

July 24, 2013

Earnings Presentation Second Quarter 2013

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-which affect, among other things, (i) the mortgage 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;
2. Competitive factors for mortgage loan originations could negatively affect gain on loan sale margins;
3. Competition from banking and non-banking companies for deposits and loans can affect our earnings, gain on sale margins and market share;
4. Changes in the regulation of financial services companies and government-sponsored housing enterprises and, in particular, declines in the liquidity of the secondary market for residential mortgage loan sales 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 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;
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. Repurchases and indemnity demands by mortgage loan purchasers, guarantors and insurers, uncertainty related to foreclosure procedures, and the outcome of current and future legal or regulatory proceedings could result in unforeseen consequences and adversely affect our business activities and earnings;
8. 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, the cost of defending such suits as well as potential exposure could increase our costs of operations;
9. 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 related litigation settlement expenses;
10. Our, or the Bank's, failure to comply with the terms and conditions of the Supervisory Agreement with the Federal Reserve or the Consent Order with the OCC, respectively, could result in further enforcement actions against us, which could negatively affect our results of operations and financial condition; and
11. The downgrade of the long-term credit rating of the U.S. by one or more ratings agencies could materially affect global and domestic financial markets and economic conditions, which may affect our business activities, financial condition, and liquidity.

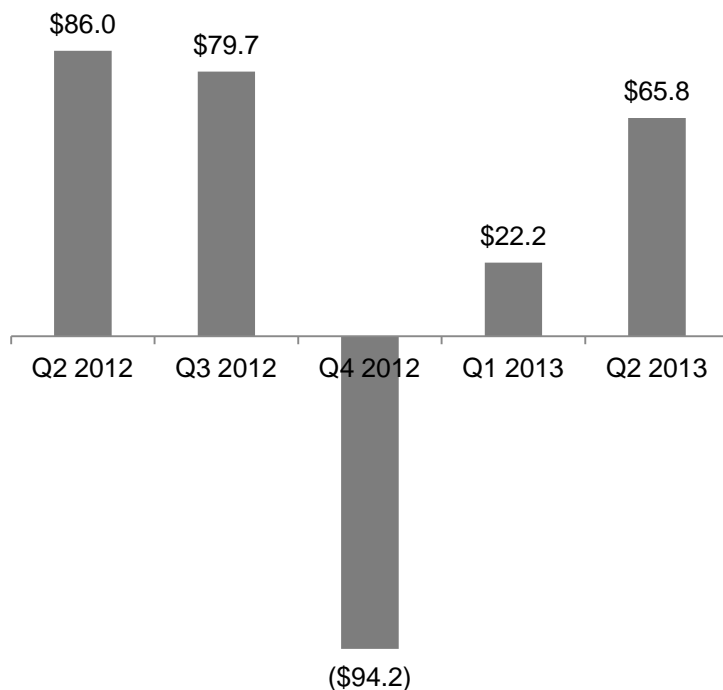
All of the above factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such factor on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

Please also refer to Item 1A to Part I of our Annual Report on Form 10-K for the year ended December 31, 2012 for further information on these and other factors affecting us.

Although we believe that these forward-looking statements are based on reasonable estimates and assumptions, they are not guaranties of future performance and are subject to known and unknown risks, uncertainties, contingencies and other factors. Accordingly, we cannot give you any assurance that our expectations will in fact occur or that actual results will not differ materially from those expressed or implied by such forward-looking statements. In light of the significant uncertainties inherent in forward-looking statements, 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.

Net Income to Common Stockholders

(in millions)



- Net income applicable to common stockholders of \$65.8 million, up 197% from prior quarter (PQ) but down 24% year-over year (YoY)
 - Q2 2013 results include:
 - \$44.2 million of income from legal settlements
 - \$18.2 million of income from MSR sale
 - Loss of \$3.0 million from NPL and TDR sale
- Diluted earnings per share of \$1.10
- Return on average assets of 2.03% and return on average equity of 21.23%
- Efficiency ratio of 65.3%, compared to 81.7% in PQ and 53.7% YoY
- Tier 1 leverage ratio (Bank) of 11.00%, compared to 10.14% in PQ and 9.07% YoY
- Significant improvement in credit quality
 - Total non-performing loans decreased by 30% from prior quarter, ALLL / NPL coverage ratio improved to 94.2%
 - Total troubled debt restructurings ("TDRs") decreased by 26% from prior quarter
 - Pipeline of active repurchase requests decreased to \$115.0 million, representation and warranty reserve remained flat at \$185.0 million

Summary of Financial Results

2nd Quarter 2013 Earnings Presentation

(in millions, except per share data)

	Q2 2013	Q1 2013	Q2 2012
Net Interest Income	\$47.1	\$55.7	\$75.5
Provision	\$31.6	\$20.4	\$58.4
Gain on Loan Sale	\$144.8	\$137.5	\$212.7
Net Servicing Revenue ⁽¹⁾	\$36.2	\$20.4	\$28.7
Net Income Applicable to Common Shareholders	\$65.8	\$22.2	\$86.0
Diluted Earnings / (Loss) per Share	\$1.10	\$0.33	\$1.47
<hr/>			
Total Assets	\$12,735.0	\$13,094.2	\$14,368.4
Total Stockholders' Equity	\$1,253.7	\$1,184.0	\$1,178.3
Return on Average Assets	2.03%	0.65%	2.37%
Return on Average Equity	21.23%	7.55%	31.09%
Book Value per Common Share	\$17.66	\$16.46	\$16.50
<hr/>			
NPLs / Gross Loans HFI	5.74%	7.79%	6.59%
NPAs / Total Assets (Bank)	2.71%	3.70%	3.75%
ALLL / NPLs	94.2%	78.5%	66.5%
ALLL / Gross Loans HFI ⁽²⁾	5.75%	6.11%	4.38%
NPAs / Tier 1 Capital + Allowance for Loan Losses ⁽³⁾	21.1%	30.1%	34.0%
NPAs/ Loans HFI and Repossessed Assets	7.52%	9.96%	8.09%
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Tier 1 Leverage to Adjusted Assets Ratio	11.00%	10.14%	9.07%
Total Risk Based Capital Ratio	25.01%	22.53%	17.03%
Total Equity / Total Assets	9.84%	9.04%	8.20%

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

(2) Excludes loans carried under the fair value option.

(3) See Non-GAAP reconciliation.



Condensed Income Statement

2nd Quarter 2013 Earnings Presentation

(in millions, except per share data)

	Q2 2013	Q1 2013	Q2 2012
Net interest income	\$47.1	\$55.7	\$75.5
Provision for loan losses	31.6	20.4	58.4
Net interest income after provision for loan losses	15.5	35.3	17.1
Non-interest income	220.0	184.9	240.3
Non-Interest expense	174.4	196.6	169.5
Income before federal income taxes	61.1	23.6	87.9
(Benefit) provision for federal income taxes	(6.1)	-	0.5
Net income	67.2	23.6	87.4
Preferred stock dividend/accretion	(1.4)	(1.4)	(1.4)
Net income applicable to common stockholders	\$65.8	\$22.2	\$86.0
Diluted Earnings per Share	\$1.10	\$0.33	\$1.47

Totals may not foot due to rounding



Select Balance Sheet Items

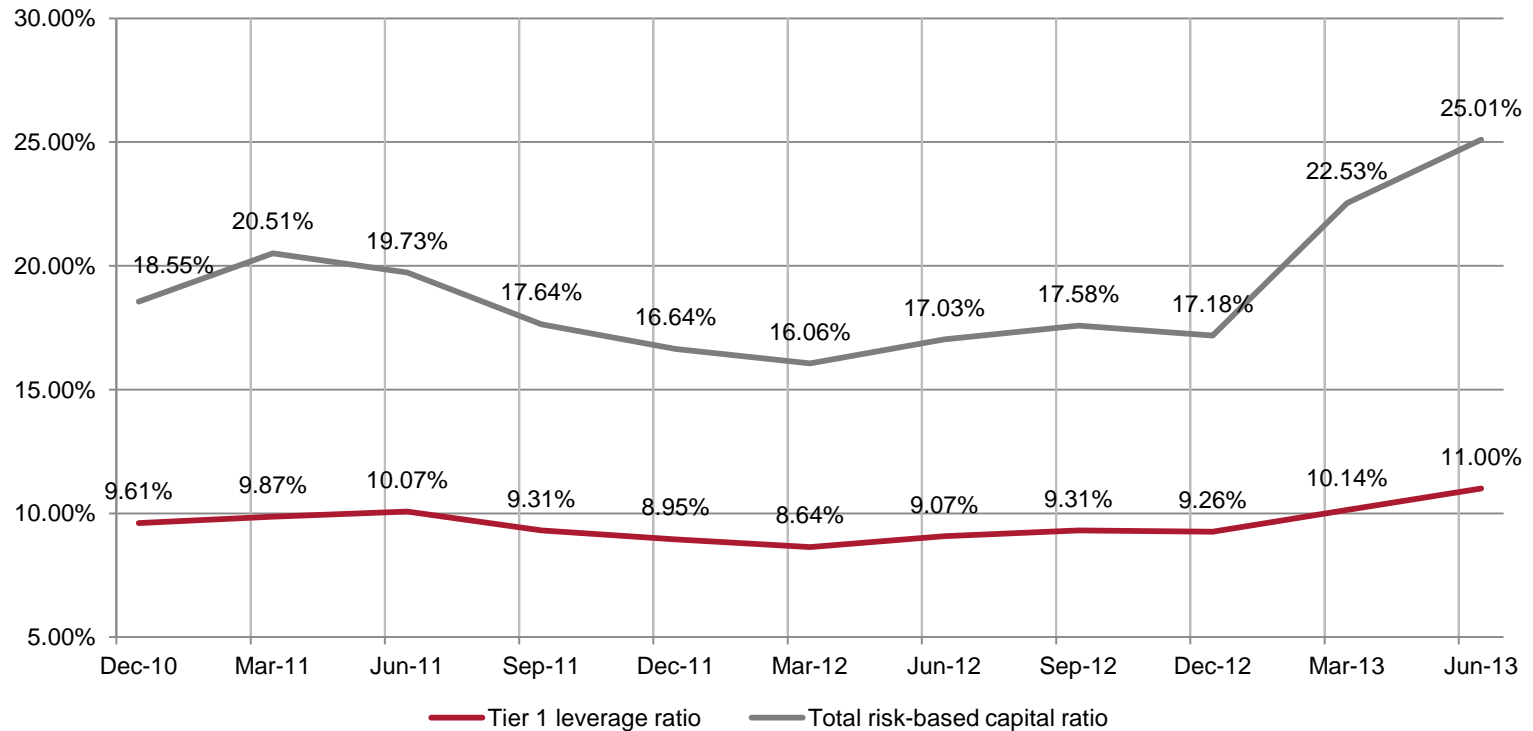
2nd Quarter 2013 Earnings Presentation

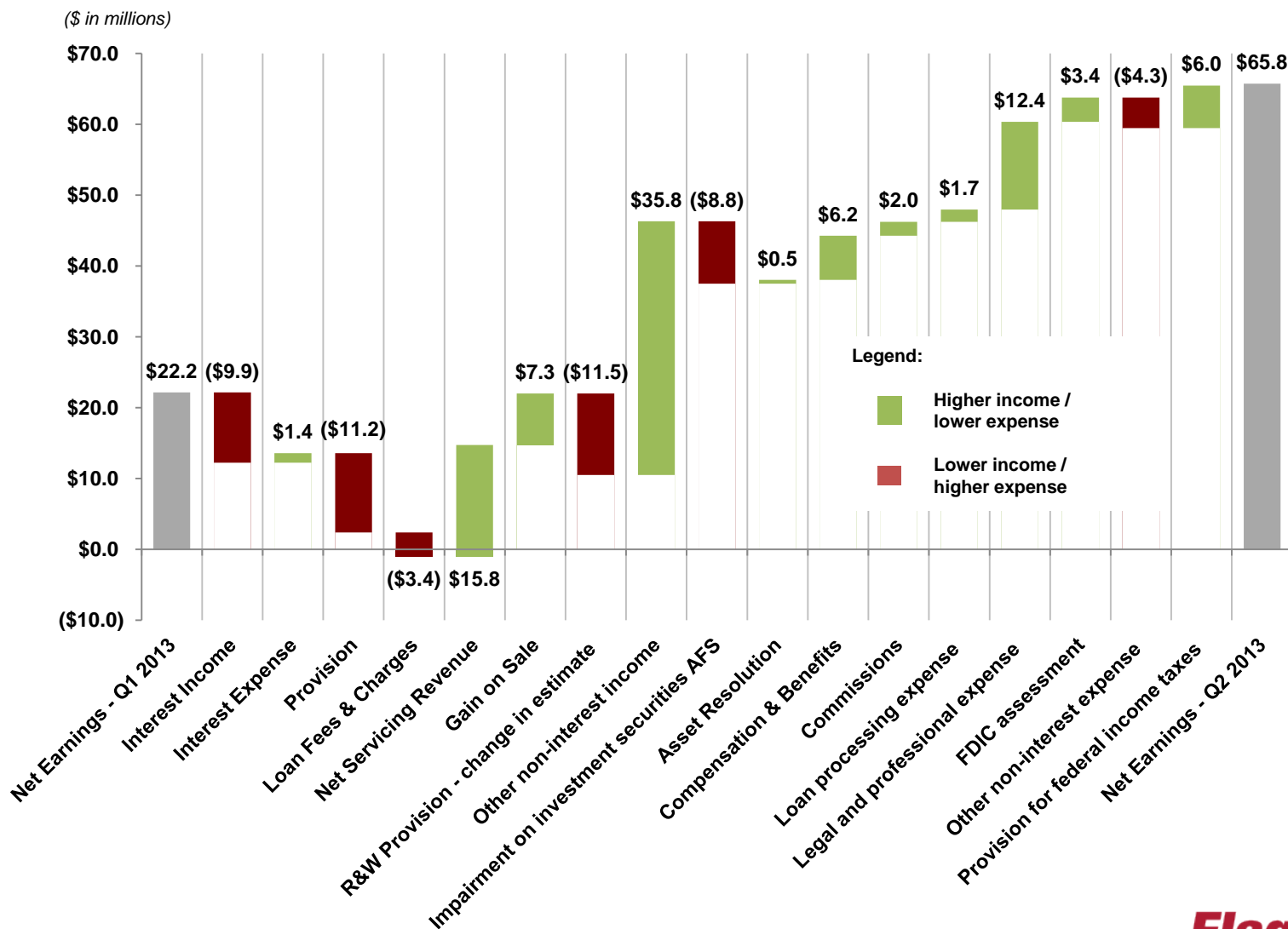
(in millions)

