Flagstar Bancorp, Inc. (NYSE: FBC)

Earnings Presentation
2nd Quarter 2020

July 28, 2020

Flagstar Bancorp

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

2nd 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 during 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

Financial Overview

Jim Ciroli, CFO

Financial highlights

2nd Quarter 2020

Solid earnings	• Net income of $116mm, or $2.03 per diluted share, in 2Q20, representing a return on equity of 23.5% compared to $46mm, or $0.80 per share, in 1Q20 • Pre-provision net revenue of $250mm in 2Q20, an increase of $180mm vs. 1Q20, demonstrating ability to generate strong earnings in a volatile market
Growth in community banking and servicing	• Net interest margin at 2.86%, up 5 basis points, vs. 1Q20 - Performance driven by higher levels of warehouse loans and loans held for sale along with a strong deposit franchise • Consistent servicing results as total loans serviced slightly decreased to 1.0 million from 1.1 million
Mortgage revenue	• Mortgage revenue[1] of $295 million, up $199 million vs. 1Q20 - Fall-out adjusted lock volume increased by 24% driven by strong refinance volume - Gain on sale margin of 2.19%, up 139 basis points vs. 1Q20; we managed our volume levels to fit our fulfillment capacity, which when combined with the strong mortgage market, drove extraordinary levels of gain on sale margin throughout the quarter - $14 million reduction in the return on mortgage servicing asset, due to model updates and higher prepayments
Strong asset quality	• Asset quality strong as net charge-offs were only 11 basis points and nonperforming loan ratio remained low • Increased credit reserves to $250 million at 6/30/20, driven by economic forecast assumptions - Credit reserves covered 1.69% of loans HFI, or 2.60% excluding warehouse loans at 6/30/20
Robust capital position	• Total risk based capital ratio at 11.3% - 772 basis points of total risk based capital attributed to warehouse loans, loan held for sale, and loans with government guarantees that have not yet been repurchased - $257 million of excess total risk-based capital over the minimum level needed to be considered well-capitalized. • Tier 1 leverage ratio at 7.8% and CET1 ratio at 9.1% remained strong • 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

	2Q20	1Q20	$ Variance	% Variance
Net interest income (A)	$168	$148	$20	14%
Net gain on loan sales	303	90	213	N/M
Loan fees and charges	41	26	15	58%
Loan administration income	21	12	9	75%
Net return (loss) on mortgage servicing rights	(8)	6	(14)	N/M
Other noninterest income	21	23	(2)	(9%)
Total noninterest income (B)	378	157	221	141%
Pre-provision total revenue	546	305	241	79%
Compensation and benefits	116	102	14	14%
Commissions and loan processing expense	86	49	37	76%
Other noninterest expenses	94	84	10	12%
Total noninterest expense (C)	296	235	61	26%
Pretax, pre-provision net revenue	**250**	**70**	**180**	**257%**
Provision for credit losses	102	14	88	N/M
Income before income taxes	**148**	**56**	**92**	**164%**
Provision for income taxes	32	10	22	N/M
Net income	**$116**	**$46**	**$70**	**152%**
Diluted income per share	**$2.03**	**$0.80**	**$1.23**	**154%**
Profitability				
Net interest margin	2.86%	2.81%	5 bps	
Net gain on loan sales / total revenue	55%	30%	N/M	
Mortgage rate lock commitments, fallout adjusted	$13,811	$11,154	$2,657	24%
Mortgage closings	$12,156	$8,591	$3,565	41%
Net gain on loan sale margin, HFS	2.19%	0.80%	139 bps	

N/M = not meaningful

Observations

A Net interest income

- Net interest income increased $20 million, or 14%
  - Average earning assets increased 12% driven by warehouse and LHFS loan growth.
  - Net interest margin was 2.86%, up 5 basis points due to the impact of warehouse loan rate floors and lower interest rates on borrowing costs, including core deposits, partially offset by lower yields on earning assets..

B Noninterest income

- Noninterest income up $221 million, or 141%
  - Mortgage revenue increased $199 million, or 207%, driven by $213 million higher net gain on loan sales (24% increase in FOALs and 139 basis point increase in margin), partially offset by $14 million lower net return on MSR
  - Loan administration income favorable due to a decline in LIBOR-based credit paid to sub-servicers

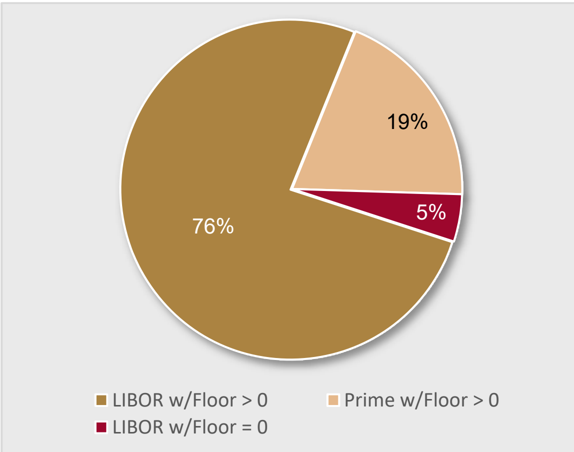
C Noninterest expense

- Noninterest expense up $61 million, or 26%
  - Volume-driven mortgage expenses increased attributable to higher closings and higher retail closings
  - Strong performance during the quarter drove an increase in incentive compensation

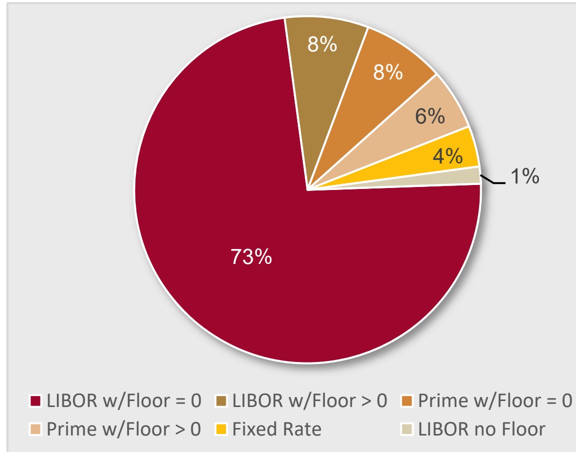
Interest rate risk position

2nd Quarter 2020

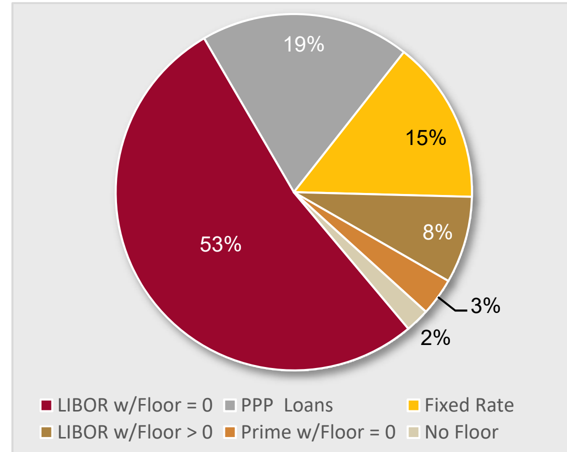
Warehouse- $5.2bn (06/30/2020)



CRE - $3.0bn (06/30/2020)

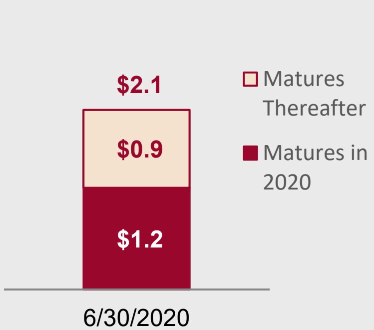


C&I - $1.9bn (06/30/2020)

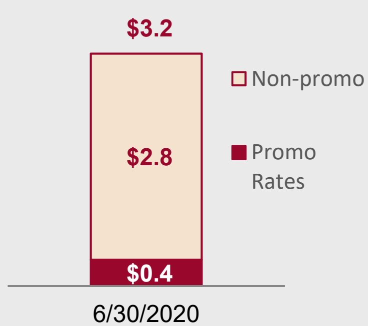


CDs and Savings $6.2bn (06/30/2020)

Average Rates CDs
Matures in 2020 – 1.85%
Matures After 2020 – 1.49%



Average Rates
Promo – 1.48%
Non-promo – 0.31%



Rate Risk Commentary

- Floors in over 90% of our commercial loans that don’t allow LIBOR to reset below zero or at a higher level provide downside protection against spread compression
- Deposit resets generated positive downward pressure on funding costs providing tail wind for net interest income and is expected to continue throughout the remainder of the year
- Locked low funding rates using $1.7 billion of interest rate swaps and LT advances with terms from 3 to 7 years at a cost of 57 bps

Average balance sheet highlights

2nd Quarter 2020

2Q2020 ($mm)

	Average Balance Sheet	Incr (Decr)[1]	
	$	$	%
Loans held-for-sale	$5,645	$397	8%
Consumer loans[2]	4,704	(193)	(4%)
Commercial loans[2]	8,892	1,966	28%
Total loans held-for-investment	13,596	1,773	15%
Other earning assets[3]	4,451	372	9%
Interest-earning assets	$23,692	$2,542	12%
Other assets	2,569	306	14%
Total assets	$26,261	$2,848	12%
Deposits	$17,715	$1,920	12%
Short-term FHLB advances & other	3,753	187	5%
Long-term FHLB advances	1,068	274	35%
Other long-term debt	493	(3)	(1%)
Other liabilities	1,255	347	38%
Total liabilities	$24,284	$2,725	13%
Stockholders' equity	1,977	123	7%
Total liabilities and stockholders' equity	$26,261	$2,848	12%
Tangible book value per common share[4]	$31.74	$2.22	8%

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 - 48.

Observations

Interest-earning assets

- Average loans HFI increased $2.5 billion, or 12%
  - Average commercial loans increased $2.0 billion, or 28% primarily driven by $1.5 billion higher warehouse balances driven by strong refinance market and $0.3 billion higher PPP loans.

Interest-bearing liabilities

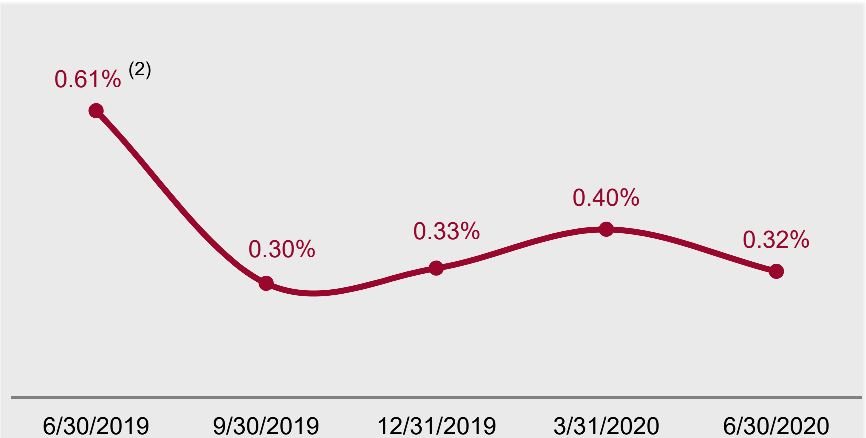
- Average deposits increased $1.9 billion, or 12%, driven by $1.4 billion higher average custodial deposits largely driven by strong refinance volume and $0.3 billion in noninterest-bearing retail deposits, a 21% increase from last quarter.

Equity[4]

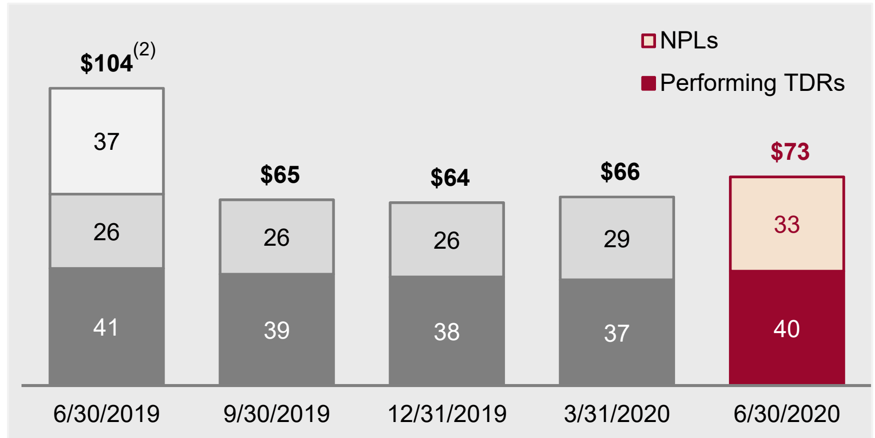
- Tangible common equity to asset ratio of 6.58%
- FBC closing share price of $28.82 on July 27, 2020 was 110% of tangible book value per share
- TBV of $31.74, up $5.59 (21%) from one year ago

Asset quality

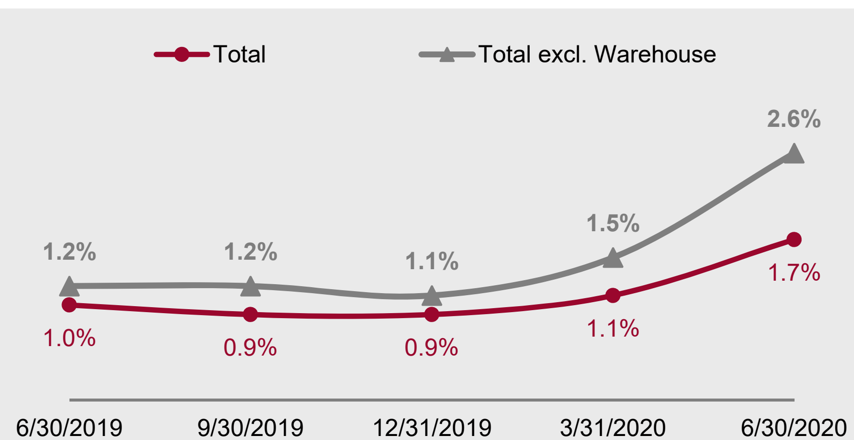
Delinquencies(1) (% of loans HFI)



