Investment Banking

Shark Unit on the SMI® (Swiss Market Index) (Quanto AUD)

Termsheet (Final Terms)

SSPA Designation
Miscellaneous Capital Protection Certificates (1199)

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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 or the guarantor's credit risk.

Product Description

Shark Units offer fixed capital protection at maturity. Furthermore, the product offers a percentage participation in the positive performance of the underlying, as long as it does not reach or break through its defined barrier during barrier monitoring. A cash equivalent is paid out together with the capital protection at maturity. If the underlying has touched or broken through the barrier during barrier monitoring, participation becomes invalid. In such a case, the investor still receives a payment of the rebate (bonus) on the repayment date in addition to the capital protection (for details see “Redemption”).

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 and Calculation agent
Bank Vontobel AG, Zurich

SSPA Product Type
Miscellaneous Capital Protection Certificates (1199), see also www.sspa-association.ch

Underlying
SMI® (Swiss Market Index) (further details on the Underlying see below)

Spot Reference Price
CHF 8'973.56

Strike Price
CHF 8'973.56 (100.00% of the Spot Reference Price)

Barrier
CHF 11'665.63 (130.00% of the Spot Reference Price)

Issue Price
AUD 1’000.00

Nominal Value
AUD 1’000.00

Capital Protection
AUD 1’000.00 (100.00% of the Nominal Value)

Participation
100.00%

Barrier Monitoring
31 August 2018 until 31 August 2021, continuous monitoring

Rebate
6.00%

Initial Fixing
31 August 2018; Closing price on the reference stock exchange

Payment Date
07 September 2018

Last Trading Day
31 August 2021 (5:00 PM, local time Zurich)

Final Fixing
31 August 2021; Closing price on the reference stock exchange

Repayment Date
07 September 2021

Reference Currency
AUD; issue, trading and redemption are in the Reference Currency

Currency-hedged
Yes (Quanto AUD). The redemption is not subject to the exchange rate between Underlying currency and Reference Currency.

ISIN / Security Number / Symbol
CH0427688210 / 42768821 / USMARV
Redemption / Delivery
The capital protection is repaid in any case.
- Should the underlying never touch or never break through the barrier during barrier monitoring, then an amount which corresponds to the nominal value multiplied by the percentage performance of the underlying, multiplied in turn by the participation, will be paid out in addition to the capital protection at maturity.

\[ \text{Capital Protection} = \max \left( 0, \text{Participation} \times \left( \frac{S_t}{S_i} - 100\% \right) \right) \times \text{Notional} \]

\[ \begin{align*} S_t & \text{ Final Fixing of the underlying} \\ S_i & \text{ Strike Price} \]
- If the underlying reaches or breaks through the defined barrier during barrier monitoring, then the capital protection is paid out in addition to a payment of the rebate (bonus).

\[ \text{Capital Protection} + \text{Rebate} \times \text{Notional} \]

Further Information

| Issue size | 25'000 Shark Unit, with the option to increase |
| 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 / Zurich 1, Switzerland |
| Publication of notices and adjustments | All notices 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.com. |
| Early termination | Only for fiscal or other extraordinary reasons, as well as in case of no outstanding positions (as specified in detail in the issuance programme). |
| 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 Shark Unit |
| Minimum trading lot | 1 Shark Unit |
| 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. |

Costs and Charges

| One-off costs | 0.51% p.a. of the Issue Price (corresponds to the initial costs already included in the Issue Price) |
| Distribution charges | The One-off costs include Distribution charges of up to 0.50% p.a. Distribution charges may be paid as a discount on the Issue Price or as a once-time and/or periodic payment by the Issuer to one or more financial intermediaries. |

Tax treatment in Switzerland

Swiss Income Tax
This product qualifies as transparent with predominantly one-off interest payments (IUP). The return determined on the bond component of the product for the holding period is subject to direct federal taxes (modified taxation of the difference). For foreign currency products, please note that the daily exchange rates applied may constitute a key factor.

Swiss Withholding Tax
No Swiss withholding tax

Issuance Stamp Tax
No Swiss stamp duty at issuance

Swiss turnover tax
Secondary market transactions are subject to the Swiss turnover tax (TK22). If delivery of the underlying is stipulated, the Swiss turnover tax may be imposed as well. 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 applicable taxes and duties deducted. The taxation mentioned is a non-binding and non-exhaustive summary of the applicable treatment of Swiss-domiciled private investors for tax purposes. 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).

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.

Net present value of bond components upon issue
AUD 940.26 (Implied IRR: 2.0746%)
Description of the underlying

SMI® (Swiss Market Index) As a blue chip index, the SMI® is Switzerland's most important stock index and comprises the 20 largest equities in Switzerland's overall stock market index (Swiss Performance Index). The SMI® represents a major part of the total capitalisation of the Swiss equity market. The Product is not sponsored, endorsed, sold or promoted by SIX Swiss Exchange and SIX Swiss Exchange makes no representation regarding the advisability of investing in the Product. The SMI® is a registered trademark of SIX Swiss Exchange and has been licensed.

Identification:
- ISIN CH0009980894 / Bloomberg «SMI Index»
- Place of determination: SIX Swiss Exchange
- Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion
- Performance:
  - Reference bond (“default or redemption event”)

Index Calculation Details:
- Available at www.six-swiss-exchange.com
- Index calculation adjustments: Available at www.six-swiss-exchange.com

Prospects of Profit and Losses

With Shark Units, in addition to the capital protection, the investor benefits from the opportunity of participating in the positive performance of the underlying up to the defined barrier. An equivalent cash payment becomes, however, invalid if the underlying reaches or breaks through the defined upper barrier during barrier monitoring. In such a case, the nominal value is only paid out in addition to a payment of the rebate (bonus). These products guarantee capital protection expressed in per cent at maturity: With non-100%-guaranteed products, the investor may receive less back than the issue price at maturity.

Even if the performance of the underlying is negative, the price of the product during the term may be considerably below the issue price. Potential investors should bear in mind that price changes to the underlying, as well as other influencing factors, may have a negative effect on the value of the structured products.

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
- Reference bond ("default or redemption event")
- Fees and costs both stemming from the certificate and for the acquisition and holding of the certificate

Market scenarios

Maximum gain: Cap at barrier
Maximum loss: Limited at capital protection level

Positive scenario:
- Indicative performance of the certificate: 0% to barrier
- Necessary market performance of underlying:
  - Participation in positive market performance until reaching the barrier
  - Upon reaching the barrier, investment performance is reduced to the capital protection level plus any planned fixed bonus payment (rebate)

Break even:
- Indicative performance of the certificate: 0%
- Necessary market performance of underlying:
  - Barrier not reached and closing price of underlying = Reference price level at the time of the investment
  - OR: Underlying performance + capital protection level = Reference price level at the time of the investment

Negative scenario:
- Indicative performance of the certificate: Floored at capital protection level
- Necessary market performance of underlying:
  - Closing price of underlying is lower than the reference price level at the time of the investment - maximum loss limited by capital protection level

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.

Selling Restrictions
U.S.A., U.S. Persons, UK, DIFC/Dubai European Economic Area (EEA): Investors should note the selling restrictions: since neither this term sheet nor the issuance programme meets the requirements of the European 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, Switzerland (telephone: +41 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 obtain 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 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 Term sheet and the Issuance Program, 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, 31 August 2018
Bank Vontobel AG, Zurich

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

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