	<u>June 30, 2013</u>	<u>March 31, 2013</u>	<u>June 30, 2012</u>
Total assets	\$12,735.0	\$13,094.2	\$14,368.4
Cash and interest earning deposits	\$2,704.4	\$2,230.7	\$1,270.4
Residential first mortgage loans	2,627.9	2,991.4	3,102.1
Second mortgage loans	180.8	112.4	127.4
Commercial real estate loans	476.5	562.9	1,075.0
Warehouse loans	676.5	750.8	1,261.4
Consumer lending (including HELOC and other)	363.8	212.3	255.8
Other commercial loans	<u>165.5</u>	<u>113.5</u>	<u>728.4</u>
Investment loan portfolio	\$4,491.2	\$4,743.3	6,550.3
Loans held for sale	2,331.5	2,677.3	2,459.5
Loans repurchased with government guarantees	1,509.4	1,604.9	1,999.1
Trading Securities	50.0	170.1	169.8
Investment securities available - for- sale	92.9	169.8	424.8
Mortgage servicing rights	729.0	727.2	638.9

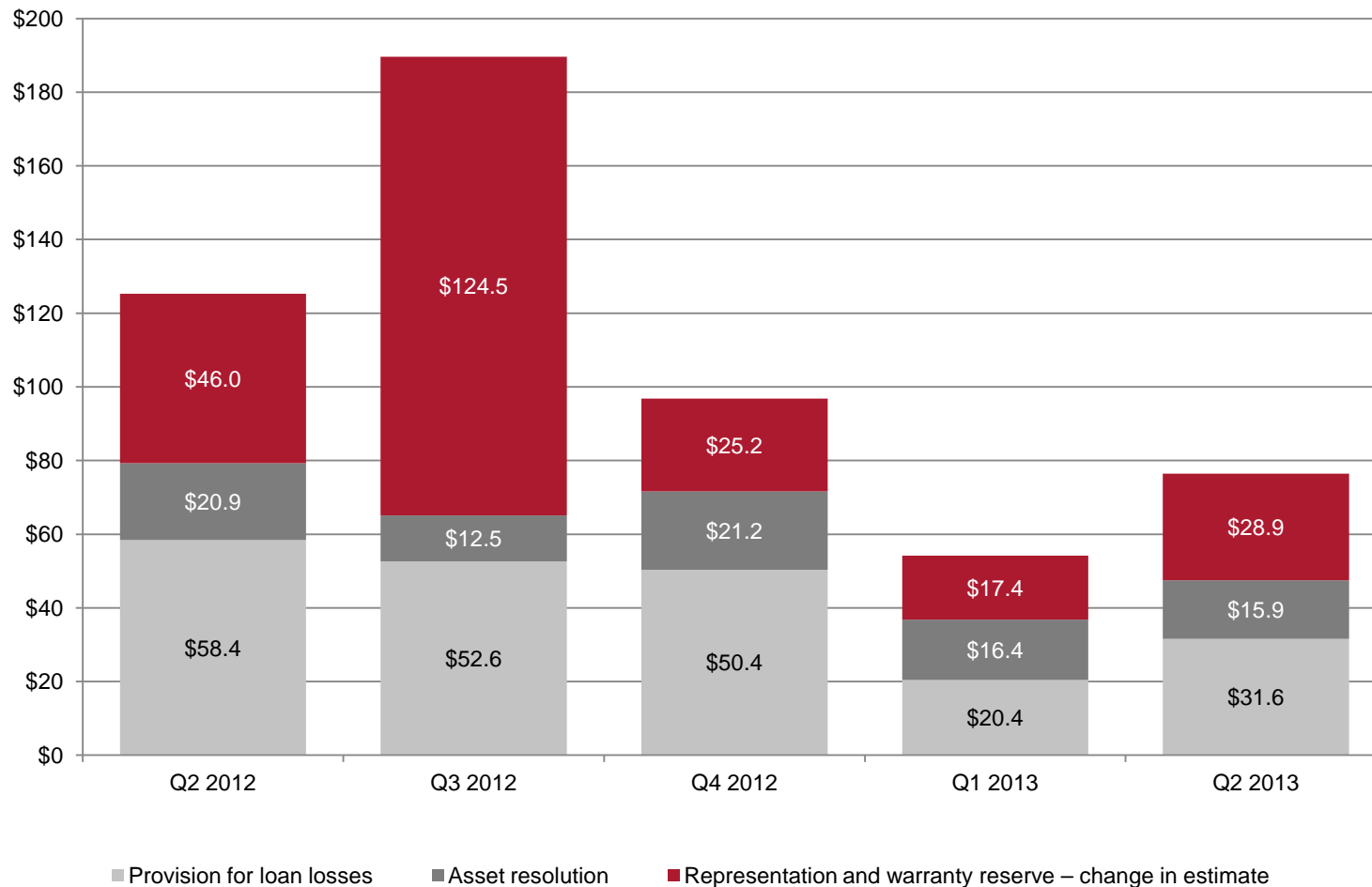
Totals may not foot due to rounding



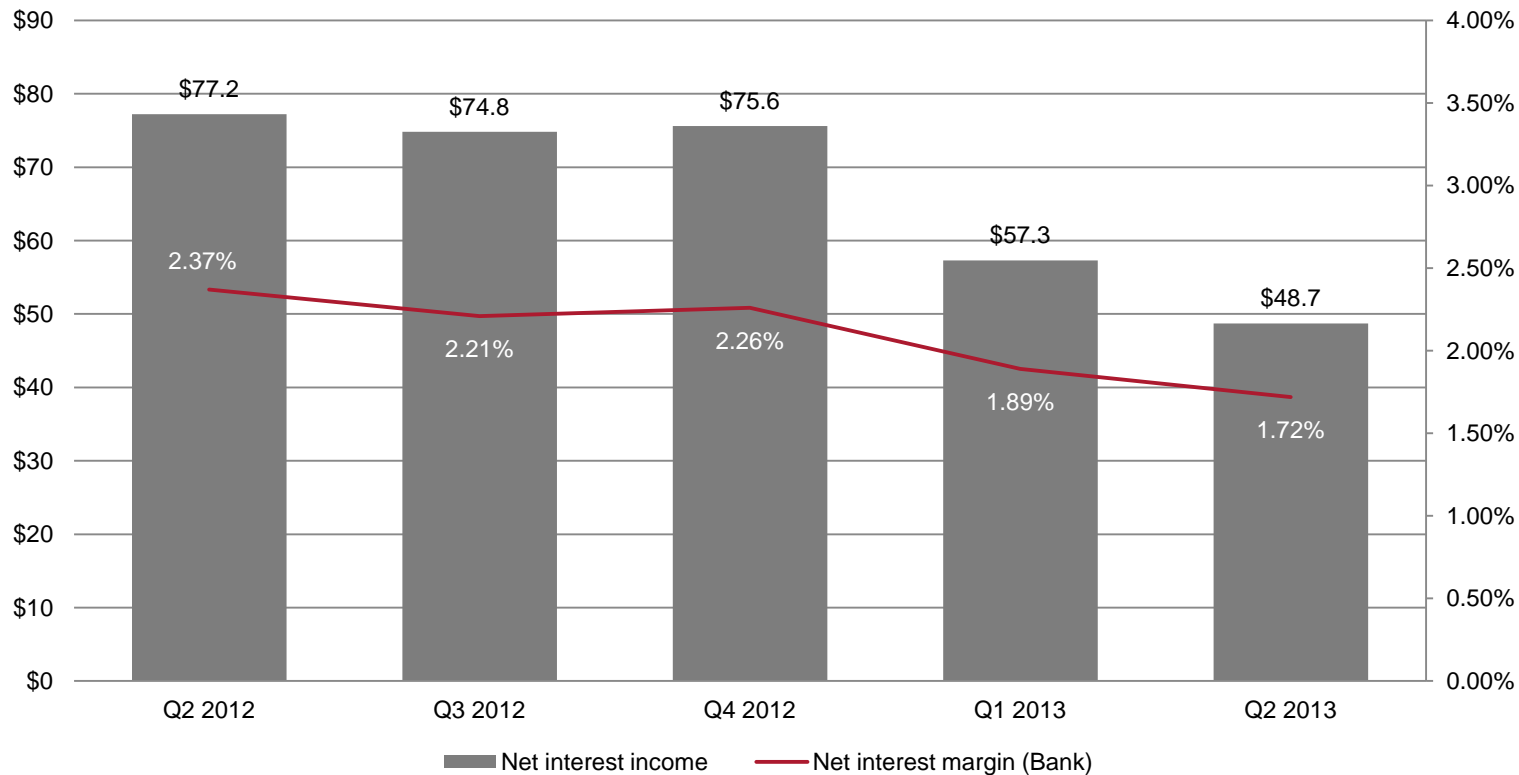


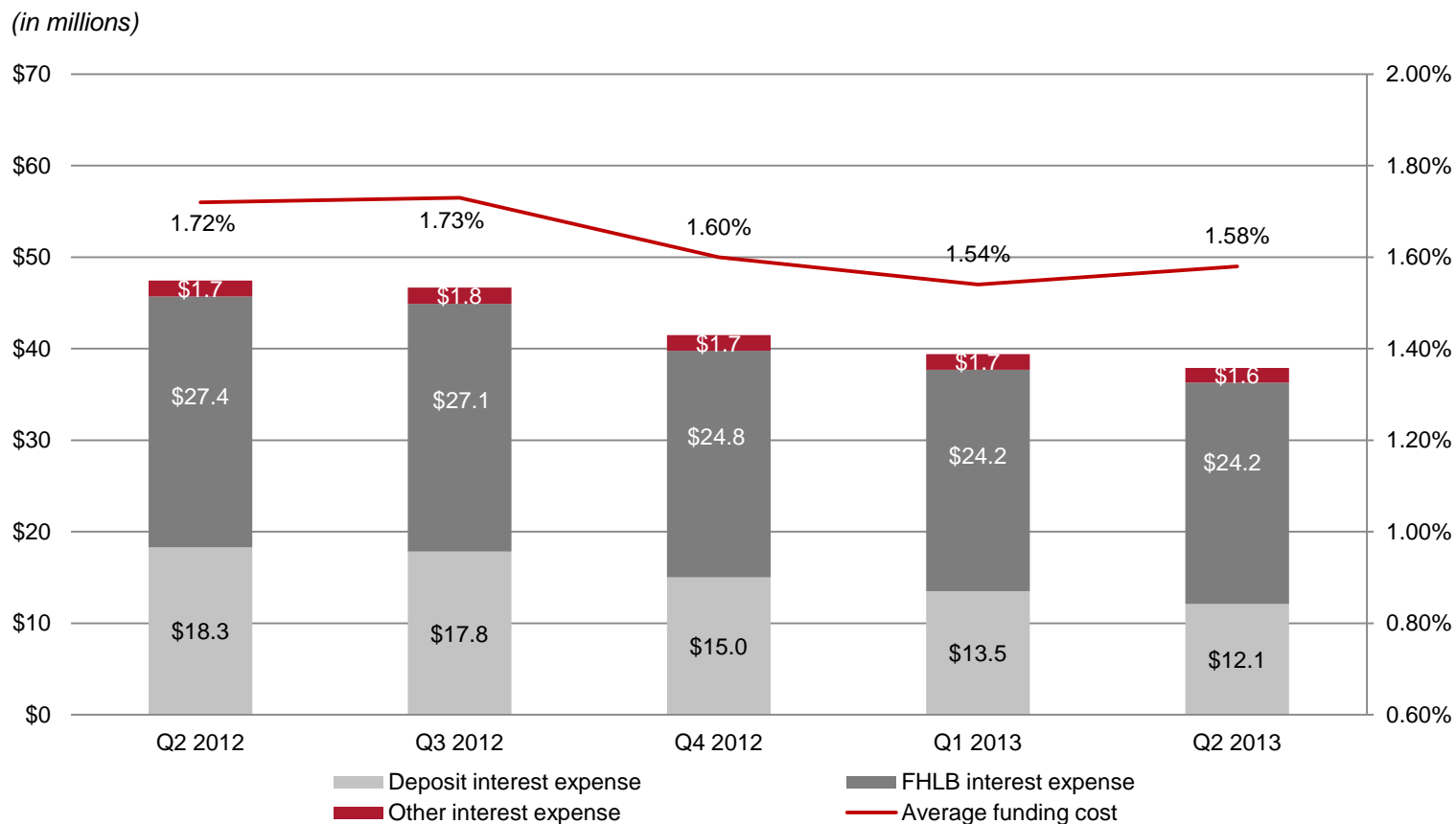


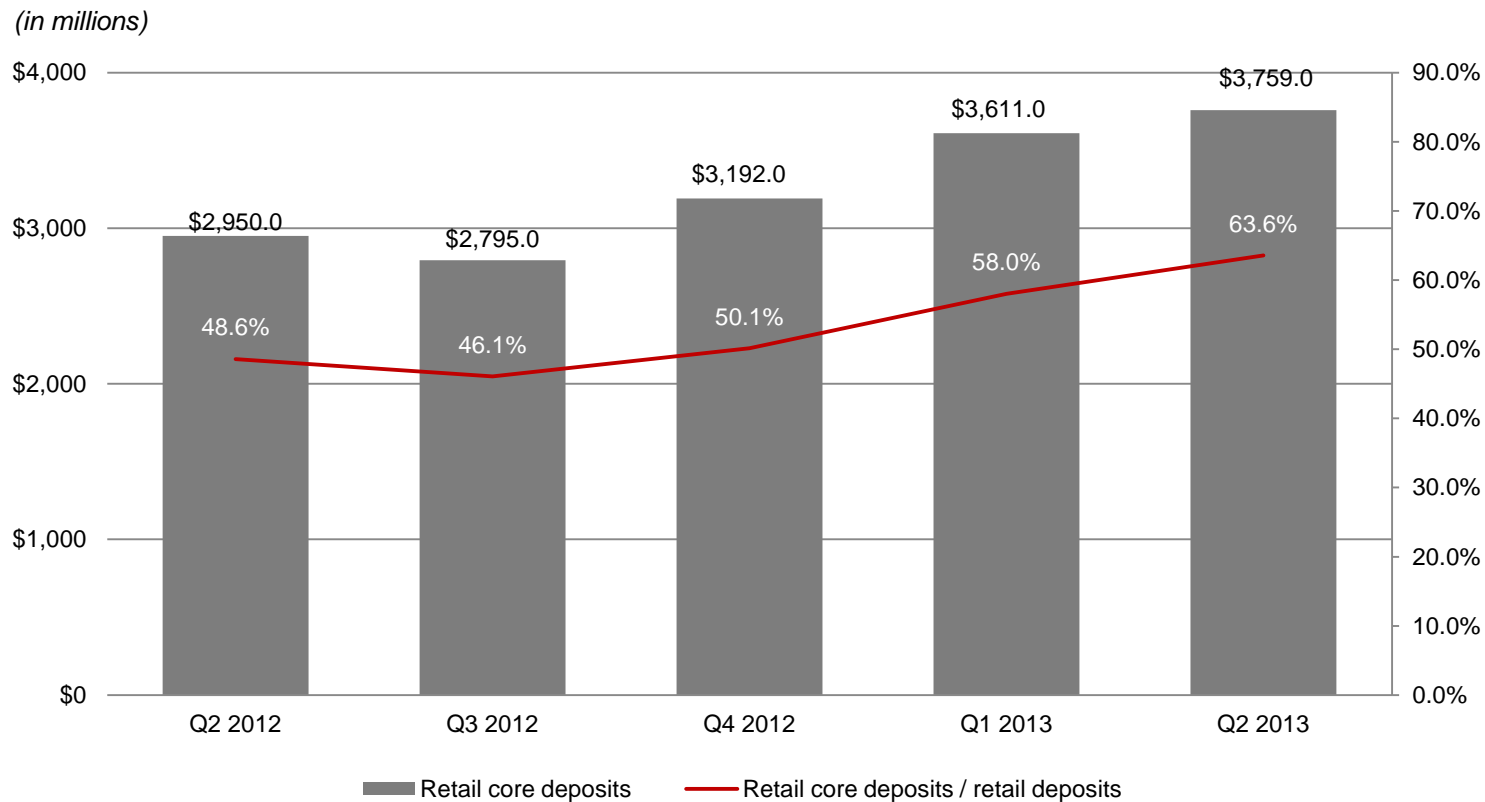
(in millions)



(in millions)



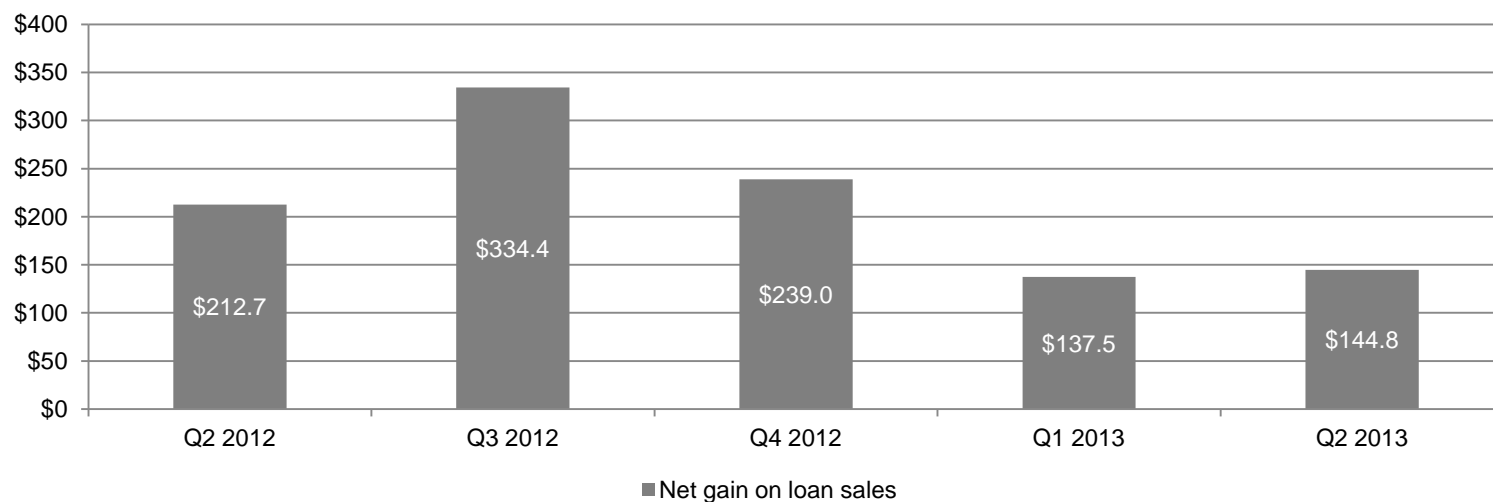




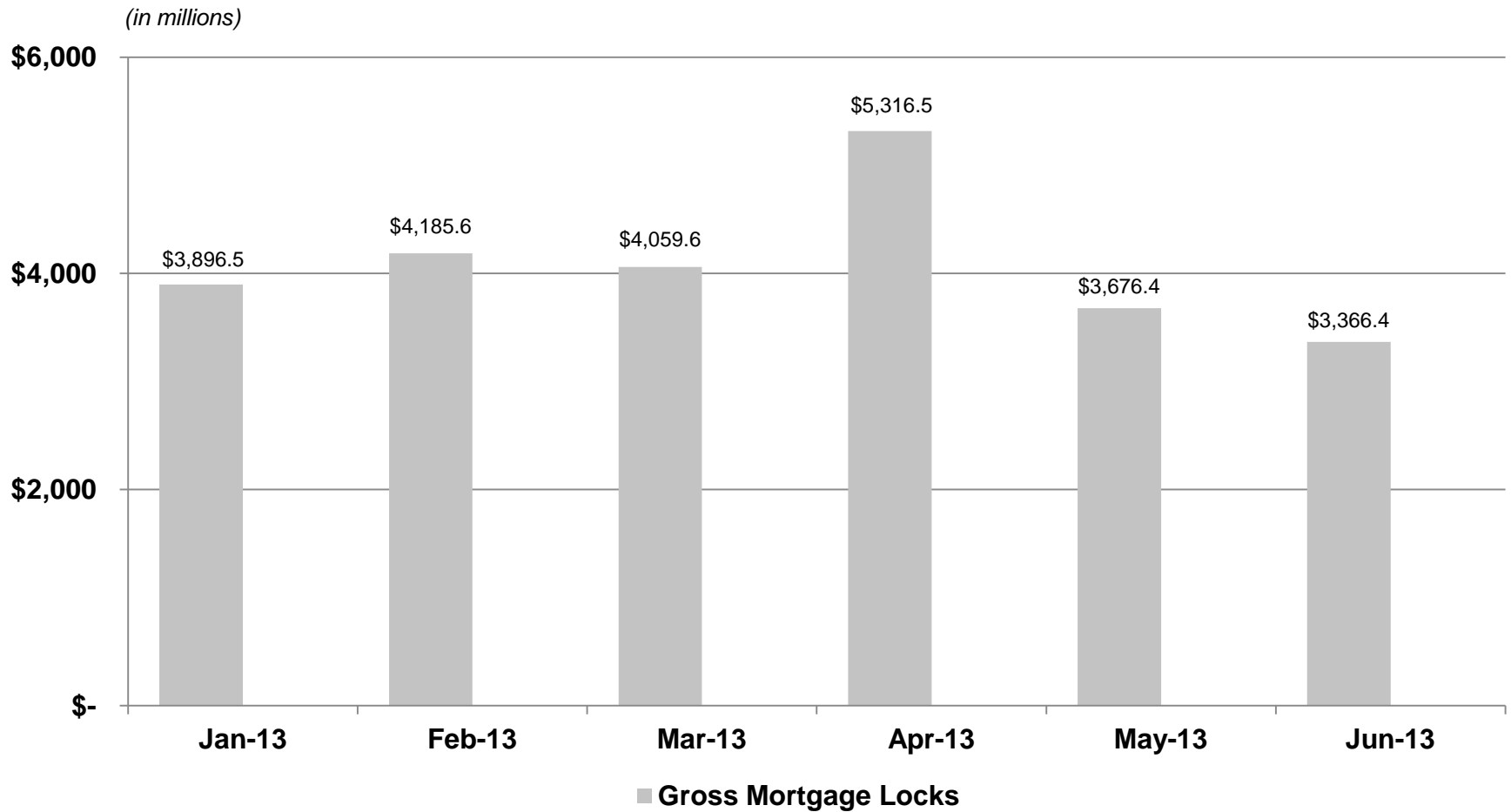
Note: Retail core deposits include checking accounts, savings accounts, and money market accounts.



