Earnings Presentation
Second Quarter 2012

Presenters:

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FBC LISTED NYSE

Flagstar Bancorp

Legal Disclaimer

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements, by their nature, involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in a forward-looking statement. Examples of forward-looking statements include statements regarding our expectations, beliefs, plans, goals, objectives and future financial or other performance. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. Except to fulfill our obligations under the U.S. securities laws, we undertake no obligation to update any such statement to reflect events or circumstances after the date on which it is made. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include:

(1) 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 stockholders;
(2) Competitive factors for loans could negatively impact gain on loan sale margins;
(3) 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;
(4) Changes in the regulation of financial services companies and government-sponsored housing enterprises, and in particular, declines in the liquidity of the residential mortgage loan secondary market, could adversely affect our business;
(5) Changes in regulatory capital requirements or an inability to achieve or maintain 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 our business model;
(6) General business and economic conditions, including unemployment rates, movements in interest rates, the slope of the yield curve, any increase in mortgage fraud and other related criminal activity and the further decline of asset values in certain geographic markets, may significantly affect our business activities, loan losses, reserves, earnings and business prospects;
(7) Factors concerning the implementation of proposed refinements and transformation of our business model could result in slower implementation times than we anticipate and negate any competitive advantage that we may enjoy;
(8) Actions of mortgage loan purchasers, guarantors and insurers regarding repurchases and indemnity demands and uncertainty related to foreclosure procedures could adversely affect our business activities and earnings;
(9) The Dodd-Frank Wall Street Reform and Consumer Protection Act has resulted in the elimination of the Office of Thrift Supervision, tightening of capital standards, and the creation of a new Consumer Financial Protection Bureau ("CFPB") and has resulted, or will result, in new laws, regulations and regulatory supervisors that are expected to increase our costs of operations. In addition, the change to the Office of the Comptroller of the Currency ("OCC") as Flagstar Bank, FSB’s primary federal regulator may result in interpretations affecting our operations different than those of the Office of Thrift Supervision ("OTS");
(10) Both the volume and the nature of consumer actions and other forms of litigation against financial institutions have increased and to the extent that such actions are brought against us or threatened, the cost of defending such suits as well as potential exposure could increase our costs of operations;
(11) Our compliance with the terms and conditions of the agreement with the U.S. Department of Justice, the impact of performance and enforcement of commitments under, and provisions contained in the agreement, and our accuracy and ability to estimate the financial impact of that agreement, including the fair value of the future payments required, could accelerate our litigation settlement expenses relating thereto;
(12) The downgrade by Standards & Poor's of the long-term credit rating of the U.S. could materially affect global and domestic financial markets and economic conditions, which may affect our business activities, financial condition, and liquidity; and
(13) If we do not regain compliance with the New York Stock Exchange ("NYSE") continued listing requirements, our common stock may be delisted from the NYSE.

All of the above factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such factor on our business.

Please also refer to Item 1A to Part I of our Annual Report on Form 10-K, which is incorporated by reference herein, for further information on these and other factors affecting us. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements included herein may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

Second Quarter 2012 Highlights

- Net income to common stockholders of $86.0 million, or $0.15 per share (year-to-date net income of $77.3 million, or $0.13 per share)
  - Gain on loan sale income of $212.7 million, or 166 bps
  - Net servicing revenue of $28.7 million and loan fees and charges of $34.8 million
  - Quarterly bank net interest margin relatively flat at 2.37%
  - Retail core deposits increased from prior quarter and cost of funds declined from prior quarter
  - Commercial loans continue to grow, consistent with business plan

- Remained well-capitalized with significant liquidity
  - Tier 1 capital ratio (to adjusted total assets) increased to 9.07%
  - Significant liquidity, with cash and cash equivalents of $1.3 billion, in addition to over $600 million in unused capacity at FHLB

- Continued emphasis on credit risk management and controlling credit costs
  - Total credit-related costs decreased by 40.3% from prior quarter
  - Total delinquent loans held-for-investment declined slightly
  - Allowance coverage ratio remained stable at 66.5%

Summary Financial Results

($ in millions, except per share data)			
	Q2 2012	Q1 2012	Q2 2011
Net Interest Income	$75.5	$74.7	$51.3
Provision	$58.4	$114.7	$48.4
Gain on Loan Sale	$212.7	$204.9	$39.8
Net Servicing Revenue [1]	$28.7	$32.9	$30.6
Net Gain (Loss) Applicable to Common Shareholders	**$86.0**	**($8.7)**	**($74.9)**
Diluted Earnings / (Loss) per Share	$0.15	($0.02)	($0.14)
Total Assets	$14,368.4	$14,042.3	$12,662.8
Total Stockholders' Equity	$1,178.3	$1,087.4	$1,174.4
Book Value per Common Share	**$1.65**	**$1.49**	**$1.66**
NPLs / Gross Loans HFI	6.59%	6.11%	6.75%
NPAs / Total Assets (Bank)	**3.75%**	**3.67%**	**4.06%**
ALLL / NPLs	**66.50%**	**69.11%**	**67.93%**
ALLL / Gross Loans HFI	4.38%	4.22%	4.59%
NPAs / Tier 1 Capital + Allowance for Loan Losses [2]	34.04%	34.62%	33.30%
Tier 1 Capital Ratio	**9.07%**	**8.64%**	**10.07%**
Total Risk Based Capital Ratio	17.03%	16.06%	19.73%
Tier 1 Common to Risk Weighted Assets	9.60%	8.58%	11.08%
Total Equity / Total Assets	8.20%	7.74%	9.27%

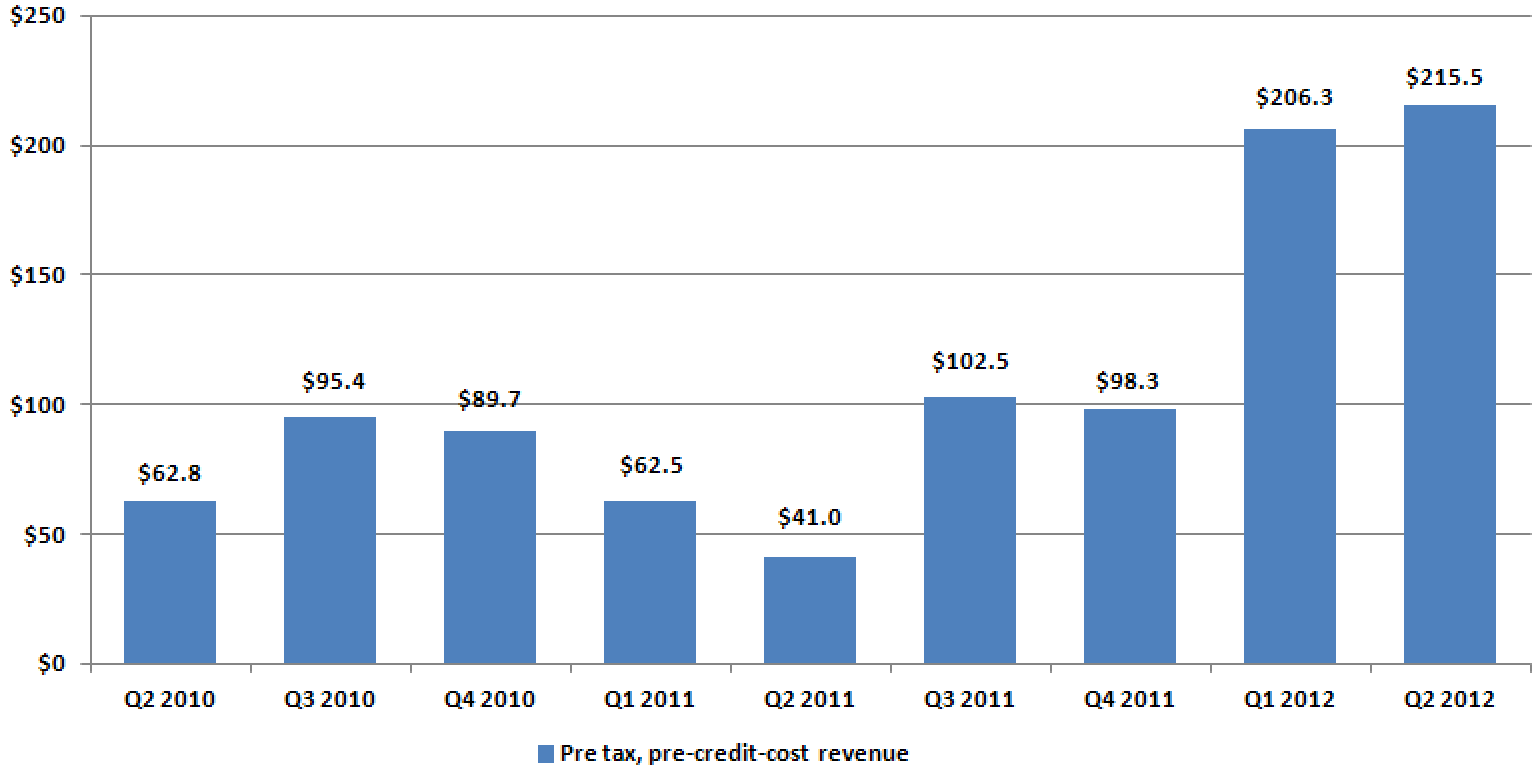
[1] Net servicing revenue includes net loan administration income and net gain (loss) on trading securities.

[2] See Non-GAAP reconciliation on pages 41 – 42.

Pre-tax, Pre-credit-cost Revenue

-- Pre-tax, pre-credit-cost revenue of $215.5 million, increased from prior quarter…

($ in millions)

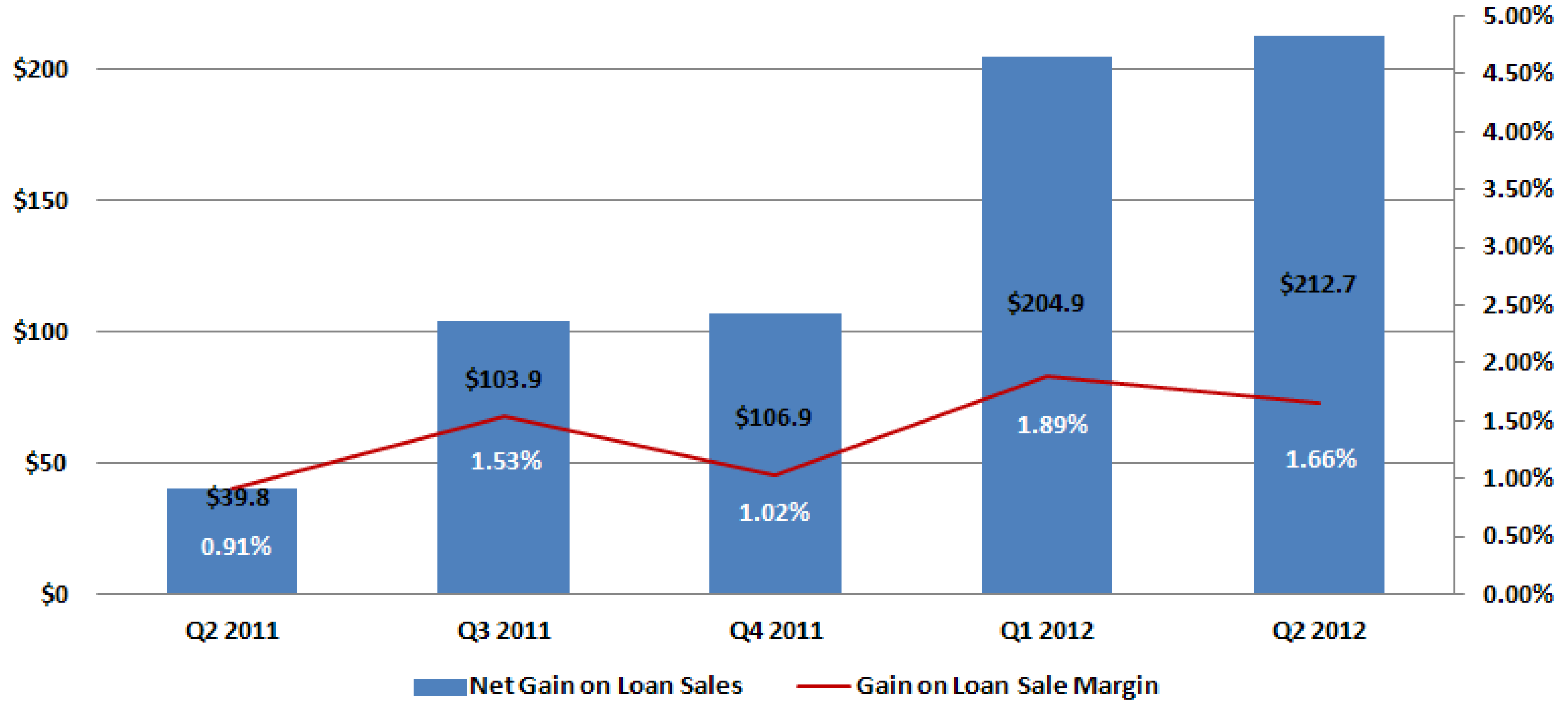


Note: See Non-GAAP reconciliation on pages 41 - 42.

