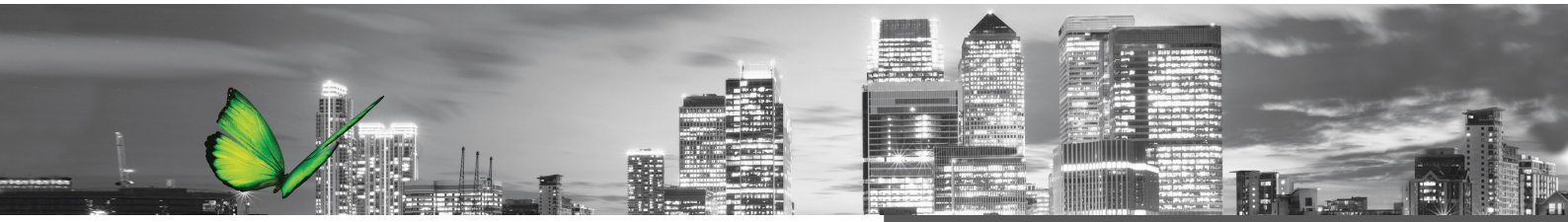
# BBVA
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## INVESTMENT DESCRIPTION

A 6 year investment linked to the performance of the US, UK, Japanese and Australian Indices.

If on any of the quarterly observation dates, including the Final Observation date, the closing levels of all the Underlyings are at or above 80% of their initial levels, the income will be paid. If any Underlying is below 80%, no income is paid for that period.

This investment will autocall and mature early if all Underlyings are equal to or above the Autocall Trigger on any quarterly observation date starting at 24 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 70% of their initial levels, then full capital is returned. If any Underlying is below 70% 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.
- 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.
- Investors will be exposed to the credit risk of the Issuer. If the Issuer becomes insolvent or cannot make the payments on the Product for any other reason, investors could lose some or all of their investment. A decline in the Issuers credit quality is likely to reduce the market value of the Product and therefore the price an investor may receive for the Product if they were to sell them in the market.
- There is a risk to capital should one of the Underlyings breach the capital protection barrier on its Final Observation date.
- 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

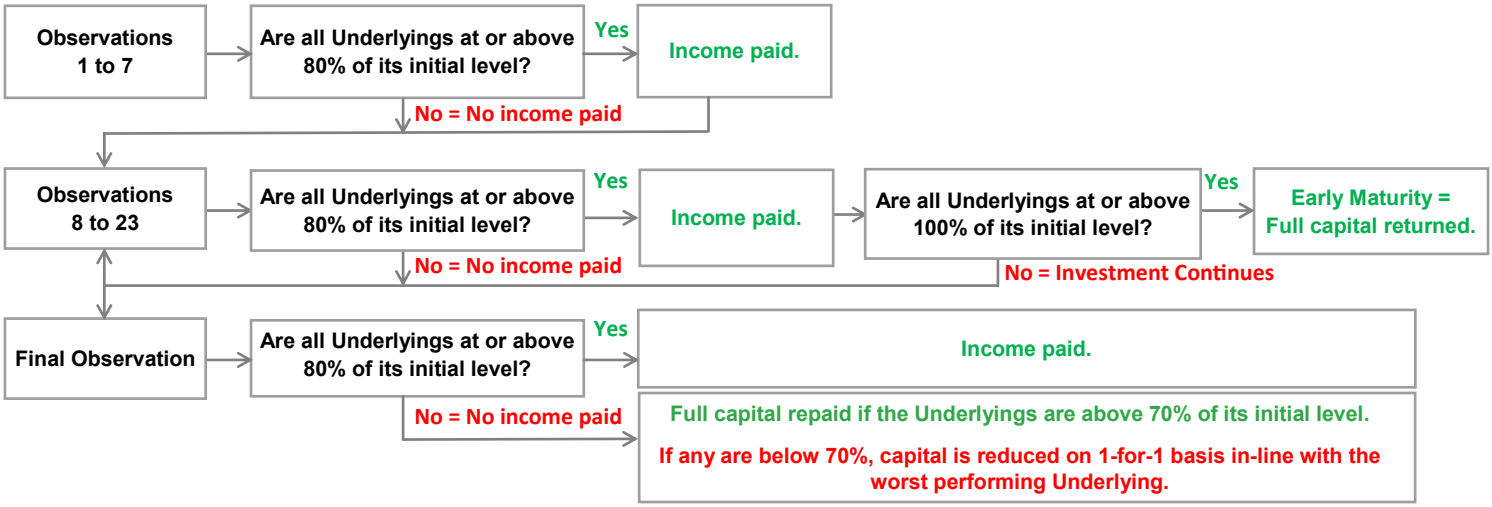
| | |
|---|---|
| **Issuer and Counterparty:** | BBVA |
| **Credit Ratings:** | Fitch A, Moody's A3,S&P A-<br>**Source**: Bloomberg 30.01.2020 |
| **Maximum Term:** | 6 years |
| **Investment Structure:** | Income Autocall |
| **Autocall Opportunities:** | Quarterly<br>(First Observation at 24 months) |
| **Autocall Trigger:** | 100% of initial level |
| **Memory Income Rate:** | GBP = 1.80% Quarterly |
| **Income Trigger:** | 80% of initial level |
| **Capital Risk:** | Not capital protected |
| **Capital Protection Barrier:** | 70% Final level<br>(European style) |

