BBVA SECURITIES INC.

(A wholly-owned subsidiary of BBVA Compass Bancshares, Inc. and
an indirect wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

(SEC I.D. No. 8-42857)

UNAUDITED
STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2017

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Filed pursuant to Rule 17a-5(e)(3)
under the Securities Exchange Act of 1934 as
a **PUBLIC DOCUMENT**.

BBVA SECURITIES INC.

(A WHOLLY-OWNED SUBSIDIARY OF BBVA COMPASS BANCSHARES, INC. AND AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.)

UNAUDITED STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2017

ASSETS

Cash and cash equivalents	$ 136,124,337
Cash segregated in compliance with Federal regulations	30,000,000
Short-term investment with affiliate	500,000
Securities owned, at fair value (securities pledged: $2,296,180,769)	2,321,587,518
Securities purchased under agreements to resell	134,342,500
Receivables:	
Customers	14,635,863
Non-customers	35,938,641
Broker-dealers and clearing organizations	54,674,035
Affiliates	3,471,990
Fees	17,779,599
Interest	8,118,269
Office furniture, equipment and leasehold improvements, net	4,878,311
Tax receivable (includes net deferred tax asset of $6,931,593)	8,170,256
Other assets	2,507,859
TOTAL ASSETS	$ 2,772,729,178

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:	
Securities sold, not yet purchased, at fair value	$ 2,385,259,943
Securities sold under agreements to repurchase	31,618,750
Notes payable	50,000,000
Payables:	
Customers	755,039
Non-customers	31,839,014
Broker-dealers and clearing organizations	12,014,084
Affiliates	3,592,851
Interest	25,479,962
Accrued expenses and accounts payable	27,433,547
Taxes payable	787,697
Other liabilities	30,000
Total liabilities	2,568,810,887
STOCKHOLDER'S EQUITY:	
Common stock, $0.01 par value, 10,000 shares authorized, 1,000 shares issued and outstanding	10
Additional paid-in capital	195,389,030
Retained Earnings	8,529,251
Total stockholder's equity	203,918,291
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 2,772,729,178

See accompanying notes to the statement of financial condition.

1. ORGANIZATION AND NATURE OF BUSINESS

BBVA Securities Inc. (the "Company") is a New York Corporation and a wholly owned subsidiary of BBVA Compass Bancshares, Inc. (the "Parent") which is a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"), a global financial services institution headquartered in Spain.

The Company is a registered broker-dealer in the United States of America under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is also regulated by the Federal Reserve Bank ("FRB"), which granted the Company powers to operate as a broker-dealer under the Bank Holding Company Act Section 4(c)(8) and to engage in securities underwriting and dealing subject to the FRB's "Section 20" orders.

The Company has an institutional and retail business. The institutional business consists of investment banking, financing transaction and institutional sales of fixed income securities, mainly United States of America ("US") treasury securities. Investment banking activities include securities originations, loan syndications, project finance and merger & acquisitions ("M&A") advisory services. Financing transactions include securities purchased under agreement to resell and securities sold under agreement to repurchase. The Company is a member of the Fixed Income Clearing Corporation ("FICC"). For its fixed income sales business, the Company is self-clearing.

Through its retail business, the Company is engaged in brokerage services whereby it acts as an agent (on a fully disclosed basis) for securities transactions placed by customers of the Company. For this business, the Company has a clearing agreement with a third-party broker-dealer who is authorized to maintain customer accounts. The clearing broker clears transactions for the Company's customers and maintains the accounts on a fully disclosed basis. The Company is not authorized to maintain customers' accounts and does not hold customers' funds or securities in connection with such transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies applied by the Company in the preparation of its financial statements.

Basis of Presentation — These financial statements are in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates — The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities, and certain disclosures. These estimates relate mainly to the valuation of certain financial instruments, accrual of income taxes, realization of deferred tax assets, and accrual of compensation. The Company believes that the estimates utilized in the preparation of the financial statement are prudent and reasonable. Actual results could differ materially from these estimates.

Cash and cash equivalents — Cash consists of cash and cash equivalents held at banks. The carrying amount of cash and cash equivalents approximates fair value.

Cash Segregated in Compliance With Federal Regulations — Cash of $30,000,000 is segregated in a special reserve bank account for the exclusive benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission ("SEC").

