

Flagstar Bancorp, Inc. (NYSE: FBC)

Earnings Presentation 4th Quarter 2021

January 26, 2022



Cautionary statements

4th Quarter 2021

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.

Unique relationship-based business model

- Our diversified business model delivered as designed to provide solid results in a slowing mortgage market.

Grow community banking

- Average C&I loans rose 10% and were at \$1.8B at year-end as we enter a growth cycle.
- Retail deposits are funding loan growth with average retail deposits up \$300 million or 3 percent while their overall cost flat compared to the prior quarter.

Award winning servicing business

- Serviced accounts rose 3 percent in the quarter; as prepayments slow, account totals should rise faster.
- Average custodial deposits increased in the quarter; as we accumulate more owned MSR, these balances will provide more funding at an overall lower cost.

Strengthen mortgage

- Our multi-channel origination platform produces strong returns in a volatile interest rate environment and shrinking mortgage market.
- Mortgage NIE flat to same quarter last year, demonstrating our expense management discipline.

Highly profitable operations

- Adjusted return on assets of 1.4 percent and adjusted return tangible common equity 14.9 percent during 4Q21 on levels that contain significant excess capital.
- Our current quarter earnings demonstrate the resilience of our portfolio of businesses despite less than 25% of our revenue coming from gain-on-sale.

Positioned to thrive in any market

- Our ability to generate significant excess capital provides flexibility and supports our future growth.
- As rates rise - the community banking and servicing businesses are expanding as the mortgage business begins to come down from record levels – demonstrating our complementary business strategy.

Financial highlights

4th Quarter 2021

Strong earnings

- Adjusted net income of \$90mm, or \$1.69 per diluted share, in 4Q21⁽¹⁾, a decrease of \$66mm vs. 3Q21.
- Grew TBV per share \$1.12, or 2%, to \$48.33⁽¹⁾ per share at 12/31/21, compared to \$47.21⁽¹⁾ per share at 09/30/21.

Growth in community banking and servicing

- Strong C&I loan growth with average balances up 10% from last quarter and period end balances \$400mm higher than Q4 averages.
- Average retail deposits up \$300mm from prior quarter, with the cost of total retail deposits staying flat at 0.11%.
- Total loans serviced grew to 1.2 million loans, nearly \$300bn of UPB, at period-end and provided \$6.3bn of low-cost custodial deposits.

Mortgage revenue

- Mortgage revenue⁽²⁾ of \$110mm, down \$68mm vs. 3Q21 as margin compressed 48 basis points to 102 basis points and FOALs decreased seasonally \$2.4bn.
- Net return on MSR of \$19mm, reflecting improved valuations of our MSR portfolio at quarter-end and favorable hedge results. The full year return was 6 percent, in the middle of our target return.

Strong asset quality

- Asset quality strong as net charge-offs were 8 basis points.
- Credit reserves of \$170mm at 12/31/21, a \$20mm decrease from 3Q21, with a coverage ratio of 1.3% of loans HFI, or 2.0% excluding warehouse loans.

Robust capital position

- Total risk based capital ratio at 15.9%, or 18.0% if the risk-weighting of warehouse loans were adjusted to 50% to reflect the risk weightings of the assets that fully collateralized the loans.
- Tier 1 leverage ratio at 10.5% and CET1 ratio at 13.2% reflecting strong capital generation.
- Over \$1.1bn of excess total risk-based capital over the minimum level needed to be considered well-capitalized.

1. References non-GAAP number. Please see reconciliations on pages 42 - 43.
2. Mortgage revenue is defined as net gain on sales of LHFS plus the net return on the MSRs.

Quarterly income comparison

4th Quarter 2021

| \$mm | | | | |
|---|------------------------------|------------------------------|----------------|--------------|
| | 4Q21 | 3Q21 | \$ Variance | % Variance |
| Net interest income | \$181 | \$195 | (\$14) | (7%) |
| (Benefit) provision for credit losses | (17) | (23) | \$6 | (26%) |
| Net interest income after PLL | 198 | 218 | (\$20) | (9%) |
| Net gain on loan sales | 91 | 169 | (78) | (46%) |
| Loan fees and charges | 29 | 33 | (4) | (12%) |
| Loan administration income | 36 | 31 | 5 | 16% |
| Net return on mortgage servicing rights | 19 | 9 | 10 | N/M |
| Other noninterest income | 27 | 24 | 3 | 13% |
| Total noninterest income | 202 | 266 | (64) | (24%) |
| Compensation and benefits | 137 | 130 | 7 | 5% |
| Commissions and loan processing expense | 59 | 66 | (7) | (11%) |
| Other noninterest expenses | 89 | 85 | 4 | 5% |
| Total noninterest expense | 285 ⁽¹⁾ | 281 ⁽¹⁾ | 4 | 1% |
| Income before income taxes | 115 | 203 | (88) | (43%) |
| Provision for income taxes | 25 ⁽¹⁾ | 47 ⁽¹⁾ | (22) | (47%) |
| Net income | \$90 ⁽¹⁾ | \$156 ⁽¹⁾ | (\$66) | (42%) |
| Diluted income per share | \$1.69 ⁽¹⁾ | \$2.90 ⁽¹⁾ | -\$1.21 | (42%) |
| Profitability | | | | |
| Net interest margin | 2.96% | 3.00% | (4) bps | |
| Net interest margin, excl. LGG repurchase obligation ⁽²⁾ | 2.98% | 3.04% | (6) bps | |
| Net gain on loan sales / total revenue | 23.8% | 36.7% | -12.9% | |
| Fallout adjusted rate lock commitments ⁽³⁾ | \$8,900 | \$11,300 | (\$2,400) | (21%) |
| Mortgage closings ⁽³⁾ | \$10,700 | \$12,500 | (\$1,800) | (14%) |
| Net gain on loan sale margin, HFS | 1.02% | 1.50% | (48) bps | |

Observations

Net interest income

- Net interest income decreased \$14 million
 - Net interest margin was 2.96%, a 4 bp decline as yields fell on our loans held-for-sale portfolio with a shift in product mix during the quarter
 - Average earning assets decreased \$1.4 billion, or 5 percent, as LHFS average decreased \$1.4 billion.
 - Average deposits increased 1% to \$19.8 billion

Noninterest income

- Noninterest income decreased \$64mm, or 24%
- Net gain on loan sale margin decreased 48 basis points, to 102 basis points, and FOALs down 21%.
 - Net return on MSR was \$19 million, by the improved valuation and hedge performance.
 - Increases totaling \$9 million in loan administration and other noninterest income

Noninterest expense

- Noninterest expense increased \$4mm, or 1%, on seasonally higher benefit costs and performance compensation
- The ratio of mortgage noninterest expense to closings – our mortgage expense ratio – was 1.14 percent, flat to the same quarter in the prior year

1. Non-GAAP number, please see reconciliations on pages 42 - 43.

2. References non-GAAP number as it excludes the impact of \$0.3 billion (3Q21) and \$0.2 billion (4Q21) of average balance of loans with government guarantees that have not been repurchased and do not accrue interest. Please see reconciliations on pages 42 - 43.

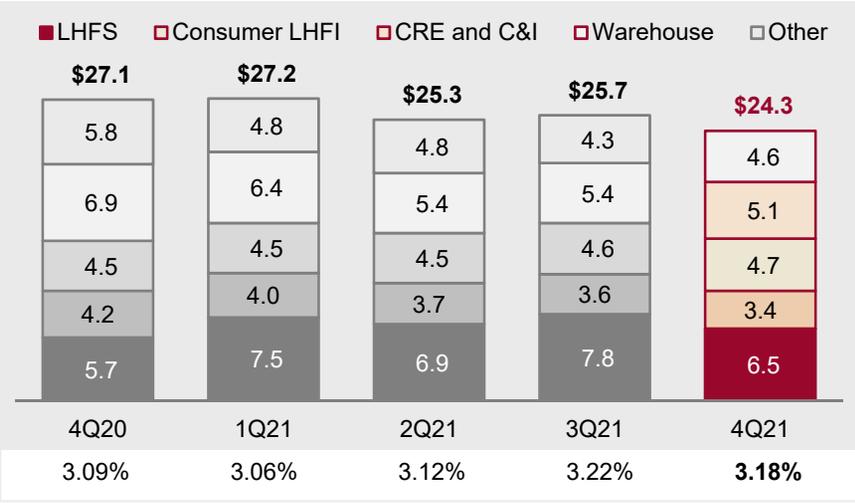
3. Rounded to the nearest hundred million

N/M = not meaningful

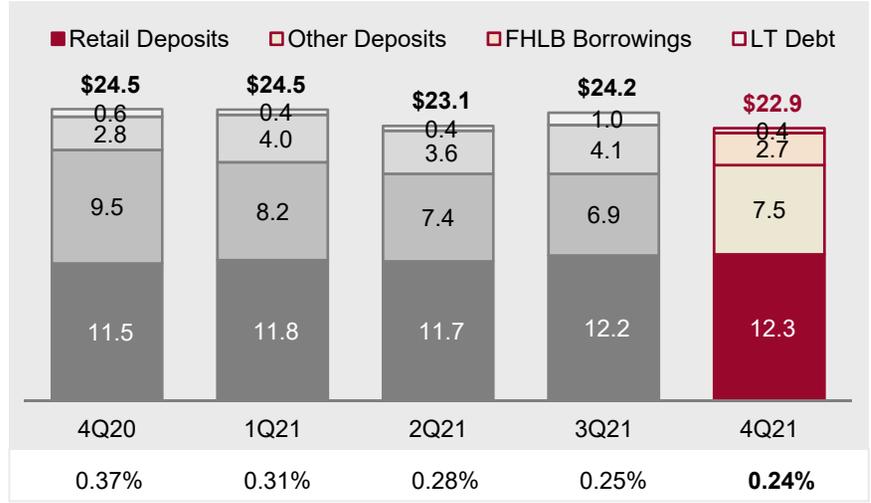
Net interest income

4th Quarter 2021

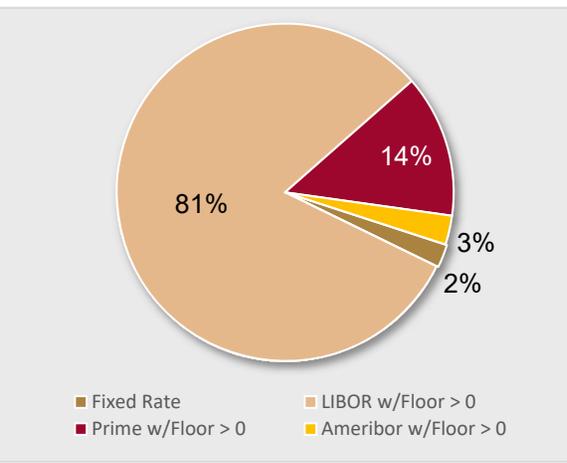
Average interest-earning assets & yields (\$bn)



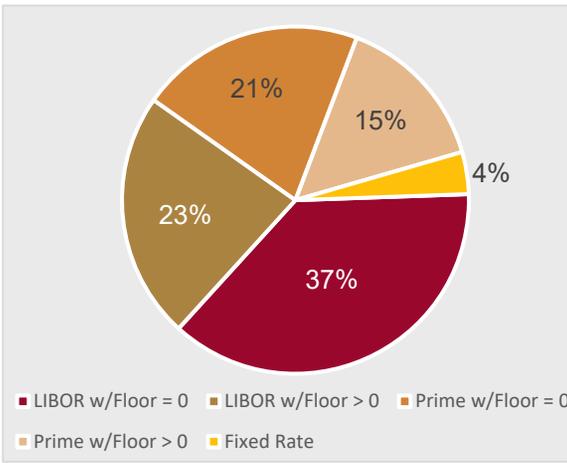
Average liabilities and rate (\$bn)



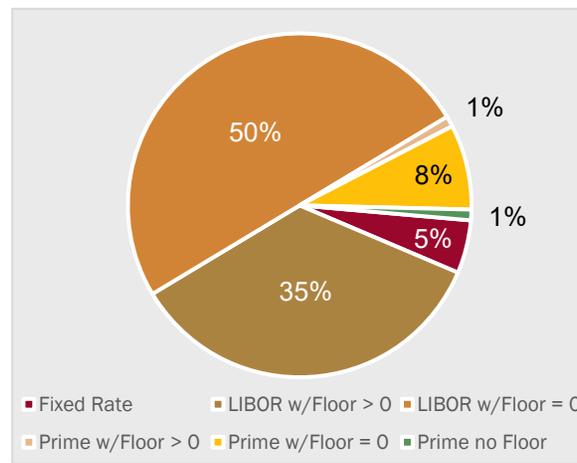
Warehouse- \$5.1bn (EOP-12/31/21)



CRE - \$3.2bn (EOP-12/31/21)



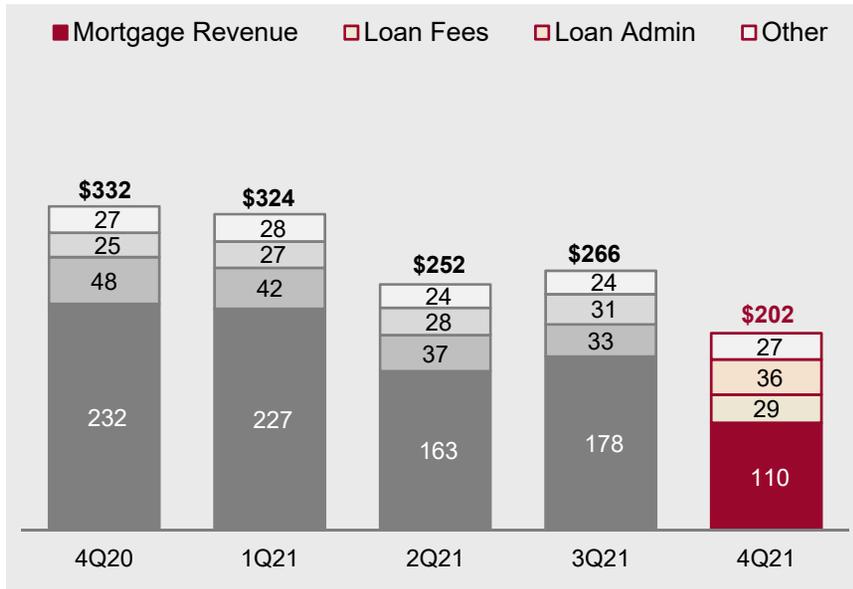
C&I - \$1.8bn (EOP-12/31/21)



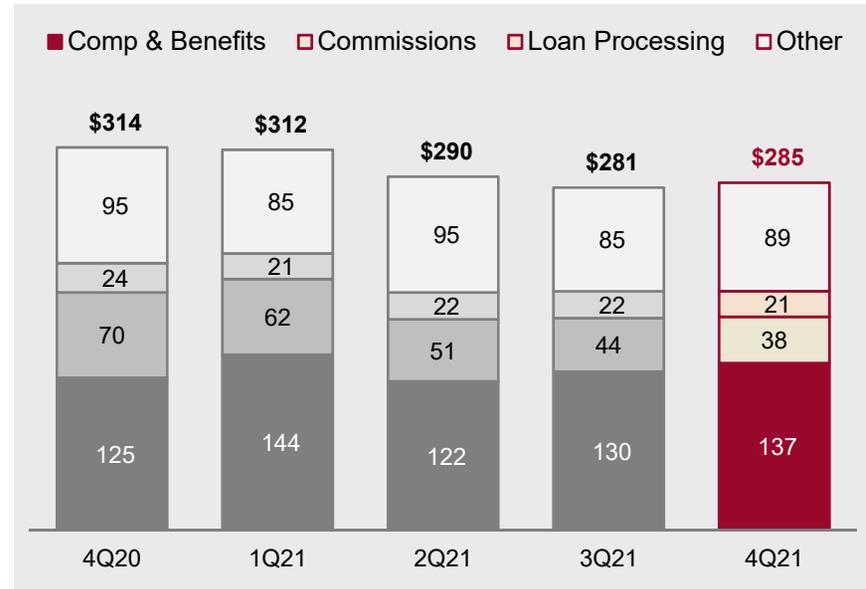
Noninterest income and expense

4th Quarter 2021

Noninterest income (\$mm)



Noninterest expense (\$mm)⁽¹⁾



Noninterest income

- Noninterest income down \$64mm, or 24%
 - Mortgage revenue decreased \$68mm to \$110mm, compared to the prior quarter, on seasonal volume declines and margin pressure. Net return on MSR was increased primarily due to improved valuation of MSR portfolio and favorable hedge performance.
 - Loan fees and charges decreased \$4mm primarily due to a 15 percent decrease in mortgage loans closed.
 - Loan administration income increased \$5mm, to \$36 million.
 - Other noninterest income rose \$4 million.

