



HOME CAPITAL GROUP INC.

ANNUAL INFORMATION FORM

March 24, 2005

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Forward-looking Statements

From time to time, Home Capital Group Inc. (“Home Capital” or the “Company”) makes written and verbal forward-looking statements about our objectives and strategies, operations and targeted financial results. These may be included in the Company’s 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. This Annual Information Form contains or refers to such forward-looking statements. 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. The Company does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by itself or on its behalf.

Financial Information

Unless otherwise specified, all information presented herein is presented at December 31, 2004. Unless otherwise specified, references herein to the Annual Report are references to the 2004 Annual Report of Home Capital Group Inc.

CORPORATE STRUCTURE

Name, Address and Incorporation

On December 12, 1979, Sonor Petroleum Corporation, a predecessor company to Home Capital Group Inc. 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.

Intercorporate Relationships

Home Capital 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

Home Capital is a holding company, publicly traded on the Toronto Stock Exchange (HCG), operating through its principal subsidiary, Home Trust Company. Home Trust is a federally regulated trust company offering deposit, mortgage lending, retail credit and credit card issuing services. Home Trust is licensed to conduct business across Canada, with offices in Ontario, Alberta, British Columbia and Nova Scotia. From 2001 to 2004, Home Capital’s total assets have grown by \$1.43 billion to \$2.57 billion at December 31, 2004. The Company also administers mortgage assets, which amounted to \$500.7 million at December 31, 2004.

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 Home Trust and the balance used for corporate activities.

The Company announced a share conversion on January 25, 2002 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 traded shares by 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. The remaining \$2 million was used to purchase Common Shares in 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 Savings Credit Union.

On January 8, 2004, the Company declared a stock dividend paying the holders of Class B Subordinated Voting Shares a share dividend 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 on a per share basis reflect the stock dividend.

On March 11, 2004, Fitch Ratings assigned a 'BBB-' long-term senior rating and an 'F3' short-term rating to both Home Capital and its wholly owned subsidiary Home Trust. The ratings are reflective of Home Capital's 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 traded companies on the Toronto Stock Exchange.

On May 13, 2004, the shareholders of the Company approved a special resolution authorizing the reclassification of its issued and outstanding "Class B Subordinated Voting Shares" to "Common Shares" and eliminating all other authorized but unissued classes of Common Shares.

From January 1, 2001 to December 31, 2004, the Company's total assets have grown by \$1.43 billion to \$2.57 billion. Since 2001, an internal growth rate averaging 27.3% has been achieved. In December 2000, Home Trust entered the securitization market, whereby Home Trust securitizes residential mortgages into special purpose entities, which were sold to investors as Mortgage-Backed Securities ("MBS"). Total assets, including these assets under administration, for the period January 1, 2001 to December 31, 2004 have grown by \$1.87 billion to \$3.07 billion, representing an internal growth rate average of 31.1% for this period.

Acquisitions During the Last Fiscal Year

There were no acquisitions or dispositions that occurred during the year ended December 31, 2004.

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 4 through 7 of the Company's 2004 Annual Report, on pages 6 through 10 of the Company's 2003 Annual Report and on pages 6 through 10 of the Company's 2002 Annual Report, which are incorporated by reference herein.

DESCRIPTION OF THE BUSINESS

General

The principal business of Home Capital is conducted through its wholly owned subsidiary, Home Trust Company, a federally regulated financial institution that provides deposit, mortgage lending, consumer lending and credit card issuing services. Home Trust focuses on providing residential first mortgages to borrowers that fail to meet all of the major banks' lending

requirements. At December 31, 2004, Home Trust operated only in Canada through six branches located in Toronto, Hamilton, St. Catharines, Calgary, Vancouver and Halifax. At that date 228 full-time staff were employed.

Mortgage and Deposit Business

Home Trust's principal line of business is mortgage lending on residential properties, primarily funded by retail deposits.

Home Trust's borrowers consist of self-employed individuals with a short or limited credit history and individuals with some impairment in their credit history. These mortgages are referred through an extensive mortgage broker network, from other financial institutions and current customers of Home Trust. Two Senior Vice-Presidents of Home Trust are responsible for the mortgage lending business. All lending requires the approval of a Credit Manager, the Senior Vice-President and COO, or the President and CEO. All proposed mortgages over \$500,000 require approval from the Chair of the Audit and Risk Management Committee on the behalf of the Board of Directors.

It is Home Trust's policy to limit single and associated borrowers' loan authorizations to not more than 10% of total regulated capital without the approval of the Audit and Risk Management Committee. In any event, the total aggregate exposure in any event is not to exceed 15% of total regulated capital.

