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

Home Capital Reports Record 2002 Results; Net Earnings Rise 38.6% Over 2001

TORONTO, February 11, 2003

FINANCIAL HIGHLIGHTS

For the period ended December 31

	Three Months Ended		Year Ended	
	(unaudited) **2002**	(unaudited) 2001	(unaudited) **2002**	(audited) 2001
OPERATING RESULTS				
Net Income	**$ 5,540,809**	$ 4,113,585	**$ 20,594,857**	$ 14,859,569
Total Revenue	**30,362,592**	24,917,231	**112,556,421**	91,727,818
Net Investment Margin (TEB) **	**3.72%**	3.81%	**3.88%**	3.54%
Earnings per Share - Basic	**0.33**	0.27	**1.25**	0.99
- Fully Diluted	**0.32**	0.25	**1.19**	0.91
Return on Shareholders' Equity	**24.13%**	22.45%	**24.26%**	23.83%
Productivity Ratio	**45.31%**	36.62%	**44.80%**	40.69%
(Non-interest Expense\Total Revenue)				
GROWTH IN BUSINESS				
Total Assets			**$1,394,288,570**	$1,136,220,220
Loans, Mortgages and Other			**1,171,101,630**	958,564,485
Deposits and Borrowings			**1,215,179,179**	995,120,674
Common Shareholders' Equity			**94,586,335**	75,202,525
FINANCIAL STRENGTH				
Total Tier 1 Regulatory Capital *			**$ 88,083,000**	$ 66,138,000
Total Regulatory Capital *			**109,632,000**	86,387,000
Risk Adjusted Assets *			**755,185,000**	605,127,000
Tier 1 Capital Ratio *			**11.66%**	10.93%
Total Capital Ratio *			**14.52%**	14.28%
Net Impaired Loans as a % of Gross Loans *			**0.35%**	0.52%
Book Value per Common Share			**$5.64**	$4.60
Common Share Price – Close			**$14.50**	$11.15

* These figures relate to the Company's operating subsidiary, Home Trust Company.
** These figures are converted to a taxable equivalent basis.

Home Trust Company www.hometrust.ca
Home Capital Group Inc. www.homecapital.com

FOURTH QUARTER RESULTS WEBCAST AND CONFERENCE CALL

The fourth quarter conference call will take place on Tuesday, February 11, 2003 at 10:30 ET. Participants are asked to call 5 to 15 minutes in advance, 416-640-4127 in Toronto or toll-free 1-888-881-4892. 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. on Tuesday, February 11, 2003 and midnight Tuesday, February 18, 2003 by calling 416-640-1917 or 1-877-289-8525 (enter passcode 233198#). 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. (TSX:HCG.B) sustained its upward momentum throughout 2002, completing the most successful fourth quarter and year in its history. The Company exceeded each of its previously stated annual performance targets, and entered 2003 with excellent prospects for continued, robust growth and profitability.

Through its wholly-owned subsidiary, Home Trust Company, Home Capital has now achieved **30 consecutive quarter-over-quarter increases in earnings**. As well, **2002 represents the fifth consecutive year in which return on equity has exceeded 20%.** We know of no other deposit-taking financial institution in Canada that can demonstrate comparable results.

Return on equity reaches 24.3% for year
Return on equity for the fourth quarter was 24.1%, compared to the 22.5% achieved one year earlier. For the year, return on equity increased to 24.3% from the 23.8% recorded in 2001.

Net income for the fourth quarter grew by 34.7% to $5.5 million from the $4.1 million recorded for the same period in 2001. Net earnings per share for the quarter rose by 22.2% to $0.33 from $0.27 for the comparable quarter of 2001.

For the year, the Company realized earnings of $20.6 million, up 38.6% over the $14.9 million achieved during 2001. Net earnings per share for the year rose by 26.3% to $1.25 from $0.99. Fully diluted earnings per share rose 30.8% from $0.91 to $1.19.

The Company exceeded the targets announced in the 2001 Annual Report to achieve at least 20% growth in earnings and in fully diluted earnings per share for 2002. This performance was achieved despite an increase in operating expenses incurred during 2002. These expenses related to the opening of a new branch in Halifax to serve the Nova Scotia and New Brunswick markets, the implementation of new computer and administration systems, the acquisition of additional office space and the hiring of 33 additional staff to support the Company's sustained growth.

