Flagstar Bancorp, Inc. (NYSE: FBC)

Earnings Presentation
4th Quarter 2019

January 28, 2020

Cautionary statements

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions, and forecasts of future events, circumstances and results. However, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, contingencies and other factors. Generally, forward-looking statements are not based on historical facts but instead represent our management's beliefs regarding future events. Such statements may be identified by words such as believe, expect, anticipate, intend, plan, estimate, may increase, may fluctuate, and similar expressions or future or conditional verbs such as will, should, would and could. Such statements are based on management's current expectations and are subject to risks, uncertainties and changes in circumstances. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors, including without limitation those found in periodic Flagstar reports filed with the U.S. Securities and Exchange Commission, which are available on the Company's website (flagstar.com) and on the Securities and Exchange Commission's website (sec.gov).

Any forward-looking statements made by or on behalf of us speak only as to the date they are made, and we do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made, except as required under United States securities laws.

In addition to results presented in accordance with GAAP, this presentation includes non-GAAP financial measures. The Company believes these non-GAAP financial measures provide additional information that is useful to investors in helping to understand the capital requirements Flagstar will face in the future and underlying performance and trends of Flagstar.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To compensate for these limitations, we use non-GAAP measures as comparative tools, together with GAAP measures, to assist in the evaluation of our operating performance or financial condition. Also, we ensure that these measures are calculated using the appropriate GAAP or regulatory components in their entirety and that they are computed in a manner intended to facilitate consistent period-to-period comparisons. Flagstar's method of calculating these non-GAAP measures may differ from methods used by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for those financial measures prepared in accordance with GAAP or in-effect regulatory requirements.

Where non-GAAP financial measures are used, the most directly comparable GAAP or regulatory financial measure, as well as the reconciliation to the most directly comparable GAAP or regulatory financial measure, can be found in these conference call slides. Additional discussion of the use of non-GAAP measures can also be found in the Form 8-K Current Report related to this presentation and in periodic Flagstar reports filed with the U.S. Securities and Exchange Commission. These documents can all be found on the Company's website at flagstar.com.

Executive Overview

Sandro DiNello, CEO

Strategic highlights

4th Quarter 2019

Unique relationship-based business model	• 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	• Grew loan portfolio by \$3.0bn since end of 2018 with 70% of that growth from higher-returning commercial loans, balanced by broad-based consumer loan growth • Grew servicing portfolio to 1.1 million loans, 28% increase from 2018, and successfully integrated default servicing
Strengthen mortgage	• Maintained a disciplined approach to take advantage of the beneficial mortgage market resulting in a 38 basis point margin expansion and \$105mm, or 44% increase in mortgage revenue compared to 2018. • Invested in people and technology, expanding retail and generating more business in the most profitable channels.
Highly profitable operations	• Built on momentum of 2018 by successfully executing on our growth strategy; producing strong revenue growth in each segment while maintaining expense discipline • Grew adjusted diluted EPS(1) by \$0.44, or 15%, on adjusted revenue growth of 26%(1) as compared to 2018
Positioned to thrive in any market	• Durable business model positioned us to deliver consistent ROE and ROA results year over year and build shareholder value, in any interest rate environment − FBC was the #1 performing mid-sized bank stock in 2019(2) − Increased our quarterly dividend in January 2020 after restarting dividend program in 2019.

1) Non-GAAP number. Please see reconciliations on page 43 - 45.
2) Source: SNL Financial - mid-sized defined as banks with assets between \$10 and \$100 billion - market data as of 12/31/2019

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Financial Overview

Jim Ciroli, CFO

Financial highlights

Solid earnings	• Net income of $58mm, or $1.00 per diluted share, in 4Q19, representing a return on equity of 12.7% - Net income per diluted share increased 39% vs. adjusted 4Q18 net income per share
Growth in community banking and servicing	• Average loans held-for-investment increased $0.4bn vs 3Q19; 5% growth in commercial loans, primarily driven by higher average warehouse loans up $239mm, benefitting from higher refinance volumes and higher average CRE loans higher by $169mm, led by strong home builder results • Net interest margin at 2.91%, down 14 basis points to prior quarter, reflecting impact of recent rate cuts • Grew servicing pre-tax earnings to $49mm for 2019 from increase in total loans serviced and sub-serviced to approximately 1.1 million
Mortgage revenue	• Mortgage revenue[(2)] of $98mm; down $10mm, or 9%, vs. 3Q19 - Gain on sale margin expanded 3 basis points from price discipline and better execution - Fall-out adjusted lock volume declined seasonally by 11%; refinance volume 56% of FOALs - Net loss on MSRs of $3mm; refinance activity continued to drive prepayments
Strong asset quality	• Asset quality strong as net charge-offs were only 10 basis points and nonperforming loan ratio remained low - ALLL covered 0.9% of loans HFI, or 1.1% excluding warehouse loans • Early stage loan delinquencies remain low at $14mm, or 12 basis points
Robust capital position	• Total risk based capital ratio at 11.5% (11.7%[(1)] under Capital Simplification) - $1.2 billion period end asset growth, with $1.1 billion coming from loans held-for-sale • Tier 1 leverage ratio at 7.6% (8.0%[(1)] under Capital Simplification)

1) Non-GAAP number. Please see reconciliations on page 43 - 45.
2) Mortgage revenue is defined as net gain on loan sales HFS plus the net return on the MSRs.

Quarterly income comparison

$mm

	4Q19	3Q19	$ Variance	% Variance
Net interest income (A)	$152	$146	$6	4%
Provision (benefit) for loan losses ("PLL")	-	1	(1)	N/M
Net interest income after PLL	152	145	7	5%
Net gain on loan sales	101	110	(9)	(8%)
Loan fees and charges	30	29	1	3%
Loan administration income	8	5	3	60%
Net return on mortgage servicing rights	(3)	(2)	(1)	N/M
Other noninterest income	26	29	(3)	(10%)
Total noninterest income (B)	162	171	(9)	(5%)
Compensation and benefits	102	98	4	4%
Commissions and loan processing expense	55	60	(5)	(8%)
Other noninterest expenses	88	80	8	10%
Total noninterest expense (C)	245	238	7	3%
Income before income taxes	**69**	**78**	**(9)**	**(12%)**
Provision for income taxes	11	15	(4)	(27%)
Net income	**$58**	**$63**	**($5)**	**(8%)**
Diluted income per share	**$1.00**	**$1.11**	-$0.11	(10%)
Profitability				
Net interest margin	2.91%	3.05%	(14 bps)	
Total revenues	$314	$317	($3)	(1%)
Net gain on loan sales / total revenue	32%	35%	(300 bps)	
Mortgage rate lock commitments, fallout adjusted	$8,179	$9,197	($1,018)	(11%)
Mortgage closings	$9,303	$9,262	$41	0%
Net gain on loan sale margin, HFS	1.23%	1.20%	3 bps	

Observations

A Net interest income

- Net interest income up $6mm, or 4%
  - Average earning assets increased 9% led by $1.4 billion of loans held for sale and 5% growth in commercial loans
  - Net interest margin 2.91%, down 14 basis points due to rate cuts and increase in loans HFS balances.

B Noninterest income

- Noninterest income down $9mm, or 5%
  - Net gain on loan sales declined seasonally by $9mm, or 8%, due to 3 basis points increase in GOS margin and an 11% decrease in FOAL volume

C Noninterest expense

- Noninterest expense up $7mm, or 3%
  - Year-end/discretionary charges totaled $5 million
  - Volume-driven mortgage expenses increased $2mm; mortgage rate flat at 112 basis points of volume.

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Average balance sheet highlights

4Q19 ($mm)

	Average Balance Sheet		
		Incr (Decr)[1]	
	$	$	%
Loans held-for-sale	$5,199	$1,413	37%
Consumer loans[2]	4,932	58	1%
Commercial loans[2]	7,236	367	5%
Total loans held-for-investment	12,168	425	4%
Other earning assets[3]	3,341	(127)	(4%)
Interest-earning assets	$20,708	$1,711	9%
Other assets	2,328	128	6%
Total assets	$23,036	$1,839	9%
Deposits	$15,904	$87	1%
Short-term FHLB advances & other	3,262	1,352	71%
Long-term FHLB advances	650	114	21%
Other long-term debt	496	1	- %
Other liabilities	921	204	28%
Total liabilities	$21,233	$1,758	9%
Stockholders' equity	1,803	81	5%
Total liabilities and stockholders' equity	$23,036	$1,839	9%
Tangible book value per common share[4]	$28.57	$0.95	3%

Observations

Interest-earning assets

- Average loans HFI grew $0.4bn, or 4%
  - Average warehouse loans increased $239mm primarily driven by refinance activity
  - Average CRE loans increased $169mm, or 7%, led by solid growth in the home builder finance portfolio

Interest-bearing liabilities

- Average deposits increased $0.1bn, or 1%,
- Average custodial deposits rose $0.2bn on higher subservicing volumes

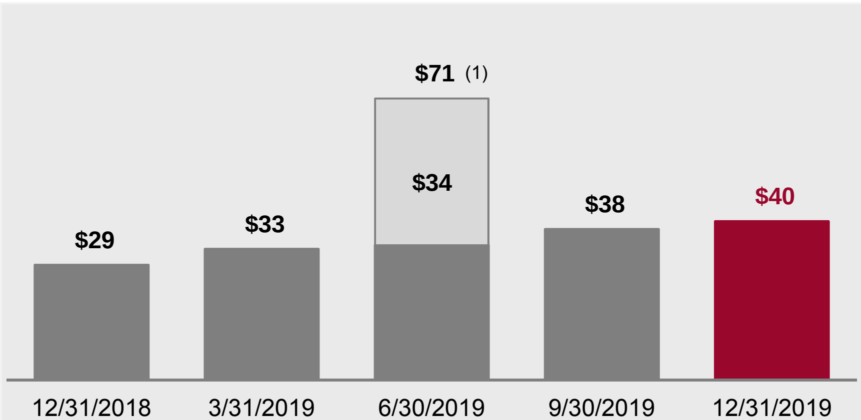
Equity[4]

- Tangible common equity to asset ratio of 6.95%
- FBC closing share price of $37.05 on January 27, 2020 was 130% of tangible book value per share

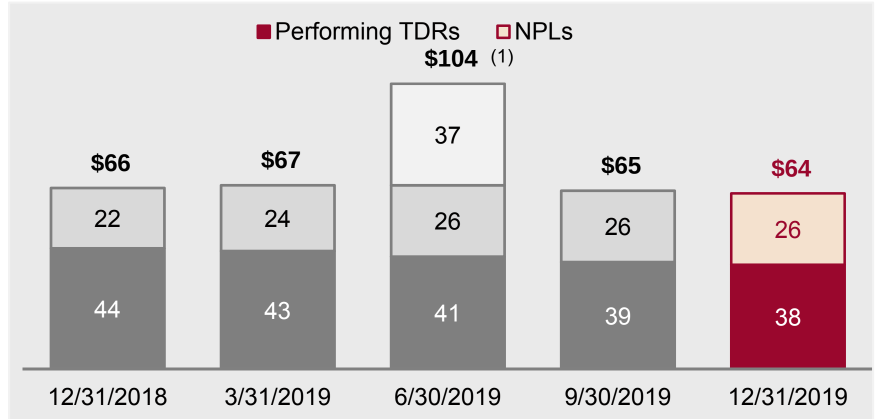
1) Measured vs. the prior quarter
2) Consumer loans include first and second mortgages, HELOC and other loans; commercial loans include commercial real estate, commercial & industrial and warehouse loans
3) Other earning assets include interest earning deposits, investment securities and loans with government guarantees
4) References a non-GAAP number. Please see reconciliations on page 43 - 45.

