DB USA Corporation

U.S. NET STABLE FUNDING RATIO DISCLOSURES

For the quarter ended June 30, 2023

Table of Contents

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includes funding sources that are considered less sensitive to changes in market conditions and are less likely to be withdrawn or reduced quickly, even in times of financial turbulence.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. RSF represents the amount of stable funding that a bank is required to maintain to supports 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. 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 Germany[1], 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 and 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 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.

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

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 31, 2023 (1Q 2023) and the three months ended June 30, 2023 (2Q 2023)

Table 1: Net Stable Funding Ratio

Average Weighted Amounts ($ in millions)	1Q 2023	2Q 2023
ASF[1]	30,998	29,721
RSF[2]	18,973	19,436
NSFR	**163%**	**153%**
Excess ASF[1]	12,025	10,285

(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 2023 was 22,321 and 22,866 for 2Q 2023.

(3) Unadjusted for the 85% factor under the Tailoring Rule, the 1Q 2023 NSFR was 139%. For 2Q 2023 NSFR was 130%.

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 31, 2023 (1Q 2023) was 163%, and for the three months ended June 30, 2023 (2Q 2023) was 153%. 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 declined by 10 percentage points between 1Q 2023 and 2Q 2023, primarily driven by a $1.28 billion decrease in ASF, pertaining to a $1.5 billion decrease in average wholesale funding. The main driver was wholesale deposit outflows that occurred in mid-March 2023 in conjunction with U.S. banking system stresses. The deposit outflows stabilized soon thereafter, although the total balances remained at the lower levels throughout 2Q 2023. Thus, the reduction in deposits observed impacted the average for the entirety of 2Q 2023 and impacted only a portion of 1Q 2023 (see Tables 2 and 3 below). There was also a $0.46 billion increase in RSF from an increase in loans and other assets (see Tables 4 and 5 below).

Table 2: Available Stable Funding (ASF)

Average Weighted Amounts ($ in millions)	1Q 2023	2Q 2023
Capital	13,520	13,646
Retail Funding	640	594
Wholesale Funding	16,977	15,481
Other Liabilities	0	0
Less: ASF trapped at subsidiaries	140	0
Total Available Stable Funding	**30,998**	**29,721**

Table 3: ASF, of which Retail and Wholesale Funding

Average Weighted Amounts ($ in millions)	1Q2023	2Q 2023
Retail Funding:	**640**	**594**
Stable Deposits	45	46
Less Stable Deposits	595	548
Brokered Deposits and Sweeps	0	0
Other Retail Funding	0	0
Wholesale Funding:	**16,977**	**15,481**
Operational Deposits	6,868	5,998
Other Wholesale Funding[1]	10,110	9,483
Total Retail and Wholesale Funding	**17,617**	**16,075**

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

Changes in ASF

Average ASF declined from 1Q 2023 to 2Q 2023 by $1.28 billion, which was primarily driven by a decline in wholesale funding of $1.5 billion. This included a decrease in average operational deposits of $0.87 billion and other wholesale funding of $0.63 billion. As stated above, these movements resulted from deposit outflows that occurred in mid- to late-March in conjunction with U.S banking system stresses, which stabilized but did not substantially return to prior levels in 2Q 2023. Thus, these withdrawals only partly impacted the averages for 1Q 2023 and impacted the entirety of 2Q 2023.

Table 4: Required Stable Funding (RSF)

Average Weighted Amounts ($ in millions)	1Q 2023	2Q 2023
Total High-quality Liquid Assets (HQLA)	45	54
0% RSF Assets that are not HQLA	0	0
Operation deposits places at financial sector entities	451	371
Loans and securities	13,862	14,154
Other assets	7,471	7,756
Undrawn commitments	492	531
Total Required Stable Funding	**22,321**	**22,866**
85% RSF per Tailoring Rule	**18,973**	**19,436**

Table 5: RSF, of which Loans and Securities:

Average Weighted Amounts ($ in millions)	1Q 2023	2Q 2023
Loans to financial sector entities secured by level 1 liquid assets	257	322
Loans to financial sector entities secured by assets other than level 1 or unsecured	4,714	4,638
Loans to wholesale non-financial sector counterparties and retail customers	6,917	7,133
Retail mortgages	1,218	1,244
Non-HQLA securities	757	816
Total Loans and Securities	**13,862**	**14,154**

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 $0.55 billion from 1Q 2023 to 2Q 2023. This was mainly driven by a $292 million increase in loans and securities and an increase in other assets of $285 million. 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 updated on a monthly basis. DB USA has consistently maintained a surplus LTFA position, including 1Q 2023 and 2Q 2023.

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 2023 and 2Q 2023:

$ in millions

	Unweighted and weighted averages for quarter ended March 31, 2023 (1Q 2023)						
	N/A	Open Maturity	< 6 Months	6 months to < 1 year	>= 1 year	Perpetual	Weighted Amount
ASF ITEM							
Capital and Securities:[1]	0	0	0	0	0	13,520	13,520
NSFR regulatory capital elements	0	0	0	0	0	13,520	13,520
Other capital elements and securities	0	0	0	0	0	0	0
Retail Funding:	0	700	8	0	0	0	640
Stable Deposits	0	47	0	0	0	0	45
Less stable deposits	0	653	8	0	0	0	595
Sweep deposits, brokered reciprocal deposits, and brokered deposits	0	0	0	0	0	0	0
Other retail funding	0	0	0	0	0	0	0
Wholesale funding:	0	38,520	61,096	2,269	7,877	0	16,977
Operational deposits	0	13,736	0	0	0	0	6,868
Other wholesale funding	0	24,784	61,096	2,269	7,877	0	10,110
Other liabilities[1, 2]	1,359	0	1,562	303	3,084	0	0
NSFR derivatives liability amount	0	0	0	0	0	0	0
Total derivatives liability amount	1,342	0	0	0	0	0	0
All other liabilities not included in the above categories	17	0	1,562	303	3,084	0	0
ASF trapped at subsidiaries							140
TOTAL ASF							30,998
RSF ITEM							
Total high-quality liquid assets (HQLA)	0	33,959	2,447	906	19,857	0	45
Level 1 liquid assets	0	33,922	2,447	906	19,856	0	39
Level 2A liquid assets	0	37	0	0	1	0	6
Level 2B liquid assets	0	0	0	0	0	0	0
Zero percent RSF assets that are not level 1 liquid assets	0	66	30	1	123	0	0
Operational deposits placed at financial sector entities or their consolidated subsidiaries	0	901	0	0	0	0	451
Loans and securities:	0	26,500	48,425	2,749	9,636	0	13,862
Loans to financial sector entities secured by level 1 liquid assets	0	16,105	42,933	965	1	0	257
Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	0	6,356	3,919	848	2,703	0	4,714
Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	0	4,016	1,451	540	4,604	0	6,917
Of which: With a risk weight no greater than 20 percent under [AGENCY CAPITAL REGULATION]	0	182	117	187	1	0	244
Retail mortgages	0	0	120	396	1,457	0	1,218
Of which: With a risk weight no greater than 50 percent under [AGENCY CAPITAL REGULATION]	0	0	0	0	1,393	0	906
Securities that do not qualify as HQLA	0	23	0	0	872	0	757
Other assets:[2]	815	4	601	0	6,429	0	7,471
Commodities	0	0	0	0	0	0	0
Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	451	0	0	0	0	0	384
NSFR derivatives asset amount[1]	43	0	0	0	0	0	43
Total derivatives asset amount	109	0	2	0	0	0	43
RSF for potential derivatives portfolio valuation changes	320	0	6	0	0	0	16
All other assets not included in the above categories, including nonperforming assets	1	4	595	0	6,429	0	7,028
Undrawn commitments	0	6,964	2,867	0	0	0	492
TOTAL RSF							22,321
Required stable funding adjustment percentage							85%
TOTAL adjusted RSF							18,973
NET STABLE FUNDING RATIO							**163%**

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 30, 2023 (2Q 2023)						
	N/A	Open Maturity	< 6 Months	6 months to < 1 year	>= 1 year	Perpetual	Weighted Amount
ASF ITEM							
Capital and Securities:[1]	0	0	0	0	0	13,646	13,646
NSFR regulatory capital elements	0	0	0	0	0	13,646	13,646
Other capital elements and securities	0	0	0	0	0	0	0
Retail Funding:	0	651	7	0	0	0	594
Stable Deposits	0	49	0	0	0	0	46
Less stable deposits	0	602	7	0	0	0	548
Sweep deposits, brokered reciprocal deposits, and brokered deposits	0	0	0	0	0	0	0
Other retail funding	0	0	0	0	0	0	0
Wholesale funding:	0	32,212	63,653	3,040	7,069	0	15,481
Operational deposits	0	11,994	0	0	0	0	5,998
Other wholesale funding	0	20,218	63,653	3,040	7,069	0	9,483
Other liabilities[1, 2]	1,244	0	1,550	255	2,795	0	0
NSFR derivatives liability amount	0	0	0	0	0	0	0
Total derivatives liability amount	1,244	0	0	0	0	0	0
All other liabilities not included in the above categories	0	0	1,550	255	2,795	0	0
ASF trapped at subsidiaries							0
TOTAL ASF							29,721
RSF ITEM							
Total high-quality liquid assets (HQLA)	0	33,024	2,227	688	20,597	0	54
Level 1 liquid assets	0	32,839	2,224	688	20,597	0	25
Level 2A liquid assets	0	185	3	0	0	0	28
Level 2B liquid assets	0	0	0	0	0	0	0
Zero percent RSF assets that are not level 1 liquid assets	0	60	33	4	109	0	0
Operational deposits placed at financial sector entities or their consolidated subsidiaries	0	742	0	0	0	0	371
Loans and securities:	0	22,830	47,326	3,155	10,380	0	14,154
Loans to financial sector entities secured by level 1 liquid assets	0	14,159	42,089	1,139	1	0	322
Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	0	4,657	4,356	887	2,790	0	4,638
Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	0	3,975	724	708	5,215	0	7,133
Of which: With a risk weight no greater than 20 percent under [AGENCY CAPITAL REGULATION]	0	140	202	435	20	0	404
Retail mortgages	0	0	157	421	1,443	0	1,244
Of which: With a risk weight no greater than 50 percent under [AGENCY CAPITAL REGULATION]	0	0	0	0	1,358	0	883
Securities that do not qualify as HQLA	0	38	0	0	931	0	816
Other assets:[2]	742	4	510	0	6,820	0	7,756
Commodities	0	0	0	0	0	0	0
Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	467	0	0	0	0	0	397
NSFR derivatives asset amount[1]	27	0	0	0	0	0	27
Total derivatives asset amount	112	0	0	0	0	0	27
RSF for potential derivatives portfolio valuation changes	248	0	17	0	0	0	13
All other assets not included in the above categories, including nonperforming assets	0	4	494	0	6,820	0	7,319
Undrawn commitments	0	7,690	2,926	0	0	0	531
TOTAL RSF							22,866
Required stable funding adjustment percentage							85%
TOTAL adjusted RSF							19,436
NET STABLE FUNDING RATIO							**153%**

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.