

Flagstar Bancorp, Inc. (NYSE: FBC)

2018 Annual Meeting of Shareholders

May 22, 2018



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 in these conference call slides. Additional discussion of the use of non-GAAP measures can also be found in the Form 8-K Current Report related to this presentation and in 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

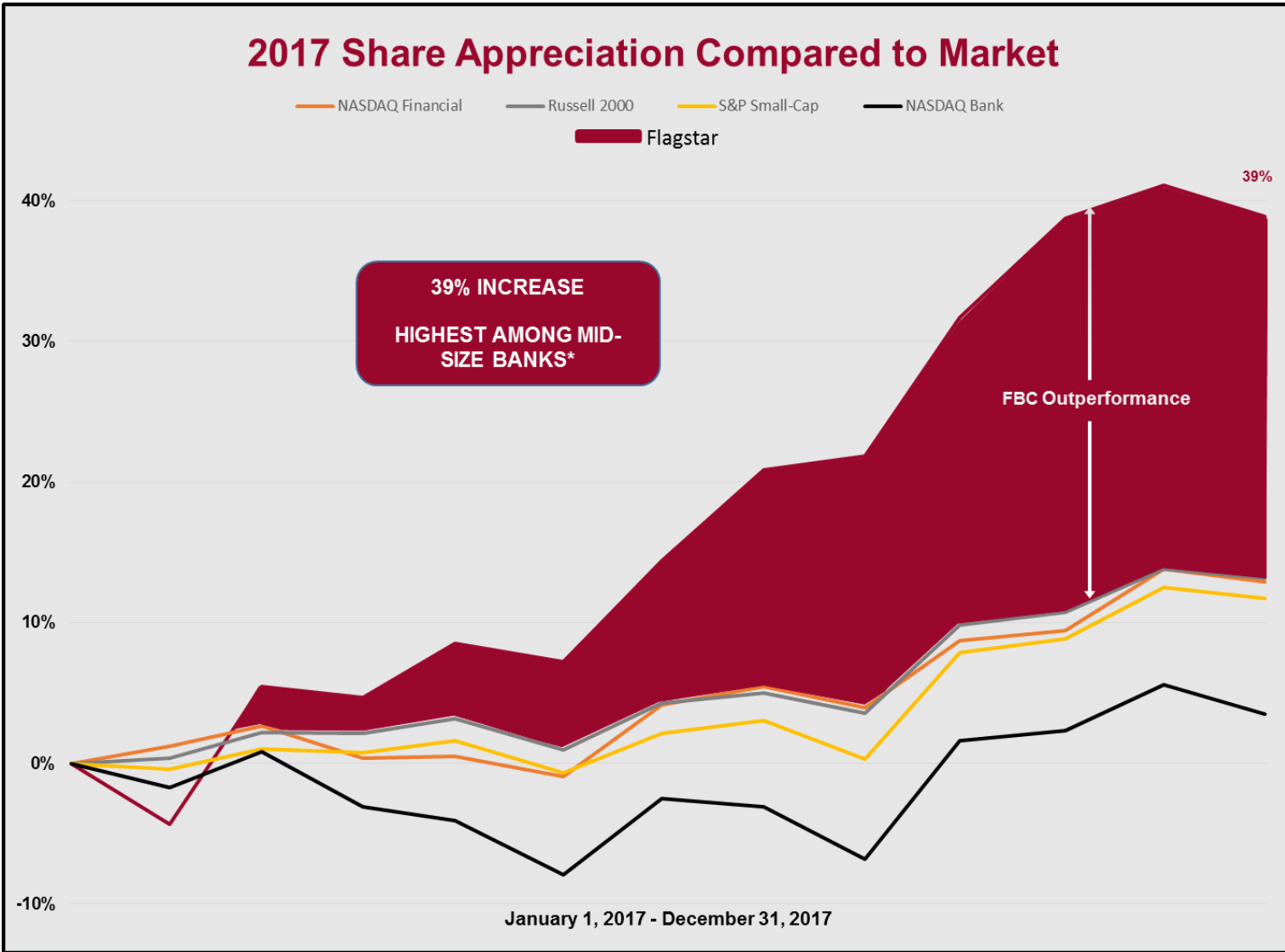
Proposals and voting

Sandro DiNello, CEO

Business overview

Sandro DiNello, CEO

2017 stock price appreciation



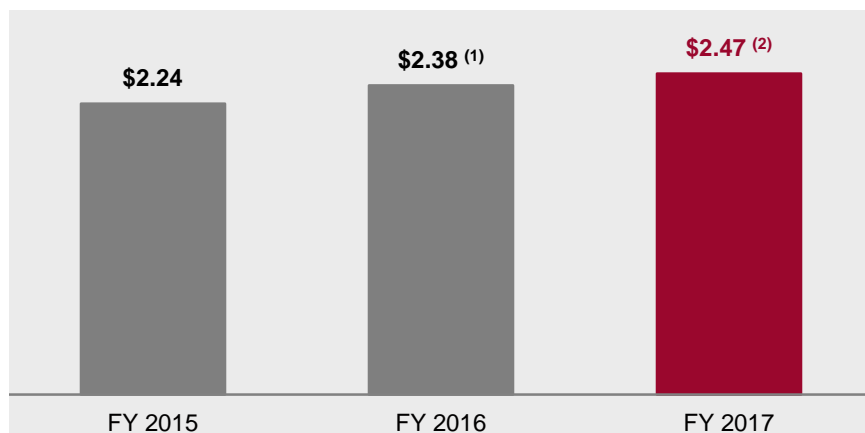
Building shareholder value

- Increasing shareholder value is our number one goal. We plan to accomplish this by focusing on:

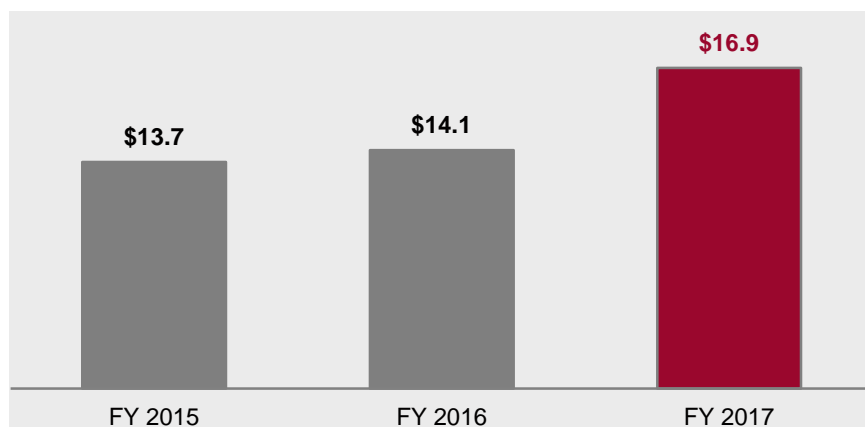
Value	Description
S ervice	<ul style="list-style-type: none"> The way we communicate with one another and our customers says a lot about Flagstar as a company. We choose to be engaged in our work and committed to helping each other, seeing challenges as inspirations rather than obstacles. We're compelled to do things right the first time - offering the same level of service we expect and appreciate in return.
T rust	<ul style="list-style-type: none"> We know our customers want substance - not lip service. We're committed to building a culture of mutual respect and transparency where our personal ethics, the caliber of our work, and the integrity we strive to uphold are without compromise.
A ccountability	<ul style="list-style-type: none"> It's imperative that we live up to the commitments we make - to our work, to our customers, to each other. When we give our word, we commit ourselves to taking action. Standing behind what we say and do isn't an option; it's a way of life. And we'll always look for ways to improve what's in place today and plan for tomorrow.
R esults	<ul style="list-style-type: none"> Like any business, the bottom line is important. But we'd rather measure our success by how those numbers are achieved. We can never lose sight of the part we play in our customers' and employees' daily lives, the impact we make in our communities, and the obligations we have to every one of our investors.