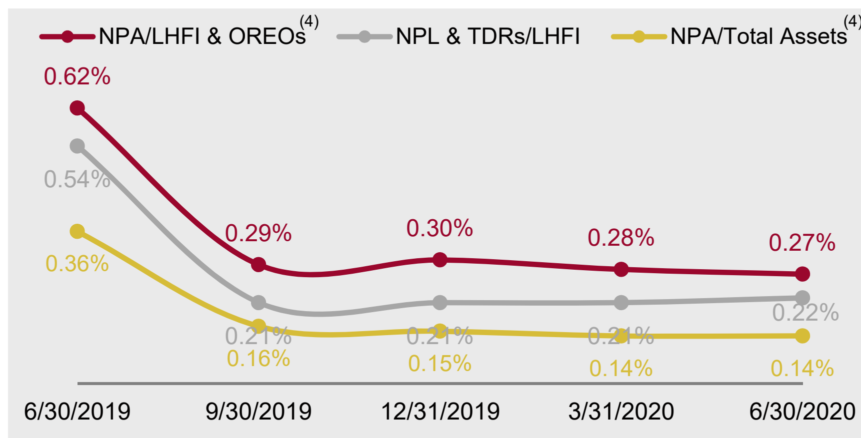
NPLs and performing TDRs ($mm)



Allowance coverage(3) (% of loans HFI)



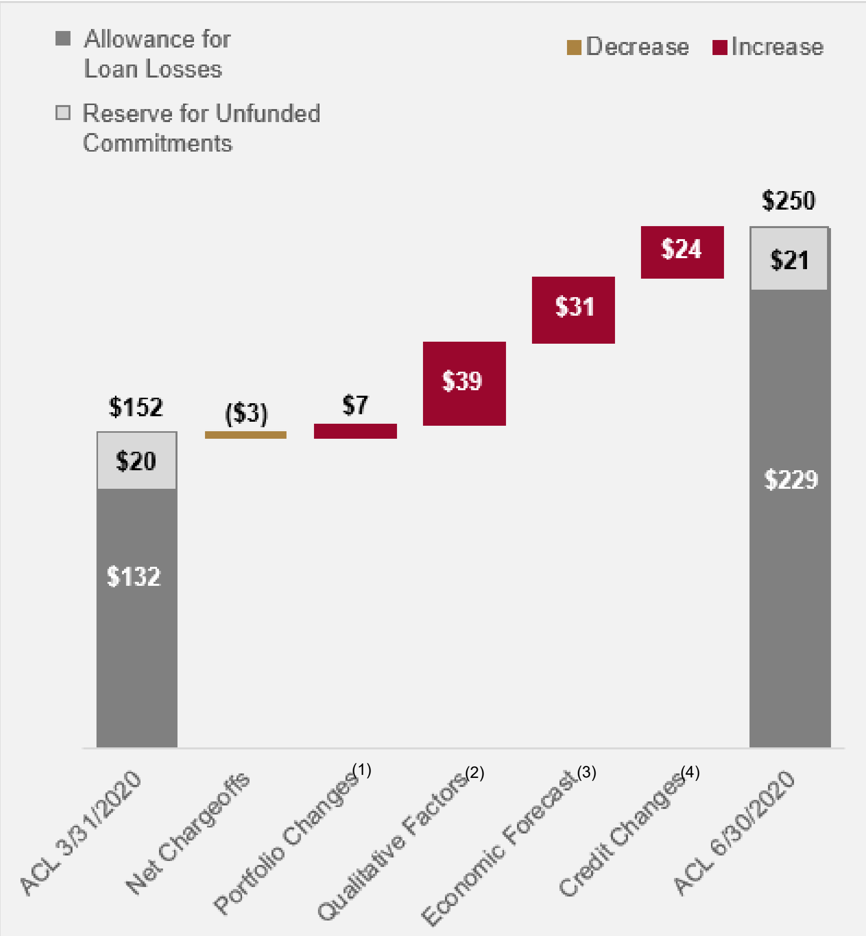
Nonperforming loan and asset ratios



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

Current Expected Credit Loss ("CECL")

Allowance for credit losses ($mm)



1. New loans and aging of existing portfolio
2. COVID impact sectors
3. Changes to macro-economic variables and forecast scenarios
4. Changes to underlying credit conditions

CECL methodology

Forecast	• Used 2-year forecasts as of June reflecting the continued economic distress caused by COVID weighted 40% base, 30% adverse and 30% growth • Composite forecast contemplates unemployment ending the year at 10%, and recovers only slightly in 2021 • GDP similarly recovers only slightly by the end of the year from current levels and won't return to pre-COVID level until mid-2022 • HPI decreases about 2% from early 2020 through 2021 • Qualitative adjustments reflect best estimate of COVID-19 impact on portfolios including estimated impact of government stimulus, forbearance/payment holidays and Fed programs • We downgraded $170 million (UPB) in loans to "watch" status reflecting a comprehensive review of loans in deferral status

COVID-19 Impacted Industry Exposure

Commercial Exposure - $1.0 billion, 6.8% of LHFI

Commercial & Industrial Loans

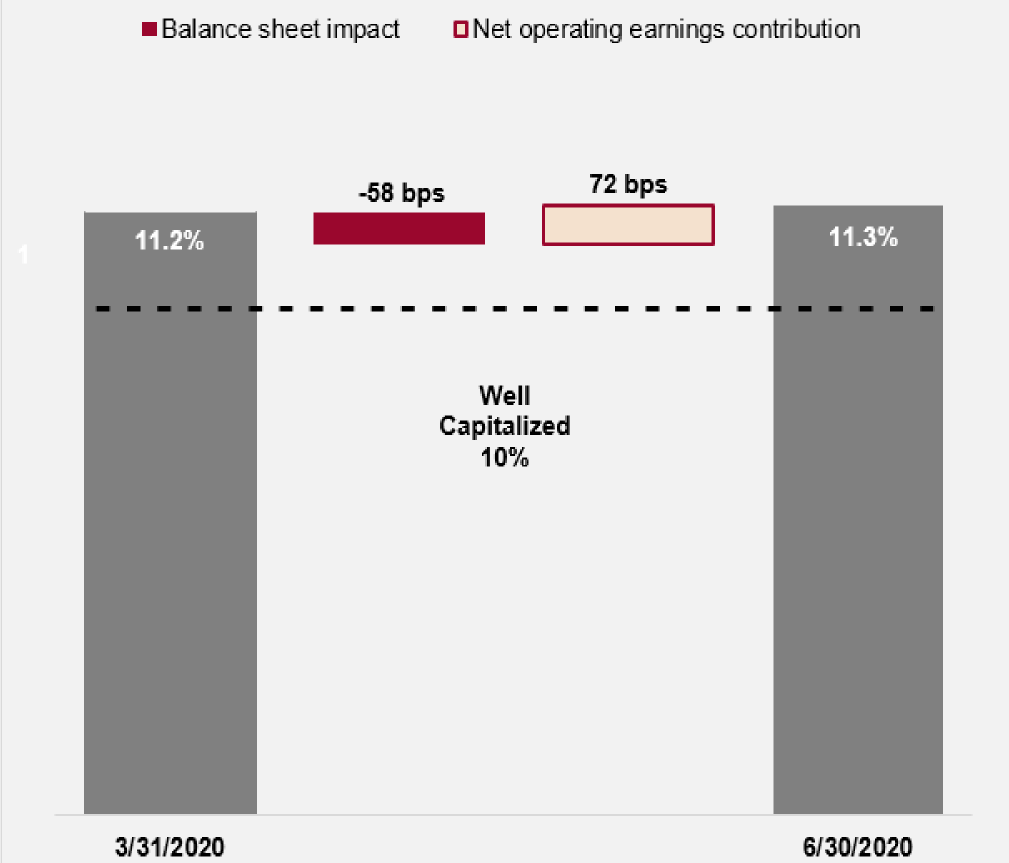
Automotive	Manufacturing, automotive suppliers	$155 million UPB / 1.0% of loans $44 million in requested deferrals to date
Leisure & Entertainment	Includes restaurants, churches, theatres, etc.	$121 million / 0.8% of loans $15 million in requested deferrals to date
Healthcare	Hospitals, HMO Medical Centers	$40 million / 0.3% of loans $4 million in requested deferrals to date

Commercial Real Estate Loans

Retail	~ 80% in footprint; 61% are neighborhood centers or single-tenant properties	$311 million / 2.1% of loans (58 loans) $91 million in requested deferrals to date
Hotel	Marriott, Hilton, IHG and Hyatt flagship hotels comprise 81% of portfolio	$234 million / 1.6% of loans (21 loans) $132 million in requested deferrals to date
Senior Housing	Geographically diverse; facilities in 8 different metro areas. All have recourse to strong borrowers	$146 million / 1.0% of loans (18 loans) $7 million in requested deferrals to date

Capital

Flagstar Bancorp Total Risk Based Capital Ratio



Observations 1Q20

	Tier 1 Leverage	CET-1 to RWA	Tier 1 to RWA	Total RBC to RWA
2Q20	7.8%	9.1%	10.3%	11.3%
1Q20	8.1%	9.2%	10.5%	11.2%

- Total risk based capital ratio of 11.3%
  - 772 basis points of total risk based capital attributed to warehouse loans, loans held for sale and loans with government guarantees that have not yet been repurchased
  - 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 7.8%
  - 487 basis points of tier 1 leverage attributed to warehouse loans, loans held for sale and loans with government guarantees that have not yet been repurchased

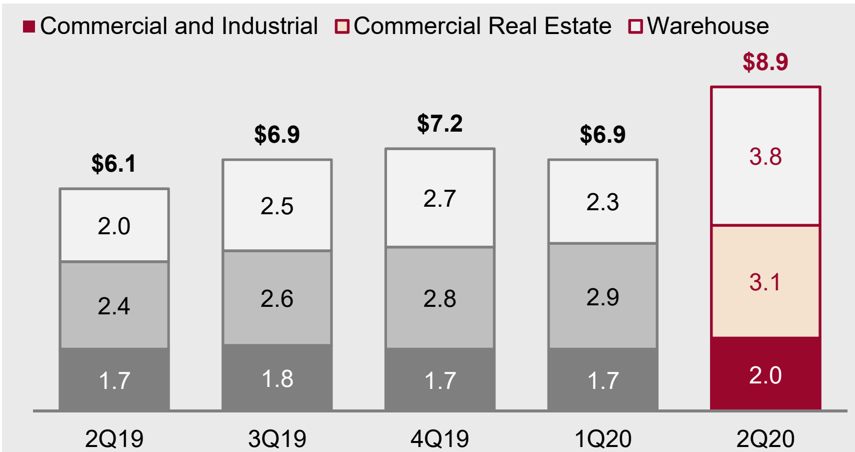
Business Segment Overview

Lee Smith, COO

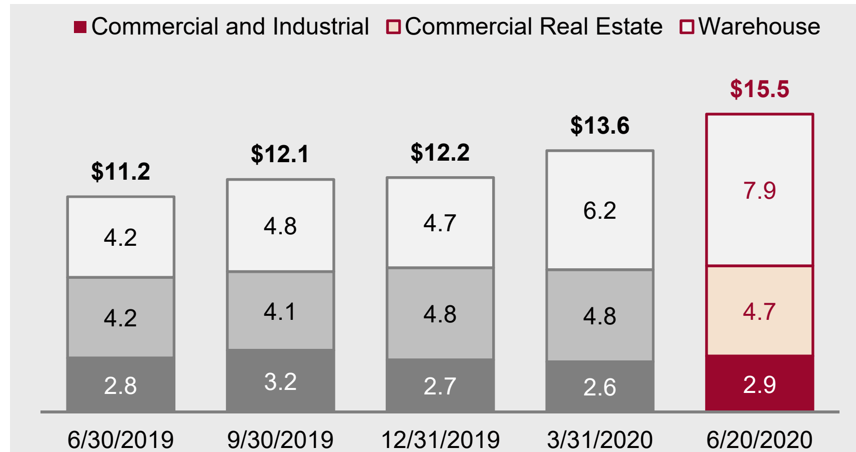
Community banking

2nd Quarter 2020

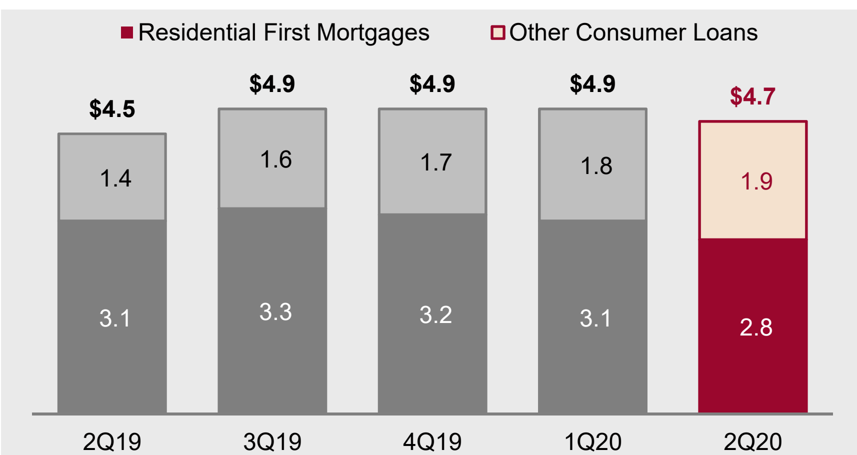
Average commercial loans ($bn)



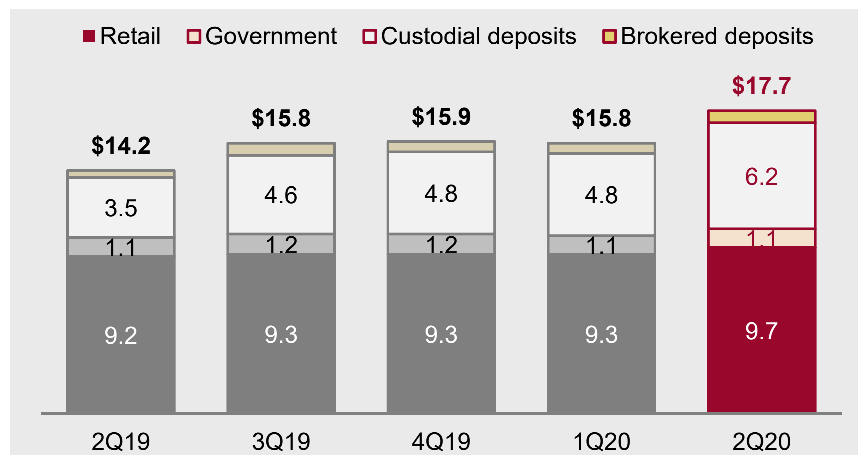
Quarter-end commercial loan commitments ($bn)



