Flagstar Bank

4th Quarter 2013 Earnings Presentation

January 23, 2014

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:

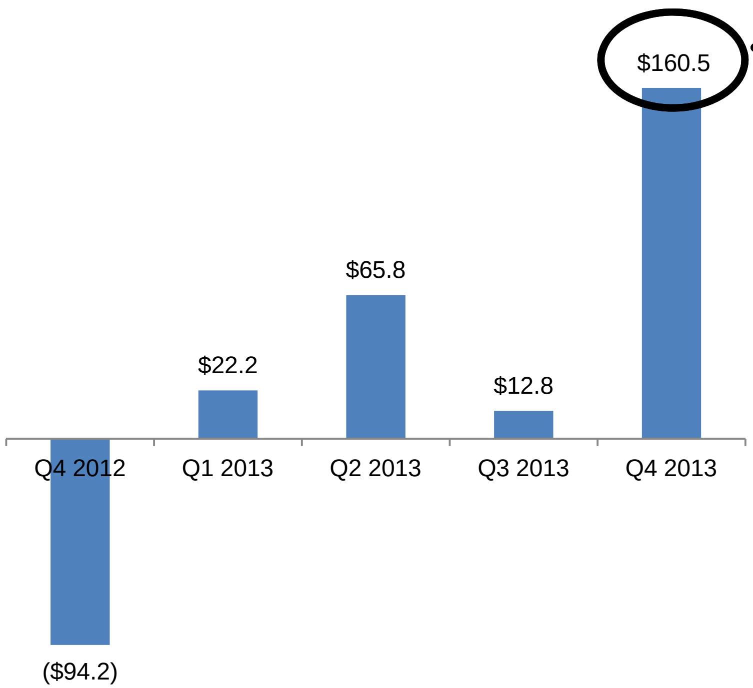
1. General business and economic conditions, including unemployment rates, movements in interest rates, the slope of the yield curve, any increase in mortgage fraud and other related activity and the further decline of asset values in certain geographic markets, that affect us or our counterparties;
2. Volatile interest rates, and our ability to effectively hedge against them, could affect, among other things, (i) the mortgage business, (ii) our ability to originate loans and sell assets at a profit, (iii) prepayment speeds, (iv) our cost of funds and (v) investments in MSRs;
3. The adequacy of our allowance for loan losses and our representation and warranty reserves;
4. Changes in accounting standards generally applicable to us and our application of such standards, including in the calculation of the fair value of our assets and liabilities;
5. Our ability to borrow funds, maintain or increase deposits or raise capital on commercially reasonable terms or at all and our ability to achieve or maintain desired capital ratios;
6. Changes in material factors affecting our loan portfolio, particularly our residential mortgage loans, and the market areas where our business is geographically concentrated or further loan portfolio or geographic concentration;
7. Changes in, or expansion of, the regulation of financial services companies and government-sponsored housing enterprises, including new legislation, regulations, rulemaking and interpretive guidance, enforcement actions, the imposition of fines and other penalties by our regulators, the impact of existing laws and regulations, new or changed roles or guidelines of government-sponsored entities, changes in regulatory capital ratios, and increases in deposit insurance premiums and special assessments of the Federal Deposit Insurance Corporation;
8. Our ability to comply with the terms and conditions of the Supervisory Agreement with the Board of Governors of the Federal Reserve and the Bank's ability to comply with the Consent Order with the Office of Comptroller of the Currency, and our ability to address matters raised by our regulators, including Matters Requiring Attention and Matters Requiring Immediate Attention, if any;
9. The Bank's ability to make capital distributions and our ability to pay dividends on our capital stock or interest on our trust preferred securities;
10. Our ability to attract and retain senior management and other qualified personnel to execute our business strategy, including our entry into new lines of business, our introduction of new products and services and management of risks relating thereto, and our competing in the mortgage loan originations and servicing and commercial and retail banking lines of business;
11. Our ability to satisfy our servicing and sub-servicing obligations and manage repurchases and indemnity demands by mortgage loan purchasers, guarantors and insurers;
12. The outcome and cost of defending current and future legal or regulatory litigation proceedings or investigations;
13. Our ability to create and maintain an effective risk management framework and effectively manage risk, including, among other things, market, interest rate, credit and liquidity risk, including risks relating to the cyclicality and seasonality of our mortgage banking business, litigation and regulatory risk, operational risk, counterparty risk and reputational risk;
14. The control by, and influence of, our majority stockholder;
15. A failure of, interruption in or cybersecurity attack on our network or computer systems, our ability to properly collect, process and maintain personal data and system integrity with respect to funds settlement;
16. Our compliance with the terms and conditions of the agreement with the U.S. Department of Justice and the impact of compliance with that agreement, , and our ability to accurately estimate the financial impact of that agreement, including the fair value and timing of the future payments; and
17. 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.

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.

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



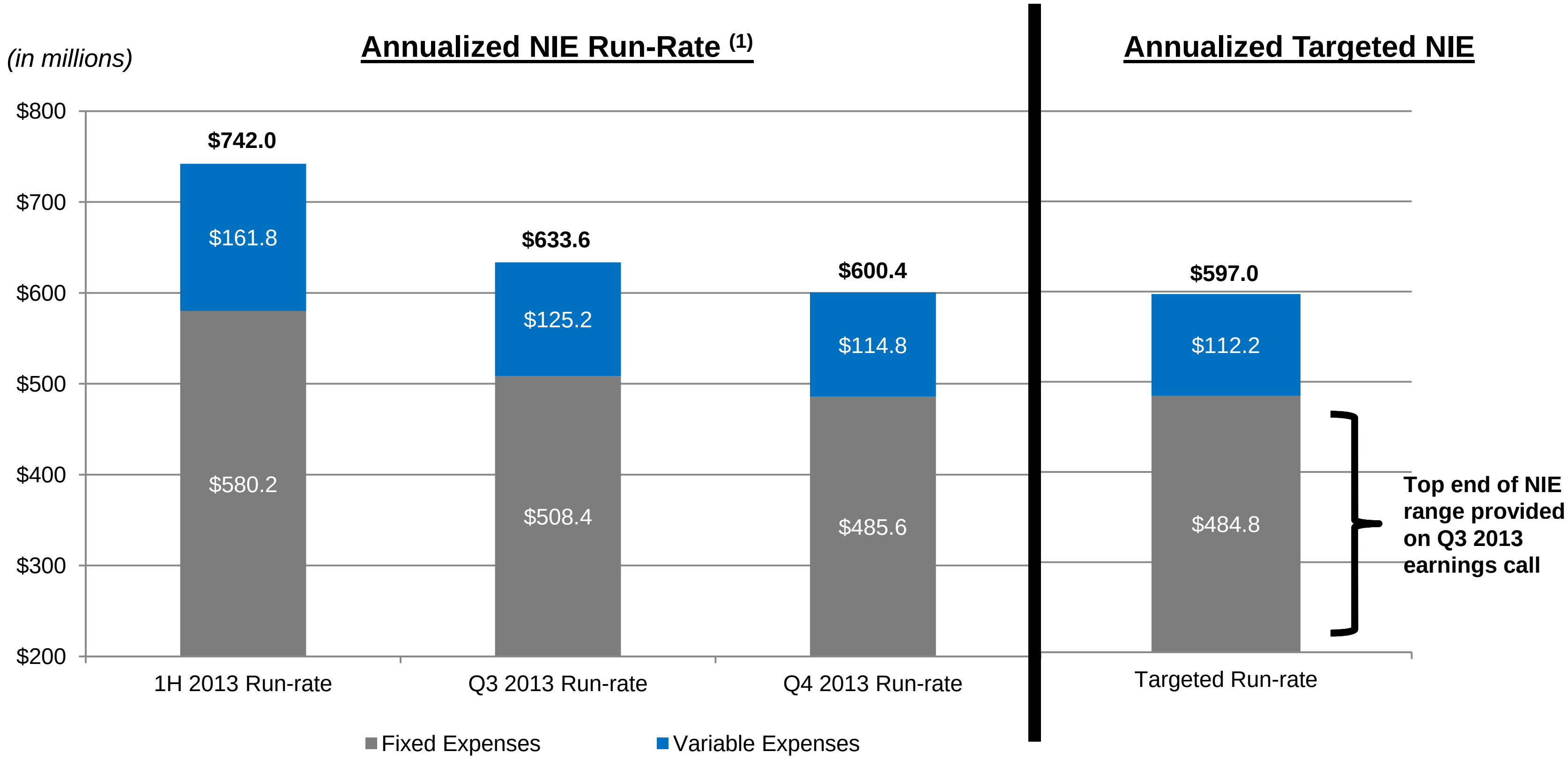
- Net income applicable to common stockholders of $160.5 million, or $2.77 per diluted share
  - Included $410.4 million tax benefit primarily due to the reversal of the deferred tax asset valuation allowance
  - Included $177.6 million loss on extinguishment of debt from prepayment of $2.9 billion in long-term FHLB advances
  - Included $64.5 million in expense related to Department of Justice settlement from February 2012
  - Included $24.9 million benefit from releases of reserves related to settlement agreements with Fannie Mae and Freddie Mac
- Net gain on loan sales decreased to $44.8 million, from $75.1 million in prior quarter ("PQ")
  - Mortgage originations decreased to $6.4 billion, from $7.7 billion in PQ
  - Gain on sale margin (based on fallout-adjusted rate locks) decreased to 85 bps, from 114 bps in PQ
- Sold $53.4 billion in aggregate UPB of mortgage servicing rights, reducing ratio of MSR-to-Tier 1 capital to 22.6%
  - Remain sub-servicer on $40.7 billion of UPB sold in Q4
- Continued improvement in credit-related costs and asset quality
  - Total credit-related costs [1] decreased to $2.1 million, from $25.6 million in PQ
  - Charge-offs, net of recoveries decreased to $14.1 million, from $40.1 million in PQ
  - Non-performing assets decreased to $182.3 million, from $205.3 million in PQ

(1) See Non-GAAP reconciliation.

(in millions, except per share data)

	Q4 2013	Q3 2013	Q4 2012	For the Year Ended Dec. 31, 2013	For the Year Ended Dec. 31, 2012
Net Interest Income	$41.2	$42.7	$73.9	$186.7	$297.2
Provision	$14.1	$4.1	$50.4	$70.1	$276.0
Gain on Loan Sale	$44.8	$75.1	$239.0	$402.2	$990.9
Net Servicing Revenue (1)	$28.9	$30.4	$25.0	$115.9	$98.0
Net Income (Loss) Applicable to Common Shareholders	**$160.5**	**$12.8**	**($94.2)**	**$261.2**	**$62.7**
Diluted Earnings (Loss) per Share	$2.77	$0.16	($1.75)	$4.37	$0.87
Total Assets	$9,407.3	$11,807.8	$14,082.0	$9,407.3	$14,082.0
Total Stockholders' Equity	$1,425.9	$1,272.4	$1,159.4	$1,425.9	$1,159.4
Return on Average Assets	5.70%	0.42%	(2.51%)	2.08%	0.43%
Return on Average Equity	50.39%	4.05%	(29.26%)	21.09%	5.26%
Book Value per Common Share	**$20.66**	**$17.96**	**$16.12**	**$20.66**	**$16.12**
NPLs / Gross Loans HFI	3.59%	3.46%	7.35%	3.59%	7.35%
NPAs / Total Assets (Bank)	**1.95%**	**1.74%**	**3.70%**	**1.95%**	**3.70%**
ALLL / NPLs (2)	**145.9%**	**152.6%**	**76.3%**	**145.9%**	**76.3%**
ALLL / Gross Loans HFI (2)	5.42%	5.50%	5.61%	5.42%	5.61%
NPAs / Tier 1 Capital + Allowance for Loan Losses (2) (3)	**12.4%**	**12.8%**	**32.5%**	12.4%	**32.5%**
Tier 1 Leverage to Adjusted Assets Ratio	**13.97%**	**11.98%**	**9.26%**	**13.97%**	**9.26%**
Total Risk Based Capital Ratio	28.11%	27.85%	17.18%	28.11%	17.18%
Total Equity / Total Assets	15.16%	10.78%	8.23%	15.16%	8.23%
MSR to Tier 1 Capital (3)	22.6%	56.8%	54.9%	22.6%	54.9%

(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.



(1) See Non-GAAP reconciliation. Q4 2013 non-interest expense run-rate excludes non-recurring significant items - $177.6 million loss on extinguishment of debt from FHLB prepayment adjustment and $61.0 million in incremental expense related to Department of Justice estimated liability.

Note:
- Fixed expenses include compensation and benefits, occupancy and equipment, asset resolution, legal and professional expense, and other non-interest expense.
- Variable expenses include commissions, FDIC premiums, warrant expense and loan processing expense.