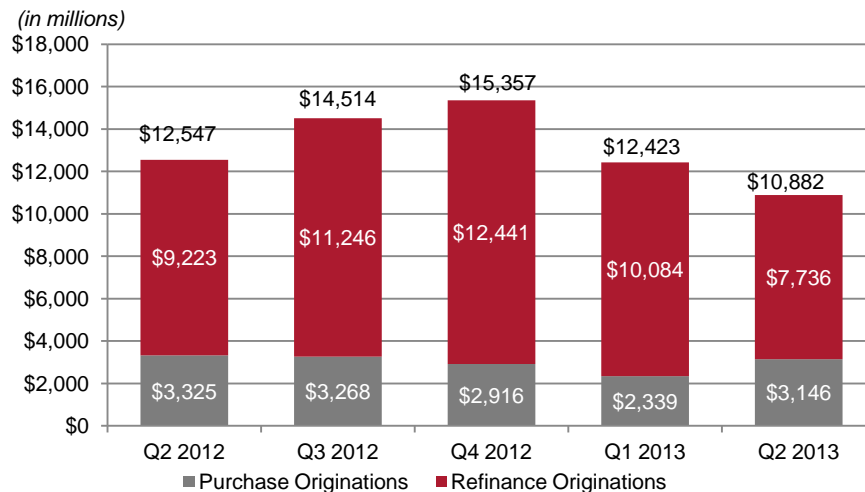
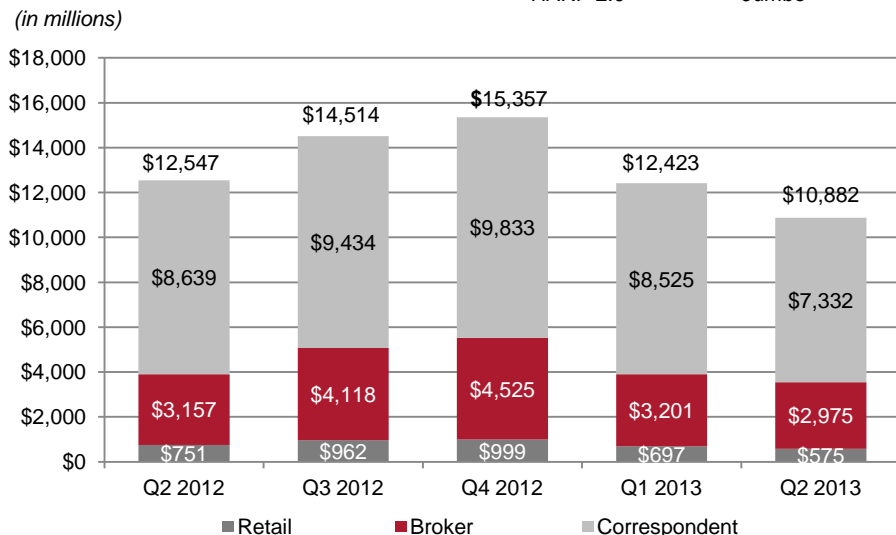
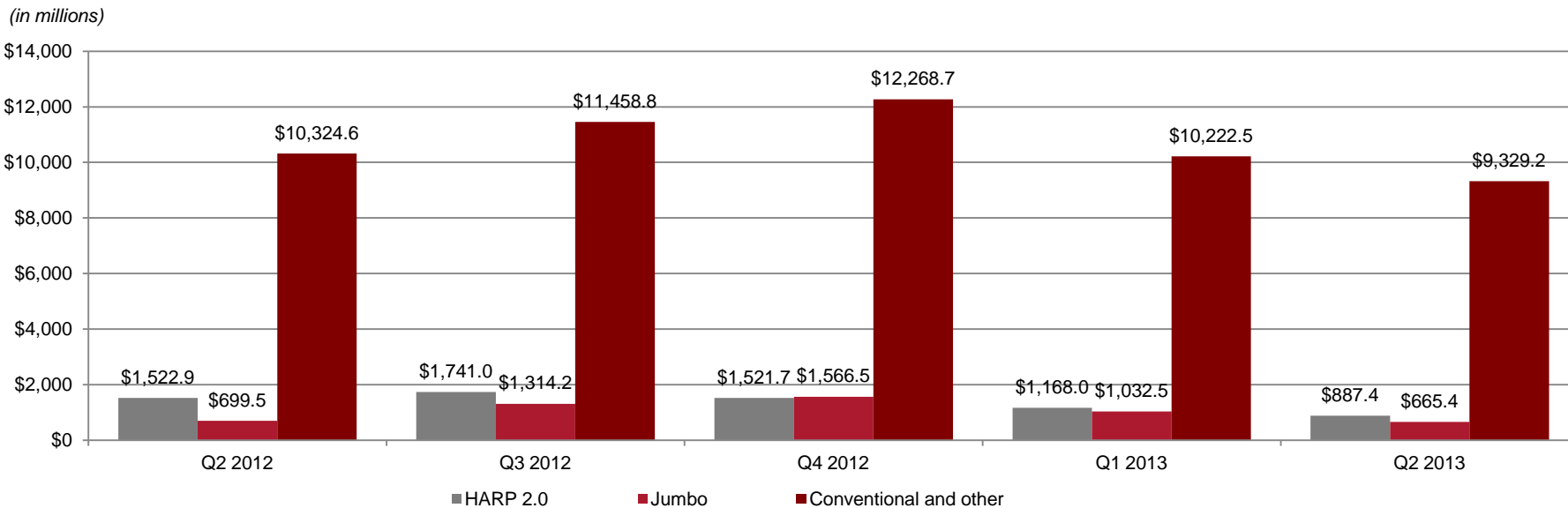
(in millions)



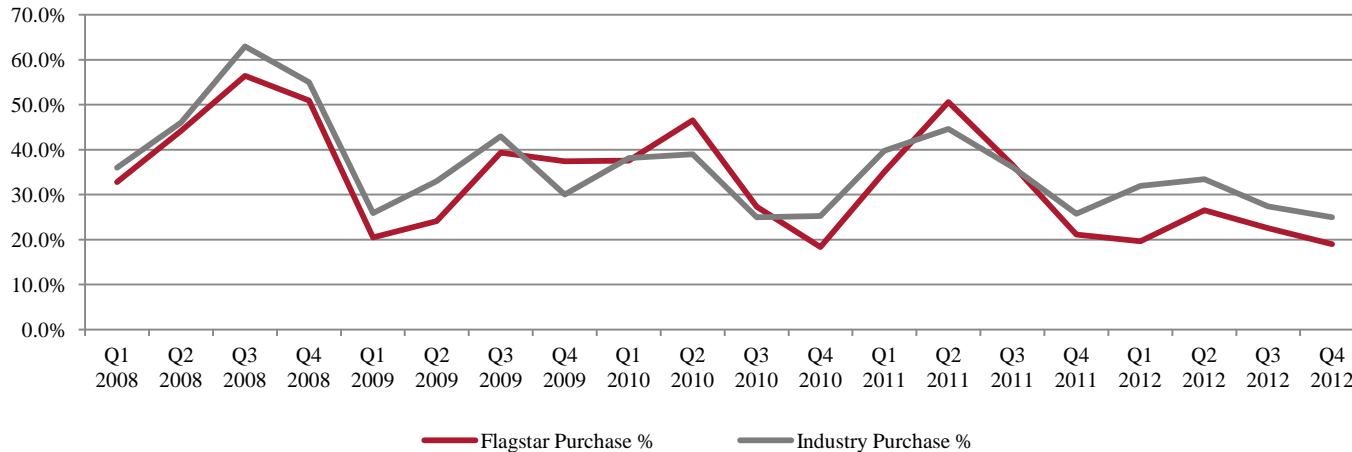
	<u>Q2 2012</u>	<u>Q3 2012</u>	<u>Q4 2012</u>	<u>Q1 2013</u>	<u>Q2 2013</u>
Fallout Adjusted Mortgage Locks (billions)	\$13.3	\$14.0	\$12.6	\$9.8	\$9.8
Net Margin (fallout adjusted)	1.59%	2.39%	1.90%	1.40%	1.47%
Loans sales and securitizations	\$12.8	\$13.9	\$15.6	\$12.8	\$11.1
Net Margin (loan sales)	1.66%	2.42%	1.53%	1.07%	1.30%
Gross Mortgage Locks (billions)	\$17.5	\$18.1	\$16.2	\$12.1	\$12.4
Mortgage Originations (billions)	\$12.5	\$14.5	\$15.4	\$12.4	\$10.9



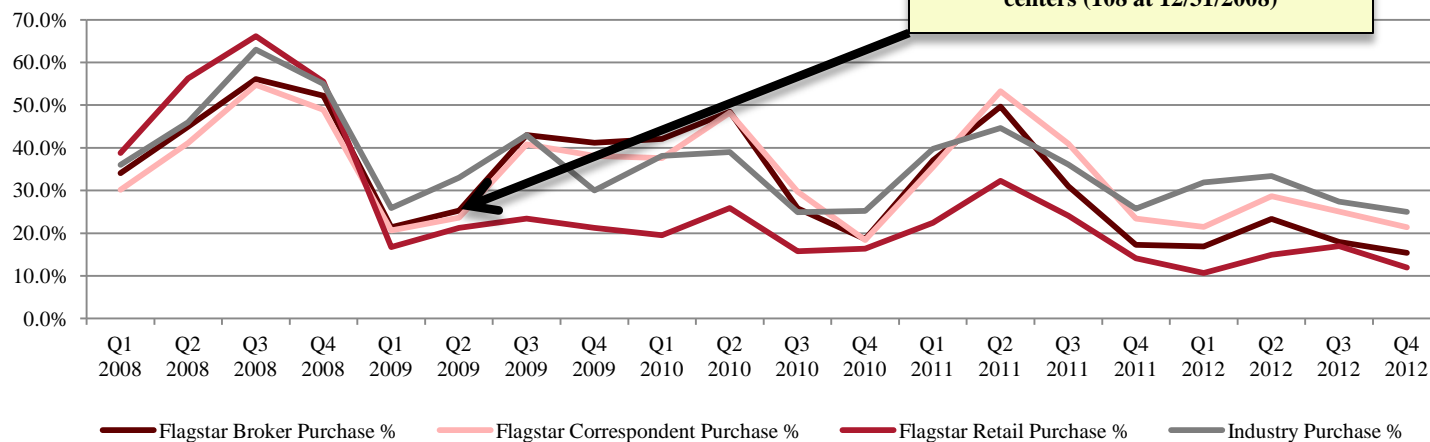
Residential First Mortgage Origination Breakout 2nd Quarter 2013 Earnings Presentation



