

HOME CAPITAL REPORTS FIRST QUARTER 2020 RESULTS

Home Capital reports net income of \$27.7 million or \$0.52 per share

Toronto, May 07, 2020 - Home Capital Group Inc. ("Home Capital" or "the Company") (TSX: HCG) today reported financial results for the three months ended March 31, 2020. This press release should be read in conjunction with the Company's 2020 First Quarter Report including Financial Statements and Management's Discussion and Analysis which are available on Home Capital's website at www.homecapital.com and on SEDAR at www.sedar.com.

"Home Capital is committed to supporting our employees, our customers and our community in this rapidly evolving economic environment," said Yousry Bissada, Chief Executive Officer. "The COVID-19 pandemic has created an unprecedented challenge. I am proud of how our team has adapted to these changes while working harder than ever to serve our customers."

Net Income: \$0.52 per share in Q1 2020 compared with \$0.65 in Q4 2019

- **Net income** of \$27.7 million or \$0.52 per share in Q1 2020, compared with \$37.2 million or \$0.65 per share in Q4 2019 and \$27.8 million or \$0.45 per share in Q1 2019.
- **Adjusted net income** of \$29.9 million or \$0.56 per share in Q1 2020, down 22.2% from \$0.72 per share in Q4 2019 and up 14.3% from \$0.49 per share in Q1 2019. Results are adjusted for items of note related to implementing our Ignite Program.
- **Net interest margin** of 2.38% in Q1 2020, compared with 2.31% in Q4 2019 and 2.01% in Q1 2019.
- **Non-interest expenses** of \$59.5 million, compared with \$68.9 million in Q4 2019 and \$60.0 million in Q1 2019.

Asset Growth: Mortgage originations in line with Q4 2019

- **Mortgage originations** of \$1.62 billion in Q1 2020, compared with \$1.62 billion in Q4 2019 and \$1.22 billion in Q1 2019.
- **Single-family mortgage originations** of \$1.05 billion in Q1 2020, compared with \$1.21 billion in Q4 2019 and \$0.93 billion in Q1 2019.
- **Total loan portfolio** of \$17.12 billion at the end of Q1 2020, a decrease of 0.2% from the end of Q4 2019 and an increase of 3.8% from the end of Q1 2019.
- **Loans under administration** of \$23.04 billion at the end of Q1 2020, up 0.4% from the end of Q4 2019 and down 0.3% from the end of Q1 2019.

Funding: Deposits through our Oaken channel of \$3.47 billion make up 24.9% of total deposits

- **Total deposits** of \$13.95 billion at the end of Q1 2020, compared with \$13.72 billion at the end of Q4 2019 and \$13.57 billion at the end of Q1 2019.
- **Total Oaken deposits** of \$3.47 billion at the end of Q1 2020, an increase of 3.1% from the end of Q4 2019 and 17.6% from the end of Q1 2019.
- **Oaken's share of total deposits** was 24.9% at the end of Q1 2020, compared with 24.6% at the end of Q4 2019 and 21.7% at the end of Q1 2019.

Credit Quality: Credit provisions of 0.70% of gross loans compared with 0.09% in Q4 2019 and 0.15% in Q1 2019

- **Total provision for credit losses ("PCL")** of \$30.2 million, an increase of 674.4%, compared with \$3.9 million in Q4 2019 and an increase of 397.9% compared with \$6.1 million in Q1 2019.
- **Allowance for credit losses** of 0.53% of gross loans, compared with 0.36% in Q4 2019 and 0.34% in Q1 2019.
- **Net write-offs** as a percentage of gross loans of 0.03% in Q1 2020, compared to 0.04% in Q4 2019 and 0.02% in Q1 2019.

- **Net non-performing loans** (represented by Stage 3 loans under IFRS 9) were 0.36% of gross loans at the end of Q1 2020, compared with 0.44% at the end of Q4 2019 and 0.49% at the end of Q1 2019.
- **Residential mortgage and other loan deferrals** consist of 1,014 loans with a balance of \$271.9 million as at the end of Q1 2020 and 9,903 loans with a balance of \$3,933.6 million as at April 30, 2020.

