

Flagstar Bancorp, Inc. (NYSE: FBC)

Desert Community Bank Branch Acquisition San Bernardino County, CA

November 13, 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.

Completion of the acquisition of the Desert Community Bank eight-branch network is subject to the satisfaction of customary closing conditions, including receipt of regulatory approval.

Desert Community Bank branches – deposit overview

San Bernardino County, CA (High Desert region)

Market rank (\$mm)⁽¹⁾ - 6/30/17

Rank	Bank	As of 6/30/17	1-Year % Incr
1	Bank of America	\$626	11%
2	Desert Community Bank	\$585	9%
3	JPMorgan Chase	\$479	14%
4	Wells Fargo	\$478	9%
5	Mitsubishi UFJ	\$338	7%
6	US Bank	\$307	5%
7	Citizens Business Bank	\$112	5%

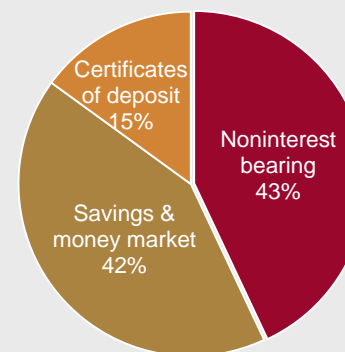
Demographics⁽¹⁾⁽²⁾

- San Bernardino is the fifth largest county in California with 2.1mm residents and a median household income of \$60k
 - Strong projected population growth of 4% and household income growth of 10%
- Desert Community Bank has the #2 market share position in the High Desert region of San Bernardino County, CA
 - San Bernardino County has realized deposit growth of nearly 7% since 2012 (5 year CAGR); potential to grow low-cost deposits

(1) Source: 6/30/17 FDIC Summary of Deposits as reported by SNL Financial.

(2) As estimated at July 1, 2015 by the U.S. Census Bureau.

Acquired deposits (\$mm) – 9/30/17



0.25% cost of deposits

Acquired branch list

Rank	Branch Location	Deposits (\$mm)
1	Apple Valley	\$121
2	Victorville (Main Branch)	104
3	Hesperia	88
4	Victorville (North Branch)	83
5	Adelanto	67
6	Barstow	57
7	Wrightwood	38
8	Phelan	36
		\$594
Average deposits / branch		\$74

Desert Community Bank branches – transaction overview

Transaction summary

- Flagstar is acquiring the branches of Desert Community Bank, a division of East West Bank
 - 8 branches in High Desert region of San Bernardino County, California
 - Approximately \$600mm of deposits at average cost of 0.25% (82% retail deposits)⁽¹⁾
 - Approximately \$70mm of loans that yield 4.8% (85% commercial) ⁽¹⁾
- Expected to have only a 20-25 basis point impact to Tier 1 leverage

Strategic rationale

- Fits strategic goal of acquiring deposit-oriented franchises
 - Provides low-cost, stable funding to continue growing balance sheet
- Combines a successful deposit franchise with a significant Flagstar presence already on the West Coast
 - Largest mortgage origination state (30+% of all Flagstar production)
 - Market with significant commercial lending activities, including warehouse lending and home builder financing

Other considerations

- Conducted comprehensive due diligence consistent with a full enterprise acquisition
- Subject to regulatory approval; Flagstar had all of the regulatory conversations believed necessary
- Closing is expected during first half of 2018
- Operate as a division of Flagstar and will retain:
 - Existing branding
 - Employees (currently 65 full-time and 6 part-time) as of November 13, 2017

(1) As of September 30, 2017.