FLAGSTAR BANCORP INC
Form 424B5
June 11, 2018
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The information in this preliminary prospectus supplement is not complete and may be changed. Neither this preliminary prospectus supplement nor the accompanying prospectus is an offer to sell these securities nor does it solicit offers to buy these securities in any jurisdiction where such offer or sale is not permitted.
Subject to Completion, Dated June 11, 2018
Prospectus Supplement
(To Prospectus dated June 1, 2018)
8,000,000 Shares

Common Stock

MP Thrift Investments L.P., our controlling stockholder, is offering 8,000,000 shares of common stock of Flagstar Bancorp, Inc. We will not receive any of the proceeds from the sale of shares by the selling stockholder.
Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "FBC". The last reported sale price of our common stock on the NYSE on June 8, 2018 was $37.25 per share.

Investing in our common stock involves risk. See "Risk Factors" beginning on page S-3 of this prospectus supplement and the risk factors described in the documents that we file with the Securities and Exchange Commission that are incorporated herein by reference for a discussion of certain risks you should consider before deciding to invest in our common stock.

Neither the Securities and Exchange Commission nor any regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.
The shares of our common stock that you purchase in this offering are not savings accounts, deposits or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation ("FDIC"), the bank insurance fund or any other government agency or instrumentality.

	Per Share	Total
Public offering price	$	$
Underwriting discount and commissions	$	$
Proceeds, before expenses, to the selling stockholder	$	$

The selling stockholder has granted the underwriters an option to purchase up to an additional 1,200,000 shares of our common stock at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement.
The underwriters expect to deliver the shares against payment on or about June , 2018.

Sandler O'Neill + Partners, L.P. Keefe, Bruyette & Woods
A Stifel Company

Prospectus Supplement, dated June , 2018

TABLE OF CONTENTS

Unless we state otherwise or the context otherwise requires, references in this prospectus supplement to:

- “we”, “our”, “us”, “Flagstar”, and our “company” refer to Flagstar Bancorp, Inc., a Michigan corporation, and its consolidated subsidiaries, which includes Flagstar Bank, FSB, and references to “Flagstar Bancorp, Inc.” refer to Flagstar Bancorp, Inc. on a stand-alone basis;

- our “bank” and “Flagstar Bank” refer to Flagstar Bank, FSB, a federally chartered stock savings bank;

- “selling stockholder” or “MP Thrift” refers to MP Thrift Investments L.P., a Delaware limited partnership, that directly owns approximately 61.8% of our outstanding shares of common stock as of the date of this prospectus supplement; and

- "Federal Reserve" refers to the Board of Governors of the Federal Reserve System.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of shares of common stock and certain other matters relating to us and our financial condition. The second part, the accompanying base prospectus, dated June 1, 2018, gives more general information about the securities that we may offer from time to time, some of which may not apply to this offering. This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission ("SEC") as a "well-known seasoned issuer", as defined in Rule 405 under the Securities Act of 1933 (the "Securities Act"), using the SEC's shelf registration rules. You should read both this prospectus supplement and the accompanying prospectus, together with additional information incorporated by reference herein and therein as described under the headings "Incorporation of Certain Information by Reference" in this prospectus supplement and the accompanying prospectus.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement. If the information conflicts with any statement in a document that we have incorporated by reference, then you should consider only the statement in the more recent document. The information contained or incorporated by reference into this prospectus supplement, the accompanying prospectus or in any free writing prospectus is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus and any written communication from Flagstar or the underwriters specifying the final terms of this offering. None of Flagstar, the selling stockholder or the underwriters have authorized anyone to provide you with different or additional information from that contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement may be used only for the purpose for which it has been prepared. The selling stockholder and the underwriters are offering to sell our common stock, and seeking offers to buy our common stock, only in jurisdictions where offers and sales are permitted. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of our securities, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference into this prospectus supplement or the accompanying prospectus may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may", "might", "should", "could", "predict", "potential", "believe", "expect", "continue", "will", "anticipate", "seek", "estimate", "intend", "plan", "projection", "would", "annualized" the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including those factors identified in "Risk Factors" in Item 1A. of our 2017 Annual Report on Form 10-K for the year ended December 31, 2017 (our "2017 Annual Report") which is incorporated by reference herein, and include the following: current and future economic and market conditions; changes in interest rates; an inability to effectively manage our Mortgage Servicing Rights concentration risk, which could impact our Common Equity Tier 1 ratio under Basel III; imperfect estimates that could impact the adequacy of our allowance for loan and lease losses; the geographic concentration of our loans held-for-investments, including in California, Michigan, and Florida; our access to sources of liquidity and capital to address our liquidity needs; our inability to receive dividends from our bank and satisfy obligations as they come due; failure to comply with the terms of our Supervisory Agreement (as defined below) with the Federal Reserve; dependency on Fannie Mae and Freddie Mac to sell mortgage loans; changes in the Fannie Mae or Freddie Mac servicing, origination, or underwriting guidelines or criteria; adverse effect on earnings from increases in deposit insurance premiums and special FDIC (as defined below) assessments; integration challenges associated with mergers and acquisitions; our inability to achieve anticipated benefits of any such merger or acquisition in a timely manner or at all; a failure of our, or our key third party vendors or service providers' information technology systems and resulting operational losses and damage to our reputation; cybersecurity attacks or other compromise to customers' personally identifiable information; our termination as a servicer or subservicer or the incurrence of costs if we fail to satisfy our servicing obligations, including with respect to mortgage loan foreclosure actions; requirements to repurchase mortgage loans, pay fees, or indemnify buyers against losses; reliance on third party mortgage originators, which subjects us to strategic, reputational, compliance, and operational risk; MP Thrift's ownership and influence over us, including control over decisions that require the approval of stockholders, whether or not such decisions are in the best interests of other stockholders; various legal and regulatory investigations and proceedings; uncertainties with respect to the assessment of the accounting impact of the Tax Cuts and Jobs Act (Public Law 115-97) (the "Tax Reform Act"); losses of certain personnel, including key members of our management team; and damage to our reputation from any of the factors described above or otherwise.

