

**Home Capital Group Inc.
Home Trust Company
Home Bank
Audit Committee Charter**



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Home Bank
Audit Committee Charter**

1.0 Overall Role and Responsibility

The Audit Committee (the “**Committee**”) shall assist the Board of Directors (“**Board**”) of Home Capital Group Inc., Home Trust Company and Home Bank (collectively the “**Corporation**”) in the Board’s oversight role with respect to:

- (i) the quality and integrity of financial reporting to shareholders;
- (ii) the external auditor’s performance, qualifications and independence; and
- (iii) the effectiveness of the Corporation’s internal controls, including the effectiveness and independence of the Corporation’s finance, internal audit and compliance Functions;

2.0 Membership

- 2.1 The Committee shall consist of three (3) or more Directors appointed annually by the Board. Members of the Committee shall serve at the pleasure of the Board for such term or terms as the Board may determine.
- 2.2 Each of the members of the Committee shall satisfy the independence standards established by the Board and the applicable independence requirements of the laws governing the Corporation.
- 2.3 The Board shall appoint one (1) member of the Committee as the Committee Chair and may appoint one (1) member as Vice-Chair.
- 2.4 Each member of the Committee shall be financially literate, in accordance with applicable regulatory requirements, or agree to become financially literate within a reasonable time of appointment.

3.0 Meetings

- 3.1 The Committee shall meet as often as the Committee determines, but not less frequently than four (4) meetings annually.
- 3.2 The Committee shall hold regularly scheduled meetings at which members of management are not present and periodically meet separately with the External Auditor, the Chief Compliance Officer, the Senior Vice President Internal Audit and the Chief Financial Officer.
- 3.3 The quorum for meetings of the Committee shall be two (2) of its members.
- 3.4 The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution.



- 3.5 The Committee shall not transact business unless a majority of members present are resident Canadians.
- 3.6 The Committee shall have unrestricted access to management and employees of the Corporation.
- 3.7 The Corporate Secretary or his or her designate shall act as secretary of Committee meetings. Minutes of Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Committee for review and approval.

4.0 Performance Review

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

5.0 Report to the Board

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

6.0 Accountabilities and Responsibilities

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

6.1 Financial Reporting

- 6.1.1 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 Committee shall approve and recommend for Board approval, the annual financial statements and related management's discussion and analysis.
- 6.1.2 Review and discuss with senior management and the external auditor the Corporation's interim financial statements, the external auditor's review thereof and the related management's discussion and analysis. After completing its review, if advisable, the Committee shall approve and recommend for Board approval, the interim financial statements and related management's discussion and analysis.
- 6.1.3 Review and discuss with senior management and the external auditor the Corporation's annual and quarterly disclosures made in management's discussion and analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation and regulatory requirements, and make a recommendation thereon to the Board.



- 6.1.4 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.
- 6.1.5 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.
- 6.1.6 Review and discuss with senior 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.
- 6.1.7 Review and discuss with senior 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. [Applies to HCG only]
- 6.1.8 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.
- 6.1.9 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.
- 6.1.10 Review and discuss with the Chief Executive Officer and Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and interim filings with applicable securities regulatory authorities. [Applies to HCG only]
- 6.1.11 Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer 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. [Applies to HCG only]



6.1.12 Discuss with senior management, at least quarterly, any legal matters that may have a material impact on the financial statements, operations, assets of the Corporation and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies with respect to financial statements.

6.2 Oversight of the External Auditor

6.2.1 Discuss and recommend to the Board for approval the appointment or replacement of 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 Committee.

6.2.2 Pre-approve 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 Committee may delegate to one or more members the authority to grant pre-approvals of audit and permitted non-audit services. The Committee shall annually review any delegation of authority to grant pre-approvals of audit and permitted non-audit services. Decisions of any member of the Committee to whom this authority has been granted must be presented to the full Committee at its next scheduled meeting.

6.2.3 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 and (iii) considering any concerns raised by stakeholders about the independence of the external auditor. The Committee shall present its conclusions with respect to the external auditor to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the external auditor.

6.2.4 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.

6.2.5 Review and discuss with senior management and the external auditor prior to the annual audit the scope, planning, planning materiality and staffing of the annual audit, and at the conclusion of the audit any changes in the audit scope or strategy.



- 6.2.6 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, regulation or rules.
- 6.2.7 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.
- 6.2.8 Annually report to the Board on the effectiveness of the external auditor.

6.3 Internal Control

- 6.3.1 Require management to implement and maintain adequate and effective internal controls to ensure the accuracy of financial, operational and risk reporting, efficient and effective operations, effective risk management, and compliance with the Corporation's legislative and regulatory requirements.
- 6.3.2 Review and approve on an annual basis internal control and compliance policies. After review, if advisable, the Committee shall approve and recommend to the Board of Directors the approval of the policies.
- 6.3.3 Review and discuss with senior management quarterly the Performance Review Report.
- 6.3.4 Receive, investigate and act on any complaints or concerns received by the Committee regarding accounting, internal accounting controls or auditing matters, financial losses, compliance with the Corporation's legislative and regulatory requirements, the Corporation's Code of Conduct and Ethics Policy or potential retaliation against employees who raise complaints or concerns as contemplated in the Whistleblower Policy.
- 6.3.5 Monitor the effectiveness of internal control through the following activities:
 - a) Review periodic reports of the internal audit department on the results of its audits, and the status of outstanding control issues.
 - b) Review periodic reports of the Chief Compliance Officer and Chief Anti-Money Laundering Officer.
 - c) Review and discuss with senior management and the external auditor management's report on its assessment of internal controls over financial reporting and report to the Committee on the CEO's and CFO's certification.
 - d) 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.
 - e) Review and discuss with senior management any interactions and correspondence with regulators and management actions taken in response to such interactions and correspondence in conjunction with the Risk and Capital Committee.



