

HOME CAPITAL GROUP INC. (TSX:HCG.B) REPORTS THIRD QUARTER RESULTS

Home Capital Strong Earnings Momentum Continues: 29th Consecutive Quarterly Increase

TORONTO, October 24, 2002

FINANCIAL HIGHLIGHTS

For the period ended September 30 (Unaudited)

	Three Months Ended		Nine Months Ended	
	2002	2001	2002	2001
OPERATING RESULTS				
Net Income	\$ 5,248,998	\$ 3,982,082	\$ 15,054,048	\$ 10,745,984
Total Revenue	29,193,865	23,759,524	82,193,829	66,810,587
Net Investment Margin (TEB) **	3.57%	3.37%	3.66%	3.43%
Earnings per Share - Basic	0.32	0.26	0.92	0.72
- Fully diluted	0.31	0.24	0.87	0.66
Return on Shareholders' Equity	24.14%	25.10%	24.43%	23.70%
Productivity Ratio	42.70%	43.71%	44.61%	42.34%
GROWTH IN BUSINESS				
Total Assets			\$1,316,033,669	\$1,105,894,560
Loans, Mortgages and Other			1,090,885,230	913,687,608
Deposits and Borrowings			1,146,644,922	971,417,886
Common Shareholders' Equity			89,095,891	71,409,560
FINANCIAL STRENGTH				
Total Tier 1 Regulatory Capital *			\$ 82,837,000	\$ 61,905,000
Total Regulatory Capital *			104,033,000	76,905,000
Risk Adjusted Assets *			714,491,000	584,299,000
Tier 1 Capital Ratio *			11.59%	10.59%
Total Capital Ratio *			14.56%	13.16%
Net Impaired Loans as a % of Gross Loans *			0.46%	0.52%
Book Value per Common Share			\$5.38	\$4.39
Common Share Price – Close			\$12.75	\$8.05

* These figures relate to the Company's operating subsidiary, Home Trust Company.

** These figures are converted to a taxable equivalent basis.

THIRD QUARTER RESULTS CONFERENCE CALL

The third quarter conference call will take place on Thursday, October 24, 2002 at 10:30 EDT. Participants are asked to call 5 to 15 minutes in advance, 416-640-4127 in Toronto or toll-free 1-888-881-4892 throughout North America. The call will also be accessible in listen-only mode via the internet at www.homecapital.com.

CONFERENCE CALL ARCHIVE

A telephone replay of the call will be available between 12:30 p.m. Thursday, October 24, 2002 and midnight Thursday, October 31, 2002 by calling 416-640-1917 or 1-877-289-8525 (enter passcode 212625#). The archived audio webcast will be available for 90 days on Canada Newswire's website at www.newswire.ca.

HOME CAPITAL GROUP INC. TO OUR SHAREHOLDERS

Home Capital Group Inc. continued its outstanding financial performance through the third quarter of 2002, with strong growth recorded in earnings, earnings per share and total assets. Through its wholly-owned subsidiary, Home Trust Company, Home Capital has now achieved 29 consecutive quarter-over-quarter increases in net earnings.

During the past quarter, the economic environment in Canada remained challenging. Despite this, the Company has stayed on track by adhering to its proven strategy of offering financial services that meet the needs of borrowers who are overlooked by the major financial institutions. By understanding and serving this large target market effectively, Home Capital has been able to sustain robust growth in its core mortgage lending operation while successfully building new lines of business.

Net Earnings Increased by 31.8%

Net earnings for the three-month period ended September 30, 2002 rose 31.8% to \$5.3 million from \$4.0 million for the same period a year earlier. Basic earnings per share were \$0.32, an increase of 23.1% over \$0.26 for the third quarter of 2001, and on a fully-diluted basis \$0.31, a 29.2% increase over \$0.24 for the same period last year. Return on equity was 24.1% in the third quarter as compared to 25.1% recorded last year.

For the nine months ended September 30, 2002, net earnings rose 40.1% to \$15.1 million from the \$10.7 million recorded for the first nine months of 2001. Net income per share increased from \$0.72 to \$0.92, and on a fully-diluted basis from \$0.66 to \$0.87.

Growth in Total Assets

Total assets at the end of the quarter were \$1.32 billion, an increase of 19.0% over total assets on September 30, 2001 and a 4.3% climb over the end of the second quarter of 2002.

In addition, the Company continued to accelerate its mortgage securitization program. During the third quarter, Home Trust issued \$33.8 million in MBS pooled residential mortgages. This issue brings Home Trust's total sourced and managed MBS assets to \$119.0 million.

