

7.00% (7.00% p.a.) ZKB Barrier Reverse Convertible on worst of Kühne + Nagel Int rs/Geberit rs

19.03.2014 - 19.03.2015 | Swiss Security Code 23 872 173

New Issue

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	ZK14FM/ 23 872 173/CH0238721739												
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	Kühne + Nagel International AG registered share/CH0025238863/SIX Swiss Exchange /Bloomberg: KNIN VX Geberit AG registered share/CH0030170408/SIX Swiss Exchange/Bloomberg: GEBN VX												
Cap Level (100%) Knock-in Level (77%) ** Ratio	<table><tr><th>Underlying</th><th>Cap Level</th><th>Knock-in Level</th><th>Ratio</th></tr><tr><td>Kühne + Nagel Int rs</td><td>118.6464</td><td>91.3577</td><td>8.428406</td></tr><tr><td>Geberit rs</td><td>285.4000</td><td>219.7580</td><td>3.503854</td></tr></table>	Underlying	Cap Level	Knock-in Level	Ratio	Kühne + Nagel Int rs	118.6464	91.3577	8.428406	Geberit rs	285.4000	219.7580	3.503854
Underlying	Cap Level	Knock-in Level	Ratio										
Kühne + Nagel Int rs	118.6464	91.3577	8.428406										
Geberit rs	285.4000	219.7580	3.503854										
The terms and conditions of the present product have been adjusted due to Corporate Actions, refer to table Corporate Actions.													
Coupon	7.00% (7.0000% p.a.) per Denomination CHF 1'000, interest payment 0.1992% (CHF 1.992), premium payment 6.8008% (CHF 68.008)												
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	Closing prices of Underlyings on Related Exchanges, on 12 March 2014 Kühne + Nagel Int rs / CHF 118.6464 Geberit rs / CHF 285.4000
Final Fixing Level	Closing prices of Underlyings on Related Exchanges on 12 March 2015
Redemption Method	<p>If the price of none of the Underlyings has traded at or below the Knock-in Level between the Initial Fixing Date and the Final Fixing Date, redemption will be 100% of the Denomination independent of the Final Fixing Levels of the Underlyings.</p> <p>If the price of one or more of the Underlyings 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 Denomination if the Final Fixing Levels of all Underlyings trade at or higher than the Cap Level or ▪ the investor will receive a physical delivery of the Underlying with the worst relative performance (between Initial Fixing Date and Final Fixing Date). The number of Underlyings per Denomination is defined according to Ratio (Fractions will be paid in cash, no cumulation). <p>The Coupon(s) will be paid out on the defined Coupon Date(s) independent of the performance of the Underlyings.</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 on worst of combine a fixed income security with the sale of a knock-in put option. With an investment in ZKB Barrier Reverse Convertible on worst of the investor can take advantage of the current implied volatility of the Underlyings. An above-average return will be reached if the Underlyings trade 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 Levels of the Underlyings. If the Knock-in Level has been touched or breached between Initial Fixing Date and Final Fixing Date, and if the Final Fixing Levels of one or more Underlyings are below the Cap Level, the investor will receive a physical delivery of the worst performing Underlying (between Initial Fixing Date and Final Fixing Date) according to Redemption Method. If, however, the Final Fixing Levels of all Underlyings are at or above the Cap Level, redemption will be 100% of Denomination. Because of the guaranteed Coupon(s), the loss in case of a physical delivery of the Underlying is lower compared to a direct investment in the Underlying.</p> <p>During the lifetime, this ZKB Barrier Reverse Convertible on worst of 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 7.00% is divided in an option premium payment of 6.8008% 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 with 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/a component 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/a component 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 on worst of

worst Underlying		Redemption			
Price	Percent	Knock-in Level touched	Performance %	Knock-in Level untouched	Performance %
CHF 47.4586	-60%	CHF 470.00	-53.00%	Knock-in Level touched	
CHF 71.1878	-40%	CHF 670.00	-33.00%	Knock-in Level touched	
CHF 94.9171	-20%	CHF 870.00	-13.00%	CHF 1'070.00	7.00%
CHF 118.6464	0%	CHF 1'070.00	7.00%	CHF 1'070.00	7.00%
CHF 142.3757	+20%	CHF 1'070.00	7.00%	CHF 1'070.00	7.00%
CHF 166.1050	+40%	CHF 1'070.00	7.00%	CHF 1'070.00	7.00%
CHF 189.8342	+60%	CHF 1'070.00	7.00%	CHF 1'070.00	7.00%

Source: Zürcher Kantonalbank

If the Knock-in Level is never touched between the Initial Fixing Date and Final Fixing Date, the performance of the ZKB Barrier Reverse Convertible on worst of will equal the Coupon of 7.00%, cf. table under "Knock-in Level untouched", paid out during the term of the Structured Product according to Coupon Payment Date(s).

If, however, the Knock-in Level is touched 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 on worst of at maturity corresponds to the loss of the Underlying with the worst relative performance between Initial Fixing Date and Final Fixing Date less the Coupon(s) of 7.00% paid out during the term of the Structured Product. If the Final Fixing Levels of all Underlyings trade 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. It was assumed, that Kühne + Nagel Int rs was the worst performing Underlying. This selection is just a representative example of the possible alternatives.

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 on worst of is limited to the difference between the purchase price of the ZKB Barrier Reverse Convertible on worst of and Final Fixing Value of the worst performing Underlying multiplied by the Ratio. The guaranteed Coupon reduces the loss of the ZKB Barrier Reverse Convertible on worst of compared to a direct investment in the Underlying with the worst relative performance. The value of the Underlying can then be lower than the Cap Level. The ZKB Barrier Reverse Convertible on worst of is denominated in CHF. If the investor's reference currency differs from the CHF, the investor bears the risk between the CHF 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.

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

Corporate Actions

Date	Underlying	Action		
08.05.2014	Kühne + Nagel International AG	Special Dividend on 08.05.2014	Cap Level old 120.7000	Cap Level new 118.6464
08.05.2014	Kühne + Nagel International AG	Special Dividend on 08.05.2014	Knock-in Level old 92.93900	Knock-in Level new 91.3577
08.05.2014	Kühne + Nagel International AG	Special Dividend on 08.05.2014	Ratio old 8.285004	Ratio new 8.428405