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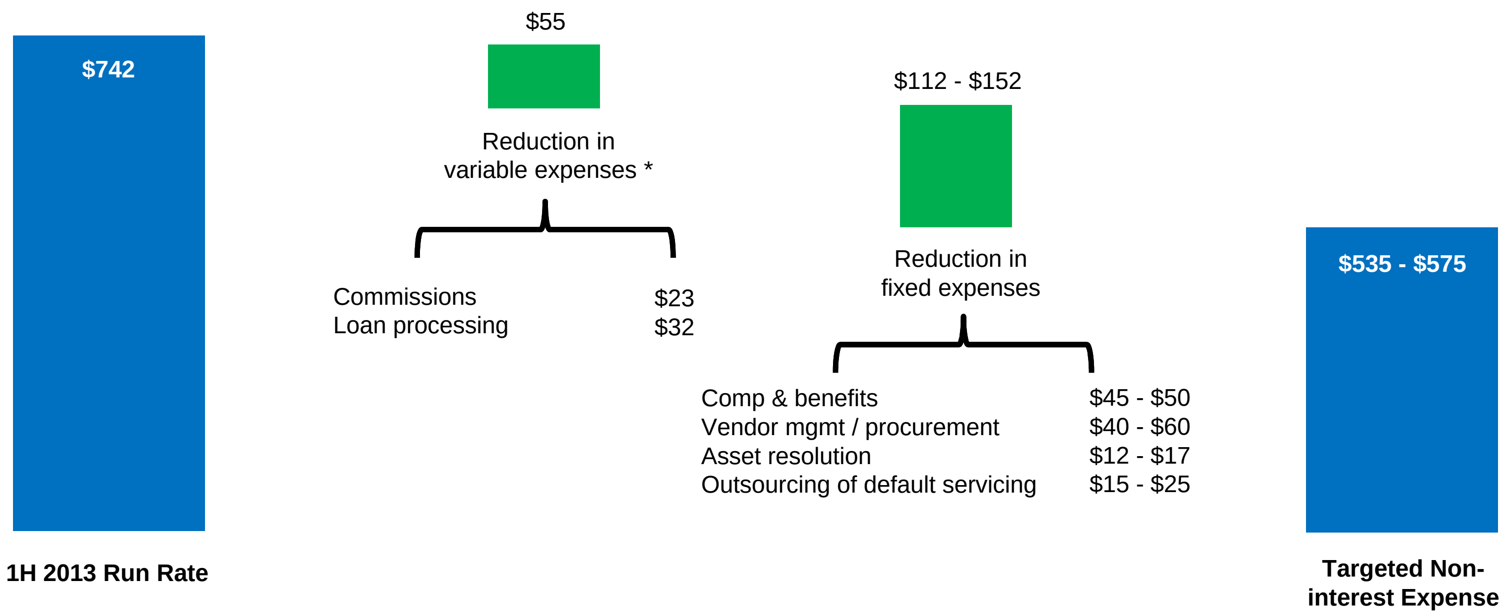
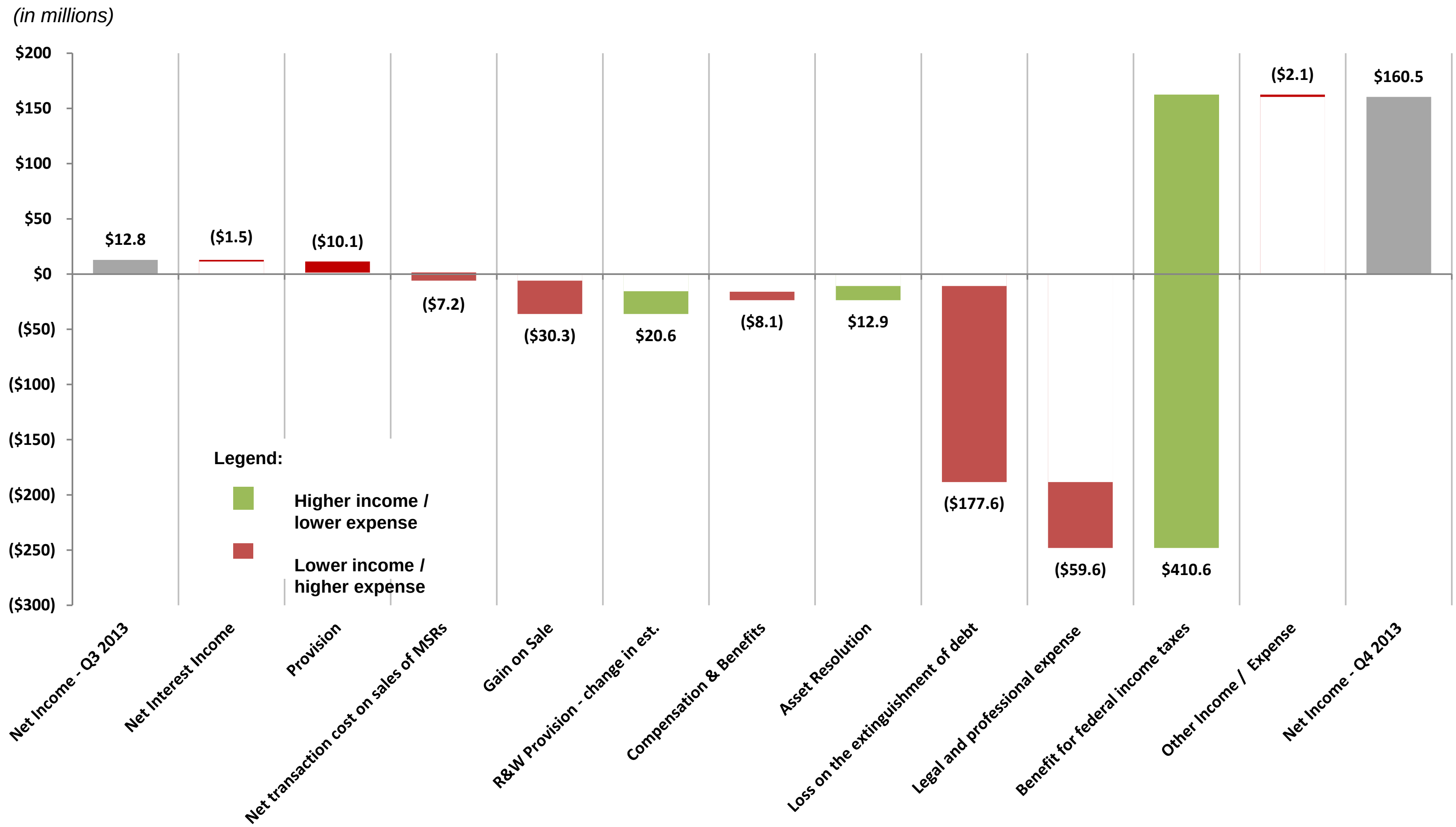
Revised Non-Interest Expense Target

(in millions)

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



* Assumes future mortgage origination volume based on Q4 2013 run-rate.



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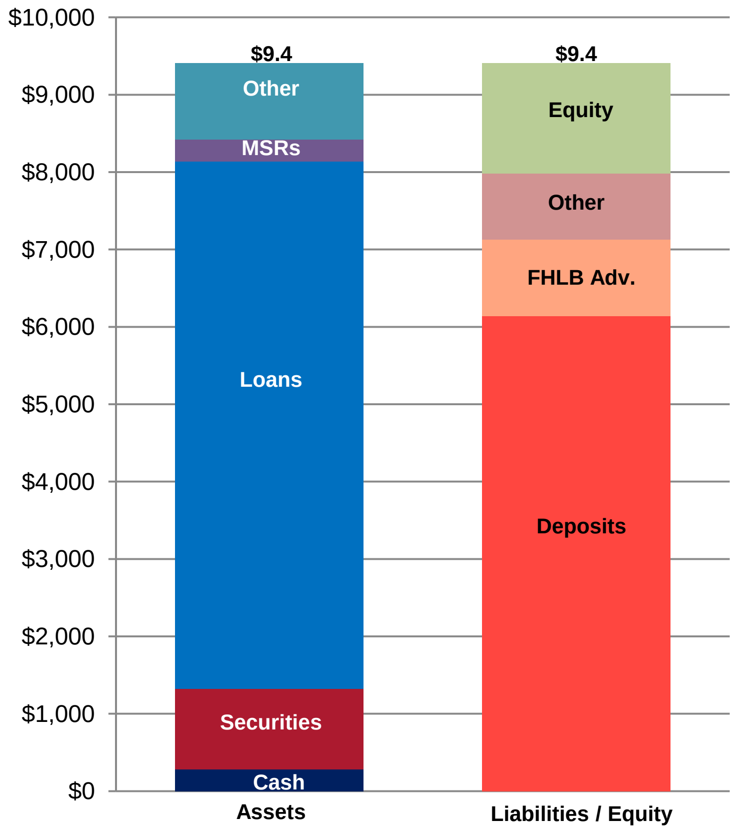
(in millions, except per share data)	Q4 2013	Q3 2013	Q4 2012	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012
Net interest income	$41.2	$42.7	$73.9	$186.7	$297.2
Provision for loan losses	14.1	4.1	50.4	70.1	276.0
Net interest income after provision for loan losses	27.1	38.6	23.6	116.5	21.2
Non-interest income	113.1	134.3	285.8	652.3	1,021.2
Non-Interest expense	388.7	158.4	398.0	918.1	989.7
(Loss) income before federal income taxes	(248.5)	14.5	(88.6)	(149.3)	52.7
(Benefit) provision for federal income taxes	(410.4)	0.2	4.2	(416.3)	(15.6)
Net income (loss)	161.9	14.3	(92.8)	267.0	68.4
Preferred stock dividend/accretion	(1.4)	(1.4)	(1.4)	(5.8)	(5.7)
Net income (loss) applicable to common stockholders	**$160.5**	**$12.8**	**($94.2)**	**$261.2**	**$62.7**
Diluted earnings (loss) per share	$2.77	$0.16	($1.75)	$4.37	$0.87

Totals may not foot due to rounding

Balance Sheet as of December 31, 2013

(in billions)



(in millions)	December 31, 2013	September 30, 2013	December 31, 2012
Total Assets	**$ 9,407.3**	**$ 11,807.8**	**$ 14,082.0**
Cash and Interest Earning Deposits	$ 280.5	$ 2,551.1	$ 952.8
Residential first mortgage loans	$ 2,508.9	$ 2,478.6	$ 3,009.2
Second mortgage loans	$ 169.5	$ 174.4	$ 114.9
Commercial real estate loans	$ 408.9	$ 420.9	$ 640.3
Warehouse loans	$ 423.5	$ 390.3	$ 1,347.7
Consumer lending (including HELOC and other)	$ 327.3	$ 346.6	$ 229.1
Other commercial loans	$ 217.5	$ 202.7	$ 96.9
Investment loan portfolio	$ 4,055.8	$ 4,013.5	$ 5,438.1
Loans held for sale	$ 1,480.4	$ 1,879.3	$ 3,939.7
Loans repurchased with government guarantees	$ 1,273.7	$ 1,231.8	$ 1,841.3
Total Loans	**$ 6,809.9**	**$ 7,124.6**	**$ 11,219.1**
Investment securities available - for- sale	$ 1,045.5	$ 495.4	$ 184.4
Mortgage servicing rights	$ 284.7	$ 797.0	$ 710.8

Totals may not foot due to rounding

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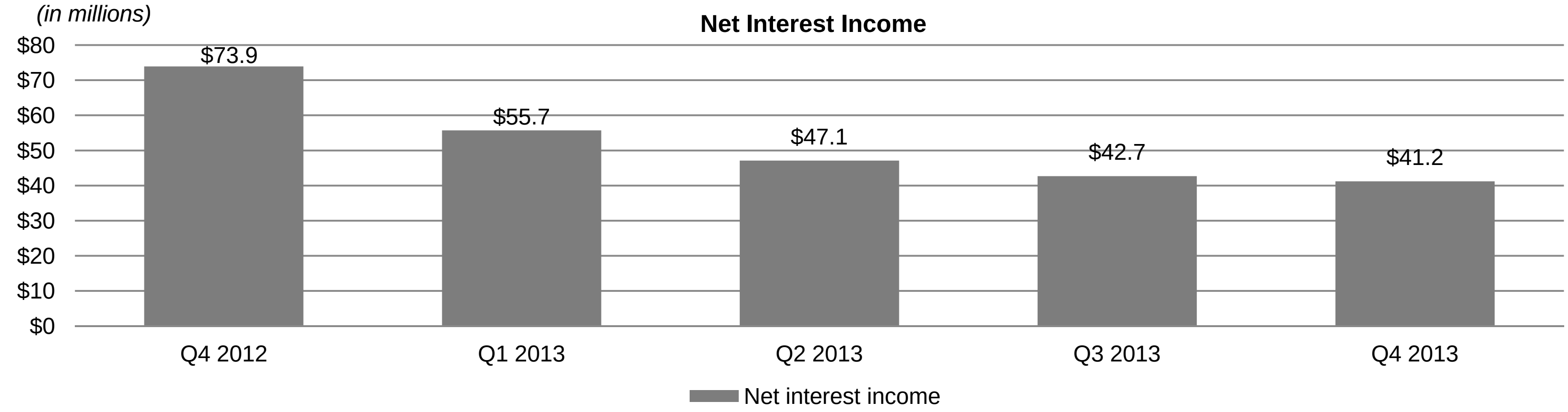
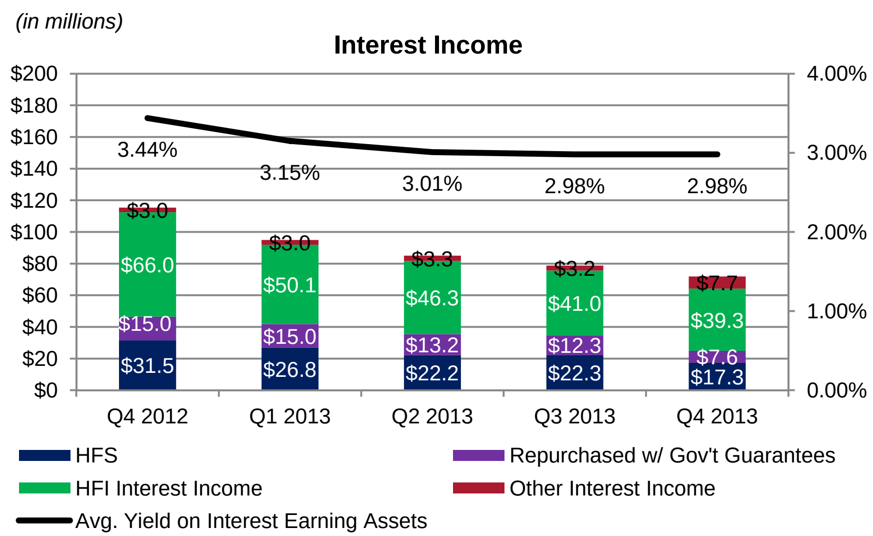
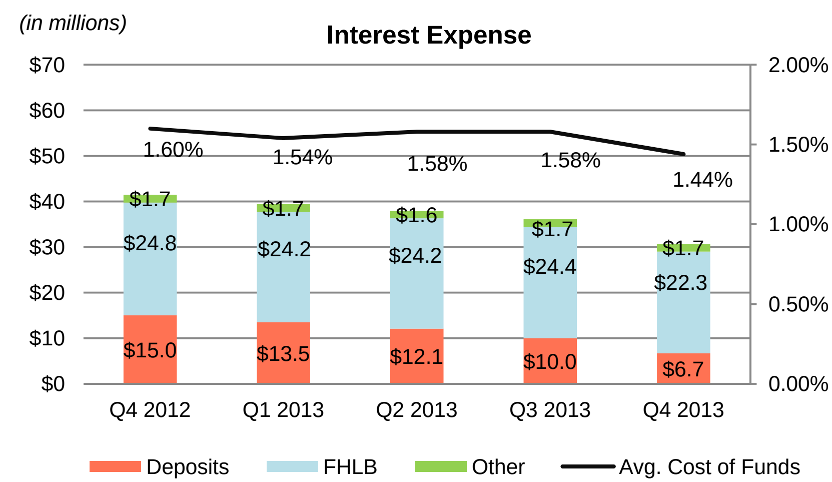
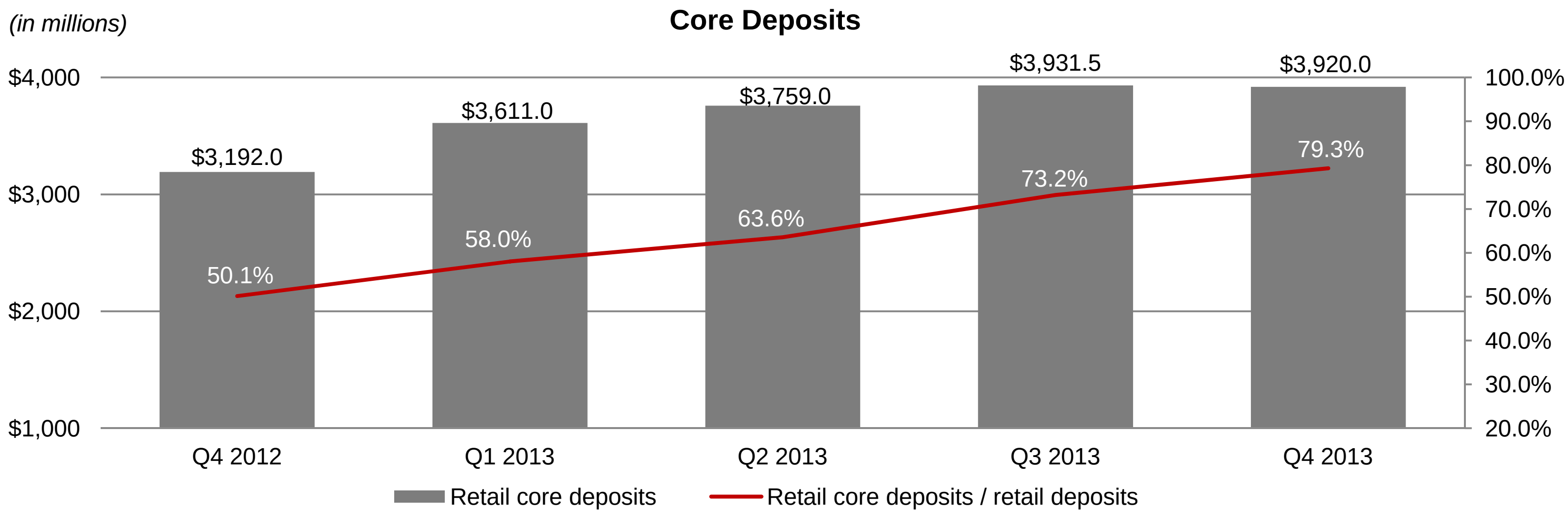
Net Interest Income and Margin Trends