Conservative Approach to Risk Management

Home Capital's strong risk management policies and its adherence to well-regarded underwriting techniques continued to serve it well. Net impaired loans as at September 30, 2002, represented 0.46% of total loans outstanding, compared to 0.52% on September 30, 2001 and 0.46% as of June 30, 2002.

Home Trust's general allowances increased from \$5.2 million at the end of September 30, 2001 to \$7.0 million at the end of the current quarter. This represents 97.5 basis points of risk-weighted assets at that date, compared to 89.5 basis points on September 30, 2001 and 95.4 basis points at June 30, 2002. The Company's objective is to reach 100 basis points of risk-weighted assets by year-end 2002.

Continuing Development in Consumer Lending Programs

Encouraged by the enthusiastic market reception to its new Equity Plus VISA product, the Company has expanded this offering to additional markets across Ontario and also launched it in Alberta. Equity Plus VISA, which was originally introduced in the first quarter as a pilot project in the Toronto region, enables qualifying homeowners to access up to \$50,000 equity in their homes as needed through a VISA credit card. Equity Plus VISA has proven to be popular with a wide range of customers.

Retail credit services continues to expand by providing financing for clients purchasing products from various established merchants. Receivables were \$6.7 million at the end of the quarter.

Board Declares Dividend

The Board of Directors declared a quarterly dividend of \$0.03 per share payable on December 1, 2002 to shareholders of record at the close of business on November 15, 2002.

Additional Developments

Subsequent to the end of the third quarter, in October the Company opened a new office in Halifax to serve the Nova Scotia and New Brunswick markets. Additional experienced underwriting and mortgage administration staff has been hired in Home Trust's other offices to support the strong growth in its customer base and lending volumes.

Outlook Remains Excellent

In its 2001 Annual Report, the Company defined a number of performance targets for the current business year. At the conclusion of the third quarter, we are pleased to report the following:

<u>TARGET:</u>	<u>PROGRESS AT END OF THIRD QUARTER:</u>
• 20% return on equity	24.4%
• 20% growth in earnings	40.1%
• 17% to 20% growth in fully diluted earnings per share	31.8%
• 20% growth in combined total assets and securitized mortgages originated and managed by the Company	21.3%

Consumer demand for our products remains robust and we continue to carefully contain the risks of our portfolio. Our strategy remains clear and compelling and we believe that Home Capital's prospects for the fourth quarter, and beyond, are excellent.

GERALD M. SOLOWAY
President & Chief Executive Officer
October 24, 2002

Management's Discussion and Analysis of Operating Performance

Financial Review

Home Capital Group Inc.'s increased profitability during the nine months of 2002, as compared to the same period in 2001, is attributable to the following factors:

- Total interest income reached \$74.9 million at September 2002 compared to \$61.0 million for the same period in 2001. Net interest income increased by 48.5% to \$34.1 million in 2002 compared with \$23.0 million in 2001. Non-interest income increased to \$7.3 million in 2002 from \$5.8 million in 2001.
- The provision for credit losses amounted to \$2.5 million for the nine month period September 30, 2002, compared to \$1.5 million in 2001.
- Non-interest expenses increased by \$6.3 million (51.6%) to \$18.5 million in 2002 over the \$12.2 million reported in the same period of 2001. The increase in non-interest expenses was largely offset by the increase in revenues. The productivity ratio increased slightly to 44.6% in 2002 from 42.3% in 2001.

Interest Income

Interest income in the third quarter of 2002 increased 16.2% or \$3.5 million over the same quarter in 2001. For the nine months ending September 30 interest income grew by 22.8% or \$13.9 million over September 2001. This increase is largely attributable to growth in the residential mortgage portfolio, which generated increased interest income of \$2.7 million over the three months ending September 2001 and \$11.4 million over the same nine-month period last year. The Company's new consumer lending lines of business, which include credit card and retail credit services, added \$0.8 million in interest income for the three months ended September 2002, and \$2.5 million for the nine-month period. Dividends from securities increased by \$0.2 million over the three months ending September 2001 and \$2.9 million over the nine-month period last year. In the second quarter the Company received a dividend of \$2.6 million on the redemption of preferred shares. This dividend income was partially offset by a \$2.1 million loss that was recognized on the redemption of the securities. For further information refer to Note 5 of the Interim Unaudited Consolidated Financial Statements.

