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Mortgage loan: an informed decision

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Your financial architect

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Financing

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BCGE financial pyramid



The food pyramid

The appeal of the food pyramid lies in the fact that it provides a model for healthy eating. It helps to visualise the various food groups and show the relative proportions for each of them: the food at the base is depicted in large quantities with volumes diminishing the higher up the pyramid you go. Any imbalance, especially at the lowest levels, jeopardises the integrity of the entire structure.

The pyramid encourages people to consume a wide variety of food in a balanced manner in order to obtain all the nutrients needed for good health. It's no different when it comes to the health of your finances...

In order to advise you and accompany you in the major financial decisions of your life, Banque Cantonale de Genève has developed an asset management philosophy enabling each person to balance and harmonise their economic situation, according to their financial possibilities, taking into account their interests, life stages and projects.

The main mission of this philosophy is to help you build, protect and secure a return on your assets. It is an innovative methodical approach for structuring your finances in the best possible way.

The financial pyramid summarises our wealth management doctrine, which encompasses everything from cash in private accounts to financial investments, while also ensuring that savings and retirement requirements are met beforehand.

Our BCGE advisers are at your disposal to offer you personalised solutions to ensure the best allocation of your finances.

BCGE mortgage loan index



Cash & liquid assets

The private account represents a reserve providing flexibility to make payments.

We recommend having one to two monthly incomes on this account.

The accumulated surplus would be better deposited in the form of savings, pension funds or investments.



Savings

We recommend building up a good level of savings so you can mobilise at short notice extra cash you might need for extraordinary expenses and private investments.

An amount equivalent to three or four monthly incomes is an average level that everyone can adapt according to their projects.



Pension planning

This level of the pyramid has a longer term horizon. Pension planning is a preventive form of financing prior to retirement, or for what has now become known as a second active life.

It is important to have sufficient income to maintain your standard of living.

Thus, we recommend, that a pension equivalent to 70-90% of one's last salary be available for retirement.

To this end, it is advisable to build up capital by first setting up a 3rd pillar A (private pension plan) and simultaneously assessing the potential for buybacks in the 2nd pillar (occupational pension plan).



Investments

Once the foundations of your financial security (cash, savings and pension) have been optimised, any excess assets should be invested according to a strategy consistent with your investor profile.



Private financing

Finance your personal projects without exceeding your credit potential by opting for a simple financing solution adapted to your financial capacity.

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BCGE: your financial architect

Home ownership is one of the big milestones in your life. It is therefore essential to have a solid partner to finance your real estate project under the best possible conditions, while taking into account the impact on your assets, your tax situation and your pension provision.



Thanks to its many years of experience in this field, which requires extensive knowledge of local conditions, the Banque Cantonale de Genève has become one of the most important providers of real estate loans in the canton of Geneva.

It acts entirely independently and handles transactions quickly and easily, in accordance with its real estate financing guidelines which are governed by the following ten golden rules:

1. Ensure that the buyer has sufficient capital
2. Appraise the object without preconceived ideas
3. Base the calculation on a conservative collateral value
4. Obtain the relevant facts
5. Test the resilience of the financing model
6. Respect the golden financial rules
7. Manage interest rate volatility
8. Clarify the rights and obligations of both parties
9. Continuously monitor the evolution of the loan
10. Examine building energy efficiency

More information at bcge.ch
or from your adviser

Your financial plan

When investing in real estate, it is important to first draw up a financial plan, which defines the initial capital required and the subsequent financial costs. This will help you to calculate precisely the maximum acceptable costs of your future home. This plan is based on two steps:

1. Breakdown of financing between mortgage loan and own funds
2. Assessment of your financial capacity



Mortgage loan

The bank lends you money in the form of a mortgage to finance your real estate purchase (primary or secondary residence for personal use). The property financed by the bank serves as collateral when granting the loan. This collateral is securitised in the form of a mortgage note. As a rule, the loan cannot exceed 80% of the collateral value of the property.

This 80% is made up of a 1st rank of 66.67% and a 2nd rank of 13.33%. The amount of the 2nd rank must be amortised regularly and within a maximum of 15 years. The amortisation corresponds to the repayment of the borrowed capital.

