

Flagstar Bancorp, Inc. (NYSE: FBC)

2017 Annual Meeting of Shareholders

May 23, 2017



Cautionary statements

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, 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.

In addition to results presented in accordance with GAAP, this presentation includes non-GAAP financial measures. The Company believes these non-GAAP financial measures provide additional information that is useful to investors in helping to understand the capital requirements Flagstar will face in the future and underlying performance and trends of Flagstar.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To compensate for these limitations, we use non-GAAP measures as comparative tools, together with GAAP measures, to assist in the evaluation of our operating performance or financial condition. Also, we ensure that these measures are calculated using the appropriate GAAP or regulatory components in their entirety and that they are computed in a manner intended to facilitate consistent period-to-period comparisons. Flagstar's method of calculating these non-GAAP measures may differ from methods used by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for those financial measures prepared in accordance with GAAP or in-effect regulatory requirements.

Where non-GAAP financial measures are used, the most directly comparable GAAP or regulatory financial measure, as well as the reconciliation to the most directly comparable GAAP or regulatory financial measure, can be found on slide 19 of this presentation. Additional discussion of the use of non-GAAP measures can also be found in current and periodic Flagstar reports filed with the U.S. Securities and Exchange Commission. These documents can all be found on the Company's website at flagstar.com.

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

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization \$1.6bn
- Member of the Russell 2000 Index

Community banking

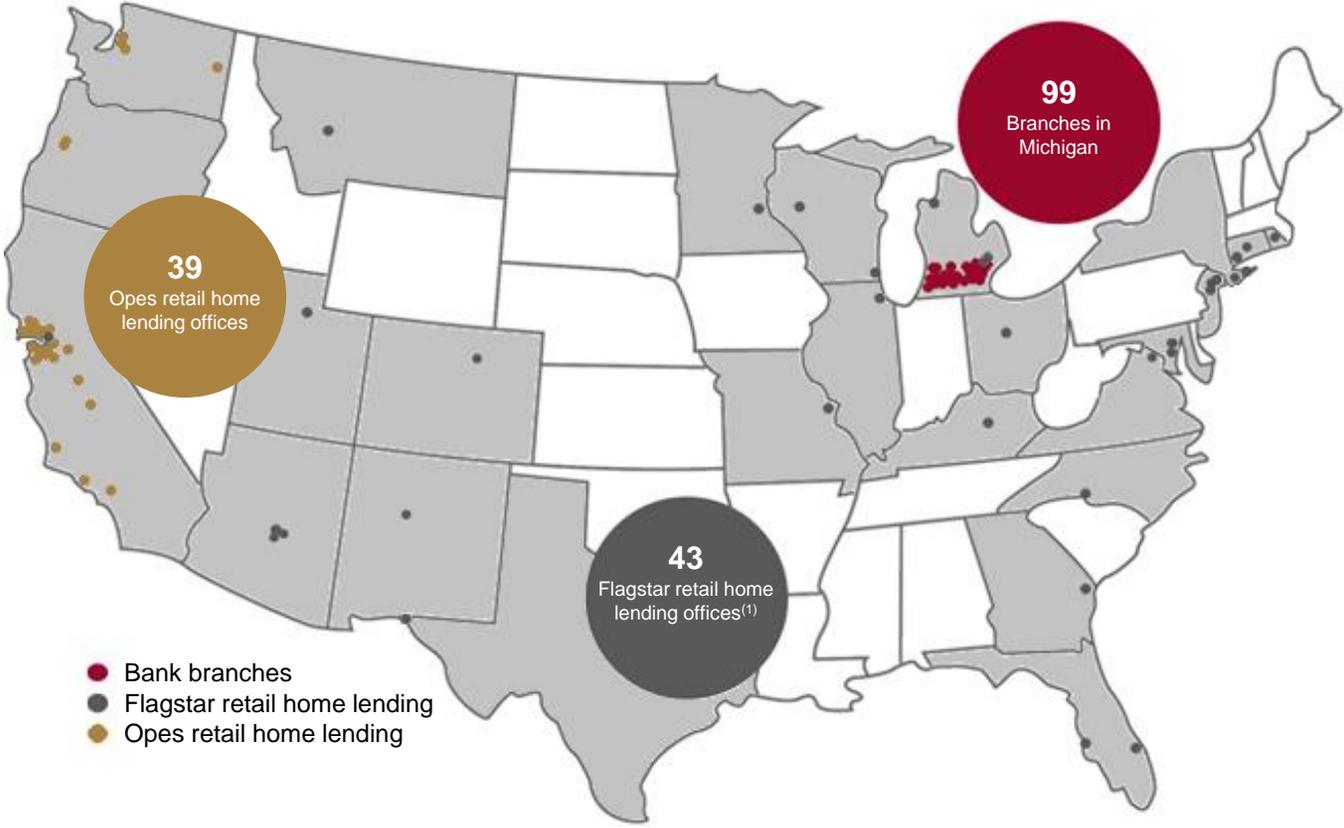
- Leading Michigan-based bank with a balanced, diversified lending platform
- \$15.4bn of assets and \$8.6bn of deposits
- 99 branches
- 106k household & 15k business relationships

