

50 million European Style Cash Settled Index Put warrants expiring on 30 March 2015 relating to the Hang Seng Index (the "Warrants").

- The terms set out in this term sheet are a summary of, and are subject to the terms and conditions set out in the Issuer's base listing document dated 14 January 2015 and to be read with the updated Base Listing Document dated 6 March 2015 (the "**Base Listing Document**") and the supplemental listing document to be dated on or about 23 January 2015 (the "**Supplemental Listing Document**" together with the Base Listing Document, the "**Listing Documents**").
- If you are in doubt whether the product is suitable for you, please consult your financial advisers or such advisers to the extent you consider necessary.**
- Please read the Listing Documents and the risk factors stated in such Listing Documents and this term sheet carefully. **You should not invest in the product if you do not understand the risks or are not willing to assume the risks.**
- This Term Sheet does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, the Warrants or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Warrants or other securities of the Issuer. This Term Sheet may not be distributed or circulated by you to any other person other than in a manner which complies with the restrictions set out in the section entitled "Sales Restrictions" in the Base Listing Document.

A. TERMS OF THE ISSUE

SGX Counter Full Name (SGX Stock Code)	HSI 23800 VT EPW150330 (AQBW)	Issue Size	50 million Warrants
Warrant Type	European Style Cash Settled Index Put Warrants	Launch Date	19 January 2015
Underlying Reference Asset	The Hang Seng Index (Reuters: .HSI) Index Type: Price index Index currency: HKD; one index point corresponds to HKD 1.00 Identification: ISIN HK0000004322 / Swiss Sec. No. 998396 / Bloomberg <HSI Index> Relevant Stock Exchange: The Stock Exchange of Hong Kong Limited	Last Trading Date	The 5 th Business Day immediately preceding the Expiry Date, currently being 23 March 2015
		Issue/Initial Settlement Date	23 January 2015
		Expected Listing Date	27 January 2015
		Expiry Date	30 March 2015
		Board Lot	100 Warrants
Index Sponsor	Hang Seng Indexes Company Limited	Settlement Date	07 April 2015
Reference Level¹ and Source	HKD 24227.5 (out of the money) ¹ (Reuters)	Valuation Date	30 March 2015 or if such day is not the day on which the Hang Seng Index March 2015 Futures Contract expires on the Hong Kong Futures Exchange Limited, the day on which the Hang Seng Index March 2015 Futures Contract will expire on the Hong Kong Futures Exchange Limited or its successor or assign
Conversion Ratio (No. of Share per Warrant)	0.001 (i.e. every 1000 Warrants initially relate to 1 index unit)		
Issue Price	SGD 0.23		
Strike Price	HKD 23800.00	Reference Currency	HKD
Gearing¹	18.15 x	Settlement Currency	SGD
Premium¹	7.27%	Listing	Application will be made for the listing of, and permission to deal in, the Warrants on the Singapore Exchange Securities Trading Limited (the " SGX-ST "). The issue of the Warrants is conditional upon listing being granted
Volatility¹	Implied: 30.00% Historical: 14.00%		
Lead Manager	Bank Vontobel, AG Zurich		
Warrant Agent	The Central Depository (Pte) Limited ("CDP")		
Clearing System	CDP	Governing Law	Singapore Law
Settlement Method	Cash Settlement	Exercise	Automatic Exercise
Exchange Rate	The prevailing rate of exchange between the Hong Kong dollar to Singapore dollar as at 5:00 p.m. (Singapore time) on the Valuation Date as shown on Reuters provided that if the Reuters service ceases to display such information, such page as displays such information on such other services as may be selected by the Issuer.		

¹ These figures are calculated as at, and based on information available to the Issuer on or about, the date of the termsheet in respect of the Warrants. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after the date of the termsheet in respect of the Warrants.

Cash Settlement Amount	[(Strike Level - Closing Level) x Conversion Ratio] x Exchange Rate Where the Closing Level is the final settlement price for settling the Hang Seng Index March 2015 Futures Contract determined pursuant to Regulation 012 of the Regulations for trading Stock Index Futures and the Contract Specifications for Hang Seng Index Futures Contracts (as amended from time to time) of the Hong Kong Futures Exchange Limited.
Form	The Warrants will be represented by a Global Warrant, which will be deposited with CDP. No definitive Warrants will be issued.
Adjustments and Extraordinary Events	The issuer has the right to make adjustments to the terms of the Warrants in the event of certain changes affecting the Index, including the cancellation of the Index, change in the computation methodology of the Index and disruption of publication of the Index (as more specifically set out in the Conditions in the Global Warrant and the Base Listing Document).
Further Issuance	The Issuer has the authority, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants
Documents	The original version of the Terms Sheet is in English; foreign-language versions constitute non-binding translations. During the entire term of the structured product, all Listing Documents may be ordered free of charge from Vontobel Financial Products (Asia Pacific) Pte. Ltd., Singapore, 8 Marina View, Asia Square Tower 1, Level 07-04 Singapore 018960, vfpsingapore@vontobel.com, Telephone (65) 6407 1100, Telefax (65) 6407 1267.
Selling Restrictions	No action has or will be taken by the Issuer that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants or distribution of any offering material relating to the Warrants may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations. No sales to U.S. persons. For further selling restrictions, please refer to the Listing Documents.

