

Earnings Presentation Second Quarter 2011

July 27, 2011

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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.



Second Quarter 2011 Highlights

- Entered into agreement with PNC Bank to divest Georgia deposit franchise
- Recorded net loss to common stockholders of \$(74.9) million, \$(0.14) per share
- Generated \$41.0 million in pre-tax, pre-credit-cost income, driven by strong mortgage banking revenues
- Originated \$99.1 million of commercial and specialty loans, a 300% increase from prior quarter, and maintained active and robust commercial and specialty pipeline
- Continued to de-risk balance sheet, selling \$68.1 million of non-performing commercial real estate assets, resulting in gain of \$0.6 million
- Grew held-for-investment loan portfolio by 3.7% from prior quarter
- Decreased non-performing assets by 6.3% from prior quarter
- Reduced funding costs and increased core deposits
- Continued to maintain strong capital and liquidity levels
 - Tier 1 ratio of 10.07% and \$1.6 billion in liquidity to fuel loan growth



Summary Financial Results

(\$ in millions, except per share data)

	Q2 2011	Q1 2011	Q2 2010
Net Interest Income	\$51.3	\$52.6	\$49.6
Provision	\$48.4	\$28.3	\$86.0
Gain on Loan Sale	\$39.8	\$50.2	\$64.3
MSR Income	\$30.6	\$39.3	\$15.0
Net Earnings / (Loss)	(\$74.9)	(\$31.7)	(\$97.0)
Diluted Earnings / (Loss) per Share	(\$0.14)	(\$0.06)	(\$0.63)
<hr/>			
Total Assets	\$12,662.8	\$13,017.0	\$13,693.8
Total Stockholders' Equity	\$1,174.4	\$1,237.0	\$1,076.4
Book Value per Common Share	\$1.66	\$1.78	\$5.41
<hr/>			
NPLs / Gross Loans HFI	6.75%	6.39%	13.76%
NPAs / Total Assets (Bank)	4.10%	4.26%	9.06%
ALLL / NPLs	67.93%	73.61%	52.28%
ALLL / Gross Loans HFI	4.59%	4.70%	7.20%
NPAs / Tier 1 Capital + General Reserves	34.42%	36.75%	75.61%
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Tier 1 Capital Ratio	10.07%	9.87%	9.24%
Total Risk Based Capital Ratio	19.73%	20.51%	17.20%
Total Equity / Total Assets	9.27%	9.50%	7.86%

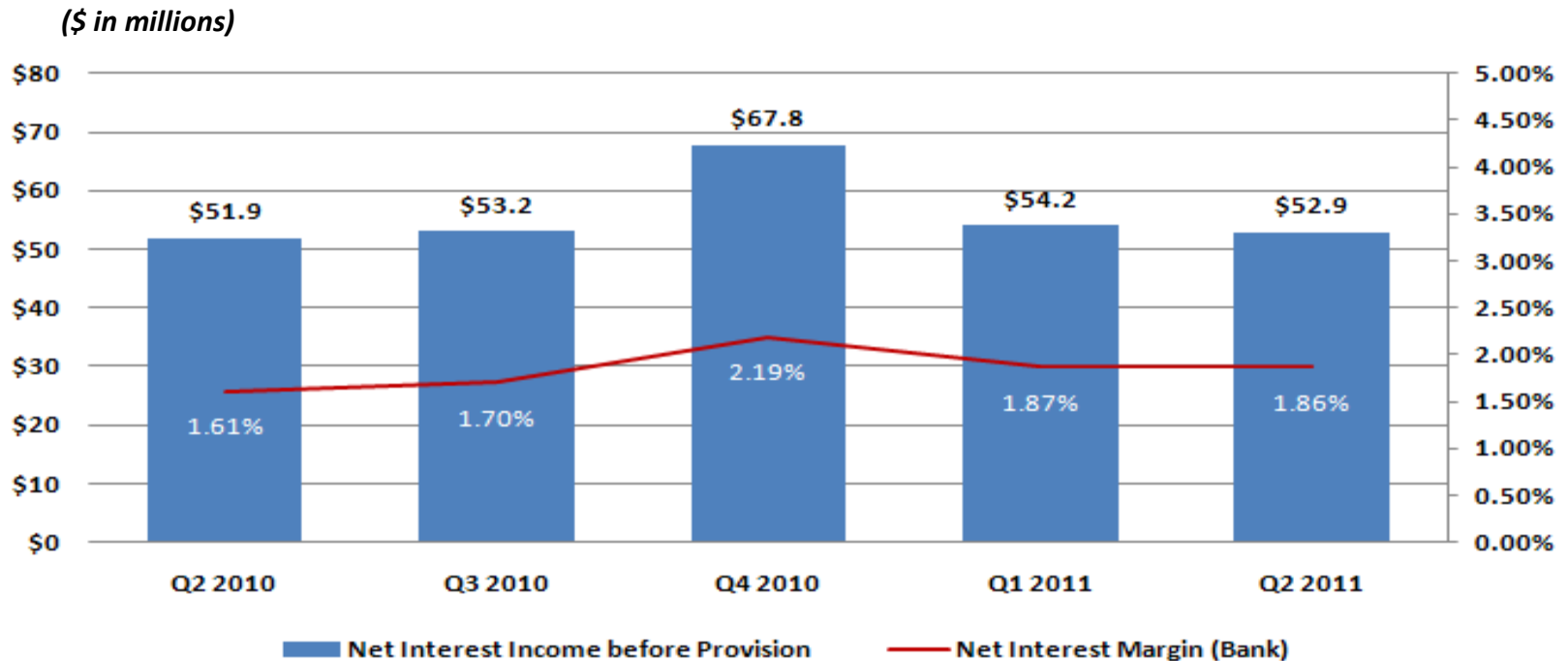
Pre-tax, Pre-credit-cost Income

-- Continue to generate core earnings, despite net loss...

\$ in millions					
	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Loss before tax provision and dividends	(\$69.9)	(\$26.7)	(\$185.3)	(\$17.9)	(\$92.3)
Add back:					
Provision for loan losses	48.4	28.3	225.4	51.4	86.0
Asset resolution	23.3	38.1	41.8	44.3	52.6
Other than temporary impairment on investments AFS	15.6	0.0	1.3	0.0	0.4
Secondary marketing reserve provision	21.4	20.4	10.3	13.0	11.4
Write down of residual interests	2.3	2.4	(3.8)	4.7	4.3
Reserve increase for reinsurance	0.0	0.0	0.0	0.0	0.4
Total credit related costs:	110.9	89.2	275.0	113.3	155.1
Pre-tax, pre credit-cost income	\$41.0	\$62.5	\$89.7	\$95.4	\$62.8

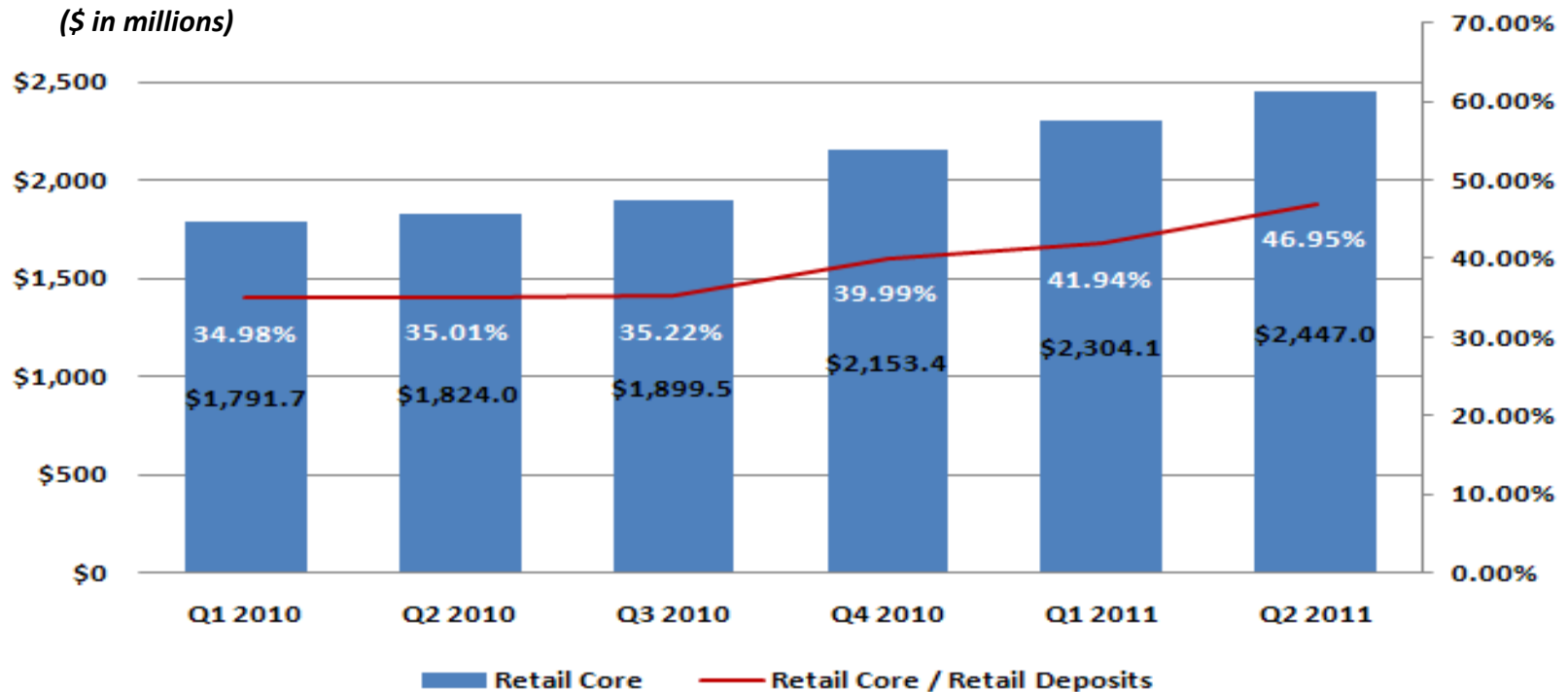
Net Interest Margin

-- Bank net interest margin remained flat from the prior quarter, as the improvement in funding cost was offset by lower average mortgage loan balances...



