

BBVA

70-60 Memory Income Autocall February 2018

Factsheet



INVESTMENT DESCRIPTION

A 6 year investment linked to the performance of UK, US, Australian and Hong Kong indices.

If on any of the semi-annual observation dates, including the final observation, the closing levels of all the underlyings are at or above 70% of their initial levels, the income will be paid plus any previously missed income payments

This investment will autocall and mature early if all underlyings are equal to or above their initial levels on any semi-annual observation date starting at 12 months. If early maturity occurs, full capital is returned and the investment will end. If early maturity does not occur the investment will continue to the final observation date.

At the final observation date, if all underlyings are at or above 60% of their initial levels, then full capital is returned. If any underlying is below 60% of its original level, capital return will be reduced on a 1-for-1 basis. For example if the worst performing underlying has fallen to 40% of its original level, 40% of the capital will be returned.

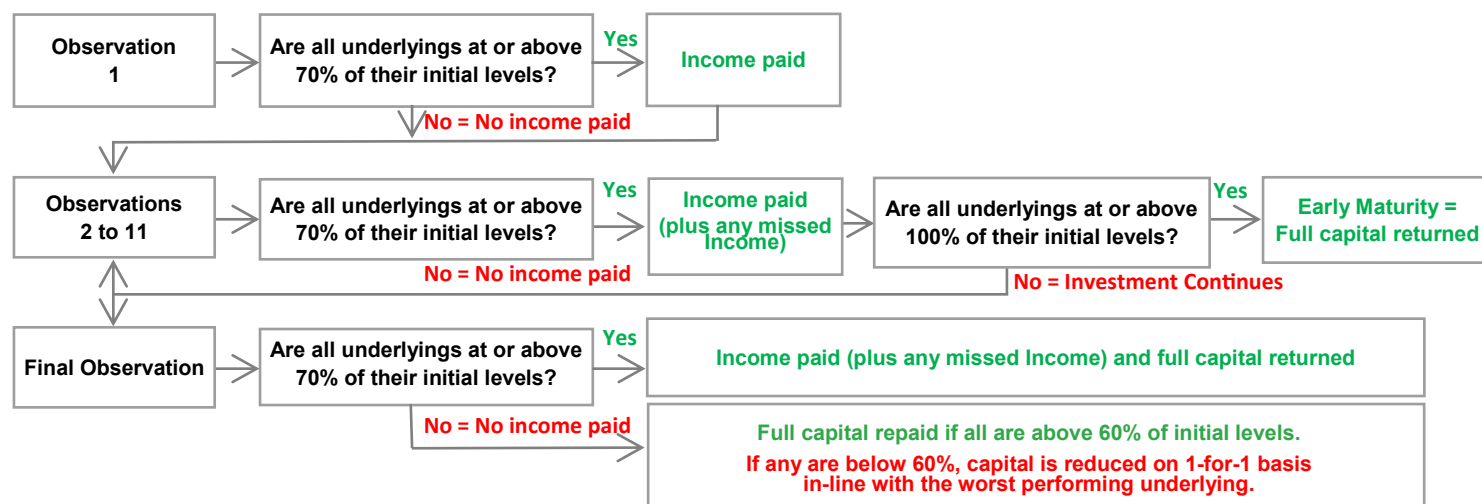
BENEFITS

- Opportunity for regular income payments even where the underlyings show significant falls.
- A memory feature, whereby income previously unpaid, will be included when the income trigger is next activated.
- Autocall feature potentially shortens the investment term and is triggered by minimal growth.
- Early maturity provides an opportunity to re-assess client's wealth strategy.
- Daily pricing.

RISKS

- The return is limited to the pre-defined investment terms.
- The income payment is conditional upon the underlying performance.
- There is a risk to capital should one of the underlyings breach the capital protection barrier on its Final Observation Date or in the event of an issuer default.
- Should investors need to sell their investment before maturity, the trading price will likely mean they get back less than they invested.

