Flagstar Bancorp, Inc. (NYSE: FBC)

Earnings Presentation
3rd Quarter 2019

October 22, 2019

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

Unique relationship-based business model

- Built to generate strong results in any interest rate environment; quarter results highlight the advantage of our unique business model;
  - Industry-leading mortgage business, layered on top of a well balanced community bank and best in class servicing business

Grow community banking

- Net interest income was up 6%, driven by robust growth in our loan portfolio and deposits without compromising price or quality
  - Identified opportunities to add high quality loans in warehouse, CRE, C&I, and non-auto indirect portfolios; funding this asset growth with core deposits

Strengthen mortgage and servicing revenues

- Mortgage revenue up on improved margin and volume, highlighting strength of our scalable origination platform
  - Maintained disciplined pricing strategy focused on generating business in most profitable channels
- Servicing delivered strong financial results; ended the quarter with 994,000 loans being serviced or subserviced

Highly profitable operations

- Net income of $63mm, or $1.11 per diluted share; up 56% vs. adjusted 2Q19 net income(1)
- YTD 2019 adjusted RoTCE(1) of 13.6%; up 70 bps vs. YTD 2018
- Return on assets of 1.2% for Q319; up 39 bps vs. adjusted Q219(1) and up 15 bps vs. adjusted Q318(1)

Positioned to thrive in any market

- Effective management of asset sensitivity as net interest margin was relatively flat at 3.05%, despite two rate cuts
- Diversified and scalable earning streams provide consistent capital creation and build shareholder value

1) Non-GAAP number. Please see reconciliations on page 41 and 42.

Financial Overview

Jim Ciroli, CFO

Financial highlights

3rd Quarter 2019

Solid earnings	• Net income of $63mm, or $1.11 per diluted share, in 3Q19, up 50% vs. adjusted 2Q19 net income(1) - Adjusted revenue growth(1) of $36mm, or 13%, led by higher mortgage revenue and net interest income
Growth in community banking	• Loans held-for-investment increased $1.1bn vs 2Q19; 12% growth in commercial loans; 9% growth in consumer loans - Average warehouse loans up $511mm, benefitting from higher refinance volumes - Average consumer loans higher $396mm higher, with evenly distributed loan growth across the portfolio • Net interest margin at 3.05%, relatively flat to prior quarter, despite two rate cuts in the quarter
Higher mortgage revenue	• Mortgage revenue(2) of $108mm; up $28mm, or 35%, vs. 2Q19 and $56mm, or 108% vs 3Q18 - Net gain on loan sales rose $35mm, or 47%; GOS margin up 31 basis points and FOALs up $0.9bn, or 10% - Net loss on MSRs of $2mm; increased refinance activity accelerated prepayments
Strong asset quality	• Asset quality strong as net charge-offs were only 2 basis points and nonperforming loan ratio decreased to 0.21% - ALLL covered 0.9% of loans HFI, or 1.1% excluding warehouse loans • Early stage loan delinquencies remain low at $12mm, or 10 basis points
Robust capital position	• Total risk based capital ratio at 11.5% (11.8%(1) under Capital Simplification) - $2 billion period end asset growth, with $1.5 billion coming from warehouse and loans held-for-sale • Tier 1 leverage ratio at 8.0% (8.4%(1) under Capital Simplification)

1) Non-GAAP number. Please see reconciliations on page 41 and 42.
2) Mortgage revenue is defined as net gain on loan sales HFS plus the net return on the MSRs.

Quarterly income comparison

$mm

		3Q19	2Q19	$ Variance	% Variance
Net interest income	A	$146	$138	$8	6%
Provision (benefit) for loan losses ("PLL")		1	17	(16)	N/M
Net interest income after PLL		145	121	24	20%
Net gain on loan sales		110	75	35	47%
Loan fees and charges		29	24	5	21%
Loan administration income		5	6	(1)	(17%)
Net return on mortgage servicing rights		(2)	5	(7)	N/M
Other noninterest income		29	33 (1)	(4)	(12%)
Total noninterest income	B	171	143 (1)	28	20%
Compensation and benefits		98	90	8	9%
Commissions and loan processing expense		60	46	14	30%
Other noninterest expenses		80	78	2	3%
Total noninterest expense	C	238	214	24	11%
Income before income taxes		**78**	**50** (1)	**28**	**56%**
Provision for income taxes		15	9 (1)	6	67%
Net income		**$63**	**$41** (1)	**$22**	**54%**
Diluted income per share		**$1.11**	**$0.71** (1)	$0.40	56%
Profitability					
Net interest margin		3.05%	3.08%	(3 bps)	
Total revenues (1)		$317	$281	$36	13%
Net gain on loan sales / total revenue		35%	27%	800 bps	
Mortgage rate lock commitments, fallout adjusted		$9,197	$8,344	$853	10%
Mortgage closings		$9,262	$8,641	$621	7%
Net gain on loan sale margin, HFS		1.20%	0.89%	31 bps	

1) Non-GAAP number for 2Q19. Number shown excludes DOJ benefit. Please see reconciliations on page 41 and 42.

N/M – not meaningful

Observations

A Net interest income

- Net interest income up $8mm, or 6%
  - Average earning assets increased 7% led by 12% growth in commercial loans
  - Net interest margin 3.05%, relatively flat demonstrating effective management of funding costs.

B Noninterest income

- Adjusted noninterest income[1] up $28mm, or 20%
  - Net gain on loan sales rose $35mm, or 47%, due to 31 basis points increase in GOS margin and a 10% increase in FOAL volume
  - Loan fees and charges up $5mm, or 21%, led by higher mortgage loan closings

C Noninterest expense

- Noninterest expense up $24mm, or 11%
  - Volume-driven mortgage expenses increased $20mm

Flagstar Bancorp

Average balance sheet highlights

3Q19 ($mm)

	Average Balance Sheet	Incr (Decr)[1]	
	$	$	%
Loans held-for-sale	$3,786	$247	7%
Consumer loans[2]	4,874	396	9%
Commercial loans[2]	6,869	734	12%
Total loans held-for-investment	11,743	1,130	11%
Other earning assets[3]	3,468	(139)	(4%)
Interest-earning assets	$18,997	$1,238	7%
Other assets	2,200	(7)	(0%)
Total assets	$21,197	$1,231	6%
Deposits	$15,817	$1,658	12%
Short-term FHLB advances & other	1,910	(723)	(27%)
Long-term FHLB advances	536	182	51%
Other long-term debt	495	(1)	- %
Other liabilities	717	61	9%
Total liabilities	$19,475	$1,177	6%
Stockholders' equity	1,722	54	3%
Total liabilities and stockholders' equity	$21,197	$1,231	6%
Tangible book value per common share[4]	$27.62	$1.46	6%

Observations

Interest-earning assets

- Average loans HFI grew $1.1bn, or 11%
  - Average commercial loans increased $734mm primarily driven by $511mm increase in warehouse loans
  - Average consumer loans increased $396mm, or 9%, driven evenly by growth in non-auto indirect lending, mortgage and HELOC portfolios

Interest-bearing liabilities

- Average deposits increased $1.7bn, or 12%, primarily from higher custodial deposits driven by increase in refinance activity
  - Average custodial deposits rose $1.1bn, or 31%

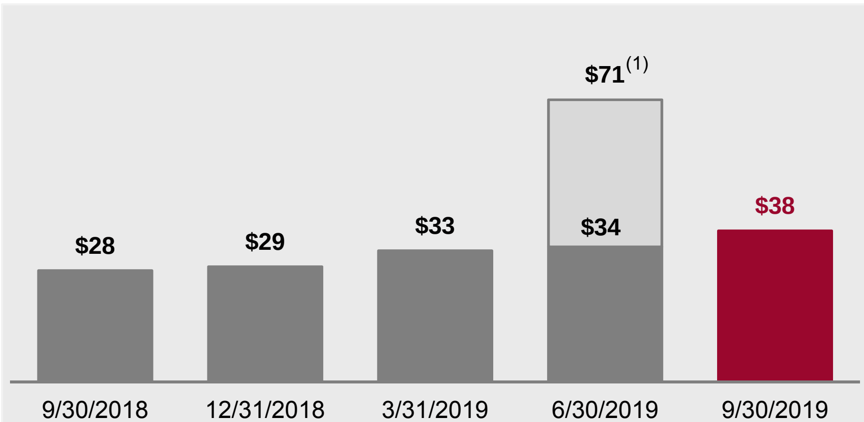
Equity[4]

- Tangible common equity to asset ratio of 7.09%
- FBC closing share price of $38.76 on October 21, 2019 is 140% of tangible book value per share

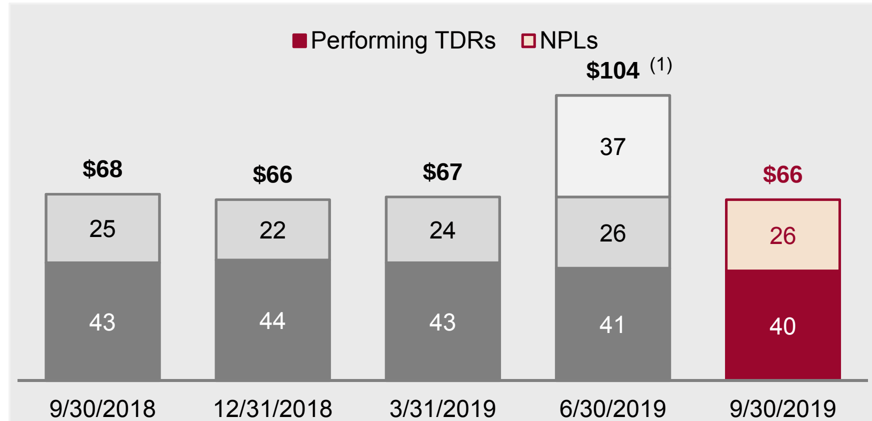
1) Measured vs. the prior quarter
2) Consumer loans include first and second mortgages, HELOC and other loans; commercial loans include commercial real estate, commercial & industrial and warehouse loans
3) Other earning assets include interest earning deposits, investment securities and loans with government guarantees
4) References a non-GAAP number. Please see reconciliations on page 41 and 42.

