

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR ITS TERRITORIES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, AS DEFINED IN REGULATIONS UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR OTHERWISE THAN TO PERSONS TO WHOM IT CAN LAWFULLY BE DISTRIBUTED

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the “**Prospectus**”) and you are therefore advised to read the following disclaimer carefully before reading, accessing or making any other use of the Prospectus. In reading or accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them, each time you receive any information from us as a result of such reading or access, and you acknowledge that Zürcher Kantonalbank (the “**Issuer**”) and its affiliates and others will rely upon the truth and accuracy of the following representations, acknowledgements and agreements. **IF YOU DO NOT AGREE TO THE TERMS DESCRIBED IN THIS DISCLAIMER, YOU MAY NOT OPEN OR READ THE PROSPECTUS.**

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS, AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE PROSPECTUS (THE “**BONDS**”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

Confirmation of your Representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the Bonds, you must not be in the United States or be, or be acting on behalf of, a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting the email and accessing the Prospectus, you shall be deemed to have represented to the Issuer and the Joint Lead Managers (each as defined in the Prospectus) that:

- (1) you are outside the United States and are not a U.S. person, as defined in Regulation S under the Securities Act, nor acting on behalf of a U.S. person and, to the extent you purchase any Bonds you will be doing so pursuant to Regulation S under the Securities Act;
- (2) the electronic mail address to which the Prospectus has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, Wake Island and the Northern Mariana Islands), and
- (3) you consent to delivery of the Prospectus and any amendments or supplements thereto by electronic transmission.

The Prospectus has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Joint Lead Managers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling any of the foregoing accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version available to you upon request from the Issuer.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person. Any materials relating to the potential offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and a Joint Lead Manager or any affiliate of such Joint Lead Manager is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by such Joint Lead Manager or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the Prospectus constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction in which such offer or solicitation would be unlawful. No action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would, or is intended to, permit a public offering of the Bonds,

or possession or distribution of the Prospectus or any other offering or publicity material relating to the Bonds, in any country or jurisdiction outside of Switzerland where action for that purpose is required.

The Bonds are not being offered to the public in the European Economic Area (“**EEA**”) within the meaning of Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”). In member states of the EEA, this electronic transmission and the Prospectus are only addressed to and directed at persons who are qualified investors within the meaning of Article 2(e) of the EU Prospectus Regulation (“**Qualified Investors**”). This electronic transmission and the Prospectus must not be acted on or relied on in any member state of the EEA by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the Prospectus relate is available only to Qualified Investors in any member state of the EEA. See “*Prohibition of Sales to Retail Investors*” below.

The Bonds are not being offered to the public in the United Kingdom (“**UK**”) within the meaning of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**UK Prospectus Regulation**”). In the UK, this electronic transmission is directed only at persons who are “qualified investors” within the meaning of the UK Prospectus Regulation. In addition, in the UK this electronic transmission and the Prospectus are addressed to and directed only at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). This electronic transmission and the Prospectus must not be acted on or relied on in the UK by persons who are not Relevant Persons. Any investment or investment activity to which this electronic transmission and the Prospectus relate is available only to Relevant Persons in the UK. See “*Prohibition of Sales to Retail Investors*” below.

PROHIBITION OF SALES TO RETAIL INVESTORS

EEA: The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK: The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA that were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance target market / Professional investors and ECPs only: Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties and professional clients, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance target market / Professional investors and ECPs only: Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the UK Financial Conduct Authority (the “**FCA**”) Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.



Zürcher Kantonalbank

EUR 500,000,000

2.020 per cent. Fixed-to-Floating Rate Tier 2 Bonds due 2028

Issue Price: 100.000 per cent.

This prospectus (this “**Prospectus**”) relates to (i) the offering of EUR 500,000,000 2.020 per cent. Fixed-to-Floating Rate Tier 2 Bonds due 2028 (the “**Bonds**”) to be issued by Zürcher Kantonalbank (in such capacity, the “**Issuer**”) on 13 April 2022 (the “**Issue Date**”), and (ii) the admission to trading and listing of the Bonds on the SIX Swiss Exchange. Capitalised terms used but not defined below have the meanings assigned to such terms in the “*Terms of the Bonds*” beginning on page 24 (the “**Terms of the Bonds**”) or elsewhere in this Prospectus. Interest on the Bonds will accrue from (and including) the Issue Date to (but excluding) 13 April 2027 (the “**Optional Redemption Date**”) at an initial rate of 2.020 per cent. per annum payable annually in arrear, and thereafter at a rate based on the applicable Floating Rate of Interest plus 0.900 per cent. per annum payable quarterly in arrear. Payments on the Bonds will be made without deduction for, or on account of, taxes of Switzerland to the extent described herein under Condition 7 (*Taxation*) and under “*Taxation*”.

Unless previously redeemed or purchased and cancelled, the Bonds will mature on the Floating Rate Interest Payment Date falling in April 2028 (the “**Maturity Date**”). Subject to the satisfaction of certain conditions, the Bonds may be redeemed prior to the Maturity Date at the option of the Issuer in whole, but not in part, at their aggregate principal amount, together with any accrued but unpaid interest thereon on the Optional Redemption Date, upon the occurrence of a Tax Event or upon the occurrence of a Regulatory Event, as more particularly described in Condition 4 (*Redemption, Purchase and Cancellation*).

The Bonds will constitute direct, unsecured and subordinated obligations of the Issuer and rank at all times *pari passu* and without any preference among themselves, as more particularly described herein under Condition 2 (*Status and Subordination*).

Upon the occurrence of a Viability Event, a Contingent Write-down shall occur, as more particularly described in Condition 8(a) (*Contingent Write-down – Contingent Write-down upon Viability Event*). In such circumstances, interest on the Bonds shall cease to accrue, the full principal amount of each Bond will be written-down to zero, Holders will lose their entire investment in the Bonds and all rights of any Holder for payment of any accrued but unpaid interest or any other amounts under or in respect of the Bonds will become null and void, irrespective of whether such amounts have become due and payable or such claims have arisen prior to the occurrence of the Viability Event. See “*Risk Factors – The Bonds may be subject to a Contingent Write-down*”.

The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange as of 13 April 2022. The Issuer will apply for definitive admission to trading and listing of the Bonds on the SIX Swiss Exchange as soon as practicable thereafter and (if granted) will only be granted after the Issue Date. The last trading day for the Bonds on the SIX Swiss Exchange will be the second trading day prior to the earlier of the date on which the Bonds are fully redeemed or the date on which a Contingent Write-down occurs.

The Bonds have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”). Bonds may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only in “offshore transactions” to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Bonds and distribution of this Prospectus, see “*Subscription and Sale*”.

The Bonds will be issued in minimum denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof. The Bonds may be held and transferred, and may be offered and sold, only in minimum denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof. The Bonds will be issued in uncertificated form as uncertificated securities (*einfache Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations of 30 March 1911, as amended from time to time (the “**Swiss Code of Obligations**”), and will be governed by Swiss law. It is expected that delivery of the Bonds will be made through the systems operated by SIX SIS Ltd (“**SIX SIS**”) on 13 April 2022. See Condition 1 (*Amount and Denomination, Reopening and Form*) for more details.

The Bonds are expected upon issue to be rated Aa2 by Moody’s. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in Bonds involves certain risks. For a discussion of certain of the risks that potential investors should carefully consider before deciding to invest in the Bonds, see “Risk Factors”.

Joint Lead Managers

Deutsche Bank	Société Générale Corporate & Investment Banking	UBS Investment Bank	Zürcher Kantonalbank
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This Prospectus has been approved by SIX Exchange Regulation Ltd in its capacity as review body pursuant to article 52 of the Swiss Financial Services Act of 15 June 2018, as amended, on 26 April 2022.

IMPORTANT INFORMATION

The offering of the Bonds in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act of 15 June 2018, as amended (the “FinSA”), because the Bonds have a minimum denomination of at least CHF 100,000 (or equivalent in another currency). Consequently, for purposes of the offering of the Bonds, this Prospectus does not constitute a prospectus as such term is understood pursuant to article 35 of the FinSA. Notwithstanding the foregoing, for purposes of application for admission to trading of the Bonds on the SIX Swiss Exchange only, the Issuer relied on article 51(2) of the FinSA. Accordingly, this Prospectus was not reviewed or approved by a competent review body pursuant to article 52 of the FinSA as of its date, and was submitted to SIX Exchange Regulation Ltd in its capacity as review body pursuant to article 52 of the FinSA (in such capacity, the “Swiss Review Body”) only after completion of the offering of the Bonds and after application was made for provisional admission to trading of the Bonds on the SIX Swiss Exchange. This Prospectus is the prospectus pursuant to article 35 of the FinSA and article 43(1)(a) of the Swiss Financial Services Ordinance of 6 November 2019, as amended (the “FinSO”), only if the stamp with the date of the approval of the Swiss Review Body appears on the cover page of this Prospectus.

This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by the Swiss Review Body. Consequently, neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same.

This Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Bonds and for the admission to trading and listing of the Bonds on the SIX Swiss Exchange. The Issuer has not authorised the use of this Prospectus for any other purpose.

This Prospectus is to be read in conjunction with all documents incorporated by reference herein. This Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of this Prospectus. See “*About this Prospectus—Documents Incorporated by Reference*” on page 11 of this Prospectus.

No person is or has been authorised by the Issuer or the Joint Lead Managers (as defined herein under “*Subscription and Sale*”) to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

The Joint Lead Managers

The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained in, or incorporated by reference into, this Prospectus or any other information provided by the Issuer in connection with the Bonds. Furthermore, each Joint Lead Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to its attention.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the issue, offering and admission to trading or listing of the Bonds. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any such statement.

Neither this Prospectus nor any other information supplied in connection with the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither this Prospectus nor any other information supplied in connection with the issue of the Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Bonds.

The Joint Lead Managers and certain of their respective affiliates have provided, and/or may provide in the future, investment banking, commercial banking, advisory and other financial services for the Issuer and its affiliates in the ordinary course of business for which they have received and will receive customary fees and reimbursement of expenses.

Furthermore, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may, at any time, hold long or short positions in such investments and securities. Such investment and securities activities may involve the securities and/or instruments of the Issuer. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold (for their own account or for the account of their customers), or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Investors

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Bonds may be restricted by law in certain jurisdictions. Neither the Issuer nor the Joint Lead Managers represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers that is intended to permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction outside of Switzerland where action for that purpose is required other than Switzerland. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the offer, sale and delivery of the Bonds and the distribution of this Prospectus in the United States of America (the “**United States**” or the “**US**”), the European Economic Area (the “**EEA**”) and the United Kingdom (the “**UK**”). See “*Subscription and Sale*” beginning on page 47 of this Prospectus.

United States

The Bonds have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S).

EEA and United Kingdom

General

The Bonds are not being offered to the public in the EEA within the meaning of Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”). In member states of the EEA, this Prospectus is only addressed to and directed at persons who are qualified investors within the meaning of Article 2(e) of the EU Prospectus Regulation (“**Qualified Investors**”). This Prospectus must not be acted on or relied on in any member state of the EEA by persons who are not Qualified Investors. Any investment or investment activity to which this Prospectus relates is available only to Qualified Investors in any member state of the EEA. See “*Prohibition of Sales to Retail Investors*” below.

The Bonds are not being offered to the public in the UK within the meaning of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**UK Prospectus Regulation**”). In the UK, this Prospectus is directed only at persons who are “qualified investors” within the meaning of the UK Prospectus Regulation. In addition, in the UK this Prospectus is addressed to and directed only at, Qualified

Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). This Prospectus must not be acted on or relied on in the UK by persons who are not Relevant Persons. Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons in the UK. See “*Prohibition of Sales to Retail Investors*” below.

Prohibition of Sales to Retail Investors

EEA: The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK: The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance target market / Professional investors and ECPs only: Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties and professional clients, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

UK MIFIR product governance target market / Professional investors and ECPs only: Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the UK Financial Conduct Authority (the “**FCA**”) Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Switzerland – No Basic Information Document (*Basisinformationsblatt*)

In accordance with article 59(1) of the FinSA and article 86(3) of the Swiss Financial Services Ordinance of 6 November 2019, as amended, no Basic Information Document is required for, and no Basic Information Document has been or will be prepared for, the offering of the Bonds.

STABILISATION

In connection with the issue of the Bonds, UBS AG London Branch (the “**Stabilising Manager**”) (or any person acting on behalf of the Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall, as against the Issuer, be for the account of the Stabilising Manager.

EACH PURCHASER OF THE BONDS MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE BONDS OR POSSESSES OR DISTRIBUTES THIS INFORMATION MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL, OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE BONDS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND THE ISSUER AND THE JOINT LEAD MANAGERS SHALL NOT HAVE ANY RESPONSIBILITY THEREFOR.

The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Bonds have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Bonds or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence under the laws of the United States.

TABLE OF CONTENTS

Page

IMPORTANT INFORMATION	1
STABILISATION	4
TABLE OF CONTENTS	5
SUMMARY.....	6
GENERAL INFORMATION.....	10
ABOUT THIS PROSPECTUS.....	11
FORWARD-LOOKING STATEMENTS.....	12
RISK FACTORS	13
TERMS OF THE BONDS.....	24
USE OF PROCEEDS	40
DESCRIPTION OF THE ISSUER.....	41
TAXATION.....	45
SUBSCRIPTION AND SALE	47

SUMMARY

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole, including any documents incorporated by reference into this Prospectus. Potential investors in the Bonds should be aware that liability under article 69 of the FinSA for any false or misleading information contained in this summary is limited to any such information that is false or misleading when read together with, or that is inconsistent with, the other parts of this Prospectus.

Capitalised terms used in this summary but not defined herein have the meanings assigned to them in the Terms of the Bonds or elsewhere in this Prospectus.

A. Information on the Issuer

Issuer:	Zürcher Kantonalbank (the “ Issuer ”). Zürcher Kantonalbank is a public-law institution under the laws of the Canton of Zurich (<i>selbständige Anstalt des öffentlichen Rechts</i>). The Issuer’s registered office and head office is located at Bahnhofstrasse 9, 8001 Zurich, Switzerland. For more information on the Issuer and its business see “ <i>Description of the Issuer</i> ” beginning on page 41 of this Prospectus.
Legal Entity Identifier (LEI):	165GRDQ39W63PHVONY02.
Issuer’s auditor:	Ernst & Young AG, Maagplatz 1, 8005 Zurich, Switzerland.

B. Information on the Terms of the Bonds

Bonds:	EUR 500,000,000 2.020 per cent. Fixed-to-Floating Rate Tier 2 Bonds due 2028 (the “ Bonds ”).
Issue Date:	13 April 2022 (the “ Issue Date ”).
Maturity Date:	The Floating Rate Interest Payment Date falling in April 2028 (the “ Maturity Date ”).
Interest Rate:	The Bonds will bear interest on their principal amount (i) from (and including) the Issue Date to (but excluding) the Floating Rate Commencement Date, at a fixed rate of 2.020 per cent. per annum, payable annually in arrear on each Fixed Rate Interest Payment Date, and (ii) from (and including) the Floating Rate Commencement Date to (but excluding) the Maturity Date, at the applicable Floating Rate of Interest determined by the Principal Paying Agent in accordance with the Terms of the Bonds, payable quarterly in arrear on each Floating Rate Interest Payment Date.
Floating Rate Commencement Date:	13 April 2027 (the “ Floating Rate Commencement Date ”).
Fixed Rate Interest Payment Date:	13 April in each year, from (and including) 13 April 2023 to (and including) the Floating Rate Commencement Date (each, a “ Fixed Rate Interest Payment Date ”).
Floating Rate Interest Payment Dates:	13 July 2027, 13 October 2027, 13 January 2028 and 13 April 2028; <i>provided, however,</i> that, if any such Floating Rate Interest Payment Date would otherwise fall on a day that is not a Business Day, such Floating Rate Interest Payment Date will be postponed to the first following Business Day unless that Business Day falls in the next calendar month in which case such Floating Rate Interest Payment Date will instead be brought forward to the last preceding Business Day (each, a “ Floating Rate Interest Payment Date ”).
Denomination/Trading Lot:	EUR 200,000 and integral multiples of EUR 1,000 in excess thereof.
Status of the Bonds:	The Bonds will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank <i>pari passu</i> among themselves. The rights and

claims of the Holders are subordinated as described in Condition 2(b) (*Status and Subordination – Subordination*).