Asset quality

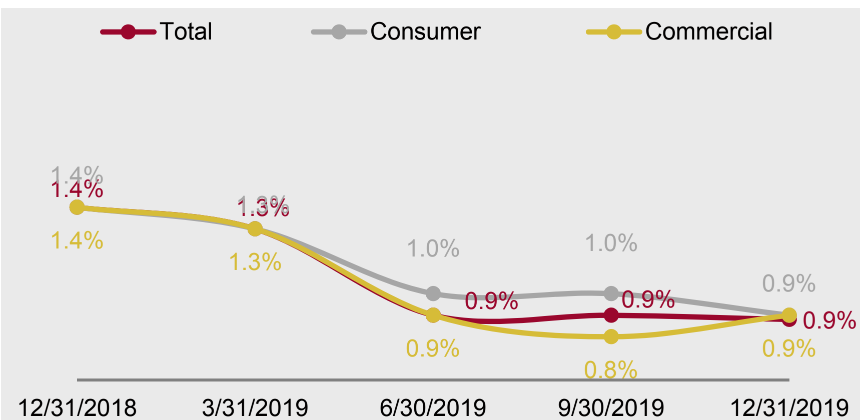
Delinquencies ($mm)



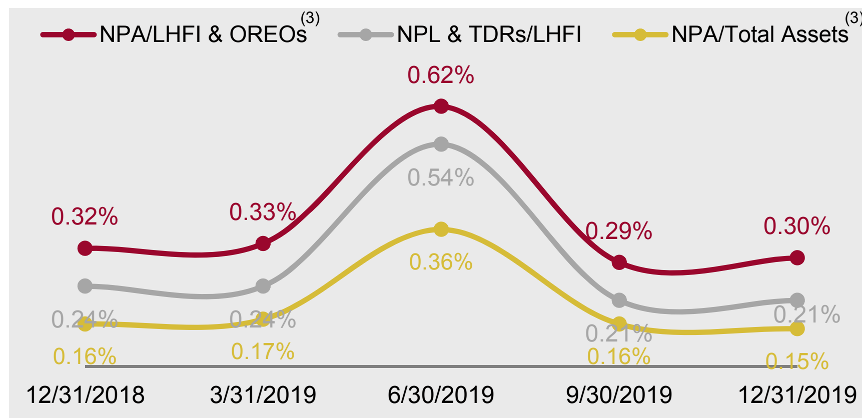
NPLs and performing TDRs ($mm)



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

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Current Expected Credit Loss ("CECL")

Estimated Day-1 cumulative impact of CECL implementation:

- Net increase to allowance for credit losses of 25-35%
  - Net increase from longer duration residential mortgage and consumer loans and unfunded commitments, partially offset by a decrease from commercial loans
  - Capital impact phased in at 25% per year through 1/1/2023

Estimated Day-2 post-implementation impact of CECL:

- Q1 2020 provision expense: $3 - $5 million, inclusive of net charge-offs
- Factors that could cause volatility to provision estimates under CECL include:
  - Ability to accurately predict macroeconomic conditions
  - Changes in rate, mix and credit profile of loan growth
- Reasonable & supportable forecasts expected to be complex and involve a combination of leading and lagging indicators combined with management judgment which may increase variability of quarterly and annual results

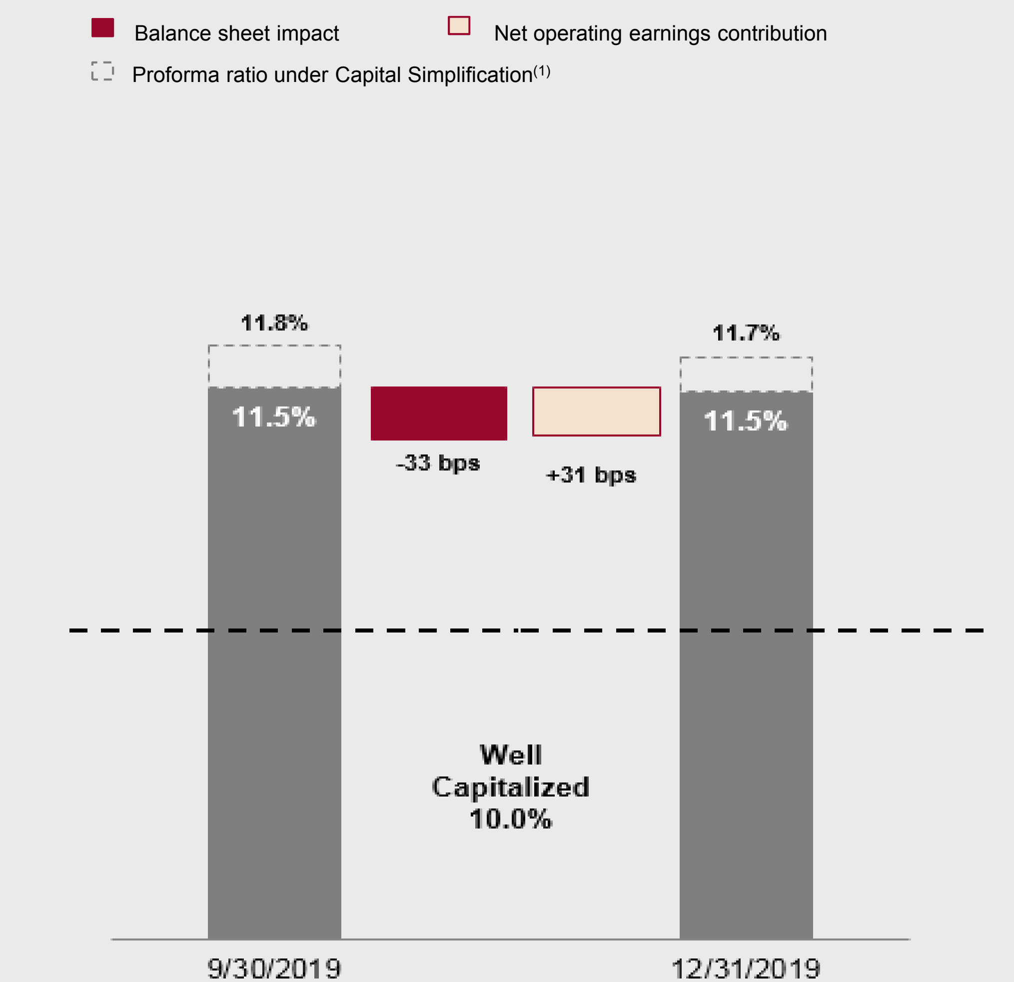
CECL methodology and key variables

Macroeconomic forecast	• Weight Moody's economic scenarios [base, growth, adverse]
Reasonable & supportable forecast period	• 2-year
Reversion period & approach	• 1-year • Straight-line • Revert to 30-year historical macro economic factors
Key macroeconomic variables	• Unemployment rate • Case-Schiller Home Price Index

Estimates subject to change based on continuing review of models and assumptions, portfolio performance, changes in forecasted macroeconomic conditions and loan mix

Capital

Flagstar Bancorp Total Risk Based Capital Ratio



Observations 4Q19

	Tier 1 Leverage	CET-1 to RWA	Tier 1 to RWA	Total RBC to RWA
4Q19[1]	8.0%	9.6%	11.1%	11.7%
4Q19	7.6%	9.3%	10.8%	11.5%
3Q19	8.0%	9.2%	10.8%	11.5%

- Total risk based capital ratio of 11.5% (11.7% under Capital Simplification) [1]
  - o Capital relief added 22 basis points to this ratio on 1/1/20
  - o 456 basis points of Total risk based capital attributed to warehouse loans and loans held for sale
- Tier 1 leverage ratio ended quarter at 7.6% (8.0% under Capital Simplification) [1]
  - o Capital relief added 43 basis points to this ratio on 1/1/20
  - o 456 basis points of Total risk based capital attributed to warehouse loans and loans held for sale
- Supporting value creation strategy, company has sufficient capital to grow and hold additional interest earning assets

1) Non-GAAP number. Presented under capital simplification rules. Please see reconciliations on page 43 - 45.

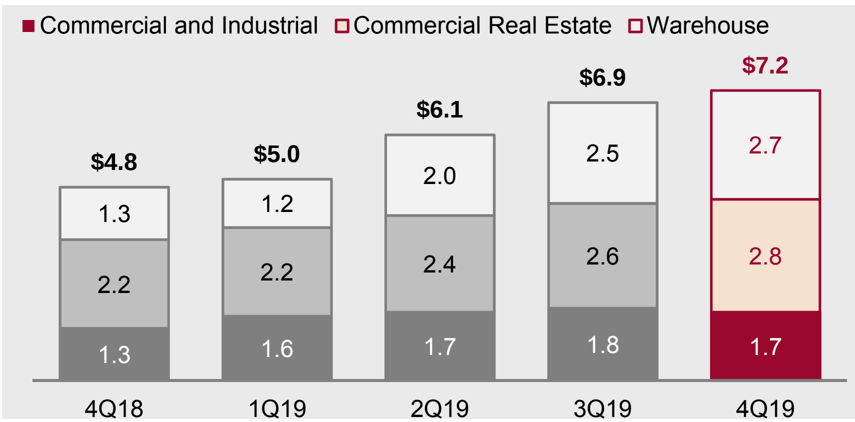
Business Segment Overview

Lee Smith, COO

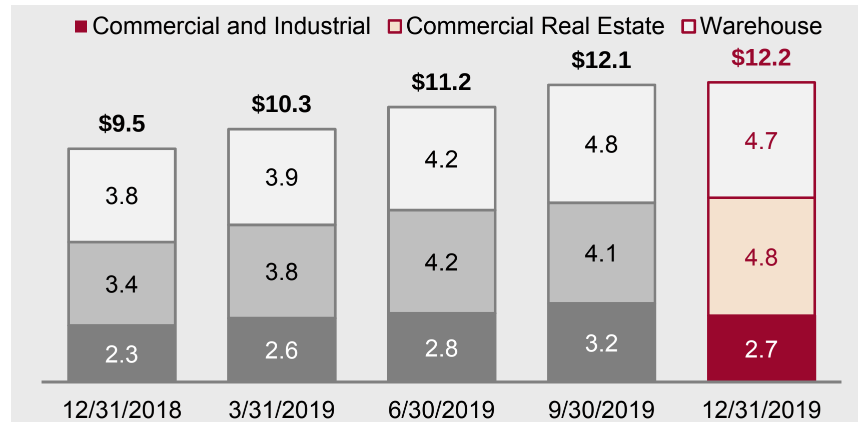
Flagstar Bancorp

Community banking

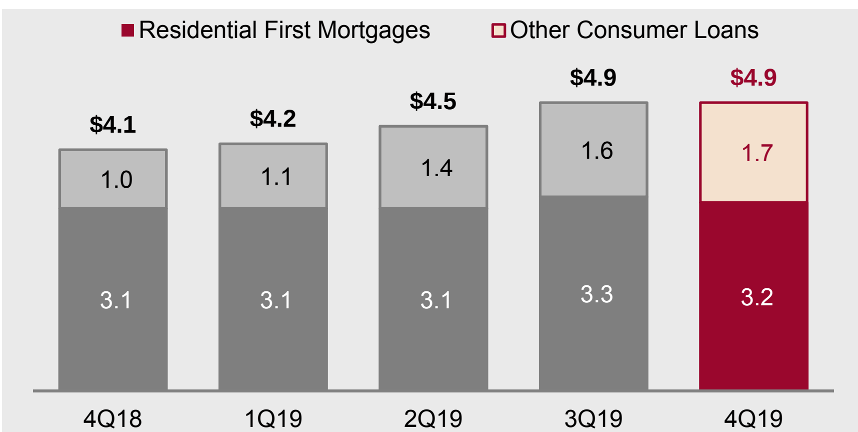
Average commercial loans ($bn)



