Flagstar Bancorp, Inc. (NYSE: FBC)

Mid-Atlantic Road Show
February 25 - 26, 2016

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 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.

Executive Summary

Why invest in Flagstar?

- Unique relationship-driven business model specialized in housing finance
- Disciplined management team with extensive banking experience
- Substantial and attractive growth opportunities
- Highly profitable operations with significant operating leverage
- Positioned to thrive in any market

Flagstar Bancorp

Unique relationship-driven business model specialized in housing finance

Flagstar at a glance[1]

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization $1.1bn
- Member of the Russell 2000 Index

Community banking

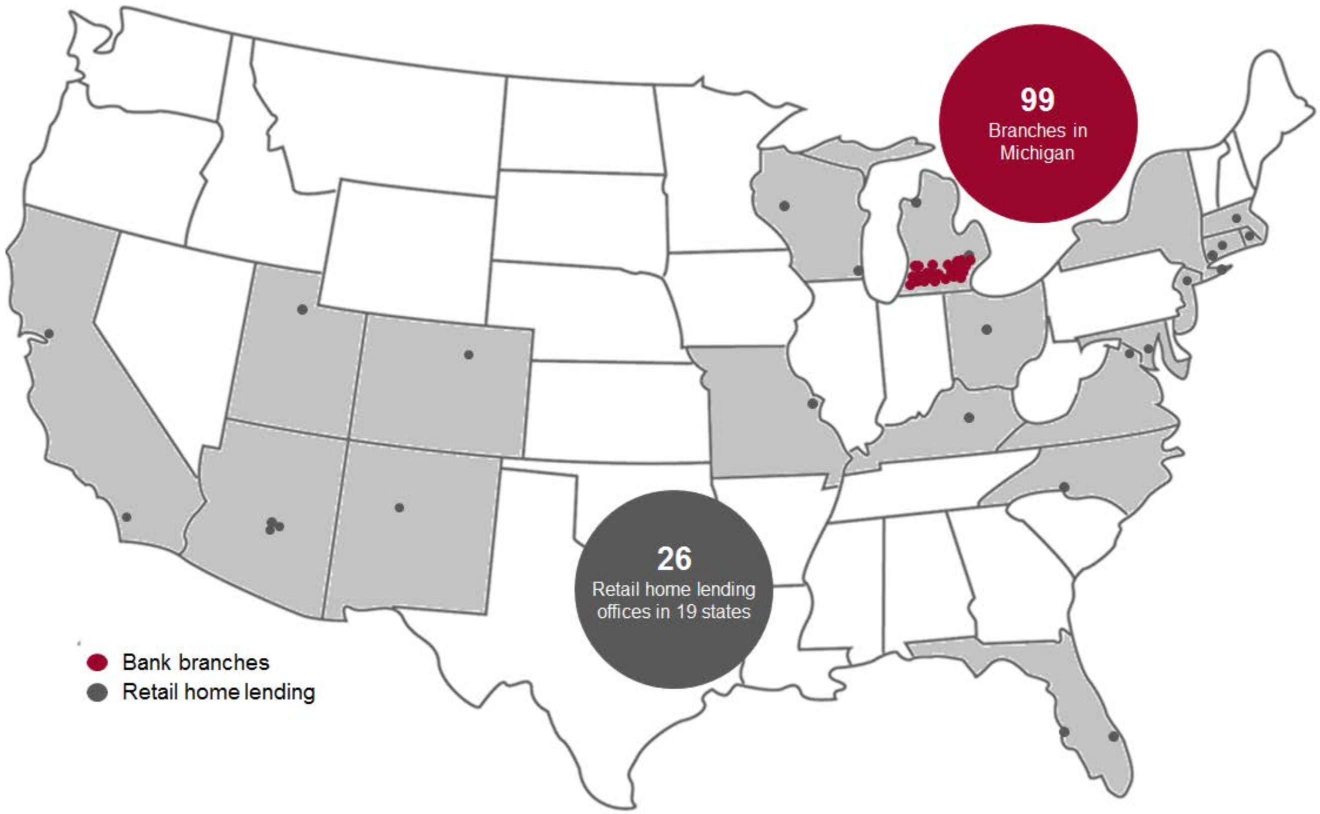
- Leading Michigan-based bank
- $13.7bn of assets
- $7.9bn of deposits
- 99 branches
- 104k household & 13k business relationships

Mortgage origination

- 10th largest originator nationally
- Originated more than $29bn of residential mortgage loans during the last 12 months
- Approximately 1,200 TPO relationships
- Recent announced expansion of distributed retail lending of 12 offices in 10 states

Mortgage servicing

- Largest bank sub-servicer of mortgage loans
- Currently servicing more than 360k loans
- Scalable platform with capacity to service 1mm loans
- Source of low cost deposits for escrowed property tax and insurance payments



1) As of February 22, 2016; includes the recent expansion of 12 newly opened offices in 10 states since December 31, 2015.

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

… **Originates** mortgages in multiple channels on a national scale, which …

… **Generates** capital with high ROE fee-based activity and servicing relationships, which …

… **Leverages** our scalable sub-servicing platform, which …

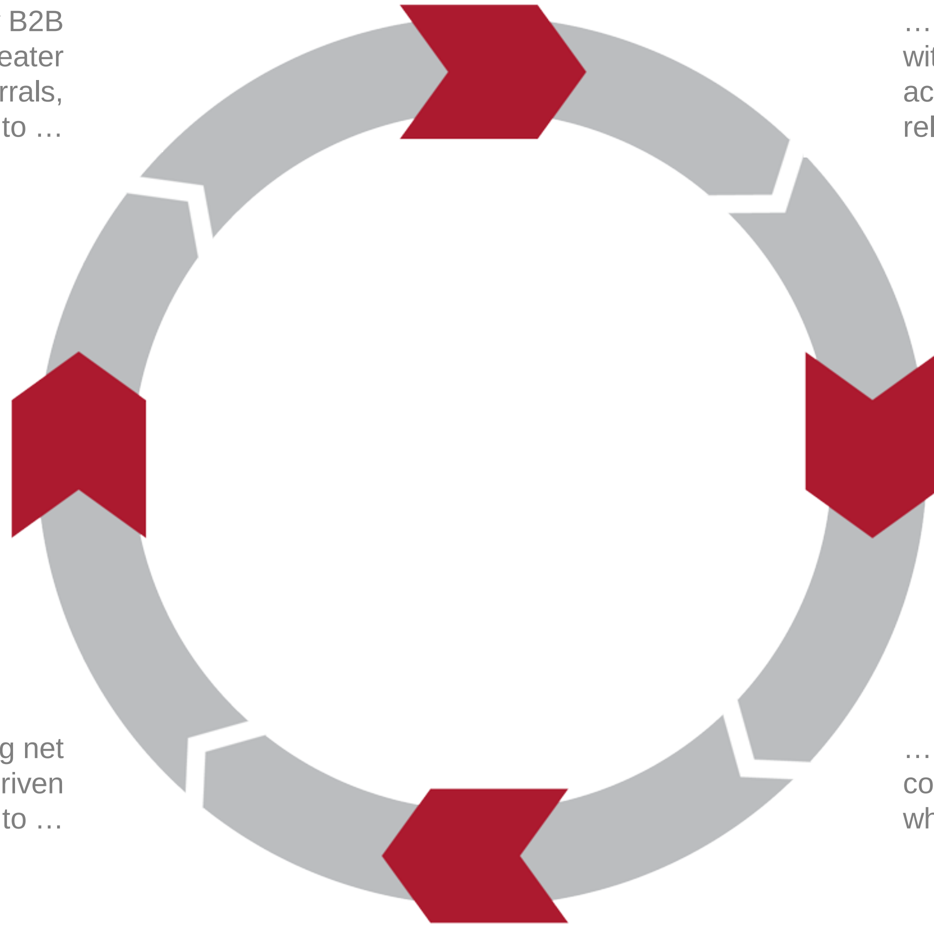
… **Generates** stable, lower cost, long-term funding, which we are able to ...

… **Deploy** excess funding into lending opportunities where we are a lender of choice, which …

… **Builds** enduring net interest margin driven revenue, allowing us to …

… **Cross-sell** our banking products to deepen our B2B relationships, which …

… **Expands** our key B2B relationships to develop greater mortgage origination referrals, improving our ability to …



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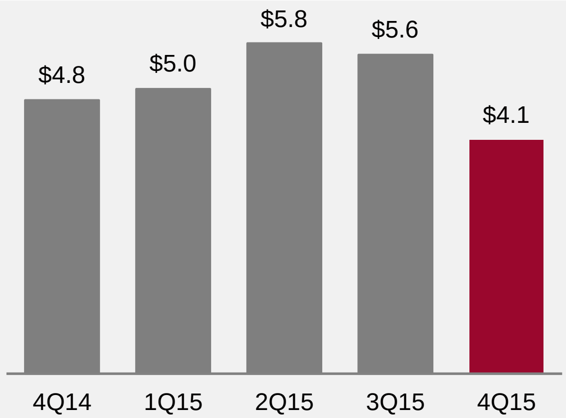
Originates mortgages in multiple channels on a national scale (10th largest originator)

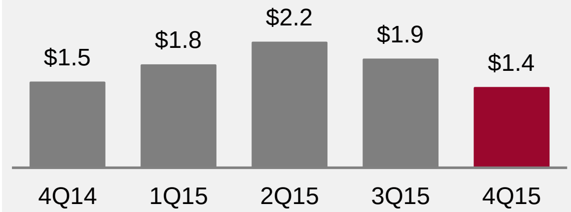
Residential mortgage originations by channel ($bn)

Correspondent



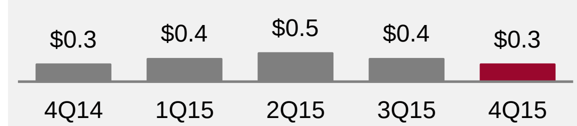
- 3.6% market share with #5 national ranking(1)
- Nearly 700 correspondent partners in 50 states in Q4 2015
- Top 10 relationships account for 16% of overall correspondent volume

Broker



- 4.3% market share with #4 national ranking(1)
- More than 500 brokerage relationships in 50 states in Q4 2015
- Top 10 relationships account for 21% of overall brokerage volume

Retail



- Recent lift-outs have increased standalone home loan centers to 26 locations in 19 states
- Direct-to-consumer is 36% of retail volume
- Represents Flagstar's most significant opportunity for growth in mortgage originations

1) Data source: Inside Mortgage Finance, November 25, 2015.

