

Interest rate comparison

Type of mortgages

The type of mortgage that is right for you depends on several factors: the amount of the loan, your income and life situation, your age and more. All this requires a considered mortgage strategy. Depending on personal wealth and individual security requirements, one of the following three mortgages, or a combination of these, may be considered:

Fixed-rate mortgage

This mortgage is concluded with a fixed interest rate for the entire term. Typical terms are between 2 and 10 years. This mortgage is less risky compared to the other models. As the interest rate remains constant, no additional charges are incurred in the event of rising interest rates. However, this also means that one is not able to profit if the interest rates for fixed rate mortgages become more favorable. Fixed-rate mortgages are very popular among the clients, however several factors need to be considered, when selecting the mortgage type.

Fixed-rate mortgages traditionally offer the greatest planning security. The borrower and the mortgage lender agree on a fixed loan amount, a mortgage rate and a fixed term. Once the loan agreement has been signed, changes in the interest rate market no longer have any influence. The conditions of a fixed-rate mortgage will depend on the general situation of the interest rate market. The term of the mortgage, the amortization rate as well as the income and assets of the borrower also provide important factors for conditions of fixed-rate mortgages. In addition, significant differences result from the different offers of the banks.

What should be considered when taking out a fixed-rate mortgage?

Shorter mortgage terms are usually associated with lower interest rates. Most of the mortgages offered on the market have a duration between 3 and 10 years. However, banks and insurance companies also offer mortgage terms below and above these values. The interest rate of a fixed-rate mortgage is set when signing the loan agreement.

The loan amount depends primarily on the value of the property. The lower value of the market value (bank-internal estimate) and the selling price is used as the basis for the maximum loan amount. Because the property value serves as collateral for the bank, the loan amount of a mortgage does not exceed the current value of the property. In addition, the lending institutions set a buffer between the value of the property and the maximum amount of the loan amount. As a rule, banks and insurance companies finance a maximum of up to 80 percent.

The repayment / amortization period is directly related to the amount of agreed amortization payments and the term of the mortgage. The borrower and the bank agree on an annual amount of amortization payments at the beginning of the term. This amount depends largely on the additional financial burden that borrowers can carry. Depending on

each case, banks sometimes allow for limited adjustments to the amortization payments to be able to react to a changed income situation.

When are fixed-rate mortgages the right choice?

Planning security and protection against rising interest rates make fixed-rate mortgages a particularly attractive mortgage model, and so the Swiss mostly use fixed-rate mortgages to finance their own homes. However, a fixed-rate mortgage may not always be the best solution. The long-term fixing of the mortgage can become a disadvantage in the event of changing circumstances, for example work-related changes or a change of residence.

Other important things to consider, when choosing fixed-rate mortgage

When taking out a long-term fixed-rate mortgage, it is natural to assume that no major changes in income or personal circumstances will occur. However, it's just not possible to plan everything, and matters such as divorce, change of employment, or the death of a (marriage) partner may have serious financial consequences and can rarely be foreseen. In such situations lenders will generally allow the borrower to exit from the mortgage contract.

However, this will be subject to conditions, and the termination of a mortgage will often necessitate the sale of the property. Sometimes termination can be avoided if the borrower is able to find a buyer willing to take over the property along with the mortgage – though such transfer still requires the lender's approval. Mortgage termination may trigger an indemnity payment, and if so, the cost will depend on three factors:

1. The loan interest rate
2. The remaining mortgage loan term
3. The interest rate at which the lender can invest the money repaid

If the borrower repays a loan before expiry of the agreed term, the lender will then have to reinvest the money repaid in order to mitigate the loss of income from the loan interest. And if the interest rate available on the capital market is below that of the mortgage loan agreement, the borrower will be obliged to pay the difference. Conversely, if the lender secures a higher interest rate, and thus earns additional income, this will not necessarily be passed on to the former borrower – all will depend on the structure of the loan agreement.

LIBOR mortgage

This mortgage model is based on the London Interbank Offered Rate, an average interest rate for money transactions between large international banks, which is established daily. The term is usually between 2 and 6 years. The mortgage is then fixed for the next 1 to 6 months, depending on the agreement, then an adjustment is made. The interest rates of LIBOR mortgages are subject to short-term fluctuations.