Noninterest expense

- Noninterest expense up \$10mm, or 4%
 - Mortgage expenses decreased \$4mm to \$121mm for the quarter. The ratio of mortgage noninterest expense to closings – our mortgage expense ratio – was 1.14 percent, consistent with the same quarter in the prior year.
 - Non-mortgage expense increased \$8mm reflecting an increase in salaries and benefits as we experienced seasonally higher medical costs and paid a seasonal bonus to team members not covered by the management incentive plan.

1. Non-GAAP number, please see reconciliations on pages 42 - 43.

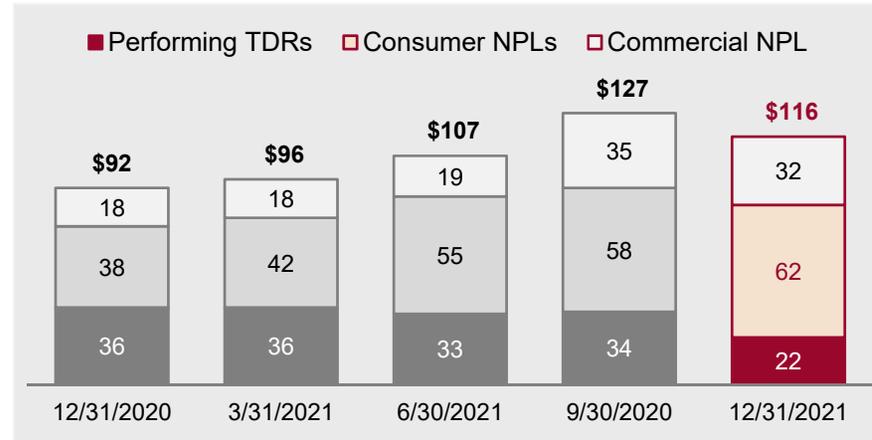
Asset quality

4th Quarter 2021

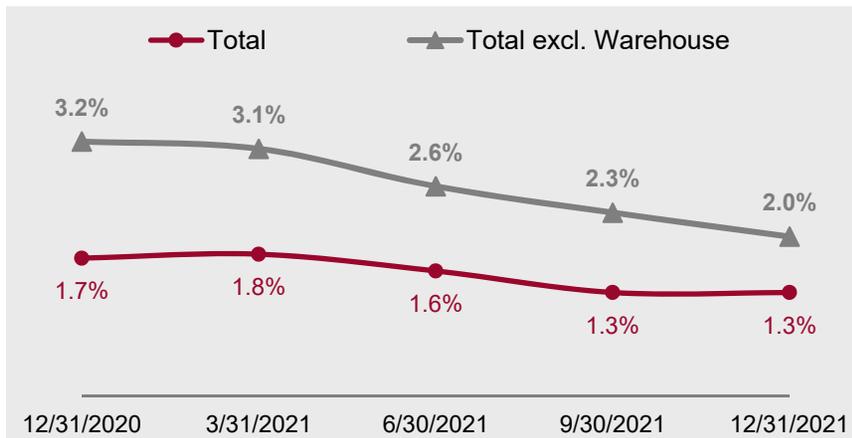
Delinquencies⁽¹⁾ (% of loans HFI)



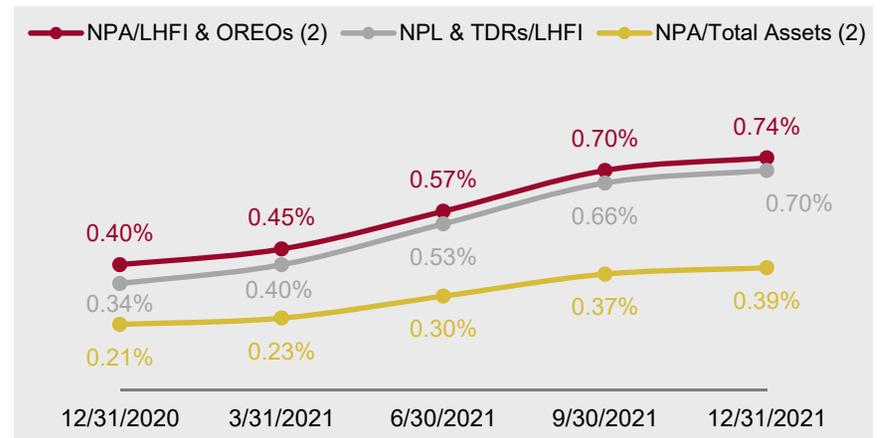
NPLs and performing TDRs (\$mm)



Allowance coverage (% of loans HFI)



Nonperforming loan and asset ratios

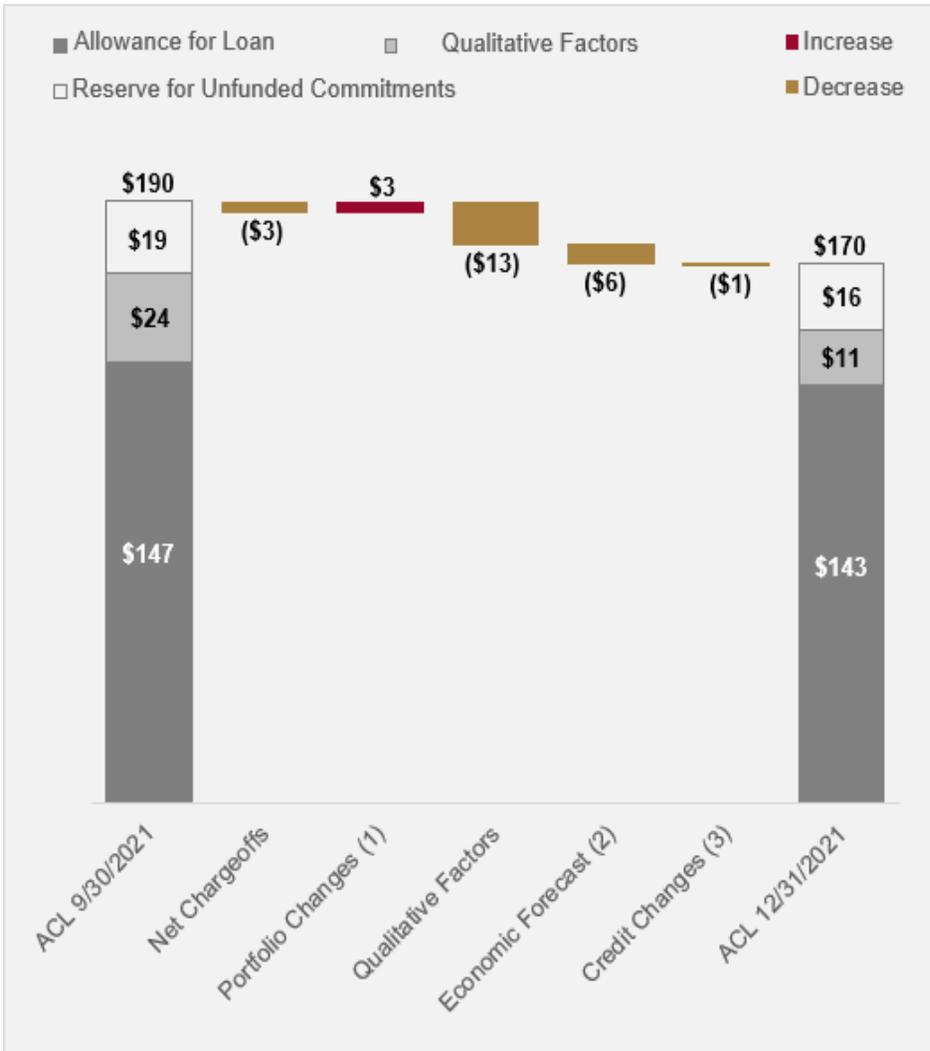


1. Includes early stage delinquencies, defined as 30 to 89 days past due and nonaccrual loans
 2. Excludes nonperforming loans held-for-sale

Current Expected Credit Loss (“CECL”)

4th Quarter 2021

Allowance for credit losses (\$mm)

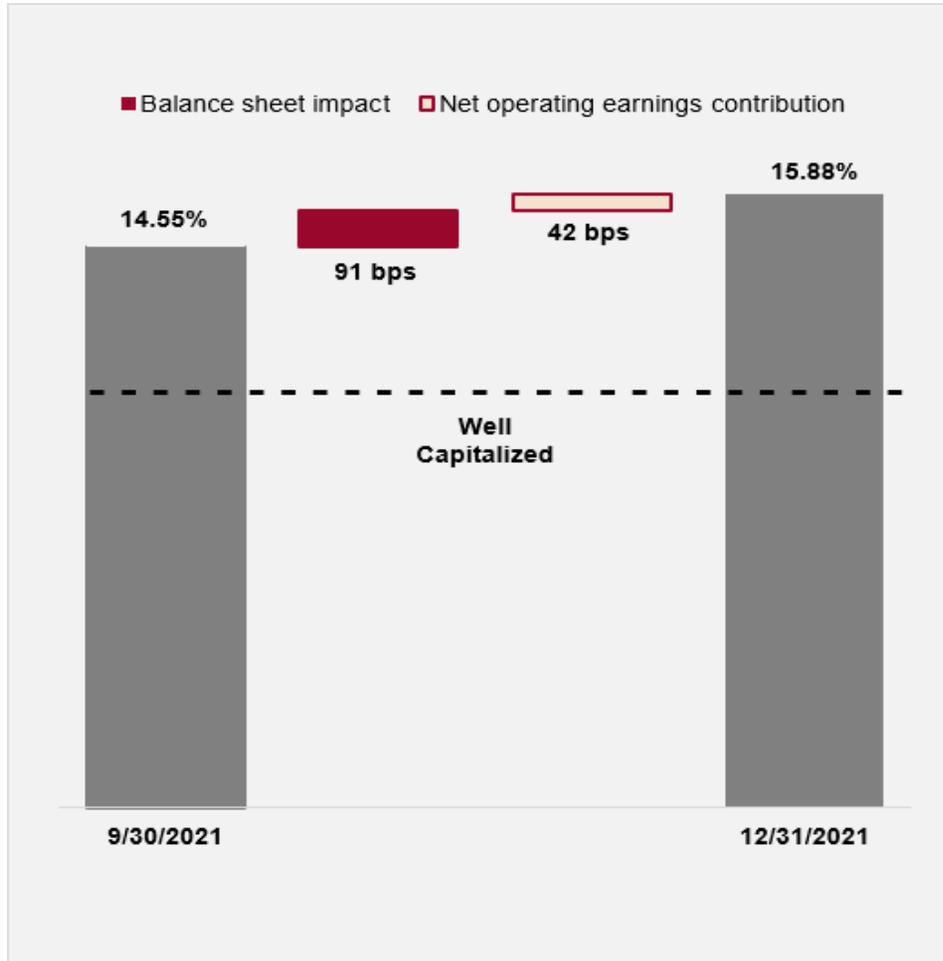


CECL methodology - Forecast

- Used 2-year forecasts as of December reflecting current economic conditions continuing to be impacted by COVID weighted; 40% base, 30% adverse and 30% growth.
- Composite forecast contemplates unemployment ending 2021 at 5% and will continue to recover in 2022.
- GDP continues to recover throughout 2022 and returns to pre-COVID levels in 2023.
- HPI decreases slightly compared to 2021 year-end levels through the second quarter of 2022 before returning back to 2021 year-end levels by the third quarter of 2023.
- CECL day 1 reserve (1/1/2020) was \$140 million (\$130 million ALL and \$10 million unfunded) with a coverage ratio of 1.2% of loans HFI, or 1.5% when excluding warehouse loans.
- Includes specific reserves at 12/31/21 of \$21 million on two commercial nonaccruals totaling \$32 million (remaining exposure of \$11 million).

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

Flagstar Bancorp Total Risk Based Capital Ratio



Observations 4Q21

| | Tier 1 Leverage | CET-1 to RWA | Tier 1 to RWA | Total RBC to RWA |
|------|-----------------|--------------|---------------|------------------|
| 4Q21 | 10.5% | 13.2% | 14.4% | 15.9% |
| 3Q21 | 9.7% | 12.0% | 13.1% | 14.6% |

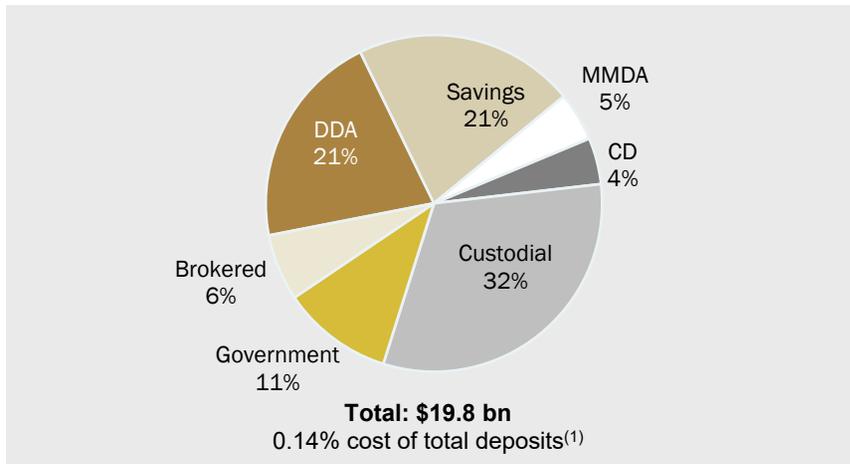
- Estimated \$500 million of excess capital above our internal target operating range for our regulatory capital ratios
- Total risk based capital ratio of 15.9%
 - Total risk based capital ratio would have been 18.0% if the risk-weighting of warehouse loans were adjusted to 50%
- Tier 1 leverage ratio ended the quarter at 10.5%
 - Over 800 basis points of tier 1 leverage attributed to warehouse loans, loans held for sale and loans with government guarantees that have not yet been repurchased

Deposits and Lending

Portfolio and strategy overview

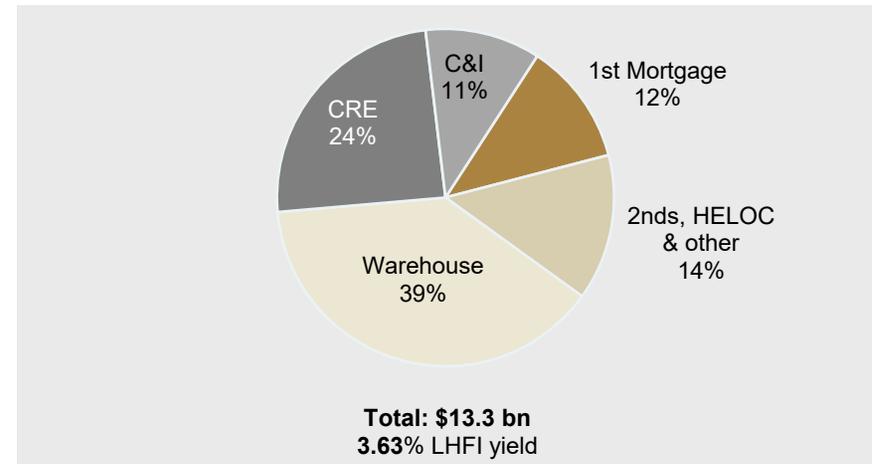
4th Quarter 2021

Total average deposits \$19.8bn



- **Flagstar gathers deposits from consumers, businesses and select governmental entities**
 - Cost of total deposits⁽¹⁾ equal to 0.14%, down 1 basis point from 0.15% in 3Q21
 - 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
 - Deposit growth of 1% with increases primarily in low cost DDA, savings, and custodial deposit balances.

Total average LHFH \$13.3bn



- **Flagstar's largest category of earning assets consists of loans held-for-investment which averaged \$13.3bn during 4Q21**
 - 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
 - Average loans declined \$200 million, or 2 percent, due to seasonally lower warehouse balances and continued prepayments in mortgage loans. Growth in C&I loans partially offset these declines.

