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: September 30, 2023

Commission File Number: 1-10853

TRUIST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina	**56-0939887**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
214 North Tryon Street **Charlotte, North Carolina**	**28202**
(Address of principal executive offices)	(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
Depositary 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
Depositary Shares each representing 1/1,000th interest in a share of Series O Non-Cumulative Perpetual Preferred Stock	TFC.PO	New York Stock Exchange
Depositary 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 September 30, 2023, 1,333,668,077 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
AOCI	Accumulated other comprehensive income (loss)
Board	Truist's Board of Directors
C&CB	Corporate and Commercial Banking, an operating segment
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
CFTC	Commodity Futures Trading Commission
CET1	Common equity tier 1
Company	Truist Financial Corporation and its subsidiaries (interchangeable with "Truist" below)
COVID-19	Coronavirus disease 2019
CRE	Commercial real estate
DEI	Diversity, Equity & Inclusion
DTA	Deferred tax asset
EPS	Earnings per common share
Exchange Act	Securities Exchange Act of 1934, as amended
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
Grandbridge	Grandbridge Real Estate Capital, LLC
GSE	U.S. government-sponsored enterprise
HFI	Held for investment
HQLA	High-quality liquid assets
HTM	Held-to-maturity
IH	Truist Insurance Holdings, LLC, 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
LIBOR Act	Adjustable Interest Rate (LIBOR) Act
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 Corporation and SunTrust Banks, Inc effective December 6, 2019
MRO	Model Risk Oversight
MSR	Mortgage servicing right
NA	Not applicable
NIM	Net interest margin, computed on a TE basis
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
ROU assets	Right-of-use assets
RUFC	Reserve for unfunded lending commitments
S&P	Standard & Poor's
SBIC	Small Business Investment Company
SCB	Stress Capital Buffer

Term	Definition
SEC	Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
TBA	To-be-announced
TBVPS	Tangible book value per common share
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
USAA	United Services Automobile Association
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, 2022:

- current and future economic and market conditions, such as the interest rate environment, including the replacement of LIBOR as an interest rate benchmark; U.S. fiscal debt, budget and tax matters; geopolitical matters (including conflicts in the Ukraine, Israel, and the Gaza Strip); and any slow down in global economic growth 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;
- the monetary and fiscal policies of the federal government and its agencies, including in response to higher inflation, could have a material adverse effect on the economy and Truist’s profitability;
- regulatory and supervisory matters, litigation, or other legal actions 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 standards, regulatory and supervisory standards, including with respect to climate, deposit, capital, liquidity, and long-term debt requirements, which may become more stringent in light of recent turmoil in the banking industry and results of regulatory examinations, which may adversely affect Truist’s financial condition and results of operations;
- increased scrutiny regarding Truist’s consumer sales practices, training practices, incentive compensation design, and governance could damage its reputation and adversely impact business and revenues;
- Truist may be impacted by actual or perceived soundness of other financial institutions, including as a result of the financial or operational failure of a major financial institution, or concerns about the creditworthiness of such a financial institution or its ability to fulfill its obligations, which can cause substantial and cascading disruption within the financial markets and increased expenses, including FDIC insurance premiums, and could affect our ability to attract and retain depositors and to borrow or raise capital;
- Truist is subject to credit risk by lending or committing to lend money, 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, and may suffer losses if the value of collateral declines in stressed market conditions;
- inability to access short-term funding or liquidity, loss of client deposits, or changes in Truist’s credit ratings could increase the cost of funding, limit access to capital markets, or negatively affect Truist’s overall liquidity or capitalization;
- unexpected outflows of uninsured deposits may require Truist to sell investment securities at a loss;
- a loss of value of Truist’s investment portfolio could negatively impact market perceptions of Truist and could lead to deposit withdrawals;
- risk management oversight functions may not identify or address risks adequately, and management may not be able to effectively manage credit risk;
- there are risks resulting from the extensive use of models in Truist’s business, which may impact decisions made by management and regulators;
- deposit attrition, client loss, or revenue loss following completed mergers or acquisitions may be greater than anticipated;
- Truist could fail to execute on strategic or operational plans, including the ability to achieve its cost saves targets;
- increased competition, including from (i) new or existing competitors that could have greater financial resources or be subject to different regulatory standards or compliance costs, and (ii) products and services offered by non-bank financial technology companies, which 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 we fail to anticipate client expectations or because our 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 could damage Truist’s reputation and adversely impact business and revenues, including the effects of social media on market perceptions of Truist and banks generally;
- Truist faces substantial legal and operational risks in safeguarding personal information;
- 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 or if there is a decline in a reporting unit’s forecasted net income;
- Truist faces 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;
- there are 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 could be adversely impacted, which could be exacerbated in the increased work-from-home environment as job markets may be less constrained by physical geography;
- Truist’s operations rely on its ability, and the ability of key external parties, to maintain appropriate-staffed workforces, and on the competence, trustworthiness, health and safety of teammates;
- Truist faces the risk of 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, cyberattacks, which have increased in frequency with 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;
- 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; and
- the effects of COVID-19 adversely impacted the Company’s operations and financial performance and similar adverse impacts resulting from pandemics could occur in future periods.

Readers are cautioned not to place undue reliance on these forward-looking statements, which represented management’s views on the date they were 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)	Sep 30, 2023	Dec 31, 2022
Assets		
Cash and due from banks	$ 5,156	$ 5,379
Interest-bearing deposits with banks	24,676	16,042
Securities borrowed or purchased under agreements to resell	2,018	3,181
Trading assets at fair value	4,384	4,905
AFS securities at fair value	65,117	71,801
HTM securities (fair value of $42,501 and $47,791, respectively)	54,942	57,713
LHFS (including $1,269 and $1,065 at fair value, respectively)	1,413	1,444
Loans and leases (including $16 and $18 at fair value, respectively)	315,699	325,991
ALLL	(4,693)	(4,377)
Loans and leases, net of ALLL	311,006	321,614
Premises and equipment	3,394	3,605
Goodwill	26,979	27,013
CDI and other intangible assets	3,292	3,672
Loan servicing rights at fair value	3,537	3,758
Other assets (including $1,079 and $1,582 at fair value, respectively)	36,793	35,128
Total assets	$ 542,707	$ 555,255
Liabilities		
Noninterest-bearing deposits	$ 116,674	$ 135,742
Interest-bearing deposits	283,350	277,753
Short-term borrowings (including $1,718 and $1,551 at fair value, respectively)	23,485	23,422
Long-term debt	41,232	43,203
Other liabilities (including $3,474 and $2,971 at fair value, respectively)	15,959	14,598
Total liabilities	480,700	494,718
Shareholders’ Equity		
Preferred stock	6,673	6,673
Common stock, $5 par value	6,668	6,634
Additional paid-in capital	36,114	34,544
Retained earnings	27,944	26,264
AOCI, net of deferred income taxes	(15,559)	(13,601)
Noncontrolling interests	167	23
Total shareholders’ equity	62,007	60,537
Total liabilities and shareholders’ equity	$ 542,707	$ 555,255
Common shares outstanding	1,333,668	1,326,829
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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest Income				
Interest and fees on loans and leases	$ 4,976	$ 3,490	$ 14,547	$ 9,032
Interest on securities	763	709	2,264	2,024
Interest on other earning assets	490	170	1,379	343
Total interest income	6,229	4,369	18,190	11,399
Interest Expense				
Interest on deposits	1,831	331	4,462	462
Interest on long-term debt	491	190	1,739	459
Interest on other borrowings	343	103	932	143
Total interest expense	2,665	624	7,133	1,064
Net Interest Income	3,564	3,745	11,057	10,335
Provision for credit losses	497	234	1,537	310
Net Interest Income After Provision for Credit Losses	3,067	3,511	9,520	10,025
Noninterest Income				
Insurance income	793	725	2,541	2,277
Wealth management income	343	334	1,012	1,014
Investment banking and trading income	185	222	657	738
Service charges on deposits	152	263	641	769
Card and payment related fees	238	241	704	699
Mortgage banking income	102	122	343	343
Lending related fees	102	80	294	265
Operating lease income	63	66	194	190
Securities gains (losses)	—	(1)	—	(71)
Other income	130	50	249	268
Total noninterest income	2,108	2,102	6,635	6,492
Noninterest Expense				
Personnel expense	2,200	2,116	6,637	6,269
Professional fees and outside processing	317	352	983	1,064
Software expense	238	225	689	691
Net occupancy expense	180	176	543	565
Amortization of intangibles	130	140	397	420
Equipment expense	97	122	299	354
Marketing and customer development	78	105	235	282
Operating lease depreciation	43	45	133	140
Regulatory costs	77	52	225	131
Merger-related and restructuring charges	75	62	192	399
Other expense	312	218	853	552
Total noninterest expense	3,747	3,613	11,186	10,867
Earnings				
Income before income taxes	1,428	2,000	4,969	5,650
Provision for income taxes	245	363	926	1,065
Net income	1,183	1,637	4,043	4,585
Noncontrolling interests	6	4	44	6
Preferred stock dividends and other	106	97	284	262
Net income available to common shareholders	$ 1,071	$ 1,536	$ 3,715	$ 4,317
Basic EPS	$ 0.80	$ 1.16	$ 2.79	$ 3.25
Diluted EPS	0.80	1.15	2.77	3.22
Basic weighted average shares outstanding	1,333,522	1,326,539	1,331,377	1,328,569
Diluted weighted average shares outstanding	1,340,574	1,336,659	1,339,041	1,339,071

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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income	$ 1,183	$ 1,637	$ 4,043	$ 4,585
OCI, net of tax:				
Net change in net pension and postretirement costs	23	6	17	19
Net change in cash flow hedges	(255)	(139)	(447)	(85)
Net change in AFS securities	(2,015)	(3,051)	(1,712)	(10,889)
Net change in HTM securities	63	80	183	216
Other, net	(1)	(6)	1	(7)
Total OCI, net of tax	(2,185)	(3,110)	(1,958)	(10,746)
Total OCI	$ (1,002)	$ (1,473)	$ 2,085	$ (6,161)
Income Tax Effect of Items Included in OCI:				
Net change in net pension and postretirement costs	$ —	$ 1	$ —	$ 6
Net change in cash flow hedges	(79)	(42)	(138)	(26)
Net change in AFS securities	(618)	(927)	(543)	(3,307)
Net change in HTM securities	19	25	51	65
Total income taxes related to OCI	$ (678)	$ (943)	$ (630)	$ (3,262)

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
Balance, July 1, 2022	1,326,393	$ 6,673	$ 6,632	$ 34,410	$ 24,500	$ (9,240)	$ 24	$ 62,999
Net income	—	—	—	—	1,633	—	4	1,637
OCI	—	—	—	—	—	(3,110)	—	(3,110)
Issued in connection with equity awards, net	373	—	2	(5)	(1)	—	—	(4)
Cash dividends declared on common stock	—	—	—	—	(691)	—	—	(691)
Cash dividends declared on preferred stock	—	—	—	—	(97)	—	—	(97)
Equity-based compensation expense	—	—	—	82	—	—	—	82
Other, net	—	—	—	—	—	—	(5)	(5)
Balance, September 30, 2022	1,326,766	$ 6,673	$ 6,634	$ 34,487	$ 25,344	$ (12,350)	$ 23	$ 60,811
Balance, July 1, 2023	1,331,976	$ 6,673	$ 6,660	$ 35,990	$ 27,577	$ (13,374)	$ 155	$ 63,681
Net income	—	—	—	—	1,177	—	6	1,183
OCI	—	—	—	—	—	(2,185)	—	(2,185)
Issued in connection with equity awards, net	1,692	—	8	43	(4)	—	—	47
Cash dividends declared on common stock	—	—	—	—	(693)	—	—	(693)
Cash dividends declared on preferred stock	—	—	—	—	(106)	—	—	(106)
Equity-based compensation expense	—	—	—	78	—	—	—	78
Other, net	—	—	—	3	(7)	—	6	2
Balance, September 30, 2023	1,333,668	$ 6,673	$ 6,668	$ 36,114	$ 27,944	$ (15,559)	$ 167	$ 62,007
Balance, January 1, 2022	1,327,818	$ 6,673	$ 6,639	$ 34,565	$ 22,998	$ (1,604)	$ —	$ 69,271
Net income	—	—	—	—	4,579	—	6	4,585
OCI	—	—	—	—	—	(10,746)	—	(10,746)
Issued in connection with equity awards, net	4,056	—	21	(112)	(4)	—	—	(95)
Repurchase of common stock	(5,108)	—	(26)	(224)	—	—	—	(250)
Cash dividends declared on common stock	—	—	—	—	(1,967)	—	—	(1,967)
Cash dividends declared on preferred stock	—	—	—	—	(262)	—	—	(262)
Equity-based compensation expense	—	—	—	258	—	—	—	258
Other, net	—	—	—	—	—	—	17	17
Balance, September 30, 2022	1,326,766	$ 6,673	$ 6,634	$ 34,487	$ 25,344	$ (12,350)	$ 23	$ 60,811
Balance, January 1, 2023	1,326,829	$ 6,673	$ 6,634	$ 34,544	$ 26,264	$ (13,601)	$ 23	$ 60,537
Net income	—	—	—	—	3,999	—	44	4,043
OCI	—	—	—	—	—	(1,958)	—	(1,958)
Received in connection with IH minority stake sale, net	—	—	—	1,317	—	—	96	1,413
Issued in connection with equity awards, net	6,839	—	34	(1)	(7)	—	—	26
Cash dividends declared on common stock	—	—	—	—	(2,077)	—	—	(2,077)
Cash dividends declared on preferred stock	—	—	—	—	(284)	—	—	(284)
Equity-based compensation expense	—	—	—	251	—	—	—	251
Other, net	—	—	—	3	49	—	4	56
Balance, September 30, 2023	1,333,668	$ 6,673	$ 6,668	$ 36,114	$ 27,944	$ (15,559)	$ 167	$ 62,007

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)	Nine Months Ended September 30, 2023	2022
Cash Flows From Operating Activities:		
Net income	$ 4,043	$ 4,585
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	1,537	310
Depreciation	522	581
Amortization of intangibles	397	420
Securities (gains) losses	—	71
Net change in operating assets and liabilities:		
LHFS	(204)	1,676
Loan servicing rights	(187)	(850)
Pension asset	(1,425)	(526)
Derivative assets and liabilities	852	3,850
Trading assets	521	(1,441)
Other assets and other liabilities	262	(247)
Other, net	(63)	(882)
Net cash from operating activities	6,255	7,547
Cash Flows From Investing Activities:		
Proceeds from sales of AFS securities	15	3,311
Proceeds from maturities, calls and paydowns of AFS securities	6,340	10,619
Purchases of AFS securities	(2,261)	(9,025)
Proceeds from maturities, calls and paydowns of HTM securities	3,023	4,006
Purchases of HTM securities	—	(3,020)
Originations and purchases of loans and leases, net of sales and principal collected	9,332	(24,135)
Net cash received (paid) for FHLB stock	(5)	(609)
Net cash received (paid) for securities borrowed or purchased under agreements to resell	1,163	1,460
Net cash received (paid) for asset acquisitions, business combinations, and divestitures	(15)	(1,325)
Other, net	273	(491)
Net cash from investing activities	17,865	(19,209)
Cash Flows From Financing Activities:		
Net change in deposits	(13,471)	(490)
Net change in short-term borrowings	47	20,395
Proceeds from issuance of long-term debt	48,172	3,461
Repayment of long-term debt	(49,609)	(6,991)
Repurchase of common stock	—	(250)
Cash dividends paid on common stock	(2,077)	(1,967)
Cash dividends paid on preferred stock	(284)	(262)
Net cash received (paid) for hedge unwinds	(424)	(198)
Net cash from IH minority stake sale	1,922	—
Other, net	15	(106)
Net cash from financing activities	(15,709)	13,592
Net Change in Cash and Cash Equivalents	8,411	1,930
Cash and Cash Equivalents, January 1	21,421	20,295
Cash and Cash Equivalents, September 30	$ 29,832	$ 22,225
Supplemental Disclosure of Cash Flow Information:		
Net cash paid (received) during the period for:		
Interest expense	$ 6,430	$ 982
Income taxes	785	422
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, 2022 should be referred to in connection with these unaudited interim consolidated financial statements. The Company updated its accounting policies in connection with recently adopted accounting standards, which are described in this footnote. There were no other 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, 2022 that could have a material effect on the Company's financial statements.

Reclassifications

During the first quarter of 2023, Truist reclassified certain portfolios within the consumer portfolio segment to delineate home equity from other consumer portfolios. Additionally, Truist realigned Prime Rate Premium Finance Corporation, which includes AFCO Credit Corporation and CAFO Holding Company, into the C&CB segment from the IH segment. Prior period results have been revised to conform to the current presentation.

During the second quarter of 2023, Truist updated its segment cost allocation methodology. Results for the first quarter of 2023 have been revised to conform to the current presentation. Management concluded the impact to 2022 was not material.

Certain other 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.

Loan Modifications

In certain circumstances, the Company enters into agreements to modify the terms of loans to borrowers that are experiencing financial difficulty. The scope of these loan modifications varies from portfolio to portfolio but generally falls into one of the following categories:

- Renewals: represent the renewal of a loan where the Company has concluded that the borrower is experiencing financial difficulty. Commercial renewals result in an extension of the maturity date of the loan (or in some cases a contraction of the loan term), and other significant terms of the loan (e.g., interest rate, collateral, guarantor support, etc.) are re-evaluated in connection with the renewal event.
- Term extensions: represent an adjustment to the maturity date of the loan that typically results in a reduction to the borrower's scheduled payment over the remainder of the loan.
- Capitalizations: represents the capitalization of forborne loan payments and/or other amounts advanced on behalf of the borrower into the principal balance of a residential mortgage loan.
- Payment delays: provide the borrower with a temporary postponement of loan payments that is considered other-than-insignificant, which has been defined as a payment delay that exceeds 90 days, or three payment cycles, over a rolling 12-month period. These postponed loan payments may result in an extension of the ultimate maturity date of the loan or may be capitalized into the principal balance of the loan in certain circumstances.
- Combinations: in certain circumstances more than one type of a modification is provided to a borrower (e.g., interest rate reduction and term extension).
- Other: represents other types of loan modifications that are not considered significant for disclosure purposes.

The Company has identified borrowers that are included in the Loan Modifications disclosures in “Note 5. Loans and ACL” as follows:

- Commercial: the Company evaluates all modifications of loans to commercial borrowers that are rated substandard or worse and includes the modifications in its disclosure to the extent that the modification is considered other-than-insignificant.
- Consumer and credit card: loan modifications to consumer and credit card borrowers are generally limited to borrowers that are experiencing financial difficulty. As a result, the Company evaluates all modifications of consumer and credit card loans and includes them in the disclosure to the extent that they are considered other-than insignificant.

Refer to the Annual Report on Form 10-K for the year ended December 31, 2022 for accounting policies related to prior period, including the Company’s TDR policies.

ALLL

The ALLL represents management’s best estimate of expected future credit losses related to its loan and lease portfolio at the balance sheet date. The Company’s ALLL estimation process gives consideration to relevant available information from internal and external sources relating to past events, current conditions and reasonable and supportable forecasts. The quantitative models used to forecast expected credit losses use portfolio balances, macroeconomic forecast data, portfolio composition and loan attributes as the primary inputs. Loss estimates are informed by historical loss experience that includes losses incurred on loans that were previously modified by the Company. As a result, the Company has concluded that aside from the limited circumstances where principal forgiveness is granted to a borrower, the financial effect of loan modifications is already inherently included in the ALLL.

Income Taxes

The Company’s provision for income taxes is based on income and expense reported for financial statement purposes after adjustments for permanent differences such as interest income from lending to tax-exempt entities, tax credits, and amortization expense related to qualified tax credit investments. In computing the provision for income taxes, the Company evaluates the technical merits of its income tax positions based on current legislative, judicial, and regulatory guidance. The proportional amortization method of accounting is used on affordable housing and other qualified tax credit investments, such that the initial cost of the investment giving rise to tax credits is amortized in proportion to the allocation of tax credits in each period as a component of the provision for income taxes. Truist includes the initial investment cash flows and subsequent credits within operating activities in the Consolidated Statement of Cash Flows.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

Standard / Adoption Date	Description	Effects on the Financial Statements
Standards Adopted During the Current Year		
Troubled Debt Restructurings and Vintage Disclosures January 1, 2023	Eliminates 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 adopted this standard on a modified-retrospective basis. Upon adoption, the Company eliminated the separate ACL estimation process for loans classified as TDRs. The adoption of this standard did not have a material impact on the financial statements. The Company’s revised disclosures in accordance with the new standard are included in “Note 5. Loans and ACL.”
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. 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.	The adoption of this standard did not have a material impact on the Company’s active last-of-layer hedges.
Investments in Tax Credit Structures January 1, 2023	Allows reporting entities to elect to account for qualifying equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. Previously, reporting entities were only permitted to apply the proportional amortization method only to qualifying equity investments in low-income housing tax credit structures.	Truist adopted this standard early on a modified-retrospective basis. The adoption of this standard did not have a material impact on the financial statements. Refer to “Note 14. Commitments and Contingencies” for additional information regarding tax credit investments.

NOTE 2. Business Combinations, Divestitures, and Noncontrolling Interests

Noncontrolling Interest

On April 3, 2023, the Company completed its sale of a 20% stake of the common equity in IH, which was previously wholly owned by Truist, to an investor group led by Stone Point Capital, LLC for $1.9 billion, with the proceeds, net of tax, recognized as an increase to shareholders' equity. In connection with the transaction, the noncontrolling interest holder received profits interest representing 3.75% coverage on IH's fully diluted equity value at transaction close, and certain consent and exit rights commensurate with a noncontrolling investor. Including these profits interests, the noncontrolling interest holder is allocated approximately 23% of IH pretax net income. The transaction allows Truist to maintain strategic flexibility and future upside in IH, which will continue to benefit from Truist's operations, access to capital, and client relationships, while creating additional opportunities for the growth of IH through the support of a strong blue-chip investor in Stone Point Capital, LLC. Also in conjunction with the same transaction, IH granted certain event-vested profits interests and appreciation units, representing 4.50% coverage on IH's fully diluted equity value at grant, to various IH employees and officers in the second quarter of 2023. These awards, subject to continued employment through the applicable event or date, will vest either upon, or from 6 months to two years following, a change in control of IH, depending on the nature of the change in control. No compensation expense is recognized for these event-vested awards until such an event is probable. The Company intends these awards to strengthen IH's ability to incent and retain top talent, and realize IH's full potential.

