

9.2500% p.a.** ZKB Callable Barrier Reverse Convertible on worst of Activision Blizz.s/Electronic Arts s/UBISOFT Entertainm.s

30.12.2019 - 30.12.2021 | Swiss Security Code 47 323 796

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, Guernsey Zürcher Kantonalbank Finance (Guernsey) Limited, Saint Peter Port, 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	Z91B9Z/ 47 323 796/CH0473237961																
Notional Amount/Denomination/ Trading Units	Up to CHF 3'000'000, with the right to increase / denomination of CHF 1'000 per Structured Product / CHF 1'000 or multiples thereof																
Issue Price	100.00% of Denomination																
Currency	Quanto CHF																
Underlying	Activision Blizzard Inc share /US00507V1098/NASDAQ/Bloomberg: ATVI UW Electronic Arts share /US2855121099/NASDAQ/Bloomberg: EA UW UBISOFT Entertainment share /FR0000054470/Euronext Paris/Bloomberg: UBI FP																
Initial Fixing Value (100%) ** Knock-in Level (49%) ** Ratio	<table><tr><th>Underlying</th><th>Initial Fixing Level**</th><th>Knock-in Level**</th><th>Ratio**</th></tr><tr><td>Activision Blizz.s</td><td>58.6900</td><td>28.7581</td><td>n/a</td></tr><tr><td>Electronic Arts s</td><td>106.1100</td><td>51.9939</td><td>n/a</td></tr><tr><td>UBISOFT Entertainm.s</td><td>59.7200</td><td>29.2628</td><td>n/a</td></tr></table>	Underlying	Initial Fixing Level**	Knock-in Level**	Ratio**	Activision Blizz.s	58.6900	28.7581	n/a	Electronic Arts s	106.1100	51.9939	n/a	UBISOFT Entertainm.s	59.7200	29.2628	n/a
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Knock-in Level	49.00%** of Initial Fixing Level																

Coupon	9.2500% p.a.** (2.3125% per period**) interest payment: 0.0000% p.a.**; premium payment: 9.2500% p.a.**																												
Subscription Period	Subscriptions for these Structured Products can be made until 23 December 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	23 December 2019																												
Settlement Date	30 December 2019																												
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; modified following) which has to be announced at least 20 banking days in advance without any reasons (for the first time per 15 December 2020). The information to the holder of the Structured Product will be published by the SIX Swiss Exchange.																												
Last Trading Date	23 December 2021																												
Final Fixing Date	23 December 2021																												
Redemption Date	30 December 2021, early redemption possible for the first time on 30 June 2020																												
Initial Fixing Level	Closing prices of Underlyings on Related Exchanges, on 23 December 2019																												
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Coupon Payment Dates/Payments	<table> <tr> <th></th><th>Coupon Payment Date_t*</th><th>Coupon Payment_t**</th></tr> <tr><td>t = 1</td><td>30/03/2020</td><td>2.3125%</td></tr> <tr><td>t = 2</td><td>30/06/2020</td><td>2.3125%</td></tr> <tr><td>t = 3</td><td>30/09/2020</td><td>2.3125%</td></tr> <tr><td>t = 4</td><td>30/12/2020</td><td>2.3125%</td></tr> <tr><td>t = 5</td><td>30/03/2021</td><td>2.3125%</td></tr> <tr><td>t = 6</td><td>30/06/2021</td><td>2.3125%</td></tr> <tr><td>t = 7</td><td>30/09/2021</td><td>2.3125%</td></tr> <tr><td>t = 8</td><td>30/12/2021</td><td>2.3125%</td></tr> </table>			Coupon Payment Date _t *	Coupon Payment _t **	t = 1	30/03/2020	2.3125%	t = 2	30/06/2020	2.3125%	t = 3	30/09/2020	2.3125%	t = 4	30/12/2020	2.3125%	t = 5	30/03/2021	2.3125%	t = 6	30/06/2021	2.3125%	t = 7	30/09/2021	2.3125%	t = 8	30/12/2021	2.3125%
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Coupon Calculation Method	30/360 (German), modified following																												
Observation Dates/Early Redemption Dates	Observations Dates t, whereas t=1 to 6																												
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	The Observation Dates apply, if it is a day on which commercial banks are open for general business in the city of the Exercise Agent, modified following business day convention.																												

Redemption Method

Early Redemption:

In addition to the yearly early redemption right, the Issuer has on each Observation Date the right, but not the obligation to call the product and to redeem it on the respective Early Redemption Date. Information flow about redemption is stated in section "Notices" and will immediately take effect on the Observation Date.