Asset quality

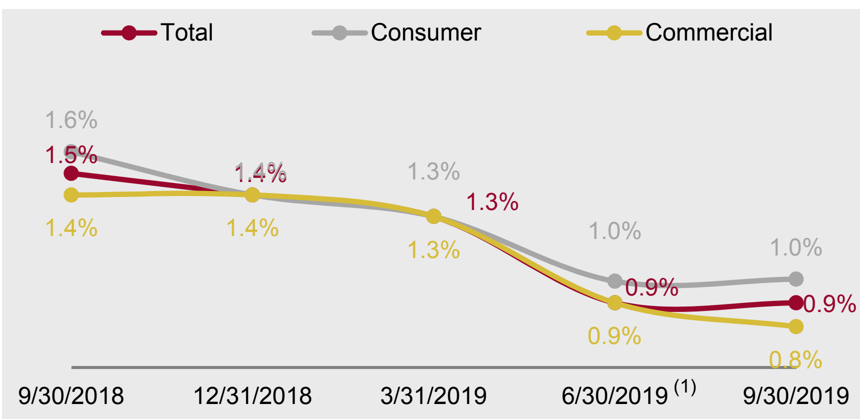
Delinquencies ($mm)



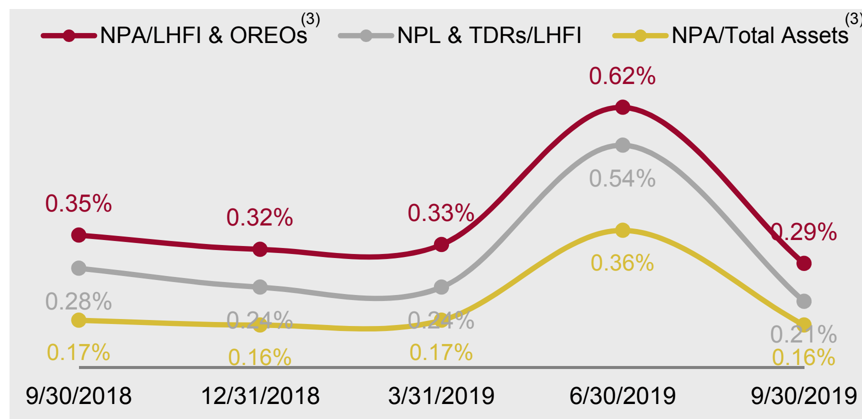
NPLs and performing TDRs ($mm)



Allowance coverage(2) (% of loans HFI)



Nonperforming loan and asset ratios

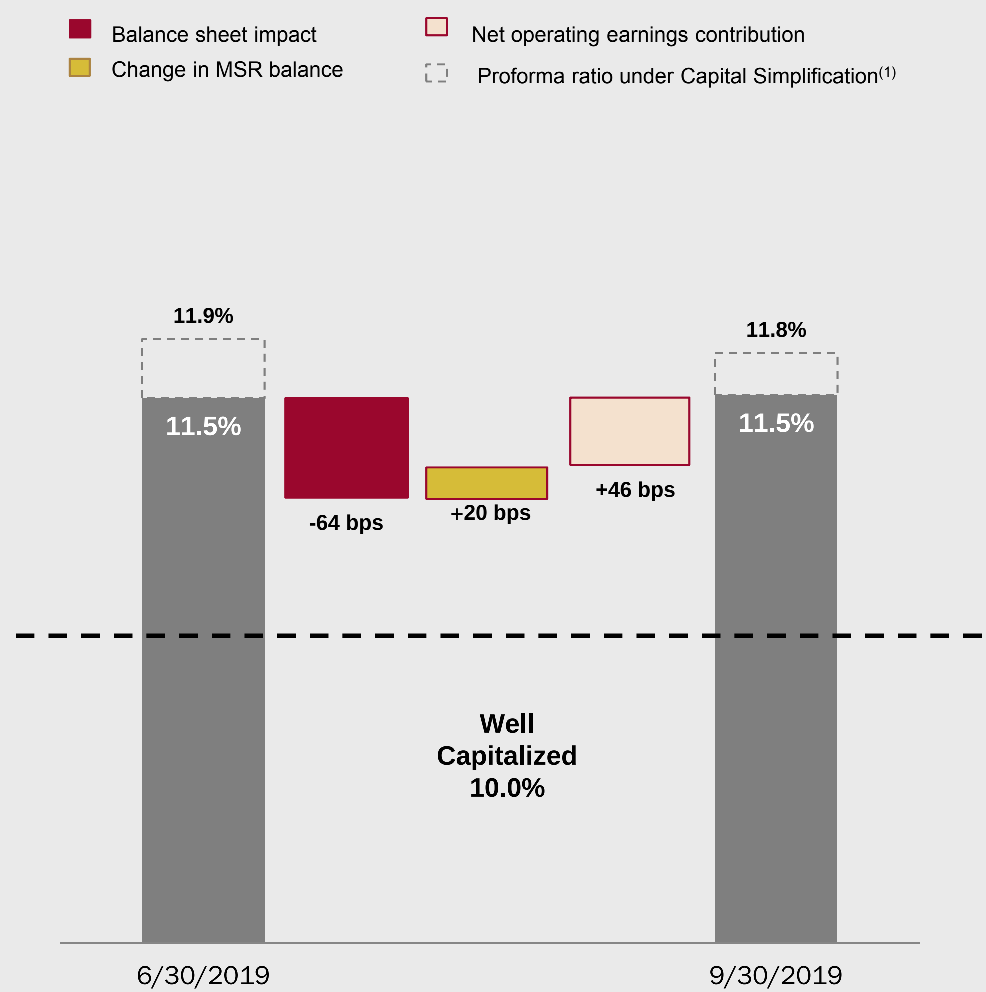


1) Includes $37 million Live Well loan which was fully liquidated in the third quarter 2019.
2) Excludes loans carried under the fair value option and loans with government guarantees.

3) Excludes loans held-for-sale

Capital

Flagstar Bancorp Total Risk Based Capital Ratio



Observations 3Q19

	Tier 1 Leverage	CET-1 to RWA	Tier 1 to RWA	Total RBC to RWA
3Q19	8.0%	9.2%	10.8%	11.5%
2Q19	7.9%	9.1%	10.7%	11.5%

- Total risk based capital ratio of 11.5% (11.8% under Capital Simplification) [1]
  - o Recently enacted capital relief adds 22 basis points in Q1 2020 for this ratio.
- Tier 1 leverage ratio ended quarter at 8.0% (8.4% under Capital Simplification) [1]
  - o Recently enacted capital relief adds 46 basis points in Q1 2020 for this ratio.
- Supporting value creation strategy, company has sufficient capital to grow and hold additional interest earning assets

1) Non-GAAP number. Please see reconciliations on page 41 and 42.

Flagstar Bancorp

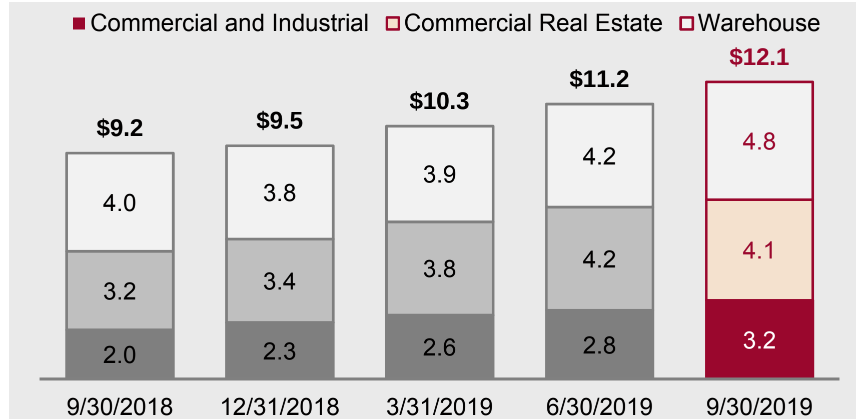
Business Segment Overview

Lee Smith, COO

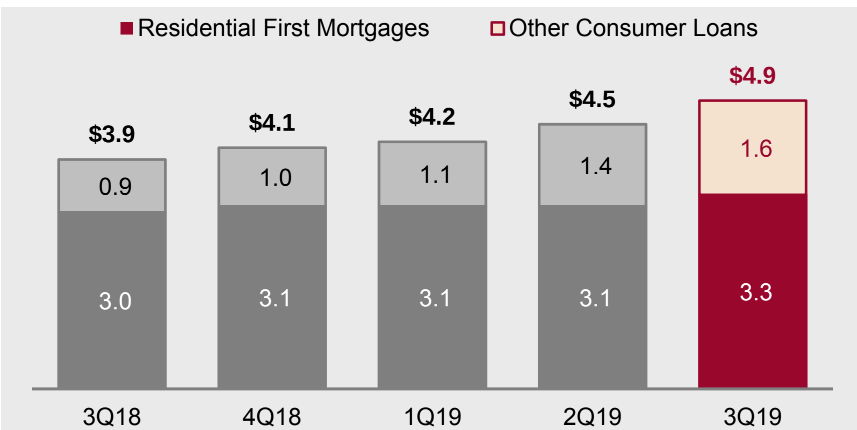
Community banking

Average commercial loans ($bn)

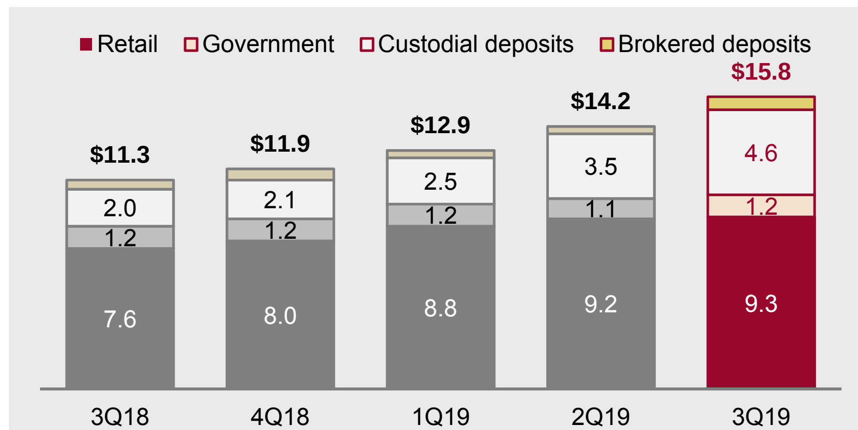
Quarter-end commercial loan commitments ($bn)



Average consumer loans ($bn)



Average deposit funding[1] ($bn)

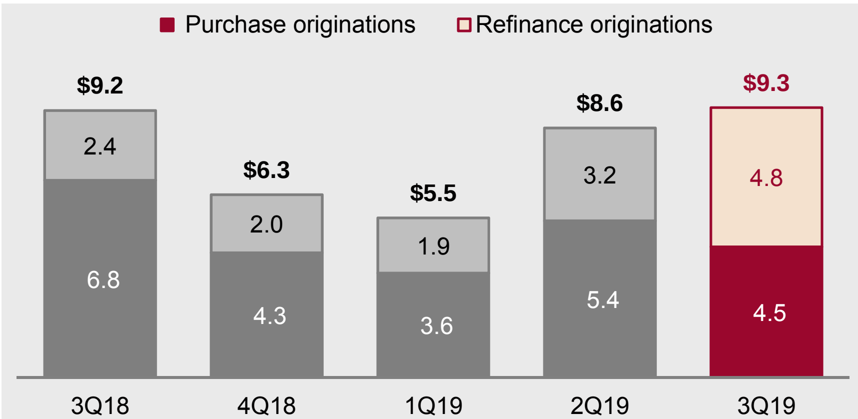


1) Includes custodial deposits which are included as part of mortgage servicing.

