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**Section 1: 8-K/A (FORM 8-K/A)**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K/A**

(Amendment No. 1)

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): June 24, 2019

**HOMESTREET, INC.**

(Exact name of registrant as specified in its charter)

Washington  
(State or other jurisdiction  
of incorporation)

001-35424  
(Commission  
File Number)

91-0186600  
(IRS Employer  
Identification No.)

601 Union Street, Ste. 2000, Seattle, WA 98101  
(Address of principal executive offices) (Zip Code)

(206) 623-3050  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>        | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|-----------------------------------|--------------------------|--|
| <u>Common Stock, No Par Value</u> | <u>HMST</u>              | <u>The Nasdaq Stock Market LLC</u>               |

- Emerging growth Company

- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 12(a) of the
-

Exchange Act.

## **Explanatory Note**

This Amendment No. 1 (this "Amendment") is being filed by HomeStreet, Inc. (the "Company") to amend and restate in its entirety the Current Report on Form 8-K that the Company filed with the Securities and Exchange Commission on June 28, 2019 disclosing the completion of a disposition of assets. This amendment and restatement provides unaudited pro forma consolidated statements of operations for the fiscal years ended December 31, 2018, 2017 and 2016 as well as the fiscal quarter ended March 31, 2019 which give effect to the Asset Disposition (defined below), and also provides an updated unaudited proforma Consolidated Statement of Financial Condition at March 31, 2019 to reflect a change in intent for certain assets and liabilities that were determined to be part of continuing operations as they were no longer part of the asset disposal group under discontinued operations. The unaudited pro forma consolidated statements of operations for the fiscal year ended December 31, 2018 and the fiscal quarter ended March 31, 2019 replace the previously filed versions of those statements provided in the initial Current Report on Form 8-K for this matter filed on June 28, 2019.

### **Item 2.01 Completion of Acquisition or Disposition of Assets.**

On June 24, 2019, HomeStreet Bank (the "Bank"), a wholly owned subsidiary of HomeStreet, Inc. (the "Company"), closed on the final phase of a disposition of assets (the "Asset Disposition") related to the Bank's stand-alone home loan center-based single family mortgage origination operations (the "HLC Business"). This Asset Disposition included the sale of mortgage servicing rights ("MSRs") related to the HLC Business in two separate transactions on March 29, 2019 and the sale of substantially all assets related to 47 stand-alone home loan centers, satellite offices and production offices of the HLC Business. This was completed in three separate closings on June 6, 2019, June 17, 2019, and June 24, 2019. The completion of the Asset Disposition is considered to be the disposition of a significant amount of assets under Item 2.01 of Form 8-K.

MSRs with an unpaid principal balance of approximately \$4.4 billion that were issued through the Government National Mortgage Association were sold to PennyMac Loan Services LLC ("PennyMac") on March 29, 2019, and a portfolio of MSRs related to loans issued through Freddie Mac and Fannie Mae with an unpaid principal balance of approximately \$9.9 billion was sold to New Residential Mortgage LLC ("New Residential") on the same date. The aggregate purchase price for these two transactions was approximately \$183.1 million, subject to a holdback pending delivery of loan documents, and with respect to the sale to PennyMac, satisfaction of other post-transfer conditions related to repairs of damage with respect to loans in disaster areas and resolution of prior servicing errors, of approximately \$18.3 million. The PennyMac servicing transferred on June 4, 2019 and the New Residential servicing will transfer in the third quarter of 2019. In addition, the Bank transferred approximately \$116.1 million of deposit accounts representing custodial funds relating to the MSRs sold to PennyMac. In the third quarter of 2019, the Bank expects to transfer approximately \$132.8 million of deposit accounts representing advances relating to the MSRs sold to New Residential.

The sale of assets related to 47 stand-alone home loan centers (the "HLC Sale") was pursuant to a Purchase and Assumption Agreement between the Bank and Homebridge Financial Services, Inc. ("Homebridge") that was executed on April 4, 2019. The assets sold primarily consisted of mortgage origination assets and related personnel affiliated with the Bank's stand-alone home loan centers, satellite offices and production offices related to the HLC Business. The purchase price for the HLC Sale was approximately \$4.9 million, which is the net book value of the assets sold, plus a premium of \$1.0 million, which was reduced by \$1.5 million for reimbursement by the Bank of certain transaction expenses incurred by Homebridge. In addition, Homebridge has assumed certain home loan center and fulfillment office lease obligations. In the event Homebridge realizes a certain level of loan originations for the 12 months following the closing of the Asset Sale, the Bank will be entitled to an additional payment of up to \$750 thousand at that time.

