



HOME CAPITAL GROUP INC.

HIGHLIGHTS

For the period ended June 30

	<u>Three</u> <u>Months Ended</u>		<u>Six</u> <u>Months Ended</u>	
	(Unaudited) 2000	(Unaudited) 1999	(Unaudited) 2000	(Unaudited) 1999
SHAREHOLDER RETURNS				
Net Income	\$ 2,485,178	\$1,958,393	\$4,806,990	\$3,844,523
Earnings per Share	0.17	0.13	0.33	0.26
Return on Shareholders' Equity	22.9%	21.7%	22.6%	21.8%
Book Value per Common Share			3.01	2.49

GROWTH IN BUSINESS

Total Assets	\$ 791,613,273	\$604,213,038
Mortgage Loans	700,540,994	516,389,757
Deposits and Borrowings	733,039,633	555,329,296
Revenue	32,529,047	24,452,824

FINANCIAL STRENGTH

Tier 1 *	9.27%	10.11%
Total Capital *	11.53%	13.18%
Common Shareholders' Equity	\$ 44,466,389	\$36,892,028

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

Come visit us on the web: Home Trust Company (www.hometrusted.ca)
Home Capital Group Inc. (www.homecapital.com)

JUNE 30, 2000
Second Quarter Report

**Home Capital Group Inc.
To Our Shareholders**

HOME CAPITAL REPORTS STRONG 2ND QUARTER EARNINGS

Home Capital Group Inc. is pleased to announce record second quarter earnings of \$0.17 per share, or \$2,485,178, versus earnings of \$0.13 per share, or \$1,958,393, for the comparable period in the previous year, an increase of 26.9%. Total assets grew from \$604,213,038 to \$791,613,273, or 31.0% and our annualized return on equity was 22.9%, compared to 21.7% on a year over year basis. Our results reflect the power of our strategy to pursue market leadership with customers who are underserved by traditional lenders.

This represents the twentieth consecutive quarter, a full five years, in which earnings before unusual items exceeded those of the previous quarter.

For the first six months of the year the Company reported net income of \$4,806,990, an increase of 25.0% over the \$3,844,523 recorded through the first half of 1999. Earnings per share rose from \$0.26 to \$0.33 and annualized return on shareholders' equity stood at 22.6% compared to 21.8% for the same period in 1999.

In addition, our credit quality remains excellent. Mortgage charge-offs continue to decline and our impaired loans represented 0.37% at June 30, compared to 0.30% one year ago. In keeping with the safety and soundness with which the Company has operated, we have moved our general reserve to 0.78% of assets on a risk-weighted basis as of June 30, 2000, which is slightly higher than the average of the general reserves for the five leading banks in Canada. All other performance indicators also reflected positive results during the period under review. In short, we are on track to report a record year.

These and other achievements are the signs of a stable and profitable core business and a Company that is 'coming of age.' Your Board of Directors further validated this fact by announcing a 33% increase in the dividend paid on the outstanding convertible Class A shares and Class B subordinated voting shares. This step, equating to an effective increase from \$0.06 to \$0.08 per share on an annualized basis, reflects our strong cash flow from operations, our financial strength, and the quality of our balance sheet. It also represents further tangible indication of our commitment to the creation of value for all our shareholders. The first quarterly dividend at the increased amount will be payable on August 10, 2000 to shareholders of record at the close of business on July 13, 2000.

I am pleased to report that the transition of Home Savings & Loan Corporation into Home Trust Company proceeded smoothly during the second quarter. Other significant steps will ensure that we are well positioned to grow and to profit from this change in the years ahead.

The Honourable William Davis, P.C., C.C., Q.C., who is already a Director of Home Capital Group, has kindly agreed to serve as Chairman of Home Trust Company. His experience, particularly with broadly based and accomplished financial institutions, and wise counsel will be of great assistance to your Company.

During the second quarter we also announced that Home Trust Company had been approved for membership in the VISA Canada Association. We are only the eleventh General Member financial institution authorized to offer VISA payment cards in Canada.

We also announced that Home Trust Company will launch a secured VISA credit card starting in September of this year. This card is designed to assist consumers to establish or re-establish their credit worthiness. These customer segments have been served effectively and profitably in the United States by several issuers. We believe that we can serve this niche in a manner that is socially responsible for consumers, and low risk yet profitable for your Company.

The economic outlook for Canada and your Company remains positive. Our core business continues to grow in an innovative and dynamic way and we are confident about the market acceptance of our new secured VISA credit card. This combination of factors makes your Company very optimistic about its future prospects.

