



# Registration Document

dated 3 April 2017

of

## Vontobel Financial Products GmbH

Frankfurt am Main, Germany

---

### Approval, publication and validity of the Registration Document

This Registration Document is set up in accordance with § 12 paragraph 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* – "**WpPG**") in connection with Article 7 and Annex IV of the Commission Regulation (EC) No 809/2004 of 29 April 2004 as amended (the "**Prospectus Regulation**"). This Registration Document has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") in accordance with § 13 paragraph 1 WpPG after the conclusion of a completeness check, including a check of the coherence and comprehensibility of the information presented

This Registration Document together with the respective base prospectus and the respective final terms constitute a complete prospectus. The Registration Document, the respective base prospectus and the respective final terms will be published on the website <https://certificates.vontobel.com> under the section <<Legal Documents>>, whereby the Final Terms for an particular issue are accessible by entry of the respective ISIN on the website <https://certificates.vontobel.com>.

This Registration Document is valid for a period of up to 12 months after its approval. Following the date of approval of this Registration Document, events and changes may occur, which render the information contained in this Registration Document incorrect and/or incomplete. The Issuer will publish a supplement in accordance with § 16 WpPG in case of a significant new factor or a material mistake or inaccuracy with respect to the information contained in this Registration Document.

## TABLE OF CONTENTS

<b>I. RISK FACTORS</b> .....	<b>3</b>
1. RISKS IN CONNECTION WITH BUSINESS ACTIVITIES .....	3
2. RISKS IN CONNECTION WITH THE DEVELOPMENTS IN THE MARKETS.....	4
3. RISKS IN CONNECTION WITH HEDGING TRANSACTIONS .....	4
4. RISKS IN CONNECTION WITH THE GUARANTEE .....	4
5. RISKS IN CONNECTION WITH POTENTIAL CONFLICTS OF INTEREST .....	4
<b>II. GENERAL INFORMATION</b> .....	<b>6</b>
1. RESPONSIBILITY STATEMENT .....	6
2. AUDITOR .....	6
3. DOCUMENTS AVAILABLE FOR INSPECTION .....	6
<b>III. SELECTED FINANCIAL INFORMATION</b> .....	<b>7</b>
1. SELECTED FINANCIAL INFORMATION .....	7
2. INVESTMENTS.....	7
3. SIGNIFICANT CHANGES.....	7
4. TREND INFORMATION.....	7
<b>IV. INFORMATION ABOUT THE ISSUER</b> .....	<b>8</b>
1. DISCLOSURES RELATING TO THE ISSUER .....	8
2. HISTORY AND BUSINESS DEVELOPMENT .....	8
3. PRINCIPAL MARKETS .....	8
4. ORGANISATIONAL STRUCTURE.....	8
5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES .....	9
6. MANAGEMENT PRACTICES .....	9
7. MAJOR SHAREHOLDERS .....	10
8. LEGAL PROCEEDINGS .....	11
9. MATERIAL AGREEMENTS .....	11
<b>V. FINANCIAL INFORMATION</b> .....	<b>13</b>
1. ANNUAL FINANCIAL STATEMENT OF THE ISSUER AS AT 31 DECEMBER 2015 AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2015 .....	D-1
2. ANNUAL FINANCIAL STATEMENT OF THE ISSUER AS AT 31 DECEMBER 2016 AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2016 .....	E-1
<b>VI. SIGNATURES</b> .....	<b>S-1</b>

## I. RISK FACTORS

*Potential investors should read carefully and take into consideration the risk factors described below and other information contained in this Registration Document before making a decision on the acquisition of securities issued by Vontobel Financial Products GmbH, Frankfurt am Main (the “Issuer” or the “Company”).*

*The onset of one or several of the following risks, in isolation or in combination with other factors, could materially adversely affect the Issuer’s business, net assets, financial condition, cash flow and results of operations or the price of securities issued by the Company (the “Securities”). The risks mentioned herein may materialise individually or cumulatively. The risks described below are possibly not the only risks to which the Issuer is exposed. Additional risks and uncertainties which are not currently known to the Issuer or that the Issuer might currently deem immaterial, may also materially adversely affect the Issuer’s business, net assets, financial condition, cash flow and results of operations or the price of the Securities. The order in which the risks are presented is not an indication of the likelihood of the risks actually materialising or the significance or degree of the risks or the scope of any potential harm.*

*In particular, prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Securities. See section "Risk Factors" in the respective base prospectus and any risk factors contained in the applicable final terms for a discussion of certain risks that should be considered in connection with the Securities.*

### 1. Risks in connection with business activities

The Company is an issuance company whose main purpose is to issue securities.

There is a general risk that the Issuer will be unable to fulfil all or some of its obligations arising from the Securities. For this reason, investors should take into consideration the creditworthiness of the Issuer when making their investment decisions. Credit risk is the risk of the Issuer becoming insolvent or illiquid, i.e., experiencing a potential, temporary or permanent inability to satisfy its obligations to make interest payments or principal repayments on time. Issuers with poor creditworthiness typically have a higher insolvency risk. Currently, the Issuer does not have a Rating. Therefore, it is not possible for investors to compare the solvency of the Issuer with that of companies which have ratings. The Issuer's liable share capital amounts to EUR 50,000. **A purchase of the Securities therefore exposes the investor to a significantly greater credit risk than in the case of an issuer with a higher level of capital resources.**

The Securities constitute direct and unsecured obligations of the Issuer that rank *pari passu* in relation to one another and in relation to all other unsecured and unsubordinated obligations of the Issuer, with the exception of obligations that have priority due to mandatory statutory requirements. **In the event of an insolvency of the Issuer, an investment in the securities of the Issuer may result in a total loss of the investment amount.**

The Issuer is not a member of a deposit protection fund or similar protection system which would reimburse claims of the holders of the Issuer's securities (the “Security Holders”) in full or in part if the Issuer became insolvent. Furthermore, neither the German Deposit Guarantee and Investor Compensation Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz*) nor the Deposit Insurance Fund of the Association of German Banks (*Einlagensicherungsfonds des Bundesverband deutscher Banken*) is applicable to bearer bonds (*Inhaberschuldverschreibungen*). **In the event of an insolvency of the Issuer, investors will have no protection from the aforementioned security institutions which would reimburse the Security holders' claims in full or in part.**

Any of the above mentioned risk factors may adversely affect the Issuer's business, net assets, financial condition, cash flow and results of operations.

## 2. Risks in connection with the developments in the markets

The Issuer's activities and its annual issuance volume are influenced by the developments in the markets where it conducts its business. These developments may be affected by economic and/or Company specific developments during the term of the securities, in particular in Germany and Europe, as well as due to altered conditions on the financial markets. These developments may be caused, among other things, by cyclical, regulatory, or tax changes which may sustainably affect the Issuer's profitability and solvency.

In this context, the market performance of Securities depends in particular on the performance of the capital markets, which are in turn influenced by the general situation of the global economy and the economic and political environment in the particular countries (so called market risk).

A difficult macroeconomic situation may, inter alia, lead to a lower issuance volume and could have material adverse effects on the Issuer's business, net assets, financial condition, cash flow and results of operations.

## 3. Risks in connection with hedging transactions

All shares of the Issuer are held by Vontobel Holding AG, Zurich, which is the parent company of the Vontobel Group (the "**Vontobel Group**"). The Issuer enters into OTC hedging transactions, i.e. hedging transactions negotiated individually between two parties, with other companies of the Vontobel Group (in particular Bank Vontobel AG, Zurich, Switzerland, and Vontobel Financial Products Ltd., Dubai, United Arab Emirates).