In the aggregate, the Bank received consideration in cash of approximately \$186.6 million in exchange for the sale of these assets across the three transactions that constitute the Asset Disposition.

There are no material relationships between the Company and its affiliates and any of the purchasers and their respective affiliates other than in respect of the transactions described above.

The Company's unaudited pro forma consolidated statement of financial condition as of March 31, 2019 and unaudited pro forma consolidated statements of operations for the fiscal year ended December 31, 2018, 2017 and 2016 and quarter end March 31, 2019, in each case giving effect to the Asset Disposition, and related notes are attached hereto as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

(b) Unaudited Pro Forma Financial Information

Certain unaudited pro forma financial information required by Item 9.01(b) of Form 8-K is included as Exhibit 99.1 hereto and incorporated herein by reference.

(d) Exhibits

The following exhibits are attached with this current report on Form 8-K:

[99.1 Unaudited Pro Forma Financial Information](#)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 7, 2019

## **HomeStreet, Inc.**

By: /s/ Mark R. Ruh  
Mark R. Ruh  
Executive Vice President and Chief Financial  
Officer

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## **Section 2: EX-99.1 (EXHIBIT 99.1)**

### **HOMESTREET, INC.**

#### **UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

##### **Overview**

On June 24, 2019, HomeStreet Bank (the "Bank"), a wholly-owned subsidiary of HomeStreet Inc., Inc. (the "Company"), completed the previously announced sale of certain assets under the Purchase and Assumption Agreement dated as of April 4, 2019 (the "Purchase Agreement"), by and between the Bank and Homebridge Financial Services, Inc. ("Homebridge").

Under the Purchase Agreement, a copy of which was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on April 4, 2019, the Bank agreed to sell and the Purchaser agreed to purchase substantially all of the assets related to up to 50 stand-alone, satellite and fulfillment offices related to the Bank's home loan center-based single family mortgage origination operations and offered to hire a significant portion of the related personnel who were currently employed in that portion of the Bank's business (the "Asset Sale"). Homebridge agreed to a purchase price comprised of the net book value of the acquired assets, of approximately \$4.9 million, plus a premium of \$1.0 million, which was reduced by \$1.5 million for reimbursement by HomeStreet of certain transaction expenses incurred by Homebridge, as well as the assumption of certain home loan center and fulfillment office lease obligations. In the event Homebridge realizes a certain level of loan originations for the twelve months following the closing of the Asset Sale, HomeStreet will be entitled to an additional payment of up to \$750 thousand at that time.

The Bank ultimately sold 47 of these offices and transferred 464 related personnel to Homebridge. The final asset transfer occurred on June 24, 2019. The four remaining home loan centers not sold to Homebridge were closed in June 2019 and no mortgage centers remain.

On March 29, 2019, the Bank successfully sold and settled two sales of the rights to service \$14.26 billion in total unpaid principal balance ("Servicing Sale") of single family mortgage loans serviced for Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Government National Mortgage Association ("Ginnie Mae"), representing approximately 71% of HomeStreet's total single family mortgage loans serviced for others portfolio as of December 31, 2018. The sale resulted in a \$774 thousand pre-tax increase in income from discontinued operations during the first quarter and a \$2.0 million pre-tax decrease in income from discontinued operations during the second quarter. The Bank finalized the servicing transfer for some of these loans in the second quarter of 2019, and will finalize the remainder in the third quarter of 2019, and is subservicing

these loans until the transfer dates. The Asset Sale and Servicing Sales are collectively referred to as the "Transactions".

### **Basis of Presentation**

The following unaudited pro forma consolidated financial information reflects adjustments to the Company's historical financial results as reported under U.S. Generally Accepted Accounting Principles ("GAAP") in connection with the Transactions. The unaudited pro forma consolidated statement of operations for the year ended December 31, 2018 has been prepared with the assumption that the Transactions were completed and sold as of January 1, 2018. The unaudited pro forma consolidated statement of financial condition as of March 31, 2019 has been prepared with the assumption that the Transactions were completed and sold as of that date.

The unaudited pro forma consolidated financial information do not purport to be indicative of the results of operations or the financial condition which would have actually resulted if the Transactions had been completed on the dates indicated and do not purport to indicate the results of future operations.

The historical financial statements have been adjusted in the unaudited pro forma financial information to give effect to pro forma events that are: (i) directly attributable to the discontinued operation; and (ii) factually supportable.

