STATEMENT OF FINANICAL CONDITION AND SUPPLEMENTAL INFORMATION

SunTrust Robinson Humphrey, Inc.
(A Wholly Owned Subsidiary of SunTrust Banks, Inc.)
Unaudited as of June 30, 2019

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Statement of Financial Condition

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Contents

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Statement of Financial Condition

Unaudited as of June 30, 2019
(In Thousands, Except Share Amounts)

Assets		
Cash and cash equivalents	$	34,937
Securities segregated under Federal and other regulations		30,375
Deposits with clearing organizations		30,326
Receivables from brokers and dealers		8,077
Customer receivables		23,132
Due from related parties		263
Securities purchased under agreements to resell		735,325
Securities borrowed		492,009
Securities owned and derivatives:		
U.S. government and agency obligations		1,207,712
Corporate debt and other securities		723,064
Commercial paper		136,006
State and municipal obligations		27,609
Derivatives		1,089
Total securities owned and derivatives (including encumbered securities of $1,164,432)		2,095,480
Goodwill		131,440
Accrued interest and other income receivable		73,116
Net deferred tax assets		15,851
Income tax receivable from Parent		5,369
Leases		48,293
Furniture, equipment, and leasehold improvements, less accumulated depreciation and amortization of $73,753		17,047
Net receivables for unsettled securities transactions		264,792
Other assets		6,525
Total assets	$	4,012,357
Liabilities and shareholder's equity		
Liabilities		
Securities sold under agreements to repurchase		1,558,190
Securities sold but not yet purchased and derivatives		1,072,655
Lines of credit payable to related parties		125,000
Accrued interest payable and other liabilities		18,284
Accrued compensation and benefits		47,890
Payables to brokers and dealers		18,306
Customer payables		6,172
Due to related parties		10,026
Lease liabilities		61,477
Total liabilities		2,918,000
Shareholder’s equity		
Common stock, $1 par value; 100,000 shares authorized, issued, and outstanding		100
Additional paid-in capital		596,370
Retained earnings		497,887
Total shareholder’s equity		1,094,357
Total liabilities and shareholder’s equity	$	4,012,357

The accompanying notes are an integral part of this financial statement.

SunTrust Robinson Humphrey, Inc.
(A Wholly Owned Subsidiary of SunTrust Banks, Inc.)

Statement of Changes in Shareholder's Equity

Unaudited as of June 30, 2019
(In Thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance, December 31, 2018	$ 100	$ 596,370	$ 475,188	$ 1,071,658
Net Income	–	–	22,699	$ 22,699
Balance, June 30, 2019	$ 100	$ 596,370	$ 497,887	$ 1,094,357

The accompanying notes are an integral part of this financial statement.

1. Organization and Nature of Business

SunTrust Robinson Humphrey, Inc. (the Company) is a wholly owned subsidiary of SunTrust Banks, Inc. (the Parent) that principally operates in one segment. The Company's operations consist of buying and selling securities for its customers and its own account and certain underwriting and other brokerage activities. The corporate finance function arranges public and private debt and equity placement services and other products for its customers. In addition, the Company is an active underwriter of debt for municipalities and not-for-profit institutions. The Company is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA).

The Company self-clears fixed-income transactions, with the exception of Euroclear transactions. The Company introduces equity transactions on a fully disclosed basis through a third-party clearing broker.

On February 7, 2019, the Parent announced that its Board of Directors approved a definitive agreement to combine with BB&T Corporation ("BB&T") in an all-stock Merger. A new corporate headquarters for the combined company will be established in Charlotte, North Carolina, and it will operate under a new name and brand, Truist Financial Corporation, while the combined company's board of directors and executive management team will be evenly split between the two institutions. The Merger with BB&T is expected to close late in the third quarter of 2019 or in the fourth quarter of 2019, subject to satisfaction of customary closing conditions, including receipt of remaining regulatory approvals.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingency disclosures as of the date of this financial statement during the reporting period. Actual results could vary from those estimates.

Cash and Cash Equivalents

The Company has defined cash and cash equivalents as highly liquid investments with original maturities of less than 90 days that are not held for sale in the ordinary course of business. The carrying amounts of cash and cash equivalents approximate their fair values.

Deposits with Clearing Organizations

Participants in clearing organizations are required to maintain a minimum cash deposit as part of their daily clearing fund requirement. The calculation of the amount required to be on deposit is based on the outstanding trades through the clearing organization.

Collateralized Securities Transactions

Securities purchased under agreements to resell and securities sold under agreements to repurchase are carried at the contractual amounts at which the securities will be subsequently resold or repurchased. It is the Company's policy to take possession of or control of securities purchased under agreements to resell at the time these agreements are entered. The counterparties to these agreements typically are primary dealers of U.S. government securities and financial institutions. Collateral is valued daily, and additional collateral is obtained from or refunded to counterparties when appropriate.

Securities borrowed result from transactions with other broker-dealers or financial institutions and are recorded at the amount of cash collateral advanced. These amounts are included in securities borrowed in the statement of financial condition. Securities borrowed transactions require the Company to deposit cash with the lender. The Company monitors the fair value of securities borrowed on a daily basis, with additional collateral obtained or refunded as necessary.

Interest accrued on securities purchased under agreements to resell and securities borrowed transactions is included in accrued interest and other income receivable in the statement of financial condition and interest income in the statement of comprehensive income. Interest accrued on securities sold under agreements to repurchase is included in accrued interest payable and other liabilities on the statement of financial condition and interest expense in the statement of comprehensive income. The carrying amount of collateralized securities transactions is deemed to be a reasonable estimate of their fair value.