In this context, the principal risk is the risk of the illiquidity of the parties with which the Issuer enters into derivatives transactions in order to hedge its obligations arising from the issue of the securities. Since the Issuer only enters into such hedging transactions with other companies of the Vontobel Group (which includes all the consolidated subsidiaries of Vontobel Holding AG), the Issuer is exposed to cluster risk arising from the narrow range of counterparties in comparison with a widely diversified selection of contractual partners. Illiquidity or insolvency on the part of companies affiliated to the Issuer could therefore result directly in the illiquidity of the Issuer. The Security Holders are not entitled to any claims with respect to hedging transactions of this nature entered into.

## 4. Risks in connection with the guarantee

The due payment by the Issuer of all amounts payable in accordance with the terms and conditions of the securities issued under the respective Base Prospectus is guaranteed by either Vontobel Holding AG or Bank Vontobel Europe AG (each a "**Guarantor**"). The applicable Guarantor is defined in the respective Base Prospectus.

The obligations arising from the Securities constitute direct and unsecured obligations of the Issuer that rank *pari passu* in relation to one another. Upon discharge of any obligations of the Issuer or the Guarantor subsisting under the securities or under the guarantee in favour of a holder of securities, the relevant guaranteed right of such holder under the securities or the guarantee, respectively, shall cease to exist. 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 take into consideration not only the creditworthiness of the Issuer, but also the creditworthiness of the Guarantor when making their investment decisions. **In the event of an insolvency of the Issuer and the Guarantor, an investment in the Securities may result in a total loss of the investment amount.**

## 5. Risks in connection with potential conflicts of interest

Conflicts of interest may exist for companies of the Vontobel Group (which includes all consolidated subsidiaries of Vontobel Holding AG).

Trading transactions relating to the underlying

During the term of the Securities, the companies of the Vontobel Group may be involved in trading transactions, for their own account or for a customer's account, that directly or indirectly relate to the respective underlyings. The companies of the Vontobel Group may also become counterparties in the Issuer's hedging transactions relating to its obligations arising from the Securities. Such trading or hedging transactions may have a negative impact on the value of the underlying and thus on the value of the Securities.

Exercise of other functions by companies of the Vontobel Group

The Issuer and other companies of the Vontobel Group may also exercise another function in relation to the Securities, e.g. that of calculation agent and/or market maker. Such a function may enable the Issuer and/or the other companies of the Vontobel Group to determine the composition of the underlying 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 in determining the prices of the Securities and in making other associated determinations.

In the case of securities with bonds as the underlying, conflicts of interest may also arise if the Issuer or other companies of the Vontobel Group act in the function of market maker for the bonds and perform the pricing in this capacity. There is a possibility that the Issuer or other companies of the Vontobel Group may generate additional income by offering the Securities linked to these bonds.

Issue of additional derivative instruments on an underlying

The Issuer and/or other companies of the Vontobel Group may in addition issue additional derivative instruments in connection with the respective underlying; the introduction of such products may impact on the value of the Securities.

Receipt of non-public information

The Issuer and/or other companies of the Vontobel Group may receive non-public information relating to the underlying and, unless § 16 WpPG applies (obligation to update the Base Prospectus), are not obliged to pass such information on to the Security Holders.

Publication of research reports relating to an underlying

In addition, companies of the Vontobel Group may publish research reports in relation to the respective 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.

## II. GENERAL INFORMATION

### 1. Responsibility Statement

Vontobel Financial Products GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany, assumes responsibility for the content of this Registration Document.

The Company declares that, to the best of its knowledge, the information contained in this Registration Document is accurate and does not contain any material omissions.

### 2. Third Party Information

Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and that as far as Vontobel Financial Products GmbH is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### 3. Auditor

The annual financial statements for the financial years 2015 and 2016 have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mergenthalerallee 3-5, 65760 Eschborn, Germany.

The auditor is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*) and of the Institute of Public Auditors in Germany, Incorporated Association, Düsseldorf, Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*).

### 4. Documents Available for Inspection

The following documents or corresponding copies thereof may be inspected at the office of the Issuer during normal business hours during the validity of this Registration Document:

- the Articles of Association of the Issuer;
- the financial statements (*Jahresabschlüsse*) and management reports (*Lageberichte*) of the Issuer for the financial years 2015 and 2016.

The historical financial statements of the Issuer are published at the webpage <http://certificates.vontobel.com> under the section <legal documents>.

### III. SELECTED FINANCIAL INFORMATION

#### 1. Selected Financial Information

The following selected financial information has been taken from the Issuer's audited financial statements for the financial years 2015 and 2016 which were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch – "HGB"*) and the German Law on Limited Liability Companies (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung – "GmbHG"*).

Balance sheet	31 December 2015 EUR	31 December 2016 EUR
Receivables from affiliated companies (current assets)	1,169,626,706	1,351,901,297
Bank balances (current assets)	2,149,684	2,634,324
Issuance liabilities (liabilities)	1,169,260,532	1,351,709,919
Capital reserves (equity)	2,000,000	2,000,000
Total assets	1,187,984,764	1,368,192,787

Income statement	1 January to 31 December 2015 EUR	1 January to 31 December 2016 EUR
Realised and unrealised gains and losses from the issuance business	100,767,626	66,703,677
Realised and unrealised gains and losses from hedging transactions	-97,519,664	-62,150,137
Other operating expenses	2,489,626	3,451,117
Net income for the year	148,186	331,782

#### 2. Investments

The Issuer has not made any principal investments and no principal future investments have been resolved by the Issuer's Managing Directors since the date of the last audited annual financial statements (31 December 2016).

#### 3. Significant changes

No significant changes have occurred in the financial or trading position of the Issuer since the reporting date for the audited annual financial statements (31 December 2016).

#### 4. Trend Information

There have been no material adverse changes in the prospects of the Issuer since the reporting date for the audited annual financial statements (31 December 2016).

The Issuer's business is in particular affected by the economic development, especially in Germany and Europe, as well as by the overall conditions in the financial markets. In addition, the political environment also affects the Issuer's business. Furthermore, possible regulatory changes may have a negative impact on the demand or the cost side for the Company.

## **IV. INFORMATION ABOUT THE ISSUER**

### **1. Disclosures relating to the Issuer**

Vontobel Financial Products GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) under German law. The Issuer is registered with the Commercial Register of the Local Court (*Amtsgericht*) of Frankfurt am Main, Germany, under register number HRB 58515. The Issuer's registered office is in Frankfurt am Main. The legal and commercial name of the Issuer is Vontobel Financial Products GmbH. Its business address is Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany (telephone: +49 (0)69 920 373 200).

The share capital of the Issuer amounts to EUR 50,000 and is fully paid-up. All of the shares are held by the Vontobel Holding AG as sole shareholder.

In accordance with Article 2 of the Articles of Association, the object of the Issuer 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 may furthermore conduct all business activities that are directly or indirectly related to its main purpose and also carry out all activities that could directly or indirectly serve to promote the main purpose of the company. The company may also set up, acquire, or dispose of subsidiaries or branches in Germany and other countries, or acquire interests in other companies.

