



Troy, Michigan

Q4 2010 Results

Presenters:

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The information contained in this presentation is not intended as a solicitation to buy Flagstar Bancorp, Inc. stock and is provided for general information.

This presentation may include forward-looking statements and include comments with respect to our objectives and strategies, and the results of our operations and our business. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "expects," "assumes," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or words of similar meaning, or future or conditional words such as "assuming," "will," "would," "possible," "proposed," "projected," "positioned," "vision," "opportunity," "should," "could," "indicative," "target" or "may."

Forward-looking statements provide our expectations or predictions of future conditions, events or results. They are not guarantees of future performance. By their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. These statements speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. There a number of factors, many of which are beyond our control that could cause actual conditions, events or results to differ significantly from those described in the forward looking statements. Some of these are:

- Volatile interest rates that impact, amongst other things, (i) the mortgage banking business, (ii) our ability to originate loans and sell assets at a profit, (iii) prepayment speeds and (iv) our cost of funds, could adversely affect earnings, growth opportunities and our ability to pay dividends to shareholders.
- Our ability to maintain capital levels.
- Competitive factors for loans could negatively impact gain on loan sale margins.
- Competition from banking and non-banking companies for deposits and loans can affect our growth opportunities, earnings, gain on sale margins, market share and ability to transform business model.
- Changes in the regulation of financial services companies and government-sponsored housing enterprises, and in particular, declines in the liquidity of the mortgage loan secondary market, could adversely affect business.
- Changes in regulatory capital requirements or an inability to achieve desired capital ratios could adversely affect our growth and earnings opportunities and our ability to originate certain types of loans, as well as our ability to sell certain types of assets for fair market value or to transform business model.
- General business and economic conditions, including unemployment rates, further movements in interest rates, the slope of the yield curve, any increase in fraud and other criminal activity and the further decline of asset values in certain geographic markets, may significantly affect the company's business activities, loan losses, reserves, earnings and business prospects.
- Factors concerning the implementation of proposed enhancements and transformation of business model could result in slower implementation times than we anticipate and negate any competitive advantage that we may enjoy.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events.

Financials

2010 Pre-tax, Pre-credit-cost Earnings

(\$ in millions)	<u>Q4 2010</u>	<u>Q3 2010</u>	<u>Q2 2010</u>	<u>Q1 2010</u>	<u>FY 2010</u>
Earnings (loss) before tax provision	(\$185.3)	(\$17.9)	(\$92.3)	(\$77.2)	(\$372.7)
<u>Add back: credit costs</u>					
Add back: Provision for loan losses	225.4	51.4	86.0	63.6	\$426.4
Asset resolution	30.0	34.2	45.4	16.6	\$126.3
Net loss (gain) on trading securities residuals	(3.8)	4.7	4.3	2.7	\$7.8
SMR Change in estimate	10.3	13.0	11.4	26.8	\$61.5
Impairment investment securities AFS	1.3	0.0	0.4	3.3	\$5.0
Reserve increase for reinsurance	0.0	0.0	0.4	0.0	\$0.4
Total credit costs:	263.3	103.3	148.0	112.9	627.4
Pre-tax, pre-credit-cost earnings:	78.0	85.4	55.7	35.7	254.7
<u>Add back: non-recurring expenses</u>					
Loss on extinguishment of debt	0.0	11.9	9.0	0.0	\$20.8
Total non-recurring expenses:	0.0	11.9	9.0	0.0	20.8
Total:	\$78.0	\$97.2	\$64.6	\$35.7	\$275.5

2010 ROAA (based on top line revenue): 1.96%

2010 ROAE (based on top line revenue): 25.64%

Net Income

(Dollars in millions, except for per share data)

	<u>Q4 2010</u>	<u>Q3 2010</u>	<u>Q4 2009</u>	<u>2010</u>	<u>2009</u>
Net interest income	\$ 54.42	\$ 41.11	\$ 47.20	\$ 175.62	\$ 211.54
Provision for loan losses ¹	225.38	51.40	94.95	426.35	504.37
Net interest loss after provision	<u>(170.96)</u>	<u>(10.28)</u>	<u>(47.75)</u>	<u>(250.73)</u>	<u>(292.83)</u>
Non-Interest income	136.46	144.89	131.56	453.68	523.29
Non-Interest expense	150.78	152.50	150.73	575.65	672.13
Loss before tax provision	<u>(185.28)</u>	<u>(17.90)</u>	<u>(66.93)</u>	<u>(372.71)</u>	<u>(441.67)</u>
Provision for income taxes	2.10	-	-	2.10	55.01
Net (loss)	<u>(187.38)</u>	<u>(17.90)</u>	<u>(66.93)</u>	<u>(374.81)</u>	<u>(496.68)</u>
Preferred stock dividends/accretion	<u>(4.69)</u>	<u>(4.69)</u>	<u>(4.66)</u>	<u>(18.75)</u>	<u>(17.12)</u>
Net loss to common shareholders	<u>(192.07)</u>	<u>(22.59)</u>	<u>(71.59)</u>	<u>(393.56)</u>	<u>(513.80)</u>
Diluted loss per share	\$ (0.74)	\$ (0.15)	\$ (1.53)	\$ (2.44)	\$ (16.17)

1) Includes \$176.46 million (\$0.68 per share) related to the sale of non-performing residential mortgages in Q4 2010

Net Interest Income

(Dollars in millions)

	<u>Q4 2010</u>	<u>Q3 2010</u>	<u>Q4 2009</u>	<u>2010</u>	<u>2009</u>
Investment securities available for sale	\$ 8.51	\$ 9.23	\$ 12.27	\$ 39.84	\$ 54.03
Securities - trading	0.25	1.74	9.34	16.00	53.46
Loans AFS	26.41	25.06	29.40	91.32	142.23
Loans HFI	82.57	86.69	97.81	348.40	437.21
Other	0.55	0.50	0.59	2.18	2.41
Total interest income:	<u>118.29</u>	<u>123.22</u>	<u>149.41</u>	<u>497.74</u>	<u>689.34</u>
Total Deposits	31.01	40.27	49.26	154.69	241.51
FHLB advances	31.21	39.82	48.02	154.96	218.23
Other	1.65	2.02	4.92	12.46	18.06
Total interest expense:	<u>63.88</u>	<u>82.10</u>	<u>102.21</u>	<u>322.12</u>	<u>477.80</u>
Net interest income:	54.42	41.11	47.20	175.62	211.54
Provision	225.38	51.40	94.95	426.35	504.37
Net interest income after provision	<u>\$ (170.96)</u>	<u>\$ (10.28)</u>	<u>\$ (47.75)</u>	<u>\$ (250.73)</u>	<u>\$ (292.83)</u>

Non Interest Income

(Dollars in millions)

	Q4 2010	Q3 2010	Q4 2009	2010	2009
Non interest income					
Deposit fees and charges	\$ 7.38	\$ 7.59	\$ 8.77	\$ 32.18	\$ 32.43
Net loan fees and charges	28.61	24.37	27.80	89.54	125.17
Net loan administration income	28.27	12.92	27.41	12.68	7.17
Net gain (loss) on trading securities	(0.17)	10.35	(0.52)	76.53	5.86
Total net loan admin income / trading securities	28.10	23.28	26.89	89.21	13.03
Net gain (loss) on residuals and transferors' interest	3.81	(4.67)	(16.24)	(7.85)	(82.87)
Net gain (loss) on loan sales and securitizations	76.93	103.21	96.48	296.96	501.25
Net gain (loss) on sales of mortgage servicing rights	(2.30)	(1.20)	0.06	(6.98)	(3.89)
Net gain (loss) on securities available for sale	-	-	8.56	6.69	8.56
Impairment investment securities AFS	(1.31)	-	(0.30)	(4.99)	(20.75)
Mark to market on swaps	0.02	0.24	0.21	0.75	0.53
Other fees (loss) income	(4.78)	(7.92)	(20.67)	(41.83)	(50.17)
Total non interest income	\$ 136.46	\$ 144.89	\$ 131.56	\$ 453.68	\$ 523.29

Non Interest Expense

(Dollars in millions)

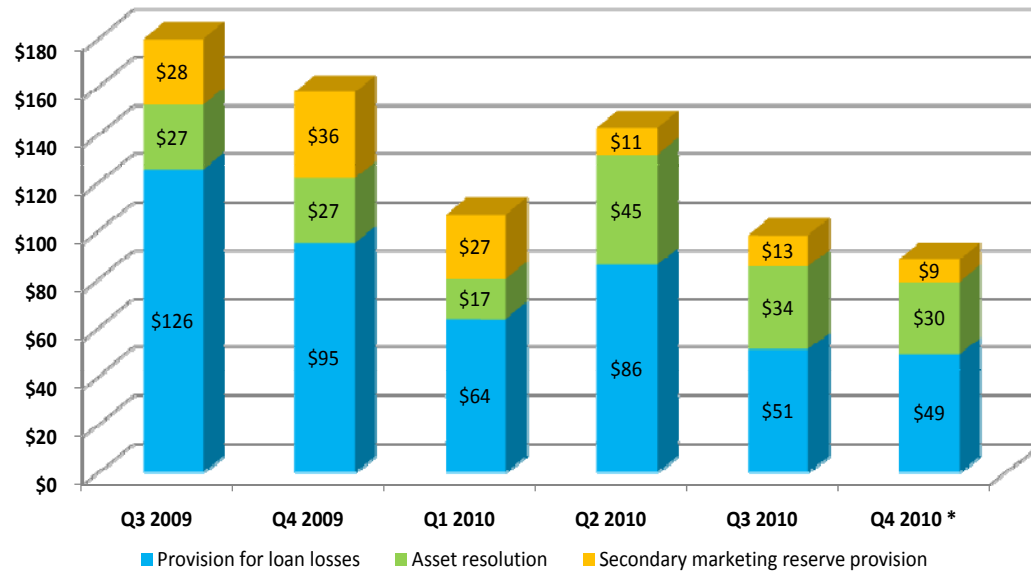
	Q4 2010	Q3 2010	Q4 2009	2010	2009
<u>Non interest expense</u>					
Compensation, benefits and commissions	\$ 66.06	\$ 59.84	\$ 64.69	\$ 238.19	\$ 297.39
Occupancy and equipment	17.61	15.76	\$ 16.46	65.29	70.01
Advertising	2.25	3.38	3.17	10.30	12.32
Asset resolution	30.04	34.23	\$ 26.93	126.28	96.59
Federal insurance premiums	8.18	8.52	\$ 8.10	37.39	36.61
Communication	0.96	0.97	1.25	4.28	6.02
Warrant expense (income)	7.85	(1.41)	\$ (4.22)	4.19	23.34
Loss on extinguishment of debt	-	11.86	\$ 16.45	20.83	16.45
Other taxes	(0.48)	1.96	\$ 0.98	3.18	16.03
General and administrative	18.35	17.42	\$ 17.18	65.98	98.28
Capitalized direct cost of loan closing	(0.05)	(0.03)	\$ (0.23)	(0.24)	(0.91)
Total non interest expense	<u>\$ 150.78</u>	<u>\$ 152.50</u>	<u>\$ 150.73</u>	<u>\$ 575.65</u>	<u>\$ 672.13</u>

Selected Balance Sheet Items

(Dollars in millions)