Through this mechanism, the calculation of the Libor mortgage for residential customers is particularly comprehensible. However, this does not mean that all deals are offered on the

market at the same rates, which is why a Libor mortgage should always be compared. In addition to the Libor rate, each bank proposes an individual margin on the interest rate. In addition, the interest rate should not be the only criterion in the decision.

The Libor mortgage compared to other mortgage types

In recent years, the Libor mortgage has been the most favourable way of financing for real estate ownership compared to the variable and fixed-rate mortgages. The conditions of the financial market were favourable for the banks, and they are obliged to directly pass on the favourable rates to consumers.

Compared to the Libor mortgage, the composition of interest rates is less transparent for fixed-rate mortgages and variable-rate mortgages. In those cases, customers can not directly understand how banks apply the conditions of the financial market when calculating the interest rate and the height of the respective margin. Banks are free, for example, to set interest rates for variable-rate mortgages and often issue them at significantly higher interest rates than Libor mortgages.

The advantages and disadvantages of Libor mortgages at a glance

The Libor mortgage has been the most favourable mortgage in recent years, particularly if interest rates fall after the credit agreement is concluded as the mortgage holder will benefit. Customers will also have the opportunity at the beginning of the contract to set the interval at which the interest rate adjustments are made to changes in the Libor rate. Common variants are found with adjustments in 3 and 6-month intervals.

The advantages are offset by the scenario of rising interest rates and uncertainties in the financing calculation. As the Libor mortgage is terminated with a fixed maturity, there is a risk of having to bear a financial burden in times of rising interest rates. Since forecasts for interest rate developments are always uncertain, mortgage clients should have a sufficient financial cushion when considering a Libor mortgage.

Protection against rising Libor interest rates

As a general rule, anyone who has a Libor mortgage should have financial reserves available to cope with an increase in the interest rate. In addition, mortgage holders are not completely powerless as interest rates rise. You can make an interest cap (CAP) when you sign a contract, and you will be insured if any additional costs are incurred. This interest rate hedge is associated with the additional costs for loan financing.

The switch option offers the opportunity to switch to the next adjustment date in a fixed-term mortgage as a way of avoiding escalating interest rates. Both variants are linked to a fee or a premium. It is worthwhile considering the cost of CAP and switch options for Libor mortgages. The expiry time must also be adhered to after changing the type of mortgage. Another variation to lessen the risk of Libor mortgages is mix financing. Here, Libor is combined with fixed-rate mortgages.

Variable-rate mortgage

The interest rate of a variable mortgage is regularly adjusted by the bank based on market trends. Variable mortgages are considerably riskier than fixed-rate mortgages. In the long term, mortgage borrowers must plan for fluctuations and, in the case of rising interest rates, also be able to repay more per month. On the other hand, falling mortgage rates mean that the monthly burden decreases.

Market average rate calculation.

Fixed 2 years from	0.42 %
Fixed 3 years from	0.47 %
Fixed 4 years from	0.50 %
Fixed 5 years from	0.53 %
Fixed 6 years from	0.56 %
Fixed 7 years from	0.60 %
Fixed 8 years from	0.64 %
Fixed 9 years from	0.68 %
Fixed 10 years from	0.72 %
Fixed 15 years from	0.99 %
Fixed 20 years from	1.23 %
Libor 1M from	0.83 %
Libor 3M from	0.55 %
Libor 6M from	0.60 %
Libor 12M from	0.80 %
Variable from	2.35 %

Calculation examples for CHF 1.000.000 Mortgage from this website:

<https://moneypark.ch/en/mortgage/mortgage-comparison/>

Libor 3 Months:

Provider	Interest rate	Extra costs
MoneyPark	0.55%	CHF 0.00
Basellandschaftliche Kantonalbank	0.55%	CHF 0.00
Basler Kantonalbank	0.60%	CHF 500.00
Banque du Léman	0.69%	CHF 1'400.00
Bank SLM	0.70%	CHF 1'500.00
Swiss Life	0.80%	CHF 2'500.00
Credit Suisse	0.83%	CHF 2'800.00
Graubündner Kantonalbank	0.87%	CHF 3'200.00
Baloise Bank SoBa	0.88%	CHF 3'300.00
Baloise Bank SoBa	0.88%	CHF 3'300.00
Clientis Spar- und Leihkasse Thayngen	0.89%	CHF 3'400.00
Bank Thalwil	0.90%	CHF 3'500.00
Bank Zimmerberg	0.90%	CHF 3'500.00
Vontobel	0.90%	CHF 3'500.00
Bank BSU	0.95%	CHF 4'000.00
Clientis Bank Toggenburg	1.05%	CHF 5'000.00
	1.35%	CHF 8'000.00

Fixed-rate 15 years:

Provider	Interest rate	Extra costs
MoneyPark	0.95%	CHF 0.00
	0.95%	CHF 0.00
Swiss Life	1.07%	CHF 1'200.00
Allianz Suisse	1.10%	CHF 1'500.00
	1.17%	CHF 2'200.00
Basler Kantonalbank	1.26%	CHF 3'100.00
Banque du Léman	1.37%	CHF 4'200.00
Credit Suisse	1.44%	CHF 4'900.00
Bank EKI	1.65%	CHF 7'000.00

Fixed-rate 10 years:

Provider	Interest rate	Extra costs
MoneyPark	0.72%	CHF 0.00
	0.72%	CHF 0.00
Generali	0.75%	CHF 300.00
ALSA PK	0.78%	CHF 600.00
Banque du Léman	0.78%	CHF 600.00
Allianz Suisse	0.80%	CHF 800.00
	0.83%	CHF 1'100.00
Swiss Life	0.85%	CHF 1'300.00
Baloise Bank SoBa	0.90%	CHF 1'800.00
Bernische Lehrerversicherungskasse (BLVK)	0.90%	CHF 1'800.00
AXA Winterthur	0.91%	CHF 1'900.00
Clientis Bank Toggenburg	0.95%	CHF 2'300.00
Baloise Bank SoBa	0.98%	CHF 2'600.00
Bank Thalwil	1.00%	CHF 2'800.00
Basler Kantonalbank	1.01%	CHF 2'900.00
Cantonal Bank of Neuchâtel	1.03%	CHF 3'100.00
Bank SLM	1.05%	CHF 3'300.00
Basellandschaftliche Kantonalbank	1.05%	CHF 3'300.00
Clientis Spar- und Leihkasse Thayngen	1.05%	CHF 3'300.00
Bank BSU	1.10%	CHF 3'800.00
Credit Suisse	1.16%	CHF 4'400.00
Bank Zimmerberg	1.23%	CHF 5'100.00
Freiburger Kantonalbank	1.30%	CHF 5'800.00
Bank EKI	1.35%	CHF 6'300.00
	1.36%	CHF 6'400.00
	1.36%	CHF 6'400.00
Vontobel	1.62%	CHF 9'000.00

Fixed-rate 9 years

Provider	Interest rate	Extra costs
MoneyPark	0.68%	CHF 0.00
	0.68%	CHF 0.00
Banque du Léman	0.75%	CHF 700.00
Generali	0.75%	CHF 700.00
ALSA PK	0.76%	CHF 800.00
Allianz Suisse	0.80%	CHF 1'200.00
Baloise Bank SoBa	0.81%	CHF 1'300.00
	0.81%	CHF 1'300.00
AXA Winterthur	0.85%	CHF 1'700.00
Bernische Lehrerversicherungskasse (BLVK)	0.85%	CHF 1'700.00
Swiss Life	0.85%	CHF 1'700.00
Clientis Bank Toggenburg	0.92%	CHF 2'400.00
Bank Thalwil	0.93%	CHF 2'500.00
Baloise Bank SoBa	0.94%	CHF 2'600.00
Basler Kantonalbank	0.96%	CHF 2'800.00
Basellandschaftliche Kantonalbank	0.98%	CHF 3'000.00
Bank SLM	1.00%	CHF 3'200.00
Cantonal Bank of Neuchâtel	1.01%	CHF 3'300.00
Clientis Spar- und Leihkasse Thayngen	1.02%	CHF 3'400.00
Bank BSU	1.15%	CHF 4'700.00
Bank Zimmerberg	1.16%	CHF 4'800.00
Credit Suisse	1.21%	CHF 5'300.00
Freiburger Kantonalbank	1.23%	CHF 5'500.00
Bank EKI	1.30%	CHF 6'200.00
	1.35%	CHF 6'700.00
	1.35%	CHF 6'700.00
Vontobel	1.54%	CHF 8'600.00