### **2. History and Business Development**

The Issuer was established in Germany by notarial deed as Opal 14. Vermögensverwaltungs GmbH on 27 February 2004. Its duration is unlimited. The Opal shelf company did not have any business activities. By notarial contract dated 6 October 2004, Vontobel Holding AG acquired all the shares in Opal 14. Vermögensverwaltungs GmbH. The shareholders' meeting held on 6 October 2004 resolved, among other things, to rename the company Vontobel Financial Products GmbH, to appoint new managing directors and to increase the company's capital from EUR 25,000 to EUR 50,000.

The Issuer commenced its business activities as an issuance company 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.

### **3. Principal Markets**

Germany is currently the most important capital market for the issuances of securities by the Issuer. The securities issued by the Issuer are also publicly offered in further member states of the European Economic Area.

### **4. Organisational Structure**

All shares of the Issuer are held by the group parent company, Vontobel Holding AG, Zurich, Switzerland (Vontobel Holding AG together with its consolidated subsidiaries, the “**Vontobel Group**”). The shares of Vontobel Holding AG are listed on the SIX Swiss Exchange in Zurich (see also cipher IV.7 – Major Shareholders on page 10 et seq. of this Registration Document). The Issuer has no subsidiaries.

Established in 1924 and headquartered in Zurich, the Vontobel Group is a Swiss private bank with international activities. The Vontobel Group provides global financial services on the basis of the Swiss private banking tradition. The business units on which the Vontobel Group is focused are (i) Private Banking, (ii) Asset Management and (iii) Investment Banking.



## 5. Administrative, Management and Supervisory Bodies

The Issuer has three Managing Directors (*Geschäftsführer*) and an Advisory Board (*Beirat*). The Advisory Board decides on the appointment and removal of managing directors, their powers of representation and on the conclusion, amendment and termination of service contracts and all other contracts between the managing directors and the company. The members of the advisory board shall be appointed and removed by the shareholder Vontobel Holding AG, Zurich. The Company has formed an Audit Committee in accordance with § 324 HGB.

### Managing Directors

The Managing Directors are Dr. Wolfgang Gerhardt, Mr Anton Hötzl and Dr. Lysander Heigl. The Managing Directors can be contacted at the address of the Issuer. Dr. Wolfgang Gerhardt and Dr. Lysander Heigl are employees of Bank Vontobel Europe AG, Munich, Germany. Besides, Dr. Wolfgang Gerhardt is also a member of the Executive Board of Bank Vontobel Europe AG. Mr Anton Hötzl is an employee of Bank Vontobel AG, Zurich, Switzerland.

### Advisory Board

The members of the Advisory Board are Roger Studer (Chairman), Markus Pfister (Vice-Chairman), Jürgen Kudszus, Stephan Eugster and Remigio Luongo. The members of the Advisory Board can be contacted at the address of the Issuer. With the exception of Mr Luongo and Mr Kudszus, the members of the Advisory Board are employees of Bank Vontobel AG, Zurich. Mr Luongo is an employee and Chief Executive Officer of Vontobel Financial Products Ltd., Dubai International Financial Centre, United Arab Emirates. Mr Studer is a member of the Group Executive Management of Vontobel Holding AG, Zurich. Mr Kudszus is an employee of Bank Vontobel Europe AG, Munich, and also a member of the board of directors of Bank Vontobel Europe AG.

### Audit Committee

By decision as of 13 August 2015, the shareholder of Vontobel Financial Products GmbH has set up an Audit Committee (*Prüfungsausschuss*) at the Issuer. Tasks of the Audit Committee are in particular to monitor the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system and the audit, in particular the independence of the auditor and additional services provided by the auditor. The Audit Committee meets at least twice a year. Members of the audit committee are Mr Stephan Eugster (Chairman) as member of the Advisory Board of the Company, Dr Wolfgang Gerhardt as member of the management board of the Company and Mr Marc Antoine Zemp as an independent member of the Audit Committee within the meaning of § 100 paragraph 5 of the German Stock Corporation Act (*Aktiengesetz*).

### Conflicts of interests

Insofar as the persons referred to above also perform functions at other companies of the Vontobel Group (as described), these activities could result in potential conflicts of interests between their obligations towards the Issuer and their private interests or other obligations, in particular with respect to the additional functions within the Vontobel Group referred to. Else, there are no potential conflicts of interests between the obligations towards the Issuer and private interests or other obligations.

The Managing Directors, the members of the Advisory Board and the members of the Audit Committee can be contacted at the address of the Company.

## 6. Management Practices

The shareholder of Vontobel Financial Products GmbH has formed an Audit Committee in accordance with § 324 HGB (see Note IV.5. on page 9 of this registration document).

The Issuer is not subject to the German Corporate Governance Code, since it is not a publicly listed company.

## 7. Major Shareholders

The Issuer's sole shareholder is Vontobel Holding AG, a listed stock corporation (*Aktiengesellschaft*) under Swiss law.

Vontobel Holding AG published the following information with respect to the major shareholders and groups of shareholders with pooled voting rights in Vontobel Holding AG, Zurich, in its annual reports for the financial year 2015 and 2016. As of the date of this Registration Document, no change in major shareholdings have been reported to the Company.

<b>With voting rights on share capital of CHF 56.875 mn of Vontobel Holding AG (audited information)</b>	<b>Nominal CHF million</b>	<b>31/12/15 share in %</b>	<b>Nominal CHF million</b>	<b>31/12/16 share in %</b>
Community of heirs of Dr. Hans Vontobel	11.8	20.7	11.8	20.7
Community of heirs of Ruth de la Cour-Vontobel	3.6	6.3	-	-
Vontrust AG (Holding of the Vontobel family shareholders)	8.1	14.3	8.1	14.3
Other shares of family shareholders	0.3	0.4	4.1	7.2
Vontobel Foundation	7.1	12.5	7.1	12.5
Pellegrinus Holding AG (public utility foundation Corvus) <sup>1)</sup>	2.7	4.7	2.7	4.7
Vontobel Holding AG incl. subsidiaries (own shares without voting rights) <sup>2)</sup>	2.1	3.7	2.1	3.7
Executive members	0.1	0.2	0.1	0.2
<b>Total voting rights on share capital</b>	<b>35.7</b>	<b>62.8</b>	<b>36.0</b>	<b>63.2</b>
of which members of the pool (with and without voting rights)	35.7	62.8	36.0	63.2
of which members of the pool (with voting rights)	33.6	59.1	33.8	59.5
of which pooled shares	26.0	45.8	26.0	45.8

<sup>1)</sup> Usufruct including voting rights by Pellegrinus Holding AG, ownership by Vontobel Foundation.

<sup>2)</sup> Excluding option rights amounting to 0.1% (previous year 0.0%) of shares outstanding.

### Shareholder pooling agreement

The major shareholders (community of heirs of Dr Hans J. Vontobel (Hans Dieter Vontobel, Regula Brunner-Vontobel, Kathrin Kobel-Vontobel), Vontrust AG, other family shareholders, Vontobel Foundation, Pellegrinus Holding AG, Vontobel Holding AG and executive members) are parties to a pooling agreement. This agreement encompasses specific Vontobel Holding AG shares held by these shareholders. As of 31 December 2016, 45.8% of all shares issued are bound by the pooling agreement. The members of the pool can freely dispose of any shares not specifically mentioned in the pooling agreement. Any sale of pooled Vontobel Holding AG shares requires prior approval by the remaining pool members. If they approve the intended sale, the pool member wanting to sell shares must first offer his or her shares to the other pool members for purchase. The other pool members have pre-emptive rights of purchase in proportion to each member's pooled interest.

