

# Lending activities

Updates edition 2022 – June 2024

**GENEHMIGT**

• Swiss Banking

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# Corrections and new content (June 2024)

The banking world is changing continually, meaning that the content of the material in BankingToday (BT) also changes from year to year. It is a key objective that the content of BT is always up-to-date.

This is why Compendio Bildungsmedien publishes an updated and corrected version of BankingToday each year.

This update ensures that purchasers of the 2022 edition have up-to-date information in each case:

- This update is supplemented at the beginning of June for three consecutive years and published on [www.compendio.ch/bankingtoday](http://www.compendio.ch/bankingtoday)
- This ensures that all amendments and additions to the teaching material are familiar for preparing the final examinations in summer or in spring.

**Tip:** We recommend noting the amendments and additions contained in the update in the teaching material early in the preparation phase or transferring them to the teaching material. This allows you to benefit from a repetition effect that cannot be underestimated.

Section	Financing 1: Introduction to credit
1.2.1 Three main bank objectives	<p>Clarifications of definition of bulk risks:</p> <p><b>Bulk risks</b> are credit positions equal to 10% or more of the bank's net available equity. As a rule, such a credit position may not exceed 25% of eligible equity.</p>
2.6 Microfinance	<p>New chapter on microfinance:</p> <p><b>Microfinance</b> refers to financial services offered to people from deprived socioeconomic backgrounds or without access to traditional banking.</p> <p>It encompasses a wide range of services, including savings accounts, current accounts, money transfers, microinsurance and microloans. These different forms of service are designed to help people to help themselves, with the aim of boosting economic growth, reducing unemployment and/or supporting small businesses.</p> <p>In addition, some microfinance providers offer help with financial or business education, e. g. by providing support to startups or advising entrepreneurs. Microloans are small loans that provide access to credit for specific groups of people facing social and financial exclusion. This can often include borrowers in industrialised countries, for instance microbusinesses in their startup phase, which tend to lack regular income, collateral and a credit history. One complicating factor is that the required microloan amounts are often below the usual minimum: microloans typically involve amounts between CHF 10 and CHF 25,000. "Microbusinesses" are companies that employ fewer than ten people, with annual sales or a balance sheet of below EUR 2 million.</p> <p>The aim of microloans is the same in developing countries as in the industrialised world: to encourage entrepreneurs to turn their ideas into reality and secure the funds they need to ultimately be able to provide for themselves, e. g. by finding a route out of unemployment. Under the Federal Act on Banks and Savings Banks, a banking licence is normally required to offer microloans in Switzerland, but some simplifications or exemptions are possible under certain circumstances.</p> <p>Crowdfunding should also be mentioned in this context. This is where a large number of backers contribute small amounts to help bring beneficial projects to fruition. Crowdfunding represents a form of competition for banks, and it is quite conceivable that banks might in future define measures and strategies to turn crowdfunding into a new source of revenue and business model of their own.</p>
Chapters 3 + 4	No corrections identified

<b>Section</b>	<b>Financing 2: Asset-based credit, credit against receivables, secured and unsecured credit, guarantee credits, leasing</b>
<b>All chapters</b>	No corrections identified

