

Non-binding English Translation

SIX Swiss Exchange- registered Issuance Programme

in accordance with Art. 21 Additional Rules for the Listing of
Derivatives of SIX Swiss Exchange

for Structured Products

of
the Issuer Vontobel Financial Products Ltd., Dubai International
Financial Centre, United Arab Emirates with a
guarantee from Vontobel Holding AG, Zurich, Switzerland and

of
the Issuer Bank Vontobel AG, Zurich, Switzerland

(hereinafter referred to as the “**Issuers**” or, individually, as the
“**Issuer**”).

1 June 2012

(“**Issuance Programme**”)

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NOTE

Investors in Structured Products (as defined in Section I. "Applicability") should not base their investment decision solely on their review of the Definitive Termsheet ("**Definitive Termsheet**"¹) and the final terms ("**Final Terms**") contained therein, but should also carefully read this Issuance Programme ("**Issuance Programme**"), with particular attention paid to the information contained in Sections II. to IV. "Risk Factors", "General Terms and Conditions", and "The Structured Products in Detail".

In addition, it is essential for investors to seek the appropriate professional advice of their principal bank, investment advisor and/or tax advisor.

Prospective investors should note that the Structured Products may decline in value, resulting in a loss totalling up to the amount of the capital invested (risk of total loss). Moreover, the general insolvency, default and credit risk of the Issuer and the Guarantor must be taken into account, as the investor may become dependent on the payment of a bankruptcy dividend in the event that such risk materialises, which may result in a total loss. Capital protection products are subject to the aforementioned insolvency and credit risk despite the capital protection afforded; this does not include Collateral-Secured Structured Products (COSI) pursuant to Section V. "Collateral-Secured Structured Products (COSI)". Investors may receive less than the protected amount if the Structured Products are sold or redeemed prior to maturity.

The Structured Products do not constitute collective investment schemes within the meaning of Art. 7 et seq of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (*Kollektivanlagengesetz*, "KAG") and are therefore not subject to the provisions set forth under the KAG. Accordingly, investors do not benefit from the protection afforded by the KAG or the supervision of the Swiss Financial Market Supervisory Authority FINMA.

In connection with the public offer and the distribution of Structured Products, companies of the Vontobel Group (including all consolidated subsidiaries of Vontobel Holding AG) may pay or receive direct or indirect third-party bonuses (e.g., to or from asset managers) in varying amounts.

¹ The Definitive Termsheet bears the header "Termsheet (Final Terms)".

I. APPLICABILITY

This Issuance Programme applies to derivatives, i.e., Investment Products and Leverage Products (defined collectively below as **“Structured Products”**²), which are issued from time to time, in certified or uncertified form, by Bank Vontobel AG, Zurich, Switzerland or by Vontobel Financial Products Ltd., Dubai International Financial Centre, UAE (hereinafter referred to as the **“Issuers”** or individually as the **“Issuer”**) and, if issued by Vontobel Financial Products Ltd. as the Issuer, guaranteed by Vontobel Holding AG Zurich (hereinafter referred to in its function as Guarantor as the **“Guarantor”**). Any reference made to Structured Products thus also includes Leverage Products and is generally also applicable to these.

The Structured Products are issued on the basis of (a) this Issuance Programme and (b) the Definitive Termsheets (containing the Final Terms) relating to each relevant Structured Product. Together with the relevant Definitive Termsheet, the Issuance Programme represents the complete Issuance Documentation (the **“Issuance Documentation”**) and the Listing Prospectus (**“Listing Prospectus”**) pursuant to Art. 27 et seq of the Listing Rules of SIX Swiss Exchange dated 1 July 2009. The provisions contained in Section III. **“General Terms and Conditions”**, taken in conjunction with the relevant Final Terms, represent the Terms and Conditions (**“Terms and Conditions”**). Section IV. **“The Structured Products in Detail”** briefly describes the features of the most common product categories and types; the information provided is supplementary to the Terms and Conditions and should be read to obtain a better understanding of the individual Structured Products.

The Issuance Documentation and the Listing Prospectus were originally published in German; foreign-language translations of these documents are non-binding. Investors should always read the relevant documents as a whole.

In the event of any conflict between the information contained in the Issuance Programme – particularly in the General Terms and Conditions – and the relevant Final Terms contained in the Definitive Termsheets, the Final Terms shall take precedence.

² See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

For information on the Issuers and the Guarantor, please refer to the Appendix “Description of the Issuer and the Guarantor”, the current version of which forms an integral part of this Issuance Programme.

SIX Swiss Exchange has approved this Issuance Programme as a SIX Swiss Exchange-registered Issuance Programme in accordance with Art. 21 (1) No. 2. of the Additional Rules for the Listing of Derivatives (ARLD) of SIX Swiss Exchange.

During the entire term of the Structured Products, the relevant documentation (Issuance Documentation/Listing Prospectus) may be ordered free of charge from Bank Vontobel AG, Financial Products, Gotthardstrasse 43, 8022 Zurich, Switzerland (Tel. +41 (0)58 283 78 88, Fax +41 (0)58 283 57 67). In addition, the Definitive Termsheets may be downloaded from the following website: www.derinet.ch.

II. RISK FACTORS

This section entitled "Risk Factors" is intended to protect potential purchasers of Structured Products from making investments that are not appropriate for them and to explain the risks associated with an investment in the Structured Products.

The acquisition of Structured Products may in some circumstances entail substantial risks and is suitable only for those investors who have the knowledge and experience in financial and business matters which are necessary in order to assess the risks and opportunities of an investment in Structured Products and who have fully understood the Terms and Conditions of the relevant Structured Products and who are familiar with the functioning and behaviour of the relevant underlyings and financial markets.

Prospective purchasers of Structured Products should carefully study all information contained in this Issuance Programme and in the brochure published by the Swiss Bankers' Association (*Schweizerische Bankiervereinigung*, "SBVg") entitled "Special Risks in Securities Trading", while taking into account their financial situation and their investment objectives before making any decision to acquire Structured Products.

In addition, it is essential for investors to seek the appropriate professional advice of their principal bank, investment advisor and/or tax advisor.

Prospective investors should always be aware that Structured Products may decline in value and, in some circumstances, this may lead to the loss of the entire investment (risk of total loss). The occurrence of risks may have a considerable adverse effect on the tradability of Structured Products, may have a significant negative effect on the business of the Issuers and the Guarantor, and may have significant adverse effects on the financial condition and results of operations of the Issuer and the Guarantor. The general insolvency, default and credit risk of the Issuers and the Guarantor must be taken into account, as the investor may become dependent on the payment of a bankruptcy dividend in the event that such risk materialises, which may result in a total loss.

The chosen order or extent of the presentation does not represent a statement either on the probability of occurrence or on the severity and significance of the individual risks. In addition, there is a possibility that the Issuers will not be able, for reasons other than those risk factors described in this section, to make payments on Structured Products or in connection with them. This may be, for example, because, on the basis of the information available at the time of

preparing this Issuance Programme, the Issuers have not recognised material risks as such or have not foreseen their occurrence.

A. General information on the risks relating to Structured Products

Structured Products feature a range of different economic and legal elements. They are structured in such a manner that their value and/or their redemption, as well as the payment of any coupons/interest/premiums, is linked to the performance of one or more underlyings or baskets of underlyings (e.g., indices, shares, bonds, units in collective investment schemes such as mutual funds or hedge funds, ETFs, commodities, merchandise, currencies, futures or reference interest rates), which may entail substantial risks which do not occur with, for example, a direct investment in conventional bonds. In addition to the risks related to the relevant underlying, investors must also always consider the underlying functioning and the salient features of any specific Structured Product, which may under certain circumstances also entail further risks.

B. Specific risks

a) Insolvency, default and credit risk of the Issuer/Guarantor

Any person who purchases Structured Products is reliant on the creditworthiness of the relevant Issuer and, where applicable, Guarantor, and has no rights vis-à-vis any other person. Investors are exposed to the risk that the Issuer or Guarantor is unable to satisfy its obligation to make interest, coupon, premium or redemption payments, either in full or in part. The lower the Issuer's or Guarantor's creditworthiness, the higher the risk of loss inherent in an investment in a Structured Product (see also Appendices VIII. "Description of the Issuers and Guarantor" and IX. "Ratings").

b) Trading in Structured Products – lack of market liquidity

The Structured Products are intended to be listed on the SIX Swiss Exchange. Even after the listing has been established, it cannot be guaranteed that it will be maintained permanently. If the Structured Products are not listed permanently on the relevant stock exchange, the purchase and sale of the respective Structured Products may be made considerably more difficult. The listing of Structured Products does not necessarily increase the liquidity of the Structured Products.

The holders of Structured Products may generally sell these in on-market and/or off-market transactions during their term. There is no obligation on the part of Bank Vontobel AG, or any

duly appointed agent, to enter into any market-making agreement with SIX Swiss Exchange setting forth the obligation to provide bid and offer prices for certain order or securities volumes, except in relation to certain financial products, specifically COSI collateral-secured certificates (Section V. "Collateral-Secured Structured Products (COSI)"), certificates linked to alternative investments, products with reference bonds or actively managed certificates. Moreover, such an obligation applies only vis-à-vis the participating stock exchange. Third parties, such as Structured Products holders, cannot derive any obligation from the above. For this reason, investors should not assume that they will be able to buy or sell Structured Products on a certain date at a certain price.

Furthermore, investors must take into account that the stock exchange may be subjected to exceptional situations such as technical difficulties or special market situations, which can temporarily or permanently impede or even interrupt market trading.

Holders of Structured Products should not assume that any party other than Bank Vontobel AG or any duly appointed agent will provide other or additional market participants with bid and offer prices for the Structured Products, whether for on-market or off-market trading. In the event of special market situations where hedging transactions by the Issuer are not possible at all or only under difficult conditions, the spread between bid and offer prices provided by the Issuer or by Bank Vontobel AG may widen temporarily. As a result, it may only be possible for investors to sell their Structured Products at a price considerably lower than the intrinsic value of the Structured Products at the time of their sale. For this reason, no guarantee is given that the difference between purchase price and sale price will fall within a defined range or remain constant.

Delays in determining the price may occur, for example, in the case of market disruption events and system problems. System problems include telephone disruptions, technical difficulties of the trading systems, or power failures.

The companies of the Vontobel Group have the right, but not the obligation, to buy or sell Structured Products at any time, either in on-market or off-market transactions. There is no obligation to inform the holders of Structured Products of any such purchases or sales. Such purchases or sales may have a positive or negative impact on the respective price of the Structured Products.

c) Transaction costs/fees

The purchase or sale of Structured Products gives rise to various ancillary costs (incl. transaction fees and commissions) in addition to the purchase or sale price. These ancillary costs may considerably reduce or even consume any returns generated on the Structured Products.

To the extent that any further – domestic or foreign – parties are involved in the execution of an order, such as domestic dealers or brokers on foreign markets, investors may incur brokerage fees, commissions, and other fees charged by these parties (external costs).

In addition to these costs directly associated with the purchase of a Structured Product (direct costs), investors must also take into account secondary costs (such as securities account fees).

Prospective investors should obtain information on all additional costs in connection with the purchase, custody or sale of Structured Products prior to investing in any Structured Products.

d) Provision of information

Neither the Issuer, nor the Lead Manager or any of their affiliates give assurances with respect to the issuer of the underlyings. During the term of the Structured Products, any of these entities has or possibly will have received non-public information with respect to the issuers of the underlyings, their affiliates or guarantors, which may be of relevance to share-linked or bond-linked Structured Products. The issuance of share-linked or bond-linked Structured Products does not give rise to any obligation on the part of the aforementioned persons to disclose such information to investors or third parties (irrespective of whether such information is confidential or not). Given the foregoing, this gives rise to the risk that the Issuer, Lead Manager or any affiliate thereof may possess an informational advantage over the prospective investor with regard to the underlyings.

e) Potential conflicts of interest

Companies of the Vontobel Group may pay or receive direct or indirect fees in varying amounts from (or to) third parties (such as investment advisers) in connection with the public offer and the sale of Structured Products.

In the ordinary course of their businesses, the Issuer, the Lead Manager and their respective affiliates may not only have business relationships with the issuers of underlyings, their respective affiliates or guarantors or third parties who have obligations vis-à-vis the issuers of the underlyings or their respective affiliates or guarantors, but may also engage in transactions with them, enter into banking transactions of any kind with them or otherwise have business relationships with them, regardless of whether the aforementioned transactions or relationships adversely impact the issuers of the underlyings, their affiliates or guarantors.

The Issuer or the Lead Manager, or an affiliate thereof may from time to time be involved in transactions (including hedging activities in respect of Structured Products) in connection with the underlyings or related derivatives, which may influence the market value, liquidity, or value of the Structured Products and, under certain circumstances, may adversely impact the Structured Products and the interests of the holders of Structured Products.

The Issuers and other companies of the Vontobel Group may also exercise other or additional functions in respect of the Structured Products, such as that of calculation agent, market maker and/or index sponsor. Such a function may enable the Issuer and/or the other companies of the Vontobel Group to determine the composition of the underlying of a Structured Product or calculate its value. These functions may lead to conflicts of interest both among the respective companies of the Vontobel Group and between these companies and the investors, for example, in determining the prices of the Structured Products and in making other associated determinations.

The Issuers and/or other companies of the Vontobel Group may in addition issue other derivative instruments in connection with the respective underlying; the introduction of such products may impact the value of the Structured Products. The Issuers and other companies of the Vontobel Group may obtain non-public information relating to the underlying and, unless otherwise stipulated by law, are not obliged to pass such information on to the holders of the securities. In addition, companies of the Vontobel Group may publish research reports in relation to the underlying. Such activities may lead to conflicts of interest both among the respective companies of the Vontobel Group and between these companies and the investors and have a negative impact on the value of the securities.

The issue price of the securities may, in some cases in addition to specified front-end fees, management and other charges, include a premium not detectable by investors on the original mathematical (fair) value of the securities. This margin is determined by the Issuer and/or any market maker at its own discretion and may differ from the premiums collected by other issuers for comparable securities.

In certain instances, Bank Vontobel AG or any duly appointed agent will serve as market maker for the Structured Products as described above. Through such market making, Bank Vontobel AG or the appointed agent will itself determine the price of the Structured Products to a significant

extent. It cannot be guaranteed that the price determined by the market maker will correspond to the prices that would have prevailed in a liquid market.

f) Capital protection

If and to the extent that capital protection applies in accordance with the relevant Definitive Termsheets, the relevant Structured Products are redeemed on the redemption date for an amount no less than the specified capital protection (notwithstanding the materialisation of the insolvency and/or credit risk of the Issuer and, where applicable, of the Guarantor and the associated risk of total loss). The capital protection may be above, below or equal to the nominal amount/nominal value of the Structured Products. Capital protection is not provided if the Structured Products are redeemed prior to the agreed maturity date or if an event of default occurs or an early redemption is made for tax reasons, or if the investor sells the Structured Product prior to maturity. If the Definitive Termsheets do not expressly provide for capital protection, then the risk exists that the investor will lose the entire amount invested. Even if capital protection is applicable, the risk exists that the guaranteed amount is lower than the investment made by the investor.

g) Exchange rates

The purchase of Structured Products may entail exchange rate risk. For example, the underlyings (e.g., shares) may be quoted in a currency other than that in which the redemption or other payments are made under the Structured Products; in addition, the underlyings may be denominated in a currency other than that of the country in which the investor resides; and/or the underlyings may be denominated in a currency other than that chosen by the investor for payments. Changes in exchange rates may affect the value of the underlyings and the Structured Products, which can bear particularly negative tax implications for the Structured Products (influences on the value of the Structured Products as relevant to taxation due to fluctuating exchange rates and translation to Swiss francs at the relevant daily rate).

h) Taxation

Prospective Swiss and non-Swiss investors should be aware that they may be required to pay taxes or other fees or charges, not only under Swiss law but also in accordance with the laws and practices of those jurisdictions which can exercise their authority to impose taxes in this regard or to which the Structured Products are transferred. Prospective investors are therefore advised not to rely solely on the summary presentation of the tax situation contained in the Definitive

Termsheets, which is merely intended as the Issuer's informal assessment for private persons domiciled in Switzerland. Rather, it is recommended that they seek the advice of their own tax advisor regarding their individual tax situation with respect to the purchase, sale and redemption of Structured Products. Only these advisors are in a position to adequately assess a prospective investor's individual situation. The tax treatment of Structured Products may have a negative impact on the potential returns on the Structured Products.

i) Market disruption events

Market disruption events occur in particular market situations (e.g., extraordinary market movement of the underlying, special situations affecting the reference exchange/determination agent or home market, or factors affecting value) or due to severe disruptions of the economic and political landscape (e.g. acts of terror, market crashes, i.e., a sharp decline in stock prices within a short space of time).

In accordance with the Terms and Conditions, the Issuer may determine that a market disruption event has occurred and/or persists. Such a determination can delay or (temporarily) render impossible the valuation of the underlyings, which can influence the value of the Structured Products and/or delay or (temporarily) render impossible the payment of any payable amount (cash settlement) or any transfer of title/physical delivery of the underlying.

j) Adjustments, early termination, settlement

Pursuant to the Terms and Conditions, the Issuer can make adjustments to take account of relevant changes or events, particularly in relation to the respective underlyings. In addition, the Issuer can terminate the Structured Products early under certain conditions specified in the relevant Terms and Conditions.

Such adjustments may adversely affect the holders of Structured Products. The early termination of the Structured Products may in certain circumstances force investors to realise losses or result in other negative effects (e.g., of a tax nature). This may also mean that it is impossible for the investor to continue to participate in any performance of the underlying in their favour. In such a case the investors may no longer be able to reinvest or may only be able to reinvest on less favourable terms and conditions (reinvestment risk).

The Issuer may act in its reasonable discretion in the event of adjustments, market disruptions, early termination or early redemption. It is not bound by actions or estimates of third parties in this regard.

During settlement, the Issuer is not liable for actions or omissions of settlement agents.

k) Information risk

There is a possibility that investors make incorrect decisions because of missing, insufficient, or incorrect information, which may be within or outside the Issuers' or one of its affiliates' sphere of influence. Incorrect information may arise in particular as a result of unreliable sources of information, incorrect interpretation of correct information, or as a result of transmission errors. In addition, an information risk may arise as a result of too much or too little information, or if the information provided is not up to date.

l) Independent assessment and advice

Each prospective purchaser of Structured Products must decide on the basis of his or her own independent assessment and relevant, appropriate independent professional advice reflecting whether the purchase of the Structured Products is consistent in every respect with his or her financial means, goals and circumstances (or, if Structured Products are acquired on a fiduciary basis, those of the beneficiary), is in conformity with all applicable investment guidelines and restrictions (depending on whether the Structured Products are purchased in the investor's own name or in a fiduciary capacity) and constitutes a proper and permissible investment (for the investor or, if the Structured Products are acquired on a fiduciary basis, for the beneficiary). This applies regardless of the obvious and substantial risks that are involved in an investment in or the ownership of Structured Products. The Issuer, the Guarantor and the Lead Manager decline to accept any responsibility for advising prospective investors. If a prospective investor obtains insufficient information concerning an investment in Structured Products, then the risk exists that this will result in disadvantages for the investor.

m) Risk of early redemption for tax purposes

To the extent not otherwise provided for in the Terms and Conditions for a Structured Product, the Issuer can redeem all outstanding Structured Products before the maturity date if the Issuer would otherwise be required to pay additional amounts as a result of the withholding or deduction of current or future taxes, levies, charges or fees, regardless of the type that has been imposed.

n) Knock-out or stop-loss barrier/level and knock-in barrier/level or threshold, range

Knock-out or stop-loss barrier/level

If the Terms and Conditions stipulate a knock-out or stop-loss barrier/level and the underlying reaches, breaks through, exceeds or falls below such a barrier or level during the relevant observation period, this will result in the immediate expiration or automatic exercise of the Structured Product. This can result in a total loss of capital invested since, depending on the product type (e.g., knock-out warrants), in such cases the redemption amount is zero or (e.g., for mini-futures) equals a still-realizable liquidation proceeds, which may be small or equal to zero.

Knock-in barrier/level or threshold, range

If the Terms and Conditions stipulate knock-in barriers/levels or thresholds and the underlying reaches such barriers, levels or thresholds during the relevant observation period, this can result in drastic changes in terms and conditions of redemption (e.g., loss of conditional capital protection and minimum redemption amount, respectively). Structured Products may feature several barriers/levels which, for example, combine to form upper and lower barriers/levels delineating a price range for the underlying.

o) No possibility of early termination by investors

Unless otherwise stipulated in the Terms and Conditions, investors may not terminate the Structured Products during their term. In this case, it is only possible for investors to realize the economic value of the Structured Product by selling the Structured Product.

Any sale of the Structured Products requires that the market maker or some other market participant is willing to purchase the Structured Products at an acceptable price. The issuance of the Structured Products does not result in any obligation for the Issuer, Guarantor or Lead Manager to provide the investor with a market price for the Structured Products or to redeem the Structured Products from the investor. Under certain circumstances, the value of the Structured Products cannot be realized.

p) Other value-determining factors

The value of a Structured Product is determined not only by changes in the market price of the underlying(s), but also by a series of additional factors. Several risk factors can simultaneously influence the value of the Structured Products; accordingly, the effect of a single risk factor

cannot be predicted. In addition, several risk factors can, in a certain manner, interact in such a way that their combined effect on the Structured Products cannot be predicted. No binding statements can be made about the impact of a combination of risk factors (which influence the value of the Structured Products).

These risk factors include, among others, the creditworthiness of the Issuer (and, where applicable, the Guarantor), the term of the Structured Product, the frequency and intensity of market price fluctuations (volatility) of an underlying, exchange rate changes, the general level of interest rates and dividends, the issuers of the underlyings, financial results and expectations, market interest rates and brands. A decline in the value of a Structured Product may thus occur even if the market price of an underlying rises.

The value of an underlying may be subject to fluctuations; these fluctuations in value depend on numerous factors such as, e.g., the activities of the issuer of the underlying, economic factors and speculation. If an underlying consists of a basket of various constituents, fluctuations in the value of a basket constituent may be offset or reinforced by fluctuations in the value of the other constituents. Changes in the market price of an underlying can disproportionately influence the trading price of the Structured Products.

q) Transactions designed to exclude or limit risk

Investors should not assume that the price of the underlying will move in a direction favouring the investor and, in the case of price declines, that the value of the Structured Products will recover by the maturity date. Investors may not be able to hedge sufficiently against the risks associated with the Structured Products.

Purchasers of Structured Products should furthermore not assume that they will be able to purchase other securities or enter into legal transactions during the term of the Structured Products that could exclude or limit the risks from purchasing the Structured Products. The extent to which this is possible in specific circumstances depends on the prevailing market conditions and the respective terms. It may therefore not be possible to enter into such transactions at all, or only at an unfavourable (i.e. losing) price.

r) Investors have no shareholder rights

Holders of Structured Products have neither direct shareholder or property rights in the underlyings, nor do they have the rights arising therefrom, such as, e.g., the rights to any dividend,

interest or other distributions. Neither the Issuer nor the Guarantor nor the Lead Manager are restricted from selling, pledging or otherwise transferring any rights, claims or interests in respect of the underlyings or in respect of derivatives contracts based on the underlyings merely due to the fact that the Structured Products were issued.

s) Influence of hedging transactions

During the normal course of business, the companies of the Vontobel Group trade in the assets underlying the Structured Products, as well as in derivative products based on those underlyings. In addition, the companies of the Vontobel Group protect themselves against the financial risks associated with the Structured Products by hedging the respective underlyings and/or derivatives on the underlyings. These activities performed by the companies of the Vontobel Group – in particular the hedges linked to the Structured Products – may influence the price of the underlyings and thus indirectly the value of the Structured Products. In particular, it cannot be ruled out that the entry into or liquidation of these hedging transactions will have an adverse influence on the value of the Structured Products or the amount of the payment (cash settlement) attributable to the holder of the Structured Products or the deliverable underlying (transfer of title or physical delivery of the underlying). This applies in particular to the liquidation of hedges towards the end of the term of the Structured Products.

In general, such transactions are entered into on or before the issue date of the Structured Products; however, it is also possible to enter into such transactions after the issuance of the Structured Products. On or prior to a valuation date, where applicable, the Issuer or one of its affiliates can take the steps necessary to liquidate any hedging transactions entered into.

The entry into or the liquidation of such hedging transactions can, in the case of Structured Products whose value depends on the occurrence of a certain event in respect of an underlying, influence the likelihood of occurrence or non-occurrence of the event and have an adverse impact on the value of the Structured Products.

In the case of special market situations, where hedging transactions are not possible at all or only under difficult conditions, the spreads between bid and offer prices may widen. No claims will arise for the investor from any hedging transactions that the Issuer and/or the companies of the Vontobel Group associated with the Issuer enter into internally to hedge the payment obligations arising from issuing the Structured Products.

t) Market value of the Structured Products and market price risk – performance to date

Market value of the Structured Products

The market value of the Structured Products is determined not only based on the creditworthiness of the Issuer, but largely by the value of the underlyings and a large number of other additional factors, including in particular the volatility of the underlyings, the amount of any distributions made on the underlyings, the financial results and expectations in relation to the Issuers of the underlyings, market interest rates and margins, exchange rate changes and the remaining time to maturity.

Market price risk – performance to date

The historical price of an underlying or a Structured Product is not an indicator of future performance. It is not possible to predict whether the market price of an underlying or Structured Product will increase or decrease.

u) Risks in relation to specific underlyings

General information

Structured Products are generally structured in such a manner that not only the amount and timing of redemption but also the payment of any earnings are linked to the performance of one or more underlyings. The structures of the individual underlyings and the various features for different product categories and types give rise to corresponding risk factors, which investors should note prior to deciding to invest in Structured Products.

Structured Products linked to shares/ADRs/GDRs

Structured Products linked to underlyings such as shares or securities representing shares are not promoted, supported or sold by the issuers of the underlyings in any manner. The issuer of the underlying offers no explicit or implicit assurance or guarantee with regard to the future performance of the underlying. The issuer of the underlying is under no obligation to take into consideration the interests of the Issuer of the Structured Products, nor those of the investors in any respect. The issuers of the underlyings do not share in the proceeds of the Structured Products. Nor have they any responsibility for determining the price or selecting the date or size of the issuance, and have not been involved therein.

Holders of Structured Products have neither direct shareholder or property rights in the underlyings, nor do they have the rights arising therefrom, such as, e.g., the rights to any dividend or

other distributions. Neither the Issuer nor the Guarantor nor the Lead Manager are restricted from selling, pledging or otherwise transferring any rights, claims or interests in respect of the underlyings or in respect of derivatives contracts based on the underlyings merely due to the fact that the Structured Products were issued.

The acquisition of the Structured Products does not entitle the investor to receive information from the issuer of the underlying, to exercise voting rights, to receive dividends from shares, or to attend creditor meetings or to receive interest on bonds.

If the Structured Products are linked to shares that are issued in accordance with the laws of a jurisdiction other than Switzerland, the rights arising in connection to such shares may under certain circumstances be governed exclusively or partially by the law of that jurisdiction. In that case, the jurisdiction to which the shares are subject may include provisions as a result of which in the event of the company facing financial difficulties or insolvency, for example, the relevant shares may decline in value more rapidly or to a greater extent than would be the case if the shares were subject (only) to Swiss law. Such a decrease in value or fall in price of the shares may have a negative effect on the value of the Structured Products.

If the underlying consists of registered shares or if the basket constituents are registered shares (in each case, "registered shares") and if the Terms and Conditions stipulate the Issuer's obligation to deliver these shares to the investor only those shareholders who are entered in the share register or a comparable, official shareholders' register of the company are entitled to assert the rights associated with the shares (e.g. participation in the annual general meeting and exercise of voting rights). Any obligation of the Issuer to deliver the shares is generally restricted to the provision of the shares in a form and structure that is deliverable for stock exchange purposes, and does not include entry in the share register. Any claim for non-performance, particularly for rescission or damages, is excluded in such a case.

Additional risks have to be taken into account where securities representing shares – mostly in the form of "ADRs" ("American Depositary Receipts") and/or "GDRs" ("Global Depositary Receipts") – are used as underlyings.

ADRs are participation or depositary certificates issued by custodian banks in the US; they certify a proportion of ownership in foreign shares. The shares on which the ADRs are based are usually held in the respective issuer's home country outside the US. ADRs are traded on stock exchanges around the world in lieu of the original shares. GDRs have similar features. GDRs are participation or depositary certificates modelled on ADRs; they certify a proportion of ownership in foreign

shares. The shares on which the GDRs are based are usually held in the issuer's home country. GDRs are traded on stock exchanges around the world in lieu of the original shares.

Each security representing shares certifies a certain proportion of the underlying foreign shares, i.e. one ADR or GDR may represent one share, multiple shares, or even only a fraction of a share ("Reference Quantity"). The market price largely corresponds to the market price of the underlying shares, taking the respective Reference Quantity into account. Negative variances are possible, for example because of fees levied by the custodian bank. Securities representing shares and the underlying shares may be traded in different currencies, and the resulting exchange rate fluctuations may have a negative impact on the value of the securities representing shares.

In the event of insolvency of the custodian bank or foreclosure against it, it cannot be ruled out that the portfolio of shares underlying the securities representing shares is realised or restrictions are imposed on it. This may render worthless the securities representing shares and the securities linked to them. For investors there is therefore an additional risk of total loss, except for securities with a reverse structure.

In addition, it should be noted in particular that, in the event of insolvency of the custodian bank or if the custodian bank changes the conditions or discontinues the offer of the securities representing shares or the securities representing shares are delisted, the Issuer has the right to amend the Terms and Conditions and/or terminate the Structured Products early.

Structured Products linked to indices and baskets

If the underlying or basket constituent is an index or a basket, its performance is influenced by that of the index or basket constituent.

Indices and baskets to be used as underlyings may be designed by companies of the Vontobel Group as well as by other companies. Investors must note the relevant index descriptions and the dynamic selection process for the basket composition, and must understand the functioning of the relevant index or basket. Investors must not assume that the respective indices or baskets will be successful; they have to form their own opinions of the indices or baskets. In addition, it should be noted that, in the case of Structured Products linked to indices, the index calculation agent may charge an index calculation fee, which will have a negative impact on the performance of the index.

If the underlying is a price return (PR) index, it should be taken into account that – unlike performance indices (or total return (TR) indices) – dividends distributed by the individual index

constituents (shares) are not included in the calculation of the price of the index and do not influence the calculation of the Structured Product. Structured Products linked to indices or baskets are unique in that the amount and, in the case of Structured Products featuring physical delivery, nature of the redemption is based on the performance of several index or basket constituents. For certain Structured Products, the relevant difference in prices between individual underlyings (bundled in a basket) may also be relevant to the calculation of the redemption amount. For this reason, another significant factor affecting the value of the Structured Products is the correlation between the index or basket constituents i.e. – expressed simply – the degree to which the development of the prices or levels of those constituents is related to the performance of the other constituents. In the case of Structured Products linked to baskets, the individual basket constituents may initially be weighted equally or have different weighting factors or be represented in the basket in different proportions, depending on the features of the Structured Products. In principle, the closer a weighting factor of a basket constituent is to zero (0) or the smaller its share is in the value of the basket, the smaller the influence the performance of the respective basket constituent has on the performance of the basket as a whole. Conversely, the further away a (positive or negative) weighting factor of a basket constituent is from zero (0) or the greater the respective share of the basket constituent is in the basket, the greater the influence it has on the performance of the basket as a whole.

Depending on the structure specified in the Terms and Conditions, one or more basket constituents whose value appreciates the best or the worst as compared to the other basket constituents may be relevant to the determination of the redemption amount (e.g., “worst-of” and “best of” structures) or may have greater influence on the performance of the basket than do other basket constituents due to the fact that a greater weighting factor is allocated to it.

Investors should be aware that the basket constituents are not necessarily selected on the basis of the Issuer’s expectations or assessments of the future performance of the selected basket constituents. Investors should therefore perform their own assessments with regard to the future performance of the basket constituents based on their own knowledge and sources of information.

Index-linked Structured Products are generally neither sponsored nor otherwise supported by the index sponsor or the relevant index licensee. The index sponsor and the licensee offer no explicit or implicit assurance or guarantee with regard to the certain performance of the index or index concept, nor with regard to the consequences arising from the use of the index and/or the level of the index at any specific date. The relevant index sponsor or licensee generally compose and

calculate an index without taking into account the Issuer or the creditors of the Structured Products.

Index sponsors accept no obligation or liability in connection with the management, sale or trading of the Structured Products and furthermore accept no responsibility for corrections or adjustments made to the index.

In the case of Structured Products linked to actively managed indices or baskets, the selection of the index or basket constituents and the composition of the index or basket are not fixed for the entire term of the Structured Products. Investors thus acquire a Structured Product linked to an index or basket with an unknown future composition. The selection of index or basket constituents and the composition of the index or basket may be performed by third parties (e.g., an investment advisor). The Issuer accepts no liability for the actions of the investment advisor.

Structured Products linked to bonds

In the case of Structured Products where bonds are used as underlyings or basket constituents, investors should also bear in mind that the secondary market for these underlyings may be limited. This is normally because the issuer of the respective underlyings is often the only market maker for them. It therefore remains uncertain whether and to what extent a secondary market will develop for the bonds and whether or not this secondary market will be liquid. The first consequence of this is that the price of the underlyings depends on the pricing by their issuer in its role as market maker.

If bonds are used as underlyings, investors carry the insolvency risk of the issuer of the bonds used as underlyings (in addition to the insolvency risk of the Issuer/Guarantor of the Structured Products). The insolvency of the issuer of the bonds may render worthless the bonds and in some cases the Structured Products linked to them. For investors there is therefore an additional risk of total loss, except for Structured Products with a reverse structure.

Structured Products linked to commodities and precious metals

Commodities are mineral commodities (such as oil and gas), agricultural produce (such as coffee, wheat and corn), precious metals (such as gold, silver and platinum) and non-ferrous metals (such as nickel, zinc and tin). Most commodities are traded globally on specialised exchanges or directly among market participants (for example in interbank trading) in the form of over-the-counter (OTC) dealings (off-exchange) through largely standardised contracts.

Commodities are often exposed to complex price risks. Their prices are subject to greater fluctuation than in other investment categories (high volatility). In particular, commodities markets are generally less liquid than bond, currency or stock markets so that supply and demand changes have a more material impact on prices and volatility, making investments in commodities riskier and more complex. This is illustrated by some of the typical factors affecting commodity prices set out in the following.

The planning and management of commodity supplies takes up a lot of time. For this reason, the scope of commodity supplies is limited, and it is not always possible to adapt production to changes in demand. Demand may also vary from region to region. In addition, the transport costs for commodities in regions where they are required have an impact on prices. The cyclical behaviour of some commodities produced during certain times of year, such as agricultural produce, many lead to major price fluctuations.

Direct investments in commodities attract costs for storage, insurance and taxes. Moreover, no interest or dividends are paid on commodities. These factors have an impact on the overall return on commodities.

Not all commodities markets are liquid and able to react quickly and to the extent required in response to changes in supply and demand. Since only few market participants are active on the commodities markets, high levels of speculation may have negative consequences and distort prices.

Unfavourable weather conditions can affect the supply of certain commodities for a whole year. A supply crisis triggered in this way may give rise to sharp and unpredictable price fluctuations. The spread of disease and the outbreak of epidemics may also influence the price of agricultural produce.

Commodities are often produced in emerging countries and demanded by industrialised countries. However, the political and economic situation in emerging countries is significantly less stable than in industrialised countries. They are much more exposed to the risks of rapid political change and economic setbacks. Political crises may shake investor confidence, and this may in turn influence commodity prices. War or armed conflict may change the supply of and demand for certain commodities. In addition, it is possible that industrialised countries will impose an embargo on the export and import of goods and services. This could have a direct or indirect impact on the price of commodities. Moreover, a number of commodity producers have formed organisations or cartels to regulate supply and thus influence prices.

Changes in tax rates and customs duties may also have the effect of reducing or increasing returns for commodity producers. If these costs are passed on to customers, such changes will have an effect on the prices of the affected commodities.

The factors and circumstances described in this section that have or could have a direct or indirect effect on the value of commodities may also have a negative impact on value. Physical delivery of the underlying in the form of commodities and/or precious metals is ruled out in all cases.

In the case of precious metals and commodities serving as the underlying or as a basket constituent, it should additionally be noted that, due to the time zones in Australia, Asia, Europe and America, the underlyings are traded for 24 hours a day and may reach, exceed, or fall below barriers or other price thresholds specified in the Terms and Conditions at any time of day. For this reason it is possible, especially in the case of Structured Products linked to these underlyings, that barriers or other price thresholds specified in the Terms and Conditions are reached and exceeded or fallen below even outside of local trading hours.

Structured Products linked to futures

Futures-linked Structured Products are linked to futures. Futures are standardised forward contracts based on financial instruments (e.g. shares, indices, interest rates, foreign exchange, known as financial futures, or metals and commodities (e.g. precious metals, wheat, sugar), known as commodity futures.

A futures contract constitutes the contractual obligation to buy or sell a certain amount of the object of the contract at a fixed price and at a pre-determined point in time. Futures are traded on derivatives exchanges and are to this end standardised with regard to contract size, nature and quality of the object of the contract and, if specified, places of delivery and delivery dates.

Generally, there is a strong positive correlation between the price development of an underlying on the spot market and the corresponding futures market. However, futures are always traded at a premium on, or discount from, the spot price of the underlying. The difference between the spot price and the futures price, called 'forward premium' or 'forward discount' in the terminology used on futures exchanges, is the result of the inclusion of costs usually incurred in connection with spot transactions (storage, delivery, insurance, etc.) and of income usually generated through spot transactions (interest, dividends, etc.) on the one hand and differences in the evaluation of general market factors prevailing on the spot and futures markets on the other.

Since the Structured Products are linked to the exchange price of the underlying futures contracts specified in the Terms and Conditions, knowledge of the market of the underlying to which the respective futures contract is linked as well as of the operation and evaluation factors of forward and futures transactions is necessary to make a valid assessment of the risks associated with the purchase of these Structured Products.

Since futures have a specific expiry date, the Issuer will, in the case of Structured Products with longer or unlimited maturities, replace the underlying, at a time specified in the Terms and Conditions, with a futures contract that, apart from having a longer maturity, has the same contract specifications as the futures contract initially serving as the underlying (known as 'roll-over'). The roll-over will be carried out on a trading day ('roll-over day') within a timeframe specified in the Terms and Conditions, shortly before the current futures contract expires. The reference values on the basis of which the roll-over of the underlying to the new underlying is carried out may be determined by the Issuer in its reasonable discretion.

