

Flagstar Bancorp, Inc. (NYSE: FBC)

2016 Annual Meeting of Shareholders

May 24, 2016



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 are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions, and forecasts of future events, circumstances and results. However, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, contingencies and other factors. Generally, forward-looking statements are not based on historical facts but instead represent our management's beliefs regarding future events. Such statements may be identified by words such as believe, expect, anticipate, intend, plan, believe, estimate, may increase, may fluctuate, and similar expressions or future or conditional verbs such as will, should, would and could. Such statements are based on management's current expectations and are subject to risks, uncertainties and changes in circumstances. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors, including without limitation those found in periodic Flagstar reports filed with the U.S. Securities and Exchange Commission, which are available on the Company's website (flagstar.com) and on the Securities and Exchange Commission's website (sec.gov).

Any forward-looking statements made by or on behalf of us speak only as to the date they are made, and we do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made, except as required under United States securities laws.

General procedures

Christine Reid, Corporate Secretary

Welcome

John Lewis, Chairman

Proposals and voting

Sandro DiNello, CEO

Business overview

Sandro DiNello, CEO

Flagstar at a glance⁽¹⁾

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization \$1.3bn
- Member of the Russell 2000 Index

Community banking

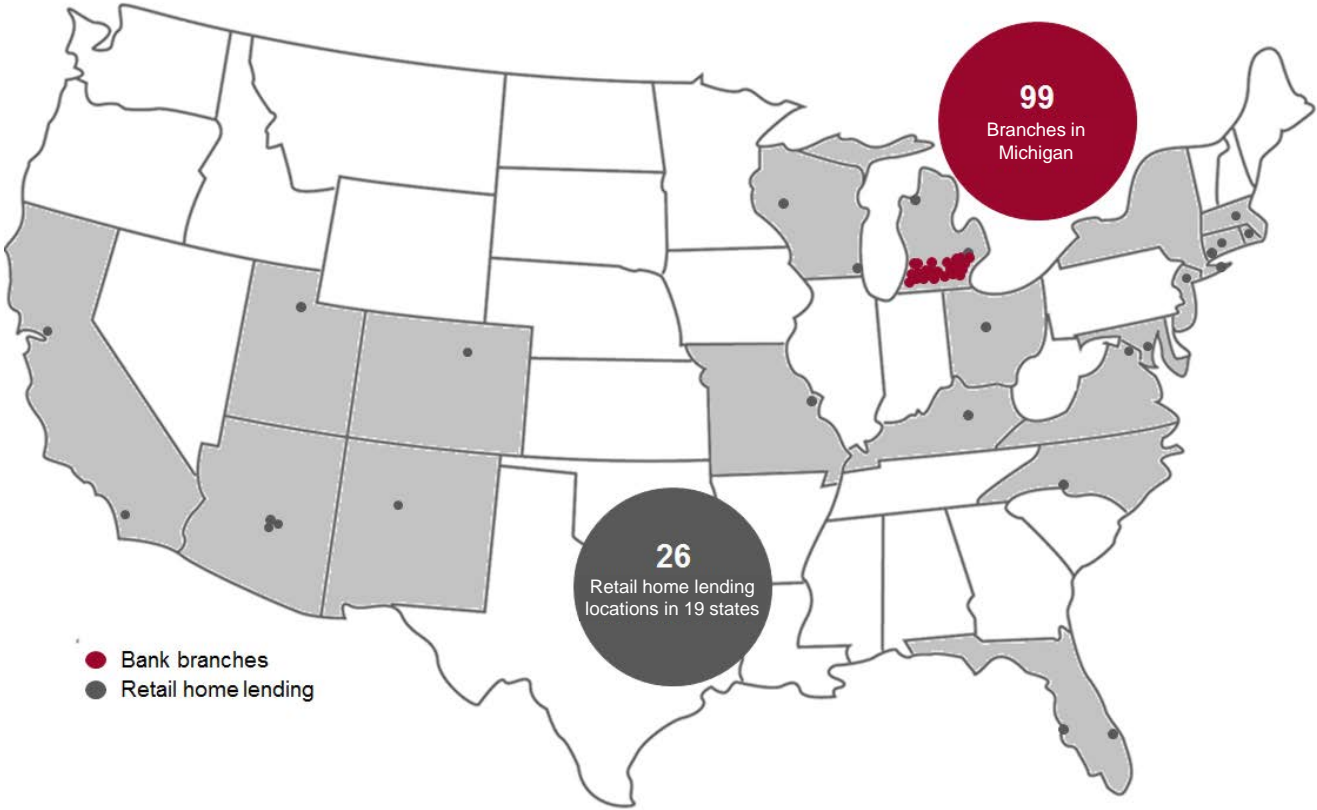
- Leading Michigan-based bank
- \$13.7bn of assets
- \$8.5bn of deposits
- 99 branches
- 104k household & 13k business relationships

