



HOME CAPITAL GROUP INC.

FINANCIAL HIGHLIGHTS

For the three months ended (Unaudited)

	March 31 2002	December 31 2001	March 31 2001
OPERATING RESULTS			
Net Income	\$ 4,733,960	\$ 4,113,585	\$ 3,218,215
Total Revenue	25,804,358	24,917,231	21,023,670
Net Investment Margin (TEB) **	3.81%	3.81%	3.47%
Earnings per Share - Basic	0.29	0.27	0.22
- Fully diluted	0.27	0.25	0.20
Return on Shareholders' Equity	24.37%	22.45%	25.27%
Productivity Ratio	45.82%	36.62%	40.33%
Book Value per Common Share	\$4.85	\$4.60	\$3.54
Common Share Price – close	\$14.30	\$11.15	\$6.90
GROWTH IN BUSINESS			
Total Assets	\$ 1,131,649,943	\$1,136,220,220	\$ 957,750,961
Loans	969,392,055	958,564,485	806,044,015
Deposits and Borrowings	980,951,615	995,120,674	851,503,366
Common Shareholders' Equity	80,204,206	75,202,525	52,371,260
FINANCIAL STRENGTH			
Tier 1 Capital *	\$ 70,765,000	\$ 66,138,000	\$ 48,238,000
Total Capital *	91,165,000	86,387,000	63,238,000
Risk Adjusted Assets *	622,608,000	605,127,000	518,512,000
Tier 1 Capital Ratio*	11.37%	10.93%	9.30%
Total Capital Ratio*	14.64%	14.28%	12.20%
Net Impaired Loans as a % of Gross Loans	0.51%	0.52%	0.48%

* 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, 2002
First Quarter Report

TO OUR SHAREHOLDERS

Home Capital Achieves Robust Quarterly Results

Home Capital Group Inc. achieved another record performance during the first quarter of 2002. Earnings and earnings per share were both up substantially from the first quarter of the previous year and the fourth quarter of 2001. The first quarter of 2002 represents the 27th consecutive quarter in which earnings exceeded those of the previous three-month period.

These excellent results confirm the soundness of our business strategy and reinforce the Company's powerful momentum for profitable growth.

Net Earnings Increase by 47%

- Net income for the first quarter grew substantially, by 47.1%, to \$4,733,960 from the \$3,218,215 recorded for the same period in 2001.
- Net earnings per share for the quarter rose by 31.8% to \$0.29 from the \$0.22 for the first quarter of the previous year.
- Return on equity during the first quarter stood at 24.4%, compared to 25.3% for the same quarter in 2001.

Strong Year-Over-Year Asset Growth

Total assets at the end of the quarter were \$1,131,649,943, an increase of 18.2% over total assets at the end of the same quarter last year. Total assets since year-end 2001, however, have remained stable. The Company accumulated \$32 million in treasury bills, which were liquidated during the first quarter to fund new mortgages, personal loans and investments. The Company also securitized \$18.4 million in mortgage loans, which contributed to an off-balance sheet increase in assets, which are not included in total assets. Other categories of assets – including residential mortgages and consumer loans – also increased during the quarter.

Tradition of Responsible Risk Management Continues

Home Capital's success is based in part on a conservative approach to risk management and adherence to well-regarded underwriting techniques. This tradition continues into 2002. Net impaired loans as at March 31, 2002 were 0.51% compared to 0.52% at December 31, 2001 and 0.48% at March 31, 2001. In addition to maintaining a very stable position on impaired loans, there were no losses realized in the Company's mortgage portfolio in this quarter.

Home Trust's general allowance, the reserve fund for unforeseen losses on currently performing loans, increased from \$4.6 million at March 31, 2001 to \$5.8 million at the end of this quarter. This represents 93.6 basis points of the risk-weighted assets at that date, compared to 87.4 basis points at March 31, 2001 and 91.2 basis points at year-end 2001.

As at March 31, 2002, the operating subsidiary Home Trust's Tier 1 capital ratio was 11.4%, compared to 9.3% at March 31, 2001. Total capital rose to 14.6%, or \$91.2 million, from 12.2%, or \$63.2 million, at the end of the first quarter in 2001.

