

GUARANTEE ANNEX

dated 08 October 2018

GUARANTEE OF POSTFINANCE LTD



*This Guarantee Annex includes the Guarantee of PostFinance Ltd (the "**Guarantor**") in the Issuance and Offering Programme of Leonteq Securities AG dated 08 October 2018 (the "**Programme**") and should always be read together with the Programme. It amends the Chapter VII of the Programme and is published as required by the regulations of SIX Exchange Regulation AG and in accordance with the terms stated in the Programme.*

This Guarantee and all other information contained in this document applies only to Products that are issued by Leonteq Securities AG, which may also be acting through its branch(es), (the "Issuer") under the Programme and that are guaranteed by the Guarantor as and if specified in the respective Final Termsheet.

The execution of this Guarantee was authorized by resolutions adopted by the Executive Board of the Guarantor as of 14 November 2016.

Notices to Investors relating to the Guarantor and/or this Guarantee will be published under the section "About us and jobs" on the Guarantor's website www.postfinance.ch or a successor address.

Products that are guaranteed by the Guarantor are subject to additional termination events as set out in the section "Additional Provisions for Products guaranteed by PostFinance Ltd" below. The products may be early redeemed at any time upon the occurrence of the respective events.

1. Guarantee Agreement:

Guarantee Agreement

(the “**Guarantee**”)

entered into as of 08 October 2018

effective as of 08 October 2018

by and between

PostFinance Ltd

being a private limited company, duly organized and existing under the laws of Switzerland whose registered head office is situated at Mingerstrasse 20, 3030 Bern, Switzerland,

(the “**Guarantor**”)

of the one part

and

LEONTEQ SECURITIES AG

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Europaallee 39, 8004 Zurich, Switzerland,

(hereafter the “**Lead Manager**” or “**Issuer**”)

of the other part

WHEREAS

- (A) Leonteq Securities AG, which may also be acting through its branch(es), (hereafter the “**Lead Manager**” or “**Issuer**”) may from time to time issue products, which may include but not be limited to warrants and structured products, in securitized or uncertificated form (the “**Products**”) under the terms of its Issuance and Offering Programme dated 08 October 2018 as amended from time to time (the “**Programme**”) and as supplemented by the relevant final terms of each Product (the “**Final Termsheet**”, together with the Programme the “**Product Documentation**”).

- (B) The Guarantor has determined to execute this Guarantee (within the meaning of Article 111 of the Swiss Code of Obligations) for the payment of the Redemption Amount, including the potential delivery of the Underlying, as the case may be, or any other cash settlement amount, in cases of the Issuer's failure to make payment of the Redemption Amount, including potential delivery of the Underlying, as the case may be, or any other cash settlement amount for the benefit of the Investor in respect of any Product that is issued by the Issuer and for which PostFinance Ltd acts as Guarantor, as specified in the respective Final Termsheet.

The Guarantor hereby agrees as follows:

1. The Guarantor hereby, subject to the provisions of this Guarantee unconditionally and irrevocably, guarantees to the Lead Manager (which accepts the guarantee commitment on behalf of each Investor), irrespective of the validity and enforceability of the Product Documentation, and waiving all rights of objection and defense arising from the Product Documentation to which the Issuer is entitled (provided that the Guarantor shall retain its own rights of objection and defense arising from the Product Documentation (including this Guarantee) as regards its function as a Guarantor and this Guarantee), the Issuer's obligations in accordance with the Product Documentation for Products which are issued under this Guarantee (the "**Guaranteed Obligations**"), except that the Guarantor is not obliged to settle physically. In the case of Cash Settlement, the Guarantor is obliged to make the cash payment specifically defined in the relevant Final Termsheet. In the case of Delivery of Underlying according to the Final Termsheet, however, the Guarantor is not obliged to physically deliver any Underlying but may elect, irrespective of the provisions in the Final Termsheet, in its absolute and full discretion, Cash Settlement or Delivery of Underlying.
2. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Guarantor shall be relieved of and be fully discharged from all obligations hereunder.
3. **This Guarantee shall be valid for any present or future Product for which PostFinance Ltd acts as Guarantor, as specified in the respective Final Termsheet, and which is issued by the Issuer under the Programme, as amended from time to time, such Product being further specified in the relevant Final Termsheet.** This Guarantee may be terminated by the Guarantor upon thirty calendar days' written notice to the Lead Manager, provided that this Guarantee shall remain in full force and effect with respect to Guaranteed Obligations incurred by the Issuer as a result of Products issued prior to the date on which the Lead Manager was provided with such notice of termination.
4. This Guarantee shall be governed by and construed in accordance with substantive Swiss law (without reference to any provision of conflict of laws). Disputes arising from this Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being Zurich, with the right of appeal to the Swiss Federal Court in Lausanne where the law permits.