	<u>December 31, 2010</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Total assets	\$ 13,643.50	\$ 13,836.57	\$ 14,013.33
First mortgage loans	3,784.70	4,479.81	4,990.99
Second mortgage loans	174.79	185.06	221.63
Commercial real estate loans	1,250.30	1,341.01	1,600.27
Construction loans	8.01	9.96	16.64
Warehouse lending	720.77	913.49	448.57
Consumer lending	358.04	373.09	423.84
Non-real estate commercial	8.87	9.81	12.37
Investment loan portfolio	<u>6,305.48</u>	<u>7,312.23</u>	<u>7,714.31</u>
Loans held for sale	2,585.20	1,943.10	1,970.10
Securities classified as trading	160.78	161.00	330.27
Securities classified as available for sale	475.23	503.57	605.62
Mortgage servicing rights	580.30	447.02	652.37
Government insured repurchased assets	1,731.28	1,515.93	826.35

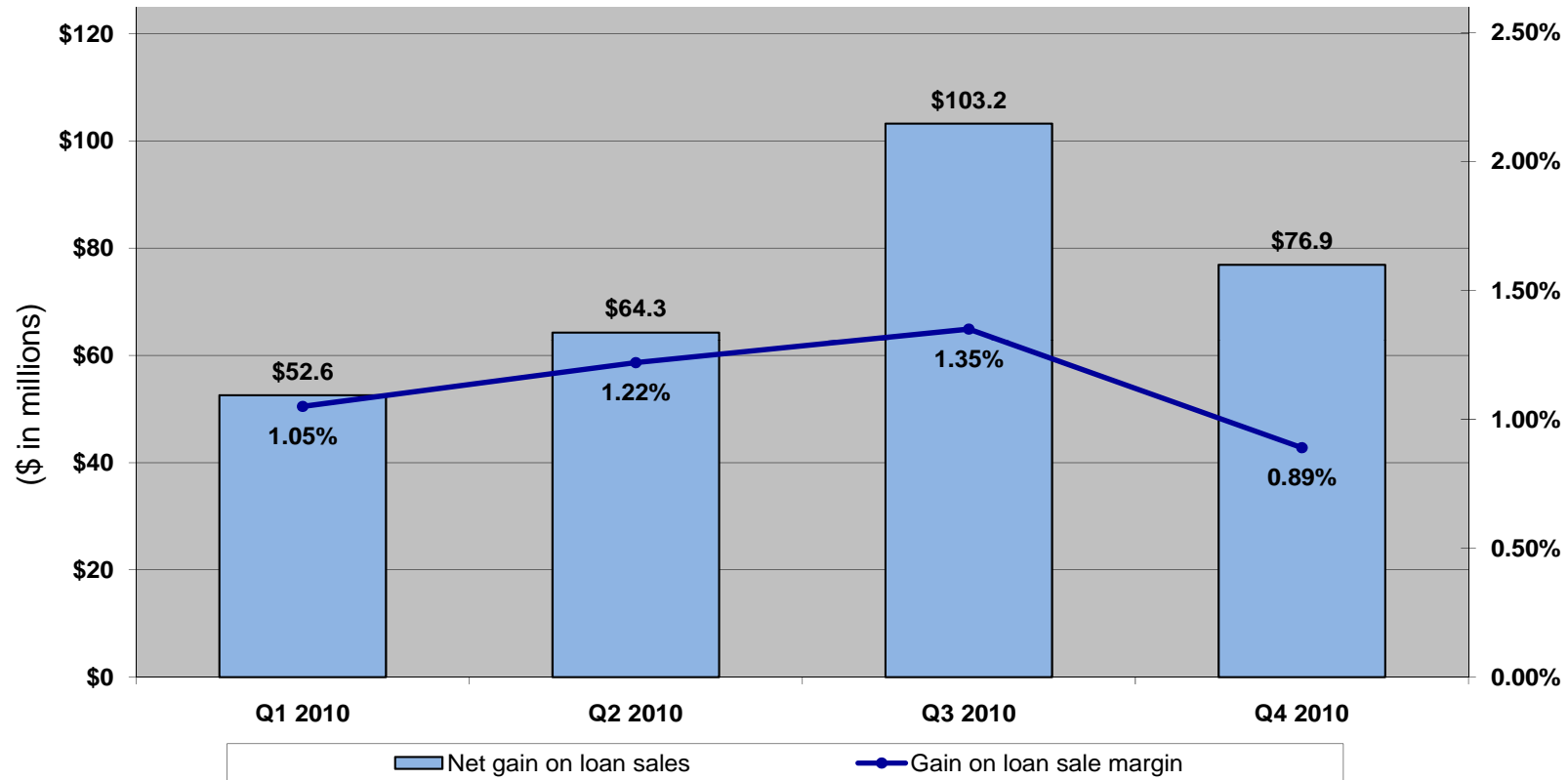
Decline in Credit Related Expenses



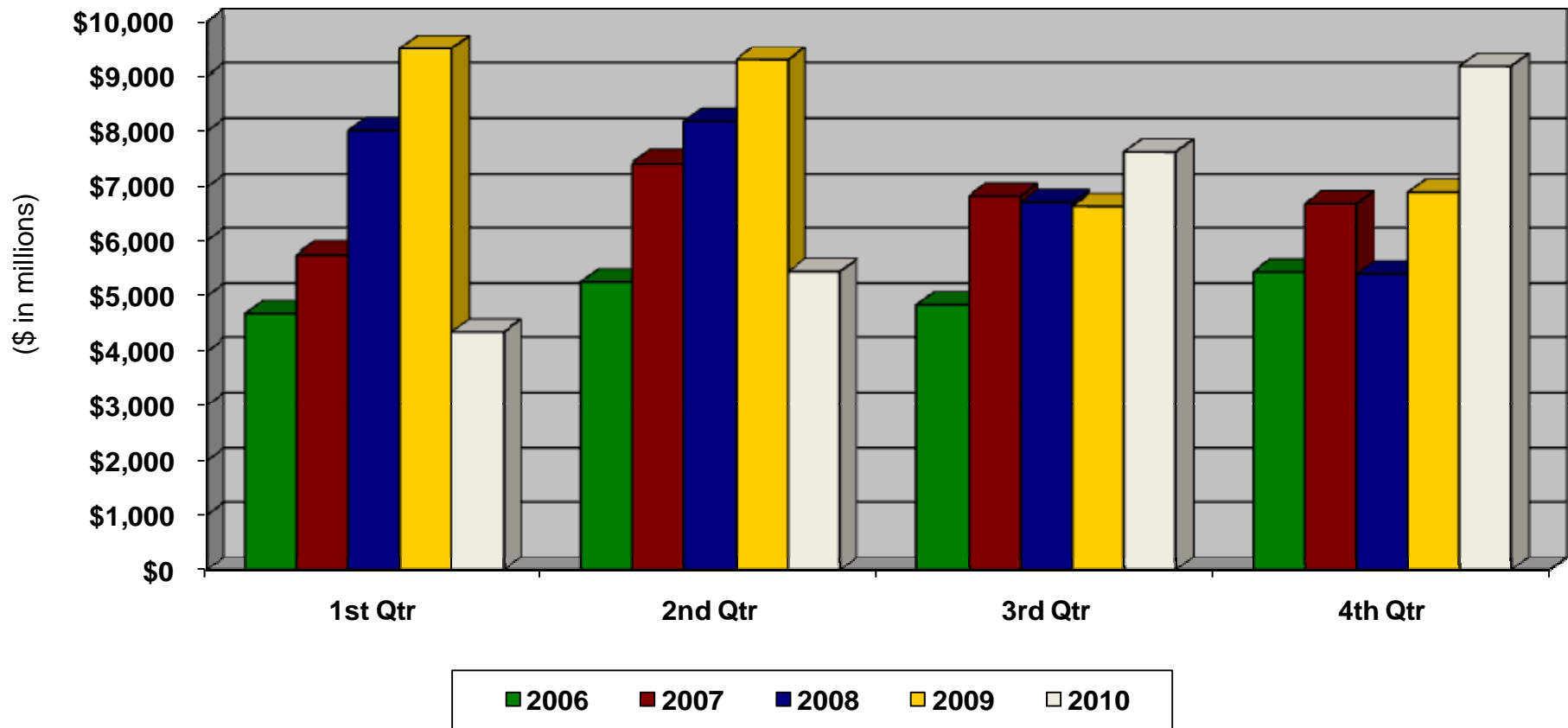
* Provision for Q4 2010 excludes \$176.5 million related to a loss on the sale of \$474 million of non-performing loans and the transfer of \$104.2 million to the available for sale category

Mortgage Banking

Gain on Loan Sales



Loan Production – Historical Trend

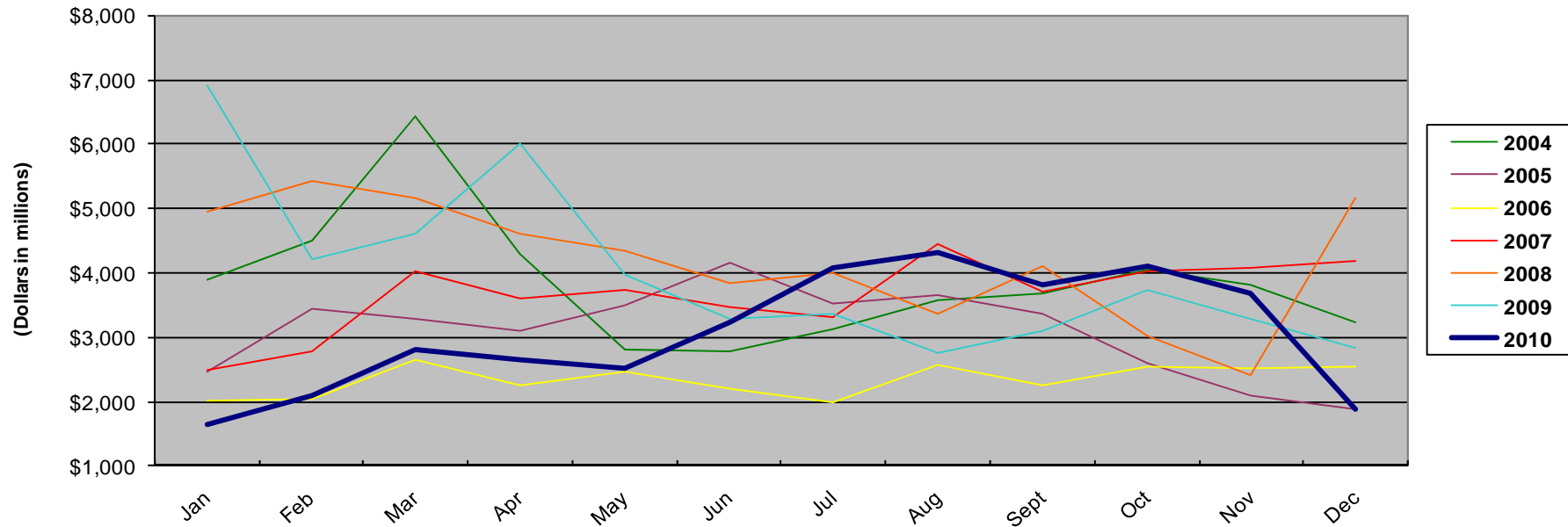


Loan Production

(Dollars in millions)

