Call - Warrant on Galenica

PRODUCT DESCRIPTION

Warrants are financial instruments which give the investor the right (not the obligation) to purchase (Call warrants) or sell (Put warrants) the underlying at the exercise price in return for payment of the exercise price during the exercise term (American) or on the expiry date (European), respectively. When exercising warrants with "physical delivery", the underlying is delivered by the issuer to the investor (Call warrants), or by the investor to the issuer (Put warrants); warrants with "cash settlement" grant the right – if they are in the money when exercising – to receive payment of the respective difference. With Call warrants, the investor relies on increasing prices of the underlying and with Put warrants on falling prices.

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	Bank Vontobel AG, Zürich (Moody's Counterparty Risk Assessment A2 (cr))
Guarantor	-
Lead Manager	Bank Vontobel AG, Zurich
Paying, exercise and calculation agent	Bank Vontobel AG, Zurich
SSPA product type	Warrant (2100), see also www.sspa-association.ch
Underlying	Galenica AG (further details on the underlying see below)
Spot reference price	CHF 1 107.00
Ratio	100.0 : 1
Option type	Call
Option style	American (exercise possible during the entire exercise term)
Clearing	Physical delivery
Issue price	CHF 1.70
Strike price	CHF 1 000.00
Initial fixing	September 28, 2016 12:27 hours CET
Payment	October 05, 2016
Exercise term	October 05, 2016 - April 21, 2017 12:00 hours CET
Last trading day	April 21, 2017 12:00 hours CET
Last possible exercise time	April 21, 2017 12:00 hours CET
Expiry date	April 21, 2017
Swiss Sec. No. / ISIN / Telekurs Symbol	33167928 / CH0331679289 / WGAAIV
Reference currency	CHF; issue, trading and redemption are in the reference currency

Further information

Issue volume	25 000 000 Vontobel Warrant, with the option to increase
Exercise right	Possible during the entire exercise period (as a rule every trading day until 12:00 CET). In the event of exercise requests arriving later or after the reference stock exchange closes trading, the next trading day is deemed the exercise day. All key details about the exercise terms may be found in the issue programme. A certain amount (determined by the ratio) of warrants grants the right to purchase (options type call) or sell (options type put) 1 underlying at the exercise price on exercise. The issuer has the right to postpone requests to exercise warrants with physical delivery, which would trigger a simultaneous securities delivery of the underlying at a capitalisation value of more than CHF 1 million, to the subsequent trading days in the relevant scope if necessary. Payments / deliveries are made 5 banking days after the exercise date. Exercise agent: Bank Vontobel AG, FAO Corporate Actions, Gotthardstrasse 43, 8022 Zurich Telephone +41 (0)58 283 74 90, Fax +41 (0)58 283 51 60
Minimum exercise volume	100 Vontobel Warrant or multiples thereof
Minimum trading lot	100 Vontobel Warrant
Clearing / Settlement	Clearstream (Luxembourg), Euroclear Brussels, SIX SIS AG
Listing	Will be applied for on 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	Secondary market trading is ensured over the entire term.
Fiscal treatment in Switzerland	Gains from this product are not subject to direct federal taxes. Neither withholding tax nor the stamp duty at issuance is imposed. Secondary market transactions are not subject to the Swiss securities transfer tax. If delivery of the underlying is stipulated, the securities transfer tax may, however, be imposed. For Swiss paying agents this product is not subject to the EU tax on interest. 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). 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). 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.
Security	The Structured Products are issued in the form of non-certificated book-entry debt 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/place of 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 included in the register of the Dubai International Finance Centre as a non-regulated company. Neither Vontobel Financial Products Ltd. nor Vontobel Holding AG is a financial intermediary subject to prudential supervision within the meaning of Article 5 1a) 1-4 CISA.
Description of the underlying Galenica AG	Name: Galenica AG, Registered Shares Company and place of registration: Galenica AG, Untermattweg 8, CH-3001 Bern Identification: ISIN CH0015536466 / Swiss Sec. No. 1553646 / Bloomberg <GALN VX Equity> Reference stock exchange: SIX Swiss Exchange Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion Performance: Available at www.bloomberg.com (Symbol: GALN:VX) Transferability: As per the articles of association Galenica AG Financial statements: Available at www.galenica.ch

PROSPECTS OF PROFIT AND LOSSES

Warrants provide the opportunity to benefit in a leveraged way from a positive (Call warrants) or negative (Put warrants) performance of the underlying. The potential profit is, as a general rule, unlimited for call warrants; for Put warrants, the maximum potential profit is, however, limited and reached when the price of the underlying falls to zero. Price changes of the underlying may have an overproportionate impact on the value of the warrants due to the leverage effect. For warrants with a cash settlement entitlement, the settlement amount depends on the amount by which the valuation price of the underlying exceeds (Call warrants) or falls short of (Put warrants) the exercise price on the relevant exercise date. For warrants with physical delivery of securities, the price of the underlying delivered and the costs incurred must also be taken into account. Warrants do not yield current income. As a rule, they lose value if there is no price increase in the underlying for Call warrants or if there is no price loss in the underlying for Put warrants. At the end of the term, warrants expire worthless if they are not in the money, i.e. in this event the investor incurs a total loss of the capital he has invested.

SIGNIFICANT RISKS FOR INVESTORS

Currency risks
If the underlying(s) 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 not only depends on the performance of the underlying(s) but also on any unfavourable performance of the other currency or currencies. This does not apply to 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 ("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 a 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.
This financial instrument is not an investment fund or an investment company as defined in Art. 2 of the law dated 19 May 2005 on investment companies (IUG, 951.30). The financial instrument is not subject to supervision by the Liechtenstein Financial Market Authority (FMA), and investors do not enjoy the investor protection provided by the IUG.

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 NOTICE

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 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, 8022 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.

Zürich, September 28, 2016 / Deritrade-ID: 160321960
Bank Vontobel AG, Zurich

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

VONTOBEL
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