



HOME CAPITAL GROUP INC.

FINANCIAL HIGHLIGHTS

For the period ended September 30 (Unaudited)

	Three Months Ended		Nine Months Ended	
	2001	2000	2001	2000
OPERATING RESULTS				
Net Income	\$ 3,982,082	\$ 2,654,389	\$ 10,745,984	\$ 7,461,379
Total Revenue	23,759,524	18,144,249	66,810,587	50,673,296
Net Investment Margin (TEB) **	3.37%	3.26%	3.43%	3.26%
Earnings per Share - Basic	0.26	0.18	0.72	0.51
- Fully diluted	0.22	0.18	0.66	0.49
Return on Shareholders' Equity	25.10%	23.26%	23.70%	22.80%
Productivity Ratio	43.71%	39.16%	42.34%	41.07%
Book Value per Common Share	\$4.39	\$3.17	\$4.39	\$3.17
Common Share Price – close	\$8.05	\$5.20	\$8.05	\$5.20
GROWTH IN BUSINESS				
Total Assets			\$ 1,093,390,612	\$ 833,103,212
Mortgage Loans			903,298,778	744,707,923
Deposits and Borrowings			999,337,213	771,305,012
Common Shareholders' Equity			71,409,560	46,830,534
FINANCIAL STRENGTH				
Total Tier 1 Capital *			\$ 61,905,000	\$ 43,308,000
Total Capital *			76,905,000	53,308,000
Risk Adjusted Assets *			584,299,000	462,071,000
Tier 1 Capital Ratio *			10.59%	9.37%
Total Capital Ratio *			13.16%	11.54%
Net Impaired Loans as a % of Gross Loans			0.52%	0.50%

* 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

SEPTEMBER 30, 2001
Third Quarter Report

HOME CAPITAL GROUP INC. TO OUR SHAREHOLDERS

Net Earnings Increase for 25th Consecutive Quarter

Home Capital Group Inc. continued to perform strongly through the third quarter of 2001, achieving outstanding increases in net earnings, earnings per share and growth in total assets. The Company, through its wholly-owned subsidiary Home Trust Company, has now achieved consistent quarter-over-quarter increase in earnings for 25 consecutive quarters.

Quarterly Earnings Increase 50%

Net earnings for the three-month period ended September 30, 2001 rose 50.0% to \$3,982,082 from \$2,654,389 for the same period a year earlier. Earnings per share were \$0.26, a significant increase of 44.4% over \$0.18 in the third quarter of 2000. Return on equity climbed to 25.1% in the third quarter, up from 23.3% recorded last year.

For the nine months ended September 30, 2001, net earnings rose 44.0% to \$10,745,984 from the \$7,461,379 recorded for the first nine months of 2000. Net income per share increased from \$0.51 to \$0.72, and on a fully-diluted basis from \$0.49 to \$0.66.

Strong Performance in a Challenging Economy

Despite the tragic events of September 11 and the resulting economic fallout, Home Capital has continued to meet its performance targets. An initial drop in mortgage applications was quickly followed by a return to normal levels of activity. Home Trust's core residential first mortgage business demonstrated steady growth throughout the quarter as housing demand stayed strong and interest rates remained favourable.

Total assets continued to grow during the quarter, reaching \$1.1 billion by September 30, 2001. This represents an increase of 31.2% over total assets on September 30, 2000.

Home Trust VISA Expands Cardholder Base

The number of cardholder accounts passed the 20,000 mark in early July and reached 24,238 on September 30, 2001. This represents an increase of 4,798 cardholders, or 25% in the quarter. The total value of receivables almost doubled during the quarter, from \$5,704,195 at the end of the second quarter to \$10,102,761 on September 30. The Company is very encouraged by the market acceptance of this service and has market tested several variations of secured and unsecured VISA card products. A portion of our unsecured credit card portfolio has performed below expectations and revised underwriting guidelines have been implemented to correct this unsatisfactory performance. It will be necessary to accommodate some writeoffs over the next two quarters until this portion of the portfolio is eliminated, however the amounts will not materially detract from the Company's overall financial performance.

