

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, lawyer, accountant or other professional advisor.

This Offer has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, and deposits will not be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of that jurisdiction. However, Home Capital may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Shareholders in such jurisdiction.

March 9, 2016



OFFER TO PURCHASE FOR CASH

**UP TO \$150,000,000 IN VALUE OF ITS COMMON SHARES AT A PURCHASE PRICE
OF NOT LESS THAN \$34.00 AND NOT MORE THAN \$38.00 PER COMMON SHARE**

Home Capital Group Inc. (“we”, “Home Capital” or the “Company”) hereby offers to purchase common shares of the Company validly tendered and not properly withdrawn (the “Shares”) having an aggregate purchase price not exceeding \$150,000,000. The purchase price per Share will be determined by the Company in the manner described below but will not be less than \$34.00 and not more than \$38.00. The offer and all deposits of Shares are subject to the terms and conditions set forth in this Offer to Purchase, the accompanying Issuer Bid Circular (the “Circular”), the related Letter of Transmittal and the Notice of Guaranteed Delivery (which together constitute the “Offer”).

The Offer will commence on the date set forth above and expires at 5:00 p.m. (Eastern time) on April 15, 2016 or at such later time and date to which the Offer may be extended by Home Capital (such time on such date, the “Expiration Date”). Home Capital reserves the right to withdraw the Offer and not take up and pay for any Shares deposited under the Offer unless certain conditions are satisfied. See Section 7 of the Offer to Purchase, “Certain Conditions of the Offer”.

Shareholders of the Company (“Shareholders”) who wish to accept the Offer may do so in one of two ways: (a) by making an auction tender (“Auction Tender”) pursuant to which they agree to sell to the Company at a specified price per Share (not less than \$34.00 and not more than \$38.00 and in increments of \$0.10 within that range) a specified number of Shares owned by them; or (b) by making a purchase price tender (“Purchase Price Tender”). Shareholders who wish to deposit Shares without specifying a price at which such Shares may be purchased by the Company should make a Purchase Price Tender. Under a Purchase Price Tender, Shares will be purchased, upon the terms and subject to the conditions of the Offer, at the Purchase Price (as defined below) determined as provided herein. Shareholders who validly deposit Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender.

Home Capital will, pursuant to the terms and subject to the conditions of the Offer, determine a single price per Share (the “Purchase Price”) (which will be not more than \$38.00 and not less than \$34.00 per Share) that it will pay for Shares validly deposited pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. Shares deposited pursuant to Purchase Price Tenders will be deemed to have been deposited at a price of \$34.00 per Share for purposes of determining the Purchase Price (which is the minimum price per Share under the Offer). The Purchase Price will be the lowest price per Share of not more than \$38.00 and

not less than \$34.00 per Share at which Shares have been deposited or have been deemed to be deposited under the Offer that will enable Home Capital to purchase the maximum number of Deposited Shares (as defined below) having an aggregate purchase price not exceeding \$150,000,000. Shares validly deposited pursuant to an Auction Tender will only be taken up if the price specified in the Auction Tender by the depositing Shareholder is equal to or less than the Purchase Price.

Each Shareholder who has properly deposited Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender and who has not withdrawn such Shares (in accordance with Section 6 of the Offer to Purchase, “Withdrawal Rights”) will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased, on the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots, each as described herein. Home Capital will first accept for purchase Shares validly deposited by any Shareholder who beneficially holds, as of the close of business on the Expiration Date, odd lots of fewer than 100 Shares in the aggregate and who deposits all such Shares pursuant to an Auction Tender at a price equal to or less than the Purchase Price or pursuant to a Purchase Price Tender.

Shareholders validly depositing Shares pursuant to Auction Tenders at \$34.00 per Share (the minimum purchase price under the Offer) and Shareholders validly depositing Shares pursuant to Purchase Price Tenders can reasonably expect to have such Shares purchased at the Purchase Price if any Shares are purchased under the Offer (subject to the proration provisions and the preferential acceptance of odd lots, each as described herein).

If the number of Shares validly deposited prior to the Expiry Time on the Expiration Date (and not withdrawn in accordance with Section 6 of the Offer to Purchase, “Withdrawal Rights”) pursuant to Auction Tenders at a price equal to or less than the Purchase Price and pursuant to Purchase Price Tenders would result in an aggregate purchase price in excess of \$150,000,000, then such Deposited Shares will be purchased on a pro rata basis according to the number of Shares deposited or deemed to be deposited at a price equal to or less than the Purchase Price by the depositing Shareholders (with adjustments to avoid the purchase of fractional Shares), except that odd lot deposits will not be subject to proration. See Section 3 of the Offer to Purchase, “Number of Shares, Proration”.

Certificates for all Shares not purchased (including all Shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price), Shares not purchased due to proration and Shares not accepted for purchase, will be returned to the depositing Shareholder as soon as practicable after the Expiration Date or termination of the Offer without expense to the depositing Shareholder.

The Company has concluded it can rely on the “liquid market exemption” specified in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition, the board of directors of the Company (the “Board of Directors”) has obtained a liquidity opinion (the “Liquidity Opinion”) from RBC Dominion Securities Inc., to the effect that, based on and subject to the qualifications, assumptions and limitations stated in the Liquidity Opinion, there is a liquid market for the Shares as of March 8, 2016, and that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. A copy of the Liquidity Opinion of RBC Dominion Securities Inc. is attached hereto as Schedule A.

As of March 8, 2016, 69,965,680 Shares were outstanding. The Shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “HCG”. On March 8, 2016 (the day the terms of the Offer were announced), the closing price of the Shares on the TSX was \$34.06 per Share. During the past six months, the closing prices of the Shares on the TSX have ranged from a low of \$23.16 to a high of \$36.20.

Effective February 15, 2016, Home Capital has suspended purchases of its Shares pursuant to its normal course issuer bid announced on September 14, 2015 until after the Expiration Date or date of termination of the Offer. During the past 12 months, Home Capital has purchased and cancelled a total of 295,000 Shares pursuant to its current normal course issuer bid.

None of Home Capital, its Board of Directors, RBC Dominion Securities Inc. or Computershare Investor Services Inc. makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares under the Offer. See Section 3 of the Circular, “Purpose and Effect of the Offer”. Shareholders must make their own

decisions as to whether to deposit Shares under the Offer. **Shareholders should carefully consider the income tax consequences of depositing Shares pursuant to the Offer. See Section 13 of the Circular, “Income Tax Considerations”.**

Shareholders wishing to deposit all or any portion of their Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See Section 5 of the Offer to Purchase, “Procedure for Depositing Shares”.

The Offer expires at 5:00 p.m. (Eastern time) on April 15, 2016, unless extended, varied or withdrawn.

The Depositary for the Offer is:

Computershare Investor Services Inc.

100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Telephone: 1-(416)-263-9200
Toll Free: 1-(800)-564-6253

The Dealer Manager for the Offer is:

RBC Dominion Securities Inc.

Royal Bank Plaza, South Tower
200 Bay Street, 4th Floor
Toronto, Ontario M5J 2W7

Telephone: 1-(866)-260-9578

FORWARD-LOOKING STATEMENTS

From time to time Home Capital makes written and verbal forward-looking statements. These are included in the Annual Report, periodic reports to shareholders, regulatory filings, press releases, Company presentations and other Company communications. Specific forward-looking statements in this document include, but are not limited to: the Company continuing to have sufficient financial resources and working capital to conduct its ongoing operations and continuing to have sufficient financial resources to pursue its foreseeable or planned business opportunities including strategic acquisitions; the market for the Shares after completion of the Offer not being materially less liquid than the market that exists at the time of the making of the Offer; future purchases of additional Shares following expiry of the Offer, including purchases of its Shares pursuant to its normal course issuer bid; the recent trading price of the Shares not being fully reflective of the value of the Company; the purchase of the Shares under the Offer being in the best interests of the Company and an appropriate use of financial resources; and the prospect that the Company may from time to time in the future consider various acquisition or divestiture opportunities. Forward-looking statements are typically identified by words such as “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “forecast,” “may,” and “could” or other similar expressions.

By their very nature, these statements require the Company to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change. The preceding list is not exhaustive of possible factors.

This is not an exhaustive list of the factors and risks that may affect any of the Company’s forward-looking statements. Some of these and other factors are discussed in more detail in the Company’s 2015 Annual Report dated February 10, 2016. Investors and others should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is included in the Company’s public filings with provincial securities regulatory authorities and can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com. The forward-looking statements contained in the Offer represent the Company’s views only as of the date hereof. Forward-looking statements contained in the Offer are based on management’s current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company’s securityholders in understanding management’s current views regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf, except to the extent required by applicable securities laws.

INFORMATION FOR UNITED STATES SHAREHOLDERS ONLY

The Offer is made by Home Capital, a Canadian issuer, for its own securities, and while the Offer is subject to the disclosure requirements of the province of Ontario and the other provinces of Canada, U.S. Shareholders should be aware that these disclosure requirements are different from those of the United States. Financial statements of Home Capital have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are subject to Canadian auditing and auditor independence standards and, therefore, they may not be comparable to financial statements of U.S. companies prepared in accordance with United States generally accepted accounting principles.

It is a violation of Rule 14e-4 promulgated under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), for a person acting alone or in concert with others, directly or indirectly, to tender Shares for such person’s own account unless at the time of tender and at the Expiry Time such person has a “net long position” in (i) a number of Shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such Shares for the purpose of tendering to us within the period specified in the Offer or (ii) other securities immediately convertible into, exercisable for or exchangeable into a number of Shares (“Equivalent Securities”) that is equal to or greater than the number of Shares tendered and, upon the acceptance of such tender, will acquire such Shares by conversion, exchange, or exercise of such Equivalent Securities to the extent required by the terms of the

Offer and will deliver or cause to be delivered such Shares so acquired for the purpose of tender to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Shares made pursuant to any method of delivery set forth in the Circular will constitute the tendering Shareholder's acceptance of the terms and conditions of the Offer, as well as the tendering Shareholder's representation and warranty to us that (i) such Shareholder has a "net long position" in a number of Shares or Equivalent Securities at least equal to the Shares being tendered within the meaning of Rule 14e-4, and (ii) such tender of Shares complies with Rule 14e-4. Our acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering Shareholder and us upon the terms and subject to the conditions of the Offer.

The enforcement by Shareholders of civil liabilities under U.S. federal securities laws may be adversely affected by the fact that the Company is continued under the provincial laws of Ontario, that all of its directors and officers are residents of Canada, that some or all of the experts named in the Circular are nonresidents of the United States and that all or a substantial portion of the assets of the Company and said persons are located outside the United States. It may be difficult to effect service of process on the Company, its officers and directors and the experts named in the Circular. Additionally, it might be difficult for Shareholders to enforce judgments of United States courts based on civil liability provisions of the U.S. federal securities laws or the securities or "blue sky" laws of any state within the United States in a Canadian court against the Company or any of its non-U.S. resident directors, officers or the experts named in the Circular or to bring an original action in a Canadian court to enforce liabilities based on the federal or state securities laws against such persons.

U.S. Shareholders should be aware that the acceptance of the Offer will have certain tax consequences under United States and Canadian law. See Section 13 of the Circular, "Income Tax Considerations".

Neither the United States Securities and Exchange Commission, nor any U.S. domestic state, Canadian provincial or foreign securities commission, has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this Circular. Any representation to the contrary is a criminal offense.

CURRENCY

All dollar references in the Offer to Purchase and the Circular are in Canadian dollars, except where otherwise indicated.

INTERPRETATION

Unless the context otherwise requires, all references in the Offer to Purchase and the Circular to "our", "we", "Home Capital" or the "Company" refer to Home Capital Group Inc. and its subsidiaries and, to the extent references in the Offer to Purchase and the Circular are made to matters undertaken by a predecessor in interest to Home Capital or its subsidiaries, include such predecessor in interest.

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GLOSSARY

In this document, unless the subject matter or context is inconsistent therewith, the following terms have the following meanings:

“**Auction Tender**” means an auction tender delivered by a Shareholder who wishes to accept the Offer pursuant to which the Shareholder agrees to sell to the Company a specified number of Shares owned by such Shareholder at a specified price per share of not less than \$34.00 and not more than \$38.00 and in increments of \$0.10 within that range.

“**Board of Directors**” means the board of directors of the Company.

“**Book Entry Confirmation**” means a confirmation of a book entry transfer of Shares into the Depository’s account established at CDS in accordance with the terms of the Offer.

“**business day**” means any day other than a Saturday, a Sunday and a statutory holiday in Toronto, Ontario, Canada, and a United States federal holiday, and for the purposes of the Exchange Act shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern time.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDSX.

“**CDSX**” means the book entry system administered by CDS.

“**Circular**” means the attached offering circular.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company**”, “**we**”, “**us**” or “**Home Capital**” means Home Capital Group Inc.

“**Dealer Manager**” means RBC Dominion Securities Inc.

“**Depository**” means Computershare Investor Services Inc.

“**Deposited Shares**” means Shares validly deposited pursuant to the Offer and not withdrawn.

“**DTC**” means the Depository Trust Company.

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

“**Expiration Date**” means April 15, 2016 or such later date to which the Offer may be extended by the Company.

“**Expiry Time**” means 5:00 p.m. (Eastern time) on the Expiration Date or such later time on the Expiration Date to which the Offer may be extended by the Company.

“**Home Trust**” means Home Trust Company.

“**IRS**” means the Internal Revenue Service.

“**Letter of Transmittal**” means the letter of acceptance and transmittal in the form forwarded with the Circular.

“**Liquidity Opinion**” means the liquidity opinion prepared by RBC Dominion Securities Inc. and attached as Schedule A hereto.

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended.

“**Notice of Guaranteed Delivery**” means the notice of guaranteed delivery in the form forwarded with the Circular;

“**Offer**” means the offer made to shareholders to purchase that number of Shares having an aggregate purchase price not exceeding \$150,000,000, the terms and conditions of which are set forth in the Offer to Purchase, the Circular and the Letter of Transmittal.

“**Offer to Purchase**” means the attached offer to purchase.

“**OSC**” means the Ontario Securities Commission;

“**OSFI**” means Office of the Superintendent of Financial Institutions Canada;

“**person**” means and includes any individual, sole proprietorship, partnership, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and any governmental authority or any agency or instrumentality thereof.

“**Purchase Price**” means the price per Share (being not more than \$38.00 and not less than \$34.00 per Share) that Home Capital will pay for Deposited Shares, taking into account the number of Deposited Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders making Auction Tenders.

“**Purchase Price Tender**” means a deposit (or deemed deposit) of Shares made by a Shareholder where such Shareholder does not specify a price for the purchase of Shares by Home Capital but rather agrees to have the Shareholder’s Shares purchased for the Purchase Price as determined under the Offer.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Shareholder**” means the registered or beneficial holder of outstanding Shares, as the context requires.

“**Shares**” means common shares in the capital of the Company.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**TSX**” means the Toronto Stock Exchange.

