



HOME CAPITAL GROUP INC.

Third Quarter Report September 30, 2003

Financial Highlights

(Unaudited) For the Period Ended September 30	Three Months Ended		Nine Months Ended	
	2003	2002	2003	2002
OPERATING RESULTS				
Net Income	\$ 7,885,169	\$ 5,248,998	\$ 20,770,876	\$ 15,054,048
Total Revenue	37,151,916	29,193,865	102,932,409	82,193,829
Net Investment Margin (TEB) **	3.68%	3.57%	3.66%	3.66%
Earnings per Share - Basic	\$ 0.47	\$ 0.32	\$ 1.24	\$ 0.92
- Fully Diluted	0.46	0.31	1.21	0.87
Return on Shareholders' Equity	28.77%	24.14%	26.64%	24.43%
Return on Average Assets	1.86%	1.63%	1.75%	1.64%
Productivity Ratio (Non-interest Expense/Net Interest Income plus Fee Income)	38.91%	42.70%	42.29%	44.61%

GROWTH IN BUSINESS

Total Assets	\$ 1,763,638,062	\$ 1,316,033,669
Loans	1,515,969,723	1,090,885,230
Deposits and Borrowings	1,548,228,632	1,146,644,922
Common Shareholders' Equity	113,292,135	89,095,891
Mortgage Backed-Security Assets Under Administration	239,942,105	119,001,382

FINANCIAL STRENGTH

Capital Measures

Risk Adjusted Assets*	\$ 917,990,000	\$ 714,491,000
Tier 1 Capital Ratio*	11.71%	11.59%
Total Capital Ratio*	14.21%	14.56%

Credit Quality

Net Impaired Loans % of Gross Loans	0.32%	0.46%
Allowance % of Gross Impaired Loans	186.29%	136.09%
Annualized Provision % of Gross Loans	0.25%	0.31%

Share Information

Book Value per Common Share	\$ 6.76	\$ 5.38
Common Share Price – Close	25.40	12.75
Market Capitalization	425,569,253	211,093,590

* 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 Reports Robust Growth In Earnings and Assets

Home Capital Group Inc. (TSX: HCG.B) once again sustained its record of outstanding financial performance and growth with increases in earnings, earnings per share, and total assets in the third quarter of 2003. The Company has now **completed quarter-over-quarter increases in earnings for 33 consecutive quarters.**

- Net earnings increased 50.2% to \$7.9 million for the three month period ended September 30, 2003, compared with \$5.3 million for the same quarter in 2002. For the first nine months of 2003, net earnings rose 38.0% to \$20.8 million from the \$15.1 million recorded for the same period one year earlier.
- Total assets were \$1.76 billion at September 30, 2003. This represents growth of 34.0% over total assets one year earlier, and 8.9% over total assets at June 30, 2003.
- Return on equity for the third quarter was 28.8%, compared to 24.1% for the same period in 2002; and 26.6% for the first nine months of 2003.
- During the quarter, the Company issued an additional \$43.9 million in MBS pooled residential mortgages, generating \$2.4 million in revenues. The comparable figures for the same period in 2002 were \$33.8 million and \$1.4 million respectively. The MBS portfolio administered by Home Trust reached \$239.9 million at September 30, 2003.

The growth of the Company's core residential mortgage business has been enhanced through the first nine months of 2003. The total value of new mortgages advanced during this period was \$765.2 million, compared with \$453.0 million during the same nine months last year, representing an increase of more than 65%. While Home Capital's performance has been supported by the strength of new housing construction and continued low interest rates in Canada, it is primarily a reflection of the continuing success of the Company's increased market penetration, and the execution of its strategy.

Beginning in 2002, Home Trust Company expanded its mortgage underwriting and development teams and focused on delivering unparalleled levels of service to its valued mortgage broker network. Meanwhile, Home Trust has steadily expanded its network of mortgage brokers and pursued other opportunities to increase its market presence. During this quarter, Home Trust signed an agreement with Royal Bank of Canada whereby they will refer mortgage applicants who do not fully meet the banks lending criteria. This is the Company's second such agreement with a major Canadian financial institution and it is expected to provide additional opportunities to increase market share.

