

Interest rate forecast for companies

key4 mortgages in the current interest rate environment – September 2022



High volatility likely to persist

Interest rates in Switzerland have weathered a summer of ups and downs. In June, interest rates on 10-year Swiss government bonds were trading near the 1.4 percent mark. Yet just one month later, rates had fallen below 0.4 percent. They have since risen again to 0.7 percent. The reason for the high volatility is the uncertain economic outlook. Whereas the focus in June was still on inflation risks and strong interest rate hikes by central banks, in July the focus shifted to recession risks. The bond market suddenly no longer wanted to hear about interest rate hikes.

Uncertainty is likely to remain with us in the coming months. For the second half of the year, we expect the tug of war between inflation and recession fears to continue, causing high volatility on the bond markets. Provided the energy crisis in Europe does not lead to a deep recession in the eurozone and Switzerland, the European Central Bank and the Swiss National Bank are likely to raise their key interest rates gradually in the coming quarters. This in turn would be reflected in slightly higher interest rates for federal bonds and mortgages. In these uncertain times, however, continued high fluctuation in interest rates is to be expected.

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

	30.08.22	31.12.22	30.06.23	31.12.23	30.06.24
SARON	-0.21	0.50	0.75	0.78	0.82
Swap 3 years	1.23	0.90	0.87	0.86	0.91
Swap 5 years	1.39	1.06	1.03	1.01	1.05
Swap 10 years	1.70	1.64	1.59	1.52	1.50

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.

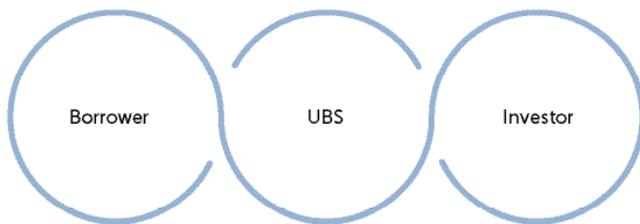
key4 mortgages offer attractive combinations for all mortgage profiles under any interest rate conditions

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