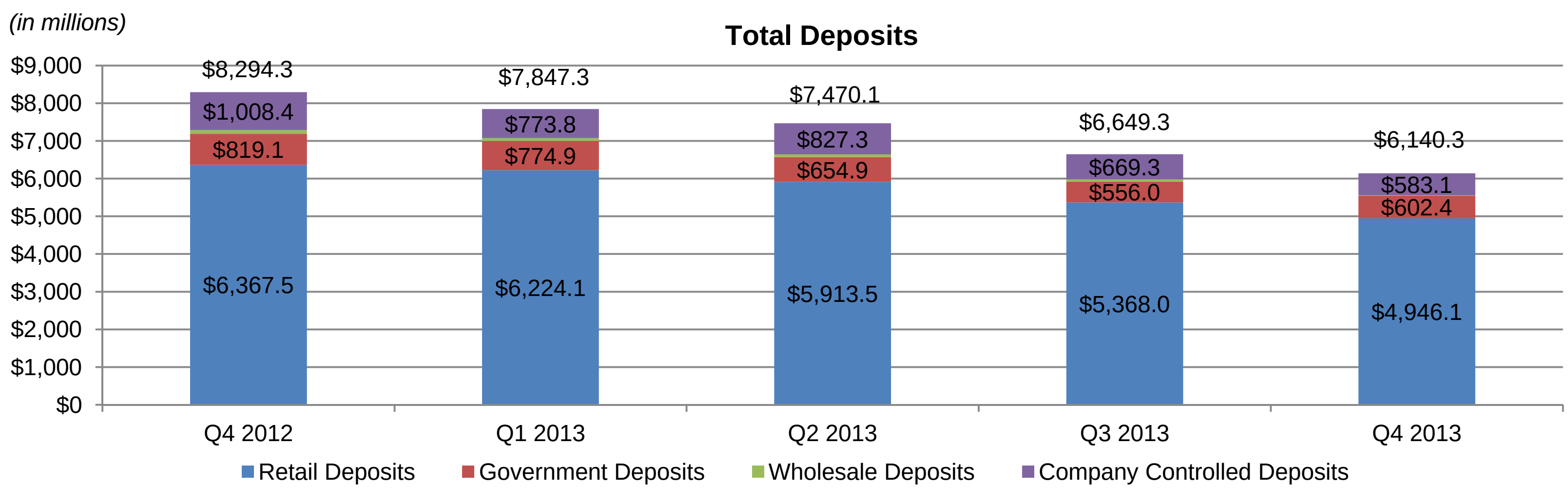


	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Net Interest margin (Bank)	2.26%	1.89%	1.72%	1.68%	1.80%

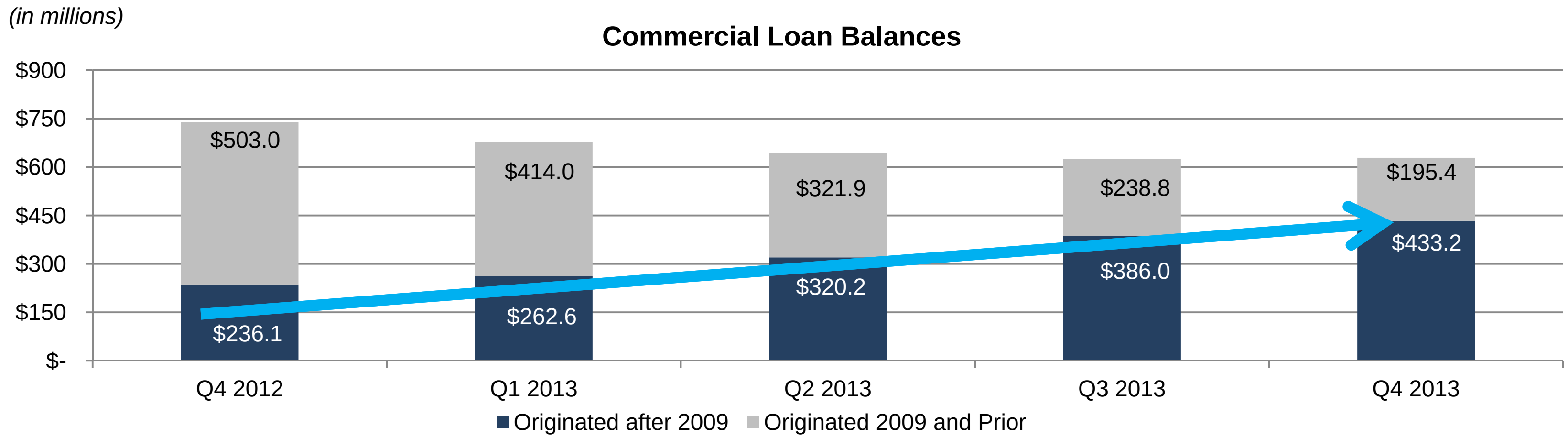


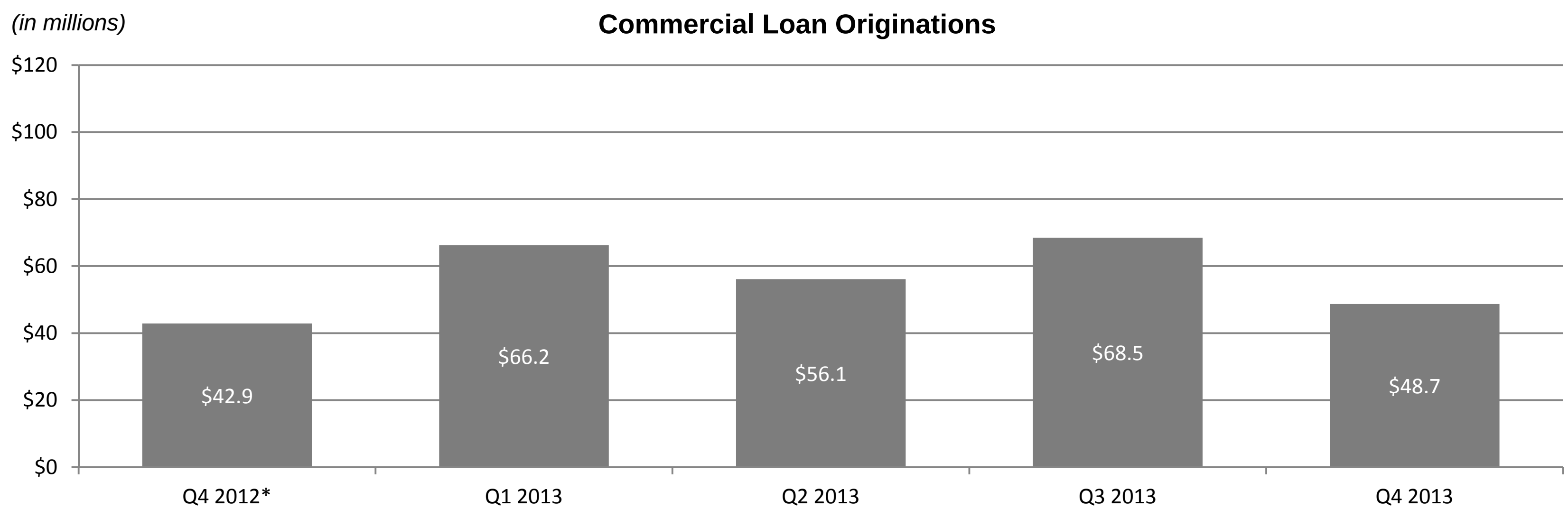






Note: Retail core deposits include checking accounts, savings accounts, and money market accounts.

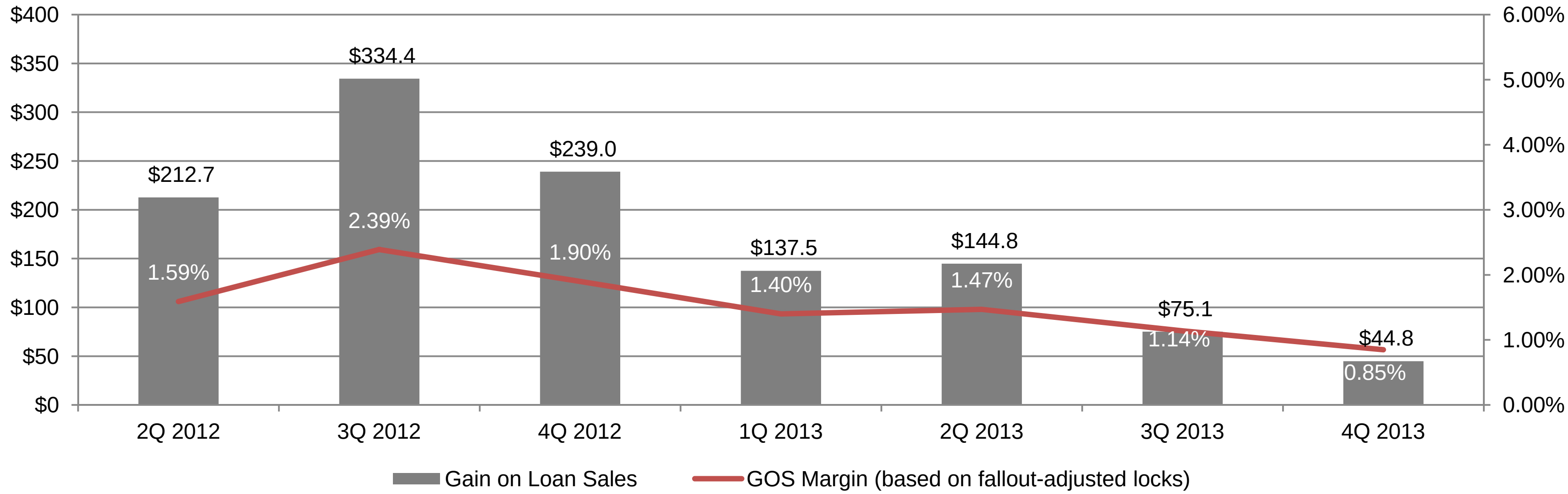




Note: Reflects unpaid principal balance, net of write downs, does not include premiums or discounts.