Mortgage origination

- 12th largest originator nationally
- Originated \$28.5bn of residential mortgage loans during the last 12 months
- Approximately 1,200 TPO relationships
- 26 retail lending locations in 19 states with 191 loan officers and account executives

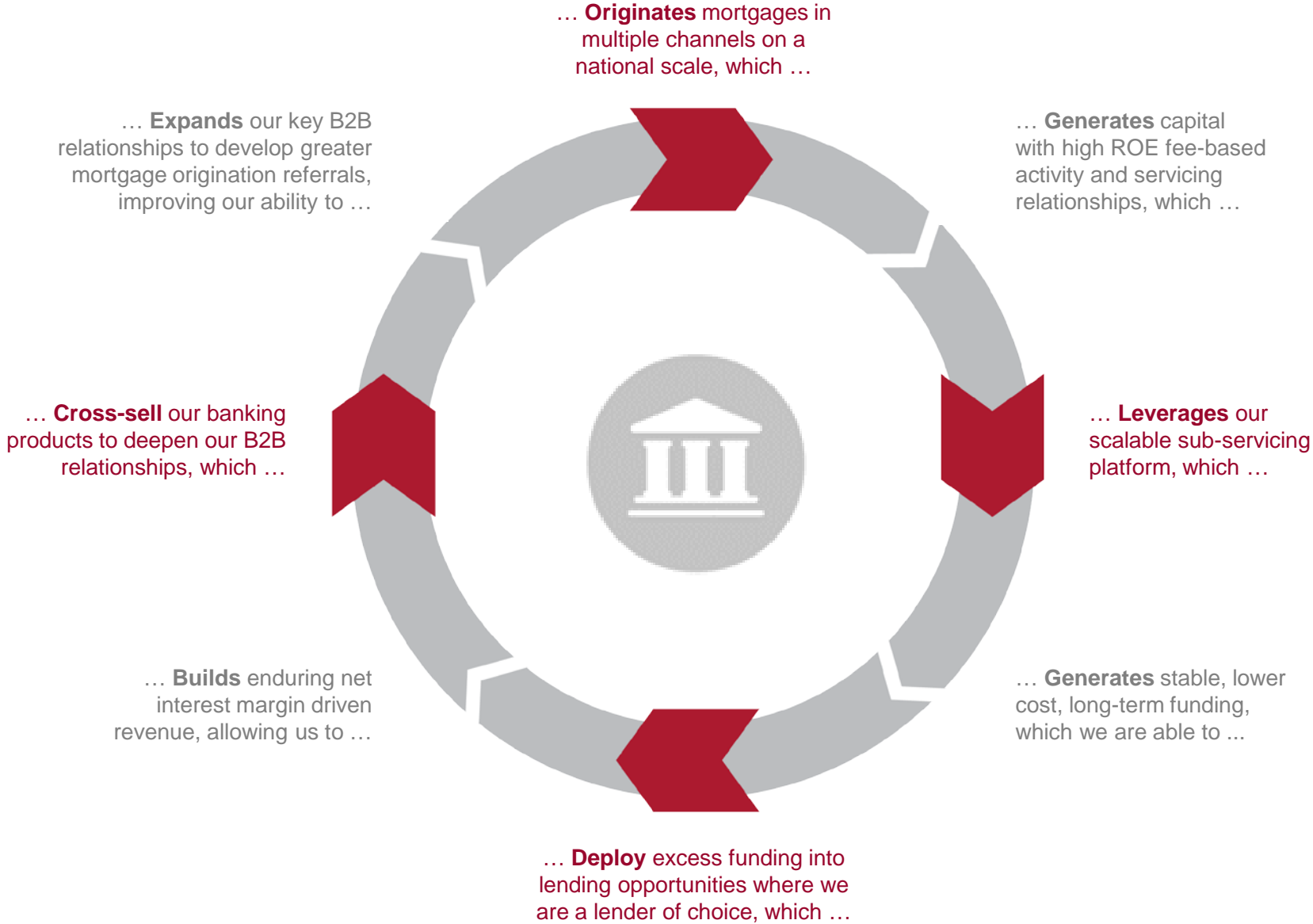
Mortgage servicing