Notwithstanding its sustained growth in assets, the Company continues to adhere to highly-effective underwriting and risk management techniques. Net impaired loans at September 30, 2003 represented 0.32% of the total portfolio, compared with 0.33% at June 30, 2003 and down from 0.46% as at September 30, 2002.

During the quarter, Home Trust acquired a \$25.4 million portfolio consisting of 159 first mortgages from the Bank of Nova Scotia. This well seasoned, conservative and profitable portfolio consisted of 41% residential, apartments and store and apartments; and 59% non-residential, primarily retail establishments and small commercial businesses.

Looking ahead to the fourth quarter of 2003 and beyond, the Company believes that its strong performance will continue for the balance of the year and into 2004.

GERALD M. SOLOWAY
President & Chief Executive Officer
October 23, 2003

WILLIAM A. DIMMA
Chairman of the Board

Management's Discussion and Analysis of Operating Performance

Income

Interest and dividend income in the third quarter of 2003 increased by 25.9% or \$6.5 million over the third quarter of 2002. For the nine months ending September 30, income grew by 20.2% or \$15.1 million over September 2002. This increase is largely attributable to the growth in the mortgage portfolio, which generated increased interest income of \$5.5 million over the same three months last year and \$13.1 million over the same nine month period in 2002. The Company's consumer lending line of business contributed a total of \$1.6 million in interest income in this quarter compared to \$1.0 million in the quarter-end September 30, 2002. For the nine month period, interest income from consumer lending was \$4.3 million, up \$1.5 million over the same period one year earlier.

Dividends from securities increased by \$0.1 million over the three months ending September 2002 and decreased by \$0.2 million over the same nine 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. A preferred share redemption in 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 for the nine month period in the (Loss) on Sale of Securities and Redemption 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 that is received by the Company. Net interest income (on a taxable equivalent basis) was \$15.6 million, up \$4.1 million from the \$11.5 million reported in the third quarter of the prior year, and \$43.3 million, up \$9.6 million from the \$33.7 million reported for the nine months of 2002.

This increase was the result of the growth of the loan portfolio, which averaged \$1.44 billion for the quarter ending September 30, 2003 as compared to \$1.07 billion for the same quarter of 2002. The nine month period averages were \$1.34 billion for 2003 compared to \$1.02 billion in 2002. The interest spread on the core business of loan lending over deposit taking remained the same quarter over quarter at 3.7% for September 30, 2003 and 2002, and declined slightly to 3.6% in nine months of 2003, from 3.7% reported in the same period of the previous year.

Provision for Credit Losses

The Company expensed \$1.1 million in the third quarter and \$2.9 million year-to-date as provisions for credit losses compared to \$1.0 and \$2.5 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 \$9.5 million at quarter-end, an increase of \$1.9 million over the \$7.6 million at December 31, 2002 and a \$2.5 million rise over the \$7.0 million allowance at September 30, 2002.

Non-Interest Income

Total non-interest income was \$5.6 million for the quarter and \$12.9 million for the nine months, an increase of \$1.5 million and \$5.6 million from the same periods in 2002. The consumer lending line of business contributed \$1.1 million in fee income in the third quarter and \$2.8 million for the nine month period compared to \$0.8 and \$2.5 million in the previous year.

The Company issued four Mortgage-Backed Security (MBS) pools in the third quarter consisting of \$43.9 million of Canada Mortgage and Housing Corporation insured residential mortgages for a total of \$122.4 million in securitizations for 2003 year-to-date. This represents an increase of \$54.2 million over the \$68.2 million total in the same nine month period of 2002. Gains of \$2.6 million were realized for the quarter and \$6.1 million for the nine months of 2003, compared to \$1.7 million and \$2.9 million in 2002. Total MBS funds under administration by Home Trust at the end of this quarter were \$239.9 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 September 30, 2003 were \$8.0 million, an increase of 25.6% or \$1.6 million over the third quarter of 2002 and up by 26.9% or \$5.0 million over the nine months ended September 30, 2002. The consumer lending operation non-interest expenses increased to \$1.6 million for this quarter and \$4.3 million for the nine months, as compared to \$1.3 million and \$4.1 million for last year.