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)	Sep 30, 2023	Dec 31, 2022
Securities purchased under agreements to resell	$ 826	$ 2,415
Securities borrowed	1,192	766
Total securities borrowed or purchased under agreements to resell	$ 2,018	$ 3,181
Fair value of collateral permitted to be resold or repledged	$ 1,789	$ 3,058
Fair value of securities resold or repledged	—	864

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:

	September 30, 2023			December 31, 2022		
(Dollars in millions)	Overnight and Continuous	Up to 30 days	Total	Overnight and Continuous	Up to 30 days	Total
U.S. Treasury	$ —	$ —	$ —	$ 318	$ —	$ 318
State and Municipal	195	—	195	272	—	272
GSE	—	—	—	74	—	74
Agency MBS - residential	—	1,500	1,500	1,019	26	1,045
Corporate and other debt securities	230	205	435	369	50	419
Total securities sold under agreements to repurchase	$ 425	$ 1,705	$ 2,130	$ 2,052	$ 76	$ 2,128

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:

September 30, 2023 (Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities:				
U.S. Treasury	$ 11,031	$ —	$ 670	$ 10,361
GSE	372	—	48	324
Agency MBS - residential	61,202	—	12,126	49,076
Agency MBS - commercial	2,827	—	692	2,135
States and political subdivisions	421	7	34	394
Non-agency MBS	3,754	—	946	2,808
Other	20	—	1	19
Total AFS securities	$ 79,627	$ 7	$ 14,517	$ 65,117
HTM securities:				
Agency MBS - residential	$ 54,942	$ —	$ 12,441	$ 42,501

December 31, 2022 (Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities:				
U.S. Treasury	$ 11,080	$ —	$ 785	$ 10,295
GSE	339	—	36	303
Agency MBS - residential	65,377	—	10,152	55,225
Agency MBS - commercial	2,887	—	463	2,424
States and political subdivisions	425	15	24	416
Non-agency MBS	3,927	—	810	3,117
Other	21	—	—	21
Total AFS securities	$ 84,056	$ 15	$ 12,270	$ 71,801
HTM securities:				
Agency MBS - residential	$ 57,713	$ —	$ 9,922	$ 47,791

The amortized cost and estimated fair value of certain MBS securities issued by FNMA and FHLMC that exceeded 10% of shareholders' equity are shown in the table below:

(Dollars in millions)	September 30, 2023 Amortized Cost	September 30, 2023 Fair Value
FNMA	$ 40,167	$ 31,590
FHLMC	40,710	31,724

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 have the right to prepay their obligations with or without penalties.

September 30, 2023 (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	$ 3,996	$ 6,989	$ 17	$ 29	$ 11,031	$ 3,923	$ 6,401	$ 15	$ 22	$ 10,361
GSE	—	7	11	354	372	—	7	10	307	324
Agency MBS - residential	—	125	453	60,624	61,202	—	118	413	48,545	49,076
Agency MBS - commercial	—	—	71	2,756	2,827	—	—	63	2,072	2,135
States and political subdivisions	4	94	142	181	421	5	90	140	159	394
Non-agency MBS	—	—	222	3,532	3,754	—	—	165	2,643	2,808
Other	—	8	12	—	20	—	7	12	—	19
Total AFS securities	$ 4,000	$ 7,223	$ 928	$ 67,476	$ 79,627	$ 3,928	$ 6,623	$ 818	$ 53,748	$ 65,117
HTM securities:										
Agency MBS - residential	$ —	$ —	$ —	$ 54,942	$ 54,942	$ —	$ —	$ —	$ 42,501	$ 42,501

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:

September 30, 2023 (Dollars in millions)	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
AFS securities:						
U.S. Treasury	$ 567	$ 6	$ 9,177	$ 664	$ 9,744	$ 670
GSE	75	3	248	45	323	48
Agency MBS - residential	307	7	48,743	12,119	49,050	12,126
Agency MBS - commercial	62	5	2,073	687	2,135	692
States and political subdivisions	60	1	234	33	294	34
Non-agency MBS	—	—	2,808	946	2,808	946
Other	—	—	20	1	20	1
Total	$ 1,071	$ 22	$ 63,303	$ 14,495	$ 64,374	$ 14,517
HTM securities:						
Agency MBS - residential	$ —	$ —	$ 42,501	$ 12,441	$ 42,501	$ 12,441

December 31, 2022 (Dollars in millions)	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
AFS securities:						
U.S. Treasury	$ 2,069	$ 49	$ 8,186	$ 736	$ 10,255	$ 785
GSE	180	14	114	22	294	36
Agency MBS - residential	25,041	3,263	30,050	6,889	55,091	10,152
Agency MBS - commercial	790	92	1,631	371	2,421	463
States and political subdivisions	251	21	20	3	271	24
Non-agency MBS	—	—	3,117	810	3,117	810
Other	21	—	—	—	21	—
Total	$ 28,352	$ 3,439	$ 43,118	$ 8,831	$ 71,470	$ 12,270
HTM securities:						
Agency MBS - residential	$ 29,369	$ 5,613	$ 18,422	$ 4,309	$ 47,791	$ 9,922

At September 30, 2023 and December 31, 2022, 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 consist of residential agency MBS. Accordingly, the Company does not expect to incur any credit losses on investment securities.

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

(Dollars in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Gross realized gains	$ —	$ —	$ —	$ 13
Gross realized losses	—	(1)	—	(84)
Securities gains (losses), net	$ —	$ (1)	$ —	$ (71)

NOTE 5. Loans and ACL

In the first quarter of 2023, the Company adopted the Troubled Debt Restructurings and Vintage Disclosures accounting standard. Certain newly required disclosures in this footnote are presented as of and for the period ended September 30, 2023 only as the adoption of this guidance did not impact the prior periods. As such, disclosures were provided related to TDRs as of December 31, 2022 and for the three and nine months ended September 30, 2022 under prior accounting standards. Refer to “Note 1. Basis of Presentation” for additional information.

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. Truist sold its student loan portfolio at the end of the second quarter of 2023, which had a carrying value of $4.7 billion. The nine months ended September 30, 2023 includes $98 million of charge-offs related to the sale, which was previously provided for in the allowance.

	Accruing				
September 30, 2023 (Dollars in millions)	**Current**	**30-89 Days Past Due**	**90 Days Or More Past Due[(1)]**	**Nonperforming**	**Total**
Commercial:					
Commercial and industrial	$ 161,656	$ 98	$ 15	$ 561	$ 162,330
CRE	22,419	28	—	289	22,736
Commercial construction	6,313	1	—	29	6,343
Consumer:					
Residential mortgage	54,832	563	486	132	56,013
Home equity	9,967	61	9	123	10,160
Indirect auto	23,219	598	1	266	24,084
Other consumer	28,818	219	16	52	29,105
Credit card	4,813	68	47	—	4,928
Total	$ 312,037	$ 1,636	$ 574	$ 1,452	$ 315,699

(1) Includes government guaranteed loans of $456 million in the residential mortgage portfolio.

	Accruing				
December 31, 2022 (Dollars in millions)	**Current**	**30-89 Days Past Due**	**90 Days Or More Past Due[(1)]**	**Nonperforming**	**Total**
Commercial:					
Commercial and industrial	$ 163,604	$ 256	$ 49	$ 398	$ 164,307
CRE	22,568	25	1	82	22,676
Commercial construction	5,844	5	—	—	5,849
Consumer:					
Residential mortgage	55,005	614	786	240	56,645
Home equity	10,661	68	12	135	10,876
Indirect auto	27,015	646	1	289	27,951
Other consumer	27,289	187	13	44	27,533
Student	4,179	402	706	—	5,287
Credit card	4,766	64	37	—	4,867
Total	$ 320,931	$ 2,267	$ 1,605	$ 1,188	$ 325,991

(1) Includes government guaranteed loans of $759 million in the residential mortgage portfolio and $702 million in the student portfolio.

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

September 30, 2023 (Dollars in millions)	Amortized Cost Basis by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Credit	Loans Converted to Term	Other[1]	Total
Commercial:										
Commercial and industrial:										
Pass	$ 21,868	$ 34,323	$ 16,084	$ 8,740	$ 6,125	$ 11,692	$ 56,472	$ —	$ (235)	$ 155,069
Special mention	420	712	663	142	145	238	939	—	—	3,259
Substandard	373	895	426	264	286	353	844	—	—	3,441
Nonperforming	7	158	141	11	31	27	186	—	—	561
Total	22,668	36,088	17,314	9,157	6,587	12,310	58,441	—	(235)	162,330
Gross charge-offs	11	51	83	21	3	21	90			280
CRE:										
Pass	3,215	5,000	2,740	2,051	2,982	2,948	1,102	—	(73)	19,965
Special mention	220	490	88	88	85	52	56	—	—	1,079
Substandard	75	382	268	51	332	295	—	—	—	1,403
Nonperforming	—	90	4	24	156	15	—	—	—	289
Total	3,510	5,962	3,100	2,214	3,555	3,310	1,158	—	(73)	22,736
Gross charge-offs	—	52	1	10	8	47	—	—	—	118
Commercial construction:										
Pass	689	2,020	1,550	305	158	129	969	—	—	5,820
Special mention	38	131	104	—	—	—	1	—	—	274
Substandard	22	46	25	110	—	—	17	—	—	220
Nonperforming	—	28	—	—	1	—	—	—	—	29
Total	749	2,225	1,679	415	159	129	987	—	—	6,343
Consumer:										
Residential mortgage:										
Current	2,468	13,609	16,733	5,827	2,884	13,311	—	—	—	54,832
30 - 89 days past due	3	39	40	36	35	410	—	—	—	563
90 days or more past due	3	26	25	33	34	365	—	—	—	486
Nonperforming	—	2	6	6	12	106	—	—	—	132
Total	2,474	13,676	16,804	5,902	2,965	14,192	—	—	—	56,013
Gross charge-offs	—	—	2	1	1	6	—	—	—	10
Home equity:										
Current	—	—	—	—	—	—	6,209	3,758	—	9,967
30 - 89 days past due	—	—	—	—	—	—	41	20	—	61
90 days or more past due	—	—	—	—	—	—	6	3	—	9
Nonperforming	—	—	—	—	—	—	42	81	—	123
Total	—	—	—	—	—	—	6,298	3,862	—	10,160
Gross charge-offs	—	—	—	—	—	—	8	—	—	8
Indirect auto:										
Current	3,893	8,865	5,236	2,835	1,574	829	—	—	(13)	23,219
30 - 89 days past due	48	187	140	83	71	69	—	—	—	598
90 days or more past due	—	1	—	—	—	—	—	—	—	1
Nonperforming	11	78	66	42	37	32	—	—	—	266
Total	3,952	9,131	5,442	2,960	1,682	930	—	—	(13)	24,084
Gross charge-offs	10	138	88	44	44	53	—	—	—	377
Other consumer:										
Current	8,656	8,453	4,146	2,160	1,194	1,336	2,856	14	3	28,818
30 - 89 days past due	56	72	37	20	14	13	6	1	—	219
90 days or more past due	6	7	1	—	—	—	2	—	—	16
Nonperforming	3	11	14	8	7	8	—	1	—	52
Total	8,721	8,543	4,198	2,188	1,215	1,357	2,864	16	3	29,105
Gross charge-offs	53	116	69	37	26	11	17	—	—	329
Student:[2]										
Gross charge-offs	—	—	—	—	—	108	—	—	—	108
Credit card:										
Current	—	—	—	—	—	—	4,793	20	—	4,813
30 - 89 days past due	—	—	—	—	—	—	65	3	—	68
90 days or more past due	—	—	—	—	—	—	45	2	—	47
Total	—	—	—	—	—	—	4,903	25	—	4,928
Gross charge-offs	—	—	—	—	—	—	157	2	—	159
Total	$ 42,074	$ 75,625	$ 48,537	$ 22,836	$ 16,163	$ 32,228	$ 74,651	$ 3,903	$ (318)	$ 315,699
Gross charge-offs	$ 74	$ 357	$ 243	$ 113	$ 82	$ 246	$ 272	$ 2	$ —	$ 1,389

December 31, 2022 (Dollars in millions)	Amortized Cost Basis by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Credit	Loans Converted to Term	Other(1)	Total
Commercial:										
Commercial and industrial:										
Pass	$ 45,890	$ 21,642	$ 11,219	$ 8,258	$ 4,977	$ 9,686	$ 57,854	$ —	$ (199)	$ 159,327
Special mention	243	302	143	160	61	88	721	—	—	1,718
Substandard	518	387	113	413	249	187	997	—	—	2,864
Nonperforming	47	53	10	28	46	27	187	—	—	398
Total	46,698	22,384	11,485	8,859	5,333	9,988	59,759	—	(199)	164,307
CRE:										
Pass	6,141	3,595	2,220	3,846	2,092	2,265	757	—	(70)	20,846
Special mention	106	118	74	229	281	5	18	—	—	831
Substandard	106	99	35	422	121	134	—	—	—	917
Nonperforming	—	3	—	—	77	2	—	—	—	82
Total	6,353	3,815	2,329	4,497	2,571	2,406	775	—	(70)	22,676
Commercial construction:										
Pass	1,501	1,500	825	290	212	71	1,056	—	—	5,455
Special mention	80	—	93	—	—	—	35	—	—	208
Substandard	114	—	18	1	53	—	—	—	—	186
Total	1,695	1,500	936	291	265	71	1,091	—	—	5,849
Consumer:										
Residential mortgage:										
Current	13,824	17,340	6,167	3,084	1,384	13,206	—	—	—	55,005
30 - 89 days past due	55	61	32	37	43	386	—	—	—	614
90 or more days past due	5	31	62	62	91	535	—	—	—	786
Nonperforming	4	6	10	12	17	191	—	—	—	240
Total	13,888	17,438	6,271	3,195	1,535	14,318	—	—	—	56,645
Home equity:										
Current	—	—	—	—	—	—	6,843	3,818	—	10,661
30 - 89 days past due	—	—	—	—	—	—	48	20	—	68
90 days or more past due	—	—	—	—	—	—	9	3	—	12
Nonperforming	—	—	—	—	—	—	44	91	—	135
Total	—	—	—	—	—	—	6,944	3,932	—	10,876
Indirect auto:										
Current	11,646	7,141	4,105	2,461	1,096	559	—	—	7	27,015
30 - 89 days past due	147	174	111	100	60	54	—	—	—	646
90 days or more past due	1	—	—	—	—	—	—	—	—	1
Nonperforming	41	77	56	56	34	25	—	—	—	289
Total	11,835	7,392	4,272	2,617	1,190	638	—	—	7	27,951
Other consumer:										
Current	11,270	5,805	3,167	1,814	865	1,061	3,278	29	—	27,289
30 - 89 days past due	68	44	26	20	10	7	10	2	—	187
90 days or more past due	8	1	1	1	—	—	2	—	—	13
Nonperforming	4	11	8	9	2	8	2	—	—	44
Total	11,350	5,861	3,202	1,844	877	1,076	3,292	31	—	27,533
Student:										
Current	—	—	17	71	57	4,034	—	—	—	4,179
30 - 89 days past due	—	—	—	1	1	400	—	—	—	402
90 days or more past due	—	—	—	1	1	704	—	—	—	706
Total	—	—	17	73	59	5,138	—	—	—	5,287
Credit card:										
Current	—	—	—	—	—	—	4,750	16	—	4,766
30 - 89 days past due	—	—	—	—	—	—	63	1	—	64
90 days or more past due	—	—	—	—	—	—	36	1	—	37
Total	—	—	—	—	—	—	4,849	18	—	4,867
Total	$ 91,819	$ 58,390	$ 28,512	$ 21,376	$ 11,830	$ 33,635	$ 76,710	$ 3,981	$ (262)	$ 325,991

(1) Includes certain deferred fees and costs and other adjustments.
(2) Truist sold its student loan portfolio at the end of the second quarter of 2023. Charge-offs include $98 million related to the sale.

ACL

The following tables present activity in the ACL:

(Dollars in millions)	Balance at Jul 1, 2022	Charge-Offs	Recoveries	Provision (Benefit)	Other[1]	Balance at Sep 30, 2022
Commercial:						
Commercial and industrial	$ 1,357	$ (51)	$ 43	$ (48)	$ —	$ 1,301
CRE	237	—	—	(3)	—	234
Commercial construction	50	—	2	(5)	—	47
Consumer:						
Residential mortgage	327	(4)	3	50	—	376
Home equity	88	(3)	8	(10)	—	83
Indirect auto	952	(103)	21	96	—	966
Other Consumer	728	(109)	21	115	—	755
Student	100	(7)	—	—	—	93
Credit card	348	(42)	8	36	—	350
ALLL	4,187	(319)	106	231	—	4,205
RUFC	247	—	—	3	—	250
ACL	$ 4,434	$ (319)	$ 106	$ 234	$ —	$ 4,455

(Dollars in millions)	Balance at Jul 1, 2023	Charge-Offs	Recoveries	Provision (Benefit)	Other[1]	Balance at Sep 30, 2023
Commercial:						
Commercial and industrial	$ 1,536	$ (98)	$ 28	$ (114)	$ (1)	$ 1,351
CRE	402	(77)	2	278	—	605
Commercial construction	109	—	—	56	—	165
Consumer:						
Residential mortgage	320	(8)	1	(12)	—	301
Home equity	85	(4)	7	(2)	—	86
Indirect auto	981	(135)	25	74	—	945
Other consumer	808	(120)	20	158	—	866
Credit card	365	(55)	9	55	—	374
ALLL	4,606	(497)	92	493	(1)	4,693
RUFC	273	—	—	4	—	277
ACL	$ 4,879	$ (497)	$ 92	$ 497	$ (1)	$ 4,970

(Dollars in millions)	Balance at Jan 1, 2022	Charge-Offs	Recoveries	Provision (Benefit)	Other[1]	Balance at Sep 30, 2022
Commercial:						
Commercial and industrial	$ 1,426	$ (99)	$ 73	$ (99)	$ —	$ 1,301
CRE	350	(2)	7	(121)	—	234
Commercial construction	52	(1)	4	(8)	—	47
Consumer:						
Residential mortgage	308	(8)	13	63	—	376
Home equity	96	(7)	19	(25)	—	83
Indirect auto	1,022	(282)	70	156	—	966
Other consumer	714	(285)	62	264	—	755
Student	117	(17)	—	(7)	—	93
Credit card	350	(123)	26	97	—	350
ALLL	4,435	(824)	274	320	—	4,205
RUFC	260	—	—	(10)	—	250
ACL	$ 4,695	$ (824)	$ 274	$ 310	$ —	$ 4,455

(Dollars in millions)	Balance at Jan 1, 2023	Charge-Offs	Recoveries	Provision (Benefit)	Other(1)	Balance at Sep 30, 2023
Commercial:						
Commercial and industrial	$ 1,409	$ (280)	$ 54	$ 170	$ (2)	$ 1,351
CRE	224	(118)	3	496	—	605
Commercial construction	46	—	1	118	—	165
Consumer:						
Residential mortgage	399	(10)	5	(12)	(81)	301
Home equity	90	(8)	18	(14)	—	86
Indirect auto	981	(377)	82	246	13	945
Other consumer	770	(329)	57	369	(1)	866
Student(2)	98	(108)	—	10	—	—
Credit card	360	(159)	27	149	(3)	374
ALLL	4,377	(1,389)	247	1,532	(74)	4,693
RUFC	272	—	—	5	—	277
ACL	$ 4,649	$ (1,389)	$ 247	$ 1,537	$ (74)	$ 4,970

(1) Includes the amounts for the ALLL for PCD acquisitions, the impact of adopting the Troubled Debt Restructurings and Vintage Disclosures accounting standard, and other activity.
(2) Truist sold its student loan portfolio at the end of the second quarter of 2023. Charge-offs include $98 million related to the sale.

The commercial ALLL increased $74 million and $442 million and the consumer ALLL increased $4 million and decreased $140 million during the three and nine months ended September 30, 2023, respectively. The increase in the commercial ALLL primarily reflects an increase in reserves related to the CRE and commercial construction portfolios. The slight increase in the consumer ALLL compared to the prior quarter reflects loan growth in certain indirect consumer portfolios, offset by run-off primarily in indirect auto and residential mortgage. The decrease in the consumer ALLL for the year-to-date period primarily reflects the sale of the student portfolio in the second quarter as well as impacts associated with the adoption of the Troubled Debt Restructurings and Vintage Disclosure accounting standard in the first quarter of 2023.

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. Forecasts of macroeconomic variables used in loss forecasting include, but are not limited to, unemployment trends, U.S. real GDP, corporate credit spreads, rental rates, property values, home price indices, and used car prices.

The overall 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 September 30, 2023 ACL, unchanged since December 31, 2022. While the scenario weightings were unchanged, each forecast scenario reflected deterioration in certain economic variables over the reasonable and supportable forecast period when compared to the prior period. The overall economic forecast shaping the ACL estimate at September 30, 2023 included GDP growth in the low-single digits and an unemployment rate near mid-single digits.

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 September 30, 2023 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, 2022 for additional information.