Form of the Bonds:

The Bonds will initially be issued in uncertificated form as uncertificated securities (*einfache Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations, which will be entered into the main register (*Hauptregister*) of SIX SIS or any other intermediary (*Verwahrungsstelle*) in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd. Neither the Issuer nor any Holder nor the Principal Paying Agent will at any time have the right to effect or demand the conversion of any Bond into, or the delivery of, a global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*).

Under the limited circumstances described in the Terms of the Bonds only, the Bonds will be converted into individually certificated securities (*Wertpapiere*) in registered form for U.S. tax purposes. See subclause (ii) of Condition 1(c) (*Amount and Denomination, Reopening and Form – Form*) for more information.

Redemption Amount:

100 per cent. of the aggregate principal amount of the Bonds.

Optional Redemption:

Unless previously redeemed or purchased and cancelled, and provided that a Viability Event has not occurred prior to the applicable Early Redemption Date and subject to certain conditions as described under Condition 4 (*Redemption, Purchase and Cancellation*), the Issuer may elect, in its sole discretion, to early redeem the Bonds, in whole but not in part, upon giving not less than 30 days' prior notice to the Holders, in the following circumstances:

- (i) on the Optional Redemption Date, at their aggregate principal amount, together with any accrued but unpaid interest thereon to (but excluding) the Optional Redemption Date;
- (ii) if a Tax Event has occurred and is continuing, on the relevant Early Redemption Date, at their aggregate principal amount, together with any accrued but unpaid interest thereon to (but excluding) such Early Redemption Date; or
- (iii) if a Regulatory Event has occurred and is continuing, on the relevant Early Redemption Date, at their aggregate principal amount, together with any accrued but unpaid interest thereon to (but excluding) such Early Redemption Date.

See clause (c) and (d) of Condition 4 (*Redemption, Purchase and Cancellation*) for the definition of the term Tax Event and Regulatory Event, respectively.

Optional Redemption Date:

13 April 2027.

Contingent Write-down:

Upon the occurrence of a Viability Event, a Contingent Write-down will occur and the full principal amount of the Bonds will be written-down to zero.

A Contingent Write-down will result in the full principal amount of the Bonds being written-down to zero and all rights of any Holder for payment of any accrued but unpaid interest or any other amounts under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) becoming null and void, irrespective of whether such amounts have become due and payable or such claims have arisen prior to the occurrence of the Viability Event. As a result, Holders will lose their entire investment in the Bonds.

See Condition 8 (*Contingent Write-down*) for more information.

Viability Event:

A Viability Event shall have occurred if:

- (i) the Regulator has notified the Issuer that it has determined that the write-down of the Bonds, together with the conversion or write-down of holders' claims in respect of any other capital instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is an essential requirement to prevent the Issuer from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business, because customary

measures to improve the Issuer's capital adequacy at the time are inadequate or unfeasible; or

- (ii) customary measures to improve the Issuer's capital adequacy being at the time inadequate or unfeasible, the Issuer has received an irrevocable commitment of Extraordinary Support directly or indirectly from the Swiss government, the Swiss National Bank or the Canton of Zurich.

See Condition 8(b) (*Contingent Write-down – Viability Event*) for more information.

Events of Default:

Each of the following events will constitute an “**Event of Default**”:

- (i) the Issuer is (or is deemed by law, a court or the Regulator to be) insolvent; or
- (ii) the Issuer is (or is deemed by law, a court or the Regulator to be) bankrupt; or
- (iii) a general assignment or an arrangement or composition with or for the benefit of the creditors in respect of any debts is agreed or declared in respect of or affecting all or a substantial part of the debts of the Issuer.

See Condition 9 (*Events of Default*) for more information.

Substitution and Amendment:

If a Tax Event or a Regulatory Event has occurred, the Issuer may, provided that a Viability Event has not occurred prior to the applicable Substitution or Amendment Effective Date and subject to certain conditions as described under Condition 13 (*Substitution and Amendment*), without the consent of the Holders unless so required by mandatory provisions of Swiss law, either substitute all, but not some only, of the Bonds for, or amend the Terms of the Bonds so that the Bonds remain or become, Compliant Securities, as more particularly described in clause (a) of Condition 13 (*Substitution and Amendment*).

See clause (c) and (d) of Condition 4 (*Redemption, Purchase and Cancellation*) for the definition of the term Tax Event and Regulatory Event, respectively.

Taxation:

The Issuer will pay Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Bonds, after withholding for any taxes imposed on the Issuer by tax authorities in Switzerland (or in any political subdivision thereof or therein having power to tax) upon payments made by or on behalf of the Issuer under the Bonds will equal the amount which would have been received in the absence of any such withholding taxes, save in certain limited circumstances as more particularly set out in Condition 7 (*Taxation*).

Principal Paying Agent:

Zürcher Kantonalbank.

Governing Law:

Swiss law.

Jurisdiction:

Courts of the City of Zurich.

C. Information on the Offering

Offering:

The offering described herein consists of a public offering of Bonds in Switzerland, and of private placements of Bonds to prospective investors outside of Switzerland and the United States in reliance on Regulation S, in each case in compliance with applicable laws and regulations. See also “*Subscription and Sale*” beginning on page 47 of this Prospectus.

Issue Price:

100.000 per cent. (before commissions and expenses) of the aggregate principal amount of the Bonds.

Delivery:

Delivery *versus* payment (DVP).

Clearing:

SIX SIS, with further clearing and settlement through both Euroclear Bank SA/NV and Clearstream Banking, S.A.

Rating:

The Bonds are expected upon issue to be rated Aa2 by Moody's.

Risk Factors:	An investment in Bonds involves certain risks. For a discussion of certain risks that potential investors should carefully consider before deciding to invest in any Bonds, see “ <i>Risk Factors</i> ” beginning on page 13 of this Prospectus.
Use of Proceeds:	The net proceeds of the offering of the Bonds, being the amount of EUR 498,500,000, will be used by the Issuer for its general corporate purposes.
Security Codes:	ISIN: CH1170565753 Swiss Security Number: 117.056.575 Common Code: 246943435
Selling Restrictions:	See “ <i>Subscription and Sale</i> ”.
Basic Information Document (<i>Basisinformationsblatt</i>):	In accordance with article 59(1) of the FinSA and article 86(3) of the Swiss Financial Services Ordinance of November 6, 2019, as amended, no Basic Information Document is required for, and no Basic Information Document has been or will be prepared for, the offering of the Bonds.
Joint Lead Managers:	Deutsche Bank Aktiengesellschaft, Société Générale, UBS AG London Branch and Zürcher Kantonalbank.

D. Information on the Admission to Trading and Listing

Swiss Trading Venue:	SIX Swiss Exchange.
Admission to Trading and Listing:	The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange as of 13 April 2022. The Issuer will apply for definitive admission to trading and listing of the Bonds on the SIX Swiss Exchange as soon as practicable thereafter and (if granted) will only be granted after the Issue Date. The last trading day for the Bonds on the SIX Swiss Exchange will be the second trading day prior to the earlier of the date on which the Bonds are fully redeemed or the date on which a Contingent Write-down occurs.

E. Information on the Date, Review and Approval of the Prospectus

Swiss Review Body:	SIX Exchange Regulation Ltd, Hardturmstrasse 201, 8005 Zurich, Switzerland (the “ Swiss Review Body ”).
Submission for Approval:	The offering of the Bonds in Switzerland is exempt from the requirement to prepare and publish a prospectus under the FinSA because the Bonds have a minimum denomination of at least CHF 100,000 (or equivalent in another currency). Consequently, for purposes of the offering of the Bonds, this Prospectus does not constitute a prospectus as such term is understood pursuant to article 35 of the FinSA. Notwithstanding the foregoing, for purposes of application for admission to trading of the Bonds on the SIX Swiss Exchange only, the Issuer relied on article 51(2) of the FinSA. Accordingly, this Prospectus was not reviewed or approved by the Swiss Review Body as of its date, and was submitted to the Swiss Review Body only after completion of the offering of the Bonds and after application was made for provisional admission to trading of the Bonds on the SIX Swiss Exchange. This Prospectus is the prospectus pursuant to article 35 of the FinSA and article 43(1)(a) of the FinSO only if the stamp with the date of the approval of the Swiss Review Body appears on the cover page of this Prospectus.
Prospectus Date and Approval:	This Prospectus is dated 12 April 2022, and has been approved by the Swiss Review Body on the date specified on the cover page of this Prospectus. This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by the Swiss Review Body.

GENERAL INFORMATION

Admission to Trading and Listing

The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange as of 13 April 2022. The Issuer will apply for definitive admission to trading and listing of the Bonds on the SIX Swiss Exchange as soon as practicable thereafter and (if granted) will only be granted after the Issue Date. The last trading day for the Bonds on the SIX Swiss Exchange will be the second trading day prior to the earlier of the date on which the Bonds are fully redeemed or the date on which a Contingent Write-down occurs.

Authorisation

Pursuant to a resolution of the Board of Directors (*Bankrat*) of the Issuer dated 25 November 2021, the Issuer has authorised the issuance of the Bonds.

Clearing Systems and Security Numbers

The Bonds have been accepted for clearing through SIX SIS, with further clearing and settlement through Euroclear and Clearstream, Luxembourg.

The International Securities Identification Number (“**ISIN**”), Common Code and Swiss Security Number for the Bonds are CH1170565753, 246943435 and 117.056.575.

Court, Arbitral and Administrative Proceedings

Except as otherwise disclosed in this Prospectus (including in the documents incorporated by reference herein), there are no pending or threatened court, arbitral or administrative proceedings of which the Issuer is aware that are of material importance to the Issuer’s assets and liabilities or profits and losses.

No Material Change

No material changes in the assets and liabilities, financial position or profits and losses of the Issuer have occurred since 31 December 2021.

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Prospectus and hereby confirms that to the best of its knowledge (i) such information is correct and (ii) no material facts or circumstances have been omitted herefrom.

ABOUT THIS PROSPECTUS

Documents Incorporated by Reference

The following documents are incorporated by reference into, and are an important part of, this Prospectus:

- (1) the Issuer's annual report (*Geschäftsbericht*) for the year ended 31 December 2021 (the “**Annual Report 2021**”), which is accessible as of the date of this Prospectus at <https://www.zkb.ch/media/zkb/dokumente/en/annual-report-2021.pdf>;
- (2) the Issuer's financial report (*Finanzbericht*) for the year ended 31 December 2020, which is included on pages 136 to 233 in the Issuer's annual report (*Geschäftsbericht*) for the year ended 31 December 2020, which is accessible as of the date of this Prospectus at <https://www.zkb.ch/media/zkb/dokumente/investor-relations/geschaeftsbericht-2020.pdf>; and
- (3) the Issuer's disclosure report on capital adequacy (*Offenlegung der Eigenmittel und der Liquidität*) for the quarter ended 30 September 2021, which is accessible as of the date of this Prospectus at https://www.zkb.ch/media/zkb/dokumente/investor-relations/offenlegungsreport_09_2021.pdf.

Any statement in a document incorporated by reference into this Prospectus will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequent document incorporated by reference herein modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Prospectus, except as so modified or superseded.

Availability of Documents

Copies of this Prospectus (including the documents incorporated by reference herein) can be obtained in electronic or printed form, free of charge, during normal business hours from Zürcher Kantonalbank at Bahnhofstrasse 9, 8001 Zurich, Switzerland, or by telephone (+41 (0)44 292 20 11) or email to prospectus@zkb.ch. In addition, this Prospectus is published on the Issuer's website, at <https://www.zkb.ch/en/home/investor-relations.html>, and the documents incorporated by reference are published on the Issuer's website at the links specified above.

FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference statements that constitute “forward-looking statements”, which reflect the current expectation of the Issuer’s management with respect to the Issuer’s plans, targets, goals, future prospects or events, financial and operating performance, future market conditions, the potential effect of certain contingencies on the Issuer’s future performance, and assumptions underlying such statements.

Words such as “believe”, “anticipate”, “expect”, “aim”, “plan”, “estimate”, “project”, “expect”, “intend”, “predict”, “target”, “may”, “might”, “assume”, “could”, “will” and “should” or other variations or comparable terminology are intended to identify forward-looking statements but are not the exclusive means of identifying such forward-looking statements. Forward-looking statements appear in a number of places in this Prospectus including, without limitation, the “*Risk Factors*” and “*Description of the Issuer*”. These forward-looking statements address matters such as:

- the Issuer’s business strategy and financial targets;
- performance of the financial markets;
- future prospects of the Issuer; and
- future exposure to credit, market, liquidity and other risks.

By their nature, forward-looking statements involve risks and uncertainties, both general and specific, because they relate to events and depend on circumstances that may or may not occur in the future. While the Issuer has prepared these forward-looking statements in good faith and on the basis of assumptions it believes to be reasonable, any such forward-looking statements are not guarantees or warranties of future performance. Accordingly, risks exist that prospects, predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. The Issuer’s actual financial condition, results of operation and cash flows, and the development of the markets in which it operates, may differ materially from those expressed or implied in the forward-looking statements contained in this Prospectus.

Except as required by the FinSA or other applicable securities laws, neither the Issuer nor the Joint Lead Managers undertake an obligation to update any prospects or other forward-looking statements contained or incorporated by reference herein after the date hereof, even if new information, future events or other circumstances have made such statements incorrect or misleading.

RISK FACTORS

Prior to making an investment decision, prospective investors in the Bonds should consider carefully, among further factors and in light of their financial circumstances and investment objectives, all the information in this Prospectus and, in particular, the risk factors set forth below. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer, which in turn could have a material adverse effect on the amount of principal and interest that investors will receive in respect of the Bonds. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds and, as a result, investors could lose some or all of their investment. This section is not intended to be exhaustive and prospective investors should make their own independent evaluation of all risk factors, consult their respective financial, legal, tax and other advisors and also read the detailed information set out elsewhere in this Prospectus. Other risks and uncertainties unknown to the Issuer or considered insignificant at this time could equally have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer.

Investment decisions should not be made solely on the basis of the risk factors set out in this Prospectus, since such information cannot serve as a substitute for individual advice and information that is tailored to the requirements, objectives, experience, knowledge and circumstances of each prospective investor individually.

An investment in the Bonds involves risks, including the risk of loss of a Holder's entire investment in the Bonds. Only prospective investors who are fully aware of the risks associated with the investment in the Bonds and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence or their importance or the potential magnitude of their financial consequences.

Risks relating to the Issuer

The Issuer's operating performance could be adversely affected by unfavourable economic developments

The Issuer is particularly exposed to the risk of unfavourable economic developments in Switzerland and the Zurich area. These developments could affect the creditworthiness of customers and thus the credit risk of the Issuer. The credit risk is an integral part of many of the Issuer's business activities, including its credit and derivative business. The default of a large number of counterparties or debtors of the Issuer, possibly combined with a decline in the value of collateral such as securities or promissory notes provided by such persons, could result in substantial losses.

COVID-19, lockdowns, and other measures to control the pandemic have significantly affected economies across the world. Uncertainties are still at a high level, making predictions difficult. These effects have included declines in some asset prices, spikes in volatility, lower or negative interest rates, widening of credit spreads and credit deterioration. These effects resulted in decreases in the valuation of loans and commitments, an increase in the allowance for credit losses and lower valuations of certain classes of trading assets. While many of these effects have reversed as economies have reopened and economic stimulus has been maintained and by improved asset prices in some sectors, these favourable conditions may not persist. Should the COVID-19 pandemic worsen again, the Issuer may experience reduced client activity and demand for its products and services, increased utilization of lending commitments, significantly increased client defaults, continued and increasing credit and valuation losses in its loan portfolios, loan commitments and other assets, and impairments of other financial assets, which all could result in substantial losses.

In addition, other political, social and environmental developments beyond the Issuer's control, including terrorist attacks, cyber-attacks, military conflicts (such as the currently evolving conflict between Russia and Ukraine), economic or political sanctions, disease pandemics, political or civil unrest and widespread demonstrations, natural disasters, or infrastructure issues, such as transportation or power failures, could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on the Issuer's businesses and results.

