

Voncert Open End on the Vontobel Swiss Smart Dividend Performance-Index

Termsheet (Final Terms)

SSPA Designation

Tracker Certificate (1300)

Contact

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www.derinet.com

In Switzerland, these financial instruments are considered structured products. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA), and are therefore not subject to the regulations of the CISA or the supervision of the Swiss Financial Market Supervisory Authority FINMA. The investors bear the issuer's credit risk.

Product Description

These VONCERT Open End as tracker certificates, reflect the performance of the „Vontobel Swiss Smart Dividend“ Performance Index (the underlying). The selection and weighting of the individual shares that compose this index is based on a consistent and transparent investment process. The index universe consists of Swiss equities that are part of the "Vontobel Shares Research" universe. (For details on the index and its composition, see the "Vontobel Swiss Smart Dividend Performance Index" guide available at www.derinet.com).

Product Information

Issuer	Vontobel Financial Products Ltd., DIFC Dubai (no rating)
Keep-Well Agreement	With Bank Vontobel AG, Zurich (Moody's Counterparty Risk Assessment A2 (cr))
Guarantor	Vontobel Holding AG, Zurich (Moody's A3)
Lead Manager	Bank Vontobel AG, Zurich
Paying, exercise and calculation agent	Bank Vontobel AG, Zurich
SSPA product type	Tracker Certificate (1300), see also www.svsp-verband.ch
Underlying	Vontobel Swiss Smart Dividend Performance-Index (further details on the underlying see below)
Place of determination	Bank Vontobel AG, Zürich
Spot reference	CHF 100.00 (current index level)
Issue price	CHF 101.50 (CHF 1.50 front-load fee included)
Reference price of the certificate	CHF 100.00
Ratio	1
Initial fixing	21 February 2018
Payment date	28 February 2018
Maturity	Open End
Reference currency	CHF; Issue, trading and redemption will follow in the reference currency
ISIN / Swiss Sec. Number / Symbol	CH0394787136 / 39478713 / ZVSSDV

Initial composition of the des Vontobel Swiss Smart Dividend Performance-Index	Share	Stock Exchange	ISIN	Currency	Weighting	Number of shares per VONCERT
ABB Ltd.		SIX SE	CH0012221716	CHF	4.639175%	0.197055
Allreal Holding AG		SIX SE	CH0008837566	CHF	0.515464%	0.003311
Báloise Holding AG		SIX SE	CH0012410517	CHF	4.639175%	0.031117
Banque Cantonale Vaudoise		SIX SE	CH0015251710	CHF	0.515464%	0.000655
Cembra Money Bank AG		SIX SE	CH0225173167	CHF	0.515464%	0.005951
EFG International AG		SIX SE	CH0022268228	CHF	0.515464%	0.054386
EMS-Chemie Holding AG		SIX SE	CH0016440353	CHF	2.577320%	0.004094
Flughafen Zuerich AG		SIX SE	CH0319416936	CHF	2.577320%	0.011344
Galenica AG		SIX SE	CH0360674466	CHF	2.577320%	0.054320
GAM Holding AG		SIX SE	CH0102659627	CHF	2.577320%	0.155056
Geberit AG		SIX SE	CH0030170408	CHF	4.639175%	0.010891
Givaudan SA		SIX SE	CH0010645932	CHF	4.639175%	0.002162
Helvetia Holding AG		SIX SE	CH0012271687	CHF	2.577320%	0.004559
Implenia AG		SIX SE	CH0023868554	CHF	0.515464%	0.007092
Inficon Holding AG		SIX SE	CH0011029946	CHF	0.515464%	0.000921
Kardex AG		SIX SE	CH0100837282	CHF	0.515464%	0.004139
Kuehne + Nagel International AG		SIX SE	CH0025238863	CHF	4.639175%	0.028291
LafargeHolcim Ltd.		SIX SE	CH0012214059	CHF	4.639175%	0.084179
Mobimo Holding AG		SIX SE	CH0011108872	CHF	0.515464%	0.001978
Nestlé SA		SIX SE	CH0038863350	CHF	4.639175%	0.061891
Novartis AG		SIX SE	CH0012005267	CHF	4.639175%	0.057971
Pargesa Holding SA		SIX SE	CH0021783391	CHF	0.515464%	0.006286
Partners Group Holding AG		SIX SE	CH0024608827	CHF	4.639175%	0.006768
PSP Swiss Property AG		SIX SE	CH0018294154	CHF	2.577320%	0.029047
Roche Holding AG		SIX SE	CH0012032048	CHF	4.639175%	0.020796
SGS SA		SIX SE	CH0002497458	CHF	4.639175%	0.001941
Sunrise Communications AG		SIX SE	CH0267291224	CHF	2.577320%	0.027995
Swiss Life Holding AG		SIX SE	CH0014852781	CHF	4.639175%	0.013570
Swiss Prime Site AG		SIX SE	CH0008038389	CHF	2.577320%	0.029300
Swiss Re AG		SIX SE	CH0126881561	CHF	4.639175%	0.048375
Swisscom AG		SIX SE	CH0008742519	CHF	4.639175%	0.009099
UBS Group AG		SIX SE	CH0244767585	CHF	4.639175%	0.259293
Valora Holding AG		SIX SE	CH0002088976	CHF	0.515464%	0.001474
Zurich Insurance Group Ltd.		SIX SE	CH0011075394	CHF	4.639175%	0.014931