If a pool member declines to exercise or transfer all or part of his or her rights of purchase, the unexercised rights will be allocated among the remaining pool members willing to exercise said rights, in proportion to each member's respective interests. The rules governing the sale of pooled shares held by executive members differ in that Vontobel Holding AG has pre-emptive rights to purchase their shares. The parties to the shareholder pooling agreement exercise their rights at the General Meeting of Shareholders uniformly in accordance with the prior resolutions passed by the pool.

In the course of the succession to the estate of Dr Hans J. Vontobel, who died on 3 January 2016, the shareholder pool under the previous shareholder pooling agreement will be transferred to a successor pool – consisting of a core pool and an extended pool – that will combine a total of 50.7% of votes. In future, 43.9% of votes will be held through the core pool, comprising the existing pool members Vontobel Foundation and Pellegrinus Holding (total of 19.6% of votes) and the family holding company Vontrust AG (14.3% of votes) as well as the new family holding company Advontes

AG (10%), and the remaining 6.8% of votes will be tied through the extended pool with one family member (Kathrin Kobel-Vontobel). The earliest possible date for termination of the core pool is the end of 2026. The extended pool as concluded for an indefinite period of time and can be terminated at the end of any year, subject to an 18-month notice period. The members of the core pool have a right of purchase or a pre-emptive right to acquire the pool shares tied in the extended pool. Pool shares acquired in this way become part of the core pool.

The agreements for the transfer to the successor pool were signed on 21 November 2016. This transfer will be completed once all regulatory approvals have been obtained; it had not taken place as of the date of the Registration Document.

#### Cross Shareholdings

No cross shareholdings exist between Vontobel Holding AG or its subsidiaries and other corporations that exceed 5% of capital or voting rights.

#### Restricted Transferability

The transfer of registered shares requires the approval of the Board of Directors or a committee designated by the Board of Directors. If listed registered shares are acquired through the stock market, title to the shares is transferred at the time of their transfer to the acquirer. If listed registered shares are acquired other than through the stock market, title passes to the acquirer when the latter applies to the Company for recognition as a shareholder. However, in any event, the acquirer may not exercise voting rights associated with the shares or any other rights associated with the voting rights until the Company has recognised the acquirer as a shareholder. The acquirer is not subject to any restrictions on the exercise of any other shareholder rights.

The Board of Directors may refuse to recognise an acquirer of registered shares as a full shareholder, *inter alia*, if the number of registered shares held by the acquirer exceeds 10% of the total number of registered shares recorded in the Commercial Register.

### **8. Legal Proceedings**

During a period of the last twelve months, there were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is ware) which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

### **9. Material Agreements**

With the exception of the agreements described below, no material contracts exists that are not entered into in the ordinary course of the Company's business, which could result in any group member being under an obligation or entitlement that is material to the Company's ability to meet its obligations to security holders in respect of the securities being issued.

#### Issuance Agreement

On 7 April 2010 an agreement was concluded between the Issuer, the Bank Vontobel AG, Zurich, Switzerland, and Vontobel Financial Products Ltd., Dubai, United Arab Emirates. The terms of this agreement provide that the Issuer shall issue structured products for the European market which shall be sold to Bank Vontobel AG as the exclusive purchaser. Under the terms of the agreement, Bank Vontobel AG and Vontobel Financial Products Ltd. shall hedge the financial risk arising from the issuance activities by means of OTC hedging transactions (hedging transactions negotiated individually between two parties). The agreement also governs the remuneration for the services provided between the Group companies. The services provided for the Issuer in the context of the issuance of the derivative products mainly comprise services in the form of settlement, risk management and fair value hedging.

Hedging agreement

On 18 March 2005, the Issuer entered into an agreement with Vontobel Holding AG, Zurich, with the following principal contents: The Issuer shall issue warrants and certificates which shall be purchased in each case by Bank Vontobel AG a 100% subsidiary of Vontobel Holding AG. The full hedging of the Issuer's positions required in this connection shall take the form of back-to-back transactions, that is, generally take the form of an OTC hedge corresponding to the respective issuance concluded with another company within the Vontobel Group, as provided in the Issuance Agreement described above. Furthermore, Vontobel Holding AG has undertaken to ensure that the Issuer does not have open risk positions at any time or that any such positions are fully hedged and closed by recording a corresponding back-to-back transaction. In addition to the monitoring of possible open risk positions by the Issuer, the situation is monitored on a daily basis by the Market Risk Control unit of Bank Vontobel AG which is responsible for this function with respect to the Vontobel Group.

Guarantee and Collateral Agreement

On 3. Mai 2016, the Issuer entered into an agreement with Bank Vontobel Europe AG, Munich, and Vontobel Holding AG, Zurich, with the following principal contents: The Issuer shall issue warrants and certificates which shall be guaranteed by Bank Vontobel Europe AG, Munich – if stated in the relevant Final Terms. In such case the issuer grants Bank Vontobel Europe AG a right of lien on the hedging transactions entered into and provides further collateral on request which can be borrowed to Bank Vontobel AG, Zürich, for this purpose.

**V. FINANCIAL INFORMATION**

- 1. Annual financial statement of the Issuer as at 31 December 2015 and management report for the financial year 2015**

# Vontobel Financial Products GmbH, Frankfurt am Main

## Annual financial statements as at 31 December 2015 and management report for financial year 2015

ANNUAL FINANCIAL STATEMENTS	D-3
I. BALANCE SHEET AS AT 31 DECEMBER 2015	D-3
II. INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015	D-5
III. NOTES TO THE FINANCIAL STATEMENTS AND STATEMENT OF CASH FLOWS (INDIRECT METHOD) AS AT 31 DECEMBER 2015	D-6
1. ACCOUNTING POLICIES	D-6
2. NOTES TO THE ANNUAL FINANCIAL STATEMENTS	D-7
3. SUPPLEMENTARY DISCLOSURES	D-11
ATTACHMENT 1: STATEMENT OF CHANGES IN FIXED ASSETS	D-12
ATTACHMENT 2: STATEMENT OF CHANGES IN EQUITY	D-13
ATTACHMENT 3: STATEMENT OF CASH FLOWS (INDIRECT METHOD)	D-15
MANAGEMENT REPORT	D-16
AUDIT OPINION	D-23

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

**Annual financial statements of the financial year  
from 1 January to 31 December 2015**

**I. Balance sheet as at 31 December 2015**

**ASSETS**

	EUR	EUR	31/12/2014 EUR
<b>A. Fixed assets</b>			
<b>Tangible assets</b>			
1. Technical equipment and machinery	34		
2. Other equipment, operating and office equipment	10,199		
		10,233	6,866
<b>B. Current assets</b>			
<b>I. Receivables and other assets</b>			
1. Receivables from affiliated companies	1,169,626,706		913,190,853
- of which trade payables EUR 0k (prior year EUR 0k)			
2. Other assets	16,192,502		12,480,813
<b>II. Bank balances</b>	2,149,684		3,168,102
- of which due from affiliated companies EUR 1,987k (prior year EUR 2,776k)			
		1,187,968,893	928,839,768
<b>C. Prepaid expenses</b>		5,638	20,652
		1,187,984,764	928,867,286



