

# Earnings Presentation Third Quarter 2011

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October 26, 2011

Presenters:

**Joseph P. Campanelli**

Chief Executive Officer

**Paul D. Borja**

Chief Financial Officer

**FBC**  
**LISTED**  
**NYSE**

**Flagstar**<sup>®</sup>  
**Bancorp**



# Legal Disclaimer

This presentation includes forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and includes 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.
- The Georgia and Indiana branch sales are subject to the satisfaction of customary closing conditions and receipt of regulatory approval. Because of business, economic or market conditions or for any other reasons within or outside of the Company's discretion, the Company's sale of its Georgia and Indiana branches may not result in the anticipated gain or loss and may not be consummated in a timely manner or at all.

Readers should carefully review Flagstar's financial statements and notes thereto, as well as the risk factors described in Flagstar's Annual Report on Form 10-K for the year ended December 31, 2010, Form 10-Q for the period ended June 30, 2011, and other documents Flagstar files from time to time with the Securities and Exchange Commission. The information contained in this presentation does not constitute a solicitation to buy Flagstar securities.



# Third Quarter 2011 Highlights

- 81% linked quarter improvement in net loss to common stockholders
- \$102.5 million in pre-tax, pre-credit-cost income, largest quarterly amount since 2009
- Increased gain on loan sale income to \$103.9 million, or 153 bps
- 105% increase in residential mortgage rate lock commitments
- Improved bank net interest margin to 2.30%, as compared to 1.86% in 2Q11
- Grew average interest earnings assets by 3.4% from prior quarter
- Entered into agreements to divest Georgia and Indiana deposit franchises, anticipated gain of \$24 million on Indiana transaction
- Continued to de-risk balance sheet, selling \$15.4 million of non-performing commercial real estate assets, resulting in gain of \$0.1 million
- Reduced funding costs and increased core deposits
- Maintained strong capital and liquidity levels -- Tier 1 ratio of 9.3% and cash and cash equivalents equal to 6.6% of total assets



# Summary Financial Results

(\$ in millions, except per share data)

	Q3 2011	Q2 2011	Q3 2010
Net Interest Income	\$65.6	\$51.3	\$51.2
Provision	\$36.7	\$48.4	\$51.4
Gain on Loan Sale	\$103.9	\$39.8	\$103.2
MSR Income	\$16.9	\$30.6	\$23.3
<b>Net Earnings / (Loss)</b>	<b>(\$14.2)</b>	<b>(\$74.9)</b>	<b>(\$22.6)</b>
Diluted Earnings / (Loss) per Share	(\$0.03)	(\$0.14)	(\$0.15)
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Total Assets	\$13,734.0	\$12,662.8	\$13,836.6
Total Stockholders' Equity	\$1,159.3	\$1,174.4	\$1,060.7
<b>Book Value per Common Share</b>	<b>\$1.63</b>	<b>\$1.66</b>	<b>\$5.30</b>
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NPLs / Gross Loans HFI	6.52%	6.75%	12.46%
<b>NPAs / Total Assets (Bank)</b>	<b>4.09%</b>	<b>4.10%</b>	<b>8.25%</b>
<b>ALLL / NPLs</b>	<b>63.39%</b>	<b>67.93%</b>	<b>52.01%</b>
ALLL / Gross Loans HFI	4.13%	4.59%	6.48%
NPAs / Tier 1 Capital + General Reserves	38.58%	34.42%	70.44%
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<b>Tier 1 Capital Ratio</b>	<b>9.31%</b>	<b>10.07%</b>	<b>9.12%</b>
Total Risk Based Capital Ratio	17.64%	19.73%	16.87%
Total Equity / Total Assets	8.44%	9.27%	7.67%

# Pre-tax, Pre-credit-cost Income

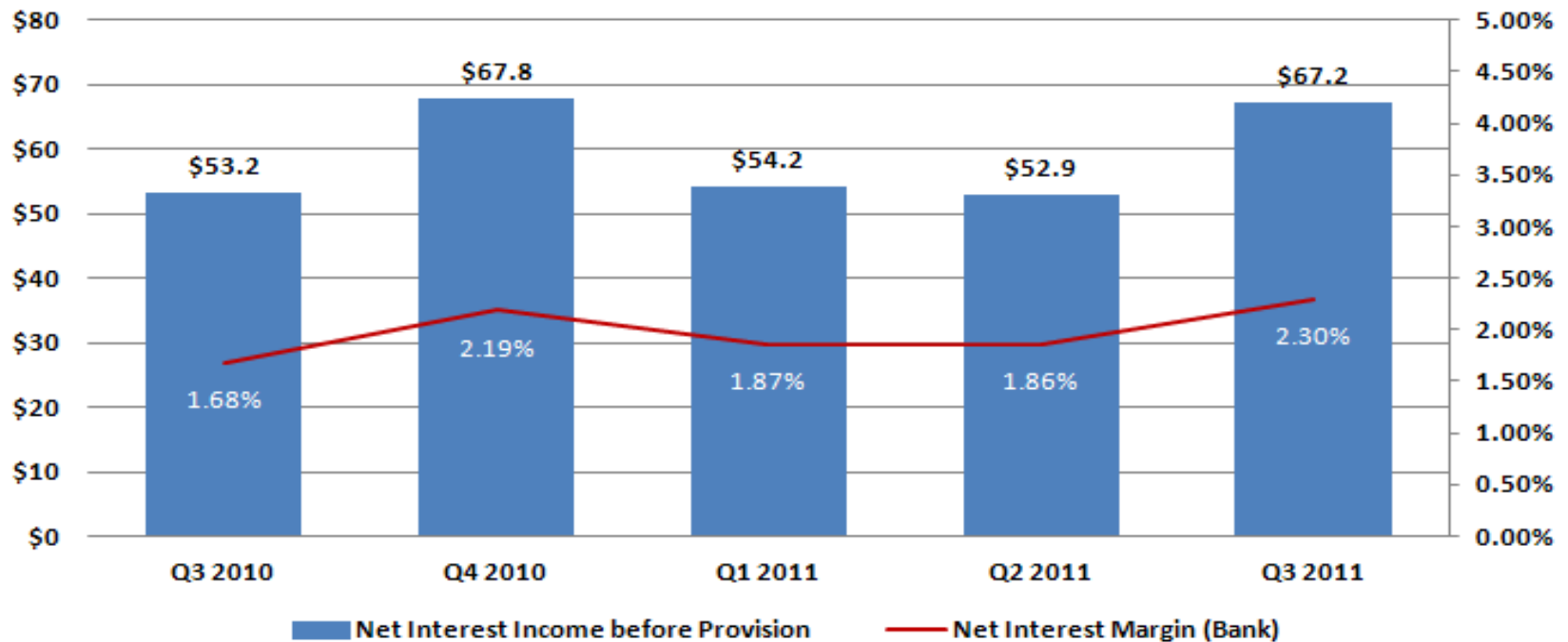
-- Largest quarterly level of earnings before taxes and credit costs since 2009...

\$ in millions					
	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Loss before tax provision and dividends	(\$9.2)	(\$69.9)	(\$26.7)	(\$185.3)	(\$17.9)
Add back:					
Provision for loan losses	36.7	48.4	28.3	225.4	51.4
Asset resolution	34.5	23.3	38.1	41.8	44.3
Other than temporary impairment on investments AFS	1.3	15.6	0.0	1.3	0.0
Secondary marketing reserve provision	39.0	21.4	20.4	10.3	13.0
Write down of residual interests	0.2	2.3	2.4	(3.8)	4.7
Total credit related costs:	111.7	110.9	89.2	275.0	113.3
<b>Pre-tax, pre credit-cost income</b>	<b>\$102.5</b>	<b>\$41.0</b>	<b>\$62.5</b>	<b>\$89.7</b>	<b>\$95.4</b>

# Net Interest Margin

-- Bank net interest margin increased significantly from the prior quarter, driven by increase in interest earning assets, higher average yields on assets and lower funding costs...

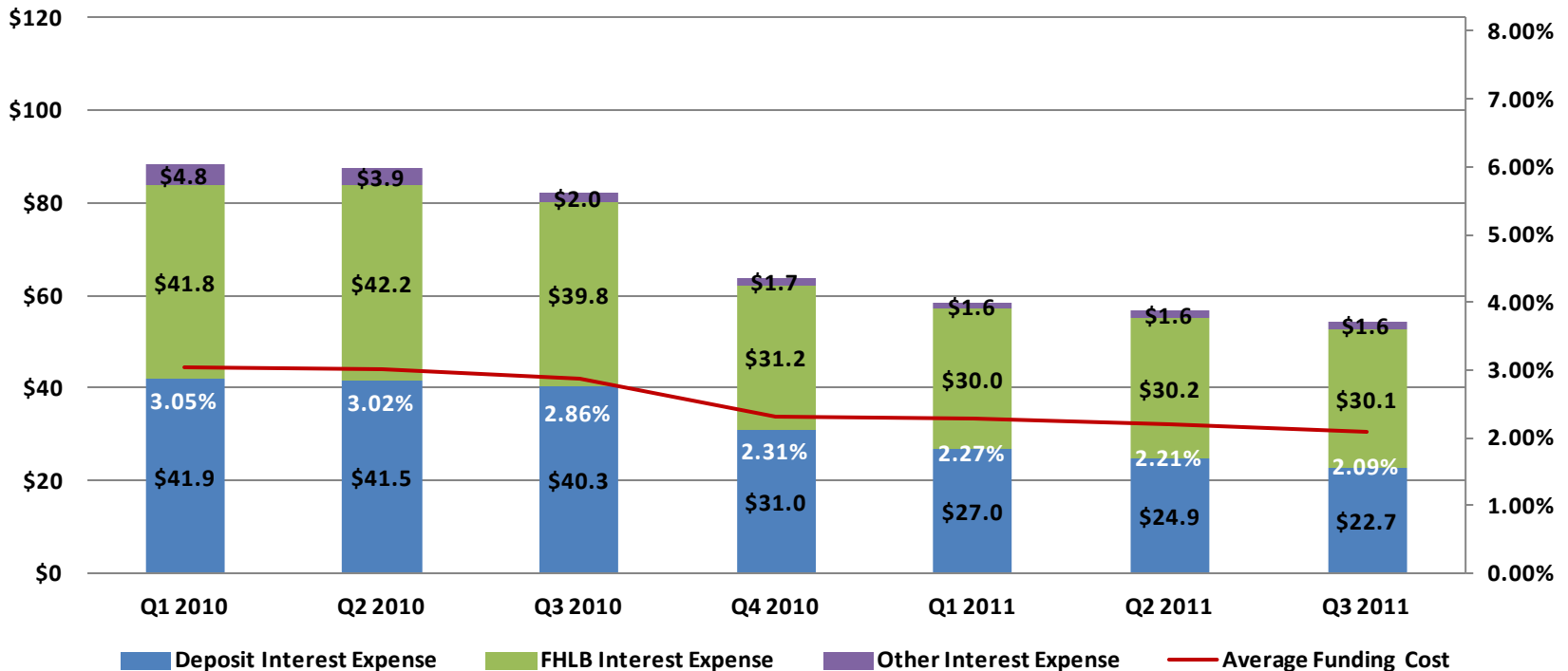
(\$ in millions)



# Cost of Funds

-- Average cost of funds continues to steadily decline, driven by a decrease in deposit funding costs. Refinanced \$1 billion of FHLB advances, which is anticipated to result in \$14.1 million in annual interest savings...