Redemption amount The redemption amount per VONCERT Open End on termination date corresponds to the reference price of the certificate multiplied by the ratio and by the performance factor, if applicable converted into the reference currency:

$$\text{Redemption amount} = \text{Reference price of the certificate} * \text{Ratio} * \text{Performance factor}$$

Performance factor The performance factor of the underlying on termination date corresponds to the performance of the underlying less Management Fee and is calculated with the following formula:

$$\prod_t \left(\frac{B_t}{B_{t-1}} - \text{Fee} \frac{d_t}{360} \right)$$

Where:

- t are the trading days during the lifetime of the VONCERT Open End
- B_t is the reference price of the underlying at the end of the trading day t (B₀ = Reference price of the underlying at initial fixing)
- Fee_t is the management fee
- d_t is the number of calendar days between t-1 and t

Reference price Is the closing price of the underlying determined by the place of determination on a trading day.

Management fee 1.20% p.a.

Currency-hedged No

Further Information

Issue size	500'000 VONCERT Open End, the size may be increased
Issuer's call right	<p>The issuer shall be entitled to call all outstanding VONCERTs Open End half-yearly, at the third Monday of the months March and October (first time in March 2018) for the purpose of early repayment ("Redemption Date") without giving any indication of reasons. Appropriate notification is to be published at least one month in advance.</p> <p>In this event, the term of the VONCERT Open End shall end early. In the event of a termination, the redemption amount shall be established on the relevant termination date. The redemption shall be made within five banking days of the termination date.</p> <p>If adjustments are planned or have already been made to the index which are, to the issuer's mind, such that a continuation of the VONCERT Open End does not seem appropriate, the issuer shall also have the right to terminate the VONCERT Open End at any time and without notice period as of a date it sets.</p> <p>The relevant notification must be published as soon as possible, stating the termination date authoritative for calculating the redemption amount.</p>
Investor's redemption right	In addition to having the option of selling the VONCERTs Open End within the respective trading times on or off the floor, the investor has the right to exercise his VONCERTs Open End at the third Monday of the months March and October (first time in March 2018). The exercise declaration must be submitted to the calculation agent no later than five banking days before the exercise date by phone or fax (Bank Vontobel AG Zürich; Phone Number 0041-58 283-7898; Fax Number: 0041-58-283-5545).
Title	The Structured Products are issued in the form of non-certificated book-entry securities of the issuer. No certificates, no printing of bonds.
Depository	SIX SIS AG
Clearing / Settlement	SIX SIS AG, Euroclear Brussels, Clearstream (Luxembourg)
Applicable Law / Jurisdiction	Swiss law / Zürich 1, Switzerland
Publication of notifications and adjustments	All notifications to investors concerning the products and adjustments to the product terms (e.g. due to corporate actions) are published under the "Product history" of the respective product at www.derinet.ch , and, in the case of products listed on the SIX Swiss Exchange in accordance with the valid provisions at www.six-swiss-exchange.com .
Secondary market trading	Throughout the entire term a secondary trading is conducted. Indicative daily prices of this product are available at www.derinet.com .
Listing	Will be applied for in the main segment at the SIX Swiss Exchange.
Minimum investment	1 VONCERT Open End
Minimum trading lot	1 VONCERT Open End
Figures for fees and charges	Vontobel estimates the Issuer Estimated Value (IEV) of this product at 98.50%, which gives a Total Expense Ratio (TER) of 1.50%. Distribution charges up to 1.00% are included in this TER figure.
Supervision	Bank Vontobel AG is authorised as a bank and securities dealer in Switzerland and is subject to prudential supervision by the Federal Financial Markets Regulator (FINMA), while Vontobel Holding AG and Vontobel Financial Products Ltd. as group member companies are subject to complementary, consolidated group supervision by the FINMA. Vontobel Financial Products Ltd. is registered in the register of the Dubai International Finance Centre as a non-regulated company. Neither Vontobel Financial Products Ltd. nor Vontobel Holding AG are financial intermediaries subject to prudential supervision within the meaning of art. 5 para.1 subpara. a ciph. 1.-4. of the CISA.

