

# Credit Suisse

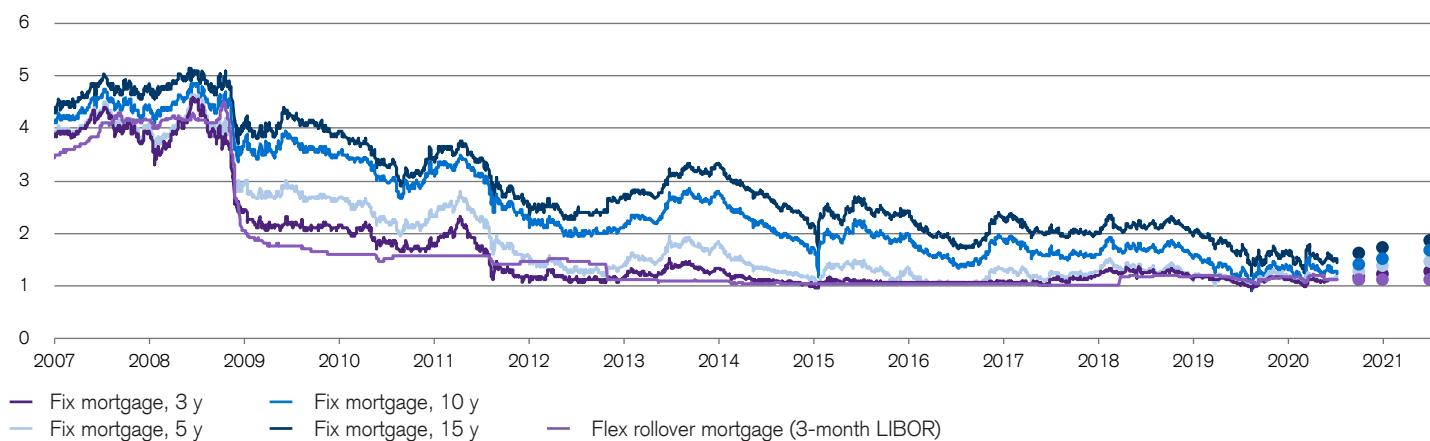
## Mortgage interest rate forecasts

### Mortgage rates still at very low levels

The Swiss economy has gone into a deep recession as a result of COVID-19. We anticipate a significant 4% drop in gross domestic product for the current year. Initial signs of a recovery are already emerging. However, the road back to normality will be long and will depend on how the pandemic develops. The Swiss economy is receiving strong financial support from the federal government and cantons. For that reason, we do not expect any additional support from the Swiss National Bank in the form of another cut in key interest rates. But with inflation likely to remain low, we foresee an extension of the negative interest-rate environment. On that basis, we do not expect a hike in the base rate before the end of 2021.

Interest rates for Flex rollover mortgages are therefore likely to remain at their historically low level for the next 12 months. Interest rates for Fix mortgages, on the other hand, have been very volatile over the last few months due to the high degree of economic uncertainty; however, they are now almost back to their historical lows. Provided the economic recovery continues, we expect a slight rise in interest rates for Fix mortgages of 15 to 40 basis points over the coming 12 months. Even so, interest rates are therefore set to remain at very low levels in historical terms. In addition, this development is likely to be accompanied – as before – by upward and downward fluctuations.

### Interest rates for new mortgages in %



Source: Credit Suisse; Last data point: 14.07.2020

### Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
	14.07.2020	3 mth	6 mth	12 mth	12 mth
Flex rollover mortgage <sup>1</sup>	1.10%	1.10%	1.10%	1.10%	→
Fix mortgage (3 years) <sup>2</sup>	1.09%	1.15%	1.20%	1.25%	↗
Fix mortgage (5 years) <sup>2</sup>	1.11%	1.25%	1.35%	1.45%	↗
Fix mortgage (10 years) <sup>2</sup>	1.25%	1.40%	1.50%	1.65%	↗
Fix mortgage (15 years) <sup>2</sup>	1.48%	1.60%	1.70%	1.85%	↗

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

<sup>1</sup> One-year Flex rollover mortgage. Interest rate based on three-month CHF LIBOR. Interest rate adjusted every three months.

<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.

# 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 risk profile

#### 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.

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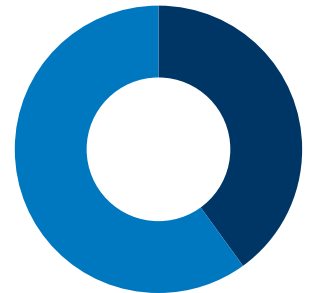
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## Our proposal for the product mix in the current interest rate environment – tailored to your individual risk profile

### Security-oriented

Fix mortgages with different terms

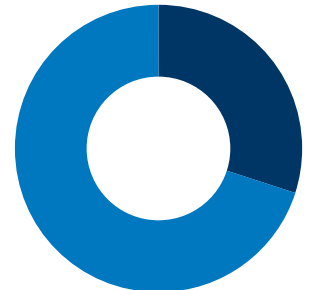
- Fix mortgage, 8 y 40%
- Fix mortgage, 12 y 60%



### Balanced

Combination of Fix and Flex rollover mortgage

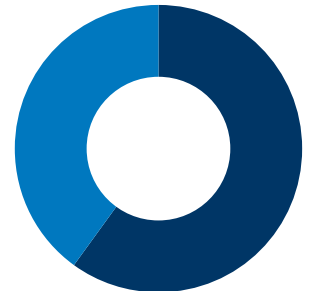
- Flex rollover mortgage (3-month LIBOR) 30%
- Fix mortgage, 12 y 70%



### Dynamic

Combination of Fix and Flex rollover mortgage

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



Source: Credit Suisse