



**CIDI Resolution Plan
Public Section**

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Public Section

Overview

Flagstar Bank, N.A. (“Flagstar”) is pleased to submit its first resolution plan (“Resolution Plan”) under the resolution plan rule of the Federal Deposit Insurance Corporation (the “FDIC”), which requires each covered insured depository institution (“CIDI”) to periodically submit a resolution plan to guide the FDIC, as receiver, in the hypothetical and unlikely event of a resolution (the “CIDI Rule”). The CIDI Rule is codified at 12 CFR § 360.10 and applies to insured depository institutions (“IDIs”) with total assets of \$50 billion or more.

The CIDI Rule divides CIDs into two groups based on size. CIDs with total assets of \$100 billion or more (“Group A CIDs”), like Flagstar, are required to submit a full resolution plan containing all of the content elements described in the CIDI Rule subject to waivers of certain requirements granted by the FDIC to Group A CIDs on April 18, 2025.

Flagstar is a nationally chartered bank and primarily operates in two major markets in the Northeast and Midwest: New York City and Michigan, with additional presence in, and exposure to markets in the Southeast, Southwest and California. Flagstar offers a full suite of banking products and operates in over 400 locations across 10 states.

Flagstar is a wholly owned subsidiary of Flagstar Financial, Inc. (“Flagstar Financial”), a bank holding company organized under Delaware law and headquartered in Hicksville, New York.

Summary of Flagstar’s Resolution Plan

Flagstar takes resolution planning seriously and is integrating its resolution planning process into its business-as-usual corporate governance structure and processes. Key stakeholders and senior management are involved in preparing and producing the Resolution Plan and related operational capabilities.

The Resolution Plan describes Flagstar’s operations and strategies for its resolution in the unlikely event of its failure. Flagstar’s resolution strategies contemplate either (1) an immediate weekend sale or (2) the placement of the CIDI into a bridge bank, after which the FDIC could execute relatively quick sales of distinct franchise components that are separable in their current state and exit from the bridge bank through the sale of the remaining CIDI franchise as a whole to a single acquirer. Either resolution strategy would enable the FDIC, as receiver, to resolve Flagstar in a way that provides timely access to its insured deposits, maximizes value from the sale or disposition of its assets, minimizes any losses realized by its creditors in resolution, and addresses potential risks of adverse effects on U.S. economic conditions or financial stability.

Flagstar believes that the Resolution Plan addresses the requirements of the CIDI Rule and satisfies the credibility standard for this submission; namely that it includes observable and verifiable capabilities and data and reasonable projections to support the information and analysis it contains. As required by the CIDI Rule, the remainder of this Public Section provides a summary overview of the Resolution Plan and covers:

- The names of material entities (“MEs”)
- A description of core business lines (“CBLs”)
- Consolidated financial information regarding assets, liabilities, capital and major funding sources
- A description of derivative and hedging activities
- A list of payment, clearing and settlement systems service providers (“PCS service providers”)

- The identities of material supervisory authorities
- The identities of principal officers
- A description of the corporate governance structure and processes related to resolution planning
- A description of the material management information systems
- A high-level description of the resolution strategies.

Material Entities

The CIDI Rule defines an ME as a company, domestic branch, or foreign branch that is significant to the activities of a “critical service,” as that term is defined in the CIDI Rule, or CBL of the CIDI, including all IDIs that are subsidiaries or affiliates of the CIDI. Critical services are defined as services and operations, including shared and outsourced services, that are necessary to continue the day-to-day operations of the CIDI, and, in the case of a Group A CIDI, to support the execution of the identified strategy. Flagstar has identified two MEs:

- **Flagstar:** Flagstar is the insured depository institution, which provides a wide range of banking, mortgage, business, and private banking solutions to customers. As of December 31, 2024, Flagstar had approximately \$100.1 billion in total assets and accounted for approximately 99% of Flagstar Financials' total consolidated assets.
- **Flagstar Financial & Leasing, LLC (“FF&L”):** A wholly owned subsidiary of Flagstar that provides a variety of direct and indirect specialty financing and leasing products, including equipment finance and leasing, transportation financing, commercial marine, and national franchise financing and/or leasing. FF&L also provides financing for renewable energy projects, including solar and other green initiatives.

A simplified organizational chart to show the MEs is presented in Figure 1.