Gain on Loan Sales

-- Gain on loan sale income improved from prior quarter, driven by the strength of the mortgage banking business…

($ in millions)



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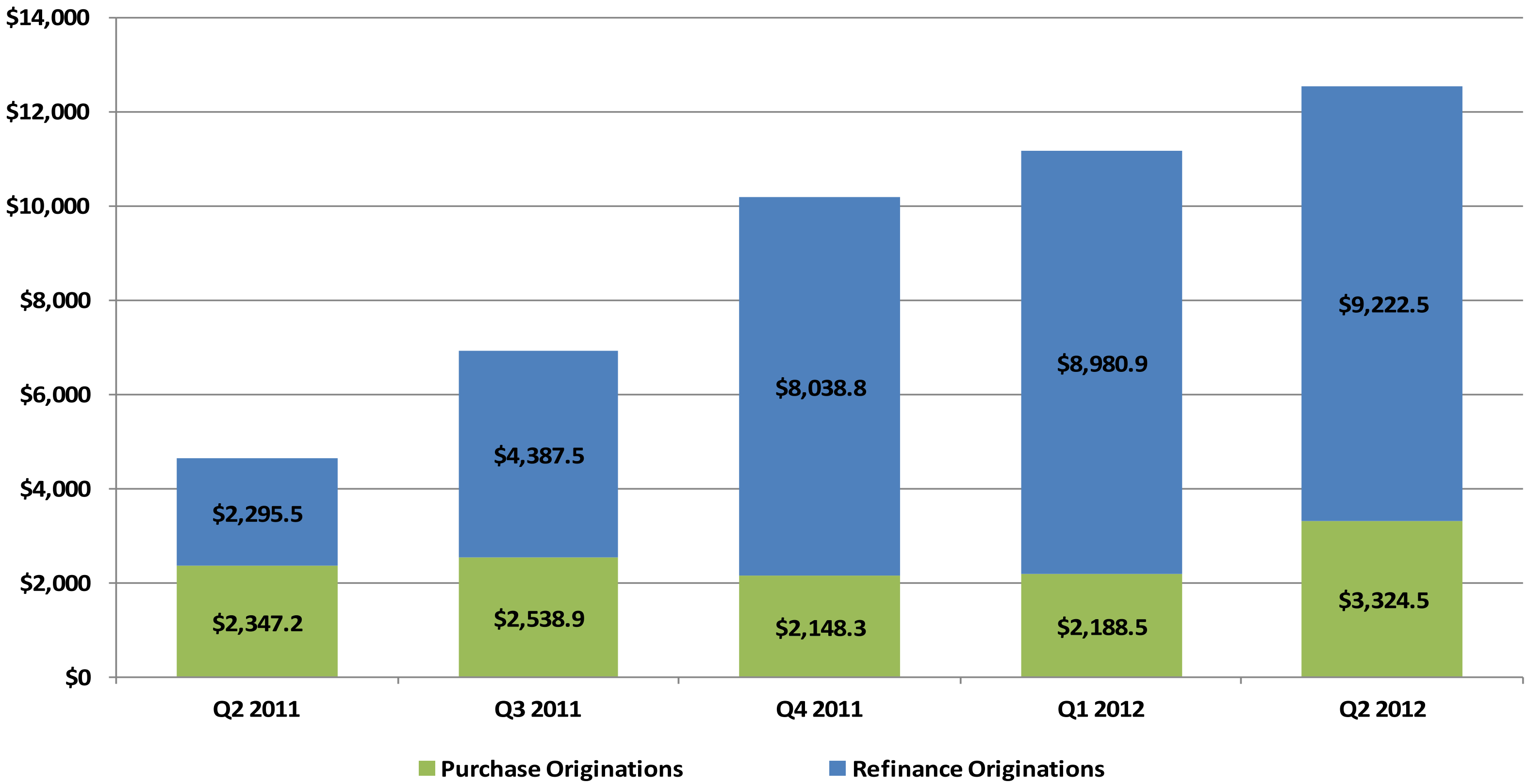
Residential Mortgage Originations

-- Residential first mortgage originations increased from the prior quarter, driven by increases in both purchase and refinance originations…

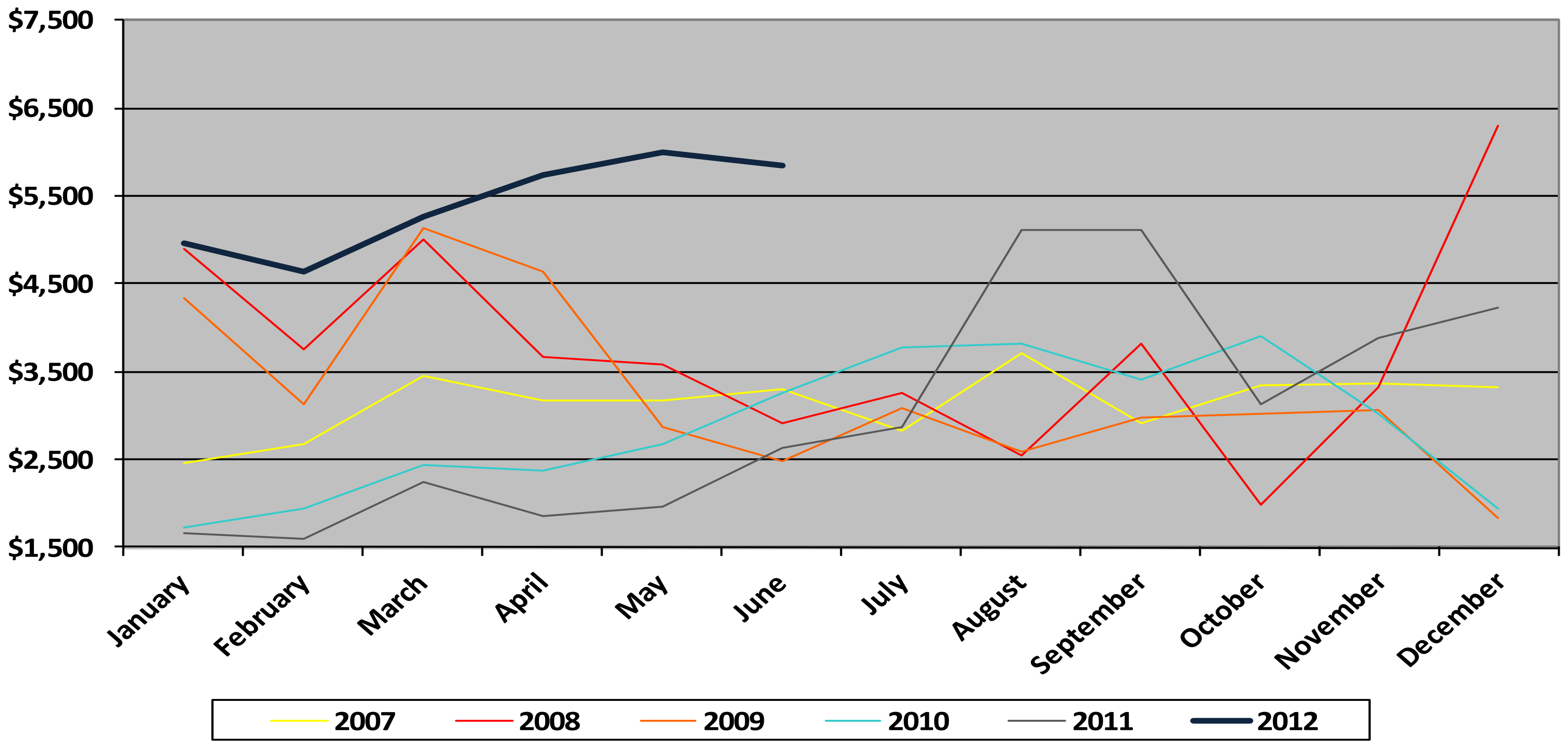
($ in millions)



Historical Monthly Lock Volume

-- Residential first mortgage rate locks continued at historically high levels, reflecting the favorable interest rate environment…

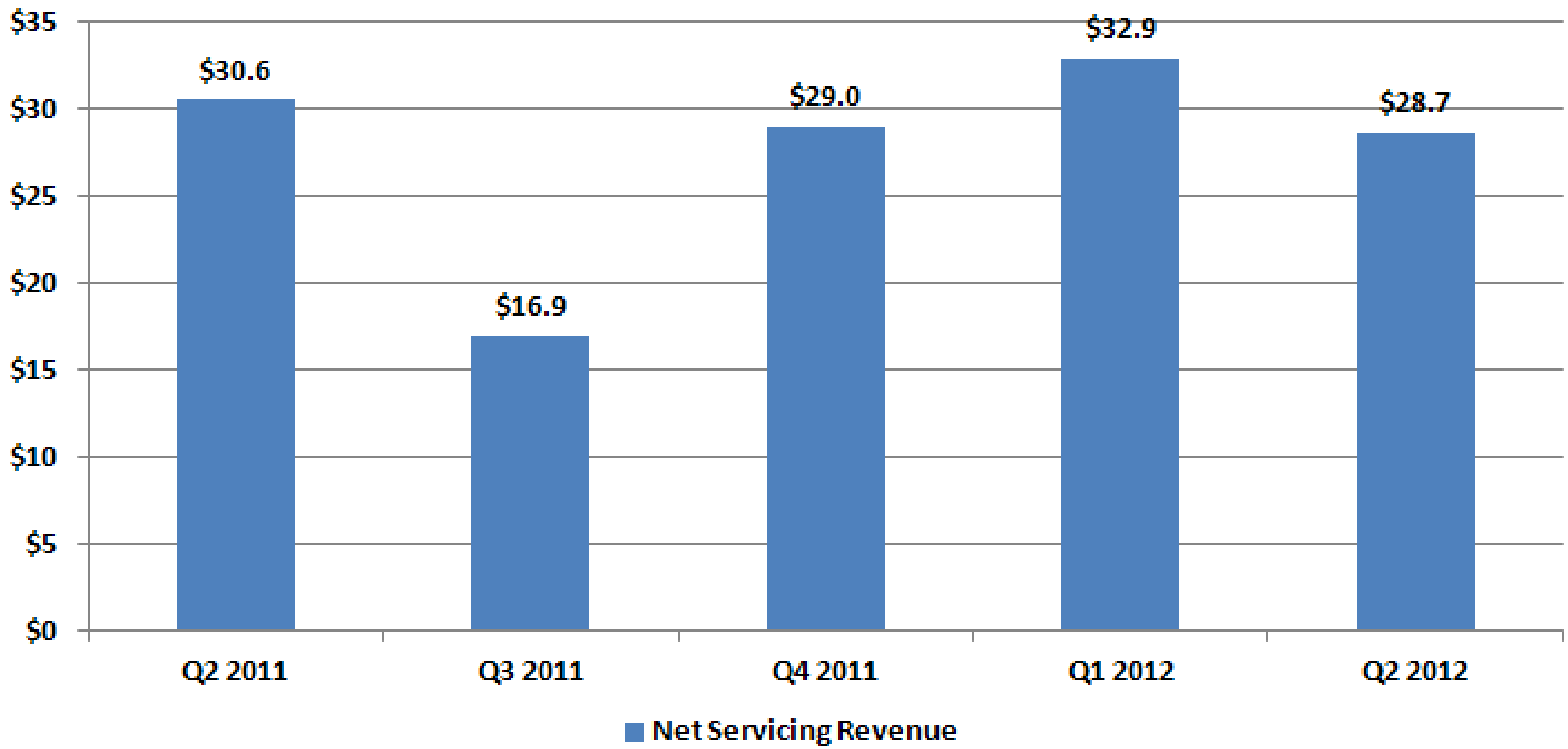
($ in millions)



Net Servicing Revenue

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

($ in millions)



Note: Net servicing revenue includes net loan administration income and net gain (loss) on trading securities.