Financial performance

Adjusted earnings per share



Year-end total assets (\$bn)



2017 Highlights

- **Posted adjusted earnings per share of \$2.47⁽²⁾ – up 4% from 2016**
- **Increased balance sheet to \$16.9 billion in assets versus \$14.1 billion at the close of 2016**
- **Posted solid, consistent financial results despite volatile interest rates and seasonal changes in mortgage production**
 - Strong results, led by community bank, increased net interest income by \$67 million, the highest level in company history
 - Added \$1 billion of commercial real estate and commercial and industrial loans
- **Maintained solid level of capital**
 - Common equity to asset ratio remained strong at 8.3%
 - Tangible book value per share rose 2% to \$24.04⁽³⁾

1) Non-GAAP number. Number shown excludes Department of Justice (“DOJ”) after-tax benefit of \$16 million. Please see reconciliation on page 18.

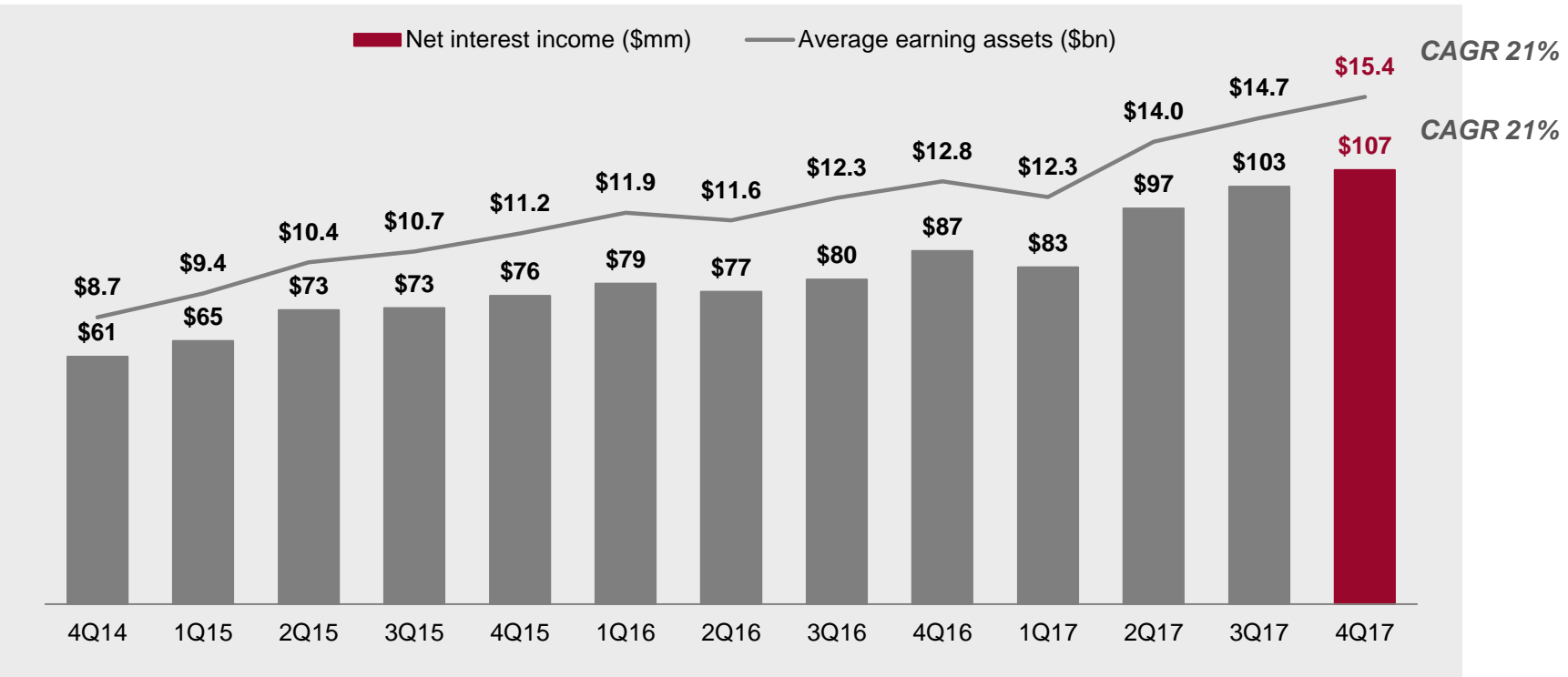
2) Non-GAAP number. Number shown excludes non-cash charge of \$80 million resulting from Tax Cuts and Jobs Act. Please see reconciliation on page 18.