Note: we recommend that you have the property you wish to purchase appraised in advance by independent professionals. There may be a difference between the sale price of the property (the market value) and the value assessed by the bank (the collateral value).

Own funds

To obtain a loan for your real estate project, you must therefore contribute 20% of the value of the property, which will be held by the bank as collateral.

This capital contribution can be made in various ways:

- ▲ Cash: using the assets in your account
- ▲ Income from the sale of securities
- ▲ 2nd pillar: use of your occupational pension assets, either by withdrawing the available sum or by pledging it to your bank
- ▲ 3rd pillar: use of your private pension assets, either by withdrawing the available sum or by pledging it to your bank
- ▲ Life insurance policy with redemption value to be pledged to the bank
- ▲ Non-interest-bearing, non-repayable donations and family loans the use of the property (primary or secondary residence)

At least 10% of the financing as well as the notary fees must be provided by capital that does not come from 2nd pillar assets. In addition, 2nd pillar and 3rd pillar A assets may only be used to purchase a primary residence.

Equity capital 20% minimum	2nd pillar
	Liquid assets 10% minimum

Assessment of your financial capacity

The amount of your income should be sufficient to cover the expenses calculated in your financial plan without difficulty. These should not exceed one third of the gross annual household income. You must take the following financial costs into account:

- ▲ Interest on the debt
- ▲ Obligatory amortisation
- ▲ Maintenance costs of the property

Other costs, such as costs incurred in connection with the purchase of the property must also be taken into account. These costs include notary fees, transfer taxes, land register fees and the costs of setting up a mortgage note. As a rule, you have to finance these costs yourself, although the amount can vary from canton to canton. In order to calculate them accurately, it is advisable to go directly to the website of the notaries of the canton concerned (e.g. Geneva: notaires-geneve.ch).