The unaudited pro forma financial statements: (i) adjust for certain assets and liabilities that either are being reallocated between continuing and discontinued operations or that are required to be settled as required by the related agreements; and (ii) includes adjustments to allocate income tax expense between continuing and discontinued operations.

The Consolidated column in the unaudited pro forma statement of financial condition and in the unaudited pro forma statements of operations reflect the Company's historical financial statements for the periods presented and do not reflect any adjustments related to the Transactions. Assumptions and estimates underlying the Pro Forma Adjustments column are described in the accompanying notes.

The unaudited pro forma financial information has been prepared by the Company based upon assumptions deemed appropriate by the Company's management and are based upon information and assumptions available at the time of filing the Company's Current Report on Form 8-K A filed with the SEC on August 7, 2019. An explanation of certain assumptions is set forth in the notes to the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements have been prepared in accordance with Article 11 of Regulation S-X. The following unaudited pro forma financial information should be read in conjunction with: (i) the accompanying notes to the unaudited pro forma financial information; and (ii) the audited consolidated financial statements of the Company which were included in the Company's annual report on Form 10-K filed with the SEC on March 6, 2019 and the Company's unaudited quarterly report on Form 10-Q filed with the SEC on May 10, 2019.

**HomeStreet, Inc.**  
**Unaudited Pro Forma Consolidated Statement of Financial Condition**  
**As of March 31, 2019**

| (in thousands)   | <u>Consolidated</u> | <u>Discontinued<br/>Operations</u> | <u>Continuing<br/>Operations</u> | <u>Pro Forma<br/>Adjustments</u> | <u>Pro Forma<br/>Continuing<br/>Operations</u> |
|--|---------------------|------------------------------------|----------------------------------|----------------------------------|--|
| <b>Assets:</b>   |                     |                                    |                                  |                                  |  |
| Cash and cash equivalents  | \$ 67,690           | \$ —                               | \$ 67,690                        | \$ (2,811) <sup>(1)</sup>        | \$ 64,879                                      |
| Investment securities  | 816,878             | —                                  | 816,878                          | —                                | 816,878  |
| Loans held for sale  | 364,478             | 307,550                            | 56,928                           | —                                | 56,928   |
| Loans held for investment, net   | 5,345,969           | —                                  | 5,345,969                        | —                                | 5,345,969                                      |
| Mortgage servicing rights  | 95,942              | —                                  | 95,942                           | —                                | 95,942   |
| Other real estate owned  | 838                 | —                                  | 838                              | —                                | 838  |
| Federal Home Loan Bank stock, at cost                                      | 32,533              | —                                  | 32,533                           | —                                | 32,533   |
| Premises and equipment, net  | 90,926              | 5,291                              | 85,635                           | —                                | 85,635   |
| Lease right-of-use assets  | 115,546             | 2,463                              | 113,083                          | —                                | 113,083  |
| Goodwill   | 29,857              | —                                  | 29,857                           | —                                | 29,857   |
| Other assets   | 210,748             | 41,480                             | 169,268                          | —                                | 169,268  |
| <b>Total assets</b>  | <b>\$ 7,171,405</b> | <b>\$ 356,784</b>                  | <b>\$ 6,814,621</b>              | <b>\$ (2,811)</b>                | <b>\$ 6,811,810</b>                            |
| <b>Liabilities:</b>  |                     |                                    |                                  |                                  |  |
| Deposits   | \$ 5,397,434        | \$ 219,100                         | \$ 5,178,334                     | \$ —                             | \$ 5,178,334                                   |
| Federal Home Loan Bank advances  | 599,590             | —                                  | 599,590                          | (111,625) <sup>(2)</sup>         | 487,965  |
| Accounts payable and other liabilities                                     | 141,820             | 15,274                             | 126,546                          | —                                | 126,546  |
| Federal funds purchased and securities sold under agreements to repurchase | 27,000              | —                                  | 27,000                           | —                                | 27,000   |
| Long-term debt   | 125,509             | —                                  | 125,509                          | —                                | 125,509  |
| Lease liabilities  | 133,021             | 2,800                              | 130,221                          | —                                | 130,221  |
| Inter-segment borrowings   | —                   | 119,610                            | (119,610)                        | 119,610 <sup>(3)</sup>           | —  |
| <b>Total liabilities</b>   | <b>6,424,374</b>    | <b>356,784</b>                     | <b>6,067,590</b>                 | <b>7,985</b>                     | <b>6,075,575</b>                               |
| <b>Shareholders' equity:</b>   |                     |                                    |                                  |                                  |  |
| <b>Preferred stock, no par value</b>                                       |                     |                                    |                                  |                                  |  |
| Authorized 10,000 shares   | —                   | —                                  | —                                | —                                | —  |
| <b>Common stock, no par value</b>  |                     |                                    |                                  |                                  |  |
| Authorized 160,000,000 shares  | 511                 | —                                  | 511                              | —                                | 511  |
| Additional paid-in capital   | 342,049             | —                                  | 342,049                          | —                                | 342,049  |
| Retained earnings  | 411,826             | —                                  | 411,826                          | (10,796) <sup>(4)</sup>          | 401,030  |
| Accumulated other comprehensive loss                                       | (7,355)             | —                                  | (7,355)                          | —                                | (7,355)  |
| Total shareholders' equity   | 747,031             | —                                  | 747,031                          | (10,796)                         | 736,235  |
| <b>Total liabilities and shareholders' equity</b>                          | <b>\$ 7,171,405</b> | <b>\$ 356,784</b>                  | <b>\$ 6,814,621</b>              | <b>\$ (2,811)</b>                | <b>\$ 6,811,810</b>                            |



