



HOME CAPITAL GROUP INC.

ANNUAL INFORMATION FORM

March 24, 2006

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Financial Information

Unless otherwise specified, all information presented herein is presented at December 31, 2005.

References herein to the Annual Report are references to the 2005 Annual Report of Home Capital Group Inc.

The 2005 Annual Report and all other documents referred to herein are available on SEDAR (www.sedar.com) and are incorporated herein by reference.

FORWARD –LOOKING STATEMENTS

From time to time Home Capital Group Inc. (“Home Capital” or the “Company”) makes written and verbal forward-looking statements. These are included in this Annual Information Form, including documents incorporated by reference, and may be included in other documents submitted to Canadian regulatory agencies, in reports to shareholders and in other communications. Forward-looking statements include, but are not limited to, statements about the Company’s business and objectives, targeted and expected financial results and the outlook for the Company’s businesses and for the Canadian economy. These statements typically use such words as believe, expect, estimate, forecast, project, will, should, could and would.

By their very nature forward-looking statements are inherently subject to risks and uncertainties beyond the Company’s control, including but not limited to, fluctuations in interest rates, changes in economic and political conditions, legislative or regulatory developments, technological developments, competition, natural catastrophes, ability to attract and retain key personnel and management’s ability to anticipate and manage the risks associated with these factors. These and other factors may cause the Company’s actual performance to differ materially from that contemplated by forward-looking statements and the reader is therefore cautioned not to place undue reliance on these statements. The Company does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by itself or on its behalf.

CORPORATE STRUCTURE

Name, Address and Incorporation

On December 12, 1979, Sonor Petroleum Corporation, a predecessor company to Home Capital Group Inc. was continued under the Canada Business Corporations Act. On March 21, 1986, under new management the name of Sonor Petroleum Corporation was changed to Sonor Resources Corporation (a virtually inactive energy company) and, on December 31, 1986, was further changed to Home Capital Group Inc. On July 18, 1988, Home Capital was continued under the Business Corporations Act, 1982 (Ontario). The Company’s registered and principal office is located at 145 King Street West, Suite 2300, Toronto, Ontario, M5H 1J8.

Intercorporate Relationships

Home Capital is a holding company that operates through its 100% owned subsidiary, Home Trust Company (“Home Trust”) previously known as Home Savings & Loan Corporation. Home Savings & Loan Corporation was incorporated on September 28, 1977 under the Loan and Trust Corporations Act (Ontario). On March 9, 2000, Letters Patent of Continuance were issued authorizing Home Savings & Loan Corporation to carry on business as Home Trust Company under the Trust and Loan Companies Act (Canada).

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Home Capital is a holding company, publicly traded on the Toronto Stock Exchange (HCG), operating through its principal subsidiary, Home Trust Company. Home Trust is a federally regulated trust company offering deposit, mortgage lending, securitization of insured residential first mortgages, retail credit and credit card issuing services. Home Trust is licensed to conduct business across Canada, with offices in Ontario, Alberta, British Columbia and Nova Scotia. From 2002 to 2005, Home Capital’s total assets have grown by \$1.89 billion to \$3.28 billion at December 31, 2005. The Company also administers mortgage assets, which amounted to \$800.2 million at December 31, 2005.

Highlights of the Last Three Years

Fiscal 2003

On May 27, 2003, the remaining 2,508,334 Convertible Class A Multi-Vote Shares were converted into the same number of single-vote Class B Subordinated Voting Shares. This eliminated the dual class share structure. All Class A Shares were converted without benefit or enhancement to the Class A shareholders.

Fiscal 2004

On January 8, 2004, the Company declared a stock dividend paying the holders of Class B Subordinated Voting Shares a share dividend of one Class B Share for each Class B Share held. This dividend was paid on January 29, 2004 to shareholders of record at the close of business on January 21, 2004. Consequently, amounts presented as number of shares or on a per share basis reflect the stock dividend.

On March 11, 2004, Fitch Ratings assigned a BBB- long-term senior rating and an F3 short-term rating to both Home Capital and its wholly owned subsidiary Home Trust. The ratings are reflective of Home Capital's good profitability and asset quality, and its solid capital and reserve levels.

On March 19, 2004, Home Capital was added to the S&P/TSX Composite Index. This index is used by the financial community at large as a broad indicator of market activity for the biggest and most heavily traded companies on the Toronto Stock Exchange.

On May 13, 2004, the shareholders of the Company approved a special resolution authorizing the reclassification of its issued and outstanding "Class B Subordinated Voting Shares" to "Common Shares" and eliminating all other authorized but unissued classes of Common Shares.

Fiscal 2005

Home Trust ("Société de Fiducie Home"), on May 9, 2005, obtained a license to conduct all trust activities in the province of Quebec. To date, we have only used this license to expand our business relationship in the VISA merchant acquiring business partnership with First Data International.

On July 24 2005, the Company successfully completed conversion to a new provider of credit card processing services, Certegy Card Services, Inc. ("Certegy"). Certegy is a leading provider of credit card processing services to credit unions and regional banks across North America. The Company believes that adding Certegy's expertise will result in gains in efficiencies in the credit card line of business.

In November 2005, Standard & Poor's ("S&P") assigned its BBB/A-2 long-term and short-term counterparty ratings to Home Trust Company and BBB-/A-3 to Home Capital Group Inc. Home Trust Company is the only trust company in Canada, which is not a subsidiary of a major bank, that has received an investment grade rating from S&P. These S&P investment grade ratings, together with the Company's previously announced investment grade ratings from Fitch Ratings, will enable Home Capital and Home Trust to access the public debt market at favourable rates, if required, to help fund future growth.