Return of Capital to Shareholders

On January 15, 2020, the Company repurchased for cancellation 4,392,386 common shares at a purchase price of \$34.15 per share totaling \$150 million under its substantial issuer bid ("SIB"). Effective February 25, 2020, Home Capital commenced a normal course issuer bid ("NCIB") to permit the repurchase of common shares of Home Capital ("Common Shares") through the facilities of the Toronto Stock Exchange, designated exchanges and alternative trading systems. As of March 31, 2020, Home Capital had completed the repurchase of 655,547 Common Shares, at a cost of \$17.0 million. During the first quarter of 2020, the Company commenced the purchase of treasury shares for future settlement of obligations for share-based compensation. During the quarter, the Company purchased 517,880 Common Shares as treasury shares for \$14.1 million. Effective March 13, 2020, the Company has suspended the repurchase of Common Shares under the NCIB.

Outlook

Home Capital believes that the impact of COVID-19 on its operations will depend on the duration of lockdown conditions, the effectiveness of relief programs at mitigating the economic effects on our customers and the resulting impact on the markets for real estate and consumer credit. The allowance for expected credit losses ("ECL") is sensitive to the inputs used in models, including macroeconomic variables in the forward-looking scenarios and their respective probability weightings as at the reporting date, among other factors. The Company's ECL was determined as of March 31, 2020 based on forecasts and other information available at that date, as IFRS 9 does not permit the use of hindsight in measuring ECL. Since that date, forecasts around the impact of COVID-19 on the economy and the timing of recovery have continued to evolve. Any changes in forward-looking information subsequent to March 31, 2020 will be reflected in the measurement of ECL in future quarters as appropriate. This may add significant volatility to ECL.

"At Home Capital, our strength lies in our values and our sustainable risk culture," said Mr. Bissada. "We will continue to be there for all our stakeholders, and we are confident that we have the resources and talent to meet this challenge."

First Quarter 2020 Results Conference Call and Slide Presentation Webcast

The conference call will take place on Thursday, May 7, 2020, at 8:00 a.m. EDT. Participants are asked to call approximately 10 minutes in advance at toll-free 1-833-979-2704 throughout North America. Participants calling from outside of North America may dial 1-236-714-2209 (enter passcode 8899416). 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. EDT Thursday, May 7, 2020 and midnight EDT Thursday, May 14, 2020 by calling 1-800-585-8367 or 1-416-621-4642 (enter passcode 8899416). The archived audio webcast will be available for 90 days on Home Capital's website at www.homecapital.com.

Financial Highlights

For the three months ended

	March 31 2020	December 31 2019	March 31 2019	Year-over-Year Change
INCOME STATEMENT HIGHLIGHTS				
Net Interest Income	\$ 114,452	\$ 109,887	\$ 91,778	24.7%
Net Interest Margin (TEB ¹)	2.38%	2.31%	2.01%	37 bps
Efficiency Ratio (TEB ¹)	46.7%	55.6%	57.7%	(1,100) bps
Adjusted Efficiency Ratio (TEB ¹) ²	44.4%	51.3%	54.7%	(1,030) bps
Provision as a Percentage of Gross Loans (annualized)	0.70%	0.09%	0.15%	55 bps
Net Write-Offs as a Percentage of Gross Loans (annualized)	0.03%	0.04%	0.02%	1 bps
Net Income	\$ 27,716	\$ 37,236	\$ 27,823	(0.4)%
Adjusted Net Income ²	29,876	41,153	30,152	(0.9)%
Diluted Earnings per Share	\$ 0.52	\$ 0.65	\$ 0.45	15.6%
Adjusted Diluted Earnings per Share ²	0.56	0.72	0.49	14.3%
Return on Shareholders' Equity (annualized)	6.9%	9.0%	6.8%	10 bps
Adjusted Return on Shareholders' Equity (annualized) ²	7.5%	9.9%	7.3%	20 bps
ORIGINATIONS				
Total Mortgage Originations	\$ 1,617,212	\$ 1,619,890	\$ 1,216,066	33.0%
Single-Family Residential Mortgage Originations	1,049,755	1,206,791	933,220	12.5%