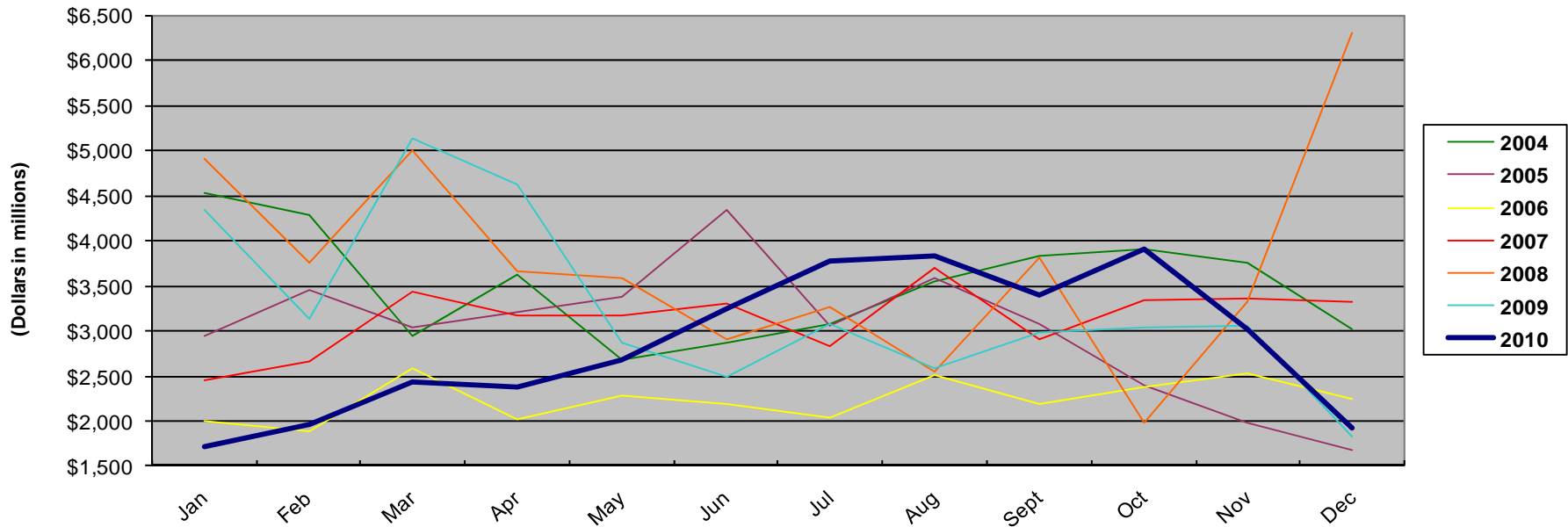
	<u>Q4 2010</u>	<u>Q3 2010</u>	<u>Change</u>	<u>Q4 2009</u>	<u>Change</u>
Residential mortgage loans	\$ 9,164.6	\$ 7,614.0	\$ 1,550.6	\$ 6,902.3	\$ 2,262.3
Consumer loans	\$ 1.0	\$ 0.5	\$ 0.5	\$ 0.9	\$ 0.1
Commercial (Real Estate and Other)	\$ 12.4	\$ 12.7	\$ (0.3)	\$ 8.7	\$ 3.7
Total	<u>\$ 9,178.1</u>	<u>\$ 7,626.7</u>	<u>\$ 1,550.9</u>	<u>\$ 6,911.9</u>	<u>\$ 2,266.2</u>

Historical Residential Loan Underwriting Volume



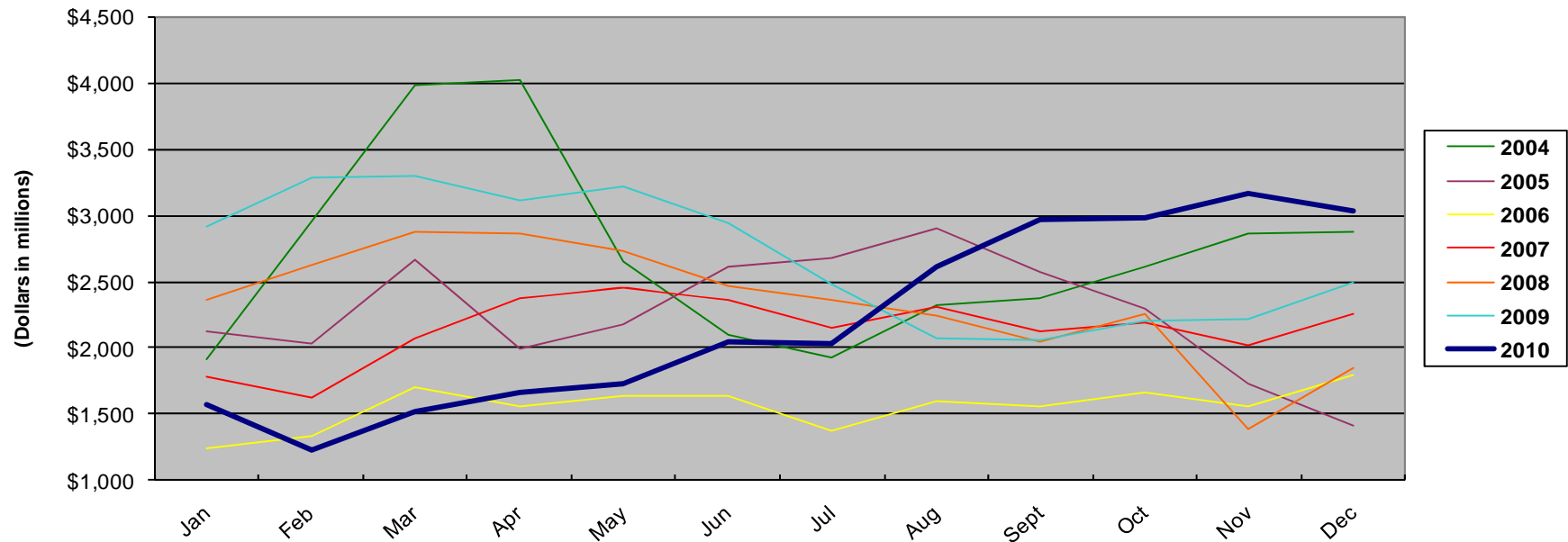
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January	\$3,891	\$2,469	\$2,005	\$2,498	\$4,956	\$6,904	\$1,660
February	4,515	3,450	2,031	2,774	5,436	4,217	2,104
March	6,430	3,289	2,661	4,023	5,169	4,623	2,816
April	4,301	3,104	2,243	3,615	4,623	6,013	2,652
May	2,805	3,492	2,469	3,736	4,347	3,962	2,511
June	2,792	4,153	2,204	3,471	3,850	3,278	3,237
July	3,133	3,536	1,979	3,325	4,008	3,372	4,074
August	3,582	3,645	2,585	4,447	3,366	2,769	4,321
September	3,690	3,356	2,243	3,698	4,108	3,101	3,806
October	4,055	2,604	2,546	4,026	3,015	3,743	4,106
November	3,821	2,107	2,529	4,068	2,426	3,285	3,691
December	3,224	1,896	2,541	4,181	5,176	2,825	1,875
Total:	\$46,240	\$37,101	\$28,036	\$43,862	\$50,479	\$48,092	\$36,854

Historical Residential Loan Lock Volume



	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January	\$4,537	\$2,950	\$1,999	\$2,458	\$4,908	\$4,345	\$1,717
February	4,294	3,447	1,878	2,666	3,766	3,125	1,953
March	2,938	3,042	2,594	3,444	5,004	5,130	2,444
April	3,625	3,200	2,017	3,164	3,662	4,635	2,373
May	2,685	3,380	2,293	3,164	3,590	2,860	2,685
June	2,862	4,351	2,181	3,306	2,914	2,492	3,255
July	3,069	3,051	2,044	2,831	3,257	3,079	3,771
August	3,552	3,578	2,502	3,707	2,550	2,588	3,830
September	3,829	3,073	2,194	2,905	3,812	2,985	3,402
October	3,917	2,395	2,374	3,339	1,987	3,031	3,916
November	3,762	1,973	2,526	3,361	3,324	3,059	3,011
December	3,023	1,673	2,249	3,332	6,305	1,833	1,933
Total:	\$42,092	\$36,114	\$26,851	\$37,678	\$45,079	\$39,162	\$34,290

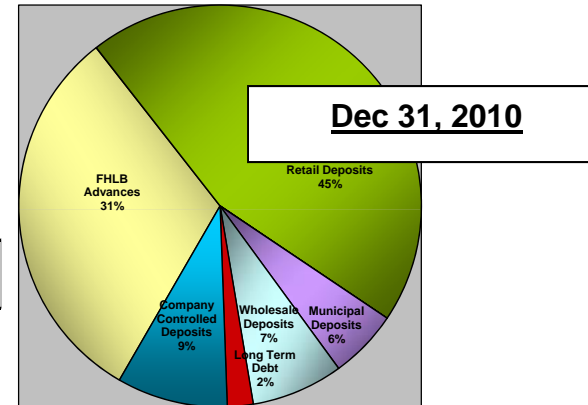
Historical Residential Loan Closing Volume



	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January	\$1,920	\$2,120	\$1,235	\$1,783	\$2,347	\$2,911	\$1,566
February	2,950	2,032	1,338	1,621	2,616	3,286	1,230
March	3,981	2,660	1,701	2,079	2,857	3,296	1,524
April	4,029	1,999	1,558	2,377	2,850	3,117	1,665
May	2,653	2,180	1,644	2,461	2,725	3,220	1,734
June	2,099	2,610	1,643	2,361	2,458	2,949	2,051
July	1,921	2,681	1,372	2,155	2,358	2,484	2,029
August	2,325	2,901	1,598	2,312	2,250	2,077	2,607
September	2,373	2,574	1,556	2,127	2,043	2,065	2,967
October	2,608	2,293	1,660	2,194	2,263	2,198	2,979
November	2,866	1,734	1,556	2,025	1,392	2,220	3,162
December	2,872	1,408	1,792	2,252	1,850	2,499	3,029
Total:	\$32,596	\$27,190	\$18,652	\$25,747	\$27,990	\$32,331	\$26,542

Funding

Total Funding Breakout



Dollars in millions

	December 31, 2010	December 31, 2009
Retail Deposits	\$5,384	\$5,455
FHLB Advances	3,725	3,900
Wholesale Deposits	883	1,947
Municipal Deposits	664	620
Company Controlled Deposits	1,066	756
Long Term Debt	249	300
Repurchase Agreements	-	108
Total:	\$11,972	\$13,087