Asset growth of 22.7%
Total assets grew to $1.39 billion, an increase of 22.7% over the $1.14 billion at year-end 2001. In addition, the Company administers a portfolio of Mortgage-Backed Securities (MBS) originated and sold by Home Trust, which grew from $65.6 million at year-end 2001 to $140.6 million for the current year-end, which is not reflected in the total assets.

A tradition of responsible risk management
Home Capital's prudent risk management policies and its adherence to well-regarded underwriting techniques continue to serve the Company well. Net impaired loans at the end of 2002 represented 0.35% of the total portfolio, down from both the third quarter of 2002 at 0.46% and from the 0.52% recorded at year-end 2001.

The Company had targeted an increase in its general allowance during 2002 so that it would represent at least 100 basis points of risk-weighted assets at year-end. This provision stood at $7.6 million at December 31, 2002, representing 100.1 basis points of risk-weighted assets and an increase of $2.0 million from the amount at the end of the previous year.

At year-end, the Company's tier 1 capital ratio was 11.7% and the total capital ratio was 14.5%, which is significantly higher than the average tier 1 capital ratio and total capital ratio of the six leading banks at 9.1% and 12.2% respectively.

Mortgage-Backed Securities program expands
Mortgage securitization represents a growing and profitable segment of the Company's business. During the fourth quarter the Company issued a further $26.6 million in MBS pooling of residential mortgages, generating $1.3 million in revenue. During the year as a whole, the Company issued $94.9 million in Mortgage-Backed Securities, resulting in revenues of $4.4 million.

Consumer Lending continues to grow
The Retail Credit Services division, formed in 2001, continued to develop through 2002. Designed to provide installment financing for customers purchasing products from established businesses, the division ended 2002 with $8.8 million in receivables and 5,977 clients. The Company remains encouraged by the progress of this new line of business, which is already making a positive contribution to earnings.

VISA cardholder accounts totaled 22,265 with receivables of $16.2 million as at December 31, 2002. The recent introduction of the secured Equity Plus VISA product has been well received by consumers with 208 accounts and receivables of $4.0 million at year-end. The Company's strategy of focusing on credit cards secured by cash deposits or home equity is illustrated by the increase of secured loans to 60.2% of the credit card receivables as compared to 28.4% at the end of 2001. In November 2002, Home Trust announced a further expansion of its partnership with First Data Corporation through which Home Trust will offer VISA credit card acceptance services to Canadian merchants beginning in the first quarter of 2003. Given the growing popularity of the Equity Plus VISA product and the maturing of the credit card portfolio, we anticipate that the VISA program will be profitable in 2003.

Quarterly dividend declared
The Board of Directors declared a quarterly dividend of $0.03 per share payable on March 1, 2003 to shareholders of record at the close of business on February 14, 2003.

Additional developments
Subsequent to the end of the quarter, the Company announced that it had closed a debt financing with Canadian Western Bank for $5.0 million. This facility has a floating interest rate, is fully open and matures in July 2007, coinciding with the existing credit facility with Canadian Western Bank. The proceeds were used to discharge the subordinated debt of $5.0 million owed to Coast Capital Savings Credit Union (formerly Surrey Metro Savings Credit Union).

A successful year in review
In its 2001 Annual Report, Home Capital set a number of performance targets for the current business year. At the conclusion of the year, we are pleased to report that the Company has exceeded all of its established targets.

TARGET	ACTUAL 2002 RESULTS
• 20% return on equity	24.3%
• 20% growth in earnings	38.6%
• 17% to 20% growth in fully diluted earnings per share	30.8%
• 20% growth in combined total assets and securitized mortgages originated and managed by the Company	27.7%

In addition, we note that the price of the Company's shares on the TSX appreciated by **30% over the year** to $14.50 per share from $11.15 at the close of 2001. This increase in value occurred during a year in which the S&P/TSX composite index declined by 14%.

A positive business environment and outlook
Home Capital had a superb year in 2002. Looking ahead, the cornerstones of our continued success are strong. Consumer demand for our products and services remains robust. The Company follows a prudent approach to risk that combines vigilance with proven underwriting techniques and risk management procedures. We believe that Home Capital's prospects for sustained growth and profitability in 2003 are outstanding.