As at

	March 31 2020	December 31 2019	March 31 2019	YTD Growth/ (Decline)
BALANCE SHEET HIGHLIGHTS				
Total Assets	\$ 19,419,266	\$ 19,157,597	\$ 18,501,204	1.4%
Total Assets Under Administration ³	25,066,754	24,792,643	24,935,030	1.1%
Total Loan Portfolio ⁴	17,124,597	17,153,810	16,498,505	(0.2)%
Total Loans Under Administration ³	23,036,283	22,955,512	23,112,210	0.4%
Deposits	13,952,347	13,716,306	13,565,828	1.7%
FINANCIAL STRENGTH				
Capital Measures⁵				
Common Equity Tier 1 Capital Ratio	17.73%	17.64%	18.99%	
Leverage Ratio	7.03%	7.07%	7.60%	
Credit Quality				
Net Non-Performing Loans as a Percentage of Gross Loans	0.36%	0.44%	0.49%	
NPL Allowance as a Percentage of Gross NPL ⁶	34.3%	25.2%	23.8%	
Share Information				
Book Value per Common Share	\$ 29.44	\$ 29.33	\$ 27.00	
Number of Common Shares Outstanding	51,805	57,346	61,031	

¹ See definition of Taxable Equivalent Basis (TEB) under Non-GAAP Measures in the Company's 2020 First Quarter Financial 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 2020 First Quarter Report and the Reconciliation of Net Income to Adjusted Net Income in Table 1 of the Company's 2020 First Quarter Report.

³ Total assets and loans under administration include both on- and off-balance sheet amounts. Total on-balance sheet loans include loans held for sale and are presented gross of allowance for credit losses.

⁴ Total loan portfolio is presented gross of allowance for credit losses and excludes loans held for sale.

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 2020 First 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 2020 First 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 2020 First 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 the impacts of the novel coronavirus disease (COVID-19) pandemic and government responses to it, 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, climate change, 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 2020 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 2020, management made certain assumptions about the Canadian economy, employment conditions, interest rates, levels of housing activity, household debt service levels and the Company’s continued access to broker mortgage and deposit markets. These assumptions are discussed in greater detail in the Company’s 2019 Annual Report.

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on each of these assumptions. There can be no assurance that they continue to be valid. Given the rapid pace of change, it is premature to make further assumptions about these matters. The full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the Canadian economy and the Company’s business is highly uncertain and difficult to predict at this time. Please see the Risk Management section of the Company’s 2020 First Quarter Report for more information.

The Company expects, however, that the disruption in financial markets due to COVID-19 will likely result in an adverse impact on its business. The extent of such an impact will depend on the duration of the conditions related to the COVID-19 outbreak and related government actions adopted in response, including restrictions imposed to limit the spread of COVID-19 and policies adopted to mitigate the economic impact of COVID-19.

The Company recognizes that COVID-19 is creating unprecedented challenging circumstances. The Company also understands that as a community, everyone must work together to do everything possible to minimize the spread of COVID-19. As a result, the Company has taken measures to ensure that nearly all employees are able to work remotely and maintain normal business functions. The Company’s teams are fully operational and prepared to support borrower and depositor needs. The Company’s retail stores and satellite offices are temporarily closed and access to the Company’s head office in Toronto has been restricted. As of this date there have been no changes to the Company’s access to broker mortgage and deposit markets and the Company is continuing to originate and fund new mortgages as well as renew existing mortgages.

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 2020 First 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 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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