SUMMARY

This general summary is solely for the convenience of Shareholders and is qualified in its entirety by reference to the full text and more specific details in the Offer. This summary highlights material information relating to this Offer, but it is not meant to be a substitute for the information contained in the Offer to Purchase, the Circular and the Letter of Transmittal. Therefore, the Company urges Shareholders to carefully read the Offer to Purchase, the Circular and the Letter of Transmittal in their entirety prior to making any decision regarding whether or not to deposit Shares held or the price or prices at which a Shareholder may choose to deposit Shares to the Offer. The Company has included cross-references in this summary to other sections of the Offer to Purchase, the Circular and the Letter of Transmittal where a Shareholder will find a more complete discussion of the topics mentioned in this summary. Unless otherwise defined in this summary, capitalized terms have the meaning assigned to them under the heading "Glossary" above.

Who is Offering to Purchase My Shares?

Home Capital Group Inc. ("Home Capital" or the "Company") is offering to purchase Shares for cancellation.

Why is Home Capital Making the Offer?

The Offer allows the Company an opportunity to return up to \$150,000,000 of capital to Shareholders who elect to tender while at the same time increasing the proportionate Share ownership of Shareholders who elect not to tender. The Company believes the purchase of Shares under the Offer represents an appropriate use of its available cash. See Section 3 of the Circular, "Purpose and Effect of the Offer".

What Will the Purchase Price for the Shares be and What Will be the Form of Payment?

The Company is conducting the Offer through a "Dutch Auction". This procedure allows the Shareholder to select a price of not more than \$38.00 per Share and not less than \$34.00 per Share (in increments of \$0.10) at which that Shareholder is willing to deposit all or part of their Shares. As promptly as practicable after 5:00 p.m. (Eastern time) on April 15, 2016, the Company will, upon the terms and subject to the conditions of the Offer, determine a single Purchase Price (which will be not more than \$38.00 and not less than \$34.00 per Share) that the Company will pay for Shares validly deposited pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. Shares deposited pursuant to Purchase Price Tenders will be deemed to have been deposited at a price of \$34.00 per Share for purposes of determining the Purchase Price (which is the minimum price per Share under the Offer). Shareholders who validly deposit Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender.

The Purchase Price will be the lowest price per Share of not more than \$38.00 and not less than \$34.00 per Share at which Shares have been deposited or have been deemed to be deposited under the Offer that will enable the Company to purchase the maximum number of Shares deposited pursuant to the Offer, having an aggregate purchase price not exceeding \$150,000,000. Home Capital will publicly announce the Purchase Price promptly after it has determined it and, upon the terms and subject to the conditions of the Offer (including the proration provisions and the preferential acceptance of odd lots, each as described herein), the Company will pay the Purchase Price in cash to all Shareholders who have validly deposited (and have not withdrawn) their Shares pursuant to Auction Tenders at prices equal to or less than the Purchase Price or pursuant to Purchase Price Tenders, subject to applicable withholding taxes. See Section 2 of Offer to Purchase, "Purchase Price".

How Many Shares Will Home Capital Purchase?

Home Capital will purchase, at the Purchase Price, Shares validly deposited under the Offer and not withdrawn up to a maximum aggregate purchase price of \$150,000,000. Since the Purchase Price will only be determined after 5:00 p.m. (Eastern time) on the Expiration Date, the number of Shares that will be purchased will not be known until after that time. If the Purchase Price is determined to be \$34.00 per Share, the minimum Purchase Price under the Offer, the maximum number of Shares that will be purchased under the Offer is 4,411,765. Assuming

that the Offer is fully subscribed, if the Purchase Price is determined to be \$38.00 per Share, the maximum Purchase Price under the Offer, the minimum number of Shares that will be purchased under the Offer is 3,947,368.

As at March 8, 2016, there were 69,965,680 Shares issued and outstanding. The maximum of 4,411,765 Shares that the Company is offering to purchase hereunder represents approximately 6.31% of the total number of Shares issued and outstanding as at March 8, 2016. Assuming the Offer is fully subscribed, the minimum of 3,947,368 Shares that the Company is offering to purchase hereunder represents approximately 5.64% of the total number of Shares issued and outstanding as at March 8, 2016. See Section 3 of the Offer to Purchase, "Number of Shares, Proration".

What Happens if the Number of Shares Deposited to the Offer Would Result in an Aggregate Purchase Price of More Than \$150,000,000?

If the number of Shares validly deposited to the Offer prior to 5:00 p.m. (Eastern time) on the Expiration Date (and not withdrawn) pursuant to Auction Tenders at a price equal to or less than the Purchase Price and pursuant to Purchase Price Tenders would result in an aggregate purchase price in excess of \$150,000,000, then such Shares will be purchased in the following priority:

- without proration, all Shares deposited or deemed to be deposited for purchase equal to or less than the Purchase Price by holders of odd lots of less than 100 shares who have deposited all of their Shares to the Offer; and
- on a *pro rata* basis, all other Shares validly deposited or deemed to be deposited for purchase equal to or less than the Purchase Price (subject to adjustments to avoid the purchase of fractional shares).

See Section 3 of the Offer to Purchase, "Number of Shares, Proration".

Can a Shareholder Deposit the Shares Held at Different Prices?

Yes. A Shareholder can elect to deposit some of the Shares held by that Shareholder to the Offer at one price and other Shares at one or more other prices. If a Shareholder desires to deposit Shares in separate lots at a different price for each lot, that Shareholder must complete a separate Letter of Transmittal (and, if applicable, a Notice of Guaranteed Delivery) for each price at which that Shareholder is depositing Shares. A Shareholder may not deposit the same Shares pursuant to both an Auction Tender and a Purchase Price Tender, or pursuant to an Auction Tender at more than one price. See Section 5 of the Offer to Purchase, "Procedure for Depositing Shares".

Can I tender only a portion of the Shares I own?

Yes. You do not have to tender all of the Shares you own to participate in the Offer. You may not tender more Shares than you own in the Offer.

How Does a Shareholder Deposit their Shares?

In order to deposit shares pursuant to the Offer, a Shareholder must either:

- deliver the certificate for all Shares validly deposited pursuant to the Offer in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) with any required signatures guaranteed by an Eligible Institution, and any other documents required by the Letter of Transmittal, to the Depository at its address set forth on the Letter of Transmittal to purchase, prior to 5:00 p.m. (Eastern time) on April 15, 2016 (or such later date and time if the expiry time of the Offer is extended); or
- tender by following the procedures for book-entry transfer, provided that a Book Entry Confirmation through the CDSX system (in the case of Shares held in CDS) or an Agent's Message (in the case of

Shares held in DTC) is received by the Depository at its office in Toronto, Ontario prior to the Expiry Time; or

- follow the guaranteed delivery procedures described under Section 5 of the Offer to Purchase, “Procedure for Depositing Shares”.

If a Shareholder wishes to deposit Shares under the Offer and the Shares held are registered in the name of an investment dealer, stock broker, bank, trust company or other nominee, the Shareholder should immediately contact its nominee in order to take the necessary steps to be able to deposit the Shares held under the Offer. See Section 5 of the Offer to Purchase, “Procedure for Depositing Shares”.

A Shareholder may deposit Shares pursuant to the Offer either pursuant to an “Auction Tender” or a “Purchase Price Tender”. A Shareholder may deposit some Shares pursuant to an Auction Tender and others pursuant to a Purchase Price Tender. See Section 5 of the Offer to Purchase, “Procedure for Depositing Shares”.

Auction Tender: If a Shareholder is making an Auction Tender, the Shareholder must specify the minimum price per share (of not more than \$38.00 and not less than \$34.00 per Share, in increments of \$0.10) at which that Shareholder is willing to sell its Shares held to the Company. Shares validly deposited pursuant to an Auction Tender and not withdrawn will only be taken up if the price specified in the Auction Tender is equal to or less than the Purchase Price determined by the Company.

Purchase Price Tender: If a Shareholder wishes to deposit Shares but does not wish to specify a minimum price at which the Company may purchase such Shares, the Shareholder should make a Purchase Price Tender.

If a Shareholder validly deposits Shares pursuant to an Auction Tender at \$34.00 per Share (the minimum purchase price under the Offer) or if a Shareholder validly deposits Shares pursuant to a Purchase Price Tender, that Shareholder can reasonably expect to have the Shares it held purchased at the Purchase Price if any Shares are purchased under the Offer (subject to the proration provisions and the preferential acceptance of odd lots).

See Section 2 of the Offer to Purchase, “Purchase Price”.

How Long Does a Shareholder Have to Deposit Shares Held?

A Shareholder may deposit Shares held until the Offer expires. The Offer expires at 5:00 p.m. (Eastern time) on April 15, 2016, or at a later time as the Company may determine. If an investment dealer, stock broker, bank, trust company or other nominee holds Shares for a Shareholder, it is likely the nominee has established an earlier deadline for that Shareholder to act to instruct the nominee to accept the Offer on its behalf. A Shareholder should immediately contact the Shareholder’s investment dealer, stock broker, bank, trust company or other nominee to find out the nominee’s deadline. See Section 8 of the Offer to Purchase, “Extension and Variation of the Offer”.

Can the Offer be Extended, Varied or Terminated?

Yes. The Company may extend or vary the Offer in its sole discretion. See Section 8 of the Offer to Purchase, “Extension and Variation of the Offer”. The Company can also terminate the Offer under certain circumstances. See Section 7 of the Offer to Purchase, “Certain Conditions of the Offer”.

How Will a Shareholder be Notified if Home Capital Extends the Offer?

If Home Capital extends the Offer, Home Capital will issue a press release no later than 5:00 p.m. (Eastern time) on the next business day after the day on which the Offer was previously scheduled to expire. See Section 8 of the Offer to Purchase, “Extension and Variation of the Offer”.

What Will Happen if a Shareholder Does Nothing?

Upon completion of the Offer, if a Shareholder does not deposit the Shares held by it to the Offer, that Shareholder will realize a proportionate increase in its equity interest in Home Capital to the extent the Company purchases Shares pursuant to the Offer. See Section 3 of the Circular, "Purpose and Effect of the Offer".

Are There Any Conditions to the Offer?

Yes. The Offer is subject to a number of conditions usual in the circumstances, such as changes in market price of the Shares, or stock market conditions, the absence of court and governmental action prohibiting the Offer and the absence of changes in general market conditions or Home Capital's business that, in the Company's sole judgment, acting reasonably, make it inadvisable to proceed with the Offer. See Section 7 of the Offer to Purchase, "Certain Conditions of the Offer".

Once a Shareholder Has Deposited Shares to the Offer, Can That Shareholder Withdraw Those Shares?

Yes. A Shareholder may withdraw Shares deposited pursuant to the Offer (a) at any time that those Shares have not been taken up by the Company; (b) at any time before the expiration of 10 days from the date that a notice of change or variation (unless the Shares deposited pursuant to the Offer have been taken up by the Company before the date of the notice of change or variation, and other than a variation that: (i) consists solely of an increase in the consideration offered for those Shares under the Offer where the time for deposit is not extended for greater than 10 days, or (ii) consists solely of the waiver of a condition of the Offer) has been given in accordance with Section 8 of the Offer to Purchase, "Extension and Variation of the Offer"; or (c) if those Shares have not been paid for by the Company within three business days after having been taken up. See Section 6 of the Offer to Purchase, "Withdrawal Rights".

How Does a Shareholder Withdraw Shares Previously Deposited?

For a withdrawal to be effective, a written notice of withdrawal must be received in a timely manner by the Depository at the office as set forth on the Letter of Transmittal or Notice of Guaranteed Delivery of the relevant Shares. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery that accompanied the Shares being withdrawn and must specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder, if different from that of the person who deposited such Shares, and the number of Shares to be withdrawn. Some additional requirements apply if the certificates representing the Shares to be withdrawn have been delivered to the Depository. The withdrawal will take effect only upon actual receipt by the Depository of the properly completed and executed written notice. See Section 6 of the Offer to Purchase, "Withdrawal Rights".

What Does a Shareholder do if That Shareholder Owns an "Odd Lot" of Shares?

If a Shareholder owns in the aggregate fewer than 100 Shares (an "odd lot") as of the close of business on the Expiration Date and that Shareholder validly deposits all such Shares pursuant to an Auction Tender at a price equal to or less than the Purchase Price or pursuant to a Purchase Price Tender, the Company will purchase all of those Shares without proration (but otherwise subject to the terms and conditions of the Offer). If a Shareholder owns an "odd lot" of Shares, that Shareholder must check (or tick) the "Odd Lots" box in either the Letter of Transmittal or the Notice of Guaranteed Delivery. See Section 3 of the Offer to Purchase, "Number of Shares, Proration".

When Will Home Capital Pay for the Shares Deposited?

Home Capital will publicly announce the Purchase Price promptly after it has been determined and will take up Shares to be purchased pursuant to the Offer promptly after 5:00 p.m. (Eastern time) on the Expiration Date, but in any event no later than 10 days after such time. Home Capital will pay for such Shares within three business days after taking up the Shares. See Section 9 of the Offer to Purchase, "Taking Up and Payment for Deposited Shares".

What is the Recent Market Price of the Shares?

On March 8, 2016, the day of the announcement by Home Capital of terms of the Offer, the closing price of the Shares on the TSX was \$34.06. During the past six months, the closing prices of the Shares on the TSX has ranged from a low of \$23.16 to a high of \$36.20. See Section 5 of the Circular, "Price Range of Shares".

Will a Shareholder Have to Pay Brokerage Commissions if Shares Are Deposited?

If a Shareholder is a registered Shareholder and deposits Shares directly to the Depositary, the Shareholder will not incur any brokerage commissions. If the Shareholder holds Shares through an investment dealer, stock broker, bank, trust company or other nominee, Home Capital urges the Shareholder to consult its nominee to determine whether the Shareholder will incur any transaction costs. See Section 5 of the Offer to Purchase, "Procedure for Depositing Shares".

What Are the Income Tax Consequences of Depositing Shares?

A Shareholder who sells Shares to Home Capital under the Offer will be deemed to receive a dividend under the Tax Act equal to the excess of the amount paid by Home Capital over the "paid-up capital" of the Shares for purposes of the Tax Act. Home Capital estimates that the paid-up capital per Share on the date of take-up under the Offer will be approximately \$1.29 and accordingly, Shareholders who sell Shares under the Offer are expected to realize deemed dividends for purposes of the Tax Act. The treatment of such deemed dividends under the Tax Act is described in Section 13 of the Circular, "Income Tax Considerations". In view of the deemed dividend tax treatment under the Tax Act of a sale of Shares pursuant to the Offer as opposed to the capital gain or capital loss tax treatment that would generally apply to a sale of shares in the market, Shareholders who wish to sell their Shares should consult their own tax advisors regarding selling their Shares in the market as an alternative to accepting the Offer, in order to receive capital gain (or capital loss) treatment on the disposition of their Shares. The selling price for such market sales may be different from the Purchase Price.

The deemed dividend tax treatment of a sale of Shares pursuant to the Offer, as well as certain other Canadian federal income tax considerations and certain United States federal income tax considerations, are described in general terms in Section 13 of the Circular, "Income Tax Considerations". Shareholders should carefully consider the income tax consequences of depositing Shares pursuant to the Offer and consult with their own tax advisors in this regard.

