

DB USA Corporation

U.S. NET STABLE FUNDING RATIO DISCLOSURES

For the period ended June 28, 2024

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Net Stable Funding Ratio (NSFR)

The NSFR is intended to promote the resilience of banks by requiring them to fund their activities with stable, longer-term funding sources rather than relying heavily on short-term funding, which is prone to increased withdrawals in times of liquidity stress. By encouraging banks to maintain a more balanced and sustainable funding structure, the NSFR seeks to enhance the overall stability and safety of the banking system. The ratio is defined as the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF). ASF includes funding sources that are considered less sensitive to changes in market conditions and are less likely to be withdrawn or reduced quickly, even in times of financial turbulence. These funding sources often have a defined medium- or long-term tenor. Examples of funding sources that contribute to ASF include retail deposits from individuals, long-term wholesale funding and equity capital. As set forth in the regulation, funding type, tenor and counterparty classification are the main considerations in determining the weighted value of funding sources. RSF represents the amount of stable funding that a bank is required to maintain to support its balance sheet assets and its off-balance sheet exposures. Assets or exposures that are perceived to be less liquid or more susceptible to funding risk would require a higher amount of stable funding and, therefore, will be assigned a higher percentage weighting in determining the RSF amount. Conversely, assets and / or exposures that are more liquid and more easily funded or converted to cash would require a lower amount of stable funding and receive a lower percentage weighting for determining RSF. As set forth in the regulation, asset tenor, encumbrance, counterparty classification, credit quality and market characteristics are the main factors considered in determining the weighted amount required to fund an asset or exposure. A bank is required to maintain an NSFR of 100% or higher, meaning that its ASF is higher than its RSF. If a bank's NSFR falls below the regulatory minimum, it may be required to take corrective actions to improve its funding profile and overall stability.

Deutsche Bank (DB), a banking group domiciled in Germany¹, is currently required to be compliant with the NSFR as outlined in the "Capital Requirements Regulations II (CRR II)" which was published in the European Union (EU) Official Journal on June 7, 2019. CRR II was entered into force on June 27, 2019, and became a binding minimum regulatory metric two years later on June 27, 2021.

The history of the NSFR requirement for Foreign Banking Operations (FBOs) in the United States can be traced to the aftermath of the global financial crisis of 2007-2008. The crisis exposed vulnerabilities in the global financial system, particularly around liquidity risk management practices of banks. To address these concerns and strengthen the regulatory framework, the Basel Committee on Banking Supervision developed Basel III, a comprehensive set of reforms aimed at enhancing the resilience of banks and the global banking system. The NSFR was introduced alongside the Liquidity Coverage Ratio (LCR). While the LCR focuses on short-term liquidity, the NSFR is designed to measure the longer-term stability of the bank's funding sources.

In the United States, the NSFR requirement was adopted by the Federal Reserve as part of its implementation of the Basel III framework. The Enhanced Prudential Standards for FBOs required FBOs, including DB, with non-branch assets of \$50 billion or more to form a U.S. Intermediate Holding Company (IHC) by July 01, 2016, to serve as the top-tier holding company for their non-branch U.S. subsidiaries. DB's U.S. IHC, namely DB USA Corporation (the Firm), became subject to the full NSFR requirements effective July 1, 2021. Further to that, the Federal Reserve

¹ Deutsche Bank (DB) AG is a financial conglomerate as designated by the BaFin

expanded the scope of the FR2052a Report to include products and data required for calculating the NSFR. The expanded FR2052a, or “6G,” went live for qualifying FBOs operating in the U.S. on October 3, 2022. DB USA Corporation employs the FR2052a and the entirety of the prescribed rules in Appendix VIII of the Instructions to calculate NSFR daily.

Subsequently to the Enhanced Prudential Standards, the Federal Reserve adopted the Tailoring Rule that introduced risk-based categories for determining the scope, nature, and applicability of requirements under the Federal Reserve’s Liquidity Risk Management Standards, which resulted in a modification of the NSFR requirements based on the category of the banking organizations. Under the Tailoring Rule, the stringency of requirements increases based on measures of size, cross-jurisdictional activity, weighted short-term wholesale funding, nonbank assets, and off-balance sheet exposures, with Category I banks required to adhere to the most stringent standards. Based on the Tailoring Rule guidelines, which became effective December 31, 2019, the Firm is categorized as a Category III bank and therefore is currently required to adhere to an effectively reduced NSFR minimum requirement of 85% by virtue of applying an 85% factor to its RSF denominator.