Tax treatment in Switzerland

Swiss Income Tax	Dividends and other distributions that are reinvested in the Index constitute taxable investment income and are subject to income tax in Switzerland. Each year the calculation agent shall submit the annual financial statements required for tax purposes to the FTA.
Swiss Withholding Tax	No Swiss withholding tax
Issuance Stamp Tax	No Swiss stamp duty at issuance
Swiss turnover tax	Secondary market transactions are not subject to the swiss turnover tax.
General information	<p>Transactions and payments relating to this product may be subject to further (foreign) transaction taxes, duties and/or withholding taxes, in particular a withholding tax pursuant to the Section 871(m) of the US Internal Revenue Code. All payments from this product will occur with any applicable taxes and duties deducted.</p> <p>The taxation mentioned is a non-binding and non-exhaustive summary of the applicable treatment of Swiss-domiciled private investors for tax purposes.</p> <p>The investor's specific circumstances, however, are not taken into account. We point out that Swiss and/or foreign tax law or the authoritative practice of Swiss and/or foreign tax authorities can change at any time or specify further tax or charge liabilities (possibly even with retrospective effect).</p> <p>Potential investors should have the tax effects of the purchase, holding, sale or repayment of this product examined by their own tax adviser - especially with respect to the effects of taxation under another jurisdiction.</p>

Description of the underlying

Vontobel Swiss Smart Dividend Performance-Index

The Vontobel Swiss Smart Dividend Performance-Index an index of Bank Vontobel AG, which is calculated and distributed by it. The index universe consists of Swiss equities that are part of the "Vontobel Shares Research" universe.

(For details on the index and its composition, see the "Vontobel Swiss Smart Dividend Performance Index" guide available at www.derinet.com).

Index Type:	Performance-Index
Index Currency:	CHF; one index point corresponds to CHF 1.00
Place of determination:	Bank Vontobel AG, Gotthardstrasse 43, 8002 Zürich
Identification:	ISIN CH0396117787 / WKN A2HAD9 / Reuters-RIC .CH0396117787
Performance:	Available at www.derinet.com
Index calculation details:	Available at www.derinet.com
Index calculation adjustments:	Available at www.derinet.com

Prospects of Profit and Losses

VONCERT Open End are tracker certificates which allow participating in an underlying instrument's performance in a transparent way and with a single transaction.

Any potential profit consists of the positive difference between the sales price achieved, i.e. the redemption price, and the purchase price. VONCERT Open End do not provide ongoing revenues. The value of the VONCERT Open End during their term is significantly influenced by the price development of the underlying instrument resp. its components. A loss is made if the VONCERT Open End are sold or redeemed at a lower rate than the purchase price paid.