Average consumer loans ($bn)



Average deposit funding[1] ($bn)



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

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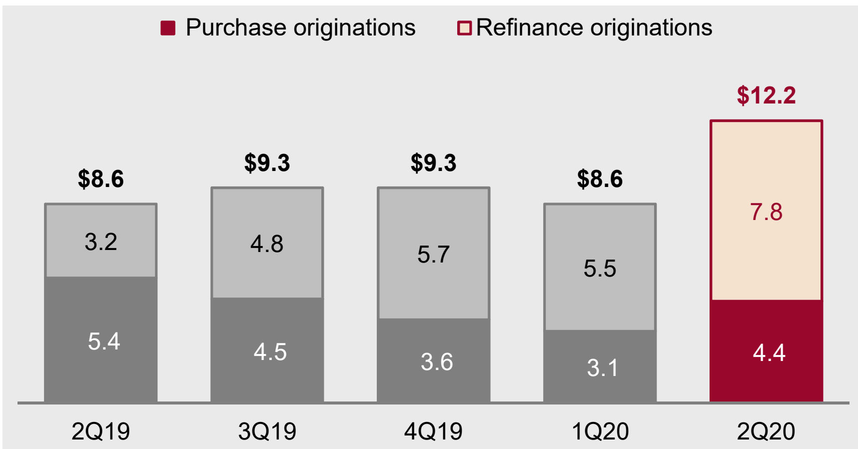
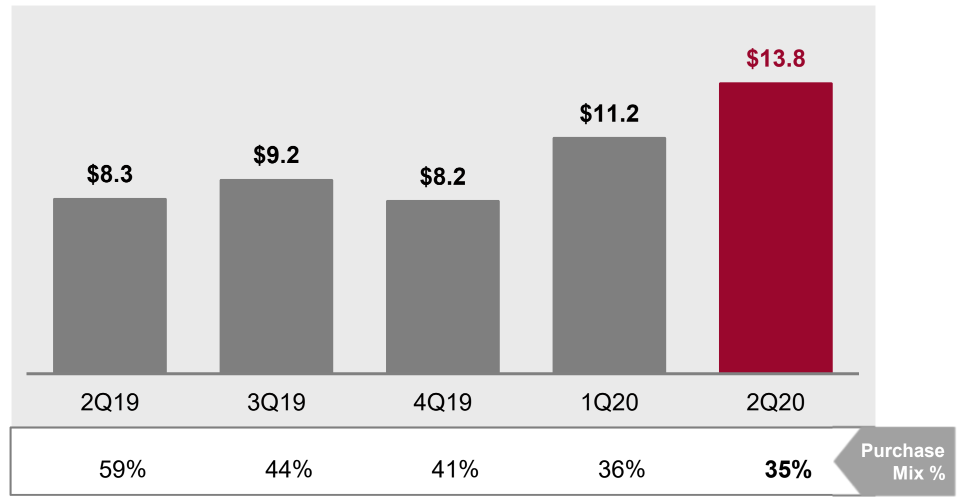
Mortgage originations

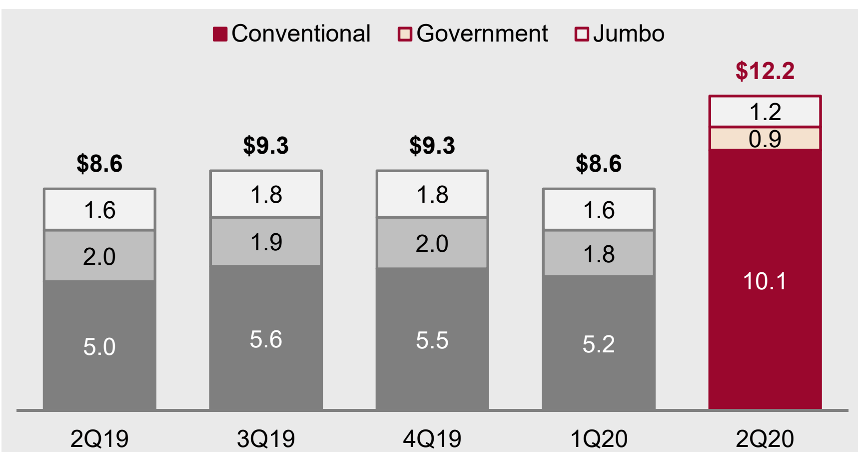
Closings by purpose ($bn)



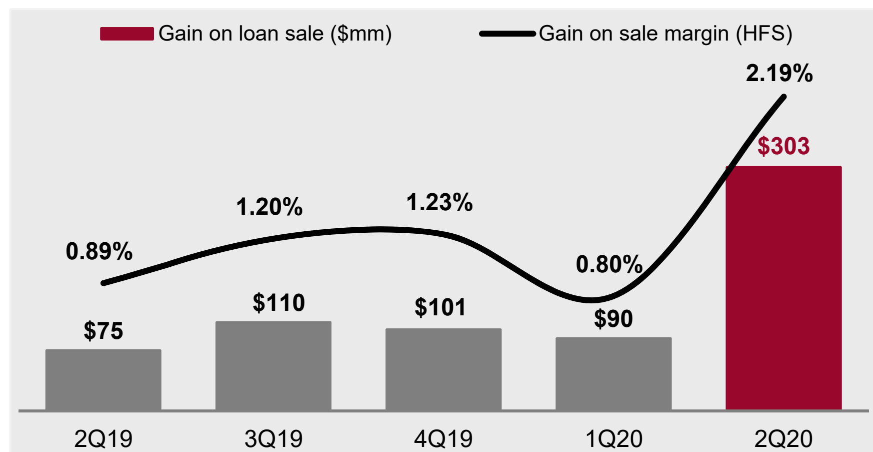
Fallout-adjusted locks ($bn)



Closings by mortgage type ($bn)

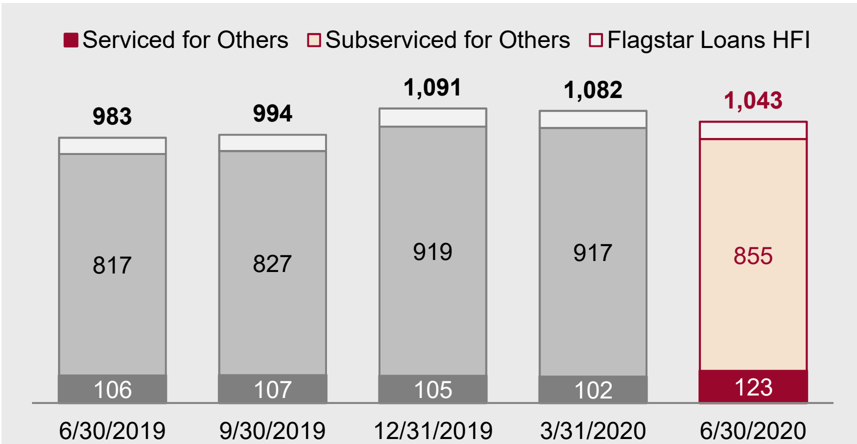


Net gain on loan sales – revenue and margin

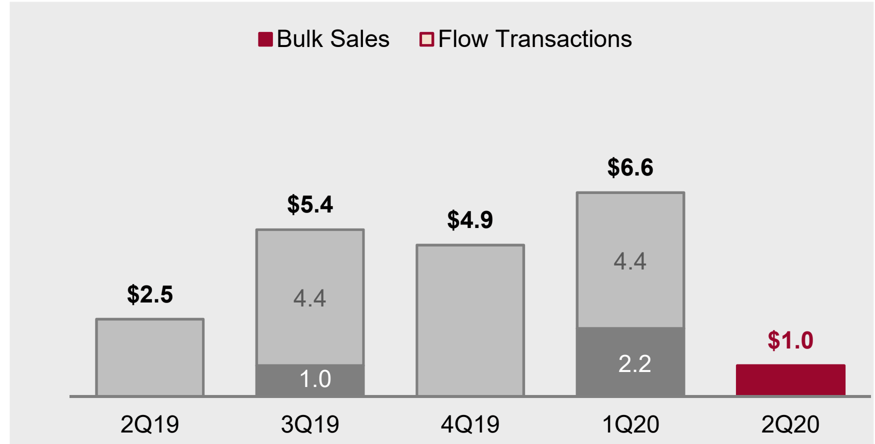


Mortgage servicing

Quarter-end loans serviced (000's)

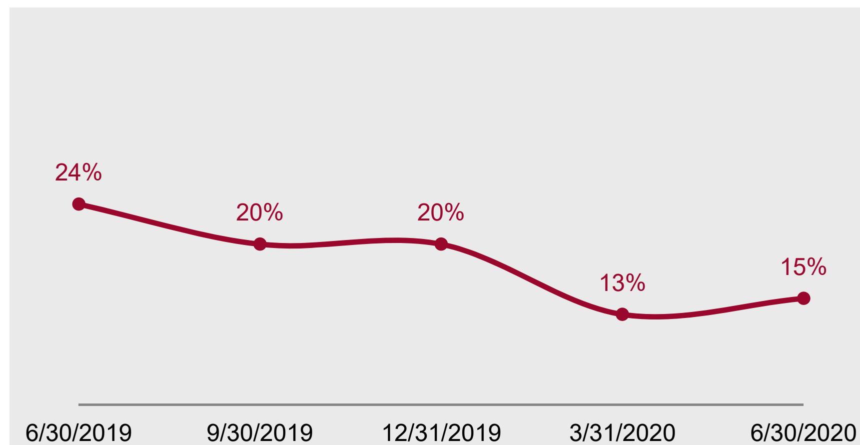


$ UPB of MSRs sold ($bn)



Average custodial deposits ($bn)

MSR / CET1 (Bancorp)

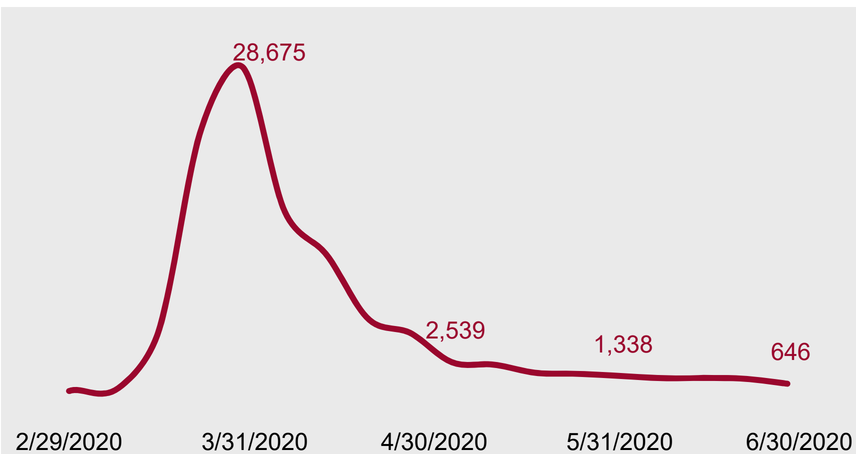


Supporting consumer needs

Consumer Forbearance as of 6/30/2020 (UPB in $mm)

	Total Population		Forbearance Requested: Borrowers making April, May, and June Payments		Forbearance Requested: Remaining Borrowers		Total Loans in Forberance		Loans in Forberance not Paying	
	UPB	Number of Accounts	UPB	Number of Accounts	UPB	Number of Accounts	% of UPB	% of Accounts	% of UPB	% of Accounts
Subserviced for others [1]	174,384	854,216	7,145	32,403	13,808	59,692	12.0%	10.8%	7.9%	7.0%
Serviced for others	29,979	123,256	1,261	5,028	3,018	11,661	14.3%	13.5%	10.1%	9.5%
Subtotal	204,363	977,472	8,406	37,431	16,826	71,353	12.3%	11.1%	8.2%	7.3%
Serviced for own loan portfolio [2]	9,221	64,142	237	1,895	473	1,850	7.7%	5.8%	5.1%	2.9%
Total loans serviced	**213,584**	**1,041,614**	**8,643**	**39,326**	**17,299**	**73,203**	**12.1%**	**10.8%**	**8.1%**	**7.0%**

Weekly Forbearance Requests (accounts)

