

WELCOME

Annual Meeting of Stockholders

two thousand fourteen



General Procedures

Christine Reid

Corporate Secretary

Welcome

John Lewis

Chairman

Proposals and Voting

Alessandro DiNello

President and Chief Executive Officer

Business Overview

Alessandro DiNello

President and Chief Executive Officer

Cautionary Statement

2014 Annual Meeting of Stockholders

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. 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 activity and the further decline of asset values in certain geographic markets, that affect us or our counterparties;
2. Volatile interest rates, and our ability to effectively hedge against them, which could affect, among other things, (i) the mortgage business, (ii) our ability to originate loans and sell assets at a profit, (iii) prepayment speeds, (iv) our cost of funds and (v) investments in MSRs;
3. The adequacy of our allowance for loan losses and our representation and warranty reserves;
4. Changes in accounting standards generally applicable to us and our application of such standards, including in the calculation of the fair value of our assets and liabilities;
5. Our ability to borrow funds, maintain or increase deposits or raise capital on commercially reasonable terms or at all and our ability to achieve or maintain desired capital ratios;
6. Changes in material factors affecting our loan portfolio, particularly our residential mortgage loans, and the market areas where our business is geographically concentrated or further loan portfolio or geographic concentration;
7. Changes in, or expansion of, the regulation of financial services companies and government-sponsored housing enterprises, including new legislation, regulations, rulemaking and interpretive guidance, enforcement actions, the imposition of fines and other penalties by our regulators, the impact of existing laws and regulations, new or changed roles or guidelines of government-sponsored entities, changes in regulatory capital ratios, and increases in deposit insurance premiums and special assessments of the Federal Deposit Insurance Corporation;
8. Our ability to comply with the terms and conditions of the Supervisory Agreement with the Board of Governors of the Federal Reserve and the Bank's ability to comply with the Consent Order with the Office of Comptroller of the Currency, and our ability to address matters raised by our regulators, including Matters Requiring Attention and Matters Requiring Immediate Attention, if any;
9. The Bank's ability to make capital distributions and our ability to pay dividends on our capital stock or interest on our trust preferred securities;
10. Our ability to attract and retain senior management and other qualified personnel to execute our business strategy, including our entry into new lines of business, our introduction of new products and services and management of risks relating thereto, and our competing in the mortgage loan originations and servicing and commercial and retail banking lines of business;
11. Our ability to satisfy our servicing and sub-servicing obligations and manage repurchases and indemnity demands by mortgage loan purchasers, guarantors and insurers;
12. The outcome and cost of defending current and future legal or regulatory litigation, proceedings or investigations;
13. Our ability to create and maintain an effective risk management framework and effectively manage risk, including, among other things, market, interest rate, credit and liquidity risk, including risks relating to the cyclicity and seasonality of our mortgage banking business, litigation and regulatory risk, operational risk, counterparty risk and reputational risk;
14. The control by, and influence of, our majority stockholder;
15. A failure of, interruption in or cybersecurity attack on our network or computer systems, which could impact our ability to properly collect, process and maintain personal data and system integrity with respect to funds settlement;
16. Our ability to meet our forecasted earnings such that we are able to realize the benefits of reversing our deferred tax allowance, or the need to increase the valuation allowance in future periods;
17. Our compliance with the terms and conditions of the agreement with the U.S. Department of Justice and the impact of compliance with that agreement and our ability to accurately estimate the financial impact of that agreement, including the fair value and timing of the future payments; and
18. The downgrade of the long-term credit rating of the U.S. by one or more ratings agencies could materially affect global and domestic financial markets and economic conditions.

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.

Although we believe that these forward-looking statements are based on reasonable estimates and assumptions, they are not guaranties of future performance and are subject to known and unknown risks, uncertainties, contingencies and other factors. Accordingly, we cannot give you any assurance that our expectations will in fact occur or that actual results will not differ materially from those expressed or implied by such forward-looking statements. In light of the significant uncertainties inherent in forward-looking statements, 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.