## EQUITY AND LIABILITIES

		31/12/2014	
	EUR	EUR	EUR
<b>A. Equity</b>			
<b>I. Subscribed capital</b>	50,000		50,000
<b>II. Capital reserves</b>	2,000,000		2,000,000
<b>III. Profit/Loss carried forward</b> prior year profit	0		719,293
<b>IV. Net income for the year</b>	<u>148,186</u>		<u>131,815</u>
		2,198,186	2,901,108
<b>B. Provisions</b>			
1. Provisions for taxes	48,271		19,183
2. Other provisions	<u>142,343</u>		<u>193,627</u>
		190,614	212,810
<b>C. Liabilities</b>			
1. Issuance liabilities	1,169,260,532		913,135,664
2. Liabilities to banks	8,525		3,466
- of which to affiliated companies EUR 9k (prior year EUR 3k)			
3. Trade payables	115,803		129,441
- of which due to affiliated companies EUR 0k (prior year EUR 0k)			
4. Liabilities to affiliated companies	17,322		13,873
- of which with a remaining term of up to one year EUR 17k (prior year EUR 14k)			
5. Other liabilities	16,193,781		12,470,923
- of which for taxes EUR 7k (prior year EUR 7k)			
- of which for social security EUR 2k (prior year EUR 1k)			
- of which with a remaining term of up to one year EUR 16,194k (prior year EUR 12,471k)			
		<u>1,185,595,964</u>	<u>925,753,368</u>
		<u>1,187,984,764</u>	<u>928,867,286</u>

## II. Income statement for the period from 1 January 2015 to 31 December 2015

	EUR	EUR	2014 EUR
1. Realised and unrealised gains and losses from the issuance business	100,767,626		50,876,667
2. Realised and unrealised gains and losses from hedging transactions	-97,519,664		-48,464,627
		3,247,962	2.412.040
3. Other operating income		92,022	16,978
- of which from currency translation EUR 44k (prior year EUR 3k)			
4. Personnel expenses			
a) wages and salaries	527,660		464.700
b) social security contributions and expenses for old-age pensions and other employee benefits	74,958		71.548
- of which old-age pensions EUR 11k (prior year EUR 11k)			
		602,618	536.248
5. Depreciation of tangible assets	1,572		1,606
6. Other operating expenses	2,489,626		1,738,983
- of which from currency translation EUR 25k (prior year EUR 7k)			
		2,491,198	1.740.589
7. Other interest and similar income	29,583,082		33,036,813
- of which from affiliated companies EUR 29,583k (prior year EUR 33,037k)			
8. Interest and similar expenses	29,610,376		32,994,504
		-27,294	42.310
9. Result from ordinary activities		218,873	194,491
10. Taxes on income		70,687	62,675
11. Net income for the year		148,186	131,815

### III. Notes to the financial statements and statement of cash flows (indirect method) as at 31 December 2015

#### 1. Accounting Policies

##### a. General

The annual financial statements as at 31 December 2015 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 2014.

**Tangible assets** are recorded at cost less depreciation. Depreciation is 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 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 2015 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** are 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** were recognised at the nominal amount.

**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 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 2015:

1 EUR = 1.08739 CHF	1 EUR = 1.08630 USD	1 EUR = 0.73703 GBP
1 EUR = 8.41894 HKD	1 EUR = 9.15819 SEK	1 EUR = 1.54109 SGD
1 EUR = 1.49309 AUD	1 EUR = 9.61525 NOK	1 EUR = 7.46269 DKK

## **2. Notes to the annual financial statements**

### **a. Bank balances**

The bank balances represent demand deposits and include receivables from affiliated companies amounting to EUR 1,987k (prior year EUR 2,776k).

### **b. Receivables from affiliated companies**

Receivables from affiliated companies consist mainly of OTC hedging instruments amounting to EUR 1,169,261k (prior year EUR 913,136k) acquired for the purpose of fully hedging the securities issued and also current remuneration in the amount of EUR 366k (prior year EUR 55k).

### **c. Other assets**

Other assets mainly comprise receivables from affiliated companies in respect of accrued interest amounting to EUR 16,183k (prior year EUR 12,463k) and tax receivables in the amount of EUR 10k (prior year EUR 18k).

### **d. Equity**

The share capital of the Company amounted to EUR 50k as at 31 December 2015 (prior year EUR 50k) and is fully paid-up.

Capital reserves amounting to EUR 2,000k 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 2015 is attached to the notes as an appendix.

### **e. Issuance liabilities**

Issuance liabilities consist entirely of the securities issued.

### **f. Trade payables**

The trade payables include obligations for other services amounting to EUR 116k (prior year EUR 129k).

### **g. Liabilities to affiliated companies**

Liabilities to affiliated companies comprise liabilities to Bank Vontobel Europe AG, Munich, amounting to EUR 17k (prior year EUR 14k).

### **h. Other liabilities**

Other liabilities amounting to EUR 16,194k (prior year EUR 12,471k) mainly comprise liabilities from accrued interest of EUR 16,183k (prior year EUR 12,463k) and income tax deducted from wages for December of EUR 7k (prior year EUR 7k).

### i. Maturity analysis of receivables

The receivables were made up as follows:

Item	of which with a remaining term of			
	Total amount EUR k	up to 1 year EUR k	more than 1 to 5 years EUR k	more than 5 years EUR k
<b>Receivables from affiliated companies</b>	1,169,627 (Prior year 913,191)	954,045 (Prior year 691,710)	112,231 (Prior year 157,246)	103,351 (Prior year 64,235)
<b>Other assets</b>	16,193 (Prior year 12,481)	16,193 (Prior year 12,481)	- (Prior year -)	- (Prior year -)
<b>Total</b>	1,185,819 (Prior year 925,672)	970,237 (Prior year 704,191)	112,231 (Prior year 157,246)	103,351 (Prior year 64,235)

### j. Maturity analysis of liabilities

The analysis of the liabilities is as follows:

Item	of which with a remaining term of			
	Total amount EUR k	up to 1 year EUR k	more than 1 to 5 years EUR k	more than 5 years EUR k
<b>Issuance liabilities<sup>1</sup></b>	1,169,261 (Prior year 913,136)	953,678 (Prior year 691,655)	112,231 (Prior year 157,246)	103,351 (Prior year 64,235)
<b>Liabilities to banks</b>	9 (Prior year 3)	9 (Prior year 3)	- (Prior year -)	- (Prior year -)
<b>Trade payables</b>	116 (Prior year 129)	116 (Prior year 129)	- (Prior year -)	- (Prior year -)
<b>Liabilities to affiliated companies</b>	17 (Prior year 14)	17 (Prior year 14)	- (Prior year -)	- (Prior year -)
<b>Other liabilities</b>	16,194 (Prior year 12,471)	16,194 (Prior year 12,471)	- (Prior year -)	- (Prior year -)
<b>Total</b>	1,185,596 (Prior year 925,753)	970,014 (Prior year 704,272)	112,231 (Prior year 157,246)	103,351 (Prior year 64,235)

<sup>1</sup> The 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)

## k. 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"). The management report includes further disclosures in accordance with § 285 number 23 HGB include for financial year 2015.