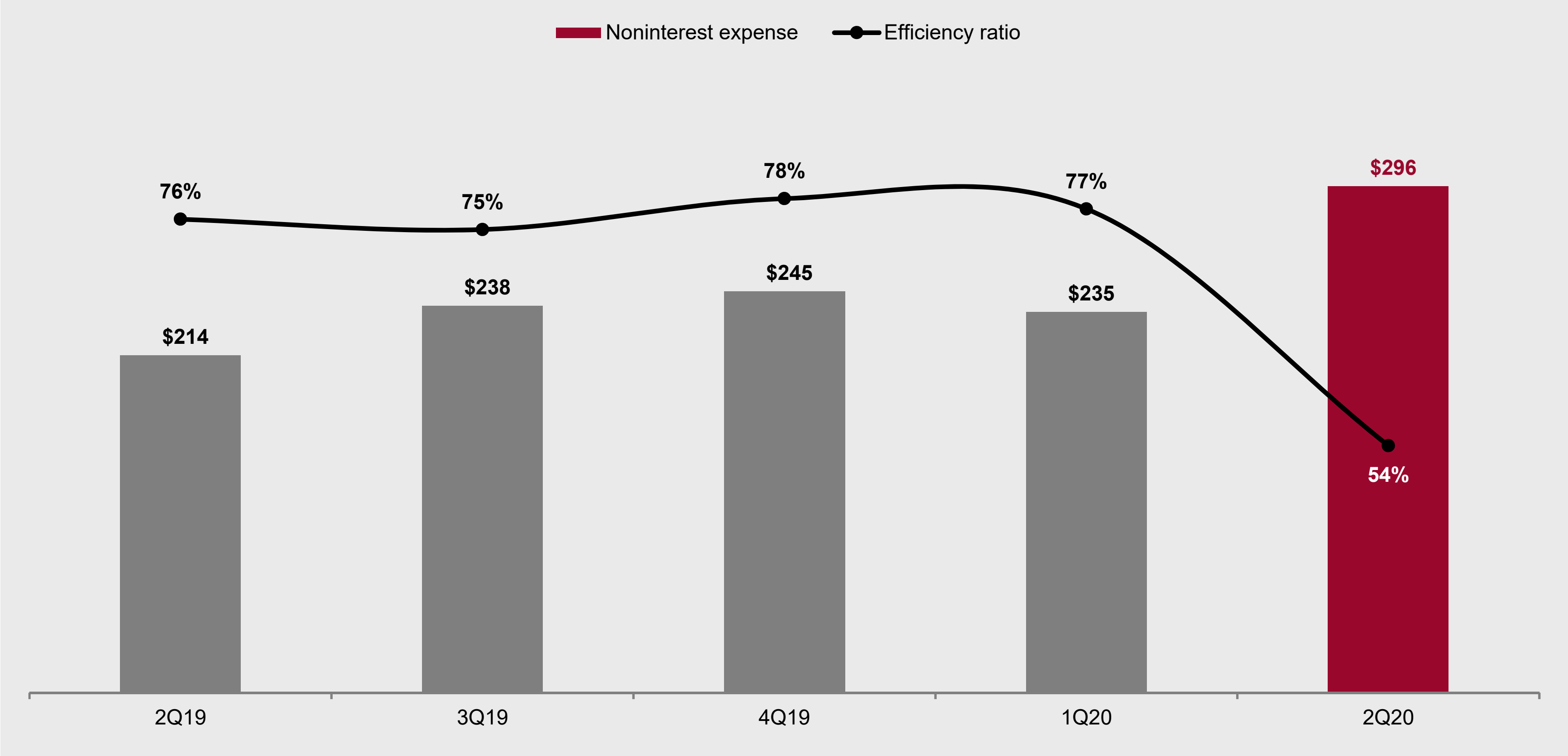


- Significant decrease in new forbearance requests since middle of April
- 34% of residential first lien borrowers who have requested forbearance have made their April, May and June payments and not taken advantage of the forbearance option.
- Proactive customer outreach to evaluate readiness to return to payment or need for further assistance
- Stable early-stage delinquency trends for loans not in forbearance

1. Includes temporary short-term subservicing performed as a result of sales of servicing-released mortgage servicing rights. Includes repossessed assets.
2. Includes LHFI (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), loans with government guarantees (residential first mortgage), and repossessed assets.

Noninterest expense and efficiency ratio

Quarterly noninterest expense ($mm) and efficiency ratio



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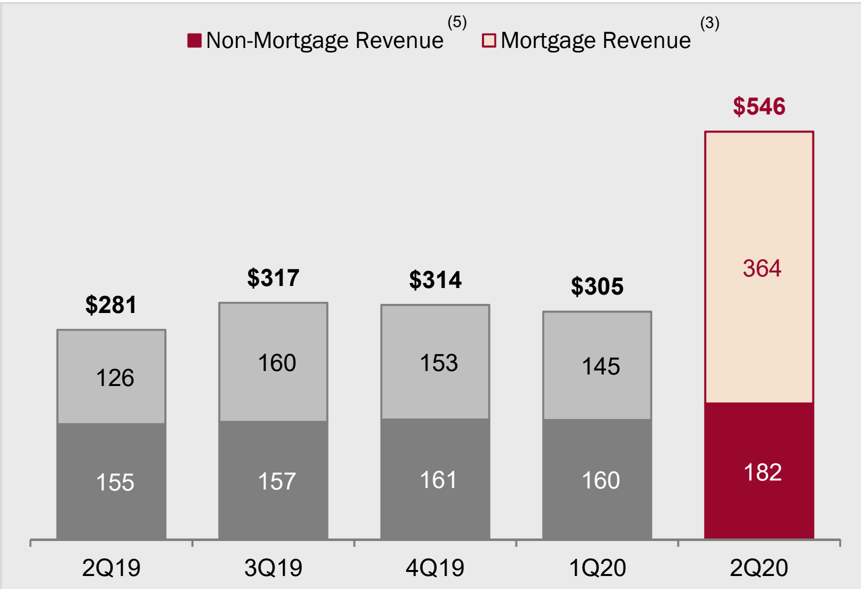
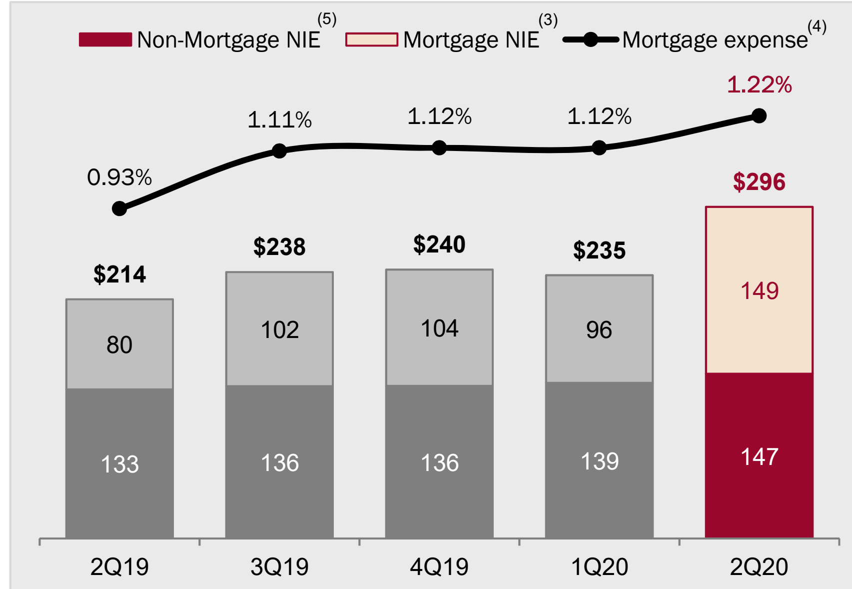
Quarterly results

Quarterly adjusted revenue ($mm) (1)



Quarterly adjusted noninterest expense ($mm) (2)



- Noninterest expense increased $61 million to $296 million for the second quarter 2020, compared to noninterest expense of $235 million in the first quarter 2020.
- Mortgage-related expense increased $53 million, or 55.4 percent, to $149 million, or 1.22% of total originations, relatively consistent with the prior two quarters. This increase was primarily driven by higher commissions and loan processing as closings increased $3.6 billion, or 41 percent during this same time period. The strong results also resulted in higher variable compensation being recognized during the period.

1. References non-GAAP number for 2Q19. Please see reconciliations on page 47 - 48.
2. References non-GAAP number for 4Q19. Please see reconciliations on page 47 - 48.
3. Includes direct allocations.
4. As a percentage of that period's close volume
5. Includes Servicing segment

Appendix

Flagstar at a glance

2nd Quarter 2020

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization $1.6bn
- Member of the Russell 2000 Index

Community banking

- Leading Michigan-based bank with a balanced, diversified lending platform
- $27.5bn of assets and $17.9bn of deposits
- 212k household & over 27k business relationships

Mortgage origination

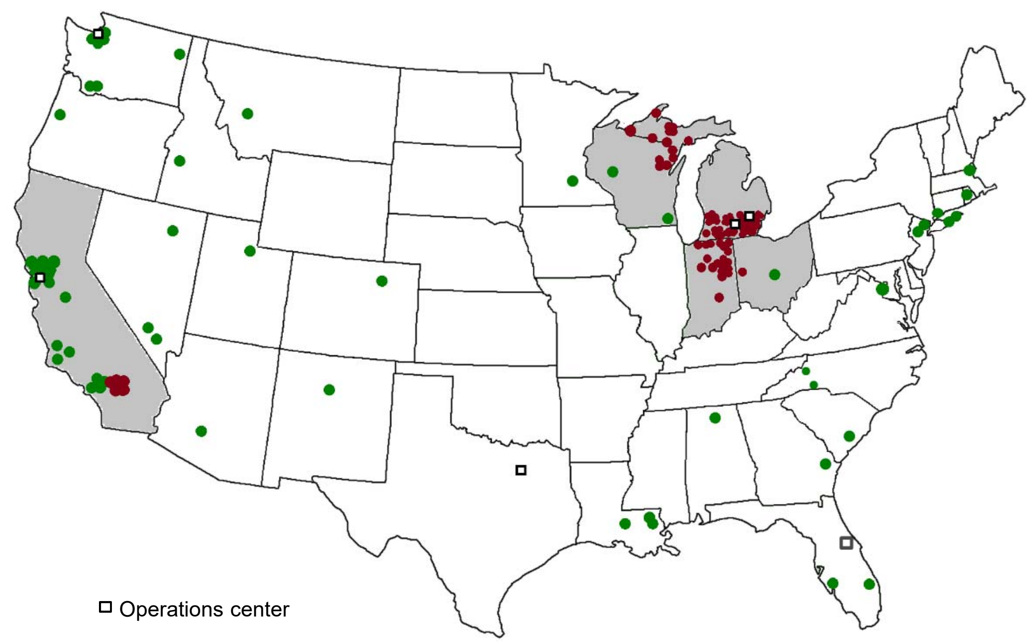
- 6th largest bank originator of residential mortgages ($39.3bn during twelve months ended June 30, 2020)
- Scalable platform originating business in all channels and all 50 states including 89 retail home lending offices
- More than 1,100 correspondent and more than 1,300 broker relationships

Mortgage servicing

- 6th largest sub-servicer of mortgage loans nationwide
- Servicing 1.0 million loans as of June 30, 2020
- Efficiently priced deposits from escrow balances

160
Flagstar Bank Branches

89
Retail home lending Offices[1]



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 experience in financial management and operations
- Chartered Accountant 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
Sandro DiNello

- Interim Director of Mortgage Banking

Community Banking
Reggie Davis*

*effective August 3, 2020

- Extensive background in banking experience with Suntrust, Royal Bank of Canada, and Wachovia

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

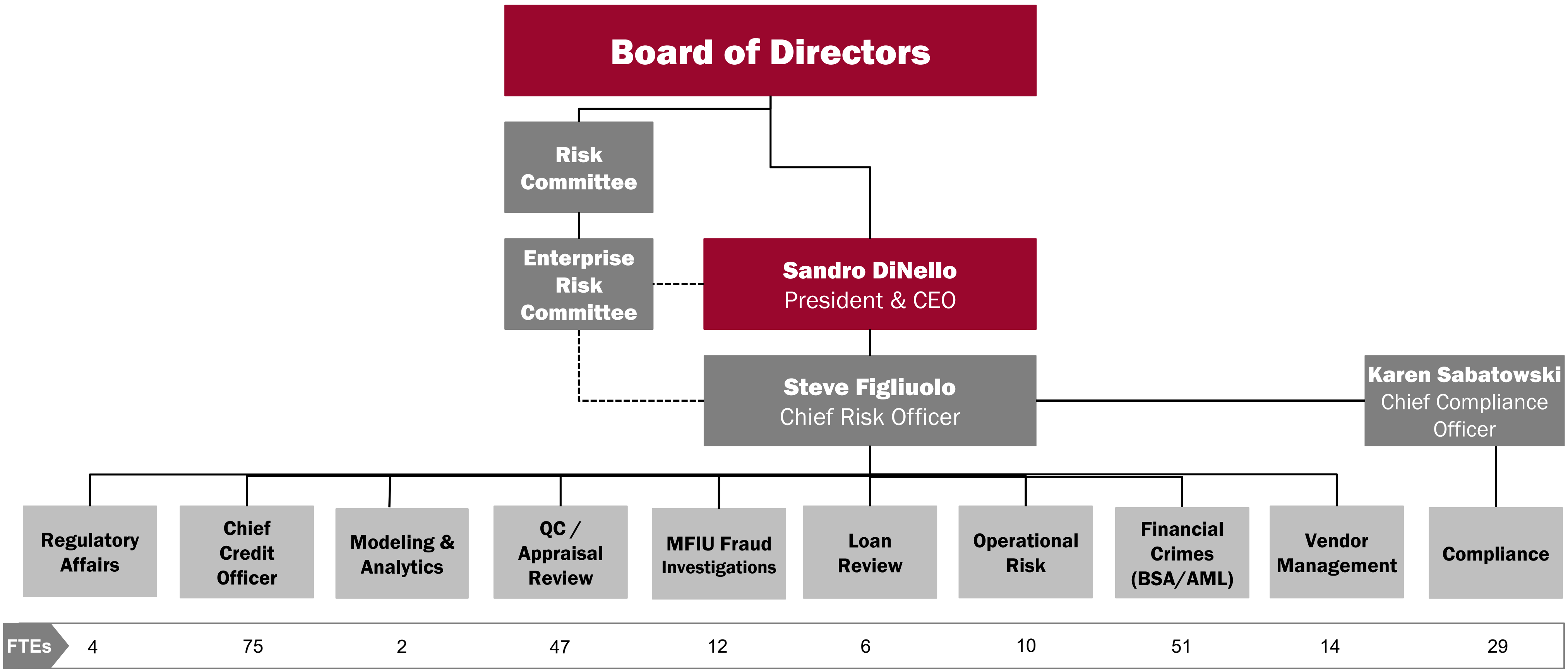
- General Counsel since 6/15
- Over 20 years of financial services legal experience with the FDIC and Sidley Austin LLP

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 06/30/2020.

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	2Q20
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%	2.86%

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 - 48.

