



HOME CAPITAL GROUP INC.

FINANCIAL HIGHLIGHTS

For the three months ended (Unaudited)

	March 31 2001	December 31 2000	March 31 2000
OPERATING RESULTS			
Net Income	\$ 3,218,215	\$ 2,990,255	\$ 2,321,812
Total Revenue	21,023,670	19,933,098	15,704,200
Net Investment Margin (TEB) **	3.47%	3.20%	3.31%
Earnings per Share - Basic	0.22	0.20	0.16
- Fully diluted	0.21	0.19	0.15
Return on Shareholders' Equity	25.27%	24.83%	22.43%
Productivity Ratio	40.33%	40.47%	41.96%
Book Value per Common Share	3.54	3.34	2.88
Common Share Price – close	\$6.90	\$5.90	\$4.25
GROWTH IN BUSINESS			
Total Assets	\$ 947,698,088	\$ 881,924,852	\$ 748,835,212
Mortgage Loans	804,552,912	773,064,867	660,493,669
Deposits and Borrowings	876,941,450	813,181,658	693,442,700
Common Shareholders' Equity	52,371,260	49,501,366	42,345,545
FINANCIAL STRENGTH			
Tier 1 Capital *	\$ 48,238,000	\$ 45,533,000	\$ 38,918,000
Total Capital *	63,238,000	60,533,000	48,918,000
Risk Adjusted Assets *	518,512,000	481,117,000	416,235,000
Tier 1 Capital Ratio*	9.30%	9.46%	9.35%
Total Capital Ratio*	12.20%	12.58%	11.75%
Net Impaired Loans as a % of Gross Mortgage Loans	0.48%	0.39%	0.26%

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

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

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

MARCH 31, 2001
First Quarter Report

**HOME CAPITAL GROUP INC.
TO OUR SHAREHOLDERS**

Home Capital Group's strong earnings momentum continued in the first quarter of 2001 with exceptional growth in earnings, earnings per share and total assets. This represents the 23rd consecutive quarter in which earnings exceeded those of the previous three months. These results were generated by the Company's wholly-owned subsidiary Home Trust Company.

For the period ended March 31, 2001, net earnings rose 38.6% to \$3,218,215. Earnings per share were \$0.22, a substantial growth of 37.5% over the first quarter of 2000. Return on equity climbed to 25.3% in the first quarter, up from 22.4% recorded last year. Total assets were \$947,698,088, an increase of 26.6%.

Net impaired mortgage loans as at March 31, 2001 represented 0.48% compared to 0.39% at December 31, 2000 and 0.26% at March 31, 2000. Although there has been an increase in impaired loans, actual charge-offs during the first quarter of 2001 were \$41,000 compared to \$135,000 at March 31, 2000. We have increased the General Reserve from \$3,249,000 at March 31, 2000 to \$4,530,000 at the end of the first quarter 2001.

Each element of the Company's business has performed very well during the period under review. Expense control was a key factor in the quarter, as our productivity ratio was an extraordinary 40.3%.

Our core residential first mortgage business recorded strong and steady growth. The demand for housing remained strong, and our interest rate spreads increased.

Shareholder value was further enhanced during the first quarter by the issuance of our second Mortgage-Backed Security in the amount of \$14.5 million. Securitization provides a capital-efficient means of increasing our mortgage lending activity and generating additional earnings.

Subsequent to the end of the first quarter the number of Home Trust VISA accounts passed the 10,000 mark. In March 2001, Home Trust entered into a credit card referral agreement with the Royal Bank of Canada whereby certain applicants declined for a Royal Bank VISA will be offered a Home Trust VISA product. We expect that this arrangement will assist the Company in continuing the growth of our credit card portfolio.

The Board of Directors declared a quarterly dividend of \$0.02 per share payable on May 10, 2001 to shareholders of record at the close of business on April 13, 2001.