The foregoing factors should not be considered an exhaustive list and should be read together with the other cautionary statements included in our 2017 Annual Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our securities. You should read the prospectus supplement and the accompanying prospectus, including "Risk Factors", and the documents incorporated by reference, which are described under "Incorporation of Certain Information by Reference" in this prospectus supplement.

Flagstar Bancorp, Inc.

We are a savings and loan holding company founded in 1993. Our business is primarily conducted through our principal subsidiary, Flagstar Bank, a federally chartered stock savings bank founded in 1987. We provide commercial and consumer banking services, and are the 5th largest bank mortgage originator in the nation.

We have a unique, relationship-based business model which leverages our full-service bank's capabilities with our national mortgage customer base to create and build enduring commercial relationships. Our banking network emphasizes the delivery of a complete set of banking and mortgage products and services. We distinguish ourselves by crafting specialized solutions for our customers, local delivery, high quality customer service and competitive product pricing. Our community bank growth model has focused on attracting seasoned bankers with larger bank lending experience who can attract their existing long-term customer relationships to Flagstar. At March 31, 2018, we operated 107 full service banking branches, including 99 throughout Michigan's major markets and eight Desert Community Bank branches in San Bernardino County, California, which we acquired on March 19, 2018.

We originate mortgages through a wholesale network of brokers and correspondents in all 50 states, and our own loan officers from 92 retail locations in 31 states and two call centers, which includes our direct-to-consumer lending team. Flagstar Bank has the opportunity to expand correspondent relationships by providing warehouse lending, mortgage servicing and other services. Servicing and subservicing of loans provides fee income and generates a stable long-term source of funding through custodial deposits.

We believe our transformation into a strong commercial bank, our flexible mortgage servicing platform, and focus on service creates a significant competitive advantage in the markets in which we compete. The management team we have assembled is focused on developing substantial and attractive growth opportunities that generate profitable results from operations. We believe our lower risk profile and strong capital level position us to take advantage of opportunities to deliver attractive shareholder returns over the long term.

As of the date of this prospectus supplement, we are considered a controlled company for NYSE purposes, because approximately 61.8% of our common stock is owned by MP Thrift, which is managed by MatlinPatterson, a global asset manager. Following this offering, we expect that MP Thrift will no longer hold 50% or more of our outstanding common stock and, therefore, we will cease to be a "controlled company" within the meaning of the corporate governance listing standards of the NYSE.

Recent Developments

On June 4, 2018, Flagstar Bank signed a definitive agreement to acquire 52 Wells Fargo Bank branches in Indiana, Michigan, Wisconsin and Ohio, with approximately $2.3 billion in deposits and $130 million in loans, along with certain related assets. Flagstar Bank will pay an effective deposit premium of approximately 7% based on balances as of December 31, 2017.