NPAs

The following table provides a summary of nonperforming loans and leases, excluding LHFS:

	September 30, 2023		December 31, 2022	
	Recorded Investment		Recorded Investment	
(Dollars in millions)	Without an ALLL	With an ALLL	Without an ALLL	With an ALLL
Commercial:				
Commercial and industrial	$ 179	$ 382	$ 120	$ 278
CRE	55	234	75	7
Commercial construction	—	29	—	—
Consumer:				
Residential mortgage	2	130	4	236
Home equity	1	122	2	133
Indirect auto	23	243	3	286
Other consumer	—	52	—	44
Total	$ 260	$ 1,192	$ 204	$ 984

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

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Nonperforming loans and leases HFI	$ 1,452	$ 1,188
Nonperforming LHFS	75	—
Foreclosed real estate	3	4
Other foreclosed property	54	58
Total nonperforming assets	$ 1,584	$ 1,250
Residential mortgage loans in the process of foreclosure	$ 233	$ 248

Loan Modifications

The following tables summarize the period-end amortized cost basis and the weighted average financial effect of loans to borrowers experiencing financial difficulty that were modified during the period, disaggregated by class of financing receivable and type of modification granted. These tables include modification activity that occurred on or after January 1, 2023. The volume of payment delay modifications is expected to increase throughout 2023 as the cumulative period over which such modifications are evaluated gradually extends to a full 12-month rolling period:

Three Months Ended September 30, 2023 (Dollars in millions)	Renewals	Term Extensions	Capitalizations	Payment Delays	Combination - Interest Rate Adjustment and Term Extension	Combination - Capitalization and Term Extension	Combination - Capitalization, Interest Rate and Term Extension	Other	Total Modified Loans	Percentage of Total Class of Financing Receivable
Commercial:										
Commercial and industrial	$ 426	$ —	$ —	$ 3	$ —	$ —	$ —	$ —	$ 429	0.26 %
CRE	28	—	—	—	—	—	—	—	28	0.12
Commercial construction	21	—	—	—	—	—	—	—	21	0.33
Consumer:										
Residential mortgage	—	30	27	23	—	79	15	1	175	0.31
Home equity	—	—	—	2	2	—	—	1	5	0.05
Indirect auto	—	7	—	388	4	—	—	2	401	1.67
Other consumer	—	6	—	—	1	—	—	—	7	0.02
Credit card	—	—	—	—	—	—	—	4	4	0.08
Total	$ 475	$ 43	$ 27	$ 416	$ 7	$ 79	$ 15	$ 8	$ 1,070	0.34

Nine Months Ended September 30, 2023 (Dollars in millions)	Renewals	Term Extensions	Capitalizations	Payment Delays	Combination - Interest Rate Adjustment and Term Extension	Combination - Capitalization and Term Extension	Combination - Capitalization, Interest Rate and Term Extension	Other	Total Modified Loans	Percentage of Total Class of Financing Receivable
Commercial:										
Commercial and industrial	$ 884	$ 51	$ —	$ 23	$ 44	$ —	$ —	$ —	$ 1,002	0.62 %
CRE	173	—	—	72	—	—	—	—	245	1.08
Commercial construction	24	—	—	—	—	—	—	—	24	0.38
Consumer:										
Residential mortgage	—	82	95	62	2	254	52	4	551	0.98
Home equity	—	—	—	2	7	—	—	2	11	0.11
Indirect auto	—	19	—	483	13	—	—	5	520	2.16
Other consumer	—	15	—	1	4	—	—	1	21	0.07
Credit card	—	—	—	—	—	—	—	14	14	0.28
Total	$ 1,081	$ 167	$ 95	$ 643	$ 70	$ 254	$ 52	$ 26	$ 2,388	0.76

Three Months Ended September 30, 2023 Loan Type	Financial Effect
Renewals	
Commercial and industrial	Extended the term by 9 months and increased the interest rate by 0.7%
CRE	Extended the term by 15 months and increased the interest rate by 0.9%
Commercial construction	Extended the term by 2 months
Term Extensions	
Residential mortgage	Extended the term by 117 months.
Indirect auto	Extended the term by 24 months.
Other consumer	Extended the term by 24 months.
Capitalizations	
Residential mortgage	Capitalized a portion of forborne loan and other advanced payments into the outstanding loan balance.
Payment Delays	
Commercial and industrial	Provided 120 days of payment deferral.
Residential mortgage	Provided 214 days of payment deferral.
Home equity	Provided 177 days of payment deferral.
Indirect auto	Provided 135 days of payment deferral.
Combination - Interest Rate Adjustment and Term Extension	
Home equity	Extended the term by 322 months and decreased the interest rate by 5%.
Indirect auto	Extended the term by 12 months and decreased the interest rate by 5%.
Other consumer	Extended the term by 56 months and decreased the interest rate by 1%.
Combination - Capitalization and Term Extension	
Residential mortgage	Capitalized a portion of forborne loan and other advanced payments into the outstanding loan balance and extended the term by 101 months.
Combination - Capitalization, Interest Rate and Term Extension	
Residential mortgage	Capitalized a portion of forborne loan and other advanced payments into the outstanding loan balance, extended the term by 144 months, and decreased the interest rate by 0.4%.

Nine Months Ended September 30, 2023 Loan Type	Financial Effect
Renewals	
Commercial and industrial	Extended the term by 8 months and increased the interest rate by 0.6%
CRE	Extended the term by 11 months and increased the interest rate by 0.2%
Commercial construction	Extended the term by 2 months
Term Extensions	
Commercial and industrial	Extended the term by 3 months.
Residential mortgage	Extended the term by 139 months.
Indirect auto	Extended the term by 22 months.
Other consumer	Extended the term by 24 months.
Capitalizations	
Residential mortgage	Capitalized a portion of forborne loan and other advanced payments into the outstanding loan balance.
Payment Delays	
Commercial and industrial	Provided 183 days of payment deferral.
CRE	Provided 232 days of payment deferral.
Residential mortgage	Provided 212 days of payment deferral.
Home equity	Provided 167 days of payment deferral.
Indirect auto	Provided 133 days of payment deferral.
Other consumer	Provided 153 days of payment deferral.
Combination - Interest Rate Adjustment and Term Extension	
Commercial and industrial	Extended the term by 76 months and increased the interest rate by 3%.
Residential mortgage	Extended the term by 124 months and increased the interest rate by 0.5%.
Home equity	Extended the term by 258 months and decreased the interest rate by 3%.
Indirect auto	Extended the term by 11 months and decreased the interest rate by 7%.
Other consumer	Extended the term by 61 months and decreased the interest rate by 1%.
Combination - Capitalization and Term Extension	
Residential mortgage	Capitalized a portion of forborne loan and other advanced payments into the outstanding loan balance and extended the term by 105 months.
Combination - Capitalization, Interest Rate and Term Extension	
Residential mortgage	Capitalized a portion of forborne loan and other advanced payments into the outstanding loan balance, extended the term by 130 months, and decreased the interest rate by 0.2%.

The tables above exclude trial modifications totaling $77 million as of September 30, 2023. Such modifications will be included in the modification activity disclosure if the borrower successfully completes the trial period and the loan modification is finalized.

As of September 30, 2023, Truist had $594 million in unfunded lending commitments related to the modified obligations summarized in the tables above.

Upon Truist’s determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

Truist closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table summarizes the period-end delinquency status and amortized cost of loans that were modified since January 1, 2023. The period-end delinquency status of loans that were modified are disclosed at amortized cost and reflect the impact of any paydowns, payoffs, and/or charge-offs that occurred subsequent to modification.

September 30, 2023 (Dollars in millions)	Payment Status (Amortized Cost Basis) Current	30-89 Days Past Due	90 Days or More Past Due	Total
Commercial:				
Commercial and industrial	$ 743	$ 2	$ 32	$ 777
CRE	120	—	21	141
Commercial construction	21	—	—	21
Consumer:				
Residential mortgage	354	104	74	532
Home equity	9	—	—	9
Indirect auto	438	65	7	510
Other consumer	18	1	—	19
Credit card	9	1	1	11
Total	$ 1,712	$ 173	$ 135	$ 2,020
Total nonaccrual loans included above	$ 227	$ 28	$ 82	$ 337

The following table provides the amortized cost basis of financing receivables that were modified and were in payment default:

September 30, 2023 (Dollars in millions)	Renewals	Term Extensions	Capitalizations	Payment Delays	Combination - Capitalization and Term Extension	Combination - Capitalization, Interest Rate and Term Extension	Other	Total
Commercial:								
Commercial and industrial	$ 32	$ —	$ —	$ —	$ —	$ —	$ —	$ 32
CRE	21	—	—	—	—	—	—	21
Consumer:								
Residential mortgage	—	7	8	28	25	4	2	74
Indirect auto	—	—	—	5	—	—	2	7
Credit card	—	—	—	—	—	—	1	1
Total	$ 53	$ 7	$ 8	$ 33	$ 25	$ 4	$ 5	$ 135

TDRs

The following table presents a summary of TDRs:

(Dollars in millions)	Dec 31, 2022
Performing TDRs:	
Commercial:	
Commercial and industrial	$ 136
CRE	5
Commercial construction	1
Consumer:	
Residential mortgage	1,252
Home equity	51
Indirect auto	462
Other consumer	31
Student	30
Credit card	18
Total performing TDRs	1,986
Nonperforming TDRs	214
Total TDRs	$ 2,200
ALLL attributable to TDRs	$ 152

The primary type of modification for TDRs designated in 2022 is summarized in the tables below. 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 September 30, 2022 Type of Modification Rate		Structure		Prior Quarter Loan Balance		Related ALLL at Period End		As of / For the Nine Months Ended September 30, 2022 Type of Modification Rate		Structure		Prior Quarter Loan Balance		Related ALLL at Period End
Newly designated TDRs:																
Commercial	$	66	$	—	$	66	$	9	$	66	$	9	$	77	$	9
Consumer		123		117		236		12		368		505		858		41
Credit card		2		—		2		1		6		—		6		3
Re-modification of previously designated TDRs		43		50						73		90				

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

The following table presents additional information about loans and leases:

(Dollars in millions)	Sep 30, 2023		Dec 31, 2022	
Unearned income, discounts, and net deferred loan fees and costs	$	528	$	269

NOTE 6. Goodwill and Other Intangible Assets

During the third quarter of 2023, the Company observed continuing declines in its financial forecasts for its CB&W and C&CB reporting units. The Company considered such declines in the context of industry related factors, including a decline in bank share prices, concluding that a triggering event had occurred for its CB&W and C&CB reporting units, and therefore Truist performed a quantitative test for these reporting units as of August 1, 2023. Based on the results of the impairment analyses, the Company concluded that the fair values of the reporting units exceed their respective carrying values; therefore, there was no goodwill impairment. However, for the CB&W, and C&CB reporting units, the fair value of the reporting unit exceeded its carrying value by less than 10%, indicating that the goodwill of these reporting units may be at risk of impairment. The Company monitored events and circumstances during the period from August 1, 2023 through September 30, 2023, including macroeconomic and market factors, industry and banking sector events, Truist specific performance indicators, a comparison of management's forecast and assumptions to those used in its August 1, 2023 quantitative impairment test, and the sensitivity of the August 1, 2023 quantitative test results to changes in assumptions through September 30, 2023. Based on these considerations, the Company concluded 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 September 30, 2023. Refer to "Note 1. Basis of Presentation" in Truist's Annual Report on Form 10-K for the year ended December 31, 2022 for additional information.

The changes in the carrying amount of goodwill attributable to operating segments are reflected in the table below. Activity during 2023 relates to the realignment of Prime Rate Premium Finance Corporation into the C&CB segment from the IH segment. Activity during 2022 reflects the acquisition of BankDirect Capital Finance, BenefitMall, and Kensington Vanguard National Land Services. Refer to "Note 2. Business Combinations" in Truist's Annual Report on Form 10-K for the year ended December 31, 2022 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, 2022	$	16,870	$	6,149	$	3,079	$	26,098
Mergers and acquisitions		—		—		912		912
Adjustments and other		(5)		5		3		3
Goodwill, December 31, 2022		16,865		6,154		3,994		27,013
Adjustments and other		—		215		(249)		(34)
Goodwill, September 30, 2023	$	16,865	$	6,369	$	3,745	$	26,979

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

(Dollars in millions)	September 30, 2023 Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount		December 31, 2022 Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount	
CDI	$	2,473	$	(1,589)	$	884	$	2,473	$	(1,403)	$	1,070
Other, primarily client relationship intangibles		3,807		(1,399)		2,408		3,812		(1,210)		2,602
Total	$	6,280	$	(2,988)	$	3,292	$	6,285	$	(2,613)	$	3,672

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)	Sep 30, 2023	Dec 31, 2022
UPB of residential mortgage loan servicing portfolio	$ 271,632	$ 274,028
UPB of residential mortgage loans serviced for others, primarily agency conforming fixed rate	214,953	217,046
Mortgage loans sold with recourse	180	200
Maximum recourse exposure from mortgage loans sold with recourse liability	114	127
Indemnification, recourse and repurchase reserves	52	56

As of / For the Nine Months Ended September 30, (Dollars in millions)	2023	2022
UPB of residential mortgage loans sold from LHFS	$ 10,643	$ 22,971
Pre-tax gains recognized on mortgage loans sold and held for sale	49	62
Servicing fees recognized from mortgage loans serviced for others	517	462
Approximate weighted average servicing fee on the outstanding balance of residential mortgage loans serviced for others	0.27 %	0.30 %
Weighted average interest rate on mortgage loans serviced for others	3.51	3.45

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

(Dollars in millions)	2023	2022
Residential MSRs, carrying value, January 1	$ 3,428	$ 2,305
Acquired	123	321
Additions	199	372
Sales	(531)	—
Change in fair value due to changes in valuation inputs or assumptions[(1)]	207	771
Realization of expected net servicing cash flows, passage of time, and other	(204)	(306)
Residential MSRs, carrying value, September 30	$ 3,222	$ 3,463

(1) The nine months ended September 30, 2023 includes realized gains on the portfolio sale of excess servicing.

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

	September 30, 2023			December 31, 2022		
	Range			Range		
(Dollars in millions)	Min	Max	Weighted Average	Min	Max	Weighted Average
Prepayment speed	6.6 %	11.3 %	7.1 %	8.6 %	12.5 %	9.0 %
Effect on fair value of a 10% increase			$ (83)			$ (110)
Effect on fair value of a 20% increase			(160)			(211)
OAS	2.3 %	12.3 %	4.8 %	1.2 %	11.4 %	4.0 %
Effect on fair value of a 10% increase			$ (63)			$ (55)
Effect on fair value of a 20% increase			(124)			(108)
Composition of loans serviced for others:						
Fixed-rate residential mortgage loans			99.6 %			99.5 %
Adjustable-rate residential mortgage loans			0.4			0.5
Total			100.0 %			100.0 %
Weighted average life			7.7 years			6.8 years

The sensitivity calculations above are hypothetical and should not be considered 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 MSRs 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)	Sep 30, 2023	Dec 31, 2022
UPB of CRE mortgages serviced for others	$ 34,179	$ 36,622
CRE mortgages serviced for others covered by recourse provisions	9,718	9,955
Maximum recourse exposure from CRE mortgages sold with recourse liability	2,827	2,861
Recorded reserves related to recourse exposure	17	17
CRE mortgages originated during the year-to-date period	2,866	7,779
Commercial MSRs at fair value	295	301

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:

	September 30, 2023		December 31, 2022	
(Dollars in millions)	Operating Leases	Finance Leases	Operating Leases	Finance Leases
ROU assets	$ 1,112	$ 11	$ 1,193	$ 20
Total lease liabilities	1,436	12	1,545	23
Weighted average remaining term	6.2 years	5.6 years	6.6 years	5.6 years
Weighted average discount rate	3.0 %	4.8 %	2.7 %	3.4 %

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	2023	2022	2023	2022
Operating lease costs	$ 74	$ 81	$ 230	$ 241

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 held for investment. This table excludes subleases on assets included in premises and equipment.

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Assets held under operating leases[(1)(2)]	$ 2,028	$ 2,090
Accumulated depreciation	(575)	(550)
Net	$ 1,453	$ 1,540

(1) Includes certain land parcels subject to operating leases that have indefinite lives.
(2) Excludes operating leases held-for-sale that totaled $421 million and $516 million at September 30, 2023 and December 31, 2022, respectively.

Bank-Owned Life Insurance

Bank-owned life insurance consists of life insurance policies held on certain teammates for which the Company is the beneficiary. The carrying value of bank-owned life insurance was $7.7 billion at September 30, 2023 and $7.6 billion at December 31, 2022.

NOTE 9. Borrowings

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

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
FHLB advances	$ 18,900	$ 18,900
Securities sold under agreements to repurchase	2,130	2,128
Securities sold short	1,718	1,551
Collateral in excess of derivative exposures	451	403
Master notes	200	370
Other short-term borrowings	86	70
Total short-term borrowings	$ 23,485	$ 23,422

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

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Truist Financial Corporation:		
Fixed rate senior notes	$ 18,801	$ 14,107
Floating rate senior notes	999	999
Fixed rate subordinated notes(1)	1,824	1,882
Capital notes(1)	628	625
Structured notes(2)	—	12
Truist Bank:		
Fixed rate senior notes	4,142	6,982
Floating rate senior notes	1,250	1,749
Fixed rate subordinated notes(1)	4,740	4,767
Fixed rate FHLB advances	2	2
Floating rate FHLB advances	7,600	10,800
Other long-term debt(3)	1,246	1,278
Total long-term debt	$ 41,232	$ 43,203

(1) 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.
(2) Consist of notes with various terms that include fixed or floating rate interest or returns that are linked to an equity index.
(3) Includes debt associated with finance leases, tax credit investments, and other.

NOTE 10. Shareholders' Equity

Common Stock

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash dividends declared per share	$ 0.52	$ 0.52	$ 1.56	$ 1.48

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.

(Dollars in millions)	Pension and OPEB Costs	Cash Flow Hedges	AFS Securities	HTM Securities	Other, net	Total
AOCI balance, July 1, 2022	$ (73)	$ 45	$ (6,476)	$ (2,736)	$ —	$ (9,240)
OCI before reclassifications, net of tax	—	(140)	(3,047)	—	(6)	(3,193)
Amounts reclassified from AOCI:						
Before tax	6	1	(6)	105	—	106
Tax effect	—	—	(2)	25	—	23
Amounts reclassified, net of tax	6	1	(4)	80	—	83
Total OCI, net of tax	6	(139)	(3,051)	80	(6)	(3,110)
AOCI balance, September 30, 2022	$ (67)	$ (94)	$ (9,527)	$ (2,656)	$ (6)	$ (12,350)
AOCI balance, July 1, 2023	$ (1,541)	$ (270)	$ (9,092)	$ (2,468)	$ (3)	$ (13,374)
OCI before reclassifications, net of tax	10	(268)	(1,938)	—	(1)	(2,197)
Amounts reclassified from AOCI:						
Before tax	16	17	(100)	82	—	15
Tax effect	3	4	(23)	19	—	3
Amounts reclassified, net of tax	13	13	(77)	63	—	12
Total OCI, net of tax	23	(255)	(2,015)	63	(1)	(2,185)
AOCI balance, September 30, 2023	$ (1,518)	$ (525)	$ (11,107)	$ (2,405)	$ (4)	$ (15,559)

(Dollars in millions)	Pension and OPEB Costs	Cash Flow Hedges	AFS Securities	HTM Securities	Other, net	Total
AOCI balance, January 1, 2022	$ (86)	$ (9)	$ (1,510)	$ —	$ 1	$ (1,604)
OCI before reclassifications, net of tax	2	(94)	(10,956)	—	(7)	(11,055)
AFS Securities transferred to HTM, net of tax	—	—	2,872	(2,872)	—	—
Amounts reclassified from AOCI:						
Before tax	22	12	87	281	—	402
Tax effect	5	3	20	65	—	93
Amounts reclassified, net of tax	17	9	67	216	—	309
Total OCI, net of tax	19	(85)	(10,889)	216	(7)	(10,746)
AOCI balance, September 30, 2022	$ (67)	$ (94)	$ (9,527)	$ (2,656)	$ (6)	$ (12,350)
AOCI balance, January 1, 2023	$ (1,535)	$ (78)	$ (9,395)	$ (2,588)	$ (5)	$ (13,601)
OCI before reclassifications, net of tax	(21)	(464)	(1,531)	—	1	(2,015)
Amounts reclassified from AOCI:						
Before tax	49	22	(236)	234	—	69
Tax effect	11	5	(55)	51	—	12
Amounts reclassified, net of tax	38	17	(181)	183	—	57
Total OCI, net of tax	17	(447)	(1,712)	183	1	(1,958)
AOCI balance, September 30, 2023	$ (1,518)	$ (525)	$ (11,107)	$ (2,405)	$ (4)	$ (15,559)
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 September 30, 2023 and 2022, the provision for income taxes was $245 million and $363 million, respectively, representing effective tax rates of 17.2% and 18.2%, respectively. The lower effective tax rate for the three months ended September 30, 2023 was primarily driven by decreases in the full year forecasted effective tax rate, partially offset by changes in discrete tax items. For the nine months ended September 30, 2023 and 2022, the provision for income taxes was $926 million and $1.1 billion, respectively, representing effective tax rates of 18.6% and 18.8%, respectively. 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:

		Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	Income Statement Location	2023	2022	2023	2022
Service cost	Personnel expense	$ 77	$ 139	$ 263	$ 418
Interest cost	Other expense	112	87	334	263
Estimated return on plan assets	Other expense	(226)	(269)	(682)	(808)
Amortization and other	Other expense	19	10	59	27
Net periodic (benefit) cost		$ (18)	$ (33)	$ (26)	$ (100)

Truist makes contributions to the qualified pension plans up to the maximum amount deductible for federal income tax purposes. Discretionary contributions totaling $1.3 billion were made to the Truist pension plan during the nine months ended September 30, 2023.

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 Company invests as a limited partner in certain projects through the New Market Tax Credit program, which is a Federal financial program aimed to stimulate business and real estate investment in underserved communities via a Federal tax credit. Following the first quarter of 2023 adoption of the Investments in Tax Credit Structures accounting standard, these tax credits, referred to as "Other qualified tax credits" below, qualify for the proportional amortization method. The Company also applied the proportional amortization method to investments through the Production Tax Credits program. Refer to "Note 1. Basis of Presentation" for additional information.

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

(Dollars in millions)	Balance Sheet Location	Sep 30, 2023	Dec 31, 2022
Investments in affordable housing projects and other qualified tax credits:			
Carrying amount	Other assets	$ 6,368	$ 5,869
Amount of future funding commitments included in carrying amount	Other liabilities	2,150	1,762
Lending exposure	Loans and leases for funded amounts	1,773	1,547
Renewable energy investments:			
Carrying amount	Other assets	310	264
Amount of future funding commitments not included in carrying amount	NA	721	361
SBIC and certain other equity method investments:			
Carrying amount	Other assets	670	596
Amount of future funding commitments not included in carrying amount	NA	603	532

The following table presents a summary of tax credits and amortization expense associated with the Company's tax credit investment activity. Activity related to the Company's renewable energy investments was immaterial.

		Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	Income Statement Location	2023	2022	2023	2022
Tax credits:					
Investments in affordable housing projects, other qualified tax credits, and other community development investments	Provision for income taxes	$ 163	$ 163	$ 480	$ 465
Amortization and other changes in carrying amount:					
Investments in affordable housing projects and other qualified tax credits[(1)]	Provision for income taxes	$ 153	$ 143	$ 451	$ 391
Other community development investments[(1)]	Other noninterest income	3	21	8	60

(1) In the first quarter of 2023, the Company adopted the Investments in Tax Credit Structures accounting standard. As a result, amortization related to these tax credits started being recognized in the Provision for income taxes as of the adoption of this standard. This activity was previously recognized in Other income. Refer to "Note 1. Basis of Presentation" for additional information.

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)	Sep 30, 2023	Dec 31, 2022
Commitments to extend, originate, or purchase credit and other commitments	$ 212,827	$ 216,838
Residential mortgage loans sold with recourse	180	200
CRE mortgages serviced for others covered by recourse provisions	9,718	9,955
Other loans serviced for others covered by recourse provisions	819	723
Letters of credit	6,306	6,030

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)	Sep 30, 2023	Dec 31, 2022
Total return swaps:		
VIE assets	$ 1,780	$ 1,830
Trading loans and bonds	1,732	1,790
VIE liabilities	92	163

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, which 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 has capacity for secured financing from both the FRB and FHLB and letters of credit from the 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)	Sep 30, 2023	Dec 31, 2022
Pledged securities	$ 39,702	$ 38,012
Pledged loans:		
FRB	74,463	71,234
FHLB	68,488	68,988
Unused borrowing capacity:		
FRB	54,633	49,250
FHLB	23,615	20,770

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, including those described below, 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 September 30, 2023. This estimate does not represent Truist's maximum loss exposure, and actual losses may vary significantly. Also, the outcome of a particular matter may be one that the Company did not take into account in its estimate because the Company deemed the likelihood of that outcome to be remote. 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 certain legal proceedings 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 alleges 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. The amended complaint asserts 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 behalf of the certified class as currently defined, Plaintiff seeks a return of up to $452 million in paid overdraft fees from the 2006 to 2017 period above, plus prejudgment interest. Truist intends to file motions to amend the class definition to narrow the scope of the class, to compel arbitration against certain class members, and for summary judgment by the current dispositive motion deadline of October 31, 2023. Trial is presently set to commence on April 29, 2024. The Company continues to believe that it has substantial defenses against the underlying claims.

