

Vontobel Financial Products GmbH, Frankfurt am Main

entered in the commercial register B of the Local Court (*Amtsgericht*) of Frankfurt am
Main
under HRB 58515

Annual financial statements as at 31 December 2019 and management report for financial year 2019

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**Vontobel Financial Products GmbH,
Frankfurt am Main**

**Annual financial statements for the financial year
from 1 January to 31 December 2019**

I. Balance sheet as at 31 December 2019

ASSETS

	EUR	EUR	31/12/2018 EUR
A. Fixed assets			
Tangible fixed assets			
1. Technical equipment and machinery	10		10
2. Other equipment, operating and office equipment	4,973		5,802
		4,983	5,812
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	269,949		0
2. Receivables from affiliated companies	1,942,763,026		1,727,182,617
- of which trade receivables EUR 0 thousand (prior year EUR 0 thousand)			
3. Other assets	9,915,777		11,090,443
II. Bank balances	3,157,917		2,398,423
- of which due from affiliated companies EUR 2,936 thousand (prior year EUR 2,306 thousand)			
		1,956,106,669	1,740,671,483
C. Prepaid expenses		3,848	513,686
		1,956,115,500	1,741,190,981

EQUITY AND LIABILITIES

		31/12/2018	
	EUR	EUR	EUR
A. Equity			
I. Subscribed capital	50,000		50,000
II. Capital reserves	2,000,000		2,000,000
III. Net income for the year	<u>876,859</u>		<u>439,374</u>
		2,926,859	2,489,374
B. Provisions			
1. Provisions for taxes	290,285		53,078
2. Other provisions	<u>95,359</u>		<u>149,632</u>
		385,644	202,710
C. Liabilities			
1. Issuance liabilities	1,942,166,550		1,726,522,817
2. Liabilities to banks	83,613		79,509
- of which due to affiliated companies EUR 84 thousand (prior year EUR 80 thousand)			
3. Trade payables	537,621		776,621
- of which due to affiliated companies EUR 0 thousand (prior year EUR 0 thousand)			
- of which with a remaining term of up to one year EUR 538 thousand (prior year EUR 777 thousand)			
4. Liabilities to affiliated companies	94,260		43,358
- of which with a remaining term of up to one year EUR 94 thousand (prior year EUR 43 thousand)			
5. Other liabilities	9,920,953		11,076,592
- of which for taxes EUR 5 thousand (prior year EUR 6 thousand)			
- of which for social security EUR 15 thousand (prior year EUR 0 thousand)			
- of which with a remaining term of up to one year EUR 9,921 thousand (prior year EUR 11,077 thousand)			
		<u>1,952,802,997</u>	<u>1,738,498,897</u>
		<u>1,956,115,500</u>	<u>1,741,190,981</u>

II. Income statement for the period from 1 January 2019 to 31 December 2019

	EUR	EUR	2018 EUR
1. Realised and unrealised gains and losses from the issuance business	-165,733,125		433,490,484
2. Realised and unrealised gains and losses from hedging transactions	172,637,148		-426,575,368
		6,904,023	6,915,116
3. Other operating income		22,848	56,533
- of which from currency translation EUR 12 thousand (prior year EUR 29 thousand)			
4. Personnel expenses			
a) wages and salaries	396,756		406,476
b) social security contributions and expenses for old-age pensions and other employee benefits	101,793		91,689
- of which in respect of old-age pensions EUR 10 thousand (prior year EUR 23 thousand)			
		498,549	498,166
5. Depreciation of tangible fixed assets	1,205		1,175
6. Other operating expenses	5,149,306		5,811,408
- of which from currency translation EUR 26 thousand (prior year EUR 38 thousand)			
		5,150,511	5,812,583
7. Other interest and similar income	44,586,889		43,775,389
- of which from affiliated companies EUR 44,587 thousand (prior year EUR 43,775 thousand)			
8. Interest and similar expenses	44,576,637		43,796,668
		10,252	-21,279
9. Result from ordinary activities		1,288,063	639,621
10. Taxes on income		411,204	200,247
11. Net income for the year		876,859	439,374

III. Statement of changes in equity for the period from 1 January 2019 to 31 December 2019

	Subscribed capital	Capital reserves	Revenue reserves	Retained profits/accumulated losses brought forward	Net income for the year	Total
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
31/12/2018	50,000.00	2,000,000.00	0.00	0.00	439,374.48	2,489,374.48
Transfers to retained profits/accumulated losses brought forward						
Distributions					439,374.48	
Net income for the year (2019)					876,859.33	
Additions to reserves						
31/12/2019	50,000.00	2,000,000.00	0.00	0.00	876,859.33	2,926,859.33

