

7.25% p.a. Callable Multi Defender Vonti on Nestlé, Novartis, Roche

Termsheet (Indication)

SSPA Designation End of subscription 11 January 2019, 4:00 PM
 Barrier Reverse Convertible (1230)

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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

These products are characterised by one or several guaranteed Coupons, several Barriers as well as by a – albeit only conditional – redemption at the Nominal Value. The Issuer has the right for Early Redemption as further described in "Early Redemption". Provided that no Early Redemption has taken place, the redemption at the end of the term is determined on the basis of the performance and the closing prices of the respective Underlyings: A redemption at the Nominal Value is guaranteed as long as the Underlyings have not touched their Barriers during the relevant Barrier monitoring. If one of the Underlyings has touched its Barrier but at Final Fixing all Underlyings are again higher than or equal to the respective Strike Prices, the Nominal Value is repaid. If, however, one of the Underlyings has touched its Barrier during Barrier Monitoring and at Final Fixing at least one of the Underlyings closes lower than the corresponding Strike Price, the investor receives the delivery of the Underlying with the poorest performance or a cash compensation, corresponding to the closing price of this Underlying (for details see "Redemption/Delivery").

Product Information¹

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	Barrier Reverse Convertible (1230), see also www.sspa-association.ch	
Underlying	Nestlé SA (further details on the Underlying see below)	
	Spot Reference Price	CHF 79.95
	Strike Price	CHF 79.95 (100.00% of the Spot Reference Price)
	Barrier	CHF 55.97 (70.00% of the Spot Reference Price)
	Number of Underlyings	12.50782 (fractions are paid out in cash, no accumulation)
Underlying	Novartis AG (further details on the Underlying see below)	
	Spot Reference Price	CHF 83.44
	Strike Price	CHF 83.44 (100.00% of the Spot Reference Price)
	Barrier	CHF 58.41 (70.00% of the Spot Reference Price)
	Number of Underlyings	11.98466 (fractions are paid out in cash, no accumulation)
Underlying	Roche Holding AG (further details on the Underlying see below)	
	Spot Reference Price	CHF 241.30
	Strike Price	CHF 241.30 (100.00% of the Spot Reference Price)
	Barrier	CHF 168.90 (70.00% of the Spot Reference Price)
	Number of Underlyings	4.14422 (fractions are paid out in cash, no accumulation)
Issue Price	100.00% of the Nominal Value	
Nominal Value	CHF 1'000.00	

Barrier Monitoring	11 January 2019 until 07 January 2022, continuous monitoring			
Early redemption monitoring	Monitoring dates	Payment dates		
	07 January 2020	14 January 2020		
	03 April 2020	14 April 2020		
	07 July 2020	14 July 2020		
	07 October 2020	14 October 2020		
	07 January 2021	14 January 2021		
	07 April 2021	14 April 2021		
	07 July 2021	14 July 2021		
	07 October 2021	14 October 2021		
Coupon	7.2500% p.a. (payments according to "Coupon Payment")			
Coupon Payment	Quarterly, subject to Early Redemption			
	Coupon Payment Dates	Coupon	Interest Component	Premium Component
	15 April 2019	1.8125%	0.0000%	1.8125%
	15 July 2019	1.8125%	0.0000%	1.8125%
	14 October 2019	1.8125%	0.0000%	1.8125%
	14 January 2020	1.8125%	0.0000%	1.8125%
	14 April 2020	1.8125%	0.0000%	1.8125%
	14 July 2020	1.8125%	0.0000%	1.8125%
	14 October 2020	1.8125%	0.0000%	1.8125%
	14 January 2021	1.8125%	0.0000%	1.8125%
	14 April 2021	1.8125%	0.0000%	1.8125%
	14 July 2021	1.8125%	0.0000%	1.8125%
	14 October 2021	1.8125%	0.0000%	1.8125%
	14 January 2022	1.8125%	0.0000%	1.8125%
Initial Fixing	11 January 2019; Closing prices on the reference stock exchanges			
Payment Date	18 January 2019			
Last Trading Day	07 January 2022 (12:00 PM, local time Zurich)			
Final Fixing	07 January 2022; Closing price on the reference stock exchange			
Repayment Date	14 January 2022			
Reference Currency	CHF; issue, trading and redemption are in the Reference Currency			
ISIN / Security Number / Symbol	CH0449925020 / 44992502 / RMA9IV			
Early Redemption	At each Monitoring Date, the Issuer has the right but not the obligation, to terminate the product and repay on the next Payment Date. The redemption is made at the Nominal Value, plus one last coupon for the corresponding period. (detail see "Coupon Payments"). No further payments are made.			
Redemption / Delivery	<p>Provided that no Early Redemption has been made (Details see "Early Redemption"), the following rule is applied on the Final Fixing date:</p> <ul style="list-style-type: none"> - If none of the Underlyings touches or breaches its Barrier during Barrier Monitoring, at Repayment Date the Nominal Value is repaid - in addition to the Coupon. - However, if at least one of the Underlyings touches or breaches its Barrier during Barrier Monitoring, repayment is as follows: <ol style="list-style-type: none"> 1. If at Final Fixing all closing prices of the Underlyings are higher than or equal to the corresponding Strike price, the Nominal Value is repaid. In addition, the Coupon is paid out at Repayment Date. 2. If at Final Fixing the closing price of at least one Underlying is lower than the corresponding Strike Price, the investor receives a physical delivery of the indicated Number of the Underlying with the poorest performance; fractions are not accumulated and are paid out in cash. In addition, the Coupon is paid out at Repayment Date. 			

