversions related to its deposits and payment processing systems. In connection with these activities, Truist fully integrated certain surviving applications into its general ledger accounting system. Internal controls and processes have been appropriately modified to address changes in key business applications and financial processes as a result of these implementations.

There were no other changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Refer to the Litigation and Regulatory Matters section in “Note 14. Commitments and Contingencies,” which is incorporated by reference into this item.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Truist’s Annual Report on Form 10-K for the year ended December 31, 2021. Additional risks and uncertainties not currently known to Truist or that management has deemed to be immaterial also may materially adversely affect Truist’s business, financial condition, or operating results.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Refer to the Share Repurchase Activity section in the MD&A, which is incorporated by reference into this item.

### ITEM 6. EXHIBITS

Exhibit No.	Description	Location
3.1	Amended and Restated Bylaws of Truist Financial Corporation	<a href="#">Incorporated herein by reference to Exhibit 3.1 of the Current Report on Form 8-K, filed April 14, 2022.</a>
10.1	Truist Financial Corporation 2022 Incentive Plan	<a href="#">Incorporated by reference to Annex B to the Corporation’s Definitive Proxy Statement (filed on March 14, 2022).</a>
10.2	Letter to the Board of Directors from William H. Rogers Jr. dated, April 14, 2022, waiving certain rights under his employment agreement	<a href="#">Filed herewith.</a>
10.3	Form of Employee Restricted Stock Unit Agreement for the Truist Financial Corporation 2022 Incentive Plan	<a href="#">Filed herewith.</a>
11	Statement re computation of earnings per share.	<a href="#">Filed herewith as Computation of EPS note to the consolidated financial statements.</a>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	<a href="#">Filed herewith.</a>
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	<a href="#">Filed herewith.</a>
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	<a href="#">Filed herewith.</a>
101.INS	XBRL Instance Document – the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema.	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase.	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith.
101.DEF	XBRL Taxonomy Definition Linkbase.	Filed herewith.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits101).	Filed herewith.

