

GUARANTEE ANNEX

dated 08 October 2018

GUARANTEE OF AARGAUISCHE KANTONALBANK



*This Guarantee Annex includes the Guarantee of Aargauische Kantonalbank (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, acting through its Guernsey Branch, (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 management of the Guarantor as of 2 December 2015.

Notices to Investors relating to the Guarantor and/or this Guarantee will be published in German language under the section "Die AKB" on the Guarantor's website www.akb.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 Aargauische Kantonalbank" 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

Aargauische Kantonalbank

being an autonomous institution established, duly organized and existing under the laws of the Canton of Aargau and of the Federation of Switzerland whose registered head office is situated at Bahnhofplatz 1, 5001 Aarau, 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,

(the "**Lead Manager**")

of the other part

WHEREAS

- (A) Leonteq Securities AG, acting through its Guernsey Branch, (the "**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 Aargauische Kantonalbank 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 Aargauische Kantonalbank 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 Aarau and Zurich as of 08 October 2018 and effective as of 08 October 2018.

AARGAUISCHE KANTONALBANK

By: _____

LEONTEQ SECURITIES AG

By: _____

2. Additional Provisions for Products guaranteed by Aargauische Kantonalbank

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 Issuer does not deliver collateral in terms of quality, quantity, timing or otherwise to the extent that the Issuer and the Guarantor have not resolved the shortfall and/or defects of the collateral. The point decisive for the occurrence of this Realization Event shall be the date the Guarantor publishes a notice on its website not earlier than the first day on which banks are open for business in Zurich and Aarau following the failure to resolve the shortfall and/or defects of the collateral;
- (ii) if the Issuer (i) does not honour a payment or delivery commitment under a Product or (ii) does not pay guarantee compensation to the Guarantor when such respective commitment or payment obligation falls due according to its terms, unless those defects are remedied within three (3) days on which banks are open for business in Zurich and Aarau. 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 Aarau after the grace period of three (3) days on which banks are open for business in Zurich and Aarau has expired unused;
- (iii) if the Federal Financial Market Supervisory Authority orders the withdrawal of the Leonteq Securities AG'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;
- (iv) 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 (iii). 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;
- (v) if Leonteq Securities AG'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 Aarau 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 Leonteq Securites AG, nor 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: AARGAUISCHE KANTONALBANK

INCORPORATION AND DURATION

The Guarantor was incorporated and registered in Aarau, Switzerland on 28.12.1912 as an autonomous institution under the law of the Canton of Aargau and of the Federation of Switzerland for an unlimited duration. The Guarantor is registered in the commercial register of the canton Aargau, Switzerland, under the number CHE-105.845.287.

REGISTERED OFFICE

The Guarantors registered office is located at Bahnhofplatz 1, 5000 Aarau, Switzerland. The telephone number of the guarantor is +41 62 835 77 77.

STATUTORY AUDITORS

Ernst & Young AG, Maagplatz 1, 8010 Zürich, Switzerland

REGULATORY STATUS

The Aargauische Kantonalbank is licensed as both a bank and a securities dealer by FINMA and is subject to its supervision.

PURPOSE

The purpose of the Aargauische Kantonalbank is according to law operating a commercial universal bank. The Aargauische Kantonalbank conducts customary banking transactions in accordance with acknowledged banking principles. In addition the Guarantor may conduct any business that serve its corporate development and supports the purpose of the Aargauische Kantonalbank. The Aargauische Kantonalbank can in particular acquire and hold stakes in companies and acquire, encumber, manage and sell real estate. Furthermore, the Guarantor promotes the economic and social development of the canton Aargau taking into account the particular needs of the canton`s population.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors comprises 9 members:

Name	Position held
Dieter Egloff	Chairman of the bank council
Thomas Eichler	Deputy-Chairman bank council
Prof. Dr. Andréa Belliger	Member of the bank council
Hans Bürge	Member of the bank council
Hans Peter Kunz	Member of the bank council
Hans-Ulrich Pfyffer	Member of the bank council
Beni Strub	Member of the bank council
Peter Suter	Member of the bank council
Thomas Peter Zemp	Member of the bank council

The Executive Management comprises 5 members:

Name	Position held
Dieter Widmer	President
René Chopard	Vice President
Stefan Liebich	Member
Patrick Küng	Member
Mirco Hager	Member

The business address of the Guarantor's Board of Directors and Executive Management members is Bahnhofplatz 1, 5001 Aarau, Switzerland.