- 7th largest sub-servicer of mortgage loans nationwide
- Currently servicing approximately 340k loans
- Scalable platform with capacity to service 1mm loans
- Low cost deposits from escrow balances



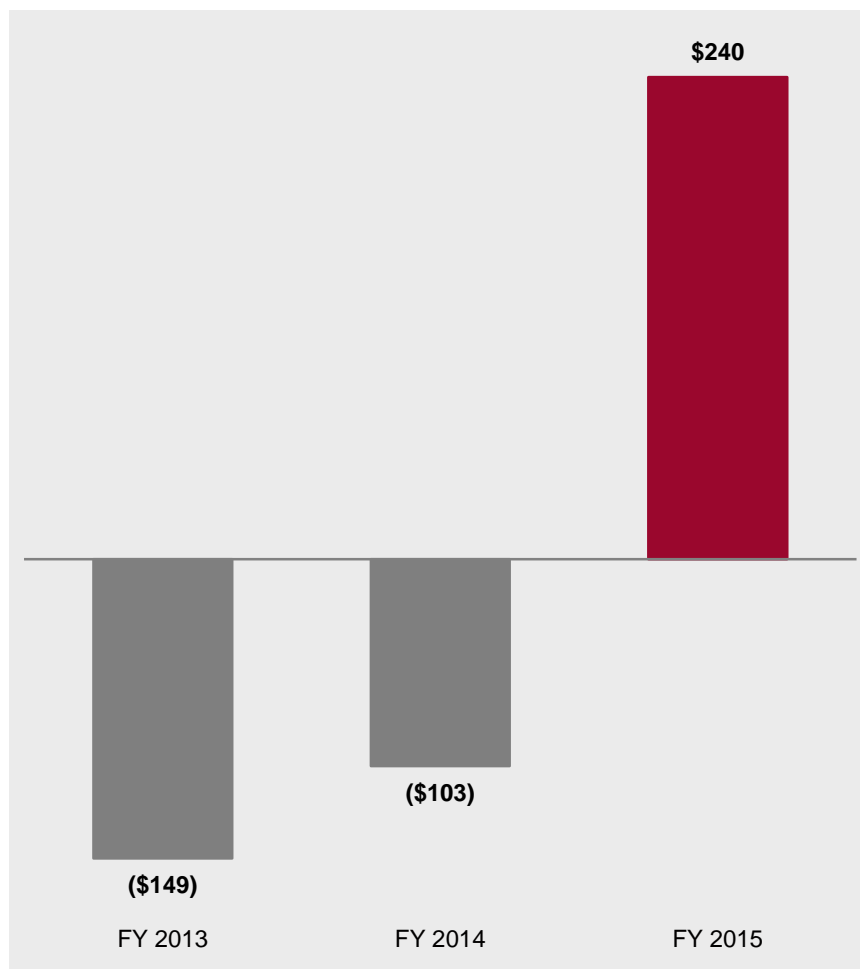
1) As reported by Inside Mortgage Finance for the quarter ended March 31, 2016.

