ANNUAL REPORT

2018

Content

Letter from the Chairman of the Executive Board

Frankfurt am Main, March 2019

Dear shareholders,

2018 was an inflection year for DWS as we moved from being a division of Deutsche Bank to a publicly listed asset manager. It was a year where we saw many positive developments within our business but also one marked by increasing headwinds for the wider asset management industry. Growing uncertainty weighed on global markets as geopolitical tensions intensified and, in the second half of the year, we saw elevated levels of volatility in difficult equities markets.

These challenges were evident in our financial performance. While the management fee margin was resilient, and in line with our medium-term target, revenues declined reflecting both negative market movements and net fund outflows. These outflows, in part a consequence of the challenging conditions, followed four quarters of inflows in 2017. However, we were encouraged by the positive flows into previously identified growth areas of Passive and Alternative investments.

Given the market environment, cost control was an important lever for DWS in 2018, and will continue to be in 2019. Last year, we managed our costs well, lowering them faster than expected and exceeding our full year cost savings guidance. Overall, we achieved a net profit of € 391 million in the financial year 2018.

The Executive Board of DWS has decided to use this to propose to the Annual General Meeting a dividend of € 1.37 per share for the financial year 2018, in line with our medium term guidance.

We made significant progress on our strategy in 2018. With the successful completion of the partial IPO in March, DWS entered a new era in its long and rich history. On the day of our public listing, we united the business under one brand – DWS. Furthermore, we signed strategic partnerships with Nippon Life and, later in the year, with Tikehau Capital and Generali. We added new partners to our white label digital advisory solution, WISE, and made significant progress in positioning ourselves as a leading voice in the Environmental, Social and Governance (ESG) space with tangible results on climate change research. In addition, we acquired minority stakes in the digital asset manager Neo and the artificial intelligence provider Skyline AI, helping our distribution reach and our real estate business respectively. Furthermore, we launched a closed-end fund in partnership with a globally operating corporate client and a select group of the client’s suppliers to invest in renewable energy projects in mainland China.

We also saw important developments in our three core business areas of Active Asset Management, Passive Asset Management and Alternatives.

In Active Asset Management, we remedied the performance dips that affected two of our flagship funds during the year. These started to generate inflows again in the latter part of the year, even during the volatile market environment that characterized the closing months. In addition, we invested in our passively managed funds business, where we were ranked second in Exchange Traded Products net flows in Europe for the year. We held a 17 percent market share of all new business last year, our largest flow share since 2010. In Alternatives, we also saw net inflows in 2018, driven by our real estate business, more than compensating for liquid real asset outflows. Retail demand was particularly strong for our open-end real estate fund family Grundbesitz, which saw its Assets under Management exceed € 10 billion in the second half of 2018.

Overall, we retained the clear leadership in retail asset management in Germany last year.

Despite these developments, our overall flow performance was disappointing. In particular, we saw significant outflows relating to one-off events such as the impact from the US tax reform, redemptions of low margin insurance mandates and the implementation of MiFID II. In addition, the difficult market conditions burdened flows in European retail markets.

As we look ahead, there are several reasons to be positive. We are confident that we will be able to achieve a turnaround in our net flow performance. Our investment excellence and diversified business model, based on our three pillars of Active, Passive and Alternatives, will help us grow in this changeable market. We will continue to focus on growth areas like Passive and Alternatives as well as in our ESG and digital capabilities, which we have advanced this year.

Additionally, we do not anticipate the repeat of several factors that negatively affected our fund flows in 2018. For example, we do not expect US tax reform-related redemptions to occur in 2019 while in our insurance business, which saw several large low-margin outflows last year, we have made progress in addressing this by enhancing our capabilities in-house, expanding distribution and targeting new clients.

We have also made important organisational changes to optimize our operational set-up and further improved our client services. These, along with our strategic partnerships and alliances with Nippon Life, Tikehau Capital and Generali, will be important factors in helping us return to positive inflows.

Given the environment in which we operate, it is vital we weather-proof our business. Cost efficiency will therefore remain an important focus, which is why we have decided to accelerate initiatives to achieve 100 percent of our targeted € 150 million of medium-term gross savings by the end of this year. Additionally, as we enter the late phase of the market cycle, we will continue to refine our priorities and initiatives to ensure that we are flexible and adaptable to the fast changing market environment.

Furthermore, we will continue to manage our business tightly to deliver our main priorities: creating shareholder value and value for our clients. In doing so we continue to act as a fiduciary asset manager committed to investment excellence, great products and unrivalled services for our clients.

Looking ahead, I am very pleased to invite you to attend our first Annual General Meeting on Wednesday, June 5, 2019 in the Congress Center Frankfurt/Main, and I look forward to seeing you there.

Dr Asoka Woehrmann, CEO

Managing Directors of the General Partner (collectively referred to as the Executive Board)

Dr Asoka Woehrmann, * 1965
Chief Executive Officer (since October 25, 2018)

Pierre Cherki, * 1966
Co-Head Investment Group (since March 1, 2018)

Mark Cullen, * 1955
Chief Operating Officer (since December 1, 2018)

Dirk Goergen, * 1981
Co-Head Global Coverage Group (since December 1, 2018)

Robert Kendall, * 1974
Co-Head Global Coverage Group (since March 1, 2018)

Stefan Kreuzkamp, * 1966
Chief Investment Officer and Co-Head Investment Group (since March 1, 2018)

Claire Peel, * 1974
Chief Financial Officer (since March 1, 2018)

Nikolaus von Tippelskirch, * 1971
Chief Control Officer (since March 1, 2018)

Executive Board in the reporting year:

Dr Asoka Woehrmann, * 1965
Chief Executive Officer (since October 25, 2018)

Pierre Cherki, * 1966
Co-Head Investment Group (since March 1, 2018)

Mark Cullen, * 1955
Chief Operating Officer (since December 1, 2018)

Jonathan Eilbeck, * 1967
Chief Operating Officer (March 1, 2018 – November 30, 2018)

Dirk Goergen, * 1981
Co-Head Global Coverage Group (since December 1, 2018)

Robert Kendall, * 1974
Co-Head Global Coverage Group (since March 1 2018)

Stefan Kreuzkamp, * 1966
Chief Investment Officer and Co-Head Investment Group (since March 1, 2018)

Thorsten Michalik, * 1972
Co-Head Global Coverage Group (March 1, 2018 – 30 November 30, 2018)

Nicolas Moreau, * 1965
Chief Executive Officer (March 1, 2018 – October 25, 2018)

Claire Peel, * 1974
Chief Financial Officer (since March 1, 2018)

Nikolaus von Tippelskirch, * 1971
Chief Control Officer (since March 1, 2018)

Report of the Supervisory Board

Dear shareholders,

On March 3, 2018, DWS Group GmbH & Co. KGaA ("DWS KGaA") was converted from its initial legal form as a European Company (Societas Europaea, SE) to a partnership limited by shares governed by German law (Kommanditgesellschaft auf Aktien or "KGaA") and the Supervisory Board was newly constituted. The Supervisory Board took great care to ensure that a robust governance structure and strong governance standards were also established within the new legal form. For this reason, also fundamental questions of corporate management and control, compliance and compensation were examined and thoroughly discussed by the Supervisory Board.

The Supervisory Board of DWS KGaA performed the tasks assigned to it by law, administrative regulations, the company's Articles of Association and the Supervisory Board's Terms of Reference. In fulfilling its supervisory tasks, it monitored the general partner of DWS KGaA, DWS Management GmbH ("General Partner"), and regularly advised its Managing Directors, who are hereafter collectively referred to as the "Executive Board". The Supervisory Board's deliberations primarily centered on the strategic development of DWS KGaA as well as on business transactions and events with significant relevance for the company as well as on HR-related matters.

The Supervisory Board had the Executive Board regularly report to it both in writing and in person on fundamental matters relating to the company. Moreover, there was a regular exchange of information between the Chairman of the Supervisory Board, the chairpersons of its committees and the Executive Board. Thus, the Supervisory Board was continuously comprehensively and without delay informed on business development and the strategy, the company's corporate, financial and personnel planning, its profitability and its risk, liquidity and capital management.

Following the conversion of the company in March 2018, there were a total of eleven meetings of the Supervisory Board and its committees. The average meeting participation rate was above 96% in 2018. Information on meeting participation for each member on the Supervisory Board is laid out in the following section. When necessary, resolutions were passed by circulation procedure between the meetings.

Meetings of the Supervisory Board in Plenum

Following the conversion of the company on March 3, 2018, the Supervisory Board held eight meetings in plenum, where it addressed all matters with significant relevance for the company.

At its constitutive meeting on March 7, 2018, the Supervisory Board consisted of shareholders' representatives only. The shareholders' representatives Mr Guido Fuhrmann, Dr Mathias Otto, Dr Dirk Reiche and Dr Michael Welker were appointed as interim members to be replaced – as subsequently done – by independent members in the final composition. The shareholders' representatives unanimously elected Mr Karl von Rohr as the Chairman of the Supervisory Board. No further resolutions were taken at this meeting.

On March 22, 2018, the interim members on Supervisory Board stepped down and were replaced as planned by the independent Supervisory Board members Mr Aldo Cardoso, Mr Hiroshi Ozeki, Ms Margret Suckale and Ms Ute Wolf.

The Supervisory Board held its first ordinary meeting on April 9, 2018, following the initial public offering of shares of DWS KGaA on March 23, 2018. At that time the composition of the Supervisory Board remained incomplete, consisting of the shareholders' representatives only, as the employee representatives on the Supervisory Board had not yet been appointed. The shareholders' representatives discussed the establishment of three standing committees, i.e. the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

As a result of the discussions, the Supervisory Board agreed on the establishment and the election of the shareholders' representatives as well as the Chairpersons for the Audit and Risk Committee and the Remuneration Committee and decided to schedule the election of employee representatives to all standing committees and the establishment of the Nomination Committee for a later time when employee representatives had been appointed.

Ms Ute Wolf was elected as the Chairperson of the Audit and Risk Committee and Ms Sylvie Matherat and Mr Aldo Cardoso were elected to it as additional committee members. A fourth seat on it remained vacant to be later filled – as subsequently done – with an employee representative. Ms Margret Suckale was elected as the Chairperson of the Remuneration Committee and Mr Aldo Cardoso and Dr Asoka Woehrmann were elected to it as additional members. A fourth seat on it was left vacant and was later filled with an employee representative.

Further, the Supervisory Board discussed the organizational structure of DWS KGaA with the Executive Board, including the regulatory licence scope of its major operating subsidiaries, the corporate bodies of DWS KGaA and their tasks and responsibilities as well as their rules of procedure and interaction.

At its next ordinary meeting on April 23, 2018, the Supervisory Board – unchanged in its composition – discussed and approved the Terms of Reference for the Supervisory Board as well as the Terms of Reference for two of its three standing committees, the Audit and Risk Committee and the Remuneration Committee. With regards to the Nomination Committee, the Supervisory Board agreed, in accordance to its resolutions taken on April 9, 2018, to vote not only on its establishment and composition but also on the approval of its Terms of Reference at a time when the employee representatives on the Supervisory Board had been appointed by the court. In addition, the Supervisory Board agreed to vote on the election of the Deputy Chairman of the Supervisory Board once employee representatives had been appointed.

The Supervisory Board also determined Ms Ute Wolf and Mr Hiroshi Ozeki as delegates to represent the shareholders' representatives on the Supervisory Board on the Joint Committee.

Upon request of the Supervisory Board, all members of the Executive Board provided presentations on their lines of functional responsibility. The Supervisory Board received an introduction into the businesses of DWS KGaA and its subsidiaries ("DWS Group"), including its investment, distribution and operating platforms, its financial performance and targets, its risk and control organisation and its strategic position for the future. In addition, the Supervisory Board discussed DWS Group's first quarter 2018 financial results with the Executive Board.

On May 17, 2018, the Supervisory Board decided via circular procedure to follow the recommendation of the Audit and Risk Committee and to continue with an audit tendering procedure issued prior to the conversion of DWS KGaA by the company's predecessor, DWS Group SE. Pursuant to the provisions of Regulation (EU) No. 537/2014 on the rotation of auditor's duties at regular intervals, a public invitation to tender for the audit of the 2020 financial statements and consolidated financial statements of DWS Group SE, now DWS KGaA, had been issued in February 2018. In order to ensure an efficient and effective selection procedure in the reporting period, a project organisation was established under the supervision of the Audit and Risk Committee. Ultimate responsibility and recommendation rights to the Supervisory Board remained with the Audit and Risk Committee.

On May 29, 2018, the four employee representatives on the Supervisory Board Mr Stephan Accorsini, Ms Angela Meurer, Mr Erwin Stengele and Mr Said Zanjani were appointed by the responsible court.

In the next ordinary meeting of the Supervisory Board on July 16, 2018, the employee representatives participated for the first time. Mr Richard I. Morris, Jr. joined this meeting as guest and designated independent shareholders' representative. The submission of the request of his appointment to the responsible court was foreseen – as subsequently done – for a time after the envisaged resignation of Mr Philipp Gossow.

The Supervisory Board discussed and decided on the Supervisory Board's organizational setup and governance topics. This included the election of Ms Ute Wolf as the Deputy Chairperson of the Supervisory Board. In addition, Mr Karl von Rohr, Ms Margret Suckale, Mr Said Zanjani and - subject to his appointment by the court - Mr Richard I. Morris, Jr. were elected as members of the Nomination Committee. Mr Karl von Rohr was also elected as the Chairperson of the Nomination Committee. The Terms of Reference of the Nomination Committee were discussed and approved.

The Supervisory Board also elected Mr Stephan Accorsini as employee representative on the Audit and Risk Committee and Mr Erwin Stengele as employee representative on the Remuneration Committee.

In addition, the Supervisory Board was informed that the shareholders' meeting of the General Partner had named Mr James von Moltke and Mr Karl von Rohr as its representatives on the Joint Committee of DWS KGaA.

Further, the Supervisory Board discussed preparations for the first Annual General Meeting of DWS KGaA on June 5, 2019, including key agenda items and procedural topics. The Supervisory Board received a report from the CEO, Mr Nicolas Moreau, on key developments at DWS KGaA. It thoroughly discussed share price development, investment performance, net outflows, market outlook and key strategic projects, including further implementation of the strategic cooperation with Nippon Life and plans to transfer and outsource fund accounting and custodian functions in Germany to a third-party provider. The Supervisory Board had also asked Mr Stefan Kreuzkamp and Mr Pierre Cherki as the Co-Heads of the Investment Group, to introduce the organizational setup as well as key indicators measuring the performance of the investment platform and DWS's market evaluation and outlook summarized in the CIO View as well as key new investment ideas. Further, the Supervisory Board dealt with 2018 preliminary second quarter and first half financial results for DWS Group.

On July 17, 2018, as previously envisaged, Mr Philipp Gossow stepped down as member of the Supervisory Board.

The consolidated half-year 2018 report was reviewed and discussed by the Audit and Risk Committee at its first meeting on July 24, 2018. The interim report 2018 as well as a summary of the Audit and Risk Committee's review were submitted to the Supervisory Board on July 24, 2018.

On October 18, 2018, Mr Richard I. Morris, Jr. was appointed as member of the Supervisory Board by the responsible court.

At its meeting on October 22, 2018, the Supervisory Board received a report from the first meeting of the Audit and Risk Committee. In addition, the CEO, Mr Nicolas Moreau, reported on recent developments at DWS Group. Aside from an update on business results he also presented the strategic agenda 2019 - 2023 which the Supervisory Board discussed with the Executive Board in detail. The discussions focused on the growth and efficiency programs commenced in 2018, communication with staff and achievements to date. In addition, upon request of the Supervisory Board, the Executive Board presented an enhanced reporting format, the Business Performance Scorecards, which was discussed with the members of the Executive Board. The CFO, Ms Claire Peel, also presented the highlights of DWS Group's third quarter financial results as well as the status of the financial planning process. In addition, the Supervisory Board had asked Mr Robert Kendall and Mr Thorsten Michalik as the Co-Heads of the Global Coverage Group to present their lines of responsibility. They reported on key performance indicators for the Coverage teams as well as DWS's competitive position in key markets, regulatory challenges such as MiFID II and new distribution trends, including digitalization.

Ms Ute Wolf as the Chairperson of the Audit and Risk Committee and Ms Claire Peel also informed the Supervisory Board on the status of the auditor rotation tendering procedure. Ms Wolf explained that the assessment of specific qualifications and the suitability of candidate audit firms was largely completed. The results of the Report on Auditor Rotation and the recommendation of the Audit and Risk Committee were to be presented to the Supervisory Board at its next ordinary meeting.

At its extraordinary meeting on October 25, 2018, the Supervisory Board discussed the departure of Mr Nicolas Moreau and the appointment of Dr Asoka Woehrmann as Managing Director of DWS KGaA's General Partner and as the CEO and Chairman of the Executive Board with immediate effect by virtue of the decision of the shareholders' meeting of the General Partner. Prior to his appointment as CEO and the meeting of the Supervisory Board, Dr Asoka Woehrmann stepped down from his position as member of the Supervisory Board with immediate effect.

At its extraordinary meeting on November 28, 2018, the Supervisory Board took note of the planned appointment of Mr Mark Cullen and Mr Dirk Goergen as Managing Directors of DWS KGaA's General Partner, effective December 01, 2018, by virtue of the decision of the shareholders' meeting of the General Partner. It also took note of the resignation of both Mr Jonathan Eilbeck and Mr Thorsten Michalik, each effective November 30, 2018.

At its last meeting of the year on December 14, 2018, Dr Asoka Woehrmann presented the report of the CEO and outlined recent developments at DWS Group and current market developments. The CFO, Ms Claire Peel, reported on the consolidated financial plan 2019 – 2022. The Supervisory Board discussed key assumptions as well as the expected impact from strategic measures with the Executive Board. In addition, it discussed recent financial developments and the Business Performance Scorecard.

Mr Mark Cullen, who was appointed as the new Chief Operating Officer effective December 01, 2018, and Mr Dirk Goergen, the new Co-Head of the Global Coverage Group, responsible for the EMEA region, appointed effective December 01, 2018, were introduced to the Supervisory Board and their key priorities for the coming months were discussed.

Ms Margret Suckale, the Chairperson of the Remuneration Committee, informed about the key discussion items of the committee's first meeting that was held on the same day, prior to the meeting of the Supervisory Board. Additionally, Ms Ute Wolf, the Chairperson of the Audit and Risk Committee, and Ms Claire Peel, the CFO, presented the results of the company's auditor rotation tendering procedure and the Report on Auditor Selection. Based on a comprehensive selection and decision-making process, the Audit and Risk Committee recommended to the Supervisory Board the proposal of the election of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the new auditor of DWS KGaA for the fiscal year 2020 to the General Meeting. The Supervisory Board discussed this recommendation and endorsed it. In addition, the Supervisory Board discussed and decided on its meeting calendar and key agenda items for 2019.

At its meeting on January 29, 2019 the Supervisory Board discussed and agreed to a proposal put forward by the Nomination Committee on the target quota for the proportion of women on the Supervisory Board, pursuant to Section 111 (5) of the German Stock Corporation Act (AktG) as well as the targets for the composition of the Supervisory Board and the competence in accordance with the recommendation of the German Corporate Governance Code. Further, the Supervisory Board resolved the Declaration of Conformity with the recommendations made in the German Corporate Governance Code (the "Code") of February 7, 2017, according to Section 161 of the German Stock Corporation Act (AktG) on March 4, 2019.

The Committees of the Supervisory Board

Audit and Risk Committee

The Audit and Risk Committee held two meetings in 2018. It supported the Supervisory Board in monitoring the financial reporting process and intensively addressed DWS Group's first interim report in July 2018. The planning and preparation for DWS Group's first Annual Report for the financial year 2018 were discussed in October 2018.

The Audit and Risk Committee monitored the effectiveness of the DWS Group's risk management system, in particular with regard to the internal control system and internal audit. This also covered, amongst others, the monitoring of the setup and scope of work of the control functions. It received regulator reports on key metrics addressing risk appetite, investment risk and financial risk indicators and discussed model risk with the Head of DWS Risk. In addition, it monitored the remediation of any deficiencies identified by the auditor and the internal control functions based on internal and external audits.