1. Total deposits include noninterest bearing deposits.

Commercial lending

Diversified relationship-based approach

4th Quarter 2021

Overview

Warehouse

- Warehouse lines with approximately 544 active relationships nationwide, of which approximately 54% 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

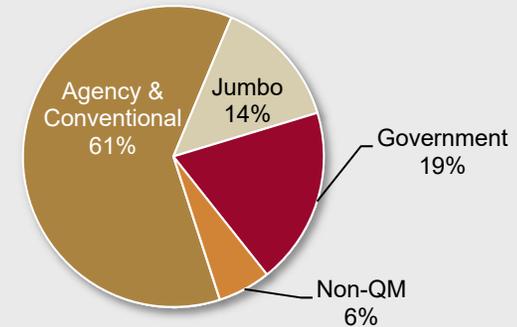
- Diversified property types which are primarily income-producing in the normal course of business
- Focused on experienced top-tier developers with significant deposit and non-credit product opportunities

Commercial & Industrial

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

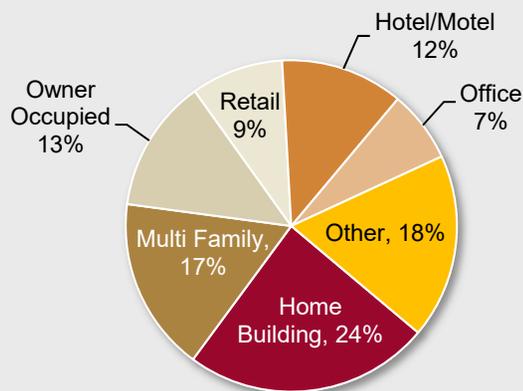
Warehouse - \$5.0bn (12/31/2021)

Collateral Breakdown



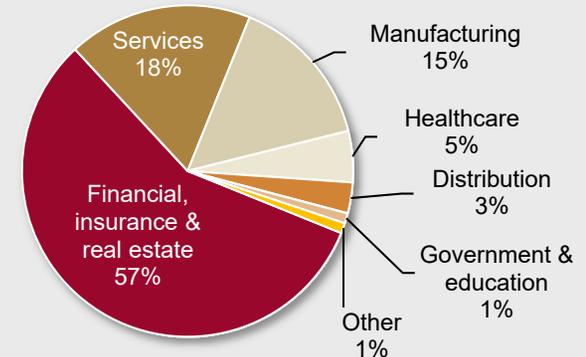
Commercial Real Estate - \$3.2bn (12/31/2021)

Property type



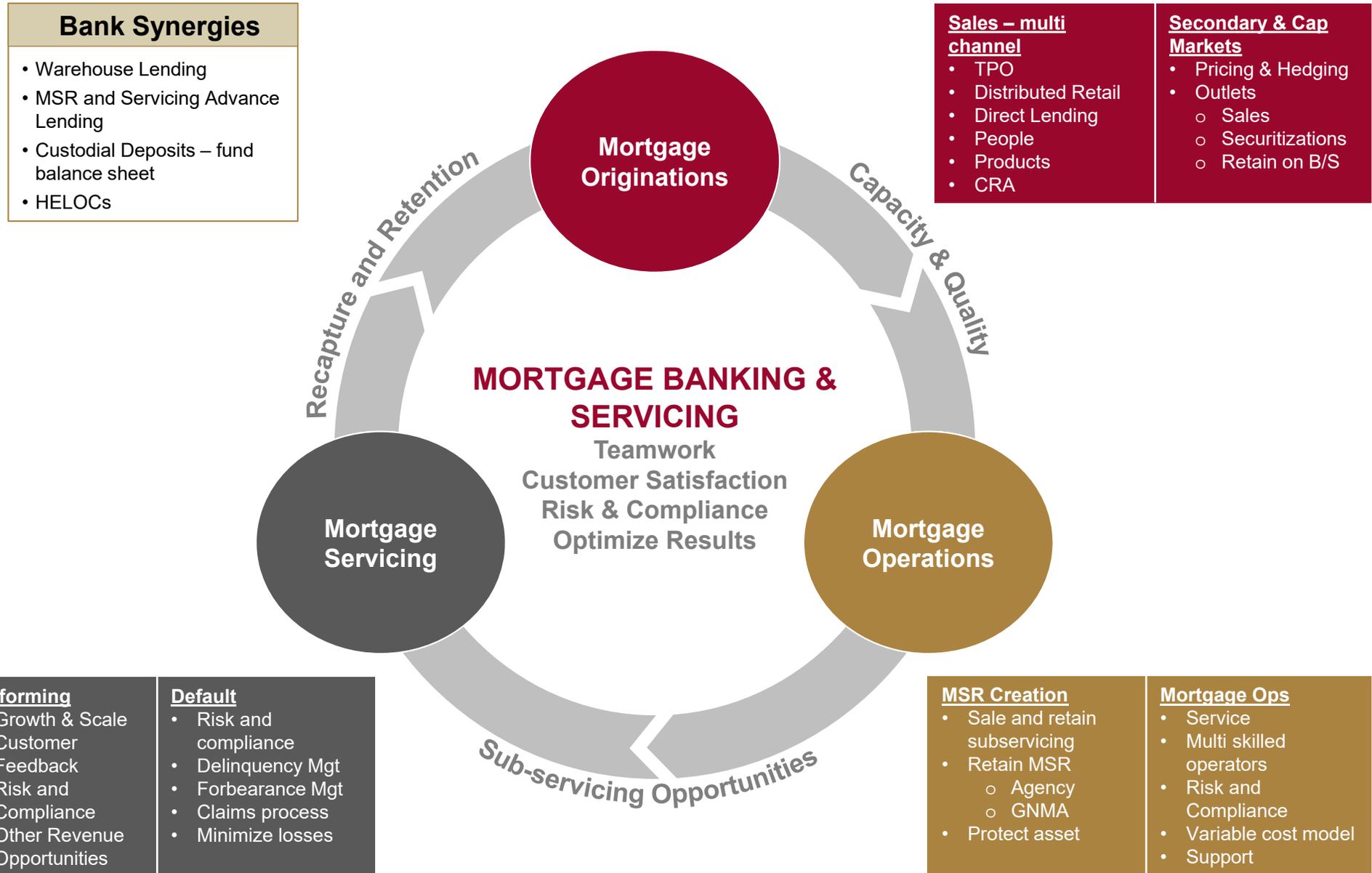
Commercial & Industrial - \$1.8bn (12/31/2021)

Industry



Flagstar's one-stop-shop mortgage model

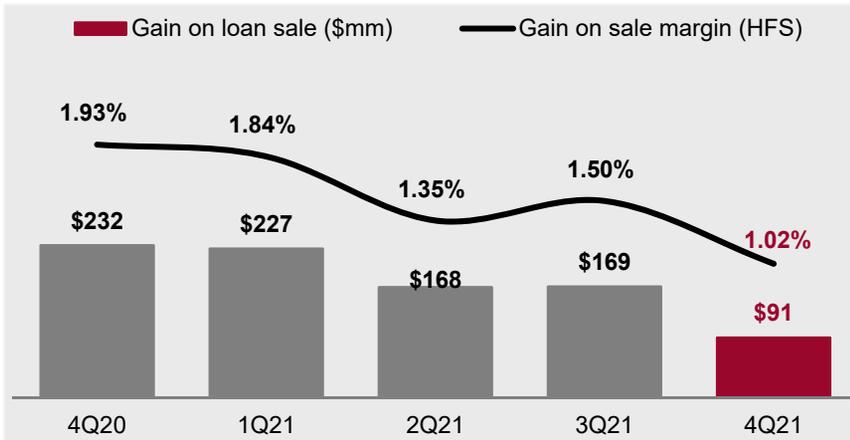
4th Quarter 2021



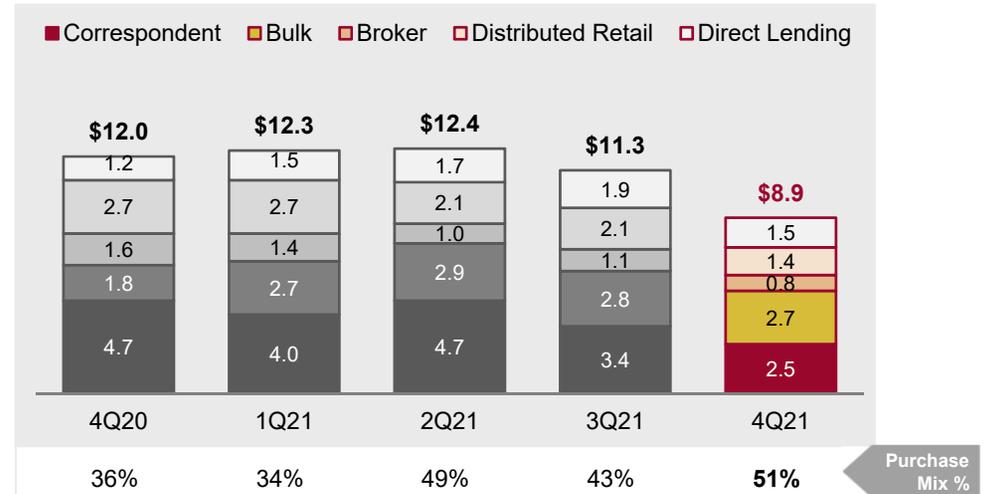
Mortgage originations

4th Quarter 2021

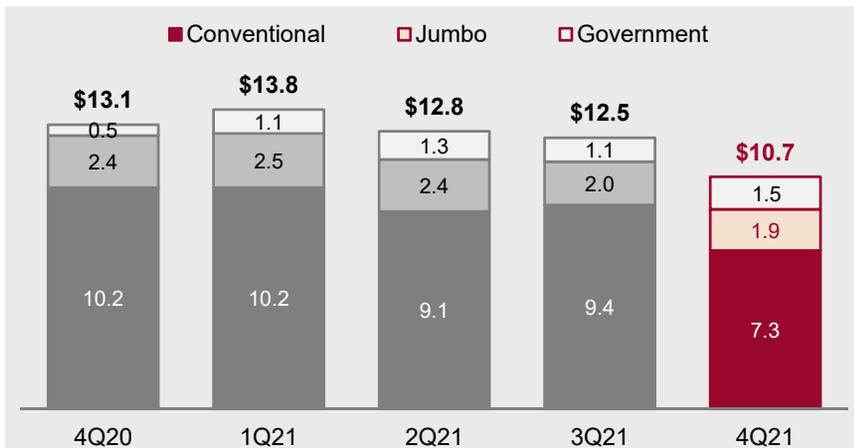
Net gain on loan sales – revenue and margin



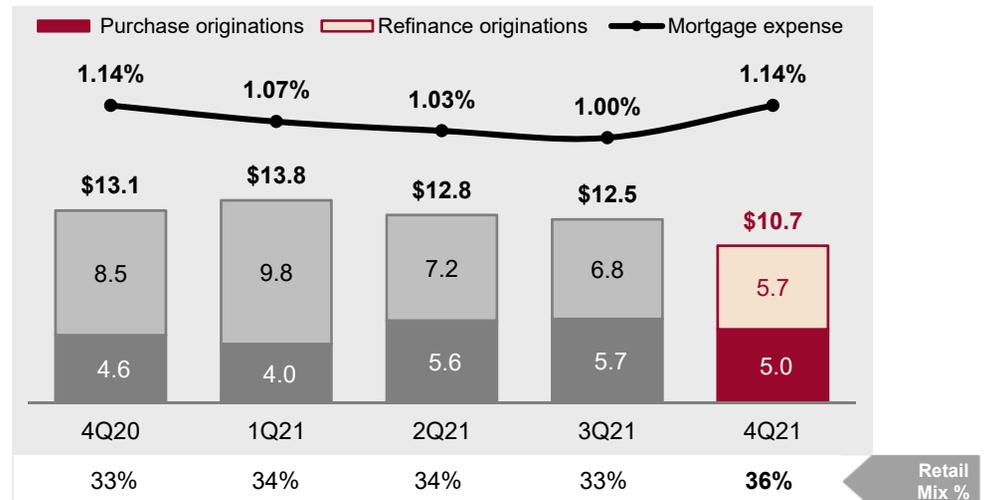
Fallout-adjusted locks by channel (\$bn)



Closings by mortgage type (\$bn)



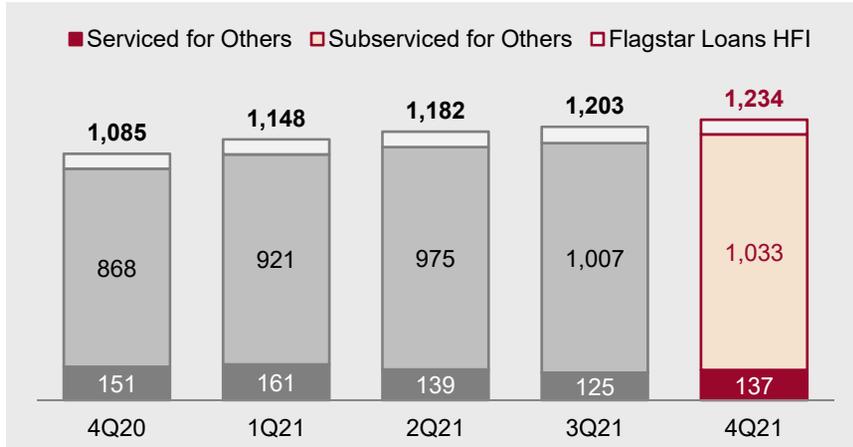
Closings by purpose and expense ratio (\$bn)



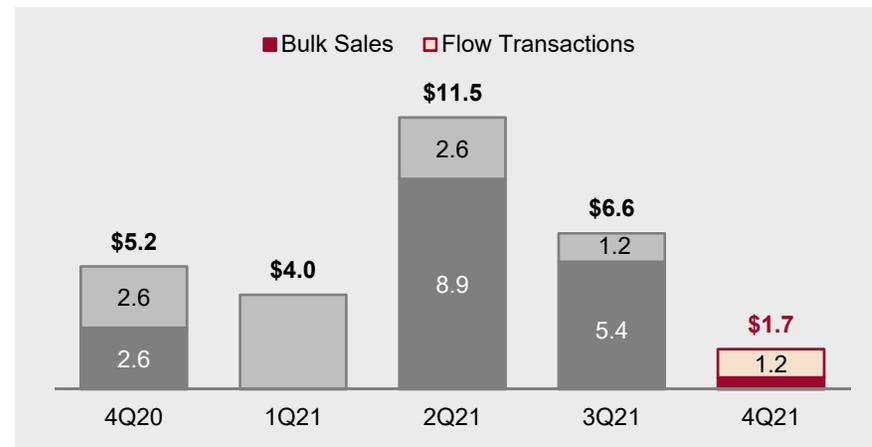
Mortgage servicing

4th Quarter 2021

Quarter-end loans serviced (000's)



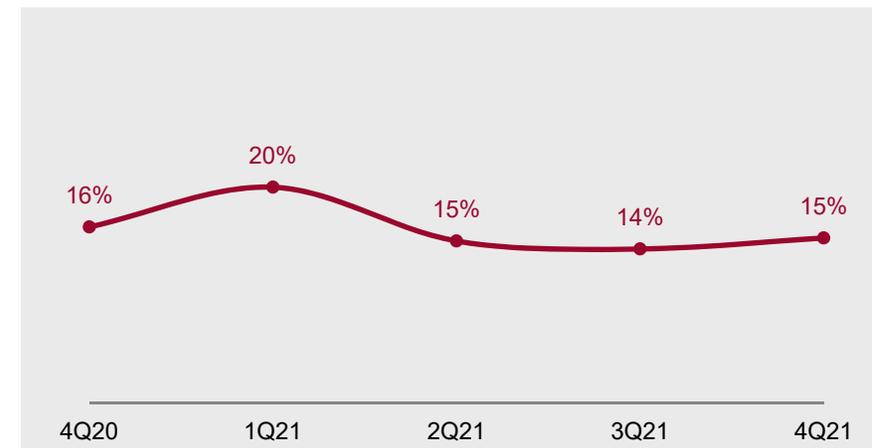
\$ UPB of MSRs sold (\$bn)



Average custodial deposits (\$bn)



MSR / CET1 (Bancorp)



Supporting consumer needs

4th Quarter 2021

Consumer Forbearance as of 12/31/2021 (UPB in \$mm)

| | Total Population | | Total Loans in Forbearance | | | |
|--|------------------|--------------------|----------------------------|--------------------|-------------|---------------|
| | UPB | Number of Accounts | UPB | Number of Accounts | % of UPB | % of Accounts |
| Subserviced for others ⁽¹⁾ | 246,858 | 1,032,923 | 3,952 | 18,349 | 1.6% | 1.8% |
| Serviced for others | 35,074 | 137,243 | 517 | 2,175 | 1.5% | 1.6% |
| Subtotal | 281,932 | 1,170,166 | 4,469 | 20,524 | 1.6% | 1.8% |
| Serviced for own loan portfolio ⁽²⁾ | 8,793 | 63,426 | 218 | 1,156 | 2.5% | 1.8% |
| Total loans serviced | 290,725 | 1,233,592 | 4,687 | 21,680 | 1.6% | 1.8% |

- Significant decrease in new forbearance requests since middle of April 2020
- Proactive customer outreach to evaluate readiness to return to payment or need for further assistance
- Early stage delinquencies increased primarily reflecting borrowers that exited forbearance during the quarter. Actively working with these borrowers to provide a modification solution that will bring them current.
- Over 95 percent of the \$0.2 billion of total loans in forbearance within the serviced for own loan portfolio relate to loans with government guarantees in forbearance that were repurchased and carry little credit risk

1. Includes temporary short-term subservicing performed as a result of sales of servicing-released mortgage servicing rights. Includes repossessed assets.