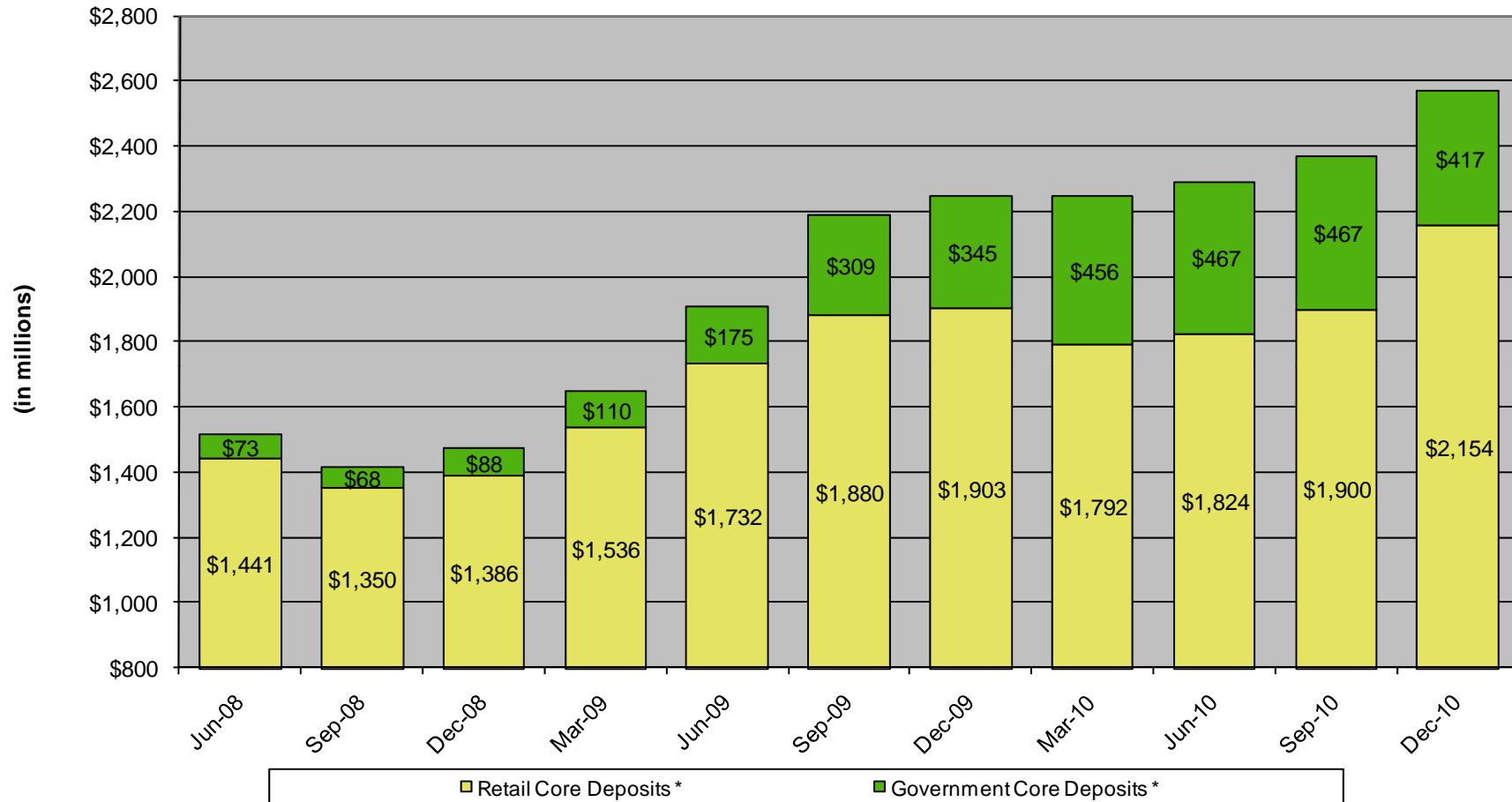
Deposits – Ending Balances

(Dollars in millions)

	<u>As of Dec 31, 2010</u>		<u>As of Sep 30, 2010</u>		<u>As of Dec 31, 2009</u>	
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
Retail Deposits ¹:						
Demand deposits	\$ 590	0.26%	\$ 551	0.32%	\$ 546	0.38%
Savings deposits	1,012	0.90%	809	1.01%	725	0.72%
Money market deposits	552	0.81%	540	0.96%	632	0.56%
Certificates of deposits	<u>3,231</u>	2.01%	<u>3,494</u>	2.39%	<u>3,552</u>	2.94%
Total retail deposits	5,384	1.48%	5,394	1.83%	5,455	2.12%
Core Retail Deposits / Retail Deposits	39.99%		35.22%		34.89%	
Government Banking Deposits ¹:						
Demand deposits	79	0.37%	184	0.26%	263	0.30%
Savings deposits	338	0.65%	283	0.65%	82	0.40%
Certificates of deposits	<u>247</u>	0.94%	<u>303</u>	0.94%	<u>212</u>	1.04%
Total government banking deposits	664	0.72%	770	0.67%	557	0.60%
Custodial Deposits	1,066	-	1,140	-	756	-
Wholesale Deposits	<u>883</u>	3.04%	<u>1,258</u>	2.73%	<u>2,010</u>	2.52%
Total deposits	<u>\$ 7,998</u>	1.40%	<u>\$ 8,562</u>	1.61%	<u>\$ 8,778</u>	1.93%
Number of banking branches		162		162		165

(1) Ending balance and rate for the period noted

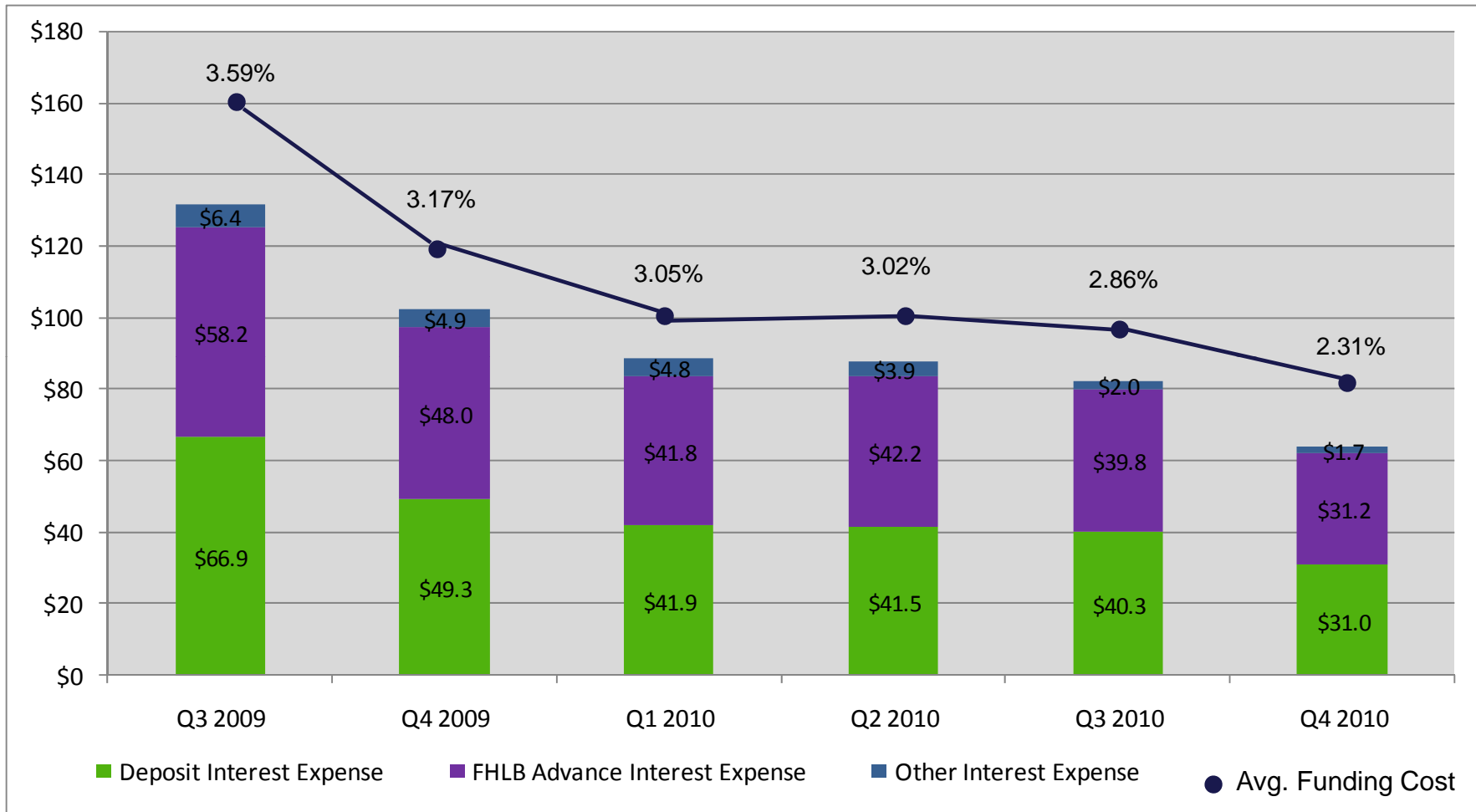
Growth in Core Deposits



* Includes checking accounts, savings accounts, and money market accounts (excludes custodial accounts)

Note: Deposits represent month end balances

Decline in Funding Costs



Portfolio

Residential First Mortgage Portfolio – by State

Residential First Mortgages *

As of Dec 31, 2010

(\$ in thousands)

State	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
CA	\$ 44,738	\$ 744,706	\$ 634	\$ 790,078	32.0%	\$ 691,787	\$ 392,448	\$ 46,957	\$ 613	\$ 49,998	\$ 1,181,803	31.5%
FL	20,399	120,345	625	141,369	5.7%	316,020	123,545	7,778	1,731	19,495	468,568	12.5%
MI	7,675	124,371	127	132,173	5.3%	300,097	53,974	15,534	773	4,636	375,015	10.0%
WA	9,900	123,115	-	133,015	5.4%	110,715	62,784	5,647	289	9,153	188,589	5.0%
AZ	4,517	49,132	-	53,649	2.2%	100,184	50,670	4,844	-	5,296	160,994	4.3%
TX	6,692	150,934	-	157,626	6.4%	54,006	55,308	2,405	-	2,577	114,296	3.0%
CO	4,433	75,176	910	80,519	3.3%	83,861	19,924	5,454	328	3,816	113,381	3.0%
MD	8,307	60,562	-	68,869	2.8%	62,103	30,002	6,544	-	1,197	99,846	2.7%
VA	3,872	44,228	-	48,100	1.9%	54,887	25,546	5,366	-	3,199	88,998	2.4%
NY	5,638	47,091	-	52,729	2.1%	36,572	36,557	2,682	-	765	76,577	2.0%
NV	2,025	7,035	-	9,060	0.4%	54,259	16,317	2,045	-	1,523	74,143	2.0%
GA	4,062	49,633	2,945	56,640	2.3%	39,621	20,239	7,385	-	377	67,623	1.8%
NJ	5,812	44,774	81	50,667	2.0%	34,124	23,406	4,686	502	2,407	65,125	1.7%
OH	1,500	21,315	-	22,815	0.9%	46,276	13,872	1,036	76	72	61,333	1.6%
IL	4,145	36,380	-	40,525	1.6%	35,358	20,678	1,916	-	228	58,179	1.5%
Other	43,502	584,361	6,411	634,274	25.7%	326,237	190,759	31,495	1,337	12,938	562,766	15.0%
Total :	\$ 177,218	\$ 2,283,157	\$ 11,732	\$ 2,472,108	100%	\$ 2,346,108	\$ 1,136,029	\$ 151,775	\$ 5,649	\$ 117,676	\$ 3,757,236	100%

* Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. Also excludes loans eligible for repurchase from Ginnie Mae pools

Residential First Mortgage Portfolio – by LTV

Residential First Mortgages *

As of Dec 31, 2010

(\$ in thousands)

LTV	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
< 70%	\$ 62,511	\$ 705,757	\$ 719	\$ 768,987	31.1%	\$ 871,336	\$ 406,287	\$ 28,409	\$ 2,823	\$ 22,203	\$ 1,331,058	35.4%
70% - 79.99%	46,132	451,401	447	497,980	20.1%	1,040,660	461,137	50,759	1,945	53,939	1,608,439	42.8%
80% - 90%	29,746	405,588	7,310	442,644	17.9%	346,950	138,651	56,163	881	34,933	577,579	15.4%
> 90%	38,829	720,411	3,257	762,497	30.8%	87,161	129,954	16,444	-	6,601	240,160	6.4%
Total :	\$ 177,218	\$ 2,283,157	\$ 11,732	\$ 2,472,108	100%	\$ 2,346,108	\$ 1,136,029	\$ 151,775	\$ 5,649	\$ 117,676	\$ 3,757,236	100%

* Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. Also excludes loans eligible for repurchase from Ginnie Mae pools

** LTV equals current principal balance divided by appraised value at origination

Residential First Mortgage Portfolio – by Original FICO

Residential First Mortgages *

As of Dec 31, 2010

(\$ in thousands)

FICO	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
No Score	\$ 66	\$ 6,370	\$ -	\$ 6,436	0.3%	\$ 18,410	\$ 17,241	\$ 234	\$ -	\$ 778	\$ 36,663	1.0%
< 580	508	8,761	86	9,355	0.4%	26,743	37,656	1,909	-	-	66,308	1.8%
580 - 619	508	13,161	-	13,669	0.6%	34,559	48,862	1,168	-	-	84,589	2.3%
620 - 659	11,525	126,488	-	138,013	5.6%	145,604	86,513	9,697	132	3,005	244,951	6.5%
660 - 699	40,182	318,758	2,135	361,074	14.6%	652,594	265,025	53,888	470	22,038	994,015	26.5%
> 699	124,430	1,809,619	9,512	1,943,560	78.6%	1,468,197	680,732	84,879	5,047	91,855	2,330,711	62.0%
Total :	\$ 177,218	\$ 2,283,157	\$ 11,732	\$ 2,472,108	100%	\$ 2,346,108	\$ 1,136,029	\$ 151,775	\$ 5,649	\$ 117,676	\$ 3,757,236	100%

* Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. Also excludes loans eligible for repurchase from Ginnie Mae pools

Residential First Mortgage Portfolio – by Vintage

Residential First Mortgages *

As of Dec 31, 2010

(\$ in thousands)

Vintage	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
Older	\$ 2,135	\$ 977	\$ -	\$ 3,112	0.1%	\$ 50,254	\$ 21,829	\$ 1,526	\$ -	\$ -	\$ 73,610	2.0%
2002	171	162	-	333	0.0%	19,371	7,336	882	-	386	27,976	0.7%
2003	3,276	749	126	4,151	0.2%	234,708	22,849	8,217	-	2,424	268,199	7.1%
2004	7,713	528	41	8,281	0.3%	690,554	30,257	16,718	3,578	733	741,839	19.7%
2005	18,014	396	659	19,068	0.8%	695,339	36,000	21,869	1,348	7,601	762,157	20.3%
2006	11,163	3,882	4,017	19,062	0.8%	166,889	183,295	23,860	328	23,496	397,868	10.6%
2007	19,354	23,905	6,889	50,149	2.0%	440,566	692,369	74,952	396	83,036	1,291,319	34.4%
2008	1,805	17,299	-	19,104	0.8%	33,233	80,925	3,750	-	-	117,908	3.1%
2009	-	6,783	-	6,783	0.3%	10,677	52,720	-	-	-	63,397	1.7%
2010	113,588	2,228,476	-	2,342,064	94.7%	4,516	8,448	-	-	-	12,964	0.3%
Total :	\$ 177,218	\$ 2,283,157	\$ 11,732	\$ 2,472,108	100%	\$ 2,346,108	\$ 1,136,029	\$ 151,775	\$ 5,649	\$ 117,676	\$ 3,757,236	100%

* Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. Also excludes loans eligible for repurchase from Ginnie Mae pools

Commercial Real Estate (CRE) Portfolio

As of Dec 31, 2010

(\$ in 000's)

Property Type	Balance	Percentage of Loans	30 Days	60 Days	90+ Days	Total (\$) OTS Delinquent	90+ Days (%) Delinquent	Specific Reserve	General Reserve
Office	\$291,764	23.34%	\$11,058	4,162	\$51,070	\$66,290	17.5%	\$23,998	\$9,063
Retail	241,663	19.33%	1,953	2,527	20,372	24,852	8.4%	6,842	7,507
Shopping Center	270,550	21.64%	11,094	-	32,126	43,220	11.9%	11,299	8,404
Residential Development	51,062	4.08%	-	-	34,334	34,334	67.2%	5,211	1,586
Other	139,521	11.16%	-	94	5,781	5,875	4.1%	4,030	4,334
Non-residential Development	11,777	0.94%	-	-	9,194	9,194	78.1%	613	366
Industrial	147,387	11.79%	1,525	-	7,552	9,077	5.1%	1,240	4,578
Multi-Family	92,414	7.39%	-	-	11,342	11,342	12.3%	237	2,871
Single Family	13,640	1.09%	2,614	-	3,242	5,856	23.8%	-	424
Land	1,401	0.11%	-	-	547	547	39.0%	791	44
CIP, Premium, FAS 91	(10,879)	(0.86)%	-	-	-	-	-	-	-
Totals	\$1,250,301	100.00%	\$28,245	\$6,783	\$175,559	\$210,587	14.1%	\$54,260	\$39,176

Non Agency Investment Securities Available for Sale Portfolio

As of Dec 31, 2010

(\$ in 000's)

Investment Name	CUSIP	Current Principal	OTTI Impairment	Mark-to-Market	Net Book Value	Ratings					
						Initial			Current		
						M	SP	F	M	SP	F
CWALT 2006-45T1 2A5	02149JAU0	\$30,988	(\$3,999)	(\$3,500)	\$23,488	Aaa	AAA	AAA	Caa3	CCC	C
CWHL 2007-3 A1	12543RAA7	33,459	(1,887)	(2,492)	29,080	NR	AAA	AAA	NR	CCC	C
CWHL 2006-18 1A1	12543WAA6	27,548	(1,174)	(636)	25,738	NR	AAA	AAA	NR	CCC	CC
CWHL 2005-23-A1	126694GU6	33,467	(535)	1,979	34,911	NR	AAA	AAA	NR	BBB	A
CWHL 2006-1 A2	126694XC7	27,700	(1,114)	(2,468)	24,118	NR	AAA	AAA	NR	BB	CCC
CWHL 2007-J1 1A1	12669MAA6	62,639	(6,242)	(10,334)	46,063	NR	AAA	AAA	NR	D	D
CWALT TR 2006-J8	23245LAD2	32,386	(8,454)	(3,419)	20,514	NR	AAA	AAA	NR	D	C
CWALT 2007-1T1 1A1	23246KAA9	36,625	(7,583)	(560)	28,482	Aaa	AAA	AAA	Ca	CC	C
GSR 2006-9F 2A1	3622X7AD8	27,170	(1,274)	(1,725)	24,171	Aaa	NR	AAA	Caa1	NR	CC
GSR 2006-7F 2A1	36298NAD6	30,438	(1,723)	(740)	27,975	Aaa	NR	AAA	Caa1	NR	C
JPMMT 2006-S4 A7	46629SAG7	55,284	(3,266)	(5,776)	46,241	Aaa	AAA	AAA	Caa2	CCC	C
Subtotal		\$397,703	(\$37,253)	(\$29,669)	\$330,781						
GMS Trust 2006-1	33848FAA1	\$152,509	(\$2,793)	(\$13,010)	\$136,707	Aaa	AAA	NR	B3	AAA	NR
Subtotal		\$152,509	(\$2,793)	(\$13,010)	\$136,707						
Total		\$550,213	(\$40,045)	(\$42,679)	\$467,488						

Real Estate Owned Portfolio

As of Dec 31, 2010

(\$ in 000's)

	Commercial	%	Construction	%	Manufactured Homes	%	Single Family Homes	%	Total	%
Current Month	\$ 2,860	4.1%	\$ -	0.0%	\$ 22	11.2%	\$3,556	6.1%	\$6,438	4.3%
30 days	15	0.0%	-	-	-	-	4,623	7.9%	4,638	3.1%
60 days	551	0.8%	-	-	-	-	3,048	5.2%	3,599	2.4%
90 days	17,864	25.6%	16	4.0%	-	-	10,172	17.4%	28,052	18.6%
91 - 180 days	7,314	10.5%	340	83.3%	148	73.7%	21,838	37.4%	29,639	19.6%
181 - 365 days	4,306	6.2%	-	-	-	-	10,728	18.4%	15,034	10.0%
1 - 2 years	3,375	4.8%	52	12.7%	-	-	3,620	6.2%	7,047	4.7%
2 - 3 years	3,567	5.1%	-	-	-	-	762	1.3%	4,329	2.9%
3 - 4 years	-	-	-	-	-	-	-	-	-	-
4 - 5 years	-	-	-	-	-	-	-	-	-	-
5 - 6 years	-	-	-	-	-	-	-	-	-	-
Reconciling Items	-	-	-	-	31	15.2%	-	-	31	0.0%
Receivership Loans	30,005	43.0%	-	-	-	-	-	-	30,005	19.9%
Loans to Facilitate									22,273	14.7%
Total:	\$69,858	100.0%	\$408	100.0%	\$201	100.0%	\$58,345	100.0%	\$151,085	100.0%

Asset Quality

Asset Quality

	As of / For the Quarter Ending		
	<u>Dec 31, 2010</u>	<u>Sep 30, 2010</u>	<u>Dec 31, 2009</u>
Delinquency rate ¹	5.1%	12.5%	13.9%
Non-performing assets ² to total assets	4.4%	8.3%	9.3%
Net charge-off ratio ³	5.8%	5.9%	5.0%
Net charge-offs (in millions) ⁴	\$ 425.4	\$ 107.4	\$ 99.0
Non-performing loans held for investment (in millions)	\$ 318.4	\$ 911.4	\$ 1,071.6
Non-performing loans available for sale (in millions)	\$ 94.9	\$ -	\$ -
Allowance to non-performing loans held for investment	86.1%	52.0%	48.9%
Allowance to loans held for investment	4.4%	6.5%	6.8%
Allowance for loan losses (in millions)	\$ 274.0	\$ 474.0	\$ 524.0
Non-performing assets ² to Tier One capital + general reserves	39.1%	70.4%	104.1%

1) Non-performing loans held for investment (includes 90+, matured and performing non-accruals) as a % of investment loans, calculated using OTS method

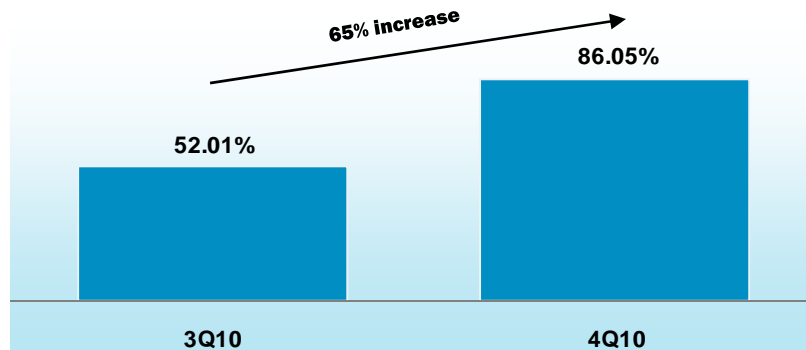
2) Includes total non-performing loans, real estate owned and repurchased assets