| **Underlying Basket** | **Bloomberg Code** |
|---|---|
| US: Nasdaq 100 | NDX Index |
| UK: FTSE 100 | UKX Index |
| Japan: Nikkei 225 | NKY Index |
| Australia: ASX 200 | AS51 Index |

## KEY INFORMATION

| | |
|---|---|
| **Subscription Period:** | 30 Jan 2020 - 05 Feb 2020<br>(4.30pm UK Time) |
| **Issue Price:** | 100% |
| **Strike Date:** | 06 February 2020 |
| **Issue Date:** | 13 February 2020 |
| **1st Coupon Observation:** | 07 May 2020 |
| **1st Autocall Observation:** | 07 February 2022 |
| **Final Observation:** | 06 February 2026 |
| **Maturity Date:** | 13 February 2026 |
| **Denominations:** | 1,000 then lots of 1,000 |
| **ISIN:** | GBP = XS2113961218 |

## HOW THE INVESTMENT WORKS




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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** | 07 May 2020 | 15 May 2020 | 80% | n/a |
| **Observation 2** | 06 August 2020 | 13 August 2020 | 80% | n/a |
| **Observation 3** | 06 November 2020 | 13 November 2020 | 80% | n/a |
| **Observation 4** | 08 February 2021 | 15 February 2021 | 80% | n/a |
| **Observation 5** | 06 May 2021 | 13 May 2021 | 80% | n/a |
| **Observation 6** | 06 August 2021 | 13 August 2021 | 80% | n/a |
| **Observation 7** | 08 November 2021 | 15 November 2021 | 80% | n/a |
| **Observation 8** | 07 February 2022 | 14 February 2022 | 80% | 100% |
| **Observation 9** | 06 May 2022 | 13 May 2022 | 80% | 100% |
| **Observation 10** | 08 August 2022 | 15 August 2022 | 80% | 100% |
| **Observation 11** | 07 November 2022 | 14 November 2022 | 80% | 100% |
| **Observation 12** | 06 February 2023 | 13 February 2023 | 80% | 100% |
| **Observation 13** | 08 May 2023 | 15 May 2023 | 80% | 100% |
| **Observation 14** | 07 August 2023 | 14 August 2023 | 80% | 100% |
| **Observation 15** | 06 November 2023 | 13 November 2023 | 80% | 100% |
| **Observation 16** | 06 February 2024 | 13 February 2024 | 80% | 100% |
| **Observation 17** | 07 May 2024 | 14 May 2024 | 80% | 100% |
| **Observation 18** | 06 August 2024 | 13 August 2024 | 80% | 100% |
| **Observation 19** | 06 November 2024 | 13 November 2024 | 80% | 100% |
| **Observation 20** | 06 February 2025 | 13 February 2025 | 80% | 100% |
| **Observation 21** | 07 May 2025 | 14 May 2025 | 80% | 100% |
| **Observation 22** | 06 August 2025 | 13 August 2025 | 80% | 100% |
| **Observation 23** | 06 November 2025 | 13 November 2025 | 80% | 100% |
| **Final Observation** | 06 February 2026 | 13 February 2026 | 80% | 70% European Barrier |

**IDAD** was established in 2002 and our approach from the outset, is what we call the "*IDAD Difference*". The selection of the investments we offer is not decided in terms of profitability alone and when developing investment products, we favour evidence over dogma. We are happy to work with advisers and product providers alike to deliver a range of investment options to suit differing client wealth strategies. We're proud of our approach to business as well as the investments delivered as a result of the "*IDAD Difference*". We are committed to building upon our reputation for bringing benefits to all involved in the investment process, but most importantly to the clients.

