Banque Cantonale Vaudoise

Information notice on mortgage loans

Background

After Credit Suisse was taken over by UBS in 2023, the Swiss Confederation, the Swiss Financial Market Supervisory Authority (FINMA), and the Swiss National Bank (SNB) proposed a package of regulatory changes aimed at further strengthening the Swiss banking system. As part of this, the Swiss authorities decided to promote a program managed by the SNB called Liquidity Against Mortgage Collateral (LAMC). Under this program, any Swiss-based bank can obtain liquidity from the SNB by providing collateral in the form of mortgage loans secured by mortgage deeds. By expanding access to liquidity in this way, this program is designed to help strengthen the financial system, in particular in times of crisis.

Banque Cantonale Vaudoise (BCV), despite its financial solidity, has decided to participate in the program, like most Swiss banks, including all of Switzerland's systemically important banks. To meet the obligations of the program, BCV updated its mortgage lending agreements on 17 November 2025 for all new loans. Independently of the LAMC program, the new provisions also enable BCV to issue covered bonds.

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The contractual documents used for BCV's mortgage loans now include provisions on the right to transfer mortgage loans and their accessory rights as collateral and on the fiduciary management of mortgage security interests[1]. Under these provisions, BCV can transfer mortgage loans as collateral to the SNB in the event that BCV wishes to borrow liquidity under the LAMC program.

This information notice contains further explanations of these provisions.

Transferability

When does the transfer provision apply?

The transfer provision can apply in connection with certain funding operations by BCV. Although most of BCV's funding comes from customer deposits and interbank deposits, BCV can also obtain funding through capital market transactions. These market transactions consist of loans from the Central Mortgage-Bond Institution of Swiss Cantonal Banks, the issuance of own-name covered bonds, and debt securities.

Besides these market transactions, BCV can also acquire funding through SNB loans under the LAMC program.

Banks that obtain funding through loans from the Central Mortgage-Bond Institution of Swiss Cantonal Banks, the issuance of own-name covered bonds, or lending under the LAMC program must transfer mortgage loans and their accessory rights (such as the underlying mortgage deeds) as collateral. Such a transfer enables BCV to obtain funding on better terms or to improve its risk management.

What does the transfer provision state?

Under this provision, BCV is allowed to transfer all or part of the mortgage loans it holds, together with their accessory rights, such as mortgage security interests, to any third party in Switzerland or another country. As required under the LAMC program, the third party to which these mortgage loans and accessory rights are transferred are also authorized to transfer the mortgage loans and accessory rights, under its own responsibility, to other third parties in Switzerland or other countries.

The transfer provision also authorizes BCV to grant to the third parties concerned in Switzerland or abroad, including ratings agencies, access to all information and data related to these mortgage loans and to their accessory rights.

To what third parties can BCV make the transfer?

The third parties can be, for example, the SNB, other banks, insurance companies, institutional investors, funds or fund managers, companies created for this purpose (special purpose vehicles), or other investors, in Switzerland or abroad.

If BCV exercises its transfer right, what does that mean for those Clients concerned?

If BCV transfers mortgage loans, nothing will change for any given Client in terms of loan administration. The Client will continue to carry out all mortgage-related operations through BCV, including making mortgage payments. The Client will also be able to count on full and unfettered support from their BCV advisor, who will be available to answer all questions related to the Client's mortgage financing.

In other words, BCV will continue to exercise in its own name or on behalf of the third parties all the rights and obligations related to the claims arising from the mortgage financing.

Could the transfer clause affect the ability to sell the property used as collateral?

No, the transfer clause will not impede in any way the sale of the property used as collateral to secure the mortgage financing.

What is the impact in terms of banking confidentiality and data protection?

The transfer clause allows BCV to transfer to third party assignees in Switzerland or abroad all information and data related to the mortgage financing. This includes the identity information of the Client (the borrower) and of the mortgagor, the amount of the loan, the contractual documents for the mortgage loan, data concerning the financial situation of the Client (the borrower), and other information collected as part of the process of loan approval and management.

The transfer clause therefore requires that BCV be released from its obligation of banking confidentiality and from its other confidentiality and data-protection obligations.

However, in view of such a transfer, BCV is required to ensure that the third parties concerned, if they are not directly subject to Swiss banking confidentiality regulations, contractually agree to comply with them before any information or data is transmitted, and to ensure that they require their own contractual partners to comply with Swiss banking confidentiality regulations.

The information can be made available by any means, including via telecommunications, electronic data transfer, or in-person delivery.

[1] For loan agreements entered into as of 17 November 2025.

Does the Client have a right of set-off if the Client holds a claim against BCV?

BCV also added to its contractual documents for mortgage loans[2] a clause stipulating that the Client waives their right to offset obligations arising from their mortgage financing with any claims held against BCV.

As a result of this waiver, the Client cannot offset any claims held against BCV with those arising from a mortgage loan. The waiver also applies in the event of bankruptcy, insolvency, and/or overindebtedness on the part of BCV. This means that the Client's obligations towards BCV under the mortgage financing remain in place even if the Client's claims against BCV cannot be recovered.

Fiduciary management

What does the clause on fiduciary management cover?

With respect to fiduciary management, BCV authorizes an external entity to manage the mortgage deeds serving as collateral for the mortgage financing. The entity in question, in view of its fiduciary duty, will hold the mortgage security interests in its own name but on BCV's behalf, in accordance with the instructions provided by BCV.

Recourse to an external entity for fiduciary management facilitates and simplifies the process of transferring mortgage deeds between banks, and between banks and the SNB under the LAMC program. This fiduciary mechanism is a requirement of the SNB, which has selected SIX SIS AG as the entity responsible for fiduciary management.

What happens if BCV exercises its right to transfer mortgage security interests to the fiduciary management entity?

If BCV exercises its right to transfer mortgage security interests to a fiduciary management entity, that entity is entered into the land register as the mortgage lender in place of BCV, as long as it is acting in its own name.

Such a transfer does not, however, affect how the mortgage loans are handled or the conditions under which they are released, which remain unchanged, in accordance with the applicable contractual documentation, in the event that the mortgage loans are repaid.

As a result, the transfer of mortgage security interests to a fiduciary management entity has no practical implications for the Client.

What impact does the fiduciary management clause have on banking confidentiality and data protection?

According to the fiduciary management clause, BCV is authorized to transfer all information and data concerning the mortgage security interest agreement to the fiduciary management entity and its contractual partners.

In view of such a transfer, BCV is required to ensure that entity responsible for the fiduciary management of the mortgage security interests, if it is not directly subject to Swiss banking confidentiality regulations, contractually agrees to comply with them before any information is transmitted, and to ensure that it requires its own contractual partners to comply with Swiss banking confidentiality regulations.

Glossary

Mortgage security interests are, for example, paper or registered mortgage deeds.

Mortgage loans are loans backed by mortgage security interests, mortgage deeds, or other mortgage collateral resulting from existing or future mortgage lending agreements.

Mortgage-bond loans are loans granted to banks by the central mortgage-bond institutions created for this purpose by law. These loans are backed directly or indirectly by mortgage loans.

With **covered bonds**, investors lend money to an issuer in exchange for debt securities or other investment products. To protect BCV's investors, mortgage loans are transferred to an ad hoc entity set up for this purpose or pledged to the investors.

[2] For loan agreements entered into as of 17 November 2025.