IV. Statement of cash flows (indirect method) for the period from 1 January 2019 to 31 December 2019

		2019	2018
		EUR	EUR
1.	Profit for the period (including profit attributable to non-controlling interests) before extraordinary items	876,859.33	439,374.48
2.	+/- Depreciation, write-downs and reversals of write-downs on fixed assets	1,205.47	1,175.00
3.	+/- Increase/decrease in provisions	182,933.95	-208,469.59
4.	+/- Other non-cash income and expenses (e.g., amortisation of discounts capitalised)	0.00	0.00
5.	-/+ Gain/loss from disposals of fixed assets	0.00	1.00
6.	-/+ Increase/decrease in inventories, trade receivables and other assets not allocated to investing or financing activities	214,178,164.53	50,777,513.69
7.	+/- Increase/decrease in trade payables and other liabilities not allocated to investing or financing activities	-214,312,306.37	-51,132,255.93
8.	+/- Cash inflows and outflows from extraordinary items	0.00	0.00
9.	= Cash flow from operating activities	1,195,140.59	-122,661.35
10.	Proceeds from disposals of tangible fixed assets	0.00	0.00
11.	- Payments for investments in tangible fixed assets	-452.53	0.00
12.	+ Proceeds from disposals of intangible fixed assets	0.00	0.00
13.	- Payments for investments in intangible fixed assets	829.00	0.00
14.	+ Proceeds from disposals of long-term financial assets	0.00	0.00
15.	- Payments for investments in long-term financial assets	0.00	0.00
16.	+ Proceeds from the sale of consolidated companies and other business entities	0.00	0.00
17.	- Payments for the acquisition of consolidated companies and other business entities	0.00	0.00
18.	+ Proceeds from cash deposits in connection with short-term liquidity management	0.00	0.00
19.	- Payments arising from cash deposits in connection with short-term liquidity management	0.00	0.00
20.	= Cash flow from investing activities	-376.47	0.00
21.	Proceeds from additions to equity (capital increases, sale of own shares, etc.)	0.00	0.00
22.	- Payments to owners and non-controlling interests (dividends, purchase of own shares, repayments of capital, other distributions)	439,374.48	347,331.88
23.	+ Proceeds from bond issues and new borrowings	0.00	0.00
24.	- Repayments of bonds and borrowings	0.00	0.00
25.	= Cash flow from financing activities (total of 21 to 24)	-439,374.48	-347,331.88
26.	Change in cash funds (total of 9, 20, 25)	755,389.64	-469,993.23
27.	+/- Changes in cash funds due to exchange rate movements, changes in the group of consolidated companies and remeasurement	0.00	0.00
28.	+ Cash funds at the beginning of the period	2,318,914.61	2,788,907.84
29.	= Cash funds at the end of the period (total of 26 to 28)	3,074,304.25	2,318,914.61

V. Notes to the financial statements as at 31 December 2019

1. Accounting policies

a. General

The annual financial statements as at 31 December 2019 of Vontobel Financial Products GmbH, Frankfurt am Main, also referred to in the following as the "Company", were prepared in accordance with the requirements of the German Commercial Code (*Handelsgesetzbuch*, "HGB") and the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, "GmbHG").

The nature of expense format was chosen for the presentation of the income statement in accordance with § 275 (2) HGB.

b. Measurement methods

The accounting policies applied were unchanged as against the annual financial statements as at 31 December 2018.

Tangible fixed assets are recorded at cost less depreciation. Depreciation was based on the rates permitted for tax purposes. Low-value items are written off in full in the year of addition pursuant to § 6 (2) of the German Income Tax Act (*Einkommensteuergesetz*, "EStG").

Tangible fixed assets are depreciated over periods of between 1 and 13 years depending on the nature of the particular asset.

The statement of changes in fixed assets for 2019 is attached to the notes as an appendix.

Receivables were recorded at the nominal amount with the exception of the OTC hedging instruments.

The hedging transactions reported under **receivables from affiliated companies** were combined with **issuance liabilities** into individual hedges in accordance with § 254 HGB and measured at fair value. The individual hedges are recognised using the gross hedge presentation method. In other words, the offsetting changes in the fair value of the hedged risk attributable to both the securities issued and the hedging transactions are reported in the balance sheet. In each case, the offsetting changes in fair value are presented in the income statement on a gross basis.

Other assets were recognised at their nominal amount.

Bank balances were recorded at the nominal amount.

Prepaid expenses and deferred income result from accruals of income and expenses.

Provisions were recognised in the amount required by prudent business judgment in accordance with § 253 (1) HGB.

Liabilities were recorded at the settlement amount.

Income and expenses were recorded in the periods to which they relate.

Valuation allowances in respect of receivables and other assets were not required.

No material amounts of **foreign currency assets or liabilities** were contained in the receivables from and liabilities to banks. The hedging transactions reported under issuance liabilities and receivables from affiliated companies include significant foreign currency exposures that offset each other when combined into individual hedges as described above.

Amounts denominated in foreign currencies were translated using the following mid-rates as at 31 December 2019:

EUR 1 = CHF 1.08697	EUR 1 = USD 1.12250	EUR 1 = GBP 0.84733
EUR 1 = SEK 10.50775		

2. Notes to the balance sheet

a. Receivables from affiliated companies

Receivables from affiliated companies consist mainly of OTC hedging instruments amounting to EUR 1,942,167 thousand (prior year EUR 1,726,523 thousand) acquired for the purpose of fully hedging the securities issued and also current remuneration in the amount of EUR 596 thousand (prior year EUR 659 thousand).

b. Bank balances

Bank balances amounting to EUR 3,158 thousand (prior year EUR 2,398 thousand) are payable on demand and include receivables from affiliated companies of EUR 2,936 thousand (prior year EUR 2,306 thousand)

c. Other assets

Other assets primarily include receivables from affiliated companies in respect of accrued interest amounting to EUR 9,900 thousand (prior year EUR 11,070 thousand) and tax receivables of EUR 7 thousand (prior year EUR 20 thousand).

d. Equity

The share capital of the Company amounted to EUR 50 thousand as at 31 December 2019 (prior year EUR 50 thousand) and is fully paid-up.

Capital reserves amounting to EUR 2,000 thousand reflect capital contributions by the sole shareholder. No amounts were either contributed to or withdrawn from the capital reserves during the financial year.

