

ZKB Tracker Certificate on Mobility of the future

05.04.2017 - 25.03.2019 | Swiss Security Code 34 414 718

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	This is a Structured Product. It does 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.
Issuer	Zürcher Kantonalbank, Zurich
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich
Rating of the Issuer	For Products issued by Zürcher Kantonalbank: Standard & Poor's AAA, Moody's Aaa, Fitch AAA
Symbol/ Swiss Security Code/ISIN	MOBDZZ/ 34 414 718/CH0344147183
Notional Amount/Denomination/ Trading Units	CHF 3'000'000.00**/CHF 100.00**/1 Structured Product or multiples thereof
Number of Structured Products	Up to 30'000, with the right to increase
Issue Price	CHF 100.00 / 101.52% of Basket Value on the Initial Fixing Date
Currency	CHF

Underlying	Component	ISIN / Bloomberg	Related Exchange	*Currency / Initial Fixing Value**	Weight in %**	No. of Shares**
	Continental AG	DE0005439004 / CON GY	Xetra	EUR 0.00001	6.667	0.00001
	Tesla Motors Inc	US88160R1014 / TSLA US	NASDAQ	USD 0.00001	6.667	0.00001
	Qualcomm Inc	US7475251036 / QCOM UW	NASDAQ	USD 0.00001	6.667	0.00001
	TE Connectivity Ltd.	CH0102993182 / TEL US	New York Stock Exchange	USD 0.00001	6.667	0.00001
	Infineon Technologies AG	DE0006231004 / IFX GY	Xetra	EUR 0.00001	6.667	0.00001
	Valeo SA	FR0013176526 / FR FP	Euronext Paris	EUR 0.00001	6.667	0.00001
	Autoliv Inc Swedish Depository Receipt	SE0000382335 / ALIV SS	Stockholm	SEK 0.00001	6.667	0.00001
	Park24 Co Ltd	JP3780100008 / 4666 JP	Tokyo	JPY 0.00001	6.667	0.00001
	Nippon Seiki Co Ltd	JP3720600000 / 7287 JP	Tokyo	JPY 0.00001	6.667	0.00001
	u-blox Holding AG	CH0033361673 / UBXN SW	SIX Swiss Exchange	CHF 0.00001	6.667	0.00001
	Tung Thih Electronic Co Ltd	TW0003552006 / 3552 TT	Taiwan Stock Exchange	TWD 0.00001	6.667	0.00001
	Iriso Electronics Co Ltd	JP3149800009 / 6908 JP	Tokyo	JPY 0.00001	6.667	0.00001
	NIPPON PARKING DEVELOPMENT Co Ltd	JP3728000005 / 2353 JP	Tokyo	JPY 0.00001	6.667	0.00001
	W-SCOPE Corp	JP3505970008 / 6619 JP	Tokyo	JPY 0.00001	6.667	0.00001
	Mobileye N.V.	NL0010831061 / MBLV US	New York Stock Exchange	USD 0.00001	6.667	0.00001

* Local taxes, transactions fees and foreign commissions are, if applicable, included in the Initial Fixing Value of each component and are thus borne by the holders of the Structured Product. This applies particularly, though not exclusively, when exercising rights associated with the Structured Product and/or a Rebalancing.

Basket Value	CHF 98.50** on Initial Fixing Date
Ratio	1 ZKB Tracker Certificate represents 1 Underlying
Dividend Payments	No dividends will be paid out. The dividend as a whole will be reinvested into the Structured Product in the form of a net dividend. The effective dividend payment will get wholly (less non-reclaimable taxes) reinvested in the corresponding components of the Underlying.
Subscription Period	Subscriptions for these Structured Products may be made until 29 March 2017, 16:00 CET** . The Issuer shall have the right to reduce the number of Structured Products issued or to withdraw them from the issue for any reason. Furthermore, the Issuer shall have the right to close the Subscription Period prematurely.
Initial Fixing Date	30 March 2017
Settlement Date	5 April 2017
Early Redemption Right of the Issuer	The Issuer has the right to call the Structured Product for Early Redemption each year per 15 December (Exercise Date) which has to be announced at least 20 banking days in advance without any reasons (for the first time per 15 December 2017, modified following). The information to the holder of the Structured Product will be published by the SIX Swiss Exchange.
Last Trading Date	18 March 2019
Final Fixing Date	19 March 2019
Redemption Date	25 March 2019