THUS DONE AND SIGNED in three originals in Bern and Zurich as of 08 October 2018 and effective as of 08 October 2018.

POSTFINANCE LTD

By: _____

LEONTEQ SECURITIES AG

By: _____

2. Additional Provisions for Products guaranteed by PostFinance Ltd

Termination of the Products due to a Realization Event

The Guarantor shall have the right, but not the obligation, to request the Issuer, in the Guarantor's duly executed discretion (*billiges Ermessen*), to terminate the Products guaranteed by the Guarantor with effect to any Exchange Business Day if a realization event has occurred.

Each of the following events constitutes a realization event (each a "**Realization Event**"):

- (i) if the Federal Financial Market Supervisory Authority orders the withdrawal of the Issuer's securities dealer license under Article 36 SESTA, orders protective measures pursuant to Article 36a SESTA i.c.w. Article 26 para. 1 (f) to (h) Banking Act, or orders restructuring measures or liquidation (insolvency) proceedings pursuant to Article 36a SESTA i.c.w. Article 25 et seq. Banking Act against Leonteq Securities AG. The point decisive for the occurrence of this Realization Event shall be the date on which protective or restructuring measures are ordered or insolvency proceedings are commenced;
- (ii) if a competent foreign financial market supervisory authority, another competent foreign authority or a competent foreign court orders measures comparable to those described in the foregoing section (i). The point decisive for the occurrence of this Realization Event shall be the date on which the measures were ordered or insolvency proceedings or proceedings with a comparable effect are commenced;
- (iii) if the Issuer's or the Guarantor's participation in SIX SIS AG expires. The point decisive for the occurrence of this Realization Event shall be the first day on which banks are open for business in Zurich and Bern after the participation has expired.

Procedures in case of a termination of the Products due to a Realization Event

If the Products are terminated due to a Realization Event, the Products will be early redeemed by paying to each Investor in respect of the Products an amount determined in the Calculation Agent's duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, as representing the Fair Market Value of such Products immediately prior to such termination.

Payment will be made within a reasonable time by the Paying Agent after the occurrence of a Realization Event in such manner as shall be notified to the Investors by the Calculation Agent within a period of not less than ten (10) and not more than thirty (30) Business Days in accordance with the General Terms and Conditions of the Programme "Notices".

Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Paying Agent may – in its duly executed discretion (*billiges Ermessen*) – decide to deliver the Underlying of such Product.

Neither the Issuer nor the Guarantor are obligated to make any further payments and/or deliveries for the Products terminated due to the occurrence of a Realization Event.

3. Description of the respective Guarantor: POSTFINANCE LTD

INCORPORATION AND DURATION

The Guarantor was incorporated and registered in Bern, Switzerland on 11 November 2008 as a private limited company, duly organized and existing under the laws of Switzerland for an unlimited duration. The Guarantor is registered in the commercial register of the canton Bern, Switzerland, under the number CHE-114.583.749.

REGISTERED OFFICE

The Guarantors registered office is located at Mingerstrasse 20, 3030 Bern, Switzerland. The telephone number of the guarantor is +41 (0)848 900 009.

STATUTORY AUDITORS

KPMG AG, Hofgut, 3073 Gümligen, Switzerland

REGULATORY STATUS

PostFinance Ltd is subject to regulation by the Swiss Financial Market Supervisory Authority (FINMA) and has been granted a license in accordance with the Banking Act and the Stock Exchange Act.

PURPOSE

The purpose of PostFinance Ltd is, according to Article 2 of its Articles of Association to provide the following financial services: (i) Payment-transaction services, such as the processing of payment transactions domestically and abroad as well as the execution of counter transactions of all types and complementary products thereto; (ii) Receipt of customer funds in all forms customary in banking; (iii) Account services and services connected thereto, such as electronic solutions; all types of cards, purchase and sale of foreign currency / bank notes and the granting of overdraft limits for payment transactions; (iv) Investments in its own name in the domestic and foreign money and capital market; investments customary in banking as well as refinancing of financial services of other providers and (v) further financial services on behalf of third parties. Activities in the area of trading are limited to the investment of borrowings and the trading for its own account connected thereto as well as to the trading in customers' securities as part of order taking and carrying out (execution only). PostFinance Ltd may carry out all legal transactions which are conducive to the undertaking's purpose, notably: (i) Acquire and dispose of real estate; (ii) Establish companies; (iii) take equity interests in companies; (iv) Borrow from

and invest funds in the money and capital market. However, it does not extend loans and mortgages to third parties at its own risk; (v) it may provide services on behalf of third parties with-in the scope of the normal use of its infrastructure; (vi) the geographical business territory encompasses Switzerland primarily.

