

3.00% **

ZKB Reverse Convertible Defensive on worst of
CS Group rs / UBS Group rs / Julius Baer Grp rs

03.09.2019 - 03.09.2020 | Swiss Security Code 47 322 424

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

Yield Enhancement / Reverse Convertible (1220, 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 Finance (Guernsey) Limited, Saint Peter Port, Guernsey
Zürcher Kantonalbank Finance (Guernsey) Limited is a wholly 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 a 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 with sufficient financial means, allowing 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

**Symbol/
Swiss Security Code/ISIN**

Z19CCZ/
47 322 424/CH0473224241

**Notional Amount/Denomination/
Trading Units**

Up to CHF 5'000'000, with the right to increase / denomination of CHF 1'000 per Structured Product / CHF 1'000 or multiples thereof

Issue Price

100.00% of the Denomination

Currency

CHF

Underlying

Credit Suisse Group AG registered share/CH0012138530/SIX Swiss Exchange/Bloomberg: CSGN SE
UBS Group Inc registered share/CH0244767585/SIX Swiss Exchange/Bloomberg: UBSG SE
Julius Baer Holding AG registered share/CH0102484968/SIX Swiss Exchange/Bloomberg: BAER SE

Initial Fixing Value (100%)
Cap Level (71%)**
Ratio ****

Underlying	Initial Fixing Level **	Cap Level **	Ratio**
CS Group rs	11.15	7.92	126.262626
UBS Group rs	10.28	7.30	136.986301
Julius Baer Grp rs	38.18	27.11	36.886758

Coupon

3.00%** per Denomination CHF 1'000, interest payment 0.0000% (CHF 0.00)** , premium payment 3.0000% (CHF 30.00)**

Coupon Payment Date(s)	3 September 2020		
Coupon Calculation Method	30/360 (German), modified following		
Subscription Period	Subscriptions for these Structured Products may be made until 27 August 2019, 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 offer prematurely or to postpone the Subscription Period.		
Initial Fixing Date	27 August 2019		
Settlement Date	3 September 2019		
Last Trading Date	27 August 2020		
Final Fixing Date	27 August 2020		
Redemption Date/ Date of Delivery	3 September 2020		
Initial Fixing Level	Closing prices of Underlyings on Related Exchanges on 27 August 2019		
Final Fixing Level	Closing prices of Underlyings on Related Exchanges on 27 August 2020		
Redemption Method	<p>If all Underlyings close at or above the Cap Level on the Final Fixing Date, cash redemption will be 100 % of the Denomination. If the closing price of one or more Underlyings trades below the Cap Level on the Final Fixing Date, the investor will receive a physical delivery of an amount of Underlyings as defined in Ratio per Denomination CHF 1'000 of the worst performing Underlying between the Initial Fixing Date and the Final Fixing Date (Fractions will be paid in cash, no cumulation).</p> <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 3 September 2019.		
Clearing House	SIX SIS AG/Euroclear/Clearstream		
Distribution fees	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.		
Distribution fees to partners outside the group	No distribution fees are paid out to distribution partners of this Structured Product outside the group.		
Distribution fees to partners inside the group	Distribution fees are paid out to the Lead Manager and may amount up to 0.5000%.		
Sales: 044 293 66 65	SIX Telekurs: .zkb Internet: www.zkb.ch/strukturierteprodukte	Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>	
Key Elements of the Product	<p>ZKB Reverse Convertible Defensive combine a fixed income security with the sale of an out of the money put option. With an investment in ZKB Reverse Convertible Defensive 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 or slightly higher or even lower than at Initial Fixing Date. If one or more of the Underlyings trade below the Cap Level at Final Fixing Date, the investor receives a physical delivery of a predefined number of the worst performing Underlying (between Initial Fixing Date and Final Fixing Date) according to Redemption Method. Because of the Cap Level below 100%, the cost price of the Underlying is lower in case of physical delivery. As a result, the loss in case of physical delivery of the Underlying is lower than in case of a direct investment. If all Underlyings trade at or above the Cap Level at Final Fixing Date, Redemption will be 100 % of the Denomination in cash. The guaranteed Coupon will be paid out in any case at the Coupon Payment Date(s), independent of the performance of the Underlyings.</p> <p>During the lifetime, this ZKB Reverse Convertible Defensive is traded flat accrued interest, i.e. accrued interest is included in the trading price.</p>		

Taxes

The product is considered as transparent and IUP (Intérêt Unique Prédominant). The Coupon of 3.0000 %** is divided in an option premium payment of 3.0000%** and an interest payment of 0.0000%** . 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 products 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, the Federal securities transfer stamp is levied on the basis of the cap level. 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.