Net Interest Income

Net interest income is the difference between income earned on investments and the interest paid on deposits and any borrowings to fund those investments. This income has been adjusted to a tax equivalent basis because dividend income received by Home Trust is non-taxable. Net interest income on a taxable equivalent basis was \$11.6 million in the quarter and \$35.4 million for the nine months, an increase over 2001 of 30.7% for the third quarter and 43.4% for nine months (2001 third quarter-\$8.9 million and nine months-\$25.4 million).

This improvement was the result of increased margins on the core business of loan lending over deposit taking, reflected by a 3.7% spread for both the quarter and year-to-date versus 3.5% for the comparable quarter and 3.3% for the nine-month period last year. The overall net investment spread for the Company, which is the average rate of return on earning assets less the average rate paid on interest bearing liabilities, was 3.3% for the nine-month period, the same spread as first nine months of 2001.

Provision for Credit Losses

The Company expensed \$1.0 million in the quarter and \$2.5 million year-to-date through the provision for credit losses compared to \$0.8 and \$1.5 million last year. Net impaired loans were \$5.0 million or 0.46% of the gross loan portfolio at the end of the quarter compared to \$4.8 million or 0.52% as at September 30, 2001. Therefore, the increased provision for credit losses this year is attributable to the growth in the loan portfolio requiring increased general allowances. The Company's total general allowances amounted to \$7.0 million at the quarter end, a \$0.5 million increase over June 30, 2002 and \$1.8 million over September 2001.

Non-Interest Income

Other income was \$4.1 million for the quarter and \$7.3 million for the nine months, an increase of \$1.9 million (88.1%) and \$1.5 million (25.7%) from the same period last year. Consumer lending operations contributed \$0.8 million in fee income this quarter and \$2.5 million for the nine months. The VISA credit card operation capitalized operating costs (net of fee income) in the third quarter 2001 and first nine months of 2001 during the start-up phase of this program. These costs are now being amortized commencing January 1, 2002.

The Company issued three Mortgage-Backed Security (MBS) pools in the third quarter for a total of five pools issued in 2002. The Company has securitized a total of \$68.2 million in Canada Mortgage and Housing Corporation insured mortgages during 2002. Gains of \$1.7 million were realized for the quarter and \$2.9 million for the nine months. Total MBS pools under administration at the end of the quarter were \$119.0 million. These MBS securities were sold without recourse and the Company continues to service these mortgages.

Non-Interest Expenses

Total operating expenses for the three months ended September 30, 2002 increased to \$6.4 million, up by 42.1% or \$1.9 million over September 2001 and by 51.6% or \$6.3 million over the nine months ended September 2001. Operating costs for the new consumer lending lines of business represented \$1.3 million for the quarter and \$4.1 million for the nine months of this year.

Salaries and staff benefits rose by \$0.4 million or 17.8% in the quarter and \$1.5 million or 25.5% for the nine months as compared to 2001. This increase is related both to the growth in the core business of mortgage lending, as well as staffing for the new consumer lending lines of business. The number of full-time employees increased to 153 at the end of September 2002 compared to 120 a year ago.

The productivity ratio, defined as non-interest expenses as a percentage of total revenues, was 42.7% for the quarter and 44.6% for the nine months compared to 43.7% and 42.3% for the same periods of 2001. If the consumer lending lines of business were to be excluded from the measurement, the Company's productivity ratio would be 38.4% for the quarter and 39.5% for the nine months. As the consumer lending businesses continue to mature, it is expected that the Company's overall productivity ratio will return to previous levels.

Balance Sheet

The balance sheet assets at September 30, 2002 reached \$1.32 billion, an increase of 19.0% or \$210.1 million, over the \$1.11 billion reported a year ago. The loan portfolio increase of \$177.2 million or 19.4% was the most substantial contributor to asset growth. Residential mortgages contributed \$173.9 million to the loan portfolio growth and consumer lending added \$8.7 million. These increases were offset by a decline in other mortgages (non-residential) of \$3.6 million and an increase in the general allowances of \$1.8 million. Mortgage-Backed Securities receivables added \$4.5 million, capital assets grew \$0.3 million, deferred development costs increased \$0.3 million and other assets increased by \$2.5 million. The remaining asset growth of \$25.3 million was comprised of increased investment in the Company's preferred stock portfolio of \$27.6 million, and cash resources of \$19.4 million, partially offset by a reduction in government guaranteed securities of \$21.7 million.

Other assets consist of accrued interest receivable, deferred deposit commissions, goodwill and other prepaid and deferred assets. Deferred agent commissions have increased correspondingly with the increase in deposits and borrowings. These commissions are amortized over the term of the deposit.