Has the Company or its Board Of Directors Adopted a Position on the Offer?

Neither the Company nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares.

Will Home Capital's Directors, Officers or Significant Shareholder Deposit Shares to the Offer?

To the knowledge of the Company and its directors and officers, after reasonable inquiry, no director or officer of the Company, no associate or affiliate of a director or officer of the Company, no insider of the Company (other than a director or officer) and no person or company acting jointly or in concert with the Company, has indicated any present intention to deposit any of such person's or company's Shares pursuant to the Offer. These intentions may change or Shares may be sold on the TSX depending on the change in circumstance of such individuals. In addition other officers may sell Shares on the TSX during the period of the Offer. See Section 12 of the Circular, "Intention to Deposit Shares".

How Will Home Capital Pay for the Shares?

Home Capital will fund any purchase of Shares pursuant to the Offer, including related fees and expenses, from cash on hand. The Offer is not conditional upon the receipt of financing. See Section 3 of the Circular, "Purpose and Effect of the Offer".

Will Home Capital Have Sufficient Financial Resources Remaining Upon Completion of the Offer?

After giving effect to the Offer, Home Capital believes that it will continue to have sufficient financial resources and working capital to conduct its business.

What Impact Will the Offer Have on the Liquidity of the Market for the Shares?

Home Capital's Board of Directors has determined that it is reasonable to conclude that, following completion of the Offer, there will be a market for Shareholders who do not deposit Shares under the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. In addition, the Board of Directors has obtained a liquidity opinion from RBC Dominion Securities. See Section 3 of the Circular, "Purpose and Effect of the Offer – Liquidity of Market" and Schedule A.

Whom Can I Talk to if I Have Questions?

For further information regarding the Offer, a Shareholder may contact the Depository or RBC Dominion Securities Inc., or consult its own stock broker or other professional advisors. The telephone number of the Depository and of RBC Dominion Securities Inc. is set forth on the front page of this Offer to Purchase and Circular.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER SHAREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THE OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

OFFER TO PURCHASE

To the Holders of the Common Shares of Home Capital Group Inc.

1. The Offer

The Company hereby offers to purchase for cancellation that number of Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$150,000,000 pursuant to (a) Auction Tenders at a price per Share of not more than \$38.00 and not less than \$34.00, in increments of \$0.10 per Share, as specified by such Shareholders, or (b) Purchase Price Tenders, in either case, on the terms and subject to the conditions set forth in this Offer to Purchase, the accompanying Circular, the related Letter of Transmittal and the Notice of Guaranteed Delivery. Shareholders who validly deposit Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender.

The Offer will commence on March 9, 2016, the date of this Offer to Purchase, and expire at 5:00 p.m. (Eastern time) on April 15, 2016, or at such later time and date to which the Offer may be extended by Home Capital.

The Offer is not conditional upon any minimum number of shares being deposited. The Offer is, however, subject to certain other conditions. See Section 7 of this Offer to Purchase, “Certain Conditions of the Offer”.

All Shareholders who have validly deposited and not withdrawn their Shares pursuant to Auction Tenders at prices equal to or less than the Purchase Price or pursuant to Purchase Price Tenders will receive the Purchase Price, payable in cash (but subject to applicable withholding taxes, if any), for all Shares purchased, upon the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots described herein. Registered Shareholders who deposit their Shares directly to the Depositary will not incur any brokerage commissions. Shareholders who hold Shares through an investment dealer, stock broker, bank, trust company or other nominee are urged to consult with their nominee to determine whether they will incur any transaction costs. See Section 5 of the Offer to Purchase, “Procedure for Depositing Shares”.

Certificates for all Shares not purchased, including all Shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price, Shares not purchased due to proration and Shares not accepted for purchase, will be returned as soon as practicable after the Expiration Date or termination of the Offer without expense to the depositing Shareholder.

Neither Home Capital nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders must make their own decisions as to whether to deposit or refrain from depositing Shares under the Offer. Shareholders should carefully consider all relevant factors with their own financial advisors, including the income tax consequences of depositing Shares pursuant to the Offer. See Section 13 of the Circular, “Income Tax Considerations”.

The accompanying Circular and Letter of Transmittal contain important information and should be read carefully before making a decision with respect to the Offer.

2. Purchase Price

As promptly as practicable following the Expiration Date, the Company will determine a single Purchase Price per Share (not less than \$34.00 and not more than \$38.00) that it will pay for Deposited Shares, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. Shares deposited pursuant to Purchase Price Tenders will be deemed to have been deposited at a price of \$34.00 per Share for purpose of determining the Purchase Price (which is the minimum price per Share under the Offer). The Purchase Price will be the lowest price per Share of not more than \$38.00 and not less than \$34.00 per Share at which Shares have been deposited or have been deemed to be deposited under the Offer that will enable Home Capital to purchase the maximum number of Deposited Shares having an aggregate purchase price not exceeding \$150,000,000.

As promptly as practicable after determining the Purchase Price, Home Capital will publicly announce the Purchase Price and all Shareholders who have validly deposited and not withdrawn their Shares pursuant to Auction Tenders at prices equal to or less than the Purchase Price or pursuant to Purchase Price Tenders will receive the Purchase Price, payable in cash (but subject to applicable withholding taxes), for all Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots described below. See Section 3 of the Offer to Purchase, "Number of Shares, Proration".

Shareholders validly depositing Shares pursuant to Auction Tenders at \$34.00 per Share (the minimum purchase price under the Offer) and Shareholders validly depositing Shares pursuant to Purchase Price Tenders can reasonably expect to have such Shares purchased at the Purchase Price if any Shares are purchased under the Offer (subject to provisions relating to proration and the preferential acceptance of odd lots described below).

The Purchase Price will be denominated in Canadian dollars and the payment of amounts owing to a depositing Shareholder will be made in Canadian dollars.

3. Number of Shares, Proration

Home Capital will purchase, upon the terms and subject to the conditions of the Offer, at the Purchase Price, Deposited Shares up to a maximum aggregate purchase price of \$150,000,000. Since the Purchase Price will only be determined after the Expiration Date, the number of Shares that will be purchased will not be known until after the Expiration Date. If the Purchase Price is determined to be \$34.00 per Share, the minimum purchase price under the Offer, the maximum number of Shares that will be purchased under the Offer is 4,411,765. Assuming that the Offer is fully subscribed, if the Purchase Price is determined to be \$38.00 per Share, the maximum purchase price under the Offer, the minimum number of Shares that will be purchased under the Offer is 3,947,368.

As at March 8, 2016, there were 69,965,680 Shares issued and outstanding. The maximum of 4,411,765 Shares that Home Capital is offering to purchase hereunder represents approximately 6.31% of the total number of Shares issued and outstanding as at March 8, 2016. Assuming the Offer is fully subscribed, the minimum of 3,947,368 Shares that Home Capital is offering to purchase hereunder represents approximately 5.64% of the total number of Shares issued and outstanding as at March 8, 2016.

If the aggregate purchase price (calculated at the Purchase Price per Share) for Shares deposited pursuant to Auction Tenders at prices equal to or less than the Purchase Price and pursuant to Purchase Price Tenders, and not withdrawn, is less than or equal to \$150,000,000, Home Capital will, upon the terms and subject to the conditions of the Offer, purchase at the Purchase Price all Deposited Shares.

If the number of Shares deposited pursuant to Auction Tenders at prices equal to or less than the Purchase Price and pursuant to Purchase Price Tenders, and not withdrawn, would result in an aggregate purchase price in excess of \$150,000,000, then such Deposited Shares will be purchased on a pro rata basis according to the number of Shares deposited or deemed to be deposited at prices equal to or less than the Purchase Price by the depositing Shareholders (with adjustments to avoid the purchase of fractional Shares), except that odd lot deposits will not be subject to proration. For the purposes of the foregoing, an odd lot deposit is a deposit by a Shareholder owning in the aggregate fewer than 100 Shares as of the close of business on the Expiration Date, who deposits all such Shares pursuant to an Auction Tender at a price or prices equal to or less than the Purchase Price or pursuant to a Purchase Price Tender prior to the Expiry Time on the Expiration Date and who checks (or ticks) the box captioned "Odd Lots" in either the Letter of Transmittal or the Notice of Guaranteed Delivery. As set forth above, odd lots will be accepted for purchase before any proration. Home Capital's determination as to proration will be final and binding on all parties.

4. Announcement of Purchase Price, Number of Shares Validly Tended and Aggregate Purchase Price

The Company will publicly announce the Purchase Price, the number of Shares validly tendered to the Offer and the aggregate purchase price as promptly as practicable after the Expiration Date.

5. Procedure for Depositing Shares

Proper Deposit of Shares

To deposit Shares pursuant to the Offer, (a) the certificates for all Deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal must be received by the Depository at one of the addresses listed in the Letter of Transmittal by the Expiration Date, (b) the guaranteed delivery procedure described below must be followed, or (c) such Shares must be transferred pursuant to the procedures for book-entry transfer described below (and a Book-Entry Confirmation through the CDSC system (in the case of Shares held by CDS) or an Agent's Message (in the case of Shares held in DTC) must be received by the Depository in lieu of a Letter of Transmittal).

A non-registered Shareholder who desires to deposit Shares under the Offer should immediately contact such Shareholder's investment dealer, stock broker, commercial bank, trust company or other nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.

Participants of CDS or DTC should contact CDS or DTC, as applicable, to obtain instructions as to the method of depositing Shares under the terms of the Offer. CDS and DTC will be issuing instructions to their participants as to the method of depositing Shares under the terms of the Offer.

In accordance with Instruction 5 of the Letter of Transmittal, each Shareholder desiring to deposit Shares pursuant to the Offer must indicate, in the box captioned "Type of Tender" on such Letter of Transmittal and, if applicable, the Notice of Guaranteed Delivery, (a) whether Shares are deposited pursuant to an Auction Tender, Purchase Price Tender, (b) if an Auction Tender is made, the price (in multiples of \$0.10 per Share) at which such Shares are being deposited, and (c) whether the Shareholder is making an odd lot deposit in accordance with Instruction 6 of the Letter of Transmittal.

Shares deposited pursuant to an Auction Tender will only be taken up if the price specified in the Auction Tender is equal to or less than the Purchase Price.

A Shareholder desiring to deposit Shares in separate lots at a different price for each lot must complete a separate Letter of Transmittal (and, if applicable, a Notice of Guaranteed Delivery) for each price at which the Shareholder is depositing Shares. The same Shares cannot be deposited pursuant to both an Auction Tender and a Purchase Price Tender, or pursuant to an Auction Tender at more than one price.

Notice to Holders of Options and Convertible or Exchangeable Securities

The Offer is made only for Shares and is not made for any options to purchase Shares or any other securities of Home Capital that are convertible into or exchangeable or exercisable for Shares. Any holder of such options or other securities convertible into or exchangeable or exercisable for Shares who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable laws, exercise the option or other securities convertible into or exchangeable or exercisable for Shares in order to obtain certificates representing Shares and deposit those Shares in accordance with the terms of the Offer. Any such conversion, exchange or exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such options or other securities will have the Shares issued or deliverable and, if applicable, will have received the certificate(s) representing the Shares, on such exercise available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in this Section "Procedure for Depositing Shares". Any such conversion, exercise or exchange will be irrevocable, including where the Shares tendered are subject to pro-ration or otherwise are not taken up. Holders of options or other securities should consult their income tax advisors as there are income tax consequences on the exercise of such securities and should read Section 13 of the Circular, "Income Tax Considerations" as there are tax consequences on the deposit of Shares to the Offer.

Signature Guarantees

No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the Share certificate deposited therewith, and payment and delivery is to be made directly to such registered holder, or (b) Shares are deposited for the account of a Canadian Schedule I chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (each such entity, an “Eligible Institution”). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution.

If a certificate representing Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificates representing Shares not purchased or deposited are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate share transfer power of attorney, in either case, signed exactly as the name of the registered holder appears on the certificate with the signature on the certificate or share transfer power of attorney signature guaranteed by an Eligible Institution.

Book-Entry Transfer Procedures

Any financial institution that is a participant in CDS may make book-entry delivery of the Shares through CDSX, CDS’s on-line tendering system pursuant to which book-entry transfers may be effected by causing CDS to transfer such Shares into the Depository’s account in accordance with CDS’s procedures for such transfer. Delivery of Shares to the Depository by means of a book-entry transfer through CDSX will constitute a valid tender under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depository at its Toronto, Ontario office address set forth on the back cover page of this Offer to Purchase and Circular prior to the Expiration Date. Shareholders, through their respective CDS Participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depository’s account with CDS will be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depository are considered a valid tender in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depository.**

Shareholders who have an account maintained by DTC may accept the Offer by following the procedures for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent’s Message in respect thereof, or a properly completed and duly executed Letter of Transmittal and any other required documents, are received by the Depository at its office specified in the Letter of Transmittal prior to the Expiry Time of the Offer. If necessary, the Depository will establish an account at DTC for the purpose of the Offer. Any financial institution that is a participant in DTC’s systems may cause DTC to make a book-entry transfer of a Shareholder’s Shares into the Depository’s account in accordance with DTC’s procedures for such transfer. However, as noted above, although delivery of Shares may be effected through book-entry transfer at DTC, either a Letter of Transmittal (or a manually signed facsimile copy thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent’s Message in lieu of a Letter of Transmittal, and any other required documents, must, in any case, be received by the Depository, at its office specified in the Letter of Transmittal prior to the Expiry Time of the Offer. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the Depository.

Method of Delivery

The method of delivery of certificates representing Shares and all other required documents is at the option and risk of the depositing Shareholder. If certificates representing Shares are to be sent by mail, registered mail, properly insured, is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Depository on or prior to such date. Delivery of a share certificate representing Shares will only be made upon actual receipt of such share certificate representing Shares by the Depository.

Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Shares pursuant to the Offer and cannot deliver certificates for such Shares, or the book-entry transfer procedures described above cannot be completed, prior to the Expiry Time, or time will not permit all required documents to reach the Depository by the Expiry Time, such Shares may nevertheless be deposited if all of the following conditions are met:

- (a) such deposit is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery, or a manually executed photocopy thereof, substantially in the form provided by Home Capital indicating the type of deposit and, in the case of an Auction Tender, the price at which the Shares are being deposited) is received by the Depository at its mailing address in Toronto, Ontario as set out in the Notice of Guaranteed Delivery prior to the Expiry Time on the Expiration Date; and
- (c) the share certificates for all Deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) or Book-Entry Confirmation in lieu thereof relating to such Shares, with signatures that are guaranteed by an Eligible Institution if so required in accordance with the Letter of Transmittal, or, in the case of a book-entry transfer, a Book-Entry Confirmation through the CDSX system (in the case of Shares held in CDS) or an Agent's Message (in the case of Shares held in DTC), and any other documents required by the Letter of Transmittal, are received by the Toronto, Ontario office of the Depository, before 5:00 p.m. (Eastern time) on or before the third trading day on the TSX after the Expiration Date.