Before the conversion of the company to its current legal form as a partnership limited by shares, the Supervisory Board issued the audit mandate to KPMG AG, Wirtschaftsprüfungsgesellschaft ("KPMG") and set the amount of the auditor's remuneration for the 2018 reporting cycle. The auditor also reviewed the legally required Non-Financial Report and Dependency Report. For the financial year 2019 and going forward, the Audit and Risk Committee has submitted proposals to the Supervisory Board for the appointment of the auditor by the General Meeting.

The Audit and Risk Committee dealt with the measures to prepare for the audit of the Annual Financial Statements and Consolidated Financial Statements for 2018, specified its own areas of focus for the audit and approved a list of permissible non-audit services. The Audit and Risk Committee also reviewed the legally required non-financial reporting. The Audit and Risk Committee was regularly provided with reports on the engagement of accounting firms, including the auditor, for non-audit-related services.

The Audit and Risk Committee also supported the Supervisory Board in undertaking the tendering procedure for the selection of a new auditor of DWS KGaA for the fiscal year 2020. The DWS Audit Tender Steering Committee operating under the Audit and Risk Committee and a project team provided support for the implementation of the tendering procedure. The determination of the key process steps, selection criteria and key decisions were discussed in advance with the Chairperson of the Audit and Risk Committee and the steering committee and finally approved by the Audit and Risk Committee. At its meetings, the Audit and Risk Committee received reports on the progress of the procedure, discussed them and decided on next key steps. The process was fair, transparent and non-discriminatory. Hence, it was in line with EU rules on public procurement. By publishing the tender project in the Federal Gazette, among other places, auditing companies were initially asked to express their interest in participating in the selection process. In the next step, the interested parties were provided with extensive documents to enable them to submit a well-founded written offer. In addition, all competitors were given the opportunity to clarify questions that had remained unanswered in a Q&A phase. The two bids submitted in writing were analysed and evaluated by the project team and the steering committee. The steering committee invited to a workshop with both short-listed audit firms in August 2018. Following this workshop, and based on the Report on Auditor Selection, the steering committee concluded a preference for Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in its preliminary recommendation to the Audit and Risk Committee on October 22, 2018. On October 25, 2018, the Supervisory Board of Deutsche Bank AG decided to propose the appointment of Ernst & Young as its new auditor to its Annual General Meeting. In the light of this, the steering committee reviewed and re-confirmed its recommendation to the Audit and Risk Committee. On November 6, 2018, the Audit and Risk Committee decided to recommend to the Supervisory Board suggesting the appointment of Ernst & Young as the new auditor of DWS KGaA for the fiscal year 2020 to the General Meeting. The Supervisory Board of DWS KGaA discussed and endorsed this recommendation at its meeting on December 14, 2018.

Representatives of the independent auditor as well as the CEO, the CFO and the CCO of DWS Group and the Head of DWS Audit, the DWS Group Controller and the Head of DWS Risk attended all of the meetings of the Audit and Risk Committee.

Remuneration Committee

After the composition of the Remuneration Committee had been completed in July 2018, it received a report on strategy and on the alignment of variable compensation requirements to strategy on December 14, 2018. The committee supported the

Supervisory Board in monitoring the appropriate structure of the compensation systems for DWS Group's employees and, in particular, the appropriate structure of the compensation for the Head of Compliance and for the employees who have material influence on the overall risk profile of DWS Group, i.e. Material Risk Takers. It also dealt with the Compensation Report 2018.

Nomination Committee

The Nomination Committee did not meet in 2018. In its first meeting on January 18, 2019, the Nomination Committee prepared a proposal addressing the determination of a target quota for the proportion of women on the Supervisory Board, pursuant to Section 111 (5) of the German Stock Corporation Act (AktG) as well as the targets for the composition of the Supervisory Board and the competence in accordance with the recommendation of the German Corporate Governance Code.

Participation in Meetings

Participation in meetings of the Supervisory Board and its committees was as follows:

Name	Meetings incl. committees	Meetings plenary sessions	Particpation plenary sessions	Meetings committees	Particpation committees	Particpation in % all meetings
Karl von Rohr	8	8	8	-	-	100
Ute Wolf	9	7	7	2	2	100
Stephan Accorsini	7	5	5	2	2	100
Aldo Cardoso	10	7	7	3	3	100
Guido Fuhrmann	1	1	1	-	-	100
Philipp Gossow	4	4	3	-	-	75
Sylvie Matherat	10	8	8	2	2	100
Angela Meurer	5	5	5	-	-	100
Richard I. Morris, Jr.	5	5	5	-	-	100
Dr Mathias Otto	1	1	1	-	-	100
Hiroshi Ozeki	7	7	7	-	-	100
Dr Dirk Reiche	1	1	1	-	-	100
Erwin Stengele	6	5	5	1	1	100
Margret Suckale	8	7	6	1	1	87.5
Dr Michael Welker	1	1	1	-	-	100
Dr Asoka Woehrmann	5	5	4	-	-	80
Said Zanjani	5	5	5	-	-	100

Corporate Governance

The composition of the Supervisory Board and its standing committees is in accordance with good corporate governance standards and meets regulatory requirements. The work in the bodies was characterized by an open and intensive exchange and a trustful cooperation. The Chairman of the Supervisory Board and the chairpersons of its committees coordinated their work and consulted each other regularly and – if required – on an ad-hoc basis in order to ensure the exchange of information required to perform the tasks assigned to the Supervisory Board and its committees by law, administrative regulations, the Articles of Association of DWS KGaA and the respective Terms of Reference.

At the meeting of the Supervisory Board, the committee chairpersons reported regularly on the work of the committees. From time to time the representatives of the employees and the representatives of the shareholders conducted separate preliminary discussions before the meetings of the Supervisory Board. At the beginning or end of the meeting of the Supervisory Board or its committees, discussions were often held in executive sessions without the participation of the Executive Board. In accordance with the Terms of Reference of the Audit and Risk Committee the Supervisory Board determined that Ms Ute Wolf fulfils the requirements of Section 100 of the German Stock Corporation Act (AktG).

Furthermore, the Supervisory Board determined that it has what it considers to be an adequate number of independent members based on its assessment.

The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), was resolved by the Supervisory Board on March 4, 2019. The text of the Declaration of Conformity can be found in Section 3 of the Annual Report.

Training and Further Education Measures

Education measures were conducted with the Supervisory Board in plenum and with its committees to introduce the organization of DWS Group, including its governance structure and build and enhance required specialized knowledge to allow for good corporate governance. These covered a total of more than ten topics, such as new regulatory requirements with material impact on DWS Group and their implementation (e.g. MiFID II), digitalization, non-financial reporting, trends in the asset management industry, macroeconomic developments and the DWS CIO View. Education measures took place both in form of introductory presentations prior to the deliberations of the Supervisory Board during its ordinary meetings and in separate dedicated training sessions.

Induction courses were held for all members of the Supervisory Board to facilitate their induction into office.

Conflicts of Interest and Their Handling

In the reporting year, no conflicts of interest were reported or otherwise apparent which would have to be reported to the General Meeting pursuant to the recommendation of Section 5.5.3 of the German Corporate Governance Code.

Annual Financial Statements, Consolidated Financial Statements, the separate Consolidated Non-Financial Report and Dependency Report

KPMG audited the Annual Financial Statements, including the Accounting and Management Report, as well as the Consolidated Financial Statements with the related Management Report for the 2018 financial year and the Dependency Report and issued in each case an unqualified audit opinion on March 15, 2019. The Auditor's Reports were signed jointly by the Auditors Mr Kuppler and Mr Lehmann.

Furthermore, KPMG performed a review to obtain a limited assurance in the context of the Non-Financial Reporting and issued an unqualified opinion.

The Audit and Risk Committee examined the documents for the Annual Financial Statements and Consolidated Financial Statements for 2018 as well as the Non-Financial Reporting for 2018 and the Dependency Report at its meeting on March 18, 2019. The representatives of KPMG provided the final report on the audit results. The Chairperson of the Audit and Risk Committee reported on this at the March 20, 2019 meeting of the Supervisory Board. Based on the recommendation and advance handling of the Audit and Risk Committee and after inspecting the Annual Financial Statements and Consolidated Financial Statements documents as well as the documents for the Non-Financial Reporting, the Supervisory Board agreed to the results of the audits following an extensive discussion on the Supervisory Board and with representatives of KPMG. The Supervisory Board determined that, also based on the final results of its inspections, there are no objections to be raised.

On March 20, 2019, the Supervisory Board approved the Annual Financial Statements and Consolidated Financial Statements presented by the Executive Board. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of distributable profit.

DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG, holds a 79.49% stake in DWS KGaA. As there is no control and / or profit and loss-pooling agreement between these two companies, the Executive Board prepared a report on the company's relations to affiliates (Dependency Report) for the period from April 1, 2018 to December 31, 2018, in accordance with Section 312 of the German Stock Corporation Act (AktG). The Dependency Report was audited by KPMG, the independent auditor appointed by the company. The independent auditor did not raise any objections and issued the following statement in accordance with Section 313 of the German Stock Corporation Act (AktG): "According to the results of our audit there are no objections to be made pursuant to Section 313 (4) of the German Stock Corporation Act (AktG) against the report of the Executive Board on relations with affiliated companies. We hereby issue the following unqualified audit certification in accordance with Section 313 (3) of the German Stock Corporation Act (AktG) on the report of the Executive Board on relations of DWS Group GmbH & Co. KGaA, Frankfurt am Main, with affiliated companies for the period from April 1, 2018 to December 31, 2018:
To DWS Group GmbH & Co. KGaA, Frankfurt am Main: Based on our dutiful audit and assessment, we confirm that 1) the statements actually made in the report are correct, 2) that the company's consideration for the legal transactions mentioned in the report was not unduly high, 3) that the measures mentioned in the report do not speak in favour of an assessment that differs from that of the Executive Board." The dependency report and the audit report of the auditor were made available to the Audit and

Risk Committee and the Supervisory Board. The review did not lead to any objections. Likewise, the Supervisory Board did not raise any objections against the declarations of the Executive Board concerning the relations to affiliates.

Personnel Developments

Mr Guido Fuhrmann, Dr Mathias Otto, Dr Dirk Reiche and Dr Michael Welker were appointed as Supervisory Board members prior to the listing of DWS KGaA. They resigned on March 22, 2018 and were replaced as planned by the designated independent shareholders' representatives, Mr Aldo Cardoso, Mr Hiroshi Ozeki, Ms Margret Suckale and Ms Ute Wolf.

Mr Stephan Accorsini, Ms Angela Meurer, Mr Erwin Stengele, and Mr Said Zanjani were appointed as employee representatives to the Supervisory Board by the responsible court on May 29, 2018.

On July 17, 2018, Mr Philipp Gossow stepped down as planned as member of the Supervisory Board. His designated successor, Mr Richard I. Morris, Jr. was appointed as member of Supervisory Board by the court on October 18, 2018.

Prior to his appointment as Managing Director (Geschäftsführer) and CEO of DWS KGaA's General Partner and the extraordinary meeting of the Supervisory Board on October 25, 2018, Dr Asoka Woehrmann resigned from his position as member of the Supervisory Board of DWS KGaA with immediate effect.

We thank the members who left last year for their dedicated work and for their constructive assistance to DWS during the past year.

We would also like to thank the DWS's employees for their strong commitment in this – from the company's perspective – special year.

Frankfurt am Main, March 20, 2019

The Supervisory Board
Karl von Rohr
Chairman

Supervisory Board

Karl von Rohr
- Chairman of the Supervisory Board
since March 3, 2018
Frankfurt am Main

Ute Wolf
- Deputy Chairperson of the Supervisory Board
since March 22, 2018
Düsseldorf

Stephan Accorsini *
since May 29, 2018
Frankfurt am Main

Aldo Cardoso
since March 22, 2018
London

Guido Fuhrmann
from March 3, 2018 until March 22, 2018
Frankfurt am Main

Philipp Gossow
from March 3, 2018 until July 17, 2018
Frankfurt am Main

Sylvie Matherat
since March 3, 2018
Frankfurt am Main

Angela Meurer *
since May 29, 2018
Frankfurt am Main

Richard I. Morris, Jr.
since October 18, 2018
London

Dr Mathias Otto
from March 3, 2018 until March 22, 2018
Sulzbach

Hiroshi Ozeki
since March 22, 2018
New York

Dr Dirk Reiche
from March 3, 2018 until March 22, 2018
Hamburg

Erwin Stengele *
since May 29, 2018
Oberursel

Margret Suckale
since March 22, 2018
Hamburg

Dr Michael Welker
from March 3, 2018 until March 22, 2018
Königstein im Taunus

Dr Asoka Woehrmann
from March 3, 2018 until October 25, 2018
Königstein im Taunus

Said Zanjani *
since May 29, 2018
Langgöns

* Employee representative

Standing Committees of the Supervisory Board

Audit and Risk Committee

Ute Wolf
- Chairperson

Stephan Accorsini *

Aldo Cardoso

Sylvie Matherat

Nomination Committee

Karl von Rohr
- Chairperson

Richard I. Morris, Jr.

Margret Suckale

Said Zanjani *

Remuneration Committee

Margret Suckale
- Chairperson

Aldo Cardoso

Erwin Stengele *

* Employee representative

Report of the Joint Committee

Pursuant to Section 15 of the Articles of Association of DWS Group GmbH & Co. KGaA, the company has a Joint Committee which consists of two members each delegated by the shareholders' meeting of the General Partner and by the shareholders' representatives on the Supervisory Board from their midst.

The Joint Committee resolves in particular on the approval of certain transactions and management measures undertaken by the General Partner (e.g. group reorganizations and related contracts; acquisition and disposal of real estate or participations if the transaction value exceeds a certain threshold). In addition, the Joint Committee possesses a right of proposal with respect to the ratification of acts of management and with respect to the determination of the variable compensation of the Managing Directors of the General Partner. In the past fiscal year, the Joint Committee convened once and hereinafter reports, pursuant to Section 19 (2) of the Articles of Association of the company, to the Annual General Meeting on its work:

At its first meeting on July 16, 2018 the Joint Committee conferred on the compensation structure and objective system for the Managing Directors of the General Partner. Following a comprehensive evaluation and discussion, the Joint Committee unanimously agreed on the proposal for a remuneration and incentive system linked to respective targets for the Managing Directors of the General Partner. The Joint Committee conveyed its proposal to the shareholders' meeting of the General Partner where it was subsequently resolved.

For the shareholders' meeting of the General Partner Mr Karl von Rohr and Mr James von Moltke are delegated to the Joint Committee. Mr Karl von Rohr was also appointed as the Chairman of the Joint Committee. For the shareholders' representatives on the Supervisory Board of DWS Group GmbH & Co. KGaA two independent members, Ms Ute Wolf and Mr Hiroshi Ozeki, are elected to the Joint Committee. All members of the Joint Committee have participated in the deliberations and the proposal adopted in the meeting of July 16, 2018.

Frankfurt am Main, March 20, 2019
The Joint Committee of DWS Group GmbH & Co. KGaA

Karl von Rohr
Chairman

Joint Committee

Karl von Rohr
since May 7, 2018

James von Moltke
since May 7, 2018

Ute Wolf
since April 23, 2018

Hiroshi Ozeki
since April 23, 2018

Our Strategy

DWS is a leading asset manager with € 662 billion in assets under management as at December 31, 2018. We are headquartered in Germany and operate globally, serving a range of traditional and alternative investment capabilities to institutional and retail clients worldwide. In March 2018, we became a listed asset manager on the Frankfurt Stock Exchange, enabling us to operate more autonomously.

We have a number of strategic initiatives to support our medium term targets and deliver shareholder value through net flows, revenue growth, cost discipline, and dividend distributions. We believe our broad range of well-performing products and investment solutions give us a strong basis for growing assets and revenues.

- The wide distribution reach across retail and institutional channels, as well as across geographies, can support the delivery of annual net flows target of 3 to 5 percent per annum (as a percentage of beginning of period Assets under Management).
- Our diversified asset base, with a bias to higher margin products, positions us well for margin resilience, with the objective of maintaining an average management fee margin of at least 30 basis points.
- The strong and scalable operating platform, coupled with cost efficiency initiatives, is designed to support the reduction of our adjusted cost-income ratio to below 65 percent.
- Through the above, we are positioned to deliver shareholder value via a target dividend pay-out ratio of 65 to 75 percent (as a percentage of annual net income).

The business-growth goals outlined below will be supported by a planned medium term investment of € 90 million in our digital capabilities, the investment group and additional distribution hires. Through cost efficiency initiatives, we are targeting medium term annual gross savings in our cost base of € 125 million to € 150 million, relative to 2017.

Build on European leadership position

A key strategic focus is to maintain our leadership positions in Germany and Europe, Middle East and Africa (EMEA), capitalizing on the significant growth opportunities across the broader region. This is manifested by our #1 ranking in Retail Germany, our #2 ranking in European Exchange Traded Funds/Exchange Traded Products (ETFs/ETPs), as well as #4 and #8 in German and European Institutional respectively[1]. Our focus areas include seeking to mobilize the substantial volume of non-invested retail assets in Germany and the rest of Europe, and providing innovative solutions aimed at addressing retirement needs and old-age provisioning. On the institutional side, we believe that growth will be fuelled by the increase in outsourced insurance assets as well as the growing pension market in EMEA. We also see potential across EMEA and globally for our digital solutions. This includes WISE, our white label digital investment platform offering discretionary portfolio management.

Target focused growth in the Americas

In the Americas, we are targeting growth through a ‘multi-specialist’ approach, a disciplined focus on serving those client segments whose needs are best aligned with our U.S. and Global investment capabilities and value added services. In the institutional channel, we see strong potential to continue expanding our engagement with select client types beyond fixed income and cash. A key driver of growth and profitability in the region will draw upon our strong Alternatives presence, particularly in real assets. In the retail segment, we have developed focused growth initiatives across select distribution channels, including wealth advisors, registered investment advisors, and professional buyers. Most notably, the Xtrackers USD High Yield Corporate Bond ETF had net inflows of over U.S. $ 1 billion in 2018.

Expand coverage in Asia-Pacific (APAC)

In APAC, our targeted coverage approach reflects the concentration of wealth within a relatively small number of regional institutions. We aim to leverage DWS Group’s comprehensive suite of products and solutions to capture the ongoing trend in the region to outsource institutional mandates. We also see growth potential in selected European and U.S. strategies to APAC, as

[1] BVI Investmentstatistik: Open-ended retail funds (December 31, 2018), ETFGI (December 31,2018), BVI Institutional Ranking 2018 (December 31, 2018), IPE European Institutional (December 31, 2017)

well as to expand partnerships with larger regional asset managers and distribution partners. Furthermore, our collaboration with Harvest Fund Management focuses on a range of distribution and product initiatives.

Strategic alliances

This year we have enhanced our distribution capabilities by strengthening our strategic alliances. In Europe, we have deepened our existing relationship with Tikehau Capital following their participation in the initial public offering (IPO) of DWS in March 2018. Together, we are discussing distribution and product opportunities, particularly in the alternatives investment space. Furthermore, we have formed a co-operation agreement that will deepen our relationship with Generali Group. Through this partnership, we will become one of Generali's few preferred asset managers and will work closely with them to expand our distribution reach in France, Switzerland, Italy and Germany, with a particular focus on unit-linked solutions products. Meanwhile in Asia, we are continuing to work closely with our partners Nippon Life and Harvest Fund Management to explore new business opportunities in the region.

Maintain focus on investment performance, while expanding solutions

A key strategic focus has been to continue delivering consistent investment outperformance to our clients. We will continue to use our broad product capabilities to grow our multi asset and solutions offering. In addition, we are making select investments to develop targeted product capabilities, including alternative credit, real asset debt, sustainable investments, Exchange Traded Funds and systematic and quantitative investments.

