

CONSOLIDATED STATEMENT
OF FINANCIAL CONDITION
September 30, 2008 UNAUDITED



ASSETS

(Dollars in Thousands)

Cash & cash equivalents	\$ 55,833
Investment securities available for sale	120,814
Mortgage loans held for sale	78,050
Loans held for investment	2,441,996
Mortgage servicing rights	56,480
Accounts receivable and other assets	15,604
Accrued interest receivable	11,057
Real estate held for sale	11,408
Federal Home Loan Bank stock	37,027
Property and equipment, net	10,276
	<u>\$ 2,838,545</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits	\$ 1,789,918
Federal Home Loan Bank borrowings	728,271
Other borrowings	37,400
Accounts payable and other liabilities	28,543
Federal income taxes payable	679
	<u>2,584,811</u>
Shareholders' equity, in accordance with generally accepted accounting principles	253,734
	<u>\$ 2,838,545</u>

At September 30, 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)	\$284,558	11.7%	≥	\$243,909	10.0%	≥	\$195,128	8.0%
Tier 1 risk-based capital (to risk weighted assets)	\$253,786	10.4%	≥	\$146,346	6.0%	≥	\$97,564	4.0%
Tier 1 leverage capital (to average assets)	\$253,786	8.7%	≥	\$145,637	5.0%	≥	\$116,510	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. Effective October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.