Securities Owned, at Fair Value — Securities owned are recorded on a trade-date basis and are carried at fair value.

Securities purchased under agreements to resell and Securities sold under agreements to repurchase — Securities purchased under agreement to resell (“reverse repurchase agreements”) and Securities sold under agreements to repurchase (“repurchase agreements”) are carried on the statement of financial condition at the amounts of cash paid or received (contract value), which includes accrued interest on the collateral, and are generally collateralized by US government securities. Where appropriate, transactions meeting the netting requirements per Accounting Standard Codification (“ASC”) - *Balance Sheet Offsetting 210-20-45-11* are reported on a net basis. The Company’s agreements with counterparties generally contain provisions allowing for additional collateral to be obtained, or excess collateral returned, based on market valuations of such collateral. The Company revalues the collateral underlying its repurchase and reverse repurchase agreements on a daily basis. In the event the fair value of such securities falls below the related agreement to resell at contract amounts plus accrued interest, the Company will generally request additional collateral.

Contract values of reverse repurchase agreements and repurchase agreements approximate fair value. Accrued interest associated with the reverse repurchase agreements and repurchase agreements is accrued as interest receivable and interest payable.

Securities transactions — Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net in the statement of financial condition as payable to broker-dealers and clearing organizations.

Securities Sold, not yet Purchased at fair value — Securities sold, not yet purchased are recorded on a trade-date basis and are carried at fair value.

Receivables from Customers and Payables to Customers — Receivables from customers include amounts receivable for securities not delivered by the Company to the purchasers in Delivery versus Payment (“DVP”) trades by the contractual settlement dates (“securities failed to deliver”) when the purchasers are classified as customers. Payables to customers include amounts payables for securities not received by the Company from the sellers in and Receipt versus Payment (“RVP”) trades by the contractual settlement dates (“securities failed to receive”) when the sellers are classified as customers.

Receivables from Non-Customer and Payables to Non-Customers — Receivables from non-customers represent amounts receivable for securities failed to deliver to non-customers. Payables to non-customers represent amounts payables for securities failed to receive from non-customers.

Receivables from Broker-Dealers and Clearing Organizations and Payables to Broker-Dealers and Clearing Organizations — The receivables from broker-dealers and clearing organizations balance primarily represents deposits held at clearing organizations in addition to securities failed to deliver to broker-dealers. The payables to broker-dealers and clearing organizations balance includes securities failed to receive from broker-dealers.

Receivables from Affiliates and Payables to Affiliates — Receivables from affiliates includes fees and other amounts owed from affiliates. Payables to affiliates include fees and other amounts owed to affiliates.

Receivables from Fees — Receivables from fees primarily represents fees earned not yet received for investment banking services and variable annuity commissions.

Office Furniture, Equipment and Leasehold Improvements, net — Office furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation or amortization. Office furniture and equipment are depreciated on a straight-line basis over their estimated useful lives, up to ten years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the terms of the related lease. Office furniture and equipment are tested for impairment whenever events or changes in circumstances suggest that an asset's carrying value may not be fully recoverable in accordance with current accounting guidance.

Accrued expenses and accounts payable — Accrued expenses and accounts payable include accruals for employee related compensation, employee benefits and third party services, as well as other payables.

Income Taxes — The Company is included in the consolidated federal income tax return and certain consolidated/unitary/combined state income tax returns of the Parent and also in the Parent's consolidated financial statements. The income taxes for the Company's financial statement are calculated on a Parent-Company-Down approach. Income taxes are allocated by the Parent based on a comprehensive income tax allocation policy. This policy provides that income taxes are allocated based on subsidiaries' proportional share of the tax calculated on the return.

The Company accounts for income tax expense (benefit) using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured using the tax rates and laws that are expected to be in effect when the differences are anticipated to reverse.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely that not to be realized. In making such determination, the Company considers all available positive and negative evidence, including future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would not be able to realize their deferred tax assets, a valuation allowance is established. The Company accounts for its uncertain tax positions under the provisions of ASC Topic 740, *Income taxes*. The Company had no liability for uncertain tax positions as of June 30, 2017 and does not expect any significant changes in this liability in the next twelve months.

Foreign Currency Transactions — Assets and liabilities denominated in foreign currencies are translated at half year-end exchange rates.

