

Long Mini Future on Zurich Insurance Group Ltd.

Termsheet (Final Terms)

SSPA Designation

Mini-Future (2210)

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 credit risk.

Product Description

With Long Mini Futures the investor sets upon increasing prices of the Underlying. They allow for overproportionate (leveraged) participation in each performance of the Underlying. Accordingly, they can be used for speculation or hedging purposes. Mini Futures feature a Stop-Loss Level above the Financing Level. The Financing Level is adjusted daily, the Stop-Loss Level is adjusted at least once a month. If the price of the Underlying reaches or falls below this level during the Observation Period (Stop-Loss Event), the Long Mini Futures expire immediately and are basically redeemed at the then realizable market value. These Mini Futures do not have a fixed maturity (open end), but they may be exercised as from the First Exercise Date (american option). If no Stop-Loss Event occurred, the investor receives a Repayment Amount after five Bank Business Days in case of effective exercise (or in case of termination by the Issuer) which - taking into account the Ratio - corresponds to the amount by which the Relevant Valuation Price exceeds the Financing Level on the Exercise Date.

Product Information

Issuer	Bank Vontobel AG, Zurich (Moody's Counterparty Risk Assessment A2 (cr))	
Lead Manager	Bank Vontobel AG, Zurich	
Paying and Calculation agent	Bank Vontobel AG, Zurich	
SSPA Product Type	Mini-Future (2210), see also www.sspa-association.ch	
Underlying	Zurich Insurance Group Ltd. (further details on the Underlying see below)	
	Spot Reference Price	CHF 282.00
	Financing Level at Initial Fixing	CHF 253.00
	Stop Loss Level at Initial Fixing	CHF 260.60
	Ratio	100 : 1
Issue Price	CHF 0.30	
Type	Long	
Settlement Type	Cash settlement	
Observation Period	From Initial Fixing, continuous monitoring	
Initial Fixing	27 March 2017	
Payment Date	03 April 2017	
First exercise day	29 March 2017	
Valuation date	The valuation date is the date on which: (a) the Mini-Futures are exercised by the holder in accordance with the terms and conditions governing Mini-Futures, or (b) the Mini-Futures are terminated by the Issuer, or (c) a Stop-loss event occurs, at which the occurrence of a Stop-loss event precedes the Mini-Future's exercise by the holder or the termination by the Issuer, respectively.	
Repayment Date	The Repayment amount will be paid out five bank working days after the Valuation Day.	
Maturity	Open End	
Leverage at initial fixing	9.40	

Financing Spread at initial fixing	4.00%
Maximum financing spread	5.00%
Stop-Loss buffer at initial fixing	3.004%
Maximum Stop-Loss buffer	15.00%
Rounding of Financing Level	0.01
Rounding of Stop-loss level	0.01
Reference Currency	CHF; issue, trading and redemption are in the Reference Currency
ISIN / Security Number / Symbol	CH0362314418 / 36231441 / -
Exercise right / Repayment amount	The owner is entitled to exercise his Mini Futures from the First exercise day based on applicable conditions and barring the occurrence of a Stop-Loss Event on this day and on any following bank working day, or to demand payment of a corresponding Redemption amount. All key details about the exercise terms may be found in the issue programme.
Exercise period / Exercise declaration	The exercise declaration must arrive at the Exercise agent by 11:00 am (Swiss Time) In the event of exercise requests arriving later or after the determination of the relevant valuation price on the Reference exchange, the next bank working day is deemed to be the exercise day.
Exercise Agent	<p>Address Bank Vontobel AG attn. Corporate Actions Gotthardstrasse 43 8022 Zurich</p> <p>Telephone +41 (0)58 283 74 90</p> <p>Fax +41 (0)58 283 51 60</p>
Issuer's call right	The Issuer is entitled to terminate unexercised Mini Future on any bank working day, but no sooner than three months after Payment date.
Stop-loss event	A stop-loss event occurs when the value of the relevant Underlying of the Mini-Futures touches or falls below the Current stop-loss level within the Observation period and during the Underlying's trading hours, at which the Mini-Futures are automatically exercised and become invalid. In this event, the redemption amount corresponds to the realizable stop-loss liquidation price.
Stop-Loss liquidation price	A price for the Underlying determined by the Calculation Agent, which is derived from a value for the relevant Underlying within a period of one hour during the Underlying's trading hours after the stop-loss event has occurred. If a stop-loss event occurs less than one hour before the end of a trading hour, the period is then carried over to the next exchange trading day.
Redemption amount	<p>For each Mini-Future exercised or terminated, the following amount is paid back to the investor in the reference currency:</p> $\max(0; (final\ fixing\ price - current\ financing\ level) / ratio) * FX$ <p>Where: FX is the current Interbank conversion rate of the trading currency of the underlying into the reference currency. The value achieved when calculating the redemption amount is rounded up and off, respectively, to two decimal points.</p>
Final fixing price	The final fixing price is equal to the relevant valuation price on the valuation date in case of (a) an exercise by the holder of the Mini-Future or (b) a termination by the issuer, whereas in case (c) a stop-loss event occurs, the final fixing price is equal to the stop-loss liquidation price.
Relevant valuation price	Closing price on the reference stock exchange
Current Financing Level	<p>The current financing level of the Mini-Future is adjusted by the Calculation Agent at the end of each adjustment day in accordance with the following formula:</p> $FL_n = FL_a + \frac{(r + FS) \cdot FL_a \cdot n}{360} - DivF \cdot Div$ <p>where: FL_n: Financing level following the adjustment = Current Financing level. FL_a: Financing level before the adjustment. r: Interest rate; Interest rate for Money Market deposit overnight which is determined by the paying and calculation agent in the trading currency of the underlying. FS: Current financing spread n: number of calendar days between the current Adjustment Date (exclusive) and the next Adjustment Date (inclusive). DivF: Taxation factor for a possible dividend payment. The taxation factor is between zero and one, and is established by the calculation agent at its own discretion. Div: Dividends (or other payments) since last adjustment day</p> <p>The result of the calculation shall be rounded upwards to the next multiple of the rounding of the financing level.</p>
Adjustment day	Each day from monday to friday after the initial fixing day