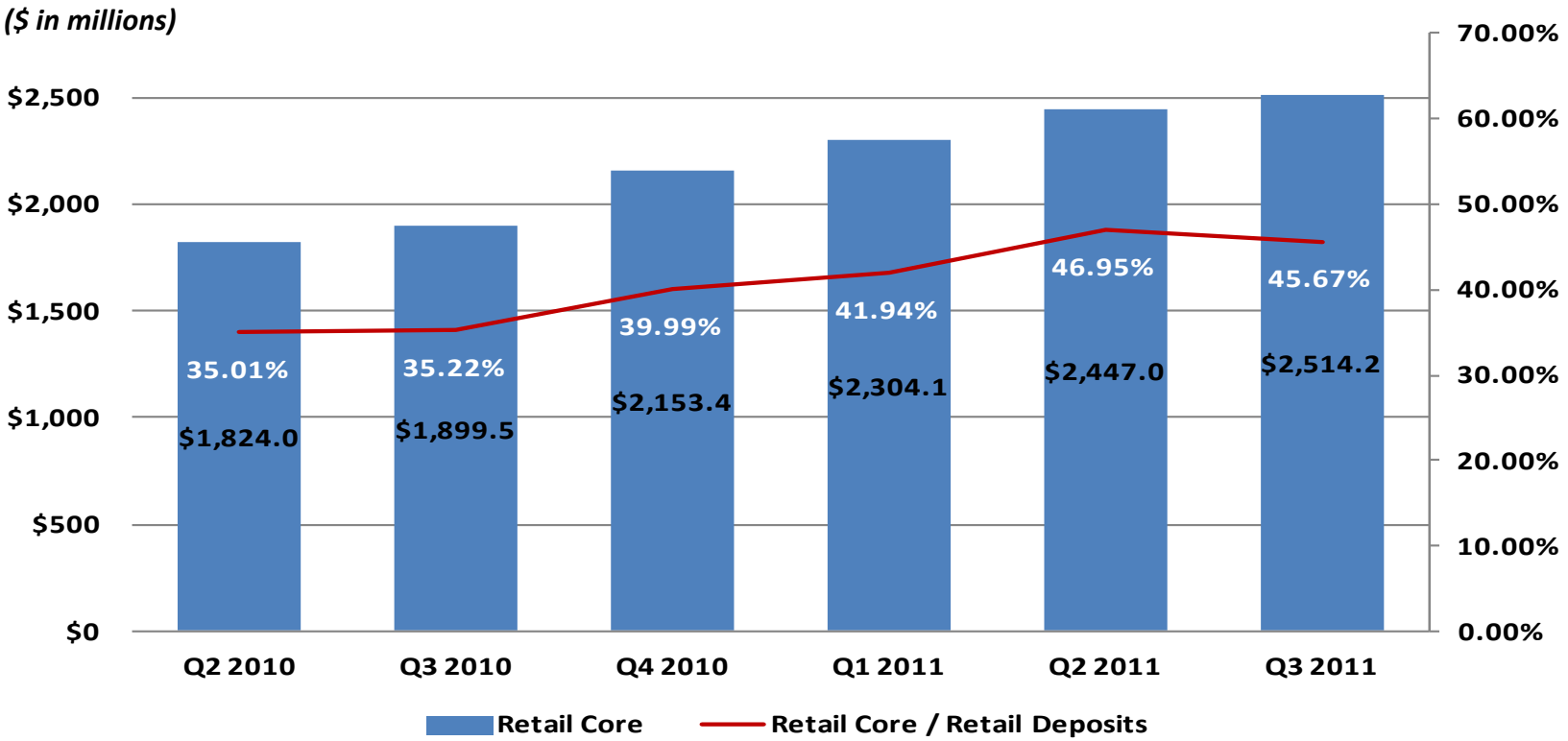
(\$ in millions)





# Core Deposits

-- Retail core deposits increased for seventh consecutive quarter...



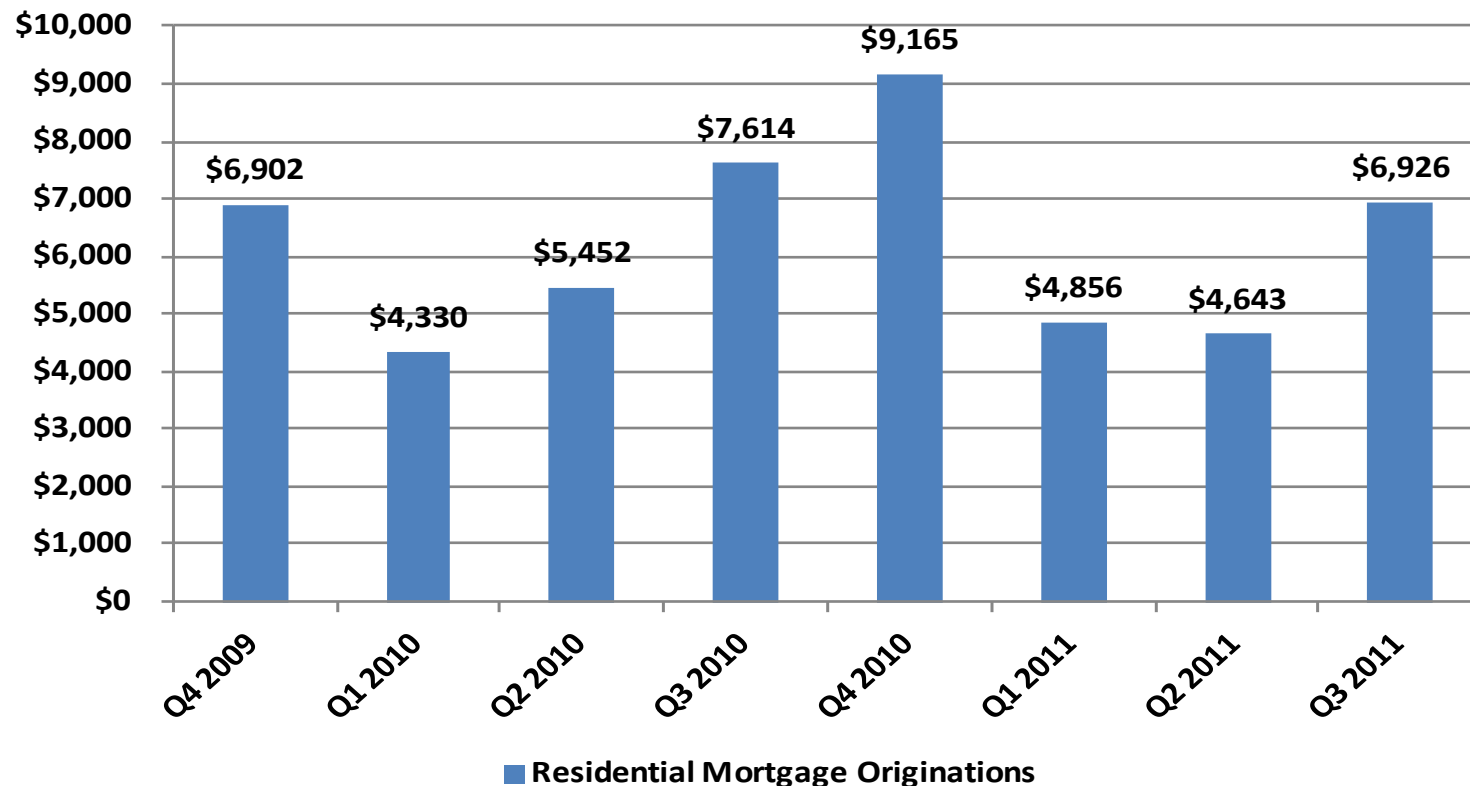
Note: Includes checking accounts, savings accounts, and money market accounts (excludes custodial accounts).



# Residential Mortgage Originations

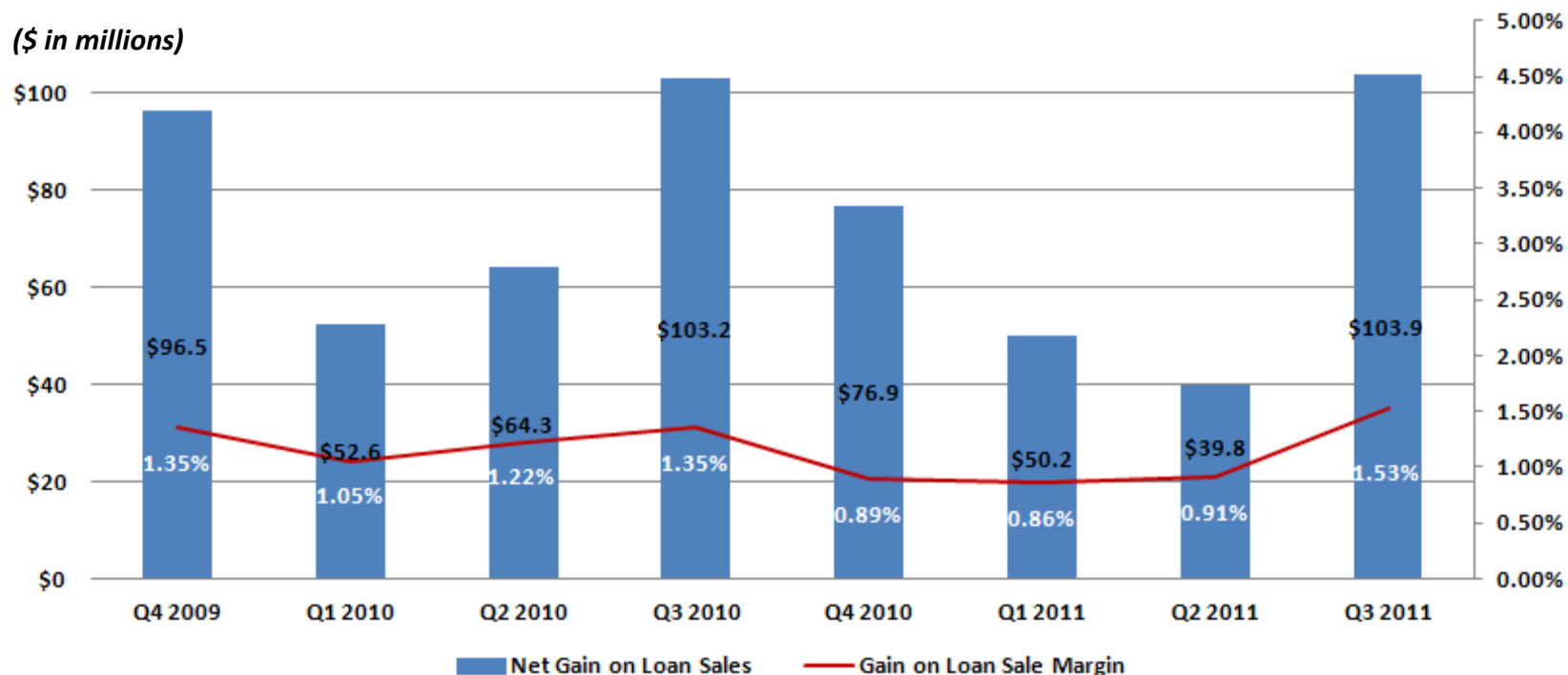
-- Third quarter residential mortgage origination volume increased by 49% from prior quarter...

