

6.50% (6.50% p.a.) ZKB Barrier Reverse Convertible Adecco SA registered share

19.03.2014 - 19.03.2015 | Swiss Security Code 23 872 171

New Issue

-- knocked-in on 10.10.2014 --

1. Product Description

Product Category/Name	Yield Enhancement/Barrier Reverse Convertible (1230, 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.
Interactive Product Tutorial "StruktiFit"	www.zkb.ch/struktifit
Issuer	Zürcher Kantonalbank Finance (Guernsey) Limited, Guernsey
Keep-Well Agreement	With Zürcher Kantonalbank (full text in Annex 3 of the Issuance Programme); Zürcher Kantonalbank obtained the following ratings: Standard & Poor's: AAA, Moody's: Aaa, Fitch: AAA
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich
Symbol/ Swiss Security Code/ISIN	ZK14FK/ 23 872 171/CH0238721713
Notional Amount/Denomination/ Trading Units	Up to CHF 10'000'000, with the right to increase/Denomination CHF 1'000 each/CHF 1'000 or multiples thereof
Issue Price	100.00% of Denomination
Currency	CHF
Underlying	Adecco SA registered share /CH0012138605/SIX Swiss Exchange/Bloomberg: ADEN VX
Cap/Cap Level	CHF 78.60/100.00% of the Initial Fixing Level
Ratio	1 Structured Product equals 12.722646 Underlyings
Knock-in Level	CHF 60.52200/77% of Underlying on the Initial Fixing Date
	-- knocked-in on 10.10.2014 --
Coupon	6.50% (6.5000% p.a.) per Denomination CHF 1'000, interest payment 0.1992% (CHF 1.992), premium payment 6.3008% (CHF 63.008)
Coupon Payment Date(s)	19 March 2015
Coupon Calculation Method	30/360 (German), modified following
Initial Fixing Date	12 March 2014
Settlement Date	19 March 2014

Last Trading Date	12 March 2015
Final Fixing Date	12 March 2015
Redemption Date/ Date of Delivery	19 March 2015
Initial Fixing Level	CHF 78.6000, closing price of Underlying, SIX Swiss Exchange, on 12 March 2014
Final Fixing Level	Closing price of Underlying, SIX Swiss Exchange, on 12 March 2015
Redemption Method	<p>If the price of the Underlying never trades at or below the Knock-in Level between the Initial Fixing Date and the Final Fixing Date, redemption will be 100% of Denomination independent of the Final Fixing Value of the Underlying. If the price of the Underlying has traded at or below the Knock-in Level between the Initial Fixing Date and the Final Fixing Date,</p> <ul style="list-style-type: none"> ▪ redemption will be 100% of the Denomination, if the Underlying closes at or higher than the Cap Level on the Final Fixing Date ▪ or the investor will receive a physical delivery of the Underlying as defined in Ratio per Denomination (Fractions will be paid out in cash, no cumulation) if the Underlying closes lower than the Cap Level on the Final Fixing Date. <p>The Coupon(s) will be paid out on the respective Coupon Payment Date(s) independent of the performance of the Underlying.</p>
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 19. March 2014
Clearing House	SIX SIS AG/Euroclear/Clearstream
Sales: 044 293 66 65	<p>SIX Telekurs: 85,ZKB Internet: www.zkb.ch/strukturierteprodukte</p> <p>Reuters: ZKBSTRUCT Bloomberg: ZKBY <go></p>
Key Elements of the Product	<p>ZKB Barrier Reverse Convertible combine a fixed income security with the sale of a knock-in put option. With an investment in ZKB Barrier Reverse Convertible the investor can take advantage of the current implied volatility of the Underlying. An above-average return will be reached if the Underlying trades sideways, slightly higher or even lower than on the Initial Fixing Date. If the Knock-in Level has never been touched or breached between Initial Fixing Date and Final Fixing Date, redemption will be 100% of Denomination, independent of the Final Fixing Level of the Underlying. If the Knock-in Level has been touched or breached between Initial Fixing Date and Final Fixing Date, and if the Final Fixing Level of the Underlying is below the Cap Level, the investor will receive a physical delivery of the Underlying according to the Redemption Method. If, however, the Final Fixing Level of the Underlying is at or above the Cap Level, redemption will be 100% of Denomination. Because of the guaranteed Coupon(s), the loss in case of a Knock-in event is lower compared to a direct investment in the Underlying. During the lifetime, this ZKB Barrier Reverse Convertible is traded flat accrued interest, i.e. accrued interest is included in the trading price.</p>
Taxes	<p>The product is considered as transparent and IUP (Intérêt Unique Prédominant). The Coupon of 6.50% is divided in an option premium payment of 6.3008% and an interest payment of 0.1992%. The option premium part qualifies as capital gain and is not subject to Swiss income tax for private investors with Swiss tax domicile. The interest part is subject to Swiss income tax in compliance with the 'modifizierte Differenzbesteuerung' tax rule based on the ESTV Bondfloor Pricing method. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is not levied on secondary market transactions for ZKB Barrier Reverse Convertible with initial duration of less than one year. The Federal securities transfer stamp tax will be charged in the case of physical delivery of the underlying securities at maturity based on the Cap Level. For Swiss paying agents this product is subject to the EU taxation of savings income. The EU tax is charged on the interest part at the time of payment and in the case of secondary transactions on the respective interest part based on the holding period (SIX Telekurs EU-Tax classification code: 6, 'in scope').</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 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 cannot substitute the personal tax advice to the investor.</p>

