



HOME CAPITAL GROUP INC.

ANNUAL INFORMATION FORM

APRIL 21, 2004

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		Annual Report	Proxy Circular
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(1) Reference

The portion referred to above of the following documents are incorporated by reference to Annual Information Form:

- (i) Annual Report for the year ended December 31, 2003 (the "Annual Report").
- (ii) Management Proxy Circular dated as of April 16, 2004 (the "Proxy Circular").

Distribution Notice

When this form is provided to security holders of other interested parties, it must be accompanied by copies of all the documents incorporated into it by reference.

Forward-looking Statements

From time to time we make written and verbal forward-looking statements about our objectives and strategies, operations and targeted financial results. These may be included in our Annual Reports, regulatory filings, reports to shareholders, press releases, corporate presentations and other communications. These forward-looking statements are inherently subject to risks and uncertainties beyond the Company's control, including but not limited to, fluctuations in interest rates, changes in economic and political conditions, legislative or regulatory developments, technological developments and competition. These and other factors may cause the Company's actual performance to differ materially from that contemplated by forward-looking statements and the reader is therefore cautioned not to place undue reliance on these statements. We do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by us or on our behalf.

Financial Information

Unless otherwise noted, all information is given at, or for, the fiscal year ended December 31, 2003 and is expressed in Canadian dollars. Financial information is presented in accordance with Canadian generally accepted accounting principles. Refer to Note 19 of the Consolidated Financial Statements, all stock information has been revised to reflect this note.

CORPORATE STRUCTURE

On December 12, 1979 Sonor Petroleum Corporation, a predecessor company to Home Capital Group Inc. (sometimes herein referred to as "Home Capital" or the "Company"), was continued under the Canada Business Corporations Act. On March 21, 1986, under new management the name of Sonor Petroleum Corporation was changed to Sonor Resources Corporation (a virtually inactive energy company) and, on December 31, 1986, was further changed to Home Capital Group Inc. On July 18, 1988, Home Capital was continued under the Business Corporations Act, 1982 (Ontario). The Company's registered and principal office is located at 145 King Street West, Suite 1910, Toronto, Ontario, M5H 1J8.

Home Capital Group Inc. is a holding company that operates through its 100% owned subsidiary, Home Trust Company ("Home Trust") previously known as Home Savings & Loan Corporation. Home Savings & Loan Corporation was incorporated on September 28, 1977 under the Loan and Trust Corporations Act (Ontario). On March 9, 2000, Letters Patent of Continuance were issued authorizing Home Savings & Loan Corporation to carry on business as Home Trust Company under the Trust and Loan Companies Act (Canada).

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

On November 10, 2000, the Company entered into an agreement with Surrey Metro Savings Credit Union ("Surrey Metro"), whereby Surrey Metro provided a subordinated secured note of \$5 million for a period of two years. The proceeds of this loan were used to inject an additional \$5 million of capital into Home Trust for growth well into 2001.

On September 11, 2001, the Company completed its sale of 2.8 million of Class B subordinated voting shares which were sold under a short form prospectus dated August 29, 2001. Gross cash proceeds totalled \$13.4 million reduced by \$0.9 million for share issue costs. Of the net proceeds of \$12.5 million, \$7.0 million was used to purchase common shares in the wholly-owned subsidiary Home Trust and the balance used for corporate activities.

The Company announced on January 25, 2002 a share conversion that reduced the number of the Company's multi-vote Class A shares. The holders of the Company's 6,050,000 convertible Class A multi-vote shares converted 3,000,000 of the Class A shares into the same number of single-vote Class B subordinated voting shares, effective January 24, 2002. The 3,000,000 shares were listed on the Toronto Stock Exchange, increasing the publicly traded Class B subordinated voting shares from 26,645,220 to 29,645,220.

On March 12, 2002, a major shareholder converted his remaining 541,666 Class A shares to the same number of Class B subordinated voting shares. This conversion further increased the float of publicly trade shares by the 541,666.