(\$ in millions)



# Gain on Loan Sales

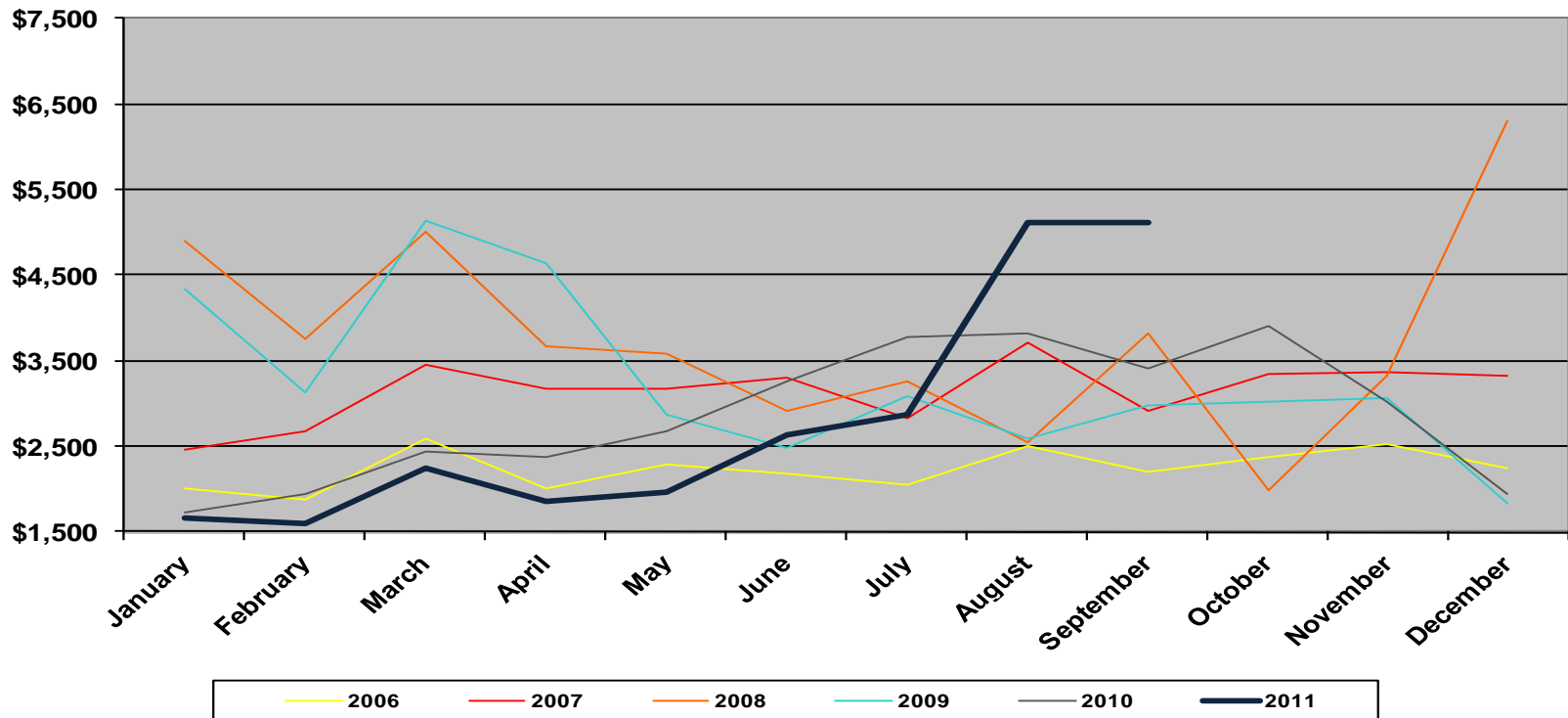
-- Third quarter gain on loan sale income increased both in dollar and in margin, from prior quarter...



# Historical Monthly Lock Volume

-- Residential mortgage rate locks increased significantly during Q3, reflecting the interest rate environment and increased refinancing activity...

(\$ in millions)

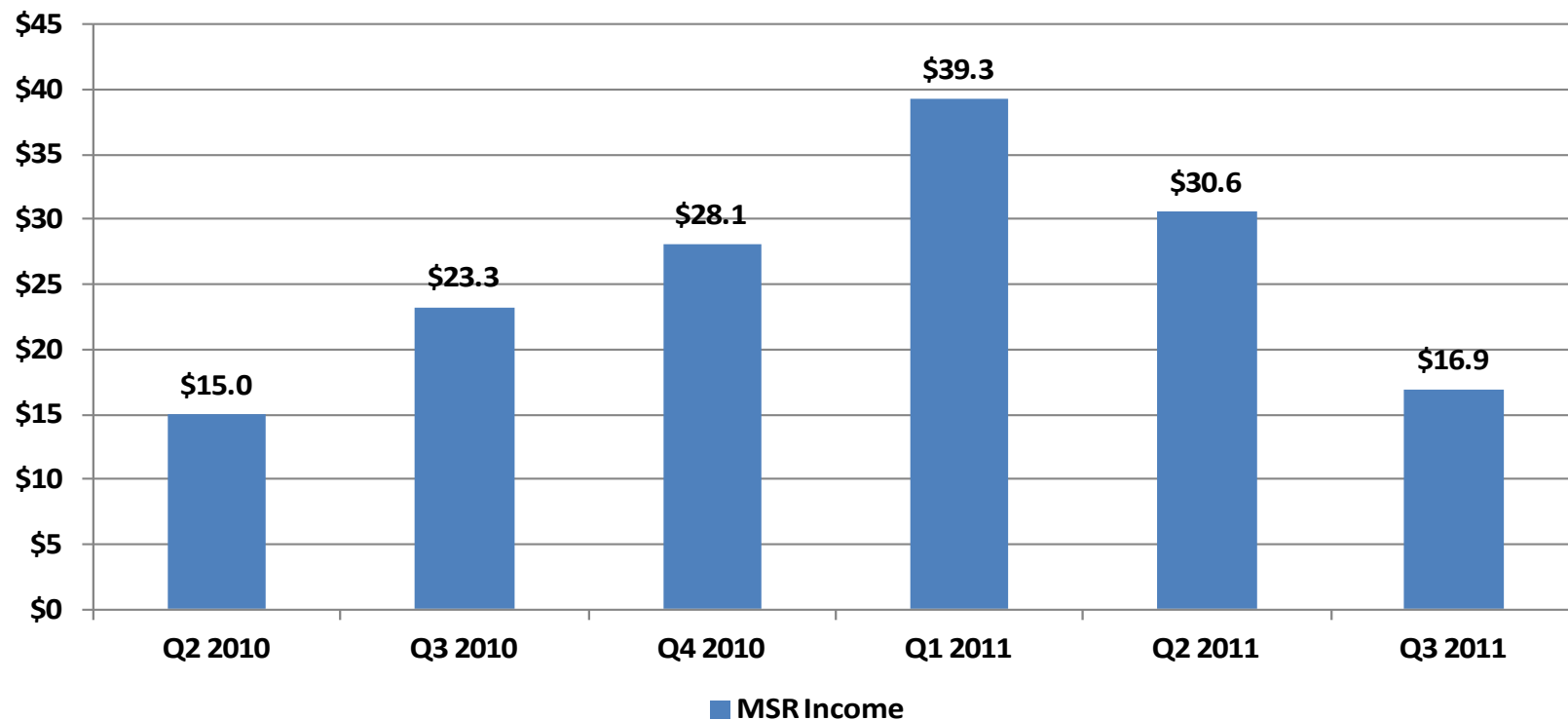


Note: Residential mortgage volume.

