



HOME CAPITAL GROUP INC.

Second Quarter Report June 30, 2003

Financial Highlights

(Unaudited) For the Period Ended June 30	Three Months Ended		Six Months Ended	
	2003	2002	2003	2002
OPERATING RESULTS				
Net Income	\$ 6,864,085	\$ 5,071,090	\$ 12,885,707	\$ 9,805,050
Total Revenue	33,533,332	27,195,606	65,780,493	52,999,964
Net Investment Margin (TEB) **	3.68%	3.87%	3.68%	3.75%
Earnings per Share - Basic	0.41	0.31	0.77	0.60
- Fully Diluted	0.40	0.29	0.75	0.56
Return on Shareholders' Equity	26.69%	24.58%	25.70%	24.51%
Return on Average Assets	1.75%	1.69%	1.71%	1.64%
Productivity Ratio	44.64%	45.56%	44.28%	45.69%
(Non-interest Expense/Net Interest Income plus Fee Income)				

GROWTH IN BUSINESS

Total Assets	\$ 1,619,924,867	\$ 1,262,325,246
Loans	1,359,861,089	1,042,341,665
Deposits and Borrowings	1,414,155,715	1,104,772,453
Common Shareholders' Equity	105,984,405	84,841,215
Assets Under Administration	208,080,050	91,066,910

FINANCIAL STRENGTH

Capital Measures

Risk Adjusted Assets*	\$ 842,981,000	\$ 677,501,000
Tier 1 Capital Ratio*	11.91%	11.19%
Total Capital Ratio*	14.56%	14.27%

Credit Quality

Net Impaired Loans % of Gross Loans	0.33%	0.46%
Allowance % of Gross Impaired Loans	183.76%	130.62%
Annualized Provision % of Gross Loans	0.20%	0.34%

Share Information

Book Value per Common Share	\$ 6.33	\$ 5.11
Common Share Price – Close	\$ 20.50	\$ 15.05
Market Capitalization	\$ 343,358,498	\$ 249,665,353

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

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

Home Trust Company www.hometruster.ca
Home Capital Group Inc. www.homecapital.com

HOME CAPITAL GROUP INC. TO OUR SHAREHOLDERS

Home Capital Celebrates Eight Years of Consecutive Quarterly Earnings Growth; Adopts Single Class of Shares

Home Capital Group Inc. (TSX:HCG.B) has maintained its uninterrupted record of rising quarterly growth and financial performance with significant increases in earnings, earnings per share, and total assets in the second quarter of 2003. The Company has now achieved consistent **quarter-over-quarter increases in earnings for 32 consecutive quarters**.

This performance reflects the underlying strength of Home's business strategy and adherence to a well-developed set of business principles, as well as the strong demand for Home Trust Company's products and services within our large target market. It is also due to the efforts and dedication of our mortgage broker network and our employees.

- Earnings rose 35.4% to \$6.9 million for the three-month period ended June 30, 2003, compared with earnings of \$5.1 million during the same quarter one year earlier. Earnings per share increased by 32.3% to \$0.41, compared with \$0.31 for the comparable quarter of 2002. Net income for the first six months of 2003 rose by 31.4% to \$12.9 million from the \$9.8 million recorded in the first half of 2002. Net income per share for this six month period increased from \$0.60 to \$0.77, and on a fully diluted basis from \$0.56 to \$0.75.
- Return on equity for the second quarter was 26.7%, compared to 24.6% for the comparable quarter of 2002 and up from 24.8% in the first quarter, 2003. For the first six months of 2003, return on equity was 25.7%.
- Total assets were \$1.62 billion at June 30, 2003, a substantial increase of 28.3% over assets of \$1.26 billion one year earlier and 16.2% greater than \$1.39 billion in assets recorded at the close of 2002.
- The Company issued a further \$36.2 million in MBS poolings of residential mortgages, generating \$1.5 million in revenues. The comparable figures for the second quarter of 2002 were \$16.1 million and \$0.3 million respectively. The MBS portfolio administered by Home Trust stood at \$208.1 million at June 30, 2003.
- Home Capital's consumer lending business, comprised of retail credit services and VISA products, continues to grow profitably. Earnings from this segment of \$301,000 in the second quarter of 2003 represented a substantial increase over \$52,000 in earnings in the first quarter of the year.
- Net impaired loans at June 30, 2003 represented 0.33% of the total portfolio down from 0.35% at March 31, 2003 and 0.46% in the second quarter 2002.