**HomeStreet, Inc.**  
**Unaudited Pro Forma Consolidated Statement of Operations**  
**For the Three Months Ended March 31, 2019**

| (in thousands, except share data)  | <u>Consolidated</u>      | <u>Discontinued Operations</u> | <u>Continuing Operations</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma Continuing Operations</u> |
|--|--------------------------|--------------------------------|------------------------------|------------------------------|--|
| <b>Interest income:</b>  |                          |                                |                              |                              |  |
| Loans  | \$ 66,166                | \$ 3,235                       | \$ 62,931                    | \$ —                         | \$ 62,931                              |
| Investment securities  | 5,564                    | —                              | 5,564                        | —                            | 5,564                                  |
| Other  | 209                      | 21                             | 188                          | —                            | 188                                    |
|  | <u>71,939</u>            | <u>3,256</u>                   | <u>68,683</u>                | <u>—</u>                     | <u>68,683</u>                          |
| <b>Interest expense:</b>   |                          |                                |                              |                              |  |
| Deposits   | 14,312                   | —                              | 14,312                       | —                            | 14,312                                 |
| Federal Home Loan Bank advances  | 5,614                    | 972                            | 4,642                        | (740) <sup>(5)</sup>         | 3,902                                  |
| Federal funds purchased and securities sold under agreements to repurchase | 304                      | —                              | 304                          | —                            | 304                                    |
| Long-term debt   | 1,744                    | —                              | 1,744                        | —                            | 1,744                                  |
| Other  | 263                      | 139                            | 124                          | —                            | 124                                    |
|  | <u>22,237</u>            | <u>1,111</u>                   | <u>21,126</u>                | <u>(740)</u>                 | <u>20,386</u>                          |
| Net interest income  | 49,702                   | 2,145                          | 47,557                       | 740                          | 48,297                                 |
| Provision for credit losses  | 1,500                    | —                              | 1,500                        | —                            | 1,500                                  |
| Net interest income after provision for credit losses                      | 48,202                   | 2,145                          | 46,057                       | 740                          | 46,797                                 |
| <b>Noninterest income:</b>   |                          |                                |                              |                              |  |
| Net gain on mortgage loan origination and sale activities                  | 38,095                   | 35,488                         | 2,607                        | —                            | 2,607                                  |
| Loan servicing income  | 4,629                    | 3,586                          | 1,043                        | —                            | 1,043                                  |
| Income from Windermere Mortgage Services Series, LLC                       | 57                       | 57                             | —                            | —                            | —                                      |
| Depositor and other retail banking fees                                    | 1,750                    | 5                              | 1,745                        | —                            | 1,745                                  |
| Insurance agency commissions   | 625                      | —                              | 625                          | —                            | 625                                    |
| Loss on sale of investment securities available for sale                   | (247)                    | —                              | (247)                        | —                            | (247)                                  |
| Other  | 2,452                    | 133                            | 2,319                        | —                            | 2,319                                  |
|  | <u>47,361</u>            | <u>39,269</u>                  | <u>8,092</u>                 | <u>—</u>                     | <u>8,092</u>                           |
| <b>Noninterest expense:</b>  |                          |                                |                              |                              |  |
| Salaries and related costs   | 55,317                   | 30,038                         | 25,279                       | (2,740) <sup>(6)</sup>       | 22,539                                 |
| General and administrative   | 12,184                   | 4,002                          | 8,182                        | —                            | 8,182                                  |
| Amortization of core deposit intangibles                                   | 333                      | —                              | 333                          | —                            | 333                                    |
| Legal  | 532                      | 736                            | (204)                        | —                            | (204)                                  |
| Consulting   | 1,944                    | 536                            | 1,408                        | —                            | 1,408                                  |
| Federal Deposit Insurance Corporation assessments                          | 864                      | 43                             | 821                          | —                            | 821                                    |
| Occupancy  | 18,545                   | 13,577                         | 4,968                        | (296) <sup>(7)</sup>         | 4,672                                  |
| Information services   | 8,784                    | 1,696                          | 7,088                        | —                            | 7,088                                  |
| Net benefit from operation and sale of other real estate owned             | (29)                     | —                              | (29)                         | —                            | (29)                                   |
| Gain on disposal   | (774)                    | (774)                          | —                            | —                            | —                                      |
|  | <u>97,700</u>            | <u>49,854</u>                  | <u>47,846</u>                | <u>(3,036)</u>               | <u>44,810</u>                          |
| (Loss) income before income taxes  | (2,137)                  | (8,440)                        | 6,303                        | 3,776                        | 10,079                                 |
| Income tax (benefit) expense   | (422)                    | (1,667)                        | 1,245                        | 793 <sup>(8)</sup>           | 2,038                                  |
| <b>NET (LOSS) INCOME</b>   | <b><u>\$ (1,715)</u></b> | <b><u>\$ (6,773)</u></b>       | <b><u>\$ 5,058</u></b>       | <b><u>\$ 2,983</u></b>       | <b><u>\$ 8,041</u></b>                 |
| <b>Earnings per common share</b>   |                          |                                |                              |                              |  |
| Basic  | \$ (0.06)                | \$ (0.25)                      | \$ 0.19                      |                              | \$ 0.30                                |
| Diluted  | \$ (0.06)                | \$ (0.25)                      | \$ 0.19                      |                              | \$ 0.30                                |