Mortgage origination

- Leading national originator
- Originated \$32.0bn of residential mortgage loans during the last twelve months
- More than 1,600 TPO relationships

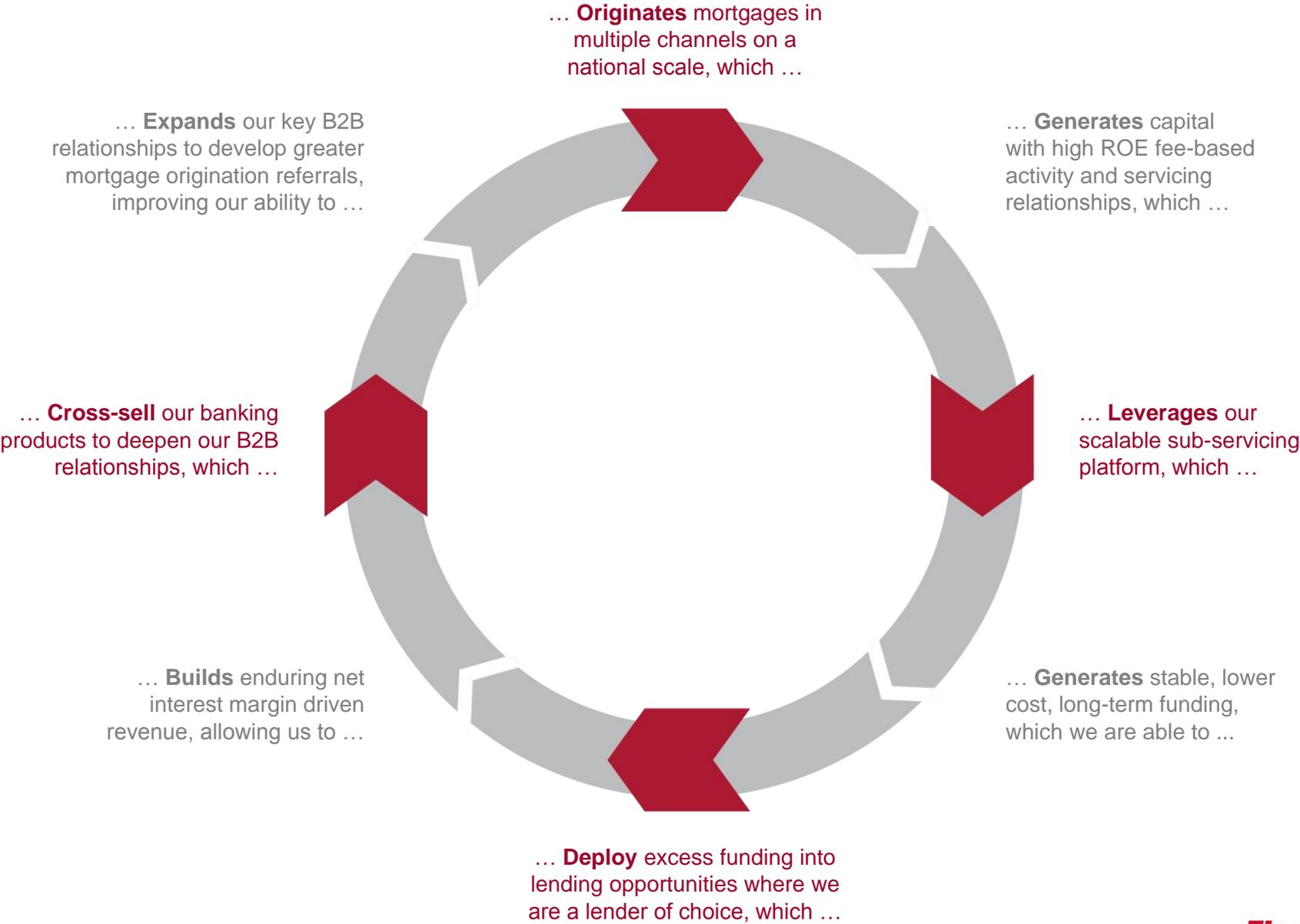
Mortgage servicing

- 8th largest sub-servicer of mortgage loans nationwide