During the quarter, the holders of the Company's remaining Class A multi-vote shares agreed to convert these shares into an equal number of single-vote Class B subordinated voting shares without benefit or enhancement. The completion of this milestone conversion program increased the float of publicly traded Class B shares from 15,490,228 to 16,744,195 with no dilutive effect on the Company's earnings per share. The dual class structure benefited the Company during its formative stages; however, the Company's subsequent growth and increasingly strong financial performance in recent years made this a suitable time to adopt a single class share structure. In completing this transition, the Board of Directors and the Class "A" shareholders fulfilled a long-standing commitment to eliminate the dual class share.

At the company's Annual Meeting of May 27, 2003, the company announced an increase of 25% to the annual dividend from 12 to 15 cents per year, annualized. As a result, there will be a dividend of \$0.0375 per share payable on September 1, 2003 to shareholders of record at the close of business on August 15, 2003.

Home Capital Group continues to increase its market share of the large and expanding Canadian residential mortgage sector and to deliver exceptional results across all measures of business performance. At the beginning of 2003, the Company identified four key performance targets for the year ahead. These are to achieve 20% ROE for the sixth consecutive year; as well as 20% growth in each of earnings, diluted earnings per share, and total assets, each for the eighth consecutive year. As was stated at the 2003 Annual General Meeting of Shareholders, “We are on track to meet or exceed all of these goals.”

GERALD M. SOLOWAY
President & Chief Executive Officer
July 24, 2003

WILLIAM A. DIMMA
Chairman of the Board

Management’s Discussion and Analysis of Operating Performance

Income

Income in the second quarter of 2003 increased by 15.4% or \$4.1 million over the second quarter of 2002. For the six months ending June 30, income grew by 17.3% or \$8.6 million over June 2002. This increase is largely attributable to the growth in the mortgage portfolio, which generated increased interest income of \$4.0 million over the same three months last year and \$7.5 million over the same six month period in 2002. The Company’s consumer lending line of business contributed a total of \$1.4 million in interest income in this quarter compared to \$1.0 million in the quarter-end June 30, 2002. For the six month period, interest income from consumer lending was \$2.6 million, up \$0.8 million over the same period one year earlier.

Dividends from securities decreased by \$0.6 million over the three months ending June 2002 and by \$0.3 million over the same six month period last year. This decline was principally the result of the Company having received a \$2.6 million dividend on redemption of preferred shares during the second quarter last year. The preferred share redemption during the second quarter, 2003 resulted in a \$1.6 million dividend for the Company; however, this securities redemption was accompanied by a \$1.9 million operating loss which is reflected in the (Loss) on Securities & Mortgage Backed Securities line of the Statement of Income. For further information on this transaction please refer to Note 6 of these Interim (Unaudited) Consolidated Financial Statements.

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 is adjusted to a taxable equivalent basis due to non-taxable dividend income received by the Company. Net interest income (on a taxable equivalent basis) was \$14.4 million, up \$2.8 million from the \$11.6 million reported in the second quarter of the prior year, and \$27.7 million, up \$5.2 million from the \$22.5 million reported in the first six months of 2002.

This increase was the result of the growth of the loan portfolio, which averaged \$1.31 billion for the quarter ending June 30, 2003 as compared to \$1.01 billion for the same quarter of 2002. The six month period averages were \$1.27 billion for 2003 compared to \$1.00 billion in 2002. The spread on the core business of loan lending over deposit taking declined slightly to 3.6% for the current quarter and the six month period compared to 3.8% for both the second quarter and the six months of the previous year.

Provision for Credit Losses

The Company expensed \$0.7 million in the latest quarter and \$1.8 million year-to-date through provision for credit losses compared to \$0.9 and \$1.5 million last year. The Company continues to add to the general allowance for credit losses primarily due to the growth in the loan portfolio. The total general allowance amounted to \$8.6 million at the quarter-end, an increase of \$1.0 million over the \$7.6 million at December 31, 2002 and a \$2.1 million rise over the \$6.5 million provision at June 30, 2002.

Non-Interest Income

Other income was \$2.6 million for the quarter and \$7.3 million for the six months, an increase of \$2.2 million and \$4.2 million from the same periods in 2002. The consumer lending operation contributed \$0.8 million in fee income in the second quarter of both years.

The Company issued two Mortgage-Backed Security (MBS) pools in the second quarter consisting of \$36.2 million of Canada Mortgage and Housing Corporation insured residential mortgages for a total of \$78.6 million in securitizations for 2003 year-to-date. This represents an increase of \$44.2 million over the \$34.4 million total in the same period of 2002. Gains of \$1.6 million were realized for the quarter and \$3.5 million for the six months of 2003, compared to \$0.6 million and \$1.3 million in 2002. Total MBS funds under administration by Home Trust at the end of this quarter were \$208.1 million. These securities were sold without recourse, and the Company continues to service these mortgages.