**Weighted average number of shares outstanding**

|         |            |            |            |            |
|---------|------------|------------|------------|------------|
| Basic   | 27,021,507 | 27,021,507 | 27,021,507 | 27,021,507 |
| Diluted | 27,185,175 | 27,185,175 | 27,185,175 | 27,185,175 |

**HomeStreet, Inc.**  
**Unaudited Pro Forma Consolidated Statement of Operations**  
**For the Year Ended December 31, 2018**

| (in thousands, except share data)  | <u>Consolidated</u>     | <u>Discontinued Operations</u> | <u>Continuing Operations</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma Continuing Operations</u> |
|--|-------------------------|--------------------------------|------------------------------|------------------------------|--|
| <b>Interest income:</b>  |                         |                                |                              |                              |  |
| Loans  | \$ 247,126              | \$ 18,776                      | \$ 228,350                   | \$ —                         | \$ 228,350                             |
| Investment securities  | 22,645                  | —                              | 22,645                       | —                            | 22,645                                 |
| Other  | 931                     | 464                            | 467                          | —                            | 467                                    |
|  | <u>270,702</u>          | <u>19,240</u>                  | <u>251,462</u>               | <u>—</u>                     | <u>251,462</u>                         |
| <b>Interest expense:</b>   |                         |                                |                              |                              |  |
| Deposits   | 41,995                  | —                              | 41,995                       | —                            | 41,995                                 |
| Federal Home Loan Bank advances  | 18,501                  | 6,127                          | 12,374                       | (2,958) <sup>(5)</sup>       | 9,416                                  |
| Federal funds purchased and securities sold under agreements to repurchase | 298                     | —                              | 298                          | —                            | 298                                    |
| Long-term debt   | 6,647                   | —                              | 6,647                        | —                            | 6,647                                  |
| Other  | 782                     | 597                            | 185                          | —                            | 185                                    |
|  | <u>68,223</u>           | <u>6,724</u>                   | <u>61,499</u>                | <u>(2,958)</u>               | <u>58,541</u>                          |
| Net interest income  | 202,479                 | 12,516                         | 189,963                      | 2,958                        | 192,921                                |
| Provision for credit losses  | 3,000                   | —                              | 3,000                        | —                            | 3,000                                  |
| Net interest income after provision for credit losses                      | 199,479                 | 12,516                         | 186,963                      | 2,958                        | 189,921                                |
| <b>Noninterest income:</b>   |                         |                                |                              |                              |  |
| Net gain on mortgage loan origination and sale activities                  | 186,249                 | 174,383                        | 11,866                       | —                            | 11,866                                 |
| Loan servicing income  | 28,724                  | 25,053                         | 3,671                        | —                            | 3,671                                  |
| Income from Windermere Mortgage Services Series, LLC                       | 160                     | 160                            | —                            | —                            | —                                      |