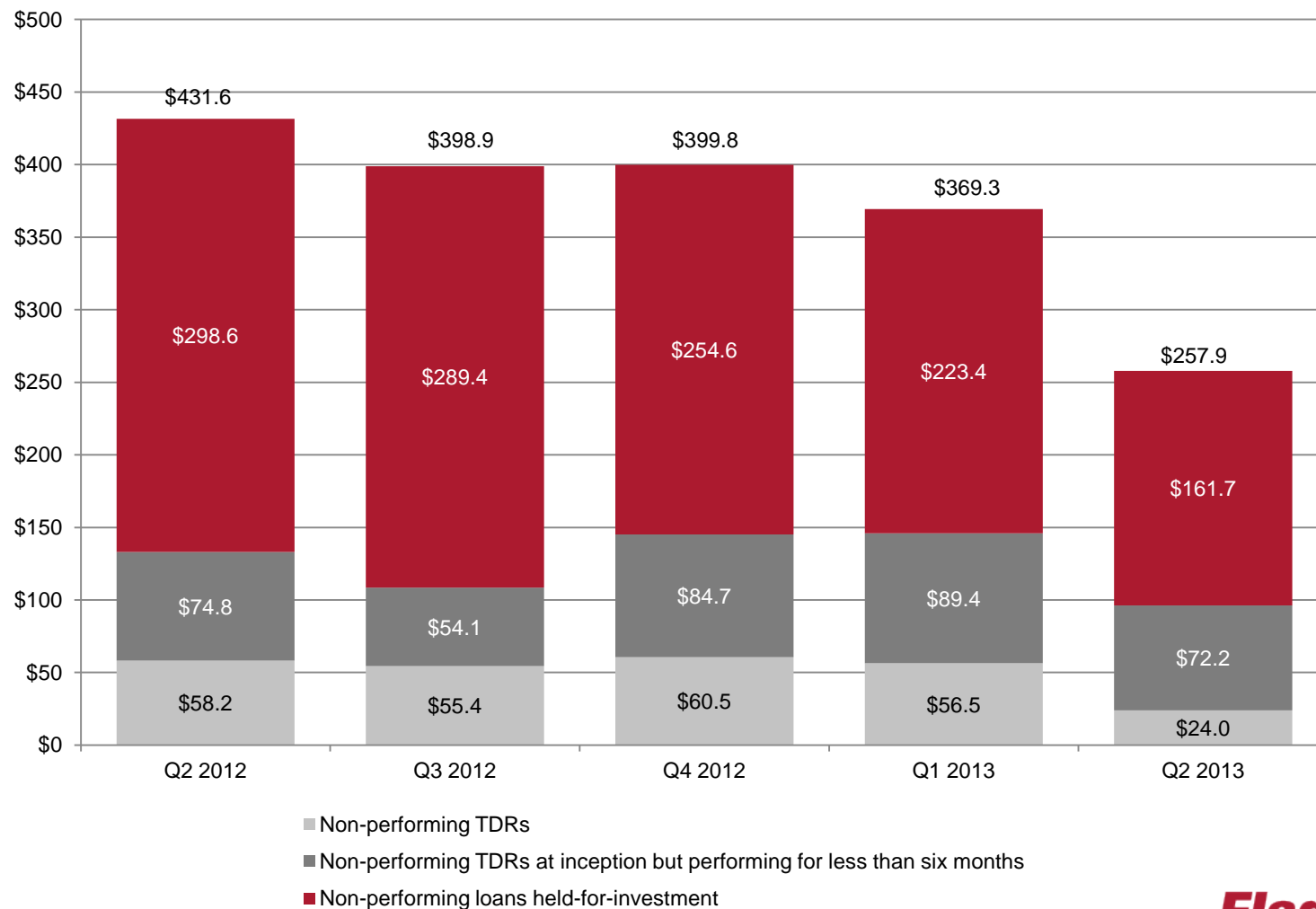
Purchase Mix – All Channels

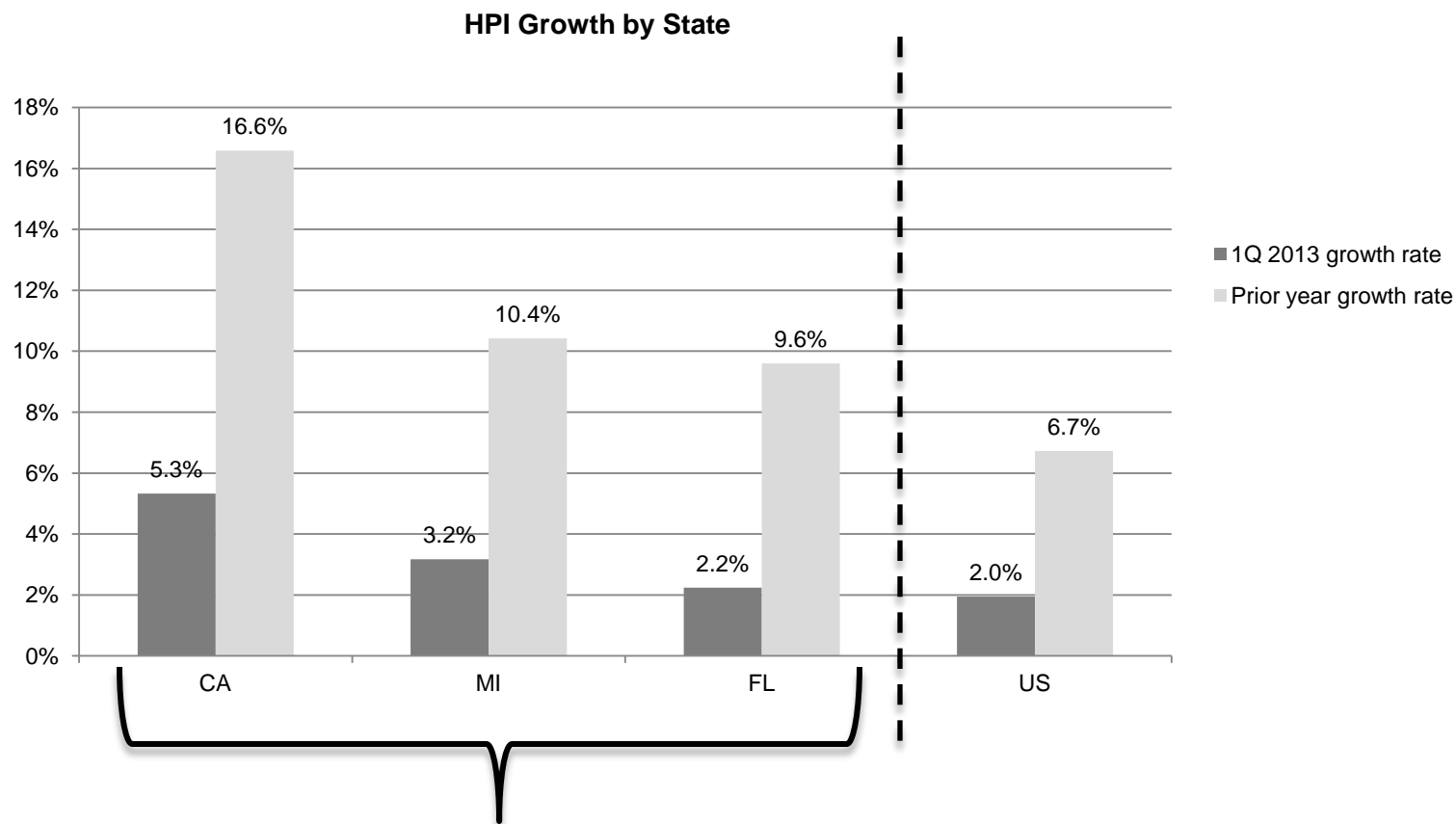


Purchase Mix by Channel



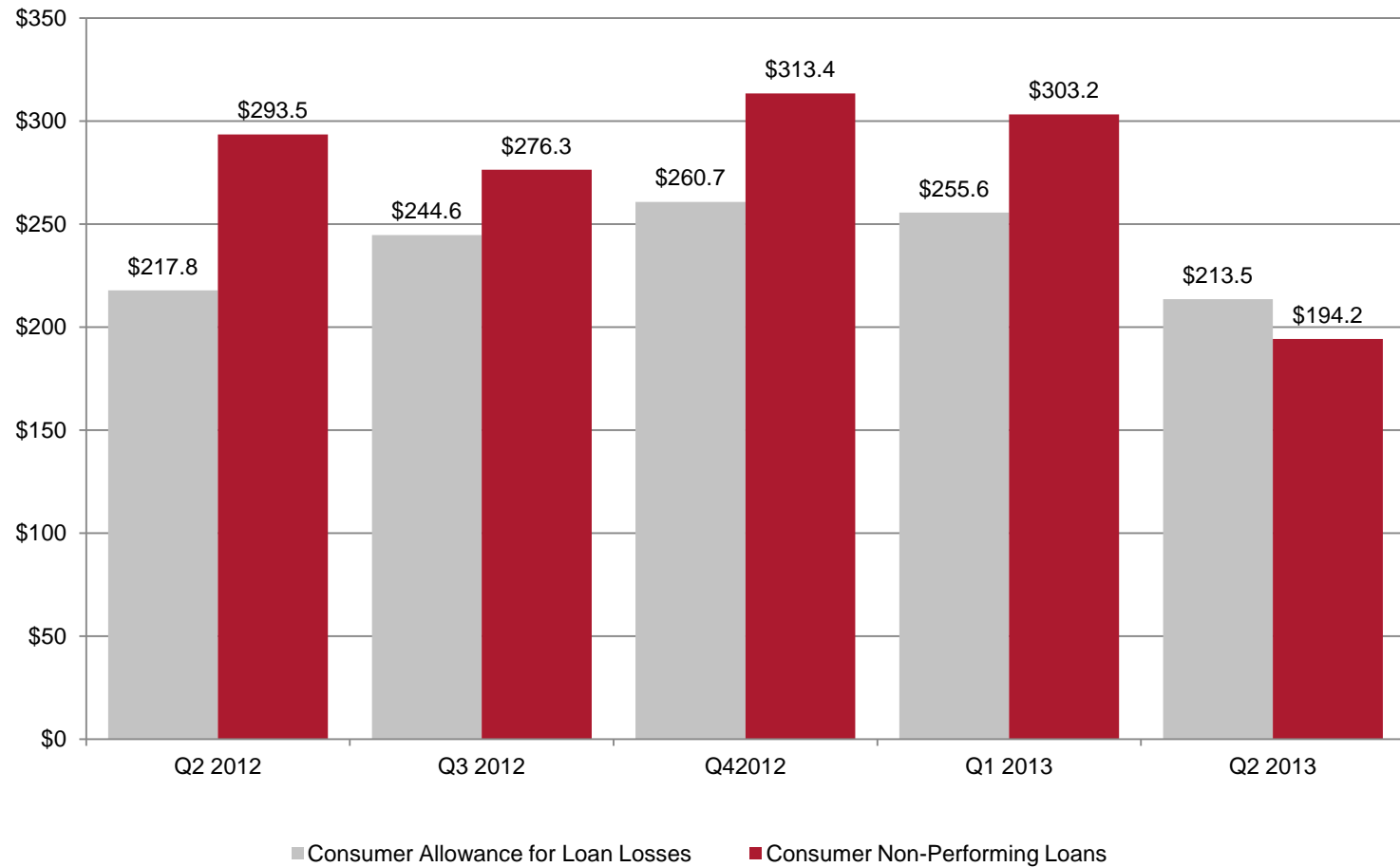
(in millions)



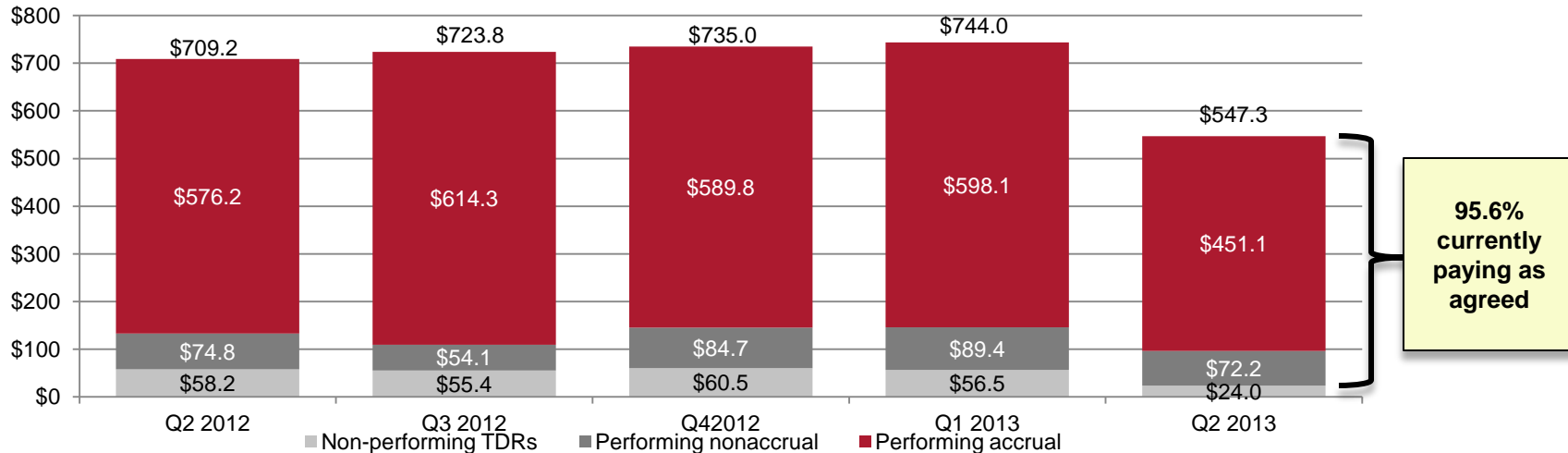


Three largest state concentrations in Flagstar's first mortgage portfolio

(in millions)

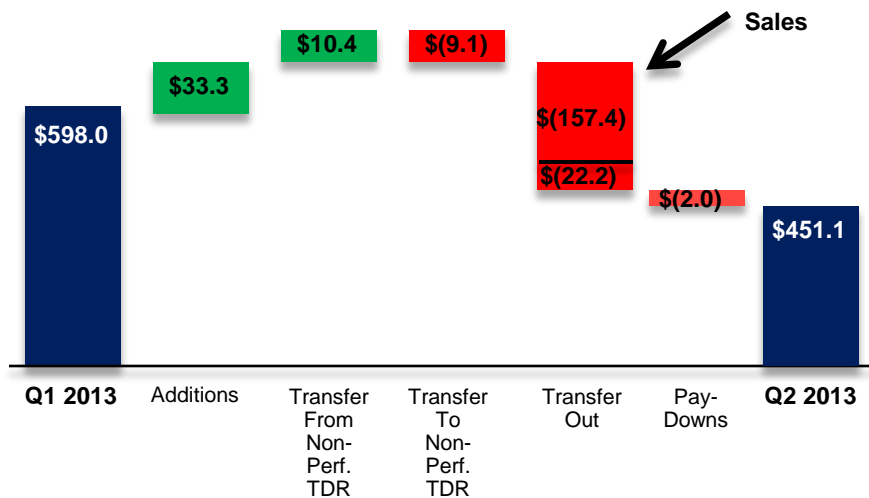


(in millions)



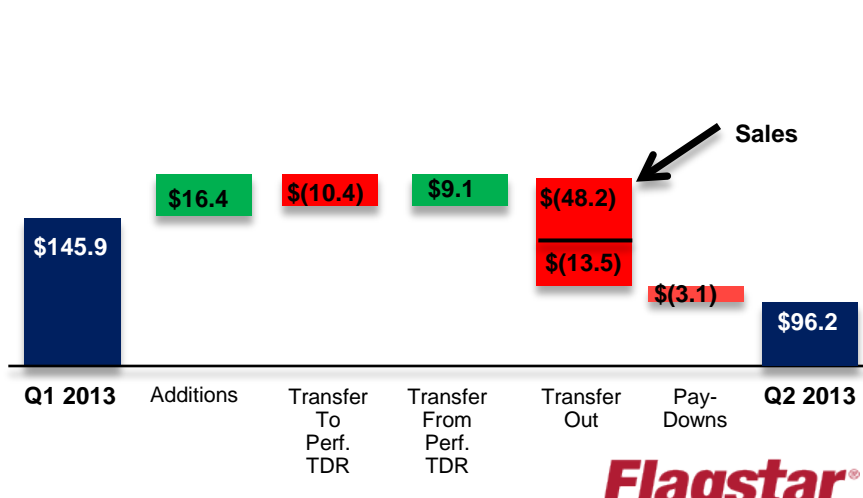
(\$ in millions)

Performing TDR Roll-forward



(\$ in millions)