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

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

Summary analysis of the derivative financial instruments and the related hedging instruments as at 31 December 2015:

Category	2015 Number of securities	2015 Fair value in EUR	Prior year Number of securities	Prior year Fair value in EUR
<b>Type of security:</b>				
Certificates	<b>10,215,063</b>	<b>1,062,672,852.39</b>	<b>8,860,595</b>	<b>834,809,195.22</b>
Underlying shares	6,446,873	513,575,365.29	5,120,170	459,328,237.35
Underlying indices	3,739,873	527,569,495.69	3,504,963	246,322,835.68
Underlying interest rate instruments	21,402	20,600,512.90	122,675	120,558,449.33
Underlying precious metals	2,897	370,154.25	76,468	1,915,792.83
Underlying commodities	4,017	174,061.92	36,256	6,623,607.48
Underlying currencies	1	383,262.34	63	60,272.55
Warrants	<b>265,359,946</b>	<b>106,587,678.06</b>	<b>75,950,280</b>	<b>78,326,466.92</b>
Underlying shares	62,608,608	30,277,445.85	45,644,692	32,070,715.33
Underlying indices	125,673,812	58,942,826.95	15,504,157	36,935,868.77
Underlying interest rate instruments	114,633	420,202.91	206,191	232,458.78
Underlying precious metals	14,909,761	3,715,695.92	5,073,957	2,322,264.45
Underlying commodities	59,717,053	9,043,311.27	6,170,360	3,183,848.06
Underlying currencies	2,336,079	4,188,195.16	3,350,923	3,581,311.53
<b>Total</b>	<b>275,575,009</b>	<b>1,169,260,530.45</b>	<b>84,810,875</b>	<b>913,135,662.14</b>

<b>OTC hedging instruments on</b>				
<b>Certificates</b>	<b>10,215,063</b>	<b>1,062,672,852.39</b>	<b>8,860,595</b>	<b>834,809,195.22</b>
Underlying shares	6,446,873	513,575,365.29	5,120,170	459,328,237.35
Underlying indices	3,739,873	527,569,495.69	3,504,963	246,322,835.68
Underlying interest rate instruments	21,402	20,600,512.90	122,675	120,558,449.33
Underlying precious metals	2,897	370,154.25	76,468	1,915,792.83
Underlying commodities	4,017	174,061.92	36,256	6,623,607.48
Underlying currencies	1	383,262.34	63	60,272.55
<b>Warrants</b>	<b>265,359,946</b>	<b>106,587,678.06</b>	<b>75,950,280</b>	<b>78,326,466.92</b>
Underlying shares	62,608,608	30,277,445.85	45,644,692	32,070,715.33
Underlying indices	125,673,812	58,942,826.95	15,504,157	36,935,868.77
Underlying interest rate instruments	114,633	420,202.91	206,191	232,458.78
Underlying precious metals	14,909,761	3,715,695.92	5,073,957	2,322,264.45
Underlying commodities	59,717,053	9,043,311.27	6,170,360	3,183,848.06
Underlying currencies	2,336,079	4,188,195.16	3,350,923	3,581,311.53
<b>Total</b>	<b>275,575,009</b>	<b>1,169,260,530.45</b>	<b>84,810,875</b>	<b>913,135,662.14</b>

### **3. 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**

Dr. Wolfgang Gerhardt, Managing Director (economics graduate)

Anton Hötzl, Managing Director (legal attorney)

The Company made use of the exemption granted by § 286 (4) HGB with respect to the disclosures required by § 285 sentence 1 number 9 letters a and b HGB.

In addition to the two Managing Directors the Company had an average of 4 employees during the financial year (prior year 3) and 1 trainees or temporary members of staff (prior year 1).

#### **c. Audit Committee**

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

#### **d. Sales**

Sales amounting to EUR 3,340k (prior year EUR 2,429k) comprise EUR 3,248k (prior year EUR 2,412k) from the issuance business and EUR 92k (prior year EUR 17k) from Other operating income.

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.

#### **e. Fees**

The fee for the audit of the annual financial statements recorded as an expense in the financial year amounted to EUR 62k (prior year EUR 43k).

#### **f. Other financial obligations**

Other financial obligations consist in the main only of rental agreements.

The obligations amount in total to EUR 303k (prior year EUR 120k) of which obligations amounting to EUR 91k (prior year EUR 90k) have a remaining term of up to 1 year and amounting to EUR 212k (prior year EUR 30k) have a remaining term of 2 to 5 years. The Other financial obligations are owed to affiliated companies in full.

#### **g. Taxes on income**

Taxes on income amounting to EUR 71k (prior year EUR 63k) relate entirely to the result from ordinary activities.

#### **h. 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.

#### **i. Statement of cash flows**

The statement of cash flows for the annual financial statements as at 31 December 2015 was prepared using the indirect method. As in the previous year, cash funds in the statement of cash flows comprise deposits with banks less liabilities to banks. The statement of cash flows is attached to the notes as an appendix.

Frankfurt am Main, 12 February 2016

Vontobel Financial Products GmbH

Dr. Wolfgang Gerhardt  
(Managing Director)

Anton Hötzl  
(Managing Director)



**Attachment 1: Statement of changes in fixed assets  
for the period from 1 January 2015 to 31 December 2015**

<b>A. Fixed assets</b>	Acquisition costs 01/01/2015	Additions	Disposals	Reclassifica- tions	Acquisition costs 31/12/2015	Accumulated write-downs 01/01/2015	Write-downs financial year	Disposals	Reclassifica- tions	Accumulated write-downs 31/12/2015	Write-ups financial year	Carrying amounts 31/12/2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<i>i. Tangible assets</i>												
1. Technical equipment and machinery	9,592.00	0.00	0.00	0.00	9,592.00	9,518.00	40.00	0.00	0.00	9,558.00	0.00	34.00
2. Other equipment, operating and office equipment	15,814.67	4,938.78	0.00	0.00	20,753.45	9,022.67	1,531.78	0.00	0.00	10,554.45	0.00	10,199.00
<i>Total tangible assets</i>	<u>25,406.67</u>	<u>4,938.78</u>	<u>0.00</u>	<u>0.00</u>	<u>30,345.45</u>	<u>18,540.67</u>	<u>1,571.78</u>	<u>0.00</u>	<u>0.00</u>	<u>20,112.45</u>	<u>0.00</u>	<u>10,233.00</u>
<b>Total fixed assets</b>	<u>25,406.67</u>	<u>4,938.78</u>	<u>0.00</u>	<u>0.00</u>	<u>30,345.45</u>	<u>18,540.67</u>	<u>1,571.78</u>	<u>0.00</u>	<u>0.00</u>	<u>20,112.45</u>	<u>0.00</u>	<u>10,233.00</u>

**Attachment 2: Statement of changes in equity  
for the period from 1 January 2015 to 31 December 2015**

	Subscribed capital	Capital reserves	Revenue re- serves	Retained prof- its brought forward	Net income for the year	Total
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
<b>31/12/2014</b>	<b>50,000.00</b>	<b>2,000,000.00</b>	<b>0.00</b>	<b>719,292.70</b>	<b>131,815.42</b>	<b>2,901,108.12</b>
Transfers to retained profits brought forward				131,815.42	-131,815.42	
Distributions				-851,108.12		
Net income for the year (2015)					148,186.09	
Additions to reserves						
<b>31/12/2015</b>	<b>50,000.00</b>	<b>2,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>148,186.09</b>	<b>2,198,186.09</b>