Securities Owned and Securities Sold But Not Yet Purchased and Derivatives

Securities transactions and related gains and losses are recorded on a trade date basis. Unless otherwise indicated, trading assets are priced by the trading desk and independently validated against pricing received from third party pricing sources. Equity securities owned are valued at the last reported price on the exchange that they trade. Securities not readily marketable are valued at their estimated fair value based on quoted bid prices or pricing models as determined by management, except for short positions for which the last quoted ask price is used. Amounts receivable and payable for securities transactions that have not reached their contractual final settlement date are recorded net in net receivables for unsettled securities transactions on the statement of financial condition.

Goodwill

The Company is a single reporting unit where all the assets and liabilities have been assigned to the single reporting unit. The Company tests goodwill on an annual basis for impairment and as events occur or circumstances change that would more-likely-than-not reduce the fair value below its carrying amount. There were no such impairments for the six months ended June 30, 2019.

Income Taxes

The Company is included in the consolidated federal income tax return and various consolidated or combined state income tax returns filed by the Parent. In accordance with the Tax Allocation Agreement applicable to the Parent and each of its subsidiaries, the Company's income taxes are calculated as if the Company filed separate income tax returns with appropriate adjustments to properly reflect the impact of a consolidated filing. Payments to tax authorities are made by the Parent.

Leases and Furniture, Equipment, and Leasehold Improvements

The Company leases certain assets, consisting primarily of real estate, and assesses at contract inception whether a contract is, or contains, a lease. A right-of-use asset and lease liability is recorded on the balance sheet for all leases except those with an original lease term of twelve months or less.

Furniture and equipment are recorded at historical cost. Depreciation is computed predominantly using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are recorded at historical cost. Amortization is computed using the straight-line method over the lesser of the economic useful life of the improvement or the term of the lease. The Company reviews its long-lived assets, primarily leasehold improvements and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no such impairments for the six months ended June 30, 2019.

Related Party Transactions

The Company engages in various transactions with SunTrust Bank (STB), which provides certain management services and staff support functions for all of its affiliates, and the Company pays a fee based on the corporate service agreement. The Company pays negotiated referral fees to STB for sales involving customers of such entities and the Company earns revenue from the Parent and affiliates for providing certain corporate finance, underwriting, and trading services based on the terms within the agency services agreement.

Revenue Recognition

The Company's contracts with customers generally do not contain terms that require significant judgment to determine the amount of revenue to recognize, the timing of when a customer obtains control of services, or the amount of costs incurred to obtain or fulfill a contract with a customer.

Corporate finance fees, which primarily include in-scope M&A, remarketing, asset finance, and investment services fees as well as out of scope loan syndication fees, are negotiated based on specific services offered. The execution of in scope services related to these fees represents the completion of the related performance obligations with payments for these services settling shortly after execution.

The Company assists corporate clients in raising capital by offering equity or debt securities to potential investors. Underwriting fees are recorded as the performance obligations are completed on the trade date when the Company, as a member of an underwriting syndicate, purchases the securities from the issuer and sells the securities to third party investors. Each member of the syndicate is responsible for selling its portion of the underwriting and is liable for the proportionate costs of the underwriting; therefore, the Company's portion of underwriting expense is presented gross of underwriting fees as investment banking deal expenses on the statement of comprehensive income. The transaction price is based on a percentage of the total transaction amount and payments are settled shortly after the trade date.

Commissions are earned primarily for trade execution services, which represent the Company's performance obligation. Commissions earned on the trade date are recognized at that point in time, with related expenses presented gross of commission revenue in outside processing and software in the statement of comprehensive income. Payments are settled shortly after trade date.

The Company recognizes trading losses, net of gains, from the purchase and sale of securities as well as a result of changes in the fair value of securities. The Company's securities owned and securities owned but not yet purchased include various types of debt and equity securities. For additional information see section regarding securities owned and securities sold but not yet purchased in Note 7, *Fair Value of Financial Measurements*.

The Company has elected the practical expedient to exclude disclosure of unsatisfied performance obligations for contracts with an original expected length of one year or less. At June 30, 2019, the Company does not have any material contract assets or liabilities. The amount of receivables from contracts with customers was about $24.7 million recorded within accrued interest and other income receivable on the statement of financial condition relating to its revenue streams within the scope of ASC Topic 606.