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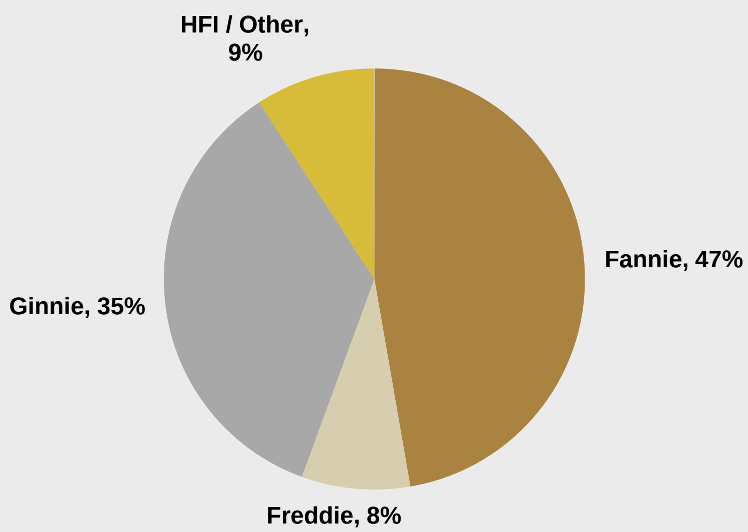
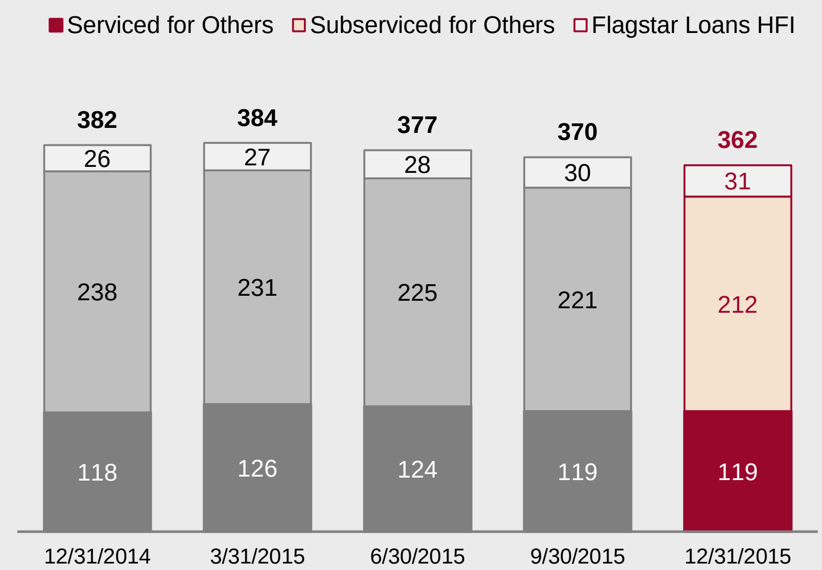
Flagstar leverages its scalable sub-servicing platform (largest bank sub-servicer)

Breakdown of # loans serviced (as of 12/31/2015)



Loans serviced ('000)

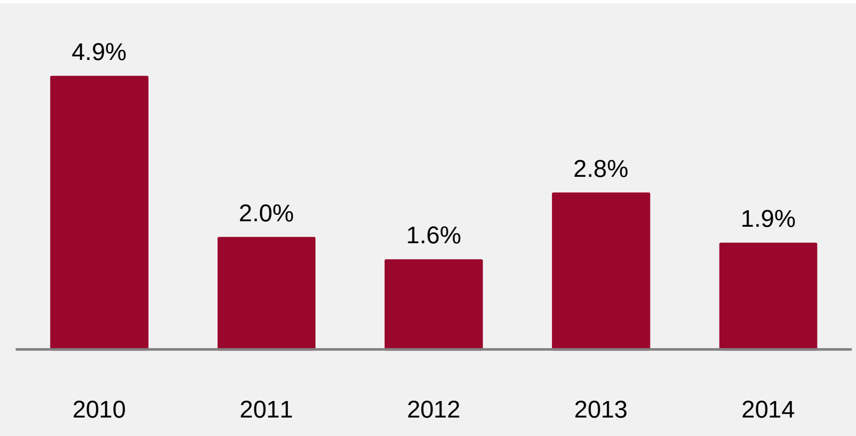


Key facts

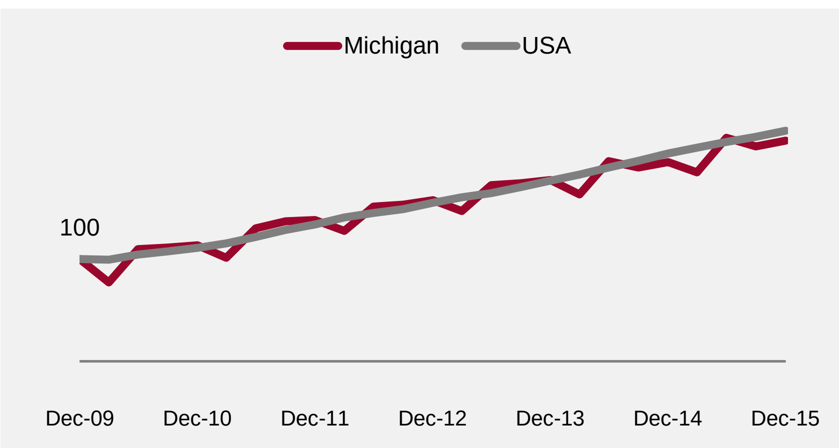
- Ranked first in peer group for performing servicing for Fannie Mae and Freddie Mac
- Plan to opportunistically acquire additional servicing units, spreading fixed costs across a larger base of up to 1 million loans
- Comprehensive risk organization supporting loan servicing in a highly regulated environment

Strong market position as leading Michigan-based community bank

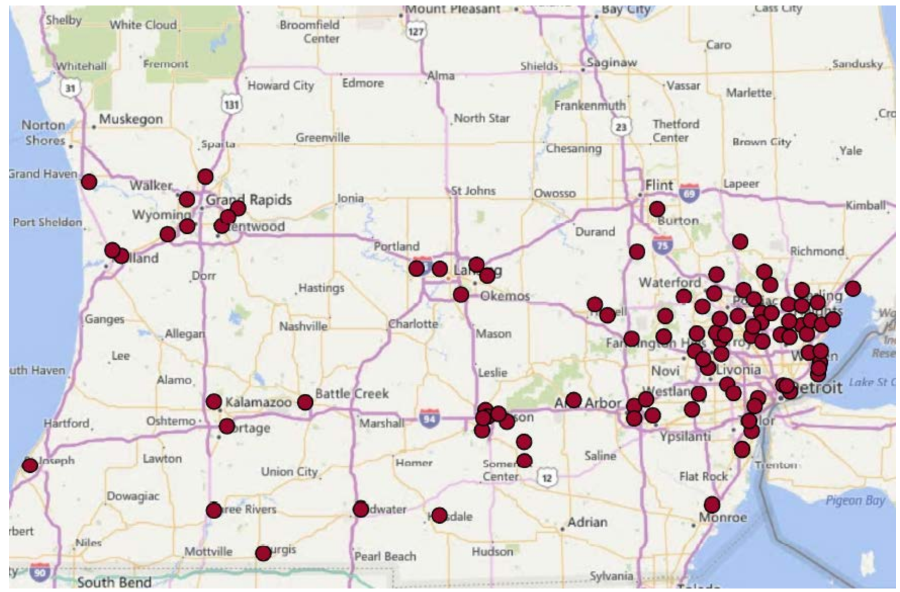
Michigan gross domestic product growth (%)



Michigan employment growth



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: Michigan Bureau of Economic Analysis; S&P/Case-Shiller Home Price Indices; Bloomberg; SNL Financial.

Long-term targets

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 quartile of banks $10bn - $50bn of assets

Return on equity

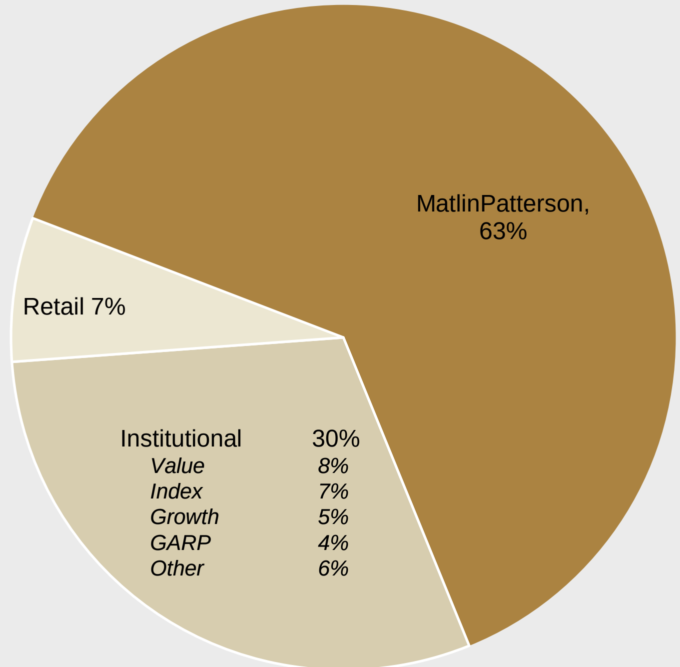
- Long-term target of 13 - 18%
  - Expect TARP redemption no later than 2nd half of 2016
  - Add / increase high ROE businesses

Ownership structure

- **MatlinPatterson is the majority shareholder in Flagstar Bancorp**
  - Initial investment in 2009 with the downturn in the mortgage market
  - Invested ~$1.0 billion in 3 separate investments at an average price of $28 / share
  - Significant support for current management team
- **FBC is building a more stable shareholder base**
  - Non-MP institutional investors have shifted to value and growth investors with low turnover
- **48% total shareholder return during 2015**

Current ownership structure

(estimated as of 9/30/15)



Disciplined management team with extensive banking experience

Assembled strong executive team

Board of Directors

Sandro DiNello
President & CEO

CEO since 5/13

Over 35 years of banking experience with Flagstar and its predecessors with a strong emphasis on community banking, including the management of retail operations and product strategy.

Chief Operating Officer

Lee Smith

COO since 5/13.

Formerly a partner of MatlinPatterson Global Advisors and a Senior Director at Zolfo Cooper with extensive experience in financial management and operations. He is a Chartered Accountant in England and Wales.

Chief Financial Officer

Jim Ciroli

CFO since 8/14.

Nearly 30 years of banking and financial services experience with First Niagara, Huntington and KeyCorp.

Mortgage Banking

Len Israel

President of Mortgage Banking since 6/15.

Nearly 30 years of mortgage industry experience with Mission Hills Mortgage, IndyMac and CitiMortgage.

Community Banking

Sandro DiNello

Currently serving as Director.

Drew Ottaway

Managing Director of Lending since 11/15

Has over 25 years of commercial lending experience in southeast Michigan with Comerica and NBD.

Chief Risk Officer

Steve Figliuolo

CRO since 6/14.

35 years of financial services experience with Citizens Republic, Fleet Boston Financial, First Union and Chase Manhattan.

Chief Legal Officer

Patrick McGuirk

General Counsel since 6/15.