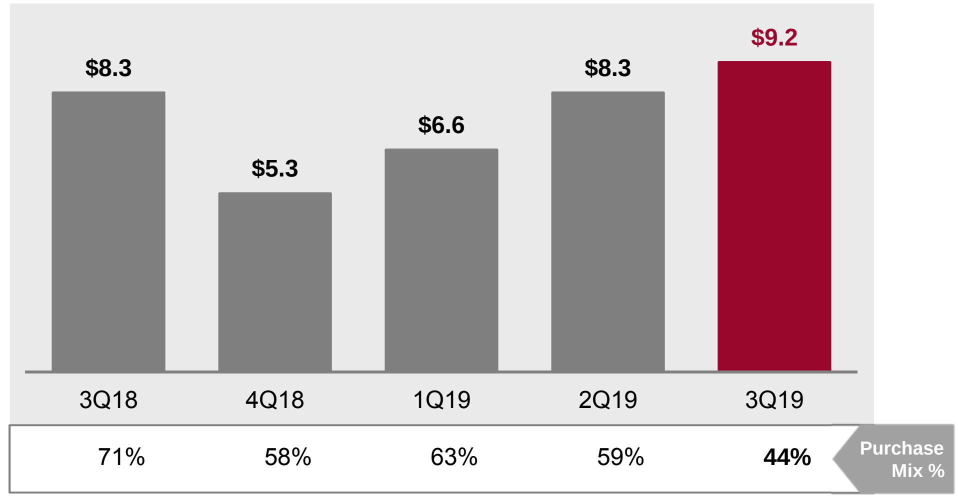
Mortgage originations

3rd Quarter 2019

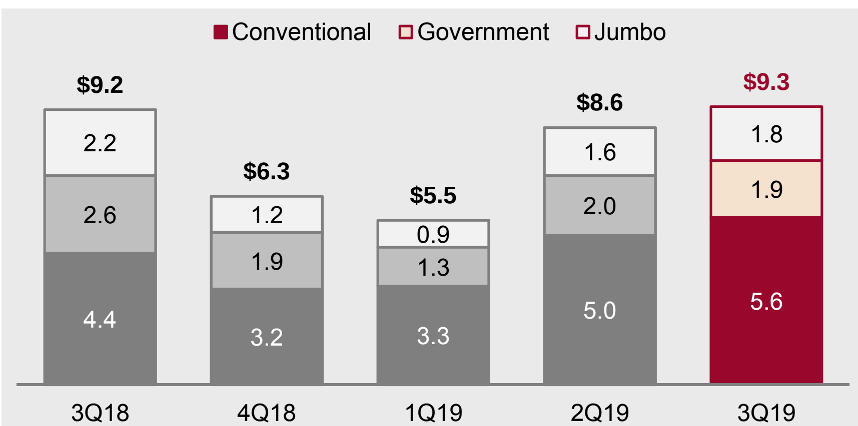
Closings by purpose ($bn)



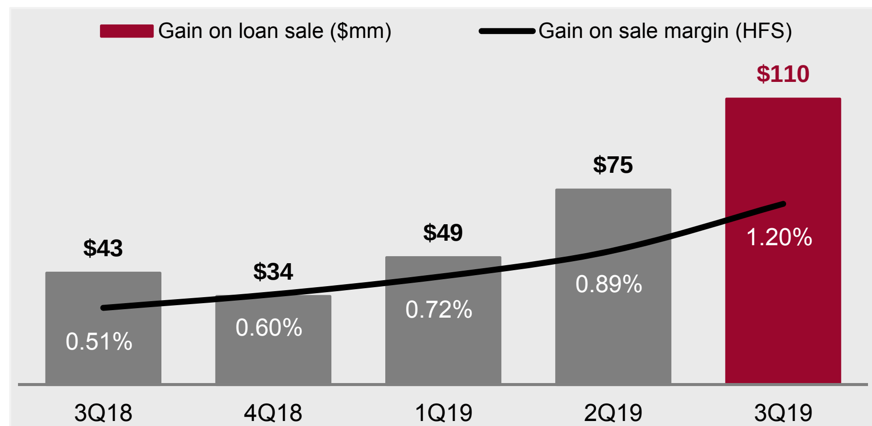
Fallout-adjusted locks ($bn)



Closings by mortgage type ($bn)

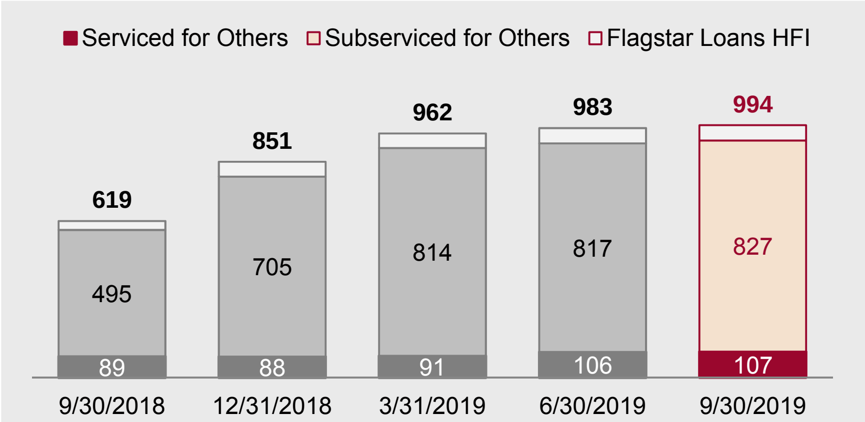


Net gain on loan sales – revenue and margin

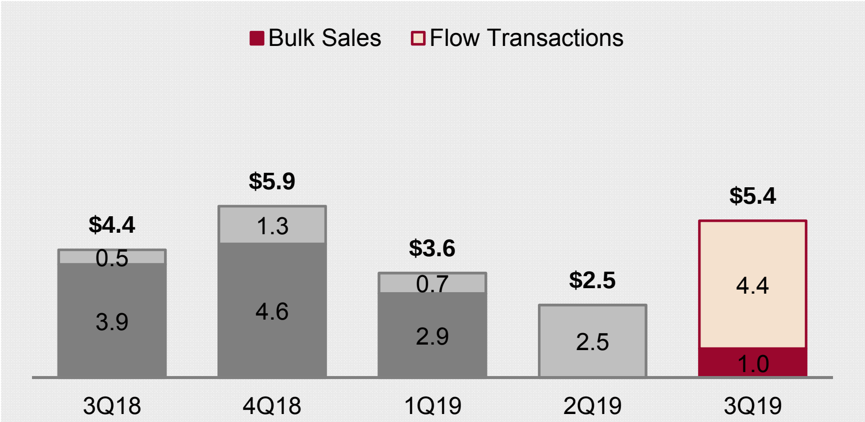


Mortgage servicing

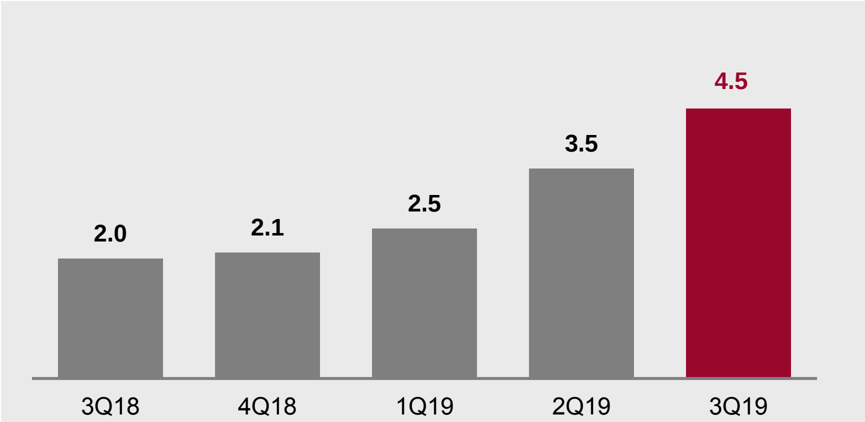
Quarter-end loans serviced (000's)



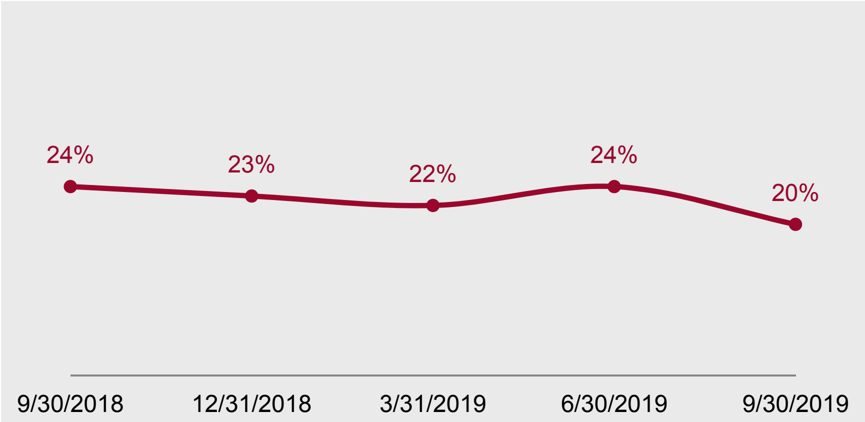
$ UPB of MSRs sold ($bn)



Average custodial deposits ($bn)



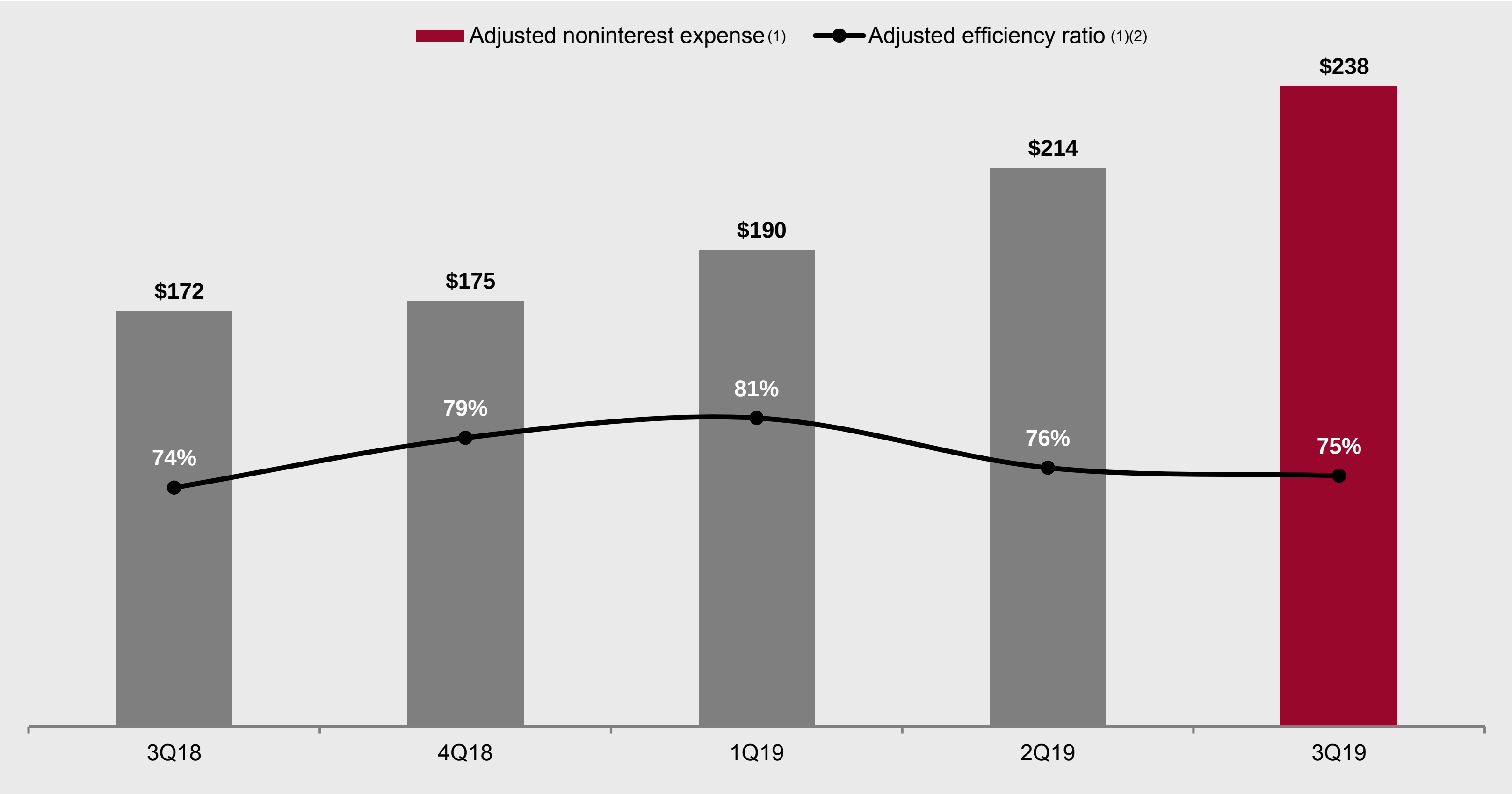
MSR / CET1 (Bancorp)