Fair Value Measurements — The Company defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, (i.e. the "exit price") in an orderly transaction between market participants at the measurement date in accordance with ASC No. 825, *Financial Instruments*. The Company is required to disclose the fair value of its financial instruments according to a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories – Level 1: unadjusted quoted market prices for identical

assets or liabilities in active markets; Level 2: observable market-based inputs or unobservable inputs that are corroborated by market data, quoted market prices for similar assets and quoted market prices for assets in an inactive market; and Level 3: unobservable inputs that are not corroborated by market data.

The Company considers prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or Level 2 to Level 3 of the fair value hierarchy. In addition, a downturn in market conditions could lead to declines in the valuation of many instruments.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

Recent Accounting Pronouncements — In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-01, *Recognition and Measurement of Financial Assets and Liabilities*, the amendments in this ASU revise an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. The ASU also amends certain disclosure requirements associated with the fair value of financial instruments. The amendments in this ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted for the presentation of certain fair value changes for financial liabilities measured at fair value. The adoption of this standard is not expected to have a material impact on the financial condition or results of operations of the Company.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet by lessees for those leases classified as operating leases under current U.S. GAAP and disclosing key information about leasing arrangements. The amendments in this ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. Early application of this ASU is permitted for all entities. The Company is currently assessing the impact that the adoption of this standard will have on the financial condition of the Company.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*, which introduces new guidance for the accounting for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for AFS debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The amendments in this ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. Early application of this ASU is permitted. The Company is currently assessing the impact that the adoption of this standard will have on the financial condition and results of operations of the Company.

3. SHORT-TERM INVESTMENT WITH AFFILIATE

At June 30, 2017, the Company had a time deposit with Banco Bilbao Vizcaya Argentaria, S.A. – New York & Grand Cayman Island Branches ("BBVA NY Branch") totaling $500,000, which matures on a monthly basis, with the option to rollover. This deposit is pledged as collateral for the operating account held at BBVA NY Branch.

4. SECURITIES OWNED, AT FAIR VALUE

Securities owned, at fair value consisted of $2,309,024,610 of US treasury securities, $11,561,400 of corporate bonds, $1,000,332 of state and municipal government securities and $1,176 in other securities. All securities owned are designated as trading securities.

5. SECURITIES SOLD, NOT YET PURCHASED, AT FAIR VALUE

Securities sold, not yet purchased, at fair value consisted of $2,378,313,486 in US treasury securities and $6,946,457 of corporate bonds. All securities sold, not yet purchased are designated as trading securities.

6. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL AND SECURITIES SOLD UNDER AGREEEMENTS TO REPURCHASE

The Company enters into reverse repurchase agreements and repurchase agreements to finance long US treasury securities inventory and to cover short US treasury securities positions in order to prevent settlement exposure. As previously noted, the Company is a member of FICC, which allows the Company to manage credit exposure arising from such transactions by entering into master netting agreements with counterparties. These agreements provide the Company, in the event of a counterparty default, with the right to net counterparty's rights and obligations. As a result, the Company can liquidate and set off collateral by the Company against the net amount owed by the counterparty. The Company engages a third-party custodian that enables the Company to take control of such collateral in the event of counterparty default. The following table presents information about the offsetting of these instruments.

	Gross Amounts (1)	Gross amounts of offset in the Statement of Financial Condition (2)	Net amounts presented in the Statement of Financial Condition
Assets			
Securities purchased under agreement to resell	$ 2,921,153,750	$ (2,786,811,250)	$ 134,342,500
Liabilities			
Securities sold under agreement to repurchase	2,818,430,000	(2,786,811,250)	31,618,750

(1) Amounts include $4,000,000 of securities purchased under agreement to resell and $30,205,000 of securities sold under agreement to repurchase with BBVA.
(2) Amounts relate to master netting agreements, which have been determined by the Company to be legally enforceable in the event of default and where certain other criteria are met in accordance with applicable offsetting accounting guidance.

Substantially all the collateral held by the Company for reverse repurchase transactions consists of securities issued by the US Government. The fair value of securities received as collateral, prior to netting, was $2,997,264,128, and the fair value of the portion of the collateral that had been sold or repledged was $2,910,711,762. The Company does not maintain a credit allowance on such financing agreements due to the type of collateral received.

