

4.65% p.a. Lock-in Multi Defender Vonti on BMW, Daimler, Volkswagen

PRODUCT DESCRIPTION

Lock-in Multi Defender VONTI refer to several underlyings and are characterized by one or more guaranteed coupons, several barriers as well as by a – albeit only conditional – redemption at the nominal value. A redemption at the nominal value is guaranteed as long as the closing prices of all underlyings are above their Lock-in Levels on a Lock-in monitoring day, or if the underlyings have never touched their barriers during the relevant barrier monitoring. However, if the closing prices of all underlyings do not touch their Lock-in levels at any Lock-in monitoring day, the redemption at the end of the term is determined as follows: If one of the underlyings has touched its barrier during barrier monitoring but all underlyings are again above their exercise prices at final fixing, redemption is at the nominal value. But if one of the underlyings has touched its barrier during barrier monitoring and at least one underlying closes below its strike price at final fixing, the predetermined number of the underlying with the poorest performance is delivered or a cash compensation is paid (for details see "Redemption/delivery").

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 A2; 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	Barrier Reverse Convertible (1230), see also www.svsp-verband.ch

Underlyings	Bayerische Motoren Werke AG Daimler AG Volkswagen AG (further details on the underlyings see below)
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Issue price	100%
Nominal value	EUR 1000.00

Strikes / Barriers /Lock-in Levels	Underlying	Strike	Barrier (in %)	Lock-in Level (in %)	Number of underlyings
	Bayerische Motoren Werke	EUR 93.55 (100%)	EUR 60.81 (65%)	EUR 96.36 (103%)	10.68947
	Daimler AG	EUR 83.29 (100%)	EUR 54.14 (65%)	EUR 85.79 (103%)	12.00624
	Volkswagen AG	EUR 197.90 (100%)	EUR 128.64 (65%)	EUR 203.84 (103%)	5.05306

Lock-in monitoring days (quarterly)	2015	2016	2017
		January 22, 2016	January 23, 2017
		April 22, 2016	April 24, 2017
		July 22, 2016	
	October 22, 2015	October 24, 2016	

Lock-in Event	A Lock-in Event occurs, if the closing prices of all underlyings are above their defined Lock-in levels on a Lock-in monitoring day.
Barrier monitoring	July 15, 2015 until July 17, 2017, continuous monitoring
Coupon	4.65% p.a. 30/360 (total duration: 722 days) (corresponds to an accumulated payment of 9.32%)
Coupon payment	Annually

Coupon payment date	Coupon	Interest component	Premium component
July 25, 2016	4.685%	0.11%	4.575%
July 24, 2017	4.635%	0.11%	4.525%

Initial fixing	July 15, 2015, closing prices
Payment date	July 22, 2015
Last trading day	July 17, 2017 (12:00 CET)
Final fixing	July 17, 2017, closing prices
Repayment date	July 24, 2017

Reference currency	EUR; issue, trading and redemption will follow in the reference currency
Swiss Security Nr. / ISIN / Telekurs Symbol	24173567 / CH0241735676 / VONODM
Settlement mode	<p><u>With Lock-in Event</u> If a Lock-in Event occurred during the term, the repayment is in each case at the nominal value, in addition to the coupon.</p> <p><u>Without Lock-in Event</u> If no Lock-in Event occurred, redemption is as follows:</p> <ul style="list-style-type: none"> - If none of the underlyings touches or breaches its barrier during barrier monitoring, 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, redemption is as follows – in addition to the coupon: <ol style="list-style-type: none"> 1. If all final fixings of the underlyings are higher than or equal to the corresponding strike prices, the nominal value is repaid. 2. If the final fixing of at least one underlying is lower than its strike price, a physical delivery of the indicated number of the underlying with the poorest performance in percentage terms is made; fractions are not accumulated and are paid out in cash.

