

**Annual financial statements and management report
of Vontobel Financial Products GmbH
as at 31 December 2014
in accordance with HGB
(audited)**

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I. Balance sheet as at 31 December 2014

ASSETS

	EUR	EUR	31.12.2013 EUR
A. Fixed assets			
Tangible assets			
1. Technical equipment and machinery	74		
2. Other equipment, operating and office equipment	<u>6,792</u>		
		6,866	4,058
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	913,190,853		934,601,744
- of which trade payables TEUR 0 (prior year TEUR 0)			
2. Other assets	12,480,813		12,238,996
II. Bank balances	3,168,102		2,537,632
- of which due from affiliated companies TEUR 2,776 (prior year TEUR 1,951)			
		<u>928,839,768</u>	<u>949,378,373</u>
C. Prepaid expenses		20,652	19,194
		<u>928,867,286</u>	<u>949,401,625</u>

EQUITY AND LIABILITIES

	EUR	EUR	31.12.2013 EUR
A. Equity			
I. Subscribed capital	50,000		50,000
II. Capital reserves	2,000,000		2,000,000
III. Profit/Loss carried forward prior year profit	719,293		634,131
IV. Net income for the year	<u>131,815</u>		<u>85,161</u>
		2,901,108	2,769,293
B. Provisions			
1. Provisions for taxes	19,183		0
2. Other provisions	<u>193,627</u>		<u>217,887</u>
		212,810	217,887
C. Liabilities			
1. Issuance liabilities	913,135,664		934,157,166
2. Liabilities to banks	3,466		3,178
- of which to affiliated companies EUR 3,466 (prior year EUR 3,178)			
3. Trade payables	129,441		13,500
- of which due to affiliated companies EUR 0 (prior year EUR 0)			
4. Liabilities to affiliated companies	13,873		16,500
- of which with a remaining term of up to one year EUR 13,873 (prior year EUR 16,500)			
5. Other liabilities	12,470,923		12,224,101
- of which for taxes EUR 6,582 (prior year EUR 8,729)			
- of which for social security EUR 1,394 (prior year EUR 0)			
- of which with a remaining term of up to one year EUR 12,470,923 (prior year EUR 12,224,101)			
		<u>925,753,368</u>	<u>946,414,445</u>
		<u>928,867,286</u>	<u>949,401,625</u>

II. Income statement for the period from 1 January 2014 to 31 December 2014

	EUR	EUR	2013 EUR '000
1. Realised and unrealised gains and losses from the issuance business	50,876,667		-40,008,600
2. Realised and unrealised gains and losses from hedging transactions	-48,464,627		42,250,568
		2,412,040	2.241.968
3. Other operating income		16,978	303,314
- of which from currency translation EUR 2,966 (prior year EUR 34 thousand)			
4. Personnel expenses			
a) wages and salaries	464,700		435.646
b) social security contributions and expenses for old-age pensions and other employee benefits	71,548		58.608
- of which old-age pensions 10,991 (prior year EUR 10 thousand)			
		536,248	494.254
5. Depreciation of tangible assets	1,606		1,565
6. Other operating expenses	1,738,983		1,954,504
- of which from currency translation EUR 7,315 (prior year EUR 27 thousand)			
		1,740,589	1.956.069
7. Other interest and similar income	33,036,813		30,158,963
- of which from affiliated companies EUR 33,036,813 (prior year EUR 30,159 thousand)			
8. Interest and similar expenses	32,994,504		30,127,160
		42,310	31,803
9. Result from ordinary activities		194,491	126,761
10. Taxes on income		62,675	41,599
11. Net income for the year		131,815	85,161

III. Notes to the financial statements and statement of cash flows (indirect method) as at 31 December 2014

1. ACCOUNTING POLICIES

a. General

The annual financial statements as at 31 December 2014 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

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 2014 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 into individual hedges and measured at fair value.

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.

Issuance liabilities are combined into individual hedges and measured at fair value.

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.