Non-Interest Expenses

Total operating expenses for the three months ended June 30, 2003 were \$7.9 million, an increase of 26.9% or \$1.7 million over the second quarter of 2002 and up by 27.6% or \$3.3 million over the six months ended June 30, 2002. The consumer lending operation non-interest expenses have declined slightly to \$1.3 million for this quarter and \$2.7 million for the six months, as compared to \$1.4 million and \$2.8 million for last year.

Salaries and staff benefits rose by \$0.8 million or 32.1% over the quarter ended June 2002 and \$1.7 million or 34.8% over the same six months of 2002. This growth is the result of additional hires required to support the continued growth of the core mortgage lending business.

The productivity ratio, which is defined as non-interest expenses as a percentage of total revenues, less interest expenses, decreased to 44.6% for the quarter and 44.3% year-to-date, an improvement when compared to the 45.6% and 45.7% experienced in the second quarter and six months of 2002, respectively.

Risk Management

The Company's key risk management policies and practices remain in place and unchanged from those outlined on pages 21 through 25 of the 2002 Annual Report.

Interest Rate Risk

The objective of interest rate risk management is to ensure that the Company realizes stable and predictable earnings over specific time periods. The Company has adopted a fully balanced approach to the management of its assets and liability positions. During this quarter the Company sold \$10.0 million of Government of Canada 4.5% bonds maturing September 1, 2007. These were sold off-balance sheet with the intent of hedging the bonds against the issuance of Mortgage-Backed Securities ("MBS") in the third quarter. Currently these funds are invested in a short-term instrument until the next MBS pool is completed and sold. This hedge has a market value loss of \$36,000 as of June 30 that has not been recognized in the earnings of the Company. Subsequent to the quarter-end, this hedge was eliminated, resulting in a gain of approximately \$32,000.

Credit Risk

The provision for credit losses expensed for the second quarter was \$0.7 million, which is down from \$1.1 million expensed in the first quarter 2003, and \$0.9 million in the second quarter of last year. The credit quality of the loan portfolio remains strong with total net impaired loans (NILs), at \$4.5 million for June 30, 2003, compared to \$4.2 million for December 31, 2002 and \$4.9 million for June 30, 2002. These levels equate to NILs of 0.33% of the total loan portfolio for this quarter, down slightly from 0.35% last quarter and 0.46% at the June 30, 2002 quarter-end.

The composition of the Company's mortgage portfolio consists of 97.0% residential, 2.6% store and apartments, and 0.4% non-residential. Within the residential mortgage portfolio, 6.2% is insured by Canada Mortgage and Housing Corporation. First mortgages represent 99.6% of the total mortgage portfolio.

The gross credit card receivable balance is comprised of \$18.1 million in accounts secured by cash deposits or residential mortgage collateral, and \$5.8 million is unsecured. The total credit approved is comprised of \$27.3 million in secured and \$7.3 million in unsecured accounts. Security deposits on VISA accounts amounted to \$12.0 million and are included in the Company's deposits and borrowings. Equity Plus VISA credit cards are secured by a collateral residential mortgage, and this product amounts to \$10.8 million of the credit card receivable balance.

Consumer retail loans receivable were \$11.6 million, an increase of \$1.1 million or 10.6% over the \$10.5 million reported the first quarter and up 99.6% or \$5.8 million from June 2002.

Total Company losses realized on loans for the second quarter are \$290,000 as compared to \$428,000 experienced in the first quarter of 2003. Losses realized on loans year-to-date are \$718,000. This includes \$716,000 in the consumer lending operation and \$2,000 on mortgage loans. Last year's losses for the six month period consisted of \$768,000 for the consumer lending operation and \$30,000 in net recoveries on the mortgage portfolio.

The Company has ensured that it is well positioned for any future unforeseen losses by establishing general allowances of \$8.6 million at June 30, 2003 as compared to the general allowances of \$6.5 million at June 30, 2002. The Company's continued growth of the credit loss provision resulted in raising the general allowance to 102.2 basis points of the Company's risk-weighted assets. The Company continues to increase its general allowances as demonstrated by the increases from 100.1 basis points at December 31, 2002 and 95.4 basis points at June 30, 2002.

Capital Management

The Company's capital base continues to be strong. The tier 1 capital ratio of 11.9% was up from the 11.2% at June 30, 2002 and the 11.7% at December 31, 2002. The total capital ratio was 14.6% for this quarter compared to 14.5% and 14.3% for year-end and the second quarter of last year, respectively. These ratios are well in excess of the minimum regulatory requirements of 7.0% for tier 1 capital and 10.0% for total capital.