# Mortgage Servicing Rights (MSR) Income

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

*(\$ in millions)*

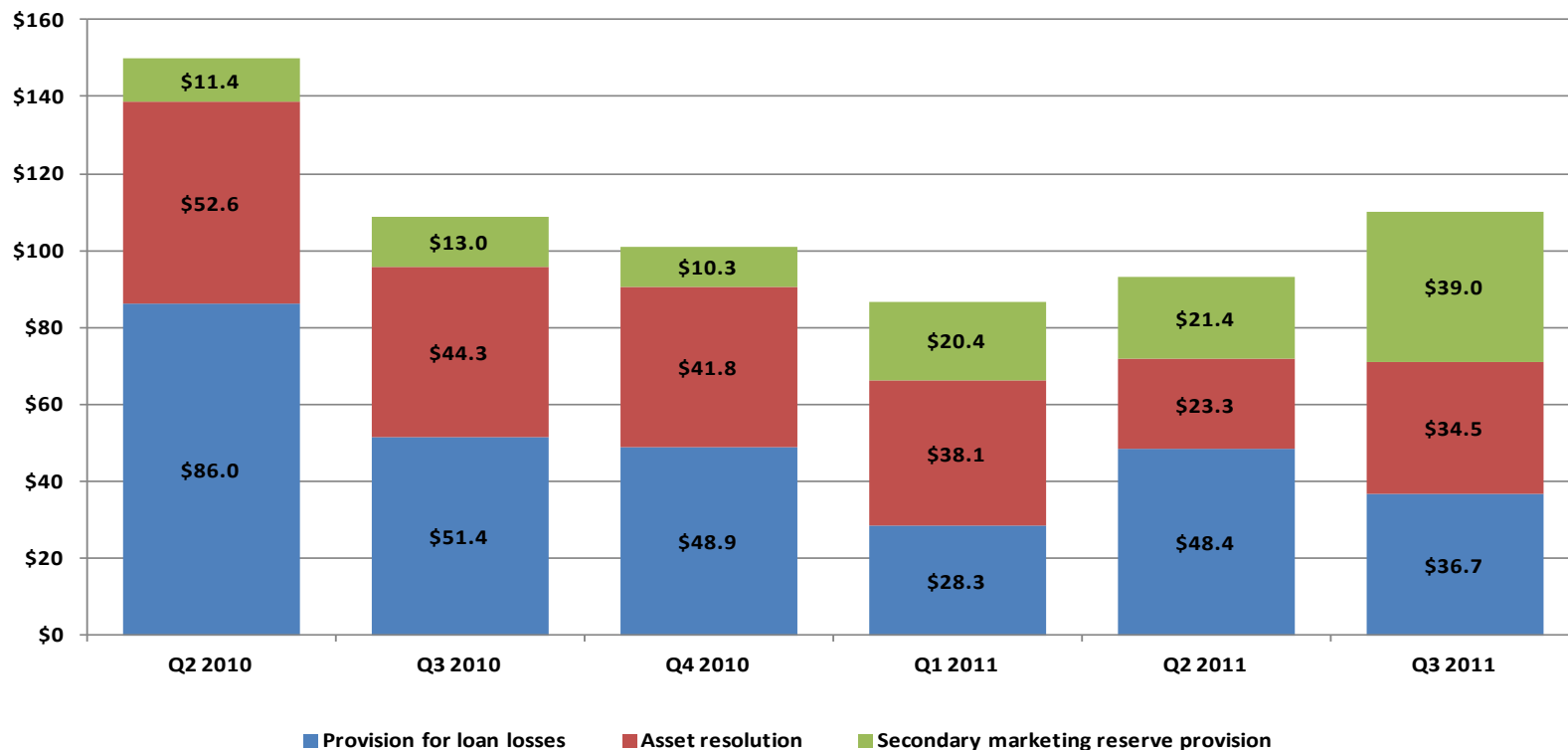


Note: MSR income includes net loan administration income and net gain or loss on trading securities.

# Credit Related Expenses

-- Credit related expenses related to the legacy portfolio continue to be challenged...

(\$ in millions)



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

\$ in millions			
	Q3 2011	Q2 2011	Q3 2010
Consumer <sup>(1)</sup>	\$91.3	\$91.2	\$97.7
Commercial <sup>(1)</sup>	\$13.7	\$1.4	\$15.1
Total 30 Day Delinquent Loans	\$105.0	\$92.6	\$112.7
Consumer <sup>(1)</sup>	\$46.0	\$46.1	\$49.8
Commercial <sup>(1)</sup>	\$10.5	\$0.2	\$24.0
Total 60 Day Delinquent Loans	\$56.5	\$46.3	\$73.7
Consumer <sup>(1)</sup>	\$352.4	\$298.8	\$670.1
Commercial <sup>(1)</sup>	\$92.5	\$104.6	\$241.3
Total 90+ Day Delinquent Loans	\$444.9	\$403.4	\$911.4
Non-performing Assets <sup>(2)</sup>	\$561.6	\$518.8	\$1,141.1
To Total Assets (Bank only)	4.09%	4.10%	8.25%
Classified Assets	\$1,003.5	\$895.7	\$1,684.4
Provision for Loan Losses	\$36.7	\$48.4	\$51.4
Charge-offs, Net of Recoveries	\$28.7	\$45.4	\$107.4
Allowance for Loan Losses	\$282.0	\$274.0	\$474.0
To Loans Held for Investment	4.13%	4.59%	6.48%
To Non-performing Loans	63.39%	67.93%	52.01%
Real Estate Owned	\$113.4	\$110.1	\$198.6

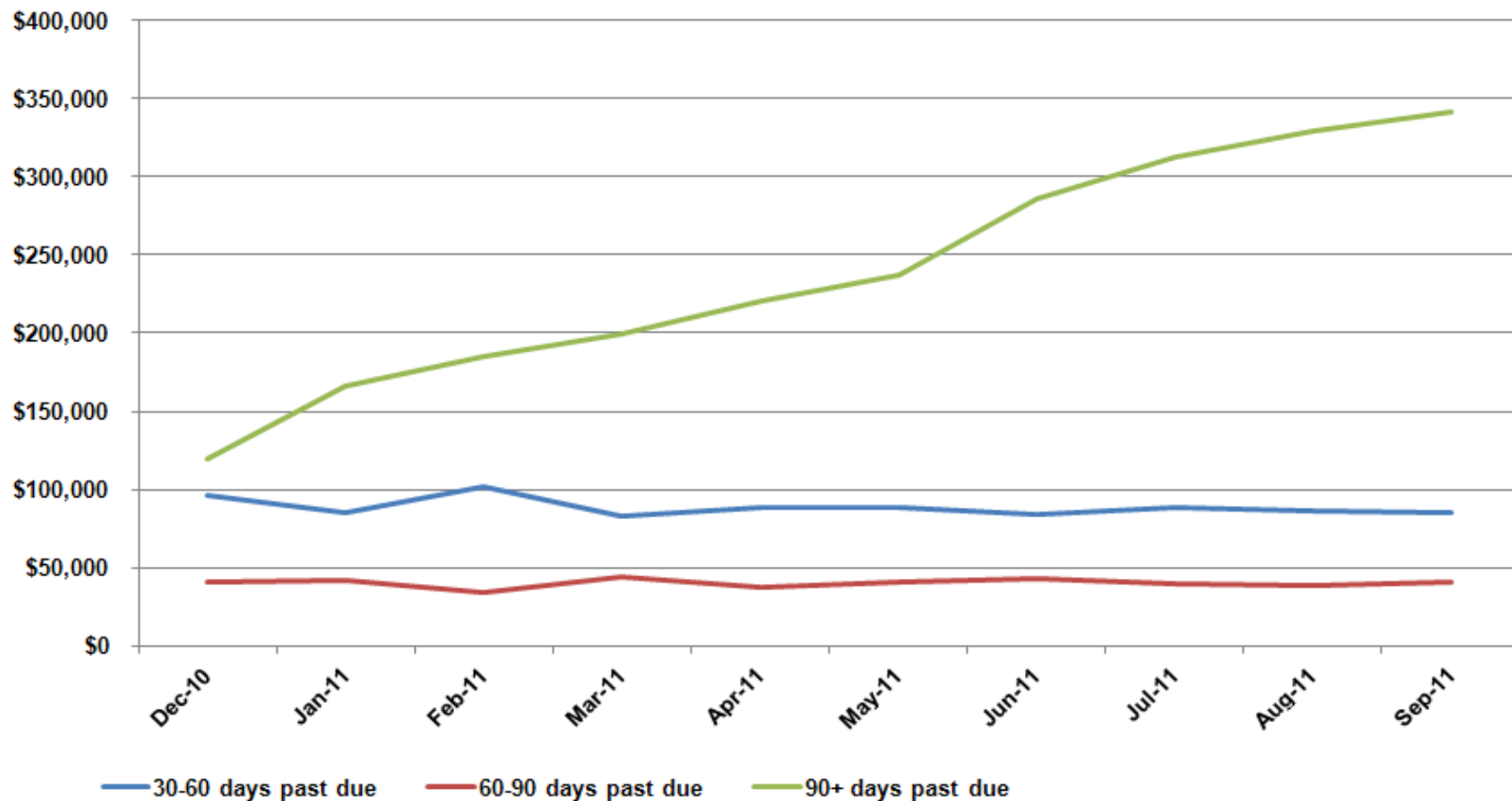
(1) Consumer loans include: residential first mortgage, second mortgage, construction, warehouse lending, HELOC, and other consumer loans. Commercial loans include: commercial real estate, commercial and industrial, and commercial lease financing loans.

(2) Includes non-performing loans available-for-sale.



# HFI Residential First Mortgage Delinquencies

-- Since beginning of 2011, pace of increase on 90+ day residential first mortgages has declined, while 30 day and 60 day residential delinquent mortgages are flat...

