

HomeStreet, Inc. (Nasdaq: HMST; Seattle, WA) Completes Offering of \$65 Million of Senior Notes

Sandler O'Neill + Partners, L.P. served as sole initial purchaser for the senior notes

This transaction is the 58th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner, or initial purchaser.¹ Sandler O'Neill's market share during this period, based on transactions reported in SNL Financial, is approximately 50%.²

About the Offering:

SEATTLE, Wash. – May 20, 2016 – HomeStreet, Inc. (NASDAQ: HMST) ("HomeStreet") today completed the issuance of \$65 million in aggregate principal amount of its 6.50% senior notes due 2026. The senior notes were issued by HomeStreet pursuant to a purchase agreement dated May 17, 2016.

HomeStreet intends to use the net proceeds of the offering to support growth and for general corporate purposes. Pending the intended application of the net proceeds, they may be invested temporarily in interest bearing obligations. Kroll has assigned a rating of BBB- to the senior note offering.

The senior notes are not registered under the Securities Act, however, the notes include registration rights. The senior notes may not be offered or sold in the United States absent registration with the Securities and Exchange Commission or an applicable exemption from such registration requirements.

About the Company:

Now in its 96th year HomeStreet, Inc. (NASDAQ:HMST) is a diversified financial services company headquartered in Seattle, Washington and is the holding company for HomeStreet Bank, a state-chartered, FDIC-insured commercial bank. HomeStreet offers consumer, commercial and private banking services, investment and insurance products and originates residential and commercial mortgages and construction loans for borrowers located in the Western United States and Hawaii. The bank has consistently received an "outstanding" rating under the federal Community Reinvestment Act (CRA).

Note: This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

(1) *Source: Sandler O'Neill + Partners. Deal count includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets.*

(2) *Source: SNL Financial. Aggregate deal count used in market share calculation includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets that have reported book-running managers or placement agents. Sandler O'Neill transactions used to calculate market share are those in which Sandler O'Neill acted as either a book-runner or placement agent.*

(3) *Financial data not pro forma for the offerings*

May 20, 2016

6.50% Fixed Rate
Senior Notes due 2026
\$65.0 Million

[HomeStreet]

Sole Initial Purchaser

SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2016³

(Dollars in millions)

Total assets	\$5,417
Gross loans	\$4,252
Total deposits	\$3,823
Total equity	\$529
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Tier 1 leverage ratio	10.50%
Tier 1 risk-based capital ratio	11.89%
Total risk-based capital ratio	12.63%
TCE / TA	9.28%

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