



HOME CAPITAL REPORTS YEAR-OVER-YEAR EARNINGS PER SHARE GROWTH OF 43% IN Q2 2019

Toronto, August 7, 2019 - Home Capital Group Inc. ("Home Capital" or "the Company") (TSX: HCG) today reported financial results for the three and six months ended June 30, 2019. This press release should be read in conjunction with the Company's 2019 Second Quarter Report including Financial Statements and Management's Discussion and Analysis ("MD&A"), which are available on Home Capital's website at www.homecapital.com and on SEDAR at www.sedar.com.

"Our performance this quarter is a clear demonstration of the success we can achieve by focusing on providing excellent service to our clients," said Yousry Bissada, President and Chief Executive Officer. "We are pleased that investing in our relationships, growing our Oaken deposit base and improving our technological capabilities are starting to be reflected in our operating results to generate sustainable long-term benefits."

Net Income: Earnings of 53 cents per share up 43.2% from 37 cents per share in Q2 2018

- **Net income** of \$31.9 million or 53 cents per share, compared with \$27.8 million or 45 cents per share for Q1 2019 and \$29.6 million or 37 cents per share for Q2 2018
- **Adjusted net income** of \$34.7 million or 58 cents per share, up 56.8% from 37 cents per share in Q2 2018 after adjusting for items of note related to implementing our IT Roadmap
- **Net interest margin** of 2.09% compared with 2.01% in Q1 2019 and 1.91% in Q2 2018
- **Non-interest expenses** of \$61.7 million compared with \$60.0 million in Q1 2019 and \$55.4 million in Q2 2018, an increase of 2.8% from Q1 2019 and 11.3% from Q2 2018
- **Expense growth** attributed to a higher number of active employees as well as increased operating expenses associated with the Company's IT Roadmap that are adjusted as an item of note. There were no items of note in Q2 2018.

Asset Growth: Positive year-over-year growth in mortgage originations of 3.8% and total loans of 9.0%

- **Mortgage originations** of \$1.28 billion in Q2 2019, compared with \$1.22 billion in Q1 2019 and \$1.23 billion in Q2 2018
- **Single-family mortgage originations** of \$1,050.4 million in Q2 2019, compared with \$933.2 million in Q1 2019 and \$949.3 million in Q2 2018
- **Total loans** at the end of the quarter of \$16.84 billion, an increase of 1.0% from Q1 2019 and 9.0% over Q2 2018
- **Loans under administration** of \$22.90 billion down 0.9% from Q1 2019 and up 1.7% from Q2 2018

Funding: Deposits through our Oaken channel exceed \$3 billion

- **Total deposits** of \$13.51 billion compared with \$13.57 billion at the end of Q1 2019 and \$12.50 billion at the end of Q2 2018
- **Total Oaken deposits** of \$3.12 billion, an increase of 5.5% from the end of Q1 2019 and 28.2% from the end of Q2 2018
- **Oaken's share of total deposits** was 23.1% at the end of Q2 2019 compared with 21.8% at the end of Q1 2019 and 19.5% at the end of Q2 2018

Credit Quality: Annualized credit provisions of 0.15% of gross loans compared with 0.17% in Q2 2018

- **Total provision for credit losses (PCL)** of \$6.1 million in Q2 2019 compared with \$6.1 million in Q1 2019, and \$6.5 million in Q2 2018
- **Provision expense** of 0.15% of gross loans on an annualized basis compared with 0.15% in Q1 2019 and 0.17% in Q2 2018

- **Net write-offs** as a percentage of gross loans of 0.09% compared with 0.02% in Q1 2019 and 0.05% in Q2 2018
- **Net non-performing loans** (represented by Stage 3 loans under IFRS 9) as a percentage of gross loans at 0.47% at the end of Q2 2019 compared with 0.49% at the end of Q1 2019 and 0.34% at the end of Q2 2018

Return of Capital

Effective January 2, 2019, Home Capital commenced a normal course issuer bid ("NCIB") to permit the purchase of common shares of Home Capital ("Common Shares") through the facilities of the Toronto Stock Exchange (the "TSX"), designated exchanges and alternative trading systems. The price that Home Capital will pay for any Common Shares will be the market price of such Common Shares at the time of acquisition or such other price as may be permitted.

Under the NCIB, Home Capital may purchase for cancellation up to 4,753,517 of its Common Shares, representing approximately 10% of its public float as of December 21, 2018, calculated in accordance with TSX rules.

As at August 2, 2019, Home Capital had purchased approximately 3.5 million Common Shares under the NCIB at an average price of approximately \$18.05 per Common Share. Purchases under the NCIB will terminate on January 1, 2020, or on such earlier date as Home Capital may complete its purchases pursuant to the Notice of Intention submitted to the TSX.

Outlook

Home Capital believes that the conditions in the Canadian real estate market will continue to support stable, profitable growth for the balance of 2019. "We have made substantial progress in our operations in the first half of 2019", said Mr. Bissada. "As we continue to execute our strategy of excellent customer service and strategic capital deployment, all within our sustainable risk culture, Home Capital has a significant opportunity to create long-term shareholder value."