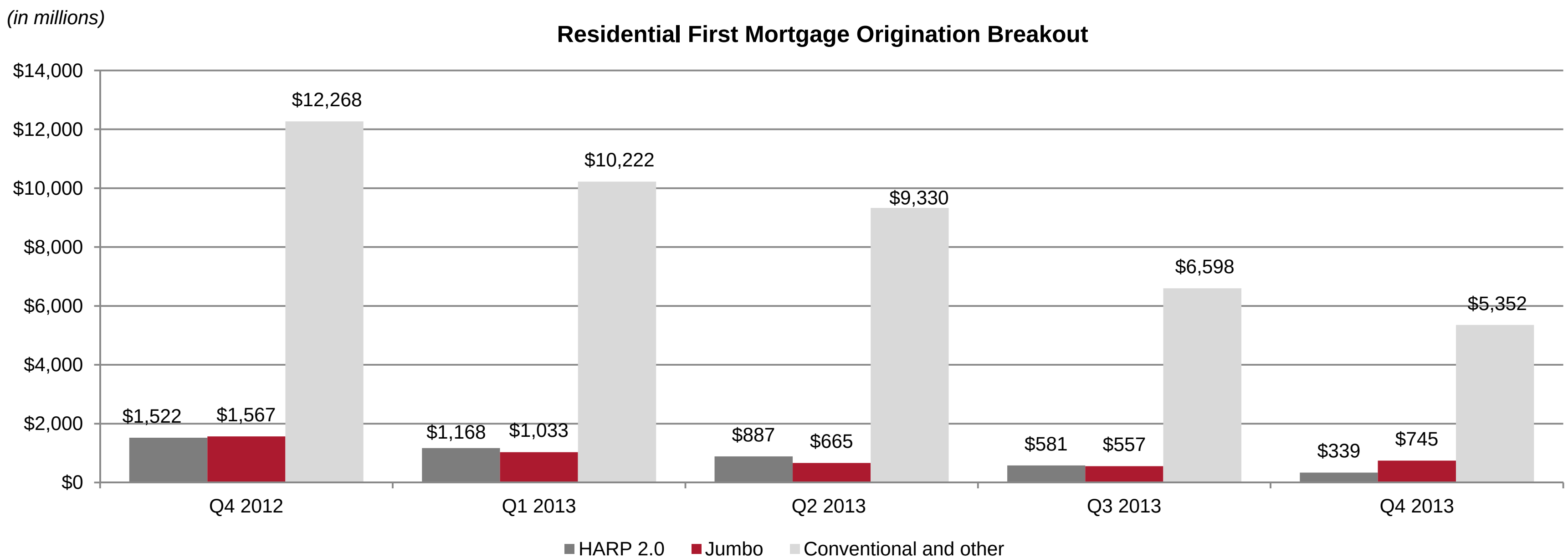
* Excluded approximately $63 million in loans originated in the Northeast.

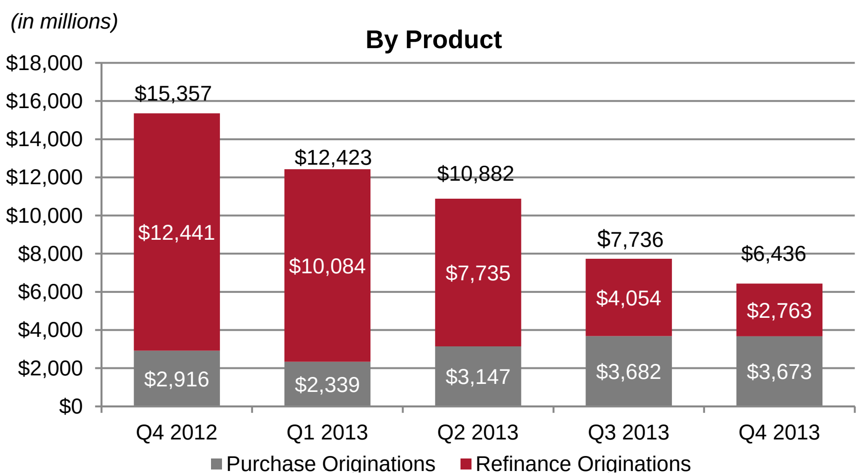
(in millions)

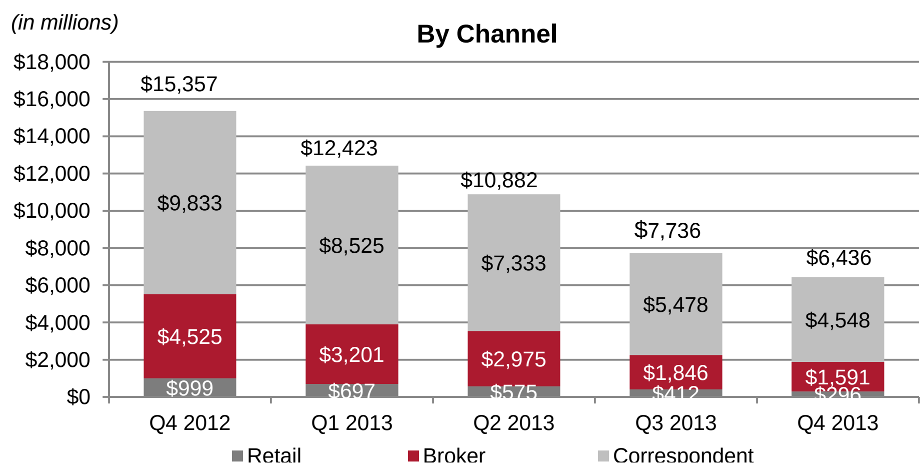


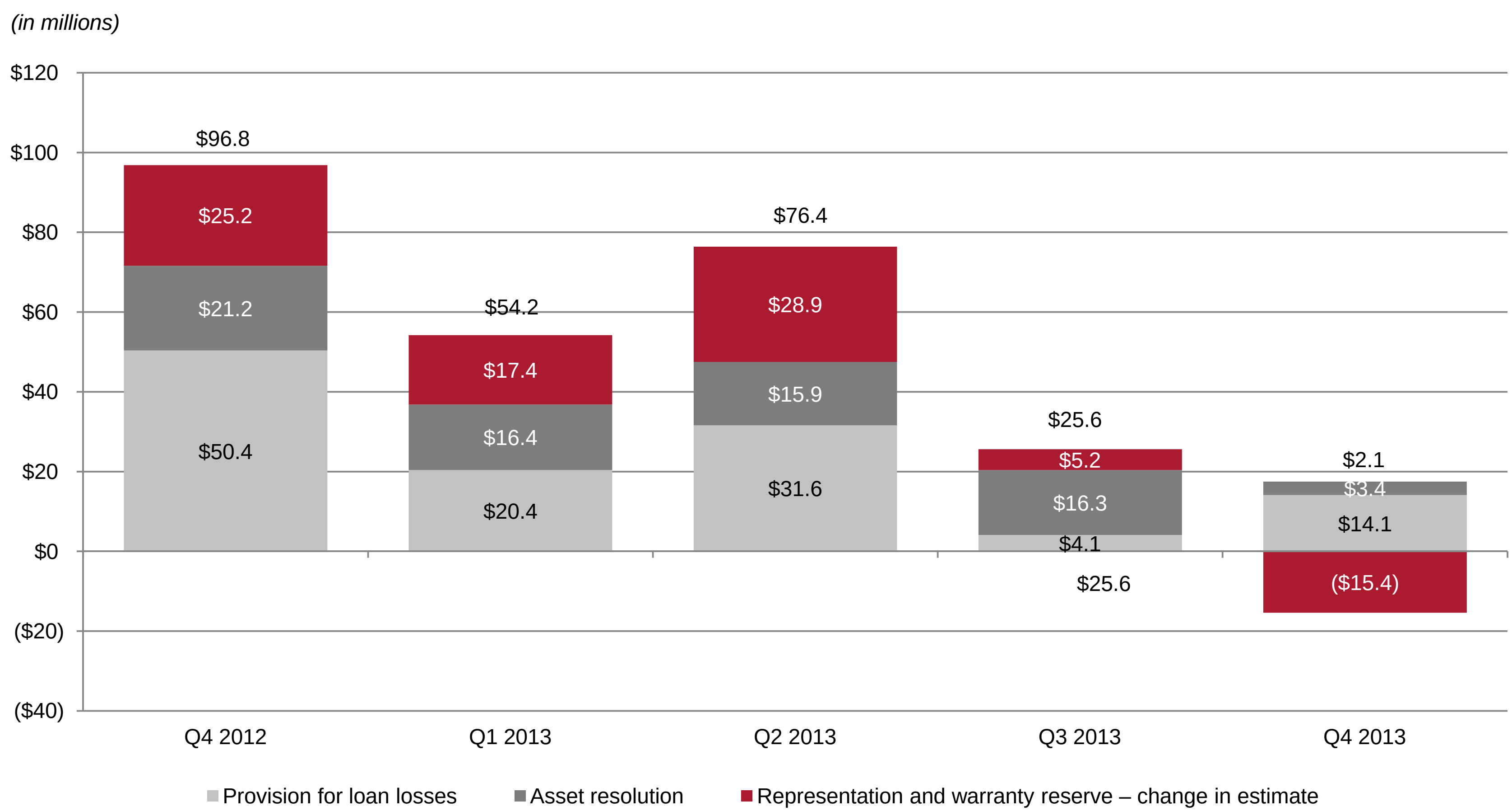
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Fallout Adjusted Mortgage Locks (billions)	$12.6	$9.8	$9.8	$6.6	$5.3
Net Margin (fallout adjusted)	1.90%	1.40%	1.47%	1.14%	0.85%
Loans sales and securitizations (billions)	$15.6	$12.8	$11.1	$8.3	$6.8
Net Margin (loan sales)	1.53%	1.07%	1.30%	0.90%	0.66%
Gross Mortgage Locks (billions)	$16.2	$12.1	$12.4	$8.3	$6.5
Mortgage Originations (billions)	$15.4	$12.4	$10.9	$7.7	$6.4

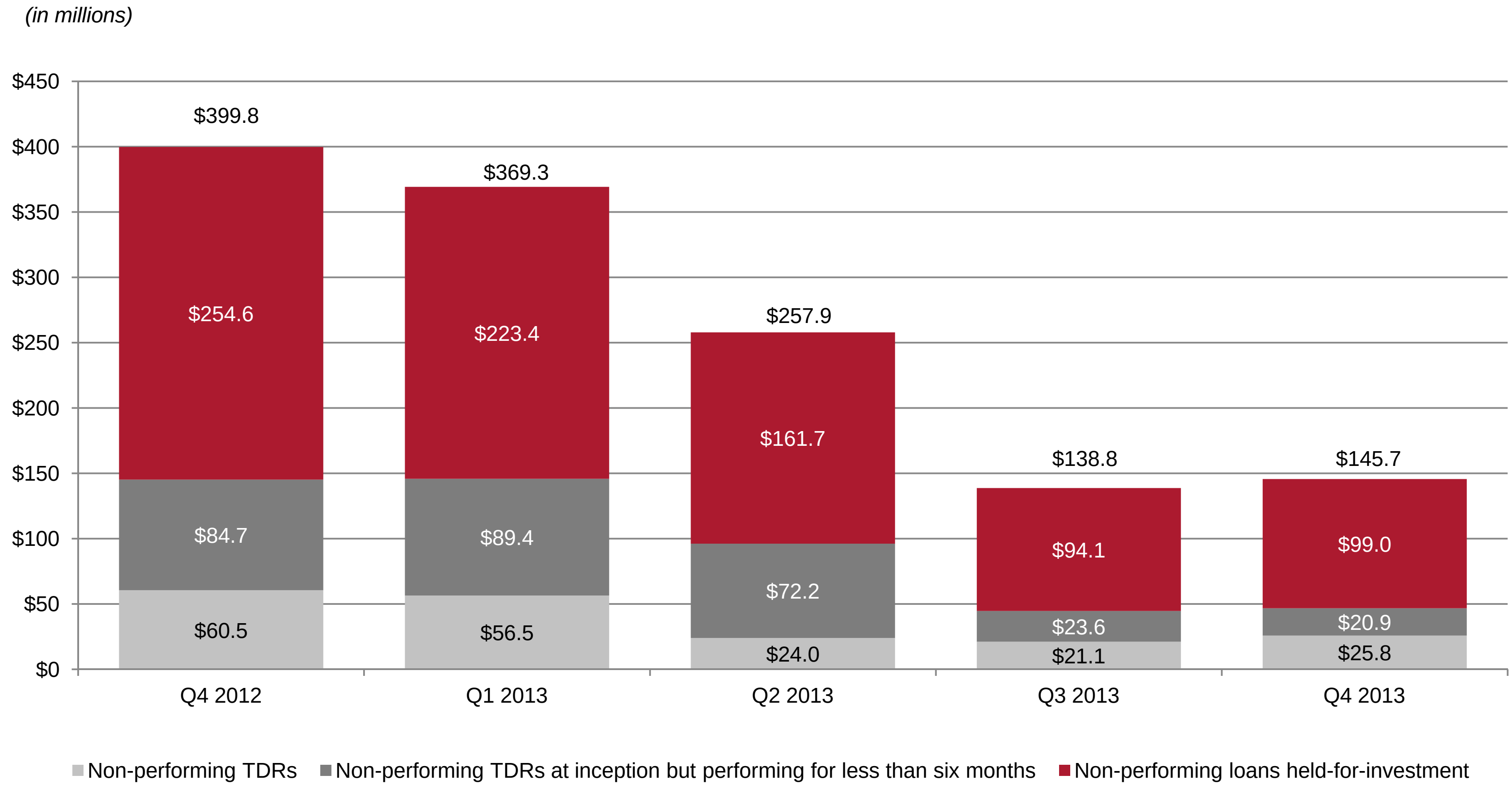
Residential First Mortgage Originations Trends