Balance Sheet

Total assets as at June 30, 2003 were \$1.62 billion, an increase of \$357.6 million, or 28.3% over the \$1.26 billion reported one year ago and up \$225.6 million or 16.2% over the year-end 2002. The loan portfolio increase of \$317.5 million or 30.5% contributed to the majority of the year-over-year asset increase. Residential mortgages contributed \$302.0 million to the loan portfolio growth and consumer lending added \$16.5 million. Other mortgages (non-residential) increased by \$1.2 million. Mortgage-Backed Securities receivables added \$7.3 million to total assets. Deferred development costs from the establishment of the credit card operation decreased by \$0.6 million over June 30, 2002 resulting from the ongoing amortization of this asset. The growth of the Company's investment portfolio by \$14.1 million was similar to the increase in cash resources of \$14.9 million. This increased the Company's liquid assets, which consist of bank deposits, treasury bills, bankers' acceptance and governments bonds and debentures, from \$67.0 million at June 30, 2002 to \$81.9 million at June 30, 2003.

Other assets increased by \$4.2 million, consisting of accrued interest receivable, deferred agent commissions, goodwill, and other prepaid and deferred assets (Note 3). Deferred agent commissions have increased alongside the increase in deposits and borrowings. Commissions are amortized over the term of deposits, and lengthening deposit terms have correspondingly increased the deferred asset.

Liabilities in this quarter increased to \$1.51 billion, an increase of \$336.5 million or 28.6% over the \$1.18 billion reported at June 30, 2002 and \$214.2 million or 16.5% over year-end 2002. The majority of this year-over-year increase is related to the growth in deposits and borrowings of \$309.4 million; the increase in liabilities funded most of the growth in the loans, with retained earnings of the Company funding the remaining loan growth, as well as the increase in liquidity. Other liabilities increased by \$25.1 million, or 42.0% over the \$59.7 million reported at June 30, 2002. This increase was largely the result of increases in accrued interest payable of \$13.2 million relating to the growth in deposits and borrowings. Accounts payable and accrued liabilities contributed \$3.4 million and the increase in deferred commitment fees added \$1.6 million, which were applied to the growth of the loan portfolio (Note 4).

Shareholders' equity climbed to \$106.0 million, an increase of \$21.2 million or 24.9% over the \$84.8 million at June 30, 2002 and \$11.4 million, or 12.1% higher than the \$94.6 million at December 31, 2002. This growth was internally generated from the net earnings of the proceeding twelve months of \$23.7 million, less \$2.1 million of dividends paid and payable to shareholders.

Outlook

The Company will continue to explore additional opportunities in the Canadian financial services marketplaces that are not served by the major financial institutions. Our continued policy of matching assets and liability terms will ensure that interest rate fluctuations will not materially impact future earnings. The Company expects that relatively low inflation and interest rates will continue, although modest interest rate increases are possible later this year. The Company is confident that the strong earnings in its core mortgage lending business, diversified revenue sources, and ongoing expense controls will result in strong and profitable growth in earnings throughout the balance of 2003.

Caution Regarding Forward-Looking Statements

This report may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Home Capital Group Inc. These statements are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements, principally related to global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change.

Earnings by Business Segment

(Unaudited) For the Three Months Ended (000's)

	Consumer Lending							
	Mortgage Business		Retail Services & Credit Cards		Other*		Total	
	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	2003	2002	2003	2002	2003	2002	2003	2002
Net Interest Income	\$ 10,023	\$ 8,151	\$ 1,142	\$ 905	\$ 3,890	\$ 4,186	\$ 15,055	\$ 13,242
Provisions for Credit Losses	(483)	(498)	(198)	(390)	-	-	(681)	(888)
Fees and Other Income	1,917	1,523	825	830	-	(1)	2,742	2,352
(Loss) Gain on Securities & Mortgage-Backed Securities	1,584	560	-	-	(1,726)	(2,520)	(142)	(1,960)
Non-interest Expense	(4,783)	(3,674)	(1,295)	(1,438)	(1,802)	(1,100)	(7,880)	(6,212)
Net Income (Loss) Before Provision for Income Taxes	8,258	6,062	474	(93)	362	565	9,094	6,534
Provision for Income Taxes	(1,924)	(1,279)	(173)	36	(133)	(220)	(2,230)	(1,463)
Net Income (Loss)	\$ 6,334	\$ 4,783	\$ 301	\$ (57)	\$ 229	\$ 345	\$ 6,864	\$ 5,071

