

CONSOLIDATED STATEMENT
OF FINANCIAL CONDITION
December 31, 2007 AUDITED



ASSETS	(Dollars in Thousands)
Cash & cash equivalents	32,705
Mortgage-backed securities available for sale	111,621
Mortgage loans held for sale	77,969
Loans held for investment	2,428,188
Mortgage servicing rights	48,223
Accounts receivable and other assets	13,926
Accrued interest receivable	12,317
Real estate held for sale	1,973
Federal Home Loan Bank stock	37,027
Property and equipment, net	10,481
	<u>\$2,774,430</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	
Deposits	\$1,717,681
Other borrowings	751,186
Accounts payable and other liabilities	55,483
Federal income taxes payable	4,577
	<u>2,528,927</u>
Shareholders' equity, in accordance with generally accepted accounting principles	245,503
	<u>\$2,774,430</u>

Mortgage loans currently serviced for others \$4,568,638

At March 31, 2008, HomeStreet Bank had the following capital ratios calculated in accordance with FIRREA's capital standard and exceeded the FDICIA standards of a "well-capitalized" institution:

	<i>HomeStreet Bank</i>			<i>Well Capitalized</i>			<i>Required Ratios</i>	
	<u>Amount</u>	<u>Ratio</u>		<u>Amount</u>	<u>Ratio</u>		<u>Amount</u>	<u>Ratio</u>
Total risk-based capital (to risk weighted assets)	\$276,484	11.2%	≥	\$247,408	10.0%	≥	\$197,927	8.0%
Tier 1 risk-based capital (to risk weighted assets)	\$245,460	9.9%	≥	\$148,445	6.0%	≥	\$98,963	4.0%
Tier 1 leverage capital (to average assets)	\$245,460	9.0%	≥	\$136,301	5.0%	≥	\$109,041	4.0%

This statement has been prepared in accordance with the regulatory reporting requirements of the FDIC. Tier 1 risk-based capital, Tier 1 leverage capital and total risk-based capital are the elements of regulatory capital determined under such reporting requirements. Regulatory capital is a basis by which the FDIC determines whether a savings association is operating in a safe and sound manner. Retirement deposits are insured to \$250,000 and other deposits are insured to \$100,000 by the FDIC.