

WELCOME

Annual Meeting of Stockholders

two thousand twelve



General Procedures

Christine Reid

Corporate Secretary

Opening

Joseph P. Campanelli

Chairman and Chief Executive Officer

Proposals and Voting

Joseph P. Campanelli

Chairman and Chief Executive Officer

Chairman's Remarks

Joseph P. Campanelli

Chairman and Chief Executive Officer

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements, by their nature, involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in a forward-looking statement. Examples of forward-looking statements include statements regarding our expectations, beliefs, plans, goals, objectives and future financial or other performance. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. Except to fulfill our obligations under the U.S. securities laws, we undertake no obligation to update any such statement to reflect events or circumstances after the date on which it is made.

There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include:

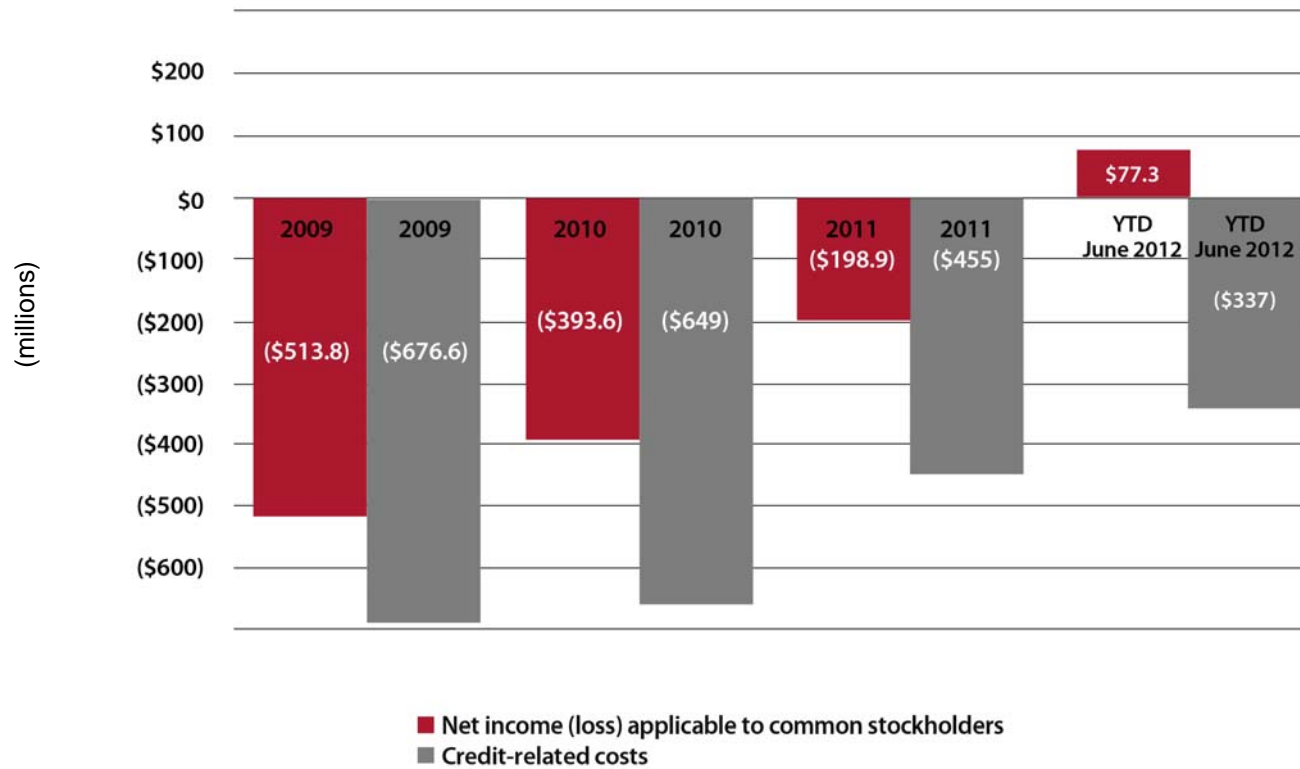
- (1) Volatile interest rates that impact, amongst other things, (i) the mortgage banking business, (ii) our ability to originate loans and sell assets at a profit, (iii) prepayment speeds and (iv) our cost of funds, could adversely affect earnings, growth opportunities and our ability to pay dividends to stockholders;
- (2) Competitive factors for loans could negatively impact gain on loan sale margins;
- (3) Competition from banking and non-banking companies for deposits and loans can affect our growth opportunities, earnings, gain on sale margins, market share and ability to transform business model;
- (4) Changes in the regulation of financial services companies and government-sponsored housing enterprises, and in particular, declines in the liquidity of the residential mortgage loan secondary market, could adversely affect our business;
- (5) Changes in regulatory capital requirements or an inability to achieve or maintain desired capital ratios could adversely affect our growth and earnings opportunities and our ability to originate certain types of loans, as well as our ability to sell certain types of assets for fair market value or to transform our business model;
- (6) General business and economic conditions, including unemployment rates, movements in interest rates, the slope of the yield curve, any increase in mortgage fraud and other related criminal activity and the further decline of asset values in certain geographic markets, may significantly affect our business activities, loan losses, reserves, earnings and business prospects;
- (7) Factors concerning the implementation of proposed refinements and transformation of our business model could result in slower implementation times than we anticipate and negate any competitive advantage that we may enjoy;
- (8) Actions of mortgage loan purchasers, guarantors and insurers regarding repurchases and indemnity demands and uncertainty related to foreclosure procedures could adversely affect our business activities and earnings;
- (9) The Dodd-Frank Wall Street Reform and Consumer Protection Act has resulted in the elimination of the Office of Thrift Supervision, tightening of capital standards, and the creation of a new Consumer Financial Protection Bureau ("CFPB") and has resulted, or will result, in new laws, regulations and regulatory supervisors that are expected to increase our costs of operations. In addition, the change to the Office of the Comptroller of the Currency ("OCC") as Flagstar Bank, FSB's primary federal regulator may result in interpretations affecting our operations different than those of the Office of Thrift Supervision ("OTS");
- (10) Both the volume and the nature of consumer actions and other forms of litigation against financial institutions have increased and to the extent that such actions are brought against us or threatened, the cost of defending such suits as well as potential exposure could increase our costs of operations;
- (11) Our compliance with the terms and conditions of the agreement with the U.S. Department of Justice, the impact of performance and enforcement of commitments under, and provisions contained in the agreement, and our accuracy and ability to estimate the financial impact of that agreement, including the fair value of the future payments required, could accelerate our litigation settlement expenses relating thereto;
- (12) The downgrade by Standards & Poor's of the long-term credit rating of the U.S. could materially affect global and domestic financial markets and economic conditions, which may affect our business activities, financial condition, and liquidity; and
- (13) If we do not regain compliance with the New York Stock Exchange ("NYSE") continued listing requirements, our common stock may be delisted from the NYSE.