HOW THE INVESTMENT WORKS



PRODUCT FACTS & FEATURES

Issuer and Counterparty:	BBVA
Credit Ratings:	Fitch A-, Moody's Baa1, S&P BBB+ Source: Bloomberg 08.02.2018
Maximum Term:	6 years
Investment Structure:	Semi-Annual Memory Income Autocall
Autocall opportunities:	Semi-Annual (First observation at 12 months)
Autocall Trigger:	100% of initial level
Memory Income Rate:	USD = 3.85% Semi-Annual
Income Trigger:	70% of initial level
Capital Risk:	Not capital protected
Capital Protection Barrier:	60% Final level (European style)
Underlying Basket	Bloomberg Code
UK: FTSE 100	UKX Index
US: Russell 2000	RTY Index
Australia: ASX 200	AS51 Index
Hong Kong: Hang Seng Index	HSI Index

KEY INFORMATION

Subscription Period:	08 Feb 2018 – 27 Feb 2018 (4.30pm UK Time)
Issue Price:	100%
Strike Date:	28 February 2018
Issue Date:	07 March 2018
1st Coupon Observation:	29 August 2018
1st Autocall Observation:	27 February 2019
Final Observation:	28 February 2024
Maturity Date:	07 March 2024
Denominations:	USD 2,000 then lots of 2,000
ISIN:	USD = XS1772363815

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Observation Dates (some dates may vary if a bank holiday occurs)

	Observation Date	Payment Date	Income Trigger	Autocall Trigger
Observation 1	29 August 2018	07 September 2018	70%	n/a
Observation 2	27 February 2019	07 March 2019	70%	100%
Observation 3	29 August 2019	09 September 2019	70%	100%
Observation 4	28 February 2020	09 March 2020	70%	100%
Observation 5	27 August 2020	08 September 2020	70%	100%
Observation 6	26 February 2021	08 March 2021	70%	100%
Observation 7	26 August 2021	07 September 2021	70%	100%
Observation 8	25 February 2022	07 March 2022	70%	100%
Observation 9	26 August 2022	07 September 2022	70%	100%
Observation 10	27 February 2023	07 March 2023	70%	100%
Observation 11	29 August 2023	07 September 2023	70%	100%
Final Observation	28 February 2024	07 March 2024	70%	60% European Barrier

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BBVA: Banco Bilbao Vizcaya Argentaria SA (BBVA) attracts deposits and offers retail, wholesale and investment banking services. The bank offers consumer and mortgage loans, private banking, asset management, insurance, mutual funds and securities brokerage services. It operates in Europe, Latin America, United States, China and Turkey.

Source: Bloomberg 08.02.2018

RATIONALE

Structured products are becoming increasingly popular for investors due to the wide variety of payoffs and levels of protection that can be achieved by the different types of structures that are available.

The opportunity for an income stream can be of key importance to investors as part of their wealth planning. The probability of an income payment being triggered is increased with this investment as an underlying needs to show a fall of 30% from its initial level on any observation date before the income stream is disrupted.

The investment also benefits from a memory feature so that if any income payments have missed being paid, they will catch-up the next time all underlyings are above 70% of their initial levels on an observation date.

These four underlyings have been selected in order to support the anticipated delivery of that income.

The autocall payoff can bring an early return of capital allowing the opportunity for a re-assessment of investment strategy. The value of this feature cannot be underestimated as it brings with it the opportunity to secure capital value, as well as the chance to take advantage of future market trends.

To manage the capital risk, a final level barrier set at 60% means an underlying must fall by more than 40% over 6 years before capital is at risk.

SUITABILITY

This product may be suitable for investors who:

- Are seeking the opportunity for higher returns than current cash rates at the time this product was launched.
- Are seeking income rather than growth.
- Understand and accept there is a risk to capital and how the Capital Protection Barrier works.
- Understand the impact of global economic issues and how they will affect the product.
- Understand the criteria which will determine the income payments.
- Are looking to invest for the medium to long term, being happy to remain invested until maturity.
- Can afford to have their cash invested for the full term of the Product.
- Wish to use this investment as part of a well-diversified portfolio.
- Understand that the returns are pre-defined and that they will forgo any growth in the underlyings which exceeds the fixed level available with this investment product.
- Understand the risk to capital in the event of a counterparty default.
- Should they need to sell their investment before maturity, accept that the trading price will likely mean they get back less than they invested.
- Appreciate that income payments are conditional but understand that the memory feature can deliver previously missed income payments.

Secondary Market

The Issuing bank will endeavour to provide quotes under normal market conditions for trading purposes upon request, subject to a Bid-Offer spread of 1%. On the secondary market, traded prices will include any accrued interest ("dirty prices").