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	608	5.6%	1.1%	69,132	14.7%	4.27%
National aggregate				**66,010**	**9.9%**	**3.4%**

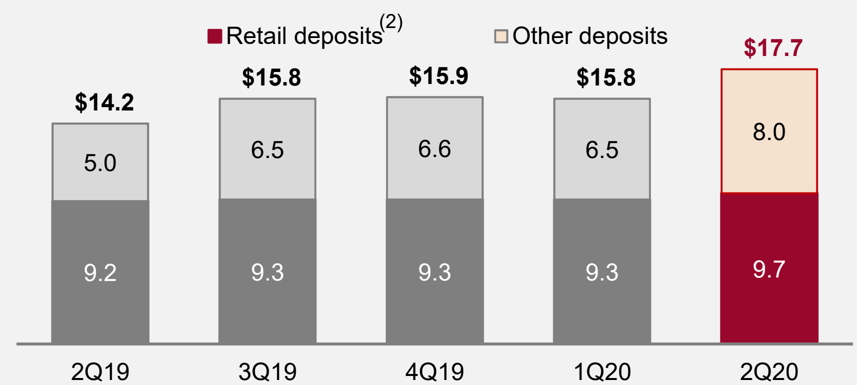
1. Source: S&P Global Market Intelligence; Note: Deposit data as of June 30, 2019 and projections based on 2019 estimates; MI-based banks highlighted.
2. Fort Wayne, IN deposit data is based on Fort Wayne, IN Fed District. Fort Wayne, IN demographic data is based on counties within Fort Wayne, IN Fed 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.

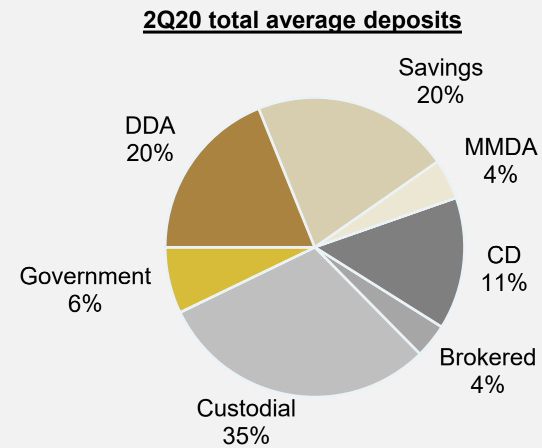
Deposits

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 0.48%, down 33 basis points from 0.81% in 1Q20

Total average deposits ($bn)





Total: $17.7 bn
0.48% cost of total deposits[1]

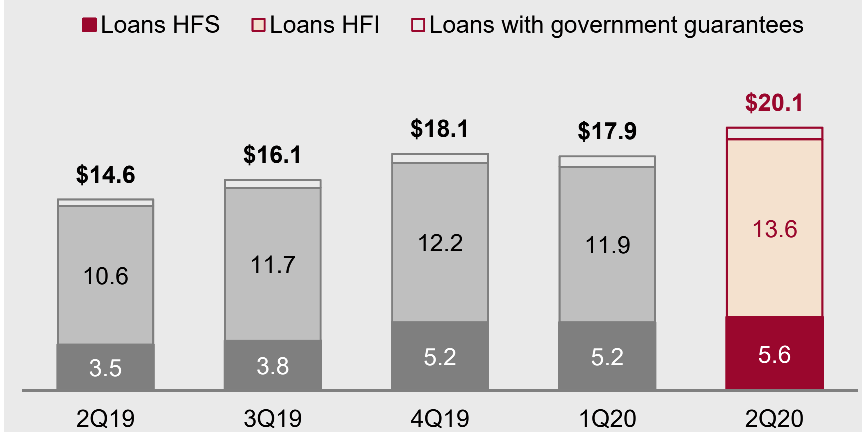
1. Total deposits include noninterest bearing deposits.
2. Includes deposits from commercial and business banking customers.

Lending

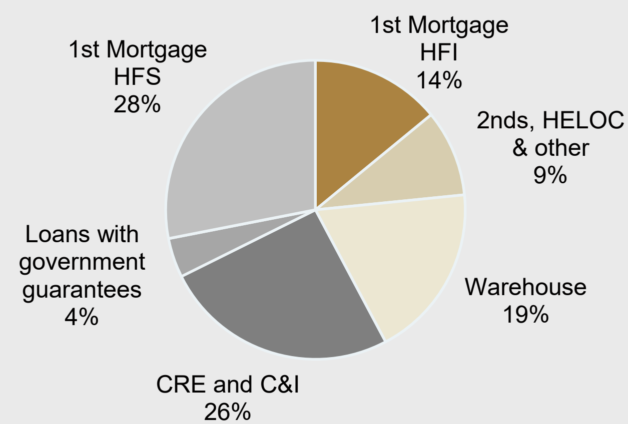
Portfolio and strategy overview

- **Flagstar's largest category of earning assets consists of loans held-for-investment which averaged $13.6bn during 2Q20**
  - 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 $5.6bn during 2Q20**
  - 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)



2Q20 average loans



Commercial lending

Diversified relationship-based approach

Overview

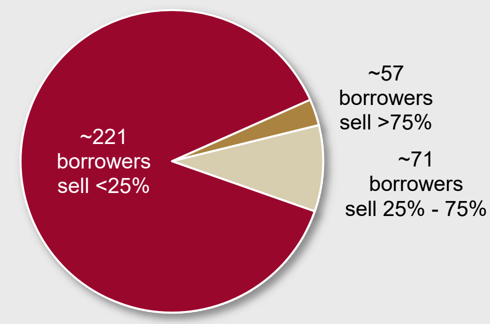
Warehouse
- Warehouse lines with approximately 349 active relationships nationwide, of which approximately 74% sell a portion of their loans to Flagstar
- Collateralized by mortgage loans being funded which are paid off once the loan is sold

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

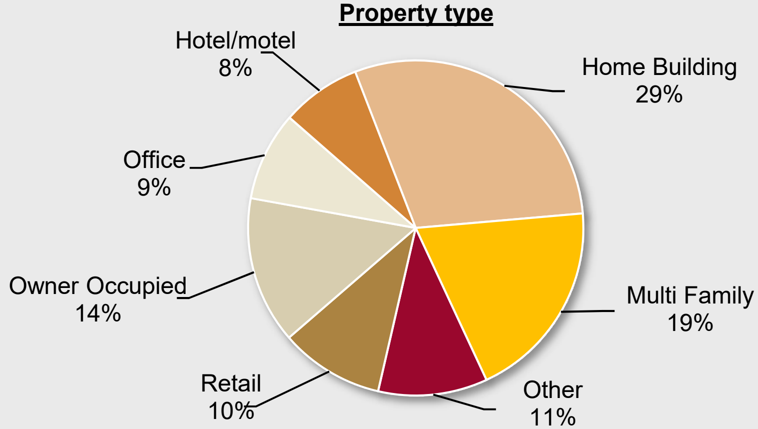
Warehouse - $5.2bn (06/30/20)

% Advances sold to Flagstar



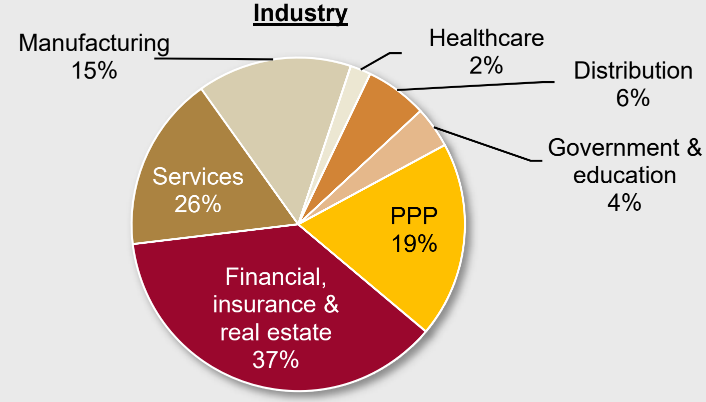
Commercial Real Estate - $3.0bn (06/30/20)

Property type



Commercial & Industrial - $2.0bn (06/30/20)

Industry



Commercial real estate portfolio detail

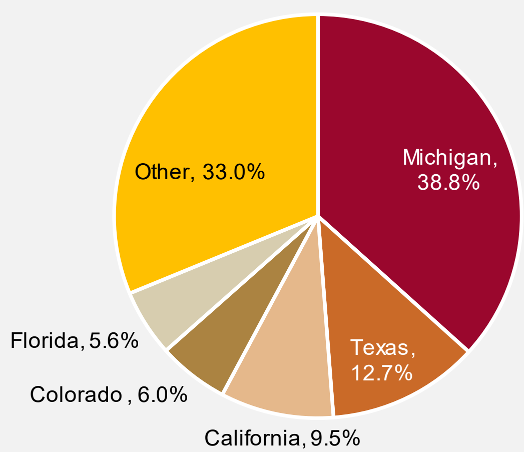
Commercial Real Estate ($bn)

	NBV	Commitment	% Utilization
Home Builder	$ 0.9	$ 1.7	49.4%
Owner Occupied	0.4	0.4	98.0%
Multi Family	0.4	0.8	54.8%
Retail	0.3	0.3	93.0%
Office	0.3	0.3	81.7%
Hotel/Motel	0.2	0.3	70.6%
Senior Living Facility	0.1	0.2	62.4%
Industrial	0.1	0.2	61.3%
Parking Garage/Lot	0.1	0.1	99.8%
All Other	0.2	0.3	69.4%
Total CRE	**$ 3.0**	**$ 4.7**	**64.5%**

Portfolio Characteristics

- Average LTV ~52% and DSC ~2.4%
- 82% LIBOR / 14% Prime Rate / 4% Fixed Rate
- Over 96% of portfolio has Prime and LIBOR rate floors at or greater than 0%
- Shared National Credits ~7% of portfolio

State Breakdown



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

Commercial and industrial portfolio detail

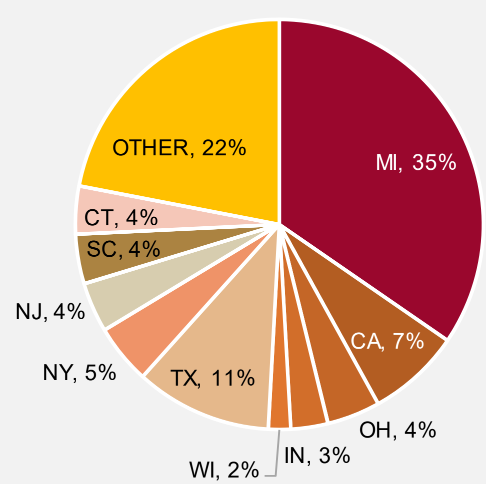
Commercial & Industrial ($bn)

	NBV	Commitment	% Utilization
Financial & Insurance	$ 0.5	$ 0.8	62.6%
Services	0.3	0.5	66.1%
Manufacturing	0.3	0.4	74.2%
Home Builder Finance	0.1	0.3	38.0%
Rental & Leasing	0.1	0.2	60.7%
Payroll Protect - PPP	0.4	0.4	100.0%
All Other	0.3	0.3	75.3%
Total C&I	**$ 2.0**	**$ 2.9**	**68.2%**

Portfolio Characteristics

- 78% LIBOR / 15% Fixed Rate / 7% Prime Rate
- Approximately 81% of portfolio has Prime and LIBOR rate floors at or greater than 0%
- Excluding PPP loans, shared national credits ~46% of portfolio

State Breakdown

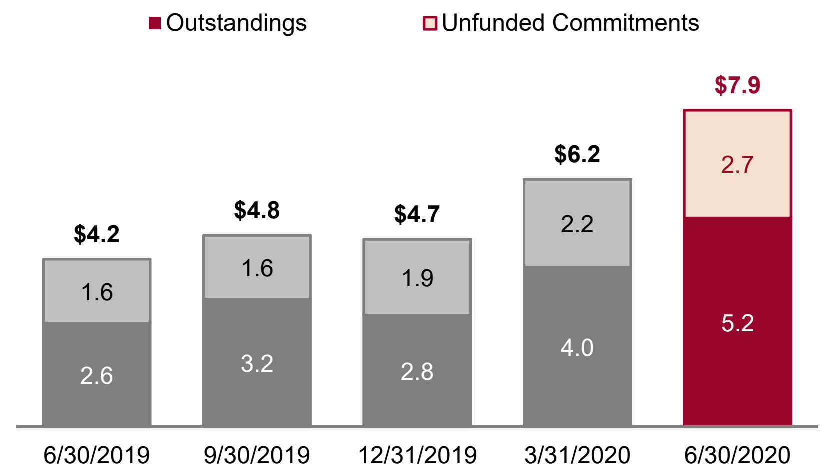


Flagstar Bancorp

Warehouse lending

- National relationship-based lending platform
- Attractive asset class with good spreads and low credit risk
- Scalable platform supports current total commitments of $7.9 billion
- Flagstar is well positioned to hold market share, leveraging relationships in complementary lines of business, including home builder finance and mortgage originations

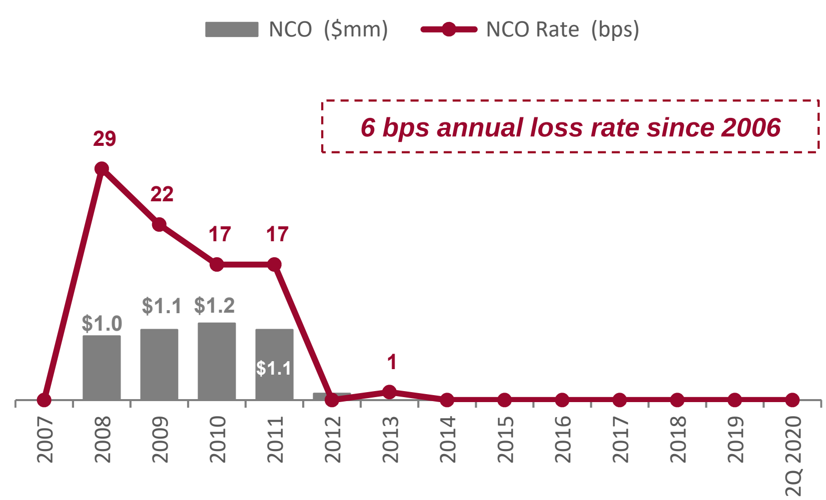
FBC warehouse loan commitments ($bn)



Warehouse lenders ranked by commitments ($mm)

