

Mandate of the Risk and Capital Committee

Home Capital Group Inc. Home Trust Company Home Bank

The Risk & Capital Committee (the “Committee”) is responsible for promoting and setting the tone for the Corporation’s sustainable risk culture that stresses, integrity, ethics and compliance and to provide oversight of all significant risks to the Corporation and the management of such risks.

The Committee is responsible for providing independent oversight and challenge to management. In addition, the Committee is responsible for oversight of the independence and effectiveness of the Enterprise Risk Management (“ERM”) function.

1. Enterprise Risk Framework and Risk Appetite

- Review, challenge and recommend to the Board for approval, the Risk Appetite Framework (including the Risk Appetite Statement and Risk Limits) of the Corporation, including quantitative key risk indicators and qualitative key risk principles;
- Approve and oversee the Corporation’s Risk Management Policy and Framework, ensuring that it is tailored to the Corporation’s business activities and operations and appropriate relative to the risk profile of the Corporation, its strategic plan and its operating environment;
- Provide challenge, advice and guidance on and approve the Corporation’s risk and capital policies, ensuring that they are aligned with and guided by the Corporation’s Risk Appetite Framework;
- Ensure that the Corporation’s risk appetite is part of the decision-making processes of management and the Board and that appropriate risk is taken in accordance with the Corporation’s risk appetite;
- Monitor the quality and soundness of the Corporation’s risk culture and reputation through risk culture surveys, reports from the enterprise risk management function and such other approaches deemed appropriate by the Committee;
- Review the effectiveness of the Corporation’s risk and capital practices including an annual assessment by the ERM function of the Corporation’s performance against the risk appetite statement of the Corporation;
- Regularly, review adherence to internal risk and capital policies;

2. Oversight of the Enterprise Risk Management Function

- Provide leadership in the effective governance and oversight of the Corporation’s risk profile;
- Discuss and recommend to the Board for approval the appointment or dismissal of the Chief Risk Officer;
- At least annually, review the mandate of the Chief Risk Officer. After review, if advisable, the Committee shall approve and recommend to the Board for approval the mandate of the Chief Risk Officer;

- Review the Chief Risk Officer’s annual attestation of independence;
- Review the succession plan for the Chief Risk Officer;
- At least annually, review the organizational structure, resources and budget of the ERM function and ensure that it has adequate authority, status and visibility, independence and resources to carry out its mandate;
- Annually assess the effectiveness of the ERM function and the performance and compensation of the Chief Risk Officer;
- Oversee and review the results of independent periodic benchmarking reviews of the ERM Function to assess the appropriateness of resources, budget, overall effectiveness and independence of the ERM function;

3. Identification and Management of Risk

- Provide challenge, advice and guidance to management on the policies and procedures applicable to the identification, management and mitigation of the Corporation’s principle risks including credit, market, liquidity and funding, operational, reputational, political, strategic, compliance and capital management risks;
- Regularly review and challenge reports from management to maintain an understanding of the top and emerging risks of the Corporation;
- Regularly review reports from the Technology Transformation Advisory Committee to consider the potential impacts of material information technology and cyber risks;
- Provide challenge, advice and guidance on stress testing and risk models developed by management to address capital, liquidity and other risks;
- Review and discuss any material changes to the Corporation’s strategy or other strategic initiatives and any corresponding impact on the Corporation’s risk appetite;
- Satisfy itself as to the approach for identifying, measuring, monitoring, managing and mitigating material exceptions to the risk policies of the Corporation as well as the process for addressing exceptions and breaches;
- At least annually, hold a joint meeting with the Human Resources and Compensation Committee to review the major compensation programs of the Corporation to ensure that program design and awards align with sound risk management principles and practices;
- At least annually, hold a joint meeting with the Audit and Conduct Review Committee to review major risks and internal controls;
- Review changes to key regulatory and legal requirements related to risk management;
- At least annually, review the mandate of the Committee.