Fixed-rate 8 years

Provider	Interest rate	Extra costs
MoneyPark	0.64%	CHF 0.00
	0.64%	CHF 0.00
Allianz Suisse	0.70%	CHF 600.00
ALSA PK	0.70%	CHF 600.00
Banque du Léman	0.72%	CHF 800.00
Baloise Bank SoBa	0.73%	CHF 900.00
Bernische Lehrerversicherungskasse (BLVK)	0.75%	CHF 1'100.00
	0.75%	CHF 1'100.00
Generali	0.80%	CHF 1'600.00
AXA Winterthur	0.81%	CHF 1'700.00
Swiss Life	0.85%	CHF 2'100.00
Baloise Bank SoBa	0.89%	CHF 2'500.00
Basler Kantonalbank	0.90%	CHF 2'600.00
Clientis Bank Toggenburg	0.90%	CHF 2'600.00
Bank Thalwil	0.91%	CHF 2'700.00
Basellandschaftliche Kantonalbank	0.91%	CHF 2'700.00
Bank SLM	0.98%	CHF 3'400.00
Cantonal Bank of Neuchâtel	1.00%	CHF 3'600.00
Clientis Spar- und Leihkasse Thayngen	1.00%	CHF 3'600.00
Bank BSU	1.09%	CHF 4'500.00
Bank Zimmerberg	1.09%	CHF 4'500.00
Freiburger Kantonalbank	1.16%	CHF 5'200.00
Credit Suisse	1.22%	CHF 5'800.00
Bank EKI	1.25%	CHF 6'100.00
	1.30%	CHF 6'600.00
	1.30%	CHF 6'600.00
Vontobel	1.45%	CHF 8'100.00

Fixed-rate 7 years

Provider	Interest rate	Extra costs
MoneyPark	0.60%	CHF 0.00
	0.60%	CHF 0.00
Baloise Bank SoBa	0.65%	CHF 500.00
ALSA PK	0.66%	CHF 600.00
Allianz Suisse	0.70%	CHF 1'000.00
Banque du Léman	0.70%	CHF 1'000.00
Bernische Lehrerversicherungskasse (BLVK)	0.70%	CHF 1'000.00
	0.71%	CHF 1'100.00
Baloise Bank SoBa	0.75%	CHF 1'500.00
AXA Winterthur	0.78%	CHF 1'800.00
Generali	0.80%	CHF 2'000.00
Clientis Bank Toggenburg	0.81%	CHF 2'100.00
Basler Kantonalbank	0.82%	CHF 2'200.00
Bank Thalwil	0.83%	CHF 2'300.00
Basellandschaftliche Kantonalbank	0.83%	CHF 2'300.00
Swiss Life	0.85%	CHF 2'500.00
Bank SLM	0.90%	CHF 3'000.00
Clientis Spar- und Leihkasse Thayngen	0.91%	CHF 3'100.00
Bank Zimmerberg	1.00%	CHF 4'000.00
Cantonal Bank of Neuchâtel	1.00%	CHF 4'000.00
Bank BSU	1.05%	CHF 4'500.00
Freiburger Kantonalbank	1.07%	CHF 4'700.00
Bank EKI	1.15%	CHF 5'500.00
Credit Suisse	1.17%	CHF 5'700.00
	1.25%	CHF 6'500.00
	1.25%	CHF 6'500.00
Vontobel	1.35%	CHF 7'500.00