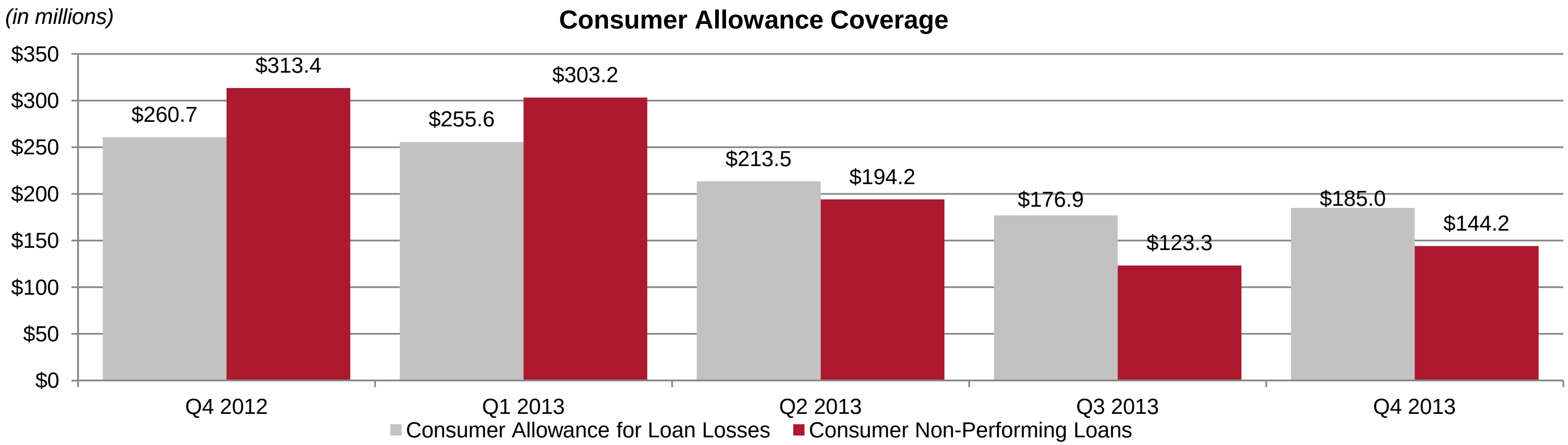


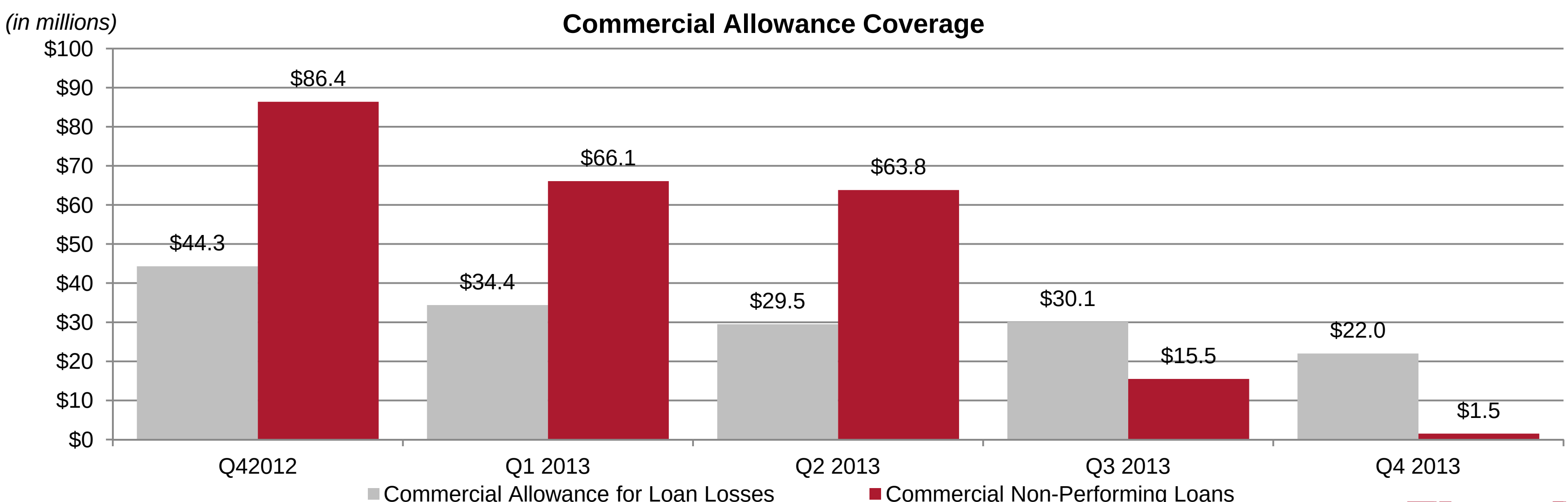




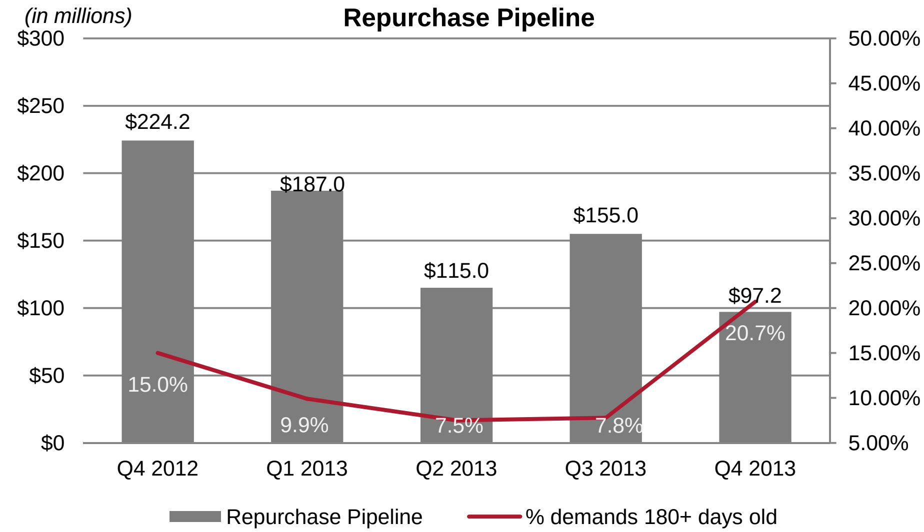

(in millions)
$120
$100
$80
$60
$40
$20
$0
($20)
($40)
$96.8
$25.2
$21.2
$50.4
$54.2
$17.4
$16.4
$20.4
$76.4
$28.9
$15.9
$31.6
$25.6
$5.2
$16.3
$4.1
$25.6
$2.1
$3.4
$14.1
($15.4)
Q4 2012
Q1 2013
Q2 2013
Q3 2013
Q4 2013
Provision for loan losses
Asset resolution
Representation and warranty reserve – change in estimate

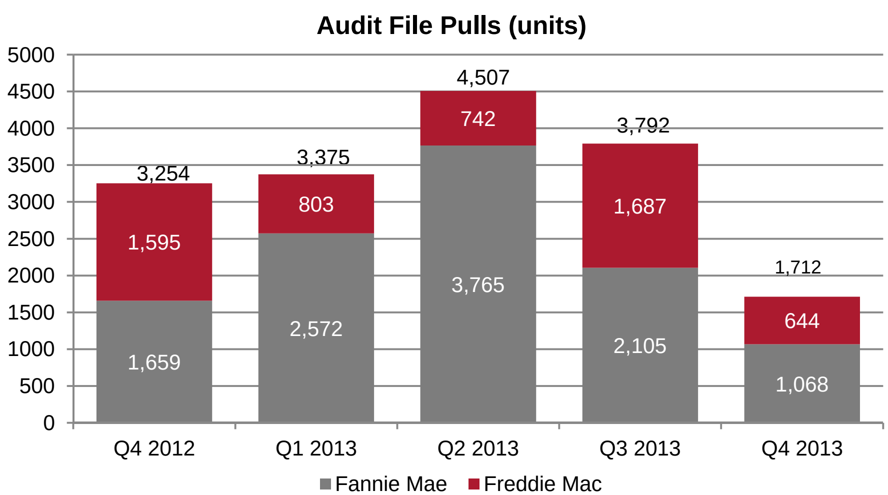

(in millions)
$450
$400
$350
$300
$250
$200
$150
$100
$50
$0
$399.8
$254.6
$84.7
$60.5
$369.3
$223.4
$89.4
$56.5
$257.9
$161.7
$72.2
$24.0
$138.8
$94.1
$23.6
$21.1
$145.7
$99.0
$20.9
$25.8
Q4 2012
Q1 2013
Q2 2013
Q3 2013
Q4 2013
Non-performing TDRs
Non-performing TDRs at inception but performing for less than six months
Non-performing loans held-for-investment

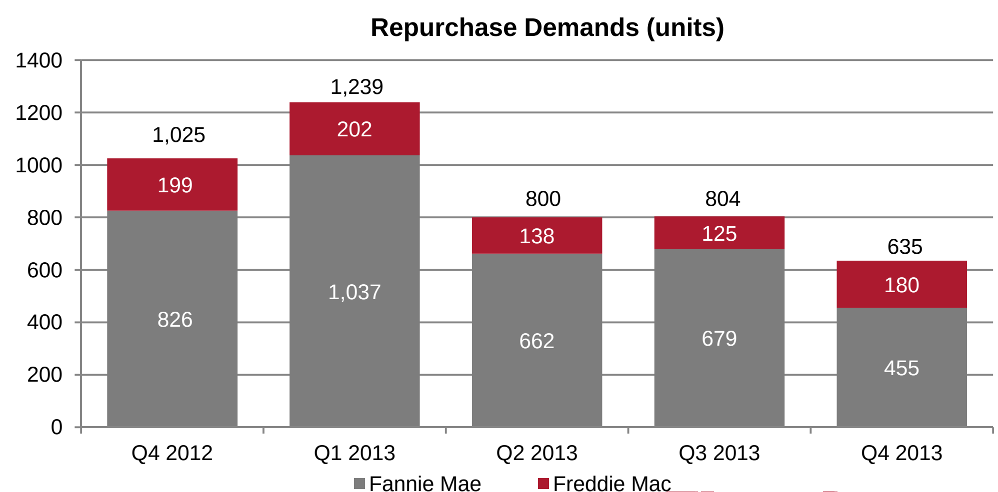

(in millions)
Consumer Allowance Coverage
$350
$300
$250
$200
$150
$100
$50
$0
$260.7
$313.4
$255.6
$303.2
$213.5
$194.2
$176.9
$123.3
$185.0
$144.2
Q4 2012
Q1 2013
Q2 2013
Q3 2013
Q4 2013
Consumer Allowance for Loan Losses
Consumer Non-Performing Loans


(in millions)
Commercial Allowance Coverage
$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
$44.3
$86.4
$34.4
$66.1
$29.5
$63.8
$30.1
$15.5
$22.0
$1.5
Q42012
Q1 2013
Q2 2013
Q3 2013
Q4 2013
Commercial Allowance for Loan Losses
Commercial Non-Performing Loans

(in millions)	4Q12	1Q13	2Q13	3Q13	4Q13
Beginning balance	$202.0	$193.0	$185.0	$185.0	$174.0
Additions	$32.5	$23.2	$34.0	$8.9	($12.4)
Net charge-offs	($41.5)	($31.2)	($34.0)	($19.9)	($107.6)
Ending Balance	**$193.0**	**$185.0**	**$185.0**	**$174.0**	**$54.0**







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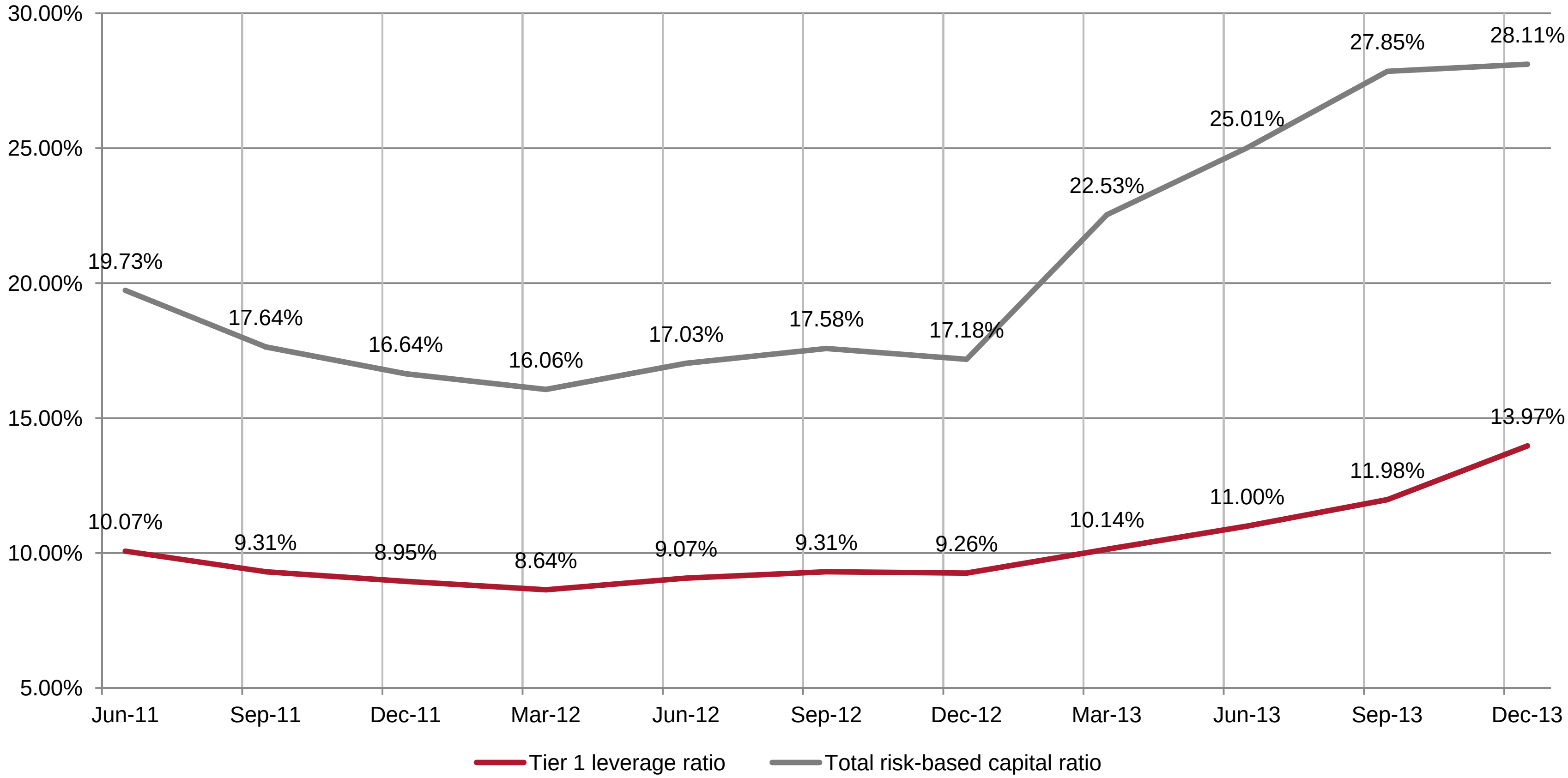

