

Call - Sprinter Open End Twitter

PRODUCT DESCRIPTION

Sprinter Open End products are leveraged products with no fixed maturity, but like standard Sprinter warrants are characterised by the fact that they expire worthless with immediate effect when reaching or falling below (call) or reaching or exceeding (put) the particular knock-out level. Due to the low amount of capital employed in comparison to a direct investment in the underlying, they enable overproportionate participation in the performance of the underlying in accordance with the leverage and can therefore be used for speculation or the hedging of positions. The strike price and knock-out level are adjusted daily. The following applies as a rule: The closer the actual market price of the underlying to the strike price, the greater the leverage effect. In contrast to standard warrants, the price of the Sprinter Open End is only marginally affected by volatility.

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

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| Issuer | Bank Vontobel AG, Zürich (Moody's Counterparty Risk Assessment A2 (cr)) |
| Lead Manager | Bank Vontobel AG, Zurich |
| Paying, exercise and calculation agent | Bank Vontobel AG, Zurich |
| SSPA product type | Warrant with Knock-Out (2200), see also www.sspa-association.ch |
| Underlying | Twitter Inc. (further details on the underlying see below) |
| Spot reference price | USD 14.60 |
| Ratio | 5.0 : 1 |
| Option type | Knock-out Call |
| Clearing | Cash settlement |
| Issue price | CHF 0.52 |
| Strike or knock-out level at initial fixing | USD 12.16 |
| Initial fixing | May 02, 2016 07:53 hours CET |
| Payment | May 10, 2016 |
| First exercise day | May 09, 2016 |
| Knock-out level monitoring | From initial fixing; continuous monitoring |
| Maturity | Open End |
| Leverage at initial fixing | 5.39 |
| Financing spread at initial fixing | 3.5 % |
| Maximum financing spread | 5.0 % |
| Rounding of strike | 0.01 |
| Rounding of knock-out level | 0.01 |
| Swiss Sec. No. / ISIN / Telekurs Symbol | 32151992 / CH0321519925 / OTWAJV |
| Reference currency | CHF; issue, trading and redemption are in the reference currency |
| Further information | |
| Issue volume | 25'000'000 Sprinter Open End, with the option to increase |
| Minimum investment | 1 Sprinter Open End |
| Minimum exercise volume | 1 Sprinter Open End or multiples thereof |
| Minimum trading lot | 1 Sprinter Open End |

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| Exercise rights of the holder | The owner is entitled to exercise his Sprinter Open Ends from the first exercise day based on applicable conditions and barring the occurrence of a knock-out event on this day and on any following trading day, or to demand payment of a corresponding redemption amount. The corresponding declaration of the exercise must arrive at the trading office by 11.00 am (Swiss time). Bank Vontobel AG, Zürich, attn. Corporate Actions, Gotthardstrasse 43, 8022 Zürich, Phone, +41 (0)58 283 74 69, Fax +41 (0)58 283 51 60. |
| Issuer's call right | The issuer is entitled to terminate unexercised Sprinter Open End certificates on any trading day, but no sooner than three months after provisional admission to trading on the SIX Swiss Exchange. |
| Knock-out event | A knock-out event occurs when the price of the respective underlying value touches or falls below the current knock-out level (in the case of the Call-Sprinter Open End) or touches or exceeds this level (in the case of the Put-Sprinter Open End) at any time during trading hours of the underlying on the reference stock exchange or index composition advisor (continuous monitoring). If a knock-out event occurs, the Sprinter Open End expires worthless with immediate effect. |
| Valuation date | The valuation date is the date on which the Sprinters Open End are either (a) exercised by the holder in accordance with the terms and conditions governing Sprinters Open End or (b) terminated by the issuer, whereby the occurrence of a knock-out event precedes exercising by the holder of the Sprinters Open End or termination by the issuer. |
| Redemption amount upon exercise or termination | For each Call-Sprinter Open End exercised or terminated, the following amount is paid back to the investor in the reference currency: $\max(0; (\text{final fixing price} - \text{current strike}) / \text{ratio}) * \text{FX}$ whereby FX is the current Interbank conversion rate of the trading currency of the underlying into the reference currency. The redemption amount is paid out five trading days after the valuation date. The redemption amount is rounded off to two decimal points. |
| Final fixing price | The final fixing price is – in the case of a) exercise by the holder of the Sprinter Open End or b) termination by the issuer – the relevant valuation price on the valuation date. |
| Relevant valuation price | Closing price on the reference stock exchange |
| Trading day | A trading day for the Sprinters Open End is a day on which the Sprinters Open End are traded on the SIX Swiss Exchange. |
| Current strike | At the end of an adjustment day, the Paying and Calculation Agent adjusts the current strike of the Call-Sprinter Open End using the following formula: $FL(n) = FL(a) + \frac{(r + FS) \cdot FL(a) \cdot n}{360} - \text{divf} \cdot \text{div}$ whereby: FL(n): Strike following adjustment = current strike. FL(a): Strike before adjustment. r: Interest rate (LIBOR resp. EURIBOR); 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 The result of the calculation is rounded up (in case of call) or rounded off (in the case of put) off to the next multiple derived from the rounding off of the strike. |
| Current knock-out level | Corresponds to the current strike |
| Adjustment day | Each trading day for Sprinter Open End |
| Current financing spread | The current financing spread is fixed by the Paying and Calculation Agent at its own discretion within a range of between zero and the maximum financing spread on each adjustment day. |
| Clearing / Settlement | Clearstream (Luxembourg), Euroclear Brussels, SIS |
| 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 . |