Salaries and staff benefits rose by \$0.8 million or 31.7% over the quarter ended September 2002 and \$2.5 million or 33.7% over the same nine months of 2002. This growth is the result of additional hires required to support the continued growth of the core mortgage lending business.

General and administrative expenses increased by \$0.7 million or 21.6% over the third quarter of the previous year and \$2.1 million or 20.8% over the nine month period last year. This increase is primarily related to variable expenses that are volume driven. Growth in the mortgage lending business has increased the need for deposits, which in turn has increased deposit commissions and referral expenses.

The productivity ratio, which is defined as non-interest expenses as a percentage of total revenues less the interest expense, decreased to 38.9% for the quarter and 42.3% year-to-date, an improvement when compared to the 42.7% and 44.6% experienced in the third quarter and nine 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 to prevent interest rate fluctuations from materially impacting future earnings. During the second quarter the Company sold \$10.0 million of Government of Canada 4.5% bonds maturing September 1, 2007. These were sold short with the intent of hedging the bonds against the issuance of Mortgage-Backed Securities (MBS) in this quarter. These funds were invested in a short-term instrument until the next MBS pool was completed and sold. In the third quarter, the hedge was closed, resulting in a gain of \$32,000. The Company did not enter into any other hedging transactions in the third quarter.

Credit Risk

The provision for credit losses expensed during the third quarter was \$1.1 million, which is up from \$0.7 million expensed in the second quarter of this year, and \$1.0 million in the third quarter of last year. The credit quality of the loan portfolio remains strong with total net impaired loans (NILs), at \$4.9 million for September 30, 2003 compared to \$4.2 million on December 31, 2002 and \$5.0 million at September 30, 2002. These levels equate to NILs of 0.32% of the total loan portfolio for this quarter, down from 0.35% on December 31, 2002 and 0.46% at the September 30, 2002 quarter-end.

The composition of the Company's mortgage portfolio consists of 95.8% residential, 2.9% store and apartments, and 1.3% non-residential. Within the residential mortgage portfolio, 7.9% is insured by Canada Mortgage and Housing Corporation. First mortgages represent 99.7% of the total mortgage portfolio. The increase in the non-residential portfolio is related to a \$25.4 million portfolio purchased from the Bank of Nova Scotia in this quarter, 94.1% of which was non-residential. This portfolio is well seasoned and provides a yield of 8.3% with an average term duration of two years.

The gross credit card receivable balance is comprised of \$22.9 million in accounts secured by cash deposits or residential mortgage collateral, and \$5.4 million is unsecured. The total credit approved is comprised of \$35.1 million in secured and \$7.0 million in unsecured accounts. Security deposits on VISA accounts amounted to \$12.7 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 \$15.2 million of the credit card receivable balance.

Consumer retail loans receivable were \$11.9 million, an increase of \$3.1 million or 35.2% over the \$8.8 million reported the December 2002 quarter end and up 77.6% or \$6.7 million from September 2002.

Total Company losses realized on loans for the third quarter are \$313,000 as compared to \$549,000 experienced in the third quarter of 2002. Losses realized on loans year-to-date are \$1.0 million. Almost all these losses are related to the unsecured consumer lending operation with the mortgage lending operation experiencing losses of \$7,000. Last year's losses for the nine month period consisted of \$1.3 million for the consumer lending operation and \$5,000 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 \$9.5 million at September 30, 2003 as compared to the general allowances of \$7.0 million at September 30, 2002. The Company increased the total general allowance to 103.2 basis points of the Company's risk-weighted assets up from 100.1 basis points on December 31, 2002 and 97.5 basis points at September 30, 2002.