Amounts denominated in foreign currencies were translated using the following mid-rates as at 31 December 2014:

1 EUR = 1.20237 CHF	1 EUR = 1.21005 USD	1 EUR = 0.77605 GBP
1 EUR = 9.38399 HKD	1 EUR = 9.47260 SEK	1 EUR = 1.60344 SGD
1 EUR = 1.47866 AUD		

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 2,776 thousand (prior year EUR 1,951 thousand).

b. Receivables from affiliated companies

Receivables from affiliated companies consist mainly of OTC hedging instruments amounting to EUR 913,136 thousand (prior year EUR 934,157 thousand) acquired for the purpose of fully hedging the securities issued and also current remuneration in the amount of EUR 55 thousand (prior year EUR 445 thousand).

c. Other assets

Other assets mainly comprise tax receivables of EUR 18 thousand (prior year EUR 22 thousand), creditors' accounts with debit balances amounting to EUR 0 thousand (prior year EUR 2 thousand) and receivables from affiliated companies in respect of accrued interest amounting to EUR 12,463 thousand (prior year EUR 12,215 thousand).

d. Equity

The share capital of the Company amounted to EUR 50 thousand as at 31 December 2014 (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 2014 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 129 thousand (prior year EUR 14 thousand).

g. Liabilities to affiliated companies

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

h. Other liabilities

Other liabilities amounting to EUR 12,471 thousand (prior year EUR 12,224 thousand) mainly comprise liabilities from accrued interest of EUR 12,463 thousand (prior year EUR 12,215 thousand) and income tax deducted from wages for December of EUR 7 thousand (prior year EUR 9 thousand).

i. 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
Receivables from affiliated companies	913,191 (prior year 934,602)	691,710 (prior year 670,131)	157,246 (prior year 224,124)	64,235 (prior year 40,346)
Other assets	12,481 (prior year 12,239)	12,481 (prior year 12,239)	- (prior year -)	- (prior year -)
Total	925,672 (prior year 946,841)	704,191 (prior year 682,370)	157,246 (prior year 224,124)	64,235 (prior year 40,346)

j. 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 liabilities ¹	913,136 (Prior year 934,157)	691,655 (Prior year 669,687)	157,246 (Prior year 224,124)	64,235 (Prior year 40,346)
Liabilities to affiliated companies	14 (Prior year 17)	14 (Prior year 17)	- (Prior year -)	- (Prior year -)
Other liabilities	12,471 (Prior year 12,241)	12,471 (Prior year 12,241)	- (Prior year -)	- (Prior year -)
Total	925,621 (Prior year 946,414)	704,140 (Prior year 681,944)	157,246 (Prior year 224,124)	64,235 (Prior year 40,346)

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

Certificates issued

Issuance liabilities

¹ 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).

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 2014:

Category	2014 Number of securities	2014 Fair value in EUR	Prior year Number of securities	Prior year Fair value in EUR
Type of security:				
Certificates	8,860,595	834,809,195.22	15,958,620	855,483,054.51
Underlying shares	5,120,170	459,328,237.35	12,836,600	501,538,610.03
Underlying indices	3,504,963	246,322,835.68	2,798,669	195,249,389.02
Underlying interest rate instruments	122,675	120,558,449.33	153,090	145,837,477.55
Underlying precious metals	76,468	1,915,792.83	119,672	10,017,612.48
Underlying commodities	36,256	6,623,607.48	50,486	2,742,865.64
Underlying currencies	63	60,272.55	103	97,099.79
Warrants	75,950,280	78,326,466.92	93,369,947	78,674,111.73
Underlying shares	45,644,692	32,070,715.33	65,305,936	29,533,528.09
Underlying indices	15,504,157	36,935,868.77	14,218,733	41,641,308.10
Underlying interest rate instruments	206,191	232,458.78	96,762	371,576.40
Underlying precious metals	5,073,957	2,322,264.45	9,133,082	3,092,572.24
Underlying commodities	6,170,360	3,183,848.06	1,675,993	1,247,999.76
Underlying currencies	3,350,923	3,581,311.53	2,939,441	2,787,127.14
Total	84,810,875	913,135,662.14	109,328,567	934,157,166.24

OTC hedging instruments on

Certificates	8,860,595	834,809,195.22	15,958,620	855,483,054.51
Underlying shares	5,120,170	459,328,237.35	12,836,600	501,538,610.03
Underlying indices	3,504,963	246,322,835.68	2,798,669	195,249,389.02
Underlying interest rate instruments	122,675	120,558,449.33	153,090	145,837,477.55
Underlying precious metals	76,468	1,915,792.83	119,672	10,017,612.48
Underlying commodities	36,256	6,623,607.48	50,486	2,742,865.64
Underlying currencies	63	60,272.55	103	97,099.79
Warrants	75,950,280	78,326,466.92	93,369,947	78,674,111.73
Underlying shares	45,644,692	32,070,715.33	65,305,936	29,533,528.09
Underlying indices	15,504,157	36,935,868.77	14,218,733	41,641,308.10
Underlying interest rate instruments	206,191	232,458.78	96,762	371,576.40
Underlying precious metals	5,073,957	2,322,264.45	9,133,082	3,092,572.24
Underlying commodities	6,170,360	3,183,848.06	1,675,993	1,247,999.76
Underlying currencies	3,350,923	3,581,311.53	2,939,441	2,787,127.14
Total	84,810,875	913,135,662.14	109,328,567	934,157,166.24

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.