From January 1, 2002 to December 31, 2005, the Company's total assets have grown by \$1.89 billion to \$3.28 billion. Since 2002, an internal growth rate averaging 27.6% has been achieved. In December 2000, Home Trust entered the securitization market, whereby Home Trust securitizes residential mortgages into special purpose entities, which were sold to investors as Mortgage-Backed Securities ("MBS"). Total assets, including these assets under administration, for the period January 1, 2002 to December 31, 2005 have grown by \$2.55 billion to \$4.09 billion, representing an internal growth rate average of 31.2% for this period.

The Company's key priorities moving forward are to maintain continued business growth, continue efforts in controlling costs and minimizing credit losses, enhance marketing opportunities by cross selling products and expansion into other provinces in Canada. The Company is committed to meeting the targets as set out on page 10 of the 2005 Annual Report.

The Company is strategically set to meet these goals with expansion into the Quebec market, the relocation of the Toronto office space to accommodate the focused growth anticipated in the next fiscal year and the announcement of the change in the Equity Plus VISA to Equityline VISA, which provides a VISA Gold product.

Significant Acquisitions During Last Fiscal Year

There were no acquisitions or dispositions that occurred during the year ended December 31, 2005.

Further information regarding the development of the Company over the last three fiscal years can be found under the heading "Report to Shareholders" on pages 5 through 6 of the Company's 2005 Annual Report, on pages 4 through 7 of the Company's 2004 Annual Report and on pages 6 through 10 of the Company's 2003 Annual Report, which are incorporated by reference herein.

DESCRIPTION OF THE BUSINESS

General

The principal business of Home Capital is conducted through its wholly owned subsidiary, Home Trust Company, a federally regulated financial institution that provides deposit, mortgage lending, securitization of insured residential first mortgages, credit card issuing services and retail lending. Home Trust focuses on providing residential first mortgages to borrowers that fail to meet all of the major banks' lending requirements. At December 31, 2005, Home Trust operated only in Canada through six branches located in Toronto, Hamilton, St. Catharines, Calgary, Vancouver and Halifax. At that date 274 full-time staff were employed.

Mortgage and Deposit Business

Home Trust's principal line of business is mortgage lending on residential properties, primarily funded by retail deposits.

Home Trust's borrowers consist of self-employed individuals, individuals with a short or limited credit history and individuals with some impairment in their credit history. These mortgages are referred through an extensive mortgage broker network, from other financial institutions and current customers of Home Trust. The Senior Vice President and COO and two Senior Vice Presidents of Home Trust are responsible for the mortgage lending business. All lending requires the approval of a Credit Manager, a Senior Vice President or the Senior Vice President and COO or the President and CEO. All proposed mortgages over \$750,000 require approval from the Chair of the Audit and Risk Management Committee on the behalf of the Board of Directors.

It is Home Trust's policy to limit single and associated borrowers' loan authorizations to not more than 10% of total regulated capital without the approval of the Audit and Risk Management Committee. In any event, the total aggregate exposure is not to exceed 15% of total regulated capital.

Home Trust takes deposits in the form of short-term deposits, guaranteed investment certificates, registered retirement savings plans and registered retirement income funds. Deposits are raised through deposit brokers or through the six branch locations. The deposit funds are then invested in loans on residential properties.

On December 7, 2000, Home Trust issued its first Mortgage-Backed Security. This is the securitization of residential first mortgages that are insured by Canada Mortgage and Housing Corporation ("CMHC"). These residential mortgages originated by Home Trust are pooled, securitized and issued to investors as CMHC-insured Mortgage-Backed Securities. Interest is paid to the investors at the coupon rate stated on the MBS. When the MBS is sold, the estimated present value of the net interest spread (the difference between the weighted-average mortgage rate and the MBS coupon rate, less a normal servicing fee and an estimated principal pay down) may result in a gain or loss on the sale of the security, adjusted by issuance costs. As of December 31, 2005, these assets under administration amounted to \$800.2 million. Additional information regarding Mortgage-Backed Securities can be found in the Notes to the Consolidated Financial Statements under Note 5 on pages 38 and 39 of the 2005 Annual Report.

In the third quarter of 2003, Home Trust entered into an arrangement with Regency Finance Corp. ("Regency"), a Canadian company based in Toronto. Home Trust is Regency's exclusive agent in offering second mortgage loans to homebuyers in Ontario. This product provides financing to borrowers who require additional purchase financing or who wish to refinance their residential property up to 85% of the current market value. Home Trust earns administration and servicing fee revenue, which is reported under fee income in the mortgage and deposit segment of the business. These mortgage loans are then securitized into pools. The Company purchases these pools and collects interest income. As of December 31, 2005 these purchased pools amounted to \$43.6 million and are recorded under Secured Loans of the Company's assets, which earned an average yield of 7.8%. For further information refer to Notes 2 and 4 in the Company's Notes to the Consolidated Financial Statements on pages 37 and 38 of the 2005 Annual Report.

The mortgage activities and deposit segment accounted for 85.0% of the consolidated total revenue and 79.3% of the Company's consolidated net income for the year ended December 31, 2005. This compares to 85.5% and 80.6%, for the year ended December 31, 2004 and 86.4% and 88.6%, for the year ended December 31, 2003. Lending activities and the maintenance of loans also generate fee income. The major expense is the interest paid on the deposits held.

