

ZKB Tracker Certificate on a European Infrastructure Basket

07.10.2016 - 07.10.2019 | Swiss Security Code 32 771 687

New Issue

Product Category/Name

1. Product Description

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

Co-Structurer

Jud & Partner Strukturierte Produkte AG

Rating of the Issuer

For Products issued by Zürcher Kantonalbank: Standard & Poor's AAA, Moody's Aaa, Fitch AAA

Symbol/ Swiss Security Code/ISIN

INFRAZ/
32 771 687/CH0327716871

Notional Amount/Denomination/ Trading Units

EUR 9'850'000.00/EUR 98.50/1 Structured Product or multiples thereof

Number of Structured Products

Up to 100'000, with the right to increase

Issue Price

EUR 98.50 / 98.50% of Basket Value on the Initial Fixing Date

Currency

EUR

Underlying	Component	ISIN / Bloomberg	Related Exchange	*Currency / Initial Fixing Value	Weight in %	No. of Shares
	Abertis Infraestructuras SA	ES0111845014 / ABE SM	Mercado Continuo Espanol	13.8600	5.00	0.360750
	ACS Actividades de Construccion y Servicios SA	ES0167050915 / ACS SM	Mercado Continuo Espanol	26.9000	5.00	0.185874
	Alstom	FR0010220475 / ALO FP	Euronext Paris	23.5450	5.00	0.212359
	Atlantia SpA	IT0003506190 / ATL IM	Mercato Continuo Italiano	22.5900	5.00	0.221337
	Bombardier Inc	CA0977512007 / BBD/B CT	Toronto Stock Exchange	1.8000	5.00	4.089008
	Vinci SA	FR0000125486 / DG FP	Euronext Paris	68.1200	5.00	0.073400
	Ferrovial SA	ES0118900010 / FER SM	Mercato Continuo Espanol	18.9500	5.00	0.263852
	Eiffage SA	FR0000130452 / FGR FP	Euronext Paris	69.1600	5.00	0.072296
	HeidelbergCement AG	DE0006047004 / HEI GR	Xetra	83.8430	5.00	0.059635
	Hochtief AG	DE0006070006 / HOT GY	Xetra	125.5500	5.00	0.039825
	Imerys	FR0000120859 / NK FP	Euronext Paris	64.2900	5.00	0.077773
	Infrastrutture Wireless Italiane S.p.A.	IT0005090300 / INW IM	Borsa Italiana	4.3780	5.00	1.142074
	dorma+kaba Holding AG	CH0011795959 / DOKA SW	SIX Swiss Exchange	719.0000	5.00	0.007591
	PORR AG	AT0000609607 / POS AV	Vienna	32.0000	5.00	0.156250
	Prysmian SpA	IT0004176001 / PRY IM	Mercato Continuo Italiano	23.3200	5.00	0.214408
	Skanska AB	SE0000113250 / SKAB SS	Stockholm	200.3000	5.00	0.239493
	STRABAG SE	AT000000STR1 / STR AV	Vienna	29.7100	5.00	0.168294
	Schneider Electric SA	FR0000121972 / SU FP	Euronext Paris	62.0600	5.00	0.080567
	Vossloh AG	DE0007667107 / VOS GY	Xetra	52.9300	5.00	0.094464
	Wolseley PLC	JE00BFNWV485 / WOS LN	London Stock Exchange	43.5500	5.00	0.100184

* 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	EUR 100.00 on Initial Fixing Date
Ratio	1 ZKB Tracker Certificate represents 1 Underlying
Dividend Payments	No dividends will be paid out. Expected dividend payments in the Underlying Components for the lifetime of the structured product will be discounted at Initial Fixing Date by the Issuer.
Initial Fixing Date	30 September 2016
Settlement Date	7 October 2016
Last Trading Date	30 September 2019
Final Fixing Date	30 September 2019
Redemption Date	7 October 2019

Initial Fixing Level	Closing prices of the components of the Underlying on Related Exchanges, on 30 September 2016 Local taxes, transactions fees and foreign commissions are included in the Initial Fixing Value of each component if applicable.
Final Fixing Level	Closing prices of the components of the Underlying on Related Exchanges, on 30 September 2019 Local taxes, transactions fees and foreign commissions are included in the Final Fixing Value of each component if applicable.