Adjustment day for Stop-loss level	The First adjustment day of each month and each ex-dividend day of the Underlying. If the Calculation Agent deems it necessary, at its own discretion an adjustment may be made on each Adjustment day.
Current financing spread	The Current financing spread is fixed by the Calculation Agent at its own discretion within a range of between zero and the Maximum financing spread on each Adjustment day.
Current Stop-loss buffer	A buffer within the range of between zero and the Maximum stop-loss buffer determined by the Calculation Agent on each Adjustment day for the Stop-loss level.
Current stop-loss level	A value determined on each Adjustment day for the Stop-loss level by the Calculation Agent after adjustment of the Current financing level, according to the following formula and rounded up to the next multiple of the rounded Stop-loss level: $\text{Current financing level} * (100\% + \text{Current stop-loss buffer})$

Further Information

Issue size	25'000'000 Mini Futures, 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 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 .
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	None
Minimum investment	1 Mini Future
Minimum exercise volume	1 Mini Future or multiples thereof
Minimum trading lot	1 Mini Future
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).

Tax treatment in Switzerland

Swiss Income Tax	Gains from this product are not subject to direct federal taxes.
Swiss Withholding Tax	No Swiss withholding tax
Issuance Stamp Tax	No Swiss stamp duty at issuance
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. 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

Zurich Insurance Group Ltd.	Name and type:	Zurich Insurance Group Ltd., Registered Share
	Company and place of registration:	Zurich Insurance Group, Mythenquai 2, CH-8022 Zürich
	Identification:	ISIN CH0011075394 / Bloomberg <ZURN 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 Zurich Insurance
	Financial statements:	Available at www.zurich.com

Prospects of Profit and Losses

Long Mini-Futures provide the opportunity to benefit overproportionally from a positive performance of the underlying. The potential profit is, as a general rule, unlimited. The potential loss is limited to the amount of capital invested.

Price changes of the underlying may have an overproportionate impact on the value of the product due to the leverage effect. There is a possible profit from the positive difference between the sales price achieved or repayment amount and the issue or purchase price paid. The redemption amount receivable in the event of any exercise of the Mini-Future depends on the figure by which the final fixing price exceeds the current financing level. Long Mini-Futures do not yield current income. As a rule, they lose value if there is no price increase in the underlying. Accordingly, Long Mini-Futures always lose value if the price of the underlying remains stable.

Mini-Futures have no set maturity but immediately become worthless when the stop-loss level is reached and as a rule are redeemed at their then achievable market value. The stop-loss level is adjusted periodically. The risk for an investment in Mini-Futures is based not only on the leverage effect but also on the danger of a stop-loss level event occurring, which is significantly greater than it would be for a direct 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, which may change during the term of the structured product. The investor is exposed to the risk of default of the issuer. For further information on the rating of Bank Vontobel AG, please see the issuance programme.

Restrictions on sales

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

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 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.

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 (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 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.

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Bank Vontobel AG, Zurich

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

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