

# Commerzbank AG

## U.S. Resolution Plan 2022

### Section 1: Public Section

July 1, 2022

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# 1 Public Section of U.S. Resolution Plan

## I. Introduction

Commerzbank Aktiengesellschaft (“Commerzbank AG,” and Commerzbank AG together with its subsidiaries, “Commerzbank”) hereby submits its 2022 reduced U.S. resolution plan (the “2022 Plan”) in compliance with the final rule issued by the Board of Governors of the Federal Reserve System (the “FRB”) and the Federal Deposit Insurance Corporation (the “FDIC”) to implement resolution planning requirements pursuant to Section 165(d) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended (the “DFA 165(d) Rule”). Commerzbank AG is a triennial reduced filer under the DFA 165(d) Rule, which requires Commerzbank to submit, every three years, to the FRB and the FDIC a plan for the rapid and orderly resolution of its U.S. operations in the event of material distress or failure.

Commerzbank is a leading bank in Germany. It is present worldwide in most major markets for its customers as a partner to the business world. Outside of Germany, Commerzbank has subsidiaries, branches and representative offices in about 40 countries, and it employs approximately 40,000 employees worldwide. While Commerzbank operates in most major financial centers, including London, New York, Tokyo and Singapore, the focus of Commerzbank’s international activities is in Europe.

Commerzbank is currently implementing its “Strategy 2024”, which management announced in February 2021. As part of this strategy, Commerzbank continues to focus on its core businesses and has, since the strategy’s announcement, embarked on an in-depth restructuring program as well as the comprehensive digitization of Commerzbank. Specifically, as part of the implementation of the new strategy, Commerzbank now focuses its businesses on two customer segments: “Private and Small Business Customers” and “Corporate Clients”.

Commerzbank’s U.S. operations (“Commerzbank North America”) are part of the Corporate Clients segment. Commerzbank North America provides a broad range of products and services within its Capital Markets & Advisory, Lending and Transaction Banking business lines, in addition to the Treasury business line. While Commerzbank North America continues to provide its products and services to a wide range of customers in the United States, the implementation of “Strategy 2024” has reduced its operational complexity in the United States, which further enhances the resolvability of Commerzbank North America without having an impact on U.S. financial stability in times of financial stress.

Commerzbank attaches great importance to U.S. resolution planning and a sound and robust corporate governance structure for its U.S. resolution planning process. Commerzbank believes that its resolution planning process is fully operational and resolution planning forms an important part of its ongoing initiatives.

In Section II of this Public Section of the 2022 Plan, Commerzbank describes, at a high level, how its two U.S. material entities (each, an “ME”) and its four core business lines (each, a “CBL”) could be resolved in an orderly liquidation under the resolution regimes applicable to its MEs. After the description of the U.S. resolution strategy for Commerzbank North America, Section III of this Public Section provides helpful information on the following: (i) the material entities; (ii) a description of core business lines; (iii) a summary of relevant financial information; (iv) the identity of material supervisory authorities; (v) the identity of the principal officers; and (vi) a description of Commerzbank’s resolution planning corporate governance structure and processes.

## II. Description of U.S. Resolution Strategy

Commerzbank has a very limited footprint in the United States. It does not have any operations the failure or discontinuance of which would pose a threat to the financial stability of the United States. Most importantly, Commerzbank does not control a U.S. insured depository institution, but only operates through two MEs in the United States – Commerzbank New York Branch (“CNYB”) and Commerz Markets LLC (“Commerz Markets”).

For purposes of the 2022 Plan, Commerzbank North America assumes a “worst-case” resolution strategy under which each of its MEs would be wound down pursuant to the applicable resolution regime.

- › For CNYB, a New York State branch of Commerzbank, liquidation would proceed in accordance with New York State Banking Law under the control of the Superintendent of the New York State Department of Financial Services. In liquidating CNYB, the Superintendent would also wind down CNYB’s four CBLs – Capital Markets & Advisory, Lending, Transaction Banking and Treasury. The liquidation of CNYB is expected to require no more than twelve months under severely adverse conditions.
- › For Commerz Markets, a U.S. broker-dealer subsidiary of Commerzbank, liquidation would proceed under the Securities Investor Protection Act of 1970 under the control of the Securities Investor Protection Corporation Trustee. In liquidating Commerz Markets, the appointed trustee would wind down the Capital Markets & Advisory and the Treasury CBLs operated by the broker-dealer. The liquidation of Commerz Markets is expected to require no more than one month under severely adverse conditions.

Because of the limited presence of Commerzbank North America in the United States and the respective resolution regimes of each of its MEs, the discontinuation of these MEs would be expected to proceed in an orderly fashion and would not have an adverse effect on the financial stability of the United States.

