



# Deutsche Bank 2020 U.S. Resolution Plan

Public Section | September 29, 2020

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1.

Introduction

# 1. Introduction<sup>1</sup>

This public summary of the 2020 U.S. Resolution Plan of Deutsche Bank Aktiengesellschaft (“DBAG”) describes our ongoing activities, including changes to the way we do business in the United States, to make our U.S. Operations simpler, stronger and safer and to enhance the resolvability of our U.S. Operations. Our activities comprise the simplification and rescaling of our footprint in the United States and the enhancement of our resolution capabilities in order to reduce the risk that any resolution of our U.S. Operations could have a significantly adverse effect on U.S. financial stability.

## Building on Our Roots and Focusing on Safety, Soundness, and Resolvability

Deutsche Bank celebrated its 150th anniversary this year. Our anniversary came at a time that we build on our roots of being a global Hausbank for the German domestic economy, while remaining as committed as ever to serving our clients’ interests and providing stability for the financial system.

Starting in 2019, we implemented a radical transformation of our business model, including by significantly downsizing our investment bank and exiting the Equities Sales & Trading business. As a result, our operations in the United States and globally are becoming significantly simpler and safer. At the same time, we invested hundreds of millions of Euros in 2019 in protecting against nonfinancial risks, which made our operations stronger than they have been for many years.

Building on our roots and focusing on safety, soundness and resolvability is especially important in the current time. It is unclear what the further effects of the COVID-19 pandemic will be, but we have taken actions to transform our operations in the United States and globally to be a steady anchor during these unprecedented times, and we will continue doing so going forward.

Specifically, in July 2019 after the submission of our last U.S. Resolution Plan in mid-2018, we announced a fundamental transformation to become a simpler, yet stronger and more profitable company, while also reinforcing our commitment to the important U.S. market. Through the transformation, we are refocusing our business on core client activities, restructuring our cost base and reinvigorating our leadership and control culture.

We are also taking actions to reduce assets and return capital to shareholders by 2022, while ensuring we maintain capital adequacy in all of our entities, including DB USA Corporation (“DB USA”). DB USA is one of Deutsche Bank’s U.S. intermediate holding companies and the funding vehicle for purposes of the execution of our U.S. Resolution Strategy. DB USA began the process of implementing Deutsche Bank’s transformation by exiting the cash equities and equity derivatives businesses in the United States. It also transferred assets from these businesses to a newly established Capital Release Unit, which has the mandate to liberate capital currently consumed by low return assets, businesses with low profitability and businesses no longer deemed strategic. As a result of these actions, DB USA reduced its total leveraged assets by \$3.1 billion, its risk-weighted assets by \$2.8 billion and its full-time employee count by over 600 in the second half of 2019.

Also in 2019, we agreed to sell our Global Prime Finance business, which offers securities lending services to asset managers, hedge funds, and corporate and institutional

<sup>1</sup> Capitalized terms used throughout this Public Section of the 2020 U.S. Resolution Plan have the meaning set forth in Section 6 – Glossary. For ease of reference, certain terms are defined where they first appear.

# Building on our roots and focusing on safety, soundness and resolvability is especially important in the current time.

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investors, and our Electronic Equities business, which provides clients access to the securities markets in a pure agency capacity, to BNP Paribas. DB Group still expects the transaction to be completed by the end of 2021. It will encompass the core technology platform of the Global Prime Finance and Electronic Equities businesses, the clients of these businesses and personnel, including up to 235 employees of DB USA that will be transferred to BNP Paribas.

In addition to simplifying and rescaling our U.S. footprint, with this 2020 U.S. Resolution Plan we are building on the resolution strategy and the resolution capabilities that we described in our 2018 U.S. Resolution Plan. To that end, we continue to expect that, if DBAG were to fail and the DB Group, including our U.S. Operations, were resolved on a worldwide basis, DBAG and its subsidiaries would be resolved by DBAG's home-country resolution authorities pursuant to our single-point-of-entry ("SPOE") Group Resolution Strategy. We believe that the Group Resolution Strategy would be the most effective way to resolve all of DBAG, including our U.S. Operations.

For purposes of our U.S. Resolution Plan only, however, we continue assuming that our U.S. Operations would be resolved on a stand-alone basis because DBAG would be unwilling or unable to recapitalize our U.S. Operations and otherwise keep them out of their own bankruptcy or resolution proceedings. The preferred strategy for our 2020 U.S.