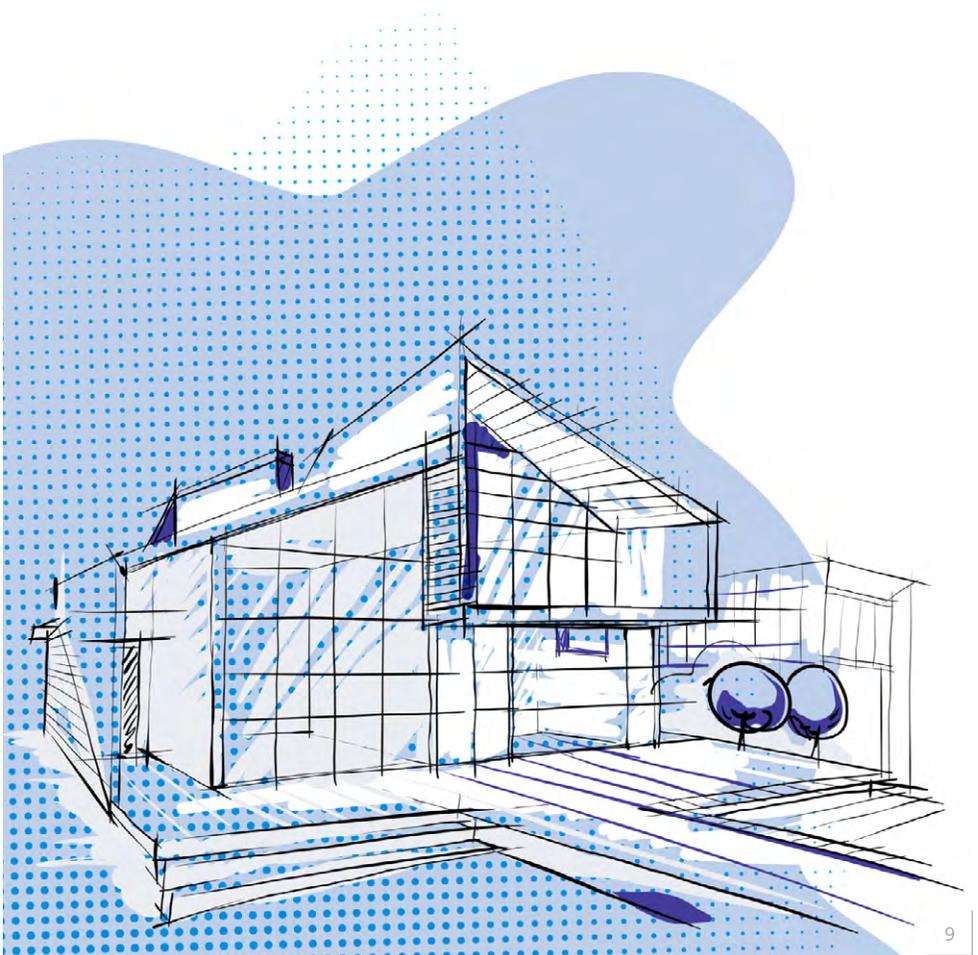
Example of annual financial costs

Value of the real estate	CHF 1,000,000
Own funds (minimum 20%)	CHF 200,000
Mortgage loan (maximum 80%)	CHF 800,000
Theoretical interest cost (4.73% x CHF 800,000)	CHF 37,840
Mandatory amortisation (2nd rank: CHF 133,300/15 years)	CHF 8,887
Theoretical maintenance costs (1% of the value of the real estate)	CHF 10,000
Total theoretical annual financial costs	CHF 56,727
Total theoretical monthly financial costs	CHF 4,727
Minimum household income	CHF 170,181
Affordability rate (CHF 56,727 / CHF 170,181)	33.3%

This financial plan is an example only. BCGE's advisers are at your disposal to help you draw up your personal financial plan. The Banque Cantonale de Genève uses a theoretical annual interest rate of 4.73% which is applied to the

total amount of the loan in the financial viability calculation to ensure that the financing is sound, even in times of high interest rates.

More information at bcge.ch/en/calculateur-hypothecaire



Our mortgage loan solutions

Our financing experts will carry out an analysis of your financial situation during a personal consultation and draw up your mortgage profile.

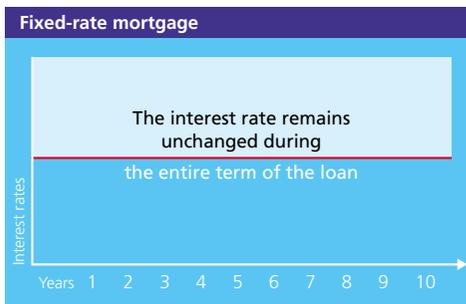
BCGE's wide range of different mortgage loans allows you to find exactly the mortgage that suits your needs and goals, whether you want to count on stable costs, benefit from low interest rates or combine short- and long-term loans.



Fixed-rate mortgage

This type of mortgage loan is the ideal solution if you want to protect yourself against future interest rate fluctuations and are looking for fixed costs.

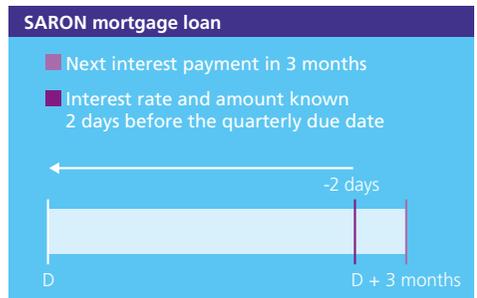
- ▲ Minimum amount: CHF 100,000
- ▲ Period of 2 to 15 years
- ▲ Protection against interest rate variations for the entire term
- ▲ Possibility of splitting your mortgage loan into several instalments
- ▲ Fixed costs during the duration of the contract
- ▲ Avantage service loyalty programme membership



SARON mortgage loan

The SARON mortgage loan gives you the freedom to change the terms of your loan every 3 months once the initial 12-month period has elapsed. It is based on the SARON (Swiss Average Rate Overnight), which reflects the conditions of daily transactions in the secured Swiss franc money market. This type of mortgage loan is intended for people who regularly follow the financial markets.

