

ZKB Warrant Call on the USD/CHF Exchange Rate

21.09.2016 - 15.06.2017 | Swiss Securities Code 32 903 312

1. Product Description

Product Category/Name	Leverage products without Knock-Out/Warrant (2100, in accordance with the Swiss Derivative Map of the Swiss Structured Products Association)
CISA Notification	These Warrants do not constitute a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA) and it is not subject to authorisation or supervision by FINMA. The issuer risk is borne by investors.
Key Elements of the Product	The investor benefits from rising Underlyings as well as from rising volatility of the Underlyings. The Investor has the right (not the obligation) to buy (Call) the Underlying for the strike price. Warrants are appropriate for investors with a high tolerance for risk, who invest the Issue Price in order to speculate on the future performance of the Underlying or to hedge a portfolio against market fluctuations. Due to leverage, the potential return from the amount invested is disproportionately higher than a direct investment in the Underlying.
Issuer	Zürcher Kantonalbank, Zürich
Rating of the Issuer	For issues by Zürcher Kantonalbank: Standard&Poor's AAA, Moody's Aaa, Fitch AAA
Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zürich
Symbol/Swiss Security Code/ISIN	USCCIZ/32 903 312/CH0329033127
Number of Warrants/Trading Units	Up to 25 000 000 Warrants, with the right to increase/1 Warrant or a multiple thereof
Ratio	1 Warrant corresponds to USD 10.00
Exercise Price	CHF 1.0500
Currency	CHF
Underlying	USD/CHF Exchange Rate Bloomberg USDFH CRNCY/275000/XC0009652816
Ratio	Taking into account the ratio, 1 Warrant is entitled to a cash settlement of the difference in CHF that the USD/CHF Exchange Rate exceeds the exercise price on the expiry date. An automatic exercise takes place.
Issue Price	CHF 0.11
Reference Price of Underlying	CHF 0.9777
Implied Volatility	11.20%
Final Fixing Price	Corresponds to the Bloomberg Fixing (BFX) at 4:00 pm Zurich Time, or to the Cross Rate based on the Fixing. If the Bloomberg Fixing is unavailable for any reason, a rate is determined by the Calculation Agent, based on the interbank spot rates at 4:00 pm Zurich time.
Redemption Date	22 June 2017
Exercise Style	European (exercise is possible at Exercise Date)

Exercise Right	<p>It is possible to exercise at Exercise Date.</p> <p>A number of Warrants (determined by the Ratio) entitles to purchase 1 Underlying at the Exercise Price.</p> <p>Payments / deliveries are due within 5 bank working days after the exercise day. If there is no exercise, the investor receives a possible value paid out in cash. The exercise of the Warrants shall be made through the custodian bank.</p> <p>Exercise Agent: Zürcher Kantonalbank, Asset Servicing, Postfach, 8010 Zürich, Tel.: +41 44 292 98 94, Fax: +41 44 292 86 64, E-Mail: corporateactions@zkb.ch</p>
Exercise Date	15 June 2017, 04:00 pm CET
Type of Settlement	Cash settlement
Premium	8.52 % (11.57 % p.a.); XXXX
Initial Leverage	16.89 x (Reference Price of Underlying, divided by Ratio, divided by Issue Price)
Payment Date	27 September 2016
Listing	Application to list on the SIX Swiss Exchange will be filed, the provisory first trading day is 21 September 2016
Expiry Date	15 June 2017
Last Trading Date	15 June 2017, 4:00 pm CET
Clearing House	SIX SIS AG
Taxes	<p>For private investors with tax domicile in Switzerland, income from this product is treated as a tax-free capital gain. No Swiss Federal withholding tax is levied. Warrants are not subject to Swiss Federal stamp duty on the secondary market. For Swiss paying agents, this product is not subject to EU tax retention.</p> <p>The information above is a summary only of the Issuer's understanding of current law and practice in Switzerland relating to the taxation of this series of Derivatives. The relevant tax law and practice may change. The Issuer does not assume any liability in connection with the above information. This general information cannot replace the individual investor's consultation with their own tax advisors.</p>
Documentation	<p>This document constitutes the Final Terms in accordance to article 21 of the Additional Rules for the Listing of Derivatives of the SIX Swiss Exchange. These Final Terms supplement the Issuance Programme of the Issuer dated 15 April 2016 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. Warrants 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. IFSP 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.</p>
Information on the Underlying	Information on the performance of the Underlying is publicly available on www.bloomberg.com .
Notices	<p>Any notice by the Issuer in connection with this series of Warrants, 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/warrants/index.html under the relevant series of Warrants. The Swiss security code search button will lead you directly to the relevant derivatives. The notices will be published in accordance with the rules issued by SIX Swiss Exchange for IBL (Internet Based Listing) on the website https://www.six-exchange-regulation.com/en/home/publications/official-notices.html</p>
Governing Law/Jurisdiction	Swiss Law/Zurich 1

