

2M 2.18% p.a. Vontobel Term Note with Daily Liquidity

Termsheet (Indication)

Subscription phase 29 January 2019 until 8 February 2019, 12:00 PM

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These financial instruments are not considered as 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 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

Vontobel Term Notes are products, which are characterized by a repayment of 100% of the Nominal Value in the Reference currency at maturity. In addition, a one-time coupon payment will be made at the end of the term. The Products are not subject to any deposit protection scheme.

Product Information¹

ISIN / Security Number	CH0459328024 / 45932802
Issue Price	100.00% of the Nominal Value
Nominal Value	USD 1'000.00
Reference Currency	USD; issue, trading and redemption are in the Reference Currency
Initial Fixing	08 February 2019
Payment Date	12 February 2019
Last trading Date	10 April 2019 (5.30 PM local time Zurich)
Repayment Date	12 April 2019
Coupon Payment	Investors receive a Coupon Payment on the Coupon Payment Date in the amount of the Nominal Value multiplied with (i) the Coupon and the (ii) Day count convention.
Coupon	2.18000% p.a. (one-time payment 0.35728%)
Coupon Period	Payment Date (included) to Repayment Date (excluded), Number of days: 59
Coupon Payment Date	12 April 2019
Day count convention	Act/360 (modified following, adjusted)
Repayment	The Issuer will redeem the Product at 100.00% of the Nominal Value on the Repayment Date.

Parties

Issuer	Vontobel Financial Products Ltd., DIFC Dubai (no Rating)
Guarantor	Vontobel Holding AG, Zurich (Moody's A3)
Lead Manager	Bank Vontobel AG, Zürich
Paying and Calculation Agent	Bank Vontobel AG, Zürich

Further Information

Issue size	USD 25'000'000.00, with option to increase
Title	The 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)

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

Applicable Law / Jurisdiction	Swiss law / Zurich 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.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	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, accrued interest is included.
Listing	None
Minimum investment	USD 1'000.00 Nominal Value
Minimum trading lot	USD 1'000.00 Nominal Value
Supervision	Bank Vontobel AG is authorized 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 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

Distribution charges	The One-off costs include Distribution charges up to 0.07375%. 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.
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Tax treatment in Switzerland

Swiss Income tax	For the purposes of direct federal tax, any coupons represent taxable investment income. All actual income earned on the sale or repayment of the Product is subject to taxation (pure differential taxation). The decisive factor is the difference between the acquisition and sale or repayment amount (converted into CHF at the respective daily exchange rate).
Swiss withholding tax	No Swiss withholding tax
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>

Prospects of Profit and Losses

The Product will be redeemed at the Nominal Value plus coupon(s) regardless of market developments. The profit opportunities for investors who purchase the Product at the Issue Price are therefore limited to the fixed Coupon. These investors do not incur losses as long as the Issuer (or the Guarantor) is able to redeem the Product and pay the Coupon(s). Otherwise, investors are at risk of losses, even total losses (see also Issuer risk below). Fees and costs for the purchase and holding of the Product are not included above.

Significant Risks for Investors

Secondary market risks

Under normal market conditions, the Issuer or the Lead Manager intend to post bid-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-prices for specific order or securities volumes, for which reason investors cannot rely on being able to sell the Product on a specific date or at a specific price. It should be noted that the Product may be quoted below the Issue Price during its term. Potential investors should be aware that not only changes in interest rates but also other factors such as a deterioration in the Issuer's creditworthiness may have a negative impact on the value of the Products.

Issuer risk

The value of the Products may depend on the creditworthiness of the Issuer, which may change during the term of the Products. The investor is exposed to the Issuer's default risk. The Issuer is not rated. As a bond, the Product is not subject to any deposit protection scheme.

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.

This Termsheet has to be read in conjunction with the Issuance Program (as defined below). It should be noted that the descriptions which are specific to structured products also apply analogously to the Products presented herein. Unless otherwise defined herein, words and expressions defined and references construed in the Issuance Program shall have the same meaning and construction when used in this Termsheet. Up until the fixing date, the product terms of the "Termsheet (Indication)" are indicative and may be adjusted. The Issuer is under no obligation to issue the Product. The "Termsheet (Final Terms)" contains a summary of the most important final terms and information, and constitutes the "Final Terms". Together with the Issuance Program for Structured Products (the "Issuance Program") the Final Terms constitute the complete Issuance Documentation and the Issuance Prospectus. In the event of discrepancies between this Termsheet and the Issuance Program, the provisions of the Final Terms shall take precedence.

During the entire term of the 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 investment 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 does not replace the advice that is essential in every case before entering into such transactions. 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 these Products, companies from the Vontobel Group can pay reimbursements to third parties directly or indirectly in different amounts. 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.

Authorization

The preparation of the complete Issuance Documentation and the issuance of the Products within this framework have been duly approved by the competent bodies of the issuer. The Issuer will comply with all necessary consents to the issuance of the Products and the fulfilment of any obligations associated with the Products.

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.

The Issuer does not publish any interim financial statements. The relevant interim financial statements of the Guarantor are available at <https://www.vontobel.com/en-ch/about-vontobel/investor-relations/financial-reporting/>.

Dividends paid by the Issuer

Dividends paid per share by the Issuer during the last five years:

2013: CHF 50.-; 2014: CHF 25.-; 2015: 15.-; 2016: CHF 15.-; 2017: CHF 60.-.

Responsibility for the Issuance Prospectus

Bank Vontobel AG takes responsibility for the content of the Issuance 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.

Zürich, 08 February 2019
Bank Vontobel AG, Zurich

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

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