Figure 1: Simplified Organizational Chart



Core Business Lines

The CIDI Rule defines CBLs as business lines, including associated operations, services, funds, and support, that, upon failure, would result in a material loss of revenue, profit, or franchise value to the CIDI. Flagstar has identified three CBLs:

- **Commercial Real Estate (“CRE”):** This CBL includes Flagstar’s non-owner occupied CRE loans, which represent the single largest lending category for Flagstar. This CBL primarily includes lending on multi-family, retail, and office properties. Loans secured by multi-family represent the

largest segment of total loans in the CRE CBL. The CBL also includes CRE loans secured by other properties, as well as acquisition, development, and construction loans. Of the multi-family loans, the majority of the properties are located in the greater New York City metropolitan area with a significant portion of the loans subject to some form of rent regulation.

- **Commercial and Private Banking:** This CBL includes specialized lending industries and capital markets, regional commercial and corporate loans, private banking, commercial deposits and payment solutions, specialty finance, homebuilders finance, and wealth management services to commercial and private clients. This CBL services middle market and corporate clients through a wide variety of client coverage channels, including regional banking, specialized industry, and product verticals. The business offers a product hub in Rates, Foreign Exchange and Capital Markets, which serves all non-retail lines of business across Flagstar. The business line also serves high earners and affluent and high net-worth clients through its Private Banking segment, which provides customized solutions for the unique personal, family and business needs of those customers.
- **Consumer Bank:** This CBL includes Flagstar's retail, mortgage and small business banking and includes Flagstar's branch network. This CBL provides deposit, lending, cash management, and wealth services to consumers and small businesses across Flagstar's geographic footprint. Its core strategy is to acquire and retain clients who maintain their primary checking and transaction relationship with Flagstar. Consumer clients are serviced through the branch network, telephone banking, Flagstar's website, ATMs, call center, digital/mobile channels, financial consultants, and business banking relationship managers.

Each of the CBLs operates predominantly through Flagstar and its subsidiaries.

Consolidated Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

Assets and Liabilities

The consolidated balance sheet for Flagstar as of December 31, 2024, is presented in Figure 2. Figures have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

Figure 2: Flagstar Balance Sheet as of December 31, 2024

Assets (in \$ thousands)	Flagstar
Cash and balances from depository institutions:	
Noninterest-bearing balances and currency and coin	434,390
Interest-bearing balances	14,995,666
Securities:	
Held-to-maturity securities	0
Available-for-sale debt securities	10,401,846
Equity securities with readily determinable fair values and not held for trading	13,874
Loans and lease financing receivables	
Loans and leases held for sale	898,939
Loans and leases held for investment	68,272,570
LESS: Allowance for credit losses on loans and leases	1,201,000
Loans and leases held for investment, net of allowance	67,071,570
Trading assets	7,306
Premises and fixed assets	978,040
Other real estate owned	4,872
Investments in unconsolidated subsidiaries and associated companies	61,965
Direct and indirect investments in real estate ventures	0
Intangible assets	513,607
Other assets	4,720,220
Total assets	100,102,295
Liabilities and Equity Capital (in \$ thousands)	Flagstar
Deposits:	
In domestic offices	76,448,437
Noninterest-bearing	13,483,688
Interest-bearing	62,964,740
In foreign offices, Edge and Agreement subsidiaries, and IBFs	0
Trading liabilities	1,842
Other borrowed money (includes mortgage indebtedness)	13,402,032
Subordinated notes and debentures	0
Other liabilities	1,670,738
Total liabilities	91,523,049
Total equity capital	8,570,246
Total liabilities and equity capital	100,102,295

Capital

Flagstar is required to comply with applicable capital adequacy regulations established by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory, and possibly additional discretionary, actions by its regulators, including restrictions on capital distributions and redemptions. As of December 31, 2024, Flagstar's capital ratios, which are shown in Figure 3, exceeded the regulatory minimum capital requirements to be categorized as "Well Capitalized".

Figure 3: Capital Ratios as of December 31, 2024.

Ratio	Flagstar	"Well Capitalized" Threshold
Leverage Ratio	8.05%	5.00%
Common Equity Tier 1 Ratio	13.21%	6.50%
Tier 1 Capital Ratio	13.21%	8.00%
Total Capital Ratio	14.47%	10.00%

Flagstar has in place a robust and effective capital planning process, including capital limits, early warning indicators, capital targets, and stress testing that incorporates credit risk, price risk, liquidity risk, operational, compliance, and strategic risks. Flagstar also has a capital contingency plan that identifies actions the Board of Directors of Flagstar ("Board") may take as remedies for any prospective shortfalls in the capital position.