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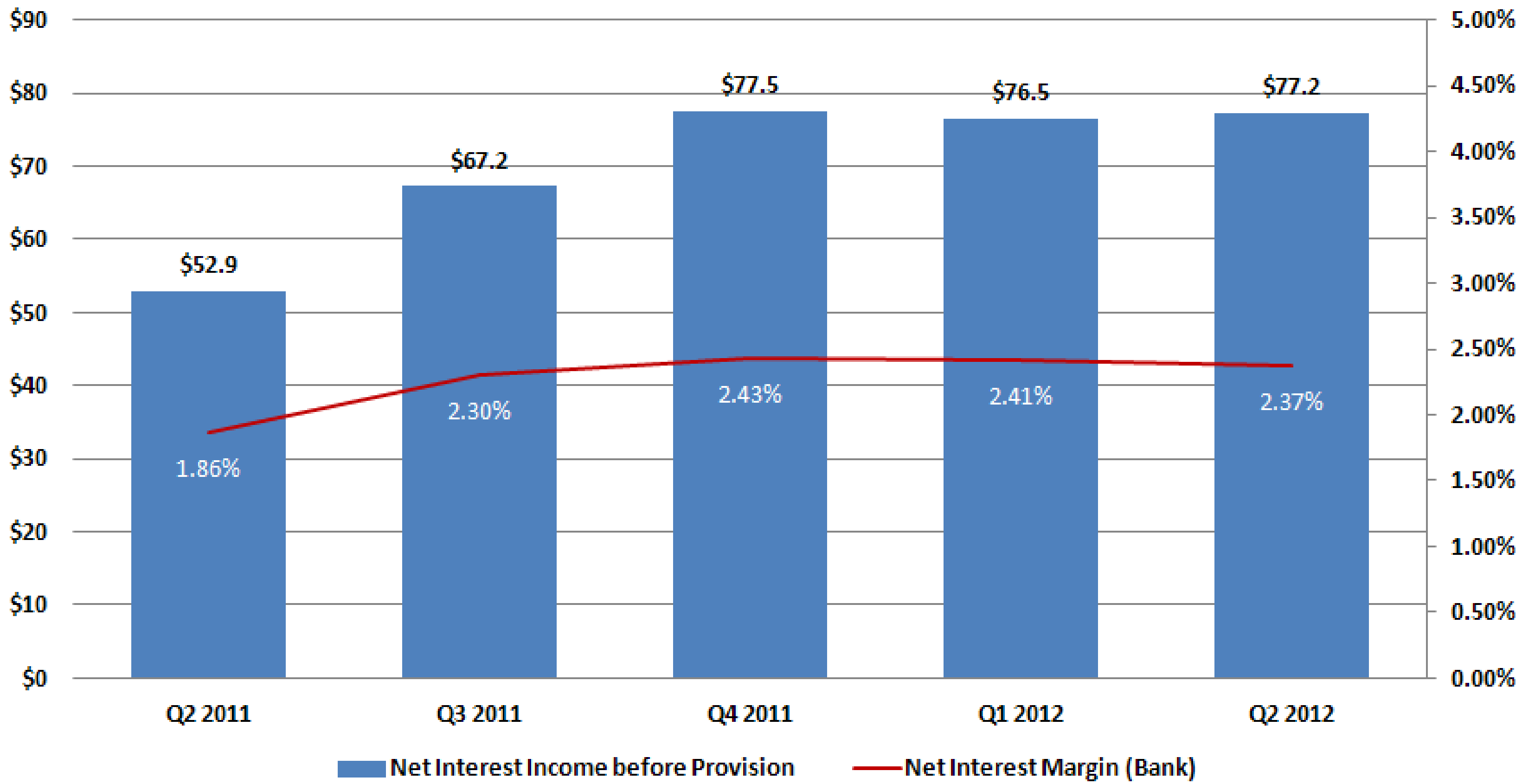
Bank Net Interest Income and Margin

-- Bank net interest income was relatively flat from the prior quarter…

($ in millions)



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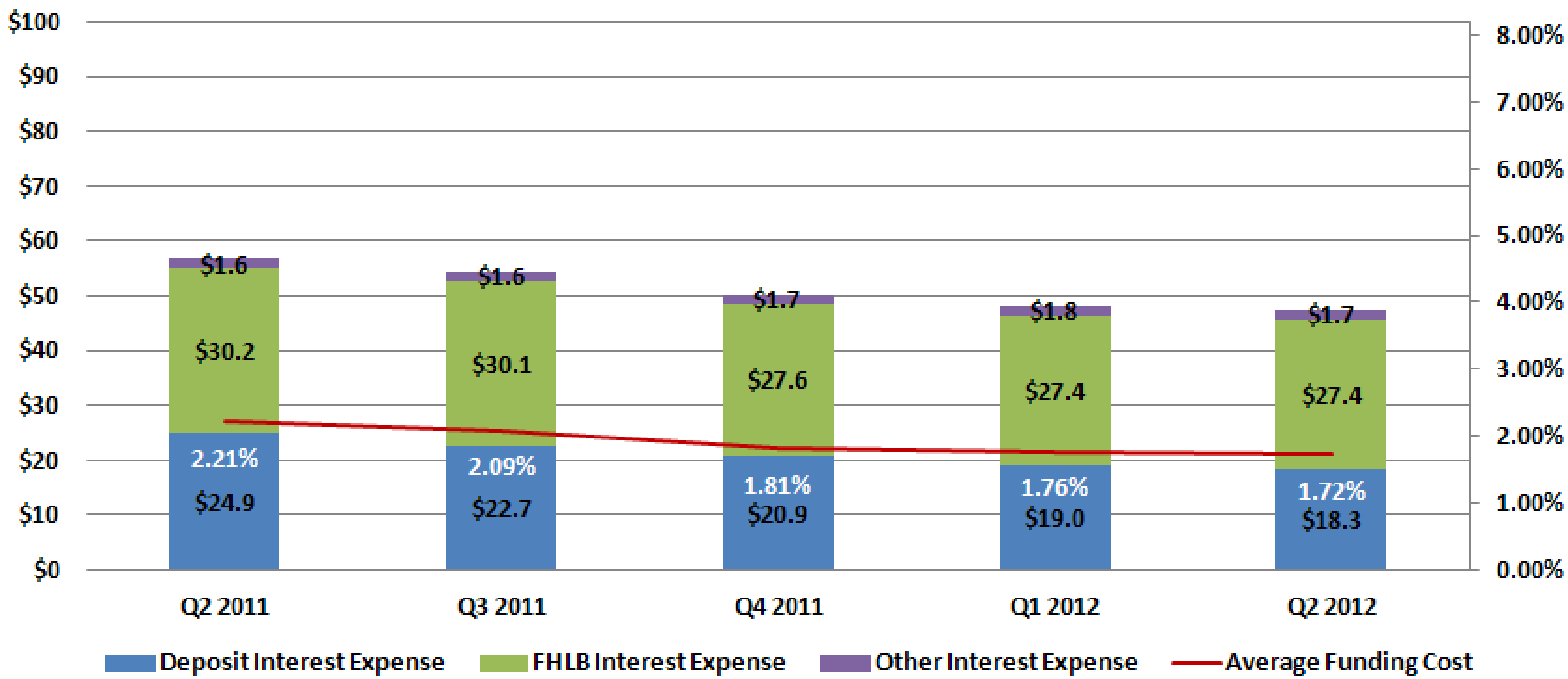
Cost of Funds

-- Average cost of funds continues to improve…

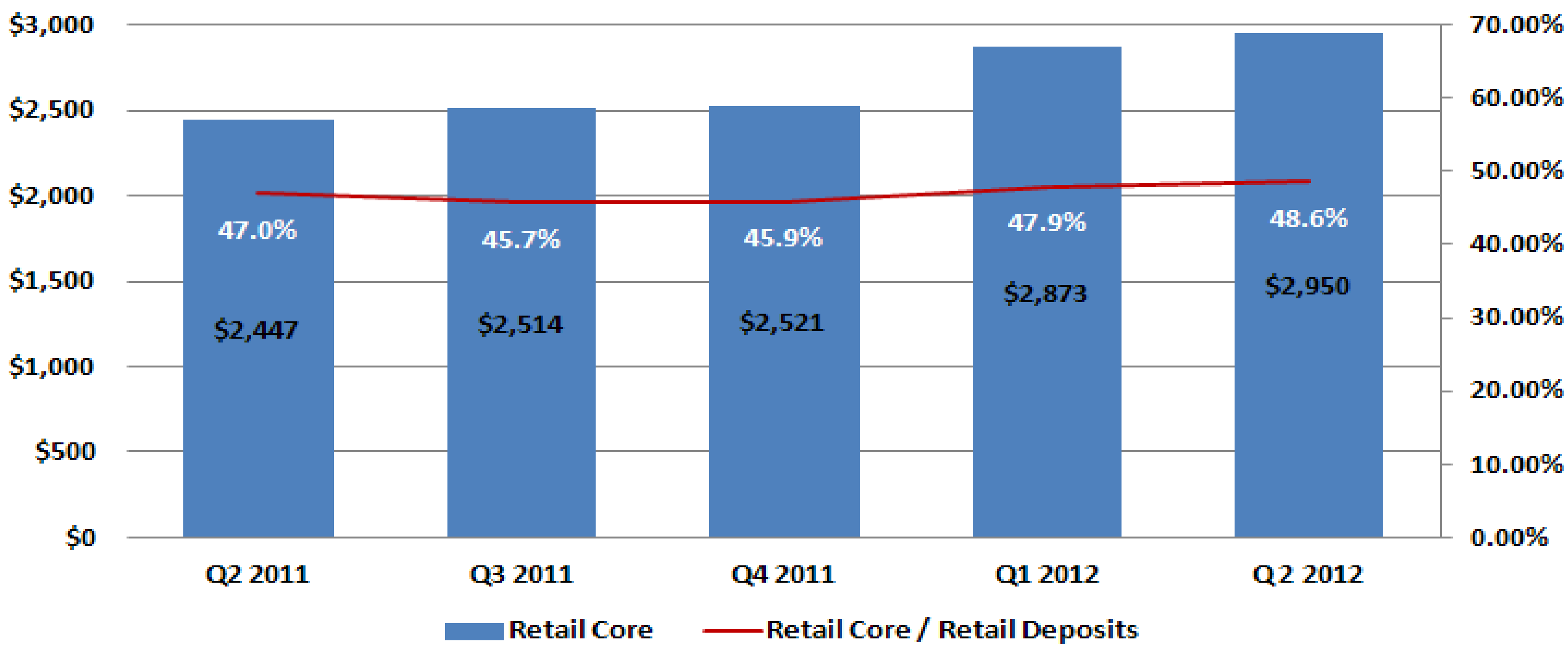
($ in millions)



Retail Core Deposits

-- Retail core deposits increased, both in total and as a percentage, from the prior quarter…

($ in millions)

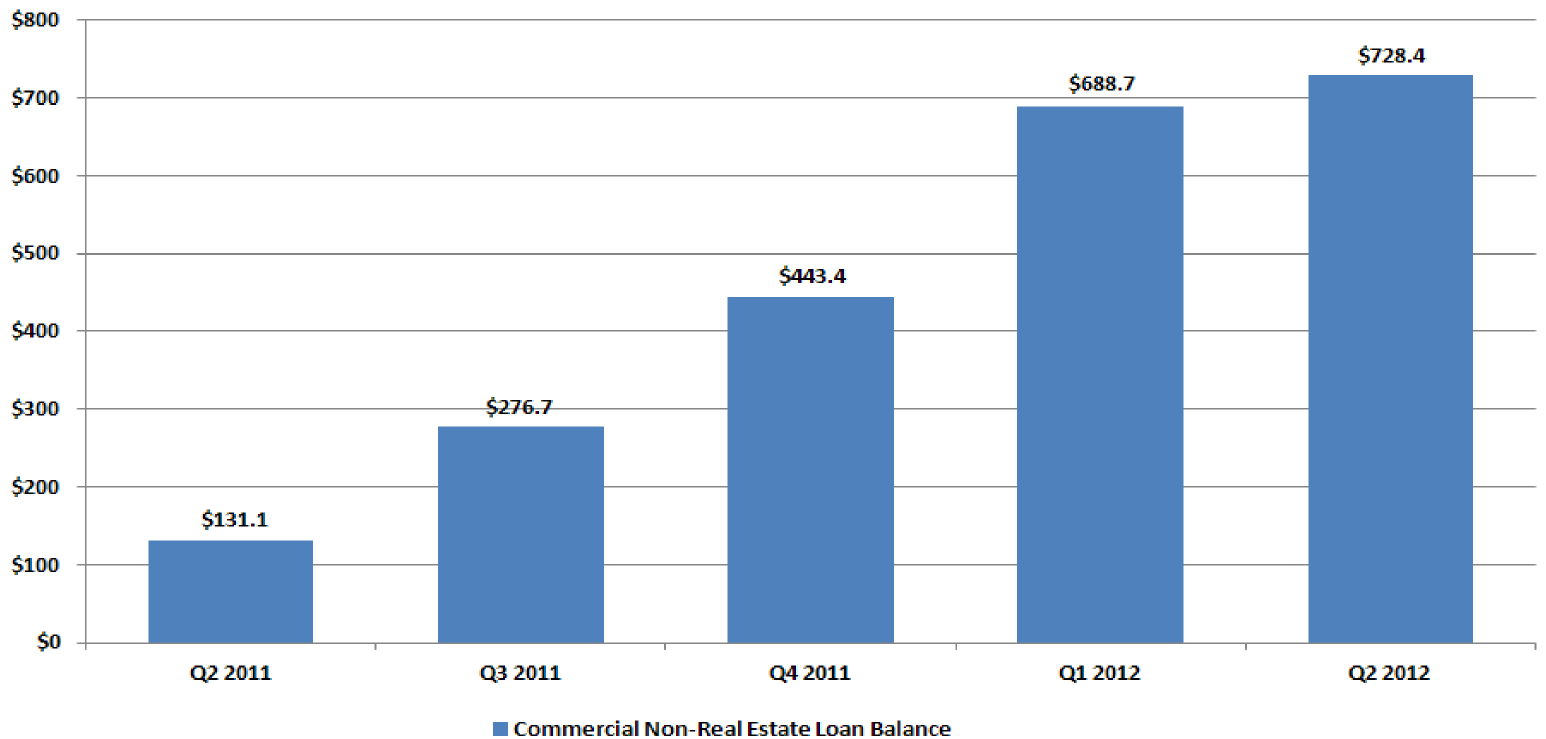


Note: Retail core deposits include checking accounts, savings accounts, and money market accounts.