U.S. Disclosure Requirements

As part of the NSFR Final Rule issued October 20, 2020, with an effective date of July 1, 2021, the Federal Reserve implemented public disclosure requirements (PDR) for the NSFR. Under PDR, a BHC with \$50 billion or more in consolidated assets or \$10 billion or more in foreign exposure is required to disclose publicly, on a semi-annual basis, quantitative information about its average NSFR calculation for the prior two quarters and to discuss the factors that have significantly impacted its NSFR. Presently, the Firm is the only DB U.S. entity that is subject to these disclosure requirements.

The information presented in this document is calculated in accordance with the U.S. NSFR Rule, which was subsequently renamed the Liquidity Risk Management Standards for NSFR, and presented in accordance with the NSFR PDR, unless otherwise stated. Table 6 presents the Firm’s NSFR in the format provided in the NSFR PDR. Tables 1 through 5 present a supplemental breakdown of the Firm’s NSFR components.

U.S. Qualitative Disclosures

Main drivers of NSFR

The table below summarizes the Firm’s average weighted NSFR for the three months ended March 29, 2024 (1Q 2024) and the three months ended June 28, 2024 (2Q 2024)

Table 1: Net Stable Funding Ratio

Average Weighted Amounts (\$ in millions)	<u>1Q 2024</u>	<u>2Q 2024</u>
ASF ¹	28,072	29,274
RSF ²	19,745	20,454
NSFR	142%	143%
Excess ASF ¹	8,327	8,820

(1) Excludes excess ASF held at subsidiaries that is not transferable.

(2) After application of the 85% factor under the Tailoring Rule. Before application of the 85% factor, total average RSF for 1Q 2024 was 23,229 and for 2Q 2024 was 24,063.

(3) Unadjusted for the 85% factor under the Tailoring Rule, the 1Q 2024 NSFR was 120%. For 2Q 2024 NSFR was 122%.

In the table above, the Firm calculates its ASF and RSF amounts by applying the standardized set of regulatory weightings to various asset and liability balances, including off-balance-sheet exposures, as prescribed in the NSFR rule.

The firm's average daily NSFR for the three months ended March 29, 2024 (1Q 2024) was 142%, and for the three months ended June 28, 2024 (2Q 2024) was 143%. The firm's NSFR is primarily driven by:

- ASF is comprised primarily of the firm's equity capital, long-term intercompany borrowings and wholesale funding, primarily operational deposits.
- RSF is comprised primarily of loans and other assets. The main components of the Firm's other assets are receivables from other DB Group entities and deferred tax assets.

Changes in NSFR

The Firm's average NSFR increased by 1 percentage point between 1Q 2024 and 2Q 2024, primarily driven by a \$1.2 billion increase in ASF, pertaining to a \$1.1 billion increase in average wholesale funding and a \$0.1 increase in required regulatory capital (see Tables 2 and 3 below). There was also a \$0.83 billion increase in RSF, pre-application of the 85% factor for the Tailoring Rule, from an increase in loans and securities (see Tables 4 and 5 below).

Table 2: Available Stable Funding (ASF)

Average Weighted Amounts (\$ in millions)	<u>1Q 2024</u>	<u>2Q 2024</u>
Capital	13,227	13,318
Retail Funding	561	568
Wholesale Funding	14,285	15,393
Other Liabilities	0	0
Less: ASF trapped at subsidiaries	0	5
Total Available Stable Funding	28,072	29,274

Table 3: ASF, of which Retail and Wholesale Funding

Average Weighted Amounts (\$ in millions)	<u>1Q 2024</u>	<u>2Q 2024</u>
Retail Funding:	561	568
Stable Deposits	46	46
Less Stable Deposits	515	521
Brokered Deposits and Sweeps	0	0
Other Retail Funding	0	0
Wholesale Funding:	14,285	15,393
Operational Deposits	5,891	6,244
Other Wholesale Funding ¹	8,394	9,148
Total Retail and Wholesale Funding	14,846	15,961

(1) Primarily comprised of long-term funding from Deutsche Bank related parties.