20 years of legal experience with the FDIC and Sidley Austin LLP.

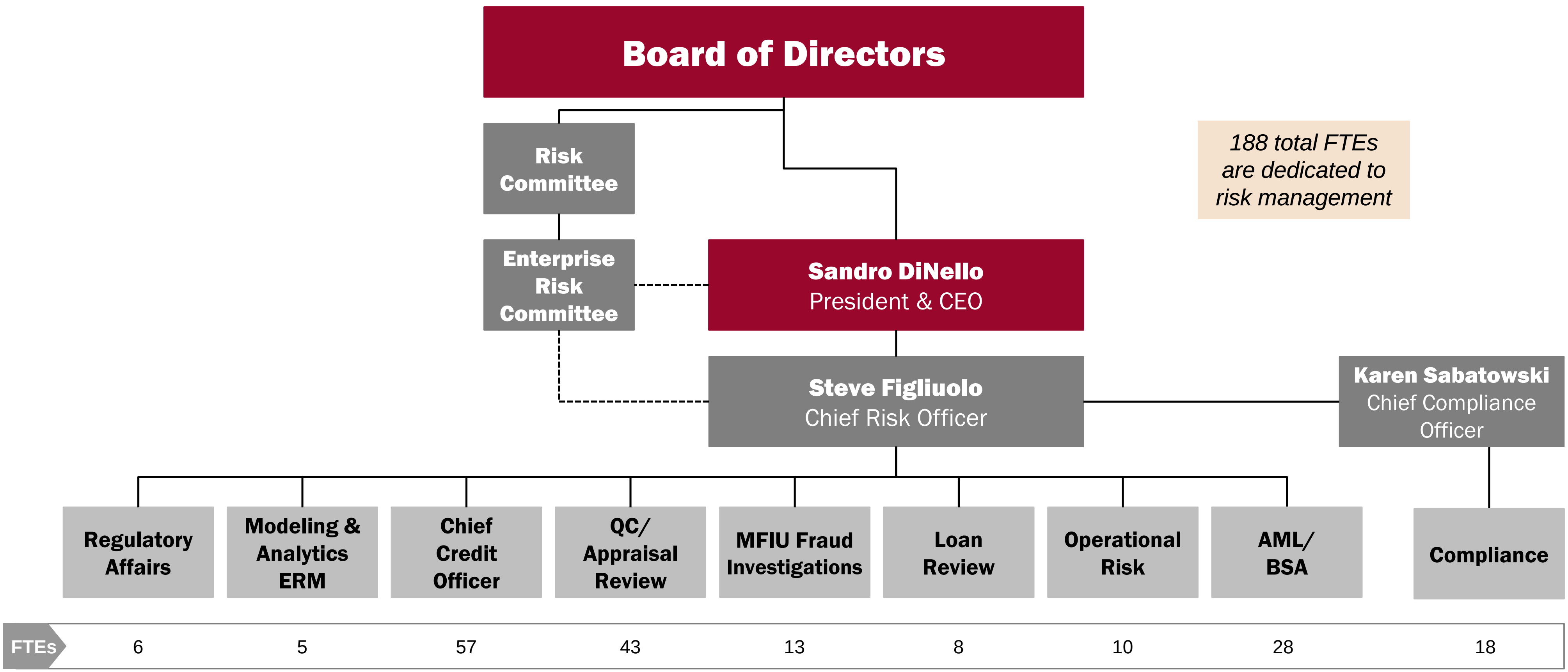
Flagstar has deep commercial lending experience

Sandro DiNello
President & CEO

Drew Ottaway
Managing Director of Lending

Commercial Real Estate	Commercial & Industrial	Warehouse Lending	Homebuilder Finance
Comprised of 9 lending officers who average experience of 21 years in banking (3+ with Flagstar).	Comprised of 10 lending officers who average experience of 25 years in banking (2+ with Flagstar).	Comprised of 10 lending officers who average experience of 26 years in banking (13 with Flagstar).	Newly recruited team of 4 lending officers who have extensive experience of more than 20 years in banking.
Prior banking experience includes Fifth Third, Wells Fargo and Bank of America.	Prior banking experience includes Fifth Third, PNC, Bank of America and JPM Chase.	Prior banking experience includes Citizens Bank, Bank of America and Texas Capital.	Prior banking experience includes Texas Capital and Royal Bank of Canada.
Supported by a team of 8 credit officers with more than 15 years average banking experience.	Supported by a team of 10 credit officers with more than 20 years average banking experience.	Supported by a team of 6 credit officers with nearly 15 years average banking experience.	New team supported by existing infrastructure. Currently recruiting dedicated support.

Investment in best-in-class risk management is complete



- Modeling
- Analytics
- ERM reporting
- Portfolio management

- Mortgage
- Warehouse
- Commercial
- Consumer
- TPO's
- Counterparty

- Fraud investigation unit

- Loan review

- Model risk management
- Risk assessment/ deficiency mgmt
- R&W reserve
- Market risk
- Stress testing

- BSA /AML

Substantial and attractive growth opportunities

Strong growth opportunities

	Grow community banking	Expand mortgage business
Build	• Team lift outs • Grow housing-related relationships - Expand warehouse lending (400bps spreads) - Launch builder finance lending (350bps spreads) - Initiate MSR lending (500bps spreads; LTVs<60%) • Cultivate middle-market commercial relationships in foot-print	• Team lift-outs to increase share of origination market - Distributed retail - TPO account executives • Grow servicing operations - Acquire new sub-servicing relationships - Cross-sell additional revenue capabilities
Buy	• Buyers of size are engaged on other projects for the foreseeable future • Michigan is a highly fragmented banking market • Focused on our share in metro markets • Acquiring deposit oriented franchises that lag in profitability because of lack of asset generation	• No strategic buyers of size • Highly fragmented industry with aging individual ownership • Regulatory and interest rate environment is accelerating exits • Will consider accretive transactions that add incrementally to annual origination volume

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Flagstar has built an attractive middle-market loan portfolio

Commercial real estate	
Relationship focus	• Experienced top-tier developers with significant deposit and non-credit opportunities
Diversified property types	• Primarily office, retail, industrial and multi-family • Growth in hotels, senior living, student housing and parking garages
Geography	• Primarily Michigan related lending

Commercial & industrial	
Relationship focus	• Strategy of hiring good relationship managers from larger competitors
Diversified industry focus	• Manufacturing, distribution and financial or professional services • SNC participation where we can increase the depth of our relationship with the borrower
Geography	• Primarily Michigan related lending and national finance companies

Warehouse lending	
Relationship focus	• Leverage existing relationship managers with former borrowers • Hire relationship managers from competitors
Benefits	• Expand B2B relationships to develop greater mortgage originations for TPO channels • Increase commercial deposits
Geography	• National footprint

Home builder financing	
Relationship focus	• Top tier home builders
Benefits	• Grow balance sheet in measured way • Raise profile in purchase mortgage financing
Geography	• National footprint, led out of Denver and Houston offices with focus on major metropolitan areas from Utah to the Carolinas

Flagstar is expanding into complementary products that will support continued growth

MSR Lending	
Relationship focus	• Incremental revenue generation through sub-servicing and other cross-sell opportunities
Benefits	• Superior spreads with the industry expertise to prudently manage risk
Geography	• National footprint

Commercial Equipment Finance	
Relationship focus	• Deepens relationships with C&I clients
Benefits	• Expands product set for customers in capital intensive industries
Geography	• Great Lakes Region

Deposit growth opportunities

Core Deposits

Retail

- Average balance of $5.5bn during 4Q15 of which 81% are stable customer demand & savings accounts
- Cost of deposit: 0.76% during 4Q15
- Average deposits equal to $55mm per branch
- Flagstar is refreshing its brand to build awareness to grow its core deposit base

Commercial

- Average balance of $0.3bn during 4Q15
- Cost of deposit: 0.56% during 4Q15
- Over the past year, Flagstar has invested in its treasury management services to grow:
  - Commercial deposits 61%
  - Fee income 21%

Other Deposits

Government

- Average balance of $1.1bn during 4Q15
- Cost of deposit: 0.46% during 4Q15
- Michigan deposits are not collateralized
- We have strong relationships across the state
- Collection of property taxes partially offset seasonal declines in company-controlled deposits

Company controlled

- Average balance of $1.2bn during 4Q15 on 361k loans serviced and sub-serviced
- Low cost of deposit
- Deposit balances increase along with the number of loans serviced & sub-serviced

Highly profitable operations with significant operating leverage

4^{th} quarter 2015 key highlights

Strong profitability	• Net income of $33 million, $0.44 per diluted share, in 4Q15 - Down $14 million, $0.25 per diluted share vs. 3Q15 on lower mortgage revenues - Up $22 million, or $0.37 per diluted share vs. 4Q14 on higher net interest income, lower expenses and provision benefit - Returns on assets and equity up significantly vs. the same period last year
Higher net interest income	• Net interest income increased $3 million to $76 million, up 4% from 3Q15 and up 25% from 4Q14 - Average earning assets increased 5% led by growth in loans held for sale, CRE and residential mortgage loans - Net interest margin decreased 6bps to 2.69%
Expense discipline	• Noninterest expense decreased $2 million to $129 million, down 2% from 3Q15 - Commissions and loan processing expense declined on lower mortgage closings - Federal insurance premiums declined reflecting improved risk profile - Asset resolution expense remained low but increased slightly reflecting a prior quarter reimbursement benefit
Improved asset quality	• Net charge-offs and consumer delinquencies fell on solid credit performance - Adjusted charge-offs were $7mm or 51 bps - $1 million provision benefit - Allowance to loans held-for-investment remained strong at 3.0%
Robust capital	• Tier 1 leverage remains solid at 11.5% • On-balance sheet liquidity equal to 18.8% of total assets[1]

1) Liquid assets include interest earning deposits and investment securities; a 5% haircut is applied to investment securities to estimate liquidation costs.