2. Includes LHF1 (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), loans with government guarantees (residential first mortgage), and repossessed assets.

Appendix

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Flagstar at a glance

Corporate Overview

- Traded on the NYSE (FBC)
- Headquartered in Troy, MI
- Market capitalization \$2.5bn⁽¹⁾
- Member of the Russell 2000 Index

Community banking

- Leading Michigan-based bank with a balanced, diversified lending platform
- \$25.5bn of assets and \$18.0bn of deposits
- 205k household & over 29k business relationships

Mortgage origination

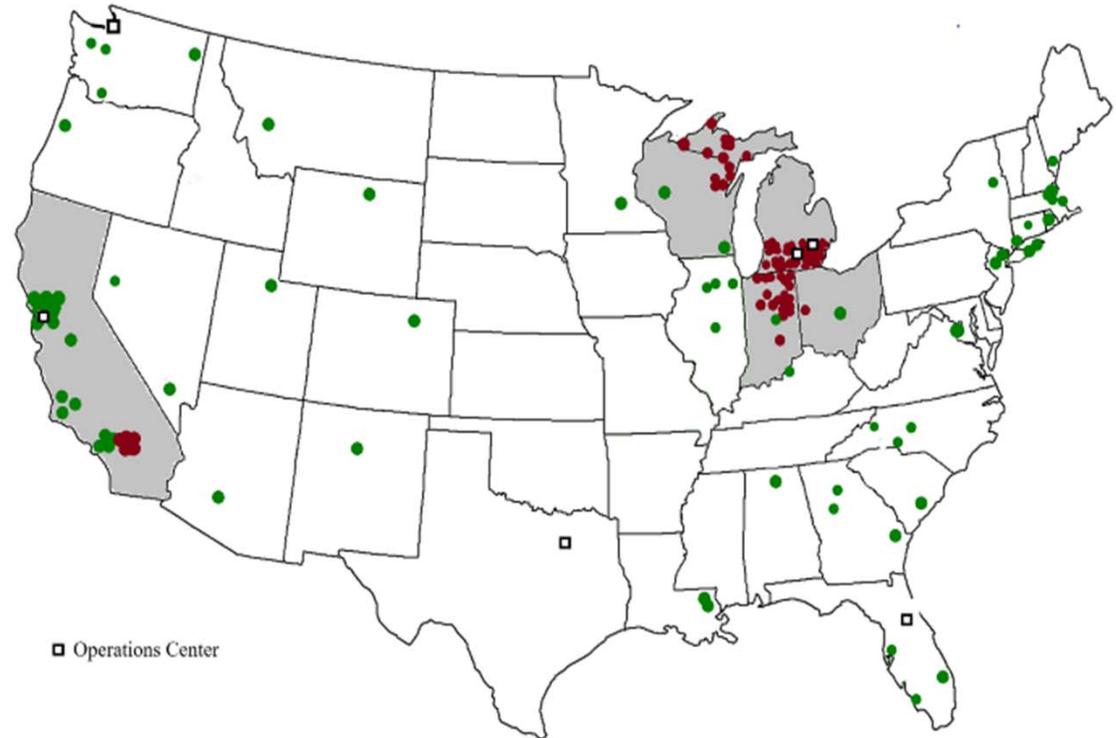
- 6th largest bank originator of residential mortgages (\$49.8bn during twelve months ended December 31, 2021)
- Scalable platform originating business in all channels and all 50 states including 83 retail home lending offices
- More than 1,080 correspondent and more than 1,300 broker relationships

Mortgage servicing

- 6th largest sub-servicer of mortgage loans nationwide
- Servicing 1.2 million loans as of December 31, 2021
- Efficiently priced deposits from escrow balances

158
Flagstar
Bank
Branches

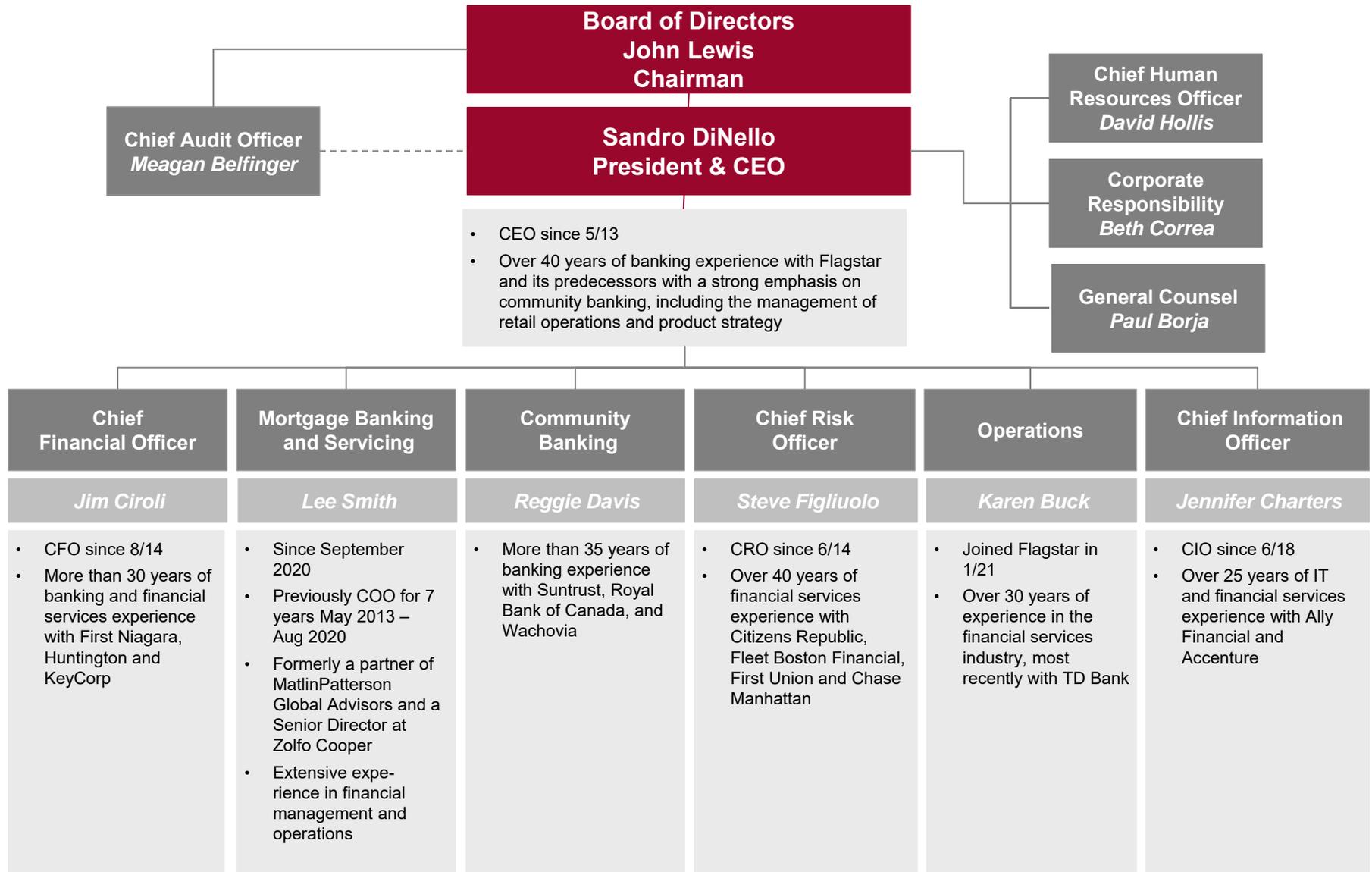
83
Retail home
lending
Offices⁽²⁾



□ Operations Center

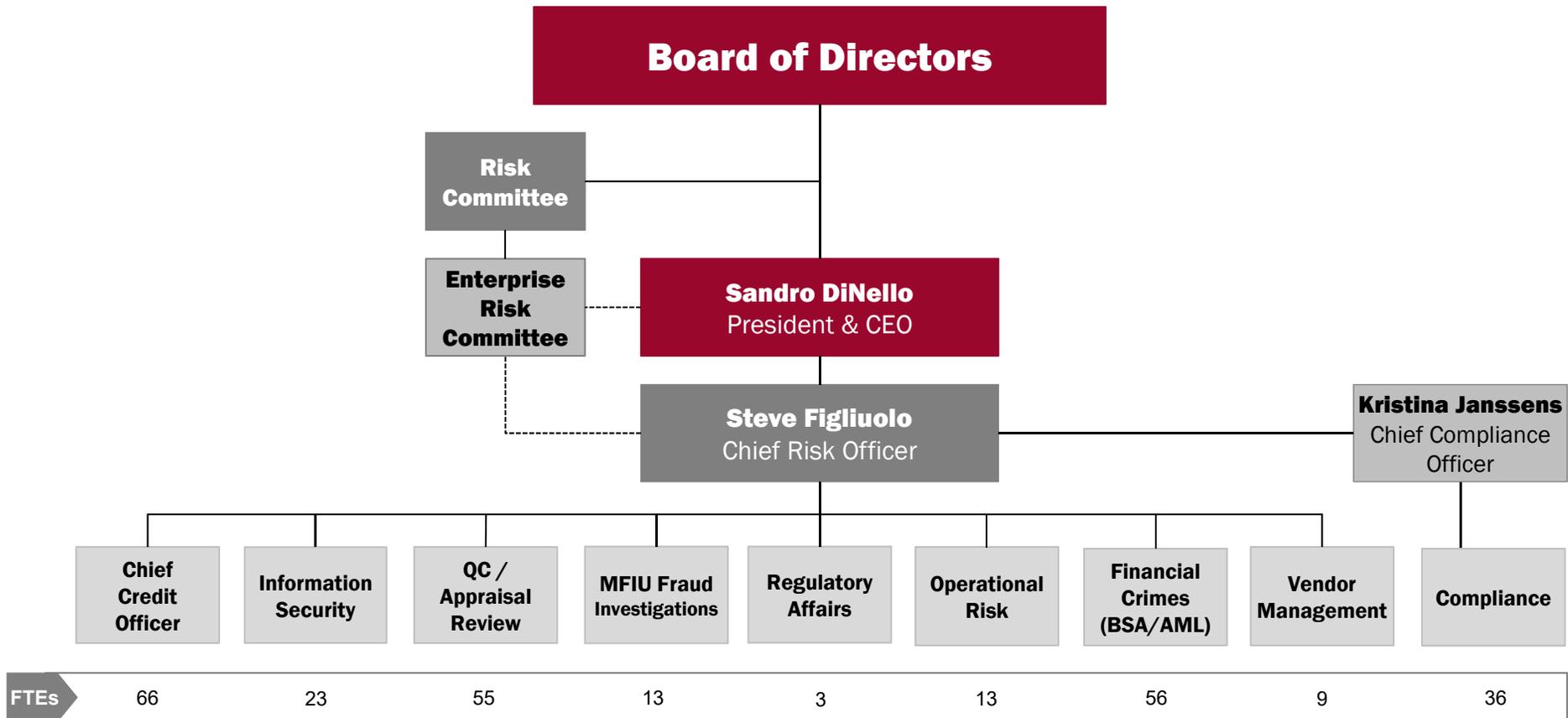
1. Market capitalization as of January 25, 2022
 2. Includes eight home lending offices located in banking branches.

Flagstar has a strong executive team



Risk management

Best-in-class risk management platform with 274 FTEs⁽¹⁾

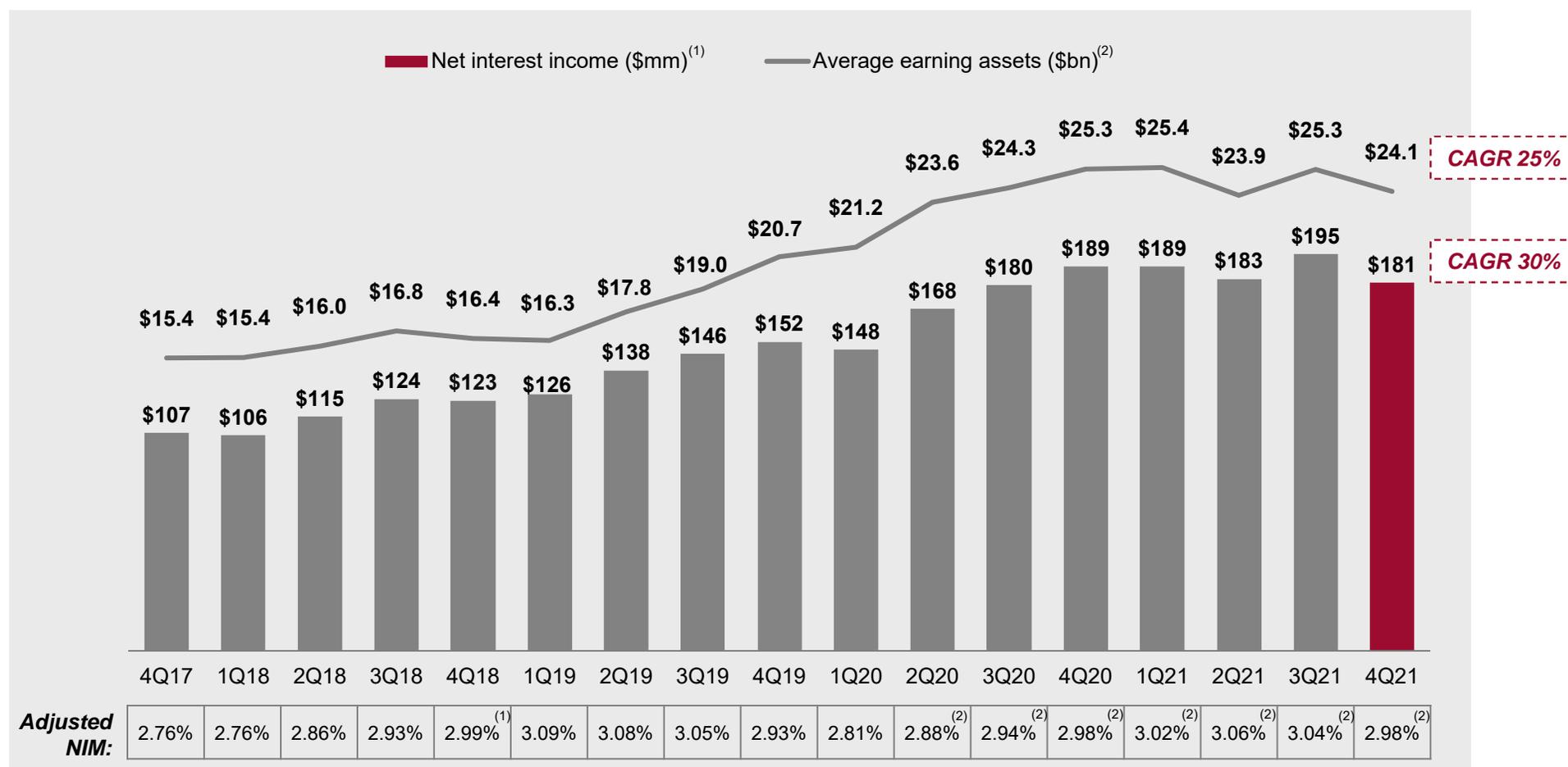


1. Does not include 26 FTEs in internal audit as of 12/31/2021.

Higher net interest income is stabilizing earnings

- Achieving earning asset growth while continuing to grow net interest income
 - Growth in net interest margin across time reflects migration to an increase in low cost deposit funding
- Transition to more stable net interest income

Average earning assets and net interest income



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 pages 42 - 43.
 2. References non-GAAP number as it excludes impact of \$0.1 billion (2Q20), \$1.4 billion (3Q20), \$1.8 billion (4Q20), \$1.8 billion (1Q21), \$1.3 billion (2Q21), \$0.4 billion (3Q21), and \$0.2 billion (4Q21) of average balance of loans with government guarantees that have not been repurchased and do not accrue interest. Please see reconciliations on pages 42 - 43.