Commercial Non-RE Portfolio

-- Commercial non-real estate loan balances continue to grow, consistent with the business plan…

($ in millions)

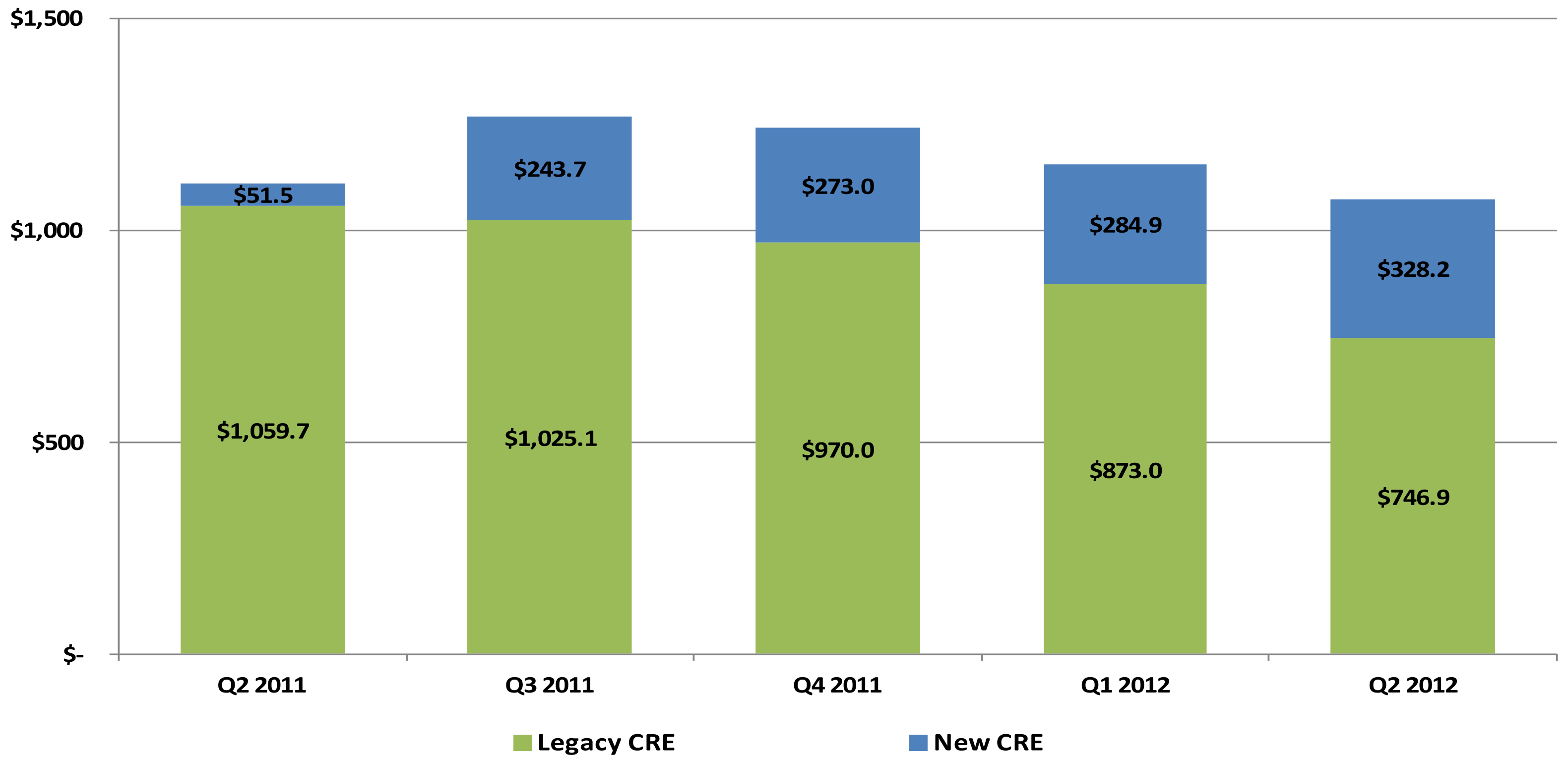


Note: Includes commercial and industrial and commercial lease financing loans.

Commercial RE Portfolio

-- The "new" commercial real estate loan portfolio continues to grow, while the "legacy" portfolio continues to run-off…

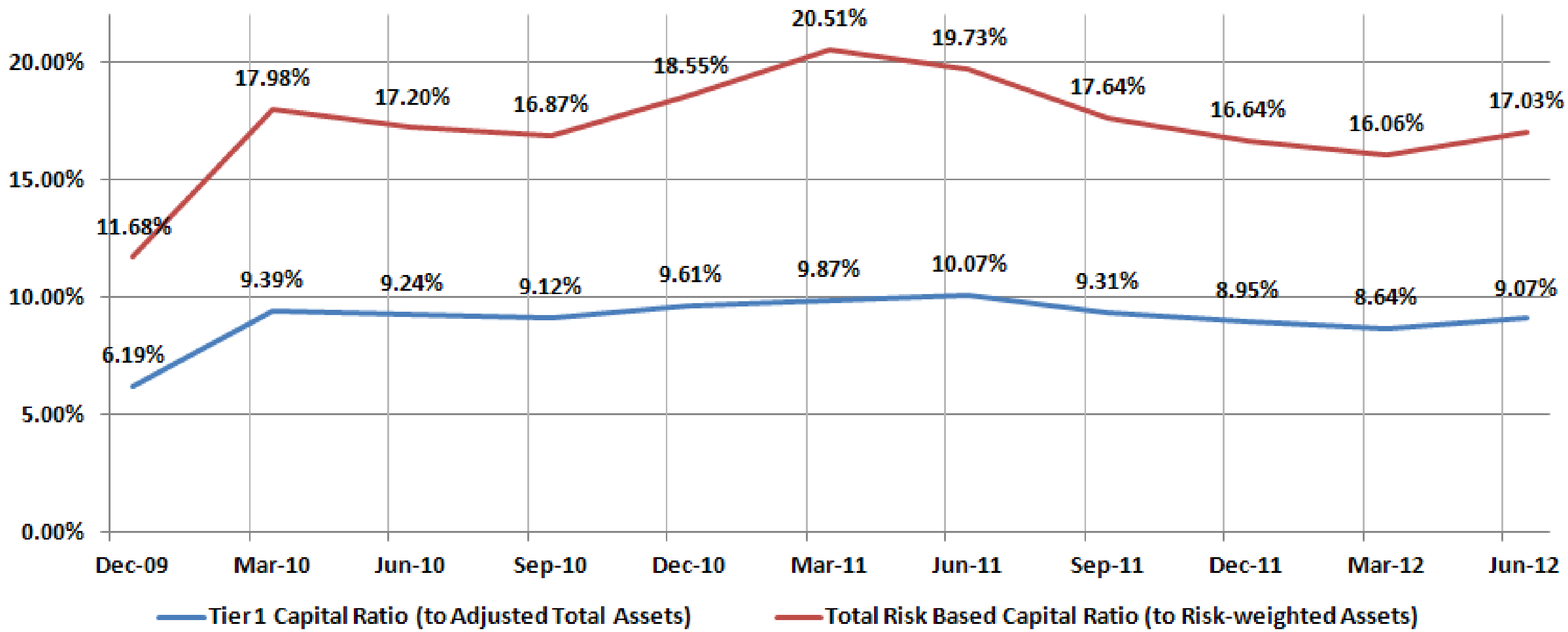
($ in millions)



Note: " Legacy CRE" consists loans originated prior to 2011, including those refinanced during 2009 and 2010, while "New CRE" consists of loans originated during 2011 and 2012.

Regulatory Capital Ratios

-- Regulatory capital ratios improved from the prior quarter…



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Summary Asset Quality

-- Consumer credit quality continues to improve…

$ in millions	Q2 2012	Q1 2012	Q2 2011
Consumer (1)	$62.1	$67.7	$91.2
Commercial (1)	$1.7	$11.1	$1.4
Total 30 - 59 Days Past Due	$63.8	$78.9	$92.6
Consumer (1)	$24.8	$39.1	$46.1
Commercial (1)	$2.3	$8.8	$0.2
Total 60 - 89 Days Past Due	$27.1	$47.9	$46.3
Consumer (1)	$293.5	$314.2	$298.8
Commercial (1)	$138.1	$92.4	$104.6
Total Greater than 90 days Past Due	$431.6	$406.6	$403.4
Non-performing Assets (2)	$541.3	$518.1	$518.8
To Total Assets (Bank only)	3.75%	3.67%	4.10%
Provision for Loan Losses	$58.4	$114.7	$48.4
Charge-offs, Net of Recoveries	$52.4	$151.7	$45.4
Allowance for Loan Losses	$287.0	$281.0	$274.0
To Loans Held for Investment	4.38%	4.22%	4.59%
To Non-performing Loans	66.5%	69.1%	67.9%
Real Estate Owned	$107.2	$108.7	$110.1

(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.

Totals may not foot due to rounding

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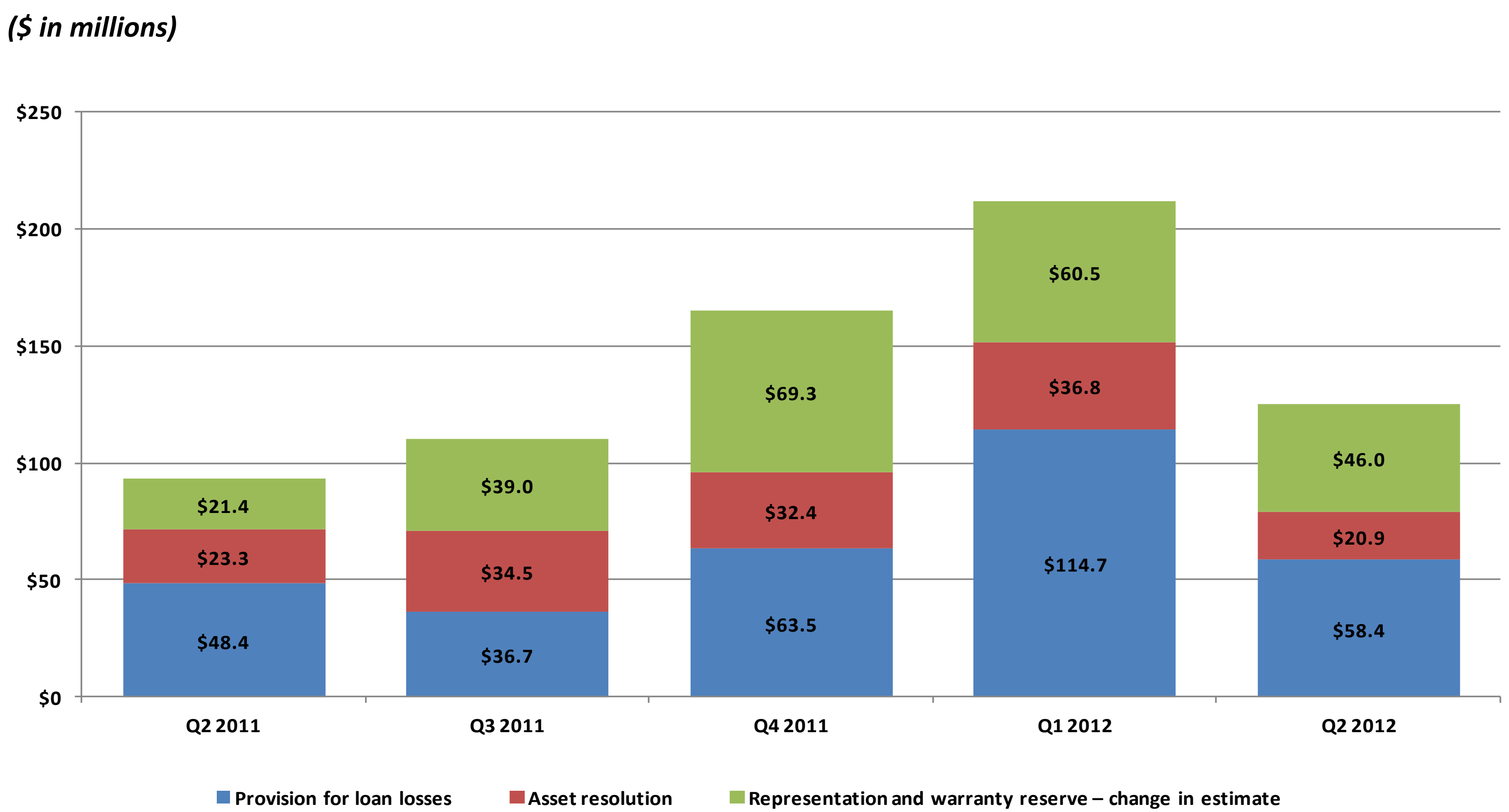
Primary Credit-Related Costs