- If the Issuer exercises its one-sided yearly early redemption right, the product will be redeemed at market price of the Structured Product (for the first time possible 22 December 2020 (modified following)).
- If the Issuer exercises its one-sided early redemption right, the product will be redeemed at 100% of the Denomination plus Coupon Payment for the respective period. No further payments are made.
- If the Issuer does not exercise its one-sided early redemption right, the product continues to run until the next Observation Date.

Redemption at maturity:

If no Early Redemption event has occurred, there are the following possible redemption scenarios:

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 closing price of the Underlyings on the Final Fixing Date.

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,

- redemption will be 100% of the Denomination if all Underlyings close at or higher than the Initial Fixing Level on the Final Fixing Date or
- 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 redemption date independent of the performance of the Underlyings.

The calculation of the Redemption is independent of any changes in foreign exchange rates between CHF and the currency of the Underlyings (Quanto Style).

Listing

Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 30 December 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 may amount up to 0.2500% p.a.

Sales: 044 293 66 65

SIX Telekurs: .zkb

Internet: www.zkb.ch/finanzinformationen

Reuters: ZKBSTRUCT

Bloomberg: ZKBY <go>

Key Elements of the Product

ZKB Callable Barrier Reverse Convertible on worst of is an investment product, which can be redeemed early on different dates at the discretion of the Issuer. The investor achieves an above average return in case of stable, slightly raising or even falling levels of the Underlyings.

If no Underlying has ever touched or breached the Knock-in Level between Initial Fixing Date and Final Fixing Date, redemption will be 100 % of the Denomination, independent of the price of the Underlyings at Final Fixing Date. If, between Initial Fixing Date and Final Fixing Date, the Knock-in Level of one or more of the Underlyings has been touched or breached and on the Final Fixing Date, the Final Fixing Level of one or more Underlyings is below the Initial Fixing Level, the investor will receive a cash delivery. If a knock-in event has occurred but the Final Fixing Levels of all Underlyings are at or above their respective Initial Fixing Level, redemption will be 100 % of the Denomination. The guaranteed Coupon will be paid out in any case.

During the lifetime, this ZKB Callable Barrier Reverse Convertible on worst of is traded flat accrued interest, i.e. accrued interest is included in the trading price.

The calculation of the Redemption is independent of any changes in foreign exchange rates between CHF and the currency of the Underlying (Quanto Style).

Taxes	<p>The product is considered as Non-IUP (Intérêt Unique Prédominant). The coupon payments of 2.3125% (9.2500% p.a.)** are divided in an option premium payment of 9.2500% p.a.** and an interest payment of 0.0000% 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. 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	<p>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.</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://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</p>
Governing Law/Jurisdiction	<p>Swiss Law/Zurich</p>

2. Profit and Loss Expectations at Maturity

Profit and Loss Expectations at Maturity

ZKB Callable Barrier Reverse Convertible on worst of^{f**}

worst Underlying		Redemption			
Price	Percent	Knock-in Level touched	Performance %	Knock-in Level untouched	Performance %
USD 23.4760	-60%	CHF 585.00	-41.50%	Knock-in Level touched	
USD 35.2140	-40%	CHF 785.00	-21.50%	CHF 1'185.00	18.50%
USD 46.9520	-20%	CHF 985.00	-1.50%	CHF 1'185.00	18.50%
USD 58.6900	0%	CHF 1'185.00	18.50%	CHF 1'185.00	18.50%
USD 70.4280	+20%	CHF 1'185.00	18.50%	CHF 1'185.00	18.50%
USD 82.1660	+40%	CHF 1'185.00	18.50%	CHF 1'185.00	18.50%
USD 93.9040	+60%	CHF 1'185.00	18.50%	CHF 1'185.00	18.50%

Source: Zürcher Kantonalbank

The possibility of an early redemption has been neglected in the above table.

If the Knock-in Level is never touched between the Initial Fixing Date and Final Fixing Date, the performance of the ZKB Callable Barrier Reverse Convertible on worst of will equal the Coupon of 18.5000%^{**}, cf. table under "Knock-in Level untouched", paid out during the term of the Structured Product according to Coupon Payment Dates.

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 Callable 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 18.5000%^{**} paid out during the term of the Structured Product. If the Final Fixing Levels of all Underlyings trade at or above the Initial Fixing Level, redemption will be 100% of Denomination.

Additionally, the Coupon(s) will be paid out according to Coupon Payment Dates.

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 Activision Blizz.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 Callable Barrier Reverse Convertible on worst of is in case of a Knock-in Event equal to the one of the Underlying with the worst Performance minus the coupon paid out. The price of the Underlying can trade at redemption considerably below the Initial Fixing Level. The Product 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 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, 18 December 2019, last update on 18 December 2019