GERALD M. SOLOWAY
President & Chief Executive Officer
February 11, 2003

Management's Discussion and Analysis of Operating Performance

Financial Review
Home Capital Group Inc.'s increased profitability during the twelve months of 2002, as compared to the same period in 2001, is primarily due to the following factors:

- Total interest income reached $101.2 million at December 2002 compared to $84.0 million for the same year ended 2001. Net interest income increased by 40.3% to $45.9 million in 2002 over $32.7 million in 2001. Non-interest income increased to $11.4 million in 2002 from $7.7 million in 2001.
- The provision for credit losses amounted to $3.6 million for the year ended December 31, 2002, compared to $2.5 million in 2001.
- Non-interest expenses increased by $9.1 million to $25.6 million in 2002 over the $16.5 million reported for the year ended 2001. The increase in non-interest expenses was more than offset by the increase in revenues. The productivity ratio increased to 44.8% in 2002 from 40.7% in 2001 resulting from the introduction of new lines of business.

Interest Income
Interest income in the fourth quarter of 2002 increased 14.4% or $3.3 million over the same quarter in 2001. For the year ended December 31, 2002 interest income grew by 20.5% or $17.2 million over 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 December 2001 and $11.4 million over the same twelve-month period last year. The Company's new consumer lending lines of business, which include credit card and retail credit services, added $1.1 million in interest income for the three months ended December 2002, and $3.9 million for the twelve-month period. Dividends from securities increased by $0.2 million over the three months ending December 2001 and $3.1 million over the twelve-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 6 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 $12.6 million in the quarter and $49.0 million for the year, an increase over 2001 of 19.5% for the fourth quarter and 36.5% for the year (2001 fourth quarter-$10.6 million, and year-$35.9 million).

This improvement was the result of increased margins on the core business of loan lending over deposit taking, reflected by a 3.8% spread for the quarter and 3.7% year-to-date versus 3.8% for the comparable quarter and 3.4% for the twelve-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 year ended 2002, slightly lower than the 3.4% spread realized for the year ended 2001.

Provision for Credit Losses
The Company expensed $1.1 million in the quarter and $3.6 million for the year through the provision for credit losses compared to $0.9 and $2.5 million last year. Net impaired loans were $4.2 million or 0.35% of the gross loan portfolio at the end of the fourth quarter 2002 compared to $5.0 million or 0.52% as at December 31, 2001. The increased provision for credit losses this year is attributable to the growth in the loan portfolio and the increased level of the general allowance (100.1% of risk-weighted assets for 2002 as compared to 91.2% at December 31, 2001). The Company's total general allowances amounted to $7.6 million at the year end, a $0.6 million increase over September 30, 2002 and $2.0 million over December 2001.

Non-Interest Income
Non-interest income was $4.1 million for the fourth quarter and $11.4 million for the year ended December 31, 2002, an increase of $2.1 million (110.7%) and $3.6 million (46.8%) from the same periods last year. Consumer lending operations contributed $0.8 million in fee income this quarter and $3.3 million for the twelve months. The VISA credit card operation capitalized operating costs (net of fee income) up to the year ended 2001, which was the start-up phase of this program.

The Company issued one Mortgage-Backed Security (MBS) pool in the fourth quarter for a total of six pools issued in 2002. The Company securitized a total of $94.9 million in Canada Mortgage and Housing Corporation insured mortgages during 2002. Gains of $1.5 million were recognized for the quarter and $4.4 million for the twelve months as compared to $0.9 million and $3.0 million in 2001. Total MBS pools under administration at the end of the year were $140.6 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 December 31, 2002 increased to $7.2 million, or $2.9 million over December 2001 and $9.2 million over the twelve months ended December 2001. Operating costs for the new consumer lending lines of business represented $1.3 million for the quarter and $5.4 million for the year-to-date.

Salaries and staff benefits rose by $1.3 million in the quarter and $2.8 million for the twelve 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 164 at the end of December 2002 compared to 131 a year ago. However, in 2001 the salaries and staff benefits expense for the consumer lending operations were not included in the Company's expenses (these expenses were capitalized as development cost asset). This operation employed 38 individuals at the end of 2002 and all expenses relating to this operation are included in the income statement for the year 2002.

The productivity ratio, defined as non-interest expenses as a percentage of total revenues, was 45.3% for the quarter and 44.8% for the twelve months compared to 36.6% and 40.7% 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 41.9% for the quarter and 40.2% for the twelve months. As the consumer lending business continues to mature, it is expected that the Company's overall productivity ratio will return to previous levels.