Enhance digital capabilities in response to client demand

We will continue to invest in DWS Group's digital capabilities. Selected examples include our front-end application, EDISON – which is designed to enhance the client experience for retail investors and our distribution partners on our IKS funds platform – and WISE, our white-label proprietary digital investment platform. Our growth commitment into digitization and technology is further underlined by our recently signed agreements to invest in a 15% equity stake in Neo Technologies, a digital investment platform in the Middle East, as well as to enter into a strategic partnership with the early stage real estate asset management technology company Skyline AI which leverages proprietary artificial intelligence (AI) technology to evaluate institutional-grade property investments in the U.S.

Leverage increased operational autonomy to execute business strategy and deliver profit growth

As a standalone asset manager, we have established the DWS brand globally for our business in order to ensure a consistent brand appearance and to enhance our external perception. The integration of service and infrastructure functions from DB Group into DWS Group should enable us to achieve further operational efficiencies across the platform, including process improvements to reduce costs and enhance client experience. A more autonomous structure should also create opportunities for growth through the use of digital tools to enhance our ability to reach and service clients. A new currency of common stock will support both organic growth, through the launch of a separate incentive model to better align to market practice of the asset management industry as well as to attract and retain talent, and an increased agility to capture inorganic growth opportunities.

Deploy growth capital in a disciplined way

The disciplined allocation of capital is expected to fund a range of growth initiatives, as well as significant shareholder distributions. Our medium-term business plan includes an increase in our seeding and co-investments budget to better align our interest with clients. While we believe there is room for consolidation in the asset management industry, we believe we are already fully diversified in terms of product capabilities and geographic reach and only intend to deploy growth capital for Mergers & Acquisitions (M&A) in a disciplined way. Accordingly, we will continue to monitor the market for selective bolt-on opportunities to grow in priority areas, for example to complement our product range and our platform capabilities. We may consider consolidation opportunities prevailing in the industry, to establish our market position in key growth areas, or for distribution access. Any M&A activity, in addition to meeting strategic objectives and low execution risk, will also be measured against financial criteria such as attractive return on investment (ROI) and earnings accretion.

Progress on strategy implementation

Following the successful IPO of DWS KGaA in first quarter of 2018, our business has begun to operate as an autonomous company and to build the foundation for long-term growth. The greater autonomy is enabling the business to be more agile in a rapidly evolving industry. To this end, we are executing on growth initiatives; the business made strategic hires into the client coverage teams, in part to bolster institutional growth, as well as to support our Passive business, which has already started to accelerate sales. We also successfully added new distributors to the proprietary digital investment platform over the past year and we became the first asset manager to introduce its digital investment platform to the unit-linked insurance market.

We have seen excellent progress with our environment, social and governance (ESG) strategy, illustrated by the recent expansion of our product suite across the Active, Passive and Alternatives investment spaces. Notably, we launched an innovative sustainability fund in partnership with a globally operating corporate client. This closed-end fund will invest in solar and wind-based renewable energy projects in mainland China designed to deliver clean energy to the Chinese power grid, mitigating the environmental impact of the client's global manufacturing supply chain.

We also integrated Sal Oppenheim's quantitative investment management business to help expand our Centre of Expertise for quantitative strategies.

Furthermore, our efficiency and transformation program was created to oversee the delivery of committed targets and apply changes required to drive operational efficiency. To achieve these objectives, the programme has been established with dedicated initiatives sponsored by the Executive Board. The initiatives have specific targets to challenge and reduce spend (e.g. for third party services, real estate and information technology (IT)), as well as to enhance efficiency and productivity from simplifying our operating model and making it more "fit for purpose" as an independent asset manager. Specific examples include the simplification of key processes, such as client implementation and Know-Your-Client (KYC); organisational redesign and integration of teams; and the automation of processes via modern technologies such as Robotic Process Automation.

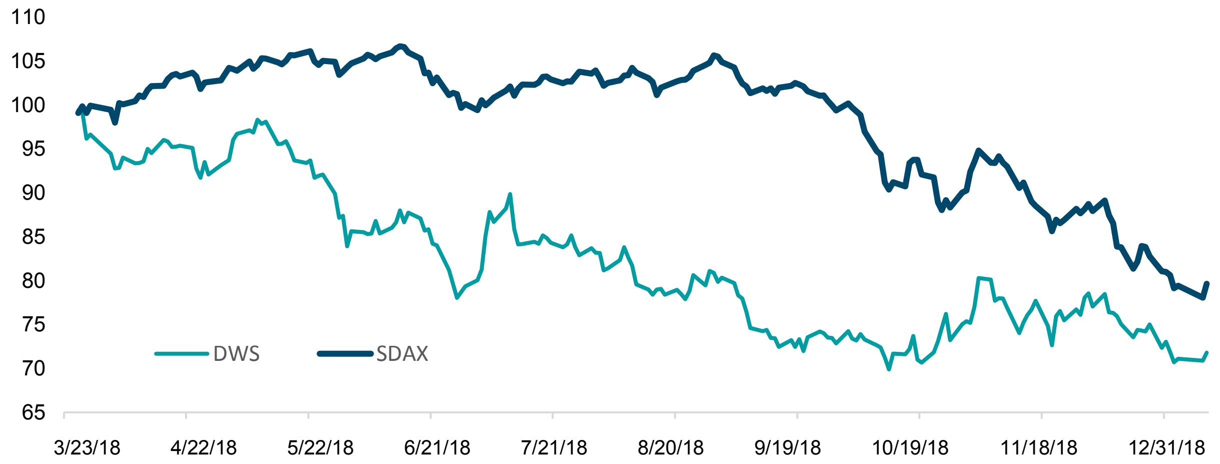
Our Shares

DWS KGaA was publicly listed on the Frankfurt Stock Exchange on March 23, 2018. DWS's shares are listed in the Prime Standard, which has the most stringent transparency and disclosure requirements in Germany. The initial placement price of DWS shares was set at € 32.50. The highest Xetra closing price for DWS shares in 2018 was € 33.08, which was reached on the day of the IPO. The lowest closing price was on October 11, 2018 at € 22.81. The market capitalization of DWS based on the 200 million outstanding bearer shares totalled € 4.7 billion on December 28, 2018, the last trading day of the year.

Since June 18, 2018 the shares have been a component of the German SDAX, a market index composed of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalization. The index thus represents the 91st-160th largest publicly traded companies in Germany with regards to order book volume and market capitalization. With a weighting of 1.4%, DWS was ranked 27 in the German SDAX at the end of 2018.

From the IPO on March 23, 2018 to the last trading day of the year on December 28, 2018, the DWS share price posted a negative performance of 29.4 percent. SDAX lost 20.3 percent in the same period. Stock markets globally were negatively impacted by a number of macroeconomic developments in 2018. These included concerns over further interest rate increases in the United States, an ongoing trade conflict between the United States and other regions (notably China), geopolitical uncertainty in Europe and the economic slowdown in China.

Total Shareholder Return since IPO on March 23, 2018 in %



Key Data Share

WKN	DWS100
ISIN	DE000DWS1007
Ticker symbol	DWS
Trading segment	Regulated market (Prime Standard)
Indices	SDAX
Class of shares	No par-value ordinary bearer shares
Number of shares as of December 31, 2018	200,000,000
Market capitalization as of December 31, 2018 (in € bn)	4.7
Initial listing	March 23, 2018
Initial issue price in €	32.50
Share price in € as of December 28, 2018[1]	23.37
Percentage change (since IPO - March 23, 2018)	(29.4)
Period high in €[1]	33.08
Period low in €[1]	22.81

[1] Xetra Closing Price

Share Liquidity

The average daily trading volume of DWS shares was approximately 0.8 million in 2018. Volumes were at their highest level in March with 4.4 million daily traded shares on average, driven by the launch of the IPO.

Average Daily Trading Volume

March	April	May	June	July	August	September	October	November	December
4,419,110	474,577	258,627	355,400	336,059	174,217	533,929	336,499	380,466	221,462

Source: Bloomberg including foreign electronic trading, OTC, Xetra and the German stock exchanges Frankfurt, Berlin, Stuttgart, Düsseldorf and Munich

Investor Relations Activity

In the lead up to and following the IPO in March DWS Group has engaged in continuous dialogue with analysts, institutional and private investors to provide the latest developments on the group's business strategy.

CEO, CFO and investor relations have been actively participating in conferences and in roadshows across the world meeting investors in Frankfurt, London, Paris and New York. Furthermore, Investor Relations is in ongoing contact with sell-side analysts and shareholders in one-on-one meetings and phone calls.

A broad range of topics are often covered in these meetings including business developments, outlook for medium-term financial targets, strategic alliances, cost efficiencies, growth initiatives and asset management industry outlook.

CEO, CFO and investor relations also invite every quarter publicly to its conference call to present its financial results, allowing the public to access the corresponding documents on the DWS Group website https://dws.com/Our-Profile/ir/reports-and-events/financial-results/.

Research Coverage

At the end of 2018, a total of 20 brokers evaluated the DWS stock, publishing regular commentary about the company. As of December 31, 2018 six brokers recommend a buy rating for DWS, while 12 brokers recommend holding and two recommend selling. The average target share price is € 28.5 as of December 31, 2018.

Target Price and Rating as of December 31, 2018

Rank	Broker	Target Price (in €)	Rating
1	Bankhaus Lampe	38.0	Buy
2	Exane BNP Paribas	33.0	Buy
3	Commerzbank	33.0	Hold
4	Mainfirst	32.0	Hold
5	Kepler Cheuvreux	30.2	Buy
6	Pareto Securities AS	30.0	Buy
7	ING	30.0	Buy
8	DZ Bank	30.0	Buy
9	Citi	29.7	Hold
	Average	**28.5**	
10	Nordea	28.0	Hold
11	Morgan Stanley	27.0	Hold
12	Barclays	27.0	Hold
13	Credit Suisse	26.5	Hold
14	Santander	26.5	Hold
15	Autonomous	26.0	Sell
16	UBS	25.8	Hold
17	Bank of America ML	25.0	Sell
18	Independent Research	25.0	Hold
19	JP Morgan	24.0	Hold
20	Oddo BHF	23.9	Hold

Annual General Meeting

DWS KGaA will host its first Annual General Meeting on June 5, 2019 at the Congress Center in Frankfurt am Main in Germany. All shareholders are invited to attend the Annual General Meeting in person or by proxy.

Shareholders will receive an invitation to the Annual General Meeting together with a reply slip via their depositary banks. Important documents and information related to the Annual Shareholders' Meeting can be found on the DWS website at https://dws.com/Our-Profile/ir/annual-general-meeting/.

The DWS Executive and Supervisory Boards will recommend a dividend payment of € 1.37 per share for the financial year 2018 at the Annual General Meeting.

Financial Calendar 2019

Date	Event
February 1, 2019	Preliminary Q4 & FY 2018 results with Investor & Analyst Conference Call
March 22, 2019	Annual Report 2018 and Sustainability Report 2018
April 26, 2019	Q1 2019 results with Investor & Analyst Conference Call
June 5, 2019	Annual General Meeting
July 25, 2019	1 HY 2019 Interim Report with Investor & Analyst Conference Call
October 31, 2019	Q3 2019 results with Investor & Analyst Conference Call

Shareholder Structure

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018, DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. We are not aware of any changes in this ownership as per December 31, 2018. DB Beteiligungs-Holding GmbH is a wholly-owned subsidiary of Deutsche Bank AG. The second largest shareholder is Japanese insurer Nippon Life Insurance Company with a 5% stake as notified to us in the voting rights announcement dated March 22, 2018. We are not aware of any changes in this ownership as per December 31, 2018. DWS's free float amounts to 15.51%.

1

Summarized Management Report

Summarized Management Report

Introduction to DWS Group

Corporate Profile

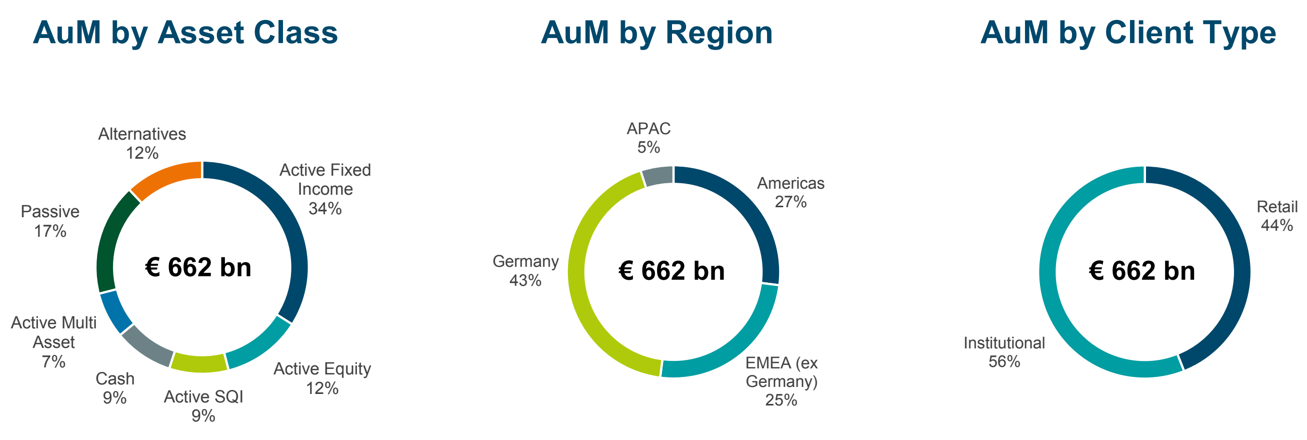
We are a leading asset manager with € 662 billion in assets under management as at December 31, 2018. We are headquartered in Germany but our ~3,400 employees operate globally, providing a range of traditional and alternative investment capabilities to clients worldwide.

We have a fully integrated global investment group, supported by our Chief Investment Office which supplies the overarching framework that guides our investment decisions. Our offerings span all major asset classes including equity, fixed income, cash and multi asset as well as alternative investments. Our alternative investments include real estate, infrastructure, private equity, liquid real assets and sustainable investments. We also offer a range of passive investments. In addition, our solution strategies are targeted to client needs that cannot be addressed by traditional asset classes alone. Such services include insurance and pension solutions, asset-liability management, portfolio management solutions, asset allocation advisory, structuring and overlay.

Our product offerings are distributed across EMEA, the Americas and APAC through our single global distribution network comprising of approximately 880 investment professionals and 690 sales professionals across 15 countries. We also leverage third-party distribution channels, including our largest shareholder Deutsche Bank Group. While we aim to grow organically, we also adopt a disciplined approach to inorganic growth opportunities. We are open to engaging in select bolt-on acquisitions or team lift outs that meet selection criteria and do no disrupt our existing platform.

We serve a diverse client base of retail and institutional investors worldwide, with a strong presence in our home market in Germany. These clients include large institutions to governments, corporations and foundations as well as millions of individual investors. As a regulated asset manager, we act as a fiduciary for our clients and we are conscious of our societal impact. Responsible Investing has therefore long been a key part of our heritage, because it serves the best interests of those who entrust us to manage their assets.

Diversified Business with Global Footprint



Corporate Structure

We are organized as a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*) with a German limited liability company (Gesellschaft mit beschränkter Haftung). DWS KGaA is the direct or indirect holding company for the Group's subsidiaries. As at December 31, 2018, DWS Group consists of 79 consolidated entities, comprising of 51 subsidiaries and 28 consolidated structured entities.

Branches of Subsidiaries

DWS KGaA holds branches only via its subsidiaries. Five of our subsidiaries have a total of 24 branches domiciled across all regions including fourteen branches in EMEA, nine in the Americas and one in Asia Pacific. The majority of these subsidiaries and branches have been operational for a number of years and are considered an extension of our investment management activities performed in other locations. They are important for us to have a local presence in our key markets.

In 2018, we set up new branches in EMEA, including Amsterdam, Paris, Madrid, Milan and Vienna; a new branch was also created in Stockholm and is expected to start business activity by end of June 2019. These branches were set up to house certain business activities that were previously carried out in local Deutsche Bank AG branches.

Research and Development

Our investment activities are underpinned by a substantial global research capabilities and supported by the Aladdin platform that was implemented worldwide in 2016. Our research platform covers macroeconomics, fixed income, equities and alternatives and generates more than 500 top-down recommendations and over 3,000 bottom-up recommendations.

As the asset management industry evolves, we also continue to modernize and digitize our platforms to improve and enhance internal research and development for our products and services. We expect our proprietary research to become increasingly important following the implementation of MiFID II. In 2018, we spent ~€40m on third-party research in relation to MiFID II.

CIO View

The CIO View is our house view on macroeconomic topics, financial market forecasts, outlooks for individual asset classes, model multi asset allocations, and our view on market risks. As part of our fiduciary responsibility, our portfolio managers use the CIO View as a foundation for their active investment decisions and to also share our investment expertise with clients. In 2018, we incorporated environmental, social and corporate governance (ESG) into our quarterly CIO View publication for the first time, recognising the importance that ESG and long-term sustainability issues have on the wider asset management industry.

Internal Management System

The management of DWS Group uses the following Key Performance Indicators (KPIs):

Strategy	KPI	2018	Medium term financial targets
Positioned to capture net flows	Net flows (% of BoP AuM)	(3.2)%	3% to 5%
Consistent margin resilience	Management fee margin	30.6bps	≥30bps
Operational leverage and cost discipline	Adjusted CIR	72.3%	<65%
To deliver strong earnings and dividend growth	Dividend payout ratio (% of net income)	70%[1]	65% to 75%

[1] The dividend payout ratio of 70% has been proposed by the DWS Executive Board, the General Partner and the Supervisory Board and is yet to be approved by shareholders at the Annual General Meeting.

- Net flows represent assets acquired or withdrawn by clients within a specified period. It is one of the major drivers of changes in AuM.

- Management fee margin is calculated by taking the sum of management fees and other recurring revenues for a period divided by average AuM for the same period. Annual average AuM are generally calculated using AuM at the beginning of the year and the end of each calendar month (e.g. 13 reference points for a full year).

- Adjusted cost-income ratio (CIR) is based on adjusted revenues and adjusted costs. Adjusted revenues presents revenues excluding non-recurring items, such as disposal gains and other non-recurring income items in excess of +/- € 10 million. We use this metric to show revenues on a continuing operations basis, in order to enhance comparability against other periods. Adjusted costs is an expense measure we use to better distinguish between total costs (noninterest expenses) and our ongoing operating costs. It is adjusted for litigation, restructuring and severance costs as well as for material non-recurring expenses, including operational losses that are clearly identifiable one-off items in excess of +/- € 10 million which are not expected to recur.

- Dividend payout ratio is the total amount of dividends paid out to the shareholder relative to the DWS Group annual consolidated net income.

Overview of 2018

Achievements

In 2018, we made progress to transition from being a division of a Bank to a distinct listed asset manager. Our most significant milestone was the successful completion of the partial Initial Public Offering and listing on the Frankfurt Stock Exchange on March 23, 2018. We started trading shares at the placement price of € 32.50 per share and in total, 44,500,000 existing DWS Group shares were placed with new investors, equalling a total placement volume of about € 1.4 billion, including 4,500,000 shares to cover over-allotments.

Since becoming a publicly listed company, we have made several organisational and operational changes, including a company-wide re-brand to "DWS" globally to reflect our diversified investment capabilities as well as our global approach to the business. We also recalibrated our investment platform, aligning traditional and alternatives investments into one globally integrated investment group, and created a single global coverage group. In line with asset management practice, we introduced a standalone compensation framework to support our medium term strategic, financial and cultural objectives, and help us offer the right incentives to our staff. Please refer to the "Compensation Report" for further details.

We have made greater efforts to strengthen our distribution reach. We appointed senior hires across a number of countries and continued to work closely with our Asian partners Nippon Life and Harvest Fund Management, while establishing strategic alliances with Generali Group and Tikehau Capital.

We have progressed on our targeted growth areas, including digital and responsible investing. In 2018, we expanded our digital capabilities through strategic partnerships; we became a minority shareholder in Skyline AI, a U.S. real estate asset management technology company, and in the Middle East, we signed a contract to acquire a 15% equity stake in digital investment platform Neo Technologies. We also added new partners to our proprietary digital investment platform WISE over the year. Through our partnership with German insurer Volkswohl Bund Lebensversicherung, we became the first asset manager in Europe to introduce its digital investment platform to the unit-linked insurance market.

