

DYNAMIC VONCERT OPEN END on a "Vontobel Swiss Research" Basket

PRODUCT DESCRIPTION

The DYNAMIC VONCERT simulates the performance of an underlying. The selection and weighting of the individual equities forming this basket is undertaken applying a two-stage, consistent and transparent investment process. The investment universe of the basket is formed by Swiss equities which satisfy the criteria laid down under "Index universe" below.

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 Information

Issuer	Vontobel Financial Products Ltd., DIFC Dubai (is not subject to any prudential supervision and has no rating)
Keep-Well Agreement	With Bank Vontobel AG, Zurich (is subject to the supervision of the Swiss Financial Market Supervisory Authority FINMA, Moody's Counterparty Risk Assessment A2 (cr); see its complete wording in the Issuance Programme)
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 Research" Basket (further details on the underlying see below)
Number of underlyings	1 DYNAMIC VONCERT Open End represents 1 "Vontobel Swiss Research" Basket
Issue price	CHF 101.50 (CHF 1.50 front-load fee included)
Reference price	CHF 100.00
Initial fixing	February 1, 2016 The calculation agent will determine the relevant stock prices and exchange rates during the initial fixing day at its sole discretion.
Payment date	February 8, 2016
Maturity	Open End
Reference currency	CHF; Issue, trading and redemption will follow in the reference currency
Swiss Security Number / ISIN / Symbol	30188932 / CH0301889322 / Z44AAV
Redemption amount	The redemption amount per DYNAMIC VONCERT Open End corresponds to the valuation price of the basket, eventually converted into the reference currency, determined by the paying and calculation agent on the relevant valuation date less the management fee, which is deducted between the reference dates.
Management fee	1.20% p.a. (taken into account on a daily basis pro rata on the certificate value and deducted on the reference dates)

Further Information

Issue size	300'000 DYNAMIC VONCERT Open End, the size may be increased
Treatment of dividends	Net dividends will be reinvested at each of the dividend ex-days in the corresponding share. When determining the level of the individual net dividends, the Paying and Calculation Agent will consider the applicable foreign taxes at source.
Issuer's call right	The Issuer shall be entitled to call all outstanding DYNAMIC VONCERTs Open End at any reference date for the purpose of early repayment. Corresponding notification is to be published at least one month in advance.
Suspension of the basket, extraordinary call right of the issuer	If at the issuer's discretion (1) the basket composition cannot be adjusted on an extraordinary basis for whatever reason, or (2) if market, regulatory, fiscal or other developments have resulted in such changes that continuation of the basket does not appear to be appropriate at the issuer's discretion, the issuer shall be entitled, but not obligated, to terminate the DYNAMIC VONCERT Open End early. In the event of such extraordinary termination, the relevant valuation date on which the redemption price is determined shall be

	set by the issuer.
Investor's redemption right	In addition to the possibility of selling DYNAMIC VONCERTs Open End at any time, the investor has the right to call his DYNAMIC VONCERTs Open End on the annual Rebalancing Date. Notification must be received by the Calculation Agent by 10.00 CET at the latest at least five trading days beforehand. In the case of such termination, the relevant valuation date corresponds to the rebalancing date in which the redemption price is determined.
Reference dates	The second Thursdays in February and August (first time August 2016)
Repayment date	In case of termination by the issuer, 5 banking working days after the determining reference date.
Clearing / Settlement	SIX SIS AG
Listing	Will be applied for in the main segment at the SIX Swiss Exchange
Secondary market trading	Throughout the entire term a secondary trading is conducted. Indicative daily prices of this product are available at www.derinet.ch .
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 .
Minimum investment	1 DYNAMIC VONCERT Open End
Minimum trading lot	1 DYNAMIC VONCERT Open End
Fiscal treatment in Switzerland	<p>This product qualifies under tax law as a "Dynamic Basket Certificate" with active management which corresponds to an "asset pool similar to an investment fund". The investment income accrued (retained) is subject to income tax so far as it is not declared (tax-free) capital gains. Each year the calculation agent will submit the annual financial statements for the basket, required for tax purposes, to the FTA.</p> <p>No transfer tax, No Swiss withholding tax, no stamp duties at issuance. Primary and secondary market transactions subject to Swiss stamp duty.</p> <p>For Swiss paying agents this product is basically not subject to the EU tax on interest.</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. If such changes cause additional transaction- and/or withholding taxes, the issuer has the right to shift it to the certificate.</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>
Title	The Structured Products are issued in the form of non-certificated book-entry securities of the issuer. No certificates, no printing of bonds.
Applicable Law / Jurisdiction	Swiss law / Zürich 1, Switzerland
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.
Prudential supervision	As a bank and prudentially supervised financial intermediary, Bank Vontobel AG is subject to the supervision of individual banks, while Vontobel Holding AG and Vontobel Financial Products Ltd. as group member companies are subject to complementary, consolidated group supervision by the Federal Financial Markets Regulator 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.