B. INFORMATION ON THE ISSUER

Name of Issuer	Bank Vontobel AG (CHE-105.840.858)
Issuer's Credit Rating (long term)	As of the Launch Date: Moody's Investors Service: A2
Issuer Regulated By	The Issuer is authorised as a bank and securities dealer in Switzerland and is subject to supervision by the Swiss Financial Market Supervisory Authority ("FINMA"). The Issuer is not authorised, regulated, supervised nor licensed by the Monetary Authority of Singapore or any other regulatory authority in Singapore to carry on banking business in Singapore pursuant to the Banking Act, Chapter 19 of Singapore.
Issuer's Website and Contact Information	For more information, including financial information, on the Issuer, please see www.vontobel.com E-mail: warrants@vontobel.com Contact No: +41 (0)58 283 71 11

C. INFORMATION ON MARKET MAKING

Name of Designated Market Maker ("DMM")	Vontobel Financial Products (Asia Pacific) Pte. Ltd. (Company Registration No. 201133682C)
Name of Liquidity Provider	OCBC Securities Private Limited
Maximum Bid and Offer Spread	10 times the minimum permitted price movement in the Warrants in accordance with the rules of the Exchange or \$0.20 whichever is greater
Minimum Quantity subject to Bid and Offer Spread	10 Board Lots
Circumstances where a Quote will/may not be provided	(a) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day; (b) if the Warrant is valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST), the DMM will not provide the bid price. In such an instance, the DMM will provide the offer price only; (c) when trading in the shares or securities relating to or constituting the Index is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Warrants at any time when the shares or securities relating to or constituting the Index are not traded for any reason; (d) when trading in the Warrants is suspended or limited in a material way for any reason; (e) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in shares or securities relating to or constituting the Index, options or futures relating to the Index on any options or futures exchanges or options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded;

- (f) when the Issuer or DMM faces technical problems affecting the ability of the DMM to provide the bid and offer prices;
- (g) when the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions. The Issuer will inform the SGX-ST of its inability to do so as soon as practicable;
- (h) in cases where the Issuer has no Warrants to sell, the DMM will only provide the bid price. Warrants held by the Issuer or any of the Issuer's affiliates in a fiduciary or agency capacity are not Warrants available for market making;
- (i) when the stock market experiences exceptional price movements and volatility; and
- (j) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEx are not open for dealings.

D. PRODUCT SUITABILITY

WHO IS THIS PRODUCT SUITABLE FOR?

- This product is only suitable for investors who believe that the index level of the Index will decrease and are seeking a short term leveraged exposure to the Index. You should consider carefully whether the Warrants are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Warrants are not suitable for inexperienced investors.

Key Product Features

WHAT ARE YOU INVESTING IN?

- You are investing in cash-settled put warrants that allow you to take advantage of any decrease in the price level of the underlying reference asset, which is the Hang Seng Index.

Further Information

Information relating to the Index may be obtained at HKEx's website at www.hkex.com.hk.

Calculation of Cash Settlement Amount

The Cash Settlement Amount, if positive, in respect of each Warrant will be paid in the Settlement Currency (subject as provided otherwise in the Conditions) calculated as follows:

$[(\text{Strike Level} - \text{Closing Level}) \times \text{Conversion Ratio}] \times \text{Exchange Rate}$

WHAT WOULD YOU GAIN OR LOSE IN DIFFERENT SITUATIONS?

- Best case scenario:**
The index level of the Index decreases substantially resulting in a significant increase in the price of the Warrants. You would then sell the Warrants and realise a profit. The DMM is required to provide liquidity in the Warrants to ensure that there will generally be a market price available for the purchase and sale of the Warrants.
- Worst case scenario:**
If you buy the Warrants and the index level of the Index increases sharply. If you have not sold the Warrants, you will lose your entire investment.

E. KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

- Investment in the Warrants involves substantial risks, including market risk, liquidity risk, currency risk and risk that the Issuer will be unable to satisfy its obligations under the Warrants. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Warrants.

Further Information

Please refer to the "Risk Factors" section set out in the Listing Documents for a complete list of risks and details of the risks.

PLEASE REFER TO THE LISTING DOCUMENTS FOR A COMPLETE LIST OF RISKS

- The Risk Factors below are a summary of the Risk Factors set out in the Listing Documents.