Going forward, the Company intends to repatriate some administrative functions that had previously been outsourced. These would include credit adjudication, payment processing, and collection of overdue accounts. By moving these activities in-house, the Company expects to achieve significant cost savings and improved efficiencies. We anticipate that card operations will become profitable in 2002.

Company Launches Retail Credit Services

Late in the second quarter, a unit was established to provide financing for customers purchasing products from established merchants. Employees well experienced in this segment of lending were recruited and results to date have been most encouraging. After four months of operations, receivables have reached \$2.2 million and Retail Credit Services is making a positive profit contribution to the Company before provisions for losses. Delinquency in the portfolio is minimal with no losses to report.

Company Completes Largest Sale of Mortgage-Backed Securities

During the quarter, Home Capital successfully completed the sale of more than \$20 million in mortgage-backed securities, its largest sale to date. The Company views securitization as a promising and growing line of business. What began as a pilot project has now become a sustainable, ongoing business program.

Company Maintains Conservative Approach to Risk

Net impaired loans as at September 30, 2001 represented 0.52% of total loans outstanding, a slight increase compared to 0.50% on September 30, 2000. This increase is due primarily to arrears in British Columbia. The collection/foreclosure process in that province extends the resolution period to twelve months, resulting in expanding arrears totals. Losses are not being incurred and are not expected on the files under collection. The Company continues to closely monitor impaired loans.

The Company has increased the general allowance to \$5.2 million which represents 89.5 basis points of risk-weighted assets at September 30, 2001, compared to the \$3.8 million and 81.7 basis points provided in September of the previous year. This brings the Company close to its year-end goal of increasing the general provision to 90 basis points. Home Capital will continue to maintain this conservative approach, and plans to further enhance the general provision to 100 basis points of risk weighted assets by December 31, 2002.

Home Capital Successfully Completes Issue of Class B Shares

In September, Home Capital successfully completed the sale of 1,400,000 Class B subordinated voting shares. The Class B shares were issued under a short form prospectus dated August 29, 2001, and were sold through Sprott Securities Inc. for gross proceeds of \$13,440,000. The net proceeds of the offerings were used to strengthen the capital base of Home Trust Company, to facilitate future mortgage lending, and for working capital and other general corporate purposes.

New Initiatives Improve Service and Efficiencies

Subsequent to the third quarter, Home Capital Group successfully completed the implementation of a new banking and mortgage computer system, with an improved mortgage origination system to accommodate increased business volumes. The benefits will be improved efficiencies, faster response time and enhanced customer service.

Company Announces Quarterly Dividend

The Board of Directors declared a quarterly dividend of \$0.025 per share payable on December 1, 2001 to shareholders of record at the close of business on November 15, 2001.

Outlook Remains Excellent

The outlook for the fourth quarter for Home Capital Group is excellent. Demand for our products remains constant and we continue to carefully manage the risk profile of our portfolios. We are confident in our ability to continue our strong earnings trend.

GERALD M. SOLWAY

President & Chief Executive Officer

October 30, 2001

Management Discussion and Analysis of Operating Performance

Revenues

Home Capital Group Inc. experienced continued business growth in the third quarter of 2001. Revenues increased 30.9% or \$5.6 million over the same period in 2000. For the nine months revenues increased 31.8% or \$16.1 million over September 2000. The increase was largely due to the increase in the mortgage portfolio, which generated increased interest income of \$4.0 million over the three months ending September 2000 and \$12.1 million over the same nine-month period of last year.

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 has been adjusted to a tax equivalent basis due to non-taxable dividend income received. Net investment income was \$8.9 million in the quarter and \$25.4 million for the nine months, an increase of 33.9% over the previous years quarter and 32.4% for the nine months in 2000 (2000 quarter-\$6.6 million and nine months-\$19.2 million).

This improvement was the result of increased margins on the core business of mortgage lending over deposit taking reflected by a 3.5% spread for the quarter and 3.3% for the year-to-date results versus 3.0% for the quarter and the nine month period last year. The Company has invested the surplus funds in its securities increasing the investment portfolio from \$76.7 million in September 2000 to \$114.0 million (or 48.5%) in September 2001. This increase resulted in dividend investment income on a tax equivalent basis rising to \$5.7 million or 51.1% over the same nine-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% up from 2.9% in 2000.