United Services Automobile Association v. Truist Bank

USAA filed a lawsuit on July 29, 2022 against the Company in the United States District Court for the Eastern District of Texas alleging that the Company's mobile remote deposit capture ("RDC") systems infringed three patents held by USAA. The complaint sought damages, including for alleged willful infringement and a corresponding request that the amount of actual damages be trebled, as well as injunctive and other equitable relief. USAA later amended its complaint to assert two additional RDC patents in the lawsuit. The Company filed its answer and affirmative defenses on October 11, 2022, denying that it infringed any of the patents at issue in the lawsuit and asserting that USAA's patents were invalid or unenforceable. The Company further asserted counterclaims seeking damages as well as injunctive relief against USAA for infringing six patents owned by the Company and practiced by USAA's mobile RDC systems. The Company also filed petitions for inter partes review ("IPR") at the Patent Trial and Appeal Board challenging the validity of each of the five patents asserted by USAA in the lawsuit, and review was granted for two of the patents and denied for one of the patents.

Effective September 29, 2023, the Company and USAA entered into a Settlement and Patent License Agreement resolving the lawsuit. The lawsuit was dismissed with prejudice on October 10, 2023, and the Company's pending IPR proceedings regarding USAA's RDC patents have been terminated. The financial impact of the resolution did not have a material adverse effect on the Company's financial condition or operating results.

Recordkeeping Matters

The SEC and CFTC have requested information from various subsidiaries of the Company that conduct broker-dealer, investment adviser, and swap dealer activities regarding compliance with applicable recordkeeping requirements for business-related electronic communications. The Company is cooperating with these requests. The SEC and CFTC have been conducting similar investigations of other financial institutions regarding business-related communications sent over unapproved electronic messaging channels and have entered into a number of resolutions with various institutions to date.

FDIC Special Assessment

During the second quarter of 2023, the FDIC issued a proposed rule to impose a special assessment to recover the losses to the Deposit Insurance Fund following the recent bank failures. The assessment would be based on an insured depository institution's estimated uninsured deposits reported as of December 31, 2022. If the final rule is adopted as proposed, the special assessment for Truist is estimated at approximately $460 million to be recognized at the time the rule is finalized and paid in eight quarterly installments beginning in the first quarter of 2024. The actual assessment may vary as a result of the final rule, including any changes to the calculation methodology. Additionally, the FDIC would have the ability to cease collection early, extend the collection period to collect any difference between the estimated and actual losses to the Deposit Insurance Fund, and impose a final shortfall assessment on a one-time basis.

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:

September 30, 2023 (Dollars in millions)	Total	Level 1	Level 2	Level 3	Netting Adjustments[1]
Assets:					
Trading assets:					
U.S. Treasury	$ 117	$ —	$ 117	$ —	$ —
GSE	47	—	47	—	—
Agency MBS - residential	—	—	—	—	—
States and political subdivisions	511	—	511	—	—
Corporate and other debt securities	1,480	—	1,480	—	—
Loans	1,775	—	1,775	—	—
Other	454	363	91	—	—
Total trading assets	4,384	363	4,021	—	—
AFS securities:					
U.S. Treasury	10,361	—	10,361	—	—
GSE	324	—	324	—	—
Agency MBS - residential	49,076	—	49,076	—	—
Agency MBS - commercial	2,135	—	2,135	—	—
States and political subdivisions	394	—	394	—	—
Non-agency MBS	2,808	—	2,808	—	—
Other	19	—	19	—	—
Total AFS securities	65,117	—	65,117	—	—
LHFS at fair value	1,269	—	1,269	—	—
Loans and leases	16	—	—	16	—
Loan servicing rights at fair value	3,537	—	—	3,537	—
Other assets:					
Derivative assets	749	685	2,090	1	(2,027)
Equity securities	330	227	103	—	—
Total assets	$ 75,402	$ 1,275	$ 72,600	$ 3,554	$ (2,027)
Liabilities:					
Derivative liabilities	$ 3,474	$ 428	$ 5,002	$ 40	$ (1,996)
Securities sold short	1,718	214	1,504	—	—
Total liabilities	$ 5,192	$ 642	$ 6,506	$ 40	$ (1,996)

December 31, 2022 (Dollars in millions)	Total	Level 1	Level 2	Level 3	Netting Adjustments[1]
Assets:					
Trading assets:					
U.S. Treasury	$ 137	$ —	$ 137	$ —	$ —
GSE	457	—	457	—	—
Agency MBS - residential	804	—	804	—	—
Agency MBS - commercial	62	—	62	—	—
States and political subdivisions	422	—	422	—	—
Corporate and other debt securities	761	—	761	—	—
Loans	1,960	—	1,960	—	—
Other	302	261	41	—	—
Total trading assets	4,905	261	4,644	—	—
AFS securities:					
U.S. Treasury	10,295	—	10,295	—	—
GSE	303	—	303	—	—
Agency MBS - residential	55,225	—	55,225	—	—
Agency MBS - commercial	2,424	—	2,424	—	—
States and political subdivisions	416	—	416	—	—
Non-agency MBS	3,117	—	3,117	—	—
Other	21	—	21	—	—
Total AFS securities	71,801	—	71,801	—	—
LHFS at fair value	1,065	—	1,065	—	—
Loans and leases	18	—	—	18	—
Loan servicing rights at fair value	3,758	—	—	3,758	—
Other assets:					
Derivative assets	684	472	1,980	1	(1,769)
Equity securities	898	796	102	—	—
Total assets	$ 83,129	$ 1,529	$ 79,592	$ 3,777	$ (1,769)
Liabilities:					
Derivative liabilities	$ 2,971	$ 364	$ 4,348	$ 37	$ (1,778)
Securities sold short	1,551	114	1,437	—	—
Total liabilities	$ 4,522	$ 478	$ 5,785	$ 37	$ (1,778)

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

At September 30, 2023 and December 31, 2022, investments totaling $402 million and $385 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, 2022.

Activity for Level 3 assets and liabilities is summarized below:

Three Months Ended September 30, 2023 and 2022 (Dollars in millions)	Loans and Leases	Loan Servicing Rights	Net Derivatives
Balance at July 1, 2022	$ 20	$ 3,466	$ (36)
Total realized and unrealized gains (losses):			
Included in earnings	—	190	(61)
Purchases	—	126	—
Issuances	—	130	(30)
Sales	—	(6)	—
Settlements	—	(109)	56
Other	(1)	—	—
Balance at September 30, 2022	$ 19	$ 3,797	$ (71)
Balance at July 1, 2023	$ 16	$ 3,497	$ (31)
Total realized and unrealized gains (losses):			
Included in earnings	—	151	(25)
Issuances	—	78	1
Sales	—	(102)	—
Settlements	—	(87)	16
Balance at September 30, 2023	$ 16	$ 3,537	$ (39)
Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at September 30, 2023	$ —	$ 150	$ (21)

Nine Months Ended September 30, 2023 and 2022 (Dollars in millions)	Loans and Leases	Loan Servicing Rights	Net Derivatives
Balance at January 1, 2022	$ 23	$ 2,633	$ (12)
Total realized and unrealized gains (losses):			
Included in earnings	—	807	(324)
Purchases	—	321	—
Issuances	—	411	10
Sales	—	(7)	—
Settlements	—	(368)	255
Other	(4)	—	—
Balance at September 30, 2022	$ 19	$ 3,797	$ (71)
Balance at January 1, 2023	$ 18	$ 3,758	$ (36)
Total realized and unrealized gains (losses):			
Included in earnings	—	216	(47)
Purchases	—	123	—
Issuances	—	218	17
Sales	—	(531)	—
Settlements	(2)	(247)	27
Balance at September 30, 2023	$ 16	$ 3,537	$ (39)
Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at September 30, 2023	$ —	$ 166	$ (39)
Primary income statement location of realized gains (losses) included in earnings	Other income	Mortgage banking income	Mortgage banking 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)	September 30, 2023			December 31, 2022		
	Fair Value	UPB	Difference	Fair Value	UPB	Difference
Trading loans	$ 1,775	$ 1,864	$ (89)	$ 1,960	$ 2,101	$ (141)
Loans and leases	16	17	(1)	18	20	(2)
LHFS at fair value	1,269	1,288	(19)	1,065	1,056	9

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)	Sep 30, 2023	Dec 31, 2022
Carrying value:		
LHFS	$ 119	$ 271
Loans and leases	679	500
Other	506	120

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)	Nine Months Ended September 30, 2023	2022
Valuation adjustments:		
LHFS	$ (40)	$ (9)
Loans and leases	(428)	(280)
Other[1]	(198)	(87)

(1) Prior period amounts were revised.

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 $25 million and $108 million of LHFS carried at cost at September 30, 2023 and December 31, 2022, respectively, that did not require a valuation adjustment during the period. Additionally, the table above excludes $98 million of charge-offs related to the student loan portfolio sale that occurred in the second quarter of 2023, which was previously provided for. The remainder of LHFS is carried at fair value.

Loans and leases consist 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, 2022 for additional discussion of individually evaluated loans and leases.

Other includes foreclosed real estate, other foreclosed property, ROU assets, premises and equipment, OREO, and held for sale operating leases, 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:

		September 30, 2023		December 31, 2022	
(Dollars in millions)	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:					
HTM securities	Level 2	$ 54,942	$ 42,501	$ 57,713	$ 47,791
Loans and leases HFI, net of ALLL	Level 3	310,990	299,829	321,596	308,738
Financial liabilities:					
Time deposits	Level 2	42,148	41,900	23,474	23,383
Long-term debt	Level 2	41,232	39,705	43,203	40,951

The carrying value of the RUFC, which approximates the fair value of unfunded commitments, was $277 million and $272 million at September 30, 2023 and December 31, 2022, 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:

	September 30, 2023			December 31, 2022		
		Fair Value			Fair Value	
(Dollars in millions)	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Cash flow hedges:						
Interest rate contracts:						
Swaps hedging commercial loans	$ 20,900	$ —	$ —	$ 16,650	$ —	$ —
Fair value hedges:						
Interest rate contracts:						
Swaps hedging long-term debt	19,268	—	(56)	16,393	—	(68)
Swaps hedging AFS securities	20,052	—	—	7,097	—	—
Total	39,320	—	(56)	23,490	—	(68)
Not designated as hedges:						
Client-related and other risk management:						
Interest rate contracts:						
Swaps	158,550	618	(3,026)	155,670	579	(2,665)
Options	38,430	145	(168)	29,840	172	(192)
Forward commitments	372	4	(2)	1,495	8	(2)
Other	3,239	—	—	3,823	1	—
Equity contracts	40,653	824	(1,331)	33,185	644	(901)
Credit contracts:						
Trading assets	600	—	—	140	—	—
Loans and leases	465	—	—	394	—	—
Risk participation agreements	7,638	—	(2)	6,824	—	(3)
Total return swaps	1,693	41	(10)	1,729	81	(2)
Foreign exchange contracts	21,679	346	(298)	19,022	364	(380)
Commodity	9,156	476	(465)	4,881	444	(447)
Total	282,475	2,454	(5,302)	257,003	2,293	(4,592)
Mortgage banking:						
Interest rate contracts:						
Swaps	148	—	—	115	—	—
Options[(1)]	400	3	—	400	1	—
Interest rate lock commitments	1,259	1	(23)	999	1	(17)
When issued securities, forward rate agreements and forward commitments[(1)]	2,013	56	—	1,728	24	(6)
Other	68	—	—	140	1	—
Total	3,888	60	(23)	3,382	27	(23)
MSRs:						
Interest rate contracts:						
Swaps	13,355	1	—	14,566	—	—
Options[(1)]	17,112	261	(77)	15,505	125	(48)
When issued securities, forward rate agreements and forward commitments[(1)]	712	—	(10)	884	8	(15)
Other	2,009	—	(2)	1,532	—	(3)
Total	33,188	262	(89)	32,487	133	(66)
Total derivatives not designated as hedges	319,551	2,776	(5,414)	292,872	2,453	(4,681)
Total derivatives	$ 379,771	2,776	(5,470)	$ 333,012	2,453	(4,749)
Gross amounts in the Consolidated Balance Sheets:						
Amounts subject to master netting arrangements and exchange traded derivatives		(1,325)	1,325		(1,223)	1,223
Cash collateral (received) posted for amounts subject to master netting arrangements		(702)	671		(546)	555
Net amount		$ 749	$ (3,474)		$ 684	$ (2,971)

(1) In the second quarter of 2023, Truist reclassified TBA MBS options into the options line item. Prior periods were reclassified to conform to the current presentation.

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:

September 30, 2023 (Dollars in millions)	Gross Amount	Amount Offset	Net Amount in Consolidated Balance Sheets	Held/Pledged Financial Instruments	Net Amount
Derivative assets:					
Derivatives subject to master netting arrangement or similar arrangement	$ 2,014	$ (1,602)	$ 412	$ —	$ 412
Derivatives not subject to master netting arrangement or similar arrangement	77	—	77	—	77
Exchange traded derivatives	685	(425)	260	—	260
Total derivative assets	$ 2,776	$ (2,027)	$ 749	$ —	$ 749
Derivative liabilities:					
Derivatives subject to master netting arrangement or similar arrangement	$ (4,207)	$ 1,571	$ (2,636)	$ 119	$ (2,517)
Derivatives not subject to master netting arrangement or similar arrangement	(835)	—	(835)	—	(835)
Exchange traded derivatives	(428)	425	(3)	—	(3)
Total derivative liabilities	$ (5,470)	$ 1,996	$ (3,474)	$ 119	$ (3,355)
December 31, 2022 (Dollars in millions)	**Gross Amount**	**Amount Offset**	**Net Amount in Consolidated Balance Sheets**	**Held/Pledged Financial Instruments**	**Net Amount**
Derivative assets:					
Derivatives subject to master netting arrangement or similar arrangement	$ 1,895	$ (1,408)	$ 487	$ —	$ 487
Derivatives not subject to master netting arrangement or similar arrangement	86	—	86	—	86
Exchange traded derivatives	472	(361)	111	—	111
Total derivative assets	$ 2,453	$ (1,769)	$ 684	$ —	$ 684
Derivative liabilities:					
Derivatives subject to master netting arrangement or similar arrangement	$ (3,688)	$ 1,417	$ (2,271)	$ 43	$ (2,228)
Derivatives not subject to master netting arrangement or similar arrangement	(697)	—	(697)	—	(697)
Exchange traded derivatives	(364)	361	(3)	—	(3)
Total derivative liabilities	$ (4,749)	$ 1,778	$ (2,971)	$ 43	$ (2,928)

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

	September 30, 2023			December 31, 2022		
		Hedge Basis Adjustment			Hedge Basis Adjustment	
(Dollars in millions)	Hedged Asset / Liability Basis	Items Currently Designated	Discontinued Hedges	Hedged Asset / Liability Basis	Items Currently Designated	Discontinued Hedges
AFS securities(1)	$ 45,402	$ (926)	$ (4)	$ 38,773	$ (630)	$ (4)
Loans and leases	331	—	8	353	—	10
Long-term debt	28,242	(855)	(192)	25,378	(780)	218

(1) The amortized cost of AFS securities was $57.2 billion at September 30, 2023 and $46.2 billion at December 31, 2022. Further, as of September 30, 2023, closed portfolios of securities hedged under the portfolio layer method have an amortized cost of $51.5 billion, of which $20.1 billion was designated as hedged. The remaining amount of amortized cost is from securities with terminated hedges where the basis adjustment is being amortized into earnings using the effective interest method over the contractual life of the security.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Pre-tax gain (loss) recognized in OCI:				
Commercial loans	$ (351)	$ (182)	$ (607)	$ (123)
Pre-tax gain (loss) reclassified from AOCI into interest expense:				
Long-term debt	—	(1)	—	(12)
Commercial Loans	(17)	—	(22)	—

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	**2023**	**2022**	**2023**	**2022**
Investment securities:				
Amounts related to interest settlements	$ 119	$ 36	$ 282	$ 40
Recognized on derivatives	326	157	273	631
Recognized on hedged items	(323)	(142)	(248)	(586)
Net income (expense) recognized(1)	122	51	307	85
Loans and leases:				
Recognized on hedged items	(1)	(1)	(2)	(2)
Net income (expense) recognized	(1)	(1)	(2)	(2)
Long-term debt:				
Amounts related to interest settlements	(56)	(23)	(149)	(4)
Recognized on derivatives	(319)	(445)	(454)	(912)
Recognized on hedged items	326	482	483	1,050
Net income (expense) recognized	(49)	14	(120)	134
Net income (expense) recognized, total	$ 72	$ 64	$ 185	$ 217

(1) Includes $12 million and $33 million of income recognized for the three and nine months ended September 30, 2023, respectively, and $15 million and $41 million for the three and nine months ended September 30, 2022, respectively, from securities with terminated hedges that were reclassified to HTM. The income recognized was offset by the amortization of the fair value mark.

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

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Cash flow hedges:		
Net unrecognized after-tax gain (loss) on active hedges recorded in AOCI	$ (573)	$ (118)
Net unrecognized after-tax gain (loss) on terminated hedges recorded in AOCI (to be recognized in earnings through 2029)	48	40
Estimated portion of net after-tax gain (loss) on active and terminated hedges to be reclassified from AOCI into earnings during the next 12 months	(201)	(31)
Maximum time period over which Truist is hedging a portion of the variability in future cash flows for forecasted transactions excluding those transactions relating to the payment of variable interest on existing instruments	5 years	6 years
Fair value hedges:		
Unrecognized pre-tax net gain (loss) on terminated hedges[(1)]	$ 229	$ 669
Portion of pre-tax net gain (loss) on terminated hedges to be recognized as a change in interest during the next 12 months	22	163

(1) Includes deferred gains that are recorded in AOCI as a result of the reclassification to HTM of previously hedged securities of $425 million at September 30, 2023 and $457 million at December 31, 2022.

<u>Derivatives Not Designated as Hedging Instruments under GAAP</u>

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:

		Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	Income Statement Location	2023	2022	2023	2022
Client-related and other risk management:					
Interest rate contracts	Investment banking and trading income and other income	$ 37	$ 59	$ 123	$ 187
Foreign exchange contracts	Investment banking and trading income and other income	118	202	89	381
Equity contracts	Investment banking and trading income and other income	(14)	(57)	(34)	(50)
Credit contracts	Investment banking and trading income and other income	(33)	(7)	(92)	84
Commodity contracts	Investment banking and trading income	3	9	20	9
Mortgage banking:					
Interest rate contracts - residential	Mortgage banking income	39	94	61	572
Interest rate contracts - commercial	Mortgage banking income	—	6	(1)	5
MSRs:					
Interest rate contracts - residential	Mortgage banking income	(162)	(175)	(244)	(789)
Interest rate contracts - commercial	Mortgage banking income	(9)	(9)	(13)	(23)
Total		$ (21)	$ 122	$ (91)	$ 376

Credit Derivative Instruments

As part of the Company's corporate and 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 September 30, 2023, the remaining terms on these risk participations ranged from less than one year to 14 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)	Sep 30, 2023	Dec 31, 2022
Risk participation agreements:		
Maximum potential amount of exposure	$ 434	$ 575
Total return swaps:		
Cash collateral held	435	453

The following table summarizes collateral positions with counterparties:

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Dealer and other counterparties:		
Cash and other collateral received from counterparties	$ 702	$ 542
Derivatives in a net gain position secured by collateral received	787	618
Unsecured positions in a net gain with counterparties after collateral postings	83	76
Cash collateral posted to counterparties	789	590
Derivatives in a net loss position secured by collateral	855	692
Central counterparties clearing:		
Cash collateral, including initial margin, received from central clearing parties	—	4
Cash collateral, including initial margin, posted to central clearing parties	12	45
Derivatives in a net loss position	—	13
Derivatives in a net gain position	16	12
Securities pledged to central counterparties clearing	1,112	639

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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income available to common shareholders	$ 1,071	$ 1,536	$ 3,715	$ 4,317
Weighted average number of common shares	1,333,522	1,326,539	1,331,377	1,328,569
Effect of dilutive outstanding equity-based awards	7,052	10,120	7,664	10,502
Weighted average number of diluted common shares	1,340,574	1,336,659	1,339,041	1,339,071
Basic EPS	$ 0.80	$ 1.16	$ 2.79	$ 3.25
Diluted EPS	$ 0.80	$ 1.15	$ 2.77	$ 3.22
Anti-dilutive awards	5,875	—	4,665	85

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, 2022.

During the first quarter of 2023, Truist realigned Prime Rate Premium Finance Corporation, which includes AFCO Credit Corporation and CAFO Holding Company, into the C&CB segment from the IH segment. Prior period results have been revised to conform to the current presentation. During the second quarter of 2023, Truist updated its segment cost allocation methodology. Results for the first quarter of 2023 have been revised to conform to the current presentation. Management concluded the impact to 2022 was not material.

In conjunction with the Company's April 3, 2023 sale of a 20% stake of the common equity in IH, IH issued $5.0 billion of 8.25% mandatorily redeemable preferred units to the Company, with the related interest expense, which is fully allocable to the Company, reported in Net intersegment interest income (expense).

Also related to the same transaction, IH's recapitalized from a corporate entity to an LLC, such that each partner is allocated its share of Insurance Holding's income before taxes, and beginning in the second quarter of 2023 the Company recognizes its associated income tax provision through OT&C. The Company elected not to restate prior periods for this change based on IH's previous status as a corporate entity. The Company recognized $30 million and $84 million for the three and nine months ended September 30, 2023, respectively, of tax provision related to IH in OT&C. In the third quarter of 2023, IH recognized $3 million of taxes for certain state jurisdictions that impose income taxes on partnerships and LLCs.

