HOME CAPITAL GROUP INC.

Second Quarter Financial Results

August 2, 2017

Forward-Looking Statements

From time to time Home Capital Group Inc. makes written and verbal forward-looking statements. These are included in the Annual Report, periodic reports to shareholders, regulatory filings, press releases, Company presentations and other Company communications. Forward-looking statements are made in connection with business objectives and targets, Company strategies, operations, anticipated financial results and the outlook for the Company, its industry, and the Canadian economy. These statements regarding expected future performance are "financial outlooks" within the meaning of National Instrument 51-102. Please see the risk factors, which are set forth in detail in the Risk Management section of the 2017 Second Quarter Report, as well as the Company's other publicly filed information, which is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com, for the material factors that could cause the Company's actual results to differ materially from these statements. These risk factors are material risk factors a reader should consider, and include credit risk, liquidity and funding risk, structural interest rate risk, operational risk, investment risk, strategic risk, reputational risk, compliance risk and capital adequacy risk along with additional risk factors that may affect future results. Forward-looking statements can be found in the Report to the Shareholders and the Overview of the Second Quarter and Outlook section in the 2017 Second Quarter Report. Forward-looking statements are typically identified by words such as "will," "believe," "expect," "anticipate," "intend," "should," "estimate," "plan," "forecast," "may," and "could" or other similar expressions.

By their very nature, these statements require the Company to make assumptions and are subject to inherent risks and uncertainty, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change. Please also refer to the Overview of the Second Quarter and Outlook section of the 2017 Second Quarter Report for risks and uncertainties related to the Company's going concern assessment. The preceding list is not exhaustive of possible factors.

These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Company presents forward-looking statements to assist shareholders in understanding the Company's assumptions and expectations about the future that are relevant in management's setting of performance goals, strategic priorities and outlook. The Company presents its outlook to assist shareholders in understanding management's expectations on how the future will impact the financial performance of the Company. These forward-looking statements may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf, except as required by securities laws.

Recent Highlights

- **Yousry Bissada named President and Chief Executive Officer.**
- Reached two agreements comprising global settlement with the Ontario Securities Commission (OSC) and a class action lawsuit subject to final approval from the OSC and the Ontario Superior Court of Justice.
- Completed initial equity investment by a wholly-owned subsidiary of Berkshire Hathaway Inc. (Berkshire).
- Replaced previous emergency credit facility with $2 billion backstop credit facility from Berkshire, on better terms.
- Closed initial tranche of previously announced commercial mortgage asset and residential mortgage asset sales resulting in proceeds of approximately $1.13 billion and $300 million, respectively.
- Repaid all outstanding amounts under the Berkshire credit facility with proceeds from loan asset sales subsequent to the end of Q2, loan maturities and increased deposit flows – Ability to draw up to $2.0 billion going forward, if required.

Business and Financial Performance

Liquidity stabilized

- Aggregate available liquidity and credit capacity totaled approximately $3.94 billion including the undrawn amount of $2 billion under the Berkshire credit facility as at August 1, 2017
- GIC deposit funding model restored. Total deposits average net daily inflows exceeding $15 million since announcement of the Berkshire transaction.

Mortgage portfolio continues to perform well

- High credit quality with low provisions for credit losses.
- Weighted average current loan-to-value (LTV)(1) of the uninsured residential mortgage portfolio was 59.3%.
- 98.7% of the mortgage portfolio is current, with 0.22% over 90 days past due.

1. Weighted average current LTV is defined in the Q2 2017 Management Discussion and Analysis.

Business and Financial Performance

Management succession

- Yousry Bissada named President and CEO. He brings more than three decades of experience focused on financial services and the mortgage industry, and a track record of managing change, driving transformation and creating value.
- Greg Parker named EVP, Strategic Transactions; David Cluff named Chief Risk Officer
- Executive search for new a CFO is nearing completion.

Strategic Review and Transactions Related to Liquidity Event

- Closed initial equity investment by Berkshire, through its wholly owned subsidiary Columbia Insurance Company, of approximately $153.2 million to acquire a 19.99% equity stake in the Company on a private placement basis.
- Additional investment by Berkshire of approximately $246.8 million to acquire approximately 18.4%, remains subject to approval at a Special Meeting of Shareholders scheduled for September 12, 2017.
- Closed initial tranches of commercial mortgage assets, receiving proceeds of approximately $1.13 billion as of July 25, 2017, with a further tranche expected to close by the end of Q3 2017.
- Closed sales of residential mortgage assets for total proceeds of approximately $300 million.
- Management has <u>completed the strategic review related to the liquidity event.</u>

Guideline B-20

- In July, OSFI introduced for comment and consultation a revised draft of Guideline B-20 (B-20) Residential Mortgage Underwriting Practices and Procedures.
- **The draft revisions include:**
  - **Qualifying stress test for uninsured mortgages**
  - **Prohibition on certain co-lending arrangements**
  - **Further expectations to account for property price inflation when determining appropriate LTV**
  - **Additional guidance on more rigorous income verification processes**
- Based on the Company's preliminary analysis and interpretation, the revisions to B-20, if implemented as proposed, would reduce, possibly materially, the size of the uninsured mortgage market available to the Company and its federally regulated competitors.
- The Company also believes that the revisions, if implemented as proposed, would increase the rate of renewals of mortgage loans with the existing lenders.
- The draft B20 is in the consultation stage and may be further revised before implementation, and it is unclear in any event what impact the revisions to B-20 would have on the real estate and mortgage markets as a whole.
- If implemented as proposed, the draft B20 would be expected to have a material impact on the Company's business strategy going forward. At this time, there can be no certainty as to the final revisions of the guideline.