3) Non-GAAP number. Please see reconciliation on page 18.

Higher net interest income is stabilizing earnings

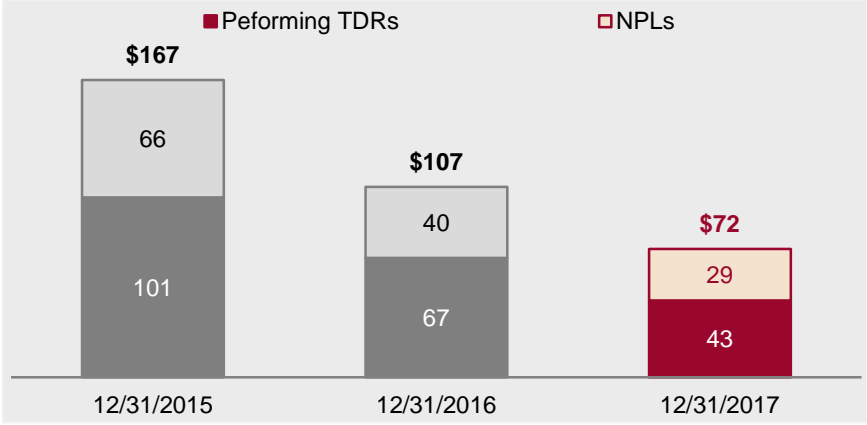
- Sold lower performing assets and re-deployed capital into higher spread commercial loans
- Transition to more stable net interest income

Average earning assets and net interest income

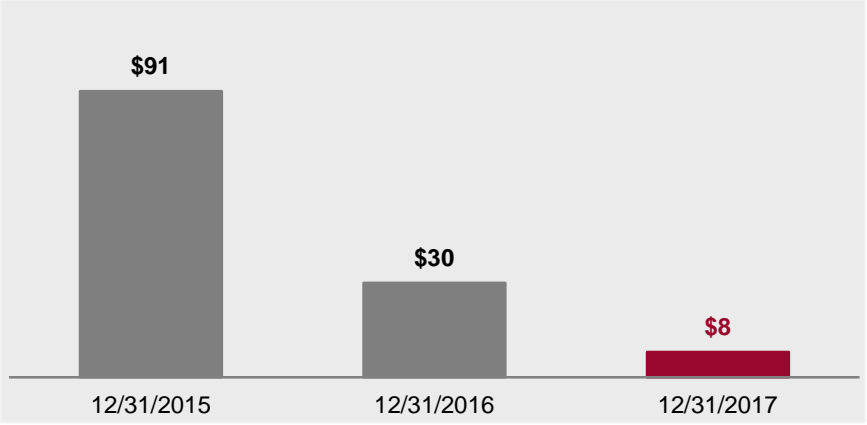


Credit quality remains strong

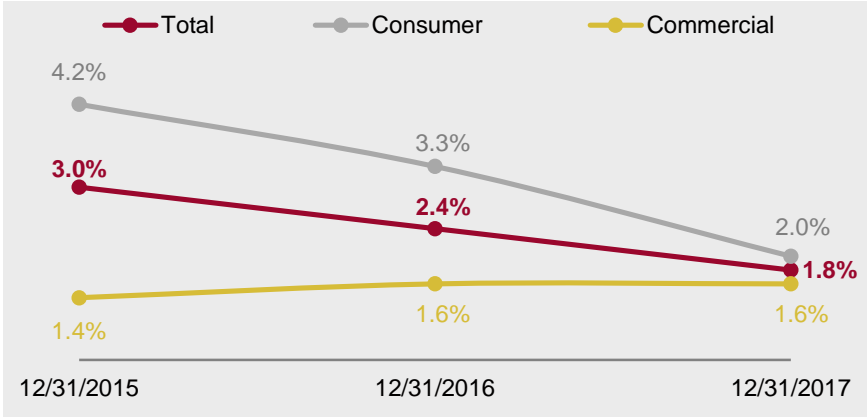
Performing TDRs and NPLs (\$mm)