Rank	Institution	YOY Growth	1Q20 Total	1Q20 Share
1	JPMorgan Chase	36%	$19,000	18%
2	First Horizon	54%	9,400	9%
3	Texas Capital	20%	7,588	7%
4	Merchants Bank	111%	6,528	6%
5	TIAA FSB (Everbank)	58%	6,300	6%
6	Flagstar Bancorp	60%	6,231	6%
7	Wells Fargo	15%	6,000	6%
8	Truist	58%	5,686	5%
9	Comerica	13%	4,068	4%
10	Customers Bank	26%	3,900	4%
	Top 10	41%	$74,701	72%

Net chargeoffs



Source: Inside Mortgage Finance as of May 22, 2020

Allowance for credit losses

($ in millions)	March 31, 2020 Amount[1]	March 31, 2020 % of LHFI	June 30, 2020 Amount[1]	June 30, 2020 % of LHFI
Consumer:				
Residential First Mortgage	$ 46	1.6%	$ 60	2.2%
Home Equity	23	2.2%	28	2.9%
Other Consumer	17	2.0%	36	4.0%
Total Consumer	86	1.8%	124	2.7%
Commercial:				
Commercial Real Estate	43	1.4%	99	3.3%
Commercial and Industrial	22	1.2%	26	1.3%
Warehouse Lending	1	0.0%	1	0.0%
Total Commercial	66	0.7%	126	1.2%
Total Credit Reserve	$ 152	1.1%	$ 250	1.7%
Total Credit Reserve Excluding Warehouse	$ 151	1.5%	$ 249	2.6%

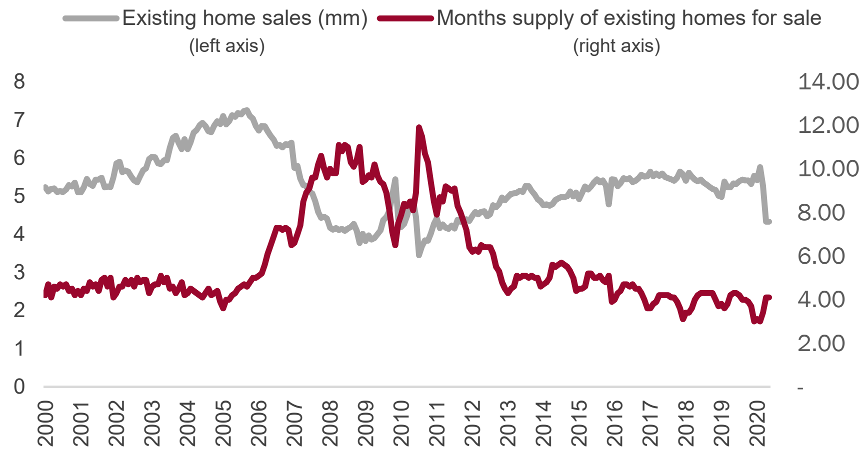
1. Includes reserve for unfunded commitment of $20 million and $21 million at 3/31/20 and 6/30/20, respectively

Home builder finance

Overview

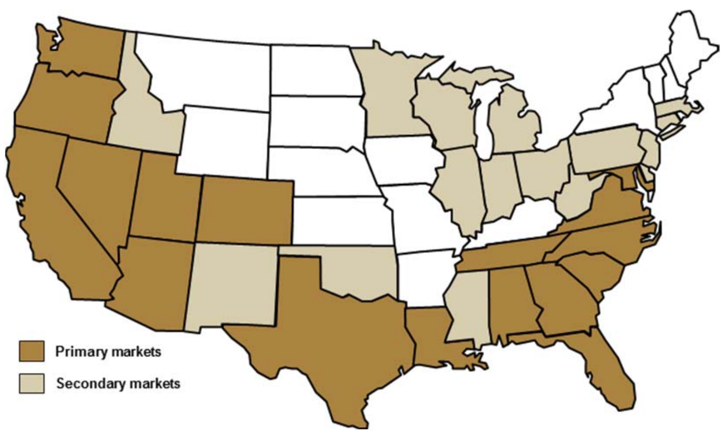
- National relationship-based lending platform launched in 1Q16
  - Attractive asset class with good spreads (~375 bps)
  - Meaningful cross-sell opportunities including warehouse loans, commercial deposits and purchase originations
- Flagstar is well positioned
  - Focused on markets with strong housing fundamentals and higher growth potential
  - We have direct relationships with 9 of the top 10 and do business with 35 of the top 100 builders nationwide (52 of the top 200) through June.

Tightening housing supply

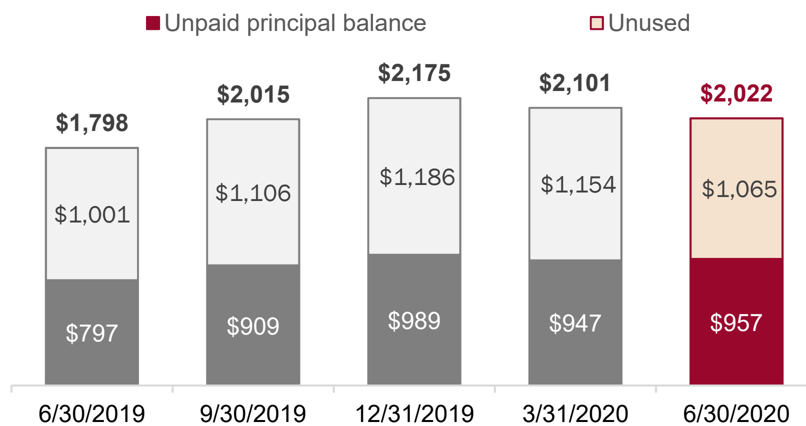


Source: Bloomberg (through 5/31/20)

Home builder finance footprint



Home builder loan commitments[1] ($mm)



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

Leverage lending and SNCs

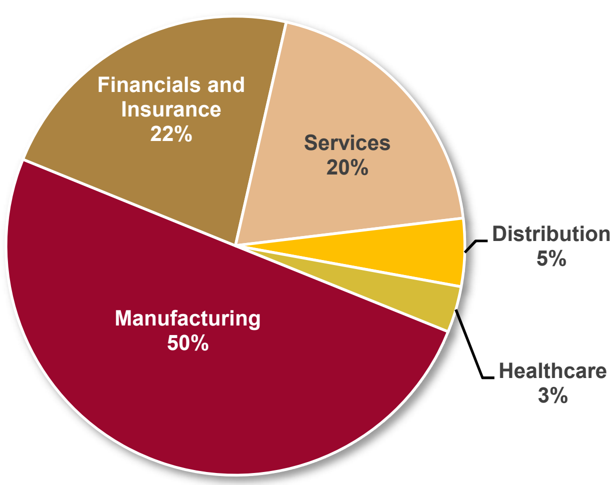
Leverage lending commentary

- Average UPB of ~$13 million per loan
- No nonperforming loans as of 6/30/20
- Loans totaling $60 million of commitments are rated as special mention or substandard
- SNCs comprised ~$262 million of total leveraged loan UPB

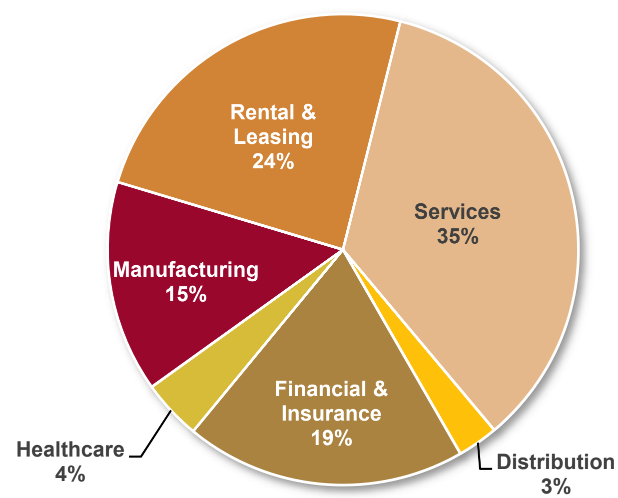
Shared national credits “SNCs” commentary

- 68 borrowers, average UPB of $15 million and average commitment of $25 million
- Total SNC breakdown: C&I ~73% / CRE ~21% / Warehouse ~6%
- We are the lead bank in 11% of these deals and this percentage continues to grow
- No nonperforming loans as of 6/30/20
- Loans totaling $21 million are rated as special mention or substandard

Portfolio Composition - $0.4bn UPB (6/30/20)



Portfolio Composition - $1.0bn UPB (6/30/20)



Flagstar Bancorp

Supporting commercial clients needs

Commercial UPB deferrals as of 6/30/2020 ($mm)(1)

Commercial Loan Deferrals ($mm)	As of June 30, 2020	Percent of Portfolio Deferred	As of April 30, 2020	($) Change	Deferral Type: Interest Only (2)	Deferral Type: Principal Only	Deferral Type: Principal & Interest	(%) Second Deferral (3)
Automotive	$ 44	28.5%	$ 51	(7)	$ 2	$ 15	$ 28	-
Leisure & Entertainment	15	12.4%	15	-	-	4	11	-
Healthcare	4	9.0%	-	4	-	-	4	-
Other	108	6.5%	108	(0)	12	74	22	-
Total C&I Deferrals	**171**	**13.3%**	**174**	**(3)**	**14**	**93**	**64**	-
Hotel	132	56.3%	82	50	59	-	73	75%
Retail	91	29.1%	64	27	25	4	62	86%
Senior Housing	7	5.0%	-	7	-	-	7	-
Other	149	6.4%	232	(84)	8	13	127	1%
Total CRE Deferrals	**378**	**12.5%**	**378**	**0**	**92**	**17**	**269**	**31%**
Total Commercial Loan Deferrals	**$ 549**	**11.0%**	**$ 552**	**$ (3)**	**106**	**110**	**333**	**22%**

1. All commercial loans requesting deferral were initially granted a 90 day deferral. If an extension was requested of the original 90 day deferral, borrower would be required to provide adequate justification for the extension.
2. Reflects $25 million of construction loans in hotel portfolio
3. Reflects approved or in process extensions of the original deferral divided by deferred balance in portfolio as of April 30, 2020

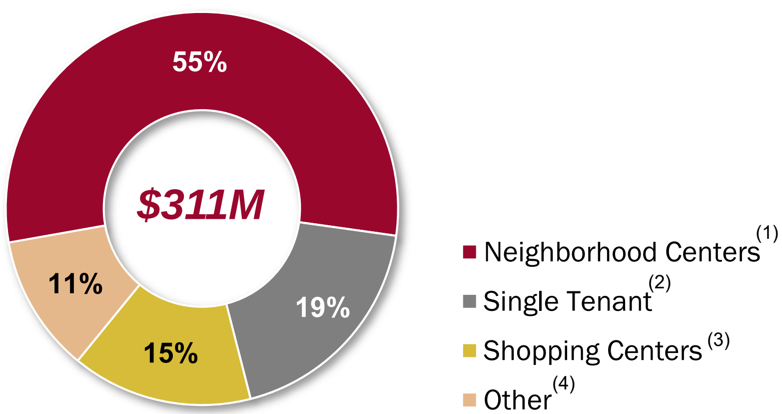
Flagstar Bancorp

COVID Impacted Sectors – CRE

CRE COVID Impacted Sectors ($mm) (as of June 30, 2020)

($mm)	UPB	% of LHFI	Portfolio Characteristics: Median Loan Size	Top 10 Borrowers	Total Borrowers	SNCs	Footprint Exposure	Construction	Credit Quality: $ Deferred	$ Past Due	$ NPLs	Watch	Credit Metrics (Pre-COVID): DSC	LTV	Occ
Retail	$ 311	2.1%	$ 2.0	47%	58	$ 19	79%	3%	$ 91	$ -	$ -	18%	1.7	48%	95%
Hotel	234	1.6%	8.4	76%	21	2	70%	59%	132	-	-	41%	1.4	60%	61%
Senior Housing	146	1.0%	9.3	94%	18	-	57%	62%	7	-	-	14%	1.7	60%	84%
Total	**$ 545**	**3.7%**	**$ 7.2**		**79**	**$ 21**			**$ 230**	**$ -**	**$ -**	32%			

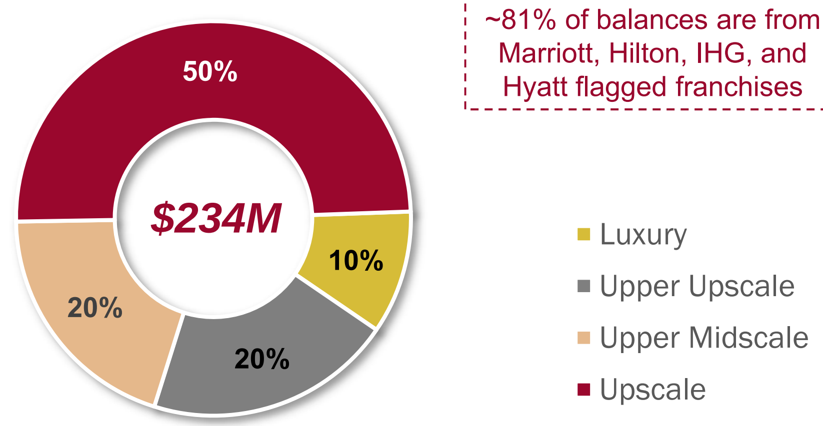
Retail CRE UPB ($mm) (as of June 30, 2020)



Retail Descriptions
1. Retail centers < 100,000 sq. ft. – generally anchored by grocery stores
2. Single Tenant – Hardware stores 45% / Pharmacies 33%
3. Power centers
4. Other – includes one regional mall with $14mm in UPB

Hotel CRE UPB[5] ($mm) (as of June 30, 2020)