Canada is experiencing somewhat softer economic conditions and we are managing our business with this in mind. However, we have not seen any negative effects on the growth or profitability of the Company to date. We remain vigilant and are confident that our well regarded underwriting techniques and risk management procedures will serve us well in any downturn.

We expect our robust earnings momentum in the first quarter to continue throughout the balance of 2001. It is clear that there is a strong demand in the marketplace for a national alternative to traditional financial institutions and our continued success reflects this marketplace need. We are on track to meet or exceed our stated goals for the year.

On behalf of the Board of Directors, I am pleased to invite all shareholders to attend the Company's Annual and Special Meeting to be held at the Design Exchange, Trading Floor, Second Floor, 234 Bay Street, Toronto, Ontario on Wednesday, June 6, 2001 at 11:00 a.m. local time. Shareholders and guests are also invited to join Directors and Management for lunch and refreshments afterwards.

GERALD M. SOLOWAY

President & Chief Executive Officer
May 2, 2001

Review of Operating Performance

Revenues

Home Capital Group Inc. experienced continued business growth in the first quarter of 2001. Revenues increased 33.9% or \$5.3 million over the same period in 2000. The increase was largely due to the increase in the mortgage portfolio, which generated interest income of \$3.9 million over the March 2000 quarter.

Net Investment Income

Net investment income is the difference between income earned on investments and the interest paid on deposits and any borrowings to fund those assets. This income is adjusted to a tax equivalent basis. Net investment income was \$7.9 million this quarter up 28.9% from \$6.2 million in the first quarter last year.

This was the result of increased margins on the core business of mortgage lending over deposit taking reflected by a 3.3% spread in this quarter versus 3.2% in the same period last year. The Company has invested the surplus funds in its securities increasing the investment portfolio from \$72.7 million in March 2000 to \$102.5 million in 2001. This increase resulted in dividend investment income on a tax equivalent basis rising to \$1.8 million or 44.0% over the same period last year.

The overall net investment spread, which is the average rate of return on earning assets less the average rate paid on interest bearing liabilities, for the Company was 3.2% up from 3.1% in the same quarter last year.

Other Fee Income

Other fee income increased to \$1.1 million or 10.5% over the \$1.0 million in the first quarter of 2000. Fee income is largely generated from new mortgage activity. Total mortgages advanced during the first quarter increased to \$87.3 million from \$55.9 million (net of purchased mortgages), in the first quarter of 2000. Fees collected on new mortgage funding increased from \$0.5 million in March 2000 to \$0.6 million in March 2001.

Gain on Sale of Mortgage-Backed Securities

In the first quarter of this year the Company issued its second Mortgage-Backed Security (MBS), a \$14.5 million principal pooling of Canada Mortgage and Housing Corporation insured mortgages. This resulted in a gain of \$0.7 million or \$0.04 per share. The Company only entered the Mortgage-Backed Security market in December 2000 and therefore, no comparison can be made to March 2000.

Operating Expenses

Total operating expenses increased to \$3.7 million, up by 31.6% or \$0.9 million over the \$2.8 million reported in the first quarter of 2000. The majority of this increase is related to salaries and staff benefits, which rose by \$0.5 million or 43.5%. This is related to the increase in the core business of mortgage lending, the staffing required for the Company's move to the in-house computer system and the additional staffing for the VISA operations.

The new in-house computer system experienced start-up costs in this quarter for training, servicing and depreciation on new equipment purchases which amounted to \$0.2 million of the overall increase in general and administration expenses of \$0.4 million. These additional costs should translate into future savings in this area by the Company's third quarter. Commissions paid to deposit brokers increased by \$0.1 million or 21.2%, this is driven by the increase in the deposits and borrowings which amounted to \$183 million or 26.5% in this quarter over the previous year's quarter.

The productivity ratio defined as the measurement of non-interest expenses as a percentage of total revenues declined to 40.33% in this quarter, an improvement over the 41.96% experienced in the first quarter of the previous year.