Q2 2017 Financial Results

	Q2 2017	Q1 2017	Q2 2016	YoY
Reported Net Income (Loss)	**($111.1M)**	**$58.0M**	$66.3M	**($177.4M)**
Reported Diluted EPS	**$(1.73)**	**$0.90**	$0.99	**($2.72)**
Revenue	**$(61.3M)**	**$147.7M**	$146.8M	**($208.1M)**
NIM (TEB)	**(0.07%)**	**2.44%**	2.38%	**(245 bps)**
Loans Under Administration	**$25.9B**	**$27.2B**	$25.7B	**$0.2B**
Provision as a % of Gross Uninsured Loans	**0.07%**	**0.16%**	0.08%	**(1 bps)**
NPL Ratio	**0.23%**	**0.24%**	0.33%	**(10 bps)**
Total Capital Ratio	**17.54%**	**16.77%**	16.82%	
CET1 Ratio	**17.06%**	**16.34%**	16.38%	
# of Commons Shares O/S (000's)	**80,246**	**64,204**	65,741	

- Net loss for Q2 2017 includes the impact of increased expenses of approximately $233.7 million pre-tax ($173.5 million after tax). Expenses are in addition to normal operating costs, and reduced diluted earnings per share by $2.70 resulting in the reported net loss in Q2 2017.
- Revenue and NIM declined in Q2 2017 from Q1 2017 due primarily to elevated expenses incurred during the quarter comprising primarily of the $100 million commitment fee incurred on the initial $2 billion emergency credit facility.
- CET 1 ratio improved to 17.06%, as compared to 16.34% in Q1 2017, and is expected to rise further after the execution of transactions previously announced.
- Common shares outstanding increased to 80,246 at end of Q2 2017 from 64,204 at Q1 2017 following the closing of the private placement for the initial equity investment by Berkshire of approximately $153.2 million to acquire a 19.99% equity stake in the Company.

Q2 2017 Elevated Expenses

- A liquidity event in late April 2017 required the Company to sell assets and arrange an emergency credit facility which resulted in incremental costs. A global settlement was reached for the OSC and class action matters, net of insurance, resulting in an increased provision for costs associated with the repositioning of the business.

- These expenses, which totaled $233.7 million ($173.5 million after tax) and are in addition to normal operating costs, reduced diluted earnings per share by $2.70 and were the main reason the Company reported a net loss in the second quarter.

