

# GUARANTEE ANNEX

dated 08 October 2020

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## 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 2020 (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](http://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 2020

effective as of 08 October 2020

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 2020 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 2020 and effective as of 08 October 2020.

**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**

Ernst & Young AG (CHE-441.858.784), Schanzenstrasse 4a, 3008 Bern, 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; (v) asset management and investment advice as well as related securities trading; (vi) securities trading in the context of order acceptance and execution and (vii) further financial services on behalf of third parties. 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. It may provide services on behalf of third parties within the scope of the normal use

of its infrastructure. The geographical business territory encompasses Switzerland primarily. More specific provisions are set out in the organization and business regulations.

## 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 7 members:

### Name

Rolf Watter  
Hans Lauber  
Alex Glanzmann  
Bernadette Koch  
Dr. Michaela Troyanov  
Giulia Fitzpatrick  
Jürg Brun

### Position held

Chairman of the Board of Directors  
Vice-Chairman of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors

The Executive Board comprises 9 members:

| <b>Name</b>      | <b>Position held</b>   |
|------------------|--|
| Hansruedi Köng   | Chief Executive Officer and President of the Executive Board               |
| Sandra Lienhart  | Head of Retail and Member of the Executive Board                           |
| Kurt Fuchs       | Head of Finance and Member of the Executive Board                          |
| Patrick Graf     | Head of Corporates and Member of the Executive Board                       |
| Gabriela Länger  | Head of Working Environment and Member of the Executive Board              |
| Markus Fuhrer    | Head of Delivery Factory IT & Operations and Member of the Executive Board |
| Beat Jaccottet   | Head of Business Development and Member of the Executive Board             |
| Daniel Mewes     | Head of Investment Solutions and Member of the Executive Board             |
| Felicia Kölliker | Head of Risk, Legal & Compliance and 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**

In the year under review, total assets rose by around 10.8 billion francs. This is mainly due to increased activity in the interbank money market. Growth in customer assets amounted to 1.7 billion francs in the first half of 2020. Further growth was recorded in sight deposits of business customers, despite the fact that customer asset fees on credit balances over a certain exemption limit held by selected individual customers had to be maintained due to the negative interest rates on sight deposit balances at the SNB. The customer asset fee charged to private customers with assets of over 250,000 francs concerns only a small number



of customers, and had only a marginal impact on the development of customer deposits. PostFinance 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 2020.

A trend was observed towards transferring assets from savings accounts to investment products such as funds and shares. PostFinance provides services in the commission business such as funds, e-trading, life insurance and credit cards in cooperation with partners. Average customer assets in investment products stand at almost 13 billion francs.

## **FEDERAL COUNCIL ASSISTANCE PROGRAMME: POSTFINANCE MAY GRANT LOANS UP TO 500,000 FRANCS**

The measures taken by the authorities to contain the spread of the coronavirus have far-reaching economic consequences. One of the consequences is that numerous companies have fewer and fewer liquid assets at their disposal to cover their ongoing costs. For this reason, the Federal Council adopted a comprehensive package of measures on 20 March 2020 to cushion the economic impact of the spread of the coronavirus for these companies. Among other things, the affected companies are to quickly and easily receive loan amounts of up to 10 percent of annual turnover or a maximum of 20 million francs.

It is possible for banks to pay out loans of up to 500,000 francs immediately after the processing of an extremely simplified, standardized loan application. These loans are fully guaranteed by the Confederation. PostFinance urged the Federal Council to allow us to participate in this assistance package despite the lending prohibition, so that PostFinance too can contribute to the common good. Our request was approved, which means that since 26 March, PostFinance have been able to quickly and easily grant our business customers loans of up to 500,000 francs. By the end of June, around 17,000 applications with credit limits of 843 million francs had been accepted. Out of this total, 339 million francs, or around 40%, were used.

## **PROFIT SITUATION**

PostFinance generated earnings before tax (EBT) of 38 million francs in the first half of 2020, which represents a decrease of 114 million francs year-on-year.

The interest differential business is the most important source of revenue for PostFinance. The ongoing low interest situation is increasingly weighing on interest margins. Interest income decreased by 38 million francs in comparison with the first half of 2019. As interest rates have been low or even negative for years, the interest margin is being eroded.

As a result of the coronavirus crisis and the lockdown measures introduced in March, revenue from cash transactions at both Swiss Post branches and ATMs fell significantly and had only partially recovered by June. In addition, trading portfolio assets are seeing no substantial conversion gains from cash withdrawals in foreign currencies from ATMs in Switzerland and abroad and from the use of credit cards as a result of the restrictions on travel for our customers. Operating income also came under pressure from unrealized fluctuations in fair value on fund investments, which were recognized in profit or loss. The consequences of COVID-19 will be with us for a long time to come.

Headcount increased by 5 full-time equivalents compared to the first half of 2019. As part of its strategic focus, PostFinance is placing an emphasis on the simplification and digitization of its services and processes. At the same time, however, PostFinance are also pushing ahead with innovations and building up staff in new areas. In the first half of 2020, general and administrative expenses for project services were down year-on-year. Overall, operating expenses remained virtually unchanged at the previous year's level.

The sale of two participations and a subsidiary resulted in a 24 million franc net financial profit in the prior-year period.

## **OUTLOOK**

The ongoing uncertain situation on the domestic and international financial and capital markets with negative interest rates in some cases continues to present PostFinance 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.

PostFinance is operating in a challenging economic and regulatory environment. As interest rates have been low or even negative for years, its interest margin is being eroded.

Switzerland's financial center introduced the QR-bill on 30 June 2020. After a transition period, the changeover to the ISO standard 20022 and the new QR-bill will replace today's domestic inpayment slips. Inpayments at counters and other Swiss Post physical access points became more expensive on this date. This applies to inpayments with red inpayment slips (IS) and orange inpayment slips with reference number (ISR). At the same time, the prices for inpayments with the new QR-bill were set.

The coronavirus crisis is having a far-reaching impact on customer behavior in the area of cash handling and the use of financial services in connection with travel and online purchases. Any partial recovery depends on how the pandemic develops. Our society, and with it the banking world, is rapidly becoming more and more digital. PostFinance will therefore pursue several strategic thrusts as PostFinance pave the way to becoming a digital powerhouse.

## **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**

In 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 has identified the need for action to comply with the requirements for PostFinance Ltd as a domestic systematically important bank. This process is ongoing.

In 2016, the Swiss Financial Market Supervisory Authority (FINMA) has requested PostFinance Ltd to comply with its requirements 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. The Swiss Federal Court has remitted the case to the FINMA for reconsideration.

On 13 November 2018, COMCO launched a formal investigation against five Swiss financial institutions, including PostFinance Ltd. According to its press release, COMCO investigates whether the five financial institutions have boycotted mobile payment solutions of international providers, such as Apple Pay and Samsung Pay, to favour their own Swiss payment solution "TWINT".

Furthermore, 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 2019 and the semi-annual report for the period ending 30 June 2020, 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 2020.

## **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 2018 of the PostFinance Ltd, as of 31 December 2018
- (ii) the Annual Report 2019 of the PostFinance Ltd, as of 31 December 2019
- (iii) the Semi-annual Report 2020 of the PostFinance Ltd, as of 30 June 2020

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](http://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**

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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**

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**REGISTERED AND PRINCIPAL OFFICES OF THE GUARANTOR**

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Mingerstrasse 20  
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