~81% of balances are from Marriott, Hilton, IHG, and Hyatt flagged franchises



5. Classifications as determined by STR Chain Scales

Flagstar Bancorp

MSR portfolio

MSR portfolio statistics

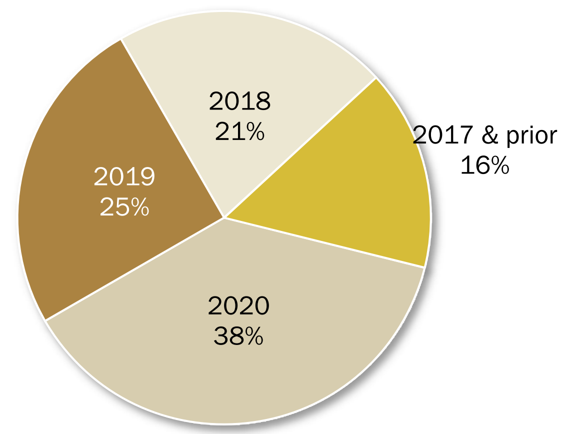
Measure ($mm)	3/31/2020	6/30/2020	Difference
Unpaid principal balance	$23,439	$29,846	$6,407
Fair value of MSR	$223	$261	$38
Capitalized rate (% of UPB)	0.95%	0.87%	(8) bps
Multiple	2.414	2.388	(0.026)
Note rate	4.336%	4.003%	(33.3) bps
Service fee	0.389%	0.366%	(23) bps
Average Measure ($000)			
UPB per loan	$239	$243	$4
FICO	691	708	17
Loan to value	84.84%	81.55%	(329) bps

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

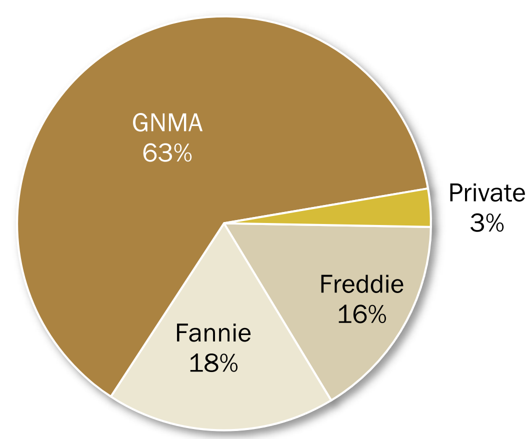
$ Return	2Q19	3Q19	4Q19	1Q20	2Q20
Net hedged profit (loss)	($1)	$2	$0	$10	$1
Carry on asset	21	25	23	17	18
Run-off	(15)	(30)	(27)	(20)	(20)
Gross return on the mortgage servicing rights	**$5**	**($3)**	**($4)**	**$7**	**($0)**
Sale transaction & P/L	(1)	1	1	(1)	(3)
Model changes	-	-	-	-	(5)
Net return on the mortgage servicing rights ($)	**$4**	**($2)**	**($3)**	**$6**	**($8)**
Average mortgage servicing rights ($)	**$321**	**$292**	**$287**	**$252**	**$242**
Net return on the mortgage servicing rights (%)	**5.5%**	**-2.7%**	**-4.1%**	**9.6%**	**-13.5%**

MSR portfolio characteristics (% UPB)

By Vintage



By Investor



Flagstar Bancorp

Servicing

Servicing Profitability

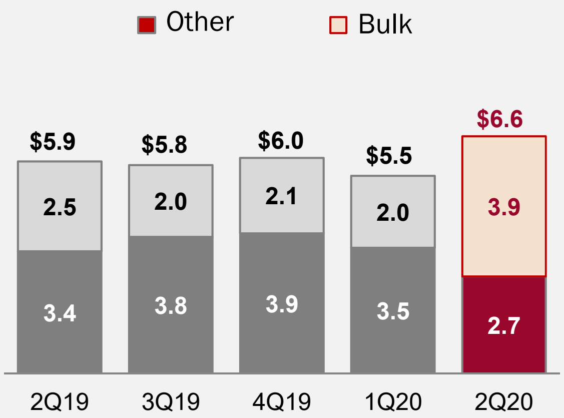
($mm)	2Q19	3Q19	4Q19	1Q20	2Q20
Net interest income					
Interest income (FTP)	$ 24	$ 30	$ 27	$ 23	$ 12
Interest expense on custodial deposits [1]	(21)	(25)	(22)	(19)	(8)
Total net interest income	3	5	5	4	4
Noninterest income[2]					
Service fee income	26	27	28	30	35
Ancillary fee income	7	8	10	9	18
Late fee income	5	5	5	6	2
Total noninterest income	38	40	43	45	55
Noninterest expense[3]	(30)	(31)	(31)	(36)	(38)
Earnings before Tax	**$ 11**	**$ 14**	**$ 17**	**$ 13**	**$ 21**
Average Custodial Deposits ($bn)	$ 3.5	$ 4.6	$ 4.8	$ 4.8	$ 6.2
Average Loans Serviced for Others (000's)	972	988	1,042	1,086	1,062

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.

National distribution through multiple channels

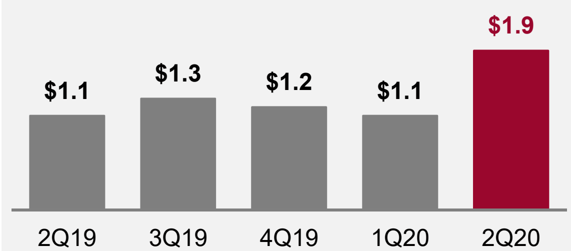
Residential mortgage originations by channel ($bn)

Correspondent



- 3.1% market share with #10 national ranking[(1)]
- More than 1,100 correspondent partners
- Top 10 relationships account for 14% of overall correspondent volume
- Warehouse lines with 320 correspondent relationships

Broker



- 1.0% market share with #12 national ranking[(1)]
- More than 1,300 broker relationships
- Top 10 relationships account for 13% of overall brokerage volume

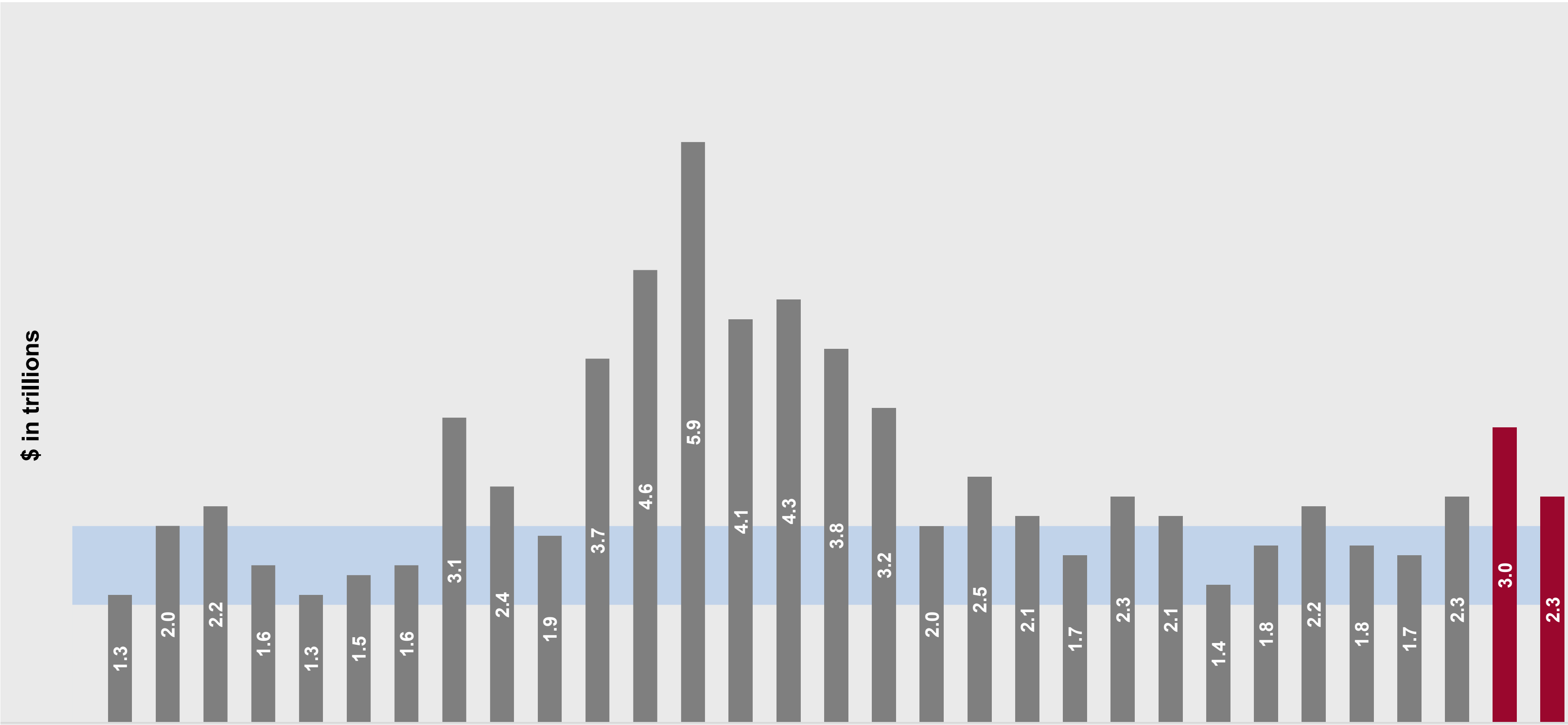
Retail

- 89 retail locations in 28 states
- Direct Lending is 22% of retail volume

1. Data source: As reported by Inside Mortgage Finance for 12M20 published May 22,2020.

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)



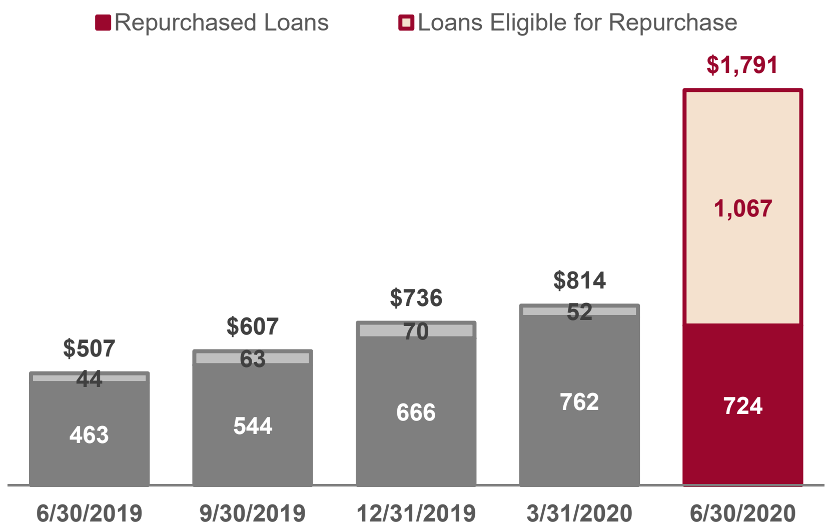
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Nominal ($)	0.6	0.9	1.0	0.8	0.6	0.8	0.8	1.7	1.4	1.1	2.2	2.9	3.8	2.8	3.0	2.7	2.4	1.5	2.0	1.7	1.4	2.0	1.8	1.3	1.7	2.1	1.8	1.6	2.3	3.0	2.3
Real[(1)] ($)	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	2.3	3.0	2.3
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	2.3	3.0	2.3

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).

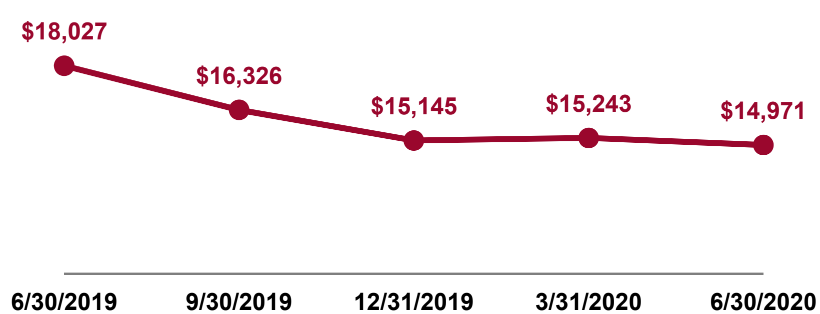
Flagstar Bancorp

Loans with government guarantees (LGG)

LGG UPB end of period ($mm)



GNMA MSR UPB end of period ($mm)



LGG Overview

General Overview

- GNMA Loans are eligible to be repurchased, at our option, after no payment has been made for 90 days (whether due to delinquency or forbearance)
- When eligible to be repurchased, accounting rules require us to record a loan and a related liability
- Loans eligible to be repurchased are limited to GNMA loans for which we own the MSR; not eligible to repurchase loans we are subservicing
- Prior to repurchasing the loan, no interest is earned, we continue to make advances and no credit risk is present
- All LGG loans, including loans eligible to be repurchased, are a 20% risk-weighted asset

Impact

- $3.0 B GNMA loans (20%) are in forbearance as of 6/30/2020, of which $1.1 B are recognized on the balance sheet
- No eligible GNMA forbearance loans were repurchased during Q2
- Repurchased loans are able to be pledged as collateral with the FHLB
- Drag on capital, NIM and ROE due to inflated balances created by loans eligible for repurchase; no actual income risk
- Opportunity for re-securitization gains from repurchasing eligible loans, depending on final resolution with GNMA