Capital Management

The Company's capital base continues to be strong. The tier 1 capital ratio of 11.7% was up from 11.6% at September 30, 2002. The total capital ratio was 14.2% for this quarter compared to 14.5% and 14.6% for December 31, 2002 and the third quarter of last year, respectively. This decrease in the total capital ratio is because of the strong growth in risk weighted assets by 28.5% while capital grew by 25.4% over the same twelve month period. However, these ratios remain 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 September 30, 2003 were \$1.76 billion, an increase of \$447.6 million, or 34.0% over the \$1.32 billion reported one year ago and up \$369.3 million or 26.5% over the year ending December 31 2002. The loan portfolio growth of \$425.1 million or 39.0% contributed to the majority of the year-over-year asset increase. Residential mortgages contributed \$385.3 million to the loan portfolio growth and consumer lending added \$18.1 million. Other mortgages (non-residential) increased by \$24.2 million due to the mortgage portfolio purchased from the Bank of Nova Scotia during the third quarter. Mortgage-Backed Securities receivables added \$7.5 million to total assets. Deferred development costs from the establishment of the credit card operation decreased by \$0.6 million over September 30, 2002 resulting from the ongoing amortization of this asset. The Company's investment portfolio increased by \$29.1 million, partially funded by a decrease in cash resources of \$17.0 million. The Company's liquid assets, which consist of bank deposits, treasury bills, bankers' acceptance and governments bonds and debentures, increased from \$70.2 million at September 30, 2002 to \$82.1 million at September 30, 2003. The composition of liquid assets moved from shorter term treasury bills and bankers' acceptance to government bonds with higher yields and maturities not exceeding five years.

Other assets increased by \$3.7 million, consisting of accrued interest receivable, deferred agent commissions, goodwill, and other prepaid and deferred assets (Note 3). Deferred agent commissions increased alongside the growth in deposits and borrowings. Commissions are amortized over the terms of deposits, and lengthening deposit terms have correspondingly increased the deferred asset.

Liabilities in this quarter rose to \$1.65 billion, an increase of \$423.4 million or 34.5% over the \$1.23 billion reported at September 30, 2002 and \$350.6 million or 27.0% over year-end 2002. The majority of this year-over-year increase is related to the growth in deposits and borrowings of \$401.6 million; the increase in liabilities funded most of the loan portfolio growth, with retained earnings of the Company funding the remaining loan growth. Other liabilities increased by \$24.1 million, or 37.8% over the \$64.0 million reported at September 30, 2002. This increase was largely the result of increases in accrued interest payable of \$14.3 million relating to the growth in deposits and borrowings. Accounts payable and accrued liabilities contributed \$5.1 million and the increase in deferred commitment fees added \$2.1 million, due to the growth of the mortgage loan portfolio (Note 4).

Shareholders' equity climbed to \$113.3 million, an increase of \$24.2 million or 27.2% over the \$89.1 million at September 30, 2002 and \$18.7 million, or 19.8% 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 \$26.3 million, less \$2.3 million of dividends paid and payable to shareholders.

Outlook

Home Capital continues to explore opportunities in the Canadian financial services marketplace that build on its core competencies in residential mortgage lending, and related services. For example, the Company recently purchased a conservative profitable \$25.4 million mortgage portfolio from the Bank of Nova Scotia. Home Trust Company has entered into a new arrangement with Regency Finance Corp., a Canadian company based in Toronto, for Home Trust to be Regency's agent in offering second mortgage loans to homebuyers based in Ontario. This new service will serve borrowers who require additional purchase financing, or who wish to refinance their residential property up to 85% of the current market value and will provide Home Trust with fee revenue.

Home Capital expects that low inflation, the strengthened Canadian dollar and attractive interest rates will continue. The Company is confident that the strong earnings momentum 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, and into 2004.