Home Trust takes deposits in the form of short-term deposits, guaranteed investment certificates, registered retirement savings plans and registered retirement income funds. Deposits are raised through deposit brokers or through the six branch locations. The deposit funds are then primarily invested in mortgages on residential properties.

On December 7, 2000, Home Trust issued its first Mortgage-Backed Security. This is the securitization of residential first 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. When the MBS is 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, 2004, these assets under administration amounted to \$500.7 million. Additional information regarding Mortgage-Backed Securities can be found in the Notes to the Consolidated Financial Statements under Note 4 on pages 37 and 38 of the 2004 Annual Report.

The mortgage and deposit segment accounted for 85.5% of the consolidated total revenue and 80.6% of the Company's consolidated net income for the year ended December 31, 2004 compared to 86.4% and 88.6%, respectively, for the year ended December 31, 2003. Lending activities and the maintenance of loans also generate fee income. The major expense is the interest paid on the deposits held.

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 Home Trust in 2000 and 2001 were devoted to the development of the VISA card operation and any revenues earned during this period were applied against 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, Home Trust launched a new VISA product, the Equity Plus VISA card. This product allows homeowners to use their home equity as collateral to obtain credit from \$10,000 to \$150,000. These credit cards are subject to the same lending policies as set out in the mortgage lending operation of Home Trust with the exception of the loan-to-value limits for the total loan amount. At December 31, 2004, 2,067 cards have been issued for total authorized credit of \$82.6 million compared to December 31, 2003 with 892 cards for \$30.3 million.

As of December 31, 2004, the gross credit card receivable balance totaled \$70.5 million, comprised of \$67.0 million in accounts secured either by cash deposits or residential mortgage collateral and \$3.5 million in unsecured accounts. Home Trust has not accepted any new unsecured accounts since the first quarter of 2002. Credit cards are mainly marketed through the mortgage broker network and Home Trust's web site.

In April 2001, a new product was introduced 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 7.9% of the consolidated total revenue and 7.7% of the Company's consolidated net income for the year ended December 31, 2004. This compares to 6.8% and 4.0%, respectively, for the year ended December 31, 2003.

Other

Other corporate activities of the Company involve the investment of surplus deposits into securities, providing other interest income and dividend income. This was 6.6% of the consolidated total revenue earned by the Company and 11.7% of the consolidated net income at December 31, 2004, compared to 6.8% and 7.4%, respectively, for the year ended December 31, 2003.

In the third quarter of 2003, Home Trust entered into an 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 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, which is reported under fee income in the mortgage and deposit segment of the business. These mortgage loans are then securitized into pools. The Company purchases these pools and collects interest income. As of December 31, 2004 these purchased pools amounted to \$19.7 million and are recorded under Other Securities of the Company's assets, which earned an average yield of 10.0%. For further information refer to Note 2 in the Company's Notes to the Consolidated Financial Statements on page 35 of the 2004 Annual Report.

Competitive Conditions

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 mortgage lender and the largest provider of residential mortgages to borrowers who do not qualify at the major banks. 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 as an alternative lender to clients of these institutions.

Business Cycles

Home Trust's business generally follows economic cycles and seasonal variation is relatively minor.

Economic Dependence

The Company's business is highly dependent upon information technology systems. However, the Company has entered into agreements with certain suppliers who provide support for the information technology infrastructure. Home Trust has entered into an agreement with a third party for the development and support of the central information system. Home Trust has also entered into an agreement with a supplier of information technology services that covers the processing and execution of all transactions related to its credit card operations.

Changes to Contract

On October 4, 2004, Home Trust signed a contract with Certegy Card Services Inc. ("Certegy") to provide technology services for the processing and execution of all transactions related to the credit card operation. Home Trust's card processing will be performed by Certegy including but not limited to application data, cardholder and related account information, cardholder authorization transaction and history logs and past due, over-limit and fraudulent account information. Certegy will invoice Home Trust on a monthly basis describing all services in detail with the fees as quoted in the appendix of the contract. This contract shall be in effect for a period of five years from the date that Home Trust completes the conversion to Certegy.

Environmental Protection

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 ensuring that the Company's interests are reasonably protected. To date no environmental risks have had any material effect of the Company's operations

RISK FACTORS

The Company through its wholly owned subsidiary, Home Trust, is exposed to several factors, like other financial institutions, which could adversely affect its business, financial condition or operating results. These risks, consisting of credit, liquidity, market and operational, are also referred to in the Company's Management's Discussion and Analysis on pages 21 through 25 of the 2004 Annual Report.

