Flagstar Bancorp, Inc. (NYSE: FBC)

Earnings Presentation
1st Quarter 2020

April 28, 2020

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.

Executive Overview

Sandro DiNello, CEO

Strategic highlights

1st Quarter 2020

Unique relationship-based business model	• Supporting employees, communities and customers during the pandemic, with focus on their health, safety and financial well-being • Diverse revenue streams and flexible balance sheet produced strong results in declining interest rate environment by capitalizing on the resulting beneficial mortgage market
Grow community banking and servicing	• Well diversified loan portfolio, with no outsized exposure to any geography or industry reflects our disciplined approach to growing the Community Bank • Servicing business produced consistent results for the quarter, while also highlighting our competitive advantage as the subservicing business is housed within a well capitalized Bank with ample liquidity
Strengthen mortgage	• Leveraged multi-channel origination platform to generate solid fallout adjusted lock growth, even with most of our staff working remotely at the end of the quarter • Invested in people and technology, expanding retail and generating more business in the most profitable channels
Highly profitable operations	• Delivered strong pre-provision net revenue despite the volatility in the market that was caused from the COVID-19 pandemic
Positioned to thrive in any market	• Durable business model well-positioned to weather the storm--profitability is strong--capital is strong--allowance is strong--and liquidity is strong • Maintaining quarterly dividend--demonstrating a commitment to return capital to our shareholders while still being prudent in managing our balance sheet in these uncertain times

COVID-19 Pandemic Response

Our People

Employee health and well-being our top priority

- Implemented a work-from-home strategy for employees whose jobs can be performed remotely—80 percent of our employees are working remotely
- Adjusted branch hours and temporarily closed some locations—branches still open operate as drive-thru only mode, with lobby access being limited to appointment only
- Established employee assistance program to help employees experiencing COVID-19-related financial hardships
- Special compensation incentives for on-site teammates serving clients at headquarters, branches, call centers and operational centers
- No layoffs or furloughs to date

Our Communities

Lending a helping hand to the communities we serve

- Contributed nearly $1 million primarily toward basic needs and hardship relief programs across our footprint to support the COVID-19 cause
- $300,000 contributed to a cut-and-sew company that shifted to manufacturing masks that are being donated to hospitals
- Opened our Paycheck Protection Program to nonprofits that were not previously Flagstar customers
- Established a special small dollar-program for people impacted by COVID-19 in low- to moderate-income areas

Our Customers

Customer support through challenging times

Consumer

- Clients can request refunds for various fees including overdraft fees, non-sufficient funds fees and monthly maintenance fees
- Paused foreclosure sales, evictions and repossessions
- Clients can request to defer mortgage and home equity payments with payments added to the end of the loan
- 150 of our 160 bank branches remain open (the ten that are closed do not have a drive-thru and are located in close proximity to another branch)
- All of our ATMs remain operational

Commercial

- Commercial clients can request to defer loans and to be refunded certain late fees
- Providing support to small business owners through the Paycheck Protection Program
  - o We received over 3,000 applications totaling approximately $400 million
- Continuing to provide liquidity to commercial clients

Financial Overview

Jim Ciroli, CFO

Financial highlights

1st Quarter 2020

Solid earnings	• Net income of $46mm, or $0.80 per diluted share, in 1Q20, representing a return on equity of 9.8% compared to $58mm, or $1.00 per share, in 4Q19 • Pre-provision net revenue of $70mm in 1Q20, an increase of $1mm vs. 4Q19, demonstrating ability to generate consistent earnings despite a volatile market
Growth in community banking and servicing	• Net interest margin at 2.81%, down 10 basis points, vs. 4Q19 - Performance driven by strong deposit franchise and well-positioned, well-diversified loan portfolio composed of fixed rate assets and floors on many of its rate loans • Consistent servicing results as total loans serviced were flat at approximately 1.1 million, despite the robust refinance market
Mortgage revenue	• Mortgage revenue[(1)] of $96mm, down $2mm, or 2%, vs. 4Q19 - Fall-out adjusted lock volume increased by 36% driven by strong refinance volume - Gain on sale margin of 0.80%, down 43 basis points vs. 4Q19; solid channel margin was more than offset by hedge ineffectiveness - $9mm improvement in the return on mortgage servicing asset
Strong asset quality	• Asset quality strong as net charge-offs were only 8 basis points and nonperforming loan ratio remained low • Adopted CECL, increasing credit reserves to $152mm at 3/31/20 - Credit reserves covered 1.1% of loans HFI, or 1.5% excluding warehouse loans at 3/31/20
Robust capital position	• Total risk based capital ratio at 11.2% - 541 basis points of total risk based capital attributed to warehouse loans and loan held for sale - $217 million of excess total risk-based capital over the minimum level needed to be considered well-capitalized. Operating at strong capital levels given low-risk balance sheet composition. • Tier 1 leverage ratio at 8.1% and CET1 ratio remained strong at 9.2% • Operating at strong capital levels given low-risk balance sheet composition

1. Mortgage revenue is defined as net gain on loan sales HFS plus the net return on the MSRs.

Quarterly income comparison

$mm

	1Q20	4Q19	$ Variance	% Variance
Net interest income	A $148	$152	($4)	(3%)
Net gain on loan sales	90	101	(11)	(11%)
Loan fees and charges	26	30	(4)	(13%)
Loan administration income	12	8	4	50%
Net return on mortgage servicing rights	6	(3)	9	N/M
Other noninterest income	23	26	(3)	(12%)
Total noninterest income	B 157	162	(5)	(3%)
Pre-provision total revenue	305	314	(9)	(3%)
Compensation and benefits	102	102	-	0%
Commissions and loan processing expense	49	55	(6)	(11%)
Other noninterest expenses	84	88	(4)	(5%)
Total noninterest expense	C 235	245	(10)	(4%)
Pretax, pre-provision net revenue	**70**	**69**	**1**	**1%**
Provision for credit losses	14	-	14	N/M
Income before income taxes	**56**	**69**	**(13)**	**(19%)**
Provision for income taxes	10	11	(1)	(9%)
Net income	**$46**	**$58**	**($12)**	**(21%)**
Diluted income per share	**$0.80**	**$1.00**	**-$0.20**	**(20%)**
Profitability				
Net interest margin	2.81%	2.91%	(10 bps)	
Net gain on loan sales / total revenue	30%	32%	(200 bps)	
Mortgage rate lock commitments, fallout adjusted	$11,154	$8,179	$2,975	36%
Mortgage closings	$8,591	$9,303	($712)	(8%)
Net gain on loan sale margin, HFS	0.80%	1.23%	(43 bps)	

Observations

A Net interest income

- Net interest income decreased $4mm, or 3%
  - Average earning assets increased 2% led by investment securities, loans held for sale and commercial real estate loans.
  - Net interest margin was 2.81%, down 10 basis points due to full impact of prior quarter rate cuts and 2 March rate cuts.

B Noninterest income

- Noninterest income down $5mm, or 3%
  - Mortgage revenue decreased $2mm, or 2%, driven by $11mm lower net gain on loan sales (36% increase in FOALs and 43 basis point decrease in margin), partially offset by $9mm higher net return on MSR
  - Loan administration income favorable due to a decline in LIBOR-based credit paid to sub-servicers

C Noninterest expense

- Noninterest expense down $10mm, or 4%
  - Lower due to last quarter including $5mm of year-end discretionary charges that did not reoccur, and
  - Volume-driven mortgage expenses decreased driven by lower closings

N/M = not meaningful

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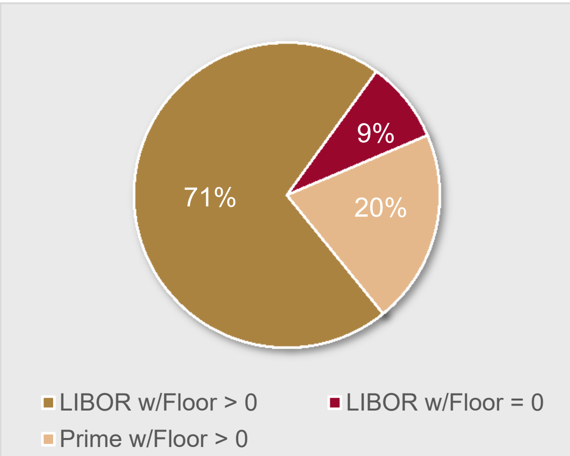
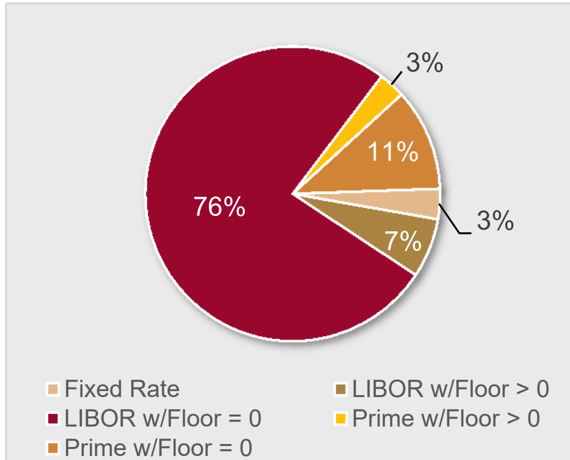
Interest rate risk position

1st Quarter 2020

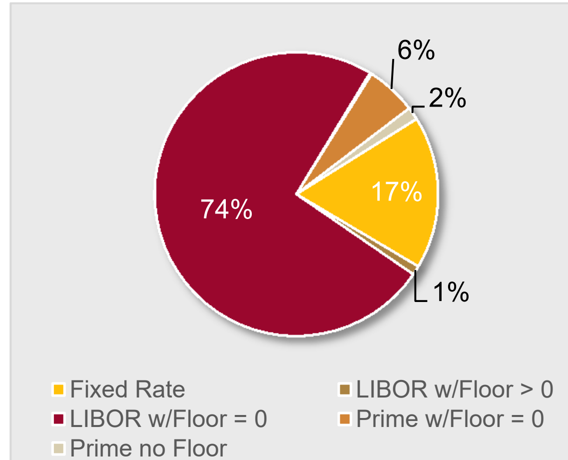
Warehouse- $4.0bn (03/31/2020)



CRE - $3.1bn (03/31/2020)

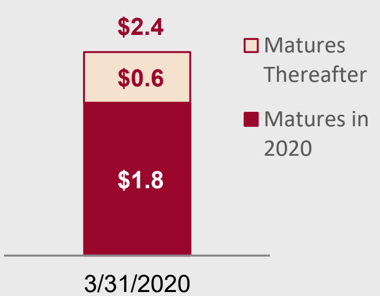


C&I - $1.9bn (03/31/2020)

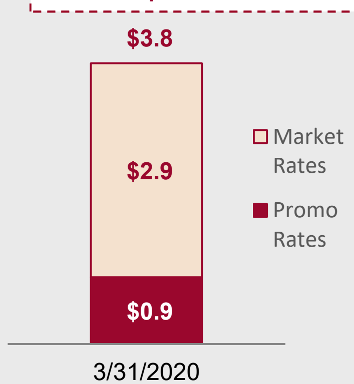


CDs and Savings $6.2bn (03/31/2020)

Average Rates CDs
Matures in 2020 – 2.1%
Matures After 2020 – 1.8%



Average Rates
Promo – 1.9%
Non-promo – 0.25%



Rate Risk Commentary

- Floors in over 90% of our commercial loans that don't allow Prime of LIBOR to reset below zero or at a higher level providing downside protection against spread compression
- Deposit resets should be a tail wind for net interest income as our deposits season into the lower interest rate curve
- Locked low funding rates using $1.5 billion of interest rate swaps with terms from 3 to 7 years

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Average balance sheet highlights

1Q2020 ($mm)

	Average Balance Sheet		
		Incr (Decr)[1]	
	$	$	%
Loans held-for-sale	$5,248	$49	1%
Consumer loans[2]	4,897	(35)	(1%)
Commercial loans[2]	6,926	(310)	(4%)
Total loans held-for-investment	11,823	(345)	(3%)
Other earning assets[3]	4,079	738	22%
Interest-earning assets	$21,150	$442	2%
Other assets	2,263	(65)	(3%)
Total assets	$23,413	$377	2%
Deposits	$15,795	($109)	(1%)
Short-term FHLB advances & other	3,566	304	9%
Long-term FHLB advances	794	144	22%
Other long-term debt	496	-	- %
Other liabilities	908	(13)	(1%)
Total liabilities	$21,559	$326	2%
Stockholders' equity	1,854	51	3%
Total liabilities and stockholders' equity	$23,413	$377	2%
Tangible book value per common share[4]	$29.52	$0.95	3%

Observations

Interest-earning assets

- Average loans HFI decreased $0.3bn, or 3%
  - Average commercial loans decreased $0.3bn, or 4% primarily driven by lower warehouse balances impacted by seasonal factors

Interest-bearing liabilities

- Average deposits decreased $0.1bn, or 1%, driven by CD and wholesale deposit run-off, partially offset by higher average custodial deposits.

Equity[4]

- Tangible common equity to asset ratio of 6.25%
- FBC closing share price of $22.75 on April 27, 2020 was 77% of tangible book value per share

1. Measured vs. the prior quarter
2. Consumer loans include first and second mortgages, HELOC and other loans; commercial loans include commercial real estate, commercial & industrial and warehouse loans
3. Other earning assets include interest earning deposits, investment securities and loans with government guarantees
4. References a non-GAAP number. Please see reconciliations on page 47 - 49.