Fixed-rate 6 years

Provider	Interest rate	Extra costs
MoneyPark	0.56%	CHF 0.00
	0.56%	CHF 0.00
ALSA PK	0.62%	CHF 600.00
Baloise Bank SoBa	0.64%	CHF 800.00
Banque du Léman	0.65%	CHF 900.00
	0.69%	CHF 1'300.00
Allianz Suisse	0.70%	CHF 1'400.00
Bernische Lehrerversicherungskasse (BLVK)	0.70%	CHF 1'400.00
Baloise Bank SoBa	0.72%	CHF 1'600.00
Basellandschaftliche Kantonalbank	0.75%	CHF 1'900.00
Basler Kantonalbank	0.75%	CHF 1'900.00
AXA Winterthur	0.76%	CHF 2'000.00
Clientis Bank Toggenburg	0.80%	CHF 2'400.00
Generali	0.80%	CHF 2'400.00
Swiss Life	0.85%	CHF 2'900.00
Bank SLM	0.87%	CHF 3'100.00
Bank Thalwil	0.88%	CHF 3'200.00
Clientis Spar- und Leihkasse Thayngen	0.90%	CHF 3'400.00
Bank Zimmerberg	0.96%	CHF 4'000.00
Bank BSU	0.98%	CHF 4'200.00
Cantonal Bank of Neuchâtel	1.00%	CHF 4'400.00
Freiburger Kantonalbank	1.03%	CHF 4'700.00
Bank EKI	1.05%	CHF 4'900.00
Credit Suisse	1.13%	CHF 5'700.00
	1.18%	CHF 6'200.00
	1.18%	CHF 6'200.00
Vontobel	1.24%	CHF 6'800.00

Fixed-rate 5 years

Provider	Interest rate	Extra costs
MoneyPark	0.53%	CHF 0.00
	0.53%	CHF 0.00
Banque du Léman	0.58%	CHF 500.00
ALSA PK	0.60%	CHF 700.00
Baloise Bank SoBa	0.63%	CHF 1'000.00
Allianz Suisse	0.65%	CHF 1'200.00
	0.67%	CHF 1'400.00
Basellandschaftliche Kantonalbank	0.68%	CHF 1'500.00
Basler Kantonalbank	0.68%	CHF 1'500.00
Baloise Bank SoBa	0.69%	CHF 1'600.00
Vontobel	0.69%	CHF 1'600.00
Bernische Lehrerversicherungskasse (BLVK)	0.70%	CHF 1'700.00
AXA Winterthur	0.72%	CHF 1'900.00
Generali	0.75%	CHF 2'200.00
Clientis Bank Toggenburg	0.79%	CHF 2'600.00
Graubündner Kantonalbank	0.83%	CHF 3'000.00
Bank SLM	0.85%	CHF 3'200.00
Bank Thalwil	0.85%	CHF 3'200.00
Swiss Life	0.85%	CHF 3'200.00
Clientis Spar- und Leihkasse Thayngen	0.89%	CHF 3'600.00
Bank Zimmerberg	0.96%	CHF 4'300.00
Bank BSU	0.99%	CHF 5'600.00
Bank EKI	1.00%	CHF 4'700.00
Cantonal Bank of Neuchâtel	1.00%	CHF 4'700.00
Freiburger Kantonalbank	1.03%	CHF 5'000.00
Credit Suisse	1.10%	CHF 5'700.00
	1.14%	CHF 6'100.00
	1.14%	CHF 6'100.00

Fixed-rate 4 years

Provider	Interest rate	Extra costs
MoneyPark	0.50%	CHF 0.00
	0.50%	CHF 0.00
Banque du Léman	0.54%	CHF 400.00
ALSA PK	0.60%	CHF 1'000.00
Basellandschaftliche Kantonalbank	0.61%	CHF 1'100.00
Basler Kantonalbank	0.61%	CHF 1'100.00
Baloise Bank SoBa	0.62%	CHF 1'200.00
Allianz Suisse	0.65%	CHF 1'500.00
AXA Winterthur	0.65%	CHF 1'500.00
	0.65%	CHF 1'500.00
Baloise Bank SoBa	0.66%	CHF 1'600.00
Vontobel	0.68%	CHF 1'800.00
Bernische Lehrerversicherungskasse (BLVK)	0.70%	CHF 2'000.00
Generali	0.75%	CHF 2'500.00
Graubündner Kantonalbank	0.75%	CHF 2'500.00
Bank Thalwil	0.77%	CHF 2'700.00
Bank SLM	0.83%	CHF 3'300.00
Swiss Life	0.85%	CHF 3'500.00
Clientis Bank Toggenburg	0.87%	CHF 3'700.00
Clientis Spar- und Leihkasse Thayngen	0.87%	CHF 3'700.00
Bank Zimmerberg	0.91%	CHF 4'100.00
Bank EKI	0.95%	CHF 4'500.00
Cantonal Bank of Neuchâtel	0.95%	CHF 4'500.00
Bank BSU	0.96%	CHF 4'600.00
Freiburger Kantonalbank	0.98%	CHF 4'800.00
Credit Suisse	1.06%	CHF 5'600.00
	1.10%	CHF 6'000.00
	1.10%	CHF 6'000.00

