Flagstar Bank

3rd Quarter 2013 Earnings Presentation

October 23, 2013

Flagstar Bancorp

Cautionary Statement

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:

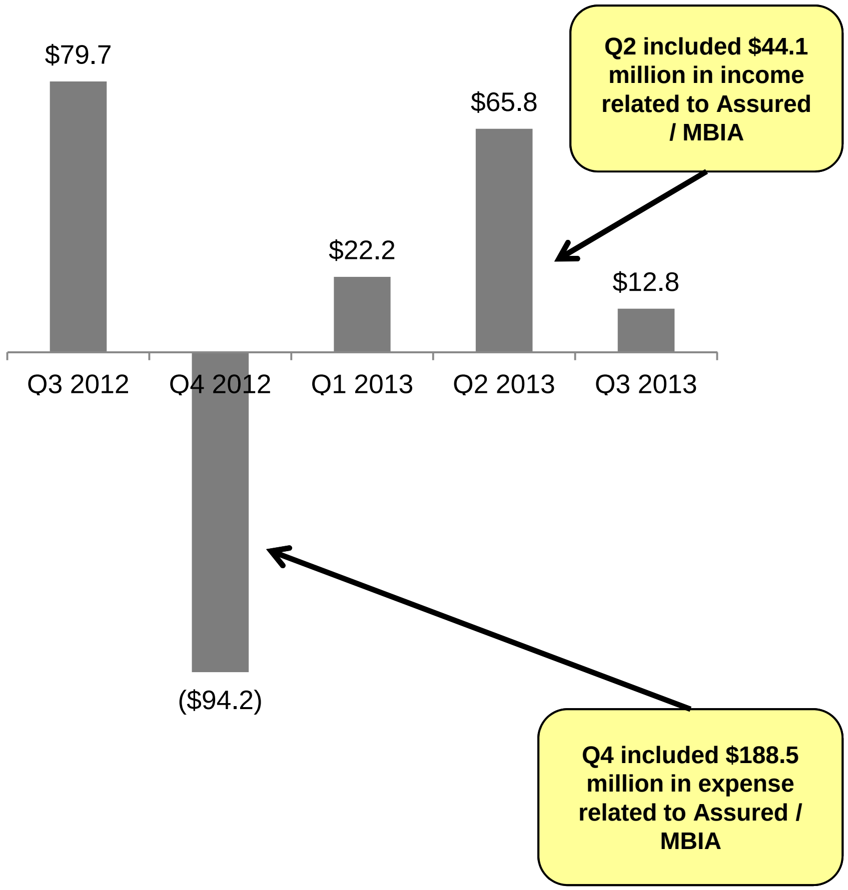
1. Volatile interest rates-which affect, among other things, (i) the mortgage business, (ii) our ability to originate loans and sell assets at a profit, (iii) prepayment speeds and (iv) our cost of funds-could adversely affect earnings;
2. Competitive factors for mortgage loan originations could negatively 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.

(in millions) **Net Income to Common Stockholders**



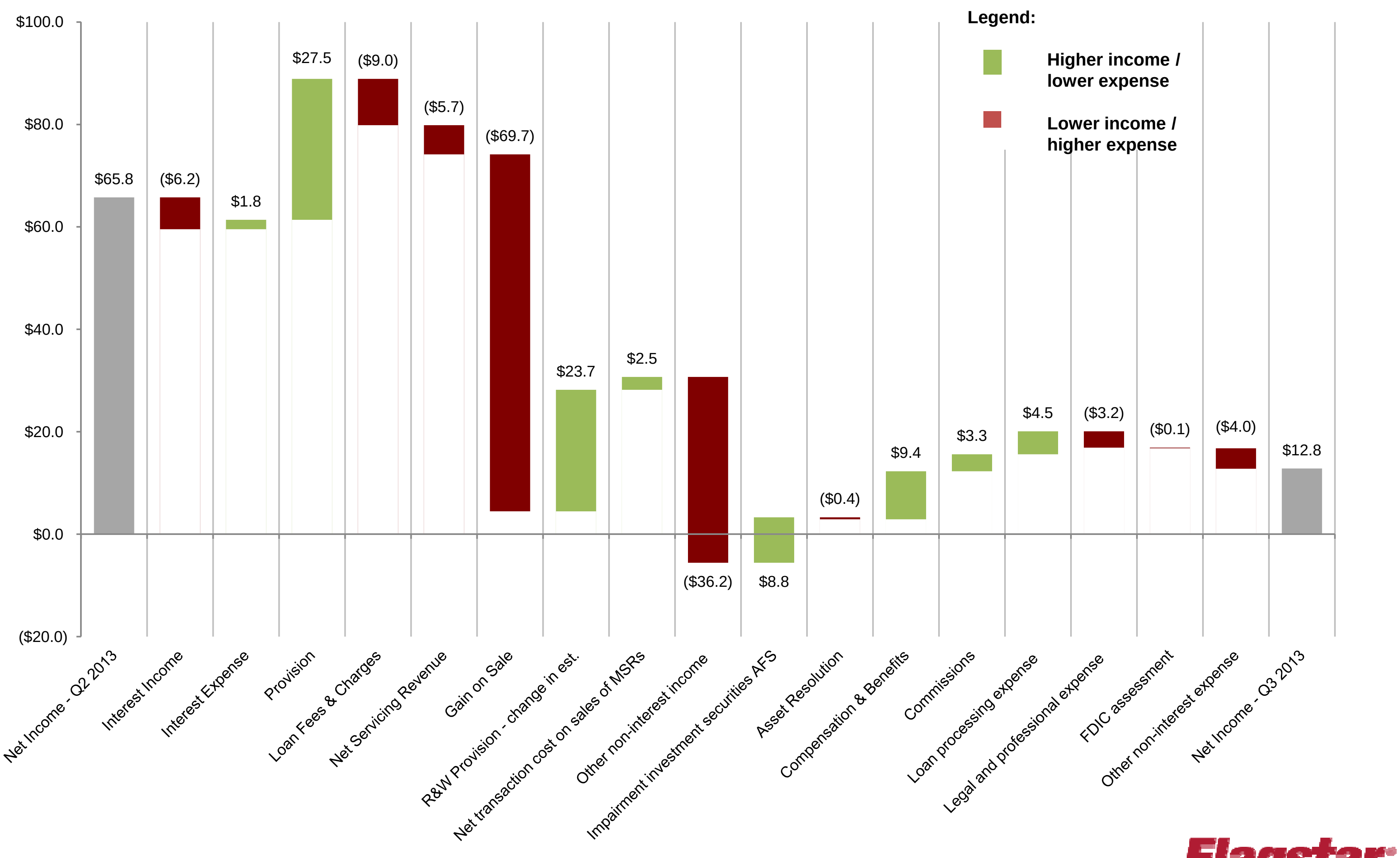
- Net income applicable to common stockholders of $12.8 million, or $0.16 per diluted share
  - Return on average assets of 0.42% and return on average equity of 4.05%
- Results compared to prior quarter (PQ) driven primarily by:
  - $69.7 million decrease in gain on loan sales
  - $4.4 million decrease in net interest income
  - Offset by $27.5 million decrease in provision for loan losses
  - Offset by $23.7 million decrease in representation and warranty provision
  - Offset by $15.9 million decrease in non-interest expense
- Tier 1 leverage ratio (Bank) increased to 11.98%, compared to 11.00% in PQ
- Continued improvement in credit quality
  - Sold $104.4 million (UPB) of non-performing loans and $62.8 million (UPB) of performing troubled debt restructurings (TDRs)
  - Total non-performing loans decreased by 46% from PQ
  - Total TDRs decreased by 21% from PQ
  - NPLs / Gross Loans HFI decreased to 3.46%, compared to 5.74% in PQ
  - ALLL / NPL coverage ratio improved to 152.6%, compared to 94.2% in PQ

(in millions, except per share data)

	Q3 2013	Q2 2013	Q3 2012
Net Interest Income	$42.7	$47.1	$73.1
Provision	$4.1	$31.6	$52.6
Gain on Loan Sale	$75.1	$144.8	$334.4
Net Servicing Revenue (1)	$30.4	$36.2	$11.3
Net Income Applicable to Common Shareholders	**$12.8**	**$65.8**	**$79.7**
Diluted Earnings / (Loss) per Share	$0.16	$1.10	$1.36
Total Assets	$11,807.8	$12,735.0	$14,899.2
Total Stockholders' Equity	$1,272.4	$1,253.7	$1,250.6
Return on Average Assets	0.42%	2.03%	2.10%
Return on Average Equity	4.05%	21.23%	25.78%
Book Value per Common Share	**$17.96**	**$17.66**	**$17.76**
NPLs / Gross Loans HFI	3.46%	5.74%	6.09%
NPAs / Total Assets (Bank)	**1.74%**	**2.71%**	**3.48%**
ALLL / NPLs (2)	**152.6%**	**94.2%**	**76.5%**
ALLL / Gross Loans HFI (2)	5.50%	5.75%	4.65%
NPAs / Tier 1 Capital + Allowance for Loan Losses (2) (3)	**12.77%**	**21.08%**	**30.77%**
Tier 1 Leverage to Adjusted Assets Ratio	**11.98%**	**11.00%**	**9.31%**
Total Risk Based Capital Ratio	27.85%	25.01%	17.58%
Total Equity / Total Assets	10.78%	9.84%	8.39%

(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.

(in millions)



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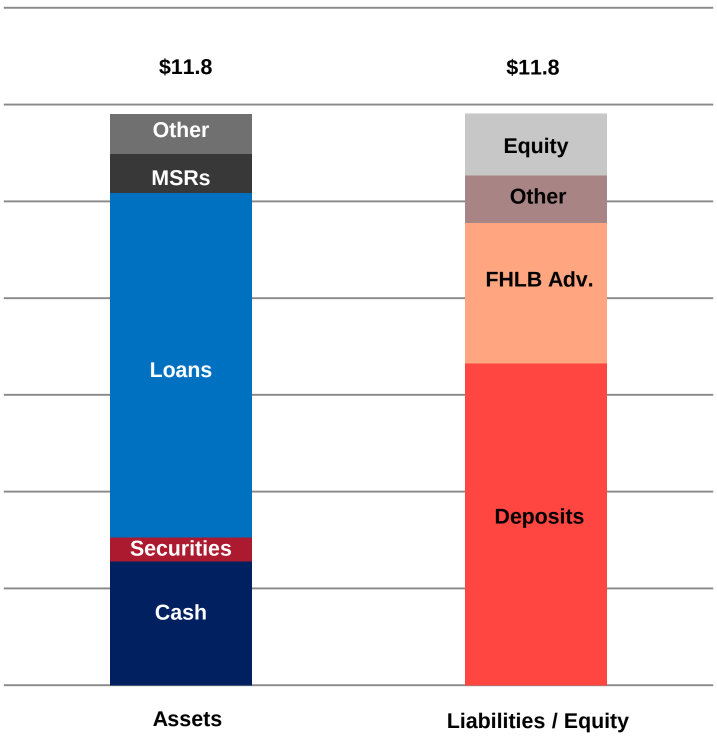
(in millions, except per share data)

	Q3 2013	Q2 2013	Q3 2012
Net interest income	$42.7	$47.1	$73.1
Provision for loan losses	4.1	31.6	52.6
Net interest income after provision for loan losses	38.6	15.5	20.5
Non-interest income	134.3	220.0	273.7
Non-Interest expense	158.4	174.4	233.5
Income before federal income taxes	14.5	61.1	60.7
Provision (benefit) for federal income taxes	0.2	(6.1)	(20.4)
Net income	14.3	67.2	81.1
Preferred stock dividend/accretion	(1.4)	(1.4)	(1.4)
Net income applicable to common stockholders	**$12.8**	**$65.8**	**$79.7**
Diluted Earnings per Share	$0.16	$1.10	$1.36

Totals may not foot due to rounding

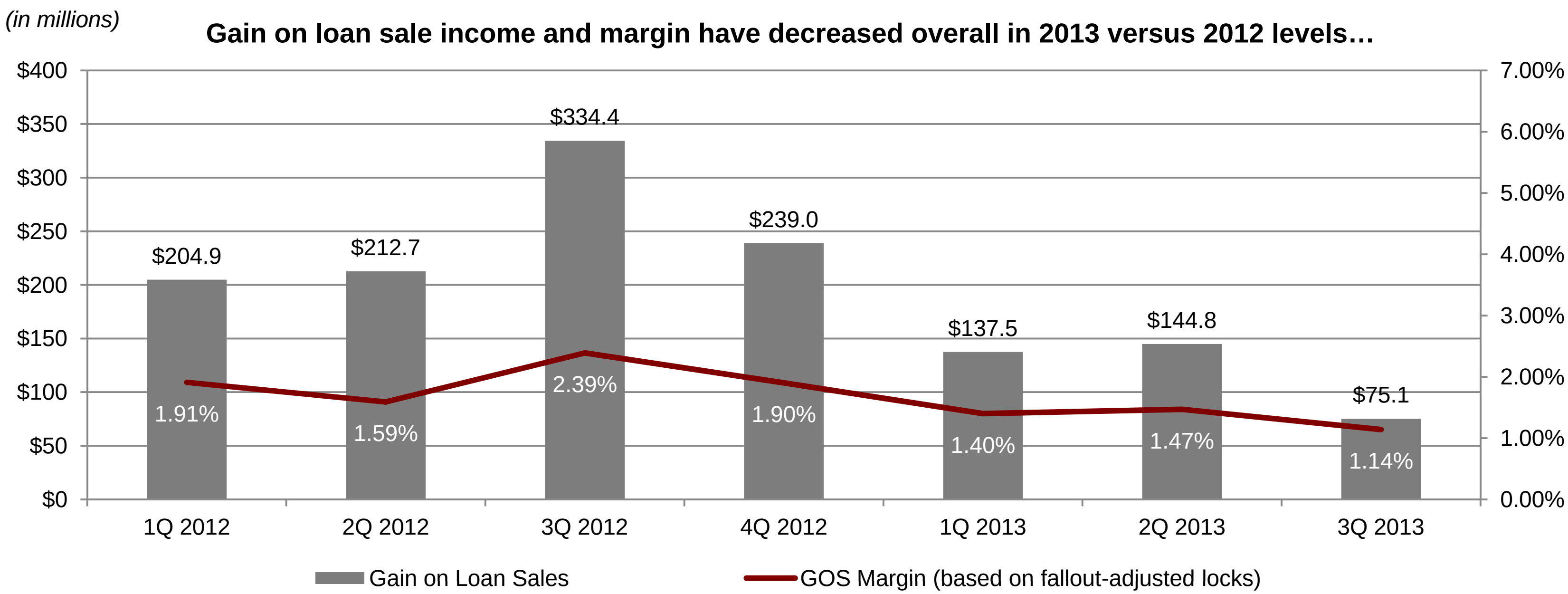
Balance Sheet as of September 30, 2013

(in billions)



(in millions)	September 30, 2013	June 30, 2013	September 30, 2012
Total Assets	**$ 11,807.8**	**$ 12,735.0**	**$ 14,899.2**
Cash and Interest Earning Deposits	$ 2,551.1	$ 2,704.4	$ 1,003.4
Residential first mortgage loans	$ 2,478.6	$ 2,627.9	$ 3,086.1
Second mortgage loans	$ 174.4	$ 180.8	$ 122.3
Commercial real estate loans	$ 420.9	$ 476.5	$ 1,005.5
Warehouse loans	$ 390.3	$ 676.5	$ 1,307.3
Consumer lending (including HELOC and other)	$ 346.6	$ 363.8	$ 245.3
Other commercial loans	$ 202.7	$ 165.5	$ 785.9
Investment loan portfolio	$ 4,013.5	$ 4,491.2	$ 6,552.4
Loans held for sale	$ 1,879.3	$ 2,331.5	$ 3,251.9
Loans repurchased with government guarantees	$ 1,231.8	$ 1,509.4	$ 1,931.2
Total Loans	**$ 7,124.6**	**$ 8,332.1**	**$ 11,735.5**
Trading Securities	$ 50.1	$ 50.0	$ 170.1
Investment securities available - for- sale	$ 495.4	$ 92.9	$ 198.9
Mortgage servicing rights	$ 797.0	$ 729.0	$ 686.8

Totals may not foot due to rounding



	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Fallout Adjusted Mortgage Locks (billions)	$14.0	$12.6	$9.8	$9.8	$6.6
Net Margin (fallout adjusted)	2.39%	1.90%	1.40%	1.47%	1.14%
Loans sales and securitizations (billions)	$13.9	$15.6	$12.8	$11.1	$8.3
Net Margin (loan sales)	2.42%	1.53%	1.07%	1.30%	0.90%
Gross Mortgage Locks (billions)	$18.1	$16.2	$12.1	$12.4	$8.3
Mortgage Originations (billions)	$14.5	$15.4	$12.4	$10.9	$7.7