Flagstar Bancorp

Noninterest expense and efficiency ratio

Quarterly noninterest expense ($mm) and efficiency ratio



1) References non-GAAP number for 1Q19, 4Q18 and 3Q18; excludes acquisition costs of $1 million, $14 million and $1 million for 1Q19, 4Q18 and 3Q18, respectively, related to Wells Fargo branch acquisition. In addition, 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 41 and 42.
2) References non-GAAP number for 2Q19; excludes DOJ benefit of $25 million for 2Q19. Please see reconciliations on page 41 and 42.

Flagstar Bancorp

Closing Remarks / Q&A

Sandro DiNello, CEO

Earnings guidance[1]

4th Quarter 2019 Outlook	
Net interest income	• Net interest income flat - Interest earning assets up slightly - Net interest margin declines 5 to 10 basis points
Noninterest income	• Mortgage Revenue, including gain on sale and net return on MSR, down 15-20% due to seasonality of mortgage market • All other noninterest income up slightly
Noninterest expense	• Noninterest expense to increase to between $230-$235 million, primarily reflecting variable mortgage costs

1) See cautionary statements on slide 2.

Appendix

Flagstar at a glance

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization $2.2bn
- Member of the Russell 2000 Index

Community banking

- Leading Michigan-based bank with a balanced, diversified lending platform
- $22bn of assets and $15.7bn of deposits
- Nearly 220k household & over 26k business relationships

Mortgage origination

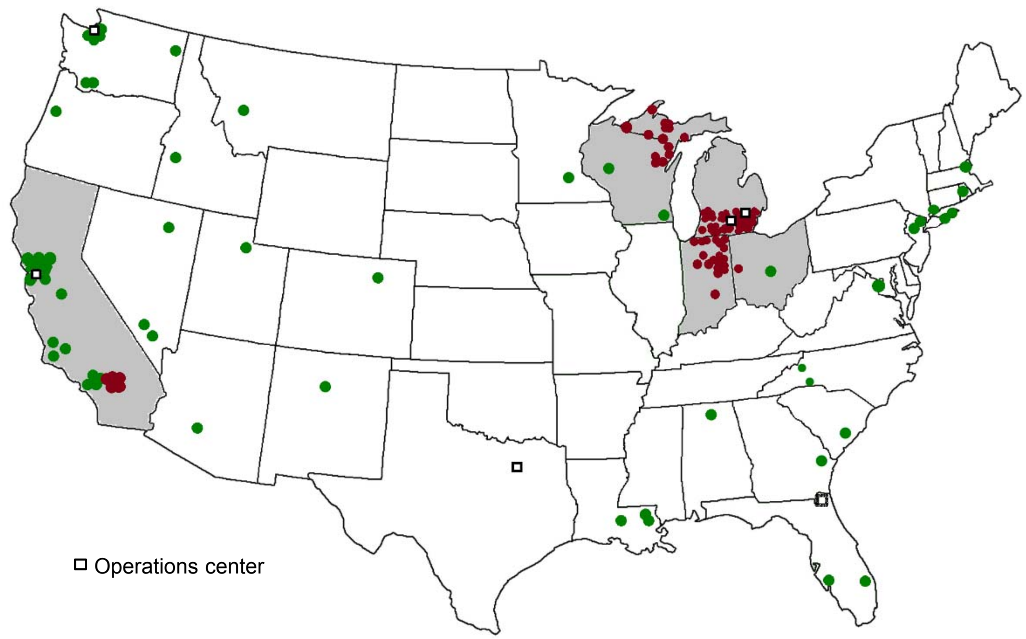
- 5th largest bank originator of residential mortgages ($29.8bn during twelve months ended September 30, 2019)
- Scalable platform originating business in all channels and all 50 states including 88 retail home lending offices
- More than 1,100 correspondent and nearly 1,000 broker relationships

Mortgage servicing

- 5th largest sub-servicer of mortgage loans nationwide
- Servicing 994k loans as of September 30, 2019
- Efficiently priced deposits from escrow balances

160 Flagstar Bank Branches

88 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
Brian Dunn

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 15 years experience with Fannie Mae in various executive and leadership roles focused on building banking relationships and growth initiatives

Community Banking
Drew Ottaway

- Executive Vice President, President of Banking
- With Flagstar since 12/15 and has 30 years of banking and commercial lending experience in southeast Michigan with Comerica and NBD

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

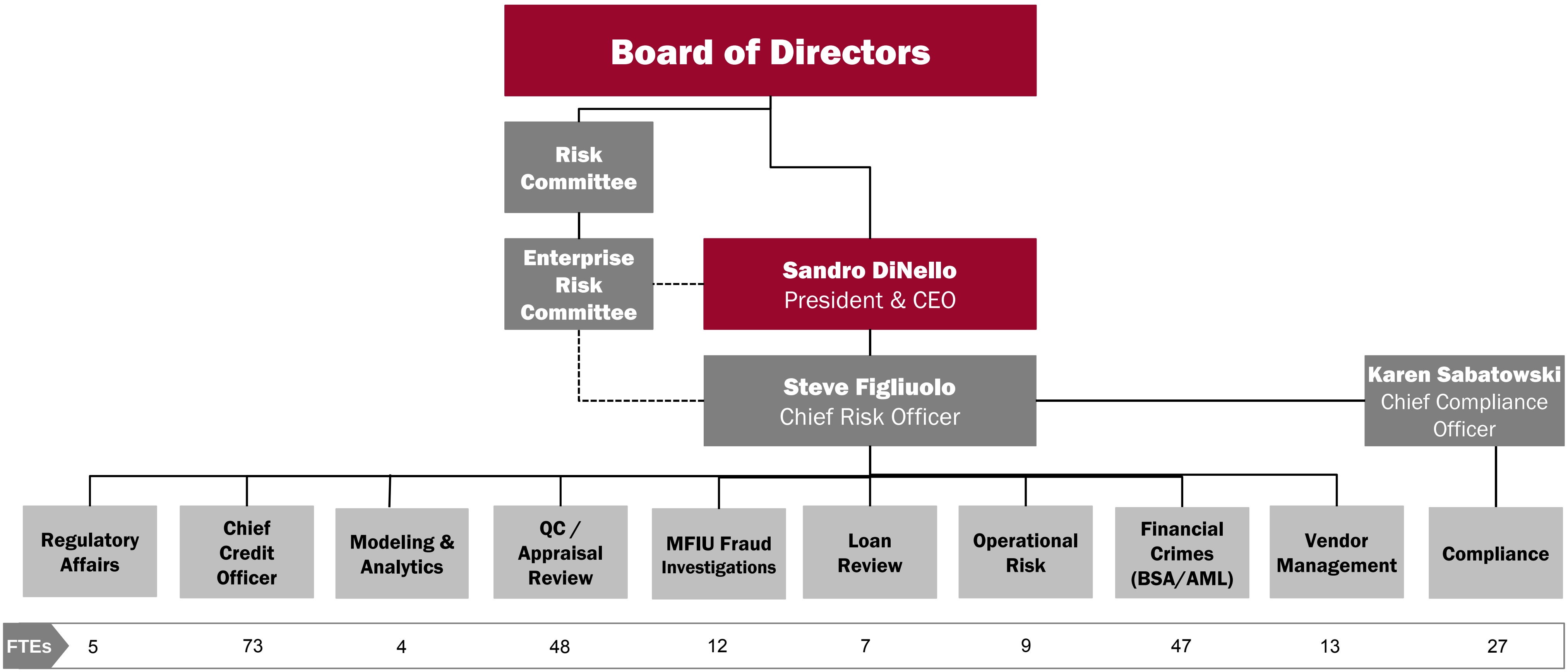
- General Counsel since 6/15
- Over 20 years of financial services legal experience with the FDIC and Sidley Austin LLP

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 245 FTEs(1)



1) Does not include 30 FTEs in internal audit as of 9/30/2019.

Strong growth opportunities

Grow community banking

- Lift out teams opportunistically
- Cultivate middle-market and business banking relationships, especially in acquired deposit footprint
- Add specialty lending disciplines and teams
  - Grow consumer lending business (home equity and non-auto indirect)
- Grow national lending platforms[1]
  - Expand warehouse lending (275bp spread)
  - Grow home builder finance (400bp spread)
  - Build MSR lending (300bp spread; LTVs<60%)

Build mortgage subservicing business

- Grow subservicing operations
  - Retain subservicing on MSR sales and onboard non-Flagstar originated loans
  - Acquire new 3rd party subservicing relationships
  - Provide funding source for balance sheet
  - Cross-sell additional revenue capabilities

Strengthen mortgage business

- Leverage diversified, scalable platform to drive efficiencies and lower cost per loan
- Solidify technology enhancements to improve customer experience and ease of use
- Recruit experienced talent
- Maximize execution options (whole loan sales vs. securitizations)

1) Indicated spreads are targets and may not be reflective of actual spreads.

Financial performance

- 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)	9/30/2018 YTD	9/30/2019 YTD	Percentage of Revenue	Percentage Increase
Community Banking	$ 248	$ 347	41%	40%
Mortgage Servicing	70	124	15%	77%
Subtotal	**318**	**470**	**56%**	**48%**
Mortgage Origination	352	379	45%	8%
Other (1)	16	(16)	(1%)	(201%)
Total	**$ 686**	**$ 833**	**100%**	**21%**
Diluted Earnings per Share (2)	$ 2.30	$ 2.46		7%
Return on Average Assets(2)	1.0%	1.0%		
Return on Average Tangible Common Equity (2)	12.9%	13.6%		

1) Non-GAAP number for YTD 3Q19. Number shown excludes $25 million DOJ benefit from 2Q19.
2) Non-GAAP number for YTD 3Q19. Number shown excludes $25 million DOJ benefit (net of tax) from 2Q19 and acquisition costs of $1 million (net of tax) related to Wells Fargo branch acquisition from December 1, 2018. Please see reconciliations on page 41 and 42.