Changes in ASF

Average ASF increased from 1Q 2024 to 2Q 2024 by \$1.2 billion, which was primarily driven by an increase in wholesale funding of \$1.1 billion and an increase in required regulatory capital of \$0.1 billion. This included an increase in other wholesale funding of \$0.75 billion and an increase in operational deposits of \$0.35 billion.

Table 4: Required Stable Funding (RSF)

Average Weighted Amounts (\$ in millions)	<u>1Q 2024</u>	<u>2Q 2024</u>
Total High-quality Liquid Assets (HQLA)	61	189
0% RSF Assets that are not HQLA	0	0
Operation deposits places at financial sector entities	405	433
Loans and securities	15,398	16,278
Other assets	6,968	6,756
Undrawn commitments	398	407
Total Required Stable Funding	23,229	24,063
85% RSF per Tailoring Rule	19,745	20,454

Table 5: RSF, of which Loans and Securities:

Average Weighted Amounts (\$ in millions)	<u>1Q 2024</u>	<u>2Q 2024</u>
Loans to financial sector entities secured by level 1 liquid assets	198	354
Loans to financial sector entities secured by assets other than level 1 or unsecured	4,857	4,745
Loans to wholesale non-financial sector counterparties and retail customers	8,422	9,447
Retail mortgages	1,323	1,158
Non-HQLA securities	598	574
Total Loans and Securities	15,398	16,278

Composition of eligible HQLA

HQLA represent the sum of eligible Level 1 liquid assets, Level 2A liquid assets, and Level 2B liquid assets, eligible for inclusion in the NSFR based on the specific operational and general requirements, as prescribed under the LRM Standards for NSFR. Certain components of HQLA are included for consideration of RSF under NSFR but are excluded for the LCR numerator. These include restricted reserve balances at central banks and certain encumbered securities positions.

Changes in RSF

Prior to the application of the 85% factor per the Tailoring Rule, average RSF increased \$0.83 billion from 1Q 2024 to 2Q 2024. This was mainly driven by a \$880 million increase in loans and

securities, offset by a \$212 million reduction in other assets. Most of the increase in loans was to retail customers and non-financial sector counterparties.

Liquidity Management

Liquidity risk is the risk arising from the potential inability to meet all payment obligations when they come due. The Americas Liquidity Management (LM) function of the Firm is responsible for ensuring that the Firm can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant drivers of liquidity risk, whether on-balance sheet or off-balance sheet.

To meet the stated objectives, the Firm executes upon its liquidity risk management framework. The framework is composed of six work streams – risk appetite & supporting metrics, risk identification, risk measurement, risk reporting & monitoring, risk management, and governance and oversight. These six work streams of the liquidity management framework provide LM the processes, tools, and oversight to effectively manage the liquidity position of the Firm to meet its day-to-day payment obligations.

Treasury manages its funding and liquidity risk through the implementation of risk appetite limits, legal entity thresholds and early warning indicators. In addition, Treasury works closely with Liquidity Risk Management (LRM), and the business, to identify the relevant inherent liquidity risks and look to ensure that they are measured and managed through the liquidity risk management framework. These parties are continuously engaged to understand changes in the Firm's liquidity risk position arising from business activities and market conditions.

Liquidity Risk Management Framework

LRM is an independent oversight function operating as part of the second line of defense within the context of liquidity risk and is responsible for overseeing and evaluating the effectiveness of the liquidity management activities performed by Treasury and the lines of business. LRM directly supports the Americas Chief Risk Officer in overseeing the liquidity risk management framework for the Americas region.

Treasury is responsible for proactive management of liquidity risks within the Firm. At least annually, LRM reviews and evaluates the adequacy and effectiveness of DB's liquidity risk management practices.

As part of ongoing monitoring of liquidity risk, LRM reviews liquidity metrics such as the Internal Liquidity Stress Test results, LCR, NSFR, and the Firm's aggregate liquidity buffer. Commentary is provided, to Enterprise Risk Management ("ERM"), as part of the Weekly Risk Report that is sent to members of the DB USA Risk Committee.