<b>Section</b>	<b>Financing 3: The mortgage business</b>			
<b>Chapters 1 + 2</b>	No corrections identified.			
<b>3.3.2 Difference between first and second mortgage</b>	Adaptation of fig 3-10: Characteristics of construction loan, first and second mortgage (for owner-occupied residential property)			
	<b>Difference</b>	<b>Construction loan</b>	<b>First mortgage</b>	<b>Second mortgage</b>
	<b>Level</b>	Maximum 80% of market value	Up to 2/3 of market value	The second mortgage, in addition to the first mortgage, can reach up to 80% of the market value and up to 90% with additional collateral.
	<b>Interest rate</b>	Construction loan interest rate plus 0.25% loan commission per quarter	Mortgage rate	0.5 to 1% higher than for the first mortgage (in some cases banks request a standard interest rate for both mortgages)
	<b>Repayment</b>	No repayment; consolidation occurs after completion of construction	No obligation to repay; first mortgage can be left as it is and simply attract interest	The 2nd mortgage must be repaid within 15 years in accordance with the SBA's guideline (within 10 years for investment properties)
	<b>Additional collateral</b>	None	Pledging of following assets if necessary: <ul style="list-style-type: none"> <li>• life insurance policies</li> <li>• pension fund assets (second pillar)</li> <li>• retirement assets (third pillar)</li> </ul>	Pledging of following assets if necessary: <ul style="list-style-type: none"> <li>• life insurance policies</li> <li>• pension fund assets (second pillar)</li> <li>• retirement assets (third pillar)</li> </ul>
	<b>Type of credit</b>	Current account	Loan	Loan

Section	Financing 3: The mortgage business																																																																																																																																																																																
<b>3.3.3 Affordability calculation</b>	<p>2 new examples of affordability calculations with pledging of 3rd and 2nd pillar:</p> <p><b>Example calculation of affordability with pledge of 3rd pillar of CHF 50,000.–.</b></p> <table border="1"> <tr><td>Purchase price</td><td>CHF</td><td>1,000 000.00</td><td>100%</td></tr> <tr><td>Funds from account balances</td><td>CHF</td><td>150,000.00</td><td>15%</td></tr> <tr><td>Pledge 3rd pillar</td><td>CHF</td><td>50,000.00</td><td>5%</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Lending after deduction of 3a</td><td>CHF</td><td>800,000.00</td><td>80%</td></tr> <tr><td>Gross Lending (mortgage)</td><td>CHF</td><td>850,000.00</td><td>85%</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Mortgage ranked 1st</td><td>CHF</td><td>660,000.00</td><td>66%</td></tr> <tr><td>Mortgage ranked 2nd / to be amortised</td><td>CHF</td><td>190,000.00</td><td>19%</td></tr> <tr><td>./. Pledge 3rd pillar</td><td>CHF</td><td>50,000.00</td><td></td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Net Mortgage ranked 2nd</td><td>CHF</td><td>140,000.00</td><td>14%</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Interest</td><td>CHF</td><td>42,500.00</td><td>5%</td></tr> <tr><td>Incidental costs</td><td>CHF</td><td>10,000.00</td><td>1%</td></tr> <tr><td>Amortisation</td><td>CHF</td><td>9,333.33</td><td>15 years</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Total imputed cost</td><td>CHF</td><td>61,833.33</td><td></td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Gross income client</td><td>CHF</td><td>200,000.00</td><td></td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td><b>Affordability</b></td><td></td><td><b>30.92%</b></td><td></td></tr> </table> <p><b>Example calculation of affordability with pledge of 2nd pillar of CHF 50,000.–.