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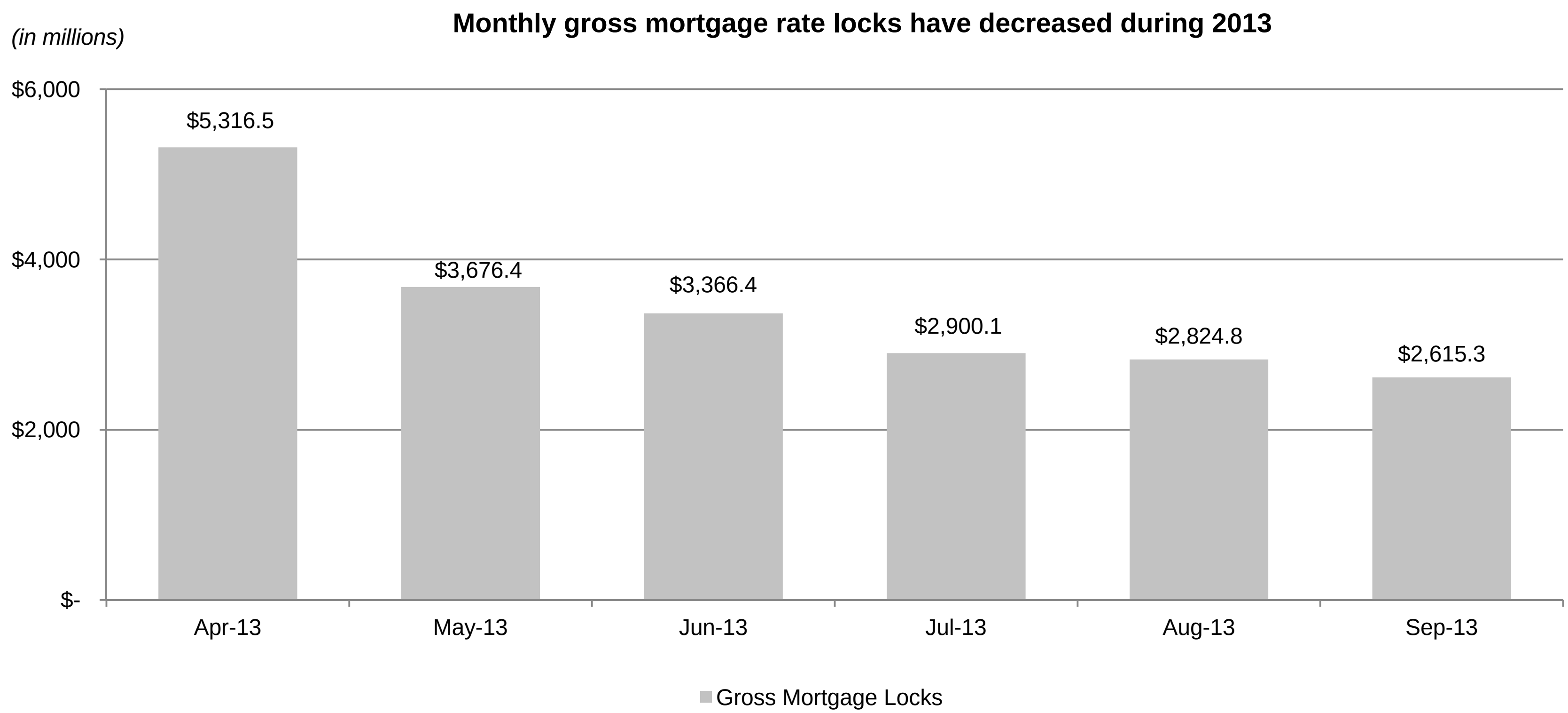
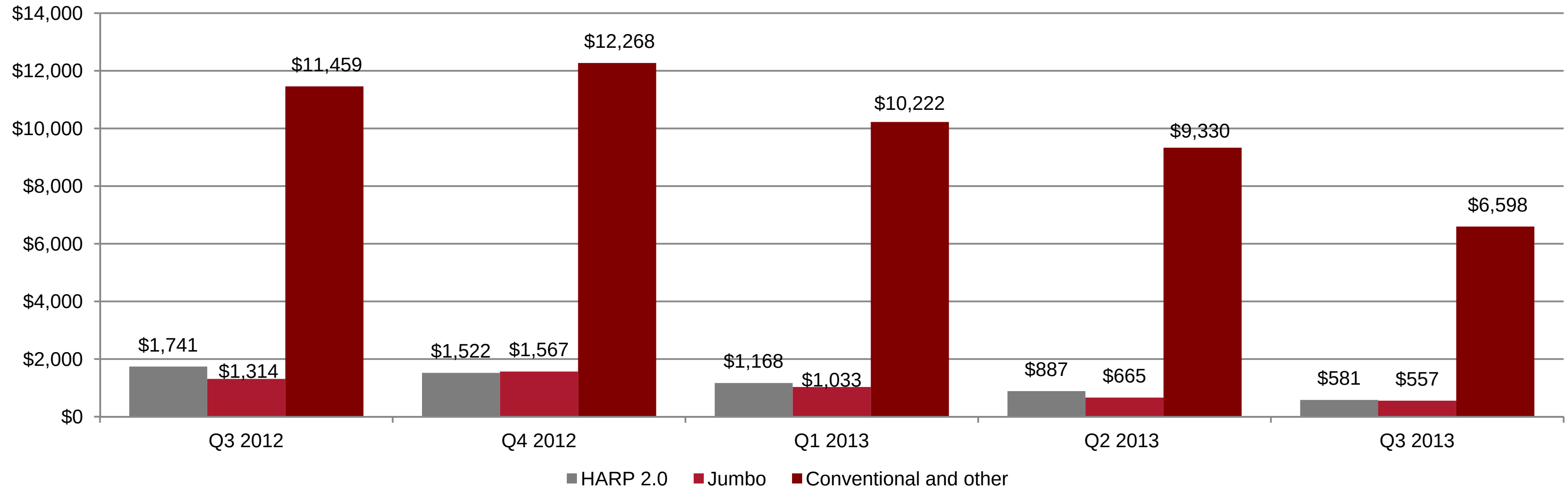
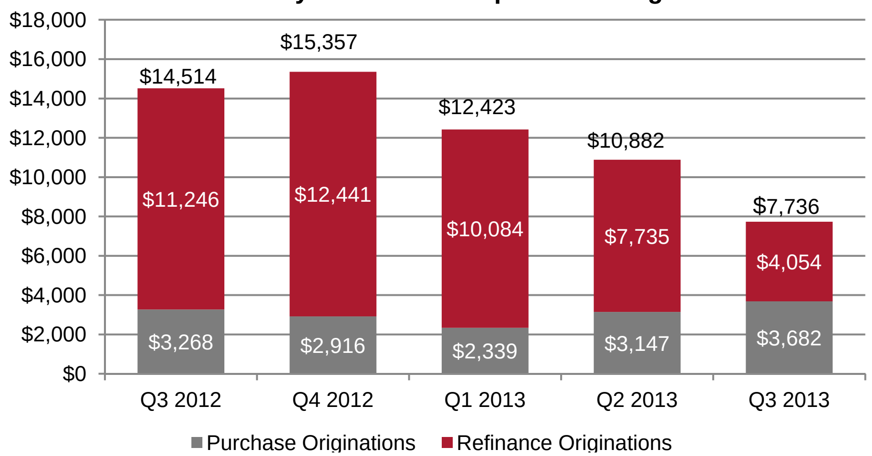

Monthly gross mortgage rate locks have decreased during 2013
(in millions)
$6,000
$4,000
$2,000
$-
$5,316.5
$3,676.4
$3,366.4
$2,900.1
$2,824.8
$2,615.3
Apr-13
May-13
Jun-13
Jul-13
Aug-13
Sep-13
Gross Mortgage Locks

(in millions)

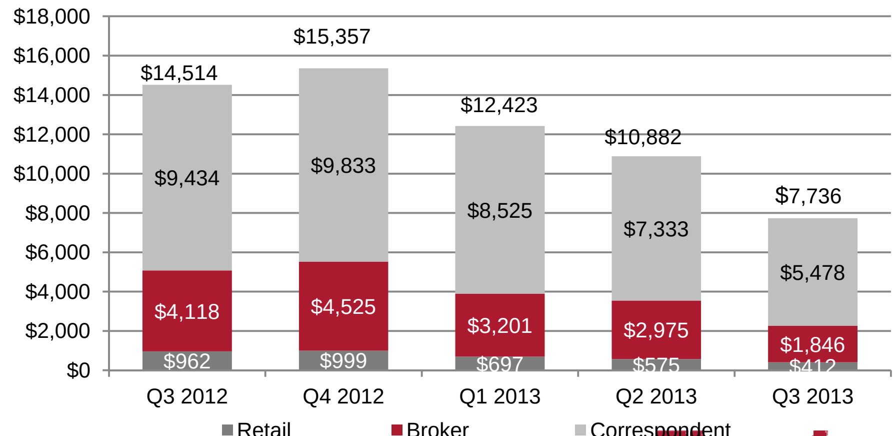
Total mortgage originations continued to decline...



(in millions) **…Driven by a decline in refinance originations, partially offset by an increase in purchase originations**



(in millions) **…While channel mix remained the same**



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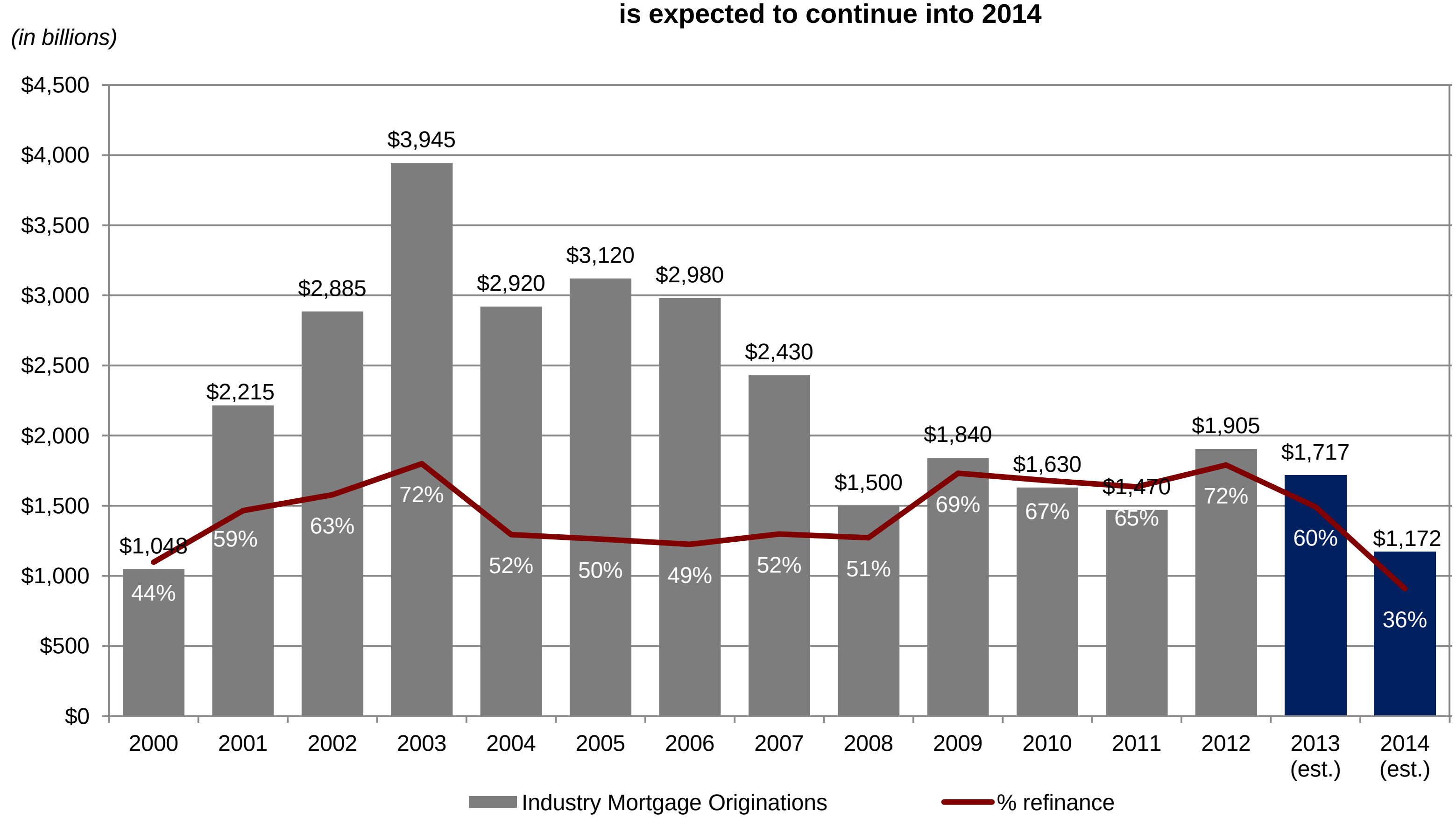
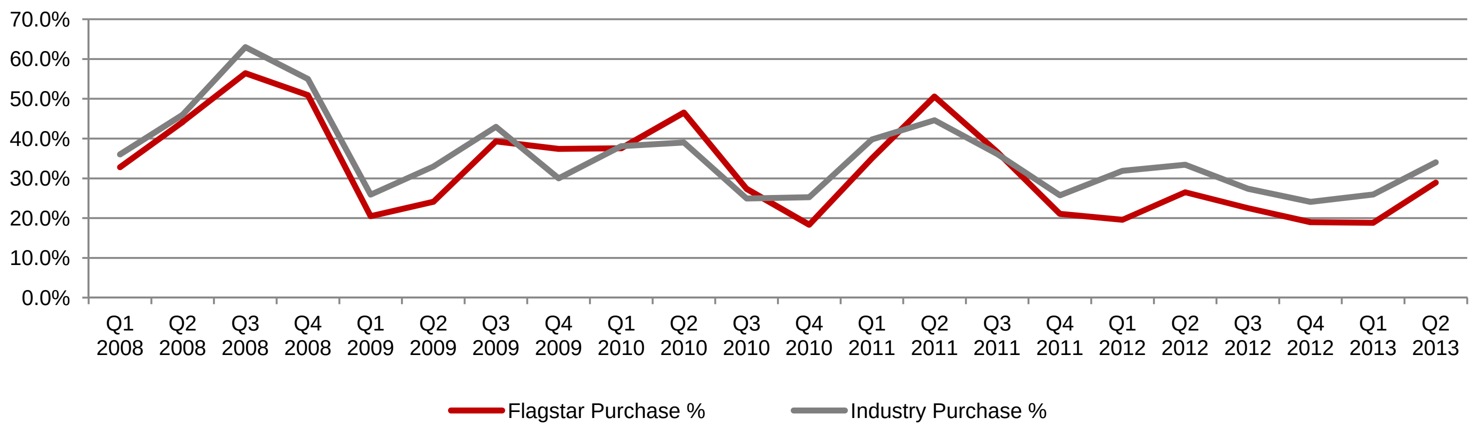
The mortgage industry has shifted in 2013 to a more purchase-driven origination market, which is expected to continue into 2014

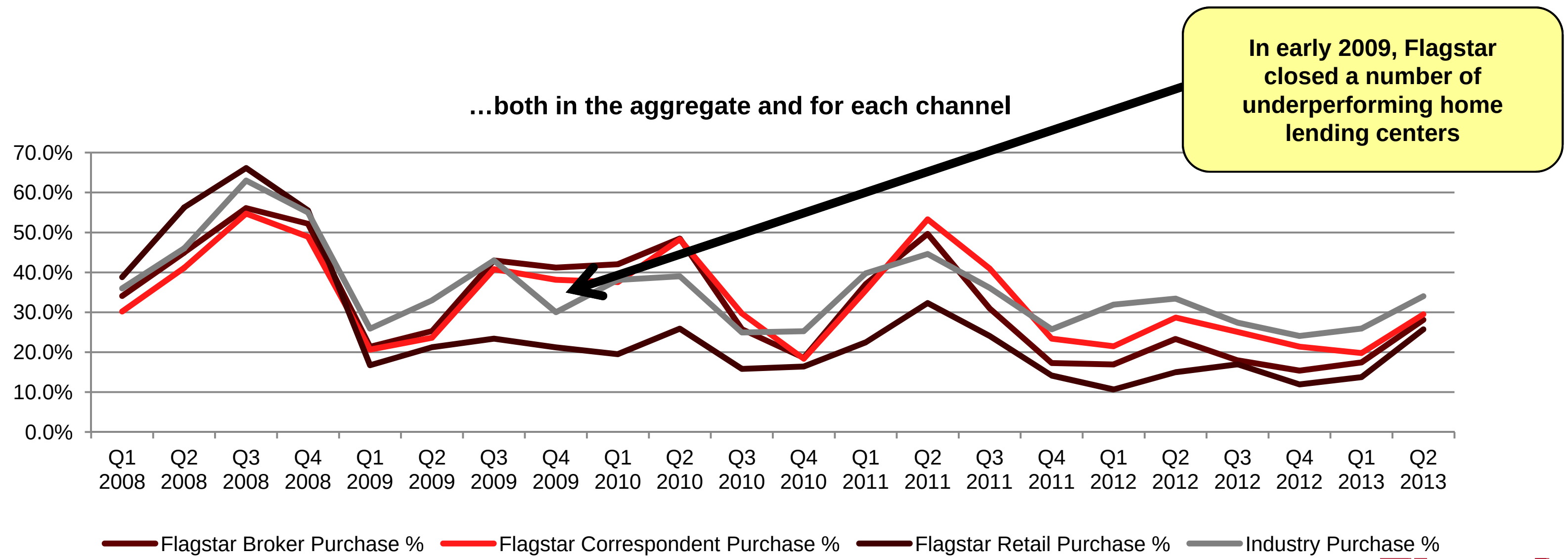


Sources: *Inside Mortgage Finance, Fannie Mae, Freddie Mac, MBA.*

Flagstar has historically demonstrated the ability to track the industry mix of purchase activity…