YOUSRY BISSADA
President and Chief Executive Officer
August 7, 2019



PAUL DERKSEN
Chair of the Board

The Company's 2019 Second Quarter Report, including Management's Discussion and Analysis, for the three months ended June 30, 2019 is available at www.homecapital.com and on the Canadian Securities Administrators' website at www.sedar.com.

Second Quarter 2019 Results Conference Call and Slide Presentation Webcast

The conference call will take place on Wednesday, August 7, 2019, at 8:00 a.m. ET. Participants are asked to call approximately 10 minutes in advance at toll-free 1-844-899-4831 throughout North America. The conference ID number is 4580727. Participants calling from outside of North America may dial 1-647-689-5401. The call will also be accessible in listen-only mode on Home Capital's website at www.homecapital.com in the Investor Relations section of the website.

Conference Call Archive

A telephone replay of the call will be available between 11:00 a.m. ET Wednesday, August 7, 2019 and midnight ET Wednesday, August 14, 2019 by calling 1-800-585-8367 (enter passcode 4580727). The archived audio webcast will be available for 90 days on Home Capital's website at www.homecapital.com.

Financial Highlights

(000s, except Percentage and Per Share Amounts)	For the three months ended			For the six months ended	
	June 30 2019	March 31 2019	June 30 2018	June 30 2019	June 30 2018
INCOME STATEMENT HIGHLIGHTS					
Net Interest Income	\$ 97,534	\$ 91,778	\$ 84,129	\$ 189,312	\$ 172,229
Net Interest Margin (TEB ¹)	2.09%	2.01%	1.91%	2.06%	1.97%
Efficiency Ratio (TEB ¹)	55.4%	57.7%	54.5%	56.5%	52.0%
Adjusted Efficiency Ratio (TEB ¹) ²	51.9%	54.7%	54.5%	53.3%	52.0%
Provision for Credit Losses	\$ 6,079	\$ 6,060	\$ 6,487	\$ 12,139	\$ 12,455
Provision as a Percentage of Gross Loans (annualized)	0.15%	0.15%	0.17%	0.15%	0.16%
Net Income	\$ 31,907	\$ 27,823	\$ 29,606	\$ 59,730	\$ 64,192
Adjusted Net Income ²	34,721	30,152	29,606	64,873	64,192
Diluted Earnings per Share	\$ 0.53	\$ 0.45	\$ 0.37	\$ 0.98	\$ 0.80
Adjusted Diluted Earnings per Share ²	0.58	0.49	0.37	1.06	0.80
Return on Shareholders' Equity (annualized)	7.7%	6.8%	6.4%	7.3%	7.0%
Adjusted Return on Shareholders' Equity (annualized) ²	8.4%	7.3%	6.4%	7.9%	7.0%
ORIGINATIONS					
Total Mortgage Originations	\$ 1,276,655	\$ 1,216,066	\$ 1,230,208	\$ 2,492,721	\$ 2,389,436
Single-Family Residential Mortgage Originations	1,050,370	933,220	949,339	1,983,590	1,819,029
As at					
	June 30 2019	March 31 2019	June 30 2018		
BALANCE SHEET HIGHLIGHTS					
Total Assets	\$ 18,521,742	\$ 18,501,204	\$ 17,935,799		
Total Assets Under Administration ³	24,584,880	24,935,030	25,001,732		
Total Loans ⁴	16,838,383	16,678,384	15,447,928		
Total Loans Under Administration ^{3,4}	22,901,521	23,112,210	22,513,861		
Deposits	\$ 13,514,411	\$ 13,565,828	\$ 12,496,704		
Demand Deposits	518,107	459,659	411,056		
FINANCIAL STRENGTH					
Capital Measures⁵					
Common Equity Tier 1 Capital Ratio	19.49%	18.99%	23.21%		
Leverage Ratio	7.77%	7.60%	8.96%		
Credit Quality					
Net Non-Performing Loans as a Percentage of Gross Loans	0.47%	0.49%	0.34%		
NPL Allowance as a Percentage of Gross NPL ⁶	24.3%	23.8%	26.1%		
Share Information					
Book Value per Common Share	\$ 27.80	\$ 27.00	\$ 23.40		
Number of Common Shares Outstanding	59,264	61,031	80,246		

¹ See definition of Taxable Equivalent Basis (TEB) under Non-GAAP Measures in the Company's 2019 Second Quarter Report.

² See definition of Adjusted Efficiency Ratio, Adjusted Net Income, Adjusted Diluted Earnings per Share, and Adjusted Return on Shareholders' Equity under Non-GAAP Measures in the Company's 2019 Second Quarter Report and the Reconciliation of Net Income to Adjusted Net Income in Table 1 of the Company's 2019 Second Quarter Report.