Credit Quality

The net impaired loans have increased in this quarter to 0.48% of the total mortgage portfolio or \$3.9 million in comparison to 0.26% in the March 2000 quarter or \$1.7 million. The Company is closely monitoring the impaired loans and has provided \$0.4 million in provisions in this quarter compared to \$0.2 million in the March 2000 quarter. The general provision has increased to 87.4 basis points of the risk-weighted assets in March 2001 over the 78.0 basis points provided in the first quarter of the previous year.

Losses realized on mortgages declined to \$41,000 or 69.6% in this quarter over the losses realized in March 2000 of \$135,000.

The Company will maintain this conservative outlook and continue to increase the general provision to reach 100 basis points of risk weighted assets by December 31, 2002.

Balance Sheet

Total assets as at March 31, 2001 rose \$198.9 million or 26.6%, to \$947.7 million from the \$748.8 million reported a year ago. The mortgage increase of \$144.1 million or 21.8% contributed to the majority of the asset increase. Other major contributors were cash and cash equivalents (short-term liquid assets) which added \$17.9 million and the Company's investment of surplus funds in the security portfolio made up \$29.8 million. The remaining \$7.1 million was largely related to the Company's expansion into new products; the Mortgage-Backed Security added \$2.3 million, Credit Card Receivables created \$1.3 million with an additional \$1.0 million for the start-up costs (deferred development costs) in this program. Additional equipment for the new in-house computer added \$1.0 million and approximately \$0.5 million in prepaid costs (other assets) for the continued maintenance and support of this program. The deferred agent commissions have increased in relation to the increase in the deposits and borrowings. The amount of deposits raised through deposit agents in the first quarter was 66.9% of new funding versus only 50% in the same quarter last year. However, 60.6% of this funding related to deposits with terms over 2 years as compared to 38.9% in the prior period. Commissions are amortized over the term of the deposit and the extended terms have increased the deferred asset.

Liabilities in this quarter have increased to \$895.3 million an increase of \$188.8 million or 26.7% over the \$706.5 million reported a year ago. The majority of this increase is related to the deposits and borrowings, the increase of \$183.5 million funded most of the increase in the mortgage, cash and investment growth. The funding of \$5.0 million of subordinated secured loan received in the fourth quarter of 2000 covered the remaining increase.

Shareholders' equity climbed to \$52.4 million, an increase of \$10.1 million or 23.9% over the balance of \$42.3 million in March of last year. This funded the remaining asset growth and was the result of earnings for the nine remaining months of last year of \$8.1 million and the current quarter of \$3.2 million less dividends paid to shareholders of \$1.2 million over the past 12 months.

Capital

The Company's capital base strengthened again this quarter with a \$2.9 million increase over the December 31, 2000 quarter end. The Company's subsidiary, Home Trust maintained capital ratios of over 9.3% for Tier 1 and 12.2% for total capital. These ratios declined slightly in March of 2001 over December quarter end due to the movement off the balance sheet of insured mortgages through the Mortgage-Back Securities (MBS) securitization. The MBS receivable attracts a higher risk weighting than the insured mortgages rated at 0% risk. These ratios are well in excess of the minimum target of 8% for total capital.

Outlook

The Company is committed to further strengthening the balance sheet and maintaining a 20% return on equity. We will continue to look for further opportunities in the market that is not being serviced by the major banks and trust companies. We will continue to enhance revenue and profits through the Mortgage-Backed Securities and continue to match assets and liabilities to ensure that interest rate fluctuations will have little impact on future earnings.

While there has been an upward trend in the net impaired loans, which is consistent with the industry experience, the Company is managing with this in mind and will continue to increase our general provision ensuring we are well positioned for any unforeseen losses.