Other Fee Income

For the nine-month period ended September 30, 2001, other fee income increased to \$3.6 million or 6.9% over the \$3.4 million earned in 2000. Fee income is largely generated from new mortgage activity. Total new mortgages advanced during the nine months of 2001 amounted to \$351.6 million up from \$265.1 million (net of purchased mortgages), in 2000. The third quarter generated mortgages of \$134.5 million or 38.3% of the total.

Gain on Sale of Mortgage-Backed Securities

The Company issued its fourth Mortgage-Backed Security (MBS) in the third quarter that consisted of \$20.3 million principal pooling of Canada Mortgage and Housing Corporation insured mortgages. This resulted in a gain of \$0.8 million or \$0.05 per share. The Company has now earned approximately \$2.1 million in MBS gains translating to approximately \$0.14 per share. The Company plans to continue building pools of mortgages that qualify for insurability to further increase our scope of lending activities and build earnings.

Operating Expenses

Total operating expenses increased to \$12.2 million, up by 41.4% or \$3.6 million over the \$8.6 million reported in September 2000. The majority of this increase is related to salaries and staff benefits, which rose by \$2.2 million or 61.4%. 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, the additional staffing for the VISA operation and development of other new lines of business.

The implementation of the new in-house computer system resulted in start-up costs in this quarter for training, servicing and depreciation on new equipment purchases that amounted to \$0.8 million of the overall increase in general and administration expenses of \$1.3 million. These additional costs are necessary to accommodate future increased business volumes. Commissions paid to deposit brokers increased by \$0.2 million or 21.3%, this is driven by the increase in new deposits and borrowings which amounted to \$90.6 million or 32.1% in 2001 over the previous year.

The productivity or efficiency ratio, defined as the measurement of non-interest expenses as a percentage of total revenues, reduced slightly to 42.3% in the nine months, over the 41.1% experienced in the same period last year. However, based on a survey in the Investment Research Publication of October 2001 of the five major chartered banks, two major trust companies and one credit union, the efficiency ratios are all over 55%. The Company's ability to remain under 45% illustrates the ability to maintain costs at a reasonable level with a growing business.

Credit Quality

The net impaired loans have increased in the third quarter of 2001 to 0.52% of the total loan portfolio or \$4.8 million in comparison to 0.50% in the third quarter of 2000 or \$3.7 million. This is up from the 0.43% or \$3.7 million as at June 30, 2001. The increase in impaired loans is attributed to arrears being experienced in the province of British Columbia. The collection/foreclosure process in this province extends the resolution period to twelve months resulting in expanding arrears totals. Losses have not been experienced and are not expected in the files under collection. Changes made in our underwriting criteria and the continuing process to collect delinquent files are expected to return the arrears to normal levels. The balance of the portfolio excluding British Columbia represents over 95% of the total and is performing satisfactorily. The net impaired loans excluding the British Columbia portfolio only represents 0.32% of the remaining portfolio. The Company is closely monitoring the impaired loans and has established a loan loss allowance of \$5.8 million versus \$3.9 million in 2000.

The Company has expanded the range of products in the credit card business and is offering secured as well as unsecured cards. The Credit Card Receivable balance is comprised of \$2.6 million in secured and \$7.5 million in the unsecured portfolio. The total credit approved is comprised of \$5.4 million in secured and \$12.9 million in the unsecured market. Segments of the unsecured credit card portfolio have experienced poorer credit performance than projected. The credit policy has been revised in response to the delinquencies experienced and the broader economic conditions. The total allowance provided on the VISA credit card operation amounts to \$0.4 million or 4.0% of the total receivable balance including those VISA cards secured by a deposit with the Company. Security deposits on VISA cards amounted to \$5.0 million and are included in the Company's deposits and borrowings.

