

Interest rate forecast for companies

key4 mortgages in the current interest rate environment – July 2022

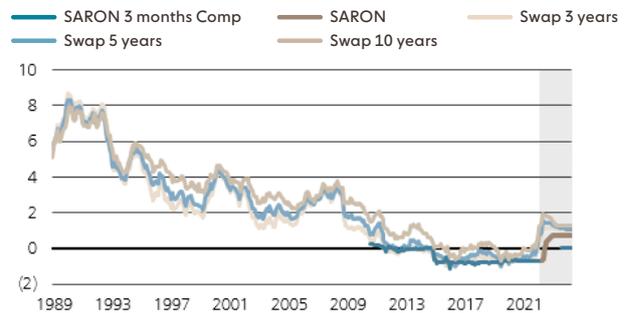


Surprise move by the National Bank

On 16 June, the Swiss National Bank (SNB) raised key interest rates by 0.5 percentage points to -0.25 percent. The SNB was expected to raise key interest rates, but only following the prior, anticipated rate hike by the European Central Bank in July. The reason given by the Swiss National Bank for this early rate hike was its desire to counter higher inflationary pressures in Switzerland. The SNB's rate hike is unlikely to be its last. We expect the SNB to raise key interest rates to 0.75 percent by the middle of next year.

The surprise announcement by the Swiss National bank (and other central banks) has led to a significant increase in long-term interest rates (e.g. over ten years). In recent days, however, fears of a recession have been responsible for an equally sharp fall. We expect interest rates for federal bonds and mortgages to move sideways in the coming quarters with no clear trend. In these uncertain times – for central banks and investors alike – we must continue to expect sharp fluctuations in interest rates.

Long-term interest rate trend in %



Sources: Bloomberg, UBS Switzerland AG

This is only an indicative interest rate. The effective interest rate is calculated using the margin + Compounded SARON of the accounting period. The Compounded SARON cannot be negative.

Interest rate forecast in figures

	05.07.22	31.12.22	30.06.23	31.12.23	30.06.24
SARON	-0.21	0.50	0.75	0.75	0.75
Swap 3 years	0.70	1.34	1.25	1.14	1.05
Swap 5 years	0.98	1.47	1.29	1.21	1.14
Swap 10 years	1.52	1.80	1.38	1.38	1.36

Sources: Bloomberg, UBS Switzerland AG

Please note that the stated interest rate is in part a forecast and the actual interest rate may be higher or lower.

The perfect real estate financing for every need

The type of financing has a significant effect on the profitability of your investment properties. We offer you tailor-made financing models and support you in optimizing your earnings through the whole life cycle of your properties.

- With a key4 fixed-rate Mortgage or a key4 fixed-rate Loan, we fix the capital, duration and interest rate in the long term. This makes calculating costs easy.
- If you are looking for highly flexible, short-term financing, we recommend key4 fixed advances, a key4 Floating Rate loan or a key4 SARON Flex Mortgage.

With an overall limit under key4 Real Estate financing, you have maximum flexibility for covering your financial needs thanks to a variety of loan usage options.

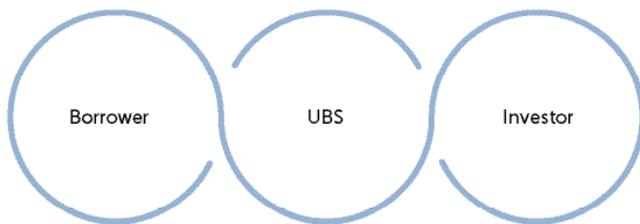
key4 mortgages offer attractive combinations for all mortgage profiles under any interest rate conditions

Interest rate level	key4 fixed-rate mortgage			key4 SARON mortgage
	short	medium	long	
high	●	●	●	●
decreasing	●	●	●	●
normal	●	●	●	●
rising	●	●	●	●
low	●	●	●	●

● suitable ● suitable under certain conditions ● not suitable

What you can expect from key4

key4 is a platform for financing investment property, where borrowers and Swiss institutional investors searching for reliable long-term financing opportunities in the Swiss real estate sector can meet. Place just one request and you will receive multiple offers at the best possible conditions from the range of available products. The offers are easy to compare and the choice of investor is completely up to you.



- ✓ **Always at your side**
We assess and broker requests and take care of the entire administration.
- ✓ **Several offers**
With one request you will receive several attractive offers.
- ✓ **Transparent costs**
There are no hidden costs. You only pay fees if you take out a mortgage.

UBS Switzerland AG
key4 investment properties
Lending Platforms
P.O. Box
8098 Zurich

For all your questions

-  key4.ch
-  sh-key4-ipre@ubs.ch
-  0844 003 399