Mortgage-Backed Securities (MBS) Generate Increased Revenues

Mortgage securitization is a growing and profitable segment of the Company's business. During the first quarter, the Company issued a further \$18.4 million in MBS pooling of residential mortgages, generating \$727,000 in revenue. This issue brings total MBS assets under administration to \$81.0 million.

Consumer Lending – Home Trust VISA and Retail Credit Services

Home Trust launched a new VISA product during the quarter, which utilizes the Company's experience and expertise in mortgage lending. The Equity Plus VISA card is a new consumer product that allows homeowners to use their home equity as collateral to obtain credit in the \$10,000 to \$50,000 range at an attractive annual rate of 11.99%. We believe this is the only credit card of its type in Canada.

The Company has determined that it will focus on building VISA operations with products secured by either cash or property. Our experience in recent months indicates strongly that there is a large opportunity to provide secured products to Canadians.

Retail credit services, which was established in 2001, provides financing for customers purchasing products from established merchants. This business has experienced strong market acceptance and by March 31, 2002, had achieved receivables of \$3.6 million. We are very encouraged by the early success of retail credit services.

Quarterly Dividend Declared

The Board of Directors declared a quarterly dividend of \$0.025 per share, payable on June 1, 2002 to shareholders of record at the close of business on May 15, 2002.

Share Conversion

As previously reported in the 2001 Fourth Quarter Report to Shareholders, on January 25, 2002, Home Capital announced a share conversion that reduced the number of the Company's multi-vote shares. The holders of the Company's 3,025,000 convertible Class 'A' multi-vote shares converted 1.5 million of the Class A shares into the same number of single-vote Class 'B' subordinated voting shares.

Subsequently, on March 12, 2002, Kenneth Fowler, who retired as director of the Company in the first quarter, converted his remaining 270,833 Class 'A' shares to Class 'B' shares.

These conversions increased the float of publicly traded Class 'B' shares from 13,517,660 to 15,288,493 with no dilutive effect on the Company's earnings per share. With the conversions, the 1,254,167 Class 'A' shares represent 6.3 million votes (29%), while the Class 'B' shares represent 15.3 million votes (71%).

All the conversions from Class 'A' to Class 'B' shares were performed without any benefit or enhancement for the Class 'A' shareholders. The Board of Directors and the Company are proud of these conversions, which were pursued in the best interests of Home Capital and all its shareholders.

We thank Ken Fowler for his distinguished record of service to the Company. As one of the founders and a director he has provided business experience and knowledge to the conduct of the Company's affairs over a considerable period of time.

Optimistic Outlook for Home Capital

We are optimistic about the future of Home Capital. The Company has a proven and successful business strategy, a growing portfolio of outstanding products, and a prudent approach to risk that combines vigilance with well-regarded underwriting techniques and risk management procedures.

We have also been successful in understanding and meeting the needs of our large, but underserved target market.

Having reviewed our competitive strengths, which include people, products, market presence and reputation, we are optimistic about our ability to continue generating value for customers, employees and all shareholders.

We are confident that the positive results achieved in the first quarter will continue throughout 2002.

GERALD M. SOLOWAY
President & Chief Executive Officer
April 29, 2002

Management's Discussion and Analysis of Operating Performance

Home Capital Group Inc. has continued its strong growth and financial performance in the first quarter of 2002. Total revenues increased 22.7% or \$4.8 million over the same period in 2001. This increase is largely attributable to the growth in the residential mortgage portfolio, which generated increased interest income of \$3.4 million over the three months ending March 2001. The Company's new line of business in consumer loans, including credit card and retail credit services, added \$1.6 million in revenues for the three months ended March 2002. Net income amounted to \$4.7 million, an increase of 47.1% or \$1.5 million over the \$3.2 million reported in the same quarter in 2001. Basic earnings per share were \$0.29 this quarter, compared to \$0.22 in the same quarter last year and diluted earnings per share were \$0.27 compared to \$0.20 a year ago.

Net Interest Income

Net interest income is the difference between income earned on investments and the interest paid on deposits and any borrowings to fund those investments. This income has been adjusted to a tax equivalent basis due to non-taxable dividend income received by the Company. Net interest income on a taxable equivalent basis was \$10.8 million in the quarter compared to \$7.9 million in same period in 2001, an increase of \$2.9 million or 36.1%.