3) Ratio of net charge-offs to average investment loans

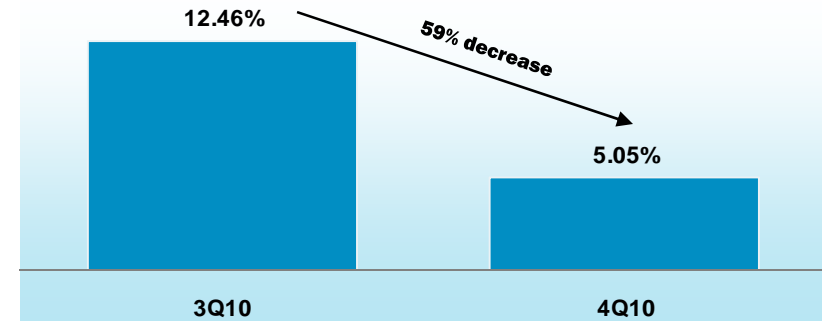
4) 4th quarter 2010 includes the loss of \$176.5 million on the \$474 million sale of non-performing loans and the \$104.2 million transfer of non-performing loans to available for sale

NPL Sale / Equity Offering Provides Strengthened Asset Quality Ratios

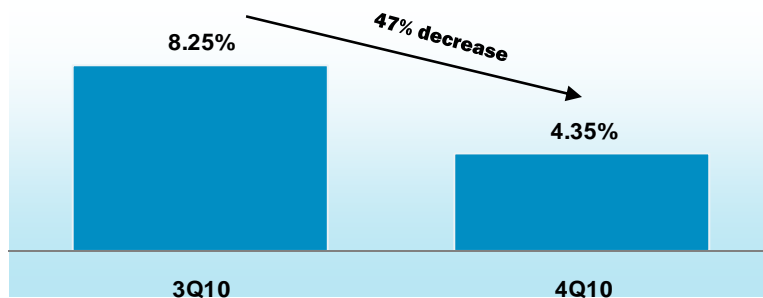
ALLL / NPLs Held for Investment



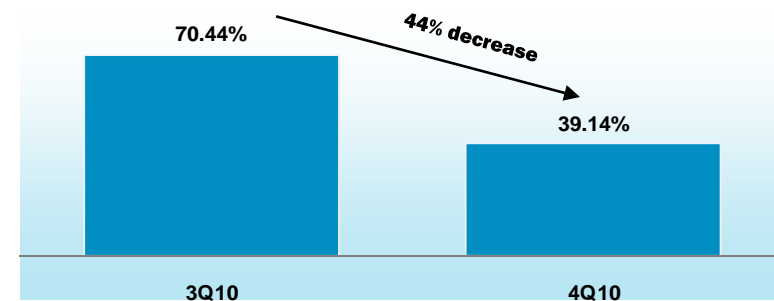
NPLs Held for Investment / LHF1



NPAs ¹ / Total Assets



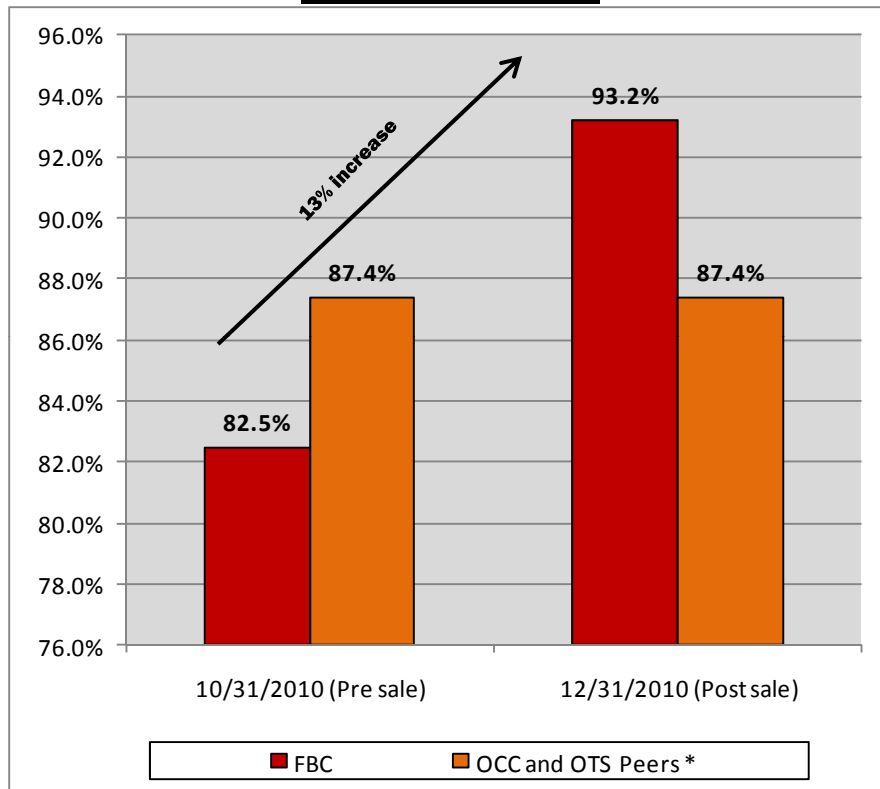
NPAs ¹ / Tier One + General Reserves (Texas Ratio)



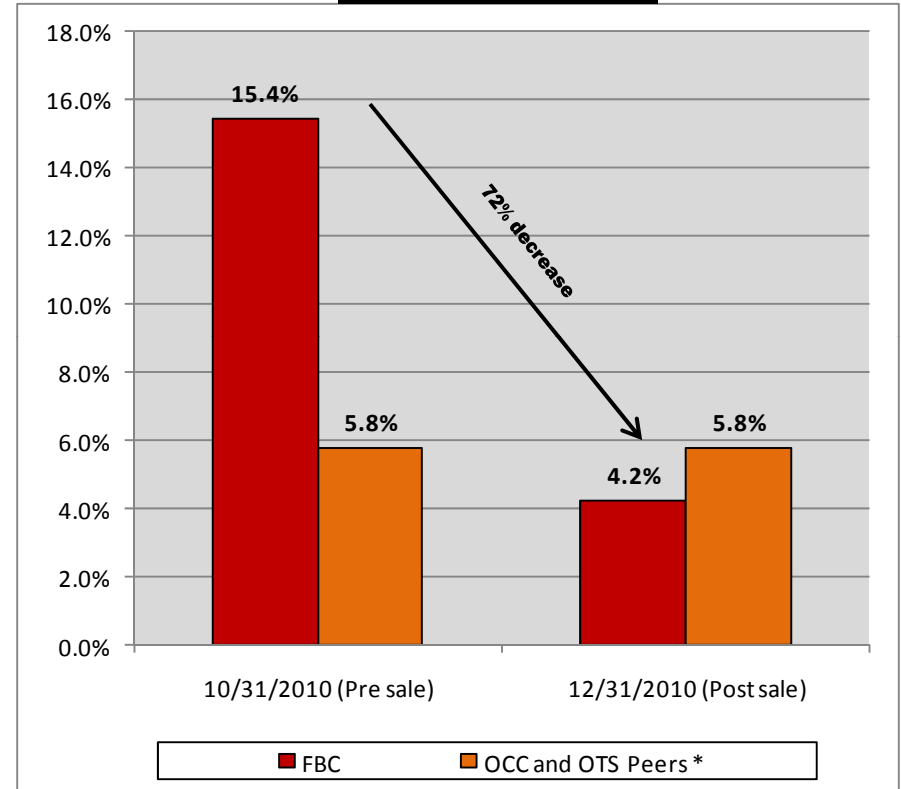
1) Includes non-performing loans available for sale

Flagstar Asset Quality Performance versus OCC and OTS Peers

% of Performing First Mortgage Loans Held for Investment



% of Seriously Delinquent First Mortgage Loans Held for Investment ¹



1) 60+ day delinquent first mortgage loans

* Source: OCC and OTS Mortgage Metrics Report, data as of third quarter 2010. Performance data based on first-lien residential first mortgages serviced by national banks and federally chartered thrifts, which represent 64% of all US mortgages.

Asset Quality By Loan Type - HFI

(Dollars in 000's)

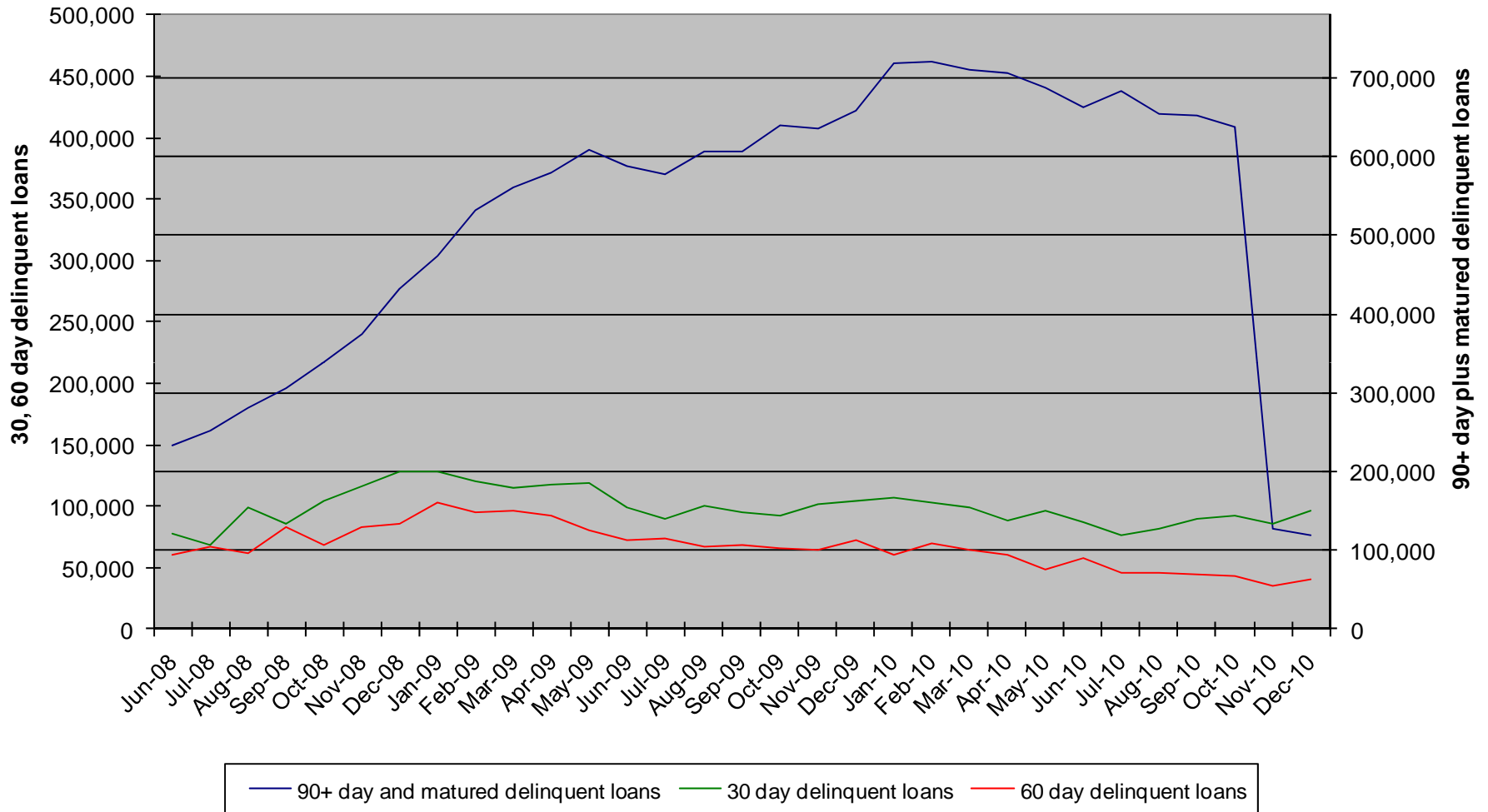
As of Dec 31, 2010

	Balance	Non Performing Loans ¹	% of Balance	% of Overall Delinquencies	2010 Charge Offs, Net of Recoveries ²	Total General Reserves	Total Specific Reserves	Total Reserves
Mortgage	\$3,768,262	\$117,432	3.12%	36.88%	\$458,144	\$104,090	\$5,039	\$109,129
Land	16,438	2,472	15.04%	0.78%	12,981	5,172	3,638	8,810
Construction	8,012	3,021	37.71%	0.95%	574	1,003	458	1,461
Commercial RE	1,250,301	175,559	14.04%	55.14%	153,062	39,176	54,260	93,436
Commercial NRE	8,875	4,918	55.41%	1.54%	-	1,117	425	1,542
Warehouse	720,771	-	-	-	1,638	3,115	1,056	4,171
2nd Mortgage	174,789	7,480	4.28%	2.35%	26,022	24,607	580	25,187
Other Consumer	86,710	821	0.95%	0.26%	1,763	3,451	-	3,451
Dep Overdraft	-	-	-	-	2,081	-	-	-
HELOC	271,325	6,713	2.47%	2.11%	20,087	21,356	12	21,368
Other	-	-	-	-	-	5,445	-	5,445
Loans to Facilitate	-	-	-	-	-	-	-	-
	\$6,305,483	\$318,416	5.05%	100.00%	\$676,353	\$208,532	\$65,468	\$274,000

