

ZKB Bonus Certificate on a Basket Nestlé rs/Novartis rs/Roche div-right

28.11.2019 - 29.11.2021 | Swiss Security Code 47 323 435

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/Bonus Certificate (1320, 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	Z19CUZ/ 47 323 435/CH0473234356				
Notional Amount/Denomination/ Trading Units	CHF 5'000'000.00**/CHF 1'000.00**/1 Structured Product or multiples thereof				
Number of Structured Products	Up to 5'000**, with the right to increase				
Issue Price per Structured Product	CHF 1'000.00** per Structured Product				
Currency	CHF				
Underlying	Nestlé SA registered share/CH0038863350/SIX Swiss Exchange/Bloomberg: NESN SE Novartis AG registered share/CH0012005267/SIX Swiss Exchange/Bloomberg: NOVN SE Roche Holding Ltd dividend-right certificate/CH0012032048/SIX Swiss Exchange/Bloomberg: ROG SE				
Initial Fixing Level Weight Knock-out Level (75%) Ratio	Underlying Component	Initial Fixing Level**	Wheight in %	Knock-out Level**	Ratio**
	Nestlé rs	104.70	33.33	78.53	9.5511
	Novartis rs	88.88	33.33	66.66	11.2511
	Roche div-right	298.00	33.33	223.50	3.3557
Ratio	1 Structured Product represents 1 Underlying				

Bonus Payment	120%** of Denomination if Knock-out Level has not been touched
Subscription Period	Subscriptions for these Structured Products may be made until 20 November 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	21 November 2019
Settlement Date	28 November 2019
Last Trading Date	22 November 2021
Final Fixing Date	22 November 2021
Redemption Date/ Date of Delivery	29 November 2021
Initial Fixing Level	Closing prices of the components of the Underlying on Related Exchanges, on 21 November 2019 Local taxes, transactions fees and foreign commissions are included in the Initial Fixing Value of each component if applicable.
Final Fixing Level	Closing prices of the components of the Underlying on Related Exchanges, on 22 November 2021
Redemption Method	<p>If the Underlying Components never traded at or below the Knock-out Level between the Initial Fixing Date and Final Fixing Date the investor receives a cash payment corresponding to the best of either the Bonus Level or the performance of the Underlying on Final Fixing Date, according to the following formula:</p> $\max(\text{BonusPayment}, \text{Underlying}_{\text{Final}})$ $\text{Underlying}_{\text{Final}} = \text{Denomination} \times \sum_{i=1}^n \left(w_i \times \frac{\text{Price of Underlying Component } i \text{ on Final Fixing Date}}{\text{Price of Underlying Component } i \text{ on Initial Fixing Date}} \right)$ <p> w_i = Weighting of component of the Underlying i n = Number of components of the Underlying </p> <p>If the price of at least one of the Underlying Components between the Initial Fixing Date and the Final Fixing Date traded at or below the Knock-out Level, the investor will receive a physical delivery of the Underlying component with the worst relative performance (between Initial Fixing Date and Final Fixing Date). The number of shares of Underlying component per Denomination is determined according to Ratio (Fractions will be paid in cash, no cumulation).</p>
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 28 November 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	Distribution fees are paid out to distribution partners of this Structured Product outside the group and may amount up to 0.3750% p.a.
Distribution fees to partners inside the group	Distribution fees are paid out to the Lead Manager and amount to 0.1748% p.a.
Sales: 044 293 66 65	<div> SIX Telekurs: .zkb Internet: www.zkb.ch/finanzinformationen </div> <div> Reuters: ZKBSTRUCT Bloomberg: ZKBY <go> </div>

Key Elements of the Product

The ZKB Bonus Certificate is an investment product which offers the best of both worlds, under the condition that none of the underlying components ever traded at or below the knock out level: an unlimited performance participation in the Underlying or a minimum redemption (Bonus Payment). If one or several components of the Underlying traded at or below the Knock-out Level between the lifespan of the product, the risk profile of the product is then equal to the performance of the worst performing component of the underlying.

Tax Issues

The product is considered as transparent and IUP (Intérêt Unique Prédominant). The implied internal rate of return is subject to income tax for private investors with Swiss tax domicile at sale or maturity (IRR 0.00% p.a.** , present value of bond part at issue 100.00%**) and is determined in compliance with the 'modifizierte Differenzbesteuerung' tax rule based on the ESTV Bondfloor Pricing method. Any return derived from the option part qualifies as capital gain and is not subject to Swiss income tax for private investors with Swiss tax domicile. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is levied on secondary market transactions of this product. The Federal securities transfer stamp tax will be charged in the case of physical delivery of the underlying securities at maturity. 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://www.zkb.ch/finanzinformationen> 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 Bonus Certificate on a Basket **

Underlying		Redemption			
Value	Percent	Knock-out Level touched	Performance %	Knock-out Level untouched	Performance %
CHF 400.00	-60%	CHF 400.00	-60.00%	Knock-out Level touched	
CHF 600.00	-40%	CHF 600.00	-40.00%	Knock-out Level touched	
CHF 800.00	-20%	CHF 800.00	-20.00%	CHF 1'200.00	+20.00%
CHF 1'000.00		CHF 1'000.00	0.00%	CHF 1'200.00	+20.00%
CHF 1'200.00	+20%	CHF 1'200.00	+20.00%	CHF 1'200.00	+20.00%
CHF 1'400.00	+40%	CHF 1'400.00	+40.00%	CHF 1'400.00	+40.00%
CHF 1'600.00	+60%	CHF 1'600.00	+60.00%	CHF 1'600.00	+60.00%

Source: Zürcher Kantonalbank

If none of the components of the Underlying ever touch the Knock-out Level during the lifetime of the product, the performance of the ZKB Bonus Certificate is similar to the performance of the basket but at least 20.00%** (see column '93Knock-out Level not touched'94). If the Knock-out Level has been touched by at least one of the Underlying components, then the performance of the ZKB Bonus Certificate is identical to the performance of the worst performing component of Underlying at maturity (see column '93Knock-out Level touched'94). For the sake of illustration, the above table assumes that Nestlé rs was the worst performing Underlying component and that the performance of the Underlying is identical to the performance of its worst performing component.

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

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.

In case of touching the Knock-out Level, the risk profile of the ZKB Bonus Certificate equals the risk profile of the Underlying. During the lifetime as well as at maturity, the value of the ZKB Bonus Certificate may be lower than on issue date. The ZKB Bonus 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.

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, United Kingdom, 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, 13 November 2019</p>