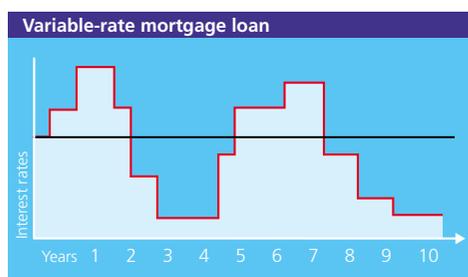
- ▲ Minimum amount: CHF 100,000
- ▲ High flexibility and risk optimisation
- ▲ Attractive interest rate when the general level of rates on the markets is stable or falling
- ▲ Transparent interest rate based on real transactions and published daily
- ▲ Can be converted to a fixed-rate mortgage
- ▲ Avantage service loyalty programme membership



Variable-rate mortgage

This solution is recommended when interest rates are high and you wish to benefit from lower rates in the future. In addition, it gives you maximum flexibility and can be converted into a fixed-rate mortgage at any time.

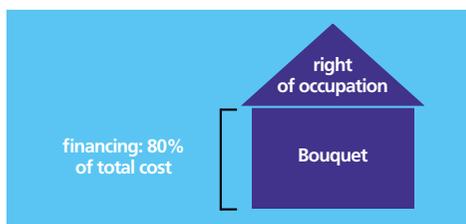
- ▲ Benefit from interest rate cuts on the markets
- ▲ Maximum flexibility
- ▲ Can be converted into a fixed-rate or SARON rate mortgage at any time
- ▲ Advantage service loyalty programme membership



Your mortgage at the best conditions on avantageservice.ch/en/mortgage-loan

Life annuity purchase

Banque Cantonale de Genève supports life annuity financing, i.e. the acquisition of a residential property (PPE¹ flat or detached house) on which the purchaser establishes a right to live in favour of the vendor. BCGE can finance up to 80% of the difference between the market value of the property and the capitalised value of the right to live, known as the bouquet. This option makes it possible for:



- ▲ The buyer to make an acquisition at a lower cost and without uncertainty as to the duration of the annuity payment, and therefore as to its final amount
- ▲ The vendor to be able to remain in his own home while benefiting from the bouquet, which he can convert in whole or in part into an annuity for life with an organisation of his choice, thereby protecting himself against the possible insolvency of a private purchaser

BCGE does not finance life annuities where the purchaser undertakes to pay an annuity in lieu of and in part of the bouquet to the vendor.

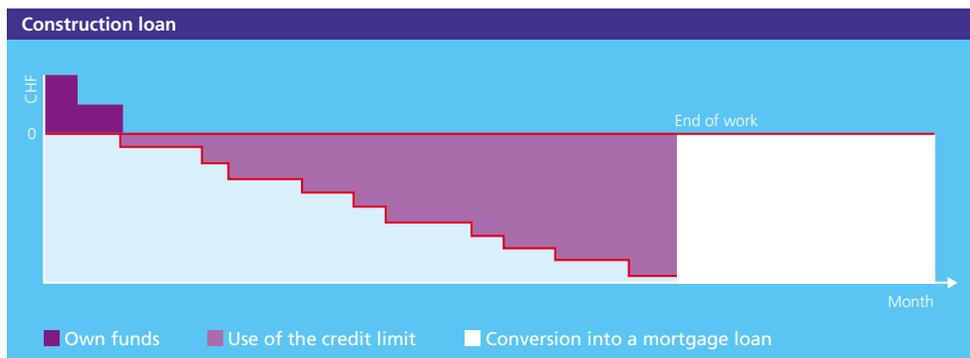
Mortgage loan France

Have you found a property in France and are you earning income in Swiss francs? BCGE offers you the option to finance it as your primary or secondary residence. This way, you pay the instalments in the currency that corresponds to your income and you avoid foreign exchange risks.

- ▲ Choice of a fixed-rate mortgage (2 to 15 years), variable-rate mortgage, SARON mortgage or a combination of different interest rates
- ▲ Flexible repayment of your loan for up to 35 years²
- ▲ Access to the Avantage Service loyalty programme

Construction loan

This is the ideal loan if you want to build your own home, buy a property in a new development or renovate your existing property. BCGE opens a current account in your name with which to pay the invoices received as the work progresses. Once the construction or renovation is completed, the loan can be converted into a mortgage loan.