| Depositor and other retail banking fees                                    | 8,047                   | 28                             | 8,019                        | —                            | 8,019                                  |
| Insurance agency commissions   | 2,193                   | —                              | 2,193                        | —                            | 2,193                                  |
| Gain on sale of investment securities available for sale                   | 235                     | —                              | 235                          | —                            | 235                                    |
| Other  | 11,351                  | 802                            | 10,549                       | —                            | 10,549                                 |
|  | <u>236,959</u>          | <u>200,426</u>                 | <u>36,533</u>                | <u>—</u>                     | <u>36,533</u>                          |
| <b>Noninterest expense:</b>  |                         |                                |                              |                              |  |
| Salaries and related costs   | 250,798                 | 145,756                        | 105,042                      | (10,684) <sup>(6)</sup>      | 94,358                                 |
| General and administrative   | 53,753                  | 20,821                         | 32,932                       | —                            | 32,932                                 |
| Amortization of core deposit intangibles                                   | 1,625                   | —                              | 1,625                        | —                            | 1,625                                  |
| Legal  | 3,931                   | 558                            | 3,373                        | —                            | 3,373                                  |
| Consulting   | 3,071                   | 602                            | 2,469                        | —                            | 2,469                                  |
| Federal Deposit Insurance Corporation assessments                          | 4,091                   | 283                            | 3,808                        | —                            | 3,808                                  |
| Occupancy  | 38,304                  | 20,201                         | 18,103                       | (471) <sup>(7)</sup>         | 17,632                                 |
| Information services   | 35,139                  | 7,111                          | 28,028                       | —                            | 28,028                                 |
| Net benefit from operation and sale of other real estate owned             | (139)                   | —                              | (139)                        | —                            | (139)                                  |
|  | <u>390,573</u>          | <u>195,332</u>                 | <u>195,241</u>               | <u>(11,155)</u>              | <u>184,086</u>                         |
| Income before income taxes   | 45,865                  | 17,610                         | 28,255                       | 14,113                       | 42,368                                 |
| Income tax expense   | 5,838                   | 4,072                          | 1,766                        | 2,964 <sup>(8)</sup>         | 4,730                                  |
| <b>NET INCOME</b>  | <b><u>\$ 40,027</u></b> | <b><u>\$ 13,538</u></b>        | <b><u>\$ 26,489</u></b>      | <b><u>\$ 11,149</u></b>      | <b><u>\$ 37,638</u></b>                |
| <b>Earnings per common share</b>   |                         |                                |                              |                              |  |
| Basic  | \$ 1.48                 |                                |                              |                              | \$ 1.40                                |
| Diluted  | \$ 1.47                 |                                |                              |                              | \$ 1.39                                |

**Weighted average number of shares outstanding**

|         |            |            |
|---------|------------|------------|
| Basic   | 26,970,916 | 26,970,916 |
| Diluted | 27,168,135 | 27,168,135 |

**HomeStreet, Inc.**  
**Unaudited Pro Forma Consolidated Statement of Operations**  
**For the Year Ended December 31, 2017**

