

# Credit Suisse

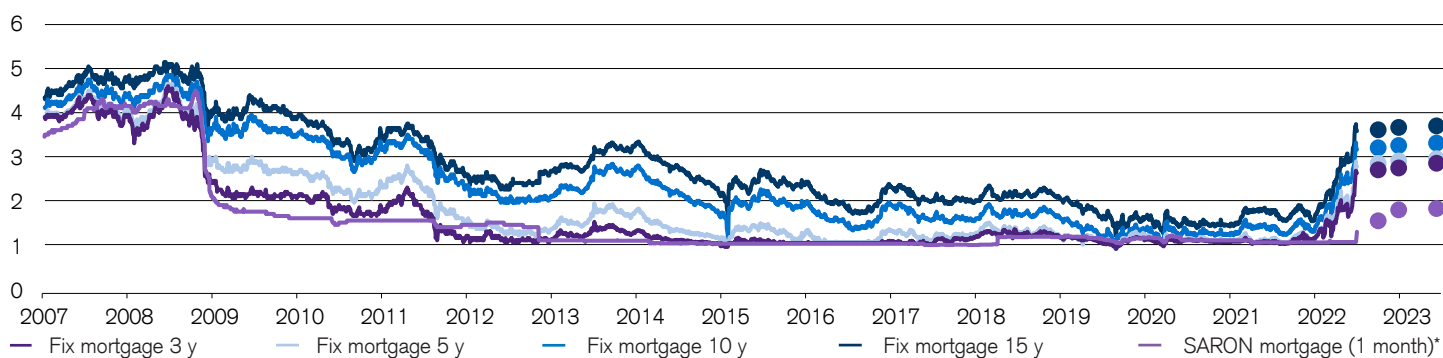
## Mortgage interest rate forecasts

### SARON mortgage rates are rising now, too

The COVID-19 pandemic is now having very little impact on the economy; instead, the outlook is marred by the war in Ukraine and the lockdowns in China. We expect Swiss gross domestic product to grow by 2.5% in 2022. Inflation in Switzerland recently rose to 2.9% as a result of the sharp rise in raw material prices due to the war. To counter these effects, the Swiss National Bank (SNB) unexpectedly raised its prime rate from -0.75% to -0.25% in mid-June. Despite this move, the SNB assumes that inflation will remain over 2% in the short term. We are thus anticipating further rate hikes of a further 50 and 25 basis points in September and December, respectively. The negative interest rate environment in Switzerland is therefore likely to end sometime soon, and the interest rates on Credit Suisse SARON mortgages are likely to move away from their lows.

Overall, we expect a further increase of 50 basis points in the interest rates on SARON mortgages over the coming 12 months. Interest rates on Fix mortgages have increased sharply as a result of the global rise in inflation and the start of a series of expected hikes in key rates in the US. Following their recent steep climb, interest rates are likely to rise minimally, if at all, over the next 12 months. Starting from their current level, we expect another slight upward trend in the interest rates on Fix mortgages of 10 to 25 basis points. This will probably enable the difference in rates between them and Credit Suisse SARON mortgages to narrow a little once more. The trend in interest rates on Fix mortgages is likely to be accompanied by upward and downward spikes, much as it has been until now.

### Interest rates for new mortgages in %



\* Interest rate for SARON mortgage from September 21, 2020. Previous historical interest rates: Flex rollover mortgage (3-month LIBOR).

Source: Credit Suisse; last data point: June 20, 2022

### Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
	20.06.2022	3 months	6 months	12 months	12 months
SARON mortgage (1 month) <sup>1</sup>	1.29	1.54	1.79	1.79	↗
Fix mortgage 3 y <sup>2</sup>	2.63	2.70	2.75	2.85	↗
Fix mortgage 5 y <sup>2</sup>	2.77	2.85	2.90	2.95	↗
Fix mortgage 10 y <sup>2</sup>	3.16	3.20	3.25	3.30	↗
Fix mortgage 15 y <sup>2</sup>	3.58	3.60	3.65	3.70	↗

The interest rates listed are indicative values and apply to top-quality residential property and borrowers with impeccable creditworthiness.

<sup>1</sup> SARON mortgage: The SARON-based interest rate applies to the respective billing period and is determined retroactively at the end of the billing period.

<sup>2</sup> Fix mortgages. Fixed term and interest rate for the entire term.

Historical performance indications or any other data from the past, as well as simulations, target return, forecasts, estimations and expectations are not reliable indicator for current or future performance. To the extent that these materials contain statements about the future, such statements are forward looking and are subject to a number of risks and uncertainties and are not a guarantee of future performance.

# Credit Suisse Financing

## The optimum solution for your mortgage

For the right mix of security and flexibility, we recommend a combination of different mortgages and maturities. This enables you to take into account possible risks of interest rate changes and reduce the risk that the entire mortgage amount will have to be extended at high interest rates. Our recommendation is tailored to your individual risk profile, which we divide into three categories:

### Your strategy

#### Security-oriented

You want to avoid interest rate fluctuations as far as possible and flexibility is not your main concern. Your time horizon is medium to long-term.

#### Balanced

You accept average fluctuations in interest rates and seek medium flexibility. You plan with a medium time horizon.

#### Dynamic

You are interested in a high degree of flexibility and are prepared to accept strong fluctuations in interest rates. Your time horizon is relatively short.

### Further information

The mortgage specialists at Credit Suisse will be glad to advise you on the best product solution for your individual needs.

Call us at 0844 100 114\*

Monday–Friday, 8:00–20:00.

For more information visit our website at

[credit-suisse.com/mortgages](https://credit-suisse.com/mortgages)

\* Please note that telephone conversations may be recorded. By making a call, you acknowledge your agreement with this business practice.

<sup>3</sup> SARON mortgage: The SARON-based interest rate applies to the respective tranche and is already known at the start of the tranche.

To the extent that these materials contain statements about the future, such statements are forward looking and are subject to a number of risks and uncertainties and are not a guarantee of future results/performance.

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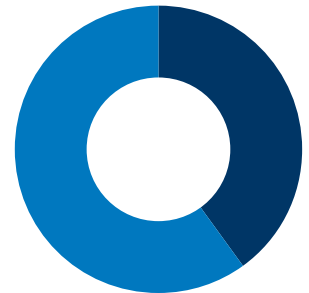
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## Our proposal for the product mix in the current interest rate environment – tailored to your individual risk profile

### Security-oriented

Fix mortgages with different terms

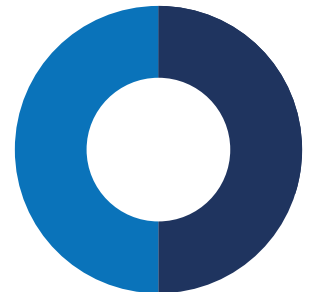
- Fix mortgage, 6 y 40%
- Fix mortgage, 10 y 60%



### Balanced

Combination of Fix and SARON mortgage

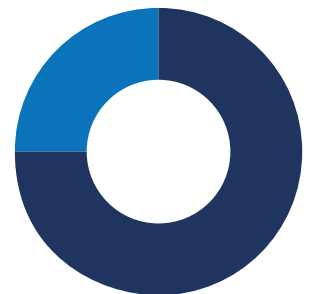
- SARON mortgage<sup>3</sup> (1-mth tranche) 50%
- Fix mortgage, 8 y 50%



### Dynamic

Combination of Fix and SARON mortgage

- SARON mortgage<sup>3</sup> (1-mth tranche) 75%
- Fix mortgage, 5 y 25%



Source: Credit Suisse