



HOME CAPITAL GROUP INC.

HIGHLIGHTS

For the period ended September 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	\$ 2,654,389	\$2,071,016	\$7,461,379	\$5,915,539
Earnings per Share	0.18	0.14	0.51	0.40
Return on Shareholders' Equity	23.3%	21.9%	22.8%	21.8%
Book Value per Common Share	3.17	2.61	3.17	2.61
GROWTH IN BUSINESS				
Total Assets			\$ 833,103,212	\$680,337,431
Mortgage Loans			744,707,923	585,087,785
Deposits and Borrowings			771,305,012	628,585,170
Revenue			50,673,296	37,942,963
FINANCIAL STRENGTH				
Tier 1 *			9.37%	9.29%
Total Capital *			11.54%	12.71%
Common Shareholders' Equity			\$ 46,830,534	\$38,673,994

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

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

SEPTEMBER 30, 2000
Third Quarter Report

Home Capital Group Inc. To Our Shareholders
28% increase in third quarter earnings signals a banner year

I am pleased to report that your Company's third quarter earnings signal a banner year for Home Capital. This represents the 21st consecutive quarter in which Home's earnings exceeded those of the previous quarter and we are on track to deliver over 25% earnings growth for the year.

For the three months ended September 30, 2000, Home Capital Group reported earnings of \$2,654,389 or \$0.18 per share. This represents a 28.2% increase over the \$2,071,016 or \$0.14 per share recorded for the same period last year. This rising earnings stream builds on our momentum of the first and second quarters, when we earned \$0.16 and \$0.17 respectively.

Other performance indicators reflect these positive results. Total assets grew by 22.5% to \$833,103,212. Our return on equity for the third quarter was 23.3% compared to 21.9% achieved during the same quarter of 1999.

For the nine months ended September 30, 2000, the Company reported a 26.1 % increase in net income, from \$5,915,539 to \$7,461,379. For the same period, earnings per share rose from \$0.40 to \$0.51 and return on shareholders' equity was 22.8% compared to 21.8%.

Our credit quality retained its excellent attributes. Mortgage charge-offs continued to decline while net impaired loans represented 0.50% of the portfolio as of September 30, 2000, up slightly from the 0.33% reported one year ago. This marginal increase was consistent with overall industry experience during the period under review. In keeping with your Company's prudent approach to such matters, we have increased our general reserve to 0.82% of assets on a risk-weighted basis. Our resulting general reserve position compares favorably to that maintained by Canada's leading deposit taking institutions.

Reflecting this performance and the Company's positive outlook, your Board of Directors declared a dividend of \$0.02 per share payable on November 10, 2000 to shareholders of record at the close of business on October 13, 2000.

Our core mortgage business, serving those who are unable to obtain a first residential mortgage at the major financial institutions, remains very strong. In the first three quarters of this year, we have increased both our underwriting and support staff as well as upgraded our technology systems to serve our present and future growth. We also added deposit-taking to the mortgage services offered by the Calgary and Vancouver branches.

On September 20, 2000, we launched the first credit card product designed to serve the more than 4 million adult Canadians who do not have a major credit card.

In August we had announced a partnership agreement with First Data Corporation (NYSE: FDC), the world's leading payment services provider. The services First Data is providing will enable Home Trust to offer its secured VISA based on the best of US experience in the alternative credit card issuing sector, where this type of lending has enjoyed considerable growth and attractive profitability. In addition, the agreement will enable Home Trust to grow its credit card portfolio with no operational constraints and modest capital investments. At the time of this announcement in August, there was considerable media attention, and management conducted interviews with newspapers, and radio and television programs across the country.

In a quarter marked by so much positive news, I am saddened to report that John J. Ruffo, a director of the Company since 1989, passed away on October 8, 2000. We all benefited tremendously from the depth of his business experience, the wisdom of his counsel and the integrity of his character. He will be missed as both a colleague and a friend.

As we look forward to year's end and ahead to the year 2001, we have confidence that our disciplined lending and growth strategies will result in continued upward earning momentum.

Gerald M. Soloway
President and Chief Executive Officer
October 23, 2000

CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)		(Unaudited)	
	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2000	1999	2000	1999
REVENUE				
Interest from mortgage loans	\$ 15,545,149	\$ 11,356,577	\$ 43,414,751	\$ 31,684,098
Other interest	565,305	537,873	1,641,744	1,802,004
Dividends	735,185	592,068	2,139,021	1,594,673
Fees and other income	1,206,066	1,004,219	3,383,684	2,630,450
Gain (Loss) on sale of investments	92,544	(598)	94,096	231,738
	18,144,249	13,490,139	50,673,296	37,942,963
EXPENSES				
Interest on deposits and borrowings	10,793,068	7,636,523	29,683,715	21,314,992
Salaries and benefits	1,198,520	1,011,952	3,629,736	2,958,472
Premises	210,504	162,947	635,616	408,677
General and administrative	1,469,870	1,232,287	4,355,148	3,490,393
	13,671,962	10,043,709	38,304,215	28,172,534
INCOME BEFORE LOSS PROVISION & INCOME TAXES				
	4,472,287	3,446,430	12,369,081	9,770,429
Provision for mortgage losses	290,000	150,000	690,000	450,000
INCOME BEFORE INCOME TAXES				
	4,182,287	3,296,430	11,679,081	9,320,429
INCOME TAXES				
Current	1,943,322	948,077	4,625,287	2,794,892
Deferred	(415,424)	277,337	(407,585)	609,998
	1,527,898	1,225,414	4,217,702	3,404,890
NET INCOME				
	\$ 2,654,389	\$ 2,071,016	\$ 7,461,379	\$ 5,915,539