3. Accounting Policies Recently Adopted and Pending Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments.* This ASU along with its subsequent related ASUs create and amend ASC Topic 326, Financial Instruments - Credit Losses, which replaces the incurred loss impairment methodology with a current expected credit loss methodology for financial instruments measured at amortized cost and other commitments to extend credit. For this purpose, expected credit losses reflect losses over the remaining contractual life of an asset, considering the effect of voluntary prepayments and considering available information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The resulting allowance for credit losses is deducted from the amortized cost basis of the financial assets to reflect the net amount expected to be collected on the financial assets. Additional quantitative and qualitative disclosures are required upon adoption. The Company plans to adopt these ASUs on January 1, 2020, and it continues to evaluate the impact that these ASUs will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU creates ASC Topic 842, *Leases,* and supersedes ASC Topic 840, *Leases*. The ASU requires lessees to recognize right-of-use assets and associated liabilities that arise from leases, with the exception of short-term leases. The Company adopted this ASU on January 1, 2019, using a modified retrospective transition approach as of the date of adoption, which resulted in the recognition of $53.3 million and $66.5 million in right-of-use assets and associated lease liabilities, arising from operating leases in which the Company is the lessee, on its statement of financial condition. The amount of the right-of-use assets and associated lease liabilities recorded upon adoption was based primarily on the present value of unpaid future minimum lease payments, the amount of which is based on the population of leases in effect at the date of adoption. Right-of-use assets and lease liabilities recorded on the Company’s Balance Sheet on June 30, 2019 totaled $48.3 million and $61.5 million, respectively.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other*. This ASU amends ASC Topic 350, *Intangibles-Goodwill and Other,* to simplify the subsequent measurement of goodwill, by eliminating Step 2 from the goodwill impairment test. The amendments require an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The Company is a single reporting unit where all the assets and liabilities have been assigned to the single reporting unit. Entities should recognize an impairment charge for the amount by which the reporting unit’s carrying amount exceeds its fair value, but the loss recognized should not exceed the total amount of goodwill allocable to that reporting unit. This ASU must be applied on a prospective basis. Based on the Company’s most recent annual goodwill impairment test performed as of

October 31, 2018, there was no impairment noted, as the fair value of the reporting unit exceeded its carrying amount; therefore, this ASU would not currently have an impact on the Company's financial statements or related disclosures. However, if upon adoption, which is expected to occur on January 1, 2020, the carrying amount of the reporting unit exceeds its fair value, the Company would be required to recognize an impairment charge for the amount that the carrying value exceeds the fair value.

4. Subsequent Events

The Company evaluated subsequent events through the date its financial statement was issued. Based upon this evaluation, it was determined, except as disclosed, that no additional material events or transactions occurred that require recognition or disclosure in this financial statement.

5. Securities Segregated Under Federal and Other Regulations

At June 30, 2019, a U.S. Treasury security with a fair value of $30.4 million has been segregated in a special reserve account for the exclusive benefit of customers of the Company under SEC Rule 15c3-3.

6. Securities Purchased Under Agreements to Resell, Securities Borrowed, and Securities Sold Under Agreements to Repurchase

Securities purchased under agreements to resell and securities sold under agreements to repurchase are collateralized primarily by U.S. government or agency securities. Securities borrowed are collateralized primarily by corporate securities. These securities purchased under agreements to resell, securities borrowed, and securities sold under agreements to repurchase are carried at the amounts at which the securities will be subsequently resold or repurchased. Securities borrowed are primarily used to cover firm short positions. Securities purchased under agreements to resell are used to cover firm short positions or are subsequently sold under agreements to repurchase to earn a spread. Securities sold under agreements to repurchase are primarily used to fund firm trading inventory. The Company takes possession of all securities purchased under agreements to resell and securities borrowed. When necessary, upon possession the Company performs appropriate margin evaluation on the acquisition date based on market volatility. 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 aforementioned agreement. The Company has policies and procedures to manage market risk associated with client trading and assume a limited degree of market risk by managing the size and nature of its exposure. At June 30, 2019, the Company had accepted collateral with a fair value of $1.2 billion that the Company is permitted to sell or repledge and had repledged $136 million of that collateral. The Company has pledged $1.1

billion of certain securities owned to secure $1.1 billion of repurchase agreements as of June 30, 2019.

The following is a summary of repurchase agreements and the fair market value of related collateral pledged as of June 30, 2019 (in thousands):

	Overnight maturities	Term ≤ 30 days	Term > 30 days	Total	Fair Market Value of Collateral
U.S. government and agency obligations	$ 787,366	$ 157,388	$ -	$ 944,755	$ 967,814
Corporate debt and other securities	345,823	267,612	-	613,435	661,042
	$ 1,133,190	$ 425,000	$ -	$ 1,558,190	$ 1,628,856

Securities purchased under agreements to resell and securities sold under agreements to repurchase are governed by a master repurchase agreement. Under the terms of the master repurchase agreement, all transactions between the Company and the counterparty constitute a single business relationship such that in the event of default, the nondefaulting party is entitled to set off claims and apply property held by that party in respect of any transaction against obligations owed. Any payments, deliveries, or other transfers may be applied against each other and netted. These amounts are limited to the contract asset/liability balance, and accordingly, do not include excess collateral received/pledged. None of the Company's repurchase and reverse repurchase transactions met the right of setoff criteria at June 30, 2019.

The following table includes the amount of collateral pledged or received related to exposures subject to enforceable master repurchase agreements as of June 30, 2019. While these agreements are typically over-collateralized, GAAP requires disclosure in this table to limit the amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

(In thousands)	Gross Amount	Amount Offset	Net Amount Presented in the Statement of Financial Condition	Held/Pledged Financial Instruments	Net Amount
Assets					
Securities purchased under agreements to resell	$ 735,325	$ -	$ 735,325	$ 734,018	$ 1,307
Securities borrowed	492,009	-	492,009	476,883	15,126
Total Assets	$ 1,227,334	$ -	$ 1,227,334	$ 1,210,901	$ 16,433
Liabilities					
Securities sold under agreements to repurchase	$ 1,558,190	$ -	$ 1,558,190	$ 1,557,777	$ 413
Total Liabilities	$ 1,558,190	$ -	$ 1,558,190	$ 1,557,777	$ 413