The statement of changes in equity for 2019 can be found in section IV.

e. Issuance liabilities

Issuance liabilities consist entirely of the securities issued.

f. Liabilities to banks

Liabilities to banks amount to EUR 84 thousand (prior year EUR 80 thousand).

g. Trade payables

The trade payables include obligations for other services amounting to EUR 538 thousand (prior year EUR 777 thousand).

h. Liabilities to affiliated companies

Liabilities to affiliated companies comprise liabilities to Bank Vontobel Europe AG, Munich, amounting to EUR 73 thousand (prior year EUR 32 thousand) and liabilities to Bank Vontobel Schweiz, Zürich, amounting to EUR 21 thousand (prior year EUR 11 thousand).

i. Other liabilities

Other liabilities amounting to EUR 9,921 thousand (prior year EUR 11,077 thousand) mainly comprise liabilities from accrued interest of EUR 9,900 thousand (prior year EUR 11,070 thousand) and income tax deducted from wages for December of EUR 5 thousand (prior year EUR 6 thousand).

j. Maturity analysis of receivables

The receivables were made up as follows:

Item	of which with a remaining term of			
	Total amount EUR '000	up to 1 year EUR '000	more than 1 to 5 years EUR '000	more than 5 years EUR '000
Trade receivables	270 (prior year -)	270 (prior year -)	- (prior year -)	- (prior year -)
Receivables from affiliated companies	1,942,763 (prior year 1,727,183)	873,992 (prior year 922,534)	699,264 (prior year 578,304)	369,507 (prior year 226,345)
Other assets	9,916 (prior year 11,090)	9,916 (prior year 11,090)	- (prior year -)	- (prior year -)
Total	1,952,949 (prior year 1,738,273)	884,178 (prior year 933,624)	699,264 (prior year 578,304)	369,507 (prior year 226,345)

k. Maturity analysis of liabilities

The analysis of the liabilities is as follows:

Item	of which with a remaining term of			
	Total amount EUR '000	up to 1 year EUR '000	more than 1 to 5 years EUR '000	More than 5 years EUR '000
Issuance liabilities¹	1,942,167 (prior year 1,726,523)	873,396 (prior year 921,874)	699,264 (prior year 578,304)	369,507 (prior year 226,345)
Liabilities to banks	84 (prior year 80)	84 (prior year 80)	- (prior year -)	- (prior year -)
Trade payables	538 (prior year 777)	537 (prior year 777)	- (prior year -)	- (prior year -)
Liabilities to affiliated companies	94 (prior year 43)	94 (prior year 43)	- (prior year -)	- (prior year -)
Other liabilities	9,921 (prior year 11,076)	9,921 (prior year 11,076)	- (prior year -)	- (prior year -)
Total	1,952,803 (prior year 1,738,499)	884,032 (prior year 933,850)	699,264 (prior year 578,304)	369,507 (prior year 226,345)

¹The issuance liabilities with a remaining term of more than 5 years consist entirely of open-end certificates (tracker certificates, factor certificates, mini-futures and open-end turbo warrants).

I. Nature and scope of derivative financial instruments

The table below shows the nature and scope of the derivative financial instruments and the related hedging instruments. The volume of these securities is given in numbers of individual securities. The securities issued and the hedging instruments acquired are combined into perfect micro hedges in accordance with § 254 HGB, eliminating all fair value and cash flow risk (including price fluctuation, interest rate, foreign currency, credit/default and liquidity risk). The terms and parameters of the underlying and hedging transactions are matched to ensure the effectiveness of the individual hedge. Effectiveness is measured using the critical term match method. The fair value of these financial instruments after initial recognition is determined on the basis of quoted market prices or prices quoted by dealers, if the financial instrument is traded on an active market. In the case of unquoted financial instruments, fair value is determined solely by the use of generally recognised valuation models which rely on input parameters that are observable in the market. Complex structured products were measured separately in accordance with accounting principle AcP HFA 22 of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland, "IDW"*). Other disclosures in accordance with § 285 no. 23 HGB include the management report for financial year 2019.

The derivative financial instruments were reported in the balance sheet under the following items:

Certificates issued OTC hedging instruments	Issuance liabilities Receivables from affiliated companies
Warrants issued OTC hedging instruments	Issuance liabilities Receivables from affiliated companies

Summary analysis of the derivative financial instruments and the related hedging instruments as at 31 December 2019:

Category	2019 Number of securities	2019 Fair value in EUR	Prior year Number of securities	Prior year Fair value in EUR
Type of security:				
Certificates	14,355,568	1,748,756,576.97	19,110,328	1,607,111,799.00
Underlying shares	5,741,236	973,702,809.88	6,351,542	835,342,991.99
Underlying indices	7,236,625	671,116,977.22	12,521,272	737,299,348.92
Underlying interest rate instruments	5,989	1,303,094.00	1,237	1,260,899.85
Underlying precious metals	60,698	1,513,470.30	34,426	944,306.84
Underlying commodities	10,135	537,265.96	0	0.00
Underlying currencies*	1,300,884	100,582,959.61	201,851	32,264,251.40
Warrants	1,168,790,265	193,409,971.11	1,170,942,255	119,479,508.21
Underlying shares	229,691,400	90,180,935.57	394,767,137	48,759,307.21
Underlying indices	834,964,469	61,002,472.53	673,297,887	37,021,702.98
Underlying interest rate instruments	143,171	532,572.48	225,674	401,630.77
Underlying precious metals	83,999,529	32,859,334.82	55,675,110	23,588,386.97
Underlying commodities	19,005,890	7,626,368.07	45,454,218	8,160,947.10
Underlying currencies	985,806	1,208,287.64	1,522,229	1,547,533.18
Total	1,183,145,833	1,942,166,548.08	1,190,052,583	1,726,591,307.21

*Items also include products with cryptocurrencies as the underlying.