The balance sheet liabilities as at September 30, 2002 have increased to \$1.23 billion, an increase of \$192.5 million or 18.6% over the \$1.03 billion reported at September 30, 2001. The majority of this increase is related to the growth in deposits and borrowings of \$175.2 million; this increase funded most of the growth in the loan portfolio. On July 11, 2002 the Company obtained a \$10.0 million credit facility with Canadian Western Bank. The proceeds were used to discharge \$6.7 million of the senior term loan and \$1.3 million was held in a deposit to discharge the remaining \$1.3 million subsequent to the end of the quarter, on the maturity date of October 16, 2002.

The remaining \$2.0 million was added to the capital base of Home Trust Company. Other liabilities increased \$14.4 million or 29.1% over the \$49.6 million reported at September 30, 2001. This increase was attributable to accrued interest payable of \$8.3 million, \$4.3 million in future income taxes and \$1.8 million in deferred commitment fees, accounts payable and accrued liabilities.

Shareholders' equity climbed to \$89.1 million at September 30, 2002, an increase of \$17.7 million or 24.8% over the balance of \$71.4 million at September of last year. This growth in equity is largely attributable to internally generated earnings for the twelve-month period of \$19.2 million less \$1.8 million dividends paid and payable to shareholders.

Credit Quality

Net impaired loans in the third quarter of 2002 were \$5.0 million or 0.46% of the total loan portfolio compared to \$4.8 million or 0.52% in the third quarter of 2001. This ratio is unchanged from the second quarter, when net impaired loans stood at 0.46% or \$4.9 million. The Company closely monitors impaired loans and has established a loan loss allowance on the loan portfolio of \$7.3 million versus \$5.8 million in the same period of 2001.

The Company's mortgage portfolio mix consists of 96.5 % residential, 2.7% store and apartments and 0.8% non-residential. Of the 96.5% residential mortgage portfolio, 3.0% is insured by Canada Mortgage and Housing Corporation. First mortgages represent 99.8% of the total mortgage portfolio.

The credit card receivable balance is comprised of \$7.5 million in accounts secured by cash deposits or mortgage collateral and \$7.0 million in unsecured accounts. The total credit approved is comprised of \$13.0 million in secured and \$9.8 million in unsecured credit lines. Segments of the unsecured credit card portfolio experienced weaker credit performance than projected and, as a result, unsecured credit card issuance was discontinued in the first quarter of this year. The total allowance provided on the consumer lending operation amounts to \$0.6 million or 2.6% of the total receivable balance, including those VISA cards secured by a cash deposit with the Company. Security deposits on VISA cards amounted to \$9.3 million and are included in the Company's deposits and borrowings. The newest product, Equity Plus VISA credit cards, are secured by a collateral mortgage on customer's equity in their properties and this amounts to \$2.6 million of the total receivable balance.

Total Company losses realized on loans year-to-date are \$1.3 million. Almost all are related to the unsecured VISA operation (which we have discontinued) with the mortgage lending operation experiencing a small recovery. Last year losses totaled \$258,000, which consisted of \$85,000 for the mortgage business with the credit card and retail consumer loan operations realizing \$173,000 in write-offs. The Company has increased the provision for this quarter to \$1.0 million totaling \$2.5 million year-to-date, compared to \$0.8 million and \$1.5 million in 2001. The Company has ensured that it is well positioned for any future unforeseen losses by establishing general allowances of \$7.0 million at September 30, 2002 as compared to the general allowances of \$5.2 million at September 30, 2001.

The general allowances have increased to 97.5 basis points of the risk-weighted assets at September 30, 2002 compared to 89.5 basis points as of September 2001.

Capital Ratios (Based on the Operating Subsidiary Home Trust Company)

As at September 30, 2002, Home Trust's Tier 1 capital ratio was 11.6% compared to 10.6% at September 30, 2001. The growth in shareholders' equity of 33.8% over September 2001 was greater than the 22.3% growth in the risk-weighted assets, contributing to the strengthening of the Tier 1 capital ratio. The total capital ratio increased to 14.6% at September 30, 2002 compared to 13.2% at September 30, 2001. This ratio for total capital exceeds the minimum regulatory target of 10%. The Company's borrowing multiple at September 30, 2002 was 12.6 compared to 14.3 at September 30, 2001, well within the regulatory authorization of 17.5 times.