7. Fair Value of Financial Instruments

The Company's recurring fair value measurements are based on a requirement to carry certain assets and liabilities at fair value. The carrying value of financial instruments presented on the statement of financial condition that are not measured at fair value approximates fair value. The assets and liabilities that are required to be measured at fair value on a recurring basis include securities owned, securities segregated under Federal and other regulations, and securities sold but not yet purchased and derivatives. These assets and liabilities are classified on the basis of the measurement inputs employed as level 1, 2, or 3 within the fair value hierarchy as follows:

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 and significant value drivers are observable in active markets

Level 3 **–** Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating fair value. The assumptions used to estimate the value of an instrument have varying degrees of impact to the overall fair value of the asset or liability. This process involves gathering multiple sources of information, including broker quotes, values provided by pricing services, trading activity in other identical or similar securities, market indices, and pricing matrices, along with employing various modeling techniques such as discounted cash flow analyses, in arriving at the best estimate of fair value. When observable market prices for the asset or liability are not available, the Company employs various modeling techniques, such as discounted cash flow analyses, to estimate fair value. Models used to produce material financial reporting information are validated prior to use and following any material change in methodology. Their performance is monitored at least quarterly, and any material deterioration in model performance is escalated.

The Company has formal processes and controls in place to support the appropriateness of its fair value estimates. For fair values obtained from a third party, or those that include certain trader estimates of fair value, there is an independent price validation function that provides oversight for these estimates. For level 2 instruments and certain level 3 instruments, the validation generally involves evaluating pricing received from two or more third party pricing sources that are widely used by market participants. The Company evaluates this pricing information from both a qualitative and quantitative perspective and determines whether any pricing differences exceed acceptable thresholds. If thresholds are exceeded, the Company assesses differences in valuation approaches used, which may include contacting a pricing service to gain further insight into the valuation of a particular security or class of securities to resolve the pricing variance, which could include an adjustment to the price used for financial reporting purposes.

The Company classifies instruments within level 2 in the fair value hierarchy when it determines that external pricing sources estimated fair value using prices for similar instruments trading in active markets. A wide range of quoted values from pricing sources may imply a reduced level of market activity and indicate that significant adjustments to price indications have been made. In such cases, the Company evaluates whether the asset or liability should be classified as level 3.

Determining whether to classify an instrument as level 3 involves judgment and is based on a variety of subjective factors, including whether a market is inactive. A market is considered inactive if significant decreases in the volume and level of activity for the asset or liability have been observed.

For the six months ended June 30, 2019, there were no transfers between levels. The following table presents securities segregated under Federal and other regulations, securities owned, and securities sold but not yet purchased and derivatives measured at fair value on a recurring basis:

	Fair Value Measurements at June 30, 2019				
(In Thousands)	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustments[1]**	**Total Assets / Liabilities**
Securities segregated under Federal and other regulations:					
U.S. government and agency obligations	$ 30,375	$ -	$ -	$ -	$ 30,375
Securities owned and derivatives:					
U.S. government and agency obligations	$ 15,440	$ 1,192,271	$ -	$ -	$ 1,207,712
Corporate debt and other securities	42,350	680,714	-	-	723,064
Commercial paper	-	136,006	-	-	136,006
State and municipal obligations	-	27,609	-	-	27,609
Derivatives	-	3,123	-	(2,034)	1,089
Total securities owned and derivatives	$ 57,790	$ 2,039,723	$ -	$ (2,034)	$ 2,095,480
Securities sold but not yet purchased and derivatives:					
U.S. government and agency obligations	$ 565,173	$ -	$ -	$ -	$ 565,173
Corporate debt and other securities	18,659	488,804	-	-	507,463
Derivatives	-	4,399	-	(4,380)	19
Total securities sold but not yet purchased and derivatives	$ 583,832	$ 493,203	$ -	$ (4,380)	$ 1,072,655

1 Amounts represent offsetting cash collateral received from, and paid to, the same derivative counterparties, and the impact of netting derivative assets and derivative liabilities when a legally enforceable master netting agreement or similar agreement exists.

U.S. government and agency obligations

U.S Treasury Securities and agency obligations

The Company classifies U.S. Treasury securities as level 1. Securities issued by federal agencies consist of debt obligations issued directly by Fannie Mae, Freddie Mac, FHLB, and FFCB in addition to debt obligations collateralized by loans that are guaranteed by the Small Business Administration (SBA) and are, therefore, backed by the full faith and credit of the U.S. government. These debt obligations are classified as level 2 in the fair value hierarchy. For SBA instruments, the Company estimated fair value based on pricing from observable trading activity for similar securities or obtained fair values from a third party pricing service; accordingly, the Company has classified these instruments as level 2.

Securities issued by GSEs such as Fannie Mae and Freddie Mac are not explicitly guaranteed by the U.S. government; however, the GSEs carry an implied rating commensurate with that of U.S. government obligations and may be required to maintain such rating through its agency agreement. In certain instances, the U.S. Treasury owns the senior preferred stock of these enterprises and has made a commitment under that stock purchase agreement to provide these GSEs with funds to maintain a positive net worth.

Pass-through securities and collateralized mortgage obligations issued by GSEs and U.S. government agencies, such as Fannie Mae, Freddie Mac, and Ginnie Mae each contain a guarantee by the issuing GSE or agency. For agency mortgage-backed securities, the Company estimated fair value based on pricing from observable trading activity for similar securities or obtained fair values from a third party pricing service; accordingly, the Company has classified these as level 2.