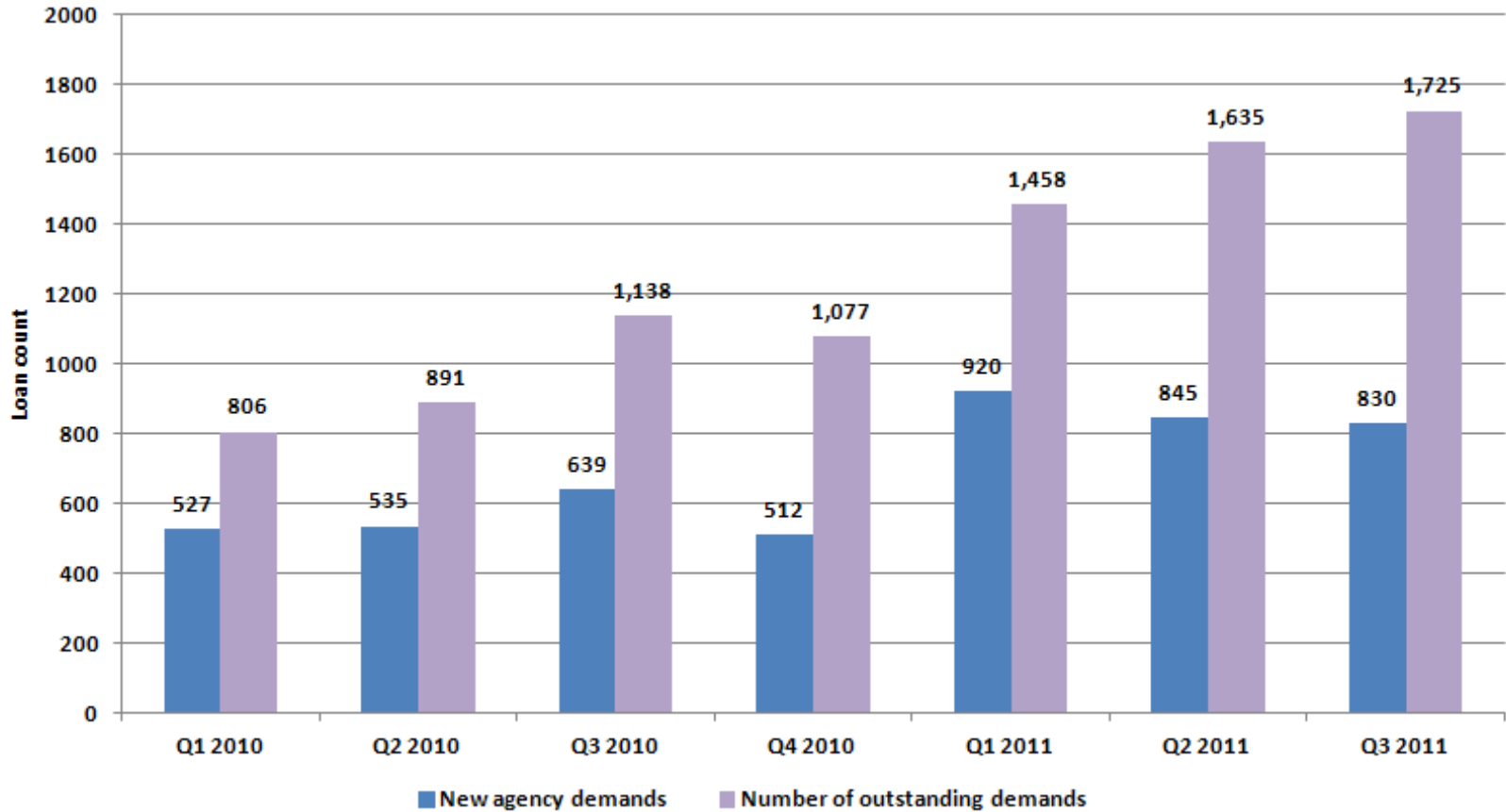


Note: Calculated using OTS method.



# Repurchase Demands

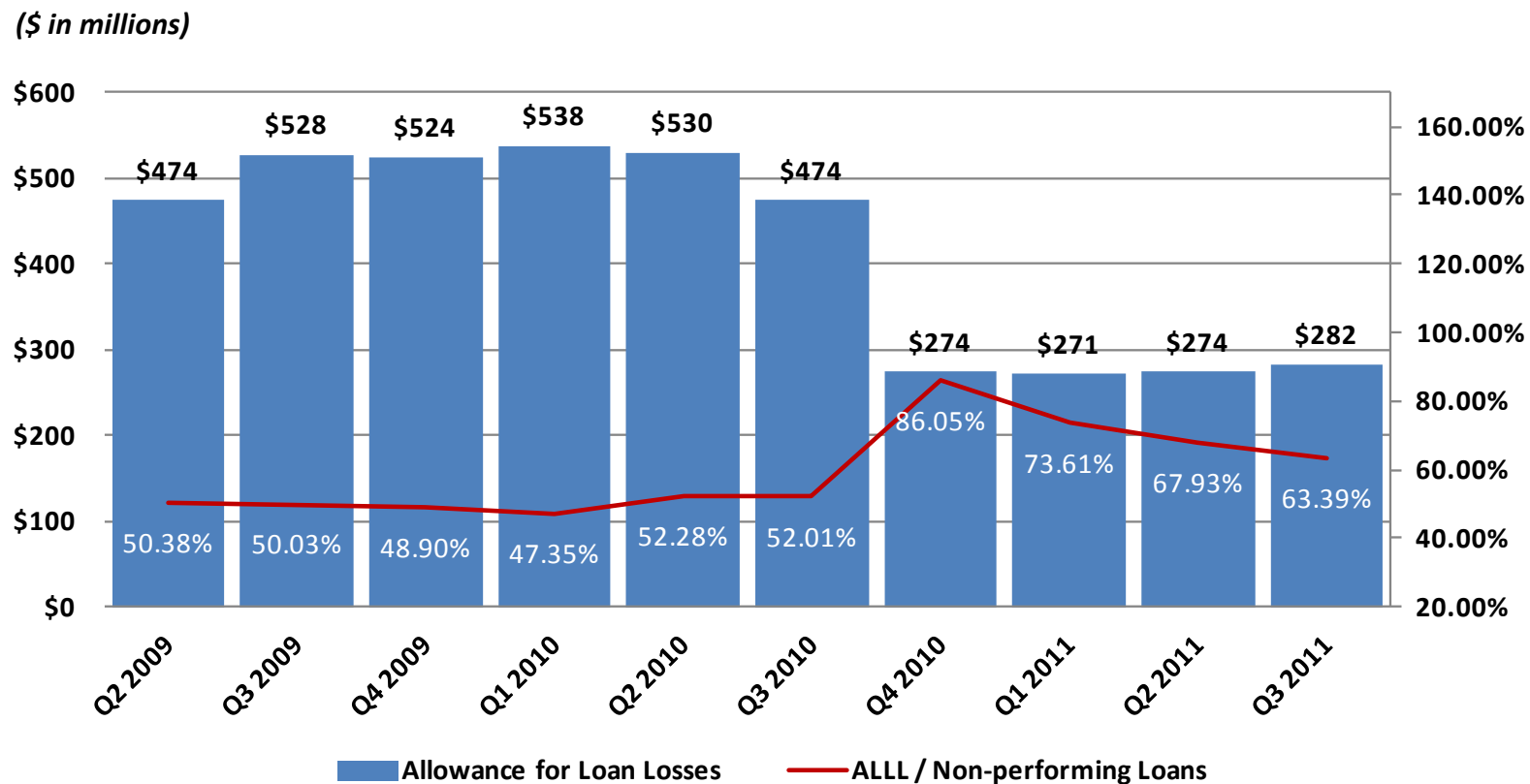
-- Consistent with industry trends, agency repurchase demands have increased significantly...





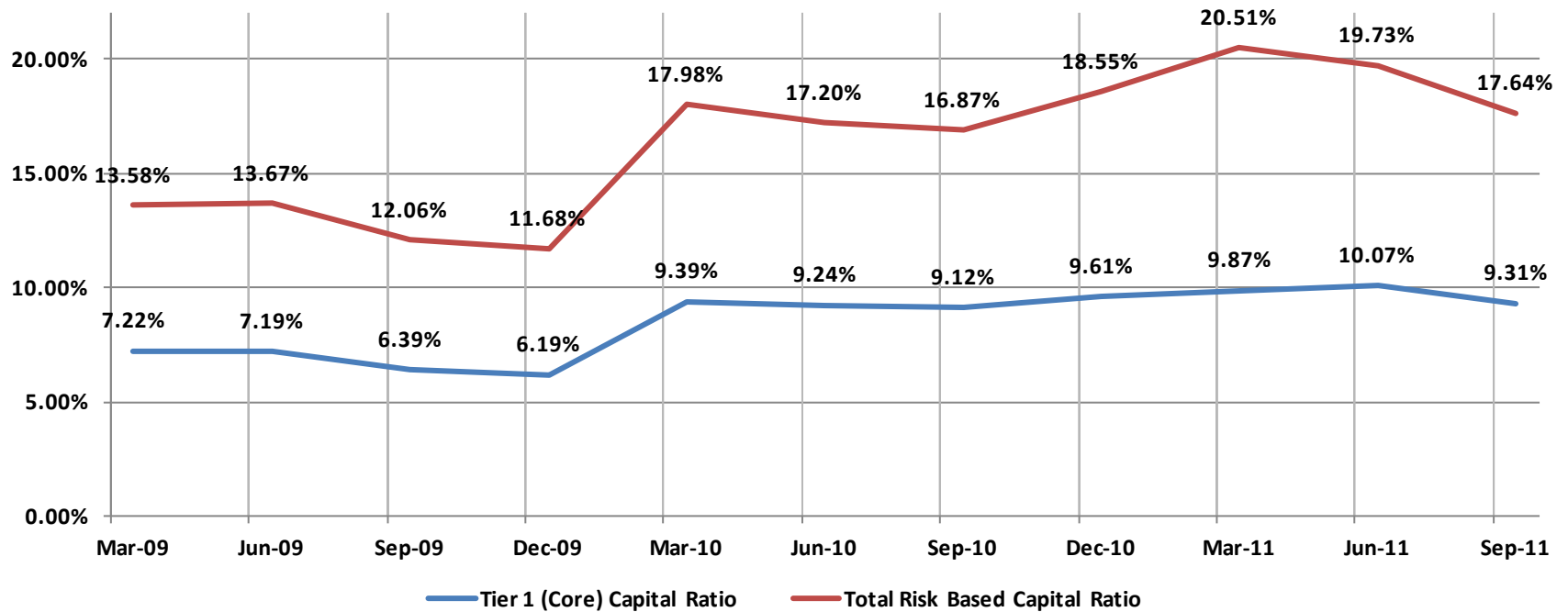
# Allowance for Loan Losses

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



# Regulatory Capital Ratios

-- Tier 1 capital ratio remains at historically high level...



# Pro Forma Common Book Value Per Share

-- Pro forma common book value per share of \$2.28 after DTA reversal and TARP redemption...