Financial performance

2nd Quarter 2020

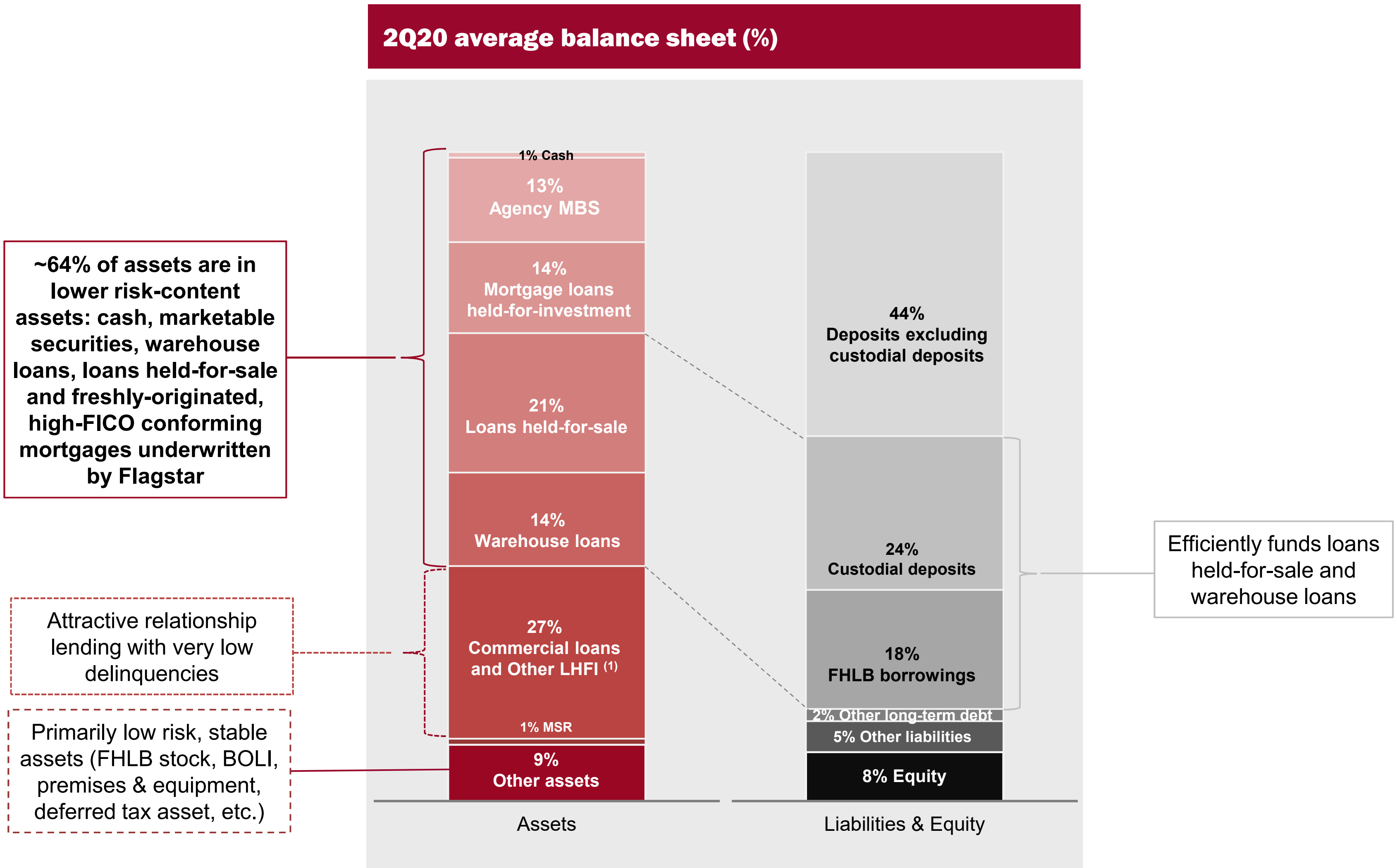
- Solid growth in banking and subservicing has created more stable earnings
- Focus on efficiency and expense management

Revenue Composition and Earnings Metrics

Revenue (millions)	6/30/2019	6/30/2020	Percentage of Revenue	Percentage Increase
Community Banking	$ 212	$ 263	31%	24%
Mortgage Servicing	79	108	13%	37%
Subtotal	**291**	**371**	**44%**	**27%**
Mortgage Origination	230	515	61%	124%
Other [1]	(5)	(35)	-4%	--%
Total	**$ 516**	**$ 851**	**100%**	**65%**
Diluted Earnings per Share [1]	$ 1.35	$ 2.83		110%
Return on Average Assets [1]	0.8%	1.3%		
Return on Average Tangible Common Equity [1]	11.6%	19.1%		

1. Non-GAAP number for YTD 2019. Number shown excludes $25 million DOJ benefit. Please see reconciliations on page 47 - 48.

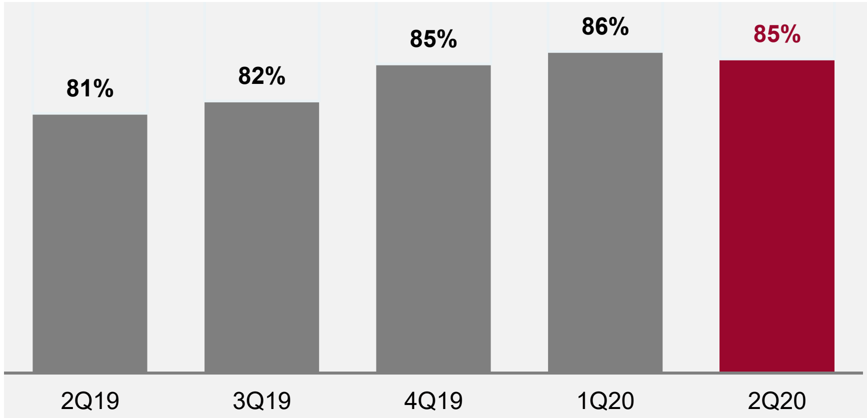
Balance sheet composition



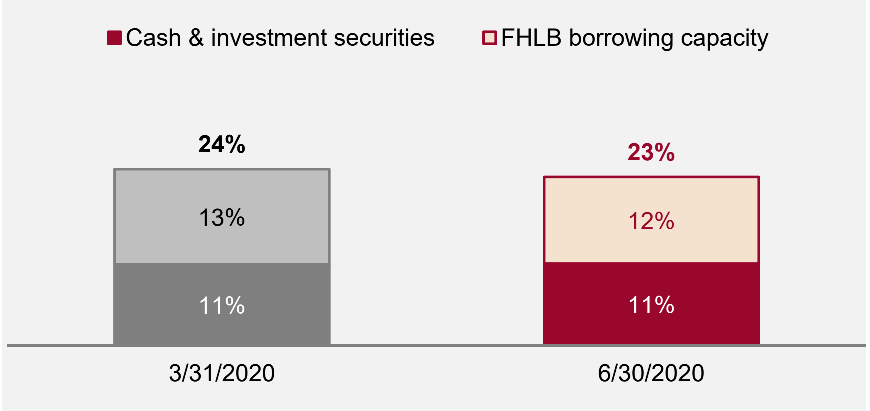
1) Other LHFI includes home equity and other consumer loans.

Liquidity and funding

Adjusted HFI loan-to-deposit ratio[1]



Liquidity ratio[2]



Commentary

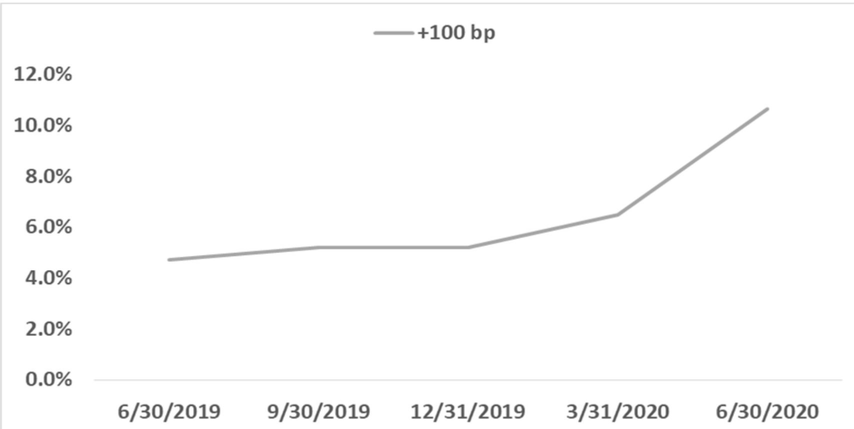
- Flagstar has invested significantly in building its Community Bank, which provides attractive core deposit funding for its balance sheet
- These retail deposits are supplemented by custodial deposits from the servicing business
- Much of the remainder of Flagstar's balance sheet is self-funding given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

1. Adjusted HFI loan-to-deposit ratio is total average loans HFI (excluding warehouse loans) expressed as a percentage of total average deposits (excluding custodial deposits). Please see non-GAAP reconciliations on page 47 - 48.
2. Cash, investment securities and FHLB borrowing capacity expressed as a percentage of total assets.

Interest rate risk

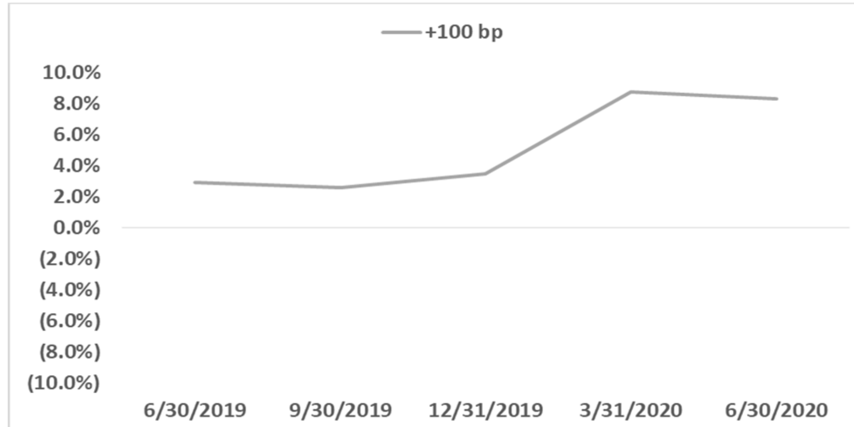
- Flagstar's net interest income remains asset sensitive due to pay fixed interest rate swaps

Earnings at Risk



	% Change				
Scenario	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
+300 Shock	30.2%	18.0%	15.2%	15.4%	13.9%
+200 Shock	20.9%	12.4%	10.2%	10.3%	9.3%
+100 Shock	10.6%	6.5%	5.2%	5.2%	4.7%
Base	-	-	-	-	-

Economic Value of Equity



	% Change				
Scenario	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
+300 Shock	17.7%	20.0%	5.0%	1.1%	2.3%
+200 Shock	13.6%	14.9%	5.2%	2.7%	3.5%
+100 Shock	8.3%	8.8%	3.5%	2.6%	2.9%
Base	-	-	-	-	-

Non-GAAP reconciliation

$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	6 months ended June 30, 2019	3 months ended March 31, 2019	3 months ended December 31, 2018
Total Revenues		$ 306	**$ 541**		
Adjustment to remove DOJ benefit		25	25		
Adjusted Total Revenues		**$ 281**	**$ 516**		
Net Interest Income					$ 152
Adjustment to remove hedging gains					29
Adjusted Net Interest Income					**$ 123**
Noninterest Income		$ 168	$ 277		
Adjustment to remove DOJ benefit		25	25		
Noninterest Income		**$ 143**	**$ 252**		
Noninterest Expense	$ 245			$ 191	
Adjustment to remove Wells Fargo acquisition costs	-			1	
Discrerionary items	5			-	
Adjusted Noninterest Expense	**$ 240**			**$ 190**	
Income before Income Taxes		$ 75	$ 119	$ 44	
Adjustment to remove DOJ benefit		25	25	-	
Adjustment to remove Wells Fargo acquisition costs		-	1	1	
Adjusted Income before Income Taxes		**$ 50**	**$ 95**	**$ 45**	
Provision for Income Taxes		$ 14	$ 22	$ 8	
Adjustment to remove DOJ benefit		5	5	-	
Adjustment to remove Wells Fargo acquisition costs		-	-	-	
Adjusted Provision for Income Taxes		**$ 9**	**$ 17**	**$ 8**	
Net Income		$ 61	$ 97	$ 36	
Adjustment to remove DOJ benefit (net of tax)		20	20	-	
Adjustment to remove Wells Fargo acquisition costs (net of tax)		-	1	1	
Adjusted Net Income		**$ 41**	**$ 78**	**$ 37**	

Adjusted Diluted EPS

	6 months ended June 30, 2019	6 months ended June 30, 2019	3 months ended March 31, 2019
Diluted Earnings per Share	$ 1.06	$ 1.69	$ 0.63
Adjustment to remove DOJ benefit (net of tax)	(0.35)	(0.35)	0.01
Adjustment to remove Wells Fargo acquisition costs (net of tax)	-	0.01	0.01
Adjusted Diluted Earnings per Share	**$ 0.71**	**$ 1.35**	**$ 0.64**

Non-GAAP reconciliation (continued)

$mm

Adjusted ROA, ROE and ROTCE

	3 Months ended June 30, 2019	6 Months ended June 30, 2019
Return on Average Assets	1.2%	1.0%
Adjustment to remove DOJ benefit (net of tax)	-0.4%	-0.2%
Adjusted Return on Average Assets	**0.8%**	**0.8%**
Return on average tangible common equity	17.1%	14.3%
Adjustment to remove DOJ benefit (net of tax)	-5.5%	-2.7%
Adjusted return on tangible Commmon Equity	**11.7%**	**11.6%**

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

	As of June 30, 2020	As of March 31, 2020	As of June 30, 2019
Total stockholders' equity	$ 1,971	$ 1,842	$ 1,656
Goodwill and intangible assets	164	167	178
Tangible book value	$ 1,807	$ 1,675	$ 1,478
Number of common shares outstanding	56,943,979	56,729,789	56,483,937
Tangible book value per share	**$ 31.74**	**$ 29.52**	**$ 26.16**
Total Assets	$ 27,450	$ 26,805	$ 20,206
Tangible common equity to assets ratio	**6.58%**	**6.25%**	**7.31%**

Adjusted HFI Loan-to-Deposit Ratio

	As of June 30, 2020	As of March 31, 2020	As of December 31, 2019	As of September 30, 2019	As of June 30, 2019
Average LHFI	$ 13,596	$ 11,823	$ 12,168	$ 11,743	$ 10,613
Less: Average warehouse loans	3,785	2,310	2,747	2,508	1,997
Adjusted average LHFI	$ 9,811	$ 9,513	$ 9,421	$ 9,235	$ 8,616
Average deposits	$ 17,715	$ 15,795	$ 15,904	$ 15,817	$ 14,159
Less: Average custodial deposits	6,223	4,776	4,772	4,550	3,469
Adjusted average deposits	$ 11,492	$ 11,019	$ 11,132	$ 11,267	$ 10,690
HFI loan-to-deposit ratio	76.7%	74.9%	76.5%	74.2%	75.0%
Adjusted HFI loan-to-deposit ratio	**85.4%**	**86.3%**	**84.6%**	**82.0%**	**80.6%**