OTC hedging instruments linked to:

Certificates	14,355,568	1,748,756,609.09	19,110,328	1,607,111,799.00
Underlying shares	5,741,236	973,702,809.88	6,351,542	835,342,991.99
Underlying indices	7,236,625	671,117,009.34	12,521,272	737,299,348.92
Underlying interest rate instruments	5,989	1,303,094.00	1,237	1,260,899.85
Underlying precious metals	60,698	1,513,470.30	34,426	944,306.84
Underlying commodities	10,135	537,265.96	0	0.00
Underlying currencies*	1,300,884	100,582,959.61	201,851	32,264,251.40
Warrants	1,168,790,265	193,409,971.11	1,170,942,255	119,479,508.21
Underlying shares	229,691,400	90,180,935.57	394,767,137	48,759,307.21
Underlying indices	834,964,469	61,002,472.53	673,297,887	37,021,702.98
Underlying interest rate instruments	143,171	532,572.48	225,674	401,630.77
Underlying precious metals	83,999,529	32,859,334.82	55,675,110	23,588,386.97
Underlying commodities	19,005,890	7,626,368.07	45,454,218	8,160,947.10
Underlying currencies	985,806	1,208,287.64	1,522,229	1,547,533.18
Total	1,183,145,833	1,942,166,580.20	1,190,052,583	1,726,591,307.21

* Items also include hedging instruments linked to products with cryptocurrencies as the underlying.

3. Notes to the income statement

a. Sales

Sales amounting to EUR 6,927 thousand (prior year EUR 6,972 thousand) comprise EUR 6,904 thousand (prior year EUR 6,915 thousand) from the issuance business and EUR 23 thousand (prior year EUR 57 thousand) from other operating income. Other operating income includes prior-period income of EUR 11 thousand received in the previous year (prior year EUR 15 thousand).

Income from the issuance business is reflected in the income statement as the difference between the realised and unrealised gains and losses from the issuance business and hedging transactions; EUR 6,915 thousand is attributable to the issuance margin (prior year EUR 6,915 thousand), which the Company receives as compensation pursuant to the Issuance Agreement for its business activities.

b. Personnel expenses

Personnel expenses amount to EUR 499 thousand (prior year EUR 498 thousand).

c. Fees

The fee for the audit of the financial statements recorded as an expense in the financial year amounted to EUR 60 thousand (prior year EUR 56 thousand).

d. Other financial obligations

Other financial obligations consist primarily of rental agreements.

The obligations amount in total to EUR 67 thousand (prior year EUR 66 thousand), including obligations amounting to EUR 67 thousand (prior year EUR 66 thousand) with a remaining term of up to 1 year and EUR 0 thousand (prior year EUR 0 thousand) with a remaining term of 2 to 5 years. Other financial obligations relate in their full amount to affiliated companies.

e. Other operating expenses

Other operating expenses consist primarily of issuance costs amounting to EUR 4,420 thousand (prior year EUR 4,625 thousand).

The expenses amount in total to EUR 5,149 thousand (prior year EUR 5,811 thousand). That figure also includes currency translation expenses amounting to EUR 26 thousand (prior year EUR 38 thousand) and prior-period expenses amounting to EUR 2 thousand (prior year EUR 0 thousand).

f. Interest

The financial result amounts to EUR 10 thousand (prior year EUR 21 thousand).

g. Taxes on income

Taxes on income amounting to EUR 411 thousand (prior year EUR 200 thousand) relate entirely to the net income for the year.

4. Supplementary disclosures

a. Contingent liabilities

At the balance sheet date, there were no contingent liabilities that were not reported in the balance sheet.

b. Management and employees

Stefan Armbruster, Managing Director (business studies graduate), until 31 December 2019

Anton Hötzl, Managing Director (attorney)

Daniela Werner, Managing Director (business studies graduate)

The Company made use of the exemption granted by § 286 (4) HGB with respect to the disclosures required by § 285 sentence 1 no. 9 a) and b) HGB.

The Company had an average of 5.0 employees during the financial year (prior year: 4.8) and 1.3 trainees/temporary members of staff (prior year: 1.2).

c. Audit committee

The Company has formed an Audit Committee in accordance with § 324 HGB. This committee currently comprises three members.

d. Group and shareholdings

The consolidated financial statements for the largest group of companies are prepared by Vontobel Holding AG, Zurich, Switzerland, and are available for inspection at their offices. The Company is included in those consolidated financial statements. There are no smaller groups of consolidated companies.

h. Report on post-balance sheet date events

No events of particular significance have occurred since the close of the financial year.

i. Appropriation of earnings

The Company intends to distribute the net result for the year to its shareholder.

Frankfurt am Main, 11 March 2020

Vontobel Financial Products GmbH

The Management

signed Anton Hötzl

signed Daniela Werner

**Appendix 1 to the notes: Statement of changes in fixed assets (gross)
for the period from 1 January 2019 to 31 December 2019**