STOCK INFORMATION (5/28/14)

Ticker:	FBC
Share price:	\$16.91
52-week range:	\$12.91 – \$22.88
Market capitalization:	\$951M



CORPORATE PROFILE

- Largest bank headquartered in Michigan
 - Our assets totaled \$9.6 billion
 - Full-service bank with 106 branches in communities across Michigan, offering a wide range of products and services to our customers
 - Our competitive differentiator is our award-winning customer service
- Flagstar originated approximately \$38 billion of residential mortgage loans in 2013
- We serviced approximately 370,000 mortgage loans
- Flagstar's stock is listed on the New York Stock Exchange and is a member of the Russell 2000 index

Banking Profile (as of March 31, 2014)

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Mortgage Origination Statistics (1)

Q1 2014 Rankings

- 8th largest mortgage originator
- 5th largest Agency issuer of purchase mortgages
- 7th largest Fannie issuer
- 9th largest Agency MBS volume

2013 Rankings

- 5th largest correspondent lender
- 3rd largest broker lender

Mortgage Servicing Statistics(2)

4th Quarter 2013 Rankings

- 9th largest sub-servicer and 17th largest servicer of mortgage loans

Community Banking Statistics

- 106 branches in Michigan
- 7th largest depository market share in Michigan⁽³⁾
- 18% growth in commercial loans in the last twelve months



(1) Source: Inside Mortgage Finance.
 (2) Source: Mortgage Stats, 4th Quarter 2013
 (3) Source: FDIC Deposit Market Share Report, as of June 30, 2013.

- **Driving initiatives to create a firm foundation:**

Risk / Overhang	Initiative	Completed thru Q1 2014
Cost Optimization	Reduction of Non Interest Exp (Fixed and Variable)	<input checked="" type="checkbox"/>
End of Term HELOCs and Interest Only Resets	Reserve Buildup & On-going Review	<input checked="" type="checkbox"/>
	Refinance Initiative to Mitigate Risk	<input type="checkbox"/> In Process
High-cost Long-term FHLB Advances	Prepaid Long-term FHLB Advances	<input checked="" type="checkbox"/>
	Borrow Low-cost Short-term FHLB Advances	<input checked="" type="checkbox"/>
	Grow Core Deposits as Source of Funding	<input type="checkbox"/> In Process
Deferred Tax Asset Valuation Allowance	DTA Valuation Allowance Reversal & Ongoing Review	<input checked="" type="checkbox"/>
Department of Justice Litigation Settlement	Increased Estimated Settlement Liability to \$94mm	<input checked="" type="checkbox"/>
Legacy GSE Repurchase Liability	Fannie Mae Settlement	<input checked="" type="checkbox"/>
	Freddie Mac Settlement	<input checked="" type="checkbox"/>
Legacy Litigation	Settlement of Claims - Assured Guaranty & MBIA	<input checked="" type="checkbox"/>
MSR Concentration	Bulk MSR Sales - Completed and On-going	<input checked="" type="checkbox"/>
Legacy Balance Sheet	Bulk sales of Non-Performing Loans / TDRs	<input checked="" type="checkbox"/>
Consent Order	Satisfaction of Requirements	<input type="checkbox"/> In Process

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

Area of Focus		Initiative
People	➔	Build a team of high-caliber organization talent at all levels
Expense Discipline	➔	Align expenses with revenues Continuous improvement toward efficiency
Business Strategy	➔	Generate profitable results in all three business segments: <ul style="list-style-type: none">- Mortgage Originations- Mortgage Servicing- Community Banking
Risk Management	➔	Set tone at the top "Do the right thing, the right way, the first time"