Consumer Lending

On May 24, 2000, Home Trust became a General Member of VISA Canada, authorized to offer VISA cards. The efforts of Home Trust in 2000 and 2001 were devoted to the development of the VISA card operation and any revenues earned during this period were applied against development costs on this operation. On January 1, 2002, the VISA project became fully operational and, subsequently, all revenues and expenses were recognized in the income statement and amortization commenced on the accumulated development costs.

In March 2002, Home Trust launched a new VISA product, the Equity Plus VISA card. This product allows homeowners to use their home equity as collateral to obtain credit from \$10,000 to \$250,000. These credit cards are subject to the same lending policies as set out in the mortgage lending operation of Home Trust with the exception of the loan-to-value limits for the total loan amount. At December 31, 2005, 3,438 cards have been issued for total authorized credit of \$128.7 million compared to December 31, 2004 with 2,067 cards for \$82.6 million and December 31, 2003 with 892 cards for \$30.3 million. Subsequent to December 31, 2005, the Company re-launched the Equity Plus VISA as the Home Trust Equityline VISA. Equityline VISA combines the flexibility of a secured line of credit with the convenience of VISA and the added benefits of a Gold card with no annual fee.

As of December 31, 2005, the gross credit card receivable balance totaled \$109.2 million, comprised of \$106.9 million in accounts secured either by cash deposits or residential mortgage collateral and \$2.4 million in unsecured accounts. Home Trust has not accepted any new unsecured accounts since the first quarter of 2002. Credit cards are mainly marketed through the mortgage broker network and Home Trust's web site.

In April 2001, a new product was introduced to provide installment financing for customers purchasing products from established merchants. This product is shown as personal loans on the balance sheet and in 2002 was renamed the Retail Credit Services division.

Credit cards and retail credit services are complementary businesses that make up 8.1% of the consolidated total revenue and 10.1% of the Company's consolidated net income for the year ended December 31, 2005. This compares to 7.9% and 7.7%, for the year ended December 31, 2004 and 6.8% and 4.0%, for the year ended December 31, 2003.

Other

Other corporate activities of the Company involve the investment of surplus deposits into securities, providing other interest income and dividend income. This was 6.9% of the consolidated total revenue earned by the Company and 10.6% of the consolidated net income at December 31, 2005. This compares to 6.6% and 11.7% for the year ended December 31, 2004 and 6.8% and 7.4%, for the year ended December 31, 2003.

Specialized Skill and Knowledge

The success of the Company is based on, among other things, the skills and expertise of its human resources. The recruitment of competent resources and continuous training are key activities crucial to the Company's performance. At December 31, 2005 the Company employs 274 individuals.

Competitive Conditions

Home Trust competes with banks, trust companies, private lenders and other deposit-taking institutions primarily in Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Quebec. The Company is an alternative mortgage lender and the largest provider of residential mortgages to borrowers who do not qualify at the major banks. The Company is registered to carry on business in every province across Canada. Home Trust's ability to attract retail and institutional deposits depends largely on the interest rates it offers. Home Trust competes with other mortgage lenders but concentrates on providing residential first mortgages. At the beginning of 1994, the Company

re-entered the CMHC-insured mortgage market to further expand its insured mortgage product offerings. Home Trust has formed alliances with a few of the larger financial institutions as an alternative lender to clients of these institutions.

Business Cycles

Home Trust's business generally follows economic cycles and seasonal variation is relatively minor.

Economic Dependence

The Company's business is highly dependent upon information technology systems. However, the Company has entered into agreements with certain suppliers who provide support for the information technology infrastructure. Home Trust has entered into an agreement with a third party for the development and support of the central information system. Home Trust has also entered into an agreement with a supplier of information technology services that covers the processing and execution of all transactions related to its credit card operations.

Changes to Contracts

On October 4, 2004, Home Trust signed a contract with Certegy Card Services Inc. to provide technology services for the processing and execution of all transactions related to the credit card operation. Home Trust's card processing will be performed by Certegy including but not limited to application data, cardholder and related account information, cardholder authorization transaction and history logs and past due, over-limit and fraudulent account information. Certegy will invoice Home Trust on a monthly basis describing all services in detail with the fees as quoted in the appendix of the contract. This contract shall be in effect for a period of five years from July 24, 2005, the date of conversion.

On May 9, 2005 the Company entered into a ten-year lease agreement with 2748355 Canada Inc. for new premises at its present location 145 King Street West in Toronto, requiring annual payments of approximately \$1.0 million. The Company took possession on September 1, 2005 and has moved and is consolidating its operations to two floors in the same building in early 2006. This nearly doubles its square footage and enables the Company to continue to expand its staffing to accommodate continued business growth.

Environmental Protection

The Company is exposed to some financial risk as a result of environmental laws. To manage this potential exposure the Company factors environmental risk into its credit evaluation procedures ensuring that the Company's interests are reasonably protected. To date no environmental risks have had any material effect on the Company's operations and the Company does not expect any material effects for the future years.

Social Policies

The Company has adopted a policy on harassment in the workplace, which applies to all of the Company's employees and directors. The Company's policy grants employees access to a quick and confidential complaint procedure, which can lead to appropriate disciplinary measures, according to the circumstances.

RISK FACTORS

The Company through its wholly owned subsidiary, Home Trust, is exposed to several factors, like other financial institutions, which could adversely affect its business, financial condition or operating results. These risks, consisting of credit, liquidity, market and operational, are also referred to in the Company's Management's Discussion and Analysis on pages 22 through 26 of the 2005 Annual Report.

