

Credit Suisse

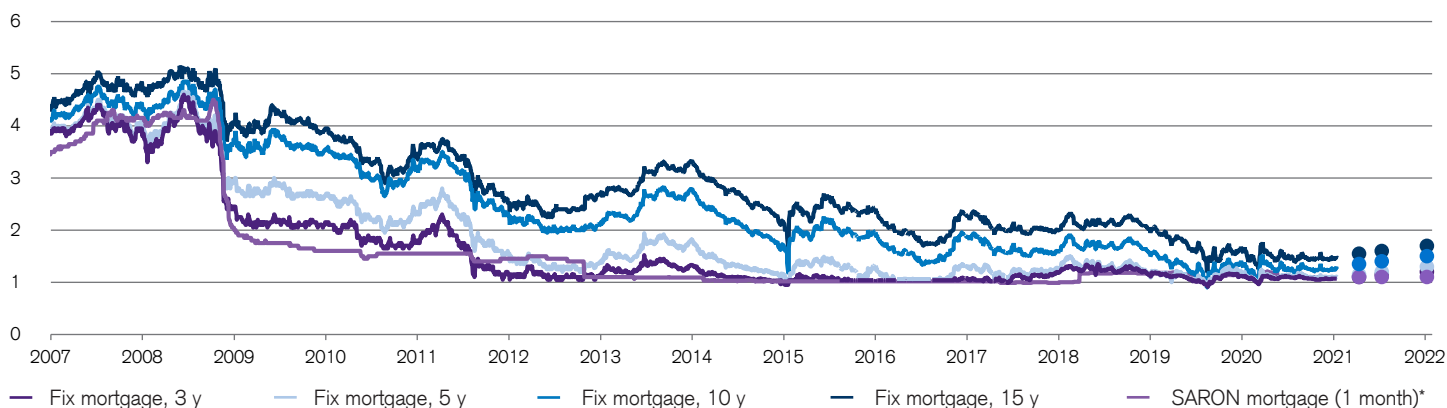
Mortgage interest rate forecasts

Mortgage interest rates to remain very low in 2021

The Swiss economy will continue to be dominated by COVID-19 in 2021. Due to the latest lockdown, the economic situation is set to remain very challenging in the near term. A broad-based economic revival is nevertheless expected from the middle of 2021; indeed we expect GDP to grow by 3.5% for the year as a whole. The Swiss National Bank will continue to resist an appreciation of the Swiss franc, if possible without having to cut negative interest rates again. 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 2022 at the earliest.

Interest rates for SARON mortgages, which have replaced the previous Flex rollover mortgage (3-month LIBOR), are therefore likely to remain at their historically low level for the next 12 months. Interest rates for Fix mortgages likewise remain very low, but in contrast with SARON mortgages we expect them to show a slight rise of 10 to 25 basis points over the coming 12 months – provided the economic recovery continues. As before, this development is likely to be accompanied by upward and downward fluctuations. Overall, interest rates are therefore set to remain at very low levels in historical terms over the next 12 months.

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: January 18, 2021

Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
	18.01.2021	3 mth	6 mth	12 mth	12 mth
SARON mortgage (1 month) ¹	1.10%	1.10%	1.10%	1.10%	→
Fix mortgage (3 years) ²	1.07%	1.10%	1.15%	1.20%	↗
Fix mortgage (5 years) ²	1.10%	1.15%	1.20%	1.30%	↗
Fix mortgage (10 years) ²	1.25%	1.35%	1.40%	1.50%	↗
Fix mortgage (15 years) ²	1.46%	1.55%	1.60%	1.70%	↗

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

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

2 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

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

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

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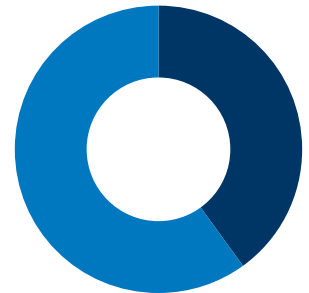
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Our proposal for the product mix in the current interest rate environment – tailored to your individual risk profile

Security-oriented

Fix mortgages with different terms

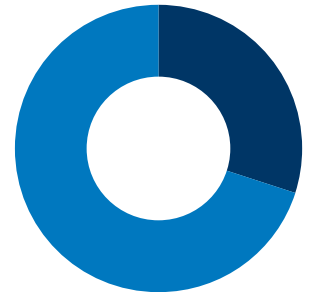
- Fix mortgage, 8 y 40%
- Fix mortgage, 12 y 60%



Balanced

Combination of Fix and SARON rollover mortgage

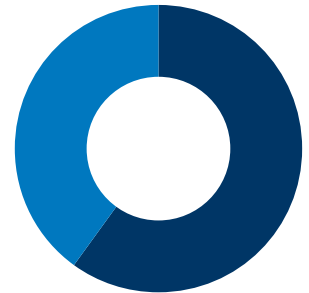
- SARON rollover mortgage³ (1-mth tranche) 30%
- Fix mortgage, 12 y 70%



Dynamic

Combination of Fix and SARON rollover mortgage

- SARON rollover mortgage³ (1-mth tranche) 60%
- Fix mortgage, 12 y 40%



Source: Credit Suisse