Major Funding Sources

Customer deposits represent the primary source of Flagstar's funding, comprising 84% of total bank liabilities as of December 31, 2024. In a business-as-usual environment, Flagstar has access to a variety of funding sources, including Federal Funds purchased, repurchase agreements, Federal Home Loan Bank advances, Federal Reserve Bank borrowing lines, and brokered deposits.

Flagstar has in place liquidity and funding programs to manage and monitor its liquidity risk under normal and stressed market conditions, including established risk limits. These programs help Flagstar maintain adequate liquidity resources to make timely payments and sustain access to clearing and settlement capabilities during the bridge bank stabilization and resolution period. As required by regulation, Flagstar conducts liquidity stress testing, assessing the adequacy of the institution's liquidity buffer to meet short-term obligations during periods of financial stress. Flagstar also has a contingency funding plan that establishes the specific actions that senior management can take in anticipation of, and in response to, specified liquidity events so that Flagstar has sufficient liquidity available to meet its obligations and mitigate contingent liquidity risk.

As required per Regulation YY, Flagstar must also maintain a liquidity buffer consisting of unencumbered highly liquid assets that is sufficient to meet its projected net stressed cash-flow need over a 30-day planning horizon of a liquidity stress test. Assets eligible to be included in the pool of highly liquid assets are cash, securities issued or guaranteed by the United States, a U.S. government agency, or a U.S. government-sponsored enterprise, and any other asset that the bank demonstrates to the satisfaction of the Federal Reserve Bank.

Description of Derivative and Hedging Activities

Flagstar utilizes derivative instruments to (1) manage the fair value changes in mortgage servicing rights, interest rate lock commitments and loans held for sale portfolios, which are exposed to price and interest rate risk, (2) facilitate asset/liability management, (3) minimize the variability of future cash flows on long-

term debt and (4) to meet the needs of customers. As of December 31, 2024, the notional amount of all of Flagstar's derivatives totaled less than 5% of its total assets.

Flagstar's Interest Rate Risk Policy ("IRR Policy") sets forth the structure for establishing appropriate interest rate risk limits, as well as ongoing monitoring and hedging of Flagstar's interest rate risk position to provide capital protection through earnings stability over any interest rate cycle. The IRR Policy allows for the use of derivatives to manage exposure to interest rate risk. Most of the exposure is related to interest rate swaps offered to bank customers for which the position is totally offset with another counterparty to eliminate market risk exposure. For all approved trades, predetermined steps are followed for accuracy, separation of controls, proper ongoing monitoring and analysis, and adherence to Flagstar's policies and procedures and applicable laws, regulations and requirements.

PCS Service Providers

Flagstar accesses PCS systems through PCS service providers on a daily basis to serve customers. Flagstar is a direct member or has a direct relationship with all of its PCS service providers, which is comprised of Financial Market Utilities ("FMU"), agent banks, and credit card services. Figure 4 presents a list of Flagstar's PCS service providers.

Figure 4: PCS Service Providers

FMU
FedACH
Chicago Mercantile Exchange
Federal Reserve Bank
Society for Worldwide Interbank Financial Telecommunication
The Clearing House Payments Authority
Fedwire
Agent Banks
Bank of Montreal
Bank of New York Mellon
PNC Bank, N.A.
Wells Fargo Bank, N.A.
Card Business
Mastercard
Visa

Material Supervisory Authorities

Flagstar is a national banking association subject to federal regulation and oversight by the Office of Comptroller of the Currency. It is also subject to regulation and examination by the FDIC, which insures the deposits of Flagstar to the extent permitted by law, and certain requirements established by the Federal Reserve.

Principal Officers

Figure 5 lists the principal officers of Flagstar.

Figure 5: Principal Officers of Flagstar

Title	Name
Chief Executive Officer (“CEO”)	Joseph Otting
President of Commercial & Private Banking	Richard Raffetto
President of Consumer Banking	Reginald Davis
President of Commercial Real Estate Banking	Scott Shepherd
Chief Financial Officer (“CFO”)	Lee Smith
Sr Director - Strategic Financial & Capital Management	Sydney Menefee
Chief Credit Officer	Kris Gagnon
Chief Enterprise Compliance Officer	Donald Howard
Special Advisor to the CEO	Robert Phelps
Chief Human Resources Officer	Simone Betz
Chief Information Officer	Christopher Higgins
Chief Audit Executive	Colleen McCullum
General Counsel & Chief of Staff	Bao Nguyen
Chief Risk Officer	George Buchanan

Resolution Planning Corporate Governance Structure and Processes

Flagstar supports the FDIC’s goals and objectives with regards to resolution planning under the CIDI Rule. Accordingly, Flagstar has established a corporate governance structure and processes so that its Resolution Plan receives input, support and approval at the appropriate levels. The Board approved the Resolution Plan prior to submission to the FDIC. The Resolution Plan was also approved by the Resolution Planning Leadership Steering Group (the “Steering Group”), the Enterprise Risk Management Committee (“ERMC”), a management committee, and Risk Assessment Committee (“RAC”), a Board-level committee, before it was reviewed and approved by the Board.

