

ZKB Tracker Certificate on SXI Real Estate® Funds TR Index

29.10.2014 - 28.10.2016 | Swiss Security Code 22 684 489

New Issue / indicative termsheet

** The information contained is merely indicative. The Issuer/Calculation Agent will fix the legally binding parameters on the Initial Fixing Date. The Subscriber/Investor takes notice of the fact, that the final and legally binding conditions of the present Structured Product will not be fixed until Initial Fixing Date. Furthermore, in subscribing to the present Structured Product, the Investor agrees to the final conditions.

1. Product Description

Product Category/Name	Participation Product/Tracker Certificate (1300, according to the "Swiss Derivative Map" provided by the Swiss Structured Products Association)
CISA Notification	These products constitute Structured Products in Switzerland. They do not constitute collective investment schemes in the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA). They are not subject to an authorisation or supervision by the FINMA and investors do not benefit from protection under the CISA.
Issuer	Zürcher Kantonalbank, Zurich
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich
Marketing Partner	Graubündner Kantonalbank, Chur Privatbank Bellerive AG, Zürich
Rating of the Issuer	For Products issued by Zürcher Kantonalbank: Standard & Poor's AAA, Moody's Aaa, Fitch AAA
Symbol/ Swiss Security Code/ISIN	SWIGR/ 22 684 489/CH0226844899
Notional Amount/Denomination/Trading Units	CHF 39'780'000.00 ** /CHF 99.45 **/1 Structured Product or multiples thereof
Number of Structured Products	Up to 400'000, with the right to increase
Issue Price per Structured Product	CHF 100.00 **/100.55% of Underlying on the Initial Fixing Date multiplied by the Ratio
Currency	CHF
Underlying	SXI Real Estate® Funds TR Index/CH0009947406/SIX Swiss Exchange /Bloomberg: SWIIT Index
Ratio	1 Structured Product corresponds to 0.33 ** Underlying/s.
Subscription Period	Subscriptions for these Structured Products can be made until 15 October 2014, 16:00 CET . The Issuer has the right to decrease the Number of Structured Products issued or to withdraw the issuance of the Structured Products for any reason. Furthermore, the Issuer has the right to close the subscription prior to the last date of the Subscription Period.
Initial Fixing Date	from 16 October 2014 till 22 October 2014
Settlement Date	29 October 2014
Last Trading Date	21 October 2016

Final Fixing Date	21 October 2016
Redemption Date	28 October 2016
Initial Fixing Level	CHF 304.00 **, price of Underlying, SIX Swiss Exchange , on 22 October 2014
Final Fixing Level	21. October 2016, Net price of Underlying/s on a best effort basis (the Issuer has the right to expand the Final Fixing period if required by current market conditions e.g. liquidity)
Redemption Method	On the Redemption Date, investors receive for every Structured Product an amount corresponding to 100 % of the Final Fixing Level multiplied by the Ratio less any accrued Fees.
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 29 October 2014
Clearing House	SIX SIS AG/Euroclear/Clearstream
Annual Fee	0.30% p.a. The Annual Fee will be charged based on the value of the Structured Product and is pro rata temporis included in the trading price.
Total Expense Ratio (TER)	A TER - in the sense implied by the definition of the Swiss Funds Association - of 0.575% p.a. subject to the development of the product value is pursued. The TER includes production and distribution costs charged to the Structured Product such as an Annual Fee or an issue surcharge. Risk and transaction costs, typically to be found in bid-ask spreads for option trades, are not accounted for in the TER. One-off costs are spread over the entire product maturity in calculating the TER. Hence the TER may deviate in case the holding period of the Structured Product differs from its maturity.
Sales: 044 293 66 65	SIX Telekurs: 85,ZKB Internet: www.zkb.ch/strukturierteprodukte Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>
Key Elements of the Product	The purchase of an ZKB Tracker Certificate reflects in terms of value the purchase of the Underlying. The investor has the possibility to fully participate in the Index performance through a single transaction.
Taxes	For Swiss private investors liable to pay tax in Switzerland, the capital gain realized during the term of the Structured Products are not subject to Swiss Income tax. The Federal securities transfer stamp tax is not levied on secondary market transactions. For Swiss paying agents this product is not subject to the EU taxation of savings income (SIX Telekurs EU-Tax classification code: 9, „out of scope“). The information above is a summary only of the Issuer's understanding of current law and practice in Switzerland relating to the taxation of Structured Products. The relevant tax law and practice may change. The Issuer does not assume any liability in connection with the above information. The tax information only provides a general overview and can not substitute the personal tax advice to the investor.
Documentation	This document constitutes indicative values (marked **). The Final Terms (Final Terms) under Article 21 of the Additional Rules for the Listing of Derivates of SIX Swiss Exchange are set at initial fixing date. These Final Terms supplement the Issuance Programme of the Issuer dated 15 April 2014 and published in German in the currently valid version. These Final Terms and the Issuance Programme constitute the complete Issuance and Listing Prospectus for this issuance (the 'Listing Prospectus'). Except as otherwise defined in these Final Terms, capitalised terms used in these Final Terms have the meaning as defined in the Glossary in the Issuance Programme. In case of discrepancies between information or the provisions in these Final Terms and those in the Issuance Programme, the information and provisions in these Final Terms shall prevail. Structured Products will be issued as uncertified rights (Wertrechte) and registered as book entry securities (Bucheffekten) with SIX SIS AG. Investors have no right to require the issuance of any certificates or proves of evidence for the Structured Products. These Final Terms and the Issuance Programme can be ordered free of charge at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich, dept. IFSDS or by e-mail at documentation@zkb.ch . This document is not a prospectus in accordance with articles 652a or 1156 of the Swiss Code of Obligations.