Balance Sheet
The balance sheet assets at December 31, 2002 reached $1.39 billion, an increase of 22.7% or $258.1 million, over the $1.14 billion reported a year ago. The loan portfolio increase of $212.5 million or 22.2% was the most substantial contributor to asset growth. Residential mortgage lending contributed $207.2 million to the loan portfolio growth and consumer lending added $10.0 million. These increases were offset by a decline in other mortgages (non-residential) of $2.7 million and an increased allocation to the general allowances of $2.0 million. Mortgage-Backed Securities receivables added $5.1 million, deferred development costs decreased $0.6 million and other assets increased by $5.2 million. The remaining asset growth of $35.9 million was comprised of increased investment in the Company's preferred stock portfolio of $28.8 million, a slight increase in government guaranteed securities of $1.6 million and an increase in cash resources of $5.5 million.

Other assets consist of accrued interest receivable, deferred deposit commissions, goodwill and other prepaid and deferred assets (refer to Note 4 for the Interim Unaudited Consolidated Financial Statements). 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 December 31, 2002 have increased to $1.30 billion, an increase of $238.7 million or 22.5% over the $1.06 billion reported at December 31, 2001. The majority of this increase is related to the growth in deposits and borrowings of $220.1 million; this increase funded all 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, which was paid-out 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 $15.5 million or 32.1% over the $48.2 million reported at December 31, 2001. This increase was attributable to accrued interest payable of $10.6 million, $1.6 million in future income taxes and $3.3 million in deferred commitment fees, accounts payable and accrued liabilities (refer to Note 5 of the Interim Unaudited Consolidated Financial Statements).

Shareholders' equity climbed to $94.6 million at December 31, 2002, an increase of $19.4 million or 25.8% over the balance of $75.2 million at December of last year. This growth in equity is largely attributable to internally generated earnings for the twelve-month period of $20.6 million, less $1.8 million dividends paid and payable to shareholders, and a net increase in Class "B" subordinated voting shares of $0.6 million.

Credit Quality
Net impaired loans in the fourth quarter of 2002 were $4.2 million or 0.35% of the total loan portfolio compared to $5.0 million or 0.52% in the fourth quarter of 2001. This ratio declined from the third quarter, when net impaired loans stood at 0.46% or $5.0 million. The Company closely monitors impaired loans and has established a general loan loss allowance on the loan portfolio of $7.6 million versus $5.5 million in the same period of 2001.

The Company's mortgage portfolio mix consists of 96.8 % residential, 2.6% store and apartments and 0.6% non-residential. Of the 96.8% residential mortgage portfolio 3.2% is insured by Canada Mortgage and Housing Corporation. First mortgages represent 99.8% of the total mortgage portfolio.

The gross credit card receivable balance is comprised of $10.0 million in accounts secured by cash deposits or mortgage collateral and $6.6 million in unsecured accounts. The total credit approved is comprised of $17.0 million in secured and $9.5 million in unsecured credit lines. The unsecured credit card portfolio experienced weaker credit performance than projected and, as a result, this segment of unsecured credit card services was discontinued in the first quarter of 2002. The total allowance provided on the consumer lending operation amounts to $0.6 million or 2.5% of the total receivable balance, including those VISA cards secured by a cash deposit with the Company. Security deposits on VISA cards amounted to $9.7 million and are included in the Company's deposits and borrowings. Equity Plus VISA credit cards are secured by a collateral residential mortgage and this amounts to $4.0 million of the total receivable balance.

Total Company losses realized on loans for the year are $1.7 million. Almost all are related to the unsecured VISA portfolio (which has been discontinued) with the mortgage lending operation experiencing a small recovery. Last year losses totaled $0.9 million, which consisted of $0.2 million for the mortgage business with the credit card and retail consumer loan operations realizing $0.7 million in write-offs. The Company has increased the provision for this quarter to $1.1 million totaling $3.6 million for the year, compared to $0.9 million and $2.5 million in 2001. The Company has ensured that it is well positioned for any future unforeseen losses by establishing general allowances of $7.6 million at December 31, 2002 as compared to the general allowances of $5.5 million at December 31, 2001.

The general allowances have increased to 100.1 basis points of the risk-weighted assets at December 31, 2002 compared to 91.2 basis points as of December 31, 2001.