- Currently servicing approximately 393k loans
- Scalable platform with capacity to service 1mm loans
- Low cost deposits from escrow balances



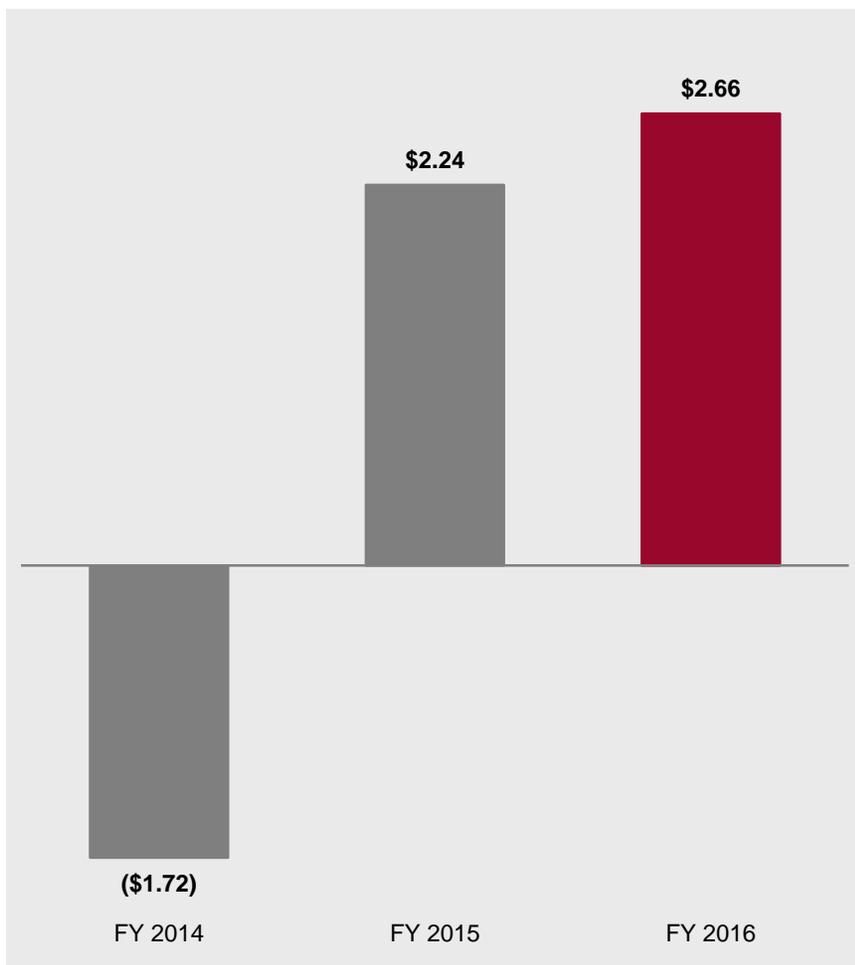
1) Includes seven home lending offices located in banking branches.