Our commitment to responsible investing has remained strong as reflected by our numerous ESG fund launches and client events hosted in 2018. We identified and filled product gaps in our traditional retail fund offerings, including a green bonds mutual fund and several ESG ETFs. We also added a global equities fund in accordance with the United Nations' Sustainable Development Goals and in the U.S., we launched the first money market fund to apply ESG. Within alternatives, our infrastructure and real estate teams continue to position ESG as an integral part of their investment frameworks. In 2018, we partnered with a significant corporate client to launch an innovative closed-end fund investing in renewable energy projects in mainland China.

Cost discipline has been and will continue to be critical to execute on our business strategy. In 2018, we delivered on our cost guidance and even exceeded our cost savings objective for the year driven by efficiencies and lower Deutsche Bank Group service charges. Some of our early successes include initial synergies from integrating our investment platforms, active assessment of vendor consumption opportunities and a lower cost lease for our New York office. Our costs reduced more than expected this year as we have made continued efforts to optimize consumption, insource services and transfer headcount into DWS entities from Deutsche Bank Group.

Challenges

Following on from a buoyant market in 2017, the global asset management industry faced a challenging year in 2018, driven by unfavorable market conditions, heightened geopolitical tensions and negative investor sentiment, particularly in the European retail market. We were also impacted by these developments in addition to our own challenges.

Our global institutional business reported ~ € 11 billion of net outflows relating to U.S. Tax Reform in 2018, the majority of which came from one client and mainly impacted our low margin mandates spanning fixed income, cash and cash equivalent passive funds, with an average margin of around 5 bps. We were further challenged by insurance general account outflows, which were larger than anticipated but an area we are pro-actively working on by making new senior hires and targeting new clients. We consider these outflows to be one-off events that are unlikely to negatively impact our flow performance to the same magnitude in 2019.

Flows to our European retail active business were challenged by underperformance at two of our flagship equity and multi-asset funds in the first half of 2018, which was further compounded by market volatility and negative investor sentiment, a trend seen more widely across the asset management industry throughout the year. However, fund performance for these products recovered in the second half of 2018 resulting in net inflows in the fourth quarter and marking an improvement from earlier outflows.

As a recently listed asset manager, we have incurred additional costs as we begin to operate more autonomously. In 2018, we invested in marketing and re-branding initiatives and we had additional costs that we expect to continue as a listed company including additional value-added taxes (VAT) from cross-border services across the organization and from Deutsche Bank Group service charges.

Our Values

Integrity first

Openness, transparency and accountability must define every relationship, whether with colleagues, investors, or society as a whole. In tandem, clients' best interests should always take precedence. This is how lasting value is created and how wealth is protected and grown.

Entrepreneurial minds

Many investors have an entrepreneurial outlook. The people they trust to look after their investments should share that perspective. Innovation, adaptability, agility, efficiency and collective intelligence are hallmarks of success, especially amid the risks and opportunities of an ever-changing world.

Demanding excellence

Expectations should be exceeded rather than merely met. To achieve this, we strive for excellence in everything we do. Our fully integrated investment platform based on outstanding proprietary research, a unique precise decision-making process are the core components for us to apply this principle.

Inspiring sustainability

Forward thinking demands a long-term view - and a sense of consciousness and responsibility for the society we are part of. The long heritage of integrating our Responsible Investment (RI) philosophy across all asset classes demonstrates our conviction to contribute to a sustainable future by incorporating environmental, social and governance (ESG) considerations into investment decisions.

Operating and Financial Review

Economic Environment

The Global Economy

Economic growth (in %)[1]	2018[2]	2017	Main driver
Global Economy	3.8	3.8	Solid global growth with industrialised countries peaking in their economic cycle, while emerging markets slowed to the end of the year. Trade tensions reached a level that weighed on global trade. The strong U.S. economy provided impetus to global growth.
Thereof: Industrialized countries	2.2	2.3	The global momentum fostered growth in industrialized countries but trade disputes began to have a negative impact on the globally integrated value chains of industrialized countries.
Emerging markets	4.9	4.8	Emerging markets benefitted from protraction of the global business cycle's expansion phase. Differentiation across cycles was notable. Growth peaked in Asia and Latin American economies stabilized.
Eurozone Economy	1.8	2.5	Eurozone economy expanded weaker than expected due to special effects in some member states. Growth was supported by domestic demand underpinned by a solid income growth and easy financial conditions. ECB ended its net asset purchases.
Thereof: German economy	1.4	2.2	The German economy surprised to the downside. Delays in emissions-related certification of new vehicles hampered automobile production and thus macroeconomic value added. A very tight labour market led to strong wage agreements.
U.S. Economy	2.9	2.2	U.S. economy performed strong. Momentum was supported by tax cuts, fiscal spending as well as supportive financial conditions and consumer spending backed by wage growth and a tight labour market. The Fed has raised key rates four times in 2018.
Japanese Economy	0.7	1.9	The Japanese economy slowed due to less dynamic private consumption spending and lower employment growth as well as weaker external demand.
Asian Economy[3]	6.2	6.1	Asian economies continued to show strong growth, but should have passed their cyclical peak. Trade was a key driver of economic expansion. Emerging markets Asia remained the global powerhouse in terms of GDP growth.
Thereof: Chinese economy	6.6	6.9	The Chinese economy slowed somewhat. The government has kept a tight policy stance in the property sector. Lower land sales resulted in sliding fiscal revenues. Chinese exports were resilient despite growing trade tensions throughout 2018.

[1] Annual Real GDP Growth (% Year over Year). Sources: National Authorities unless stated otherwise.
[2] Sources: Deutsche Bank Research.
[3] Including China, India, Indonesia, Republic of Korea, and Taiwan, ex Japan.

Asset Management Industry

While the global economic outlook remained stable in 2018, investor sentiment cooled. Ongoing challenges in the market including growing inflationary threats, protectionist and anti-trade policies, and concerns about the longevity of the bull market coupled with increased market volatility hit investor confidence. Additionally, regulatory changes including US tax reforms also impacted net new asset flows. After a positive start to the year, on the back of a record breaking 2017, investors became more cautious. As a result, the asset management industry experienced a significant slowdown in 2018 with global fund flows (ETFs and mutual funds) turning negative in 4Q18 and long-term (excluding cash) active strategies reporting outflows for the year.

Recognising that markets and investor sentiment may continue to fluctuate, DWS Group believes several major trends will continue to shape the asset management industry:

- An ageing population is creating increased demand for retirement products and in particular demand for outcome-oriented products and multi-asset strategies. Demand for more sophisticated pension solutions is also being driven by the switch from defined benefit to defined contribution schemes;
- Emerging economies are growing and increasing in wealth, offering new opportunities for managers as local investors expand their investment horizons globally;
- In developed markets, continued low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios;
- New digital technology, such as robo-advisory, is enhancing distribution capabilities giving investors online access, while the wider adoption of artificial intelligence is expanding product choice and enhancing performance;
- Passive funds continue to gain popularity, offering investors cheap and easy access to a diverse range of asset classes;
- Demand for environmental, social and governance (ESG) investments is driving research, enhanced risk management and extensive product development;

- An evolving regulatory framework, such as the shift to open architecture, is stimulating demand by improving transparency and choice for end consumer;
- Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and the diminished ability of national governments to fund infrastructure investment;
- Economic and political uncertainty is increasing demand for investment solutions and will likely prove to be an advantage for active managers with good performance.

The DWS Group

DWS Group is a global asset manager with diverse investment capabilities that span traditional active and passive strategies, as well as alternatives and bespoke solutions, which positions us well to address industry challenges and capture market opportunities. By anticipating and responding to investor needs, we aspire to be the investment partner of choice for our global client base:

- As markets become more challenging, DWS Group is able to offer clients a comprehensive range of investment solutions from its globally integrated investment platform spanning 15 countries and employing approximately 880 investment professionals covering all major asset classes and investment styles;
- With a dynamic range of alternative investments including real estate, infrastructure, liquid real assets, private equity, hedge funds and sustainable investments, DWS Group is able to meet client demand for higher returns in the current low-yield environment helping investors meet their long-term investment goals;
- DWS Group is well positioned to take advantage of the shift to passive investments, offering passive mutual funds, mandates and ETFs. Xtrackers, our passive platform, is Europe’s second-largest provider of ETFs with 11.1% market share, and the seventh-largest globally[1];
- Growing investor demand for wider adoption of ESG factors, particularly from European institutional investors, has long been recognized by DWS Group, which was among the early signatories of the UN-backed Principles for Responsible Investment (PRI) in 2008. We believe that our expertise and long experience in sustainable investing along with our increased range of products assist us to further protect and grow our clients’ assets over the long term;
- As the asset management market continues to be shaped by advances in technology DWS Group has invested in new digital expertise, which is creating new distribution channels, products and services for our clients. Notably our recent strategic partnership with real estate asset management tech firm Skyline AI, which uses machine learning to enhance the real estate investment process allows us to test the applicability of artificial intelligence in the real estate investment process. Furthermore our white-label digital investment platform, called WISE, enables our distribution partners to offer digital discretionary portfolio management services to their clients. Finally, the EDISON application provides a digital ‘front-end’ to our fund platform IKS.

[1] ETFGI data as at December 2018

DWS Performance

Financial Performance

The alternative performance measures (“APMs”) in the following table are not recognized under generally accepted accounting principles (“GAAP”) but used to judge DWS Group’s historical or future performance and financial position. These include Assets under Management (“AuM”) and Net flows, which are important key performance indicators to evaluate revenue potential and business growth. In addition non-recurring items are excluded from net revenues or total noninterest expenses in order to be able to review the revenue and cost development over longer periods. Our management uses APMs as supplemental information to develop a fuller understanding of the development of our business and the ability to generate profit. These APMs should not be considered as alternatives to net income or profit before tax as measures of our profitability. Similar APMs are used by our peers within the asset management industry, but these may be calculated differently and may not be comparable to the APMs we use, even where the names of such APMs and non-GAAP measures might be similar.

	2018	Combined 2017
Assets under Management (AuM)[1] (in € bn)	**662**	**700**
Net flows[2] (in € bn)	(22)	16
Management fee margin[3] (in basis points (bps))	30.6	31.5
Adjusted revenues[4] (in € m)	2,259	2,456
Adjusted costs[5] (in € m)	(1,633)	(1,710)
Cost-income ratio (CIR)[6] (in %)	74.2	68.8
Adjusted cost-income ratio[7] (in %)	**72.3**	**69.6**
Adjusted profit before tax[8] (in € m)	**625**	**747**

(1) Assets under Management (AuM) is defined as (a) assets held on behalf of customers for investment purposes and/or (b) client assets that are managed by us on a discretionary or advisory basis. AuM represents both collective investments (mutual funds, exchange-traded funds, etc.) and separate client mandates. AuM is measured at current market value based on the local regulatory rules for asset managers at each reporting date, which might differ from the fair value rules applicable under IFRS. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM does not include our investment in Harvest (DWS Group owns a 30% stake in Harvest Fund Management Co.LTD), they do include seed capital and any committed capital on which we earn management fees. Any regional cut of AuM reflects the location where the product is sold and distributed (i.e. sales view), which may deviate from the booking center view reflected for the revenues.

(2) Net flows represent assets acquired or withdrawn by clients within a specified period. It is one of the major drivers of changes in AuM.

(3) The management fee margin is calculated by taking the sum of management fees and other recurring revenues for a period divided by average AuM for the same period. Annual average AuM are generally calculated using AuM at the beginning of the year and the end of each calendar month (e.g. 13 reference points for a full year).

(4) Adjusted revenues present net interest and noninterest income excluding non-recurring items, such as disposal gains and other non-recurring income items in excess of +/- €10 million. We use this metric to show revenues on a continuing operating basis, in order to enhance comparability against other periods.

(5) Adjusted costs are an expense measure we use to better distinguish between total costs (noninterest expenses) and our ongoing operating costs. It is adjusted for litigation, restructuring and severance costs as well as for material non-recurring expenses, including operational losses that are clearly identifiable one-off items in excess of +/- €10 million which are not expected to recur. Adjusted costs are reconcilable to total noninterest expenses as shown below:

in € m.	2018	Combined 2017
Noninterest expenses	**(1,676)**	**(1,725)**
Litigation	4	(0)
Restructuring activities	14	6
Severance costs	24	11
Adjusted costs	**(1,633)**	**(1,710)**

(6) Cost-income ratio (CIR) is the ratio our noninterest expenses bears to our net interest and noninterest income.

(7) Adjusted cost-income ratio is based on adjusted revenues (see no. 4 above) and adjusted costs (see no. 5 above).

(8) Profit before tax (PBT) has been calculated based on operating result. Adjusted PBT is calculated by adjusting PBT to account for the impact of the revenue and cost adjustment items as explained under footnotes (4) and (5) above.

Non-Financial Performance

For more information on sustainability please visit the consolidated Non-Financial Report 2018 for DWS Group. The Non-Financial Report 2018 is embedded in our Sustainability Report and published on our Investor Relations website under the following link https://dws.com/Our-Profile/ir/reports-and-events/sustainability-report/.

Results of Operations

in € m.	2018	Combined 2017	Absolute Change	Change in %
Management fees	2,092	2,195	(104)	(5)
Performance and transaction fees	89	196	(107)	(55)
Net commissions and fees from asset management	**2,180**	**2,391**	**(211)**	**(9)**
Interest and similar income	18	55	(37)	(68)
Interest expense	(14)	(19)	6	(30)
Net interest income	**4**	**36**	**(32)**	**(88)**
Net gains (losses) on financial assets available for sale	N/A	0	(0)	N/M
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	(44)[2]	46	(90)	N/M
Net income (loss) from equity method investments	43	42	1	2
Other income (loss)	75[2]	(6)	81	N/M
Total net interest and noninterest income	**2,259**	**2,509**	**(250)**	**(10)**
Compensation and benefits[1]	(730)	(778)	48	(6)
General and administrative expenses	(946)	(947)	1	(0)
Impairment of goodwill and other intangible assets	0	0	0	N/M
Total noninterest expenses	**(1,676)**	**(1,725)**	**50**	**(3)**
Profit (loss) before tax (PBT)	**583**	**783**	**(201)**	**(26)**
Income tax expense	(192)	(149)	(43)	29
Net income (loss)	**391**	**634**	**(243)**	**(38)**
Attributable to:				
Noncontrolling interests	(0)	1	(1)	N/M
DWS Group shareholders	391	633	(242)	(38)

[1] Includes restructuring costs of € 14 million in 2018 (€ 6 million in 2017).
[2] Net gains (losses) on financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € (55) million on guaranteed funds. Other income (loss) includes € 55 million valuation adjustment on liabilities of guaranteed funds. DWS Group has no stake in these funds.

In 2018 we reported a significantly lower profit before tax of € 583 million, a decrease of € 201 million, or 26% compared to 2017. After a strong year in 2017, our revenues were negatively impacted by unfavourable net flows and lower performance fees largely due to the absence of fees for one specific Alternatives fund in 2018 partially offset by a reduction in our cost base.

Total net interest and noninterest income was € 2,259 million, a decrease of € 250 million, or 10%. Management fees decreased slightly by € 104 million, or 5%, largely driven by the net outflows in active and liquid alternative strategies. This was partially compensated by the positive performance in passive and growth in real estate products.
Performance and transaction fees decreased significantly by € 107 million, or 55% due to the absence of an alternatives fund performance fee received in 2017 and lower performance fees from active products.
Other revenues were € 78 million, a significant decrease of € 40 million, or 34% compared to the prior year primarily driven by the absence of a non-recurring insurance recovery of € 52 million relating to a real-estate fund in 2017.

Noninterest expenses of € 1,676 million decreased slightly by € 50 million, or 3%, compared to 2017 driven by lower compensation and benefits and lower charges for services provided by Deutsche Bank Group. These cost reductions were partly offset by increased spend for external research related to MiFID II, increased costs required as a standalone company as well as higher banking and transaction charges as a result of the renegotiated distribution agreements and material growth in our passive products.

Assets under Management

The AuM development in 2018 is reflected in the table below:

	Dec 31, 2017				2018	Dec 31, 2018
in € bn.	AuM[2]	Net flows	FX impact	Performance	Other	AuM
Product:						
Active Equity	95	(7)	1	(10)	(0)	78
Active Multi Asset	57	(3)	0	(3)	(1)	49
Active SQI[1]	65	(0)	0	(3)	(1)	61
Active Fixed Income	238	(17)	6	(2)	0	225
Active Cash	59	(3)	1	0	(0)	58
Passive	115	8	3	(11)	(0)	115
Alternatives	71	1	1	0	3	76
Total	**700**	**(22)**	**13**	**(28)**	**0**	**662**

[1] Systematic & quantitative investments.
[2] Historical asset class composition changed compared to Prospectus due to a restructuring of active SQI asset class affecting other active asset classes as well.

Assets under Management were € 662 billion, a decrease of € 38 billion compared to December 31, 2017. The decrease was mainly driven by unfavorable market development of € 28 billion and net outflows of € 22 billion, partly offset by a positive foreign exchange effect of € 13 billion, mainly driven by the U.S. Dollar strengthening against the Euro.

The level of AuM is a key factor affecting the results of operations because a significant percentage of management fees is predominantly charged as a proportion of AuM. Assuming management fee margins remain unchanged, an increase in the level of average AuM will generally lead to an increase in revenues, mainly management fees.

Net flows

Net flows represent assets acquired from or withdrawn by clients within a specified period.

The outflows for the year were driven primarily by some significant outflows in insurance assets and the impact of U.S. companies repatriating assets following U.S. tax reforms. It was also a challenging year for active retail funds as a result of negative market movements and weaker investor sentiment together with under performance in some of our Flagship funds. Passive had significant inflows particularly in European listed ETPs and passive mandates. We also saw inflows in our real estate alternatives business.

FX impact

FX impact represents the currency movement of products denominated in local currencies against the Euro. It is calculated by applying the change in FX rate to the ending period assets and is calculated on a monthly basis.

Our AuM increased during the period due to the U.S. Dollar strengthening against the Euro.

Performance

Performance primarily represents the underlying performance of the assets, which is driven by market effects (equity indices, interest rates, foreign exchange rates) as well as fund performance.

The significant drop in the equity markets in the fourth quarter led to a substantial decline in AuM particularly in Equity, Passive and equity related products within multi-asset, SQI.

Financial Position

Liquidity

Treasury is mandated to manage the overall liquidity and funding position of DWS Group. We principally fund our business through equity and cash generated by our operations. To ensure that DWS Group can fulfil its payment obligations at all times and in all currencies, we established a liquidity risk management framework that includes stress-testing of our current and forecasted liquidity position. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with its risk appetite. As of December 31, 2018 we held cash, bank balances and liquid securities totalling € 3,040 million. To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of December 31, 2018.

Capital Management

We maintain a forward-looking capital plan to assess the development of capital supply and demand and the projected capitalization of DWS Group from an accounting, regulatory and economic perspective. Capital planning is embedded into DWS Group's overall strategic planning process to ensure an integrated financial and risk planning approach. Results of the planning process will inform and enable Management decisions such as the strategic direction of DWS Group and taking advantage of profitable upcoming business growth or investment opportunities. Capital Management further safeguards the delivery of our targeted dividend payout ratio of 65% to 75% (as a percentage of annual net income).

Capital Expenditures

During 2018 DWS Group made no material capital expenditures in intangibles and property and equipment. Contingent Liabilities and other obligations increased by € 19 million from € 46 million in 2017 to € 65 million in 2018 due to Co-Investments. The purchase obligations increased due to the extension by 5 years of a specific IT platform.