All of the above factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such factor on our business.

Please also refer to Item 1A to Part I of our Annual Report on Form 10-K, which is incorporated by reference herein, for further information on these and other factors affecting us. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements included herein may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.



- Returned to profitability in second quarter 2012
- Near-record mortgage banking revenues and increased mortgage market share
- Continued growth in retail core deposits
- Prudently added new commercial loan relationships
- Adequate capital and liquidity to support business plan
- Managed expenses while investing in transformation strategy
- Expanded presence in core growth markets
- Developed comprehensive suite of products
- Continued emphasis on credit risk management:
 - Transitioned to more robust loan loss reserve models
 - Continued to add reserves to fortify balance sheet
 - Made significant enhancements in default servicing and loss mitigation areas
 - Reduced level of non-performing assets
 - Decreased legacy portfolios



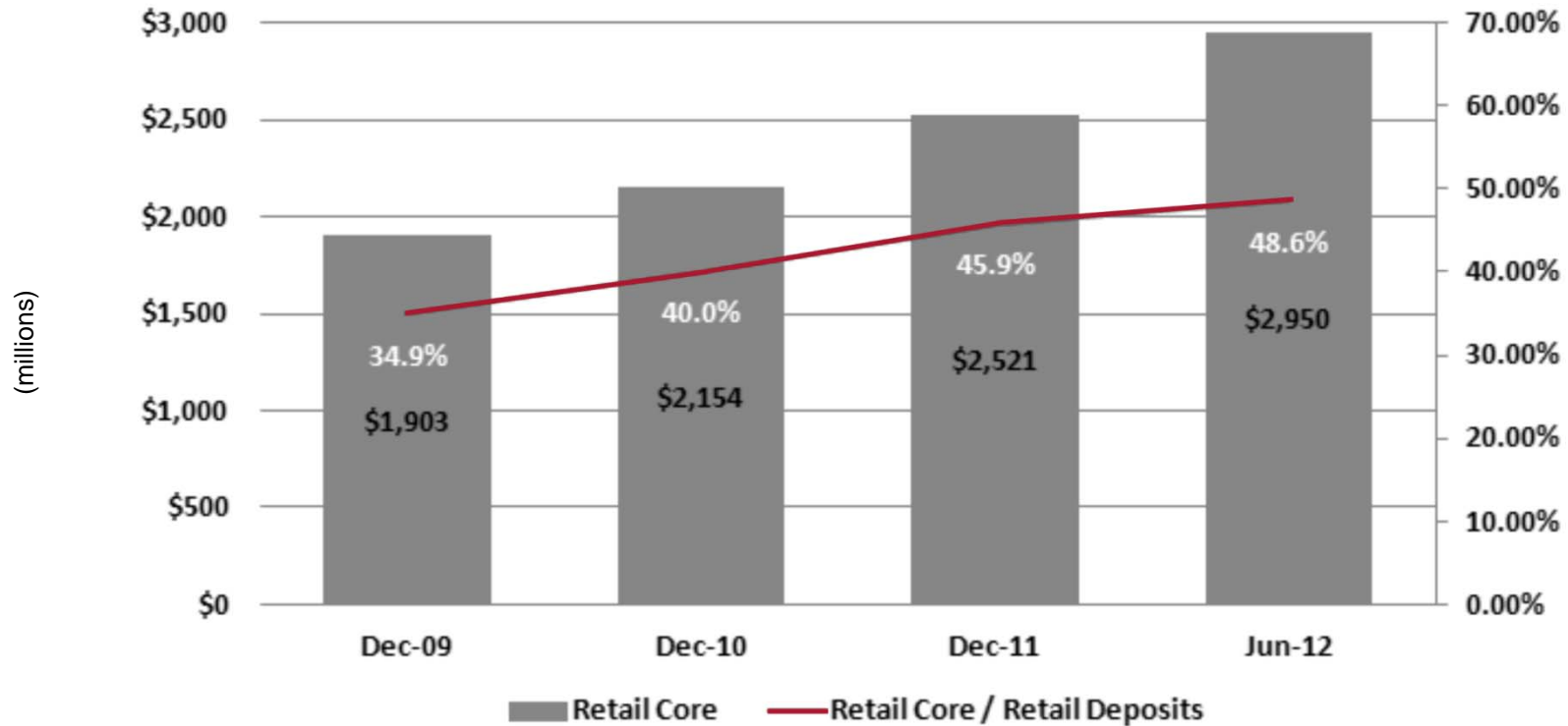
- Top 10 player in most important asset class in U.S. economy
- Mortgage market share gains as industry consolidates
 - 2007: 1.1% market share, ranked 19th
 - 2012 ⁽¹⁾ : 3.0% market share, ranked 8th

Flagstar Bancorp	2007	2008	2009	2010	2011	2012 ⁽¹⁾
Mortgage Originations (\$B)	\$26.4	\$27.9	\$33.5	\$26.6	\$26.6	\$23.7
Total Mortgage Market Share (%)	1.1%	1.9%	1.8%	1.7%	2.0%	3.0%
Total Mortgage Ranking	19	13	12	11	9	8

(1) YTD June 30, 2012

Source: *Inside Mortgage Finance*





Note: Retail core deposits include checking accounts, savings accounts, and money market accounts.