This improvement was the result of increased margins on the core business of loan lending over deposit taking reflected by a 3.78% spread for the quarter versus 3.33% for the same quarter of 2001. 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 3.41% this quarter up from 3.23% in March 2001.

Provision for Credit Losses

During the quarter, the Company expensed \$0.7 million through the provision for credit losses compared to \$0.4 million in the same quarter last year. The increased provision for credit losses for the first quarter 2002 was due to the growth in the loan portfolio requiring increased general allowances. The Company's total general allowances amounted to \$5.8 million at the quarter end, a \$0.3 million increase over December 31, 2001.

Non-Interest Income

Other income was \$2.8 million, an increase of \$0.9 million or 47.7% from the same quarter last year. VISA credit card operations are no longer being capitalized into development costs and have contributed \$0.8 million in fee income this quarter. The Company issued one Mortgage-Backed Security (MBS) pool, consisting of \$18.4 million of Canada Mortgage and Housing Corporation insured mortgages. This resulted in a gain of \$0.7 million for the quarter. Total funds under administration at the end of the quarter were \$81.0 million. These securities were sold without recourse and the Company continues to service these pools.

Non-Interest Expenses

Total operating expenses for the three months ended March 31, 2002 increased to \$5.9 million, up by 61.7% or \$2.3 million over March 2001 and up by 38.6% or \$1.6 million over the three months ended December 2001. VISA operating costs contributed \$1.3 million of this increase.

Salaries and staff benefits rose by \$0.6 million or 37.2%, which is related both to the increase in the core business of mortgage lending, as well as staffing for the new consumer lending line of business.

The productivity or efficiency ratio, defined as the measurement of non-interest expenses as a percentage of total revenues, increased to 45.8% for the quarter compared to the 40.3% experienced in the same period of 2001. If the new consumer lending line of business were to be excluded from the measurement, the productivity ratio for the Company would be 39.9%. As the consumer lending business continues to mature, it is expected that the Company's overall productivity ratio will return to previous levels.

Balance Sheet

Total assets as at March 31, 2002 closed at \$1.1 billion, an increase of 18.2% or \$173.9 million, over the \$957.8 million reported a year ago. The loan portfolio increase of \$163.3 million or 20.3% contributed to the majority of the asset increase. The residential mortgages contributed \$169.8 million to the loan portfolio growth and consumer lending added \$14.0 million. Other mortgages (non-residential) declined by \$19.2 million. Mortgage-Backed Securities receivables added \$3.9 million. Development costs from the credit card operation that were deferred in 2001 increased by \$2.2 million over March 31, 2001, and other assets added \$3.3 million to total assets. The increase in the Company's preferred stock portfolio of \$13.8 million offset the decline in cash resources of \$14.0 million. The Company has moved funds from lower yield Treasury Bills to higher earning stocks and bonds with accompanying earnings improvement.

Other assets consist of accrued interest receivable, deferred deposit commissions, goodwill and other prepaid and deferred assets. The deferred agent commissions have increased in relation to the increase in the deposits and borrowings. 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 \$1.1 billion, an increase of \$146.1 million or 16.1% over the \$905.4 million reported at March 31, 2001. The majority of this increase is related to the growth in deposits and borrowings of \$129.4 million; this increase funded most of the growth in the loans. Other liabilities increased \$17.1 million or 42.4% over the \$40.4 million reported at March 31, 2001. The increase was largely the result of the increases in accrued interest payable of \$9.1 million related to the increase in the deposits and borrowings, an increase of \$4.4 million in future income taxes and \$2.2 million in accounts payable and accrued liabilities.

Shareholders' equity climbed to \$80.2 million, an increase of \$27.8 million or 53.1% over the balance of \$52.4 million at March of last year. This growth in equity is attributable to funds received from the share issuance in September 2001 of \$12.5 million (net of issuance costs) and net earnings for the twelve months of \$16.4 million less \$1.7 million dividends paid and payable to shareholders.