Resolution Plan thus continues to be a SPOE strategy, in which only one entity, DB USA, would file for bankruptcy. All of the U.S. material entity subsidiaries of DB USA (the "U.S. ME Subsidiaries") would remain solvent, liquid, open and operational until they are wound down in an orderly manner outside of insolvency proceedings (the "U.S. Resolution Strategy"). Our New York branch, DBAG NY, would also remain open and operational throughout the implementation of the U.S. Resolution Strategy.

We remain strongly committed to enabling our U.S. Resolution Strategy and we have taken several steps since the submission of our 2018 U.S. Resolution Plan to enhance our resolution capabilities. Indeed, several of our business-as-usual ("BAU") activities are geared towards supporting this commitment. While the 2021 U.S. Resolution Plan will be a targeted resolution plan submission that will provide detailed information on our U.S. Resolution Strategy and our resolution capabilities in general, our 2020 U.S. Resolution Plan is more limited in scope. As such, our 2020 U.S. Resolution Plan focuses on how the DB Group has remediated the Governance Mechanisms Shortcoming that the Federal Reserve and FDIC (the "Agencies") identified in their December 2018 Feedback Letter after their review of our 2018 U.S. Resolution Plan. It also summarizes the resolution enhancement initiatives (the "Enhancement Projects") that we have completed since the date of the submission of our 2018 U.S. Resolution Plan.

## Group Resolution Strategy versus U.S. Resolution Strategy

The Group Resolution Strategy for DBAG has been developed by the European Single Resolution Board and the German Bundesanstalt für Finanzdienstleistungsaufsicht, in cooperation with other DB Group regulators. Under the Group Resolution Strategy, DBAG would be recapitalized by bailing in its external capital and debt instruments (i.e., writing them down or converting them to equity), which would recapitalize DBAG and otherwise keep DBAG's subsidiaries and branches, including its U.S. Operations, open and operating outside their own bankruptcy or resolution proceedings. Within one month after the bail-in, DBAG would be required to establish a business reorganization plan addressing the causes of failure and aiming to restore the institution's long-term viability.

The United States takes a different approach to resolution planning from the European regulators. In the United States, we are required to prepare and submit our own resolution plan to the Agencies under the U.S. Bankruptcy Code. The FDIC prepares its own separate plans for each firm under Title II of the Dodd-Frank Act. For a foreign banking organization like DBAG, the U.S. Resolution Plan covers only the U.S. Operations and must reflect certain assumptions specified by the Agencies that are different from those in our Group Resolution Strategy, including that the U.S. Operations would not receive any financial support from DBAG, our foreign parent company.

Specifically, we accomplished the following:

- **Remediation of Governance Mechanisms Shortcoming:** We remediated the Governance Mechanisms Shortcoming that the Agencies identified in their December 2018 Feedback Letter regarding our escalation triggers – specifically that we, by the time of this 2020 U.S. Resolution Plan submission, should include capital triggers in DB USA's Trigger and Escalation Framework that explicitly take into account forecasts of losses and other balance sheet changes that would occur in the Resolution phase; and
- **Completion of Enhancement Projects:** We completed the implementation of Enhancement Projects, which are resolution enhancement initiatives that we developed in response to the Agencies' December 2018 Feedback Letter, as well as other initiatives.

We hereinafter summarize the information described in more detail in our 2020 U.S. Resolution Plan on each of these improvements in turn.

2.

Remediation of  
the Governance  
Mechanisms  
Shortcoming

## 2. Remediation of the Governance Mechanisms Shortcoming

Our Trigger and Escalation Framework is connected to a Crisis Continuum that governs how we would respond under five phases of increasingly severe financial stress: BAU, the Stress phase, the Contingency phase, the Runway phase and the Resolution phase. Measures like early warning indicators ("EWI") and point of non-viability ("PNV") Triggers define the boundaries between these phases, and escalation protocols link the Crisis Continuum to specific actions, setting out a clear sequence and delineation of responsibilities for action at each phase.