Outlook

The Company will continue to explore additional opportunities in the Canadian market that are not being served by the major financial institutions. We will continue to enhance profitability and return on equity while matching assets and liabilities to ensure that interest rate fluctuations will not materially impact future earnings. Continued low interest rates, strong employment growth and low vacancy rates suggest that the housing market will remain strong. It is anticipated that the Bank of Canada will increase interest rates during the next six months. However, even with the expected increases, interest rates are still low by historical standards. The Company agrees with the recent Canada Mortgage and Housing Corporation outlook that the country's housing market will remain strong throughout 2002.

Earnings by Business Segment

	Home Trust							
	Mortgage Business		Consumer Lending				Total	
			Retail Services and Credit Cards		Other*			
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30
<i>(Unaudited) thousands</i>	2002	2001	2002	2001	2002	2001	2002	2001
Net interest income	\$ 8,081	\$ 6,164	\$ 904	\$ 122	\$ 1,791	\$ 1,763	\$ 10,776	\$ 8,049
Provisions for credit losses	385	28	598	775	-	-	983	803
Fees and other income	1,618	1,321	822	2	-	1	2,440	1,324
(Loss) gain on securities & mortgage-backed securities	1,665	847	-	-	32	29	1,697	876
Non-interest expense	4,101	2,950	1,309	77	957	1,452	6,367	4,479
Net income (loss) before provision for income taxes	6,878	5,354	(181)	(728)	866	341	7,563	4,967
Provision for income taxes	2,048	1,148	(70)	(307)	336	144	2,314	985
Net Income (Loss)	\$ 4,830	\$ 4,206	\$ (111)	\$ (421)	\$ 530	\$ 197	\$ 5,249	\$ 3,982

Earnings by Business Segment

	Home Trust							
	Mortgage Business		Consumer Lending				Total	
			Retail Services and Credit Cards		Other*			
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30
<i>(Unaudited) thousands</i>	2002	2001	2002	2001	2002	2001	2002	2001
Net interest income	\$ 24,306	\$ 18,142	\$ 2,550	\$ 175	\$ 7,271	\$ 4,663	\$ 34,127	\$ 22,980
Provisions for credit losses	1,184	732	1,347	816	-	-	2,531	1,548
Fees and other income	4,403	3,614	2,468	2	-	-	6,871	3,616
(Loss) gain on securities & mortgage-backed securities	2,925	2,087	-	-	(2,485)	114	440	2,201
Non-interest expense	11,164	9,352	4,096	163	3,226	2,677	18,486	12,192
Net income (loss) before provision for income taxes	19,286	13,759	(425)	(802)	1,560	2,100	20,421	15,057
Provision for income taxes	4,926	3,764	(165)	(338)	606	885	5,367	4,311
Net Income (Loss)	\$ 14,360	\$ 9,995	\$ (260)	\$ (464)	\$ 954	\$ 1,215	\$ 15,054	\$ 10,746

*Other - includes other investments and corporate activities

CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
	September 30 2002	September 30 2001	September 30 2002	September 30 2001
INCOME				
Interest Income				
Interest from Loans	\$ 23,013,790	\$ 19,578,209	\$ 66,727,720	\$ 55,465,769
Dividends from Securities (Note 5)	1,322,830	1,141,512	6,251,337	3,336,576
Other Interest	719,888	839,883	1,903,972	2,191,787
	25,056,508	21,559,604	74,883,029	60,994,132
Interest Expense				
Interest on Deposits & Borrowings	14,280,857	13,510,820	40,755,861	38,014,289
Net Interest Income	10,775,651	8,048,784	34,127,168	22,979,843
Provision for Credit Losses	983,000	802,735	2,531,000	1,547,735
	9,792,651	7,246,049	31,596,168	21,432,108
Non-interest Income				
Fees and Other Income	2,439,856	1,323,861	6,870,729	3,615,475
Securitization Gains				
on Mortgage-Backed Securities	1,665,449	847,079	2,924,776	2,087,004
(Loss) Gain on Sale of Securities (Note 5)	32,052	28,980	(2,484,705)	113,976
	4,137,357	2,199,920	7,310,800	5,816,455
	13,930,008	9,445,969	38,906,968	27,248,563
Non-interest Expenses				
Salaries and Staff Benefits	2,549,908	2,164,210	7,352,389	5,859,873
Premises	363,288	247,908	933,366	666,484
General and Administration	3,454,016	2,067,170	10,200,209	5,665,090
	6,367,212	4,479,288	18,485,964	12,191,447
INCOME BEFORE INCOME TAXES	7,562,796	4,966,681	20,421,004	15,057,116
Income Taxes				
Current	1,003,071	130,900	3,070,164	1,905,821
Deferred	1,310,727	853,699	2,296,792	2,405,311
	2,313,798	984,599	5,366,956	4,311,132
NET INCOME	\$ 5,248,998	\$ 3,982,082	\$ 15,054,048	\$ 10,745,984
NET INCOME PER CLASS A AND CLASS B SHARE:				
Basic	\$0.32	\$0.26	\$0.92	\$0.72
Fully diluted	\$0.31	\$0.24	\$0.87	\$0.66
AVERAGE NUMBER OF CLASS A AND CLASS B SHARES OUTSTANDING				
Basic	16,507,616	15,267,490	16,427,613	15,035,943
Fully diluted	17,310,939	16,585,539	17,401,780	16,360,953
Total Number of Outstanding Class A and B Shares	16,556,360	16,262,895	16,556,360	16,262,895
Book Value per Share	\$5.38	\$4.39	\$5.38	\$4.39