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Quarterly income comparison (4Q15 vs. 3Q15)

$mm

		4Q15	3Q15	$ Variance	% Variance
Net interest income	A	$76	$73	$3	4%
(Benefit) provision for loan losses ("PLL")	B	(1)	(1)	-	0%
Net interest income after PLL		77	74	3	4%
Net gain on loan sales	C1	46	68	(22)	(32%)
Loan fees and charges	C2	14	17	(3)	(18%)
Loan administration income		7	8	(1)	(13%)
Net return on the mortgage servicing asset	C3	9	12	(3)	(25%)
Representation and warranty benefit		6	6	-	0%
Other noninterest income		15	17	(2)	(12%)
Total noninterest income		97	128	(31)	(24%)
Gain sale / total revenue		27%	34%	-7%	
Compensation and benefits		59	58	1	2%
Commissions and loan processing expense		20	24	(4)	(17%)
Other noninterest expenses		50	49	1	2%
Total noninterest expense	D	129	131	(2)	(2%)
Income before income taxes		**45**	**71**	**(26)**	**(37%)**
Provision for income taxes		12	24	(12)	50%
Net income		**$33**	**$47**	**($14)**	**(30%)**
Diluted earnings per share		**$0.44**	**$0.69**	**($0.25)**	(36%)
Profitability					
Net interest margin		2.69%	2.75%	-6 bps	
Mortgage rate lock commitments, fallout adjusted		$5,027	$6,495	($1,468)	(23%)
Mortgage closings		$5,824	$7,876	($2,052)	(26%)
Gain on loan sale margin[1]		0.92%	1.05%	-13 bps	
Efficiency ratio		75.2%	65.0%	N/M	

1) Expressed as a percent of fallout-adjusted locks.
N/M – not meaningful

Observations

A Net interest income

- Net interest income increased 4%
  - Earning asset growth of 5%
  - Net interest margin decreased 5 bps to 2.69%

B (Benefit) provision for loan losses

- Benefit driven by continued strong credit metrics
- NPAs decreased 3 bps to 0.61% compared to 0.64% of total assets, no commercial loan delinquencies

C Noninterest income

- Noninterest income decreased 24%
  - Net gain on loan sales decrease 32% on lower volumes and decreased gain on sale margin
  - Loan fees and charges decreased 18% on lower mortgage closings
  - Net MSR return decreased due to a $3 million collection benefit 3Q15

D Noninterest expense

- Noninterest expenses were down 2%
  - Lower variable expenses related to decreased mortgage closings
  - Lower federal insurance premiums reflecting improved risk profile

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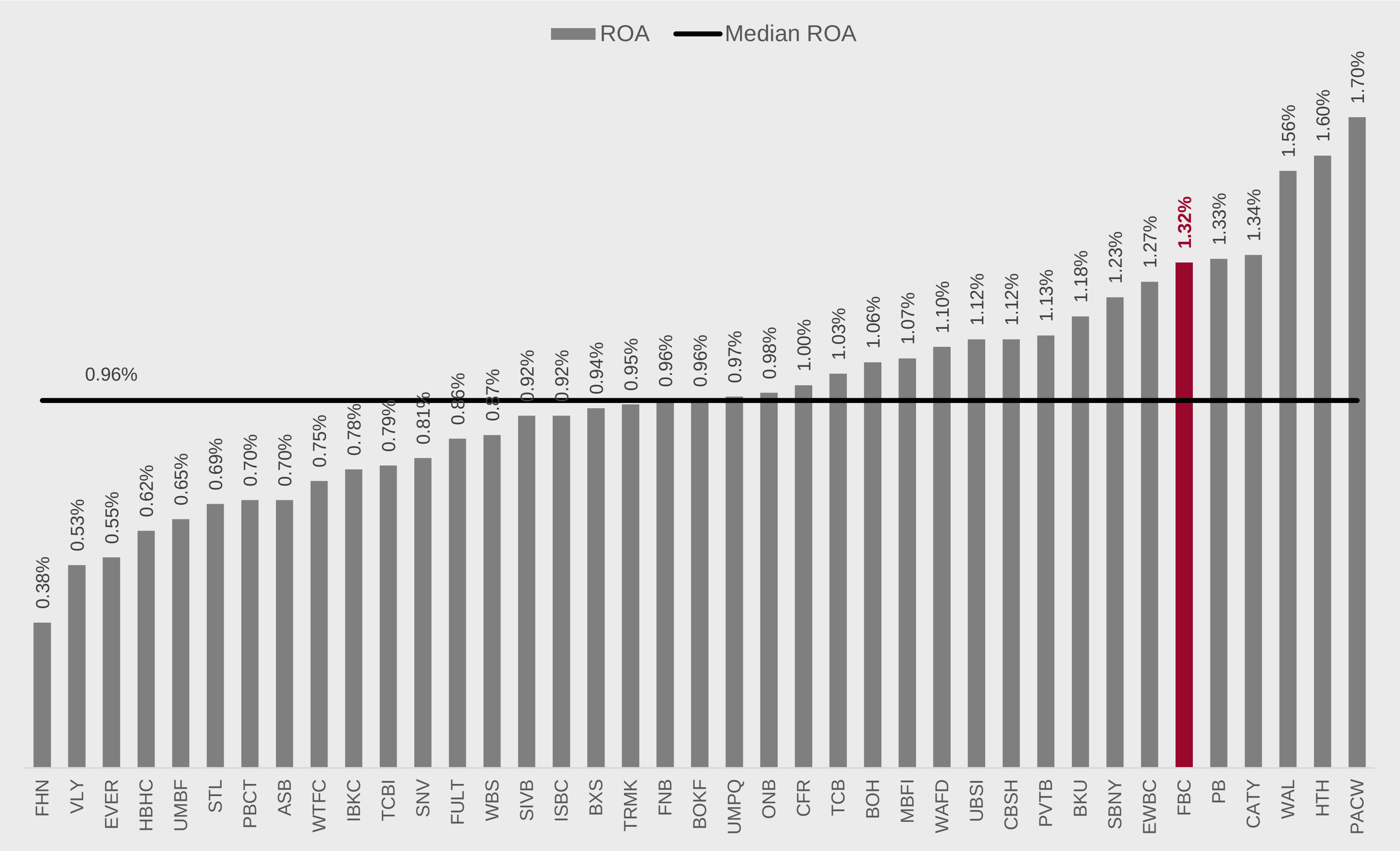
Top quartile ROA performance vs. peers[1]

Return on assets (2015)



Source: SNL Financial

1) Includes all major exchange U.S. banks with assets between $10bn and $50bn for the year ended 2015. Excludes merger targets and Puerto Rican banks.

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Balance sheet highlights (4Q15)

$mm

	Average Balance Sheet			Ending Balance Sheet		
		Incr (Decr)[1]			Incr (Decr)[1]	
	$	$	%	$	$	%
Loans held-for-sale	$2,484	*$284*	*13%*	$2,576	$168	7%
Consumer loans[2]	3,423	56	2%	3,650	347	11%
Commercial loans[2]	2,219	*174*	*9%*	2,702	491	22%
Total loans held-for-investment	5,642	230	4%	6,352	*838*	*15%*
Other earning assets[3]	3,114	33	1%	3,201	304	10%
Interest-earning assets	**$11,240**	***547***	***5%***	***$12,129***	**1,310**	**12%**
Other assets	1,585	(27)	(2%)	1,586	(114)	(7%)
Total assets	$12,825	$520	4%	$13,715	$1,196	10%
Deposits	$8,132	(128)	(2%)	$7,935	(202)	(2%)
FHLB advances	2,445	650	36%	3,541	1,517	75%
Other liabilities	701	(39)	(5%)	711	(144)	(17%)
Total liabilities	$11,278	483	4%	$12,187	1,171	11%
Preferred Equity	267	-	0%	267	-	0%
Common Equity	1,280	37	3%	1,261	25	2%
Total liabilities and equity	$12,825	$520	4%	$13,715	*$1,196*	*10%*
Common equity-to-asset ratio	10.0%			*9.2%*		
Book value per common share[4]				$22.33	$0.42	

Observations

Balance sheet growth

- Average balance sheet grew $0.5 billion or 4%
- Total average loans increased 6%
  - Commercial loans rose 9% with commercial real estate loans up 17%
  - Loans held for sale increased 13%

Strong balance sheet[5]

- Deposits are a significant portion of our funding
  - Total deposits equaled 72% of liabilities
  - Retail deposits equaled 51% of liabilities
- Common equity / assets of 9.2%

Book value per share

- Price to book ratio of 87% based on closing price as of February 23, 2016

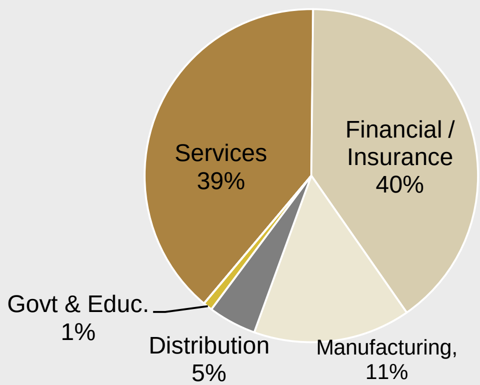
1) Measured vs. the prior quarter.
2) Consumer loans include second mortgage, HELOC and other loans; commercial loans include commercial real estate, commercial & industrial.
3) Other earning assets include interest earning deposits, investment securities and loans with government guarantees.
4) Book value per share has not been reduced for $86 million of unpaid dividends on our perpetual preferred stock, which has been deferred. If these dividends were paid, book value per share would be reduced by $1.53 per share.
5) Funding ratios are calculated on average balances; equity ratio is calculated on ending period balances.

Commercial lending

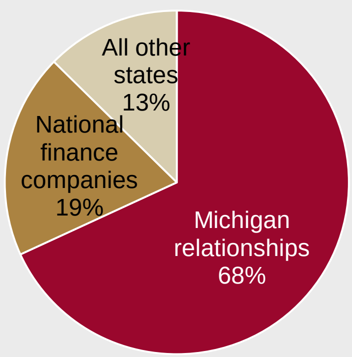
C&I predominately in-footprint and well diversified

C&I as of 12/31/15 - $552 mm

Borrower type:



Borrower location:



- Built a relationship-based C&I portfolio by recruiting seasoned bankers from larger competitors and had them bring their best relationships
- C&I borrowers are comprised of:
  - 68% Michigan relationships
  - 19% national finance companies where our relationship managers have long-standing relationships
  - The remainder of C&I loans (13%) are mostly Midwest-based relationships
- Average DSC ratios on C&I loans are slightly above 2.5x
- SNCs total $273mm and are relationship-based, where we have the ability to increase the depth of our relationship with the borrower

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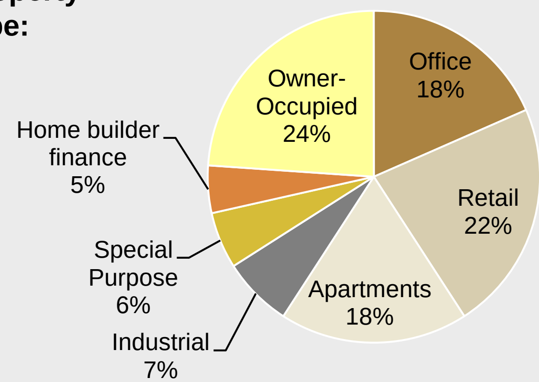
Commercial real estate lending

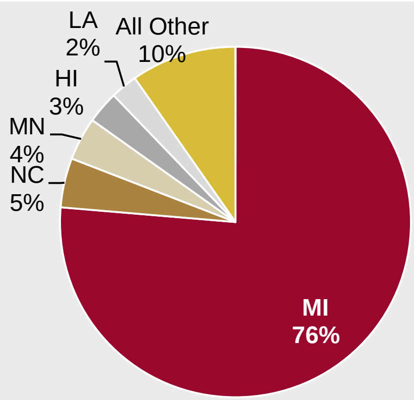
CRE predominately in-footprint and well diversified