Core Deposits

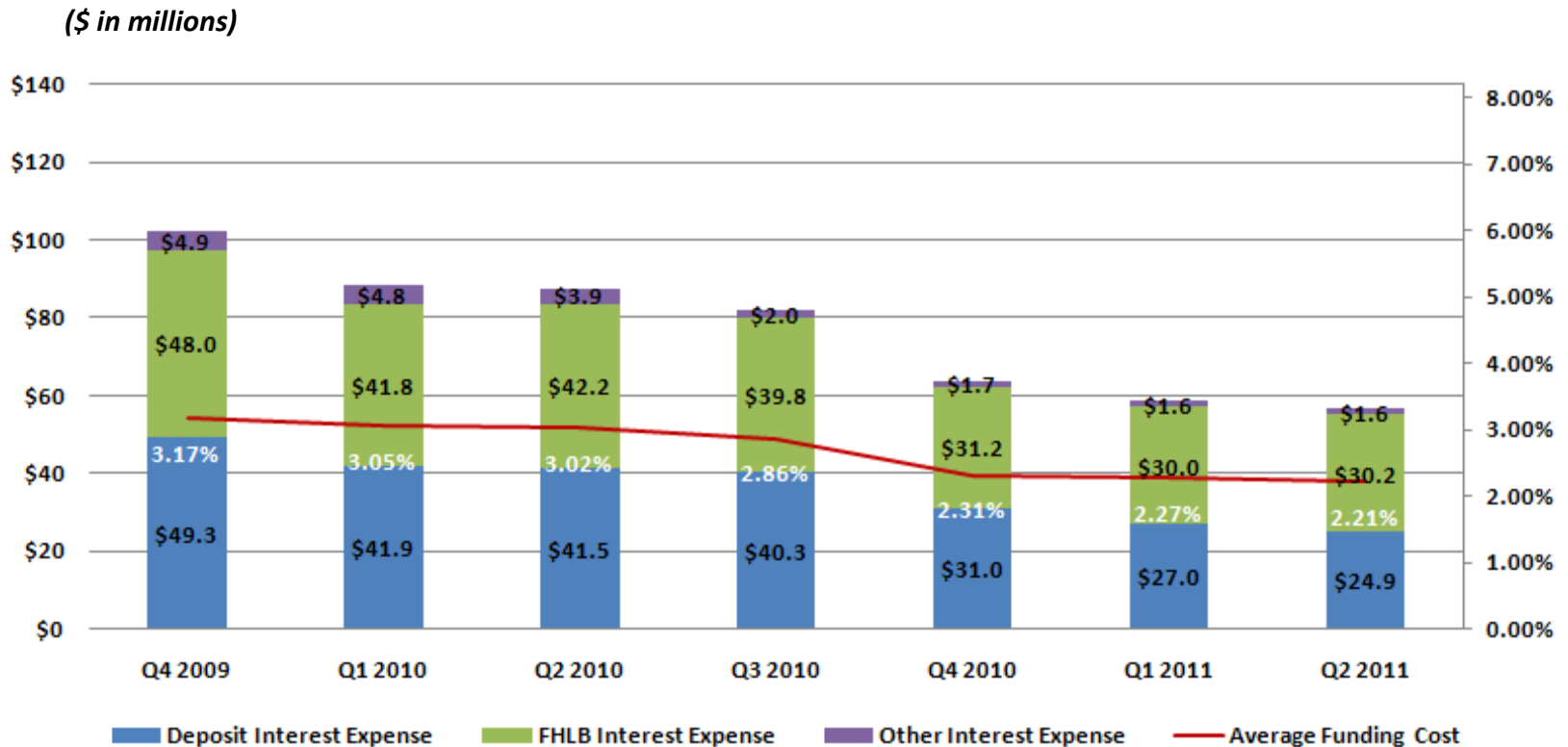
-- Retail core deposits increased, both in total, and as a percentage of retail deposits...



Note: Includes checking accounts, savings accounts, and money market accounts (excludes custodial accounts).

Cost of Funds

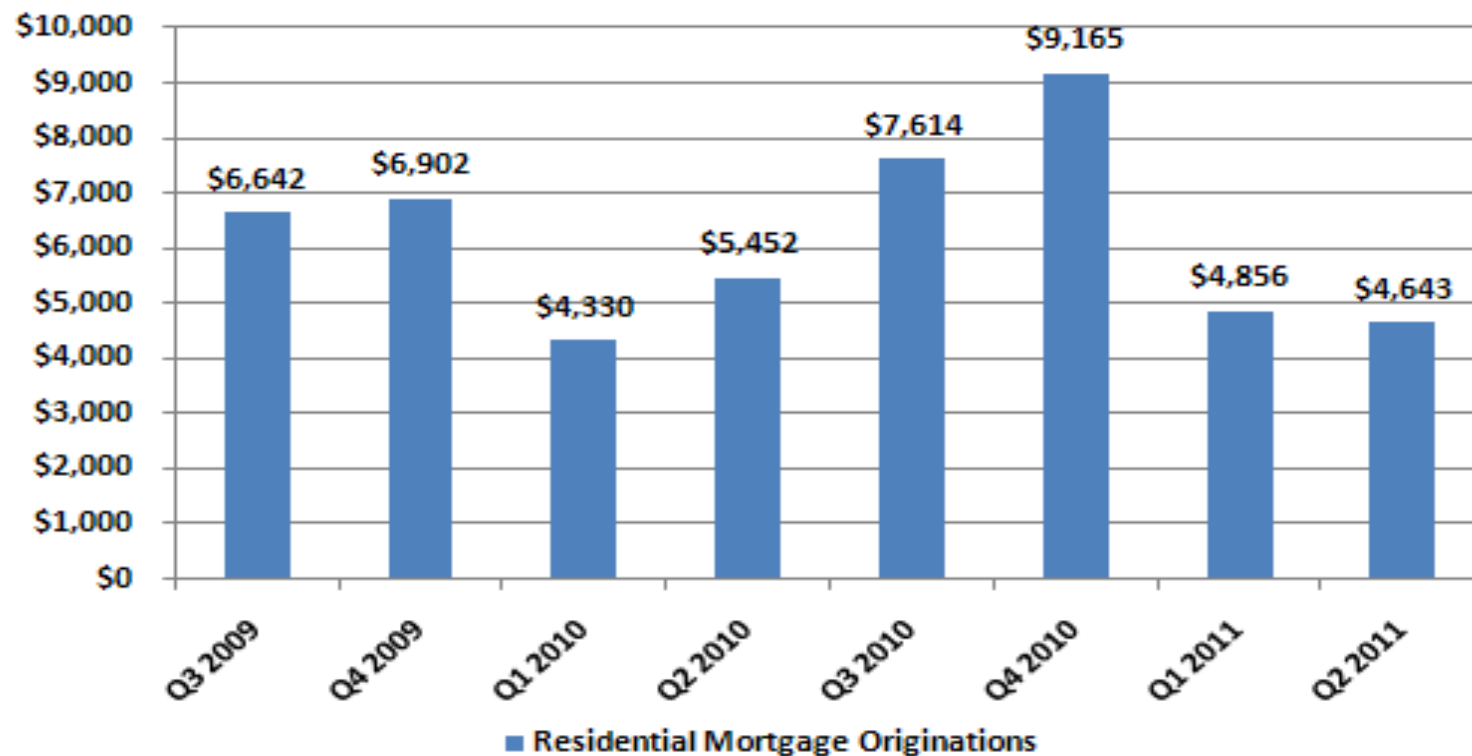
-- Average cost of funds continues to steadily decline, driven by a decrease in deposit funding costs...