Liquidity Stress Testing

Within the risk measurement work stream of the liquidity management framework, liquidity stress testing is a core tool for measuring liquidity risk and evaluating the Firm's liquidity position. The Firm uses both regulatory metrics, such as LCR and NSFR, and internal metrics, such as liquidity stress tests and the Long-term Funding Analysis (LTFA) to respectively monitor short-term and long-term liquidity. The liquidity stress test is used to quantify the Firm's liquidity position over a time horizon up to one (1) year, measure and analyze expected cash inflows and outflows in stress, determine whether the current and future stressed net liquidity position is in line with the

relevant risk appetite, set the liquidity buffer requirements and efficiently manage the liquidity position of the Firm.

The Internal Liquidity Stress Test measures the net liquidity position of the Firm under different scenarios by applying validated liquidity risk assumptions to the Firm's assets, liabilities, and off-balance sheet items, which are identified to have liquidity risk. The Internal Liquidity Stress Test is run daily and is produced for a 12-month forward looking time horizon.

Long-Term Funding Analysis

As part of its long-term liquidity management, DB employs a long-term funding analysis (LTFA) which was designed as a rigorous approach to assess the adequacy of long-term funding and is complementary to and symmetrical with the Internal Liquidity Stress Test. The LTFA quantitatively sizes the amount of long-term funding required based on the liquidity characteristics/ funding requirements of the assets. For DB USA, this analysis is updated monthly. DB USA consistently maintains a surplus LTFA position.

Table 6: U.S. Quantitative NSFR Disclosures

The following tables present the Firm's average NSFR, and the average unweighted and weighted amounts across the prescribed tenor bucketing for 1Q 2024 and 2Q 2024:

\$ in millions		Unweighted and weighted averages for quarter ended March 29, 2024 (1Q 2024)						
		Unspecified Maturity	Open Maturity	< 6 Months	6 months to < 1 year	>= 1 year	Perpetual	Weighted Amount
ASF ITEM								
1	Capital and Securities: ¹	0	0	0	0	0	13,225	13,227
2	NSFR regulatory capital elements	0	0	0	0	0	13,225	13,227
3	Other capital elements and securities	0	0	0	0	0	0	0
4	Retail Funding:	0	606	15	1	0	0	561
5	Stable Deposits	0	48	0	0	0	0	46
6	Less stable deposits	0	558	14	1	0	0	515
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	0	0	0	0	0	0	0
8	Other retail funding	0	0	1	0	0	0	1
9	Wholesale funding:	0	31,408	64,682	3,528	5,542	0	14,285
10	Operational deposits	0	11,781	0	0	0	0	5,891
11	Other wholesale funding	0	19,627	64,682	3,528	5,542	0	8,394
	Other liabilities ^{1, 2}	63	57	1,698	151	3,119	0	0
12	NSFR derivatives liability amount	16	0	0	0	0	0	0
13	Total derivatives liability amount	48	0	0	0	0	0	0
14	All other liabilities not included in the above categories	0	57	1,698	151	3,119	0	0
	ASF trapped at subsidiaries							0
15	TOTAL ASF							28,072
RSF ITEM								
16	Total high-quality liquid assets (HQLA)	0	30,504	3,039	558	22,203	0	61
17	Level 1 liquid assets	0	30,489	3,039	558	22,202	0	58
18	Level 2A liquid assets	0	16	0	0	0	0	2
19	Level 2B liquid assets	0	0	0	0	1	0	0
20	Zero percent RSF assets that are not level 1 liquid assets	0	45	6	3	161	0	0
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	0	809	0	0	0	0	405
22	Loans and securities:	0	23,499	49,077	2,507	10,912	0	15,398
23	Loans to financial sector entities secured by level 1 liquid assets	0	14,192	42,543	824	0	0	198
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	0	4,964	3,829	688	3,141	0	4,857
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	0	4,320	2,103	993	5,547	0	8,422
26	Of which: With a risk weight no greater than 20 percent under [AGENCY CAPITAL REGULATION]	0	279	163	546	30	0	602
27	Retail mortgages	0	6	602	2	1,534	0	1,323
28	Of which: With a risk weight no greater than 50 percent under [AGENCY CAPITAL REGULATION]	0	0	0	0	1,414	0	919
29	Securities that do not qualify as HQLA	0	18	0	0	690	0	599
30	Other assets: ²	925	25	32	1	6,286	0	6,968
31	Commodities	0	0	0	0	0	0	0
32	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	704	0	0	0	0	0	598
33	NSFR derivatives asset amount ¹	29	0	0	0	0	0	29
34	Total derivatives asset amount	114	0	0	0	0	0	61
35	RSF for potential derivatives portfolio valuation changes	192	0	6	0	0	0	10
36	All other assets not included in the above categories, including nonperforming assets	0	25	26	1	6,286	0	6,331
37	Undrawn commitments	0	6,019	1,939	0	0	0	398
38	TOTAL RSF							23,229
39	Required stable funding adjustment percentage							85%
40	TOTAL adjusted RSF							19,745
	NET STABLE FUNDING RATIO							142%