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

As at December 31, 2002, Home Trust's Tier 1 capital ratio was 11.7% compared to 10.9% at December 31, 2001. The growth in Home Trust Company's shareholders' equity of 33.2% over December 31, 2001 was greater than the 24.8% growth in the risk-weighted assets, contributing to the strengthening of the Tier 1 capital ratio. The total capital ratio increased to 14.5% at December 31, 2002 compared to 14.3% at December 30, 2001. This ratio for total capital exceeds the minimum regulatory target of 10%. The Company's borrowing multiple at December 31, 2002 was 12.7 compared to 13.1 at December 31, 2001, well below the regulatory authorization of 17.5 times.

Outlook

The Company continues to pursue opportunities in the Canadian financial services 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 short-term interest rates at the first sign of sustained strength in the United States. However, even with the expected increases, interest rates are low by historical standards. The Company agrees with the recent Canada Mortgage and Housing Corporation outlook that demand throughout the country will remain vibrant in both the new and resale housing markets in 2003.

Earnings by Business Segment

	Home Trust Company							
	Mortgage Business		Consumer Lending Retail Services and Credit Cards		Other*		Total	
For the three months ended	**Dec. 31**	Dec. 31	**Dec. 31**	Dec. 31	**Dec. 31**	Dec. 31	**Dec. 31**	Dec. 31
(Unaudited) thousands	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Net interest income	**$ 8,988**	$ 7,526	**$ 1,104**	$ 196	**$ 1,643**	$ 1,992	**$ 11,735**	$ 9,714
Provisions for credit losses	**(476)**	(204)	**(581)**	(696)	**-**	-	**(1,057)**	(900)
Fees and other income	**1,588**	1,115	**828**	3	**-**	-	**2,416**	1,118
(Loss) gain on securities & mortgage-backed securities	**1,464**	915	**-**	-	**175**	(108)	**1,639**	807
Non-interest expense	**(4,649)**	(3,185)	**(1,346)**	(102)	**(1,160)**	(975)	**(7,155)**	(4,262)
Net income (loss) before provision for income taxes	**6,915**	6,167	**5**	(599)	**658**	909	**7,578**	6,477
Provision for income taxes	**1,781**	2,242	**2**	(250)	**254**	371	**2,037**	2,363
Net Income (Loss)	**$ 5,134**	$ 3,925	**$ 3**	$ (349)	**$ 404**	$ 538	**$ 5,541**	$ 4,114

Earnings by Business Segment

	Home Trust Company							
	Mortgage Business		Consumer Lending Retail Services and Credit Cards		Other*		Total	
For the year ended	**Dec. 31**	Dec. 31	**Dec. 31**	Dec. 31	**Dec. 31**	Dec. 31	**Dec. 31**	Dec. 31
(Unaudited) thousands	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Net interest income	**$ 33,295**	$ 25,669	**$ 3,653**	$ 370	**$ 8,914**	$ 6,655	**$ 45,862**	$ 32,694
Provisions for credit losses	**(1,661)**	(936)	**(1,927)**	(1,512)	**-**	-	**(3,588)**	(2,448)
Fees and other income	**5,990**	4,728	**3,296**	5	**-**	-	**9,286**	4,733
(Loss) gain on securities & mortgage-backed securities	**4,389**	3,002	**-**	-	**(2,309)** **	6	**2,080**	3,008
Non-interest expense	**(15,813)**	(12,537)	**(5,443)**	(264)	**(4,385)**	(3,652)	**(25,641)**	(16,453)
Net income (loss) before provision for income taxes	**26,200**	19,926	**(421)**	(1,401)	**2,220**	3,009	**27,999**	21,534
Provision for income taxes	**6,710**	6,003	**(163)**	(585)	**857**	1,256	**7,404**	6,674
Net Income (Loss)	**$ 19,490**	$ 13,923	**$ (258)**	$ (816)	**$ 1,363**	$ 1,753	**$ 20,595**	$ 14,860