Residential Mortgage Originations

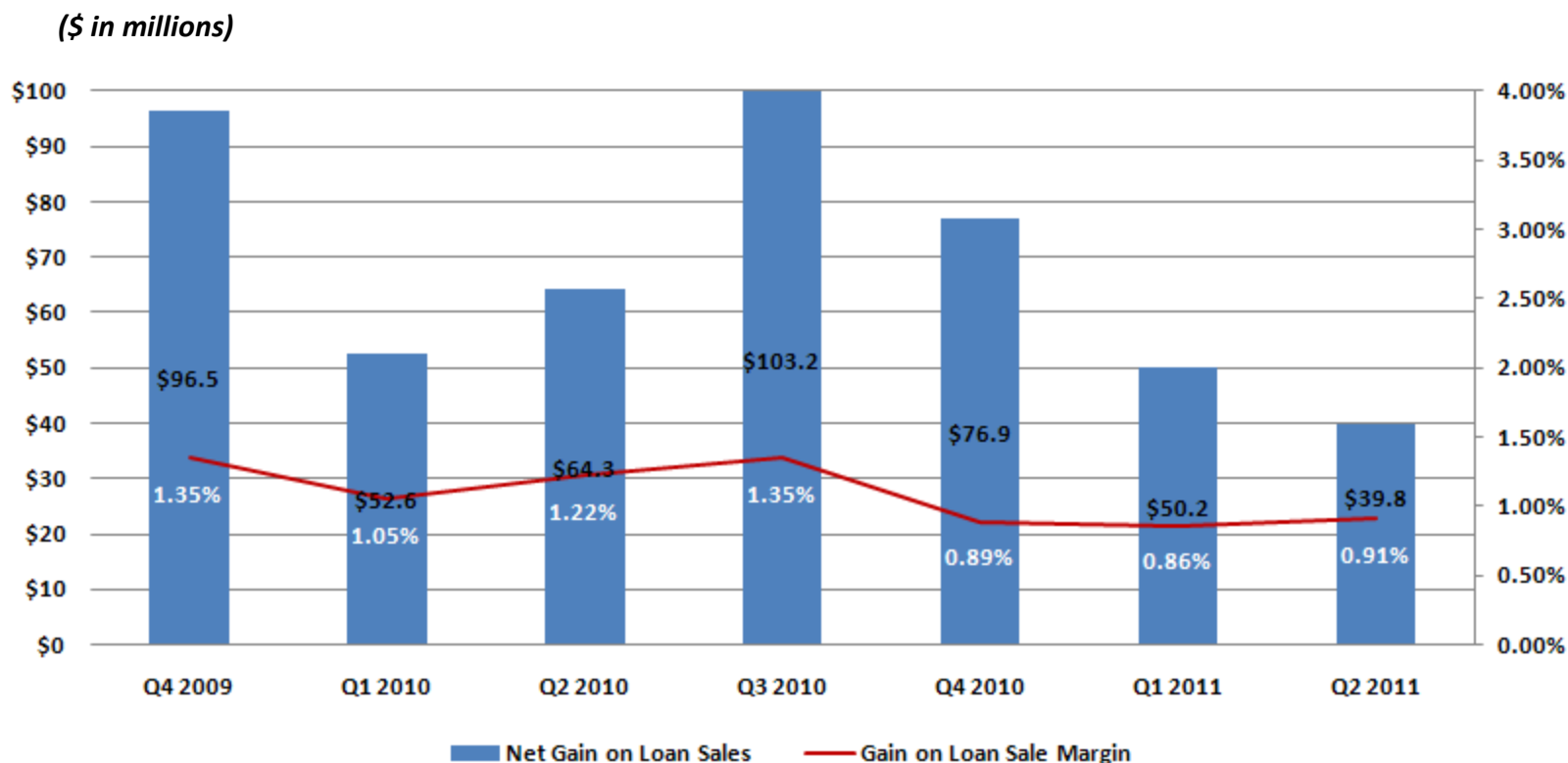
-- Second quarter mortgage origination volume decreased from prior quarter, reflecting continued industry-wide pressure on home values and customer borrowing capacity...

(\$ in millions)



Gain on Loan Sales

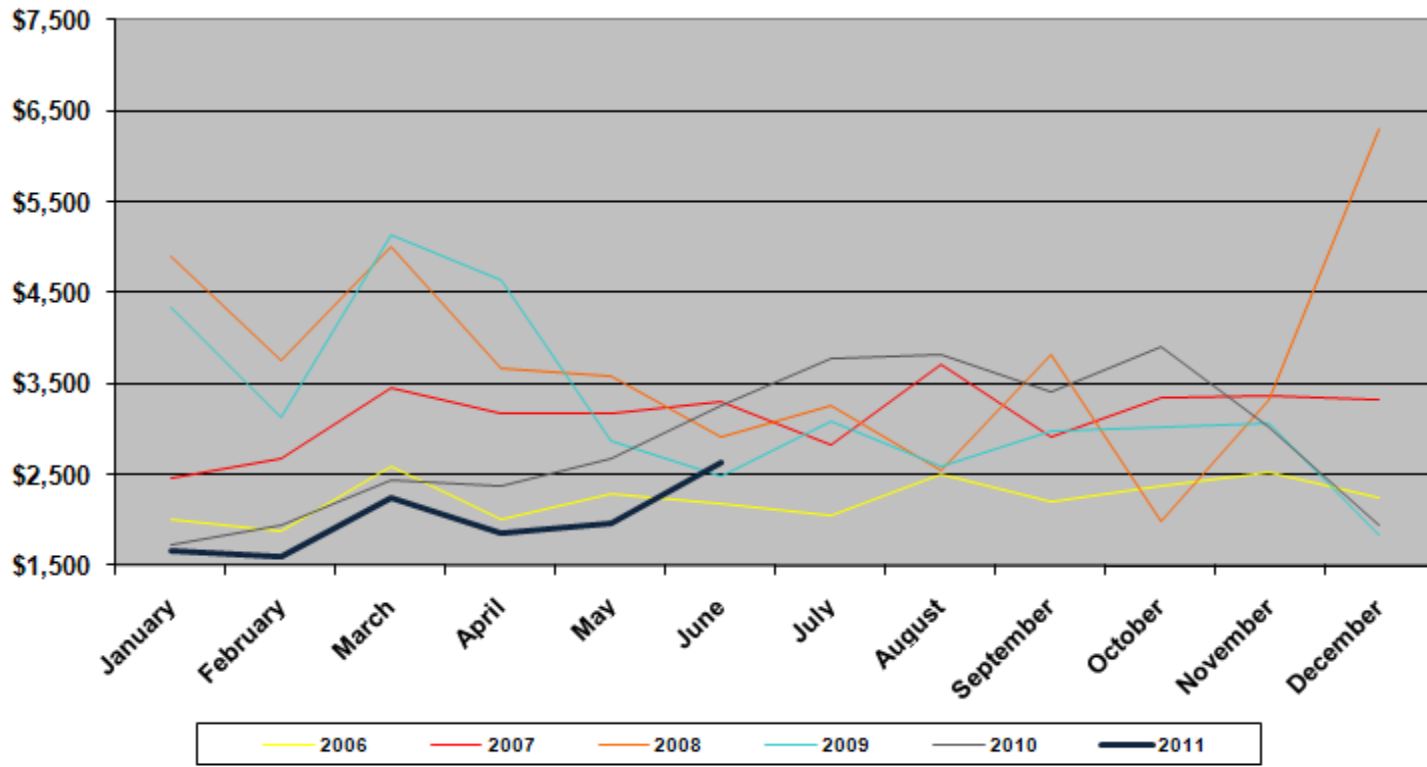
-- Second quarter gain on loan sale income decreased, consistent with industry trends...



Historical Monthly Lock Volume

-- Residential mortgage rate locks increased significantly in June, indicating potentially stronger mortgage origination trends in the third quarter, due primarily to seasonality...