(Unaudited) For the Six Months Ended (000's)

	Consumer Lending							
	Mortgage Business		Retail Services & Credit Cards		Other*		Total	
	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	2003	2002	2003	2002	2003	2002	2003	2002
Net Interest Income	\$ 19,698	\$ 16,225	\$ 2,243	\$ 1,646	\$ 5,654	\$ 5,480	\$ 27,595	\$ 23,351
Provisions for Credit Losses	(1,129)	(800)	(652)	(748)	-	-	(1,781)	(1,548)
Fees and Other Income	3,573	2,785	1,668	1,646	-	-	5,241	4,431
(Loss) Gain on Securities & Mortgage-Backed Securities	3,503	1,259	-	-	(1,416)	(2,517)	2,087	(1,258)
Non-interest Expense	(9,724)	(7,062)	(2,702)	(2,787)	(3,038)	(2,269)	(15,464)	(12,118)
Net Income (Loss) Before Provision for Income Taxes	15,921	12,407	557	(243)	1,200	694	17,678	12,858
Provision for Income Taxes	(4,149)	(2,878)	(204)	94	(439)	(269)	(4,792)	(3,053)
Net Income (Loss)	\$ 11,772	\$ 9,529	\$ 353	\$ (149)	\$ 761	\$ 425	\$ 12,886	\$ 9,805

*Other - includes other investments and corporate activities

Consolidated Statements of Income

	(Unaudited) Three Months Ended		(Unaudited) Six Months Ended	
	June 30	June 30	June 30	June 30
	2003	2002	2003	2002
Income				
Interest from Loans	\$ 26,735,407	\$ 22,260,521	\$ 52,193,829	\$ 43,713,930
Dividends from Securities (Note 6)	3,194,551	3,840,807	4,591,466	4,928,507
Other Interest	1,002,981	702,344	1,666,897	1,184,084
	30,932,939	26,803,672	58,452,192	49,826,521
Interest Expense				
Interest on Deposits & Borrowings	15,877,823	13,561,050	30,857,433	26,475,004
Net Interest Income	15,055,116	13,242,622	27,594,759	23,351,517
Provision for Credit Losses	681,000	888,000	1,781,000	1,548,000
	14,374,116	12,354,622	25,813,759	21,803,517
Non-interest Income				
Fees and Other Income	2,742,581	2,351,571	5,241,453	4,430,873
Securitization Gains on Mortgage-Backed Securities	1,583,573	559,873	3,503,182	1,259,327
(Loss) on Sale and Redemption of Securities (Note 6)	(1,725,761)	(2,519,510)	(1,416,334)	(2,516,757)
	2,600,393	391,934	7,328,301	3,173,443
	16,974,509	12,746,556	33,142,060	24,976,960
Non-interest Expenses				
Salaries and Staff Benefits	3,193,004	2,417,672	6,473,164	4,802,481
Premises	445,151	326,938	866,186	570,078
General and Administration	4,242,527	3,467,679	8,124,574	6,746,193
	7,880,682	6,212,289	15,463,924	12,118,752
INCOME BEFORE INCOME TAXES	9,093,827	6,534,267	17,678,136	12,858,208
Income Taxes				
Current	2,908,401	583,247	4,847,865	2,067,093
Deferred	(678,659)	879,930	(55,436)	986,065
	2,229,742	1,463,177	4,792,429	3,053,158
NET INCOME	\$ 6,864,085	\$ 5,071,090	\$ 12,885,707	\$ 9,805,050
NET INCOME PER CLASS A AND CLASS B SHARE:				
Basic	\$0.41	\$0.31	\$0.77	\$0.60
Fully diluted	\$0.40	\$0.29	\$0.75	\$0.56
AVERAGE NUMBER OF CLASS A AND CLASS B SHARES OUTSTANDING				
Basic	16,667,893	16,490,059	16,713,394	16,418,834
Fully diluted	17,151,030	17,371,643	17,149,653	17,422,942
Total Number Of Outstanding Class A and B Shares	16,749,195	16,589,060	16,749,195	16,589,060
Book Value per share	\$6.33	\$5.11	\$6.33	\$5.11