The current cut in the Bank of Canada and the United States Federal Reserve borrowing rates should further aid in the economic recovery. These lowered rates will continue to assist in the affordability of housing across Canada.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		
	March 31 2001	December 31 2000	March 31 2000
REVENUE			
Interest from mortgage loans	\$ 17,463,981	\$ 16,778,244	\$ 13,529,664
Other interest	634,434	653,654	511,535
Dividends	1,041,804	759,528	671,739
Fees and other income	1,095,432	1,133,930	991,264
Gain (Loss) on sale of investments	92,686	155,157	(2)
Gain on sale of mortgage-backed securities	695,333	452,585	-
	21,023,670	19,933,098	15,704,200
EXPENSES			
Interest on deposits and borrowings	11,968,000	11,676,258	9,090,010
Salaries and staff benefits	1,738,655	1,373,194	1,211,526
Premises	208,558	236,859	206,501
General and administration	1,705,172	1,731,143	1,357,599
	15,620,385	15,017,454	11,865,636
INCOME BEFORE LOSS PROVISION & INCOME TAXES	5,403,285	4,915,644	3,838,564
Provision for mortgage losses	410,000	585,000	150,000
INCOME BEFORE INCOME TAXES	4,993,285	4,330,644	3,688,564
INCOME TAXES			
Current	1,725,965	1,736,624	1,049,422
Deferred	49,105	(396,235)	317,330
	1,775,070	1,340,389	1,366,752
NET INCOME	3,218,215	\$ 2,990,255	\$ 2,321,812
NET INCOME PER CLASS A AND CLASS B SHARE:			
For the period	\$0.22	\$0.20	\$0.16
Fully diluted	\$0.21	\$0.19	\$0.15
Number of outstanding Class A and B shares	14,798,995	14,804,395	14,725,595
Book value per share	\$3.54	\$3.34	\$2.88

CONSOLIDATED BALANCE SHEETS

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	March 31	December 31	March 31
	2001	2000	2000
ASSETS			
Cash and cash equivalents	\$ 27,402,005	\$ 21,153,775	\$ 9,518,993
Income taxes receivable	-	-	261,068
Investments	102,466,413	77,724,027	72,729,320
Mortgage-backed securities receivable	2,306,654	1,372,127	-
Credit card receivable	1,317,601	339,210	-
Mortgage loans	804,552,912	773,064,867	660,493,669
Capital assets	1,584,390	1,047,279	619,151
Goodwill, net of accumulated amortization	2,393,632	2,416,871	2,486,589
Deferred deposit agent commissions	3,026,939	2,732,267	2,280,181
Deferred development costs	995,726	711,176	-
Other	1,651,816	1,363,253	446,241
	\$ 947,698,088	\$ 881,924,852	\$ 748,835,212
LIABILITIES			
Senior term loans	\$ 8,500,000	\$ 8,500,000	\$ 9,000,000
Subordinated secured loan	5,000,000	5,000,000	-
Deposits and borrowings	876,941,450	813,181,658	693,442,700
Accounts payable and accrued liabilities	2,183,682	1,848,537	925,095
Dividends payable	295,980	296,088	220,884
Income taxes payable	341,570	1,587,102	-
Deferred commitment fees	1,131,175	1,126,235	895,972
Future income taxes	932,971	883,866	2,005,016
	895,326,828	832,423,486	706,489,667
SHAREHOLDERS' EQUITY			
Capital stock	18,628,192	18,629,583	18,524,951
Contributed surplus	215,875	266,825	458,782
Retained earnings	33,527,193	30,604,958	23,361,812
	52,371,260	49,501,366	42,345,545
	\$ 947,698,088	\$ 881,924,852	\$ 748,835,212

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	<i>(Unaudited)</i>	
	Three months ended	
	March 31	March 31
	2001	2000
Balance at beginning of period	\$ 30,604,958	\$ 21,260,884
Net income for the period	3,218,215	2,321,812
Dividends declared during the period	(295,980)	(220,884)
Balance at end of period	\$ 33,527,193	\$ 23,361,812