ORGANIZATIONAL STRUCTURE OF THE ISSUER AS A GROUP COMPANY



Post Finance Ltd is as a group company of "Die Schweizerische Post AG", a company limited by shares subject to a special statutory regime, which comprises three main subsidiaries: PostFinance Ltd (operates in the retail financial market as described herein), Post CH Ltd (operates in the communication and logistics markets) and PostAuto Schweiz AG (operates in the passenger transport market).

BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors comprises 5 members:

Name	Position held
Rolf Watter	Chairman of the Board of Directors
Marco Durrer	Vice-Chairman Board of Directors
Alex Glanzmann	Member of the Board of Directors
Hans Lauber	Member of the Board of Directors
Michaela Troyanov	Member of the Board of Directors

The Executive Board comprises 9 members:

Name	Position held
Hansruedi Köng	President of the Executive Board
Kurt Fuchs	Member of the Executive Board
Patrick Graf	Member of the Executive Board
Sylvie Meyer	Member of the Executive Board
Gabriela Länger	Member of the Executive Board
Markus Fuhrer	Member of the Executive Board
Beat Jaccottet	Member of the Executive Board
Daniel Mewes	Member of the Executive Board
Felicia Kölliker	Member of the Executive Board

The business address of the Guarantor's Board of Directors and Executive Board is Mingerstrasse 20, 3030 Bern, Switzerland.

PRINCIPAL MARKET

The business area of the Guarantor extends predominantly over Switzerland.

BUSINESS OVERVIEW

PostFinance Ltd is one of Switzerland's leading financial institutions with a history of more than 100 years. PostFinance Ltd offers comprehensive banking services covering all areas of banking to its private and business customers.

RECENT DEVELOPMENTS

The recent developments of PostFinance Ltd are described in the following paragraphs.

ASSETS AND FINANCIAL SITUATION

Customer deposits increased by 2.5 billion francs in the first half of 2018. Further growth was recorded in sight deposits of business customers despite the fact that customer asset fees over a certain exemption limit had to be maintained for selected individual customers due to the negative interest rates on sight deposit balances at the Swiss National Bank ("**SNB**"). The customer asset fee charged to private customers with a credit balance of over one million francs concerns only a very small number of customers, and had only a marginal impact on the development of customer deposits. PostFinance Ltd

continues to invest a large proportion of its assets in long-term fixed-interest financial investments in Switzerland and abroad. A very large amount of liquidity was still held at the SNB as at 30 June 2018.

A trend was observed towards transferring assets from savings accounts to investment products such as funds and shares. PostFinance Ltd provides services in the commission business such as funds, e-trading, life insurance and credit cards in cooperation with partners. For the first time, average customer assets in investment products stand at over 10 billion francs.

PROFIT SITUATION

PostFinance generated earnings before tax ("**EBT**") of 125 million francs in the first half of 2018, which represents a decrease of 247 million francs year-on-year.

The interest differential business is the most important source of revenue for PostFinance Ltd. The ongoing low interest situation is increasingly weighing on interest margins. Interest income decreased by 102 million francs in comparison with the first half of 2017. This situation will remain a challenge for PostFinance Ltd over the next few years.

In addition, operating income in the comparison period benefited from one-off capital gains of 109 million francs from the sale of two equity portfolios in January 2017 as part of the revision of the investment strategy.

In comparison with the first half of 2017, headcount decreased by 131 full-time equivalents to an average of 3,377 full-time equivalents. As part of its new strategic focus, PostFinance Ltd is placing an emphasis on the simplification and digitization of its services and processes. Vacant positions were therefore only partly filled in the first half of the year. PostFinance Ltd outsourced paper-based payment transactions to Swiss Post Solutions Ltd. on 1 June 2018. Around 80 full-time positions were transferred as a result. Personnel expenses fell by 6 million francs.

Investments were required in strategic projects to modernize the core banking systems, which were successfully introduced over the Easter weekend of 2018, leading to additional depreciation and amortization. General and administrative expenses were up year-on-year as a result of these projects.

Despite a consistent focus on costs, the cost-income ratio rose to 79% due to the lower operating income year-on-year. At 4.4 percent, return on equity was in line with our expectations due to the decline in operating income caused by market interest rates, combined with the slight rise in expenses for the modernization of our core banking systems.

BUSINESS OUTLOOK

The ongoing uncertain situation on the domestic and international financial and capital markets with negative interest rates in some cases increasingly presents PostFinance Ltd with significant challenges.