CRE as of 12/31/15 - $814 mm

Property type:



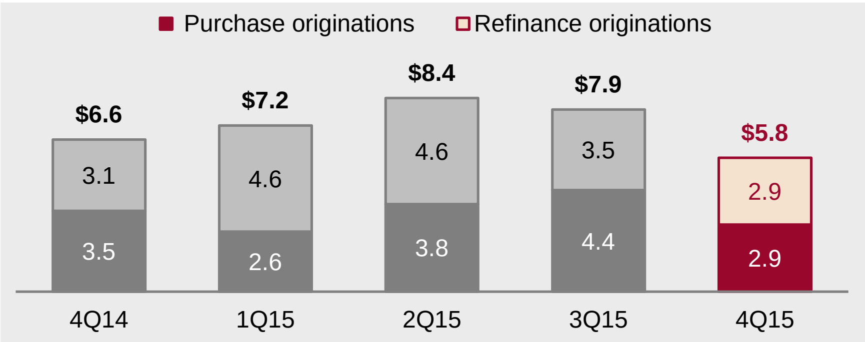
Property location:



- Built a relationship-based CRE portfolio by recruiting seasoned bankers from larger competitors and had them bring their best relationships
- CRE borrowers are comprised of:
  - 76% located in Michigan
  - Top 50 UPB balances (comprising 69% of loans) have an average balance just over $11mm
  - Top 51-100 UPB balances (comprising 10% of loans) have an average balance just under $3mm
- Average DSC ratios are slightly above 1.75x
- Average LTV ratios are slightly above 60%
- Portfolio is well balanced among different CRE property types

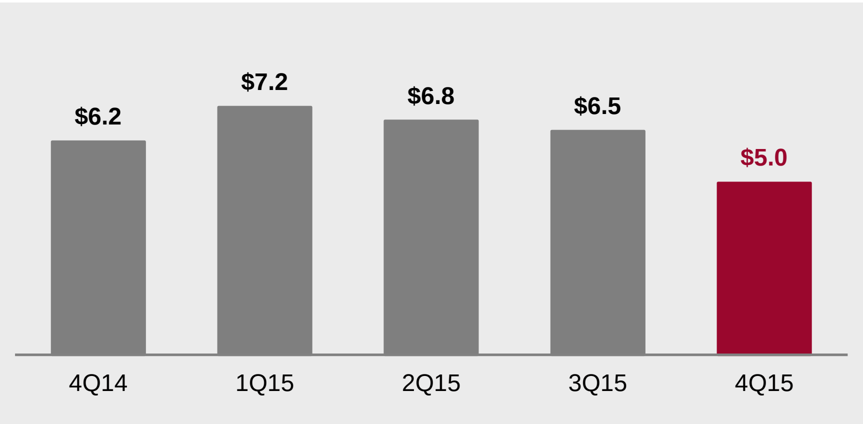
Mortgage originations

Closings by purpose ($bn)

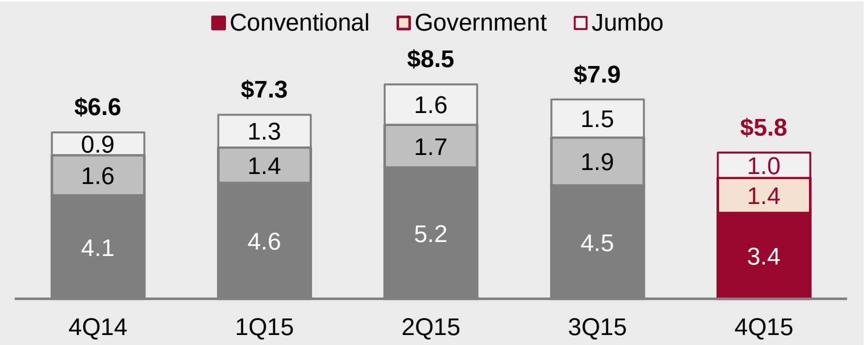


Conforming (%)	62%	64%	61%	57%	**58%**

Fallout-adjusted locks ($bn)

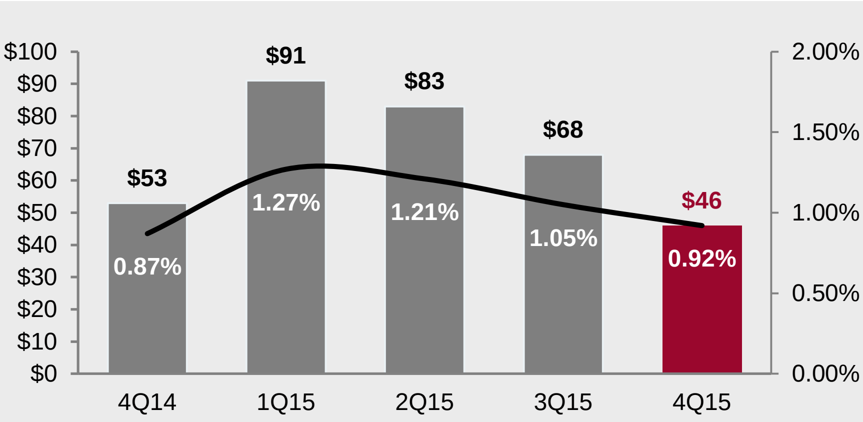


Closings by mortgage type ($bn)



FHA (%)	13%	11%	14%	16%	**16%**

Gain on loan sale[1] – revenue and margin



1) Based on fallout adjusted locks.

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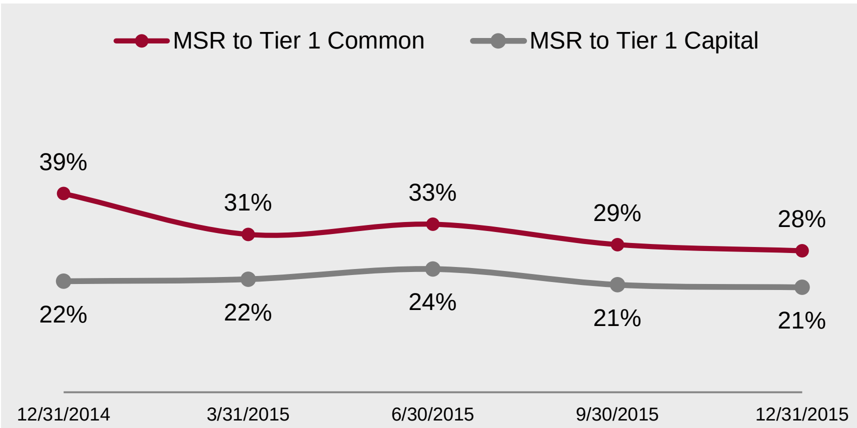
Mortgage servicing

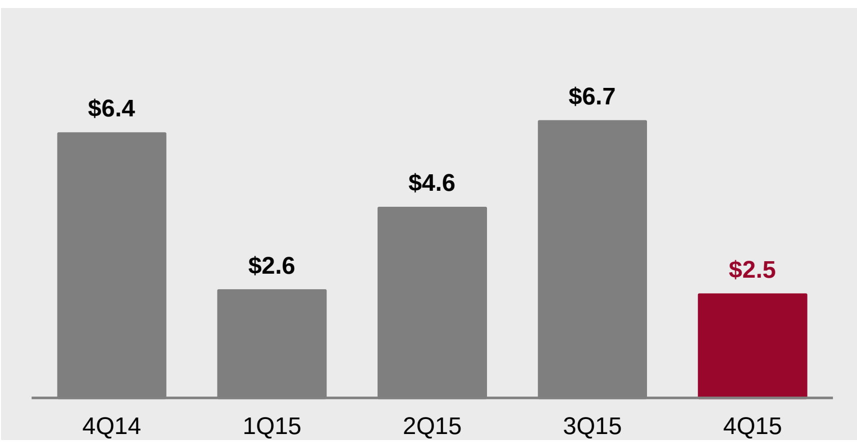
MSR / regulatory capital



$ return – MSR asset

$ Return	4Q14	1Q15	2Q15	3Q15	4Q15
Net hedged profit (loss)	$0	($4)	$4	$1	$1
Asset carry	15	18	22	19	16
Run-off	(10)	(15)	(12)	(8)	(8)
Gross return on the mortgage servicing asset	**$5**	**($1)**	**$14**	**$12**	**$9**
Sale transaction & P/L	(4)	(2)	(5)	3	-
Model Changes	-	-	-	(3)	-
Net return on the mortgage servicing asset	**$2**	**($2)**	**$9**	**$12**	**$9**
Average mortgage servicing rights	**$280**	**$265**	**$271**	**$317**	**$304**

$ UPB of MSRs sold ($bn)



MSR portfolio statistics

Measure ($mm)	12/31/15	9/30/15	Change
Unpaid principal balance	$26,145	$26,308	($163)
Fair value of MSR	$296	$294	$2
Capitalized rate	1.13%	1.12%	0.01%
Multiple	4.134	3.990	0.144
Note rate	4.118%	4.108%	0.010%
Service fee	0.274%	0.280%	-0.006%
Average Measure ($000)			
UPB per loan	$220	$222	($1)
FICO	731	727	4
Loan to value	76.17%	78.18%	-2.01%

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Guidance[1]

The guidance provided in the chart below was made as of the date given, January 26, 2016, and is not being updated hereby. We have not updated, and do not undertake to update, such guidance 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.

2016 1st quarter outlook	
Net interest income and margin	• Net interest income up on modest rise in earning assets • Partially offset by slightly lower net interest margin
Mortgage originations	• Fallout-adjusted locks up approximately 15 percent on higher market share in broker channel
Gain on loan sales	• Gain on loan sale margin relatively stable
Net servicing revenue	• Net return on the mortgage servicing asset drops moderately from sales and reversion to targeted long term return • MSR to Tier 1 ratio will be stable • Net loan administration income relatively stable
Other noninterest income	• Other noninterest income should approximate 2015 quarterly average
Provision for loan losses	• Provision for loan losses to match Q415 net charge-offs (excluding loan sales and loans with government guarantees)
Noninterest expenses	• Noninterest expenses to rise modestly to $130 - $135 million due to investment in growth initiatives & seasonality
Income tax expense	• Effective tax rate to approximate full year 2015 tax rate of 34%

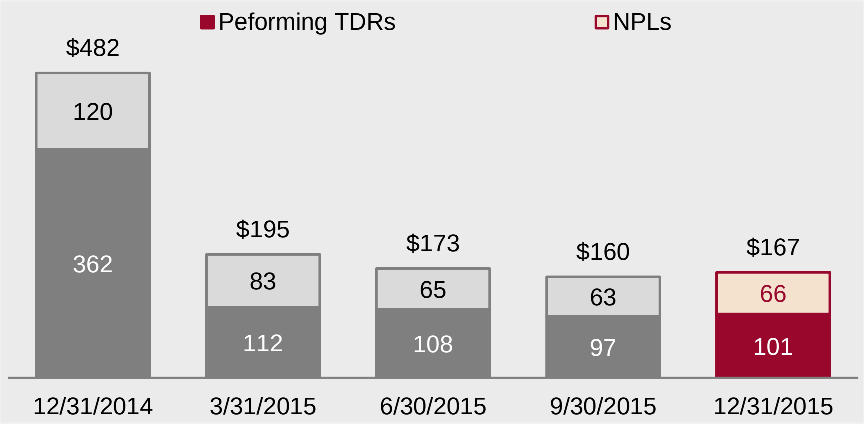
1) See cautionary statements on slide 2.