The 52-branch purchase is for 33 locations in Indiana, including 26 branches in Fort Wayne, Indiana, 14 branches in the Upper Peninsula of Michigan, four locations in Wisconsin and one in Ohio. At closing, Flagstar Bank expects to have 151 branches in the Midwest and eight in California. The branch acquisition will provide us with liquidity that we plan to use to repay Federal Home Loan Bank advances. Longer term, a larger branch network will allow us to expand access to core deposits and other business opportunities. The branches to be acquired will operate as Wells Fargo branches until closing, and will be re-branded as Flagstar branches immediately upon closing of the transaction. We intend to keep all branches and retain all employees at closing. This transaction is subject to regulatory approval and customary closing conditions, and is expected to close in the fourth quarter of 2018.

Corporate Information

Our principal executive office is located at 5151 Corporate Drive, Troy, Michigan 48098. Our telephone number is (248) 312-2000. Our website address is www.flagstar.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement or any other document we file with or furnish to the SEC.

THE OFFERING

This summary should be read together with this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and accompanying prospectus, which are described under "Incorporation of Certain Information by Reference", including the section entitled "Risk Factors" below and "Item 1A. Risk Factors" of our 2017 Annual Report.

Common stock offered by the selling stockholder in this offering	8,000,000 shares.
Option to purchase additional shares of common stock from the selling stockholder	1,200,000 shares.
Common stock to be outstanding immediately after this offering(1)	57,569,658 shares.
Common stock owned by the selling stockholder immediately after this offering(2)	Following the completion of the offering, the selling stockholder will own approximately 47.9% of our outstanding common stock (or approximately 45.9% if the underwriters' option to purchase up to 1,200,000 additional shares of common stock from the selling stockholder is exercised in full).
Use of proceeds	We will not receive any of the proceeds from the sale of the shares of common stock being sold in this offering. All of the shares in this offering are being sold by the selling stockholder.
Voting rights	Each holder of our common stock will be entitled to one vote per share on all matters on which our stockholders generally are entitled to vote. See "Description of Common Stock" in the accompanying prospectus.
Dividend policy	We have not paid dividends on our common stock since the fourth quarter of 2007. We do not expect to pay cash dividends on our common stock in the near term. Instead, we anticipate that all of our future earnings will be retained to support our operations and finance the growth and development of our business.
	The declaration of all future dividends, if any, will be at the discretion of our board of directors and will depend on many factors, including the financial condition, earnings and liquidity requirements of our company and Flagstar Bank, regulatory constraints, corporate law and contractual restrictions, and any other factors that our board of directors deems relevant in making such a determination. We are generally prohibited from making any dividend payments on stock except pursuant to the prior non-objection of the Federal Reserve as set forth in the Supervisory Agreement. See "Dividend Policy and Dividends" for more information.
Listing	Our common stock is listed on the NYSE.
Ticker symbol	"FBC".
Risk Factors	Investing in our common stock involves significant risks. You should carefully consider all of the information contained, or incorporated by reference, in this prospectus supplement prior to investing in shares of our common stock. In particular, we urge you to carefully consider the information contained in the "Risk Factors" section beginning on page S-4 of this prospectus supplement and any risk factors described in "Item 1A. Risk Factors" of 2017 Annual Report.

(1) The number of shares of our common stock outstanding noted herein is as of June 7, 2018, and excludes approximately 4,752,558 shares of our common stock reserved for issuance under our equity incentive and employee

stock purchase plans.

(2) Following this offering, we expect that MP Thrift will no longer hold 50% or more of our outstanding common stock and, therefore, we will cease to be a "controlled company" within the meaning of the corporate governance listing standards of the NYSE.

Unless we specifically state otherwise, the information in this prospectus supplement assumes no exercise of the underwriters' option to purchase additional shares of our common stock from the selling stockholder.

RISK FACTORS

Investing in our common stock involves a significant degree of risk and uncertainty. Before investing in our common stock, you should carefully consider the risks and uncertainties described below and in our 2017 Annual Report, in addition to the other information contained in, or incorporated by reference into, this prospectus supplement. Any of such risks, as well as risks that we do not know or currently deem immaterial, could have a material adverse effect on our business, financial condition or results of operations. As a result, the trading price of our common stock could decline, and you could lose some or all of your investment.

Our stock price may be volatile, and you could lose part or all of your investment as a result.

Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. Our stock price may fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in our quarterly results of operations;
- changes in economic or business conditions;
- the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;
- publications of research reports about us, our competitors, or the financial services industry generally, or changes in, or failure to meet, estimates made by securities analysts or rating agencies of our financial and operating performance, or lack of research reports by analysts or ceasing of coverage;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry;
- perceptions in the marketplace regarding us, our competitors or other financial institutions;
- future sales of our common stock;
- additions or departures of key personnel;
- new technology used, or services offered, by competitors;
- changes in accounting principles, policies and guidelines;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- changes or proposed changes in laws or regulations, or differing interpretations thereof affecting our business, or enforcement of these laws and regulations;
- litigation and governmental investigations;
- geopolitical conditions such as acts or threats of terrorism or military conflicts; and
- other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services.

The stock market and, in particular, the market for financial institution stocks, have experienced substantial fluctuations in recent years, which in many cases have been unrelated to the operating performance and prospects of particular companies. In addition, significant fluctuations in the trading volume in our common stock may cause significant price variations to occur. Increased market volatility may materially and adversely affect the market price of our common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

MP Thrift will continue to have significant control over us following the completion of this offering, and its interests may conflict with ours or yours in the future.

MP Thrift beneficially owns approximately 61.8% of our outstanding common stock prior to this offering. As a result, MP Thrift has significant control over us. Following the completion of this offering, MP Thrift will beneficially own approximately 47.9% of our common stock (or 45.9% if the underwriters' option to purchase up to 1,200,000 additional shares of our common stock is exercised in full). As a result, although MP Thrift will no longer hold a majority of our outstanding common stock, it will retain substantial influence over our management and affairs. MP Thrift's degree of control over us will depend on, among other things, its level of beneficial ownership of our common stock and its ability to exercise certain rights under the terms of the Investment Agreement that we entered into with

MP Thrift in connection with MP Thrift's initial investment in Flagstar. Under the terms of the Investment Agreement, MP Thrift is entitled to designate nominees for election to our board of directors, make certain appointments to the nominating/corporate governance committee of our board, and appoint two non-voting observers to the board of directors. Pursuant to the Investment Agreement, until it no longer holds at least 10% of the voting power in our company, MP Thrift will have the right to designate as nominees such number of directors to serve on our board of directors in proportion to the total voting power of voting stock beneficially owned by MP Thrift.

MP Thrift's concentration of voting power could deprive stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale of our company, and could affect the market price of our common stock. In addition, MP Thrift's interests may differ from our interests or those of our other stockholders, and MP Thrift may affect the management of our business or may not exercise its voting power or consent rights in a manner favorable to our other stockholders.

Following the completion of this offering, because MP Thrift will no longer hold more than 50% of our outstanding common stock, we will not be able to rely on certain exemptions from the corporate governance requirements of the NYSE available for "controlled companies" after the completion of a transition period.

Following the completion of this offering, we expect to cease to be a "controlled company" within the meaning of the corporate governance listing standards of the NYSE because MP Thrift will no longer own more than 50% of our outstanding common stock. As a "controlled company", we elected not to comply with certain corporate governance requirements of the NYSE. Under the rules of the NYSE, in order for our shares to remain listed on the NYSE upon ceasing to qualify as a controlled company, we will be required to comply fully with all NYSE corporate governance requirements. Because MP Thrift may cease to control a majority of the voting power of our common stock after this offering, we may no longer qualify as a "controlled company" and following a transition period, would be required to comply with all NYSE corporate governance requirements, including with respect to independent board of directors and committees.

Currently, our nominating/corporate governance committee and compensation committee do not consist entirely of independent directors. As a result, you currently do not have certain of the protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE and may not have such protections for a period following the completion this offering.

Future sales of our common stock, including future sales by MP Thrift, could impact our stock price.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock or from the perception that such sales could occur. These sales, or the possibility that these sales may occur, also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate. As of June 7, 2018, we have a total of 57,569,658 outstanding shares of common stock. Of the outstanding shares, the 8,000,000 shares sold in this offering (or 9,200,000 shares if the underwriters exercise their option to purchase additional shares in full), plus an additional 21,969,306 previously registered shares generally will be freely tradable without restriction or further registration under the Securities Act subject in the case of shares held by our affiliates, to volume, manner of sale and other limitations under Rule 144. The remaining 27,600,352 shares outstanding that are beneficially owned by MP Thrift after this offering (or 26,400,352 shares if the underwriters exercise their option to purchase additional shares in full), will be restricted securities as defined under Rule 144.