| (in thousands, except share data)  | <u>Consolidated</u>     | <u>Discontinued Operations</u> | <u>Continuing Operations</u> |
|--|-------------------------|--------------------------------|------------------------------|
| <b>Interest income:</b>  |                         |                                |                              |
| Loans  | \$ 215,363              | \$ 25,018                      | \$ 190,345                   |
| Investment securities  | 21,753                  | —                              | 21,753                       |
| Other  | 567                     | 345                            | 222                          |
|  | <u>237,683</u>          | <u>25,363</u>                  | <u>212,320</u>               |
| <b>Interest expense:</b>   |                         |                                |                              |
| Deposits   | 23,912                  | —                              | 23,912                       |
| Federal Home Loan Bank advances  | 12,589                  | 4,965                          | 7,624                        |
| Federal funds purchased and securities sold under agreements to repurchase | 5                       | —                              | 5                            |
| Long-term debt   | 6,067                   | —                              | 6,067                        |
| Other  | 672                     | 501                            | 171                          |
|  | <u>43,245</u>           | <u>5,466</u>                   | <u>37,779</u>                |
| Net interest income  | 194,438                 | 19,897                         | 174,541                      |
| <b>Provision for credit losses</b>   |                         |                                |                              |
| Net interest income after provision for credit losses                      | 193,688                 | 19,897                         | 173,791                      |
| <b>Noninterest income:</b>   |                         |                                |                              |
| Net gain on mortgage loan origination and sale activities                  | 255,876                 | 235,850                        | 20,026                       |
| Loan servicing income  | 35,384                  | 32,053                         | 3,331                        |
| Income from Windermere Mortgage Services Series, LLC                       | 598                     | 598                            | —                            |
| Depositor and other retail banking fees                                    | 7,221                   | 26                             | 7,195                        |
| Insurance agency commissions   | 1,904                   | —                              | 1,904                        |
| Gain on sale of investment securities available for sale                   | 489                     | —                              | 489                          |
| Other  | 10,682                  | 1,030                          | 9,652                        |
|  | <u>312,154</u>          | <u>269,557</u>                 | <u>42,597</u>                |
| <b>Noninterest expense:</b>  |                         |                                |                              |
| Salaries and related costs   | 293,870                 | 192,079                        | 101,791                      |
| General and administrative   | 65,036                  | 27,254                         | 37,782                       |
| Amortization of core deposit intangibles                                   | 1,710                   | —                              | 1,710                        |
| Legal  | 1,410                   | 107                            | 1,303                        |
| Consulting   | 3,467                   | 785                            | 2,682                        |
| Federal Deposit Insurance Corporation assessments                          | 3,279                   | 281                            | 2,998                        |
| Occupancy  | 38,268                  | 21,287                         | 16,981                       |
| Information services   | 33,143                  | 7,246                          | 25,897                       |
| Net benefit from operation and sale of other real estate owned             | (530)                   | —                              | (530)                        |
|  | <u>439,653</u>          | <u>249,039</u>                 | <u>190,614</u>               |
| Income before income taxes   | 66,189                  | 40,415                         | 25,774                       |
| Income tax (benefit) expense *   | (2,757)                 | 12,559                         | (15,316)                     |
| <b>NET INCOME</b>  | <b><u>\$ 68,946</u></b> | <b><u>\$ 27,856</u></b>        | <b><u>\$ 41,090</u></b>      |
| <b>Earnings per common share</b>   |                         |                                |                              |
| Basic  | \$ 2.57                 |                                | \$ 1.53                      |
| Diluted  | \$ 2.54                 |                                | \$ 1.52                      |
| <b>Weighted average number of shares outstanding</b>                       |                         |                                |                              |
| Basic  | 26,864,657              |                                | 26,864,657                   |
| Diluted  | 27,092,019              |                                | 27,092,019                   |

\* The income tax benefit we received from the 2017 Tax Reform Act is all allocated to continuing operations.



**HomeStreet, Inc.**  
**Unaudited Pro Forma Consolidated Statement of Operations**  
**For the Year Ended December 31, 2016**

