

ZKB Barrier Discount Certificate The Kraft Heinz Co share

27.02.2020 - 26.02.2021 | Swiss Security Code 50 658 140

New Issue

1. Product Description

Product Category/Name	Yield Enhancement/Barrier Discount Certificate (1210, 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
Rating of the Issuer	Standard & Poor's AAA, Moody's Aaa, Fitch AAA
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich
Symbol/ Swiss Security Code/ISIN	KHCBZ/ 50 658 140/CH0506581401
Notional Amount/Denomination/ Trading Units	USD 5'034'000.00/USD 25.17/1 Structured Product or multiples thereof
Number of Structured Products	Up to 200'000, with the right to increase
Issue Price	USD 25.17
Currency	USD
Underlying	The Kraft Heinz Co share/US5007541064/New York Stock Exchange/Bloomberg: KHC UW
Cap/Cap Level	USD 27.42/100.00% of Closing Price of Underlying on the Initial Fixing Date
Maximum Yield	8.94% for the entire duration
Knock-In Level	USD 19.19/70.00% of Underlying on the Initial Fixing date
Initial Fixing Date	20 February 2020
Settlement Date	27 February 2020
Last Trading Date	19 February 2021
Final Fixing Date	19 February 2021
Redemption Date	26 February 2021
Initial Fixing Level	USD 27.42, Closing price of Underlying, New York Stock Exchange, on 20 February 2020
Final Fixing Level	Closing Price of Underlying, New York Stock Exchange, on 19 February 2021

Redemption Method	<p>If the price of the Underlying between Initial Fixing Date and Final Fixing Date never trades at or below the Knock-In Level, the Redemption Amount per ZKB Barrier Discount Certificate is equal to the Cap Level. If the price of the Underlying between Initial Fixing Date and Final Fixing Date has traded at or below the Knock-In Level:</p> <ul style="list-style-type: none"> the Redemption Amount per structured product will be equal to the Cap Level if the Underlying closes at or higher than the Cap Level on the Final Fixing Date. the Redemption Amount per structured product will be equal to the closing price of the Underlying on the Final Fixing Date if that price trades lower than the Cap Level. 		
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 27 February 2020.		
Clearing House	SIX SIS AG/Euroclear/Clearstream		
Distribution fees	No distribution fees in the form of a discount on issue price, reimbursement of a part of the issue price or other one-off and/or periodic charges are paid out to one or several distribution partners of this Structured Product.		
Sales: 044 293 66 65	SIX Telekurs: .zkb Internet: www.zkb.ch/finanzinformationen	Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>	
Key Elements of the Product	<p>ZKB Barrier Discount Certificates are investment products which combine the purchase of an Underlying with an option strategy. Thereby investors in ZKB Barrier Discount Certificate benefit from the current volatility of the Underlying. Above-average returns will be reached if the Underlying trades sideways or slightly higher than at Initial Fixing Date. If, during the lifetime of the product, the Knock-In Level is never touched, Redemption Amount will be equal to the Cap Level, irrespective of the closing price of the Underlying on the Final Fixing Date. If, during the lifetime, the Knock-In Level has been touched and on the Final Fixing Date the Underlying closes lower than the Cap Level, the investor will receive one share of the Underlying per ZKB Barrier Discount Certificate. If the Underlying closes higher than the Cap Level, Redemption Amount will be equal to the Cap Level. In case of a physical delivery of the Underlying and if due to a prior change in capital structure fractions occur, they will be paid in cash and not be cumulated.</p>		
Taxes	<p>Any return on the product qualifies as capital gain and is generally 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 not levied on secondary market transactions for ZKB Barrier Discount Certificates with initial duration of less than one year. The Federal securities transfer stamp tax will be charged in the case of physical delivery of the Underlying 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.</p> <p>This type of taxation according to the practice of Federal Tax Administration applies at the time of issue. Tax legislation and tax doctrine of the tax authorities may be subject to change at any time. The issuer expressly excludes all liability in respect of any tax implications. 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 the Final Terms in accordance with article 21 of the Additional Rules for the Listing of Derivatives of the SIX Swiss Exchange. 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 (Bucheffecten) 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 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 is conducted in accordance with their respective statutes.</p>		

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

Profit and Loss Expectations at Maturity

2. Profit and Loss Expectations at Maturity

ZKB Barrier Discount Certificate

Underlying		Redemption			
Price	Percent	Knock-in Level touched	Performance %	Knock-in Level untouched	Performance %
USD 10.97	-60%	USD 10.97	-56.42%	Knock-in Level touched	
USD 16.45	-40%	USD 16.45	-34.64%	Knock-in Level touched	
USD 21.94	-20%	USD 21.94	-12.85%	USD 27.42	8.94%
USD 27.42	0%	USD 27.42	8.94%	USD 27.42	8.94%
USD 32.90	+20%	USD 27.42	8.94%	USD 27.42	8.94%
USD 38.39	+40%	USD 27.42	8.94%	USD 27.42	8.94%
USD 43.87	+60%	USD 27.42	8.94%	USD 27.42	8.94%

Source: Zürcher Kantonalbank

If at maturity the Knock-in Level has never been touched, the performance of the ZKB Barrier Discount Certificate is at 8.94%, see column "Knock-in Level untouched". If at maturity the Knock-in Level has been touched, see column "Knock-in Level touched", the performance of the ZKB Barrier Discount Certificate equals the lower value of the Underlying divided by the lower purchase price - a result from the discount. Due to the discount, the ZKB Barrier Discount Certificate decreases in value at a slower pace than the Underlying.

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 Initial Fixing and Final Fixing. The price quoted on the secondary market can therefore deviate substantially from the above table.

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. The loss potential of an investment in ZKB Barrier Discount Certificates is limited to the difference between the purchase price of the Structured Product and the closing price of the Underlying at maturity. The value of the Underlying can then be lower than the Cap Level. The product 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.

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, last update on 21 February 2020