Gerald M. Soloway
President and Chief Executive Officer
July 20, 2000

CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2000	1999	2000	1999
REVENUE				
Interest from mortgage loans	\$ 14,339,938	\$ 10,414,270	\$ 27,869,602	\$ 20,327,521
Other interest	564,904	666,744	1,076,439	1,264,131
Dividends	732,097	525,708	1,403,836	1,002,605
Fees and other income	1,186,354	902,372	2,177,618	1,626,231
Gain on sale of investments	1,554	414	1,552	232,336
	16,824,847	12,509,508	32,529,047	24,452,824
EXPENSES				
Interest on deposits and borrowings	9,800,637	7,028,011	18,890,647	13,678,469
Salaries and benefits	1,219,690	991,484	2,431,216	1,946,520
Premises	218,611	80,986	425,112	245,730
General and administrative	1,527,679	1,112,267	2,885,278	2,258,106
	12,766,617	9,212,748	24,632,253	18,128,825
INCOME BEFORE LOSS PROVISION & INCOME TAXES				
	4,058,230	3,296,760	7,896,794	6,323,999
Provision for mortgage losses	250,000	150,000	400,000	300,000
INCOME BEFORE INCOME TAXES	3,808,230	3,146,760	7,496,794	6,023,999
INCOME TAXES				
Current	1,632,543	1,176,312	2,681,965	1,846,815
Deferred	(309,491)	12,055	7,839	331,661
	1,323,052	1,188,367	2,689,804	2,178,476
NET INCOME	\$ 2,485,178	\$ 1,958,393	\$ 4,806,990	\$ 3,845,523

NET INCOME PER CLASS A AND CLASS B SHARE:

For the period	\$0.17	\$0.13	\$0.33	\$0.26
Fully diluted	\$0.16	\$0.13	\$0.31	\$0.25
Number of outstanding				
Class A and B shares	14,749,695	14,811,195	14,749,695	14,811,195
Book value per share	\$3.01	\$2.49	\$3.01	\$2.49

CONSOLIDATED BALANCE SHEETS

	(Unaudited)		(Unaudited)		(Audited)
	6/30/00		6/30/99		12/31/99
ASSETS					
Cash and cash equivalents	\$	7,542,459	\$	19,426,090	\$ 20,163,978
Income taxes receivable		-		-	547,896
Investments		77,379,988		63,456,526	71,453,019
Mortgage loans		700,540,994		516,389,757	639,986,336
Fixed assets		661,059		475,837	639,395
Goodwill, net of accumulated amortization		2,463,350		2,556,307	2,509,828
Deferred deposit agent commissions		2,471,478		1,483,217	2,280,230
Other		553,945		425,304	554,455
	\$	791,613,273	\$	604,213,038	\$ 738,135,137
LIABILITIES					
Senior term loan	\$	9,000,000	\$	9,500,000	\$ 9,000,000
Deposits and borrowings		733,039,633		555,329,296	684,868,636
Accounts payable and accrued liabilities		1,380,069		868,147	1,040,210
Dividends payable		294,794		222,168	221,305
Income taxes payable		740,134		254,035	-
Deferred commitment fees		996,729		640,821	864,443
Deferred income taxes		1,695,525		506,543	1,687,686
		747,146,884		567,321,010	697,682,280
SHAREHOLDERS' EQUITY					
Capital stock		18,552,614		18,675,912	18,591,224
Contributed surplus		361,579		748,577	600,749
Retained earnings		25,552,196		17,467,539	21,260,884
		44,466,389		36,892,028	40,452,857
	\$	791,613,273	\$	604,213,038	\$ 738,135,137

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	June 30		June 30	
	2000	1999	2000	1999
Balance at beginning of period	\$ 23,361,812	\$ 15,953,791	\$ 21,260,884	\$ 14,067,661
Net income for the period	2,485,178	1,958,393	4,806,990	3,844,523
Dividends paid during the period	-	(222,477)	(220,884)	(222,477)
Dividends declared during the period	(294,794)	(222,168)	(294,794)	(222,168)
Balance at end of period	\$ 25,552,196	\$ 17,467,539	\$ 25,552,196	\$ 17,467,539

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Six months ended June 30	
	2000	1999
OPERATING ACTIVITIES		
Net income	\$ 4,806,990	\$ 3,844,523
Add (deduct) items not affecting cash:		
Deferred income taxes	7,839	332,661
Depreciation and amortization	142,508	86,496
Amortization of goodwill and deferred financing costs	72,910	72,909
Provision for mortgage losses	400,000	300,000
(Gain) on sale of investments	(1,552)	(232,336)
	<u>5,428,695</u>	<u>4,404,253</u>
Interest receivable	(491,773)	(376,492)
Interest payable	2,989,506	(325,483)
Income taxes receivable	547,896	-
Deferred agent commissions	(191,248)	(360,553)
Other assets and accounts receivable	(25,922)	71,396
Accounts payable and accrued liabilities	339,859	(177,621)
Dividends payable	73,489	222,168
Income taxes payable	740,134	(266,642)
Deferred commitment fees	132,286	11,263
	<u>4,114,227</u>	<u>(1,201,964)</u>
Cash provided by operating activities	<u>9,542,922</u>	<u>3,202,289</u>
FINANCING ACTIVITIES		
Issuance of common stock	108,000	125,500
Normal course issuer bid	(385,780)	(253,350)
Dividends declared	(294,794)	(222,168)
Dividends paid	(220,884)	(222,477)
Net increase in deposits and borrowings	<u>45,181,492</u>	<u>62,268,949</u>
Cash provided by financing activities	<u>44,388,034</u>	<u>61,696,454</u>
INVESTING ACTIVITIES		
Activity in investment securities		
Purchase of investments	(8,072,026)	(27,981,047)
Proceeds of sales of investments	2,088,279	9,148,133
Proceeds of maturities	100,000	947,440
Activity in mortgages		
Purchased mortgages	(3,392,803)	(16,378,806)
Net increase in mortgages	(57,159,884)	(28,279,665)
Fixed asset purchases	<u>(116,041)</u>	<u>(29,285)</u>
Cash used in investing activities	<u>(66,552,475)</u>	<u>(62,573,230)</u>
Net (decrease) increase in cash and cash equivalents	(12,621,519)	2,325,513
Cash and cash equivalents at the beginning of the period	<u>20,163,978</u>	<u>17,100,577</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 7,542,459	\$ 19,426,090
Supplementary disclosure of cash flow information		
Amount of interest paid during the period	\$ 21,878,179	13,350,904
Amount of income taxes paid during the period	1,630,856	2,678,777