The following table presents results by segment:

Three Months Ended September 30, (Dollars in millions)	CB&W		C&CB		IH		OT&C[1]		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income (expense)	$ 1,269	$ 1,690	$ 2,427	$ 1,635	$ 1	$ 1	$ (133)	$ 419	$ 3,564	$ 3,745
Net intersegment interest income (expense)	1,388	992	(776)	10	(81)	10	(531)	(1,012)	—	—
Segment net interest income	2,657	2,682	1,651	1,645	(80)	11	(664)	(593)	3,564	3,745
Allocated provision for credit losses	248	283	254	(48)	—	—	(5)	(1)	497	234
Segment net interest income after provision	2,409	2,399	1,397	1,693	(80)	11	(659)	(592)	3,067	3,511
Noninterest income	756	836	584	645	801	731	(33)	(110)	2,108	2,102
Amortization of intangibles	67	76	31	33	32	31	—	—	130	140
Other noninterest expense	1,998	1,854	843	795	669	597	107	227	3,617	3,473
Income (loss) before income taxes	1,100	1,305	1,107	1,510	20	114	(799)	(929)	1,428	2,000
Provision (benefit) for income taxes	266	309	215	324	3	29	(239)	(299)	245	363
Segment net income (loss)	$ 834	$ 996	$ 892	$ 1,186	$ 17	$ 85	$ (560)	$ (630)	$ 1,183	$ 1,637
Identifiable assets (period end)	$161,881	$170,196	$205,163	$198,522	$ 8,766	$ 7,459	$166,897	$172,261	$542,707	$548,438

Nine Months Ended September 30, (Dollars in millions)	CB&W		C&CB		IH		OT&C[1]		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income (expense)	$ 4,335	$ 4,794	$ 7,144	$ 4,050	$ 3	$ 2	$ (425)	$ 1,489	$ 11,057	$ 10,335
Net intersegment interest income (expense)	3,773	2,395	(2,050)	225	(153)	17	(1,570)	(2,637)	—	—
Segment net interest income	8,108	7,189	5,094	4,275	(150)	19	(1,995)	(1,148)	11,057	10,335
Allocated provision for credit losses	746	556	797	(229)	—	—	(6)	(17)	1,537	310
Segment net interest income after provision	7,362	6,633	4,297	4,504	(150)	19	(1,989)	(1,131)	9,520	10,025
Noninterest income	2,457	2,578	1,790	1,988	2,562	2,295	(174)	(369)	6,635	6,492
Amortization of intangibles	204	229	93	100	100	91	—	—	397	420
Other noninterest expense	5,971	5,514	2,531	2,333	1,994	1,691	293	909	10,789	10,447
Income (loss) before income taxes	3,644	3,468	3,463	4,059	318	532	(2,456)	(2,409)	4,969	5,650
Provision (benefit) for income taxes	873	827	690	876	39	131	(676)	(769)	926	1,065
Segment net income (loss)	$ 2,771	$ 2,641	$ 2,773	$ 3,183	$ 279	$ 401	$ (1,780)	$ (1,640)	$ 4,043	$ 4,585
Identifiable assets (period end)	$161,881	$170,196	$205,163	$198,522	$ 8,766	$ 7,459	$166,897	$172,261	$542,707	$548,438

(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-Q, other information contained in this document, as well as with Truist's Annual Report on Form 10-K for the year ended December 31, 2022.

A description of certain factors that may affect our future results and risk factors is set forth in Part I, Item 1A-Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022.

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 certain updates since the filing of the Annual Report on Form 10-K for the year ended December 31, 2022 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 statues or regulatory provisions. Refer to Truist's Annual Report on Form 10-K for the year ended December 31, 2022 for additional disclosures.

In March 2023, the FRB created the Bank Term Funding Program to support American businesses and households by making additional funding available to eligible depository institutions. This program offers loans up to one year in length to banks, savings associations, credit unions, and other eligible depository institutions pledging any collateral eligible for purchase by the FRB in open market operations, such as U.S. Treasuries, U.S. agency securities, and U.S. agency mortgage-backed securities. These assets are valued at par.

In July 2023, the SEC finalized rules requiring registrants to disclose material cybersecurity incidents that they experience on Form 8-K and to disclose on an annual basis material information regarding their cybersecurity risk management, strategy, and governance. Annual disclosures will be required in Truist's Annual Report on Form 10-K for the year ended 2023. The Form 8-K disclosure requirements will become effective beginning on December 18, 2023.

Banking agencies have proposed certain actions described below. We continue to evaluate these proposals and the potential impacts, if adopted as proposed, on the Company and Truist Bank.

In July 2023, the U.S. banking regulators issued a proposal to revise the risk-based capital standards applicable to the Company and Truist Bank. This proposal would introduce new approaches for credit risk, operational risk, market risk and credit valuation adjustment risk that generally align with the approaches for these risks under the global Basel Accord adopted by the Basel Committee. The proposal would introduce a new measure of risk-weighted assets, which would reflect the proposed new standardized approaches for credit risk, operational risk and credit valuation adjustment risk, as well as a proposed new measure for market risk that would be based on both internal models and standardized supervisory models of market risk. The proposal includes a proposed effective date of July 1, 2025, subject to a three-year transition period ending July 1, 2028, over which the expanded total risk-weighted assets would be phased in.

In August 2023, the U.S. banking regulators proposed a rule that would require banking organizations with $100 billion or more in total assets to comply with long-term debt requirements and clean holding company requirements that currently apply only to global systemically important banking organizations. This proposal would also impose a long-term debt requirement on certain categories of insured depository institutions that are not consolidated subsidiaries of U.S. GSIBs, including insured depository institutions with $100 billion or more in total assets, such as Truist Bank. If adopted, this proposal would require the Company and Truist Bank to each maintain a minimum outstanding eligible long-term debt amount of no less than the greatest of (i) 6% of risk-weighted assets, (ii) 2.5% of total leverage exposure and (iii) 3.5% of average total consolidated assets. Truist Bank would be required to issue the minimum amount of eligible long-term debt to the Company, and the Company would be required to issue the minimum amount of eligible long-term debt externally. In addition, if adopted as proposed, the clean holding company requirement would limit or prohibit the Company from entering into certain transactions that could impede its orderly resolution, including, for example, prohibiting the Company from entering into transactions that could spread losses to subsidiaries and third parties, as well as limiting the amount of the Company's liabilities that are not eligible long-term debt.

In August 2023, the FDIC issued a proposal to amend its rules requiring covered insured depository institutions, including Truist Bank, to periodically submit resolution plans to the FDIC. If adopted as proposed, Truist Bank would be required to submit a full resolution plan to the FDIC every two years and submit an interim supplement in each year that it is not required to submit a full resolution plan. In addition, this proposal would increase the content requirements for plan submissions and introduce a new credibility standard for the FDIC's evaluation of resolution plans, which would be enforceable against the covered insured depository institutions. Separately, the FRB and FDIC also proposed updated guidance on resolution planning requirements applicable to the Company under Section 165(d) of the Dodd-Frank Act.

In addition, the FDIC proposed a special assessment to repay losses to the FDIC's Deposit Insurance Fund. If the final rule is adopted as proposed, the special assessment for Truist is estimated at approximately $460 million to be recognized at the time the rule is finalized and paid in eight quarterly installments beginning in the first quarter of 2024. Refer to the "Note 14. Commitments and Contingencies" for additional information related to the FDIC's special assessments.

Executive Overview

The transformative work we announced in the third quarter to improve our financial performance is well underway. We are driving swift and meaningful actions to simplify our organization and reduce expenses. Our continued focus on core clients, paring back non-core and lower-return portfolios, and paying down higher-cost borrowings has made our balance sheet more efficient and helped drive a modest improvement in our net interest margin.

Noninterest expense was flat compared to the second quarter, and down 50 basis points on an adjusted basis, reflecting our expense discipline. Our $750 million gross cost saves program and efforts to simplify the organization are underway and we are focused on expense discipline while also investing in our core franchise and risk management systems.

Our cost save program includes:

- Reductions in force
  - Spans and layers
  - Consolidation of redundant/similar functions
  - Select business restructuring
  - Geographic simplification
- Organizational alignment and simplification
  - Consolidate businesses for operational efficiency
  - More efficient branch network and staffing structure
  - Simplified and streamlined compensation and benefits programs
  - Reallocate investments to core businesses
- Rationalize technology spend
  - Focus on opportunities in core businesses

We remain strongly committed to improving our capital position, which increased 29 basis points in the third quarter. Asset quality continues to normalize but remains in-line with our expectations and allowance coverage ratios.

As we continue to diligently execute on this critical work to capitalize on our competitive advantages and drive efficiencies, we are fundamentally changing how we operate to drive revenue growth, franchise value and increased benefit to our shareholders, now and into the future.

On October 2, 2023, Truist announced changes to its Board of Directors. On December 31, 2023, the retirements of directors Kelly S. King, Nido R. Qubein, David M. Ratcliffe and Thomas N. Thompson will occur due to these directors reaching Truist's mandatory retirement age. In addition, Board members Anna R. Cablik, Paul D. Donahue, Easter A. Maynard and Frank P. Scruggs, Jr. notified Truist on September 26, 2023, that they have chosen to conclude their service as directors effective as of December 31, 2023. Their decisions are to address other professional and personal commitments and are not due to any disagreement with Truist on any matter relating to Truist's operations, policies or practices. The Board and Truist's management express their deep appreciation to these directors for their dedicated service and many significant contributions to Truist.

Financial Results

Net income available to common shareholders for the third quarter of 2023 of $1.1 billion was down 30% compared with the third quarter of 2022. On a diluted per common share basis, earnings for the third quarter of 2023 were $0.80, a decrease of $0.35, or 30%, compared to the third quarter of 2022. Truist's results of operations for the third quarter of 2023 produced an annualized return on average assets of 0.86% and an annualized return on average common shareholders' equity of 7.5% compared to prior year returns of 1.19% and 10.7%, respectively.

- Results for the third quarter of 2023 included merger-related and restructuring charges of $75 million ($58 million after-tax, or $0.04 per share).
- Results for the third quarter of 2022 included $62 million ($48 million after-tax, or $0.04 per share) of merger-related and restructuring charges and $90 million ($69 million after-tax, or $0.05 per share) of incremental operating expenses related to the Merger.

Taxable-equivalent net interest income for the third quarter of 2023 was down $162 million, or 4.3%, compared to the third quarter of 2022 primarily due to higher funding costs and lower purchase accounting accretion, partially offset by higher market interest rates. Net interest margin was 2.95%, down 17 basis points.

- The yield on the total loan portfolio was 6.25%, up 176 basis points, primarily reflecting higher market interest rates, partially offset by lower purchase accounting accretion. The yield on the average securities portfolio was 2.26%, up 31 basis points primarily due to the higher rate environment. Average deposits decreased $19.1 billion, or 4.5%, average short-term borrowings increased $7.5 billion, and average long-term debt increased $12.0 billion.
- The average cost of total deposits was 1.81%, up 150 basis points. The average cost of short-term borrowings was 5.47%, up 313 basis points. The average cost of long-term debt was 4.51%, up 208 basis points. The increase in rates on deposits and other funding sources was largely attributable to the higher rate environment.

Noninterest income was relatively stable compared to the third quarter of 2022 due to higher other income and insurance income, partially offset by lower service charges on deposits and lower investment banking and trading income. Service charges on deposits include an $87 million reduction due to client refund accruals resulting from a revision in deposit service fee protocols.

Noninterest expense was up $134 million, or 3.7%, compared to the third quarter of 2022 due to higher personnel expense, other expense, and regulatory costs, partially offset by lower professional fees and outside processing, marketing and customer development, and equipment expenses. Merger-related costs, which included merger-related and restructuring charges, as well as incremental operating expenses related to the merger, decreased $77 million, primarily due to the completion of integration-related activities. Adjusted noninterest expenses, which exclude merger-related costs, the amortization of intangibles, and gains and losses on the early extinguishment of debt, increased $221 million, or 6.7%, and includes the impact of $70 million of higher other expenses due to costs associated with the change to the deposit service fee protocols and resolution of certain legal matters.

The effective tax rate decreased compared to the third quarter of 2022 primarily driven by decreases in the full year forecasted effective tax rate, partially offset by changes in discrete tax items.

An increase in the loan loss reserve reflects normalization of asset quality.

- Nonperforming loans and leases held for investment were 0.46% of loans and leases held for investment at September 30, 2023, down one basis point compared to June 30, 2023.
- The allowance for credit losses was $5.0 billion and includes $4.7 billion for the allowance for loan and lease losses and $277 million for the reserve for unfunded commitments. The ALLL ratio was 1.49%, up six basis points compared with June 30, 2023.
- The provision for credit losses was $497 million compared to $234 million for the third quarter of 2022. The increase in the current quarter provision expense primarily reflects higher net charge-offs and an allowance build.
- The net charge-off ratio was 51 basis points, up 24 basis points compared to the third quarter of 2022 due to higher charge-offs in the CRE, commercial and industrial, and indirect auto portfolios.

Capital strengthened during the third quarter of 2023.

- Truist's CET1 ratio was 9.9% as of September 30, 2023. The increase since June 30, 2023 resulted from organic capital generation and RWA optimization.
- Truist declared common dividends of $0.52 per share during the third quarter of 2023. The dividend payout ratio for the third quarter of 2023 was 65%. Truist did not repurchase any shares in the third quarter of 2023.
- Truist's average consolidated LCR was 110% for the three months ended September 30, 2023, compared to the regulatory minimum of 100%.

Analysis of Results of Operations

Net Interest Income and NIM

Taxable-equivalent net interest income for the third quarter of 2023 was down $162 million, or 4.3%, compared to the third quarter of 2022 primarily due to higher funding costs and lower purchase accounting accretion, partially offset by higher market interest rates. Net interest margin was 2.95%, down 17 basis points.

- Average earning assets increased $6.4 billion, or 1.3%, primarily due to growth in average total loans of $8.0 billion, or 2.6%, and growth in other earning assets of $9.4 billion, or 48%, primarily due to an increase in balances held at the Federal Reserve to support liquidity, partially offset by a decrease in average securities of $9.9 billion, or 6.8%.
- The yield on the total loan portfolio was 6.25%, up 176 basis points, primarily reflecting higher market interest rates, partially offset by lower purchase accounting accretion. The yield on the average securities portfolio was 2.26%, up 31 basis points primarily due to the higher rate environment.
- Average deposits decreased $19.1 billion, or 4.5%, average short-term borrowings increased $7.5 billion, and average long-term debt increased $12.0 billion.
- The average cost of total deposits was 1.81%, up 150 basis points. The average cost of short-term borrowings was 5.47%, up 313 basis points. The average cost of long-term debt was 4.51%, up 208 basis points. The increase in rates on deposits and other funding sources was largely attributable to the higher rate environment.

Taxable-equivalent net interest income for the nine months ended September 30, 2023 was up $792 million, or 7.6%, compared to the same period in 2022 primarily due to higher market interest rates and strong loan growth. These increases were partially offset by lower purchase accounting accretion. Net interest margin was 3.01% for the nine months ended September 30, 2023, up eight basis points compared to the prior period.

- Average earning assets increased $21.9 billion, or 4.6%, compared to the prior period primarily due to growth in average total loans of $23.7 billion, or 7.9%, and growth in other earning assets of $9.9 billion, or 50%, primarily due to an increase in balances held at the Federal Reserve to support liquidity build, partially offset by a $10.8 billion, or 7.2%, decrease in average securities.
- The yield on the total loan portfolio was 6.04% for the nine months ended September 30, 2023, up 200 basis points, compared to the prior period primarily reflecting higher market interest rates, partially offset by lower purchase accounting accretion. The yield on the average securities portfolio was 2.19% for the nine months ended September 30, 2023, up 37 basis points compared to the prior period primarily due to the higher rate environment.
- Average deposits decreased $16.6 billion, or 4.0%, while average short-term borrowings increased $13.0 billion, or 114%, compared to the prior period and average long-term debt increased $20.0 billion, or 61%.
- The average cost of total deposits was 1.48% for the nine months ended September 30, 2023, up 133 basis points compared to the prior period. The average cost of short-term borrowings was 5.13% for the nine months ended September 30, 2023, up 345 basis points compared to the prior period. The average cost on long-term debt was 4.41% for the nine months ended September 30, 2023, up 253 basis points compared to the prior period. The increases in rates on deposits and other funding sources was largely attributable to the higher rate environment.

As of September 30, 2023, the remaining unamortized fair value marks on the loan and lease portfolio and long-term debt were $528 million and $49 million, respectively. As of December 31, 2022, the remaining unamortized fair value marks on the loan and lease portfolio and long-term debt were $741 million and $81 million, respectively.

The remaining unamortized purchase accounting fair value mark on loans and leases consists of $367 million for consumer loans and leases, and $161 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 1-1: Taxable-Equivalent Net Interest Income and Rate / Volume Analysis

Three Months Ended September 30, (Dollars in millions)	Average Balances[1]		Annualized Yield/Rate[2]		Income/Expense		Incr. (Decr.)	Change due to	
	2023	2022	2023	2022	2023	2022		Rate	Volume
Assets									
AFS and HTM securities at amortized cost:									
U.S. Treasury	$ 10,886	$ 10,925	1.27 %	0.93 %	$ 34	$ 26	$ 8	$ 8	$ —
GSE	339	305	2.92	2.56	3	1	2	1	1
Agency MBS	120,078	129,703	2.33	2.02	701	655	46	97	(51)
States and political subdivisions	423	395	4.12	3.92	4	4	—	—	—
Non-agency MBS	3,781	4,016	2.33	2.32	22	24	(2)	—	(2)
Other	20	52	5.55	3.94	1	—	1	—	1
Total securities	135,527	145,396	2.26	1.95	765	710	55	106	(51)
Interest earning trading assets	4,380	5,446	6.91	4.49	76	62	14	28	(14)
Other earning assets[3]	29,006	19,631	5.68	2.24	415	109	306	234	72
Loans and leases, net of unearned income:									
Commercial and industrial	164,022	152,123	6.50	4.08	2,686	1,564	1,122	991	131
CRE	22,812	22,245	6.85	4.32	396	245	151	145	6
Commercial Construction	6,194	5,284	7.83	4.83	120	62	58	45	13
Residential mortgage	56,135	53,271	3.79	3.59	532	478	54	27	27
Home equity	10,243	10,767	7.61	5.17	196	142	54	61	(7)
Indirect auto	24,872	28,057	6.16	5.40	386	382	4	50	(46)
Other consumer	28,963	26,927	7.43	6.21	542	419	123	88	35
Student	—	5,958	—	5.64	1	85	(84)	—	(84)
Credit card	4,875	4,755	11.62	9.97	143	119	24	21	3
Total loans and leases HFI	318,116	309,387	6.25	4.49	5,002	3,496	1,506	1,428	78
LHFS	1,765	2,489	6.20	4.81	28	30	(2)	7	(9)
Total loans and leases	319,881	311,876	6.25	4.49	5,030	3,526	1,504	1,435	69
Total earning assets	488,794	482,349	5.11	3.63	6,286	4,407	1,879	1,803	76
Nonearning assets	58,910	63,257							
Total assets	$ 547,704	$ 545,606							
Liabilities and Shareholders' Equity									
Interest-bearing deposits:									
Interest-checking	$ 101,252	$ 111,645	2.29	0.56	584	158	426	442	(16)
Money market and savings	139,961	147,659	2.35	0.43	829	159	670	679	(9)
Time deposits	40,920	14,751	4.05	0.40	418	14	404	338	66
Total interest-bearing deposits	282,133	274,055	2.57	0.48	1,831	331	1,500	1,459	41
Short-term borrowings	24,894	17,392	5.47	2.34	343	103	240	181	59
Long-term debt	43,353	31,381	4.51	2.43	491	190	301	208	93
Total interest-bearing liabilities	350,380	322,828	3.02	0.77	2,665	624	2,041	1,848	193
Noninterest-bearing deposits	118,905	146,041							
Other liabilities	15,107	13,227							
Shareholders' equity	63,312	63,510							
Total liabilities and shareholders' equity	$ 547,704	$ 545,606							
Average interest-rate spread			2.09 %	2.86 %					
NIM/net interest income - taxable equivalent			2.95 %	3.12 %	$ 3,621	$ 3,783	$ (162)	$ (45)	$ (117)
Taxable-equivalent adjustment					$ 57	$ 38			
Memo: Total deposits	$ 401,038	$ 420,096	1.81 %	0.31 %	$ 1,831	$ 331	$ 1,500		

(1) Represents daily average balances. Excludes basis adjustments for fair value hedges.
(2) 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.
(3) Includes cash equivalents, interest-bearing deposits with banks, FHLB stock and other earning assets.

Table 1-2: Taxable-Equivalent Net Interest Income and Rate / Volume Analysis

Nine Months Ended September 30, (Dollars in millions)	Average Balances[1]		Annualized Yield/Rate[2]		Income/Expense		Incr. (Decr.)	Change due to	
	2023	2022	2023	2022	2023	2022		Rate	Volume
Assets									
AFS and HTM securities at amortized cost:									
U.S. Treasury	$ 11,039	$ 10,457	1.14 %	0.84 %	$ 94	$ 66	$ 28	$ 24	$ 4
GSE	334	557	2.83	2.19	8	8	—	3	(3)
Agency MBS	122,473	133,338	2.27	1.87	2,085	1,870	215	376	(161)
States and political subdivisions	424	380	4.12	3.82	13	11	2	1	1
Non-agency MBS	3,846	4,112	2.33	2.29	67	71	(4)	1	(5)
Other	23	51	5.34	3.46	1	1	—	1	(1)
Total securities	138,139	148,895	2.19	1.82	2,268	2,027	241	406	(165)
Interest earning trading assets	4,759	5,784	6.54	3.67	234	160	74	106	(32)
Other earning assets[3]	29,872	19,924	5.13	1.24	1,147	184	963	831	132
Loans and leases, net of unearned income:									
Commercial and industrial	165,231	145,566	6.26	3.42	7,732	3,725	4,007	3,447	560
CRE	22,736	22,765	6.64	3.52	1,135	606	529	530	(1)
Commercial Construction	5,994	5,196	7.54	3.80	332	140	192	166	26
Residential mortgage	56,291	50,180	3.76	3.58	1,589	1,346	243	71	172
Home equity	10,483	10,755	7.22	4.68	566	376	190	200	(10)
Indirect auto	26,381	26,888	5.99	5.47	1,182	1,101	81	102	(21)
Other consumer	28,242	25,930	7.10	6.15	1,500	1,193	307	195	112
Student	3,280	6,310	6.92	4.54	170	214	(44)	84	(128)
Credit card	4,836	4,721	11.51	9.29	416	328	88	80	8
Total loans and leases HFI	323,474	298,311	6.04	4.04	14,622	9,029	5,593	4,875	718
LHFS	1,727	3,167	6.25	3.82	81	91	(10)	42	(52)
Total loans and leases	325,201	301,478	6.04	4.04	14,703	9,120	5,583	4,917	666
Total earning assets	497,971	476,081	4.92	3.22	18,352	11,491	6,861	6,260	601
Nonearning assets	59,703	64,673							
Total assets	$ 557,674	$ 540,754							
Liabilities and Shareholders' Equity									
Interest-bearing deposits:									
Interest-checking	$ 104,053	$ 112,058	1.93	0.26	1,501	215	1,286	1,303	(17)
Money market and savings	139,305	145,953	1.91	0.20	1,991	220	1,771	1,781	(10)
Time deposits	35,189	14,840	3.68	0.25	970	27	943	858	85
Total interest-bearing deposits	278,547	272,851	2.14	0.23	4,462	462	4,000	3,942	58
Short-term borrowings	24,317	11,356	5.13	1.68	932	143	789	507	282
Long-term debt	52,663	32,646	4.41	1.88	1,739	459	1,280	879	401
Total interest-bearing liabilities	355,527	316,853	2.68	0.45	7,133	1,064	6,069	5,328	741
Noninterest-bearing deposits	124,533	146,862							
Other liabilities	14,446	12,448							
Shareholders' equity	63,168	64,591							
Total liabilities and shareholders' equity	$ 557,674	$ 540,754							
Average interest-rate spread			2.24 %	2.77 %					
NIM/net interest income - taxable equivalent			3.01 %	2.93 %	$ 11,219	$ 10,427	$ 792	$ 932	$ (140)
Taxable-equivalent adjustment					$ 162	$ 92			
Memo: Total deposits	$ 403,080	$ 419,713	1.48 %	0.15 %	$ 4,462	$ 462	$ 4,000		

(1) Represents daily average balances. Excludes basis adjustments for fair value hedges.
(2) 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.
(3) Includes cash equivalents, interest-bearing deposits with banks, FHLB stock and other earning assets.