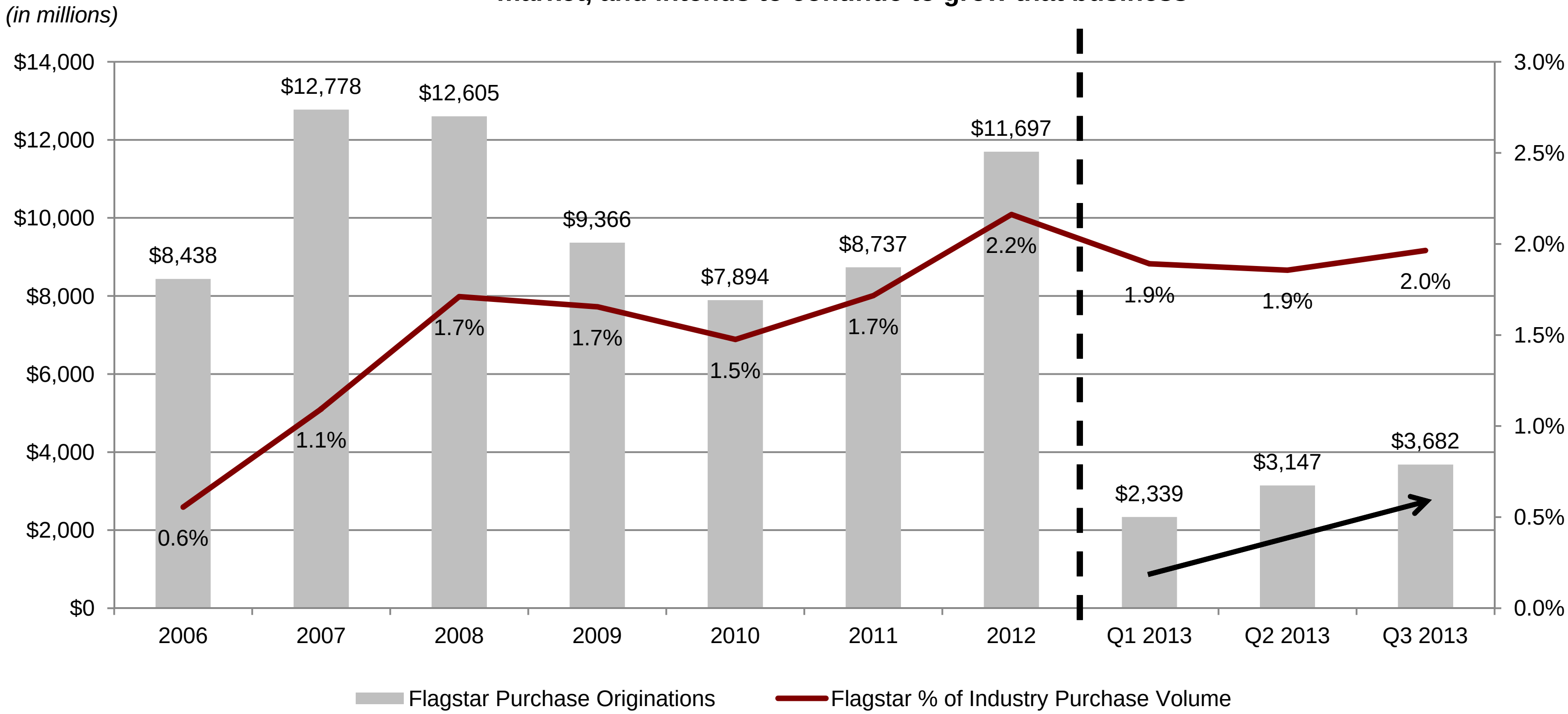


…both in the aggregate and for each channel

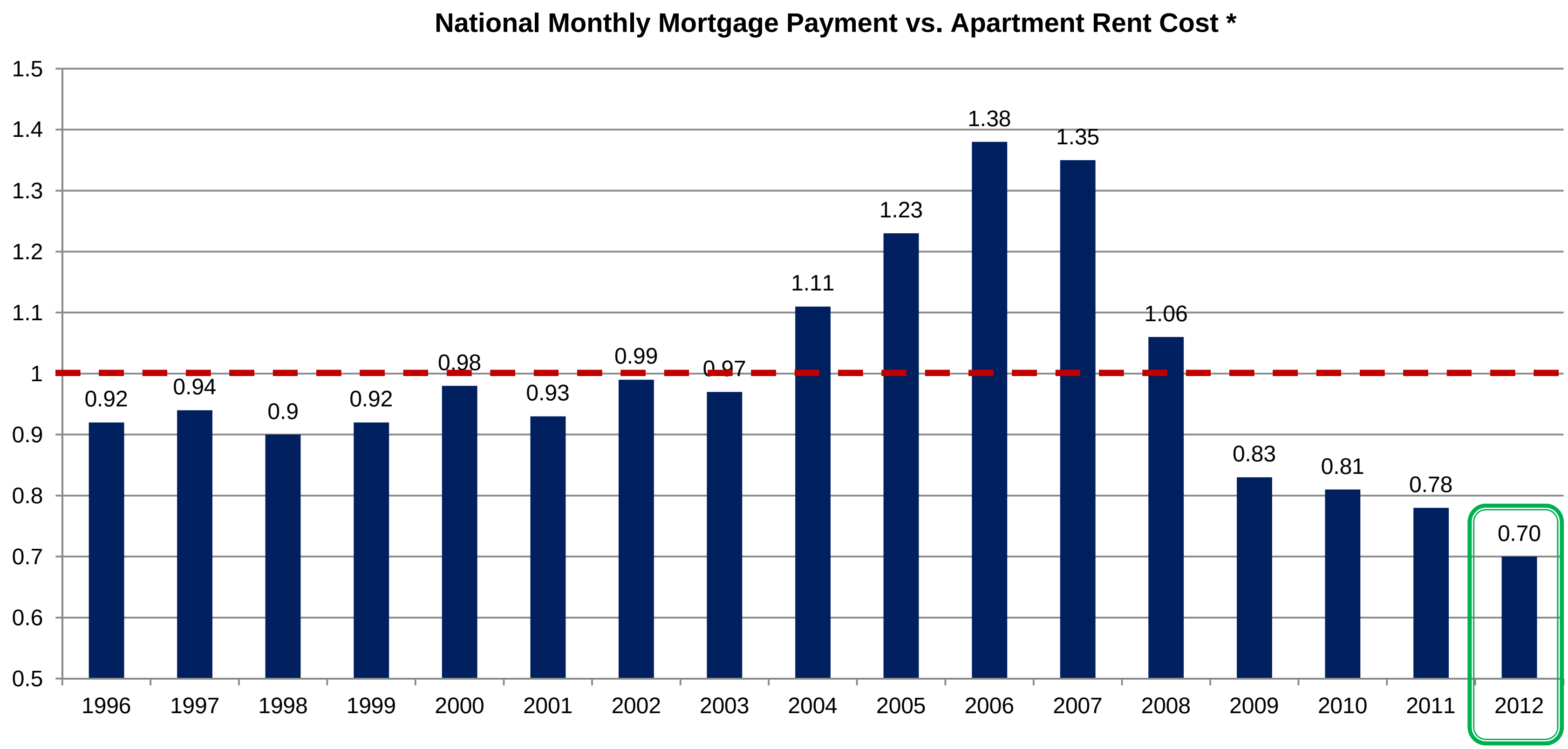


Source: *Inside Mortgage Finance.*

Beginning in late 2012, Flagstar began to increase its "fair share" of the purchase mortgage market, and intends to continue to grow that business

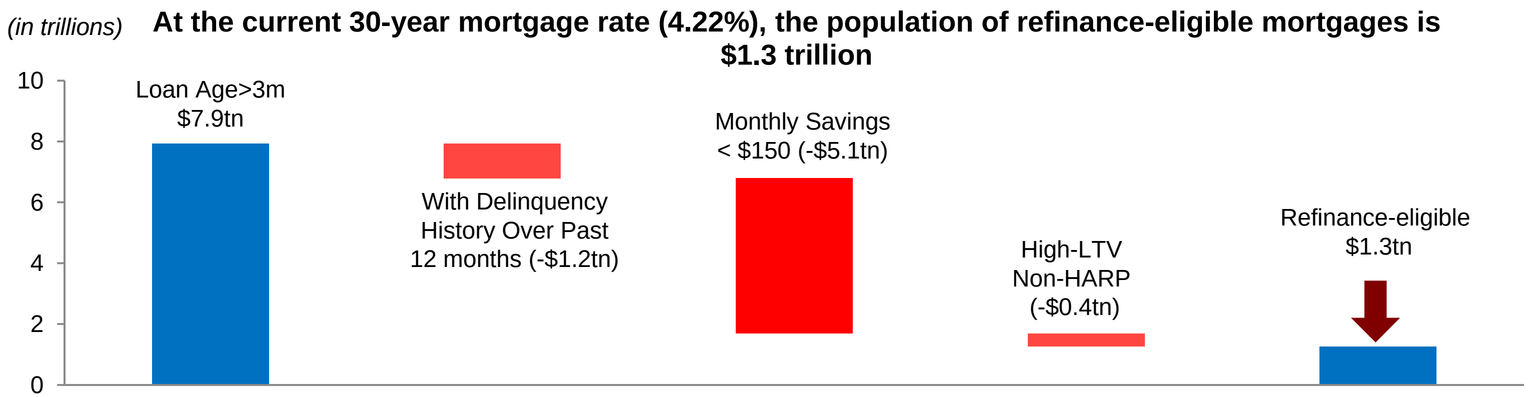


Sources: *Inside Mortgage Finance, Fannie Mae, Freddie Mac, MBA.*

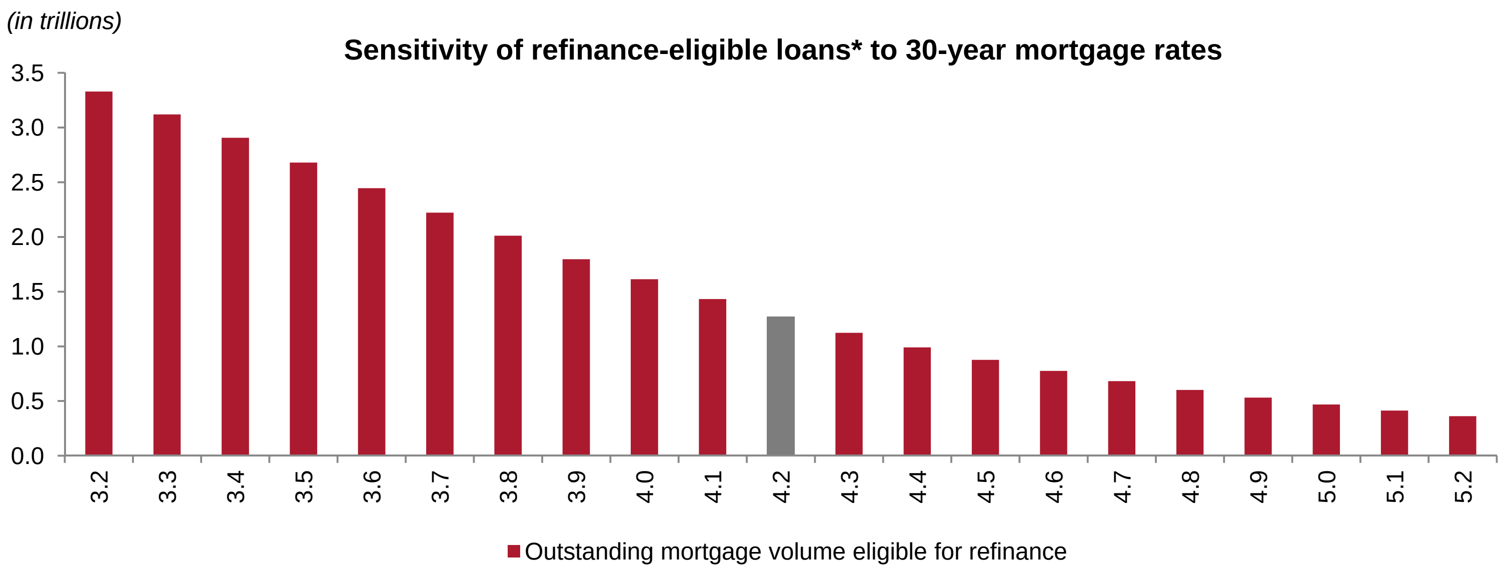


* Assumes median home price and 20% downpayment.