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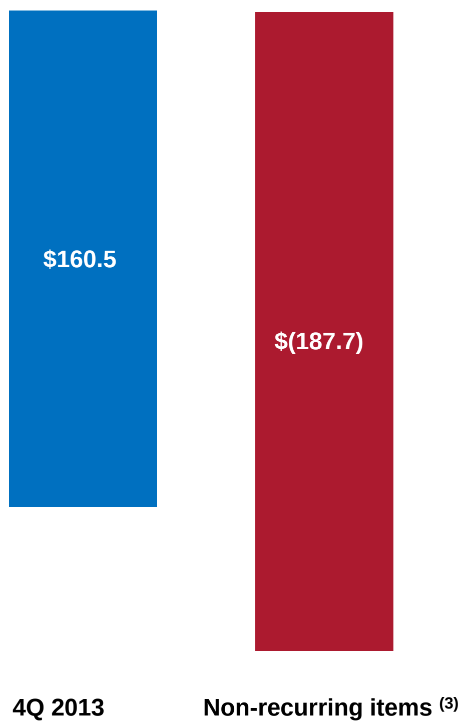
Appendix

Anticipated Benefits from 2013 Initiatives (1) (2)

Q4 2013 As Reported



Anticipated Benefits Not Yet Realized

Estimated benefit from FHLB prepayment (4)	$15 - $20 million per quarter
Estimated benefit from R&W settlements (5)	$8 - $10 million per quarter
Estimated benefit from restructuring (6)	$10 million per quarter
Estimated loss in servicing income from MSR bulk sales (7)	$(5) million per quarter
Estimated Total Benefit:	**$28 - $35 million per quarter**

(1) See cautionary statement on slide 2.
(2) All assumption estimates are subject to change and may impact Anticipated Benefits.
(3) Includes $410.4 million in tax benefit (primarily related to reversal of DTA valuation allowance), $24.9 million benefit from R&W settlements, expense of $(177.6) from FHLB prepayment, expense of $(61.0) from incremental expense associated with DOJ settlement liability and ($9.0) million in expenses related to MSR transaction.
(4) Reflects the impact of prepayment of higher-cost FHLB advances, net of re-borrowings at presumably lower rates based upon prevailing market conditions.
(5) Anticipated that R&W provisions will be reduced going forward as a result of the settlements with Fannie Mae and Freddie Mac; estimate reflects current view of remaining R&W risk, which is subject to change.
(6) Anticipated non-interest expense savings of approximately $10 million a quarter ($40 million per year) from organizational restructuring.
(7) Represents estimated net income historically realized by the Company, but no longer available due to certain MSR transactions in 2013.

2014 Outlook (1) (2)

FY 2014 Outlook

Net Interest Income	• 8% – 10% increase in balance sheet from year-end 2013 level • Bank net interest margin range of 2.75% to 3.0%
Gain on Loan Sales	• 2014 production expected to track lower industry expectation in 2014 of $1.2 trillion • Expect to hold market share at approximately 2% • Gain on loan sale margin returns to level in Q3 2013
Non-Interest Expense	• Annualized non-interest expense between $535 million and $575 million
Provision for Loan Losses	• Provision for loan losses to average between $0 and $5 million per quarter (3)

(1) See cautionary statement on slide 2
(2) All assumptions and estimates are subject to change and may impact FY 2014 Outlook. For additional details, see Anticipated Benefits from 2013 Initiatives
(3) Reflects current view of remaining provision for loan loss risk, which is subject to change.

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Illustrative Incremental EPS Opportunities (1) (2)

Illustrative Incremental EPS Opportunities (1) (2)		
Balance Sheet Leverage	$0.27 per share (1) (2) (annualized)	• Assumes $2 billion in additional commercial loans added • Assumes a 1% return on assets (before tax)
Mortgage Originations	$2.24 per share (1) (2) (annualized)	• Assumes $2 trillion market • Assumes no change in market share • Assumes gain on sale margin at level in Q3 2013 • Assumes increases in AFS and warehouse balances • Assumes increase in loan fees • Assumes increase in loan processing expense and commissions
Mortgage Servicing	$0.47 per share (1) (2) (annualized)	• Assumes 1 million loans serviced per year • Assumes same servicing fee rates as 2013 • Assumes same variable costs as 2013

(1) Estimates. See cautionary statement on slide 2

(2) All assumptions and estimates are subject to change and may impact Illustrative Incremental EPS Opportunities. The estimates may contemplate other assumptions not delineated here.

Flagstar Bancorp

(in millions)

	Q4 2013	Q3 2013	Q4 2012
Consumer (1)	$41.0	$51.2	$66.7
Commercial (1)	0.0	0.0	$7.0
Total 30 - 59 Days Past Due	$41.0	$51.2	$73.7
Consumer (1)	$20.7	$18.2	$18.6
Commercial (1)	0.0	0.2	$7.0
Total 60 - 89 Days Past Due	$20.7	$18.5	$25.6
Consumer (1)	$144.2	$123.3	$313.4
Commercial (1)	1.5	15.5	$86.4
Total Greater than 90 days Past Due	$145.7	$138.8	$399.8
Non-performing Assets	$182.3	$205.3	$520.6
To Total Assets (Bank only)	1.95%	1.74%	3.70%
Provision for Loan Losses	$14.1	$4.1	$50.4
Charge-offs, Net of Recoveries(2)	$14.1	$40.1	$50.4
Allowance for Loan Losses	$207.0	$207.0	$305.0
To Loans Held for Investment (3)	5.42%	5.50%	5.61%
To Non-performing Loans	145.9%	152.6%	76.3%
Real Estate Owned	$36.6	$66.5	$120.7

(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 of charge-offs related to the sale of non-performing loans sold in the third quarter of 2013.
(3) Excludes loans carried under fair value option.

Totals may not foot due to rounding

$ in thousands

State	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
CA	$ 233,088	$ 291,355	$ -	524,443	**36.5%**	$ 469,213	$ 210,943	$ 14,115	$ 694,271	**27.9%**
FL	18,837	104,668	-	123,505	**8.6%**	228,479	116,243	10,444	355,165	**14.3%**
MI	9,921	57,230	-	67,151	**4.7%**	198,154	46,820	11,191	256,165	**10.3%**
WA	15,482	31,880	-	47,362	**3.3%**	71,948	37,261	5,013	114,221	**4.6%**
AZ	8,291	29,455	-	37,746	**2.6%**	69,566	29,764	1,996	101,326	**4.1%**
CO	7,620	28,521	-	36,141	**2.5%**	48,659	19,331	4,365	72,355	**2.9%**
MD	10,130	14,802	-	24,932	**1.7%**	40,955	28,113	2,953	72,021	**2.9%**
NY	8,696	48,774	-	57,470	**4.0%**	29,961	35,773	3,573	69,307	**2.8%**
VA	3,720	18,996	-	22,716	**1.6%**	40,105	15,415	4,196	59,716	**2.4%**
TX	15,008	85,282	-	100,290	**7.0%**	29,110	29,086	2,051	60,247	**2.4%**
NJ	4,125	22,053	-	26,178	**1.8%**	28,466	20,083	3,042	51,590	**2.1%**
NV	0	7,141	-	7,141	**0.5%**	33,212	9,740	1,763	44,715	**1.8%**
IL	13,824	30,292	-	44,116	**3.1%**	34,613	18,671	1,713	54,996	**2.2%**
GA	2,883	22,150	-	25,033	**1.7%**	27,490	21,200	1,429	50,119	**2.0%**
OH	853	9,421	-	10,274	**0.7%**	28,466	8,639	537	37,641	**1.5%**
OTHER	36,853	244,394	-	281,247	**19.6%**	227,768	145,296	17,404	390,468	**15.7%**
Total :	**$ 389,331**	**$ 1,046,414**	**$ -**	**$ 1,435,745**	**100%**	**$ 1,606,164**	**$ 792,377**	**$ 85,783**	**$ 2,484,324**	**100%**

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

Totals may not foot due to rounding

$ in thousands

Year	HFS ARM	HFS Fixed	HFS Balloon	HFS Total	HFS % of Total	HFI ARM	HFI Fixed	HFI Balloon	HFI Total	HFI % of Total
Older	$ -	$ 127	$ -	$ 127	**0.0%**	$ 171,020	$ 36,624	$ 7,294	$ 214,938	**8.7%**
2004	106	-	-	106	**0.0%**	435,320	26,162	8,585	470,067	**18.9%**
2005	99	631	-	730	**0.1%**	458,776	37,597	15,076	511,449	**20.6%**
2006	-	241	-	241	**0.0%**	96,382	102,523	12,665	211,570	**8.5%**
2007	-	4,349	-	4,349	**0.3%**	244,982	401,839	39,204	686,024	**27.6%**
2008	108	10,546	-	10,654	**0.7%**	10,553	95,527	2,899	108,980	**4.4%**
2009	-	15,993	-	15,993	**1.1%**	7,774	39,217	-	46,991	**1.9%**
2010	-	4,643	-	4,643	**0.3%**	9,661	12,740	-	22,401	**0.9%**
2011	-	3,367	-	3,367	**0.2%**	15,614	14,276	61	29,951	**1.2%**
2012	-	3,499	-	3,499	**0.2%**	13,462	14,551	-	28,014	**1.1%**
2013	389,018	1,003,019	-	1,392,037	**97.0%**	142,619	11,320	-	153,940	**6.2%**
Total :	**$ 389,331**	**$ 1,046,414**	**$ -**	**$ 1,435,745**	**100%**	**$ 1,606,164**	**$ 792,377**	**$ 85,783**	**$ 2,484,324**	**100%**

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

Totals may not foot due to rounding

Flagstar Bancorp

$ in thousands

FICO	HFS					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
< 580	$ 99	$ 4,244	$ -	$ 4,344	**0.3%**	17,269	31,314	1,017	$ 49,600	**2.0%**
580 - 619	108	6,913	-	7,021	**0.5%**	20,535	51,076	1,575	73,185	**2.9%**
620 - 659	7,555	125,645	-	133,200	**9.3%**	93,487	89,650	6,409	189,546	**7.6%**
660 - 699	19,468	230,761	-	250,229	**17.4%**	391,773	191,923	29,985	613,680	**24.7%**
> 699	362,100	678,851	-	1,040,951	**72.5%**	1,083,101	428,415	46,797	1,558,312	**62.7%**
Total :	**$ 389,331**	**$ 1,046,414**	**$ -**	**$ 1,435,745**	**100%**	**$ 1,606,164**	**$ 792,377**	**$ 85,783**	**$ 2,484,324**	**100%**

Note: Reflects unpaid principal balance, net of write downs, 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%	$ 168,740	$ 195,388	$ -	$ 364,128	**25.4%**	$ 462,030	$ 226,759	$ 20,749	$ 709,538	**28.6%**
>70.00% - 79.99%	185,879	291,718	-	477,597	**33.3%**	962,942	375,708	49,032	1,387,682	**55.9%**
>80.00% - 89.99%	12,604	110,917	-	123,521	**8.6%**	95,041	67,734	10,211	172,985	**7.0%**
>90.00% - 99.99%	21,650	400,179	-	421,829	**29.4%**	84,756	113,404	5,563	203,723	**8.2%**
100.00% -109.99%	457	27,602	-	28,059	**2.0%**	1,019	5,837	-	6,856	**0.3%**
110.00% -124.99%	-	11,145	-	11,145	**0.8%**	375	2,056	109	2,540	**0.1%**
>125.00%	-	9,466	-	9,466	**0.7%**	-	880	119	999	**0.0%**
Total:	**$ 389,331**	**$ 1,046,414**	**$ -**	**$ 1,435,745**	**100%**	**$ 1,606,164**	**$ 792,377**	**$ 85,783**	**$ 2,484,324**	**100%**

Note: Reflects unpaid principal balance, net of write downs, 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					HFI				
	ARM	Fixed	Balloon	Total	% of Total	ARM	Fixed	Balloon	Total	% of Total
<=70.00%	$ 172,685	$ 204,414	$ -	$ 377,098	**26.3%**	$ 578,385	$ 176,541	$ 15,761	$ 770,688	**31.0%**
70.00% - 79.99%	181,825	286,163	-	467,988	**32.6%**	368,191	121,173	11,499	500,862	**20.2%**
80.00% - 89.99%	13,028	122,255	-	135,283	**9.4%**	233,560	137,531	16,967	388,058	**15.6%**
90.00% - 99.99%	20,744	334,448	-	355,192	**24.7%**	180,324	145,174	12,394	337,892	**13.6%**
100.00% -109.99%	1,049	71,248	-	72,297	**5.0%**	127,513	93,927	14,929	236,369	**9.5%**
110.00% -124.99%	-	15,487	-	15,487	**1.1%**	80,150	71,900	9,603	161,652	**6.5%**
>=125.00%	-	12,399	-	12,399	**0.9%**	38,040	46,131	4,630	88,802	**3.6%**
Total :	**$ 389,331**	**$ 1,046,414**	**$ -**	**$ 1,435,745**	**100%**	**$ 1,606,164**	**$ 792,377**	**$ 85,783**	**$ 2,484,324**	**100%**

Note: Reflects unpaid principal balance, net of write downs, 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

$ in thousands

Loan Type	Balance	Non-performing Loans	% of Balance	% of Overall NPLs	Q4 '13 Charge Offs, Net of Recoveries	Collectively Evaluated Reserves	Individually Evaluated Reserves	Total Reserves
Residential first mortgage	$2,508,968	$134,340	5.4%	92.2%	($8,835)	$79,377	$81,765	$161,142
Second mortgage	169,525	2,820	1.7%	1.9%	(377)	7,575	4,566	12,142
Warehouse	423,517	-	-	-	-	1,392	-	1,392
HELOC	289,880	6,826	2.4%	4.7%	(1,413)	7,488	405	7,893
Consumer	37,468	199	0.5%	0.1%	240	2,412	-	2,412
Commercial RE	408,870	1,500	0.4%	1.0%	(2,751)	18,540	-	18,540
Commercial NRE	207,187	-	-	-	37	3,332	-	3,332
Commercial lease financing	10,341	-	-	-	(1,011)	148	-	148
Total:	**$4,055,756**	**$145,685**	**3.6%**	**100.0%**	**($14,110)**	**$120,264**	**$86,736**	**$207,000**