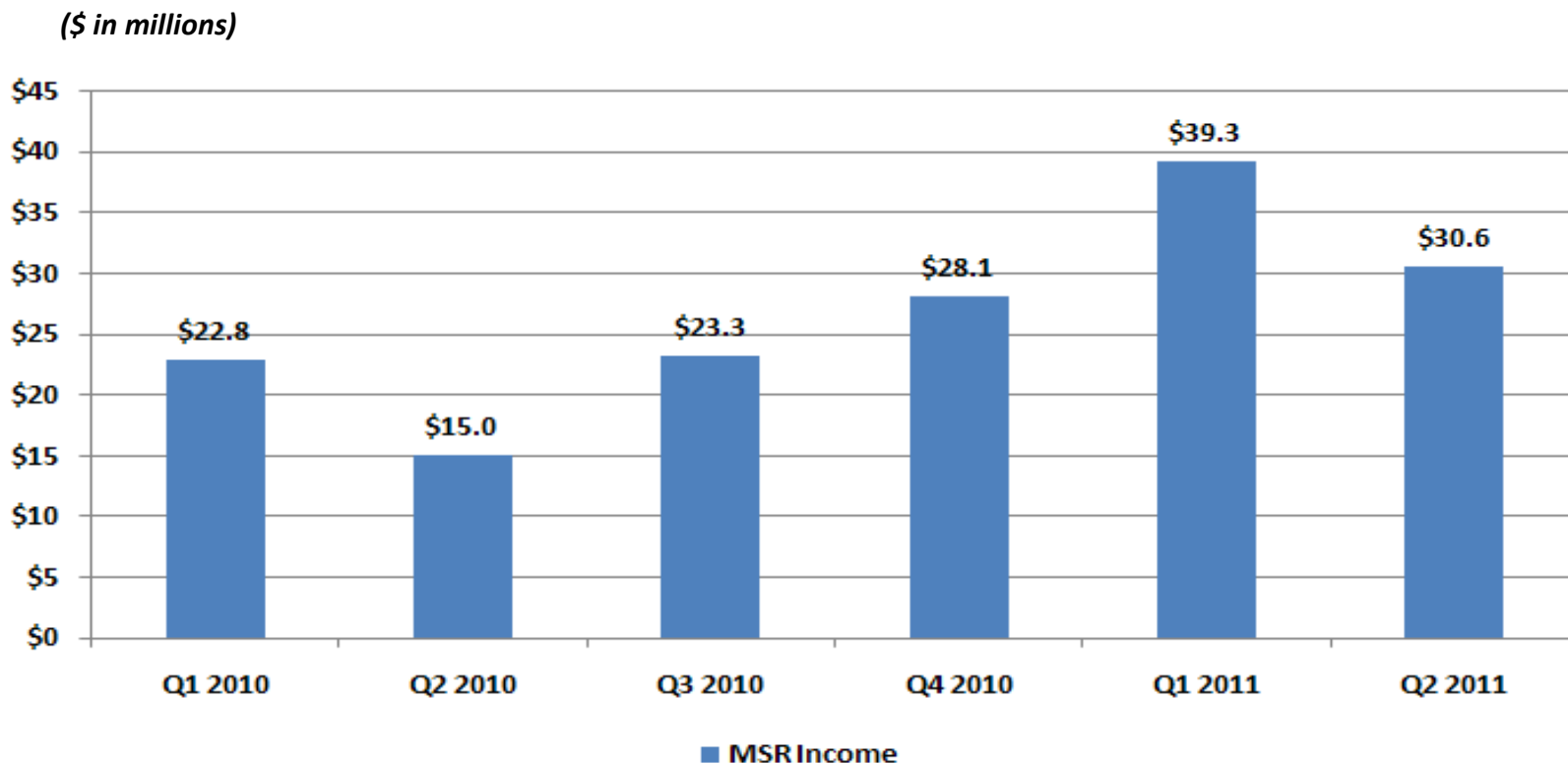
(\$ in millions)



Note: Residential mortgage volume

Mortgage Servicing Rights (MSR) Income

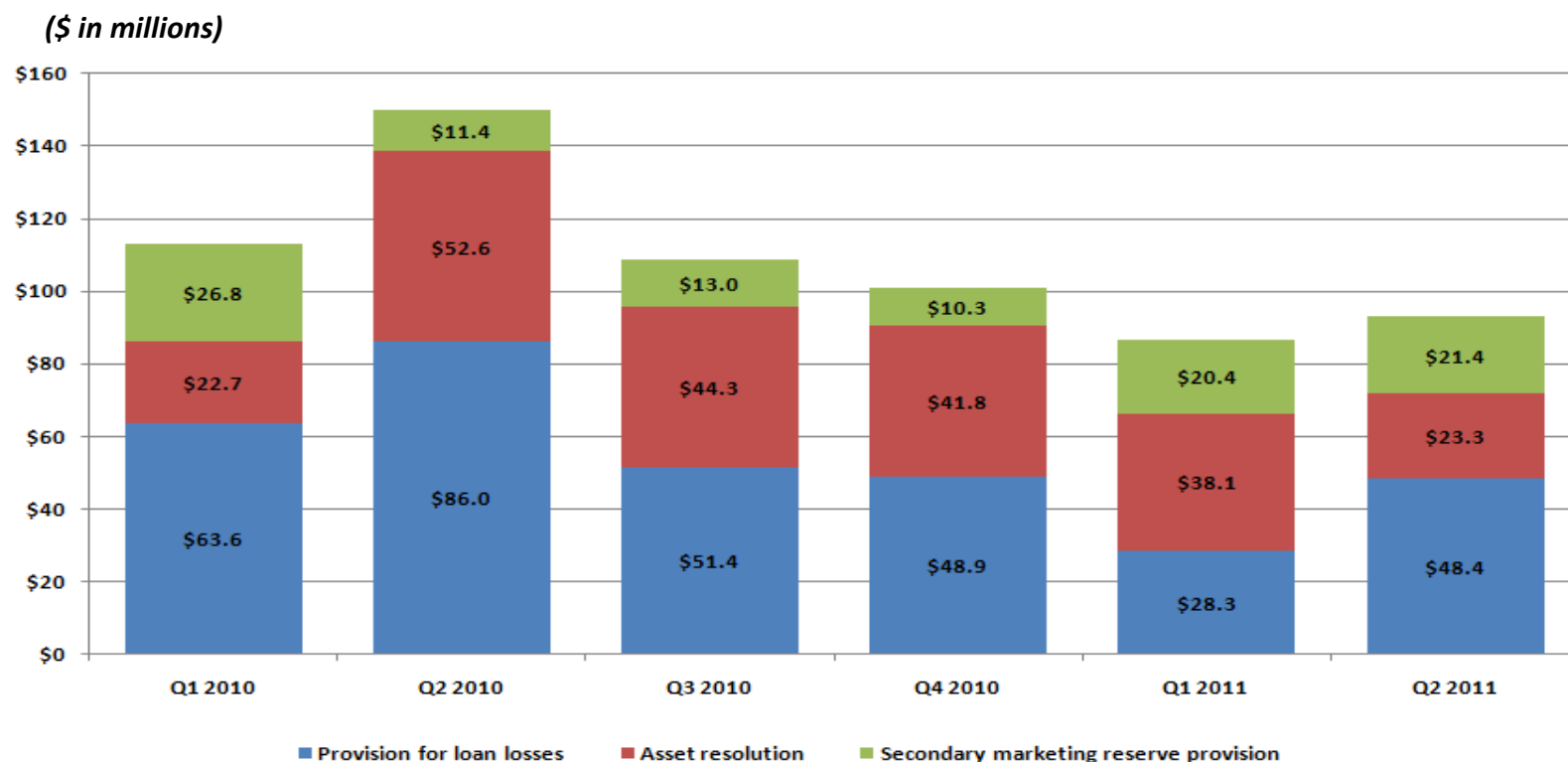
-- Mortgage servicing rights portfolio, net of hedges, continues to generate substantial revenues...



Note: MSR income includes net loan administration income and net gain or loss on trading securities

Credit-Related Expenses

-- Provision for loan losses increased from the prior quarter, primarily driven by a one-time change in loss severity assumptions and increased 90+ day delinquent first mortgages. Increase in provision was partially offset by a decrease in asset resolution expense...



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

Asset Quality

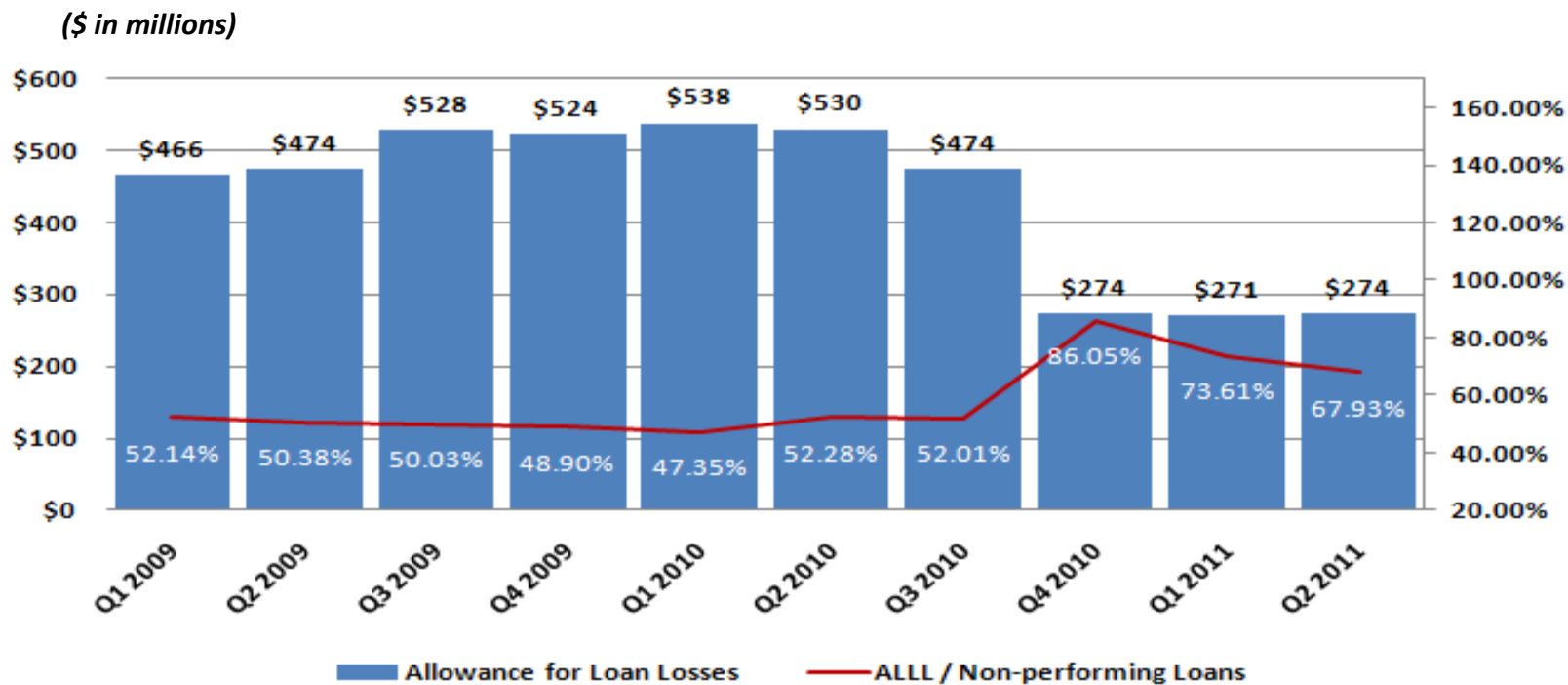
-- Many key asset quality trends continued their improvement...