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 (000s)

	Consumer Lending								Total
	Mortgage Business		Retail Services & Credit Cards		Other*		Sept. 30 2003	Sept. 30 2002	
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30			
	2003	2002	2003	2002	2003	2002			
Net Interest Income	\$ 11,432	\$ 8,081	\$ 1,370	\$ 904	\$ 2,146	\$ 1,791	\$ 14,948	\$ 10,776	
Provisions for Credit Losses	(798)	(385)	(302)	(598)	-	-	(1,100)	(983)	
Fees and Other Income	1,986	1,618	1,098	822	-	-	3,084	2,440	
(Loss) Gain on Securities & Mortgage-Backed Securities	2,575	1,665	-	-	(52)	32	2,523	1,697	
Non-interest Expense	(4,394)	(4,101)	(1,553)	(1,309)	(2,052)	(957)	(7,999)	(6,367)	
Net Income (Loss) Before Provision for Income Taxes	10,801	6,878	613	(181)	42	866	11,456	7,563	
Provision for Income Taxes	(3,331)	(2,048)	(225)	70	(15)	(336)	(3,571)	(2,314)	
Net Income (Loss)	\$ 7,470	\$ 4,830	\$ 388	\$ (111)	\$ 27	\$ 530	\$ 7,885	\$ 5,249	

(Unaudited) For the Nine Months Ended (000s)

	Consumer Lending								Total
	Mortgage Business		Retail Services & Credit Cards		Other*		Sept. 30 2003	Sept. 30 2002	
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30			
	2003	2002	2003	2002	2003	2002			
Net Interest Income	\$ 31,130	\$ 24,306	\$ 3,612	\$ 2,550	\$ 7,801	\$ 7,271	\$ 42,543	\$ 34,127	
Provisions for Credit Losses	(1,926)	(1,184)	(955)	(1,347)	-	-	(2,881)	(2,531)	
Fees and Other Income	5,559	4,403	2,767	2,468	-	-	8,326	6,871	
(Loss) Gain on Securities & Mortgage-Backed Securities	6,078	2,925	-	-	(1,469)	(2,485)	4,609	440	
Non-interest Expense	(14,119)	(11,164)	(4,255)	(4,096)	(5,089)	(3,226)	(23,463)	(18,486)	
Net Income (Loss) Before Provision for Income Taxes	26,722	19,286	1,169	(425)	1,243	1,560	29,134	20,421	
Provision for Income Taxes	(7,480)	(4,926)	(428)	165	(455)	(606)	(8,363)	(5,367)	
Net Income (Loss)	\$ 19,242	\$ 14,360	\$ 741	\$ (260)	\$ 788	\$ 954	\$ 20,771	\$ 15,054	