Further Information

Issue size	EUR 300000000, the size may be increased
Clearing / Settlement	SIX SIS AG
Listing	Will be applied for in the main segment at the SIX Swiss Exchange
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 .
Secondary market trading	Throughout the entire term a secondary trading is conducted. Indicative daily prices of this product are available at www.derinet.ch .
Price setting	Secondary market price quotations are "clean," that is, accumulated interests are not included.
Minimum investment	EUR 1000.00 nominal value
Minimum trading lot	EUR 1000.00 nominal value
Tax treatment in Switzerland	<p>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). For foreign currency products, please note that the daily exchange rates applied may constitute a key factor.</p> <p>The issuer would like to point out to investors that, in accordance with current Swiss FTA practice, any negative interest rates for the taxes shall be disregarded and, in particular, costs due to negative interest rates are not a tax-deductible expense. No warranty is provided for statements regarding tax treatment.</p> <p>Neither the Swiss withholding tax nor the Swiss stamp duty at issuance is imposed.</p> <p>Secondary market transactions are subject to the Swiss securities transfer duty (TK22). If delivery of the underlying is stipulated, the securities transfer duty may be imposed as well.</p> <p>For Swiss paying agents the interest part of the coupon is subject to the EU tax on interest (TK6).</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). The levying and transferring of further taxes and charges, such as (foreign) transaction taxes, taxes at source and/or withholding taxes, to the investor remains expressly reserved (see also the corresponding tax law explanations in the issuance programme).</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.
Early termination	Only possible for fiscal or other extraordinary reasons (as specified in detail in the issuance programme).
Applicable Law / Jurisdiction	Swiss law / Zurich 1, Switzerland
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.
Figures for fees and charges	Vontobel estimates the Issuer Estimated Value (IEV) of this product at 98.83%, which gives a Total Expense Ratio (TER) of 0.58% p.a.. Distribution charges up to 0.50% p.a. are included in this TER figure.
Description of the underlying Bayerische Motoren Werke AG	Name: Bayerische Motoren Werke AG, Bearer Shares Company and place of registration: Bayerische Motoren Werke (BMW) AG, Petuelring 130, D-80788 München Identification: ISIN DE0005190003 / Swiss Sec. No. 324410 / Bloomberg <BMW GY Equity> Reference stock exchange: XETRA Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion Performance: Available at www.bloomberg.com (Symbol: BMW:GY) Transferability: As per the articles of association Bayerische Motoren Werke AG Financial statements: Available at www.bmw.com
Description of the underlying Daimler AG	Name: Daimler AG, Registered Shares Company and place of registration: Daimler AG, Epplestrasse 225, D-70546 Stuttgart Identification: ISIN DE0007100000 / Swiss Sec. No. 945657 / Bloomberg <DAI GY Equity> Reference stock exchange: XETRA Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion Performance: Available at www.bloomberg.com (Symbol: DAI:GY) Transferability: As per the articles of association Daimler AG Financial statements: Available at www.daimler.com
Description of the underlying Volkswagen AG	Name: Volkswagen AG, Preferred Shares Company and place of registration: Volkswagen AG, Berliner Ring 2, D-38440 Wolfsburg Identification: ISIN DE0007664039 / Swiss Sec. No. 352781 / Bloomberg <VOW3 GY Equity> Reference stock exchange: XETRA Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion Performance: Available at www.bloomberg.com (Symbol: VOW3:GY) Transferability: As per the articles of association Volkswagen AG Financial statements: Available at www.volkswagenag.com

PROSPECTS OF PROFIT AND LOSSES

Any possible gain results from the guaranteed fixed coupon. Nevertheless, there is an upper limit to the gain as a maximum of the nominal value plus the coupon is paid.

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, and no Lock-in Event occurred, the right of repayment at the nominal value ceases to apply immediately. Investors should be aware that this can happen at any time during relevant barrier monitoring (period of time or point(s) of time). Accordingly, the risks of an investment in a Lock-in Multi Defender VONTI 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 barrier, and no Lock-in Event occurred, the greater the losses sustained. In extreme cases (with a closing price of one underlying of zero), 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 a Lock-in Event occurred, the performance corresponds to the coupon and/or
- If the barrier is not reached, the performance corresponds to the coupon
- If the barrier was reached and no Lock-in Event occurred, but the price loss of the relevant underlying is smaller than the coupon, 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 of the relevant underlying = coupon

Negative scenario:

Indicative performance of the certificate: Loss of up to 100% possible

Necessary market performance of underlying:

- Barrier reached and no Lock-in Event
- Closing price of the underlying is lower than the exercise price reduced by the coupon

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, EEA.

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 authorized financial adviser.

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, July 15, 2015

Bank Vontobel AG, Zurich

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



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