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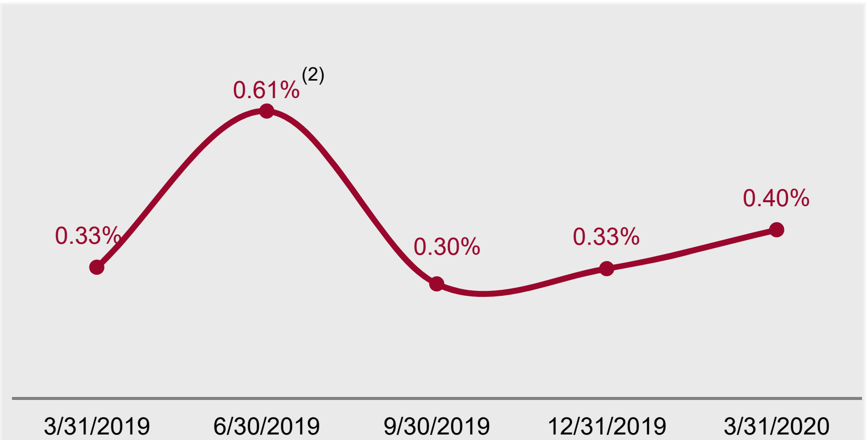
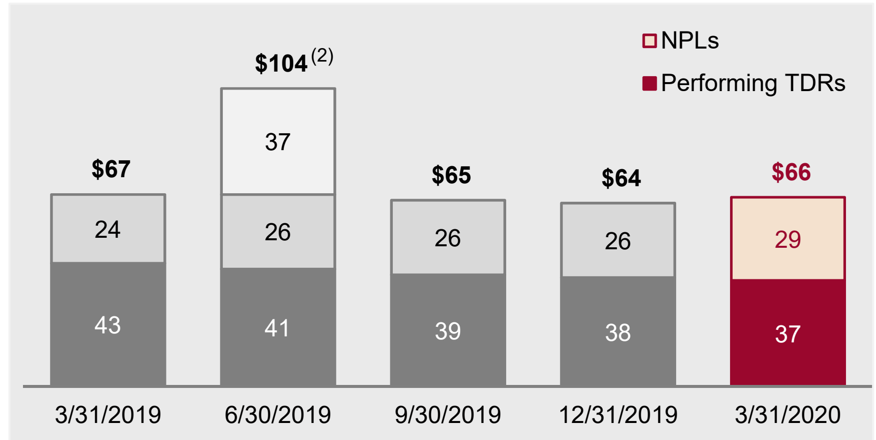
Asset quality

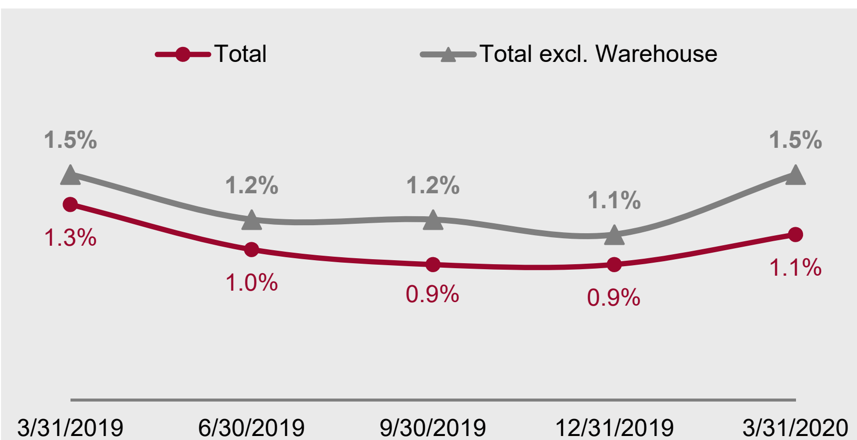
Delinquencies[1] (% of loans HFI)



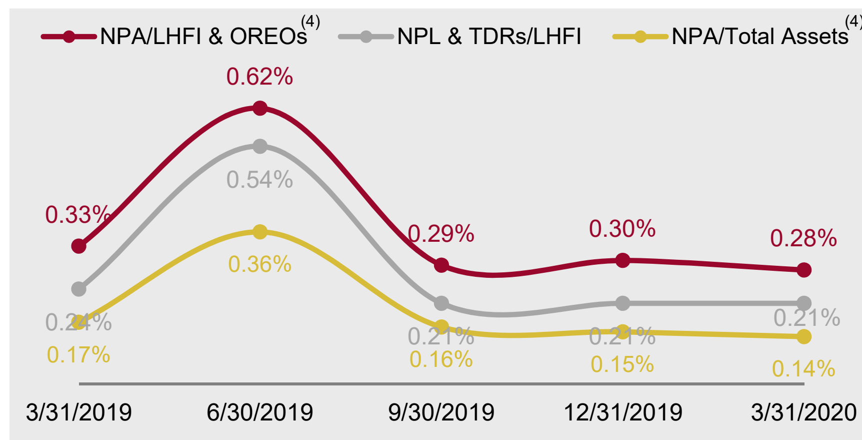
NPLs and performing TDRs ($mm)



Allowance coverage[3] (% of loans HFI)



Nonperforming loan and asset ratios



1. Includes early stage delinquencies, defined as 30 to 89 days past due and nonaccrual loans
2. Includes $37 million Live Well loan which was fully liquidated in the third quarter 2019.
2. Excludes loans carried under the fair value option and loans with government guarantees.
3. Excludes loans held-for-sale

COVID-19 Impacted Industry Exposure

Commercial Exposure - $1.0 billion, 7% of LHFI

Commercial & Industrial Loans

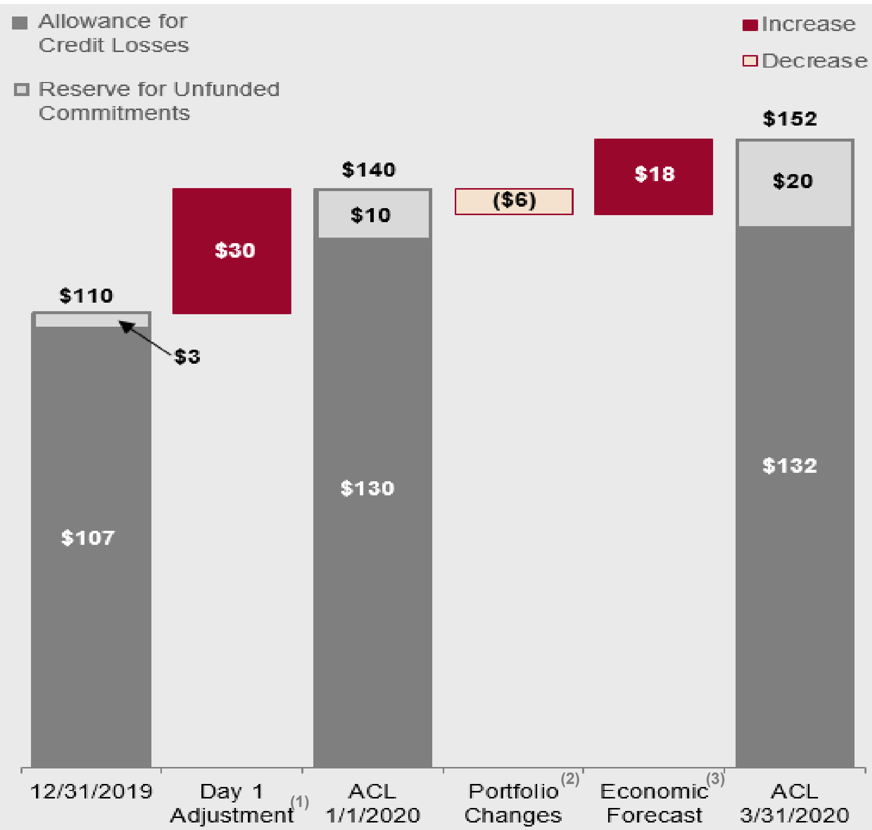
Automotive	Manufacturing, automotive suppliers	$161 million UPB / 1.2% of loans $51 million in requested deferrals to date
Leisure & Entertainment	Includes restaurants, churches, theatres, etc.	$119 million / 0.9% of loans $15 million in requested deferrals to date
Healthcare	Hospitals, HMO Medical Centers	$48 million / 0.3% of loans No requested deferrals to date

Commercial Real Estate Loans

Retail	~ 80% in footprint	$302 million / 2.2% of loans (60 loans) $64 million in requested deferrals to date
Hotel	Marriott, Hilton, IHG and 2 local boutique hotels comprise 85% of portfolio	$209 million / 1.5% of loans (21 loans) $82 million in requested deferrals to date
Senior Housing	Geographically diverse; facilities in 13 different metro areas. All but one have recourse to strong borrowers	$136 million / 1.0% of loans (18 loans) No requested deferrals to date

Current Expected Credit Loss ("CECL")

Allowance for credit losses and unfunded commitments



1. CECL Day 1 transition adjustment, includes $7 million increase related to unfunded commitment reserve
2. New loans, aging of existing portfolio, charge-offs, and recoveries
3. Changes to macro-economic variables, forecast scenario and underlying credit conditions

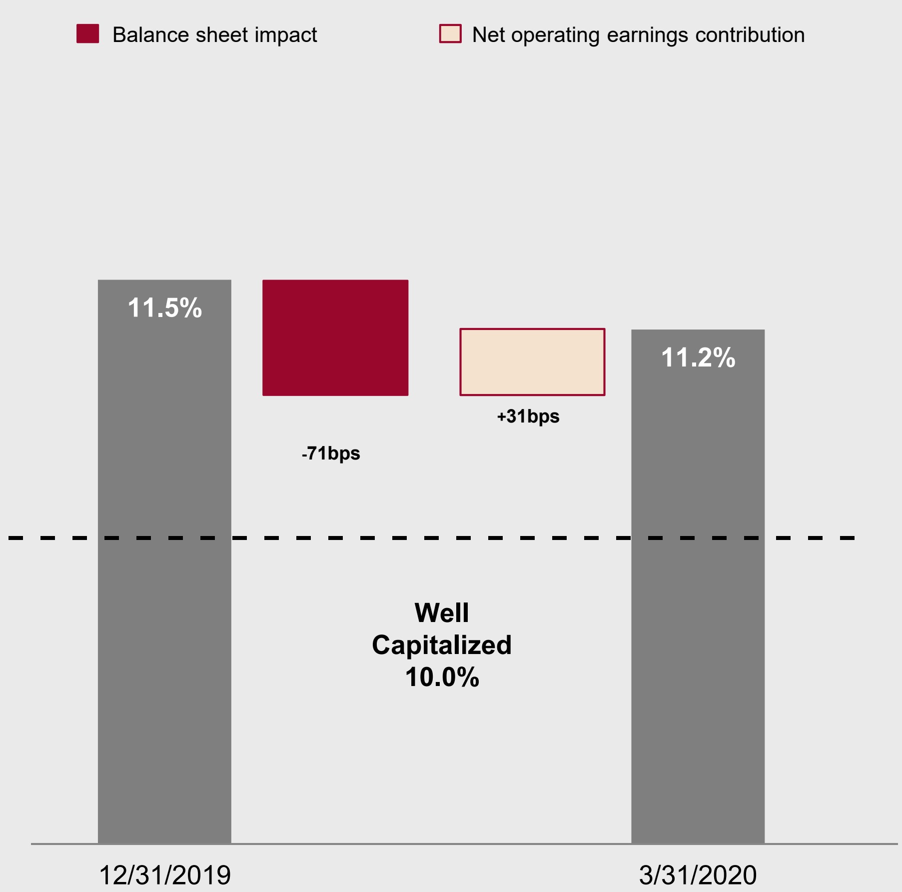
CECL methodology and key variables

Key Model Inputs	Economic Inputs • GDP • Unemployment rate • Home Price Index Portfolio Credit Characteristics • Commercial risk ratings • FICO and credit history • Collateral values • Delinquency • Life of loan • Loan to value
Forecast	• Used a single, 2-year forecast as of March 27 reflecting the economic distress caused by COVID • Forecast contemplates 2Q20 GDP contraction of ~18% with peak unemployment of 9% (adjusted for estimated impact of government stimulus) followed by a slight recovery in second half of 2020 • HPI decreases 3% by the end of the year • Qualitative adjustments reflect best estimate of COVID-19 impact on portfolios including estimated impact of government stimulus, forbearance/payment holidays and Fed programs

Capital

1st Quarter 2020

Flagstar Bancorp Total Risk Based Capital Ratio



Observations 1Q20

	Tier 1 Leverage	CET-1 to RWA	Tier 1 to RWA	Total RBC to RWA
1Q20	8.1%	9.2%	10.5%	11.2%
4Q19	7.6%	9.3%	10.8%	11.5%

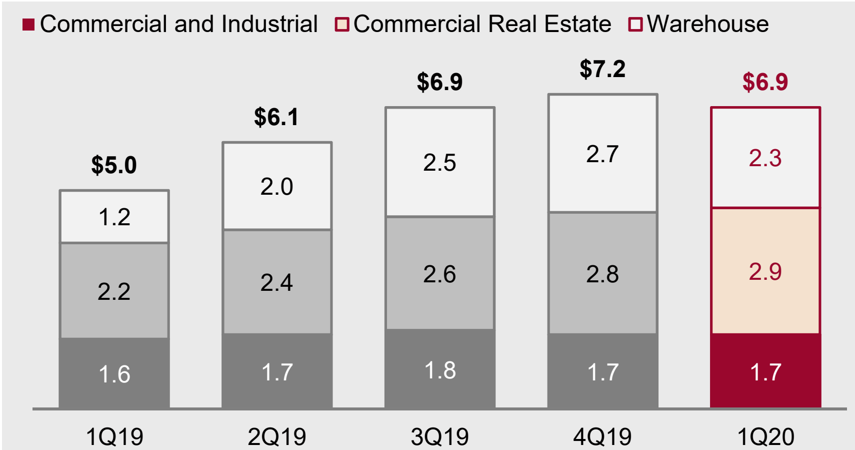
- Total risk based capital ratio of 11.2%
  - o 541 basis points of total risk based capital attributed to warehouse loans, loans held for sale and trading securities
  - o Warehouse lending—100% risk weight– has had under $5 million of losses, cumulatively, over the last 12 years
- Tier 1 leverage ratio ended quarter at 8.1%
  - o 406 basis points of tier 1 leverage attributed to warehouse loans, loans held for sale and trading securities