A. Fixed assets	Cost	Additions	Disposals	Reclassifications	Cost	Cumulative depreciation, amortisation and write-downs	Depreciation, amortisation and write-downs in the financial year	Disposals	Reclassifications	Cumulative depreciation, amortisation and write-downs	Reversals of write-downs in the financial year	Carrying amount
	01/01/2019				31/12/2019	01/01/2019				31/12/2019		31/12/2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<i>I. Tangible fixed assets</i>												
1. Technical equipment and machinery	8,851.07	0.00	0.00	0.00	8,851.07	8,841.07	0.00	0.00	0.00	8,841.07	0.00	10.00
2. Other equipment, operating and office equipment	20,753.45	376.47	376.47	0.00	20,753.45	14,951.45	1,205.47	376.47	0.00	15,780.45	0.00	4,973.00
<i>Total tangible fixed assets</i>	<u>29,604.52</u>	<u>376.47</u>	<u>376.47</u>	<u>0.00</u>	<u>29,604.52</u>	<u>23,792.52</u>	<u>1,175.00</u>	<u>739.93</u>	<u>0.00</u>	<u>24,621.52</u>	<u>0.00</u>	<u>4,983.00</u>
Total fixed assets	<u>29,604.52</u>	<u>376.47</u>	<u>376.47</u>	<u>0.00</u>	<u>29,604.52</u>	<u>23,792.52</u>	<u>1,175.00</u>	<u>739.93</u>	<u>0.00</u>	<u>24,621.52</u>	<u>0.00</u>	<u>4,983.00</u>

Vontobel Financial Products GmbH, Frankfurt am Main

Management Report for financial year 2019

I. Fundamental information about the Company

Vontobel Financial Products GmbH (the "Company") is a wholly owned subsidiary of Vontobel Holding AG, Zurich. The object of the Company is to issue securities and derivative securities and to carry out financial transactions and auxiliary transactions of financial transactions. Activities that require authorisation under the German Banking Act (*Gesetz über das Kreditwesen*) are excluded.

The Company commenced its business activities as an issuance company (company whose main purpose is to issue securities) in spring 2005. The activities relating to the issuance of investment and leveraged products (issuance of certificates, bonds, warrants and knock-out products) commenced in April 2005. The securities issued are acquired exclusively by Bank Vontobel AG, Zurich. Simultaneously, the Company enters into OTC hedging transactions, i.e. hedging transactions negotiated individually between two parties, with other companies within the Vontobel Group (Bank Vontobel AG, Zurich, Switzerland, and Vontobel Financial Products Ltd., Dubai, United Arab Emirates). Bank Vontobel Europe AG, Frankfurt am Main branch, offers the Company's securities to the public and conducts marketing activities for the Company's securities.

II. Business and general environment

Germany is currently the largest capital market for the securities issued by the Company. In German-speaking countries, the Company's securities are also offered by Bank Vontobel Europe AG in Austria, Luxembourg and Liechtenstein. In addition, the Company has been issuing securities in non-German-speaking countries since 2015, starting with Sweden and Finland. Since then Vontobel Financial Products GmbH has been issuing securities in Italy (since 2016), France and the Netherlands (since 2016/2017), Hungary and the Czech Republic (since 2018) and Denmark (since 2019). Bank Vontobel Europe AG serves as the distributor and liquidity provider for these securities.

The Company's issuance activities, its most important performance indicator for the management, decreased compared with the previous year. In financial year 2019, the Company issued a total of 429,576 securities. In financial year 2018, the total amounted to 502,276 securities. This decrease was attributable mainly to reduced volumes in Germany for bonus certificates, which for several months could not be issued due to technical reasons, as well as leveraged products which did not have to be issued as frequently, mainly due to lower volatility on the capital markets in the year under review. Outside Germany, the Company increased its issuance activities across the board in the northern European markets other than Sweden – issuing 7,474 securities in Sweden (prior year 7,675) and 4,272 in Finland (prior year 2,990). Activities were as follows in the markets which the Company had been developing since 2016: Italy 1,670 (prior year 2,622), France 24,987 (prior year 17,079), Netherlands 13,466 (prior year 10,057), Czech Republic 0 (prior year 1), Hungary 5 (prior year 3), Denmark, which the Company began to develop in 2019, 1,109 (prior year 0) and Belgium 0 (prior year 0). Thus, issuance activity has increased in all markets except for Germany, Sweden and Italy thanks to the expansion of the product portfolio. In the Czech Republic and Hungary, issuance activity stagnated because the product portfolio did not yet quite cover the entire local markets.

Over the course of 2019, structured securities provided a mixed picture for turnover on the European exchanges. For instance, turnover on the Frankfurt and Stuttgart stock exchanges fell by 9.1% from

EUR 39.9 billion in 2018 to EUR 36.2 billion (source: German Derivatives Association). By contrast, turnover increased in Italy by 4.3% from EUR 17.6 billion to EUR 18.3 billion (source: Technolab). In the segment of the Nordic Growth Market (NGM) for Sweden, turnover remained stable in 2019 as compared to the previous year (+0.9% from SEK 22.4 billion in the prior year to SEK 22.6 billion). By contrast, Finland saw a decrease from EUR 689 million to EUR 468 million (-32.1%). (Source: Nordic Growth Market, NDX Sweden and Finland market segments). The Euronext market in France and the Netherlands was also in decline. France recorded a reduction from EUR 3.4 billion in 2018 to EUR 3.2 billion in the reporting period (-8.0%), while turnover in the Netherlands decreased by 23.2% to EUR 4.6 billion in 2019 (prior year EUR 6.0 billion) (source: Euronext Paris & Amsterdam Warrants & Certificates Stats). Stock exchange turnover in Denmark, which the Company began to develop in 2019, was up year on year by 51.2% (source: Nordic Growth Market, NDX Denmark market segment).

In Germany, turnover in securities issued by the Company fell by 4.6% from EUR 3,722 million to EUR 3,567 million, although its market share rose from 9.3% (fifth-largest) to 9.8% (fifth-largest). In Sweden and Finland, Vontobel became an established provider of structured products. Over the course of 2019, Vontobel's market share in the NDX segment thus reached 55.4% for Sweden (largest) and 26.8% for Finland (largest). Market share in Italy was 10.1% (fourth-largest), in France it was 7.8% (fifth-largest) and in the Netherlands it was 7.2% (fifth-largest). Business activities were launched in Denmark in 2019. Vontobel realised a market share of 47.4% (largest), accounting for EUR 328 million (prior year 0) in turnover.