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

| 2021 Rank | Institution | Branches | Deposits as of | | % YoY Change |
|---------------|-----------------------|--------------|-------------------|------------|--------------|
| | | | 06/30/2021 (\$mm) | Share | |
| 1 | JPMorgan Chase | 194 | \$74,621 | 24% | 18% |
| 2 | Huntington | 415 | 39,892 | 13% | 0% |
| 3 | Comerica | 193 | 39,011 | 12% | 10% |
| 4 | Bank of America | 82 | 30,661 | 10% | 5% |
| 5 | PNC | 152 | 23,361 | 7% | 10% |
| 6 | Fifth Third | 182 | 21,862 | 7% | 1% |
| 7 | Flagstar | 114 | 17,579 | 6% | 2% |
| 8 | Citizens | 75 | 6,837 | 2% | 7% |
| 9 | Independent | 67 | 3,929 | 1% | 10% |
| 10 | Mercantile Bank Corp. | 39 | 3,676 | 1% | 12% |
| Top 10 | | 1,513 | \$261,428 | 84% | 8% |

Key Markets

| Market | Flagstar Deposits | | Deposit mkt share | Median HHI | Proj HHI growth ⁽⁵⁾ | Proj pop growth ⁽⁵⁾ |
|--|-------------------|------------|-------------------|------------------|--------------------------------|--------------------------------|
| | \$mm | % of total | | | | |
| Oakland County, MI ⁽¹⁾ | \$ 6,966 | 53.6% | 9.0% | \$ 86,562 | 10.7% | 1.4% |
| Grand Rapids, MI MSA | 342 | 2.6% | 1.1% | 68,835 | 10.2% | 2.7% |
| Ann Arbor, MI MSA | 256 | 2.0% | 2.0% | 78,844 | 12.5% | 1.7% |
| Fort Wayne, IN ⁽²⁾ | 925 | 7.1% | 7.3% | 60,610 | 9.4% | 2.8% |
| Key Midwest Markets ⁽³⁾ | 8,490 | 65.3% | 6.4% | 82,786 | 10.6% | 1.6% |
| San Bernardino County, CA ⁽⁴⁾ | 760 | 5.8% | 1.0% | 60,922 | 12.8% | 3.6% |
| National aggregate | | | | \$ 67,761 | 9.0% | 2.9% |

Source: S&P Global Market Intelligence; Note: Deposit data as of June 30, 2021 and projections based on 2021 estimates; MI-based banks highlighted.

1. Oakland County data excludes \$5.7bn of custodial deposits held at company headquarters.

2. Fort Wayne, IN deposit data is based on Fort Wayne, IN Fed District. Fort Wayne, IN demographic data is based on counties within Fort Wayne, IN Fed District, deposit weighted based on Flagstar's portfolio.

3. Key Midwest Markets Median HHI, based on Flagstar's portfolio.

4. Deposit data is based on High Desert Region of San Bernardino County, CA. projected HHI growth and projected population growth are deposit weighted

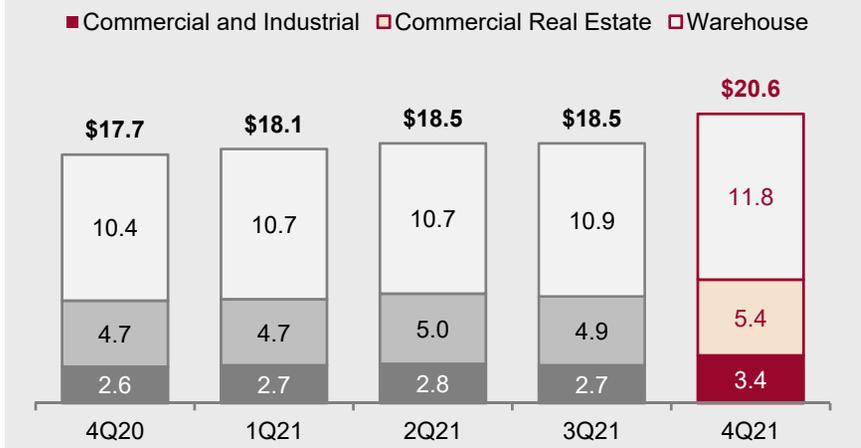
5. 2021–2026 growth rates

Community banking

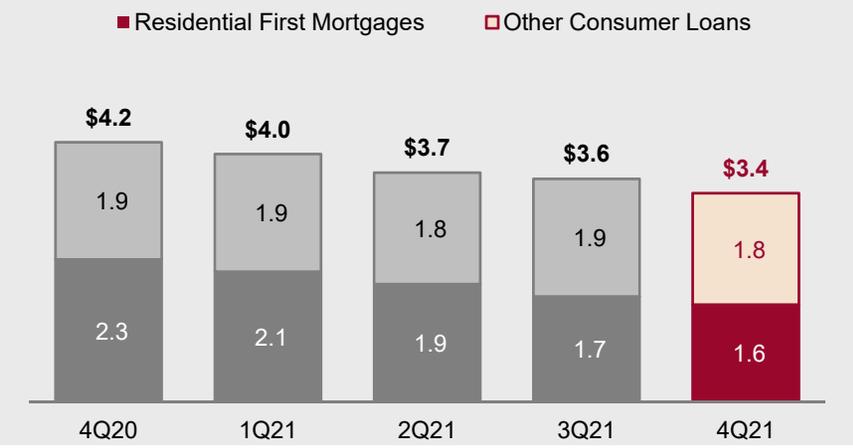
Average commercial loans (\$bn)



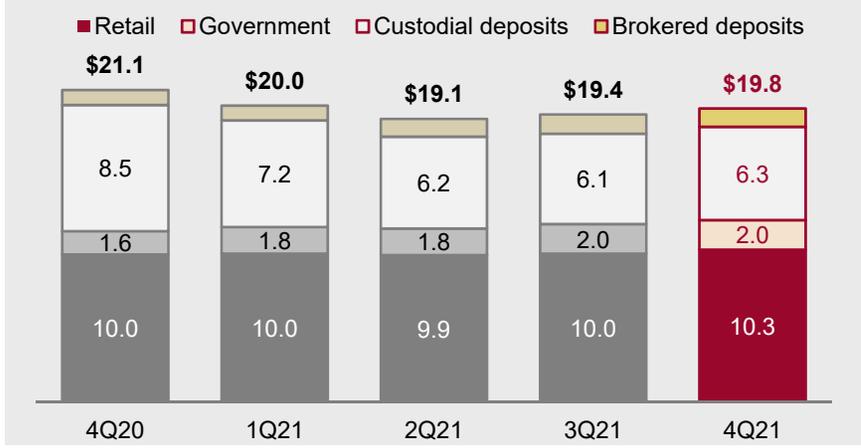
Quarter-end commercial loan commitments (\$bn)



Average consumer loans (\$bn)



Average deposit funding⁽¹⁾ (\$bn)



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

Commercial real estate portfolio detail

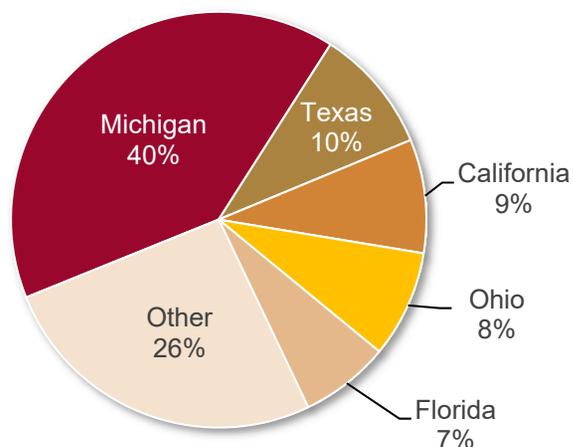
Commercial Real Estate (\$bn)

| | NBV | Commitment | %Utilization |
|------------------------|---------------|---------------|--------------|
| Home Builder | \$ 0.8 | \$ 2.1 | 37.1% |
| Multi Family | 0.5 | 1.0 | 54.5% |
| Owner Occupied | 0.4 | 0.4 | 96.9% |
| Hotel/Motel | 0.4 | 0.4 | 85.6% |
| Retail | 0.3 | 0.3 | 87.4% |
| Senior Living Facility | 0.3 | 0.3 | 76.3% |
| Office | 0.2 | 0.3 | 91.5% |
| Industrial | 0.1 | 0.2 | 53.0% |
| Parking Garage/Lot | 0.1 | 0.1 | 99.8% |
| All Other | 0.1 | 0.3 | 33.0% |
| Total CRE | \$ 3.2 | \$ 5.4 | 58.3% |

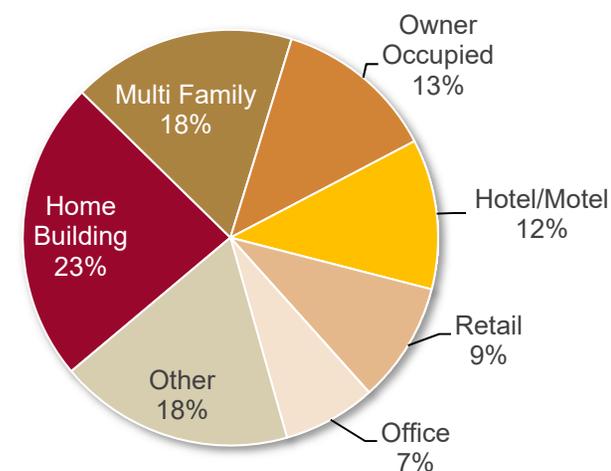
Portfolio Characteristics

- Average LTV ~54% and DSC ~2.2%
- 60% LIBOR / 36% Prime Rate / 4% Fixed Rate
- 96% of portfolio has Prime and LIBOR rate floors at or greater than 0%
- Shared National Credits ~6% of portfolio

State Breakdown (by collateral location)



Property Breakdown



Commercial and industrial portfolio detail

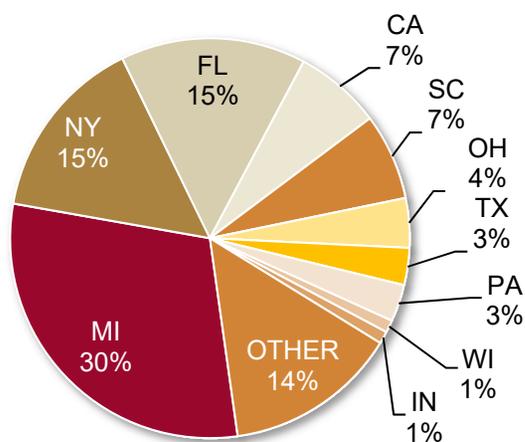
Commercial & Industrial (\$bn)

| | NBV | Commitment | % Utilization |
|-----------------------|---------------|---------------|---------------|
| Financial & Insurance | \$ 0.6 | \$ 1.2 | 47.0% |
| Services | 0.3 | 0.5 | 65.5% |
| Manufacturing | 0.3 | 0.4 | 67.2% |
| Home Builder Finance | 0.3 | 0.7 | 40.6% |
| Rental & Leasing | 0.2 | 0.4 | 57.5% |
| All Other | 0.1 | 0.2 | 39.3% |
| Total C&I | \$ 1.8 | \$ 3.4 | 53.2% |

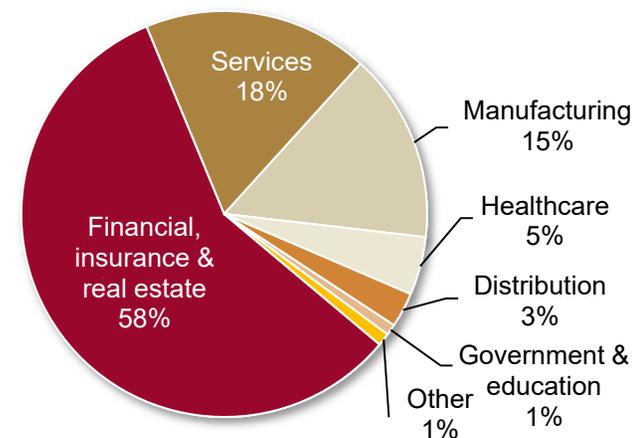
Portfolio Characteristics

- 85% LIBOR / 5% Fixed Rate / 10% Prime Rate
- Approximately 95% of portfolio has Prime and LIBOR rate floors at or greater than 0%
- Shared national credits ~47% of portfolio

State Breakdown



Industry Breakdown



Allowance for credit losses

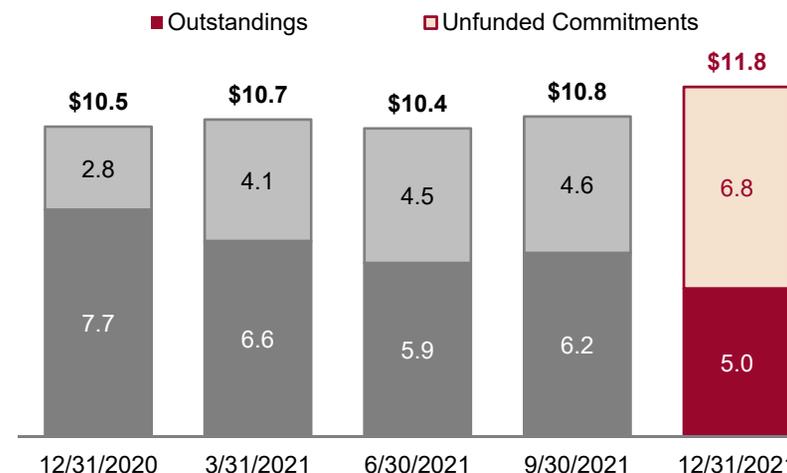
| | September 30, 2021 | | December 31, 2021 | |
|--|-----------------------|-----------|-----------------------|-----------|
| | Amount ⁽¹⁾ | % of LHFI | Amount ⁽¹⁾ | % of LHFI |
| (\$ in millions) | | | | |
| Consumer: | | | | |
| Residential First Mortgage | \$ 43 | 2.7% | \$ 40 | 2.6% |
| Home Equity | 15 | 2.3% | 14 | 2.3% |
| Other Consumer | 33 | 2.7% | 37 | 3.0% |
| Total Consumer | 91 | 2.6% | 91 | 2.7% |
| Commercial: | | | | |
| Commercial Real Estate | 47 | 1.5% | 38 | 1.2% |
| Commercial and Industrial | 47 | 3.4% | 36 | 2.0% |
| Warehouse Lending | 5 | 0.1% | 5 | 0.1% |
| Total Commercial | 99 | 0.9% | 79 | 0.8% |
| Total Credit Reserve | \$ 190 | 1.3% | \$ 170 | 1.3% |
| Total Credit Reserve Excluding Warehouse | \$ 185 | 2.3% | \$ 165 | 2.0% |

1. Includes reserve for unfunded commitment of \$19 million and \$16 million at 09/30/21 and 12/31/2021, respectively.

Warehouse lending

- National relationship-based lending platform
- Attractive asset class with good spreads and low credit risk
- Flagstar is well positioned to hold market share, leveraging relationships in complementary lines of business, including home builder finance and mortgage originations
- **Collateral Breakdown:** Agency & Conventional 61.6%
Government 18.5% / Jumbo 14.2% / Non-QM 5.7%

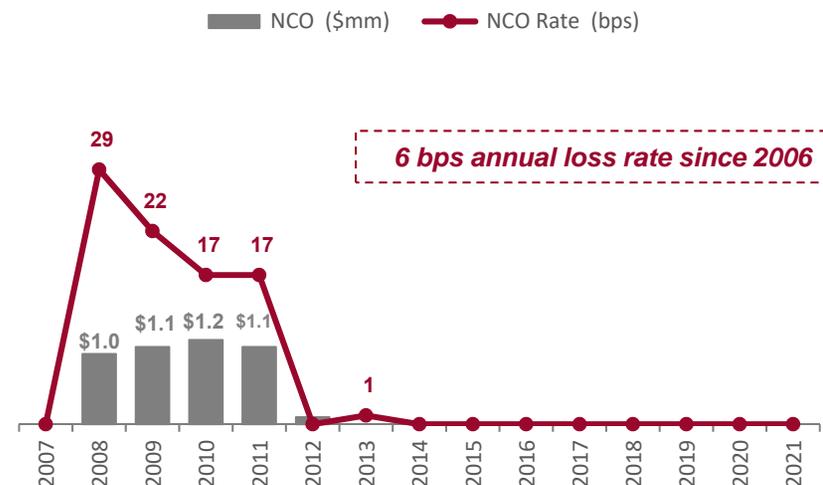
FBC warehouse loan commitments (\$bn)



Lenders ranked by commitments (\$mm)

| Rank | Institution | YOY Growth | 3Q21 Total | Share |
|--------|-----------------------|------------|------------|-------|
| 1 | JPMorgan Chase | 10% | \$23,000 | 16% |
| 2 | First Horizon | 12% | 11,642 | 8% |
| 3 | Flagstar | 11% | 10,876 | 7% |
| 4 | TIAA FSB | 18% | 10,400 | 7% |
| 5 | Truist Bank | 18% | 9,374 | 6% |
| 6 | Texas Capital | -9% | 8,528 | 6% |
| 7 | Merchants Bank | 7% | 8,500 | 6% |
| 8 | Wells Fargo | -13% | 6,100 | 4% |
| 9 | Western Alliance Bank | 47% | 5,561 | 4% |
| 10 | Customers Bank | 6% | 5,400 | 4% |
| Top 10 | | 9% | \$99,381 | 68% |