NET INCOME PER CLASS A AND CLASS B SHARE:

For the period	\$0.18	\$0.14	\$0.51	\$0.40
Fully diluted	\$0.18	\$0.13	\$0.49	\$0.38
Number of outstanding				
Class A and B shares	14,789,695	14,795,695	14,789,695	14,795,695
Book value per share	\$3.17	\$2.61	\$3.17	\$2.61

CONSOLIDATED BALANCE SHEETS

	(Unaudited)	(Unaudited)	(Audited)
	9/30/00	9/30/99	12/31/99
ASSETS			
Cash and cash equivalents	\$ 4,312,377	\$ 20,563,327	\$ 20,163,978
Income taxes receivable	-	-	547,896
Investments	76,754,189	69,237,539	71,453,019
Mortgage loans	744,707,923	585,087,785	639,986,336
Fixed assets	1,316,651	580,320	639,395
Goodwill, net of accumulated amortization	2,440,111	2,533,068	2,509,828
Deferred deposit agent commissions	2,541,644	1,788,862	2,280,230
Other	1,030,317	546,530	554,455
	\$ 833,103,212	\$ 680,337,431	\$ 738,135,137

LIABILITIES

Senior term loan	\$ 9,000,000	\$ 9,500,000	\$ 9,000,000
Deposits and borrowings	771,305,012	628,585,170	684,868,636
Accounts payable and accrued liabilities	1,354,183	1,187,646	1,040,210
Dividends payable	295,794	221,935	221,305
Income taxes payable	1,949,903	616,318	-
Deferred commitment fees	1,087,685	768,488	864,443
Deferred income taxes	1,280,101	783,880	1,687,686
	786,272,678	641,663,437	697,682,280

SHAREHOLDERS' EQUITY

Capital stock	18,584,476	18,652,821	18,591,224
Contributed surplus	335,267	704,553	600,749
Retained earnings	27,910,791	19,316,620	21,260,884
	46,830,534	38,673,994	40,452,857
	\$ 833,103,212	\$ 680,337,431	\$ 738,135,137

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	September 30		September 30	
	2000	1999	2000	1999
Balance at beginning of period	\$ 25,552,196	\$ 17,467,539	\$ 21,260,884	\$ 14,067,661
Net income for the period	2,654,389	2,071,016	7,461,379	5,915,539
Dividends paid during the period	-	-	(515,678)	(444,645)
Dividends declared during the period	(295,794)	(221,935)	(295,794)	(221,935)
Balance at end of period	\$ 27,910,791	\$ 19,316,620	\$ 27,910,791	\$ 19,316,620

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Nine months ended September 30	
	2000	1999
OPERATING ACTIVITIES		
Net income	\$ 7,461,379	\$ 5,915,539
Add (deduct) items not affecting cash:		
Deferred income taxes	(407,585)	609,998
Depreciation and amortization	223,151	157,154
Amortization of goodwill and deferred financing costs	109,364	109,364
Provision for mortgage losses	690,000	450,000
Gain on sale of investments	(94,096)	(231,738)
	<u>7,982,213</u>	<u>7,010,317</u>
Interest receivable	(1,267,506)	(1,041,183)
Interest payable	4,146,165	290,693
Income taxes receivable	547,896	-
Deferred agent commissions	(261,414)	(666,198)
Other assets and accounts receivable	(515,509)	(63,046)
Accounts payable and accrued liabilities	313,973	141,878
Dividends payable	74,489	221,935
Income taxes payable	1,949,903	95,641
Deferred commitment fees	223,242	138,930
	<u>5,211,239</u>	<u>(881,350)</u>
Cash provided by operating activities	<u>13,193,452</u>	<u>6,128,967</u>
FINANCING ACTIVITIES		
Issuance of common stock	154,500	125,875
Normal course issuer bid	(426,730)	(320,840)
Dividends declared	(295,794)	(221,935)
Dividends paid	(515,678)	(444,645)
Net increase in deposits and borrowings	82,290,211	134,908,647
Cash provided by financing activities	<u>81,206,509</u>	<u>134,047,102</u>
INVESTING ACTIVITIES		
Activity in investment securities		
Purchase of investments	(9,865,691)	(33,789,532)
Proceeds of sales of investments	2,871,374	9,350,652
Proceeds of maturities	2,100,000	1,022,440
Activity in mortgages		
Purchased mortgages	(3,392,803)	(51,372,484)
Net increase in mortgages	(101,136,218)	(61,734,423)
Fixed asset purchases	(828,224)	(189,972)
Cash used in investing activities	<u>(110,251,562)</u>	<u>(136,713,319)</u>
Net (decrease) increase in cash and cash equivalents	(15,851,601)	3,462,750
Cash and cash equivalents at the beginning of the period	20,163,978	17,100,577
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,312,377</u>	<u>\$ 20,563,327</u>
Supplementary disclosure of cash flow information		
Amount of interest paid during the period	\$ 33,827,907	21,603,603
Amount of income taxes paid during the period	3,060,256	2,972,982

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
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.
Treasurer

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

Computershare Investor Services Inc.
(formerly Montreal Trust Company)
100 University Avenue
Toronto, Ontario M5J 2Y1

CAPITAL STOCK

As at September 30, 2000 there were
3,025,000 Class A and 11,764,695
Class B Shares outstanding

STOCK LISTING

Toronto Stock Exchange
Ticker Symbol: HCG.B

HOME TRUST COMPANY

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WEBSITES:

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Home Capital Group Inc. has established an e-mail investor information service. Sign up for the service at our web site www.homecapital.com and you will receive quarterly reports, the annual report, management information circular, and other articles of interest immediately upon release delivered to your e-mail address.