-- The three largest credit-related costs each decreased from the prior quarter…



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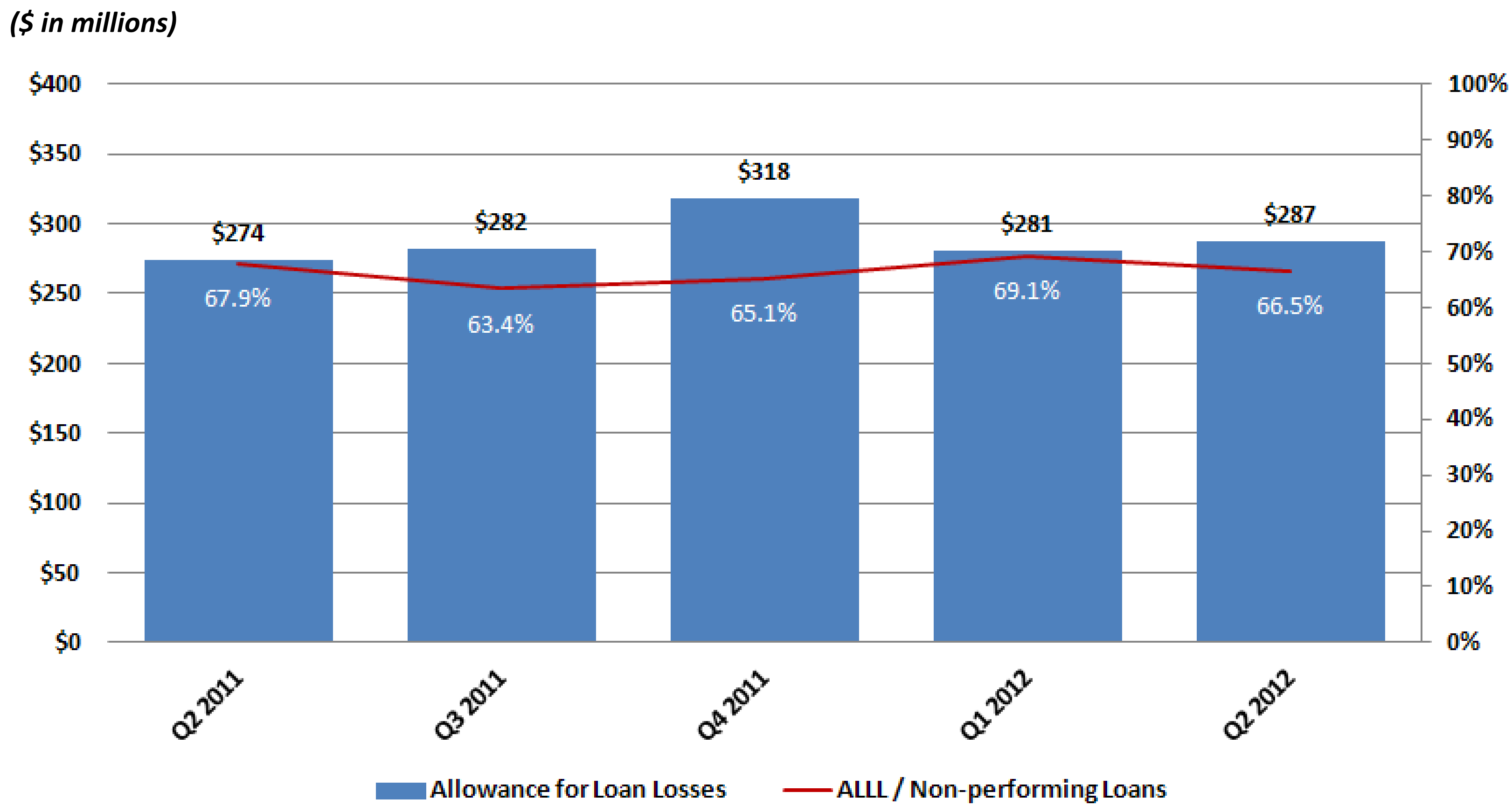
Allowance for Loan Losses

-- The allowance for loan losses increased from prior quarter…



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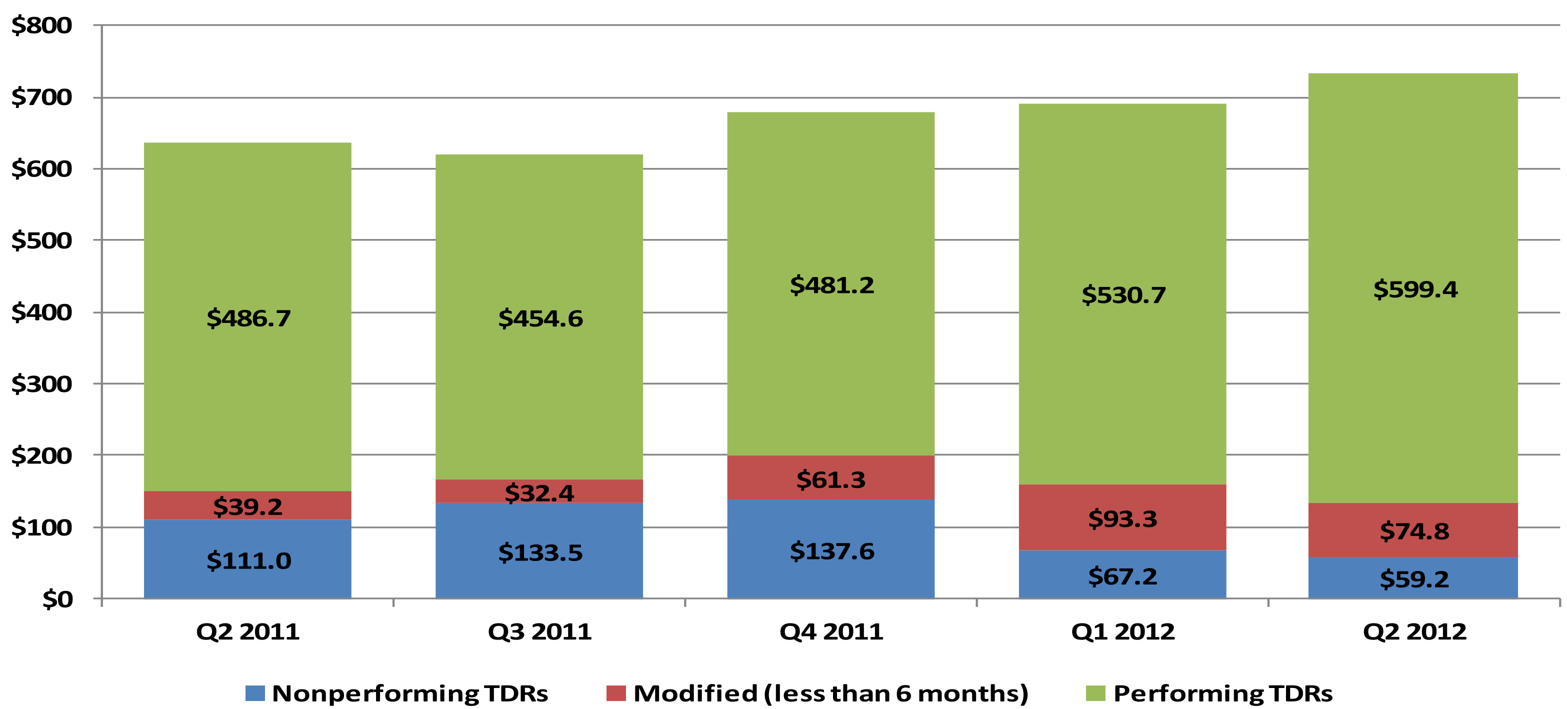
Troubled Debt Restructures (TDRs)

-- TDRs increased from prior quarter, consistent with the focus on risk management and emphasis on increased loan modifications and other loss mitigation activities …

($ in millions)



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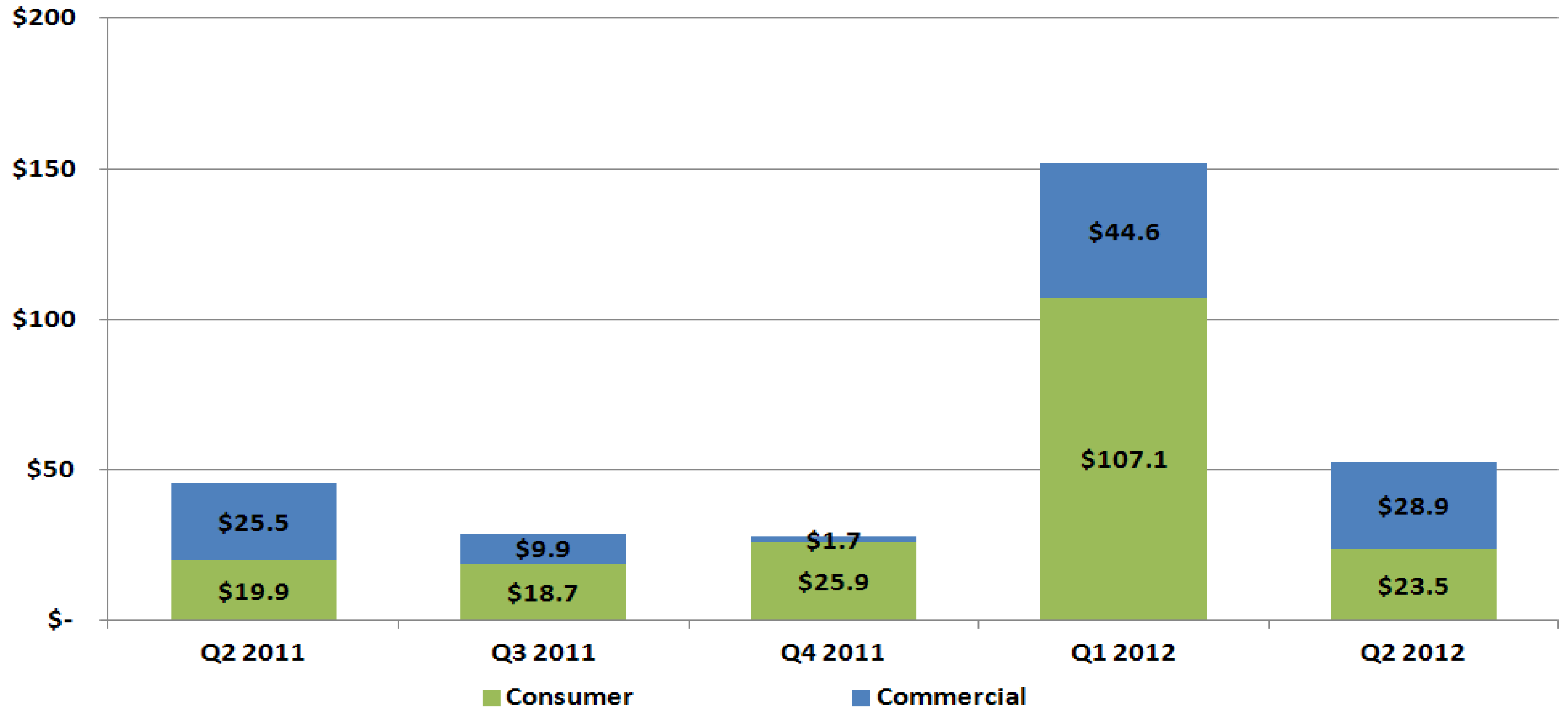
Net Charge-offs

-- Net charge-offs decreased significantly from prior quarter as a result of the heightened level taken in the first quarter related to the write-off of the Specific Valuation Allowances…

($ in millions)



Note: 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.