Business Segment Overview

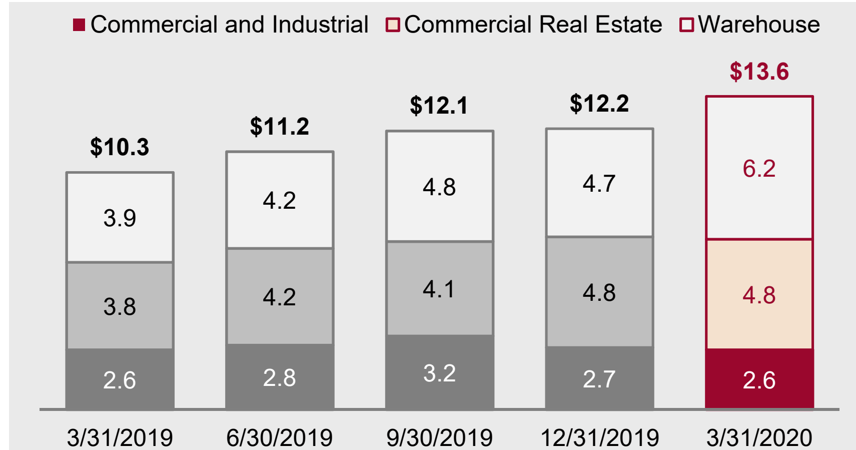
Lee Smith, COO

Community banking

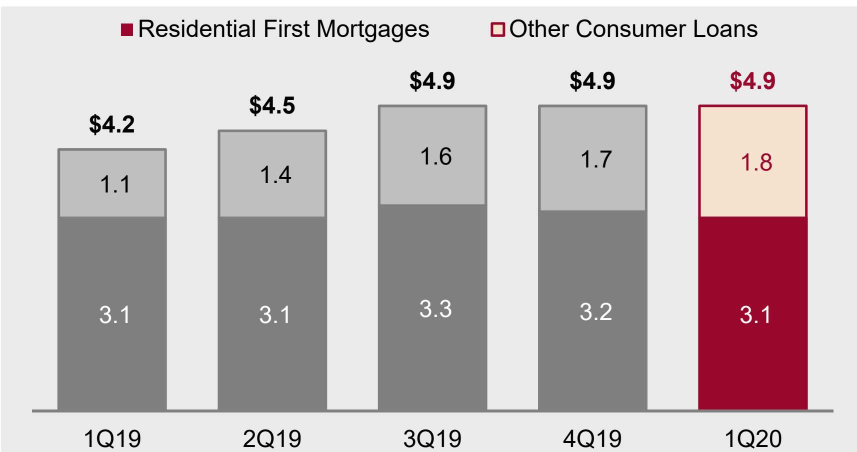
Average commercial loans ($bn)



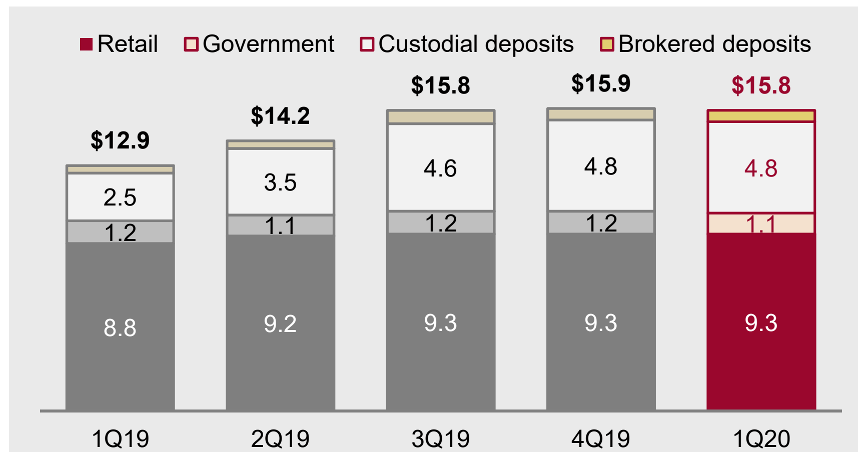
Quarter-end commercial loan commitments ($bn)



Average consumer loans ($bn)



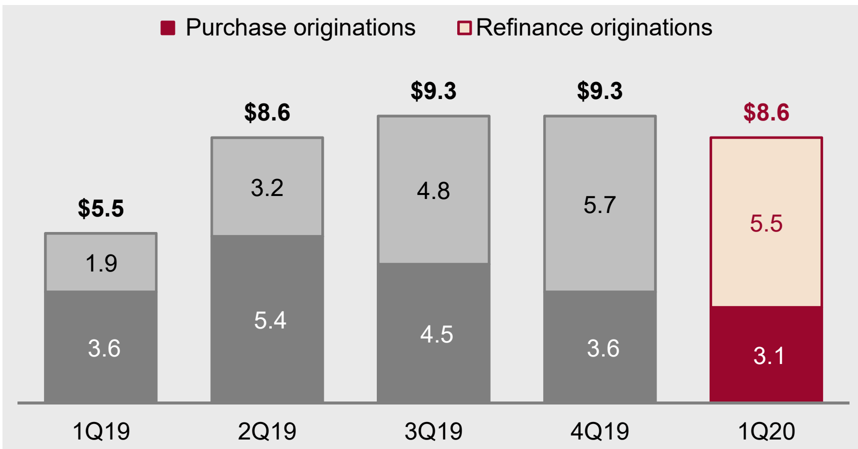
Average deposit funding[1] ($bn)



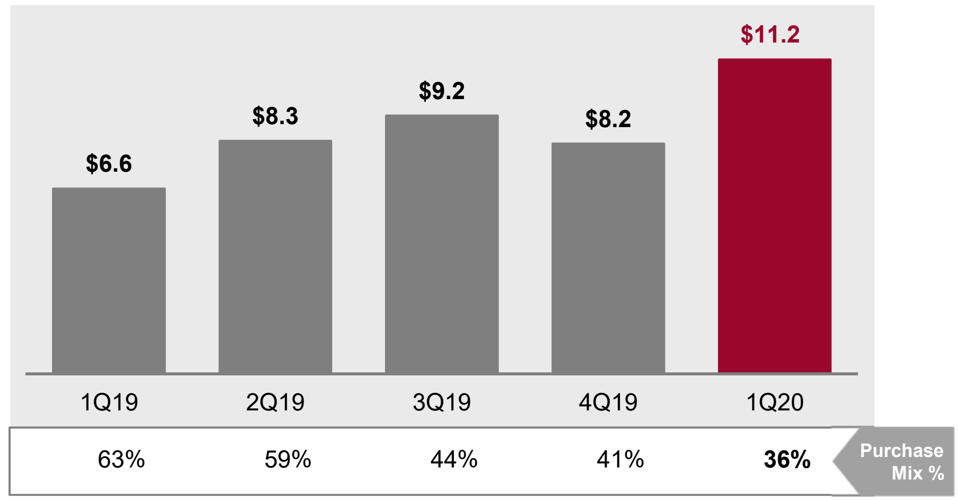
1. Includes custodial deposits which are included as part of mortgage servicing.

Mortgage originations

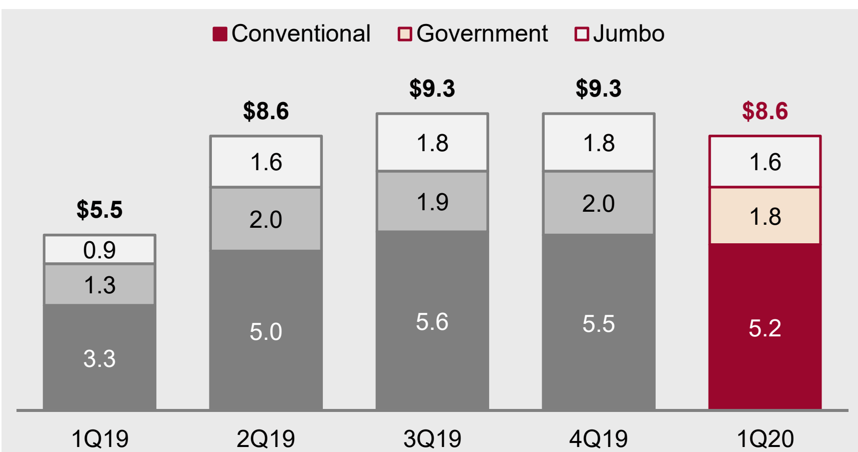
Closings by purpose ($bn)



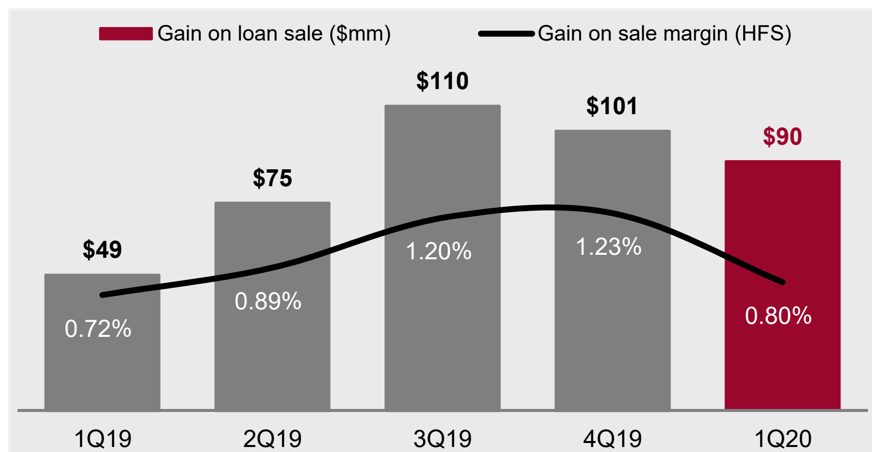
Fallout-adjusted locks ($bn)



Closings by mortgage type ($bn)



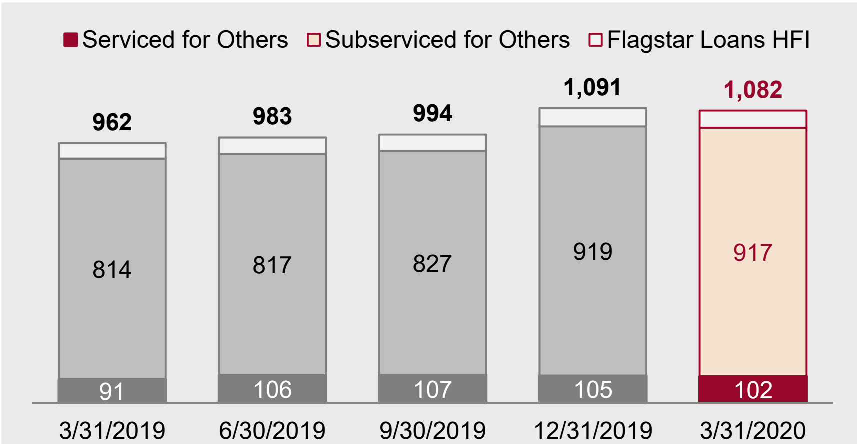
Net gain on loan sales – revenue and margin



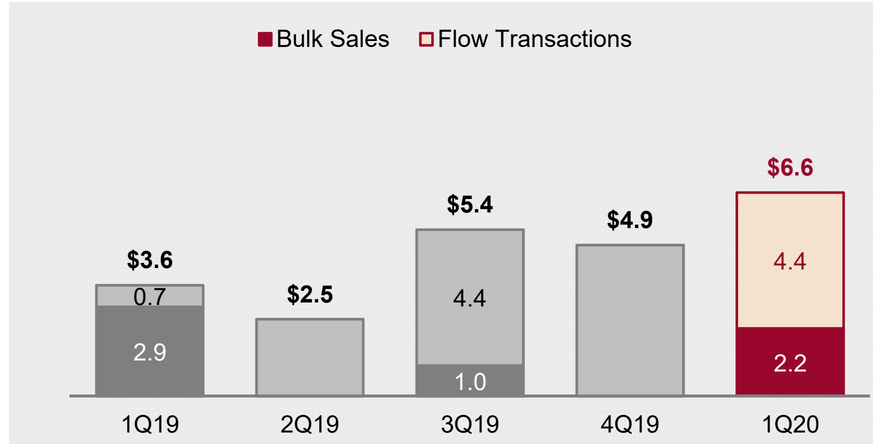
Mortgage servicing

1st Quarter 2020

Quarter-end loans serviced (000's)

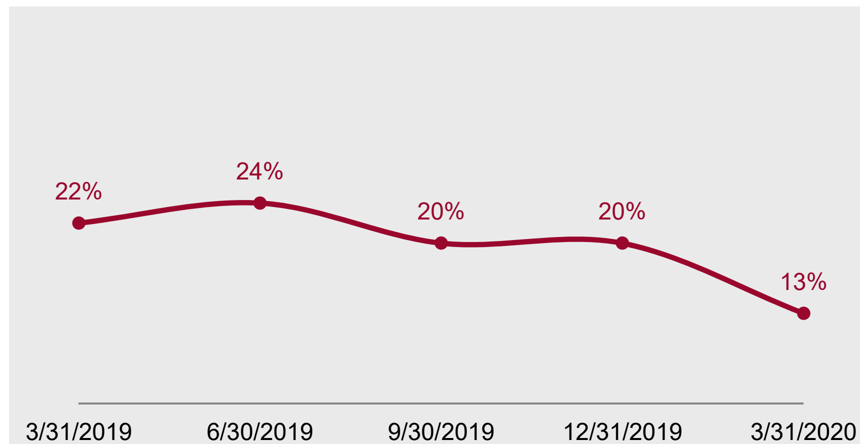


$ UPB of MSRs sold ($bn)



Average custodial deposits ($bn)

MSR / CET1 (Bancorp)



Flagstar Bancorp

Supporting client relief

Paycheck Protection Program "PPP"

Over 3,000 Applications Received

Totaling Approximately $400 Million

- Built solution in 36 hours following release of the PPP guidelines
- Began receiving PPP applications on 4/4/20
- Opened PPP to nonprofits that were not previously Flagstar customers

Customer Support through Deferral/Forbearance

- Offering assistance to Consumers and Commercial clients in response to the unprecedented challenges of COVID-19; allowing clients to request extensions, deferrals and forbearance
- No negative credit bureau reporting for previously up-to-date clients
- Paused foreclosure sales, evictions, repossessions and bankruptcy collections activities
- Certain fee waivers for those impacted