Sale trades will settle 2 days after the trade date.

Trade orders should be sent to orders@idad.biz

All trades will be settled direct with BBVA's Clearstream a/c 14923

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THE UNDERLYINGS

The **FTSE 100 Index** (UKX) is a capitalization-weighted index of the most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983

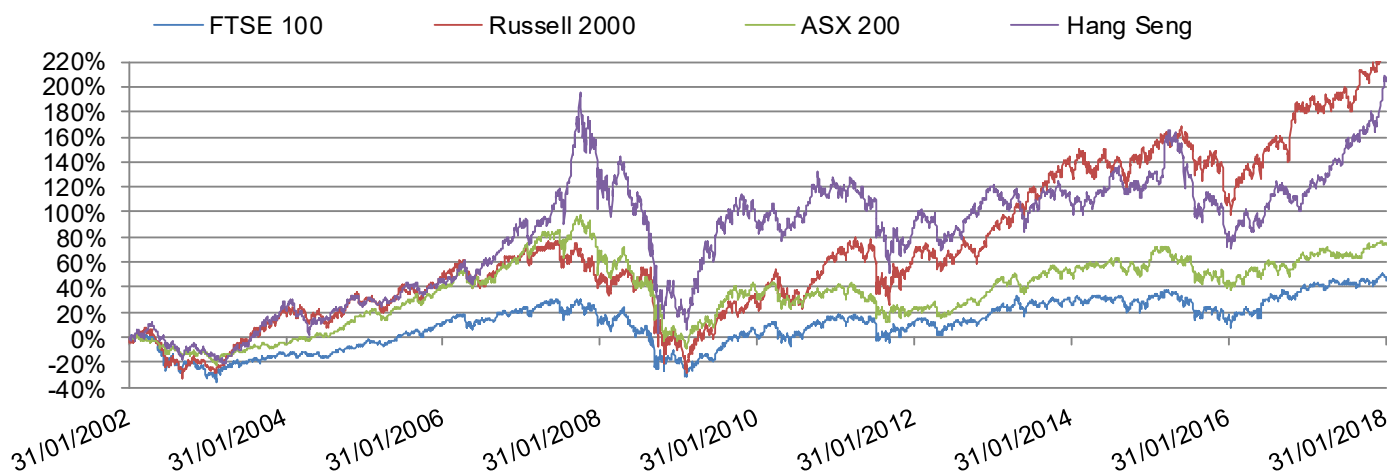
The **Russell 2000 Index** (RTY) is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The index was developed with a base value of 135.00 as of December 31, 1986

The **S&P/ASX 200** measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. Representative liquid and tradable, it is widely considered Australia's preeminent benchmark index.

The **Hang Seng Index** (HSI) is a free-float capitalisation-weighted index of a selection of companies from the Stock Exchange of Hong Kong. The components of the index are divided into four subindices: Commerce and Industry, Finance, Utilities, and properties.

Source: Bloomberg 08.02.2018

MOVEMENT IN THE UNDERLYINGS OVER A 16 YEAR PERIOD



16 Year Back-Testing

Back-testing shows how the investment would have performed historically using data from previous potential strike dates and observations. Although past performance is not an indication of future performance, it can give a factual insight into how the investment would have performed historically.

This 16 year back-test shows the historical data for a full 10 years of 6 year products that could reach the full term.

Of the 2,501 scenarios tested, 15.95% would reach the full term without autocalling and none of these would have breached the 60% final level barrier.

Every coupon observation has also been tested, and out of all 2,501 scenarios tested, 100% of all coupons would have been paid thanks to the Memory Income feature.

Autocall Test	Autocalled	%	Autocall Test	Autocalled	%
12 Months	1,495	59.78%	42 Months	146	5.84%
18 Months	133	5.32%	48 Months	56	2.24%
24 Months	18	0.72%	54 Months	53	2.12%
30 Months	96	3.84%	60 Months	9	0.36%
36 Months	68	2.72%	66 Months	28	1.12%

Total Number Tested	% Matured Early	% To Reach Final Date	% That Returned Full Capital	% Barrier Breach	% Of Coupons Paid	Average Historic Return USD
2501	84.05%	15.95%	100%	0.00%	100%	7.70% p.a.

Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks

Source: Bloomberg 08.02.2018, Data period: 31.01.2002 to 31.01.2018

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