1. NSFR regulatory capital elements are based on monthly ledger balances.

2. Components of "Other Assets" and "Other Liabilities" are updated monthly based on month end ledger balances.

\$ in millions

Unweighted and weighted averages for quarter ended June 28, 2024 (2Q 2024)

	Unspecified Maturity	Open Maturity	< 6 Months	6 months to < 1 year	>= 1 year	Perpetual	Weighted Amount
ASF ITEM							
1	Capital and Securities: ¹	0	0	0	0	13,318	13,318
2	NSFR regulatory capital elements	0	0	0	0	13,318	13,318
3	Other capital elements and securities	0	0	0	0	0	0
4	Retail Funding:	0	596	27	5	1	568
5	Stable Deposits	0	49	0	0	0	46
6	Less stable deposits	0	547	27	5	1	521
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	0	0	0	0	0	0
8	Other retail funding	0	0	1	0	0	0
9	Wholesale funding:	0	32,121	68,713	3,377	6,026	15,393
10	Operational deposits	0	12,484	0	0	0	6,244
11	Other wholesale funding	0	19,635	68,714	3,377	6,026	9,148
	Other liabilities: ^{1,2}	9	55	1,554	227	3,232	0
12	NSFR derivatives liability amount	0	0	0	0	0	0
13	Total derivatives liability amount	4	0	0	0	0	0
14	All other liabilities not included in the above categories	5	55	1,554	227	3,232	0
	ASF trapped at subsidiaries						5
15	TOTAL ASF						29,274
RSF ITEM							
16	Total high-quality liquid assets (HQLA)	0	34,395	2,627	567	21,717	189
17	Level 1 liquid assets	0	34,386	2,627	567	21,715	187
18	Level 2A liquid assets	0	9	0	0	0	1
19	Level 2B liquid assets	0	0	0	0	2	1
20	Zero percent RSF assets that are not level 1 liquid assets	0	21	4	2	167	0
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	0	866	0	0	0	433
22	Loans and securities:	0	24,215	49,001	3,253	11,426	16,278
23	Loans to financial sector entities secured by level 1 liquid assets	0	14,462	43,231	1,359	1	354
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	0	4,805	3,040	869	3,061	4,745
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	0	4,922	2,510	994	6,161	9,447
26	Of which: With a risk weight no greater than 20 percent under [AGENCY CAPITAL REGULATION]	0	254	214	922	24	715
27	Retail mortgages	0	2	220	30	1,544	1,158
28	Of which: With a risk weight no greater than 50 percent under [AGENCY CAPITAL REGULATION]	0	0	0	0	1,403	912
29	Securities that do not qualify as HQLA	0	24	0	0	660	574
30	Other assets: ²	1,096	17	90	1	5,885	6,756
	Commodities	0	0	0	0	0	0
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	756	0	0	0	0	643
32	NSFR derivatives asset amount ¹	108	0	0	0	0	108
33	Total derivatives asset amount	180	0	0	0	0	112
34	RSF for potential derivatives portfolio valuation changes	232	0	0	0	0	12
35	All other assets not included in the above categories, including nonperforming assets	0	17	90	1	5,885	5,994
36	Undrawn commitments	0	6,019	2,175	0	0	407
37	TOTAL RSF						24,063
38	Required stable funding adjustment percentage						85%
39	TOTAL adjusted RSF						20,454
40	NET STABLE FUNDING RATIO						143%

1. NSFR regulatory capital elements are based on monthly ledger balances.

2. Components of "Other Assets" and "Other Liabilities" are updated monthly based on month end ledger balances.