Total losses realized on loans year to date are \$257,600. These losses consist of \$85,000 in the core mortgage business and the remaining \$172,600 is related to the developing credit card business. Last year losses consisted of \$163,300 for the mortgage business; the credit card operation did not commence until September 20, 2000. The Company has increased the provision for this quarter to \$0.8 million as compared to \$0.3 million in the same quarter last year. Total provisions booked year to date amounted to \$1.6 million which represents \$0.9 million or 124% over the \$0.7 million booked in the nine months of September 30, 2000. The Company is ensuring that they are well positioned for any future unforeseen losses by establishing a general allowance of \$5.2 million at September 30, 2001 as compared to the general allowance of \$3.8 million at September 30, 2000.

The general provision has increased to 89.5 basis points of the risk-weighted assets at September 30, 2001 compared to 81.7 basis points provided in September of the previous year.

The Company expects to maintain this conservative outlook and continue to increase the general provision to reach 90 basis points by December 31, 2001 and further enhance this to 100 basis points of risk weighted assets by December 31, 2002.

Balance Sheet

Total assets as at September 30, 2001 closed at just below \$1.1 billion, an increase of 31.2% or \$260.3 million, over the \$833.1 million reported a year ago. The mortgage loans increase of \$158.6 million or 21.3% contributed to the majority of the asset increase. Other major contributors were cash and cash equivalents (short-term liquid assets) which increased \$40.0 million and the Company's increase in the investments of preferred shares made up \$37.2 million. The Company's expansion into new products added \$4.3 million in the Mortgage-Backed Securities Receivable; Credit Card Receivables grew to \$10.1 million. Total deferred development costs for the credit card operation amounted to \$2.6 million at September 30, 2001. The increase in the Credit Card Receivables was due to the offering of additional products including the unsecured market. Credit Card Receivables are comprised of 24% secured and 76% unsecured at September 30, 2001. The new product Retail Credit Services added \$2.2 million to the growth in assets. This product is in the start-up phase and consists of financing to individual consumers for purchases of smaller household items and home improvements. We have established a well seasoned and experience team of individuals to contact reputable and well-established retailers to provide financing to their clients.

Capital assets increased due to the purchase of additional equipment for the new in-house computer system which added \$1.4 million and approximately \$3.3 million was added in deferred agent commission and other assets. 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 2001 was 68.6% of new funding versus 59.3% in the same period last year. However, 58.1% of this funding related to deposits with terms over 2 years as compared to 39.3% 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 \$1 billion, an increase of \$235.7 million or 30.0% over the \$786 million reported on September 30, 2000. The majority of this increase is related to the deposits and borrowings; the increase of \$228.0 million funded most of the increase in mortgage loans, cash and investment growth. The funding of \$5.0 million of subordinated secured loan received in the fourth quarter of 2000 covered most of the remaining increase.

Shareholders' equity climbed to \$71.4 million, an increase of \$24.6 million or 52.5% over the balance of \$46.8 million in September of last year. On September 11, 2001 the Company completed the sale of 1.4 million Class B shares. These shares were sold for \$9.60 per share, and the proceeds received after all costs increased capital by \$12.6 million. The remaining growth in equity was the result of earnings for the fourth quarter of last year of \$3.0 million and the current nine months of \$10.7 million less dividends paid to shareholders of \$1.4 million over the past 12 months.

Capital Ratios

The Company used \$7.0 million of the proceeds to purchase 3.5 million of common shares in the Company's subsidiary, Home Trust. This capital injection in Home Trust improved the capital ratios to 10.59% for Tier 1 and 13.16% for total capital. The ratio for total capital is well in excess of the minimum target of 10% 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 are not being serviced by the major financial institutions. We will continue to enhance revenue and profits through 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 a minor increase 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.