The Issuer is also exposed to considerable legal risks. It may be exposed to adverse decisions of courts and other governmental authorities that could have a significant negative impact on public perception and reputation, lead to regulatory action by supervisors or to orders by competent courts that could have the effect that the Issuer becomes over-indebted or faces serious liquidity problems.

As a result of substantial losses incurred by the Issuer, the Regulator could order measures, including those within the scope of reorganisation proceedings initiated by it, or resolve the liquidation of the Issuer. As a result, investors in the Bonds could suffer significant losses.

The Issuer is exposed to third-party credit risk, and financial or other problems experienced by third parties that may adversely affect the Issuer's business, financial condition and results of operations

Typical for a banking operation, the Issuer is exposed to the risk that third parties to whom the Issuer has lent money or whose securities the Issuer has acquired will not perform their obligations. These parties include the Issuer's clients, trading counterparties, clearing agents, exchanges, clearing houses and other financial institutions. Even though the Issuer's exposure to these counterparties is subject to in-depth scrutiny in order to reasonably reduce the risk, such parties may default on their obligations to the Issuer due to lack of liquidity, operational failure, bankruptcy or other reasons. The risk of counterparty default has become increasingly relevant in the current challenging operating environment and volatile financial markets. Therefore, credit losses exceeding the long-term average could occur despite the Issuer's best efforts to manage its credit risk and could have an adverse effect on the Issuer's business, financial condition and results of operation.

Operational risks affect the Issuer's business

The Issuer's business depends on its ability to process a large number of transactions, which have increased in volume and complexity, to comply with requirements of different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorised, fictitious or fraudulent transactions. The Issuer also relies on access to, and on the functioning of, systems maintained by third parties, including clearing systems, exchanges, information processors and central counterparties. Any failure of such third-party systems could have an adverse effect on the Issuer. The Issuer's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities – including those arising from process error, failed execution, misconduct, unauthorised trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security, inadequate or ineffective access controls and failure of security and physical protection – are appropriately controlled. If the Issuer's internal controls fail or prove ineffective in identifying and remedying these risks, it could suffer operational failures that might result in material losses.

Financial services firms have been subject to breaches of security and to cyber- and other forms of attack, some of which are sophisticated and targeted attacks intended to gain access to confidential information or systems, disrupt service or destroy data. These attacks may be attempted through the introduction of viruses or malware, phishing and other forms of social engineering, distributed denial of service attacks and other means. These attempts may occur directly, or using equipment or security passwords of the Issuer's employees, third-party service providers or other users. The Issuer may not be able to anticipate, detect or recognise threats to its systems or data and its preventative measures may not be effective to prevent an attack or a security breach. A successful security breach or circumvention of security of the Issuer's systems or data could have significant negative consequences for it, including disruption of its operations, misappropriation of confidential information concerning it or its customers, damage to its systems, financial losses for it or its customers, violations of data privacy and similar laws, litigation exposure and damage to its reputation.

Failure to maintain and implement adequate programmes to combat money laundering and terrorist financing, or any failure of the Issuer's programmes in these areas, could have serious consequences both from legal enforcement action and from damage to its reputation.

A deterioration of the Issuer's credit ratings could result in increased funding costs and may harm clients' perception of the Issuer

A deterioration in the Issuer's credit ratings or a negative outlook by a rating agency could result in increased funding costs and may limit its funding sources. In addition, rating downgrades may limit the Issuer's ability to conduct certain businesses or may cause clients to be reluctant to do business with Issuer. Due to the potentially negative consequences of a credit rating downgrade on the Issuer's funding costs and options, a reduction in the Issuer's credit ratings could have an adverse effect on the Issuer's business, financial condition and results of operations.

Inability to preserve a stable funding and liquidity position could adversely affect the Issuer's operating performance and financial condition

Despite actively managing its funding and liquidity position and ensuring sufficient liquidity at a specific point in time, the Issuer faces liquidity risk. Liquidity risk, *i.e.* the risk of being unable to meet (re)payment obligations when they become due, is inherent in any banking operation and could adversely affect the Issuer's business, financial condition and results of operations.

Liquidity as well as quick access to financial resources is of crucial importance for the Issuer. The liquidity of the Issuer could be adversely affected if the Issuer is permanently unable to gain access to the capital markets or to sell

its assets, if its liquidity costs rise very sharply or if its customers withdraw a substantial amount of their deposits within a short period of time without the Issuer's claims (e.g. from mortgages or bank loans) being satisfied to the same extent (bank run). As a result of a liquidity shortage, the Issuer may have difficulties to meet its payment obligations under the Bonds and the Regulator could order protective or other measures. This could result in losses for investors in the Bonds.

Risks relating to the Issuer's contingency planning

In Switzerland, the Issuer is subject to the requirement to provide for an emergency plan (*Notfallplan*) with regard to its structure, infrastructure, management and control as well as intra-group liquidity and capital flows in such a way that it can be implemented promptly and, in the event of an imminent insolvency, the continuation of its systemically important functions is ensured. If an emergency plan is deemed insufficient by the competent authority, currently the Regulator, the relevant regulations allow the authority to order measures after the expiry of a grace period, including adjustments to the legal and operational structure or the outsourcing of the infrastructure and services required for the continuation of the systemically important functions to a centrally managed company within the financial group or to an entity outside the financial group. Such measures could adversely affect the Issuer, including with respect to capitalisation or liquidity, and thereby adversely affect the ability or permission to make payments under the Bonds.

In its most recent annual assessment of the Issuer's recovery and resolution planning, the Regulator considered the Issuer's resolution strategy outlined in its emergency plan to be credible but noted that further steps are needed for the Issuer's emergency plan to be effective.

Risks relating to the resolution regime to which the Issuer is subject

As a Swiss bank, the Issuer is subject to the resolution regime of the Swiss Federal Act on Banks and Savings Banks of 8 November 1934, as amended. This means that the Regulator may exercise its wide-ranging statutory powers over the Issuer, including the power to order protective measures or to initiate reorganisation proceedings (and exercise related resolution powers) or liquidation proceedings, if there is reasonable concern that the Issuer is over-indebted, has serious liquidity problems or no longer meets its capital adequacy requirements after a grace period. Protective measures may be ordered even before a Viability Event has occurred. Such protective measures may include (a) the issuance of instructions to the Issuer's governing bodies, (b) the appointment of an investigating agent, (c) the revocation of the Issuer's governing bodies power to legally represent the Issuer or their dismissal from office, (d) the dismissal of the regulatory or corporate audit firm, (e) the restriction of the Issuer's business activities, (f) the prohibition of making disbursements, accepting payments or effecting securities transactions; (g) the closing of the Issuer, or (h) the ordering of a deferment or postponement of maturity, other than in respect of secured claims of the "Pfandbriefzentrale der schweizerischen Kantonalbanken". The Issuer will have limited ability to defend itself against or challenge such protective measures. In addition, the holders of the Bonds will have no right under Swiss law or in Swiss courts to oppose such protective measures, to apply for their suspension or to challenge their ordering. The resolution powers that the Regulator may exercise against the Issuer during any reorganisation proceeding include the power to (i) transfer the assets or any part thereof, together with debts and other liabilities or any part thereof and contracts, to another entity, (ii) terminate and exercise termination rights or exercise rights of set-off, realisation and transfer (for a maximum of two business days) and/or (iii) to order the conversion in whole or in part of the obligations of the Issuer into equity of the Issuer and/or the write-off of such obligations – including in respect of the Bonds if the Bonds have not already been written off in accordance with the Terms of the Bonds. Creditors, including the Holders, have no right to oppose or seek the suspension of any reorganisation plan (*Sanierungsplan*) pursuant to which such winding-up powers are exercised against the Issuer. Holders have only limited rights to challenge decisions to exercise resolution powers in respect of the Issuer or to have such decision reviewed by judicial proceedings or otherwise.

The Issuer, its owner or the Regulator may order or take actions in connection with contingency planning that may adversely affect the value or rights of the Holders under the Bonds and/or the Issuer's ability to meet its obligations under the Bonds.

Risks relating to the Bonds

The Bonds are a complex form of security and may not be a suitable investment for all investors

The Bonds are a complex form of security. As a result, an investment in the Bonds will involve certain increased risks. Each potential investor in the Bonds must determine the suitability of such investment in light of its own investment strategy as well as his personal and financial circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds, such as the provisions governing a Contingent Write-down, particularly regarding the Viability Event and under what circumstances a Contingent Write-down will or may occur, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Viability Event (and, consequently, a Contingent Write-down), a Regulatory Event or a Tax Event occurring; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, the write-down of the Bonds, and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the likelihood of a Contingent Write-down, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus or incorporated by reference herein.

The Bonds may be subject to a Contingent Write-down

Investors will lose the entire amount of their investment in the Bonds upon the occurrence of a Viability Event, which will result in a Contingent Write-down. Upon the occurrence of a Contingent Write-down, the full principal amount of, and accrued but unpaid interest on, the Bonds will be written-down to zero and the Bonds will be cancelled.

Furthermore, upon the occurrence of a Contingent Write-down, (i) interest will cease to accrue and (ii) all rights of any Holder for payment of any other amounts under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) will become null and void, irrespective of whether such amounts have become due and payable or such claims have arisen prior to the occurrence of the Viability Event.

Any Write-down will be irrevocable and the Holders will, upon the occurrence of a Contingent Write-down, not (i) receive any shares or other participation rights of the Issuer or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Issuer, or (ii) be entitled to any subsequent write-up or any other compensation in the event of a potential recovery of the Issuer or any subsequent change in its financial condition. A Contingent Write-down may occur even if existing shares of the Issuer remain outstanding. Furthermore, the current and future outstanding securities issued (or guaranteed) by the Issuer that rank *pari passu* with or junior to the Bonds, might not include write-down or similar features with triggers comparable to those of the Bonds. As a result, it is possible that the Bonds will be subject to a Contingent Write-down, while such other securities remain outstanding and continue to receive payments.

The circumstances triggering a Contingent Write-down are unpredictable

The occurrence of a Viability Event is inherently unpredictable and depends on a number of factors, many of which are beyond the Issuer's control. The occurrence of a Viability Event, and the write-down of the Bonds resulting therefrom, is subject to, among other things, a subjective determination by the Regulator regarding the viability of the Issuer or actions by the Swiss government and the Swiss National Bank or the Canton of Zurich as more particularly described below and in Condition 8(b) (*Contingent Write-down — Viability Event*). As a result, the Regulator may require and/or the Swiss government, Swiss National Bank or the Canton of Zurich may take actions contributing to the occurrence of a Contingent Write-down in circumstances that are beyond the control of the Issuer and with which the Issuer does not agree.

The Regulator may notify the Issuer that it has determined that the write-down of the Bonds, together with the conversion or write-down of Holders' claims in respect of any other capital instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is an essential requirement to prevent the Issuer from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business, because customary measures to improve the Issuer's capital adequacy at the time are inadequate or unfeasible. Such a notification or determination by the Regulator will constitute a Viability Event. Moreover, customary measures to improve the Issuer's capital adequacy being at the time inadequate or unfeasible, the Issuer may receive an irrevocable commitment of Extraordinary Support (as defined and as more particularly described in Condition 8(b) (*Contingent Write-down — Viability Event*)) directly or indirectly from the Swiss government, the Swiss National Bank or the Canton of Zurich. In accordance with its Constitution, the Canton of Zurich must observe the public interest.

Because of the inherent uncertainty regarding the determination as to whether a Viability Event has occurred, it will be difficult to predict when, if at all, a write-down of the Bonds will occur. Accordingly, trading behaviour in respect of the Bonds is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Issuer is trending towards a condition that could trigger a Viability Event can be expected to have a material adverse effect on the market price of the Bonds.

Actions by the Canton of Zurich

The Canton of Zurich is the owner of the Issuer and liable for the Issuer's unsubordinated liabilities pursuant to a state guarantee. This state guarantee does not apply to the Bonds (see "*Description of the Issuer – Legal basis, legal form*").

There are no rules whether or when the Canton of Zurich takes investment decisions with respect to the Issuer and whether or not such investment decisions are in the interests of the Issuer, whether such investment is seen as a support of the Issuer by the Canton of Zurich and, if yes, which form such a support may take. It is not possible to predict reliably how the Regulator may qualify any actions by the Canton of Zurich or whether such actions may qualify as Extraordinary Support for purposes of determining whether a Viability Event has occurred.

Extraordinary Support by the Canton of Zurich is one of the conditions for the occurrence of a Viability Event and can therefore result in a Contingent Write-down. According to the Terms of the Bonds, it does not constitute Extraordinary Support, if support by the Canton of Zurich (i) is made in the ordinary course of business, (ii) is the result of customary transactions and arrangements, or (iii) is undertaken in the direct or indirect pursuit of strategic or political purposes or aims. However, for example, substantial support by the Canton of Zurich with the purpose of avoiding an insolvency of the Issuer could constitute Extraordinary Support. The Regulator has a certain amount of discretion in the qualification of support as Extraordinary Support and it is possible that the Regulator exercises this discretion to the disadvantage of the Holders.

Other regulatory capital instruments may not be subject to a write-down

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date hereof by the Issuer or any of its subsidiaries may vary and accordingly such instruments may not be written-down at the same time, or to the same extent, as the Bonds, or at all.

The Bonds are not deposit liabilities of the Issuer and will not be insured by any depositor protection scheme or any other government compensation or insurance scheme, and do not benefit from the state guarantee of the Canton of Zurich or any other guarantee

The Bonds are not deposit liabilities of the Issuer and will not be covered by the Swiss Banks and Securities Dealers' Depositor Protection Association (*Einlagensicherung*) or by any other government compensation or insurance scheme. In addition, the Bonds do not benefit from the state guarantee of the Canton of Zurich (see "*Description of the Issuer – Legal basis, legal form*") or any other guarantee.

Changes in law may adversely affect the rights of Holders under the Bonds

The Terms of the Bonds are based on Swiss law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Swiss law or administrative practice after the date of this Prospectus.

Changes in the laws of Switzerland after the date hereof may also affect the rights and effective remedies of Holders as well as the market value of the Bonds. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Bonds, which may have an adverse effect on investment in the Bonds.

In particular, any change under the laws or regulations in Switzerland may trigger a Tax Event or a Regulatory Event, which would give the Issuer the right to elect, subject to certain conditions, to redeem the Bonds in whole but not in part or to substitute all (but not some only) of the Bonds for, or vary the Terms of the Bonds so that they remain or, as appropriate, become, Compliant Securities. See “—*The Issuer may, in its sole discretion, elect to redeem the Bonds early on the Optional Redemption Date or upon the occurrence of certain events*” below and “—*In certain instances the Issuer could vary the Terms of the Bonds and Holders may be bound by certain other amendments to the Bonds to which they did not consent*” below. A Tax Event will have occurred if, at any time on or after the Issue Date, (i) the Issuer has ceased, or will cease, to be exempt from federal, cantonal or communal income taxes, and is not permitted, or will not be permitted any longer, to deduct payments of interest in respect of the Bonds for Swiss corporate income tax purposes, as a result of which the Issuer is, or will be, subject to more than a *de minimis* amount of additional taxes, or (ii) the Issuer is, or will become obliged, to pay Additional Amounts, and, in the case of each of clauses (i) and (ii), this cannot be avoided by the Issuer taking such reasonable measures available to the Issuer without any material adverse effect on, or material cost to, the Issuer. Any of the events described in clauses (i) and (ii) above could result from a change under the laws or regulations of Switzerland, including any treaty to which Switzerland is a party, or any change in the generally published application or interpretation of such laws, including a decision of any court or tribunal or any relevant tax authority. A Regulatory Event will have occurred if, at any time on or after the Issue Date, any portion of the principal amount of the Bonds is not, or will cease to be, eligible to be treated as Tier 2 Capital. While any derecognition of any portion of the principal amount of the Bonds as Tier 2 Capital pursuant to article 30(2) of the Swiss Capital Adequacy Ordinance would not constitute a Regulatory Event because such derecognition would not result in the Bonds losing their *eligibility* to be treated as Tier 2 Capital in full, any change under the laws or regulations in Switzerland that results or will result in any portion of the principal amount of the Bonds to lose its eligibility (and not just its recognition as Tier 2 Capital) would trigger a Regulatory Event.