<i>(\$ in millions, except for per share data)</i>	Tangible Common Equity	TCE Per Share <sup>(1)</sup>	Preferred Equity	Total Equity
At September 30, 2011	\$ 906	\$ 1.63	\$ 253	\$ 1,159
DTA Reversal	370	0.67	-	370
<b>Pro Forma DTA reversal</b>	<b>1,276</b>	<b>2.30</b>	<b>253</b>	<b>1,530</b>
TARP Redemption	-	-	(253)	(253)
Reconciling item for TARP Redemption (difference in book value and face value is reduction in common equity)	(15)	(0.03)	-	(15)
<b>Pro Forma DTA reversal and TARP Redemption</b>	<b>\$ 1,262</b>	<b>\$ 2.28</b>	<b>\$ -</b>	<b>\$ 1,262</b>

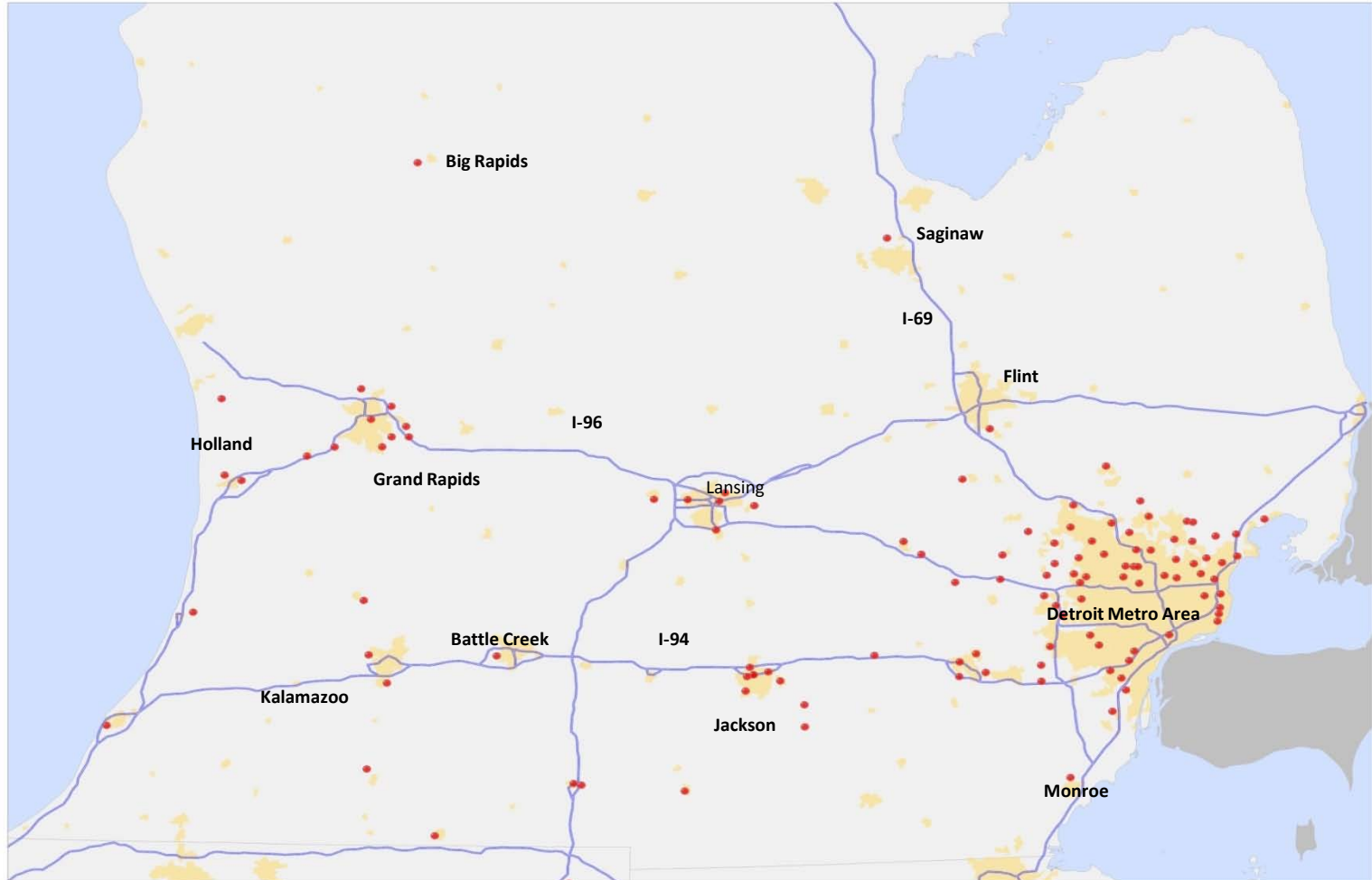
(1) Based on 555.0 million of total common shares outstanding

Totals may not foot due to rounding



# Michigan Branch Network

-- Ranked 6<sup>th</sup> largest in deposits in Michigan, with 4.43% market share...



# Appendix

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# Full Income Statement

*(\$ in millions, except per share data)*

	Q3 2011	Q2 2011	Q3 2010
Net Interest Income	\$65.6	\$51.3	\$51.2
Provision for Loan Losses	36.7	48.4	51.4
Net Interest Income after Provision	28.9	2.9	(0.2)
Noninterest Income	112.6	58.1	144.9
Noninterest Expense	150.7	130.9	162.6
Net Earnings (before tax provision)	(9.2)	(69.9)	(17.9)
Provision for Income Taxes	0.3	0.3	0.0
Net Earnings (before preferred dividends)	(9.5)	(70.2)	(17.9)
Preferred Dividends	(4.7)	(4.7)	(4.7)
Net Earnings	<b>(\$14.2)</b>	<b>(\$74.9)</b>	<b>(\$22.6)</b>
Weighted average common shares outstanding	\$554.8	\$554.1	\$153.5
Diluted Loss per Share	(\$0.03)	(\$0.14)	(\$0.15)

Totals may not foot due to rounding

# Select Balance Sheet Items

(\$ in millions)

	Q3 2011	Q2 2011	Q3 2010
Total assets	<b>\$13,734.0</b>	<b>\$12,662.8</b>	<b>\$13,836.6</b>
Cash and interest earning deposits	\$902.8	\$757.9	\$1,013.1
First mortgage loans	3,828.1	3,745.2	4,489.8
Second mortgage loans	146.5	155.5	185.1
Commercial real estate loans	1,268.9	1,111.1	1,341.0
Warehouse loans	995.7	513.7	913.5
Consumer lending	305.9	318.4	373.1
Non-real estate commercial loans	276.7	131.1	9.8
Investment loan portfolio	\$6,821.7	\$5,975.1	\$7,312.2
Loans held for sale	\$2,080.9	\$2,002.9	\$1,943.1
Loans repurchased with government guarantees	1,746.0	1,711.6	1,500.6
Securities classified as trading	312.8	292.4	161.0
Securities classified as available for sale	521.3	551.2	503.6
Mortgage servicing rights	437.3	577.4	447.0

Totals may not foot due to rounding

# Deposit Mix

(\$ in millions)	As of Sep 30, 2011		As of Jun 30, 2011		As of Sep 30, 2010	
	Balance	Rate	Balance	Rate	Balance	Rate
<b><u>Retail Deposits:</u></b>						
Demand deposits	\$ 640	0.19%	\$ 623	0.20%	\$ 551	0.32%
Savings deposits	1,318	0.74%	1,236	0.74%	809	1.01%
Money market deposits	557	0.62%	588	0.73%	540	0.96%
Certificates of deposit	2,990	1.59%	2,765	1.76%	3,494	2.39%
Total retail deposits	5,504	1.13%	5,212	1.21%	5,394	1.83%
Core retail deposits / retail deposits	45.67%		46.95%		35.22%	
<b><u>Government Banking Deposits:</u></b>						
Demand deposits	97	0.45%	62	0.44%	184	0.26%
Savings deposits	502	0.65%	384	0.65%	283	0.65%
Certificates of deposit	362	0.66%	229	0.76%	303	0.94%
Total government banking deposits	961	0.63%	675	0.67%	770	0.67%
Company controlled deposits	1,043	0.00%	815	0.00%	1,140	0.00%
Wholesale deposits	619	3.04%	703	3.28%	1,258	2.73%
Total deposits	\$ 8,128	1.07%	\$ 7,405	1.23%	\$ 8,562	1.61%
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 Sep 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	\$ 50,056	\$ 761,213	\$ -	\$ 811,269	42.7%	\$ 614,198	\$ 501,167	\$ 62,843	\$ 443	\$ 40,039	\$1,218,690	32.1%
FL	6,599	94,954	72	101,625	5.4%	299,462	152,043	18,237	1,718	17,128	488,589	12.9%
MI	4,082	92,252	-	96,334	5.1%	268,120	57,342	23,476	758	3,846	353,543	9.3%
WA	6,131	62,455	-	68,587	3.6%	110,779	57,443	10,153	299	7,690	186,364	4.9%
AZ	1,762	32,886	-	34,648	1.8%	88,180	57,696	7,559	-	5,333	158,768	4.2%
TX	5,214	85,496	-	90,710	4.8%	61,045	53,901	4,057	-	2,450	121,453	3.2%
CO	6,459	27,281	350	34,090	1.8%	74,150	19,816	11,585	328	3,113	108,991	2.9%
MD	4,667	41,730	-	46,398	2.4%	57,077	28,652	13,924	-	1,205	100,858	2.7%
VA	5,905	31,965	-	37,870	2.0%	51,404	24,135	8,727	-	2,950	87,216	2.3%
NY	1,046	33,597	-	34,643	1.8%	36,505	38,707	5,004	-	744	80,960	2.1%
GA	4,054	28,637	642	33,333	1.8%	41,741	24,676	8,149	-	369	74,935	2.0%
NV	-	7,059	-	7,059	0.4%	45,402	22,568	2,471	-	1,193	71,634	1.9%
IL	12,736	33,994	-	46,730	2.5%	40,197	28,022	3,251	-	-	71,469	1.9%
NJ	6,303	32,349	81	38,733	2.0%	35,205	25,667	5,545	494	2,422	69,332	1.8%
OH	1,480	17,783	-	19,263	1.0%	41,219	12,327	1,110	76	69	54,801	1.4%
Other	31,097	365,780	412	397,290	20.9%	296,988	194,536	43,086	1,321	10,097	546,028	14.4%
<b>Total :</b>	<b>\$ 147,589</b>	<b>\$1,749,433</b>	<b>\$ 1,558</b>	<b>\$1,898,580</b>	<b>100%</b>	<b>\$2,161,674</b>	<b>\$1,298,697</b>	<b>\$ 229,176</b>	<b>\$ 5,437</b>	<b>\$ 98,648</b>	<b>\$3,793,631</b>	<b>100%</b>

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 Sep 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	\$ 206	\$ -	\$ 573	0.0%	\$ 59,286	\$ 29,223	\$ 4,906	\$ -	\$ 355	\$ 93,769	2.5%
2003	527	-	-	527	0.0%	208,723	25,409	14,286	-	2,383	250,802	6.6%
2004	-	389	-	389	0.0%	636,333	39,278	26,359	3,354	230	705,553	18.6%
2005	-	1,483	72	1,555	0.1%	615,405	72,632	37,871	1,357	7,710	734,974	19.4%
2006	111	725	1,162	1,998	0.1%	138,479	186,283	31,135	328	20,274	376,498	9.9%
2007	-	4,944	324	5,268	0.3%	332,227	716,140	109,598	398	67,697	1,226,060	32.3%
2008	-	13,664	-	13,664	0.7%	27,660	92,572	5,021	-	-	125,254	3.3%
2009	-	8,263	-	8,263	0.4%	11,447	59,414	-	-	-	70,861	1.9%
2010	-	89	-	89	0.0%	13,894	12,665	-	-	-	26,559	0.7%
2011	146,584	1,719,670	-	1,866,254	98.3%	118,220	65,081	-	-	-	183,301	4.8%
<b>Total :</b>	<b>\$ 147,589</b>	<b>\$1,749,433</b>	<b>\$ 1,558</b>	<b>\$1,898,580</b>	<b>100%</b>	<b>\$2,161,674</b>	<b>\$1,298,697</b>	<b>\$ 229,176</b>	<b>\$ 5,437</b>	<b>\$ 98,648</b>	<b>\$3,793,631</b>	<b>100%</b>

