

## **Home Trust Company to Acquire CFF Bank**

Acquisition creates Schedule I bank subsidiary of Home Trust

Supports Home Trust's long-term plan to achieve greater funding diversification

Home Trust's strong and conservative capital position maintained

TORONTO, August 10, 2015 /CNW/ - Home Capital Group Inc. (TSX: HCG) ("Home Capital" or the "Company") today announced an agreement under which the Company will acquire, through its principal subsidiary Home Trust, all outstanding common shares of CFF Bank, a Schedule I bank under the *Bank Act* (Canada), from MonCana Capital Corporation, a wholly owned subsidiary of Canadian First Financial Group ("CFFG"). The purchase is a private all-cash transaction. The Company will pay a total consideration based upon the book value of CFF Bank at the time of closing, plus adjustments. It is expected the purchase price will be approximately \$15 million. The transaction is not expected to have a material impact on earnings.

CFF Bank is a Canadian retail bank offering deposit, mortgage and personal banking products. CFF Bank distributes these products through a number of channels, including through 37 owner-managed locations across Canada called Canadian First Financial Centres.

Gerald Soloway, CEO of Home Capital, said, "The acquisition of CFF Bank represents a major step towards realizing our long-term plan to achieve greater funding diversification at Home Trust. We look forward to welcoming to the Home Capital family CFF Bank's customers and network of CFF Centre owners in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, as well as members of the CFF Bank staff. We are committed to demonstrating to these new partners the superior service Home Trust is known for."

The acquisition and subsequent integration of a Schedule I bank and Canada Deposit Insurance Corporation (CDIC) member into Home Trust helps the Company further develop its deposit diversification initiatives much sooner than would have been expected if the Company continued to pursue its previously announced plans to apply for a separate Schedule I bank license, as described in a November 10, 2014 Home Capital press release.

In addition to the compelling opportunity to diversify deposits, the acquisition of CFF Bank will also help Home Capital to:

- Build relationships with the 37 Canadian First Financial Centres, which have proven successful at developing new business and originating insured and uninsured mortgages through their mortgage affiliates;
- Add potential new banking products; and
- Add assets of approximately \$235 million and \$1.4 billion in loans under administration.

Home Trust will acquire CFF Bank, while the 37 owner-managed Centres will continue to be overseen by CFFG. CFFG and Home Trust have reached a separate agreement to provide a growing distribution network for Home Trust's mortgages, loans and credit cards under the CFF Bank brand name at the Canadian First Financial Centres across Canada.

In addition to its deposit and personal banking operations, CFF Bank targets residential single family insured mortgages, making it an ideal fit within the Company's current strategy to grow its presence as Canada's leading alternative financial institution serving an established, but underserved and growing, market niche. Furthermore, Home Trust will maintain its strong and conservative capital position, while building on the Company's potential to continue delivering strong shareholder returns.

Home Capital has developed a comprehensive plan to integrate CFF Bank's operations upon close of the transaction, including CFF Bank's control functions. As part of this process, the team leading the CFF Bank integration will also work closely with the Home Capital team leading the implementation of enhanced loan document verification processes across the Company's businesses.

"Our efforts to integrate CFF Bank's operations will in no way impede our efforts to manage the recently disclosed situation with Home Capital mortgage originations," said Martin Reid, President of Home Capital. "Our team will continue to focus on those initiatives."

Home Capital also notes that there is no crossover between CFFG's broker relationships and the brokers recently suspended by Home Trust.

The proposed transaction is subject to customary closing conditions, including approval by CFFG shareholders, the Competition Bureau and, the federal Minister of Finance. The transaction is expected to close in Fall 2015.

*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 first mortgage products, consumer lending and credit card services. In addition, Home Trust offers deposits via brokers and financial planners, and through its direct to consumer deposit brand, Oaken Financial. Licensed to conduct business across Canada, Home Trust has offices in Ontario, Alberta, British Columbia, Nova Scotia, Quebec and Manitoba.*

#### Caution Regarding Forward-looking Statements

*This press release contains forward-looking information within the meaning of applicable Canadian securities legislation. Please refer to the Home Capital's 2014 Annual Report, available on Home Capital's website at [www.homecapital.com](http://www.homecapital.com), and on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com), for Home Capital's Caution Regarding Forward-looking Statements.*

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For further information: Gerald M. Soloway, CEO, or Martin Reid, President, 416-360-4663,  
[www.homecapital.com](http://www.homecapital.com)