1) Over 90 day delinquent plus matured plus performing non accrual, calculated using OTS method

2) Includes \$327.3 million of charge offs related to the sale of \$474 million of non-performing loans

Historical Monthly Delinquency Trends – HFI First Mortgage



* Calculated using OTS method

Historical Monthly Delinquency Trends – HFI Second Mortgage



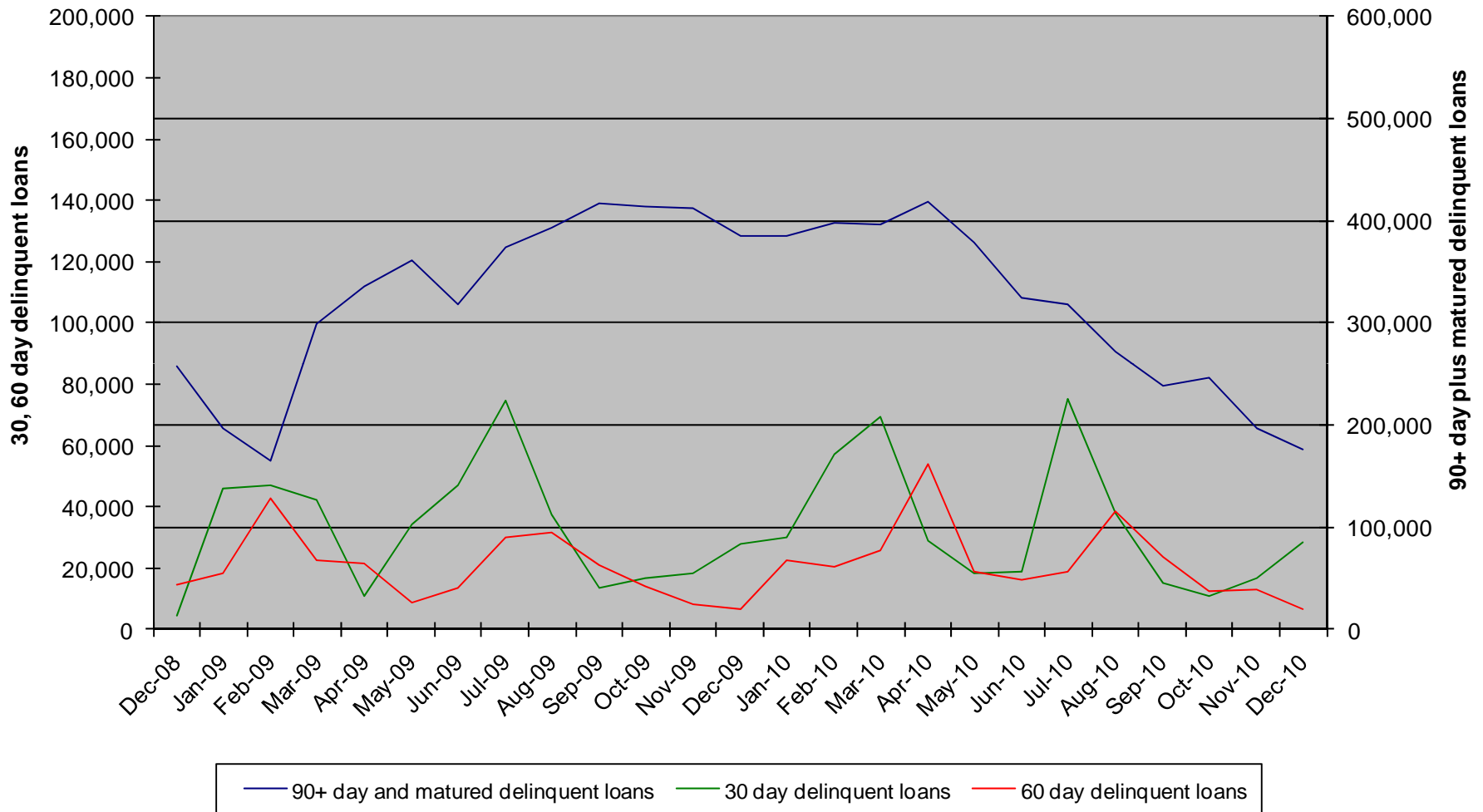
* Calculated using OTS method

Historical Monthly Delinquency Trends – HFI HELOC



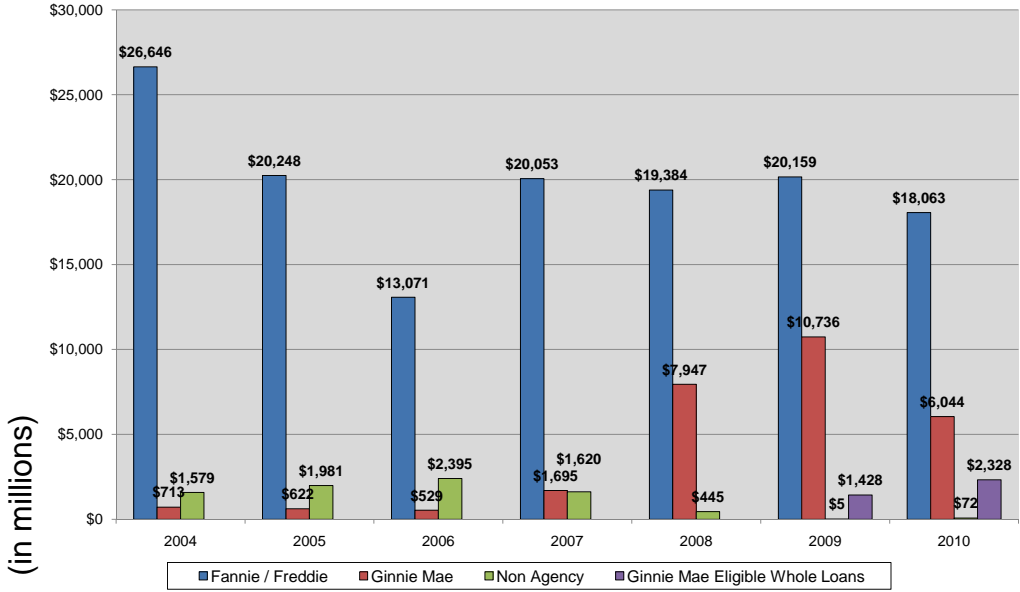
* Calculated using OTS method

Historical Monthly Delinquency Trends – HFI Commercial RE



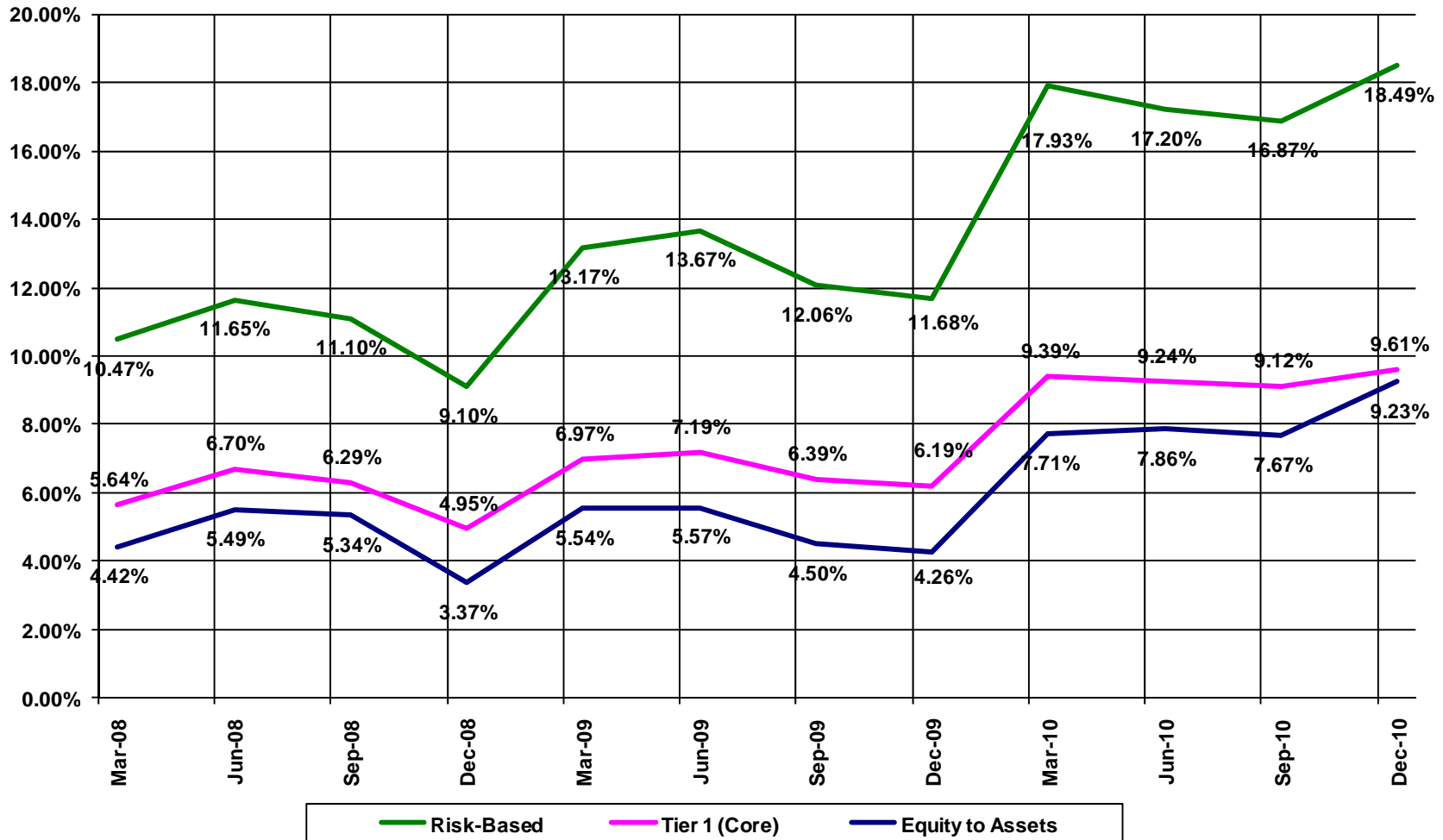
* Includes performing non accrual commercial RE loans

