

Flagstar Bancorp, Inc. (NYSE: FBC; Troy, MI) Completes Offering of \$250.0 Million of Senior Notes due 2021

Sandler O'Neill + Partners, L.P. served as joint initial purchaser for this offering.

This transaction is the 70th subordinated note or senior note transaction for a bank or thrift since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book-runner or initial purchaser.¹ Sandler O'Neill's market share during this period, based on transactions reported in SNL Financial, is greater than 50%.²

During the period of May 20 – June 30, 2016, Sandler O'Neill raised over \$1 Billion for its clients, capturing an 87.5% market share of announced transactions.³

About the Offering:

On July 11, 2016, Flagstar Bancorp, Inc. (NYSE: FBC) (the "Company") completed its previously announced offering of \$250 million 6.125% Senior Notes due 2021 (the "Senior Notes"). Flagstar intends to use the net proceeds from the offering, together with available cash, to fund the redemption of all of its Fixed Rate Cumulative Perpetual Preferred Stock, Series C, originally issued to the U.S. Department of the Treasury under the Troubled Asset Relief Program plus accrued and unpaid dividends, to fund payment of deferred interest on its trust preferred securities, and for general corporate purposes.

The Company may redeem some or all of the Senior Notes at any time prior to June 15, 2021, at a redemption price equal to the greater of 100% of the aggregate principal amount of the Senior Notes to be redeemed or the sum of the present values of the remaining scheduled payments plus, in each case accrued and unpaid interest to, but excluding the redemption date. The Company may redeem some or all of the Senior Notes at any time on or after June 15, 2021 at a price equal to 100% of the aggregate principal amount of the Senior Notes to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Flagstar Bancorp, Inc. (NYSE: FBC) is a \$13.7 billion savings and loan holding company headquartered in Troy, Mich. Flagstar Bank, FSB, the largest bank headquartered in Michigan, provides commercial, small business, and consumer banking services through 99 branches in the state. It also provides home loans through a wholesale network of brokers and correspondents in all 50 states, as well as through 26 retail locations in 19 states. Flagstar is a leading national originator and servicer of mortgage loans, handling payments and recordkeeping for nearly \$70 billion of home loans for over 340,000 borrowers.

- (1) Source: Sandler O'Neill + Partners. Deal count includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets.
- (2) Source: SNL Financial. Aggregate deal count used in market share calculation includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets that have reported book-running managers or placement agents. Sandler O'Neill transactions used to calculate market share are those in which Sandler O'Neill acted as either a book-runner or placement agent.
- (3) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes \$1,000 par subordinated debt and senior note offerings for Community Banks; Community Banks defined as banks or bank holding companies with less than \$25 billion in assets.
- (4) Financial data is not pro forma for the offering

July 11, 2016

6.125% Fixed Rate
Senior Notes due 2021

\$250.0 Million

Flagstar[®]
Bancorp, Inc.

Joint Initial Purchaser

SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2016⁴

(\$ in millions)	
Total Assets	\$13,737
Gross Loans (Incl. HFS)	8,693
Total Deposits	8,469
Total Equity	1,558
TCE / TA	9.40%
Tier 1 Leverage Ratio	11.04%
Tier 1 Risk-Based Capital Ratio	19.67%
Total Risk-Based Capital Ratio	20.97%

Sandler O'Neill Contacts:

Jon Doyle Senior Managing Principal (212) 466-7826	Bob Kleinert Managing Principal (212) 466-7806	Jacques de Saint Phalle Principal (212) 466-7721	Mark Biche Managing Director (312) 281-3484	Conrad Chanzit Managing Director (617) 994-6531
Jennifer Docherty Managing Director (212) 466-7796	James Furey Managing Director (212) 466-7934	John Plum Managing Director (212) 466-7838	Susan Weinberg Managing Director (212) 466-7807	Eshaan Arora Associate (312) 281-3449
				Michael Berkemeyer Analyst (312) 281-3483