\$ in millions			
	Q2 2011	Q1 2011	Q2 2010
↓ 30 Day Delinquent Loans	\$92.6	\$94.1	\$112.7
↓ 60 Day Delinquent Loans	\$46.3	\$56.0	\$83.0
90+ Day Delinquent Loans	\$403.4	\$368.2	\$1,013.8
↓ Non-performing Assets ¹	\$513.4	\$553.5	\$1,240.0
To Total Assets (Bank only)	4.06%	4.26%	9.06%
↓ Classified Assets	\$895.7	\$916.5	\$1,772.3
Provision for Loan Losses	\$48.4	\$28.3	\$86.0
Charge-offs, Net of Recoveries	\$45.4	\$31.3	\$94.0
Allowance for Loan Losses	\$274.0	\$271.0	\$530.0
To Loans Held for Investment	4.59%	4.70%	7.20%
To Non-performing Loans	67.93%	73.61%	52.28%
↓ Real Estate Owned	\$110.1	\$146.4	\$198.2

1) Includes non-performing loans available-for-sale

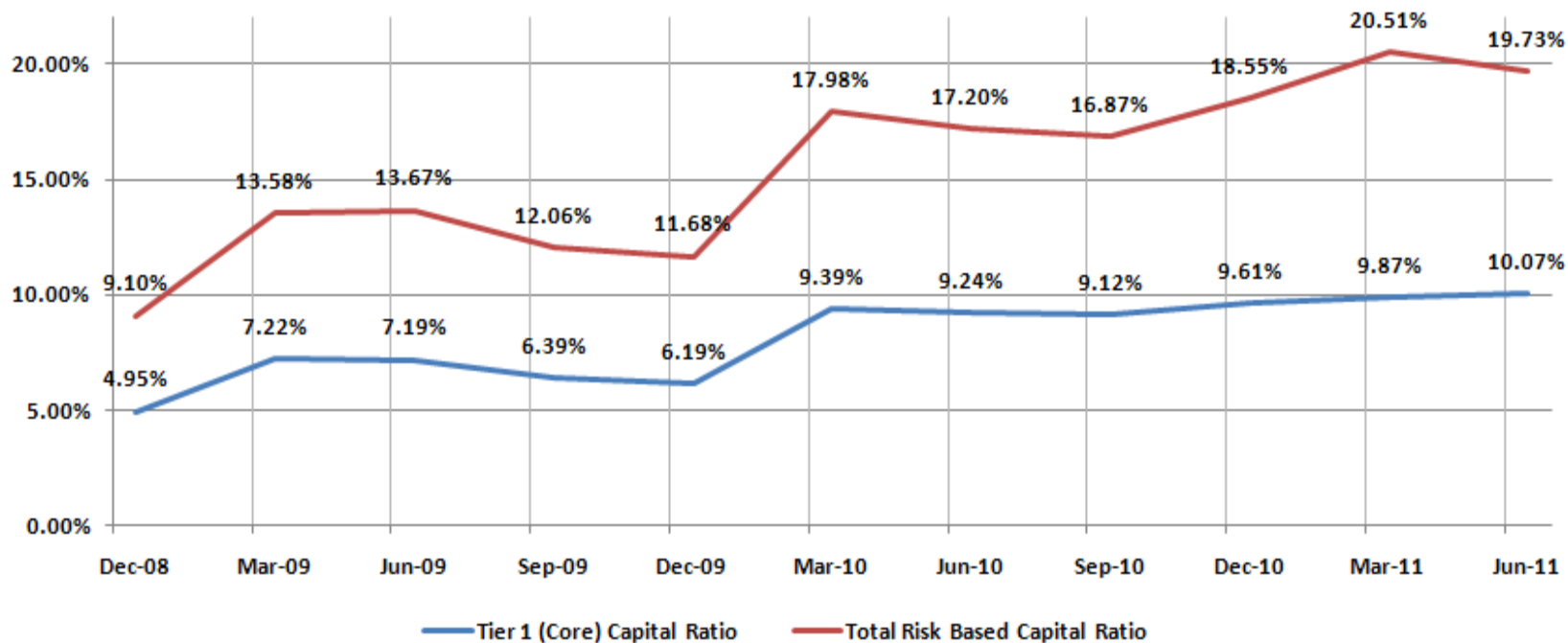
Allowance for Loan Losses

-- Allowance for loan losses remain at strong levels...



Regulatory Capital Ratios

-- Tier 1 capital ratio increased from prior quarter, given investment of \$50 million in capital to Bank level, and remains at a historically high level...



Pro Forma Common Book Value Per Share

-- Pro forma common book value per share of \$2.30 after DTA reversal and TARP redemption...

<i>(\$ in millions, except for per share data)</i>	Tangible Common Equity	TCE Per Share	Preferred Equity	Total Equity
At June 30, 2011	\$ 922	\$ 1.66	\$ 252	\$ 1,174
DTA Reversal	365	0.66	-	365
Pro Forma DTA reversal	1,288	2.32	252	1,540
TARP Redemption	-	-	(252)	(252)
Reconciling item for TARP Redemption (difference in book value and face value is reduction in common equity)	(16)	(0.03)	-	(16)
Pro Forma DTA reversal and TARP Redemption	\$ 1,272	\$ 2.30	\$ -	\$ 1,272

1) Based on 554.2 million of total common shares outstanding



2011 Outlook

	2011 Outlook	
	As of July 27, 2011	As of April 27, 2011
Target asset size	\$12.5 - \$13.5 billion	\$13.8 - \$14.8 billion
Residential mortgage loan originations	\$20 – \$24 billion	\$21 – \$25 billion
Loan sales	\$20 – \$24 billion	\$20 – \$24 billion
Gain on loan sale margin	75 – 100 bps	85 – 115 bps
Net interest margin (bank)	190 – 210 bps	200 – 260 bps
Provision expense	\$110 - \$150 million	\$85 - \$120 million

Appendix





Full Income Statement

(\$ in millions, except per share data)

	Q2 2011	Q1 2011	Q2 2010
Net Interest Income	\$51.3	\$52.6	\$49.6
Provision for Loan Losses	48.4	28.3	86.0
Net Interest Income after Provision	2.9	24.3	(36.5)
Noninterest Income	58.1	96.3	100.3
Noninterest Expense	130.9	147.2	156.2
Net Earnings (before tax provision)	(69.9)	(26.7)	(92.3)
Provision for Income Taxes	0.3	0.3	0.0
Net Earnings (before preferred dividends)	(70.2)	(27.0)	(92.3)
Preferred Dividends	(4.7)	(4.7)	(4.7)
Net Earnings	(\$74.9)	(\$31.7)	(\$97.0)
Diluted Loss per Share	\$ (0.14)	\$ (0.06)	\$ (0.63)

Select Balance Sheet Items

(\$ in millions)

	Q2 2011	Q1 2011	Q2 2010
Total assets	\$12,662.8	\$13,017.0	\$13,693.8
First mortgage loans	\$3,745.2	\$3,755.0	\$4,627.8
Second mortgage loans	155.5	165.2	196.7
Commercial real estate loans	1,111.1	1,170.2	1,439.3
Warehouse loans	513.7	303.8	702.5
Consumer lending	318.4	336.0	388.2
Non-real estate commercial loans	131.1	34.5	11.3
Investment loan portfolio	\$5,975.1	\$5,764.7	\$7,365.8
Loans held for sale	\$2,002.9	\$1,609.5	\$1,849.7
Loans repurchased with government guarantees	1,711.6	1,756.5	1,323.5
Securities classified as trading	292.4	160.7	487.4
Securities classified as available for sale	551.2	452.4	544.5
Mortgage servicing rights	577.4	635.1	474.8