*Description of the Underlying

Investment universe	<p>The investment universe, from which the stocks for the "Vontobel Swiss Research" basket were selected, comprises exclusively the Vontobel Research Universe (approximately 130 securities) and stocks from the Swiss Performance Index (SPI).</p> <p>The stocks must meet the following liquidity criterion: An average daily trading volume of more than CHF 2 million over the past 6 months; a security that is already in the basket is withdrawn (when there is a rebalancing) for liquidity purposes when the average daily trading volume is below CHF 1.5 million for the past 6 months.</p> <p>The paying, exercise and calculation agent is responsible for the composition and monitoring of compliance with the criteria of the investment universe.</p> <p>If there are too few 'buy' rating securities available, or the maximum weightings have been reached, the basket may comprise a cash portion at no interest of up to 50% of the basket.</p>
Securities selection	Securities from the investment universe with a 'buy' rating from Vontobel Research will be included in the basket. If the rating changes to 'hold' or 'reduce', the security will be withdrawn from the basket.

Weighting	<p>A selected security is assigned to one of the following 3 weighting classes, depending on the index to which it belongs:</p> <table> <tr> <td>Swiss Performance Index (SPI®):</td> <td>1x</td> </tr> <tr> <td>SMI MID (SMIM®):</td> <td>5x</td> </tr> <tr> <td>Swiss Market Index (SMI®):</td> <td>9x</td> </tr> </table> <p>The maximum weighting for a selected security is also dependent on the index to which it belongs:</p> <table> <tr> <td>Swiss Performance Index (SPI®):</td> <td>2%</td> </tr> <tr> <td>SMI MID (SMIM®):</td> <td>6%</td> </tr> <tr> <td>Swiss Market Index (SMI®):</td> <td>10%</td> </tr> </table>	Swiss Performance Index (SPI®):	1x	SMI MID (SMIM®):	5x	Swiss Market Index (SMI®):	9x	Swiss Performance Index (SPI®):	2%	SMI MID (SMIM®):	6%	Swiss Market Index (SMI®):	10%
Swiss Performance Index (SPI®):	1x												
SMI MID (SMIM®):	5x												
Swiss Market Index (SMI®):	9x												
Swiss Performance Index (SPI®):	2%												
SMI MID (SMIM®):	6%												
Swiss Market Index (SMI®):	10%												
Rebalancing	<p>If Vontobel Research makes a change in the rating for a security which causes a change in the basket composition according to the above rules, then the basket composition is correspondingly changed (rebalanced) by the calculation agent. The calculation agent performs a rebalancing within a maximum of 5 stock market trading days as of the date of the rating change (inclusive) (the rebalancing period). The calculation agent seeks to ensure that the change in the composition is completed as soon as possible within the rebalancing period.</p> <p>A rebalancing is done for the entire basket, i.e., first the weighting of all selected securities are newly determined based on the above criteria on the day of the rating change. Subsequently, the calculation agent determines, at its reasonable discretion, the rate for the securities in order to set the new composition of the basket based thereon and under consideration of the new weighting and the basket's last valuation price during the rebalancing period.</p> <p>This rate determination is the underlying basis for the relevant exchanges of the securities in question, taking existing liquidity into account and safeguarding the interests of investors and other market participants. If a relevant stock exchange on a stock market day is closed during the rebalancing period, the rebalancing period must be correspondingly extended.</p> <p>If there are too few 'buy' rating securities available, or the maximum weightings have been reached, a cash portion at no interest is included in the basket (or raised). During the rebalancing period, the cash portion may increase until the rebalancing is finished.</p>												
Extraordinary adjustments	<p>The issuer reserves the right to make adjustments to the basket composition in accordance with market standards in order to safeguard interests if events arise or are announced which affect individual or several stocks in the basket, i.e. mergers, acquisitions, restrictions on tradability or the introduction of taxes (list not exhaustive).</p>												
Valuation price of the basket:	<p>As a rule, the basket's valuation price corresponds to the sum of the basket components' closing prices determined by the calculation agent at the relevant stock exchanges on the authoritative valuation date, taking into account the relevant weighting in the basket and converted to the reference currency where applicable. If, however, the calculation agent believes that the trading volumes determined or expected on the stock exchange are insufficient, it shall instead be entitled to use a price established at its discretion in deviation from the closing price for the calculation of the basket's valuation price.</p> <p>If a stock exchange is closed on the authoritative valuation date due to a public holiday, the valuation for the shares traded on the relevant stock exchange shall be put back to the following trading day.</p>												