Redemption Method On Redemption Date, investors receive for every certificate 100% of the Underlying. The net asset value is calculated using the following formula on each trading day t:

$$IV_t = IV_{t-1} + IV_{t-1} * \sum_{i=1}^n \left[w_t^i * \left(\frac{BW_t^i - BW_{t-1}^i}{BW_{t-1}^i} * \frac{FX_t^i}{FX_{t-1}^i} + FXRoll_{t-1,t}^i \right) \right]$$

Where:

IV_t	Intrinsic value on trading day t ($IV_0 = \text{EUR } 100.00$)
n	Number of Underlyings
w_t^i	Weight in % of Underlying i at time t
BW_t^i	Price of Underlying i at time t
FX_t^i	Price of the currency of Underlying i at time t
$FXRoll_{t-1,t}^i$	Net interest income / interest expense in % of FX Rolls between time t-1 and t in the currency of underlying component i

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.

Listing Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 7 October 2016.

Clearing House SIX SIS AG/Euroclear/Clearstream

Total Expense Ratio (TER) / Distribution fees A TER - in the sense implied by the definition of the Swiss Funds & Asset Management Association - of **1.32% p.a.** is pursued.
The TER includes production and distribution fees charged to the Structured Product. The TER includes one-off costs spread over the product's entire term. Any risk and transaction costs, such as in the form of bid-ask spreads on options, are not taken into account in the TER. 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. Any distribution fees are included in the TER and may amount up to **1.00% p.a.**

Sales: 044 293 66 65 SIX Telekurs: 85,ZKB Reuters: ZKBSTRUCT
Internet: www.zkb.ch/strukturierteprodukte Bloomberg: ZKBY <go>

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. The dividend payments from the Underlying components that are expected during the lifetime of the Structured Product are discounted at Issue Date. Redemption is based on the weighted value of Underlying components on the Final Fixing Date.

Taxes The dividend discount is subject to Swiss income tax for private investors with Swiss tax domicile at maturity. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is not levied on secondary market transactions. For Swiss paying agents this product is not subject to the EU taxation of savings income (SIX Telekurs EU-Tax classification code: 9, „out of scope“).
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 the Final Terms in accordance to 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 2016 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. IFSP 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://zkb-finance.mdgms.com/products/stp/index.html> 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-notice.html>

Governing Law/Jurisdiction

Swiss Law/Zurich 1

2. Profit and Loss Expectations at Maturity

Profit and Loss Expectations at Maturity

ZKB Tracker Certificate

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate	Performance %
EUR 70.00	-30.00%	EUR 70.00	-28.93%
EUR 80.00	-20.00%	EUR 80.00	-18.78%
EUR 90.00	-10.00%	EUR 90.00	-8.63%
EUR 98.50	-1.50%	EUR 98.50	0.00%
EUR 110.00	+10.00%	EUR 110.00	11.68%
EUR 120.00	+20.00%	EUR 120.00	21.83%
EUR 130.00	+30.00%	EUR 130.00	31.98%

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 EUR. 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

The selling restrictions contained in the Issuance Programme are applicable (EEA, U.S.A./U.S. persons, Guernsey).

In particular must this publication and the information contained within not be distributed and / or redistributed, used or relied upon, by any person (whether individual or entity) who may be a US person under Regulation S under the US Securities Act of 1933. US persons include any US resident; any corporation, company, partnership or other entity organized under any law of the United States; and other categories set out in Regulation S.

The Issuer has not undertaken any actions to permit the public offering of the Structured Products or the possession or the distribution of any document produced in connection with the issuance of the Structured Products in any jurisdiction other than Switzerland. The distribution of these Final Terms or other documents produced in connection with the issuance of the Structured Products and the offering, sale and delivery of the Structured Products in certain jurisdictions may be restricted by law. Persons, which have received these Final Terms or any other documents produced in connection with the issuance of the Structured Products, such as the Issuance Programme, Termsheets, marketing or other selling material, are required by the Issuer to inform themselves about and to observe any such restrictions.

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.

Zurich, 30 September 2016, last update on 3 October 2016