Credit Risk

Credit risk is the risk of the loss of principal and/or interest from the failure of debtors to honour the financial or contractual obligations to the Company. To diversify this risk, the exposure to a single borrower or associated borrowers is limited to 10% of total regulatory capital, unless approved by the Board of Directors, where the limit is to 15% of total regulatory capital.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its obligations (both on-and off-balance sheet) as they become due. This risk arises from fluctuations in cash flows from lending, deposit taking, investing and other activities. Home Trust has developed a liquidity management framework with several key elements, which address minimum levels of liquid assets to be held at all times, the type of liquid assets, daily monitoring of these liquid assets and reporting on a quarterly basis to the Audit and Risk Management Committee and the Board of Directors.

Market Risk

Market risk is the impact on earnings resulting from changes in financial market variables such as interest rates and foreign exchange rates. Market risk arises when making loans, taking deposits and making investments.

Through Home Trust, the Company is exposed to interest rate risk, which is the impact on net interest income resulting from a change in market interest rates. The Company is exposed to interest rate risk as a result of a difference or gap between the maturity or re-pricing date of interest sensitive assets and liabilities. Home Trust has established policies with the objective of managing interest rate risk within prudent guidelines. For further information refer to Note 17 in the Notes to the Consolidated Financial Statements on page 45 and page 22 of Management's Discussion and Analysis of the 2004 Annual Report.

Operational Risk

The Company is exposed to operational risk in all business activities. This is the potential for loss as a result of external events, human error or failure of processes or procedures. This impact can be financial loss, loss of reputation, loss of competitive position or regulatory penalties. The Company is exposed to operational risk from internal business activities and activities which are outsourced. The Company's proactive operational management is the key strategy to mitigate this risk.

Regulatory Risk

The business operated by the Company is highly regulated with laws and regulations put in place by various federal and provincial governments and regulators. Changes in the regulations or laws may result in changes required by the Company in products or services currently provided. These changes could have an adverse effect on the earnings of the Company. The Company takes reasonable and prudent measures to ensure compliance with governing laws and regulations. The Company reviews and researches proposed changes by government and regulators on a proactive basis for effect. However, there could be situations in which the changes may affect whether or not the Company is considered to be in compliance.

Other Factors

The Company cautions that the above discussion of risk factors is not exhaustive. Other factors beyond the Company's control that may affect future results include technological changes, ability to attract and retain key personnel, general business and economic conditions, timely development and introduction of new products and the Company's ability to manage all the associated risks of the Company.

DIVIDENDS

Dividends are payable on the Common Shares of the Company if and when declared by the Board of Directors.

During the year ended December 31, 2004, the Company declared dividends totaling \$0.12 per Common Share as compared to \$0.07 and \$0.06 for fiscal 2003 and 2002, respectively.

On January 25, 2005, the Company's Board of Directors approved an annualized increase in the dividend from \$0.12 to \$0.16 per share. The first dividend is payable on March 1, 2005 to shareholders of record on the close of business on February 15, 2005.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of Senior Preferred Shares and an unlimited number of Junior Preferred Shares. As at December 31, 2004, 33,777,140 Common Shares were issued and outstanding. No Senior Preferred Shares or Junior Preferred Shares were issued or outstanding on December 31, 2004.

Each Common Share carries one vote per share in respect of each matter to be voted on at a meeting of the shareholders. The Senior Preferred Shares and Junior Preferred Shares carry no votes in respect of matters to be voted upon at the meeting except where otherwise required by law.

On May 13, 2004, the shareholders of the Company approved a special resolution authorizing the reclassification of its issued and outstanding "Class B Subordinated Voting Shares" as "Common Shares" and eliminating all other authorized but un-issued classes of Common Shares.

On January 7, 2004, the Company declared a stock dividend that would pay to the holders of Class B subordinated voting shares (now referred to as Common Shares) payable at the rate of one share for each Common Share held. All information regarding Common Shares or per share amounts have been restated to reflect this stock dividend.

The Common Shares of the Company are listed on the Toronto Stock Exchange ("TSX") under the symbol HCG (prior to May 18, 2004 the Common Shares were reported on the TSX under HCG.B).

Ratings

Fitch Ratings has assigned a 'BBB-' long-term senior rating and an 'F3' short term rating to both the Company and its wholly owned subsidiary Home Trust, a federally regulated trust company. The following is the complete list of ratings assigned to both the Company and Home Trust:

- Long-term Senior 'BBB-';
- Subordinated Debt 'BB+';
- Short-term 'F3';
- Individual 'C';
- Support '5';
- Rating Outlook – Stable

These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. The rating outlook of "Stable" indicates that the rating is not likely to change. A rating of "Positive", "Stable" or "Negative" is provided to help give an investor an understanding of Fitch Ratings' opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

MARKET FOR SECURITIES

Trading Price and Volume

The following table shows the price ranges and the volume traded for the Common Shares for each month of the most recent fiscal year.