### Our Secured Support Agreement

To ensure that the contributions of financial resources from DB USA to the U.S. ME Subsidiaries would be made in time and in sufficient amounts to execute our U.S. Resolution Strategy successfully, DB USA, the U.S. ME Subsidiaries and certain other entities of the DB Group executed a Support Agreement. This agreement creates a binding obligation on DB USA to downstream financial resources to the U.S. ME Subsidiaries in a resolution scenario to support their orderly resolutions. Certain other entities of the DB Group also have binding obligations to pass resources that they receive under the Support Agreement to the ultimate beneficiaries. These obligations are secured under a related Security Agreement. The binding, secured nature of the obligations under the Support Agreement means that the U.S. ME Subsidiaries would be first in line to collect these resources during a DB USA bankruptcy, mitigating the risk of potential legal challenges to the provision of support which may be necessary to facilitate their solvent wind-down under our U.S. Resolution Strategy.

### Our Crisis Continuum Summarized

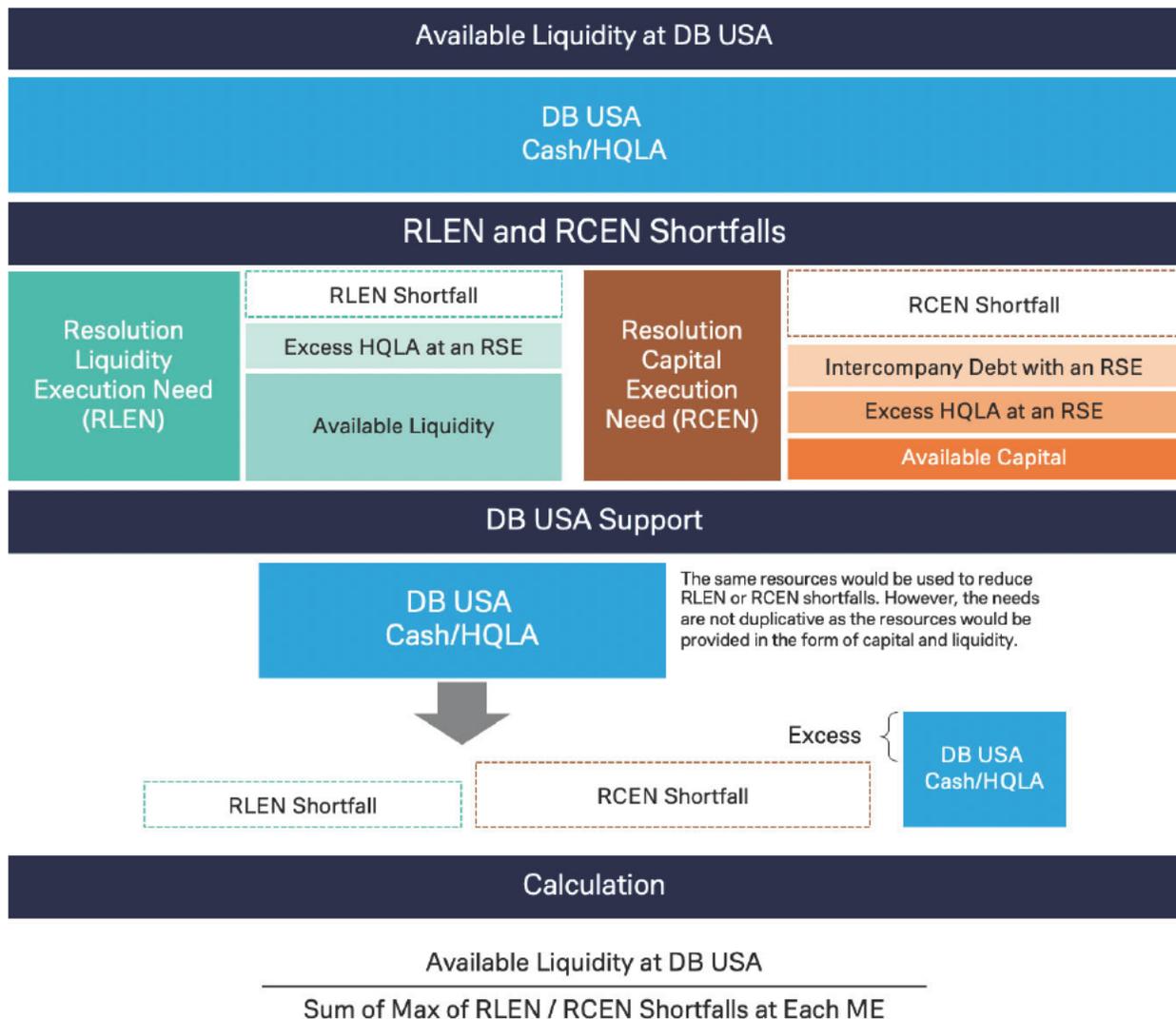


In their December 2018 Feedback Letter, the Agencies identified the Governance Mechanisms Shortcoming which required us to include capital triggers in DB USA's Trigger and Escalation Framework that explicitly take into account forecasts of losses and other balance sheet changes that would occur in the Resolution phase. To remediate this shortcoming, we created a detailed action plan and dedicated resources to facilitate its completion. As part of the remediation, we developed a methodology for incorporating DB USA's Resolution Capital Execution Needs ("RCEN") projections, i.e., DB USA's forecasts of losses and other balance sheet changes during the Resolution phase, into the Trigger and Escalation Framework. Further, we implemented the methodology into the Trigger and Escalation Framework by making appropriate changes to relevant DB Group policies and procedures. We also developed relevant monitoring capabilities and amended our Secured Support Agreement as necessary.