Net Assets

The table below shows selected items within our financial position:

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Assets:		
Cash and bank balances	2,310	3,317
Financial assets at fair value through profit or loss	2,875	1,907
Goodwill and other intangible assets	3,749	3,624
Remaining assets[1]	1,760	2,379
Total assets	**10,694**	**11,226**
Liabilities and equity/net asset value:		
Financial liabilities at fair value through profit or loss	613	713
Remaining liabilities[2]	3,543	4,147
Total liabilities	**4,155**	**4,860**
Equity/net asset value	**6,539**	**6,366**
Total liabilities and equity/net asset value	**10,694**	**11,226**

[1] Sum of financial assets available for sale for 2017 only, equity method investments, loans, property and equipment, other assets, assets for current tax, and deferred tax assets
[2] Sum of deposits, other short-term borrowings, other liabilities, provisions, liabilities for current tax, deferred tax liabilities and long-term debt

As of December 31, 2018, total assets decreased by € 532 million (or 5%) compared to year-end 2017. The overall decrease was primarily driven by a € 1,007 million decrease in cash and bank balances due to settlement of profit pooling agreements with DB Group for 2017 of € 643 million, investment in money market funds of € 400 million and mainly in government bonds of € 328 million partly offset by net income in 2018 of € 391 million.

Financial assets at fair value through profit or loss increased by € 968 million This was driven by the reclassification of assets available for sale (included in remaining assets) to financial assets at fair value through profit or loss under IFRS 9 of

€ 302 million and investment in money market funds and government bonds of € 728 million. Remaining assets decreased by € 619 million due to reclassification of assets available for sale and changes due to moving from combined to consolidated financials.

As of December 31, 2018, total liabilities decreased by € 705 million (or 15%) compared to year-end 2017. The overall reduction was primarily driven by a € 643 million settlement of profit pooling agreements with Deutsche Bank Group for 2017.

Equity

The net asset value as of Dec 31, 2017 was € 6,366 million. Following legal transfer of the U.S. entities to DWS Group as of April 2, 2018, the Group moved from combined financial statements to consolidated financial statements as of December 31, 2018. The total equity as of December 31, 2018 is € 6,539 million, an increase of € 173 million compared to the net asset value as of December 31, 2017. This is primarily driven by net income after tax for the period January to December 2018 of € 391 million and life to date impact of DB share awards of € 114 million partially offset by € 333 million decrease following the change from combined to consolidated financial statements.

Regulatory Capital

Our fully loaded Common Equity Tier 1 (CET 1) capital according to CRR/CRD 4 as of December 31, 2018 increased by € 137 million to € 2,684 million. Risk-weighted assets (RWA) according to CRR/CRD 4 were € 9,242 million as of December 31, 2018, increased by € 732 million compared with € 8,510 million at the end of 2017. The CRR/CRD 4 CET 1 capital ratio was 29.0% as of December 31, 2018, compared with 29.9% at the end of 2017.

At December 31, 2018, as shown in the table below, the total capital ratio was 29.0%. On this basis, we comply with the regulatory requirements to maintain an overall capital ratio of 10.5 %, which is the fully loaded capital requirement, including a capital conservation buffer of 2.5%.

in € m. (unless stated otherwise)	Dec 31, 2018 CRR / CRD4	Combined Dec 31, 2017 CRR / CRD4
Regulatory capital:		
Common Equity Tier 1 capital (CET1)	2,684	2,547
Tier 1 capital (CET1 + AT1)	2,684	2,547
Tier 2 capital	0	0
Total regulatory capital	**2,684**	**2,547**
Risk weighted assets:		
Credit risk	5,283	4,455
Credit Value Adjustment (CVA)[1]	1	78
Market risk	3,958	3,977
Operational risk[2]	0	0
Total risk weighted assets	**9,242**	**8,510**
Overall capital ratio (in %)[3]	**29.0**	**29.9**
CET1 ratio (in %)[3]	**29.0**	**29.9**

[1] Decrease in CVA mainly relates to an individual transaction which has not been transferred to DWS Group
[2] As the rules for CRR investment firms are applicable, DWS Group does not have to cover risk-weighted assets for operational risks.
[3] DWS currently has only CET1 capital.

The table below shows a reconciliation of IFRS equity to regulatory capital as at December 31, 2018:

in € m.	Dec 31, 2018 CRR / CRD4	Combined Dec 31, 2017 CRR / CRD4
Shareholders' equity, as defined by IFRS, regulatory basis of consolidation	6,446	5,858
Elimination of net income of 2018, net of 1H18 profit recognition	(367)	0
Goodwill and intangible assets (net of related deferred tax liabilities)	(3,367)	(3,270)
Deferred tax assets on unused tax losses	(5)	(20)
Prudent valuation	(14)	(21)
Defined benefit pension plan assets	(11)	0
Regulatory capital	**2,684**	**2,547**

Supplementary Information on DWS Group GmbH & Co. KGaA according to German Commercial Code (HGB)

For financial year 2018 DWS Group utilized the option of publishing a summarized management report in accordance with section 315 (5) in conjunction with section 298 (2) of the German Commercial Code (HGB). Supplementary to our DWS Group reporting, this section provides details on the performance of DWS Group GmbH & Co. KGaA (DWS KGaA).

In contrast to the consolidated financial statements, the single entity financial statements of DWS KGaA are not prepared in accordance with International Financial Reporting Standards (IFRS), but with the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG).

Corporate and Legal Structure of DWS KGaA

On February 20, 2018, the general shareholders' meeting of DWS Group SE resolved to change the legal form of the company into a partnership limited by shares (Kommanditgesellschaft auf Aktien) with a German limited liability company (Gesellschaft mit beschränkter Haftung) as a general partner, organized under German law, and changed the company's legal name to DWS Group GmbH & Co. KGaA. These changes became effective upon registration with the Commercial Register on March 3, 2018.

DWS KGaA was publicly listed on the Frankfurt Stock Exchange on March 23, 2018.

The domination agreement with DB Beteiligungs-Holding GmbH has been terminated with effect from March 31, 2018.

There are domination and profit pooling agreements in place with its subsidiaries DWS Beteiligungs GmbH, DWS International GmbH and DWS Real Estate GmbH.

Operational Activity of DWS KGaA

DWS KGaA was established to act as the parent company of the separated Deutsche Bank Asset Management business. The business purpose of the company is the holding of participations in as well as the management and support of a group of financial services providers. The company acts as a BaFin and Bundesbank supervised Financial Holding Company and is designated as super-ordinated undertaking of DWS Group pursuant to section 10a (2) sentence 2 of the German Banking Act (KWG). The company itself is not active in the operating asset management business, but rather holds a large number of major shareholdings. The transfer of all Deutsche Bank Group Asset Management related operations to DWS KGaA has been carried out in stages, materially completed in 2017 and the first half of 2018.

Results of Operations of DWS KGaA

in € m.	2018	2017
Income from profit pooling agreements	363	33
Income from participating interests	141	0
Impairment on investments in affiliated companies	(59)	0
Other Income	4	0
Staff expenses	(9)	0
Other operating expenses	(54)	(1)
Other interest and similar income	(1)	(0)
Interest and similar expenses	(0)	0
Income taxes	(82)	(10)
Net income	**303**	**23**
Profit carried forward from the previous year	3	0
Allocation to statutory revenue reserve	0	(10)
Distributable profit	**306**	**13**

Significant financial income components of the DWS KGaA are income from profit pooling agreements and income from participating interests. Our earnings therefore largely depend on the development of the subsidiaries.

Net income is largely driven by income from profit pooling agreements from German subsidiaries which have been transferred to DWS KGaA in the course of last year. Throughout the year 2017 profit pooling agreements with DWS International GmbH and DWS Real Estate GmbH have been established. In addition, DWS Beteiligungs GmbH entered into a domination and profit pooling agreement beginning January 2018. Income from profit pooling agreements of € 363 million and income from participating interests of € 141 million in 2018 were partially offset by impairment on investments in affiliated companies of € 59 million. The impairment on our investment in Deutsche Alternative Asset Management (UK) Limited of € 37 million arose after the entity has paid up a significant cash balance of € 50 million to DWS KGaA, following the receipt of a one-time exceptional item. The impairment on our investment in Deutsche Asset Management (Japan) Limited of € 23 million was driven by adverse market conditions followed by a reassessment of the plan by the new management of this entity and a local regulatory change in 2018, which was only announced in 2018 and led to a higher local equity demand.

Other operating expenses increased by € 53 million mainly reflecting DB Group charges as well as DWS Management GmbH charges including value added tax (VAT).

Income tax expense of € 82 million consists of € 109 million current tax expense less a deferred tax benefit of € 28 million due to first-time adoption of HGB provisions for deferred tax assets in 2018. In 2017 HGB financials did not include deferred taxes due to size-related accounting relief provisions for micro entities.

Net income increased by € 281 million to € 303 million in 2018.

Proposed Appropriation of Profit

The distributable profit amounted to € 306 million as of December 31, 2018. The company will propose to the Annual General Meeting to appropriate this distributable profit for a dividend payment of € 1.37 per share. It will also be proposed to carry forward the remaining distributable profit.

Financial Position of DWS KGaA

The table below shows selected items within our financial position:

in € m.	Dec 31, 2018	Dec 31, 2017
Assets:		
Financial assets - investments in affiliated companies	7,649	6,436
Total fixed assets	**7,649**	**6,436**
Receivables from affiliated companies	507	34
Other assets	43	0
Bank balances	211	42
Total current assets	**762**	**75**
Deferred tax assets	**28**	**0**
Excess of plan assets over pension liabilities	**1**	**0**
Total assets	**8,439**	**6,511**
Liabilities and shareholder's equity:		
Subscribed capital	200	200
Capital reserve	7,458	6,278
Revenue reserves	20	10
Distributable profit	306	13
Total capital and reserves	**7,983**	**6,500**
Provisions for taxes	2	10
Other provisions	34	1
Total provisions	**36**	**11**
Accounts payable for goods and services	0	0
Liabilities to affiliated companies	406	0
Other liabilities	15	0
Total liabilities	**420**	**0**
Total liabilities and shareholder's equity	**8,439**	**6,511**

Movements in Assets

As of December 31, 2018, total assets increased by € 1,928 million (or 30%) compared to year-end 2017.

The overall increase was primarily driven by a € 1,213 million increase in investments in affiliated companies mainly due to the acquisition of DWS Investments Australia Limited in the first quarter 2018, DWS USA Corporation in second quarter 2018, DWS Far Eastern Investments Limited in third quarter 2018 and Deutsche Alternative Asset Management (France) SAS in fourth quarter 2018. Additionally, investments in affiliated companies increased due to capital injections into DWS International GmbH in the context of the carve-out and transfer of business activities from Sal. Oppenheim jr. & CIE. AG & Co. KGaA and of business activities in Austria, the Netherlands, France, Italy and Spain and WEPLA GmbH to support funding of Co-Investments. These increases were partially offset by a sale of a 5% share of DWS Real Estate GmbH to Deutsche Bank AG and by the aforementioned impairments.

Receivables from affiliated companies increased by € 474 million mainly due to receivables from profit pooling agreements with German entities and a subordinated loan to DWS USA Corporation. Other assets increased by € 43 million, mainly reflecting current tax assets.

Equity

The capital and reserves of DWS KGaA as of December 31, 2018 were € 7,983 million, split into subscribed capital of € 200 million, reserves of € 7,478 million and a distributable profit of € 306 million. The increase of reserves is primarily driven by the contribution in kind of DWS USA Corporation as of April 2, 2018.

Movements in Provisions and Liabilities

As of December 31, 2018, total liabilities increased by € 420 million compared to year-end 2017 mainly due to short-term borrowings from affiliated companies.

Liquidity

Treasury is mandated to manage the overall liquidity and funding position of DWS KGaA. We principally fund our business through equity and cash generated by our operations. To ensure that DWS KGaA can fulfil its payment obligations at all times and in all currencies, we established a prudent liquidity planning and monitoring process.

Due to the nature of DWS KGaA being a holding company the upcoming cash in- and outflows can be well forecasted. Cash inflows are largely generated by income from profit pooling agreements and from participating interests as well as DWS Group internal intermediate financing. Our cash outflows mainly consist of the dividend payment to DWS shareholders, acquisitions, operational expenses and tax payments for the German tax group.

As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with its risk appetite. As of December 31, 2018 we held bank balances of € 211 million. To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of December 31, 2018.

Risks and Opportunities of DWS KGaA

The business performance of DWS KGaA is largely subject to the same risks and opportunities as the performance of DWS Group presented in the consolidated financial statements.

DWS KGaA generally participates in the risks of its shareholdings and subsidiaries in accordance with its respective percentage interest held. DWS KGaA is integrated in the Group-wide risk management system and internal control system of the Group. Further information is provided in the Risk Report starting page 22 and in the Risk and Opportunities Report starting page 20.

Outlook of DWS KGaA

The outlook for DWS KGaA on the future development of its business is essentially subject to the same influences as the outlook of DWS Group presented in the consolidated financial statements. You will find this information starting page 18.

Final Statement of the Executive Board on Section 312 German Stock Corporation Act (AktG)

Due to the integration of DWS KGaA and its subsidiaries into the Deutsche Bank AG Group, the Executive Board of DWS KGaA is obliged to prepare a dependency report pursuant to Section 312 German Stock Corporation Act (AktG).

In conjunction with the legal transactions and other measures set out in the report on relationships with affiliates, and on the basis of the circumstances of which we were aware at the time when the legal transactions were carried out or when the measures were taken or not taken, our company has received adequate consideration for every legal transaction, and has not suffered any disadvantage as a result of the fact that other measures have been or have not been carried out.

Outlook

The DWS Group financial plans are developed using economic outlook provided by DB Research, which is outlined in greater detail below.

The Global Economy

Global economic activity is set to expand in 2019 at a solid but slower pace than in 2018. We expect global Gross Domestic Product (GDP) to grow by 3.4% due to some levelling off in the United States and a slower growth in China as well as in Europe. While economic fundamentals are still strong, a reduced accommodation could lead to heightened risks with more frequent episodes of higher volatility. The global inflation rate is forecast to slow gradually to 3.0%, from 3.3% in 2019. For industrialised countries, we expect GDP growth to slow to 1.7%, and consumer prices to increase by 1.4% in 2019. Economic growth in the emerging markets is projected to recede slightly to 4.5% in 2019 while inflation is expected to rise to 4.1%, from 4.1% in 2018.

In the Eurozone, we expect GDP growth to slow to 0.9% in 2019. This is reflective of the deteriorating external environment, which threatens to overpower domestic resilience. Eurozone domestic outlook will be supported by lower oil prices and fiscal easing in large member states such as France, but is challenged by one-off factors, such as the prolonged weakness in the German automotive sector and a no deal outcome in Brexit negotiations. In 2019, Eurozone inflation is expected to recede to 1.3%. Following the 2018 GDP growth of 1.4%, we expect the German economy to expand by 0.5% in 2019, driven almost solely by domestic demand.

We expect economic growth in the U.S. to decelerate slightly to 2.5% in 2019. The economic expansion will be supported by strong domestic consumption and capital expenditures. Tax cuts and fiscal spending will act as a tailwind and will support the economy throughout the year. A notable downside risk is an escalation of the trade disputes, leading to higher tariffs. But a recession in 2019 does not look imminent – there are no clear investment overhangs, wage growth is rising, unemployment is at a 50-year low, and productivity is set to accelerate. We expect the Federal Reserve to hike its policy rate one times in 2019 up to 2.625%. Due to lower energy prices, we expect the inflation rate to be at 1.6% in 2019.

The Japanese economy is expected to slow to 0.4% in 2019, below its potential growth rate. The capital expenditure cycle is maturing and investment growth is expected to decelerate markedly from above 3% in the previous years. The consumption tax hike will increase the household burden. To some extent these negative effects should be offset through higher public spending. Net exports are expected to reduce GDP growth by a few tenth of percentage points. If trade negotiations between the U.S. and Japan at the start of 2019 were successful, exports might get some additional impulses.

In 2019, economic growth in emerging markets is projected to decline slightly to 4.5%, and in Asia (excluding Japan) to be 5.7%. Inflation in emerging markets is expected to be 4.1%, compared to 4.1% in 2018. In 2019, the Chinese economy is forecasted to slow moderately to 6.1%, the lowest growth rate for decades. The cooling property market, the weak sentiment and the U.S.-China trade war are weighing on growth. Tax cuts, the easing of property regulations and an increase in credit supply should cushion the negative growth effects. Two more cuts in the reserve requirement ratio should also be supportive. Inflation is forecast to increase to 2.4% in 2019.

The uncertainty in our global forecasts remains relatively high. Brexit, Italian political and economic developments, protests in France and the European Parliament elections as well as an escalation of the trade war, in particular between China and the U.S., are the key risks. Crash Brexit: Ongoing deadlock amongst UK Members of Parliament (MPs) over the Brexit Withdrawal Agreement continues, leading to a ‘no deal’ Brexit. A disorderly Brexit could then aggravate the already uncertain economic outlook in the UK and Europe and hamper growth. In Continental Europe the confrontation between Italy and European Commission, an escalation of the “Yellow Vest” movement in France, or uncertainties around upcoming European Parliamentary elections could heighten volatility and harm Eurozone growth. The global trade war is the key event on the global stage. A failure to secure a trade deal between U.S. and China, the imposition of additional tariffs in the automobile sector as well as on remaining China imports, or an escalation of conflicts beyond trade are threatening to choke off growth.

The Asset Management Industry

We believe that the global asset management industry will continue to grow in terms of AuM over the medium term. Developing economies are growing and increasing in wealth, offering new opportunities for managers as local investors expand their investment horizons globally. In developed markets, low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios. New digital technology, such as robo-advisory, is enhancing distribution capabilities giving investors online access, while the wider adoption of artificial intelligence is expanding product choice and enhancing performance. Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment. However, pressure on fees and costs will persist, in an environment of heightened competition and growing regulatory and compliance requirements.

The DWS Group

We expect AuM at the end of 2019 to be higher compared to the end of 2018. Net flows are expected to be positive across all major asset classes expedited by passive products, alternative investments and enhanced distribution partnerships, thereby contributing to the previously communicated flow target of 3%-5% per annum.

Following the significant market decline in the fourth quarter, we expect 2019 revenues to be in line with 2018. Management fees are assumed to be essentially flat year-over-year reflecting anticipated AuM growth during 2019, but offset by margin compression and lower AuM at the start of the year due to 2018 net outflows and the market downturn during the fourth quarter. Performance and transaction fees are expected to be in line with 2018 contributing 3%-5% of our total net revenues. While we remain constructive on equity markets, we anticipate the management fee margin to be further challenged following one of the worst equity performances ever in December.

In 2019, we will continue to keep our focus on tight cost management, resulting in slightly lower costs and cost-income ratio compared to 2018. Through accelerated cost saving initiatives and corresponding efficiency gains, we expect to achieve all of our € 150 million in medium term gross cost savings by the end of 2019. Assuming the markets remain constructive and in line with our outlook, we are on track to achieve our mid-term cost-income ratio target of below 65%.

Over the medium term, the industry's global AuM are expected to substantially increase, driven by strong net flows in passive strategies, alternatives and multi asset solutions, as clients increasingly demand value-for-money, transparency and outcome oriented products. Due to its diverse range of investments and solutions, DWS Group is well-positioned to grow market share amid these industry growth trends, further supported by its digital capabilities. However, wider industry challenges such as fee compression, rising costs of regulation and competitive dynamics are also likely to remain. In the face of this challenge, DWS Group intends to focus its growth initiatives on products and services where it can differentiate, while also maintaining a disciplined cost base.

Risks and Opportunities

We have reflected in our Outlook risks and opportunities that we believe are likely to occur for a period of one year. The following section focusses on the future trends or events that may result in downside risk or upside potential from what we have anticipated in our Outlook.

Risks

If macro-economic and market conditions and growth prospects worsen compared to the expectation in our Outlook, this could adversely affect our business, results of operations or strategic plans.

Continued elevated levels of political uncertainties worldwide, protectionist and anti-trade policies, and the United Kingdom's decision to leave the European Union could have unpredictable consequences in the economy, market volatility and investor's confidence, which may lead to declines in business and could affect our revenues and profits as well as the execution of our strategic plans.

Adverse market conditions, unfavourable prices and volatility as well as cautious investor and client sentiment may in the future materially and adversely affect our revenues and profits as well as the timely and complete achievement of our strategic aspirations.