In the case of commodities futures, if the market is in "contango", the price of the next futures contract being rolled into is higher than the price of the expired futures contract. The reverse situation is known as a market in backwardation. In this case, the price of the next futures contract being rolled into is lower than the price of the expired futures contract. Depending on the deviation in the price, such adjustments may be made in the security holder's favour or to their detriment.

Structured Products linked to exchange rates

In the case of exchange rates as the underlying or basket constituent, if a country's key interest rate is increased, this may cause that country's currency to appreciate, because demand for government bonds normally rises in such cases. The converse may apply accordingly, with a cut in the base rate leading to depreciation of the country's currency. Generally, exchange rates are determined by supply and demand factors on the international money markets, which are exposed to, among other things, economic factors, speculation and intervention by governments and central banks, such as exchange controls or restrictions.

It should additionally be noted that, due to the time zones in Australia, Asia, Europe and America, the exchange rates are traded for 24 hours a day and may reach, exceed, or fall below barriers or other price thresholds specified in the Terms and Conditions at any time of day. For this reason it is possible, especially in the case of Structured Products linked to these underlyings,

that barriers or other price thresholds specified in the Terms and Conditions are reached and exceeded or fallen below even outside of local trading hours.

If the underlying of the Structured Products is a basket and if the basket constituents are denominated in whole or in part in a currency other than the currency in which the underlying (basket) is calculated, this may result in further correlation risks during the term of the Certificates in addition to the general correlation risks described above. These correlation risks relate to the degree to which the development of the price of the basket constituent (in a foreign currency) is dependent on the development of the exchange rate between that foreign currency and the currency of the underlying (basket).

Structured Products linked to interest rates

Interest rates depend on the supply and demand on the international money and capital markets, which are influenced by, among other things, economic factors, speculation and interventions by central banks and government agencies, as well as other political factors. Interest rate levels in the money and capital markets are often subject to high fluctuations, and this is why the holders of Structured Products linked to interest rates are exposed to these interest rate risks.

If the underlying or a constituent of the underlying is a fixed-interest financial instrument, movements in interest rates can be expected to have an especially significant impact on the value of the Structured Products. A change in the market level of interest rates gives rise to a movement in the respective opposite direction in the price of a fixed-interest financial instrument: If the market level of interest rates increases, the price of the financial instrument normally falls until its yield is approximately equal to the market rate of interest. If, on the other hand, the market level of interest rates falls, the price of the fixed-interest financial instrument increases until its yield is approximately equal to the market rate of interest.

Structured Products linked to funds

If funds or collective investment schemes are used as underlyings or basket constituents, investors should note that, depending on the type of fund, e.g. share funds, bond funds, real estate funds, ETFs or hedge funds investing in different assets, the capital accruing to the fund is also invested on the capital market. As a result, the risks arise primarily from the nature of the fund. This means that the value of an investment unit is subject to the same risks, influences and fluctuations as the assets of which the fund is made up. Investors must be able to form their own opinions of the special features of the assets contained in the fund and their risk exposure to make an assessment of the expected performance of the underlying.

In addition, investors should note that the relevant reference agent only determines the value of the fund unit (as price, redemption price, or a value designated accordingly) on valuation dates applicable to the fund. In addition to the value of the assets included in a fund unit, the price of a fund unit may also depend on fees charged for managing the fund, and this may have an indirect effect on the value of the Structured Products.

Moreover, where Structured Products with Swiss or non-Swiss funds/collective investment schemes as the underlying(s) are concerned, events occurring at the level of the underlying and corporate actions usually due to liquidity bottlenecks affecting the underlying may also indirectly impact the Structured Products. This applies in particular to a deferral in redemptions from collective investment schemes, e.g., to introduce “side pockets” (i.e., segregation of illiquid and liquid investments/assets in a collective investment while suspending the rights of investors to redemption for this segregated, illiquid portion of the portfolio) and “suspensions” or “gates” (e.g., temporary restriction on withdrawals) and to liquidate and unwind collective investment schemes.

The Issuer/paying agent has the right to include **any events occurring at the level of the underlying(s) and corporate actions affecting the underlying(s) (e.g., introduction of side pockets, suspensions, gates or full or partial liquidation) affecting the Structured Products (indirectly) in the Terms and Conditions at its own discretion** and to make **any adjustments with respect to the redemption or other modalities of the Structured Products as appropriate** (e.g., ordering the delayed redemption of the Structured Products).

Credit-linked Structured Products (Structured Products with reference bond)

Credit-linked Structured Products and Structured Products with reference bonds (hereinafter “Credit-linked Structured Products”) differ from conventional Structured Products in that the amount of capital to be repaid and/or interest payments depend on whether a credit event in relation to the reference borrower has occurred and that payments (prior to or on the maturity date) depend on the non-occurrence or occurrence of a credit event in relation to the reference borrower and that these payments are possibly lower than the amount originally invested by the investor with the consequence that the issuance price or purchase price paid is not returned to the investor. The risk of Credit-linked Structured Products is – provided no special security mechanisms are stipulated (e.g. collateral, as for example the so-called COSI® [Collateral Secured Instruments], a service offered by SIX Swiss Exchange Ltd in collaboration with SIX Securities Services and Eurex Zurich Ltd, for further information also refer to www.six-swiss-exchange.com/issuers/services/cosi_en.html) – comparable to the risk inherent in a direct in-

vestment in the liabilities of the reference borrower with the exception that the investor in a credit-linked Structured Product is also exposed to the insolvency and credit risk of the Issuer. Accordingly, investors are exposed to the insolvency and credit risk of the Issuer or – at least from an economic perspective – to the insolvency and credit risk of the reference borrower unless there is a special security mechanism.

If the Terms and Conditions of a Structured Product stipulate an appropriate security mechanism (such as corresponding collateral), it is even possible to largely eliminate the insolvency and credit risk of the Issuer.

Credit-linked Structured Products are neither guaranteed by a reference borrower, nor are they usually collateralised with the liabilities of the reference borrower. In the event of occurrence of a credit event, investors have no recourse to the reference borrower for any losses. Following the occurrence of a credit event in relation to the reference borrower, investors do not receive any benefit from any positive developments experienced by the relevant reference borrower. Specifically, the consequences of the occurrence of a credit event as described in the Terms and Conditions cannot be reversed. Thus, in the event of a restructuring as a credit event, investors are not involved in the restructuring process and do not have the right to contest any element of the restructuring process. Therefore any investment in credit-linked Structured Products may potentially entail a greater risk than a direct investment in the liabilities of the reference borrower. Should an event occur which has a negative impact on the creditworthiness of the reference borrower but which does not result in the occurrence of a credit event, the price of the Structured Products may fall. Consequentially, investors who sell their Structured Products at that time may suffer a considerable loss in their invested capital (up to a total loss).

Any schedules and disclosures in relation to Credit-linked Structured Products should in no event be understood as a recommendation on the part of Vontobel (i.e., Vontobel Holding AG or companies in the Vontobel Group) in relation to the underlying(s) or relevant reference bond(s) listed.

It is highly recommended that investors seek professional advice on the specific product-related risks and quality of the underlying(s) and particularly the relevant reference bond(s) prior to making any investment in Credit-linked Structured Products.

v) Issuer and Guarantor specific risks

Insolvency and credit risk of Vontobel Financial Products Ltd.

The Issuer, Vontobel Financial Products Ltd. is presently not rated. Therefore, it is not possible for investors to compare the solvency of the Issuer with that of companies which have ratings.

The investor bears the insolvency and credit risk of the Issuer. However, this risk is minimised to the respect that payments to be made in accordance with the relevant Terms and Conditions of Vontobel Financial Products Ltd. are guaranteed at each payment date by a guarantee issued by Vontobel Holding AG (see also the section below entitled “Insolvency risk/rating of Vontobel Holding AG/Guarantor”).

There is a risk that the Issuer and Guarantor will not be able to meet all or some of their obligations arising from the Structured Products. For this reason, investors should always take into consideration the creditworthiness of the Issuer and the Guarantor. Insolvency and credit risk is the risk of the Issuer or Guarantor becoming insolvent or illiquid, i.e., experiencing a potential temporary or permanent inability to satisfy their obligations to make interest payments or principal repayments on time. Issuers and guarantors with poor creditworthiness typically have a higher insolvency and default risk.

In extreme cases, i.e., in the event of the insolvency of the Issuer and Guarantor, an investment in a Structured Product issued by the Issuer may mean a complete loss of the investment amount, even if the Structured Product features a capital guarantee or capital protection (“Capital Protection Products”).

Insolvency/credit risk and rating of Vontobel Holding AG/Guarantor

The investor bears the insolvency and credit risk of the Guarantor, Vontobel Holding AG (provided the Structured Product is guaranteed by the latter). There is a general risk that the Guarantor will be unable to fulfil all or some of the obligations arising under the guarantee undertaking. For this reason, investors should always take into consideration the creditworthiness of the Guarantor.

In extreme cases, i.e., in the event of the insolvency of the Issuer and Guarantor, an investment in the securities issued by the Issuer may mean a complete loss of the investment amount, even

if the Structured Product features a capital guarantee or capital protection (“Capital Protection Products”).

For further information on the rating of Vontobel Holding/the Guarantor, please refer to Section IX., Appendix “Ratings”.

Insolvency/credit risk and rating of Bank Vontobel AG

The Issuer, Bank Vontobel AG operates a bank. Its business policy is to pursue interests on the national and international level, primarily in the area of asset management and the associated services, and it may transact for its account or for the account of third parties any and all business directly or indirectly related to this purpose or deemed necessary or expedient to promote same.

The investor bears the insolvency and credit risk of the Issuer Bank Vontobel AG. There is a general risk that the Issuer will be unable to fulfil all or some of the obligations arising in connection with the Issuance of the Structured Products. For this reason, investors should also always take into consideration the creditworthiness of the Issuer.

In extreme cases, i.e., in the event of the insolvency of the Issuer, an investment in the securities issued by the Issuer may mean a complete loss of the investment amount, even if the Structured Product features a capital guarantee or capital protection (“Capital Protection Products”).

For further information on the rating of Bank Vontobel AG, please refer to Section IX., Appendix “Ratings”.

w) Business risks of the Vontobel Group

The Vontobel Group’s business is influenced by the prevailing market conditions and the impact they have on the operating (consolidated) Vontobel companies. The Vontobel Group focuses on three business units: Private Banking, Asset Management and Investment Banking. The Guarantor has defined the Vontobel Group’s market risk, liquidity risk, credit risk and operational risks in particular. Risks to the Vontobel Group’s business may be posed by general market risks, which may arise as a result of declining market prices, such as interest rates, exchange rates, share prices, commodity prices and the resulting volatilities, and have a negative impact on the valuation of the underlyings and/or derivative financial products. The Vontobel Group’s financial

condition may also be impacted by liquidity bottlenecks that may be caused e.g. by cash outflows when loan commitments are drawn down or it is impossible to prolong deposits, so that the Vontobel Group would be temporarily unable to meet short-term financing requirements. In addition, the Vontobel Group is exposed to credit risk, since this type of risk is associated with the direct lending business and may also arise in connection with transactions associated with credit risk, such as OTC derivative transactions (transactions arranged individually between two parties), money market transactions, or securities lending and borrowing. The Vontobel Group does not engage in any commercial lending business. Finally, operational risks may arise as part of the Vontobel Group's operating activities and lead to losses due to inadequate or non-existent processes or systems, employee misconduct, or external events.

x) Operational risks of the Vontobel Group

The business of the Vontobel Group depends on the ability to settle a large number of transactions efficiently and accurately. Operational risks and losses can be caused by fraud, human error, incorrect documentation of transactions or a lack of internal authorisation, as well as the failure to comply with supervisory regulations or internal rules of procedure, the failure of technical facilities, natural disasters or the poor performance of external third parties. Although the Vontobel Group has adopted measures to control risk and mitigate loss or damage and significant funds are invested in the development of efficient processes and employee training, there is only a certain probability, but no absolute certainty, that such processes are adequate to control the operational risks of the Vontobel Group.

III. GENERAL TERMS AND CONDITIONS

The information set out below in this Section III. presents the Terms and Conditions applying to the Structured Products. The General Terms and Conditions are intended to be generally valid for all the Structured Products, but it should be noted that specific General Terms and Conditions apply to particular categories of Structured Products (in particular, for example, Leverage Products) which are valid only for products of that category (in such cases, the relevant information contains a note to that effect). The specific General Terms and Conditions relating to an individual product category have precedence over the general General Terms and Conditions.

A. General information and definitions

The following definitions of individual terms (in alphabetical order) apply in principle to all Structured Products and product descriptions of Structured Products. Alternative definitions – as set out in the Definitive Termsheets – may apply to individual Structured Products. In the event of any inconsistencies, the definitions, terms and meanings derived from the Definitive Termsheet have precedence. If a term is not defined in the list below nor in the Definitive Termsheet, it shall have the meaning in relation to a particular Structured Product that is derived after taking into account (i) the Features of the respective product type and (ii) any standard market practices that apply.

“Current Financing Level”

With respect to Mini Futures (as described in Section IV.D.3), the “Current Financing Level”, which is adjusted daily, means – from an economic point of view – the amount that the Issuer contributes to the product in the form of debt financing (in the case of Long Mini Futures) or that replicates the cash deposit (in the case of Short Mini Futures).

³ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

“American Exercise or American Option”

The term “American Exercise” or “American Option” refers to Structured Products (in particular Warrants, as described in Section IV.D.bb⁴) that can be exercised on any Trading Day within the Exercise Period up to the specified time.

“Exercise Price or Strike”

The “Exercise Price” or “Strike” (sometimes also “Subscription Price”) means the price at which the investor can purchase (e.g. Call Warrants) or sell (e.g. Put Warrants) the Underlying (Physical Settlement), or on the basis of which the difference is calculated at the time of exercise by which the Exercise Price is lower than (Call Warrants) or higher than (Put Warrants) the Relevant Valuation Price of the defined Underlying (Cash Settlement).

“Automatic Exercise”

The term “Automatic Exercise” means that Structured Products (in particular Warrants as described in Section IV.D.bb⁵) are exercised on their expiry date by the Issuer if they have an Intrinsic Value on expiry.

“Bank Business Day”

The term “Bank Business Day” means a day on which the commercial banks and the clearing and settlement systems in Zurich and on the Reference Exchange of the Underlying are open.

“Cash Settlement”

The term “Cash Settlement” means the redemption of Structured Products by means of a payment in cash (such as, for example, the payout of a (positive) amount representing the difference

⁴ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

⁵ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

determined by the Issuer as far as possible as the Intrinsic Value on the exercise of Leverage Products (in particular warrants as described in Section IV.D.bb⁶).

“Barrier and Threshold / Knock-Out Level and Stop-Loss Level”

A “Barrier” or (Knock-Out/Stop-Loss) “Level” or “Threshold” means the price of the Underlying at which the payoff or payout diagram/profile or the redemption terms of a Structured Product are modified if that price is reached or passed (i.e. if the price of the Underlying falls below or exceeds that Barrier, Level or Threshold Value). The new or revised redemption terms should be taken in each case from the applicable Final Terms contained in the respective Definitive Term-sheets; only the Final Terms are authoritative.

“Underlying”

The term “Underlying” means the reference item quoted or traded on the respective reference exchange/trading platform and on which the respective Structured Product is based (e.g. share, index, bond, interest rate, exchange rate, precious metal, future or baskets of these), that is relevant for the price of the Structured Product (see also the corresponding details provided in Section G. “Underlying(s)”).

“Observation Period”

The relevant “Observation Period” of the Underlying in relation to (a) particular Barrier(s) may be continuous, i.e. in principle at all times during the trading hours of the Underlying, or at a specific date (such as “at the end of the Term”) or specific dates (e.g. monthly).

“Valuation Date”

The term “Valuation Date” means the Trading Day on which the relevant Redemption Amount of the Structured Product is determined by the corresponding (calculation) agent. The respective Valuation Date is determined in accordance with the applicable Terms and Conditions of the Structured Product. The Valuation Date can occur prior to the expiry of a specified term if the relevant Terms and Conditions so provide such as, for example, in the event of (a) early termination by the Issuer or, where relevant, by the holder of the Structured Product, (b) the exercise of

⁶ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

an exercise right or (c) the occurrence of a Stop-Loss Event (especially in the case of Mini Futures), where such an event occurs prior to exercise by the holder or termination by the Issuer.

“Subscription Ratio or Ratio”

The “Subscription Ratio” or “Ratio” indicates how many units of Structured Products are linked to how many units of the respective Underlying. For example, a Subscription Ratio of 5:1 indicates that five units of Structured Products are linked to one unit of the Underlying.

“Exchange Trading Day”

The term “Exchange Trading Day” means a day on which the respective Reference Exchange of the Underlying is open for trading.

“Bull/Long and Bear/Short”

Structured Products can be structured as both Bull, or Long, investments or also Bear, or Short, investments: A Structured Product structured as a Bull or Long investment offers the investor the opportunity to focus on rising Underlyings (the value of a Bull or Long Structured Product rises if the corresponding Underlying increases in value – leaving aside other factors contributing to value). A Structured Product structured as a Bear or Short investment offers the investor the opportunity to focus on falling Underlyings (the value of a Bear or Short Structured Product rises if the corresponding Underlying falls in value – leaving aside other factors contributing to value).

“Cap or Maximum Limit”

Structured Products may have a “Maximum Limit” or “Cap” which represents the upper threshold of a Structured Product's participation in the Underlying or the performance of the Underlying.

“European Exercise and European Option”

The term “European Exercise” or “European Option” refers to Structured Products (in particular Warrants, as described in Section IV.D.bb⁷) that may only be exercised on their expiry date up to the specified time.

⁷ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

“Future or Futures”

“Futures” are standardised forward transactions linked to financial instruments (financial futures contracts) or commodities (commodity futures contracts). These forward transactions entail an obligation on the part of the respective contract party to buy or sell a specified quantity of the respective object of the contract at a predetermined price and date.

“Gearing”

The term “Gearing” describes the *approximate* percentage change in a Warrant (as described in Section IV.D.bb⁸) or the Leverage Product (see the introduction to Section I. “Applicability” and Section IV.D. “Leverage Products” below) if the price of the Underlying changes by one percentage point (see also the definition below “Leverage”).

“Trading Day”

The term “Trading Day” means a day on which the relevant Reference Agent (i.e. a trading market, trading system or an exchange) relating to the Underlying (or a component of the Underlying) is open for trading; where the Reference Agent is not a trading market or trading system and is also not an exchange or a corresponding institution, the term “Trading Day” means a Business Day with the exception of days on which commercial banks and currency markets in the country in which the Reference Agent is located are closed.

“In-the-money”

The term “In-the-money” describes the situation in which the Intrinsic Value (see the relevant definition below) of a Structured Product is positive, i.e. greater than nil.

⁸ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

“Intrinsic Value”

The “Intrinsic Value” of a Structured Product (generally of an Option or a Warrant, as described in Section IV.D.bb⁹) is the amount that the holder would receive if he exercised his right immediately (before taking into account the costs and fees payable as a result).

“Leverage”

The term “Leverage” (also referred to as effective or actual leverage or omega) refers to an indicator used to assess the leveraged performance of Structured Products (especially options and warrants as described in Section IV.D.bb¹⁰). It shows the percentage increase (decrease) in, for example, the price of a call warrant (put warrant) if the price of the Underlying rises by one percentage point and therefore provides an indication of the extent to which an investor participates positively or negatively in a change in price of the Underlying. In contrast to Gearing, Leverage shows the actual leveraged performance of an option or warrant and therefore represents the more meaningful indicator (see also the definition above “Gearing”).

“Relevant Valuation Price”

The “Relevant Valuation Price” indicates which price is intended to apply for the purpose of calculating the Redemption Amount based on the Underlying on the relevant Reference Exchange/Determination Agent/Derivatives Exchange. If, with respect to the determination of the Relevant Valuation Price, discrepancies arise between the rules of the Reference Exchange/Determination Agent/Derivatives Exchange and those applying to the Structured Product (such as, for example, rules relating to exercise and expiry, exchange or trading days etc.), the paying and calculation agent may adopt the rules of the Derivatives Exchange which differ from the provisions of the Structured Product (including Final Terms).

“Minimum Exercise Volume”

The “Minimum Exercise Volume” indicates the minimum number of Structured Products that must be tendered to the exercise agent in the event of exercise. As a general rule, only a number of

⁹ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

Structured Products (in particular Warrants, as described in Section IV.D.bb¹¹), determined according to the Subscription Ratio, that relate to a whole Underlying or a whole-number multiple thereof may be exercised.

“Fractional Amount”

The term “Fractional Amount” refers to the fractions of an Underlying that are not deliverable (mainly shares). Fractional Amounts of Underlyings are settled in the form of a cash payment calculated on the basis of the Relevant (Valuation) Price of the Underlying determined on the expiry date. It is not possible to consolidate Fractional Amounts originating from several Structured Products into deliverable units of the Underlying.

“Nominal Amount” (also “Nominal”)

The term “Nominal Amount” or “Nominal” refers to the (claim) amount indicated for the respective particular Structured Product as defined in the applicable Final Terms.

“Option (Warrant)”

An “Option” (or “Warrant”) grants one party (the buyer) – in contrast to Futures – the choice whether to enter into the agreed transaction on the predetermined terms and conditions of the Option, i.e. whether to exercise its Option or not. A distinction is made between Call and Put Options or Warrants.

“Option Period” or “Exercise Period”

In the case of Structured Products (generally Leverage Products) with an American Exercise feature, the “Option Period” (or “Exercise Period”) refers to the term of the Structured Products and the period within which the respective exercise right may be exercised. The exercise right may be exercised on any Trading Day up to the expiry date, up to a specified time. In the case of Structured Products with a European Exercise feature, the “Option Period” (or “Exercise Period”) refers to the Exercise Date on which the respective exercise right may be exercised. The exercise

¹⁰ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

¹¹ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

right may only be exercised on that specific expiry date (generally the last day of the Term), up to a specified time.

“Physical Settlement or Physical Delivery”

The term “Physical Settlement” or “Physical Delivery” of the Underlying refers to the redemption of Structured Products by means of delivery of the Underlying of the Structured Product at expiry or the agreement to deliver the Underlying that is deliverable in accordance with the Final Terms upon exercise of the Structured Products (in particular Warrants as described in Section IV.D.bb¹²). In the context of Physical Delivery or Physical Settlement it should always be noted that any Fractional Amounts (see the corresponding definition above) are in principle not deliverable and a cash payment is therefore made to the investor in settlement of them. The calculation agent shall determine the value on the basis of the market price of the Underlying established at the date of exercise.

“Price of an Option or a Warrant”¹³

The “Price of an Option or of a Warrant” is made up of the two components Intrinsic Value and Time Value.

“Quanto”

The term “Quanto” – an abbreviation of “quantity adjusting option” – describes a Structured Product that is protected against currency movements. “Quanto” Structured Products relate to Underlyings that are not quoted in the reference currency of the Structured Product.

“Reference Exchange/Market/Agent” or “Determination Agent”

The terms “Reference Exchange”, “Reference Market” or “Reference Agent” and/or “Determination Agent” refer to the exchange, market or trading platform on which the prices for the respective type of Underlying (such as shares, precious metals, interest rates or exchange rates) can be determined for any observation of barriers provided for and/or for a fixing (initial and/or final

¹² See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

¹³ As described in Section IV.D.bb; see also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

fixing) of the Underlying(s). In the case of Underlyings such as Indices or Futures which have their own Derivatives Exchange on which futures or options contracts on the Underlying are traded, the relevant barrier observations or final fixings can be carried out on the basis of the prices determined on the Derivatives Exchange indicated (e.g. final settlement price) (see also “Derivatives Exchange”).

“Rollover” or “Prolongation”

The term “Rollover” or “Prolongation” refers - especially in connection with Futures - to the process of renewing or prolonging a forward hedging position (i.e. a hedging position relating to the future) on one or more occasions. For example, if the value of an item is hedged using a particular futures position whose maturity date falls short of the intended hedging horizon (i.e. the final date of a hedging operation is later than the delivery dates of all of the futures contracts available at a particular time), then the party carrying out the hedging operation (i.e. the hedger) is faced with the task, on one or more occasions during the hedging transaction, of closing out the futures position being used as a hedge in good time and then constructing immediately afterwards a futures position in the same market that is identical – except that it has a longer maturity (later delivery date).

“Redemption Amount”

The term “Redemption Amount” or “Settlement Amount” refers to the cash amount that is calculated by the calculation agent on the final fixing date / Termination Date / expiry date / Valuation Date on the basis of the Relevant Valuation Price of the Underlying and paid out to the investors in Structured Products. This process may be subject to delays in the event of Market Disruption Events.

“Spot Reference Price”

The term “Spot Reference Price” refers to the price/value/rate of the Underlying determined at the initial fixing on which the calculation of the various parameters of a particular Structured Product is based.

“Stop-Loss Event”

With respect to Mini Futures (as described in Section IV.D.ee¹⁴), the term “Stop-Loss Event” refers to the case where the relevant Price of the Underlying determined in accordance with the Terms and Conditions reaches or falls below the Stop-Loss Level of the Mini Futures (in the case of Long Mini Futures) or reaches or exceeds the Stop-Loss Level (in the case of Short Mini Futures). In this event, the Mini Futures are automatically exercised and expire; the Redemption Amount is then equal to the realisable stop-loss liquidation price.

“Derivatives Exchange”

The term “Derivatives Exchange” refers to the exchange, market or trading platform on which futures and/or options contracts on the respective Underlying (in particular shares, indices and futures) are traded. The Final Terms shall specify whether and, where applicable, which prices determined by a Derivatives Exchange shall apply for the purpose of any barrier observation or the determination of the Relevant Valuation Price. Modifications to the terms of the Structured Products that may be necessary, for example, as a result of corporate actions relating to the Underlying are generally carried out in accordance with the rules and regulations of the Derivatives Exchange on which derivatives based on the Underlying are traded. If there are several Derivative Exchanges, the Issuer shall designate the relevant Derivatives Exchange in each case in its unrestricted discretion.

“Volatility”

The “Volatility” indicates the degree of fluctuation in the price of an Underlying or the fluctuations in the return on the Underlying within a particular period.

“Time Value”

The “Time Value” of a Warrant (as described in Section IV.D.bb¹⁵) is generally equal to the amount by which the current price of the Warrants exceeds the Intrinsic Value. The key factors

¹⁴ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

¹⁵ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

determining the Time Value are the remaining term of the Warrants and the Volatility of the Underlying on which they are based.

B. Basic characteristics

Structured Products in the true sense¹⁶ are defined by the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte* ("SVSP")¹⁷) as "Investment Products issued publicly by an issuer whose redemption value is derived from the performance of one or more underlyings"¹⁸. They are therefore fundamentally characterised by the fact that any income they produce, their performance and their redemption is predominantly derived from one or more underlyings. Depending on the specific Structured Product, such underlyings may consist of a wide variety of different financial investments (see Section G. "Underlying(s)").

C. Legal basis

The object of the Issuance Programme is the (public) Offering of the respective Structured Products issued by the respective Issuer on the basis of a resolution of the competent executive bodies.

D. Status of the Structured Products

The Structured Products constitute unsecured and unsubordinated obligations of the respective Issuer (or Guarantor) that rank *pari passu* in relation to one another and in relation to all other unsecured and unsubordinated obligations of the respective Issuer (or Guarantor), unless other-

¹⁶ The definition of the term "Structured Product" as used in this Issuance Programme (see Section I ("Applicability")) differs from that of the SVSP in that the former also includes products classified under the SVSP main product type Leverage Products.

¹⁷ In 2006 the SVSP introduced standardised categories for quoted derivatives in Switzerland in the form of the "Swiss Derivative Map" with the aim, among other things, of providing the investor with an overview of the individual main product types, product categories (and product groups) and product types. The "Swiss Derivative Map" is revised at regular intervals to reflect the rapidly changing market environment. Currently there are two main product types "Investment Products" and "Leverage Products": The "Investment Products" are subdivided into the four product categories "Capital Protection Products", "Yield Enhancement Products", "Participation Products" and "Investment Products with Reference Entities". The "Leverage Products" comprise the product categories "Leverage Products without Knock-Out" and "Leverage Products with Knock-Out". The individual product categories are divided in turn into varying numbers of individual product types. An up-to-date copy of the "Swiss Derivative Map" is available from the SVSP homepage at www.svsp-verband.ch and www.sspa-association.ch, respectively.

¹⁸ The SVSP also draws attention to the fact that structured products can be put together by combining a classic investment (such as a bond or investments such as shares, interest rates, currencies or commodities such as gold, crude oil, copper or sugar) with a Derivative Financial Instrument.

wise provided by mandatory statutory requirements or the requirements of Structured Products issued under a collateral security arrangement as “COSI Collateral-Secured Instruments” (see Section V. “Collateral-Secured Structured Products”).

E. Terms

The terms of the Structured Products are given in the specifications in the relevant Definitive Termsheets, subject to applicable minimum and maximum terms which are required or allowed by the relevant central bank (or a comparable institution) or on the basis of laws or legal requirements applicable to the respective Issuer or the relevant currency. Structured Products may also contain provisions in the Definitive Termsheets whereby the term is ended immediately if the Underlying reaches a particular barrier (i.e. a price of the Underlying at which the payoff or payout diagram/profile or the redemption terms of a Structured Product are modified if that price is reached or passed i.e. if the price of the Underlying falls below or exceeds that barrier). Structured products can also be issued without a fixed term (e.g. open-ended).

F. Issue price and transferability

The Structured Products may be issued at a unit price or at their nominal amount/nominal value, with a premium or discount. The issue price may be lower or higher than the market value of the related Underlying on the date on which the relevant Definitive Termsheets are dated (the issue price is determined by reference to pricing models based on recognised principles of financial mathematics used by the Vontobel Group). The issue price may include margins and fees some of which may be paid to the distributor(s) as selling commissions.

The Structured Products are transferable solely in units of one Structured Product or a whole-number multiple thereof, unless the Final Terms contain provisions which are different from this rule.

G. Underlying(s)

The Structured Products described in this Issuance Programme may be linked to a very wide range of Underlyings (on the basis of whose performance the value of these Structured Products as described above in Section I. “Applicability” will develop or change). The specific Underlying or Underlyings (“**Underlying**”) on which a particular Structured Product is based should be taken from the Final Terms; only the Final Terms are authoritative.

In principle, the Underlying must be one of the underlyings permitted in accordance with Article 12 of the Additional Rules for the Listing of Derivatives (Additional Rules Derivatives, ARD) of the SIX Swiss Exchange dated 1 July 2009. The latter include investments quoted or admitted to trading on the SIX Swiss Exchange or on a foreign securities exchange subject to equivalent regulation such as shares, participation certificates, profit participation rights and securities representing shares such as ADRs or GDRs, although this list is not definitive. In addition, bonds and collective investment schemes (i.e. funds) are also admissible in principle as Underlyings, in which case, depending on the type of Structured Product, the provisions of the Swiss Federal Act on Collective Investment Schemes (*Bundesgesetz vom 23. Juni 2006 über die kollektiven Kapitalanlagen, "KAG"*) may apply together with the implementation regulations. Furthermore, all derivatives quoted or admitted to trading on the SIX Swiss Exchange are also admissible as Underlyings, as are standardised options and futures contracts traded on a regulated derivatives exchange such as Eurex or the Chicago Mercantile Exchange (CME). Indices and various reference rates such as freely convertible foreign exchange, standard market interest and swap rates such as 3-month Libor or Euribor, precious metals, namely gold, silver, platinum and palladium, and also commodities that are traded on an exchange recognised by the Regulatory Board of the SIX Swiss Exchange and whose spot prices are published, are also permitted to be Underlyings. Baskets, i.e. baskets of the Underlyings described above, may also form the Underlying for the Structured Products being described here. Baskets may be static, i.e. basically unchanging during the term of the Structured Product, or may be dynamic, i.e. needing to be adjusted or reweighted at specified dates according to specified criteria. Particularly where futures or forward contracts form the Underlying for Structured Products with no fixed maturity (open-ended), an automatic rollover procedure can ensure that the existing Underlying is periodically replaced by a new one.

At this point particular attention should be drawn to the fact that in connection with Structured Products whose Underlying(s) are domestic or foreign funds/collective investment schemes, certain events occurring or measures implemented - usually as a result of liquidity shortfalls - at the level of the Underlying(s) may also have indirect knock-on effects on the Structured Products. This applies particularly in the event of a deferral of redemptions from collective investment schemes in order, for example, to introduce side pockets (i.e. the separation of the illiquid investments/assets of a collective investment scheme from the liquid investments/assets and the simultaneous suspension of the investors' right to redemption for the separate illiquid portion of the portfolio) and suspensions or gates (i.e. temporary limitations of investors' ability to redeem), as well as for the purpose of liquidating and dissolving collective investment schemes.

The Issuer and/or the paying agent is entitled **at its own discretion to reflect any events occurring or measures implemented at the level of the Underlying(s) (such as, for example, the introduction of side pockets, suspensions, gates or of total or partial liquidation) in the (issue) Terms and Conditions of the Structured Products (indirectly) affected** and to make corresponding **modifications with respect to the redemption or other modalities of the Structured Products in an appropriate manner** (e.g. introduction of a deferred redemption procedure for the Structured Products).

For further details, see also Section II.B.u) "Risks in relation to specific underlyings".

H. Form of the Structured Products

The Structured Products are generally issued in uncertificated form as "*uncertificated securities*" ('*Wertrechte*', "**Uncertificated Securities**"; i.e. rights with essentially the same function as certificated securities/paper certificates [*Wertpapiere*]) pursuant to Art. 973c of the Swiss Code of Obligations (*Bundesgesetz vom 30. März 1911 über das Obligationenrecht, "OR"*), unless otherwise specified in the relevant Final Terms. Uncertificated Securities are formed by the entry of the respective securities (issued by the Issuer) into the Issuer's securities book ('*Wertrechtbuch*') in accordance with Art. 973c para. 2 OR.

Upon the Uncertificated Securities' entry into a publicly accessible main register ('*Hauptregister*'; cp. Art. 6 lit. 2 of the Swiss Federal Act on Intermediated Securities ["**FISA**"]) of a recognised depository institution ('*anerkannte Verwahrstelle*') pursuant to Art. 4 FISA and upon the booking of such Uncertificated Securities into one or several (securities) accounts of one or more participants of such recognised depository institution, the Uncertificated Securities will constitute so-called "**Book-Entry Securities**" (cp. Art. 6 para. 1 lit. c FISA): Herein (and unless otherwise specified in the relevant Final Terms) the Uncertificated Securities shall on a regular basis – and in accordance with the FISA – be entered into the main register as kept by of the relevant depository institution, i.e. SIX SIS AG (hereinafter "**SIX SIS**" and "**Standard Depository Institution**", respectively), such main register being publicly accessible and informing the public, respectively, about the number of Book-Entry Securities deposited with the respective depository institution and circulating in such depository institution's book entry system.

The Issuers reserve the right to appoint, in their sole discretion and in derogation from the above-mentioned Standard Depository Institution, the depository institution relevant for the registration of Uncertificated Securities, which has to be, at any time, an institute pursuant to

Art. 4 FISA (i.e., amongst others, banks, securities dealers and operators of clearing/settlement systems for securities business within the meaning of Swiss law) (see the respective Final Terms).

As long as the Structured Products qualify as Book-Entry Securities they may only be transferred in accordance with the provisions of the FISA , i.e. by the entry of the transferred Structured Products in a securities account of the transferee.

The investor and holder of the Structured Products, respectively, shall neither be entitled to demand the issuance or delivery of certificated securities/paper certificates (including, but not limited to global notes) or certificates of evidence, nor shall he be authorised to demand the conversion of Uncertificated Securities into certificated securities/paper certificates.

The records of the relevant depository institution will bindingly determine the number of Structured Products held through each participant with such depository institution. The owners in respect of the Structured Products held in the form of Book-Entry Securities, shall be the investors pursuant to Art. 5 lit. c FISA, i.e. the account holders (other than the depository institutions in accordance with the FISA), or the depository institution in accordance with the FISA holding the Uncertificated Securities for its own account.

I. Description of the Structured Products

The Structured Products may either bear interest at a fixed or variable interest rate or be non-interest-bearing and be redeemable in a fixed amount or with reference to an Underlying, a formula, an index or some other reference value as specified in the Definitive Termsheets and/or in the Final Terms contained therein (see also the general information on the individual categories of Structured Products in Section IV. "The Structured Products in Detail").

J. Taxes

On 7 February 2007, the Federal Tax Administration issued Circular Letter No. 15 concerning bonds and derivative financial instruments as objects of the direct federal tax, the withholding tax, as well as the stamp duty. The Structured Products are categorised as derivative financial instruments. The Definitive Termsheets specify which taxation presumably applies to the relevant Structured Product in accordance with the mentioned circular letter. The Definitive Termsheets may contain additional tax information, in particular concerning the then-applicable EU tax on interest.

The information on taxation in the Definitive Termsheets is merely a non-binding summary of the Issuer's understanding of the taxation of the Structured Product under current applicable law and

the established practice of the Federal Tax Administration. Because this summary does not take into account every aspect of Swiss tax law and, in particular, does not take into account the specific tax situation of an investor who resides in a foreign country, potential investors should seek the advice of their personal tax advisers in respect of the tax consequences of the purchase, ownership, sale or redemption of a Structured Product, in particular the tax consequences under another legal system. In addition, it should be noted that the cantons could have tax law and administrative practices which vary from those of the Federal Tax Administration.

All **taxes and fees or other levies** that may arise in connection with a Structured Product (for example, on payment of the Redemption Amount) **shall be borne in full by the investor and/or holder of the Structured Product**. The Issuer and/or the paying agent is entitled to charge any such taxes, fees or levies to the investors and/or holders of the Structured Products and is permitted to do so, at its own discretion, either by **including the amount in the calculation of the price** of the Structured Products or by **withholding an appropriate amount** on redemption of the Structured Products or by means of another appropriate method.

The Issuer shall inform the investors and/or holders of the Structured Products as soon as possible of decisions relating to any taxes, fees or other levies arising and the method of charging them to the investor in accordance with the procedure set out in Section W. "Notices".

K. Exercise, exercise modalities, restrictions on exercisability

General rules

The Terms and Conditions may provide that the Structured Products incorporate a right of exercise and may specify the related exercise modalities as well as restrictions on the ability to exercise.

The rules applying to the individual Structured Products should be taken from the Final Terms. The following paragraphs reproduce the terms applying in connection with exercise rights in summarised form and as a supplement to Section A. "General Information and Definitions":

"Call" or "Long" product type

Structured Products (generally Leverage Products) of the "Call" or "Long" product type are products which enable the investor to focus on rising Underlyings (right to purchase an Underlying at the exercise price or receive a corresponding Cash Settlement).