Provision for Credit Losses

The provision for credit losses was $497 million compared to $234 million for the third quarter of 2022. The net charge-off ratio for the current quarter of 0.51% was up 24 basis points compared to the prior quarter.

- The increase in the current quarter provision expense primarily reflects an allowance build and higher net charge-offs.
- The net charge-off ratio was up compared to the third quarter of 2022 driven by higher charge-offs in the CRE, commercial and industrial, and indirect auto portfolios.

The provision for credit losses was $1.5 billion for the nine months ended September 30, 2023 compared to $310 million in the same period in 2022. The net charge-off ratio for the current period of 0.47% was up 22 basis points compared to the prior period.

- The increase in the current period provision expense primarily reflects an allowance build and higher net charge-offs.
- The net charge-off ratio was up compared to the prior period driven by higher charge-offs in the commercial and industrial, CRE, indirect auto, other consumer, and credit card portfolios as well as the sale of the student loan portfolio.

Refer to “Note 5. Loans and ACL” for additional discussion of the ACL.

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. The following table provides a breakdown of Truist’s noninterest income:

Table 2: Noninterest Income

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
(Dollars in millions)	**2023**	**2022**	**2023 vs. 2022**	**2023**	**2022**	**2023 vs. 2022**
Insurance income	$ 793	$ 725	9.4 %	$ 2,541	$ 2,277	11.6 %
Wealth management income	343	334	2.7	1,012	1,014	(0.2)
Investment banking and trading income	185	222	(16.7)	657	738	(11.0)
Service charges on deposits	152	263	(42.2)	641	769	(16.6)
Card and payment related fees	238	241	(1.2)	704	699	0.7
Mortgage banking income	102	122	(16.4)	343	343	—
Lending related fees	102	80	27.5	294	265	10.9
Operating lease income	63	66	(4.5)	194	190	2.1
Securities gains (losses)	—	(1)	NM	—	(71)	NM
Other income	130	50	160.0	249	268	(7.1)
Total noninterest income	$ 2,108	$ 2,102	0.3	$ 6,635	$ 6,492	2.2

Noninterest income was relatively stable compared to the third quarter of 2022 due to higher other income and insurance income, partially offset by lower service charges on deposits and lower investment banking and trading income.

- Other income increased primarily due to higher income on certain equity investments and higher income from investments held for certain post-retirement benefits (which is primarily offset by higher personnel expense).
- Insurance income increased primarily due to 6.3% organic growth and acquisitions.
- Service charges on deposits decreased primarily due to an $87 million reduction in deposit service charge fees due to client refund accruals resulting from a revision in deposit service fee protocols, as well as reduced overdraft fees.
- Investment banking and trading income decreased due to lower structured real estate income, partially offset by higher merger and acquisition activity and equity originations.

Noninterest income was up $143 million, or 2.2%, for the nine months ended September 30, 2023 compared to the same period in 2022 due to higher insurance income, partially offset by lower service charges on deposits, investment banking and trading income, and other income. The prior period included $71 million of securities losses and a $74 million gain on the redemption of noncontrolling equity interest (included in other income).

- Insurance income increased primarily due to 6.8% organic growth and acquisitions.
- Service charges on deposits decreased primarily due to the aforementioned service fee protocol revision, as well as reduced overdraft fees.
- Investment banking and trading income decreased due to lower structured real estate income, partially offset by higher merger and acquisition fees as well as higher equity and bond originations.

- Other income decreased primarily due to higher derivative collateral related costs and the aforementioned gain on the redemption of noncontrolling equity in the prior period, partially offset by higher income from investments held for certain post-retirement benefits (which is primarily offset by higher personnel expense).

Noninterest Expense

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

Table 3: Noninterest Expense

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
(Dollars in millions)	**2023**	**2022**	**2023 vs. 2022**	**2023**	**2022**	**2023 vs. 2022**
Personnel expense	$ 2,200	$ 2,116	4.0 %	$ 6,637	$ 6,269	5.9 %
Professional fees and outside processing	317	352	(9.9)	983	1,064	(7.6)
Software expense	238	225	5.8	689	691	(0.3)
Net occupancy expense	180	176	2.3	543	565	(3.9)
Amortization of intangibles	130	140	(7.1)	397	420	(5.5)
Equipment expense	97	122	(20.5)	299	354	(15.5)
Marketing and customer development	78	105	(25.7)	235	282	(16.7)
Operating lease depreciation	43	45	(4.4)	133	140	(5.0)
Regulatory costs	77	52	48.1	225	131	71.8
Merger-related and restructuring charges	75	62	21.0	192	399	(51.9)
Other expense	312	218	43.1	853	552	54.5
Total noninterest expense	$ 3,747	$ 3,613	3.7	$ 11,186	$ 10,867	2.9

Noninterest expense was up $134 million, or 3.7%, compared to the third quarter of 2022 due to higher personnel expense, other expense, and regulatory costs, partially offset by lower professional fees and outside processing and marketing and customer development. Merger-related costs, which included merger-related and restructuring charges, as well as incremental operating expenses related to the merger decreased $77 million, primarily due to the completion of integration-related activities. Adjusted noninterest expenses, which exclude merger-related costs, the amortization of intangibles, and gains and losses on the early extinguishment of debt increased $221 million, or 6.7%.

- Personnel expense increased due to investments in teammates by increasing Truist's minimum wage, the impact from acquisitions, and investments in revenue producing businesses and enterprise technology, as well as higher other post-retirement benefit expense (which is almost entirely offset by higher other income). These increases were partially offset by lower pension expenses and lower incentives.
- Other expense increased primarily due to higher pension expense (driven primarily by lower plan assets) and includes $70 million of costs associated with a revision in deposit service fee protocols as well as settlement of certain litigation matters, including a settlement and patent licensing agreement that resolved the USAA remote deposit capture patent infringement lawsuit, partially offset by lower operating losses.
- Regulatory costs increased primarily due to an increase in the FDIC's deposit insurance assessment rate.
- Professional fees and outside processing expenses decreased due to prior period incremental operating expenses related to the merger, partially offset by higher enterprise technology and other investments.
- Marketing and customer development decreased due to reduced marketing compared to the prior year.

Noninterest expense was up $319 million, or 2.9%, for the nine months ended September 30, 2023 compared to the same period in 2022 due to higher personnel expense, other expense, and regulatory costs, partially offset by lower merger-related and restructuring charges, professional fees and outside processing expenses, equipment expense, and marketing and customer development expense. Merger-related and restructuring charges and incremental operating expenses related to the merger decreased $207 million and $409 million, respectively, due to the completion of integration-related activities. The prior period also included a gain on the redemption of FHLB advances of $39 million. Adjusted noninterest expenses, which exclude merger-related costs, the amortization of intangibles, and gains and losses on the early extinguishment of debt, increased $915 million, or 9.5%.

- Personnel expense increased due to investments in teammates by increasing Truist's minimum wage, the impact from acquisitions, investments in revenue producing businesses and enterprise technology, and higher other post-retirement benefit expense (which is almost entirely offset by higher other income), partially offset by lower pension expenses.
- Other expense increased primarily due to higher pension expense (driven primarily by lower plan assets) and includes $70 million of costs associated with a revision in deposit service fee protocols as well as settlement of certain litigation matters, including a settlement and patent licensing agreement that resolved the USAA remote deposit capture patent infringement lawsuit, partially offset by lower operating losses.
- Regulatory costs increased primarily due to an increase in the FDIC's deposit insurance assessment rate.
- Professional fees and outside processing expense decreased due to prior period incremental operating expenses related to the merger, partially offset by higher enterprise technology and other investments.
- Equipment expense decreased due to retirement of certain technology related equipment.
- Marketing and customer development expense decreased due to reduced marketing compared to the prior year.

Merger-Related and Restructuring Charges

The following table presents a summary of merger-related and restructuring charges and the related accruals. The 2023 merger-related and restructuring costs predominately reflect various restructuring initiatives, including costs for severance and other benefits and costs related to exiting facilities.

Table 4: Merger-Related and Restructuring Accrual Activity

	Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
(Dollars in millions)	Accrual at Jul 1, 2023	Expense	Utilized	Accrual at Sep 30, 2023	Accrual at Jan 1, 2023	Expense	Utilized	Accrual at Sep 30, 2023
Severance and personnel-related	$ 18	$ 60	$ (61)	$ 17	$ 9	$ 139	$ (131)	$ 17
Occupancy and equipment	—	5	(5)	—	—	35	(35)	—
Professional services	—	4	(4)	—	12	7	(19)	—
Other	2	6	(6)	2	5	11	(14)	2
Total	$ 20	$ 75	$ (76)	$ 19	$ 26	$ 192	$ (199)	$ 19

<u>Provision for Income Taxes</u>

The provision for income taxes was $245 million for the three months ended September 30, 2023, compared to $363 million for the same quarter in 2022. The effective tax rate for three months ended September 30, 2023 was 17.2% compared to 18.2% for the earlier quarter. The effective tax rate decreased compared to the third quarter of 2022 primarily driven by decreases in the full year forecasted effective tax rate, partially offset by changes in discrete tax items.

The provision for income taxes was $926 million for the nine months ended September 30, 2023, compared to $1.1 billion for the same period in 2022. The effective tax rate for nine months ended September 30, 2023 and 2022 was 18.6% and 18.8%, respectively.

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.

During the first quarter of 2023, Truist realigned Prime Rate Premium Finance Corporation, which includes AFCO Credit Corporation and CAFO Holding Company, into the C&CB segment from the IH segment. Prior period results have been revised to conform to the current presentation. During the second quarter of 2023, Truist updated its segment cost allocation methodology. Results for the first quarter of 2023 have been revised to conform to the current presentation. Management concluded the impact to 2022 was not material.

In conjunction with the Company's April 3, 2023 sale of a 20% stake of the common equity in IH, IH issued $5 billion of 8.25% mandatorily redeemable preferred units to the Company, with the related interest expense, which is fully allocable to the Company, reported in Net intersegment interest income (expense).

Also related to the same transaction, IH was recapitalized from a corporate entity to an LLC, such that each member is allocated its share of IH's income before taxes, and beginning in the second quarter of 2023 the Company recognizes its associated income tax provision through OT&C. The Company elected not to restate prior periods for this change based on IH's previous status as a corporate entity. The Company recognized $30 million and $84 million for the three and nine months ended September 30, 2023, respectively, of tax provision related to IH in OT&C. In the third quarter of 2023, IH recognized $3 million of taxes for certain state jurisdictions that impose income taxes on partnerships and LLCs.

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, 2022 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

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
(Dollars in millions)	**2023**	**2022**	**2023 vs. 2022**	**2023**	**2022**	**2023 vs. 2022**
Consumer Banking and Wealth	$ 834	$ 996	(16.3)%	$ 2,771	$ 2,641	4.9 %
Corporate and Commercial Banking	892	1,186	(24.8)	2,773	3,183	(12.9)
Insurance Holdings	17	85	(80.0)	279	401	(30.4)
Other, Treasury & Corporate	(560)	(630)	11.1	(1,780)	(1,640)	(8.5)
Truist Financial Corporation	$ 1,183	$ 1,637	(27.7)	$ 4,043	$ 4,585	(11.8)

Consumer Banking and Wealth

CB&W net income was $834 million for the third quarter of 2023, a decrease of $162 million compared to the third quarter of 2022.

- Segment net interest income decreased $25 million primarily driven by lower average deposit balances, decrease in loan spread and lower average loan balances, partially offset by higher funding credit on deposits.
- The provision for credit losses decreased $35 million reflecting an allowance release whereas the earlier period included an allowance build, partially offset by higher charge offs in the indirect auto and other consumer portfolios.
- Noninterest income decreased $80 million compared to earlier quarter primarily due to decreased service charge fees on deposits driven by client refund accruals resulting from a revision in deposit service fee protocols as well as reduced overdraft fees, partially offset by higher residential mortgage income and wealth brokerage fees and commissions.
- Noninterest expense increased $135 million compared to the earlier quarter driven by higher corporate technology, risk, and operations support expenses along with higher pension cost and FDIC's deposit insurance assessment rate, partially offset by lower marketing and customer development and professional fees and outside processing.

CB&W average loans and leases held for investment decreased $3.7 billion, or 2.6%, for the third quarter of 2023 compared to the third quarter of 2022, primarily driven by the sale of the student loan portfolio at the end of the second quarter of 2023 and a decrease in indirect auto balances, partially offset by increases in residential mortgage, Service Finance, and Sheffield balances.

CB&W average total deposits decreased $14.8 billion, or 5.9%, for the third quarter of 2023 compared to the third quarter of 2022, primarily driven by decreases in interest-bearing checking, money market and savings, and noninterest-bearing deposits, partially offset by an increase in time deposits.

Corporate and Commercial Banking

C&CB net income was $892 million for the third quarter of 2023, a decrease of $294 million compared to the third quarter of 2022.

- Segment net interest income was flat compared to the earlier quarter.
- The provision for credit losses increased $302 million which reflects higher commercial and industrial loan charge offs, an allowance build, and loan growth in the current quarter as well as an allowance release in the earlier quarter.
- Noninterest income decreased $61 million compared to the earlier quarter primarily due to lower structured real estate fees and commercial mortgage income, partially offset by higher income from lending related fees, merger and acquisition activity, and equity originations.
- Noninterest expense increased $46 million compared to the earlier quarter primarily due to higher corporate technology expenses and merger-related and restructuring charges, partially offset by lower corporate marketing expense.

C&CB average loans held for investment increased $12.3 billion, or 7.3%, for the third quarter of 2023 compared to the third quarter of 2022, primarily due to increases in core commercial and industrial loans.

C&CB average total deposits decreased $16.2 billion, or 11%, for the third quarter of 2023 compared to the third quarter of 2022, primarily due to declines in average noninterest-bearing deposits, partially offset by increases in money market and savings.

Insurance Holdings

IH net income was $17 million for the third quarter of 2023, a decrease of $68 million compared to the third quarter of 2022.

- Segment net interest income decreased $91 million driven primarily by interest expense accruals on new intercompany mandatorily redeemable preferred units resulting from the recapitalization of IH.
- Noninterest income increased $70 million primarily due to continued organic growth and acquisitions.
- Noninterest expense increased $73 million primarily due to the impact of acquisitions, investments in new hires and teammates, performance-driven incentive expense, and higher professional fees and outside processing.

Other, Treasury & Corporate

OT&C generated a net loss of $560 million in the third quarter of 2023, compared to a net loss of $630 million in the third quarter of 2022.

- Segment net interest income decreased $71 million primarily due to higher rates on Treasury funding and funding credit on deposits to other segments, partially offset by funding charges to other segments and interest income on cash balances and securities resulting from the higher rate environment.
- The provision for credit losses was flat compared to the earlier quarter.
- Noninterest income increased $77 million primarily due to higher income from investments held for certain post-retirement benefits (which is primarily offset by higher personnel expense).
- Noninterest expense decreased $120 million compared to the earlier quarter primarily due to a decrease in incremental operating expenses related to the merger as well as credit from other segments for corporate technology project support, partially offset by an increase in operating charge-offs due to costs associated with a revision in deposit service fee protocols as well as settlement of certain litigation matters, including a settlement and patent licensing agreement that resolved the USAA remote deposit capture patent infringement lawsuit, professional fees and outside processing and personnel expenses excluding merger related costs.

Nine Months of 2023 compared to Nine Months of 2022

Consumer Banking and Wealth

CB&W net income was $2.8 billion for the nine months ended September 30, 2023, an increase of $130 million, or 4.9%, compared to the prior year.

- Segment net interest income increased $919 million driven by favorable funding credit on deposits attributable to the higher rate environment and higher average loans, partially offset by higher funding costs, lower average deposits, and lower purchase accounting accretion.
- The provision for credit losses increased $190 million reflecting higher charge offs in the indirect auto and other consumer portfolios, an allowance build in the current period, and a reserve release in the earlier period. The impact of the student loan sale in the second quarter was net neutral to provision.

- Noninterest income decreased $121 million primarily due to decreased service charge fees on deposits driven by client refund accruals resulting from a revision in deposit service fee protocols and a gain on the redemption of noncontrolling equity interest in the earlier period, partially offset by higher mortgage banking income in the current period.
- Noninterest expense increased $432 million primarily driven by higher corporate technology costs, salaries expense, pension cost, corporate risk and operations support expenses, and FDIC's deposit insurance assessment rate, partially offset by lower marketing and customer development, professional fees and outside processing, operational losses, and amortization of intangibles.

CB&W average loans and leases held for investment increased $5.3 billion, or 3.9%, for the nine months ended September 30, 2023 compared to the prior year driven primarily by an increase in residential mortgage and Service Finance loans, partially offset by the sale of the student loan portfolio in second quarter 2023.

CB&W average total deposits decreased $16.8 billion, or 6.5%, for the nine months ended September 30, 2023 compared to the prior year primarily due to decreases in average interest-bearing checking, money market and savings, and noninterest-bearing deposits, partially offset by an increase in time deposits.

Truist Wealth had assets under management of $188 billion as of September 30, 2023, an increase of $14 billion, or 8.2%, compared to the prior year primarily due to higher markets and positive net asset flows.

Corporate and Commercial Banking

C&CB net income was $2.8 billion for the nine months ended September 30, 2023, a decrease of $410 million, or 12.9%, compared to the prior year.

- Segment net interest income increased $819 million primarily due to higher funding credit on deposits and higher average loan balances, partially offset by lower purchase accounting accretion.
- The provision for credit losses increased $1.0 billion which reflects an allowance build, higher charge offs, and loan growth in the current period as well as an allowance release in the earlier period.
- Noninterest income decreased $198 million primarily due to lower structured real estate fees, higher derivative collateral related costs, and lower commercial mortgage income, partially offset by increases in merger and acquisition fees, lending related fees, and equity originations.
- Noninterest expense increased $191 million primarily due to higher corporate technology expenses, merger-related and restructuring charges, personnel expenses, and FDIC insurance expense, partially offset by lower corporate marketing expense.

C&CB average loans and leases held for investment increased $19.7 billion, or 12%, for the nine months ended September 30, 2023 compared to the prior year driven by an increase in the commercial and industrial portfolio loans.

C&CB average total deposits decreased $14.0 billion, or 9.6%, for the nine months ended September 30, 2023 compared to the prior year primarily due to a decrease in average noninterest-bearing deposits, partially offset by an increase in money market and savings.

Insurance Holdings

IH net income was $279 million for the nine months ended September 30, 2023, a decrease of $122 million, or 30%, compared to the prior year.

- Segment net interest income decreased $169 million driven primarily by interest expense accruals on new intercompany mandatorily redeemable preferred units resulting from the recapitalization of IH.
- Noninterest income increased $267 million primarily due to continued organic growth and acquisitions.
- Noninterest expense increased $312 million primarily due to the impact of acquisitions, investments in new hires and teammates, performance-driven incentive expense, and higher operational loss reserves.

Other, Treasury, and Corporate

OT&C generated a net loss of $1.8 billion for the nine months ended September 30, 2023, compared to a net loss of $1.6 billion in the prior year.

- Segment net interest income decreased $847 million due to higher funding credit on deposits to other segments and higher rates on Treasury funding, partially offset by higher funds transfer charges to other segments for loans and higher earnings on cash balances and in the securities portfolio driven by the higher rate environment.

- The provision for credit losses increased $11 million, which reflects a reserve release in the prior year as well as an allowance build in the current period.
- Noninterest income increased $195 million primarily due to valuation changes from assets held for certain post-retirement benefits in the current period, which is primarily offset by higher personnel expense and losses on the sale of securities in the earlier period.
- Noninterest expense decreased $616 million primarily due to a decrease in incremental operating expenses related to the merger and credit from other segments for corporate technology project support, partially offset by an increase in professional fees and outside processing, personnel expenses, operating charge-offs due to costs associated with a revision in deposit service fee protocols as well as settlement of certain litigation matters, including a settlement and patent licensing agreement that resolved the USAA remote deposit capture patent infringement lawsuit, and a gain on the redemption of FHLB advances in the prior year.

Analysis of Financial Condition

Investment Activities

The securities portfolio totaled $120.1 billion at September 30, 2023, compared to $129.5 billion at December 31, 2022. U.S. Treasury, GSE, and Agency MBS represents 97% of the total securities portfolio as of September 30, 2023 and December 31, 2022. 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.

- The decrease includes paydowns and maturities of $9.4 billion during 2023.
- As of September 30, 2023, 41% of the investment securities portfolio was classified as held-to-maturity based on amortized cost.
- As of September 30, 2023 and December 31, 2022, approximately 5.7% of the securities portfolio was variable rate, excluding the impact of swaps.
- The effective duration of the AFS securities portfolio was 5.8 years at September 30, 2023 and 6.2 years at December 31, 2022, excluding the impact of swaps. The effective duration of the HTM securities portfolio was 7.0 years at September 30, 2023 and 7.3 years at December 31, 2022.

Lending Activities

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

Table 6: Average Loans and Leases

	Three Months Ended				
(Dollars in millions)	**Sep 30, 2023**	**Jun 30, 2023**	**Mar 31, 2023**	**Dec 31, 2022**	**Sep 30, 2022**
Commercial:					
Commercial and industrial	$ 164,022	$ 166,588	$ 165,095	$ 159,308	$ 152,123
CRE	22,812	22,706	22,689	22,497	22,245
Commercial construction	6,194	5,921	5,863	5,711	5,284
Consumer:					
Residential mortgage	56,135	56,320	56,422	56,292	53,271
Home equity	10,243	10,478	10,735	10,887	10,767
Indirect auto	24,872	26,558	27,743	28,117	28,057
Other consumer	28,963	28,189	27,559	27,479	26,927
Student	—	4,766	5,129	5,533	5,958
Credit card	4,875	4,846	4,785	4,842	4,755
Total average loans and leases HFI	$ 318,116	$ 326,372	$ 326,020	$ 320,666	$ 309,387

Average loans held for investment decreased $8.3 billion, or 2.5%, compared to the prior quarter, primarily due to the sale of the student loan portfolio at the end of the second quarter of 2023 and balance sheet optimization in lower return portfolios. Excluding the student loan sale, average loans held for investment declined 1.1% compared to the prior quarter.