Price Range and Volume Traded			
Home Capital Group Inc. (Common Shares) Symbol: "HCG" on the TSX			
Month	High (\$)	Low (\$)	Volume
January 2004	19.50	16.38	2,060,900
February 2004	23.53	16.90	2,324,100
March 2004	27.84	23.00	4,567,100
April 2004	25.00	21.26	2,216,500
May 2004	23.60	20.50	942,000
June 2004	22.50	19.71	1,074,600
July 2004	23.07	22.00	686,700
August 2004	23.00	21.40	536,800
September 2004	25.10	21.10	645,130
October 2004	26.90	23.25	1,364,100
November 2004	29.94	25.60	1,071,900
December 2004	32.85	29.00	879,400
Total			18,369,230

DIRECTORS AND OFFICERS

Name, Occupation, Committees and Security Holdings

Name, Province/State, Country of Residence and Year First Became Director	Principal Occupation	Positions with the Corporation¹	Number and Class of Securities Beneficially Owned, Directly or Indirectly, or Controlled or Directed as at December 31, 2004
Gerald M. Soloway Ontario, Canada (1986)	President and Chief Executive Officer of the Corporation	Director, President and Chief Executive Officer	2,480,733 Common Shares
John M. E. Marsh Ontario, Canada (1986)	Corporate Director	Director	1,918,802 Common Shares
Harvey F. Kolodny Ontario, Canada (1989)	Professor Emeritus, Rotman School of Management, University of Toronto (educational institution)	Director	25,000 Common Shares
John M. Christodoulou ² Ontario, Canada (1990)	Chairman & Chief Executive Officer, Guardian Capital Group (investment management company)	Director	34,000 Common Shares
William A. Dimma Ontario, Canada (1994)	Corporate Director	Chairman of the Board and Director	43,100 Common Shares
The Hon. William G. Davis Ontario, Canada (1999)	Counsel, Torys LLP (North American law firm)	Director	5,000 Common Shares

Name, Province/State, Country of Residence and Year First Became Director	Principal Occupation	Positions with the Corporation ¹	Number and Class of Securities Beneficially Owned, Directly or Indirectly, or Controlled or Directed as at December 31, 2004
Sheila L. Ross ² Ontario, Canada (1999)	Partner, Highland Partners (international executive search firm)	Director	55,000 Common Shares
Robert A. Mitchell Ontario, Canada (2002)	Corporate Director	Director	2,000 Common Shares
Norman F. Angus ³ Connecticut, United States	Managing Director, Stuart Lammert & Co. (Corporate advisory firm)	Not currently a Director	2,000 Common Shares
Janet L. Ecker ³ Ontario, Canada	Advisor, LeDrew Laishley Reed LLP (Governance, government relations and strategic communications advice for a Toronto law firm)	Not currently a Director	Nil

- The Audit and Risk Management Committee of the Corporation is currently comprised of **Messrs. Christodoulou, Davis, Dimma, Kolodny** and **Mitchell**, and **Mr. Mitchell** is the Chairman. The Executive Committee of the Corporation is currently comprised of **Messrs. Davis, Dimma, Marsh, and Soloway**, and **Mr. Dimma** is the Chairman. **Mr. Mitchell** is a member ex-officio. The Human Resources and Compensation Committee is currently comprised of **Messrs. Davis, Dimma, Marsh** and **Ms. Ross**, and **Ms. Ross** is the Chairperson. The Investment Committee is currently comprised of **Messrs. Christodoulou, Kolodny** and **Soloway**, and **Dr. Kolodny** is the Chairman. The Corporate Governance and Nominating Committee is currently comprised of **Messrs. Davis, Dimma, Kolodny** and **Mitchell**, and **Mr. Dimma** is the Chairman. In addition, each of **Messrs. Dimma, Davis, Kolodny, Marsh, Mitchell** and **Soloway** and **Ms. Ross** is currently a director, and **Mr. Soloway** is the President of the Corporation's subsidiary, Home Trust Company.
- Ms. Ross** and **Mr. Christodoulou** will not be standing for re-election at the 2004 Annual Meeting of the shareholders of Home Capital Group Inc.
- Mr. Angus** and **Ms. Ecker** will be standing for election at the 2004 Annual Meeting of the shareholders of Home Capital Group Inc.