Securities sold under agreements to repurchase are accounted for as secured borrowings. The following table presents the Company's related activity, by collateral type and remaining contractual maturity.

	Remaining Maturity of the agreements			
	Overnight and continuous	Up to 30 days	30-90 days	Total
Securities sold under agreement to repurchase:				
U.S. Treasury and other U.S. government agencies	$ 1,799,708,750	$ 329,283,750	$ 689,437,500	$ 2,818,430,000

In the event of a significant decline in fair value of the collateral pledged for the securities sold under agreements to repurchase, the Company would be required to provide additional collateral. The Company minimizes the risk by monitoring the liquidity and credit quality of the collateral, as well as the maturity profile of the transactions.

7. RECEIVABLES FROM CUSTOMERS AND PAYABLES TO CUSTOMERS

Receivables from and payables to customers totaling $14,635,863 and $755,039 represent securities failed to deliver and securities failed to receive, respectively.

8. RECEIVABLES FROM NON-CUSTOMERS AND PAYABLES TO NON-CUSTOMERS

Receivables from and payables to non-customers totaling $35,938,641 and $31,839,014, represent securities failed to deliver and securities failed to receive, respectively.

9. RECEIVAB LES FROM BROKER-DEALERS AND CLEARING ORGANIZATIONS AND PAYABLES TO BROKER-DEALERS AND CLEARING ORGANIZATIONS

The receivables from broker-dealers and clearing organizations consists of $9,966,454 securities failed to deliver and $44,707,581 of cash held on deposit with clearing organizations. Payables to broker-dealers consist of securities failed to receive totaling $5,433,643 and net unsettled regular way trades of $6,580,441.

10. OFFICE FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS - NET

At June 30, 2017, the Company's office furniture, equipment and leasehold improvements - net, is comprised of the following:

	2017		
	Cost	Accumulated Depreciation/ Amortization	Net
Leasehold improvements	$ 6,610,692	$ (6,056,712)	553,980
Purchases in process	2,663,261		2,663,261
Computers and equipment	1,024,599	(917,736)	106,863
Furniture and fixtures	546,832	(450,820)	96,012
Software	4,056,734	(2,631,965)	1,424,769
Mechanical equipment	421,256	(387,830)	33,426
	$ 15,323,374	$ (10,445,063)	$ 4,878,311

11. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company enters into transactions with BBVA and other affiliated entities, such as the Parent, Compass Bank ("Compass"), BBVA NY Branch and BBVA Bancomer, S.A. de C.V. ("Bancomer"). The receivables from or payables to affiliates balances arise from services performed between the Company and its affiliates. Investment banking transactions with affiliates pertains to bond origination and/or loan syndications.

The Company has administrative fee service agreements with BBVA NY Branch and Compass, under which certain administrative services are provided to the Company, such as legal, compliance, accounts payable, internal auditing, and human resource services. In addition, the Company has administrative fee service agreements with BBVA NY Branch and Compass, under which the Company provides client on boarding services.

The Company has a networking and referral agreement with BBVA NY Branch and Compass, under which referral fees are paid on bond origination and advisory deals referred to the Company.

The Company has a networking agreement with Compass and BBVA Compass Insurance Agency ("BCIA") by which the Company will receive a non-exclusive, non-assignable license to use the Compass trademark/trade name, access to Compass' customer network and premises/space to conduct broker-dealer business, access to BCIA's insurance license to sell variable insurance products and related support infrastructure at its premises. Finally, certain employees of the Company provide sales and support services to Compass and BCIA under a dual employee expense allocation agreement.

The Company sub-leases office space from BBVA NY Branch and Compass under cancellable leases.

The Company has service level agreements with BBVA and Bancomer by which the Company acts

as agent on behalf of BBVA and Bancomer in fixed income securities transactions. Fees earned related to this agreement are calculated based on the costs of the team plus a mark-up.

On August 1, 2014, the Company entered into a credit agreement with BBVA for a line of credit of $150,000,000 to be used for trade settlement purposes. The Company has agreed to pay a commitment fee of 0.50% on the average undrawn balance on each interest payment date. As of June 30, 2017 there is $50,000,000 outstanding pursuant to this agreement, recorded under notes payable on the statement of financial condition.