Consumer Forbearance

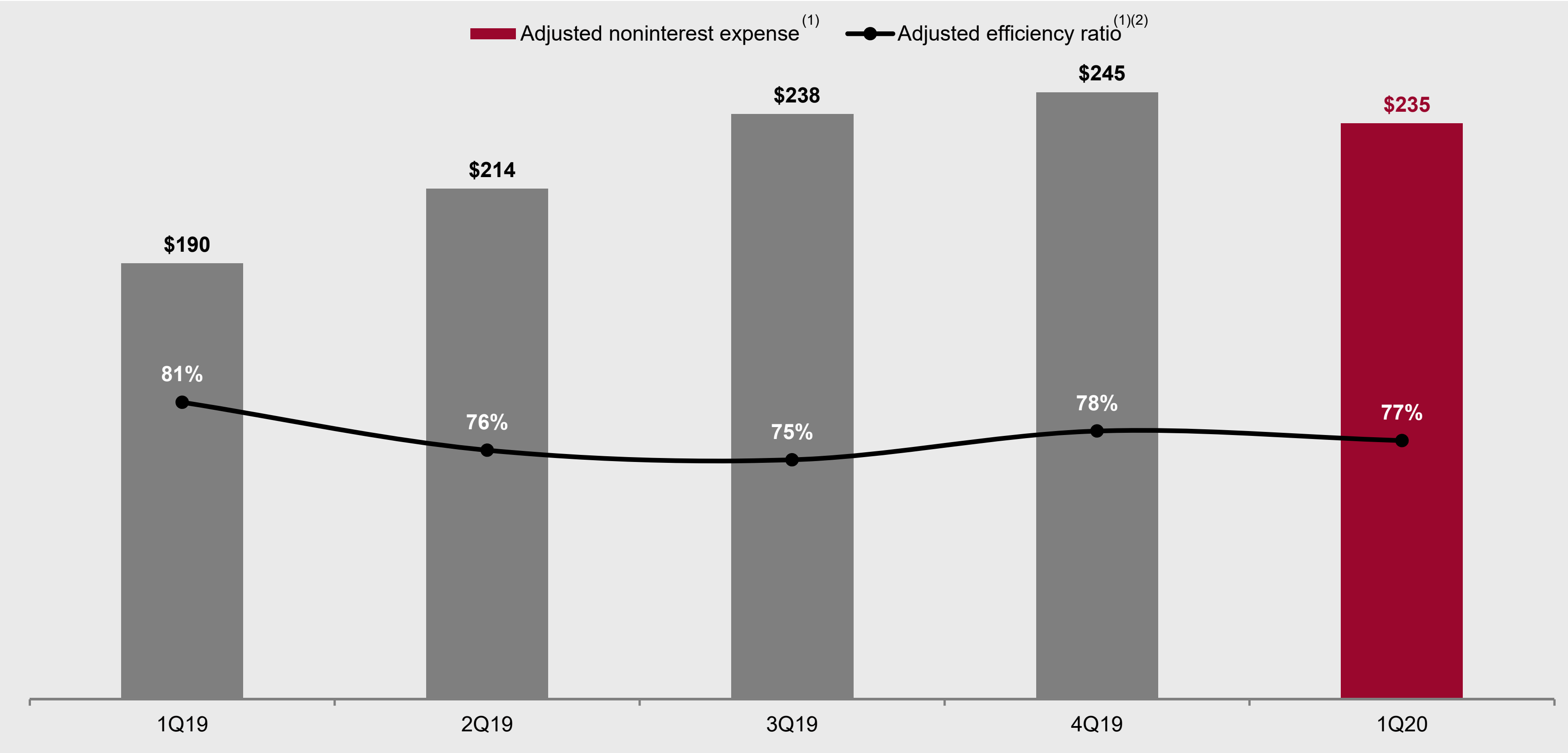
- Received approximately 2,000 requests for deferrals on our non-mortgage consumer loan portfolio, which amounts to $119 million or 5.8% of all outstanding balances (as of April 24^{th})
- Approximately 110,000 loans, or 10%, that we service or subservice requested forbearance relief because of COVID-19. Almost half of borrowers have made their April payment (as of 4/23/20)
- Established hardship relief task force within default servicing team to proactively work with borrowers in forbearance

Commercial Deferrals

- Approximately 250 commercial borrowers representing $548 million in unpaid balances -- or 11% of our commercial portfolio – have requested deferrals (all were in good standing prior to their request)
- Business banking requests account for $71 million, with C&I and CRE representing $287 and $190 million, respectively
- No deferral requests from our home builder clients as of 4/22

Noninterest expense and efficiency ratio

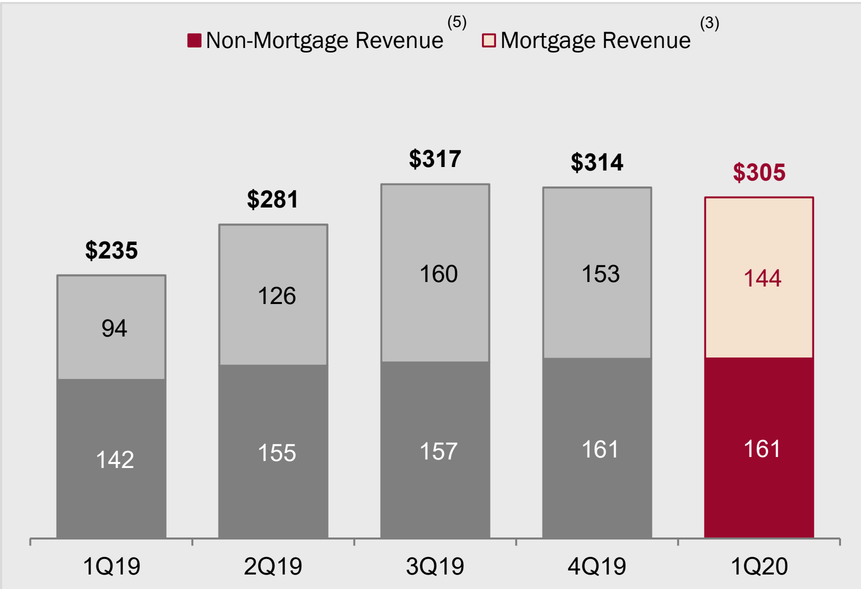
Quarterly noninterest expense ($mm) and efficiency ratio



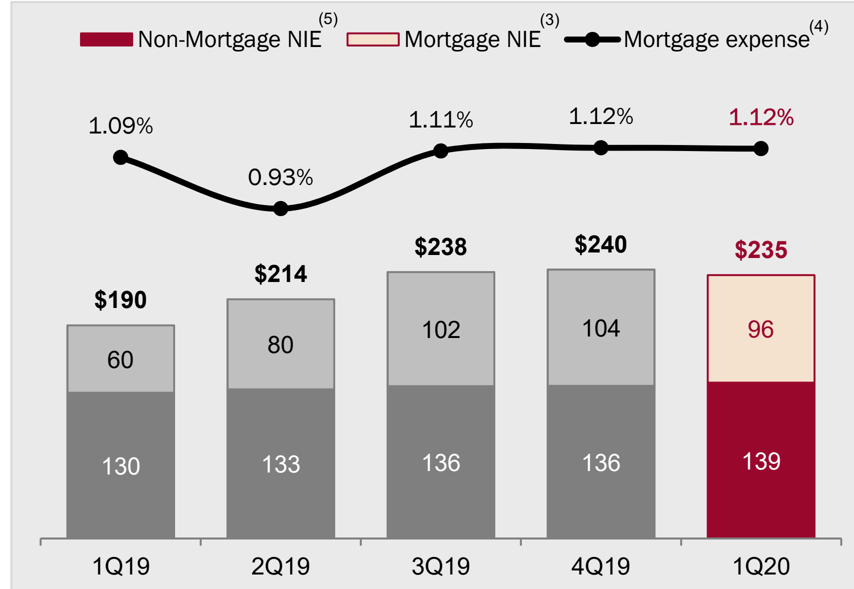
1. References non-GAAP number for 1Q19, which excludes acquisition costs of $1 million related to Wells Fargo branch acquisition. Please see reconciliations on page 47 - 49.
2. References non-GAAP number for 2Q19; excludes DOJ benefit of $25 million for 2Q19. Please see reconciliations on page 47 - 49.

Quarterly results

Quarterly adjusted revenue ($mm) (1)



Quarterly adjusted noninterest expense ($mm) (2)



- Noninterest expense decreased $5 million to $235 million for the first quarter 2020, compared to adjusted noninterest expense of $240 million in the fourth quarter 2019.
- Mortgage-related expense decreased $8 million, or 7.7 percent, to $96 million, or 1.12% of total originations, consistent with the prior two quarters. This decrease was primarily driven by lower commissions and loan processing as closings decreased $700 million, or 7.6 percent during this same time period.

1. References non-GAAP number for 2Q19. Please see reconciliations on page 47 - 49.
2. References non-GAAP number for 1Q19 and 4Q19. Please see reconciliations on page 47 - 49.
3. Includes direct allocations.
4. As a percentage of that period's close volume
5. Includes Servicing segment

Closing Remarks / Q&A

Sandro DiNello, CEO

Appendix

Flagstar at a glance

1st Quarter 2020

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization $1.3bn
- Member of the Russell 2000 Index

Community banking

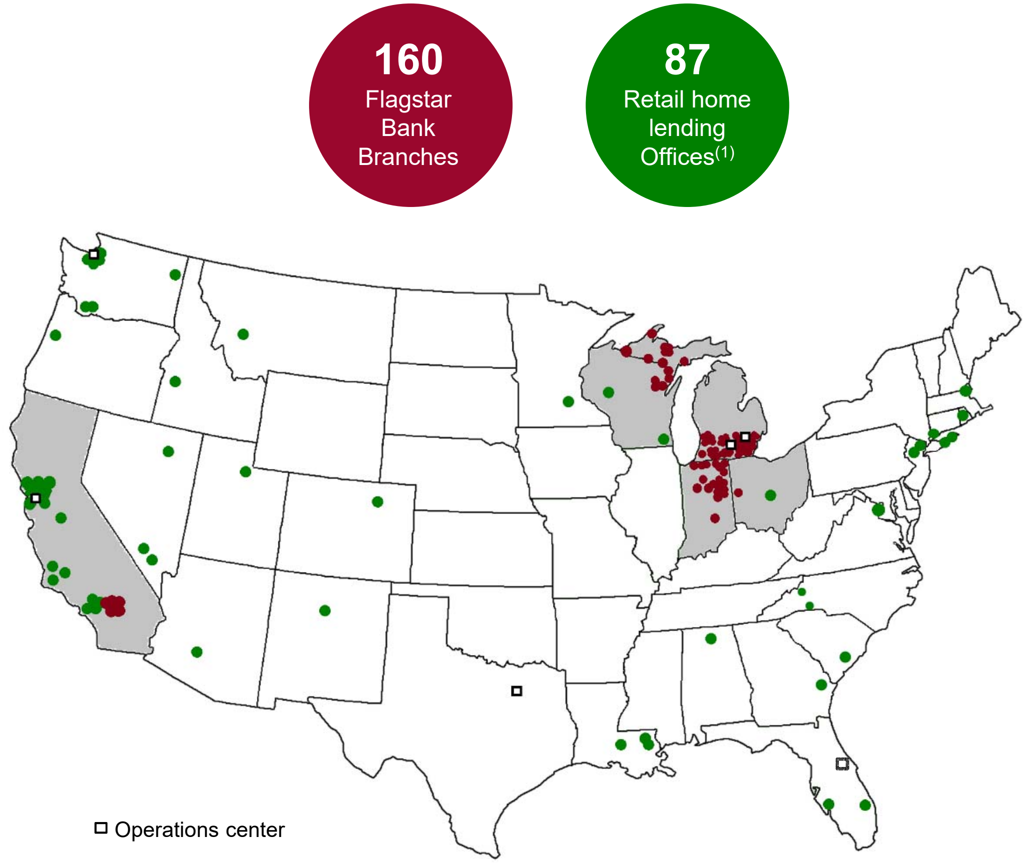
- Leading Michigan-based bank with a balanced, diversified lending platform
- $26.8bn of assets and $16.1bn of deposits
- 215k household & over 26k business relationships

Mortgage origination

- 5th largest bank originator of residential mortgages ($35.7bn during twelve months ended March 31 2020)
- Scalable platform originating business in all channels and all 50 states including 87 retail home lending offices
- More than 1,100 correspondent and more than 1,200 broker relationships

Mortgage servicing

- 6th largest sub-servicer of mortgage loans nationwide
- Servicing 1.1 million loans as of March 31, 2020
- Efficiently priced deposits from escrow balances



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

Flagstar has a strong executive team

Board of Directors
John Lewis
Chairman

Chief Audit Officer
Meagan Belfinger

Sandro DiNello
President & CEO

- CEO since 5/13
- Over 40 years of banking experience with Flagstar and its predecessors with a strong emphasis on community banking, including the management of retail operations and product strategy

Chief Operating Officer
Lee Smith

- COO since 5/13
- Formerly a partner of MatlinPatterson Global Advisors and a Senior Director at Zolfo Cooper
- Extensive expe-rience in financial management and operations
- Chartered Accoun-tant in England and Wales

Chief Financial Officer
Jim Ciroli

- CFO since 8/14
- More than 30 years of banking and financial services experience with First Niagara, Huntington and KeyCorp

Mortgage Banking
Kristy Fercho

- Appointed President of Mortgage effective 9/17
- Has over 15 years experience with Fannie Mae in various executive and leadership roles focused on building banking relationships and growth initiatives

Community Banking
Sandro DiNello

- Interim Director of Community Banking

Chief Risk Officer
Steve Figliuolo

- CRO since 6/14
- Over 35 years of financial services experience with Citizens Republic, Fleet Boston Financial, First Union and Chase Manhattan