Credit Quality

The net impaired loans in the first quarter of 2002 were \$5.0 million or 0.51% of the total loan portfolio compared to \$3.8 million or 0.48% in the first quarter of 2001. This ratio is comparable to the 0.52% or \$5.0 million experienced for the year ended December 2001. Mortgage loans in the province of British Columbia continue to contribute disproportionately to net impaired loans. The collection/foreclosure process in this province extends the resolution period to approximately twelve months resulting in higher arrears. Losses have not been experienced and are not expected in the accounts currently under collection. Excluding the British Columbia portfolio, net impaired loans would represent 0.39% of the mortgage portfolio. The Company closely monitors the impaired loans and has established a loan loss allowance on the mortgage portfolio of \$5.9 million versus \$4.8 million in the same period of 2001.

The Company's mix of the mortgage portfolio consists of 95.9% residential, 2.8% store and apartments and 1.3% non-residential. Of the 95.9% residential mortgage portfolio, 3.2% is insured by Canada Mortgage and Housing Corporation. First mortgages represent 99.9% of the total mortgage portfolio.

The credit card receivable balance is comprised of \$3.8 million in secured and \$8.2 million in the unsecured portfolio. The total credit approved is comprised of \$7.2 million in secured and \$10.8 million in unsecured accounts. Segments of the unsecured credit card portfolio experienced weaker credit performance than projected and, as a result, unsecured credit card issuance has been discontinued. The total allowance provided on the VISA credit card operation amounts to \$0.5 million or 4.2% of the total receivable balance, including those VISA cards secured by a deposit with the Company. Security deposits on VISA cards amounted to \$7.2 million and are included in the Company's deposits and borrowings.

Total Company losses realized on loans year-to-date are \$205,200. These include \$247,700 in consumer loans offset by \$42,500 in mortgage loan recoveries. Last year losses consisted of \$41,000 for the mortgage business; the credit card and retail consumer loan operations were early-stage and had not experienced any write-offs. The Company has increased the provision for this quarter to \$0.7 million as compared to \$0.4 million in the same quarter last year. The Company has ensured that it is well positioned for any future unforeseen losses by establishing general allowances of \$5.8 million at March 31, 2002 as compared to the general allowances of \$4.6 million at March 31, 2001.

The general allowances have increased to 93.6 basis points of the risk-weighted assets at March 31, 2002 compared to 87.4 basis points provided in March of the previous year.

Capital Ratios (Based on the Operating Subsidiary Home Trust Company)

As at March 31, 2002, Home Trust's Tier 1 capital ratio was 11.4% compared to 10.9% at December 31, 2001 and 9.3% at March 31, 2001. The growth in shareholders' equity of 7.0% over December 2001 was greater than the 2.9% growth in the risk-weighted assets, contributing to the improvement in the Tier 1 capital ratio. The total capital ratio increased to 14.6% at March 31, 2002 compared to 14.3% at December 31, 2001 and 12.2% at March 31, 2001. This ratio for total capital is well in excess of the minimum regulatory target of 10%.

Outlook

We will continue to explore additional opportunities in the market that are not being served by the major financial institutions. We will continue to enhance profitability and return on equity while matching assets and liabilities to ensure that interest rate fluctuations will have minimal impact on future earnings. The Company agrees with the recent Canada Mortgage and Housing Corporation outlook that the housing market should remain strong throughout 2002.

Earnings by Business Segment

<i>For the three months ended (Unaudited)</i>	<u>Home Trust -Mortgage Business</u>		<u>Home Trust-Consumer Lending Retail Services and Credit Cards</u>	
	<u>March 31</u>	March 31	<u>March 31</u>	March 31
	<u>2002</u>	2001	<u>2002</u>	2001
Net interest income	\$ 8,074,260	\$ 5,804,573	\$ 741,399	\$ -
Provisions for credit losses	301,760	410,000	358,240	-
Fees and other income	1,262,399	1,095,271	816,035	-
Gain on securities & mortgage-backed securities	699,454	695,333	-	-
Non-interest expense	3,387,772	2,785,636	1,349,497	-
Net income (loss) before provision for income taxes	6,346,581	4,399,541	(150,303)	-
Provision for income taxes	1,598,770	1,544,579	(58,348)	-
Net Income (Loss)	\$ 4,747,811	\$ 2,854,962	\$ (91,955)	\$ -

Earnings by Business Segment (continued)

