

Flexible  
reduction of  
outstanding  
amount  
possible

# More flexibility

The UBS SARON Flex Mortgage – the **unlimited, variable-rate** mortgage that offers even greater flexibility

**Are you looking for an unlimited, variable-rate mortgage that offers you even greater flexibility when reducing and repaying your outstanding amount? Do you also want to benefit from attractive terms, and are you willing to accept short-term fluctuations in interest rates? If so, the UBS SARON Flex Mortgage is the ideal financing solution for your real estate.**

## Facts

Interest rate	Variable
Contract term	Unlimited
Interest rate risk	Interest rate fluctuations arise during the contract term
Benchmark interest rate	Based on the Compounded Swiss Average Rate Overnight (SARON) <sup>1</sup>
Use	To finance all types of real estate
Accounting period	Three months, starting at the end of each quarter <sup>2</sup>
Ordinary cancellation	Notice period of 1 month for the client and 13 months for the bank

<sup>1</sup> To calculate the customer interest rate, the Compounded SARON can never be less than zero.

<sup>2</sup> If the mortgage is paid out during a quarter, the first accounting period starts on the date on which the mortgage is paid out and continues until the end of the quarter. The amount of interest to be paid is calculated and announced one day before the end of the accounting period.

## SARON and Compounded SARON explained in brief

The SARON (Swiss Average Rate Overnight) has existed since 2009 and is calculated daily on the basis of completed transactions and binding quotes (buy and sell prices) in the Swiss money market. The calculation method was developed by SIX Group Ltd (SIX) in association with the Swiss National Bank (SNB). The SARON is publicly visible, transparent and is calculated and published by SIX daily after the close of trading.

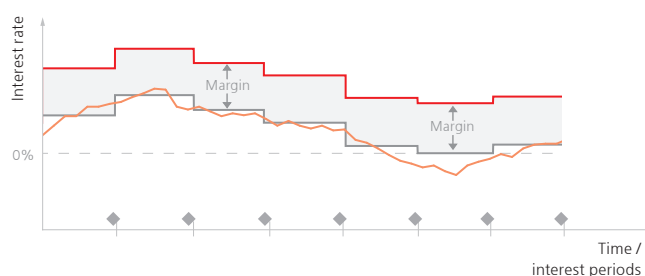
The Compounded SARON<sup>1</sup> is formed in order to obtain a benchmark interest rate over a specific term from the daily rates. It is calculated for a certain period from the average of the SARON rates compounded daily.

## The UBS SARON Flex Mortgage explained in brief

The UBS SARON Flex Mortgage is an unlimited money market mortgage with the following features and options:

- Variable reduction of outstanding amount once a quarter
- Short termination notice period of one month (by the client)
- Can be changed to a UBS Fixed-Rate Mortgage at any time

The customer interest rate is made up of the retrospective Compounded SARON<sup>1</sup> plus an agreed fixed customer margin. The interest period is three months. The interest rate and hence the amount of interest to be paid are determined on the penultimate day of the interest period.

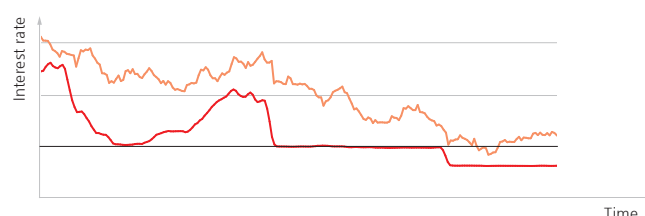


- Client interest rate — SARON daily rate
- Compounded SARON<sup>1</sup> for the calculation of the client interest rate
- ◆ Date of calculation of the client interest rate for the current interest period (backward-looking)

For illustrative purposes only.

## Development of short and long-term interest rates

In a normal interest rate environment, money market rates are lower than interest rates for longer-term financing, but they can also change relatively quickly. This makes the UBS SARON Flex Mortgage particularly suitable for people who follow events on the money and capital markets and expect interest rates to fall or trend sideways.



— SWAP 10 years — SARON 3M Compound  
Source: SIX – SARON 3 months Compound Index, UBS

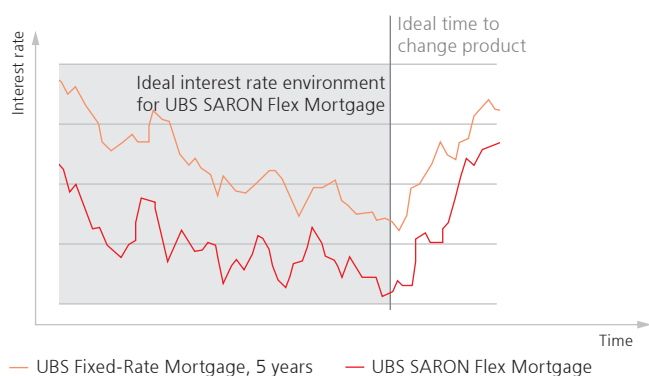
For illustrative purposes only. Performance figures refer to the past and past performance is not a reliable indicator of future performance/results.

Would you be interested to find out your current interest amounts? UBS E-Banking gives you constant access to your personal mortgage overview, where you can view accrued interest and additional information about your mortgage.

<sup>1</sup> To calculate the customer interest rate, the Compounded SARON can never be less than zero.

### How you benefit

- You benefit from transparent interest rates that are in line with market conditions, as the UBS SARON Flex Mortgage is geared to the development of the CHF money market.
- To protect yourself against rising interest rates, you have the option of switching to a multi-year UBS Fixed-Rate Mortgage, in whole or in part, within a few working days. With a UBS Fixed-Rate Mortgage, you fix the interest rate for the entire term of the contract.
- Regular direct amortization can be agreed by contract. You can also save taxes with the help of indirect amortization.
- With the UBS SARON Flex Mortgage you have the option of making an extraordinary reduction in the loan amount once per calendar quarter. This reduction is free of charge. Please contact your client advisor for this purpose.



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### What are the risks associated with SARON-based mortgages?

- The UBS SARON Flex Mortgage is a money market mortgage with a variable interest rate.
- In a normal interest rate environment, money market rates are lower than interest rates for longer-term financing, but they can also change relatively quickly.
- The amount of interest to be paid can only be determined on the penultimate day of the interest period and may differ from that of the previous period.

### What strategy can be used to reduce interest rate risks?

- As a rule, a rise in interest rates on long-term fixed mortgages is a good indicator of an imminent rise in interest rates on money market financing.
- To make sure you don't miss the right time to switch from a UBS SARON Flex Mortgage to a UBS Fixed-Rate Mortgage, you should therefore not only pay attention to developments in short-term interest rates, but also keep an eye on long-term market rates.
- You can also reduce the interest rate risk by combining different terms. With diversified mortgage financing, you also avoid having to completely renew the overall financing at the worst possible time.
- We recommend that you regularly review your mortgage strategy with your client advisor.

### Key points

- Financing with close links to the money market
- Indefinite contract term
- Attractive interest rates with short-term fluctuations
- Possibility to switch to a UBS Fixed-Rate Mortgage

### For all your questions

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UBS Switzerland AG  
P.O. Box  
8098 Zurich