Each of the individuals listed in the previous table have held their respective positions and offices with the same, predecessor or associated firms or organizations for the past five years except:

- Robert A. Mitchell**, C.A., of Oakville, Ontario, is a retired partner of Ernst & Young LLP, an accounting firm, having acted as auditor and advisor to significant clients in a broad cross-section of industries from June 1963 to his retirement in September 2001. He currently holds the following corporate directorships: Acuity Funds Ltd. and Orvana Minerals Corp. He has also participated on numerous working groups in the investment management, securities dealer and trust company industries as well as the volunteer sector.
- Norman F. Angus**, of Old Lyme, Connecticut, has had a lengthy investment-banking career in both Canada and the United States, advising major public sector issuers and governments on such matters as privatization, restructuring and demutualization. He is currently a managing director and has been with Stuart Lammert & Co., a North American corporate advisory firm since September 2002. Prior to that time he was with UBS from 2000 to 2002 and Lehman Brothers from 1998 to 2000.
- Janet L. Ecker**, of Ajax, Ontario, has been an advisor with the law firm of LeDrew Laishley Reed LLP, since June 1, 2004, where she counsels clients on government relations, strategic communications, governance and public/private partnerships. She is also Executive Director of the Toronto Financial Services Alliance. She is also a panelist on TVO and a Fellow in the School of Policy Studies, Queen's University. Ms Ecker is a former Minister of Finance (2002-2003), Minister of Education (1999-2002), Government House Leader (2001-2002) and Minister of Community and Social Services (1996-1999) in the Government of Ontario. She holds the following corporate directorships: CMA Holdings, Denison Mines Inc. and Minacs Worldwide Inc.

The following table sets out the name of each executive officer that is not a director of the Company, and their position, municipality of residence and the length of their employment, as at December 31, 2004.

Name	Office	Municipality of Residence	Employed Since
W. Roy Vincent	Senior Vice-President and Chief Operating Officer	Toronto, Ontario	1986
Rodney K. Adams ¹	Senior Vice-President	Richmond, Hill	2000
Nick Kyprianou	Senior Vice-President	Ancaster, Ontario	1992
Brian R. Mosko	Senior Vice-President	Toronto, Ontario	1989
Brian E. Wilson ²	Senior Vice-President	Oakville, Ontario	2004
Cathy A. Sutherland	Treasurer	Welland, Ontario	1990
Sharron I. Hatton	Corporate Secretary	Toronto, Ontario	1986

1. Mr. Adams ceased to be an officer of the Company effective March 31, 2004.
2. Mr. Wilson ceased to be an officer of the Company effective February 4, 2005.

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 the following:

- Mr. Adams joined the Company in December 2000 as a Senior Vice-President and was appointed an officer of 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. Wilson joined the Company in February 2004 as Senior Vice-President and was appointed an officer of the Company on May 12, 2004. Prior to joining the Company, Mr. Wilson was the Senior Vice-President, Finance and Administration of O & Y Properties Corporation from 2003 to 2004 and Director and Chief Financial Officer and Trustee of UBS Pension Plan of UBS Bank (Canada) from 1999 to 2002.
- Mr. Mosko has been employed with the Corporation since 1989, and was appointed an officer of the Corporation on May 12, 2004.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company has, within the 10 years prior to the date of this Annual Information Form, been a director or executive officer of any company that (i) was the subject of a cease trade or similar order for more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order for more than 30 days, or (iii) within one year of the director or executive officer ceasing to act in that capacity, became bankrupt or insolvent, instituted proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; except as follows:

- i) Mr. Dimma, the Chairman and a director of the Company, was a director of American Eco Corporation from 1997 until the year 2000. In the year 2000, American Eco went into Chapter 11 in the USA and CCAA in Canada. Subsequently it moved to Chapter 7 in the USA and into insolvency.
- ii) Mr. Davis, a director of the Company, was a director of Dylex Limited from 1995 until May 16, 2001 when he resigned as a result of a change of control transaction. Dylex was adjudged bankrupt in September 2001 with an effective date of mid-June 2001. The Trustee in Bankruptcy of Dylex Limited has commenced proceedings against the former directors, officers, and legal counsel of Dylex Limited in connection with the change of control transaction. The claim is being defended.

Conflicts of Interest

There are no existing or potential material conflicts of interest between the directors and officers of the Company or its wholly owned subsidiary, Home Trust.

LEGAL PROCEEDINGS

The Company and its wholly owned subsidiary, Home Trust, are not involved in any material legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer or an associate thereof had any material interest, direct or indirect, in any transaction within the three most recently completed fiscal years that has or had a material effect on the Company.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar of the Company is Computershare Investor Services Inc. The transfer books for the Common Shares of the Company are kept in Toronto, Ontario, Canada.