Credit Risk

Credit risk is the risk of the loss of principal and/or interest from the failure of debtors to honour the financial or contractual obligations to the Company. To diversify this risk, the exposure to a single borrower or associated borrowers is limited to 10% of total regulatory capital, unless approved by the Board of Directors, where the limit is to 15% of total regulatory capital.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its obligations (both on- and off-balance sheet) as they become due. This risk arises from fluctuations in cash flows from lending, deposit taking, investing and other activities. Home Trust has developed a liquidity management framework with several key elements, which address minimum

levels of liquid assets to be held at all times, the type of liquid assets, daily monitoring of these liquid assets and reporting on a quarterly basis to the Audit and Risk Management Committee and the Board of Directors.

Market Risk

Market risk is the impact on earnings resulting from changes in financial market variables such as interest rates and foreign exchange rates. Market risk arises when making loans, taking deposits and making investments.

Through Home Trust the Company is exposed to interest rate risk, which is the impact on net interest income resulting from a change in market interest rates. The Company is exposed to interest rate risk as a result of a difference or gap between the maturity or re-pricing date of interest sensitive assets and liabilities. Home Trust has established policies with the objective of managing interest rate risk within prudent guidelines. For further information refer to Note 18 in the Notes to the Consolidated Financial Statements on page 47 and page 48 of Management's Discussion and Analysis of the 2005 Annual Report.

Operational Risk

The Company is exposed to operational risk in all business activities. This is the potential for loss as a result of external events, human error or failure of processes or procedures. This impact can be financial loss, loss of reputation, loss of competitive position or regulatory penalties. The Company is exposed to operational risk from internal business activities and activities which are outsourced. The Company's proactive operational management is the key strategy to mitigate this risk.

Regulatory Risk

The business operated by the Company is highly regulated with laws and regulations put in place by various federal and provincial governments and regulators. Changes in the regulations or laws may result in changes required by the Company in products or services currently provided. These changes could have an adverse effect on the earnings of the Company. The Company takes reasonable and prudent measures to ensure compliance with governing laws and regulations. The Company reviews and researches proposed changes by government and regulators on a proactive basis for effect. However, there could be situations in which the changes may affect whether or not the Company is considered to be in compliance.

Other Factors

The Company cautions that the above discussion of risk factors is not exhaustive. Other factors beyond the Company's control that may affect future results include technological changes, ability to attract and retain key personnel, general business and economic conditions, timely development and introduction of new products and the Company's ability to manage all the associated risks of the Company.

DIVIDENDS

Dividends are payable on the Common Shares of the Company if and when declared by the Board of Directors.

During the year ended December 31, 2005, the Company declared dividends totaling \$0.17 per Common Share as compared to \$0.12, \$0.07 and \$0.06 for fiscal 2004, 2003 and 2002, respectively.

On February 13, 2006, the Company's Board of Directors approved an annualized increase in the dividend from \$0.20 to \$0.24 per share. The first dividend is payable on June 1, 2006 to shareholders of record on the close of business on May 15, 2006.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of Senior Preferred Shares and an unlimited number of Junior Preferred Shares. As at December 31, 2005, 34,011,640 Common Shares were issued and outstanding. No Senior Preferred Shares or Junior Preferred Shares were issued or outstanding on December 31, 2005.

Each Common Share carries one vote per share in respect of each matter to be voted on at a meeting of the shareholders. The Senior Preferred Shares and Junior Preferred Shares carry no votes in respect of matters to be voted upon at the meeting except where otherwise required by law.

On May 13, 2004, the shareholders of the Company approved a special resolution authorizing the reclassification of its issued and outstanding “Class B Subordinated Voting Shares” as “Common Shares” and eliminating all other authorized but un-issued classes of Common Shares.

On January 7, 2004, the Company declared a stock dividend that would pay to the holders of Class B subordinated voting shares (now referred to as Common Shares) payable at the rate of one share for each Common Share held. All information regarding Common Shares or per share amounts have been restated to reflect this stock dividend.

The Common Shares of the Company are listed on the Toronto Stock Exchange (“TSX”) under the symbol HCG (prior to May 18, 2004 the Common Shares were reported on the TSX under HCG.B).

Ratings

The Company has a contractual relationship with both Standard & Poor’s (S&P) and Fitch Ratings (Fitch) for the provision of credit rating information. Management of the Company meets these agencies at least annually and shares with them the Company’s latest financial projections and business plan assumptions.

Information regarding the ratings assigned by credit rating agencies can be found in the tables below and on page 21 of the 2005 Annual Report. The following is the complete list of ratings assigned to both the Company and Home Trust:

	Home Capital Group Inc.		Home Trust Company	
	Standard & Poors	Fitch Rating	Standard & Poors	Fitch Rating
Long term rating	BBB-	BBB-	BBB	BBB-
Short term rating	A - 3	F3	A - 2	F3
Outlook	Stable	Stable	Stable	Stable

Ratings and other opinions issued by the credit rating agencies are statements of opinion and not statements of fact as to credit worthiness or recommendations to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. The rating outlook of “Stable” indicates that the rating is not likely to change. A rating of “Positive”, “Stable” or “Negative” is provided to help give an investor an understanding of the rating agency’s opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

S&P

Long-term rating

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The “+” or “-” symbols show relative standing within the rating category.

Short-term rating

An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

Fitch

Long-term rating

Good credit quality. 'BBB' ratings indicate that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more

likely to impair this capacity. This is the lowest investment grade category. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

Short-term rating

Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.