Flagstar Bancorp

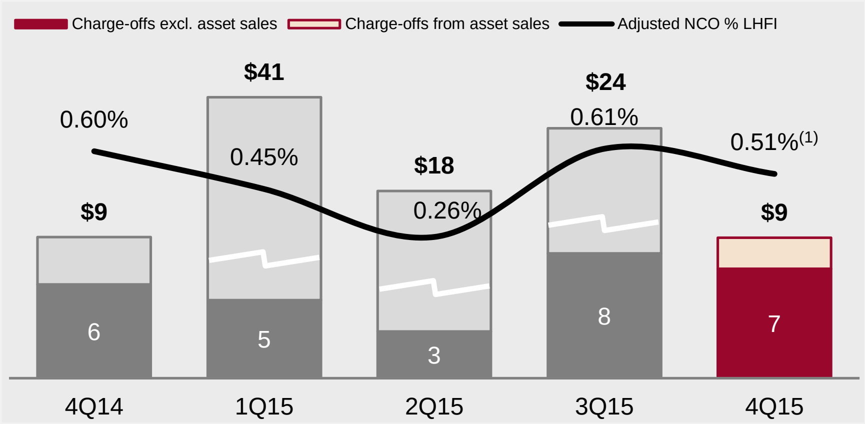
Positioned to thrive in any market

Low credit risk

Performing TDRs and NPLs ($mm)

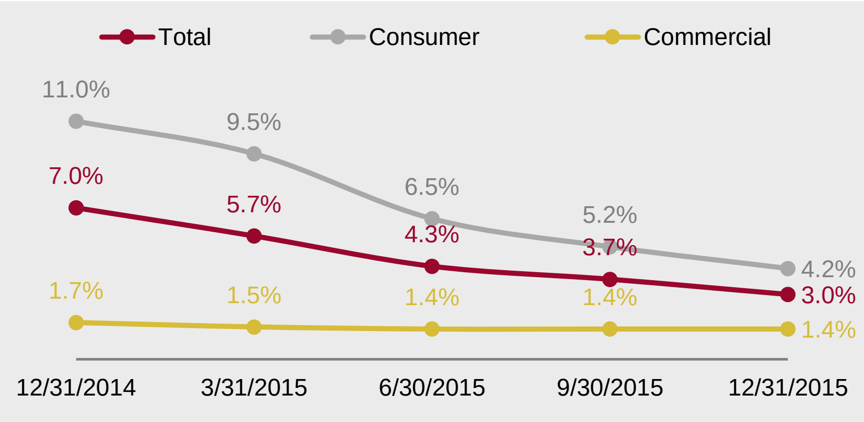


Net charge-offs ($mm)



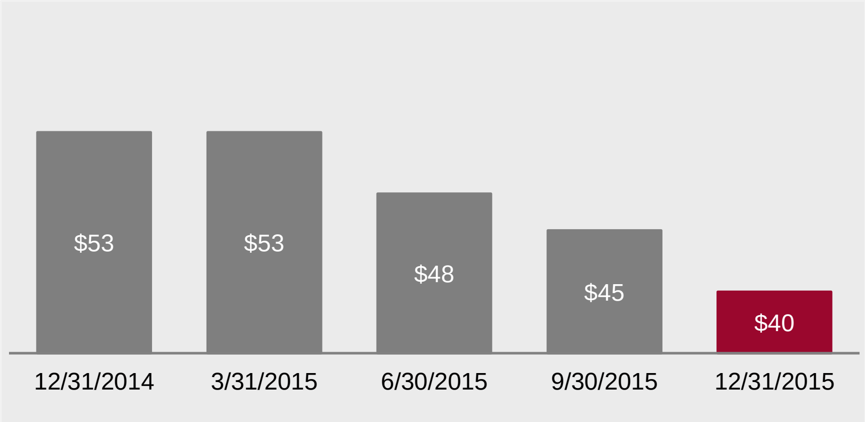
1) 0.29% excluding loan sales and $3mm of loans with government guarantees.

Allowance coverage[1] (% of loans HFI)



1) Excludes loans carried under the fair value option.

Representation & warranty reserve ($mm)



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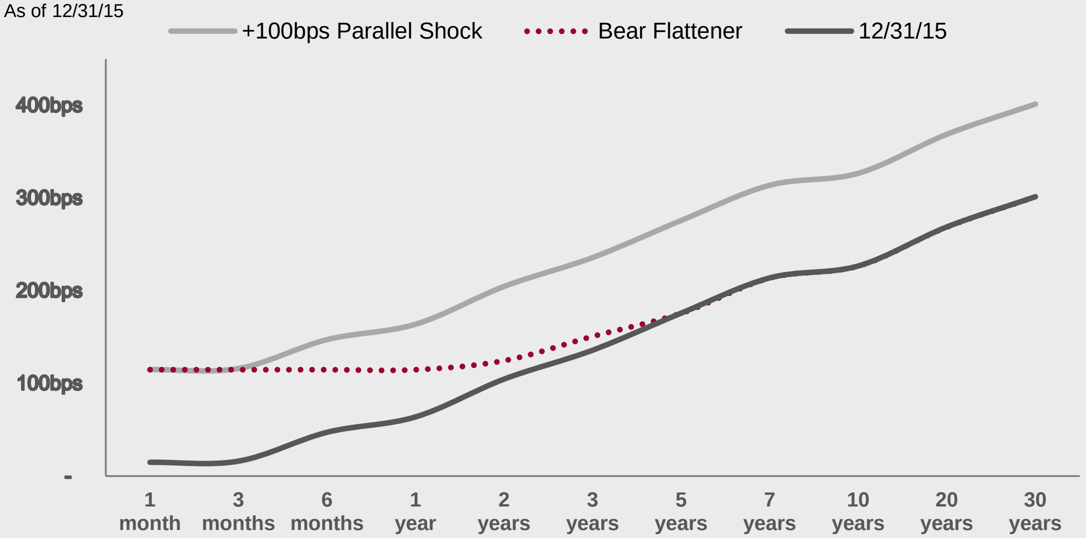
Low interest rate risk

Net interest margin – 12 month horizon instantaneous shocks ($mm)

As of 12/31/15



($ in mm)	Up 100bps Parallel Shift	Up 100bps Bear Flattener
Net interest income	$4	($22)
Noninterest Income	($4) to $0	$0 to $22

Economic value of equity

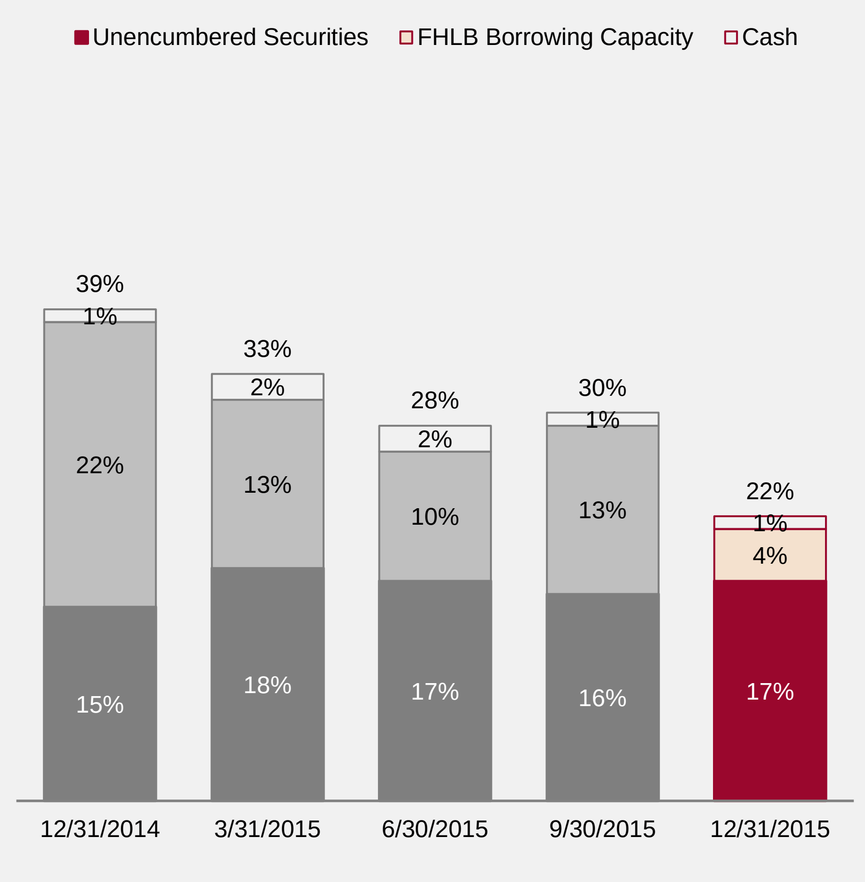
Change in Rates (bps)	Economic Value of Equity ($bn)	Change ($bn)	Change (%)	Policy Limit (%)
+400	$1.71	($0.36)	(17.5%)	(30.0%)
+300	$1.81	($0.26)	(12.6%)	(20.0%)
+200	$1.92	($0.16)	(7.5%)	(15.0%)
+100	$2.01	($0.06)	(2.9%)	(7.5%)
Market Implied	$2.07	$0.00	0.0%	0.0%

Interest rate risk management

- The shorter term measure of the “Earnings at Risk” interest rate risk position is asset sensitive due to the immediate repricing of the variable rate assets including the mortgage banking pipeline, warehouse loans and commercial loans while liabilities reprice more slowly.
- The longer term measure of the “Economic Value of Equity” interest rate position is liability sensitive as the average duration of the liabilities is shorter than the average duration of the assets.
- Flagstar also performs a Net Income Simulation that includes the effect of changes in interest rates on the mortgage business. Net income is projected to increase significantly in a decreasing rate environment due to increased mortgage originations.