Source: *Zelman and Associates*

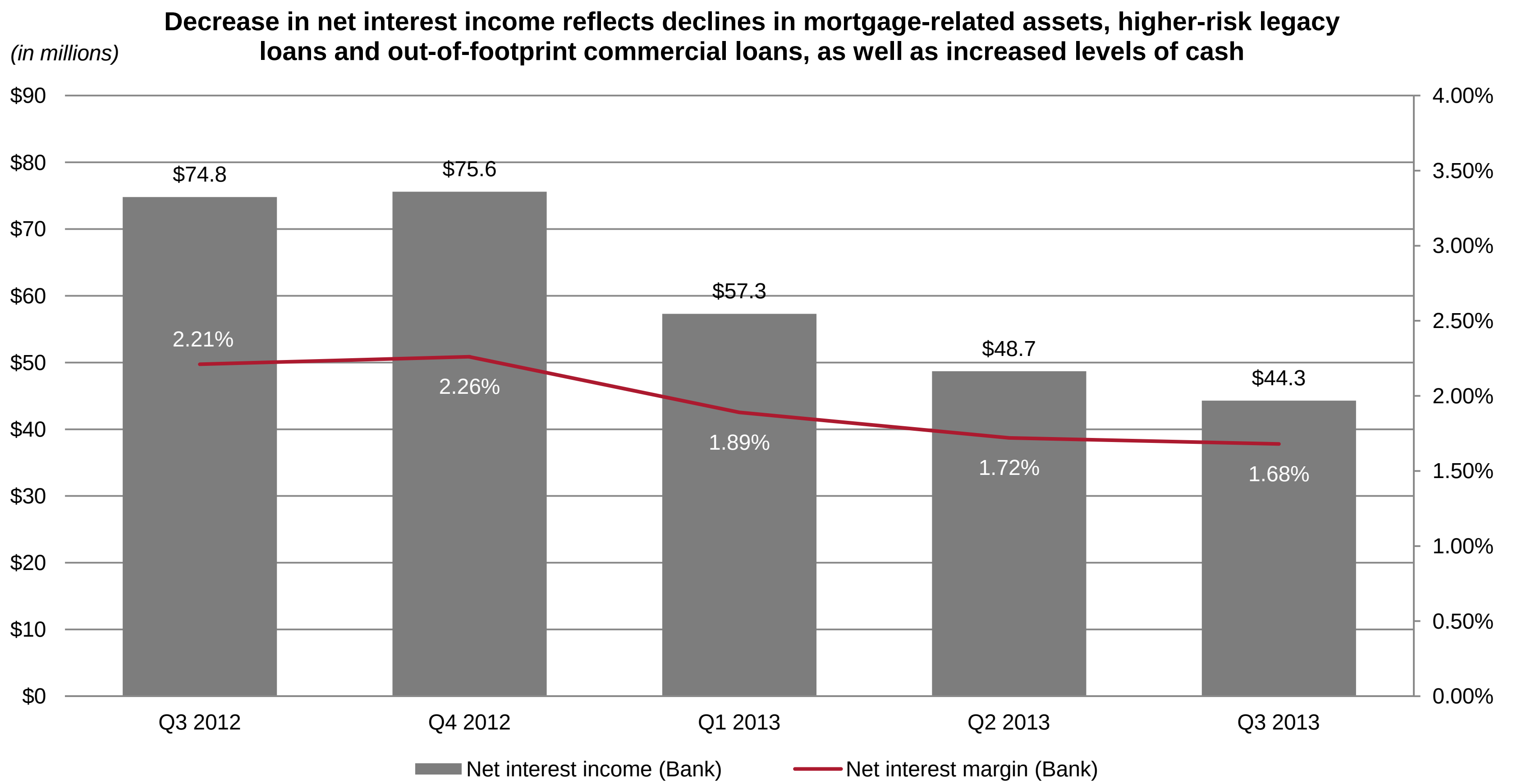


Source: *Goldman Sachs Housing Monitor,* October 4, 2013

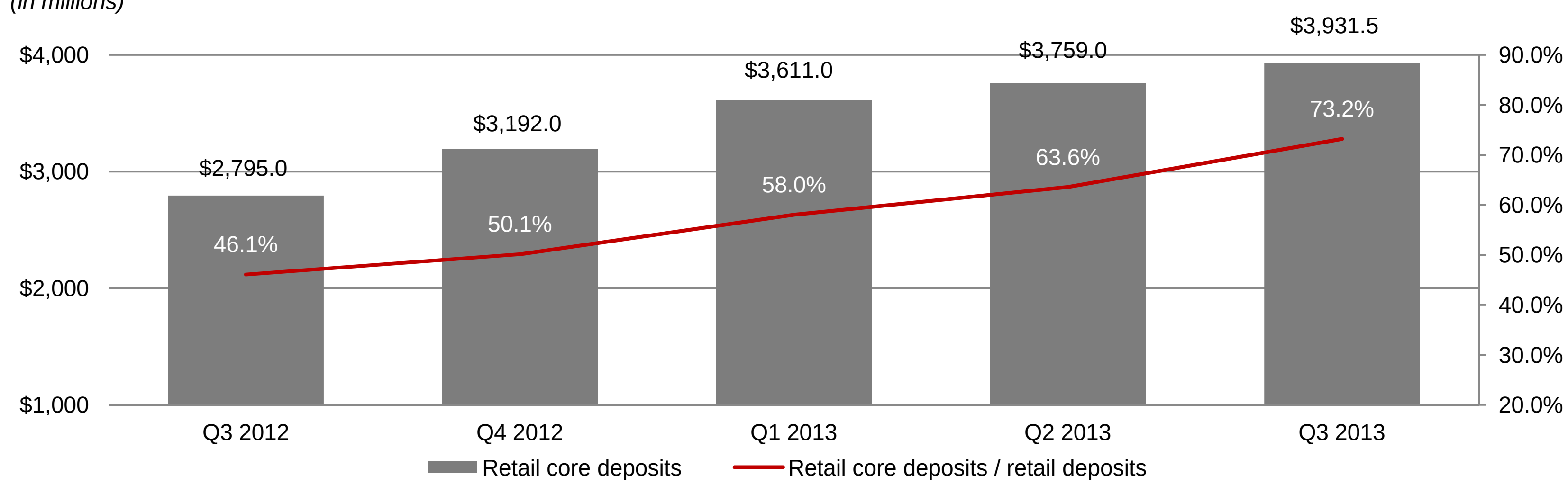


* Refinance eligibility defined by interest rate, loan delinquency history, and LTV.

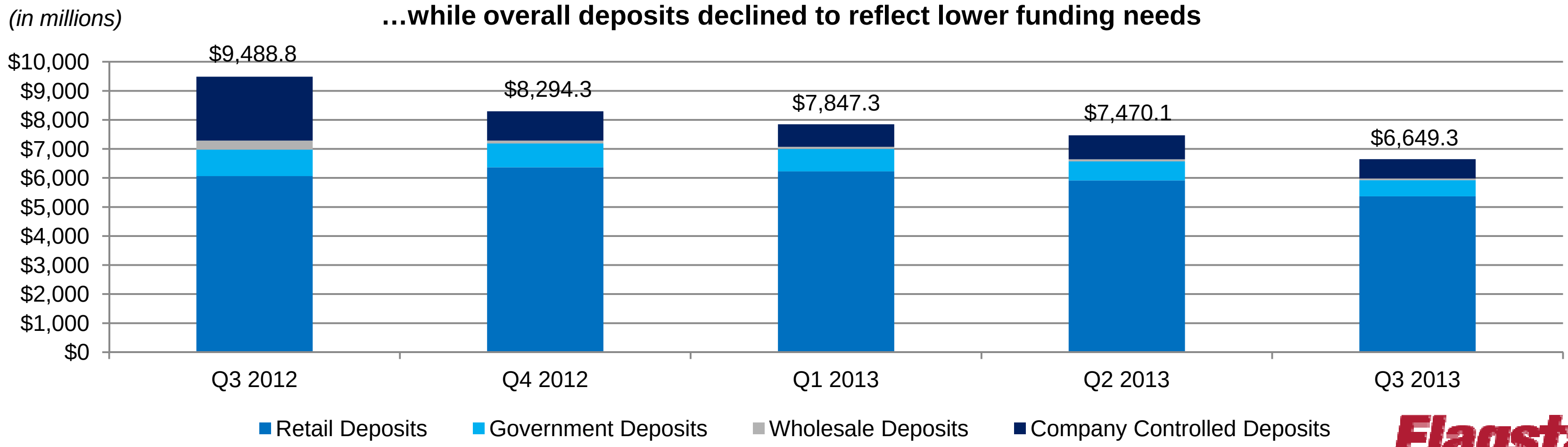
Source: *Goldman Sachs Housing Monitor,* October 4, 2013


Decrease in net interest income reflects declines in mortgage-related assets, higher-risk legacy loans and out-of-footprint commercial loans, as well as increased levels of cash
(in millions)
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
$74.8
$75.6
$57.3
$48.7
$44.3
2.21%
2.26%
1.89%
1.72%
1.68%
Q3 2012
Q4 2012
Q1 2013
Q2 2013
Q3 2013
Net interest income (Bank)
Net interest margin (Bank)

Core deposits continued to grow, both in dollars and as a percentage of retail deposits…

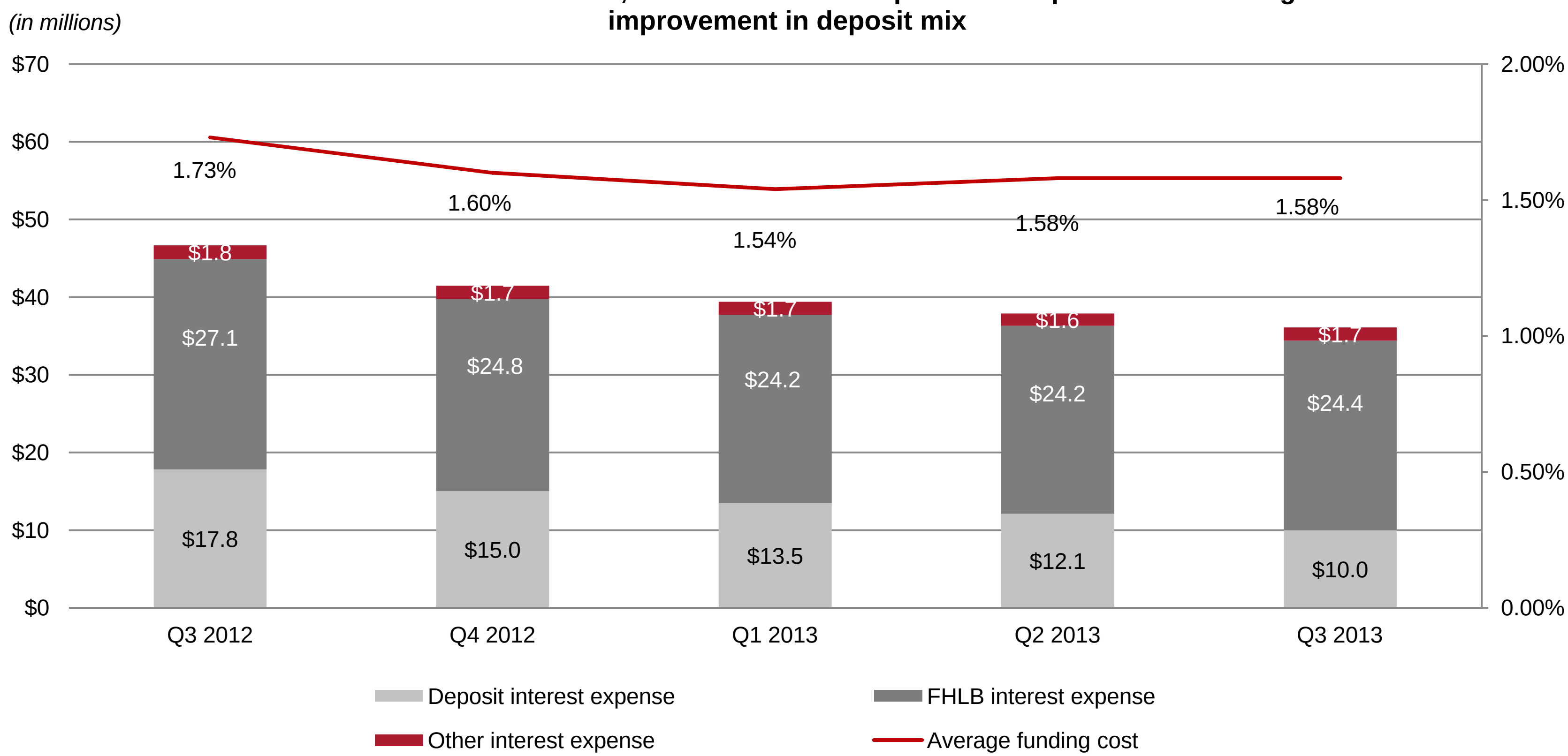


…while overall deposits declined to reflect lower funding needs

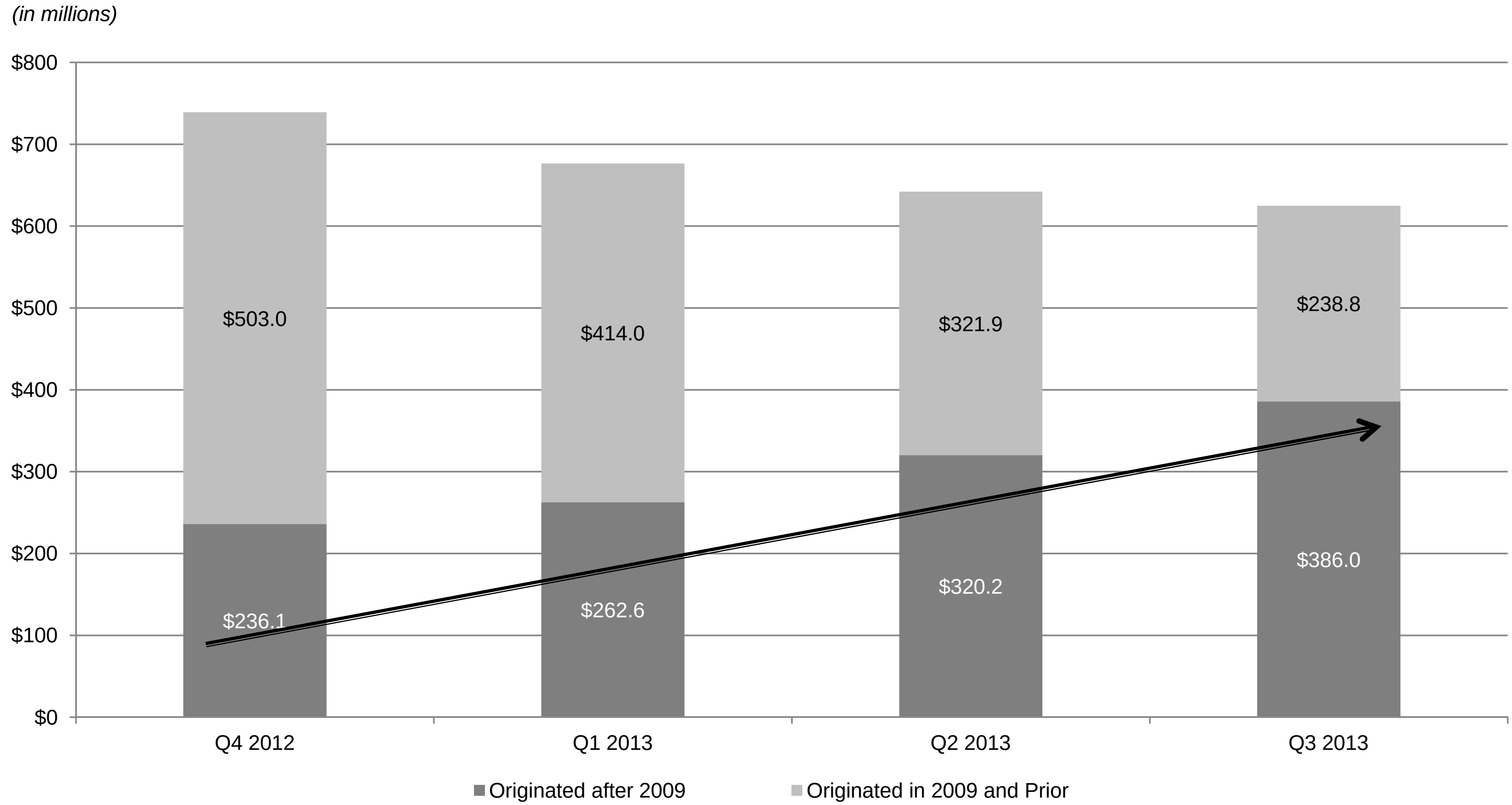


Note: Retail core deposits include checking accounts, savings accounts, and money market accounts.

Overall cost of funds remained flat, while the interest expense on deposits decreased given the improvement in deposit mix

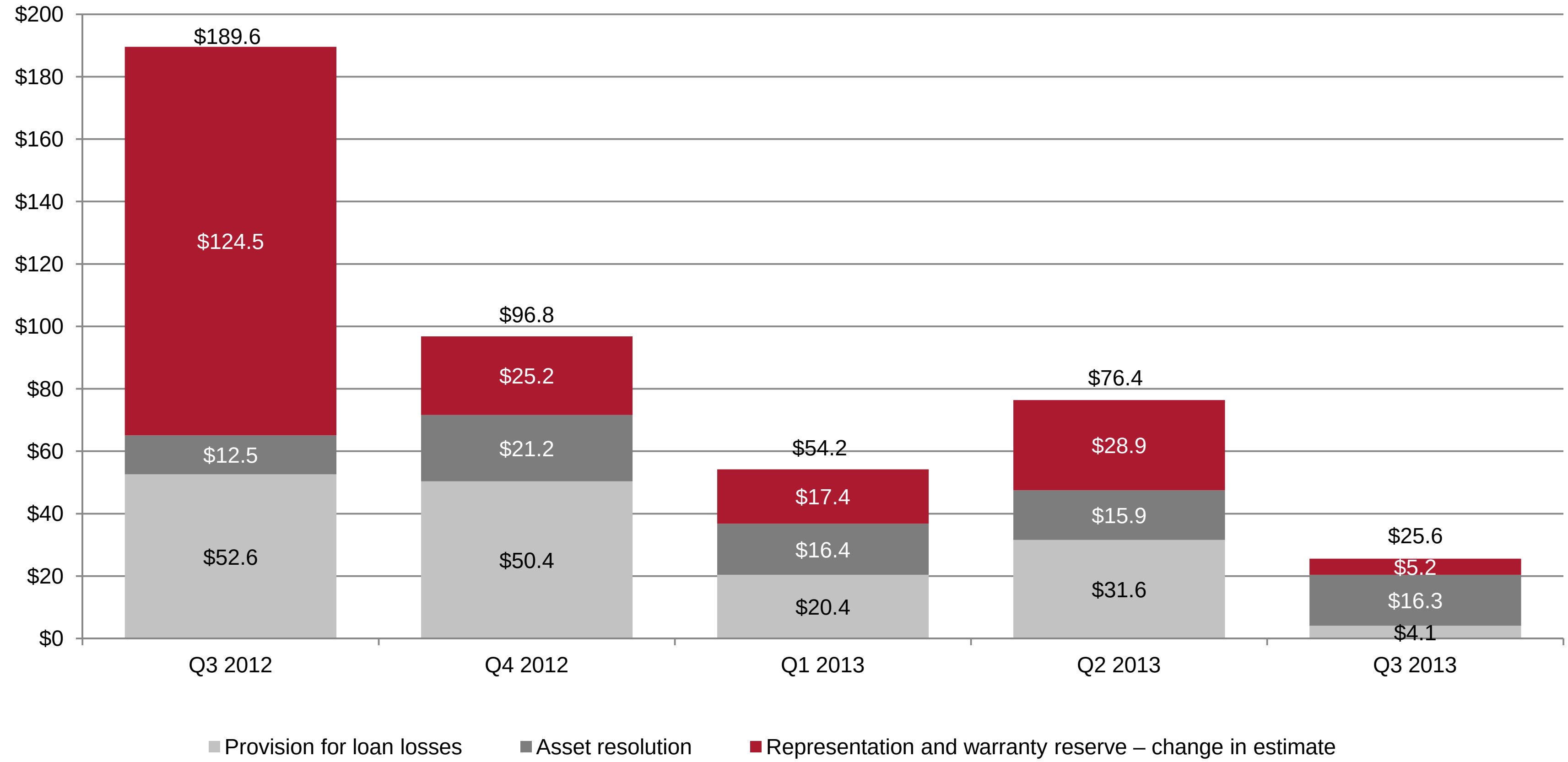


New commercial loans continue to grow, while the balances of commercial loans originated in 2009 and prior have significantly declined

