



HOME CAPITAL GROUP INC.

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NEWS RELEASE

HOME CAPITAL GROUP INC. PROVIDES ADDITIONAL DISCLOSURE REGARDING BROKER SUSPENSIONS AND REVISES MATERIAL CHANGE REPORT

For Immediate Release

TORONTO – July 29, 2015 – Home Capital Group Inc. (TSX: HCG) (“Home Capital” or the “Company”) today provided additional disclosure regarding the suspension of relationships with certain mortgage brokers. The information is included in a Revised Material Change Report available on the Canadian Securities Administrators’ website at www.sedar.com.

The release of this information, which has been requested by the Ontario Securities Commission, explains the nature of issues identified with certain mortgage brokers, the remedial actions taken by the Company, and the financial and operational impacts of these actions.

The Revised Material Change Report provides the following information:

Reasons for the Review of Broker Conduct

In late 2014, simultaneous with the Company’s own internal review of broker relationships and operations, an external source alerted Home Capital’s Board of Directors to possible discrepancies in income verification information submitted by certain mortgage brokers.

Findings of the Review

The Company immediately commenced a thorough investigation of this allegation including the reliability of other information submitted with the loan applications. The Company retained independent professional advisors to guide the investigation, which was overseen by independent directors. The investigation determined that falsification of income information had occurred but that there was no evidence of falsification of credit scores or property values. The brokers associated with the mortgage applications were identified and during the period of September 2014 to March 2015, the Company suspended its relationship with 18 independent mortgage brokers and 2 brokerages, for a total of approximately 45 individual mortgage brokers.

Impact of Broker Suspensions

The Company concluded that it is unlikely that this matter will lead to credit losses. The Company continues to actively monitor the subject mortgages and there have been no unusual credit issues. During the course of its review, Home Capital did a broader test to ensure that this was not a widespread issue in its portfolio and the Company is comfortable that it is not.

Mortgages originated by this group in 2014 could be expected to contribute approximately \$6 million to the Company's net income over a full year, or approximately 2% of the total net income of \$313 million reported in 2014. The Company has determined that this group originated \$960.4 million of single-family residential mortgages in 2014, or 5.3% of the outstanding loan assets on the Company's balance sheet. The majority (approximately 60%) of loans originated by this group were the Company's lower margin Accelerator mortgages. The total value of single-family residential mortgage originations for 2014 was \$7.6 billion.

The Company works with nearly 4,000 brokers at a given time, and business partner turnover, including broker turnover, is a normal part of Home Capital's business. During the period September 2014 to March 2015, a total of 53 brokers were suspended and over 300 new brokers were added to the Company's approved list.

The Company also continuously revises its underwriting procedures to ensure best practices. In response to this matter, the Company further enhanced its income verification procedures. The Company also made changes to its staffing as appropriate. The changes made in response to this matter are not expected to have a material impact on the Company's cost structure.

We are confident that these measures, in spite of their short-term impact on volumes, were essential to the long-term health of our business.

The Company has taken several steps to improve origination volumes in the second half of 2015, including sales measures to build on the Company's pipeline for residential mortgage originations and to leverage the solid demand for its traditional mortgages within its established regions. Home Capital also expects origination volumes to improve as brokers adjust to the Company's enhanced approval processes.

Second Quarter Results

Second quarter results will be released as scheduled at 5:00 p.m. on Wednesday, July 29, 2015.

The second quarter investor conference call will take place on Thursday, July 30, 2015 at 10:30 a.m. Participants are asked to call 5 to 15 minutes in advance, 647-427-7450 in Toronto or toll-free 1-888-231-8191 throughout North America. The call will also be accessible in listen-only mode via the Internet at www.homecapital.com.

Home Capital Group Inc. is a public company, traded on the Toronto Stock Exchange (HCG), operating through its principal subsidiary, Home Trust Company. Home Trust is a federally regulated trust company offering residential and non-residential mortgage lending, securitization of insured residential first mortgage products, consumer lending and credit card services. In addition, Home Trust offers deposits via brokers and financial planners, and through its direct to consumer deposit brand, Oaken Financial. Licensed to conduct business across Canada, Home Trust has offices in Ontario, Alberta, British Columbia, Nova Scotia, Quebec and Manitoba.

Caution Regarding Forward-looking Statements

This press release contains forward-looking information within the meaning of applicable Canadian securities legislation. Please refer to the Home Capital's 2014 Annual Report, available on Home Capital's website at www.homecapital.com, and on the Canadian Securities Administrators' website at www.sedar.com, for Home Capital's Caution Regarding Forward-looking Statements.

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