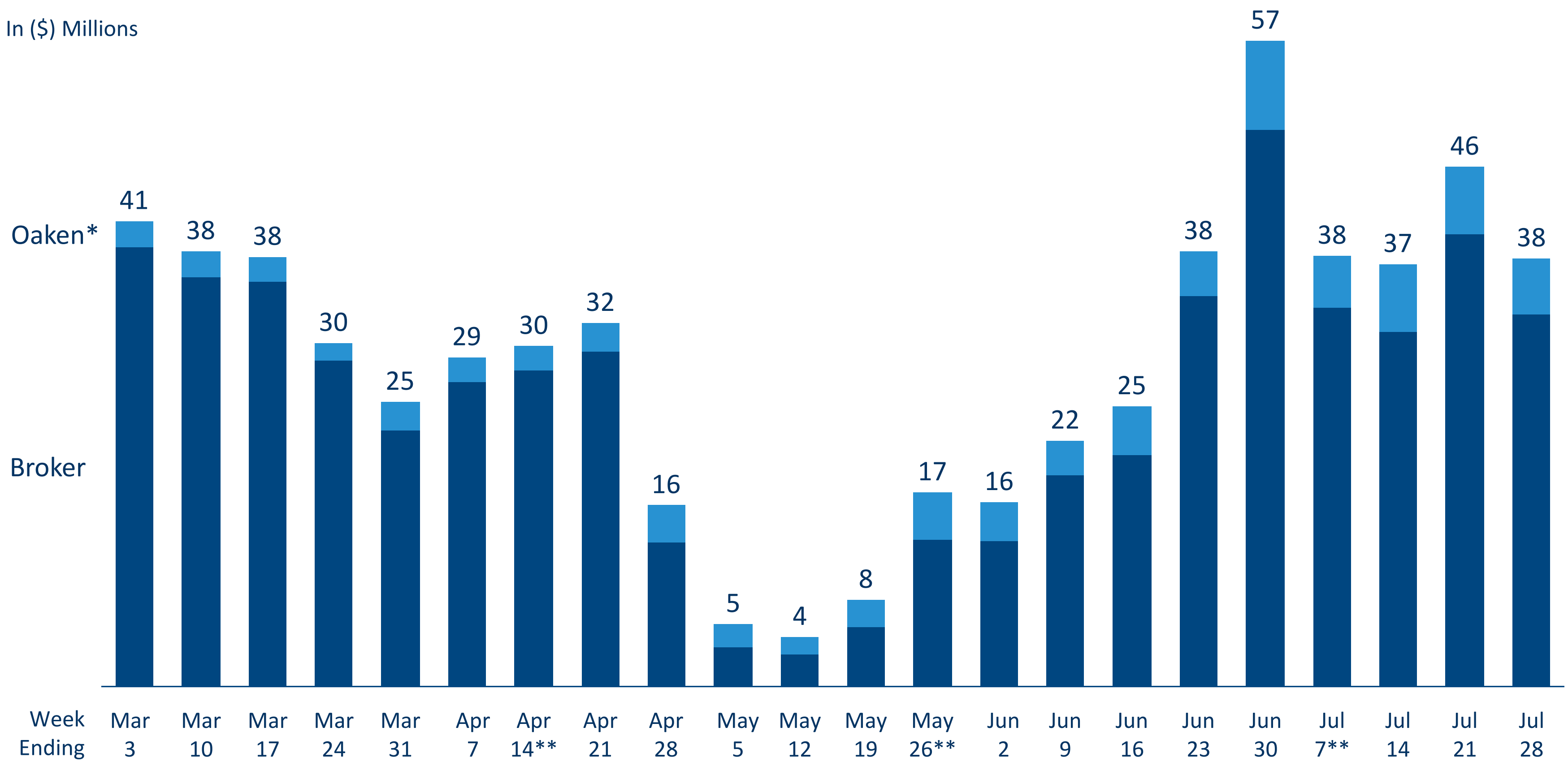
  - Incremental costs incurred in connection with the liquidity event totaled **$213.6 million (or $157.0 million after tax and $2.44 diluted earnings per share)** and included the following: **1) $130.6 million** in commitment fees and interest charges related to the emergency credit facility and Berkshire line of credit and related professional and advisory fees and **2) a $72.9 million** realized loss on the urgent sale of the Company’s available for sale asset portfolio, $46 million of this loss was previously recorded in accumulated other comprehensive income.

  - The Company determined it will exit its payment card and payment processing (PsiGate) business and its prepaid card business. As a result, the Company recorded an asset impairment related to the remaining goodwill, intangible and other assets within these businesses of **$7.3 million (or $6.6 million after tax and $0.10 diluted earnings per share).**

  - Additional restructuring costs related to Project Expo, the Company’s expense savings initiative, of **$5.8 million (or $4.2 million after tax and $0.07 diluted earnings per share)** were also recorded during the quarter.

  - Costs related to the OSC matter and related class action were **$7.0 million (or $5.7 million after tax and $0.09 diluted earnings per share)**, net of expected insurance recoveries.

Average Daily Gross GIC Deposits



- Averages are for 5 days Monday – Friday
- Week ending June 30: Closing of Berkshire credit facility and agreement