The outstanding volume on the overall German certificates market rose by 1.1% (EUR 72.3 billion⁴, up from EUR 71.5 billion in the prior year), although the Company's volume of sales showed above-average growth as at the year-end. The outstanding volume thus rose from EUR 1,727 million to EUR 1,942 million, representing an increase of 12.5% (see the key figure "Issuance liabilities" in the balance sheet). One significant factor in this development was the increase in share prices during the reporting year.

As in the previous year, the Company was required to comply with the requirements of Regulation (EU) No 1286/2014 (PRIIP Regulation) to map new products and product features in connection with key information documents, and to comply with the requirements of Directive 2014/65/EU on markets in financial instruments (MiFID II). At the same time, the Company was preparing for the implementation of Regulation (EU) 2017/1129 (Prospectus Regulation), which, in the opinion of the management, will have an impact on the base prospectuses used by the Company, including the model Final Terms, by the time implementation has been completed in 2020. The products issued by the Company will be increasingly affected in 2020 by measures relating to the conversion of reference interest rates in connection with Regulation (EU) No 596/2014 (Benchmark Regulation). The Company is working closely together with other units of the Vontobel Group, as well as with the German Derivatives Association and other European derivatives associations, on these issues.

III. Management system

The Company is integrated into the global management system of the Vontobel Group and performs its business activities in cooperation with its affiliated companies in particular: Bank Vontobel AG, Zurich, Switzerland, Vontobel Financial Products Ltd., Dubai, United Arab Emirates, and Bank Vontobel Europe AG, Frankfurt am Main branch. The management of the Company is therefore also coordinated with these affiliated companies and in line with strategy of the Vontobel Group.

The Company aims to offer a broad range of issuable redemption profiles and combinations of underlyings and at the same time, increase the degree of automation. All planned issues are subject to statutory requirements.

IV. Results of operations/financial position/net assets

⁴ Source: German Derivatives Association (DDV), November 2019

1. Results of operations

The Company's issuance activities are governed by an agreement ("Issuance Agreement") with Bank Vontobel AG, Zurich, Switzerland, and with Vontobel Financial Products Ltd., Dubai, United Arab Emirates. The remuneration for the issuance activities is calculated and agreed on a year by year basis within the framework of this agreement.

A key performance indicator in this connection is the volume of securities sold by affiliated companies (issuance volume). Since the Company did not meet or exceed the target figures agreed for 2019 during the past financial year, income from the issuance activities during the financial year amounted to the minimum budgeted figure for income agreed between the parties of EUR 6,915 thousand. This was unchanged as compared to the prior year (EUR 6,915 thousand).

The year-on-year increase in net income for the year was primarily due to the significantly higher issuance volumes in the majority of the markets, as a result of which the Company increased the budget accordingly and thus agreed a minimum income figure.

Other operating income fell to EUR 23 thousand (prior year EUR 57 thousand). In addition, personnel expenses of EUR 499 thousand (prior year EUR 498 thousand), depreciation of EUR 1 thousand (prior year EUR 1 thousand) and other operating expenses amounting to EUR 5,149 thousand (prior year EUR 5,811 thousand) were incurred. The other operating expenses mainly comprised EUR 4,420 thousand for issuance costs (prior year EUR 4,625 thousand) and Group cost allocations of EUR 304 thousand (prior year EUR 262 thousand).

The increase in interest and similar income (from EUR 43,775 thousand in the prior year to EUR 44,587 thousand) and interest and similar expenses (from EUR 43,797 thousand in the prior year to EUR 44,577 thousand) corresponded with the increase in issuance volume.

The result from ordinary activities therefore amounted to EUR 1,288 thousand (prior year EUR 640 thousand).

An expense for taxes on income amounting to EUR 411 thousand (prior year EUR 200 thousand) was incurred. Overall, net income for financial year 2019 rose by EUR 437 thousand compared with the previous year to EUR 877 thousand (prior year EUR 439 thousand).

2. Financial position

As at 31 December 2019, the liquid funds of the Company increased to EUR 3,158 thousand (prior year EUR 2,398 thousand). The share of total assets represented by liquid funds also rose, amounting to 0.16% (prior year 0.14%).

Cash flow from operating activities for 2019 was positive and amounted to EUR 1,195 thousand (prior year EUR -123 thousand). Starting from the net income for 2019 of EUR 877 thousand (prior year EUR 439 thousand), the principal factors contributing to the cash flow figure were the increase in other assets of EUR 214,178 thousand (prior year EUR 50,778 thousand), the decline in other liabilities of EUR -214,312 thousand (prior year EUR -51,132 thousand), the decrease in trade payables of EUR 239 thousand (prior year EUR -698 thousand), the increase in trade payables of EUR 270 thousand (prior year EUR 0 thousand) and the increase in provisions of EUR 183 thousand (prior year EUR -208 thousand).

The Company also has the ability obtain funds from the Vontobel Group at any time.

3. Net assets

Receivables from affiliated companies amounted to EUR 1,942,763 thousand as at 31 December 2019 (prior year EUR 1,727,183 thousand) and represented the largest component of total assets with a share of 99.3% (prior year 99.2%).