The Notice of Guaranteed Delivery may be hand delivered, couriered, mailed or transmitted by facsimile transmission to the Toronto office of the Depository listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares deposited and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares, a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares with signatures that are guaranteed if so required and any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently deposited.

Determination of Validity, Rejection and Notice of Defect

All questions as to the number of Shares to be accepted, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of Shares will be determined by the Company, in its sole discretion, which determination will be final and binding on all parties. The Company reserves the absolute right to reject any deposits of Shares determined by it not to be in proper form or completed in accordance with the instructions herein and in the Letter of Transmittal or the acceptance for payment of or payment for which may, in the opinion of the Company's counsel, be unlawful. Home Capital also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the deposit of any particular Shares and Home Capital's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No individual deposit of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with deposits must be cured within such time as Home Capital will determine. **None of Home Capital, the Dealer Manager, the Depository nor any other person is or will be obligated to give notice of defects or irregularities in deposits, nor will any of them accept any liability for failure to give any such notice.** The Company's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding.

Under no circumstances will interest be paid by the Company or the Depositary by reason of any delay in making payment to any person using the guaranteed delivery procedures, including without limitation any delay arising because the Shares to be delivered pursuant to the guaranteed delivery procedures are not so delivered to the Depositary, and therefore payment by the Depositary on account of such Shares is not made, until after the date the payment for the Deposited Shares accepted for payment pursuant to the Offer is to be made by the Company.

Formation of Agreement

The proper deposit of Shares pursuant to any one of the procedures described above will constitute a binding agreement between the depositing Shareholder and the Company, effective as of the close of trading on the TSX on the Expiration Date, upon the terms and subject to the conditions of the Offer.

Further Assurances

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of Home Capital, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Shares to the Company. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and will, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

6. Withdrawal Rights

Except as otherwise provided in this Section 6, deposits of Shares pursuant to the Offer will be irrevocable. A Shareholder may withdraw Shares deposited pursuant to the Offer: (a) at any time before those Shares have been taken up by the Company; (b) at any time before the expiration of 10 days from the date that a notice of change or variation (unless the Shares deposited pursuant to the Offer have been taken up by the Company before the date of the notice of change or variation, and other than a variation that (i) consists solely of an increase in the consideration offered for those Shares under the Offer where the time for deposit is not extended for greater than 10 days, or (ii) consists solely of the waiver of a condition of the Offer) has been given in accordance with Section 8 of this Offer to Purchase, "Extension and Variation of the Offer"; or (c) if those Shares have not been paid for by the Company, within three business days after having been taken up.

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depositary by the applicable date specified above at the place of deposit of the relevant Shares. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery in respect of the Shares being withdrawn or, in the case of Shares tendered by a CDS Participant, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation through the CDSX system or, in the case of Shares tendered by a DTC participant, be signed by such participant in the same manner as the participant's name is listed on the applicable Agent's Message, and must specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder, if different from that of the person who deposited such Shares, and the number of Shares to be withdrawn. If the certificates for the Shares deposited pursuant to the Offer have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the depositing Shareholder must submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in Section 5 of this Offer to Purchase, "Procedure for Depositing Shares"), except in the case of Shares deposited by an Eligible Institution. **A withdrawal of Shares deposited pursuant to the Offer may only be accomplished in accordance with the foregoing procedure. The withdrawal will take effect only upon actual receipt by the Depositary of a written or printed copy of a properly completed and executed notice of withdrawal.**

A Shareholder who wishes to withdraw Shares under the Offer and who holds Shares through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to withdraw such Shares under the Offer. Participants of CDS or DTC should contact these depositaries with respect to the withdrawal of Shares under the Offer.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination will be final and binding. None of the Company, the Dealer Manager, the Depositary or any other person will be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them will incur any liability for failure to give any such notice.

Any Shares properly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn Shares may be redeposited prior to the Expiration Date by again following the procedures described in Section 5 of this Offer to Purchase, "Procedure for Depositing Shares".

If the Company extends the period of time during which the Offer is open, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depositary may, subject to applicable law, retain on behalf of the Company all Deposited Shares, and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as described in this Section 6.

7. Certain Conditions of the Offer

Notwithstanding any other provision of the Offer, the Company will not be required to accept for purchase, purchase or pay for any Shares deposited, and may terminate or cancel the Offer or may postpone the payment for Deposited Shares, if, at any time before the payment for any such Shares, any of the following events will have occurred (or will have been determined by the Company to have occurred) which, in the Company's sole discretion and judgment, acting reasonably, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there will have been threatened, taken or pending any action or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the Shares by the Company or otherwise directly or indirectly relating in any manner to or affecting the Offer, or (ii) that otherwise, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the Shares or the business, income, assets, liabilities, condition (financial or otherwise), properties, operations, results of operations or prospects of the Company and its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to the Company;
- (b) there will have been any action or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Company or any of its subsidiaries by any court, government or governmental authority or regulatory or administrative agency in any jurisdiction that, in the sole judgment of the Company, acting reasonably, might directly or indirectly result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of or materially impair the contemplated benefits to the Company of the Offer;
- (c) there will have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory), (iii) a natural disaster or the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving Canada, the United States or any other country or region where the Company has significant business activity, (iv) any limitation by any government or governmental authority or regulatory or administrative agency or any other event that, in the sole judgment of the Company, acting reasonably, might affect the extension of credit by banks or other lending institutions, (v) any significant decrease, in the sole judgment of the Company, acting reasonably, in the market price of

the Shares since the close of business on March 8, 2016, (vi) any material change in short term or long term interest rates; (vii) any change in the general political, market, economic or financial conditions that, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the Company's business, operations or prospects or the trading in, or value of, the Shares, or (viii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 by an amount in excess of 10%, measured from the close of business on March 8, 2016;

- (d) there will have occurred any change or changes (or any development involving any prospective change or changes) in the business, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of the Company or its subsidiaries that, in the sole discretion or judgment of the Company, acting reasonably, has, had or may have material adverse significance with respect to the Company and its subsidiaries taken as a whole;
- (e) any take-over bid or tender or exchange offer with respect to some or all of the securities of Home Capital, or any merger, business combination or acquisition proposal, disposition of assets, or other similar transaction with or involving Home Capital or any of its affiliates, other than the Offer, or any solicitation of proxies, other than by management, to seek to control or influence the Board of Directors, will have been proposed, announced or made by any individual or entity;
- (f) RBC Dominion Securities Inc. will have withdrawn or amended its opinion with respect to the liquidity of the Shares;
- (g) the Company will have determined, in its sole judgment, acting reasonably, that the Purchase Price for a Share exceeds the fair market value of such Share at the time of the acquisition of such Share by the Company pursuant to the Offer, determined without reference to the Offer;
- (h) the Company will have determined that the consummation of the Offer is reasonably likely to cause the Shares to be delisted from the TSX;
- (i) the Company will have determined, in its sole judgment, acting reasonably, that it would be subject to Part VI.1 tax under the Tax Act in connection with the Offer;
- (j) the completion of the Offer subjects the Company to any material tax liability;
- (k) any changes shall have occurred or been proposed to the United States Internal Revenue Code of 1986, as amended, the Treasury regulations promulgated thereunder, or publicly available administrative policies of the U.S. Internal Revenue Services that, in the sole judgment of the Company, acting reasonably, is detrimental to Home Capital and its affiliates taken as a whole or to a Shareholder, or with respect to making the Offer or taking up and paying for Shares deposited under the Offer;
- (l) the Company will have concluded, in its sole judgment, acting reasonably, that the Offer or the take-up and payment for any or all of the Shares by the Company is illegal or not in compliance with applicable law, or that necessary exemptions under applicable securities legislation, are not available to the Company for the Offer and, if required under any such legislation, the Company will not have received the necessary exemptions from or waivers of the appropriate courts or securities regulatory authorities in respect of the Offer; or
- (m) any changes will have occurred or been proposed to the Tax Act, the publicly available administrative policies or assessing practices of the Canada Revenue Agency or to relevant tax jurisprudence that, in the sole judgment of the Company, acting reasonably, are detrimental to Home Capital or a Shareholder.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company in its sole discretion, acting reasonably, regardless of the circumstances (including any action or inaction by the Company) giving rise to any such conditions, or may be waived by the Company, in its sole discretion, in whole or in part at any time. The failure by the Company at any time to exercise its rights under any of the foregoing conditions will not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver with respect to any other facts and circumstances; and each such right will be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Company concerning the events described in this Section 7 will be final and binding on all parties.

Any waiver of a condition or the withdrawal of the Offer by the Company will be deemed to be effective on the date on which notice of such waiver or withdrawal by the Company is delivered or otherwise communicated to the Depository. Home Capital, after giving notice to the Depository of any waiver of a condition or the withdrawal of the Offer, will immediately make a public announcement of such waiver or withdrawal and provide or cause to be provided notice of such waiver or withdrawal to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is withdrawn, the Company will not be obligated to take up, accept for purchase or pay for any Shares deposited under the Offer, and the Depository will return all certificates for Deposited Shares, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were deposited.

8. Extension and Variation of the Offer

Subject to applicable law, the Company expressly reserves the right, in its sole discretion, and regardless of whether or not any of the conditions specified in Section 7 of this Offer to Purchase, “Certain Conditions of the Offer” will have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice, or oral notice to be confirmed in writing, of extension or variation to the Depository and by causing the Depository to provide to all Shareholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth in Section 12 of this Offer to Purchase – “Notice”. Promptly after giving notice of an extension or variation to the Depository, but, in the case of an extension, no later than 5:00 p.m. (Eastern time) on the next business day following the last previously scheduled or announced Expiration Date, the Company will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable Canadian securities regulatory authorities. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated by facsimile or electronic mail to the Depository at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which Shares may be deposited pursuant to the Offer will not expire before 10 days (except for any variation increasing or decreasing the percentage of Shares to be purchased, the consideration provided for under the Offer or fees payable to the dealer manager of the Offer or any soliciting dealer, in which case the Offer will not expire before 10 business days) after the date of the notice of variation, unless otherwise permitted by applicable law. In the event of any variation, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Company in accordance with the terms of the Offer, subject to Section 6 of this Offer to Purchase, “Withdrawal Rights”. An extension of the Expiration Date or a variation of the Offer does not constitute a waiver by the Company of its rights in Section 7 of this Offer to Purchase, “Certain Conditions of the Offer”.

If the Company makes a material change in the terms of the Offer or the information concerning the Offer, the Company will extend the time during which the Offer is open to the extent required under applicable Canadian securities legislation and Regulation 14E under the Exchange Act.

The Company also expressly reserves the right, in its sole discretion, (a) to terminate the Offer and not take up and pay for any Shares not theretofore taken up and paid for upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase, “Certain Conditions of the Offer”, and/or (b) at any time or from time to time, to vary the Offer in any respect, including increasing or decreasing the aggregate purchase price for Shares that the Company may purchase or the range of prices it may pay pursuant to the Offer, subject to compliance with applicable Canadian securities legislation and Regulation 14E under the Exchange Act.

Any such extension, delay, termination or variation will be followed as promptly as practicable by a public announcement. Without limiting the manner in which the Company may choose to make any public announcement, except as provided by applicable law, the Company will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through its usual news wire service.

9. Taking Up and Payment for Deposited Shares

Promptly after it has determined the Purchase Price in accordance with Section 2 of the Offer to Purchase, "Purchase Price", Home Capital will publicly announce the Purchase Price and will take up and pay for Shares to be purchased pursuant to the Offer promptly after the Expiration Date, but in any event no later than 10 days after such time. Home Capital will pay for such Shares within three business days after taking up the Shares.

Number of Shares

For purposes of the Offer, Home Capital will be deemed to have accepted for payment, subject to proration and the preferential acceptance of odd lots, Shares deposited and not withdrawn pursuant to Auction Tenders equal to or less than the Purchase Price and pursuant to Purchase Price Tenders if, as and when Home Capital gives written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer.

Payment

The Purchase Price will be denominated in Canadian dollars and all payments to Shareholders under the Offer will be made in Canadian dollars. Payments will be made net of any applicable withholding taxes.

Payment for Shares accepted for purchase pursuant to the Offer will be made by depositing the aggregate Purchase Price for such Shares with the Depositary by bank transfer or other means satisfactory to the Depositary, who will act as agent for the depositing Shareholders for the purpose of receiving payment from Home Capital and transmitting such payment to the depositing Shareholders. **Under no circumstances will interest accrue or be paid by Home Capital or the Depositary on the Purchase Price to any person depositing Shares regardless of any delay in making payment, including any delay in making payment to any person using the guaranteed delivery procedures.**

In the event of proration of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders, Home Capital will determine the proration factor and pay for those Deposited Shares accepted for payment promptly after the Expiration Date. However, Home Capital does not expect to be able to announce the final results of any such proration for at least three business days after the Expiration Date.

Certificates for all Shares not purchased, including all Shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price, Shares not purchased due to proration and Shares not accepted for purchase, will be returned as soon as practicable after the Expiration Date or termination of the Offer without expense to the depositing Shareholder.

The Company reserves the right, in its sole discretion, to delay taking up or paying for any Shares or to terminate the Offer and not take up or pay for any Shares if any condition specified in Section 7 of this Offer to Purchase, "Certain Conditions of the Offer" is not satisfied or waived, by giving written notice thereof or other communication confirmed in writing to the Depositary. The Company also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Shares in order to comply, in whole or in part, with any applicable law.

The Purchase Price for Shares deposited and purchased will be paid by cheque issued to the order of, and certificate(s) representing Shares not deposited or not purchased under the Offer will be issued to, the person signing the relevant Letter of Transmittal or to the order of such other person as identified by the person signing such Letter of Transmittal, by properly completing the appropriate boxes in such Letter of Transmittal. In the absence of an address being provided, cheques or certificates will be forwarded to the address of the person as shown on the share register for the Shares.

The Depositary will forward, at the Company's expense, cheques and certificates representing all Shares not purchased by first-class insured mail, postage pre-paid, to the person signing the relevant Letter of Transmittal or to such other person or such other address as identified by the person in such Letter of Transmittal (unless, in the case of a cheque, the person signing the Letter of Transmittal instructs the Depositary to hold such cheque for pickup) by properly completing the appropriate boxes in such Letter of Transmittal. See Section 10 of this Offer to Purchase, "Payment in the Event of Mail Service Interruption", in the event of real or possible mail service interruption.

All Shares purchased by the Company pursuant to the Offer will be cancelled.

10. Payment in the Event of Mail Service Interruption

Notwithstanding the provisions of the Offer, cheques in payment for Shares purchased under the Offer and certificates for any Shares to be returned will not be mailed if the Company determines that delivery by mail may be delayed. Persons entitled to cheques or certificates that are not mailed for this reason may take delivery at the office of the Depositary at which the deposited certificates for the Shares were delivered until the Company has determined that delivery by mail will no longer be delayed. Home Capital will provide notice, in accordance with Section 12 of this Offer to Purchase, "Notice", of any determination not to mail under this Section 10 as soon as reasonably practicable after such determination is made.