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 3).

c. Sales

Sales amounting to EUR 2,429 thousand (prior year EUR 2,545 thousand) comprise EUR 2,412 thousand (prior year EUR 2,242 thousand) from the issuance business and EUR 17 thousand (prior year EUR 50 thousand) from other sources of income. Due to abandoning the business segment marketing as of the end of 2013, no more marketing revenues were earned in the year 2014 (prior year EUR 253 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.

The other income and marketing revenues are reported in the income statement net under other operating income.

d. Fees

The fee for the audit of the annual financial statements recorded as an expense in the financial year amounted to EUR 43 thousand (prior year EUR 38 thousand).

e. Other financial obligations

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

The obligations amount in total to EUR 120 thousand (prior year EUR 223 thousand) of which obligations amounting to EUR 90 thousand (prior year EUR 103 thousand) have a remaining term of up to 1 year and amounting to EUR 30 thousand (prior year EUR 120 thousand) have a remaining term of 2 to 5 years.

f. Taxes on income

Taxes on income amounting to EUR 63 thousand (prior year EUR 42 thousand) relate entirely to the result from ordinary activities.

g. 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. Statement of cash flows

The statement of cash flows for the annual financial statements as at 31 December 2014 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.

Vontobel Financial Products GmbH

Frankfurt am Main, 27 February 2015

Dr. Wolfgang Gerhardt
(Managing Director)

Anton Hötzl
(Managing Director)

Statement of changes in fixed assets as at 31/12/2014 - in accordance with HGB

Vontobel Financial Products GmbH Frankfurt am Main

	Cost 01/01/2014 EUR	Additions/ disposals EUR	Reclassifications EUR	Cost 31/12/2014 EUR	Accumulated depreciation 31/12/2014 EUR	Depreciation, write-downs and reversals of write-downs from 01/01/2014 to 31/12/2014 EUR	Carrying amount 31/12/2014 EUR	Carrying amount 31/12/2013 EUR
I. Tangible assets								
1. Technical equipment and machinery	9,592.00			9,592.00	9,518.00	101.00	74.00	175.00
2. Other equipment, oper- ating and office equipment	11,401.16	4,413.51		15,814.67	9,022.67	1,504.51	6,792.00	3,883.00
Tangible assets	20,993.16	4,413.51		25,406.67	18,540.67	1,605.51	6,866.00	4,058.00
	20,993.16	4,413.51		25,406.67	18,540.67	1,605.51	6,866.00	4,058.00

Vontobel Financial Products GmbH, Frankfurt am Main

Statement of changes in equity						
	Subscribed capital	Capital re-serves	Revenue re-serves	Retained profits brought forward	Net income for the year	Total
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
01/01/2014	50,000.00	2,000,000.00	0.00	634,131.46	85,161.24	2,769,292.70
Distributions						
Transfers to retained profits brought forward				85,161.24	-85,161.24	
Net income for the year (2014)					131,815.42	
Additions to reserves						
31/12/2014	50,000.00	2,000,000.00	0.00	719,292.70	131,815.42	2,901,108.12

Vontobel Financial Products GmbH

Statement of cash flows as at 31 December 2014 (indirect method)

		2014 EUR	2013 EUR
1.	Profit for the period (including profit attributable to non-controlling interests) before extraordinary items	131,815.42	85,161.24
2.	+/- Depreciation, write-downs and reversals of write-downs on fixed assets	1,605.51	1,565.29
3.	+/- Increase/decrease in provisions	-5,077.22	-196,640.84
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	21,165,647.51	-249,528,680.68
7.	+/- Increase/decrease in trade payables and other liabilities not allocated to investing or financing activities	-20,656,768.85	249,049,717.38
8.	+/- Cash inflows and outflows from extraordinary items	0.00	0.00
9.	= Cash flow from operating activities	637,222.37	-588,877.61
10.	Proceeds from disposals of tangible assets	0.00	0.00
11.	- Payments for investments in tangible assets	-4,413.51	-319.29
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
20.	= Cash flow from investing activities	-4,413.51	-319.29
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)	0.00	0.00
23.	+ Proceeds from bond issues and new borrowings	34,892.54	0.00
24.	- Repayments of bonds and borrowings	37,519.33	16,500.00
25.	= Cash flow from financing activities (total of 21 to 24)	-2,626.79	16,500.00
26.	Change in cash funds (total of 9, 20, 25)	630,182.07	-572,696.90
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	2,534,454.01	3,107,150.91
29.	= Cash funds at the end of the period (total of 26 to 28)	3,164,636.08	2,534,454.01