CONSOLIDATED BALANCE SHEETS

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	September 30	December 31	September 30
	2002	2001	2001
ASSETS			
Cash Resources			
Deposits with Regulated Financial Institutions	\$ 39,732,060	\$ 18,069,542	\$ 17,519,403
Treasury Bills Guaranteed by Government	30,260,018	31,931,213	33,032,640
	69,992,078	50,000,755	50,552,043
Securities			
Issued or Guaranteed by Canada	998,792	4,134,120	17,380,381
Issued or Guaranteed by Province	8,188,209	13,119,156	13,479,623
Other Securities	109,501,087	82,205,217	81,931,340
	118,688,088	99,458,493	112,791,344
Loans			
Retail Services and Credit Cards	21,223,563	15,223,404	12,516,773
Residential Mortgages	1,038,431,839	909,393,315	864,560,927
Other Mortgages	38,193,168	39,465,142	41,838,827
General Allowance for Credit Losses	(6,963,340)	(5,517,376)	(5,228,919)
	1,090,885,230	958,564,485	913,687,608
Other			
Mortgage-Backed Securities Receivable	8,829,595	5,269,385	4,337,400
Capital Assets	2,303,284	2,168,172	2,013,179
Deferred Development Costs	2,916,319	3,363,715	2,576,431
Other Assets (Note 3)	22,419,075	17,395,215	19,936,555
	36,468,273	28,196,487	28,863,565
	\$ 1,316,033,669	\$ 1,136,220,220	\$ 1,105,894,560
LIABILITIES			
Senior Term Loans	\$ 1,322,015	\$ 8,000,000	\$ 8,500,000
Term Loan	10,000,000	-	-
Subordinated Secured Loan	5,000,000	5,000,000	5,000,000
Deposits and Borrowings			
Payable on Demand	7,513,959	10,393,269	6,305,633
Payable on a Fixed Date	1,139,130,963	984,727,405	965,112,253
	1,162,966,937	1,008,120,674	984,917,886
OTHER			
Cheques and Other Items in Transit	6,294,155	4,658,419	6,249,238
Other Liabilities (Note 4)	57,676,686	48,238,602	43,317,876
	63,970,841	52,897,021	49,567,114
	1,226,937,778	1,061,017,695	1,034,485,000
SHAREHOLDERS' EQUITY			
Capital stock	31,477,813	31,296,523	31,133,943
Contributed surplus	-	-	-
Retained earnings	57,618,078	43,906,002	40,275,617
	89,095,891	75,202,525	71,409,560
	\$ 1,316,033,669	\$ 1,136,220,220	\$ 1,105,894,560