All reports are forecasting recession with increased unemployment and reduced spending on automobiles and housing. However, Home Capital is still experiencing growth even in this projected downturn. The current cut in the Bank of Canada and the United States Federal Reserve borrowing rates should further aid in the economic recovery. The drop in the chartered bank rates from 6.25% at June 30 to 5.25% at September 30, 2001 will continue to assist in the affordability of housing across Canada.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2001	2000	2001	2000
REVENUE				
Interest from mortgage loans	\$ 19,578,209	\$ 15,545,149	\$ 55,465,769	\$ 43,414,751
Other interest	839,883	565,305	2,191,787	1,641,744
Dividends	1,141,512	735,185	3,336,576	2,139,021
Fees and other income	1,323,861	1,206,066	3,615,475	3,383,684
Gain (Loss) on sale of investments	28,980	92,544	113,976	94,096
Gain on sale of mortgage-backed securities	847,079	-	2,087,004	-
	23,759,524	18,144,249	66,810,587	50,673,296
EXPENSES				
Interest on deposits and borrowings	13,510,820	10,793,068	38,014,289	29,683,715
Salaries and staff benefits	2,164,210	1,198,520	5,859,873	3,629,736
Premises	247,908	210,504	666,484	635,616
General and administration	2,067,170	1,469,870	5,665,090	4,355,148
	17,990,108	13,671,962	50,205,736	38,304,215
INCOME BEFORE LOSS PROVISION & INCOME TAXES	5,769,416	4,472,287	16,604,851	12,369,081
Provision for losses	802,735	290,000	1,547,735	690,000
INCOME BEFORE INCOME TAXES	4,966,681	4,182,287	15,057,116	11,679,081
INCOME TAXES				
Current	130,900	1,943,322	1,905,821	4,625,287
Deferred	853,699	(415,424)	2,405,311	(407,585)
	984,599	1,527,898	4,311,132	4,217,702
NET INCOME	\$ 3,982,082	\$ 2,654,389	\$ 10,745,984	\$ 7,461,379
NET INCOME PER CLASS A AND CLASS B SHARE:				
For the period	\$0.26	\$0.18	\$0.72	\$0.51
Fully diluted	\$0.22	\$0.18	\$0.66	\$0.49
Number of outstanding Class A and B shares	16,262,895	14,789,695	16,262,895	14,789,695
Book value per share	\$4.39	\$3.17	\$4.39	\$3.17

CONSOLIDATED BALANCE SHEETS

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	September	December 31	September 30
	2001	2000	2000
ASSETS			
Cash and cash equivalents	\$ 44,352,572	\$ 21,153,775	\$ 4,312,377
Income taxes receivable	1,259,840	-	-
Investments	113,987,963	77,724,027	76,754,189
Mortgage-backed securities receivable	4,337,400	1,372,127	-
Credit card receivable	10,102,761	339,210	-
Consumer loans	2,222,812	-	-
Mortgage loans	903,298,778	773,064,867	744,707,923
Capital assets	2,013,179	1,047,279	1,316,561
Goodwill, net of accumulated amortization	2,347,154	2,416,871	2,440,111
Deferred deposit agent commissions	4,018,885	2,732,267	2,541,644
Deferred development costs	2,576,431	711,176	-
Other	2,872,837	1,363,253	1,030,317
	\$ 1,093,390,612	\$ 881,924,852	\$ 833,103,122
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	999,337,213	813,181,658	771,305,012
Accounts payable and accrued liabilities	4,392,299	1,848,537	1,354,183
Dividends payable	407,700	296,088	295,794
Income taxes payable	-	1,587,102	1,949,903
Deferred commitment fees	1,054,663	1,126,235	1,087,685
Future income taxes	3,289,177	883,866	1,280,101
	1,021,981,052	832,423,486	786,272,678
SHAREHOLDERS' EQUITY			
Capital stock	31,133,943	18,629,583	18,584,476
Contributed surplus	-	266,825	335,267
Retained earnings	40,275,617	30,604,958	27,910,791
	71,409,560	49,501,366	46,830,534
	\$ 1,093,390,612	\$ 881,924,852	\$ 833,103,212

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(Unaudited)</i>				
	Three months ended		Nine months ended	
	September 30		September 30	
	2001	2000	2001	2000
Balance at beginning of period	\$ 36,701,235	\$ 25,552,196	\$ 30,604,958	\$ 21,260,884
Net income for the period	3,982,082	2,654,389	10,745,984	7,461,379
Dividends paid during the period	-	-	(667,625)	(515,678)
Dividends declared during the period	(407,700)	(295,794)	(407,700)	(295,794)
Balance at end of period	\$ 40,275,617	\$ 27,910,791	\$ 40,275,617	\$ 27,910,791