In addition, such legislative and regulatory uncertainty could affect an investor’s ability to value the Bonds accurately and therefore affect the trading price of the Bonds given the extent and impact on the Bonds of one or more regulatory or legislative changes, including the ones described above.

In certain instances the Issuer could vary the Terms of the Bonds and Holders may be bound by certain other amendments to the Bonds to which they did not consent

If at any time a Regulatory Event or a Tax Event occurs, in addition to its option to redeem the Bonds, the Issuer has the option, without the consent of the Holders (unless then so required by mandatory provisions of Swiss law), to substitute all (but not some only) of the Bonds for, or vary the Terms of the Bonds so that they remain or, as appropriate, become, Compliant Securities, as described under Condition 13 (*Substitution and Amendment*) (see also “—*Changes in law may adversely affect the rights of Holders under the Bonds*” above). While the Issuer cannot so substitute the Bonds for securities that have, or so vary the terms of the Bonds so that they have, economic terms materially less favourable to a Holder than the Terms of the Bonds, no assurance can be given as to whether such substitution or variation will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such substituted or amended Bonds could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Bonds prior to such substitution or amendment.

In addition, the Bonds are subject to statutory provisions of Swiss law allowing for the calling of meetings of Holders to consider matters affecting their interests. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Pursuant to the relevant statutory provisions of Swiss law currently in effect, (i) the Issuer will be required to provide Holders with a least 20 days’ notice of any meeting of Holders, (ii) the Issuer will be required to call a meeting of Holders if it is requested to do so by Holders holding Bonds in an aggregate principal amount that represents at least one-twentieth of the outstanding aggregate principal amount of the Bonds, and (iii) only Holders or their proxies will be entitled to attend, or vote at, a meeting of Holders.

In addition, the requirements under Swiss law currently in effect regarding the approval by the Holders of amendments to the Terms of the Bonds will depend on the type of amendment. Pursuant to article 1170 of the Swiss Code of Obligations, the consent of Holders representing at least two-thirds of the outstanding aggregate principal amount of the Bonds is required for any resolution limiting the Holders’ rights under the Bonds (such as a moratorium on interest or capital and certain amendments to the interest provisions). In addition, in order to become effective and binding on the non-consenting Holders, any such resolution must be approved by the competent superior cantonal composition court. In the case of resolutions that do not limit the Holders’ rights under the Bonds, pursuant to article 1181 of the Swiss Code of Obligations, an absolute majority of the votes represented at a meeting of

Holders is sufficient to approve any such resolution, unless article 1170 of the Swiss Code of Obligations or the Terms of the Bonds provide for more stringent requirements.

Further, under the Terms of the Bonds, the Issuer may also, without the consent or approval of the Holders, unless so required by mandatory provisions of Swiss law, (i) make certain amendments thereto that are necessary to ensure the proper operation of any Benchmark Replacement (including the application of any Adjustment Spread in respect thereof) determined pursuant to Condition 3(g), and (ii) make any amendments thereto that it considers to be (A) formal, minor or technical in nature, (B) necessary to correct a manifest error, or (C) not materially prejudicial to the interests of the Holders.

The interest rate on the Bonds will convert to a floating rate on the Optional Redemption Date, which may affect the market value of the Bonds

The Bonds will initially bear interest at the fixed rate of 2.020 per cent. per annum (*i.e.*, the Fixed Rate of Interest) from (and including) the Issue Date to (but excluding) the Floating Rate Commencement Date. Thereafter, the interest rate will convert to a floating rate and the Bonds will bear interest at the applicable Floating Rate of Interest, which will be determined for each Floating Rate Interest Period on the applicable Interest Determination Date and will be equal to the greater of (i) the sum of (x) the Reference Rate for such Floating Rate Interest Period and (y) the Margin, and (ii) zero. Upon such conversion, the Floating Rate of Interest for the first (and any subsequent) Floating Rate Interest Period could be less than the Fixed Rate of Interest and/or the Floating Rate of Interest that applied in respect of the preceding Floating Rate Interest Period and, therefore, adversely affect the secondary market in and the market value of the Bonds.

The Floating Rate of Interest applicable to each Floating Rate Interest Period is determined by reference to EURIBOR, which is a “benchmark”, and the value of and return on the Bonds may be adversely affected by any discontinuation or reform of EURIBOR

The Eurozone Interbank Offered Rate (“EURIBOR”) is deemed to be a “benchmark”. “Benchmarks” have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing “benchmarks”, with further changes anticipated. These reforms and changes may cause a “benchmark” to perform differently than it has done in the past or to be discontinued. Any change in the performance of EURIBOR or its discontinuation, could have a material adverse effect on the Bonds.

Any of the proposals for reform or the general increased regulatory scrutiny of “benchmarks” could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuation or unavailability of quotes of certain “benchmarks”.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forward. This may cause EURIBOR to perform differently than it has done in the past, and may have other consequences that cannot be predicted. Such factors may have (without limitation) the following effects on EURIBOR: (i) discouraging market participants from continuing to administer or contribute to a “benchmark”; (ii) triggering changes in the rules or methodologies used in EURIBOR and/or (iii) leading to the disappearance of EURIBOR. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Bonds.

The EU Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applied from 1 January 2018. The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of “benchmarks”, the contribution of input data to a “benchmark” and the use of a “benchmark” within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “UK Benchmarks Regulation”), among other things, applies to the provision of “benchmarks” and the use of a “benchmark” in the UK. It prohibits the use in the UK by UK supervised entities of “benchmarks” of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on the Bonds, in particular, if the methodology or other terms of EURIBOR are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such

changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of EURIBOR.

Risks related to the method pursuant to which the Reference Rate is determined may adversely affect the value of and return on the Bonds

Pursuant to the Terms of the Bonds, if on or prior to the Relevant Time on the Interest Determination Date in relation to a Floating Rate Interest Period (the “**Affected Floating Rate Interest Period**”), the Issuer determines that a Benchmark Event with respect to the then-current Reference Rate (the “**Existing Benchmark Rate**”) has occurred, then the Issuer shall use reasonable endeavours to appoint a Benchmark Replacement Agent to (or, failing which, the Issuer may) determine in its discretion, the rate that has been formally recommended by any Relevant Nominating Body as a successor to, or a replacement of, the Existing Benchmark Rate, or, if it determines that there is no such rate, such other rate that it determines is the industry-accepted replacement rate for the Existing Benchmark Rate for EUR-denominated floating rate notes at such time, or if it determines that there is no such rate, such other rate that it determines is most comparable to the Existing Benchmark Rate (such rate so determined, the “**Benchmark Replacement**”), for purposes of determining the Floating Rate of Interest applicable to the Affected Floating Rate Interest Period and all Floating Rate Interest Periods thereafter. If the Benchmark Replacement Agent or the Issuer, as the case may be, has so determined a Benchmark Replacement, it will also determine in its discretion the spread (which spread may be positive, negative or zero), or the formula or methodology for calculating the spread, if any, to be applied to such Benchmark Replacement, in either case, in accordance with the parameters set out in the definition of the term “Adjustment Spread” in Condition 16 (any spread or formula or methodology so determined, the “**Adjustment Spread**”).

Any such determination of a Benchmark Replacement may also result in changes to, among other things, the definitions of the terms “Business Day”, “Day Count Fraction”, “Floating Rate Interest Payment Date”, “Floating Rate Interest Period”, “Interest Determination Date”, “Reference Rate”, “Relevant Time” and/or “Screen Page”. If it has been determined that the Existing Benchmark Rate has been discontinued, but (i) the Issuer is unable to appoint a Benchmark Replacement Agent or the Benchmark Replacement Agent appointed by the Issuer fails to determine a Benchmark Replacement in respect of the Existing Reference Rate in accordance with Condition 3(g), and (ii) the Issuer is unable or unwilling to determine a Benchmark Replacement in respect of the Existing Reference Rate, the Reference Rate for purposes of determining the Floating Rate of Interest for the Affected Floating Rate Interest Period (and, potentially, all succeeding Affected Floating Rate Interest Periods) will be equal to the Reference Rate for the most recent date prior to the Affected Interest Determination Date on which the Reference Rate appeared on the Screen Page (with references to the Interest Determination Date in the definition of the term “Reference Rate” being deemed to be references to such most recent date). In such a scenario, this would result in the effective application of a fixed rate of interest on the Bonds.

The use of a Benchmark Replacement (including the determination to use (or not use) an Adjustment Spread, if applicable) may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Bonds if the Existing Benchmark Rate remained available in its current form. Furthermore, if the Issuer is unable to appoint a Benchmark Replacement Agent or if the Benchmark Replacement Agent appointed by the Issuer fails to determine the Benchmark Replacement in respect of the Existing Reference Rate in accordance with Condition 3(g), the Issuer may have to exercise its discretion to determine (or to elect not to determine) the Benchmark Replacement (including any Adjustment Spread) in a situation in which it is presented with a conflict of interest.

Any such consequences could have an adverse effect on the value and marketability of, and return on, the Bonds.

The Issuer may, in its sole discretion, elect to redeem the Bonds early on the Optional Redemption Date or upon the occurrence of certain events

The Bonds may be redeemed early, subject to the conditions described under Condition 4 (*Redemption, Purchase and Cancellation*), including the approval of the Regulator in certain cases, in the Issuer’s sole discretion, in whole but not in part, on the Optional Redemption Date or if a Tax Event or a Regulatory Event has occurred and is continuing (see also “– *Changes in law may adversely affect the rights of Holders under the Bonds*” above), at their principal amount, in each case together with accrued but unpaid interest, on the applicable Early Redemption Date. The Bonds may not be repurchased or redeemed by the Issuer at the option of the Holders.

The Issuer may be expected to exercise its right to redeem all or part of the Bonds when its cost of alternative borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider whether and how to

reinvest the proceeds of such redemption in light of other investments available at that time. There can be no assurance that Holders will be able to reinvest the redemption proceeds at a rate that will provide the same rate of return as their investment in the Bonds.

In addition, the early redemption feature of the Bonds is likely to affect their market value. During any period when the Issuer has the right to elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed.

There is no requirement to redeem the Bonds or any other capital instruments of the Issuer on a *pro rata* basis upon the occurrence of any event giving the Issuer the right to redeem the Bonds early. Also, upon the occurrence of any event giving the Issuer the right to redeem the Bonds early, the Issuer may instead of redeeming the Bonds choose to redeem other outstanding capital instruments if the terms of those capital instruments so provide, leaving the Holders subject to the risk of a write-down while other investors are redeemed at par or other advantageous prices.

The obligations of the Issuer under the Bonds are subordinated

In the event of the liquidation, dissolution or winding-up of the Issuer, the rights and claims of the Holders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Bonds will, subject to any obligations that are mandatorily preferred by law, rank junior to the rights and claims of all holders of obligations of the Issuer that are unsubordinated or that otherwise rank, or are expressed to rank, senior to claims in respect of the Bonds and/or any Parity Obligation.

In addition, upon the occurrence of a Contingent Write-down prior to the liquidation, dissolution or winding-up of the Issuer, the full principal amount of the Bonds and all obligations under or in respect of the Bonds will be written-down to zero and, as a result, each Holder will lose the entire amount of its investment in the Bonds, and will not have any rights against the Issuer with respect to repayment of the principal amount of the Bonds (whether or not such principal amount has become due) or the payment of any accrued but unpaid interest or any other amounts under or in respect of such Bonds (or any related Additional Amounts), irrespective of whether the Issuer has sufficient assets available to settle the claims of the Holders under the Bonds or other securities subordinated to the same or greater extent than the Bonds, in liquidation, dissolution or winding-up proceedings or otherwise. As a result, even if other securities that rank *pari passu* with or junior to the Bonds are paid in full, if the liquidation, dissolution or winding-up of the Issuer occurs after the Contingent Write-down, the Holders will receive nothing with respect to the Bonds.

The Terms of the Bonds have limited Events of Default

As more particularly described in Condition 9 (*Events of Default*), the Terms of the Bonds contain limited Events of Default, which are limited to the insolvency or bankruptcy of the Issuer and a general assignment or an arrangement or composition with or for the benefit of the creditors in respect of any debts is agreed or declared in respect of or affecting all or a substantial part of the debts of the Issuer. Accordingly, if the Issuer fails to meet any interest payment or other obligation under the Bonds, such failure will not give the Holders any right to accelerate repayment of the principal amount of the Bonds or any right to institute any insolvency or bankruptcy proceeding against the Issuer. Furthermore, even if the Issuer becomes insolvent or bankrupt, if a Contingent Write-down occurs before such insolvency or bankruptcy, the Holder would have no claim that it could submit in the insolvency or bankruptcy proceeding.

There is no restriction on the amount or type of further securities or indebtedness that the Issuer may issue

There is no restriction on the amount or type of further securities or indebtedness that the Issuer may issue or incur, as the case may be, that rank senior to, or *pari passu* with the Bonds. The issue or incurrence of any such further securities or indebtedness may limit the ability of the Issuer to meet its obligations under the Bonds.

Credit ratings may not reflect all risks. Changes to the credit ratings could affect the value of the Bonds

The Bonds are expected upon issue to be rated Aa2 by Moody's. In addition, other rating agencies may assign a rating to the Bonds without request by the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "EU CRA Regulation") unless (x) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA

Regulation, or (y) the rating is provided by a credit rating agency not established in the EEA is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK CRA Regulation**”) unless (x) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation, or (y) the rating is provided by a credit rating agency not established in the UK that is certified under the UK CRA Regulation.

Investors who hold less than the EUR 200,000 may be unable to sell their Bonds

The Bonds have denominations consisting of a minimum denomination of EUR 200,000 plus integral multiples of EUR 1,000 in excess thereof. It is possible that such Bonds may be traded in amounts in excess of EUR 200,000 that are not integral multiples of such minimum specified denomination. In such a case a Holder who, as a result of trading such amounts, holds an amount that is less than the EUR 200,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Bonds at or in excess of EUR 200,000 such that its holding amounts to EUR 200,000.

No public market exists for the Bonds, and there are uncertainties regarding the existence of any trading market for the Bonds

The Bonds are new securities that may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Issuer’s results of operations and fluctuations in the Issuer’s capital ratios. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Bonds as they are especially sensitive to interest rate, currency and market risks, are designed for specific objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities.

Although the Issuer will apply for the admission to trading and listing of the Bonds on the SIX Swiss Exchange, there can be no assurance that such application will be accepted or that an active trading market in the Bonds will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for the Bonds. Illiquidity may have a severely adverse effect on the market value of the Bonds.

The market value of the Bonds may be influenced by unpredictable factors

Many factors, most of which are beyond the Issuer’s control, will influence the value of the Bonds and the price, if any, at which securities dealers may be willing to purchase or sell the Bonds in the secondary market, including:

- (i) the creditworthiness of the Issuer and, in particular, the level of the Issuer’s capital ratios from time to time;
- (ii) supply and demand for the Bonds, including inventory with any securities dealer; and
- (iii) economic, financial, political or regulatory events or judicial decisions that affect the Issuer or the financial markets generally.

Accordingly, if a Holder sells its Bonds in the secondary market, it may not be able to obtain a price equal to the principal amount of the Bonds or a price equal to the price that it paid for the Bonds.

The euro exchange rate may have an effect on the value of the Bonds

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the euro would decrease (i) the Investor’s Currency-equivalent yield on the Bonds, (ii) the Investor’s Currency-equivalent value of any principal payable on the Bonds, and (iii) the Investor’s Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Bonds.

Holders are subject to interest rate risks

Because the Bonds bear a fixed rate of interest until the Floating Rate Commencement Date, an investment in the Bonds involves the risk that if at any time market interest rates increase above the Fixed Rate of Interest (i.e., 2.020 per cent. per annum) until the Floating Rate Commencement Date, this will adversely affect the value of the Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to assess the terms of the Bonds (including as to a Contingent Write-down) and to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The risk of failing to deal with any potential conflicts of interest could adversely affect the value of the Bonds

The Issuer, any of its affiliates or the Joint Lead Managers may participate in transactions related to the Bonds in some way, for their own account or for account of a client. Such transactions may not serve to benefit the investors and may have a positive or negative effect on the value of the Bonds. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Bonds. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors and/or Holders, in relation to obligations regarding the calculation of the price of the Bonds and other associated determinations.

