BBVA
70-70 Low Hurdle Autocall July 2018
Factsheet

Investment Description

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

If on any annual early observation date, starting at 12 months, all of the underlyings are at or above their initial levels, the investment will autocall. Initial capital plus the coupon for each annual period which has elapsed is paid and the investment will end.

If the investment does not autocall early then at the final observation date, if all underlyings are at or above 70% of their initial levels, full capital is returned and all of the accumulated coupons are paid (Low Hurdle).

If any underlying is below 70% of its original level at maturity, 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 and no coupon is paid.

Benefits

- Autocall feature potentially shortens the investment term and is triggered by minimal market growth
- The Low Hurdle feature gives an increased chance of gains at full term
- Early maturity provides an opportunity to re-assess client's wealth strategy
- Minimal market growth needed to deliver enhanced returns
- Daily pricing

Risks

- The return is limited to the pre-defined investment terms
- The coupon 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.

Product Facts & Features

Issuer and Counterparty:	BBVA
Credit Ratings:	Fitch A-, Moody's A3, S&P A- **Source**: Bloomberg 11.06.2018
Maximum Term:	6 years
Investment Structure:	Annual Low Hurdle Autocall
Autocall Opportunities:	Annually (First observation at 12 months)
Autocall Trigger:	100% of initial level
Coupon Rate:	GBP = 6.80% p.a USD = 10.00% p.a. EUR = 5.50% p.a.
Low Hurdle Trigger:	70% of initial level at maturity for all accumulated coupons
Capital Risk:	Not capital protected
Capital Protection Barrier:	70% Final level (European style)
Underlying Basket	**Bloomberg Code**
FTSE 100 US: S&P 500 Europe: Euro Stoxx 50 Australia: ASX 200	UKX Index SPX Index SX5E Index AS51 Index

Key Information

Subscription Period:	11 Jun 2018 – 17 Jul 2018 (4.30pm UK Time)
Issue Price:	100%
Strike Date:	18 July 2018
Issue Date:	25 July 2018
1st Autocall Observation:	18 July 2019
Final Observation:	18 July 2024
Maturity Date:	25 July 2024
Denominations:	GBP = 1,000 then lots of 1,000 USD = 2,000 then lots of 2,000 EUR = 1,000 then lots of 1,000
ISIN:	GBP = XS1838127428 USD = XS1838937776 EUR = XS1838127345

How The Investment Works

First Observation → **Are all underlyings at or above 100% of their initial level** → Yes → **Early Maturity = Full capital returned Plus coupon for each year elapsed**

No = Investment Continues

Observations 2 to 5 → **Are all underlyings at or above 100% of their initial level** → Yes → **Early Maturity = Full capital returned Plus coupon for each year elapsed**

No = Investment Continues

Final Observation → **Are all underlyings at or above 70% of their initial level** → Yes → **Full capital returned = Plus all accumulated coupons for each year elapsed**

No → **If any are below 70%, capital is reduced on a 1-for-1 basis in-line with the worst performing underlying.**

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Observation Dates (some dates may vary if a bank holiday occurs, GBP dates are used below)

	Observation Date	Payment Date	Autocall Trigger
Observation 1	18 July 2019	25 July 2019	100%
Observation 2	20 July 2020	27 July 2020	100%
Observation 3	19 July 2021	26 July 2021	100%
Observation 4	18 July 2022	25 July 2022	100%
Observation 5	18 July 2023	25 July 2023	100%
Final Observation	18 July 2024	25 July 2024	70% Low Hurdle Trigger
Final Observation	18 July 2024	25 July 2024	70% 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 11.06.2018

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.

Autocalls have been one of the most popular structures over the years, although with a classic autocall, returns are only paid if all underlyings are at or above the autocall trigger. Adding the 70% Low Hurdle barrier at maturity increases the chances of gains at full term.

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

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 70% means an underlying must fall by more than 30% over 6 years before capital is at risk.

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

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 growth rather than income
- 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 coupon 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 the coupon payment is conditional but understand that the Low Hurdle feature can deliver gains at a lower percentage trigger at full term.

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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.

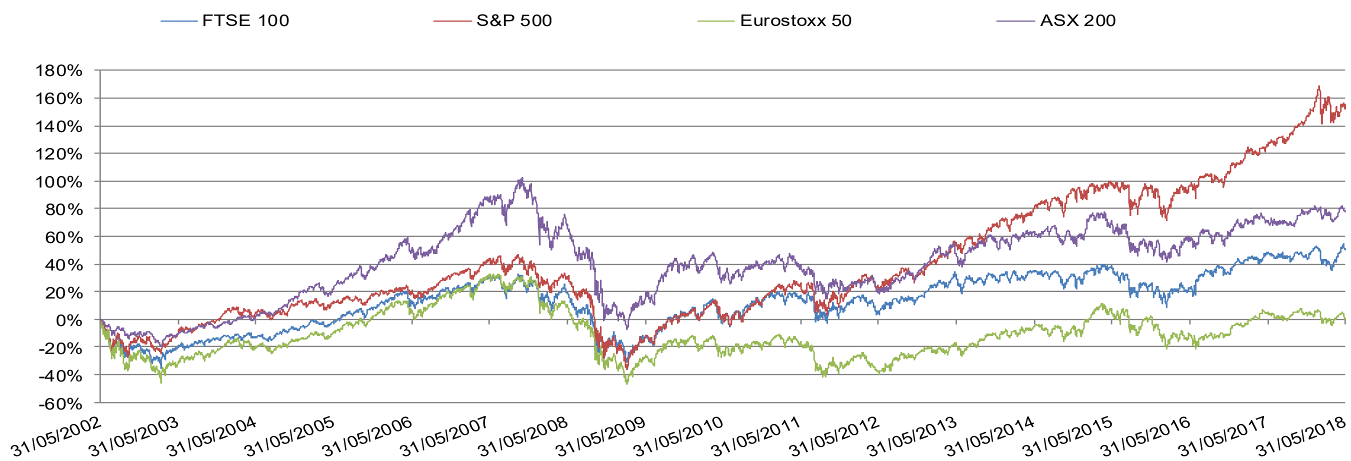
The **Standard and Poor's 500 Index** (SPX) is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Eurostoxx 50** (SX5E) Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of super sector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries and is licensed to financial institutions to serve as an underlying for a wide range of investment products.

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.

Source: Bloomberg 11.06.2018

Movement in the Underlyings over the last 16 years



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, 17.63% would reach the full term without autocalling and 9.04% would have breached the 70% final level barrier.

Of the 441 scenarios to reach full term 215 would still receive full gains thanks to the Low Hurdle feature at maturity.

Autocall Test	Autocalled	%
12 Months	1,591	63.61%
24 Months	38	1.52%
36 Months	273	10.92%
48 Months	151	6.04%
60 Months	7	0.28%
Above Low Hurdle	215	8.60%
Total Autocalled	2,275	90.96%

Total Number Tested	% Matured Early	% To Reach Final Date	Above Low Hurdle	% That Returned Full Capital	% Barrier Breach	Average Historic Return GBP	Average Historic Return USD	Average Historic Return EUR
2501	82.37%	17.63%	8.60%	90.96%	9.04%	5.64% p.a.	8.56% p.a.	4.46% 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 11.06.2018, Data period: 31.05.2002 to 31.05.2018

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