| (in thousands, except share data)  | <u>Consolidated</u>     | <u>Discontinued Operations</u> | <u>Continuing Operations</u> |
|--|-------------------------|--------------------------------|------------------------------|
| <b>Interest income:</b>  |                         |                                |                              |
| Loans  | \$ 190,667              | \$ 26,764                      | \$ 163,903                   |
| Investment securities  | 18,394                  | —                              | 18,394                       |
| Other  | 476                     | —                              | 476                          |
|  | <u>209,537</u>          | <u>26,764</u>                  | <u>182,773</u>               |
| <b>Interest expense:</b>   |                         |                                |                              |
| Deposits   | 19,009                  | —                              | 19,009                       |
| Federal Home Loan Bank advances  | 6,030                   | 381                            | 5,649                        |
| Federal funds purchased and securities sold under agreements to repurchase | 4                       | —                              | 4                            |
| Long-term debt   | 4,043                   | —                              | 4,043                        |
| Other  | 402                     | 349                            | 53                           |
|  | <u>29,488</u>           | <u>730</u>                     | <u>28,758</u>                |
| Net interest income  | 180,049                 | 26,034                         | 154,015                      |
| <b>Provision for credit losses</b>   |                         |                                |                              |
| Net interest income after provision for credit losses                      | 175,949                 | 26,034                         | 149,915                      |
| <b>Noninterest income:</b>   |                         |                                |                              |
| Net gain on mortgage loan origination and sale activities                  | 307,313                 | 290,442                        | 16,871                       |
| Loan servicing income  | 33,059                  | 30,080                         | 2,979                        |
| Income from Windermere Mortgage Services Series, LLC                       | 2,333                   | 2,333                          | —                            |
| Depositor and other retail banking fees                                    | 6,790                   | 27                             | 6,763                        |
| Insurance agency commissions   | 1,619                   | —                              | 1,619                        |
| Gain on sale of investment securities available for sale                   | 2,539                   | —                              | 2,539                        |
| Other  | 5,497                   | 585                            | 4,912                        |
|  | <u>359,150</u>          | <u>323,467</u>                 | <u>35,683</u>                |
| <b>Noninterest expense:</b>  |                         |                                |                              |
| Salaries and related costs   | 303,354                 | 210,351                        | 93,003                       |
| General and administrative   | 63,206                  | 29,785                         | 33,421                       |
| Amortization of core deposit intangibles                                   | 2,166                   | —                              | 2,166                        |
| Legal  | 1,867                   | 527                            | 1,340                        |
| Consulting   | 4,958                   | 1,364                          | 3,594                        |
| Federal Deposit Insurance Corporation assessments                          | 3,414                   | 326                            | 3,088                        |
| Occupancy  | 30,530                  | 15,493                         | 15,037                       |
| Information services   | 33,063                  | 8,447                          | 24,616                       |
| Net cost from operation and sale of other real estate owned                | 1,764                   | —                              | 1,764                        |
|  | <u>444,322</u>          | <u>266,293</u>                 | <u>178,029</u>               |
| Income before income taxes   | 90,777                  | 83,208                         | 7,569                        |
| Income tax expense   | 32,626                  | 29,905                         | 2,721                        |
| <b>NET INCOME</b>  | <b><u>\$ 58,151</u></b> | <b><u>\$ 53,303</u></b>        | <b><u>\$ 4,848</u></b>       |
| <b>Earnings per common share</b>   |                         |                                |                              |
| Basic  | \$ 2.36                 |                                | \$ 0.20                      |
| Diluted  | \$ 2.34                 |                                | \$ 0.20                      |
| <b>Weighted average number of shares outstanding</b>                       |                         |                                |                              |
| Basic  | 24,615,990              |                                | 24,615,990                   |
| Diluted  | 24,843,683              |                                | 24,843,683                   |

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

The pro forma adjustments are based on preliminary estimates and assumptions by management that are subject to change. The following adjustments have been reflected in the unaudited pro forma consolidated financial information.



(1) Pro forma adjustment represents the estimated net cash proceeds from the Transactions.

| <i>(in thousands)</i>                            | <b>Three Months Ended June<br/>30, 2019</b> |
|--|---|
| Proceeds from MSR sales                          | \$ —  |
| Proceeds from asset sales                        | 3,461                                       |
| Compensation expense related to the Transactions | (2,675)                                     |
| Other transaction costs                          | (3,597)                                     |
| <b>Net cash received (paid)</b>                  | <b>\$ (2,811)</b>                           |

(2) These Transactions would allow management to reduce funding via lower advances from the Federal Home Loan Bank.

(3) Inter-segment borrowings are eliminated at the consolidated level.

(4) Pro forma adjustment represents the estimated net loss on disposal. The estimated pre-tax loss is not included in the pro forma consolidated statement of operations for the quarter ended March 31, 2019 as it represents a non-recurring item that results directly from the Transactions.

| <i>(in thousands)</i>             | <b>Three Months Ended<br/>June 30, 2019</b> |
|-----------------------------------|---|
| Net cash received (paid)          | \$ (2,811)                                  |
| Book value of certain assets sold | (4,038)                                     |
| Book value of MSR sold            | —   |
| Non-cash charges                  | (3,947)                                     |
| <b>Net loss on disposal</b>       | <b>\$ (10,796)</b>                          |

(5) Pro forma adjustment represents the estimated reduction of interest expense that the Company would have realized from lower advances from the Federal Home Loan Bank to support the former Mortgage Banking segment's business activities.

(6) Pro forma adjustment represents the estimated corporate support cost savings from salaries and benefits that the Company will realize as a result of the Transactions.

(7) Pro forma adjustment represents the estimated corporate support cost savings from occupancy-related costs that the Company will realize as a result of the Transactions.

(8) Tax rate applied to the pro forma adjustments was the Company's federal statutory tax rate for the period.

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