The Issuer, any of its affiliates or the Joint Lead Managers may receive non-public information relating to the Bonds, and neither the Issuer, any of its affiliates nor any of the Joint Lead Managers undertake to make this information available to prospective investors and/or Holders. Such activities could present conflicts of interest and may affect the value of the Bonds.

Inflation risk

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a bond. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

Hedging transactions

The ability to limit or eliminate the exposure to the Bonds through hedging transactions during the life of the Bonds is primarily dependent on market conditions and the terms and conditions of the related hedge. Accordingly, there is a risk that such hedging transactions will only be entered into at unattractive market prices (to the extent that it is possible to enter into such transactions at all) and that corresponding losses may be incurred.

Potential investors should therefore not rely on being able to enter into transactions during the life of the Bonds under which they can limit or fully transfer the risk relating to the Bonds.

Disclosure with regard to fees

Within the context of the offering and sale of the Bonds, the Issuer, any of its affiliates or the Joint Lead Managers may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Bonds, from third parties. Prospective investors should be aware that the Issuer, its affiliates and the Joint Lead Managers may retain fees in part or in full.

TERMS OF THE BONDS

The terms and conditions of the EUR 500,000,000 2.020 per cent. Fixed-to-Floating Rate Tier 2 Bonds due 2028, issued by Zürcher Kantonalbank are as follows:

1. Amount and Denomination, Reopening and Form

(a) Amount and denomination

The initial aggregate principal amount of the Bonds is EUR 500,000,000. The Bonds will be issued to Holders in minimum denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof. The principal amount of the Bonds may be written down in the circumstances and the manner described in Condition 8.

(b) Reopening

The Issuer may from time to time without the consent of the Holders issue further bonds and, provided that such bonds have the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and/or the first date on which interest is paid), such further bonds will be consolidated and form a single series with the Bonds. If the Issuer issues any such further bonds pursuant to this Condition 1(b), reference in these Terms of the Bonds to “Bonds” include such further bonds, unless the context otherwise requires.

(c) Form

(i) Intermediated Securities

The Bonds are initially issued as uncertificated securities (*einfache Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations, which will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*). Such uncertificated securities will then be entered into the main register (*Hauptregister*) of SIX SIS Ltd or any other intermediary (*Verwahrungsstelle*) in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIX SIS Ltd or any such other intermediary, the “**Intermediary**”). Once the uncertificated securities are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities (*Bucheffekten*) within the meaning of the FISA (“**Intermediated Securities**”).

Subject to subclause (ii) of this Condition 1(c), neither the Issuer nor any Holder nor the Principal Paying Agent nor any other person will at any time have the right to effect or demand the conversion of the Bonds into, or the delivery of, a global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*).

So long as the Bonds constitute Intermediated Securities, the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee, as set out in the provisions of the FISA.

The records of the Intermediary will determine the number of Bonds held through each participant in the Intermediary.

(ii) Definitive Certificates

The Bonds will be converted into individually certificated securities (*Wertpapiere*) in registered form for U.S. tax purposes (“**Definitive Certificates**”), if (and only if):

- (A) SIX SIS Ltd (or any successor organisation) is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to cease, or ceases, business permanently and, in each case, no alternative Intermediary is available; and/or
- (B) the book entry system through which the Bonds are held ceases to qualify as being in registered form for U.S. tax purposes.

If the Bonds are to be converted into Definitive Certificates pursuant to this Condition 1(c)(ii), the Issuer shall (i) procure the prompt delivery (free of charge) of Definitive Certificates to the Principal Paying Agent, duly executed without coupons, registered in the name provided by each relevant

Holder, and subject to the minimum denomination of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof, (ii) appoint a registrar (the “**Registrar**”) to establish and maintain a bondholders’ register for the Definitive Certificates (the “**Register**”) on the Issuer’s behalf, which will be established and maintained in a manner to ensure that the Definitive Certificates are treated as being issued in registered form for U.S. tax purposes, and (iii) notify the Holders of the appointment of the Registrar in accordance with Condition 11. Upon delivery of the Definitive Certificates to the Principal Paying Agent, the Definitive Certificates will be delivered to the Holders thereof, who for this purpose need to be registered in the Register, against cancellation of the Bonds in their respective securities accounts.

Definitive Certificates will not be included in the records of the Intermediary and, therefore, will not constitute Intermediated Securities. Title to Definitive Certificates will pass on transfer by assignment (*Zession*) and due registration in the Register.

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar upon payment by the claimant of the fees, costs and expenses incurred by the Registrar and the Issuer in connection therewith and on such terms as to evidence, security and indemnity (which may provide, among other things, that if the Definitive Certificate allegedly or actually lost, stolen or destroyed is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Certificate subsequently presented) as the Issuer or the Principal Paying Agent may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

2. Status and Subordination

(a) Status

The Bonds constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer under the Bonds are subordinated as described in Condition 2(b).

(b) Subordination

In the event of the liquidation, dissolution or insolvency of, or a proceeding for the avoidance of insolvency of, or against, the Issuer, the rights and claims of the Holders against the Issuer under the Bonds will, subject to any obligations that are mandatorily preferred by law, rank (i) junior to the rights and claims of all holders of Priority Obligations, (ii) *pari passu* with the rights and claims of all holders of Parity Obligations, and (iii) senior to the rights and claims of all holders of Junior Capital.

For purposes of this Condition 2(b):

“**Additional Tier 1 Capital**” means any items that constitute additional tier 1 capital (*zusätzliches Kernkapital*) within the meaning of articles 27 et seq. of the Swiss Capital Adequacy Ordinance;

“**Junior Capital**” means (i) all equity capital of the Issuer, (ii) all Additional Tier 1 Capital of the Issuer, and (iii) all other obligations of the Issuer that rank, or are expressed to rank, junior to claims in respect of the Bonds and/or any Parity Obligation;

“**Parity Obligations**” means (i) all Tier 2 Capital of the Issuer (excluding any such obligations that either (x) constitute Priority Obligations, or (y) rank, or are expressed to rank, junior to claims in respect of the Bonds), and (ii) all other obligations (including any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with claims in respect of the Bonds and/or any other Parity Obligation;

“**Priority Obligations**” means all obligations (including those in respect of bonds, notes, debentures and guarantees) of the Issuer that are unsubordinated or that otherwise rank, or are expressed to rank, senior to claims in respect of the Bonds and/or any Parity Obligation; and

“**Tier 2 Capital**” means any items that constitute tier 2 capital (*Ergänzungskapital (Tier 2)*) pursuant to article 30 of the Swiss Capital Adequacy Ordinance.

3. Interest

(a) *Interest accrual and Interest Payment Dates*

The Bonds will bear interest on their principal amount at the applicable Rate of Interest from (and including) the Issue Date to (but excluding) (i) if the Bonds are early redeemed pursuant to clause (b), (c) or (d) of Condition 4, the applicable Early Redemption Date, or (ii) otherwise, the Maturity Date; *provided, however*, that, if payment with respect to any Bond (upon due presentation thereof where presentation is required) is improperly withheld or refused on such Early Redemption Date or the Maturity Date, as the case may be, interest will continue to accrue on the principal amount of such Bond (both before and after judgment) at the applicable Rate of Interest to (but excluding) the date on which such payment has been received by the Intermediary (or, in the case of Definitive Certificates, by the relevant Holder) in full. Subject to Condition 8, interest shall be payable in arrear on each Interest Payment Date.

(b) *Calculation of amount of interest payable per Calculation Amount*

Subject to Condition 8:

- (i) the amount of interest payable per Calculation Amount on each Fixed Rate Interest Payment Date in respect of the Bonds will be EUR 20.20; and
- (ii) if interest is required to be paid in respect of a Bond on any other date (including, for the avoidance of doubt, the Interest Amount payable on each Floating Rate Interest Payment Date), the amount of interest payable per Calculation Amount on such date will be calculated by:
 - (A) applying the applicable Rate of Interest to the Calculation Amount;
 - (B) multiplying the product thereof by the applicable Day Count Fraction; and
 - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) *Calculation of amount of interest payable per Bond*

Subject to Condition 8, the amount of interest payable in respect of a Bond will be the product of:

- (i) the amount of interest payable per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Bond.

(d) *Determination of Floating Rate of Interest and Interest Amount in relation to a Floating Rate Interest Period*

On the Interest Determination Date for each Floating Rate Interest Period, the Calculation Agent will, as soon as practicable after the Relevant Time, determine the Floating Rate of Interest for such Floating Rate Interest Period and calculate the amount of interest payable per Calculation Amount on the Floating Rate Interest Payment Date in relation to such Floating Rate Interest Period (each, an “**Interest Amount**”).

(e) *Notification of Floating Rate of Interest and Interest Amount in relation to a Floating Rate Interest Period*

With respect to each Floating Rate Interest Period, as soon as practicable after such determination but in any event not later than the first day of such Floating Rate Interest Period, (i) the Calculation Agent will cause the relevant Floating Rate of Interest and the relevant Interest Amount determined by it, together with the relevant Floating Rate Interest Payment Date in relation to such Floating Rate Interest Period, to be notified to the Issuer and the Paying Agents, and (ii) the Issuer shall cause the relevant Floating Rate of Interest determined by the Calculation Agent to be notified to any stock exchange or other relevant authority on which the Bonds are at the relevant time listed and to be published in accordance with Condition 11.

Each Interest Amount and Floating Rate Interest Payment Date notified in accordance with this Condition 2(e) may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event that the Calculation Agent determines an extension or shortening of the applicable Floating Rate Interest Period. In the case of any such amendment, (i) the Calculation Agent will promptly cause such amendment to be notified to the Issuer and the Paying Agents, and (ii) the Issuer shall promptly cause such amendment to be notified to any stock exchange or relevant authority on which the Bonds are at the relevant time listed and to be published in accordance with Condition 11.

(f) *Notification of amount of interest payable upon Early Redemption*

If the Bonds are to be redeemed early pursuant to clause (b), (c) or (d) of Condition 4, the Calculation Agent shall calculate the amount of interest payable per Calculation Amount on such Early Redemption Date and (i) the Calculation Agent will cause such interest amount to be notified to the Issuer and the Paying Agents, and (ii) the Issuer shall cause such interest amount to be notified to any stock exchange or other relevant authority on which the Bonds are at the relevant time listed and to be published in accordance with Condition 11 no later than two Business Days prior to such Early Redemption Date.

(g) *Benchmark replacement*

If on or prior the Relevant Time on any Interest Determination Date (the “**Affected Interest Determination Date**”), the Issuer determines that a Benchmark Event with respect to the then-current Reference Rate (the “**Existing Reference Rate**”) has occurred, then the following provisions shall apply (subject to the subsequent operation of this Condition 3(g)):

- (i) The Issuer shall use reasonable endeavours to, as soon as reasonably practicable, appoint a Benchmark Replacement Agent to determine, in the Benchmark Replacement Agent’s discretion, the Benchmark Replacement in respect of the Existing Reference Rate in accordance with subclause (iii) of this Condition 3(g) no later than the applicable BRA Determination Cut-Off Date.
- (ii) If prior to the applicable BRA Determination Cut-Off Date the Issuer is unable to appoint a Benchmark Replacement Agent or the Benchmark Replacement Agent appointed by the Issuer fails to determine a Benchmark Replacement in respect of the Existing Reference Rate in accordance with subclause (iii) of this Condition 3(g), then the Issuer may determine in its discretion the Benchmark Replacement in respect of the Existing Reference Rate in accordance with subclause (iii) of this Condition 3(g).
- (iii) In the case of any determination of a Benchmark Replacement in respect of the Existing Reference Rate by the Benchmark Replacement Agent or the Issuer pursuant to subclause (i) or (ii) of this Condition 3(g), the Benchmark Replacement Agent or the Issuer, as applicable, will determine (A) the Successor Rate in respect of the Existing Reference Rate or, if it determines that there is no such Successor Rate, an Alternative Reference Rate in respect of the Existing Reference Rate, in either case, for purposes of determining the Floating Rate of Interest applicable to the Floating Rate Interest Period relating to the Affected Interest Determination Date (the “**Affected Floating Rate Interest Period**”) and all Floating Rate Interest Periods thereafter (such Successor Rate or Alternative Reference Rate so determined, the “**Benchmark Replacement**”), and (B) the Adjustment Spread, if any, in respect of such Benchmark Replacement.
- (iv) If the Benchmark Replacement Agent or the Issuer determines the Benchmark Replacement in respect of the Existing Reference Rate in accordance with subclause (iii) of this Condition 3(g):
 - (A) for the Affected Interest Determination Date, the Affected Floating Rate Interest Period and all Interest Determination Dates and Floating Rate Interest Periods thereafter, references to the Reference Rate in these Terms of the Bonds shall be deemed to be references to such Benchmark Replacement (giving effect to any Adjustment Spread in respect thereto that is determined in accordance with subclause (iii) of this Condition 3(g));
 - (B) if the Benchmark Replacement Agent (in consultation with the Issuer) or the Issuer determines that any changes to any provisions of this Condition 3 or to the definitions of the terms “Business Day”, “Day Count Fraction”, “Floating Rate Interest Payment Date”, “Floating Rate Interest Period”, “Interest Determination Date”, “Reference Rate”, “Relevant Time” and/or “Screen Page” are necessary to ensure the proper operation of such Benchmark Replacement (including the application of any Adjustment Spread in respect thereof), such provisions and definitions shall be amended pursuant to Condition 13 to reflect such changes; and
 - (C) the Issuer will give notice as soon as practicable to the Calculation Agent, the Paying Agents, and, in accordance with Condition 11, the Holders, specifying such Benchmark Replacement, including any Adjustment Spread in respect thereof, and the amendments described in subclause (B) above and implemented pursuant Condition 13.
- (v) If subclause (ii) of this Condition 3(g) applies and the Issuer is unable or unwilling to determine a Benchmark Replacement in respect of the Existing Reference Rate in accordance with subclause (iii) of this Condition 3(g) on or prior to the Affected Interest Determination Date, the Reference Rate for purposes of determining the Floating Rate of Interest for the Affected Floating Rate Interest Period

will be equal to the Reference Rate for the most recent date prior to the Affected Interest Determination Date on which the Reference Rate appeared on the Screen Page (with references to the Interest Determination Date in the definition of the term “Reference Rate” being deemed to be references to such most recent date); *provided, however*, that, if this subclause (v) applies to the Affected Floating Rate Interest Period, then the Reference Rate for purposes of determining the Floating Rate of Interest for all succeeding Floating Rate Interest Periods shall be the Floating Rate of Interest applicable to the Affected Floating Rate Interest Period as determined in accordance with this subclause (v) unless (x) the Issuer, in its sole discretion, elects to appoint a Benchmark Replacement Agent to determine, or elects to itself determine, a Benchmark Replacement in respect of the Existing Reference Rate on or prior to the Interest Determination Date for any such succeeding Floating Rate Interest Period and all Floating Rate Interest Periods thereafter in accordance with the processes set out in this Condition 3(g), and (y) a Benchmark Replacement in respect of the Existing Reference Rate is so determined.

- (vi) Any determination to be made by any Benchmark Replacement Agent or by the Issuer pursuant to this Condition 3(g), including any determination with respect to a rate or adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of such Benchmark Replacement Agent or the Issuer, as the case may be, acting in good faith and in a commercially reasonable manner.

(h) *Calculation Agent*

Unless the Issuer has elected to redeem the Bonds in accordance with Condition 4, and the applicable Early Redemption Date falls on a date on or prior to the Floating Rate Commencement Date, the Issuer will appoint a Calculation Agent for the Bonds prior to the Interest Determination Date in respect of the first Floating Rate Interest Period, and will notify the Holders of such appointment in accordance with Condition 11.

The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation to, or relationship of agency with, the Holders.