INTEREST OF EXPERTS

Ernst & Young LLP, Chartered Accountants, were auditors of the Company for the year ended December 31, 2004 and prepared and executed the audit report accompanying the annual financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE INFORMATION

Audit and Risk Management Committee's Charter

The Company's Audit and Risk Management Committee Charter sets out its responsibilities and duties, membership qualifications and procedures for reporting to the Board of Directors. A copy of the charter is attached hereto as Appendix "A".

Composition of the Audit and Risk Management Committee

As of December 31, 2004, the Audit and Risk Management Committee was comprised of the following five directors, all of whom are independent directors:

Robert A. Mitchell, C.A., Chairman
John M. Christodoulou
Hon. William G. Davis
William A. Dimma
Harvey F. Kolodny

Each member of the Audit and Risk Management Committee is financially literate within the meaning of Multilateral Instrument 52-110 on Audit Committees.

Relevant Education and Expertise

The following section lists the relevant education and expertise of each Audit and Risk Management Committee member.

Robert A. Mitchell, C.A. (Chairman of the Audit Committee)

Robert Mitchell is a former partner of Ernst & Young LLP, an accounting firm, having acted as auditor and advisor to significant clients in a broad cross-section of industries until his retirement on September 30, 2001. He currently holds the following corporate directorships: Acuity Funds Ltd. and Orvana Minerals Corp. He has also participated on numerous working groups in the investment management, securities dealer and trust company industries as well as the volunteer sector. Mr. Mitchell has been a director of the Company for the past two years.

John M. Christodoulou

John Christodoulou is the Chairman and C.E.O. and a director of Guardian Capital Group Limited (a publicly listed financial services company). He was formerly President of SwissRe Management Limited and a professor at the Graduate Schools of Business Administration, Queen's University and York University. Mr. Christodoulou has been a director of the Company for the past fifteen years.

The Hon. William A. Davis, P.C., C.C., O.C.

Hon. William Davis is Counsel with the firm of Torys LLP, Toronto and is the former Premier of Ontario (1971-1985). He currently holds the following corporate directorships: First American Financial Corporation, First American Title Insurance Company, BPO Properties Ltd. and Magellan Aerospace Corporation. Mr. Davis is also a trustee of Retirement Residences Real Estate Investment Trust and a member of the Governing Council of the University of Toronto. Mr. Davis has been a director with the Company for the past five years.

William A. Dimma, C.M., O.Ont

William Dimma has numerous directorships at major Canadian corporations and is the former president of Torstar Corporation and Royal LePage. He currently holds the following corporate directorships: Magellan Aerospace Corporation, Brascan Financial Corporation, Malibu Engineering and Software Ltd. and York University Development Corporation. Mr. Dimma is also a director of numerous not-for-profit institutions and the author of the text "Excellence in the Boardroom." Mr. Dimma has been a director of the Company for the past ten years and has also been the Chairman of the Board during his tenure.

Harvey F. Kolodny

Harvey Kolodny is professor emeritus with the Joseph L. Rotman School of Management at the University of Toronto. He currently holds the following directorships: Vivosonic Inc. and Ontario Council for Innovation. Dr. Kolodny's current research examines the integration of project management and change management in large organizations. Dr. Kolodny was previously the Chairman of the Audit and Risk Management Committee for the period of December 2000 to October 2003, and has been a director of the Company for the past fifteen years.

Prior Approval for Policies and Procedures

The Audit and Risk Management Committee adopted a policy regarding the services that could be provided by its external auditors. The policy specifies the prior approval procedure for non-auditing services provided by the Company's external auditors. The current policy generally prohibits the Company from hiring its auditors to provide certain services unrelated to audits at the Company and its subsidiaries, including services related to bookkeeping; the design and implementation of financial information systems, evaluation, actuarial, internal audit and investment banking services, management and human resource functions, and legal services.

External Audit Fees by Category

The following table presents by category the fees paid to the external auditors Ernst and Young LLP, Chartered Accountants for the fiscal years ended December 31, 2004 and 2003.

Fee Category	Year Ended December 31, 2004 (\$)	Year Ended December 31, 2003 (\$)
Audit Fees	189,000	152,500
Audit-related Fees	-	-
Tax Fees	52,400	18,300
All Other Fees	-	-
Total Fees	241,400	170,800

Audit Fees

Audit Fees include all fees paid to Ernst & Young LLP for the audit of the annual consolidated financial statements, examinations of the interim financial statements, other statutory audits and submissions and fees related to interpretation of standards of accounting and financial disclosure.