State and municipal obligations

The Company's investments in U.S. state and municipal obligations include obligations of county and municipal authorities and agency bonds, which are general obligations of the municipality or are supported by a specified revenue source and are predominantly highly rated. Holdings are geographically dispersed with no significant concentrations in any one state or municipality. The Company derives value for these obligations based on trading activity in secondary markets and new issue pricings in the primary market. These obligations are classified as level 2 in the fair value hierarchy.

Corporate debt and other securities

Corporate debt securities are predominantly debt obligations of domestic corporations and are classified as level 2. The Company estimates the fair value of corporate debt securities based on observable pricing from executed trades of similar instruments. The Company's other securities include equity securities and money market mutual funds for which pricing is readily available and are therefore classified as level 1.

Commercial paper

The Company trades commercial paper (CP) that is generally short-term in nature (less than 30 days) and highly rated. The Company estimates the fair value of the CP based on observable pricing from executed trades of similar instruments and it is, therefore, classified as level 2 in the fair value hierarchy.

Derivatives

The Company records all contracts that satisfy the definition of a derivative at fair value in the securities owned and derivatives or securities sold but not yet purchased and derivatives in the accompanying statement of financial condition. Accounting for changes in the fair value of a derivative is dependent upon whether or not it has been designated in a formal, qualifying hedging relationship. None of the Company's derivatives have been designated in a formal, qualifying hedging relationship. The Company offsets all outstanding derivative transactions with a single counterparty as well as any cash collateral paid to and received from that counterparty for derivative contracts that are subject to the International Swaps and Derivatives Association or other legally enforceable netting arrangements and meet accounting guidance for offsetting treatment.

To-Be-Announced (TBA) Securities

Securities transactions that are scheduled to settle beyond the normal settlement date are considered forward contracts and, therefore, are not reflected in securities owned or securities sold but not yet purchased in the statement of financial condition. The Company enters into various off-balance sheet financial instruments of this nature involving agency mortgage-backed, to-be-announced (TBA) securities. These instruments are used to meet the needs of customers and manage market risks. The net unrealized gains and losses on these transactions are classified as level 2 in the fair value hierarchy and are reflected in securities owned and securities sold but not yet purchased on the statement of financial position, and in trading losses, net of gains, on the statement of comprehensive income, and are subject to varying degrees of market and counterparty credit risk. The Company estimates fair value on these securities based on pricing from observable trading activity of similar securities or from a third party pricing service. At June 30, 2019, the notional value of the derivatives was $3.1 billion. The gross fair value of derivative assets was $3.1 million, less $1.9 million of legally enforceable master netting agreements and $187 thousand of cash collateral held. The gross fair value of derivative liabilities was $4.4 million, less $1.9 million of legally enforceable master netting agreements and $2.5 million of cash collateral pledged.

8. Leases and Furniture, Equipment, and Leasehold Improvements

The Company adopted ASC Topic 842, *Leases*, on January 1, 2019 using a modified retrospective transition approach. As permitted by ASC 842, the Company elected not to reassess (i) whether any expired or existing contracts are leases or contain leases, (ii) the lease classification of any expired or existing leases, and (iii) the initial direct costs for existing leases. At June 30, 2019, the Company had $48.3 million and $61.5 million operating right of use assets and lease liabilities, respectively.

The Company leases certain office facilities and equipment under noncancelable leases that expire through 2025, some of which have stated rate increases. In addition, the Company has various obligations, mostly monthly commitments of less than one year, under other equipment leases. Most of these leases include one or more renewal options for five years or less, and certain leases also include lessee termination options. At lease commencement, the Company assesses whether it is reasonably certain to exercise a renewal option, or reasonably certain not to exercise a termination option, by considering various economic factors. Options that are reasonably certain of being exercised are factored into the determination of the lease term, and related payments are included in the calculation of the right-of-use asset and lease liability.

The weighted average remaining lease term for leases as of June 30, 2019 was 4.3 years. Minimum rental commitments on noncancelable leases for each of the following years ending June 30 are as follows (in thousands):

2020	$	13,174
2021		16,490
2022		16,305
2023		12,645
2024		6,423
Thereafter		641
Total minimum lease payments	$	65,678

The Company uses its incremental borrowing rate to calculate the present value of lease payments when the interest rate implicit in the lease is not disclosed. Variable lease payments that are linked to a certain rate or index, such as the CPI, are included in the present value of lease payments and measured using the prevailing rate or index at lease commencement, with changes in the associated rate or index recognized in earnings during the period in which the change occurs. The weighted average discount rate used to calculate the net present value of the future lease payments that determine the lease liability was 3.06% as of June 30, 2019. The right-of-use asset and lease liability are not remeasured as a result of any subsequent change in the index or rate unless remeasurement is required for another reason.

Furniture, equipment, and leasehold improvements consisted of the following (in thousands):

	Useful Life	**As of June 30, 2019**
Leasehold improvements	1-30 years	$ 31,448
Furniture and equipment	1-20 years	58,799
Construction-in-process		553
		90,800
Less: Accumulated depreciation		(73,753)
Total premises and equipment		$ 17,047

9. Employee Benefits

The Company participates in employee benefit plans of the Parent for the benefit of substantially all employees of the Company, which includes participation in the stock-based awards of the Parent through the SunTrust Banks, Inc. 2009 Stock Plan (as amended and restated effective January 1, 2014), under which the Parent's Compensation Committee of the Board of Directors has the authority to grant stock options, stock appreciation rights, restricted stock, phantom stock units, and restricted stock units, of which some may have performance or other conditions, such as vesting tied to the Parent's total shareholder return relative to a peer group, or vesting tied to the achievement of an absolute financial performance target. All incentive awards are subject to clawback provisions.