Such a loss scenario can arise if the underlying instrument develops negatively due to value-determining factors, such as interest rate developments and changes to the rating or creditworthiness of basket components. Therefore, the price of the VONCERT Open End may fall significantly below the issue price/purchase price during the term and/or on maturity, which results in a corresponding loss. VONCERT Open End have no capital protection. The maximum loss can lead to a loss of the capital invested.

Assumptions and limitations in preparing the market scenarios

The following market scenarios should afford the investor a simplified way of making an assessment of the significant factors that influence the investment performance of the certificate. For a precise analysis of the profit and loss scenarios, reference must be made to the formulas and definitions set out in this termsheet, (e.g. for "reimbursement"), because these scenarios have been deliberately simplified in order to make them better understandable. With the exception of those certificates for which one of the following factors is defined as the underlying (e.g. a currency certificate or a certificate of interest), the impact of these risk factors will be excluded from the simplified presentation of the scenario

- Foreign currency risks
- Interest rate risks
- Volatility risks
- Issuer risk

Market scenarios

Fees and costs both stemming from the certificate and for the acquisition and holding of the certificate

Maximum gain: Underlying performance

Maximum loss: 100%

Positive scenario:

Indicative performance of the certificate: 0% to underlying performance

Necessary market performance of underlying:

- Proportional participation in positive market performance

Break even:

Indicative performance of the certificate: 0%

Necessary market performance of underlying:

- Closing price of underlying = reference price level at the time of the investment

Negative scenario:

Indicative performance of the certificate: Loss of up to 100% possible

Necessary market performance of underlying:

- Closing price of underlying is lower than the reference price level at the time of the investment

Significant risks for Investors

Currency risks

If the underlying or underlyings is/are denominated in a currency other than the product's reference currency, investors should bear in mind that this may involve risks due to fluctuating exchange rates and that the risk of loss does not only depend on the performance of the underlying(s) but also on any unfavourable performance of the other currency or currencies. This does not apply for currency-hedged products (quanto structure).

Market risks

The general market performance of securities is dependent in particular on the development of the capital markets which, for their part, are influenced by the general global economic situation as well as by the economic and political framework conditions in the respective countries (so-called market risk). Changes to market prices such as interest rates, commodity prices or corresponding volatilities may have a negative effect on the valuation of the underlying(s) or the structured product. There is also the risk of market disruptions (such as trading or stock market interruptions or discontinuation of trading) or other unforeseeable occurrences concerning the respective underlyings and/or their stock exchanges or markets taking place during the term or upon maturity of the structured products. Such occurrences can have an effect on the time of redemption and/or on the value of the structured products. In the event of trading restrictions, sanctions and similar occurrences, the issuer is entitled, for the purpose of calculating the value of the structured product, to include at its own discretion the underlying instruments at their most recently traded price, at a fair value to be established at its sole discretion or indeed as worthless, and/or additionally to suspend pricing in the structured product or liquidate the structured product prematurely.

Secondary market risks

Under normal market conditions, the issuer or the lead manager intend to post bid- and ask-prices on a regular basis. However, neither the issuer nor the lead manager is under any obligation with respect to investors to provide such bid- and ask-prices for specific order or securities volumes, and there is no guarantee of a specific liquidity or of a specific spread (i.e. the difference between bid- and ask-prices), for which reason investors cannot rely on being able to purchase or sell the structured products on a specific date or at a specific price.

Issuer risk

The value of structured products may depend not only on the performance of the underlying(s), but also on the creditworthiness of the guarantor, which may change during the term of the structured product. The investor is exposed to the risk of default of the guarantor. For further information on the rating of Bank Vontobel AG or Vontobel Holding AG, please see the issuance programme.