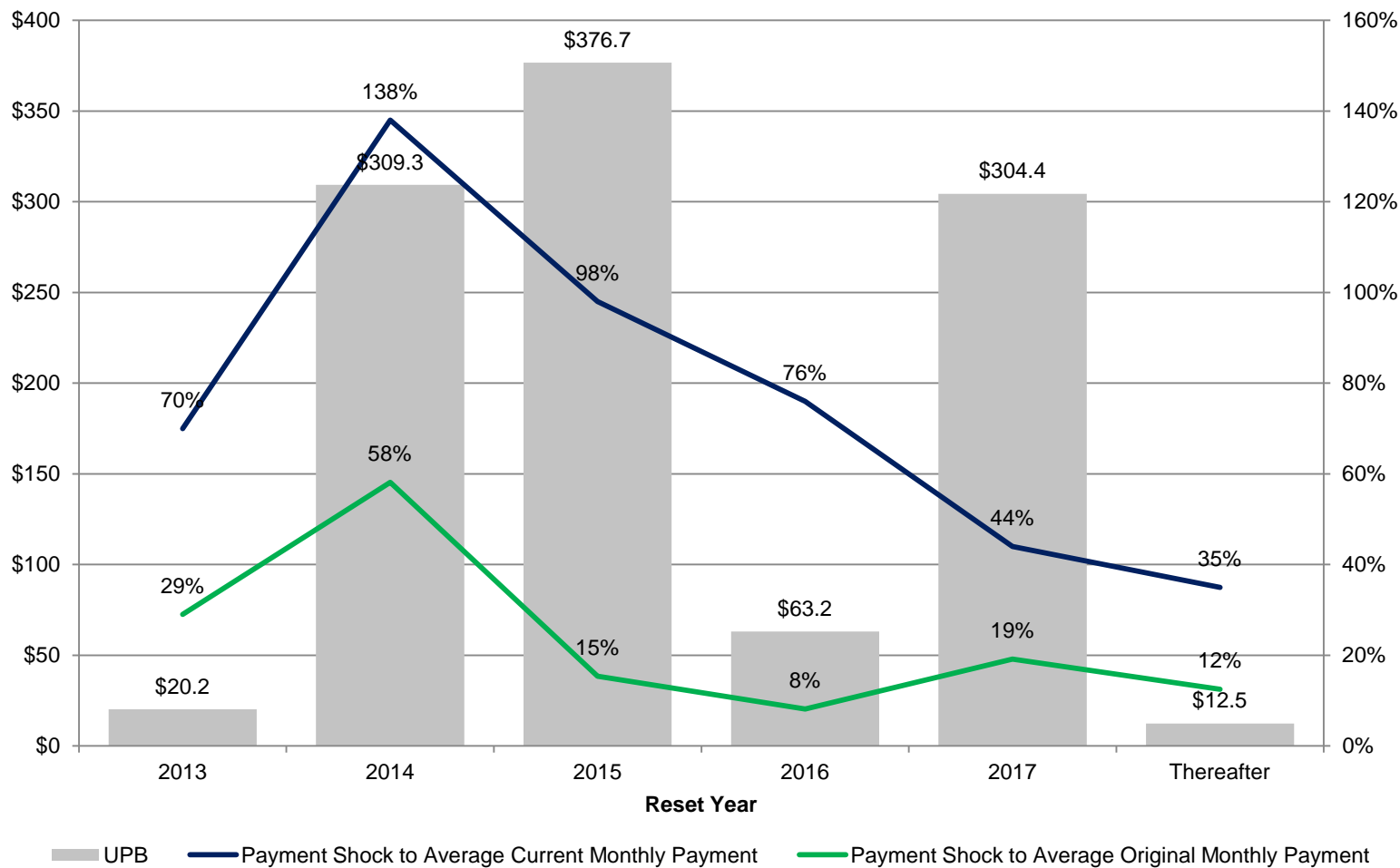
Non-performing TDR Roll-forward

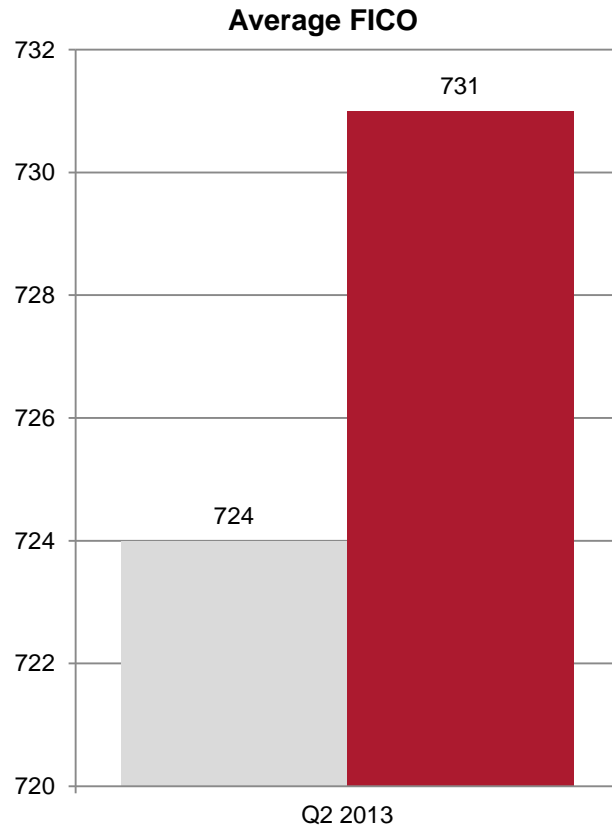


Current Interest Only Loans – Payment Shock vs. Current and Original Monthly Payments

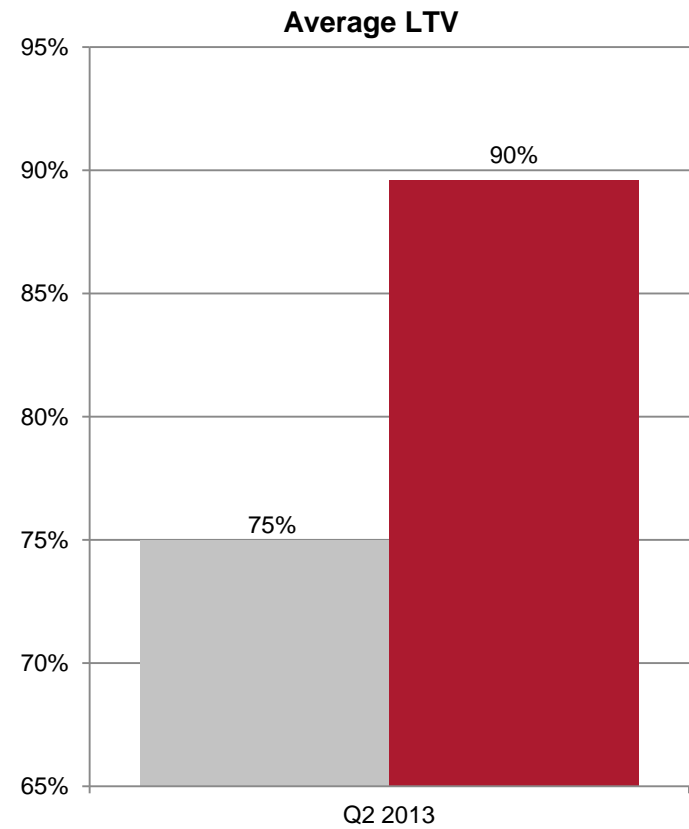
2nd Quarter 2013 Earnings Presentation

(in millions)





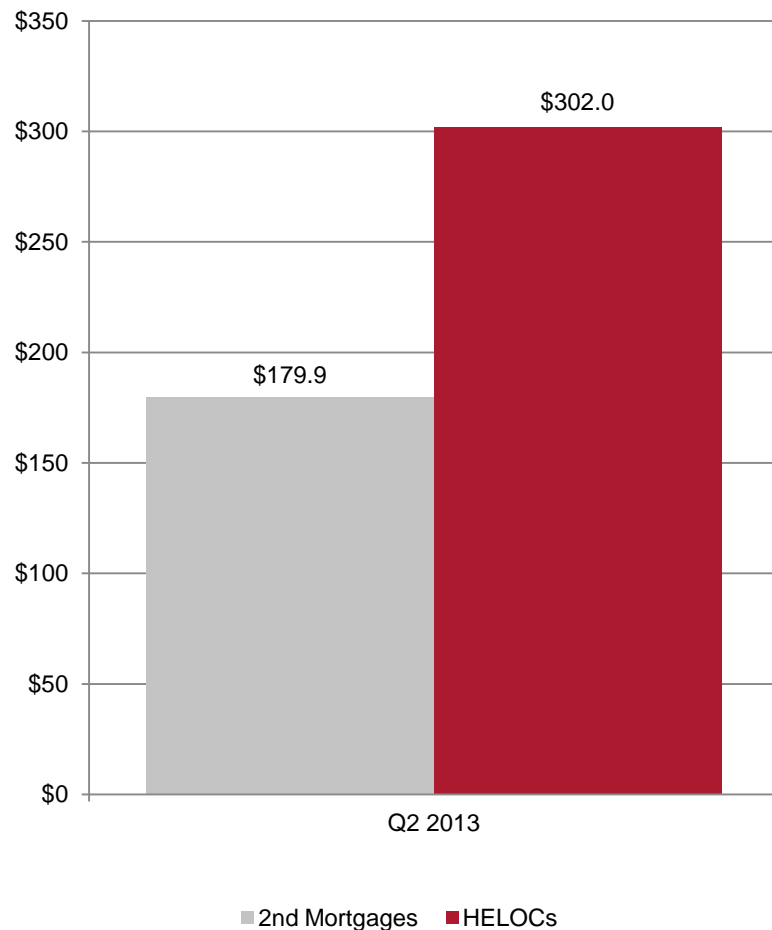
■ Origination ■ Current



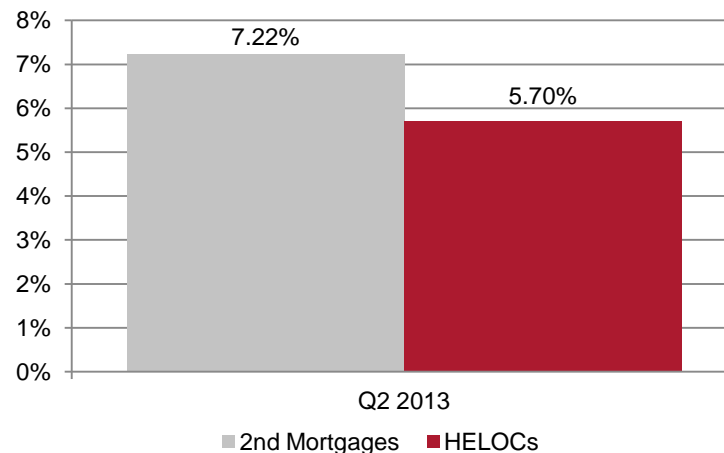
■ Origination ■ Current

(in millions)

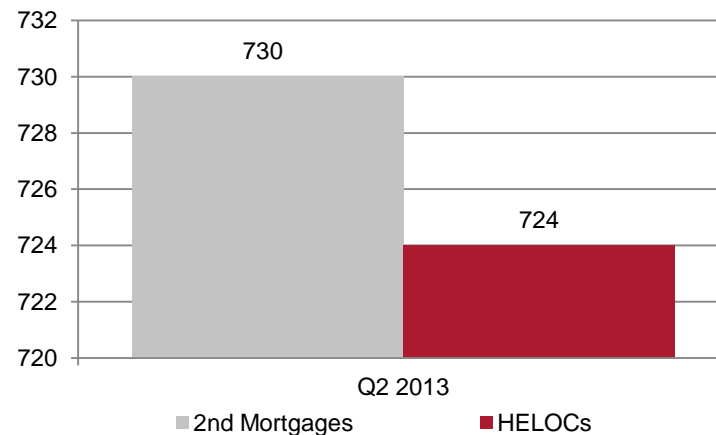
Balances



Average Note Rate



Average Original FICO



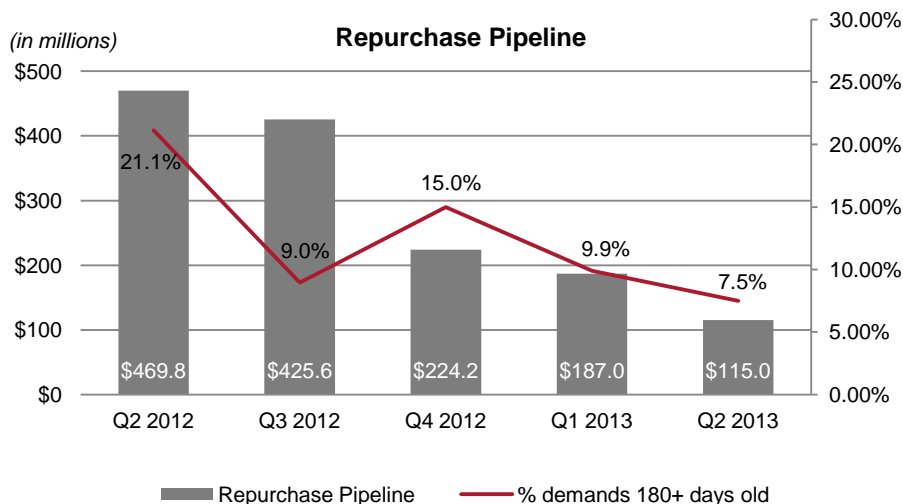
Note: Legacy defined as loans originated in 2009 and prior.



