21 June 2016
GBP

INVESTMENT PRODUCT RESEARCH

IDAD 60:60 Global Income Autocall July '16

PRODUCT DETAILS

Investor Rationale / Description

This is an income product linked to the Australian, Canadian, Swedish and Swiss stock markets. The structure is appropriate for investors who are targeting a simple annual return of 6.0% pa, provided the underlying country indices do not fall by 40% or more on any semi-annual payment date. Investors will be prepared for the product to mature early (at par) from one year. Capital will be eroded if the worst index falls by more than 40% over the full term. All returns are subject to the solvency of the issuer.

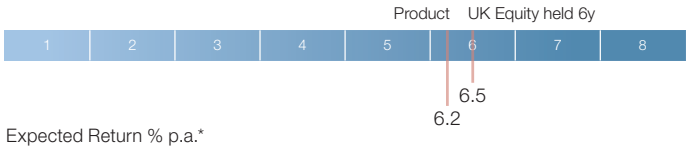
Product Type	Enhanced Return
Strike Date (Initial Observation Date)	22 July 2016
Initial Index Level	Closing level of each index on the Strike Date
Final Valuation Date	22 July 2022
Underlying Indices	AS51, OMX, SMI, SPTSX60
Promoter	IDAD
Offer Price	100
Currency	GBP
Maximum Term	Six years
ISIN	XS1438160951
Income	3.0% semi-annually (up to and including kickout) if all underlyings close at or above 60% of their initial levels
Kick-out	Semi-annual kickout starting with 1st anniversary if all underlyings close at or above 100% of their initial levels
Capital Return	60% European barrier (measured at maturity)

Issuing Bank	BBVA
Credit Ratings	BBB+ (S&P), A- (Fitch), Baa1 (Moody's)
CET 1 Ratio (%)	12.1
Market Capitalisation	EUR35.0bn

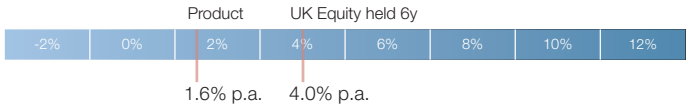
*Source: Bloomberg; IPR #2829: 21.06.2016

PRODUCT ANALYSIS*

Risk Indicator (mapped to SRRI volatility buckets)



Expected Return % p.a.*



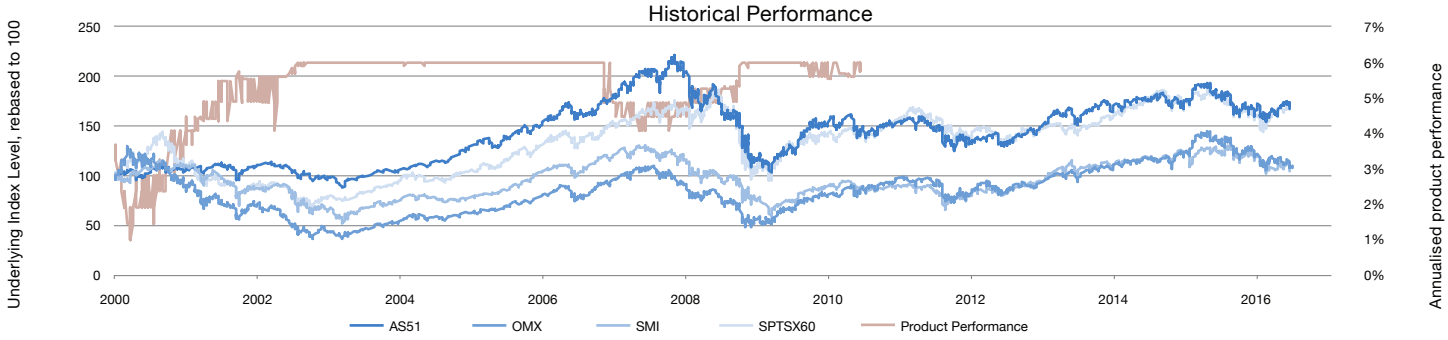
*See overleaf for full details

RETURNS	Market (Stress Test)	Historic
Probability of Gain	77.4%	100.0%
If there is a gain, the expected return is (p.a.)	5.4%	5.0%
Expected Return (including times when the investment loses money) is (p.a.)	1.6%	5.0%

RISKS	Market (Stress Test)	Historic
Probability of Loss	22.6%	0.0%
If there is a loss, the expected return is (p.a.)	-7.20%	0.0%
Volatility of Returns	16.6%	2.5%