Net charge-offs



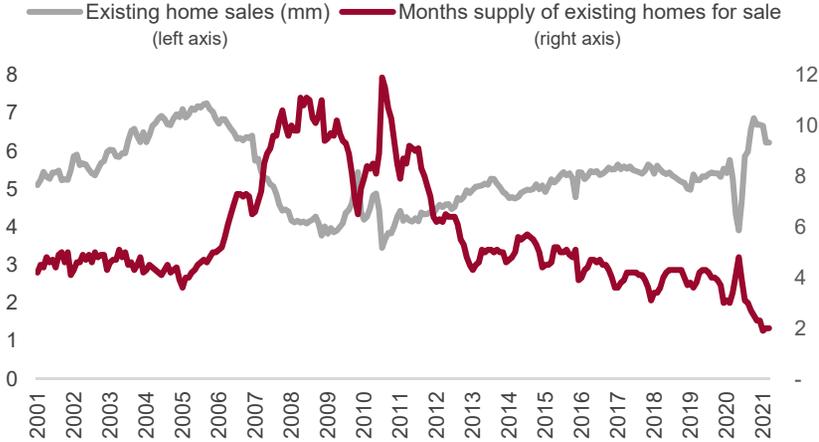
Source: Inside Mortgage Finance Report published on November 19, 2021, with balances as of September 2021

Home builder finance

Overview

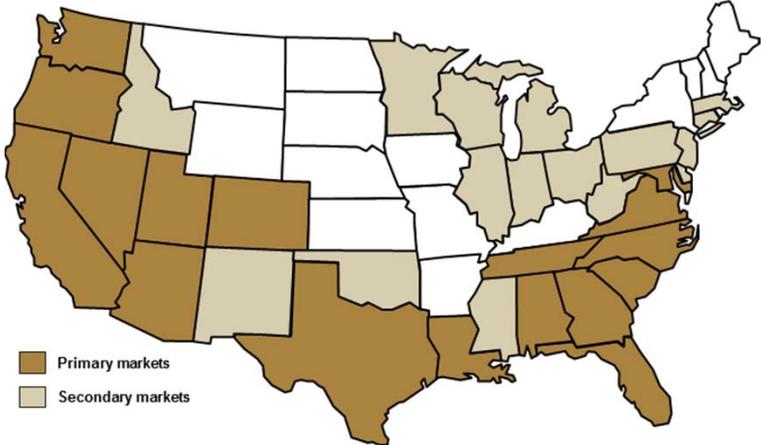
- National relationship-based lending platform launched in 1Q16
 - Attractive asset class with good spreads (~375 bps)
 - Meaningful cross-sell opportunities including warehouse loans, commercial deposits and purchase originations
- Flagstar is well positioned
 - Focused on markets with strong housing fundamentals and higher growth potential
 - We have direct relationships with 10 of the top 10 and do business with 63 of the top 100 builders nationwide (86 of the top 200) through December 2021.

Tightening housing supply

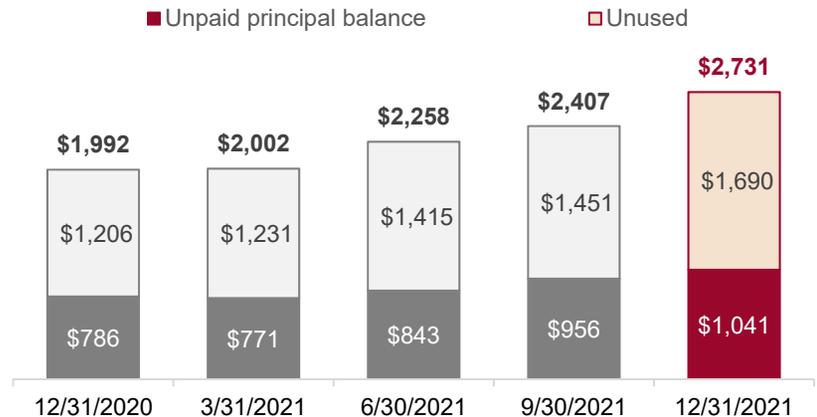


Source: Bloomberg (through 9/30/20)

Home builder finance footprint



Home builder loan commitments⁽¹⁾ (\$mm)



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

Leverage lending and SNCs

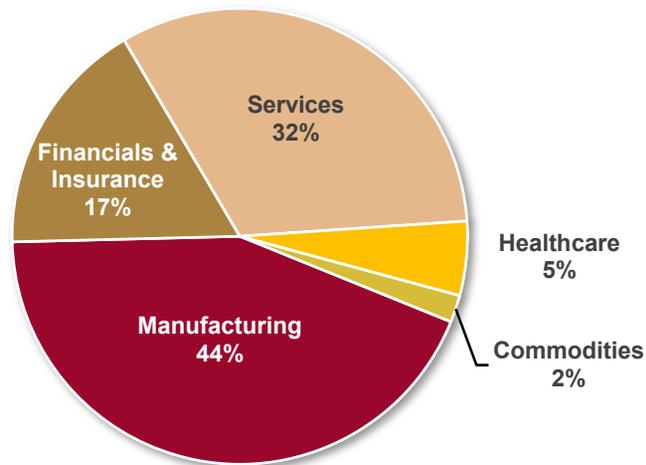
Leverage lending commentary

- Average UPB of ~\$16 million per loan
- Loans totaling \$32 million of UPB classified as nonperforming
- Loans totaling \$48 million of UPB are rated as special mention or substandard
- SNCs comprised \$186 million of total leveraged loan UPB

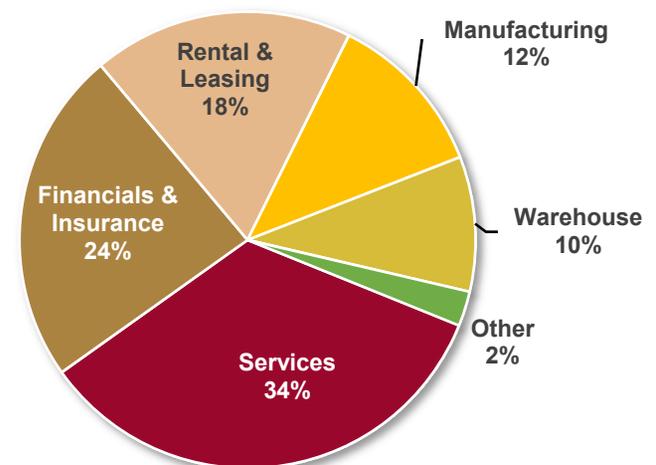
Shared national credits “SNCs” commentary

- 77 borrowers, average UPB of \$13 million and average commitment of \$17 million
- Total SNC breakdown: C&I ~73% / CRE ~17% / Warehouse ~10%
- No nonperforming loans as of 12/31/21
- Loans totaling \$45 million are rated as special mention or substandard

Portfolio Composition - \$0.3bn UPB (12/31/21)



Portfolio Composition - \$1.0bn UPB (12/31/21)



COVID-19 impacted industry exposure

4th Quarter 2021

Commercial Exposure - \$1.1 billion, 8.6% of LHFI

Commercial & Industrial Loans

| | | |
|------------------------------------|--|--|
| Automotive | Manufacturing, automotive suppliers | \$56 million UPB / 3% of loans No loans in deferral or classified as nonperforming |
| Leisure & Entertainment | Includes restaurants, churches, theatres, etc. | \$127 million / 7% of loans No loans in deferral \$10 million in nonperforming loans |
| Healthcare | Hospitals, HMO Medical Centers | \$84 million / 5% of loans No loans in deferral or classified as nonperforming |

Commercial Real Estate Loans

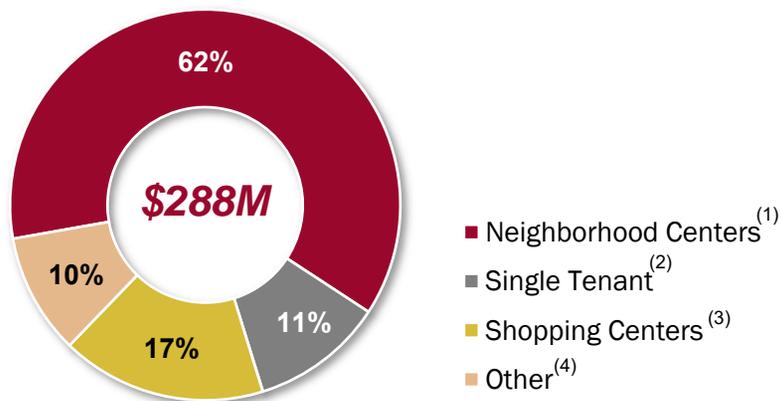
| | | |
|-----------------------|--|---|
| Retail | ~ 100% in footprint; 73% are neighborhood centers or single-tenant properties | \$288 million / 2.2% of loans (45 loans) No loans in deferral or classified as nonperforming |
| Hotel | Marriott, Hilton, IHG and Hyatt flagship hotels comprise 80% of portfolio | \$382 million / 2.9% of loans (13 loans) No loans in deferral or classified as nonperforming |
| Senior Housing | Geographically diverse; facilities in 8 different metro areas. All have recourse to strong borrowers | \$212 million / 1.6% of loans (12 loans) No loans in deferral or classified as nonperforming |

COVID Impacted Sectors – CRE

as of December 31, 2021 (\$mm)

| (\$mm) | | | Portfolio Characteristics | | | | | | | Credit Quality | | | | Credit Metrics (Pre-COVID) | | |
|----------------|---------------|-------------|---------------------------|------------------|-----------------|--------------|--------------------|--------------|-------------|----------------|-------------|-----------|-----|----------------------------|-----|--|
| | UPB | % of LHFI | Median Loan Size | Top 10 Borrowers | Total Borrowers | SNCs | Footprint Exposure | Construction | \$ Deferred | \$ Past Due | \$ NPLs | Watch | DSC | LTV | Occ | |
| Hotel | 382 | 2.9% | \$ 18.9 | 96% | 13 | \$ 19 | 46% | 54% | \$ - | \$ - | \$ - | 16% | 1.4 | 60% | 61% | |
| Retail | 288 | 2.2% | 1.7 | 79% | 45 | - | 100% | 3% | - | - | - | 0% | 1.7 | 48% | 95% | |
| Senior Housing | 212 | 1.6% | 10.9 | 93% | 12 | - | 19% | 51% | - | - | - | 10% | 1.7 | 62% | 84% | |
| Total | \$ 882 | 6.6% | \$ 11.4 | | 70 | \$ 19 | | | \$ - | \$ - | \$ - | 9% | | | | |

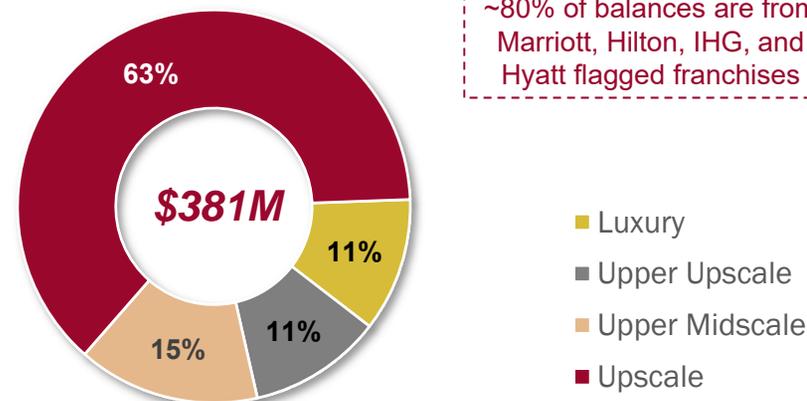
Retail UPB (as of December 31, 2021) (\$mm)



Retail Descriptions

1. Retail centers < 100,000 sq. ft. – generally anchored by grocery stores
2. Single Tenant – Pharmacies 75%
3. Power centers
4. Other – includes one regional mall with \$16mm in UPB

Hotel UPB⁽⁵⁾ (as of December 31, 2021) (\$mm)



5. Classifications as determined by STR Chain Scales

MSR portfolio

MSR portfolio statistics

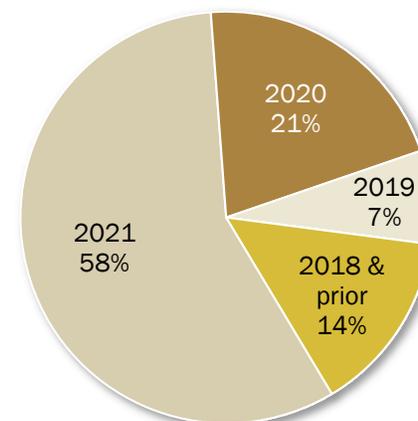
| Measure (\$mm) | 9/30/2021 | 12/31/2021 | Difference |
|--------------------------------|-----------|------------|------------|
| Unpaid principal balance | \$31,351 | \$34,766 | \$3,415 |
| Fair value of MSR | \$340 | \$392 | \$52 |
| Capitalized rate (% of UPB) | 1.08% | 1.12% | 4 bps |
| Multiple | 3.351 | 3.580 | 0.229 |
| Note rate | 3.37% | 3.31% | (6) bps |
| Service fee | 0.31% | 0.31% | 0 bps |
| Average Measure (\$000) | | | |
| UPB per loan | \$252 | \$256 | \$4 |
| FICO | 731 | 734 | 3 |
| Loan to value | 73.42% | 72.56% | (64) bps |

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

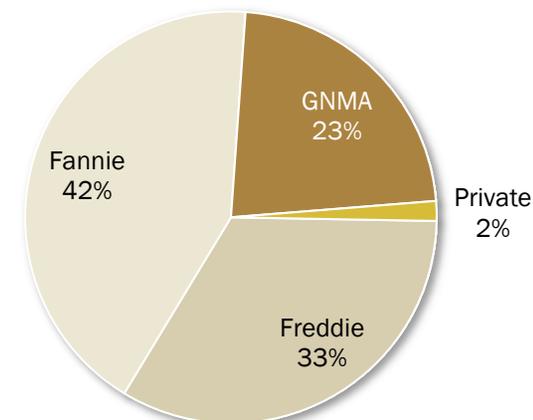
| \$ Return | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net hedged profit (loss) | \$3 | \$2 | \$4 | \$3 | \$7 |
| Carry on asset | 30 | 34 | 27 | 24 | 22 |
| Run-off | (34) | (39) | (28) | (20) | (18) |
| EBO MSR Write-off | - | (2) | (8) | (7) | (0) |
| Gross return on the MSR (\$) | (\$1) | (\$5) | (\$5) | \$0 | \$10 |
| Sale transaction & P/L | 1 | 5 | 0 | (3) | 1 |
| Model changes | - | - | - | 12 | 8 |
| Net return on the MSR (\$) | (\$0) | (\$0) | (\$5) | \$9 | \$19 |
| Average MSR (\$) | \$347 | \$369 | \$396 | \$290 | \$358 |
| Net return on the MSR (%) | -0.2% | 0.0% | -4.9% | 12.3% | 20.5% |

MSR portfolio characteristics (% UPB)

By Vintage



By Investor



Servicing

Servicing Profitability

| (\$mm) | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 |
|---|---------------|---------------|---------------|---------------|---------------|
| Net interest income | | | | | |
| Interest income (FTP) | \$ 8 | \$ 6 | \$ 5 | \$ 6 | \$ 6 |
| Interest expense on custodial deposits ⁽¹⁾ | (3) | (2) | (2) | (2) | (2) |
| Total net interest income | 5 | 4 | 3 | 4 | 4 |
| Noninterest income ⁽²⁾ | | | | | |
| Service fee income | 37 | 36 | 36 | 36 | 42 |
| Ancillary fee income | 23 | 18 | 19 | 20 | 18 |
| Late fee income | 2 | 4 | 4 | 4 | 3 |
| Total noninterest income | 62 | 58 | 59 | 60 | 63 |
| Noninterest expense⁽³⁾ | (47) | (46) | (45) | (47) | (47) |
| Earnings before Tax | \$ 20 | \$ 16 | \$ 17 | \$ 17 | \$ 20 |
| Average Custodial Deposits (\$bn) | \$ 8.5 | \$ 7.2 | \$ 6.2 | \$ 6.3 | \$ 6.3 |
| Average Loans Serviced for Others (000's) | 1,095 | 1,117 | 1,165 | 1,192 | 1,218 |

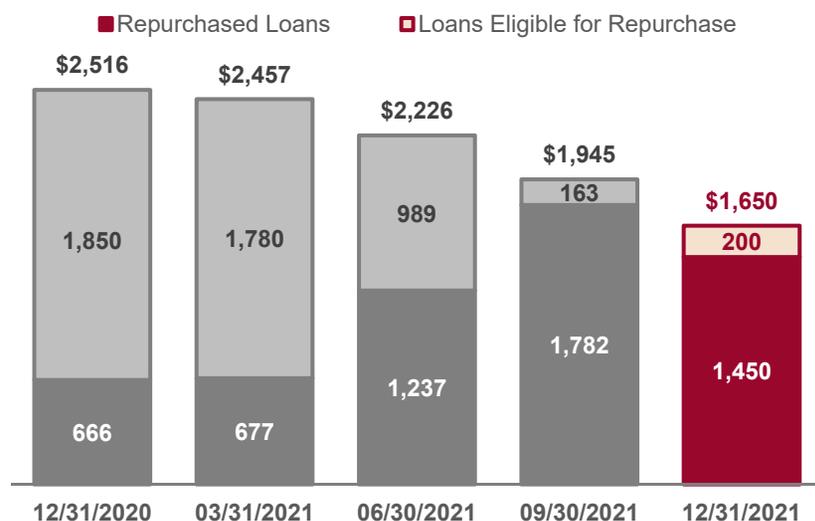
1. Expense on custodial deposits from loans subserviced which is included in net loan administration income for GAAP purposes. Includes intersegment allocation.

