Zürcher Kantonalbank

11.25%**
ZKB Barrier Reverse Convertible on worst of Commerzbank s/Societe Generale s

23.07.2020 - 23.07.2021 | Swiss Security Code 52 190 475

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)

Regulatory Notification

This product 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, which is subject to Swiss law, can be found in the publicly available Base prospectus.

Lead Manager, Paying Agent, Exercise Agent and Calculation Agent

Zürcher Kantonalbank, Zurich

Symbol/ Swiss Security Code/ISIN

Z00P4Z/
52 190 475/CH0521904752

Notional Amount/Denomination/ Trading Units

Up to EUR 3'000'000, with the right to increase / denomination of EUR 1'000 per Structured Product / EUR 1'000 or multiples thereof

Issue Price

100.00% of the Denomination

Currency

EUR

Underlying

Commerzbank AG share/DE000CBK1001/Xetra/Bloomberg: CBK GY
Societe Generale share -A-/FR0000130809/Euronext Paris/Bloomberg: GLE FP

Cap Level (100%)
Knock-in Level (49%)**
Ratio

Underlying	Cap Level**	Knock-in Level**	Ratio**
Commerzbank s	4.5200	2.2148	221.238938
Societe Generale s	15.1560	7.4264	65.980470

Coupon

11.25% (11.2500% p.a.)**, interest payment 0.0000% p.a. **, premium payment 11.2500% p.a. **

Coupon Payment Date(s)

23 January 2021
23 July 2021
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 16 July 2020, 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	16 July 2020
Settlement Date	23 July 2020
Last Trading Date	16 July 2021
Final Fixing Date	16 July 2021
Redemption Date/ Date of Delivery	23 July 2021
Initial Fixing Level	Closing prices of Underlyings on Related Exchanges, on 16 July 2020
Final Fixing Level	Closing prices of Underlyings on Related Exchanges on 16 July 2021
Redemption Method	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. 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 Denomination if the Final Fixing Levels of all Underlyings trade at or higher than the Cap Level or ▪ the investor will receive a physical delivery of the Underlying with the worst relative performance (between Initial Fixing Date and Final Fixing Date). The number of Underyings per Denomination is defined according to Ratio (Fractions will be paid in cash, no cumulation). The Coupon(s) 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 23 July 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 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 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 physical delivery of the worst performing Underlying (between Initial Fixing Date and Final Fixing Date) 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.

Taxes	The product is considered as transparent and Non-IUP (Intérêt Unique Prédominant). The coupon payments of 11.2500% p.a.** are divided in an option premium payment of 11.2500% 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 not levied on secondary market transactions for ZKB Barrier Reverse Convertible on worst of with initial duration of less than one year. In the case of physical delivery of the underlying securities at maturity, the Federal securities transfer stamp and the French Financial Transaction Tax may be levied on the basis of the cap level. 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 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 base prospectus of the Issuer dated 15 April 2020 published in German in the version applicable at the time of issuance. These Final Terms and the base prospectus 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 base prospectus. In case of discrepancies between information or the provisions in these Final Terms and those in the base prospectus, 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 base prospectus 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 on worst of **

worst Underlying		Redemption			
Price	Percent	Knock-in Level touched	Performance %	Knock-in Level untouched	Performance %
EUR 1.8080	-60%	EUR 512.50	-48.75%	Knock-in Level touched	
EUR 2.7120	-40%	EUR 712.50	-28.75%	EUR 1'112.50	11.25%
EUR 3.6160	-20%	EUR 912.50	-8.75%	EUR 1'112.50	11.25%
EUR 4.5200	0%	EUR 1'112.50	11.25%	EUR 1'112.50	11.25%
EUR 5.4240	+20%	EUR 1'112.50	11.25%	EUR 1'112.50	11.25%
EUR 6.3280	+40%	EUR 1'112.50	11.25%	EUR 1'112.50	11.25%
EUR 7.2320	+60%	EUR 1'112.50	11.25%	EUR 1'112.50	11.25%

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 11.25% **, 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 11.25% ** 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 Commerzbank 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 on worst of is limited to the difference between the purchase price of the ZKB Barrier Reverse Convertible on worst of and Final Fixing Value of the worst performing Underlying multiplied by the Ratio. 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 EUR. If the investor's reference currency differs from the EUR, the investor bears the risk between the EUR and his reference currency.

4. Additional Terms

Modifications

If an Extraordinary Event as described in the base prospectus 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 the base prospectus 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 base prospectus.

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 base prospectus. 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, 9 July 2020