*Other - includes other investments and corporate activities

**(Loss) gain on securities & mortgage-backed securities - refer to Note 6 of the Interim Unaudited Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Year Ended	
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Audited)*
	December 31 2002	December 31 2001	**December 31 2002**	December 31 2001
INCOME				
Interest Income				
Interest from Loans	**$ 24,348,881**	$ 20,714,884	**$ 91,076,601**	$ 76,180,653
Dividends from Securities (Note 6)	**1,379,527**	1,168,114	**7,630,864**	4,504,690
Other Interest	**579,197**	1,109,589	**2,483,169**	3,301,376
	26,307,605	22,992,587	**101,190,634**	83,986,719
Interest Expense				
Interest on Deposits & Borrowings	**14,572,872**	13,278,822	**55,328,733**	51,293,111
Net Interest Income	**11,734,733**	9,713,765	**45,861,901**	32,693,608
Provision for Credit Losses	**1,057,000**	900,000	**3,588,000**	2,447,735
	10,677,733	8,813,765	**42,273,901**	30,245,873
Non-interest Income				
Fees and Other Income	**2,415,606**	1,117,690	**9,286,335**	4,733,165
Securitization Gains				
on Mortgage-Backed Securities	**1,464,446**	915,109	**4,389,222**	3,002,113
(Loss) Gain on Sale of Securities (Note 6)	**174,935**	(108,155)	**(2,309,770)**	5,821
	4,054,987	1,924,644	**11,365,787**	7,741,099
	14,732,720	10,738,409	**53,639,688**	37,986,972
Non-interest Expenses				
Salaries and Staff Benefits	**2,957,830**	1,675,310	**10,310,219**	7,535,183
Premises	**384,088**	316,749	**1,317,454**	983,233
General and Administration	**3,812,846**	2,269,593	**14,013,055**	7,934,683
	7,154,764	4,261,652	**25,640,728**	16,453,099
INCOME BEFORE INCOME TAXES	**7,577,956**	6,476,757	**27,998,960**	21,533,873
Income Taxes				
Current	**2,711,640**	390,128	**5,781,804**	2,295,949
Deferred	**(674,493)**	1,973,044	**1,622,299**	4,378,355
	2,037,147	2,363,172	**7,404,103**	6,674,304
NET INCOME	**$ 5,540,809**	$ 4,113,585	**$ 20,594,857**	$ 14,859,569
NET INCOME PER CLASS A AND CLASS B SHARE:				
Basic	**$0.33**	$0.27	**$1.25**	$0.99
Fully diluted	**$0.32**	$0.25	**$1.19**	$0.91
AVERAGE NUMBER OF CLASS A AND CLASS B SHARES OUTSTANDING				
Basic	**16,673,096**	15,289,758	**16,510,353**	15,047,077
Fully diluted	**17,131,284**	16,518,374	**17,311,953**	16,327,371
Total Number of Outstanding Class A and B Shares	16,758,895	16,347,610	16,758,895	16,347,610
Book Value per Share	$5.64	$4.60	$5.64	$4.60

CONSOLIDATED BALANCE SHEETS

	(Unaudited) December 31 2002	(Unaudited) September 30 2002	(Audited) December 31 2001
ASSETS			
Cash Resources			
Deposits with Regulated Financial Institutions	**$ 24,580,055**	$ 39,732,060	$ 18,069,542
Treasury Bills Guaranteed by Government	**30,954,941**	30,260,018	31,931,213
	55,534,996	69,992,078	50,000,755
Securities			
Issued or Guaranteed by Canada	**12,559,449**	998,792	4,134,120
Issued or Guaranteed by Province	**6,197,648**	8,188,209	13,119,156
Other Securities	**111,002,945**	109,501,087	82,205,217
	129,760,042	118,688,088	99,458,493
Loans			
Retail Services and Credit Cards	**25,251,930**	21,223,563	15,223,404
Residential Mortgages	**1,116,647,294**	1,038,431,839	909,393,315
Other Mortgages	**36,758,286**	38,193,168	39,465,142
General Allowance for Credit Losses	**(7,555,880)**	(6,963,340)	(5,517,376)
	1,171,101,630	1,090,885,230	958,564,485
Other			
Mortgage-Backed Securities Receivable	**10,375,022**	8,829,595	5,269,385
Capital Assets	**2,194,806**	2,303,284	2,168,172
Deferred Development Costs	**2,767,067**	2,916,319	3,363,715
Other Assets (Note 4)	**22,555,007**	22,419,075	17,395,215
	37,891,902	36,468,273	28,196,487
	$ 1,394,288,570	$ 1,316,033,669	$ 1,136,220,220
LIABILITIES			
Senior Term Loans	**$ -**	$ 1,322,015	$ 8,000,000
Term Loan	**10,000,000**	10,000,000	-
Subordinated Secured Loan	**5,000,000**	5,000,000	5,000,000
Deposits and Borrowings			
Payable on Demand	**12,207,188**	7,513,959	10,393,269
Payable on a Fixed Date	**1,202,971,991**	1,139,130,963	984,727,405
	1,230,179,179	1,162,966,937	1,008,120,674
OTHER			
Cheques and Other Items in Transit	**5,825,939**	6,294,155	4,658,419
Other Liabilities (Note 5)	**63,697,117**	57,676,686	48,238,602
	69,523,056	63,970,841	52,897,021
	1,299,702,235	1,226,937,778	1,061,017,695
SHAREHOLDERS' EQUITY			
Capital stock	**31,930,215**	31,477,813	31,296,523
Contributed surplus	**-**	-	-
Retained earnings	**62,656,120**	57,618,078	43,906,002
	94,586,335	89,095,891	75,202,525
	$ 1,394,288,570	$ 1,316,033,669	$ 1,136,220,220