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.

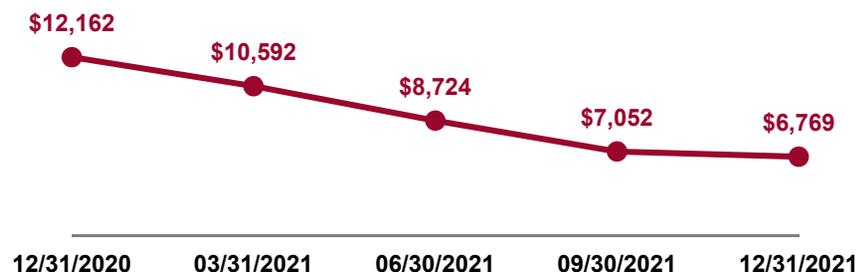
3. Includes direct allocations.

Loans with government guarantees (LGG)

LGG end of period balance (\$mm)



GNMA MSR UPB end of period (\$mm)



LGG Overview

General Overview

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

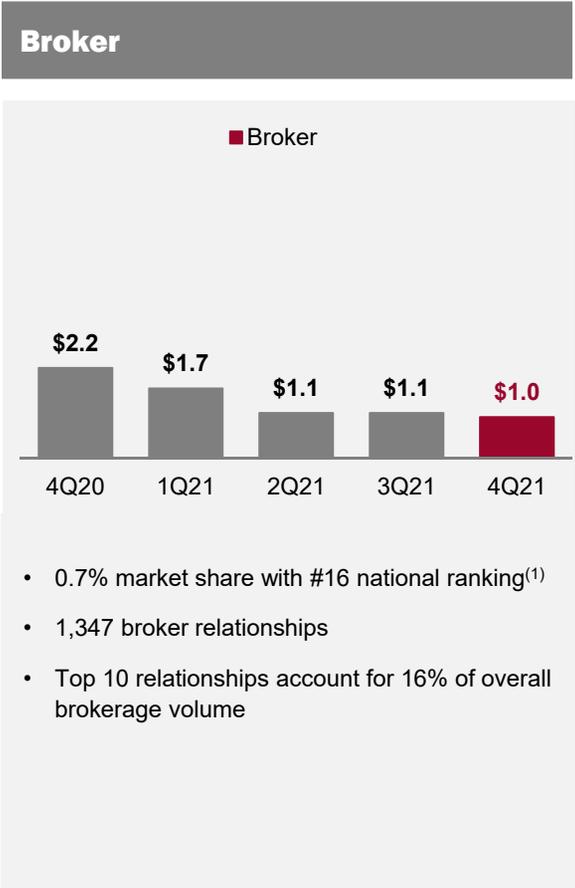
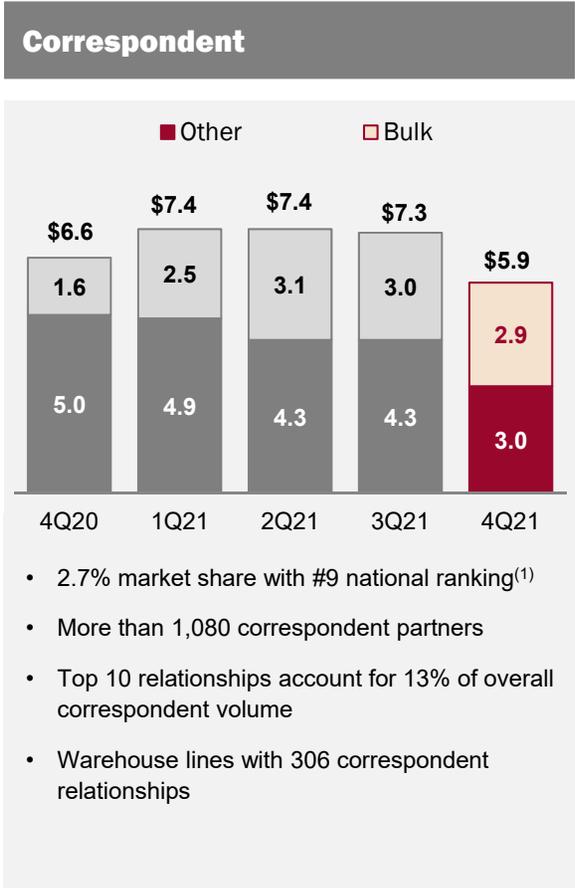
Impact/Opportunity

- \$0.2 billion GNMA loans (3%) are in forbearance as of 12/31/2021, of which \$0.2 billion are recognized on the balance sheet
- Repurchased approximately \$69 million of eligible GNMA forbearance loans during Q4 which resulted in an \$0.3 million write off (loss) of the associated MSR in 4Q21 (\$7.4 million impact in 3Q21)
- We anticipate the loans on our balance that have been repurchased, or will be in the future, will be re-securitized for expected gains of approximately \$50+ million⁽¹⁾ over the course of future quarters.

1) See cautionary statements on slide 2 related to forward-looking statements, as estimate does not include the potential impact of purchase accounting adjustments resulting from the previously announced, and currently pending merger.

National distribution through multiple channels

Residential mortgage originations by channel (\$bn)



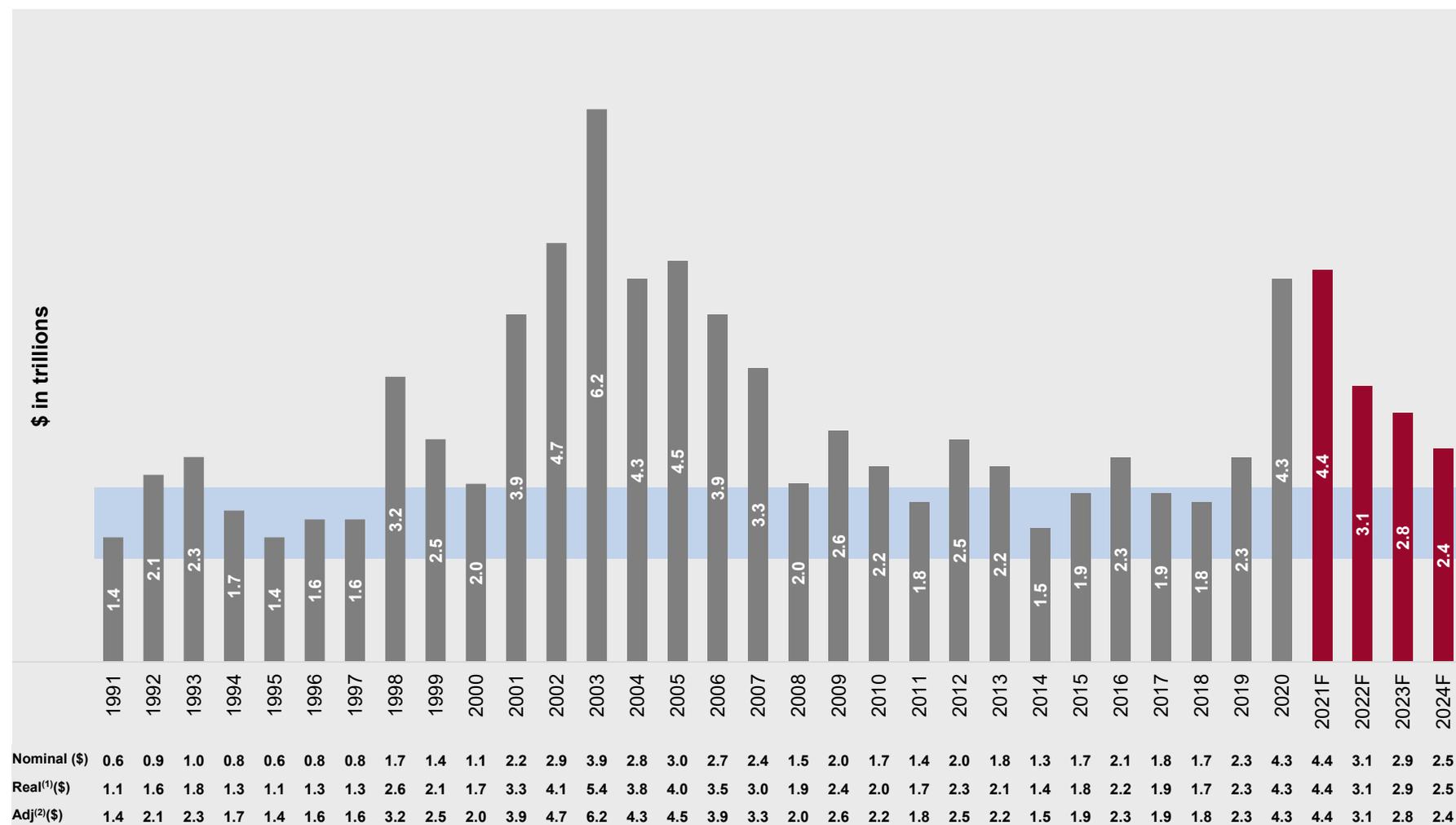
1. Data source: As reported by Inside Mortgage Finance for published 9/30/2021.

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

MORTGAGE ORIGINATIONS

4th Quarter 2021

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



Source: Mortgage Bankers Association (MBA) for actual periods and a blended average of forecast by Fannie Mae (1/19/2022), Freddie Mac (1/21/2022) and MBA (12/21/2021).

- Adjusted for historical inflation as reported by Bureau of Labor Statistics (2021 = 100).
- Adjusted for population growth as reported by the U.S. Census Bureau (2021 = 100).

Financial performance

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

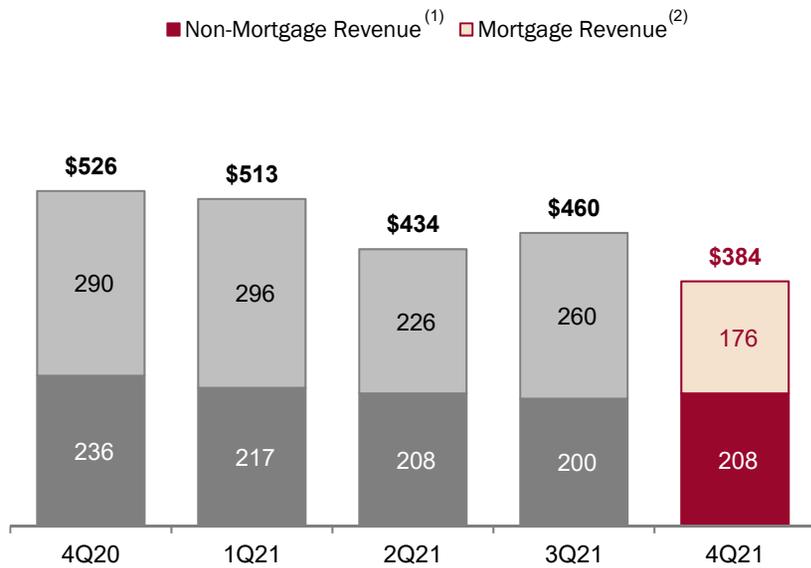
Revenue Composition and Earnings Metrics

| Revenue (millions) | Twelve Months Ended Dec 31, 2020 | Twelve Months Ended Dec 31, 2021 | Percentage of Revenue | Percentage Increase |
|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|------------------------|
| Community Banking | \$ 631 | \$ 666 | 38% | 6% |
| Mortgage Servicing | 235 | 255 | 14% | 9% |
| Subtotal | 866 | 921 | 52% | 6% |
| Mortgage Origination | 1,240 | 971 | 54% | -22% |
| Other | (96) | (101) | -6% | 5% |
| Total | \$ 2,010 | \$ 1,791 | 100% | -11% |
| Financial Metrics | | | | |
| Adjusted Diluted Earnings per Share | \$ 9.52 | \$ 10.60 ⁽¹⁾ | 11.3% | |
| Adjusted Return on Average Assets | 2.0% | 2.0% ⁽¹⁾ | 1 bps | |
| Adjusted ROATCE | 29.0% | 25.3% ⁽¹⁾ | (375) bps | |

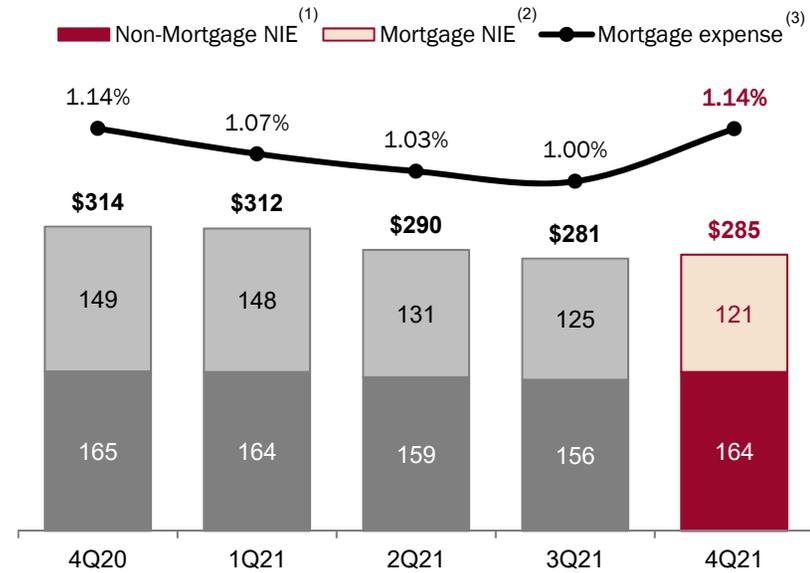
1. Non-GAAP number for 2020 and 2021. Please see reconciliations on pages 42 - 43.

