

ZKB Tracker Certificate on an international Dividend Basket

11.03.2020 - 11.03.2022 | Swiss Security Code 50 658 052

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/Tracker Certificate (1300, 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, Zurich
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich
Rating of the Issuer	Standard & Poor's AAA, Moody's Aaa, Fitch AAA
Symbol/ Swiss Security Code/ISIN	IDVDTZ/ 50 658 052/CH0506580528
Notional Amount/Denomination/ Trading Units	CHF 5'000'000.00**/CHF 100.00**/1 Structured Product or multiples thereof
Number of Structured Products	Up to 50'000**, with the right to increase
Issue Price	CHF 100.00 / 101.52% of Basket Value on the Initial Fixing Date
Currency	CHF

Underlying	Component	ISIN / Bloomberg	Related Exchange	*Currency / Initial Fixing Value**	Weight in %**	No. of Shares**
	Intesa Sanpaolo SpA	IT0000072618 / ISP IM	Mercato Continuo Italiano	0.0000	5.26	0.000010
	ING Groep NV	NL0011821202 / INGA NA	Euronext Amsterdam	0.0000	5.26	0.000010
	Valiant Holding AG	CH0014786500 / VATN SE	SIX Swiss Exchange	0.0000	5.26	0.000010
	Siemens AG	DE0007236101 / SIE GY	Xetra	0.0000	5.26	0.000010
	Adecco SA	CH0012138605 / ADEN SE	SIX Swiss Exchange	0.0000	5.26	0.000010
	Hugo Boss AG	DE000A1PHFF7 / BOSS GY	Xetra	0.0000	5.26	0.000010
	Total SA	FR0000120271 / FP FP	Euronext Paris	0.0000	5.26	0.000010
	Royal Dutch Shell PLC	GB00B03MLX29 / RDSA NA	Euronext Amsterdam	0.0000	5.26	0.000010
	ENI SPA	IT0003132476 / ENI IM	Borsa Italiana	0.0000	5.26	0.000010
	British American Tobacco Plc	GB0002875804 / BATS LN	London Stock Exchange	0.0000	5.26	0.000010
	Zurich Insurance Group AG	CH0011075394 / ZURN SE	SIX Swiss Exchange	0.0000	5.26	0.000010
	AXA SA	FR0000120628 / CS FP	Euronext Paris	0.0000	5.26	0.000010
	LafargeHolcim Limited	CH0012214059 / LHN SE	SIX Swiss Exchange	0.0000	5.26	0.000010
	GlaxoSmithKline PLC	GB0009252882 / GSK LN	London Stock Exchange	0.0000	5.26	0.000010
	Valora Holding AG	CH0002088976 / VALN SE	SIX Swiss Exchange	0.0000	5.26	0.000010
	Deutsche Telekom AG	DE0005557508 / DTE GY	Xetra	0.0000	5.26	0.000010
	Telenor ASA	NO0010063308 / TEL NO	Oslo	0.0000	5.26	0.000010
	Swisscom Ltd	CH0008742519 / SCMN SE	SIX Swiss Exchange	0.0000	5.26	0.000010
	Engie SA	FR0010208488 / ENGI FP	Euronext Paris	0.0000	5.26	0.000010

* Local taxes, transactions fees and foreign commissions are, if applicable, included in the Initial Fixing Value of each component and are thus borne by the holders of the Structured Product. This applies particularly, though not exclusively, when exercising rights associated with the Structured Product and/or a Rebalancing.

Basket Value CHF 98.50** on Initial Fixing Date

Ratio 1 ZKB Tracker Certificate represents 1 Underlying

Dividend Payments The Investor will receive a payment as compensation for the dividend payment of the Structured Product. The compensation payment takes place annually on 11 March, for the first time retroactively on 11 March 2021, (modified following business day convention). The compensation payment will correspond to the sum of the net dividend payments.

Subscription Period Subscriptions for these Structured Products may be made **until 3 March 2020, 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 4 March 2020