Deposit Mix

(\$ in millions)	As of Jun 30, 2011		As of Mar 31, 2011		As of Jun 30, 2010	
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
<u>Retail Deposits:</u>						
Demand deposits	\$ 623	0.20%	\$ 613	0.25%	\$ 554	0.37%
Savings deposits	1,236	0.74%	1,127	0.86%	717	0.93%
Money market deposits	588	0.73%	564	0.75%	553	0.95%
Certificates of deposit	<u>2,765</u>	1.76%	<u>3,189</u>	1.84%	<u>3,385</u>	2.87%
Total retail deposits	5,212	1.21%	5,493	1.35%	5,209	2.13%
Core retail deposits / retail deposits	46.95%		41.94%		35.02%	
<u>Government Banking Deposits:</u>						
Demand deposits	62	0.44%	91	0.45%	409	0.50%
Savings deposits	384	0.65%	423	0.65%	59	0.75%
Certificates of deposit	<u>229</u>	0.76%	<u>239</u>	0.85%	<u>236</u>	0.97%
Total government banking deposits	675	0.67%	754	0.69%	704	0.68%
Company controlled deposits	815	0.00%	690	0.00%	754	0.00%
Wholesale deposits	<u>703</u>	3.28%	<u>812</u>	3.05%	<u>1,587</u>	2.95%
Total deposits	<u>\$ 7,405</u>	1.23%	<u>\$ 7,749</u>	1.34%	<u>\$ 8,254</u>	1.97%
Number of banking branches		162		162		162

Note: Represents the ending balance and rate for period noted. Retail core deposits include retail demand, savings and money market

First Mortgage Portfolio – by State

As of Jun 30, 2011

\$ in thousands

State	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
CA	\$ 46,573	\$ 541,203	\$ -	\$ 587,776	32.0%	\$ 585,205	\$ 478,448	\$ 64,766	\$ 448	\$ 40,856	\$1,169,723	31.7%
FL	5,982	134,896	503	141,381	7.7%	294,828	135,607	19,113	1,725	16,223	467,495	12.7%
MI	3,751	91,191	-	94,942	5.2%	271,188	58,802	23,893	763	4,097	358,742	9.7%
WA	6,857	59,422	-	66,279	3.6%	105,337	57,602	11,043	303	7,674	181,959	4.9%
TX	3,391	128,756	-	132,147	7.2%	51,333	51,098	4,066	-	2,462	108,959	3.0%
AZ	2,025	52,819	-	54,843	3.0%	87,891	57,714	8,440	-	5,321	159,366	4.3%
CO	4,495	42,016	350	46,862	2.6%	73,004	20,361	11,612	328	3,114	108,419	2.9%
MD	7,645	32,501	-	40,146	2.2%	54,801	27,420	13,948	-	1,202	97,371	2.6%
NY	2,724	47,243	-	49,966	2.7%	34,080	37,117	5,015	-	751	76,964	2.1%
VA	5,493	25,635	-	31,128	1.7%	50,489	23,532	9,173	-	3,126	86,320	2.3%
GA	2,253	34,416	642	37,311	2.0%	40,372	20,466	8,586	-	372	69,796	1.9%
NJ	3,542	33,212	81	36,836	2.0%	32,495	23,203	6,395	497	2,416	65,006	1.8%
IL	7,753	32,440	-	40,193	2.2%	34,677	21,108	3,259	-	-	59,044	1.6%
NV	223	10,120	-	10,343	0.6%	47,569	22,116	3,217	-	1,193	74,095	2.0%
OR	2,070	30,317	-	32,387	1.8%	21,861	25,096	3,464	2	659	51,083	1.4%
Other	24,622	406,417	1,032	432,071	23.6%	320,579	176,073	42,887	1,396	9,559	550,494	14.9%
Total :	\$ 129,399	\$1,702,604	\$ 2,608	\$1,834,611	100%	\$2,105,708	\$1,235,764	\$ 238,875	\$ 5,460	\$ 99,027	\$3,684,835	100%

Note: 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

First Mortgage Portfolio – by Vintage

As of Jun 30, 2011

\$ in thousands

Year	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
Older	\$ 367	\$ 122	\$ -	\$ 489	0.0%	\$ 60,923	\$ 30,977	\$ 5,165	\$ -	\$ 361	\$ 97,425	2.6%
2003	527	-	-	527	0.0%	213,169	26,664	14,407	-	2,398	256,637	7.0%
2004	-	82	-	82	0.0%	645,175	39,921	26,531	3,382	232	715,240	19.4%
2005	959	820	503	2,283	0.1%	622,820	72,888	38,746	1,355	7,136	742,944	20.2%
2006	111	1,100	1,162	2,373	0.1%	140,879	189,102	32,809	328	18,802	381,918	10.4%
2007	-	4,350	943	5,292	0.3%	344,485	718,662	115,706	396	70,100	1,249,349	33.9%
2008	-	11,984	-	11,984	0.7%	27,425	83,607	5,513	-	-	116,545	3.2%
2009	-	7,533	-	7,533	0.4%	11,828	61,026	-	-	-	72,854	2.0%
2010	-	800	-	800	0.0%	16,493	12,582	-	-	-	29,075	0.8%
2011	127,434	1,675,813	-	1,803,248	98.3%	22,513	335	-	-	-	22,847	0.6%
Total :	\$ 129,399	\$1,702,604	\$ 2,608	\$1,834,611	100%	\$2,105,708	\$1,235,764	\$ 238,875	\$ 5,460	\$ 99,027	\$3,684,835	100%

Note: 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

First Mortgage Portfolio – by Original FICO

As of Jun 30, 2011

\$ in thousands

FICO	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
No Score	\$ 94	\$ 7,128	\$ -	\$ 7,222	0.4%	\$ 16,937	\$ 19,521	\$ 233	\$ -	\$ -	\$ 36,691	1.0%
< 580	-	6,411	-	6,411	0.3%	21,800	32,063	3,663	-	-	57,527	1.6%
580 - 619	711	31,909	-	32,620	1.8%	31,064	46,707	2,511	-	-	80,282	2.2%
620 - 659	12,758	202,465	-	215,223	11.7%	127,662	96,774	13,402	137	2,932	240,906	6.5%
660 - 699	22,362	273,918	431	296,711	16.2%	568,090	302,148	85,263	480	18,536	974,516	26.4%
> 699	93,473	1,180,774	2,177	1,276,425	69.6%	1,340,155	738,551	133,804	4,844	77,560	2,294,915	62.3%
Total :	\$ 129,399	\$1,702,604	\$ 2,608	\$1,834,611	100%	\$2,105,708	\$1,235,764	\$ 238,875	\$ 5,460	\$ 99,027	\$3,684,835	100%

Note: 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

First Mortgage Portfolio – by LTV

As of Jun 30, 2011

\$ in thousands												
LTV	AFS					HFI						
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	First HELOC	Power Option ARM	Total	% of Total
< 70%	\$ 41,864	\$ 357,182	\$ 520	\$ 399,566	21.8%	\$ 824,052	\$ 427,566	\$ 54,545	\$2,835	\$ 19,112	\$1,328,109	36.0%
70% - 79.99%	21,828	292,205	72	314,106	17.1%	927,584	494,995	99,226	1,749	16,851	1,540,405	41.8%
80% - 90%	18,710	302,705	700	322,116	17.6%	260,179	172,699	63,974	877	44,392	542,121	14.7%
> 90%	46,996	750,512	1,316	798,824	43.5%	93,893	140,504	21,131	-	18,672	274,199	7.4%
Total :	\$129,399	\$1,702,604	\$ 2,608	\$1,834,611	100%	\$2,105,708	\$1,235,764	\$238,875	\$5,460	\$ 99,027	\$3,684,835	100%

Note: 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

HFI First Mortgage Portfolio – by Original FICO and LTV

As of Jun 30, 2011

\$ in thousands

FICO	LTV											
	< 70%			70% - 79.99%			80% - 90%			> 90%		
	Non-performing	Portfolio Balance	% of Balance	Non-performing	Portfolio Balance	% of Balance	Non-performing	Portfolio Balance	% of Balance	Non-performing	Portfolio Balance	% of Balance
No Score	\$552	\$7,326	7.5%	\$807	\$6,144	13.1%	\$1,017	\$10,307	9.9%	\$5,563	\$12,914	43.1%
< 580	2,004	10,791	18.6%	1,993	10,582	18.8%	5,412	15,840	34.2%	10,340	20,314	50.9%
580 - 619	1,387	14,234	9.7%	747	12,101	6.2%	6,063	23,343	26.0%	15,157	30,604	49.5%
620 - 659	5,886	111,652	5.3%	6,938	58,973	11.8%	6,072	29,301	20.7%	15,050	40,981	36.7%
660 - 699	12,352	337,426	3.7%	34,084	412,207	8.3%	23,522	142,491	16.5%	10,323	82,391	12.5%
> 699	26,234	846,682	3.1%	50,413	1,040,399	4.8%	33,401	320,839	10.4%	10,723	86,995	12.3%

Note: Non-performing loans include 90+ days delinquent and matured, calculated using OTS method. LTV equals current principal balance divided by appraised value at origination.