11. Liens and Dividends

Shares acquired pursuant to the Offer will be acquired by the Company free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date upon which the Shares are taken up and paid for under the Offer will be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that dividend or distribution whether or not such Shareholder deposits Shares pursuant to the Offer.

12. Notice

Without limiting any other lawful means of giving notice, any notice to be given by the Company or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first-class mail, postage prepaid, to the registered holders of Shares at their respective addresses as shown on the share registers maintained in respect of the Shares and will be deemed to have been received on the first business day following the date of mailing. These provisions apply despite (i) any accidental omission to give notice to any one or more Shareholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, the Company will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which the Company or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in the National Edition of the *Globe and Mail* or the *National Post* and in a French language daily newspaper of general circulation in the Province of Québec.

13. Other Terms

No stock broker, dealer or other person has been authorized to give any information or to make any representation on behalf of the Company other than as contained in the Offer, and, if any such information or representation is given or made, it must not be relied upon as having been authorized by the Company or the Dealer Manager.

It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the "specified amount" in respect of each Share will be an amount equal to the closing trading price for the Shares on the TSX on the Expiration Date.

Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 13 of the Circular, "Income Tax Considerations".

The Offer and all contracts resulting from the acceptance thereof will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Home Capital, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares. The Offer is not being made to, and deposits of Shares will not be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. Home Capital may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to Shareholders in any such jurisdiction.

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian provincial securities legislation applicable to Home Capital with respect to the Offer.

The accompanying Circular contains additional information relating to the Offer.

DATED this 9th day of March, 2016, at Toronto, Ontario.

HOME CAPITAL GROUP INC.

(Signed) *Gerald M. Soloway*
Chief Executive Officer

CIRCULAR

This Circular is being furnished in connection with the Offer by Home Capital to purchase for cash Shares validly tendered pursuant to the Offer having an aggregate purchase price of not more than \$150,000,000. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of its terms and conditions.

1. Home Capital Group Inc.

Home Capital is a holding company that operates primarily through its principal, federally regulated subsidiary, Home Trust Company (“Home Trust”), which offers insured and uninsured deposits, residential and non-residential commercial mortgage lending and consumer lending. Home Trust also conducts business through its wholly owned subsidiary, CFF Bank. The Company’s subsidiary Payment Services Interactive Gateway Inc. (PSiGate) provides payment card services. Licensed to conduct business across Canada, Home Trust has offices in Ontario, Alberta, British Columbia, Nova Scotia, Quebec and Manitoba. Business is primarily conducted in Canadian dollars.

The registered and principal business offices are located at 145 King Street West, Suite 2300, Toronto, Ontario, M5H 1J8, telephone (416) 360-4663, facsimile (416) 363-7611. The Company is governed by the Business Corporations Act (*Ontario*).

Home Capital is subject to the continuous disclosure requirements of applicable Canadian provincial securities legislation and the rules of the TSX, and in accordance therewith, files periodic reports and other information with Canadian provincial and territorial securities regulators and the TSX relating to its business, financial condition and other matters. Shareholders may access documents filed with Canadian provincial and territorial securities regulators through the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Recent Developments

On February 11, 2016, the Company’s Board of Directors announced a dividend increase of 2.0 cents per common share and declared a dividend of \$0.24 per common share, payable on March 1, 2016 to shareholders of record at the close of business on February 23, 2016.

On February 22, 2016, Standard & Poor’s affirmed Home Capital’s issuer credit rating as ‘BBB-/A-3’ and revised the Company’s outlook from Stable to Negative.

On February 29, 2016, Home Capital announced the planned retirement of Chief Executive Officer Gerald M. Soloway, and the appointment of Martin K. Reid as Mr. Soloway’s replacement, effective May 11, 2016.

Legal and Regulatory Risk

The Company may, from time to time, become party to a variety of legal claims and regulatory proceedings, including, but not limited to: disputes regarding its products, sales practices, disclosures, licensing, regulatory compliance and compensation arrangements; disputes with its employees, agents or brokers over compensation and termination of contracts and related claims; disputes with taxing authorities regarding its tax liabilities and tax assets; regulatory proceedings and litigation related to acquisitions or divestitures made or proposed by the Company or its subsidiaries or in connection with companies in which it holds an investment; and disputes relating to certain businesses acquired or disposed of by the Company. The existence of such claims against the Company or its affiliates, directors or officers could have various adverse effects, including negative publicity and the incurrence of significant legal expenses defending claims, even those without merit.

In late 2014, simultaneous with the Company’s own internal review of broker relationships and operations, an external source alerted the Company to possible discrepancies in income information submitted by certain mortgage

brokers. The Company immediately commenced a thorough investigation of this allegation including the reliability of other information submitted with the loan applications. The Company retained independent professional advisors to guide the investigation, which was overseen by independent directors. The investigation determined that falsification of income information had occurred but that there was no evidence of falsification of credit scores or property values. The brokers associated with the mortgage applications were identified and during the period of September 2014 to March 2015, the Company suspended its relationship with 18 independent mortgage brokers and 2 brokerages, for a total of 45 individual mortgage brokers. The suspended third party mortgage brokers referred \$960.4 million of single-family residential mortgages in 2014 (most of which were the Company's lower margin Accelerator mortgages), or 5.3% of the outstanding loan assets on the Company's balance sheet. Mortgages referred by this group could be expected to contribute 2% of the total net income reported in 2014. In 2015, the Company saw a year over year decrease in mortgage originations reflecting the impact of, among other things, the suspension of the third party mortgage brokers.

Commencing in July 2015, the Ontario Securities Commission ("OSC") conducted a review of the Company's disclosure related to the suspension of its relationship with the third party mortgage brokers. As a result of the OSC's review, and at the request of the OSC, the Company issued a news release and amended material change report on July 29, 2015. The Company has cooperated and continues to cooperate fully with Staff of the OSC. No enforcement proceedings or other claims have been initiated to date. Should any such proceedings be commenced, no assurance can be given at this time by the Company as to the outcome and/or the likelihood of any related civil action.

2. Authorized Capital

The authorized capital of the Company consists of an unlimited number of common shares, junior preferred shares and senior preferred shares. As of March 8, 2016, there were 69,965,680 common shares issued and outstanding and no junior preferred shares or senior preferred shares outstanding.

3. Purpose and Effect of the Offer

The Company believes that the purchase of Shares represents an appropriate use of its available cash on hand. The Offer allows the Company an opportunity to return up to \$150,000,000 of capital to Shareholders who elect to tender while at the same time increasing the proportionate Share ownership of Shareholders who elect not to tender. The Offer is not expected to preclude the Company from completing any foreseeable or planned business opportunities. After giving effect to the Offer, Home Capital believes that it will continue to have sufficient financial resources and working capital to conduct its business.

At its meeting on March 8, 2016, the Board of Directors determined that it would be in the best interests of the Company and its Shareholders to proceed with the Offer. In considering whether the Offer would be in the best interests of the Company and its Shareholders, the Board of Directors gave careful consideration to a number of factors, including, without limitation, the following:

- (a) its belief that the Offer is a prudent use of the Company's financial resources given its business profile and assets, the current market price of the Shares, and its cash requirements and borrowing costs;
- (b) after giving effect to the Offer, the Company will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and expects that it will continue to have sufficient financial resources to pursue its foreseeable or planned business opportunities, which may include acquisitions;
- (c) the positive impact that the purchase of Shares would have on the Company's earnings and cash flow calculated on a per Share basis, as well as on the return on equity on the Shares;
- (d) after giving effect to the Offer, the Company will retain capital levels that are above internal and regulatory target thresholds;

- (e) the Offer provides Shareholders with an opportunity to realize on all or a portion of their investment in the Company;
- (f) the deposit of Shares under the Offer is optional for all Shareholders, and all Shareholders are free to accept or reject the Offer;
- (g) Shareholders wishing to tender Shares may do so pursuant to Auction Tenders or Purchase Price Tender, or by tendering a portion of Shares pursuant to Auction Tenders and another portion of Shares pursuant to Purchase Price Tenders;
- (h) the Offer provides Shareholders who are considering the sale of all or a portion of their Shares with the opportunity to sell such Shares for cash without the usual transaction costs associated with market sales;
- (i) the Offer is not conditional on any minimum number of Shares being deposited;
- (j) Shareholders who do not deposit their Shares under the Offer will realize a proportionate increase in their equity interest in the Company to the extent that Shares are purchased by the Company pursuant to the Offer;
- (k) the advice of RBC Dominion Securities Inc., in respect of the Offer, including an opinion from RBC Dominion Securities Inc. regarding the liquidity of the market for the Shares after completion of the Offer; and
- (l) whether it would be reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer (see “Liquidity of Market” below).

The Company’s Board of Directors has approved the making of the Offer, certain terms and conditions of the Offer, the Offer to Purchase, this Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery.

Subject to certain exceptions, Canadian provincial securities legislation prohibits the Company and its affiliates from acquiring any Shares, other than pursuant to the Offer, until at least 20 business days after the Expiration Date or date of termination of the Offer. Subject to applicable law, Home Capital may purchase additional Shares in the future on the open market, in private transactions, through issuer bids or otherwise. Any such purchases may be on the same terms or on terms that are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by the Company will depend on many factors, including the market price of the Shares, the Company’s business and financial position, the results of the Offer and general economic and market conditions.

None of Home Capital, its Board of Directors, RBC Dominion Securities Inc. or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing any or all of such Shareholder’s Shares. No person has been authorized to make any such recommendation. Shareholders are urged to evaluate carefully all information in the Offer, consult their own investment and tax advisors and make their own decisions whether to deposit Shares and, if so, how many Shares to deposit. Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 13 of this Circular, “Income Tax Considerations”.

Liquidity of Market

As of March 8, 2016, there were 69,965,680 Shares issued and outstanding, of which approximately 64,527,850 Shares comprised the “public float”, which excludes Shares beneficially owned, or over which control or direction is exercised, by “related parties” of the Company, as defined under applicable securities laws (which includes directors and senior officers of Home Capital and any of its subsidiaries as well as any person that beneficially owns or exercises control or direction over 10% or more of the issued and outstanding Shares). The maximum number of Shares that Home Capital is offering to purchase pursuant to the Offer represents approximately 6.31% of the Shares

issued and outstanding as at March 8, 2016. In the event that Home Capital takes up and purchases the maximum 4,411,765 Shares pursuant to the Offer, and none of the “related parties” deposit their Shares pursuant to the Offer, the “public float” will comprise approximately 60,116,085 Shares. Assuming the Offer is fully subscribed, the minimum number of Shares that Home Capital is offering to purchase pursuant to the Offer represents approximately 5.64% of the Shares issued and outstanding as at March 8, 2016. In the event that Home Capital takes up and purchases the minimum of 3,947,368 Shares pursuant to the Offer, and none of the “related parties” deposit their Shares pursuant to the Offer, the “public float” will comprise approximately 60,580,482 Shares.

Home Capital is relying on the “liquid market exemption” specified in MI 61-101 from the requirement to obtain a formal valuation applicable to the Offer. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

Home Capital has determined that there is a liquid market in the Shares because:

- (a) there is a published market for the Shares (the TSX);
- (b) during the 12 month period before March 8, 2016 (the date the Offer was announced):
 - (i) the number of issued and outstanding Shares was at all times at least 5,000,000 (excluding Shares beneficially owned, or over which control and direction was exercised, by related parties) all of which shares are fully tradeable;
 - (ii) the aggregate trading volume of Shares on the TSX was at least 1,000,000 Shares;
 - (iii) there were at least 1,000 trades in the Shares on the TSX; and
 - (iv) the aggregate value of the trades in the Shares on the TSX was at least \$15,000,000; and
- (c) the market value of the Shares on the TSX, as determined in accordance with MI 61-101, was at least \$75,000,000 for February, 2016 (the calendar month preceding the calendar month in which the Offer was announced).

On March 8, 2016 at the meeting of the Board of Directors and following advice received from RBC Dominion Securities Inc., the Board of Directors was of the view that both as of the dates thereof and following the taking up of Shares pursuant to this Offer, there was and will continue to be a liquid market for the Shares. While not required under applicable securities laws, the Board of Directors subsequently requested and received a Liquidity Opinion from RBC Dominion Securities Inc. The Liquidity Opinion states that based upon and subject to the qualifications, assumptions and limitations contained therein and such other matters as RBC Dominion Securities Inc. considered relevant, it is RBC Dominion Securities Inc.’s opinion as of March 8, 2016 that: (a) a liquid market exists for the Shares as of the date hereof; and (b) it is reasonable to conclude that, on completion of the Offer in accordance with its terms, there will be a market for the holders of Shares who do not tender their Shares to the Offer that is not materially less liquid than the market that existed at the time of making the Offer. The full text of the Liquidity Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Liquidity Opinion, is attached as Schedule A to this Circular. The summary of the Liquidity Opinion in this Circular is qualified in its entirety by reference to the full text of the Liquidity Opinion. The Liquidity Opinion is not a recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares.

The Board of Directors urges Shareholders to read the Liquidity Opinion in its entirety. See Schedule A to this Circular.

Based on the liquid market test set out above and on the Liquidity Opinion of RBC Dominion Securities Inc., the Company determined that it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of making the Offer.

Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

For further information, see the tables and information included in Section 5 of the Circular, “Price Range of Shares”, Section 6 of the Circular, “Dividends and Dividend Policy” and Section 7 of the Circular, “Previous Distributions and Purchase of Securities”.

4. Financial Statements

The comparative audited consolidated financial statements of Home Capital as at and for the year ended December 31, 2015 are available on SEDAR at www.sedar.com. Shareholders may obtain copies of these financial statements, without charge, upon request to the Company at 145 King Street West, Suite 2300, Toronto, Ontario, M5H 1J8, telephone: (416) 360-4663, fax: (416) 363-7611.

5. Price Range of Shares

The Shares are listed on the TSX under the symbol “HCG”. The following table sets forth the high and low closing prices per Share and the monthly trading volume of Shares traded on the TSX, as compiled from published financial sources for the six months preceding the date of Offer:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
September 2015	32.69	26.27	6,558,929
October 2015	33.93	31.07	4,541,706
November 2015	33.62	31.44	5,015,716
December 2015	33.38	26.29	5,737,862
January 2016	28.76	23.16	7,780,530
February 2016	34.00	25.35	7,488,965
March 1, 2016 – March 8, 2016	36.20	33.18	2,566,950

On March 8, 2016, the day of the announcement by Home Capital of the terms of the Offer, the closing price of the Shares on the TSX was \$34.06.

Shareholders are urged to obtain current market quotations for the Shares.