(i) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for purposes of this Condition 3 by the Issuer, the Calculation Agent or any Benchmark Replacement Agent will (in the absence of wilful misconduct, bad faith and manifest error) be binding on the Issuer, the Paying Agents, any Benchmark Replacement Agent and the Holders, and (in the absence of wilful misconduct and bad faith) no liability to the Issuer or the Holders will attach to the Calculation Agent or any Benchmark Replacement Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to this Condition 3.

4. Redemption, Purchase and Cancellation

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled in accordance with this Condition 4 and subject to Condition 8, the Bonds will be redeemed by the Issuer on the Maturity Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) the Maturity Date.

(b) *Early redemption at the option of the Issuer*

Subject to Condition 4(e), the Issuer may elect, in its sole discretion, to redeem the Bonds, in whole but not in part, on the Optional Redemption Date, at their aggregate principal amount, together with any accrued but unpaid interest to (but excluding) the Optional Redemption Date.

(c) *Early redemption due to a Tax Event*

Subject to Condition 4(e), if a Tax Event has occurred and is continuing, the Issuer may elect, in its sole discretion, to redeem the Bonds, in whole but not in part, on the relevant Early Redemption Date at their aggregate principal amount, together with any accrued but unpaid interest to (but excluding) such Early Redemption Date.

A “**Tax Event**” will have occurred if, at any time on or after the Issue Date, (i) the Issuer has ceased, or will cease, to be exempt from federal, cantonal or communal income taxes, and is not permitted, or will not be

permitted any longer, to deduct payments of interest in respect of the Bonds for Swiss corporate income tax purposes, as a result of which the Issuer is, or will be, subject to more than a *de minimis* amount of additional taxes, or (ii) the Issuer is, or will become obliged, to pay Additional Amounts pursuant to Condition 7, and, in the case of each of clauses (i) and (ii), this cannot be avoided by the Issuer taking such reasonable measures available to the Issuer without any material adverse effect on, or material cost to, the Issuer (as determined by the Issuer in its sole discretion).

(d) *Early redemption due to a Regulatory Event*

Subject to the Condition 4(e), if a Regulatory Event has occurred and is continuing, the Issuer may elect, in its sole discretion, to redeem the Bonds, in whole but not in part, on the relevant Early Redemption Date at their aggregate principal amount, together with any accrued but unpaid interest to (but excluding) such Early Redemption Date.

A “**Regulatory Event**” will have occurred if, at any time on or after the Issue Date, any portion of the principal amount of the Bonds is not, or will cease to be, eligible to be treated as Tier 2 Capital.

(e) *Conditions to redemption*

- (i) If the Issuer elects to redeem the Bonds pursuant to clause (b), (c) or (d) of this Condition 4, then the Issuer shall give the Holders not less than 30 days’ prior notice in accordance with Condition 11, which notice shall, subject to subclause (iv) of this Condition 4(e), be irrevocable and specify (x) the clause of this Condition 4 pursuant to which the redemption is to be made, (y) the date (which in the case of clause (b) of this Condition 4 must be the Optional Redemption Date) on which the Issuer will redeem the Bonds pursuant to such clause of this Condition 4 (such specified date, the “**Early Redemption Date**”), and (z) if Definitive Certificates have been issued, the method by which the Bonds must be tendered.
- (ii) The Issuer may only redeem the Bonds pursuant to clause (b) or (c) of this Condition 4 on the relevant Early Redemption Date if the Regulator has approved such redemption on or prior to such Early Redemption Date, if such approval is then required under applicable Swiss laws and regulations.
- (iii) If the Issuer elects to redeem the Bonds pursuant to clause (c) or (d) of this Condition 4, then prior to the publication of the notice to Holders pursuant to subclause (i) above, the Issuer shall deliver to the Principal Paying Agent (x) a certificate signed by two authorised signatories of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem the Bonds under such clause is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (y) in the case of a redemption pursuant to clause (c) of this Condition 4 only, an opinion of a nationally recognised law firm or other tax adviser (which may be an accounting firm) in Switzerland to the effect that circumstances entitling the Issuer to exercise its right of redemption under such clause have arisen.
- (iv) The Issuer may only redeem the Bonds pursuant to any clause of this Condition 4 on the Maturity Date or the relevant Early Redemption Date, as applicable, if no Viability Event has occurred prior to the Maturity Date or such Early Redemption Date, respectively.

(f) *Purchases*

The Issuer may, subject to the Regulator’s consent (if then required under applicable Swiss laws and regulations), at any time purchase Bonds in the open market or otherwise at any price. Any Bonds so purchased may, at the option of the Issuer, be held, reissued, resold or surrendered to the Principal Paying Agent for cancellation.

(g) *Cancellation*

All Bonds that are redeemed in accordance with this Condition 4 will be cancelled and may not be reissued or resold. All Bonds purchased and surrendered to the Principal Paying Agent for cancellation pursuant to clause (f) of this Condition 4 shall be immediately cancelled upon surrender and may not be reissued or resold.

5. Payments and Paying Agents

(a) *Payments*

The receipt by the Intermediary (or, in the case of Definitive Certificates, by the relevant Holder) of the due payment of funds in EUR in Switzerland will release the Issuer from its obligations under the Bonds for the payment of principal and/or interest, as applicable, to the extent of such payment. All payments required to be made under the Bonds will be made available in good time in freely disposable funds in EUR, which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. All payments required to be made under the Bonds (including, for the avoidance of doubt, any Additional Amounts) shall be made to the Holders in EUR without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality; *provided, however*, that, if the Bonds have been converted into Definitive Certificates, the Bonds must be presented and, in the case of redemption, surrendered at the Specified Office of the relevant Paying Agent as a condition to receipt of any such payment.

(b) *Paying Agents*

- (i) The Issuer reserves the right to terminate the appointment of the Principal Paying Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment functions in respect of the Bonds (each, a “**Paying Agent**”, which term includes the Principal Paying Agent). The Issuer shall notify the Holders of any such appointment or termination pursuant to Condition 11. In addition, (x) for so long as the Bonds are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by the Regulator, to perform the functions of a Swiss paying agent, and (y) if the Bonds are listed on any other stock exchange or other relevant authority, the Issuer shall maintain a Paying Agent with a Specified Office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority.
- (ii) The Principal Paying Agent and the other Paying Agents (if any) act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency with, the Holders.

6. Statute of Limitations

In accordance with Swiss law, (i) claims for interest payments under the Bonds will become time-barred after a period of five years and (i) claims for the repayment or redemption of Bonds will become time-barred after a period of ten years, in each case, calculated from the date on which such payments, repayment or redemption become due and payable under these Terms of the Bonds.

7. Taxation

- (a) All payments of principal and interest in respect of the Bonds by the Issuer to Holders shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf Switzerland or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event that any such payment is subject to any such withholding or deduction, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction are equal to the respective amounts of principal and interest that the Holders would otherwise have received from the Issuer in respect of the Bonds in the absence of such withholding or deduction.
- (b) Notwithstanding the above, no Additional Amounts shall be payable pursuant to clause (a) of this Condition 7 with respect to any Bond:
 - (i) held by or on behalf of a Holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Switzerland other than the mere holding of such Bond; or
 - (ii) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person other than the issuer is required to withhold tax on any interest payments; or

- (iii) with respect to any tax, duty, assessment or governmental charge collected pursuant to the provisions of, or any laws or an agreement with Switzerland relating to, Sections 1471 through 1474 of the US Internal Revenue Code, as amended (commonly referred to as “**FATCA**”); or
 - (iv) any combination of two or more of the items set out in subclauses (i) to (iii) above.
- (c) Any reference in these Terms of the Bonds to amounts payable by the Issuer in respect of the Bonds includes any Additional Amount payable pursuant to this Condition 7.

8. Contingent Write-down

(a) Contingent Write-down upon Viability Event

Upon the occurrence of a Viability Event,

- (i) the full principal amount of each Bond will be written down to zero and all references to the principal amount of the Bonds in these Terms of the Bonds shall be construed accordingly;
- (ii) the Holders will be deemed to have irrevocably waived their rights to, and will no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Bonds, and the Holders will be deemed to have agreed to the foregoing (*bedingte Aufhebung einer Forderung durch Übereinkunft*);
- (iii) all rights of any Holder for payment of any accrued but unpaid interest or any other amounts under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) will become null and void, irrespective of whether such amounts have become due and payable or such claims have arisen prior to the occurrence of the Viability Event; and
- (iv) the Bonds will be permanently cancelled.

(b) Viability Event

A “**Viability Event**” will have occurred if:

- (i) the Regulator has notified the Issuer that it has determined that the write-down of the Bonds, together with the conversion or write-down of holders’ claims in respect of any other capital instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is an essential requirement to prevent the Issuer from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business, because customary measures to improve the Issuer’s capital adequacy at the time are inadequate or unfeasible; or
- (ii) customary measures to improve the Issuer’s capital adequacy being at the time inadequate or unfeasible, the Issuer has received an irrevocable commitment of Extraordinary Support directly or indirectly from the Swiss government, the Swiss National Bank or the Canton of Zurich.

As soon as practicable following the occurrence of a Viability Event, the Issuer shall give a notice to the Holders in accordance with Condition 11 stating (x) that a Viability Event has occurred, (y) the date on which such a Viability Event has occurred, and (z) that a Contingent Write-down took place on the date such Viability Event occurred. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, the Contingent Write-down or give any Holder any rights as a result of such failure.

For purposes of this Condition 8(b), “**Extraordinary Support**” means:

- (i) with respect to the Swiss government and the Swiss National Bank, any direct or indirect support (other than support that (x) is made in the ordinary course of business, or (y) is the result of customary transactions and arrangements) that has, or imminently will have, the effect of improving the Issuer’s capital adequacy and without which, in the determination of the Regulator, the Issuer would have become insolvent, bankrupt, unable to pay a material part of its debt as they fall due or unable to carry on its business; and
- (ii) with respect to the Canton of Zurich, any direct or indirect support (other than support that (x) is made in the ordinary course of business, (y) is the result of customary transactions and arrangements, or (z) is undertaken in the direct or indirect pursuit of strategic or political purposes or aims) that (1) has, or imminently will have, the effect of improving the Issuer’s capital adequacy and without which, in

the determination of the Regulator, the Issuer would have become insolvent, bankrupt, unable to pay a material part of its debt as they fall due or unable to carry on its business, and (2) has been confirmed by the Regulator in writing as constituting Extraordinary Support.

9. Events of Default

- (a) If any of the following events occurs, such occurrence will constitute an “**Event of Default**”:
- (i) the Issuer is (or is deemed by law, a court or the Regulator to be) insolvent; or
 - (ii) the Issuer is (or is deemed by law, a court or the Regulator to be) bankrupt; or
 - (iii) a general assignment or an arrangement or composition with or for the benefit of the creditors in respect of any debts is agreed or declared in respect of or affecting all or a substantial part of the debts of the Issuer.
- (b) Subject to Condition 8, upon the occurrence of an Event of Default, the Holder of any Bond may, by written notice to the Issuer c/o the Principal Paying Agent at its Specified Office, declare such Bond to be immediately due and payable, whereupon it will become immediately due and payable at 100 per cent. of its principal amount together with accrued interest, if any, without further formality.

10. No Set-off by Holders

Subject to applicable law, each Holder, by acceptance of any direct or beneficial interest in a Bond, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Bonds.

11. Notices

- (a) So long as the Bonds are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (i) by means of electronic publication on the website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com>), where notices as at the Issue Date are published under the address: <https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/>, or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be validly given on the date of such publication or, if published more than once, on the date of the first such publication.
- (b) If the Bonds are for any reason no longer listed on the SIX Swiss Exchange:
- (i) if the Bonds constitute Intermediated Securities, notices to Holders shall be given by the Issuer to the Intermediary for forwarding to the Holders, which notice will be validly given on the date of delivery to the Intermediary; or
 - (ii) if Bonds have been converted into Definitive Certificates, notices to Holders will be sent by first class mail to the Holders at their respective addresses as recorded in the Register, which notice will be deemed to be validly given on the fourth Business Day after the date of such mailing.

12. Admission to Trading and Listing

Application will be made by or on behalf of the Issuer for the admission to trading and listing of the Bonds on the SIX Swiss Exchange.

13. Substitution and Amendment

- (a) If a Tax Event or a Regulatory Event has occurred, the Issuer may, without the consent of the Holders unless so required by mandatory provisions of Swiss law, either substitute all, but not some only, of the Bonds for, or amend these Terms of the Bonds so that the Bonds remain or become, Compliant Securities, *provided* that:
- (i) neither a Tax Event nor a Regulatory Event arises as a result of such substitution or amendment;
 - (ii) the Regulator has approved such substitution or amendment (if such approval is then required under applicable Swiss laws and regulations);
 - (iii) the Issuer has given the Holders not less than 30 days’ notice of such substitution or amendment in accordance with Condition 11, which notice (the “**Substitution or Amendment Notice**”) will, subject

to subclause (v) of this Condition 13(a), be irrevocable, and state the date on which such substitution or amendment will be effective (the “**Substitution or Amendment Effective Date**”);

- (iv) prior to the publication of the Substitution or Amendment Notice, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by two authorised signatories of the Issuer stating that the relevant requirement or circumstance giving rise to the right to substitute or amend the terms of the Bonds, as applicable, pursuant to this Condition 13(a) is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) if a Tax Event gave rise to the right to substitute or amend the terms of the Bonds, an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right to substitute or amend the terms of the Bonds, as applicable, pursuant to this Condition 13(a) have arisen;
- (v) prior to the relevant Substitution or Amendment Effective Date, the Issuer has not published a notice to Holders in accordance with subclause (e)(i) of Condition 4, pursuant to which it has elected to redeem the Bonds early pursuant to clause (b), (c) or (d) of Condition 4; and
- (vi) no Viability Event has occurred on or prior to the relevant Substitution or Amendment Effective Date.

In connection with any substitution or amendment in accordance with this Condition 13(a), the Issuer shall comply with the rules of any stock exchange on which the Bonds are for the time being listed or admitted to trading.

- (b) In addition to its rights under clause (a) of this Condition 13, the Issuer may, without the consent of the Holders unless so required by mandatory provisions of Swiss law, (i) make any amendment to the provisions of Condition 3 and/or the definitions of the terms “Business Day”, “Day Count Fraction”, “Floating Rate Interest Payment Date”, “Floating Rate Interest Period”, “Interest Determination Date”, “Reference Rate”, “Relevant Time” and/or “Screen Page”, in each case, determined to be necessary in accordance with subclause (iv)(B) of Condition 3(g), and (ii) make any amendment to these Terms of the Bonds that it considers to be (A) formal, minor or technical in nature, or (B) necessary to correct a manifest error, or (C) not materially prejudicial to the interests of the Holders.
- (c) The Issuer shall notify the Holders of any amendments made pursuant to clause (b) of this Condition 13 in accordance with Condition 11, which notice shall state the date on which such amendment will be effective.
- (d) Any amendment made pursuant to this Condition 13 will be binding on the Holders in accordance with its terms.

14. Meetings of Holders

The provisions on bondholders on bondholder meetings contained in Article 1157 *et seq.* of the Swiss Code of Obligations apply in relation to meetings of Holders.

15. Governing Law and Jurisdiction

(a) *Governing law*

These Terms of the Bonds and the Bonds are governed by, and shall be construed in accordance with, the laws of Switzerland.

(b) *Jurisdiction*

The courts of the City of Zurich, Switzerland (venue being Zurich 1) have exclusive jurisdiction to settle any disputes that might arise out of or in connection with these Terms of the Bonds and the Bonds.

16. Definitions

“**Additional Amounts**” has the meaning set out in Condition 7.

“**Additional Tier 1 Capital**” has the meaning set out in Condition 2(b).