MARKET FOR SECURITIES

Trading Price and Volume

The following table shows the price ranges and the volume traded for the Common Shares for each month of the most recent fiscal year.

Price Range and Volume Traded			
Home Capital Group Inc. (Common Shares) Symbol: "HCG" on the TSX			
Month	High (\$)	Low (\$)	Volume
January 2005	33.00	27.55	1,110,100
February 2005	37.39	32.50	1,059,600
March 2005	37.95	32.05	1,302,200
April 2005	35.99	32.10	1,021,000
May 2005	35.80	32.75	1,367,500
June 2005	37.11	33.40	794,400
July 2005	41.40	36.30	717,400
August 2005	40.50	37.05	1,161,900
September 2005	39.61	36.51	2,176,000
October 2005	39.00	33.52	1,473,800
November 2005	38.03	34.00	1,160,699
December 2005	37.44	32.75	1,002,270
Total			14,346,869

DIRECTORS AND OFFICERS

Name, Occupation, Committees and Security Holdings

Name, City, Province/State, Country of Residence and Year First Became Director	Principal Occupation	Positions with the Company ¹	Number and Class of Securities Beneficially Owned, Directly or Indirectly, or Controlled or Directed as at December 31, 2005
Gerald M. Soloway Toronto, Ontario, Canada (1986)	President and Chief Executive Officer of the Company	Director, President and Chief Executive Officer	2,380,537 Common Shares
John M. Marsh Port Colborne, Ontario, Canada (1986)	Corporate Director	Director	1,775,102 Common Shares
Harvey F. Kolodny Toronto, Ontario, Canada (1989)	Professor Emeritus, Joseph L. Rotman School of Management, University of Toronto (educational institution)	Director	25,000 Common Shares
William A. Dimma Toronto, Ontario, Canada (1994)	Corporate Director	Chairman of the Board and Director	40,000 Common Shares
The Hon. William G. Davis Brampton, Ontario, Canada (1999)	Counsel, Torys LLP (North American law firm)	Director	5,000 Common Shares
Robert A. Mitchell, C.A. Oakville, Ontario, Canada (2002)	Corporate Director	Director	2,000 Common Shares
Norman F. Angus Old Lyme, Connecticut, United States (2005)	Managing Director, Stuart Lammert & Company (Corporate advisory firm)	Director	4,000 Common Shares
Janet L. Ecker Ajax, Ontario, Canada (2005)	Advisor, LeDrew Lashley Reed LLP (Governance, government relations and strategic communications advice for a Toronto law firm)	Director	300 Common Shares
Warren K. Walker ² Toronto, Ontario, Canada	Corporate Director	Not currently a Director	Nil

1. The Audit and Risk Management Committee is currently comprised of **Messrs. Davis, Dimma, Kolodny and Mitchell**, and **Mr. Mitchell** is the Chairman. The Executive Committee is currently comprised of **Messrs. Davis, Dimma, Marsh, and Soloway**, and **Mr. Dimma** is the Chairman. **Mr. Mitchell** is a member ex-officio. The Human Resources and Compensation Committee is currently comprised of **Messrs. Davis, Dimma, Marsh** and **Ms. Ecker**, and **Mr. Dimma** is the Chairman. The Investment Committee is currently comprised of **Messrs. Kolodny, Angus** and **Soloway**, and **Dr. Kolodny** is the Chairman. The Corporate Governance and Nominating Committee is currently comprised of **Messrs. Davis, Dimma, Kolodny** and **Mitchell**, and **Mr. Dimma** is the Chairman. In addition, each of **Messrs. Dimma, Davis, Kolodny, Marsh, Mitchell, Angus** and **Soloway** and **Ms. Ecker** is currently a director, and **Mr. Soloway** is the President of the Company's subsidiary, Home Trust Company.
2. **Mr. Walker** will be standing for election at the 2006 Annual Meeting of the shareholders of Home Capital Group Inc.
3. All terms for directors are for one year of service.

4. Each of the individuals listed in the previous table have held their respective positions and offices with the same, predecessor or associated firms or organizations for the past five years except:
- **Robert A. Mitchell**, C.A., of Oakville, Ontario, is a retired partner of Ernst & Young LLP, an accounting firm, having acted as auditor and advisor to significant clients in a broad cross-section of industries from June 1963 to his retirement in September 2001. He currently holds the following corporate directorships: Acuity Funds Ltd. and Orvana Minerals Corp. He has also participated on numerous working groups in the investment management, securities dealer and trust company industries as well as the volunteer sector.
 - **Norman F. Angus**, of Old Lyme, Connecticut, has had a lengthy investment-banking career in both Canada and the United States, advising major public sector issuers and governments on such matters as privatization, restructuring and demutualization. He is currently a managing director and has been with Stuart Lammert & Co., a North American corporate advisory firm since September 2002. Prior to that time he was with UBS from 2000 to 2002 and Lehman Brothers from 1998 to 2000.
 - **Janet L. Ecker**, of Ajax, Ontario, has been an advisor with the law firm of LeDrew Laishley Reed LLP, since June 1, 2004, where she counsels clients on government relations, strategic communications, governance and public/private partnerships. She is also Executive Director of the Toronto Financial Services Alliance, a panelist on TVO and a Fellow in the School of Policy Studies, Queen's University. Ms Ecker is a former Minister of Finance (2002-2003), Minister of Education (1999-2002), Government House Leader (2001-2002) and Minister of Community and Social Services (1996-1999) in the Government of Ontario. She holds the following corporate directorships: CMA Holdings, Denison Mines Inc. and Minacs Worldwide Inc.
 - **Warren K. Walker**, of Toronto, Ontario, was the former Head of Global Risk Management of Scotiabank. He was responsible for the credit, marketing and operational functions across all business lines globally. Prior to becoming Head of Global Risk Management, he held various positions within the Scotiabank including, Executive Vice President, Electronic Delivery and U.S. Expansion, Executive Vice President, Retail, Senior Vice President & General Manager, Ontario and Senior Vice President, Commercial Banking. He currently serves as a director of Stephenson's Rental Services. He has a Bachelor of Commerce, Industrial & Labour Relations from McGill University and an M.B.A. in Finance from McGill University.