On May 27, 2003, the remaining 2,508,334 convertible Class A multi-vote shares were converted into the same number of single-vote Class B subordinated voting shares. This eliminated the dual class share structure. All Class A shares were converted without benefit or enhancement to the Class A shareholders.

On June 18, 2002, the Company entered into an agreement with Canadian Western Bank (“Canadian Western”), whereby Canadian Western provided a term loan of \$10 million for a period of five years. The proceeds of this term loan were received on July 10, 2002 and used to repay an \$8 million senior term loan and the remaining \$2 million was used to purchase common shares in the wholly-owned subsidiary Home Trust.

On December 12, 2002, the Company entered into an agreement with Canadian Western whereby Canadian Western provided a subordinated secured loan of \$5 million for a period of five years. The proceeds of this subordinated secured loan were received on January 23, 2003 and were used to repay the \$5 million subordinated secured loan with Surrey Metro.

On January 8, 2004, the Company declared a stock dividend that would pay to the holders of Class B subordinated voting shares a dividend payable in Class B shares of the Company at the rate of one Class B share for each Class B share held. This dividend was paid on January 29, 2004 to shareholders of record at the close of business on January 21, 2004. Consequently, amounts presented as number of shares or per share basis reflect the stock dividend.

On March 11, 2004, Fitch Ratings assigned a ‘BBB-‘ long-term senior ratings and a ‘F3’ short-term rating to both Home Capital and its wholly-owned subsidiary Home Trust. The ratings are reflective of Home Capitals good profitability and asset quality, and its solid capital and reserve levels.

On March 19, 2004, Home Capital was added to the S&P/TSX Composite Index. This index is used by the financial community at large as a broad indicator of market activity for the biggest and most heavily trade companies on the Toronto Stock Exchange.

From 2000 to 2003 the Company’s total assets have grown by over \$1.0 billion to \$1.9 billion at December 31, 2003. Since 2000 an internal growth rate averaging 25.2% has been achieved.

There were no significant acquisitions or dispositions that occurred during the year ended December 31, 2003.

Further information regarding the development of the Company over the last three fiscal years can be found under the heading “Report to Shareholders” on pages 6 through 10 of the Company’s 2003 Annual Report, on pages 6 through 10 of the Company’s 2002 Annual Report and on pages 6 through 10 of the Company’s 2001 Annual Report, which are incorporated by reference herein.

Trends

Information about the trends, commitments, events and uncertainties presently known to the Company’s management and reasonably expected to have a material effect of the Company’s business can be found throughout Management’s discussion and analysis of results of operations and financial condition on pages 11 through 27 of the Company’s 2003 Annual Report.

DESCRIPTION OF THE BUSINESS

General

The principal business of Home Capital is conducted through its wholly-owned subsidiary, Home Trust, a federally regulated financial institution that provides deposit, mortgage lending, consumer lending and credit card issuing services. The Company focuses on providing residential first mortgages to potentially higher risk borrowers that fall short of the banks’ lending requirements. At December 31, 2003 Home Trust operated through its six branches located in Toronto, Hamilton, St. Catharines, Calgary, Vancouver and Halifax, with 191 full-time staff employed.

Mortgage Business

The Company's principal line of business is the lending of mortgages on residential properties funded primarily by retail deposits. The Company's borrowers consist of self-employed, those with a short or limited credit history, and those with some impairments in their credit history. Home Trust takes deposits in the form of short-term deposits, guaranteed investment certificates, registered retirement savings plans and registered retirement income funds. These deposits are raised through investment brokers or through the six branch locations. These deposit funds are then invested primarily in mortgages on residential properties. Surplus funds are invested in equity securities, bankers' acceptance, term deposits, treasury bills, corporate bonds and government and government guaranteed bonds. Home Trust is a member of the Canada Deposit Insurance Corporation.

