



Conditional Approval #1150
May 2016

April 7, 2016

Robert L. Brookes, President and Chief Executive Officer
Home Federal Bank of Hollywood
900 North Federal Highway
Hallandale Beach, FL 33009

Re: Application filed by Home Federal Bank of Hollywood, Hallandale Beach, Florida for prior OCC approval of increase in permanent capital pursuant to 12 C.F.R. § 5.45
OCC Control No. 2016-HQ-Capital&Div-147171

Dear Mr. Brookes:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the March 28, 2016, application (Application) by Home Federal Bank of Hollywood, Hallandale Beach, Florida (Bank) for an increase in permanent capital pursuant to 12 CFR 5.45. The increase in capital will occur through a \$5,289,125 cash contribution to the Bank's capital surplus account. This approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC. This approval is also subject to the condition set out herein.

The OCC's regulation regarding changes in a Federal savings association's permanent capital, 12 CFR 5.45, generally provides that a Federal savings association planning to increase its capital may do so without prior OCC approval by submitting a notice to the OCC. See 12 CFR 5.45(b). However, the OCC may, by letter, require a Federal savings association to obtain prior OCC approval for increases in its permanent capital. See 12 CFR 5.45(g)(1)(i).

The Bank is currently owned by Home Bancgroup, Inc. (HC), a registered savings and loan holding company. The Bank has entered a Stock Purchase Agreement with Sergey Khotimskiy (Acquirer), under which the Acquirer will acquire outstanding shares of the Bank such that the Acquirer's ownership, when aggregated with his holdings and his brother's holdings at the HC, will not exceed 49 percent of the shares of the Bank. The Acquirer filed notice with the OCC pursuant to the Change in Bank Control Act, and on February 1, 2016, the OCC advised Sergey Khotimskiy that the OCC did not disapprove a Notice of Change in Bank Control for Mr. Khotimskiy to acquire control of the Bank, subject to certain conditions.

In addition to being a Director of the Bank, the Acquirer is the Chairman of the Board and a controlling shareholder of Sovcombank, a financial institution located in Russia. The Acquirer's purchase of shares will cause the Bank to become an affiliate of Sovcombank pursuant to

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Regulation W, 12 C.F.R. Part 223, by virtue of its common ownership through the Acquirer and interests aggregated with the Acquirer. This acquisition and its resulting affiliation could present safety and soundness concerns for the Bank if not managed properly. By requiring the Bank to file an application and obtain prior OCC approval for an increase in capital, the OCC has the opportunity to impose conditions to help ensure safe and sound operations. Accordingly, the OCC required the Bank to file an application under 12 CFR 5.45 for the capital increase in connection with the Acquirer's acquisition of stock of the Bank.

Based on its review of the Application, the OCC approves the Application, subject to the following condition:

The Bank shall not engage in any business transaction, directly or indirectly, with Sovcombank, any company that controls Sovcombank, or any subsidiary of either.

This condition of approval is a "condition imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

The conditional approval and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this approval pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Senior Licensing Analyst Yoo Jin Na at (202) 649-6335 or YooJin.Na@occ.treas.gov. Please include the OCC control number on any correspondence.

Sincerely,

signed
Beverly L. Evans
Director for Licensing Activities