The following table sets out the name of each executive officer that is not a director of the Company, and their position, municipality, province and country of residence and the length of their employment, as at December 31, 2005.

Name	Office	Municipality, Province and Country of Residence	Employed Since
W. Roy Vincent	Senior Vice President and Chief Operating Officer	Toronto, Ontario, Canada	1986
Nick Kyprianou	Senior Vice President	Ancaster, Ontario, Canada	1992
Brian R. Mosko	Senior Vice President	Toronto, Ontario, Canada	1989
Cathy A. Sutherland	Vice President, Finance	Welland, Ontario, Canada	1990
Sharron I. Hatton	Corporate Secretary	Toronto, Ontario, Canada	1986

All of the above named executive officers have held their present position or other executive positions with the same or associated firms or organizations for the past five years except for the following:

- Mr. Mosko has been employed with the Company since 1989, and was appointed an officer of the Company on May 12, 2004.

Shareholdings of Directors and Executive Officers

To the knowledge of Home Capital, as at December 31, 2005, the directors and officers of Home Capital as a group, beneficially owned, directly or indirectly, or exercised control or direction over 13.5% of the outstanding Common Shares of Home Capital and no director or executive officer of Home Capital beneficially owned or controlled voting securities of any subsidiaries of Home Capital.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company has, within the 10 years prior to the date of this Annual Information Form, been a director or executive officer of any company that (i) was the subject of a cease trade or similar order for more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order for more than 30 days, or (iii) within one year of the director or executive officer ceasing to act in that capacity, became bankrupt or insolvent, instituted proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; except as follows:

- i) Mr. Dimma, the Chairman and a director of the Company, was a director of American Eco Corporation from 1997 until the year 2000. In the year 2000, American Eco went into Chapter 11 in the USA and CCAA in Canada. Subsequently it moved to Chapter 7 in the USA and into insolvency.
- ii) Mr. Davis, a director of the Company, was a director of Dylex Limited from 1995 until May 16, 2001 when he resigned as a result of a change of control transaction. Dylex was adjudged bankrupt in September 2001 with an effective date of mid-June 2001.

Conflicts of Interest

There are no existing or potential material conflicts of interest between the directors and officers of the Company or its wholly owned subsidiary, Home Trust.

LEGAL PROCEEDINGS

The Company and its wholly owned subsidiary, Home Trust, are not involved in any material legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer or an associate thereof had any material interest, direct or indirect, in any transaction within the three most recently completed fiscal years that has or had a material effect on the Company.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar of the Company is Computershare Investor Services Inc. The transfer books for the Common Shares of the Company are kept in Toronto, Ontario, Canada.

INTEREST OF EXPERTS

Ernst & Young LLP, Chartered Accountants, were auditors of the Company for the year ended December 31, 2005 and prepared and executed the audit report accompanying the annual financial statements. Ernst & Young LLP, Chartered Accountants are independent in accordance with the auditor's rules of professional conduct in Canada.

AUDIT AND RISK MANAGEMENT COMMITTEE INFORMATION

Audit and Risk Management Committee's Charter

The Company's Audit and Risk Management Committee Charter sets out its responsibilities and duties, membership qualifications and procedures for reporting to the Board of Directors. A copy of the charter, approved by the Board of Directors, on March 3, 2006, is attached hereto as Appendix "A".

Composition of the Audit and Risk Management Committee

As of December 31, 2005, the Audit and Risk Management Committee was comprised of the following four directors, all of whom are independent directors:

Robert A. Mitchell, C.A., Chairman
Hon. William G. Davis
William A. Dimma
Harvey F. Kolodny

Each member of the Audit and Risk Management Committee is financially literate within the meaning of Multilateral Instrument 52-110 on Audit Committees.

Relevant Education and Expertise

The following section lists the relevant education and expertise of each Audit and Risk Management Committee member.

Robert A. Mitchell, C.A. (Chairman of the Audit and Risk Management Committee)

Robert Mitchell is a former partner of Ernst & Young LLP, an accounting firm, having acted as auditor and advisor to significant clients in a broad cross-section of industries and also Ernst & Young's director of services to the trust company industry until his retirement on September 30, 2001. He currently holds the following corporate directorships: Acuity Funds Ltd. and Orvana Minerals Corp. He has also participated on numerous working groups in the investment management, securities dealer and trust company industries as well as the volunteer sector. Mr. Mitchell is a Chartered Accountant and has a B.Comm. from the University of Toronto. Mr. Mitchell has been a director of the Company for the past three years.

The Hon. William A. Davis, P.C., C.C., Q.C.