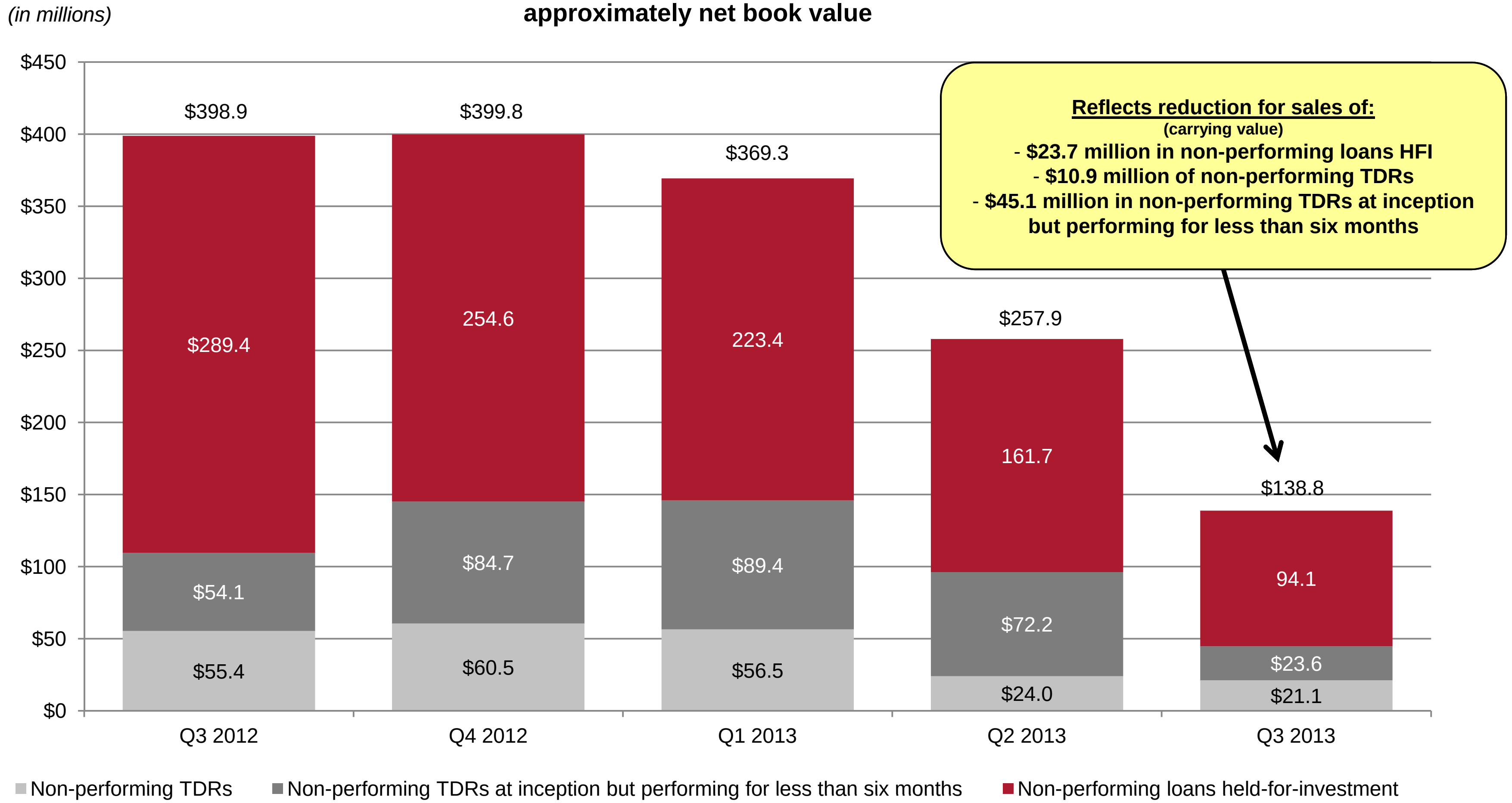


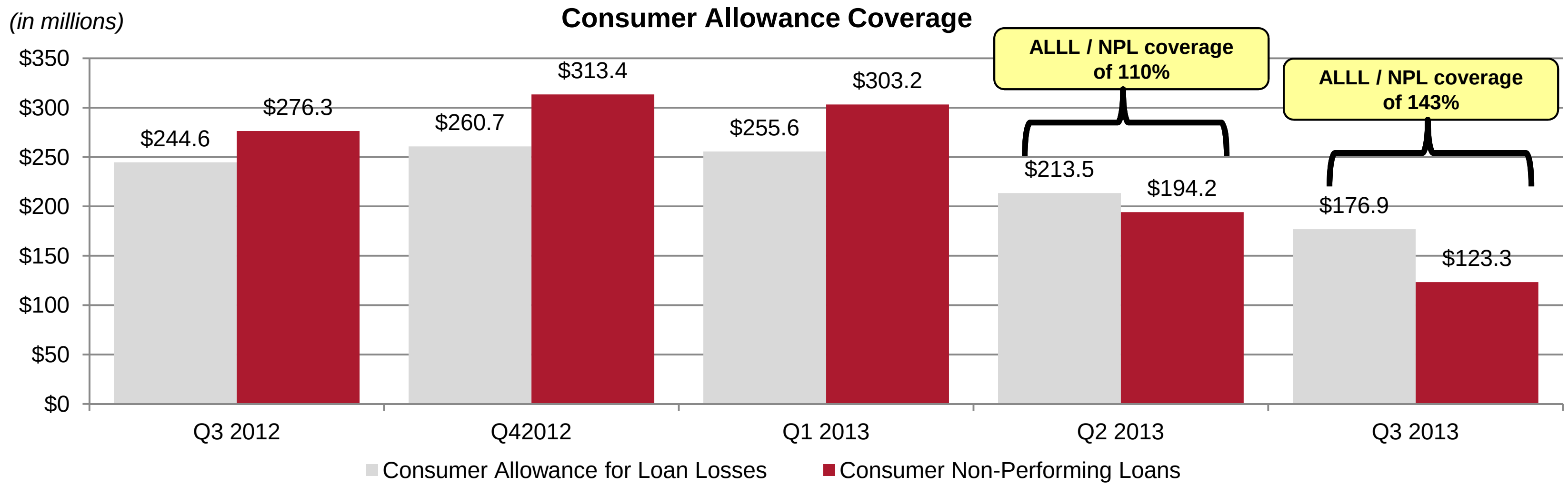
(in millions)

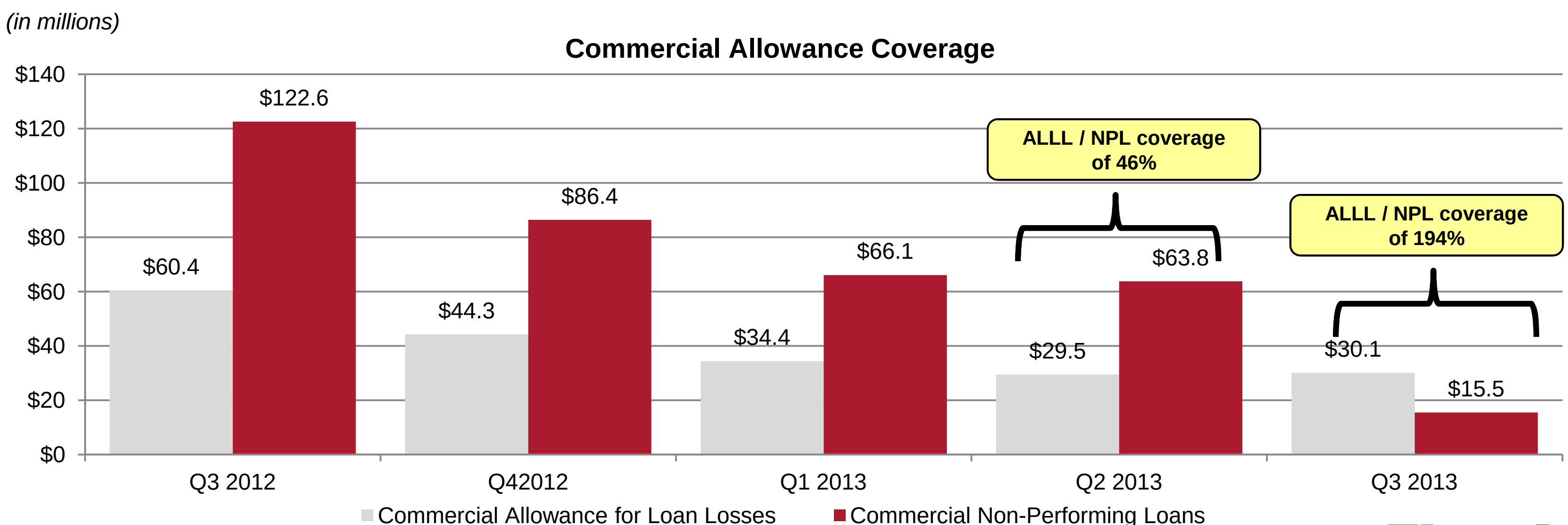
Decrease in credit costs reflects benefits of NPL / TDR sales, increased REO dispositions, and improvement in home prices



Decrease in non-performing loans reflects three successive NPL / TDR sales to date at approximately net book value







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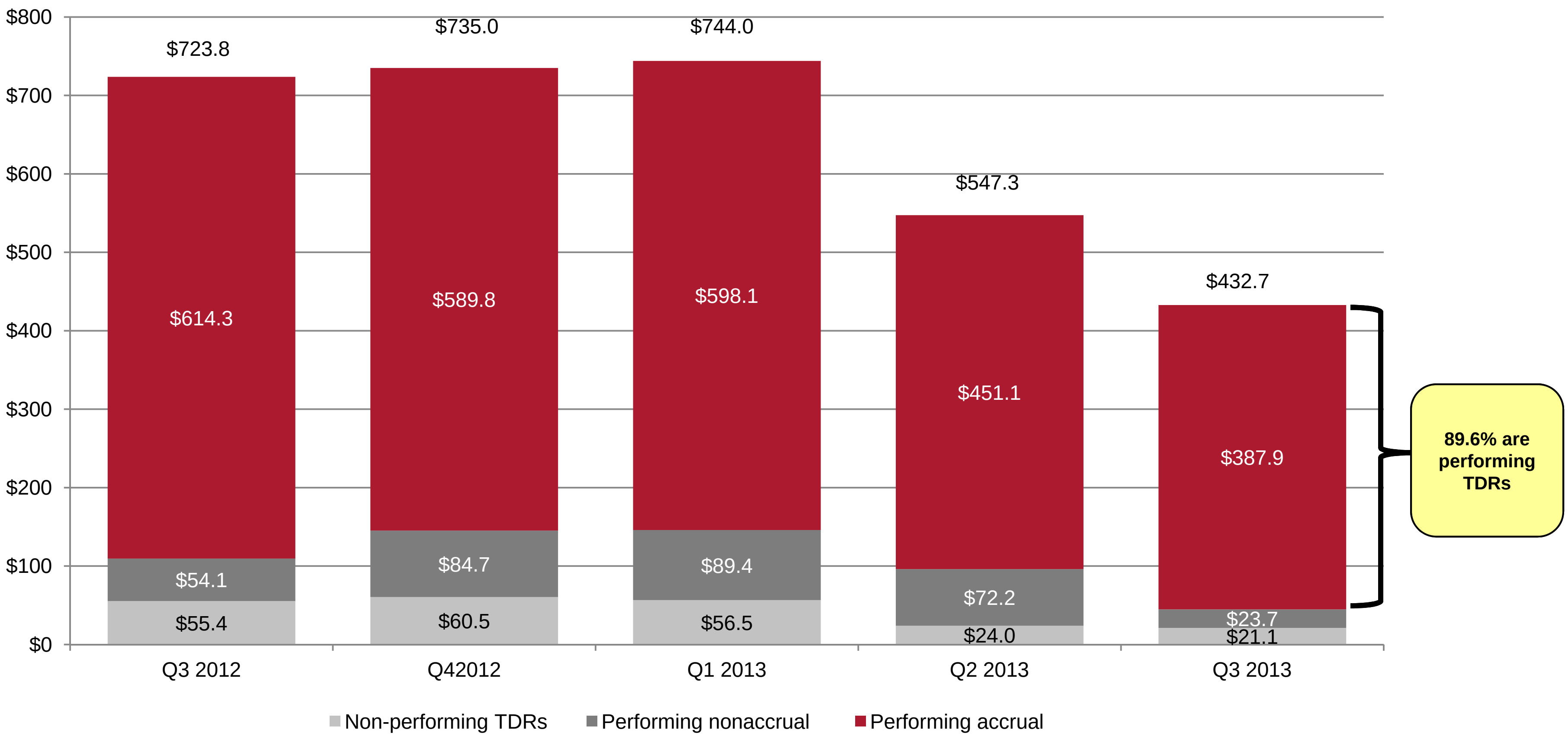
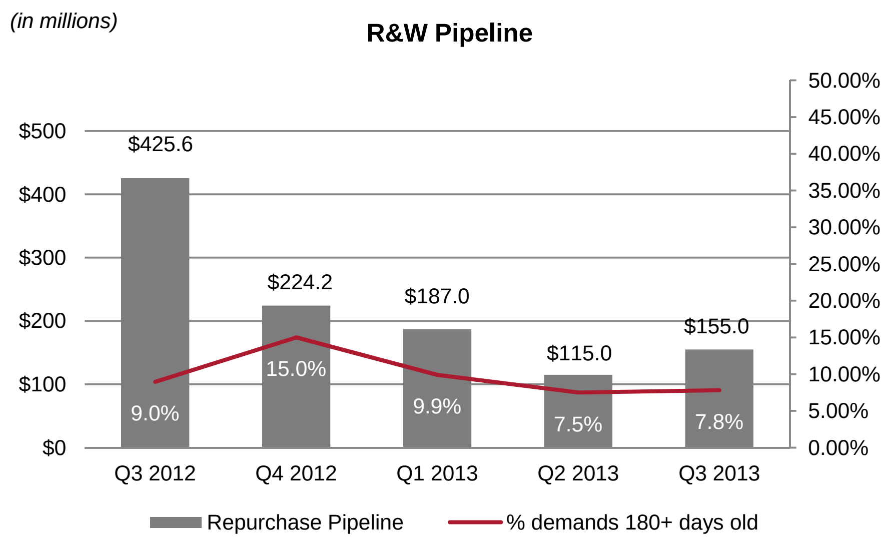
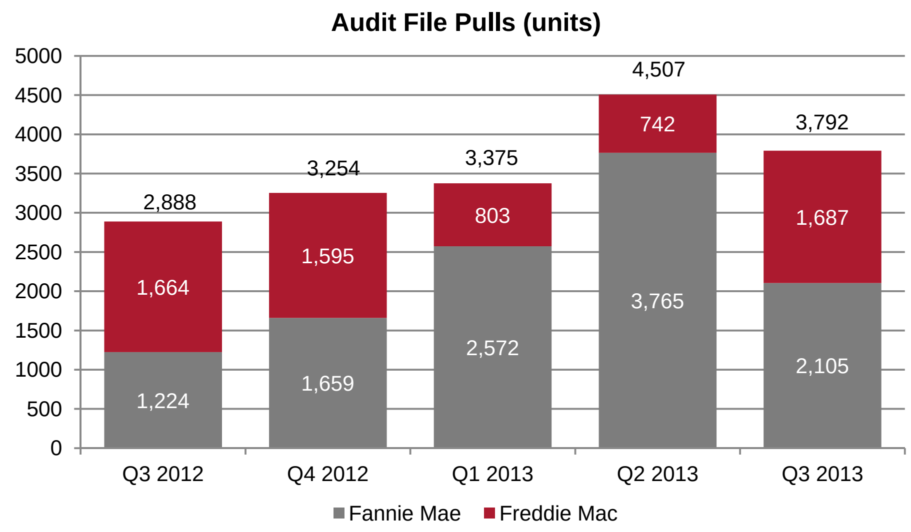
(in millions)

