

8.25% **

ZKB Barrier Reverse Convertible Last Look on worst of Exxon Mobil s/Schlumberger s/Chevron

27.11.2019 - 27.11.2020 | Swiss Security Code 47 323 453

New Issue / indicative termsheet

** The information contained herein is purely of an indicative nature. The Issuer/Calculation Agent shall fix the legally binding parameters on the Initial Fixing Date. The Investor acknowledges that the Final Terms of the present Structured Product shall not be fixed until the Initial Fixing Date, and by subscribing to the present Structured Product is indicating his agreement with the Final Terms.

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	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, Guernsey 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	Z9172Z/ 47 323 453/CH0473234539																
Notional Amount/Denomination/ Trading Units	Up to USD 1'000'000, with the right to increase / denomination of USD 1'000 per Structured Product / USD 1'000 or multiples thereof																
Issue Price	100.00% of the Denomination																
Currency	USD																
Underlying	Exxon Mobil Corp share /US30231G1022/New York Stock Exchange/Bloomberg: XOM UN Schlumberger Ltd share /AN8068571086/New York Stock Exchange/Bloomberg: SLB UN Chevron Corp Share /US1667641005/New York Stock Exchange/Bloomberg: CVX UN																
Cap Level (100%) Knock-in Level (65%)** Ratio	<table><tr><th>Underlying</th><th>Cap Level**</th><th>Knock-in Level**</th><th>Ratio**</th></tr><tr><td>Exxon Mobil s</td><td>69.1696</td><td>44.9603</td><td>n/a</td></tr><tr><td>Schlumberger s</td><td>35.4100</td><td>23.0166</td><td>n/a</td></tr><tr><td>Chevron</td><td>122.7891</td><td>79.8130</td><td>n/a</td></tr></table>	Underlying	Cap Level**	Knock-in Level**	Ratio**	Exxon Mobil s	69.1696	44.9603	n/a	Schlumberger s	35.4100	23.0166	n/a	Chevron	122.7891	79.8130	n/a
Underlying	Cap Level**	Knock-in Level**	Ratio**														
Exxon Mobil s	69.1696	44.9603	n/a														
Schlumberger s	35.4100	23.0166	n/a														
Chevron	122.7891	79.8130	n/a														
Knock-in Level Monitoring	The Knock-in Level Monitoring is solely based on the Final Fixing Level.																
Coupon	8.25% (8.2500% p.a.)** , interest payment 2.0042% p.a. **, premium payment 6.2458% p.a. **																

Coupon Payment Date(s)	27 May 2020 27 November 2020 The Coupon will be paid out on a pro rata basis on the Coupon Payment Dates.
Coupon Calculation Method	30/360 (German), modified following
Subscription Period	Subscriptions for these Structured Products can be made until 21 November 2019, 16:00 CET . The Issuer has the right to decrease the Number of Structured Products issued or to withdraw the issuance of the Structured Products 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	27 November 2019
Last Trading Date	20 November 2020
Final Fixing Date	20 November 2020
Redemption Date	27 November 2020
Initial Fixing Level	Closing prices of Underlyings on Related Exchanges, on 21 November 2019
Final Fixing Level	Closing prices of Underlyings on Related Exchanges on 20 November 2020
Redemption Method	If none of the Final Fixing Levels are at or below the Knock-in Level, the Redemption Amount will be 100% of the Denomination. If the Final Fixing Level of one or more Underlyings are at or below the Knock-in Level, the investor will receive a cash repayment corresponding to the Denomination minus the percentage difference between Initial Fixing Level and Final Fixing Level of the Underlying with the largest negative performance. The Coupon will be paid out on the defined Coupon Date(s) independent of the performance of the Underlyings.
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 27 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 0.7500%.
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/finanzinformationen Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>
Key Elements of the Product	ZKB Barrier Reverse Convertible Last Look on worst of combine a fixed income security with the sale of a Knock-in Put Option. If none of the Final Fixing Levels of the Underlyings are at or below the Knock-in Level, the Redemption Amount will be 100% of the Notional Amount. If one or more Final Fixing Levels of the Underlyings are below the Knock-in Level, the investor will receive a Cash Repayment according to the Redemption Method. Because of the guaranteed Coupon, the purchase price is clearly below the Initial Fixing Levels of the Underlyings. During the lifetime, ZKB Barrier Reverse Convertible Last Look on worst of are traded flat accrued interest, i.e. accrued interest is included in the trading price.

Taxes

The product is considered as transparent and Non-IUP (Intérêt Unique Prédominant). The coupon payments of 8.2500% p.a.** are divided in an option premium payment of 6.2458% p.a.** and an interest payment of 2.0042% 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 not levied on secondary market transactions for ZKB Barrier Reverse Convertible on worst of Last Look with initial duration of less than one year.

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 cannot 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 Barrier Reverse Convertible Last Look on worst of **

worst Underlying		Redemption		
Price	Percent	ZKB Barrier Reverse Convertible Last Look on worst of	Coupon	Performance %
USD 27.6678	-60%	USD 400.00	USD 82.50	-51.75%
USD 41.5018	-40%	USD 600.00	USD 82.50	-31.75%
USD 55.3357	-20%	USD 1'000.00	USD 82.50	8.25%
USD 69.1696	0%	USD 1'000.00	USD 82.50	8.25%
USD 83.0035	+20%	USD 1'000.00	USD 82.50	8.25%
USD 96.8374	+40%	USD 1'000.00	USD 82.50	8.25%
USD 110.6714	+60%	USD 1'000.00	USD 82.50	8.25%

Source: Zürcher Kantonalbank

If the Final Fixing Levels of the Underlyings are not at or below the Knock-in Level on the Final Fixing Date, the performance of the Last Look ZKB Barrier Reverse Convertible on worst of will be at 8.25% **, according to Coupon Payment Date(s).

If the Final Fixing Level of the worst performing Underlying is at or below the Knock-In Level, then the redemption of the Last Look ZKB Barrier Reverse Convertible on worst of will correspond to the Denomination minus the percentage performance of the worst performing Underlying. The Coupon will be paid out additionally.

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 Exxon Mobil s 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 Barrier Reverse Convertible Last Look on worst of is limited to the difference between the purchase price of the ZKB Barrier Reverse Convertible Last Look on worst of and the cash redemption defined according to Redemption Method. The guaranteed Coupon reduces the loss of the ZKB Barrier Reverse Convertible Last Look 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 Last Look on worst of is denominated in USD. If the investor's reference currency differs from the USD, the investor bears the risk between the USD 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

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.

Zurich, 14 November 2019