On June 29, 2016, the Company entered into an uncommitted demand facility agreement with Compass for a revolving intraday loan facility up to $250,000,000. This agreement allows the Company to manage its intraday settlement exposure in connection with its financing and trading activity and used daily. As of June 30, 2017 there is no outstanding balance. A collateral account control agreement was also executed on June 29, 2016 with Compass and a third party custodian to establish a collateral account into which the Company must pledge collateral to Compass in the event the intraday line is not repaid by close of business. The Company ensures that the intraday loan facility is repaid at the end of each business day. As of June 30, 2017 there is no collateral outstanding pursuant to this agreement.

On July 18, 2016, the Company entered into an uncommitted demand facility agreement with the Parent for a revolving loan facility up to $300,000,000. This facility is intended for liquidity needs that arise from the Company's activity in Bill and Deliver underwriting transactions. As of June, 30, 2017 there is no loan outstanding pursuant to this agreement.

Subordinated Loan Agreement — The Company has a Revolving Note and Cash Subordination Agreement (“the Revolver”) with BBVA. The Revolver was executed on March 16, 2017 with a maturity date of March 17, 2023 for a maximum of $450,000,000. Any amounts advanced under the Revolver will be considered net capital for regulatory purposes under *15C3-1- Net Capital Requirements for Brokers or Dealers* on the date drawn, but will not be considered as equity in the Company’s statement of financial condition. During the year, the Company has drawn down on this Revolver and paid fully shortly thereafter. As of June 30, 2017, there is no loan outstanding pursuant to this agreement.

Assets and liabilities with related parties consisted of the following:

Assets:	
Cash	$ 11,958,217
Short-term investment with affiliate	500,000
Securities purchased under agreements to resell	4,000,000
Receivable from non-customers	35,938,641
Receivable from clearing organizations	16,531
Receivable from affiliates	3,471,990
Total assets:	$ 55,885,379
Liabilities:	
Securities sold under agreements to repurchase	$ 30,205,000
Notes payable	50,000,000
Payable to non-customers	31,839,014
Payable to affiliates	3,592,851
Total liabilities:	$ 115,636,865

12. INCOME TAXES

The total deferred tax asset at June 30, 2017 is composed of the following:

Deferred tax assets:	
State and City net operating loss carry forwards	$ 278,241
AMT Credit Carryover	371,430
Deferred Comp	6,288,519
Accrued Expenses	995,809
Valuation Allowance	(267,751)
Total deferred tax asset	7,666,248
Deferred tax liabilities:	
Depreciation	(339,900)
Pension	(394,755)
Total deferred tax liabilities	(734,655)
Net deferred tax assets	$ 6,931,593

As of June 30, 2017, the Company had approximately $6.6 million of net operating loss carry forwards for future utilization for New York, Alabama and Colorado state income tax purposes which will begin to expire in 2026. The Company believes that it is more likely than not the benefit from Alabama and Colorado state net operating loss carryforwards will not be realized, and, accordingly, has established a valuation allowance associated with these net operating loss carryforwards. The Company has recorded a valuation allowance of $267,751 at June 30, 2017 related to these state net operating loss carryforwards.

As discussed in Note 2, the Company is included in the Parent's consolidated federal income tax return and certain state income tax returns, while filing separate state income tax returns in its

remaining jurisdictions. The Company remains subject to examination for federal, state and local jurisdictions for the tax years 2013 through 2016.

13. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Commission Act of 1934 and regulation 1.17 under the Commodity Exchange Act, which require the maintenance of minimum net capital. The Company has elected to use the alternative method, which requires that the Company maintain minimum net capital equal to the greater of $250,000 or 2% of aggregate debit items arising from customer transactions, as defined by the rules. At June 30, 2017, the Company had net capital of $124,839,990, which exceeded the minimum requirement of $259,260 by $124,580,730.

Certain of the Company's proprietary accounts are held at the Company's clearing broker's Proprietary Accounts of Brokers and Dealers ("PAB") and are considered allowable assets in the computation of net capital pursuant to an agreement between the Company and the clearing broker. This agreement requires, among other things, that the clearing broker perform a computation of PAB Assets similar to the customer reserve computation set forth in SEC Rule 15c3-3.