### Attachment 3: Statement of cash flows (indirect method) for the period from 1 January 2015 to 31 December 2015

	2015	2014
	EUR	EUR
1. Profit for the period (including profit attributable to non-controlling interests) before extraordinary items	148,186.09	131,815.42
2. +/- Depreciation, write-downs and reversals of write-downs on fixed assets	1,571.78	1,605.51
3. +/- Increase/decrease in provisions	-22,195.40	-5,077.22
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	0.00
6. -/+ Increase/decrease in inventories, trade receivables and other assets not allocated to investing and financing activities	-260,279,188.94	21,080,801.14
7. +/- Increase/decrease in trade payables and other liabilities not allocated to investing or financing activities	259,984,196.20	-20,574,549.27
8. +/- Cash inflows and outflows from extraordinary items	0.00	0.00
<b>9. = Cash flow from operating activities</b>	<b>-167,430.27</b>	<b>634,595.58</b>
10. Proceeds from disposals of tangible assets	0.00	0.00
11. - Payments for investments in tangible assets	4,938.78	4,413.51
12. + Proceeds from disposals of intangible assets	0.00	0.00
13. - Payments for investments in intangible assets	0.00	0.00
14. + Proceeds from disposals of financial assets	0.00	0.00
15. - Payments for investments in 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
<b>20. = Cash flow from investing activities</b>	<b>-4,938.78</b>	<b>-4,413.51</b>
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)	851,108.12	0.00
23. + Proceeds from bond issues and new borrowings	0.00	0.00
24. - Repayments of bonds and borrowings	0.00	0.00
<b>25. = Cash flow from financing activities (total of 21 to 24)</b>	<b>-851,108.12</b>	<b>0.00</b>
26. Change in cash funds (total of 9, 20, 25)	-1,023,477.17	630,182.07
27. +/- Changes in cash funds due to exchange rate movements, changes in the group of consolidated companies and re-measurement	0.00	0.00
28. + Cash funds at the beginning of the period	3,164,636.08	2,534,454.01
<b>29. = Cash funds at the end of the period (total of 26 to 28)</b>	<b>2,141,158.91</b>	<b>3,164,636.08</b>

# Vontobel Financial Products GmbH, Frankfurt am Main

## Management report for the financial year 2015

### 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, notes, 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 most important capital market for the securities issued by the Company. The Company's securities are also offered by Bank Vontobel Europe AG in Austria and Luxembourg. The Company has issued securities (mini futures, open-end turbo warrants and factor certificates) for the Swedish market since January 2015. The Finnish market was also entered accordingly in August 2015. These securities are listed on the Nordic Growth Market (NGM) based in Stockholm, Sweden. Bank Vontobel Europe AG serves as the distributor and liquidity provider for these securities.

The Company's issuance activities, its most important performance indicator, increased significantly compared with the previous year. In financial year 2015, the Company issued a total of 319,805 securities. In financial year 2014, the total amounted to 209,618 securities (2013: 214,674). Of this figure, 2,999 securities were issued in Sweden and 1,481 in Finland. However, the significant year-on-year increase in the number of securities issued is not due to the expansion to Sweden and Finland; rather, it is mainly attributable to the greater volatility on the financial markets in the second half of 2015. This led to on-going and short-term demand for new products following early repayment of knock-out products such as turbo warrants, or expansion of the portfolio with products that continue to offer attractive product features as a result of increases or declines in the price of underlyings, for example.

At the close of 2015, the Company had 110,494 securities outstanding compared with 76,669 at the close of 2014 (2013: 80,572).

Stock exchange turnover of structured securities rose by a significant 17.4%, from EUR 44.3 billion in 2014 to EUR 52.0 billion in 2015 (source: German Derivatives Association (*Deutscher Derivate Verband*, "DDV"): turnover on the Stuttgart Stock Exchange (EUWAX) and on the Certificate Stock Exchange in Frankfurt), and the Vontobel Group's Financial Products division also saw an increase in sales activity in Germany. The DDV's statistics for 2015 recorded stock exchange turnover in the

Company's securities amounting to EUR 2.94 billion compared with EUR 2.14 billion in 2014 (+37.4%). This increase was accompanied by an increase in market share. The Vontobel Group ranked number 6 in stock exchange turnover with a market share of 5.7%. For the prior year 2014, the DDV had ascertained a market share of 4.8%. Based on turnover volumes, the market shares amounted to 15.2% (number 4 issuer) in Sweden and 4.3% (number 6) in Finland (source: Nordic Growth Market, Nordic Derivatives Exchange Statistics Dec 2015).

The Company significantly increased its volume of sales as at the year-end. On an annual basis, the outstanding volume rose from EUR 913 million to EUR 1,169 million, an increase of 28.0% (see the key figure "Issuance liabilities" in the balance sheet). The significant increase in issuance volume is attributable to the successful implementation of the Vontobel Group's additional focus on autocallable and fixed coupon autocallable certificates in the second half of 2015. By contrast, the Swedish and Finnish markets accounted for a relatively small share of the issuance volume (Sweden: EUR 14.4 million; Finland: EUR 1.3 million). The only leveraged products placed here to date are generally only held by investors for a very short period of time, often less than a day.

### **III. Management system**

The Company is integrated into the global management system of the Vontobel Group and performs its business activities in close cooperation with its affiliated companies in particular: Bank Vontobel AG, 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 the broadest possible range of issuable redemption profiles and combinations of underlyings and at the same time, continuously increase the degree of automation. All planned issues are subject to statutory requirements.

### **IV. Results of operations/ financial position/ net assets**

#### **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 2015 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 3,240 thousand. This represents an increase of 32.2% compared with the prior year (EUR 2,450 thousand).

However, this increase was primarily due to the significantly higher issuance costs in the new markets, Sweden and Finland, as a result of which the Company increased the budget accordingly and thus agreed a minimum income figure with the parties to the agreement. Although the actual number of securities issued, as set out above, is relatively low compared with the German market, Sweden and Finland account for an above-average share of issuance costs. On the one hand, the issuance fees of the local central custodians in Sweden and Finland are significantly higher, and on the other, these are borne directly by the Company as the issuer, while the central custodians in Germany and Switzerland charge the issuance costs to the institution that underwrites and markets the issue, i.e. Bank Vontobel AG, Zürich.

Other operating income rose to EUR 92k (prior year EUR 17k). In addition, personnel expenses of EUR 603k (prior year EUR 536k), depreciation of EUR 2k (prior year EUR 2k) and other operating expenses amounting to EUR 2,490k (prior year EUR 1,739k) were incurred. The other operating expenses main-

ly comprised EUR 1,654k for issuance costs (prior year EUR 875k), Group cost allocations of EUR 175k (prior year EUR 174k) and contributions of EUR 259k (prior year EUR 291k).

The decrease in interest and similar income to EUR 29,583k (prior year EUR 33,037k) and in interest and similar expenses to EUR 29,610k (prior year EUR 32,995k) and the overall increase in issuance liabilities is due on the one hand to limited volatility during the course of 2015 and the resulting low interest payments for reverse convertibles, and on the other hand to the successful launch of the fixed coupon certificates and autocallable notes offering in the second half of 2015. These securities are traded with accrued interest (flat/dirty trade). The valuation price of these securities as at the effective date therefore includes accrued interest, meaning that the total accrued interest on securities and the corresponding hedging instruments declined while the investment volume rose overall.

The result from ordinary activities therefore amounted to EUR 219k (prior year EUR 194k).

An expense for taxes on income amounting to EUR 71k (prior year EUR 63k) was also incurred. Net income for financial year 2015 therefore rose by EUR 16k compared with the previous year to EUR 148k (prior year EUR 132k).

## **2. Financial position**

As at 31 December 2015, the liquid funds of the Company decreased to EUR 2,141k (prior year EUR 3,165k). Since the volume of assets increased at the same time, the share of total assets represented by liquid funds declined to 0.18% (prior year 0.34%).