Flagstar's one-of-a-kind business model



Financial performance

Income (loss) before income taxes (\$mm)



Performance and strategic objectives

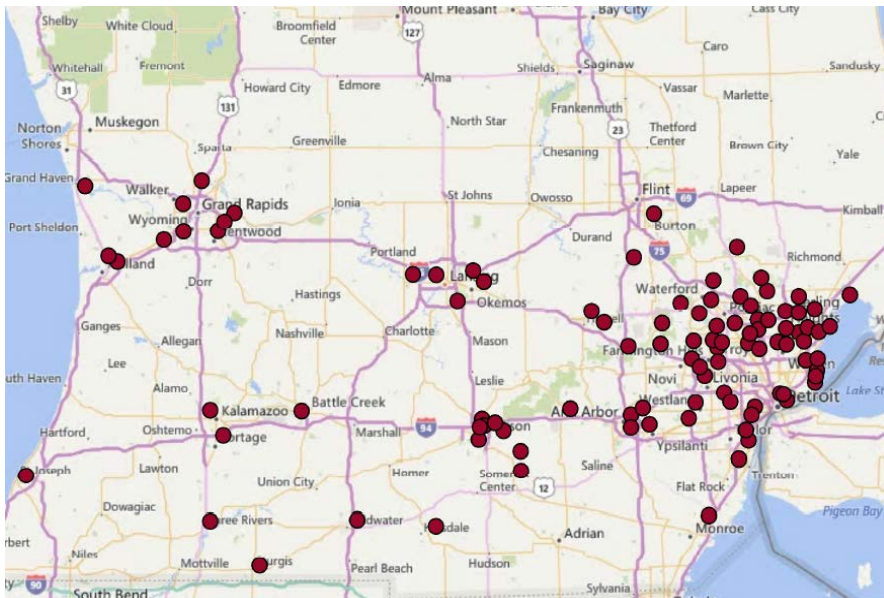
- **Highest level of pre-tax income since 2003**
 - 2015 and the first quarter of 2016 marks our fifth straight quarter of strong, consistent earnings
- **2015 return on assets of 1.32% is in the top quintile of comparable bank performance⁽¹⁾**
- **Our strategic initiatives focus on the growth and diversification of our earnings**
 - *Grow community banking* by deepening relationships, developing new platforms like home builder finance and gathering core deposits supported by a refreshed brand
 - *Expand mortgage originations* with an emphasis in distributed retail and direct-to-consumer channels
 - *Enhance efficiency* with positive operating leverage to achieve a long-term goal of a mid-60's efficiency ratio
 - *Sustain risk management* with a constant culture of compliance toward an exit of regulatory orders
 - *Optimize capital structure* with a TARP redemption and the reducing MSR levels under fully phased-in Basel III

1) Includes all major exchange U.S. banks with assets between \$10bn and \$50bn for the year ended 2015 excluding merger targets and Puerto Rican banks as reported by SNL Financial.

Strong relationship-based community bank (largest Michigan-based bank)