6. Dividends and Dividend Policy

Dividends are payable on the common shares of the Company if and when declared by the Board of Directors and will be dependent on the Company’s operational results, financial condition, cash requirements and other factors deemed relevant by the Board of Directors. In addition, dividends paid by Home Trust to Home Capital may be subject to restrictions by OSFI. Since March 10, 2014, the following dividends were paid to Shareholders:

- March 1, 2014 - \$0.32 per Share;
- March 10, 2014 - one common share per each issued and outstanding Share;
- June 1, 2014 - \$0.16 per Share;
- September 1, 2014 - \$0.18 per Share;
- December 1, 2014 - \$0.20 per Share;
- March 1, 2015 - \$0.22 per Share;
- June 1, 2015 - \$0.22 per Share;

- September 1, 2015 - \$0.22 per Share;
- December 1, 2015 - \$0.22 per Share;
- March 1, 2016 - \$0.24 per Share;

7. Previous Distributions and Purchases of Securities

Previous Purchases of Securities

From September 16, 2014 to September 15, 2015, the Company was authorized by the TSX to purchase up to 3,509,334 Shares pursuant to a normal course issuer bid. The Company purchased 85,000 Shares at a volume weighted-average price of \$34.82 under this bid. The Company received approval from the TSX to commence another normal course issuer bid on September 16, 2015 for up to 3,509,334 Shares, which bid will expire on September 15, 2016 (or earlier if the number of Shares approved for purchase has been reached). Pursuant to TSX policies, daily purchases made by the Company will not exceed 77,424 Shares or 25% of the average daily trading volume of 309,697 Shares on the TSX. Since September 16, 2015, the Company has purchased 295,000 Shares at a volume weighted-average price of \$31.15 under this bid. The purpose of the normal course issuer bids is to improve Shareholder value by buying back and cancelling Shares, thereby increasing the ownership interest percentage of the remaining Shareholders. The Company has suspended purchases of its Shares pursuant to its normal course issuer bid announced on September 15, 2015 until after the Expiration Date or date of termination of the Offer. Purchases pursuant to this normal course issuer bid are by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the Shares will be in accordance with the TSX's by-laws and rules. Any Shares purchased by the Company have been and will be subsequently cancelled.

Previous Sales of Securities

During the 12 months preceding the date of the Offer, excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights, no securities were sold by the Company.

Previous Distributions of Securities

During the five years preceding the date of the Offer, there have been no distributions of Shares.

8. Interest of Directors and Officers and Transactions and Arrangements Concerning Securities

Interest of Directors and Officers. Except as set forth in the Offer, neither the Company nor, to the Company's knowledge, any of its officers or directors or any of the officers or directors of its subsidiaries, is a party to any contract, arrangement or understanding, formal or informal, with any securityholder relating, directly or indirectly, to the Offer or with any other person or company with respect to any securities of the Company in relation to the Offer, nor are there any contracts or arrangements made or proposed to be made between the Company and any of its directors or officers and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful.

Except as disclosed in the Offer, neither the Company nor, to the Company's knowledge, any of its officers or directors has current plans or proposals which relate to, or would result in, any extraordinary corporate transaction involving the Company, such as a merger, a reorganization, the sale or transfer of a material amount of its assets or the assets of any of its subsidiaries (although the Company from time to time may consider various acquisition or divestiture opportunities), any material change in its present Board of Directors or management, any material change in its indebtedness or capitalization, any other material change in its business or corporate structure, any material change in its Articles, or any actions similar to any of the foregoing.

Ownership of the Securities of the Company. To the knowledge of the Company, after reasonable inquiry, the following table indicates, as at March 8, 2016, the number of securities of the Company beneficially owned or over which control or direction is exercised, by each director and officer of the Company and, after reasonable inquiry,

by (a) each associate or affiliate of an insider of the Company, (b) each associate or affiliate of the Company, (c) an insider of the Company (other than a director or officer of the Company), and (d) each person acting jointly or in concert with the Company

Name	Relationship with Company	Shares		Options		DSUs		PSUs		RSUs	
		Number	% of Out-standing Shares	Number	% of Out-standing Options	Number	% of Out-standing DSUs	Number	% of Out-standing PSUs	Number	% of Out-standing RSUs
Gerald M. Soloway	Chief Executive Officer and Director	3,531,646	5.05%	212,311	17.65%	-	-	53,314	47.98	9,941	14.46%
Martin K. Reid	President	40,372	0.06%	216,361	17.99%	-	-	26,030	23.43%	6,102	8.87%
Brian R. Mosko	Chief Operating Officer and Executive Vice President	120	0.0002%	52,785	4.39%	-	-	13,467	12.12%	2,761	4.01%
John Harry	Executive Vice President, Commercial Mortgage Lending	-	-	49,448	4.11%	-	-	4,646	4.18%	4,448	6.47%
Robert L. Morton	Executive Vice President and Chief Financial Officer	1,227	0.002%	23,224	1.93%	-	-	4,124	3.71%	-	-
Pino G. Decina	Executive Vice President, Residential Mortgage Lending	1,889	0.003%	46,404	3.86%	-	-	9,799	8.82%	2,247	3.27%
Chris Ahlvik	Executive Vice President, Corporate Counsel	9,008	0.01%	23,220	1.92%	-	-	2,265	2.04%	1,511	2.20%
Marie Holland	Senior Vice President, Internal Audit	1,137	0.002%	26,163	2.18%	-	-	-	-	3,323	4.83%
John Hong	Senior Vice President, Chief Compliance Officer	1,685	0.002%	19,381	1.61%	-	-	-	-	3,248	4.72%

Name	Relationship with Company	Shares		Options		DSUs		PSUs		RSUs	
		Number	% of Outstanding Shares	Number	% of Outstanding Options	Number	% of Outstanding DSUs	Number	% of Outstanding PSUs	Number	% of Outstanding RSUs
Greg Parker	Executive Vice President, Chief Risk Officer	474	0.0007%	57,420	4.77%	-	-	4,356	3.92%	3,395	4.94%
Fariba Rawhani	Executive Vice President, Chief Information Officer	2,772	0.004%	60,980	5.07%	-	-	4,066	3.66%	1,896	2.76%
Carol Ferguson	Senior Vice President, Human Resources	1,303	0.002%	17,143	1.43%	-	-	-	-	2,622	3.81%
Dinah J. Henderson	Executive Vice President, Operations	43,901	0.06%	31,464	2.62%	-	-	2,962	2.67%	2,279	3.31%
Benjy Katchen	Senior Vice President, Deposits	3,391	0.005%	10,579	0.88%	-	-	-	-	3,923	5.71%
Gary Wilson	Executive Vice President, Underwriting	332	0.0005%	23,948	1.99%	-	-	1,394	1.25%	-	-
Jacqueline E. Beurivage	Director	2,000	0.003%	-	-	4,530	5.73%	-	-	-	-
Robert J. Blowes	Director	5,000	0.007%	55,060	4.58%	495	0.06%	5,376	4.84%	1,332	1.94%
William F. Falk	Director	6,030	0.008%	-	-	10,521	13.31%	-	-	-	-
Diana L. Graham	Director	-	-	-	-	6,224	7.87%	-	-	-	-
John M. Marsh	Director	1,756,243	2.51%	-	-	10,376	13.12%	-	-	-	-
Robert A. Mitchell	Director	300	0.0004%	-	-	10,867	13.74%	-	-	-	-
Kevin P.D. Smith	Director	8,000	0.01%	-	-	36,061	45.60%	-	-	-	-
Bonita J. Then	Director	12,000	0.02%	-	-	-	-	-	-	-	-
William J. Walker	Director	9,000	0.01%	-	-	-	-	-	-	-	-

9. Commitments to Acquire Shares

Home Capital has no agreements, commitments or understandings to acquire securities of the Company, other than pursuant to the Offer. To the knowledge of the Company, after reasonable inquiry, aside from purchases under the employee share purchase plan, no person named under Section 8 of this Circular, “Interest of Directors and

Officers and Transactions and Arrangements Concerning Securities – Ownership of the Securities of the Company” has any agreement, commitment or understanding to acquire securities of the Company.

10. Benefits from the Offer and Effect on Interested Parties

No person named under Section 8 of this Circular, “Interest of Directors and Officers and Transactions and Arrangements Concerning Securities – Ownership of the Securities of the Company” will receive any direct or indirect benefit from accepting or refusing to accept the Offer other than the Purchase Price for any Shares tendered to the Offer and purchased by the Company in accordance with the terms of the Offer.

11. Material Changes in the Affairs of the Company

Except as described or referred to in the Offer to Purchase or this Circular, the directors and officers of the Company are not aware of any plans or proposals for material changes in the affairs of the Company, or of any undisclosed material changes that have occurred since December 31, 2015.

12. Intention to Deposit Shares

To the knowledge of the Company and its directors and officers, after reasonable inquiry, no director or officer of the Company, no associate or affiliate of a director or officer of the Company, no associate or affiliate of the Company, no insider of the Company (other than a director or officer) and no person or company acting jointly or in concert with the Company, has indicated any present intention to deposit any of such person’s Shares pursuant to the Offer. However, in the event that the circumstances or decisions of any such persons change, they may decide to tender Shares to the Offer or sell their Shares through the facilities of the TSX or otherwise during the period prior to the Expiration Date. In addition, certain officers may sell Shares on the TSX while the Offer is outstanding.

13. Income Tax Considerations

Certain Canadian Federal Income Tax Considerations

General

This summary is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Shareholder and no representation is made with respect to the income tax consequences to any particular Shareholder. Accordingly, Shareholders should consult their own tax advisors concerning the application and effect of the income and other taxes of any country, province, territory, state or local tax authority, having regard to their particular circumstances.

In the opinion of Torys LLP, the following summary describes, as of the date hereof, certain of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Shareholders who sell Shares to Home Capital pursuant to the Offer.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current published administrative practice of the Canada Revenue Agency (the “CRA”). The summary assumes that all such proposals will be implemented in the form proposed, although no assurance in this regard can be given. This summary does not otherwise take into account or anticipate any changes in income tax law or administrative practice, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary is not exhaustive of all Canadian federal income tax considerations.

This summary is not applicable to a Shareholder (i) that is a “financial institution” for the purposes of the “mark-to-market” rules, (ii) that is a “specified financial institution”, (iii) that reports its “Canadian tax results” in a currency other than Canadian dollars, or (iv) an interest in which is a “tax shelter investment”, as each of those terms

is defined in the Tax Act. This summary is also not applicable to a Shareholder that acquired Shares pursuant to the exercise of an employee stock option. All of the foregoing Shareholders should consult their own tax advisors regarding their particular circumstances.

Having regard to the deemed dividend tax treatment described below on a sale of Shares pursuant to the Offer as opposed to capital gains (or capital loss) treatment which would generally apply to a sale in the market, Shareholders who wish to sell their Shares and who are not generally exempt from Canadian federal income tax should consult their tax advisors regarding selling their Shares in the market as an alternative to selling Shares pursuant to the Offer.

Shareholders Resident in Canada

The following portion of the summary is, subject to the discussion under “*General*” above, applicable to a Shareholder who, for the purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm’s length with, and is not affiliated with, Home Capital, holds its Shares as capital property and is not exempt from tax under Part I of the Tax Act (herein, a “Resident Shareholder”). The Shares will generally be considered to be capital property to a Resident Shareholder provided that the Resident Shareholder does not hold the Shares in the course of carrying on a business of buying and selling shares and has not acquired the Shares in a transaction considered to be an adventure or concern in the nature of trade. Certain Resident Shareholders that might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have the Shares and all other “Canadian securities” (as defined in the Tax Act) owned by such Resident Shareholders in the taxation year of the election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Resident Shareholders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

Disposition of Shares and Deemed Dividend

A Resident Shareholder who sells Shares to Home Capital pursuant to the Offer will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by Home Capital for the Shares over their paid-up capital for purposes of the Tax Act. Home Capital estimates that the paid-up capital per Share on the date of take-up under the Offer will be approximately \$1.29. As a result, Home Capital expects that a Resident Shareholder who sells Shares under the Offer will be deemed to receive a deemed dividend for purposes of the Tax Act. The exact quantum of the deemed dividend cannot be guaranteed.

Any dividend deemed to be received by a Resident Shareholder who is an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by Canadian resident individuals from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit if Home Capital validly designates the dividend as an “eligible dividend”. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. Subject to such limitations, Home Capital intends to designate all deemed dividends arising as a result of a sale of Shares pursuant to the Offer as eligible dividends for these purposes.

Subject to the application of subsection 55(2) of the Tax Act, as described below, any dividend deemed to be received by a Resident Shareholder that is a corporation will be included in computing such Resident Shareholder’s income as a dividend, and will ordinarily be deductible in computing its taxable income subject also to all other limitations under the Tax Act. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay refundable tax under Part IV of the Tax Act.

Under subsection 55(2) of the Tax Act, a Resident Shareholder that is a corporation may be required to treat all or a portion of any deemed dividend that is deductible in computing taxable income as proceeds of disposition and not as a dividend, generally in circumstances where the Resident Shareholder would have realized a capital gain if it disposed of any share at fair market value immediately before the sale of Shares to the Corporation and the sale to the Corporation resulted in a significant reduction in such capital gain. The application of subsection 55(2) involves a number of factual considerations that will differ for each Resident Shareholder, and a Resident Shareholder to whom

it may be relevant is urged to consult its own tax advisors concerning its application having regard to its particular circumstances.

The amount paid by Home Capital under the Offer for the Shares less any amount deemed to be received by the Resident Shareholder as a dividend (after the application of subsection 55(2) in the case of a corporate Resident Shareholder) will be treated as proceeds of disposition of the Shares. The Resident Shareholder will realize a capital gain (or capital loss) on the disposition of the Shares equal to the amount by which the Resident Shareholder's proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of the Shares sold to Home Capital pursuant to the Offer.

Taxation of Capital Gains and Losses

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of any capital gain (a "taxable capital gain") realized by it in that year. Subject to and in accordance with the provisions of the Tax Act, a Resident Shareholder must deduct one-half of the amount of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year, and any excess may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years.

The amount of a capital loss realized on the disposition of a share by a Resident Shareholder that is a corporation may, to the extent and under the circumstances specified in the Tax Act, be reduced by the amount of dividends received or deemed to be received on the Shares (including any dividends deemed to be received as a result of the sale of Shares to the Corporation under the Offer). Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly, through a partnership or trust. Resident Shareholders who may be affected by these rules are urged to consult with their own tax advisors in this regard.

A Resident Shareholder who is an individual, including most trusts, may have all or a portion of any capital loss on the sale of Shares under the Offer denied if the "superficial loss" rules in the Tax Act apply. This may arise where the Resident Shareholder (or a person affiliated with the Resident Shareholder for purposes of the Tax Act) acquires additional Shares in the period commencing 30 days prior to, and ending 30 days after, the disposition of the Shares under the Offer. Resident Shareholders are urged to consult their own tax advisors with respect to the "superficial loss" rules.

Similarly, a Resident Shareholder that is a corporation may have all or a portion of any capital loss on the sale of the Shares under the Offer suspended if it (or a person affiliated with it for purposes of the Tax Act) acquires additional Shares in the period commencing 30 days prior, and ending 30 days after, the disposition of Shares under the Offer. A Resident Shareholder that is a corporation is urged to consult its own tax advisors with respect to the "suspended loss" rules.

A Resident Shareholder that is a Canadian-controlled private corporation throughout the year (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains (but not dividends, or deemed dividends, that are deductible in computing taxable income).