“**Adjustment Spread**” means, in respect of any Benchmark Replacement determined pursuant to subclause (iii) of Condition 3(g):

- (a) if such Benchmark Replacement is the Successor Rate in respect of the Existing Reference Rate, the spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, to be

applied to the Successor Rate that the Benchmark Replacement Agent or the Issuer, as applicable, determines is formally recommended by any Relevant Nominating Body in relation to the replacement of the Existing Reference Rate with the Successor Rate; or

- (b) if (i) the Benchmark Replacement Agent or the Issuer, as applicable, determines that no such spread, formula or methodology has been formally recommended by any Relevant Nominating Body in relation to the replacement of the Existing Reference Rate with the Successor Rate as described in clause (a) above, or (ii) such Benchmark Replacement is not the Successor Rate in respect of the Existing Reference Rate, the spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, to be applied to such Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Reference Rate with such Benchmark Replacement that the Benchmark Replacement Agent or the Issuer, as applicable, determines is customarily applied to such Benchmark Replacement in international debt capital markets transactions to produce an industry-accepted replacement rate for the Existing Reference Rate; or
- (c) if the Benchmark Replacement Agent or the Issuer, as applicable, determines that there is no such customarily applied spread, formula or methodology as described in clause (b) above, the spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, to be applied to such Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Reference Rate with such Benchmark Replacement that the Benchmark Replacement Agent or the Issuer, as applicable, determines is recognised or acknowledged as being the industry standard for over-the-counter derivatives transactions that reference the Existing Reference Rate, where the Existing Reference Rate has been replaced by such Benchmark Replacement.

“**Affected Floating Rate Interest Period**” has the meaning set out in Condition 3(g).

“**Affected Interest Determination Date**” has the meaning set out in Condition 3(g).

“**Alternative Reference Rate**” means, in respect of the Existing Reference Rate, (i) the rate that the Benchmark Replacement Agent or the Issuer, as applicable, determines is the industry-accepted replacement rate for the Existing Reference Rate for EUR-denominated floating rate notes at such time, or (ii) if the Benchmark Replacement Agent or the Issuer, as applicable, determines that there is no such rate, such other rate as the Benchmark Replacement Agent or the Issuer determines in its discretion is most comparable to the Existing Reference Rate.

“**Bonds**” means, subject to Condition 1(b), the EUR 500,000,000 2.020 per cent. Fixed-to-Floating Rate Tier 2 Bonds due 2028 issued by the Issuer on the Issue Date.

“**Benchmark Event**” means, in respect of the then-current Reference Rate, the earliest to occur of the following events:

- (a) such Reference Rate ceasing to exist; or
- (b) a public statement by the administrator of such Reference Rate stating that it has ceased, or that it will cease, to publish such Reference Rate, permanently or indefinitely, provided that, at the time of such statement, no successor administrator has been appointed that will continue to publish such Reference Rate; or
- (c) a public statement by the supervisor of the administrator of such Reference Rate stating that such Reference Rate has been, or will be, permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor or the administrator of such Reference Rate that means that such Reference Rate will be prohibited from being used; or
- (e) a public statement by the supervisor of the administrator of such Reference Rate stating that such Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (f) a public statement by a competent authority in the Eurozone or Switzerland stating that it has or will become unlawful for the Calculation Agent to calculate any payments due to be made to any Holders using such Reference Rate;

provided, however, that a Benchmark Event with respect to such Reference Rate shall be deemed to have occurred (i) in the case of clause (b) above, on the date on which such Reference Rate ceases to be published, (ii) in the case of clause (c) above, on the date on which such Reference Rate is discontinued, (iii) in the case of clause (d) above, on the date with effect from which the use of such Reference Rate is prohibited, (iv) in the case of clause (e) above, on the date with effect from which such Reference Rate is no longer (or is deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which date is specified in the relevant public statement, and (v) in the case of clause (f) above, on the date with effect from which it has become unlawful for the Calculation Agent to calculate any payments due to be made to any Holders using such Reference Rate, and, in each case, not the date of the relevant public statement.

“**Benchmark Replacement**” has the meaning set out in Condition 3(g).

“**Benchmark Replacement Agent**” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense.

“**BRA Determination Cut-Off Date**” means, in respect of any Benchmark Event, the day falling five Business Days prior to the Affected Interest Determination Date.

“**Business Day**” means any day (other than Saturday or Sunday) (i) on which banks are open the whole day for business in London and Zurich and (ii) that is a TARGET2 Settlement Day.

“**Calculation Agent**” means the person that has been appointed by the Issuer to make the calculations and determinations to be made by the Calculation Agent under in these Terms of the Bonds, so long as such person is a leading independent bank or financial institution that is experienced in the calculations and determinations to be made by the Calculation Agent under these Terms of the Bonds.

“**Calculation Amount**” means EUR 1,000.

“**Compliant Securities**” means securities issued by the Issuer that have economic terms not materially less favourable to a Holder than these Terms of the Bonds (as reasonably determined by the Issuer), *provided* that:

- (a) such securities (i) include terms that provide for the same interest rate and principal from time to time applying to the Bonds, (ii) rank *pari passu* with the Bonds and (iii) preserve any existing rights under these Terms of the Bonds to any accrued and unpaid interest that has not been satisfied;
- (b) where the Bonds that have been substituted or amended were listed immediately prior to their substitution or amendment, such securities are listed on (i) the SIX Swiss Exchange or (ii) such other internationally recognised stock exchange selected by the Issuer; and
- (c) where the Bonds that have been substituted or amended were rated by a rating agency immediately prior to such substitution or amendment, each such rating agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to such securities.

“**Condition**” means one of the conditions of these Terms of the Bonds.

“**Contingent Write-down**” means the events described in subclauses (i) through (iv) of Condition 8(a).

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any period of time, including the first day of such period but excluding the last day of such period (the “**Calculation Period**”),

- (a) during the Fixed Rate Period, the actual number of days in such Calculation Period divided by the number of days in the Regular Period in which such Calculation Period falls; and
- (b) during the Floating Rate Period, the actual number of days in such Calculation Period divided by 360.

For purposes of clause (a) above “**Regular Period**” means each period from (and including) the Issue Date to (but excluding) the first Fixed Rate Interest Payment Date and each successive period from (and including) one Fixed Rate Interest Payment Date to (but excluding) the next Fixed Rate Interest Payment Date.

“**Early Redemption Date**” has the meaning set out in Condition 4(e).

“**EUR**” means euro, the currency introduced at the start of the third stage of European economic and monetary union, as defined in Article 2 of the Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

“**EURIBOR**” means, in respect of any specified maturity, the interest rate benchmark known as the Euro Interbank Offered Rate that is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person that takes over the administration of that rate).

“**Eurozone**” means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time.

“**Event of Default**” has the meaning set out in Condition 9.

“**Existing Reference Rate**” has the meaning set out in Condition 3(g).

“**Extraordinary Support**” has the meaning set out in Condition 8(b).

“**FATCA**” has the meaning set out in Condition 7(b)(iii).

“**FISA**” means the Swiss Federal Intermediated Securities Act of 3 October 2008, as amended from time to time.

“**Fixed Rate Interest Payment Date**” means 13 April in each year, from (and including) 13 April 2023 to (and including) the Floating Rate Commencement Date.

“**Fixed Rate of Interest**” means 2.020 per cent. per annum.

“**Fixed Rate Period**” means the period from (and including) the Issue Date to (but excluding) the Floating Rate Commencement Date.

“**Floating Rate Commencement Date**” means 13 April 2027.

“**Floating Rate Interest Payment Date**” means 13 July 2027, 13 October 2027, 13 January 2028 and 13 April 2028; *provided, however*, that, if such Floating Rate Interest Payment Date would otherwise fall on a day that is not a Business Day, such Floating Rate Interest Payment Date will be postponed to the first following Business Day unless that Business Day falls in the next calendar month in which case such Floating Rate Interest Payment Date will instead be brought forward to the last preceding Business Day.

“**Floating Rate Interest Period**” means the period beginning on (and including) a Floating Rate Interest Payment Date (or, in the case of the first Floating Rate Interest Period, the Floating Rate Commencement Date) and ending on (but excluding) the next Floating Rate Interest Payment Date.

“**Floating Rate of Interest**” means, in respect of any Floating Rate Interest Period, the greater of (i) the sum of (x) the Reference Rate for such Floating Rate Interest Period and (y) the Margin, and (ii) zero.

“**Floating Rate Period**” means the period from (and including) the Floating Rate Commencement Date to (but excluding) the Maturity Date.

“**Holder**” means, in respect of any Bond, (i) in the case of Bonds that constitute Intermediated Securities, the person or persons holding such Bond in a securities account (*Effektenkonto*) that is in its or their name, or, in case of intermediaries (*Verwahrungsstellen*), the intermediary or intermediaries holding such Bond for its or their own account in a securities account (*Effektenkonto*) that is in its or their name, and (ii) in the case of Bonds represented by Definitive Certificates, the person in whose name the Definitive Certificate representing such Bond is registered in the Register.

“**Interest Amount**” has the meaning set out in Condition 3(d).

“Interest Determination Date” means, in respect of any Floating Rate Interest Period, the second TARGET2 Settlement Day prior to the first day of such Floating Rate Interest Period.

“Interest Payment Date” means a Fixed Rate Interest Payment Date and/or a Floating Rate Interest Payment Date, as the case may be.

“Intermediary” has the meaning set out in Condition 1(c).

“Intermediated Securities” has the meaning set out in Condition 1(c).

“Issue Date” means 13 April 2022.

“Issuer” means Zürcher Kantonalbank, in its capacity as issuer of the Bonds.

“Junior Capital” has the meaning set out in Condition 2(b).

“Margin” means 0.900 per cent.

“Maturity Date” means the Floating Rate Interest Payment Date falling in April 2028.

“Optional Redemption Date” means 13 April 2027.

“Parity Obligations” has the meaning set out in Condition 2(b).

“Paying Agent” has the meaning set out in Condition 5(c).

“Principal Paying Agent” means Zürcher Kantonalbank, in its capacity as principal paying agent for the Bonds, and includes any successor principal paying agent for the Bonds appointed by the Issuer.

“Priority Obligations” has the meaning set out in Condition 2(b).

“Rate of Interest” means (i) during the Fixed Rate Period, the Fixed Rate of Interest, and (ii) during the Floating Rate Period, the applicable Floating Rate of Interest.

“Reference Bank Rate” means, in respect of any Floating Rate Interest Period, the percentage rate determined by the Calculation Agent as follows:

- (a) the Issuer shall request the principal Eurozone office of each of the Reference Banks to provide the Calculation Agent with the rate (expressed as percentage per annum) at which such Reference Bank offers to prime banks in the Eurozone interbank market and in a Representative Amount, assuming an Actual/360 day count basis, deposits in EUR at approximately the Relevant Time on the Interest Determination Date for such Floating Rate Interest Period; and
- (b) if two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Reference Bank Rate for such Floating Rate Interest Period will be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations; or
- (c) if only one Reference Bank or no Reference Banks provide the Calculation Agent with such offered quotations, the Reference Bank Rate for such Floating Rate Interest Period will be the rate per annum that the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates, as communicated at approximately the Relevant Time at the request of the Issuer to the Calculation Agent by major banks in the Eurozone interbank market, selected by the Issuer, at which such banks offer, on the Interest Determination Date for such Floating Rate Interest Period, loans in EUR for such Floating Rate Interest Period and in a Representative Amount to leading European banks; or
- (d) if no such rates are so communicated to the Calculation Agent, the Reference Bank Rate for such Floating Rate Interest Period will be the rate (expressed as a percentage rate per annum) for 3-month EURIBOR for the most recent date prior to the Interest Determination Date for such Floating Rate Interest Period on which 3-month EURIBOR appeared on the Screen Page.

“Reference Banks” means four major banks in the Eurozone market as selected by the Issuer.

“Reference Rate” means, in respect of any Floating Rate Interest Period and subject to Condition 3(g),

- (a) the rate (expressed as a percentage rate per annum) for 3-month EURIBOR that appears on the Screen Page as at the Relevant Time on the Interest Determination Date for such Floating Rate Interest Period; or
- (b) if no such rate appears on the Screen Page, or the Screen Page is unavailable, in each case, at the Relevant Time on such Interest Determination Date, the Reference Bank Rate for such Floating Rate Interest Period,

all as determined by the Calculation Agent.

“Register” has the meaning set out in Condition 1(c).

“Registrar” has the meaning set out in Condition 1(c).

“Regulator” means the Swiss Financial Market Supervisory Authority FINMA (or any successor authority thereof).

“Regulatory Event” has the meaning set out in Condition 4(d).

“Relevant Nominating Body” means, in respect of the Existing Reference Rate:

- (a) the central bank for the currency to which the Existing Reference Rate relates, or any central bank or other supervisory authority that is responsible for supervising the administrator of the Existing Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Existing Reference Rate relates, (ii) any central bank or other supervisory authority that is responsible for supervising the administrator of the Existing Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

“Relevant Time” means 11:00 a.m., Brussels time.

“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time.

“Screen Page” means Reuters screen page EURIBOR01 (or (i) such other page as may replace that page on Reuters, or (ii) such other page on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for purposes of displaying 3-month EURIBOR).

“Specified Office” means (i) in the case of Zürcher Kantonalbank in its capacity as Principal Paying Agent, Bahnhofstrasse 9, 8001 Zurich, Switzerland, and (ii) in the case of any other Paying Agent or Registrar, such office as is notified by the Issuer to the Holders in writing in accordance with Condition 11 as soon as practicable after the appointment of such Paying Agent or Registrar, in the case of each of clauses (i) and (ii), or such other office as the relevant Paying Agent or Registrar may designate from time to time by providing notice to the Issuer and the Holders in writing in accordance with Condition 11.

“Substitution or Amendment Effective Date” has the meaning set out in Condition 13(a).

“Substitution or Amendment Notice” has the meaning set out in Condition 13(a).

“Successor Rate” means, in respect of the Existing Reference Rate, the rate that the Benchmark Replacement Agent or the Issuer, as applicable, determines has been formally recommended by any Relevant Nominating Body as a successor to, or a replacement of, the Existing Reference Rate.

“Swiss Capital Adequacy Ordinance” means the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Firms of 1 June 2012, as amended from time to time.

“Swiss Code of Obligations” means the Swiss Code of Obligations of 30 March 1911, as amended from time to time.

“**TARGET2 Settlement Day**” means any day (other than a Saturday or a Sunday) on which the TARGET2 System is open for settlement of payments in EUR.

“**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system that utilises a single shared platform and that was launched on 19 November 2007.

“**Tax Event**” has the meaning set out in Condition 4(c).

“**Terms of the Bonds**” means these terms and conditions of the Bonds.

“**Tier 2 Capital**” has the meaning set out in Condition 2(b).

“**Viability Event**” has the meaning set out in Condition 8(b).

USE OF PROCEEDS

The net proceeds of the offering of the Bonds, being the amount of EUR 498,500,000, will be used by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER

General

Name, registered office and principal place of business

Zürcher Kantonalbank has its registered office and head office at Bahnhofstrasse 9, 8001 Zurich, Switzerland.

Incorporation, duration

Zürcher Kantonalbank was founded in 1870 for an unlimited period of time, based on the Bank Act (*Bankgesetz*) of 1869.

Legal basis, legal form

Zürcher Kantonalbank is an independent public-law institution under the laws of the Canton of Zurich (*selbständige Anstalt des öffentlichen Rechts*) and is subject to the supervision of the Cantonal Council of the Canton of Zurich (*Kantonsrat des Kantons Zürich*). The existence of Zürcher Kantonalbank is based on the Cantonal Bank Act on the Zürcher Kantonalbank of 28 September 1997, which entered into force on 1 January 1998 and was last amended on 1 May 2020 (the “**Cantonal Bank Act**”). The Canton of Zurich is liable for all of the senior obligations of the Zürcher Kantonalbank to the extent its own funds are insufficient (§ 6 of the Cantonal Bank Act). **According to § 6(2) of the Cantonal Bank Act, the Bonds do not benefit from the state guarantee of the Canton of Zurich.**

Zürcher Kantonalbank is subject to the Swiss Federal Act on Banks and Savings Banks of 8 November 1934, as amended, and the supervision of the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”).

Purpose

In accordance with the statutory purpose (§ 2 of the Cantonal Bank Act), the Zürcher Kantonalbank contributes to solving economic and social challenges in the Canton of Zurich and supports an environmentally sustainable development. It pursues a business policy geared towards continuity and satisfies investment and financing needs. In doing so, it takes particular account of the interests of small and medium-sized enterprises, employees, the agricultural industry and public-law corporations. In addition, Zürcher Kantonalbank promotes home ownership as well as the development of affordable housing.