**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 30.01.2020

## 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 20% from its initial level on any observation date before the income stream is disrupted.

The four Underlyings detailed overleaf 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 70% means an Underlying must fall by more than 30% 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, accept that the trading price will likely mean they get back less than they invested.
- Appreciate that income payments are conditional.

**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.com

All trades will be settled direct with IDAD's Euroclear a/c 44382

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## THE UNDERLYINGS

The **FTSE 100 Index** 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.

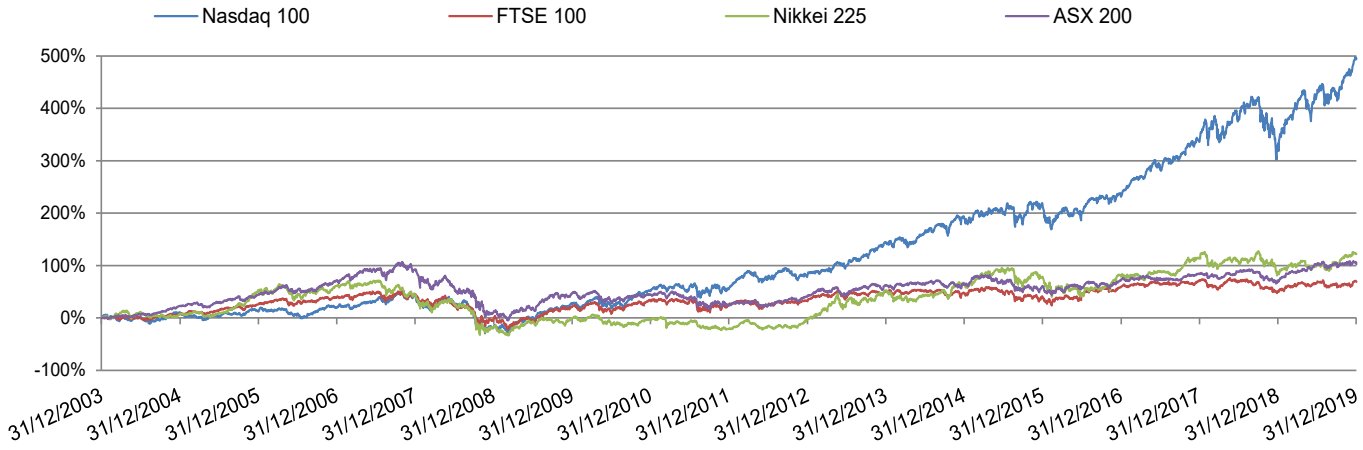
The **NASDAQ 100 Index** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the Nasdaq. No security can have more than a 24% weighting. The index was developed with a base value of 125 as of February 1, 1985. Prior to December 21, 1998 the Nasdaq 100 was a cap-weighted index.

The **Nikkei-225 Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was YEN 176.21 with a divisor of 225.

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 30.01.2020

## MOVEMENT IN THE UNDERLYINGS OVER THE PAST 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.

| | Autocalled | % | Autocall Test | Autocalled | % | Autocall Test | Autocalled | % | Autocall Test | Autocalled | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **24 Months** | 1,310 | 52.38% | **36 Months** | 94 | 3.76% | **48 Months** | 0 | 0% | **60 Months** | 14 | 0.56% |
| **27 Months** | 88 | 3.52% | **39 Months** | 70 | 2.80% | **51 Months** | 0 | 0% | **63 Months** | 14 | 0.56% |
| **30 Months** | 62 | 2.48% | **42 Months** | 64 | 2.56% | **54 Months** | 15 | 0.60% | **66 Months** | 11 | 0.44% |
| **33 Months** | 102 | 4.08% | **45 Months** | 9 | 0.36% | **57 Months** | 28 | 1.12% | **69 Months** | 5 | 0.20% |

| Total Number Tested | % Matured Early | % To Reach Final Date | % That Returned Full Capital | % Barrier Breach | % Of Coupons Paid | Average Historic Return GBP |
|---|---|---|---|---|---|---|
| 2501 | 75.41% | 24.59% | 87.92% | 12.08% | 61.45% | 4.79% 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 30.01.2020, Data period: 31.12.2003 to 31.12.2019 - Assumptions shown are net of any initial fees or costs and describe the potential historic return that a client would have received based on the terms of this Product.

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