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 Sep 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	\$ 218	\$ 7,154	\$ -	\$ 7,372	0.4%	\$ 16,355	\$ 18,120	\$ 232	\$ -	\$ -	\$ 34,707	0.9%
< 580	-	10,089	-	10,089	0.5%	21,420	30,287	3,088	-	-	54,795	1.4%
580 - 619	1,872	31,252	-	33,124	1.7%	29,831	47,678	2,506	-	-	80,015	2.1%
620 - 659	13,290	126,247	-	139,536	7.3%	125,662	101,349	12,394	142	2,728	242,275	6.4%
660 - 699	26,736	208,652	-	235,388	12.4%	562,447	308,731	82,416	480	47,696	1,001,770	26.4%
> 699	105,473	1,366,040	1,558	1,473,071	77.6%	1,405,960	792,532	128,539	4,815	48,224	2,380,070	62.7%
<b>Total :</b>	<b>\$ 147,589</b>	<b>\$1,749,433</b>	<b>\$ 1,558</b>	<b>\$1,898,580</b>	<b>100%</b>	<b>\$2,161,674</b>	<b>\$1,298,697</b>	<b>\$ 229,176</b>	<b>\$ 5,437</b>	<b>\$ 98,648</b>	<b>\$3,793,631</b>	<b>100%</b>

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 Sep 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%	\$ 44,958	\$ 572,784	\$ 89	\$ 617,831	32.5%	\$ 871,442	\$ 461,776	\$ 54,958	\$2,817	\$ 16,917	\$1,407,910	37.1%
70% - 79.99%	23,482	354,266	72	377,820	19.9%	944,279	517,619	95,005	1,746	13,847	1,572,494	41.5%
80% - 90%	19,805	266,355	81	286,241	15.1%	259,835	177,563	60,099	874	48,676	547,046	14.4%
> 90%	59,345	556,028	1,316	616,688	32.5%	86,118	141,740	19,115	-	19,209	266,181	7.0%
<b>Total :</b>	<b>\$147,589</b>	<b>\$1,749,433</b>	<b>\$ 1,558</b>	<b>\$1,898,580</b>	<b>100%</b>	<b>\$2,161,674</b>	<b>\$1,298,697</b>	<b>\$229,176</b>	<b>\$5,437</b>	<b>\$ 98,648</b>	<b>\$3,793,631</b>	<b>100%</b>

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

# HFI First Mortgage Portfolio – by Original FICO and LTV

As of Sep 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	\$574	\$7,828	7.3%	\$806	\$6,110	13.2%	\$630	\$9,441	6.7%	\$7,057	\$11,328	62.3%
< 580	1,816	11,125	16.3%	1,607	9,693	16.6%	4,645	16,018	29.0%	11,102	17,959	61.8%
580 - 619	1,282	14,622	8.8%	1,355	13,577	10.0%	6,336	24,197	26.2%	15,985	27,619	57.9%
620 - 659	6,935	110,860	6.3%	7,762	59,628	13.0%	5,193	31,986	16.2%	17,240	39,800	43.3%
660 - 699	19,576	343,101	5.7%	40,942	408,446	10.0%	32,599	168,785	19.3%	13,136	81,437	16.1%
> 699	33,825	920,374	3.7%	64,698	1,075,040	6.0%	34,455	296,619	11.6%	11,525	88,037	13.1%

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. Excludes first mortgage participations.

# Legacy Commercial RE Portfolio

As of Sep 30, 2011

<b>\$ in thousands</b>											
<b>Property Type</b>	<b>Balance</b>	<b>Percentage of</b>				<b>Total (\$) OTS Delinquent</b>	<b>90+ Days (%) Delinquent</b>	<b>Specific Reserve</b>	<b>General Reserve</b>	<b>Total Reserves</b>	
		<b>Loans</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90+ Days</b>						
Land - Non Residential Development	\$33,700.4	2.66%	-	1,950.9	12,008.5	13,959.5	35.63%	1,267.9	1,323.7	2,591.6	
Land - Residential Development	\$7,533.0	0.59%	-	-	6,772.3	6,772.3	89.90%	932.8	291.2	1,224.0	
1-4 Family	\$6,698.2	0.53%	-	-	4,841.6	4,841.6	72.28%	2,269.9	251.2	2,521.1	
Commercial Auto Dealer	\$4,964.0	0.39%	-	-	-	-	0.00%	-	186.2	186.2	
Condo	\$10,946.8	0.86%	-	-	-	-	0.00%	-	410.5	410.5	
Hospital / Nursing	\$13,926.0	1.10%	-	-	-	-	0.00%	-	522.3	522.3	
Industrial Warehouse	\$140,296.9	11.06%	304	294.7	7,610.8	8,209.0	5.42%	2,737.2	5,261.4	7,998.6	
Mini Storage	\$13,252.0	1.04%	-	-	1,905.5	1,905.5	14.38%	1,136.5	497.0	1,633.5	
Multi Family Apartment	\$154,056.5	12.14%	739	-	12,511.6	13,250.4	8.12%	259.3	5,777.5	6,036.8	
Office	\$346,876.9	27.34%	1,200	837.3	23,282.8	25,320.1	6.71%	6,501.3	13,008.6	19,510.0	
Retail	\$102,189.4	8.05%	148	-	6,867.3	7,015.2	6.72%	1,149.2	3,832.3	4,981.5	
Senior Living	\$64,965.2	5.12%	-	-	-	-	0.00%	-	2,436.3	2,436.3	
Shopping Center	\$302,975.8	23.88%	11,268	7,357.8	8,238.2	26,864.0	2.72%	15,005.1	11,362.3	26,367.4	
Special Purpose	\$62,201.2	4.90%	-	-	7,034.5	7,034.5	11.31%	3,016.1	2,332.7	5,348.8	
Other	\$10,141.7	0.80%	-	-	1,286.4	1,286.4	12.68%	-	311.8	311.8	
Negative Escrow	\$2,937.4	0.23%	-	-	-	-	0.00%	1,085.5	-	1,085.5	
CIP, Premium, FAS 91, Rec's	(\$8,783.1)	-0.69%	-	-	-	-	-	-	-	-	
<b>Totals</b>	<b>\$1,268,878.1</b>	<b>100.00%</b>	<b>\$13,658</b>	<b>10,440.8</b>	<b>92,359.4</b>	<b>116,458.6</b>	<b>7.28%</b>	<b>35,360.9</b>	<b>47,804.9</b>	<b>83,165.8</b>	

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

# Legacy Commercial RE Portfolio – by State

As of Sep 30, 2011

\$ in thousands

State	Land - Non Residential Development	Land - Residential Development	1-4 Family	Commercial Auto Dealer	Condo	Hospital / Nursing	Industrial Warehouse	Mini Storage	Multi Family Apartment	Office	Retail	Senior Living	Shopping Center	Special Purpose	Other	Total
MI	\$8,809	\$4,487	\$6,066	\$0	\$10,947	\$13,926	\$78,046	\$13,252	\$51,565	\$125,012	\$53,716	\$60,571	\$115,003	\$32,297	\$9,692	\$583,389
NY	-	-	-	-	-	-	5,124	-	75,098	60,773	-	-	3,027	-	-	144,021
GA	-	-	-	-	-	-	7,886	-	3,060	17,074	9,484	-	95,714	6,990	450	140,658
CA	-	135	-	-	-	-	43,051	-	1,634	41,092	25,067	-	12,854	14,077	-	137,909
IN	19,112	309	-	1,201	-	-	-	-	-	17,804	-	-	18,829	-	-	57,256
CT	-	-	-	-	-	-	-	-	-	40,823	-	-	-	-	-	40,823
VA	-	-	-	-	-	-	-	-	-	-	1,302	-	38,907	-	-	40,208
MA	-	-	-	3,763	-	-	-	-	-	27,113	1,996	-	-	1,486	-	34,358
MD	-	-	-	-	-	-	-	-	9,982	-	-	-	2,923	-	-	12,904
FL	5,779	-	-	-	-	-	2,316	-	-	491	-	-	308	3,143	-	12,037
PA	-	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
TN	-	-	-	-	-	-	1,293	-	-	-	-	-	7,360	663	-	9,316
NC	-	-	-	-	-	-	-	-	-	6,272	834	-	551	-	-	7,657
IL	-	-	-	-	-	-	-	-	-	4,235	-	-	-	1,497	-	5,732
WI	-	-	-	-	-	-	183	-	1,132	553	3,298	-	-	-	-	5,167
Other	-	2,602	632	-	-	-	2,397	-	1,586	5,635	6,493	4,394	7,500	2,050	-	33,288
<b>Total</b>	<b>\$33,700</b>	<b>\$7,533</b>	<b>\$6,698</b>	<b>\$4,964</b>	<b>\$10,947</b>	<b>\$13,926</b>	<b>\$140,297</b>	<b>\$13,252</b>	<b>\$154,056</b>	<b>\$346,877</b>	<b>\$102,189</b>	<b>\$64,965</b>	<b>\$302,976</b>	<b>\$62,201</b>	<b>\$10,142</b>	<b>\$1,274,724</b>