PRINCIPAL MARKETS

The business area of the Guarantor is predominantly limited to the canton of Aargau and the bordering regions. The Guarantor has 31 branch offices dispersed across all districts of the canton of Aargau and in the adjacent Solothurn area of Olten-Gösgen-Gäu.

BUSINESS OVERVIEW

The Aargauische Kantonalbank is a traditional universal bank for private individuals, companies and communities. The company provides comprehensive banking services covering all areas of banking. The Guarantor's strengths include a personal, accessible advisory service geared to individual client needs, as well as comprehensive and professional support.

RECENT DEVELOPMENTS

Aargauische Kantonalbank reported a profit for the year 2017 of CHF 145.6 million, an increase of CHF 3.5 million or 2.4% on the previous year (CHF 142.2 million). Net result from its interest operations (which is its strongest earnings pillar with a share of around 66%) was CHF 255.3 million, a decrease of CHF 13.6 million or 5.1% less than in the previous year. Mainly driven by CHF 6.9 million lower releases of impairments and the low interest rate environment. Earnings from the commission business and services increased slightly by CHF 3.3 million or 5.7% to a total of CHF 62.3 million. Earnings from the trading business enjoyed another rise of CHF 10.9 million or 21.3% to CHF 61.9 million. Other result from ordinary activities increased from CHF 5.1 million to CHF 6.7 million. With operating income of CHF 386.2 million, it reached a record high, and the operating result of CHF 189.9 million almost seamlessly matches the results of the two previous years. At the end of 2017, total assets stood at CHF 27.0 billion, up CHF 1.7 billion or 6.8% on the previous year.

BUSINESS OUTLOOK

Aargauische Kantonalbank expects to have a good financial year 2018. The economic area of Aargau is in robust shape. The broadly diversified sector mix among companies and the attractive location quality of the canton are likely to outweigh any possible slight signs of a slowdown in the real estate sector. The client portfolio of Aargauische Kantonalbank has a balanced composition with adequate risk exposure and further growth potential. Aargauische Kantonalbank is therefore optimistic that they can sustainably achieve further expansion of their position as the leading regional bank.

CAPITAL

As at the date of this Guarantee Annex the capitalization of the Aargauische Kantonalbank amounts to CHF 200'000'000. The capital is held in its entirety by the Canton of Aargau. The canton of Aargau is liable for all debts of the Guarantor if the resources of the Aargauische Kantonalbank are insufficient.

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 Aargauische Kantonalbank since the publication of the Aargauische Kantonalbank'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 Aargauische Kantonalbank, as of 31 December 2016
- (ii) the Annual Report 2017 of the Aargauische Kantonalbank, as of 31 December 2017
- (iii) the Semi-annual Report 2018 of the Aargauische Kantonalbank, as of 30 June 2018

These documents shall also be maintained in printed format, for free distribution, at the offices of Leonteq Securities AG 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.akb.ch or a successor address.

4. RESPONSIBILITY:

The Aargauische Kantonalbank accepts responsibility for the information in respect of the Guarantee and in this Guarantee Annex. The Aargauische Kantonalbank 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.

AARGAUISCHE KANTONALBANK

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

Aargauische Kantonalbank
Bahnhofplatz 1
5001 Aarau
Switzerland

AUDITORS TO THE GUARANTOR

Ernst & Young AG
Maagplatz 1
8010 Zürich
Switzerland