IV. Management report for the financial year from 1 January 2014 to 31 December 2014

1. Business and general environment

Vontobel Financial Products GmbH (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, Zürich, 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.

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. The Company's investment products are offered to the public in Luxembourg.

The issuance activities of the Company was at the level of the previous year. In the 2014 financial year the Company issued a total of 209,618 securities. In financial year 2013 the total amounted to 214,674 securities (2012: 138,031; 2011: 106,913; 2010: 28,888). At the close of 2014 the Company had 76,669 securities outstanding compared with 80,572 at the close of 2013 (2012: 60,016; 2011: 51,574; 2010: 19,487).

Despite a just slight increase of 1.6% in stock exchange turnover of structured securities from EUR 43.6 billion in 2013 to EUR 44.3 billion in 2014 (source: German Derivatives Association (*Deutscher Derivate Verband*, "DDV"): turnover on the Stuttgart Stock Exchange (EUWAX) and on the Certificate Stock Exchange in Frankfurt), the Vontobel Group's Financial Products division once again increased the sales activity. The DDV's statistics for 2014 recorded stock exchange turnover in the Company's securities amounting to EUR 2.14 billion compared with EUR 1.89 billion in 2013 (+13.4%). With this increase was accompanied by an increase in the market share. The Vontobel Group ranked number 8 in stock exchange turnover with a market share of 4.84%. For the prior year 2013, the DDV had ascertained an market share of 4.34%.

The Company's volume of sales remained approximately stable. On an annual basis, the outstanding volume decreased from EUR 934 million to EUR 913 million, a decrease of 2.2% (see the key figure "Issuance liabilities" in the balance sheet). However, the Company recorded a substantial decline in the outstanding volume from November 2014 to December 2014. The reason for this is that – as in December 2013 – a significant portion of the securities fell due for redemption in the normal course of events, while reinvestment business did not get under way until 2015. Overall, therefore, the outstanding volume did not reach the level expected.

2. Results of operations/ financial position/ net assets

a) Results of operations

The Company's issuance activities are governed by an 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.

Since the Company was not able to achieve or exceed the target figures agreed for 2014, in particular the volume of sales (issuance volume), 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 2,450 thousand. Compared with the prior year (EUR 2,242 thousand) this represents an increase of 9.3%.

Other operating income significantly declined to EUR 17 thousand (prior year EUR 303 thousand), because the Company abandoned the marketing activities for securities already in the financial year 2013. In addition, personnel expenses of EUR 536 thousand (prior year EUR 494 thousand), depreciation of EUR 2 thousand (prior year EUR 2 thousand) and other operating expenses amounting to EUR 1,739 thousand (prior year EUR 1,955 thousand) were incurred. The other operating expenses mainly comprised EUR 875 thousand for issuance costs (prior year: 613), Group cost allocations of EUR 174 thousand (prior year: EUR 423 thousand) and contributions of EUR 291 thousand (prior year 292).

The slight increase in interest and similar income to EUR 33,037 thousand (prior year EUR 30,159 thousand) and in interest and similar expenses to EUR 32,995 thousand (prior year EUR 30,127 thousand) with altogether stable issuance liabilities results from higher investments in the Company's interest-bearing securities (e.g. reverse convertibles). Thus, the total accrued interest on securities and the corresponding hedging instruments recorded an increase.

The result from ordinary activities therefore amounted to EUR 195 thousand (prior year EUR 127 thousand).

An expense for taxes on income amounting to EUR 63 thousand (prior year EUR 42 thousand) was also incurred. Net income for the 2014 financial year therefore increased by EUR 47 thousand compared with the previous year to EUR 132 thousand (prior year EUR 85 thousand).

b) Financial position

As at 31 December 2014 the liquid funds of the Company increased to EUR 3,165 thousand (prior year EUR 2,534 thousand). Since the volume of assets declined at the same time, the share of total assets represented by liquid funds increased to 0.34% (prior year 0.27%).

