
HOME CAPITAL GROUP INC.

BOARD OF DIRECTORS

INDEPENDENCE POLICY

The Board of Directors (the “**Board**”) of Home Capital Group Inc. (the “**Corporation**”) has adopted the independence standards set out in this policy. These standards are derived from the standards under applicable securities laws as to when a director qualifies as “**independent**”, as well as the standards under applicable financial institution regulations as to when a director qualifies as “**affiliated**”. In order to qualify as independent under this policy, a director must be both independent and not affiliated with the Corporation under those rules. To the extent that any provision of National Instrument 52-110, or of the *Affiliated Persons (Trust and Loan Companies) Regulations* or the *Affiliated Persons (Banks) Regulations* (together, the “**Financial Institution Regulations**”) is modified, amended or interpreted after the date these standards were last reviewed by the Board, any standards of this policy that are derived from that provision is automatically modified, amended or interpreted, as the case may be, to have the same effect.

COMPOSITION

A majority of the Board shall be independent as set out herein. All members of the Audit Committee, the Human Resources and Compensation Committee and the Governance, Nominating and Conduct Review Committee shall be independent in accordance with these standards. The Board has discretion regarding any requirement for independent membership for the Risk and Capital Committee and other standing and ad hoc committees of the Board.

BOARD DETERMINATION

A director is considered independent only where the Board affirmatively determines that the director has no material relationship with the Corporation, including as a partner, shareholder, or officer of an organization that has a material relationship with the Corporation. A “**material relationship**” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment and includes an indirect material relationship. The Board shall make a determination concerning the independence of a director each year at the time the Board approves director nominees for inclusion in the Corporation’s Management Information Circular, as well as at such other time when a director becomes a member of the Board.

INDEPENDENCE STANDARDS

In determining whether a director is independent, the Board shall apply the Standards set out below.

- 1 A director who is, or whose spouse is, an employee or executive officer of the Corporation or its affiliates is not independent.
- 2 A director who has been within the last three years an employee or executive officer of the Corporation is not independent.
- 3 A director whose immediate family member is, or has been within the last three years, an executive officer of the Corporation is not independent.
- 4 A director who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any twelve month period within the last three years is not independent. Direct compensation does not include remuneration for acting as a member of the Board or its committees or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
- 5 A director who is, or whose spouse, minor child or stepchild, or child or stepchild who shares a home with the director is, a partner of a firm that is the internal or external auditor of the Corporation is not independent.
- 6 A director who is an employee of a firm that is the internal or external auditor of the Corporation is not independent.
- 7 A director whose spouse, minor child or stepchild, or child or stepchild who shares a home with the director is an employee of a firm that is the internal or external auditor of the Corporation and participates in such firm's audit, assurance or tax compliance (but not tax planning) practice is not independent.
- 8 A director who has been, or whose spouse, minor child or stepchild, or child or stepchild who shares a home with the director has been, within the last three years a partner or employee of a firm that is the internal or external auditor of the Corporation and personally worked on the audit of the Corporation within that time is not independent.
- 9 A director who is or who has been within the last three years, or whose immediate family member is or has been within the last three years, employed as an executive officer of another entity or company where any of the present executive officers of the Corporation at the same time serve or served on that entity's or company's compensation committee is not independent.
- 10 A director who has, or whose spouse has, a significant interest in a class of shares of the Corporation is not independent.
- 11 A director who has, or whose spouse has, a substantial investment in an affiliate of the Corporation is not independent.

- 12 A director who is, or whose spouse is, a significant borrower in respect of the Corporation, an officer or employee of a significant borrower in respect of the Corporation, or a person who controls one or more entities of which the total indebtedness to the Corporation or an affiliate of the Corporation would cause those entities, if treated as a single entity, to be a significant borrower of the Corporation is not independent.
- 13 A director who provides, or whose spouse provides, goods or services to the Corporation, or who is or whose spouse is a partner or employee in a partnership that provides goods or services to the Corporation or an officer or employee of, or a person who has a substantial investment in, a body corporate that provides goods or services to the Corporation, where the total annual billings to the Corporation exceed 10% of total annual billings of the director, director's spouse, partnership or body corporate, as applicable, is not independent.
- 14 A director who has, or whose spouse has, a loan that is not in good standing from the Corporation or its affiliates, or who is or whose spouse is a director, an officer or an employee of, or person that controls, an entity with a loan that is not in good standing from the Corporation or its affiliates, is not independent.

Despite the standards in 1 to 9 (inclusive) above, a director will not be considered to have a material relationship with the Corporation solely because the director or his or her immediate family member

- 1 acts, or has previously acted, as a chair or vice-chair of the Board or a Board committee on a part-time basis, or
- 2 has previously acted as an interim CEO of the Corporation.

DEFINITIONS

In these standards:

Any term that is used in this Policy but not defined has the meaning set out in applicable securities law or the applicable Financial Institution Regulation.

For the purposes of the standards in 2-9 (inclusive) above, the "**Corporation**" includes a subsidiary entity of the Corporation and a parent of the Corporation.

For the purposes of the standards in 5 and 8 above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

"**Spouse**" includes a common law partner.

"**Immediate family member**" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home.

“Executive officer” means a chair or vice chair (where the person performs the function on a full time basis), president, any vice president in charge of a principal business unit, division or function (including sales, production or finance), any officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity or any other person who performs a policy-making function in respect the entity.

“Significant borrower” means (i) a natural person who has indebtedness for money borrowed from the Corporation, Home Trust Company or any affiliate thereof, other than a loan secured by a mortgage on the person’s principal residence, the total principal of which exceeds the greater of (a) \$200,000, and (b) 1/50th of 1% of Home Trust Company’s or Home Bank’s regulatory capital, or (ii) an entity that has indebtedness for money borrowed from the Corporation, Home Trust Company or any affiliate thereof the total principal of which exceeds the greatest of (a) \$500,000, (b) 1/20th of 1% of Home Trust Company’s or Home Bank’s regulatory capital, and (c) 25% of the value of the entity’s assets.

A person has a **“significant interest”** in the Corporation where the aggregate of (i) any shares of that class beneficially owned by the person, and (ii) any shares of that class beneficially owned by entities controlled by the person, exceeds 10% of all of the outstanding shares of that class of shares of the Corporation.

A person has a **“substantial investment”** in a company if the person and any entities controlled by the person together beneficially own shares (i) to which are attached voting rights exceeding 10% of the voting rights attaching to outstanding voting shares of the company; or (ii) which represent ownership of more than 25% of the shareholders’ equity of the company. A person and any entities controlled by the person has a substantial investment in an unincorporated entity where the aggregate of any ownership interests, however designated, into which the entity is divided exceeds 25% of all the ownership interests into which the entity is divided.

“A loan not in good standing” means a loan in respect of which (i) any payment of principal or interest is 90 days or more overdue, (ii) interest is not being accrued on the books of the lender because it is doubtful whether the principal or interest will be paid or recovered or (iii) the rate of interest is reduced by the lender because the borrower is financially weak.

This Policy was approved by the Board of Directors on February 13, 2006. It was most recently amended and approved by the Board of Directors on February 14, 2018.