* Adjustment of product conditions with regard to underlying value description (according to the official communication of April 12, 2017 (see product history www.derinet.com))

PROSPECTS OF PROFIT AND LOSSES

DYNAMIC VONCERT offers you the opportunity to participate in an underlying instrument's performance.

The risks involved with this product basically correspond to those of a direct investment in the underlying. This consists of a share basket whose components come from the defined investment universe. The shares forming the basket are selected again annually. Neither the Issuer nor the Composition Advisor assume any guarantee as to the success of the investment model implemented or for any particular performance by the resultant basket and the Dynamic VONCERTs which is based on it. These DYNAMIC VONCERT offer capital protection and a loss to the capital invested can therefore not be excluded. The value of the DYNAMIC VONCERT during their term is significantly influenced by the price development of the underlying basket.

A loss is made if the DYNAMIC VONCERT 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 DYNAMIC VONCERT may fall significantly below the issue price/purchase price during the term and/or on maturity, which results in a corresponding loss. DYNAMIC VONCERT 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
- 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:

- 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 issuer/guarantor, which may change during the term of the structured product. The investor is exposed to the risk of default of the issuer/guarantor. For further information on the rating of Vontobel Holding AG or Bank Vontobel AG, please see the issuance programme.

Classification

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.

Restrictions on sales

U.S.A., U.S. persons, UK

DIFC/Dubai: This document relates to an Exempt Offer in accordance with the Markets Rules Module (MKT) of the Dubai Financial Services Authority (DFSA). This document is intended for distribution only to a person entitled to receive it under Rule 2.3.1 of the MKT. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken any steps to verify the information set out in it, and has no responsibility for it. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

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

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 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 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 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, fax +41 (0)58 283 57 67). Termsheets may also be downloaded on the www.derinet.ch 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. 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, February 1, 2016

Bank Vontobel AG, Zurich

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



Bank Vontobel AG
 Gotthardstrasse 43, CH-8022 Zürich
 Telefon +41 (0)58 283 71 11
 Internet: <http://www.derinet.com>

Banque Vontobel SA,
 Place de l'Université 6, CH-1205 Genève
 Téléphone +41 (0)22 809 91 91
 Internet: <http://www.derinet.com>