Information on the Underlying

The SXI Real Estate®Funds index contains real estate funds with a listing on the SIX Swiss Exchange. These securities are not in any way sponsored, endorsed, sold or promoted by the SIX Swiss Exchange and the SIX Swiss Exchange makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the SXI Swiss Real Estate®Shares and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated solely by the SIX Swiss Exchange. However, the SIX Swiss Exchange shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the SIX Swiss Exchange shall not be under any obligation to advise any person of any error therein.

Information on the performance of the Underlying is publicly available on www.bloomberg.com. Current annual reports are published on the website of the respective index provider.

Notices

Any notice by the Issuer in connection with these Structured Products, in particular any notice in connection with modifications of the terms and conditions will be validly published on the website <https://zkb-finance.mdgms.com/products/stp/index.html> under the relevant Structured Product. The Swiss security code search button will lead you directly to the relevant Structured Product. If the product is listed on SIX Swiss Exchange, the notices will also be published in accordance with the rules issued by SIX Swiss Exchange for IBL (Internet Based Listing) on the website http://www.six-exchange-regulation.com/publications/published_notifications/official_notices_de.html

Governing Law/Jurisdiction

Swiss Law/Zurich 1

2. Profit and Loss Expectations after Year 1

Profit and Loss Expectations after Year 1

ZKB Tracker Certificate **

Index		Redemption	
Level	Percent	ZKB Tracker Certificate	Performance %
121.60	-60%	CHF 39.66	-60.34%
182.40	-40%	CHF 59.49	-40.51%
243.20	-20%	CHF 79.32	-20.68%
305.67	0.55%	CHF 99.70	-0.30%
364.80	+20%	CHF 118.99	18.99%
425.60	+40%	CHF 138.82	38.82%
486.40	+60%	CHF 158.65	58.65%

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate follows the performance of the Underlying. Differences are due to the annual fees. Therefore, Profit and Loss expectations are analog to the performance of the components of the Underlying less any Fees.

The figures in the table above are valid after Year 1 only and cannot be considered as a price indication for the present Structured Product during its lifetime. The price of this Structured Product depends on additional risk factors between the Initial Fixing Date and the Final Fixing Date. The price quoted in the secondary market can differ substantially from the table above.

3. Material Risks for Investors

Credit Risk Relating to Issuer

Obligations under these Structured Products constitute direct, unconditional and unsecured obligations of the Issuer and rank pari passu with other direct, unconditional and unsecured obligations of the Issuer. The value of the Structured Product does not only depend on the performance of the Underlying and other developments in the financial markets, but also on the solvency of the Issuer, which may change during the term of this Structured Product.

Specific Product Risks

Structured products are complex financial instruments, which entail considerable risks and, accordingly, are only suitable for investors who have the requisite knowledge and experience and understand thoroughly the risks connected with an investment in these structured products and are capable of bearing the economic risks. ZKB Tracker Certificate is an investment product whose price fluctuates to the same degree as the Underlying. Depending on price movements, the price of a ZKB Tracker Certificate could fall below the Issue Price. The risk profile is equal to the one of the Underlying. The is denominated in CHF. The investor bears all the risks in connection with a possible exchange rate risk between the product currency, the currency of the components of the Underlying, and his reference currency.

4. Additional Terms

Modifications

If an Extraordinary Event as described in Section IV of the Issuance Programme occurs in relation to the Underlying/a component of the Underlying or if any other extraordinary event (force majeure) occurs, which makes it impossible or particularly cumbersome for the Issuer, to fulfill its obligations under the Structured Products or to calculate the value of the Structured Products, the Issuer shall at its own discretion take all the necessary actions and, if necessary may modify the terms and conditions of these Structured Products at its own discretion in such way, that the economic value of the Structured Products after occurrence of the extraordinary event corresponds, to the extent possible, to the economic value of the Structured Products prior to the occurrence of the extraordinary event. Specific modification rules for certain types of Underlyings stated in Section IV of the Issuance Programme shall prevail. If the Issuer determines, for whatever reason, that an adequate modification is not possible, the Issuer has the right to redeem the Structured Products early.

Market Disruptions

Compare specific provisions in the Issuance Programme.

Selling Restrictions

The selling restrictions contained in the Issuance Programme are applicable (EEA, U.S.A./U.S. persons, Guernsey).

In particular must this publication and the information contained within not be distributed and / or redistributed, used or relied upon, by any person (whether individual or entity) who may be a US person under Regulation S under the US Securities Act of 1933. US persons include any US resident; any corporation, company, partnership or other entity organized under any law of the United States; and other categories set out in Regulation S.

The Issuer has not undertaken any actions to permit the public offering of the Structured Products or the possession or the distribution of any document produced in connection with the issuance of the Structured Products in any jurisdiction other than Switzerland. The distribution of these Final Terms or other documents produced in connection with the issuance of the Structured Products and the offering, sale and delivery of the Structured Products in certain jurisdictions may be restricted by law. Persons, which have received these Final Terms or any other documents produced in connection with the issuance of the Structured Products, such as the Issuance Programme, Termsheets, marketing or other selling material, are required by the Issuer to inform themselves about and to observe any such restrictions.

Prudential Supervision

Zürcher Kantonalbank is a bank according to the Swiss Federal Act on Banks and Saving Institutions (BankG; SR 952.0) and a securities dealer according to the Swiss Federal Act on Securities Exchanges and Securities Trading (BEHG; SR 954.1) and subject to the prudential supervision of the FINMA, Einsteinstrasse 2, CH-3003 Bern, <http://www.finma.ch>.

Recording of Telephone Conversations

Investors are reminded, that telephone conversations with trading or sales units of the Zürcher Kantonalbank are recorded. Investors, who have telephone conversations with these units consent tacitly to the recording.

Zurich, 25 September 2014