General Counsel
Patrick McGuirk

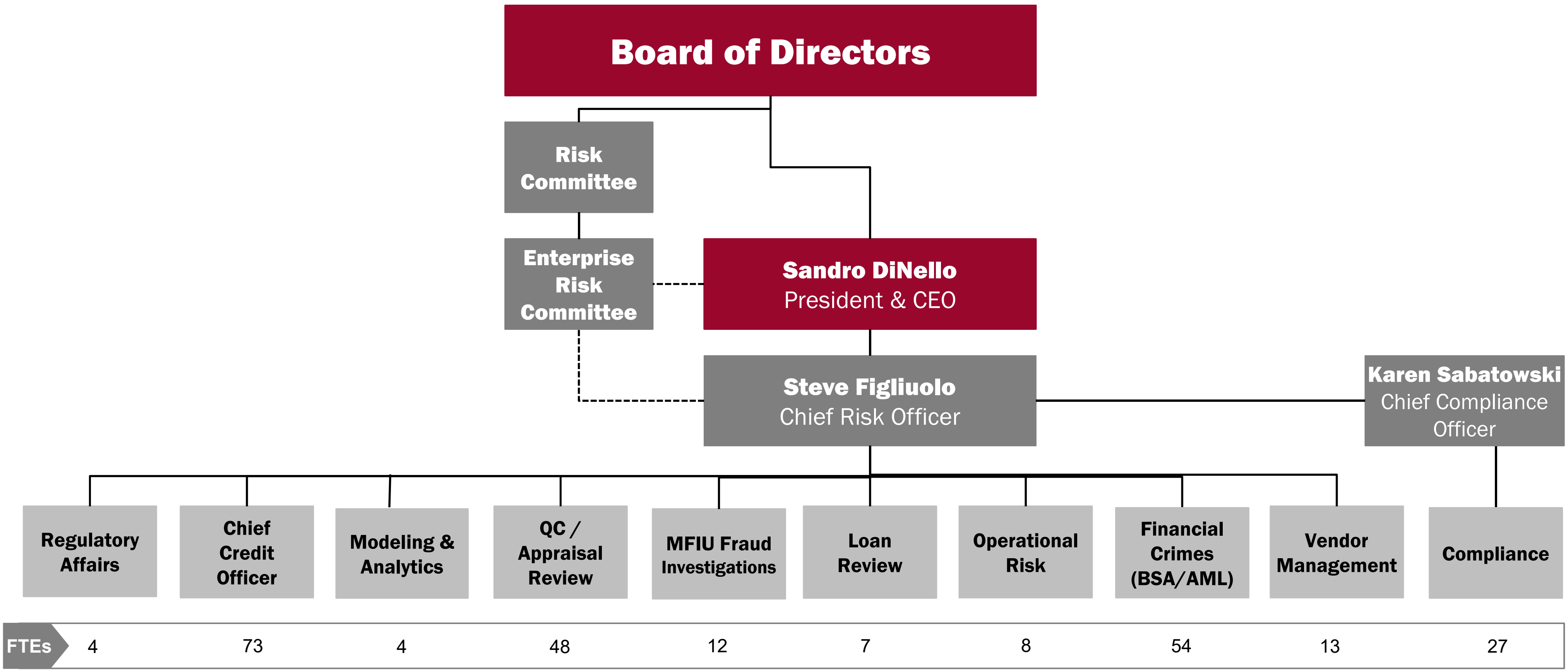
- General Counsel since 6/15
- Over 20 years of financial services legal experience with the FDIC and Sidley Austin LLP

Corporate Responsibility
Beth Correa

- Started as Director of Corporate Responsibility in 3/19
- With Flagstar since 2011 and has more than 30 years of banking experience with NBD, Chase, and Comerica

Risk management

Best-in-class risk management platform with 250 FTEs[(1)]



1. Does not include 30 FTEs in internal audit as of 03/31/2020.

Higher net interest income is stabilizing earnings

- Achieving earning asset growth while continuing to grow net interest income
  - Strong net interest margin management
- Transition to more stable net interest income

Average earning assets and net interest income

Quarter/Year	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
NIM	2.66%	2.63%	2.58%	2.67%	2.67%	2.77%	2.78%	2.76%	2.76%	2.86%	2.93%	2.99%	3.09%	3.08%	3.05%	2.91%	2.81%

1. References non-GAAP number for 4Q18; excludes $29 million of hedging gains reclassified from AOCI to net interest income in conjunction with the payment of long-term FHLB advances. Please see reconciliations on page 47 - 49.

Strong market position

- Leading deposit share in Michigan, Fort Wayne, IN[1], and San Bernardino County, CA (High Desert Region)
- Provides access to markets with attractive demographics and low-cost, stable liquidity for continued balance sheet growth

Michigan deposit share

2019 Rank				Deposits as of 9/30/2019 ($mm)		% YoY
Overall	MI-based	Institution	Branches	Total	Share	Change
1		Chase	217	$44,432	20%	2%
2		Comerica	194	28,995	13%	-4%
3		Bank of America	96	22,820	10%	19%
4		PNC	174	16,999	8%	-1%
5		Huntington	287	16,851	7%	7%
6		Fifth Third	199	16,640	7%	1%
7	1	TCF Financial	233	16,404	7%	1%
8	**2**	**Flagstar[2]**	**114**	**13,026**	**6%**	**18%**
9		Citizens	88	5,770	3%	2%
10		Independent	69	3,011	1%	7%
		Top 10	**1,671**	**$184,948**	**82%**	**4%**

Key Markets

	Flagstar Deposits		Deposit	Median	Proj HHI	Proj pop
Market	$mm	% of total	mkt share	HHI	growth[4]	growth[4]
Oakland County, MI[3]	4,569	42.0%	8.0%	85,757	13.6%	2.6%
Grand Rapids, MI MSA	436	4.0%	1.9%	67,365	11.9%	3.2%
Ann Arbor, MI MSA	282	2.6%	2.9%	75,938	13.8%	3.0%
Fort Wayne, IN[1]	716	6.6%	8.8%	58,513	10.1%	2.6%
Key Midwest Markets[5]	6,003	55.2%	6.1%	80,711	13.1%	2.7%
San Bernardino County, CA[6]	608	5.6%	1.1%	69,132	14.7%	4.27%
National aggregate				**66,010**	**9.9%**	**3.4%**

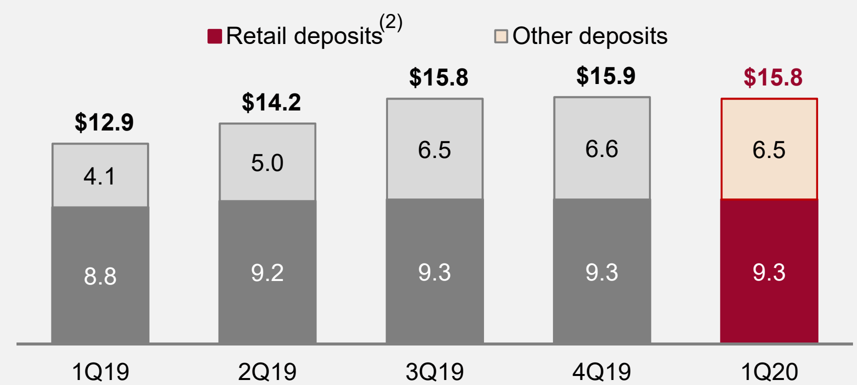
1. Source: S&P Global Market Intelligence; Note: Deposit data as of June 30, 2019 and projections based on 2019 estimates; MI-based banks highlighted.
2. Fort Wayne, IN deposit data is based on Fort Wayne, IN Fed District. Fort Wayne, IN demographic data is based on counties within Fort Wayne, IN Fed District, deposit weighted based on Flagstar's portfolio.
3. Reflects the acquisition of 14 wells Fargo branches located in Michigan.
4. Oakland County data excludes $1.7bn of custodial deposits held at company headquarters.
5. 2019–2024 CAGR.
6. Key Midwest Markets Median HHI, projected HHI growth and projected population growth are deposit weighted based on Flagstar's portfolio.
7. Deposit data is based on High Desert Region of San Bernardino County, CA.

Deposits

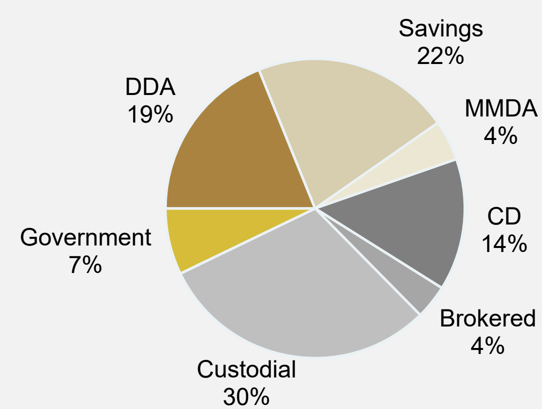
Portfolio and strategy overview

- **Flagstar gathers deposits from consumers, businesses and select governmental entities**
  - Traditionally, CDs and savings accounts represented the bulk of our branch-based retail depository relationships
  - Today, we are focused on growing DDA balances with consumer, business banking and commercial relationships
  - We additionally maintain depository relationships in connection with our mortgage origination and servicing businesses, and with governmental entities
  - Cost of total deposits[1] equal to 0.81%, down 9 basis points from 0.90% in 4Q19

Total average deposits ($bn)



1Q20 total average deposits



Total: $15.8 bn
0.81% cost of total deposits[1]

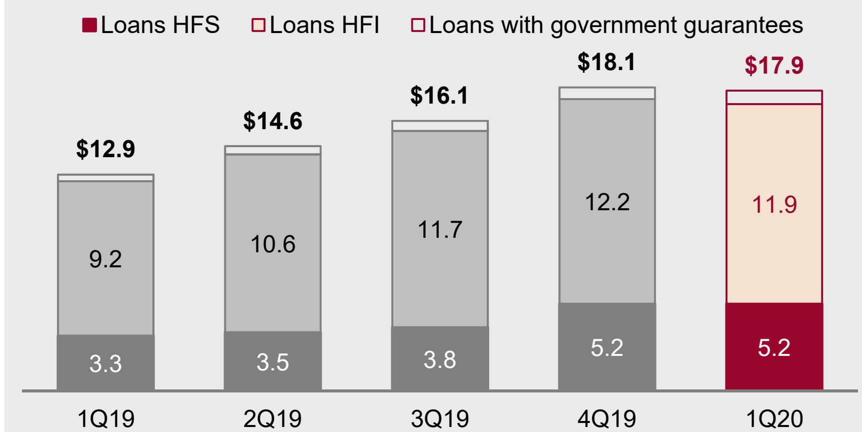
1. Total deposits include noninterest bearing deposits.
2. Includes deposits from commercial and business banking customers.

Lending

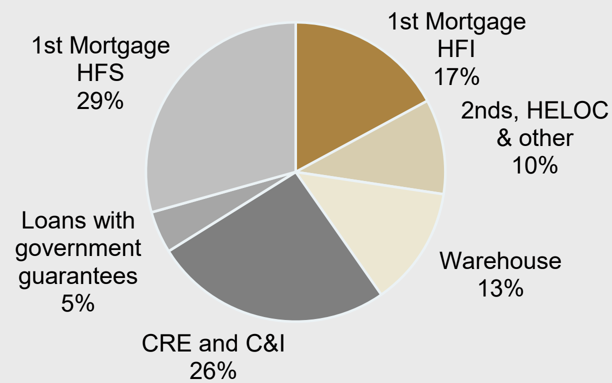
Portfolio and strategy overview

- **Flagstar's largest category of earning assets consists of loans held-for-investment which averaged $11.9bn during 1Q20**
  - Loans to consumers consist of residential first and second mortgage loans, HELOC and other
  - C&I / CRE lending is an important growth strategy, offering risk diversification and asset sensitivity
  - Warehouse lending to both originators that sell to Flagstar and those who sell to other investors
- **Flagstar maintains a balance of mortgage loans held-for-sale which averaged $5.2bn during 1Q20**
  - Essentially all of our mortgage loans originated are sold into the secondary market
  - Flagstar has the option to direct a portion of the mortgage loans it originates to its own balance sheet

Total average loans ($bn)



1Q20 average loans



Commercial lending

Diversified relationship-based approach

Overview

Warehouse

- Warehouse lines with approximately 321 active relationships nationwide, of which approximately 77% sell a portion of their loans to Flagstar
- Collateralized by mortgage loans being funded which are paid off once the loan is sold

Commercial Real Estate

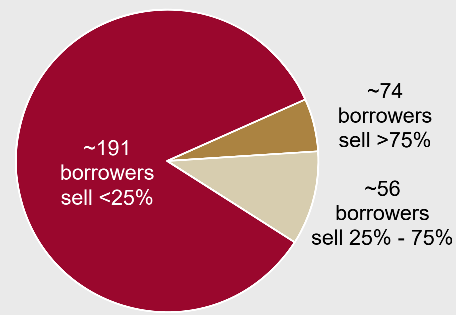
- Diversified property types which are primarily income-producing in the normal course of business
- Focused on experienced top-tier developers with significant deposit and non-credit product opportunities

Commercial & Industrial

- Lines of credit and term loans for working capital needs, equipment purchases, and expansion projects
- Primarily Michigan based relationships or relationships with national finance companies

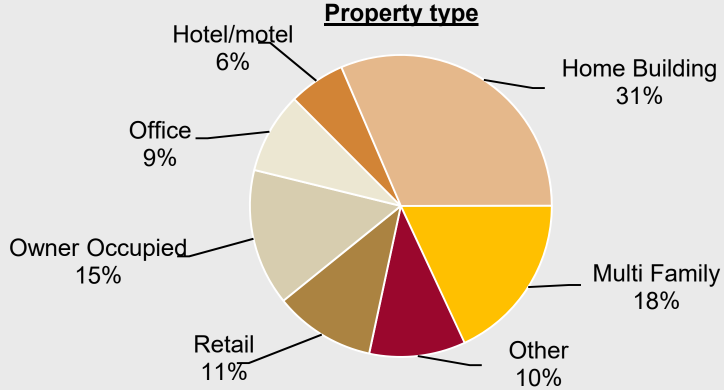
Warehouse - $4.0bn (03/31/20)

% Advances sold to Flagstar



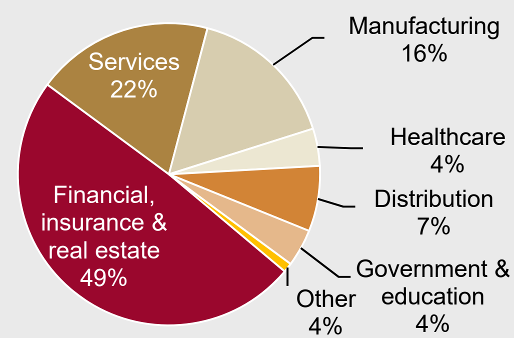
Commercial Real Estate - $3.1bn (03/31/20)

Property type



Commercial & Industrial - $1.9bn (03/31/20)

Industry



Commercial real estate portfolio detail

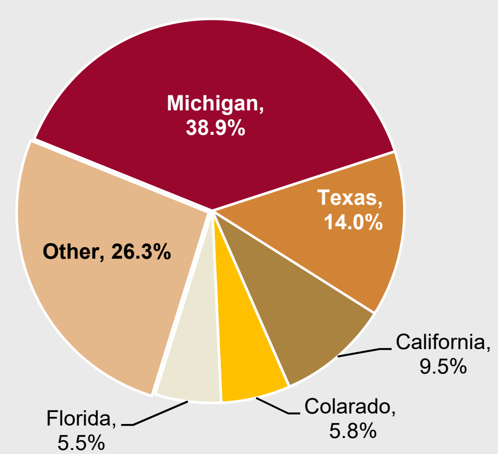
Commercial Real Estate ($bn)