More information at bcge.ch/en/prets-hypothecaires

² Depending on your age at the time of signing the contract, the duration of the life insurance linked to the loan and the use of the property (primary or secondary residence)

The tax implications of buying real estate

Buying real estate has numerous tax consequences that need to be taken into account in your overall financial plan. Taxation can vary from one canton to another and have different impacts. We therefore recommend that you ask your BCGE adviser to tell you what costs to take into account when calculating your taxes and to explain the various tax implications of a property purchase.

Rental value

This is a tax on the use of your property. The rental value corresponds to a fictitious income that the owner(s) could receive if they were to rent out their property and is considered taxable income.

Interest charges

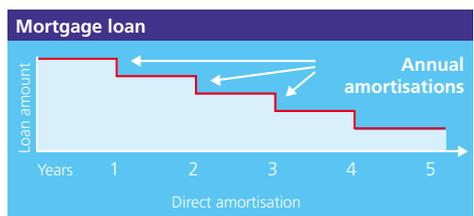
Interest paid on your mortgage each year is deductible from your taxable income.

Maintenance costs

Owning real estate can incur significant maintenance costs. Depending on the age of the property, these costs can represent approximately 0.5% to 1.5% of the value of the property each year. Some of these costs are deductible from your taxable income.

Direct amortisation

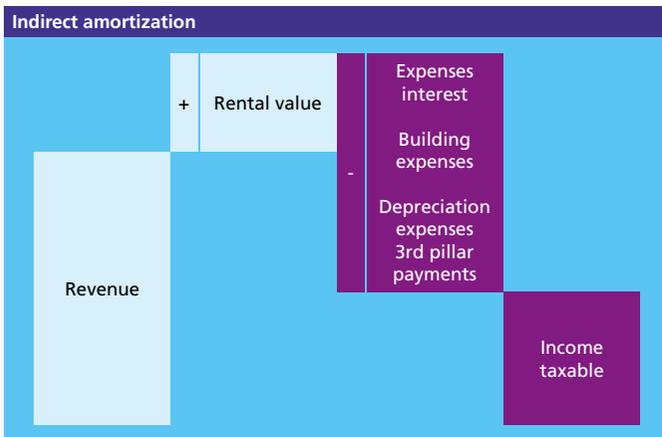
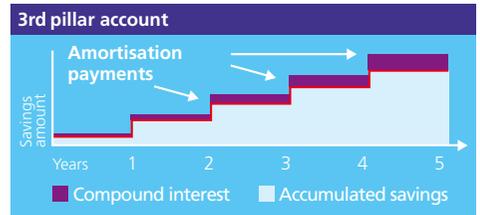
If you opt for direct amortisation, you regularly repay your mortgage to the bank. Your debt and your future interest payments thus decrease with each payment, assuming interest rates remain stable.



Indirect amortisation

If you opt for indirect amortisation via a 3rd pillar pension plan, the payments will be credited to your Epargne 3 account instead of being used to repay your mortgage loan. This means that you not only benefit from tax advantages with the tied 3rd pillar and a constant mortgage debt, but you also improve your private pension provision at the same time.

At the maturity of your 3rd pillar, all or part of the amount saved is used to pay off your mortgage. During the term of the mortgage loan, you can also make voluntary repayments from your 3rd pillar, but only every 5 years. It is important to note that a progressive tax is due on each withdrawal from a tied 3rd pillar, depending on the amount withdrawn.



Financial protection for your family

When you become a homeowner, it is important to check your insurance cover in order to be prepared for unforeseen circumstances, such as incapacity to earn a living as a result of illness or an accident or the death of a spouse.

If there are any shortfalls, we strongly recommend that you protect your family by taking out a life insurance policy to reduce the debt (by at least the amount exceeding 65% of the property's collateral value). This is particularly important when the family income depends mainly on one person.

Banque Cantonale de Genève has a Wealth Planning centre of expertise. It is made up of specialists who can work alongside your finance expert. Together, they can use various analyses to identify any insurance shortfalls or examine the impact of your real estate loan on your retirement provision and assets. This way you can choose the solution that best suits your personal and financial situation.