- Average commercial loans decreased 1.1% due to a decline in the commercial and industrial portfolio.
- Average consumer loans decreased 4.8% due to the sale of the student loan portfolio and lower indirect auto production, partially offset by growth in higher-return point-of-sale lending in the other consumer portfolio (Service Finance and Sheffield).

At September 30, 2023 and December 31, 2022, 53% of loans and leases HFI were variable rate.

Asset Quality

The following tables summarize asset quality information:

Table 7: Asset Quality

(Dollars in millions)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
NPAs:					
NPLs:					
Commercial and industrial	$ 561	$ 562	$ 394	$ 398	$ 443
CRE	289	275	117	82	5
Commercial construction	29	16	1	—	—
Residential mortgage	132	221	233	240	227
Home equity	123	129	132	135	132
Indirect auto	266	262	270	289	260
Other consumer	52	46	45	44	39
Total NPLs HFI	1,452	1,511	1,192	1,188	1,106
Loans held for sale	75	13	—	—	72
Total nonaccrual loans and leases	1,527	1,524	1,192	1,188	1,178
Foreclosed real estate	3	3	3	4	4
Other foreclosed property	54	56	66	58	58
Total nonperforming assets	$ 1,584	$ 1,583	$ 1,261	$ 1,250	$ 1,240
Loans 90 days or more past due and still accruing:					
Commercial and industrial	$ 15	$ 36	$ 35	$ 49	$ 44
CRE	—	—	—	1	1
Commercial construction	—	5	—	—	—
Residential mortgage - government guaranteed	456	541	649	759	808
Residential mortgage - nonguaranteed	30	23	25	27	26
Home equity	9	7	10	12	9
Indirect auto	1	—	—	1	1
Other consumer	16	12	10	13	9
Student - government guaranteed	—	—	590	702	770
Student - nonguaranteed	—	—	4	4	5
Credit card	47	38	38	37	36
Total loans 90 days or more past due and still accruing	$ 574	$ 662	$ 1,361	$ 1,605	$ 1,709
Loans 30-89 days past due and still accruing:					
Commercial and industrial	$ 98	$ 142	$ 125	$ 256	$ 162
CRE	28	38	34	25	15
Commercial construction	1	6	3	5	3
Residential mortgage - government guaranteed	293	267	232	268	234
Residential mortgage - nonguaranteed	270	254	259	346	300
Home equity	61	56	65	68	67
Indirect auto	598	549	511	646	591
Other consumer	219	175	164	187	152
Student - government guaranteed	—	—	350	396	375
Student - nonguaranteed	—	—	6	6	6
Credit card	68	63	56	64	52
Total loans 30-89 days past due and still accruing	$ 1,636	$ 1,550	$ 1,805	$ 2,267	$ 1,957

Nonperforming assets totaled $1.6 billion at September 30, 2023, flat compared to June 30, 2023. Nonperforming loans and leases held for investment were 0.46% of loans and leases held for investment at September 30, 2023, down one basis point compared to June 30, 2023.

Loans 90 days or more past due and still accruing totaled $574 million at September 30, 2023, down $88 million, or three basis points as a percentage of loans and leases, compared with the prior quarter primarily due to a decline in government guaranteed residential mortgages. 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 September 30, 2023, unchanged from June 30, 2023.

Loans 30-89 days past due and still accruing of $1.6 billion at September 30, 2023 were up $86 million, or four basis points as a percentage of loans and leases, compared to the prior quarter primarily due to increases in the consumer portfolio, partially offset by decreases in the commercial 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 the amortized cost basis of loans by origination year and credit quality indicator as well as additional disclosures related to NPLs.

Table 8: Asset Quality Ratios

	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Loans 30-89 days past due and still accruing as a percentage of loans and leases HFI	0.52 %	0.48 %	0.55 %	0.70 %	0.62 %
Loans 90 days or more past due and still accruing as a percentage of loans and leases HFI	0.18	0.21	0.42	0.49	0.54
NPLs as a percentage of loans and leases HFI	0.46	0.47	0.36	0.36	0.35
NPLs as a percentage of total loans and leases(1)	0.48	0.47	0.36	0.36	0.37
NPAs as a percentage of:					
Total assets(1)	0.29	0.29	0.22	0.23	0.23
Loans and leases HFI plus foreclosed property	0.48	0.49	0.38	0.38	0.37
ALLL as a percentage of loans and leases HFI	1.49	1.43	1.37	1.34	1.34
Ratio of ALLL to NPLs	3.2x	3.0x	3.8x	3.7x	3.8x
Loans 90 days or more past due and still accruing as a percentage of loans and leases HFI, excluding government guaranteed(2)	0.04 %	0.04 %	0.04 %	0.04 %	0.04 %

(1) Includes LHFS.
(2) This asset quality ratio has been adjusted to remove the impact of government guaranteed 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)

	Three Months Ended					As of/For the Year-to-Date Period Ended Sept. 30	
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	2023	2022
Net charge-offs as a percentage of average loans and leases HFI:							
Commercial:							
Commercial and industrial	0.17 %	0.23 %	0.15 %	0.08 %	0.02 %	0.18 %	0.02 %
CRE	1.31	0.62	0.09	0.19	(0.01)	0.68	(0.03)
Commercial construction	(0.03)	(0.02)	(0.04)	(0.06)	(0.10)	(0.03)	(0.07)
Consumer:							
Residential mortgage	0.05	(0.01)	—	(0.02)	0.01	0.01	(0.01)
Home equity	(0.10)	(0.12)	(0.15)	(0.01)	(0.13)	(0.13)	(0.14)
Indirect auto	1.75	1.28	1.47	1.52	1.15	1.50	1.05
Other consumer	1.37	1.20	1.29	1.11	1.31	1.29	1.16
Student	—	8.67	0.42	0.34	0.40	4.40	0.34
Credit card	3.78	3.66	3.54	3.68	2.80	3.66	2.74
Total(1)	0.51	0.54	0.37	0.34	0.27	0.47	0.25
Ratio of ALLL to net charge-offs(2)	2.9x	2.6x	3.7x	4.1x	5.0x	3.1x	5.7x

Ratios are annualized, as applicable.
(1) 2Q23 includes 12 basis point impact from student loan portfolio sale.
(2) Excluding the impact from the student loan charge-offs, the ALLL to annualized net charge-offs was 3.4X at June 30, 2023.

The following table presents activity related to NPAs:

Table 10: Rollforward of NPAs

(Dollars in millions)	2023	2022
Balance, January 1	$ 1,250	$ 1,163
New NPAs	2,365	1,452
Advances and principal increases	648	307
Disposals of foreclosed assets(1)	(449)	(331)
Disposals of NPLs(2)	(132)	(80)
Charge-offs and losses	(708)	(332)
Payments	(1,022)	(590)
Transfers to performing status	(359)	(364)
Other, net	(9)	15
Ending balance, September 30	$ 1,584	$ 1,240

(1) Includes charge-offs and losses recorded upon sale of $131 million and $87 million for the nine months ended September 30, 2023 and 2022, respectively.
(2) Includes charge-offs and losses recorded upon sale of $31 million and a net gain upon sale of $1 million for the nine months ended September 30, 2023 and 2022, respectively.

CRE and Commercial Construction

Truist has noted that the CRE and commercial construction portfolios have the potential for heightened risk in the current environment. Truist maintains a high-quality portfolio through disciplined risk management and prudent client selection. In addition, the Company's exposure to large CRE tends to have more institutional sponsorship and the Company has reduced exposure to smaller CRE. Truist's CRE and commercial construction portfolios were $29.1 billion as of September 30, 2023.

Our office portfolio, which makes up approximately 17% of total CRE and commercial construction loans, is weighted towards Class A properties as of September 30, 2023. Truist maintains rigorous credit risk management surveillance routines across all loan portfolios. During 2023, Truist performed multiple reviews of the CRE office portfolio. Nonperforming loans in this portfolio have increased in this period.

Table 11: CRE and Commercial Construction by Type

	September 30, 2023		December 31, 2022	
(Dollars in millions)	LHFI	NPL	LHFI	NPL
CRE and commercial construction:				
Multifamily	$ 9,161	$ 30	$ 7,762	$ —
Office	5,070	278	5,258	75
Industrial	4,846	3	4,329	—
Retail	4,345	5	4,668	2
Hotel	2,542	—	2,965	—
Other	3,115	2	3,543	5
Total	$ 29,079	$ 318	$ 28,525	$ 82

See additional information on the CRE and commercial construction portfolios in “Note 5. Loans and ACL,” including loans by origination year and credit quality indicator.

ACL

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

Table 12: Activity in ACL

	Three Months Ended					Nine Months Ended September 30,	
(Dollars in millions)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	2023	2022
Balance, beginning of period[1]	$ 4,879	$ 4,761	$ 4,649	$ 4,455	$ 4,434	$ 4,649	$ 4,695
Provision for credit losses	497	558	482	467	234	1,537	310
Charge-offs:							
Commercial and industrial	(98)	(107)	(75)	(44)	(51)	(280)	(99)
CRE	(77)	(35)	(6)	(11)	—	(118)	(2)
Commercial construction	—	—	—	—	—	—	(1)
Residential mortgage	(8)	(1)	(1)	(1)	(4)	(10)	(8)
Home equity	(4)	(2)	(2)	(6)	(3)	(8)	(7)
Indirect auto	(135)	(115)	(127)	(129)	(103)	(377)	(282)
Other consumer	(120)	(104)	(105)	(96)	(109)	(329)	(285)
Student	—	(103)	(5)	(5)	(7)	(108)	(17)
Credit card	(55)	(53)	(51)	(53)	(42)	(159)	(123)
Total charge-offs	(497)	(520)	(372)	(345)	(319)	(1,389)	(824)
Recoveries:							
Commercial and industrial	28	13	13	14	43	54	73
CRE	2	—	1	1	—	3	7
Commercial construction	—	—	1	1	2	1	4
Residential mortgage	1	2	2	3	3	5	13
Home equity	7	5	6	6	8	18	19
Indirect auto	25	31	26	21	21	82	70
Other consumer	20	20	17	17	21	57	62
Student	—	—	—	1	—	—	—
Credit card	9	9	9	8	8	27	26
Total recoveries	92	80	75	72	106	247	274
Net charge-offs	(405)	(440)	(297)	(273)	(213)	(1,142)	(550)
Other[2]	(1)	—	(73)	—	—	(74)	—
Balance, end of period	$ 4,970	$ 4,879	$ 4,761	$ 4,649	$ 4,455	$ 4,970	$ 4,455
ACL:[1]							
ALLL	$ 4,693	$ 4,606	$ 4,479	$ 4,377	$ 4,205		
RUFC	277	273	282	272	250		
Total ACL	$ 4,970	$ 4,879	$ 4,761	$ 4,649	$ 4,455		

(1) Excludes provision for credit losses and allowances related to other financial assets at amortized cost.
(2) The first quarter of 2023 includes the impact from the adoption of the Troubled Debt Restructurings and Vintage Disclosures accounting standard.

The allowance for credit losses was $5.0 billion and includes $4.7 billion for the allowance for loan and lease losses and $277 million for the reserve for unfunded commitments. The ALLL ratio was 1.49%, up six basis points compared with June 30, 2023. The ALLL covered nonperforming loans and leases held for investment 3.2X compared to 3.0X at June 30, 2023. At September 30, 2023, the ALLL was 2.9X annualized net charge-offs, compared to 2.6X at June 30, 2023. The ALLL to annualized net charge-offs for the prior quarter was impacted by the charge-off related to the sale of the student loan portfolio. Excluding the impact from the student loan charge-offs, the ALLL to annualized net charge-offs was 3.4X at June 30, 2023.

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 13: Allocation of ALLL by Category

	September 30, 2023			December 31, 2022		
(Dollars in millions)	Amount	% ALLL in Each Category	% Loans in Each Category	Amount	% ALLL in Each Category	% Loans in Each Category
Commercial and industrial	$ 1,351	28.8 %	51.5 %	$ 1,409	32.3 %	50.3 %
CRE	605	12.9	7.2	224	5.1	7.0
Commercial construction	165	3.5	2.0	46	1.1	1.8
Residential mortgage	301	6.4	17.7	399	9.1	17.4
Home equity	86	1.8	3.2	90	2.0	3.3
Indirect auto	945	20.1	7.6	981	22.4	8.6
Other consumer	866	18.5	9.2	770	17.6	8.5
Student	—	—	—	98	2.2	1.6
Credit card	374	8.0	1.6	360	8.2	1.5
Total ALLL	4,693	100.0 %	100.0 %	4,377	100.0 %	100.0 %
RUFC	277			272		
Total ACL	$ 4,970			$ 4,649		

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 credit losses on 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 September 30, 2023, 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 14: Other Assets as of Period End

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Bank-owned life insurance	$ 7,694	$ 7,618
Tax credit and other private equity investments	7,449	6,825
Prepaid pension assets	5,964	4,539
DTAs	3,545	3,027
Accounts receivable	2,659	2,682
Accrued income	2,335	2,265
Leased assets and related assets	1,914	2,082
FHLB stock	1,284	1,279
ROU assets	1,112	1,193
Prepaid expenses	1,143	1,162
Equity securities at fair value	330	898
Derivative assets	749	684
Other	615	874
Total other assets	$ 36,793	$ 35,128

Funding Activities

Deposits

The following table presents average deposits:

Table 15: Average Deposits

(Dollars in millions)	Three Months Ended Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Noninterest-bearing deposits	$ 118,905	$ 123,728	$ 131,099	$ 141,032	$ 146,041
Interest checking	101,252	102,105	108,886	110,001	111,645
Money market and savings	139,961	138,149	139,802	144,730	147,659
Time deposits	40,920	35,844	28,671	17,513	14,751
Total average deposits	$ 401,038	$ 399,826	$ 408,458	$ 413,276	$ 420,096

Average deposits for the third quarter of 2023 were $401.0 billion, an increase of $1.2 billion, or 0.3%, compared to the prior quarter.

Average noninterest-bearing deposits decreased 3.9% compared to the prior quarter and represented 29.6% of total deposits for the third quarter of 2023 compared to 30.9% for the second quarter of 2023 and 34.8% compared to the year ago quarter. Average time deposits increased 14% due to increases in retail client time deposits, primarily due to migration from other deposit products, and brokered time deposits. Average brokered deposits were $33.0 billion, up $6.8 billion compared to the prior quarter.

Truist has a very granular and relationship-based deposit franchise. Approximately 64% of deposits are insured or collateralized. Truist deposit accounts are typically based on long-term relationships and include multiple products and services.

The estimated amount of deposits that are uninsured was $164.5 billion, $171.8 billion, $175.9 billion, and $189.6 billion as of September 30, 2023, June 30, 2023, March 31, 2023, and December 31, 2022, respectively, calculated using the same methodology as the Call Report for Truist Bank. The decrease in uninsured deposits from December 31, 2022 to June 30, 2023 was largely due to commercial clients that chose to diversify into money market mutual funds or across multiple banks late in the first quarter. These outflows were primarily higher-cost, non-operational deposits. The decrease in uninsured deposits during the third quarter of 2023 was primarily due to the maturity of large denominated negotiable certificates of deposit.

Borrowings

At September 30, 2023, short-term borrowings totaled $23.5 billion, an increase of $63 million compared to December 31, 2022. Average short-term borrowings were $24.3 billion, or 5.1% of total funding, for the nine months ended September 30, 2023, as compared to $11.4 billion, or 2.4%, for the same period in 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 $41.2 billion at September 30, 2023, a decrease of $2.0 billion compared to December 31, 2022. During the nine months ended September 30, 2023, the Company had:

- Maturities and redemptions of $4.5 billion of senior notes.
- Issued $6.3 billion fixed-to-floating rate senior notes with interest rates between 4.87% and 6.05% due from June 8, 2027 to June 8, 2034.
- Net redemptions of $3.2 billion of FHLB floating rate advances as issuances in the first quarter of 2023 were more than offset by redemptions in the second and third quarters.

Shareholders' Equity

Truist's book value per common share and TBVPS are presented in the following table:

Table 16: Book Value per Common Share

(Dollars in millions, except per share data, shares in thousands)	Sep 30, 2023	Dec 31, 2022
Common equity per common share	$ 41.37	$ 40.58
Non-GAAP capital measure:(1)		
Tangible common equity per common share	$ 19.25	$ 18.04
Calculation of tangible common equity:(1)		
Total shareholders' equity	$ 62,007	$ 60,537
Less:		
Preferred stock	6,673	6,673
Noncontrolling interests	167	23
Goodwill and intangible assets, net of deferred taxes	29,491	29,908
Tangible common equity	$ 25,676	$ 23,933
Common shares outstanding at end of period	1,333,668	1,326,829

(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 profitability, returns relative to balance sheet risk, and shareholder value.

Total shareholders' equity was $62.0 billion at September 30, 2023, an increase of $1.5 billion from December 31, 2022. This increase includes $4.0 billion in net income and $1.4 billion received in connection with the IH minority stake sale, net of tax, partially offset by $2.4 billion in common and preferred dividends and a $2.0 billion decrease in AOCI. Truist's book value per common share at September 30, 2023 was $41.37, compared to $40.58 at December 31, 2022. Truist TBVPS of $19.25 at September 30, 2023, increased 6.7% compared to December 31, 2022.

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 framework 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 measurement and monitoring and enables Truist to clearly and transparently communicate to stakeholders the level of potential risk the Company faces 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.

Truist's compensation plans are designed to consider 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.

Refer to Truist's Annual Report on Form 10-K for the year ended December 31, 2022 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 two methods to measure and monitor its interest rate risk: (i) simulations of possible changes to net interest income based on instantaneous and gradual changes in interest rates and (ii) 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 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 applies an average deposit beta of approximately 50% to its interest-bearing accounts when determining its interest rate sensitivity, which is consistent with Truist's long-term expectations. 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

	Interest Rate Scenario		Annualized Hypothetical Percentage Change in Net Interest Income	
Gradual Change in Prime Rate (bps)	Prime Rate			
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Up 100	9.50 %	7.25 %	(1.03)%	0.37 %
Up 50	9.00	6.75	(0.67)	0.39
No Change	8.50	6.25	—	—
Down 50	8.00	5.75	0.11	(1.77)
Down 100	7.50	5.25	0.29	(2.43)

Net interest income is liability sensitive as elevated rates and quantitative tightening have led to a reduction in deposits, rotation into interest bearing deposits, and higher deposit betas.

Interest rate scenarios in table 17 assume no change in deposit mix. Further rotation from non-interest bearing into interest bearing deposits would increase the liability sensitivity of Truist's balance sheet.

Management considers how the interest rate risk position could be impacted by changes in balance sheet mix.

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 September 30, 2023(1)	Results Assuming a Decrease in Noninterest-Bearing Demand Deposits	
		$20 Billion	$40 Billion
Up 100	(1.03)%	(1.81)%	(2.58)%
Up 50	(0.67)	(1.23)	(1.80)

(1) The base scenario is equal to the annualized hypothetical percentage change in net interest income at September 30, 2023 as presented in the preceding table.

Truist uses financial instruments including derivatives to manage interest rate risk related to securities, commercial loans, MSRs, mortgage banking operations, long-term debt, and other funding sources. Truist has utilized derivatives to facilitate transactions on behalf of its clients and as part of associated hedging activities. As of September 30, 2023, Truist had derivative financial instruments outstanding with notional amounts totaling $379.8 billion. See “Note 16. Derivative Financial Instruments” for additional disclosures. In the third quarter of 2023, there was a $125 billion decrease in notional amounts on derivatives with central clearing parties as a result of conversion from LIBOR to SOFR. The decline in notional is due to the maturity of short-term LIBOR swaps entered into in the second quarter of 2023 to maintain LIBOR cashflows until the phase out of the LIBOR reference rate on June 30th, 2023. All remaining short-term impacts of the conversion are expected to mature in the fourth quarter of 2023.

<u>LIBOR Transition</u>

The remaining tenors of U.S. dollar LIBOR ceased publication on June 30, 2023. Truist provided timely notices and information to impacted clients about the transition to new interest rates post cessation. Most contracts were transitioned to new rates in July and August 2023. A small number of contracts utilize longer tenor LIBOR rates and will transition by late 2023 (3-month LIBOR) or early 2024 (6-month and 12-month LIBOR) based on contractual agreements. Truist has materially completed LIBOR transition efforts, primarily utilizing SOFR replacement rates, and closed formal project efforts as of September 2023.

Fallback language used to remediate loan agreements was generally consistent with ARRC recommendations and included use of “hardwired fallback” language, which transitioned loans to a SOFR based rate after June 30, 2023. For contracts remaining without fallback language, Truist leveraged the LIBOR Act and corresponding safe harbor provision to transition these loans to SOFR. Truist’s adjustable-rate mortgage products had consistent and adequate fallback language to transition to SOFR, based on lender discretion and as supported by the LIBOR Act; therefore, these contracts did not require remediation. For many consumer lending portfolios, LIBOR transitioned to the SOFR rate specified in the LIBOR Act and the rules promulgated thereunder by the FRB and benefit from the safe harbor provisions of the LIBOR Act.

Derivatives that reference LIBOR transitioned to a SOFR-based replacement rate as set forth in the ISDA protocol addressing LIBOR fallbacks between the Company and its counterparties which have adhered to the protocol, through bilateral amendments between the Company and each of its counterparties, or as established under the LIBOR Act and rules promulgated thereunder by the FRB. Fallback language used to remediate LIBOR based derivatives was generally consistent with ISDA publications.

The Company’s preferred securities and the Company’s and Truist Bank’s floating rate notes that reference LIBOR transitioned to a SOFR based rate utilizing application of the LIBOR Act and the rules promulgated thereunder by the FRB. Truist announced that these securities would move to a 3-month adjusted Term SOFR in accordance with the LIBOR Act. See “Note 12. Shareholders’ Equity” in Truist’s Annual Report on Form 10-K for information about preferred stock using LIBOR.

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 September 30, 2023, the aggregate market value of on-balance sheet securitization positions subject to the Market Risk Rule was $91 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 September 30, 2023.

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 and nine months ended September 30, 2023 and 2022. Average one and ten-day VaR measures for the three months ended September 30, 2023 increased from the same period of last year, primarily driven by higher market making inventory.