³ Total assets and loans under administration include both on- and off-balance sheet amounts.

⁴ Total loans include loans held for sale and are presented gross of allowance for credit losses.

⁵ These figures relate to the Company's operating subsidiary, Home Trust Company.

⁶ NPL indicates non-performing loans, defined as Stage 3 loans under IFRS 9 *Financial Instruments*. See definition of impaired or non-performing loans under Glossary of Terms in the Company's 2019 Second Quarter Report.

Caution Regarding Forward-looking Statements

From time to time Home Capital Group Inc. makes written and verbal forward-looking statements. These are included in the Annual Report, periodic reports to shareholders, regulatory filings, press releases, Company presentations and other Company communications. Forward-looking statements are made in connection with business objectives and targets, Company strategies, operations, anticipated financial results and the outlook for the Company, its industry, and the Canadian economy. These statements regarding expected future performance are “financial outlooks” within the meaning of National Instrument 51-102. Please see the risk factors, which are set forth in detail in the Risk Management section of the 2019 Second Quarter Report, as well as the Company’s other publicly filed information, which is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com, for the material factors that could cause the Company’s actual results to differ materially from these statements. These risk factors are material risk factors a reader should consider, and include credit risk, liquidity and funding risk, structural interest rate risk, operational risk, investment risk, strategic risk, reputational risk, compliance risk and capital adequacy risk along with additional risk factors that may affect future results. Forward-looking statements can be found in the Report to the Shareholders and the Outlook section in the 2019 Second Quarter Report. Forward-looking statements are typically identified by words such as “will,” “believe,” “expect,” “anticipate,” “intend,” “should,” “estimate,” “plan,” “forecast,” “may,” and “could” or other similar expressions.

By their very nature, these statements require the Company to make assumptions and are subject to inherent risks and uncertainty, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited 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. The preceding list is not exhaustive of possible factors.

These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Company presents forward-looking statements to assist shareholders in understanding the Company’s assumptions and expectations about the future that are relevant in management’s setting of performance goals, strategic priorities and outlook. The Company presents its outlook to assist shareholders in understanding management’s expectations on how the future will impact the financial performance of the Company. These forward-looking statements may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf, except as required by securities laws.

Assumptions about the performance of the Canadian economy in 2019 and its effect on Home Capital’s business are material factors the Company considers when setting strategic priorities and outlook. In determining expectations for economic growth, both broadly and in the financial services sector, the Company primarily considers historical and forecasted economic data provided by the Canadian government and its agencies and other third-party providers. In setting and reviewing its strategic priorities and outlook for the remainder of 2019, management continues to assume:

- The Canadian economy is expected to be relatively stable in 2019. However, it will continue to be influenced by economic conditions in the United States and global markets, including the impact from trade relations; the Company is prepared for potential volatility.
- Stable employment conditions in the Company’s established regions. Also, the Company expects inflation will generally be within the Bank of Canada’s target of 1% to 3%, leading to stable credit losses and demand for the Company’s lending products in its established regions.
- The Bank of Canada overnight interest rate will remain stable in 2019.
- Current and expected levels of housing activity indicate a relatively stable real estate market overall and in particular for the Company’s key Greater Toronto Area (GTA) market. Please see Market Conditions under the 2019 Outlook in the Company’s 2019 Second Quarter Report for more discussion on the Company’s expectations for the housing market.
- Debt service levels of Canadian households will remain manageable in 2019; however, high levels of consumer debt make the economy more vulnerable in the event of an increase in interest rates and any economic weakness.
- Access to the mortgage and deposit markets through broker networks will be maintained.

Non-GAAP Measures

The Company has adopted IFRS as its accounting framework. IFRS are the generally accepted accounting principles (GAAP) for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Company uses a number of financial measures to assess its performance. Some of these measures are not calculated in accordance with GAAP, are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. Definitions of non-GAAP measures can be found under Non-GAAP Measures in the Management's Discussion and Analysis included in the Company's 2019 Second Quarter Report.

Regulatory Filings

The Company's continuous disclosure materials, including interim filings, annual Management's Discussion and Analysis and audited consolidated financial statements, Annual Information Form, Notice of Annual Meeting of Shareholders, and Proxy Circular are available on the Company's website at www.homecapital.com and on the Canadian Securities Administrators' website at www.sedar.com.

About Home Capital

Home Capital Group Inc. is a public company, traded on the Toronto Stock Exchange (HCG), operating through its principal subsidiary, Home Trust Company. Home Trust is a federally regulated trust company offering residential and non-residential mortgage lending, securitization of insured residential mortgage products, consumer lending and credit card services. In addition, Home Trust offers deposits via brokers and financial planners, and through a direct to consumer brand, Oaken Financial. Home Trust also conducts business through its wholly owned subsidiary, Home Bank. Licensed to conduct business across Canada, we have offices in Ontario, Alberta, British Columbia, Nova Scotia, Quebec and Manitoba.

FOR FURTHER INFORMATION:

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