Due to the current investment climate, the high level of liquid assets cannot be profitably invested in the capital market. The negative interest on sight deposit balances charged by the SNB is partly being passed on to major customers and wealthy private customers. Upward pressure on the Swiss franc is expected to persist, despite the intervention by the SNB. An increase in the key rates in Swiss francs in the course of the year can therefore be ruled out.

The competitive disadvantage that PostFinance Ltd has faced by not being able to issue its own loans and mortgages is becoming increasingly pronounced. For this reason, and to guarantee PostFinance's long-term profitability in the current market environment, it is therefore essential to diversify the income structure and to tap into new sources of revenue in which non-interest income can be generated.

Added to this are changing customer requirements: our society, and with it the banking world, is rapidly becoming more and more digital. PostFinance Ltd will therefore pursue several strategic thrusts as it paves the way to become a "digital powerhouse".

On 29 June 2015, the Swiss National Bank ("**SNB**") classified PostFinance Ltd as a domestic systematically important bank. According to the SNB, PostFinance Ltd renders services that are essential for the Swiss economy and cannot be substituted on short notice. This systematic importance underscores PostFinance Ltd's strong position within the Swiss financial market. Based on the disposal of the SNB, and in coordination with the Swiss Financial Market Supervisory Authority (FINMA), PostFinance Ltd is currently identifying the need for action to comply with the requirements for PostFinance Ltd as a domestic systematically important bank. This process is supposed to be completed in the course of the year 2018.

Furthermore, the Swiss Financial Market Supervisory Authority (FINMA) has issued a directive on 22 July 2016, requesting PostFinance Ltd to comply with requirements of the FINMA with respect to additional capital requirements according to Art. 45 Bst. b in connection with Art. 131b of the ERV (the "**ERV**" means "Verordnung über die Eigenmittel und Risikoverteilung für Banken und Effekthändler"). Since PostFinance Ltd's interpretation of the ERV is differing from FINMA's interpretation, PostFinance Ltd has made an appeal against the said directive of the FINMA. Proceedings are ongoing before the competent court.

CAPITAL

As at the date of this Guarantee Annex the capitalization of the PostFinance Ltd amounts to CHF 2'000'000'000.00, divided into 2 million registered shares, each worth CHF 1'000.00. The equity capital is fully paid in and PostFinance Ltd is wholly owned by Swiss Post Ltd.

LEGAL, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

The Guarantor may be involved in legal proceedings in the course of normal business operations. The Guarantor establishes provisions for current and threatened pending legal proceedings if management is

of the opinion that the Guarantor is more likely than not to face payments or losses and if the amount of such payments or losses can be reasonably estimated.

Besides the above and the disclosures made in the audited yearly report for the period ending 2017 and the semi-annual report for the period ending 30 June 2018, if any, the Guarantor is not, or has not been involved, in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Guarantee Annex a significant effect on the financial position or prospects of the Guarantor and its subsidiaries, if any, (taken as a whole) nor, so far as the Guarantor is aware, are any such proceedings pending nor threatened.

MATERIAL CHANGES

Save as published or disclosed herein there has been no material change in the financial position of the PostFinance Ltd since the publication of the PostFinance Ltd's semi-annual report 2018.

INCORPORATION BY REFERENCE

For further information on the Guarantor, reference is made to the following documents, which have been filed with SIX Exchange Regulation together with this Guarantee Annex:

- (i) the Annual Report 2016 of the PostFinance Ltd, as of 31 December 2016
- (ii) the Annual Report 2017 of the PostFinance Ltd, as of 31 December 2017
- (iii) the Semi-annual Report 2018 of the PostFinance Ltd, as of 30 June 2018

These documents shall also be maintained in printed format, for free distribution, at the offices of the Issuer and the Guarantor for a period of twelve months after the publication of the Programme. In addition, the reports of the Guarantor are published on the Guarantor's website, at www.postfinance.ch or a successor address.

4. RESPONSIBILITY:

PostFinance Ltd accepts responsibility for the information in respect of the Guarantee and in this Guarantee Annex. PostFinance Ltd declares that the information contained in the Programme in respect of the Guarantee and in this Guarantee Annex, to the best of its knowledge, in accordance with facts and contains no omission likely to affect its import.

POSTFINANCE LTD

Leonteq Securities AG accepts responsibility for the information contained in the Programme and accepts this Guarantee Annex to form an integral part of the Programme. Leonteq Securities AG declares that the information contained in the Programme, to the best of its knowledge, in accordance with facts and contains no omission likely to affect its import.

LEONTEQ SECURITIES AG

REGISTERED AND PRINCIPAL OFFICES OF THE GUARANTOR

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Mingerstrasse 20
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AUDITORS TO THE GUARANTOR

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