The CFO is responsible and accountable for the development, maintenance, and filing of Flagstar’s resolution plan submissions and compliance with CIDI Rule requirements and expectations to integrate resolution planning into its corporate governance structure and processes. The Steering Group, which is comprised of members of senior management, was responsible for overseeing Flagstar’s resolution planning efforts. The Steering Group met regularly to review and approve various components of the plan

and key decisions during the planning and drafting stages, with additional meetings scheduled as necessary.

Flagstar also organized a dedicated project team that met regularly and was responsible for the day-to-day activities that culminated in the development, drafting, and submission of the Resolution Plan.

Other senior leadership across various functions were involved throughout the process and the Resolution Plan was open to review and challenge by Flagstar's Risk Management and Internal Audit functions.

Material Management Information Systems

Flagstar's material management information systems ("MIS") consists of applications associated with the provision of services and operations of Flagstar that are necessary to continue day-to-day operations of the bank or to support the execution of its strategies (i.e., critical services). Flagstar's material MIS includes systems and applications used by or for the benefit of Flagstar and its subsidiaries for risk management, accounting, and financial and regulatory reporting.

Flagstar also has MIS in place that allows for generating routine reports as necessary to operate the bank, as well as reports underlying the Resolution Plan submission. Key data related to Flagstar's CBLs and MEs were generated with the material MIS.

Flagstar's MIS is governed by policies and procedures that provide structure and controls for managing the inventory of applications enterprise-wide. Applications are either owned directly by Flagstar or licensed from vendors who are subject to service level agreements.

Description of Resolution Strategies

Flagstar identifies and describes in the Resolution Plan two potentially suitable resolution strategies that could reasonably be executed by the FDIC if the CIDI were to fail. The first strategy is a traditional weekend sale. Flagstar believes that given its size and low level of complexity, a weekend sale is a plausible strategy that provides timely access to insured deposits, maximizes value from the sale or disposition of assets, minimizes any losses realized by creditors of the CIDI in resolution, and addresses potential risks of adverse effects on U.S. economic conditions or financial stability.

Under the second resolution strategy, following the formation and stabilization of a bridge bank, the FDIC could execute relatively quick sales of distinct franchise components that are separable in their current state. The sale of the identified franchise components would reduce the size and complexity of the bridge bank, allowing the FDIC to market and sell the much smaller bridge bank to an expanded pool of buyers within days or weeks of Flagstar's failure.

The Resolution Plan includes details on each of Flagstar's franchise components, potential sale strategies, timeframe for standing up the virtual data room for the franchise components and the CIDI as a whole, capabilities to produce valuations for the franchise components and the CIDI as a whole, and a list of potential acquirers, as required by the CIDI Rule. The Resolution Plan is not binding on the FDIC as supervisor, deposit insurer, or receiver for Flagstar, and the FDIC is not required to act in conformance with the Resolution Plan.

Glossary

Term	Definition
Board	Board of Directors of Flagstar
CBLs	Core business lines
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDI Rule	Covered insured depository institution resolution plan rule
CIDIs	Insured depository institutions with total assets of \$50 billion or more
CRE	Commercial real estate
ERMC	Enterprise Risk Management Committee
FDIC	Federal Deposit Insurance Corporation
FF&L	Flagstar Financial & Leasing, LLC
Flagstar	Flagstar Bank, N.A.
Flagstar Financial	Flagstar Financial, Inc.
FMU	Financial Market Utilities
GAAP	Generally accepted accounting principles
Group A CIDIs	CIDIs with total assets of \$100 billion or more
IDIs	Insured depository institutions
IRR Policy	Flagstar's Interest Rate Risk Policy
MEs	Material entities
MIS	Management information systems
PCS service providers	Payment, clearing and settlement systems service providers
RAC	Risk Assessment Committee
Resolution Plan	Flagstar's resolution plan
Steering Group	Resolution Planning Leadership Steering Group