

Flagstar Bancorp, Inc. (NYSE: FBC; Troy, MI) Announces the Sale of New England–Based Commercial Loans

Commercial Loan Commitments: \$1.264 billion

Sandler O'Neill Mortgage Finance L.P., an affiliate of Sandler O'Neill + Partners, L.P., acted as exclusive financial advisor and agent to Flagstar Bancorp, Inc. in connection with the asset sale. Sandler O'Neill has completed over 620 loan portfolio transaction since 1996 representing an approximate principal amount of \$32 Billion.

Flagstar Bancorp, Inc. (the "Company"), the holding company for Flagstar Bank, FSB (the "Bank"), announced today that, effective December 31, 2012, the Bank entered into a definitive Transaction Purchase and Sale Agreement (the "Agreement") under which a wholly-owned subsidiary of CIT Bank, the U.S. commercial bank subsidiary of CIT Group Inc. (NYSE: CIT) ("CIT"), will acquire a substantial portion of the Company's Northeast-based commercial loan portfolio.

Under the terms of the Agreement, CIT will acquire \$1.264 billion in commercial loan commitments, \$785 million of which is currently outstanding. The loans sold consist primarily of asset-based loans, equipment leases and commercial real estate loans. The Company expects that the total purchase price will be approximately \$779 million and that a vast majority of the assets will be sold during the first quarter of 2013. The sale is expected to be capital accretive to the Bank.

"This transaction is another step in renewing Flagstar's focus on our community banking operation in Michigan and our national mortgage business," said Michael Tierney, President and Chief Executive Officer of the Company. "Flagstar is the largest bank headquartered in Michigan, and we are focused on being a best-in-class national mortgage lender and leading super-community bank. We remain deeply committed to improving the quality of our earnings within a disciplined lending framework, and today's transaction helps us decrease our risk profile while improving our balance sheet flexibility."

Tierney continued, "I want to thank all of the Flagstar employees who have contributed to the success of our commercial lending business in the Northeast. Today's transaction is a testament to our team's work in providing high-quality loans, and we are greatly appreciative of their efforts as we enter a new phase of Flagstar's development with a renewed Michigan focus."

Bracewell & Giuliani and Nutter, McClennen & Fish are serving as legal advisors to the Company in connection with the asset sale.

The Company is the holding company for Flagstar Bank, a full-service financial institution offering a range of products and services to consumers, businesses, and homeowners. With \$14.9 billion in total assets at September 30, 2012, the Company is the largest publicly held savings bank headquartered in the Midwest. As of September 30, 2012, the Company operated 111 branches in Michigan, 31 home loan centers in 14 states, and a total of four commercial banking offices in Massachusetts, Connecticut, and Rhode Island. The Company originates loans nationwide and is one of the leading originators of residential first mortgage loans.

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