Consistent with the Parent's decision to discontinue the issuance of stock options in 2014, no stock options were granted during the six months ended June 30, 2019. In prior years, stock options were granted at an exercise price which was no less than the fair value of a share of SunTrust Banks, Inc. common stock on the grant date and were either tax-qualified incentive stock options or nonqualified stock options. Stock options typically vested pro-rata over three years and generally had a maximum contractual life of 10 years. Upon option exercise, shares are issued to employees from the Parent's treasury stock.

Shares or units of restricted stock may be granted to employees and directors. Generally, grants to employees either cliff vest after three years or vest pro-rata annually over three years. Restricted stock and restricted stock units grants may be subject to one or more criteria, including employment, performance, or other conditions as established by the Parent's Compensation Committee at the time of grant. An employee or director has the right to vote the shares of restricted stock after grant unless, and until, they are forfeited. Compensation cost for restricted stock and restricted stock units is generally equal to the fair value of the shares on the grant date of the award and is amortized to compensation expense over the vesting period. Dividends are paid on awarded but unvested restricted stock. The Parent accrues and reinvests dividends in equivalent shares of the Parent's common stock for unvested restricted stock unit awards, which are paid out when the underlying restricted stock unit award vests. The Parent allocates restricted stock units and phantom stock units expense to the Company.

10. Transactions with Related Parties

During the six months ended June 30, 2019, the Company engaged in various transactions with STB, which provides certain management services and staff support functions for its affiliates. The total costs for these services are allocated among the affiliates in accordance with a corporate services agreement. The Company pays various negotiated referral fees to STB for sales involving customers of STB. In addition to paying for services and referral fees, the Company earns revenue from the Parent and affiliates for providing certain corporate finance, underwriting, and trading services.

Balances with respect to related parties at June 30, 2019, are (in thousands):

Cash and cash equivalents	$	34,937
Due from related parties		263
Income tax receivable from Parent		5,369
Securities owned		39,504
Securities sold but not yet purchased		10,540
Due to related parties		10,026
Lines of credit payable to related parties		125,000

As of June 30, 2019, the Company had a $300 million unsecured demand revolving line of credit with the Parent. The line of credit has a stated interest rate at the Parent's monthly average cost of funds, which was 3.30% at June 30, 2019, with interest due monthly. At June 30, 2019, the outstanding balance on this unsecured line of credit was $125 million and is included in lines of credit payable to related parties in the statement of financial condition.

The Company also has a $400 million committed unsecured line of credit with STB. The line of credit has a stated interest rate equal to one month LIBOR plus 1.75% per annum. At June 30, 2019, the interest rate was 4.15% with interest due monthly and there was no outstanding balance included in lines of credit payable to related parties in the statement of financial condition.

The Company also has a $5 million overdraft facility note with STB. The overdraft facility has a stated interest rate equal to STB's overnight cost of funds at the date of advance plus ten basis points. Advances and accrued interest under the facility are due the following business day. At June 30, 2019, there were no outstanding borrowings under the facility.

11. Commitments and Contingencies

Litigation and Regulatory Matters

In the ordinary course of business, the Company is party to numerous civil claims and lawsuits and subject to regulatory examinations, investigations, and requests for information. Some of these matters involve claims for substantial amounts. The Company's experience has shown that the damages alleged by plaintiffs or claimants are often overstated, based on unsubstantiated legal theories, unsupported by facts, and/or bear no relation to the ultimate award that a court might grant. Additionally, the outcome of litigation and regulatory matters and the timing of ultimate resolution are inherently difficult to predict. These factors make it difficult for the Company to provide a meaningful estimate of the range of reasonably possible outcomes of claims in the aggregate or by individual claim. However, on a case-by-case basis, an accrual is established for those legal claims in which it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. The actual costs of resolving these claims may be substantially higher or lower than the amounts accrued. This does not represent the Company's maximum loss exposure. For these, and other matters, where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated.

Based on current knowledge, it is the opinion of management that liabilities arising from legal claims in excess of the amounts currently accrued, if any, will not, individually or in the aggregate, have a material impact on the Company's financial condition, comprehensive income, or cash flows. However, in light of the significant uncertainties involved in these matters and the large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Company's financial condition, comprehensive income, or cash flows for any given reporting period.

The following is a description of certain litigation and regulatory matters:

Millennium Lender Claim Trust

In August 2017, the Trustee of the Millennium Lender Claim Trust filed a suit in the New York State Court against the Company, SunTrust Bank, and other lenders of the $1.8 Billion Millennium Health LLC f/k/a Millennium Laboratories LLC (Millennium) syndicated loan. The Trustee alleges that the loan was actually a security and that defendants misrepresented or omitted to state material facts in the offering materials and communications provided concerning the legality of Millennium's sales, marketing, and billing practices and the known risks posed by a pending government investigation into the illegality of such practices. The Trustee brings claims for violation of the California Corporate Securities Law, the Massachusetts Uniform Securities Act, the Colorado Securities Act, and the Illinois Securities Law, as well as negligent misrepresentation and seeks rescission of sales of securities as well as unspecified rescissory damages, compensatory damages, punitive damages, interest, and attorneys' fees and costs. The defendants have removed the case to the U.S. District Court for the Southern District of New York and the Trustee's motion to remand the case back to state court was denied. The defendants filed a motion to dismiss the claims on April 12, 2019.