Home Trust's primary source of revenue is interest income earned on lending activities and the investment of surplus funds. Lending activities and the maintenance of loans also generate fee income. The major expense is the interest paid on the deposits held.

On December 7, 2000 Home Trust issued its first Mortgage-Backed Security ("MBS"). This is the securitization of mortgages that are insured by Canada Mortgage and Housing Corporation (CMHC). These residential mortgages originated by Home Trust are pooled, securitized and issued to investors as CMHC-insured Mortgage-Backed Securities. Interest is paid to the investors at the coupon rate stated on the MBS securities. When the MBS security was sold, the estimated present value of the net interest spread (the difference between the weighted average mortgage rate and the MBS coupon rate, less a normal servicing fee and an estimated principal pay-down) may result in a gain or loss on the sale of the security adjusted by issuance costs. As of December 31, 2003 these assets under administration amounted to \$315.1 million.

In the third quarter of 2003, Home Trust entered into a new arrangement with Regency Finance Corp. ("Regency"), a Canadian company based in Toronto. Home Trust is Regency's exclusive agent in offering second mortgage loans to homebuyers based in Ontario. This product provides financing to borrowers who require additional purchase financing or who wish to refinance their residential property up to 85% of the current market value. Home Trust earns administration and servicing fee revenue. These mortgage loans are then securitized into pools. The Company has also purchased these pools, which provide interest income.

Consumer Lending and Credit Card Services

On May 24, 2000 Home Trust became a General Member of VISA Canada, authorized to offer VISA cards. The efforts of the Company in the year 2000 and 2001 were devoted to the development of a VISA card operation and any revenues earned during this period adjusted the development costs on this operation. On January 1, 2002 the VISA project became fully operational and subsequently, all revenues and expenses were recognized in the income statement and amortization commenced on the accumulated development costs.

In March, 2002 the Company launched a new VISA product, the Equity Plus VISA card. This product allows homeowners to use their home equity as collateral to obtain credit in the \$10,000 to \$100,000 range. At December 31, 2003, 892 cards have been issued for a total authorized credit of \$30.3 million.

As of December 31, 2003 the gross credit card receivable balance totaled \$35.7 million and comprised \$30.6 million in accounts secured either by cash deposits or residential mortgage collateral, and \$5.1 million in unsecured. The Company has not accepted any new unsecured accounts since the first quarter of 2002.

In April, 2001 a new product was formed to provide installment financing for customers purchasing products from established merchants. This product is shown as personal loans on the balance sheet and in 2002 was renamed the Retail Credit Services division.

Consumer lending and credit cards are complementary businesses that make up 2.5% of the Company's total assets.

Competition

Home Trust competes with banks, trust companies, private lenders and other deposit-taking institutions primarily in Ontario, Alberta, British Columbia and the Maritimes. The Company is an alternative lender and the largest provider of residential loans to borrowers the banks turn away. The Company is registered to do business in every province across Canada except Quebec. Home Trust's ability to attract retail and institutional deposits depends largely on the interest rates it offers. Home Trust competes with other mortgage lenders but concentrates on providing residential first mortgages. At the beginning of 1994, the Company re-entered the CMHC-insured mortgage market to further expand its insured mortgage product offerings. Home Trust has formed alliances with a few of the larger financial institutions to be an alternative lender to clients of these institutions.

Environment

The Company is exposed to some financial risk as a result of environmental laws. To manage this potential exposure the Company factors environmental risk into its credit evaluation procedures to ensure that the Company's interests are reasonably protected. To date no environmental risks have had any material effect of the Company's operations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual information

This information can be found under the heading "Financial Highlights" in the first fold-out section and under the heading "Proven Results" on page 4 of the 2003 Annual Report. Further financial information can be found in the Consolidated Financial Statements on pages 28 through 49 of the 2003 Annual Report.

