Deutsche Bank

DB USA Corporation Pillar 3 Report as of March 31, 2020

Contents

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, 2020.

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 (2019Q4 to 2020Q1)

The March 2020 On-balance Sheet Exposures increased $7.8 billion as compared with December 2019 with corresponding impact on RWA (decreased $0.4 billion).

On –balance Sheet Exposures:

- $1.7 billion increase in cash and balances due from depository institutions is driven by higher deposits of $2.8 billion and a decrease in Revese Repos of $2.2 billion. This was offset by an increase in balances pending settlement of $2.2 billion and increase in loans of $1.1 billion.

- $(2.2) billion decrease in Securities purchased under agreement to resell primarily driven by decrease in $2.5 billion facing DBAG New York Branch to fund repayment of the loan from DB USA, offset by $0.5 billion in the Core rates business.

- $1.1 billion increase in Loans and Lease Financing Receivables primarily due to new funded loans across the Corporate and Private Bank.

- $(1.6) billion decrease in Trading Assets driven by a decrease in corporate bonds of $1.2 billion as a result of the Investment Bank reducing corporate inventory to be better positioned for market volatility resulting from COVID-19.

- $8.8 billion increase in all Other Assets driven by $2.2 billion increase in balances pending settlement in the Investment Bank due to US Treasury auctions held at quarter end, $3.2 billion increase due to higher initial margin requirements with clearing houses in response to the market activity, and $1.9 billion due to fail to deliver balances and $0.7 billion intercompany receivables.

Off –balance Sheet Exposures:

- $2.2 billion increase in repo style transactions primarily due to illiquid collateral securities and further increase in Reverse Repos gross balance sheet exposure with affiliates.

- $1.7 billion increase in over the counter derivatives as a result of the market conditions during Q1.

- $0.8 billion increase in unsettled transactions in the Investment Bank due to US Treasury auctions held at quarter end

Basel 3 Standardized Approach Exposure Amounts by Exposure Class

in USD m.	For the period ended		
US Basel 3 Standardized Approach	**31-Dec-19**	**31-Mar-20**	**Variance**
On-balance Sheet Exposures			
Cash and balances due from depository institutions	13,966	15,626	1,660
Securities: Available for Sale	243	245	2
Securities Purchased under agreements to Resell	55,570	53,395	(2,175)
Loans: Residential mortgage exposures	2,735	2,887	152
Loans: All other exposures	9,324	10,283	959
Loans: Allowance for Loan Loss	(9)	(33)	(24)
Trading Assets	18,570	17,466	(1,104)
All Other Assets: All Other	7,433	16,242	8,809
Securitization Exposures: Trading Assets	1,524	1,048	(476)
Total On-balance Sheet Exposures	**109,356**	**117,159**	**7,803**
Off-balance Sheet Exposures (credit equivalent amount)			
Financial standby letters of credit	883	767	(116)
Performance standby letters of credit	19	28	9
Commercial and similar letters of credit	0	0	0
Repo style transactions	27,791	29,948	2,157
Unused commitments: 1 year of less	143	101	(42)
Unused commitments: exceeding 1 year	981	921	(60)
Over-the-counter derivatives	241	1,950	1,709
Centrally Cleared derivatives	544	622	78
Unsettled Transactions	39	851	812
Total Off-balance Sheet Exposures	**30,641**	**35,188**	**4,547**

Figures may include rounding differences.

Basel 3 Standardized Approach Risk-weighted Assets by Exposure Class

	For the period ended		
in USD m.	31-Dec-19	31-Mar-20	Variance
On-balance Sheet Exposures	RWA	RWA	RWA
Cash and balances due from depository institutions	661	753	92
Securities: Available for Sale	43	61	18
Securities Purchased under agreements to Resell	0	0	0
Loans: Held for Sale	0	0	0
Loans: Residential mortgage exposures	1,417	1,501	84
Loans: High volatility commercial real estate exposures	0	0	0
Loans: Exposures past due 90 days or more or on nonaccrual	0	0	0
Loans: All other exposures	8,960	9,920	960
Loans: Allowance for Loan Loss	0	0	0
Trading Assets	95	130	35
All Other Assets	4,971	5,853	882
Securitization Exposures: Trading Assets	456	645	189
Total On-balance Sheet Exposures	16,604	18,863	2,259
Off-balance Sheet Exposures	RWA	RWA	RWA
Financial standby letters of credit	580	556	(24)
Performance standby letters of credit	17	26	9
Commercial and similar letters of credit	0	0	0
Repo style transactions	6,292	7,702	1,410
Unused commitments: 1 year or less	63	21	(42)
Unused commitments: exceeding 1 year	865	811	(54)
Over-the-counter derivatives	79	428	349
Centrally Cleared derivatives	11	13	2
Unsettled Transactions	47	113	66
Total Off-balance Sheet Exposures	7,955	9,670	1,715
Total Risk Weighted Assets, excluding Market Risk	24,559	28,533	3,974
Standardized Market Risk Weighted Assets	12,087	7,704	(4,383)
Total Risk Weighted Assets	36,646	36,237	(409)

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 (2019Q4 to 2020Q1)

The Common Equity Tier 1 Capital Ratio for March 2020 is 27.62 %, up 143 bps from December 2019. This is largely attributable to the higher CET1 capital balance of $0.4bn as a result of an increase in Retained Earnings due to the Net Income for Q1.

Regulatory Capital and Capital Ratios according to Basel 3 Capital Rules

	31-Dec-19	31-Mar-20	Variance
in USD m.	US Basel 3	US Basel 3	
Common Stock plus retained surplus, net of unearned employee stock ownership plan (ESOP) shares	23,663	23,703	40
Retained Earnings	(13,704)	(13,361)	343
Accumulated Other Comprehensive Income (AOCI) based on transition rules	(246)	(222)	24
Common Equity Tier 1 Capital, before adjustments and deductions	9,713	10,120	407
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	(65)	(63)	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)	(115)	(113)	2
Common Equity Tier 1 Capital	9,598	10,007	409
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	(2)	(5)	(3)
Additional Tier 1 (AT1) Capital	4,203	4,200	(3)
Tier 1 Capital (T1 = CET1 + AT1)	13,801	14,207	406
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	10	34	24
Tier 2 (T2) Capital before adjustments	10	34	24
Total Regulatory Adjustments to Tier 2 (T2) Capital	0	0	0
Tier 2 (T2) Capital	10	34	24
Total Regulatory Capital	13,811	14,241	430

Ratios		
Common Equity Tier 1 Capital Ratio (as a percentage of risk-weighted assets)	26.19%	27.62%
Tier 1 Capital Ratio (as a percentage of risk-weighted assets)	37.66%	39.21%
Total Capital Ratio (as a percentage of risk-weighted assets)	37.69%	39.30%
Capital Conservation Buffer	21.69%	23.12%
Leverage Ratio (as a percentage of average total consolidated assets)	9.78%	10.14%
Supplementary Leverage Ratio	9.09%	9.31%