Consolidated Balance Sheets

	(Unaudited) June 30 2003	(Audited) December 31 2002	(Unaudited) June 30 2002
ASSETS			
Cash Resources			
Deposits with Regulated Financial Institutions	\$ 55,956,513	\$ 24,580,055	\$ 51,981,213
Treasury Bills Guaranteed by Government	25,956,197	30,954,941	14,995,940
	81,912,710	55,534,996	66,977,153
Securities			
Issued or Guaranteed by Canada	25,344,189	12,559,449	6,217,395
Issued or Guaranteed by Province	499,842	6,197,648	8,184,824
Other Securities	109,600,302	111,002,945	106,968,071
	135,444,333	129,760,042	121,370,290
Loans			
Personal and Credit Card Loans	34,388,620	25,251,930	17,898,085
Residential Mortgages	1,294,171,827	1,116,647,294	992,158,261
Other Mortgages	39,918,677	36,758,286	38,748,332
General Allowance for Credit Losses	(8,618,035)	(7,555,880)	(6,463,013)
	1,359,861,089	1,171,101,630	1,042,341,665
Other			
Mortgage-Backed Securities Receivable	14,112,377	10,375,022	6,790,133
Capital Assets	2,197,898	2,194,806	2,068,665
Deferred Development Costs	2,467,067	2,767,067	3,065,571
Other Assets (Note 3)	23,929,393	22,555,007	19,711,769
	42,706,735	37,891,902	31,636,138
	\$ 1,619,924,867	\$ 1,394,288,570	\$ 1,262,325,246
LIABILITIES			
Senior Term Loans	\$ -	\$ -	\$ 8,000,000
Term Loan	10,000,000	10,000,000	
Subordinated Term Loan (Note 5)	5,000,000		
Subordinated Secured Loan	-	5,000,000	5,000,000
Deposits and Borrowings			
Payable on Demand	9,241,436	12,207,188	9,274,385
Payable on a Fixed Date	1,404,914,279	1,202,971,991	1,095,498,068
	1,429,155,715	1,230,179,179	1,117,772,453
Other			
Cheques and Other Items in Transit	10,474,793	5,825,939	5,821,766
Other Liabilities (Note 4)	74,309,954	63,697,117	53,889,812
	84,784,747	69,523,056	59,711,578
	1,513,940,462	1,299,702,235	1,177,484,031
SHAREHOLDERS' EQUITY			
Capital stock	31,571,690	31,930,215	31,994,008
Retained earnings	74,412,715	62,656,120	52,847,207
	105,984,405	94,586,335	84,841,215
	\$ 1,619,924,867	\$ 1,394,288,570	\$ 1,262,325,246

Consolidated Statements of Changes in Shareholders' Equity

	(Unaudited) For the Three Months Ended		(Unaudited) For the Six Months Ended	
	June 30	June 30	June 30	June 30
	2003	2002	2003	2002
CAPITAL STOCK				
Class A Convertible Shares				
Balance at Beginning of Period	\$ 576,295	\$ 576,295	\$ 576,295	\$ 1,390,000
Conversion to Class B Subordinated Voting Shares	(576,295)	-	(576,295)	(813,705)
Balance at End of Period	\$ -	\$ 576,295	\$ -	\$ 576,295
Class B Subordinated Voting Shares				
Balance at Beginning of Period	\$ 30,982,470	\$ 31,384,368	\$ 31,353,920	\$ 29,906,523
Conversion from Class A Convertible Shares	576,295	-	576,295	813,705
Proceeds of Options Exercised	89,125	189,060	121,875	875,100
Redemption of Shares	(76,200)	(155,715)	(480,400)	(177,615)
Balance at End of Period	\$ 31,571,690	\$ 31,417,713	\$ 31,571,690	\$ 31,417,713
Total Capital Stock	\$ 31,571,690	\$ 31,994,008	\$ 31,571,690	\$ 31,994,008
RETAINED EARNINGS				
Balance at the Beginning of the Period	\$ 68,176,912	\$ 48,243,543	\$ 62,656,120	\$ 43,906,002
Net Income for the Period	6,864,085	5,071,090	12,885,707	9,805,050
Dividends Paid During the Period	-	-	(500,830)	(396,419)
Dividends Declared During the Period	(628,282)	(467,426)	(628,282)	(467,426)
BALANCE AT END OF THE PERIOD	\$ 74,412,715	\$ 52,847,207	\$ 74,412,715	\$ 52,847,207

