

# Credit Suisse

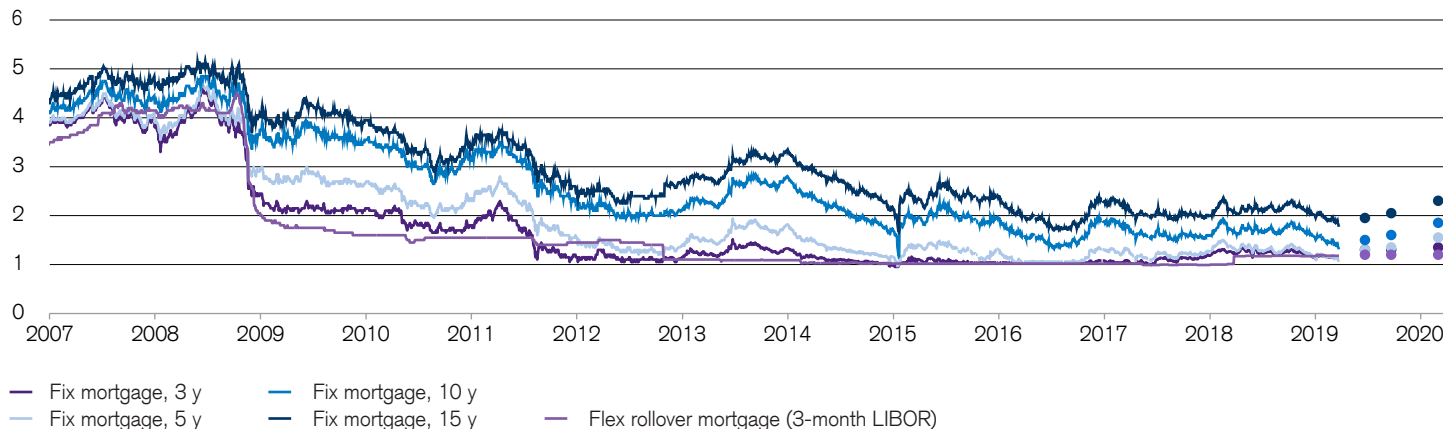
## Mortgage interest rate forecasts

### No change in key rates in sight for quite some time

Economic growth in Switzerland can be expected to slacken to 1.5% in 2019. While growth stimuli from abroad will weaken, we are anticipating slightly stronger domestic consumption. With the US still locked in trade disputes with Europe and China, and political uncertainties unresolved in the EU (Brexit, Italy), global economic risks have become more pronounced. Inflation remains low and the Swiss National Bank (SNB) considers the expected medium-term inflationary trend to be unproblematic. Accordingly, the SNB can continue to make the development of the franc the focus of its monetary policy. We are not expecting the first hike in key interest rates to come until 2021 at the earliest. The precise

timing of this step will depend on economic developments in the euro zone and the monetary policy of the European Central Bank. The interest rates of Flex rollover mortgages are therefore likely to remain close to their current lows over the next twelve months. The interest rates of Fix mortgages have reverted toward their historic lows since the fourth quarter of 2018 due to the rise in economic uncertainty. Over the next 12 months, these interest rates are likely to undergo a gradual rise, increasing by a total of 25 to 55 basis points overall. Further declines are a distinct possibility in the short term, however, and even the anticipated rise is likely be accompanied – as before – by upward and downward fluctuations.

### Interest rates for new mortgages in %



Source: Credit Suisse; Last data point: 01.04.2019

### Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
	01.04.2019	3 mth	6 mth	12 mth	12 mth
Flex rollover mortgage <sup>1</sup>	1.18%	1.18%	1.18%	1.18%	→
Fix mortgage (3 years) <sup>2</sup>	1.10%	1.30%	1.30%	1.35%	↗
Fix mortgage (5 years) <sup>2</sup>	1.10%	1.30%	1.35%	1.55%	↗
Fix mortgage (10 years) <sup>2</sup>	1.31%	1.50%	1.60%	1.85%	↗
Fix mortgage (15 years) <sup>2</sup>	1.76%	1.95%	2.05%	2.30%	↗

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

1 Two-year Flex rollover mortgage. Interest rate based on three-month CHF LIBOR. Interest rate adjusted every three months.

2 Fix mortgages. Fixed term and interest rate for the entire term.

Historical performance indications and financial market scenarios are no guarantee for current or future performance.

# Credit Suisse Financing

## Optimum combination of security and flexibility

We recommend a combination of various mortgages and maturities to achieve an optimum mix between security and flexibility. This structure allows the factoring in of potential interest rate risks and the reduction of the risk of the entire mortgage amount needing to be extended during a high interest phase. Of course, we take into account the optimum mix for your individual risk profile, which we divide into three categories:

### Your risk profile

#### Security-oriented

You have a low tolerance for interest rate fluctuations, do not require flexibility, and have a medium to long-term time horizon.

#### Balanced

You are willing to accept average fluctuations in interest rates, seek medium flexibility, and have a medium time horizon.

#### Dynamic

You are willing to accept high-interest rate fluctuations, want a high degree of flexibility, and plan for a relatively short time horizon.

### 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://www.credit-suisse.com/mortgages)

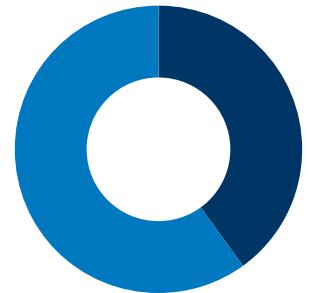
\* Please note that telephone conversations may be recorded. By making a call, you acknowledge your agreement with this business practice.

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

### Security-oriented

Fix mortgages with different terms

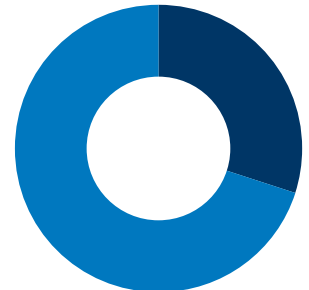
- Fix mortgage, 8 y 40%
- Fix mortgage, 12 y 60%



### Balanced

Combination of Fix and Flex rollover mortgage

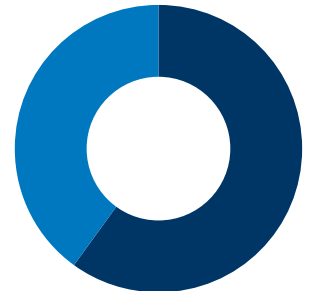
- Flex rollover mortgage (3-month LIBOR) 30%
- Fix mortgage, 12 y 70%



### Dynamic

Combination of Fix and Flex rollover mortgage

- Flex rollover mortgage (3-month LIBOR) 60%
- Fix mortgage, 12 y 40%



Source: Credit Suisse

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