Quarterly results

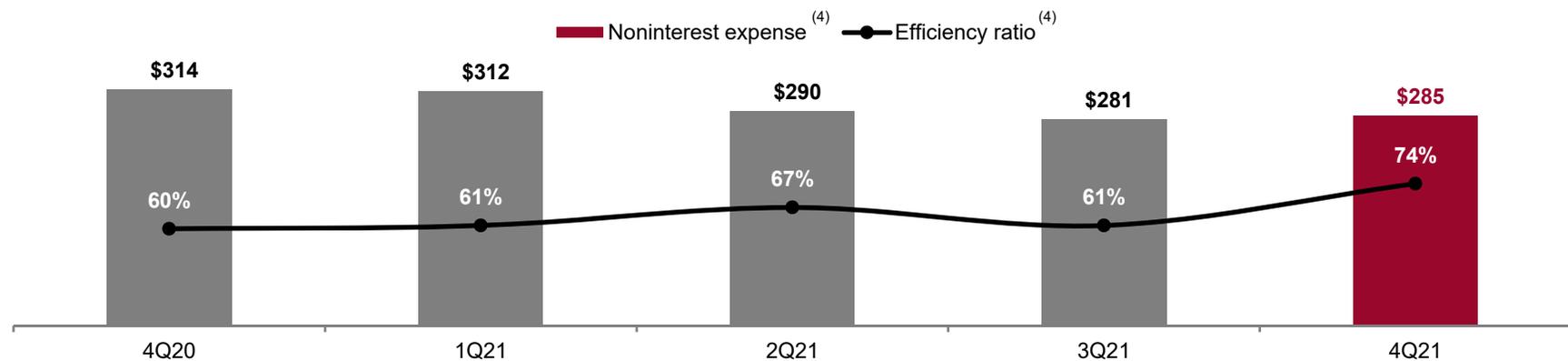
Quarterly revenue (\$mm)



Quarterly adjusted noninterest expense (\$mm)

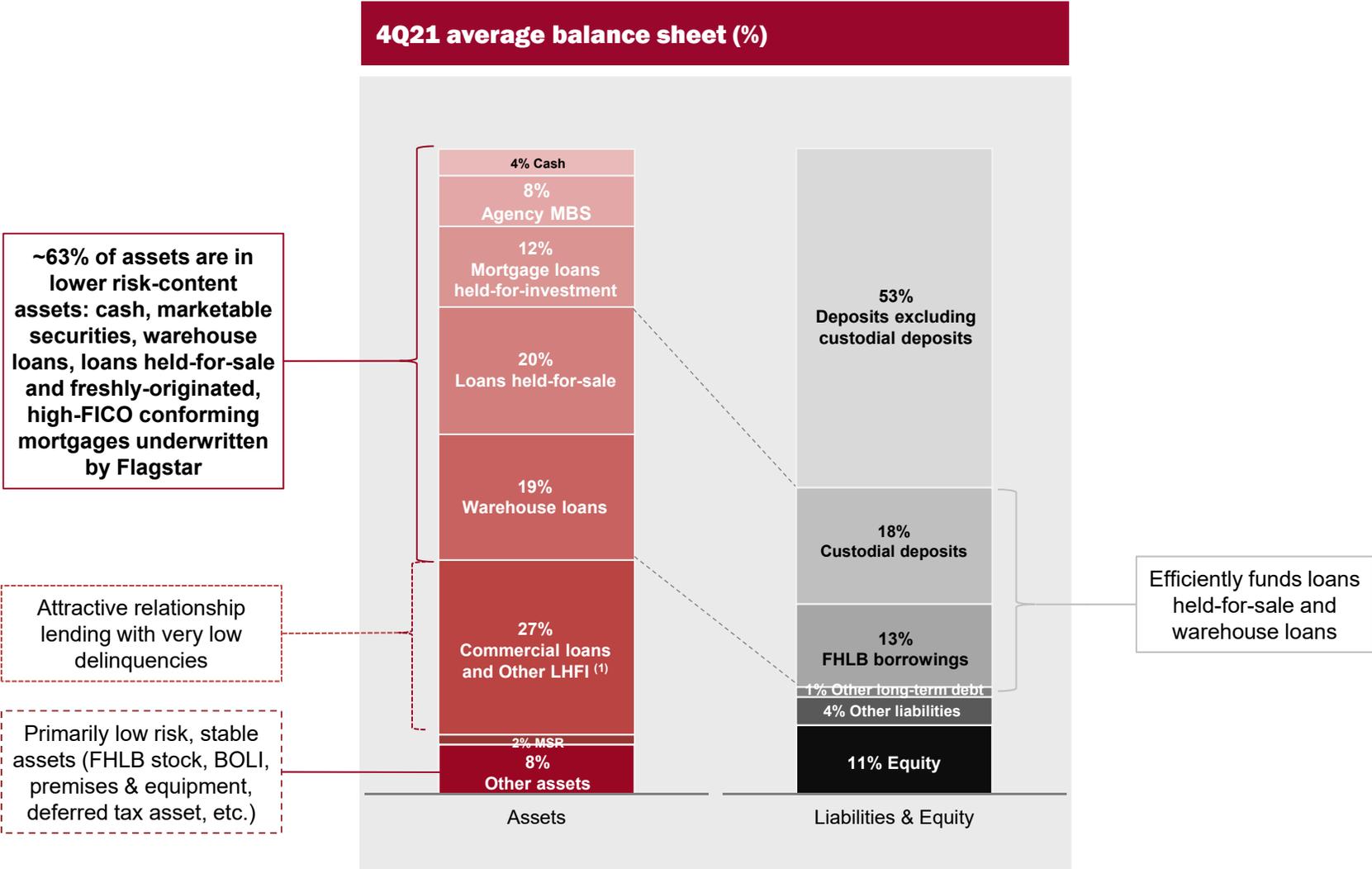


Quarterly noninterest expense (\$mm) and efficiency ratio



1. Includes Servicing segment
 2. Includes direct allocations.
 3. As a percentage of that period's close volume
 4. Non-GAAP number for 1Q21, 2Q21, 3Q21, and 4Q21. Please see reconciliations on pages 42 - 43.

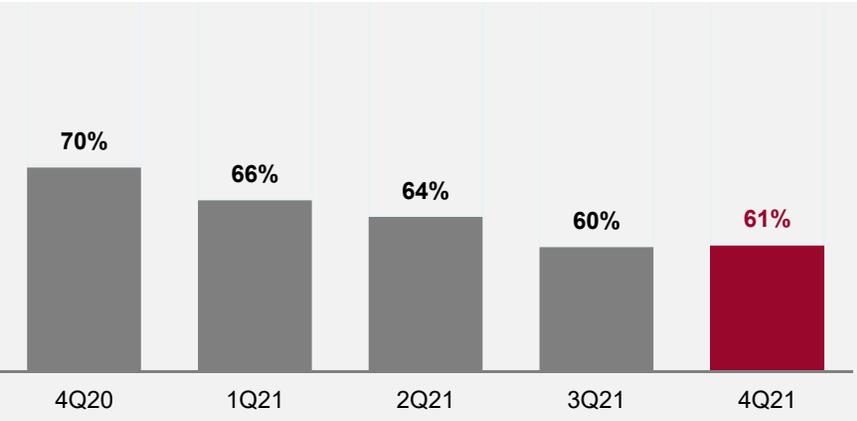
Balance sheet composition



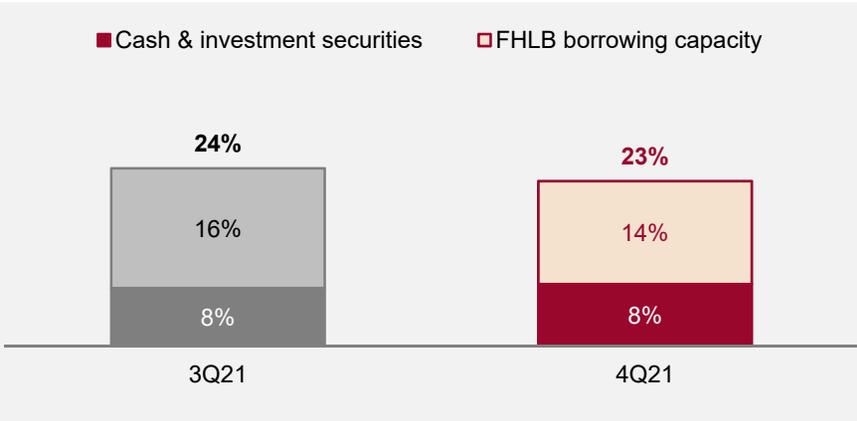
1) Other LHF1 includes home equity and other consumer loans.

Liquidity and funding

Adjusted HFI loan-to-deposit ratio⁽¹⁾



Liquidity ratio⁽²⁾



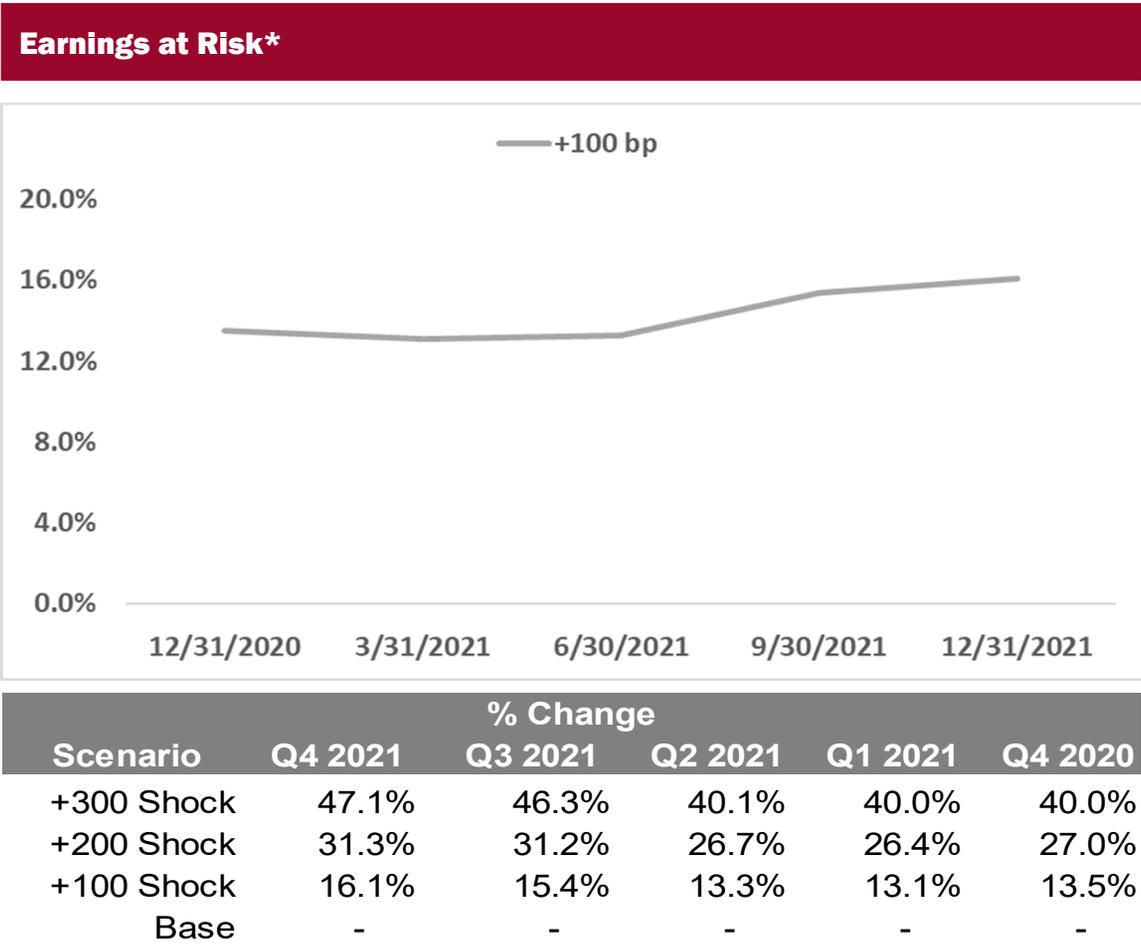
Commentary

- Flagstar has invested significantly in building its Community Banking business, which provides attractive core deposit funding for its balance sheet
- These retail deposits are supplemented by custodial deposits from the servicing business
- Much of the remainder of Flagstar’s balance sheet is self-funding given it is eligible collateral for FHLB advances (which provides significant liquidity capacity)
- Over \$1.7 billion of additional borrowing capacity through the discount window

1. Adjusted HFI loan-to-deposit ratio is total average loans HFI (excluding warehouse loans) expressed as a percentage of total average deposits (excluding custodial deposits). Please see non-GAAP reconciliations on pages 42 - 43.
 2. Cash, investment securities and FHLB borrowing capacity expressed as a percentage of total assets.

Interest rate risk

- Flagstar’s net interest income remains asset sensitive and stable



* All shocks are parallel and instantaneous

Non-GAAP reconciliation

\$mm

Adjusted ROA, ROE and ROTCE

| | 12 Months ended December 31, 2021 | 12 Months ended December 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Return on Average Assets | 1.9% | 2.0% |
| Adjustment to remove DOJ benefit (net of tax) | 0.1% | 0.0% |
| Adjustment for CEO SERP | 0.0% | 0.0% |
| Adjustment for merger costs | 0.1% | 0.0% |
| Adjusted return on average assets | 2.0% | 2.0% |
| Return on average tangible common equity | 22.9% | 29.0% |
| Adjustment to remove DOJ benefit (net of tax) | 1.8% | 0.0% |
| Adjustment for CEO SERP | -0.5% | 0.0% |
| Adjustment for merger costs | 1.0% | 0.0% |
| Adjusted return on tangible common equity | 25.3% | 29.0% |

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

| | As of December 31, 2021 | As of September 30, 2021 |
|--------------------------------------|----------------------------|-----------------------------|
| Total stockholders' equity | \$ 2,718 | \$ 2,645 |
| Goodwill and intangible assets | 147 | 149 |
| Tangible book value | \$ 2,571 | \$ 2,496 |
| Number of common shares outstanding | 53,197,650 | 52,862,383 |
| Tangible book value per share | \$ 48.33 | \$ 47.21 |

Adjusted HFI Loan-to-Deposit Ratio

| | As of December 31, 2021 | As of September 30, 2021 | As of June 30, 2021 | As of March 31, 2021 | As of December 31, 2020 |
|---|----------------------------|-----------------------------|------------------------|-------------------------|----------------------------|
| Average LHFI | \$ 13,314 | \$ 13,540 | \$ 13,688 | \$ 14,915 | \$ 15,703 |
| Less: Average warehouse loans | 5,148 | 5,392 | 5,410 | 6,395 | 6,948 |
| Adjusted average LHFI | \$ 8,166 | \$ 8,148 | \$ 8,278 | \$ 8,520 | \$ 8,755 |
| Average deposits | \$ 19,816 | \$ 19,686 | \$ 19,070 | \$ 20,043 | \$ 21,068 |
| Less: Average custodial deposits | 6,309 | 6,180 | 6,188 | 7,194 | 8,527 |
| Adjusted average deposits | \$ 13,507 | \$ 13,506 | \$ 12,882 | \$ 12,849 | \$ 12,541 |
| HFI loan-to-deposit ratio | 67.2% | 68.8% | 71.8% | 74.4% | 74.5% |
| Adjusted HFI loan-to-deposit ratio | 60.5% | 60.3% | 64.3% | 66.3% | 69.8% |

Non-GAAP reconciliation (continued)

\$mm
Adjusted Total Revenues and Noninterest Expense

| | 12 Months ended December 31, 2021 | 3 Months ended December 31, 2021 | 3 Months ended September 30, 2021 | 3 Months ended December 31, 2018 |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| Net interest income | | | | \$ 152 |
| Adjustment to remove hedging gains | | | | (29) |
| Adjusted net interest income | | | | \$ 123 |
| Noninterest expense | \$ 1,213 | \$ 291 | \$ 286 | |
| Adjustment to remove DOJ settlement expense | 35 | - | - | |
| Adjustment for former CEO SERP agreement | (10) | - | - | |
| Adjustment for merger costs | 20 | 6 | 5 | |
| Adjusted noninterest expense | \$ 1,168 | \$ 285 | \$ 281 | |
| Income before income taxes | \$ 690 | \$ 109 | \$ 198 | |
| Adjustment to remove DOJ settlement expense | 35 | - | - | |
| Adjustment for former CEO SERP agreement | (10) | - | - | |
| Adjustment for merger costs | 20 | 6 | 5 | |
| Adjusted income before income taxes | \$ 735 | \$ 115 | \$ 203 | |
| Provision for income taxes | \$ 157 | \$ 24 | \$ 46 | |
| Adjustment to remove DOJ settlement expense | (8) | - | - | |
| Adjustment for former CEO SERP agreement | 2 | - | - | |
| Adjustment for merger costs | (4) | (1) | (1) | |
| Adjusted provision for income taxes | \$ 167 | \$ 25 | \$ 47 | |
| Net Income | \$ 533 | \$ 85 | \$ 152 | |
| Adjusted net income | \$ 568 | \$ 90 | \$ 156 | |
| Weighted average common shares outstanding | 52,792,931 | 52,867,138 | 52,862,288 | |
| Weighted average diluted common shares | 53,519,086 | 53,577,832 | 53,659,422 | |
| Adjusted basic earnings per share | \$ 10.75 | \$ 1.71 | \$ 2.94 | |
| Adjusted diluted earnings per share | \$ 10.60 | \$ 1.69 | \$ 2.90 | |

Adjusted Net Interest Margin

| | 3 Months ended Dec 31, 2021 | 3 Months ended Sep 30, 2021 | 3 Months ended Jun 30, 2021 | 3 Months ended Mar 31, 2021 | 3 Months ended Dec 31, 2020 | 3 Months ended Sep 30, 2020 | 3 Months ended Jun 30, 2020 | 3 Months ended Dec 31, 2018 |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Net interest margin | 2.96% | 3.00% | 2.90% | 2.82% | 2.78% | 2.78% | 2.86% | 3.70% |
| Hedging gains | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.71% |
| Adjustment for LGG | 0.02% | 0.04% | 0.16% | 0.20% | 0.20% | 0.16% | 0.02% | 0.00% |
| Adjusted net interest margin | 2.98% | 3.04% | 3.06% | 3.02% | 2.98% | 2.94% | 2.88% | 2.99% |