

Defender Vconcert on Bayer AG (Quanto CHF)

Termsheet (Final Terms)

SSPA Designation

Bonus Certificate (1320)

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 or the guarantor's credit risk.

Product Description

These products are characterised by unlimited participation in the performance of the Underlying. They also offer a – albeit only conditional – minimum redemption in the amount of the percentage Strike Price (bonus level). However, this minimum redemption ceases to apply as soon as the Underlying touches the Barrier during Barrier Monitoring. The redemption at the end of the term is determined on the basis of the performance and final fixing of the Underlying: If the Underlying has not touched the Barrier during the Barrier Observation, it will be redeemed at the Nominal Value multiplied by the performance, but at least at the percentage Strike Price multiplied by the Nominal Value. Nevertheless, if the Underlying has touched the Barrier during Barrier Monitoring, the Underlying is delivered or a cash compensation is paid (for details see "Redemption/delivery" or "Redemption formula").

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	Bonus Certificate (1320), see also www.sspa-association.ch
Underlying	Bayer AG (further details on the Underlying see below)
	Spot Reference Price EUR 60.71
	Strike Price EUR 71.64 (118.00% of the Spot Reference Price)
	Barrier EUR 42.50 (70.00% of the Spot Reference Price)
	Number of Underlyings *
Number of Underlyings *	The Number of Underlyings will be calculated at Final Fixing according the following formula: <i>Nominal Value / Strike x Forex (Final Fixing)</i> Where: Forex(Final Fixing) is the exchange rate between the Underlying Currency and the Reference Currency at Final Fixing as observed on the relevant Fixing Page.
Fixing Page	Bloomberg BFIX, Bloomberg Index Services Limited, 2.00 pm (local time Frankfurt) Website: http://www.bloomberg.com/markets/currencies/fx-fixings
Issue Price	100.00% of the Nominal Value
Nominal Value	CHF 1'000.00
Barrier Monitoring	21 December 2018 until 21 June 2021, continuous monitoring
Initial Fixing	21 December 2018 (Intraday)
Payment Date	28 December 2018
Last Trading Day	21 June 2021 (5:00 PM, local time Zurich)
Final Fixing	21 June 2021; Closing price on the reference stock exchange
Repayment Date	28 June 2021
Reference Currency	CHF; issue, trading and redemption are in the Reference Currency

Currency-hedged	Yes (Quanto CHF) In case of a physical delivery, the number of securities to be delivered will be defined based on the exchange rate between underlying currency and the reference currency at final fixing (for details see "Number of Underlyings" resp. "Redemption/Delivery").
ISIN / Security Number / Symbol	CH0449923199 / 44992319 / -
Redemption / Delivery	<ul style="list-style-type: none"> - If the Underlying never touches or breaches the Barrier during Barrier Monitoring, a cash compensation is paid according to the performance of the Underlying multiplied by the Nominal Value, but at least the product of the Nominal Value and the quotient of the Strike Price and the Spot Reference price. - If the Underlying touches or breaches the Barrier during Barrier Monitoring, a physical delivery of the indicated Number of Underlyings is made; fractions are not accumulated and are paid out in cash, converted into the Reference Currency.
Redemption formula for cash settlement	$\text{Redemption} = (\text{SF} + I \times \text{MAX}[0; X - \text{SF}]) \times R$ <p>SF = Final Fixing</p> <p>X = Strike Price</p> <p>R = Number of Underlyings</p> <p>I = 1, if the Underlying never touches or breaches the Barrier during Barrier Monitoring</p> <p>I = 0, otherwise</p>

Further Information

Issue size	CHF 25'000'000, 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 Program).
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	None
Minimum investment	CHF 1'000.00 Nominal Value
Minimum trading lot	CHF 1'000.00 Nominal Value
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	2.42% 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 0.40% p.a. Distribution charges may be paid as a discount on the Issue Price or as a one-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).
Swiss Withholding Tax	No Swiss withholding tax
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.

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>If delivery of the underlying is stipulated, foreign taxes and duties have to be assumed by the investors.</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>
Net present value of bond components upon issue	CHF 1'000.00 (Implied IRR: 0.00%)

Description of the underlying

Bayer AG	<p>Name and type: Bayer AG, Registered Share</p> <p>Company and place of registration: Bayer AG, ABT UK-ZF/Stab K12, D-51368 Leverkusen</p> <p>Identification: ISIN DE000BAY0017 / Bloomberg <BAYN GY Equity></p> <p>Reference Exchange: XETRA</p> <p>Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion</p> <p>Performance: Available at www.boerse-frankfurt.de</p> <p>Transferability: According to the articles of incorporation of Bayer</p> <p>Financial statements: Available at www.bayer.com</p>
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Prospects of Profit and Losses

Any possible gain results from the difference between the (lower) Issue Price and the (higher) final fixing price. The maximum gain is unlimited as a rule.

These products have only one repayment defined by a barrier and thus only conditional in the amount of the percentage Strike Price multiplied by the Nominal Value: If the underlying touches or breaks through the barrier during the barrier observation, this guaranteed repayment ceases to apply immediately.

Investors should be aware that this can happen during relevant Barrier Monitoring (period of time or point(s) of time). Accordingly, the risks are considerable; given upwardly limited chances of gains, they correspond largely to the risks of a direct investment in the Underlying. The lower the closing price of the Underlying at maturity is, after falling below the Issue Price, the greater the losses sustained. In extreme cases (with a closing price of the Underlying of zero), the maximum loss can lead to a loss of the capital invested.

Even if the performance of the Underlying is positive and the Barrier is not touched, the price of the product during the term can 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 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:	Underlying performance
Maximum loss:	100%
POSITIVE SCENARIO	
Indicative performance of the certificate:	0% to Underlying performance
Necessary market performance of Underlying:	- Barrier not reached and proportional participation in positive performance of the Underlying - OR: Barrier reached and subsequent price recovery of the relevant Underlying
BREAK EVEN	
Indicative performance of the certificate:	0%
Necessary market performance of Underlying:	- Barrier reached and 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:	- Barrier reached and closing price of Underlying is lower than 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 Program.

Selling Restrictions

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

European Economic Area (EEA): Investors should note the selling restrictions: since neither this termsheet nor the Issuance Program 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 Program.

Legal Notices

Product documentation

Only the Termsheets published at www.derinet.com 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.

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 Program, registered with SIX Swiss Exchange (the „Issuance Program“), the Final Terms constitute the complete listing prospectus according to the Listing Rules. In the event of discrepancies between this Termsheet and the Issuance Program, the provisions of the Final Terms shall take precedence.

For structured products not listed on the SIX Swiss Exchange, the 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 Program, 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 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 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.

Zurich, 21 December 2018
Bank Vontobel AG, Zurich

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

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