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.

Documentation

This document constitutes indicative values (marked **). The Final Terms (Final Terms) under Article 21 of the Additional Rules for the Listing of Derivates of SIX Swiss Exchange are set at initial fixing date. These Final Terms supplement the Issuance Programme of the Issuer dated 15 April 2019 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. VRIE 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 Underlyings

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

2. Profit and Loss Expectations at Maturity

Profit and Loss Expectations at Maturity

ZKB Reverse Convertible Defensive on worst of**

Worst Underlying		Redemption		
Price	Percent	Structured Product	Coupon	Performance %
CHF 4.46	-60%	CHF 563.38	CHF 30.00	-40.66%
CHF 6.69	-40%	CHF 845.07	CHF 30.00	-12.49%
CHF 8.92	-20%	CHF 1'000.00	CHF 30.00	3.00%
CHF 11.15	0%	CHF 1'000.00	CHF 30.00	3.00%
CHF 13.38	+20%	CHF 1'000.00	CHF 30.00	3.00%
CHF 15.61	+40%	CHF 1'000.00	CHF 30.00	3.00%
CHF 17.84	+60%	CHF 1'000.00	CHF 30.00	3.00%

Source: Zürcher Kantonalbank

If at maturity all Underlyings trade higher or equal to the Cap Level, the performance of the ZKB Reverse Convertible Defensive will be equal to the Coupon paid out during the lifetime (according to Coupon Payment Date(s)) of 3.00% **. If at maturity one or more Underlyings trade below the Cap Level, the investor will receive a physical delivery of a predefined number of Underlyings per Structured Product of the worst performing Underlying takes place. The cost price of the delivered Underlyings is at 71%** of the Initial Fixing Value. As a result, the negative performance of the Structured Product is lower than the negative performance of the worst performing Underlying.

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

Issuer Risk

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 Product not only depends 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 Reverse Convertible Defensive is, in case of delivery of an Underlying share at maturity, limited to the difference between the purchase price of the ZKB Reverse Convertible Defensive and the value of the Underlying shares at maturity. The value of the worst performing Underlying share can then be lower than the Cap Level. The product is denominated in 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 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 Obligor	The Issuer is entitled at all times and without the consent of the investors to assign in whole (but not in part) the rights and claims under individual Derivatives or all of them to a Swiss or foreign subsidiary, branch or holding company of the Zürcher Kantonalbank (the "New Issuer") to the extent that (i) the New Issuer assumes all of the obligations arising out of the assigned Derivatives which the previous Issuer owed in respect of these Derivatives, (ii) the Zürcher Kantonalbank enters into a keep-well agreement with the New Issuer with terms equivalent to the one between the Zürcher Kantonalbank and Zürcher Kantonalbank Finance (Guernsey) Limited, (iii) the New Issuer has received from the supervisory authorities of the country in which it is domiciled all necessary approvals for the issue of Derivatives and the assumption of the obligations under the assigned Derivatives.
Market Disruptions	Compare specific provisions in the Issuance Programme.
Selling Restrictions	EEA, U.S.A./U.S. persons, GB, Guernsey
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.
Further Information	<p>This document constitutes neither an offer nor a recommendation or invitation to purchase financial instruments and can't replace the individual investor's own judgement. The information contained in this document does not constitute investment advice but is intended solely as a product description. An investment decision should in any case be made on the basis of these Final Terms and the issuance programme. Particularly, before entering into a transaction, the investor should, if necessary with the assistance of an advisor, examine the conditions for investment in the Product in consideration of his personal situation with regard to legal, regulatory, tax and other consequences. Only an investor who is aware of the risks of the transaction and has the financial capacity to bear any losses should enter into such transactions.</p> <p>Zurich, 20 August 2019</p>