Table 19: VaR-based Measures

(Dollars in millions)	Three Months Ended September 30, 2023 10-Day Holding Period	Three Months Ended September 30, 2023 1-Day Holding Period	Three Months Ended September 30, 2022 10-Day Holding Period	Three Months Ended September 30, 2022 1-Day Holding Period	Nine Months Ended September 30, 2023 10-Day Holding Period	Nine Months Ended September 30, 2023 1-Day Holding Period	Nine Months Ended September 30, 2022 10-Day Holding Period	Nine Months Ended September 30, 2022 1-Day Holding Period
VaR-based Measures:								
Maximum	$ 22	$ 9	$ 27	$ 7	$ 24	$ 9	$ 38	$ 14
Average	18	7	18	5	17	6	17	5
Minimum	15	5	13	4	10	4	6	3
Period-end	17	7	20	6	17	7	20	6
VaR by Risk Class:								
Interest Rate Risk		6		8		6		8
Credit Spread Risk		6		7		6		7
Equity Price Risk		4		2		4		2
Foreign Exchange Risk		—		—		—		—
Portfolio Diversification		(10)		(11)		(10)		(11)
Period-end		6		6		6		6

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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Maximum	$ 130	$ 91	$ 130	$ 109
Average	85	65	61	69
Minimum	44	48	25	40
Period-end	119	65	119	65

Compared to the prior year, Stressed VaR measures decreased over the nine months ended September 30 this year, primarily due to higher diversification benefits in 2023.

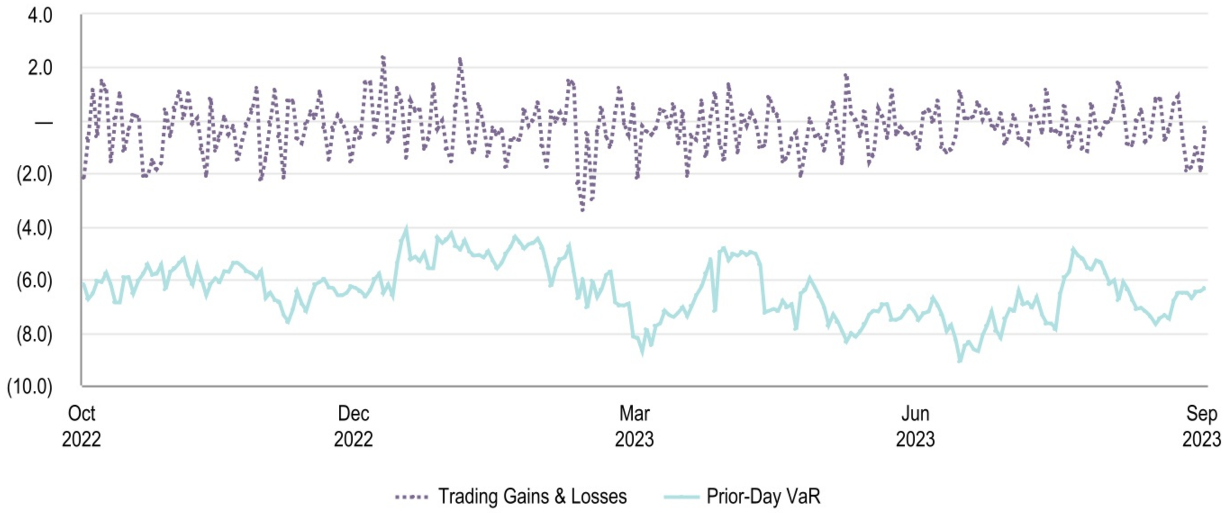
Specific Risk Measures

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, there were no Company-wide VaR backtesting exceptions during the twelve months ended September 30, 2023. 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.

VaR Backtesting - Twelve Months



Model Risk Oversight

MRO 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 MRO 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 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 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 $83.8 billion and Truist's average LCR was 110% for the three months ended September 30, 2023.

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 September 30, 2023, Truist 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. Available investment securities could be pledged to create additional secured borrowing capacity. The following table presents a summary of Truist Bank's available secured borrowing capacity and eligible cash at the FRB:

Table 21: Selected Liquidity Sources

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Unused borrowing capacity:		
FRB	$ 54,633	$ 49,250
FHLB	23,615	20,770
Available investment securities (after haircuts)	73,010	85,401
Available secured borrowing capacity	151,258	155,421
Eligible cash at the FRB	24,177	15,556
Total	$ 175,435	$ 170,977

At September 30, 2023, Truist Bank's available secured borrowing capacity represented approximately 3.5 times the amount of wholesale funding maturities in one-year or less. Truist additionally has the ability to increase sources of funding by pledging available investment securities to receive the par value of the collateral under the FRB Bank Term Funding Program.

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 and, from time-to-time, potential repurchases or redemptions of a portion of an outstanding tranche of the long-term debt of the Parent Company or the Bank (as may be permitted by the terms of each respective series). See "Note 22. Parent Company Financial Information" in Truist's Annual Report on Form 10-K for the year ended December 31, 2022 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 September 30, 2023 and December 31, 2022, the Parent Company had 42 months and 37 months, respectively, of cash on hand to satisfy projected cash outflows, and 25 months and 22 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, 2022 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: Recent changes in the Company's credit ratings and outlooks include:

- On March 31, 2023, S&P Global Ratings affirmed the ratings of Truist and Truist Bank and revised the outlook on those ratings to "stable" from "positive," citing heightened market volatility in the wake of recent bank failures and, with inflation still elevated, higher uncertainty, and greater downside risk in the economic outlook. The change in outlook was part of a broader action by S&P Global Ratings whereby the "positive" outlook on three other large U.S. banks was revised to "stable."
- On August 7, 2023, Moody's Investors Service placed the long-term ratings and certain short-term ratings of Truist and Truist Bank "under review for downgrade," citing Truist's comparatively low, though improving, level of capitalization, along with weaknesses in asset-liability management. The review also reflects Moody's Investor Service view that the stability of U.S. banks' deposit funding has declined, as reflected in the agency's decision to lower the U.S. macro profile.
- On August 11, 2023, DBRS, Inc. affirmed the ratings of Truist and Truist Bank and maintained a "stable" ratings outlook, citing Truist's highly scaled and diversified regional banking franchise, conservative risk profile, and sound liquidity management and capital levels. In affirming the ratings, DBRS, Inc. also noted the ratings take into account the more challenging operating environment and the expectation that funding costs and asset quality metrics could worsen from current levels, providing some pressure to earnings, and that credit deterioration associated with normalization of the credit cycle would be manageable.
- On August 21, 2023, S&P Global Ratings affirmed the ratings of Truist and Truist Bank and maintained a "stable" ratings outlook, citing Truist's strong market position and diversified business model as a substantial offset to deposit and margin pressures. S&P Global Ratings viewed Truist's capital ratios unfavorably after considering unrealized losses on securities but also wrote that Truist has the earnings capacity to build its capital ratios and support franchise growth over time.
- After the end of the third quarter, on October 16, 2023, Fitch Ratings affirmed the ratings of Truist and Truist Bank and revised the ratings outlook to "negative" from "stable." In affirming Truist's ratings, Fitch Ratings cited the company's diverse revenue model, solid asset quality, and expected capital build over the rating horizon; however, "negative" ratings outlook reflects the view of Fitch Ratings that Truist currently has less "headroom" to face increasing earnings pressures than similarly-rated peers.

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 objective is to maintain capital at levels that are in excess of internal capital limits, which are above the regulatory "well capitalized" minimums. Management has implemented internal stress capital ratio minimums to evaluate whether capital ratios calculated after the effect of alternative capital actions are likely to remain above internal minimums. Breaches of internal stressed minimums prompt a review of the planned capital actions included in Truist's capital plan.

Table 22: Capital Requirements

		Well Capitalized		
	Minimum Capital	Truist	Truist Bank	Minimum Capital Plus Stress Capital Buffer(1)
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 Truist's SCB requirement, received in the CCAR 2022 process, of 2.5% applicable from October 1, 2022 through September 30, 2023. Beginning on October 1, 2023, through September 30, 2024, Truist will be subject to a 2.9% SCB received in the CCAR 2023 process.

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

Table 23: Capital Ratios - Truist Financial Corporation

(Dollars in millions)	Sep 30, 2023	Dec 31, 2022
Risk-based:	*(preliminary)*	
CET1	9.9 %	9.0 %
Tier 1 capital	11.4	10.5
Total capital	13.5	12.4
Leverage ratio	9.2	8.5
Supplementary leverage ratio	7.8	7.3
Risk-weighted assets	$ 428,682	$ 434,413

Capital ratios remained strong compared to the regulatory requirements for well capitalized banks. Truist declared common dividends of $0.52 per share during the third quarter of 2023. The dividend payout ratio for the third quarter of 2023 was 65%. Truist did not repurchase any shares in the third quarter of 2023.

Truist's CET1 ratio was 9.9% as of September 30, 2023. The increase since June 30, 2023 resulted from organic capital generation and RWA optimization.

Truist completed the 2023 CCAR process and received the SCB requirement of 2.9% for the period October 1, 2023 to September 30, 2024.

Share Repurchase Activity

Table 24: Share Repurchase Activity

(Dollars in millions, except per share data, shares in thousands)	Total Number of Shares Purchased(1)	Average Price Paid Per Share(2)	Total Number of Shares Purchased as part of Publicly Announced Plans(3)	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans(3)
July 1, 2023 to July 31, 2023	—	$ —	—	$ 4,100
August 1, 2023 to August 31, 2023	—	—	—	4,100
September 1, 2023 to September 30, 2023	—	—	—	—
Total	—	$ —	—	

(1) Includes shares exchanged or surrendered in connection with the exercise of equity-based awards under equity-based compensation plans.
(2) Excludes commissions.
(3) The repurchase authority previously approved by the Board of Directors expired on September 30, 2023.

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, 2022. 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, 2022. Disclosures regarding the effects of new accounting pronouncements are included in "Note 1. Basis of Presentation" in this report. There have been no changes to the significant accounting policies during 2023.

Goodwill and Other Intangible Assets

The Company performs goodwill impairment analysis annually as of October 1 or more often if events or circumstances indicate that it is more-likely-than-not that the fair value of a reporting unit is below its carrying value. During the third quarter of 2023, the Company observed continuing declines in its financial forecasts for its CB&W and C&CB reporting units. The Company considered such declines in the context of industry related factors, including a decline in bank share prices, concluding that a triggering event had occurred for its CB&W and C&CB reporting units, and therefore Truist performed a quantitative test for these reporting units as of August 1, 2023. Truist also elected to perform a quantitative test for the IH reporting unit concurrent with the other units. The quantitative impairment test estimates the fair value of the reporting units using the income approach (weighted 50%) and two market based approaches: the guideline public company (weighted 30%) and guideline transaction (weighted 20%) methods. The income approach utilizes a discounted cash flow analysis. The guideline public company approach utilizes comparable public company information, key valuation multiples, and considers a market control premium associated with cost synergies and other cash flow benefits that arise from obtaining control over a reporting unit, and guideline transactions, when applicable. The guideline transaction method uses market observable transaction multiples for non-regulatory assisted transactions occurring within the past 12 months, which inherently incorporate a premium associated with the benefits of obtaining control.

The inputs and assumptions specific to each reporting unit are incorporated in the valuations, including projections of future cash flows, discount rates, applicable valuation multiples based on the comparable public company information, and guideline transaction information. Truist also assesses the reasonableness of the aggregate estimated fair value of the reporting units by comparison to its market capitalization over a reasonable period of time, including consideration of expected acquirer expense synergies, historic bank control premiums, and the current market.

Multi-year financial forecasts are developed for each reporting unit by considering several inputs and assumptions such as net interest margin, expected credit losses, noninterest income, noninterest expense, and required capital. The projection of net interest margin and noninterest expense are the most significant inputs to the financial projections of the CB&W and C&CB reporting units. The long-term growth rate used in determining the terminal value of each reporting unit was 3% as of August 1, 2023, based on management's assessment of the minimum expected terminal growth rate of each reporting unit. Discount rates are estimated based on the Capital Asset Pricing Model, which considers the risk-free interest rate, market risk premium, beta, and unsystematic risk adjustments specific to a particular reporting unit. The discount rates are also calibrated based on risks related to the projected cash flows of each reporting unit. The discount rates utilized for the CB&W, C&CB, and IH reporting units as of August 1, 2023 were 12.5%, 11.5%, and 10.0%, respectively.

Based on the Company’s interim impairment test of goodwill, it was determined for the CB&W, C&CB, and IH reporting units that the respective reporting units’ fair value was in excess of its respective carrying value as of August 1, 2023; however, for the CB&W and C&CB reporting units the fair value of the reporting unit exceeded its carrying value by less than 10%, indicating that the goodwill of these reporting units may be at risk of impairment. Circumstances that could negatively impact the fair value for the CB&W and C&CB reporting units in the future include sustained decrease in Truist stock price, continued decline in industry peer multiples, an increase in the applicable discount rate and further deterioration in the reporting units’ forecasts.

The estimated fair value of a reporting unit is highly sensitive to changes in management’s estimates and assumptions; therefore, in some instances, changes in these assumptions could impact whether the fair value of a reporting unit is greater than its carrying value. The Company performs sensitivity analyses around these assumptions in order to assess the reasonableness of the assumptions, and the resulting estimated fair values. The analysis of the CB&W and C&CB reporting unit at August 1, 2023, indicated that if the discount rates were increased 120 basis points and 100 basis points, respectively, the reporting unit’s fair value would be less than its carrying value, resulting in goodwill impairment. Ultimately, future potential changes in these assumptions may impact the estimated fair value of a reporting unit and cause the fair value of the reporting unit to be below its carrying value. Additionally, a reporting unit’s carrying value could change based on market conditions, change in the underlying makeup of the reporting unit, or the risk profile of those reporting units, which could impact whether the fair value of a reporting unit is less than carrying value.

The Company monitored events and circumstances during the period from August 1, 2023 through September 30, 2023, including macroeconomic and market factors, industry and banking sector events, Truist specific performance indicators, a comparison of management’s forecast and assumptions to those used in its August 1, 2023 quantitative impairment test, and the sensitivity of the August 1, 2023 quantitative test results to changes in assumptions through September 30, 2023. Based on these considerations, management concluded 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 September 30, 2023.

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 as of the end of the period covered by the report.

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.

There were no 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 September 30, 2023 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, 2022. 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, USE OF PROCEEDS, AND ISSUER PURCHASE OF EQUITY SECURITIES

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

ITEM 5. OTHER INFORMATION

(c) During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description	Location
3.1	Bylaws of Truist Financial Corporation, as Amended and Restated, Effective September 27, 2023.	Incorporated herein by reference to Exhibit 3.1 of the of the Current Report on Form 8-K, filed October 2, 2023.
10.1*	Sixth Amendment to the Truist Financial Corporation Pension Plan (October 1, 2020 Restatement)	Filed herewith.
10.2*	Fifth Amendment to the Truist Financial Corporation 401(k) Savings Plan (August 1, 2020 Restatement)	Filed herewith.
11	Statement re computation of earnings per share.	Filed herewith as Computation of EPS note to the consolidated financial statements.
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.	Filed herewith.
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.	Filed herewith.
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.	Filed herewith.
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.

* Management compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRUIST FINANCIAL CORPORATION
(Registrant)

Date:	October 30, 2023	By:	/s/ Michael B. Maguire
			Michael B. Maguire Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	October 30, 2023	By:	/s/ Cynthia B. Powell
			Cynthia B. Powell Executive Vice President and Corporate Controller (Principal Accounting Officer)

Exhibit 10.1

SIXTH AMENDMENT
TO THE
TRUIST FINANCIAL CORPORATION PENSION PLAN
(October 1, 2020 Restatement)

WHEREAS, the Truist Financial Corporation Pension Plan (the "Plan") was originally adopted effective as of October 1, 1944;

WHEREAS, the Plan was most recently restated effective as of October 1, 2020;

WHEREAS, under Section 7.2.1 of the Plan, the Board of Directors (the "Board") of Truist Financial Corporation (the "Company") has the right at any time to amend the Plan; and

WHEREAS, the Board wishes to amend the Plan to change the formula applicable for participants hired after January 1, 2024.

NOW, THEREFORE, effective January 1, 2024, the Plan is hereby amended in the respects hereinafter set forth:

1. Section 2.1.1 of the Plan is amended to read as follows:

2.1.1 For a participant hired by a Participating Employer before January 1, 2024, the annual normal retirement benefit of a retired participant shall be computed on the basis of a single life annuity with respect to him equal to the sum of the amounts determined pursuant to subsections (a) and (b), as follows:

(a) 1 percent of the participant's final average compensation multiplied by his years of creditable service (as defined in Section 1.14) (not in excess of 35 years); plus

(b) 0.5 percent of the participant's final average compensation in excess of his covered compensation multiplied by his years of creditable service (as defined in Section 1.14) (not in excess of 35 years).

For a participant hired by a Participating Employer on or after January 1, 2024, the annual normal retirement benefit of a retired participant shall be computed on the basis of a single life annuity with respect to him equal to the sum of the amounts determined pursuant to subsections (a) and (b), as follows:

(c) 0.94 percent of the participant's final average compensation multiplied by his years of creditable service (as defined in Section 1.14) (not in excess of 35 years); plus

(d) 0.47 percent of the participant's final average compensation in excess of his covered compensation multiplied by his years of creditable service (as defined in Section 1.14) (not in excess of 35 years).

If a participant was an eligible employee before January 1, 2024, then terminates employment (before or after January 1, 2024) and subsequently is rehired as an eligible employee on or after January 1, 2024, such participant's annual normal retirement benefit shall be determined by using Sections 2.1.1(a) and (b) for creditable service earned prior to such rehire date and using Sections 2.1.1(c) and (d) for creditable service earned on or after such rehire date.

2. Section (f)(2)(i) of Exhibit G of the Plan is amended to read as follows:

(i) As of the last day of each Crediting Period, each Personal Pension Account shall be credited with an Interest Credit equal to the product of the Personal Pension Account balance as of the end of the prior Crediting Period multiplied by the rate which, if compounded each Crediting Period for an entire calendar year, would yield an effective annual rate equal to the interest rate applicable to the Plan Year in which such Crediting Period begins. The applicable interest rate shall be equal to the monthly average for 30-year Treasury bond rates for the month of December in the immediately preceding Plan Year, as published in the Federal Reserve Statistical Release. Effective for Crediting Periods beginning on and after January 1, 2024, the applicable interest rate shall be equal to the monthly average for 30-year Treasury bond rates for the month of September in the immediately preceding Plan Year, as published in the Federal Reserve Statistical Release, but in accordance with Section 1.411(b)(5)-1(e)(3)(iv)(A) of the Treasury Regulations, for Crediting Periods beginning in the 2024 Plan Year, the Interest Credits provided for that year shall not be less than what would have been provided by using an applicable interest rate equal to the monthly average for 30-year Treasury bond rates for the month of December in the immediately preceding Plan Year, as published in the Federal Reserve Statistical Release. Notwithstanding the foregoing, the applicable interest rate for each Plan Year shall not be lower than 3%.

In no event will an acquired employee's Personal Pension Account balance in the Plan be less than such acquired employee's Personal Pension Account balance as of June 30, 2009 (under the SunTrust Plan), plus subsequent Interest Credits to such Account if the interest crediting rate were based on the Composite Corporate Bond Rate (described in IRS Notice 2004-34 for the month of December in the immediately preceding Plan Year, as published in applicable guidance from the Internal Revenue Service). Effective January 1, 2019, because the IRS ceased publishing the Composite Corporate Bond Rate as of December 2017, the Composite

Corporate Bond Rate (described in IRS Notice 2004-34) in the previous sentence shall be replaced with the applicable third segment rate used for Code section 417(e) purposes, for the month of December in the immediately preceding Plan Year. Effective for Crediting Periods beginning on and after January 1, 2024, the applicable interest rate shall be equal to applicable third segment rate used for Code section 417(e) purposes, for the month of September in the immediately preceding Plan Year, but in accordance with Section 1.411(b)(5)-1(e)(3)(iv)(A) of the Treasury Regulations, for Crediting Periods beginning in the 2024 Plan Year, the Interest Credits provided for that year shall not be less than what would have been provided by using an applicable interest rate equal to the Code section 417(e) purposes, for the month of December in the immediately preceding Plan Year. Acquired employees with Personal Pension Accounts Participants shall continue to receive Interest Credits to their Personal Pension Accounts through the end of the Crediting Period immediately preceding their annuity starting date.

Executed on this 27 day of September, 2023.

TRUIST FINANCIAL CORPORATION

By: /s/Ellen M. Fitzsimmons

Title: Chief Legal Officer and Head of Public Affairs

FIFTH AMENDMENT
TO THE
TRUIST FINANCIAL CORPORATION 401(K) SAVINGS PLAN
(August 1, 2020 Restatement)

WHEREAS, the Truist Financial Corporation Pension Plan (the "Plan"), formerly named the BB&T Corporation 401(k) Savings Plan, was originally adopted effective as of July 1, 1982;

WHEREAS, the Plan was most recently restated effective as of August 1, 2020;

WHEREAS, under Section 9.3 of the Plan, an officer who is an Executive Manager of the Company has the authority to amend the Plan to, among other things, provide for the merger of another plan into the Plan, and make any other amendment if the financial impact on the Company of such amendment is below the Sarbanes Oxley materiality threshold as determined by the Company's Chief Financial Officer (or officer with similar authority);

WHEREAS, it has been determined that the financial impact on the Company of this amendment is below the Sarbanes Oxley materiality threshold; and

WHEREAS, the Company wishes to clarify the application of certain Plan limits in accordance with the Plan's prior operation.

NOW, THEREFORE, effective September 1, 2023, the Plan is hereby amended in the respects hereinafter set forth:

Section 1.12 of the Plan is amended to replace the last sentence thereof with the following:

> For employees of CRC Insurance Services, Inc., for purposes of determining the permissible amount of salary deferral contributions, Roth contributions, and matching contributions, the limit described in this paragraph shall not be applied to a participant's compensation on the basis of the earliest payments of compensation during a year.

BE IT FURTHER RESOLVED, that effective as of the date hereof, that the appropriate officers of Truist Financial Corporation are hereby empowered to approve or authorize, as the case may be, such further action and the preparation, execution, and delivery of all such instruments and documents, and each of them hereby is, authorized to take all further action and to execute and deliver such further instruments and documents, in the name of the Company, with such modifications not materially affecting their provisions as he or she may deem necessary or appropriate in order to fully carry out the intent and accomplish the purpose of the foregoing amendments.

[Signature on Following Page]

Executed on this __28_ day of _August________, 2023.

TRUIST FINANCIAL CORPORATION

By: __/s/Ellen M. Fitzsimmons____

Title: Chief Legal Officer and Head of Public Affairs

Exhibit 31.1

CERTIFICATIONS

I, William H. Rogers Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Truist Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2023

/s/ William H. Rogers Jr.

William H. Rogers Jr.
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Michael B. Maguire, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Truist Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2023

/s/ Michael B. Maguire

Michael B. Maguire
Senior Executive Vice President and
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Chief Executive Officer and Chief Financial Officer of Truist Financial Corporation (the "Company"), do hereby certify that:

1. The Quarterly Report on Form 10-Q for the fiscal period ended September 30, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2023

/s/ William H. Rogers Jr.
William H. Rogers Jr.
Chairman and Chief Executive Officer

/s/ Michael B. Maguire
Michael B. Maguire
Senior Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Truist Financial Corporation and will be retained by Truist Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.