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Flagstar's branch network

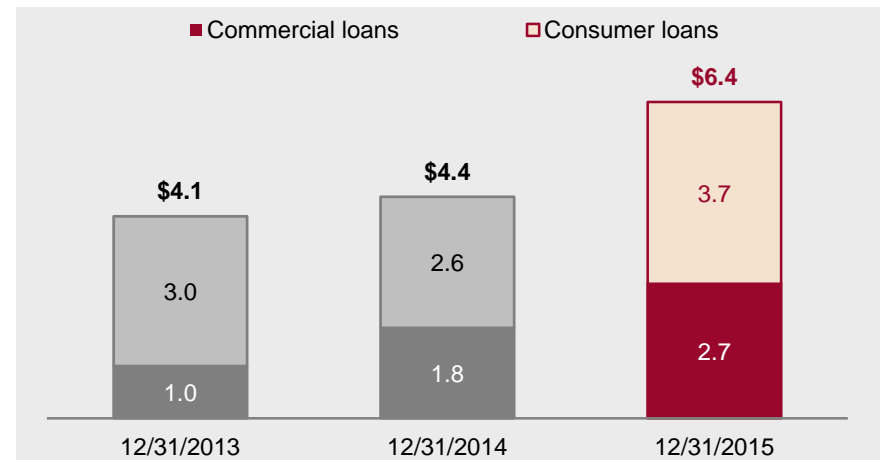


Flagstar's branch network (as of June 30, 2015)

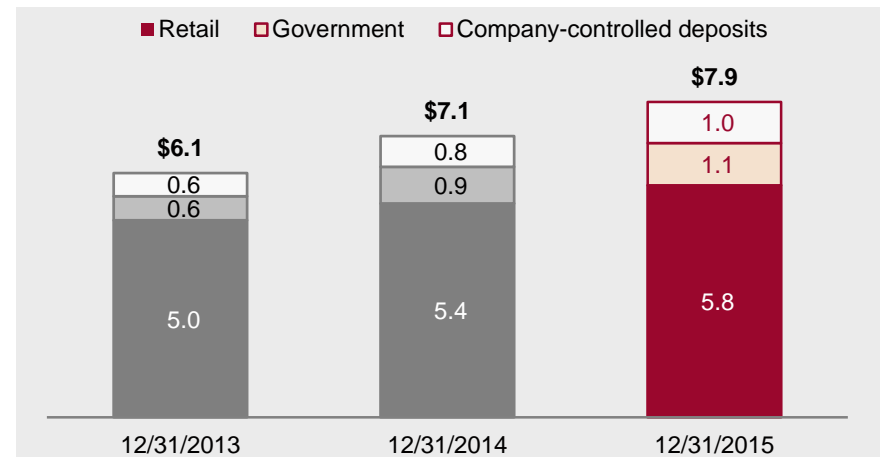
MSA	\$ Dep	% of FBC	% Mkt Share
Detroit-Warren-Dearborn	\$5,071	64.7%	4.4%
Jackson	443	5.7%	28.1%
Grand Rapids	385	4.9%	2.0%
Ann Arbor	288	3.7%	3.8%
Key Flagstar MSAs	\$6,187	78.9%	4.3%
Other Michigan MSAs	726	9.3%	1.7%
Company Controlled Deposits	925	11.8%	0.5%
Total Michigan	\$7,837	100.0%	4.2%

Source: SNL Financial

Loans held-for-investment (\$bn)



Total deposits⁽¹⁾ (\$bn)