Hon. William Davis is Counsel with the firm of Torys LLP, Toronto and is the former Premier of Ontario (1971-1985). He currently holds the following corporate directorships: First American Financial Corporation, First American Title Insurance Company, BPO Properties Ltd. and Magellan Aerospace Corporation. Mr. Davis is also a trustee of Retirement Residences Real Estate Investment Trust and a member of the Governing Council of the University of Toronto. Mr. Davis attended the University of Toronto and Osgoode Law School and was called to the Bar of Ontario in 1955. Mr. Davis has been a director with the Company for the past six years.

William A. Dimma, C.M., O.Ont

William Dimma has numerous directorships at major Canadian corporations and is the former president of Torstar Corporation and Royal LePage. He currently holds the following corporate directorships: Magellan Aerospace Corporation, Brookfield Asset Management Inc. (formerly Brascan Corporation), Malibu Engineering and Software Ltd. and York University Development Corporation. Mr. Dimma is also a director of numerous not-for-profit institutions and the author of the text "Excellence in the Boardroom." Mr. Dimma has a B.A.Sc. from the University of Toronto, an M.B.A. from York University and a D.B.A. from the Harvard Business School. Mr. Dimma has been a director of the Company for the past eleven years and has also been the Chairman of the Board during his tenure.

Harvey F. Kolodny

Harvey Kolodny is professor emeritus with the Joseph L. Rotman School of Management at the University of Toronto. He currently holds the following directorships: Vivosonic Inc. and Mono Mulumur Citizens' Coalition. Dr. Kolodny's current research examines the integration of project management and change management in large organizations. Dr. Kolodny has a B. Eng. from McGill University, an M.B.A. from the University of Sherbrooke and a D.B.A. from the Harvard Business School. Dr. Kolodny was previously the Chairman of the Audit and Risk Management Committee for the period of December 2000 to October 2003, and has been a director of the Company for the past sixteen years.

Prior Approval for Policies and Procedures

The Audit and Risk Management Committee adopted a policy regarding the services that could be provided by its external auditors. The policy specifies the prior approval procedure for non-auditing services provided by the Company's external auditors. The current policy generally prohibits the Company from hiring its auditors to provide certain services unrelated to audits of the Company and its subsidiaries, including services related to bookkeeping, the design and implementation of financial information systems, evaluation, actuarial, internal audit and investment banking services, management and human resource functions, and legal services.

External Audit Fees by Category

The following table presents by category the aggregate fees to the external auditors Ernst and Young LLP, Chartered Accountants for the fiscal years ended December 31, 2005 and 2004.

Fee Category	Year Ended December 31, 2005 (\$)	Year Ended December 31, 2004 (\$)
Audit Fees	237,000	189,000
Audit-related Fees	11,500	7,500
Tax Fees	19,550	56,200
All Other Fees	-	-
Total Fees	268,050	252,700

Audit Fees

Audit Fees include all aggregate fees to Ernst & Young LLP for the audit of the annual consolidated financial statements, examinations of the interim financial statements, other statutory audits and submissions and fees related to interpretation of standards of accounting and financial disclosure.

Audit-related Fees

Audit-related Fees include all aggregate fees for certification services and other related services traditionally carried out by the independent auditor, including the audit of various trusts and other entities.

Tax Fees

Tax Fees include all aggregate fees to Ernst & Young LLP for tax-related advice, tax compliance and tax planning. These services consist of tax compliance including the review of tax returns, tax planning relating to income tax, capital tax, goods and services tax and provincial sales tax.

All Other Fees

All Other Fees include aggregate fees for all services other than those posted in audit fees, audit-related fees and tax fees. No other fees were paid or payable for fiscal 2005 and 2004.

ADDITIONAL INFORMATION

Additional information relating to Home Capital Group Inc. may be found on SEDAR at www.sedar.com and on the Company's web site at www.homecapital.com.

Additional information relating to the directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's Management Information Circular issued in connection with the Annual Meeting of the Shareholders to be held on May 10, 2006.

Additional financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2005, which is available in the 2005 Annual Report and at www.sedar.com.

Copies of the foregoing documents may be obtained upon request from the Corporate Secretary of the Company at Home Capital Group Inc., 145 King Street, Suite 2300, Toronto, Ontario, M5H 1J8 and are available on the Company web site: www.homecapital.com.

The Company will provide to any person or company, upon request to the Corporate Secretary of the Company at the head office of the Company:

- (a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a short form prospectus,
 - (i) one copy of the Company's Annual Information Form ("AIF"), together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,
 - (ii) one copy of the comparative consolidated financial statements of the Company for its most recently completed financial year for which consolidated financial statements have been filed together with the accompanying report of the auditors and one copy of the most recent interim consolidated financial statements
 - (iii) one copy of the Company's Management Information Circular in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate, and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or other short form prospectus and are not required to be provided under clauses (i), (ii) or (iii), or
- (b) at any other time, one copy of any other documents referred to in (a), (i), (ii) and (iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Company's securities.

APPENDIX “A”

HOME CAPITAL GROUP INC.

AUDIT AND RISK MANAGEMENT COMMITTEE

CHARTER

Overall Role and Responsibility

The Audit and Risk Management Committee (“Audit Committee”) shall assist the Board of Directors (“Board”) of Home Capital Group Inc. (the “Corporation”) in the Board’s oversight role with respect to (i) the quality and integrity of financial information; (ii) the effectiveness of the Corporation’s risk management and legal and regulatory compliance practices; (iii) the external auditor’s performance, qualifications and independence, and (iv) the performance of the Corporation’s internal audit function.

