Deutsche Bank

DB USA Corporation
Pillar 3 Report
as of March 31, 2021

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Introduction

Disclosures according to Pillar 3 of the Basel 3 Capital Framework

The purpose of this Report is to provide Pillar 3 disclosures for DB USA Corporation (“DB USA Corp”) as required by the regulatory framework for capital & liquidity, established by the Basel Committee on Banking Supervision, also known as Basel 3. Per regulation it is not required to have Pillar 3 disclosures audited. As such the information provided in this Pillar 3 Report is unaudited.

Basis of Presentation

DB USA Corp Pillar 3 Report has been prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”), while Regulatory Capital and Risk Weighted Assets (“RWA”) calculations are based on U.S. Basel 3 Standardized Approach (“U.S. Basel 3”) capital rules. In this regard RWA, Regulatory Capital and associated disclosures are based on U.S. regulatory reporting requirements as defined by the Federal Reserve Bank FR Y-9C Consolidated Financial Statements for Bank Holding Companies (“FR Y-9C”) and in conjunction with U.S. Basel 3 rules. Quantitative Pillar 3 disclosures, in the Pillar 3 Report follow the classification and segmentation required by the FR Y-9C reporting requirements and U.S. Basel 3 guidelines. Where appropriate, we have introduced and modified disclosure tables required by the European Banking Authority (“EBA”), in order to present information consistent with the reporting made in the FR Y-9C and the DB USA Corp audited financial statements, also prepared on a U.S. GAAP basis.

Scope of Application

DB USA Corp is the US Intermediate Holding Company (“IHC”) of Deutsche Bank AG (“DB Group”) that is implemented pursuant to Regulation YY: Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations, codified in 12 C.F.R. Part 252, and, in particular, Subpart O - Enhanced Prudential Standards for Foreign Banking Organizations with Total Consolidated Assets of $100 Billion or More and Combined U.S. Assets of $100 Billion or More” (the “FBO EPS Rule”). The FBO EPS Rule requires that a foreign banking organization (“FBO”) having combined US assets of $100 billion or more and US non-branch assets of $50 billion or more establish in the US an IHC for its US subsidiaries that must be organized under the applicable US laws and operate under all applicable US regulatory requirements, including leverage and risk-based capital standards, stress testing, risk management and liquidity requirements. DB USA Corp consolidates all of DB Group subsidiaries in the U.S. which include Deutsche Bank Trust Corporation (“DBTC”), Deutsche Bank Trust Company Americas (“DBTCA”), Deutsche Bank Securities Inc. (“DBSI”), Deutsche Bank US Financial Markets Holding Corp. (“DBUSH”), Deutsche Bank Americas Holding Corp. (“DBAH”) and German American Capital Corp. (“GACC”).

Risk and Capital Performance

Exposures and Risk-weighted Assets

DB USA Corp RWA are calculated based on the U.S. Basel 3 Standardized Rules.

The information in the schedules below presents DB USA Corp distribution of RWA by exposure categories as reported in DB USA Corp's FR Y-9C, Schedule HC-R Regulatory Capital for the period ended March 31, 2021.

Operational Risk RWA is not applicable for banks calculating RWA under the U.S. Basel 3 Standardized Rules.

Market Risk RWA is only applicable to banks that are subject to the Market Risk Final Rule. This rule applies to US banking organizations that have significant trading activity ("Market Risk Banking Organizations"). US Market Risk Banking Organizations have aggregated trading assets and liabilities of at least $1 billion or 10% of total assets. DB USA Corp does meet the definition of a Market Risk Banking Organization and therefore is subject to the Market Risk RWA.

Variance Commentary (2020Q4 to 2021Q1)

The March 2021 On-balance Sheet Exposures were largely unchanged at $110.1 billion as compared with December 2020 however RWA increased $1.0 billion to $37.3 billion.

On –balance Sheet Exposures:

- $(3.1) billion decrease in cash and balances due from depository institutions held by DBTCA, is driven by lower deposits ($7.2 billion) offset by a decrease in reverse repos ($5.2 billion). In addition there was an increase in other assets ($0.3 billion) and a decrease in other liabilities ($0.3 billion) both contributing to a reduction in cash.