Alternative Minimum Tax

A capital gain realized, or a dividend received (or deemed to be received) by a Resident Shareholder who is an individual, including a trust (other than certain specified trusts), as a result of the sale of Shares pursuant to the Offer may give rise to a liability for alternative minimum tax. Such Resident Shareholders should consult their own tax advisors with respect to the alternative minimum tax rules set out in the Tax Act.

Non-Resident Shareholders

The following portion of the summary is, subject to the discussion under "General" above, applicable to a Shareholder who, for purposes of the Tax Act and at all relevant times: (i) is not resident or deemed to be resident in

Canada, (ii) does not use or hold, and is not deemed to use or hold, its Shares in connection with carrying on a business in Canada, (iii) deals at arm's length with, and is not affiliated with, Home Capital, and (iv) is not an insurer that carries on an insurance business in Canada and elsewhere (herein, a "Non-Resident Shareholder").

A Non-Resident Shareholder who sells Shares to Home Capital under the Offer will be deemed to receive a dividend equal to the excess, if any, of the amount paid by Home Capital for the Shares over their paid-up capital for Canadian income tax purposes. Home Capital estimates that the paid-up capital per Share on the date of take-up under the Offer will be approximately \$1.29. As a result, Home Capital expects that Non-Resident Shareholders who sell Shares under the Offer will be deemed to receive a deemed dividend for purposes of the Tax Act. The exact quantum of the deemed dividend cannot be guaranteed. Any such dividend will be subject to Canadian withholding tax at a rate of 25% or such lower rate as may be substantiated under the terms of an applicable Canadian tax treaty. For example, a dividend received or deemed to be received by a Non-Resident Shareholder that is a resident of the United States for the purposes of the Canada-United States Income Tax Convention (the "U.S. Treaty"), is eligible for benefits under the U.S. Treaty, and is the beneficial owner of such dividends will generally be subject to withholding tax at a treaty-reduced rate of 15% (or 5% if the beneficial owner of the dividends is a company that owns at least 10% of the issued and outstanding Shares).

The amount paid by Home Capital for the Shares (less any amount deemed to be received by the Non-Resident Shareholder as a dividend) will be treated as proceeds of disposition of the Shares. A Non-Resident Shareholder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of Shares under the Offer unless the Shares are "taxable Canadian property" to the Non-Resident Shareholder at the time of such sale and such gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax convention (if any). Generally, provided the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSX) at the time of disposition, the Shares will not constitute taxable Canadian property to a Non-Resident Shareholder, unless, at any time during the 60-month period immediately preceding the disposition, (a) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm's length, partnerships in which the Non-Resident Shareholder or such non-arm's length persons holds a membership interest directly or indirectly, or the Non-Resident Shareholder together with all such foregoing persons, owned 25% or more of the issued Shares or any other issued class of Home Capital's shares AND (b) more than 50% of the fair market value of the Shares was derived directly or indirectly from any one or combination of (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (i) to (iii), whether or not that property exists. A Share may also be deemed to be taxable Canadian property to a Non-Resident Shareholder in certain circumstances specified in the Tax Act.

Even if a Share is taxable Canadian property to a Non-Resident Shareholder, any gain realized on a disposition of the Share may be exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax convention (if any). Non-Resident Shareholders should consult their own tax advisors in this regard.

In the event a Share is taxable Canadian property to a Non-Resident Shareholder at the time of disposition and the capital gain realized on disposition of the Share is not exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax convention, the tax consequences in respect of capital gains described above under "Shareholders Resident in Canada – *Taxation of Capital Gains and Losses*" will generally apply.

In view of the deemed dividend tax treatment described above on a sale of Shares under the Offer and the resulting Canadian withholding tax, Non-Resident Shareholders should consult their own tax advisors regarding selling their Shares in the market as an alternative to selling Shares pursuant to the Offer.

Certain United States Federal Income Tax Considerations

In the opinion of Torys LLP, the following is a discussion of certain U.S. federal income tax consequences generally applicable, as of the date hereof, to U.S. Holders (as defined below) who tender and sell Shares to the Company pursuant to the Offer. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder as a result of tendering and selling Shares pursuant to the Offer. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax

consequences to such U.S. Holder. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. state and local, or non-U.S. tax consequences to U.S. Holders of the Offer, or any United States federal tax considerations other than United States federal income tax considerations. U.S. Holders should review the discussion above entitled “Certain Canadian Income Tax Considerations – Non-Resident Shareholders” for an indication of potential Canadian withholding taxes that may apply. Each U.S. Holder should consult its own tax advisor regarding all U.S. federal, U.S. state and local, and non-U.S. tax consequences of the Offer.

This discussion is based on the Code, its legislative history, existing and proposed U.S. Treasury regulations under the Code, published rulings, court decisions, and the U.S. Treaty, all as currently in effect and available as of the date of this Circular. Changes in these authorities, possibly on a retroactive basis, may cause the U.S. federal income tax consequences of the Offer to vary substantially from the consequences described below. No ruling from the IRS has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Offer. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

This summary does not address U.S. federal income tax considerations applicable to Shareholders that are subject to special rules, such as:

- a) financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies,
- b) tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts,
- c) broker-dealers, dealers or traders in securities or currencies that elect to apply a mark-to-market accounting method,
- d) Shareholders that hold their Shares as part of a hedge, straddle, conversion, constructive sale, or other “synthetic security” or integrated transaction,
- e) Shareholders who are U.S. expatriates or former long-term residents of the United States,
- f) persons that have owned, or are deemed to have owned, 10% or more of the voting shares of the Company at any time during the five-year period ending on the date on which the Company acquires Shares pursuant to the Offer,
- g) Shareholders who acquired their Shares in connection with a stock option plan or in any other compensatory transaction,
- h) Shareholders that have a functional currency other than the U.S. dollar, and
- i) Shareholders that do not hold the Shares as “capital assets” (within the meaning of the Code).

Shareholders that are subject to special treatment, or that are not U.S. Holders, may be subject to different tax consequences, including different information reporting and withholding consequences, and should consult their own tax advisors.

If an entity or arrangement that is classified as a partnership (including any other “pass-through” entity) for U.S. federal income tax purposes holds the Shares, the U.S. federal income tax consequences to such partnership and the partners (or owners) of such partnership of participating in the Offer generally will depend on the activities of the partnership and the status of such partners (or owners). This summary does not address the tax consequences to any such partnership or partner (or owner). Partners (or owners) of entities and arrangements that are classified as

partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the Offer.

Except as otherwise set forth below, and subject to the qualifications noted above, the following discussion is limited to the U.S. federal income tax consequences relevant to a U.S. Holder. A “U.S. Holder” is a U.S. Person that is a beneficial owner of Shares. A “U.S. Person” is:

- a) an individual who is a citizen or resident of the United States for federal income tax purposes;
- b) a corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or a political subdivision thereof (including the District of Columbia);
- c) an estate, the income of which (other than income that is effectively connected with a U.S. trade or business) is subject to U.S. federal income taxation regardless of source; or
- d) a trust, if (1) a U.S. court is able to exercise primary supervision over the trust’s administration and one or more U.S. persons, as defined under Section 7701(a)(30) of the Code, have authority to control all of the trust’s substantial decisions; or (2) that was in existence on August 20, 1996, was treated as a U.S. person under the Code on the previous day and has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The following general summary is not intended to be a complete description of all potential U.S. federal income tax considerations with respect to U.S. Holders tendering and selling Shares pursuant to the Offer. As indicated, the summary is not intended to constitute tax advice to any particular U.S. Holder, and U.S. Holders should consult their own tax advisors as to the specific tax consequences of the Offer to them, including tax return reporting requirements, the applicability and effect of U.S. federal, state, and local and any non-U.S. tax laws, and the effect of any proposed changes in applicable tax laws.

U.S. Holders Who Receive Cash Pursuant to the Offer

For U.S. federal income tax purposes, if a U.S. Holder tenders and sells Shares for cash pursuant to the Offer, such transaction will be a taxable transaction for United States federal income tax purposes and will be treated either as a “sale or exchange” of the Shares by such U.S. Holder or as a “distribution” by the Company in respect of such U.S. Holder’s Shares. As described below, the specific treatment will depend, in part, upon the U.S. Holder’s particular circumstances.

Sale or Exchange of Shares

Under Section 302 of the Code, a U.S. Holder whose Shares are tendered and sold for cash pursuant to the Offer will be treated as having engaged in a “sale or exchange” of such Shares and, thus, will recognize gain or loss if the transaction (a) constitutes a “substantially disproportionate” distribution by the Company with respect to such U.S. Holder, (b) results in “complete termination” of such U.S. Holder’s equity interest in the Company, or (c) is “not essentially equivalent to a dividend” with respect to the U.S. Holder. These tests (the “Section 302 tests”) are explained more fully below.

Constructive Ownership of Shares

In determining whether any of the Section 302 tests is satisfied, a U.S. Holder must take into account both Shares actually owned and Shares that are constructively owned within the meaning of Section 318 of the Code, by the U.S. Holder. Under Section 318 of the Code, a U.S. Holder may be treated as constructively owning Shares that are actually owned, and in some cases constructively owned, by certain related individuals and certain entities in which the U.S. Holder has an interest or that have an interest in the U.S. Holder, as well as any Shares the U.S. Holder has a right to acquire by exercise of an option or by the conversion or exchange of a security.

The Section 302 Tests

One of the following tests must be satisfied in order for the sale of Shares pursuant to the Offer to be treated as a sale or exchange rather than as a distribution. U.S. Holders should consult their own tax advisors concerning the application of the following tests to their particular circumstances.

- a) “Substantially Disproportionate” Test. The receipt of cash by a U.S. Holder generally will constitute a “substantially disproportionate” distribution by the Company with respect to the U.S. Holder if (1) the percentage of the outstanding voting shares of the Company actually and constructively owned by the U.S. Holder immediately following the sale of Shares pursuant to the Offer (treating Shares purchased pursuant to the Offer as not outstanding) is less than 80% of the percentage of the outstanding voting shares of the Company actually and constructively owned by the U.S. Holder immediately before the exchange (treating Shares purchased pursuant to the Offer as outstanding), and (2) immediately following the exchange, the U.S. Holder actually and constructively owns less than 50% of the outstanding voting shares.
- b) “Complete Termination” Test. The receipt of cash by a U.S. Holder will be treated as a complete termination of the U.S. Holder’s equity interest in the Company if either (a) all of the Shares actually and constructively owned by the U.S. Holder are sold pursuant to the Offer, or (b) all of the Shares actually owned by the U.S. Holder are sold pursuant to the Offer and the U.S. Holder is eligible to waive, and effectively waives, the attribution of all Shares constructively owned by the U.S. Holder in accordance with the procedures described in Section 302(c)(2) of the Code and the applicable Treasury regulations promulgated thereunder.
- c) “Not Essentially Equivalent to a Dividend” Test. The receipt of cash by a U.S. Holder will generally be treated as “not essentially equivalent to a dividend” if the U.S. Holder’s sale of Shares pursuant to the Offer results in a “meaningful reduction” of the U.S. Holder’s proportionate interest in the Company. Whether the receipt of cash by the U.S. Holder will be treated as not essentially equivalent to a dividend will depend on the U.S. Holder’s particular facts and circumstances. In the case of a U.S. Holder holding a small minority interest (for example, less than 1%) in the Shares and exercising no control over corporate affairs, a small reduction in such interest is likely to be treated as a “meaningful reduction” in that Holder’s interest, and thus satisfy the “not essentially equivalent to a dividend” test.

Under certain circumstances, it may be possible for a tendering U.S. Holder to satisfy one of the Section 302 tests by contemporaneously selling or otherwise disposing of all or some of the Shares that are actually or constructively owned by the U.S. Holder, but that are not purchased pursuant to the Offer. Conversely, a U.S. Holder may fail to satisfy any of the Section 302 tests because of contemporaneous acquisitions of Shares by the U.S. Holder or by a related party whose Shares are constructively owned by the U.S. Holder. U.S. Holders should consult their own tax advisors regarding the consequences of such sales or acquisitions in their particular circumstances.

If the Offer is over-subscribed, the Company’s purchase of Shares properly tendered by a U.S. Holder may be pro-rated. Thus, even if all of the Shares actually and constructively owned by a U.S. Holder are properly tendered, it is possible that not all of the Shares will be purchased by the Company, which in turn may affect the U.S. Holder’s ability to satisfy one of the Section 302 tests described above.

Tax Treatment of a “Sale or Exchange” of Shares

If a U.S. Holder is treated as having engaged in a “sale or exchange” of such U.S. Holder’s Shares under any of the Section 302 tests described above, such U.S. Holder will recognize gain or loss equal to the difference between the amount received by such U.S. Holder (taking into account certain currency adjustments and before any withholding tax) and such U.S. Holder’s adjusted tax basis in the Shares exchanged. Such gain will generally be treated as U.S.-source gain, which may limit the U.S. Holder’s ability to claim a foreign tax credit for any Canadian withholding tax imposed on the payment made to such U.S. Holder by the Company. If a U.S. Holder is eligible for the benefits of the U.S. Treaty, an election may be available pursuant to which the U.S. Holder would, for purposes of computing the foreign tax credit limitation solely with respect to the amount received in exchange for Deposited Shares, be entitled

to treat such gain as foreign source income. U.S. Holders should consult their own tax advisors regarding the availability of such an election as well as the application of the foreign tax credit limitation rules in their particular situations. Subject to the discussion of the passive foreign investment company (“PFIC”) rules below, any gain or loss recognized by a U.S. Holder upon a sale or exchange of Shares will be capital gain or loss, and such capital gain or loss will be long-term capital gain or loss if the holding period of the Shares exceeds one year as of the date of the sale. Long-term capital gains of non-corporate U.S. Holders is generally subject to a current maximum U.S. federal income tax rate of 20% plus a 3.8% Medicare tax on passive income derived by certain high-income individuals and trusts. Deductions for capital losses are subject to complex limitations under the Code.

A U.S. Holder holding more than one block of Shares (generally, those acquired at the same cost in a single transaction) can choose the basis and holding period of the stock redeemed by adequately identifying the tendered Shares. Absent such an identification, generally, the Shares earliest acquired by the U.S. Holder among such U.S. Holder’s total ownership will be those considered tendered for purposes of determining such U.S. Holder’s basis and holding period. U.S. Holders holding more than one block of Shares are urged to consult their tax advisors regarding the process to adequately identify tendered Shares.

Tax Treatment of a Distribution in Respect of Shares

If a U.S. Holder who sells Shares pursuant to the Offer is not treated under Section 302 of the Code as having engaged in a “sale or exchange” of such U.S. Holder’s Shares, then the amount received (taking into account certain currency adjustments and before any withholding tax) by a U.S. Holder will be treated as a distribution by the Company in respect of such U.S. Holder’s Shares. Subject to the discussion of the PFIC rules below, such distribution will be treated as a dividend, without reduction for any Canadian taxes withheld from the amount paid, to the extent of the Company’s current or accumulated “earnings and profits” as determined for U.S. federal income tax purposes. Such a dividend would be includible in the U.S. Holder’s gross income as ordinary income. The Company may not maintain calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder therefore should assume that any distribution by the Company with respect to the Shares will generally be treated as a dividend. Assuming the Company is not a PFIC for the current or prior taxable year and provided certain holding period and other requirements are satisfied, non-corporate U.S. Holders generally will be subject to U.S. federal income tax at a current maximum rate of 20%, plus a 3.8% Medicare tax on passive income derived by certain high-income individuals and trusts, on the amounts treated as a dividend. Any amount treated as a dividend received by a corporate U.S. Holder generally will not be eligible for the dividends-received deduction. No assurance can be given that any of the Section 302 tests (discussed above) will be satisfied as to any particular U.S. Holder, and thus no assurance can be given that any particular U.S. Holder will not be treated as having received a dividend taxable as ordinary income.

