

9.00% \*\*

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

05.03.2020 - 05.03.2021 | Swiss Security Code 52 189 357

### 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	<b>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.</b>																
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	<b>Z007RZ/</b> 52 189 357/CH0521893575																
Notional Amount/Denomination/ Trading Units	Up to USD 3'000'000, 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	<b>Chevron Corp Share</b> /US1667641005/New York Stock Exchange/Bloomberg: CVX UN <b>Exxon Mobil Corp share</b> /US30231G1022/New York Stock Exchange/Bloomberg: XOM UN <b>Schlumberger Ltd share</b> /AN8068571086/New York Stock Exchange/Bloomberg: SLB 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>Chevron</td><td>110.7200</td><td>71.9680</td><td>n/a</td></tr><tr><td>Exxon Mobil s</td><td>60.3300</td><td>39.2145</td><td>n/a</td></tr><tr><td>Schlumberger s</td><td>34.5300</td><td>22.4445</td><td>n/a</td></tr></table>	Underlying	Cap Level**	Knock-in Level**	Ratio**	Chevron	110.7200	71.9680	n/a	Exxon Mobil s	60.3300	39.2145	n/a	Schlumberger s	34.5300	22.4445	n/a
Underlying	Cap Level**	Knock-in Level**	Ratio**														
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Exxon Mobil s	60.3300	39.2145	n/a														
Schlumberger s	34.5300	22.4445	n/a														
Coupon	<b>9.00% (9.0000% p.a.)**</b> , interest payment 1.7904% p.a. **, premium payment 7.2096% p.a. **																
Coupon Payment Date(s)	5 September 2020 5 March 2021 The Coupon will be paid out on a pro rata basis on the Coupon Payment Dates.																

<b>Coupon Calculation Method</b>	30/360 (German), modified following
<b>Subscription Period</b>	Subscriptions for these Structured Products can be made <b>until 27 February 2020, 16:00 CET</b> . 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.
<b>Initial Fixing Date</b>	27 February 2020
<b>Settlement Date</b>	5 March 2020
<b>Early Redemption Right of the Issuer</b>	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.
<b>Last Trading Date</b>	26 February 2021
<b>Final Fixing Date</b>	26 February 2021
<b>Redemption Date</b>	5 March 2021
<b>Initial Fixing Level</b>	Closing prices of Underlyings on Related Exchanges, on 27 February 2020
<b>Final Fixing Level</b>	Closing prices of Underlyings on Related Exchanges on 26 February 2021
<b>Redemption Method</b>	<p>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 Final Fixing Levels of the Underlyings.</p> <p>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,</p> <ul style="list-style-type: none"> <li>▪ redemption will be 100% of Denomination if the Final Fixing Levels of all Underlyings trade at or higher than the Cap Level or</li> <li>▪ 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.</li> </ul> <p>The Coupon(s) will be paid out on the defined Coupon Date(s) independent of the performance of the Underlyings.</p>
<b>Listing</b>	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 5 March 2020
<b>Clearing House</b>	SIX SIS AG/Euroclear/Clearstream
<b>Distribution fees</b>	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.
<b>Distribution fees to partners outside the group</b>	Distribution fees are paid out to distribution partners of this Structured Product outside the group and may amount up to 0.7500%.
<b>Distribution fees to partners inside the group</b>	Distribution fees are paid out to the Lead Manager and may amount up to 0.5000%.
<b>Sales: 044 293 66 65</b>	<div> SIX Telekurs: .zkb  Internet: <a href="http://www.zkb.ch/finanzinformationen">www.zkb.ch/finanzinformationen</a> </div> <div> Reuters: ZKBSTRUCT  Bloomberg: ZKBY &lt;go&gt; </div>
<b>Key Elements of the Product</b>	<p>ZKB Barrier Reverse Convertible on worst of combine a fixed income security with the sale of a knock-in put option. With an investment in ZKB Barrier Reverse Convertible on worst of the investor can take advantage of the current implied volatility of the Underlyings. An above-average return will be reached if the Underlyings trade sideways, slightly higher or even lower than on the Initial Fixing Date. If the Knock-in Level has never been touched or breached between Initial Fixing Date and Final Fixing Date, redemption will be 100% of Denomination, independent of the Final fixing Levels of the Underlyings. If the Knock-in Level has been touched or breached between Initial Fixing Date and Final Fixing Date, and if the Final Fixing Levels of one or more Underlyings are below the Cap Level, the investor will receive a cash repayment according to Redemption Method. If, however, the Final Fixing Levels of all Underlyings are at or above the Cap Level, redemption will be 100% of Denomination. Because of the guaranteed Coupon(s), the loss in case of a physical delivery of the Underlying is lower compared to a direct investment in the Underlying. During the lifetime, this ZKB Barrier Reverse Convertible on worst of is traded flat accrued interest, i.e. accrued interest is included in the trading price.</p>