"Put" or "Short" product type

Structured Products (generally Leverage Products) of the "Put" or "Short" product type are products which enable the investor to focus on falling Underlyings (right to sell an Underlying at the exercise price or receive a corresponding Cash Settlement).

"American" exercise style

Structured Products (generally Leverage Products) with an American exercise style entitle the holder to exercise the respective exercise right **during the whole of the term** up to the expiry date before a specified time.

Structured Products with an American exercise style for which Physical Delivery or Physical Settlement or Cash Settlement has been agreed that are not exercised, or not validly exercised, by the specified time on the expiry date shall become worthless and expire without the right to compensation.

"European" exercise style

Structured Products (both Leverage Products and Investment Products) with a European exercise style entitle the holder to exercise the respective exercise right **on the expiry date** before a

specified time. Structured Products with a European exercise style and Cash Settlement are exercised automatically by the Issuer if they have an Intrinsic Value at the relevant time.

Structured Products with a European exercise style for which Physical Delivery or Physical Settlement has been agreed that are not exercised, or not validly exercised, by the specified time on the expiry date shall become worthless and expire without the right to compensation.

“Physical Settlement / Delivery”

In the case of Structured Products with Physical Delivery or Physical Settlement, the respective Underlying is delivered physically – where applicable – on exercise or expiry (i.e. in the case of the Call product type, representing the investor's right to buy with respect to the Underlying or, in the case of the Put product type, representing the investor's right to sell).

In the case of certain (extraordinary) circumstances, events or incidents (e.g. the determination that existing taxes or other levies, certain regulatory requirements, disclosure requirements etc. apply or that new ones are being introduced, missing disclosure declarations/waivers on the part of the investor etc.), Market Disruption Events (e.g. extraordinary fluctuations in the market of the Underlying, particular conditions on the relevant reference exchange or domestic market or relating to factors affecting the value) or major disturbances in the economic and political situation (e.g. terrorist attacks, crash scenarios, i.e. a very rapid fall in exchange prices within a short time), as a result of which Physical Delivery in accordance with the Terms and Conditions becomes partially or wholly impossible or disproportionately difficult or excessively expensive or is adversely affected in some other way from an economic or practical point of view, the respective **Issuer is entitled to settle the Redemption Amount** due at the end of the term or on expiry or (early) termination **by making an appropriate cash payment (in place of the (physical) delivery of securities originally provided for in the Terms and Conditions).**

The Issuer shall decide at its own discretion whether extraordinary circumstances, events or incidents, Market Disruption Events or major disturbances in the economic and political situation have occurred.

The Issuer accepts no liability for any (consequential) damages suffered by the investors as a result of or on the basis of such Cash Settlement (paid instead of the (physical) delivery of securities originally provided for in the Terms and Conditions), unless the (consequential) damages are attributable to a breach by the Issuer of its duty of care or to its gross negligence.

The respective Issuer shall inform the investors as soon as possible of decisions relating to the **payment** of a corresponding Cash Settlement (in place of the (physical) delivery of securities originally provided for in the Terms and Conditions) in accordance with the procedure set out in Section W. "Notices".

"Cash Settlement"

In the case of Structured Products with "Cash Settlement", payment (generally of the Intrinsic Value) shall be made on exercise / expiry in the form of a Cash Settlement.

Exercise Period / Option Period

In the case of Structured Products (generally Leverage Products) with an "American" exercise style, the Exercise Period indicates the term of the Structured Products and the period during which the respective exercise Right may be exercised. The exercise right may be exercised on any Trading Day up to the expiry date before a specified time.

In the case of Structured Products with a "European" exercise style, the Exercise Period indicates the Exercise Date on which the respective exercise right may be exercised. The exercise right may only be exercised on that particular expiry date before a specified time.

Exercise modalities

In the case of certain Leverage Products and/or Options (in particular Warrants, Spread Warrants and Knock-Out Warrants) of the American option type, a written exercise notice must be submitted to the exercise agent within the Option period in order to exercise the Option right. The exercise of Options is deemed to have taken place on the Bank Business Day on which the written exercise notice has been received at the latest by the time stipulated in the Terms and Conditions (i.e. 12.00 CET, unless a different time is specified in the Final Terms; the Option right may be exercised on any Bank Business Day up to the specified time on the expiry date). If the exercise notice is received by the exercise agent after that time or if the exercise notice is received by the exercise agent after determination of the relevant (final) settlement or closing price at the corresponding reference market (by the competent reference agent or reference exchange) (as defined in the Final Terms), the following Bank Business Day shall be deemed to be the Exercise Date and the (final) valuation date and determination of the relevant (final) settlement or closing price, respectively, will be deferred to the next following Bank Business Day. The receipt of the exercise notice by the exercise agent by the correct time is sufficient to ensure compliance with the Exercise Period. However, Leverage Products and/or Options of the

American option type (for which Physical Delivery or Physical Settlement or Cash Settlement has been agreed) that are not exercised, or not validly exercised, by the specified time on the expiry date shall become worthless and expire without the right to compensation.

In the case of certain Leverage Products and/or Options (in particular Warrants, Spread Warrants and Knock-Out Warrants) of the European option type, a written exercise notice must be submitted to the exercise agent on the expiry date at the latest by the time stipulated in the Terms and Conditions (i.e. 12.00 CET, unless a different time is specified in the Final Terms), but in any case before determination of the relevant (final) settlement or closing price at the corresponding reference market (by the competent reference agent or reference exchange) (as defined in the Final Terms) in order to exercise the Option right (except in the case of Automatic Exercise, which is generally provided for only in the case of Options of the European option type with Cash Settlement). The receipt of the exercise notice by the exercise agent by the correct time is sufficient to ensure compliance with the Exercise Period.

The additional conditions for the valid exercise of Options in the case of Physical Delivery or Physical Settlement are:

- in the case of Call Options
 - (i) the transfer of the Options that are being exercised to the Issuer's account with SIX SIS and (ii) the payment in cash of the exercise Price due;
- in the case of Put Options
 - (i) the transfer of the Options that are being exercised and (ii) the transfer of the Underlyings required to be delivered to the Issuer to the Issuer's account with SIX SIS.

Options (of both American and European option types) for which Physical Settlement has been agreed and Options of the American option type for which Cash Settlement has been agreed that are not exercised, or not validly exercised, by the specified time on the expiry date shall become worthless and expire without the right to compensation.

Value date

In the case of Physical Delivery or Physical Settlement, the value date for the delivery of the Underlying and payment of the Exercise Price shall be five Bank Business Days following exercise.

In the case of Cash Settlement, the value date for the payment of the Cash Settlement shall be five Bank Business Days following exercise.

Application for entry in the share register

In the case of Physical Delivery or Physical Settlement (and only in that case), the following shall apply with respect to application for entry in the share register: In the case of registered shares that are delivered as a result of the exercise of Call Options, it is the responsibility of the purchaser to submit the application for entry in the share register of the relevant company. If the application to be recognised as a shareholder entitled to vote is rejected, this shall not affect the validity of the exercise of the Options.

Restrictions on exercisability

In the case of Physical Delivery or Physical Settlement (and only in that case), the following shall apply with respect to the restriction of the ability to exercise: If an Option Holder or a group of Option Holders acting in concert submits a number of Options for exercise at the same time upon which exercise the capitalisation of the Underlying required to be delivered exceeds CHF 1 million, the Issuer (or Bank Vontobel AG) shall be entitled to postpone the Exercise Date for those Options whose exercise would result in that amount being exceeded to the next following Exchange Trading Days.

Supplement to the general rules relating to Mini Futures and Sprinter Open End products

For Mini Futures and Sprinter Open End products (as described in Sections IV.D. ee) and IV.D. ff)¹⁹ the following provisions apply with respect to exercise – unless the Final Terms provide otherwise:

(1) The term of the Mini Futures and Sprinter Open End products is in principle unlimited (open-ended). Subject to early termination by the Issuer or the occurrence of a Stop-Loss Event (in the case of Mini Futures) or of a Knock-Out Event (in the case of Sprinter Open End products), the investor or holder shall have the right from the First Exercise Date (“First Exercise Date”) to **exercise** the Mini Futures or Sprinter Open End products on that day and each following Trading

¹⁹ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

Day ("Investor's Exercise Right"). Exercise shall entitle the investor to payment of the corresponding Redemption Amount by the Issuer.

(2) The Redemption Amount shall be calculated by the Issuer of the Mini Futures or Sprinter Open End products and shall be binding for the investors in or holders of the Mini Futures or Sprinter Open End products, unless there is an obvious error.

(3) In order for the right arising from the Mini Futures or Sprinter Open End products to be validly exercised, the investor or holder must issue an exercise notice via his agent bank to the calculation agent at the latest by 11:00 (Swiss time) on the respective Exercise Date both by telephone +41 (0)58 283 74 69 and by fax +41 (0)58 283 51 60. An **Exercise Date** is any day on which the Mini Futures or Sprinter Open End products are traded ("Exercise Date").

(4) The **exercise notice** must be signed in the proper manner and contain the following information:

- (a) the notice by the holder of his intention hereby to exercise his right arising from the Mini Futures or Sprinter Open End products;
- (b) the description of the Mini Futures or Sprinter Open End products (ISIN) and the number of Mini Futures or Sprinter Open End products being exercised;
- (c) the settlement instructions for the agent bank.

(5) The exercise notice shall be binding and irrevocable once it has been received by the exercise agent. It shall become effective – subject to the occurrence of a Market Disruption Event in accordance with Section 0. "Modifications and extraordinary events/Market Disruption Events" – if the conditions set out in paragraphs (2) and (3) are met by the time of exercise. Exercise notices received late shall be invalid.

(6) Once a valid exercise notice has been issued, no further transfer of the Mini Futures or Sprinter Open End products is permitted. If a Stop-Loss Event (in the case of Mini Futures) or a Knock-Out Event (in the case of Sprinter Open End products) occurs on the Exercise Date, this has precedence over the exercise.

(7) The Issuer is entitled to **terminate** Mini Futures or Sprinter Open End products that are not exercised ("Issuer's Termination Right"). Termination gives the investor the right to payment of the corresponding Redemption Amount by the Issuer.

(8) The Issuer shall provide SIX SIS via the paying agent for the Mini Futures or Sprinter Open End products issued by it with the Redemption Amount payable for onward transfer by means of

credit to the holders on the fifth Trading Day following the respective Valuation Date. The Issuer shall thereupon be released from all payment obligations.

(9) If the Valuation Date is not a Bank Business Day, the period relating to the payment of the Redemption Amount mentioned in paragraph (8) shall not begin until the next following Bank Business Day. The holder of the Mini Futures or of the Sprinter Open End products is not entitled to interest or another form of compensation as a result of any such delay in payment. If a Final Fixing Price is not determined and published on the Valuation Date, then – subject to the provisions relating to a Market Disruption Event in the case of Mini Futures or Sprinter Open End products in accordance with Section O. “Modifications and extraordinary events/Market Disruption Events” – the price determined on the next Trading Day shall be deemed to be the Final Fixing Price.

(10) All taxes and fees or other levies that may be incurred in connection with the payment of the Redemption Amount shall be borne by the holder of the Mini Futures or Sprinter Open End products. The paying agent or institution responsible for payments relating to the Mini Futures or Sprinter Open End products shall be entitled to withhold any taxes, fees or levies payable by the holder of the Mini Futures or Sprinter Open End products from the Redemption Amount.

(11) Settlement of the Mini Futures or Sprinter Open End products is subject to all laws, regulations, administrative requirements and procedures applying on the Valuation Date. The Issuer shall not be responsible for the eventuality that, as a result of these requirements and procedures, it is not in a position to meet its obligations in accordance with the preceding paragraphs despite making all reasonable efforts to do so, nor for actions or omissions by settlement agents arising from or in connection with the performance of the obligations arising from these Mini Futures or Sprinter Open End products.

(12) Neither the Issuer nor the exercise, calculation or paying agents shall be obliged to check the entitlement of the holders of the Mini Futures or Sprinter Open End products.

L. Redemption and termination

General rules

The Terms and Conditions may specify that the Structured Products cannot be redeemed early (with the exception of the existence of a basis for termination and for tax reasons) or that they may be redeemed early at the election of the Issuer or the investors by notice of termination to the investors or the Issuer, as applicable, and subject to any notice period which the Terms and

Conditions specify, on the date or dates specified in the Terms and Conditions at a specified price or upon other conditions that the Issuer and the Lead Manager may agree.

The Issuer will deliver a termination notice to the investors in accordance with the procedure set out in Section W. "Notices".

If, in connection with a redemption or early redemption or termination by the Issuer or the investor, discrepancies arise with respect to the determination of the Relevant Valuation Price between the rules of the Reference Exchange/Determination Agent/Derivatives Exchange and those applying to the Structured Product (such as, for example, rules relating to exercise and expiry, exchange or trading days etc.), the paying and calculation agent may adopt the rules of the Derivatives Exchange which differ from the provisions of the Structured Product (including Final Terms).

Supplement to the general rules relating to Warrants, Spread and Knock-Out Warrants

For Warrants, Spread and Knock-Out Warrants (as described in Sections IV.D.bb), cc) and dd)²⁰), the following provisions apply in relation to all Underlyings with respect to redemption and termination – unless the Final Terms provide otherwise: If, in the opinion of the Issuer (or Bank Vontobel AG), an appropriate modification (see Section O. "Modifications and extraordinary events/Market Disruption Events") cannot be made, for any reasons whatsoever, it is entitled, but not obliged, to terminate the Warrants, Spread or Knock-Out Warrants early. The termination shall become effective at the time of the announcement published in accordance with Section W. "Notices" below ("Termination Date"). In this event, the term of the Warrants, Spread or Knock-Out Warrants shall end early. In the event of a termination, the Issuer (or Bank Vontobel AG) shall pay to each Option Holder within five Bank Business Days following the Termination Date an amount in respect of each Warrant, Spread or Knock-Out Warrant ("Termination Amount") determined by it in its reasonable discretion as the appropriate market price of a Warrant, Spread or Knock-Out Warrant.

²⁰ See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

M. Early expiry

Structured Products may contain provisions in the Terms and Conditions whereby the term is ended immediately if the Underlying reaches a particular barrier (i.e. a price of the Underlying at which the payoff or payout diagram/profile or the redemption terms of a Structured Product are modified if that price is reached or passed i.e. if the price of the Underlying falls below or exceeds that barrier). In such cases, the redemption payment and/or the calculation of the respective Redemption Amount, which in the case of certain Structured Products may amount to nil in the worst case, is derived from the relevant Definitive Termsheets.

In connection with the matters discussed in this Section, investors should ensure that they also read the related information provided in Sections K. "Exercise, exercise modalities, restrictions on exercisability" and L. "Redemption and termination" above.

N. Early termination or redemption for tax or other reasons

The right of the Issuer to possible early termination or redemption of the Structured Products for tax reasons at any time is expressly reserved (as in the event, for example, that the Issuer were obliged to pay additional amounts arising as a result of the withholding or deduction of current or future taxes, levies, assessments or fees of whatever nature). For this purpose, the determination whether tax reasons giving the right to termination or redemption exist shall be made in principle by the Issuer at its reasonable discretion.

The same applies to Structured Products on Underlyings such as, for example, shares, bonds or indices upon the occurrence of an extraordinary event, such as, for example, a merger, a takeover bid, a nationalisation, an insolvency, a possible de-listing or illiquidity of the Underlying on its Reference Exchange, a discontinuation of trading on the relevant Derivatives Exchange, or if there is an additional reason for termination before the specified maturity date to the extent that a proper modification in accordance with the provisions of Section O. "Modifications and extraordinary events/Market Disruption Events" below is, in the Issuer's unrestricted discretion, not appropriate.

The Issuer's right to early termination at any time is also expressly reserved in relation to Structured Products in respect of which there are no (longer) holdings outstanding in the hands of investors.

In such cases, the term of the Structured Products shall end early and cash compensation shall be paid. The prospective Issuer shall pay within five banking days of the date of termination at

the latest to each investor and holder of a minimum trading unit of a Structured Product an amount per minimum trading unit of the Structured Product which is determined by it in its reasonable discretion as the appropriate market price per minimum trading unit of a Structured Product.

The respective Issuer shall give notice of termination or (early) redemption to the investors in good time in accordance with the procedure set out in Section W. "Notices".

In connection with the matters discussed in this Section, investors should ensure that they also read the related information provided in Sections K. "Exercise, exercise modalities, restrictions on exercisability" and L. "Redemption and termination" above.

O. Modifications and extraordinary events/Market Disruption Events

General rules

The respective Issuer reserves the right to modify all of the parameters and Terms and Conditions of the Structured Products, such as, for example, the Exercise Price, Ratio, Subscription Ratio, Barrier, weighting etc., on the basis of established market practices and in an appropriate manner upon the occurrence of certain events/incidents and, in particular, extraordinary events, incidents or Market Disruption Events, which are listed hereinafter as examples and not as a conclusive list for certain product categories of Structured Products. The calculation agent shall determine at its own discretion whether such events/incidents or extraordinary events/incidents/Market Disruption Events have occurred.

Similarly, the respective Issuer also reserves the right to modify, in a reasonable manner, agreed maturity dates and times as well as every other date/deadline/time/period specified in the Definitive Termsheets to conform to given situations to the extent that the circumstances make it necessary (including those relating to the relevant (Barrier) Observation Period(s) or observation time(s) and observation point(s) in the case of Structured Products, especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), etc.). If, for example, without modification a date would fall on a day that is not a Bank Business Day, this date should be deferred to the next following Bank Business Day or if a maturity date and time is postponed, the redemption date will be postponed accordingly.

In particular in the case of extraordinary circumstances, events or incidents (e.g. the determination that existing taxes or other levies, disclosure requirements etc. apply or that new ones are being introduced), Market Disruption Events (e.g. extraordinary fluctuations in the market of the

Underlying, particular conditions on the relevant reference exchange or domestic market or relating to factors affecting the value) or major disturbances in the economic and political situation (e.g. terrorist attacks, crash scenarios, i.e. a very rapid fall in exchange prices within a short time), as a result of which Physical Delivery in accordance with the Terms and Conditions becomes partially or wholly impossible or disproportionately difficult or excessively expensive or is adversely affected in some other way from an economic or practical point of view, **the respective Issuer is also entitled to comply with any obligation to deliver physical securities by making payment in the form of an appropriate Cash Settlement instead.**

The Issuer shall decide at its own discretion whether extraordinary circumstances, events or incidents, Market Disruption Events or major disturbances in the economic and political situation have occurred.

To the extent that the respective Issuer or the calculation agent make or do not make modifications and take or do not take other measures in accordance with these Terms and Conditions, they are liable only if they are in breach of their duty of care or in the event of gross negligence.

The respective Issuer shall notify the investors as soon as possible about decisions in connection with modifications and extraordinary events/Market Disruption Events relating to the Structured Products in accordance with the procedure set out in Section W. "Notices".

Modifications that result in a change in the Underlying shall be carried out by the respective Issuer in accordance with the following principles and are binding for the holders of the Structured Products, unless there is an obvious error. Additionally, the Final Terms may contain specific provisions for events that result in a change in the Underlying.

Modifications

(Shares or securities representing shares (ADRs and GDRs) as the Underlying)

(1) If, with respect to the Underlying, one of the events described below occurs (the "Modification Event"):

- (a) capital increase by way of the issue of new shares in return for contributions in cash or in kind with the grant of a subscription right, capital increase from retained earnings, issue of securities with option or conversion rights into shares, distribution of special dividends, share split, subdivision, consolidation or reclassification of the shares,

- (b) spin-off of a division of the company in such a manner that a new independent company is created or the division is absorbed by a third company,
- (c) definitive cessation of stock exchange trading in the shares as a result of a merger by absorption or new company formation or takeover of the company of the Underlying by another company or
- (d) for another reason,

the Issuer may modify the parameters and Terms and Conditions of the Structured Products, subject to termination pursuant to paragraph (2) below, in the manner in which corresponding modifications are made on the respective Derivatives Exchange (“Derivatives Exchange”) for options contracts on the Underlyings (shares or securities representing shares) traded there, provided that the Due Date (as defined below) for the Modification Event is prior to the Valuation Date or falls on that date, or the Issuer may modify the right arising from the Structured Products in its reasonable discretion, provided that the Due Date (as defined below) for the Modification Event is prior to the Valuation Date or falls on that date.

The Due Date (“Due Date”) within the meaning of these Terms and Conditions means the first Trading Day on which trading in the relevant Underlyings takes place after taking account of the modification.

The list presented above is not final. The decisive factor is whether the Derivatives Exchange considers it necessary to modify the Exercise Price, the contract size of the Underlying or the quotation of the relevant exchange for the determination of the price of the Underlyings (shares), or would consider it necessary if options contracts on the shares were traded there. If options contracts on the shares of the company are not traded on the Derivatives Exchange, the modification shall be made in the manner in which the Derivatives Exchange would do so if corresponding options contracts were traded there. If doubts arise in this event relating to the application of the modification rules of the Derivatives Exchange, the Issuer shall decide such questions in its reasonable discretion. In such cases, the Issuer shall endeavour to ensure – as far as legally and practically possible – that the economic position of the holders of the Structured Products is the same before and after the Modification Event.

The Issuer shall be entitled where appropriate to depart from the modifications made by the Derivatives Exchange if it considers such a course of action to be necessary in its reasonable discretion in order to reflect differences between the Structured Products and the options con-

tracts traded on the Derivatives Exchange. This applies in particular to measures pursuant to paragraph (1)(b) and (c). Irrespective of whether, which and when modifications are made on the Derivatives Exchange, the Issuer may make modifications with the aim of ensuring that holders of the Structured Products remain as far as possible in the same economic position they were in prior to the measures pursuant to paragraph (1)(b) and (c).

Such modifications may relate, in particular, to the Ratio as well as to the replacement of the share which forms the Underlying for the Structured Product by shares of the absorbing or newly formed company in an adjusted amount and, where appropriate, the designation of a different exchange as the new exchange.

(2) If, in the opinion of the Issuer or of the Derivatives Exchange, an appropriate modification is not possible for any reason whatsoever (or if the Derivatives Exchange terminates the options contracts on the Underlying (share) early, or would do so if corresponding options contracts were traded there), the Issuer shall be entitled, but not obliged, to terminate the Structured Products early by giving notice specifying the Termination Amount defined in the following. The termination shall become effective at the time notice is given ("Termination Date"). In this event, the term of the Structured Products shall end early. In the event of termination, the Issuer shall pay to each holder of the Structured Products within five Bank Business Days following the Termination Date an amount for each Structured Product ("Termination Amount") determined by the Issuer or the calculation agent in its reasonable discretion as the appropriate market price of a Structured Product.

(3) The rules and regulations of the Derivatives Exchange shall apply in addition to the provisions set out above.

(4) Where the Underlying is a security representing shares, the provisions relating to the underlying shares shall be applied analogously.

The events described below shall also qualify respectively as possible Modification Events:

- (a) modification of the terms and conditions of the securities representing shares by their issuers;
- (b) cessation of the stock exchange quotation of the securities representing shares or of the shares underlying them;
- (c) insolvency of the issuer of the securities representing shares;

- (d) end of the term of the securities representing shares as a result of termination by the issuer of the securities representing shares;
- (e) or for another reason.

The Issuer may modify the parameters and Terms and Conditions of the Structured Products, subject to termination pursuant to paragraph (2), in the manner in which corresponding modifications are made on the Derivatives Exchange for options contracts on the securities representing shares traded there, provided that the Due Date for the Modification Event is prior to the Valuation Date or falls on that date. The same applies in the event that the issuer of the securities representing shares makes modifications to the securities representing shares on the occurrence of one of the Modification Events described above, even if corresponding modifications are not made on the Derivatives Exchange or would not be made if options contracts on the securities representing shares were traded there. In other respects, the rules contained in this paragraph shall apply analogously.

(Debt securities or bonds as the Underlying)

(1) If, with respect to the Underlying, one of the events described below occurs (the “Modification Event”):

- (a) termination or repurchase of the debt securities or bonds by their issuer,
- (b) probable or definitive cessation of exchange trading in the debt securities or bonds or replacement of the issuer of the debt securities or bonds or
- (c) for another reason (such as, for example, changes in ratings)

the Issuer may modify the parameters and Terms and Conditions of the Structured Products, subject to termination pursuant to paragraph (2), in the manner in which corresponding modifications are made to the Underlying by the issuers of the debt securities or bonds, provided that the Due Date (as defined below) for the Modification Event is prior to the Valuation Date or falls on that date, or the Issuer may modify the right arising from the Structured Products in its reasonable discretion, provided that the Due Date (as defined below) for the Modification Event is prior to the Valuation Date or falls on that date.

“Due Date” within the meaning of these Terms and Conditions of the Structured Products means the Exchange Trading Day on which a Modification Event has taken place.

Such modifications may relate, in particular, to the Ratio as well as to the replacement of the debt security or bond which forms the Underlying for the Structured Product by a new debt security or bond and, where appropriate, the designation of a different exchange as the new exchange. In such cases, the Issuer shall endeavour to ensure – as far as legally and practically possible – that the economic position of the holders of the Structured Products is the same before and after the Modification Event.

(2) If, in the opinion of the Issuer, it is not possible for any reason whatsoever to make an appropriate modification, the Issuer shall be entitled, but not obliged, to terminate the Structured Products early by giving notice specifying the Termination Amount defined in the following. The termination shall become effective at the time notice is given (“Termination Date”). In this event, the term of the Structured Products shall end early. In the event of termination, the Issuer shall pay to each holder of the Structured Products within five Bank Business Days following the Termination Date an amount for each Structured Product (“Termination Amount”) determined by the Issuer in its reasonable discretion as the appropriate market price of a Structured Product.

(Indices as the Underlying)

(1) The decisive factor for the calculation of the Redemption Amount is the respective concept of the Underlying (index), as published by the Determination Agent (index sponsor), and the manner in which the index is calculated and determined by the Determination Agent (even if changes are made in the future in the calculation of the index, in the composition or weighting of the prices and individual securities on the basis of which the index is calculated, or in the manner in which the index is determined, or if other changes, modifications or other measures affecting the calculation of the index are undertaken), unless determined otherwise by the provisions below.

(2) In principle, modifications shall not be made to the Ratio unless, in the opinion of the Issuer, the concept applying during the term and the calculation of the index are no longer comparable with the concept applying on the date on which the Terms and Conditions were established or with the calculation of the index applying on that date, as a result of a change, modification or other measure. These factors are no longer comparable if, in particular, a change, modification or other measure results in a material change in the index despite the fact that the prices of the individual securities included in the index and their weighting remain the same. The features may also be modified in the event that the index is cancelled and/or replaced by a different index concept.

(3) For the purpose of making a modification, the Issuer shall determine, in its reasonable discretion and taking into account any possible remaining term of the Structured Products, a modified Ratio whose economic effect corresponds to the greatest possible extent to the rules applying previously. The Issuer shall also specify the date on which the modified features shall apply for the first time, taking into account the time of the change, modification or other measure.

(4) If the index is no longer calculated and published by the Determination Agent but by another person, company or institution that the Issuer in its reasonable discretion considers to be suitable ("Substitute Determination Agent"), then the Redemption Amount shall be calculated where applicable on the basis of the index calculated and published by the Substitute Determination Agent. All references to the Determination Agent contained in the Terms and Conditions of the Structured Products shall be deemed to refer analogously to the Substitute Determination Agent. Investors should note that replacements of the Determination Agent (index sponsor) may occur at any time in connection with an index in the case of a Structured Product. The Issuer is entitled to make such replacements in its reasonable discretion and to designate Substitute Determination Agents, provided that the investors suffer no significant disadvantages as a result.

(5) If the index is cancelled or replaced by a different index concept, or if it is not possible to continue the licensing agreement between the Determination Agent and the Issuer, the Issuer shall determine, making corresponding modifications to the Ratio where appropriate, whether the calculation of the Redemption Amount shall be based in future on another index concept and on which other index concept.

(6) If, in the opinion of the Issuer, it is not possible for any reason whatsoever to determine another applicable index concept, the Issuer shall be entitled, but not obliged, to terminate the Structured Products early by giving notice specifying the Termination Amount defined in the following. The termination shall become effective at the time notice is given ("Termination Date"). In this event, the term of the Structured Products shall end early. In the event of termination, the Issuer shall pay to each holder of the Structured Products within five Bank Business Days following the Termination Date an amount for each Structured Product ("Termination Amount") determined by the Issuer or the calculation agent in its reasonable discretion as the appropriate market price of a Structured Product.

(7) The rules and regulations of the Determination Agent shall apply in addition to the provisions set out above.

(Precious metals as the Underlying)

(1) If, with respect to the Underlying, one of the measures described below occurs (the “Modification Event”):

- (a) the Underlying is traded by the Determination Agent responsible for the determination of the price of the Underlying in a different quality, a different composition (e.g. with a different degree of purity or different place of origin) or a different standard unit of measurement; or
- (b) other changes relating to the Underlying,

the Issuer may modify the parameters and Terms and Conditions of the Structured Products, subject to termination pursuant to paragraph (3), in the way in which corresponding modifications to the Underlying are made by the Determination Agent, provided that the Due Date (as defined in the following) for the Modification Event is prior to the Valuation Date or falls on that date.

The Due Date (“Due Date”) within the meaning of the Terms and Conditions of the Structured Products means the first Trading Day on which trading in the relevant futures or options contracts takes place after taking account of the modification. Such modifications may relate, in particular, to the Ratio as well as to the replacement of the precious metal which forms the Underlying for the Structured Product by a different precious metal. In such cases, the Issuer shall endeavour to ensure – as far as legally and practically possible – that the economic position of the holders of the Structured Products is the same before and after the Modification Event.

(2) If the relevant fixing price for the Underlying is no longer calculated and published by the Determination Agent but by another person, company or institution that the Issuer in its reasonable discretion considers to be suitable (“Substitute Determination Agent”), then the Redemption Amount shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Determination Agent. Furthermore, all references to the Determination Agent in the Terms and Conditions of the Structured Products shall then be understood as references to the Substitute Determination Agent as far as the context allows.

(3) If, in the opinion of the Issuer, it is not possible for any reason whatsoever to make an appropriate modification, the Issuer shall be entitled, but not obliged, to terminate the Structured Products early by giving notice specifying the Termination Amount defined in the following. The termination shall become effective at the time notice is given (“Termination Date”). In

this event, the term of the Structured Products shall end early. In the event of termination, the Issuer shall pay to each holder of the Structured Products within five Bank Business Days following the Termination Date an amount for each Structured Product (“Termination Amount”) determined by the Issuer in its reasonable discretion as the appropriate market price of a Structured Product.

(4) The rules and regulations of the Determination Agent shall apply in addition to the provisions set out above.

(Futures as the Underlying)

(1) In the event of changes to the terms and conditions on which the respective Underlying is based or to the applicable contract characteristics on the Derivatives Exchange and also in the event that the Underlying is replaced by another Underlying which may also be modified (the respective current Underlying), the Issuer reserves the right, subject to termination pursuant to paragraph (3), to replace the respective Underlying and, where appropriate, to modify the Ratio (in accordance with the measures adopted by the Derivatives Exchange), in order to ensure continuity of development of the Terms and Conditions on which the Structured Products are based. Modifications of this nature shall be made provided that the Due Date for the Modification Event is prior to the Valuation Date or falls on that date.

The Due Date (“Due Date”) within the meaning of the Terms and Conditions of the Structured Products means the first Trading Day on which trading in the options contracts takes place after taking account of the modification.

The respective Underlying shall be replaced by the respective successor Underlying, with additional changes to the Terms and Conditions of the Structured Products where appropriate, at the reasonable discretion of the Issuer.

(2) If the relevant fixing price for the Underlying is no longer calculated and published by the Derivatives Exchange but by another exchange that the Issuer in its reasonable discretion considers to be suitable (“Substitute Derivatives Exchange”), then the Settlement Amount shall be calculated on the basis of the price for the Underlying calculated and published by the Substitute Derivatives Exchange. Furthermore, all references to the Derivatives Exchange contained in the Terms and Conditions of the Structured Products shall then be understood as references to the Substitute Derivatives Exchange as far as the context allows.

(3) If, in the opinion of the Issuer, it is not possible for any reason whatsoever to make an appropriate modification, the Issuer shall be entitled, but not obliged, to terminate the Structured Products early by giving notice specifying the Termination Amount defined in the following. The termination shall become effective at the time notice is given (“Termination Date”). In this event, the term of the Structured Products shall end early. In the event of termination, the Issuer shall pay to each holder of the Structured Products within five Bank Business Days following the Termination Date an amount for each Structured Product (“Termination Amount”) determined by the Issuer in its reasonable discretion as the appropriate market price of a Structured Product.

(4) The rules and regulations of the Determination Agent shall apply in addition to the provisions set out above.

(Exchange rates as the Underlying)

(1) In the event that material changes occur in the manner in which the exchange rate is calculated (“Modification Event”), the Issuer may modify the parameters and Terms and Conditions of the Structured Products – subject to termination pursuant to paragraph (3) – in the way in which corresponding modifications to the Underlying are made, provided that the Due Date for the Modification Event is prior to the Valuation Date or falls on that date.

The Due Date (“Due Date”) within the meaning of the Terms and Conditions of the Structured Products means the date on which the relevant modification is made. Such modifications may relate, in particular, to the Ratio as well as to the replacement of the exchange rate itself by a different exchange rate and, where appropriate, the designation of a different Determination Agent as the new Determination Agent. In such cases, the Issuer shall endeavour to ensure – as far as legally and practically possible – that the economic position of the holder of the Structured Products is the same before and after the Modification Event.

(2) If the Underlying is no longer calculated and published by the Determination Agent but by another person, company or institution that the Issuer in its reasonable discretion considers to be suitable (“Substitute Determination Agent”), then the Redemption Amount shall be calculated on the basis of the exchange rate calculated and published by the Substitute Determination Agent. Furthermore, all references to the Determination Agent in the Terms and Conditions of the Structured Products shall then be understood as references to the Substitute Determination Agent as far as the context allows.

(3) If, in the opinion of the Issuer, it is not possible for any reason whatsoever to make an appropriate modification, the Issuer shall be entitled, but not obliged, to terminate the Structured Products early by giving notice specifying the Termination Amount defined in the following. The termination shall become effective at the time notice is given (“Termination Date”). In this event, the term of the Structured Products shall end early. In the event of termination, the Issuer shall pay to each holder of the Structured Products within five Bank Business Days following the Termination Date an amount for each Structured Product (“Termination Amount”) determined by the Issuer in its reasonable discretion as the appropriate market price of a Structured Product.

(4) The rules and regulations of the Determination Agent shall apply in addition to the provisions set out above.

Market Disruption Events

(Shares or securities representing shares (ADRs and GDRs) as the Underlying)

(1) If, in the opinion of the Issuer, on the Valuation Date relating to the Structured Products a Market Disruption Event within the meaning of paragraph (2) has occurred and continues to exist, or if for whatever reasons (such as, for example, ordinary or extraordinary exchange holidays etc.) the valuation price of the Underlying (share or security representing shares) is not determined or published on the exchange, the Valuation Date shall be postponed to the next Exchange Trading Day on which the Market Disruption Event no longer exists or the valuation price of the share is once again determined and published on the exchange. The relevant (Barrier) Observation Period(s) or observation time(s) and observation point(s) etc., especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), shall also be postponed or prolonged, lengthened and extended accordingly. The Issuer shall endeavour to give notice without delay that a Market Disruption Event has occurred. There shall be no obligation to give notification, however.

(2) “Market Disruption Event” means the temporary suspension or material restriction of trading on the exchange generally; or

in the Underlying (share or security representing shares) on the exchange; or

in futures or options contracts relating to the share on the Derivatives Exchange, if such contracts are traded there.

(3) The suspensions or restrictions referred to must occur or exist within the final 30 minutes prior to the calculation of the valuation price of the Underlying (share or security representing shares) and must be material in the opinion of the Issuer. A reduction in the trading period or the number of Trading Days does not constitute a Market Disruption Event if it is the result of a change to the normal business hours of the (Derivatives) Exchange announced beforehand in good time. A restriction on trading imposed by the (Derivatives) Exchange during a Trading Day for the purpose of preventing price movements that would exceed particular prescribed limits constitutes a Market Disruption Event if that restriction remains in place until the end of the trading period on the day in question.

(4) If the Valuation Date has been postponed for five consecutive Exchange Trading Days, the fifth Exchange Trading Day shall be deemed to be the Valuation Date. In this event, the Issuer in its reasonable discretion shall designate for the purpose of calculating the relevant (cash) amount an applicable value of the Underlying that in its judgment reflects the prevailing market conditions on the Valuation Date.

(5) The rules and regulations of the relevant exchange and of the Derivatives Exchange shall apply in addition to the provisions set out above.

(Debt securities or bonds as the Underlying)

(1) If, in the opinion of the Issuer, on the Valuation Date relating to the Structured Products a Market Disruption Event within the meaning of paragraph (2) has occurred and continues to exist, or if for whatever reasons (such as, for example, ordinary or extraordinary exchange holidays etc.) the valuation price of the Underlying (debt security or bond) is not determined or published on the exchange, the Valuation Date shall be postponed to the next Exchange Trading Day on which the Market Disruption Event no longer exists or the valuation price of the Underlying (debt security or bond) is once again determined and published on the exchange. The relevant (Barrier) Observation Period(s) or observation time(s) and observation point(s) etc., especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), shall also be postponed or prolonged, lengthened and extended accordingly. The Issuer shall endeavour to give notice without delay that a Market Disruption Event has occurred. There shall be no obligation to give notification, however.

(2) "Market Disruption Event" means the temporary suspension or material restriction of trading on the exchange generally; or

in the debt security or bond or in the reference value on which the debt security or bond is based on its respective relevant exchange; or

in futures or options contracts on the Derivatives Exchange relating to the reference value on which the debt security or bond is based, if such contracts are traded there.

(3) The suspensions or restrictions referred to must occur or exist within the final 30 minutes prior to the calculation of the valuation price of the Underlying (debt security or bond) and must be material in the opinion of the Issuer. A reduction in the trading period or the number of Trading Days does not constitute a Market Disruption Event if it is the result of a change to the normal business hours of the (Derivatives) Exchange announced beforehand in good time. A restriction on trading imposed by the (Derivatives) Exchange during a Trading Day for the purpose of preventing price movements that would exceed particular prescribed limits constitutes a Market Disruption Event if that restriction remains in place until the end of the trading period on the day in question.