Personal Financial Services

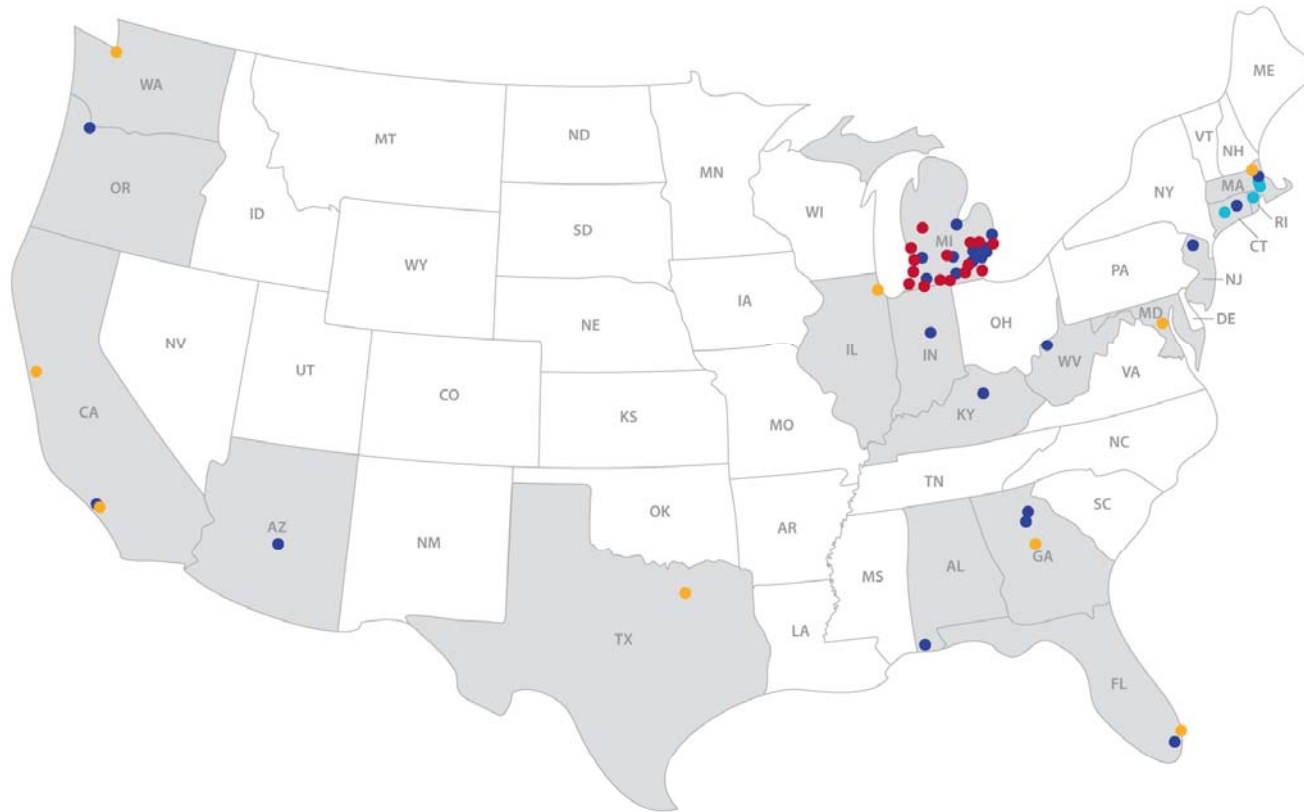
- Divestiture of Indiana and Georgia branches to focus on core Michigan market
- Rolled out full lines of consumer lending products (installment, HELOC) and branch business banking products
- New line-up of deposit products launched in Q4 2011, online banking enhancement / mobile banking
- Strategic distribution study completed for branches and ATMs
- Reduced hours of operations to save operating expenses
- New sales and service approach
- Received JD Power Customer Satisfaction Study Award for second consecutive year

Commercial & Specialty Banking

- Added 150 new commercial relationships in just over a year
- Continue to grow commercial loan balances, consistent with business plan
- Fully staffed commercial and specialty offices in New England and Michigan
- Generating treasury management and capital markets fee income from new and existing customers
- Continue to add low cost core commercial deposits
- Generated robust commercial pipeline

Mortgage

- Extensive work flow enhancements and compliance checks throughout the residential loan application to closing process
- Prudently grown market share from the current rate environment and longstanding and broad distribution network.
- Focused on existing customer relationships, while selectively bringing on new correspondents and brokers
- Continued investment in technology and additional resources to enhance servicing capabilities, loss mitigation efforts, and efficiency
- Instituted an industry leading loss mitigation system designed to provide distressed customers with optimal solutions within requisite time frames
- Have been consistently recognized by two of our leading investors, Fannie Mae and Freddie Mac, in terms of our on-going servicing enhancements in 2012



● **Commercial Banking Offices**

4 commercial banking offices in 3 states including: Boston, MA (2); Hartford, CT; and Providence, RI