<b>Taxes</b>	<p>The product is considered as transparent and Non-IUP (Intérêt Unique Prédominant). The coupon payments of 9.0000% p.a.** are divided in an option premium payment of 7.2096% p.a.** and an interest payment of 1.7904% 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 with initial duration of less than one year.</p> <p>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 cannot substitute the personal tax advice to the investor.</p>
<b>Documentation</b>	<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. <b>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.</b> This document is not a prospectus in accordance with articles 652a or 1156 of the Swiss Code of Obligations.</p>
<b>Information on the Underlyings</b>	<p>Information on the performance of the Underlying/a component of the Underlying is publicly available on <a href="http://www.bloomberg.com">www.bloomberg.com</a>. 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>
<b>Notices</b>	<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 <a href="https://www.zkb.ch/finanzinformationen">https://www.zkb.ch/finanzinformationen</a> 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 <a href="https://www.six-exchange-regulation.com/en/home/publications/official-notices.html">https://www.six-exchange-regulation.com/en/home/publications/official-notices.html</a></p>
<b>Governing Law/Jurisdiction</b>	Swiss Law/Zurich

## 2. Profit and Loss Expectations at Maturity

### Profit and Loss Expectations at Maturity

ZKB Barrier Reverse Convertible on worst of \*\*

worst Underlying		Redemption			
Price	Percent	Knock-in Level touched	Performance %	Knock-in Level untouched	Performance %
USD 44.2880	-60%	USD 490.00	-51.00%	Knock-in Level touched	
USD 66.4320	-40%	USD 690.00	-31.00%	Knock-in Level touched	
USD 88.5760	-20%	USD 890.00	-11.00%	USD 1'090.00	9.00%
USD 110.7200	0%	USD 1'090.00	9.00%	USD 1'090.00	9.00%
USD 132.8640	+20%	USD 1'090.00	9.00%	USD 1'090.00	9.00%
USD 155.0080	+40%	USD 1'090.00	9.00%	USD 1'090.00	9.00%
USD 177.1520	+60%	USD 1'090.00	9.00%	USD 1'090.00	9.00%

Source: Zürcher Kantonalbank

If the Knock-in Level is never touched between the Initial Fixing Date and Final Fixing Date, the performance of the ZKB Barrier Reverse Convertible on worst of will equal the Coupon of 9.00% \*\*, cf. table under "Knock-in Level untouched", paid out during the term of the Structured Product according to Coupon Payment Date(s).

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 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 9.00% \*\* paid out during the term of the Structured Product. If the Final Fixing Levels of all Underlyings trade at or above the Cap Level, redemption will be 100% of Denomination. Additionally, the Coupon(s) will be paid out according to Coupon Payment Date(s).

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 Chevron 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 on worst of is limited to the difference between the purchase price of the ZKB Barrier Reverse Convertible on worst of and the cash redemption defined according to Redemption Method. The guaranteed Coupon reduces the loss of the ZKB Barrier Reverse Convertible 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 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 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, 20 February 2020