- $1.3 billion increase in Securities purchased under agreement to resell primarily driven by higher stock borrow balances of $1 billion driven by increased client activity compared to December 2020 in the Investment Banking business, and reverse repurchase contracts which increased $0.4 billion.

- $1.7 billion increase in all Other Assets driven by fails to deliver which were up $1.1 billion primarily from the Investment Banking business driven by higher client volumes at the end of March versus at the end of December, and higher unposted debits of $0.5 billion driven by ACH unposted debits in the Corporate Bank.

Off –balance Sheet Exposures:

- $6.0 billion decrease in Repo Style Transactions (on a Credit Equivalent basis) primarily due to lower balances against Central banks, and DB affiliates.

RWA:

- The increase in RWA of $1.0 billion was predominately driven by Standardized Market which increased by $0.7 billion due to higher risk and exposure in the Investment Bank. In addition, Credit Risk increased $0.3 billion driven by corporate exposures within the Corporate Bank.

Basel 3 Standardized Approach Exposure Amounts by Exposure Class

in USD m.	For the period ended		
US Basel 3 Standardized Approach	**31-Dec-20**	**31-Mar-21**	**Variance**
On-balance Sheet Exposures			
Cash and balances due from depository institutions	20,673	17,566	(3,107)
Securities: Available for Sale	1,365	928	(437)
Securities Purchased under agreements to Resell	46,932	48,249	1,317
Loans: Residential mortgage exposures	2,789	2,706	(83)
Loans: All other exposures	9,624	9,990	366
Loans: Allowance for Loan Loss	(18)	(15)	3
Trading Assets	17,741	18,789	1,048
All Other Assets: All Other	10,166	11,875	1,709
Securitization Exposures: Trading Assets	675	9	(666)
Total On-balance Sheet Exposures	**109,947**	**110,097**	**150**
Off-balance Sheet Exposures (credit equivalent amount)			
Financial standby letters of credit	700	718	18
Performance standby letters of credit	18	36	18
Commercial and similar letters of credit	0	20	20
Repo style transactions	22,630	16,603	(6,027)
Unused commitments: 1 year of less	25	20	(5)
Unused commitments: exceeding 1 year	2,300	2,328	28
Over-the-counter derivatives	144	226	82
Centrally Cleared derivatives	468	559	91
Unsettled Transactions	215	379	164
Total Off-balance Sheet Exposures	**26,500**	**20,889**	**(5,611)**

Figures may include rounding differences.

Basel 3 Standardized Approach Risk-weighted Assets by Exposure Class

	For the period ended		
in USD m.	31-Dec-20	31-Mar-21	Variance
On-balance Sheet Exposures	RWA	RWA	RWA
Cash and balances due from depository institutions	513	397	(116)
Securities: Available for Sale	43	55	12
Securities Purchased under agreements to Resell	0	0	0
Loans: Residential mortgage exposures	1,451	1,430	(21)
Loans: All other exposures	9,350	9,694	344
Loans: Allowance for Loan Loss	0	0	0
Trading Assets	85	258	173
All Other Assets	5,590	5,535	(55)
Securitization Exposures: Trading Assets	123	60	(63)
Total On-balance Sheet Exposures	**17,155**	**17,429**	**274**
Off-balance Sheet Exposures	RWA	RWA	RWA
Financial standby letters of credit	529	522	(7)
Performance standby letters of credit	9	18	9
Commercial and similar letters of credit	0	3	3
Repo style transactions	4,868	4,907	39
Unused commitments: 1 year or less	4	3	(1)
Unused commitments: exceeding 1 year	809	817	8
Over-the-counter derivatives	67	72	5
Centrally Cleared derivatives	9	11	2
Unsettled Transactions	41	30	(11)
Total Off-balance Sheet Exposures	**6,336**	**6,383**	**47**
Total Risk Weighted Assets, excluding Market Risk	**23,491**	**23,812**	**321**
Standardized Market Risk Weighted Assets	**12,791**	**13,447**	**656**
Total Risk Weighted Assets	**36,282**	**37,259**	**977**

Figures may include rounding differences.

Regulatory Capital

The calculation of DB USA Corp's regulatory capital is pursuant to the U.S. Basel 3 Standardized Rules and includes applicable deductions and filters. The information in this section is based on the regulatory principles of consolidation.