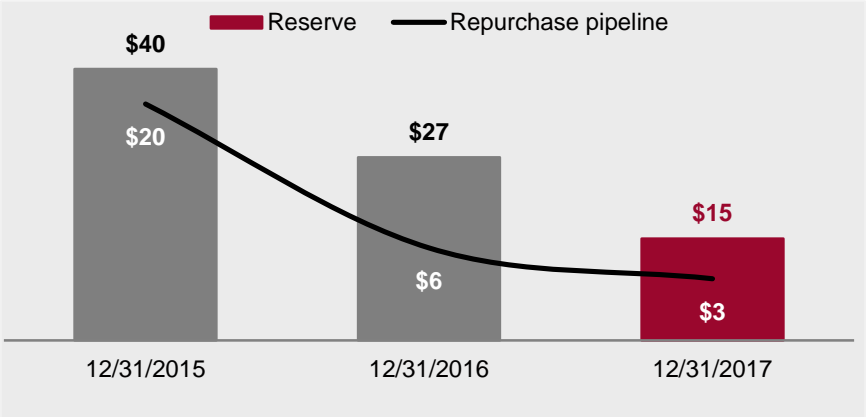
Net charge-offs (\$mm)



Allowance coverage⁽¹⁾ (% of loans HFI)



Representation & warranty reserve (\$mm)



1) Excludes loans carried under the fair value option and loans with government guarantees.

Strategic acquisitions

Mortgage

Stearns Lending

- Acquired delegated bulk mortgage business during the first quarter of 2017
- Expanded Flagstar's leading market share in correspondent channel
- Strengthened Flagstar's unique business model by adding more relationships
- Added \$5.2 billion of residential first mortgage originations during 2017

Opes Advisors

- Acquired distributed retail mortgage business during the second quarter of 2017
- Enhanced Flagstar's retail business and aligned Flagstar with high-quality originator focused on growth markets
- Expanded Flagstar's footprint by adding 42 retail home lending offices as of 3/31/2018
- Added \$1.6 billion of residential first mortgage originations during 2017

Community Bank

Desert Community Bank branches

- Acquired 8 branches of Desert Community Bank in California during the first quarter of 2018
- Fits strategic goal of acquiring deposit-oriented franchise to fund balance sheet growth
- Provides opportunities for organic growth and synergies with Opes Advisors in California, our largest mortgage origination state
- Brought in approximately \$600 million of high-quality, low-cost deposits and \$60 million of loans

Santander warehouse loan business

- Acquired mortgage warehouse business during the first quarter of 2018
- Places us in leadership position as the 4th largest warehouse lender in the country
- Strengthens national, relationship-based lending platform and expands commercial customer base
- Brought in approximately \$500 million of mortgage warehouse loans and \$1.7 billion in commitments

2018 Key Objectives

- **Improve efficiency ratio by growing revenues and managing expenses**
- **Navigate profitably through a soft mortgage market**
- **Effectively and efficiently grow the Desert Community Bank division**
- **Manage capital efficiently**

Questions

Sandro DiNello, CEO

Report of Inspectors

Christine Reid, Corporate Secretary

Adjournment

Sandro DiNello, CEO

FBC
LISTED
NYSE

Non-GAAP reconciliation

\$mm

Adjusted Net Income and Diluted Earnings per Share	Year Ended	
	12/31/2017	12/31/2016
Net Income	\$ 63	\$ 171
Adjustment to remove DOJ benefit ⁽¹⁾	-	(16)
Adjustment to remove tax reform charge ⁽²⁾	80	-
Adjusted Net Income	\$ 143	\$ 155
Deferred cumulative preferred stock dividends	-	(18)
Adjusted net income applicable to common shareholders	\$ 143	\$ 137
Weighted average diluted common shares	58,178,343	57,597,667
Adjusted Diluted Earnings per Share	\$ 2.47	\$ 2.38
Tangible Book Value per Share	12/31/2017	12/31/2016
Total stockholders' equity	\$ 1,399	\$ 1,336
Goodwill and intangibles	21	-
Tangible book value	\$ 1,378	\$ 1,336
Number of common shares outstanding	57,321,228	56,824,802
Tangible book value per share	\$ 24.04	\$ 23.50

1) Reflects the exclusion of the 3Q16 DOJ benefit.

2) Reflects the 4Q17 non-cash charge resulting from Tax Cuts and Jobs Act