



# DZ BANK AG

## Public Section of 2022 §165(d) U.S. Resolution Plan



## **Public Section**

### **(i) Executive Summary**

Section 165(d) of the Dodd-Frank Act (“DFA”) and its implementing rules require, among other things, any company covered by section 165(d) to produce a resolution plan (such plan for DZ BANK AG being this “Resolution Plan”) to provide for such company’s rapid and orderly resolution in the event of material financial distress or failure. The implementing rules (collectively, the “Rule”) were jointly issued by the Federal Reserve System (the “Board”), codified at 12 Code of Federal Regulations (“C.F.R.”) Part 243, and the Federal Deposit Insurance Corporation (the “FDIC” and together with the Board, the “Agencies”), codified at 12 C.F.R. Part 381, on November 1, 2011. DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (“DZ BANK”, “DZ BANK AG” or the “Bank”) is considered a “Covered Company” under the Rule and must file this Resolution Plan with the Agencies. References to the Rule contained herein are to 12 C.F.R. Part 243 promulgated by the Board.

Under the requirements of the Rule, Covered Companies are required to assess their U.S. banking operations for the presence of “Material Entities”, “Critical Operations”, and “Core Business Lines”. DZ BANK performed this assessment and determined that there were no Material Entities, Critical Operations or Core Business Lines as defined in the Rule. Therefore, the focus of this Resolution Plan is the orderly resolution of DZ BANK’s New York State chartered branch (the “New York Branch”) as the U.S. operations of the Covered Company, driven by the requirements of the New York State receivership procedures for the orderly liquidation of a banking entity in resolution.

DZ BANK with its registered office in Frankfurt am Main, Federal Republic of Germany, acts as central bank, corporate bank and parent holding company of the DZ BANK Group. As a central bank DZ BANK serves as the subsidiary partner of approximately 850 local cooperative banks. DZ BANK is considered a “Covered Company” under the Rule and must file a Resolution Plan with the Board and the FDIC.

DZ BANK is subject to governmental supervision and regulation by the German Federal Financial Services Supervisory Authority (BaFin), an independent authority with regulatory powers, with the assistance of the Deutsche Bundesbank under the German Banking Act of July 10, 1961, as amended, and by the European Central Bank.



**(ii) Overview of DZ BANK’s U.S. Operations**

In the United States, DZ BANK operates a New York State licensed branch that is regulated by the York State Department of Financial Services (“NYDFS”) and the Board. Deposits in the New York Branch are not insured by the FDIC. DZ BANK is a foreign banking organization (“FBO”) and has elected to be treated as a “financial holding company” under the Bank Holding Company Act of 1956, as amended.

The New York Branch has the following lines of business:

- “Group Treasury (GTLA/GTSA)” – GTLA/GTSA is DZ BANK’s global treasury group. Group Treasury takes deposits, issues commercial paper and Yankee CD’s and coordinates medium to long term funding of the Branch’s assets. Group Treasury also manages the U.S. bond and credit derivatives portfolios and enters into interest rate derivatives for loan deals and hedging of bond positions. Treasury products are provided to corporate customers of the Bank.
- “Asset Securitization (SFAA)” - SFAA provides financing to niche markets by means of securitization via its conduit, Autobahn. SFA operates exclusively in the U.S. market and provides services to U.S. customers and German based DZ BANK clients operating in North America.
- “Syndicated Loans & Acquisition Finance, German Desk (SFLN)” - SFLN provides financing to the North American subsidiaries of German DZ BANK clients and supports North American companies with significant business activities in Germany.
- “Project Finance (SFPN)” - SFPN finances projects mainly in the energy sector to U.S. based customers and German based DZ BANK clients operating in North America.
- “Trade & Commodity Finance (SFTN)” - SFTN provides secured, structured, and commodity financing to German based DZ BANK clients operating in North America and U.S. based customers.

The principal place of business of the New York Branch is One Vanderbilt Avenue, New York, NY 10017. The main telephone number is (212) 745-1400.

**(iii) Consolidated or segment financial information regarding assets, liabilities, capital and major funding sources**

The consolidated income statement and the balance sheet of the Covered Company is set forth below:


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## Income statement for the period January 1 to December 31, 2021

€ million	2021	2020
Net interest income	2,785	2,686
Interest income	4,174	4,978
Interest income calculated using the effective interest method	4,362	4,795
Interest income not calculated using the effective interest method	-189	183
Current income and expense	62	82
Interest expense	-1,451	-2,373
Net fee and commission income	2,935	2,121
Fee and commission income	5,521	4,267
Fee and commission expenses	-2,586	-2,146
Gains and losses on trading activities	152	693
Gains and losses on investments	245	166
Other gains and losses on valuation of financial instruments	242	-62
Gains and losses from the derecognition of financial assets measured at amortized cost	-	-2
Premiums earned	18,994	18,741
Gains and losses on investments held by insurance companies and other insurance company gains and losses	5,251	2,047
of which interest income calculated using the effective interest method	1,515	1,474
Insurance benefit payments	-20,356	-17,499
Insurance business operating expenses	-3,047	-2,922
Gains and losses from the derecognition of financial assets measured at amortized cost in the insurance business	-	-20
Loss allowances	120	-678
Administrative expenses	-4,265	-4,036
Other net operating income	41	210
<b>Profit before taxes</b>	<b>3,096</b>	<b>1,445</b>
Income taxes	-920	-472
<b>Net profit</b>	<b>2,176</b>	<b>973</b>
Attributable to:		
Shareholders of DZ BANK	1,996	865
Non-controlling interests	180	108