(4) If the Valuation Date has been postponed for five consecutive Exchange Trading Days, the fifth Exchange Trading Day shall be deemed to be the Valuation Date. In this event, the Issuer in its reasonable discretion shall designate for the purpose of calculating the cash amount an applicable value of the debt security that in its judgment reflects the prevailing market conditions on the Valuation Date.

(5) The rules and regulations of the exchange and of the Derivatives Exchange shall apply in addition to the provisions set out above.

(Indices as the Underlying)

(1) If, in the opinion of the Issuer, on the Valuation Date relating to the Structured Products a Market Disruption Event within the meaning of paragraph (2) exists, the Valuation Date shall be the next following Exchange Trading Day on which a Market Disruption Event no longer exists. The relevant (Barrier) Observation Period(s) or observation time(s) and observation point(s) etc., especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), shall also be postponed or prolonged, lengthened and extended accordingly. The Issuer shall endeavour to give notice without delay that a Market Disruption Event has occurred. There shall be no obligation to give notification, however. If, as a result of the provisions of this paragraph, the determination of the price has been postponed for five Exchange Trading Days and if the

Market Disruption Event continues to exist on that day also, a "Substitute Price" shall be determined for the Underlying (index).

The "Substitute Price" within the meaning of these Terms and Conditions is the substitute index number calculated by the Determination Agent or the relevant Derivatives Exchange, to the extent that it is available. If such a substitute index number is not calculated, the Issuer shall determine the level of the index that in its judgment reflects the market conditions prevailing on that date.

(2) "Market Disruption Event" means the temporary suspension or material restriction of trading in an individual index component or several index components; or

in relation to the index; or

in a futures or options contract relating to the index or the index components on the relevant Derivatives Exchange, if such contracts are traded there.

(3) The suspensions or restrictions referred to must occur or exist within the final 30 minutes prior to the calculation of the valuation price of the Underlying (index) and must be material in the opinion of the Issuer. A reduction in the trading period or the number of Trading Days does not constitute a Market Disruption Event if it is the result of a change to the normal business hours of the (Derivatives) Exchange announced beforehand in good time. A restriction on trading imposed by the (Derivatives) Exchange during a Trading Day for the purpose of preventing price movements that would exceed particular prescribed limits constitutes a Market Disruption Event if that restriction remains in place until the end of the trading period on the day in question.

(4) The rules and regulations of the Determination Agent and of the Derivatives Exchange shall apply in addition to the provisions set out above.

(Precious metals as the Underlying)

(1) If, in the opinion of the Issuer, on the Valuation Date relating to the Structured Products a Market Disruption Event within the meaning of paragraph (2) has occurred and continues to exist, or if for whatever reasons (such as, for example, ordinary or extraordinary exchange holidays etc.) the valuation price of the Underlying (precious metal) is not determined or published by the Determination Agent, the Valuation Date shall be postponed to the next Exchange Trading Day on which the Market Disruption Event no longer exists or the valuation price of the Underlying (precious metal) is once again determined and published. The relevant (Barrier) Observation

Period(s) or observation time(s) and observation point(s) etc., especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), shall also be postponed or prolonged, lengthened and extended accordingly. The Issuer shall endeavour to give notice without delay that a Market Disruption Event has occurred. There shall be no obligation to give notification, however.

(2) "Market Disruption Event" means the temporary suspension or material restriction of trading

(a) on the Reference Market of the Determination Agent; or

(b) in relation to the Underlying; or

(c) in a futures or options contract relating to the Underlying on a Derivatives Exchange, if such contracts are traded there.

(3) The suspensions or restrictions referred to must occur or exist within the final 30 minutes prior to the calculation of the valuation price of the Underlying (precious metal) and must be material in the opinion of the Issuer. A reduction in the trading period or number of Trading Days does not constitute a Market Disruption Event if it is the result of a change to the timing of the Determination Agent's normal fixing practices announced beforehand in good time. A restriction on trading imposed by the Determination Agent for the purpose of preventing price movements that would exceed particular prescribed limits constitutes a Market Disruption Event if that restriction remains in place until the end of the trading period on the day in question.

(4) If the Valuation Date has been postponed for five consecutive Exchange Trading Days, the fifth Exchange Trading Day shall be deemed to be the Valuation Date. In this event, the Issuer in its reasonable discretion shall designate for the purpose of calculating the cash amount an applicable value of the Underlying that in its judgment reflects the prevailing market conditions on the Valuation Date.

(5) The rules and regulations of the Determination Agent and of the Derivatives Exchange shall apply in addition to the provisions set out above.

(Futures as the Underlying)

(1) If, in the opinion of the Issuer, on the Valuation Date relating to the Structured Products a Market Disruption Event within the meaning of paragraph (2) has occurred and continues to exist, or if for whatever reasons (such as, for example, ordinary or extraordinary exchange holidays etc.) the valuation price of the Underlying (future) is not determined or published on the

Derivatives Exchange, the Valuation Date shall be postponed to the next Exchange Trading Day on which the Market Disruption Event no longer exists or the valuation price of the Underlying (future) is once again determined and published. The relevant (Barrier) Observation Period(s) or observation time(s) and observation point(s) etc., especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), shall also be postponed or prolonged, lengthened and extended accordingly. The Issuer shall endeavour to give notice without delay that a Market Disruption Event has occurred. There shall be no obligation to give notification, however.

(2) "Market Disruption Event" means the temporary suspension or material restriction of trading

(a) on the Derivatives Exchange or

(b) in relation to the Underlying on the Derivatives Exchange.

(3) The suspensions or restrictions referred to must occur or exist within the final 30 minutes prior to the calculation of the valuation price of the Underlying (future) and must be material in the opinion of the Issuer. A reduction in the trading period or the number of Trading Days does not constitute a Market Disruption Event if it is the result of a change to the normal business hours of the (Derivatives) Exchange announced beforehand in good time. A restriction on trading imposed by the (Derivatives) Exchange during a Trading Day for the purpose of preventing price movements that would exceed particular prescribed limits constitutes a Market Disruption Event if that restriction remains in place until the end of the trading period on the day in question.

(4) If the Valuation Date has been postponed for five consecutive Exchange Trading Days, the fifth Exchange Trading Day shall be deemed to be the Valuation Date. In this event, the Issuer in its reasonable discretion shall designate for the purpose of calculating the cash amount an applicable value of the Underlying that in its judgment reflects the prevailing market conditions on the Valuation Date.

(5) The rules and regulations of the Derivatives Exchange shall apply in addition to the provisions set out above.

(Exchange rates as the Underlying)

(1) If, in the opinion of the Issuer, on the Valuation Date relating to the Structured Products a Market Disruption Event within the meaning of paragraph (2) has occurred and continues to exist, or if for whatever reasons (such as, for example, ordinary or extraordinary exchange holi-

days etc.) the valuation price of the Underlying (exchange rate) is not determined or published on the Derivatives Exchange, the Valuation Date shall be postponed to the next Exchange Trading Day on which the Market Disruption Event no longer exists or the valuation price of the Underlying is once again determined and published. The relevant (Barrier) Observation Period(s) or observation time(s) and observation point(s) etc., especially in the case of Structured Products with (a) Knock-Out or Stop-Loss Barrier(s)/Level(s), shall also be postponed or prolonged, lengthened and extended accordingly. The Issuer shall endeavour to give notice without delay that a Market Disruption Event has occurred. There shall be no obligation to give notification, however.

(2) A “Market Disruption Event” exists in the event of a suspension or material restriction of foreign exchange trading in at least one of the currencies of the exchange rates of the Underlying, a restriction on the convertibility of the relevant currencies or if it is impossible in economic terms to obtain a rate of exchange.

(3) If the Valuation Date has been postponed for five consecutive Exchange Trading Days, the fifth Exchange Trading Day shall be deemed to be the Valuation Date. In this event, the Issuer in its reasonable discretion shall designate for the purpose of calculating the Settlement Amount an applicable value of the Underlying that in its judgment reflects the prevailing market conditions on the Valuation Date.

(4) The rules and regulations of the Determination Agent shall apply in addition to the provisions set out above.

P. Rights arising from the Underlyings

The Underlyings physically acquired upon redemption give the right to all dividends (in the case of shares) payable after the redemption date or settlement date or at the time of exercise, or to other rights and entitlements associated with the Underlyings. If the redemption or settlement date or the Exercise Date coincides with the date on which a dividend is due or on which the shares cease to be quoted cum-rights, then the Underlying will be delivered ex-dividend or ex-rights.

Q. Capital guarantee and capital protection

It will be specified in the Definitive Termsheets whether the Structured Products have the benefit of a capital guarantee or capital protection. To the extent this is so, then the Structured Products will under no circumstances be redeemed on their maturity, expiry or redemption date at a

lower amount than the (guaranteed) percentage amount of the nominal value/nominal amount of the Structured Product specified in the Definitive Termsheets. A capital guarantee or capital protection will not be provided for Structured Products that are redeemed prior to their maturity date or if there is a basis for termination or if early redemption occurs for tax reasons (*tax call*).

Even if a Structured Product is provided with a capital guarantee or capital protection, the investor is advised always to take into account the creditworthiness or credit rating of the respective Issuer or, where relevant, the Guarantor and the insolvency and credit risk associated with them. If the insolvency or credit risk associated with the Issuer/Guarantor materialises, the investor may be faced with the total loss of the money invested notwithstanding the capital guarantee or capital protection.

R. Listing

If provided for in the Definitive Termsheets, a listing of the Structured Products on the applicable/relevant securities exchange(s) (as a rule, the SIX Swiss Exchange) will be applied for and maintained for the duration of the term of the products on the applicable/relevant securities exchanges. In this case, the issue documentation will be supplemented by a listing prospectus in accordance with the listing regulations of the relevant securities exchange.

S. Increase of issue, repurchases

The respective Issuer shall be entitled at any time without the consent of holders of the Structured Products to issue additional Structured Products of the same type or class and with the same features, in such a way that they form a single issue together with the existing Structured Products and increase their number. Any such increase will be publicised in accordance with Section W. "Notices" below.

The companies of the Vontobel Group (these include all consolidated subsidiaries of Vontobel Holding AG) shall be entitled at any time during the term of the Structured Products to buy or sell the latter in exchange trading. These companies are under no obligation to inform the investors or the holders of the Structured Products of such purchases or sales. Repurchased Structured Products may be cancelled, held, resold or otherwise disposed of.

T. Paying agent, exercise agent, calculation agent

Paying agent

The paying agent for the Structured Products is Bank Vontobel AG, Zurich.

The funds required for payments of capital, interest, costs and for any delivery of Underlyings will be made available by the Issuer on a timely basis on the applicable maturity date to Bank Vontobel AG in the relevant currency. The receipt of these funds by Bank Vontobel AG discharges the Issuer from its liabilities for payments for capital, interest and costs or any delivery of securities on the relevant due dates.

The respective Issuer shall be entitled at any time and without the consent of the investors to have the paying agent replaced by one or more other Swiss or foreign banks (the “**New Paying Agent**”) as paying agent for the Structured Products (or to revoke its appointment or to appoint one or more additional paying agents), provided that (i) the New Paying Agent assumes all the liabilities which the former paying agent owes in respect of the Structured Products and that (ii) the New Paying Agent has received all necessary authorisations from the authorities of the country in which it has its headquarters.

The paying agent shall act solely to assist the Issuer in the performance of its duties and shall have no obligations of any kind to the holders of the Structured Products.

Exercise agent

If and to the extent that an exercise agent is provided for, the exercise agent for the Structured Products is Bank Vontobel AG, Zurich (Bank Vontobel AG, Corporate Actions, Gotthardstrasse 43, 8022 Zurich, Telephone +41 (0)58 283 74 69, Fax +41 (0)58 283 51 60).

In particular in the case of certain Structured Products in the Leverage Products category (see Section I. “Applicability” and/or Section IV.D. “Leverage Products”) *of the American Option type* (i.e. Leverage Products that may be exercised at any time during their term up to the expiry date by the specified time), a written exercise notice must be submitted to the exercise agent within the Exercise Period in order to exercise the Option right (as described in Section K. “Exercise, exercise modalities, restrictions on exercisability”). Options shall be deemed to have been exercised in principle on the Bank Business Day on which the written exercise notice was received at the latest by the time specified in the Terms and Conditions. If the exercise notice is received by the exercise agent after that time, the following Bank Business Day shall be deemed to be the Exercise Date. The receipt of the exercise notice by the exercise agent by the correct time is sufficient to ensure compliance with the Exercise Period. In the case of Structured Products *of the European Option type* (i.e. Leverage Products that may only be exercised on their expiry date by the specified time), on the other hand, a written exercise notice must be submitted to the exercise agent on the expiry date at the latest by the time specified in the Terms and Conditions

in order to exercise the Option right. The receipt of the exercise notice by the exercise agent by the correct time is sufficient to ensure compliance with the Exercise Period.

Calculation agent

The calculation agent for the Structured Products which is responsible, among other things, for overseeing the composition of the Underlyings is either Bank Vontobel AG, Zurich or Vontobel Financial Products Ltd., Dubai International Financial Centre, UAE. The agent responsible in individual cases is specified in the Final Terms applicable to a Structured Product.

The Issuer shall be entitled at any time to replace the calculation agent with another bank, to appoint one or more additional calculation agents and/or to revoke their appointment.

The calculation agent shall act solely to assist the Issuer in the performance of its duties and shall have no obligations of any kind to the holders of the Structured Products.

U. Substitution of the Issuer

The Issuer is entitled at any time and without the consent of the investors to have itself substituted as the debtor for the Structured Products by another, Swiss or foreign, non-related company or a Swiss or foreign subsidiary, branch or holding company of Vontobel Holding AG, Zurich, Switzerland, (the “**New Issuer**”), provided that (i) the New Issuer assumes all liabilities owed by the existing Issuer to the investors with respect to the Structured Products and (ii) the New Issuer secures its liabilities to the investors arising from the Structured Products by means of a guarantee declaration or other appropriate measures and (iii) the New Issuer has obtained all necessary permissions from the authorities of the country in which it has its headquarters.

Upon fulfilment of the aforementioned conditions, the New Issuer shall take the place of the existing Issuer in all respects and the existing Issuer shall be released from all obligations to the holders of Structured Products relating to its function as Issuer arising from or in connection with the Structured Products.

In the event of such a substitution of the debtor, all references in the issue documentation to the Issuer shall be understood as references to the New Issuer.

Any such substitution of the debtor shall be published or brought to the attention of the investors by the Issuer without delay using an appropriate method. The Issuer bears no responsibility for the damages and consequences incurred by individual investors in and as a result of the

exercise of the Issuer's right to substitute the debtor. Investors shall therefore not have the right to assert legal claims or claims for damages against the Issuer in this connection.

V. Guarantee of Vontobel Holding AG, Zurich, Switzerland

Structured Products may be issued with or without a guarantee. For Structured Products that are guaranteed by Vontobel Holding AG, Zurich, Switzerland (the "**Guarantor**"), the following provisions shall apply.

The Guarantor guarantees to the investors unconditionally and irrevocably in accordance with Article 111 of the Swiss Code of Obligations (*Bundesgesetz vom 30. März 1911 über das Obligationenrecht, "OR"*) that all amounts and services (such as, for example, the delivery of relevant Underlyings etc.) payable as capital and otherwise in respect of the Structured Products in accordance with the respective agreement will be paid in the proper manner and at the proper time.

The guarantee constitutes an independent, unsecured and unsubordinated obligation of the Guarantor which ranks *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor, with the exception of those that have priority due to statutory provisions.

The intention and purpose of this guarantee is to ensure that the creditors receive the amounts payable and/or – where applicable – delivery of the relevant Underlyings at the maturity date and in the manner stipulated in the Terms and Conditions.

Upon first demand of the holders and their written confirmation that an amount or service due under the terms of the Structured Products has not been paid at the proper time and/or Underlyings have not been delivered at the proper time by the Issuer as the party liable, the Guarantor shall without delay pay all amounts, perform all services and/or deliver relevant Underlyings to the holders that are necessary in order to fulfil the intention and purpose of this guarantee.

This guarantee constitutes an independent guarantee ("*Garantie*") (and not an accessory guarantee ("*Bürgschaft*")) in accordance with Swiss law. All rights and obligations arising from the guarantee shall be subject in all respects to Swiss law.

The courts of law of the Canton of Zurich, Switzerland shall have exclusive jurisdiction over all actions and legal disputes relating to the guarantee and the **place of jurisdiction** shall be **Zurich 1**.

Notwithstanding the foregoing, appeals may be lodged with the Swiss Federal Supreme Court in Lausanne, Switzerland, whose decision shall be final.

W. Notices

Notices and publications

All notices on the part of a company of the Vontobel Group to investors concerning the Structured Products will be published with legal effect at the internet address www.derinet.ch under the heading "Product history" for the relevant security.

The Definitive Termsheets and/or termsheets (Final Terms) record the product terms and conditions and current market data as finally fixed at the date of the termsheet (i.e. at issue); the Definitive Termsheets and/or termsheets (Final Terms) are in principle not revised after issue (subject to specific exceptions), and any modifications occurring after issue are therefore generally not reported in the Definitive Termsheets and/or termsheets (Final Terms) but are made public via the Internet page referred to above.

Notices from investors to the Issuer (or the Guarantor) or to the paying agent and calculation agent

Notices from investors to Vontobel or to the paying agent and calculation agent are to be sent in written form to the following addresses:

Bank Vontobel AG

Financial Products
Gotthardstrasse 43
CH - 8022 Zurich

Vontobel Financial Products Ltd.

Dubai International Financial Centre
Liberty House, Office 913
P.O. Box 506814,
Dubai, United Arab Emirates

Vontobel Holding AG

Gotthardstrasse 43
CH – 8022 Zurich

X. Severability clause and modifications of the terms

In the event of any inconsistencies between the Terms and Conditions and the respective Final Terms contained in the Definitive Termsheets, the Final Terms shall in principle have priority.

Should a term or provision of the Definitive Termsheets (containing the Final Terms) or of the Terms and Conditions be or become wholly or partly invalid, incomplete or impractical, or in the event of omissions, this shall not affect the validity of the remaining (issue) terms or provisions.

A provision corresponding to the intention and purpose of the Definitive Termsheets or the Terms and Conditions and to the interests of the parties shall replace the invalid, incomplete or impracticable (issue) term or provision and remedy any omissions.

For the purposes of clarification and removing ambiguities, the respective Issuer is entitled, in the event of uncertainty or ambiguity, to amend, correct and supplement each (issue) term and provision of the Definitive Termsheets or of the Terms and Conditions contained in this Issuance Programme. The Issuer may also in such a case correct, supplement and amend the (issue) terms and provisions in a manner that it considers necessary or desirable, so long as the investors do not thereby suffer significant financial losses.

Y. Statute of limitations

Claims in respect of the Structured Products shall be barred 10 years after their due date; claims for interest and coupons 5 years after their due date.

Z. Applicable law and jurisdiction

The Structured Products are subject to Swiss law.

Any disputes between the holders of Structured Products on one hand and an Issuer on the other hand shall fall under the jurisdiction of the courts of law of the Canton of Zurich, Switzerland, with the **place of jurisdiction Zurich 1**, with the opportunity for an appeal to the Swiss Federal Supreme Court in Lausanne, Switzerland, whose judgement shall be final. For this purpose, the Issuer Vontobel Financial Products Ltd., Dubai, adopts a legal and special domicile in Switzerland at Bank Vontobel AG, Gotthardstrasse 43, 8022 Zurich.

IV. THE STRUCTURED PRODUCTS IN DETAIL

The Structured Products issued by the Issuer may comprise, although this list is not final, the two types of products identified by the SVSP²¹ as main product types, namely, Investment Products (presently consisting of four product categories²²: Capital Protection, Yield Enhancement, Participation and Investment Products with Reference Entities) and Leverage Products (presently consisting of two product categories²³: Leverage Products without Knock-Out and Leverage Products with Knock-Out).

At the date of registration of this Issuance Programme, therefore, the products listed in the following table in particular, whose typical features are described in more detail²⁴ under the subheadings below, represent Investment or Leverage Products (“**Investment Products**” or “**Leverage Products**”) belonging to the Structured Products category, irrespective of the Underlying on which they are based (such as, for example, shares, indices, currencies, interest rates, commodities or baskets or a combination of those Underlyings).

The investor's attention is drawn to the fact that the following categorisation may be modified at any time as a result of the rapidly changing environment:

For example, new categories may be created or Structured Products with a completely new type of product structure may be launched, although it can be assumed in principle that the Terms and Conditions set out in this Issuance Programme will also apply to any such newly created Structured Products and, together with the Final Terms, will constitute the legally binding Listing Prospectus.

²¹ Schweizerischer Verband für Strukturierte Produkte (Swiss Structured Products Association); see <http://www.svsp-verband.ch> and www.sspa-association.ch, respectively.

²² The relevant product categories (or product groups) are subdivided in turn into varying numbers of product types (further information relating to the categorisation employed by the SVSP can be found in Footnote 18 above).

²³ See Footnote 22.

²⁴ Generally, the subsequent descriptions relate to the products being structured as Bull, or Long, investments, whereas the case of products being structured as Bear, or Short, investments is not specifically mentioned, normally.

<u>SVSP²⁵ description</u> <i>(Product Category and Product Type, respectively)</i>	<u>Product type number</u>	<u>Vontobel description</u> <i>(amongst others)</i>
INVESTMENT PRODUCTS	1	
Capital Protection	11	
Capital Protection Certificate with Participation	1100	Unit Vontobel Unit Raiffeisen Unit Capital Protected Certificate (capped) Capped Unit Vontobel (Capped) Units
Convertible Certificate	1110	Exchangeable Note Exchangeable Bond
Barrier Capital Protection Certificate	1130	Shark Unit Bear Shark Unit
Capital Protection Certificate with Coupon	1140	Absolute Income Note Bonus Income Note Callable Daily Range

²⁵ The abbreviation SVSP stands for *Schweizerischer Verband für Strukturierte Produkte* (Swiss Structured Products Association) as defined in Section I. above.

		Accrual Note Capital Protected Certificate (Coupon) Cliquet Note Floored Floater Collared Floater Raiffeisen Interest Note Range Accrual Note Range Note
Miscellaneous Capital Protection Certificats	1199 ²⁶	Exchangeable Note with Cap Multi Range Unit Twin-Win
Yield Enhancement	12	
Discount Certificate	1200	Voncore Discount Certificate
Barrier Discount Certifi- cate	1210	(Multi) Defender Voncore
Reverse Convertible	1220	Vonti

²⁶ Structured Products which have a "99" in their product type number may not be allocated to a product type and are therefore listed under the heading "Miscellaneous". If a product has the number "9999" (see also Footnote 26), this relates to a product included under the category "Miscellaneous Products". Such products may not be allocated either to a product type or to a product category (or product group).

		Bear Vonti Bull Vonti
Barrier Reverse Convertible	1230	Barrier Reverse Convertible Defender Vonti Bear Defender Vonti Multi Defender Vonti Bear Multi Defender Vonti Multi Defender Vonti with Lookback Multi Defender Vonti Plus
Express Certificate	1260	Express Voncort
Miscellaneous Yield Enhancement Certificates	1299 ²⁷	Dynamic Voncort
Participation	13	
Tracker Certificate	1300	Voncort Dynamic Voncort Raiffeisen Tracker Certificate

²⁷ See Footnote 25 above.

		Money Market Notes Swap Note Certificate
Outperformance Certificate	1310	Voncert Plus VonTT
Bonus Certificate	1320	Defender Voncert Multi Defender Voncert Multi Defender Voncert with Lookback Raiffeisen Bonus Certificate Capped Defender Voncert
Bonus Outperformance Certificate	1330	Defender Voncert Plus
Twin-Win Certificate	1340	Twin-Win Voncert
Miscellaneous Participation Certificates	1399 ²⁸	Inverse Swap Note
Investment Products with Reference Entities	14	
Reference Entity Certificate with Conditional	1410	Unit with a reference

²⁸ See Footnote 25 above.

Capital Protection		bond
Reference Entity Certificate with Yield Enhancement	1420	Defender Vonti with a reference bond
Reference Entity Certificate with Participation	1430	Voncert with a reference bond
LEVERAGE PRODUCTS	2	
Leverage without Knock-Out	21	
Warrant	2100	Call Warrant Put Warrant
Spread Warrant	2110	Spread Warrant
Miscellaneous Leverage Certificates without Knock-Out	2199 ²⁹	
Leverage with Knock-Out	22	
Warrant with Knock-Out	2200	Sprinter Warrant (Call) Sprinter Warrant (Put)
Mini Future	2210	Long Mini Future Short Mini Future
Miscellaneous Leverage Certificates with Knock-	2299 ³⁰	Call or Put Sprinter Open End

²⁹ See Footnote 25 above.

Out		
MISCELLANEOUS PRODUCTS	PROD-	9³¹
Miscellaneous certificates	Certifi-	9999³²

A. Capital protection

Capital Protection Products are derivative products with an asymmetrical risk profile for which the Issuer normally guarantees the investor a defined or minimum Redemption Amount. The amount of the capital protection is specified by the Issuer at the time of issue and is expressed as the percentage of the Nominal Amount that is repaid to the investor at the end of the term or on expiry. As a general rule, the capital protection only applies at the end of the term or on expiry and – depending on the Terms and Conditions – may be (much) less than 100% of the Nominal Amount. Capital protection, therefore, does not mean repayment in full of the Nominal Amount or of the capital invested for every product.³³

A prospective payout amount in excess of the guaranteed minimum may take the form of a one-time payment as part of the redemption and/or of payments during the term (coupon payments).

The terms of the Redemption Amount may or may not include a Maximum Limit (Cap).

Structured Products with capital protection often or usually consist of a fixed-interest investment (bond, money market deposit, zero bond) and an Option. This combination enables the investor to participate in the performance of one or more Underlyings while at the same time limiting the risk of loss.

Irrespective of their redemption profile, Capital Protection products may also feature one or more payments during their term (coupon payments). The latter in turn may or may not be subject to a

³⁰ See Footnote 25 above.

³¹ See Footnote 25 above.

³² See Footnote 25 above.

³³ In particular also in the event that the insolvency, default or credit risks relating to the Issuer and/or Guarantor materialise, in which case the investor will be faced with losses which may amount to a total loss.

guaranteed minimum (or specified) amount; the level of the coupon in excess of any minimum amount is dependent on the Underlying.

As already mentioned, the capital protection relates to the Nominal Amount, not to the issue or purchase price. If the purchase or issue price paid by the investor is higher than the Nominal Amount, only the Nominal Amount will benefit from capital protection. The protection will therefore be lower in relation to the capital invested.

In the event that a Structured Product with capital protection is sold before the end of its term or prior to expiry or if grounds for termination or early redemption arise for tax or other reasons, there is a danger that the investor will receive less than the capital-protected amount, since the capital protection only applies if the respective Structured Product is held to the end of its term. In addition, notwithstanding the capital protection, the investor is advised always to take into account the creditworthiness or credit rating of the Issuer or, where relevant, and the Guarantor, and/or the insolvency, default and credit risk associated with them (see Section II.B.f) above), which may have a negative effect on the capital protection or, in the worst case, nullify it completely.

aa) CAPITAL PROTECTION CERTIFICATE WITH PARTICIPATION (1100)³⁴

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Capital Protection Certificate with Participation” category according to the SVSP’s classification system under the descriptions “Unit”, “Vontobel Unit” and “Raiffeisen Unit”, among others (referred to in the following under the general term “**CAPITAL PROTECTION CERTIFICATES WITH PARTICIPATION**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

Typically, CAPITAL PROTECTION CERTIFICATES WITH PARTICIPATION protect the capital – depending on the specific features of the Structured Product – to the extent of the whole of the Nomi-

³⁴ For the significance of individual terms, please refer in particular to Section III.A.

nal Amount or of only a part of it.³⁵ CAPITAL PROTECTION CERTIFICATES WITH PARTICIPATION are often or usually a combination of a money market deposit and an option strategy relating to a particular Underlying, with the objective of providing capital protection while at the same time allowing the investor to participate in the performance of an Underlying. The fixed-interest component is intended to guarantee that the investor will receive back the capital invested at least to the extent of the capital protection amount or of the capital protection level at the end of the term, i.e. the redemption payment at expiry in such cases is at least equal to the amount of the capital protection or of the capital protection level. During the term, the price of the CAPITAL PROTECTION CERTIFICATE WITH PARTICIPATION may also be quoted at less than the amount of the capital protection i.e. the capital protection only comes into effect if the CAPITAL PROTECTION CERTIFICATE WITH PARTICIPATION is held to the end of the term or to expiry. The redemption payment is then dependent on the capital protection level specified (for example 90% or 100% of the Nominal Amount). In addition, the capital protection always relates only to the Nominal Amount indicated for the respective Structured Product and not to the respective purchase price. The profit potential of CAPITAL PROTECTION CERTIFICATES WITH PARTICIPATION may be limited or unlimited, depending on the whether such products are capped or not (uncapped).

In the case of purchases of CAPITAL PROTECTION CERTIFICATES WITH PARTICIPATION in the secondary market, it should be noted that the capital protection is lower as a proportion of the capital invested if the CAPITAL PROTECTION CERTIFICATE WITH PARTICIPATION is already quoted above its Nominal Amount.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES³⁶

- Minimum redemption at expiry equivalent to the capital protection
- Capital protection is defined as a percentage of the nominal (e.g. 100%)
- Capital protection refers to the nominal only, and not to the purchase price

³⁵ Subject to the event that such a product is sold before the end of its term or prior to expiry or in the event of grounds for termination arising or of early redemption or of the materialisation of the insolvency or credit risk associated with the Issuer or, where relevant, the Guarantor and the related risk of the total loss of the money invested by the investor (see also Sections II.B.f) and IV.A. above).

³⁶ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

- Value of the product may fall below its capital protection during the lifetime
- Participation in Underlying price increase above the strike
- Any payouts attributable to the Underlying are used in favour of the strategy

(iii) MARKET EXPECTATION³⁷

- Rising Underlying
- Rising volatility
- Sharply falling underlying possible

bb) CONVERTIBLE CERTIFICATE (1110)³⁸

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Convertible Certificates” category according to the SVSP's classification system under the descriptions “Exchangeable Bonds” and “Exchangeable Notes”, among others (referred to in the following under the general term “**CONVERTIBLE CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

CONVERTIBLE CERTIFICATES guarantee a redemption payment at least equal to the capital protection amount or the capital protection level³⁹ and provide the investor, in addition to this capital protection, with the opportunity to participate in the performance of a particular Underlying. In addition, interest or coupon payments may be made depending on the specific features.

³⁷ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

³⁸ For the significance of individual terms, please refer in particular to Section III.A.

³⁹ Subject to the event that such a product is sold before the end of its term or prior to expiry or in the event of grounds for termination arising or of early redemption or of the materialisation of the insolvency or credit risk associated with the Issuer or, where relevant, the Guarantor and the related risk of the total loss of the money invested by the investor (see also Sections II.B.f) and IV.A. above).

CONVERTIBLE CERTIFICATES are often or usually a combination of a money market deposit (capital protection) and an option strategy (conversion right) relating to a particular Underlying. The fixed-interest component guarantees that the investor will receive a redemption payment at the end of the term at least equal to the amount of the capital protection or of the capital protection level, i.e. the redemption payment at expiry in such cases is at least equal to the capital protection amount or the capital protection level. During the term, the price of the CONVERTIBLE CERTIFICATE may also be quoted at less than the amount of the capital protection, i.e. the capital protection only comes into effect if the CONVERTIBLE CERTIFICATES are held to the end of the term or to expiry. The redemption payment is then dependent on the capital protection level specified (for example 90% or 100% of the Nominal Amount). In addition, the capital protection always relates only to the Nominal Amount indicated for the respective Structured Product and not to the respective purchase price. CONVERTIBLE CERTIFICATES offer profit potential in principle from the Strike or conversion price specified in the Final Terms upwards.

The investor is granted the right to convert the CONVERTIBLE CERTIFICATES on the respective conversion date (normally the date of the final fixing) into a number of the Underlying defined by the Ratio: this entitlement is generally satisfied by delivery of the Underlying (Physical Delivery of the Underlying together with a cash payment in respect of undeliverable Fractional Amounts, which cannot be accumulated); an appropriate Cash Settlement is paid in the case of undeliverable Underlyings (e.g. indices). Conversion of the CONVERTIBLE CERTIFICATES is generally carried out automatically by the Issuer if the price of the Underlying on the relevant conversion date is higher than the conversion price. If, on the other hand, the price of the Underlying is less than the conversion price at the final fixing, a cash redemption payment is made equal to the Nominal Amount of the CONVERTIBLE CERTIFICATES.

In the case of purchases of CONVERTIBLE CERTIFICATES in the secondary market, it should be noted that the capital protection is lower as a proportion of the capital invested if the CONVERTIBLE CERTIFICATE is already quoted above its Nominal Amount.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁴⁰

- Minimum redemption at expiry equivalent to the capital protection

⁴⁰ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

- Capital protection is defined as a percentage of the nominal (e.g. 100%)
- Capital protection refers to the nominal only, and not to the purchase price
- Value of the CONVERTIBLE CERTIFICATE may fall below its capital protection during the lifetime
- Participation in Underlying price increase above the strike (conversion price)
- Any payouts attributable to the Underlying are used in favour of the strategy
- Coupon payment possible

(iii) MARKET EXPECTATION⁴¹

- Sharply rising Underlying
- Rising volatility
- Sharply falling Underlying possible

cc) BARRIER CAPITAL PROTECTION CERTIFICATE (1130)⁴²

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Barrier Capital Protection Certificate” category according to the SVSP’s classification system under the descriptions “Shark Unit” and “Bear Shark Unit”, among others (referred to in the following under the general term “**BARRIER CAPITAL PROTECTION CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

BARRIER CAPITAL PROTECTION CERTIFICATE products offer a certain amount of capital protection at maturity in the same way as traditional Vontobel Units (i.e. Uncapped Capital Protection).⁴³ In

⁴¹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁴² For the significance of individual terms, please refer in particular to Section III.A.

addition, the product features a percentage participation in the performance of the Underlying, provided that the latter at no time reaches or passes its specified Barrier. A corresponding Cash Settlement is paid out at maturity together with the capital protection amount. If, however, the Underlying has reached or passed the Barrier before the final fixing, participation in the performance of the Underlying no longer applies. In such cases, depending on the particular Structured Product, on the redemption date the investor receives a rebate or bonus payment, i.e. a redemption payment following the breach of a Barrier which is generally expressed as a percentage of the Nominal Amount, in addition to the capital protection amount.

BARRIER CAPITAL PROTECTION CERTIFICATE products protect the capital invested by the investor – depending on the particular Structured Product – at least to the extent of the capital protection amount or capital protection level.

BARRIER CAPITAL PROTECTION CERTIFICATE products are often or usually a combination of a money market deposit and an option strategy relating to a particular Underlying and enable the investor to benefit from capital protection while at the same time – subject to the Barrier being reached or passed – participating to a defined extent in the performance of an Underlying. The fixed-interest component guarantees that the investor will receive back the capital invested at the end of the term, i.e. the redemption payment at expiry in such cases is at least equal to the amount of the capital protection or of the capital protection level. During the term, the price of the BARRIER CAPITAL PROTECTION CERTIFICATE product may also be quoted at less than the amount of the capital protection, i.e. the capital protection only comes into effect if the BARRIER CAPITAL PROTECTION CERTIFICATE product is held to the end of the term or to expiry. The redemption payment is then dependent on the capital protection level specified (for example 90% or 100% of the Nominal Amount). In addition, the capital protection always relates only to the Nominal Amount indicated for the respective Structured Product and not to the respective purchase price. BARRIER CAPITAL PROTECTION CERTIFICATE products offer a limited profit potential.

In the case of purchases of BARRIER CAPITAL PROTECTION CERTIFICATE products in the secondary market, it should be noted that the capital protection is lower as a proportion of the capital

⁴³ Subject to the event that such a product is sold before the end of its term or prior to expiry or in the event of grounds for termination arising or of early redemption or of the materialisation of the insolvency or credit risk associated with the Issuer or, where relevant, the Guarantor and the related risk of the total loss of the money invested by the investor (see also Sections II.B.f) and IV.A. above).

invested if the BARRIER CAPITAL PROTECTION CERTIFICATE product is already quoted above its Nominal Amount.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁴⁴

- Minimum redemption at expiry equivalent to the capital protection
- Capital protection is defined as a percentage of the nominal
- Capital protection refers to the nominal only, and not to the purchase price
- Value of the BARRIER CAPITAL PROTECTION CERTIFICATE may fall below its capital protection during the lifetime
- Participation in Underlying price increase above the strike up to the barrier
- Any payouts attributable to the Underlying are used in favour of the strategy
- Possibility of rebate payment once barrier breached
- Limited profit potential

(iii) MARKET EXPECTATION⁴⁵

- Rising Underlying
- Sharply falling Underlying possible

dd) CAPITAL PROTECTION CERTIFICATE WITH COUPON (1140)⁴⁶

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Capital Protection Certificate with Coupon” category according to the SVSP's classification system under the descriptions “Absolute Income Note”, “Bonus Income Note”, “Callable Daily Range Accrual Note”, “Capital

⁴⁴ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁴⁵ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁴⁶ For the significance of individual terms, please refer in particular to Section III.A.

Protected Certificate (Coupon)", "Cliquet Note", "Floored Floater", "Raiffeisen Interest Note" and "Range Note", among others (referred to in the following under the general term "**CAPITAL PROTECTION CERTIFICATES WITH COUPON**"). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

CAPITAL PROTECTION CERTIFICATES WITH COUPON protect the capital invested by the investor – depending on the particular Structured Product – at least to the extent of the capital protection amount or capital protection level.⁴⁷

CAPITAL PROTECTION CERTIFICATES WITH COUPON are often or usually a combination of a money market deposit and an option strategy relating to a particular Underlying and allow the investor to benefit from capital protection while at the same time participating in the performance of an Underlying. The participation in the performance of the Underlying takes the form of one or more coupons or coupon payments, the level of which depends on the performance of the Underlying. The specific features and the method of calculating coupons or coupon payments are set out in the respective Final Terms. The fixed-interest component guarantees that the investor will receive back the capital invested at the end of the term, i.e. the redemption payment at expiry in such cases is at least equal to the amount of the capital protection or of the capital protection level. During the term, the price of the CAPITAL PROTECTION CERTIFICATE WITH COUPON may also be quoted at less than the amount of the capital protection, i.e. the capital protection only comes into effect if the CAPITAL PROTECTION CERTIFICATE WITH COUPON is held to the end of the term or to expiry. The redemption payment is then dependent on the capital protection level specified (for example 90% or 100% of the Nominal Amount). In addition, the capital protection always relates only to the Nominal Amount indicated for the respective Structured Product and not to the respective purchase price. CAPITAL PROTECTION CERTIFICATES WITH COUPON offer a limited profit potential.