*Other - includes other investments and corporate activities

Consolidated Statements of Income

	(Unaudited) Three Months Ended		(Unaudited) Nine Months Ended	
	September 30 2003	September 30 2002	September 30 2003	September 30 2002
Income				
Interest from Loans	\$ 29,086,705	\$ 23,013,790	\$ 81,280,534	\$ 66,727,720
Dividends from Securities (Note 6)	1,410,437	1,322,830	6,001,903	6,251,337
Other Interest	1,047,960	719,888	2,714,857	1,903,972
	31,545,102	25,056,508	89,997,294	74,883,029
Interest Expense				
Interest on Deposits & Borrowings	16,597,156	14,280,857	47,454,589	40,755,861
Net Interest Income	14,947,946	10,775,651	42,542,705	34,127,168
Provision for Credit Losses	1,100,000	983,000	2,881,000	2,531,000
	13,847,946	9,792,651	39,661,705	31,596,168
Non-interest Income				
Fees and Other Income	3,084,274	2,439,856	8,325,727	6,870,729
Securitization Gains on Mortgage-Backed Securities	2,574,932	1,665,449	6,078,114	2,924,776
(Loss) on Sale and Redemption of Securities (Note 6)	(52,392)	32,052	(1,468,726)	(2,484,705)
	5,606,814	4,137,357	12,935,115	7,310,800
	19,454,760	13,930,008	52,596,820	38,906,968
Non-interest Expenses				
Salaries and Staff Benefits	3,358,484	2,549,908	9,831,648	7,352,389
Premises	438,865	363,288	1,305,051	933,366
General and Administration	4,201,246	3,454,016	12,325,820	10,200,209
	7,998,595	6,367,212	23,462,519	18,485,964
INCOME BEFORE INCOME TAXES	11,456,165	7,562,796	29,134,301	20,421,004
Income Taxes				
Current	3,019,814	1,003,071	7,867,679	3,070,164
Deferred	551,182	1,310,727	495,746	2,296,792
	3,570,996	2,313,798	8,363,425	5,366,956
NET INCOME	\$ 7,885,169	\$ 5,248,998	\$ 20,770,876	\$ 15,054,048
NET INCOME PER CLASS A AND CLASS B SHARE:				
Basic	\$0.47	\$0.32	\$1.24	\$0.92
Fully Diluted	\$0.46	\$0.31	\$1.21	\$0.87
AVERAGE NUMBER OF CLASS A AND CLASS B SHARES OUTSTANDING				
Basic	16,755,671	16,507,616	16,757,283	16,427,613
Fully Diluted	17,282,011	17,310,939	17,206,648	17,401,780
Total Number Of Outstanding Class A and B Shares	16,754,695	16,556,360	16,754,695	16,556,360
Book Value Per Share	\$6.76	\$5.38	\$6.76	\$5.38

Consolidated Balance Sheets

	(Unaudited) September 30 2003	(Audited) December 31 2002	(Unaudited) September 30 2002
ASSETS			
Cash Resources			
Deposits with Regulated Financial Institutions	\$ 26,058,258	\$ 24,580,055	\$ 39,732,060
Treasury Bills Guaranteed by Government	26,964,947	30,954,941	30,260,018
	53,023,205	55,534,996	69,992,078
Securities			
Issued or Guaranteed by Canada	35,568,798	12,559,449	998,792
Issued or Guaranteed by Province	499,862	6,197,648	8,188,209
Other Securities	111,743,165	111,002,945	109,501,087
	147,811,825	129,760,042	118,688,088
Loans			
Personal and Credit Card Loans	39,324,687	25,251,930	21,223,563
Residential Mortgages	1,423,718,776	1,116,647,294	1,038,431,839
Other Mortgages	62,399,464	36,758,286	38,193,168
General Allowance for Credit Losses	(9,473,204)	(7,555,880)	(6,963,340)
	1,515,969,723	1,171,101,630	1,090,885,230
Other			
Mortgage-Backed Securities Receivable	16,313,566	10,375,022	8,829,595
Capital Assets	2,094,659	2,194,806	2,303,284
Deferred Development Costs	2,317,067	2,767,067	2,916,319
Other Assets (Note 3)	26,108,017	22,555,007	22,419,075
	46,833,309	37,891,902	36,468,273
	\$ 1,763,638,062	\$ 1,394,288,570	\$ 1,316,033,669
LIABILITIES			
Senior Term Loans	\$ -	\$ -	\$ 1,322,015
Term Loan	10,000,000	10,000,000	10,000,000
Subordinated Term Loan (Note 5)	4,000,000		
Subordinated Secured Loan	-	5,000,000	5,000,000
Deposits and Borrowings			
Payable on Demand	7,692,048	12,207,188	7,513,959
Payable on a Fixed Date	1,540,536,584	1,202,971,991	1,139,130,963
	1,562,228,632	1,230,179,179	1,162,966,937
Other			
Cheques and Other Items in Transit	7,299,469	5,825,939	6,294,155
Other Liabilities (Note 4)	80,817,826	63,697,117	57,676,686
	88,117,295	69,523,056	63,970,841
	1,650,345,927	1,299,702,235	1,226,937,778
SHAREHOLDERS' EQUITY			
Capital stock	31,622,740	31,930,215	31,477,813
Retained earnings	81,669,395	62,656,120	57,618,078
	113,292,135	94,586,335	89,095,891
	\$ 1,763,638,062	\$ 1,394,288,570	\$ 1,316,033,669