Fixed-rate 3 years

Provider	Interest rate	Extra costs
MoneyPark	0.47%	CHF 0.00
ALSA PK	0.47%	CHF 0.00
	0.48%	CHF 100.00
Banque du Léman	0.50%	CHF 300.00
Basellandschaftliche Kantonalbank	0.55%	CHF 800.00
Basler Kantonalbank	0.55%	CHF 800.00
AXA Winterthur	0.61%	CHF 1'400.00
Baloise Bank SoBa	0.61%	CHF 1'400.00
	0.62%	CHF 1'500.00
Baloise Bank SoBa	0.63%	CHF 1'600.00
Allianz Suisse	0.65%	CHF 1'800.00
Vontobel	0.67%	CHF 2'000.00
Bernische Lehrerversicherungskasse (BLVK)	0.70%	CHF 2'300.00
Graubündner Kantonalbank	0.74%	CHF 2'700.00
Generali	0.75%	CHF 2'800.00
Bank Thalwil	0.77%	CHF 3'000.00
Bank SLM	0.80%	CHF 3'300.00
Clientis Spar- und Leihkasse Thayngen	0.84%	CHF 3'700.00
Swiss Life	0.85%	CHF 3'800.00
Bank EKI	0.90%	CHF 4'300.00
Bank Zimmerberg	0.91%	CHF 4'400.00
Bank BSU	0.93%	CHF 4'600.00
Clientis Bank Toggenburg	0.94%	CHF 4'700.00
Cantonal Bank of Neuchâtel	0.95%	CHF 4'800.00
Freiburger Kantonalbank	0.98%	CHF 5'100.00
Credit Suisse	1.02%	CHF 5'500.00
	1.05%	CHF 5'800.00
	1.05%	CHF 5'800.00

Fixed-rate 2 years

Provider	Interest rate	Extra costs
MoneyPark	0.42%	CHF 0.00
ALSA PK	0.42%	CHF 0.00
Banque du Léman	0.45%	CHF 300.00
Basellandschaftliche Kantonalbank	0.51%	CHF 900.00
	0.57%	CHF 1'500.00
Baloise Bank SoBa	0.60%	CHF 1'800.00
Baloise Bank SoBa	0.60%	CHF 1'800.00
Allianz Suisse	0.65%	CHF 2'300.00
Vontobel	0.67%	CHF 2'500.00
Bank Thalwil	0.70%	CHF 2'800.00
Bernische Lehrerversicherungskasse (BLVK)	0.70%	CHF 2'800.00
Graubündner Kantonalbank	0.73%	CHF 3'100.00
Bank SLM	0.75%	CHF 3'300.00
Generali	0.75%	CHF 3'300.00
Bank BSU	0.85%	CHF 4'300.00
Bank EKI	0.85%	CHF 4'300.00
Clientis Spar- und Leihkasse Thayngen	0.88%	CHF 4'600.00
Bank Zimmerberg	0.90%	CHF 4'800.00
Clientis Bank Toggenburg	0.93%	CHF 5'100.00
Cantonal Bank of Neuchâtel	0.95%	CHF 5'300.00
Freiburger Kantonalbank	0.97%	CHF 5'500.00
Credit Suisse	0.99%	CHF 5'700.00
Basler Kantonalbank	1.01%	CHF 5'900.00
	1.05%	CHF 6'300.00
	1.05%	CHF 6'300.00