Higher net interest income is stabilizing earnings

3rd Quarter 2019

- 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	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
NIM	2.75%	2.69%	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%

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 41 and 42.

Flagstar Bancorp

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%**

Source: S&P Global Market Intelligence; Note: Deposit data as of June 30, 2019 and projections based on 2019 estimates; MI-based banks highlighted.

1) 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.
2) Reflects the acquisition of 14 wells Fargo branches located in Michigan.
3) Oakland County data excludes $1.7bn of custodial deposits held at company headquarters.
4) 2019–2024 CAGR.
5) Key Midwest Markets Median HHI, projected HHI growth and projected population growth are deposit weighted based on Flagstar's portfolio.
6) Deposit data is based on High Desert Region of San Bernardino County, CA.

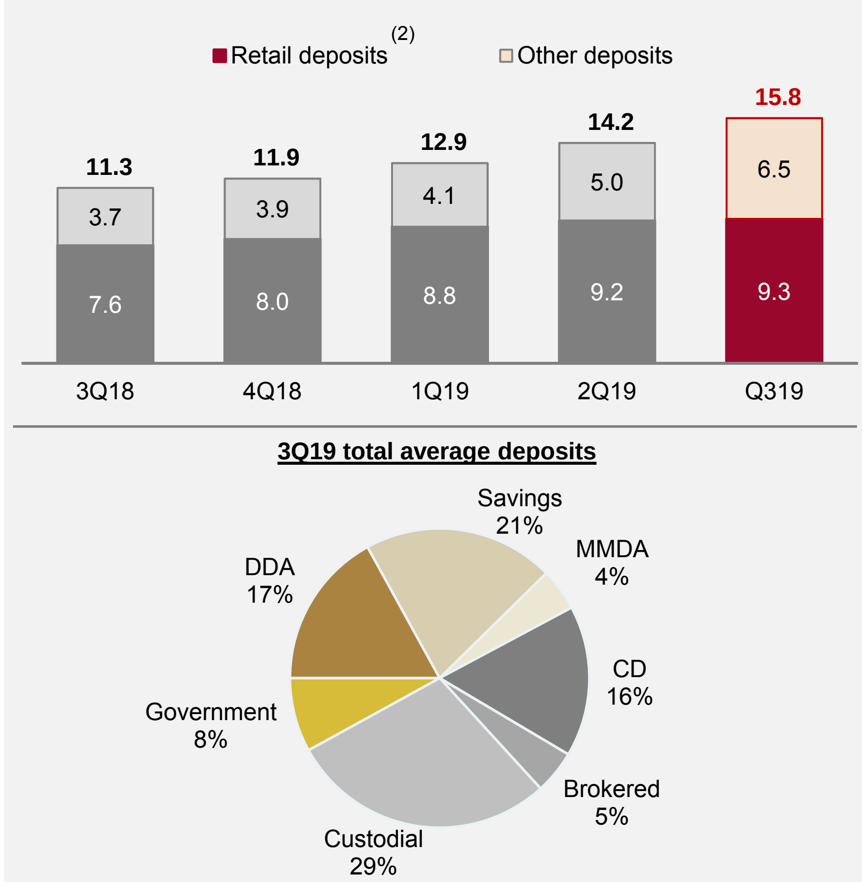
Flagstar Bancorp

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 0.96%, slightly down from up from 0.98% in 2Q19

Total average deposits ($bn)



Total: $15.8bn
0.96% cost of total deposits[1]

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

Flagstar Bancorp

Deposit growth opportunities

Core Deposits[1]

Retail

- Average balance of $7.3bn during 3Q19 of which 57% are demand & savings accounts
- Average core deposits[1] of $58mm per branch
- Flagstar's branding is helping grow core deposits
- Branch acquisitions significantly enhance core deposit base

Commercial[2]

- Average balance of $2bn during 3Q19
- Increasing balances with growing lines of business, including home builder finance
- Offer complete line of treasury management services
- Provides risk-based capital by reducing risk-weighting on qualified loans to same borrowers

Other Deposits

Government

- Average balance of $1.3bn during 3Q19
- Michigan and Indiana deposits are not required to be collateralized
- Strong, long-term relationships across the state

Custodial

- Average balance of $4.6bn during 3Q19 on 994k loans serviced and subserviced
- Deposit balances increase along with the number of loans serviced and subserviced

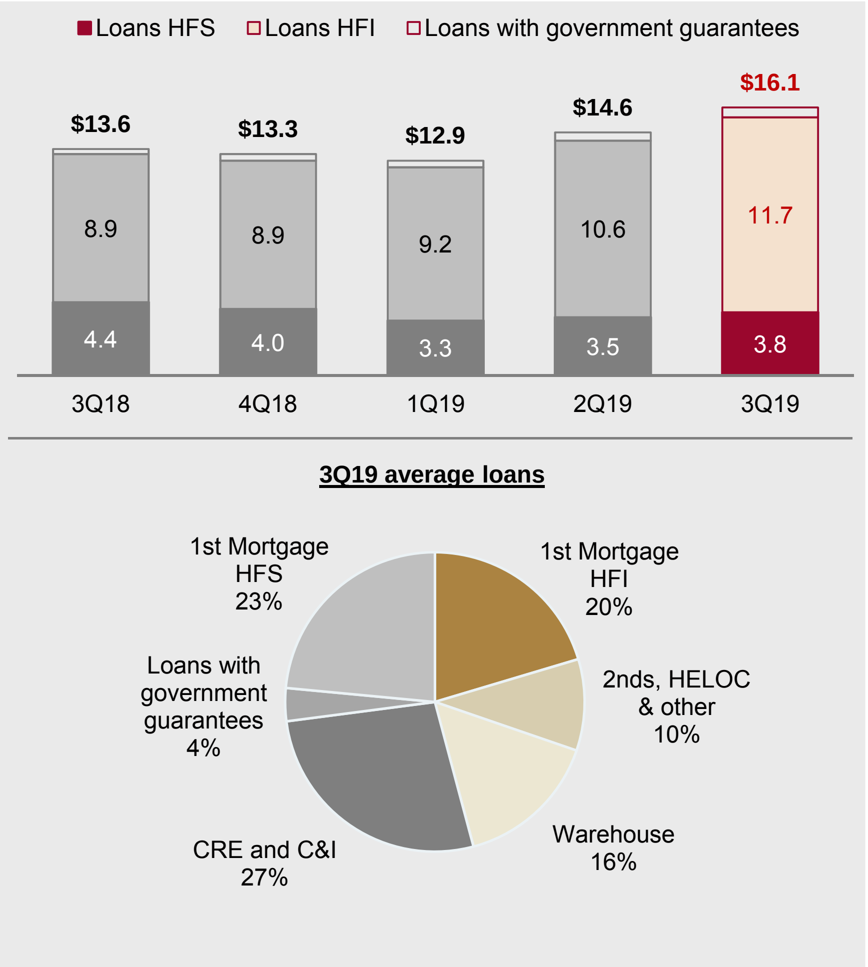
1) Core deposits = total deposits excluding government, custodial, and brokered deposits.
2) Includes deposits from commercial and business banking customers.

Lending

Portfolio and strategy overview

- **Flagstar's largest category of earning assets consists of loans held-for-investment which averaged $11.7bn during 3Q19**
  - 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 $3.8bn during 3Q19**
  - 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)



Community banking growth model

Relationship-based growth platform

- Primary focus is to build relationships
  - Recruit experienced bankers from larger regional banks
  - Retain seasoned bankers within our organization
- Leverage deep industry experience and client relationships
  - Focus on moving relationships and credit facilities to Flagstar
- Low incremental efficiency ratio
  - Marginal cost of 15-30% that varies with type of loans underwritten

New banker additions (past 2 years)

Line of Service	# of Additions	Avg Years Experience
Business Banking	10	18
CRE Lending	4	20
Equip Financing Group	3	21
Homebuilder Finance	4	22
Indirect Lending	7	30
Warehouse Lending	6	28
Grand Total	34	23

Commercial lending

Diversified relationship-based approach

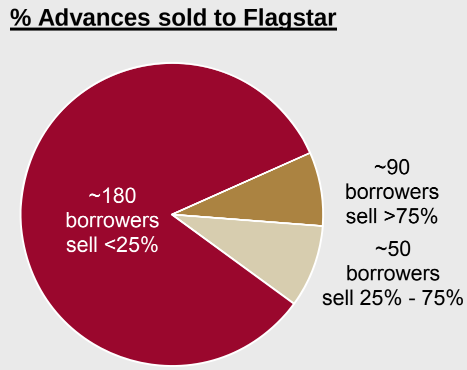
Overview

Warehouse
- Warehouse lines with approximately 321 active relationships nationwide, of which approximately 81% sell a portion of their loans to Flagstar
- Collateralized by mortgage loans being funded which are paid off once the loan is sold

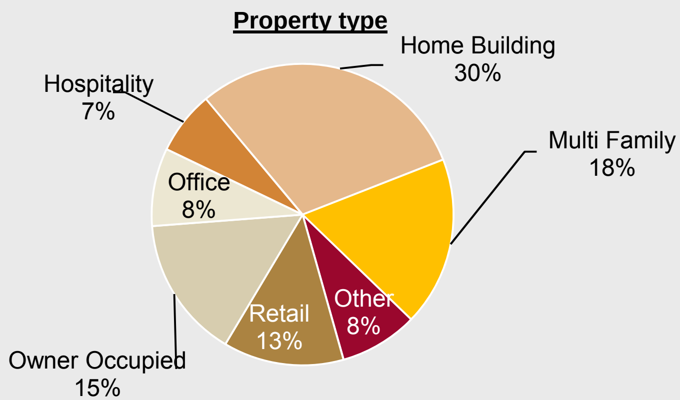
Commercial Real Estate
- Diversified property types which are primarily income-producing in the normal course of business
- Focused on experienced top-tier developers with significant deposit and non-credit product opportunities

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

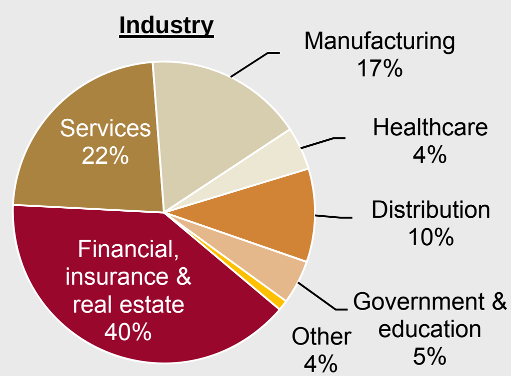
Warehouse - $3.2bn (9/30/19)



Commercial Real Estate - $2.7bn (9/30/19)



Commercial & Industrial - $1.7bn (9/30/19)