Consolidated Statements of Cash Flows

	(Unaudited) Three Months Ended		(Unaudited) Six Months Ended	
	June 30	June 30	June 30	June 30
	2003	2002	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income for the Period	\$ 6,864,085	\$ 5,071,090	\$ 12,885,707	\$ 9,805,050
Add (Deduct) Items not Affecting Cash:				
Future Income Taxes	(678,659)	879,930	(55,436)	986,065
Amortization of Capital Assets	178,706	218,398	336,324	408,062
Amortization of Securities	20,930	(77,377)	141,393	(180,161)
Amortization of Deferred Financing Costs	14,906	30,579	27,717	61,157
Amortization of Deferred Development Costs	150,000	149,432	300,000	298,144
Provision for Credit Losses	681,000	888,000	1,781,000	1,548,000
Change in Accrued Interest Receivable	(135,193)	(143,505)	(757,461)	(269,863)
Change in Accrued Interest Payable	(249,323)	698,447	6,899,993	4,351,240
Loss on Sale of Securities	1,725,761	2,519,510	1,416,334	2,516,757
Gain on Sale of Mortgage-Backed Securities	(1,583,573)	(559,873)	(3,503,182)	(1,259,327)
Change in Mortgage-Backed Securities Receivable	1,089,080	458,159	1,891,181	966,791
Change in Other Assets	575,517	(2,632,037)	(577,680)	(2,107,848)
Change in Cheques and Other Items in Transit	2,026,356	105,847	4,648,854	1,163,347
Change in Other Liabilities	3,018,864	462,223	3,642,765	329,677
Cash Provided by Operating Activities	13,698,457	8,068,823	29,077,509	18,617,091
FINANCING ACTIVITIES				
Issuance of Subordinated Term Loan	-	-	5,000,000	-
Repayments for Subordinated Secured Loan	-	-	(5,000,000)	-
Deferred Financing Costs	(350)	-	(66,962)	-
Net Increase in Deposits and Borrowings	96,497,753	123,820,838	198,976,536	109,651,779
Issuance of Capital Stock	89,125	189,060	121,875	875,100
Normal Course Issuer Bid	(76,200)	(155,715)	(480,400)	(177,615)
Dividends Paid	(500,830)	(396,419)	(1,003,597)	(879,619)
Cash Provided by Financing Activities	96,009,498	123,457,764	197,547,452	109,469,645
INVESTING ACTIVITIES				
Activity in Securities				
Purchases	(10,786,739)	(25,822,155)	(47,687,283)	(41,964,670)
Proceeds on Sales	17,403,070	15,329,573	24,462,997	15,329,573
Proceeds on Maturities	11,937,810	520,606	15,982,268	2,386,706
Activity in Mortgages				
Net Increase	(135,721,369)	(86,630,072)	(259,596,531)	(115,969,878)
Proceeds from Securitization of Mortgage-Backed Securities	35,265,708	15,623,243	76,429,779	33,212,747
Net Increase in Personal and Credit Card Loans	(6,192,233)	(3,298,990)	(9,499,061)	(3,796,261)
Purchases of Capital Assets	(191,087)	(226,807)	(339,416)	(308,555)
Cash Used in Investing Activities	(88,284,840)	(84,504,602)	(200,247,247)	(111,110,338)
Net Increase in Cash and Cash Equivalents	21,423,115	47,021,985	26,377,714	16,976,398
Cash and Cash Equivalents at the Beginning of the Period	60,489,595	19,955,168	55,534,996	50,000,755
Cash and Cash Equivalents at the End of the Period	\$ 81,912,710	\$ 66,977,153	\$ 81,912,710	\$ 66,977,153
Supplementary Disclosure of Cash Flow Information				
Amount of Interest Paid During the Period	\$ 16,127,146	\$ 12,862,603	\$ 23,957,440	\$ 22,172,641
Amount of Income Taxes Paid During the Period	2,105,828	2,625,784	4,122,922	3,719,075

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, 2002, as set out in the 2002 Annual Report on pages 33 through 47. 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. STOCK-BASED COMPENSATION

The Company provides compensation to certain employees and directors in the form of stock options. The Company has not recognized any expense 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.

All options granted on or after January 1, 2002 will be accounted for using the fair value method. The fair value of the future grants is determined using the Black-Scholes Options Pricing model, and disclosed over the applicable vesting period. The amount of the additional compensation expense for this period would be an increase to salaries and benefits of \$228,210 and a decrease to net income in the amount of \$144,640.

In the first quarter of 2002 options were issued to employees based on a vesting period tied to the achievement of a performance condition. These contingently issuable shares have satisfied the necessary performance condition for the vesting period, and therefore 117,500 options have been included in the calculation of fully-diluted earnings per share.