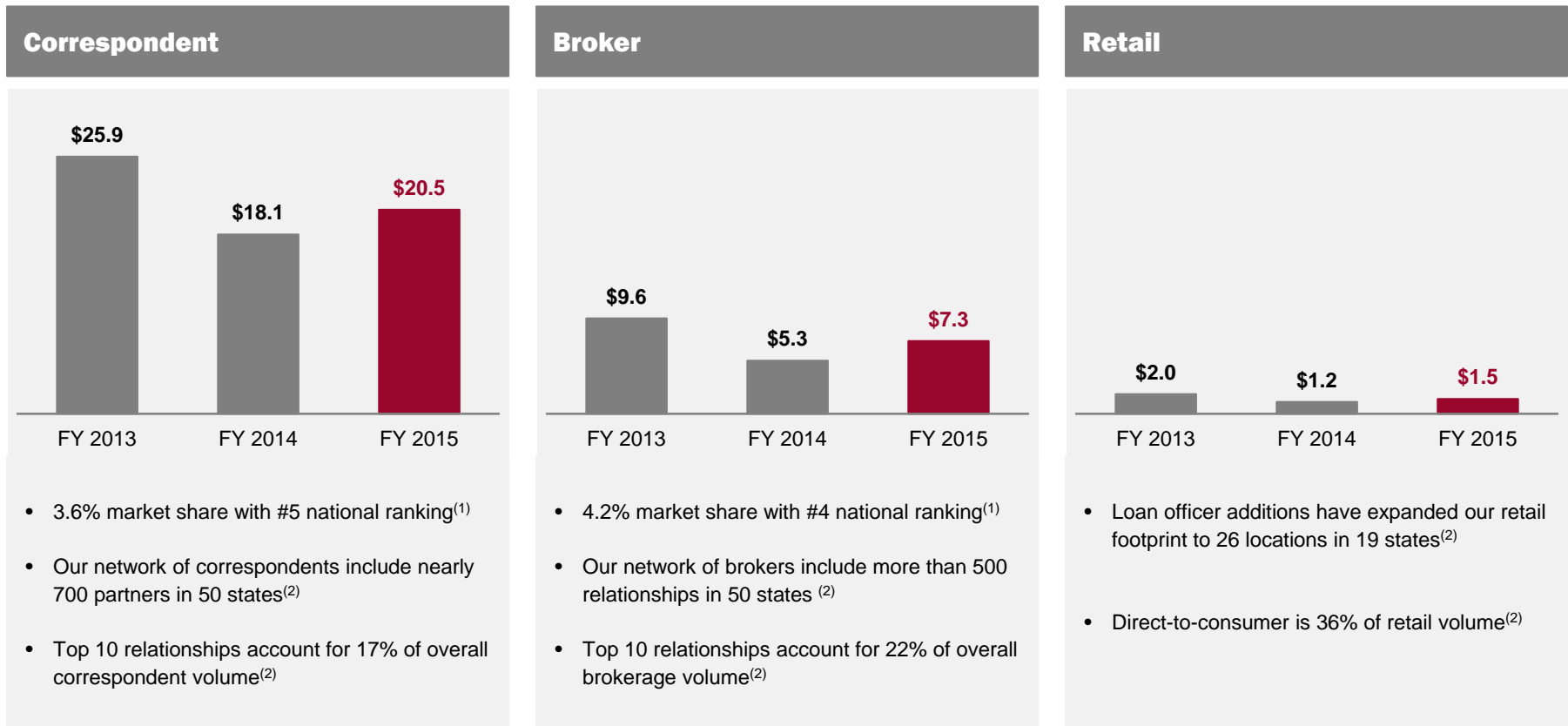


1) Includes company controlled deposits which are included as part of mortgage servicing.

Originates mortgages on a national scale (12th largest originator)

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Residential mortgage originations by channel (\$bn)