You can find more information in our Praevisio brochure or at bcge.ch/en/conseil-prevoyance

Personal financing, comprehensive advice



Loyalty programme: **AVANTAGE**SERVICE.CH

If you take out a mortgage loan with our bank for a minimum amount of CHF 200,000 you will automatically receive an interest bonus of 0.5% on your BCGE Epargne account.

By combining your mortgage with other BCGE banking services, you can benefit from an interest bonus on your savings of up to 2%!



More information at avantageservice.ch

Experience, expertise and the network of a cantonal bank

Since 1816, Banque Cantonale de Genève has been assisting its clients with their real estate projects while also offering comprehensive advice. The aim is to study your financial and family situation in order to assess the impact on your tax situation as well as on your pension fund and your assets.

Our financial experts, together with our specialists from the Wealth Planning expertise centre, can offer you various analyses and propose tailor-made solutions. They are at your disposal in our branches in Geneva as well as in our offices in Lausanne, Basel and Zurich.

More information at bcge.ch/en/conseil-prevoyance

BCGE, your partner for energy efficiency

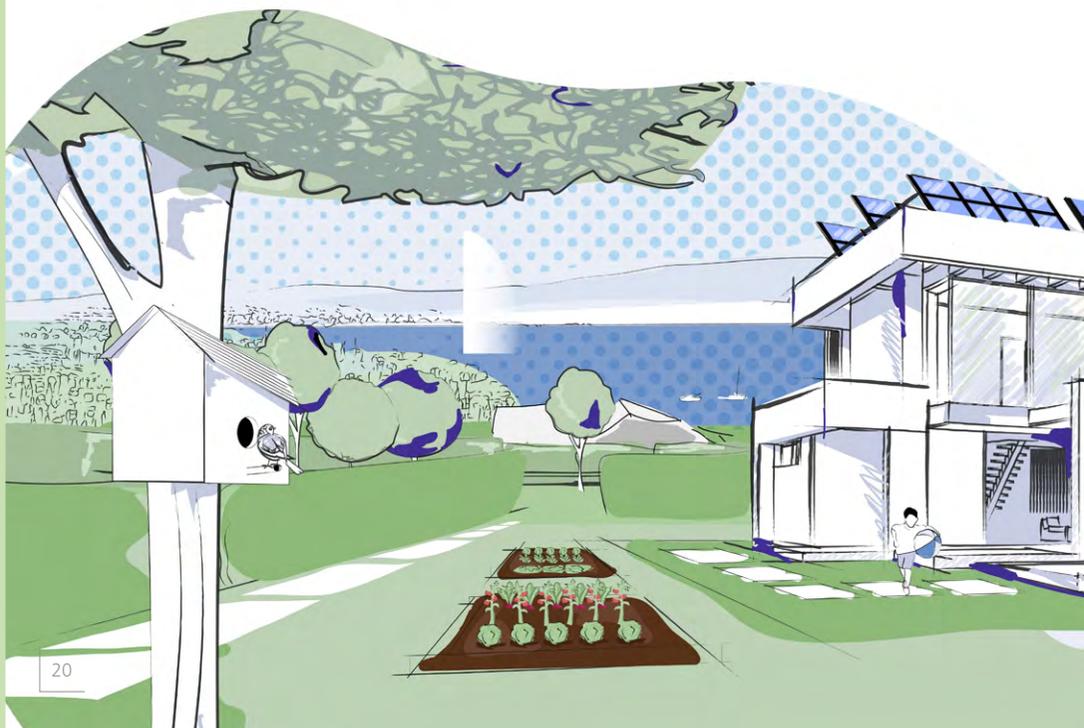
BCGE can assist you in acquiring, renovating and restructuring the financing of your primary or secondary residence.

In application of the directives of the SBA¹, BCGE raises awareness among owners of single-family homes about the energy challenges likely to have a positive or negative impact on the value of their property.

That is why the Bank is encouraging owners of single-family homes to have their home analysed in detail, to assess the cost of renovation and to obtain information on the financial possibilities (subsidies, tax relief and bank financing) as well as their legal obligations. It also encourages owners to consider climatic risks (direct damage, natural causes such as hail, fire, etc.) and energy risks (shortages, price fluctuations, etc.).