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



Financial performance

Earnings per share



2016 Highlights

- **Posted solid, consistent financial results despite volatile interest rates and seasonal changes in mortgage production**
 - FY 2016 adjusted ROA of 1.1%¹
 - FY 2016 return on common equity of 11.8%¹ (89th percentile of comparable bank performance²)
 - Strong results led by community bank which produced highest level of net interest income in company history
- **Lifting of OCC Consent Order supported by quality of operations in risk management and compliance**
- **Maintained solid level of capital even after redeeming TARP securities**
 - Common equity to asset ratio remained strong at 9.5%
 - Book value per share rose 15% to \$23.50, despite \$1.84 reduction for TARP dividends paid at redemption

1) References non-GAAP number for 2016 to exclude DOJ benefit. Please see reconciliation on slide 19.

2) 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.

2016 Strategic highlights

Unique relationship-based business model

- Average earning assets increased \$1.7 billion, demonstrating strong asset generation ability
- Mortgage originations rose 10% despite challenging macroeconomic headwinds late in year

Grow community banking

- Strong balance sheet growth
 - Average commercial loans rose \$1.3 billion, led by \$500 million, or 50% increase in warehouse loans
 - Average total deposits increased \$1.1 billion

Strengthen mortgage revenues

- Expanded distributed and direct-to-consumer retail businesses
 - Retail fallout-adjusted locks increased \$530 million, or 39%, year-over-year
 - Stearns and Opes Advisors acquisitions in 2017 should strengthen position as national leader in mortgage industry

Highly profitable operations

- Solid, consistent financial results with adjusted net income of \$155 million, or \$2.38 per share (up 6%)¹
- Progress on long-term financial targets with FY2016 adjusted ROA of 1.1%¹ and adjusted ROCE of 11.8%¹

Positioned to thrive in any market

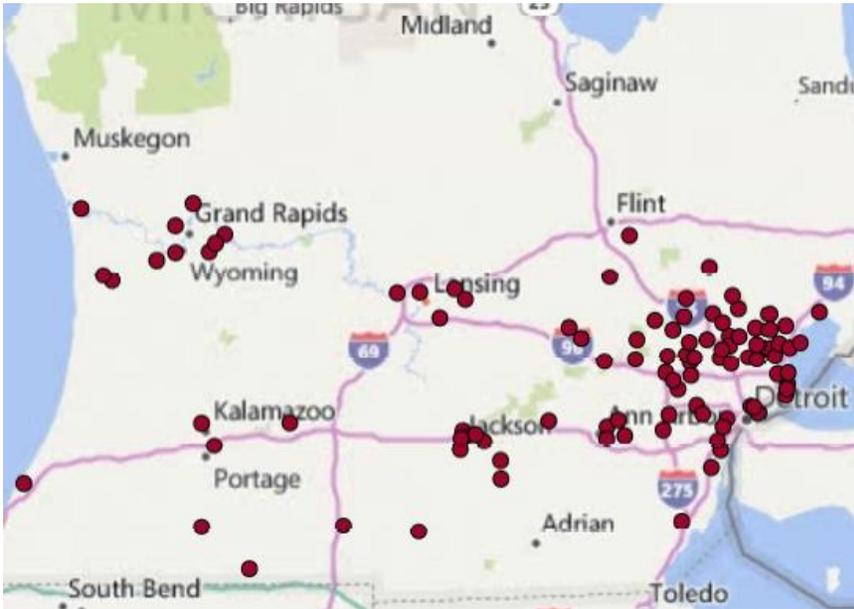
- Solid credit performance with low levels of NPLs and net charge-offs supported by 2.37% allowance coverage ratio
- Relatively neutral interest rate risk position; strong liquidity
- Tier 1 leverage ratio of 8.9%

1) References non-GAAP number for 2016 to exclude DOJ benefit. Please see reconciliation on slide 19.