2. Profit and Loss Expectations at Maturity

Profit and Loss Expectations at Maturity

Warrants provide an opportunity to profit from changes in the Underlying asset through leverage. Profit Expectations for Call-Warrants are basically unlimited; Loss Expectations are limited to the invested capital. The value of a Call Warrant generally falls as the price of the Underlying declines. The value of a Warrant changes more than the value of the Underlying, owing to the leverage effect. The value of a Warrant can fall even if the value of the Underlying remains unchanged, because of a lower time value or an unfavourable shift in supply and demand.

3. Material Risks for Investors

Issuer Risk

Obligations under this Warrant 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 Warrants depends not only on the performance of the Underlying asset and other developments in the financial markets, but also on the solvency of the Issuer, which may change during the term of these Warrants.

Specific Product Risks

Warrants entail the risk to lose the initial capital (Issue Price) entirely. They are only suitable for investors who have the requisite knowledge and experience and understand thoroughly the risks connected with an investment in these Warrants and are capable of bearing the economic risks.

If the Warrants are denominated in a different Currency than the Underlying, the investor bears any accrued exchange rate risks.

Warrants do not yield current income. Call-Warrants usually lose value and expire worthless at maturity, If the price of the Underlying and/or the Volatility do not increase.

Thus, the maximum risk is the loss of the invested initial capital.

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 occurs, which makes it impossible or particularly cumbersome for the Issuer, to fulfil its obligations under the Warrants or to calculate the value of the Warrants, the Issuer shall at its free discretion take all the necessary actions and, if necessary may modify the terms and conditions of these Warrants at its free discretion in such way, that the economic value of the Warrants after occurrence of the extraordinary event corresponds, to the extent possible, to the economic value of the Warrants prior to the occurrence of the extraordinary event. Specific modification rules for certain types of Underlying stated in Section IV of the Issuance Programme shall prevail. If the Issuer determines, for whatever reason, that a adequate modification is not possible, the Issuer has the right to redeem the Warrants early.

Market Disruptions

If, due to the occurrence of a Market Disruption in relation to the Underlying/a component of the Underlying no market price can be determined, the Issuer or the Calculation Agent shall determine the market price of the Underlying/the component of the Underlying at its free discretion, considering the general market conditions and the last market price of relevant Underlying/component of the Underlying affected by the Market Disruption and has the right, if the Market Disruption persists on the Redemption Date, to postpone the Redemption Date to the first Banking Day on which the Market Disruption has terminated. The specific provisions in the Issuance Programme shall prevail. This provision shall apply accordingly for the determination of the value of the Derivative, if its Underlying/a component of the Underlying is affected by a Market Disruption.

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 Warrants or the possession or the distribution of any document produced in connection with the issuance of the Warrants in any jurisdiction other than Switzerland. The distribution of these Final Terms or other documents produced in connection with the issuance of the Warrants and the offering, sale and delivery of the Warrants 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 Warrants, such as the Issuance Programme, Term Sheets, 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, Laupenstrasse 27, CH-3003 Bern, <http://www.finma.ch>. Zürcher Kantonalbank Finance (Guernsey) Limited is not subject to any direct prudential supervision neither in Guernsey nor in Switzerland, but is a fully owned and fully consolidated subsidiary of Zürcher Kantonalbank.

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Internet: www.zkb.ch/strukturierteprodukte

Reuters: ZKBSTRUCT
Bloomberg: ZKBY <go>

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, Last update on 20 September 2016