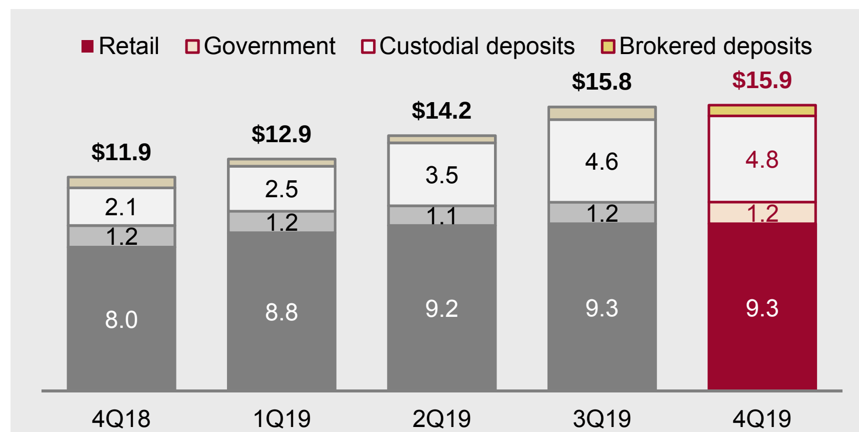
Quarter-end commercial loan commitments ($bn)



Average consumer loans ($bn)



Average deposit funding(1) ($bn)



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

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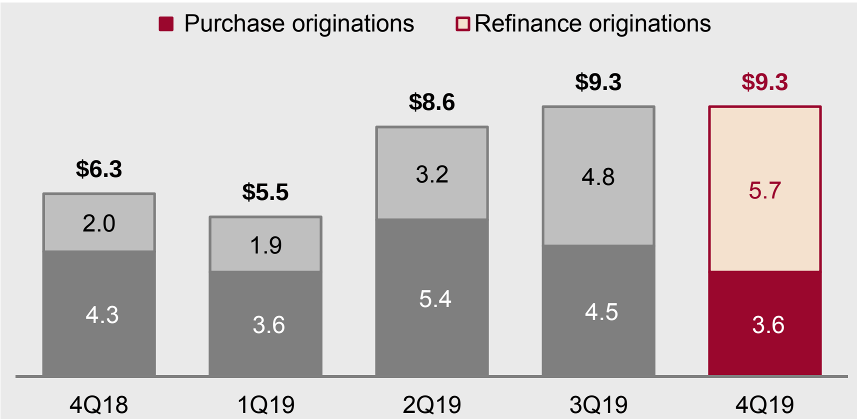
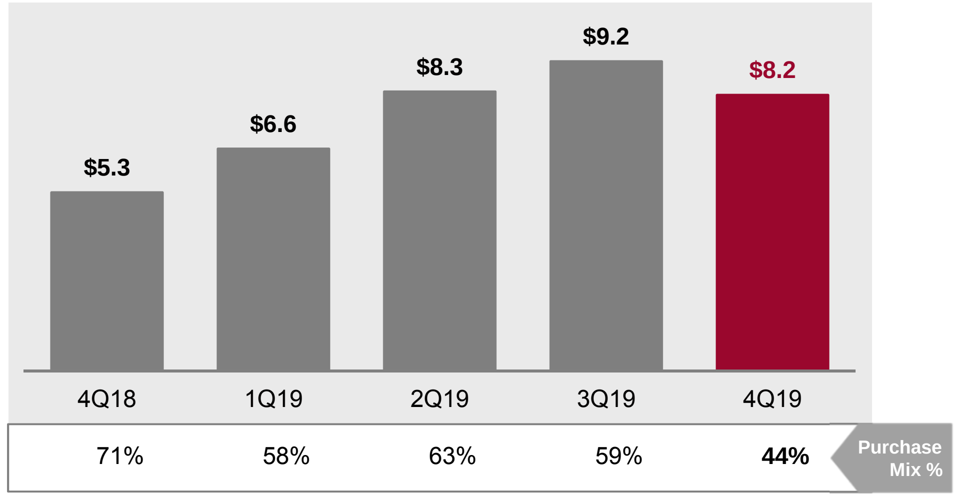
Mortgage originations

4th Quarter 2019

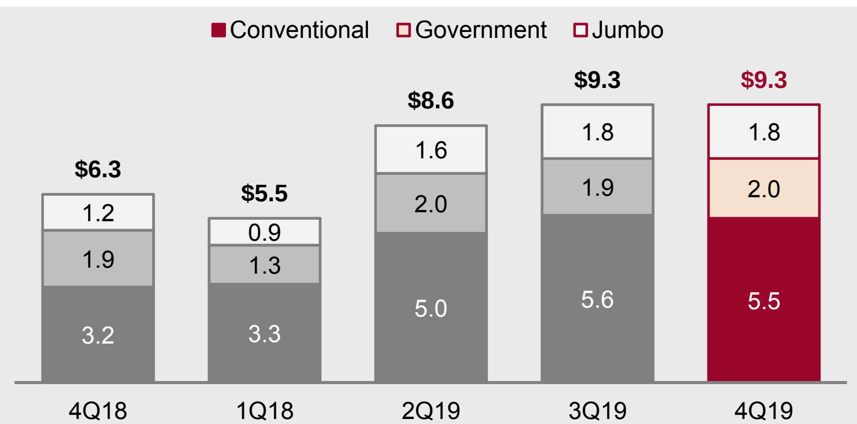
Closings by purpose ($bn)



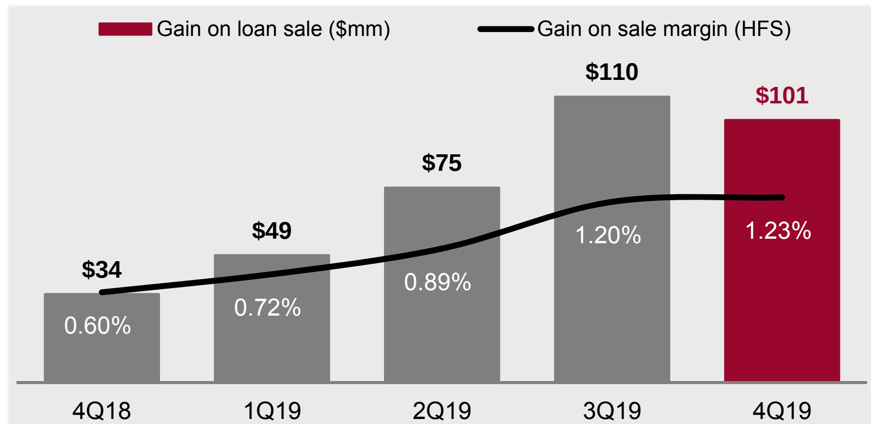
Fallout-adjusted locks ($bn)



Closings by mortgage type ($bn)

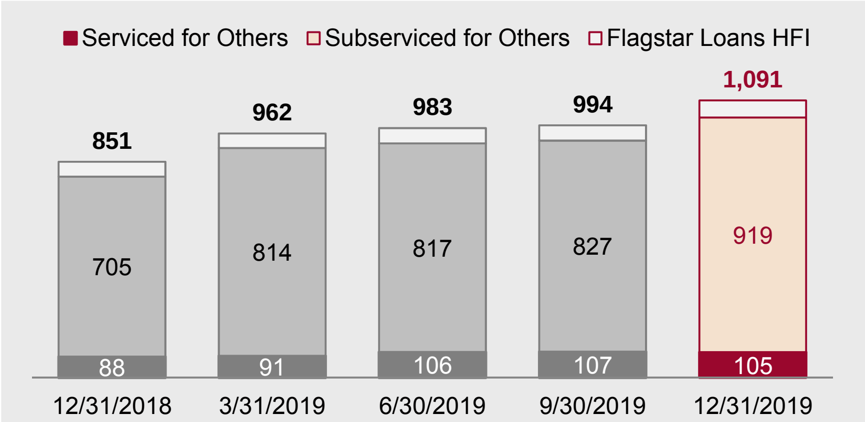


Net gain on loan sales – revenue and margin

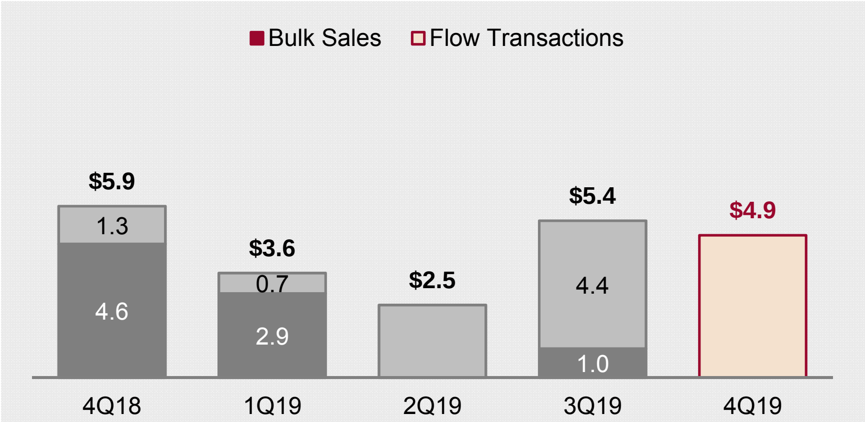


Mortgage servicing

Quarter-end loans serviced (000's)

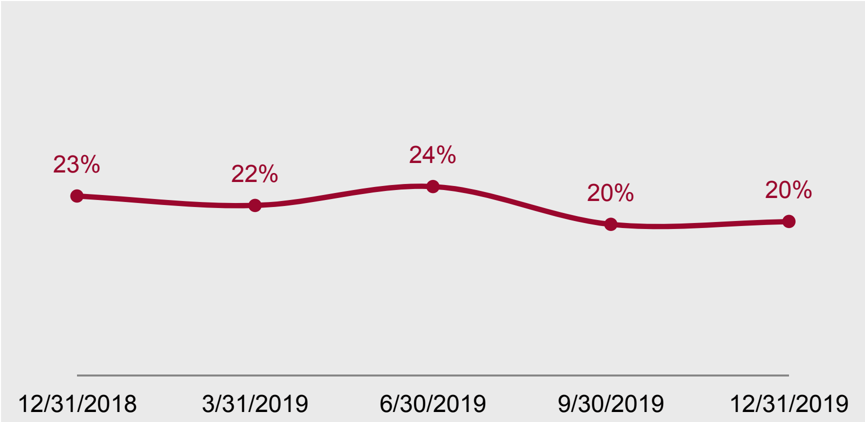


$ UPB of MSRs sold ($bn)



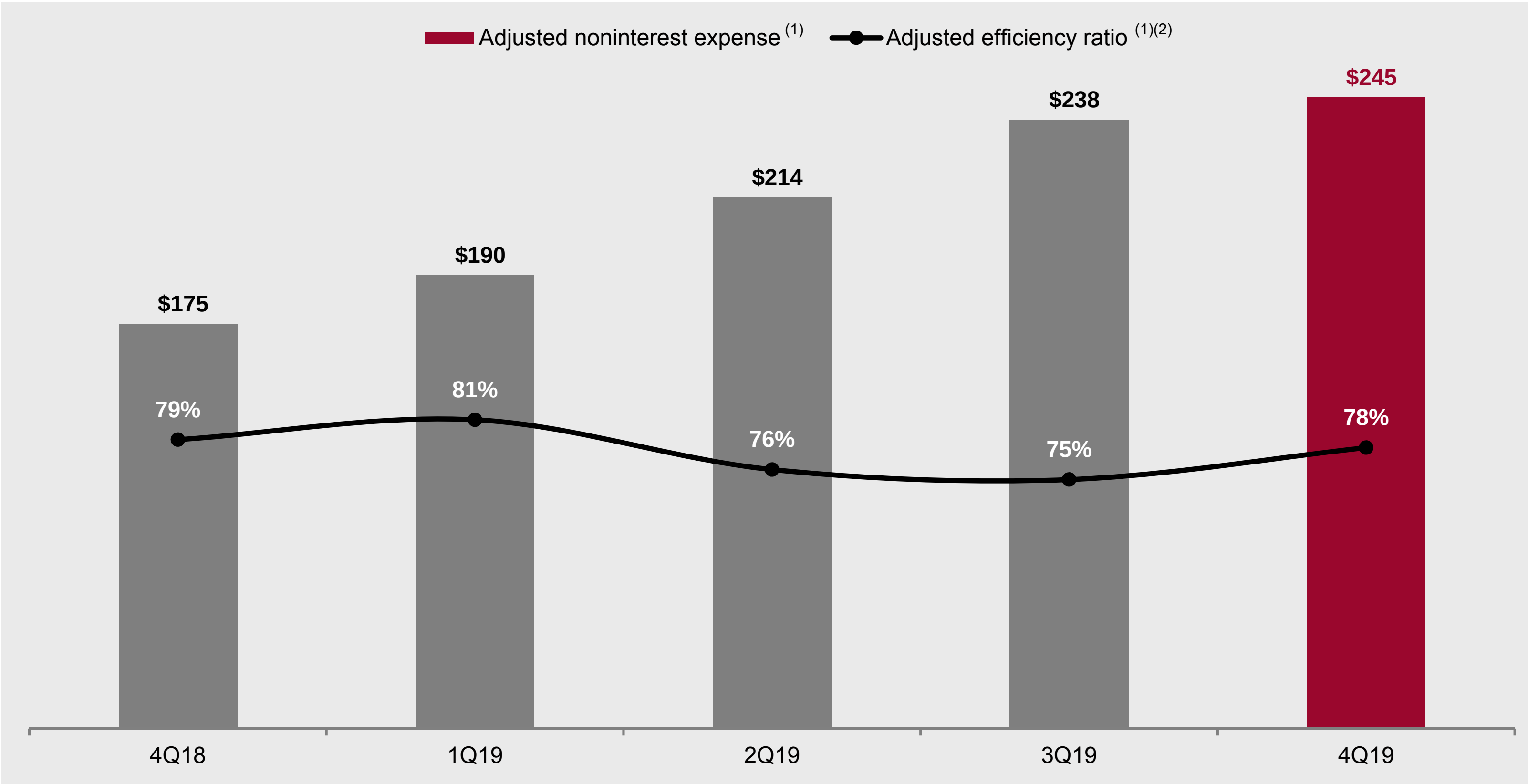
Average custodial deposits ($bn)