	NBV	Commitment	% Utilization
Home Builder	$ 0.9	$ 1.8	51.3%
Owner Occupied	0.4	0.5	97.6%
Multi family	0.4	0.8	51.7%
Retail (1)	0.3	0.3	94.7%
Office	0.3	0.3	78.2%
Hotel/motel	0.2	0.3	62.9%
Senior Living facility	0.1	0.2	57.8%
Industrial	0.1	0.2	53.4%
Parking garage/Lot	0.1	0.1	99.8%
All Other	0.2	0.3	74.8%
Total CRE	$ 3.1	$ 4.8	63.8%

Portfolio Characteristics

- Average LTV ~51% and DSC ~2.4%
- 82.5% LIBOR / 14.2% Prime Rate / 3.3% Fixed Rate
- Over 96% of portfolio has Prime and LIBOR rate floors at or greater than 0%
- Shared National Credits ~8% of portfolio

State Breakdown



1. Includes multipurpose retail space, neighborhood centers, strip centers and single-use retail space.

Commercial and industrial portfolio detail

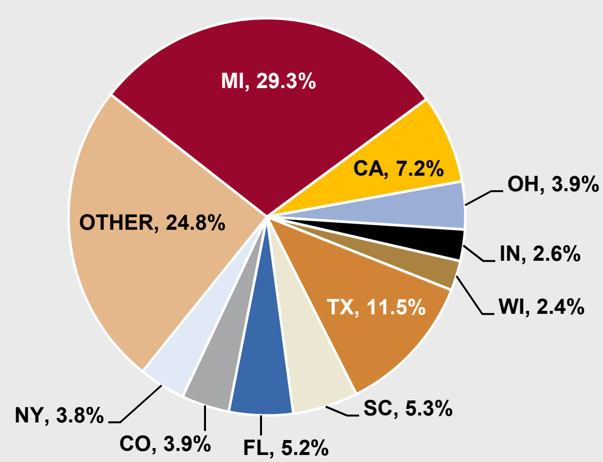
Commercial & Industrial ($bn)

	NBV		Commitment		% Utlization
Financial & Insurance	$	0.5	$	0.8	65.9%
Services		0.4		0.5	72.3%
Manufacturing		0.3		0.4	77.7%
Home Builder Finance		0.2		0.3	79.3%
Rental & Leasing		0.2		0.2	69.6%
All other		0.3		0.4	81.8%
Total Commercial	$	1.9	$	2.6	73.1%

Portfolio Characteristics

- 75.4% LIBOR / 17.4% Fixed Rate / 7.2% Prime Rate
- Approximately 81% of portfolio has Prime and LIBOR rate floors at or greater than 0%
- Shared national credits ~52% of portfolio

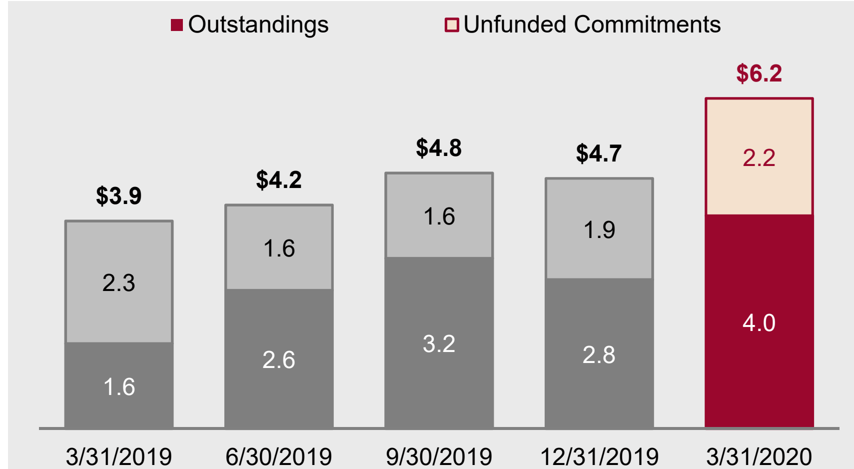
State Breakdown



Warehouse lending

- National relationship-based lending platform
- Attractive asset class with good spreads and low credit risk
- Scalable platform supports current total commitments of $6.2 billion
- Flagstar is well positioned to hold market share, leveraging relationships in complementary lines of business, including home builder finance and mortgage originations

FBC warehouse loan commitments ($bn)

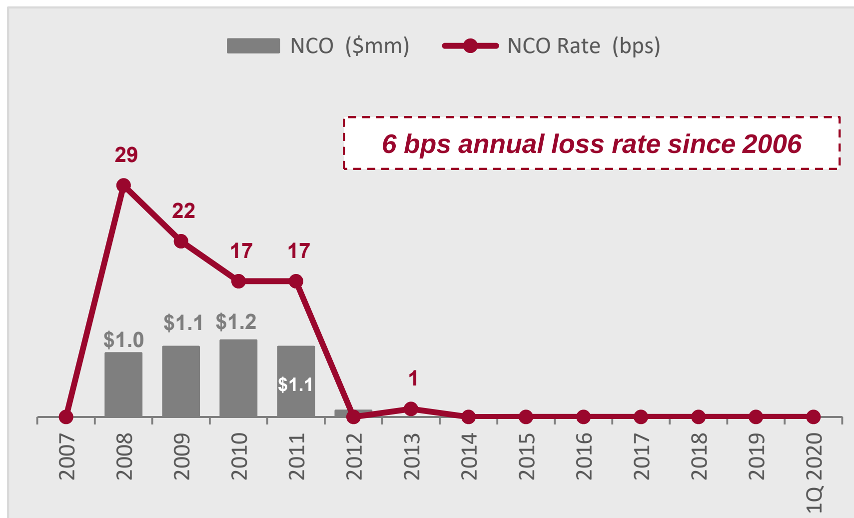


Warehouse lenders ranked by commitments ($mm)

Rank	Institution	YOY Growth	4Q19 Total	Share
1	JPMorgan Chase	46%	$19,000	19%
2	First Tennessee	44%	8,700	9%
3	Texas Capital	39%	8,169	8%
4	Wells Fargo	21%	6,400	6%
5	TIAA FSB (Everbank)	74%	6,250	6%
6	Comerica	67%	5,600	6%
7	Merchants Bank	88%	5,276	5%
8	Flagstar Bancorp	23%	4,704	5%
9	Truist	21%	4,392	4%
10	U.S. Bancorp	50%	3,700	4%
	Top 10	45%	$72,191	72%

Source: Inside Mortgage Finance as of December 20, 2019.

Net chargeoffs



Flagstar Bancorp

Allowance for credit losses

($mm)	December 31, 2019 Incurred Loss Model		January 1, 2020 CECL Transition		March 31, 2020 CECL Model	
	Amount[1]	% of Portfolio	Amount[1]	% of Portfolio	Amount[1]	% of Portfolio
Consumer:						
Residential First Mortgage	$ 22	0.70%	$ 47	1.49%	$ 46	1.55%
Home Equity[2]	14	1.37%	26	2.54%	23	2.24%
Other Consumer	6	0.82%	17	2.33%	17	1.98%
Total Consumer	42	0.86%	90	1.83%	86	1.77%
Commercial:						
Commercial Real Estate	40	1.41%	30	1.06%	43	1.39%
Commercial and Industrial	23	1.41%	19	1.16%	22	1.17%
Warehouse Lending	5	0.18%	1	0.04%	1	0.03%
Total Commercial	68	0.94%	50	0.69%	66	0.74%
Total Credit Reserve	**110**	**0.91%**	**140**	**1.15%**	**152**	**1.10%**
Total Credit Reserve excl. Warehouse	**$ 105**	**1.12%**	**$ 139**	**1.48%**	**$ 151**	**1.54%**

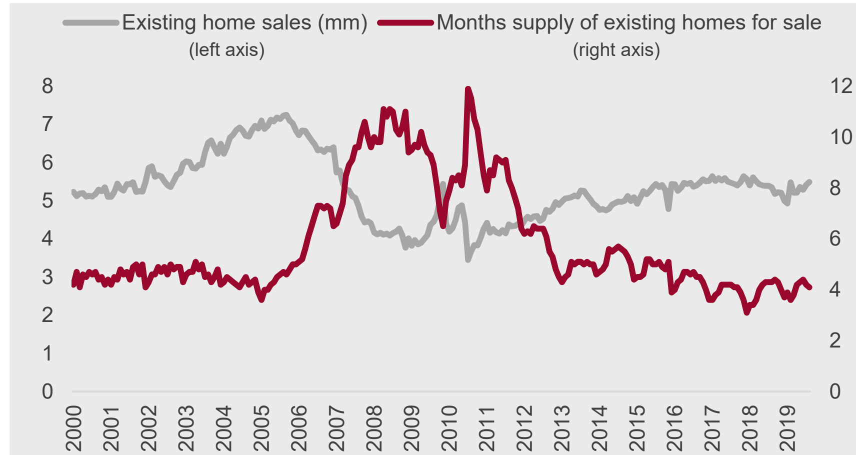
1. Includes reserve for unfunded commitment of $3 million, $10 million, and $20 million at 12/31/19, 1/1/20 and 3/31/20, respectively
2. 12/31/19 and 1/1/20 balances include $4 million of specific reserves that are no longer needed as of 3/31/20

Home builder finance

Overview

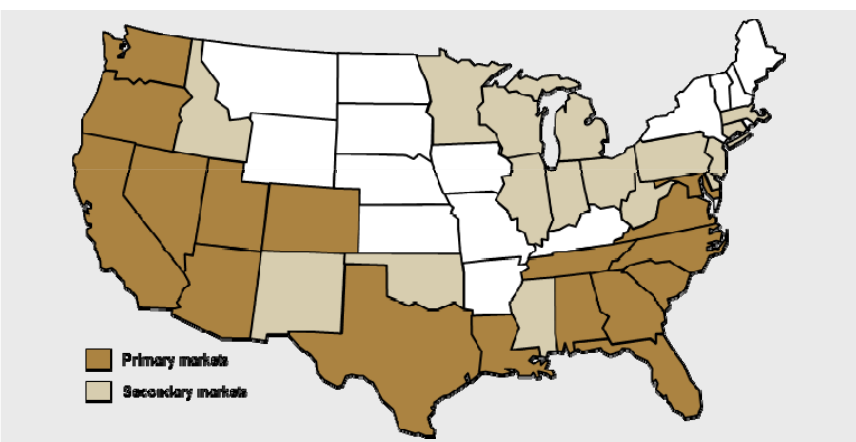
- National relationship-based lending platform launched in 1Q16
  - Attractive asset class with good spreads (~375 bps)
  - Meaningful cross-sell opportunities including warehouse loans, commercial deposits and purchase originations
- Flagstar is well positioned
  - Focused on markets with strong housing fundamentals and higher growth potential
  - We have direct relationships with 7 of the top 10 and do business with 56 of the top 100 builders nationwide through March.

Tightening housing supply

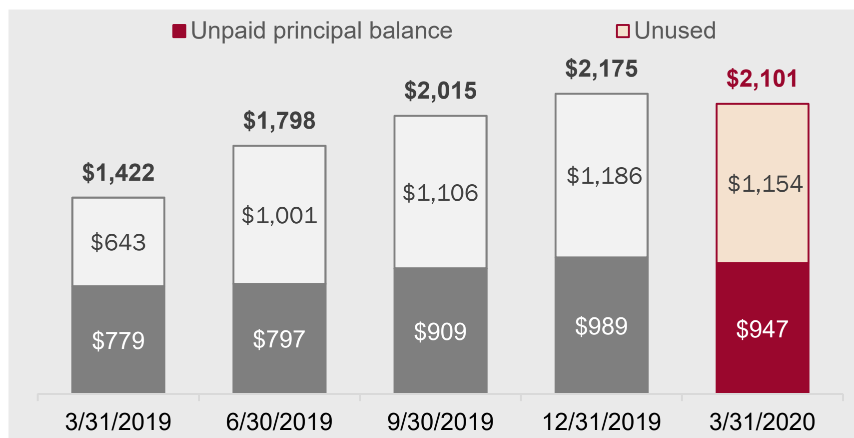


Source: Bloomberg (through 5/31/19)

Home builder finance footprint



Home builder loan commitments(1) ($mm)



1. Commitments are for loans classified as commercial real estate and commercial & industrial.

Flagstar Bancorp

Leverage lending and SNCs

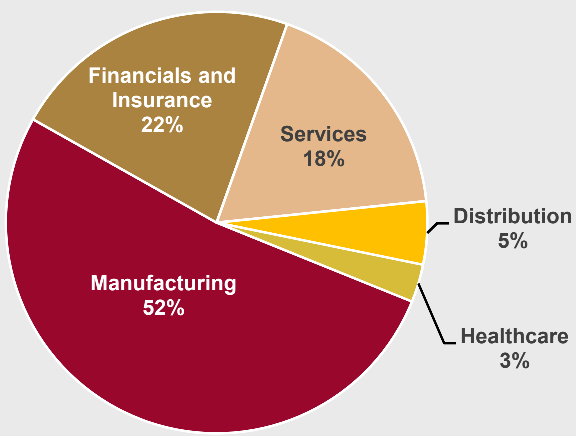
Leverage lending commentary

- Covenant Lite & Term Loan B exposure represents 25% of total leveraged UPB
- Average UPB of ~$14 million per loan
- No nonperforming loans as of 3/31/20
- Loans totaling $35 million of UPB are rated as special mention or substandard
- SNCs comprised ~$255 million of total leveraged loan UPB

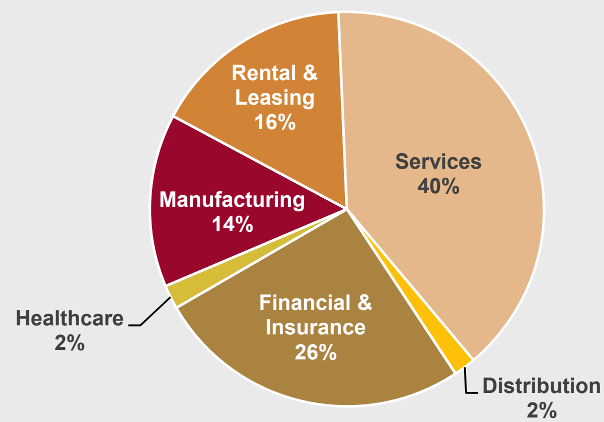
Shared national credits "SNCs" commentary