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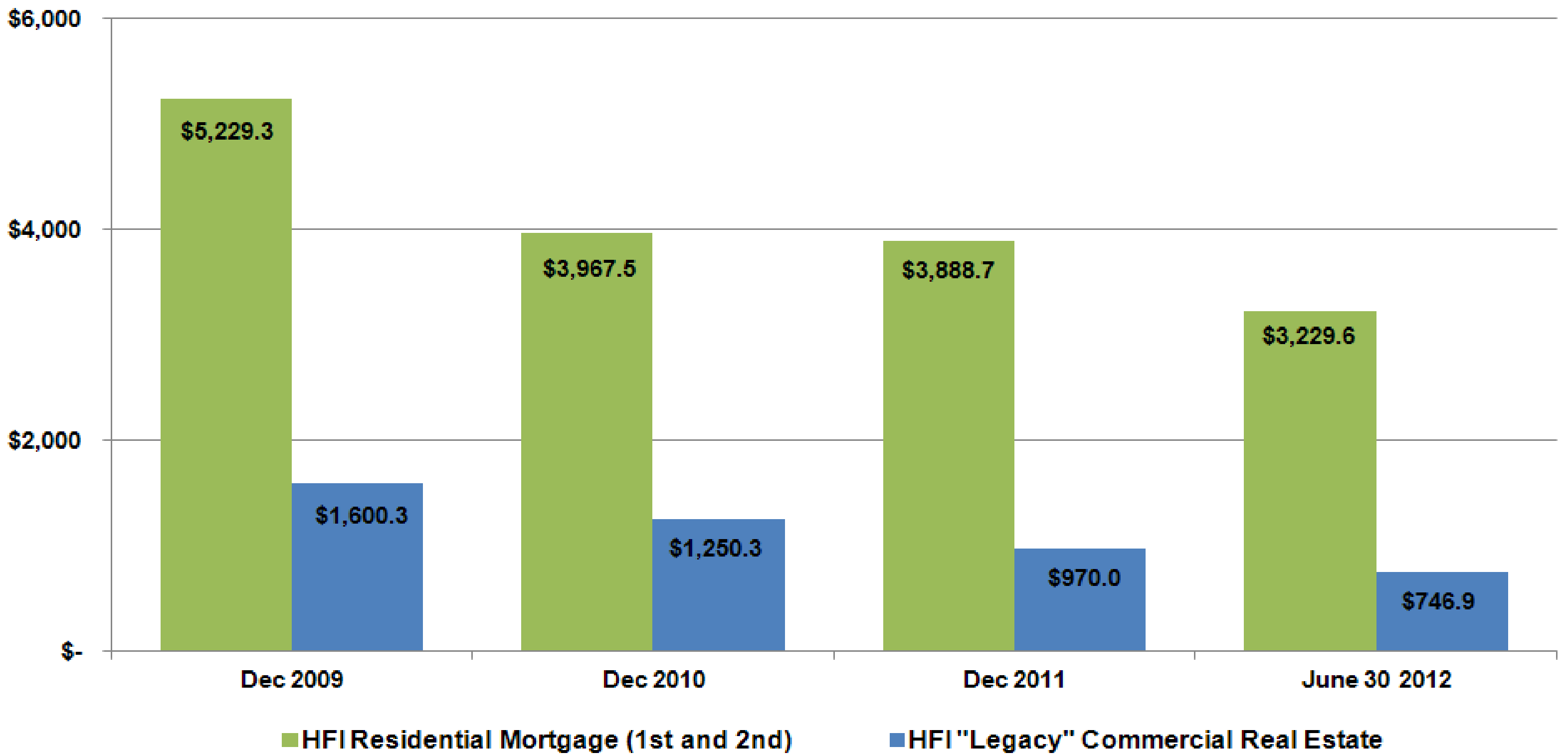
Declines in Legacy Assets

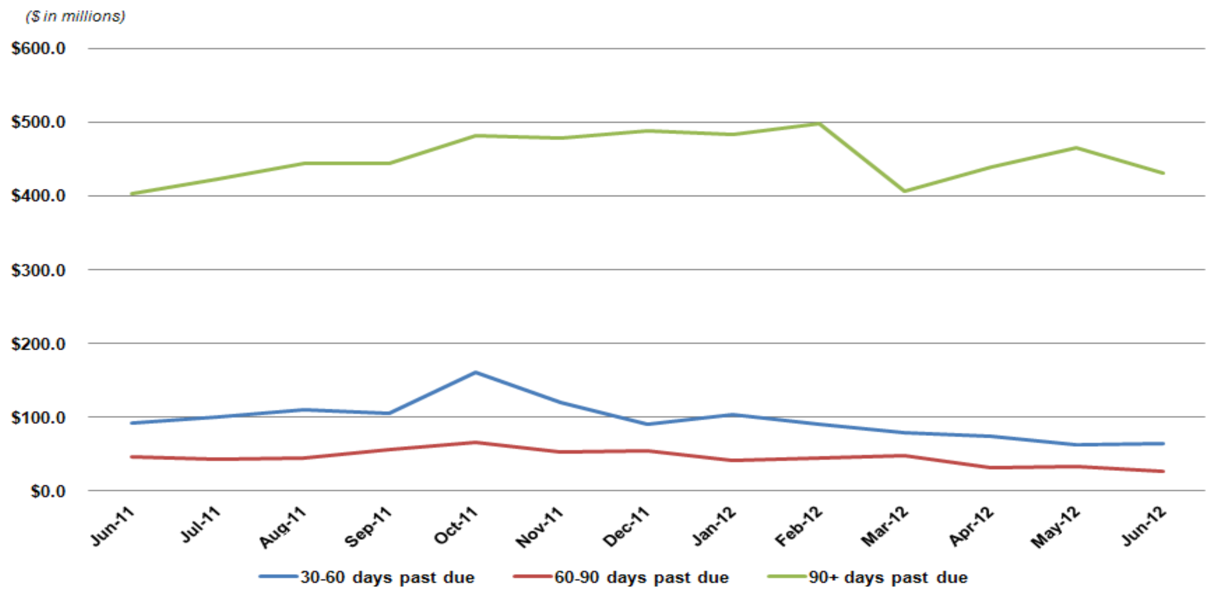
-- Substantial declines in residential first and second mortgage held-for-investment portfolios and the "legacy" portion of commercial real estate held-for-investment portfolio…

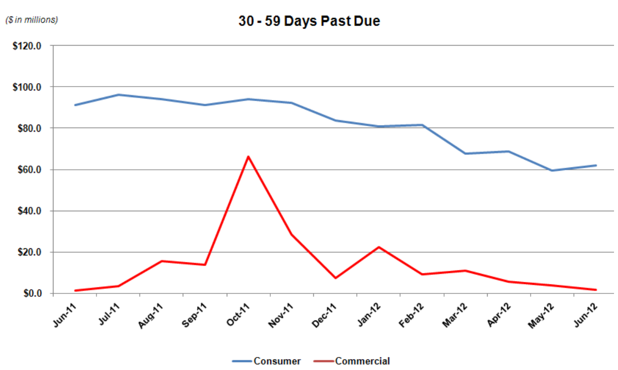
($ in millions)

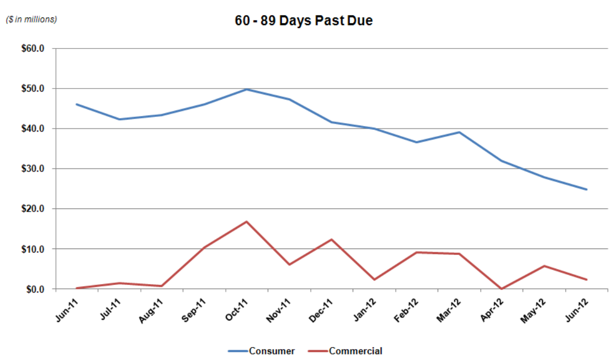


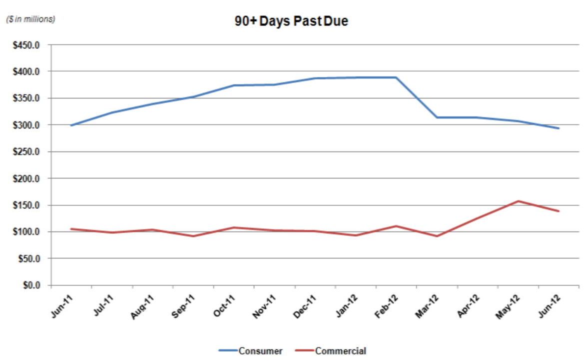
Note: " Legacy CRE" consists loans originated prior to 2011, including those refinanced during 2009 and 2010.

HFI Delinquent Loan Trends









Note: 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.

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Representation and Warranty Reserve

Demands increased in 2Q12

($ in millions)	2Q11	3Q11	4Q11	1Q12	2Q12
2005 & Prior	$21	$12	$13	$18	$26
2006	30	31	32	28	34
2007	84	99	86	94	136
2008	40	45	45	63	89
2009-2012	19	22	14	36	60
Total	$194	$209	$190	$239	$344

Pending demands increased in 2Q12; primarily FNMA loans

($ in millions)	2Q11	3Q11	4Q11	1Q12	2Q12
Period -end Balance	$326	$352	$343	$357	$479
% Non-Agency (approx)	2%	2%	2%	2%	< 1%

2Q 12 charge-offs declined; reserve increased

($ in millions)	2Q11	3Q11	4Q11	1Q12	2Q12
Beg Balance	$79	$79	$85	$120	$142
Additions	23	41	73	66	52
Charge-offs	(23)	(35)	(38)	(44)	(34)
End Balance	$79	$85	$120	$142	$161

Key reserve variables

UPB Metric (2005-2012 Vintages) [(1)]	1Q12	2Q12
Sold UPB	$175 (B)	$192 (B)
Remaining UPB [(2)]	$75 (B)	$83 (B)
Loan File Review as % of UPB	5%	9%
Repurchase Demand Rate	21%	15%
Actual Repurchase Rate (Win/Loss) (Weighted Avg.)	44%	38%
Loss Severity Rate (Weighted Avg.)	36%	40%
Ending Reserve Balance	$142 (M)	$161 (M)

(1) Includes estimates
(2) Includes servicing sold with recourse

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Appendix

Full Income Statement

($ in millions, except per share data)	Q2 2012	Q1 2012	Q2 2011
Net Interest Income	$75.5	$74.7	$51.3
Provision for Loan Losses	58.4	114.7	48.4
Net Interest Income (Loss) after Provision	17.1	(39.9)	2.9
Non-interest Income	240.3	221.4	58.1
Non-interest Expense	169.5	188.7	130.9
Net Earnings (Loss) Before Tax Provision	87.9	(7.3)	(69.9)
Provision for Income Taxes	0.5	0.0	0.3
Net Earnings (Loss) Before Preferred Dividends	87.4	(7.3)	(70.2)
Preferred Dividends	(1.4)	(1.4)	(4.7)
Net Earnings (Loss)	**$86.0**	**($8.7)**	**($74.9)**
Weighted average common shares outstanding	561.8	556.6	553.9
Diluted Earnings (Loss) per Share	$0.15	($0.02)	($0.14)

Totals may not foot due to rounding

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Select Balance Sheet Items

($ in millions)	Q2 2012	Q1 2012	Q2 2011
Total assets	**$14,368.4**	**$14,042.3**	**$12,662.8**
Cash and interest earning deposits	$1,270.4	$757.9	$757.9
First mortgage and construction loans	3,102.1	3,304.9	3,745.2
Second mortgage loans	127.4	132.5	155.5
Commercial real estate loans	1,075.0	1,157.9	1,111.1
Warehouse loans	1,261.4	1,104.2	513.7
Consumer lending (including HELOC and other)	255.8	271.3	318.4
Commercial and Industrial	728.4	688.7	131.1
Investment loan portfolio	$6,550.3	$6,659.5	$5,975.1
Loans held for sale	$2,459.5	$2,492.9	$2,002.9
Loans repurchased with government guarantees	1,999.1	2,003.0	1,711.6
Securities classified as trading	169.8	307.4	292.4
Securities classified as available for sale	424.8	448.1	551.2
Mortgage servicing rights	638.9	596.8	577.4