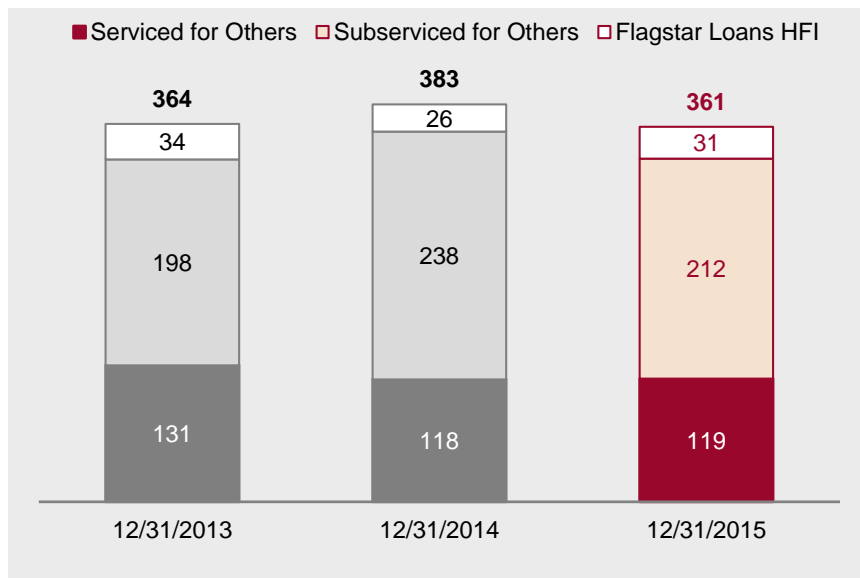


1) Data source: Inside Mortgage Finance, January 28, 2016.
2) For the quarter ended March 31, 2016.

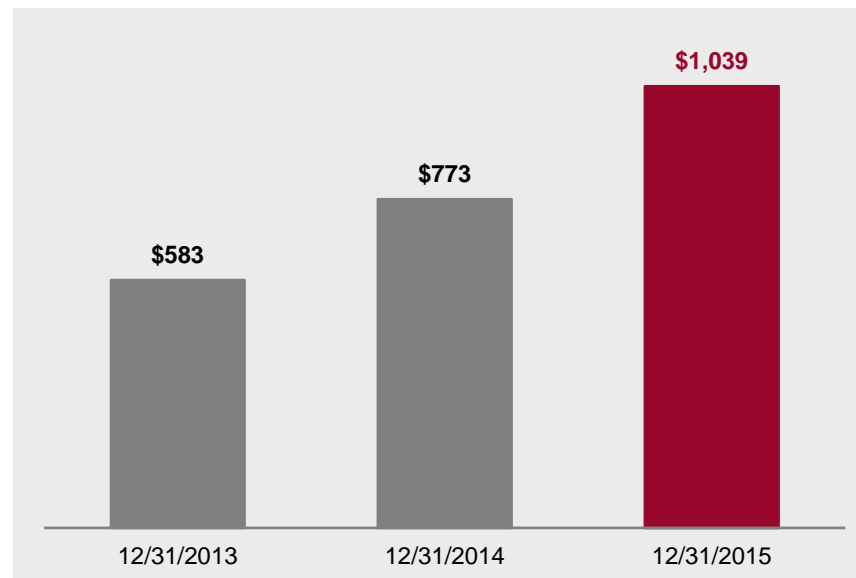
Flagstar has a scalable sub-servicing platform (7th largest sub-servicer)

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Loans serviced ('000)



Company-controlled deposits (\$mm)