Amounts treated as distributions that are in excess of the Company’s current or accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Shares and, to the extent in excess of such basis, will be treated as capital gain with respect to such Shares. If fewer than all Shares owned by a U.S. Holder are purchased pursuant to the Offer, such U.S. Holder’s adjusted tax basis in its remaining Shares generally will be increased by such U.S. Holder’s adjusted tax basis in the Shares tendered and sold pursuant to the Offer and will be decreased by any portion of such U.S. Holder’s proceeds from the Offer that are treated as a tax-free return of capital.

Any portion of a distribution that is treated as a dividend will constitute foreign-source income for foreign tax credit limitation purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends with respect to the Shares will constitute “passive category income” or, in the case of certain U.S. Holders, “general category income.” The rules governing the foreign tax credit are complex, and the availability of the credit is subject to significant limitations. A U.S. Holder may not be able to claim a full U.S. foreign tax credit for any Canadian withholding tax paid in connection with the Offer. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit limitations in their particular situations.

Passive Foreign Investment Company

If the Company is or has been classified as a PFIC during any part of a United States Holder's holding period of Shares, U.S. Holders would be subject to a special, adverse tax regime under which the United States federal income tax consequences of the Offer would be significantly different and less favorable than what is described above. The Company does not believe that it is currently or has been a PFIC for United States federal income tax purposes. However, this conclusion is a factual determination made annually and thus may be subject to change based on future operations as well as the composition and valuation of the Company's assets. Therefore, there can be no assurance that the Company is not a PFIC.

In general, a non-United States corporation will be a PFIC with respect to a U.S. Holder if, for any taxable year in which the U.S. Holder holds its Shares, either: (i) at least 75% of its gross income for the taxable year is passive income (the "income test"), or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held for the production of passive income (the "asset test"). For this purpose, passive income includes, among other things, dividends, interest, rents or royalties (other than certain rents or royalties derived from the active conduct of trade or business), annuities, and gains from assets that produce passive income. If a non-United States corporation owns at least 25% by value of the stock of another corporation, the non-United States corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

If the Company were treated as a PFIC, a U.S. Holder that did not make a qualified electing fund election, if available, or a mark-to-market election, would be subject to the following special rules with respect to the Offer:

- a) If a U.S. Holder's sale of Shares pursuant to the Offer is treated as a distribution by the Company which is an "excess distribution," the amount of the distribution must be allocated ratably to each day of the U.S. Holder's holding period. Generally, "excess distributions" are any distributions to the U.S. Holder in respect of the Shares during a single taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in respect of the Shares during the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Shares. The amount allocated to the current taxable year and to any taxable year in the U.S. Holder's holding period for the Shares prior to the first year in which the Company became a PFIC would be taxable as ordinary income. The amount allocated to each other year would be subject to tax at the highest tax rate in effect for that year, and the interest charge generally applicable to underpayments of tax would be imposed in respect of the tax attributable to each such year.
- b) If a U.S. Holder's sale of Shares pursuant to the Offer is treated as a sale or exchange of the Shares, the entire amount of any gain realized upon the sale will be treated as an "excess distribution" made in the year of sale and as a consequence will be treated as discussed above.

U.S. Holders are urged to consult their own tax advisors regarding the adverse United States federal income tax consequences of owning stock of a PFIC and of making certain elections designed to lessen those adverse consequences.

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or on the sale or exchange of Shares pursuant to the Offer, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that will be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

United States Backup Withholding and Information Reporting

Proceeds from the sale of Shares pursuant to the Offer may be subject to information reporting to the IRS. A U.S. Holder may be subject to backup withholding tax (currently at a rate of 28%) with respect to payments made to it unless the U.S. Holder provides an accurate taxpayer identification number and certifies, among other things, that such number is correct. Backup withholding is not an additional tax. The amount of any backup withholding collected will be allowed as a refund or credit against the U.S. Holder's United States federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

The discussion of reporting requirements set forth above is not intended to constitute an exhaustive description of all reporting requirements that may apply to a U.S. Holder. Each U.S. Holder should consult its own tax advisor regarding applicable reporting requirements and the information reporting and backup withholding rules.

14. Legal Matters and Regulatory Approvals

Home Capital is not aware of any license or regulatory permit that is material to the Company's business that might be adversely affected by the Company's acquisition of Shares pursuant to the Offer or, except as noted below, of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the acquisition of Shares by the Company pursuant to the Offer and that has not been obtained on or before the date hereof. Should any such approval or other action be required, the Company currently contemplates that such approval will be sought or other action will be taken. Home Capital cannot predict whether it may determine that it must delay the acceptance for payment of Shares deposited pursuant to the Offer pending the outcome of any such matter.

There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business.

The Company is relying on the "liquid market exemption" specified in MI 61-101. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

The Company's obligations under the Offer to take up and pay for Shares are subject to certain conditions. See Section 7 of the Offer to Purchase, "Certain Conditions of the Offer".

15. Source of Funds

The Company will fund any purchases of Shares pursuant to the Offer from available cash on hand.

16. Dealer Manager

RBC Dominion Securities Inc. has been retained to serve as dealer manager of the Offer. RBC Dominion Securities Inc. may form a soliciting dealer group comprising members of the Investment Industry Regulatory Organization of Canada and members of the TSX to solicit tenders to the Offer from Shareholders resident in Canada.

17. Depositary

Home Capital has appointed Computershare Investor Services Inc. to act as a depositary for, among other things, (a) the receipt of certificates representing Shares and related Letters of Transmittal deposited under the Offer, (b) the receipt of Notices of Guaranteed Delivery delivered pursuant to the procedures for guaranteed delivery set forth in Section 5 of the Offer to Purchase, "Procedure for Depositing Shares", (c) the receipt from the Company of cash to be paid in consideration of the Shares acquired by the Company under the Offer, as agent for the depositing Shareholders, and (d) the transmittal of such cash to the depositing Shareholders, as agent for the depositing Shareholders. The Depositary may contact Shareholders by mail, telephone or facsimile and may request stock brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners.

18. Fees and Expenses

RBC Dominion Securities Inc. has been retained by the Company to serve as its dealer manager and financial advisor in connection with the Offer, and to deliver the Liquidity Opinion. RBC Dominion Securities Inc. will receive a fee from Home Capital for its services. None of the fees payable to RBC Dominion Securities Inc. are contingent upon the conclusions reached by RBC Dominion Securities Inc. in the Liquidity Opinion. Home Capital has agreed to reimburse RBC Dominion Securities Inc. for certain reasonable out-of-pocket expenses incurred in connection with the Offer and to indemnify RBC Dominion Securities Inc. against certain liabilities to which it may become subject as a result of its engagement.

Home Capital has retained Computershare Investor Services Inc. to act as the depositary in connection with the Offer. The Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian provincial securities laws. Home Capital will not pay any fees or commissions to any stock broker or dealer or any other person for soliciting deposits of Shares pursuant to the Offer. Stock brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by the Company for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

Home Capital is expected to incur expenses of approximately \$650,000 in connection with the Offer, which includes filing fees, advisory fees, the fees for the Liquidity Opinion, legal, translation, accounting, depositary and printing fees.

19. Statutory Rights

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

20. Valuation

The Company is relying on the “liquid market exemption” specified in MI 61-101. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

To the knowledge of Home Capital or any of its directors or senior officers, after reasonable inquiry, no prior valuation (as such term is defined in MI 61-101) regarding the Company, its securities or its material assets has been made in the 24 months before the date of the Offer.

APPROVAL AND CERTIFICATE

March 9, 2016

The Board of Directors of Home Capital Group Inc. (the "Company") has approved the contents of the Offer to Purchase and the accompanying Circular dated March 9, 2016 and the delivery thereof to Shareholders. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(Signed) *Gerald M. Soloway*
Chief Executive Officer

(Signed) *Robert Morton*
Chief Financial Officer

On behalf of the Board of Directors

(Signed) *Kevin P.D. Smith*
Director

(Signed) *Robert A. Mitchell*
Director

CONSENT OF RBC DOMINION SECURITIES INC.

TO: The Board of Directors of Home Capital Group Inc.

We hereby consent to the references to our firm name and to the reference to our liquidity opinion dated March 8, 2016 contained under the headings "Purpose and Effect of the Offer" and "Fees and Expenses" and the inclusion of the text of our opinion dated March 8, 2016 as Schedule A to the Circular dated March 9, 2016. Our liquidity opinion was given as at March 8, 2016 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Directors of Home Capital Group Inc. will be entitled to rely upon our opinion.

March 9, 2016

(Signed) *RBC Dominion Securities Inc.*

CONSENT OF TORYS LLP

TO: The Board of Directors of Home Capital Group Inc.

We hereby consent to the references to our firm name under the headings “Income Tax Considerations – Certain Canadian Income Tax Considerations” and “Income Tax Considerations – Certain United States Federal Income Tax Considerations” in the Circular dated March 9, 2016 of Home Capital Group Inc. in connection with its offer to the holders of its Shares.

March 9, 2016

(Signed) *Torys LLP*

SCHEDULE A - LIQUIDITY OPINION OF RBC DOMINION SECURITIES INC.

**RBC Capital Markets**

RBC Dominion Securities Inc.
Royal Bank Plaza, P.O. Box 50
200 Bay Street, South Tower
Toronto, Ontario M5J 2W7
Telephone: 416-842-2000

March 8, 2016

The Board of Directors
Home Capital Group Inc.
145 King St. West, Suite 2300
Toronto ON
M5H 1J8

To the Board:

RBC Dominion Securities Inc. (“RBC”, “we” or “us”), a member company of RBC Capital Markets, understands that Home Capital Group Inc. (the “Company”) intends to make a substantial issuer bid (the “Substantial Issuer Bid”) to acquire up to 4,411,765 common shares (the “Shares”) of the Company by way of a modified Dutch Auction at a price not in excess of \$38.00 per Share nor less than \$34.00 per Share. RBC also understands that the terms and conditions of the Substantial Issuer Bid will be set forth in an offer to purchase and issuer bid circular to be dated March 9, 2016 and mailed to the holders of the Shares in connection with the Substantial Issuer Bid (the “Offer to Purchase”). The terms used herein which are used or defined in the Offer to Purchase and not otherwise defined herein will have the same meaning as used in the Offer to Purchase.

RBC has been retained by the Company to act as its exclusive financial advisor in connection with the Substantial Issuer Bid and to prepare and deliver to the Board of Directors of the Company (the “Board”) RBC’s opinion (the “Opinion”) as to whether, as of the date hereof, (i) a liquid market for the Shares exists, and (ii) it is reasonable to conclude that, following the completion of the Substantial Issuer Bid, there will be a market for holders of the Shares who do not tender to the Substantial Issuer Bid that is not materially less liquid than the market that existed at the time of the making of the Substantial Issuer Bid. The Board has, on a voluntary basis, obtained the Opinion from RBC notwithstanding that such opinion is not required pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). In addition, RBC has been retained by the Company to act as dealer manager (“Dealer Manager”) in connection with the Substantial Issuer Bid. As Dealer Manager, RBC is not independent of the Company in connection with the Substantial Issuer Bid for purposes of MI 61-101.

Engagement

RBC was formally engaged by the Company through an agreement between the Company and RBC (the “Engagement Agreement”) dated as of February 26, 2016. The terms of the Engagement Agreement provide that RBC is to be paid a fee for its services as financial advisor and Dealer Manager, including fees that are contingent on the successful completion of the Substantial Issuer Bid. In addition, RBC is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Company in certain circumstances. RBC consents to the inclusion of the Opinion in its entirety and a summary thereof in the Offer to Purchase to be mailed to holders of Shares and to the

filing itself, as necessary, by the Company with the securities commissions or similar regulatory authorities in each province of Canada and in the United States.

RBC acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the Shares or other securities of the Company, or any of its associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, RBC conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company or the Substantial Issuer Bid.

Credentials of RBC Capital Markets

RBC is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally. The Opinion expressed herein represents the opinion of RBC and the form and content herein have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and opinion matters.

Scope of Review

In connection with our Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. The most recent draft, dated March 8, of the Offer to Purchase;
2. the trading activity, volumes, and price history of the Shares on the Toronto Stock Exchange and other alternative trading venues;
3. the profile of the distribution and ownership of the Shares, to the extent publicly disclosed or provided to us by the Company;
4. the number of Shares proposed to be purchased under the Substantial Issuer Bid relative to the total number of Shares issued and outstanding;
5. public information with respect to the Company and the Shares;
6. the definition of "liquid market" as outlined in MI 61-101 and certain other parameters in MI 61-101;
7. certain precedent issuer bids that were considered relevant;
8. discussions with senior management of the Company; and
9. such other corporate, industry, and financial market information, investigations and analyses as RBC considered necessary or appropriate in the circumstances.

Assumptions and Limitations

With the Board's approval and as provided for in the Engagement Agreement, RBC has relied upon the completeness, accuracy, and fair representation of all of the financial and other information, data, advice, opinions, or representations obtained by it from public sources, senior management of the Company, and their consultants and advisors (collectively, the "Information"). The Opinion is conditional upon such completeness, accuracy, and fair presentation of such Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy, or fair representation of any of the Information.

In preparing the Opinion, RBC has made several assumptions, including that all of the conditions required to implement the Substantial Issuer Bid will be met and that there will be no significant change in the holdings of the Shares other than as a result of the Substantial Issuer Bid.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and conditions affecting the Company and the Shares at the date hereof.

The Opinion has been provided for the use of the Board and may not be used by any other person or relied upon by any other person other than the Board without the express prior written consent of RBC. The Opinion is given as of the date hereof and RBC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to RBC's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, RBC reserves the right to change, modify, or withdraw the Opinion.

RBC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Opinion is not to be construed as a recommendation to any holder of Shares as to whether to tender their Shares to the Substantial Issuer Bid.

For purposes of the Opinion, the phrase "liquid market" has the meaning ascribed thereto in MI 61-101.

Conclusion

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, (i) a liquid market for the Shares exists, and (ii) it is reasonable to conclude that, following the completion of the Substantial Issuer Bid, there will be a market for holders of the Shares who do not tender to the Substantial Issuer Bid that is not materially less liquid than the market that existed at the time of the making of the Substantial Issuer Bid.

Yours very truly,

A handwritten signature in cursive script, appearing to read "RBC Dominion Securities Inc.", is written in dark ink.

RBC DOMINION SECURITIES INC.