¹ All the information and conditions under section 'Product Information' are indicative and may be adjusted (for details see 'Legal Notices').

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 . In the case of products listed at SIX Swiss Exchange notifications are published at www.six-swiss-exchange.com in accordance with applicable rules, too.
Early termination	The Issuer has the right for Early Redemption as further described in "Early Redemption". Furthermore 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 .
Price setting	Secondary market price quotations are "dirty", that is, accumulated interest is included.
Listing	Will be applied for in the main segment at the SIX Swiss Exchange.
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	0.75% 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 0.33% 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 does not qualify for predominantly one-off interest payments (Non-IUP). The coupons consist of two components: the premium component, which in Switzerland qualifies as a tax-free capital gain, and the interest component, which in Switzerland is subject to direct federal tax (maturity principle).
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. 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.</p>

Description of the underlying

Nestlé SA	Name and type:	Nestlé SA, Registered Share
	Company and place of registration:	Nestlé SA, Avenue Nestlé 55, CH-1800 Vevey
	Identification:	ISIN CH0038863350 / Bloomberg <NESN SE Equity>
	Reference Exchange:	SIX Swiss Exchange
	Futures exchange:	Eurex; the calculation agent can determine another futures exchange at its discretion
	Performance:	Available at www.six-swiss-exchange.com
	Transferability:	According to the articles of incorporation of Nestlé
	Financial statements:	Available at www.nestle.com

Novartis AG	Name and type:	Novartis AG, Registered Share
	Company and place of registration:	Novartis AG, Postfach, CH-4002 Basel
	Identification:	ISIN CH0012005267 / Bloomberg <NOVN SE Equity>
	Reference Exchange:	SIX Swiss Exchange
	Futures exchange:	Eurex; the calculation agent can determine another futures exchange at its discretion
	Performance:	Available at www.six-swiss-exchange.com
	Transferability:	According to the articles of incorporation of Novartis
	Financial statements:	Available at www.novartis.com
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Roche Holding AG	Name and type:	Roche Holding AG, Dividend Right Certificate
	Company and place of registration:	Roche Holding AG, Postfach, CH-4070 Basel
	Identification:	ISIN CH0012032048 / Bloomberg <ROG SE Equity>
	Reference Exchange:	SIX Swiss Exchange
	Futures exchange:	Eurex; the calculation agent can determine another futures exchange at its discretion
	Performance:	Available at www.six-swiss-exchange.com
	Transferability:	According to the articles of incorporation of Roche
	Financial statements:	Available at www.roche.com

Prospects of Profit and Losses

Any possible gain results from the guaranteed fixed coupons. Nevertheless, there is an upper limit to the gain, as the maximum payment is the Nominal Value plus the coupons.

The Issuer has the right to terminate the product prematurely (for details see "Early Redemption").

These products have only conditional repayment at the Nominal Value defined by the individual Barriers: If at least one of the Underlyings touches or breaches its Barrier during Barrier monitoring, the right of a guaranteed repayment at the Nominal Value 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 with the poorest performance. The lower the closing price of the Underlying with the poorest performance after falling below its Strike price, the greater the losses sustained. Apart from the coupon payments, in extreme cases, the maximum loss can lead to a loss of the capital invested.

Even if the performance of the Underlyings is positive and the Barriers are 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 Underlyings, 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: Cap at coupon
Maximum loss: 100%

POSITIVE SCENARIO

Indicative performance of the certificate: 0% to coupon
Necessary market performance of Underlying:

- If the Barrier is not reached, the performance corresponds to the Coupon
- If the Barrier was reached, but the price loss in reference to the Strike Price of the relevant Underlying is smaller than the Coupon multiplied by the Strike Price in %, then the performance lies between 0% and the Coupon
- Performance is limited to the Coupon (Cap)

BREAK EVEN

Indicative performance of the certificate: 0%
Necessary market performance of Underlying:

- Barrier reached
- Price loss in reference to the Strike Price of the relevant Underlying corresponds to the Coupon multiplied by the Strike Price in %

NEGATIVE SCENARIO

Indicative performance of the certificate:	Loss of up to 100% possible
Necessary market performance of Underlying:	- Barrier reached - The price loss in reference to the Strike Price of the relevant Underlying is higher than the Coupon multiplied by the Strike Price in %

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.

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 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 (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 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.

Material changes since the most recent annual financial statements

Subject to the information in this Termsheet 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, 11 January 2019
Bank Vontobel AG, Zurich

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

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