6.4 Oversight of the Corporation's Independent Oversight Functions

The Committee shall provide oversight of the finance, internal audit and corporate compliance Functions as follows:

6.4.1 Finance Function

6.4.1.1 Discuss and recommend to the Board for approval the appointment or dismissal of the Chief Financial Officer.

6.4.1.2 Review at least annually the mandate of the Chief Financial Officer. After review, if advisable, the Committee shall approve and recommend to the Board of Directors the approval of the Chief Financial Officer mandate.

6.4.1.3 Review at least annually the organizational structure, resources and budget of the Finance Function to ensure that it has adequate authority, independence and resources to carry out its mandate.

6.4.1.4 Annually assess the effectiveness of the Finance Function and the performance and compensation of the Chief Financial Officer, and share the assessment with the Chief Executive Officer as input into the compensation approval process.

6.4.1.5 Oversee and review the results of periodic independent benchmarking reviews of the Finance Function to assess the appropriateness of resources, budget and overall effectiveness of the Function.

6.4.2 Internal Audit Function

6.4.2.1 Discuss and recommend to the Board for approval the appointment or dismissal of the Chief Internal Audit executive.

6.4.2.2 Review and approve at least annually, the Internal Audit Mandate. After review, if advisable, the Committee shall approve and recommend to the Board of Directors the approval of the Internal Audit Mandate.

6.4.2.3 Approve any organizational changes to Internal Audit to ensure that the Function has adequate authority, independence and resources to carry out its mandate.

6.4.2.4 Annually assess the effectiveness of the Internal Audit Function, and the performance and compensation of the Chief Internal Audit executive.

6.4.2.5 Oversee and review the results of independent periodic reviews of the Internal Audit Function to assess appropriateness of resources, budget and overall effectiveness of the Function.

6.4.2.6 Review and approve the annual Internal Audit plan and budget and all significant interim changes made to the plan thereafter.



6.4.2.7 Review periodic reports of the Internal Audit department on Internal Audit activities.

6.4.3 Corporate Compliance Function

6.4.3.1 Discuss and recommend to the Board for approval the appointment or removal of the Chief Compliance Officer and Chief Anti-Money Laundering Officer.

6.4.3.2 Review and approve on an annual basis the mandate of the Chief Anti-Money Laundering Officer, Chief Compliance Officer and the Corporate Compliance Function. After review, if advisable, the Committee shall approve and recommend to the Board of Directors the approval of the compliance mandates.

6.4.3.3 Review and approve the annual compliance plan and the compliance framework.

6.4.3.4 Annually assess the effectiveness of the Chief Compliance Officer, Chief Anti-Money Laundering Officer and the Compliance Function and share the assessment with the Chief Executive Officer as input into the compensation approval process.

6.4.3.5 Review periodic reports of the Chief Compliance Officer and Chief Anti-Money Laundering Officer.

6.4.3.6 Oversee and review the results of independent periodic benchmarking reviews of the Corporate Compliance Function to assess the appropriateness of resources and budget as part of the assessment process in evaluating the overall effectiveness of the Function.

6.5 Other

6.5.1 Review and discuss with senior management the annual financial plan of the Corporation. After completing its review, if advisable, the Committee shall approve and recommend for Board approval the annual financial plan.

6.5.2 Review and discuss with management any proposed dividend declarations.

6.5.3 Meet with the Corporation's regulators, in accordance with applicable law.

6.5.4 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 Committee by the Board.

6.5.5 Review and discuss with senior management any interactions and correspondence with regulators, and management actions taken in response to such interactions and correspondence in conjunction with the Risk and Capital Committee.

6.5.6 The Committee, in conjunction with the Risk and Capital Committee, shall be accountable and responsible for the items set out below as well as any other matters specifically delegated to the Committee by the Board.

6.5.6.1 Review, challenge and approve periodically overall reputational risk management strategies and policies. Ensure that a reputational risk management policy and framework is in place and is reviewed as required; and,



6.5.6.2 Review, challenge and discuss with senior management at least quarterly, reports on the Corporations reputational risk profile, significant reputational risk exposures, and the steps that management is taking to monitor and control such exposures.

7.0 Delegations of Authority

7.1 The Committee shall recommend to the Board the duties and powers to be delegated to any subcommittee and/or to any employee of the Corporation.

7.2 The Committee shall review and report to the Board on any policy determined by the Committee, and the decisions made by a subcommittee, and/or by any employee of the Corporation and on the performance of any subcommittee and/or employee.

8.0 Independent Advisors

The Committee shall have the authority to select, retain, terminate, and approve the fees of any independent advisors as the Committee may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.

This Charter was approved by the Board of Directors on October 26, 2007 and last reviewed by the Board of Directors on February 14, 2018.