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	(Unaudited) For the Three Months Ended September 30 2002	(Unaudited) September 30 2001	(Unaudited) For the Nine Months Ended September 30 2002	(Unaudited) September 30 2001
CAPITAL STOCK				
Class A Convertible Shares				
Balance at Beginning of Period	\$ 576,295	\$ 1,390,000	\$ 1,390,000	\$ 1,390,000
Conversion to Class B Subordinated Voting Shares	-	-	(813,705)	-
Balance at End of Period	\$ 576,295	\$ 1,390,000	\$ 576,295	\$ 1,390,000
Class B Subordinated Voting Shares				
Balance at Beginning of Period	\$ 31,417,713	\$ 17,307,940	\$ 29,906,523	\$ 17,239,583
Conversion from Class A Convertible Shares	-	-	813,705	-
Proceeds of Shares Issued	-	12,572,160	-	12,572,160
Proceeds of Options Exercised	48,875	103,200	923,975	211,250
Redemption of Shares	(565,070)	(239,357)	(742,685)	(279,050)
Balance at End of Period	30,901,518	29,743,943	30,901,518	29,743,943
Total Capital Stock	\$ 31,477,813	\$ 31,133,943	\$ 31,477,813	\$ 31,133,943
CONTRIBUTED SURPLUS				
Balance at Beginning of Period	\$ -	\$ 133,253	\$ -	\$ 266,825
Proceeds of Options Exercised	-	-	-	-
Redemption of Shares	-	(133,253)	-	(266,825)
Balance at End of Period	\$ -	\$ -	\$ -	\$ -
RETAINED EARNINGS				
Balance at the Beginning of the Period	\$ 52,847,207	\$ 36,701,235	\$ 43,906,002	\$ 30,604,958
Net Income for the Period	5,248,998	3,982,082	15,054,048	10,745,984
Dividends Paid during the Period	-	-	(863,845)	(667,625)
Dividends Declared during the Period	(478,127)	(407,700)	(478,127)	(407,700)
BALANCE AT END OF THE PERIOD	\$ 57,618,078	\$ 40,275,617	\$ 57,618,078	\$ 40,275,617

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Nine months ended	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	September 30		September 30	
	2002	2001	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	\$ 5,248,998	\$ 3,982,082	\$ 15,054,048	\$ 10,745,984
Add (deduct) items not affecting cash:				
Future income taxes	1,310,727	853,699	2,296,792	2,405,311
Amortization of capital assets	242,345	194,047	650,407	462,212
Amortization of securities	131,380	16,873	(48,781)	(310,573)
Amortization of goodwill and deferred financing costs	40,845	53,819	102,002	161,453
Amortization of deferred development costs	149,252	-	447,396	-
Provision for credit losses	983,000	802,735	2,531,000	1,547,735
Change in accrued interest receivable	(285,641)	(2,683,887)	(555,504)	(3,498,211)
Change in accrued interest payable	1,596,648	1,770,082	5,947,888	7,603,912
Loss (gain) on sale of investments	(32,052)	(28,980)	2,484,705	(113,976)
Gain on sale of mortgage-backed securities	(1,665,449)	(847,079)	(2,924,776)	(2,087,004)
Change in mortgage-backed securities	537,355	(928,324)	1,504,146	693,760
Change in other assets	(2,257,158)	(319,339)	(4,365,006)	(4,147,778)
Change in cheques and other items in transit	472,389	1,099,767	1,635,736	4,147,899
Change in other liabilities	868,797	147,433	1,198,475	888,253
Cash provided by operating activities	7,341,436	4,112,928	25,958,528	18,498,977
FINANCING ACTIVITIES				
Repayments of senior term loans	(6,677,985)	-	(6,677,985)	-
Issuance of term loan	10,000,000	-	10,000,000	-
Deferred financing costs on term loan	(205,352)	-	(205,352)	-
Net (decrease) increase in deposits and borrowings	41,872,469	55,044,425	151,524,248	176,751,802
Issuance of capital stock	48,875	12,675,360	923,975	12,783,410
Normal course issuer bid	(565,070)	(372,611)	(742,685)	(545,875)
Dividends paid	(467,426)	(371,645)	(1,347,045)	(963,713)
Cash provided by financing activities	44,005,511	66,975,529	153,475,156	188,025,624
INVESTING ACTIVITIES				
Activity in securities				
Purchases	(25,349,920)	(3,366,372)	(67,314,590)	(44,163,909)
Proceeds on sales	26,689,916	763,364	42,019,489	4,232,588
Proceeds on maturities	1,242,879	2,331,125	3,629,584	4,638,108
Activity in mortgages				
Net increase	(79,407,567)	(66,056,354)	(195,377,445)	(172,698,039)
Proceeds from securitization of mortgage-backed securities	32,859,425	20,722,958	66,072,172	45,060,726
Net increase in personal and credit card loans	(3,889,791)	(5,995,584)	(7,686,052)	(12,993,308)
Net increase in deferred development costs	-	(599,461)	-	(1,865,255)
Purchases of capital assets	(476,964)	(119,606)	(785,519)	(1,428,112)
Cash used in investing activities	(48,332,022)	(52,319,930)	(159,442,361)	(179,217,201)
Net increase in cash and cash equivalents	3,014,925	18,768,527	19,991,323	27,307,400
Cash and cash equivalents at the beginning of the period	66,977,153	31,783,516	50,000,755	23,244,643
CASH AND CASH EQUIVALENTS				
AT THE END OF THE PERIOD	\$ 69,992,078	\$ 50,552,043	\$ 69,992,078	\$ 50,552,043
Supplementary disclosure of cash flow information				
Amount of interest paid during the period	\$ 12,684,209	\$ 11,740,738	\$ 34,856,850	\$ 30,410,377
Amount of income taxes paid during the period	999,870	532,078	4,718,945	5,636,848