- 90 borrowers, average UPB of $14 million and average commitment of $19 million
- Total SNC breakdown: C&I ~77% / CRE ~19% / Warehouse ~4%
- We are the lead bank in 12% of these deals and this percentage continues to grow
- No nonperforming loans as of 3/31/20
- No borrowers with current draws are rated as special mention or substandard

Portfolio Composition - $0.4bn UPB (3/31/20)



Portfolio Composition - $1.3bn UPB (3/31/20)



MSR portfolio

MSR portfolio statistics

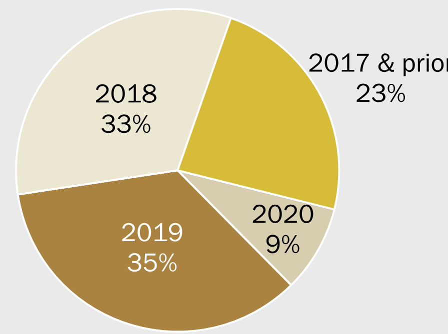
Measure ($mm)	12/31/2019	3/31/2020	Difference
Unpaid principal balance	$24,003	$23,439	($564)
Fair value of MSR	$291	$223	($68)
Capitalized rate (% of UPB)	1.21%	0.95%	(26) bps
Multiple	3.000	2.414	(0.586)
Note rate	4.419%	4.336%	(8) bps
Service fee	0.400%	0.389%	(1) bps
Average Measure ($000)			
UPB per loan	$228	$239	$11
FICO	693	691	(2)
Loan to value	85.24%	84.84%	(4) bps

Net return (loss) return on mortgage servicing rights ($mm)

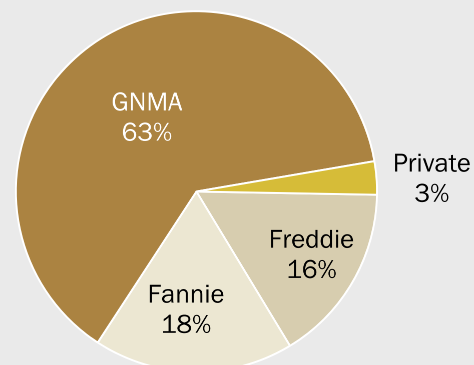
$ Return	1Q19	2Q19	3Q19	4Q19	1Q20
Net hedged profit (loss)	($1)	($1)	$2	$0	$10
Carry on asset	13	21	25	23	17
Run-off	(7)	(15)	(30)	(27)	(20)
Gross return on the mortgage servicing rights	**$5**	**$5**	**($3)**	**($4)**	**$7**
Sale transaction & P/L	-	(1)	1	1	(1)
Model changes	1	-	-	-	-
Net return on the mortgage servicing rights ($)	**$6**	**$4**	**($2)**	**($3)**	**$6**
Average mortgage servicing rights ($)	**$291**	**$321**	**$292**	**$287**	**$252**
Net return on the mortgage servicing rights (%)	**9.1%**	**5.5%**	**-2.7%**	**-4.1%**	**2.4%**

MSR portfolio characteristics (% UPB)

By Vintage



By Investor



Servicing

Servicing Profitability

($mm)	1Q19	2Q19	3Q19	4Q19	1Q20
Net interest income					
Interest income (FTP)	$ 18	$ 24	$ 30	$ 27	$ 23
Interest expense on custodial deposits [1]	(15)	(21)	(25)	(22)	(19)
Total net interest income	3	3	5	5	4
Noninterest income[2]					
Service fee income	25	26	27	28	30
Ancillary fee income	6	7	8	10	9
Late fee income	4	5	5	5	6
Total noninterest income	35	38	40	43	45
Noninterest expense[3]	(31)	(30)	(31)	(31)	(36)
Earnings before Tax	**$ 7**	**$ 11**	**$ 14**	**$ 17**	**$ 13**
Average Custodial Deposits ($bn)	$ 2.5	$ 3.5	$ 4.6	$ 4.8	$ 4.8
Average Loans Serviced for Others (000's)	906	972	988	1,042	1,086

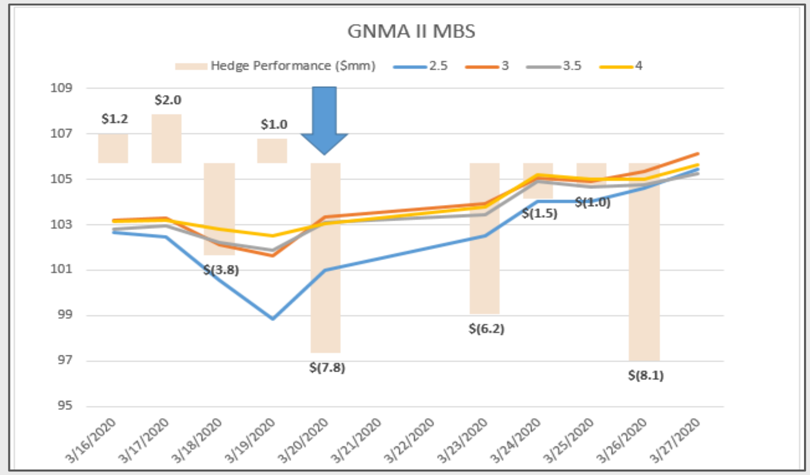
1. Expense on custodial deposits from loans subserviced which is included in net loan administration income for GAAP purposes. Includes intersegment allocation.
2. Service fee income and late fee income are included in net loan administration income for GAAP purposes; ancillary fee income is included in loan fees and charges for GAAP purposes.
3. Includes direct allocations.

Mortgage market disruption

- The size of QE4 actions overwhelmed the MBS market, pushing MBS – and therefore TBAs – to abnormal levels.

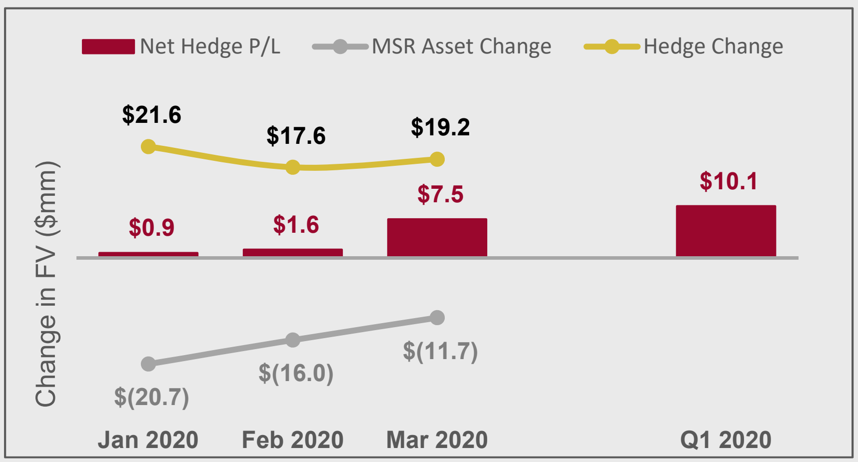
- The higher prices of the TBAs drove the margin calls in the industry. Flagstar had $314 million of margin calls, all of which were met.

- The disconnection of MBS TBA prices from the fundamental value of loans drove an unprecedented level of hedge ineffectiveness.



- Flagstar sustained $45 million of hedging ineffectiveness

- Our MSR hedge position outperformed as we were able to use other instruments to protect the position.



- With the uncertainties introduced by the economic impact of the pandemic and due to an over-supply of mortgage assets, non-conforming mortgages are not trading and the usual buyers of such assets have dried up.

- Flagstar originated such loans for its RMBS program. As of March 31, 2020, a total of $556 million of prime jumbo loans remained in loans held for sale. There were no non-QM loans at quarter-end.

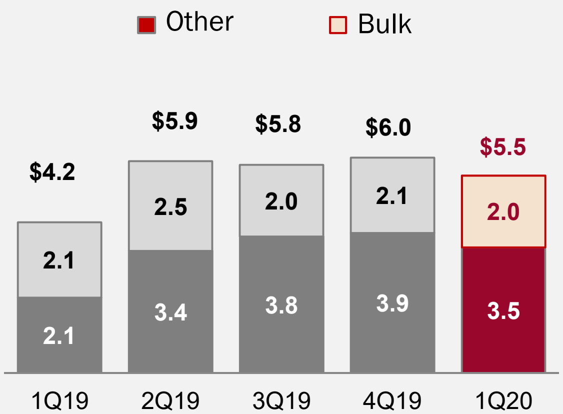
- On March 20, 2020, we made changes to effectively stop buying non-conforming loans.

- We have taken similar actions in our Mortgage Warehouse business to stop funding non-conforming loans where the borrower's ability to take such loans off their lines is in doubt.

National distribution through multiple channels

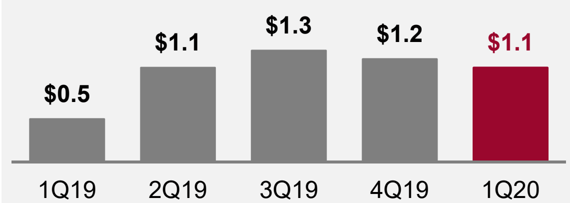
Residential mortgage originations by channel ($bn)

Correspondent



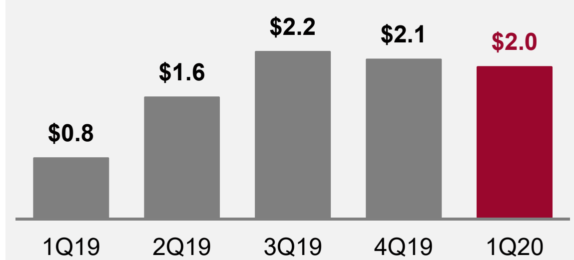
- 3.1% market share with #9 national ranking[1]
- More than 1,100 correspondent partners
- Top 10 relationships account for 13% of overall correspondent volume
- Warehouse lines with over 288 correspondent relationships

Broker



- 1.2% market share with #11 national ranking[1]
- More than 1,200 broker relationships
- Top 10 relationships account for 13% of overall brokerage volume

Retail

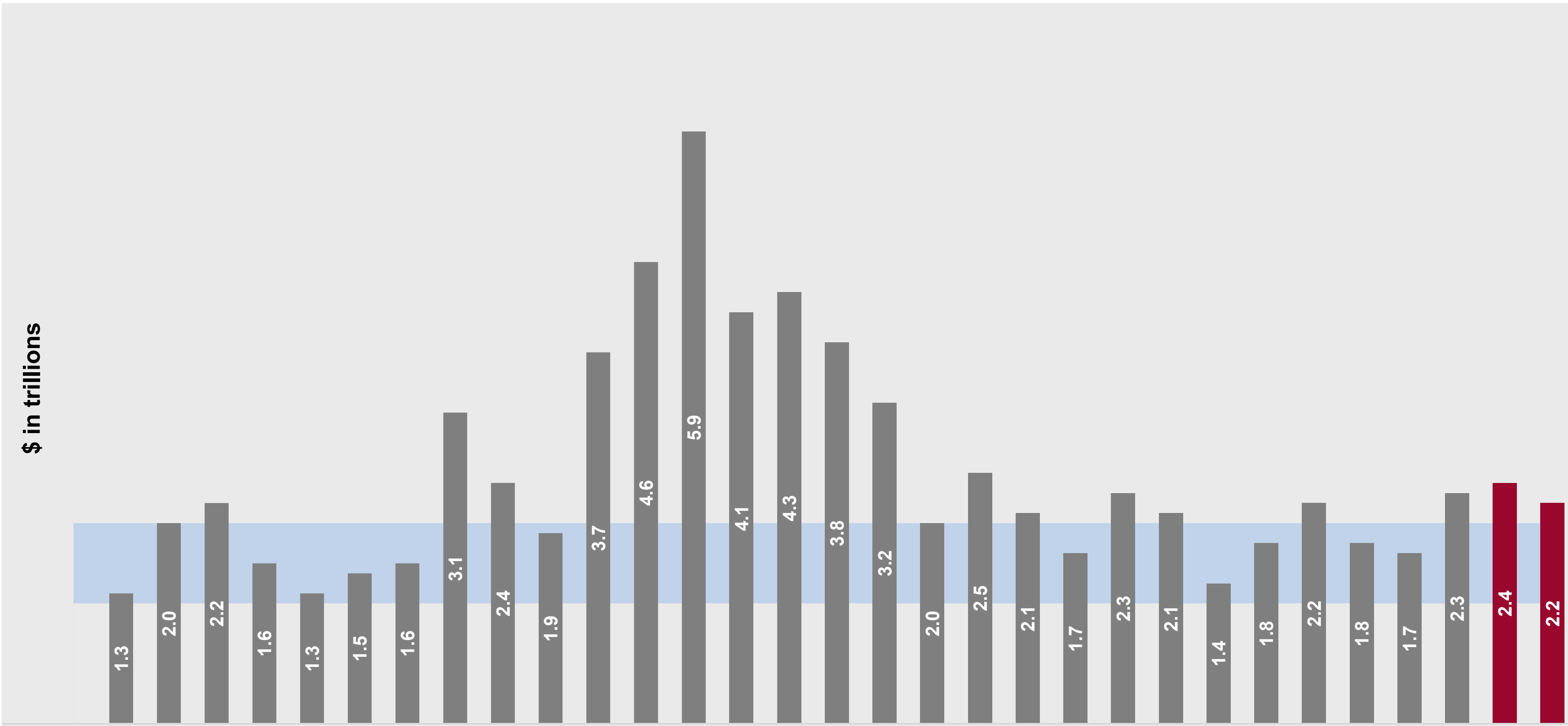


- 87 retail locations in 28 states
- Direct Lending is 23% of retail volume

1. Data source: As reported by Inside Mortgage Finance for 12M20 published February 14, 2020.

Flagstar has a scalable origination platform that drives profitability in almost any mortgage origination market

U.S. residential mortgage origination market (historical and projected volumes)



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Nominal ($)	0.6	0.9	1.0	0.8	0.6	0.8	0.8	1.7	1.4	1.1	2.2	2.9	3.8	2.8	3.0	2.7	2.4	1.5	2.0	1.7	1.4	2.0	1.8	1.3	1.7	2.1	1.8	1.6	2.2	2.6	2.1
Real[1] ($)	1.0	1.6	1.8	1.3	1.1	1.3	1.3	2.6	2.1	1.7	3.2	4.0	5.3	3.7	3.9	3.5	2.9	1.8	2.4	2.0	1.6	2.3	2.0	1.4	1.8	2.2	1.8	1.7	2.2	2.6	2.1
Adjusted[2] ($)	1.3	2.0	2.2	1.6	1.3	1.5	1.6	3.1	2.4	1.9	3.7	4.6	5.9	4.1	4.3	3.8	3.2	2.0	2.5	2.1	1.7	2.3	2.1	1.4	1.8	2.2	1.8	1.7	2.2	2.6	2.1

Source: Mortgage Bankers Association for actual periods and a blended average of forecast by Fannie Mae Freddie Mac and Mortgage Bankers Association.
1. Adjusted for historical inflation as reported by Bureau of Labor Statistics (2019 = 100).
2. Adjusted for population growth as reported by the U.S. Census Bureau (2018 = 100).