The Runway and PNV Triggers are incorporated in the Trigger and Escalation Framework and, with respect to the PNV Triggers, the Secured Support Agreement.

The updated Trigger and Escalation Framework allows DB USA to identify when, and under what conditions, DB USA and its U.S. ME Subsidiaries transition from BAU to the Stress, Contingency, Runway, and, eventually, the Resolution phases. The framework now appropriately reflects DB USA's forecasts of losses and other balance sheet changes, as well as liquidity needs, during the Resolution phase, thereby allowing DB USA to identify the status of its U.S. ME Subsidiaries based on both capital and liquidity metrics. We thus expect it will allow us sufficient time to take preparatory actions prior to resolution and be flexible enough to operate under a wide range of scenarios.

Runway and PNV Triggers



HQLA = High-quality liquid assets  
RSE = Related Support Entity

3.

Completion of  
Enhancement Projects

# 3. Completion of Enhancement Projects

In addition to the remediation of the Governance Mechanisms Shortcoming, we completed the implementation of Enhancement Projects since the submission of our 2018 U.S. Resolution Plan. As part of this process, we developed and approved action plans for each of these projects. Thereafter, our U.S. Living Wills OpCo and U.S. Living Wills team oversaw the implementation and closure of the Enhancement Projects.

We believe that the three pillars of our resolution capabilities enable us to operationalize our U.S. Resolution Strategy when and if required.

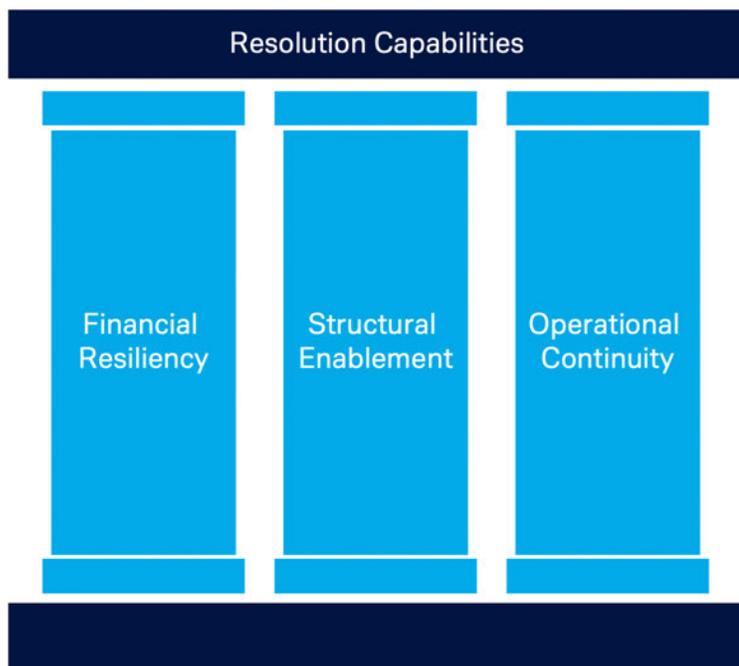
Each of our Enhancement Projects is aligned to one of the three pillars of our approach to resolution capabilities:

- Financial Resiliency
- Structural Enablement
- Operational Continuity

We described and discussed these three pillars in detail in the public section of our 2018 U.S. Resolution Plan and have continued to follow our three pillar approach since its submission.

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## The Three Resolution Capabilities



The discussion below includes information on the Enhancement Projects by pillar.