Legacy Commercial RE Portfolio

As of Jun 30, 2011

\$ in thousands										
Property Type	Balance	Percentage of			Total (\$) OTS Delinquent	90+ Days (%) Delinquent	Specific Reserve	General Reserve	Total Reserves	
		Loans	30 Days	60 Days						90+ Days
Office	\$243,115	21.88%	\$1,352	-	\$36,307	\$37,659	14.9%	\$9,953	\$9,124	\$19,077
Retail	226,002	20.34%	-	-	19,187	19,187	8.5%	7,908	8,482	16,390
Shopping Center	230,614	20.75%	-	-	5,743	5,743	2.5%	12,935	8,655	21,590
Residential Development	24,929	2.24%	-	-	11,225	11,225	45.0%	973	936	1,908
Other	122,622	11.04%	-	-	3,207	3,207	2.6%	1,805	4,602	6,407
Non-residential Development	7,434	0.67%	-	-	4,892	4,892	65.8%	383	279	662
Industrial	132,205	11.90%	-	187	6,852	7,039	5.2%	3,281	4,962	8,243
Multi-Family	69,154	6.22%	-	-	11,884	11,884	17.2%	98	2,595	2,694
Single Family	59,508	5.36%	-	-	3,140	3,140	5.3%	1,759	2,233	3,993
Land	1,210	0.11%	-	-	576	576	47.6%	-	45	45
Commercial Loans Neg Esc	3,138	0.28%	-	-	-	-	-	-	118	118
CIP, Premium, FAS 91	(8,799)	-0.79%	-	-	-	-	-	-	-	-
Totals	\$1,111,132	100.00%	\$1,352	\$187	\$103,013	\$104,552	9.3%	\$39,095	\$42,032	\$81,128

Note: 90+ days delinquent includes performing non-accruals, calculated using OTS method.

Legacy Commercial RE Portfolio – by State

As of Jun 30, 2011

\$ in thousands

State	Office	Retail	Shopping Center	Residential Development	Other	Non-Residential Development	Industrial / Warehouse	Multi-family	Total
MI	\$146,041	\$111,872	\$82,206	\$8,384	\$118,902	\$1,186	\$79,540	\$55,974	\$604,106
GA	24,714	28,251	77,717	(108)	6,463	-	5,547	3,400	145,985
CA	48,528	36,759	11,082	353	3,965	-	38,470	1,634	140,791
IN	6,207	29,665	9,712	13,021	309	-	-	-	58,913
CT	-	-	-	-	42,366	-	-	-	42,366
VA	-	1,314	32,778	-	-	-	-	-	34,092
FL	498	1,201	1,205	-	690	6,248	2,335	-	12,177
NY	850	-	3,067	-	5,151	-	-	598	9,666
TN	-	5,689	2,363	-	-	-	1,301	-	9,353
NC	6,296	1,388	-	-	-	-	-	-	7,683
IL	4,246	-	-	-	1,505	-	-	-	5,751
WI	568	1,553	-	-	1,264	-	729	1,139	5,253
MN	-	-	-	-	-	-	-	4,412	4,412
OH	1,302	-	1,457	-	1,234	-	-	-	3,993
MO	3,867	-	-	-	-	-	-	-	3,867
Other	-	8,311	9,027	3,279	1,491	-	4,283	1,995	28,386
Total	\$243,115	\$226,002	\$230,614	\$24,929	\$183,339	\$7,434	\$132,205	\$69,154	\$1,116,793

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

Legacy Commercial RE Portfolio – by Vintage

As of Jun 30, 2011

\$ in thousands

Year	Office	Retail	Shopping Center	Residential Development	Other	Non-Residential Development	Industrial / Warehouse	Multi-family	Total
Older	\$10,233	\$10,000	\$11,314	\$303	\$21,895	\$762	\$26,198	\$1,450	\$82,154
2003	12,556	8,495	6,032	-	15,503	-	8,677	4,623	55,886
2004	62,503	14,717	6,838	3,281	10,269	-	7,249	4,753	109,610
2005	25,547	17,317	14,946	90	13,012	286	5,139	19,331	95,667
2006	51,251	45,727	55,396	15,451	37,725	1,813	18,623	13,049	239,034
2007	43,562	48,559	81,942	2,111	26,282	4,574	41,455	13,556	262,040
2008	28,652	69,978	34,327	509	7,534	-	15,880	6,050	162,930
2009	1,614	924	15,475	592	503	-	251	744	20,104
2010	6,969	6,981	3,265	2,592	8,250	-	-	4,927	32,985
2011	228	3,306	1,078	-	42,366	-	8,733	670	56,380
Total	\$243,115	\$226,002	\$230,614	\$24,929	\$183,339	\$7,434	\$132,205	\$69,154	\$1,116,793

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

Non-Agency Investment Securities AFS Portfolio

As of Jun 30, 2011

\$ in thousands

Investment Name	CUSIP	Current Principal	OTTI Impairment	Mark-to- Market	Net Book Value	Initial			Current		
						M	SP	F	M	SP	F
CWALT 2006-45T1 2A5	02149JAU0	\$28,786	(\$6,429)	(\$1,106)	\$21,251	Aaa	AAA	AAA	Caa3	CCC	C
CWHL 2007-3 A1	12543RAA7	30,819	(2,856)	(540)	27,423	NR	AAA	AAA	NR	CCC	C
CWHL 2006-18 1A1	12543WAA6	24,680	(1,272)	(1,272)	22,136	NR	AAA	AAA	NR	CCC	CC
CWHL 2005-23-A1	126694GU6	31,575	(535)	(159)	30,881	NR	AAA	AAA	NR	BBB/*-	A
CWHL 2006-1 A2	126694XC7	25,132	(1,114)	(2,984)	21,034	NR	AAA	AAA	NR	BB/*-	CCC
CWHL 2007-J1 1A1	12669MAA6	53,352	(7,624)	(3,368)	42,360	NR	AAA	AAA	NR	D	D
CWALT TR 2006-J8	23245LAD2	29,728	(10,610)	(1,363)	17,755	NR	AAA	AAA	NR	D	D
CWALT 2007-1T1 1A1	23246KAA9	33,944	(10,396)	(1,595)	21,953	Aaa	AAA	AAA	Ca	D	C
GSR 2006-9F 2A1	3622X7AD8	25,190	(1,274)	492	24,407	Aaa	NR	AAA	Caa1	NR	CC
GSR 2006-7F 2A1	36298NAD6	26,154	(2,692)	(845)	22,617	Aaa	NR	AAA	Caa1	NR	C
JPMMT 2006-S4 A7	46629SAG7	50,769	(5,514)	(2,894)	42,361	Aaa	AAA	AAA	Caa2	CCC	C
Subtotal		\$360,130	(\$50,318)	(\$15,634)	\$294,178						
GMS Trust 2006-1	33848FAA1	\$139,000	(\$2,793)	(\$11,620)	\$124,587	Aaa	AAA	NR	B3	AAA	NR
Subtotal		\$139,000	(\$2,793)	(\$11,620)	\$124,587						
Total		\$499,131	(\$53,111)	(\$27,255)	\$418,765						

Note: excludes agency investment securities, which are sold in normal course

Real Estate Owned Portfolio

As of Jun 30, 2011

\$ in thousands

	Commercial	%	Receivership	%	Construction	%	Manufacture d Homes	%	Single Family Homes	%	Total	%
Current Month	\$ 262	1.2%	\$ 922	3.0%	\$ -	0.0%	\$ 38	23.3%	\$ 9,691	21.5%	\$ 10,913	9.9%
30 days	642	3.0%	-	0.0%	847	68.8%	-	0.0%	8,316	18.4%	9,805	8.9%
60 days	316	1.5%	5,852	19.1%	-	0.0%	-	0.0%	4,035	8.9%	10,203	9.3%
90 days	10	0.0%	6,068	19.9%	-	0.0%	32	19.5%	3,178	7.0%	9,288	8.4%
91 - 180 days	4,744	22.5%	7,258	23.7%	-	0.0%	0	0.2%	3,841	8.5%	15,843	14.4%
181 - 365 days	2,245	10.6%	3,834	12.5%	340	27.6%	64	38.9%	11,577	25.6%	18,060	16.4%
1 - 2 years	9,303	44.1%	6,634	21.7%	-	0.0%	-	0.0%	3,435	7.6%	19,372	17.6%
2 - 3 years	65	0.3%	-	0.0%	43	3.5%	30	18.2%	1,067	2.4%	1,205	1.1%
3 - 4 years	3,497	16.6%	-	0.0%	-	0.0%	-	0.0%	40	0.1%	3,537	3.2%
4 - 5 years	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Reconciling Items	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Loans to Facilitate	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11,823	10.7%
Total:	\$21,083	100.0%	\$30,568	100.0%	\$1,230	100.0%	\$164	100.0%	\$45,181	100.0%	\$110,050	100.0%