Audit-related Fees

Audit-related Fees include all fees paid for certification services and other related services traditionally carried out by the independent auditor, including the audit of various trusts and other entities. No fees were paid for audit-related services in fiscal 2004 and 2003.

Tax Fees

Tax Fees include all fees paid to Ernst & Young LLP for tax-related advice, tax compliance and tax planning. These services consist of tax compliance including the review of tax returns, tax planning relating to income tax, capital tax, goods and services tax and provincial sales tax.

All Other Fees

All Other Fees include fees paid for all services other than those posted in audit fees, audit-related fees and tax fees. No other fees were paid for fiscal 2004 and 2003.

ADDITIONAL INFORMATION

Additional information relating to Home Capital Group Inc. may be found on SEDAR at www.sedar.com and on the Company's web site at www.homecapital.com

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 Meeting of the Shareholders to be held on May 11, 2005.

Additional financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2004, which is available in the 2004 Annual Report and at www.sedar.com

Copies of the foregoing documents may be obtained upon request from the Corporate Secretary of the Company at Home Capital Group Inc., 145 King Street, Suite 1910, Toronto, Ontario, M5H 1J8 or available on the Company web site: www.homecapital.com

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 Annual Information Form ("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 statements
 - (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 other 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.

APPENDIX “A”

HOME CAPITAL GROUP INC.

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

Membership

The Audit and Risk Management Committee of the Board of Directors of Home Capital Group Inc. shall consist of such number of members (at least three) as are appointed from time to time by the Board. Unless otherwise determined by the Board and permitted by applicable regulation, the Committee shall be composed solely of directors who have no direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of such director’s independent judgement, and are otherwise independent as determined in accordance with applicable regulation. In addition, a majority of members shall be resident Canadians.

Unless otherwise determined by the Board and permitted by applicable regulation, all members of the Committee shall be financially literate, meaning they shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues generally comparable to the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The Board shall appoint the Chair of the Committee.

The Board may, by resolution, at any time remove any member of the Committee, with or without cause, or add to or otherwise change the membership of the Committee. Committee membership shall not, however, be reduced to less than three or vary from the qualification requirements specified above. A member of the Committee shall cease to be a member upon ceasing to be a director.

Duties and Responsibilities

The Committee shall have all the powers and duties conferred on it by the laws governing the Corporation and such other powers and duties as may be conferred on it from time to time by resolution of the Board. In addition to the foregoing powers and duties, the Committee shall have the following duties and responsibilities:

1. To review, prior to approval thereof by the Board, all financial statements of the Corporation, whether annual or periodic, and the external auditor’s report, if any, thereon and any annual or interim MD&A (a) prepared for submission to a meeting of the directors of the Corporation, (b) which may be required by applicable law to be reviewed by the Committee or (c) which the Board may by resolution determine shall be so reviewed, and to report to the Board:
 - i) if the same have been prepared in accordance with the laws to which the Corporation is subject and the policies from time to time adopted by the Board;
 - iii) any significant changes in the form or content of such statements from the corresponding statements most recently approved by the Board and the reason(s) therefore, together with any intervening developments in relevant accounting principles, policies and practices which have been taken into account in preparing such

financial statements or which, in the opinion of the Committee or the external auditor of the Corporation, might have been taken into account for that purpose; and

iii) where deemed to be appropriate, the report of the external auditor as to form and content of such statements and as to the level of co-operation of management received by the external auditor in the conduct of the audit.

2. To review all financial statements, whether annual or periodic, any annual or interim MD&A and annual or periodic earnings press releases of the Corporation prior to public disclosure by the Corporation.
3. To satisfy itself that adequate procedures are in place for the review of public disclosure of any financial information of the Corporation other than information listed in 2) above and to periodically assess such procedures.
4. To review all financial statements of the Corporation, whether annual or periodic, appearing in a prospectus.
5. To review such returns of the Corporation as may be required by any regulatory authority and the compliance of any regulated subsidiary of the Corporation with all applicable laws, regulations and standards.
6. To review estimates and judgments that are material to reported financial information, and consider the quality and acceptability of the Corporation's accounting policies and procedures and the clarity of disclosure in financial statements.
7. To review such investments and transactions that could adversely affect the well-being of the Corporation as the external auditor or any officers of the Corporation may bring to the attention of the Committee.
8. To receive reports on the periodic findings of any regulatory authority and management's response and observations thereon.
9. To meet with the external auditor to discuss the quarterly and annual statements and the returns and transactions referred to in this Charter.
10. To review the audit plan, including such factors as the integration of the external auditor's plan with the internal audit plans and whether the nature and scope of the planned audit procedures can be expected to detect material weaknesses in internal controls and determine if financial statements present fairly and accurately the Corporation's financial position in accordance with generally accepted accounting principles.
11. To identify the risks inherent in the business of the Corporation and to review and approve management's risk philosophy and risk management policies necessary to address as much as reasonably possible those identified risks.
12. To review periodically, but at least annually, management reports demonstrating compliance with risk management policies and confirm annually that management has taken reasonable steps to ensure compliance with standards.