● **Home Lending Offices**

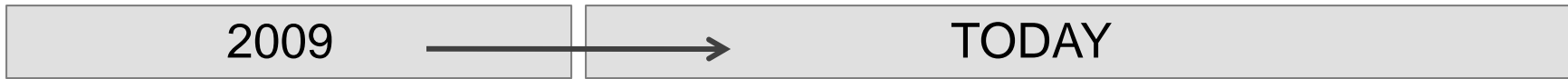
27 home loan centers in 13 states: 14 in MI; also in AL, AZ, CA, CT, FL, GA (2), IN, KY, MA, NJ, OR, and WV

● **Wholesale Offices**

9 wholesale offices in 8 states: CA (2), WA, FL, GA, IL, TX, MD, MA

● **Branch Offices**

113 branches in Michigan



Consumer

- Checking, Savings, MMA, CDs
- Basic online banking
- Mortgages

Business

- Basic business checking accounts
- Limited treasury/cash management products

Government

- Government banking products

Business

- Small business lending
- Business banking lending
- Middle-market lending
- Specialty lending
- Enhanced business checking (simple, advanced, analysis)
- Business credit cards
- Enhanced treasury/cash management products
 - Interest rate swaps
 - Foreign exchange
 - Business online banking
 - Remote deposit
 - ACH/EDI
 - Wire transfer
 - Lockbox network (NE and MW)
 - Account analysis
 - Merchant services
 - Payroll services
 - Check image services
 - Controlled disbursement reporting