Strong market position as leading MI-based community bank

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Flagstar's branch network



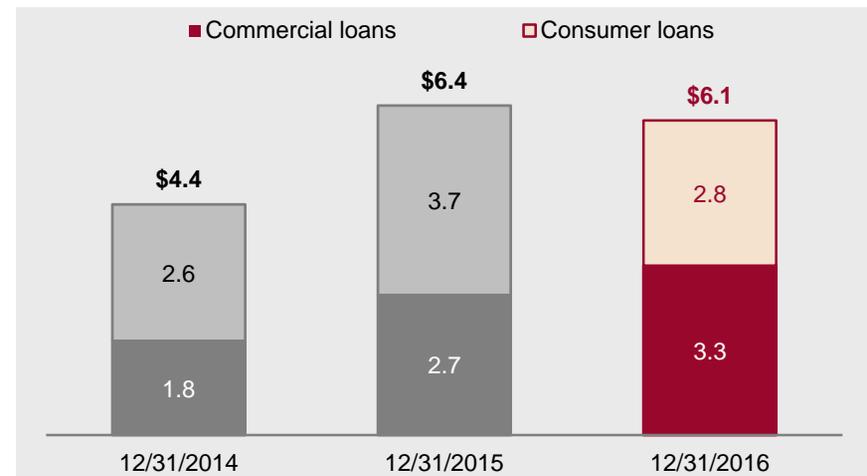
Attractive markets

Market	Flagstar Deposits		Deposit mkt share	Median HHI	Proj HHI growth ³	Proj pop growth ³
	\$mm	% of total				
Oakland County ¹	3,456	47.5%	7.0%	72,183	10.7%	2.7%
Grand Rapids MSA	402	5.5%	2.0%	58,024	10.3%	4.3%
Ann Arbor MSA	296	4.1%	3.6%	65,958	9.2%	3.3%
Key Flagstar markets ²	4,154	57.1%	5.3%	70,369	10.6%	2.9%
National aggregate				57,462	8.7%	3.8%

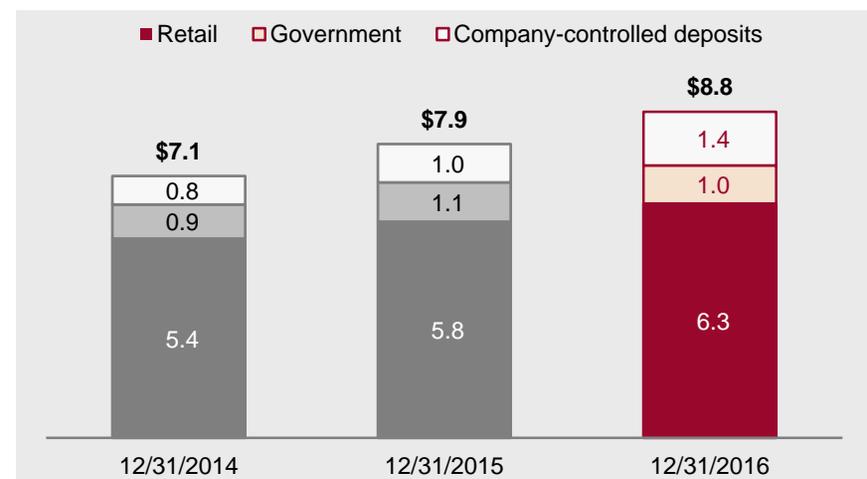
Source: SNL Financial; Note: Deposit data as of June 30, 2016; MI-based banks highlighted; Pro forma for pending mergers and acquisitions.

- Oakland County data excludes \$1.5bn of company-controlled deposits.
- Flagstar Median HHI, projected HHI growth and projected population growth are deposit weighted.
- 2017–2022 CAGR.

Loans held-for-investment (\$bn)

