

16.08% (5.36% p.a.) ZKB Barrier Reverse Convertible on worst of CS Group rs/UBS Group rs/Nestlé rs

22.12.2014 - 22.12.2017 | Swiss Security Code 26 337 302

New Issue

-- knocked-in on 09.02.2016 --

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 Structured Products constitute structured products in Switzerland according to Art. 5 CISA. 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. Investors bear the Issuer risk.			
Interactive Product Tutorial "StruktiFit"	www.zkb.ch/struktifit			
Issuer	Zürcher Kantonalbank Finance (Guernsey) Limited, Guernsey Zürcher Kantonalbank Finance (Guernsey) Limited, Guernsey is a fully owned and fully consolidated subsidiary of Zürcher Kantonalbank. It is not subject to any direct prudential supervision neither in Guernsey nor in Switzerland and does not have any rating.			
Keep-Well Agreement	Zürcher Kantonalbank Finance (Guernsey) Limited is a fully owned subsidiary of Zürcher Kantonalbank. Zürcher Kantonalbank obtains the following ratings: Standard & Poor's: AAA, Moody's: Aaa, Fitch: AAA. Zürcher Kantonalbank is committed to Zürcher Kantonalbank Finance (Guernsey) Limited to support it financially, in order to satisfy any claims of its creditors in due time. The full text of the Keep-Well Agreement can be found under Annex 3 of the Issuance Programme.			
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich			
Swiss Security Code/ISIN	26 337 302 (not listed) /CH0263373026			
Notional Amount/Denomination/ Trading Units	Up to CHF 80'000, without the right to increase/Denomination CHF 1'000 each/CHF 1'000 or multiples thereof			
Issue Price	100.00% of Denomination			
Currency	CHF			
Underlying	Credit Suisse Group AG registered share/CH0012138530/SIX Swiss Exchange/Bloomberg: CSGN VX UBS Group Inc registered share/CH0244767585/SIX Swiss Exchange/Bloomberg: UBSG VX Nestlé SA registered share/CH0038863350/SIX Swiss Exchange/Bloomberg: NESN VX			
Cap Level (100%) Knock-in Level (58%) Ratio	Underlying	Cap Level	Knock-in Level	Ratio
	CS Group rs	22.9676	13.32120	43.539595
	UBS Group rs	16.4781	9.55730	60.686608
	Nestlé rs	70.3400	40.79720	14.216662

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The terms and conditions of the present product have been adjusted due to Corporate Actions, refer to table Corporate Actions.

Coupon	16.08% (5.3600% p.a.) , interest payment 0.0222% p.a., premium payment 5.3378% p.a.
Coupon Payment Date(s)	22 December 2015 22 December 2016 22 December 2017 If more than one Coupon is paid out, the Coupon will be paid out on a pro rata basis on the Coupon Payment Dates.
Coupon Calculation Method	30/360 (German), modified following
Initial Fixing Date	15 December 2014
Settlement Date	22 December 2014
Last Trading Date	15 December 2017
Final Fixing Date	15 December 2017
Redemption Date/ Date of Delivery	22 December 2017
Initial Fixing Level	Theoretically calculated prices of Underlyings at 09:53 CET on 15 December 2014 CS Group rs / CHF 22.9676 UBS Group rs / CHF 16.4781 Nestlé rs / CHF 70.3400
Final Fixing Level	Closing prices of Underlyings on Related Exchanges on 15 December 2017
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	The product will not be listed on an official exchange. The Issuer commits to quote bid prices, market and limit orders will be accepted.
Sales: 044 293 66 65	SIX Telekurs: 85,ZKB Internet: www.zkb.ch/strukturierteprodukte Reuters: ZKBSTRUCT
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. 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 Non-IUP (Intérêt Unique Prédominant). The coupon payments of 5.3600% p.a. are divided in an option premium payment of 5.3378% p.a. and an interest payment of 0.0222% p.a. 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 at the time of payment. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is levied on secondary market transactions of this product. In the case of physical delivery of the underlying securities at maturity, the Federal securities transfer stamp is levied on the basis of 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	<p>This document constitutes a Simplified Prospectus in accordance with article 5 of the Federal Collective Investment Schemes Act (the "CISA"). The Issuance Programme of the Issuer dated 15 April 2014, published in German and approved as "SIX Swiss Exchange registered Issuance Programme", complements this Simplified Prospectus. Structured Products will be issued as uncertified rights (Wertrechte) and registered as book entry securities (Bucheffekten) with Zürcher Kantonalbank. Investors have no right to request the issuance of any certificates or proves of evidence for the Structured Products. This Simplified Prospectus and the Issuance Programme can be ordered free of charge at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich 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	<p>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.</p>
Notices	<p>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.</p>
Governing Law/Jurisdiction	<p>Swiss Law/Zurich 1</p>