⁴⁷ Subject to the event that such a product is sold before the end of its term or prior to expiry or in the event of grounds for termination arising or of early redemption or of the materialisation of the insolvency or credit risk associated with the Issuer or, where relevant, the Guarantor and the related risk of the total loss of the money invested by the investor (see also Sections II.B.f) and IV.A. above).

In the case of purchases of CAPITAL PROTECTION CERTIFICATES WITH COUPON in the secondary market, it should be noted that the capital protection is lower as a proportion of the capital invested if the CAPITAL PROTECTION CERTIFICATE WITH COUPON is already quoted above its Nominal Amount.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁴⁸

- Minimum redemption at expiry equivalent to the capital protection
- Capital protection is defined as a percentage of the nominal (e.g. 100%)
- Capital protection refers to the nominal only, and not to the purchase price
- Value of the CAPITAL PROTECTION CERTIFICATE WITH COUPON may fall below its capital protection during the lifetime
- Any payouts attributable to the Underlying are used in favour of the strategy
- The coupon amount is dependent on the development of the Underlying
- Periodic coupon payment is expected
- Limited profit potential

(iii) MARKET EXPECTATION⁴⁹

- Rising Underlying
- Sharply falling Underlying possible

B. Yield Enhancement

Yield Enhancement Products are derivative products whose Redemption Amount (and payout amount, which comprises the amount payable at redemption, i.e. the Redemption Amount, and the coupon payments) is limited to a maximum amount, and which are subject to the risk of total

⁴⁸ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

⁴⁹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

loss on redemption. They may be structured with or without (fixed or variable) payments during the term (interest or coupon payments).

Structured Products with yield enhancement generally consist of two elements such as a fixed-interest investment and an option (mainly on shares or currencies), and possibly a currency swap. This combination enables the investor to participate in the performance of one or more Underlyings, but these financial instruments are characterized by a conditional redemption at the nominal value (i.e. a minimum redemption payment) only or offer no capital protection at all. In addition to option premiums or interest and coupon payments, the features of Yield Enhancement Products include a limited upside potential while at the same time potential losses are unlimited.

Structured Products within the Yield Enhancement category may be linked not just to one Underlying but to several Underlyings simultaneously and may therefore provide that at expiry the investor will receive the security with the worst performance (whether physically or in cash) if the Underlying reaches, exceeds or falls below a predefined Threshold during the Observation Period of the relevant financial instrument (known as “worst-of” Reverse Convertibles). If the performance of the Underlying is negative, the financial instrument may be quoted well below its issue price during the term, even if the Underlying has not yet reached, exceeded or fallen below the Threshold.

aa) DISCOUNT CERTIFICATE (1200)⁵⁰

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Discount Certificates” category according to the SVSP's classification system under the descriptions “Voncore” and “Discount Certificate”, among others (referred to in the following under the general term “**DISCOUNT CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

⁵⁰ For the significance of individual terms, please refer in particular to Section III.A.

DISCOUNT CERTIFICATES are derivative financial instruments which feature a discount, or rebate, (with respect to the issue price) at the time of issue compared with the price of the Underlying.

The redemption payment at the end of the term or at expiry is determined in the case of DISCOUNT CERTIFICATES on the basis of the final fixing of the Underlying.

The redemption payment for a DISCOUNT CERTIFICATE is typically determined as follows⁵¹, although details of the redemption payment in any particular case must always be taken from the Final Terms applying to a specific Structured Product: If the final fixing of the Underlying is higher than the Strike or Exercise Price, i.e. the reference price of the Underlying attributable to the particular Structured Product, or if the final fixing of the Underlying is equal to the Strike or Exercise Price, the repayment is equal to the Strike or Exercise Price multiplied by the specified number of Underlyings. If the final fixing of the Underlying is lower than the Strike or Exercise Price, i.e. the reference price of the Underlying attributable to the particular Structured Product, Physical Delivery (if the Underlying is physically deliverable and the (issue) terms provide for delivery) of the specified number of Underlyings takes place (for this purpose Fractional Amounts are not accumulated and are settled in cash), or Cash Settlement is paid in a corresponding amount. The amount of the Cash Settlement is calculated in principle on the basis of the applicable final fixing price of the Underlying determined on the Reference Exchange.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁵²

- Should the Underlying close below the Strike on expiry, the Underlying and/or a cash amount is redeemed
- DISCOUNT CERTIFICATES enable investors to acquire the Underlying at a lower price
- Corresponds to a buy-write-strategy
- Smaller risk of loss than with direct investment in the Underlying
- Higher discounts can be achieved at greater risk if the product is based on multiple Underlyings (multi-asset)

⁵¹ In the present case, the detailed description of this Structured Product relates only to the Bull or Long version.

⁵² Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

- Any payouts attributable to the Underlying are used in favour of the strategy

- Limited profit potential (Cap)

(iii) MARKET EXPECTATION⁵³

- Underlying moving sideways or slightly rising

- Falling volatility

bb) BARRIER DISCOUNT CERTIFICATE (1210)⁵⁴

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Barrier Discount Certificates” category according to the SVSP's classification system under the description “(Multi) Defender Voncore”, among others (referred to in the following under the general term “**BARRIER DISCOUNT CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

BARRIER DISCOUNT CERTIFICATES are derivative financial instruments which feature a particularly low issue price and one or more Barriers specified with respect to the Underlying(s).

The repayment amount at the end of the term or at expiry for BARRIER DISCOUNT CERTIFICATES is determined depending on the final fixing of the Underlying or Underlyings and on whether one or more specified Barriers have been reached.

The redemption payment for a BARRIER DISCOUNT CERTIFICATE is typically determined as follows⁵⁵, although details of the redemption payment in any particular case must always be taken from the Final Terms applying to a specific Structured Product: If none of the Underlyings

⁵³ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁵⁴ For the significance of individual terms, please refer in particular to Section III.A.

⁵⁵ In the present case, the detailed description of this Structured Product relates only to the Bull or Long version.

reaches or falls below its Barrier during the entire Observation Period, the Nominal Amount is repaid. Otherwise, depending on the specific features of the Structured Product (in accordance with the Final Terms applying to the particular Structured Product), either the respective Underlying or (in the case of Multi Defender Voncores) the Underlying with the worst performance is delivered, or the Nominal Amount minus the percentage difference between the Exercise Price and the final price of the Underlying with the highest negative performance is paid out.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁵⁶

- The maximum redemption amount (Cap) is paid out if the barrier is never breached
- BARRIER DISCOUNT CERTIFICATES enable investors to acquire the Underlying at a lower price
- Since, provided the barrier has not been breached, the nominal is repaid on expiry, the probability of maximum repayment is higher but the discount is smaller
- If the barrier is breached the BARRIER DISCOUNT CERTIFICATE changes into a DISCOUNT CERTIFICATE
- Smaller risk of loss than with direct investment in the Underlying
- Larger discounts or a lower barrier can be achieved at a greater risk if the BARRIER DISCOUNT CERTIFICATE is based on multiple Underlyings (multi-asset)
- Any payouts attributable to the Underlying are used in favour of the strategy
- Limited profit potential (Cap)

(iii) MARKET EXPECTATION⁵⁷

- Underlying moving sideways or slightly rising
- Falling volatility
- Underlying will not breach barrier during product lifetime

⁵⁶ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

⁵⁷ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

cc) REVERSE CONVERTIBLE (1220)⁵⁸

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Reverse Convertibles” category according to the SVSP's classification system under the descriptions “Vonti”, “Bear Vonti” and “Bull Vonti”, among others (referred to in the following under the general term “**REVERSE CONVERTIBLES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

REVERSE CONVERTIBLES are derivative financial instruments which feature interest or coupon payments in particular.

The redemption payment at the end of the term or at expiry is determined in the case of REVERSE CONVERTIBLES on the basis of the final fixing of the Underlying or Underlyings.

The redemption payment for a REVERSE CONVERTIBLE is typically determined as follows⁵⁹, although details of the redemption payment in any particular case must always be taken from the Final Terms applying to a specific Structured Product: If the final fixing of the Underlying is higher than or equal to the Exercise Price or Strike, the Nominal Amount is repaid for each REVERSE CONVERTIBLE; additionally, an interest or coupon payment is due at the end of the term or on the expiry date. If the final fixing of the Underlying is lower than the Exercise Price or Strike then, depending on the specific features of the Structured Product (in accordance with the Final Terms applying to the particular Structured Product), either the Underlying is delivered or Cash Settlement is paid corresponding to the final level of the Underlying at expiry; the interest or coupon is paid out in this event as well.

⁵⁸ For the significance of individual terms, please refer in particular to Section III.A.

⁵⁹ In the present case, the detailed description of this Structured Product relates only to the Bull or Long version.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁶⁰

- Should the Underlying close below the strike on expiry, the Underlying and/or a cash amount is redeemed
- Should the Underlying close above the Strike at expiry, the nominal plus the coupon is paid at redemption
- The coupon is paid regardless of the Underlying development
- Smaller risk of loss than with direct investment in the Underlying
- Larger coupons can be achieved at a greater risk if the REVERSE CONVERTIBLE is based on multiple Underlyings (multi-asset)
- Any payouts attributable to the Underlying are used in favour of the strategy
- Limited profit potential (Cap)

(iii) MARKET EXPECTATION⁶¹

- Underlying moving sideways or slightly rising
- Falling volatility

dd) BARRIER REVERSE CONVERTIBLE (1230)⁶²

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Barrier Reverse Convertibles” category according to the SVSP’s classification system under the descriptions “Defender Vonti”, “Multi Defender Vonti”, “Multi Defender Vonti with Lookback”, “Barrier Reverse Convertible”, “Bear Defender Vonti”, “Bear Multi Defender Vonti” and “Multi Defender Vonti Plus” (referred to in the following under the general term “**BARRIER REVERSE CONVERTIBLES**”). The specific fea-

⁶⁰ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁶¹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁶² For the significance of individual terms, please refer in particular to Section III.A.

tures and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

BARRIER REVERSE CONVERTIBLES essentially and typically represent REVERSE CONVERTIBLES in the sense described above together with an exotic option component. The exotic feature is that – in contrast to a normal REVERSE CONVERTIBLE for which the redemption payment is normally made in Underlyings below the Exercise Price or Strike – in the case of BARRIER REVERSE CONVERTIBLES, the Nominal Amount is repaid, irrespective of the price of the Underlying, provided that the Barrier is not reached or passed at any time between the issue date and the end of the term or expiry. If the Barrier is reached or passed and at the end of the term or at expiry the price of the Underlying is below the Exercise Price or Strike then – as with a normal REVERSE CONVERTIBLE – the Underlying is delivered. The interest or coupon is always paid out at the end of the term or at expiry in this case too.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁶³

- Should the barrier never be breached, the nominal plus coupon is paid at redemption
- Since, provided the barrier has not breached, the nominal is repaid on expiry, the probability of maximum repayment is higher but the coupon is smaller
- If the barrier is breached the BARRIER REVERSE CONVERTIBLE changes into a REVERSE CONVERTIBLE
- The coupon is paid regardless of the Underlying development
- Smaller risk of loss than with direct investment in the Underlying
- Larger coupon payments or lower barriers can be achieved at a greater risk if the BARRIER REVERSE CONVERTIBLE is based on multiple Underlyings (multi-asset)
- Any payouts attributable to the Underlying are used in favour of the strategy

⁶³ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

- Limited profit potential (Cap)

(iii) MARKET EXPECTATION⁶⁴

- Underlying moving sideways or slightly rising

- Falling volatility

- Underlying will not breach barrier during the product lifetime
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ee) EXPRESS CERTIFICATE (1260)⁶⁵

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Express Certificates” category according to the SVSP’s classification system under the description “Express Concert”, among others (referred to in the following under the general term “**EXPRESS CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

EXPRESS CERTIFICATES are derivative financial instruments that incorporate an option strategy with respect to a particular Underlying.

The term and the corresponding Redemption Amount of EXPRESS CERTIFICATES typically⁶⁶ depend on the closing price of the Underlying on the respective observation dates specified or on the final fixing date. If the closing price of the Underlying on an observation date reaches or exceeds the Exercise Price, the EXPRESS CERTIFICATE is immediately redeemed. In addition to the Nominal Amount, the investor receives a premium or coupon payment the amount of which is specified for

⁶⁴ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁶⁵ For the significance of individual terms, please refer in particular to Section III.A.

⁶⁶ It should be noted that there can be a large number of different payment modalities and the following details represent only one example.

the respective observation date when the terms of the issue are fixed. If there has been no early redemption, the following redemption terms apply at final expiry:

If the price of the Underlying at the end of the term or at expiry is equal to or higher than the Exercise Price or Strike, the redemption payment consists of the Nominal Amount together with the maximum possible premium or coupon specified at issue. If, however, the price of the Underlying is lower than the Exercise Price or Strike but higher than the Barrier, the Nominal Amount is repaid without a premium or coupon. If the closing price of the Underlying at the end of the term or at expiry is equal to or below the Barrier, the redemption payment is equal to an amount corresponding to the percentage share of the closing price in the Exercise Price or Strike.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁶⁷

- Should the Underlying trade above the strike on the observation date, an early redemption consisting of nominal plus an additional coupon amount is paid
- Offers the possibility of an early redemption combined with an attractive yield opportunity
- Smaller risk of loss than with direct investment in the Underlying, because the nominal is paid on redemption provided the barrier was not breached
- Larger coupon payments or lower barriers can be achieved at a greater risk if the EXPRESS CERTIFICATE is based on multiple Underlyings (multi-asset)
- Any payouts attributable to the Underlying are used in favour of the strategy
- Limited profit potential

(iii) MARKET EXPECTATION⁶⁸

- Underlying moving sideways or slightly rising
- Underlying will not breach barrier during the product lifetime

⁶⁷ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

⁶⁸ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

C. Participation

Participation Products are derivative products whose payout profile is essentially linear, the level of whose Redemption Amount can in theory be unlimited and which incorporate the risk of total loss on redemption. They may be structured with or without payments during the term (interest or coupon payments) and may be characterized by a conditional redemption at the nominal value (i.e. a minimum redemption payment) or offer no capital protection at all.

In principle, Participation Products mirror the performance of an Underlying (which may consist of a very wide range of financial instruments) and enable the investor to participate in the performance of one or more Underlyings.

If the features of a Structured Product with participation include a conditional redemption at the nominal value (i.e. a minimum redemption payment), the risk is lower than in the case of a direct investment provided that the Underlying does not reach a particular Threshold (Barrier or Knock-Out). If the price of the Underlying reaches, exceeds or falls below the Threshold, the investor loses the such capital protection (i.e. the conditional redemption at the nominal value and minimum redemption payment, respectively). Depending on the structure and/or on the Underlying, redemption can then take the form of an appropriate Cash Settlement or of Physical Delivery of the Underlying; where there are several Underlyings, the Underlying with the worst percentage performance is delivered.

The financial instrument may be quoted well below its issue price during the term, even if the Underlying has not yet reached, exceeded or fallen below the Threshold.

Participation Products may be issued with a limited or an unlimited term.

aa) TRACKER CERTIFICATE (1300)⁶⁹

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the "Tracker Certificates" category according to the SVSP's classification system under the descriptions "Dynamic Vconcert", "Money Market Notes", "Raiffeisen Tracker Certificates", "Swap Note", "Vconcert" and "Certificate", among others (referred to in the following under the general term "**TRACKER CERTIFICATES**"). The specific features and characteristics and the actual redemption terms applying in relation to

⁶⁹ For the significance of individual terms, please refer in particular to Section III.A.

a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

TRACKER CERTIFICATES allow the investor to invest indirectly in one or more Underlyings with the same or different weightings such as, for example, a basket of shares or bonds or an index representing a sector, an investment theme, a region or a country etc. Moreover, with VONCERT products based on Underlyings such as baskets of indices or shares or similar items, the risk can be minimised due to the effects of diversification. The certificates issued under “Dynamic Vconcert” and other descriptions are TRACKER CERTIFICATES with a strategic approach. Their Underlying generally consists of a basket whose components (e.g. shares) are selected from a particular investment universe on the basis of defined criteria on specified dates and are reweighted on each occasion. These regular reassessments of the investment universe and the basket components and weightings make it possible to put a corresponding investment strategy into effect.

The profit and loss potential of the VONCERT products is broadly similar to that of the underlying instrument and/or the related strategy.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁷⁰

- Participation in development of the Underlying
- Reflects Underlying price moves 1:1 (adjusted by conversion ratio and any related fees)
- Risk comparable to direct investment in the Underlying
- Fees generally in the form of management fees or through the retention of payouts attributable to the Underlying during the lifetime of the TRACKER CERTIFICATE

(iii) MARKET EXPECTATION⁷¹

- Rising Underlying ⁷²

⁷⁰ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁷¹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

bb) OUTPERFORMANCE CERTIFICATE (1310)⁷³

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Outperformance Certificates” category according to the SVSP's classification system under the description “Voncort Plus”, among others (referred to in the following under the general term “**OUTPERFORMANCE CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

OUTPERFORMANCE CERTIFICATES typically feature disproportionate and unlimited participation in the performance of the Underlying, which is increased by a specified participation factor (normally expressed as the “upper participation factor”), provided that the price of the Underlying is higher than the Exercise Price or Strike at the end of the term or at expiry. The upper participation factor no longer applies, however, if the Underlying closes below the Exercise Price or Strike at the end of the term or at expiry. If the Underlying closes below the (original) reference price at the end of the term or at expiry, the “lower participation factor” generally comes into effect and the resulting potential return is essentially similar to that of the Underlying.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁷⁴

- Participation in development of the Underlying
- Disproportionate participation (outperformance) in positive performance above the strike
- Reflects Underlying price moves 1:1 when below the strike
- Risk comparable to direct investment in the Underlying

⁷² Referring to a Bull-Tracker Certificate; the market expectation with reference to a Bear-Tracker Certificate the investor anticipates a falling Underlying.

⁷³ For the significance of individual terms, please refer in particular to Section III.A.

⁷⁴ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

- Any payouts attributable to the Underlying are used in favour of the strategy

(iii) MARKET EXPECTATION⁷⁵

- Rising Underlying

- Rising volatility

cc) BONUS CERTIFICATE (1320)⁷⁶

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Bonus Certificates” category according to the SVSP's classification system under the descriptions “Defender Vconcert”, “Multi Defender Vconcert”, “Multi Defender Vconcert with Lookback” and “Raiffeisen Bonus Certificate”, among others (referred to in the following under the general term “**BONUS CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

BONUS CERTIFICATES enable the investor to invest in an Underlying (such as, for example, a single share, a basket of shares or an index representing a sector, an investment theme, a region or a country) in a single transaction. Moreover, BONUS CERTIFICATES based on an index or basket of shares allow the risk to be minimised through diversification.

BONUS CERTIFICATES typically feature unlimited participation in the performance of the Underlying; in addition, they offer a conditional redemption at the nominal value, i.e. a minimum redemption payment, normally equal to the Exercise Price (bonus level). The conditional redemption at the nominal value and therefore the minimum redemption payment no longer apply if the Underlying reaches the specified Barrier during the Observation Period (whereupon the BONUS CERTIFICATE essentially becomes a TRACKER CERTIFICATE). The redemption payment at the end of

⁷⁵ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁷⁶ For the significance of individual terms, please refer in particular to Section III.A.

the term or at expiry is determined on the basis of the price performance and the final fixing of the Underlying. If the Underlying has not reached the Barrier during the Observation Period, redemption is made at the final fixing price, but the amount is at least equal to the Exercise Price or Strike. If, however, the Underlying reaches the Barrier during the Observation Period, redemption takes the form either of the delivery of the Underlying or of Cash Settlement equal to the final fixing price of the Underlying.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁷⁷

- Participation in development of the Underlying
- Minimum redemption is equal to the nominal provided the barrier has not been breached
- If the barrier is breached the BONUS CERTIFICATE changes into a TRACKER CERTIFICATE
- Larger bonus payments or lower barriers can be achieved at a greater risk if the product is based on multiple Underlyings (multi-asset)
- Smaller risk of loss than with direct investment in the Underlying
- Any payouts attributable to the Underlying are used in favour of the strategy

(iii) MARKET EXPECTATION⁷⁸

- Underlying moving sideways or rising
- Underlying will not breach barrier during the product lifetime

dd) BONUS OUTPERFORMANCE CERTIFICATE (1330)⁷⁹

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Bonus Outperformance Certificates” category according to the SVSP’s classification system under the description “De-

⁷⁷ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁷⁸ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁷⁹ For the significance of individual terms, please refer in particular to Section III.A.

fender Vconcert Plus”, among others (referred to in the following under the general term “**BONUS OUTPERFORMANCE CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

BONUS OUTPERFORMANCE CERTIFICATES typically feature participation in the performance of the Underlying which is unlimited and increased by a participation factor, provided that the price of the Underlying is higher than the Exercise Price or Strike at the end of the term or at expiry. The participation factor no longer applies, however, if the Underlying closes below the Exercise Price or Strike at the end of the term or at expiry. The features of the BONUS OUTPERFORMANCE CERTIFICATES also include a Barrier. At the end of the term or at expiry, the following scenarios are possible in principle: If the Underlying does not reach the Barrier at any time during the term or if the Underlying does reach the Barrier during the term but closes above the Exercise Price or Strike, an amount is paid out equal to the Exercise Price or Strike plus the difference between the final fixing and the Exercise Price or Strike multiplied by the participation factor, but at least equal to the Exercise Price or Strike. If the Underlying reaches the Barrier and closes below the Exercise Price or Strike at the end of the term or at expiry, Cash Settlement is paid corresponding to the closing level of the Underlying at the final fixing.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁸⁰

- Participation in development of the Underlying
- Disproportionate participation (outperformance) in positive performance above the strike
- Minimum redemption is equal to the nominal provided the barrier has not been breached
- If the barrier is breached the BONUS OUTPERFORMANCE CERTIFICATE changes into a OUTPERFORMANCE CERTIFICATE
- A higher bonus payment or lower barrier can be achieved at greater risk if the BONUS OUTPERFORMANCE CERTIFICATE is based on multiple Underlyings (multi-asset)

⁸⁰ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

- Smaller risk of loss than with direct investment in the Underlying
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- Any payouts attributable to the Underlying are used in favour of the strategy

(iii) MARKET EXPECTATION⁸¹

- Rising Underlying

- Underlying will not breach barrier during product lifetime
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ee) TWIN-WIN CERTIFICATE (1340)⁸²

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Twin-Win Certificates” category according to the SVSP's classification system under the description “Twin-Win Concert”, among others (referred to in the following under the general term “**TWIN-WIN CERTIFICATES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

TWIN-WIN CERTIFICATES are suitable in principle for investors who are expecting the price of the Underlying to move in a certain direction but also wish to benefit up to a specified level (i.e. the Barrier) from any price movements in the opposite direction. Although this mechanism ensures that the capital invested is protected in principle until the Barrier is reached, TWIN-WIN CERTIFICATES are exposed to the price risk of the Underlying.

In the typical case, TWIN-WIN CERTIFICATES reflect the performance of the Underlying on a one-to-one basis or disproportionately. In addition, they turn price movements in the opposite direction from the price performance expected by the investor (e.g. price falls up to a specified level) into price gains. Three scenarios are essentially possible at the end of the term or at expiry: If

⁸¹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁸² For the significance of individual terms, please refer in particular to Section III.A.

the Underlying closes above the Exercise Price or Strike, the investor participates in the performance of the Underlying on a one-to-one basis or disproportionately. If the Underlying closes below the Exercise Price or Strike and provided the Barrier is not reached at any time during the term, falls in the price of the Underlying are converted into price gains. If the Underlying closes below the Exercise Price or Strike and if the Barrier is reached during the term, Cash Settlement is paid corresponding to the closing level of the Underlying at expiry.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁸³

- Participation in development of the Underlying
- Profits possible with rising and falling Underlying
- Falling Underlying price converts into profit up to the barrier
- Minimum redemption is equal to the nominal provided the barrier has not been breached
- If the barrier is breached, the TWIN-WIN CERTIFICATE changes into a TRACKER CERTIFICATE
- Smaller risk of loss than with direct investment in the Underlying
- Any payouts attributable to the Underlying are used in favour of the strategy

(iii) MARKET EXPECTATION⁸⁴

- Rising or slightly falling Underlying
- Underlying will not breach barrier during product lifetime

D. Investment Products with Reference Entities

Compared to traditional Structured Products, Investment Products with Reference Entities (and Structured Products with a reference bond, respectively) additionally refer to a reference bond, in that certain events in respect of the reference bond (default or redemption event, as defined in the respective Final Terms) may have a negative impact on the value and result in an early re-

⁸³ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

⁸⁴ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

demption of the respective product. Provided that no default or redemption event occurs in respect of the reference bond, the function of Investment Products with Reference Entities usually corresponds to that of a traditional Structured Product.

Investment Products with Reference Entities are very sophisticated and complex financial products, whose 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.

For further information on Investment Products with Reference Entities, please refer to Section II.B.u) above “Credit-linked Structured Products (Structured Products with reference bond)” as well as the corresponding Final Terms of an actual Investment Product with Reference Entity.

aa) REFERENCE ENTITY CERTIFICATE WITH CONDITIONAL CAPITAL PROTECTION (1410)⁸⁵

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Reference Entity Certificates with Conditional Capital Protection” category according to the SVSP's classification system under the descriptions “Unit with a reference bond”, among others (referred to in the following under the general term “**REFERENCE ENTITY CERTIFICATES WITH CONDITIONAL CAPITAL PROTECTION**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁸⁶

- | |
|--|
| - There are one or more reference entities underlying the REFERENCE ENTITY CERTIFICATES WITH CONDITIONAL CAPITAL PROTECTION |
| - In addition to the credit risk of the issuer, redemption of the REFERENCE ENTITY CERTIFICATES WITH CONDITIONAL CAPITAL PROTECTION is subject to the solvency (non-occurrence of a credit |

⁸⁵ For the significance of individual terms, please refer in particular to Section III.A.

⁸⁶ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

event) of the reference entity
- Redemption is made at least in the amount of conditional capital protection at maturity, provided that no credit event of the reference entity has occurred
- If a credit event occurs at the reference entity during the lifetime, the REFERENCE ENTITY CERTIFICATES WITH CONDITIONAL CAPITAL PROTECTION will be redeemed at an amount corresponding to the credit event
- The product value can fall below conditional capital protection during its lifetime, among other things due to a negative assessment of reference entity creditworthiness
- Conditional capital protection only applies to the nominal and not the purchase price
- Participation in development of the Underlying, provided a reference entity credit event has not occurred
- The REFERENCE ENTITY CERTIFICATES WITH CONDITIONAL CAPITAL PROTECTION allow higher yield at greater risk

(iii) MARKET EXPECTATION⁸⁷

- Rising Underlying ⁸⁸
- Sharply falling Underlying possible
- No credit event of the reference entity

bb) REFERENCE ENTITY CERTIFICATE WITH YIELD ENHANCEMENT (1420)⁸⁹

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Reference Entity Certificates with Yield Enhancement” category according to the SVSP's classification system under the de-

⁸⁷ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁸⁸ Referring to a Bull-Tracker Certificate; the market expectation with reference to a Bear-Tracker Certificate the investor anticipates a falling Underlying.

scriptions “Defender Vonti with a reference bond”, among others (referred to in the following under the general term “**REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁹⁰

- There are one or more reference entities underlying the REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT
- In addition to the credit risk of the issuer, redemption of the REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT is subject to the solvency (non-occurrence of a credit event) of the reference entity
- If a credit event occurs at the reference entity during the lifetime, the REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT will be redeemed at an amount corresponding to the credit event
- The product value can fall during its lifetime, among other things due to a negative assessment of reference issuer creditworthiness
- If the Underlying is lower than the exercise price upon maturity, the Underlying is delivered and/or a cash settlement is made, provided that no credit event of the reference entity has occurred
- If the Underlying is higher than the exercise price upon maturity, the nominal is repaid, provided that no credit event of the reference entity has occurred
- Depending on the characteristics of the REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT, either a coupon or a discount to the Underlying can apply

⁸⁹ For the significance of individual terms, please refer in particular to Section III.A.

⁹⁰ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

- A coupon is paid out regardless of performance of the Underlying, provided that no credit event of the reference entity has occurred

- In addition the REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT can feature a barrier

- More than one Underlying (multi-asset) allows higher coupons, larger discounts, or lower barriers for greater risks

- Limited profit potential (Cap)

- The REFERENCE ENTITY CERTIFICATES WITH YIELD ENHANCEMENT allow higher yield at greater risk

(iii) MARKET EXPECTATION⁹¹

- Underlying moving sideways or slightly rising

- Falling volatility

- No credit event of the reference entity

cc) REFERENCE ENTITY CERTIFICATE WITH PARTICIPATION (1430)⁹²

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Reference Entity Certificates with Participation” category according to the SVSP's classification system under the descriptions “Voncort with a reference bond”, among others (referred to in the following under the general term “**REFERENCE ENTITY CERTIFICATES WITH PARTICIPATION**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

⁹¹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, “SVSP”*).

⁹² For the significance of individual terms, please refer in particular to Section III.A.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES⁹³

- There are one or more reference entities underlying the REFERENCE ENTITY CERTIFICATES WITH PARTICIPATION
- In addition to the credit risk of the issuer, redemption of the REFERENCE ENTITY CERTIFICATES WITH PARTICIPATION is subject to the solvency (non-occurrence of a credit event) of the reference entity
- If a credit event occurs at the reference entity during the lifetime, the REFERENCE ENTITY CERTIFICATES WITH PARTICIPATION will be redeemed at an amount corresponding to the credit event
- The product value can fall during its lifetime, among other things due to a negative assessment of reference entity creditworthiness
- Participation in development of the Underlying, provided a reference entity credit event has not occurred
- The REFERENCE ENTITY CERTIFICATES WITH PARTICIPATION allow higher yield at greater risk

(iii) MARKET EXPECTATION⁹⁴

- Rising Underlying
- No credit event of the reference entity

E. Leverage Products

aa) INTRODUCTION

Leverage Products are derivative products whose Redemption Amount can in theory be unlimited and which are associated with the risk of total loss on redemption. Leverage Products are those products whose investment amount is subject to a leverage effect with respect to both profits and losses, i.e. changes in the price of the Underlying have a greater effect in percentage terms

⁹³ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

⁹⁴ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (*Schweizerischer Verband für Strukturierte Produkte, "SVSP"*).

on the value of the product and/or the Redemption Amount than would be the case for a direct investment in the Underlying. The leverage effect is achieved because investors have to invest less capital in a Leverage Product than if they invested directly in the Underlying.

bb) WARRANT (2100)⁹⁵

(i) INTRODUCTION

The Issuer is currently issuing Structured Products belonging to the “Warrants” category according to the SVSP’s classification system under the descriptions “Call Warrant”, “Call Options” or “Call Option Notes” and “Put Warrant”, “Put Options” or “Put Option Notes”, among others; these Leverage Products are also covered by the term “Standard Warrants” (referred to in the following under the general term “**WARRANTS**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

(ii) DESCRIPTION AND FEATURES

One of the principal features of the WARRANTS is the leverage effect. Due to the leverage effect, price movements or even the absence of expected price movements in the Underlying on which the WARRANTS are based may have a disproportionate effect on the value of the WARRANTS even to the extent of a total loss. Investors can benefit both from rising (Call WARRANT) and falling (Put WARRANTS) prices in the Underlying. The leverage effect expresses the fact that the WARRANTS record a greater percentage movement in response to a given price movement in the Underlying. The leverage is therefore the consequence of the fact that less capital is required for an investment in WARRANTS than for a direct investment in the Underlying and indicates roughly by how much the price of the WARRANTS or of the Option Note will rise (fall) if the Underlying rises (falls) by a certain percentage. The leverage effect works in both directions – i.e. not only to the advantage of the holder of the WARRANT or Option Note in the event of favourable developments in the price of the Underlying, but also to the disadvantage of the holder of the WARRANT or Option Note in the event of unfavourable developments in the price of the Underlying

⁹⁵ For the significance of individual terms, please refer in particular to Section III.A.

The risk associated with an investment in WARRANTS is therefore greater than that attaching to a direct investment in the Underlying. The potential for losses covers the whole of the capital invested (the option premium).

WARRANTS are worthless at expiry if they are not "In-the-money" i.e. if the market price of the Underlying is lower (Call WARRANTS) or higher (Put WARRANTS) than the Exercise Price or Strike. The loss is then equal to the price paid for the WARRANTS.

WARRANTS with Physical Delivery: As a result of purchasing WARRANTS that represent the right to buy (Call WARRANTS) or sell (Put WARRANTS) securities, the investor or buyer acquires the entitlement to take delivery of (Call WARRANTS) or to deliver (Put WARRANTS) a specified quantity of securities at a price determined in advance, the Exercise Price or Strike.

WARRANTS with Cash Settlement: As a result of purchasing WARRANTS with Cash Settlement, the investor or buyer acquires the entitlement to receive payment of a cash amount equal to the Intrinsic Value as determined on exercise / expiry (end of the term) in accordance with the Final Terms.

WARRANTS within the meaning of this Issuance Programme are Call WARRANTS and Put WARRANTS on the Underlyings listed in the table below in particular:

<u>Underlyings</u>	<u>Exercise type</u>	<u>Entitlement on exercise / expiry</u>
Swiss and European equities	American or European	Physical Delivery
US, Asian and other equities	American or European	Cash Settlement
Baskets of equities (all countries)	European	Cash Settlement
Indices, baskets of indices	European	Cash Settlement
Commodity futures, baskets of commodity futures	European	Cash Settlement
Precious metals, metals, baskets of precious metals and metals	American	Cash Settlement
Exchange rates	European	Cash Settlement
Interest rates	European	Cash Settlement

(iii) SUMMARY AND OVERVIEW OF THE FEATURES⁹⁶

- Small investment generating a leveraged performance relative to the Underlying
- Increased risk of total loss (limited to initial investment)
- Suitable for speculation or hedging

⁹⁶ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, "SVSP").

- Daily loss of time value (increases as product expiry approaches)

- Continuous monitoring required

(iv) MARKET EXPECTATION⁹⁷

- WARRANT (Call): - Rising Underlying, rising volatility
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- WARRANT (Put): Falling Underlying, rising volatility
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cc) SPREAD WARRANT (2110)

(i) INTRODUCTION

The Issuer is currently issuing Structured Products belonging to the “Spread Warrants” category according to the SVSP's classification system under the description “Spread Warrant”, among others (referred to in the following under the general term “SPREAD WARRANTS”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

(ii) DESCRIPTION AND FEATURES

As with products in the WARRANTS category, SPREAD WARRANTS feature a leverage effect which results in a corresponding disproportionate potential for profits and losses (including the possible total loss of the entire capital invested) (see the relevant details in Section bb) “Warrants” above). The risk associated with an investment in SPREAD WARRANTS is therefore greater than that attaching to a direct investment in the Underlying. On expiry, SPREAD WARRANTS entitle the holder to receive their Intrinsic Value. In contrast to traditional WARRANTS, the Intrinsic Value and the related profit potential are limited by a spread consisting of an Upper and a Lower Exercise Price. Investors are able to benefit from rising prices in the Underlying with Call SPREAD WARRANTS and from falling prices with Put SPREAD WARRANTS; Call SPREAD WARRANTS expire

⁹⁷ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, “SVSP”).

worthless if the final fixing of the Underlying is below the Lower Exercise Price, while Put SPREAD WARRANTS expire worthless if the final fixing of the Underlying is higher than the Upper Exercise Price.

The potential profits from an investment in SPREAD WARRANTS are limited – as already mentioned – in the case of Call SPREAD WARRANTS by the Upper Exercise Prices and in the case of Put SPREAD WARRANTS by the Lower Exercise Prices, with the result that investors can only profit from rising prices (in the case of Call SPREAD WARRANTS) or falling prices (in the case of Put SPREAD WARRANTS) of the individual Underlyings up to a maximum of these (price) Thresholds. Once the specified Thresholds are reached, the highest possible payout from a SPREAD WARRANT has been achieved.

(iii) SUMMARY AND OVERVIEW OF THE FEATURES⁹⁸

- Small investment generating a leveraged performance relative to the Underlying
- Increased risk of total loss (limited to initial investment)
- Daily loss of time value (increases as product expiry approaches)
- Continuous monitoring required
- Limited profit potential (Cap)

(iv) MARKET EXPECTATION⁹⁹

- SPREAD WARRANT (Bull): Rising Underlying
- SPREAD WARRANT (Bear): Falling Underlying

⁹⁸ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, "SVSP").

⁹⁹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, "SVSP").

dd) WARRANT WITH KNOCK-OUT (2200)¹⁰⁰

(i) DESCRIPTION AND FEATURES

The Issuer is currently issuing Structured Products belonging to the “Warrants with Knock-Out” category according to the SVSP's classification system under the descriptions “Sprinter Warrant (Call)” and “Sprinter Warrant (Put)”, among others (referred to in the following under the general term “**WARRANTS WITH KNOCK-OUT**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

WARRANTS WITH KNOCK-OUT have a limited term and should be clearly distinguished from the Sprinter Open End products described below in Section IV.D.)ff.) “Miscellaneous Leverage Certificates with Knock-Out (2299)”.

In the typical case, WARRANTS WITH KNOCK-OUT expire worthless as soon as the price of the Underlying reaches, falls below (in the case of a Call, which enables the investor to benefit from rising prices of the Underlying) or exceeds (in the case of a Put, which enables the investor to benefit from falling prices of the Underlying) a Barrier. Due to the significantly lower capital investment required than in the case of a direct investment in the Underlying, movements in the value or price of a WARRANT WITH KNOCK-OUT are proportionately greater than the change in the value or price of the Underlying on which a WARRANT WITH KNOCK-OUT is based. The general principle is: the closer the current market price is to the Barrier, the greater the leverage effect. In contrast to traditional WARRANTS, the price of a WARRANT WITH KNOCK-OUT is only marginally affected by volatility or Time Value.

WARRANTS WITH KNOCK-OUT with Cash Settlement: As a result of purchasing WARRANTS WITH KNOCK-OUT with Cash Settlement, the investor or buyer acquires the entitlement to receive payment of a cash amount equal to the Intrinsic Value as determined on exercise / expiry (end of the term) in accordance with the Final Terms.

¹⁰⁰ For the significance of individual terms, please refer in particular to Section III.A.