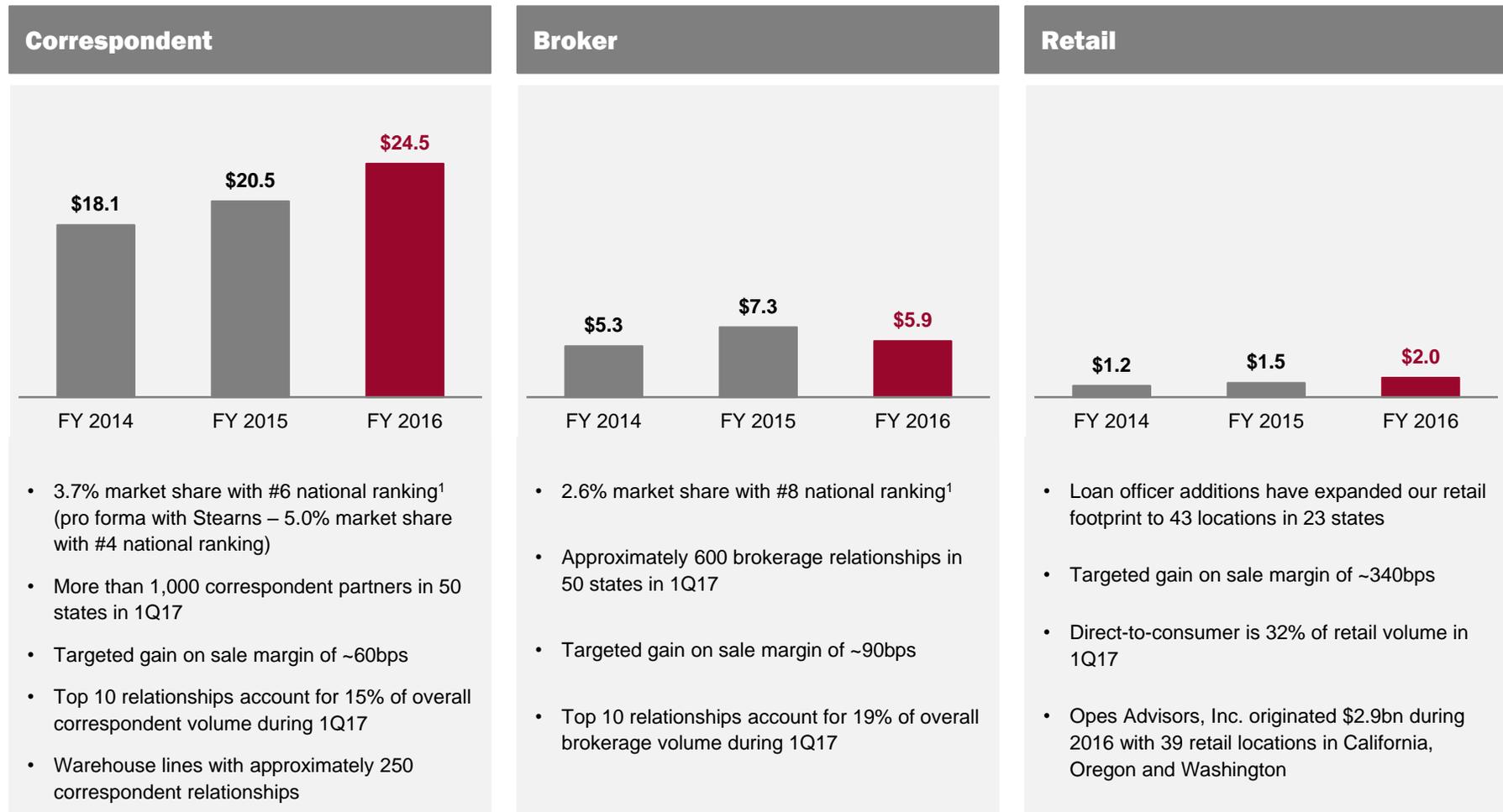


Total deposits (\$bn)



Originates mortgages in multiple channels on a national scale

Residential mortgage originations by channel (\$bn)



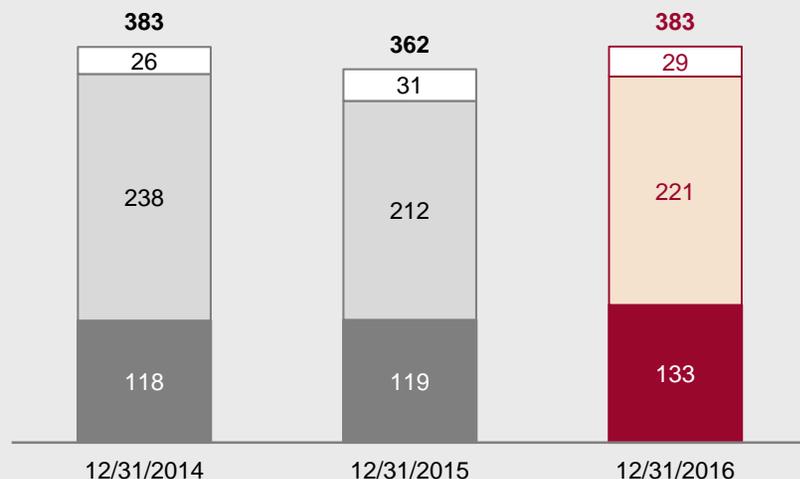
1) Data source: As reported by Inside Mortgage Finance for FY16 published February 24, 2017.

