

CONSOLIDATED STATEMENT
OF FINANCIAL CONDITION
December 31, 2008 AUDITED



ASSETS

(Dollars in Thousands)

Cash & cash equivalents	\$ 259,304
Investment securities available for sale	56,337
Mortgage loans held for sale	48,636
Loans held for investment	2,425,871
Mortgage servicing rights	50,929
Accounts receivable and other assets	18,960
Accrued interest receivable	9,654
Real estate held for sale	20,904
Federal Home Loan Bank stock	37,027
Property and equipment, net	10,145
	\$ 2,937,769

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits	\$ 1,923,616
Federal Home Loan Bank borrowings	705,764
Other borrowings	18,400
Accounts payable and other liabilities	31,901
Federal income taxes payable	1,737
	2,681,417
Shareholders' equity, in accordance with generally accepted accounting principles	256,352
	\$ 2,937,769

At December 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)	\$280,002	11.8%	≥	\$237,862	10.0%	≥	\$190,290	8.0%
Tier 1 risk-based capital (to risk weighted assets)	\$249,963	10.5%	≥	\$142,717	6.0%	≥	\$95,145	4.0%
Tier 1 leverage capital (to average assets)	\$249,963	8.7%	≥	\$143,823	5.0%	≥	\$115,058	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.