The regulatory reforms enacted and proposed in response to weaknesses in the financial sector together with the increased regulatory scrutiny and discretion will impose material costs on us, create significant uncertainty for us and may adversely affect our business plans as well as our ability to execute our strategic plans. Those changes that require us to maintain increased capital may significantly affect our business model, financial condition and results of operation as well as the competitive environment generally.

Digitization offers new competitors market entry opportunities and we expect our businesses to have an increased need for investment in digital product and process resources to mitigate the risk of a potential loss of market share. In addition, with increasing levels of digitization, cyber attacks could lead to data loss or technology failures, security breaches, unauthorized access, loss or destruction of data or unavailability of services. Any of these events could involve us in litigation or cause us to suffer financial loss, disruption of our business activities, liability to our customers, government intervention or damage to our reputation.

If we are unable to implement our strategy successfully, which is also subject to the previously mentioned factors, we may be unable to achieve our financial objectives, or we may incur losses or low profitability or erosion of our capital base, and our financial condition, results of operations and share price may be materially and adversely affected.

Although we have established comprehensive risk management policies, procedures and methods, including with respect to non-financial, market, credit, and liquidity risk, they may not be fully effective in mitigating our risk exposures in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate.

For further details on risk management techniques and approaches please refer to the Risk Report.

Opportunities

Changing market conditions and investor needs have created significant opportunities for DWS Group and the asset management industry. Future asset growth is expected to be driven by the rapid increase in personal wealth in developing countries, as well as by pension funds, sovereign wealth funds, defined contribution plans, and insurers.

DWS Group's strategy is shaped by several major developments taking place in the asset management industry, all of which contribute, directly and indirectly, to this anticipated growth rate:

- Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment;
- Low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios;

- Asset managers are developing new digital distribution capabilities as a way of accessing retail / direct-to-consumer channel, such as robo-advisory, particularly among younger customers;
- Strong growth in outcome-oriented products, such as multi asset, is driven by a combination of demographics (the “baby boomer” generation demands increasingly sophisticated retirement solutions) and the shift from “defined benefit” to “defined contribution” pension funding;
- An evolving regulatory framework, such as the shift to open architecture which is stimulating demand by improving transparency and choice for the end consumer.
- We have 20 years of experience in sustainable investing. The sustainable opportunities we provide clients include private debt and equity investments, with an emphasis on social and environmental impact. With global expertise in this area and a dedicated team, we see an opportunity to capitalize on a growing interest in impact investing.

Our medium-term business plan includes an increase in our seed and co-investments budget to better align our interest with clients. While we believe there is room for consolidation in the asset management industry, we are already fully diversified in terms of product capabilities and geographic reach and only intend to deploy growth capital for M&A in a disciplined way. Accordingly, we will continue to monitor the market for selective bolt-on opportunities to grow in priority areas, for example to complement our product range and our platform capabilities. We may consider consolidation opportunities prevailing in the industry, to establish our market positions in key growth areas, or for distribution access. Any Merger & Acquisition activity, in addition to meeting strategic objectives and low execution risk, will also be measured against financial criteria such as attractive return on investment (ROI) and earnings accretion.

Overall assessment

We believe DWS is well positioned to capture market opportunities and address asset management industry challenges. As illustrated above, changing market conditions and investor needs have created significant opportunities for DWS Group and the asset management industry, yet also require us to continuously monitor risks.

Risk Report

Risk Management Introduction

Disclosures in line with IFRS 7 and IAS 1

The following Risk Report provides qualitative and quantitative disclosures about credit, market and other risks in line with the requirements of International Financial Reporting Standard 7 (IFRS 7) Financial Instruments: Disclosures, and capital disclosures required by International Accounting Standard 1 (IAS 1) Presentation of Financial Statements. Information which forms part of and is incorporated by reference into the financial statements of this report is marked by a bracket in the margins throughout this Risk Report.

Risk in DWS Group

We are exposed to a variety of risks as a result of our business activities; these risks include non-financial risk, market risk, credit risk, strategic risk and liquidity risk. The corporate risk profile is driven by various external and internal factors. A key influence factor is fiduciary risk. As an asset manager, our fiduciary obligation is paramount and requires us to put the interests of our clients first. We achieve this by risk managing the investment portfolios on behalf of the clients and by complying with regulatory requirements and contractual obligations.

In this context, there are two core principles we embrace in our risk governance: every employee needs to manage risk and is obligated to ensure that we operate in the best interest of our clients and our franchise; and we have a strict segregation of duties enabling us to operate a control environment that is designed to protect the franchise, our clients and shareholders.

Risk and Capital Overview

Key Risk Metrics

We are required to adhere to the capital requirements applicable to CRR investment firms, as outlined in Art. 95 and 98 of EU Regulation 575/2013 the Capital Requirements Regulation (CRR). Pursuant to CRR we are required to maintain an overall capital ratio of 10.5%, which is the fully loaded capital requirement, including a capital conservation buffer of 2.5%.

Additionally, we manage our capital so as to satisfy the levels of regulatory capital defined in EU Directive 2013/36 (CRD IV) and CRR and required by the relevant authority, BaFin, to cover risk weighted assets (RWA) for credit risks and market risks. As the rules for CRR investment firms are applicable to us, RWA for operational risks are not required to be covered. We also perform an Internal Capital Adequacy Assessment in accordance with the requirements of CRD IV.

DWS is required to maintain capital in certain regulated subsidiaries across a number of jurisdictions. Some of these legal entities are subject to dedicated internal capital adequacy requirements. For example, to comply with the regulatory requirements associated with operating an Intermediate Holding Company in the US, a comprehensive capital adequacy process is required for, and undertaken by, DWS USA Corporation and its underlying legal entities.

The Common Equity Tier 1 ratio (CET 1) and Risk Weighted Assets (“RWA”) metrics form part of our holistic risk management across individual risk types. Internal Capital Adequacy ratio (ICA), Economic Capital and Stressed Net Liquidity Position (SNLP) are DWS specific risk metrics in addition to the above described regulatory metrics.

Common Equity Tier 1 ratio	
Dec 31, 2018	29.0%
Combined Dec 31, 2017[1]	29.9%

Total Risk Weighted Assets	
Dec 31, 2018	€ 9,242 million
Combined Dec 31, 2017[1]	€ 8,510 million

[1] For further information on Combined Financial Statements please refer to Note 01 “Significant Accounting Policies and Critical Accounting Estimates”

As of December 31, 2018, our Common Tier 1 capital amounted to € 2,684 million, which was € 137 million or 5% above the € 2,547 million Common Tier 1 capital as of December 31, 2017.

Overall Risk Assessment

Material corporate risk categories include 1) non-financial risks (NFRs) including reputational risk and operational risk (with important sub-categories such as compliance risk, information security risks, technology operations risk, transaction processing, vendor and model risk) and 2) financial risks such as market risk associated with our co-investments, seed investments, guaranteed products, credit risk, liquidity risk and strategic risk. We manage the identification, assessment and mitigation of key risks through an internal governance process and the use of risk management tools and processes. We have a clearly defined risk appetite and our approach to identifying and assessing the impact aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and reputation. Please refer to the section "Risk Management" for detailed information on the management of our material risks.

External factors outside the control of DWS can have a significant effect. The continued elevated levels of political uncertainty worldwide, protectionism and increased tensions regarding trade and tariff negotiations, coupled with uncertainty about Brexit could have unpredictable consequences on the global economy, markets and investor confidence, which could lead to declines in business levels and could affect our revenues and profits as well as the execution of our strategic plans.

The assessment of the potential impacts of these risks is integrated into our stress test which assess our ability to absorb these events should they occur. The results of these calculations show that the currently available capital, in combination with available mitigation measures, would allow us to absorb the impact of these risks if they were to materialize in line with the tests' parameters. The overall focus of risk and capital management throughout 2018 was on maintaining our risk profile in line with our risk appetite, increasing our capital base and supporting our strategic management initiatives with a focus on economic capital optimization.

Risk Profile

The main risk driver of our fiduciary and commission generating business is non-financial risk. Additionally, we are primarily exposed to market risk in the form of AuM market price and flow risk, which we report internally under strategic risk; equity market price risk, interest rate/credit spread risk and foreign exchange rate risk associated with our guaranteed products and investment portfolio and credit risk from the investment of our liquidity excess.

DWS Risk Governance and Framework

Risk Management Principles

The diversity of our business model requires us to identify, assess, measure, aggregate, mitigate and monitor our risks. Our core objective is to reinforce our resilience by deploying a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately priced; and
- Risk should be continuously monitored and managed.

Risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with our business activities.

- Core risk management responsibilities rest with the Executive Board and are delegated to senior risk managers and our Risk and Control Committee (and its delegates) are responsible for execution and oversight.
- We operate a distinct risk management model. The business and service providing areas are the "owners" of the risks, hence they retain ultimate accountability for all risks. Oversight responsibility, including risk control, challenge and advice, is with the independent risk and control functions. Internal Audit provides independent assurances on the control environment and its effectiveness. The approach is underpinned by clear segregation of duties across the value chain reinforcing a sound control environment
- The risk appetite and the risk strategy for DWS Group is approved by the Executive Board on an annual basis. In addition, DB Group sets the risk appetite for their Asset Management division which contains DWS Group, with which DWS Group is required to comply.
- The Strategic Capital Plan (jointly carried out by Risk and Treasury) provides the basis for aligning risk, capital and performance targets for regular risk capital profile monitoring.

- Cross-risk analysis reviews are conducted by Risk across the firm to validate that sound risk management practices and a holistic awareness of risk exist.
- All material risk in non-financial risk, market risk, credit risk, strategic risk and liquidity risk, are managed via dedicated risk management processes. Modelling and measurement approaches for quantifying risk and capital demand and implemented across the material risk types. Furthermore, we have set up a dedicated reputational risk governance framework including a committee to assess and manage reputational risk matters.
- Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.
- Systems, processes and policies are critical components of our risk management capability to facilitate a comprehensive view and articulate the underlying roles and responsibilities.

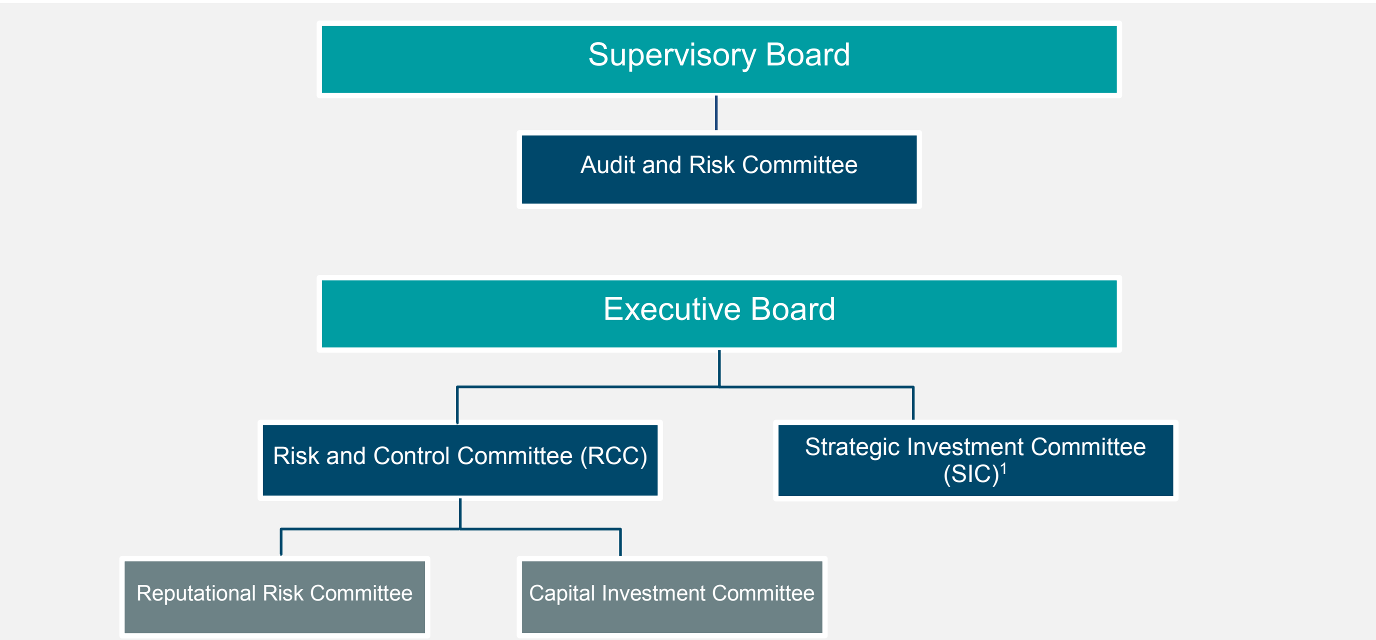
DWS Risk Governance and Committee Structure

DWS Group's activities and operations throughout the world are regulated and supervised by relevant competent authorities in each of the jurisdictions in which we conduct business.

Several layers of management provide cohesive risk governance:

- The Supervisory Board is informed regularly on DWS Group's risk situation, risk management and risk controlling activities, as well as on our reputational and material litigation cases. It has formed an Audit and Risk Committee to deal with risk related matters.
- At the meetings of the Audit and Risk Committee of the Supervisory Board, our Executive Board reports on key risk portfolios, on risk strategy and on matters of importance due to the risks they entail. The Audit and Risk Committee deliberates with our Executive Board on issues of the aggregate risk profile and the risk strategy, and supports our Supervisory Board in monitoring the implementation of the strategy.
- The Executive Board is responsible for managing the DWS Group in accordance with the law, regulations, the Articles of Association and its Terms of Reference with the objective of creating sustainable value in the interest of the Group, thus taking into consideration the interests of the shareholders, employees and other stakeholders. Our Executive Board is responsible for establishing a proper business organization, encompassing appropriate and effective risk management. Our Executive Board approves the Strategic Plan and the annual Risk Appetite Statement.

Risk Management Governance Structure of DWS Group



[1] The Strategic Investment Committee (SIC) is responsible for managing existing and proposed investments deemed strategic to the DWS Group

The following functional committees are central to the management of risk:

- The Risk and Control Committee (RCC) is the key committee dealing with review of and decision on material risk topics. It is chaired by the Chief Control Officer. The RCC has various duties and delegated authority, including:
  - Approval of key risk management principles or recommendation thereof to the our Executive Board;
  - Recommendation of overarching risk appetite parameters;
  - Setting of risk limits for risk resources available to the business;
  - Supporting the Executive Board during Risk and Capital planning processes;
  - Overseeing the resolution of Audit points;
  - Receiving regular updates from key control functions such as Legal, Compliance, Anti Financial Crime (AFC), Finance and Treasury; and
  - Integrated approach to overseeing and managing all control function related risks.

The Risk and Control Committee is supported by two sub-committees:

  - The Reputational Risk Committee (RRC), is hold responsible for the oversight, governance and coordination of reputational risk management; and
  - The Capital Investment Committee (CIC), is hold responsible for overseeing all aspects of risk associated with DWS's portfolio of co-investments and seed capital investments

- Our Strategic Investment Committee (SIC) is the key committee responsible for corporate investment decisions and principal corporate transactions (acquisition, disposals and joint ventures) and is chaired by the Chief Financial Officer. In addition, the SIC evaluates strategic investment decisions and monitors progress and performance of approved transactions.

Our Chief Risk Officer (CRO) holds Group-wide responsibility for the management of non-financial, financial and fiduciary risks as well as for the comprehensive control of risk, and ongoing development of methods for risk measurement. In addition, the CRO is responsible for monitoring, analysing and reporting risk on a comprehensive basis. The CRO has direct management responsibility for various risk management functions which are established with the mandate to:

- Foster consistency with the risk appetite within a framework established by the Executive Board, applied to the business and monitored by the RCC;
- Establish and approve risk limits;
- Develop and implement appropriate risk and capital management policies, procedures and methods including infrastructure and systems;
- Facilitate ad hoc reviews including deep dives to keep the non-financial, financial and fiduciary risk exposure within acceptable parameters;

We manage our risk and capital via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the underlying business activities and associated risk profile. In order to achieve this, DWS leverages DB Group for defined risk services across a number of risk types, notably in terms of risk principles and governance frameworks, capital models including stress testing as well support on capital adequacy requirements.

The relationship with DB Group has been formalized notably via a Relationship Agreement and a Master Service Agreement. The alignment is based on the following overarching principles.

- Our risk committees are independent of DB Group;
- We must adhere to existing DB Group policies, unless otherwise agreed;
- We leverage to DB Group for specific services based on cost efficiency criteria and expertise; and
- All such services are provided on an arm's length basis.

Our control model has been designed to balance the need for alignment with our business, while maintaining independence and strong relationships with DB Group key control functions

- DB Group has detailed an overall risk and control framework which DWS applies; and
- Close engagement and bilateral information flow subject to appropriate disclosure requirements.

Risk Appetite and Capacity

Risk appetite expresses the aggregate level of risk that we are willing to assume within our risk capacity in order to achieve our business objectives. This is defined by a set of minimum quantitative metrics and qualitative statements. Risk capacity is defined as the maximum level of risk we can assume given our capital and liquidity base, risk management and control capabilities, our regulatory constraints and our obligations to stakeholders.

Risk appetite is an integral element in our business planning processes via our risk plan and strategy, designed to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both non-financial and financial risks.

Our Executive Board reviews and approves our risk appetite and capacity on an annual basis, or more frequently in the event of unexpected changes to the risk environment, with the aim of ensuring that they are consistent with our strategy, business, regulatory environment and stakeholders' requirements.

In order to determine our risk appetite and capacity, we set different group level triggers and thresholds on a forward looking basis and define the escalation requirements for further action. We assign risk metrics that are sensitive to the material risks to which we are exposed and which are able to function as key indicators of financial health. In addition to that, we link our risk management governance framework with the risk appetite framework.

Reports relating to our risk profile as compared to our risk appetite and strategy and our monitoring thereof are presented regularly to the RCC, the Executive Board and the Audit and Risk Committee of the Supervisory Board. In the event that our desired risk appetite is breached, a predefined escalation governance matrix is applied so these breaches are highlighted to the respective committees. Amendments to the risk appetite and capacity must be approved by the Executive Board.

Risk and Capital Plan

We conduct annually an integrated strategic planning process which lays out the development of our future strategic direction for the business. The strategic planning process is designed to deliver a holistic perspective on capital, liquidity and risk under risk-return considerations. This process translates our long term strategic targets into measurable short- to medium-term financial targets and enables intra-year performance monitoring and management. Risk-specific portfolio strategies complement this framework and allow for an in-depth implementation of the risk strategy on portfolio level, addressing risk specifics including risk concentrations.

Stress Testing

Stress testing is performed on an annual basis in order to assess the impact of a severe economic downturn or other shocks on our risk profile and financial position. This exercise complements traditional risk measures and represents an integral part of our strategic and capital planning process. Our stress testing leverages DB Group's group wide stress testing process and comprises stress tests based on internally defined benchmark and more severe macroeconomic global downturn scenarios. All material risk types – which consume capital - are included in the stress testing exercise. The time-horizon of internal stress tests is generally one year and can be extended to multi-year, if required by the scenario assumptions. These analyses can be complemented by any additional stress tests requested by our regulators on DWS Group or at an individual legal entity level. Moreover, capital plan stress testing is performed to assess the viability of our capital plan in adverse circumstances and to demonstrate a clear link between risk appetite, business strategy, capital planning and stress testing. Stress testing results are communicated to the RCC as well as the Executive Board.

Risk Measurement and Monitoring

The appropriate measurement of all risks is a crucial prerequisite for sound risk management. All risk are measured quantitatively or qualitatively, using advanced and approved methodologies. All measurement approaches must be appropriate for the type and materiality of risk measured and provide sufficient transparency including correlation.

Quantitative analysis allows the measurement of the potential impact (size and likelihood) and is complemented by best-practice qualitative measures to ensure comprehensive coverage of all risks on a risk-based approach. All material risks in non-financial, market, credit and strategic, are managed via dedicated risk management processes. Modelling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Reputational risk is implicitly covered in our economic capital framework, primarily within operational and strategic risk.