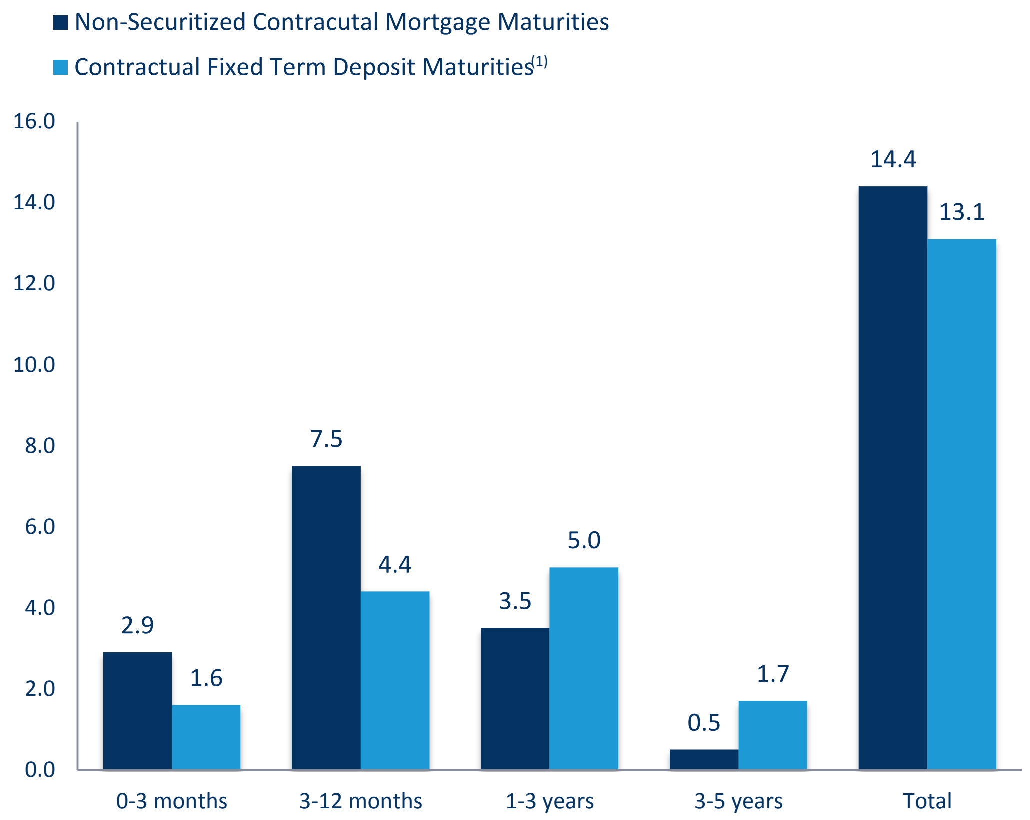
*Oaken GIC deposits include renewals

**4 day week

Long Funded Balance Sheet

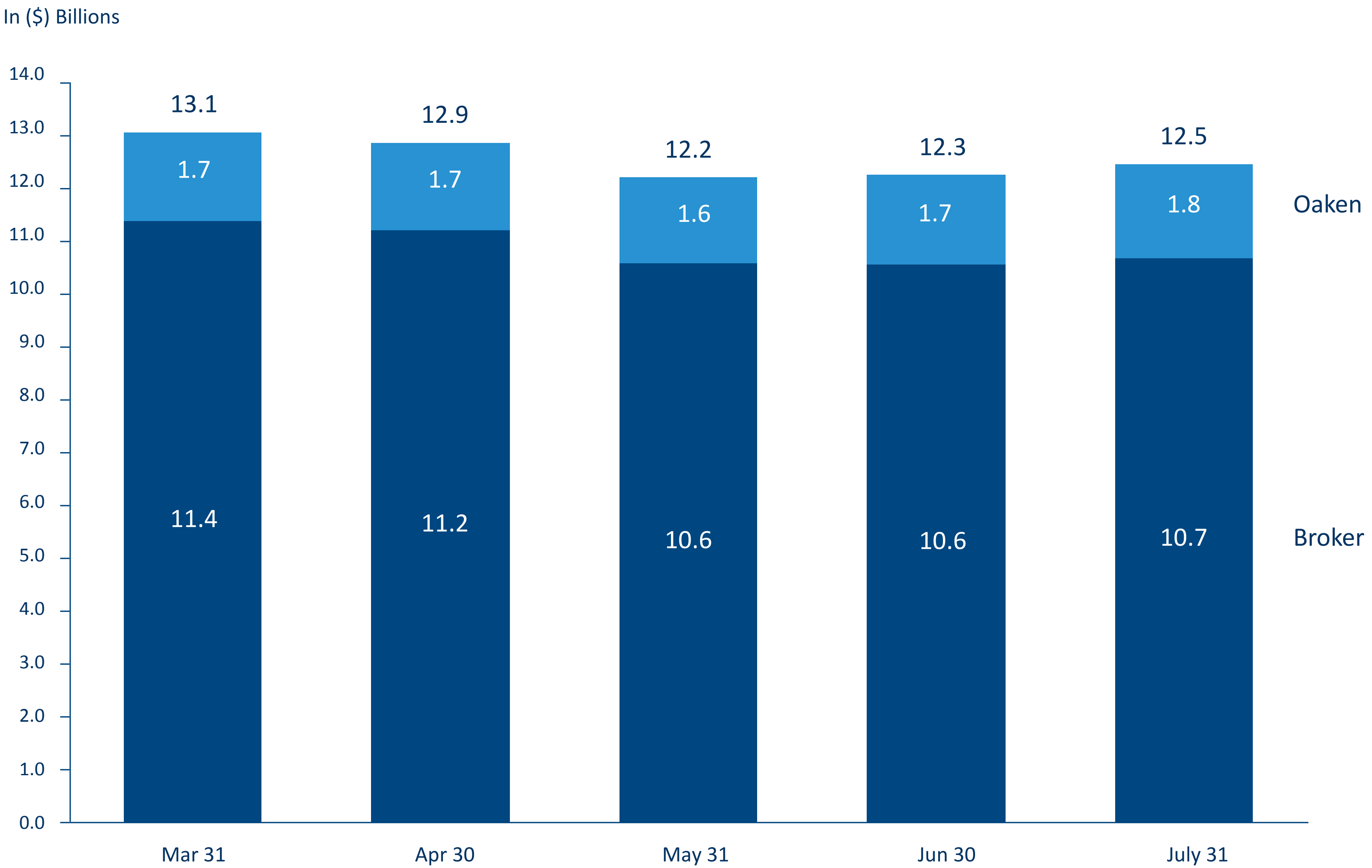
- ALM model based on matched or long funding principle
- Near term non-securitized mortgage book run off exceeds repayment schedule of contractual GIC maturities
- Securitization funding provides the Company with low cost long-term matched funding
- Only limited amount of demand deposits remaining

Maturity Profile ($ bn)