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Three months ended		Nine months ended	
	September 30		September 30	
	2001	2000	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 3,982,082	\$ 2,654,389	\$ 10,745,984	\$ 7,461,379
Add (deduct) items not affecting cash:				
Future income taxes	853,699	(415,424)	2,405,311	(407,585)
Amortization of capital assets and investments	210,921	80,643	151,639	223,151
Amortization of goodwill and deferred financing costs	53,818	36,454	161,453	109,364
Provision for losses	802,735	290,000	1,547,735	690,000
(Gain) Loss on sale of investments	(28,980)	(92,544)	(113,976)	(94,096)
Gain on sale of mortgage-backed securities	(847,079)	-	(2,087,004)	-
	5,027,196	2,553,518	12,811,142	7,982,213
Interest receivable	(517,507)	(775,733)	(1,305,766)	(1,267,506)
Interest payable	1,770,083	1,156,660	7,607,076	4,146,165
Deferred agent commissions	(510,245)	(70,166)	(1,286,618)	(261,414)
Other assets and accounts receivable	214,898	(489,587)	(1,601,320)	(515,509)
Accounts payable and accrued liabilities	251,057	(25,887)	2,543,762	313,973
Dividends payable	36,055	1,000	111,612	74,489
Income taxes payable (receivable)	(23,992)	1,209,769	(2,846,942)	2,497,799
Deferred commitment fees	(103,625)	90,956	(71,572)	223,242
	1,116,724	1,097,012	3,150,232	5,211,239
Cash provided by operating activities	6,143,920	3,650,530	15,961,374	13,193,452
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in deposits and borrowings	58,222,364	37,108,719	178,548,479	82,290,211
Issuance of common stock	12,675,360	46,500	12,783,410	154,500
Normal course issuer bid	(372,610)	(40,950)	(545,875)	(426,730)
Dividends paid	-	-	(667,625)	(515,678)
Dividends declared	(407,700)	(295,794)	(407,700)	(295,794)
Cash provided by financing activities	70,117,414	36,818,475	189,710,689	81,206,509
CASH FLOWS FROM INVESTING ACTIVITIES				
Activity in investment securities				
Purchase of investments	(3,366,371)	(1,793,665)	(44,163,909)	(9,865,691)
Proceeds of sales of investments	763,364	783,095	4,232,588	2,871,374
Proceeds of maturities	2,331,125	2,000,000	4,638,108	2,100,000
Activity in mortgages				
Purchased mortgages	-	-	-	(3,392,803)
Net increase in mortgages	(71,283,103)	(43,976,334)	(176,841,678)	(101,136,218)
Proceeds from securitization of mortgage-backed securities	19,794,633	-	45,754,485	-
Net increase in credit card receivable and consumer loans	(6,099,922)	-	(12,799,493)	-
Investment in deferred development costs	(599,461)	-	(1,865,255)	-
Capital asset purchases	(119,606)	(712,183)	(1,428,112)	(828,224)
Cash used in investing activities	(58,579,341)	(43,699,087)	(182,473,266)	(110,251,562)
Net (decrease) increase in cash and cash equivalents	17,681,993	(3,230,082)	23,198,797	(15,851,601)
Cash and cash equivalents at the beginning of the period	26,670,579	7,542,459	21,153,775	20,163,978
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 44,352,572	\$ 4,312,377	\$ 44,352,572	\$ 4,312,377
Supplementary disclosure of cash flow information				
Amount of interest paid during the period	\$ 11,838,833	\$ 9,636,678	\$ 30,410,377	\$ 25,539,523
Amount of income taxes paid during the period	532,077	1,429,401	5,636,848	3,060,256

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 as set out in pages 34 through 41. 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.

2. Change in Accounting Policies

a) Net Income Per Share

The Canadian Institute of Chartered Accountants has approved a new accounting standard for computing and disclosing net income per share which the Company has adopted. The most significant change is that when calculating fully diluted net income per share under the new standard, we would assume that proceeds received from the exercise of stock options are used to repurchase outstanding shares; whereas under the old standard, the assumption was that proceeds of possible stock options exercised were invested to earn revenues. The Company calculates the net income per share by dividing net income for the period, by the weighted average number of shares outstanding for the period. The basic and fully diluted net income per share is presented in the consolidated statements of income.

b) Mortgage Securitization

Effective July 1, 2001 the Company adopted, on a prospective basis, the method of accounting for the transfer and servicing of receivables required by The Canadian Institute of Chartered Accounts' recommendations in Accounting Guideline 12 (AcG 12), Transfers of Receivables.