13. To review and recommend to the Board the appointment of an external auditor and the compensation of such external auditor.
14. To review and evaluate the performance of the external auditor, including how and under what circumstances external auditors are to be rotated or removed, such review to include, but not be limited to:
 - i) A review of estimated and actual fees;
 - ii) A review of the engagement letter of the external auditor and the scope and timing of the audit work; and
 - iii) Pre-approval of all non-audit work to be performed by the external auditor and the fees to be paid therefore.
15. To review and approve the Corporation's hiring policies regarding current and former partners and employees of the external auditor.
16. To be directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
17. To review with the external auditor the performance of management involved in the preparation of financial statements, any problems encountered by the external auditor, any restrictions on the external auditor's work, the co-operation received in performance of the audit and the audit findings, any significant recommendations made to management on internal controls and other financial and business matters and management's response to the recommendations.
18. To provide the external auditor with the opportunity to meet with the Committee without management present at each meeting of the Committee for the purpose of discussing any issues.
19. To consider, and if determined appropriate, to delegate authority to pre-approve non-audit services of the external auditor to the Chair of the Committee, which pre-approval must be presented to the full Committee at its next scheduled meeting.
20. To confirm the accountability of the external auditor to the Committee and the Board and to satisfy itself that the external auditor's independence in carrying out the audit function is not impaired by either management or the external auditor's own action or activities.
21. To require the management of the Corporation to implement and maintain appropriate internal control and data security procedures and oversee their implementation and operation.
22. To satisfy itself with respect to the competence and adequacy of the Corporation's staffing for the accounting, financial and internal audit functions.
23. To establish a satisfactory procedure for the receipt, retention and handling of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, which will include procedures for the confidential, anonymous submission of concerns by employees with regard to these matters.

24. To report and make recommendations to the Board arising from its responsibilities as the Committee considers appropriate.
25. To ensure that the Committee is able to discharge the foregoing duties and responsibilities, the Corporation shall require the external auditor to report directly to the Committee.

Minutes

Minutes shall be kept of all meetings of the Committee.

Meetings

Except as otherwise provided in this Charter, the rules and regulations relating to the calling and holding of and proceedings at meetings of the Committee shall be those, making allowance for the fact that it is a committee, that apply to meetings of the Board, subject to such modifications as may, from time to time, be determined by resolution of the Committee. Until otherwise determined by resolution of the Board:

1. The quorum for meetings of the Committee shall be two (2) of its members.
2. Meetings of the Committee may be called by its Chair or Vice Chair, if any, or by any member of the Committee, or by the external auditor of the Corporation. The Committee may at any time request the attendance of any officer of the Corporation or any person at any meeting of the Committee. Any member of the Committee may request the external auditor of the Corporation to attend every meeting of the Committee held during the member's term of office.
3. The external auditor of the Corporation shall receive notice of every meeting of the Committee and may attend and be heard at any meeting.
4. Meetings of the Committee shall be held at such time and place as may be determined from time to time by the Committee or by the Chair or Vice Chair, if any, of the Committee, and notice thereof shall be given in the manner and with the length of notice provided in the resolution(s) of the Board relating to notices of meetings of directors.

Reports to the Board

The Committee shall report to the Board as follows:

1. In the case of annual statements and periodic returns that under applicable legislation must be approved by the Board, the Committee shall report thereon to the Board before approval is given.
2. All significant actions of the Committee shall be reported to the Board whenever possible at its next succeeding regular Board meeting and shall be subject to revision or alteration by the Board.

The Committee may call a meeting of the Board to consider any matter of concern to the Committee.

Access to Information

In its discharge of the foregoing duties and responsibilities, the Committee shall have the authority to communicate directly with the external auditor and shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the relevant accounting books, records and systems of the Corporation and shall discuss with the officers and auditors of the Corporation such books, records, systems and other matters considered appropriate.

Independent Advisors

The Committee shall have the authority to engage such independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes and to set and cause the Corporation to pay the compensation of any such counsel or advisors.

Board Review of Charter

The Board shall review the adequacy of the Committee's Charter on at least an annual basis and the text of this Charter shall be included in the Corporation's Annual Information Form.

Approved February 24, 2005.