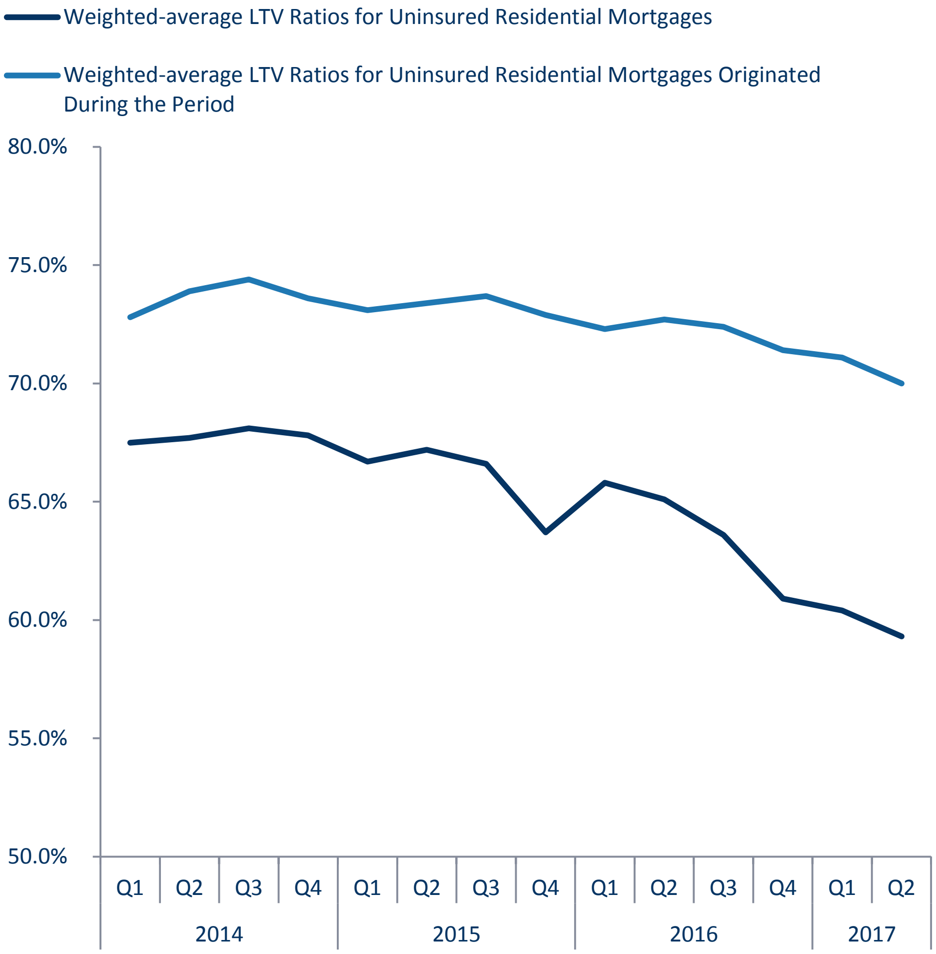
1. The total contractual fixed term deposit maturities exclude the Company's outstanding HISA deposits of $126 million and Oaken Savings deposits of $186 million as of August 1, 2017.

Total GIC Balance



Prudently Managed Mortgage Book

LTV Ratio (Q1 2014 – Present)