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

$ in thousands

State	Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Consumer	Total	Percent of Total
FL	$35,332	**26.3%**	$241	$658	$0	$0	$36,231	**24.9%**
CA	16,815	**12.5%**	533	1,047	-	-	18,395	**12.6%**
NY	12,195	**9.1%**	60	305	-	-	12,560	**8.6%**
MI	6,428	**4.8%**	872	2,357	1,500	163	11,321	**7.8%**
NJ	6,856	**5.1%**	52	12	-	-	6,920	**4.8%**
MD	5,157	**3.8%**	13	285	-	-	5,455	**3.7%**
TX	5,271	**3.9%**	-	-	-	-	5,271	**3.6%**
WA	3,895	**2.9%**	3	259	-	-	4,157	**2.9%**
IL	3,382	**2.5%**	123	59	-	-	3,564	**2.4%**
AZ	2,784	**2.1%**	10	570	-	-	3,365	**2.3%**
GA	3,150	**2.3%**	52	-	-	1	3,203	**2.2%**
HI	2,679	**2.0%**	-	183	-	-	2,862	**2.0%**
NV	2,208	**1.6%**	101	282	-	-	2,591	**1.8%**
OH	2,247	**1.7%**	43	26	-	16	2,332	**1.6%**
SC	2,228	**1.7%**	-		-	-	2,228	**1.5%**
other	23,713	**17.7%**	715	783	-	19	25,230	**17.3%**
Total	**$134,340**	**100.0%**	**$2,820**	**$6,826**	**$1,500**	**$199**	**$145,685**	**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

$ in thousands

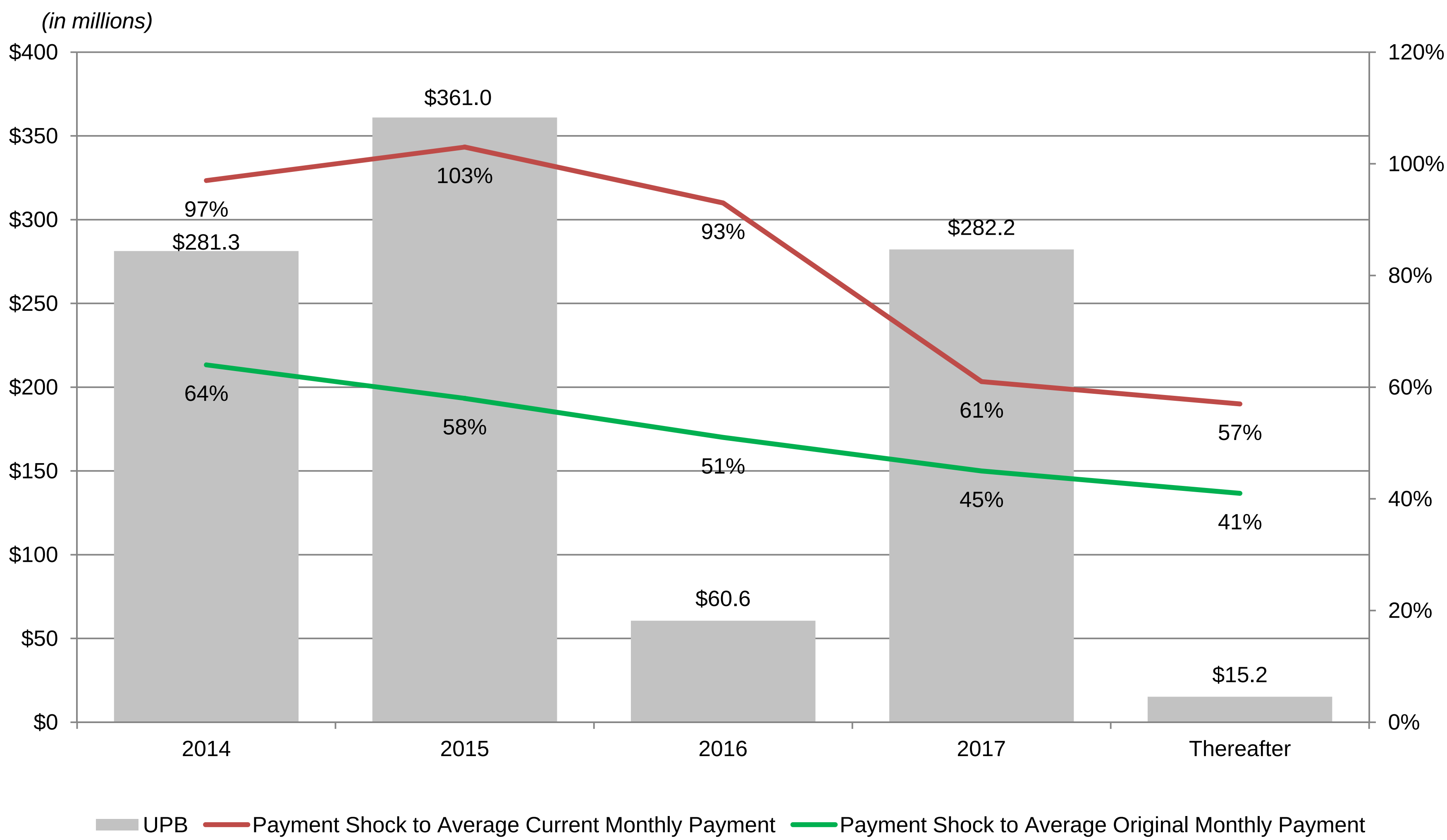
Vintage	First Mortgage	Percent of Mortgage	Second Mortgage	HELOC	Commercial Real Estate	Other Consumer	Total	Percent of Total
Older	$9,081	**6.8%**	$577	$2,360	$0	$1	$12,019	**8.2%**
2004	10,544	**7.8%**	60	511	-	1	11,116	**7.6%**
2005	12,955	**9.6%**	666	1,680	-	30	15,331	**10.5%**
2006	12,440	**9.3%**	129	1,380	1,500	17	15,467	**10.6%**
2007	45,214	**33.7%**	1,026	837	-	4	47,082	**32.3%**
2008	29,107	**21.7%**	43	57	-	1	29,208	**20.0%**
2009	7,258	**5.4%**	52	-	-	1	7,311	**5.0%**
2010	3,233	**2.4%**	162	-	-	30	3,425	**2.4%**
2011	3,343	**2.5%**	77	-	-	62	3,481	**2.4%**
2012	290	**0.2%**	-	-	-	2	292	**0.2%**
2013	875	**0.7%**	28	-	-	50	952	**0.7%**
Total	**$134,340**	**100.0%**	**$2,820**	**$6,826**	**$1,500**	**$199**	**$145,685**	**100%**

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

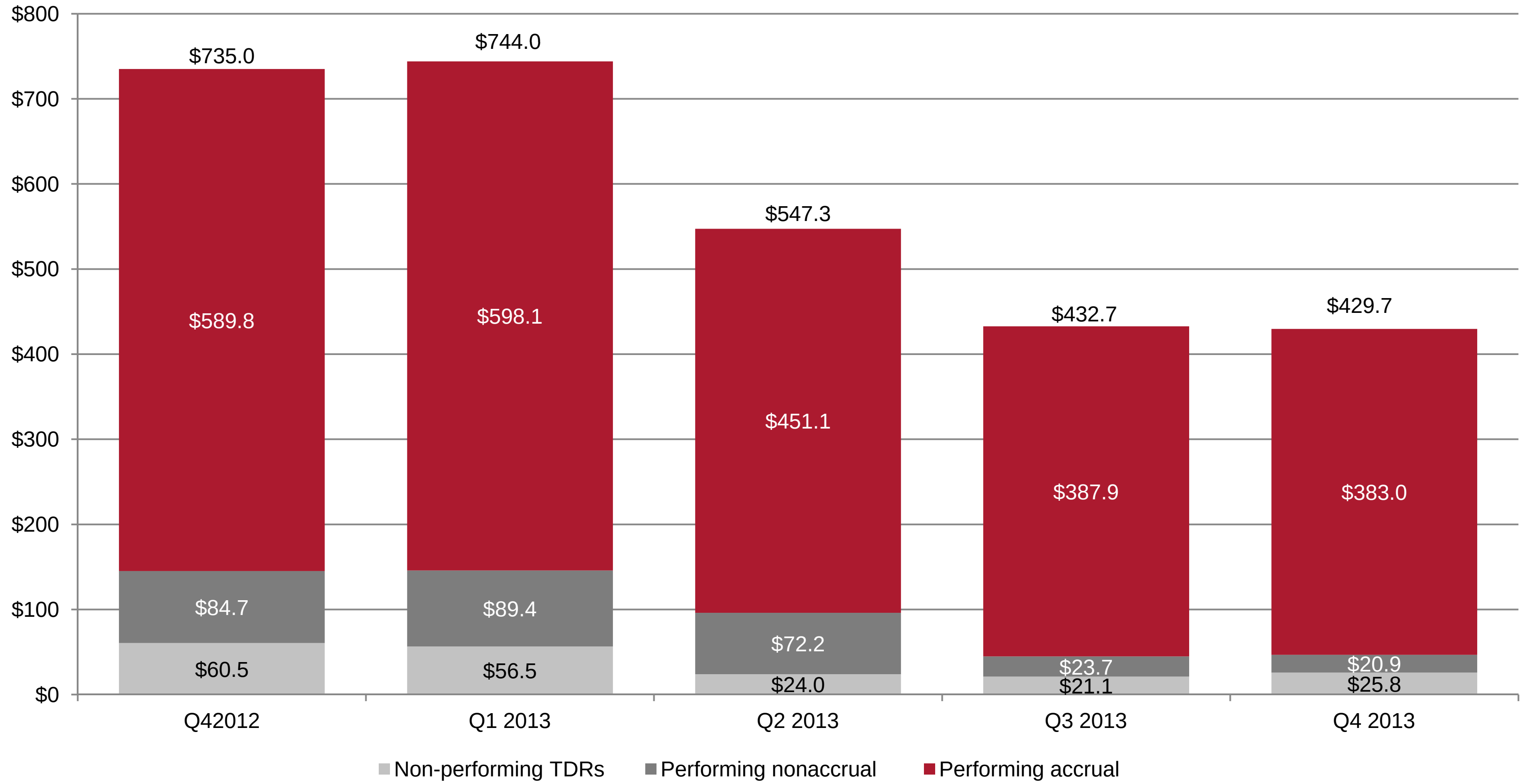
Totals may not foot due to rounding

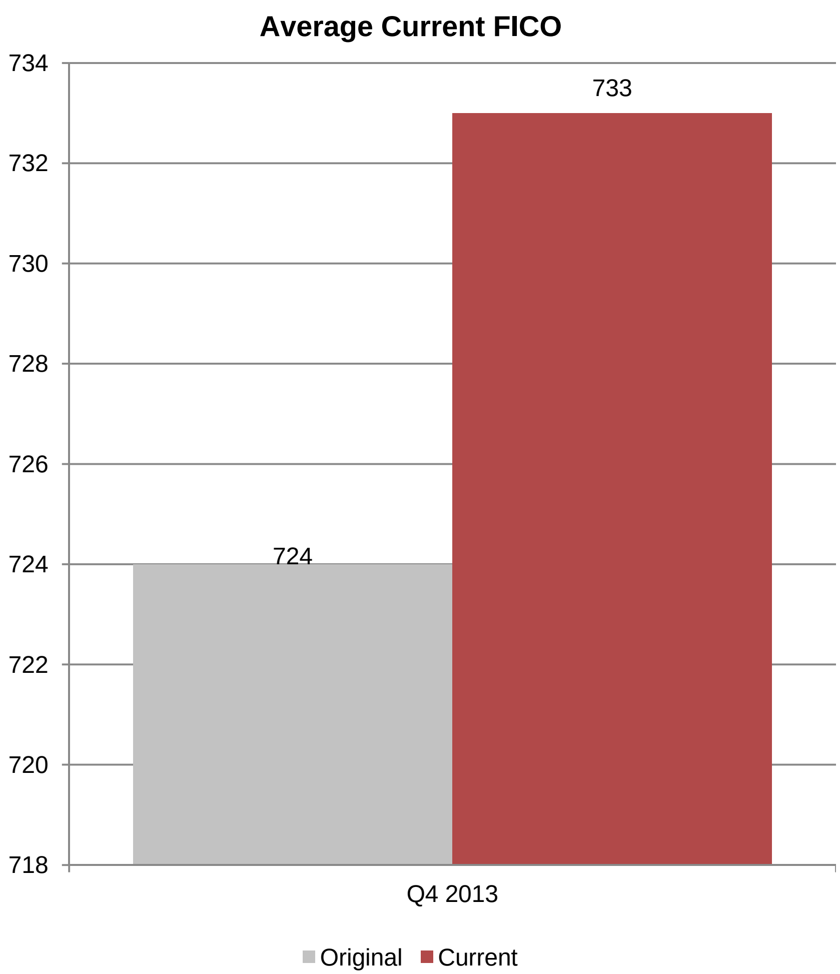
Flagstar Bancorp

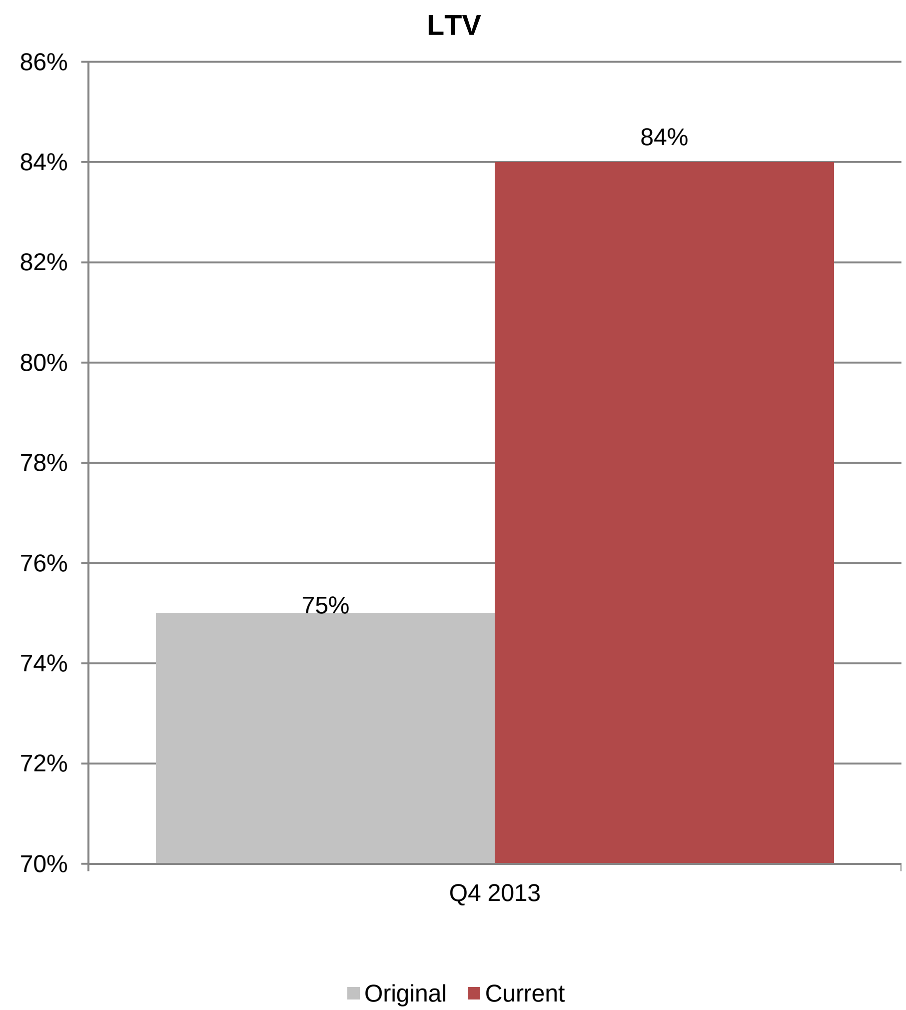
Current Interest Only Loans – Payment Shock vs. Current and Original Monthly Payments



