

Credit Linked Note in CHF on Assicurazioni Generali (Subordinated)

Coupon: 1.75% p.a.

PRODUCT DESCRIPTION

Credit Linked Notes (hereinafter also referred to as structured products with a reference bond) additionally refer to a reference bond compared to traditional Floored Floater, in that certain events in respect of the reference bond (default or redemption event) may have a negative impact on the value and result in an early redemption (see "Early redemption or determination of a default or redemption event"). Provided that no default or redemption event occurs in respect of the reference bond, the function of this product corresponds to those of a fixed-interest money market investment (Vontobel Note) with a fixed term to maturity, fixed coupons, and redemption at nominal value.

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)
Reference bond	EUR 4.125% Assicurazioni Generali, 04.05.2026 (Subordinated) (further details on the reference bond and its issuer can be found below)
Reference bond issuer	Assicurazioni Generali, Italy (further details on the reference bond and its issuer can be found below)
Lead Manager	Bank Vontobel AG, Zurich
Paying, exercise and Calculation Agent	Bank Vontobel AG, Zurich
SSPA product type	Reference Issuer Certificate with conditional Capital Protection (1410), see also www.svsp-verband.ch
Special note regarding risks	Structured products with a reference bond are complex financial products. Its distinctive feature consists in the fact that, with the reference bond, the investor assumes an additional risk on top of the traditional risks, such as market and currency risks as well as the risk of the structured product issuer defaulting. The above-mentioned reference bond is a subordinated obligation of the issuer of the reference bond. In the event of default or repayment, the liquidation amount is usually even lower than in the case of an unsubordinated obligation. The investor's risk of loss is thus even higher. Investors are advised to read in detail all risk notes (see among other things "Significant risks for investors" below) and seek expert advice on the risks associated with the specific product before investing in structured products with a reference bond.
Nominal value	CHF 1000.00
Issue price	100.00% of the Nominal Value
Redemption price	100.00% of the Nominal Value, if during the reference bond monitoring no default or redemption event has occurred with regard to the reference bond (as defined below: see early redemption or determination of a default or redemption event).
Initial fixing	28 April 2017
Payment date	03 May 2017
Last trading date	28 April 2022 (12:00 PM, local time Zurich)
Redemption date	03 May 2022
Swiss Sec. No. / ISIN / Symbol	35903252 / CH0359032528 / YGENFV
Investment currency	CHF; issue, trading and redemption are in reference currency

Calculation Coupon	If during the reference bond monitoring no default or redemption event has occurred with regard to the reference bond (as defined below: see early redemption or determination of a default or redemption event):
Coupon	1.75% p.a.
Payment of the Coupons	Annually payment at the end of the coupon period, first time on 03 May 2018
Coupon periods	Annually
Day count fraction	Act/360, modified following, adjusted

Further Information

Issue Size	CHF 25'000'000, the size may be increased any time
Title	The structured products are issued in the form of non-certificated book-entry securities of the issuer. No certificates, no printing of bonds.
Reference bond monitoring	Initial fixing until redemption date
Early redemption or determination of a default or redemption event	<p>An early redemption arises if the Calculation Agent determines the existence of a default event or a redemption event (for details, see "Default event" and "Redemption event" below) as regards the reference bond, to which it is entitled during the reference bond monitoring at its sole discretion. When determining the existence of a default event or redemption event as regards the reference bond by the Calculation Agent</p> <ol style="list-style-type: none"> i no further payments are made from the structured product from this moment in time; ii the issuer publishes a default or redemption event as regards the reference bond within 5 bank business days; iii the Calculation Agent determines the percentage redemption factor, by setting, as soon as practical and at its own discretion while taking into account any market practices, e.g. results of an auction run by ISDA or by any company acting on behalf of International Swaps and Derivatives Association ("ISDA"), or any other determination regarding the market value made by ISDA, the share in the nominal value of the reference bond that corresponds to the market value of the reference bond after occurrence of the default or redemption event. Otherwise, the Calculation Agent will determine the market value of the Reference Bond based upon quotations obtained. The Calculation Agent will publish the percentage Redemption Factor, determined as described before in accordance with the relevant share in the nominal value of the Reference Bond, as soon as possible; iv. the structured product is redeemed on the cash redemption date at the rate of the liquidation amount (as defined below). Such a redemption is made regardless of whether the corresponding default or redemption event as regards the reference bond continues to exist after its determination by the calculation agent. <p>The denomination of the reference bond's currency may differ from the structured product's reference currency without having any impact on the potential liquidation or redemption amount of the structured product in its reference currency, i.e. the investor bears no exchange rate risk from the reference bond.</p>
Default event	Every (default) event determined by the Calculation Agent at its sole discretion, which may result in the early maturity of the reference bond under the terms of the reference bond, such as a bankruptcy or insolvency notice of the reference bond issuer, default of payment or restructuring of the reference bond, etc.
Redemption event	Every partial or full redemption of the reference bond by the reference bond issuer determined by the Calculation Agent at its sole discretion, for instance through exercising a redemption option or a redemption right, etc.
Liquidation amount	<p>The Liquidation Amount denoted in the Reference Currency is determined by the Calculation Agent at its sole discretion and equals, subject to a minimum of zero, (i) the nominal value, multiplied by the percentage Redemption Factor established by the Calculation Agent in accordance with the above terms, (ii) minus the Unwind Costs in respect of the Day when the Default Event is determined.</p> <p>The Calculation Agent endeavors to determine the liquidation amount as quickly as possible and in order to preserve the best interests of the investor.</p>
Unwind Costs	The Calculation Agent determines in respect of each Structured Product an amount, subject to a minimum of zero, equal to the sum of (without duplication) all costs, expenses (including break funding charges and loss of funding, which, for the avoidance of doubt, represents the loss of future interest amounts to be received under the funding arrangement(s) entered into in relation to the Structured Products), tax and duties incurred directly or indirectly by the Issuer or any of its affiliates in relation to the occurrence of a Default Event and the related partial or total termination, settlement or re-establishment of any hedge position, such amount to be apportioned pro rata amongst the outstanding Structured Products.
Cash redemption date	10 bank business days after publication of the percentage redemption factor (see "Early redemption or determination of a default or redemption event").