The liabilities side of the balance sheet as at 31 December 2019 was dominated by issuance liabilities of EUR 1,942,167 thousand or 99.3% (prior year EUR 1,726,523 thousand or 99.2%). In addition, trade payables amounted to EUR 538 thousand (prior year EUR 777 thousand). Other liabilities

mostly relate to accrued interest amounting to EUR 9,900 thousand (prior year EUR 11,070 thousand). Provisions amounted to EUR 386 thousand (prior year EUR 203 thousand) and consisted of provisions for taxes of EUR 290 thousand (prior year EUR 53 thousand) and other provisions (particularly liabilities accrued for bonus payments (EUR 28 thousand; prior year EUR 55 thousand), liabilities for the costs of auditing (EUR 60 thousand; prior year EUR 60 thousand), personnel (EUR 3 thousand; prior year EUR 5 thousand) and preparing the annual financial statements (EUR 0 thousand; prior year EUR 9 thousand) as well as miscellaneous provisions (EUR 5 thousand, prior year EUR 21 thousand)).

The retained profit brought forward from the previous year (EUR 439 thousand; prior year EUR 347 thousand) was distributed to the sole shareholder in the financial year. Based on the net income generated for the year of EUR 877 thousand (prior year EUR 439 thousand), equity therefore increased to EUR 2,927 thousand (prior year EUR 2,489 thousand). Equity represents 0.15% (prior year 0.14%) of total assets.

The largest asset and liability items are therefore receivables from hedging transactions and issuance liabilities, and so the Company's equity structure is presented clearly.

4. Overall assessment of economic position

The management's assessment of the Company's economic position is positive. Following constant growth in the years from 2015 to 2018, the market trend enabled the Company to keep its economic position stable during the year under review. The integration of the Company into the Vontobel Group and its Structured Products (prior to the end of 2019: Financial Products) division will enable the Company to generate income on a constant basis. Cost discipline is a significant factor for achieving these positive results.

V. Report on expected developments and on opportunities and risks

1. Report on expected developments

The Vontobel Group has confirmed its strategy of continuing to expand its business activities with investment and leveraged products in 2020 and 2021. The Group intends to continue with the internationalisation of the business activities of the Structured Products division, particularly the (continued) introduction of investment products to markets in which the Company's leveraged products are already listed. It can be assumed that business will continue to grow year on year – particularly in Italy – and with contributions to that growth coming from France, the Netherlands and, from 2020, Belgium. In 2020, the Company intends to review entering the Norwegian market in addition to its launch in Belgium.

The Company will incur increased expansion costs because certain start-up expenses, for instance to engage local attorneys, are incurred up-front in each country. However, to the extent that markets such as Denmark, Norway and Belgium are only accessible with leveraged products which focus on short-term trading by speculative investors, this will not contribute to an increase in costs, as leveraged products are usually only held for a few days at most, often only during a single day. The internationalisation of investment products will support the growth in issue volume.

The trend at the beginning of 2020 is dominated by a rising, more volatile market environment, meaning that higher volumes compared to the same period of the previous year demonstrate that that after steadily rising in the second half of 2019 there continues to be a willingness to invest.

The business development of the first weeks cannot be extrapolated to forecast the development throughout the remainder of the year. Although we expect the capital markets to develop similarly to the development seen in the second half of 2019, not least because of the negative interest rate environment, the markets may be volatile, not least due to political and economic uncertainties, which could negatively impact business in investment products. However, it is likely in this case that new securities issuance activity will increase in order to ensure that there are products on offer for any possible market situation. This effect was recently apparent in connection with the current

market development due to the global measures initiated in order to contain and combat the COVID-19 (coronavirus) outbreak and any prospect of a pandemic.

Liquidity is secured by the corporate structure, bank balances and the integration into the Vontobel Group. No liquidity squeezes are expected.

On the whole, management is confident that the Company is well positioned to further significantly expand its business in the coming two financial years despite the major hurdles that the economic, political and regulatory environment will no doubt present. The Company will amend the annual budget agreements with the parties to the Issuance Agreement to reflect the costs resulting from the entry into additional European markets. This ensures that the increase in costs correlates to an increase in income for the Company.

2. Risk report

The principal factors affecting the Company's risk position are its clearly arranged corporate structure and the integration of the Company into the Vontobel Group, in particular into its risk management system. The Risk Management and Risk Control units aim to ensure that all risks are managed and monitored with utmost care.

The most important principles regarding risk management and control are:

- clear responsibilities and authority;
- alignment of risk profile and risk appetite;
- independent control functions and adequate human and technical resources;
- adequate internal control systems; and
- transparency with respect to the risks assumed.

All market price risks arising from investment and leveraged products issued are fully hedged by means of hedging transactions with other companies within the Vontobel Group (Bank Vontobel AG, Zurich, Switzerland, and Vontobel Financial Products Ltd., Dubai, United Arab Emirates) using micro hedges, i.e. each individual security issued by the Company is directly matched against an individual hedging instrument. There are therefore no risks arising from movements in prices. Since the payments associated with the sale of the securities issued and the purchase of the hedging instruments as well as with the exercise and maturity of securities always offset each other, there are also no settlement risks arising. The Company does not represent an independent risk.

Credit risks primarily relate to the hedging transactions entered into with Bank Vontobel AG, Zurich, and Vontobel Financial Products Ltd., Dubai. Each of the Company's issuances is guaranteed by either Vontobel Holding AG, Zurich, or Bank Vontobel Europe AG, Munich. If Bank Vontobel Europe AG guarantees issuances by the Company, the Company grants Bank Vontobel Europe AG a right of lien in respect of the hedges concluded and provides further collateral upon request, which can be lent to Bank Vontobel AG, Zurich, for that purpose. Default risk is classified as low. The external rating issued by Moody's for the Group parent's long-term liabilities was "A3" with a stable outlook⁵.