MSR / CET1 (Bancorp)



Noninterest expense and efficiency ratio

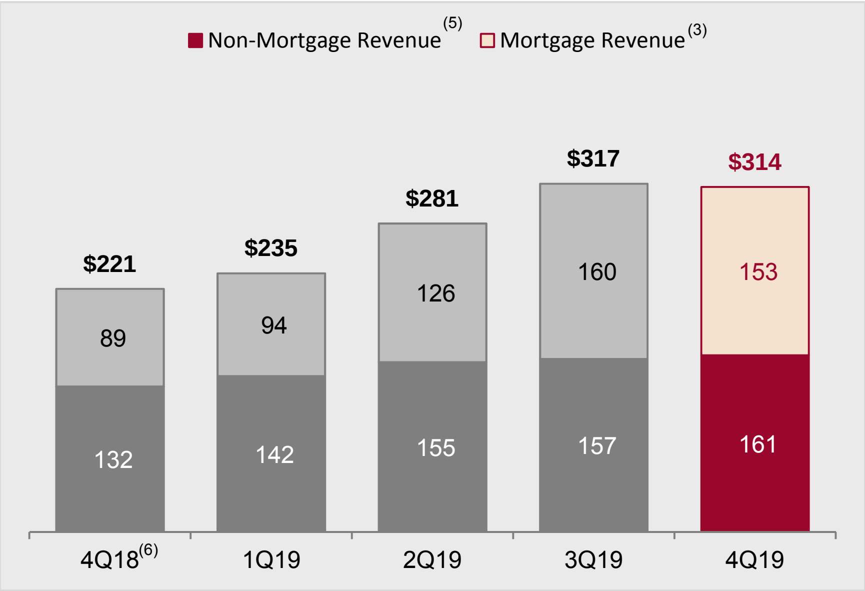
Quarterly noninterest expense ($mm) and efficiency ratio



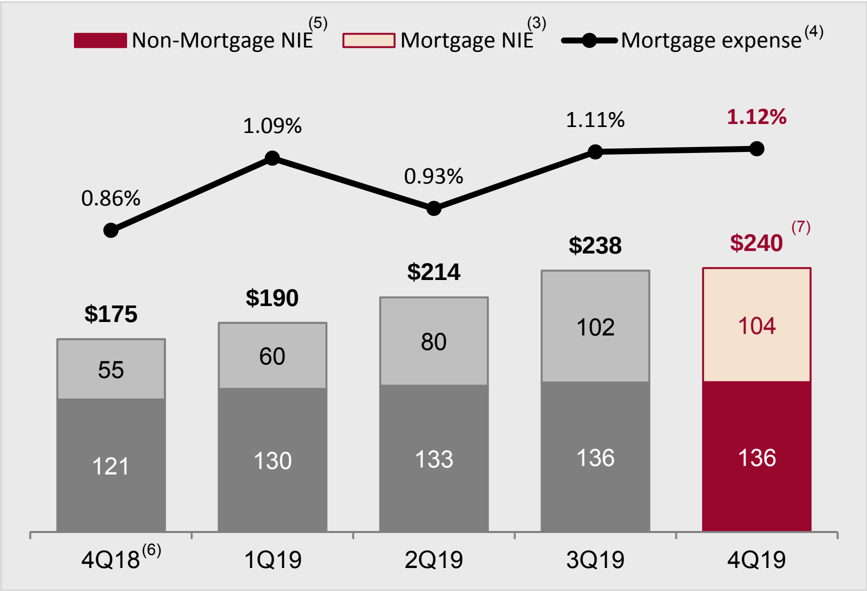
1) References non-GAAP number for 1Q19, 4Q18 and 3Q18; excludes acquisition costs of $1 million, $14 million and $1 million for 1Q19, 4Q18 and 3Q18, respectively, related to Wells Fargo branch acquisition. In addition, 4Q18 excludes $29 million of hedging gains reclassified from AOCI to net interest income in conjunction with the payment of long-term FHLB advances. Please see reconciliations on page 43 - 45.
2) References non-GAAP number for 2Q19; excludes DOJ benefit of $25 million for 2Q19. Please see reconciliations on page 43 - 45.

Quarterly results

Quarterly adjusted revenue ($mm) (1)



Quarterly adjusted noninterest expense ($mm) (2)



- Looking at adjusted revenue and expenses, removing the seasonal and volume-driven mortgage expenses, expenses increased due to the full-year impact of the 2018 branch acquisitions.
- At our core, the company continued to scale nicely. Non-mortgage noninterest expense increased $15 million or 12% YoY (Q4 vs. Q4) predominantly because of a full quarter impact of the 2018 branch acquisitions. However non-mortgage revenues increased $29 million or 22% YoY for a positive operating leverage of 10%. Furthermore, non-mortgage noninterest expenses remained flat quarter over quarter (Q4 vs. Q3) while revenues increased $4 million during the same time period.
- Mortgage expenses increased $49 million YoY (Q4 vs. Q4) while mortgage revenues increased $64 million YoY for an efficiency rate of 77% as we took advantage of the lower interest rate environment by expanding our retail channels. Our retail channels accounted for 22.7% of closings in Q4 ’19, up from 14.3% in Q4 ’18.

1) References non-GAAP number for 4Q18 and 2Q19. Please see reconciliations on page 43 - 45.
2) References non-GAAP number for 4Q18 and 1Q19. Please see reconciliations on page 43 - 45.
3) Includes direct allocations.
4) As a percentage of that period’s close volume
5) Includes Servicing segment
6) 12/1/2018 closed on acquisition of 52 branches
7) References non-GAAP number for 4Q19. Excludes $5 million of balance sheet clean-up and discretionary expenses

Closing Remarks / Q&A

Sandro DiNello, CEO

Earnings guidance[1]

1st Quarter 2020 Outlook	
Net interest income	• Net interest income down 5 to 10 percent - Interest earning assets down due to seasonality - Net interest margin declines 5 to 10 basis points due to full quarter of Q4 rate cut
Provision for loan loss	• Loan loss provision to range between \$3 and \$5 million, inclusive of net charge-offs
Noninterest income	• Mortgage Revenue, including gain on sale and net return on MSR, down 10-15% due to seasonality of mortgage market • Loan fees decline due to seasonally lower mortgage closing volume • Loan administration income stronger on a full quarter of Q4 2019 growth in accounts serviced
Noninterest expense	• Noninterest expense to decrease to between \$228-\$233 million, primarily reflecting a decrease in mortgage closings of 15-20%
Tax rate	• Effective tax rate in-line with Q4 2019 rate

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
- $23.3bn of assets and $15.1bn of deposits
- Nearly 220k household & over 26k business relationships

Mortgage origination

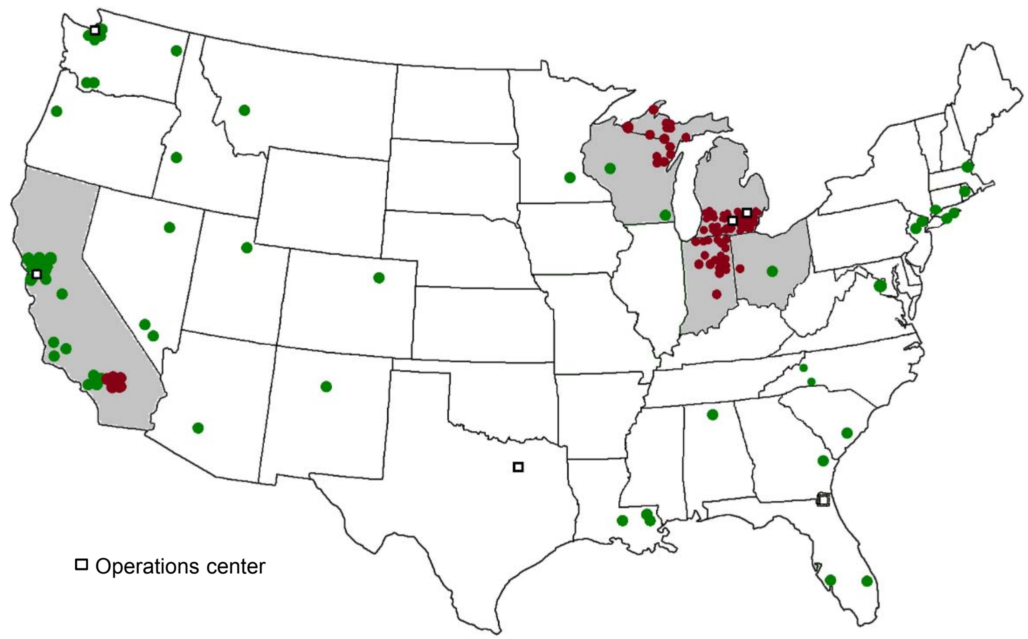
- 5th largest bank originator of residential mortgages ($32.7bn during twelve months ended December 31, 2019)
- Scalable platform originating business in all channels and all 50 states including 88 retail home lending offices
- More than 1,100 correspondent and nearly 1,000 broker relationships

Mortgage servicing

- 6th largest sub-servicer of mortgage loans nationwide
- Servicing 1.1 million loans as of December 31, 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
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
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
Sandro DiNello