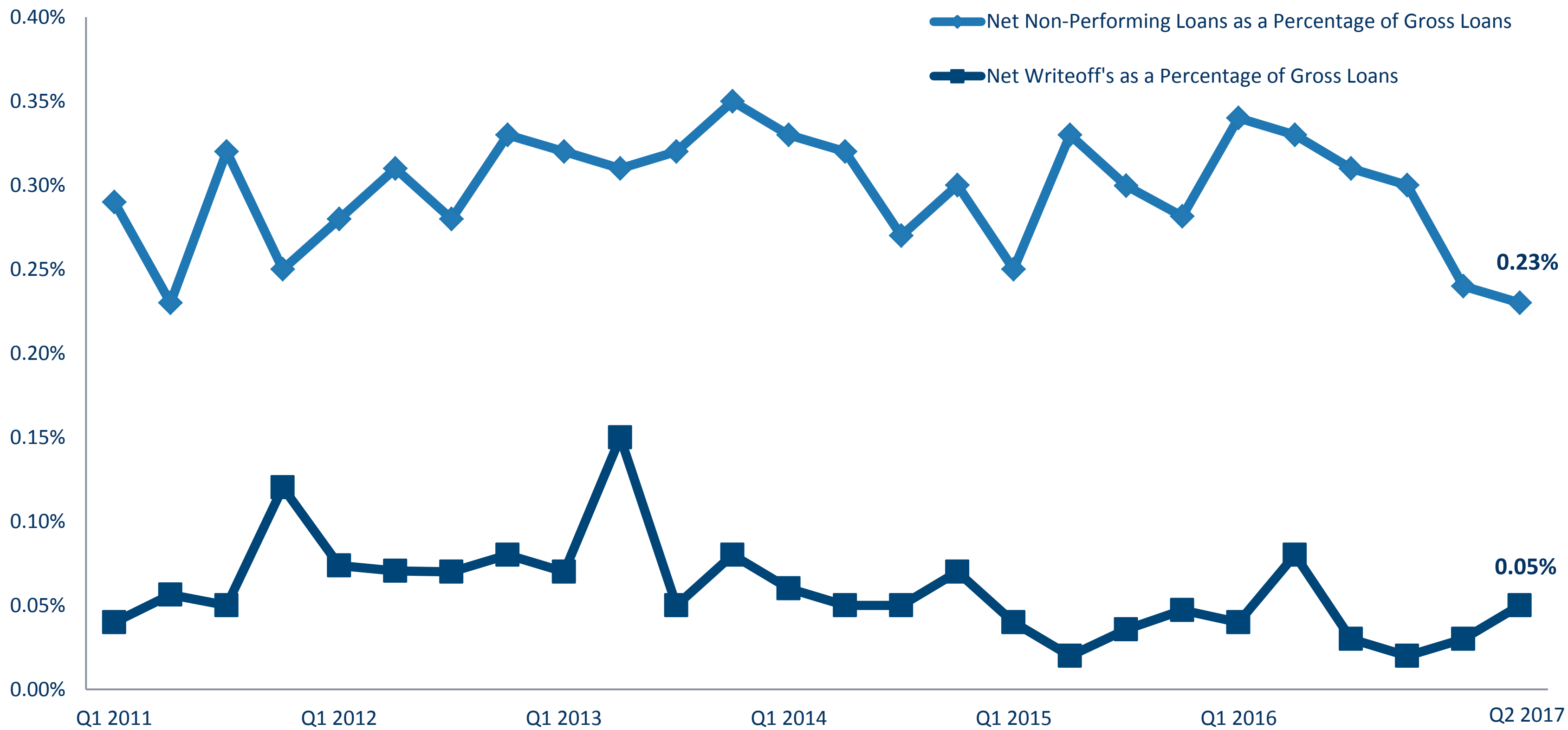
LTV Ratios by Geography (Q2 2017)

Uninsured Residential Mortgages Originated Q2 2017	
British Columbia	63.1%
Alberta	71.3%
Ontario	70.5%
Quebec	70.0%
Other	69.4%
Total	**70.0%**

Uninsured Residential Mortgages [1]	
British Columbia	55.0%
Alberta	65.3%
Ontario	59.3%
Quebec	63.1%
Other	62.9%
Total	**59.3%**

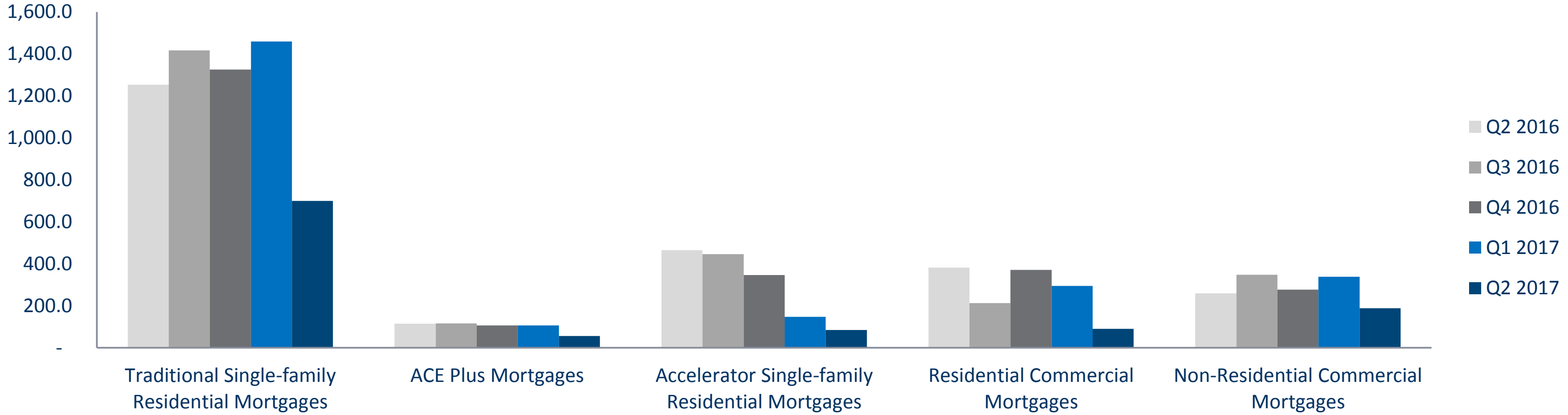
1) Based on Teranet -National Bank House Price Index.