No liquidity risks or cash flow risks were recognised due to the integration into the Vontobel Group.

Comprehensive reconciliation procedures are performed to mitigate operational risk. The reconciliation process for intragroup receivables and liabilities is reviewed by the Group Accounting department on a regular basis. Where necessary, external legal advisers are involved in preparing and reviewing securities prospectuses. Most of the final terms and all of the documents required for an issue are generated automatically. Furthermore, the distribution of issue documentation to market participants, stock exchanges, clearing systems and the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) is also largely automated.

⁵ <https://www.vontobel.com/en-ch/about-vontobel/investor-relations/credit-ratings/>

The Company does not have its own IT systems. The Company uses the systems and standard software of the Vontobel Group. As a result, operational risks relating to processes and IT systems are covered by contingency plans at affiliated companies.

There were no significant changes in risks compared with the previous year.

3. Report on opportunities

The Company's opportunities of increasing and expanding its income correspond to this risk position. The integration of the Company into the Structured Products (prior to end of 2019: Financial Products) division of the Vontobel Group means that growth in the Company's income is conditional on growth in the Structured Products division as a whole.

VI. Internal control and risk management system relevant for the financial reporting process

The Company's internal control and risk management system is implemented by means of appropriate organisational precautions. The basic principles, the organisation of the structure and processes and the procedures of the accounting-related internal control and risk management system are laid down on a Group-wide basis in guidelines and instructions that are updated at regular intervals to reflect current external and internal developments.

Compliance with internal requirements and instructions is monitored as part of Group-wide internal audit activities.

1. Responsibility

The management is independently responsible for managing the Company and works closely together with the other governing bodies to the benefit of the Company. It has overall responsibility for the preparation of the annual financial statements, among other things.

An Audit Committee was formed in 2015. This addresses the development of the net assets, financial position and results of operations at least twice a year, in particular for the annual financial statements.

The shareholder is responsible for the adoption of the annual financial statements as part of annual financial statement process. To meet these responsibilities, the financial statement documents are submitted to the Audit Committee. The Audit Committee then discusses the preliminary key findings of the audit of the financial statements with the auditors.

2. Organisation and components of the financial reporting process

Business transactions settled by the Company (issues, repurchases) are recorded – largely automatically – in the existing application of Bank Vontobel AG in Zurich. The Group Accounting department continuously checks that these transactions have been recorded correctly.

Furthermore, the Company's financial accounting is outsourced to a specialised, independent company in Düsseldorf. Supplier invoices are allocated and approved by the Company's employees. After they are paid, the records are sent electronically to the external service provider.

Bank Vontobel AG issues monthly reports on the Company's issuance-related assets and liabilities to the service provider. The service provider consolidates this data with the other financial accounts and prepares it for reporting to the Vontobel Group and the management.

VII. Responsibility statement

The Managing Directors of the Company assure that, to the best of their knowledge and belief, this management report includes fair view of the development and performance of the business and the position of the Group, together with a description of the opportunities and risks associated with the expected development of the Company.

Vontobel Financial Products GmbH

Frankfurt am Main, 11 March 2020

The Management

signed Anton Hötzl

signed Daniela Werner

Auditors' report

Independent auditor's report⁶

To Vontobel Financial Products GmbH

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Vontobel Financial Products GmbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2019, and the income statement, statement of cash flows and statement of changes in equity for the fiscal year from January 1, 2019 to December 31, 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Vontobel Financial Products GmbH for the fiscal year from January 1, 2019 to December 31, 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the fiscal year from January 1, 2019 to December 31, 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law,

⁶ Translation of the independent auditors' report issued in German language on the annual financial statements prepared in German language by the executive directors of Vontobel Financial Products GmbH, Frankfurt am Main. The German language statements are decisive.

and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1, 2019 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Full hedging of market price risks arising from securities issued

Reasons why the matter was determined to be a key audit matter

The object of the company is to issue certificates and warrants. With these issuances, the Company takes market price risks in the following categories: Equities, indices, interest rate instruments, precious metals, commodities and currencies resp. crypto currencies. These market price risks are fully hedged by means of OTC hedging instruments with counterparties within Vontobel Group (perfect micro hedge). The securities issued and hedging instruments are combined into valuation units in accordance with § 254 HGB (German Commercial Code). Without hedging, the Company would be exposed to considerable market price risks. Because of the full hedging of the issuances, realized and unrealized gains and losses from the securities issued are compensated with those from the OTC hedging instruments, so that a positive issuance margin is achieved. The full hedging of market price risks from securities issued was therefore a key audit matter.

Auditor's response

To assess the effectiveness of the hedges, we examined the portfolio of securities issued on the basis contracts we were provided with to determine whether all issuances are fully hedged by similar and offsetting transactions with other entities within Vontobel Group.

Our audit did not give rise to any objections with regard to full hedging of market price risks arising from securities issued.

Reference to related disclosures

The Company's information on the full hedging of market price risks from securities issued can be found in the Notes in chapters 2l "nature and scope of derivative financial instruments" and 3a "sales".

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and

on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the shareholder of Vontobel Financial Products GmbH on March 26, 2019. We were engaged by the executive directors on November 21, 2019. We have been the auditor of Vontobel Financial Products GmbH without interruption since fiscal year 2004.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Matthias Koch.

Eschborn/Frankfurt am Main, 11 March 2020

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Koch
Wirtschaftsprüfer
(German Public Auditor)

Ozimek
Wirtschaftsprüfer
(German Public Auditor)