We have agreed with the underwriters not to offer, pledge, sell or otherwise dispose of or hedge any shares of our common stock, subject to certain exceptions, for the 90-day period following the date of this prospectus supplement, without the prior consent of Sandler O'Neill & Partners L.P. The selling stockholder and our executive officers and directors have entered into similar lock-up agreements with the underwriters. Sandler O'Neill & Partners L.P. may, at any time, release us and the selling stockholder or any of our executive officers or directors from this lock-up agreement and allow us to sell shares of our common stock within this 90-day period.

Upon the expiration of the lock-up agreements described above, all remaining shares beneficially owned by MP Thrift will be eligible for resale in a public market and MP Thrift may sell its shares from time to time pursuant to the Registration Statement of which this prospectus supplement forms a part. We do not have control over when, if at all, MP Thrift may decide to sell additional shares of our common stock that it will beneficially own following this offering.

In addition, future issuances of our common stock could result in dilution to our stockholders and affect the market price of our common stock. We cannot predict the size of future issuances or sales of our common stock or the effect, if any, that future issuances or sales of shares of our common stock may have on the market price of our common stock. Sales or distributions of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may cause the market price of our common stock to decline.

Our board of directors is subject to restrictions on its ability to declare dividends on the common stock

Our ability to declare and pay dividends on our stock is subject to numerous limitations applicable to savings and loan holding companies under federal banking laws, regulations and policies and dividends are payable only if declared by our board of directors. In addition, pursuant to a Supervisory Agreement entered into with the Federal Reserve on January 28, 2010 (the

"Supervisory Agreement"), we may not declare or pay any cash dividends or other capital distributions or repurchase any equity stock without the prior written non-objection of the Federal Reserve. Also, under Michigan law, we are prohibited from paying dividends on our capital stock if, after giving effect to the dividend, (i) we would not be able to pay our debts as they become due in the usual course of business or (ii) our total assets would be less than the sum of our total liabilities plus the preferential rights upon dissolution of stockholders with preferential rights on dissolution which are superior to those receiving the dividend. Therefore, there can be no assurance that we will pay any dividends to holders of our common stock, or as to the amount of any such dividends. See "Dividend Policy and Dividends".

Anti-takeover provisions in our amended and restated articles of incorporation and bylaws and Michigan law, as well as restrictions on ownership of our capital stock in applicable federal banking laws, regulations and policies, could make a third party acquisition of us difficult.

Our amended and restated articles of incorporation and bylaws contain provisions that could make it more difficult for a third party to acquire us (even if doing so would be beneficial to our stockholders) and for holders of our common stock to receive any related takeover premium for their common stock. We are also subject to certain provisions of Michigan law that could delay, deter or prevent a change in control of us.

In addition, there are substantial regulatory limitations on changes of control of savings and loan holding companies and federal savings associations. Any company that acquires control of a savings association becomes a "savings and loan holding company" subject to registration, examination and regulation by the Federal Reserve. "Control," as defined under federal banking regulations, includes ownership or control of shares, or holding irrevocable proxies (or a combination thereof), representing 25% or more of any class of voting stock, control in any manner of the election of a majority of the institution's directors, or a determination by the Federal Reserve that the acquirer has the power to direct, or directly or indirectly to exercise a controlling influence over, the management or policies of the institution. Further, an acquisition of 10% or more of our common stock creates a rebuttable presumption of "control" under federal banking regulations. Any acquisition of "control" of the company, or the acquisition by another savings and loan holding company of more than 5% of the voting shares of the company, may require the prior approval of the Federal Reserve.

These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock.

Our recently announced branch acquisition may fail to close or achieve the benefits currently anticipated.

We recently announced Flagstar Bank's agreement to acquire 52 branches from Well Fargo Bank, which we expect will close in the fourth quarter of 2018, subject to regulatory approval and closing conditions. If regulatory approval is not obtained or closing conditions are not satisfied or waived, the acquisition will not be completed. In addition, we may fail to realize all or any of the anticipated benefits of the acquisition, or those benefits may take longer to realize than expected. We may experience challenges related to the integration of the operations of the branches, including transition of data, integration of product offerings and the standardization of business practices. Complications associated with the acquisition could result in additional costs, loss of customers, damage to our reputation or other operational risks.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares of common stock being sold in this offering, including the sale of any shares pursuant to the underwriters' option to purchase additional shares. All of the shares in this offering are being sold by the selling stockholder. See "The Selling Stockholder". All proceeds from the sale of these shares will be received by the selling stockholder. We will bear all expenses, other than any deemed underwriting discounts and commissions attributable to the sale of the securities, which will be paid by the selling stockholder.