3. OTHER ASSETS

	June 30 2003	December 31 2002	June 30 2002
Accrued Interest Receivable	\$ 8,438,799	\$ 7,681,338	\$ 7,236,113
Income Taxes Receivable	-	-	2,044,172
Deferred Agent Commission	5,537,716	5,162,462	4,698,881
Goodwill	2,323,914	2,323,914	2,323,914
Other Prepaid Assets and Deferred Items	7,628,964	7,387,293	3,408,689
	23,929,393	22,555,007	19,711,769

4. OTHER LIABILITIES

	June 30 2003	December 31 2002	June 30 2002
Accrued Interest Payable	\$ 54,105,891	\$ 47,205,898	\$ 40,936,199
Income Taxes Payable	1,526,674	437,624	-
Dividends Payable	628,282	502,767	467,426
Deferred Commitment Fees	3,382,830	2,309,699	1,752,260
Future Income Taxes	6,829,084	6,884,520	6,248,287
Other, Including Accounts Payable and Accrued Liabilities	7,837,193	6,356,609	4,485,640
	74,309,954	63,697,117	53,889,812

5. SUBORDINATED TERM LOAN

On January 23, 2003 the Company received \$5.0 million from Canadian Western Bank ("Canadian Western") to repay a \$5.0 million subordinated secured loan with Surrey Metro Savings Credit Union. The loan from Canadian Western is for a term of five years, payable on July 10, 2007 with interest calculated at the bank's prime lending rate, plus 4.0%. The collateral for this loan includes: a promissory note from the Company; a general security agreement, subject only to permitted encumbrances not exceeding the \$10.0 million granted by the Company in favour of the "first security" to Canadian Western; a secondary pledge of all the issued and outstanding shares in the capital of Home Trust Company; and assignment to Canadian Western of \$5.0 million in subordinated notes issued to Home Trust Company.

6. SECURITIES REDEMPTION

On May 26, 2003 Royal Bank called their Series K preferred shares for redemption. The redemption price was allocated between proceeds of disposition and a deemed dividend. These securities were held in the subsidiary Home Trust Company for investment purposes. Home Trust Company held 200,000 preferred shares of Royal Bank with a book value of \$8.1 million (\$40.49 per share). The redemption price of \$39.13 per share for \$7.8 million was allocated as follows:

- a) \$1.6 million deemed dividend of which was not taxable for Home Trust Company
- b) \$6.2 million proceeds of disposition of the shares

This resulted in a loss on the sale of the securities of \$1.9 million which was recorded in the results for the period ending June 30, 2003.

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
Robert A. Mitchell
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*

Rod Adams
Senior Vice President

Nick Kyprianou
Senior Vice President

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, Ontario

Corporate Counsel
*Home Capital Group Inc.
Home Trust Company*

Torys LLP and
Gowling Lafleur Henderson LLP

Transfer Agent
Computershare Trust Company
of Canada
100 University Avenue
Toronto, Ontario M5J 2Y1
Tel: (416) 981-9633
1-800-663-9097

Capital Stock
As at June 30, 2003 there were
16,749,195 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
Robert A. Mitchell

Sheila L. Ross
Gerald M. Soloway
W. Roy Vincent

BRANCHES

Toronto

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

Sr. Vice President, Mortgage Lending
Nick Kyprianou

Vice President
Brian R. Mosko

Asst. Vice Presidents, Toronto Office
Hugh Anderson
James Hill

Managers, Mortgage Lending
Alix Burbidge
Laurie Chalabardo
Bobby Ramgoolam

Retail Credit Services

Asst. Vice President, Sales
Cathy Boon
Tel: (416) 775-5072

Visa

*Senior Director, VISA Credit Card
Services*
Michael Marlowe
Tel: (416) 775-5045

Equity Plus Visa

Manager, Equity Plus VISA
Karen Minns
Tel: (416) 775-5097

Hamilton

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

Asst. Vice President, Hamilton Office
Marguerite Ryan

Manager, Mortgages
Brad Hamilton

St. Catharines

P.O.Box 1554
15 Church Street, Suite 100
St. Catharines, Ontario L2R 7J9
Tel: (905) 688-3131
1-888-771-9913
Fax: (905) 688-0534
1-888-771-9914

Calgary

5920 MacLeod Trail S.W.
Suite 501
Calgary, Alberta T2H 0K2
Tel: (403) 244-2432
1-866-235-3081
Fax: (403) 244-6542

Senior Manager, Mortgages
Larry Frondall

Vancouver

200 Granville Street,
Suite 1288
Vancouver, B.C. V6C 1S4
Tel: (604) 484-4663
1-866-235-3080
Fax: (604) 484-4664

Asst. Vice President, Mortgages
Heather Flegg

Halifax

Duke Tower
5251 Duke Street, Suite 1205
Halifax, Nova Scotia B3J 1P3
Tel: (902) 422-4387
1-888-306-2421
Fax: (902) 422-8891

*Regional Manager, Mortgage
Lending*
Scott Cogndon
Jeff Ayer

For Shareholder Information,
Please Contact:

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

Websites

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

Home Capital Group Inc. 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.