On January 8, 2004, the Company declared a stock dividend to the holders of Class 'B' subordinated voting shares a dividend payable in Class 'B' shares of the Company at the rate of one Class 'B' share for each Class 'B' share held. The dividend was paid on January 29, 2004 to shareholders of record at the close of business on January 21, 2004. Consequently, amounts presented as number of shares or on a per share basis reflect this stock dividend.

Dividend Policy

On June 1, 2001, the Board of Directors approved a dividend policy under which the Company paid a quarterly dividend at the rate of 2.5 cents per share on outstanding convertible Class A and Class B subordinated voting shares, equivalent to an annual rate of 10.0 cents per share. On May 28, 2002, the Board of Directors approved an increase in the dividend policy to 3.0 cents per share payable quarterly on outstanding Class A and Class B subordinated voting shares, equivalent to an annual rate of 12.0 cents per share. On May 27, 2003, the Board of Directors approved a further increase in the dividend policy to 3.75 cents per share payable quarterly on outstanding Class A and Class B subordinated voting shares, equivalent to an annual rate of 15.0 cents per share. A total of 13.5 cents per share was declared and/or paid during the year.

On January 8, 2004, the Company's Board of Directors approved an annualized increase in the dividend from 15.0 cents to 24.0 cents per share. After giving effect to the stock dividend, this will result in an annualized dividend of 12.0 per share.

MARKET FOR SECURITIES OF THE BANK

The Class B subordinated voting shares of the Company are listed on the Toronto Stock Exchange (TSX) under the symbol HCG.B.

DIRECTORS AND OFFICERS

Executive Officers of the Company

The following table sets out the name of each executive officer who is not a director of the Company, and their position, municipality of residence and the length of their employment, as at December 31, 2003.

Name	Office	Municipality of Residence	Employed Since
W. Roy Vincent	Senior Vice-President and Chief Operating Officer	Toronto, Ontario	1986
Rodney K. Adams*	Senior Vice-President	Richmond, Hill	2000
Nick Kyprianou	Senior Vice-President	Ancaster, Ontario	1992
Cathy A. Sutherland	Treasurer	Welland, Ontario	1990
Sharron I. Hatton	Corporate Secretary	Toronto, Ontario	1986

* Mr. Adams ceased to be an officer of the Company effective March 31, 2004.

All of the above named executive officers have held their present position or other executive positions with the same or associated firms or organizations for the past five years except for Mr. Adams. Mr. Adams joined the Company in December 2000 as a Senior Vice-President and was appointed as an officer for the Company on May 29, 2002. Prior to joining the Company Mr. Adams was the President and CEO of Beneficial Canada from 1989 to 1998 and President of Associates Financial Services from 1998 to 1999. Mr. Kyprianou has been employed with the Corporation since 1992, and was appointed an officer of the Corporation on May 27, 2003.

Shareholdings of Directors and Officers

Directors and officers of the Company, as a group, hold 5,644,960 Class B subordinated voting shares, representing 13.8% of the total Class B subordinated voting shares.

ADDITIONAL INFORMATION

The Company will provide to any person or company, upon request to the Corporate Secretary of the Company at the head office of the Company:

- (a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a short form prospectus,
 - (i) one copy of the Company's AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,
 - (ii) one copy of the comparative consolidated financial statements of the Company for its most recently completed financial year for which consolidated financial statements have been filed together with the accompanying report of the auditors and one copy of the most recent interim consolidated financial
 - (iii) one copy of the Company's Management Information Circular in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate, and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under clauses (i), (ii) or (iii), or
- (b) at any other time, one copy of any other documents referred to in (a)(i), (ii) and (iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Company's securities.

Additional information relating to the directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's Management Information Circular issued in connection with the Annual and Special Meeting of the Shareholders to be held on May 12, 2004. Additional financial information is provided in the Company's comparative financial statements for the year ended December 31, 2003 and is contained in the 2003 Annual Report.

Copies of the foregoing documents may be obtained upon request from the Corporate Secretary of the Company or available on the Company web site: Home Capital Group Inc.- www.homecapital.com .