Register

Zürcher Kantonalbank was first registered with the Commercial Register of the Canton of Zurich, Switzerland, on 24 April 1883, and its registration number is CHE-108.954.607.

Zürcher Kantonalbank’s legal entity identifier (LEI) is 165GRDQ39W63PHVONY02.

Group

For information on Zürcher Kantonalbank’s group structure, see page IV of the Annual Report 2021, which is incorporated by reference into this Prospectus.

Information about the Board of Directors, Management and Auditors

Board of Directors (Bankrat)

The members of the Board of Directors (*Bankrat*) of Zürcher Kantonalbank as of the date of this Prospectus are set out on pages 89 to 91 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

The business address of such members of the Board of Directors (*Bankrat*) is at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich, Switzerland.

Committee of the Board (Bankpräsidium)

The members of the Committee of the Board (*Bankpräsidium*) of Zürcher Kantonalbank as of the date of this Prospectus are set out on page 88 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

The business address of such members of the Committee of the Board (*Bankpräsidium*) is at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich, Switzerland.

Executive Board (Generaldirektion)

The members of the Executive Board (*Generaldirektion*) of Zürcher Kantonalbank as of the date of this Prospectus are set out on pages 93 to 95 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

The business address of such members of the Executive Board (*Generaldirektion*) is at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich, Switzerland.

External auditors / group auditors

Ernst & Young AG, Maagplatz 1, 8005 Zurich, Switzerland (“**Ernst & Young**”), serves as external auditor under corporate and banking law and as group auditor.

Ernst & Young is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. Ernst & Young is also registered with the Swiss Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

Business activities

Principal Activities

Zürcher Kantonalbank is positioned as a full-service bank with a regional anchoring. Its strategy is geared towards the needs of its customers in retail banking, private banking, corporate banking and financial institutions & multinationals. Zürcher Kantonalbank’s core businesses include financing, investment and asset management, trading, as well as cards, payment transactions and deposit-taking.

Geographically, Zürcher Kantonalbank’s business activities span the economic Zurich area. Transactions in the rest of Switzerland and abroad are permitted to the extent that Zürcher Kantonalbank is not subject to any disproportionately large risks. The details of the business activities are governed by the business regulation.

For further information about the business activities of Zürcher Kantonalbank please refer to pages 33 to 37 and 45 to 59 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

Prospects

For information on Zürcher Kantonalbank’s prospects please refer to (i) page 22 of the Annual Report 2021, which is incorporated by reference into this Prospectus, and (ii) the management report (*Lagebericht*), set out on pages 24 to 75 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

By their nature, forward-looking statements involve risks and uncertainties, both general and specific, because they relate to events and depend on circumstances that may or may not occur in the future. See “*Forward-Looking Statements*” on page 12 of this Prospectus.

Capital

Capital structure

The core capital of Zürcher Kantonalbank comprises the endowment capital (*Dotationskapital*).

The endowment capital is provided by the Canton of Zurich. It is determined by the cantonal parliament of Zurich and as of 31 December 2021 amounted to CHF 2.425 billion (2020: CHF 2.425 billion) and is fully paid up. On

14 April 2014 the Cantonal Parliament (*Kantonsrat*) decided to increase the endowment capital ceiling, which has an indefinite time limit, by up to CHF 575 million to a maximum of CHF 3.0 billion at any time. On 2 November 2020, the Cantonal Parliament decided to increase the endowment capital ceiling by an additional CHF 425 million to CHF 3.425 billion. This endowment capital reserve of CHF 1.0 billion has not yet been called on, and has been reserved in full for Zürcher Kantonalbank's contingency plan by resolution of the Board of Directors (*Bankrat*) and will be counted towards the gone concern capital component.

Zürcher Kantonalbank creates additional capital resources by retaining earnings. As of 31 December 2021, retained earnings (*Gewinnreserven*) amounted to CHF 9.163 billion on a consolidated basis.

Capital adequacy requirements

As per decree dated 1 November 2013, the Swiss National Bank designated Zürcher Kantonalbank to be a systemically relevant financial institution, leading to the applicability of increased capital requirements to Zürcher Kantonalbank. Based on the Swiss National Bank's designation, the Regulator in August 2014 determined the applicable capital requirements for Zürcher Kantonalbank.

The disclosure of the relevant capital adequacy requirements is currently made on Zürcher Kantonalbank's website in the annual reports and quarterly disclosure reports, which also include the specific disclosure for systemically important banks in accordance with FINMA Circular 2016/01 "Offenlegung – Banken".

As of 31 December 2021, Zürcher Kantonalbank reports the following capital ratios (on a consolidated basis): Common Equity Tier 1 Ratio 17.0 per cent., risk-based-capital ratio (going concern) 18.5 per cent., risk-based capital ratio (gone concern) 4.0 per cent., Leverage Ratio (going concern) 6.2 per cent. and Leverage Ratio (gone concern) 1.3 per cent.

Outstanding conversion and option rights and bonds

As of the reporting date for the financial statements for the 2021 business year, there were no conversion or option rights in relation to the capital of Zürcher Kantonalbank outstanding.

As of the reporting date for the financial statements for the 2021 business year, Zürcher Kantonalbank had certificates of deposit (*Kassenobligationen*) in the amount of CHF 135 million, bonds in the amount of CHF 22.779 billion and covered bonds (*Pfandbriefanleihen*) in the amount of CHF 11.307 billion outstanding. For information on Zürcher Kantonalbank's outstanding bonds as of 31 December 2021 please refer to page 139 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

Own capital

As of the date of this Prospectus, Zürcher Kantonalbank holds none of its own capital.

Ratings

As of the date of this Prospectus, the ratings assigned to Zürcher Kantonalbank by S&P Global Ratings Europe Limited ("**Standard & Poor's**"), Moody's Investors Service, Inc. ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**") are as follows:

Rating Agency	Date	Long-Term Senior Obligations
Standard & Poor's	19 November 2021	AAA (outlook stable)
Moody's	8 November 2021	Aaa (outlook stable)
Fitch	5 May 2021	AAA (outlook stable)

The Bonds are expected upon issue to be rated Aa2 by Moody's.

Fitch, Moody's Investors Service Ltd. and S&P Global Ratings UK Limited are established in the UK and registered under the UK CRA Regulation and, as of the date of this Prospectus, appear on the list of credit rating agencies

registered or certified with the FCA published on its website www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras. Ratings given by Moody's and Standard & Poor's are endorsed by Moody's Investors Service Ltd. (which has endorsed the global sale ratings assigned by its non-UK affiliates, including Moody's) and S&P Global Ratings UK Limited, respectively.

Fitch Ratings Ireland Limited, Moody's Deutschland GmbH and Standard & Poor's are established in the European Union (the "EU") and registered under the EU CRA Regulation and, as of the date of this Prospectus, appear on the list of credit ratings agencies published by ESMA on its website www.esma.europa.eu in accordance with the EU CRA Regulation. Ratings given by Fitch and Moody's are endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively.

Recent Developments

For information on recent developments please refer to pages 84 to 87 of the Annual Report 2021, which is incorporated by reference into this Prospectus.

TAXATION

Switzerland

The following discussion of taxation under the heading “Switzerland” in this section is only an indication of certain tax implications under the laws of Switzerland in force at the date of this Prospectus as they may affect investors, is of a general nature and is not intended to be exhaustive. It applies only to persons who are beneficial owners of Bonds and may not apply to certain classes of person. The Issuer makes no representations as to the completeness of the information nor undertakes any liability of whatsoever nature for the tax implications for investors. Potential investors are strongly advised to consult their own professional advisers in light of their particular circumstances.

Classification of the Bonds for Swiss Taxation Purposes

The Bonds are classified as bonds without a predominant one-time interest payment (*Obligationen ohne überwiegende Einmalverzinsung*; non-IUP) and will be disclosed accordingly on the Swiss Tax Administration’s price list (*Kursliste*).

Swiss Withholding Tax

Interest payments in respect of the Bonds are exempt from Swiss withholding tax under Article 5(1)(g) of the Swiss Withholding Tax Act. In order for the Bonds to qualify for this exemption, FINMA must have approved the Bonds for purposes of meeting regulatory requirements. The Issuer has received such approval from the FINMA on 18 March 2022 and, based thereon, confirmation from the Swiss Tax Administration on 24 March 2022 that the interest paid under the Bonds is exempt from Swiss withholding tax by virtue of the aforementioned exemption in the Swiss Withholding Tax Act.

Swiss Turnover Tax

The issue, sale and delivery of the Bonds on the issue date to the initial Holders of the Bonds is not subject to Swiss securities turnover tax (primary market). The trading of the Bonds in the secondary market is subject to Swiss securities turnover tax at a rate of 0.15 per cent. of the consideration paid for the Bonds traded, if a Swiss domestic (or Principality of Liechtenstein) securities dealer (as defined in the Swiss Stamp Tax Act) is a party to, or acts as an intermediary for, the transaction and no exemption applies in respect of one of the parties to the transaction. In such case and subject to applicable statutory exemptions, typically half of the Swiss securities turnover tax is charged to the one party to the transaction and the other half to the other party.

Swiss Income Taxation

Bonds held by Non-Swiss Holders

Any payment of interest on, or repayment of principal of, the Bonds by the Issuer made to, or gain realized on the sale or redemption of Bonds by, a Holder of a Bond who (i) is not a resident of Switzerland, and (ii) during the taxation year in which such payment is made or gain is realized, has not engaged in trade or business through a permanent establishment in Switzerland to which such Bonds are attributable, will not be subject to any Swiss federal, cantonal or communal income or capital or wealth tax. For a discussion of Swiss withholding tax, see above under “—*Withholding tax*”, for a discussion of the automatic exchange of information in tax matters, see below under “—*International automatic exchange of information in tax matters*”, and for a discussion of the Swiss facilitation of the implementation of FATCA, see below under “—*Swiss facilitation of the implementation of FATCA*”.

Bonds held as Private Assets by Swiss Resident Holders

A person who is an individual resident in Switzerland holding Bonds as private assets is required to include all interest payments on the Bonds, converted at the foreign exchange rate prevailing at the time of payment, in their personal income tax return for the relevant tax period and is taxable on any net taxable income (including the interest payments) for such tax period at the then prevailing tax rates. A gain realised on the sale or other disposal of Bonds, *inter alia*, in respect of interest accrued or foreign exchange rate appreciation or market interest rate depreciation, is a tax-free private capital gain. The same applies for gain realised upon the redemption of Bonds, except when Bonds are redeemed early, in which case compensation for interest accrued paid by the Issuer to a Holder constitutes a taxable interest amount. Conversely, a loss, including in respect of foreign exchange rate depreciation or market

interest rate appreciation realised on the sale or other disposal or redemption of Bonds or a loss resulting from a Contingent Write-down is a private capital loss that is not tax deductible. See “—*Bonds held as Assets of a Trade or Business in Switzerland*” below for a summary on the tax treatment of individuals classified as “professional securities dealers”.

Bonds held as Assets of a Trade or Business in Switzerland

A Holder of a Bond who is (i) a Swiss-resident individual taxpayer that holds such Bond as part of Swiss business assets or (ii) a Swiss-resident corporate taxpayer or corporate or individual taxpayer resident outside of Switzerland that holds such Bond as part of a trade or business carried on through a permanent establishment within Switzerland, is required to recognise (a) any interest payment on such Bond by the Issuer made to such Holder, and (b) any capital gain or loss realised by such Holder on the disposal or redemption of such Bond, and, as the case may be, any loss realised on the write-down of the Bond in its income statement for the respective tax period, and will be taxable on any net taxable earnings for such tax period at the then prevailing tax rate (which tax will, if such Holder is a corporate or individual taxpayer resident outside of Switzerland as described in clause (ii) above, be limited to the extent such net earnings as are allocable to Switzerland).

Swiss-resident individuals who hold Bonds and who, for income tax purposes, are classified as “professional securities dealers” for reasons of, among other things, frequent dealings and leveraged transactions in securities will be treated as though they hold Bonds as part of Swiss business assets and be taxed as described in the paragraph immediately above.

International automatic exchange of information in tax matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (“**AEOI**”) in tax matters, which applies to all EU member states. In addition, Switzerland signed the multilateral competent authority agreement on the automatic exchange of financial account information (the “**MCAA**”), and a number of bilateral AEOI agreements with other countries, most of them on the basis of the MCAA. Based on these agreements and the implementing laws of Switzerland, Switzerland collects and exchanges data in respect of financial assets held in, and income derived thereon and credited to, accounts or deposits (including Bonds held in such accounts or deposits) with a paying agent in Switzerland for the benefit of individuals resident in an EU member state or in another treaty state. An up-to-date list of the AEOI agreements to which Switzerland is a party that are in effect, or signed but not yet in effect, can be found on the website of the State Secretariat for International Financial Matters SIF.

Swiss facilitation of the implementation of FATCA

The United States and Switzerland entered into an intergovernmental agreement (the “**US-Switzerland IGA**”) to facilitate the implementation of FATCA. Under the US-Switzerland IGA, financial institutions acting out of Switzerland generally are directed to become participating foreign financial institutions. The US-Switzerland IGA ensures that accounts held by U.S. persons with Swiss financial institutions (including accounts in which Bonds are held) are disclosed to the US tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance, on the basis of the double taxation agreement between the United States and Switzerland (the “**Treaty**”). The Treaty, as amended in 2019, includes a mechanism for the exchange of information in tax matters upon request between Switzerland and the United States, which is in line with international standards, and allows the United States to make group requests under FATCA concerning non-consenting non-participating foreign financial institutions for periods from 30 June 2014. Furthermore, the Swiss Federal Council approved a mandate for negotiations with the United States on 8 October 2014, with regard to a change from the current direct notification-based regime to a regime where the relevant information is sent to the Swiss Tax Administration, which in turn provides the information to the US tax authorities. It is not yet known when negotiations will continue and if and when any new regime would come into force.

SUBSCRIPTION AND SALE

Subject to the terms and conditions set forth in a Subscription Agreement dated 12 April 2022 (the “**Subscription Agreement**”) among the Issuer and Deutsche Bank Aktiengesellschaft, Société Générale, UBS AG London Branch and Zürcher Kantonalbank as joint lead managers (the “**Joint Lead Managers**”), the Issuer has agreed to issue to the Joint Lead Managers and the Joint Lead Managers have jointly and severally agreed to purchase or find purchasers for the Bonds. The Issuer has, pursuant to the terms of the Subscription Agreement, agreed to pay the Joint Lead Managers certain commissions and to reimburse certain of their expenses in connection with their appointment as Joint Lead Managers, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Bonds.

United States

The Bonds have not been, and will not be, registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented, warranted and agreed in the Subscription Agreement that it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Each Joint Lead Manager has further represented, warranted and agreed that it has offered and sold the Bonds, and will offer and sell the Bonds (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the “**Distribution Compliance Period**”), only in accordance with Rule 903 of Regulation S.

The Bonds are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until the end of the Distribution Compliance Period, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed in the Subscription Agreement that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed in the Subscription Agreement that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed in the Subscription Agreement that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Switzerland

Each Joint Lead Manager has represented, warranted and agreed in the Subscription Agreement that:

- (a) the offering of the Bonds in Switzerland is exempt from the requirement to prepare and publish a prospectus under the FinSA because the Bonds have a minimum denomination of at least CHF 100,000 (or equivalent in another currency). Accordingly, for purposes of the offering of the Bonds, neither this Prospectus nor any other offering or marketing material relating to the Bonds (x) constitutes a prospectus as such term is understood pursuant to article 35 of the FinSA or (y) has been filed or will be filed with, or approved by, a review body pursuant to article 52 of the FinSA; and
- (b) in accordance with article 59(1) of the FinSA and article 86(3) of the Swiss Financial Services Ordinance of 6 November 2019, as amended, no Basic Information Document (*Basisinformationsblatt*) is required for, and no Basic Information Document has been or will be prepared for, the offering of the Bonds.

General

Persons who receive this Prospectus are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Bonds or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of the Bonds under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Joint Lead Manager shall have responsibility therefor. In accordance with the above, the Bonds purchased by any person that it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances that would result in the Issuer being obliged to register any further information memorandum or corresponding document relating to the Bonds in such jurisdiction.

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