Totals may not foot due to rounding

Deposit Mix

($ in millions)	As of Jun 30, 2012		As of Mar 31, 2012		As of Jun 30, 2011	
	Balance	Rate	Balance	Rate	Balance	Rate
Retail Deposits:						
Demand deposits	$ 631	0.14%	$ 648	0.17%	$ 623	0.20%
Savings deposits	1,846	0.69%	1,757	0.79%	1,236	0.74%
Money market deposits	474	0.47%	468	0.47%	588	0.73%
Certificates of deposit	3,126	1.25%	3,120	1.29%	2,765	1.76%
Total retail deposits	6,076	0.90%	5,993	0.96%	5,212	1.21%
Core retail deposits / retail deposits	48.55%		47.94%		46.95%	
Government Banking Deposits:						
Demand deposits	126	0.38%	93	0.41%	62	0.44%
Savings deposits	244	0.56%	312	0.56%	384	0.65%
Certificates of deposit	351	0.62%	375	0.63%	229	0.76%
Total government banking deposits	721	0.56%	780	0.57%	675	0.67%
Company controlled deposits	1,786	0.00%	1,480	0.00%	815	0.00%
Wholesale deposits	339	3.52%	346	3.49%	703	3.28%
Total deposits	$ 8,923	0.79%	$ 8,599	0.86%	$ 7,405	1.23%
Number of banking branches	111		113		162	

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

Totals may not foot due to rounding

Commercial RE Portfolio

As of June 30, 2012

$ in thousands

	New Commercial RE					Legacy Commercial RE				
Property Type	Balance	30 - 59 Days Past Due	60 - 89 Days Past Due	90+ Days Past Due (1)	Total Reserves	Balance	30 - 59 Days Past Due	60 - 89 Days Past Due	90+ Days Past Due (1)	Total Reserves
Construction one-to-four family	-	-	-	-	-	$1,026.9	-	-	$1,026.9	-
Land	161.8	-	-	-	2.7	10,741.5	-	-	7,598.7	616.6
Services	-	-	-	-	-	-	-	-	-	-
Commercial & Industrial Loans	3,579.7	-	-	-	59.8	-	-	-	-	-
One-to-four family conventional	463.8	-	-	-	7.7	3,314.7	71.8	-	672.2	287.5
mortgage	-	-	-	-	-	-	-	-	-	-
Mult-family conventional	132,888.4	-	-	-	2,219.2	59,087.0	647.9	-	1,364.0	4,420.8
Commercial non-owner occupied	111,843.1	-	-	-	1,867.8	609,251.7	544.1	2,344.7	118,628.8	43,105.9
Secured by non-farm, non-residential	33,119.1	-	-	-	553.1	62,425.3	453.9	-	8,777.7	4,436.3
Other	47,905.9	-	-	-	800.0	394.4	-	-	-	29.9
Negative Escrow	0.3	-	-	-	-	2,076.2	-	-	-	-
Net deferred fees and other	(1,801.6)	-	-	-	-	(1,463.1)	-	-	-	-
Total:	**$328,160.5**	**$0.0**	**$0.0**	**$0.0**	**$5,510.3**	**$746,854.6**	**$1,717.7**	**$2,344.7**	**$138,068.3**	**$52,897.0**

(1) 90+ days past due loans include performing non-accruals.

Note: " Legacy CRE" consists of loans originated prior to 2011, including those refinanced during 2009 and 2010, while "New CRE" consists of loans originated during 2011 and 2012.

Totals may not foot due to rounding

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Commercial RE Portfolio – by State

As of June 30, 2012

$ in thousands

State	Construction One-to-Four Family	Land	Services	Commercial and Industrial Loans	One-to-Four Family Conventional	One-to-Four Family Closed End Mortgage	Multi-Family Conventional	Commercial Non-Owner Occupied	Secured by Non-farm, Non-residential	Other	Total
MI	$0	$688	$0	$337	$3,778	$0	$57,106	$357,353	$53,702	$1,387	**$474,350**
NY	-	-	-	-	-	-	100,596	25,184	9,477	9,500	**144,758**
GA	-	-	-	-	-	-	2,720	69,668	8,723	-	**81,112**
IN	-	5,225	-	-	-	-	-	44,925	6,171	-	**56,320**
VA	-	-	-	-	-	-	-	42,513	-	3,818	**46,331**
MA	-	-	-	-	-	-	19,583	4,357	3,644	13,943	**41,526**
CT	-	-	-	3,243	-	-	-	37,362	-	-	**40,604**
FL	-	-	-	-	-	-	-	24,095	-	7,846	**31,941**
KY	-	4,991	-	-	-	-	-	11,903	-	-	**16,895**
RI	-	-	-	-	-	-	923	13,962	-	1,918	**16,803**
TN	-	-	-	-	-	-	-	10,862	1,269	-	**12,130**
NC	-	-	-	-	-	-	-	7,444	3,871	-	**11,314**
OH	-	-	-	-	-	-	-	9,473	1,347	-	**10,820**
PA	-	-	-	-	-	-	9,937	852	-	-	**10,788**
TX	-	-	-	-	-	-	-	10,617	-	-	**10,617**
Other	1,027	-	-	-	-	-	1,112	50,526	7,341	8,700	**68,706**
Total	**$1,027**	**$10,903**	**$0**	**$3,580**	**$3,778**	**$0**	**$191,975**	**$721,095**	**$95,544**	**$47,112**	**$1,075,015**

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

Totals may not foot due to rounding

Commercial RE Portfolio – by Vintage

As of June 30, 2012

$ in thousands

Vintage	Construction One-to-Four Family	Land	Services	Commercial and Industrial Loans	One-to-Four Family Conventional	One-to-Four Family Closed End Mortgage	Multi-Family Conventional	Commercial Non-Owner Occupied	Secured by Non-farm, Non-residential	Other	Total
Older	$0	$0	$0	$0	$197	$0	$9,534	$31,112	$4,861	$0	**$45,704**
2003	-	460	-	-	-	-	4,504	27,536	4,545	-	**37,046**
2004	-	-	-	-	9	-	9,288	76,516	4,343	-	**90,155**
2005	-	-	-	-	-	-	15,833	47,730	3,468	-	**67,032**
2006	-	4,991	-	-	53	-	3,646	113,506	10,108	-	**132,304**
2007	-	2,082	-	-	446	-	6,876	156,187	28,480	-	**194,071**
2008	-	-	-	-	319	-	3,792	117,301	6,621	-	**128,033**
2009	-	66	-	-	387	-	-	10,066	-	-	**10,519**
2010	1,027	-	-	-	1,903	-	5,614	14,261	-	-	**22,806**
2011	-	3,305	-	-	14	-	129,519	103,602	23,114	37,073	**296,628**
2012	-	-	-	3,580	450	-	3,369	23,277	10,005	10,039	**50,719**
Total	**1,027**	**10,903**	**-**	**3,580**	**3,778**	**-**	**191,975**	**721,095**	**95,544**	**47,112**	**1,075,015**

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

Totals may not foot due to rounding

Flagstar Bancorp

First Mortgage Portfolio – by State

As of June 30, 2012

$ in thousands

State	AFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
CA	$ 87,559	$ 730,951	$ -	$ 818,510	**36.7%**	$ 530,353	$ 366,568	$ 65,520	$ 962,441	**31.7%**
FL	9,846	132,457	-	142,303	**6.4%**	270,294	117,151	18,448	405,893	**13.3%**
MI	7,157	101,024	-	108,181	**4.8%**	243,308	53,149	15,998	312,455	**10.3%**
WA	20,799	67,797	-	88,596	**4.0%**	91,670	44,308	7,454	143,432	**4.7%**
AZ	6,055	73,806	-	79,861	**3.6%**	78,360	44,661	5,357	128,377	**4.2%**
TX	9,101	129,160	-	138,261	**6.2%**	27,339	31,843	2,564	61,746	**2.0%**
CO	3,367	48,963	-	52,330	**2.3%**	58,059	20,848	6,589	85,496	**2.8%**
MD	4,478	47,257	-	51,735	**2.3%**	46,627	28,686	6,001	81,314	**2.7%**
NY	3,195	53,497	-	56,692	**2.5%**	32,042	35,079	3,984	71,105	**2.3%**
VA	2,722	48,502	-	51,224	**2.3%**	46,334	19,933	5,872	72,139	**2.4%**
IL	7,432	50,774	-	58,206	**2.6%**	30,708	22,485	2,658	55,850	**1.8%**
NJ	2,864	43,478	-	46,342	**2.1%**	30,798	22,804	4,206	57,808	**1.9%**
GA	2,019	39,440	-	41,460	**1.9%**	33,919	21,947	4,889	60,755	**2.0%**
NV	-	13,849	-	13,849	**0.6%**	42,076	14,183	3,984	60,243	**2.0%**
OH	1,075	21,583	-	22,658	**1.0%**	36,568	10,334	948	47,850	**1.6%**
OR	3,733	27,651	-	31,384	**1.4%**	16,461	19,545	1,496	37,502	**1.2%**
MA	2,670	34,108	-	36,778	**1.6%**	14,831	8,817	3,268	26,916	**0.9%**
MO	1,186	33,349	-	34,535	**1.5%**	11,529	11,682	144	23,355	**0.8%**
Other	19,758	338,588	357	358,704	**16.1%**	213,660	113,494	18,975	346,129	**11.4%**
Total :	**$ 195,016**	**$ 2,036,236**	**$ 357**	**$ 2,231,609**	**100%**	**$ 1,854,936**	**$ 1,007,518**	**$ 178,353**	**$ 3,040,808**	**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.

Flagstar Bancorp

First Mortgage Portfolio – by Vintage

As of June 30, 2012

$ in thousands

Year	AFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
Older	$ 2,208	$ 1,035	$ -	$ 3,243	0.1%	$ 50,408	$ 23,517	$ 4,033	$ 77,958	2.6%
2003	12,525	1,168	-	13,693	0.6%	160,324	22,275	7,869	190,468	6.3%
2004	12,395	1,767	-	14,162	0.6%	535,896	33,705	15,657	585,258	19.2%
2005	16,990	2,636	-	19,626	0.9%	575,862	45,421	24,277	645,560	21.2%
2006	4,520	6,974	89	11,583	0.5%	124,489	117,755	22,400	264,644	8.7%
2007	11,989	34,929	268	47,186	2.1%	347,248	570,132	100,309	1,017,689	33.5%
2008	530	25,027	-	25,558	1.1%	18,794	90,738	3,607	113,139	3.7%
2009	569	27,494	-	28,063	1.3%	8,982	53,110	200	62,292	2.0%
2010	6,167	4,222	-	10,388	0.5%	9,372	15,467	-	24,839	0.8%
2011	54,440	28,184	-	82,623	3.7%	15,232	28,308	-	43,541	1.4%
2012	72,684	1,902,800	-	1,975,484	88.5%	8,329	7,092	-	15,420	0.5%
Total :	**$ 195,016**	**$ 2,036,236**	**$ 357**	**$ 2,231,609**	**100%**	**$ 1,854,936**	**$ 1,007,518**	**$ 178,353**	**$ 3,040,808**	**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.

Flagstar Bancorp

First Mortgage Portfolio – by Current FICO

As of June 30, 2012

$ in thousands

FICO	AFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
No Score	$ -	$ 17,000	$ -	$ 17,000	**0.8%**	$ 317	$ 3,663	$ -	$ 3,980	**0.1%**
< 580	836	13,459	-	14,296	**0.6%**	162,370	207,168	23,154	392,692	**12.9%**
580 - 619	85	16,747	268	17,100	**0.8%**	121,197	102,781	26,553	250,531	**8.2%**
620 - 659	3,324	136,293	89	139,706	**6.3%**	192,031	128,248	34,385	354,664	**11.7%**
660 - 699	14,705	299,249	-	313,954	**14.1%**	323,376	152,382	35,600	511,357	**16.8%**
> 699	176,066	1,553,487	-	1,729,553	**77.5%**	1,055,647	413,275	58,661	1,527,584	**50.2%**
Total :	**$ 195,016**	**$ 2,036,236**	**$ 357**	**$ 2,231,609**	**100%**	**$ 1,854,936**	**$ 1,007,518**	**$ 178,353**	**$ 3,040,808**	**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.