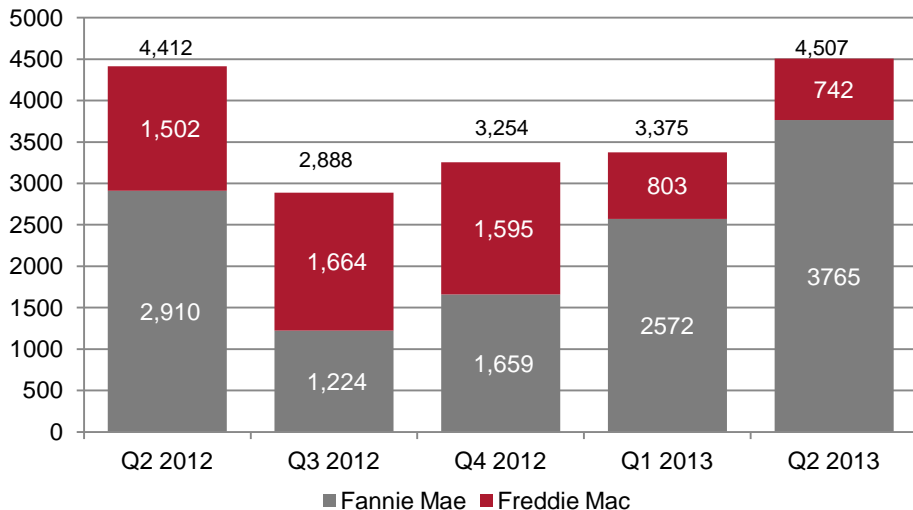
Representation and Warranty Reserve Details

2nd Quarter 2013 Earnings Presentation

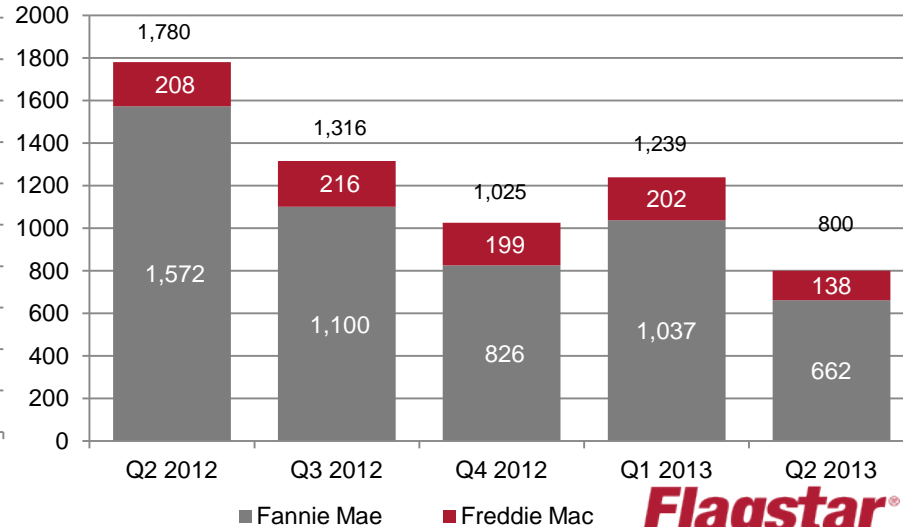
(in millions)	2Q12	3Q12	4Q12	1Q13	2Q13
Beginning balance	\$142.0	\$161.0	\$202.0	\$193.0	\$185.0
Additions	\$51.7	\$130.9	\$32.5	\$23.2	\$34.0
Net charge-offs	(\$32.7)	(\$89.9)	(\$41.5)	(\$31.2)	(\$34.0)
Ending Balance	\$161.0	\$202.0	\$193.0	\$185.0	\$185.0



Audit File Pulls (units)



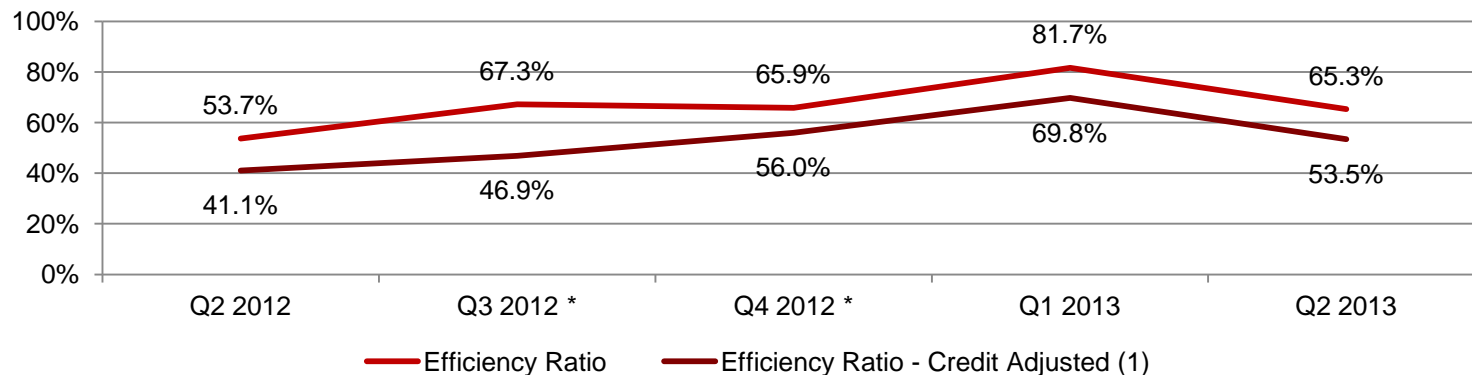
Repurchase Demands (units)



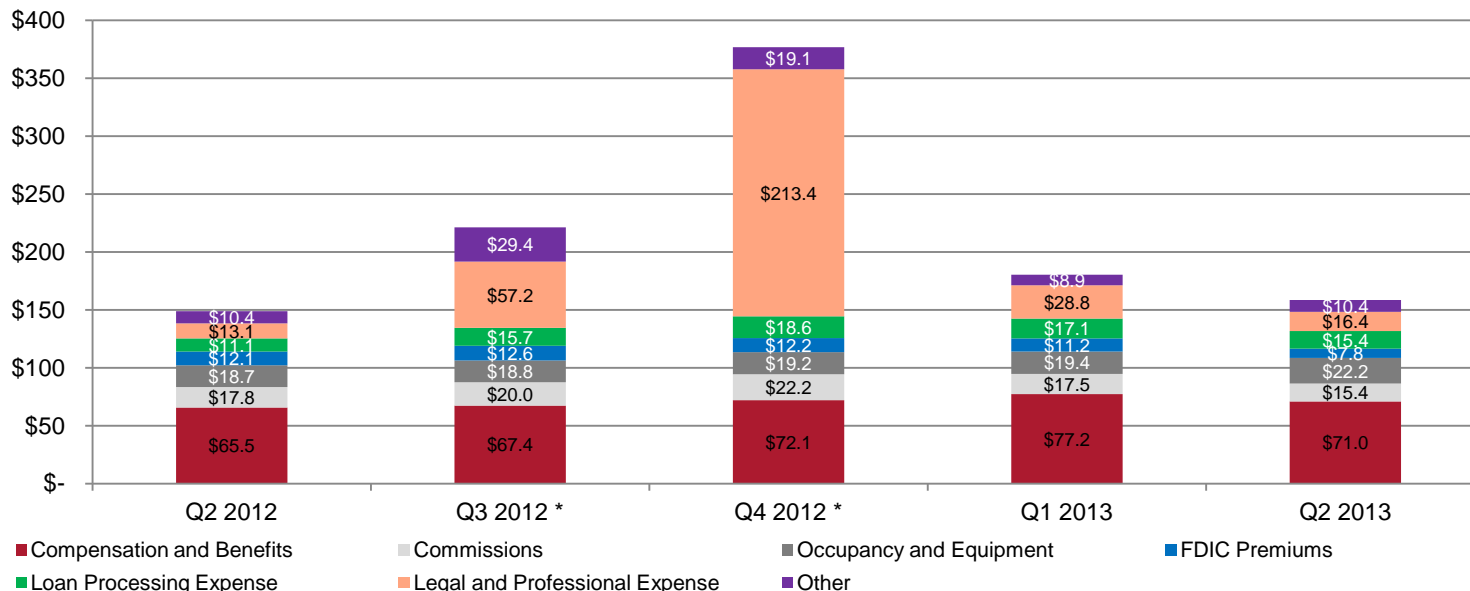
Totals may not foot due to rounding



Efficiency Ratio Trends



Non-Interest Expense



* Includes expenses related to legal reserves of \$40.0 million and \$188.5 million incurred during 3Q 2012 and 4Q 2012, respectively.

(1) See Non-GAAP reconciliation.



Appendix

(in millions)

	Q2 2013	Q1 2013	Q2 2012
Consumer ⁽¹⁾	\$60.9	\$58.4	\$62.1
Commercial ⁽¹⁾	\$0.2	\$1.5	\$1.7
Total 30 - 59 Days Past Due	\$60.1	\$59.8	\$63.8
Consumer ⁽¹⁾	\$13.4	\$20.5	\$24.8
Commercial ⁽¹⁾	\$22.7	\$6.4	\$2.3
Total 60 - 89 Days Past Due	\$36.2	\$26.9	\$27.1
Consumer ⁽¹⁾	\$194.2	\$303.2	\$293.5
Commercial ⁽¹⁾	\$63.8	\$66.1	\$138.1
Total Greater than 90 days Past Due	\$258.0	\$369.3	\$431.6
Non-performing Assets	\$344.3	\$483.7	\$538.8
To Total Assets (Bank only)	2.71%	3.70%	3.75%
Provision for Loan Losses	\$31.6	\$20.4	\$58.4
Charge-offs, Net of Recoveries ⁽²⁾	\$78.6	\$35.4	\$52.4
Allowance for Loan Losses	\$243.0	\$290.0	\$287.0
To Loans Held for Investment ⁽³⁾	5.75%	6.11%	4.38%
To Non-performing Loans	94.2%	78.5%	66.5%
Real Estate Owned	\$86.4	\$114.4	\$107.2

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

(2) Includes \$38.4 million of charge-offs related to the sale of non-performing loans sold in the second quarter of 2013.

(3) Excludes loans carried under fair value option.

Totals may not foot due to rounding



First Mortgage Portfolio – by State

2nd Quarter 2013 Earnings Presentation

(In thousands)

State	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
CA	\$ 39,154	\$ 736,848	\$ -	\$ 776,002	34.7%	\$ 423,441	\$ 245,611	\$ 16,648	\$ 685,700	26.3%
FL	2,653	163,999	-	166,652	7.5%	229,951	131,064	11,498	372,513	14.3%
MI	2,508	103,222	-	105,730	4.7%	207,277	54,545	13,621	275,442	10.6%
WA	6,528	64,856	-	71,384	3.2%	76,668	45,097	5,864	127,629	4.9%
AZ	1,791	62,784	-	64,576	2.9%	70,681	36,896	3,058	110,635	4.2%
CO	1,876	62,275	-	64,151	2.9%	50,102	22,722	5,046	77,870	3.0%
MD	1,367	53,120	-	54,487	2.4%	42,007	32,730	4,215	78,951	3.0%
NY	1,201	68,155	-	69,356	3.1%	31,432	36,613	3,921	71,966	2.8%
VA	2,322	56,864	-	59,186	2.6%	42,305	20,884	4,681	67,870	2.6%
TX	4,445	166,773	-	171,218	7.7%	27,166	33,440	2,064	62,670	2.4%
NJ	1,681	37,741	-	39,422	1.8%	28,677	24,831	3,108	56,616	2.2%
NV	-	12,923	-	12,923	0.6%	35,922	13,212	2,334	51,469	2.0%
IL	2,837	45,136	-	47,973	2.1%	29,377	21,687	2,451	53,515	2.1%
GA	278	44,546	-	44,824	2.0%	29,039	24,719	2,030	55,788	2.1%
OH	-	18,057	-	18,057	0.8%	31,530	9,379	852	41,761	1.6%
OTHER	9,621	460,135	-	469,756	21.0%	226,978	168,600	19,723	415,300	15.9%
Total :	\$ 78,264	\$ 2,157,434	\$ -	\$ 2,235,698	100%	\$ 1,582,553	\$ 922,030	\$ 101,113	\$ 2,605,696	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.