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

HOME CAPITAL GROUP INC.

145 King Street West, Suite 1910
Toronto, Ontario M5H 1J8

DIRECTORS

John M. Christodoulou
Hon. William G. Davis P.C., C.C., Q.C.
William A. Dimma
Kenneth A. Fowler
Harvey F. Kolodny
John M. E. Marsh
Sheila L. Ross
John J. Ruffo
Gerald M. Soloway

OFFICERS

William A. Dimma
Chairman of the Board
Gerald M. Soloway
*President and
Chief Executive Officer*
W. Roy Vincent
*Senior Vice President
and Chief Operating Officer*
Sharron I. Hatton
Corporate Secretary
Cathy A. Sutherland, C.A.
Controller

AUDITORS

Ernst & Young LLP
Chartered Accountants
Toronto, Ontario

BANKERS

Home Capital Group Inc.
Home Trust Company
Bank of Montreal, St. Catharines

CORPORATE COUNSEL

Home Capital Group Inc.
Home Trust Company

Torys and
Gowling Strathy & Henderson

TRANSFER AGENT

Montreal Trust Company
151 Front Street West
Toronto, Ontario M5J 2N1

CAPITAL STOCK

As at June 30, 2000 there were
3,025,000 Class A and 11,724,695
Class B Shares outstanding

STOCK LISTING

Toronto Stock Exchange
Ticker Symbol: HCG.B

HOME TRUST COMPANY

BRANCHES

TORONTO

145 King Street West, Suite 1910
Toronto, Ontario M5H 1J8
Tel: (416) 360-4663
1-800-990-7881
Fax: (416) 363-7611
1-888-470-2092

Vice President, Toronto Office -
Brian R. Mosko
Vice President, Business Development-
James Appleyard
Vice President, Mortgage Lending-
Nick Kyprianou
Manager, Credit -
Mal Nuzum
Senior Manager, Mortgage Services-
Jan Morrison
Asst. Vice Presidents – Toronto Office
James Hill
Christine Nugent
Manager, Mortgages –
Brent Perry
Vice President, Mortgage Development-
Brian Stewart

HAMILTON

Suite 800, 21 King Street West
Hamilton, Ontario L8P 4W7
Tel: (905) 522-0250
1-800-944-3419
Fax: (905) 522-1888
1-888-771-9967

Branch Manager -
Marguerite Ryan
Manager, Mortgages -
Brad Hamilton

ST. CATHARINES

Suite 100, P.O.Box 1554
15 Church Street
St. Catharines, Ontario L2R 7J9
Tel: (905) 688-3131
1-888-771-9913

Deposits & Accounting
Fax: (905) 688-0534
Mortgages
Fax: (905) 988-1808

Asst. Vice President –
St. Catharines Office
Wolf L. Schmutzer

CALGARY

441 – 5th Ave. S.W., Suite 310
Calgary, Alberta T2P 2V1
Tel: (403) 244-2432
Fax: (403) 244-6542
Senior Manager, Mortgages-
Larry Frondall
Manager, Mortgages-
Steve Poitevin

VANCOUVER

200 Granville Street, Suite 1288
Vancouver, B.C. V6C 1S4
Tel: (604) 484-4663
Fax: (604) 484-4664
Senior Manager, Mortgages-
Dan Boyda
Manager, Mortgages-
Cathy Swallow

FOR SHAREHOLDER INFORMATION, PLEASE CONTACT:

Sharron I. Hatton
Corporate Secretary
Home Capital Group Inc.
145 King Street West, Suite 1910
Toronto, Ontario M5H 1J8
Tel: (416) 360-4663
Fax: (416) 363-7611

WEBSITES:

Home Capital Group Inc.
– www.homecapital.com
Home Trust Company
– www.hometrusted.ca

**Home Capital Group Inc.
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