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes certain selected financial data of the Company for the periods presented. The selected historical financial data as of and for the three months ended March 31, 2018 and 2017 have been derived from our unaudited interim consolidated financial statements, which are incorporated by reference in this prospectus supplement. The unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring items, which our management considers necessary for a fair presentation of our financial position and results of operations for these periods. The financial condition and results of operations as of and for the three months ended March 31, 2018 do not purport to be indicative of the financial condition or results of operations to be expected as of or for the fiscal year ended December 31, 2018. The unaudited condensed consolidated financial statements as of March 31, 2018 and for the three-month periods ended March 31, 2018 and 2017, together with the notes thereto are included in our quarterly report on Form 10-Q for the quarter ended March 31, 2018, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The selected historical financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 have been derived from our audited consolidated financial statements, and our audited consolidated financial statements for the selected financial data as of December 31, 2017 and 2016 and for each of the years in the four-year period ended December 31, 2017 have been incorporated by reference in this prospectus supplement.

You should read the following information, together with "Risk Factors" included in this prospectus supplement and the historical consolidated financial information contained in our consolidated financial statements and related notes, as well as the information contained under the caption entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Quarterly Report on Form 10-Q for the period ended March 31, 2018 and our 2017 Annual Report, which have been filed with the SEC and are incorporated herein by reference.

	As of and for the three months ended March 31,		As of and for the year ended December 31,				
(dollars in millions)	2018	2017	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
Summary of Consolidated Statement of Operations Data							
Net income (loss)	$35	$ 27	$63	$ 171	$ 158	$ (69)	$ 267
Net interest income	106	83	390	323	287	247	186
Noninterest income	111	100	470	487	470	372	653
Noninterest expense	173	140	643	560	536	590	918
Provision (benefit) for income taxes	9	13	148	87	82	(34)	(416)
Per Share Data:							
Earnings (loss)							
Basic	$0.61	$ 0.47	$1.11	$ 2.71	$ 2.27	$ (1.72)	$ 4.40
Diluted	0.60	0.46	1.09	2.66	2.24	(1.72)	4.37
Dividends declared per share	—	—	—	—	—	—	—
Dividend payout ratio	—	—	—	—	—	—	—
Book value per common share	24.87	24.03	24.40	23.50	22.33	19.64	20.66
Weighted average common shares outstanding							
Basic	57,356,654	56,921,605	57,093,868	56,569,307	56,426,977	56,246,528	56,063,282
Diluted	58,314,385	58,072,563	58,178,343	57,597,667	57,164,523	56,246,528	56,518,181
Performance Ratios:							
Return (loss) on average assets	0.82 %	0.76 %	0.40 %	1.23 %	1.32 %	(0.71)%	2.08 %
Return (loss) on average equity	9.9	7.9	4.4	11.7	10.6	(5.0)	21.1
Return (loss) on average common equity	9.9	7.9	4.4	13.0	10.5	(6.1)	26.8
Equity-to-assets ratio	8.1	8.9	8.3	9.5	11.1	14.0	15.2

Common equity-to-assets ratio	8.1	8.9	8.3	9.5	9.2	11.2	12.3
Equity/assets ratio (average for the period)	8.27	9.59	9.05	10.52	12.43	14.22	9.87
Net interest margin	2.76	2.67	2.75	2.64	2.74	2.91	1.72
Efficiency ratio	79.7	76.8	74.8	69.2	70.9	95.4	109.4
Flagstar Bancorp, Inc. Tier 1 leverage (to adjusted avg. total assets) (2) (3)	8.72	9.31	8.51	8.88	11.51	N/A	N/A
Flagstar Bank Tier 1 leverage (to adjusted avg. total assets)	9.08	10.74	9.04	10.52	11.79	12.43	13.97
Effective tax provision rate (4)	20.1	33.1	70.1	33.7	34.2	32.9	29.7

(dollars in millions)	As of and for the three months ended March 31, 2018	2017	As of and for the year ended December 31, 2017	2016	2015	2014	2013
Summary of Consolidated Statement of Financial Condition							
Investment securities, available-for-sale	$1,918	$1,650	$1,853	$1,480	$1,294	$1,672	$1,046
Total loans held-for-investment (5)	8,134	5,959	7,713	6,065	6,352	4,448	4,056
Allowance for loan losses	(139)	(141)	(140)	(142)	(187)	(297)	(207)
Total assets	17,736	15,361	16,912	14,053	13,715	9,840	9,407
Total deposits	9,986	8,645	8,934				