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### 3.1 Financial Resiliency

Financial Resiliency is the first pillar of our U.S. resolution capabilities. Under this pillar, we have incorporated the work that is designed to demonstrate DB USA's capital and liquidity capabilities to assist in the successful execution of the U.S. Resolution Strategy and assess the impact of the derivatives and trading book in the United States.

Since the submission of our 2018 U.S. Resolution Plan, we developed, implemented and completed Financial Resiliency Enhancement Projects that improved both our capital and liquidity capabilities, as well as our derivatives and trading book capabilities. The table to the right outlines our Financial Resiliency Enhancement Projects and provides a brief description of what we accomplished to strengthen each capability.

#### Improvements through Financial Resiliency Enhancement Projects

##### Financial Resiliency Enhancement Projects

###### Capital and Liquidity

Capital and liquidity related enhancements include:

- Issuance of total loss absorbing capacity ("TLAC") eligible debt at DB USA
- Improvement and automation of Resolution Liquidity Execution Need, Resolution Capital Execution Need, and Resolution Liquidity Adequacy and Prepositioning forecasting and reporting to management
- Model risk management validation of estimates used for Resolution Capital Execution Need and Resolution Liquidity Execution Need forecasting

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###### Derivatives and Trading Book

Derivatives and trading book related enhancements include improvements to ensure compliance with the U.S. Qualified Financial Contract Stay Rules

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### 3.2 Structural Enablement

Structural Enablement is the second pillar of our resolution capabilities. The Structural Enablement pillar establishes the strategic, legal and organizational framework for the execution of our U.S. Resolution Strategy. Our improvements in this area facilitate the timely and orderly execution of the U.S. Resolution Strategy with respect to DB USA and improve on DBAG's U.S. simple legal entity structure and BAU processes to facilitate resolvability.

Since the submission of our 2018 U.S. Resolution Plan, we developed, implemented and completed Structural Enablement Enhancement Projects that improved our U.S. resolution planning, Legal Entity Rationalization and DBAG NY Branch capabilities. The table to the right outlines the Structural Enablement Projects and provides a brief description of what we accomplished to strengthen each capability.

#### Improvements through Structural Enablement Enhancement Projects

##### Structural Enablement Enhancement Projects

###### U.S. Resolution Planning

U.S. resolution planning related enhancements include improvements to existing U.S. resolution planning policies and procedures

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###### Legal Entity Rationalization

Legal Entity Rationalization related enhancements include the simplification of the legal entity structure of our U.S. Operations and improvements to existing Legal Entity Rationalization policies and procedures

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###### DBAG NY Branch

DBAG NY Branch related enhancements include improvements to reporting capabilities

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### 3.3 Operational Continuity

Operational Continuity is the third pillar of our resolution capabilities. Our operational continuity capabilities are designed to establish and enable a strategy for continuity of key operational elements across financial market utilities, collateral, vendors, personnel, facilities, day 1 reports and systems in resolution.

Since the submission of our 2018 U.S. Resolution Plan, we developed, implemented and completed Operational Continuity Enhancement Projects that resulted in improvements to our collateral management, employee retention, as well as the continuity of access to services from financial market utilities, vendors and other service providers. The table to the right outlines the Operational Continuity Enhancement Projects and provides a brief description of what we accomplished to strengthen each capability.

### Improvements through Operational Continuity Enhancement Projects

#### Operational Continuity Enhancement Projects

##### Collateral Management

Collateral management related enhancements include the improvement of processes regarding the management, identification and valuation of collateral

##### Employee Retention

Employee retention related enhancements include improvements to the identification of critical personnel and related systems

##### Continuity of Services

Service continuity related enhancements include the improvement of financial market utility-related reporting and systems capabilities, as well as the inclusion of appropriate resolution provisions in key agent bank, vendor and intragroup agreements

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4.

U.S. Resolution  
Plan Governance

## 4. U.S. Resolution Plan Governance

Generally, the DBAG Management Board has delegated authority to management in the U.S. to oversee and manage the U.S. resolution planning activities in coordination with efforts at the DB Group level.