Cash flow from operating activities for 2015 was negative and amounted to EUR -167k (prior year EUR 635k). Starting from the net income for 2015 of EUR 148k (prior year EUR 132k), the principal factors contributing to the cash flow figure were the increase in receivables from affiliated companies of EUR 256,436k, the increase in issuance liabilities of EUR 256,125k and the decline in provisions amounting to EUR 22k.

Liquidity is secured by the corporate structure, bank balances and the integration into the Vontobel Group. No liquidity squeezes are expected. 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 1,169,627k as at 31 December 2015 (prior year EUR 913,191k) and represented the largest component of total assets with a share of 98.5% (prior year 98.3%).

The liabilities side of the balance sheet as at 31 December 2015 was dominated by issuance liabilities of EUR 1,169,261k or 98.4% (prior year EUR 913,136k or 98.3%). In addition, trade payables amounted to EUR 116k (prior year EUR 129k). Other liabilities mostly relate to accrued interest and amounted to EUR 16,194k (prior year EUR 12,471k). Provisions of EUR 191k (prior year EUR 213k) comprised provisions for taxes of EUR 48k (prior year EUR 19k) and miscellaneous provisions of EUR 6k (prior year EUR 48k). Other major components of other provisions included liabilities accrued for bonus payments (EUR 94k, prior year EUR 77k) and liabilities for the costs of auditing (EUR 15k, prior year EUR 38k) and preparing the annual financial statements (EUR 6k, prior year EUR 6k).

All retained profits brought forward (EUR 851k) were distributed to the sole shareholder in the financial year. Based on the net income generated for the year of EUR 148k, equity therefore declined to EUR 2,198k (prior year EUR 2,901k). Equity represents 0.19% (prior year 0.31%) 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 very clearly.

#### **4. Overall assessment of economic position**

The management's assessment of the Company's economic position is positive. The close integration of the Company into the Vontobel Group and its Financial Products division will enable the Company to generate income on a stable basis. Rigorous 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 2016 and 2017. Accordingly, the Group intends to continue with the internationalisation of the business activities of the Financial Products division.

Project Italy had progressed far enough in the first two months of the year that in mid-February 2016 the Company filed an official application to admit the issuance programme to trading on the Borsa Italiana. The Company expects that its leveraged products will be admitted to trading on Borsa Italiana's SeDeX market segment for the first time as early as the first half of 2016.

This will initially lead to higher costs in particular for the Company given the even higher emission costs per security compared with Germany and the Scandinavian countries. In light of these costs, the Company expects only a few hundred issues in Italy over the coming years. The renewed focus on leveraged products is expected to achieve a market share of approximately 5% based on stock exchange turnover; this is considered realistic since the Company's portfolio contains factor certificates, the dominant product in Italy, and few changes are required for the Company to issue in Italy. However, the upcoming expansion to Italy will not significantly increase the outstanding volume, or issuance liabilities, due to the focus on leveraged products. The Company is forecasting an average volume of EUR 20 million to EUR 30 million in Italy for the next two years.

Significantly increasing the issuance volume would make it necessary to expand the product range for the European markets to include investment products. The division would be able to capitalise on the reputation already established with leveraged products in Sweden, Finland and – in the near future – Italy as well. The Vontobel Group's Financial Products division has therefore already started drawing up plans to this effect. However, sales volumes are not yet expected to increase significantly on this basis in 2016. However, the successful launch of express certificates and express bonds in Germany in particular should once again be principally reflected in a significant expansion of the Company's outstanding volume in 2016.

The Company will amend the annual budget agreements with the parties to the Issuance Agreement to reflect the increase in 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 and thus stable earnings.

The first weeks of the 2016 financial year saw a very lively level of business activity. As in the comparable period of the previous year, the delayed reinvestment of funds received by investors on maturity at the end of December 2015 initially played a major role in January 2016. Other significant events in January and February 2016 included the further, considerable decline in the price of oil, the deteriorating economic outlook and doubts as to whether the financial sector could sustain positive business development. This led to sharp market fluctuations and significantly higher volatility on the financial markets. The political situation will also affect the Company's operations. Efforts to continuously adapt the product range to the fluid market situation meant that in January 2016 alone, more than 41,000 new securities were issued and admitted to trading on stock exchanges in Germany.

The number of securities issued is expected to once again increase significantly in light of the management's forecast that the turbulent and volatile markets will continue, at least in the current financial year. The Company expects its market shares in Germany, Sweden and Finland to increase slightly based on stock exchange turnover in the Company's securities due to the strong position of

Vontobel's Financial Products division in leveraged products, which are particularly in demand in volatile markets.

The transposition of Regulation (EU) No 1286/2014 ("PRIIP Regulation") will also place considerable requirements on the Company. Among other things, this Regulation requires that, from 2017 onward, issuers of structured securities prepare key information documents for securities slated to be sold to retail investors.

On the whole, management is confident that the Company is well positioned to further expand its business in the coming two financial years despite the major hurdles that the challenging economic, political and regulatory environment will no doubt present.

## 2. Risk report

The principal factors affecting the Company's risk position are its clearly arranged corporate structure and the close integration of the Company into the Vontobel Group, in particular into its risk management system. The Risk Management and Risk Control units 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
- 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 issues is guaranteed by Vontobel Holding AG, Zurich. The external rating issued by Moody's for the Group parent's long-term liabilities as at 21 May 2015 was "A3" with a stable outlook. Default risk is classified as low.

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 Risk Control department on an ongoing 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.

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 as far as possible 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 close integration of the Company into the Financial Products division of the Vontobel Group means that growth in the Company's income is conditional to a great extent on growth in the Financial 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 safeguarded 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 Zürich. The Risk Control 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. Report on post-balance sheet date events**

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

### **VIII. 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, 29 February 2016

Dr. Wolfgang Gerhardt  
(Managing Director)

Anton Hötzl  
(Managing Director)

# Audit opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement, the statement of cash flows, the statement of changes in equity and the notes to the financial statements, together with the bookkeeping system, and the management report of Vontobel Financial Products GmbH, Frankfurt am Main, for the fiscal year from 1 January 2015 to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with the German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ("*Handelsgesetzbuch*": *German Commercial Code*) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (*Institute of Public Auditors in Germany*) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with (*German*) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (*German*) principles or proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, 29 February 2016

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Müller-Tronnier

Wirtschaftsprüfer

(German Public Auditor)

Gövert

Wirtschaftsprüfer

(German Public Auditor)

## 2. Annual financial statement of the Issuer as at 31 December 2016 and management report for the financial year 2016

The relevant information regarding Vontobel Financial Products GmbH is at this point incorporated by reference from the annual financial statement of the Issuer as at 31 December 2016 and management report for the financial year 2016 (the “**Business Report 2016**”).

The information incorporated by reference from the Business Report 2016 are:

- Cover Page (page 1 of the Business Report 2016)
- Balance Sheet (pages 2-4 of the Business Report 2016)
- Income Statement (page 5 of the Business Report 2016)
- Notes to the Financial Statements, including statement of changes in fixed assets, statement of changes in equity and statement of cash flows (pages 6-16 of the Business Report 2016)
- Report of the statutory auditor (page 24 of the Business Report 2016)

The Business Report 2016 is published on the website of the Issuer (<https://certificates.vontobel.com>) under the section <<Legal Documents>>.

## VI. SIGNATURES

Frankfurt am Main, 3 April 2017

---

signed by Markus Schenk  
Vontobel Financial Products GmbH

---

signed by Dr. Holger Martin  
Vontobel Financial Products GmbH