*Source: Bloomberg; IPR #2829: 21.06.2016

Historical Performance



*Source: Bloomberg; IPR #2829: 21.06.2016; underlying performance rebased to 100 as of 04.01.2000

Stresstest Analysis		% of times the product matured early	
Autocall	Levels	Market Stress Test	Historic
1.0	100%	21.8%	51.5%
1.5	100%	8.5%	2.6%
2.0	100%	5.7%	0.1%
2.5	100%	4.2%	0.6%
3.0	100%	3.3%	2.0%
3.5	100%	2.8%	6.5%
4.0	100%	2.3%	3.1%
4.5	100%	2.1%	2.7%
5.0	100%	1.8%	2.3%
5.5	100%	1.6%	1.3%
6.0	60%	23.4%	27.3%
6.0	60% (barrier breach)	22.6%	0.0%
6.0	100% (return of capital)	0.0%	0.0%

Coupon Analysis		% of times coupon paid, assuming no previous kick out		
Annual Coupon	Trigger	Market Stress Test	Historic	Coupon Paid
1	60%	99.8%	98.2%	3.0%
2	60%	97.7%	93.8%	3.0%
3	60%	92.7%	66.4%	3.0%
4	60%	86.7%	59.7%	3.0%
5	60%	80.5%	75.5%	3.0%
6	60%	74.9%	79.0%	3.0%
7	60%	69.7%	80.8%	3.0%
8	60%	65.0%	77.4%	3.0%
9	60%	60.9%	75.9%	3.0%
10	60%	57.4%	87.7%	3.0%
11	60%	53.9%	97.6%	3.0%
12	60%	51.0%	100.0%	3.0%

PAST PERFORMANCE SHOULD NOT BE CONSIDERED AN INDICATOR OF FUTURE PEFORMANCE. THIS IS FOR INFORMATION PURPOSES ONLY

ABOUT INVESTMENT PRODUCT RESEARCH (IPR)

Since launch in 2013 IPR has become the leading provider of buy side analytics for structured products. Working together with UK-regulated firm Cube Investing the firm brings together a team of structured product professionals under the leadership of Art Noble.

The IPR team initially began to develop the IPR model to evaluate structured product risk and return in response to a March 2012 paper from the FCA.

IPR realised early on that in order to evaluate structured product risks and returns and to compare them with other investment types it would be necessary to develop a model that is independent of issuer inputs and risk-neutral assumptions made in the pricing of structured products.

Treating the outputs from these models with the due care and diligence of an investor, IPR has devoted much of its efforts to honing how to extract the best metrics to convey the various risks and potential returns of sometimes complex and varying instruments, on a like-for-like basis.

This independent approach (which was adopted in part by the European regulator) coupled with a robust online platform that allows user-defined inputs has placed IPR firmly at the vanguard of structured asset management, product development and risk control.

HOW IPR CALCULATES RISK AND RETURN

IPR performs stress tests and simulations to demonstrate how investments behave in a wide variety of scenarios. These divide into two categories:

Historic - analyses what would have happened if investors could have bought a product with the same terms every day since 04 January 2000. This is also known as a rolling back test.

Market (Stress Test) - analysis based on simulations of potential scenarios using real historic performance data since 04 January 2000 and the outcomes from these scenarios are collated and termed the product's 'simulated' or 'market' performance. These include extreme, negative events as well as positive and more neutral scenarios.

The SRRI score - uses stress test data to map volatility (as a proxy for riskiness) to the European regulatory standard Synthetic Risk and Return Indicator. To calculate volatility IPR uses the worst 10% of potential returns to fairly represent the downside risk of the investment. The Risk Indicator maps these volatilities to the same scale as the European Synthetic Risk and Return Indicator described below:

- Risk Indicator 1. Volatility less than 0.5%
- Risk Indicator 2. Volatility between 0.5% and 2%
- Risk Indicator 3. Volatility between 2% and 5%
- Risk Indicator 4. Volatility between 5% and 10%
- Risk Indicator 5. Volatility between 10% and 15%
- Risk Indicator 6. Volatility between 15% and 25%
- Risk Indicator 7. Volatility between 25% and 40%
- Risk Indicator 8. Volatility above 40%

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IPR uses historical information in order to provide an illustration of how the underlying assets of a product may perform in the future. This document may also contain certain performance data based on back-testing, i.e., calculations of the hypothetical performance of a strategy, index or asset as if it had actually existed during a defined period of time. The scenarios, simulations, development expectations and forecasts contained in this presentation are for illustrative purposes only. Capitalised terms like Expected Return are based on our stress test methodology and are therefore not forecasts - they should only be used to assess a product's ranking versus the corresponding scores for the other products analysed in the same way.

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