Consolidated Statements of Changes in Shareholders' Equity

	(Unaudited) For the Three Months Ended		(Unaudited) For the Nine Months Ended	
	September 30	September 30	September 30	September 30
	2003	2002	2003	2002
CAPITAL STOCK				
Class A Convertible Shares				
Balance at Beginning of Period	\$ -	\$ 576,295	\$ 576,295	\$ 1,390,000
Conversion to Class B Subordinated Voting Shares	-	-	(576,295)	(813,705)
Balance at End of Period	\$ -	\$ 576,295	\$ -	\$ 576,295
Class B Subordinated Voting Shares				
Balance at Beginning of Period	\$ 31,571,690	\$ 31,417,713	\$ 31,353,920	\$ 29,906,523
Conversion from Class A Convertible Shares	-	-	576,295	813,705
Proceeds of Options Exercised	51,050	48,875	172,925	923,975
Redemption of Shares	-	(565,070)	(480,400)	(742,685)
Balance at End of Period	31,622,740	30,901,518	31,622,740	30,901,518
Total Capital Stock	\$ 31,622,740	\$ 31,477,813	\$ 31,622,740	\$ 31,477,813
RETAINED EARNINGS				
Balance at the Beginning of the Period	\$ 74,412,715	\$ 52,847,207	\$ 62,656,120	\$ 43,906,002
Net Income for the Period	7,885,169	5,248,998	20,770,876	15,054,048
Dividends Paid During the Period	-	-	(1,129,112)	(863,845)
Dividends Declared During the Period	(628,489)	(478,127)	(628,489)	(478,127)
BALANCE AT END OF THE PERIOD	\$ 81,669,395	\$ 57,618,078	\$ 81,669,395	\$ 57,618,078