Restrictions on sales

U.S.A., U.S. Subjects, UK, DIFC/Dubai

European Economic Area (EEA): Investors should note the selling restrictions: since neither this termsheet nor the issuance programme meets the requirements of the EU Prospectus Directive, the implementing regulations or the national transposing measures, this security may not be publicly offered for sale within the European Economic Area (EEA) until a corresponding prospectus has been drawn up and approved by the supervisory authority, unless: (a) this offer is aimed exclusively at qualified investors, (b) this offer is aimed at fewer than 150 investors in total in each state in the EEA, (c) the minimum investment amount per investor is EUR 100,000 or the securities have a minimum nominal value of EUR 100,000, or (d) the selling price of all the securities offered is less than EUR 100,000.

Further risk information and selling restrictions

Please also note the additional risk factors and selling restrictions set out in detail in the issuance programme.

Legal Notices

Product documentation

Only the Termsheets published at www.derinet.ch along with the associated notices and adjustments shall be legally valid.

The original version of the Termsheet is in German; foreign-language versions constitute non-binding translations. The issuer and/or Bank Vontobel AG is entitled to correct spelling mistakes, calculation or other obvious errors in this Termsheet and to make editorial changes, as well as to amend or supplement contradictory or incomplete provisions, without the consent of the investors.

Up until the initial fixing date, the product terms designated as such of the "Termsheet (Indication)" are indicative and may be adjusted. The issuer is under no obligation to issue the product. The "Termsheet (Final Terms)", which is usually issued on the date of the initial fixing, contains a summary of the most important final terms and information, and constitutes the "Final Terms" pursuant to art. 21 of the Additional Rules for the Listing of Derivates of SIX Swiss Exchange. Together with the current issuance programme, registered with SIX Swiss Exchange (the „Issuance Programme“), the Final Terms constitute the complete listing prospectus according to the Listing Rules. In the event of discrepancies between this Termsheet and the Issuance Programme, the provisions of the Final Terms shall take precedence.

For structured products not listed on the SIX Swiss Exchange, the Termsheet (Indication) constitutes the preliminary simplified prospectus and Termsheet (Final Terms) constitutes the definitive simplified prospectus pursuant to art. 5 of the Federal Act on Collective Investment Schemes (CISA). In addition, reference is also made (with the exception of the provisions authoritative for a listing) to the Issuance Programme, in particular to the detailed information on risks contained therein, to the General Terms and Conditions and to the descriptions of the corresponding product types.

During the entire term of the structured product, all documents may be ordered free of charge from Bank Vontobel AG, Financial Products documentation, Bleicherweg 21, 8002 Zurich (telephone: +41 (0)58 283 78 88) and may also be downloaded on the www.derinet.com website. Vontobel explicitly rejects any liability for publications on other Internet platforms.

Further information

The list and information shown do not constitute a recommendation concerning the underlying in question; they are for information purposes only and do not constitute either an offer or an invitation to submit an offer, or a recommendation to purchase financial products. Indicative information is provided without warranty. The information is not a substitute for the advice that is indispensable before entering into any derivative transaction. Only investors who fully understand the risks of the transaction to be concluded and who are commercially in a position to bear the losses which may thereby arise should enter into such transactions. Furthermore, we refer to the brochure "Special Risks in Securities Trading" which you can order from us. In connection with the issuing and/or selling of structured products, companies from the Vontobel Group can pay reimbursements to third parties directly or indirectly in different amounts (for details see "Figures for fees and charges"). Such commission is included in the issue price. You can obtain further information from your sales agent upon request. We will be happy to answer any questions you may have concerning our products on +41 (0)58 283 78 88 from 08.00 – 17.00 CET on bank business days. Please note that all calls to this number are recorded. By calling this number, your consent to such recording is deemed given.

Material changes since the most recent annual financial statements

Subject to the information in this Termsheet and the Issuance Programme, no material changes have occurred in the assets and liabilities, financial position and profits and losses of the issuer/guarantor since the reporting date or the close of the last financial year or the interim financial statements of the issuer and, as the case may be, of the guarantor.

Responsibility for the listing prospectus

Bank Vontobel AG takes responsibility for the content of the listing prospectus and hereby declares that, to the best of its knowledge, the information is correct and that no material facts or circumstances have been omitted.

Zurich, 21 February 2018
Bank Vontobel AG, Zurich

Your customer relationship manager will be happy to answer any questions you may have.

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