Non-Performing vs. Net Write Offs as a % of Gross Loans



- Prudent strategies to maintain strong credit quality
- Close monitoring of non-performing loans and proactive measures to minimize losses

Mortgage Originations

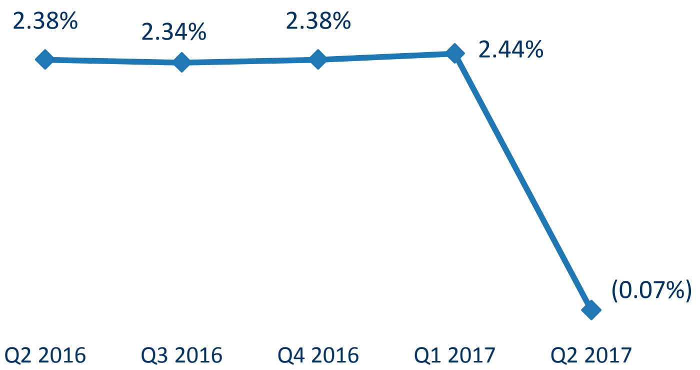


(in millions)	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Traditional Single-family Residential Mortgages	$1,253.0	$1,416.8	$1,325.9	**$1,458.8**	**$699.9**
ACE Plus Mortgages(1)	$115.4	$116.7	$106.5	**$106.0**	**$56.1**
Accelerator Single-family Residential Mortgages	$464.8	$446.7	$346.7	**$147.6**	**$84.2**
Residential Commercial Mortgages	$382.0	$212.8	$371.5	**$294.8**	**$89.8**
Non-Residential Commercial Mortgages	$259.7	$347.6	$277.3	**$338.4**	**$188.1**
Total Mortgage Originations	$2,474.9	$2,540.7	$2,427.8	**$2,345.6**	**$1,118.1**

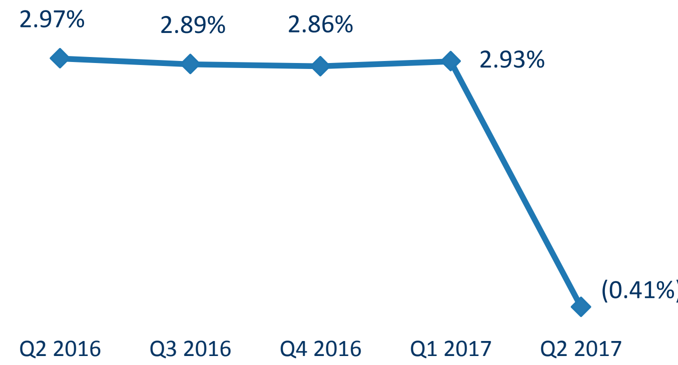
1) ACE Plus product discontinued during Q2 2017 as pricing was no longer economical.

Net Interest Margin

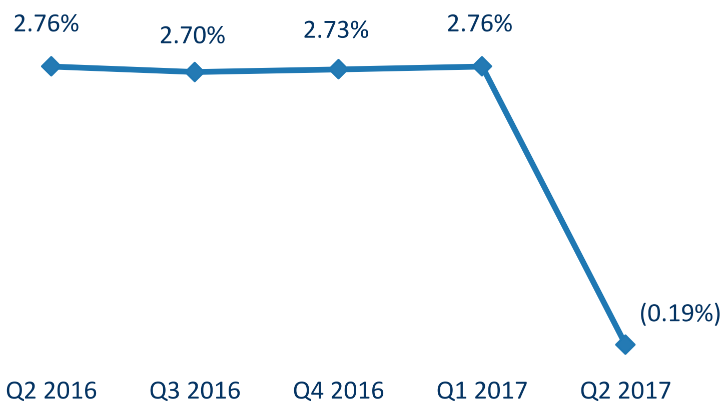
NIM (TEB)[1]



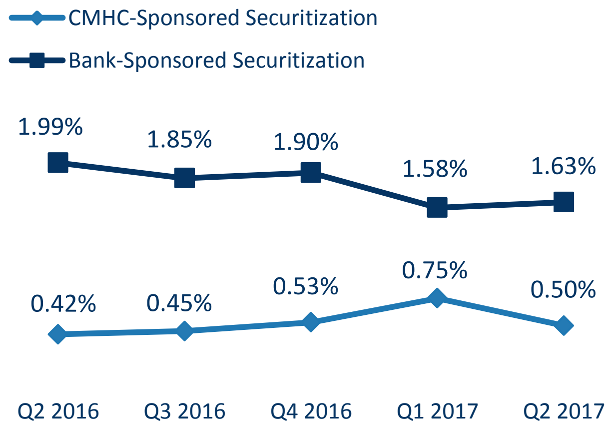
Spread of Non-Securitized Loans over Deposits (TEB)



NIM Non Securitized Assets (TEB)



NIM Securitized Assets (TEB)



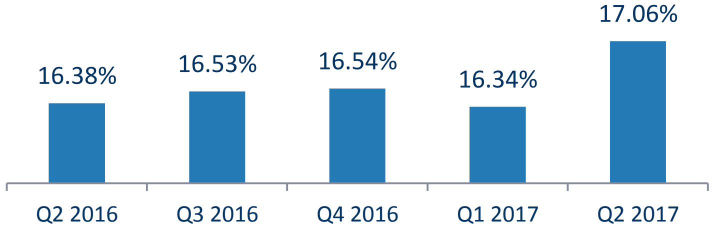
1) NIM declined in Q2 2017 from Q1 2017 due primarily to elevated expenses incurred during the quarter comprising primarily of the $100 million commitment fee incurred on the initial $2 billion emergency credit facility.