Initial Fixing Level	<p>30 March 2017, Net price of the components of the Underlying on a best effort basis (the Issuer has the right to expand the Initial Fixing period if required by current market conditions e.g. liquidity).</p> <p>Local taxes, transactions fees and foreign commissions are included in the Initial Fixing Value of each component if applicable.</p>
Final Fixing Level	<p>19 March 2019, Net price of the components of the Underlying 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).</p> <p>Local taxes, transactions fees and foreign commissions are included in the Final Fixing Value of each component if applicable.</p>
Redemption Method	<p>On Redemption Date, investors receive for every certificate 100% of the Underlying. The net asset value is calculated using the following formula on each trading day t:</p> $IV_t = IV_{t-1} + IV_{t-1} * \sum_{i=1}^n \left[w_t^i * \left(\frac{BW_t^i - BW_{t-1}^i}{BW_{t-1}^i} * \frac{FX_t^i}{FX_{t-1}^i} + FXRoll_{t-1,t}^i \right) \right]$ <p>Where:</p> <p>IV_t Intrinsic value on trading day t ($IV_0 = \text{CHF } 98.50$)</p> <p>n Number of Underlyings</p> <p>w_t^i Weight in % of Underlying i at time t</p> <p>BW_t^i Price of Underlying i at time t</p> <p>FX_t^i Price of the currency of Underlying i at time t</p> <p>$FXRoll_{t-1,t}^i$ Net interest income / interest expense in % of FX Rolls between time t-1 and t in the currency of underlying component i</p> <p>If capital events that were unknown at the time of issue take place during the life of the ZKB Tracker Certificate, they shall be taken into account by adjusting the weighting of the affected component of the Underlying accordingly.</p>
Listing	<p>Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 5 April 2017.</p>
Clearing House	<p>SIX SIS AG/Euroclear/Clearstream</p>
Total Expense Ratio (TER)/Distribution fees	<p>The TER includes production and distribution fees charged to the Structured Product. The TER includes one-off costs spread over the product's entire term. Any risk and transaction costs, such as in the form of bid-ask spreads on options, are not taken into account in the TER. Distribution fees in the form of a discount on the issue price, reimbursement of a part of the issue price or other one-off and/or periodic charges may have been paid to one or several distribution partners of this Structured Product. Any distribution fees are included in the TER and may amount up to 0.38% p.a. **</p>
Sales: 044 293 66 65	<p>SIX Telekurs: 85,ZKB Reuters: ZKBSTRUCT Internet: www.zkb.ch/strukturierteprodukte Bloomberg: ZKBY <go></p>
Key Elements of the Product	<p>In terms of value, buying a ZKB Tracker Certificate is equivalent to buying the Underlying. A single, low-cost transaction gives investors the opportunity to participate fully in the performance of the Underlying. Dividend Payments of underlying components in the basket are paid out to the investor by means of Dividend reinvestment in the Underlying. Redemption is based on the weighted value of Underlying components on the Final Fixing Date.</p>
Taxes	<p>The reinvested dividends are subject to Swiss income tax for private investors with Swiss tax domicile at maturity. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is not levied on secondary market transactions. This product may be subject to additional withholding taxes or duties, such as related to FATCA, Sect. 871(m) U.S. Tax Code or foreign financial transaction taxes. Any payments due under this product are net of such taxes or duties.</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 can not 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 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. 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. 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.

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 <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. 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>

Governing Law/Jurisdiction

Swiss Law/Zurich 1

2. Profit and Loss Expectations at Maturity

Profit and Loss Expectations at Maturity

ZKB Tracker Certificate**

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate	Performance %
CHF 68.95	-30.00%	CHF 68.95	-31.05%
CHF 78.80	-20.00%	CHF 78.80	-21.20%
CHF 88.65	-10.00%	CHF 88.65	-11.35%
CHF 100.00	+1.52%	CHF 100.00	0.00%
CHF 108.35	+10.00%	CHF 108.35	8.35%
CHF 118.20	+20.00%	CHF 118.20	18.20%
CHF 128.05	+30.00%	CHF 128.05	28.05%

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate is analog to the performance of the Underlying.

The figures in the table above are valid at Maturity only and cannot be considered as a price indication for the present Structured Product during its lifetime. The price quoted in the secondary market can differ substantially from the table above. For presentation purposes it is assumed, that the currency of the Underlying remains constant during the lifetime of the present Structured Product.

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 trends, the price of a ZKB Tracker Certificate could fall below the Issue Price. The risk profile of the ZKB Tracker Certificate corresponds to that of the Underlying. The ZKB Tracker Certificate 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.

Investments with regard to Emerging Markets are exposed to several risk factors especially political or economic risks. The political system, the continuity and the political culture of emerging markets might be totally different compared to developed countries and might therefore cause a negative influence on the Underlying and/or the currencies. The relevant Underlyings and currencies are generally not as liquid as those of developed countries.

Purchase and sales might cause market fluctuations. Especially in emerging markets currency transfer restrictions and/or a connectivity to a reference currency are more likely.

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 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

As a bank within the meaning of the Swiss Federal Act on Banks and Savings Banks (BankG; SR 952.0) and a securities dealer within the meaning of the Swiss Federal Act on Securities Exchanges and Securities Trading (BEHG; SR 954.1), Zürcher Kantonalbank is subject to the prudential supervision of FINMA, Laupenstrasse 27, CH-3003 Bern, <http://www.finma.ch>.

Recording of Telephone Conversations

Investors are reminded that telephone conversations with trading or sales units of Zürcher Kantonalbank are recorded. Investors, engaging in telephone conversations with these units provide their tacit consent to the recording of their conversations.

Zurich, 16 February 2017, last update on 15 March 2017