(ii) SUMMARY AND OVERVIEW OF THE FEATURES¹⁰¹

- Small investment generating a leveraged performance relative to the Underlying
- Increased risk of total loss (limited to initial investment)
- Suitable for speculation or hedging
- Continuous monitoring required
- Immediately expires worthless in case the barrier is breached during product lifetime
- Small influence of volatility and small loss of time value

(iii) MARKET EXPECTATION¹⁰²

- WARRANT WITH KNOCK-OUT (Call): Rising Underlying
- WARRANT WITH KNOCK-OUT (Put): Falling Underlying

ee) MINI FUTURE (2210)¹⁰³

(i) INTRODUCTION

The Issuer is currently issuing Structured Products belonging to the “Mini Futures” category according to the SVSP's classification system under the descriptions “Long Mini Future” and “Short Mini Future”, among others (referred to in the following under the general term “**MINI FUTURES**”). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product within this category may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

¹⁰¹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, “SVSP”).

¹⁰² Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, “SVSP”).

¹⁰³ For the significance of individual terms, please refer in particular to Section III.A.

(ii) DESCRIPTION AND FEATURES

Due to the low level of capital investment required, MINI FUTURES allow the investor to participate disproportionately in the performance of the Underlying in line with the leverage and can therefore be used for speculative purposes or to hedge positions. Products within the MINI FUTURES category have no fixed term, but expire as soon as the Underlying reaches, falls below (Long MINI FUTURES) or exceeds (Short MINI FUTURES) the Stop-Loss Level, in which case a redemption payment is made equal to the liquidation value realised at that date. In contrast to WARRANTS, MINI FUTURES have no Time Value so that the price of the MINI FUTURES during the term is approximately equal to their Intrinsic Value i.e. (in the case of Long MINI FUTURES) price of the Underlying – Current Financing Level or (in the case of Short MINI FUTURES) Current Financing Level - price of the Underlying.

At the date of registration of this Issuance Programme, MINI FUTURES are being offered on the following Underlyings: shares or baskets of shares, indices, precious metals, futures and exchange rates.

MINI FUTURES are particularly risky investment instruments. The purchaser of a MINI FUTURE acquires the entitlement to payment of a cash amount (Redemption Amount) derived from the difference between the Current Financing Level and the applicable price of the respective Underlying on the Valuation Date, taking account of the Ratio and, where relevant, converted from the trading currency of the Underlying into the reference currency of the MINI FUTURE. The Valuation Date is the Trading Day on which either (a) the MINI FUTURES are exercised by the investor or holder in accordance with the Terms and Conditions of the MINI FUTURES, or (b) the MINI FUTURES are terminated by the Issuer or (c) a Stop-Loss Event occurs in which case the occurrence of such an event takes precedence over the exercise of the MINI FUTURES by the holder or their termination by the Issuer. The financing level serves as the basis for calculating the Redemption Amount and refers to the amount contributed to the product by the Issuer in the form of debt financing. Investors are able to focus on rising prices with Long MINI FUTURES and on falling prices with Short MINI FUTURES. The Current Financing Level at issue is below the applicable price of the respective Underlying in the case of Long MINI FUTURES, and above it in the case of Short MINI FUTURES. The level of the Redemption Payment (depending on the specific provisions of the Terms and Conditions of the MINI FUTURES) depends in principle on the amount by which the applicable price of the Underlying on the Valuation Date exceeds (Long MINI FUTURE) or falls below (Short MINI FUTURE) the Current Financing Level. The financing level is adjusted on each Trading Day by the financing costs, which are calculated overnight on the basis of the current

interest rate, the reference currency of the respective Underlying, the financing spread and any dividend payments or other distributions in respect of the Underlying (in the case of shares or share price indices as the Underlying) and, where applicable, any Rollover fees (in the case of Futures as the Underlying).

As already mentioned, the MINI FUTURES have no fixed term, but the term ends in the event of termination by the Issuer, which is possible at any time, or if the Underlying reaches, falls below or exceeds the respective Stop-Loss Level, in which case the MINI FUTURES are redeemed at the applicable or realisable (liquidation) price in each case.

A Stop-Loss Event occurs if, during the Observation Period (and during the observation hours in the case of precious metals and exchange rates as the Underlying) and during the trading hours of the Underlying, the price of the respective Underlying of the MINI FUTURES reaches or falls below (in the case of Long MINI FUTURES) or reaches or exceeds (in the case of Short MINI FUTURES) the Current Stop-Loss Level, in which case the MINI FUTURES are exercised automatically and expire (Stop-Loss Event). In such an event, the Redemption Amount is equal to the realisable stop-loss liquidation price. The latter is derived from the price for the respective Underlying within a period of one hour during the trading hours of the Underlying after the occurrence of the Stop-Loss Event, during which hedging transactions outstanding are unwound. If a Stop-Loss Event occurs less than one hour prior to the end of the trading hours, the period is extended to the next Trading Day. There is the possibility that, in particularly unfavourable circumstances, the stop-loss liquidation price may amount to nil, resulting in a total loss for the investor. The adjustment day for the Stop-Loss Level is the first adjustment day of each month and any day (in the case of shares or share price indices as the Underlying) on which dividend payments or other distributions in respect of the Underlying are made on the exchange (ex-dividend date of the Underlying), as well as any Rollover date of the Current Underlying (in the case of Futures as the Underlying). The Stop-Loss Level can be adjusted on every Trading Day for the MINI FUTURES if necessary in the judgment of the calculation agent.

MINI FUTURES do not generate any current income (such as, for example, interest or dividends) which could be used to make up for falls in value of the MINI FUTURES in full or in part. An increase in the price of the MINI FUTURES is the only opportunity to generate income. The investor's potential profit or loss is always dependent on the purchase price paid for the MINI FUTURES and is calculated as the difference between the purchase price and the Redemption Amount. In the event of a sale, the profit or loss is determined as the difference between the

purchase and sale prices of the MINI FUTURES (always taking into account transactions costs and any taxes incurred).

In accordance with the Terms and Conditions of the MINI FUTURES, the investor has the right from the First Exercise Date onwards to exercise the MINI FUTURES on that day and each following Trading Day, provided that the Underlying does not reach, fall below or exceed the Stop-Loss Level by the Exercise Date. In accordance with the Terms and Conditions of the MINI FUTURES, the Issuer has the right to terminate MINI FUTURES that are unexercised on any Trading Day and to pay out the Redemption Amount.

The MINI FUTURES may in principle be bought or sold during their term in on-market or off-market transactions.

MINI FUTURES create opportunities for profit that can be greater than those of other investments. At the same time, however, MINI FUTURES are also associated with disproportionate risks of loss. The value of MINI FUTURES is affected by a variety of factors.

MINI FUTURES reflect the Underlying on a linear basis. All of the positive and negative factors that lead to changes in the price of the Underlying that is applicable in accordance with the Terms and Conditions therefore also affect the price of the MINI FUTURES:

In the case of Long MINI FUTURES, if the applicable price of the Underlying falls, the value of the MINI FUTURES will in principle also fall (subject to other features and other factors that may affect the price of MINI FUTURES). If the price of the Underlying rises, the value of the MINI FUTURES will in principle also rise.

In the case of Short MINI FUTURES, if the applicable price of the Underlying falls, the value of the MINI FUTURES will in principle rise (subject to other features and other factors that may affect the price of MINI FUTURES). If the price of the Underlying rises, the value of the MINI FUTURES will in principle fall.

The amount that has to be invested in a MINI-FUTURE in order to achieve the same degree of participation in the Underlying as would be achieved by a direct investment is substantially less than would be required for a direct investment in the Underlying. Changes in the price of the Underlying on which the MINI FUTURES are based may affect the value of the MINI FUTURES disproportionately as a result of the leverage effect. The leverage effect expresses the fact that the value of the MINI FUTURES records a greater percentage movement in response to a given price movement in the Underlying. The leverage is therefore the consequence of the fact that

less capital is required for an investment in MINI FUTURES than for a direct investment in the Underlying and indicates by how much more the price of the MINI FUTURES will rise (fall) if the Underlying rises (falls) by a certain percentage. Potential investors should be clear that the leverage effect works in both directions – namely not just to the advantage of the investor or holder of the MINI FUTURES in the event of favourable movements in the price of the Underlying, but also to the disadvantage of the investor or holder of the MINI FUTURES in the event of unfavourable movements. It should therefore be borne in mind when buying MINI FUTURES that the greater the leverage effect of a MINI FUTURE is, the greater the associated risk of loss will be as well. The leverage of MINI FUTURES is calculated using the following formula:

$$\text{Price of the Underlying} / \text{Ratio} / \text{Price of the MINI FUTURES} * \text{FX}^{104}$$

The degree of leverage is largely dependent on the Current Financing Level. The closer the Current Financing Level is to the current price of the Underlying, the greater the leverage and therefore the potential for profit or loss. The leverage effect is generally not influenced by changes in volatility, as would be the case, for example, with standard Option Notes. However, if the price of the Underlying approaches the Current Stop-Loss Level, the volatility may have a certain effect in some circumstances.

The other factors may include the risks from equity, bond and currency markets, interest rates in the money market, market expectations, economic and political developments and exchange rates (currency risk), among others. The value of the MINI FUTURES can therefore fall (e.g. in the event that a currency risk materialises) even if the applicable price of the Underlying remains unchanged (disregarding the daily adjustment of the financing level). Even if the applicable price of the respective Underlying rises (falls), i.e. moves in a direction that is favourable for the investor on the basis of the respective market expectation, the value of the Long MINI FUTURES (Short MINI FUTURES) may fall as a result of the other factors affecting the value.

Each of the factors affecting the value may affect the performance of the MINI FUTURES in isolation or in combination with other factors in varying degrees that cannot be foreseen in advance even to the extent of a total loss. The more volatile the respective Underlying is, the greater the price movements of the MINI FUTURES.

¹⁰⁴ Current interbank exchange rate from the trading currency of the Underlying into the reference currency.

(iii) SUMMARY AND OVERVIEW OF THE FEATURES¹⁰⁵

- Small investment generating a leveraged performance relative to the Underlying
- Increased risk of total loss (limited to initial investment)
- Suitable for speculation or hedging
- Continuous monitoring required
- A residual value is redeemed following a Stop-Loss Event
- No influence of volatility

(iv) MARKET EXPECTATION¹⁰⁶

- MINI FUTURE (Long): Rising Underlying
- MINI-FUTURE (Short): Falling Underlying

ff) MISCELLANEOUS LEVERAGE CERTIFICATES WITH KNOCK-OUT (2299)¹⁰⁷

(i) INTRODUCTION

In connection with Structured Products falling under the “Miscellaneous Leverage Certificates with Knock-Out” category according to the SVSP’s classification system, the following paragraphs are intended to provide information relating only to the Structured Products issued by the Issuer under the descriptions “Call Sprinter Open End” and “Put Sprinter Open End” (referred to in the following under the general term “**SPRINTER OPEN END**” products). The specific features and characteristics and the actual redemption terms applying in relation to a particular Structured Product belonging to the SPRINTER OPEN END group may differ only marginally from the typical features, characteristics and redemption terms described below, but may also in some cases differ substantially from them and should be taken from the respective Final Terms; only the Final Terms are authoritative.

¹⁰⁵ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, “SVSP”).

¹⁰⁶ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, “SVSP”).

(ii) DESCRIPTION AND FEATURES

SPRINTER OPEN END products are Leverage Products with no fixed term but which expire worthless - as in the case of traditional SPRINTER WARRANTS (see Section IV.D.)^{dd.}) “Knock-Out Warrants (2200)” above) - as soon as the Underlying reaches or falls below (Call SPRINTER OPEN END) or reaches or exceeds (Put SPRINTER OPEN END) the respective Strike or Knock-Out Level.

At the date of registration of this Issuance Programme, SPRINTER OPEN END products are being offered on the following Underlyings: shares and indices.

As a result of the smaller capital investment required compared with a direct investment in the Underlying, they enable investors to participate disproportionately in the performance of the Underlying in line with the leverage (“leverage effect”, see also the information below), and can therefore be used for speculative purposes or to hedge positions. SPRINTER OPEN END products provide an opportunity to profit from a positive performance/price change of the Underlying (Call SPRINTER OPEN END) or from a negative performance/price change of the Underlying (Put SPRINTER OPEN END) on a leveraged basis. The general principle is: the closer the current market price of the Underlying is to the Strike or Knock-Out Level, which is adjusted daily, the greater the leverage effect.

The leverage effect expresses the fact that the SPRINTER OPEN END products record a greater percentage movement in response to a given price movement in the Underlying. The leverage associated with a Call SPRINTER OPEN END product indicates approximately how much greater the increase in the price of the Call SPRINTER OPEN END product will be if the Underlying rises by a certain percentage; the leverage associated with a Put SPRINTER OPEN END product indicates approximately how much greater the increase in the price of the Put SPRINTER OPEN END product will be if the Underlying falls by a certain percentage. Potential investors should be clear at all times that the leverage effect always works in both directions – namely not just to the advantage of the investor or holder of the SPRINTER OPEN END product in the event of favourable movements in the price of the Underlying, but also to the disadvantage of the investor or holder of the SPRINTER OPEN END product in the event of unfavourable movements. It should therefore be borne in mind when buying SPRINTER OPEN END products that the greater the leverage effect of a SPRINTER OPEN END product is, the greater the associated risk of loss will always be as well.

¹⁰⁷ For the significance of individual terms, please refer in particular to Section III.A.

SPRINTER OPEN END products therefore represent particularly risky investment instruments for which investors should always factor in the risk of the total loss of the capital invested.

In contrast to traditional WARRANTS, the price of a SPRINTER OPEN END product is only marginally affected by volatility. The potential profit is in principle unlimited for Call SPRINTER OPEN END products; for Put SPRINTER OPEN END products, however, the maximum potential profit is limited and is reached when the price of the Underlying falls to nil. The level of the Redemption Amount receivable in accordance with the Terms and Conditions in the event of exercise by the investor depends on the amount by which the applicable valuation price of the Underlying exceeds (Call SPRINTER OPEN END) or falls below (Put SPRINTER OPEN END) the Current Strike on the Exercise Date.

As long as the Final Terms contained in the Definitive Termsheets do not provide otherwise, the holder can take up the exercise right to which he is entitled from the First Exercise Date and subject to the occurrence of a Knock-Out Event (see below) by exercising his SPRINTER OPEN END products on that day and each subsequent Trading Day and requiring payment of a corresponding Redemption Amount. The relevant exercise notice must be received by the exercise agent by 11:00 (Swiss time) if no other time is specified in the Final Terms.

SPRINTER OPEN END products do not generate any current income (such as, for example, interest or dividends) which could be used to make up for falls in the value or price of the SPRINTER OPEN END products in full or in part. An increase in the price of the SPRINTER OPEN END products is the only opportunity to generate income. The products lose value in principle if there is no increase in the price of the Underlying in the case of Call SPRINTER OPEN END products, and if there is no decline in the price of the Underlying in the case of Put SPRINTER OPEN END products. The investor's potential profit or loss always depends on the purchase price paid for the SPRINTER OPEN END product and is calculated in the event of exercise or of termination by the Issuer from the difference between the purchase price and the Redemption Amount. In the event of a sale, the profit or loss is determined as the difference between the purchase and sale prices of the SPRINTER OPEN END products (always taking into account transactions costs and any taxes incurred).

SPRINTER OPEN END products have no fixed term – as mentioned at the beginning – but they expire worthless as soon as the Underlying reaches or falls below (in the case of Call SPRINTER OPEN END products) or exceeds (in the case of Put SPRINTER OPEN END products) the Knock-Out Level or Strike during the trading hours of the Underlying on the relevant Reference Exchange or Determination Agent (Knock-Out Event); the current Knock-Out Level is identical to the Current

Strike. The Current Strike is adjusted on each exchange day and depends in particular on the existing Strike or the Strike before the adjustment, the relevant interest rate for deposits, the current financing spread and other factors (such as, for example, any dividend payments or distributions in the Underlying). The (current) financing spread represents the Issuer's financing costs over the deposit interest rate. In addition to the term ending due to the immediate expiry of the SPRINTER OPEN END products as a result of the occurrence of a Knock-Out Event, the term can also end as a consequence of the Issuer making use of its termination right, which is possible at any time.

The risk associated with an investment in SPRINTER OPEN END products is significantly greater than that of a direct investment, not just because of the leverage effect but also due to the danger of a Knock-Out Event occurring. Because the Knock-Out Level or Strike is adjusted on each exchange day, a Knock-Out Event may occur even if the price of the Underlying is otherwise unchanged and the SPRINTER OPEN END products may expire worthless as a result.

(iii) SUMMARY AND OVERVIEW OF THE FEATURES¹⁰⁸

- Small capital investment produces a leverage effect with respect to the Underlying
- Greater risk of total loss (limited to capital invested)
- Expire worthless immediately if the (Current) Strike or Knock-Out Level is reached
- Suitable for (short-term) speculation or hedging
- Little effect from volatility
- Regular monitoring required

(iv) MARKET EXPECTATION¹⁰⁹

- SPRINTER OPEN END (Call): Rising Underlying
- SPRINTER OPEN END (Put): Falling Underlying

¹⁰⁸ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, "SVSP").

¹⁰⁹ Based on the information contained in the SVSP Swiss Derivative Map of the Swiss Structured Products Association (Schweizerischer Verband für Strukturierte Produkte, "SVSP").

V. COLLATERAL-SECURED STRUCTURED PRODUCTS (COSI)

The Issuer offers selected Structured Products with collateral security. The collateralisation is normally applied for in conjunction with the request for the admission of a collateral-secured Structured Product ("**Collateral-Secured Certificate**") to trading via Internet Based Terms ("**IBT**").

Collateral-Secured Certificates are collateralised in accordance with the terms of the SIX Swiss Exchange "Framework Agreement for Collateral-Secured Instruments". Bank Vontobel AG ("**Collateral Provider**") undertakes to secure the value of the Collateral-Secured Certificates at any given time as well as the further claims listed in the Framework Agreement.

Security must be provided to SIX Swiss Exchange in the form of a regular right of lien. The collateral is booked to a SIX Swiss Exchange account with SIX SIS. Investors do not themselves have a surety right to the collateral. The Collateral-Secured Certificates and the collateral shall be valued on each banking day. The Collateral Provider shall be obliged to adjust the collateral to any changes in value. Permitted forms of collateral shall be selected by SIX Swiss Exchange on an ongoing basis from various categories of securities. The issuer shall, upon enquiry, inform investors about the collateral that is permitted as security for the Collateral-Secured Certificates at any given time. The Collateral Provider shall pay SIX Swiss Exchange a fee for the service regarding the collateralisation of the Collateral-Secured Certificates. A change of Collateral Provider shall be notified in accordance with the provisions of this Listing Prospectus.

Documentation. The collateralisation in favour of SIX Swiss Exchange is based on the "Framework Agreement for Collateral-Secured Instruments" between SIX Swiss Exchange, SIX SIS, the Issuer and the Collateral Provider dated 18 September 2009 ("Framework Agreement"). The investor is not party to the Framework Agreement. **The Framework Agreement constitutes an integral part of this Listing Prospectus.** In the event of any contradiction between the provisions of this Listing Prospectus and the Framework Agreement, the Framework Agreement takes precedence. The Issuer shall, upon request, provide the Framework Agreement to investors free of charge in the original German version or in an English translation. The Framework Agreement may be obtained from Bank Vontobel AG, Financial Products Dokumentation, Dreikönigstrasse 37, 8022 Zurich, Switzerland. The core elements of the collateralisation are summarised in a SIX Swiss Exchange information sheet, which is available at www.six-swiss-exchange.com.

Collateralisation method. The collateral that must be furnished by the Collateral Provider is determined by the value of the Collateral-Secured Certificates at any given time ("**Current**

Value”). The Current Values shall be determined in the trading currency of the Collateral-Secured Certificates and converted into Swiss francs for the purpose of calculating the required collateral. The method for calculating the Current Value shall be determined for each Collateral-Secured Certificate upon application for (provisional) admission to trading and shall remain unchanged for the entire term of the Collateral-Secured Certificate. If prices for the Collateral-Secured Certificates calculated by third parties are available (“Fair Values”), they are taken into account when determining the Current Value in accordance with the provisions of the rules and regulations of SIX Swiss Exchange. Otherwise, the determination of the Current Value will take into account “bond floor pricing”, as defined by the Swiss Federal Tax Administration, Berne (Switzerland). For as long as no bond floor is available for a Collateral-Secured Certificate that is subject to bond floor pricing, the Current Value shall correspond at least to the capital protection laid down in the redemption terms for the Collateral-Secured Certificate. If the closing bid price of the Collateral-Secured Certificate on the previous trading day on Scoach Switzerland is higher, the collateral requirement shall always be based on this latter price. If the aforementioned prices for Collateral-Secured Certificates are unavailable at any given time, then other prices shall be used to calculate the required collateral, in accordance with the rules and regulations of SIX Swiss Exchange. The Current Values required for the collateralisation of the Collateral-Secured Certificates shall be determined exclusively in accordance with the provisions of the “Special Conditions for Collateral-Secured Instruments “ of SIX Swiss Exchange. The Current Value of the respective Collateral-Secured Certificate shall be determined according to Method A: Fair Value Method or Method B: Bond Floor Method of the Special Conditions of SIX Swiss Exchange.

Distribution and market making. The distribution of the Collateral-Secured Certificates shall be the responsibility of the Issuer. The Issuer undertakes to ensure that market making for the Collateral-Secured Certificates is in place.

Risks. Collateralisation eliminates the Issuer default risk only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) are able to meet the investors' claims. The investor bears the following risks, among others: (i) the Collateral Provider is unable to supply the additionally required collateral if the value of the Collateral-Secured Certificates rises or the value of the collateral decreases; (ii) in a Liquidation Event, the collateral cannot be liquidated immediately by SIX Swiss Exchange because of factual hindrances or because the collateral must be handed over to the executory authorities for liquidation; (iii) the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until liquidation can take place; (iv) the maturity of Collateral-Secured Certificates in a

foreign currency according to the Framework Agreement may result in losses for the investor because the Current Value (determinant for the investor's claim against the Issuer) is determined in the foreign currency, while payment of the pro-rata share of net liquidation proceeds (determinant for the extent to which the investor's claim against the Issuer is satisfied) is made in Swiss francs; (v) the collateralisation is challenged according to the laws governing debt enforcement and bankruptcy, so that the collateral cannot be liquidated according to the terms of the Framework Agreement for the benefit of the investors in Collateral-Secured Certificates.

Liquidation of collateral. If the Collateral Provider fails to fulfil its obligations, the collateral will be liquidated by SIX Swiss Exchange or a liquidator under the terms of the applicable legal regulations. The collateral may be liquidated ("Liquidation Events") if (i) the Collateral Provider fails to furnish the required collateral, fails to do so in due time, or if the collateral that is provided is not free from defects, unless any such defect is remedied within three (3) banking days; (ii) the Issuer fails to fulfil a payment or delivery obligation under a Collateral-Secured Certificate upon maturity according to the issuing conditions, fails to do so in due time, or if its fulfilment of such obligations is defective, unless any such defect is remedied within three (3) banking days; (iii) the Swiss Federal Financial Market Supervisory Authority FINMA orders protective measures with regard to the Issuer or the Collateral Provider under Article 26 paragraph 1 letter (f) to (h) of the Federal Law on Banks and Savings Banks, or restructuring measures or liquidation (winding-up proceedings) under Article 25 *et seq.* of the Federal Law on Banks and Savings Banks; (iv) a foreign financial market supervisory authority, another competent foreign authority or a competent foreign court orders an action that is comparable with those described in item (iii) above; (v) the market making obligation is breached for ten (10) consecutive banking days; (vi) the Collateral Provider's participation at SIX SIS ceases; (vii) the provisional admission of the Collateral-Secured Certificates to trading lapses or is cancelled and the Issuer fails to satisfy investors' claims according to the issuing conditions of the Collateral-Secured Certificates within thirty (30) banking days of the lapse or cancellation of the provisional admission; or (viii) the Collateral-Secured Certificates are delisted upon application by the Issuer or for any other reason, and the Issuer fails to satisfy investors' claims according to the issuing conditions of the Collateral-Secured Certificates within thirty (30) banking days of the last trading day. The Framework Agreement provides for the exact time at which each Liquidation Event occurs. The remedy of a Liquidation Event is not possible.

Determination of a Liquidation Event. SIX Swiss Exchange is not required to undertake investigations with regard to the occurrence of a Liquidation Event. In determining the occurrence of a Liquidation Event, it bases its decision on reliable sources of information only. SIX Swiss Ex-

change determines with binding effect for the investors that an incident qualifies as a Liquidation Event and at what point in time the Liquidation Event occurred.

Procedure in the case of a Liquidation Event. If a Liquidation Event occurs, SIX Swiss Exchange is at its own discretion entitled: (i) to make public the occurrence of a Liquidation Event immediately or at a later stage in suitable form, specifically in a newspaper with a national distribution and on the SIX Swiss Exchange website; as well as (ii) to liquidate immediately or at a later stage - without regard to the amount of unsatisfied claims - all existing collateral on a private basis, provided the applicable legal regulations or regulatory orders do not prohibit such private liquidation (and, if a private liquidation is not possible, hand the collateral over to the competent person for liquidation). Once a Liquidation Event has occurred, trading in all Collateral-Secured Certificates of the Issuer may be suspended, and the Collateral-Secured Certificates of the Issuer may be delisted.

Maturity of the Collateral-Secured Certificates as well as investors' claims against SIX Swiss Exchange and the Issuer. All of the Issuer's Collateral-Secured Certificates under the Framework Agreement shall fall due for redemption thirty (30) banking days after a Liquidation Event has occurred. SIX Swiss Exchange shall make public the due date in a newspaper with a national distribution, as well as on the SIX Swiss Exchange website. **Investors' claims against SIX Swiss Exchange for the payment of their pro-rata share of the net liquidation proceeds** arise automatically only once the Collateral-Secured Certificates have fallen due for redemption. Investors' claims against SIX Swiss Exchange are based on a genuine contract in favour of third parties (Article 112 paragraph 2 of the Swiss Code of Obligations) which is irrevocable on the part of the Collateral Provider. The acquisition of a Collateral-Secured Certificate by an investor automatically entails the declaration vis-à-vis SIX Swiss Exchange, as described in Art. 112 paragraph 3 of the Swiss Code of Obligations, that he wishes to enforce his right under the Framework Agreement at maturity of the Collateral-Secured Certificates. In dealings with SIX Swiss Exchange and SIX SIS, the investors are bound by the provisions of the Framework Agreement, specifically the **choice of Swiss law and the exclusive jurisdiction of the Commercial Court of Canton Zurich (Switzerland)**.

If a Liquidation Event has occurred, SIX Swiss Exchange will determine the Current Values of all Collateral-Secured Certificates of the Issuer in the respective trading currency with binding effect for the Issuer, the Collateral Provider and the investors. **Investors' claims against the Issuer** will be based on these Current Values when the Collateral-Secured Certificates mature in accordance with the Framework Agreement. The Current Values of the Collateral-Secured Certificates on

the banking day immediately preceding the date on which the Liquidation Event occurred shall be applicable. SIX Swiss Exchange shall make public the applicable Current Values of the Collateral-Secured Certificates.

Costs of liquidation and payout for the benefit of the investors. The costs incurred in connection with the liquidation and payout (including taxes and duties, as well as consulting fees) shall be covered in advance out of the proceeds of the liquidation of the collateral. For this purpose, SIX Swiss Exchange shall deduct a flat-rate fee of 0.1 percent from the entire liquidation proceeds for its own expenses and for the expenses of third parties. In addition, SIX Swiss Exchange shall be entitled to satisfy any outstanding claims it holds against the Collateral Provider and the Issuer under the terms of the Framework Agreement out of the liquidation proceeds. The remaining net liquidation proceeds are available for payout to the investors in Collateral-Secured Certificates of the Issuer.

SIX Swiss Exchange will transfer the pro-rata share of the net liquidation proceeds due to investors to SIX SIS participants. In doing so, it is released from all further obligations. The amounts transferred are determined by the holdings of Collateral-Secured Certificates that are booked to participant accounts with SIX SIS. If the Issuer which, according to the Framework Agreement, is affected by the maturity of its Collateral-Secured Certificates, is a SIX SIS participant, then SIX Swiss Exchange and SIX SIS shall decide on a separate procedure for the payment of the pro-rata share of the net liquidation proceeds to those investors who hold their Collateral-Secured Certificates via the Issuer. SIX Swiss Exchange may transfer the pro-rata share of the net liquidation proceeds for these investors to one or more other SIX SIS participants or to one or more third parties, which will attend to the payment to investors in Collateral-Secured Certificates either directly or indirectly. In doing so, SIX Swiss Exchange is released from all further obligations. SIX Swiss Exchange may decide at its own discretion to have the payment of the pro-rata share of the net liquidation proceeds for other or all investors in Collateral-Secured Certificates conducted by one or more other SIX SIS participants or by one or more third parties.

The payouts to investors are made exclusively in Swiss francs. The claim of the investors is non-interest-bearing. SIX Swiss Exchange is not liable to pay either default interest or damages should the payout be delayed for any reason.

The maximum claim of an investor to satisfaction from the net liquidation proceeds of the collateral is determined by the sum of the Current Values of his Collateral-Secured Certificates. Should the combined Current Values of all investors in the Issuer's Collateral-Secured Certificates exceed the net liquidation proceeds, payment of pro-rata shares of the net liquidation proceeds to

individual investors will be made according to the ratio between the total Current Values held by individual investors and the total Current Values accruing to all investors in Collateral-Secured Certificates of the Issuer.

In the case of Collateral-Secured Certificates in a trading currency other than the Swiss franc, SIX Swiss Exchange shall, with binding effect for the parties to the Framework Agreement and the investors, convert the Current Values into Swiss francs in order to determine the pro-rata share of the net liquidation proceeds. The exchange rates according to the rules and regulations of SIX SIS on the banking day immediately preceding the date on which the Liquidation Event occurred, shall be applicable. The conversion of the Current Values of Collateral-Secured Certificates denominated in a trading currency other than the Swiss franc pertains only to the amount and the effect of the payout of pro-rata net liquidation proceeds by SIX Swiss Exchange to investors in such Collateral-Secured Certificates and shall have no further effect on the relationship between the investor and the Issuer. SIX Swiss Exchange shall make public these values of the Collateral-Secured Certificates as well as the applicable exchange rates.

The investors' claims against the Issuer arising from the Collateral-Secured Certificates are reduced by the amount of the payment of the pro-rata net liquidation proceeds. In the case of Collateral-Secured Certificates denominated in a trading currency other than the Swiss franc, the amount by which the investors' claims against the Issuer is reduced shall be determined in accordance with the conversion rate of the particular trading currency of the Collateral-Secured Certificates to the Swiss franc applicable on the banking day immediately preceding the date on which the Liquidation Event occurred.

No further investor claims shall exist against SIX Swiss Exchange, SIX SIS or other persons involved in the collateralisation service for Collateral-Secured Certificates under the terms of the Framework Agreement.

Secondary listing. In addition to the primary listing of the Collateral-Secured Certificates on SIX Swiss Exchange, the Issuer may apply for listing or admission to trading on one or more secondary exchanges. All aspects and events related to listing or admission to trading of the Certificates on a secondary exchange shall be disregarded under the Framework Agreement. In particular, the prices of the Certificates on secondary exchanges are not taken into consideration for the calculation of the Current Values of the Collateral-Secured Certificates and events which are related to a listing or admission to trading of the Certificates on a secondary exchange, such as the suspension of market making at a secondary exchange or the delisting of the Certificates from a secondary exchange, shall not be deemed a Liquidation Event under the Framework

Agreement. SIX Swiss Exchange is at its own discretion entitled to make public the occurrence of a Liquidation Event and the maturity of the Collateral-Secured Certificates pursuant to the Framework Agreement in the countries where a listing or admission to trading of the Certificates is maintained, as well as to inform the secondary exchanges or other bodies about such occurrences.

Liability. The liability of parties to the Framework Agreement to pay damages exists only in cases of gross negligence or intentional misconduct. Further liability is excluded. SIX Swiss Exchange shall be liable for third parties mandated by SIX Swiss Exchange with the valuation of Collateral-Secured Certificates only in the case of improper selection and instruction of such third parties. Where the payment to investors of pro-rata shares of net liquidation proceeds via SIX SIS participants relates to Collateral-Secured Certificates held by those participants in accounts at SIX SIS, SIX Swiss Exchange and SIX SIS are liable only for the careful instruction of these SIX SIS participants. If payment is made via third parties or via SIX SIS participants which do not hold the relevant Collateral-Secured Certificates in their accounts at SIX SIS, then SIX Swiss Exchange and SIX SIS are liable only for their careful selection and instruction.

No authorisation. Collateral-Secured Certificates do not constitute collective investment schemes pursuant to the Federal Collective Investment Schemes Act (CISA). They do not require authorisation or supervision by the Swiss Federal Financial Market Supervisory Authority FINMA.

Congruence with the Listing Prospectus. This Section V. "Collateral-Secured Structured Products (COSI)" corresponds to the SIX Swiss Exchange standard text. The provisions of this Section V. take precedence in the event of contradiction between this Section V. and the other content of the Listing Prospectus.

VI. SELLING RESTRICTIONS/RESTRICTIONS ON SALES

The Issue Documentation does not constitute an offer or invitation to sell or buy Structured Products and is also not to be considered an investment recommendation.

The distribution of the Issue Documentation, as well as the offer, sale and delivery of Structured Products may be legally restricted in certain countries. Persons who obtain possession of the Issue Documentation are requested by the Issuer to obtain information on such restrictions themselves and to comply with them.

Except as set out in the Issuance Documentation, no action has been or will be taken that would permit a public offering of Structured Products or possession or distribution of any offering material in relation to Structured Products in any jurisdiction where action for that purpose is required.

No offers, sales, deliveries or transfers of Structured Products, or distribution of any offering material relating to Structured Products, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the relevant dealer(s).

In addition and subject to any specific selling restriction/restriction on sales contained in the (indicative or Definitive) Termsheets and the Final Terms contained therein, respectively, the following selling restrictions/restrictions on sales apply:

United States of America: The Structured Products (or the rights thereunder), including the relevant documentation, are neither registered under the United States Securities Act of 1933 in its then current form (the “**Securities Act**”) nor will they be so registered. The trading of Structured Products has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act in its then current form, nor will such an approval be sought; further, the Structured Products were not registered under the U.S. Investment Company Act of 1940 (in its then current form), nor is it intended to do so in the future. The Structured Products (or the rights thereunder), including the relevant documentation, will be offered only outside the United States and only to persons who are not “U.S. persons” as defined in the relevant definition of Regulation S under the Securities Act.

European Economic Area (EEA): In a member state of the EEA that has implemented Directive 2003/71/EC (the “**Prospectus Directive**”), as from (and including) the date of this implementa-

tion, the Structured Products, including the relevant documents, may only be publicly offered in the relevant member state if it is permitted under the applicable laws and other legal regulations, and

(a) the public offer begins or is made within twelve months after the publication of the prospectus in respect of the Structured Products approved by the responsible supervisory authority pursuant to the regulations of the member state of origin and, to the extent a public offer is made in another member state than the member state of origin, within the applicable period a certification of the approval by the supervisory authority in the member state of origin has been issued, or

(b) an exception to the prospectus requirement which is mentioned in the implementing law of the member state of origin exists.

“Public offer” means (i) a communication to the public in any form and in any manner that contains adequate information on the terms and conditions of the offer and the terms and conditions in respect of the Structured Products to be offered to put a holder in a position to make a decision about the purchase of or subscription for the Structured Products, as well as (ii) any additional elaborations made in the implementing law of the particular member state in which an offer is made.

In a member state of the EEA which has not implemented the Prospectus Directive, the Structured Products may only be offered within its jurisdiction or from its jurisdiction if this is permitted in accordance with applicable laws and other legal requirements and no obligations are incurred by the Issuer. The Issuer has not taken any measures and will not take any measures in order to make the public offer of the Structured Products or their possession or the distribution of documents in connection with the Structured Products permissible in that jurisdiction if special measures must be taken for this purpose.

United Kingdom: Structured Products may be distributed and sold only by persons (a) in the case of Structured Products with a term of less than one year (i) whose customary activities include the acquisition, the ownership, the management or the sale of investments (in their own name or on behalf of third parties) for their business purposes and (ii) who have offered or sold or will offer or sell the Structured Products only to persons whose activities in the ordinary course of business comprise the acquisition, the ownership, the management or the sale of investments (directly or on behalf of third parties) for their business purposes and (ii) who have only offered or sold or who will only offer and sell the Structured Products to persons whose

customary business activities include the acquisition, the ownership, the management or sale of investments (in their own name or on behalf of third parties) for their business purposes or who one may properly assume will acquire, possess, manage or sell investments (for their own account or on behalf of third parties) for their business purposes, to the extent that the issue of Structured Products would otherwise constitute a violation by the Issuer of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”);

(b) who have communicated or will communicate or who have arranged for the communication or will arrange for the communication of the invitations or inducements to engage in investment activities (as referred to in Section 21 of the FSMA) which they have received in connection with the issue or the sale of the Structured Products only under conditions under which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) who have complied with and will comply with all the applicable provisions of the FSMA in all actions taken by them in respect of the Structured Products to the extent that they are taken in the United Kingdom, emanate from the United Kingdom or otherwise relate to the United Kingdom.

VII. CONFIRMATIONS, RESPONSIBILITY

A. Judicial, arbitration and administrative proceedings

(i) In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of the Vontobel Group are or may be affected by the litigation in their capacity as a bank or custodian. The claims filed against the Vontobel Group concern the redemption of investments worth around USD 43.1 mn. However, based on the information currently available to it, the Vontobel Group believes the probability of a lawsuit resulting in an outflow of funds is low.

(ii) In accordance with the statements set out by the Swiss Federal Supreme Court in its ruling of 30 October 2012 on the subject of retrocessions, the Vontobel Group has performed a risk analysis regarding any retrocessions received by Bank Vontobel AG from third parties. The Vontobel Group assumes that there is a theoretical possibility that an outflow of funds amounting to a maximum of CHF 6.3 mn, gross, could result in this context and has therefore recorded a contingent liability for this amount. Based on its risk analysis, the Vontobel Group assumes that the actual outflow of funds – if any – would amount to only a fraction of this contingent liability. In this context, it should be noted that the actual circumstances at the Vontobel Group differ from the case judged by the Swiss Federal Supreme Court in significant respects. In addition, it should be noted that as of the balance sheet date, no litigation has been filed against the Vontobel Group regarding the transfer of retrocessions.

