



HOME CAPITAL GROUP INC.

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NEWS RELEASE

HOME CAPITAL ANNOUNCES AGREEMENTS TO SETTLE OSC AND CLASS ACTION MATTERS

For Immediate Release

TORONTO – June 14, 2017 – Home Capital Group Inc. (“Home Capital”) is pleased to announce it has reached two agreements which together comprise a global settlement with the Ontario Securities Commission (the “Commission”) and with respect to the putative class action commenced in February 2017 by Claire R. McDonald, Action No. 349/17CP (the “Class Action”) relating to allegations of misleading disclosure. The settlements are subject to approval (by the Commission and by the Ontario Superior Court of Justice respectively) and each settlement is conditional upon the approval of the other. The main terms of the two settlements for which approval is being sought are set out below. It is expected that full copies of both agreements will be publicly filed if both agreements receive final approval. Home Capital expects to fund substantially all of the costs of such settlements through available liability insurance.

Commission Settlement

Under its proposed settlement with the Commission, Home Capital will make a payment of \$10 million and reimburse Commission costs in the amount of \$500,000. Gerald Soloway (“Soloway”) will be reprimanded, prohibited from acting as a director or officer of any reporting issuer for a period of four years and pay an administrative penalty in the amount of \$1 million. Each of Robert Morton (“Morton”) and Martin Reid (“Reid”) will be reprimanded, prohibited from acting as a director or officer of any reporting issuer for a period of 2 years and pay an administrative penalty in the amount of \$500,000.

Of the \$12 million (other than costs) being paid by the respondents in the Commission Settlement, \$10 million will be paid by Home Capital directly for the benefit of Home Capital investors who comprise the proposed class in the Class Action (the “Class”). \$2 million will be paid to the Commission. Staff of the Commission will recommend that \$1 million be allocated to the Class and the remaining \$1 million be allocated or used by the Commission in accordance with the *Securities Act*.

Class Action Settlement

Home Capital will make a payment of \$29.5 million to be distributed (net of costs and other expenses) to the Class as defined in the Class Action, all subject to the approval of the Superior Court of Justice as to certification of the Class for settlement purposes (as well as leave under the *Securities Act*) and after notice to the Class of the proposed settlement, review and approval of the settlement by the Court. The \$29.5 million includes \$11 million of the payments being made in the Commission Settlement. Releases of all defendants and dismissals in the usual

form are part of this settlement. There will be no deduction for legal fees of counsel for the class plaintiff in respect of the \$11 million being paid in the Commission Settlement.

Approval Process

The Commission has issued a Notice of Hearing for a date to be set by the Commission, at which time the Commission will consider whether it is in the public interest to approve and give effect to the settlement agreement by making certain orders against Home Capital, Soloway, Morton and Reid as described therein.

The parties to the Class Action are in the process of obtaining a date for the initial court hearing.

Company Statement

Brenda Eprile, Chair of the Home Capital Board, stated that “These settlements will enable us to move forward with regaining the confidence of our depositors and shareholders and creating value for all our stakeholders.” She noted, as indicated below, “Home Capital will accept full responsibility for failing to meet its disclosure obligations to the marketplace and appreciates the importance of the serious concerns raised by the Commission with respect to continuous and timely disclosure.” Eprile continued, “The Company also acknowledges that the Commission is not to blame for the events of recent months involving its liquidity position.” Upon final approval by both the Commission and the Ontario Superior Court of Justice, Home Capital believes that it will have taken full and appropriate responsibility for this matter.

Pursuant to the terms of the settlement agreement with the Commission, Home Capital will not be making any further statements on this matter outside of the approval proceedings.

Caution Regarding Forward-looking Statements

This press release contains forward-looking information within the meaning of applicable Canadian securities legislation. Please refer to the Home Capital's 2016 Annual Report, available on Home Capital's website at www.homecapital.com, and on the Canadian Securities Administrators' website at www.sedar.com, for Home Capital's Caution Regarding Forward-looking Statements.

About Home Capital Group Inc.

Home Capital Group Inc. is a public company, traded on the Toronto Stock Exchange (HCG), operating through its principal subsidiary, Home Trust Company. Home Trust is a federally regulated trust company offering residential and non-residential mortgage lending, securitization of insured residential mortgage products, consumer lending and credit card services. In addition, Home Trust offers deposits via brokers and financial planners, and through its direct to consumer deposit brand, Oaken Financial. Home Trust also conducts business through its wholly owned subsidiary, Home Bank. Licensed to conduct business across Canada, Home Trust has offices in Ontario, Alberta, British Columbia, Nova Scotia, Quebec and Manitoba.

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