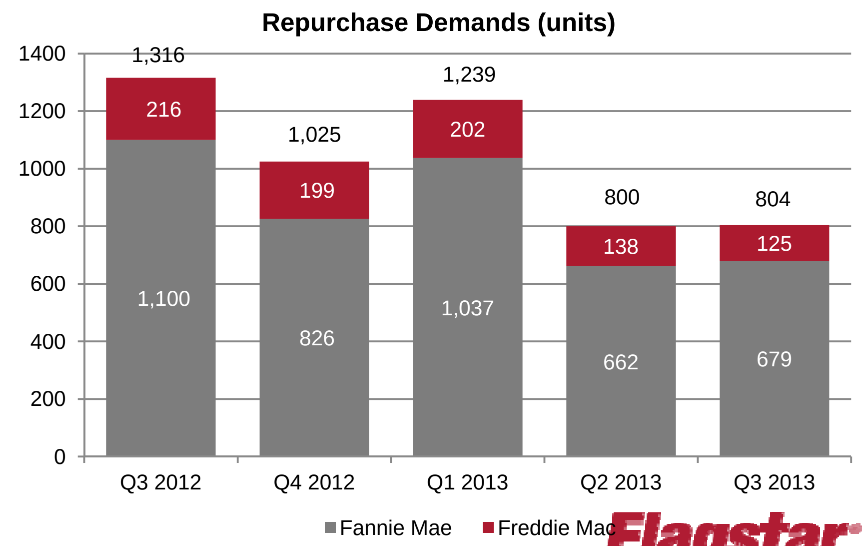

$800
$700
$600
$500
$400
$300
$200
$100
$0
$723.8
$735.0
$744.0
$547.3
$432.7
$614.3
$589.8
$598.1
$451.1
$387.9
$54.1
$84.7
$89.4
$72.2
$23.7
$55.4
$60.5
$56.5
$24.0
$21.1
Q3 2012
Q42012
Q1 2013
Q2 2013
Q3 2013
Non-performing TDRs
Performing nonaccrual
Performing accrual
89.6% are performing TDRs

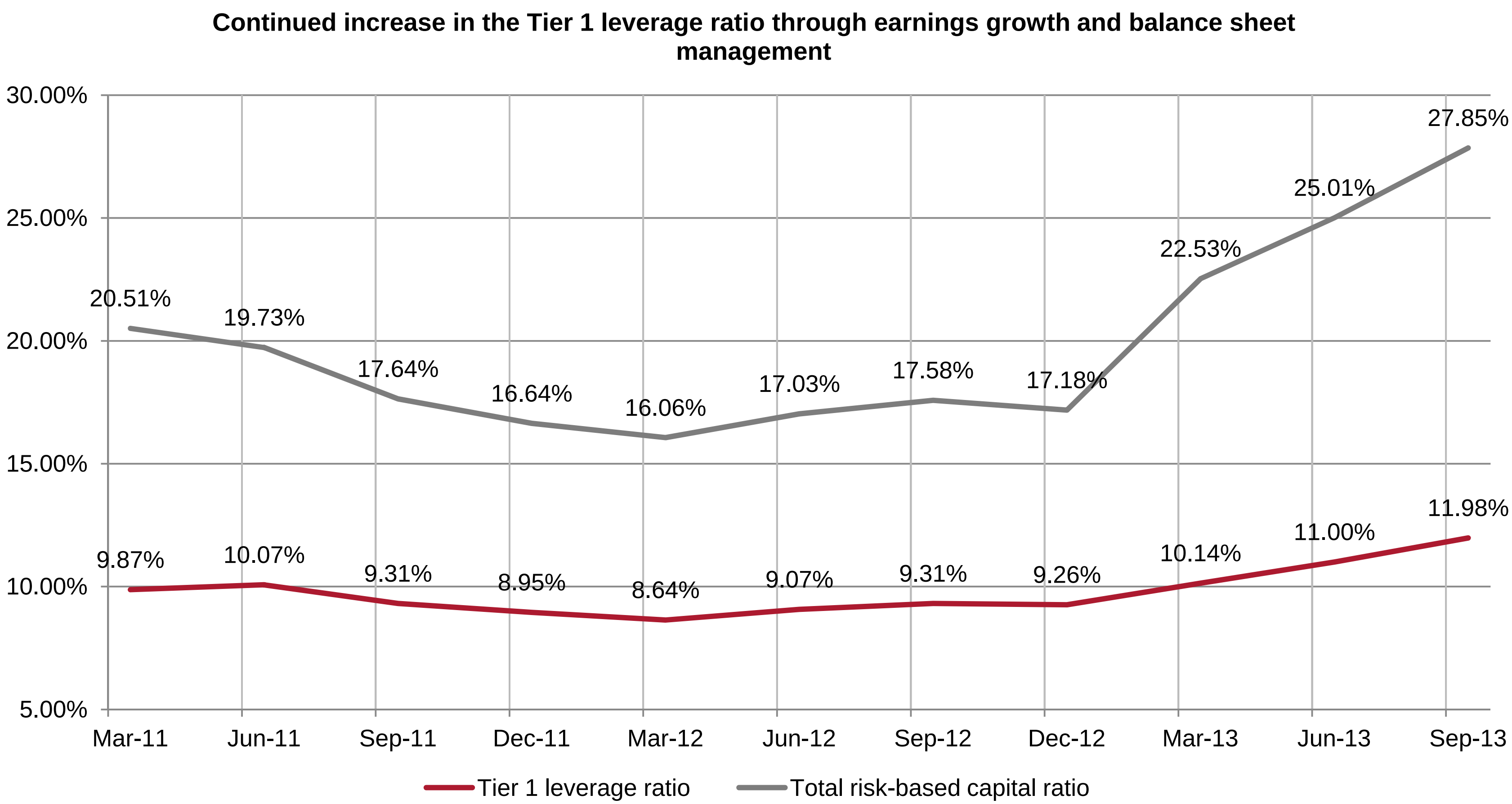
Representation and Warranty Reserve Details

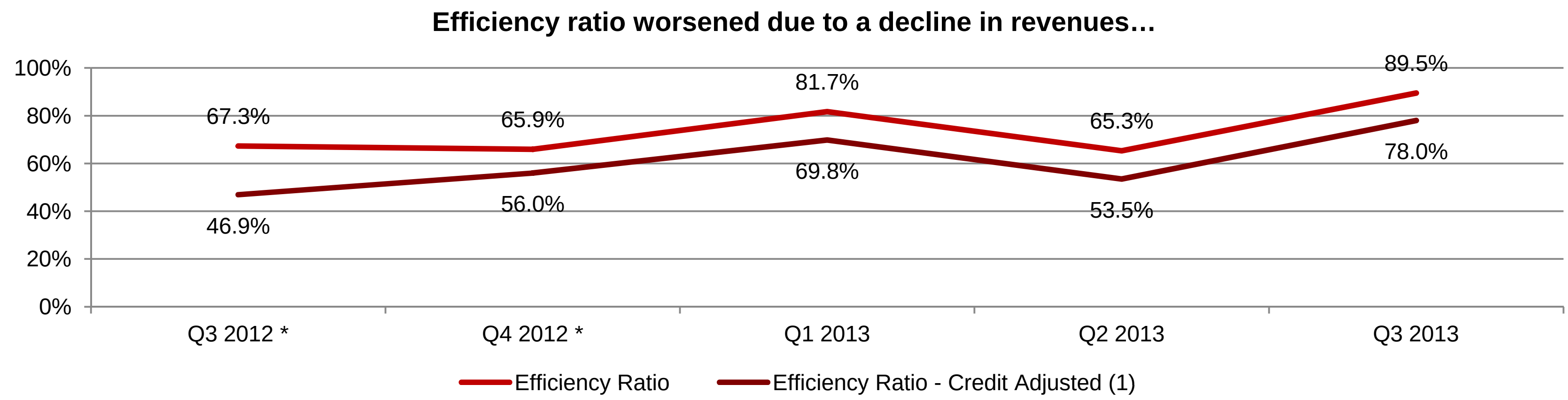
(in millions)	3Q12	4Q12	1Q13	2Q13	3Q13
Beginning balance	$161.0	$202.0	$193.0	$185.0	$185.0
Additions	$130.9	$32.5	$23.2	$34.0	$8.9
Net charge-offs	($89.9)	($41.5)	($31.2)	($34.0)	($19.9)
Ending Balance	**$202.0**	**$193.0**	**$185.0**	**$185.0**	**$174.0**

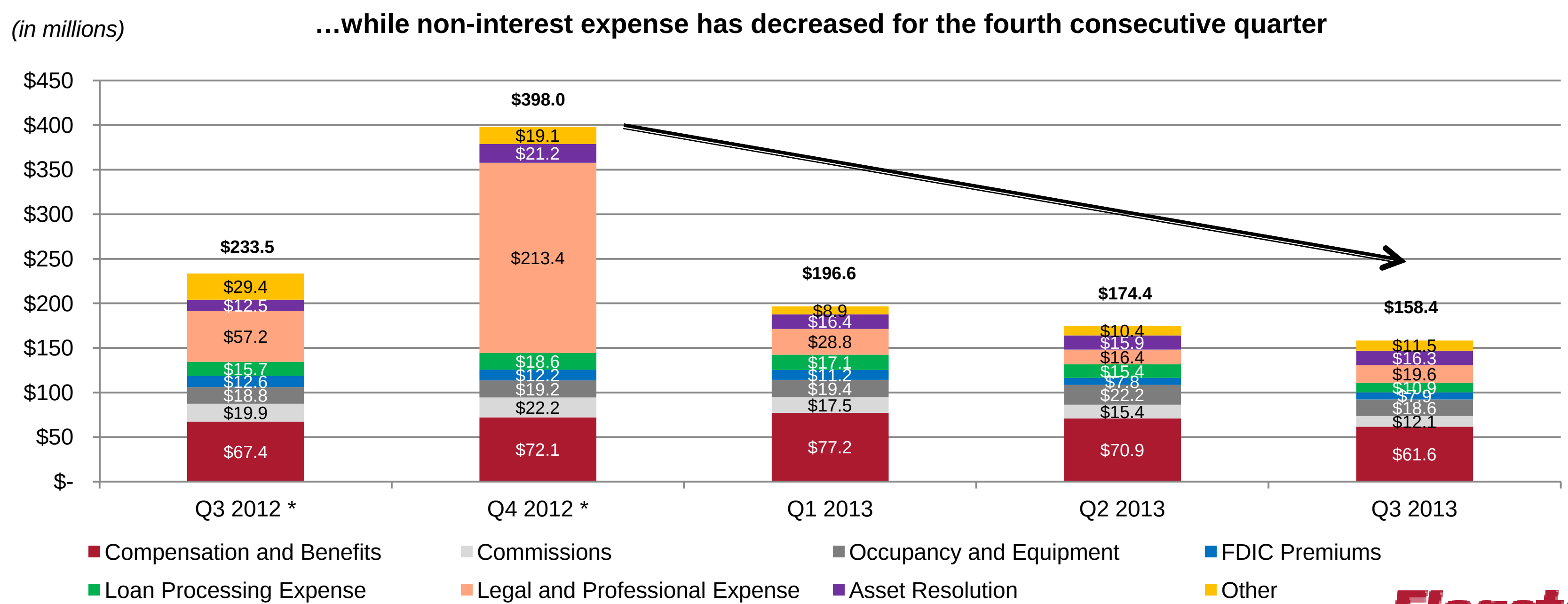







Continued increase in the Tier 1 leverage ratio through earnings growth and balance sheet management
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
20.51%
19.73%
17.64%
16.64%
16.06%
17.03%
17.58%
17.18%
22.53%
25.01%
27.85%
9.87%
10.07%
9.31%
8.95%
8.64%
9.07%
9.31%
9.26%
10.14%
11.00%
11.98%
Mar-11
Jun-11
Sep-11
Dec-11
Mar-12
Jun-12
Sep-12
Dec-12
Mar-13
Jun-13
Sep-13
Tier 1 leverage ratio
Total risk-based capital ratio



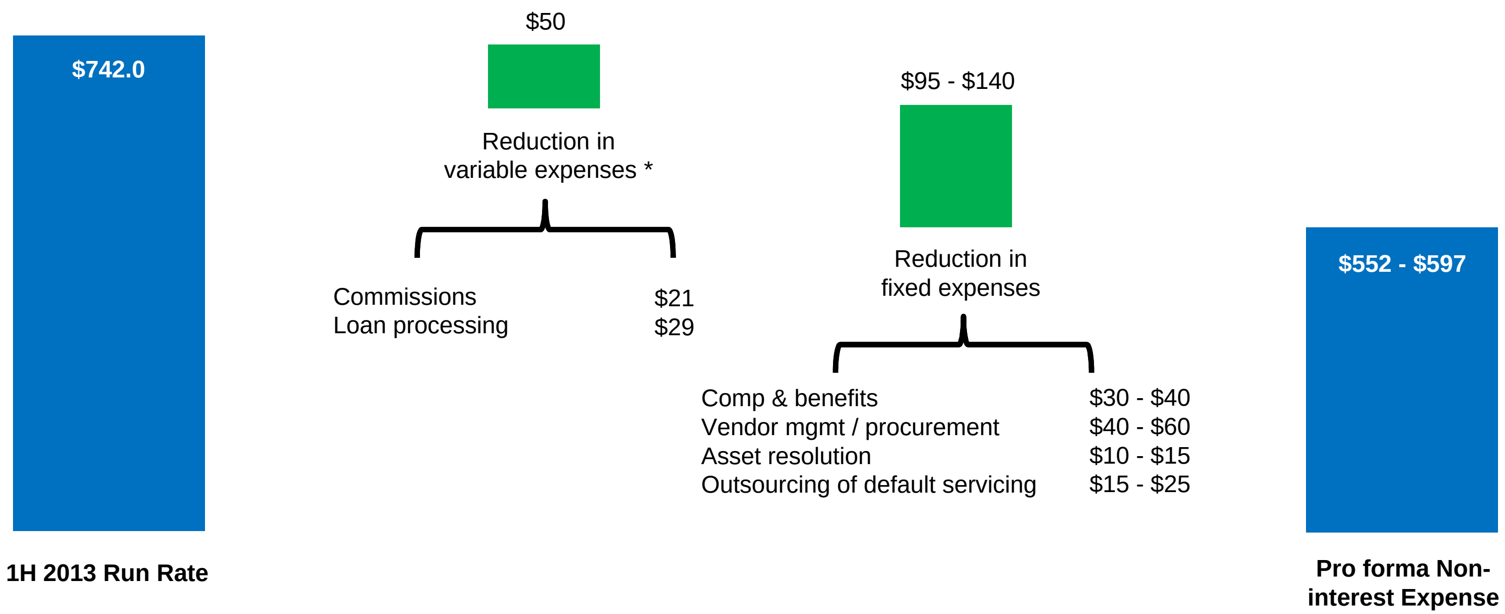


* Includes expenses related to legal reserves of $40.0 million and $188.5 million incurred during 3Q 2012 and 4Q 2012, respectively.

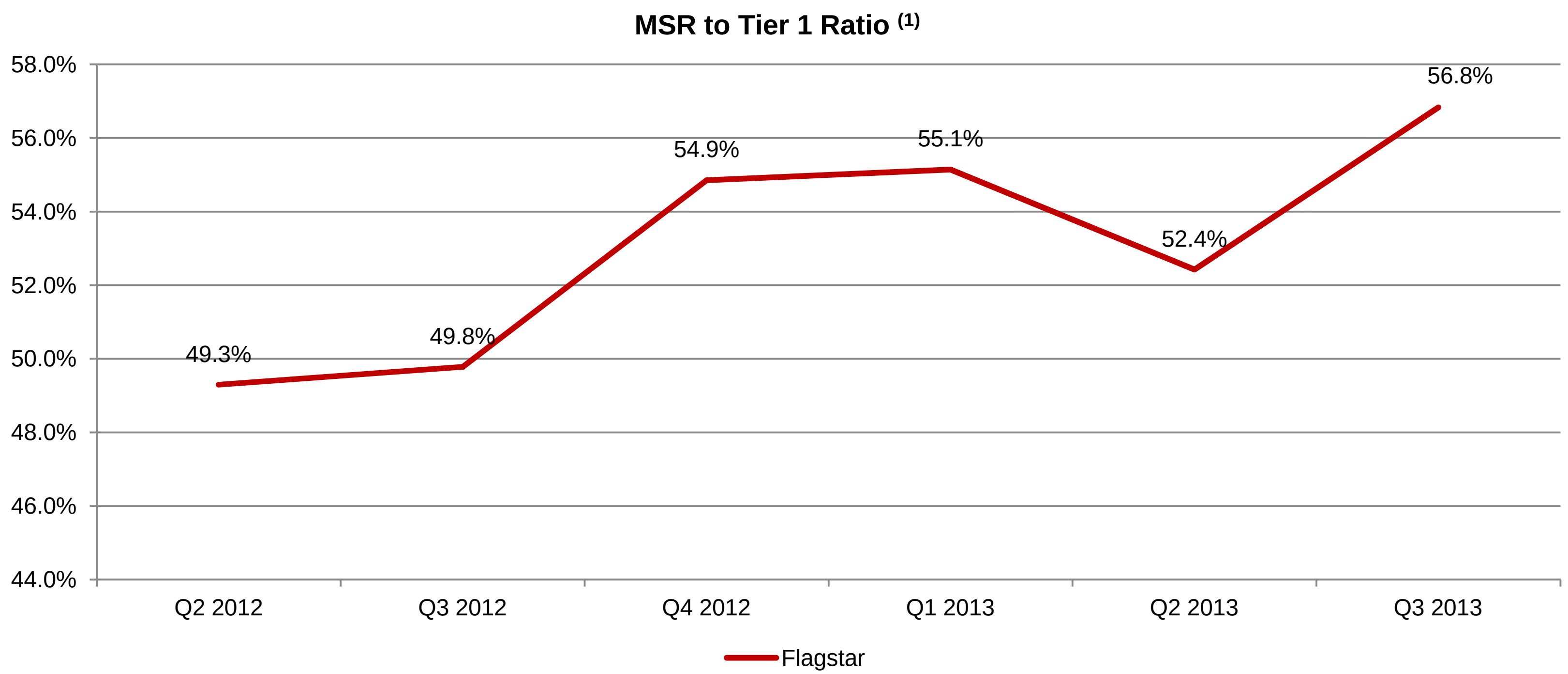
(1) See Non-GAAP reconciliation.