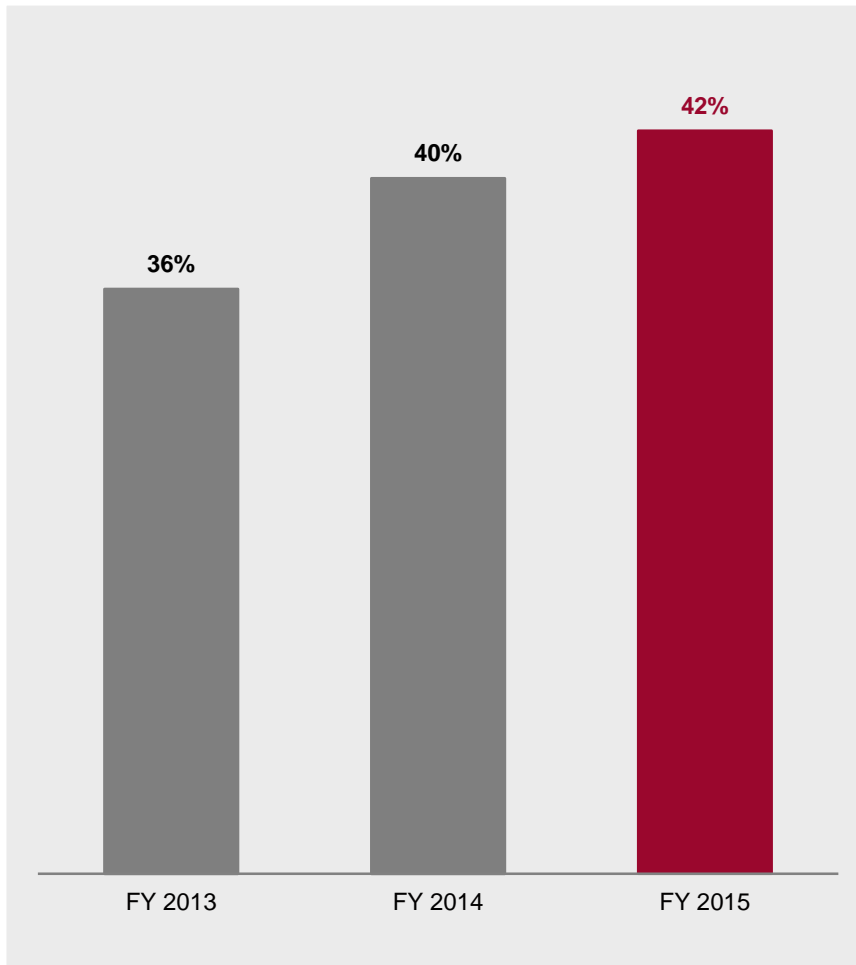
Initiatives and accomplishments

- Our goals for servicing and subservicing over the longer-term include:
 - Growing our fee income generating subservicing business which has the capacity to service up to 1 million loans
 - Leveraging our sub-servicing platform to cross-sell banking products
- Recently named by Fannie Mae a 2015 Servicer Total Achievement and Rewards (“STAR”) performer

Flagstar is diversifying revenues by growing its banking operations

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% community banking of total average assets⁽¹⁾



1) As reported in the Company's Consolidated Financial Statements, Note 25 – Segment Information in its Form 10K.

Community banking growth

- Flagstar established a base to generate strong, consistent earnings during 2014 - 2015
 - Deployed excess capital in a safe & sound manner into a growing portfolio of warehouse, CRE and C&I loans
 - Increased commercial loans from \$1.0bn to \$2.7bn
 - Grew net interest income from \$186mm to \$287mm
 - Rotated HFI portfolio assets into higher quality loans and lowered provision for loan losses during 2015
 - Leveraged the scale of our origination platform to generate assets quickly and balance liquidity
 - Sold more than \$1bn of lower performing loans
 - Invested nearly \$2bn into residential 1st mortgages
 - Managed expenses rigorously to improve our efficiency ratio to 71%

Long-term targets

The information provided below was included in the appendix to our first quarter earnings presentation made on April 26, 2016 and does not update, and does not undertake to update, guidance provided during that presentation to reflect the impact of circumstances or events that have arisen since that date or may arise hereafter, except as required under United States securities law.

Revenues

Banking

- **Lender of choice in key markets (Michigan, national housing finance)**
- **Long-term target of 50% of revenue**
- **Growth trajectory 10-15%**
 - Every additional \$1bn of earning assets increases pre-tax profits ~\$20mm – \$25mm
 - Rotate lower spread assets to higher spread assets while minimizing capital costs

Mortgage

- **Nationally recognized leader**
- **Long-term target of 50% of revenue**
- **Growth trajectory 5-10%**
 - Expand retail originations (distributed, DTC)
 - Every 100k in new loans sub-serviced generates \$5-7mm of incremental pre-tax profits

Financial Performance

Return on assets

- **Long-term target of 1.2 – 1.6%**
 - Add incremental revenue with a low incremental cost
 - Improved risk management will deliver long-run savings
 - ROA of 1.32% for 2015 is amongst the top quintile of banks with \$10bn - \$50bn of assets

Return on equity

- **Long-term target of 13 - 18%**
 - Optimize capital structure with TARP redemption
 - Add / grow high ROE businesses

Questions

Sandro DiNello, CEO

Report of Inspectors

Christine Reid, Corporate Secretary

Adjournment

Sandro DiNello, CEO

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NYSE