Under the securitization arrangements, the Company sells pools of mortgages to investment vehicles which issue securities to investors. These pools of mortgages are insured by Canada Mortgage and Housing Corporation (CMHC). Based on the prior recommendations, these transactions were accounted for as sales when the significant risks and rewards of ownership had been transferred and there was reasonable assurance regarding the measurement of the consideration derived from the sale. Gains on these transactions were recorded in non-interest income, provided there was no recourse against the Company and the sale was recognized when the cash was collected. Based on the current recommendations, these transactions are accounted for as sales when the Company is deemed to have surrendered control over these assets and when consideration other than beneficial interest in these assets has been received by the Company. As defined under AcG 12 the Company has completed the transfer of receivables when all conditions are satisfied to be accounted for as a sale and the cash is received by the Company.

3. Mortgage Securitization

On September 14, 2001, the Company securitized \$20.3 million of residential mortgage loans under the insured program with Canada Mortgage and Housing Corporation. This transaction was accounted for in accordance with the new recommendations of the Canadian Institute of Chartered Accountants regarding transfers of receivables. The Company is applying these recommendations on a prospective basis for all new transfers of receivables effective July 2001.

In September 2001 the Company securitized \$20.3 million of government guaranteed residential mortgage loans through investment certificates called mortgage-backed securities. The Company sold \$20.3 million for net proceeds of \$20.0 million and a gain on sale of \$0.8 million was recognized in non-interest income. This gain results from all discounted cash flows related to the sale for the five years to come, including future revenues and charges, based on interest rates and anticipated prepayment hypotheses. The key assumptions used to value the sold and retained interest include a pre-payment rate of 7%, an excess spread of 2.2% and a discount rate of 7.5%. The Company retains the responsibility for servicing the mortgage loans and there are no expected credit losses as the mortgages are government guaranteed.

4. Credit Card Receivables

Credit card receivables consist of balances owing including any accrued and unpaid interest. The cards outstanding consist of 76% unsecured and 24% secured credit cards. The security deposits relating to the secured cards are held separately under the Company's guaranteed funds. The total approved credit consists of \$12.9 million unsecured and \$5.4 million secured totaling \$18.3 of credit available. The interest rate charged is 19.95%.

5. 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.

<u>Costs incurred for the VISA Project under Development</u>	
Balance at the beginning of the period	\$ 711,176
Development costs incurred	4,729,462
Revenues – Income	(2,864,207)
Balance at the end of the period	\$ 2,576,431

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

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*
Cathy A. Sutherland, C.A.
Treasurer
Sharron I. Hatton
Corporate Secretary

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 Lafleur Henderson LLP

TRANSFER AGENT

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CAPITAL STOCK

As at September 30, 2001 there were
3,025,000 Class A and 13,237,895
Class B Shares outstanding

STOCK LISTING

Toronto Stock Exchange
Ticker Symbol: HCG.B

HOME TRUST COMPANY

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

DIRECTORS

Hon. William G. Davis P.C.,C.C.,Q.C.
Chairman of the Board
William A. Dimma
Kenneth A. Fowler
Harvey F. Kolodny
John M. E. Marsh
Sheila L. Ross
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James Appleyard
Vice President, Mortgage Lending -
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Manager, Credit - Mal Nuzum
Senior Manager, Mortgage Services -
Jan Morrison
Asst. Vice Presidents, Toronto Office -
Heather Flegg
James Hill
Christine Nugent
Assistant Vice President, Securitization -
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Manager, Mortgages -
Brad Hamilton

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Wolf L. Schmutzer

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Senior Manager, Mortgages -
Dan Boyda
Manager, Mortgages -
Dwayne Engelsman

*For more information about
HOME TRUST VISA, please
call 1-877-569-6333.*

FOR SHAREHOLDER INFORMATION, PLEASE CONTACT:

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WEBSITES:

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www.homecapital.com
Home Trust Company
www.hometruster.ca

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.