- Interim Director of Community Banking

Chief Risk Officer
Steve Figliuolo

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

General Counsel
Patrick McGuirk

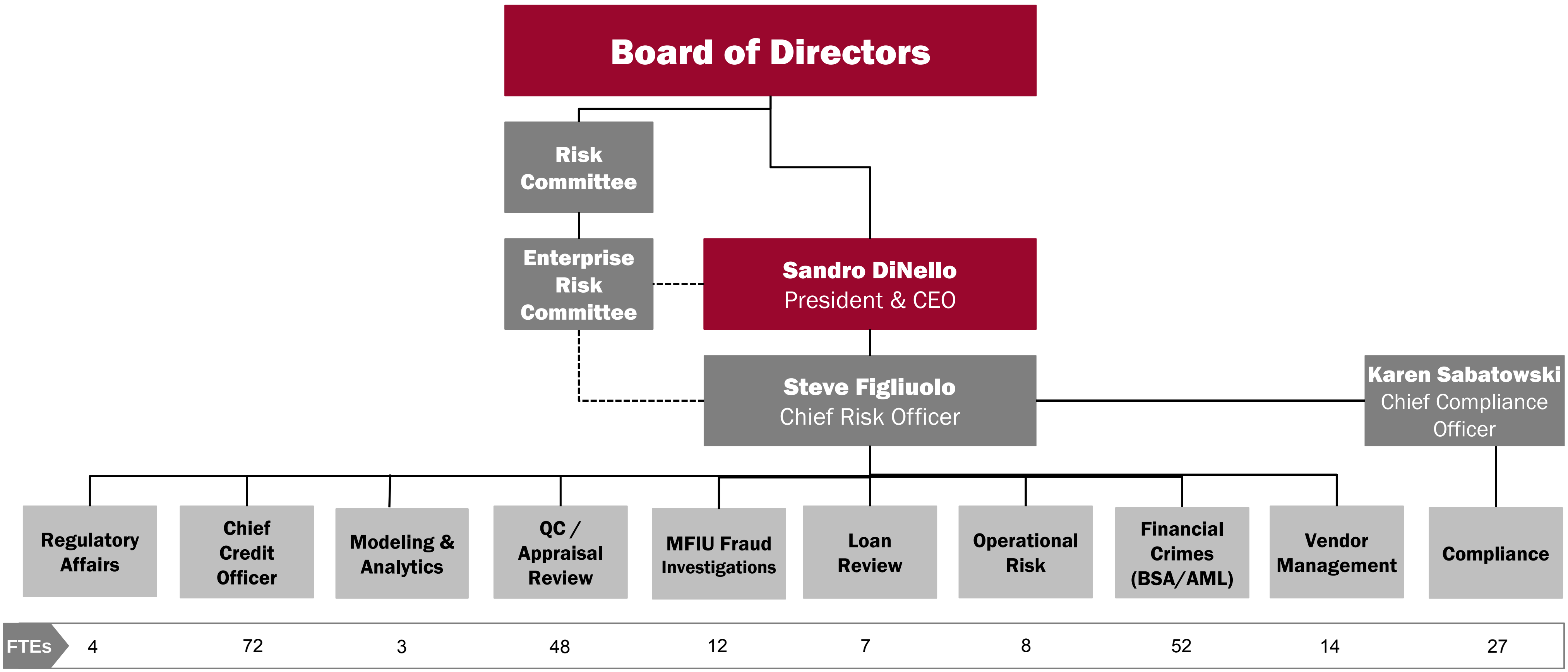
- General Counsel since 6/15
- Over 20 years of financial services legal experience with the FDIC and Sidley Austin LLP

Corporate Responsibility
Beth Correa

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

Risk management

Best-in-class risk management platform with 245 FTEs[1]



1) Does not include 30 FTEs in internal audit as of 12/31/2019.

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)	FY18	FY19	Percentage of Revenue	Percentage Increase
Community Banking	$ 342	$ 478	42%	40%
Mortgage Servicing	101	172	15%	70%
Subtotal	**443**	**650**	**57%**	**47%**
Mortgage Origination	441	533	46%	21%
Other (1)	23	(36)	(3%)	N/M
Total	**$ 907**	**$ 1,147**	**100%**	**26%**
Diluted Earnings per Share (2)	$ 3.02	$ 3.46		15%
Return on Average Assets (2)	1.0%	1.0%		
Return on Average Tangible Common Equity (2)	12.7%	13.9%		

N/M Not Meaningful

1) Non-GAAP number for 2018 and 2019. 2018 number shown excludes $29 million of hedging gains reclassified from AOCI to net interest income and 2019 number shown excludes $25 million DOJ benefit. Please see reconciliations on page 43 - 45.
2) Non-GAAP number for 2018 and 2019. 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 43 - 45.

Flagstar Bancorp

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	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
NIM	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%	2.91%

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 43 - 45.

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.

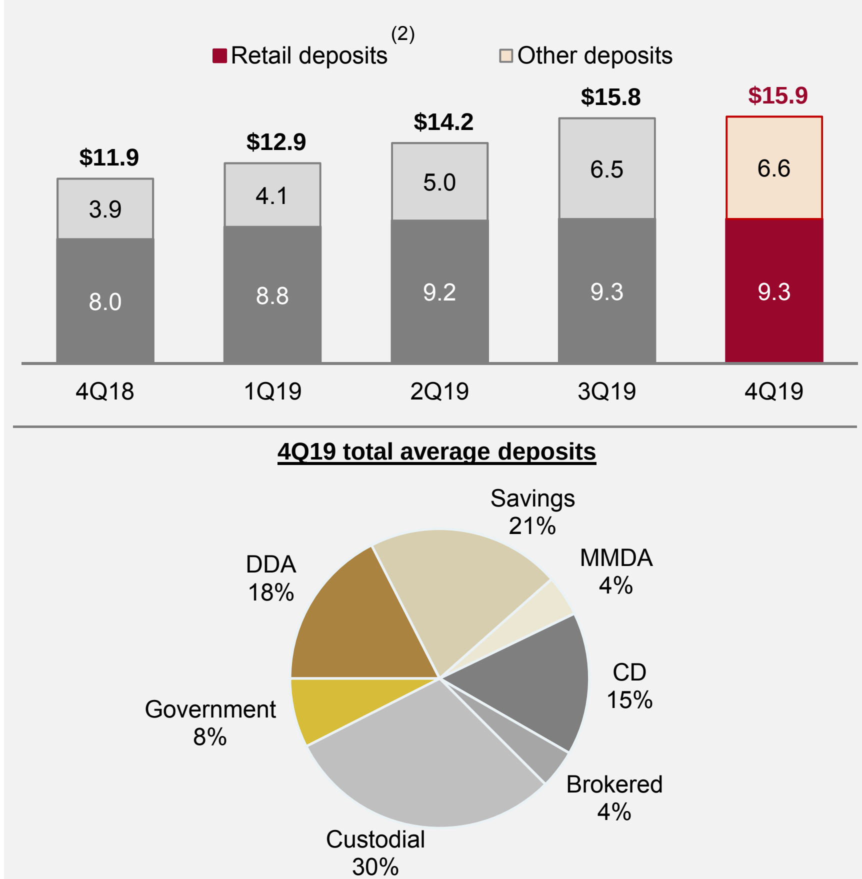
Flagstar Bancorp

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 0.90%, down 6 basis points from 0.96% in 3Q19

Total average deposits ($bn)



Total: $15.9 bn
0.90% 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 $7.2bn during 4Q19 of which 59% are demand & savings accounts
- Average core deposits[1] of $59mm per branch
- Flagstar's branding is helping grow core deposits
- Branch acquisitions significantly enhance core deposit base

Commercial[2]

- Average balance of $2bn during 4Q19
- 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 $1.2bn during 4Q19
- Michigan and Indiana deposits are not required to be collateralized
- Strong, long-term relationships across the state

Custodial

- Average balance of $4.8bn during 4Q19 on 1.1million 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.

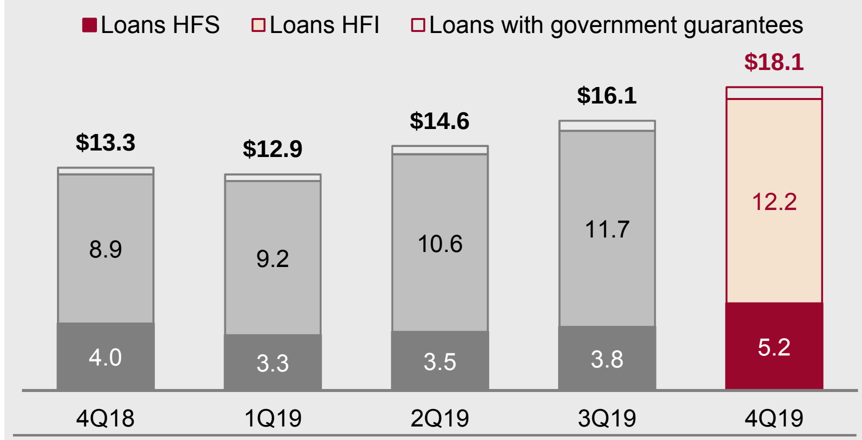
Flagstar Bancorp

Lending

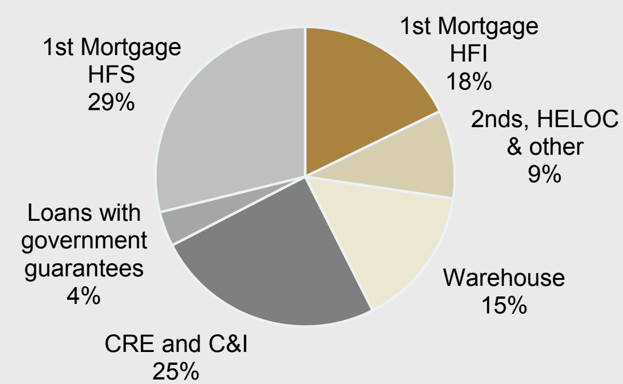
Portfolio and strategy overview

- **Flagstar's largest category of earning assets consists of loans held-for-investment which averaged $12.2bn during 4Q19**
  - Loans to consumers consist of residential first and second mortgage loans, HELOC and other
  - C&I / CRE lending is an important growth strategy, offering risk diversification and asset sensitivity
  - Warehouse lending to both originators that sell to Flagstar and those who sell to other investors
- **Flagstar maintains a balance of mortgage loans held-for-sale which averaged $5.2bn during 4Q19**
  - 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)



4Q19 average loans



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	8	18
CRE Lending	1	29
Commercial & Industrial	8	23
Homebuilder Finance	4	23
Indirect Lending	5	36
Warehouse Lending	4	28
Grand Total	30	25

Commercial lending

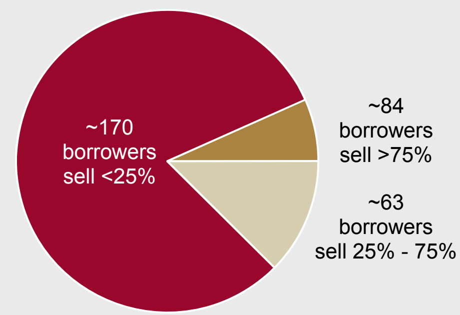
Diversified relationship-based approach

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

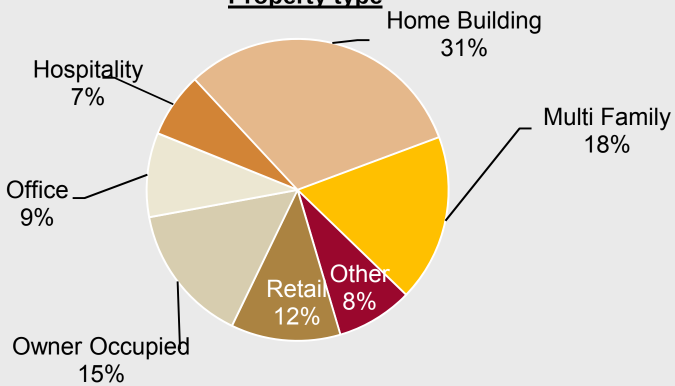
Warehouse - $2.8bn (12/31/19)

% Advances sold to Flagstar



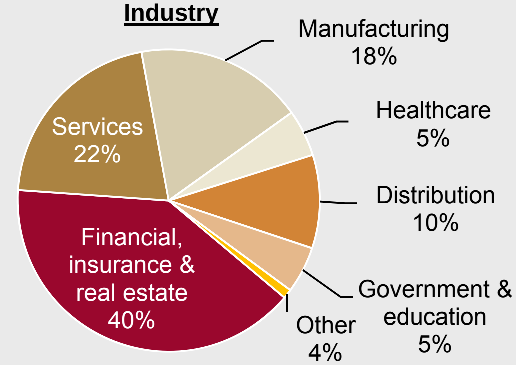
Commercial Real Estate - $2.8bn (12/31/19)

Property type



Commercial & Industrial - $1.6bn (12/31/19)