<i>For the three months ended (Unaudited)</i>	<u>Other*</u>		<u>Total</u>	
	<u>March 31</u>	March 31	<u>March 31</u>	March 31
	<u>2002</u>	2001	<u>2002</u>	2001
Net interest income	\$ 1,293,236	\$ 1,367,646	\$ 10,108,895	\$ 7,172,219
Provisions for credit losses	-	-	660,000	410,000
Fees and other income	868	161	2,079,302	1,095,432
Gain on securities & mortgage-backed securities	2,753	92,686	702,207	788,019
Non-interest expense	1,169,194	866,749	5,906,463	3,652,385
Net income before provision for income taxes	127,663	593,744	6,323,941	4,993,285
Provision for income taxes	49,559	230,491	1,589,981	1,775,070
Net Income	\$ 78,104	\$ 363,253	\$ 4,733,960	\$ 3,218,215

*Other - includes other investments and corporate activities

CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		
	March 31 2002	December 31 2001	March 31 2001
INCOME			
Interest Income			
Interest from Loans	\$ 21,453,409	\$ 20,714,884	\$ 17,463,981
Dividends from Securities	1,087,700	1,168,114	1,041,804
Other Interest	481,740	1,109,589	634,434
	23,022,849	22,992,587	19,140,219
Interest Expense			
Interest on Deposits & Borrowings	12,913,954	13,278,822	11,968,000
Net Interest Income	10,108,895	9,713,765	7,172,219
Provision for Credit Losses	660,000	900,000	410,000
	9,448,895	8,813,765	6,762,219
Non-interest Income			
Fees and Other Income	2,079,302	1,117,690	1,095,432
Securitization Gains on Mortgage-Backed Securities	699,454	915,109	695,333
Gain (Loss) on Sale of Securities	2,753	(108,155)	92,686
	2,781,509	1,924,644	1,883,451
	12,230,404	10,738,409	8,645,670
Non-interest Expenses			
Salaries and Staff Benefits	2,384,809	1,675,310	1,738,655
Premises	243,140	316,749	208,558
General and Administration	3,278,514	2,269,593	1,705,172
	5,906,463	4,261,652	3,652,385
INCOME BEFORE INCOME TAXES	6,323,941	6,476,757	4,993,285
Income Taxes			
Current	1,483,846	390,128	1,725,965
Deferred	106,135	1,973,044	49,105
	1,589,981	2,363,172	1,775,070
NET INCOME	\$ 4,733,960	\$ 4,113,585	\$ 3,218,215
NET INCOME PER CLASS A AND CLASS B SHARE:			
Basic	\$0.29	\$0.27	\$0.22
Fully diluted	\$0.27	\$0.25	\$0.20
AVERAGE NUMBER OF CLASS A AND CLASS B SHARES OUTSTANDING			
Basic	16,404,823	15,289,758	14,801,391
Fully diluted	17,496,910	16,518,374	16,136,367
TOTAL NUMBER OF OUTSTANDING CLASS A AND B SHARES			
	16,542,660	16,347,610	14,798,995
Book Value per share	\$4.85	\$4.60	\$3.54

CONSOLIDATED BALANCE SHEETS

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	March 31	December 31	March 31
	2002	2001	2001
ASSETS			
Cash Resources			
Deposits with Regulated Financial Institutions	\$ 19,955,168	\$ 18,069,542	\$ 17,723,436
Treasury Bills Guaranteed by Government	-	31,931,213	14,011,168
	19,955,168	50,000,755	31,734,604
Securities			
Issued or Guaranteed by Canada	6,230,026	4,134,120	12,344,861
Issued or Guaranteed by Province	18,118,753	13,119,156	13,360,339
Other Securities	89,491,666	82,205,217	75,673,526
	113,840,445	99,458,493	101,378,726
Loans			
Retail Services and Credit Cards	15,331,286	15,223,404	1,317,601
Residential Mortgages	920,026,762	909,393,315	750,247,016
Other Mortgages	39,864,477	39,465,142	59,061,263
General Allowance for Credit Losses	(5,830,470)	(5,517,376)	(4,581,865)
	969,392,055	958,564,485	806,044,015
Other			
Mortgage-Backed Securities Receivable	6,220,210	5,269,385	2,306,654
Capital Assets	2,060,256	2,168,172	1,584,390
Deferred Development Costs	3,215,003	3,363,715	995,726
Other Assets (Note 3)	16,966,806	17,395,215	13,706,846
	28,462,275	28,196,487	18,593,616
	\$ 1,131,649,943	\$ 1,136,220,220	\$ 957,750,961
LIABILITIES			
Senior Term Loans	\$ 8,000,000	\$ 8,000,000	\$ 8,500,000
Subordinated Secured Loan	5,000,000	5,000,000	5,000,000
Deposits and Borrowings			
Payable on Demand	7,489,732	10,393,269	5,728,263
Payable on a Fixed Date	973,461,883	984,727,405	845,775,103
	993,951,615	1,008,120,674	865,003,366
OTHER			
Cheques and Other Items in Transit	5,715,919	4,658,419	4,356,044
Other Liabilities (Note 4)	51,778,203	48,238,602	36,020,291
	57,494,122	52,897,021	40,376,335
	1,051,445,737	1,061,017,695	905,379,701
SHAREHOLDERS' EQUITY			
Capital stock	31,960,663	31,296,523	18,628,192
Contributed surplus	-	-	215,875
Retained earnings	48,243,543	43,906,002	33,527,193
	80,204,206	75,202,525	52,371,260
	\$ 1,131,649,943	\$ 1,136,220,220	\$ 957,750,961