Established units within Finance and Risk assume responsibility for measurement, analysis and reporting of risk while promoting appropriate quality and integrity of risk-related data.

We monitor all risk taken vis-à-vis the risk appetite and in consideration of risk and reward at DWS Group level, underlying risk type and on portfolio level.

The monthly Risk and Capital Profile (RCP) is used to report the risk profile and is presented to our RCC and is subsequently used as the base for regular reporting to our Executive Board and to the Audit and Risk Committee of the Supervisory Board. The RCP is complemented by other standard and ad-hoc management reports by Risk and Finance, which are presented to the RCC and/or its sub-committees where appropriate.

We use a variety of data sources to support internal and external reporting. The risk infrastructure considers reporting at relevant legal entity and business levels and provides the basis for reporting on risk positions, capital adequacy and limit utilization to the relevant functions on a regular and ad-hoc basis.

Model Risk

We rely on models for investment, portfolio management, risk management, valuation, capital planning and other purposes. Model risk is managed like other types of risk to safeguard the interest of our clients and stakeholders as well as satisfy regulatory expectations. We take steps to ensure the integrity of the models through a risk management framework, as global regulatory oversight on model risk is becoming more stringent for asset managers.

Inappropriate model risk covers all fiduciary and non-fiduciary models with the management thereof typically split across “Pricing” models, “Risk & Capital” models and “Other” models:

- Pricing models are used to generate asset and liability fair value measurements reported in official books and records and/or risk sensitivities;
- Risk & Capital models are used to evaluate the risks used for regulatory or internal capital adequacy requirements; and
- Other models are essentially all those used within our business that do not fall into the above categories, such as fund level valuation / pricing related models, trading / investment related models, risk management models, asset allocation models.

Model risk appetite is aligned to DWS’s qualitative statements, ensuring that model risk management is embedded in a strong risk culture and that risks are mitigate as appropriate.

Model Risk Governance

The governance framework and the dedicated management of model risk covering fiduciary and non-fiduciary models used across DWS has the following objectives:

- Establish an inventory of models; assess and monitor the model control environment;
- Maintain model risk policies, aligned to regulatory requirements with clear roles and responsibilities for key stakeholders across the model risk life cycle;
- Implement a robust model risk management and governance framework, including senior forums for monitoring and escalation of model risk related topics;
- Perform robust and independent model validation that provides an effective challenge to the model development process and includes identification of conditions for use, methodological limitations that may require adjustments or overlays, and validation findings that require remediation.

There is ongoing interaction with DB Group in the provision of model development support and advisory services for the current suite of risk and capital models used within DWS including changes related to new regulations and/or changes in business strategy.

Non-Financial Risk

Non-financial risk is comprised of Operational Risk and Reputational Risk.

Operational Risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. Operational risk excludes business and reputational risk.

Reputational Risk means the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate or unethical or inconsistent with our values and beliefs.

Non-Financial Risk Management

The governance of our non-financial risks follows the three lines of defence (“3LoD”) approach with the aim of protecting the firm, its clients and shareholders against risk of losses and resulting reputational damages. It seeks to ensure that all our non-financial risks are identified and covered, that accountabilities regarding the management of non-financial risks are clearly assigned and risks are taken on and managed in the best and long term interest of our franchise and our stakeholders. The 3LoD approach and its underlying principles, i.e., the full accountability of the first line of defence (“1st LoD”, i.e. the business) for managing its own risks and the existence of an independent second line of defence (“2nd LoD”, i.e. the control functions) for overseeing and challenging risk taking and risk management, applies to all levels of the organization including the Group-level, regions, countries, legal entities and branches.

Our Risk Appetite sets out the amount of non-financial risk we are willing to accept as a consequence of doing business. We consciously take on non-financial risks, both strategically as well as in day-to-day business. While we have no appetite for certain types of non-financial risk failures (such as violations of laws or regulations), in other cases a certain amount of non-financial risk must be accepted if we are to achieve our business objectives.

Risk implements the overarching Operational Risk Management Framework (ORMF) and is responsible for Operational and Reputational Risk.

The ORMF is a set of interrelated tools and processes that are used to identify, assess, measure, mitigate and monitor non-financial risks. Its components have been designed to operate together to provide a comprehensive approach for managing the most material non-financial risks. ORMF components include the setup of the 1st and 2nd LoD as well as the minimum standards for the non-financial risk management process including appropriate independent challenge, the approach to setting risk appetite and adhering to it, the non-financial risk type and control taxonomies, management tools, and operational risk capital model.

We manage non-financial risks by employing the tools and processes developed by DB Group. This framework enables us to determine our non-financial risk profile in comparison to our risk appetite, to systematically identify non-financial risk themes and concentrations, and to define risk mitigating measures and priorities. Our approach to the identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and to our reputation.

The following four principles form the foundation of the ORMF:

Operational Risk Principle I: Risk establishes and maintains the ORMF. As the 2nd LoD control function, it is the independent reviewer and challenger of the 1st LoD’s risk and control assessments and risk management activities. As the subject matter expert for non-financial risk it provides independent risk views to facilitate forward looking management of non-financial risks, actively engages with risk owners and facilitates the implementation of risk management standards across the firm. Risk provides the oversight of risk and control mitigation plans to return risk within risk appetite, where required.

Operational Risk Principle II: As risk owners the 1st LoD business have full accountability for their operational risks and have to manage these against a defined risk specific appetite. Risk owners are those roles in DWS that generate risks, whether financial or non-financial. The heads of the business and service providing areas must determine the appropriate organizational structure to identify their organizations’ non-financial risk profile, implement risk management and control standards within their organization, take business decisions on the mitigation or acceptance of non-financial risks within the risk appetite and establish and maintain risk owner (i.e. Level 1) controls.

Operational Risk Principle III: As risk type controllers the 2nd LoD control functions establish the framework and define risk appetite statements for the specific risk type they control. They monitor the risk type’s profile against risk appetite and exercise a veto on risk appetite breaches. Risk type controllers define risk management and control standards and independently oversee and challenge risk owners’ implementation of these standards as well as their risk-taking and management activities.

Operational Risk Principle IV: Risk is to ensure that sufficient capital is held to underpin operational risk. It is accountable for the design, implementation and maintenance of the approach to determine a sufficient level of capital demand for operational risk for recommendation to our Executive Board. To fulfil this requirement, Risk is accountable for the calculation and allocation of operational risk capital demand and expected loss planning. It is also accountable for the facilitation of the annual operational risk capital planning and monthly review process.

Risk regularly monitors our overall Risk Profile with respect to NFR and adherence to the ORMF to evaluate the actual risk exposure per risk type.

Additional methodologies such as loss data collection, lessons learned and risk and control assessments and processes are implemented by the responsible Risk Type Controllers and utilized to complement the framework and to address specific risk types.

Top risks are regularly analysed and reported. Top risks are rated in terms of both the likelihood that they could occur and the impact on the firm should they do so. The reporting provides a forward-looking perspective on the impact of planned remediation and control enhancements. It also contains emerging risks and themes that have the potential to evolve as a top risk in future.

Dedicated Product Lifecycle Process

We have put in place a Product Lifecycle Framework to ensure that systems, processes and controls for the design, approval, marketing and ongoing management of products throughout their lifecycle are established. A structured Product Governance process as well as a New Product Approval (NPA) and a Systematic Product Review (SPR) processes provide the basis for ensuring that we can confidently offer clients our products and services. We have created this framework to manage the risks associated with the implementation of new products and services, changes in product and services during their life cycles, and, the process by which they are systematically reviewed, to ensure they remain fit for purpose and consistent with the needs, characteristics and objectives of their intended market(s) throughout their lifespan. Applicable across all businesses and regions, the respective processes cover different stages of the product life cycle review, with the NPA process focussing on pre-implementation and the SPR process on periodic reviews, post implementation.

Dedicated Reputational Risk Management Process

We seek to minimize our exposure to reputational risks. Reputational risk cannot be precluded, and is also driven by unforeseeable changes in the perception of practices by various stakeholders such as the public, clients, shareholders and regulators. We strive to promote sustainable standards that will balance the need to enhance our profitability while minimizing the risk that any association, action or inaction is perceived by stakeholders to be inappropriate, unethical or inconsistent with our values and beliefs. In order to comply with our fiduciary obligations, we have defined specific procedures in relation to reputational risk matters.

Key Drivers for Non-Financial Risk

Non-financial risk is an inherent part of our business. While we drive effective risk management and control processes to identify, evaluate and remediate the key non-financial risks like compliance, legal, fiduciary, operating, market and environmental risks, failures could lead to material financial, regulatory or reputational effects.

The most important non-financial risks in light of our business profile are:

- **Duties to Customers:** We face the risk that products and services are not suitable or not appropriate for the investor or that a product that we manufacture or distributes is not appropriate for the target market. Duties to customers primarily reflect the fiduciary nature of our business and the liabilities derived in case of failure to adhere to specific conditions, contractual agreements or regulatory requirements.

- **Information Security:** We face the risk that our business is not sufficiently protected against Information Security Risk i.e., cyber security attacks. Our operational systems are subject to an increasing risk of cyber attacks and other internet crime, which could result in material losses of client or investor information, damage our reputation and lead to regulatory penalties and financial losses.

- **Technology Operations & Integration**: We face the risk of loss events due to the instability, malfunction or outage of our IT system and IT infrastructure. Such losses could materially affect our ability to perform business processes and may, for example, arise from the erroneous or delayed execution of processes either as a result of system outages or degraded services in systems and IT applications. IT related errors may also result in the mishandling of confidential information, damage to our computer systems, financial losses, additional costs for repairing systems, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure.

- **Transaction Processing and Vendor:** Our business is highly dependent on our ability to process manually or through our systems a large number of transactions on a daily basis, across numerous and diverse markets in many currencies. If any of these processes or systems do not operate properly, or are disabled, or subject to intentional or inadvertent human error, we could suffer financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage.

We utilize a variety of vendors in support of our business and operations. We do so in order to focus on our core competencies and to seek improvements in costs, efficiency and effectiveness in our operations. Services provided by vendors pose risks to us comparable to those we bear when we perform the services ourselves, and we remain ultimately responsible for the services our vendors provide. We depend on our vendors to conduct their delivery of services in compliance with applicable laws, regulations and generally accepted business standards and in accordance with the contractual terms and service levels they have agreed with us. Therefore we closely monitor the risk related to significant vendor relationships and take appropriate actions in event of risk appetite breaches. If our vendors do not conduct business in accordance with these standards, we may be exposed to material losses and could be subject to regulatory action or litigation as well as be exposed to reputational damage

- **Model:** We face the potential for adverse consequences from incorrect or misused model outputs or using reports based on these outputs. Model risk can lead to losses, inappropriate business or strategic decision making, and damage to our reputation, we are taking steps to ensure the integrity of the models through a risk management framework, as global regulatory oversight on model risk is becoming more stringent for asset managers.

Financial Risk

Market Risk

Market risk in general is defined as the potential for change in the market value of financial instruments due to changes in market prices. We are exposed to non-traded market risk. Non traded market risk arises from market movements in our investments and from off-balance sheet items and primarily impacts the main investment risk types such as co-investments, seed capital, guaranteed products, structural foreign exchange and pension and other equity compensation risk. The key drivers of our market risk exposure include, inter alia, movements in interest rates, credit spreads, foreign exchange, commodity prices and equity prices. Our market risk exposure can also be impacted by more general market movements related to the economic environment and/or socio/political events; as outlined below.

The primary objective in the management of our market risk is to ensure that our risk exposure is within the approved appetite commensurate with its defined strategy.

Risk Identification

By definition, market risk is identified as the capital at risk deployed by DWS via, for example, co-investments or seed capital into funds, and/or where a financial claim against us is inherent in the product (such as Guaranteed Products).

Seed Investments: Seed is deployed to build marketable track records for new products initiated by us. We execute an economic risk position offset program to minimize the profit/loss volatility of the seed investment portfolio. Seed investments are typically short term (up to 3 years, frequently shorter) and risk positions are broadly offset within a 6% tracking error on notional to minimize market risk.

Co-Investments: We have direct equity co-investments primarily in funds that invest in a variety of asset classes, like equities and other alternative asset classes such as real estate, infrastructure, private equity, hedge funds and sustainable investments. Investments are made to ensure an alignment of interest between fund investors and DWS and are held normally to maturity.

Strategic Investments: Strategic Investments typically have the primary objective of enhancing the franchise value via providing access, for example, to specific markets, products or exchanges. A strategic investment, therefore, has a broader strategic business objective than making a return on the investment itself.

Guaranteed Products: We manage guaranteed retirement accounts (“Riester Products”) and guaranteed funds, whereby we provide a full or partial notional guarantee at maturity. Riester guaranteed retirement accounts are voluntary private pension schemes in Germany that are government subsidized.

The guaranteed products portfolios are managed using Constant Proportion Portfolio Insurance (CPPI) strategies and techniques, which use a rule based exposure allocation mechanism into highly rated assets and riskier assets, depending on market levels. An allocation mechanism between the two components limits the downside risk. Guaranteed products may invest into a wide range of equity and fixed income securities as well as other instruments permitted in the product documentation.

The risk for DWS as guarantor occurs if the net asset value (NAV) at the respective guarantee date is less than the guaranteed amount. This risk is regularly monitored under different stress scenarios and client contribution and cancelation simulations. Our management is regularly updated on our exposure to these products.

Pension & Equity Compensation Risk: We are exposed to market risk from a number of defined benefit pension schemes for past and current employees. The ability of the pension schemes to meet the projected pension payments is maintained through investments and ongoing plan contributions. Market risk can materialize due to a potential decline in the market value of the assets or an increase in the liability of each of the pension plans.

Structural Foreign Exchange: Structural foreign exchange (FX) risk arises from our non-EUR denominated subsidiaries, primarily USD and GBP based. We monitor our structural foreign exchange risks on an ongoing basis and may selectively offset the risk positions with the primary objective to stabilize consolidated capital and internal capital adequacy ratios.

Foreign Exchange: Investments - and related derivatives (in the balance sheet referenced as free standing derivatives) – can be denominated in currencies other than DWS Group's functional currency of EUR. These are translated at the period end closing rate and can give rise to fluctuations (up and down) in the reported value of the investments. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the consolidated statement of income as net gains (losses) on financial assets/liabilities at fair value through profit or loss.

Risk Measurement

For risk management purposes, investments are measured at cost, reflecting the cash cost of the investment when launched or acquired by us, and current carry value, the fair value of the investment as reflected in DWS's books and records. The extent to which carry value exceeds cost (or vice versa) is an indication of the relative performance of the investment.

It is often the case that investments – into funds in particular - are not fully cash drawn at inception; rather commitments are made which are subsequently drawn over the investment period of the related fund. During this period, the unfunded elements of the commitments are also tracked to ensure the full potential risk to the firm is monitored.

Established capital models, specific to DWS are used to calculate the capital consumption of the investment portfolio.

Risk Mitigation

When necessary, approvals are granted subject to conditions to mitigate the potential risk to the firm. Such conditions can include, inter alia, limiting concentrations in high risk sectors and/or geographies.

Risk position offsetting is used as a direct risk mitigant where appropriate which, in the context of the financial risk portfolio, is almost exclusively the seed capital portfolio. The risk positions are actively offset within an approved tolerance of 6%.

Risk Reporting and Monitoring

A limit structure for DWS investments is in place which is regularly monitored to ensure the portfolio remains within risk tolerance levels. The primary data source for the monitoring of the investment (and other portfolios) is DWs Finance department.

The co-investment portfolio is also subject to quarterly reviews at the underlying fund level to ensure the risk profile is maintained and any emerging risks are escalated where necessary.

Ad hoc monitoring and/or reviews of any aspect of the financial risk portfolio are carried out as and when required. For new co-investments and seed capital requests, for example, there is a clearly defined approval authority matrix dependent on the quantum of risk involved. All requests are reviewed by the Capital Investment Committee (CIC) and where appropriate escalated to the requisite delegated authority.

Key Drivers and Sensitivities for Market Risk

As noted above, our market risk exposure is driven by the capital at risk deployed by us via, for example, co-investments or seed capital into portfolios, and/or where a financial claim against us is inherent in the product (such as Guaranteed Products).

The table below shows the primary balance sheet entries that are susceptible to market risk. These are illustrative extracts from the balance sheet and therefore the component elements are not intended to sum to the respective sub-totals shown.

Market Risk specific quantitative disclosures

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Assets:		
Financial assets at fair value through profit or loss	2,875	1,907
Trading assets	1,226	1,296
Seed investments	39	56
Non-trading financial assets mandatory at fair value through profit or loss	1,131	N/A
Co-investments	326	N/A
Seed investments	28	N/A
Positive market values from derivative financial instruments (incl. offsetting risk positions for seed)	5	37
Financial assets available for sale (moved to non-trading assets mandatory at fair value through profit or loss during 2018)	N/A	362
Equity method investments (primarily strategic investments)	240	212
Liabilities and equity:		
Financial liabilities at fair value through profit or loss	613	713
Negative market values from derivative financial instruments (incl. guarantee shortfall)	91	125
Other financial liabilities	2,791	2,459
Staff related provisions (incl. pension and equity compensation liabilities)	334	406
Accumulated other comprehensive income (loss), net of tax (incl. CTA)	229	N/A

Seed Capital

Seed is typically deployed in our traditional asset class portfolios which are more liquid than those into which we make co-investments and as such are more exposed to the volatility of equity price movements in addition to the other factors outlined in the co-investment section above.

However, the risk is mitigated via: (i) the typically short tenor (3-12 months), and (ii) the offsetting risk positions used by us to limit the net risk to a defined tracking error threshold. It is this latter factor in particular that obviates the need to produce a sensitivity for this portfolio. These offsetting positions are classified as free standing derivatives and shown in the balance sheet as “positive market values from derivative financial instruments”.

Co-Investments

The key risk inherent in our co-investment portfolio[2] is the impact of an event on the value of the underlying assets in each portfolio potentially resulting in the need to partially impair or even fully write-off the value of the co-investment in the portfolio itself. Such events can be market related – as outlined below – or idiosyncratic where fund specific risks can result in losses outside of general market trends (e.g. fraud). Key market events can include:

- **Economic environment:** Material economic downturn impacting value of underlying fund investments, particularly in key markets of Real Estate, Infrastructure, Sustainables and Private Equity.
- **Socio-political risk:** Material socio-political events impacting value of underlying fund investments valuations such as the US-China trade dispute or a political shift in willingness to support or subsidize certain industries (notably in the sustainables sector).
- **Equity prices:** Impact on underlying investments of a change in equity prices in turn impacting value of co-investment in relevant fund (despite latter being unlisted/illiquid).
- **Commodity prices:** Impact on underlying investments of a change in commodity prices in turn impacting value of co-investment in relevant funds e.g. impact of oil price drop on oil & gas sector facing funds.
- **Foreign Exchange (FX):** Impact on reported value of co-investments of movements in foreign currencies (notably USD) relative to EUR; direct impact on underlying investments notably in global funds.
- **Interest rates:** Impact of interest rate moves on funds invested in debt instruments and/or providing loans (e.g. sustainable funds). Wider, indirect impact of rising interest rates on investor appetite for investment in alternative funds as opposed to traditional funds (Traditional Asset Classes). Expected only to have a peripheral impact as the bulk of investor interest is driven by alternative market specifics.

The impact of sharp valuation changes – particularly if impairments or write-offs occur – can directly impact our P&L via impairments and the fund’s own revenue stream via fee reduction as well as potential issues in current or future capital raising and/or reputational/litigation risk.

[2] Includes Strategic Investments where the inherent risks are similar to those identified for co-investments albeit amplified given the importance of the investment to the DWS. The largest is an investment in Harvest Fund Management in China. See “Equity method investments” in the table above

Sensitivity

Assumptions: The co-investment portfolio is heavily weighted towards Real Estate and, accordingly, the sensitivity analysis focuses on this market segment, applying blanket percentage value reductions to the component elements of our real estate fund portfolio. Two levels of market stress have been assumed (20% and 40%) with the latter representing the peak depreciation in value seen in certain real estate markets during the last financial crisis. Using blanket market stresses is considered a highly conservative approach given that different sub-sectors and regions of the real estate market react to different degrees to any given market movement. In addition, it has been assumed that a movement in the value of the underlying assets has a commensurate and immediate impact on the value of our co-investment (again, a conservative assumption given the typical degree of diversification).