Capital & Liquidity Update

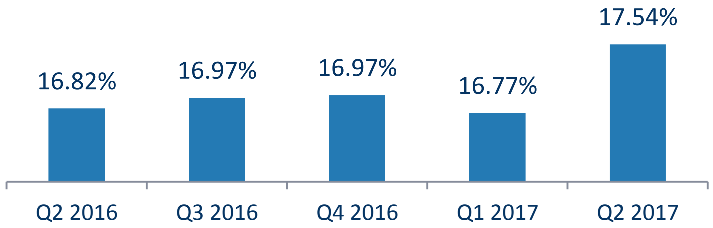
- As of Aug 1, 2017, aggregate available liquidity and credit capacity stood at approximately $3.94 billion including $2 billion undrawn under the Company's credit facility with Berkshire.

- Q2 2017 Capital ratios:
  - CET 1 Ratio 17.06%
  - Tier 1 Ratio 17.06%
  - Total Capital Ratio 17.54%

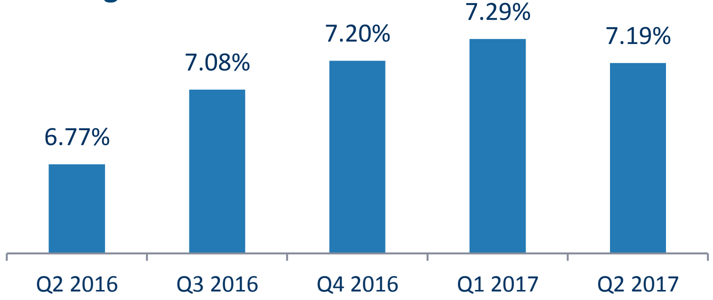
Basel III Common Equity Tier 1



Basel III Total Capital



Leverage Ratio



Mortgage Lending Q2 2017 Highlights

Total on-balance sheet mortgage portfolio balance of $16.9B, of which 88.2% is residential mortgages

- 19.6% of the residential mortgage portfolio is insured
- Weighted average current loan-to-value (LTV) of the uninsured residential mortgage portfolio was 59.3%
- 98.7% of the mortgage portfolio is current, with 0.2% over 90 days past due
- Condominiums represent 8.1% of the residential mortgage portfolio, with 23.6% insured

Single-Family Residential Loans by Province	Insured	Uninsured	Equity Line Visa	Total	%
British Columbia	$279.8M	$596.6M	$2.5M	**$878.9M**	**6.1%**
Alberta	$373.5M	$297.9M	$9.7M	**$681.1M**	**4.8%**
Ontario	$1,779.0M	$9,897.4M	$321.2M	**$11,997.5M**	**83.6%**
Quebec	$168.4M	$265.6M	$1.2M	**$435.3M**	**3.0%**
Other	$216.4M	$142.2M	$2.2M	**$360.8M**	**2.5%**
Total	**$2,817.1M**	**$11,199.7M**	**$336.8M**	**$14,353.6M**	**100.0%**

Outlook H2 2017

- Yousry Bissada, incoming President and Chief Executive Officer, management and Board to reassess business plans and set new long term strategic goals and objectives.
- Focus on further strengthening its financial position and returning its lending and deposit taking activities to a more normal level. GICs to remain the focus while growth in demand deposits are likely to remain limited.
- Following Q2 2017, the Company will cautiously increase lending activity with a view to growing the mortgage origination flow in step with the growth of deposit funding and ensuring adequate liquidity.
- Premium interest rates being paid on new deposits will reduce the interest spread earned on new business and the Company will look to reduce deposit rates to more sustainable levels in the coming months. This may have a dampening effect on deposit growth and consequently constrain growth of mortgage originations.
- During Q2 2017, new loan originations were constrained by the liquidity event and the Company sold residential and commercial mortgage assets as well as consumer lending assets. The accompanying reduction in interest income is only partly reflected in the second quarter, as most sales took place near the quarter end. The Company closed a significant portion of the commercial mortgage asset sales in July 2017. Proceeds from sales have been used to repay the Berkshire credit facility in full. Consequently, the Company will experience lower interest costs partly offset by lower interest income in the third quarter. The Company can also expect elevated non-interest expenses as it will continue to be subject to scrutiny from a wide range of stakeholders.

Investor Relations/ Media Contacts

Investor Relations

Laura Lepore, AVP
Investor Relations

To arrange a meeting:
Laura Lepore
Phone: (416) 933-5652
Email: laura.lepore@hometrust.ca

Home Capital Group Inc.
Attention: Investor Relations
145 King St. West, Suite 2300
Toronto, ON, M5H 1J8 Canada

Phone: (416) 933-5652
Toll Free Phone: (800) 990-7881

Inquiries:
inquiry.homecapitalgroup@hometrust.ca

Media Relations

Peter Block, Longview Communications Inc.
Phone: (416) 649-8008
pblock@longviewcomms.ca