Flagstar has a scalable sub-servicing platform

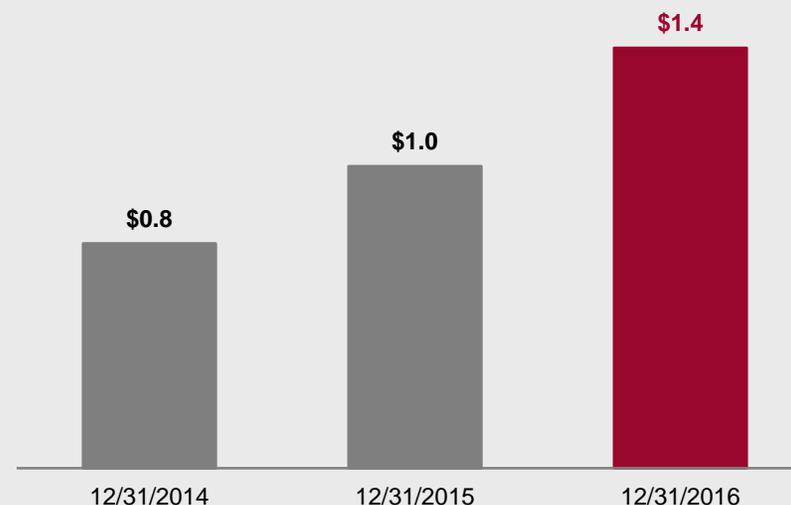
of Shareholders

Loans serviced (000's)

■ Serviced for Others □ Subserviced for Others □ Flagstar Loans HFI



Company-controlled deposits (\$bn)



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 offer other banking products
 - Develop “white-label” subservicing capabilities to expand size of addressable market
- Estimated \$5 - \$7 million of incremental operating profit before tax for every 100,000 loans we add to our platform on our standard pricing matrix
- Competitive advantage with the generation of company controlled deposits as a significant source of low-cost funding
- Recently named by Fannie Mae, for the 2nd year in a row, a 2016 Servicer Total Achievement and Rewards (“STAR”) performer

Higher net interest income is stabilizing earnings

- We have re-deployed capital into higher spread commercial loans to transition to more stable net interest income
- Over the last 2 years we have increased year end balances:
 - CRE (up 103% or \$641mm)
 - C&I (up 79% or \$340mm)
 - Warehouse lending (up 61% or \$468mm)

Average earning assets and net interest income (\$mm)



Questions

Sandro DiNello, CEO

Report of Inspectors

Christine Reid, Corporate Secretary

Adjournment

Sandro DiNello, CEO

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Non-GAAP reconciliation

\$mm	
	12 Months Ended 12/31/16
Net interest income (a)	\$323
Noninterest income (b)	\$487
Adjustment to remove DOJ benefit ¹	(24)
Adjusted noninterest income (c)	\$463
Noninterest expense (d)	\$560
Efficiency ratio (d/(a+b))	69.2%
Adjustment to remove DOJ benefit ¹	2.0%
Adjusted efficiency ratio (d/(a+c))	71.2%
Net income applicable to common stockholders (e)	\$171
Adjustment to remove DOJ benefit ¹	(24)
Tax impact of DOJ benefit ²	8
Adjusted net income applicable to common stockholders (f)	\$155
Average total assets (g)	\$13,907
Return on average assets ((e/g) x annualization factor)	1.2%
Adjustment to remove DOJ benefit ¹	(0.1%)
Adjusted return on average assets ((f/g) x 4)	1.1%
Average common equity (h)	\$1,313
Return on average common equity ((e/h) x annualization factor)	13.0%
Adjustment to remove DOJ benefit ¹	(1.2%)
Adjusted return on average common equity ((f/h) x 4)	11.8%

- 1) Reflects the exclusion of the 3Q16 Department of Justice ("DOJ") benefit.
2) Effective tax rate of 34% applied to the Department of Justice ("DOJ") benefit.