Membership

The Audit Committee shall consist of three or more Directors appointed annually by the Board. Members of the Audit Committee shall serve at the pleasure of the Board for such term or terms as the Board may determine.

Each of the members of the Audit Committee shall satisfy the independence standards established by the Board and the applicable independence requirements of the laws governing the Corporation.

The Board shall appoint one member of the Audit Committee as the Committee Chair.

Each member of the Audit Committee shall be financially literate, in accordance with applicable regulatory requirements, or agree to become financially literate within a reasonable time of appointment.

Meetings

The Audit Committee shall meet as often as the Audit Committee determines, but not less frequently than four meetings annually.

The quorum for meetings of the Committee shall be two (2) of its members.

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall not transact business unless a majority of members present are resident Canadians.

The Audit Committee shall have unrestricted access to management and employees of the Corporation.

The Audit Committee shall hold regularly scheduled meetings at which members of management are not present. The Audit Committee is expected to establish and maintain free and open communication with management, the external auditor and the internal auditor and shall periodically meet separately with each of them.

The Corporate Secretary, his or her designate, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

Accountabilities and Responsibilities

The Audit Committee shall have the accountabilities and responsibilities set out below as well as any other matters that are specifically delegated to the Audit Committee by the Board.

Financial Reporting

- Review and discuss with senior management and the external auditor the annual audited financial statements, the external auditor's report thereon and the related management's discussions and analysis. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval, the annual financial statements and related management's discussion and analysis.
- Review and discuss with senior management and the external auditor the Corporation's interim financial statements, the external auditor's report thereon and the related management's discussion and analysis. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval, the interim financial statements and related management's discussion and analysis.
- Review and discuss with management and the external auditor the Corporation's annual and quarterly disclosures made in management's discussion and analysis. The Audit Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation and make a recommendation thereon to the Board.
- Review and discuss with senior management and the external auditor management's report on its assessment of internal controls over financial reporting and the external auditor's attestation report on management's assessment.
- Review and discuss with senior management and the external auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- Review and discuss with senior management and the external auditor at least annually reports from the external auditor on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and other material written communications between the external auditor and senior management, such as any senior management letter or schedule of unadjusted differences.
- Discuss with the external auditor at least annually any "management" or "internal control" letters issued or proposed to be issued by the external auditor to the Corporation.

- Review and discuss with management and the external auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the external auditor, internal audit personnel or senior management.
- Discuss with management the Corporation's earnings press releases, financial information and earnings guidance (if any) provided to analysts and rating agencies and any other material financial disclosure.
- Review and discuss with senior management and the external auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
- Discuss with the external auditor any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management.
- Review and discuss with the Chief Executive Officer and the Vice President, Finance the procedures undertaken in connection with the Chief Executive Officer and Vice President, Finance certifications for the annual and interim filings with applicable securities regulatory authorities.
- Review disclosures made by the Corporation's Chief Executive Officer and Vice President, Finance during their certification process for the annual and interim filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.
- Discuss with senior management, at least annually, any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

Oversight of the External Auditor

- Appoint or replace the external auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The external auditor shall report directly to the Audit Committee.
- Preapprove all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the external auditor. When appropriate, the Audit Committee may delegate to one or more members the authority to grant preapprovals of audit and permitted non-audit services. The Audit Committee shall annually review any delegation of authority to grant preapprovals of audit and permitted non-audit services. Decisions of any member of the Audit Committee to whom this authority has been granted must be presented to the full Audit Committee at its next scheduled meeting.
- Evaluate the qualifications, performance and independence of the external auditor, including (i) reviewing and evaluating the lead partner on the external auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the external auditor's independence. The Audit Committee shall present its conclusions with respect to the external auditor to the Board and, if so determined by the Audit Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the external auditor.
- Obtain and review a report from the external auditor at least annually regarding: the external auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer

review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditor; any steps taken to deal with any such issues; and all relationships between the external auditor and the Corporation.

- Review and discuss with management and the external auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- Review and approve policies for the Corporation's hiring of partners and employees or former partners and employees of the Corporation's current and former external auditor.

Oversight of the Corporation's Internal Audit Function

- Review with the internal auditor, the external auditor and senior management at least annually, the mandate, independence, qualifications, staffing and budget of the internal audit department and the internal audit department's annual work plan.
- Review the periodic reports of the internal audit department on internal audit activities and the results of its audits.

Oversight of Risk Management

- Review and approve periodically management's risk philosophy and risk management policies.
- Review with senior management at least annually reports demonstrating compliance with risk management policies.
- Review with senior management the quality and competence of management appointed to administer risk management policies.
- Review reports from the external auditor and the internal auditor at least annually relating to the adequacy of the Corporation's risk management practices together with management's responses.
- Discuss with senior management at least annually the Corporation's major financial risk exposures and the steps senior management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

Oversight of Regulatory Compliance

- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Discuss with senior management and the external auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- Meet with the Corporation's regulators, in accordance with applicable law.

- Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Audit Committee by the Board.

Performance Review

The Audit Committee shall annually review and assess the performance of the Audit Committee and the adequacy of this Charter and, where appropriate, shall recommend changes to the Board for the Board's approval.

Independent Advisors

The Audit Committee shall have the authority to retain such independent advisors as the Audit Committee may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.

Report to the Board

The Chair of the Audit Committee shall report to the Board on material matters arising at the Audit Committee meetings, and shall present the Audit Committee's recommendation(s) to the Board for the Board's approval.

This Charter was approved by the Board on March 3, 2006.