CONSOLIDATED STATEMENTS OF CASH FLOWS*(Unaudited)*

Three months ended

	March 31 2001	March 31 2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,218,215	\$ 2,321,812
Add (deduct) items not affecting cash:		
Future income taxes	49,105	317,330
Amortization of capital assets and investments	(56,301)	58,881
Amortization of goodwill and deferred financing costs	53,818	36,455
Provision for mortgage losses	410,000	150,000
(Gain) Loss on sale of investments	(92,686)	2
Gain on sale of mortgage-backed securities	(695,333)	-
	2,886,818	2,884,480
Interest receivable	(681,855)	(340,776)
Interest payable	4,567,953	1,757,262
Deferred agent commissions	(294,672)	49
Other assets and accounts receivable	(319,143)	94,998
Accounts payable and accrued liabilities	335,145	(115,115)
Dividends payable	(108)	(421)
Income taxes payable (receivable)	(1,245,532)	286,828
Deferred commitment fees	4,940	31,529
	2,366,728	1,714,354
Cash provided by operating activities	5,253,546	4,598,834
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits and borrowings	59,191,840	6,816,802
Issuance of common stock	15,300	26,250
Normal course issuer bid	(67,641)	(234,490)
Dividends declared	(295,980)	(220,884)
Cash provided by financing activities	58,843,519	6,387,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in investment securities		
Purchase of investments	(26,317,512)	(1,946,540)
Proceeds of sales of investments	1,671,080	743,450
Proceeds of maturities	594,850	100,000
Activity in mortgages		
Purchased mortgages	-	(3,392,802)
Net increase in mortgages	(46,200,333)	(17,109,883)
Proceeds from securitization of mortgage-backed securities	14,307,708	-
Net increase in credit card receivable	(978,391)	-
Investment in deferred development costs	(284,550)	-
Capital asset purchases	(641,687)	(25,722)
Cash used in investing activities	(57,848,835)	(21,631,497)
Net (decrease) increase in cash and cash equivalents	6,248,230	(10,644,985)
Cash and cash equivalents at the beginning of the period	21,153,775	20,163,978
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 27,402,005	\$ 9,518,993
Supplementary disclosure of cash flow information		
Amount of interest paid during the period	\$ 7,115,317	7,153,462
Amount of income taxes paid during the period	2,566,736	589,797

Accounting Policies Used to Prepare the Interim Consolidated Financial Statements (Unaudited)

1. **Interim Consolidated Financial Statements**
 These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2000, as set out in the 2000 Annual Report. The accounting policies used in the preparation of these interim consolidated financial statements are consistent with the accounting policies used in the Company's year-end audited financial statements.

2. **Mortgage-Backed Securities Receivable**
 In March 2001 a portion of the Company's mortgage loan portfolio was securitized through the Mortgage-Backed Securities (MBS) program sponsored by the Canada Mortgage and Housing Corporation (CMHC). This is the second issue that has been securitized by the Company. Refer to note 1 C) in the 2000 Annual Report.
 The gain or loss on the sale of the MBS is net of issuance costs. The gain is recognized when the Company receives the cash.
 The principal balance of mortgage pooled and sold as Mortgage-Backed Securities during this quarter was \$ 14,547,000 and the book value approximates the fair value. The coupon rate paid to investors is 5.00% and the weighted-average mortgage rate is 8.23%.

3. **Deferred Development Costs**
 In May 2000 Home Trust was authorized to offer VISA cards and accordingly, engaged in the business development of offering Home Trust VISA. The Company has not earned significant revenues and is still considered to be in the development stage. Refer to notes 1 H) and 7 in the 2000 Annual Report.

Costs incurred for the VISA Project under Development	
Balance at the beginning of the period	\$ 711,176
Development costs incurred	525,734
Revenues – Income	(241,184)
Balance at the end of the period	\$ 995,726

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

HOME CAPITAL GROUP INC.

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CAPITAL STOCK

As at March 31, 2001 there were
3,025,000 Class A and 11,773,995
Class B Shares outstanding

STOCK LISTING

Toronto Stock Exchange
Ticker Symbol: HCG.B

HOME TRUST COMPANY

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*For more information about
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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**