

## Attention Business Editors:

# CIBC poll finds Canadian homeowners think the interest rate honeymoon is over

- Most think the best strategy is to choose a fixed-rate mortgage -

TORONTO, April 11 /CNW/ - CIBC (NYSE: BCM, TSX: CM) - Nearly half (48%) of Canadian homeowners and prospective homebuyers expect mortgage rates to head up in this year, while two in five (41%) think rates will remain the same, according to the results of the 2005 CIBC Spring Homeownership Poll released today. Homeowners think the five-year posted mortgage rate will rise only moderately, to an average of 6.64%, from approximately 6% at the time of the poll.

"The overwhelming majority (81%) of homeowners say they can afford their mortgage payments, even if rates go up by one or two per cent," said Paul Mims, Vice President, CIBC Mortgages and Lending. "On average, homeowners say mortgage rates need to reach 9.75% to become unaffordable, and that doesn't look like it's in the cards anytime soon."

Most homeowners and prospective homebuyers (57%) believe that they would save more over the longer term with a variable-rate mortgage. Despite this knowledge, the majority of homeowners and potential homebuyers (55%) think a higher-rate, fixed-rate mortgage is the best strategy to follow given current interest rates.

"Most Canadian homeowners think that a variable-rate mortgage can save them money and we are seeing more of them choose that type of mortgage," said Mims. "But some people would rather pay a bit of a premium to have the security of a fixed rate."

As noted in a recent CIBC economic report, for 89.3% of the period from 1985 to 2004, a variable-rate mortgage offered savings compared to a five-year fixed-rate mortgage. Only about one in four (27%) Canadian homeowners with a mortgage currently have a variable-rate mortgage.

CIBC is the second largest residential mortgage provider in Canada, with \$86 billion in single-family residential mortgages under administration. The CIBC Better than Prime Mortgage is one of the most popular mortgages in Canada, with a no-haggle interest rate and the flexibility to convert to a closed fixed-rate mortgage at any time. The CIBC "Make your dream home a reality" contest can help make buying or renovating a home a little easier, with the chance to win a grand prize of \$20,000, or one of three secondary prizes of \$10,000. For more information and full contest rules, visit [www.cibc.com/dreamhome](http://www.cibc.com/dreamhome) before May 31, 2005.

### JUST THE FACTS

Canadian homeowners were asked the following questions regarding mortgage rates and strategies. At the time of the poll, the average five-year posted rate was approximately 6.0 per cent.

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One year from now,  
mortgage rates will be...  
(Note: This question  
was asked of  
homeowners and

prospective homebuyers.)	Canada	BC	AB	MB	SK	ONT	PQ	ATL
Higher	48%	53%	46%	54%	50%	51%	37%	56%
Remain the same	41%	36%	43%	38%	43%	39%	51%	33%
Lower	3%	2%	2%	2%	4%	5%	2%	4%
Don't know/not stated	8%	9%	8%	6%	2%	6%	10%	7%

One year from now, the average five-year posted mortgage rate will be...	Canada	BC	AB	MB	SK	ONT	PQ	ATL
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(Note: This question was asked only of homeowners with an opinion regarding mortgage rates next year. The average response is provided.)

6.64%	6.64%	6.64%	6.79%	6.71%	6.59%	6.56%	6.86%
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I am confident that I can afford my mortgage payments, even if rates go up by one or two per cent.	Canada	BC	AB	MB	SK	ONT	PQ	ATL
Strongly agree	59%	61%	64%	59%	51%	64%	49%	58%
Somewhat agree	22%	20%	18%	21%	33%	17%	33%	21%
Somewhat disagree	4%	4%	5%	1%	2%	3%	4%	3%
Strongly disagree	2%	1%	1%	2%	4%	3%	1%	3%
Don't know/not stated	13%	14%	12%	17%	9%	13%	11%	15%

The average rate  
at which mortgage

rates become  
unaffordable... Canada BC AB MB SK ONT PQ ATL

(Note: The average  
response is  
provided.)

9.75% 9.89% 10.18% 10.17% 9.89% 9.58% 9.30% 9.81%

In the long term,  
I would save more  
with a variable-  
rate mortgage  
(Note: This  
question was  
asked of  
homeowners and  
prospective  
homebuyers.)

Canada BC AB MB SK ONT PQ ATL

Strongly agree 20% 17% 24% 15% 16% 21% 19% 19%

Somewhat agree 37% 40% 35% 41% 56% 38% 31% 43%

Somewhat disagree 21% 23% 25% 21% 19% 19% 23% 15%

Strongly disagree 10% 6% 7% 9% 5% 10% 15% 13%

Don't know/not  
stated 12% 14% 9% 14% 5% 12% 13% 10%

Given current  
interest rates,  
which mortgage  
strategy would be  
best for you to  
follow regarding  
rate type?

Canada BC AB MB SK ONT PQ ATL

(Note: This  
question was asked  
of homeowners and  
prospective  
homebuyers.)

Higher-rate,  
fixed-rate 55% 49% 51% 58% 51% 51% 63% 62%

Low-rate  
variable-rate 33% 39% 38% 31% 37% 37% 25% 27%

Don't know/not  
stated 12% 12% 11% 11% 12% 12% 13% 10%

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What type of mortgage do you currently have?	Canada	BC	AB	MB	SK	ONT	PQ	ATL
Fixed-rate	70%	60%	80%	79%	65%	70%	71%	72%
Variable-rate	27%	37%	19%	18%	29%	28%	25%	24%
Mixed	1%	--	1%	1%	1%	1%	1%	1%
Don't know/not stated	2%	2%	--	1%	5%	2%	3%	3%

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Note to Editors: The 2005 CIBC Homeownership Poll was conducted by The Strategic Counsel between January 25th and February 1st, 2005 and was based on a randomly selected sample of 2,150 English and French speaking Canadian household decision-makers (2,003 current homeowners, 147 current renters who are potential homebuyers). With a sample of this size, the results are considered accurate to within +/-2.11 percentage points, 19 times out of 20, of what they would have been had the entire Canadian adult population of homeowners and renters who are potential homebuyers been polled. The margin of error will be larger within regions, Census Metropolitan Areas, and for other sub-groupings of the survey population. The sample of household decision-makers is representative of the regional and age distribution produced by Statistics Canada. Percentages may not sum to one hundred due to rounding or the acceptance of multiple mentions.

For further information: please contact Rina Cortese, CIBC at (416) 980-7458, [rina.cortese@cibc.com](mailto:rina.cortese@cibc.com);

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