Flagstar Bancorp

Warehouse lending

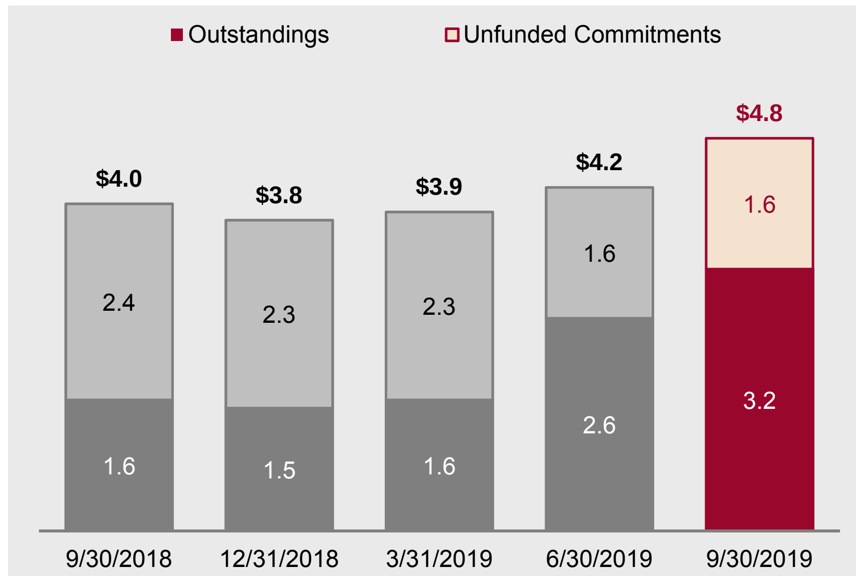
- National relationship-based lending platform
- Attractive asset class with good spreads and low credit risk
- Strong growth potential and scalable platform
- Flagstar is well positioned to gain market share, leveraging relationships in complementary lines of business, including home builder finance and mortgage originations

Warehouse lenders ranked by commitments ($mm)

Rank	Institution	YOY Growth	2Q19 Total	2Q19 Share
1	JPMorgan Chase	15%	$15,000	18%
2	Texas Capital	22%	7,241	9%
3	First Tennessee	22%	6,965	8%
4	Wells Fargo	-5%	5,500	7%
5	TIAA FSB (Everbank)	46%	5,100	6%
6	Merchants Bank	49%	4,460	5%
7	Flagstar Bancorp	1%	4,245	5%
8	Comerica	15%	4,100	5%
9	BB&T	-1%	3,675	4%
10	U.S. Bancorp	20%	3,500	4%
	Top 10	16%	$59,786	72%

Source: Inside Mortgage Finance as of September 6, 2019.

FBC warehouse loan commitments ($bn)



Warehouse lending

Low historical loss rate

- No net chargeoff since Q3 2014
- Total net chargeoffs of $4.6 million since Q4 2006 while experiencing 19% CAGR in UPB

Historical average warehouse UPB ($mm) and net chargeoffs ($mm)

	Net Chargeoff (NCO) per Year (in millions)												
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NCO	-	1.0	1.1	1.2	1.1	0.1	0.0	0.0	-	-	-	-	-

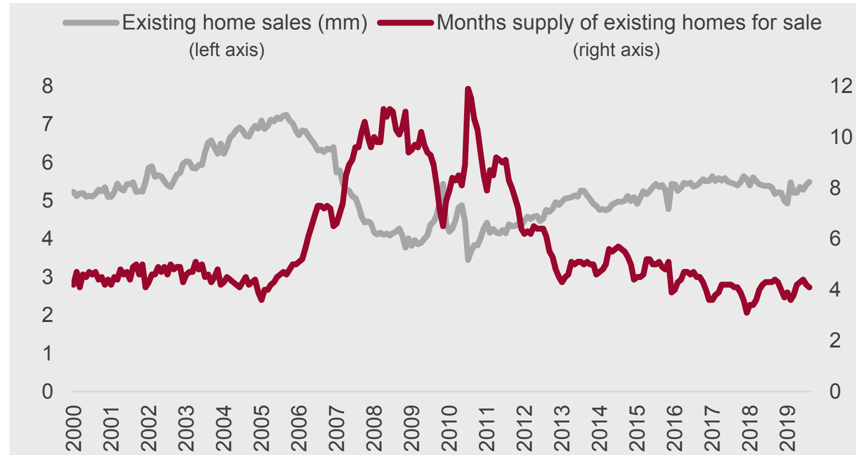
Flagstar Bancorp

Home builder finance

Overview

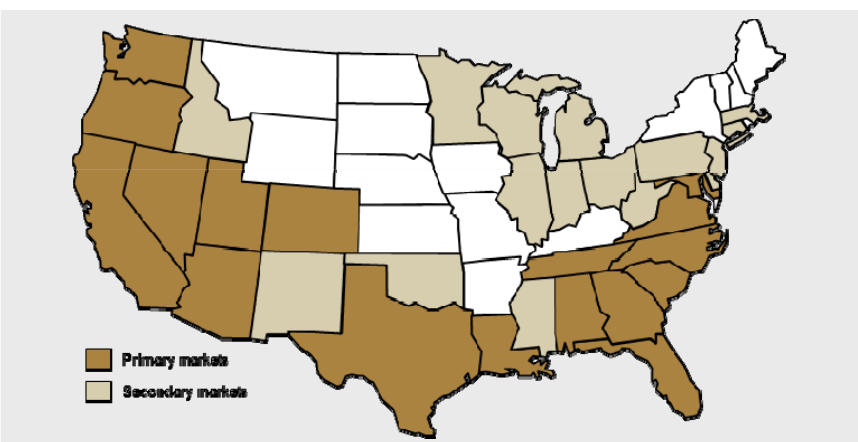
- National relationship-based lending platform launched in 1Q16
  - Attractive asset class with good spreads (~400 bps)
  - Meaningful cross-sell opportunities including warehouse loans, commercial deposits and purchase originations
- Flagstar is well positioned to gain market share given builder and mortgage relationships
  - 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 September.
  - We are well positioned to take advantage of supply/demand imbalance in housing market

Tightening housing supply

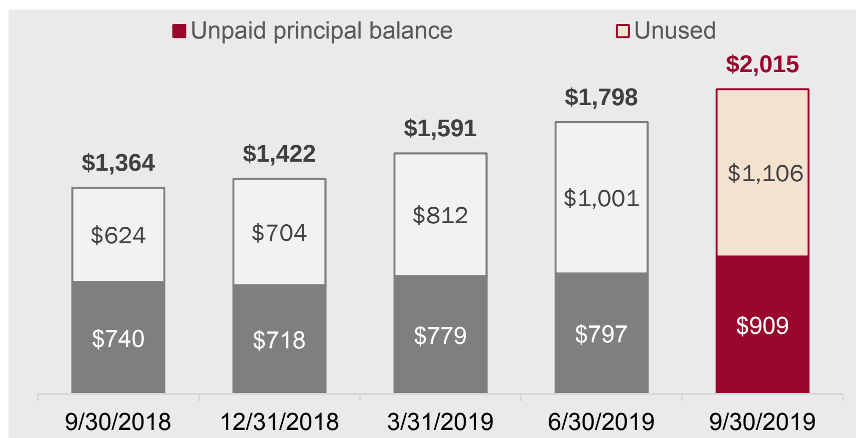


1) Source: Bloomberg (through 5/31/19)

Home builder finance footprint



Home builder loan commitments(1) ($mm)



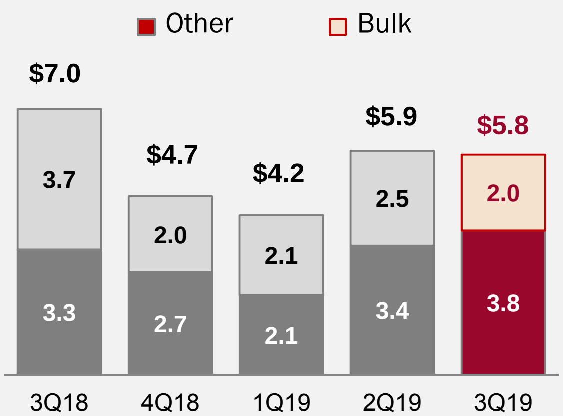
1) Commitments are for loans classified as commercial real estate and commercial & industrial.

Flagstar Bancorp

National distribution through multiple channels

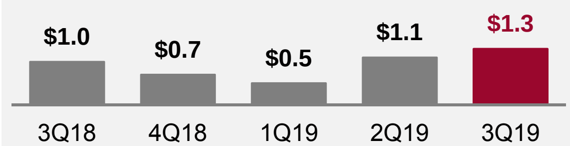
Residential mortgage originations by channel ($bn)

Correspondent



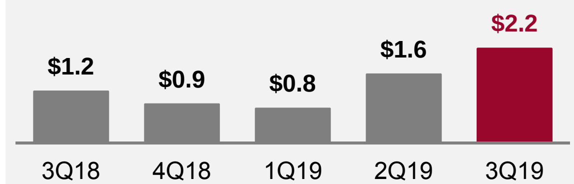
- 3.7% market share with #7 national ranking[1]
- More than 1,100 correspondent partners
- Top 10 relationships account for 11% of overall correspondent volume
- Warehouse lines with over 302 correspondent relationships

Broker



- 1.2% market share with #11 national ranking[1]
- Nearly 1,000 brokerage relationships
- Top 10 relationships account for 12% of overall brokerage volume