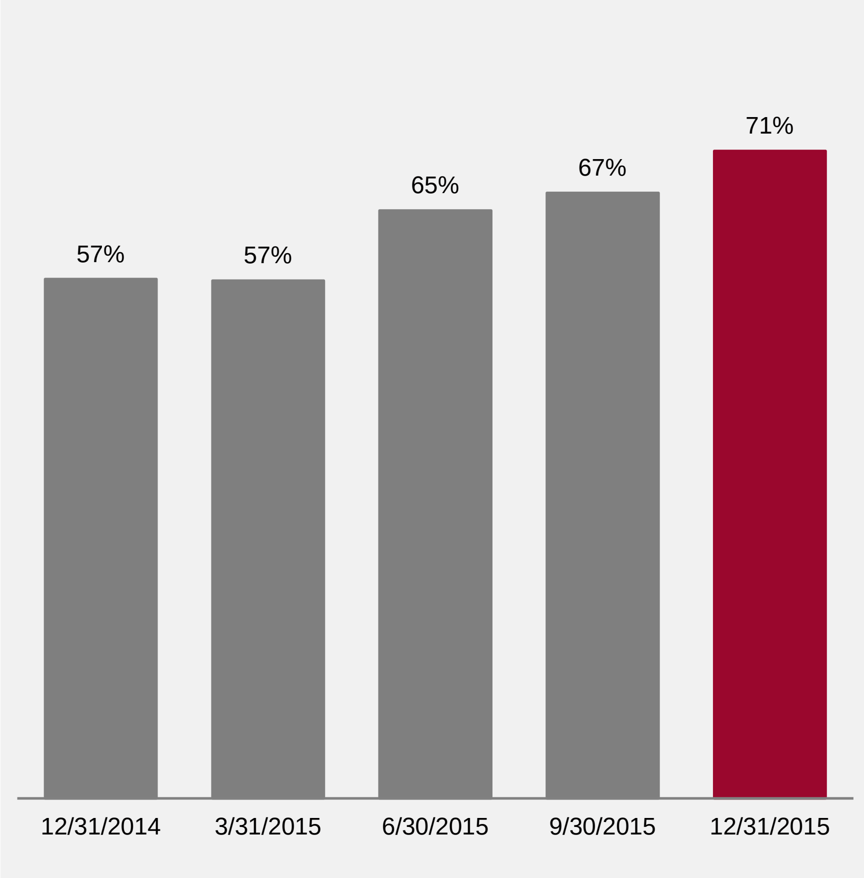
Low liquidity risk

Available liquidity/total assets(1)



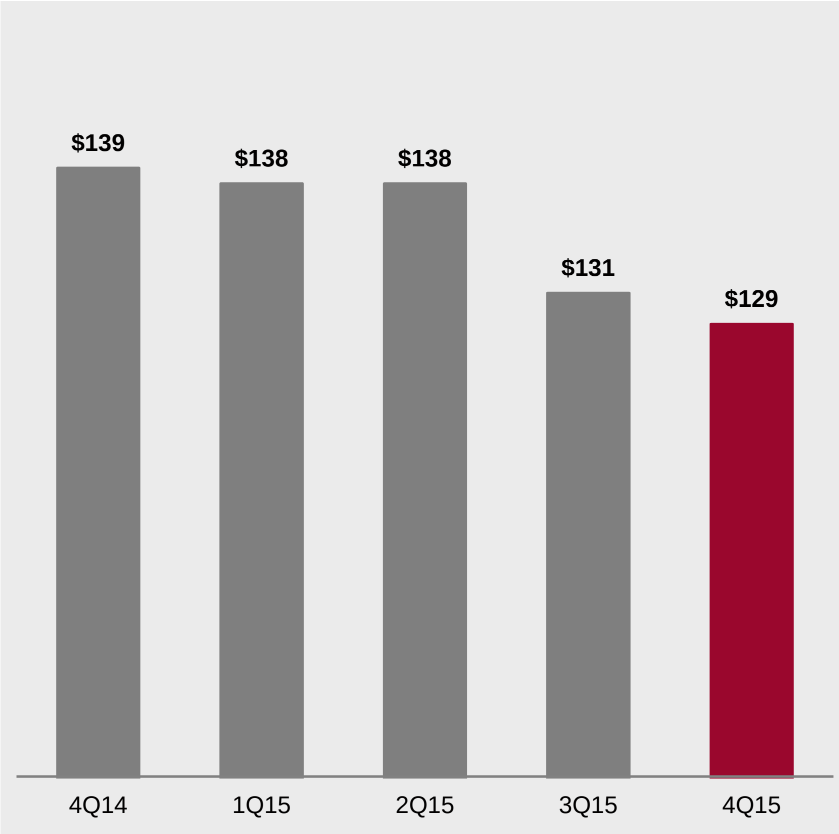
1) Includes investment securities held-to-maturity and available-for-sale in all periods presented.

Gross loans HFI/deposits

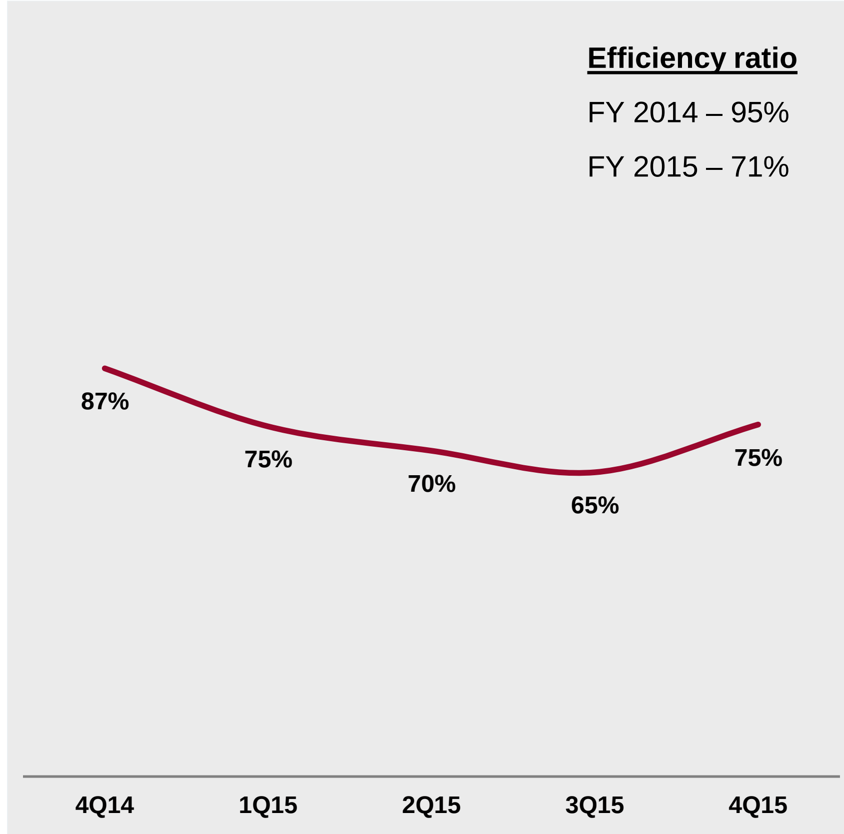


Strong operating leverage

Quarterly noninterest expenses ($mm)

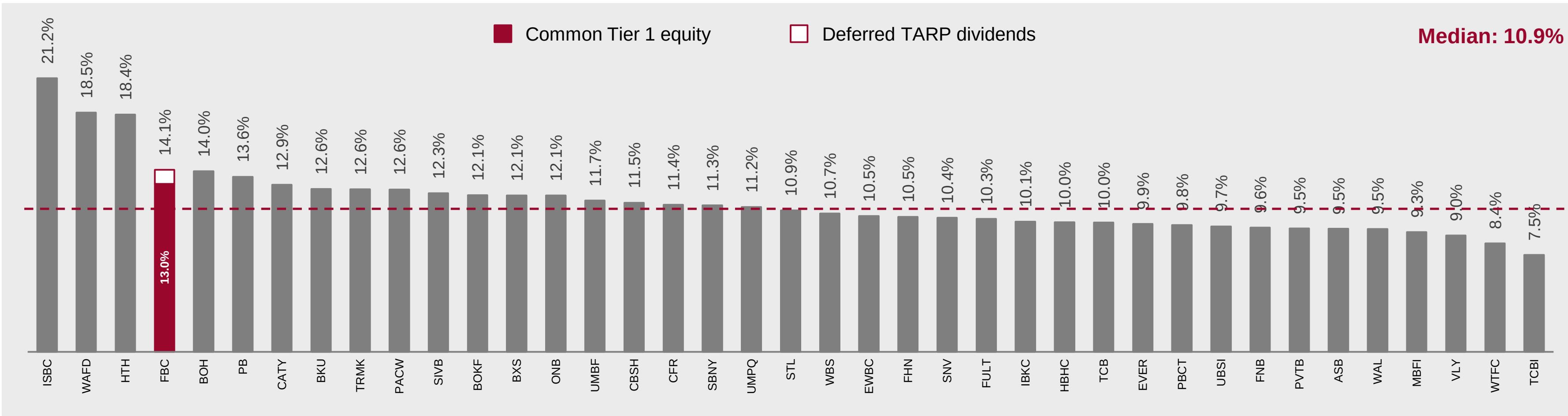


Efficiency ratio

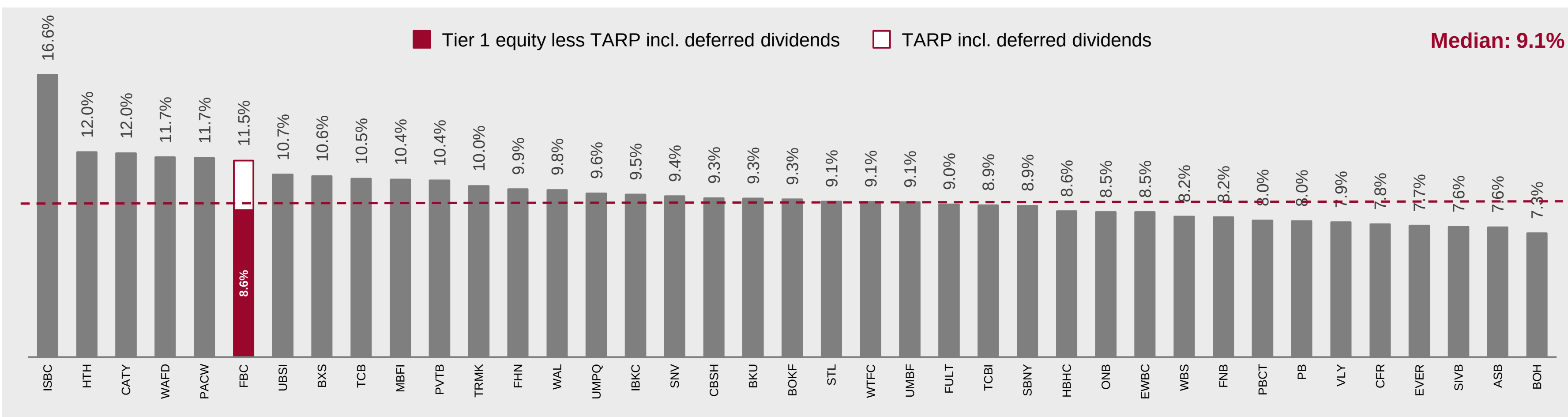


Strong capital position relative to peers[1] notwithstanding low risk content of businesses