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 9.1870	-60%	CHF 560.80	-43.92%	Knock-in Level touched	
CHF 13.7806	-40%	CHF 760.80	-23.92%	CHF 1'160.80	16.08%
CHF 18.3741	-20%	CHF 960.80	-3.92%	CHF 1'160.80	16.08%
CHF 22.9676	0%	CHF 1'160.80	16.08%	CHF 1'160.80	16.08%
CHF 27.5611	+20%	CHF 1'160.80	16.08%	CHF 1'160.80	16.08%
CHF 32.1546	+40%	CHF 1'160.80	16.08%	CHF 1'160.80	16.08%
CHF 36.7482	+60%	CHF 1'160.80	16.08%	CHF 1'160.80	16.08%

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 16.08%, 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 16.08% 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 CS Group 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.

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 (force majeure) occurs in relation to the Underlying/a component of the Underlying, which makes it impossible or particularly cumbersome for the Issuer, to fulfil 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. 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

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. This provision shall apply accordingly for the determination of the value of the Structured Products, if the 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 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, 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 the Zürcher Kantonalbank are recorded. Investors, who have telephone conversations with these units consent tacitly to the recording.

Zurich, 15 December 2014

Corporate Actions

Date	Underlying	Action		
18.09.2015	UBS Group Inc	Special Dividend on 18.09.2015	Cap Level old 16.9800	Cap Level new 16.7595
18.09.2015	UBS Group Inc	Special Dividend on 18.09.2015	Knock-in Level old 9.84840	Knock-in Level new 9.72050
18.09.2015	UBS Group Inc	Special Dividend on 18.09.2015	Ratio old 58.892815	Ratio new 59.667651
23.11.2015	Credit Suisse Group AG	Capital Increase on 23.11.2015	Cap Level old 24.4900	Cap Level new 23.8026
23.11.2015	Credit Suisse Group AG	Capital Increase on 23.11.2015	Knock-in Level old 14.20420	Knock-in Level new 13.80550
23.11.2015	Credit Suisse Group AG	Capital Increase on 23.11.2015	Ratio old 40.832993	Ratio new 42.012217
12.05.2016	UBS Group Inc	Special Dividend on 12.05.2016	Cap Level old 16.7595	Cap Level new 16.4781
12.05.2016	UBS Group Inc	Special Dividend on 12.05.2016	Knock-in Level old 9.72050	Knock-in Level new 9.55730
12.05.2016	UBS Group Inc	Special Dividend on 12.05.2016	Ratio old 59.667651	Ratio new 60.686608
23.05.2017	Credit Suisse Group AG	Capital Increase on 23.05.2017	Cap Level old 23.8026	Cap Level new 22.9676
23.05.2017	Credit Suisse Group AG	Capital Increase on 23.05.2017	Knock-in Level old 13.80550	Knock-in Level new 13.32120
23.05.2017	Credit Suisse Group AG	Capital Increase on 23.05.2017	Ratio old 42.012217	Ratio new 43.539595