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| Secondary market | Secondary market trading is ensured over the entire term. |
| Fiscal treatment in Switzerland | <p>Gains from this product are not subject to direct federal taxes.</p> <p>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.</p> <p>For Swiss paying agents this product is 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 (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> |
| 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. |
| 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 Twitter Inc. | <p>Name: Twitter Inc., Registered Shares</p> <p>Company and place of registration: 1355 Market Street, Suite 900, San Francisco, CA, United States</p> <p>Identification: ISIN US90184L1026 / Swiss Sec. No. 22371814 / Bloomberg <TWTR UN Equity></p> <p>Reference stock exchange: NYSE</p> <p>Futures exchange: Chicago Board Options Exchange; the calculation agent can determine another futures exchange at its discretion</p> <p>Performance: Available at www.bloomberg.com (Symbol: TWTR:UN)</p> <p>Transferability: As per the articles of association Twitter Inc.</p> <p>Financial statements: Available at www.twitter.com</p> |

PROSPECTS OF PROFIT AND LOSSES

Sprinter Open Ends offer the opportunity to benefit in a leveraged way from a positive (Call-Sprinter Open End) or negative (Put-Sprinter Open End) performance in the price of the underlying. The potential for profit is thus basically unlimited for Call-Sprinter Open Ends; for Put-Sprinter Open Ends, the maximum potential for profit is limited and reached when the market price of the underlying drops to zero. Based on the leverage effect, changes in the value of the underlying can overproportionally affect the value of Sprinter Open Ends. There is a possible profit from the positive difference between the sales price that is achieved or the repayment amount and the issuing or purchase price that is paid. The redemption amount receivable in the event of any exercise of the warrant depends on the figure by which the market price of the underlying exceeds (Call-Sprinter Open End) or falls below (Put-Sprinter Open End) the actual strike price on the exercise day. Sprinter Open Ends do not yield current income. As a rule, they lose value if, in the case of Call-Sprinter Open Ends, the price of the underlying does not rise or, in the case of Put-Sprinter Open Ends, there is no fall in the price of the underlying. Sprinter Open Ends have no set maturity but expire worthless with immediate effect when the knock-out level is reached. The actual knock-out level is identical to the actual strike price. The strike price is adjusted daily to the market and depends on the previous strike price and financing spread, among other factors. In this regard, the financing spread matches the financing costs of the issuer through the interest on deposits. The risk for an investment in Sprinter Open Ends is based not only on the leverage effect but also on the danger of a knock-out event occurring, which is significantly greater than it would be for a direct investment. On the basis of the daily market adjustment of the strike price, a knock-out event may also occur in the case of a previously unchanged market price of the underlying, thus resulting in expiration without any value.

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, May 02, 2016 / Deritrade-ID: 129386195

Bank Vontobel AG, Zurich

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



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