12. Guarantees to Third Parties

The Company uses a third-party clearing broker to clear and execute customers' equity securities transactions and to hold customer accounts. Under the agreement, the Company will indemnify the broker for amounts paid to purchase the security. The maximum potential liability could be equal to the aggregate trading volume of the customers' transactions during the settlement period; however, this amount cannot be estimated due to the volatility in daily trading volumes. The liability is minimized by the fact that, in the event of nonperformance by the customer, the underlying security would be transferred to the Company who would, in turn, immediately liquidate the position, limiting the loss exposure to the market fluctuation in the underlying price of the security. Additionally, the Company may seek recourse from the customer by reimbursing itself from any cash or securities in the defaulting customers' account. The Company believes that it is unlikely it will have to make material payments under this arrangement and has not recorded any contingent liability in the financial statements for this indemnification. For the six months ended June 30, 2019, the Company experienced *de minimis* net losses as a result of the indemnity. The clearing agreement expires May 2020.

The Company utilizes Fixed Income Clearing Corporation (FICC) for trade comparison, netting and settlement of fixed income securities. On November 15, 2018, a SEC rule change became effective providing FICC with a committed liquidity resource (CCLF). FICC, a designated systematically important financial market utility, needs the CCLF to help meet its cash settlement obligations in the event of a default of the Government Securities Division (GSD) netting member to which FICC has the largest exposure in extreme but plausible market conditions. In the event of a GSD netting member default, FICC would first obtain liquidity through its other available non-CCLF liquidity resources. These resources include cash and securities in the GSD's clearing fund, uncommitted repurchase transactions using the securities that were destined for delivery to the defaulting netting member, and uncommitted bank loans. In the event that these other liquidity resources were insufficient to meet FICC's clearing counterparty obligations to the GSD's non-defaulting netting members, FICC would initiate CCLF repurchase transactions with the GSD's non-defaulting netting members up to a pre-determined capped amount to make up the shortfall in liquidity and meet GSD's financial obligations as a central counterparty clearing house. To the extent that FICC initiates a CCLF transaction, the term of the repurchase will be overnight subject to 30 calendar day maximum duration for U.S. Treasuries and 60 calendar day maximum duration for mortgaged-backed securities. FICC will use a rule-based approach to allocate CCLF obligations, with those netting members that place a higher liquidity burden on FICC responsible for a larger share of the CCLF. FICC apprises the Company of its share of the maximum funding need for CCLF on a monthly basis. The Company's CCLF requirement varies on a month to month basis and is based on GSD's peak liquidity needs from the previous six months, assuming that the potential defaulting netting member is also GSD's largest CCLF contributor. The Company believes that it is unlikely it will have to be counterparty to potential CCLF repurchase transactions under this agreement and has not recorded any contingent liability in the financial statements for this SEC rule change. As of June 30, 2019, the Company had a current CCLF requirement, from FICC, of $130.6 million.

13. Net Capital Requirements

The Company is subject to SEC Rule 15c3-1, which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by SEC Rule 15c3-1, which requires that the Company maintain minimum net capital, as defined, equal to the greater of the minimum dollar net capital requirement or 2% of aggregate debit balances arising from customer transactions, as defined. At June 30, 2019, the Company had net capital, as defined, of $535.7 million, which was $534.7 million in excess of the required net capital.

Supplemental Information

SunTrust Robinson Humphrey, Inc.
(A Wholly Owned Subsidiary of SunTrust Banks, Inc.)

Schedule I

Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission

Unaudited as of June 30, 2019

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II

2019-07-24 05:49PM EDT
Status: Accepted

BROKER OR DEALER
SUNTRUST ROBINSON HUMPHREY, INC. as of 06/30/19

COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition - Item 1800)			$ 1,094,356,844	3480
2. Deduct: Ownership equity not allowable for Net Capital			(0)	3490
3. Total ownership equity qualified for Net Capital			1,094,356,844	3500
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			0	3520
B. Other (deductions) or allowable credits (List)			0	3525
5. Total capital and allowable subordinated liabilities			$ 1,094,356,844	3530
6. Deductions and/or charges:				
A. Total non-allowable assets from Statement of Financial Condition (Notes B and C)		$ 248,494,248 (3540)		
1. Additional charges for customers' and non-customers' security accounts		25,416 (3550)		
2. Additional charges for customers' and non-customers' commodity accounts		0 (3560)		
B. Aged fail-to-deliver:		674,711 (3570)		
1. number of items	4 (3450)			
C. Aged short security differences-less reserve of	$ (3460)	0 (3580)		
number of items	0 (3470)			
D. Secured demand note deficiency		0 (3590)		
E. Commodity futures contracts and spot commodities - proprietary capital charges		0 (3600)		
F. Other deductions and/or charges		26,797,091 (3610)		
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)		0 (3615)		
H. Total deductions and/or charges			(275,991,466)	3620
7. Other additions and/or allowable credits (List)			0	3630
8. Net Capital before haircuts on securities positions			$ 818,365,378	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):				
A. Contractual securities commitments		$ 80,922,360 (3660)		
B. Subordinated securities borrowings		0 (3670)		
C. Trading and investment securities:				
1. Bankers' acceptances, certificates of deposit and commercial paper		266,700 (3680)		
2. U.S. and Canadian government obligations		19,073,577 (3690)		
3. State and municipal government obligations		943,315 (3700)		
4. Corporate obligations		173,189,060 (3710)		
5. Stocks and warrants		5,585,827 (3720)		
6. Options		0 (3730)		
7. Arbitrage		0 (3732)		
8. Other securities		2,636,550 (3734)		
D. Undue concentration		0 (3650)		
E. Other (List)		0 (3736)	(282,617,389)	3740
10. Net Capital			$ 535,747,989	3750

OMIT PENNIES

There are no material differences between this computation and the Company's unaudited Form X-17A-5 as of June 30, 2019.