Net Income to Common Stockholders

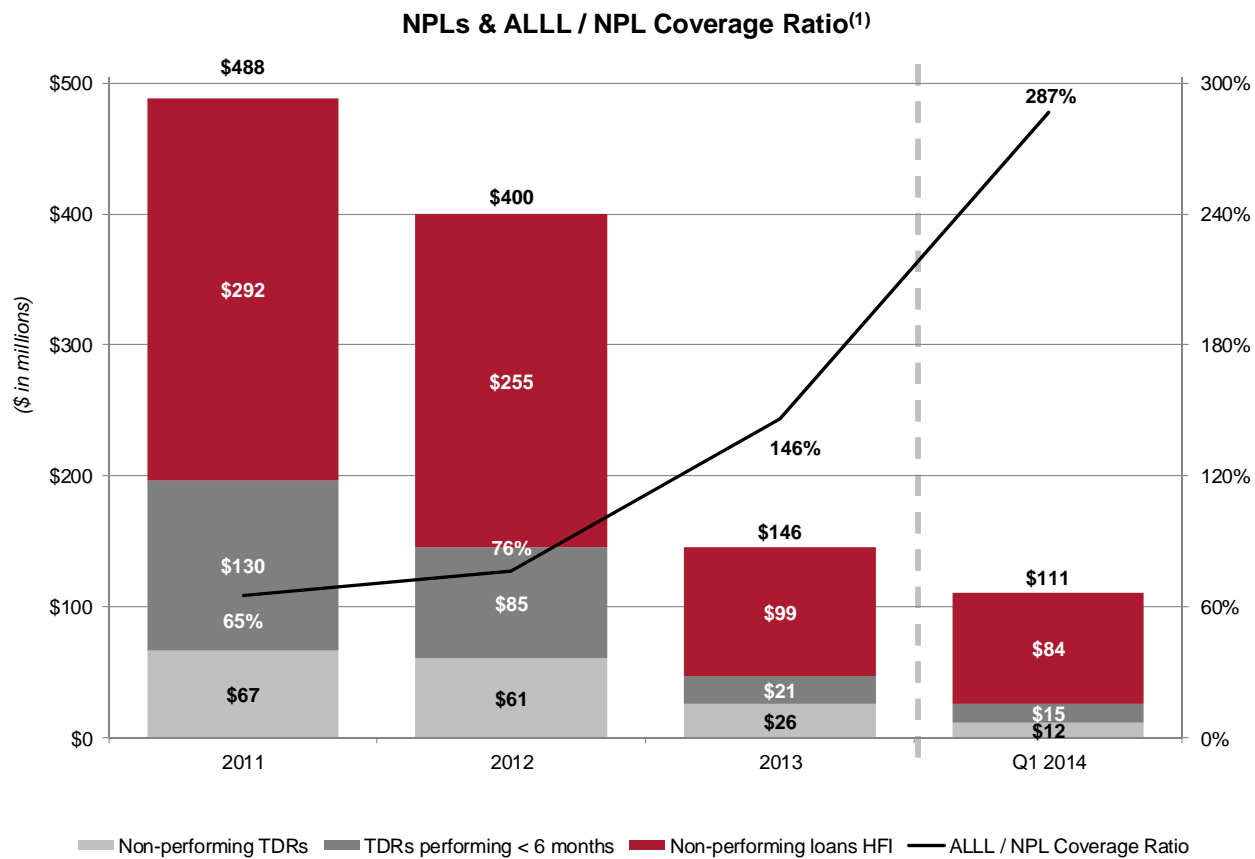


- 2013 net income to common stockholders of \$261 million was impacted by several significant one-time items, including:
 - \$416 million tax benefit primarily due to the reversal of the deferred tax asset valuation allowance
 - \$178 million loss on extinguishment of debt from prepayment of \$2.9 billion in long-term FHLB borrowings
 - \$61 million in expense related to DOJ settlement
 - \$25 million benefit from releases of reserves related to settlement agreements with Fannie Mae and Freddie Mac

- 1st Quarter 2014 results were largely in line with expectations; two items contributed to Flagstar’s reported loss, neither of which are expected to repeat:
 - \$100 million increase in the allowance for loan losses
 - \$21 million adjustment to the fair value of performing repurchased loans



- Flagstar’s ALLL increase relates to:
 - Payment resets on interest only residential mortgages, and
 - Increasing the loss estimation period from 12 to 18 months



Questions?

Alessandro DiNello

President and Chief Executive Officer

Report of Inspectors

Christine Reid

Corporate Secretary

Adjournment

John Lewis

Chairman

FBC
LISTED
NYSE