BCGE IS COMMITTED



Financing your energy efficiency

In addition to its standard property finance offer, BCGE provides support for better energy efficiency and compliance depending on your personal situation.

Energy Renovation Loan

The Energy Renovation Loan is an advantageous, simple and fast solution for financing your sustainable renovation work. It can also be used for installations with a high energy performance (such as photovoltaic panels), for modernising your heating or hot water system, for renovating the shell of your home, or for replacing your interior fittings.

- ▲ Amount: from CHF 20,000 to CHF 100,000
- ▲ From age 18 up if employed or receiving a pension (including AVS and 2nd pillar)
- ▲ Residence in Switzerland
- ▲ Owner of a property in Switzerland (debtor must be registered in the Land Register)
- ▲ Term: 6 to 60 months

A loan will not be granted if it causes the consumer to become over-indebted.

Apply directly online on our page bcge.ch/en/credit-renovation-energetique-demande



¹ Swiss Bankers Association, June 2022

BCGE and its advisers are not liable for improving the energy efficiency of homes or other buildings and recommend you contact the federal or cantonal specialist third-party service providers for any questions you may have on this subject.

Mortgage loans for improving energy efficiency

All THPE² and HPE³ renovations (including Minergie®⁴) benefit from an accelerated process for BCGE mortgage holders to finance the entire work on the basis of a CECB+ (Cantonal Energy Certification of Buildings).



- ▲ Amount: from CHF 50,000 to CHF 250,000
- ▲ Financing of up to 100% of the renovation work, up to 10% of the appraised value of the property
- ▲ Any grants and subsidies received remain yours, with no impact on the financing granted
- ▲ Simplified procedure
- ▲ Choice of rate and term
- ▲ Advantageous rates

Tailor-made support:

1. Your adviser will inform you of the steps you need to take to finance your renovation
2. A CECB specialist will explain the energy options available to you for your particular project
3. We'll finance your energy project in compliance with the standard rules applicable to the granting of loans

Apply directly online on our page bcge.ch/en/pret-hypothecaire-renovation-energetique



	Minimum amount	Maximum amount ⁵	Financing for the employed and pensioners	Duration	Mortgage note
Energy Renovation Loan	CHF 20,000	CHF 100,000		6-60 months	
Mortgage loans for improving energy efficiency	CHF 50,000	CHF 250,000		According to agreement	

² Very High Energy Performance

³ High Energy Performance

⁴ Minergie® is a quality label for new or renovated buildings that meet certain criteria to limit their impact on the environment and consume as little energy as possible

⁵ For energy renovation projects > CHF 250,000, BCGE offers tailor-made financing options

CECB/CECB+

CECB is the cantons' official energy label and consists of a document that indicates the quality of a building's envelope and overall energy balance, as well as its direct CO₂ emissions, on a 7-class scale (A to G). The CECB is based on a standard calculation method. The same criteria and calculation values apply throughout Switzerland.

In addition to this basic product, the CECB+ offers:

1. A concrete list of measures to improve energy efficiency
2. Recommendations for phased refurbishment
3. Up to three variants for the renovation work
4. The possibility of measuring future additions to the building and including them in the calculation
5. An estimate of the necessary investment and maintenance costs, as well as the potential savings on operating costs, to help you make the right decision
6. The calculation of subsidies, to determine the real investment

Building envelope efficiency reflects the degree of thermal protection. This includes the thermal insulation of the external walls, roof, floors, and windows.

Thermal bridges (e.g. balconies) and the shape of the building are also taken into account. The efficiency of the building envelope is the most important parameter for assessing a building's heating requirements.

The overall energy efficiency of a building includes not only the energy requirements for heating but also the building's technical installations – i.e. heat production, including domestic hot water, electricity requirements and the building's own electricity production.

The classification of direct CO₂ emissions indicates the amount of CO₂ emitted by the building for heating and domestic hot water. This depends on the amount of renewable energy used and the energy efficiency. Zero CO₂ emissions correspond to class A, with class changes being made in increments of 5 kg/(m²a). Upstream emissions, such as electricity and district heating, are not taken into account in the classification.

Source: cecb.ch

More information on our page bcge.ch/en/bcge-partenaire-de-votre-efficience-energetique





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