2019-07-24 05:49PM EDT
Status: Accepted

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II

BROKER OR DEALER
SUNTRUST ROBINSON HUMPHREY, INC.

as of 06/30/19

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimal net capital required (6-2/3% of line 19)	$		3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	$		3758
13. Net capital requirement (greater of line 11 or 12)	$		3760
14. Excess net capital (line 10 less 13)	$		3770
15. Net capital less greater of 10% of line 19 or 120% of line 12	$		3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition				$		3790
17. Add:						
A. Drafts for immediate credit	$		3800			
B. Market value of securities borrowed for which no equivalent value is paid or credited	$		3810			
C. Other unrecorded amounts (List)	$		3820	$		3830
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts(15c3-1(c)(1)(vii))				$		3838
19. Total aggregate indebtedness				$		3840
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)				%		3850
21. Percentage of aggregate indebtedness to net capital after anticipated capital withdrawals (line 19 divided by line 10 less item 4880 page 12)				%		3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	$	444,781	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A)	$	1,000,000	3880
24. Net capital requirement (greater of line 22 or 23)	$	1,000,000	3760
25. Excess net capital (line 10 less 24)	$	534,747,989	3910
26. Percentage of Net Capital to Aggregate Debits (line 10 divided by line 18 page 8)	%	2409.04	3851
27. Percentage of Net Capital, after anticipated capital withdrawals, to Aggregate Debits item 10 less Item 4880 page 12 divided by line 17 page 8)	%	2409.04	3854
28. Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	$	534,547,989	3920

OTHER RATIOS

Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	0.00	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) divided by Net Capital	%		3852

NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternate method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

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There are no material differences between this computation and the Company's unaudited Form X-17A-5 as of June 30, 2019.

SunTrust Robinson Humphrey, Inc.
(A Wholly Owned Subsidiary of SunTrust Banks, Inc.)

Schedule II
Computation of Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

Unaudited as of June 30, 2019

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II

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BROKER OR DEALER

SUNTRUST ROBINSON HUMPHREY, INC.

as of 06/30/19

FORMULA FOR DETERMINATION OF CUSTOMER ACCOUNT RESERVE REQUIREMENTS OF BROKERS AND DEALERS UNDER RULE 15c3-3

(See Rule 15c3-3, Exhibit A and Related Notes)

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (See Note A)	$ 0	4340		
2. Monies borrowed collateralized by securities carried for the accounts of customers (See Note B)	0	4350		
3. Monies payable against customers' securities loaned (See Note C)	0	4360		
4. Customers' securities failed to receive (See Note D)	7,651,190	4370		
5. Credit balances in firm accounts which are attributable to principal sales to customers	0	4380		
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days	0	4390		
7. ** Market value of short security count differences over 30 calendar days old	0	4400		
8. ** Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days	3,903,837	4410		
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days	0	4420		
10. Other (List)	0	4425		
11. TOTAL CREDITS			$ 11,555,027	4430

DEBIT BALANCES

12. ** Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection (See Note E)	$ 0	4440		
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver	0	4450		
14. Failed to deliver of customers' securities not older than 30 calendar days	22,239,055	4460		
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F)	0	4465		
16. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Act (15 U.S.C. 78q-1) or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) related to the following types of positions written, purchased or sold in customer accounts: (1) security futures products and (2) futures contracts (and options thereon) carried in a securities account pursuant to an SRO portfolio margining rule (See Note G)		4467		
17. Other (List)	0	4469		
18. ** Aggregate debit items			$ 22,239,055	4470
19. ** Less 3% (for alternative method only - see Rule 15c3-1(a)(1)(ii))			(667,172)	4471
20. ** TOTAL 15c3-3 DEBITS			21,571,883	4472

RESERVE COMPUTATION

21. Excess of total debits over total credits (line 20 less line 11)	$ 10,016,856	4480
22. Excess of total credits over total debits (line 11 less line 20)	0	4490
23. If computation is made monthly as permitted, enter 105% of excess of total credits over total debits		4500
24. Amount held on deposit in "Reserve Bank Account(s)", including $ 30,375,000 [4505] value of qualified securities, at end of reporting period	30,375,000	4510
25. Amount of deposit (or withdrawal) including $ 0 [4515] value of qualified securities	0	4520
26. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including $ 30,375,000 [4525] value of qualified securities	$ 30,375,000	4530
27. Date of deposit (MMDDYY)	12/17/18	4540

FREQUENCY OF COMPUTATION

OMIT PENNIES

28. Daily ______ 4332 Weekly X 4333 Monthly ______ 4334

** In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (a)(1)(ii) of Rule 15c3-1.

There are no material differences between this computation and the Company's unaudited Form X-17A-5 as of June 30, 2019.