14. COMMITMENTS AND CONTINGENCIES

The Company sub-leases office space from BBVA NY Branch under a cancelable lease. At June 30, 2017, the future minimum rental commitments under this cancelable lease are as follows:

2017	628,323
2018	1,256,647
2019	1,256,647
Total	$ 3,141,617

In the normal course of business, the Company may enter into other legal contracts that contain a variety of representations and warranties providing general indemnification. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be against the Company that have not yet occurred. However, based on the Company's experience, the Company does not expect that these indemnifications will have a material adverse effect on the Company's financial position.

The Company is subject to legal proceedings, including claims, litigation, investigations and administrative proceedings, all of which are considered incidental to the normal conduct of business. The Company assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company records a liability in its financial statements. At June 30, 2017, there were no such matters where a loss was both estimable and reasonably possible.

Financing Transactions

As stated in Note 6, the Company enters into repurchase transactions which are primarily covered by a master netting agreement. As per ASC 210-20-45, these transactions qualify for netting. At June 30, 2017, the Company entered into $2,818,430,000 of repurchase transactions that are secured by collateral from US treasury securities. The value of the Company's US treasury securities pledged against such repurchase transactions is $2,283,617,861, the remaining amount of repurchase transactions are collateralized by collateral received on reverse repurchase agreements.

In the event the counterparty is unable to meet its contracted obligation to return securities pledged as collateral, the Company may be exposed to the risk of acquiring securities at prevailing market prices in order to satisfy obligations.

The Company enters into forward starting reverse repurchase agreements and repurchase agreements. This type of activity has a start date of one or more business days greater than the trade date. Due to this characteristic, the Company considers this activity as a commitment and reports it off-balance sheet until the transactions reach their start date. At that point, the transactions will be reflected on the balance sheet and follow the process as stated in Note 6. As of June 30, 2017 the Company had forward starting reverse repurchase and repurchase agreements of $103,625,000 and $103,275,000 outstanding, respectively.

15. RETIREMENT, OTHER POSTRETIREMENT, AND OTHER BENEFIT PLANS

Employee Benefit Plans — The Company and certain affiliates established a cash balance pension plan for its New York employees. BBVA NY Branch is the plan sponsor of this pension plan. A record keeping account for each eligible employee is credited each year with a percentage of the employee annual compensation based on tenure. The cash balance pension plan is portable and the vested account balance may be taken by the employee upon termination. The cash balance is payable as a lump sum or an annuity at the earliest of (a) the employee's retirement date, (b) date of death or (c) other termination of employment, whichever is applicable. The benefit is based on annual pay credits, accumulating over time with interest at the rate equal to the 10 year treasury rate published by the Internal Revenue Service for the November of the preceding year. In October 2016, BBVA adopted a resolution to terminate the plan effective January 31, 2017. Retired participants or beneficiaries who are currently receiving a monthly annuity will continue to receive payments paid by an insured annuity provider. Terminated vested or active participants with traditional annuity benefits will receive annuity payments from an insured annuity provider in the future. Terminated vested or active participants with cash balance benefits can elect to either receive a lump sum payment or a monthly annuity paid by an insured annuity provider. Those who elect to receive a lump sum payment can rollover their funds to another qualified plan, including the BBVA Compass Smart Investor Plan or an IRA.

Investment strategies and asset allocations were based on consideration of plan liabilities and the plan's funded status. The investment policy of the plan was to spread risk across different asset classes through diversification of the investments. This policy cannot guarantee the elimination of risk but does provide a means to reduce the risk to the assets.

The Company and certain affiliates have sponsored a defined benefit pension plan for the Company's employees outside New York that is intended to meet the requirements of Sections 401(a) and 501(a)

of the Code and the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Under the plan, vested participants are entitled to a monthly benefit upon retirement equal to a percentage of their eligible compensation (generally defined as direct cash compensation exclusive of bonuses and commissions) earned in the five consecutive years of benefit service that produce the highest average. Prior to January 1, 2003, the percentage amount of the benefit was determined by multiplying the number of years, up to 30, of a participant's service with the Company by 1.8%. Benefits were reduced by social security payments at the rate of 1.8% of the primary social security benefit multiplied by years of service up to 30 years. Effective January 1, 2003, participants were given the option to remain in the defined benefit pension plan or move to an enhanced defined contribution plan. For those participants electing to remain in the defined benefit pension plan, the plan was modified to eliminate the social security offset feature of the monthly benefit calculation.