Pursuant to the effective regulations on its formation date of July 1, 2016, DB USA Corp's regulatory capital comprises Tier 1 (T1) and Tier 2 (T2) capital. Tier 1 capital is subdivided into Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital.

CET1 is comprised of the common stock issued by DB USA Corp, related surplus and retained earnings. AT1 capital is comprised of Class A and Class B Preferred Stock issued by DB USA Corp; there are no Tier 2 instruments issued by DB USA Corp. The terms of the common stock within CET1 provide for the normal payment of dividends if and when declared.

The AT1 preferred stock is voting, non-cumulative, perpetual, has no maturity date and will not be subject to redemption at the option of DB USA Corp or the holders of the preferred stock. Additionally, the preferred stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Class B ranks pari passu with Class A shares. The preferred stock has a preference over the common stock in the event of liquidation and qualifies as Tier 1 capital in accordance with regulatory capital requirements. DB USA Corp. has outstanding Class A and Class B series preferred stock issued with fixed dividend coupon rates of 8.28% and 5.31%, respectively. This fixed rate dividend is subject to discretionary cancelation, which results in a dividend stopper in respect of common stock. The decision whether a distribution can be made is subject to the DB USA Corp Board declaring a distribution, and receiving regulatory approvals. Beginning on September 23, 2026, the preferred stock may be converted, in whole or in part, at the option of the holder thereof into shares of common stock, at the rate of one share of common stock per each share of preferred stock.

Variance Commentary (2020Q4 to 2021Q1)

The Common Equity Tier 1 Capital Ratio for March 2021 is 27.62%, down 9bps from December 2020. The ratio was relatively unchanged due to the higher CET1, which was up $236 million due to net income for the period, being offset by the rise in RWA.

Regulatory Capital and Capital Ratios according to Basel 3 Capital Rules

in USD m.	31-Dec-20 US Basel 3	31-Mar-21 US Basel 3	Variance
Common Stock plus retained surplus, net of unearned employee stock ownership plan (ESOP) shares	23,662	23,608	(54)
Retained Earnings	(13,253)	(12,977)	276
Accumulated Other Comprehensive Income (AOCI) based on transition rules	(243)	(227)	16
Common Equity Tier 1 Capital, before adjustments and deductions	10,166	10,404	238
Common Equity Tier 1 Capital: Adjustments and Deductions			0
Less: Goodwill net of associated deferred tax liabilities (DTLs)	(50)	(50)	0
Less: Intangible Assets, net of associated DTL's	(62)	(64)	(2)
Less: Deferred Tax Assets (DTLs) that arise from net operating losses and tax credit carryforwards, net of valuation allowances	0	0	0
Total Regulatory Adjustments to Commeon Equity Tier 1 (CET1)	(112)	(114)	(2)
Common Equity Tier 1 Capital	10,054	10,290	236
Additional Tier 1 (AT1) Capital			
Additional Tier 1 Capital instruments plus related surplus	4,205	4,205	0
Additional Tier 1 (AT1) Capital before adjusments	4,205	4,205	0
Total Regulatory Adjustments to Additional Tier 1 (AT1) Capital	(10)	(2)	8
Additional Tier 1 (AT1) Capital	4,195	4,203	8
Tier 1 Capital (T1 = CET1 + AT1)	14,249	14,493	244
Tier 2 (T2) Capital			0
Tier 2 Capital instruments plus related surplus	0	0	0
Allowance for loan and lease losses includable in Tier 2 capital	20	17	(3)
Tier 2 (T2) Capital before adjustments	20	17	(3)
Total Regulatory Adjustments to Tier 2 (T2) Capital	0	0	0
Tier 2 (T2) Capital	20	17	(3)
Total Regulatory Capital	14,269	14,510	241

Ratios		
Common Equity Tier 1 Capital Ratio (as a percentage of risk-weighted assets)	27.71%	27.62%
Tier 1 Capital Ratio (as a percentage of risk-weighted assets)	39.27%	38.90%
Total Capital Ratio (as a percentage of risk-weighted assets)	39.33%	38.94%
Capital Conservation Buffer	23.21%	23.12%
Leverage Ratio (as a percentage of average total consolidated assets)	10.84%	11.37%
Supplementary Leverage Ratio	13.61%	13.90%