Tier 1 common[2]



Tier 1 leverage[3]



Source: SNL Financial
1) Data as December 31, 2015 (or September 30, 2015 if not available) for all major exchange U.S. banks with assets between $10bn and $50bn. Excludes merger targets and Puerto Rican banks.
2) Expressed as a % of risk weighted assets
3) Expressed as a % of adjusted tangible assets

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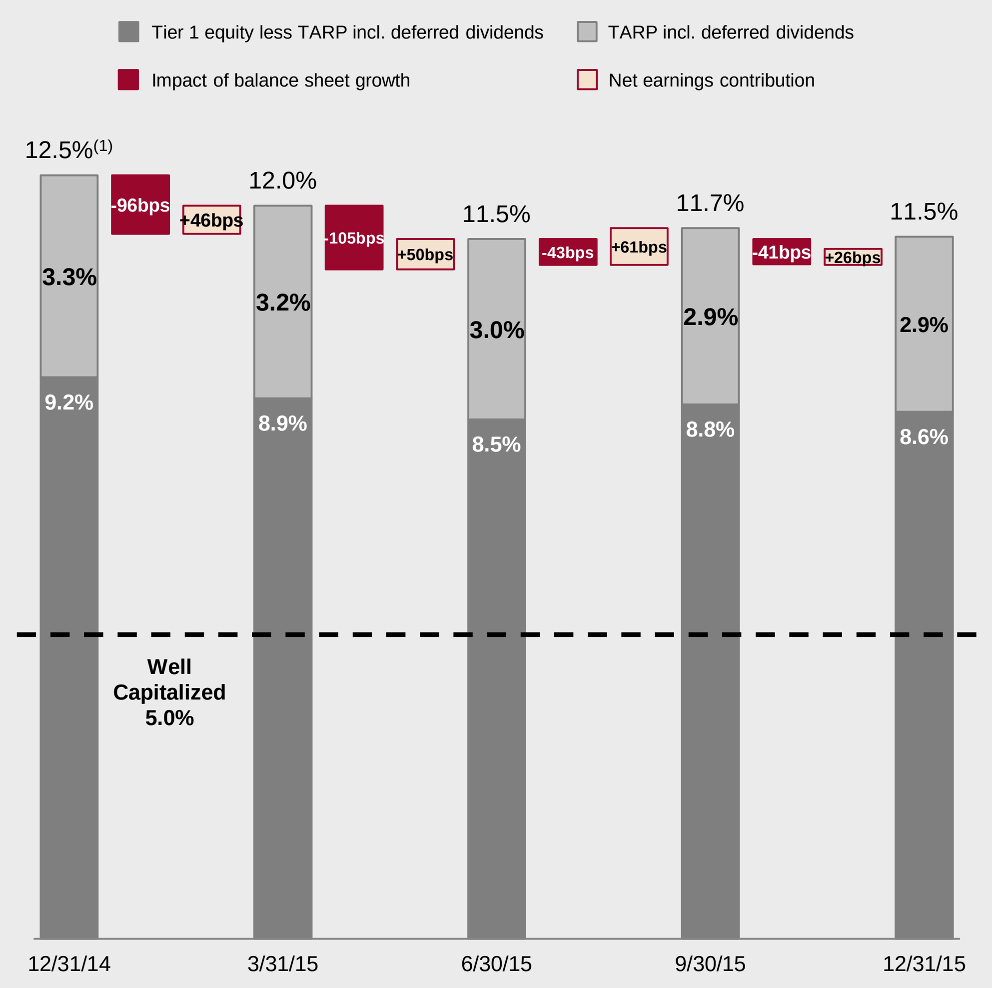
Flagstar has a robust rate of internally generated regulatory capital

Tier 1 leverage - 12/31/14 to 12/31/15 (Flagstar Bancorp)



1) Pro-forma under Basel III partial phase-in requirements. Please see non-GAAP tables in the appendix.

Observations 4Q15

	Tier 1 Leverage	CET-1 to RWA	Tier 1 to RWA	Total RBC to RWA
12/31/15	11.5%	14.1%	19.0%	20.3%
9/30/15	11.7%	14.9%	20.3%	21.6%

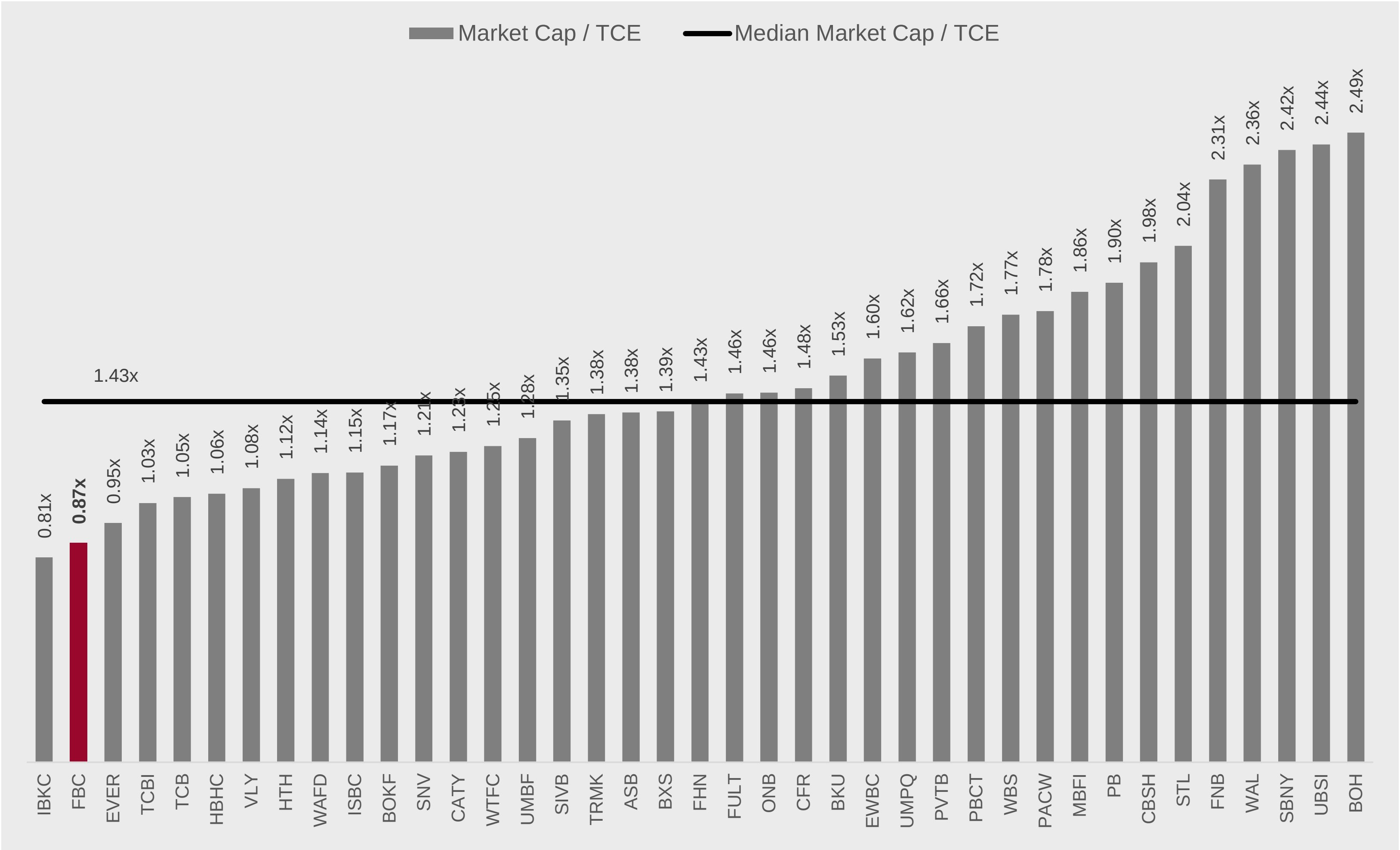
- Decrease in regulatory ratios led by earnings asset growth partially offset by earnings retention and utilization of NOL-related deferred tax assets
- Utilization of NOL-related DTA has released regulatory capital to support balance sheet growth
  - Benefit of 0.4% to Tier 1 Leverage ratio
  - Helped support earning asset growth of $2.0bn (24%)

Redemption of TARP (NLT 2nd half of 2016)

- Flagstar has used excess capital to support balance sheet growth
- Flagstar grows regulatory capital at a greater pace as it utilizes its NOL-related DTAs and scales back its concentration of MSRs
- The balance sheet has trapped capital of:
  - $228mm of NOL-related DTAs (183bps of Tier 1 leverage)
  - $95mm of MSRs (76bps of Tier 1 leverage)
- Robust capital generation will support future growth

Relative valuation vs. peers[1]

Market capitalization / tangible common equity



Source: SNL Financial

1) Market capitalization as of February 23, 2016. Tangible common equity as of December 31, 2015 (or September 30, 2015 if not available) for all major exchange U.S. banks with assets between $10bn and $50bn. Excludes merger targets and Puerto Rican banks.

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Conclusion

Why invest in Flagstar?

- Unique relationship-driven business model specialized in housing finance
- Disciplined management team with extensive banking experience
- Substantial and attractive growth opportunities
- Highly profitable operations with significant operating leverage
- Positioned to thrive in any market

Appendix

Supplemental capital ratios

$mm – Basel I to Basel III (transitional) as of 12/31/14

Flagstar Bancorp	Common Equity Tier 1 (to Risk Weighted Assets)	Tier 1 Leverage (to Adjusted Tangible Assets)	Tier 1 Capital (to Risk Weighted Assets)	Total Risk-Based Capital (to Risk Weighted Assets)
Regulatory capital as of 12/31/14				
Basel I capital	N/A	$1,184	$1,184	$1,252
Net change in capital	N/A	$37	$37	$37
Basel III capital[(1)]	**$876**	**$1,221**	**$1,221**	**$1,289**
Risk-weighted assets as 12/31/14				
Basel I assets	N/A	$9,403	$5,190	$5,190
Net change in assets	N/A	$351	$42	$42
Basel III assets[(1)]	**$5,232**	**$9,755**	**$5,232**	**$5,232**
Capital ratios				
Basel I	N/A	12.6%	22.8%	24.1%
Basel III[(1)]	**16.7%**	**12.5%**	**23.3%**	**24.6%**

1) On January 1, 2015, the Basel III rules became effective, subject to transition provisions primarily related to regulatory deductions and adjustments impacting, risk weighted assets, adjusted tangible assets, common equity Tier 1 capital and Tier 1 capital. We reported under Basel I (which included the Market Risk Final Rules) at December 31, 2014.