The 2022 Plan represents a continuation of the resolution strategy that was set forth in the previous U.S. resolution plan that Commerzbank AG submitted in 2018 (the “2018 Plan”). No material change has occurred in the business or resolution strategy since the submission of the 2018 Plan. Even though the names of three CBLs have changed and the businesses and assets that make up these CBLs have been shifted around to a certain extent as a result of the implementation of Commerzbank’s “Strategy 2024”, the changes are not deemed to be so significant as to warrant a change in the resolution strategy of Commerzbank North America described in the 2018 Plan.

## III. Background Information on Commerzbank North America

### A. Material Entities

The DFA 165(d) Rule defines a material entity as an entity that is significant to the activities of a CBL. As described in the following section, Commerzbank North America identified its CBLs based on the analysis of several factors. Using these CBLs as the foundation for its analysis of its legal entities, Commerzbank North America identified two MEs. Commerzbank North America performed this analysis using key performance metrics to assess materiality.

- › **Commerzbank AG New York Branch.** CNYB is the New York branch of Commerzbank and is licensed by the New York State Department of Financial Services.

- › **Commerz Markets LLC.** Commerz Markets is a registered broker-dealer under the Securities Exchange Act of 1934. It is a Delaware limited liability company and a wholly owned subsidiary of Commerzbank.

Commerzbank does not control a U.S. insured depository institution.

## **B. Core Business Lines**

Under the DFA 165(d) Rule, a business line is considered “core” if its failure would result in a material loss of revenue, profit or franchise value. On the basis of this definition, and applying a set of key performance metrics, Commerzbank North America identified four CBLs – Capital Markets & Advisory, Lending, Transaction Banking and Treasury. Each of the CBLs is operated by CNYB. Capital Markets & Advisory and Treasury are also operated by Commerz Markets.

- › **Capital Markets & Advisory**

Capital Markets & Advisory provides products and services to clients using a broad range of investment and commercial advisory services. Capital Markets & Advisory comprises several areas, including:

- Bonds provides corporate clients, financial institutions and the public sector with bond issuances;
- Syndicated Finance Americas is responsible for the marketing, origination, structuring, execution and distribution of syndicated loans and U.S. private placements;
- Financial Markets consists of the Emerging Markets and FX Spot Trading teams. It is a provider of foreign exchange solutions and liquidity while also acting as a vehicle to balance flows from the corporate client base.

- › **Lending**

Lending has product management responsibility for the Corporate Clients credit portfolio including its lending strategy, pricing, portfolio management and risk weighted assets management. Lending includes the following areas:

- Asset Finance focuses on asset-based financing including trade payables and receivables, leasing, corporate loans, infrastructure products, pre-export financing and export agency financing; and
- Loan Pricing & Portfolio Advisory NY has responsibility for the performance of the regional loan portfolio through appropriate loan pricing, inflow loan transaction steering and active capital and risk management including, but not limited to, loan hedging.

- › **Transaction Banking**

Transaction Banking provides cash management services, trade services and communication services. The customers of this area are global corporate clients of Commerzbank’s overseas branches seeking business in the US as well as US corporates seeking business in Commerzbank’s global locations.

- › **Treasury**

Treasury handles liquidity and capital management within the region, provides funding for all local business units and handles interest rate management.

### C. Summary Financial Information regarding Assets, Liabilities, Capital and Major Funding Sources

The consolidated balance sheet of Commerzbank as of December 31, 2021 is presented below. Figures have been prepared in accordance with International Financial Reporting Standards (IFRS).

**Table 1: Commerzbank AG consolidated balance sheet as of December 31, 2021 (\$ millions)**

| <b>Assets</b>                               | <b>Amount</b>  |
|---|----------------|
| Financial assets – Amortized cost           | 338,852        |
| Financial assets – Fair value OCI           | 45,434         |
| Financial assets – Mandatory fair value P&L | 32,202         |
| Financial assets – held for trading         | 49,597         |
| Other assets                                | 69,684         |
| <b>Total</b>                                | <b>535,770</b> |

| <b>Liabilities and equity</b>             | <b>Amount</b>  |
|---|----------------|
| Financial liabilities – Amortized cost    | 423,565        |
| Financial liabilities – Fair value option | 22,352         |
| Financial liabilities – Held for trading  | 37,327         |
| Other liabilities                         | 18,743         |
| Equity                                    | 33,782         |
| <b>Total</b>                              | <b>535,770</b> |

Source: Commerzbank AG Annual Report 2021

Exchange Rate as of 12/31/2021: € / \$ 1.1326

Commerzbank North America represents less than 1% of Commerzbank's total assets on a consolidated basis as of December 31, 2021.

#### › **Capital**

Commerzbank is responsible for the maintenance of regulatory and economic capital adequacy requirements in accordance with German regulations. The Commerzbank capital management process ensures that risk-based capital considerations are factored into the planning of business objectives. This process enables Commerzbank to ensure that it maintains appropriate levels of capital to operate within agreed-upon risk limits and to meet minimum regulatory capital requirements.

Commerzbank has a multi-year planning process that requires all business units to submit business plans for capital allocation purposes. As of December 31, 2021, the capital ratio of Commerzbank was 18.4%. As of the same date, the Tier 1 capital ratio was 15.5% and the Common Equity Tier 1 ratio was 13.6%.