Retail

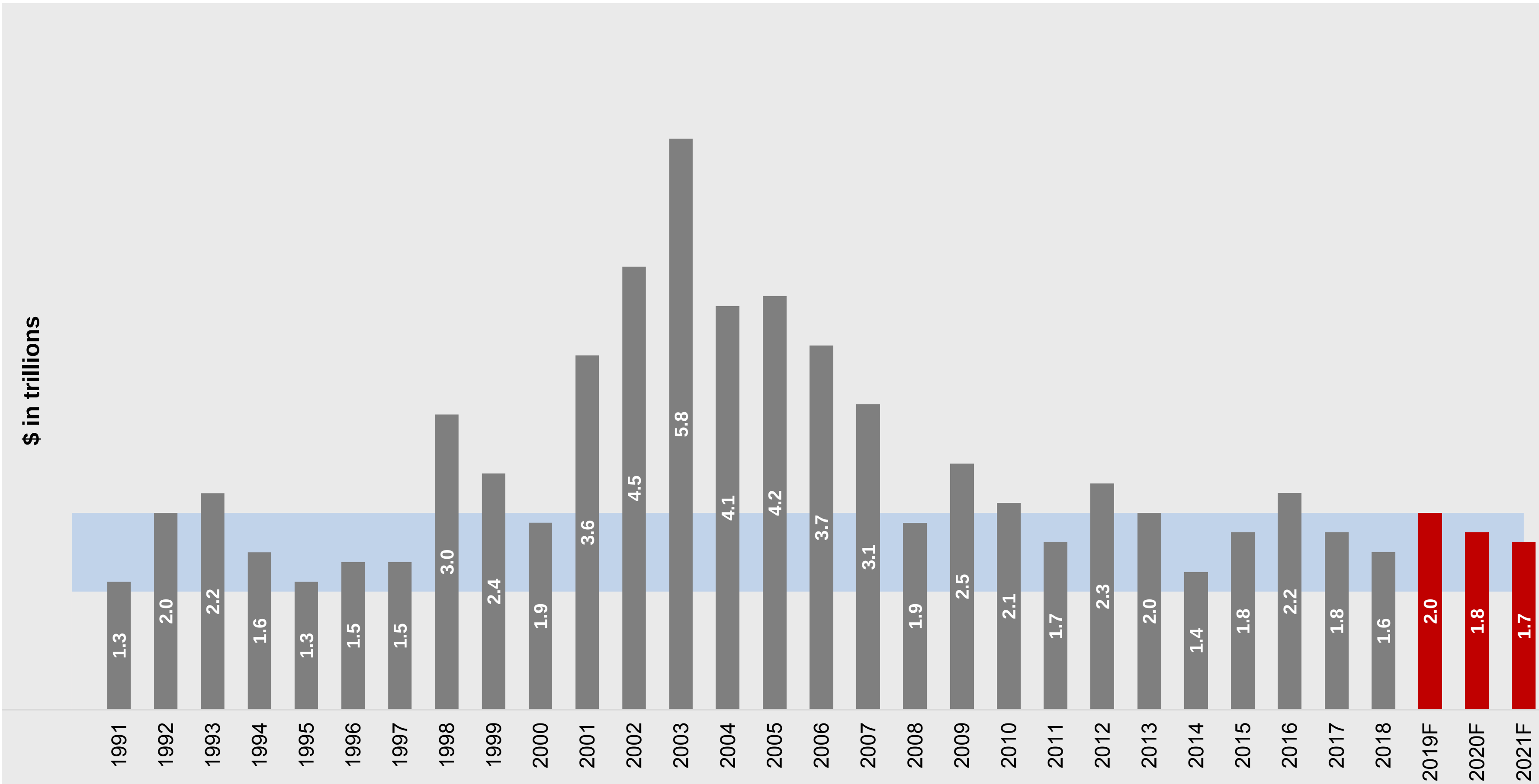


- 88 retail locations in 26 states
- Direct Lending is 17% of retail volume

1) Data source: As reported by Inside Mortgage Finance for 6M19 published August 23, 2019.

Flagstar has restructured its operations to be profitable even at historical lows for the 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	2019F	2020F	2021F
Nominal ($)	0.6	0.9	1.0	0.8	0.6	0.8	0.8	1.7	1.4	1.1	2.2	2.9	3.8	2.8	3.0	2.7	2.4	1.5	2.0	1.7	1.4	2.0	1.8	1.3	1.7	2.1	1.8	1.6	2.0	1.8	1.8
Real[1] ($)	1.0	1.6	1.8	1.3	1.0	1.2	1.3	2.5	2.1	1.6	3.2	4.0	5.2	3.7	3.9	3.4	2.9	1.8	2.3	1.9	1.6	2.2	2.0	1.3	1.8	2.1	1.8	1.6	2.0	1.8	1.8
Adjusted[2] ($)	1.3	2.0	2.2	1.6	1.3	1.5	1.5	3.0	2.4	1.9	3.6	4.5	5.8	4.1	4.2	3.7	3.1	1.9	2.5	2.1	1.7	2.3	2.0	1.4	1.8	2.2	1.8	1.6	2.0	1.8	1.8

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 (2018 = 100).
2. Adjusted for population growth as reported by the U.S. Census Bureau (2017 = 100).

Flagstar Bancorp

Servicing

Servicing Profitability

Servicing Earnings before Tax ($mm)	3Q18	4Q18	1Q19	2Q19	3Q19
Net interest income					
Interest income (FTP)	$ 14	$ 14	$ 18	$ 24	$ 30
Interest expense on custodial deposits [1]	(12)	(12)	(15)	(21)	(25)
Total net interest income	2	2	3	3	5
Noninterest income [2]					
Service fee income	16	20	25	26	27
Ancillary fee income	6	6	6	7	8
Late fee income	2	3	4	5	5
Total noninterest income	24	29	35	38	40
Noninterest expense [3]	(22)	(27)	(31)	(30)	(31)
Earnings before Tax	**$ 4**	**$ 4**	**$ 7**	**$ 11**	**$ 14**
Average Custodial Deposits ($bn)	$ 2.0	$ 2.1	$ 2.5	$ 3.5	$ 4.6
Average Loans Serviced for Others (000's)	592	739	906	972	988

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.

MSR portfolio

MSR portfolio statistics

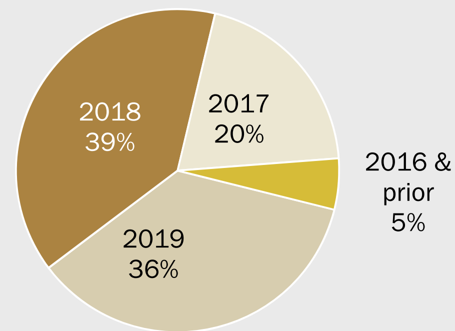
Measure ($mm)	6/30/2019	9/30/2019	Difference
Unpaid principal balance	$25,774	$25,038	($736)
Fair value of MSR	$316	$285	($31)
Capitalized rate (% of UPB)	1.23%	1.14%	(9 bps)
Multiple	3.042	2.794	(0.248)
Note rate	4.441%	4.451%	1 bp
Service fee	0.399%	0.403%	0 bps
Average Measure ($000)			
UPB per loan	$242	$234	($8)
FICO	692	692	-
Loan to value	86.92%	85.92%	100 bps

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

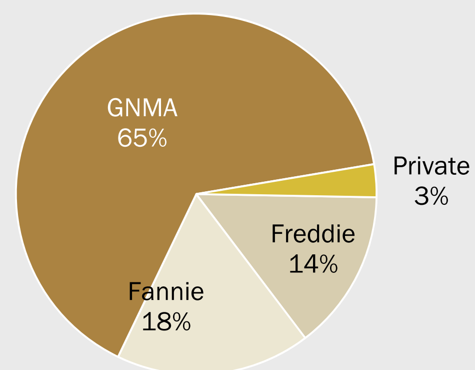
$ Return	3Q18	4Q18	1Q19	2Q19	3Q19
Net hedged profit (loss)	($1)	$0	($1)	($1)	$2
Carry on asset	12	11	13	21	25
Run-off	(4)	(4)	(7)	(15)	(30)
Gross return on the mortgage servicing rights	**$7**	**$7**	**$5**	**$5**	**($3)**
Sale transaction & P/L	3	1	-	(1)	1
Model changes	3	2	1	-	-
Net return on the mortgage servicing rights ($)	**$13**	**$10**	**$6**	**$4**	**($2)**
Average mortgage servicing rights ($)	**$270**	**$336**	**$291**	**$321**	**$292**
Net return on the mortgage servicing rights (%)	**18.8%**	**12.4%**	**9.1%**	**5.5%**	**-2.7%**

MSR portfolio characteristics (% UPB)

By Vintage



By Investor



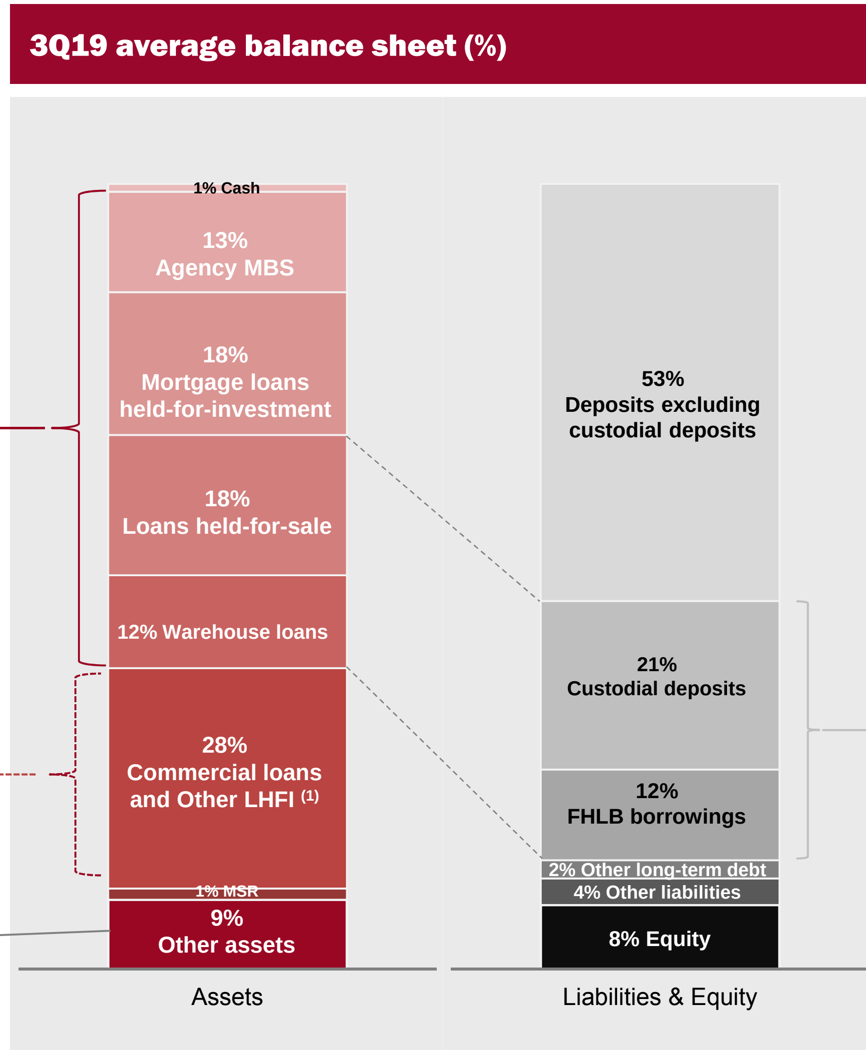
Flagstar Bancorp

Balance sheet composition

~62% 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.)

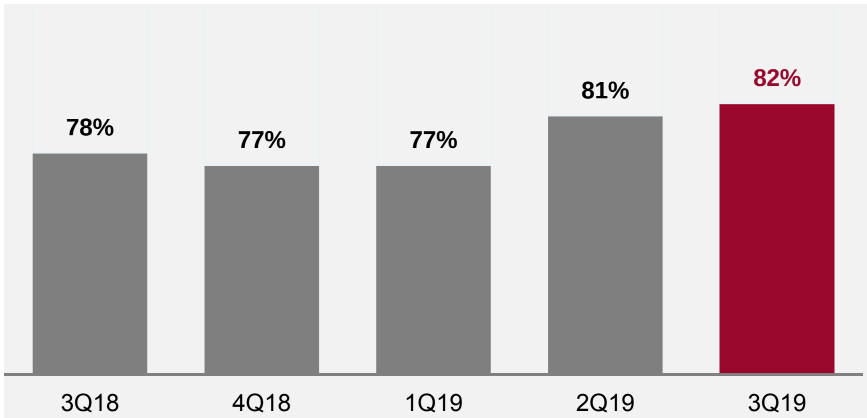


Efficiently funds loans held-for-sale and warehouse loans

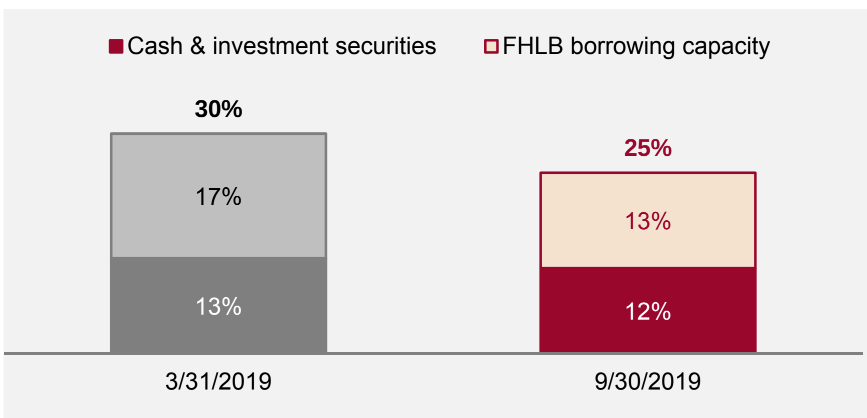
1) Other LHFI includes home equity and other consumer loans.