Industry



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Warehouse lending

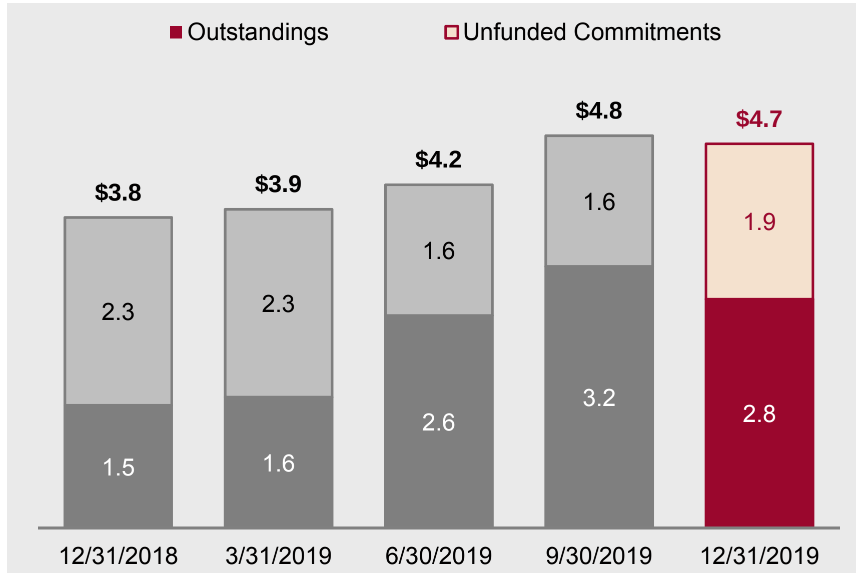
- National relationship-based lending platform
- Attractive asset class with good spreads and low credit risk
- Strong growth potential and scalable platform
- Flagstar is well positioned to gain market share, leveraging relationships in complementary lines of business, including home builder finance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

Warehouse lenders ranked by commitments ($mm)

Rank	Institution	YOY Growth	3Q19 Total	3Q19 Share
1	JPMorgan Chase	42%	$18,500	19%
2	Texas Capital	45%	7,951	8%
3	First Tennessee	34%	7,900	8%
4	TIAA FSB (Everbank)	91%	6,500	7%
5	Wells Fargo	7%	6,000	6%
6	Comerica	43%	5,042	5%
7	Merchants Bank	56%	5,000	5%
8	Flagstar Bancorp	20%	4,806	5%
9	Truist	17%	4,300	4%
10	U.S. Bancorp	45%	3,800	4%
	Top 10	38%	$69,799	72%

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

FBC warehouse loan commitments ($bn)



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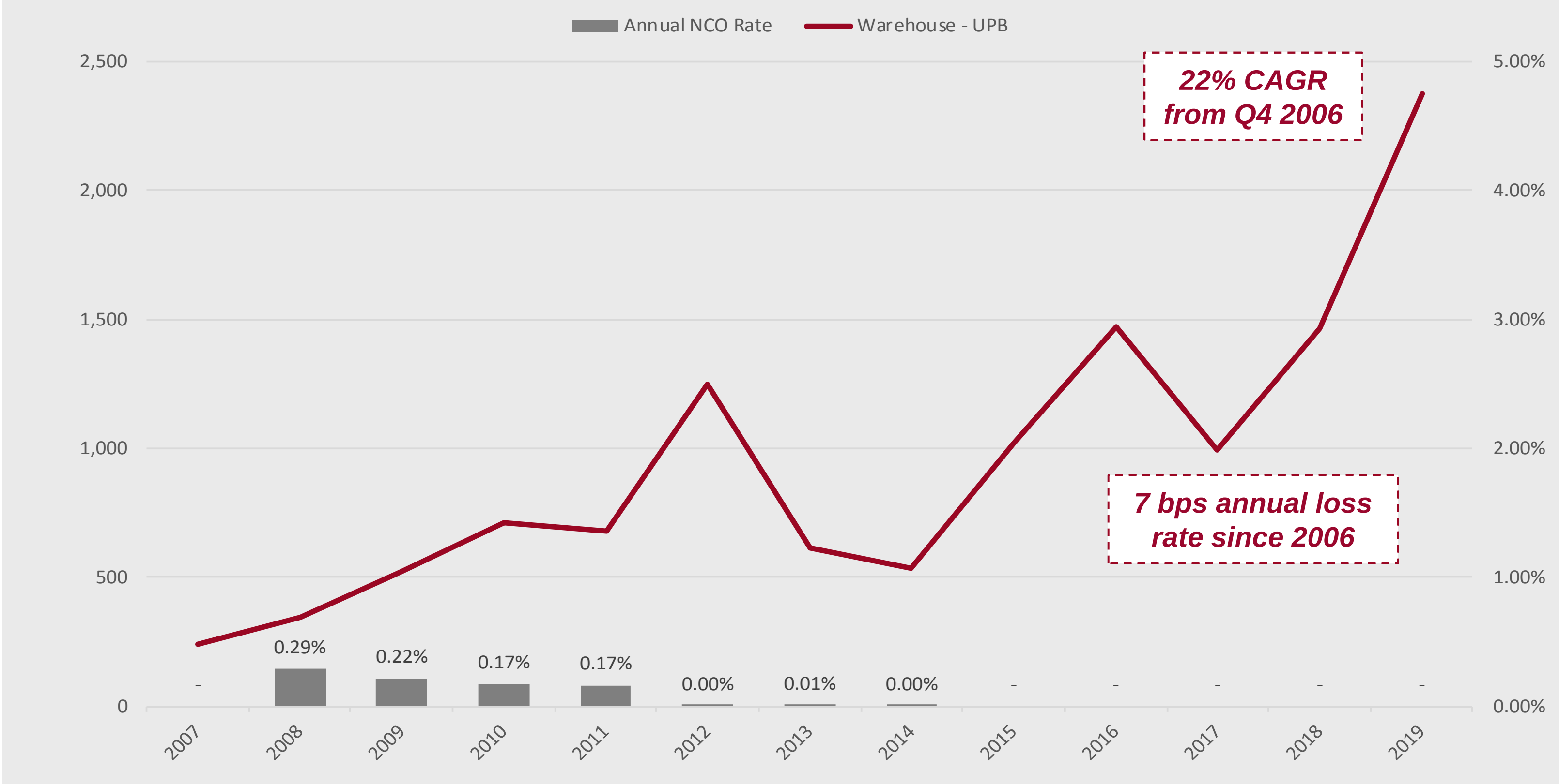
Warehouse lending

Low historical loss rate

- No net chargeoff since Q3 2014
- Total net chargeoffs of $4.6 million since Q4 2006 while experiencing 22% CAGR in UPB

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



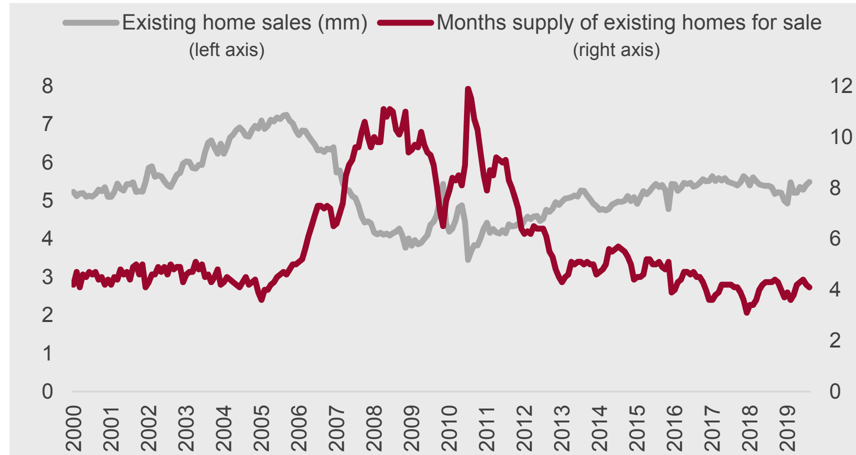
	Net Chargeoff (NCO) per Quarter (in millions)												
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NCO	-	1.0	1.1	1.2	1.1	0.1	0.0	0.0	-	-	-	-	-

Home builder finance

Overview

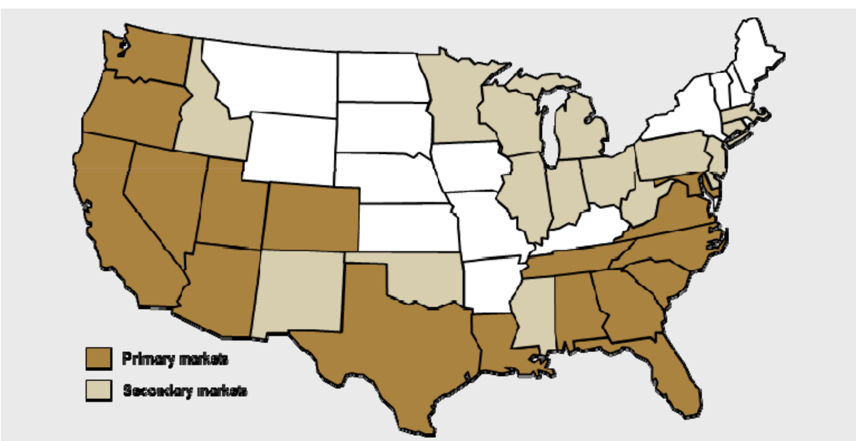
- National relationship-based lending platform launched in 1Q16
  - Attractive asset class with good spreads (~400 bps)
  - Meaningful cross-sell opportunities including warehouse loans, commercial deposits and purchase originations
- Flagstar is well positioned to gain market share given builder and 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

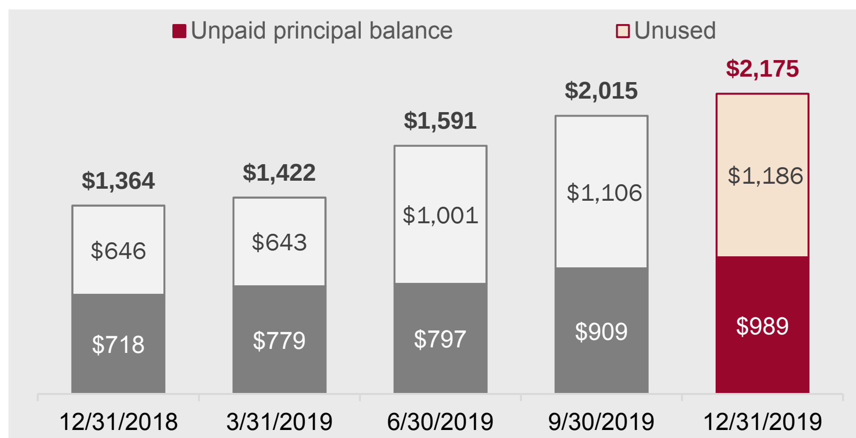


1) Source: Bloomberg (through 5/31/19)

Home builder finance footprint



Home builder loan commitments[1] ($mm)



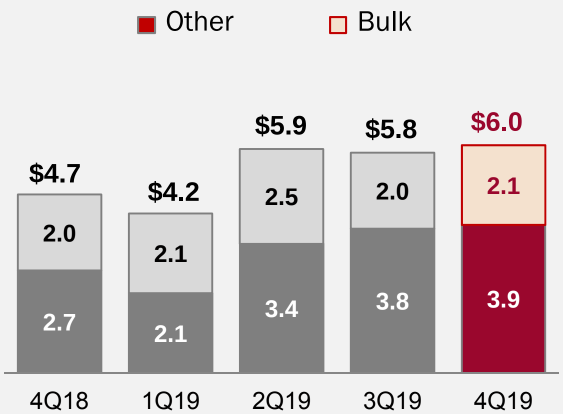
1) Commitments are for loans classified as commercial real estate and commercial & industrial.