Under the modified formula, benefits are generally based on years of service, age at retirement and the employee's average compensation earned in the five consecutive years of service that produce the highest average. Employees of the Company who are over the age of 21 and have worked 1,000 hours or more in their first 12 months of employment or 1,000 hours or more in any calendar year thereafter are eligible to participate in the plan, except for project consultants, employees of certain insurance and investment management affiliates, and employees hired for the first time by the Company after January 1, 2002. Effective January 1, 2003, the defined benefit pension plan was closed to new participants. Participants are vested in benefits accruing under the plan after five years of qualifying service. Benefits are payable monthly commencing on the later of age 65 or the participant's date of retirement. Eligible participants with at least five years of service may retire at reduced benefit levels after reaching age 55.

The Parent sets the investment policy for the defined benefit pension plan and reviews investment performance and asset allocation on a quarterly basis. The percentages of fair value of each major category of the pension plan assets at June 30, 2017 are as follows:

(a) US Treasuries and other US government agencies	69.5%
(b) Corporate bonds	26.3%
(c) Cash and cash equivalents	2.3%
(d) States and political subdivisions	2.0%
Total	100.0%

Since January 1, 2003, the Company has sponsored a defined contribution plan that is intended to meet the requirements of Sections 401(a) and 501(a) of the Code and the requirements of ERISA. During 2002, employees participating in the defined benefit pension plan could choose to participate in the newly established defined contribution profit sharing plan in lieu of accumulating future benefit service in the defined benefit pension plan. The Company makes contributions on behalf of each participant in the plan based on eligible pay and years of service.

Additionally, the Company and certain affiliates sponsor a defined contribution plan that is intended to meet the requirements of Sections 401(a), 401(k), 409 and 501(a) of the Internal Revenue Code of 1986, as amended, and the requirements of ERISA. Under this plan, employees may contribute up to 75% of their compensation on a pretax basis subject to statutory limits. The Company makes matching contributions equal to 100% of the first 3% of compensation deferred, plus 50% of the next

2% of compensation deferred. The Company may make additional non-matching contributions to the plan.

Restricted Stock — The fair value of shares under the time-based and performance-based restricted stock plans is established at grant date and is fixed through the entire term of the plan. For the performance-based awards, the performance targets are based on a combination of the individual recipients' performance and certain market conditions. The Company accounts for restricted stock awards as equity awards.

A total of 981 shares vested and settled in March 2017, comprised of 268 shares of the November 1, 2013 grant and 713 shares of the December 11, 2014 grant.

As of June, 30 2017, a total of 976 shares awarded were outstanding and scheduled to vest and settle in 2018. The unvested shares were comprised of 976 shares of the December 11, 2014 grant.

16. OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company's activities may involve executions and settlements of various securities transactions as principal or agent. These activities may expose the Company to risk in the event counterparties are unable to fulfill contractual obligations. The Company's counterparties include U.S. institutional investors, brokers and dealers and international banks that are members of major regulated exchanges and affiliates. In the case that the Company is involved in executions and settlements of securities transactions, the Company records customer securities transactions on a trade- date basis in conformity with the settlement cycle of the respective countries. Therefore, the Company could be exposed to off-balance sheet risk of loss on unsettled transactions in the event customers and other counterparties are unable to fulfill contractual obligations. The Company's agreements with its clearing brokers provides that the Company assumes customer obligations in the event of non-performance.

For transactions in which the Company has the ability to extend credit to others, the Company seeks to control the risks associated with these activities by requiring the counterparty to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels and, pursuant to such guidelines, requests counterparties to deposit additional collateral or reduce securities positions when necessary. As of June 30, 2017, the Company was not involved in the aforementioned business activity, with the exception of reverse repurchase agreements and repurchase agreements as noted in footnote 6.

The Company clears its securities transactions from its retail business through a clearing broker on a fully-disclosed basis. Pursuant to the terms of the agreement between the Company and the clearing broker, the clearing broker has the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At June 30, 2017, the Company has recorded no liability with regard to this right. During 2017, the Company paid the clearing broker an immaterial amount related to these guarantees. In addition, the Company has the right to pursue collection on performance from the counterparties who do not perform under their contractual obligations. The Company monitors the credit standing of the clearing broker and all counterparties with which it conducts business.

17. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company applies the fair value accounting guidance required under ASC Topic 820, *Fair Value Measurements and Disclosures,* which requires the Company to disclose the estimated fair values of financial instruments, for which it is practical to estimate. Investments measured and reported at fair value are classified and disclosed in one of the following categories (from highest to lowest) based on inputs:

Level 1 — Quoted prices in active market for identical assets or liabilities that the Company has the ability to access as of the reporting date. The type of investments which would generally be included in Level 1 includes listed equity securities and listed derivatives. As required by ASC 820, the Company, to the extent that it holds such investments, does not adjust the quoted price for these investments.

Level 2 — Pricing inputs are observable, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or by other means. Fair value is determined through the use of models or other valuation methodologies using observable inputs. The types of investments which would generally be included in this category are publicly traded securities with restrictions on distribution, corporate bonds or municipal securities.

Level 3 — Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by the Company. Level 3 assets and liabilities would include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar pricing techniques based on the Company’s own assumptions about what market participants would use to price the asset or liability. The types of investments that would generally be included in this category include debt and equity securities issued by private entities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. The Company’s valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company’s valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the product. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the

degree of judgment by the Company in determining fair value is greatest for instruments categorized in Level 3 of the fair value hierarchy.

Securities owned and securities sold, not yet purchased, are recorded at fair value on a recurring basis. At June 30, 2017 securities owned and securities sold, not yet purchased, consisted of US treasury securities, corporate obligations and state and municipal government securities. The fair value of US treasuries is based on unadjusted quoted market prices in an active market. The fair value of corporate obligations and state and municipal government instruments are based on quoted comparable prices for similar securities.

Transfers of financial instruments between different levels of fair value hierarchy are recorded as of the end of the reporting period. During the year ended June 30, 2017, there were no transfers of financial instruments between different levels of the fair value hierarchy.

The following table summarizes the assets and liabilities measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total Fair Value in Statement of Financial Condition
Assets				
Securities owned, at fair value:				
US Treasuries	$ 2,309,024,610	$ -	$ -	$ 2,309,024,610
Corporate Obligations	-	11,561,400		11,561,400
State and Municipal government securities	-	1,000,332	-	1,000,332
Other	-	1,176	-	1,176
	$ 2,309,024,610	$ 12,562,908	$ -	$ 2,321,587,518
Liabilities				
Securities sold, not yet purchased, at fair value:				
purchased — at fair value:				
US Treasuries	$ 2,378,313,486	$ -	$ -	$ 2,378,313,486
Corporate Obligations	-	6,946,457	-	6,946,457
	$ 2,378,313,486	$ 6,946,457	$ -	$ 2,385,259,943

As of June 30, 2017 the carrying amounts of cash, cash segregated in compliance with federal regulations and short-term investment with affiliate, approximate their fair values due to their short-term nature and frequent re-pricing are classified as Level 1.

Reverse repurchase agreements and repurchase agreements are treated as collateralized financings. Reverse repurchase agreements and repurchase agreements are carried on the statement of financial condition at the amounts of cash paid or received (contract value), which include accrued interest. Where appropriate, transactions with the same counterparty are reported on a net basis. As of June 30, 2017, the contract value of reverse repurchase agreement and repurchase agreements approximate the fair value because the transactions are generally short in nature and are collateralized. Such financial instruments are classified as Level 2.

Receivables from customers, non-customers, broker-dealers and clearing organizations are recorded at contractual amounts, which approximate fair value, due to their short term nature. Similarly,

payables from customers and non-customers are recorded at contractual amounts, which approximate fair value, due to their short term nature. As of June 30, 2017, these financial instruments are classified as Level 2.

Interest receivable and payables resulting from the Company's trading, reverse repurchase agreements and repurchase agreements are recorded at contractual amounts, which approximate fair value. As of June 30, 2017, these financial instruments are classified as Level 2.

18. SUBSEQUENT EVENTS

The Company evaluated subsequent events up to the date the financial statement were issued, which was August 29th, 2017. As a result of the Company's evaluation, the Company noted no subsequent events that require adjustment to, or disclosure in, this financial statement.

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