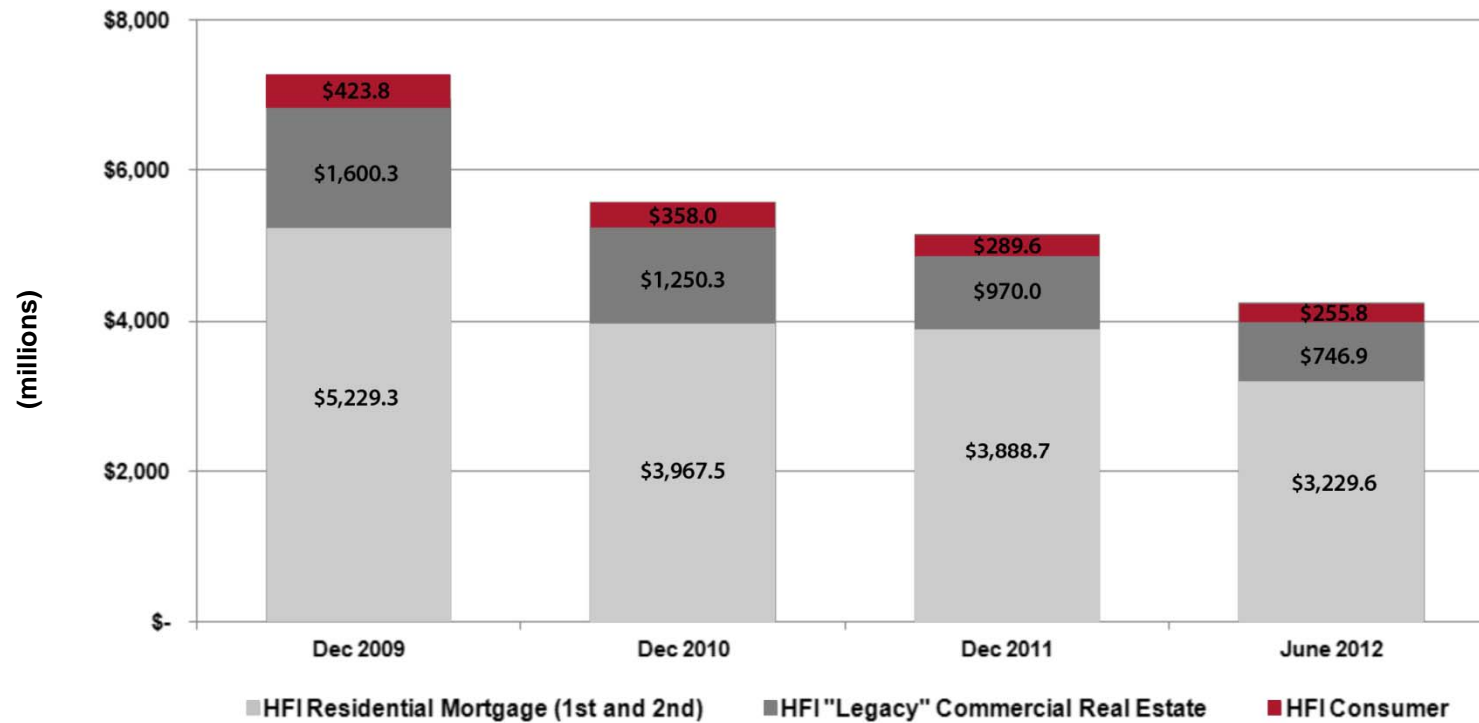
Consumer

- Enhanced Checking, Savings, MMA, CDs
- Mobile banking
- Enhanced online banking
- Consumer loans
- Consumer credit cards
- Mortgages
- Jumbo mortgages