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)

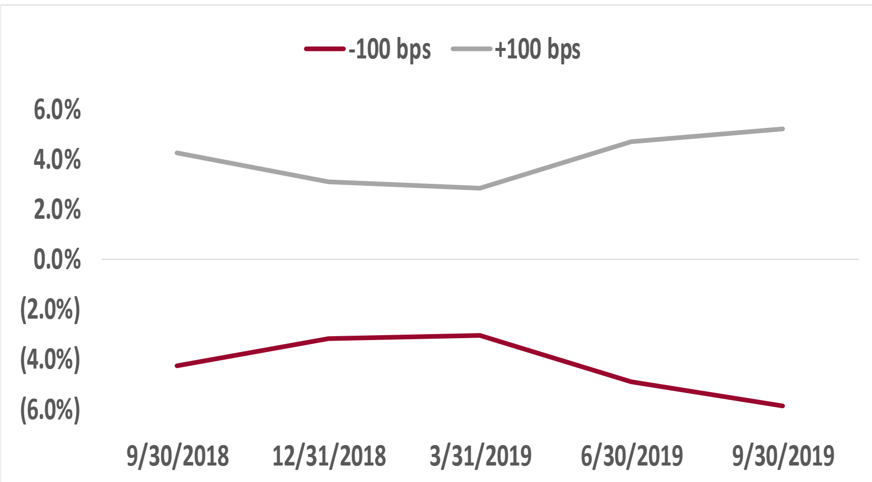
1) HFI loan-to-deposit ratio is total average loans HFI (excluding warehouse loans) expressed as a percentage of total average deposits (excluding custodial deposits).
2) Cash, investment securities and FHLB borrowing capacity expressed as a percentage of total assets.

Flagstar Bancorp

Interest rate risk

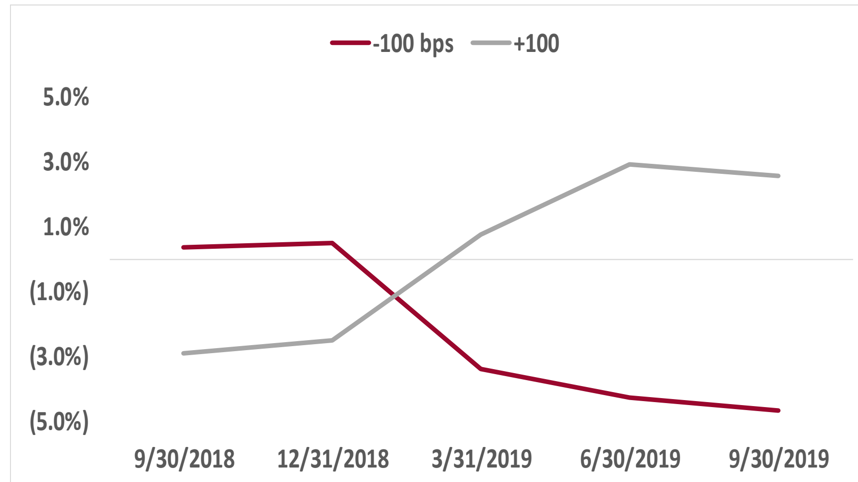
- Flagstar remains asset sensitive to parallel rate shocks

Earnings at Risk



	% Change				
Scenario	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
+300 Shock	15.4%	13.9%	8.1%	9.1%	12.3%
+200 Shock	10.3%	9.3%	5.5%	6.1%	8.3%
+100 Shock	5.2%	4.7%	2.8%	3.1%	4.3%
Base	-	-	-	-	-
-100 Shock	(5.9%)	(4.9%)	(3.1%)	(3.2%)	(4.3%)

Economic Value of Equity



	% Change				
Scenario	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
+300 Shock	1.1%	2.3%	(4.7%)	(12.1%)	(13.6%)
+200 Shock	2.7%	3.5%	(1.1%)	(6.5%)	(8.1%)
+100 Shock	2.6%	2.9%	0.7%	(2.5%)	(2.9%)
Base	-	-	-	-	-
-100 Shock	(4.7%)	(4.3%)	(3.4%)	0.5%	0.4%

Non-GAAP reconciliation

3rd Quarter 2019

$mm

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

	3 months ended September 30, 2019	3 months ended June 30, 2019	3 months ended March 31, 2019	3 months ended December 31, 2018	3 months ended September 30, 2018
Net Interest Income				$ 152	
Adjustment to remove hedging gains				29	
Adjusted Net Interest Income				**$ 123**	
Other Noninterest Income	$ 29	$ 58			
Adjustment to remove DOJ benefit	-	25			
Adjusted Other Noninterest Income	**$ 29**	**$ 33**			
Noninterest Income	$ 171	$ 168			
Adjustment to remove DOJ benefit	-	25			
Noninterest Income	**$ 171**	**$ 143**			
Total Revenues	$ 317	$ 306			
Adjustment to remove DOJ benefit	-	25			
Adjusted Total Revenues	**$ 317**	**$ 281**			
Other Noninterest Expense	$ 80	$ 78			
Adjustment to remove Wells Fargo acquisition costs	-	-			
Adjusted Other Noninterest Expense	**$ 80**	**$ 78**			
Noninterest Expense	$ 238	$ 214	$ 191	$ 189	$ 173
Adjustment to remove Wells Fargo acquisition costs	-	-	1	14	1
Adjusted Noninterest Expense	**$ 238**	**$ 214**	**$ 190**	**$ 175**	**$ 172**
Income before Income Taxes	$ 78	$ 75			
Adjustment to remove DOJ benefit	-	(25)			
Adjustment to remove Wells Fargo acquisition costs	-	-			
Adjusted Income before Income Taxes	**$ 78**	**$ 50**			
Provision for Income Taxes	$ 15	$ 14			
Adjustment to remove DOJ benefit	-	(5)			
Tax impact on adjustment for hedging gains	-	-			
Adjusted Provision for Income Taxes	**$ 15**	**$ 9**			
Net Income	$ 63	$ 61			
Adjustment to remove DOJ benefit (net of tax)	-	(20)			
Adjustment to remove Wells Fargo acquisition costs (net of tax)	-	-			
Adjusted Net Income	**$ 63**	**$ 41**			

Adjusted Diluted EPS

	3 months ended September 30, 2019	3 months ended June 30, 2019	3 months ended September 30, 2018	9 months ended September 30, 2019	9 months ended September 30, 2018
Diluted Earnings per Share	$ 1.11	$ 1.06	$ 0.83	$ 2.80	$ 2.28
Adjustment to remove DOJ benefit (net of tax)	-	(0.35)	-	(0.35)	-
Adjustment to remove Wells Fargo acquisition costs (net of tax)	-	-	0.02	0.01	0.02
Adjusted Diluted Earnings per Share	**$ 1.11**	**$ 0.71**	**$ 0.85**	**$ 2.46**	**$ 2.30**

Flagstar Bancorp

Non-GAAP reconciliation (continued)

$mm

Adjusted ROA and ROTCE

	3 months ended September 30, 2019	3 months ended June 30, 2019	3 months ended September 30, 2018	9 months ended September 30, 2019	9 months ended September 30, 2018
Return on Average Assets	1.2%	1.2%	1.0%	1.1%	1.0%
Adjustement to remove acquisition costs (net of tax)	0.0%	0.0%	0.1%	0.0%	0.0%
Adjustement to remove DOJ benefit (net of tax)	0.0%	-0.4%	0.0%	-0.1%	0.0%
Adjusted Return on Average Assets	**1.2%**	**0.8%**	**1.1%**	**1.0%**	**1.0%**
Return on Average Common Equity	14.7%	14.6%	12.8%	12.9%	12.1%
Adjustement to remove acquisition costs (net of tax)	0.0%	0.0%	0.3%	0.0%	0.1%
Adjustement to remove DOJ benefit (net of tax)	0.0%	-4.9%	0.0%	-1.6%	0.0%
Adjusted Return on Average Common Equity	**14.7%**	**9.7%**	**13.1%**	**11.3%**	**12.2%**
Adjusted Return on Average Common Equity	14.7%	9.7%	13.1%	11.3%	12.2%
Less: Intangible asset amortization expense	0.7%	0.8%	0.2%	0.8%	0.2%
Less: Average goodwill and intangible asset balance	1.8%	1.2%	0.4%	1.5%	0.5%
Adjusted Return on Average Tangible Common Equity	**17.1%**	**11.7%**	**13.7%**	**13.6%**	**12.9%**

Adjusted Efficiency Ratio

	3 months ended September 30, 2019	3 months ended June 30, 2019	3 months ended March 31, 2019	3 months ended December 31, 2018	3 months ended September 30, 2018
Efficiency Ratio	75%	70%	81%	76%	75%
Adjustement to remove DOJ benefit	0%	6%	0%	0%	0%
Adjustment to remove Wells Fargo acquisition costs	0%	0%	0%	-6%	-1%
Adjustment to remove hedging gains	0%	0%	0%	9%	0%
Adjusted Efficiency Ratio	**75%**	**76%**	**81%**	**79%**	**74%**

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

	As of September 30, 2019	As of June 30, 2019
Total stockholders' equity	$ 1,734	$ 1,656
Goodwill and intangible assets	174	178
Tangible book value	$ 1,560	$ 1,478
Number of common shares outstanding	56,510,341	56,483,937
Tangible book value per share	**$ 27.62**	**$ 26.16**
Total Assets	$ 22,023	$ 20,206
Tangible common equity to assets ratio	**7.09%**	**7.31%**

Regulatory Capital under Capital Simplification

	As of September 30, 2019	
	Total Risk-Based Capital Ratio	Tier 1 Leverage Ratio
Regulatory capital - Basel III to capital simplification		
Basel III	$ 1,781	$ 1,668
Net change in deductions to DTAs, MSRs and other capital components	105	105
Basel III with capital simplification	$ 1,886	$ 1,773
Risk-weighted assets – Basel III to capital simplification		
Basel III assets	$ 15,442	$ 20,901
Net change in assets	607	105
Basel III with capital simplification	$ 16,049	$ 21,006
Capital ratios		
Basel III	11.5%	8.0%
Basel III with capital simplification	**11.8%**	**8.4%**

Flagstar Bancorp