Market risks

Further Information

Market price of the Warrants may be affected by many factors

- The market price of the Warrants may be affected by different factors including but not limited to the level and volatility of the Hang Seng Index and the strike level of the Warrants.

You may lose your entire investment

- Changes in the price of the level of the index can be unpredictable, sudden and large, resulting in the index moving in a direction which will negatively impact upon the return on investment. If the level of the index reaches a level such that the Cash Settlement Amount at expiry is less than or equal to zero, you will lose your entire investment.

You are exposed to the credit risk of the Issuer

- The value of structured products may depend not only on the performance of the underlying(s), but also on the creditworthiness of the issuer, which may change during the term of the structured product. The investor is exposed to the risk of default of the issuer.

For further information on the rating of Bank Vontobel AG, please see the Listing Documents.

- The Warrants constitute direct, general and unsecured contractual obligations of the Issuer and of no other person, and rank on a parity with the Issuer's other unsecured contractual obligations and unsecured and unsubordinated debt other than indebtedness preferred by mandatory provisions of law. If the Issuer is unable to meet its obligations under the Warrants, you may lose your entire investment.
- As the Issuer is not incorporated in Singapore, any insolvency proceedings in respect of Issuer will be subject to foreign insolvency laws and procedures.

Liquidity risks

- The Issuer acting through its DMM may be the only market participant buying and selling the Warrants. Therefore, the secondary market for the Warrants may be limited and you may not be able to realise the value of the Warrants. Do note that the bid-ask spread increases with illiquidity.

Exchange Rate risks

- If the underlying or underlyings is/are denominated in a currency other than the product's reference currency, investors should bear in mind that this may involve risks due to fluctuating exchange rates and that the risk of loss does not only depend on the performance of the underlying(s) but also on any unfavourable performance of the other currency or currencies. This does not apply for currency-hedged products (quanto structure).]

Product Specific risks

Trading in the Warrants may be suspended

- If trading in the shares or securities relating to or constituting the Index is suspended, trading of options or futures relating to the Index on any options or futures exchanges is suspended, or options or futures generally on any options and/or futures exchanges on which options or futures relating to the Index are traded is suspended, or if the Index for whatever reason is not calculated, trading in the Warrants will be suspended for a similar period.

The value of certain index constituents may not be included in the closing level of the Index

- A level for the Index may be published by the Index Sponsor at a time when one or more shares comprised in the Index are not trading. If this occurs on a Valuation Date and there is no Market Disruption Event under the terms of the Warrants then the value of such shares will not be included in the closing level of the Index.

Issuer may make adjustments to the terms and conditions of the Warrants

- You should note that an investment in the Warrants involves valuation risks in relation to the Index. The level of the Index may vary over time by reference to various factors, including changes in computation or composition. Certain events relating to the Index may require or permit the Issuer to make certain adjustments or amendments to the Conditions. However, the Issuer is not required to make an adjustment for every event that affects the Index and if an event occurs which does not require the Issuer to adjust the Conditions, the market price of the Warrants and the return upon exercise of the Warrants may be affected.

F. FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

- Normal transaction and brokerage fees apply, similar to fees that you would pay for other transactions on SGX-ST.

APPENDIX

DISCLAIMER OF THE INDEX SPONSOR

The Hang Seng Index (the “**Index**”) is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name “Hang Seng Index” are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by the Issuer in connection with the Warrants (the “**Product**”), BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED. The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY THE ISSUER IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

LEGAL NOTICE

Statutory notices

Bookings for the issue of the product are made or taken in Switzerland. None of the Issuer, the relevant branches or offices of the Issuer through which bookings for the issue of the product are made or taken, are regulated, authorised or supervised by the Monetary Authority of Singapore or any other regulatory authority in Singapore.

Further information

The list and information shown do not constitute a recommendation concerning the underlying in question; they are for information purposes only and do not constitute either an offer or an invitation to submit an offer, or a recommendation to purchase securities and/or financial products. The information is not a substitute for the advice that is indispensable before entering into any derivative transaction. Only investors who fully understand the risks of the transaction to be concluded and who are commercially in a position to bear the losses which may thereby arise should enter into such transactions. In connection with the issuing and/or selling of structured products, companies from the Vontobel Group can pay reimbursements to third parties directly or indirectly in different amounts. Such commission is included in the issue price. You can obtain further information from your sales agent upon request. We will be happy to answer any questions you may have concerning our products on +65 6407 1100 from 08.00 – 17.00 local Singapore time on bank business days. Please note that all calls to this number are recorded. By calling this number, your consent to such recording is deemed given.

Zurich, 19 January 2015

Bank Vontobel AG
Vontobel Investment Banking