Flagstar Bancorp

National distribution through multiple channels

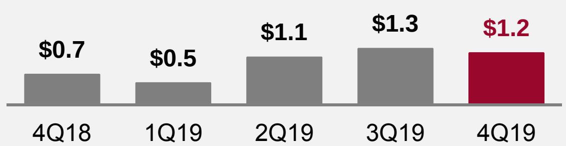
Residential mortgage originations by channel ($bn)

Correspondent



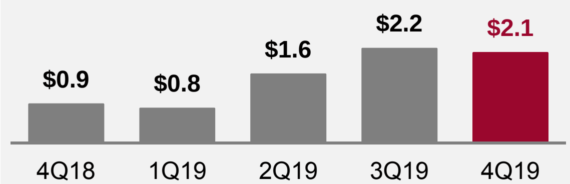
- 3.3% market share with #7 national ranking(1)
- More than 1,100 correspondent partners
- Top 10 relationships account for 13% of overall correspondent volume
- Warehouse lines with over 288 correspondent relationships

Broker



- 1.2% market share with #12 national ranking(1)
- Nearly 1,000 brokerage relationships
- Top 10 relationships account for 13% of overall brokerage volume

Retail

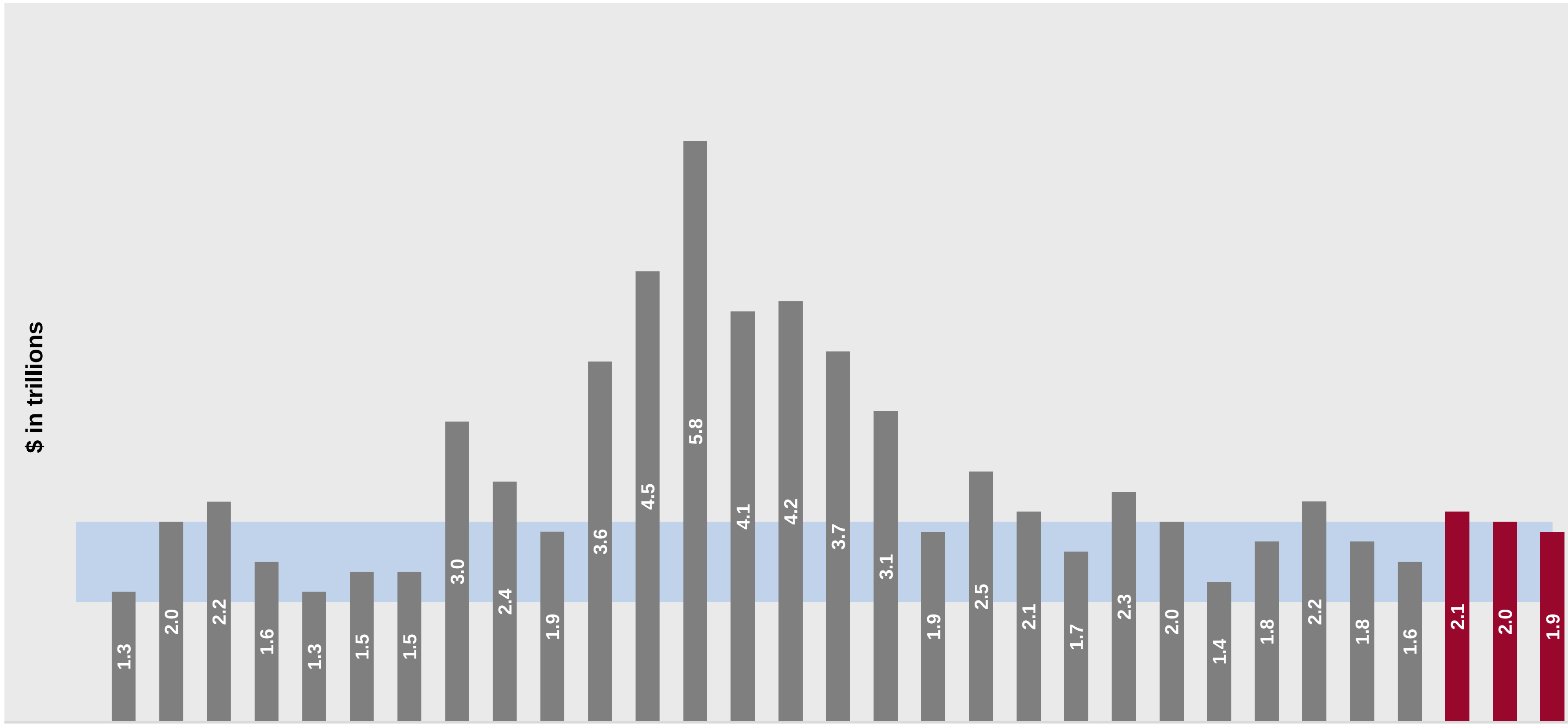


- 88 retail locations in 27 states
- Direct Lending is 23% of retail volume

1) Data source: As reported by Inside Mortgage Finance for 9M19 published November 29, 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).

Servicing

Servicing Profitability

Servicing Earnings before Tax ($mm)	4Q18	1Q19	2Q19	3Q19	4Q19
Net interest income					
Interest income (FTP)	$ 14	$ 18	$ 24	$ 30	$ 27
Interest expense on custodial deposits [(1)]	(12)	(15)	(21)	(25)	(22)
Total net interest income	2	3	3	5	5
Noninterest income [(2)]					
Service fee income	20	25	26	27	28
Ancillary fee income	6	6	7	8	10
Late fee income	3	4	5	5	5
Total noninterest income	29	35	38	40	43
Noninterest expense [(3)]	(27)	(31)	(30)	(31)	(31)
Earnings before Tax	**$ 4**	**$ 7**	**$ 11**	**$ 14**	**$ 17**
Average Custodial Deposits ($bn)	$ 2.1	$ 2.5	$ 3.5	$ 4.6	$ 4.8
Average Loans Serviced for Others (000's)	739	906	972	988	1,042

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.

Flagstar Bancorp

MSR portfolio

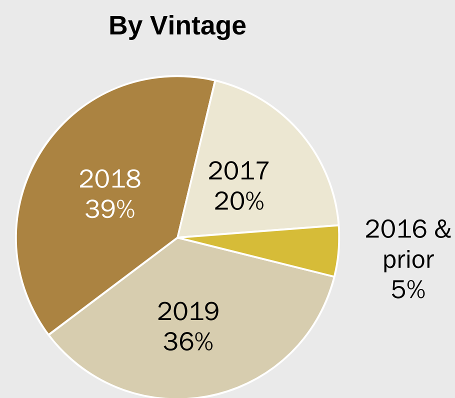
MSR portfolio statistics

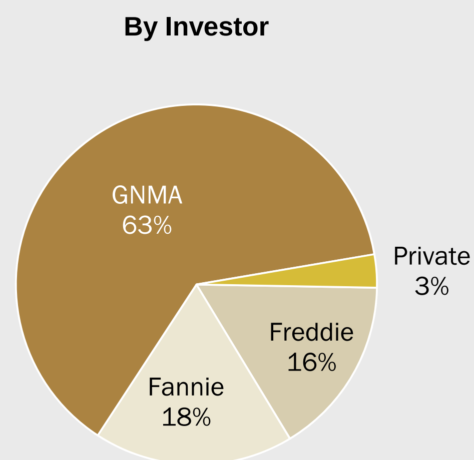
Measure ($mm)	9/30/2019	12/31/2019	Difference
Unpaid principal balance	$25,038	$24,002	($1,036)
Fair value of MSR	$285	$291	$6
Capitalized rate (% of UPB)	1.14%	1.21%	6 bps
Multiple	2.794	3.000	0.206
Note rate	4.451%	4.419%	(3) bps
Service fee	0.403%	0.400%	0 bps
Average Measure ($000)			
UPB per loan	$234	$228	($6)
FICO	692	693	1
Loan to value	85.92%	85.24%	68 bps

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

$ Return	4Q18	1Q19	2Q19	3Q19	4Q19
Net hedged profit (loss)	$0	($1)	($1)	$2	$0
Carry on asset	11	13	21	25	23
Run-off	(4)	(7)	(15)	(30)	(27)
Gross return on the mortgage servicing rights	**$7**	**$5**	**$5**	**($3)**	**($4)**
Sale transaction & P/L	1	-	(1)	1	1
Model changes	2	1	-	-	-
Net return on the mortgage servicing rights ($)	**$10**	**$6**	**$4**	**($2)**	**($3)**
Average mortgage servicing rights ($)	**$336**	**$291**	**$321**	**$292**	**$287**
Net return on the mortgage servicing rights (%)	**12.4%**	**9.1%**	**5.5%**	**-2.7%**	**-4.1%**

MSR portfolio characteristics (% UPB)





Flagstar Bancorp

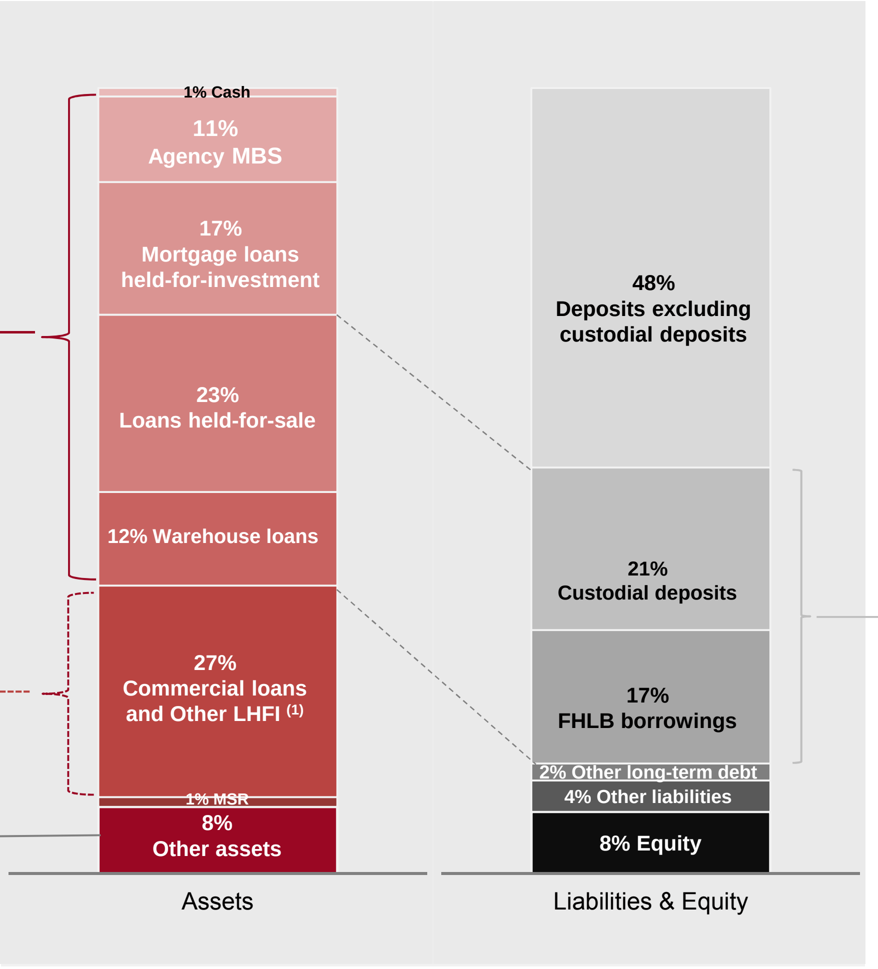
Balance sheet composition

4Q19 average balance sheet (%)

~64% 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.)