Historical Loan Sales – Agency vs. Non Agency



Capital

Historical Capital Ratios



2011 Outlook

2011 Outlook

	2011 Outlook	
	As of October 27, 2010	As of January 25, 2011
Target asset size	\$14.5 - \$15.5 billion	\$14.3 - \$15.5 billion
Residential mortgage loan originations	\$21 - \$25 billion	\$21 - \$25 billion
Loan sales	\$20 - \$24 billion	\$20 - \$24 billion
Gain on loan sale margin	95 - 115 bps	85 - 115 bps
Net interest margin (bank)	175 - 210 bps	200 - 260 bps
Provision expense	\$100 - \$150 million	\$85 - \$120 million

Appendix

Delinquent Loans by Loan Type - HFI

(unaudited)
(\$ in 000's)

As of Dec 31, 2010

	30 Day		60 Day		90 Day + Matured		
	Balance	Delinquent Loans ⁽¹⁾	% of Balance	Delinquent Loans ⁽¹⁾	% of Balance	Delinquent Loans ⁽¹⁾	% of Balance
Mortgage	\$3,784,700	\$96,767	2.56%	\$40,827	1.08%	\$119,903	3.17%
Second Mortgage	174,789	3,587	2.05%	1,963	1.12%	7,480	4.28%
HELOC	271,325	3,735	1.38%	3,783	1.39%	6,713	2.47%
Commercial Real Estate	1,250,301	28,245	2.26%	6,783	0.54%	175,559	14.04%
Commercial	8,875	175	1.97%	55	0.62%	4,918	55.41%
Construction	8,012	-	-	-	-	3,021	37.71%
Warehouse	720,771	-	-	-	-	-	-
Other Consumer	86,710	939	1.08%	335	0.39%	822	0.95%
Total :	\$6,305,483	\$133,449	2.12%	\$53,745	0.85%	\$318,416	5.05%

(unaudited)
(\$ in 000's)

As of Sep 30, 2010

	30 Day		60 Day		90 Day + Matured		
	Balance	Delinquent Loans ⁽¹⁾	% of Balance	Delinquent Loans ⁽¹⁾	% of Balance	Delinquent Loans ⁽¹⁾	% of Balance
Mortgage	\$4,479,814	\$89,291	1.99%	\$44,128	0.99%	\$651,932	14.55%
Second Mortgage	185,062	2,946	1.59%	2,674	1.44%	7,701	4.16%
HELOC	281,861	4,027	1.43%	2,600	0.92%	6,569	2.33%
Commercial Real Estate	1,341,009	14,893	1.11%	23,803	1.78%	238,565	17.79%
Commercial	9,805	186	1.90%	151	1.54%	2,743	27.98%
Construction	9,956	645	6.48%	-	-	3,196	32.10%
Warehouse	913,494	-	-	-	-	-	-
Other Consumer	91,225	754	0.83%	385	0.42%	665	0.73%
Total :	\$7,312,226	\$112,741	1.54%	\$73,740	1.01%	\$911,372	12.46%

1) Calculated using OTS method

HFI Residential 1st Mortgage Portfolio – by FICO and LTV

HFI Residential First Mortgage Portfolio

As of Dec 31, 2010

(\$ in 000's)

FICO	LTV											
	< 70%			70% - 79.99%			80% - 90%			> 90%		
	Del. Loans*	Portfolio Balance	% of Balance	Del. Loans*	Portfolio Balance	% of Balance	Del. Loans*	Portfolio Balance	% of Balance	Del. Loans*	Portfolio Balance	% of Balance
No Score	\$320	\$8,269	3.9%	\$767	\$6,177	12.4%	\$1,876	\$10,810	17.4%	\$4,223	\$11,406	37.0%
< 580	1,201	10,974	10.9%	1,570	10,158	15.5%	3,019	16,104	18.7%	12,673	29,072	43.6%
580 - 619	386	13,481	2.9%	208	11,204	1.9%	5,108	22,791	22.4%	15,814	37,113	42.6%
620 - 659	1,305	113,593	1.1%	1,058	57,781	1.8%	3,876	30,266	12.8%	11,169	43,312	25.8%
660 - 699	3,777	339,132	1.1%	9,109	425,159	2.1%	6,450	188,004	3.4%	3,380	41,720	8.1%
> 699	4,254	845,609	0.5%	12,791	1,097,961	1.2%	10,975	309,603	3.5%	4,596	77,537	5.9%

* 90 day + matured and non performing accruals, calculated using OTS method

** LTV equals current principal balance divided by appraised value at origination

Non Performing Loans – by State - HFI

Non Performing Loans*

As of Dec 31, 2010

(\$ in 000's)

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Total	Percent of Total
MI	\$13,036	10.9%	\$436	\$879	\$93,390	\$23	\$304	\$194	\$108,262	34.0%
CA	33,702	28.1%	2,031	1,371	4,181	-	-	-	41,285	13.0%
GA	4,274	3.6%	24	222	22,722	-	478	39	27,760	8.7%
FL	10,970	9.1%	1,383	349	9,085	10	384	185	22,366	7.0%
KY	880	0.7%	137	-	16,703	-	-	-	17,720	5.6%
IL	2,007	1.7%	81	390	11,353	-	-	-	13,831	4.3%
NY	6,283	5.2%	220	766	-	3,300	-	190	10,758	3.4%
IN	2,419	2.0%	47	29	6,233	1,555	70	14	10,367	3.3%
OH	6,628	5.5%	-	85	-	30	-	11	6,754	2.1%
WI	1,171	1.0%	15	67	3,960	-	-	-	5,213	1.6%
UT	1,017	0.8%	146	559	3,077	-	286	-	5,085	1.6%
AZ	3,549	3.0%	673	716	-	-	-	116	5,054	1.6%
ID	423	0.4%	-	15	4,191	-	-	-	4,628	1.5%
TX	4,120	3.4%	100	-	-	-	-	-	4,220	1.3%
NJ	2,957	2.5%	82	142	389	-	255	1	3,826	1.2%
Other	26,468	22.1%	2,105	1,125	275	-	1,244	72	31,288	9.8%
Total	\$119,903	100%	\$7,480	\$6,713	\$175,559	\$4,918	\$3,021	\$821	\$318,416	100%

* 90 day + matured and non performing accruals, calculated using OTS method

Non Performing Loans – by Vintage - HFI

Non Performing Loans*

As of Dec 31, 2010

(\$ in 000's)

Vintage	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Total	Percent of Total
Older	\$2,186	1.8%	\$64	\$159	\$8,696	\$0	\$70	\$12	\$11,186	3.5%
2002	324	0.3%	31	195	3,540	-	-	5	4,094	1.3%
2003	4,369	3.6%	19	470	4,774	-	310	3	9,945	3.1%
2004	8,457	7.1%	523	552	18,982	-	-	13	28,528	9.0%
2005	16,425	13.7%	477	1,119	22,402	23	-	81	40,528	12.7%
2006	14,703	12.3%	667	124	32,332	-	225	31	48,082	15.1%
2007	39,753	33.2%	5,418	3,911	67,473	4,895	2,111	146	123,709	38.9%
2008	28,840	24.1%	256	183	14,584	-	304	487	44,653	14.0%
2009	4,406	3.7%	25	-	2,568	-	-	1	7,000	2.2%
2010	439	0.4%	-	-	208	-	-	43	690	0.2%
Total	\$119,903	100%	\$7,480	\$6,713	\$175,559	\$4,918	\$3,021	\$821	\$318,416	100%

* 90 day + matured and non performing accruals, calculated using OTS method

Commercial Real Estate (CRE) Portfolio – by Vintage

Commercial Real Estate Portfolio*

As of Dec 31, 2010

(\$ in 000's)

Vintage	Office	Retail	Shopping Center	Residential Development	Other	Non-Residential Development	Industrial / Warehouse	Multi-family	Total
1997	\$66	\$0	\$0	\$0	\$2,375	\$0	\$0	\$3	\$2,444
1998	-	303	2,784	-	711	-	1,395	-	\$5,192
1999	1,704	308	1,699	-	9,596	767	3,355	1,097	\$18,535
2000	610	3,204	309	-	2,193	-	2,375	-	\$9,163
2001	5,941	1,016	3,039	303	4,501	-	1,076	208	\$16,220
2002	4,596	2,674	3,644	-	3,190	-	20,992	176	\$38,654
2003	8,249	8,636	6,384	-	15,667	-	14,468	4,982	\$58,386
2004	63,666	32,118	12,649	3,303	10,526	-	7,595	5,257	\$135,428
2005	33,106	18,045	20,607	3,683	15,390	343	18,099	19,592	\$129,095
2006	53,853	47,677	64,180	26,223	38,800	1,832	18,034	13,658	\$266,929
2007	75,828	55,392	93,505	16,825	27,378	8,835	43,645	17,060	\$344,293
2008	33,658	71,021	42,192	726	7,598	-	16,103	6,126	\$177,931
2009	3,755	937	16,190	-	1,222	-	251	751	\$23,414
2010	6,731	334	3,368	-	2,587	-	-	6,150	\$26,841
Total	\$291,764	\$241,663	\$270,550	\$51,062	\$141,733	\$11,777	\$147,387	\$75,061	\$1,252,525

* Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. Also excludes commercial letters of credit

Commercial Real Estate (CRE) Portfolio by State

Commercial Real Estate Portfolio*

As of Dec 31, 2010

(\$ in 000's)

State	Office	Retail	Shopping Center	Residential Development	Other	Non-Residential Development	Industrial / Warehouse	Multi-family	Total
MI	\$155,461	\$128,819	\$101,286	\$16,810	\$118,315	\$1,248	\$101,738	\$66,248	\$702,829
GA	24,283	28,541	85,430	3,392	6,534	-	7,092	3,400	\$158,755
CA	49,957	38,828	11,159	600	3,991	-	19,476	1,641	\$125,660
IN	6,290	29,601	9,772	15,453	449	-	12,164	-	\$75,328
AZ	29,001	429	6,016	-	-	-	-	-	\$35,446
VA	-	993	31,340	-	-	-	-	-	\$32,334
IL	-	-	8,488	11,353	1,521	-	-	-	\$21,363
KY	16,703	-	-	-	-	-	-	-	\$16,703
FL	511	1,491	4,611	-	697	6,338	2,373	-	\$16,227
NY	867	-	3,160	-	5,206	-	-	1,234	\$13,766
TN	-	5,734	2,288	-	-	-	1,321	-	\$9,344
NC	6,336	1,400	-	-	-	-	-	596	\$8,332
WI	1,031	1,594	-	-	1,336	-	736	1,154	\$5,850
ID	-	-	-	-	-	4,191	-	-	\$4,191
OH	1,323	-	1,481	-	1,247	-	-	-	\$4,081
Other	-	4,235	5,518	3,454	2,437	-	2,487	788	\$22,353
Total	\$291,764	\$241,663	\$270,550	\$51,062	\$141,733	\$11,777	\$147,387	\$75,061	\$1,252,561

* Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. Also excludes commercial letters of credit

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