(iii) The ongoing cooperation between Vontobel Group and Raiffeisen Switzerland (former Swiss Raiffeisen Group) initiated in 1994 was broadened in 2004 and extended through to 30 June 2017 at 14 December 2009. In connection with the expansion of its investment management business, the Raiffeisen Group cooperates with Vontobel Group and offers Vontobel's investment-related services and selected third-party products at all of its banking locations in Switzerland. Vontobel develops and designs product and service solutions for Raiffeisen's investment customers in the fields of investment funds, standardized asset management solutions and structured products. Raiffeisen banks continue to undertake the marketing and client advisory activities as

before. Vontobel advises and supports Raiffeisen's marketing organization. In addition, the Raiffeisen Group outsourced its securities trading and settlement as well as safekeeping activities to Vontobel in 2005. Additionally, Vontobel has made its trading infrastructure available to the central bank of the Raiffeisen Group. In October 2006, Vontobel Group as service provider assumed the custodian services for all Raiffeisen clients on behalf of the Raiffeisen Group. To underpin the long-term nature of their partnership, Raiffeisen Group acquired a 12.5% stake in Vontobel Holding AG effective as of 8 December 2004. The requisite agreements implementing the mutual cooperation in the investment management and securities transactions and administration business were signed at the same time. The cooperation agreements took effect retroactively to 1 July 2004 and were prolonged at 14 December 2009 for an indefinite period, at minimum, however, until 30 June 2017. The earliest effective date of ordinary termination – in observance of a period of notice of 24 months – is 30 June 2017. When it purchased Notenstein Privatbank AG in January 2012, Raiffeisen Switzerland Cooperative acquired a new group company. Vontobel and Raiffeisen have been unable to agree on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in their current cooperation agreement. This agreement explicitly states that if an issue is unclear or in the event of any such differences of opinion, the matter should be referred to a court of arbitration. Vontobel initiated arbitration proceedings in December 2012 to obtain a judgment on this issue. The present cooperation between Raiffeisen and Vontobel is not impacted by this matter.

B. Material changes since the most recent annual financial statements

No material changes in the net assets, results of operations and financial position of the Issuers or of the Guarantor have occurred since the reporting date for the most recent financial year of the Issuers and of the Guarantor (31 December 2012) or the reporting date for the interim financial statements of the Guarantor (30 June 2012).

C. Responsibility for the Listing Prospectus

The Issuers, i.e. Bank Vontobel AG, Zurich, and Vontobel Financial Products Ltd., Dubai International Financial Centre, United Arab Emirates, and the Guarantor Vontobel Holding AG, Zurich, take responsibility for the content of the Listing Prospectus in accordance with section 5 of Scheme F – Derivatives and hereby declare that the information is correct to the best of their knowledge and that no material facts or circumstances have been omitted.

D. Signatures

Vontobel Holding AG

Bank Vontobel AG

Vontobel Financial Products Ltd.

1 June 2013

VIII. APPENDIX "DESCRIPTION OF THE ISSUER AND GUARANTOR"

INFORMATION ABOUT

- **VONTOBEL FINANCIAL PRODUCTS LTD., DUBAI INTERNATIONAL FINANCIAL CENTRE, UNITED ARAB EMIRATES ("ISSUER" AND TOGETHER WITH BANK VONTOBEL AG, THE "ISSUERS")**
- **VONTOBEL HOLDING AG, ZURICH ("GUARANTOR")**
- **BANK VONTOBEL AG, ZURICH ("ISSUER" AND TOGETHER WITH VONTOBEL FINANCIAL PRODUCTS LTD. THE "ISSUERS")**

Structured Products issued in accordance with this Issuance Programme are issued either by Bank Vontobel AG or Vontobel Financial Products Ltd. as the Issuers. Products issued by Vontobel Financial Products Ltd. shall be guaranteed by Vontobel Holding AG.

Neither the delivery of the Issue Documentation or Listing Prospectus nor the sale of Structured Products shall mean that no deterioration in the financial position of the relevant Issuer or the Guarantor has occurred since the date of this Appendix or that the information contained herein is still applicable after that date.

The two Issuers, Vontobel Financial Products Ltd., DIFC, UAE and Bank Vontobel AG, Zurich, are fully consolidated companies of the Vontobel Group; their respective share capital is 100% owned by Vontobel Holding AG, Zurich.

Prudential supervision: Bank Vontobel AG, as a bank, is subject to the individual institution supervision, Vontobel Holding AG and Vontobel Financial Products Ltd., as Group companies, are subject to supplementary, consolidated group supervision by the Federal Financial Market Supervisory Authority FINMA (FINMA).

Vontobel Financial Products Ltd. is listed as a non-regulated company in the Register of the Dubai International Finance Centre (DIFC).

Primary areas of activity of the Vontobel Group

Established in Zurich in 1924, the Vontobel Group is a Swiss private bank with international activities. Vontobel employs approximately 1,400 people and is represented at 21 locations in about a dozen countries (as at 31 December 2012). The Group specialises in asset management for private clients (Private Banking) and institutional investors (Asset Management), as well as in investment banking. As at 31 December 2012, the Group managed client assets (without custody assets and structured products outstanding) amounting to approximately CHF 98.4 billion. The registered shares of Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel family and the charitable Vontobel Foundation own the majority of shares and voting rights.

The Vontobel Group provides global financial services on the basis of Swiss private banking tradition. The Group concentrates on the following three business units at the corporate level:

Private Banking

Vontobel Private Banking advises and supports wealthy clients based on a holistic and customized approach that spans the entire range of financial and wealth management services with a focus on comprehensive solutions. Its offering encompasses a wide variety of services – from portfolio management and active investment advisory to integrated financial advice and inheritance planning. Thanks to Vontobel's integrated business model, private clients also benefit from access to its proven expertise in the areas of Asset Management and Investment Banking. The relationship managers in Private Banking focus on security and the sustained enhancement of value in every aspect of their work. Vontobel Private Banking has employees in Zurich, Basel, Berne, Geneva, Lucerne, Vaduz, Munich, Hamburg, Frankfurt, Milan, Dubai and Hong Kong.

Status report (as at 31 December 2012):

In an environment characterized by political and regulatory uncertainty, the Swiss financial centre – and the private banking sector in particular – are transitioning to new business models. Against this backdrop, Vontobel is committed to operating a client-oriented private banking business that focuses on delivering high-quality service and advice and is founded on Vontobel's proven capabilities in the area of wealth management. Vontobel is concentrating its activities on its Swiss home market and on a series of selected focus markets. The systematic use of Vontobel's investment and settlement platform, which is located in Switzerland, enables Vontobel to reduce complexity in its international business. Vontobel's German branch has a full banking licence and is MiFID compliant. It thus

meets the requirements to operate in the Eurozone and will serve as the bridgehead for Vontobel's activities in Europe. By these measures Vontobel is laying the structural foundations for a private banking business that will generate value for the benefit of our clients and the company.

Despite the high level of political uncertainty, private clients entrusted a total of CHF 0.9 bn of new assets to Vontobel in 2012. This mainly reflected contributions from Vontobel's Swiss home market, from Germany and Central and Eastern Europe. However, a significant inflow of new assets was also recorded by the SEC licensed Vontobel Swiss Wealth Advisors, serving US clients. Client portfolios performed well in 2012 in absolute terms and in an industry comparison, achieving double-digit returns with growth portfolios particularly.

Although financial market sentiment brightened considerably compared to the start of the year 2012, many private investors continued to adopt a passive approach. This had a negative impact on income in the Private Banking business unit. Operating income declined by 8%. At the same time, operating expense fell by 7% and pre-tax profit declined by 14% to CHF 28.8 mn. As part of the transformation of Private Banking, headcount was reduced by 10% to 334 employees (FTEs).

In the short and medium term, Vontobel will intensify its efforts to capture synergies from the integrated business model. Vontobel will focus on incorporating the exceptional expertise that is available in Asset Management and Investment Banking into Private Banking even more systematically in the future in order to benefit its clients. At the same time, Vontobel will continuously refine its investment process and expand its product range. Private clients now assign even greater importance than ever before to long-term asset growth, as well as seeking a transparent, professional and personal relationship with their bank that spans the generations. Vontobel strives to assume its responsibilities as a partner to its clients by offering exceptional service and product expertise.

As at 31 December 2012, Private Banking employed 334.1 FTEs, of which 164.6 worked as client advisors.

Investment Banking

Vontobel Investment Banking focuses on products and services that complement its wealth management offering – particularly for institutional clients and business partners

(B2B4C). Prudent risk management is of critical importance in this context. Vontobel Financial Products is one of the leading issuers of derivatives and structured products in Switzerland and Germany. Since 2012, these products have also been sold from platforms in London and Singapore. In addition to the Brokerage division, Vontobel is active in the field of corporate finance and offers comprehensive services to EAMs. Securities and foreign exchange trading, as well as the securities services supplied by Transaction Banking, complete the broad range of offerings for clients. Investment Banking has operations in Zurich, Geneva, Basel, Cologne, Frankfurt, Dubai, London, New York and Singapore.

Status report (as at 31 December 2012):

Despite favourable conditions in the equity and bond markets, trading volumes declined significantly in 2012. As a result, the turnover rates for Swiss equities in 2012 were nearly 30% below the level in 2011. Albeit the strong market positions, Vontobel Investment Banking was not able to prevent itself from being impacted by this trend. Against this backdrop, operating income declined by 13% during the period under review. Financial Products accounted for around 76% of the business unit's operating income, while Brokerage contributed 10% and the business with external asset managers 10%. This resulted in a 28% decrease in pre-tax profit to CHF 68.6 mn. In contrast, client assets grew by 19% to CHF 9.4 bn. Pleasing developments were reported in the business with external asset managers (EAMs) in particular. The net inflow of new money of CHF 0.9 bn and positive market trends resulted in a 41% increase in the asset base to CHF 5.2 bn.

Vontobel Financial Products is a pioneer in the development of automated issuing platforms. The opening-up of deritrade® to products from third-parties in 2012 marked the transition from a proprietary tool to an innovative multi-issuer platform. As a result, it now offers a much broader range of possibilities for the creation of individual structures by professional deritrade® users, who already number around 3,000. At the same time, deritrade® allows for transparent price comparisons of products from different providers. The entirely positive response from the market confirms the added value for clients in terms of product diversity and risk management associated with this expansion. Although Vontobel's clients are executing an increasing number of transactions via the Vontobel platform, Vontobel remains one of the top-three providers of listed structured products and derivatives with a market share of 18% on Scoach Switzerland. The development of Vontobel's market share in its focus market of Germany is also promising: Vontobel has been able to gradually increase it to around 4% and has secured a place among the top-

eight providers. Vontobel's previously announced plans to expand into Asia Pacific are now underway.

Low volumes on the stock markets naturally also impacted Vontobel's brokerage activities. Vontobel was nevertheless once again named the best broker in various categories by Extel Thomson. In Transaction Banking, Vontobel again acquired several renowned Swiss banks as clients for its exclusive market-side securities settlement services. Furthermore Vontobel launched in cooperation with B-Source a banking HUB allowing other banks to buy our comprehensive securities Services at reasonable price. The first Market-Cap Report published by Corporate Finance, which provides a detailed insight into equity-related developments at companies listed in Switzerland, attracted a high level of interest.

As at 31 December 2012, Investment Banking employed 336.0 FTEs.

Asset Management

Vontobel Asset Management specializes in active asset management and is positioned as a multi-boutique provider with the following areas of focus: Quality Growth, Multi Asset Class Investing, Fixed Income, Alternatives, Global Thematic and Swiss Equities. Each boutique is run as an independent centre of expertise. Vontobel Asset Management has three core competencies: targeted asset allocation, stock selection and multi-manager approaches. It distributes its products via wholesale channels, directly to institutional clients and through its cooperation partners. The Vontobel Group has a longstanding and successful cooperation agreement with Raiffeisen Switzerland under which it provides Raiffeisen clients with a broad range of investment services. The Asset Management business unit has a presence in Zurich, Berne, Geneva, New York, Frankfurt, Vienna, Luxembourg, Milan, London, Madrid, Stockholm, Hong Kong and Grand Cayman.

Status report (as at 31 December 2012):

Asset Management's specialized approach – combined with an active investment philosophy and product focused distribution – has proved successful. The excellent net new money inflows amounting CHF 8.2 bn equals a 17.7% increase in the asset base and reflects the high level of trust that institutional and private clients around the world place in Vontobel due to its performance. Asset Management is attracting new clients in all established markets as well as in key growth markets in Asia.

Very pleasing developments were once again reported in the New York based Quality Growth boutique, contributing significantly to Asset Management's results. Vontobel's extremely successful portfolio manager Rajiv Jain was named 'International Stock Fund Manager of the Year' for 2012 in the prestigious Morningstar Awards in recognition of his exceptional expertise. Impressive results were also achieved in the area of Fixed Income, where Vontobel expanded its activities in the High Yield and Emerging Market segment in particular.

Asset Management is continuing on its successful growth path and, since 2008, has almost doubled its asset base from CHF 32.9 bn to CHF 61.4 bn. Vontobel produced excellent performance figures with products in the areas of Quality Growth and Fixed Income in particular. Both institutional and private investors are increasingly calling for an investment strategy that takes account of their risk budget. Vontobel's new investment approach in the Multi Asset Class boutique is the response to the current client needs and Vontobel is thus laying the foundations for further growth.

Client and fund assets totalled CHF 61.4 bn at 31 December 2012, an increase of around 30% compared to the end of 2011. This strong growth was driven by CHF 8.2 bn of new money and good investment performance in the amount of CHF 6.0 bn. This positive development was reflected by the rise in operating income, which grew by 36%. In contrast, operating expense increased at a much slower rate: it rose by 21%. The cost/income ratio improved by 9.2% to 72.2%. Pre-tax profit doubled to CHF 75.5 mn. The gross margin increased from 46 basis points in 2011 to an impressive 50 basis points due to the smart diversification of the investment universe.

As at 31 December 2012, Asset Management employed 271.7 FTEs.

The Vontobel Group prepares consolidated financial statements. All companies with which Vontobel Holding AG holds a direct or indirect voting majority, or over which it otherwise exercises significant influence, are included in the group of consolidated companies.

The annual and semi-annual reports of Vontobel Holding AG and Bank Vontobel AG, as well as shareholder notifications and press releases are published, amongst others, at the following web pages: <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports>, <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports-Subsidiaries> as well as <https://www.vontobel.com/CH/EN/Vontobel-Group-Media>.

Rating

The ratings agencies Standard & Poor's and Moody's have assessed and rated Bank Vontobel AG and Vontobel Holding AG. Please refer to Section IX., Appendix "Ratings" as well as <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Credit-Ratings> for further information on the ratings of the liabilities of Bank Vontobel AG and Vontobel Holding AG. Vontobel Financial Products Ltd. is presently not rated.

VONTOBEL FINANCIAL PRODUCTS LTD., DUBAI INTERNATIONAL FINANCIAL CENTRE, UAE (IN THE FOLLOWING ALSO REFERRED TO AS THE “ISSUER”)

Company name and domicile, formation

The Issuer is incorporated under the name “Vontobel Financial Products Ltd.” and has its headquarters in the Dubai International Financial Centre (DIFC), Liberty House, Office 913, P.O. Box 506814, Dubai, United Arab Emirates (UAE). Vontobel Financial Products Ltd. Was established in 2007 under the laws of the DFIC as a corporation and was entered into the Commercial Register of the DIFC under No. CL0495, on 6 November 2007 with Roger Studer and Remigio Luongo serving as founding shareholders. The sole shareholder and parent of Vontobel Financial Products Ltd. is the SIX Swiss Exchange-listed Vontobel Holding AG, Zurich, Switzerland.

Business purpose and financial year

The business purpose set forth in the articles of incorporation of Vontobel Financial Products Ltd. comprises the issue of financial products, financial risk management, as well as other business activities related thereto. The main activities concern the provision of financial services (issue of securities/rights), the trading of and investment in securities, currency and money market investments and the management of financial market risks. Under service agreements, the Issuer can access the resources of the Vontobel Group.

Vontobel Financial Products Ltd. was granted a license by the registrar of the former SWX on 14 December 2007 as a new Issuer on SIX Swiss Exchange. The Issuer commenced operations as a platform for the Issuance business for derivatives and structured Products on 1 April 2008. Issued securities are generally distributed under the responsibility of Bank Vontobel AG, sometimes in co-operation with various domestic and foreign distribution partners (financial intermediaries such as banks and asset management firms).

The financial year of Vontobel Financial Products Ltd. is the calendar year.

Capital

The share capital of Vontobel Financial Products Ltd. amounts to US\$ 2,000,000 (divided into 2,000,000 shares each with a nominal value of US\$ 1.00) as at 31 December 2012. The share capital is owned 100% by Vontobel Holding AG, which has its headquarters in Zurich, Switzerland.

Members of the Board of Directors and the management (as at 31 December 2012)

The Board of Directors comprised the following members as at 31 December 2012:

Roger Studer, President (Chairman)

Dr. Martin Sieg Castagnola, Vice President (Vice Chairman)

Remigio Luongo

Adolfo Marro

Oliver Leder

The management comprised the following members as at 31 December 2012:

Remigio Luongo, CEO

Adolfo Marro, CFO

Annual financial statements

Please refer to the Appendix "Annual Financial Statements" for the 2012 annual financial statements and the report of the auditor.

Control authority (*Kontrollstelle*)

Ernst & Young
P.O. Box 9267
28th Floor – Al Attar Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

Dependency on patents, licences or agreements, if these factors are of material importance

The Issuer is not dependent on patents or licences. Under service agreements, the Issuer can access the resources of the Vontobel Group.

Information on current investments of a substantial size

The Issuer neither makes current investments of a substantial size, nor are any such investments planned in the near future. However, it must be assumed that the administrative expenses and overall expenditures in connection with the expansion and the ongoing development of business in Structured Products will continue to increase as compared to previous years.

Information on litigation or other proceedings which have a material effect on the financial position of the Issuer

(i) In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of the Vontobel Group are or may be affected by the litigation in their capacity as a bank or custodian. The claims filed against the Vontobel Group concern the redemption of investments worth around USD 43.1 mn. However, based on the information currently available to it, the Vontobel Group believes the probability of a lawsuit resulting in an outflow of funds is low.

(ii) In accordance with the statements set out by the Swiss Federal Supreme Court in its ruling of 30 October 2012 on the subject of retrocessions, the Vontobel Group has performed a risk analysis regarding any retrocessions received by Bank Vontobel AG from third parties. The Vontobel Group assumes that there is a theoretical possibility that an outflow of funds amounting to a maximum of CHF 6.3 mn, gross, could result in this context and has therefore recorded a contingent liability for this amount. Based on its risk analysis, the Vontobel Group assumes that the actual outflow of funds – if any – would amount to only a fraction of this contingent liability. In this context, it should be noted that the actual circumstances at the Vontobel Group differ from the case judged by the Swiss Federal Supreme Court in significant respects. In addition, it should be noted that as of the balance sheet date, no litigation has been filed against the Vontobel Group regarding the transfer of retrocessions.

(iii) The ongoing cooperation between Vontobel Group and Raiffeisen Switzerland (former Swiss Raiffeisen Group) initiated in 1994 was broadened in 2004 and extended through to 30 June 2017 at 14 December 2009. In connection with the expansion of its investment management business, the Raiffeisen Group cooperates with Vontobel Group and offers Vontobel's investment-related services and selected third-party products at all of its banking locations in Switzerland. Vontobel develops and designs product and service solutions for Raiffeisen's investment customers in the fields of investment funds, standardized asset management solutions and structured products. Raiffeisen banks continue to undertake the marketing and client advisory activities as before. Vontobel advises and supports Raiffeisen's marketing organization. In addition, the

Raiffeisen Group outsourced its securities trading and settlement as well as safekeeping activities to Vontobel in 2005. Additionally, Vontobel has made its trading infrastructure available to the central bank of the Raiffeisen Group. In October 2006, Vontobel Group as service provider assumed the custodian services for all Raiffeisen clients on behalf of the Raiffeisen Group. To underpin the long-term nature of their partnership, Raiffeisen Group acquired a 12.5% stake in Vontobel Holding AG effective as of 8 December 2004. The requisite agreements implementing the mutual cooperation in the investment management and securities transactions and administration business were signed at the same time. The cooperation agreements took effect retroactively to 1 July 2004 and were prolonged at 14 December 2009 for an indefinite period, at minimum, however, until 30 June 2017. The earliest effective date of ordinary termination – in observance of a period of notice of 24 months – is 30 June 2017. When it purchased Notenstein Privatbank AG in January 2012, Raiffeisen Switzerland Cooperative acquired a new group company. Vontobel and Raiffeisen have been unable to agree on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in their current cooperation agreement. This agreement explicitly states that if an issue is unclear or in the event of any such differences of opinion, the matter should be referred to a court of arbitration. Vontobel initiated arbitration proceedings in December 2012 to obtain a judgment on this issue. The present cooperation between Raiffeisen and Vontobel is not impacted by this matter.

Annual financial statements of the Issuer

The annual financial statements of Vontobel Financial Products Ltd. which comprise the balance sheet as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, were audited by Ernst & Young, P.O. Box 9267, 28th Floor – Al Attar Business Tower, Sheikh Zayed Road, Dubai, United Arab Emirates, and an unqualified audit opinion was issued. Since the annual financial statements as at 31 December 2012, no material negative change in the Issuer's financial position or earnings has occurred.

Information about liability relationships not disclosed in the annual balance sheet, including pledges and security assignments

The Issuer does not have knowledge of any circumstances giving rise to liability on its part that would have a material influence on its financial position. With the exception of the following, no security has been given for any claims of third parties in the form of pledges, security assignments and the like (as at 31 December 2012):

Securities lent or delivered as collateral	CHF 1,497.9871 million
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Ownership interests, interests and loans

None

Bonds outstanding

None

Information about recent developments in the Issuer's business¹¹⁰

Vontobel Financial Products Ltd. reported a net profit of CHF 70.5 mn for the year ended 31-12-12, in accordance with International Financial Reporting Standards ("IFRS"). This represents an increase of 35% from the profit of CHF 52.3 mn recorded for the year ended 31-12-11.

Despite the sharp decline in trading volumes and turnover rates on Swiss equities and derivatives markets, overall, net operating income increased by CHF 18.1 mn compared to the year ended 31-12-11. Interest income increased by 41% to CHF 1.7 mn and trading income increased by CHF 14.6 mn to CHF 104.7 mn for the year ended 31-12-12 as a direct result of the recovery of prices in the financial markets coupled with the normalization of volatility and the narrowing of credit spreads.

Personnel expenses decreased by 7% to CHF 2.6 mn. At the end of 2012, Vontobel Financial Products Ltd. had 13 employees (FTEs) (31-12-2011: 11). General expense amounted to CHF 33.8 mn which was 8% lower than the prior year. Included in these figures are the centrally allocated costs from head office related to this business line. As a result of the above, total operating expenses decreased by 8% to CHF 36.6 mn in comparison to the prior year.

Vontobel Group's Financial Products division is a pioneer in the development of automated issuing platforms. The opening-up of deritrade® to products from third-parties in 2012 marked the transition from a proprietary tool to an innovative multi-issuer platform. As a result, it now offers a much broader range of possibilities for the creation of individual structures by professional deritrade® users, who already number around 3,000. At the same time, deritrade® allows for transparent price comparisons of products from different providers. The entirely positive

response from the market confirms the added value for clients in terms of product diversity and risk management associated with this expansion. An increasing number of transactions in structured products issued by Vontobel Financial Products Ltd. is executed via the deritrade® platform. Vontobel Financial Products Ltd. remains one of the leading providers of listed structured products and derivatives in the Swiss market.

On the liabilities side of the balance sheet, the issued structured products are reported under "Other financial liabilities at fair value" and "Trading portfolio liabilities". In view of the subdued demand, the volume of structured products outstanding fell by CHF 626.9 mn and CHF 62.6 mn respectively, in comparison to the previous year. On the asset side of the balance sheet, particular reference must be made to the financial instruments related to structured products, which are reported under "Other financial assets at fair value" and "Securities lent or delivered as collateral". As a counterpart to the liabilities side, the sum of these positions also experienced a decrease of CHF 803.4 mn in comparison to the prior year. Additionally, due from banks decreased by CHF 179.6 mn.

Total assets amounted to CHF 7.41 bn as at 31-12-12 (-12% compared to 31-12-11) and Shareholder's equity rose by CHF 71.5 mn to CHF 298.4 mn, as a result of strong current year's profit despite the challenging market environment.

¹¹⁰ As described in the Annual Report 2012 Financial Statements Vontobel Financial Products Ltd., DIFC, Dubai ("*Review of Business Activities*").

VONTOBEL HOLDING AG, ZURICH, SWITZERLAND (“GUARANTOR”)

Company name and domicile, formation

The Guarantor is incorporated under the name “Vontobel Holding AG” and has its headquarters in Zurich, Switzerland (Gotthardstrasse 43, CH-8002 Zurich). Vontobel Holding AG was founded on 21 November 1983 under Swiss law and is listed in the Commercial Register of the Canton of Zurich (Company no.: CH-020.3.928.014-4).

Business purpose and financial year

The business purpose set forth in the articles of incorporation of Vontobel Holding AG is the holding of ownership interests of every kind in Switzerland and abroad.

Vontobel Holding AG is the parent company of the Vontobel Group, the latter including in particular Bank Vontobel AG. It can acquire, encumber or sell real property in Switzerland and abroad. It may also transact any business that may serve to realise its business objective.

The financial year of Vontobel Holding AG is the calendar year.

Material agreements

The investment funds co-operation existing since 1994 between the Vontobel Group and Raiffeisen Switzerland was expanded in 2004. In addition, the Raiffeisen Group outsourced its securities trading, settlement and custodian activities to Vontobel in 2005. In early October 2006, the Vontobel Group assumed custodian services for all Raiffeisen clients on behalf of the Raiffeisen Group. In December 2009, the Vontobel Group and the Swiss Raiffeisen Group announced that they were extending the co-operation existing between them since 2004 until 2017. Thus the partnership, under which Raiffeisen purchases products and services from Vontobel to further position itself as an investment bank, is being continued. Moreover, Vontobel will continue to perform securities settlement and administration services for the Raiffeisen Group (see also the information provided below under "Information on litigation or other proceedings which have a material effect on the financial position of the Guarantor").

Capital

The share capital of Vontobel Holding AG as at 31 December 2012 amounted to CHF 65,000,000. It is divided into 65,000,000 fully paid registered shares with a par value of CHF 1.00 each. The Board of Directors did not seek to create authorised capital during the 2007 to 2012 financial years, inclusive. Nor is there any contingent share capital.

Members of the Board of Directors and Group management

The Board of Directors comprised the following members as at 31 December 2012:

Herbert J. Scheidt, President
Dr. Frank Schnewlin, Vice President
Prof. Dr. Ann-Kristin Achleitner
Bruno Basler
Dr. Philippe Cottier
Peter Quadri
Clara C. Streit
Marcel Zoller

Resignations in 2012:

Dr. Pierin Vincenz, member until 24 April 2012

Dr. Hans Vontobel has been Honorary Chairman of Vontobel Holding AG and Bank Vontobel AG since 1991.

No member of the Board of Directors of Vontobel Holding AG exercised any operational management functions for the company or one of its subsidiaries in the year under review. Any previous executive functions are detailed below. Herbert J. Scheidt performed the function of CEO of the Vontobel Group until 3 May 2011, when he was elected Chairman of the Board of Directors of Vontobel Holding AG. He has a seat on the Board of Directors of Helvetia Holding AG as part of Vontobel's cooperation with Helvetia. Bruno Basler is Vice-Chairman of the Board of Trustees of the Vontobel Foundation and thus represents the interests of majority shareholders. Marcel Zoller represents Raiffeisen Switzerland on the Board of Directors of Vontobel Holding AG. The Vontobel Group and Raiffeisen Switzerland have a long-term cooperation agreement. Dr Philippe Cottier was CEO of Harcourt Investment Consulting AG, a subsidiary of Vontobel Holding AG, until 30

June 2007. He subsequently held the position of Senior Advisor, member of the Board of Directors and member of the Investment Committee of this company until the end of March 2009.

Group management is the Group's executive body which reports to the Board of Directors. It is responsible for all Group affairs for which the Board of Directors of Vontobel Holding AG or any other Group company are not responsible under the law, articles of association or Group bylaws (*Organisationsreglement*). Group management is responsible in particular for developing a Group-wide business strategy together with the Board of Directors, implementing the resolutions of the Board of Directors within the Group, monitoring the execution of these resolutions, and steering and monitoring the day-to-day business of the Group to ensure operation within the bounds of the financial planning, annual targets, annual budget and risk strategy, as well as in compliance with the supplementary guidelines and instructions issued by the Board of Directors. Group management also steers the Group's earnings, balance sheet structure and formulation of risk policies.

The Group management comprised the following members as at 31 December 2012:

Dr. Zeno Staub, Chief Executive Officer (CEO)

Dr. Martin Sieg Castagnola Chief Financial Officer (CFO), Head of Finance & Risk

Felix Lenhard, COO, Head of Operations

Georg Schubiger, Leiter des Geschäftsfeldes Private Banking

Axel Schwarzer, Head of Asset Management

Roger Studer, Head of Investment Banking

Resignations in 2012:

Peter Fanconi, member until 15 March 2012

Developments and changes in the composition of the Board of Directors and Group management effective during 2013 (as at 30 April 2013):

- Further to the General Meeting of 23 April 2013 the following information, amongst others, was announced per press release dated the same 23 April 2013: Both Prof. Dr. Ann-Kristin Achleitner and Dr. Philippe Cottier decided for personal reasons not to stand for re-election to the Board of Directors. The General Meeting thus elected the two entrepreneurs Dominic Brenninkmeyer and Nicolas Oltramare as new members of the Board of Directors, for a term of one year. The existing members of the Board of Directors Herbert J. Scheidt (Chairman), Dr. Frank Schnewlin, Bruno Basler, Peter Quadri, Clara C. Streit and

Marcel Zoller were re-elected for a further term of one year. Ernst & Young AG was also reappointed as statutory auditors for a period of one year.

The members of the Board of Directors and the Group management can be reached at the Guarantor's address.

Annual financial statements

For the audited annual financial statements for the past two full financial years and the report of the auditor for the last audited financial year, please refer to the relevant annual reports (see Appendix "Annual Financial Statements" and <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports> and <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports-Subsidiaries>).

Control authority (*Kontrollstelle*)

Ernst & Young AG
Belpstrasse 23
CH-3001 Berne, Switzerland

Conversion rights, warrants and bonds outstanding

As at 31 December 2012, Vontobel Holding AG had the following bond(s) in issue:

- none

As at 31 December 2012, Vontobel Holding AG had the following outstanding derivatives linked to the shares of Vontobel Holding AG as the underlying instrument, which were issued by a company of the Vontobel Group:

- Number* of call options: (6,300)
- Number* of put options: 0
- Number* of Investment Products¹¹¹): (38,448)

* a negative (positive) sign indicates that upon the exercise, the issuing Vontobel company would be required to deliver (or would receive) the corresponding number of shares in Vontobel Holding AG.

The following Structured Products (including Leverage Products) linked to shares in Vontobel Holding AG issued by the Vontobel Group were outstanding as at 30 April 2012:

Ticker symbol / securities identification number (<i>Valor</i>)	Product type	Issuance volume (product no.)	Ratio 1:x or number of underlyings	Initial fixing	Final fixing	Exercise price/ spot reference price (CHF)
VTVONK	Warrant	25'000'000	1:20	09.08.2012	21.06.2013	28.00
VTVONA	Warrant	25'000'000	1:20	02.10.2012	20.09.2013	32.00
VTVONJ	Warrant	25'000'000	1:20	02.10.2012	20.09.2013	28.00
VTVONL	Warrant	25'000'000	1:20	02.10.2012	20.09.2013	24.00
VTVONM	Warrant	25'000'000	1:20	02.10.2012	21.06.2013	32.00
VTVONN	Warrant	25'000'000	1:20	15.11.2012	20.12.2013	24.00
VTVONO	Warrant	25'000'000	1:20	15.11.2012	20.12.2013	24.00
VTVONP	Warrant	25'000'000	1:20	05.12.2012	20.12.2013	32.00
VTVONB	Warrant	25'000'000	1:20	05.04.2013	21.03.2014	40.00
VTVONC	Warrant	25'000'000	1:20	05.04.2013	21.03.2014	36.00
VTVOND	Warrant	25'000'000	1:20	05.04.2013	21.03.2014	32.00
VTVONQ	Warrant	25'000'000	1:20	10.01.2013	20.12.2013	36.00
VTVONR	Warrant	25'000'000	1:20	10.01.2013	20.12.2013	32.00
VTVONS	Warrant	25'000'000	1:20	10.01.2013	20.12.2013	28.00
VTVONT	Warrant	25'000'000	1:20	10.01.2013	20.09.2013	36.00
VTVONF	Warrant	25'000'000	1:20	17.07.2012	21.06.2013	24.00
VTVONG	Warrant	25'000'000	1:20	17.07.2012	21.06.2013	20.00
VTVONH	Warrant	25'000'000	1:20	17.07.2012	21.06.2013	18.00
VTVONU	Warrant	25'000'000	1:20	15.02.2013	20.12.2013	40.00
VTVONV	Warrant	25'000'000	1:20	15.02.2013	20.09.2013	40.00
VTVONW	Warrant	25'000'000	1:20	15.02.2013	21.06.2013	36.00
MVONA	Long-Mini-Future	20'000'000	1:10	24.03.2009	Open	n.a.
MVONB	Long-Mini-Future	20'000'000	1:10	24.03.2009	Open	n.a.
MVONJ	Long-Mini-Future	25'000'000	1:10	13.02.2013	Open	n.a.
MVONL	Short-	25'000'000	1:10	13.02.2013	Open	n.a.

¹¹¹See also the information provided by the Swiss Structured Products Association at www.svsp-verband.ch and www.sspa-association.ch, respectively.

	Mini-Future					
MVOND	Long-Mini-Future	25'000'000	1:10	02.10.2012	Open	n.a.
MVONE	Long-Mini-Future	25'000'000	1:10	02.10.2012	Open	n.a.
MVONC	Long-Mini-Future	25'000'000	1:10	08.01.2013	Open	n.a.
MVONG	Long-Mini-Future	25'000'000	1:10	08.01.2013	Open	n.a.
MVONH	Long-Mini-Future	25'000'000	1:10	30.01.2013	Open	n.a.
MVONM	Short-Mini-Future	25'000'000	1:10	15.02.2013	Open	n.a.
MVONN	Short-Mini-Future	25'000'000	1:10	18.02.2013	Open	n.a.
MVONI	Short-Mini-Future	25'000'000	1:10	26.03.2013	Open	n.a.
MVONI	Short-Mini-Future	25'000'000	1:10	26.03.2013	Open	n.a.
VZZHS	Voncert Open End	200'000	-	18.09.2006	Open	n.a.
VONHIF	Defender Vonti	30'000	-	15.02.2013	21.03.2014	CHF 31.25
14845365	Defender Vonti	2'000	-	08.05.2012	17.05.2013	CHF 21.92
18611971	Defender Vonti	80	-	20.07.2012	16.08.2013	CHF 19.07
VONGTY	Defender Vonti	30'000	-	29.11.2012	20.12.2013	CHF 25.96

Dependency on patents, licences or agreements, if these factors are of material importance

The Guarantor is not dependent on patents or licences. Under service agreements, the Guarantor can access the resources of the Vontobel Group.

Information on current investments of a substantial size

The Vontobel Group's strategy entails targeted growth initiatives in all three business units, based on organic growth and/or expansion through acquisitions as well as co-operation agreements in the bank's defined core markets (continuation of focused growth strategy).

Financial institutions are adapting their cost structures in view of the declining income levels and fierce competition in the current environment. In this context, they are faced with the challenge of maintaining cost discipline while satisfying increasing (cost-intensive) regulatory requirements. In the case of Vontobel, this means that it is necessary to combine rigorous expense management with the focused continuation of strategic investments. While addressing these requirements, Vontobel succeeded in maintaining operating expense at the same level as in the previous year. Personnel expense rose by 3%. This increase was attributable on the one hand to higher variable compensation due to the improved results in individual areas of the business, as well as to one-off costs of around CHF 13 mn due to personnel-related adjustments. On the other hand, the gradual reduction of the conversion rate for the future pensions of employees insured with the pension fund of Bank Vontobel AG reduced personnel expense by CHF 19 mn. At the end of 2012, the Vontobel Group had 1,383 employees (FTEs), a decrease of 30 employees (-2%) compared to the end of 2011.

The 5% reduction in general expense to CHF 169.2 mn represents a positive development. This reflects lower expenditure on travel and representation, IT and equipment, and consulting, which was accompanied by a slight rise in occupancy expenses. The depreciation of property and equipment decreased slightly to CHF 58 mn (-4%), as planned.

- Capital expenditure: CHF 42.8 Mio. (as at 31 Dezember 2012) (compared to CHF 55.3 as at 31 December 2011).
- Depreciation: CHF 58.0 Mio. (as at 31 Dezember 2012) (compared to CHF 60.2 as at 31 December 2011).

The tax rate decreased from 22.5% to 16.4% since – unlike in 2011 – no charges unrelated to the accounting period were recorded. As a result of the implementation of important structural measures, the cost/income ratio improved to 78.8% from 80.0% in 2011.

Vontobel's current level of profitability, which will be preserved through a focused and proactive approach, forms the basis for the organic growth of the business. Here, the Group is focusing on its strong presence in its Swiss home market and on the swift transformation of Private Banking

to reflect the new industry reality, as well as on the increased utilization of its modern securities and booking platform. At the same time, clearly defined priorities will facilitate sustainable profit growth over the coming years: the doubling of income from the integrated model, the accelerated international expansion of the derivatives business and, in particular, the further growth of Asset Management based on various investment boutiques.

In addition to this organic growth plan, which will continue to be supported by its cooperation with its partners, the Vontobel Group is also interested in acquisitions in the areas of wealth and asset management (Private Banking and Asset Management). The Group has around CHF 600 million of capital at its disposal for this purpose.

The Vontobel Group's mid-term targets are therefore unchanged. It wants to organically grow its income to over CHF 1 bn and its client assets to over CHF 175 bn by 2014. In terms of operating efficiency, the Group aims to achieve a cost/income ratio of less than 75%. It also wants to generate a sustainable return on equity of over 10%.

Targets 2014:

Operating Income > CHF 1 bn.

Client assets > CHF 175 bn.

Cost/income ratio < 75%

Trend information

There have been no material adverse changes in the outlook of the Guarantor since the balance sheet date for the most recent annual financial statements (31 December 2012).

2012 proved to be another complex year. Although attention temporarily shifted away from the European debt crisis based on the belief that the measures being taken would create stability, the need to address fundamental political and social questions surrounding rights of ownership and entitlement became increasingly evident. Switzerland and its banks were not entirely immune to these political tensions. An agreement has not yet been reached regarding a global solution to legacy tax issues involving bank clients from Germany and the US.