Settlement Date 11 March 2020

Redemption right of the Issuer	The Issuer has the right to redeem the outstanding Structured Products semi-annually on the 15th day of December (fixing date; modified following), for the first time on 15 December 2020. On the fixing date, the redemption amount is determined, which is governed by the information under the section Redemption Method. The Issuer has the right to expand the time period for the Final Fixing if required by current market conditions e.g. liquidity. The announcement and thus the declaration of intent to exercise the Redemption right is made with a notice period of 20 banking days via the official publication channel of the SIX Swiss Exchange. No statement of reasons is required. The redemption will be executed with a value date of 5 bank working days after the fixing date (Redemption Date).
Right to return of the Investor	In addition to the possibility of selling the Structured Products in the secondary market, the investor has the right to return the product annually per 15th day of December (fixing date; modified following) to the Issuer, for the first time on 15 December 2020. On the fixing date, the redemption amount is determined, which is governed by the information under the section Redemption Method. The Issuer has the right to expand the time period for the Final Fixing if required by current market conditions e.g. liquidity. The declaration of intent to exercise the Right to return must be received no later than 5 banking days before the respective fixing date (exercise date) by Zürcher Kantonalbank and must be sent to the following address: by letter post to Zürcher Kantonalbank, Sales Structured Products, IHHV, P.O. Box, 8010 Zürich or by email to derivate@zkb.ch . The repayment will be executed with a value date of 5 bank working days after the fixing date (Redemption Date). Should the Structured Products of the Investor be deposited in a custodian bank, the Investor needs additionally and in due time advise/inform his custodian bank according the notice of redemption.
Last Trading Date	3 March 2022
Final Fixing Date	4 March 2022 The Issuer has the right to expand the time period for the Final Fixing if required by current market conditions e.g. liquidity.
Redemption Date	11 March 2022
Initial Fixing Level	4 March 2020, Net price of the Components of the Underlying on a best effort basis. Local taxes, transactions fees and foreign commissions are included in the Initial Fixing Value of each component if applicable.
Final Fixing Level	4 March 2022, Net price of the Components of the Underlying on a best effort basis. Local taxes, transactions fees and foreign commissions are included in the Final Fixing Value of each component if applicable.
Redemption Method	<p>On Redemption Date, investors receive in cash for every certificate 100% of the Underlying as defined on the Final Fixing Date and according to the following formula:</p> $Ratio * \left(\sum_{i=1}^N S_{i,T} * W_{i,T} * FX_{i,T} \right)$ <p>where</p> <p>Ratio = 1</p> <p>$S_{i,T}$ = Value of the Component i of the Underlying on Final Fixing Date</p> <p>$W_{i,T}$ = Weighting of the Component i of the Underlying (number of Shares) on Final Fixing Date</p> <p>$FX_{i,T}$ = Exchange rate of the Component i of the Underlying (to CHF) on Final Fixing Date</p> <p>T = Final Fixing Date</p> <p>If capital events that were unknown at the time of issue take place during the life of the ZKB Tracker Certificate, they shall be taken into account by adjusting the weighting of the affected Component of the Underlying accordingly.</p>
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 11 March 2020.
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 paid to distribution partners may amount up to 0.3750% p.a.
Sales: 044 293 66 65	<p>SIX Telekurs: .zkb</p> <p>Internet: www.zkb.ch/finanzinformationen</p> <p>Reuters: ZKBSTRUCT</p> <p>Bloomberg: ZKBY <go></p>

Key Elements of the Product

In terms of value, buying a ZKB Tracker Certificate is equivalent to buying the Underlying. A single, low-cost transaction gives investors the opportunity to participate fully in the performance of the Underlying. Dividend Payments of Underlying components are paid out to the investor annually. Redemption is based on the weighted value of Underlying components on the Final Fixing Date.

Taxes

For private investors with Swiss tax domicile, the annual compensation payments are 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. 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 Underlying

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 Tracker Certificate**

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate	Performance %
CHF 68.95	-30.00%	CHF 68.95	-31.05%
CHF 78.80	-20.00%	CHF 78.80	-21.20%
CHF 88.65	-10.00%	CHF 88.65	-11.35%
CHF 100.00	+1.52%	CHF 100.00	0.00%
CHF 108.35	+10.00%	CHF 108.35	8.35%
CHF 118.20	+20.00%	CHF 118.20	18.20%
CHF 128.05	+30.00%	CHF 128.05	28.05%

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate is analog to the performance of the Underlying.

The figures in the table above are valid at Maturity only and cannot be considered as a price indication for the present Structured Product during its lifetime. The price quoted in the secondary market can differ substantially from the table above. For presentation purposes it is assumed, that the currency of the Underlying remains constant during the lifetime of the present Structured Product.

3. Material Risks for Investors

Credit Risk Relating to Issuer

Obligations under these Structured Products 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 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. ZKB Tracker Certificate is an investment product whose price fluctuates to the same degree as the Underlying. Depending on price trends, the price of a ZKB Tracker Certificate could fall below the Issue Price. The risk profile of the ZKB Tracker Certificate corresponds to that of the Underlying. The ZKB Tracker 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.

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 firm within the meaning of the Swiss Federal Act on Financial Institutions (FinIAG; SR 954.1), Zürcher Kantonalbank is subject to the prudential supervision of FINMA, Laupenstrasse 27, CH-3003 Bern, <https://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 February 2020