Christiana Riley, a member of the DBAG Management Board and the Chief Executive Officer of DB USA, briefed the DBAG Management Board on the 2020 U.S. Resolution Plan, including its content and submission, on September 22, 2020. Additionally, the Head of U.S. Living Wills periodically briefed the DB USA Board of Directors on the U.S. Resolution Plan, including on September 25, 2020. Acting under the authority delegated to her by the DBAG Management Board and in reliance on the briefings received by the DBAG Management Board and the DB USA Board of Directors, as well as her own review of the 2020 U.S. Resolution Plan, Christiana Riley considered and approved the 2020 U.S. Resolution Plan on September 25, 2020.

5.

Conclusion

## 5. Conclusion

As a result of the implementation and completion of the foregoing projects, we believe that we have remediated the Governance Mechanisms Shortcoming identified by the Agencies in the December 2018 Feedback Letter. We also further enhanced the resolvability of our U.S. Operations by building additional and improving existing resolution capabilities.

The efforts that we have made, and will continue to make, underscore our commitment to enhancing the resolvability of our U.S. Operations and our desire to simplify them and focus on our core strengths.

6.

Glossary

## 6. Glossary

Term	Definition
2018 U.S. Resolution Plan	DBAG's U.S. Resolution Plan submitted by July 1, 2018
2020 U.S. Resolution Plan	DBAG's 2020 U.S. Resolution Plan submitted by September 29, 2020
2021 U.S. Resolution Plan	DBAG's 2021 U.S. Resolution Plan to be submitted by September 29, 2021
Agencies	The Federal Reserve and the FDIC
Capital Release Unit ("CRU")	A DBAG unit facilitating DBAG's exit from non-strategic businesses and assets
Crisis Continuum	Framework that governs how DBAG's U.S. Operations would respond under progressively severe financial stress in order to successfully execute the U.S. SPOE Strategy
DBAG	Deutsche Bank Aktiengesellschaft (including its branches)
DBAG NY	DBAG New York Branch
DB Group	DBAG and all of its subsidiaries
DB USA	DB USA Corporation, one of DBAG's U.S. intermediate holding companies
December 2018 Feedback Letter	The feedback letter that DBAG received from the Agencies on December 20, 2018
Electronic Equities	A DBAG business providing clients access to the securities markets in a pure agency capacity
Enhancement Projects	Enhancement initiatives that DBAG implemented since the submission of its 2018 U.S. Resolution Plan
EWI	Early Warning Indicator
FDIC	The Federal Deposit Insurance Corporation
Federal Reserve	The Board of Governors of the Federal Reserve System
Governance Mechanisms Shortcoming	A shortcoming relating to our governance mechanisms identified by the Agencies in the December 2018 Feedback Letter
Group Resolution Strategy	The strategy to resolve DBAG and its subsidiaries on a worldwide basis developed by DBAG's home-country resolution authorities
HQLA	High-quality liquid assets
Legal Entity Rationalization	A process for optimizing DBAG's legal entity structure
NYDFS	The New York Department of Financial Services
PNV	Point of non-viability
PNV Trigger	A trigger that incorporates both the capital and the liquidity needs of the U.S. ME Subsidiaries; it commences the Resolution phase and related corporate actions
RCEN	Resolution Capital Execution Need
RLEN	Resolution Liquidity Execution Need
RSE	Related Support Entity is an entity that receives support for purposes of providing support to its subsidiary under the Secured Support Agreement

Term	Definition
Secured Support Agreement	The support agreement entered into among DB USA, the U.S. ME Subsidiaries and certain other entities of the DG Group, dated as of June 28, 2018, as amended from time to time, and the related security agreement
SPOE	Single-point-of-entry
TLAC	Total loss absorbing capital
Trigger and Escalation Framework	DB USA's resolution framework related to triggers and escalation processes
U.S. Living Wills OpCo	U.S. Living Wills Operating Council - A cross-functional Operating Council providing oversight for Living Wills activities in the U.S., including development, approval and submission of the U.S. Resolution Plans
U.S. ME Subsidiaries	Those of DB USA's subsidiaries that have been identified as material for purposes of DBAG's U.S. Resolution Plan
U.S. Operations	The operations conducted by DBAG NY, DB USA and its U.S. ME subsidiaries
U.S. Resolution Plan	DBAG's plan that describes how its U.S. Operations could be resolved in a rapid and orderly manner, including DB USA and its U.S. ME Subsidiaries, and which assumes that DBAG NY will remain open and operational and will not be seized by the Superintendent of the NYDFS
U.S. Resolution Strategy	DBAG's preferred U.S. resolution strategy for its U.S. Operations as described in the U.S. Resolution Plan