European central banks and the US Federal Reserve continued to pursue their expansive monetary and low interest rate policies, thus helping to stabilize the economy. Deeply indebted countries adopted unconventional measures to restructure their debt or initiated debt purchase programs. It is to be assumed that these forms of government intervention will continue.

Record liquidity positions, growing optimism about the survival of the euro and a solid real economy supported the equity markets in the second half of the year, resulting in a rise of 18% in the Swiss market as a whole. In the rest of Europe and the US, the equity markets also finished the year with strong gains. However, confidence in the continuation of these positive trends is fragile and investor conduct remains cautious – with large cash positions being held by private investors in particular. Despite positive market trends, the volume of Swiss equities traded on the SIX Swiss Exchange declined by around 30% in 2012 compared to the previous year and by more than 70% compared to 2007.

Vontobel is committed to its integrated business model and is steadily moving ahead with its implementation. The success factors driving Vontobel's profitable growth are based on its proven core capabilities in the area of finance, its focus on defined target markets, and the scaling of its investment and settlement platform. Vontobel's broad-based business model makes it possible to absorb income volatility in individual areas. Based on the stability of Vontobel's earnings, it made prudent, targeted investments in its business in 2012. This included measures to expand the activities of all three business units in the promising Asia Pacific region. At the same time, Vontobel is reducing costs outside its focus areas and is optimizing the efficiency gains generated by the integrated business model. Vontobel is convinced that its strategic direction – combined with its expertise and employee commitment – will continue to provide an excellent basis for the successful development of its business.

Vontobel increased its profitability in 2012 in a continued challenging operating environment. At CHF 130.6 mn, net profit was 15% higher than in the previous year. Client assets reached the CHF 150 bn mark for the first time due to another record inflow of new money totalling CHF 8.6 bn, as well as the good performance of the assets entrusted to Vontobel. As a result, the Vontobel Group now generates more than two-thirds of its income in the area of wealth and asset management. Despite Vontobel's success in acquiring client assets, it is continuing to closely monitor costs and systematically reducing the complexity of its business, as well as taking steps to improve its cost/income ratio. In this context, Vontobel is focusing its business model on Switzerland and on selected markets in Europe and beyond. The systematic use of our global service and booking platform in Zurich is part of this approach.

Private Banking

The restructuring of Private Banking is advancing. The greatest benefits of the transformation are believed to be the creation of a transparent cross-border business model as well as the strengthening of cooperation with the Asset Management and Investment Banking business units. The

realignment of the business reflects Vontobel's focus on selected markets as well as the strengthening of its service, advisory and investment expertise. Income trends in Private Banking were subdued – reflecting the operating environment – and both the cost/income ratio and the gross margin were significantly below Vontobel's targets. Vontobel remains committed to actively transforming its Private Banking business and will vigorously pursue its efforts to achieve this. Vontobel is convinced that it has the skills and talent needed to bring its profitability and organic growth to within its target range.

Asset Management

Asset Management more than doubled its result in 2012. The business unit acquired client assets in all target markets – especially in Asia, the US, Italy and the emerging markets. The successful New York boutique that manages the Quality Growth product line delivered another exceptional performance. A large proportion of the new money attracted by Asset Management consisted of inflows into the products managed in New York. They were supplemented by inflows into products offered by the Zurich boutiques – especially in the area of fixed income. The newly realigned Multi Asset Class (MAC) boutique successfully established itself during the year under review and generated promising inflows. With its proven investment and sales expertise, Asset Management is well positioned to achieve further growth.

Investment Banking

Investment Banking saw profitability decline due to cautious conduct of its clients and, in particular, by weak trading volumes. However, Vontobel was able to further strengthen its market position in its target markets. In addition to its established top-three position in Switzerland, Vontobel now ranks eighth among issuers in the German market. Vontobel's state-of-the-art issuing platform *deritrade*® was transformed into a multi-issuer platform and launched in selected emerging markets. The business with external asset managers (EAM) continued to achieve strong growth, with its asset base now exceeding CHF 5 bn. Investment Banking is very well positioned. Vontobel is therefore confident that the business will continue to develop well in the future and will benefit from any rise in volumes.

Outlook for 2013

It is expected that the market environment remains very challenging and that the international pressure on the Swiss financial centre will persist. However, Vontobel will continue to resolutely pursue its strategic path.

Information on litigation or other proceedings which have a material effect on the financial position of the Guarantor

(i) In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of the Vontobel Group are or may be affected by the litigation in their capacity as a bank or custodian. The claims filed against the Vontobel Group concern the redemption of investments worth around USD 43.1 mn. However, based on the information currently available to it, the Vontobel Group believes the probability of a lawsuit resulting in an outflow of funds is low.

(ii) In accordance with the statements set out by the Swiss Federal Supreme Court in its ruling of 30 October 2012 on the subject of retrocessions, the Vontobel Group has performed a risk analysis regarding any retrocessions received by Bank Vontobel AG from third parties. The Vontobel Group assumes that there is a theoretical possibility that an outflow of funds amounting to a maximum of CHF 6.3 mn, gross, could result in this context and has therefore recorded a contingent liability for this amount. Based on its risk analysis, the Vontobel Group assumes that the actual outflow of funds – if any – would amount to only a fraction of this contingent liability. In this context, it should be noted that the actual circumstances at the Vontobel Group differ from the case judged by the Swiss Federal Supreme Court in significant respects. In addition, it should be noted that as of the balance sheet date, no litigation has been filed against the Vontobel Group regarding the transfer of retrocessions.

(iii) The ongoing cooperation between Vontobel Group and Raiffeisen Switzerland (former Swiss Raiffeisen Group) initiated in 1994 was broadened in 2004 and extended through to 30 June 2017 at 14 December 2009. In connection with the expansion of its investment management business, the Raiffeisen Group cooperates with Vontobel Group and offers Vontobel's investment-related services and selected third-party products at all of its banking locations in Switzerland. Vontobel develops and designs product and service solutions for Raiffeisen's investment customers in the fields of investment funds, standardized asset management solutions and structured products. Raiffeisen banks continue to undertake the marketing and client advisory activities as before. Vontobel advises and supports Raiffeisen's marketing organization. In addition, the

Raiffeisen Group outsourced its securities trading and settlement as well as safekeeping activities to Vontobel in 2005. Additionally, Vontobel has made its trading infrastructure available to the central bank of the Raiffeisen Group. In October 2006, Vontobel Group as service provider assumed the custodian services for all Raiffeisen clients on behalf of the Raiffeisen Group. To underpin the long-term nature of their partnership, Raiffeisen Group acquired a 12.5% stake in Vontobel Holding AG effective as of 8 December 2004. The requisite agreements implementing the mutual cooperation in the investment management and securities transactions and administration business were signed at the same time. The cooperation agreements took effect retroactively to 1 July 2004 and were prolonged at 14 December 2009 for an indefinite period, at minimum, however, until 30 June 2017. The earliest effective date of ordinary termination – in observance of a period of notice of 24 months – is 30 June 2017. When it purchased Notenstein Privatbank AG in January 2012, Raiffeisen Switzerland Cooperative acquired a new group company. Vontobel and Raiffeisen have been unable to agree on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in their current cooperation agreement. This agreement explicitly states that if an issue is unclear or in the event of any such differences of opinion, the matter should be referred to a court of arbitration. Vontobel initiated arbitration proceedings in December 2012 to obtain a judgment on this issue. The present cooperation between Raiffeisen and Vontobel is not impacted by this matter.

Annual financial statements of Vontobel Holding AG for the financial year ended on 31 December 2012 and audit opinion

The annual financial statements of Vontobel Holding AG for the financial year 2012 were audited by Ernst & Young AG, Belpstrasse 23, 3001 Berne, and an unqualified audit opinion was issued. Since the annual financial statements as at 31 December 2012, no material negative change in the Guarantor's financial position or earnings has occurred.

Information about liability relationships not disclosed in the annual balance sheet, including pledges and security assignments

The Guarantor does not have knowledge of any circumstances giving rise to liability on its part that would have a material influence on its financial position. With the exception of the following, no security has been given for any claims of third parties in the form of pledges, security assignments and the like (as at 31 December 2012):

Total amount of guarantees and pledges in favour of third parties (as at 31 December 2012):

Guarantees and unpaid capital stemming from participations	CHF 6,884.2 million
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Securities lending with Group companies (as at 31 December 2012):

Securities lending with Group companies	CHF 0.0 million
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Total amount of assets assigned or pledged as security for own liabilities including assets to which title has been reserved (as at 31 December 2012):

Assets pledged in favour of Bank Vontobel AG (from which credit has been drawn)	CHF 23.7 million (CHF 23.7 million)
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Total amount of off-balance sheet lease liabilities (as at 31 December 2012):

Total amount of off-balance sheet lease liabilities	none
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Securities lending and borrowing operations and securities repurchase and reverse-repurchase transactions:

	Cash collateral for securities borrowing agreements	Cash collateral for reverse repurchase agreements
Due from banks	CHF 0.0 million	CHF 104.0 million
Due from customers	CHF 0.0 million	CHF 1'665.0 million

Total balance sheet position cash collateral	CHF 0.0 million	CHF 1'769.0 million
Other financial instruments at fair value	CHF 0.0 million	CHF 0.0 million
Total	CHF 0.0 million	CHF 1'769.0 million

	Cash collateral for securities lending agreements	Cash collateral for reverse repurchase agreements
Due to banks	CHF 0.0 million	CHF 0.0 million
Due to customers	CHF 0.0 million	CHF 0.0 million
Total	CHF 0.0 million	CHF 0.0 million

Transferred and pledged assets (as at 31 December 2012):

Securities lending, securities borrowing and repurchase transactions	CHF 331.7 million
Other transactions	CHF 9.9 million
Total transferred assets	CHF 341.6 million
Trading portfolio assets	CHF 74.5 million
Financial instruments at fair value	CHF 247.8 million
Financial assets	CHF 19.3 million
Other assets	CHF 0.0 million
Total transferred assets	CHF 341.6 million (of which those where the right to sell or repledge the assets has been assigned without restriction: CHF 331.7 mil-

	lion)
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Pledged assets	CHF 1'218.3 million
Total pledged assets	CHF 1'218.3 million

The transferred or pledged assets mainly serve the contracting partners as collateral against Vontobel Group liabilities arising from securities borrowing, securities lending and repurchase transactions, or as collateral for settlement limits and margin accounts with central banks, clearing centres and stock exchanges, as well as for OTC contracts, collateral secured instruments (COSI) and due to customers. These assets remain on the Vontobel Group's balance sheet because they do not fulfil the criteria for derecognition under IAS 39.20. The corresponding liabilities in the balance sheet amounted to CHF 2,232.8 mn (31-12-12) and CHF 1,260.8 mn (31-12-11).

In the case of transferred assets, the criteria for a transfer to the counterparty are fulfilled according to IAS 39.18. The counterparty generally has power of disposal over these assets, while the Vontobel Group retains the associated risks and rewards. In the case of pledged assets, the criteria for a transfer to the counterparty are not fulfilled according to IAS 39.18. The Vontobel Group retains power of disposal over these assets and retains the associated risks and rewards.

Key equity interests

As at 31 December 2012, Vontobel Holding AG had the following significant ownership interests:

FULLY CONSOLIDATED COMPANIES

Company, registered office, business activity	Shareholding	Share capital
Vontobel Holding AG, Zurich, Holding company (parent)	Parent	CHF 65,000,000
Bank Vontobel AG, Zurich, Bank	100%	CHF 149,000,000
Bank Vontobel Österreich AG, Salzburg, Vienna, Bank	100%	EUR 9,600,000
Bank Vontobel Europe AG, Munich, Frankfurt, Hamburg, Cologne, Bank	100%	EUR 40,500,000
Bank Vontobel (Liechtenstein) AG, Vaduz, Bank	100%	CHF 20,000,000
Bank Vontobel (Middle East) Ltd., Dubai, Wealth Management	100%	USD 2'000'000
Vontobel Asset Management, Inc., NY, Asset management	100%	USD 6,500,000
Vontobel Beteiligungen AG, Zurich, Holding	100%	CHF 10,000,000
Vontobel Fonds Services AG, Zurich, Fund management	100%	CHF 4,000,000
Vontobel Management S.A., Luxembourg, Fund management	100%	EUR 1,500,000
Vontobel Europe S.A., Luxemburg et al., Asset management	100%	EUR 2,200,000

Vontobel Swiss Wealth Advisors AG, Zurich, Wealth management	100%	CHF 500'000
Vontobel Securities AG, Zurich, NY, Brokerage	100%	CHF 2,000,000
Vontobel Financial Products GmbH, Frankfurt, Issues	100%	EUR 50,000
Vontobel Financial Products Ltd., DIFC Dubai, Issues	100%	USD 2,000,000
Vontobel Financial Products (Asia Pacific) Pte. Ltd.; Singapore, Distr. deritrade®	100%	SGD 300'000
Vontobel Invest Ltd., Dubai, Investments	100%	CHF 1,200,000
Vontobel Asia Pacific Ltd., Hong Kong, Financial Advisor	100%	HKD 7,000,000
Vontobel Wealth Management (Hong Kong) Ltd., Hong Kong, Wealth management	100%	HKD 20'000'000
VT Investment (Zürich) AG, Zurich, Holding company	100%	CHF 100,000
Harcourt Investment Consulting AG, Zurich, Alt. invest.	100%	CHF 3,000,000
Harcourt Alternative Investments (US) LLC, Wilmington, NY, Alt. invest.	100%	USD 50,000
Alternative Investment Solutions Ltd., Grand Cayman, Alt. invest.	100%	USD 5,000

ASSOCIATES COMPANIES

Company, registered office, business activity	Shareholding	Share capital
Deutsche Börse Commodities GmbH, Frankfurt, Issues	16.2%	EUR 1,000,000

COMPANIES FULLY CONSOLIDATED FOR THE FIRST TIME

Company, registered office, business activity	Shareholding	Share capital
Stratus FoHF Liquidation Services Ltd.; Malta, Alt. invest.	100%	CHF 5'000'000
Vontobel Financial Products (Asia Pacific) Pte. Ltd., Singapore, Distr. deritrade®	100%	SGD 300'000
Vontobel Treuhand AG, Vaduz, Fiduciary company	100%	CHF 500'000
Vontobel Wealth Management (Hong Kong) Ltd., Hong Kong, Wealth management	100%	HKD 20'000'000

PARTICIPATIONS REMOVED FROM THE SCOPE OF CONSOLIDATION

Company, registered office	Reason for removal
Bank Vontobel Cayman, Grand Cayman, Bank	Liquidation

Harcourt Investment Consulting AB, Stockholm, Alt. Invest. Liquidation

Harcourt Alternative Investments (HK) Ltd, Hong Kong, Alt. Invest. Liquidation

Information about recent developments in the Guarantor's business

Vontobel's integrated business model – which is based on three complementary pillars – proved effective in a challenging environment (also see the above "Trend informationen"). The strong performance of Asset Management more than compensated for declines in Private Banking and Investment Banking, resulting in a 15% increase in net profit to CHF 130.6 mn compared to 2011.

It is expected that the current business year 2013 will remain very challenging and that the international pressure on the Swiss financial centre will persist. However, Vontobel will continue to resolutely pursue its strategic path (also see the above "Information on current investments of a substantial size").

BANK VONTOBEL AG, ZURICH, SWITZERLAND (IN THE FOLLOWING ALSO REFERRED TO AS “ISSUER”)

Company name and domicile, formation

Bank Vontobel AG, with headquarters at Gotthardstrasse 43, in CH-8022 Zurich. Corporation under Swiss law. Bank Vontobel AG was founded on 3 January 1984 under Swiss law and is listed in the Commercial Register of the Canton of Zurich (Company no.: CH-020.3.902.757-5).

Business purpose and financial year

Bank Vontobel AG operates a bank. Its business policy is used to pursue interests on the national and international level, primarily in the area of asset management and the associated services, and can enter into any and all transactions directly or indirectly connected with this purpose as appropriate, on its own account or for third parties, in particular:

- a) deposit-taking in all forms customary in the banking business, including savings deposits,
- b) granting credit facilities of every description, with or without collateral,
- c) providing surety bonds and guarantees,
- d) purchasing and selling, for its own account or the account of third-parties, securities, currencies, foreign payment instruments, as well as precious metals,
- e) underwriting and the placement of securities of domestic and foreign issuers,
- f) investment advice, obtaining asset administrations and liquidations, estate administration and estate sales,
- g) custody and management of securities and valuables,
- h) issuing of cheques and letters of credit,
- i) participating in the formation and management of investment funds,
- k) execution of fiduciary transactions,
- l) commercial transactions provided as a service,
- m) advisory activities, particularly in the fields of tax, inheritance and corporate law.

The financial year of Bank Vontobel is the calendar year.

Position within the Group

Bank Vontobel AG is the 100%-owned subsidiary of Vontobel Holding AG which was established in 1984, whose registered shares are listed on the SIX Swiss Exchange, Zurich. Bank Vontobel AG constitutes, both in terms of earnings and balance-sheet figures, capital as well as number of employees, by far the most important fully consolidated Group company within the Vontobel Group.

Capital

The share capital of Bank Vontobel AG as at 31 December 2012 amounted to CHF 149 million. It is divided into 149,000 fully paid registered shares with a par value of CHF 1,000 each. The Board of Directors did not seek to create authorised capital during the 2007 to 2012 financial years, inclusive. Nor is there any contingent share capital.

Authorised or contingent capital

There is no authorised or contingent capital.

Bonds outstanding

Bank Vontobel AG has no bonds outstanding.

Management bodies of the company

The management bodies of Bank Vontobel AG are the Annual General Meeting, the Board of Directors, the executive board and the auditors pursuant to the Code of Obligations.

The members of the Board of Directors and the executive board of Bank Vontobel AG are:

(As at 31 December 2012)

Board of Directors	Herbert J. Scheidt	President
	Dr. Frank Schnewlin	Vice President
	Prof. Dr. Ann-Kristin Achleitner	Member
	Bruno Basler	Member
	Dr. Philipp Cottier	Member
	Peter Quadri	Member
	Clara C. Streit	Member
	Marcel Zoller	Member

	<i>Dr. Hans Vontobel</i>	<i>Honorary Chairman (since 1991)</i>
Executive board	Dr. Zeno Staub	CEO
	Dr. Martin Sieg Castagnola	CFO
	Felix Lenhard	Member
	Georg Schubiger	Member
	Axel Schwarzer	Member
	Roger Studer	Member

Developments and changes in the composition of the Board of Directors and Group management effective during 2013 (as at 30 April 2013):

- Further to the General Meeting of 23 April 2013 the following information, amongst others, was announced per press release dated the same 23 April 2013: Both Prof. Dr. Ann-Kristin Achleitner and Dr. Philippe Cottier decided for personal reasons not to stand for re-election to the Board of Directors. The General Meeting thus elected the two entrepreneurs Dominic Brenninkmeyer and Nicolas Oltramare as new members of the Board of Directors, for a term of one year. The existing members of the Board of Directors Herbert J. Scheidt (Chairman), Dr. Frank Schnewlin, Bruno Basler, Peter Quadri, Clara C. Streit and Marcel Zoller were re-elected for a further term of one year. Ernst & Young AG was also reappointed as statutory auditors for a period of one year.

Control authority (*Kontrollstelle*)

The control authority and external auditor in accordance with banking legislation:

Ernst & Young AG
Belpstrasse 23
3001 Berne, Switzerland

Annual financial statements

For the audited annual financial statements for the past two full financial years and the report of the auditor for the last audited financial year, please refer to the relevant annual reports (see Appendix "Annual Financial Statements" and <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports> as well as <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports-Subsidiaries>).

Dependency on patents, licences or agreements, if these factors are of material importance

Bank Vontobel AG is not dependent on patents or licences. Under service agreements, the Bank Vontobel AG can also access the resources of the Vontobel Group if necessary.

Information on current investments of a substantial size

Please refer to the disclosures relating to Vontobel Holding AG above.

Trend information

Please refer to the disclosures relating to Vontobel Holding AG above.

Information on litigation or other proceedings which have a material effect on the financial position of the Issuer

(i) In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of the Vontobel Group are or may be affected by the litigation in their capacity as a bank or custodian. The claims filed against the Vontobel Group concern the redemption of investments worth around USD 43.1 mn. However, based on the information currently available to it, the Vontobel Group believes the probability of a lawsuit resulting in an outflow of funds is low.

(ii) In accordance with the statements set out by the Swiss Federal Supreme Court in its ruling of 30 October 2012 on the subject of retrocessions, the Vontobel Group has performed a risk analysis regarding any retrocessions received by Bank Vontobel AG from third parties. The Vontobel Group assumes that there is a theoretical possibility that an outflow of funds amounting to a maximum of CHF 6.3 mn, gross, could result in this context and has therefore recorded a contingent liability for this amount. Based on its risk analysis, the Vontobel Group assumes that the actual outflow of funds – if any – would amount to only a fraction of this contingent liability. In this context, it should be noted that the actual circumstances at the Vontobel Group differ from the case judged by the Swiss Federal Supreme Court in significant respects. In addition, it should be noted that as of the balance sheet date, no litigation has been filed against the Vontobel Group regarding the transfer of retrocessions.

(iii) The ongoing cooperation between Vontobel Group and Raiffeisen Switzerland (former Swiss Raiffeisen Group) initiated in 1994 was broadened in 2004 and extended through to 30 June 2017 at 14 December 2009. In connection with the expansion of its investment management business, the Raiffeisen Group cooperates with Vontobel Group and offers Vontobel's investment-related services and selected third-party products at all of its banking locations in Switzerland. Vontobel develops and designs product and service solutions for Raiffeisen's investment customers in the fields of investment funds, standardized asset management solutions and structured products. Raiffeisen banks continue to undertake the marketing and client advisory activities as before. Vontobel advises and supports Raiffeisen's marketing organization. In addition, the Raiffeisen Group outsourced its securities trading and settlement as well as safekeeping activities to Vontobel in 2005. Additionally, Vontobel has made its trading infrastructure available to the central bank of the Raiffeisen Group. In October 2006, Vontobel Group as service provider assumed the custodian services for all Raiffeisen clients on behalf of the Raiffeisen Group. To underpin the long-term nature of their partnership, Raiffeisen Group acquired a 12.5% stake in Vontobel Holding AG effective as of 8 December 2004. The requisite agreements implementing the mutual cooperation in the investment management and securities transactions and administration business were signed at the same time. The cooperation agreements took effect retroactively to 1 July 2004 and were prolonged at 14 December 2009 for an indefinite period, at minimum, however, until 30 June 2017. The earliest effective date of ordinary termination – in observance of a period of notice of 24 months – is 30 June 2017. When it purchased Notenstein Privatbank AG in January 2012, Raiffeisen Switzerland Cooperative acquired a new group company. Vontobel and Raiffeisen have been unable to agree on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in their current cooperation agreement. This agreement explicitly states that if an issue is unclear or in the event of any such differences of opinion, the matter should be referred to a court of arbitration. Vontobel initiated arbitration proceedings in December 2012 to obtain a judgment on this issue. The present cooperation between Raiffeisen and Vontobel is not impacted by this matter.

Annual financial statements of Bank Vontobel AG for the financial year ended on 31 December 2012 and audit opinion

The annual financial statements of Bank Vontobel AG for the financial year 2012 were audited by Ernst & Young AG, Belpstrasse 23, 3001 Berne, and an unqualified audit opinion was issued. Since the annual financial statements as at 31 December 2012 and the semi-annual report as at 30 June 2012, no material negative change in the Issuer's financial position or earnings has occurred.

Information about liability relationships not disclosed in the annual balance sheet, including pledges and security assignments

Bank Vontobel AG does not have knowledge of any circumstances giving rise to liability on its part that would have a material influence on its financial position. With the exception of the following, no security has been given for any claims of third parties in the form of pledges, security assignments and the like (as at 31 December 2012):

Pledged or assigned assets and assets under reservation of ownership, excluding securities lending and borrowing operations and securities repurchase and reverse repurchase transactions:

- Book value of the pledged and assigned assets: CHF 981.9 million
- Liabilities actually incurred: CHF 1'724.5 million

Securities lending and borrowing operations and securities repurchase and reverse repurchase transactions:

- Book value of cash collateral in securities borrowing in reverse repurchase transactions: CHF 1'769.0 million
- Book value of the securities lent as collateral in securities lending or given as collateral in securities borrowing transactions and own securities transferred in repurchase transactions (for which the right to resell or repledge as collateral has been granted without restriction): CHF 83.9 million (CHF 83.9 million)
- Fair value of the securities received as collateral or borrowed in securities lending and borrowing operations or received through reverse repurchase transactions for which the right to resell or repledge as collateral has been granted without restriction (Fair value of securities resold or repledged as collateral or used in relation with securities lending and borrowing operations): CHF 3'318.2 million (CHF 2,608.8 million)

Ownership interests, interests and loans

None

Bonds outstanding

None

Information about recent developments in the Issuers' business

The operating environment in 2012 – which was characterized by major political and economic uncertainty, record low interest rates and declining trading volumes – had an adverse impact on the performance of Bank Vontobel AG, Zurich. Compared to 2011, the bank's net profit declined by 68% to CHF 28.7 mn. The average return on equity decreased from 16.3% to 5.2%.

Operating income fell by 11% to CHF 469.2 mn, reflecting declines across all of the main income components. Net fee and commission income – which accounted for 69% of operating income and was thus by far the most important income contribution – decreased by 6% to CHF 325.6 mn due to the uncertainty in the markets and the resulting low levels of client activity. While custody fees rose due to the increased asset base, brokerage fees declined significantly. A further reduction in interest rates led to a 14% decrease in net interest income to CHF 72.6 mn despite the increased liquidity positions held by clients. The low level of investor activity was also visible in the stock markets, where the annual turnover rate for Swiss equities was 29% lower than in the previous year despite a strong rise in prices. There was also a clear decline in the demand for structured products. As a result, Bank Vontobel's trading income decreased by 26% to CHF 69.5 mn.

A marginal increase in operating expense to CHF 384.2 mn was recorded. Personnel expense rose by 5% to CHF 269.0 mn due, in particular, to headcount adjustments. The number of employees (FTEs) grew slightly from 1,054 to 1,064. In contrast, general expense fell by 9% to CHF 115.3 mn. Significant reductions in expenditure were achieved in the areas of travel, representation, marketing and consulting in particular.

As a result, net operating income totalled CHF 85.0 mn (-40%). Depreciation decreased by 6% to CHF 45.8 mn compared to the previous year. Valuation adjustments, provisions and losses rose slightly to CHF 7.4 mn. The change in extraordinary income had a significant impact: it declined by 97% to CHF 0.6 mn in 2012. In the previous year, a gain of CHF 21.6 mn before taxes was generated on the sale of a property in Geneva. In view of the lower level of income, tax expense decreased by 81% to CHF 3.6 mn. The resulting net profit totalled CHF 28.7 mn. Bank Vontobel AG, Zurich, reported CHF 58.4 bn of private and institutional assets under management at the end of 2012, an increase of CHF 4.6 bn or 9% compared to the end of 2011. This growth was primarily attributable to market-driven increases in the value of assets, i.e. positive performance effects. It also included CHF 0.2 bn of net new money. Custody assets rose by CHF 1.6 bn to CHF 44.7 bn. After the distribution of profits, shareholders' equity rose slightly from CHF 548.9 mn to

CHF 552.4 mn. Bank Vontobel AG will pay a dividend of CHF 25.3 mn to Vontobel Holding AG for the financial year 2012.

IX. APPENDIX "RATINGS"

Rating of Vontobel Holding AG

The Guarantor, Vontobel Holding AG, Zurich, is currently (as at 31 December 2012) rated by the independent rating agencies Standard & Poor's and Moody's (also refer to <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Credit-Ratings>). Standard & Poor's has rated the short-term liabilities of the Guarantor with "A-1" and long-term liabilities "A". Moody's rated the Guarantor's long-term liabilities "A2":

Standard & Poor's	Short-term	A-1
	Long-term	A
Moody's	Short-term	---
	Long-term	A2

The rating agencies Standard & Poor's and Moody's use credit ratings to assess whether a potential borrower will be in a position to fulfil its loan obligations in future as agreed. The assessment of the financial position, results of operations and cash flows of the Company forms an essential component of a credit rating. A banking group's rating is a key comparative element in its competition with other banks. A ratings downgrade – or even the mere possibility of a downgrade – of the Guarantor or one of its subsidiaries could, in turn, adversely impact customer relationships and the sale of products and services by the relevant company. This could be detrimental to new business, hinder the company's ability to compete on the market and dramatically increase its financing costs.

The definitions of the Rating Agencies are as follows:

S&P definitions¹¹²:

A (long-term rating) A debtor with an 'A' rating has a strong capacity to meet its financial commitments, but is somewhat more susceptible to adverse economic conditions and changes in circumstances than debtors in a higher rating category.

Outlook negative: The rating could be lowered.

A-1 (short-term rating) A debtor with an 'A-1' rating has a strong capacity to meet its financial commitments. It has a rating in S&P's highest category. Certain debtors within this rating category are given a plus (+) sign, which means that the debtor's capacity to meet its commitments is particularly high.

Moody's definitions¹¹³:

A2 A-rated obligations are considered upper medium grade and are subject to low credit risk. The modifier '2' indicates a mid-range ranking in the respective rating category.

Rating of Bank Vontobel AG

The Issuer, Bank Vontobel AG, Zurich, is currently rated by the independent rating agencies Standard & Poor's and Moody's (also refer to <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Credit-Ratings>). Standard & Poor's has rated the short-term liabilities of the Issuer with "A-1" and long-term liabilities "A+". Moody's rates the Guarantor's long-term liabilities as "A1" and the short-term liabilities as "Prime-1":

¹¹²For *long-term* credit ratings, S&P uses the categories AAA, AA, A, BBB, BB, B, CCC, CC. Each of these categories may be modified by adding a + or – sign, as well as an R, SD or D. S&P uses the following categories for short-term credit ratings: A-1, A-2, A-3, B (B-1, B-2, B-3), C, R, SD and D. The ratings outlooks range from "positive" to "negative", "stable", "developing" and "not meaningful" ("N.M.").

¹¹³ Moody's rating scale ranges from Aaa, Aa, A, Baa, Ba, B, Caa, Ca to C. The modifiers '1', '2' and '3' indicate whether a rated liability can be classified as being within the upper, middle or lower third of the relevant rating category. Moody's issues the following ratings outlooks: "positive", "negative", "stable" and "developing".

Standard & Poor's	Short-Term	A-1
	Long-term	A+
Moody's	Short-term	Prime-1
	Long-term	A1

The rating agencies Standard & Poor's and Moody's use credit ratings to assess whether a potential borrower will be in a position to fulfil its loan obligations in future as agreed. The assessment of the financial position, results of operations and cash flows of the Company forms an essential component of a credit rating. A banking group's rating is a key comparative element in its competition with other banks. A ratings downgrade – or even the mere possibility of a downgrade – of the Guarantor or one of its subsidiaries could, in turn, adversely impact customer relationships and the sale of products and services by the relevant company. This could be detrimental to new business, hinder the company's ability to compete on the market and dramatically increase its financing costs.

The definitions of the Rating Agencies are as follows:

S&P definitions¹¹⁴:

A+ (long-term rating) A debtor with an 'A' rating has a strong capacity to meet its financial commitments, but is somewhat more susceptible to adverse economic conditions and changes in circumstances than debtors in a higher rating category. The '+' sign describes the relative position within the rating category.

¹¹⁴ For *long-term* credit ratings, S&P uses the categories AAA, AA, A, BBB, BB, B, CCC, CC. Each of these categories may be modified by adding a + or – sign, as well as an R, SD or D. S&P uses the following categories for short-term credit ratings: A-1, A-2, A-3, B (B-1, B-2, B-3), C, R, SD and D. The ratings outlooks range from “positive” to “negative”, “stable”, “developing” and “not meaningful” (“N.M.”).

A-1 (short-term rating) A debtor with an 'A-1' rating has a strong capacity to meet its financial commitments. It has a rating in S&P's highest category. Certain debtors within this rating category are given a plus (+) sign, which means that the debtor's capacity to meet its commitments is particularly high.

Moody's definitions¹¹⁵:

A1 (long-term rating) A-rated obligations are considered upper medium grade and are subject to low credit risk. The modifier '1' indicates a ranking in the upper one-third of the respective rating category (here: A).

Prime-1 (short-term rating) Issuers rated Prime-1 have an excellent ability to repay their short-term bonds.

¹¹⁵ Moody's rating scale ranges from Aaa, Aa, A, Baa, Ba, B, Caa, Ca to C. The modifiers '1', '2' and '3' indicate whether a rated liability can be classified as being within the upper, middle or lower third of the relevant rating category. Moody's issues the following ratings outlooks: "positive", "negative", "stable" and "developing".

X. APPENDIX “ANNUAL FINANCIAL STATEMENTS”

The following Appendix contains the annual reports (consisting of the 2011 and 2012 annual financial statements and the reports of the auditor for the last audited annual financial statements) of Vontobel Financial Products Ltd., Vontobel Holding AG and Bank Vontobel AG (see also <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports> as well as <https://www.vontobel.com/CH/EN/Vontobel-Group-Investor-Relations-Annual-Reports-Subsidiaries>).

The relevant documentation may also be ordered free of charge from Bank Vontobel AG, Financial Products, Gotthardstrasse 43, 8022 Zurich, Switzerland (Tel. +41 (0)58 283 78 88, Fax +41 (0)58 283 57 67).

XI. APPENDIX “KEEP-WELL AGREEMENT”

Bank Vontobel AG, Zurich, has concluded the below-mentioned Keep-Well Agreement with Vontobel Financial Products Ltd., DIFC Dubai, as well as Vontobel Holding AG, Zurich.

With regard to obligations resulting from Structured Products, this Keep-Well Agreement provides only indirect protection to investors: Under the Keep-Well Agreement Bank Vontobel AG agrees to provide sufficient funds to the issuer Vontobel Financial Products Ltd. in order to enable the latter at any time to fulfil any of its obligations due to the investors under any of the Structured Products.

Investors should note that this Keep-Well Agreement does not constitute a guarantee in favour of third parties, and that the this Keep-Well Agreement shall exclusively affect the internal relationship of the Vontobel Group companies (also see the above Appendix V. "Guarantee of Vontobel Holding AG, Zurich, Switzerland").

Keep-Well Agreement

dated March 1, 2013

among

Bank Vontobel AG

Gotthardstrasse 43, 8002 Zürich

(the “**Bank**”), and

Vontobel Financial Products Ltd.

Liberty House, Office 913, DIFC, P.O. Box 506814, Dubai, UAE

(the “**Issuer**”), and

Vontobel Holding AG

Gotthardstrasse 43, 8002 Zürich

(the “**Parent**”; and together with the Bank and the Issuer, the “**Parties**”)

concerning the granting of liquidity.

WHEREAS,

- (a) The Issuer is a group company of the Vontobel Group, held to 100% by the Parent;
- (b) The Bank is a group company of the Vontobel Group, held to 100% by the Parent;
- (c) The Issuer has issued and will from time to time issue structured products to investors, which are guaranteed by the Parent and with respect to which Bank Vontobel AG acts as lead manager (the “**Structured Products**”);
- (d) The Issuer has requested that the Bank grants a security in the sense of article 4 para 1^{bis} lit a. cipher 2. of the Swiss Collective Investment Schemes Ordinance (the “**CISO**”); and
- (e) The Bank is willing to undertake towards the Issuer in the sense of article 4 para 1^{bis} lit a. cipher 2. CISO to provide the Issuer at any time with sufficient funds to enable it to fulfil all claims of investors in the Structured Products.

NOW, THEREFORE the Parties agree as follows:

1. Stock ownership of the Issuer

As long as there are any obligations outstanding under any Structured Products, the Parent shall directly or indirectly own and hold the legal title to and beneficial interest in all the outstanding shares of the Issuer, and will not directly or indirectly pledge or in any other way encumber or otherwise dispose of any such shares, unless required to dispose of any or all such shares pursuant to a court decree or order of any governmental authority which, in the opinion of counsel to the Issuer, may not be successfully challenged.

2. Maintenance of Liquidity

- 2.1 As long as there are any obligations outstanding under any Structured Products, the Bank hereby undertakes towards the Issuer in the sense of article 4 para 1^{bis} lit a. cipher 2. CISO, to provide sufficient funds to the Issuer to enable the Issuer at any time to fulfil any due obligation of the Issuer to the investors under any of the Structured Products.
- 2.2 The funds shall be provided by the Bank either in form of (i) a subordinated debt financing (subordinated to any claims of investors against the Issuer under the Structured Products) at market terms prevailing on the time of such debt financing or (ii) by in-

crease of share capital. The Parent agrees to take such shareholders' resolutions as are necessary for the Bank to provide the necessary funds to the Issuer and, to the extent necessary, to waive any pre-emptive rights it may have.

2.3 The Issuer shall immediately notify the Bank, if it becomes aware that it will run short of liquidity to meet all its obligations under the Structured Products when they fall due. The Bank shall, as soon as possible after having been notified by the Issuer, provide the necessary funds to the Issuer.

2.4 The Issuer undertakes that it will use the funds exclusively to fulfil any due obligations under the Structured Products.

3. Miscellaneous

3.1. This Agreement is not, and nothing herein contained and nothing done pursuant hereto by the Bank shall be deemed to constitute a guarantee, direct or indirect, by the Bank of any obligation of the Issuer under the Structured Products.

3.2. The obligations of the Bank under this Agreement relate only to obligations of the Issuer under Structured Products, it being understood that only structured products for which the Issuer has appointed the Bank as lead manager and the Bank has agreed to such appointment fall within the definition of Structured Products.

3.3 This Agreement may be modified or amended by written agreement of the Parties and terminated by 10 days prior written notice by either Party to the other Parties, provided, however, that no such modification, amendment or termination shall have any adverse effect upon the obligations of the Parties under this Agreement in relation to any Structured Products outstanding at the time of such modification, amendment or termination.

3.4 Any rights and obligations of the Parties under this Agreement will remain valid and binding notwithstanding any bankruptcy or liquidation of, or moratorium involving, the Issuer.

4. Governing Law and Jurisdiction

This Agreement is governed by the laws of Switzerland. The courts in Zurich shall have exclusive jurisdiction on any dispute between the Parties arising under or in connection with this Agreement.

Bank Vontobel AG, Zurich

Vontobel Financial Products Ltd., DIFC Dubai

Vontobel Holding AG, Zurich

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www.vontobel.com



Private Banking
Investment Banking
Asset Management

Leistung schafft Vertrauen