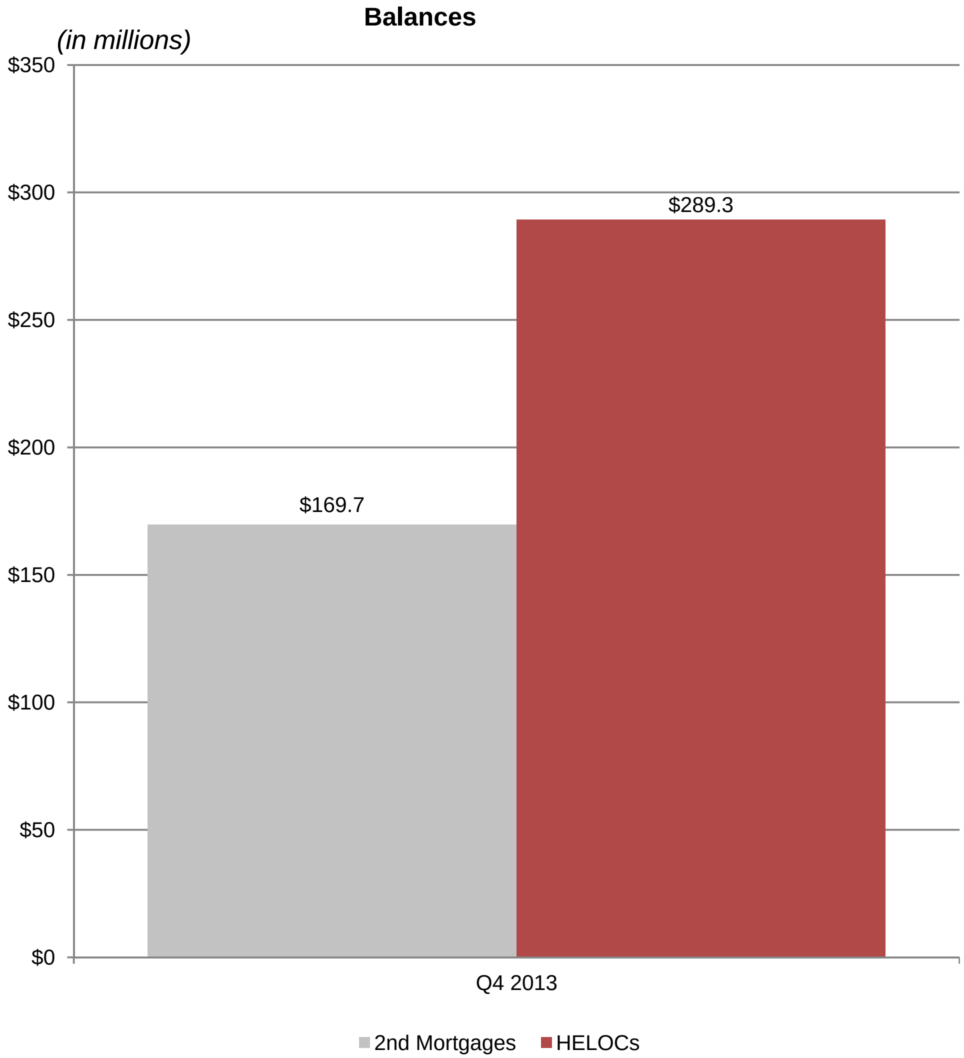
(in millions)

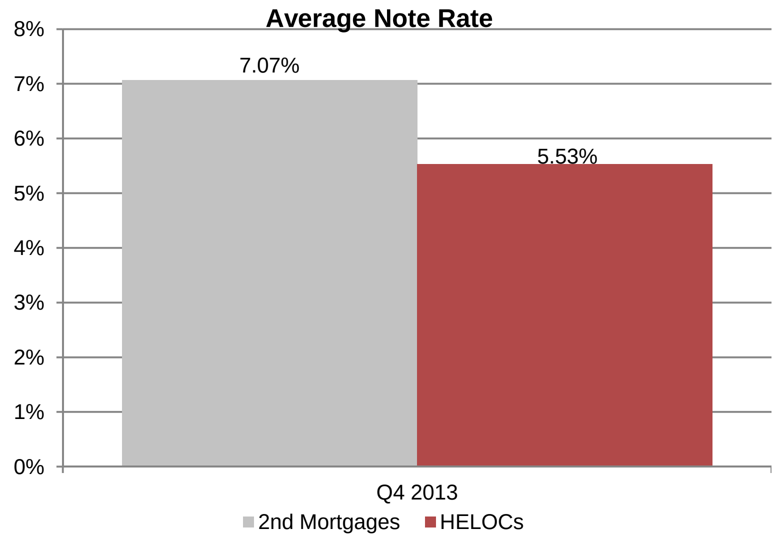

$800
$700
$600
$500
$400
$300
$200
$100
$0
$735.0
$744.0
$547.3
$432.7
$429.7
$589.8
$598.1
$451.1
$387.9
$383.0
$84.7
$89.4
$72.2
$23.7
$20.9
$60.5
$56.5
$24.0
$21.1
$25.8
Q42012
Q1 2013
Q2 2013
Q3 2013
Q4 2013
Non-performing TDRs
Performing nonaccrual
Performing accrual

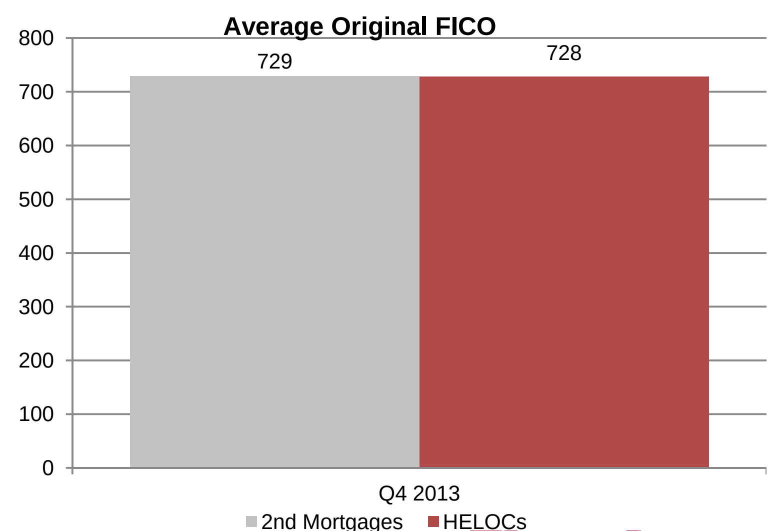

Average Current FICO
734
732
730
728
726
724
722
720
718
733
724
Q4 2013
Original
Current


LTV
86%
84%
82%
80%
78%
76%
74%
72%
70%
84%
75%
Q4 2013
Original
Current

2nd Mortgage and HELOC Portfolio Orginated in 2009 and Prior







Flagstar Bancorp

(millions)	December 31, 2013		September 30, 2013		December 31, 2012	
	Balance	Rate	Balance	Rate	Balance	Rate
Retail Deposits:						
Demand deposits	764	0.08%	$ 721	0.08%	$ 682	0.16%
Savings deposits	2,869	0.46%	2,912	0.53%	2,108	0.72%
Money market deposits	287	0.18%	298	0.17%	402	0.41%
Certificates of deposit	1,026	0.72%	1,436	0.85%	3,175	0.93%
Total retail deposits	4,946	0.44%	5,368	0.53%	6,367	0.74%
Core retail deposits / retail deposits	**79.26%**		**73.23%**		**50.13%**	
Government Banking Deposits:						
Demand deposits	104	0.26%	161	0.28%	99	0.38%
Savings deposits	183	0.27%	167	0.27%	264	0.53%
Certificates of deposit	315	0.38%	228	0.33%	456	0.57%
Total government banking deposits	602	0.33%	556	0.30%	819	0.53%
Company controlled deposits	583	0.00%	670	0.00%	1,008	0.00%
Wholesale deposits	9	3.43%	56	4.75%	99	4.41%
Total deposits	$6,140	0.39%	$6,649	0.50%	$8,294	0.68%
Number of banking branches	111		111		111	

(1) Approximately $278.3 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 December 31, 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	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Pre-tax, pre-credit-cost income					
Income (loss) before tax provision	($248.5)	$14.5	$61.1	$23.6	$($88.6)
Add back					
Provision for loan losses	14.1	4.1	31.6	20.4	50.4
Asset resolution	3.4	16.3	15.9	16.4	21.2
Other than temporary impairment on AFS investments		-	8.8	-	-
Representation and warranty reserve – change in estimate	(15.4)	5.2	28.9	17.4	25.2
Write down of residual interest		-	-	0.2	0.8
Total credit-related costs	2.1	25.6	85.2	54.4	97.6
Pre-tax, pre-credit-net income	($246.4)	$40.0	$146.3	$78.0	$9.0
Efficiency ratio (credit-adjusted)					
Net interest income (a)	$41.2	$42.7	$47.1	$55.7	$73.9
Non-interest income (b)	113.1	134.3	220.0	184.9	285.8
Add: Representation and warranty reserve - change in estimate (d)	(15.4)	5.2	28.9	17.4	25.2
Adjusted income	138.9	182.2	296.0	258.0	384.9
Non-interest expense (c)	388.7	158.4	174.4	196.6	397.9
Less: Asset resolution expense (e)	(3.4)	(16.3)	(15.9)	(16.4)	(21.2)
Adjusted non-interest expense	$385.3	$142.1	$158.5	$180.1	$376.7
Efficiency ratio (c/(a+b)) (1)	251.8%	89.5%	65.3%	81.7%	110.6%
Efficiency ratio (credit-adjusted) ((c-e)/((a+b)+d))) (1)	277.4%	78.0%	53.5%	69.8%	97.9%

(1) Ratios include $177.6 million and $61.0 million related to the prepayment of FHLB advances and the DOJ litigation, respectively, during the three months ended December 31, 2013, excluding these expenses the efficiency ratio would have been 97.3 percent for the three months ended December 31, 2013.

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Totals may not foot due to rounding

Flagstar Bancorp

$ in millions

	December 31, 2013	September 30, 2013	December 31, 2012
Non-performing assets	$182.3	$205.3	$520.6
Tier 1 Capital	1,257.6	1,402.4	1,295.8
Allowance for Loan Losses	207.0	207.0	305.0
Tier 1 Capital + Allowance for Loan Losses	**$1,464.6**	**$1,609.4**	**1,600.8**
Non-performing assets/ Tier 1 Capital + Allowance for Loan Losses	**12.4%**	**12.8%**	**32.5%**

$ in millions

	December 31, 2013	September 30, 2013	December 31, 2012
Mortgage Servicing Rights	$284.7	$797.0	$710.8
Tier 1 Capital	1,257.6	1,402.4	1,295.8
MSR to Tier 1 ratio	**22.6%**	**56.8%**	**54.9%**

Flagstar Bancorp

$ in millions

	Q1 2013 Run Rate	Q2 2013 Run Rate	1H 2013 Run Rate	Q3 2013 Run Rate	Q4 2013 Run Rate
Fixed expenses					
Compensation and benefits	77.3	70.9	148.2	61.5	69.6
Occupancy and equipment	19.4	22.2	41.6	18.6	19.8
Asset Resolution	16.4	15.9	32.3	16.3	3.4
Legal and professional expense	28.8	16.4	45.2	19.6	18.2
Other non-interest expense	12.4	10.4	22.8	11.1	10.4
Total fixed expenses	$154.3	$135.8	$290.1	$127.1	$121.4
Variable expenses					
Commissions	17.5	15.4	32.9	12.1	9.4
FDIC premiums	11.2	7.8	19.0	7.9	7.9
Warrant expense	(3.5)	-	(3.5)	0.4	2.6
Loan processing expenses	17.1	15.4	32.5	10.9	8.8
Total variable expenses	$42.3	$38.6	$80.9	$31.3	$28.7
Non-recurring Items (excluded)					
Loss on extinguishment of debt	-	-	-	-	177.6
Incremental expenses	-	-	-	-	61.0
Total non-recurring items	-	-	-	-	$238.6
Total non-interest expense	$196.6	$174.4	$371.0	$158.4	$388.7
Annualized fixed expenses	$617.2	$543.2	$580.2	$508.4	$485.6
Annualized variable expenses	$169.2	$154.4	$161.8	$125.2	$114.8

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