Government

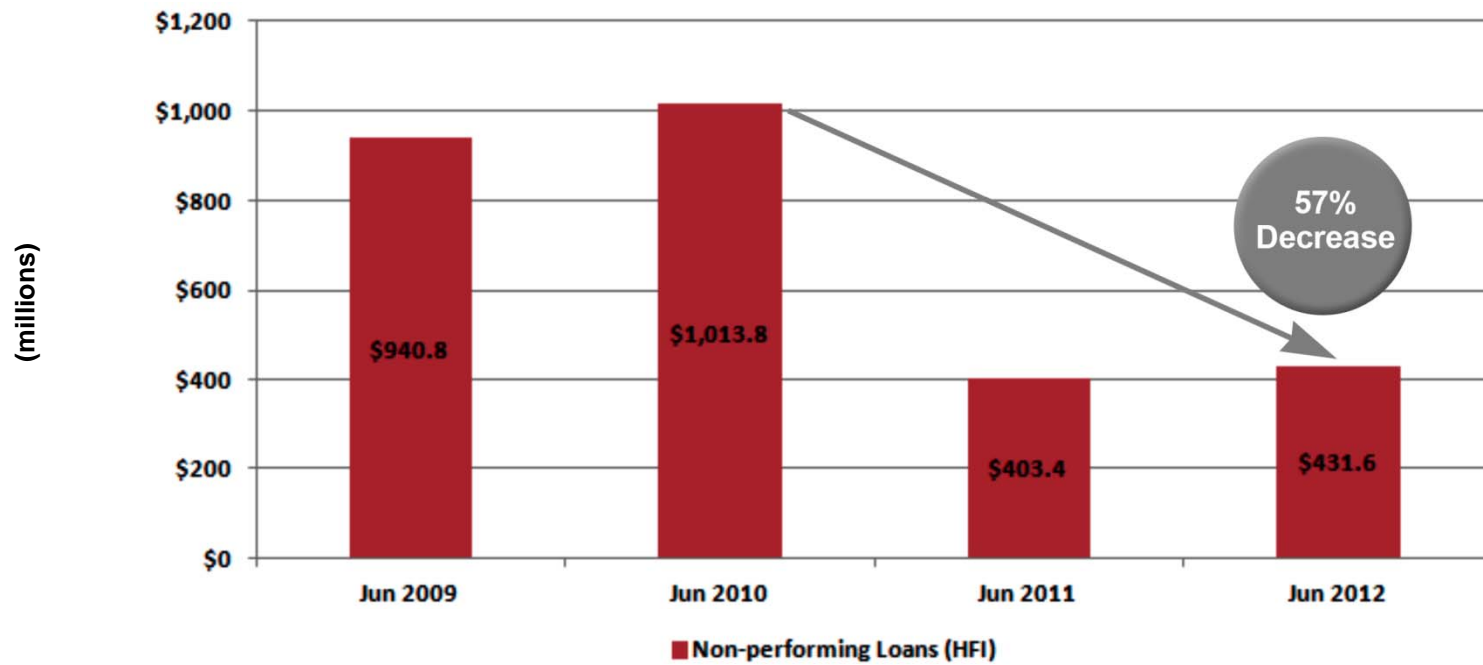
- Government banking products

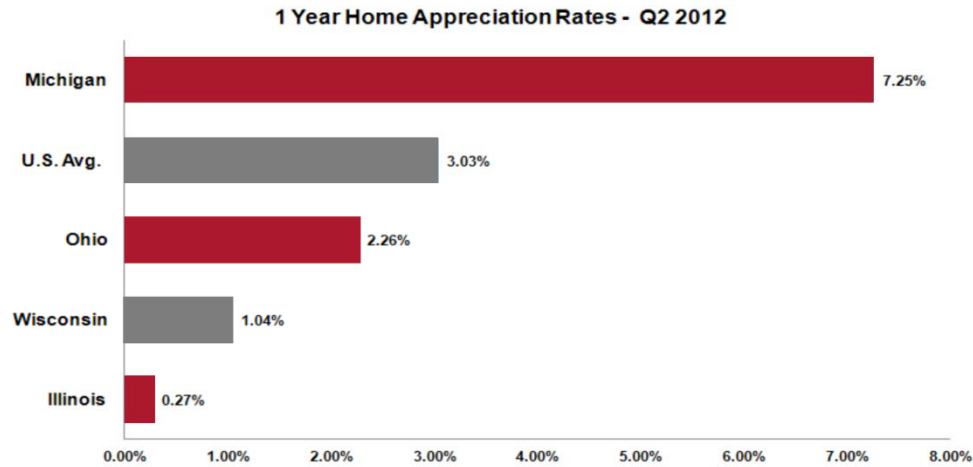




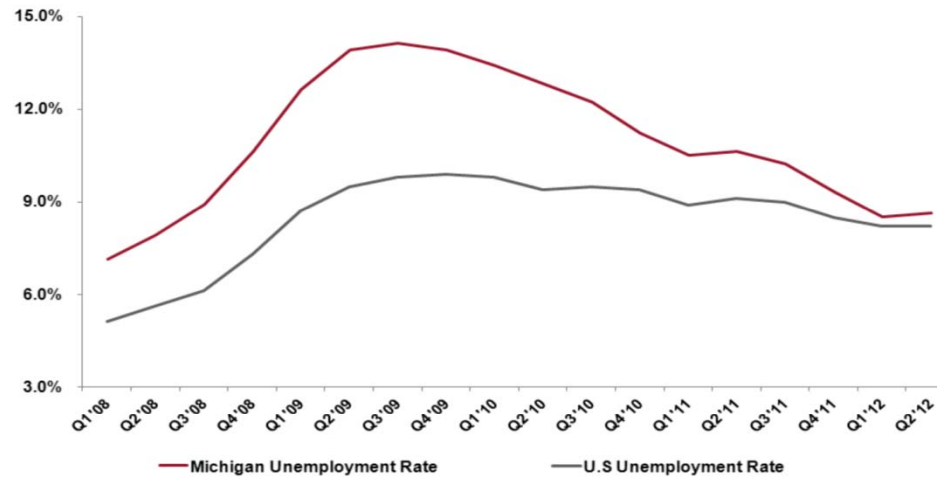
Note: "Legacy CRE" consists loans originated prior to 2011, including those refinanced during 2009 and 2010.







Source: Federal Housing Finance Agency



Source: Bureau of Labor Statistics



Major Sponsorships

- Sponsor of ArtPrize
- Major sponsor of Grand Prix
- Sponsor of River Days Festival
- Sponsor of Ansel Adams Exhibit
- Sponsor of Grand Rapids Symphony
- Major sponsor of March for Babies
- Sponsor of Motown Winter Blast
- Sponsor of NAACP Fight for Freedom Dinner
- Sponsor of THAW (The Heat & Warmth Fund)
- Sponsor of Detroit Metropolitan Opera auditions

Other Involvement

- 500 employees volunteered 7,000 hours in community service in 2011, including:
 - Accounting Aid Society
 - Junior Achievement
 - Wayne County Tax-a-Thon
- Donated seven homes in Detroit to nonprofits
- Invested in 2011 almost \$400,000 in local banking communities through grants, more than half for organizations in Detroit for community development, human services, and education, including:
 - Junior Achievement Finance Park
 - Alternatives for Girls
 - Lighthouse Emergency Services
 - Community Development Advocates of Detroit

Questions?

Joseph P. Campanelli

Chairman and Chief Executive Officer

Report of Inspectors

Christine Reid

Corporate Secretary

Adjournment

Joseph P. Campanelli

Chairman and Chief Executive Officer

FBC
LISTED
NYSE