#### › **Funding Sources**

Globally Group Treasury manages the liquidity of Commerzbank. Commerzbank's short- and medium-term funding is appropriately diversified in terms of investor groups, regions, products and currencies. CNYB and Commerz Markets are largely funded through deposits and unsecured loans.

Top-level decisions about liquidity management are made by the central Asset Liability Committee ("ALCO") which meets in regular intervals. The independent Risk Management function quantifies liquidity risks using an

internal model and also monitors the limits set by ALCO. The Board of Managing Directors of Commerzbank receives regular reports on the liquidity risk situation.

For further information on Commerzbank's financial statements, please refer to the 2021 Commerzbank AG Annual Report.

#### D. Material Supervisory Authorities

Commerzbank North America is regulated by supervisory authorities within the jurisdictions of the United States, New York State and Germany. The tables below list material supervisory authorities relevant to each ME.

**Table 2: Material supervisory authorities for CNYB**

| Supervisory authority                            | Jurisdiction   |
|--|----------------|
| New York State Department of Financial Services  | New York       |
| Board of Governors of the Federal Reserve System | United States  |
| Federal Financial Supervisory Authority          | Germany        |
| Deutsche Bundesbank                              | Germany        |
| European Central Bank                            | European Union |
| Single Resolution Board                          | European Union |
| National Futures Association                     | United States  |
| U.S. Commodities Futures Trading Commission      | United States  |

**Table 3: Material supervisory authorities for Commerz Markets LLC**

| Supervisory authority                        | Jurisdiction  |
|--|---------------|
| Financial Industry Regulatory Authority Inc. | United States |
| Securities and Exchange Commission           | United States |

#### E. Principal Officers

The tables below list the principal officers of Commerzbank North America's MEs as of December 31, 2021.

**Table 4: Senior Management – CNYB**

| Name                       | Title   |
|----------------------------|---|
| John Geremia               | General Manager/Regional Manager North America        |
| Andreas Holsten            | General Manager/Chief Operating Officer North America |
| Keith Lloyd                | Chief Financial Officer Americas                      |
| Silke Soennecken           | Head of Risk  |
| Christian Zelnhefer        | Head of Human Resources                               |
| Michael Fruchter           | Head of Legal   |
| Ken Mascher                | Head of Audit   |
| Jose Ignacio Campillo Diaz | Co-Head of Capital Markets & Advisory                 |
| Joseph Toner               | Co-Head of Capital Markets & Advisory                 |
| Werner Rietze              | Head of Treasury                                      |
| Joseph Barbella            | Head of Compliance Americas                           |
| Peter O'Sullivan           | Head of Lending                                       |

**Table 5: Board of Managers – Commerz Markets**

| Name             | Title  |
|------------------|--------|
| John Geremia     | Member |
| Keith Lloyd      | Member |
| Silke Soennecken | Member |
| Andreas Holsten  | Member |

**Table 6: Senior Officers – Commerz Markets LLC**

| Name                 | Title                    |
|----------------------|--------------------------|
| John Geremia         | President                |
| Joseph Barbella      | Chief Compliance Officer |
| Michael Boland       | Treasurer                |
| James B. Pomeroy     | Assistant Secretary      |
| Yoko Hubley          | Chief Financial Officer  |
| Christopher Williams | Secretary                |

## F. Resolution Planning Corporate Governance Structure and Processes

Commerzbank fully supports the goals and objectives of the FRB and FDIC with respect to U.S. resolution planning. For this reason, a robust corporate governance structure has been established, which includes the appointment of the Chief Financial Officer Americas as the executive responsible for U.S. resolution planning as well as the establishment of the U.S. Resolution Planning Steering Committee and the U.S. Resolution Planning Team. The Resolution Plan Working Group comprised of members of the front-office and back-office functions is available to provide underlying key data as needed.

The U.S. Resolution Planning Team is responsible for drafting and finalizing resolution planning documentation as well as for preparing reports and status updates for the Steering Committee. External corporate counsel provides guidance on regulatory requirements and developments to the U.S. Resolution Planning Team. After the plan's preparation by the U.S. Resolution Planning Team, the Resolution Planning Steering Committee reviews and provides local approval of the plan.

The U.S. resolution plan is approved by the Board of Managing Directors of Commerzbank AG following its review and vetting by the Steering Committee and by the Global Office of Recovery and Resolution Planning, which is responsible for alignment of such activities across Commerzbank.

The necessary processes to ensure the ongoing development and maintenance of the U.S. resolution plan have been incorporated into Commerzbank North America's business-as-usual procedures. The U. S. Resolution Planning Team manages the resolution planning process, including the triennial submission of the U.S. resolution plan and notification to regulators required within 45 days of an extraordinary event. In addition, membership in the Resolution Plan Working Group is reviewed to ensure that it is fully aligned with the project requirements.