(in millions)

Non Interest Expense Bridge – 1H 2013 (annualized) to Pro forma NIE (annualized)



* Assumes future mortgage origination volume based on Q3 2013 run-rate.



(1) See Non-GAAP reconciliation.

Appendix

(in millions)

	Q3 2013	Q2 2013	Q3 2012
Consumer (1)	$51.2	$60.9	$53.9
Commercial (1)	0.0	0.2	9.6
Total 30 - 59 Days Past Due	$51.2	$60.1	$63.5
Consumer (1)	$18.2	$13.4	$26.7
Commercial (1)	0.2	22.7	0.4
Total 60 - 89 Days Past Due	$18.5	$36.2	$27.1
Consumer (1)	$123.3	$194.2	$276.3
Commercial (1)	15.5	63.8	122.6
Total Greater than 90 days Past Due	$138.8	$257.9	$398.9
Non-performing Assets	$205.3	$344.3	$520.5
To Total Assets (Bank only)	1.74%	2.71%	3.48%
Provision for Loan Losses	$4.1	$31.6	$52.6
Charge-offs, Net of Recoveries(2)	$40.1	$78.6	$34.6
Allowance for Loan Losses	$207.0	$243.0	$305.0
To Loans Held for Investment (3)	5.50%	5.75%	4.65%
To Non-performing Loans	152.6%	94.2%	76.5%
Real Estate Owned	$66.5	$86.4	$119.5

(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 $26.8 million and $38.4 million of charge-offs related to the sale of non-performing loans sold in the third and second quarter of 2013, respectivitely.
(3) Excludes loans carried under fair value option.

Totals may not foot due to rounding

Flagstar Bancorp

$ in thousands

State	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
CA	$ 21,083	$ 552,382	$ -	573,465	**32.1%**	$ 436,021	$ 219,861	$ 14,148	$ 670,029	**27.3%**
FL	4,363	153,224	-	157,586	**8.8%**	223,806	118,319	11,204	353,329	**14.4%**
MI	688	98,452	-	99,140	**5.5%**	198,490	45,418	11,912	255,820	**10.4%**
WA	4,051	47,578	-	51,629	**2.9%**	73,108	37,595	5,026	115,730	**4.7%**
AZ	693	53,214	-	53,907	**3.0%**	68,109	30,695	2,001	100,805	**4.1%**
CO	1,834	46,519	-	48,352	**2.7%**	48,933	20,752	4,378	74,062	**3.0%**
MD	1,689	32,877	-	34,567	**1.9%**	40,042	29,242	3,034	72,318	**2.9%**
NY	3,986	71,587	-	75,572	**4.2%**	29,351	34,015	3,637	67,003	**2.7%**
VA	1,634	43,552	-	45,186	**2.5%**	39,494	15,888	4,204	59,587	**2.4%**
TX	1,617	134,225	-	135,842	**7.6%**	28,557	31,178	2,057	61,792	**2.5%**
NJ	909	31,668	-	32,578	**1.8%**	26,264	19,870	3,104	49,238	**2.0%**
NV	360	12,977	-	13,337	**0.7%**	33,959	9,721	1,834	45,515	**1.9%**
IL	624	33,387	-	34,011	**1.9%**	30,925	20,198	1,716	52,838	**2.2%**
GA	815	35,123	-	35,937	**2.0%**	26,989	20,411	1,820	49,220	**2.0%**
OH	730	18,189	-	18,919	**1.1%**	29,714	8,367	539	38,620	**1.6%**
OTHER	7,116	371,544	-	378,661	**21.2%**	225,065	145,096	18,289	388,450	**15.8%**
Total :	**$ 52,192**	**$ 1,736,498**	**$ -**	**$ 1,788,690**	**100%**	**$ 1,558,828**	**$ 806,625**	**$ 88,904**	**$ 2,454,358**	**100%**

Note: Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items.

Totals may not foot due to rounding

Flagstar Bancorp

$ in thousands

Year	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
Older	$ -	$ -	$ -	$ -	**0.0%**	$ 178,550	$ 37,917	$ 7,449	$ 223,916	**9.1%**
2004	-	73	-	73	**0.0%**	448,979	26,245	8,611	483,835	**19.7%**
2005	171	892	-	1,063	**0.1%**	465,596	36,610	16,011	518,218	**21.1%**
2006	-	821	-	821	**0.0%**	99,105	106,396	13,208	218,709	**8.9%**
2007	-	4,167	-	4,167	**0.2%**	249,868	415,064	40,657	705,588	**28.7%**
2008	-	15,225	-	15,225	**0.9%**	11,895	96,160	2,968	111,024	**4.5%**
2009	-	19,684	-	19,684	**1.1%**	6,759	39,291	-	46,050	**1.9%**
2010	177	5,021	-	5,198	**0.3%**	8,309	13,343	-	21,652	**0.9%**
2011	-	2,548	-	2,548	**0.1%**	16,357	14,281	-	30,638	**1.2%**
2012	829	1,817	-	2,646	**0.1%**	14,981	14,908	-	29,889	**1.2%**
2013	51,015	1,686,250	-	1,737,265	**97.1%**	58,429	6,410	-	64,839	**2.6%**
Total :	**$ 52,192**	**$ 1,736,498**	**$ -**	**$ 1,788,690**	**100%**	**$ 1,558,828**	**$ 806,625**	**$ 88,904**	**$ 2,454,358**	**100%**

Note: Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items.

Totals may not foot due to rounding

$ in thousands

FICO	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
< 580	$ -	$ 5,300	$ -	$ 5,300	**0.3%**	17,583	33,692	1,092	$ 52,367	**2.1%**
580 - 619	-	10,777	-	10,777	**0.6%**	20,377	50,069	1,580	72,025	**2.9%**
620 - 659	4,308	142,686	-	146,994	**8.2%**	95,996	88,718	6,598	191,313	**7.8%**
660 - 699	10,578	357,851	-	368,429	**20.6%**	398,863	194,792	30,808	624,463	**25.4%**
> 699	37,305	1,219,884	-	1,257,189	**70.3%**	1,026,009	439,354	48,826	1,514,189	**61.7%**
Total :	**$ 52,192**	**$ 1,736,498**	**$ -**	**$ 1,788,690**	**100%**	**$ 1,558,828**	**$ 806,625**	**$ 88,904**	**$ 2,454,358**	**100%**

Note: Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items.

Totals may not foot due to rounding

$ in thousands

Original LTV	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
<=70.00%	$ 16,456	$ 340,383	$ -	$ 356,839	**19.9%**	$ 411,797	$ 227,727	$ 20,928	$ 660,452	**26.9%**
>70.00% - 79.99%	10,658	566,478	-	577,135	**32.3%**	960,766	387,853	50,715	1,399,334	**57.0%**
>80.00% - 89.99%	5,682	195,487	-	201,169	**11.2%**	98,093	69,384	11,504	178,981	**7.3%**
>90.00% - 99.99%	19,078	573,385	-	592,463	**33.1%**	86,767	112,986	5,529	205,283	**8.4%**
100.00% -109.99%	318	36,795	-	37,113	**2.1%**	1,028	5,864	-	6,893	**0.3%**
110.00% -124.99%	-	13,635	-	13,635	**0.8%**	377	2,094	110	2,581	**0.1%**
>125.00%	-	10,336	-	10,336	**0.6%**	-	716	119	835	**0.0%**
Total:	**$ 52,192**	**$ 1,736,498**	**$ -**	**$ 1,788,690**	**100%**	**$ 1,558,828**	**$ 806,625**	**$ 88,904**	**$ 2,454,358**	**100%**

Note: Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items.

Totals may not foot due to rounding

Flagstar Bancorp

$ in thousands

HPI Adjusted LTV	HFS ARM	HFS Fixed	HFS Balloon	HFS Total	HFS % of Total	HFI ARM	HFI Fixed	HFI Balloon	HFI Total	HFI % of Total
<=70.00%	$ 16,734	$ 363,011	$ -	$ 379,745	**21.2%**	$ 467,296	$ 151,049	$ 14,656	$ 633,002	**25.8%**
70.00% - 79.99%	9,770	553,672	-	563,442	**31.5%**	348,086	117,148	9,317	474,551	**19.3%**
80.00% - 89.99%	7,199	198,312	-	205,511	**11.5%**	244,158	122,762	17,374	384,295	**15.7%**
90.00% - 99.99%	16,291	494,451	-	510,742	**28.6%**	188,519	158,984	13,512	361,016	**14.7%**
100.00% -109.99%	2,198	90,964	-	93,162	**5.2%**	141,024	105,798	14,866	261,688	**10.7%**
110.00% -124.99%	-	20,830	-	20,830	**1.2%**	118,239	87,884	13,326	219,448	**8.9%**
>=125.00%	-	15,257	-	15,257	**0.9%**	51,506	63,000	5,853	120,359	**4.9%**
Total :	**$ 52,192**	**$ 1,736,498**	**$ -**	**$ 1,788,690**	**100%**	**$ 1,558,828**	**$ 806,625**	**$ 88,904**	**$ 2,454,358**	**100%**

Note: Reflects unpaid principal balance of underlying loans before accounting adjustments for discounts and other items. 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.

Totals may not foot due to rounding

Flagstar Bancorp

Asset Quality by Loan Type - HFI

$ in thousands

Loan Type	Balance	Non-performing Loans	% of Balance	% of Overall NPLs	Q3 '13 Charge Offs, Net of Recoveries	Collectively Evaluated Reserves	Individually Evaluated Reserves	Total Reserves
Residential first mortgage	$2,478,599	$115,832	4.7%	83.45%	($32,410)	$65,490	$81,087	$146,577
Second mortgage	174,383	1,906	1.1%	1.37%	(1,186)	10,124	8,571	18,695
Warehouse	390,348	-	0.0%	0.00%	(45)	408	-	408
HELOC	307,552	5,387	1.8%	3.88%	(729)	8,567	540	9,107
Consumer	39,043	164	0.4%	0.12%	(871)	2,130	-	2,130
Commercial RE	420,879	11,076	2.6%	7.98%	(4,559)	25,331	1,161	26,492
Commercial NRE	187,639	-	0.0%	0.00%	(253)	3,407	88	3,495
Commercial lease financing	15,064	4,439	29.5%	3.20%	-	96	-	96
Total:	**$4,013,507**	**$138,804**	**3.5%**	**100.00%**	**($40,053)**	**$115,553**	**$91,447**	**$207,000**

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

Totals may not foot due to rounding

Flagstar Bancorp

$ in thousands

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial	Consumer	Total	Percent of Total
FL	$34,102	**29.4%**	$68	$702	$0	$0	$0	$34,872	**25.1%**
CA	12,163	**10.5%**	218	813	1,688	-	-	14,882	**10.7%**
NY	10,031	**8.7%**	81	281	-	-	-	10,393	**7.5%**
MI	6,836	**5.9%**	564	1,545	7,575	-	163	16,683	**12.0%**
NJ	6,661	**5.8%**	80	15	-	-	-	6,757	**4.9%**
TX	4,280	**3.7%**	-	-	-	-	-	4,280	**3.1%**
MD	3,871	**3.3%**	22	275	-	-	-	4,169	**3.0%**
AZ	3,455	**3.0%**	11	409	-	-	-	3,875	**2.8%**
GA	2,856	**2.5%**	4	1	169	-	1	3,031	**2.2%**
IL	2,701	**2.3%**	89	32	-	-	-	2,822	**2.0%**
WA	2,639	**2.3%**	214	114	-	-	-	2,967	**2.1%**
OH	1,860	**1.6%**	7	3	-	-	-	1,871	**1.3%**
NC	1,800	**1.6%**	-	-	-	-	-	1,800	**1.3%**
NV	1,790	**1.5%**	15	38	-	-	-	1,843	**1.3%**
SC	1,704	**1.5%**	3	1	-	-	-	1,707	**1.2%**
Other	19,082	**16.5%**	530	1,158	1,643	4,439	1	26,853	**19.3%**
Total	**$115,832**	**100.0%**	**$1,906**	**$5,387**	**$11,076**	**$4,439**	**$164**	**$138,804**	**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

$ in thousands

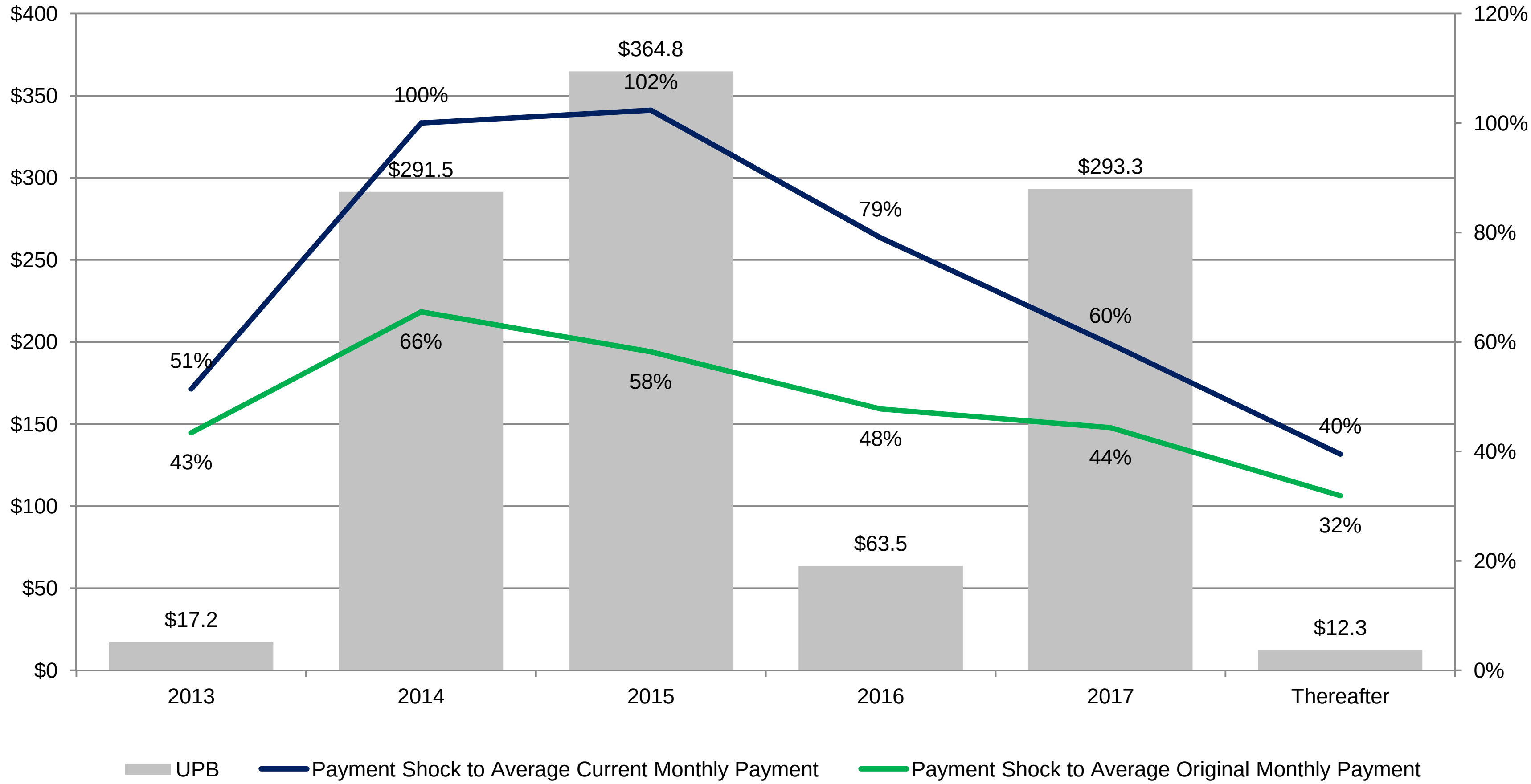
Vintage	First Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Commercial Lease Financing	Other Consumer	Total	Percent of Total
Older	$5,589	**4.8%**	$492	$1,341	$79	$0	$3	$7,505	**5.4%**
2004	5,246	**4.5%**	-	458	235	-	-	5,939	**4.3%**
2005	11,375	**9.8%**	405	1,219	339	-	115	13,454	**9.7%**
2006	11,267	**9.7%**	99	1,455	9,318	-	1	22,141	**16.0%**
2007	43,234	**37.3%**	910	914	768	-	2	45,828	**33.0%**
2008	26,477	**22.9%**	-	-	-	-	-	26,477	**19.1%**
2009	6,757	**5.8%**	-	-	-	-	1	6,758	**4.9%**
2010	2,394	**2.1%**	-	-	-	-	29	2,423	**1.7%**
2011	2,851	**2.5%**	-	-	-	3,633	1	6,486	**4.7%**
2012	566	**0.5%**	-	-	-	602	12	1,180	**0.9%**
2013	74	**0.1%**	-	-	336	204	-	613	**0.4%**
Total	**$115,832**	**100.0%**	**$1,906**	**$5,387**	**$11,076**	**$4,439**	**$164**	**$138,804**	**100%**