Cash flow from operating activities for 2014 was positive and amounted to EUR 637 thousand (prior year EUR -589 thousand). Starting from the net income for 2014 of EUR 132 thousand, the principal factors contributing to the cash flow figure were the increase in receivables from affiliated companies of EUR 21,411 thousand, the decrease in issuance liabilities amounting to EUR 21,022 thousand and the decline in provisions amounting to EUR 5 thousand.

c) Net assets

Receivables from affiliated companies amounted to EUR 913,191 thousand as at 31 December 2014 (prior year EUR 934,602 thousand) and represented the largest component of total assets with a share of 98.31% (prior year 98.44%).

The liabilities side of the balance sheet as at 31 December 2014 was dominated by issuance liabilities of EUR 913,136 thousand or 98.31% (prior year EUR 934,157 thousand or 98.39%). In addition, trade payables amounted to EUR 129 thousand (prior year EUR 14 thousand). Other liabilities mostly represent accrued interest and amounted to EUR 12,471 thousand (prior year EUR 12,224 thousand). Provisions of EUR 213 thousand (prior year EUR 218 thousand) comprised provisions for taxes of EUR 19 thousand (prior year EUR 0 thousand) and other provisions of EUR 48 thousand (prior year EUR 96 thousand). Other major components of the provisions included liabilities accrued for bonus payments (EUR 77 thousand, prior year EUR 64 thousand) and liabilities for the costs of auditing (EUR 38 thousand, prior year EUR 34 thousand).

sand) and preparing the annual financial statements (EUR 6 thousand, prior year EUR 6 thousand).

The net income generated for the year of EUR 132 thousand was reflected in an increase in equity to EUR 2,901 thousand (prior year EUR 2,769 thousand). Equity represents 0.31% (prior year 0.29%) of total assets.

d) 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. The rigorous cost discipline is a significant factor for achieving these positive results.

3. Report on post-balance sheet date events

Since January 2015, securities of the Company, which are at the same time publicly offered in Sweden by Bank Vontobel Europe AG, have been listed for the first time at the stock exchange Nordic Growth Market in Stockholm. The executive management of the Vontobel Group has affirmed to further extend the business with structured securities in Europe in line with the group's overall strategy for the European market.

Apart from this, no events of particular significance have occurred since the close of the financial year.

4. Opportunities and risks

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. 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. The decisive factor for the assessment of its risk is the creditworthiness of Bank Vontobel AG, Zurich and Vontobel Financial Products Ltd., Dubai.

The Company is integrated into the risk management system of the Vontobel Group. The Company's internal control 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.

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.

5. Report on expected developments

The Vontobel Group has confirmed its strategy of continuing to expand its business activities with investment and leveraged products in Germany in 2015 and 2016 and has the organisational structure required for this. It also intends to continue with the internationalisation of the business activities of the Financial Products division. Further growth in Germany from now on in Sweden and entry into additional European markets in particular should be reflected in an expansion of the Company's outstanding volume, that is, its issuance liabilities.

The first weeks of the 2015 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 2014 played a major role in January 2015. The Company's business activities will continue to be affected by the general economic developments and conditions on the financial markets. Significant events were the abolition of the minimum exchange rate by the Swiss National Bank in January 2015 and the announcement of the so-called QE program by the European Central Bank. The political situation will also affect the Company's operations. In addition, regulatory changes might have a negative impact on the demand for the products of the company and/or the cost structure.

Overall, however, the management is confident that the Company is well positioned to achieve a further expansion of its business activities over the next two financial years.

Vontobel Financial Products GmbH

Frankfurt am Main, 27. Februar 2015

Dr. Wolfgang Gerhardt
(Managing Director)

Anton Hötzl
(Managing Director)

Translation (the original Auditors' report was issued only in German language)

V. Auditors' report

To Vontobel Financial Products GmbH, Frankfurt am Main

We have audited the annual financial statements, comprising the balance sheet, the income statement 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 financial year from 1 January 2014 to 31 December 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with 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 § 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 annual 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 the 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 of proper accounting. The management report is consistent with the annual financial statements, 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, 11. März 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller-Tronnier
Wirtschaftsprüfer (German Public Auditor)

Gövert
Wirtschaftsprüfer (German Public Auditor)