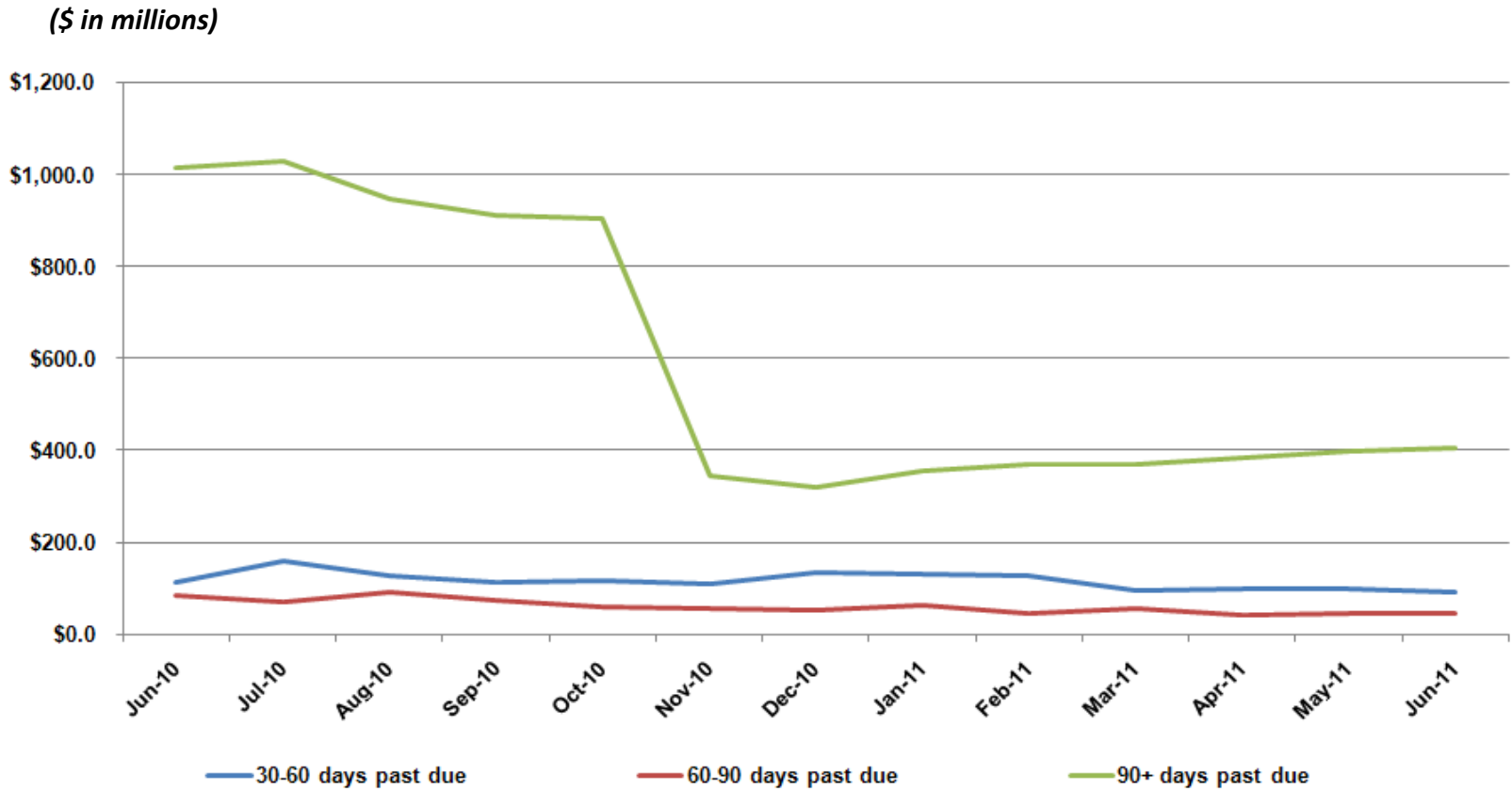
Asset Quality by Loan Type – HFI

As of Jun 30, 2011

\$ in thousands								
Loan Type	Balance	Non-performing Loans	% of Balance	% of Overall Delinquencies	Q1 11 Charge Offs, Net of Recoveries	Total General Reserves	Total Specific Reserves	Total Reserves
Mortgage	\$3,729,168	\$281,850	7.56%	69.87%	\$7,513	\$132,212	\$6,053	\$138,265
Land	15,174	4,232	27.89%	1.05%	705	3,763	3,217	6,980
Construction	898	898	100.00%	0.22%	418	159	78	237
Commercial RE	1,111,132	103,014	9.27%	25.54%	25,504	42,032	39,095	81,127
Commercial NRE	131,099	1,616	1.23%	0.40%	-	1,908	588	2,496
Warehouse	513,678	28	0.01%	0.01%	288	875	746	1,621
2nd Mortgage	155,537	6,243	4.01%	1.55%	5,803	19,534	563	20,097
Other Consumer	77,053	287	0.37%	0.07%	218	1,789	-	1,789
Dep Overdraft	-	-	-	-	454	-	-	-
HELOC	241,395	5,212	2.16%	1.29%	4,481	16,230	-	16,230
Other	-	-	-	-	-	5,158	-	5,158
Total:	\$5,975,134	\$403,380	6.75%	100.00%	\$45,384	\$223,660	\$50,340	\$274,000

Note: Non-performing loans include 90+ days delinquent and matured, and performing non-accruals, calculated using OTS method.

Delinquent Loan Trends – Total HFI Portfolio



Note: Calculated using OTS method

Non Performing Loans HFI – by State

As of Jun 30, 2011

\$ in thousands

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Warehouse	Total	Percent of Total
CA	\$ 85,365	29.8%	\$ 1,916	\$ 646	\$ 13,597	\$ -	\$ -	\$ -	\$ -	\$ 101,524	25.2%
MI	15,428	5.4%	365	1,645	63,726	-	304	91	-	81,560	20.2%
FL	51,335	17.9%	469	358	5,361	-	384	2	-	57,909	14.4%
AZ	16,412	5.7%	512	654	3,867	-	-	-	-	21,445	5.3%
GA	7,550	2.6%	296	118	3,635	-	-	55	-	11,654	2.9%
NV	10,847	3.8%	120	48	-	-	140	-	-	11,156	2.8%
IN	2,662	0.9%	21	21	6,023	1,616	70	29	-	10,443	2.6%
NY	8,647	3.0%	253	264	-	-	-	1	-	9,164	2.3%
MD	8,929	3.1%	212	-	-	-	-	-	-	9,141	2.3%
WA	7,016	2.5%	250	373	-	-	-	-	-	7,640	1.9%
OH	6,483	2.3%	31	30	-	-	-	26	-	6,571	1.6%
NJ	6,370	2.2%	56	100	-	-	-	-	-	6,526	1.6%
TX	6,026	2.1%	38	-	-	-	-	-	-	6,065	1.5%
CO	4,696	1.6%	426	-	-	-	-	-	-	5,121	1.3%
MO	4,987	1.7%	-	23	-	-	-	-	-	5,010	1.2%
Other	43,329	15.1%	1,278	930	6,804	-	-	84	28	52,452	13.0%
Total	\$286,083	100.0%	\$6,243	\$5,212	\$103,014	\$1,616	\$898	\$288	\$28	\$403,380	100.0%

Note: Non-performing loans include 90+ days delinquent and matured, and performing non-accruals, calculated using OTS method.

Non Performing Loans HFI – by Vintage

As of Jun 30, 2011

\$ in thousands

Vintage	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Warehouse	Total	Percent of Total
Older	\$4,440	1.6%	\$87	\$557	\$9,303	\$0	\$70	\$11	\$0	\$14,467	3.6%
2003	9,267	3.2%	30	621	5,052	-	140	-	-	15,110	3.7%
2004	19,599	6.9%	366	795	13,174	-	-	0	-	33,934	8.4%
2005	35,005	12.2%	505	219	8,078	-	-	6	-	43,813	10.9%
2006	39,352	13.8%	511	298	25,500	-	-	56	-	65,717	16.3%
2007	128,066	44.8%	4,720	2,036	28,150	1,616	384	82	-	165,052	40.9%
2008	41,316	14.4%	23	688	2,730	-	304	109	-	45,170	11.2%
2009	8,298	2.9%	-	-	1,165	-	-	-	28	9,492	2.4%
2010	739	0.3%	-	-	7,325	-	-	23	-	8,087	2.0%
2011	-	0.0%	-	-	2,538	-	-	1	-	2,539	0.6%
Total	\$286,083	100.0%	\$6,243	\$5,212	\$103,014	\$1,616	\$898	\$288	\$28	\$403,380	100%

Note: Non-performing loans include 90+ days delinquent and matured, and performing non-accruals, calculated using OTS method.

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