Documentation

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 2013 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. IFDS 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

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 business entity. The transfer of the Underlying is conducted in accordance with their respective statutes.

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 <http://zkb.is-teledata.ch/html/boersenMaerkte/marktuebersicht/schweiz/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 at Maturity

Profit and Loss Expectations at Maturity

ZKB Barrier Reverse Convertible

Underlying		Redemption			
Price	Percent	Knock-in Level touched	Performance %	Knock-in Level untouched	Performance %
CHF 31.4400	-60%	CHF 465.00	-53.50%	Knock-in Level touched	
CHF 47.1600	-40%	CHF 665.00	-33.50%	Knock-in Level touched	
CHF 62.8800	-20%	CHF 865.00	-13.50%	CHF 1'065.00	6.50%
CHF 78.6000	0%	CHF 1'065.00	6.50%	CHF 1'065.00	6.50%
CHF 94.3200	+20%	CHF 1'065.00	6.50%	CHF 1'065.00	6.50%
CHF 110.0400	+40%	CHF 1'065.00	6.50%	CHF 1'065.00	6.50%
CHF 125.7600	+60%	CHF 1'065.00	6.50%	CHF 1'065.00	6.50%

Source: Zürcher Kantonalbank

If the Underlying never trades at or below the Knock-in Level between the Initial Fixing Date and the Final Fixing Date, the performance of the ZKB Barrier Reverse Convertible will equal the Coupon of 6.50 %, cf. table under "Knock-in Level untouched", paid out during the term of the Structured Product according to the Coupon Payment Date(s). If, however, the Underlying has traded at or below the Knock-in Level between the Initial Fixing Date and the Final Fixing Date, cf. table under "Knock-in Level touched", the loss of the ZKB Barrier Reverse Convertible at maturity corresponds to the loss of the Underlying less the Coupon(s) of 6.50 %, received during the term of the Structured Product. If the Final Fixing Level of the Underlying is at or above the Cap Level, redemption will be 100% of Denomination. Additionally, the Coupon(s) will be paid out according to Coupon Payment Date(s).

The table above is valid at maturity only and is by no means meant as a price indication for this Structured Product throughout 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 on the secondary market can therefore deviate substantially from the above table.

3. Material Risks for Investors

Credit Risk Relating to Issuer

Obligations under this Structured Product 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 Products 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. Zürcher Kantonalbank Finance (Guernsey) Limited does not have any rating.

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. The loss potential of an investment in ZKB Barrier Reverse Convertible is limited to the difference between the purchase price of the ZKB Barrier Reverse Convertible and the Final Fixing Value of the Underlying at maturity multiplied by the Ratio. The guaranteed Coupon reduces the loss of the ZKB Barrier Reverse Convertible compared to a direct investment in the Underlying. The value of the Underlying can then be lower than the Cap Level. This ZKB Barrier Reverse Convertible is denominated in CHF. If the reference currency of the investor differs from CHF, the investor bears the risk of currency fluctuations between the reference currency and the CHF.

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.

Change of Issuer

The Issuer is entitled at any time and without the approval of the investors to transfer the rights and claims from collective or individual Structured Products in their entirety (but not partially) to a Swiss or foreign subsidiary, branch or holding company of Zürcher Kantonalbank (the "New Issuer"), provided (i) the New Issuer fully assumes all liabilities from the transferred Structured Products owed by the previous Issuer to the investors through these Structured Products, (ii) Zürcher Kantonalbank concludes a Keep-Well Agreement with the New Issuer, with identical content to the one between Zürcher Kantonalbank and Zürcher Kantonalbank Finance (Guernsey) Limited, and (iii) the New Issuer has received all the requisite approvals to issue Structured Products and assume obligations connected to the transferred Structured Products from the national authorities of country in which said New Issuer is based.

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>. 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.

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, 12 March 2014