Flagstar Bancorp

First Mortgage Portfolio – by Original LTV

As of June 30, 2012

$ in thousands

Original LTV	AFS ARM	AFS Fixed	AFS Balloon	AFS Total	AFS % of Total	HFI ARM	HFI Fixed	HFI Balloon	HFI Total	HFI % of Total
< 70	$ 86,905	$ 494,167	$ -	$ 581,072	**26.0%**	$ 419,548	$ 226,759	$ 33,197	$ 679,504	**22.3%**
70 - 79.99	52,287	362,799	-	415,086	**18.6%**	607,288	345,484	63,557	1,016,329	**33.4%**
80 - 90	33,800	372,123	89	406,012	**18.2%**	712,083	302,844	72,769	1,087,697	**35.8%**
> 90	22,024	807,147	268	829,440	**37.2%**	116,017	132,432	8,830	257,278	**8.5%**
Total :	**$ 195,016**	**$ 2,036,236**	**$ 357**	**$ 2,231,609**	**100%**	**$ 1,854,936**	**$ 1,007,518**	**$ 178,353**	**$ 3,040,808**	**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. Original LTV equals original principal balance divided by appraised value at origination.

First Mortgage Portfolio – by HPI Adjusted LTV

As of June 30, 2012

$ in thousands

HPI Adjusted LTV	AFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
< 70	$ 96,132	$ 510,975	$ -	$ 607,107	27.2%	$ 384,139	$ 111,228	$ 15,734	$ 511,101	16.8%
70 - 79.99	50,718	412,489	89	463,296	20.8%	308,912	95,984	15,618	420,514	13.8%
80 - 90	16,814	288,468	-	305,282	13.7%	308,094	132,675	22,863	463,633	15.2%
> 90	31,352	824,305	268	855,926	38.4%	853,791	667,630	124,139	1,645,560	54.1%
Total :	$ 195,016	$ 2,036,236	$ 357	$ 2,231,609	100%	$ 1,854,936	$ 1,007,518	$ 178,353	$ 3,040,808	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. The housing price index (HPI adjusted) LTV is updated from the original LTV based on Metropolitan Statistical Area-level Office of Federal Housing Enterprise Oversight (OFHEO) data.

Flagstar Bancorp

Non-Agency Investment Securities AFS Portfolio

As of Jun 30, 2012

$ in thousands

						Initial			Current		
Investment Name	CUSIP	Current Principal	OTTI Impairment	Mark-to-Market	Net Book Value	M	SP	F	M	SP	F
CWALT 2006-45T1 2A5	02149JAU0	$25,560	($6,601)	($800)	$18,158	Aaa	AAA	AAA	Caa3	CC	C
CWHL 2007-3 A1	12543RAA7	25,888	(3,423)	(841)	21,625	NR	AAA	AAA	NR	CCC	C
CWHL 2006-18 1A1	12543WAA6	19,774	(1,934)	(385)	17,455	NR	AAA	AAA	NR	CC	C
CWHL 2005-23-A1	126694GU6	26,719	(1,860)	(141)	24,717	NR	AAA	AAA	NR	CCC	B
CWHL 2006-1 A2	126694XC7	22,412	(3,061)	(721)	18,630	NR	AAA	AAA	NR	CC	C
CWHL 2007-J1 1A1	12669MAA6	43,483	(6,322)	(2,881)	34,280	NR	AAA	AAA	NR	D	D
CWALT TR 2006-J8	23245LAD2	25,582	(9,211)	(55)	16,316	NR	AAA	AAA	NR	D	D
CWALT 2007-1T1 1A1	23246KAA9	28,357	(9,021)	(1,665)	17,671	Aaa	AAA	AAA	Ca	D	D
JPMMT 2006-S4 A7	46629SAG7	43,975	(6,595)	(1,908)	35,472	Aaa	AAA	AAA	Caa2	D	D
	Subtotal	$261,750	($48,029)	($9,397)	$204,325						
GMS Trust 2006-1	33848FAA1	$114,331	($2,793)	($11,232)	$100,306	Aaa	AAA	NR	B3	AAA	NR
	Subtotal	$114,331	($2,793)	($11,232)	$100,306						
	Total	$376,081	($50,821)	($20,628)	$304,631						

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

Totals may not foot due to rounding

Flagstar Bancorp

Real Estate Owned Portfolio

As of June 30, 2012

$ in thousands	Commercial	%	Receivership	%	Construction	%	Manufactured Homes	%	Single Family	%	Total	%
Current Month	$ 7,216	24.3%	$ -	0.0%	$ 526	29.6%	$ -	0.0%	$ 3,266	6.6%	$ 11,008	10.3%
30 days	489	1.6%	701	4.4%	80	4.5%	60	14.1%	7,807	15.8%	9,137	8.5%
60 days	3,066	10.3%	-	0.0%	329	18.5%	162	38.4%	5,224	10.5%	8,780	8.2%
90 days	417	1.4%	-	0.0%	-	0.0%	-	0.0%	3,090	6.2%	3,507	3.3%
91 - 180 days	1,546	5.2%	7,562	47.9%	-	0.0%	89	21.2%	11,908	24.0%	21,106	19.7%
181 - 365 days	4,998	16.8%	1,616	10.2%	743	41.9%	78	18.5%	9,061	18.3%	16,496	15.4%
1 - 2 years	6,691	22.5%	5,917	37.5%	98	5.5%	33	7.9%	7,373	14.9%	20,112	18.8%
2 - 3 years	3,191	10.7%	-	0.0%	-	0.0%	-	0.0%	1,014	2.0%	4,205	3.9%
3 - 4 years	65	0.2%	-	0.0%	-	0.0%	-	0.0%	784	1.6%	848	0.8%
4 - 5 years	2,040	6.9%	-	0.0%	-	0.0%	-	0.0%	6	0.0%	2,046	1.9%
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%	9,989	9.3%
Total	**$ 29,719**	**100.0%**	**$ 15,796**	**100.0%**	**$ 1,775**	**100.0%**	**$ 422**	**100.0%**	**$ 49,533**	**100.0%**	**$ 107,235**	**100.0%**

Totals may not foot due to rounding

Asset Quality by Loan Type – HFI

As of June 30, 2012

$ in thousands

Loan Type	Balance	Non-performing Loans	% of Balance	% of Overall NPLs	Q2 '12 Charge Offs, Net of Recoveries	Collectively Evaluated Reserves (1)	Individually Evaluated Reserves (2)	Total Reserves
Residential first mortgage	$3,101,763	$360,366	11.62%	68.96%	$15,978	$75,310	$99,830	$175,140
Second mortgage	127,434	8,368	6.57%	1.60%	3,028	14,654	5,429	20,083
Construction	374	374	100.00%	0.07%	-	-	-	-
Warehouse	1,261,442	28	0.00%	0.01%	-	1,556	-	1,556
HELOC	198,228	10,086	5.09%	1.93%	4,163	15,073	2,780	17,853
Consumer	57,605	1,138	1.98%	0.22%	333	3,078	83	3,161
Commercial RE	1,075,015	142,131	13.22%	27.20%	28,926	48,703	9,704	58,407
Commercial NRE	728,396	57	0.01%	0.01%	-	10,777	23	10,800
Total:	**$6,550,257**	**$522,548**	**7.98%**	**100.00%**	**$52,428**	**$169,151**	**$117,849**	**$287,000**

(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.

Totals may not foot due to rounding

Non-performing Loans HFI – by State

As of June 30, 2012

$ in thousands

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Warehouse	Total	Percent of Total
CA	$94,849	26.2%	$2,046	$767	$6,707	-	-	-	-	$104,370	20.4%
FL	83,252	23.0%	670	46	10,785	-	-	-	-	94,753	18.5%
MI	17,535	4.8%	837	1,426	57,508	56	304	164	-	77,829	15.2%
GA	7,008	1.9%	110	200	28,307	-	-	24	-	35,649	7.0%
NY	14,713	4.1%	83	59	-	-	-	5	-	14,860	2.9%
KY	1,345	0.4%	-	-	13,375	-	-	-	-	14,721	2.9%
WA	13,532	3.7%	504	8	-	-	-	-	-	14,043	2.7%
NV	12,085	3.3%	69	136	-	-	-	-	-	12,290	2.4%
IL	9,158	2.5%	29	87	2,561	-	-	-	-	11,836	2.3%
MD	11,251	3.1%	107	182	-	-	-	-	-	11,540	2.3%
NJ	11,442	3.2%	-	-	-	-	-	-	-	11,442	2.2%
TX	9,557	2.6%	71	-	-	-	-	-	-	9,629	1.9%
IN	2,208	0.6%	-	346	6,900	-	70	82	-	9,606	1.9%
AZ	8,778	2.4%	200	85	-	-	-	-	-	9,063	1.8%
OH	5,076	1.4%	71	41	2,004	-	-	-	28	7,221	1.4%
Other	60,123	16.6%	1,351	743	9,919	-	-	1	-	72,137	14.1%
Total	$361,913	100.0%	$6,147	$4,125	$138,068	$56	$374	$276	$28	$510,988	100.0%

Note: Non-performing loans include 90+ days delinquent and matured, and performing non-accruals. Excludes participations and first mortgage repurchases.

Totals may not foot due to rounding

Non-performing Loans HFI – by Vintage

As of June 30, 2012

$ in thousands

Vintage	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Construction	Consumer	Warehouse	Total	Percent of Total
Older	$20,530	5.7%	$564	$1,112	$9,461	$12	$70	$17	-	$31,766	6.2%
2004	27,735	7.7%	264	410	12,862	-	-	10	-	41,282	8.1%
2005	41,907	11.6%	212	313	10,657	-	-	127	-	53,216	10.4%
2006	31,857	8.8%	566	14	51,698	-	-	16	-	84,150	16.5%
2007	156,475	43.2%	4,218	2,174	32,704	-	-	48	-	195,619	38.3%
2008	51,293	14.2%	324	97	8,733	5	304	15	-	60,772	11.9%
2009	16,094	4.4%	-	-	621	-	-	2	28	16,745	3.3%
2010	6,265	1.7%	-	-	8,859	-	-	17	-	15,141	3.0%
2011	9,757	2.7%	-	6	2,473	38	-	23	-	12,297	2.4%
2012	-	0.0%	-	-	-	-	-	1	-	1	0.0%
Total	$361,913	100.0%	$6,147	$4,126	$138,068	$56	$374	$276	$28	$510,988	100%

Note: Non-performing loans include 90+ days delinquent and matured, and performing non-accruals. Excludes participations and first mortgage repurchases.

Totals may not foot due to rounding

Non-GAAP Reconciliation

$ in millions

	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Gain (loss) before tax provision and dividends	$87.9	($7.3)	($74.9)	($9.2)	($69.9)	($26.7)	($185.3)	($17.9)	($92.3)
Add back:									
Provision for loan losses	58.4	114.7	63.5	36.7	48.4	28.3	225.4	51.4	86.0
Asset resolution	20.9	36.8	32.4	34.5	23.3	38.1	41.8	44.3	52.6
Other than temporary impairment on investments AFS	1.0	1.2	7.1	1.3	15.6	0.0	1.3	0.0	0.4
Representation and warranty reserve	46.0	60.5	69.3	39.0	21.4	20.4	10.3	13.0	11.4
Write down of residual interest	1.2	0.4	0.8	0.2	2.3	2.4	(3.8)	4.7	4.3
Reserve increase for reinsurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
Total credit related costs:	127.6	213.6	173.2	111.7	110.9	89.2	275.0	113.3	155.1
Pre-tax, pre-credit-cost revenue	**$215.5**	**$206.3**	**$98.3**	**$102.5**	**$41.0**	**$62.5**	**$89.7**	**$95.4**	**$62.8**

Totals may not foot due to rounding

Non-GAAP Reconciliation

$ in millions	6/30/2012	3/31/2012	6/30/2011
Non-performing assets	$538.8	$515.3	$513.4
Tier 1 Capital	1,296.0	1,207.2	1,267.9
Allowance for Loan Losses	287.0	281.0	274.0
Tier 1 Capital + Allowance for Loan Losses	**1,583.0**	**1,488.2**	**1,541.9**
Non-performing assets/ Tier 1 Capital + Allowance for Loan Losses	**34.04%**	**34.63%**	**33.30%**

$ in millions	6/30/2012	3/31/2012	6/30/2011
Tier 1 capital	$1,296.0	$1,207.2	$1,267.9
Preferred stock	(266.7)	(266.7)	(266.7)
Qualifying trust preferred securities	(240.0)	(240.0)	(240.0)
Tier 1 common	**789.3**	**700.6**	**761.2**
Total risk-weighted assets	**8,224.3**	**8,168.1**	**6,870.9**
Tier 1 common/ Total risk-weighted assets	**9.60%**	**8.58%**	**11.08%**

Totals may not foot due to rounding

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