**APPROPRIATION OF PROFITS**

€ million	2021	2020
Net profit	2,176	973
Non-controlling interests	-180	-108
Appropriation to retained earnings	-1,632	-293
<b>Unappropriated earnings</b>	<b>364</b>	<b>572</b>

**DZ BANK – 2021 Annual Report**
**Balance sheet as at December 31, 2021**
**ASSETS**

€ million	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	86,029	68,354
Loans and advances to banks	107,659	103,020
Loans and advances to customers	195,665	190,294
Hedging instruments (positive fair values)	389	161
Financial assets held for trading	47,321	42,788
Investments	52,440	60,232
Investments held by insurance companies	129,131	121,668
Property, plant and equipment, investment property, and right-of-use assets	1,881	1,744
Income tax assets	1,141	898
Other assets	6,490	5,516
Loss allowances	-1,956	-2,320
Non-current assets and disposal groups classified as held for sale	164	199
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	920	1,980
<b>Total assets</b>	<b>627,273</b>	<b>594,535</b>

**EQUITY AND LIABILITIES**

€ million	Dec. 31, 2021	Dec. 31, 2020
Deposits from banks	196,562	177,852
Deposits from customers	138,975	133,925
Debt certificates issued including bonds	79,652	70,500
Hedging instruments (negative fair values)	1,678	2,638
Financial liabilities held for trading	43,411	50,410
Provisions	3,992	4,003
Insurance liabilities	118,863	111,213
Income tax liabilities	1,456	1,229
Other liabilities	10,797	10,243
Subordinated capital	3,074	3,090
Liabilities included in disposal groups classified as held for sale	2	2
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	150	315
<b>Equity</b>	<b>28,661</b>	<b>29,116</b>
Shareholders' equity	26,860	26,024
Subscribed capital	4,926	4,926
Capital reserve	5,551	5,551
Retained earnings	12,217	10,517
Reserve from other comprehensive income	1,651	2,212
Additional equity components	2,150	2,245
Unappropriated earnings	364	572
Non-controlling interests	1,801	3,093
<b>Total equity and liabilities</b>	<b>627,273</b>	<b>594,535</b>

**(iv) A description of derivative activities and hedging activities**

As an integral part of its risk management strategy, the New York Branch hedges against risks arising in connection with financial instruments. Derivatives and other instruments are used to hedge credit risk and market risk. All hedging activities are conducted within the strategic rules specified in writing and applicable throughout the DZ BANK Group.

If the hedging of risk in connection with financial instruments gives rise to accounting mismatches between the hedged item and the derivative used for the hedge, the DZ BANK Group designates the hedging transaction as a hedge in accordance with the hedging accounting requirements of IAS 39 and exercises the fair value option in order to eliminate or reduce such mismatches. Hedge accounting in the DZ BANK Group includes hedging interest-rate risk and currency risk and therefore affects market risk. Hedging information is disclosed in note 4.6.5 on page 88 of the 2021 Annual Report of DZ BANK Group.

**(v) Expansion of ESG risk management (from the annual report)**

DZ BANK is currently analyzing the effects of various regulatory initiatives on the management of environmental, social, and corporate governance (ESG) risks, in particular, the Guide on climate-related and environmental risks published by the European Central Bank (ECB) and the delegated regulation concerning the EU's climate taxonomy. In addition, DZ BANK will participate in the ECB's macroeconomic climate stress test, which is scheduled for 2022.

**(vi) A list of memberships in material payment, clearing and settlement systems**

The New York Branch is not a member of any material payment, clearing or settlement system.

**(vii) A description of foreign operations**

The New York Branch has no foreign operations (other than the Head Office) material to its resolution.

**(viii) The identities of material supervisory authorities**

The New York Branch is supervised by the following authorities:

USA

- (1) New York State Department of Financial Services; and
- (2) Federal Reserve Bank of New York.



Germany

- (1) BaFin (German Federal Financial Supervisory Authority)
- (2) Deutsche Bundesbank
- (3) The European Central Bank

**(ix) The identities of the principal officers as of December 31, 2021**

General Manager, DZ BANK AG New York Branch: Mr. Carl Amendola.

**(x) A description of the corporate governance structure and processes related to resolution planning**

From a governance standpoint, the Steering Committee, comprised of the Global Head of Compliance for DZ BANK, the Branch Manager of the New York Branch, and the Chief Compliance Officer of the New York Branch, assessed the feasibility of the Plan. The Board of Directors of DZ BANK approved the Plan via designee to the Global Head of Compliance.

**(xi) A description of material management information systems**

DZ BANK’s management information systems (“MIS”) are applications that aggregate, analyze, and report financial data necessary for prudent decision making and risk management. The applications consist of third-party and in-house platform technologies and user interfaces that staff use to generate reports on both a periodic and ad-hoc basis. The key MIS at the New York Branch generate numerous reports used in the normal course of business to monitor its financial health, risks, and operations.

The ability of DZ BANK’s MIS to aggregate and analyze data locally and globally is robust. DZ BANK maintains detailed business continuity plans with respect to all technology platforms, including its MIS.

**(xii) A description, at a high level, of the Covered Company’s resolution strategy, covering such items as the range of potential purchasers of the Covered Company.**

The resolution strategy for the Covered Company under all is a liquidation of the New York Branch. The Branch would be resolved by the New York State Division of Financial Services through a receivership pursuant to the governing provisions under New York State Banking Law. The receivership will liquidate the U.S. assets of the New York Branch to satisfy the claims of its creditors to the fullest extent possible. Pursuant to this strategy, the Resolution Plan outlines the asset sales that could occur during the resolution process. These Plans include assessments as to the marketability and liquidity of the various classes of New York Branch assets.