Financial performance

1st Quarter 2020

- Solid growth in banking and subservicing has created more stable earnings
- Heightened focus on efficiency and expense management

Revenue Composition and Earnings Metrics

Revenue (millions)	3/31/2019	3/31/2020	Percentage of Revenue	Percentage Increase
Community Banking	$ 109	$ 118	39%	8%
Mortgage Servicing	38	49	17%	29%
Subtotal	**147**	**167**	**55%**	**14%**
Mortgage Origination	94	144	47%	53%
Other [1]	(6)	(6)	-2%	--%
Total	**$ 235**	**$ 305**	**100%**	**30%**
Diluted Earnings per Share (2)	$ 0.64	$ 0.80		25%
Return on Average Assets (2)	0.8%	0.8%		
Return on Average Tangible Common Equity (2)	11.6%	11.5%		

1. Non-GAAP number for 1Q19. Number shown excludes acquisition costs of $1 million related to Wells Fargo acquisition. Please see reconciliations on page 47 - 49.

Flagstar Bancorp

Balance sheet composition

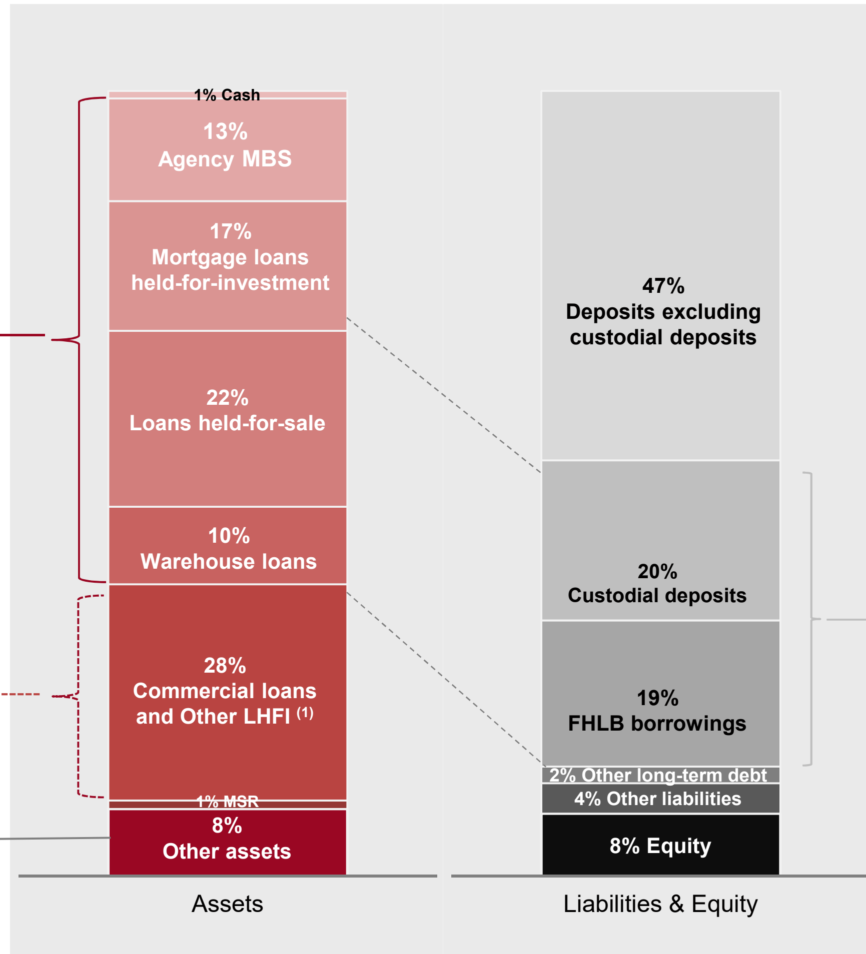
1st Quarter 2020

1Q20 average balance sheet (%)

~63% of assets are in lower risk-content assets: cash, marketable securities, warehouse loans, loans held-for-sale and freshly-originated, high-FICO conforming mortgages underwritten by Flagstar

Attractive relationship lending with very low delinquencies

Primarily low risk, stable assets (FHLB stock, BOLI, premises & equipment, deferred tax asset, etc.)

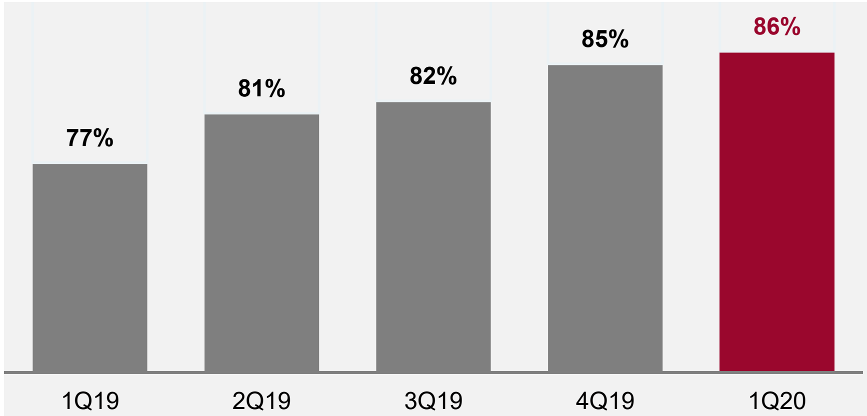


Efficiently funds loans held-for-sale and warehouse loans

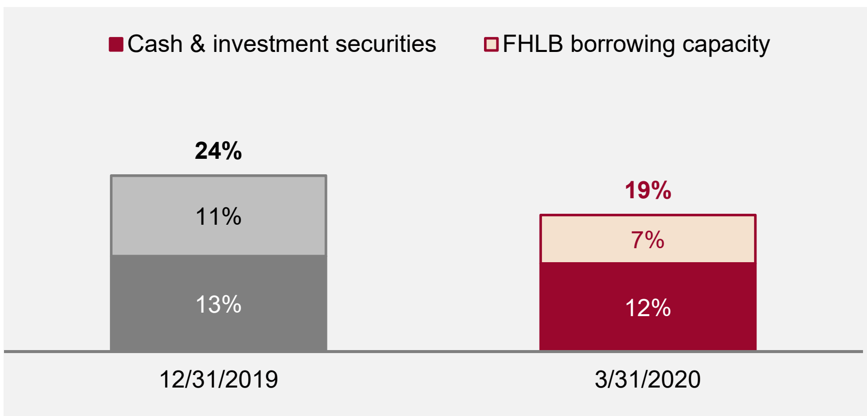
1) Other LHFI includes home equity and other consumer loans.

Liquidity and funding

HFI loan-to-deposit ratio[1]



Liquidity ratio[2]



Commentary

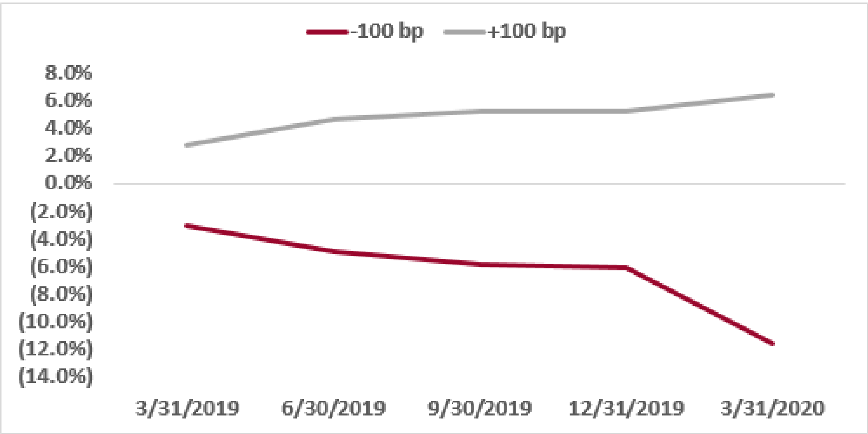
- Flagstar has invested significantly in building its Community Bank, which provides attractive core deposit funding for its balance sheet
- These retail deposits are supplemented by custodial deposits from the servicing business
- Much of the remainder of Flagstar's balance sheet is self-funding given it is eligible collateral for FHLB advances (which provides significant liquidity capacity)
- Over $700 million of additional borrowing capacity through the discount window

1. HFI loan-to-deposit ratio is total average loans HFI (excluding warehouse loans) expressed as a percentage of total average deposits (excluding custodial deposits).
2. Cash, investment securities and FHLB borrowing capacity expressed as a percentage of total assets.

Interest rate risk

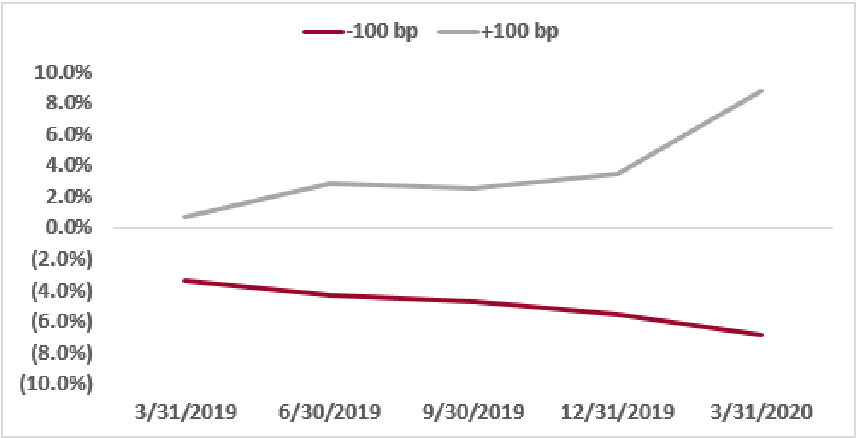
- Asset sensitivity increased in Q1, largely driven by the aforementioned pay fixed interest rate swaps

Earnings at Risk



	% Change				
Scenario	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
+300 Shock	18.0%	15.2%	15.4%	13.9%	8.1%
+200 Shock	12.4%	10.2%	10.3%	9.3%	5.5%
+100 Shock	6.5%	5.2%	5.2%	4.7%	2.8%
Base	-	-	-	-	-
-100 Shock	(11.6%)	(6.1%)	(5.9%)	(4.9%)	(3.1%)

Economic Value of Equity



	% Change				
Scenario	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
+300 Shock	20.0%	5.0%	1.1%	2.3%	(4.7%)
+200 Shock	14.9%	5.2%	2.7%	3.5%	(1.1%)
+100 Shock	8.8%	3.5%	2.6%	2.9%	0.7%
Base	-	-	-	-	-
-100 Shock	(6.9%)	(5.5%)	(4.7%)	(4.3%)	(3.4%)

Non-GAAP reconciliation

1st Quarter 2020

$mm

Adjusted Net Interest Income, Noninterest Income, Total Revenues, Noninterest Expense, Income before Income Taxes, Provision for Income Taxes, and Net Income

	3 months ended December 31, 2019	3 months ended June 30, 2019	3 months ended March 31, 2019	3 months ended December 31, 2018
Total Revenues		$ 306		
Adjustment to remove hedging gains		25		
Adjusted Total Revenues		**$ 281**		
Net Interest Income				$ 152
Adjustment to remove hedging gains				29
Adjusted Net Interest Income				**$ 123**
Noninterest Income		$ 168		
Adjustment to remove DOJ benefit		25		
Noninterest Income		**$ 143**		
Noninterest Expense	$ 245		$ 191	
Adjustment to remove Wells Fargo acquisition costs	-		1	
Discrerionary items	5		-	
Adjusted Noninterest Expense	**$ 240**		**$ 190**	
Income before Income Taxes			$ 44	
Adjustment to remove Wells Fargo acquisition costs			1	
Adjusted Income before Income Taxes			**$ 45**	
Provision for Income Taxes			$ 8	
Adjustment to remove DOJ benefit			-	
Adjusted Provision for Income Taxes			**$ 8**	
Net Income			$ 36	
Adjustment to remove Wells Fargo acquisition costs (net of tax)			1	
Adjusted Net Income			**$ 37**	

Adjusted Diluted EPS

	3 months ended March 31, 2019
Diluted Earnings per Share	$ 0.63
Adjustment to remove Wells Fargo acquisition costs (net of tax)	0.01
Adjusted Diluted Earnings per Share	**$ 0.64**

Flagstar Bancorp

Non-GAAP reconciliation (continued)

$mm

Adjusted ROA, ROE and ROTCE

	3 Months ended March 31, 2019
Return on Average Assets	0.8%
Adjustment to remove acquisition costs (net of tax)	0.0%
Adjusted Return on Average Assets	**0.8%**
Return on average tangible common equity	11.3%
Adjustment to remove acquisition costs (net of tax)	0.2%
Adjustment to remove DOJ benefit (net of tax)	0.0%
Adjusted return on tangible Commmon Equity	**11.6%**

Adjusted Efficiency Ratio

	3 months ended June 30, 2019	3 months ended March 31, 2019
Efficiency Ratio	70%	81%
Adjustement to remove DOJ benefit	6%	0%
Adjustment to remove Wells Fargo acquisition costs	0%	0%
Adjusted Efficiency Ratio	**76%**	**81%**

Non-GAAP reconciliation (continued)

$mm

Tangible Book Value per Share and Tangible Common Equity to Assets Ratio

	As of March 31, 2020		As of December 31, 2019	
Total stockholders' equity	$	1,842	$	1,788
Goodwill and intangible assets		167		170
Tangible book value	$	1,675	$	1,618
Number of common shares outstanding		56,729,789		56,631,236
Tangible book value per share	**$**	**29.52**	**$**	**28.57**
Total Assets	$	26,805	$	23,266
Tangible common equity to assets ratio		**6.25%**		**6.95%**