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	(Unaudited) For the Three Months Ended March 31 2002	(Unaudited) For the Three Months Ended March 31 2001
CAPITAL STOCK		
Class A Convertible Shares		
Balance at Beginning of Period	\$ 1,390,000	\$ 1,390,000
Conversion to Class B Subordinated Voting Shares	(813,705)	-
Balance at End of Period	\$ 576,295	\$ 1,390,000
Class B Subordinated Voting Shares		
Balance at Beginning of Period	\$ 29,906,523	\$ 17,239,583
Conversion from Class A Convertible Shares	813,705	-
Proceeds of Options Exercised	686,040	15,300
Redemption of Shares	(21,900)	(16,691)
Balance at End of Period	31,384,368	17,238,192
Total Capital Stock	\$ 31,960,663	\$ 18,628,192
CONTRIBUTED SURPLUS		
Balance at Beginning of Period	\$ -	\$ 266,825
Proceeds of Options Exercised	-	-
Redemption of Shares	-	(50,950)
Balance at End of Period	\$ -	\$ 215,875
RETAINED EARNINGS		
Balance at the Beginning of the Period	\$ 43,906,002	\$ 30,604,958
Net Income for the Period	4,733,960	3,218,215
Dividends Paid during the Period	-	-
Dividends Declared during the Period	(396,419)	(295,980)
BALANCE AT END OF THE PERIOD	\$ 48,243,543	\$ 33,527,193

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	March 31	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	\$ 4,733,960	\$ 3,218,215
Add (deduct) items not affecting cash:		
Future income taxes	106,135	49,105
Amortization of capital assets	189,664	104,576
Amortization of securities	(102,784)	(160,876)
Amortization of goodwill and deferred financing costs	30,577	53,818
Amortization of deferred development costs	148,712	-
Provision for credit losses	660,000	410,000
Change in accrued interest receivable	(126,358)	(694,830)
Change in accrued interest payable	3,652,793	4,618,583
Gain on sale of investments	(2,753)	(92,686)
Gain on sale of mortgage-backed securities	(699,454)	(695,333)
Change in mortgage-backed securities	508,632	312,910
Change in other assets	524,189	(613,814)
Change in cheques and other items in transit	1,057,500	2,254,705
Change in other liabilities	(132,546)	(956,078)
Cash provided by operating activities	10,548,267	7,808,295
FINANCING ACTIVITIES		
Net (decrease) increase in deposits and borrowings	(14,169,059)	56,837,282
Issuance of capital stock	686,040	15,300
Normal course issuer bid	(21,900)	(67,641)
Dividends paid	(483,200)	(296,088)
Cash provided by financing activities	(13,988,119)	56,488,853
INVESTING ACTIVITIES		
Activity in securities		
Purchases	(16,142,515)	(26,317,512)
Proceeds on sales	-	1,671,080
Proceeds on maturities	1,866,100	594,850
Activity in mortgages		
Net increase	(29,339,806)	(43,845,775)
Proceeds from securitization of mortgage-backed securities	17,589,505	13,994,798
Net increase in personal and credit card loans	(497,271)	(978,391)
Net increase in deferred development costs	-	(284,550)
Purchases of capital assets	(81,748)	(641,687)
Cash used in investing activities	(26,605,735)	(55,807,187)
Net increase in cash and cash equivalents	(30,045,587)	8,489,961
Cash and cash equivalents at the beginning of the period	50,000,755	23,244,643
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 19,955,168	\$ 31,734,604
Supplementary disclosure of cash flow information		
Amount of interest paid during the period	\$ 9,310,038	\$ 7,400,047
Amount of income taxes paid during the period	1,093,291	3,406,456