Notes to the Interim Unaudited Consolidated Financial Statements

1. Accounting Policies Used to Prepare the Interim Unaudited Consolidated Financial Statements

These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2001, as set out in the 2001 Annual Report. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies and methods of applications used in the preparation of these interim consolidated financial statements are consistent with the accounting policies used in the Company's most recent annual audited financial statements except as described in Note 2 below.

2. Change in Accounting Policies

a) Amortization of Goodwill

On January 1, 2002, the Company adopted a new accounting standard related to the discontinuation of amortization of goodwill and other intangible assets. The Canadian Institute of Chartered Accountants has approved a new accounting standard that introduces an annual assessment of the recognition of goodwill and indefinite life intangible asset impairment, if any.

For comparative purposes the net impact of the change if the amortization was recorded would be a small decrease in net income of \$69,717 for the nine months ended September 30, 2002. It is management's belief there is no impairment of goodwill.

b) Stock-based Compensation

The Company provides compensation to certain employees in the form of stock options. The Company follows the intrinsic value based method of accounting for such awards; consequently, no expense is recognized for stock options as the strike price is set at the market price on the issue date of the awards. When the options are exercised, the proceeds received by the Company are recorded as common share capital.

In the first quarter of 2002, the Company granted certain employees the right to receive options on Class B shares if certain performance criteria is met. As at September 30, 2002, the performance criteria has not been met. As a result, the contingently issuable shares have not been included in the computation of basic or diluted earnings per share.

c) Financial Instruments

The Company has entered into a foreign exchange swap agreement to manage its exposure of foreign exchange fluctuations. Foreign exchange swaps are normally designated as hedges (reducing exchange risk) and any gains or losses are recognized on the same basis as, and netted against, the income related to the hedged item. At September 30, 2002 the Company had outstanding foreign exchange contracts in the notional principal amount of \$5.4 million.

3. Other Assets

	September 30 2002	December 31 2001	September 30 2001
Accrued interest receivable	\$ 7,521,754	\$ 6,966,250	\$ 9,437,840
Income taxes receivable	1,369,835	1,024,840	1,259,840
Deferred agent commission	5,307,408	4,236,300	4,018,885
Goodwill, net of amortization	2,323,914	2,323,914	2,347,154
Other prepaid assets and deferred items	5,896,164	2,843,911	2,872,836
	<u>22,419,075</u>	<u>17,395,215</u>	<u>19,936,555</u>

4. Other Liabilities

	September 30 2002	December 31 2001	September 30 2001
Accrued interest payable	\$ 42,532,847	\$ 36,584,959	\$ 34,221,503
Dividends payable	478,127	483,200	407,700
Deferred commitment fees	1,951,153	1,254,904	1,054,663
Future income taxes	7,559,014	5,262,222	3,289,179
Other, including accounts payable and accrued liabilities	5,155,545	4,653,317	4,344,831
	<u>\$ 57,676,686</u>	<u>\$ 48,238,602</u>	<u>\$ 43,317,876</u>

5. Securities Redemption

On April 22, 2002 Conoco Canada Resources (formerly Gulf Canada Resources) called for redemption their Series 1 preferred shares. The redemption price was allocated between proceeds of disposition and a deemed dividend. These securities were held in the subsidiary Home Trust Company for investment purposes. Home Trust Company held 560,000 preferred shares of Conoco Resources with a book value of \$2.3 million (\$4.11 per share). The redemption price of \$5.00 per share for \$2.8 million was allocated as follows:

- deemed dividend of \$2.6 million which was not taxable to Home Trust Company
- proceeds of disposition of stock of \$218,400

This resulted in a partial loss of \$2.1 million that resulted in a reduction of income tax expense of \$0.5 million which was recorded in the second quarter results.

Home Trust Company held \$500,000 Bell Canada International 6¾ % Convertible Debenture, which matured on February 15, 2002. On maturity, Bell Canada International converted the Debenture into 1,822,423, Bell Canada International common shares. During the second quarter, Home Trust sold all of these shares, resulting in a loss of \$443,077