Consolidated Statements of Cash Flows

	(Unaudited) Three Months Ended		(Unaudited) Nine Months Ended	
	September 30 2003	September 30 2002	September 30 2003	September 30 2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income for the Period	\$ 7,885,169	\$ 5,248,998	\$ 20,770,876	\$ 15,054,048
Add (Deduct) Items not Affecting Cash:				
Future Income Taxes	551,182	1,310,727	495,746	2,296,792
Amortization of Capital Assets	198,733	242,345	535,057	650,407
Amortization of Securities	(41,182)	131,380	100,211	(48,781)
Amortization of Deferred Financing Costs	14,542	40,845	42,259	102,002
Amortization of Deferred Development Costs	150,000	149,252	450,000	447,396
Provision for Credit Losses	1,100,000	983,000	2,881,000	2,531,000
Change in Accrued Interest Receivable	(860,568)	(285,641)	(1,618,029)	(555,504)
Change in Accrued Interest Payable	2,690,722	1,596,648	9,590,715	5,947,888
Loss on Sale of Securities	52,392	(32,052)	1,468,726	2,484,705
Gain on Sale of Mortgage-Backed Securities	(2,574,932)	(1,665,449)	(6,078,114)	(2,924,776)
Change in Mortgage-Backed Securities Receivable	1,377,785	537,355	3,268,966	1,504,146
Change in Other Assets	(1,332,598)	(2,257,158)	(1,910,278)	(4,365,006)
Change in Cheques and Other Items in Transit	(3,175,324)	472,389	1,473,530	1,635,736
Change in Other Liabilities	3,265,761	868,797	6,908,526	1,198,475
Cash Provided by Operating Activities	9,301,682	7,341,436	38,379,191	25,958,528
FINANCING ACTIVITIES				
Issuance of Subordinated Term Loan	-	-	5,000,000	-
Repayments for Subordinated Secured Loan	-	-	(5,000,000)	-
Repayment of Term Loans	(1,000,000)	(6,677,985)	(1,000,000)	(6,677,985)
Issuance of Term Loan	-	10,000,000	-	10,000,000
Deferred Financing Costs	-	(205,352)	(66,962)	(205,352)
Net Increase in Deposits and Borrowings	134,072,917	41,872,469	333,049,453	151,524,248
Issuance of Capital Stock	51,050	48,875	172,925	923,975
Normal Course Issuer Bid	-	(565,070)	(480,400)	(742,685)
Dividends Paid	(628,282)	(467,426)	(1,631,879)	(1,347,045)
Cash Provided by Financing Activities	132,495,685	44,005,511	330,043,137	153,475,156
INVESTING ACTIVITIES				
Activity in Securities				
Purchases	(32,693,205)	(25,349,920)	(80,380,488)	(67,314,590)
Proceeds on Sales	16,757,880	26,689,916	41,220,877	42,019,489
Proceeds on Maturities	3,556,623	1,242,879	19,538,891	3,629,584
Activity in Mortgages				
Net Increase	(170,476,842)	(79,407,567)	(430,073,373)	(195,377,445)
Proceeds from Securitization of Mortgage-Backed Securities	42,853,322	32,859,425	119,283,101	66,072,172
Purchased Mortgages	(25,387,669)	-	(25,387,669)	-
Net Increase in Personal and Credit Card Loans	(5,201,487)	(3,889,791)	(14,700,548)	(7,686,052)
Purchases of Capital Assets	(95,494)	(476,964)	(434,910)	(785,519)
Cash Used in Investing Activities	(170,686,872)	(48,332,022)	(370,934,119)	(159,442,361)
Net Increase in Cash and Cash Equivalents	(28,889,505)	3,014,925	(2,511,791)	19,991,323
Cash and Cash Equivalents at the Beginning of the Period	81,912,710	66,977,153	55,534,996	50,000,755
Cash and Cash Equivalents at the End of the Period	\$ 53,023,205	\$ 69,992,078	\$ 53,023,205	\$ 69,992,078
Supplementary Disclosure of Cash Flow Information				
Amount of Interest Paid During the Period	\$ 13,906,434	\$ 12,684,209	\$ 37,863,874	\$ 34,856,850
Amount of Income Taxes Paid During the Period		999,870		4,718,945

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 \$270,675 and a decrease to net income in the amount of \$171,555.

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

	September 30 2003		December 31 2002		September 30 2002
Accrued Interest Receivable	\$ 9,299,367	\$	7,681,338	\$	7,521,754
Income Taxes Receivable	-		-		1,369,835
Deferred Agent Commission	5,991,184		5,162,462		5,307,408
Goodwill	2,323,914		2,323,914		2,323,914
Other Prepaid Assets and Deferred Items	8,493,552		7,387,293		5,896,164
	\$ 26,108,017	\$	22,555,007	\$	22,419,075

4. OTHER LIABILITIES

	September 30 2003		December 31 2002		September 30 2002
Accrued Interest Payable	\$ 56,796,613	\$	47,205,898	\$	42,532,847
Income Taxes Payable	1,735,638		437,624		-
Dividends Payable	628,489		502,767		478,127
Deferred Commitment Fees	4,012,532		2,309,699		1,951,153
Future Income Taxes	7,380,266		6,884,520		7,559,014
Other, Including Accounts Payable and Accrued Liabilities	10,264,288		6,356,609		5,155,545
	\$ 80,817,826	\$	63,697,117	\$	57,676,686

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
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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
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Capital Stock
As at September 30, 2003 there
were 16,754,695 Class B Shares
outstanding

Stock Listing
Toronto Stock Exchange
Ticker Symbol: HCG.B

HOME TRUST COMPANY
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Directors

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Chairman of the Board

William A. Dimma
Harvey F. Kolodny
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Robert A. Mitchell

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Asst. Vice Presidents, Toronto Office
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James Hill

Managers, Mortgage Lending
Laurie Chalabardo
Pierre Lafleur
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Agostino Tuzi

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*Regional Managers, Mortgage
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Scott Cogndon
Jeff Ayer

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