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 Sep 30, 2011

\$ in thousands

Vintage	Land - Non Residential Development	Land - Residential Development	1-4 Family	Commercial Auto Dealer	Condo	Hospital / Nursing	Industrial Warehouse	Mini Storage	Multi Family Apartment	Office	Retail	Senior Living	Shopping Center	Special Purpose	Other	Total
Older	\$0	\$0	\$3,463	\$0	\$0	\$0	\$30,768	\$5,368	\$1,548	\$6,449	\$3,222	\$9,348	\$12,156	\$1,596	\$3,124	\$77,042
2003	-	-	-	-	-	11,324	11,371	3,095	4,953	7,257	6,765	-	5,459	2,363	565	53,153
2004	-	3,281	699	-	-	2,462	7,123	515	4,712	57,974	8,290	5,034	6,785	3,587	906	101,367
2005	405	90	-	-	8,441	140	4,994	127	4,425	21,444	9,657	14,926	18,066	5,607	2,658	90,979
2006	22,580	309	204	1,201	-	-	19,012	2,631	12,977	37,062	15,530	24,619	74,884	15,314	587	226,909
2007	9,110	793	1,152	-	-	-	40,762	125	13,052	60,361	13,946	11,039	84,480	18,110	380	253,312
2008	1,605	-	847	-	-	-	21,203	-	6,329	21,082	28,747	-	70,619	11,594	61	162,087
2009	-	-	322	-	586	-	1,577	-	739	342	-	-	14,757	918	66	19,306
2010	-	2,451	-	-	1,920	-	673	-	10,183	1,093	6,766	-	8,596	-	595	32,277
2011	-	610	12	3,763	-	-	2,813	1,390	95,138	133,813	9,267	-	7,173	3,112	1,201	258,290
<b>Total</b>	<b>\$33,700</b>	<b>\$7,533</b>	<b>\$6,698</b>	<b>\$4,964</b>	<b>\$10,947</b>	<b>\$13,926</b>	<b>\$140,297</b>	<b>\$13,252</b>	<b>\$154,056</b>	<b>\$346,877</b>	<b>\$102,189</b>	<b>\$64,965</b>	<b>\$302,976</b>	<b>\$62,201</b>	<b>\$10,142</b>	<b>\$1,274,724</b>

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 Sep 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	\$27,915	(\$6,601)	(\$379)	\$20,934	Aaa	AAA	AAA	Caa3	CCC	C
CWHL 2007-3 A1	12543RAA7	29,561	(2,865)	(2,077)	24,619	NR	AAA	AAA	NR	CCC	C
CWHL 2006-18 1A1	12543WAA6	23,505	(1,282)	(1,487)	20,735	NR	AAA	AAA	NR	CC	C
CWHL 2005-23-A1	126694GU6	30,543	(535)	(303)	29,704	NR	AAA	AAA	NR	CCC	B
CWHL 2006-1 A2	126694XC7	24,291	(1,114)	(3,192)	19,985	NR	AAA	AAA	NR	CC	C
CWHL 2007-J1 1A1	12669MAA6	51,446	(7,360)	(4,087)	39,999	NR	AAA	AAA	NR	D	D
CWALT TR 2006-J8	23245LAD2	28,921	(10,461)	(916)	17,544	NR	AAA	AAA	NR	D	D
CWALT 2007-1T1 1A1	23246KAA9	33,679	(10,758)	(1,903)	21,018	Aaa	AAA	AAA	Ca	D	D
GSR 2006-9F 2A1	3622X7AD8	23,438	(1,274)	(1,529)	20,635	Aaa	NR	AAA	Caa1	NR	C
GSR 2006-7F 2A1	36298NAD6	25,459	(2,802)	(980)	21,676	Aaa	NR	AAA	Caa1	NR	C
JPMMT 2006-S4 A7	46629SAG7	49,423	(5,831)	(3,563)	40,029	Aaa	AAA	AAA	Caa2	CCC	C
<b>Subtotal</b>		<b>\$348,180</b>	<b>(\$50,884)</b>	<b>(\$20,418)</b>	<b>\$276,879</b>						
GMS Trust 2006-1	33848FAA1	\$131,730	(\$2,793)	(\$12,567)	\$116,370	Aaa	AAA	NR	B3	AAA	NR
<b>Subtotal</b>		<b>\$131,730</b>	<b>(\$2,793)</b>	<b>(\$12,567)</b>	<b>\$116,370</b>						
<b>Total</b>		<b>\$479,910</b>	<b>(\$53,676)</b>	<b>(\$32,985)</b>	<b>\$393,249</b>						

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



# Real Estate Owned Portfolio

As of Sep 30, 2011

\$ in thousands

	Commercial	%	Receivership	%	Construction	%	Manufactured Homes	%	Single Family Homes	%	Total	%
Current Month	\$ -	0.0%	\$ 703	2.5%	\$ -	0.0%	\$ 45	20.4%	\$ 11,539	21.0%	\$ 12,287	10.8%
30 days	-	0.0%	1,261	4.6%	-	0.0%	-	0.0%	6,434	11.7%	7,695	6.8%
60 days	1,318	7.2%	497	1.8%	-	0.0%	-	0.0%	3,680	6.7%	5,495	4.8%
90 days	262	1.4%	922	3.3%	-	0.0%	38	17.3%	7,030	12.8%	8,252	7.3%
91 - 180 days	945	5.2%	11,414	41.4%	471	91.6%	26	11.5%	12,287	22.4%	25,142	22.2%
181 - 365 days	4,597	25.2%	9,275	33.6%	-	0.0%	0	0.1%	7,683	14.0%	21,556	19.0%
1 - 2 years	7,948	43.5%	3,512	12.7%	-	0.0%	33	15.0%	5,020	9.1%	16,512	14.6%
2 - 3 years	111	0.6%	-	0.0%	43	8.4%	27	12.0%	1,191	2.2%	1,372	1.2%
3 - 4 years	3,079	16.9%	-	0.0%	-	0.0%	53	23.7%	27	0.0%	3,158	2.8%
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%	11,897	10.5%
<b>Total:</b>	<b>\$18,259</b>	<b>100.0%</b>	<b>\$27,585</b>	<b>100.0%</b>	<b>\$514</b>	<b>100.0%</b>	<b>\$222</b>	<b>100.0%</b>	<b>\$54,889</b>	<b>100.0%</b>	<b>\$113,365</b>	<b>100.0%</b>

# Asset Quality by Loan Type – HFI

As of Sep 30, 2011

\$ in thousands								
Loan Type	Balance	Non-performing Loans	% of Balance	% of Overall NPLs	Q3 11 Charge Offs, Net of Recoveries	Collectively Evaluated Reserves <sup>(1)</sup>	Individually Evaluated Reserves <sup>(2)</sup>	Total Reserves
Residential first mortgage	\$3,827,357	\$341,081	8.91%	76.67%	\$10,435	\$87,606	\$68,223	\$155,829
Second mortgage	146,501	4,302	2.94%	0.97%	4,301	15,331	2,905	18,236
Construction	758	758	100.00%	0.17%	-	124	78	202
Warehouse	995,663	28	0.00%	0.01%	272	1,307	516	1,823
HELOC	232,796	5,916	2.54%	1.33%	2,953	14,681	-	14,681
Other	73,126	345	0.47%	0.08%	785	1,984	1	1,985
Commercial RE	1,268,878	92,359	7.28%	20.76%	9,945	49,769	35,361	85,130
Commercial NRE	276,658	98	0.04%	0.02%	-	2,354	1,760	4,114
<b>Total:</b>	<b>\$6,821,737</b>	<b>\$444,887</b>	<b>6.52%</b>	<b>100.00%</b>	<b>\$28,691</b>	<b>\$173,156</b>	<b>\$108,844</b>	<b>\$282,000</b>

(1) Represents loans collectively evaluated for impairment in accordance with ASC 450-20, Loss Contingencies (formerly FAS 5), and pursuant to amendments by ASU 2010-20 regarding allowance for unimpaired loans

(2) Represents loans individually evaluated for impairment in accordance with ASC 310-10, Receivables (formerly FAS 114), and pursuant to amendments by ASU 2010-20 regarding allowance for impaired loans.

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

# Non Performing Loans HFI – by State

As of Sep 30, 2011

\$ in thousands

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Warehouse	Total	Percent of Total
CA	\$ 109,385	32.1%	\$ 1,487	\$ 1,468	\$ 11,298	\$ -	\$ -	\$ -	\$ 28	\$ 123,666	27.8%
MI	17,556	5.1%	317	1,376	52,545	98	304	250	-	72,446	16.3%
FL	59,600	17.5%	255	1,063	5,287	-	384	29	-	66,618	15.0%
AZ	19,595	5.7%	296	85	-	-	-	-	-	19,977	4.5%
GA	9,260	2.7%	61	251	4,668	-	-	27	-	14,266	3.2%
MD	11,865	3.5%	101	157	-	-	-	-	-	12,124	2.7%
NV	11,872	3.5%	34	85	-	-	-	-	-	11,991	2.7%
NY	10,651	3.1%	-	-	-	-	-	-	-	10,651	2.4%
IN	3,083	0.9%	-	21	5,875	-	70	14	-	9,063	2.0%
MO	4,305	1.3%	-	97	3,768	-	-	-	-	8,171	1.8%
OH	6,486	1.9%	-	52	1,440	-	-	-	-	7,978	1.8%
NJ	7,129	2.1%	-	5	-	-	-	-	-	7,134	1.6%
CO	6,563	1.9%	283	-	-	-	-	-	-	6,846	1.5%
WA	6,383	1.9%	21	122	-	-	-	-	-	6,525	1.5%
TX	6,411	1.9%	92	-	-	-	-	-	-	6,503	1.5%
Other	50,937	14.9%	1,354	1,133	7,479	-	-	24	-	60,926	13.7%
<b>Total</b>	<b>\$341,081</b>	<b>100.0%</b>	<b>\$4,302</b>	<b>\$5,916</b>	<b>\$92,359</b>	<b>\$98</b>	<b>\$758</b>	<b>\$344</b>	<b>\$28</b>	<b>\$444,887</b>	<b>100.0%</b>

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 Sep 30, 2011

\$ in thousands

Vintage	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Warehouse	Total	Percent of Total
Older	\$5,134	1.5%	\$40	\$304	\$8,490	\$0	\$70	\$18	\$0	\$14,056	3.2%
2003	9,748	2.9%	57	390	2,906	-	-	1	-	13,103	2.9%
2004	27,076	7.9%	429	725	12,860	-	-	-	-	41,090	9.2%
2005	44,182	13.0%	29	903	5,451	-	-	64	-	50,629	11.4%
2006	42,498	12.5%	84	877	24,225	-	-	102	-	67,785	15.2%
2007	156,334	45.8%	3,527	2,471	25,415	-	384	82	-	188,213	42.3%
2008	43,768	12.8%	136	218	2,656	-	304	26	-	47,106	10.6%
2009	11,508	3.4%	-	28	577	-	-	2	28	12,144	2.7%
2010	832	0.2%	-	-	7,134	-	-	32	-	7,998	1.8%
2011	-	0.0%	-	-	2,647	98	-	17	-	2,762	0.6%
<b>Total</b>	<b>\$341,081</b>	<b>100.0%</b>	<b>\$4,302</b>	<b>\$5,916</b>	<b>\$92,359</b>	<b>\$98</b>	<b>\$758</b>	<b>\$344</b>	<b>\$28</b>	<b>\$444,887</b>	<b>100%</b>

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

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