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	(Unaudited) For the Three Months Ended December 31 2002	(Unaudited) For the Three Months Ended December 31 2001	(Unaudited) For the Year Ended December 31 2002	(Audited) For the Year Ended December 31 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	**$ 30,901,518**	$ 29,743,943	**$ 29,906,523**	$ 17,239,583
Conversion from Class A Convertible Shares	**-**	-	**813,705**	-
Proceeds of Shares Issued	**-**	(58,218)	**-**	12,513,942
Proceeds of Options Exercised	**581,202**	244,048	**1,505,177**	455,298
Redemption of Shares	**(128,800)**	(23,250)	**(871,485)**	(302,300)
Balance at End of Period	**31,353,920**	29,906,523	**31,353,920**	29,906,523
Total Capital Stock	**$ 31,930,215**	$ 31,296,523	**$ 31,930,215**	$ 31,296,523
CONTRIBUTED SURPLUS				
Balance at Beginning of Period	**$ -**	$ -	**$ -**	$ 266,825
Proceeds of Options Exercised	**-**	-	**-**	-
Redemption of Shares	**-**	-	**-**	(266,825)
Balance at End of Period	**$ -**	$ -	**$ -**	$ -
RETAINED EARNINGS				
Balance at the Beginning of the Period	**$ 57,618,078**	$ 40,275,617	**$ 43,906,002**	$ 30,604,958
Net Income for the Period	**5,540,809**	4,113,585	**20,594,857**	14,859,569
Dividends Declared and Paid during the Period	**-**	-	**(1,341,972)**	(1,075,325)
Dividends Declared during the Period	**(502,767)**	(483,200)	**(502,767)**	(483,200)
BALANCE AT END OF THE PERIOD	**$ 62,656,120**	$ 43,906,002	**$ 62,656,120**	$ 43,906,002