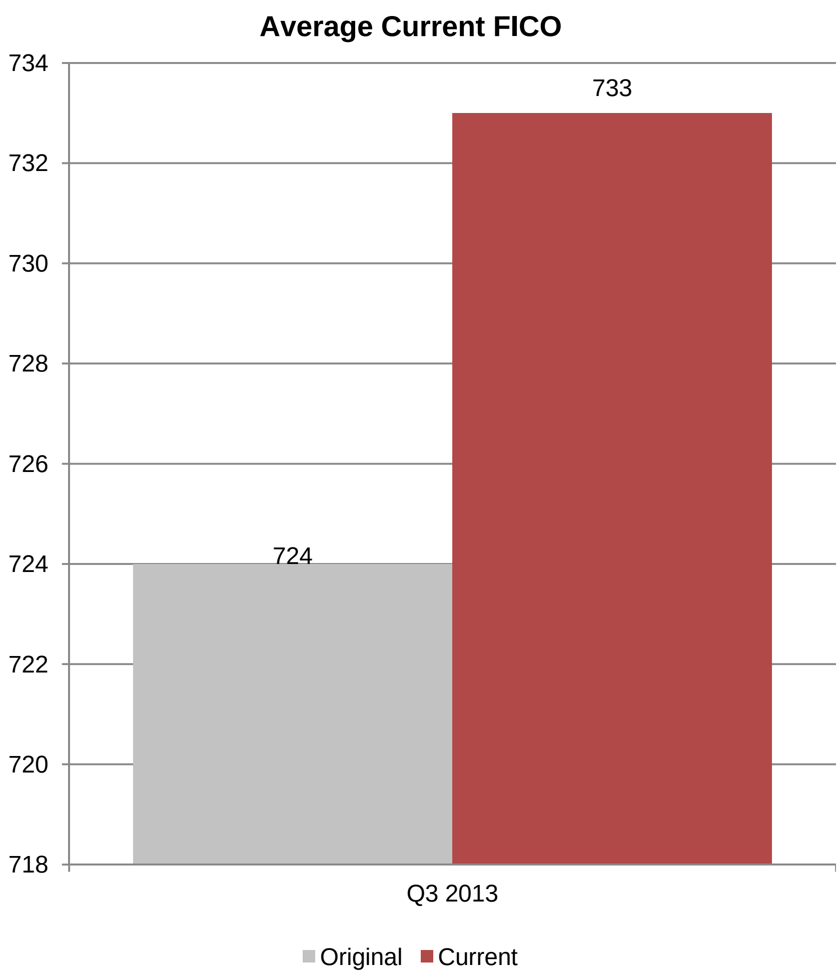
Note: Non-performing loans include 90+ days delinquent and matured, and performing non-accruals. Excludes participations and first mortgage repurchases.

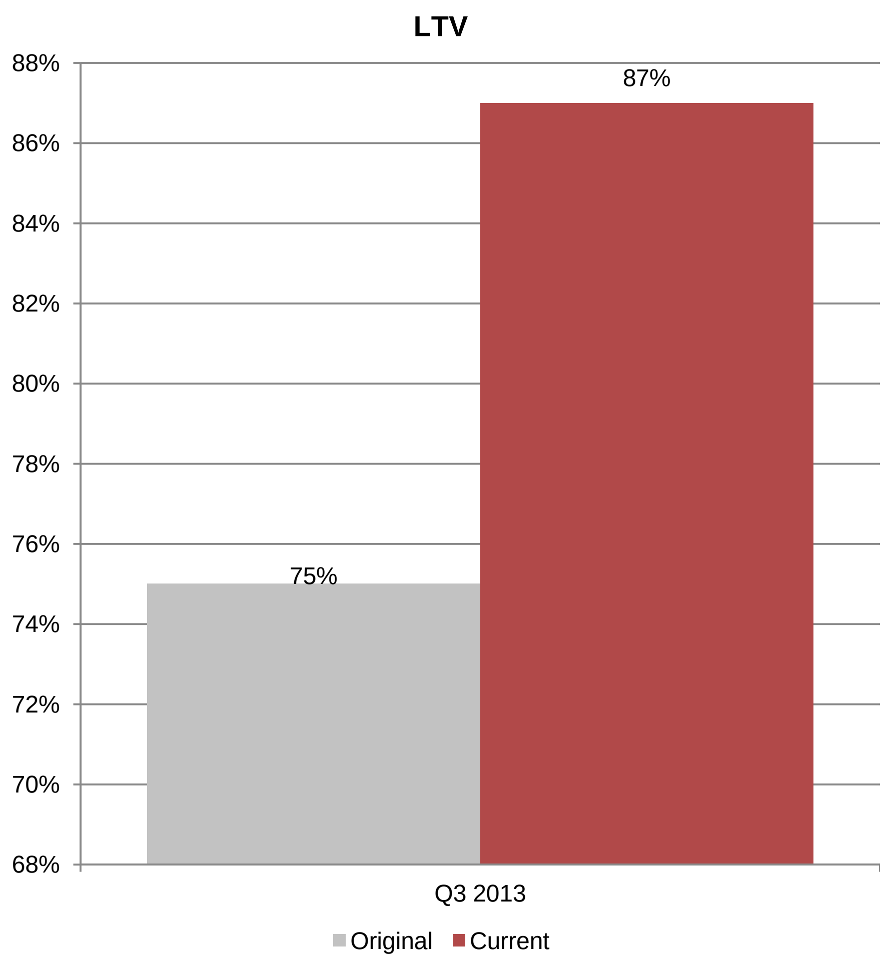
Totals may not foot due to rounding

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

(in millions)

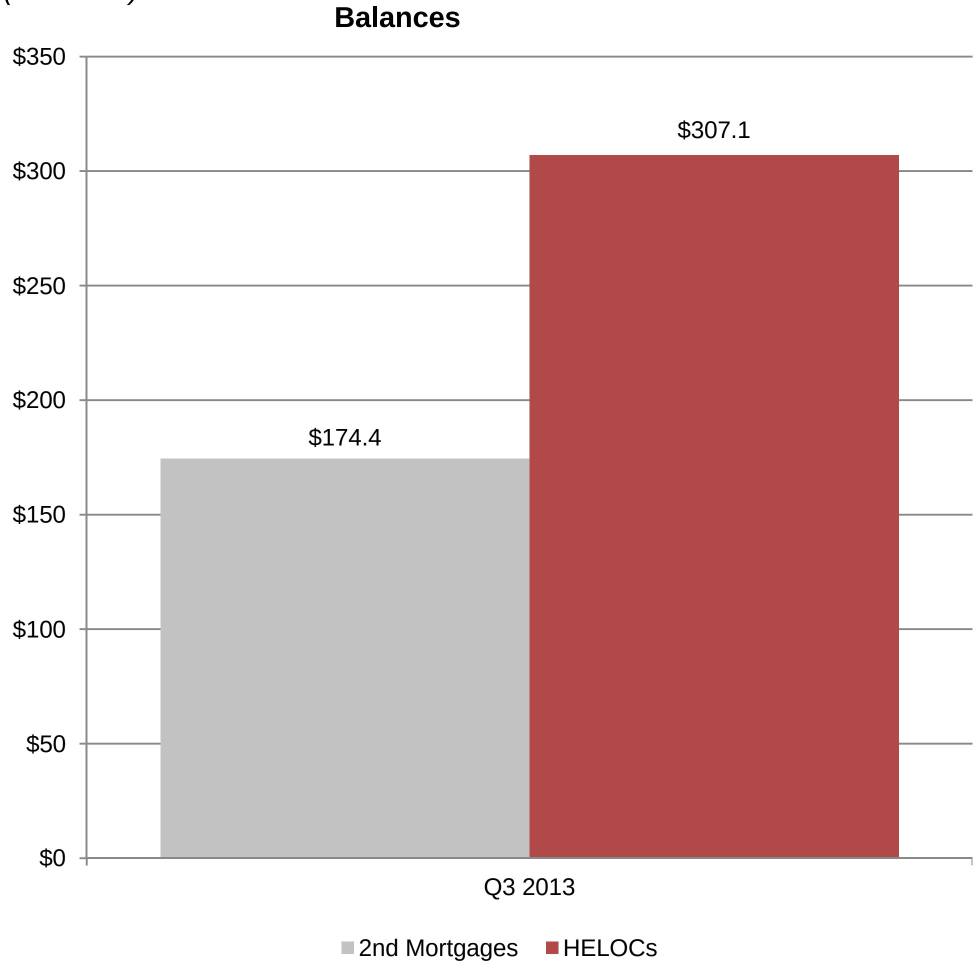


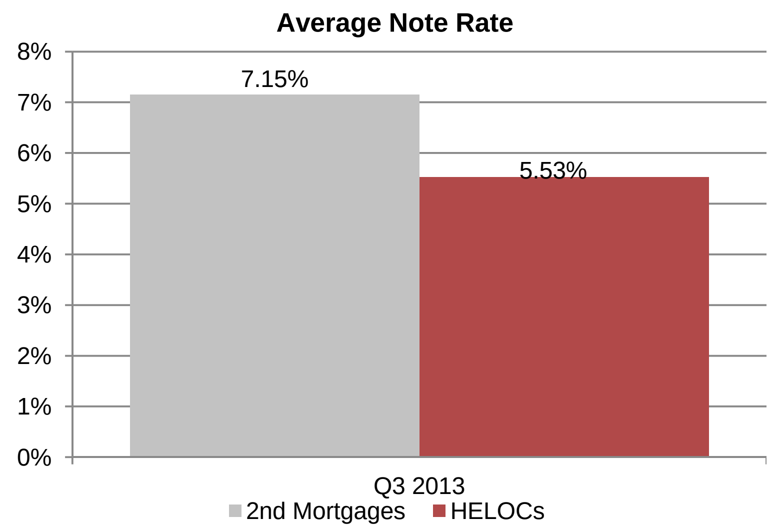

Average Current FICO
734
732
730
728
726
724
722
720
718
733
724
Q3 2013
Original
Current

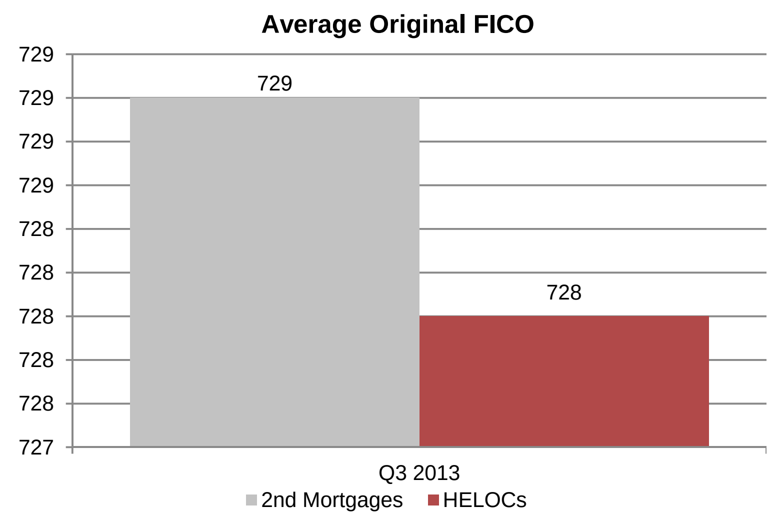

LTV
88%
86%
84%
82%
80%
78%
76%
74%
72%
70%
68%
87%
75%
Q3 2013
Original
Current

2nd Mortgage and HELOC Portfolio Orginated in 2009 and Prior

(in millions)







Flagstar Bancorp

Deposit Mix

(millions)	September 30, 2013		June 30, 2013		September 30, 2012	
	Balance	Rate	Balance	Rate	Balance	Rate
Retail Deposits:						
Demand deposits	721	0.08%	$ 743	0.11%	$650	0.16%
Savings deposits	2,912	0.53%	2,688	0.67%	1,710	0.62%
Money market deposits	298	0.17%	329	0.23%	435	0.45%
Certificates of deposit	1,436	0.85%	2,154	0.90%	3,272	1.14%
Total retail deposits	5,368	0.53%	5,914	0.66%	6,067	0.84%
Core retail deposits / retail deposits	**73.23%**		**63.58%**		**46.08%**	
Government Banking Deposits:						
Demand deposits	161	0.28%	118	0.35%	103	0.36%
Savings deposits	167	0.27%	164	0.30%	353	0.51%
Certificates of deposit	228	0.33%	373	0.48%	450	0.60%
Total government banking deposits	556	0.30%	655	0.41%	906	0.54%
Company controlled deposits	670	0.00%	827	0.00%	2,201	0.00%
Wholesale deposits	56	4.75%	74	4.81%	315	3.43%
Total deposits	$6,649	0.50%	$ 7,470	0.61%	$9,489	0.70%
Number of banking branches	111		111		111	

(1) Approximately $327.8 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 September 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

Flagstar Bancorp

$ in millions

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Pre-tax, pre-credit-cost revenue					
Income (loss) before tax provision	$14.5	$61.1	$23.6	($88.6)	$60.7
Add back					
Provision for loan losses	4.1	31.6	20.4	50.4	52.6
Asset resolution	16.3	15.9	16.4	21.2	12.5
Other than temporary impairment on AFS investments	-	8.8	-	-	-
Representation and warranty reserve - change in estimate	5.2	28.9	17.4	25.2	124.5
Write down of residual interest	-	-	0.2	0.8	0.1
Total credit-related costs	$25.6	$85.2	$54.4	$97.6	$189.7
Pre-tax, pre-credit-net revenue	$40.0	$146.3	$78.0	$9.0	$250.4
Efficiency ratio (credit-adjusted)					
Net interest income (a)	42.7	47.1	55.7	73.9	73.1
Non-interest income (b)	134.3	220.0	184.9	285.8	273.7
Add: Representation and warranty reserve - change in estimate (d)	5.2	28.9	17.4	25.2	124.5
Adjusted income	182.2	$296.0	$258.0	$384.9	471.3
Non-interest expense (c)	158.4	174.4	196.6	397.9	233.5
Less: Asset resolution expense (e)	(16.3)	(15.9)	(16.4)	(21.2)	(12.5)
Adjusted non-interest expense	142.1	158.5	180.1	376.7	221.0
Efficiency ratio (c/(a+b))	89.5%	65.3%	81.7%	110.6%	67.3%
Efficiency ratio (credit-adjusted) ((c-e)/((a+b)+d)))	78.0%	53.5%	69.8%	97.9%	46.9%

Totals may not foot due to rounding

$ in millions

	September 30, 2013	June 30, 2013	September 30, 2012
Non-performing assets	$205.3	$344.3	$518.4
Tier 1 Capital	1,402.4	1,390.6	1,379.7
Allowance for Loan Losses	207.0	243.0	305.0
Tier 1 Capital + Allowance for Loan Losses	**$1,609.4**	**$1,633.6**	**1,684.7**
Non-performing assets/ Tier 1 Capital + Allowance for Loan Losses	**12.8%**	**21.1%**	**30.8%**

$ in millions

	September 30, 2013	June 30, 2013	March 31, 2013	September 30, 2012	June 30, 2012
Mortgage Servicing Rights	797.0	729.0	727.2	710.8	686.8
Tier 1 Capital	1,402.4	1,390.6	1,318.8	1,295.8	1,379.7
MSR to Tier 1 ratio	**56.8%**	**52.4%**	**55.1%**	**54.9%**	**49.8%**

FBC

LISTED

NYSE