Notes to the Interim Unaudited Consolidated Financial Statements

1. Accounting Policies Used to Prepare the Interim Unaudited Consolidated Financial Statements

These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2001, as set out in the 2001 Annual Report as set out in pages 29 through 45. 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 except as described in Note 2 below.

2. Change in Accounting Policies

a) Amortization of Goodwill

On January 1, 2002, the Company adopted a new accounting standard related to the discontinuation of amortization of goodwill and other intangible assets. The Canadian Institute of Chartered Accountants has approved a new accounting standard which introduces an annual assessment of the recognition of goodwill and indefinite life intangible asset impairment, if any.

For comparative purposes the net impact of the change if the amortization was recorded would be a small decrease in net income of \$23,239 for the three months ended March 31, 2002.

b) Stock-based Compensation

The Company provides compensation to certain employees in the form of stock options. The Company follows the intrinsic value based method of accounting for such awards; consequently, no expense is recognized for stock options as the strike price is set at the market price on the issue date of the awards. When the options are exercised, the proceeds received by the Company are recorded as common share capital.

In the first quarter options were issued to employees based on a vesting period tied to an achievement of performance condition. These contingently issuable shares have not satisfied the necessary conditions for the vesting period and therefore, have not been included in the calculation of the fully diluted shares.

If these options had met the performance condition to achieve vesting period, their would be no impact on the fully diluted earnings per share and the average number of diluted shares would amount to 17,577,333 shares.

3. Other Assets

	March 31 2002	December 31 2001	March 31 2001
Accrued interest receivable	\$ 7,092,608	\$ 6,966,250	\$ 6,634,459
Income taxes receivable	-	1,024,840	-
Deferred agent commission	4,053,639	4,236,300	3,026,939
Goodwill, net of amortization	2,323,914	2,323,914	2,393,632
Other prepaid assets and deferred items	3,496,645	2,843,911	1,651,816
	16,966,806	17,395,215	13,706,846

4. Other Liabilities

	March 31 2002	December 31 2001	March 31 2001
Accrued interest payable	\$ 40,237,752	\$ 36,584,959	\$ 31,185,544
Income taxes payable	22,545	-	341,570
Dividends payable	396,419	483,200	295,980
Deferred commitment fees	1,378,235	1,254,904	1,131,175
Future income taxes	5,368,357	5,262,222	932,971
Other, including accounts payable and accrued liabilities	4,374,895	4,653,317	2,133,051
	\$ 51,778,203	\$ 48,238,602	\$ 36,020,291

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
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

Computershare Trust Company
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100 University Avenue
Toronto, Ontario M5J 2Y1
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1-800-663-9097

CAPITAL STOCK

As at March 31, 2002 there were
1,254,167 Class A and 15,288,493
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
Harvey F. Kolodny
John M. E. Marsh
Sheila L. Ross
Gerald M. Soloway
W. Roy Vincent

BRANCHES

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Vice President -
Brian R. Mosko
Vice President, Mortgage Lending -
Nick Kyprianou
Manager, Credit -
Mal Nuzum
Senior Manager, Mortgage Services -
Jan Morrison
Asst. Vice Presidents, Toronto Office -
Heather Flegg
James Hill
Assistant Vice President, Securitization -
David Molzahn
Managers, Mortgage Lending -
Alix Burbidge
Laurie Chalabardo
Bobby Ramgoolam

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Asst. Vice President, Hamilton Office -
Marguerite Ryan
Manager, Mortgages -
Brad Hamilton

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Business Development Officers -
Sophia Blanchette
Darren DeMille

*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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Home Trust Company
www.hometrusted.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.