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended (Unaudited)	(Unaudited)	Year ended (Unaudited)	(Audited)
	December 31		**December 31**	
	2002	2001	**2002**	2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	**$ 5,540,809**	$ 4,113,585	**$ 20,594,857**	$ 14,859,569
Add (deduct) items not affecting cash:				
Future income taxes	**(674,493)**	1,973,044	**1,622,299**	4,378,355
Amortization of capital assets	**300,188**	259,872	**950,595**	722,084
Amortization of securities	**73,461**	(221,757)	**24,680**	(532,330)
Amortization of goodwill and deferred financing costs	**20,810**	53,819	**122,812**	215,272
Amortization of deferred development costs	**149,252**	-	**596,648**	-
Provision for credit losses	**1,057,000**	900,000	**3,588,000**	2,447,735
Change in accrued interest receivable	**(159,584)**	2,471,590	**(715,088)**	(1,026,621)
Change in accrued interest payable	**4,624,174**	2,412,333	**10,572,062**	10,016,245
Loss (gain) on sale of investments	**(174,935)**	108,155	**2,309,770**	(5,821)
Gain on sale of mortgage-backed securities	**(1,464,446)**	(915,109)	**(4,389,222)**	(3,002,113)
Change in mortgage-backed securities	**726,559**	306,581	**2,230,705**	1,000,341
Change in other assets	**6,327**	(1,571,170)	**(4,358,679)**	(5,718,948)
Change in cheques and other items in transit	**(468,216)**	(1,590,819)	**1,167,520**	2,557,080
Change in other liabilities	**2,046,112**	2,046,950	**3,244,585**	2,935,204
Cash provided by operating activities	**11,603,018**	10,347,074	**37,561,544**	28,846,052
FINANCING ACTIVITIES				
Repayments of senior term loans	**(1,322,015)**	(500,000)	**(8,000,000)**	(500,000)
Issuance of term loan	**-**	-	**10,000,000**	-
Deferred financing costs on term loan	**(3,485)**	-	**(208,837)**	-
Net increase in deposits and borrowings	**68,534,257**	23,702,789	**220,058,505**	200,454,590
Issuance of capital stock	**581,202**	185,830	**1,505,177**	12,969,240
Normal course issuer bid	**(128,800)**	(23,250)	**(871,485)**	(569,125)
Dividends paid	**(478,127)**	(407,700)	**(1,825,170)**	(1,371,413)
Cash provided by financing activities	**67,183,032**	22,957,669	**220,658,190**	210,983,292
INVESTING ACTIVITIES				
Activity in securities				
Purchases	**(24,788,156)**	(6,566,330)	**(92,102,746)**	(50,730,239)
Proceeds on sales	**2,713,823**	18,969,984	**44,733,312**	23,202,572
Proceeds on maturities	**11,103,851**	1,042,799	**14,733,435**	5,680,907
Activity in mortgages				
Net increase	**(103,345,086)**	(54,023,316)	**(298,722,531)**	(226,721,355)
Proceeds from securitization of mortgage-backed securities	**25,831,758**	10,759,867	**91,903,930**	55,820,593
Net increase in personal and credit card loans	**(4,567,612)**	(2,836,886)	**(12,253,664)**	(15,830,194)
Net increase in deferred development costs	**-**	(787,284)	**-**	(2,652,539)
Purchases of capital assets	**(191,710)**	(414,865)	**(977,229)**	(1,842,977)
Cash used in investing activities	**(93,243,132)**	(33,856,031)	**(252,685,493)**	(213,073,232)
Net (decrease) increase in cash and cash equivalents	**(14,457,082)**	(551,288)	**5,534,241**	26,756,112
Cash and cash equivalents at the beginning of the period	**69,992,078**	50,552,043	**50,000,755**	23,244,643
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**$ 55,534,996**	$ 50,000,755	**$ 55,534,996**	$ 50,000,755
Supplementary disclosure of cash flow information				
Amount of interest paid during the period	**$ 9,899,821**	$ 10,866,489	**$ 44,756,671**	$ 41,276,866
Amount of income taxes paid during the period	**1,207,800**	310,844	**5,926,745**	5,947,692

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. Changes 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 $92,957 for the twelve months ended December 31, 2002. It is management's belief that there is no impairment of goodwill.

b) **Stock-based Compensation**

The Company provides compensation to certain employees in the form of stock options. With the effect from January 1, 2002 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 and fourth quarter of 2002, the Company granted certain employees and directors the right to receive options on Class B shares if certain performance criteria are met. As at December 31, 2002, the performance criteria have not been met. As a result, the contingently issuable shares have not been included in the computation of basic or diluted earnings per share.

3. 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 December 31, 2002 the Company had outstanding foreign exchange contracts in the notional principal amount of $5.4 million.

4. Other Assets

	December 31 2002	September 2002	December 31 2001
Accrued interest receivable	**$ 7,681,338**	$ 7,521,754	$ 6,966,250
Income taxes receivable	**-**	1,369,835	1,024,840
Deferred agent commissions	**5,162,462**	5,307,408	4,236,300
Goodwill, net of amortization	**2,323,914**	2,323,914	2,323,914
Other prepaid assets and deferred items	**7,387,293**	5,896,164	2,843,911
	22,555,007	22,419,075	17,395,215

5. Other Liabilities

	December 31 2002	September 30 2002	December 31 2001
Accrued interest payable	**$ 47,205,898**	$ 42,532,847	$ 36,584,959
Dividends payable	**502,767**	478,127	483,200
Deferred commitment fees	**2,309,699**	1,951,153	1,254,904
Future income taxes	**6,884,520**	7,559,014	5,262,222
Other, including accounts payable and accrued liabilities	**6,794,233**	5,155,545	4,653,317
	$ 63,697,117	$ 57,676,686	$ 48,238,602

6. 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:

a) deemed dividend of $2.6 million which was not taxable to Home Trust Company
b) 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.