</b></p> <table border="1"> <tr><td>Purchase price</td><td>CHF</td><td>1,000 000.00</td><td>100%</td></tr> <tr><td>Funds from account balances</td><td>CHF</td><td>150,000.00</td><td>15%</td></tr> <tr><td>Pledge pension fund</td><td>CHF</td><td>50,000.00</td><td>5%</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Lending after deduction of pension fund</td><td>CHF</td><td>800,000.00</td><td>80%</td></tr> <tr><td>Gross Lending (mortgage)</td><td>CHF</td><td>850,000.00</td><td>85%</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Mortgage ranked 1st</td><td>CHF</td><td>660,000.00</td><td>66%</td></tr> <tr><td>Mortgage ranked 2nd</td><td>CHF</td><td>190,000.00</td><td>19%</td></tr> <tr><td>(Pledge pension fund has to be amortised)</td><td></td><td></td><td></td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Net Mortgage ranked 2nd</td><td>CHF</td><td>190,000.00</td><td>19%</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Interest</td><td>CHF</td><td>42,500.00</td><td>5%</td></tr> <tr><td>Incidental costs</td><td>CHF</td><td>10,000.00</td><td>1%</td></tr> <tr><td>Amortisation</td><td>CHF</td><td>12,666.67</td><td>15 years</td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Total imputed cost</td><td>CHF</td><td>65,166.67</td><td></td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td>Gross income client</td><td>CHF</td><td>200,000.00</td><td></td></tr> <tr><td colspan="4"><hr/></td></tr> <tr><td><b>Affordability</b></td><td><b>CHF</b></td><td><b>32.58%</b></td><td></td></tr> </table>	Purchase price	CHF	1,000 000.00	100%	Funds from account balances	CHF	150,000.00	15%	Pledge 3rd pillar	CHF	50,000.00	5%	<hr/>				Lending after deduction of 3a	CHF	800,000.00	80%	Gross Lending (mortgage)	CHF	850,000.00	85%	<hr/>				Mortgage ranked 1st	CHF	660,000.00	66%	Mortgage ranked 2nd / to be amortised	CHF	190,000.00	19%	./. Pledge 3rd pillar	CHF	50,000.00		<hr/>				Net Mortgage ranked 2nd	CHF	140,000.00	14%	<hr/>				Interest	CHF	42,500.00	5%	Incidental costs	CHF	10,000.00	1%	Amortisation	CHF	9,333.33	15 years	<hr/>				Total imputed cost	CHF	61,833.33		<hr/>				Gross income client	CHF	200,000.00		<hr/>				<b>Affordability</b>		<b>30.92%</b>		Purchase price	CHF	1,000 000.00	100%	Funds from account balances	CHF	150,000.00	15%	Pledge pension fund	CHF	50,000.00	5%	<hr/>				Lending after deduction of pension fund	CHF	800,000.00	80%	Gross Lending (mortgage)	CHF	850,000.00	85%	<hr/>				Mortgage ranked 1st	CHF	660,000.00	66%	Mortgage ranked 2nd	CHF	190,000.00	19%	(Pledge pension fund has to be amortised)				<hr/>				Net Mortgage ranked 2nd	CHF	190,000.00	19%	<hr/>				Interest	CHF	42,500.00	5%	Incidental costs	CHF	10,000.00	1%	Amortisation	CHF	12,666.67	15 years	<hr/>				Total imputed cost	CHF	65,166.67		<hr/>				Gross income client	CHF	200,000.00		<hr/>				<b>Affordability</b>	<b>CHF</b>	<b>32.58%</b>	
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<b>4.1.3 Market value</b>	<p>Adjustment of the calculation of the market value of apartment blocks and commercial properties because the 3:1 calculation method is no longer permitted under the Swiss Banking guidelines for the valuation of loans:</p> <p><b>Market value of apartment blocks and commercial properties</b></p> <p>In the case of apartment blocks an commercial properties, the capitalised income value corresponds to the market value in accordance with the Swiss Banking guidelines for the valuation of loans.</p>																																																																																																																																																																																

## 6 Lending activities

Corrections and new content (June 2024)

Section	Financing 3: The mortgage business
<b>Chapter 4 Summary</b>	<p>Adjustment of the calculation of the market value of apartment blocks and commercial properties because the 3:1 calculation method is no longer permitted under the Swiss Banking guidelines for the valuation of loans:</p> <p>The <b>market value</b> is the value that could be realised if a property was sold on the market today. The bank uses this as a basis for lending in the form of loans and mortgages. The market value of apartment blocks and commercial properties corresponds to the capitalised income value. The market value of owner-occupied family homes corresponds to the depreciated replacement value.</p>

Section	Trade finance
<b>1.2.2 What risks can be insured by SERV?</b>	<p>Supplement to the documentary risk:</p> <p>The documentary risk cannot be insured either. The risk for any contractual defects in the underlying or credit transaction lies with the policyholder.</p>
<b>Chapters 2 + 3</b>	No corrections identified.