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 . In the case of products listed on the SIX Swiss Exchange announcements are also published at www.six-swiss-exchange.com in accordance with the valid provisions.
Early termination	The Issuer has the right for Early Redemption as further described in "Early Redemption". Furthermore 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 .
Price setting	Secondary market price quotations are "clean", i.e. accumulated interests are not included.
Listing	Will be applied for in the main segment at the SIX Swiss Exchange.
Minimum investment	CHF 1'000.00 Nominal value
Minimum trading lot	CHF 1'000.00 Nominal value
Figures for fees and charges	Vontobel estimates the Issuer Estimated Value (IEV) of this product at 98.75%, which gives a Total Expense Ratio (TER) of 0.25% p.a.. Distribution charges up to 0.10% p.a. are included in this TER figure.
Prudential supervision	Bank Vontobel AG is authorised as a bank and securities dealer in Switzerland and is subject to 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 the 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.

Tax treatment in Switzerland

Swiss Income Tax	For private investors in Switzerland the coupon payments are subject to income tax at their maturity.
Swiss Withholding Tax	No Swiss withholding tax
Issuance Stamp Tax	No Swiss stamp duty at issuance
Swiss turnover tax	Secondary market transactions are subject to the swiss turnover tax (TK22).
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>If delivery of the underlying is stipulated, foreign taxes and duty have to be assumed by the investors.</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>

Description

Description of the reference bond and its issuer	<p>Name: : EUR 4.125% Assicurazioni Generali SpA 04.05.2026 (Subordinated), Bonds</p> <p>Issuer: Assicurazioni Generali SpA, Piazza Duca degli Abruzzi 2, Trieste, 34132, Italy,</p> <p>Identification: ISIN XS1062900912 / Bloomberg <XS1062900912 Corp></p> <p>Repayment: 04.05.2026</p>
--	--

PROSPECTS OF PROFIT AND LOSSES

Structured products based on a reference bond:

Investors should be aware that the reference bond may have an adverse impact on the value of structured products with a reference bond, in that when a default or redemption event occurs in respect of the reference bond the structured products are redeemed early. The liquidation amount redeemed to the investor after determining or the occurrence of such a default or redemption event may be significantly lower than the issue price or, in extreme cases, even zero. This may also apply if a comparable structured product, but which has no dependence on a reference bond, has a significantly higher market value.

Under the conditions that no default or redemption event has occurred as regards the reference bond, the profit and loss outlook of Credit Linked Notes with reference bond is as follows:

Credit linked notes provide the opportunity to benefit from a relatively high coupon payment. The capital protection of the issuer, which is conditional on the non-occurrence of a default event of in the currency bond, guarantees the redemption of 100% of the nominal value in the reference currency. The maximum profit possible is limited to the coupon. The risk of a credit linked note is linked to the fact that the capital protection is guaranteed at the end of maturity only. During the term the value can fall below the redemption price.

Maximum gain: Cap at coupon

Maximum loss: Total loss in the occurrence of a credit event

SIGNIFICANT RISKS FOR INVESTORS

Risks in connection with the reference bond

Structured products with a reference bond are very sophisticated and complex financial products, which require a special understanding of the product and the risk. Investors are strongly advised to obtain information on investing in structured products with a reference bond by seeking expert advice on the risks associated with the specific product.

The value of this investment and the repayment depends, amongst other things, predominantly on the reference bond and indirectly on the reference bond issuer. Structured products with a reference bond are neither guaranteed by the reference bond issuer nor are they necessarily secured with liabilities of the reference bond issuer. If the Calculation Agent determines, in accordance with the product terms, a default or redemption event at its own discretion as regards the reference bond, the holders of the structured products with a reference bond have no right of recourse against the reference bond issuer as regards any loss, which they sustain due to the liquidation amount redeemed to them (which may be significantly lower than the issue price or, in extreme cases, even zero). After determination of a default or redemption event as regards the reference bond issuer by the Calculation Agent, the investors do not stand to benefit from any positive performance (as regards) the relevant reference bond issuer. In particular, the consequences of determination of a default or redemption event by the Calculation Agent as specified in the product terms cannot be reversed. As such, investors do not participate, i.e. in the event of restructuring as an example of a default event, in the corresponding restructuring process and are not entitled to appeal against elements of the restructuring process. For this reason, an investment in structured products with a reference bond may be associated with a higher risk than a direct investment in the liabilities of the reference bond issuer. If circumstances arise or an event occurs, which has/have a negative impact on the creditworthiness or credit rating of the reference bond issuer, but which do/does not result in the occurrence of a default or redemption event, the price of the structured products with a reference bond may fall. As a result, investors who sell their structured products with a reference bond at this time may sustain a significant loss of their capital invested.

Special risks due to the subordination of the reference bond

As the reference bond represents a subordinated obligation of the issuer of the reference bond, the liquidation amount will, in the event of default or repayment, be even lower than in the case of unsubordinated obligations of the issuer of the reference bond. In this case, the investor's loss would thus be higher.

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 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 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, 28 April 2017
Bank Vontobel AG, Zurich

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



Private Banking
Investment Banking
Asset Management

Performance creates trust

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

Banque Vontobel SA,
Rue du Rhône 31, CH-1204 Genève
Téléphone +41 (0)58 283 26 26
Internet: <http://www.derinet.com>