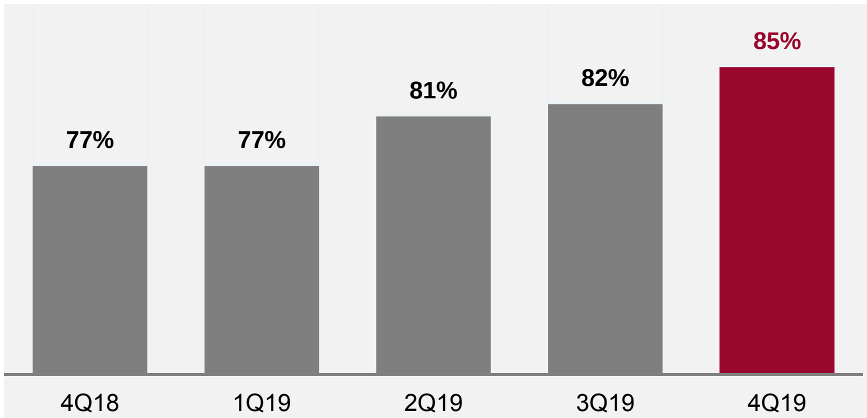


Efficiently funds loans held-for-sale and warehouse loans

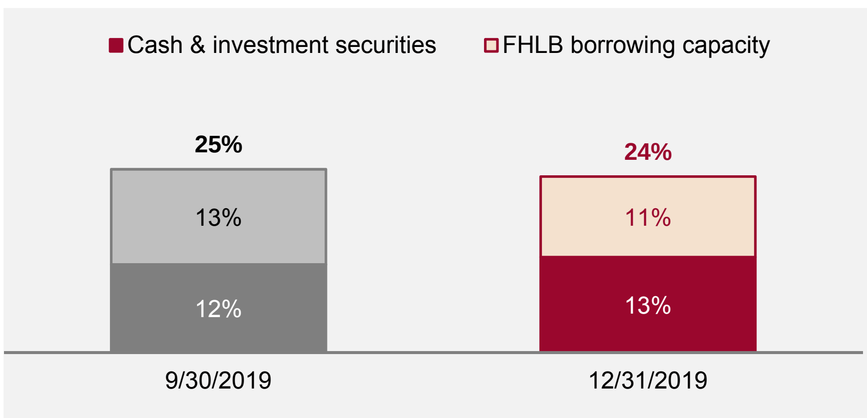
1) Other LHFI includes home equity and other consumer loans.

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)

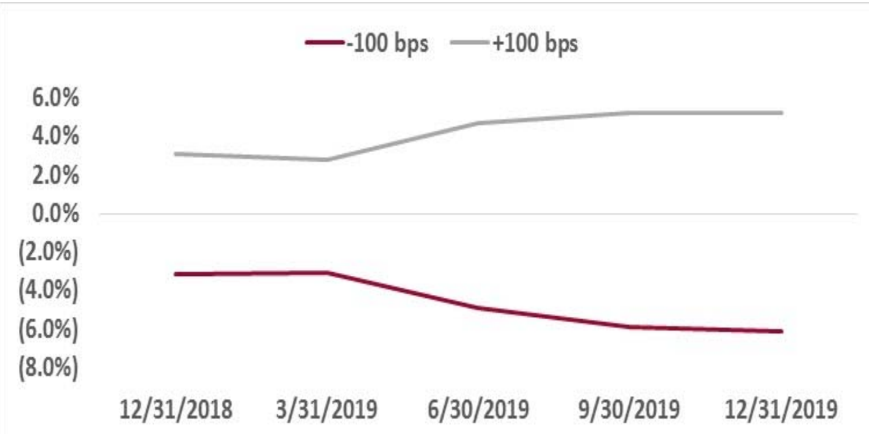
1) HFI loan-to-deposit ratio is total average loans HFI (excluding warehouse loans) expressed as a percentage of total average deposits (excluding custodial deposits).
2) Cash, investment securities and FHLB borrowing capacity expressed as a percentage of total assets.

Flagstar Bancorp

Interest rate risk

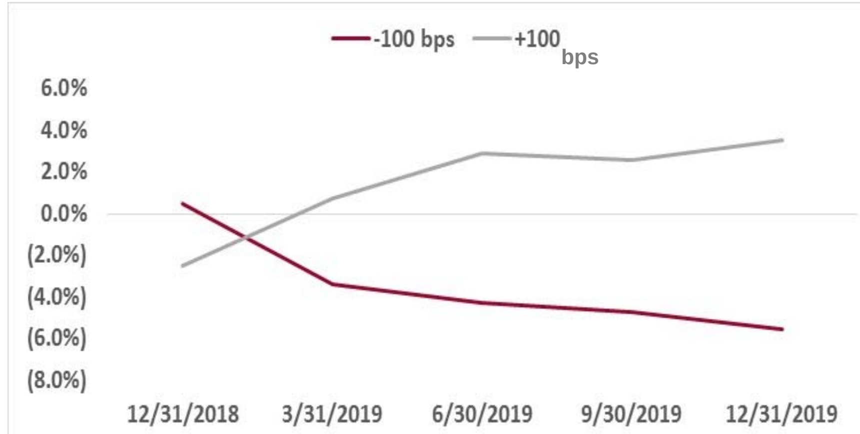
- Flagstar remains asset sensitive to parallel rate shocks

Earnings at risk



	% Change				
Scenario	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
+300 Shock	15.2%	15.4%	13.9%	8.1%	9.1%
+200 Shock	10.2%	10.3%	9.3%	5.5%	6.1%
+100 Shock	5.2%	5.2%	4.7%	2.8%	3.1%
Base	-	-	-	-	-
-100 Shock	(6.1%)	(5.9%)	(4.9%)	(3.1%)	(3.2%)

Economic value of equity



	% Change				
Scenario	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
+300 Shock	5.0%	1.1%	2.3%	(4.7%)	(12.1%)
+200 Shock	5.2%	2.7%	3.5%	(1.1%)	(6.5%)
+100 Shock	3.5%	2.6%	2.9%	0.7%	(2.5%)
Base	-	-	-	-	-
-100 Shock	(5.5%)	(4.7%)	(4.3%)	(3.4%)	0.5%

Flagstar Bancorp

Non-GAAP reconciliation

4th 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 December 31, 2019	3 months ended September 30, 2019	3 months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Net Interest Income	$ 152	$ 146	$ 152	$ 562	$ 497
Adjustment to remove hedging gains	-	-	(29)	-	(29)
Adjusted Net Interest Income	**$ 152**	**$ 146**	**$ 123**	**$ 562**	**$ 468**
Noninterest Income	$ 162	$ 171	$ 98	$ 610	$ 439
Adjustment to remove DOJ benefit	-	-	-	(25)	-
Noninterest Income	**$ 162**	**$ 171**	**$ 98**	**$ 585**	**$ 439**
Total Revenues	$ 314	$ 317	$ 250	$ 1,172	$ 936
Adjustment to remove hedging gains	-	-	(29)	-	(29)
Adjustment to remove DOJ benefit	-	-	-	(25)	-
Adjusted Total Revenues	**$ 314**	**$ 317**	**$ 279**	**$ 1,197**	**$ 965**
Noninterest Expense	$ 245	$ 238	$ 189	$ 888	$ 712
Adjustment to remove Wells Fargo acquisition costs	-	-	14	1	16
Adjusted Noninterest Expense	**$ 245**	**$ 238**	**$ 175**	**$ 887**	**$ 696**
Provision for Loan Losses	**$ -**	**$ 1**	**$ (5)**	**$ 18**	**$ (8)**
Income before Income Taxes	$ 69	$ 78	$ 66	$ 266	$ 232
Adjustment to remove hedging gains	-	-	(29)	-	(29)
Adjustment to remove DOJ benefit	-	-	-	(25)	-
Adjustment to remove Wells Fargo acquisition costs	-	-	14	1	16
Adjusted Income before Income Taxes	**$ 69**	**$ 78**	**$ 51**	**$ 242**	**$ 219**
Provision for Income Taxes	$ 11	$ 15	$ 12	$ 48	$ 45
Adjustment to remove hedging gains	-	-	(5)	-	(5)
Adjustment to remove DOJ benefit	-	-	-	(5)	-
Adjustment to remove Wells Fargo acquisition costs	-	-	2	-	3
Adjusted Provision for Income Taxes	**$ 11**	**$ 15**	**$ 9**	**$ 43**	**$ 43**
Net Income	$ 58	$ 63	$ 54	$ 218	$ 187
Adjustment to remove hedging gains (net of tax)	-	-	(24)	-	(24)
Adjustment to remove DOJ benefit (net of tax)	-	-	-	(20)	-
Adjustment to remove Wells Fargo acquisition costs (net of tax)	-	-	12	1	13
Adjusted Net Income	**$ 58**	**$ 63**	**$ 42**	**$ 199**	**$ 176**

Adjusted Diluted EPS

	3 months ended December 31, 2019	3 months ended September 30, 2019	3 months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Diluted Earnings per Share	$ 1.00	$ 1.11	$ 0.93	$ 3.80	$ 3.21
Adjustment to remove hedging gains (net of tax)	-	-	(0.41)	-	(0.41)
Adjustment to remove DOJ benefit (net of tax)	-	-	-	(0.36)	-
Adjustment to remove Wells Fargo acquisition costs (net of tax)	-	-	0.20	0.02	0.22
Adjusted Diluted Earnings per Share	**$ 1.00**	**$ 1.11**	**$ 0.72**	**$ 3.46**	**$ 3.02**

Non-GAAP reconciliation (continued)

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Adjusted ROA, ROE and ROTCE

	3 months ended December 31, 2019	3 months ended September 30, 2019	3 months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Return on Average Assets	1.0%	1.2%	1.2%	1.1%	1.0%
Adjustment to remove hedging gains	0.0%	0.0%	-0.5%	0.0%	-0.1%
Adjustment to remove acquisition costs (net of tax)	0.0%	0.0%	0.3%	0.0%	0.1%
Adjustment to remove DOJ benefit (net of tax)	0.0%	0.0%	0.0%	-0.1%	0.0%
Adjusted Return on Average Assets	**1.0%**	**1.2%**	**0.9%**	**1.0%**	**1.0%**
Return on average common equity				12.8%	12.6%
Adjustment to remove acquisition costs (net of tax)				0.1%	0.9%
Adjustment to remove DOJ benefit (net of tax)				-1.2%	0.0%
Adjustment to remove heding gains/OCI Swap Reclass				0.0%	-1.6%
Adjusted return on average common equity				**11.7%**	**11.8%**
Return on average tangible common equity	14.8%	17.1%	15.9%	15.2%	13.5%
Adjustment to remove acquisition costs (net of tax)	0.0%	0.0%	3.3%	0.1%	0.9%
Adjustment to remove DOJ benefit (net of tax)	0.0%	0.0%	0.0%	-1.3%	0.0%
Adjustment to remove heding gains/OCI Swap Reclass	0.0%	0.0%	-6.8%	0.0%	-1.7%
Adjusted return on tangible Commmon Equity	**14.8%**	**17.1%**	**12.4%**	**13.9%**	**12.7%**

Adjusted Efficiency Ratio

	3 months ended December 31, 2019	3 months ended September 30, 2019	3 months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Efficiency Ratio	78%	75%	76%	76%	76%
Adjustement to remove DOJ benefit	0%	0%	0%	2%	0%
Adjustment to remove Wells Fargo acquisition costs	0%	0%	-6%	0%	-1%
Adjustment to remove hedging gains/OCI Swap Reclass	0%	0%	9%	0%	2%
Adjusted Efficiency Ratio	**78%**	**75%**	**79%**	**77%**	**77%**

Non-GAAP reconciliation (continued)

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

	As of December 31, 2019	As of September 30, 2019
Total stockholders' equity	$ 1,788	$ 1,734
Goodwill and intangible assets	170	174
Tangible book value	$ 1,618	$ 1,560
Number of common shares outstanding	56,631,236	56,510,341
Tangible book value per share	**$ 28.57**	**$ 27.62**
Total Assets	$ 23,266	$ 22,048
Tangible common equity to assets ratio	**6.95%**	**7.08%**

Regulatory Capital under Capital Simplification

	As of December 31, 2019	
	Total Risk-Based Capital Ratio	Tier 1 Leverage Ratio
Regulatory capital - Basel III to capital simplification		
Basel III	$ 1,830	$ 1,720
Net change in deductions to DTAs, MSRs and other capital components	106	106
Basel III with capital simplification	$ 1,936	$ 1,826
Risk-weighted assets – Basel III to capital simplification		
Basel III assets	$ 15,886	$ 22,724
Net change in assets	607	106
Basel III with capital simplification	$ 16,493	$ 22,830
Capital ratios		
Basel III	11.5%	7.6%
Basel III with capital simplification	**11.7%**	**8.0%**

Flagstar Bancorp