
HOME CAPITAL GROUP INC.

BOARD OF DIRECTORS

INDEPENDENCE STANDARDS

The Board of Directors of Home Capital Group Inc. (the “Corporation”) has adopted the independence standards set out herein. These standards are derived from the corporate governance guidelines of the Canadian Securities Administrators and industry best practices.

COMPOSITION

A substantial majority of the Board shall be independent as set out herein. The Board has five committees. All members of the Audit and Risk Management Committee shall be independent in accordance with these standards and other criteria contained in said Committee’s Charter. All members of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee shall be independent in accordance with these standards. A majority of the members of the Investment Committee and the Executive Committee shall be independent in accordance with these standards.

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 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 has been within the last three years, an employee or whose spouse is currently an employee of the Corporation or its affiliates is not independent.

- 2 A director whose immediate family member is, or has been within the last three years, an executive officer of the Corporation or its affiliates is not independent.
- 3 A director who received, or whose immediate family member who is employed as an executive officer of the Corporation or any of its affiliates received, more than \$75,000 in direct compensation from the Corporation or any of its affiliates 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 or its affiliates if the compensation is not contingent in any way on continued service.
- 4 A director who is, or whose immediate family member is, a partner of a firm that is the internal or external auditor of the Corporation or its affiliates is not independent.
- 5 A director who is an employee of a firm that is the internal or external auditor of the Corporation or its affiliates is not independent.
- 6 A director whose immediate family member is an employee of a firm that is the internal or external auditor of the Corporation or its affiliates and participates in such firm's audit, assurance or tax compliance (but not tax planning) practice is not independent.
- 7 A director who has been, or whose immediate family member has been, within the last three years a partner or employee of a firm that is the internal or external auditor of the Corporation or its affiliates and personally worked on the audit of the Corporation or its affiliates within that time is not independent.
- 8 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 or its affiliates at the same time serve or served on that entity's or company's compensation committee is not independent.
- 9 A director who is an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or received payments from, the Corporation or its affiliates for property or services in an amount which in any of the last three fiscal years exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues is not independent. Both the payments and the consolidated gross revenues to be measured are those reported in the last completed fiscal year. The look-back provision applies solely to the financial relationship between the Corporation and its affiliates and the director or immediate family member's current employer. It is not necessary to consider former employment of the director or immediate family member.

- 10 A director who is, or whose spouse is, a significant borrower, an officer or employee of a significant borrower or a person who controls one or more entities which together would be a significant borrower is not independent.
- 11 A director who provides, or whose spouse provides, goods and services to the Corporation or its affiliates, or who is or whose spouse is a partner, employee or person with a substantial investment in a partnership or company that provides goods or services to the Corporation and its affiliates where the total billings to the Corporation and its affiliates exceed 10% of total annual billings of the director, director's spouse, partnership or company, as applicable, is not independent.
- 12 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, officer, employee or person that controls an entity with a loan that is not in good standing from the Corporation or its affiliates, is not independent.

The relationships below are presumed not to affect a director's independence unless otherwise determined by the Board in respect of a specific director relationship.

- 1 Having previously acted as an interim chair of the Board or a Board committee on a part-time basis or as an interim CEO of the Corporation or its affiliates.
- 2 Having an immediate family member with any of the above relationships.
- 3 Payments that are contributions by the Corporation or its affiliates to tax exempt organizations having a director as an employee, or an immediate family member as an executive officer, as long as the Corporation discloses in its annual Management Information Circular any contributions made that within the preceding three years exceeded the greater of \$1 million or 2% of such tax exempt organization's consolidated gross revenues in any single fiscal year.

DEFINITIONS

In these standards:

"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. When applying look-back provisions, individuals who are no longer immediate family members because of legal separation or divorce, or those who have died or become incapacitated, need not be considered.

"Executive officer" means a chair or vice chair (where the person performs the function on a full time basis), president, principal financial officer, principal accounting officer, controller, any vice president in charge of a principal business unit, division or function (such as sales, administration, production or finance), any officer of the company or its affiliates who performs a policy-making function or any other person who performs a policy-making function.

“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 an amount equal to 1/50th of 1% of Home Trust Company’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 an amount equal to the greater of 1/20th of 1% of Home Trust Company’s regulatory capital and 25% of the entity’s assets.

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 10th 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.

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