

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
SIMPLICITY BANCORP, INC.		26-1500698	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
TERRI SILVER	(206) 389-6303	terri.silver@homestreet.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
HOMESTREET, INC. & SUBSIDIARIES, 601 UNION STREET, SUITE 2000		SEATTLE, WA 98101	
<b>8</b> Date of action		<b>9</b> Classification and description	
3/1/2015		COMMON STOCK	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
828867101		SMPL	

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ EFFECTIVE MARCH 1, 2015, SIMPLICITY BANCORP, INC. ("SIMPLICITY") MERGED WITH AND INTO HOMESTREET, INC. ("HOMESTREET"), WITH HOMESTREET CONTINUING AS THE SURVIVING CORPORATION. IMMEDIATELY FOLLOWING THE EFFECTIVE TIME OF THE MERGER, SIMPLICITY BANK, A WHOLLY-OWNED SUBSIDIARY OF SIMPLICITY ("SIMPLICITY BANK") MERGED WITH AND INTO HOMESTREET BANK, A WHOLLY-OWNED SUBSIDIARY OF HOMESTREET ("HOMESTREET BANK"), WITH HOMESTREET BANK AS THE SURVIVING BANK. AT THE CLOSING, THERE WERE 7,180,005 SHARES OF SIMPLICITY COMMON STOCK OUTSTANDING, ALL OF WHICH WERE CANCELLED IN EXCHANGE FOR AN EQUAL NUMBER OF SHARES OF HOMESTREET COMMON STOCK ISSUED TO SIMPLICITY'S STOCKHOLDERS. ALSO IN CONNECTION WITH THE MERGER, ALL OUTSTANDING OPTIONS TO PURCHASE SIMPLICITY COMMON STOCK WERE CANCELLED IN EXCHANGE FOR A CASH PAYMENT EQUAL TO THE DIFFERENCE BETWEEN THE AVERAGE CLOSING PRICE OF HOMESTREET COMMON STOCK (AS DEFINED IN QUESTION 16) AND THE EXERCISE PRICE OF THE OPTION, PROVIDED, HOWEVER, THAT ANY OPTIONS THAT WERE OUT-OF-THE-MONEY AT THE TIME OF CLOSING WERE CANCELLED FOR NO CONSIDERATION.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE MERGER OF SIMPLICITY INTO HOMESTREET IS INTENDED TO QUALIFY AS A TAX FREE REORGANIZATION WITHIN THE MEANING OF SECTION 368(a) OF THE INTERNAL REVENUE CODE, AS AMENDED. THE AGGREGATE TAX BASIS IN THE SHARES OF HOMESTREET COMMON STOCK THAT SIMPLICITY STOCKHOLDERS RECEIVED IN THE MERGER WILL BE EQUAL TO THE HOLDER'S AGGREGATE ADJUSTED TAX BASIS IN THE SIMPLICITY COMMON STOCK SURRENDERED PURSUANT TO THE MERGER.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ PURSUANT TO THE MERGER AGREEMENT, THE EXCHANGE RATIO OF HOMESTREET COMMON STOCK THAT SIMPLICITY SHAREHOLDERS RECEIVED WAS DETERMINED BASED UPON HOMESTREET'S AVERAGE CLOSING PRICE OR THE ARITHMETIC AVERAGE OF HOMESTREET'S CLOSING STOCK PRICE, AS REPORTED BY NASDAQ, FOR THE TEN CONSECUTIVE TRADING DAYS ENDING ON (AND EXCLUDING) THE FIFTH TRADING DAY PRIOR TO THE EFFECTIVE TIME OF THE MERGER. UNDER THE TERMS OF THE AGREEMENT, IF THE AVERAGE CLOSING PRICE WAS EQUAL TO OR GREATER THAN \$15 PER SHARE AND EQUAL TO OR LESS THAN \$20 PER SHARE, THE EXCHANGE RATIO WOULD BE ONE-FOR-ONE. THUS IF THE CLOSING PRICE FELL IN THE AFOREMENTIONED RANGE, EACH SHARE OF SIMPLICITY COMMON STOCK WOULD BE CONVERTED INTO A RIGHT TO RECEIVE ONE SHARE OF HOMESTREET COMMON STOCK. THE MERGER AGREEMENT ALSO PROVIDED THAT THE EXCHANGE RATIO WOULD BE ADJUSTED IF THE AVERAGE CLOSING PRICE OF HOMESTREET COMMON STOCK WAS ABOVE OR BELOW THIS RANGE. AS THE AVERAGE CLOSING PRICE OF HOMESTREET COMMON STOCK WAS CALCULATED AS \$17.53, A ONE-TO-ONE EXCHANGE RATIO WAS USED.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► SIMPLICITY AND HOMESTREET HAVE STRUCTURED THE MERGERS, TAKEN TOGETHER, TO QUALIFY AS A REORGANIZATION WITHIN THE MEANING OF SECTION 368(a) OF THE INTERNAL REVENUE CODE, AS AMENDED. RELEVANT INTERNAL REVENUE CODE PROVISIONS INCLUDE SECTIONS 302, 358, AND 368.

**18** Can any resulting loss be recognized? ► NO GAIN OR LOSS WILL GENERALLY BE RECOGNIZED BY HOLDERS OF SIMPLICITY COMMON STOCK RECEIVING SOLELY SHARES OF HOMESTREET COMMON STOCK IN EXCHANGE FOR HIS OR HER SHARES OF SIMPLICITY COMMON STOCK PURSUANT TO THE MERGER.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE HOLDING PERIOD OF THE SHARES OF HOMESTREET COMMON STOCK RECEIVED IN THE MERGER WILL INCLUDE THE HOLDING PERIOD OF THE SHARES OF SIMPLICITY COMMON STOCK THAT WERE SURRENDERED IN THE EXCHANGE.

**Sign Here** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► \_\_\_\_\_ Date ► \_\_\_\_\_

Print your name ► \_\_\_\_\_ Title ► \_\_\_\_\_

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	RACHEL ROSS				P00854321
	Firm's name ► DELOITTE TAX LLP	Firm's EIN ► 86-1065772		Phone no. 206-716-7000	
	Firm's address ► 925 FOURTH AVENUE, SUITE 3300 SEATTLE, WA 98104-1126				