(in thousands)

Year	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
Older	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 188,830	\$ 42,851	\$ 8,907	\$ 240,588	9.2%
2004	-	142	-	142	0.0%	474,536	29,487	9,693	513,716	19.7%
2005	100	334	-	434	0.0%	481,102	50,804	17,528	549,434	21.1%
2006	32	587	-	619	0.0%	105,970	117,052	14,817	237,840	9.1%
2007	-	2,729	-	2,729	0.1%	259,487	488,414	46,922	794,824	30.5%
2008	-	7,556	-	7,556	0.3%	13,854	104,585	3,245	121,684	4.7%
2009	-	6,579	-	6,579	0.3%	7,179	44,800	-	51,979	2.0%
2010	-	1,253	-	1,253	0.1%	8,137	14,483	-	22,620	0.9%
2011	-	115	-	115	0.0%	18,347	14,087	-	32,434	1.2%
2012	-	198	-	198	0.0%	17,918	14,133	-	32,051	1.2%
2013	78,132	2,137,942	-	2,216,074	99.1%	7,193	1,334	-	8,527	0.3%
Total :	\$ 78,264	\$ 2,157,434	\$ -	\$ 2,235,698	100%	\$ 1,582,553	\$ 922,030	\$ 101,113	\$ 2,605,696	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.

(in thousands)

FICO	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
< 580	\$ -	\$ 2,241	\$ -	\$ 2,241	0.1%	\$ 18,433	\$ 32,766	\$ 1,376	\$ 52,576	2.0%
580 - 619	-	6,256	-	6,256	0.3%	20,809	53,151	1,784	75,744	2.9%
620 - 659	517	109,226	-	109,743	4.9%	97,959	101,305	7,055	206,318	7.9%
660 - 699	7,123	306,784	-	313,907	14.0%	417,214	230,832	36,249	684,295	26.3%
> 699	70,624	1,732,927	-	1,803,551	80.7%	1,028,138	503,975	54,649	1,586,762	60.9%
Total :	\$ 78,264	\$ 2,157,434	\$ -	\$ 2,235,698	100%	\$ 1,582,553	\$ 922,030	\$ 101,113	\$ 2,605,696	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.

(in thousands)

Original LTV	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
<=70.00%	\$ 50,844	\$ 668,681	\$ -	\$ 719,525	32.2%	\$ 414,466	\$ 228,451	\$ 21,840	\$ 664,757	25.5%
>70.00% - 79.99%	18,013	637,044	-	655,057	29.3%	973,967	463,314	60,704	1,497,985	57.5%
>80.00% - 89.99%	3,746	220,694	-	224,440	10.0%	103,623	83,484	11,699	198,806	7.6%
>90.00% - 99.99%	5,422	501,558	-	506,980	22.7%	88,877	138,228	6,641	233,746	9.0%
100.00% -109.99%	207	86,526	-	86,733	3.9%	1,242	5,852	-	7,094	0.3%
110.00% -124.99%	-	21,350	-	21,350	1.0%	379	2,108	110	2,597	0.1%
>125.00%	32	21,581	-	21,613	1.0%	-	592	119	711	0.0%
Total:	\$ 78,264	\$ 2,157,434	\$ -	\$ 2,235,698	100%	\$ 1,582,554	\$ 922,029	\$ 101,113	\$ 2,605,696	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.

(in thousands)

HPI Adjusted LTV	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
<=70.00%	\$ 50,844	\$ 668,681	\$ -	\$ 719,525	32.2%	\$ 420,996	\$ 123,932	\$ 14,533	\$ 559,461	21.5%
70.00% - 79.99%	18,013	637,044	-	655,057	29.3%	300,506	119,790	10,310	430,606	16.5%
80.00% - 89.99%	3,746	220,694	-	224,440	10.0%	263,416	145,899	17,519	426,834	16.4%
90.00% - 99.99%	5,422	501,558	-	506,980	22.7%	204,132	170,703	14,893	389,728	15.0%
100.00% -109.99%	207	86,526	-	86,733	3.9%	157,044	137,607	14,076	308,727	11.8%
110.00% -124.99%	-	21,350	-	21,350	1.0%	150,565	118,996	19,232	288,793	11.1%
>=125.00%	32	21,581	-	21,613	1.0%	85,893	105,103	10,551	201,547	7.7%
Total :	\$ 78,264	\$ 2,157,434	\$ -	\$ 2,235,698	100%	\$ 1,582,552	\$ 922,030	\$ 101,114	\$ 2,605,696	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.

(in thousands)

Loan Type	Balance	Non-performing Loans	% of Balance	% of Overall NPLs	Q2 '13 Charge Offs, Net of Recoveries	Collectively Evaluated Reserves ⁽¹⁾	Individually Evaluated Reserves ⁽²⁾	Total Reserves
Residential first mortgage	\$2,627,979	\$182,967	6.96%	70.94%	(\$56,412)	\$67,264	\$110,070	\$177,334
Second mortgage	180,802	2,928	1.62%	1.14%	(1,946)	10,870	7,969	18,839
Warehouse	676,454	54	0.01%	0.02%	-	721	-	721
HELOC	321,576	8,036	2.50%	3.12%	(355)	11,735	3,133	14,868
Consumer	42,293	166	0.39%	0.06%	(667)	1,780	-	1,780
Commercial RE	476,500	58,243	12.22%	22.58%	(19,191)	27,253	69	27,322
Commercial NRE	165,549	5,542	3.35%	2.15%	8	2,052	84	2,136
Total:	\$4,491,153	\$257,936	5.74%	100.00%	(\$78,563)	\$121,675	\$121,325	\$243,000

(1) Represents loans collectively evaluated for impairment in accordance with ASC 450-20, Loss Contingencies, 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, 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.

Non-performing Loans HFI – by State

2nd Quarter 2013 Earnings Presentation

(in thousands)

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Warehouse	Commercial Real Estate	Commercial	Consumer	Total	Percent of Total
MI	\$13,279	7.3%	\$413	\$1,754	\$0	\$29,400	\$145	\$162	\$45,153	17.5%
FL	41,566	22.7%	410	809	-	250	191	-	43,226	16.8%
CA	27,227	14.9%	500	1,106	-	3,697	-	-	32,531	12.6%
IN	2,163	1.2%	277	53	-	13,313	-	2	15,808	6.1%
NY	12,221	6.7%	170	339	-	-	-	-	12,730	4.9%
NJ	11,234	6.1%	-	211	-	-	-	-	11,445	4.4%
VA	5,141	2.8%	88	63	-	5,324	-	-	10,617	4.1%
MO	1,574	0.9%	-	54	-	-	5,206	-	6,835	2.6%
MD	6,408	3.5%	11	327	-	-	-	-	6,745	2.6%
AZ	4,931	2.7%	202	719	-	874	-	-	6,726	2.6%
WA	5,570	3.0%	197	718	-	-	-	-	6,485	2.5%
GA	3,539	1.9%	73	211	-	2,334	-	2	6,158	2.4%
IL	4,067	2.2%	175	2	-	570	-	-	4,814	1.9%
TX	4,606	2.5%	-	-	-	-	-	-	4,606	1.8%
NC	4,202	2.3%	-	254	-	-	-	-	4,456	1.7%
Other	35,242	19.3%	411	1,414	54	2,481	-	-	39,602	15.4%
Total	\$182,967	100.0%	\$2,928	\$8,036	\$54	\$58,243	\$5,542	\$166	\$257,936	100.0%

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

Non-performing Loans HFI – by Vintage

2nd Quarter 2013 Earnings Presentation

(in thousands)

Vintage	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Warehouse	Commercial Real Estate	Commercial	Consumer	Total	Percent of Total
Older	\$11,015	5.8%	\$133	\$1,340	\$0	\$11,873	\$0	\$14	\$24,374	9.4%
2004	17,848	9.2%	27	717	-	312	-	3	18,907	7.3%
2005	22,050	11.5%	854	2,565	-	2,736	-	19	28,223	10.9%
2006	18,789	10.1%	149	2,407	-	23,749	57	5	45,155	17.5%
2007	66,212	40.0%	1,751	1,007	-	4,844	-	5	73,818	28.6%
2008	32,654	16.2%	-	-	-	6,683	50	2	39,390	15.3%
2009	8,305	4.2%	15	-	-	45	-	-	8,364	3.2%
2010	2,429	1.4%	-	-	-	163	191	33	2,815	1.1%
2011	3,128	1.4%	-	-	-	1,727	4,274	6	9,135	3.5%
2012	536	0.2%	-	-	54	-	664	75	1,328	0.5%
2013	0	0.0%	-	-	-	6,112	306	5	6,424	2.5%
Total	\$182,967	100.0%	\$2,928	\$8,036	\$54	\$58,243	\$5,542	\$166	\$257,936	100%

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

Deposit Mix

2nd Quarter 2013 Earnings Presentation

(millions)	<u>June 30, 2013</u>		<u>March 31, 2013</u>		<u>June 30, 2012</u>	
	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>	<u>Balance</u>	<u>Rate</u>
<u>Retail Deposits:</u>						
Demand deposits	\$ 743	0.11%	\$728	0.13%	\$631	0.14%
Savings deposits	2,688	0.67%	2,513	0.78%	1,846	0.69%
Money market deposits	329	0.23%	370	0.29%	474	0.47%
Certificates of deposit	<u>2,154</u>	0.90%	<u>2,613</u>	0.89%	<u>3,126</u>	1.25%
Total retail deposits	5,914	0.66%	6,224	0.72%	6,076	0.90%
Core retail deposits / retail deposits	63.58%		58.02%		48.55%	
<u>Government Banking Deposits:</u>						
Demand deposits	118	0.35%	103	0.37%	126	0.38%
Savings deposits	164	0.30%	213	0.29%	244	0.56%
Certificates of deposit	<u>373</u>	0.48%	<u>459</u>	0.53%	<u>351</u>	0.62%
Total government banking deposits	655	0.41%	775	0.44%	721	0.56%
Company controlled deposits	827	0.00%	774	0.00%	1,786	0.00%
Wholesale deposits	<u>74</u>	4.81%	<u>74</u>	4.81%	<u>339</u>	3.52%
Total deposits	<u>\$ 7,470</u>	0.61%	<u>\$7,847</u>	0.62%	<u>\$8,923</u>	0.79%
Number of banking branches	111		111		111	

(1) Approximately \$514.3 million of retail CDs represent government deposit relationships that have been exchanged for retail CDs as part of our participation in the CDARs program at June 30, 2013.

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



\$ in millions					
	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Pre-tax, pre-credit-cost revenue					
Income (loss) before tax provision	\$61.1	\$23.6	(\$88.6)	\$60.7	\$87.9
Add back					
Provision for loan losses	31.6	20.4	50.4	52.6	58.4
Asset resolution	15.9	16.4	21.2	12.5	20.9
Other than temporary impairment on AFS investments	8.8	-	-	-	1.0
Representation and warranty reserve - change in estimate	28.9	17.4	25.2	124.5	46.0
Write down of residual interest	-	0.2	0.8	0.1	1.2
Total credit-related costs	<u>\$85.2</u>	<u>\$54.4</u>	<u>\$97.6</u>	<u>\$189.7</u>	<u>127.6</u>
Pre-tax, pre-credit-net revenue	<u>\$146.3</u>	<u>\$78.0</u>	<u>\$9.0</u>	<u>\$250.4</u>	<u>215.5</u>
Efficiency ratio (credit-adjusted)					
Net interest income (a)	47.1	55.7	73.9	73.1	75.5
Non-interest income (b)	220.0	184.9	285.8	273.7	240.3
Add: Representation and warranty reserve - change in estimate (d)	28.9	17.4	25.2	124.5	46.0
Adjusted income	<u>\$296.0</u>	<u>\$258.0</u>	<u>\$384.9</u>	<u>471.3</u>	<u>361.8</u>
Non-interest expense (c)	174.4	196.6	397.9	233.5	169.5
Less: Asset resolution expense (e)	(15.9)	(16.4)	(21.2)	(12.5)	(20.9)
Adjusted non-interest expense	<u>158.5</u>	<u>180.1</u>	<u>376.7</u>	<u>221.0</u>	<u>148.6</u>
Efficiency ratio (c/(a+b))	<u>65.3%</u>	<u>81.7%</u>	<u>110.6%</u>	<u>67.3%</u>	<u>53.7%</u>
Efficiency ratio (credit-adjusted) ((c-e)/((a+b)+d))	<u>53.5%</u>	<u>69.8%</u>	<u>97.9%</u>	<u>46.9%</u>	<u>41.2%</u>

Totals may not foot due to rounding

\$ in millions			
	June 30, 2013	March 31, 2013	June 30, 2012
Non-performing assets	\$344.3	\$483.7	\$538.8
Tier 1 Capital	1,390.6	1,318.8	1,296.0
Allowance for Loan Losses	243.0	290.0	287.0
Tier 1 Capital + Allowance for Loan Losses	\$1,633.6	\$1,608.8	1,583.0
Non-performing assets/ Tier 1 Capital + Allowance for Loan Losses	21.1%	30.1%	34.0%

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