The other key assumption is that fund leverage is, on average, currently no more than 25% (loan to value). This is a key difference to the portfolio as it stood prior to the crisis when leverage levels were materially higher, typically in the 70-80% range, making the equity in the funds far more susceptible to loss.

Methodology

The funds in which DWS is co-invested are valued annually by third party auditors based on fundamental analysis of the underlying assets and their respective performance relative to when they were acquired by the fund. Finance use these external valuations as the basis for their own valuation, adjusting the external figure where necessary to allow for, inter alia, the structure of our investment and associated illiquidity and any interim financial or non-financial information. For these sensitivities, a percentage stress factor has been applied to the internal valuation, adjusting for fund leverage where necessary, to arrive at an estimated impact on our P&L.

Co-investment sensitivity for potential changes in real estate values

Estimated P&L Impact

in € m.	Dec 31, 2018	Dec 31, 2017
Reduction in real estate value:		
20%	(60)	(52)
40%	(119)	(104)
Increase in real estate value:		
20%	60	52
40%	119	104

Guaranteed Products

As guaranteed products are invested in a wide range of equity and fixed income securities, market movements have a direct impact on the potential shortfall DWS has to cover.

The respective guarantee shortfall is monitored regularly, reflected as “Negative market values from derivative financial instruments” in the market specific quantitative exposures in the table on the previous page. A provision is booked, aligned to the long dated maturity of the underlying portfolios.

The portfolio is particularly sensitive to movements in the long-dated interest rate curves and can also fluctuate due to changes in:

- **Market development:** In addition to long-dated interest rates, the shortfall is also impacted by changes in interest rates, equities, interest rate volatility and other market factors impacting the account NAV (e.g. performance of underlying assets and funds);
- **Changes in client behaviour,** e.g. decreases in cancellation rates increase the shortfall as do client contributions if made in a low interest rate environment;
- **Model assumptions:** Shortfall calculation can be influenced by changes in model assumptions and the timing of the market data snapshot used.

Sensitivity

Assumptions: For the sensitivity illustrated in the table below, the key driver to which stresses are applied is the long term interest rate which is the most significant of the various factors that can influence the guarantee shortfall (outlined above).

All other shortfall influencing factors are assumed to remain static.

Methodology

The shortfall is calculated using a Monte-Carlo based simulation using stochastic interest rates and equities for a CPPI strategy. The CPPI mechanism rebalances the asset allocation individually for each client account. The model allows simulation of future contributions, cancellation rates and management/distribution/account fees. Current implementation calculates risk based on a representative sample of accounts and scales sample risk to the population size of ~1.5 million accounts. The resulting shortfall is shown in the balance sheet as a derivative, included in “negative market values from derivative financial instruments”.

Guarantee shortfall sensitivity for potential changes in long term interest rate

Estimated P&L Impact

in € m.	Dec 31, 2018	Dec 31, 2017
Reduction in long term interest rate:		
50 bp	(15)	(16)
100 bp	(47)	(49)
Increase in long term interest rate:		
50 bp	9	10
100 bp	16	18

The guarantee shortfall’s sensitivity to long term interest rates is not linear, with reductions in the long term interest rate having a far greater impact on the underlying value of the funds subject to the guarantee than increases of a similar magnitude

Pension & Equity Compensation Risk

The key driver of Pension Risk is the potential for market movements to reduce the value of the investments held by the portfolio and/or increase the value of the associated liabilities. Key risk factors include interest rates, inflation, credit spreads and equity values. The overall risk increases as plan contributions reduce as plans mature (no new entrants), increased or offset by changes in the longevity profile of the pensioner population.

Equity compensation is directly linked to our share price and performance and so is, in effect, a right way risk as liabilities only increase if the share price and relevant performance improves.

More details on the risks inherent in staff benefits is provided in section 17 “Employee-benefits” of the Additional Notes which includes a detailed sensitivity analysis.

Structural Foreign Exchange Risk

Structural FX risk is driven by movements in the functional currencies of our non-EUR subsidiaries relative to our reporting currency of EUR. The primary currencies to which Structural FX Risk is sensitive are U.S. Dollar and GBP, weakening of either relative to the EUR results in higher structural FX risk and associated capital requirements.

Sensitivity

Assumptions: The analysis assumes a range of percentage changes to the U.S. Dollar/EUR rate and the GBP/EUR rate and shows the respective impact on our balance sheet.

Methodology

A simple calculation whereby a 10% and 20% change (up and down) in the U.S. Dollar/EUR and GBP/EUR exchange rate is applied to the aggregate balance sheet exposure in the respective currency.

Structural FX risk sensitivity for potential specific FX moves

Estimated Balance Sheet Impact

in € m.	Dec 31, 2018	Dec 31, 2017
USD weakens relative to EUR by:		
10%	(278)	N/A
20%	(509)	N/A
GBP weakens relative to EUR by:		
10%	(40)	N/A
20%	(73)	N/A
USD strengthens relative to EUR by:		
10%	278	N/A
20%	509	N/A
GBP strengthens relative to EUR by:		
10%	40	N/A
20%	73	N/A

The changes in the foreign exchange rates of the underlying functional currencies, resulting in the impacts illustrated in the table above, are shown in DWS Group's balance sheet as a revaluation of capital and retained earnings, recognized in other comprehensive income and booked as Currency Translation Adjustments ("CTA"). As at December 31, 2017, a structural FX sensitivity analysis was not conducted for what was to become DWS Group. The sub-sequent IPO prospectus (March 2018) referenced the topic, stating that changes in structural FX were taken through the balance sheet and shown in the December 31, 2017, accounts as Currency Translation Adjustments (CTAs). No specific figures or sensitivities were included.

Credit Risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which we refer to collectively as "counterparties") exist.

As an asset manager, we do not undertake the type of business that results in material credit risk. For us, credit risk exposure relates primarily to cash and cash equivalent positions that are placed with third party institutions, typically overnight but also, in certain circumstances, for longer periods. The related credit risk to the third party institutions is monitored in aggregate, and monitored and capped at an individual institutional level. The exposures to the counterparties are monitored via usage of independent credit ratings agencies and setting appropriate limits.

For new cash exposures there is a clearly defined approval authority matrix dependent on the quantum of risk involved. All requests are reviewed by the CIC and where appropriate escalated to the requisite delegated authority.

In order to further diversify our corporate liquidity, other options have been utilized, including investing in US Government securities and Money Market Funds, which then contributes to our market risk positions.

Key Drivers for Credit Risk

The key driver of our credit risk is the credit quality of third party institutions in which overnight deposits and, potentially, term deposits (up to one year) are placed.

Overnight Deposits by Rating of Institution

in € m.	Dec 31, 2018	Dec 31, 2017
S&P A1	419	n/a
S&P A2	1,643	3,317
Other	248	n/a

Overnight Deposits and Concentration

in € m.	Dec 31, 2018	Dec 31, 2017
Cash and bank balances	2,310	3,317
Max concentration (%) - limit 35%[1]	22%	n/a

[1] Liquidity concentration calculation includes EUR 708m of liquidity held in US Treasuries and Money Market Funds

Expected Credit Loss Model

The Group applied the IFRS 9 requirement to recognize a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost and off-balance sheet commitments as of January 1, 2018. The IFRS 9 transition impact on financial assets at amortized cost and off-balance sheet commitments reflected in equity as of January 1, 2018 result in € (3) million net of tax.

IFRS 9 introduces a three stage approach to impairment for financial assets:

- Stage 1: The Group recognizes a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- State 2: The Group recognizes a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of expected credit losses (ECL) based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to twelve months in Stage 1.

- Stage 3: The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a Probability of Default (PD) of 100 %, via the recoverable cash flows for the asset, for those Financial Assets that are credit-impaired. The Group's definition of default is aligned with the regulatory definition. The treatment of loans in Stage 3 remains substantially the same as the treatment of impaired loans under IAS 39 except for homogeneous portfolios.

The calculation of ECL considers amongst others internal and external credit rating of the counterparts, loan loss provision taken prior to implementation of IFRS 9 and transactions past due.

As of December 31, 2018 the financial assets at amortized cost include cash and bank balances in the amount of € 2,310 million with pre-tax ECL stage 1 of € (0.2) million, other financial assets at amortized cost of € 1,289 million with pre-tax ECL stage 1 of € (0.4) million and ECL stage 2 of € (0.7) million and loans at amortized cost of € 1.8 million as of December 31, 2018 with pre-tax ECL of € (0) million. The off-balance sheet commitments of € 65 million reflect pre-tax ECL stage 1 of € (0.3) million.

Strategic Risk

Strategic Risk is the risk of suffering an operating income shortfall due to lower than expected performance in revenues not compensated by a reduction in costs. Strategic Risk may arise from a decline in our assets under management driven by changes in asset values, from our ability to attract and retain assets under management and maintain competitive investment performance or from changes to the competitive landscape or regulatory framework. Strategic Risk could also arise due to a failure to execute strategy and/ or failure to effectively take actions to address underperformance.

Our Strategic and Capital plan is approved annually by the Executive Board. During the year, execution of business strategies is regularly monitored to assess the performance against strategic objectives and to seek to ensure we remain on track to achieve targets.

Capital required to support strategic risk is based on a 99.9^{th} percentile loss in operating income to avoid a potential breach in the risk appetite. This is monitored on a monthly basis and reported to RCC. Finance monitors business performance on a monthly basis and provides business forecasts, which are presented to the Executive Board, minimizing potential operating income shortfall that might have an adverse impact on our capital.

Liquidity Risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of DWS's liquidity risk management framework is to ensure that it can fulfil its payment obligations at all times and can manage liquidity and funding risks within the agreed risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet as well as expected future cash flows.

Treasury is mandated to manage the overall liquidity and funding position of DWS as well as the liquidity risk profile. Risk oversees the application of the liquidity risk framework and adherence to the Risk Appetite as approved by the Executive Board. The Risk and Control Committee has been established on May 2, 2018 by the Executive Board and is mandated to oversee and manage all aspects of risk, control and liquidity for DWS Group.

DWS proactively manages liquidity risks by:

- Maintaining a liquid balance sheet with a prudent cash buffer and limited leverage
- Assessing and monitoring liquidity and liquidity risks on a monthly basis and presenting the results to the monthly Risk and Control Committee
- Stress testing of liquidity by applying a combined, market and idiosyncratic stress event in which DWS Group needs to remain solvent over a prolonged period of stress (up to eight weeks)
- Performing a rolling 12-month cash flow forecast, which is also stressed as part of the monthly stress testing
- Maintaining a funding plan to assess upcoming funding demands and sources
- Maintaining contingency funding procedures to enable swift and coordinated action and decision making in a liquidity crisis event

DWS Group uses stress testing and scenario analysis to evaluate the impact of sudden and severe stress events on our corporate liquidity position. It models the behaviour of our cash and cash like investments position including on- and off-balance sheet in- and outflows and results in available liquidity after stress.

In line with the defined liquidity risk appetite, we aim to maintain a global level of available liquidity of € 600 million at all times. At 31 December 2018, available liquidity both within the stressed 8-week horizon and after a stressed 12-month period, were significantly above the threshold.

Liquidity risk is an area of lesser concern for DWS Group due to the cash generating nature of our business and the conservative funding profile of our balance sheet. We principally fund our business through equity and cash generated by our operations. We may, however, raise debt funding to address specific funding demands that may arise as part of growing the business.

As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with risk appetite. This includes maintaining a funding plan to specifically assess upcoming funding demands and source to inter alia accommodate prospective seed- and co- investments within the respective limits.

To diversify our funding and access to liquidity, we have put in place an undrawn multicurrency revolving credit facility ('RCF') in the amount of € 500 million for general corporate purposes. The RCF was implemented in March 2018 and is available for utilization by way of loans with an original final maturity of five years.

The following tables present an analysis of our contractual undiscounted cash flows of liabilities based upon earliest legally exercisable maturity as of December 31, 2018. The positions are largely stable compared to December 31, 2017.

Maturity analysis of the earliest contractual undiscounted cash flow of financial liabilities

						Dec 31, 2018
in € m.	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Trading liabilities	9	0	0	0	0	9
Negative market values from derivatives financial instruments	91	0	0	0	0	91
Investment contract liabilities	0	0	512	0	0	512
Other short-term borrowings	26	0	0	0	0	26
Long-term debt	0	0	0	5	0	5
Other financial liabilities	2,836	0	0	0	0	2,837
Off-balance sheet commitments	51	0	14	0	0	65
Total	**3,014**	**0**	**527**	**5**	**0**	**3,546**

in € m.	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Combined Dec 31, 2017 Total
Interest bearing deposits	3	0	0	0	0	3
Trading liabilities	14	0	0	0	0	14
Negative market values from derivatives financial instruments	125	0	0	0	0	125
Investment contract liabilities	0	0	574	0	0	574
Other short-term borrowings	91	0	17	0	0	107
Long-term debt	0	0	1	9	0	10
Other financial liabilities	2,320	132	6	0	0	2,459
Off-balance sheet commitments	46	0	0	0	0	46
Total	**2,599**	**132**	**597**	**9**	**0**	**3,339**

Of the € 3,546 million liabilities, € 2,272 million comprise consolidated funds and brokerage and securities related payables. These are linked to offsetting assets or receivables with identical maturity. The remainder of € 1,274 million covers payables resulting from operational business activities and a provision for guaranteed funds shortfall. These positions are monitored and accounted for in our liquidity risk framework.

Risk Diversification and Concentration

Risk Concentrations

Risk concentrations refer to clusters of the same or similar risk drivers within specific risk types (intra-risk concentrations in operational, credit, market, liquidity and other risks). They could occur within and across counterparties, businesses, regions/countries, industries and products. The management of concentrations is integrated as part of the management of individual risk types (e.g. operational, credit, market, liquidity risk management) and monitored on an ongoing basis, with the key objective to avoid any risk concentrations. This is supported by limit setting on different levels and/or management according to risk type.

Risk Type Diversification Benefit

The risk type diversification benefit quantifies diversification effects between operational, credit, market and strategic risk in the capital adequacy assessments. To the extent correlations between these risk types fall below 1.0, a risk type diversification benefit results. The calculation of the risk type diversification benefit is intended to ensure that the standalone capital for the individual risk types are aggregated in an economically meaningful way.

Fiduciary Risk

While non-financial, market, credit, strategic and liquidity risk management are focusing on risk management for the firm, the scope of Fiduciary Risk Management are investors' portfolios in line with fiduciary obligations.

Fiduciary Risk in Traditional Asset Classes

Market Risk Management

The market risk management process identifies, assess, mitigates and monitors material market risks of the investment portfolios. Both the specific risk of the individual positions and the overall risk of the portfolio are considered – aimed at protecting investor assets and interests.

Identification and Assessment: The relevant quantitative factors for market risks are interest rate, credit, credit spread, equity, foreign exchange, volatility, commodity and inflation risk.

Mitigation and Monitoring: The basic quantitative methods are ongoing monitoring of global market risk exposure via value at risk or commitment approach, ongoing back testing, regular stress testing, calculation and monitoring of leverage. Internal warning thresholds are implemented for the relevant criteria. Appropriate thresholds are defined and consumption of the capacity within limits is reported to portfolio management. Indications for high probability of a limit breach trigger immediate escalation and mitigation actions.

Liquidity Risk Management

Liquidity risk is defined as the risk arising from potential inability to meet investor redemptions or other liquidity demands. Hence, the liquidity risk management framework considers both the specific liquidation risk of the individual positions as well as the overall ability of the portfolio to generate liquidity.

Identification and Assessment: The investment portfolio liquidity risk management process considers key aspects such as investor redemptions, liquidation periods and costs. In addition, portfolio specific profiles such as investment guidelines, portfolio strategy as well as margin calls and collateral are taken into account. A fund's liquidity risk is being measured by comparing the asset liquidity with possible liquidity needs, i.e. the ability to generate cash by selling assets to cover potential expected outflows. The asset liquidity is measured by estimating the percentage of each position which can be sold within a defined time frame without substantial loss and without significant market impact and aggregated at the fund level. The liquidity demand is calculated applying a historical Redemption-at-Risk approach if applicable or elsewise by a default scenario. In addition, liquidity stress tests simulate asset sales under stressed conditions, e.g. decreasing market depth (volume), increasing liquidation costs (bid/ask) and/or atypical redemption requests (stressed outflows).

Monitoring and Mitigation: Risk monitors the liquidity limit utilization defined as the excess liquidity after deducting potential outflows from available fund liquidity. Appropriate thresholds are defined and consumption of the capacity within limits is reported to portfolio management. Indications for high probability of a limit breach trigger immediate escalation and mitigation actions.

Fiduciary Risk in Alternatives

Whereas market prices are available on a daily basis for traditional assets, alternative assets are in most cases much more illiquid, or prices are not directly observable at all. In these cases, regular valuations take place. In order to reflect illiquidity in Risk Management accordingly, measurement and control processes are based on monthly or quarterly rather than on daily frequency. Alternatives Risk Management is conducted according to asset class specific policies which are along with the pro-cess regularly reviewed.

Investment Risk Management

The methodology for the Alternative risk management requires the involvement of our expertise in the asset acquisition/divestment process, credit analysis where appropriate, regular stress testing and calculation and monitoring of leverage, where applicable.

We have defined an appropriate catalogue of criteria which are observed in order to measure risk. This catalogue differs among the different sub-asset classes in Alternatives, e.g. real estate, debt, private equity, fund of funds and collateralized loan obligations (CLOs). Warning thresholds are established and consumption reported regularly to management.

Identification of Risk in Alternatives

The Risk Management function is responsible for identifying the material risks of the portfolios, which is defined as the risk of decreasing market values of the positions in the portfolios. This risk is considered material, if it would lead to a significant loss for the investor with a sufficient probability. Due to changing market conditions and volatilities as well as trading activities, the market risk for a given portfolio is changing over time. The relevant risks to be taken into account are as well traditional market risks, and risks specific to assets in the Alternatives range:

- Interest rate risk
- FX risk
- Volatility risk
- Commodity risk
- Inflation risk
- Real estate risk
- Credit risk

Internal warning thresholds are implemented for the relevant criteria at level of the individual asset (or contract) and at level of the entire portfolio. Levels close to the warning threshold of the portfolio are being regularly discussed and flagged to the respective Alternatives Investment Committees or Boards of the Management Companies, whereas individual assets are being monitored separately. The monitoring of individual assets may be triggered by reaching internal warning thresholds or by violation of contractually defined limits. If such case occurs, an asset is included in a watch list jointly overseen by Portfolio Management and Risk Management, which triggers regularly monitoring, and decision on mitigating action with regard to the items on the watch list. If investments further deteriorate, specialists for work-out or other stress scenarios will be involved.

Liquidity Risk Management

Liquidity risk is the risk arising from potential inability to meet investor redemptions or other liquidity demands within a requested time period (liquidation period). Liquidity risk arises due to expected or unexpected investor redemption or other liabilities for payment such as settlements of foreign exchange forward transactions or margin calls which have to be met by the current cash positions or by selling assets to generate cash. Hence the liquidity risk management framework considers both, the specific liquidation risk of the individual investments and the overall risk of the portfolio to generate liquidity. Within the product range of Alternatives, open ended funds and closed end funds require a different kind of liquidity risk management.

Identification and Assessment: Measurement of the liquidity risk compares possible liquidity needs with asset liquidity and is summarized in a liquidity profile, which aggregates available liquidity by time buckets, taking into account the time it takes to liquidate assets. In addition, Risk defines further internal limits where appropriate.

Mitigation and Monitoring: Liquidity risk primarily affects open end funds and is addressed by respective provisions within the funds. We monitor frequently the liquidity limit utilization. Appropriate thresholds are defined and consumption of the capacity within limits is reported to the relevant levels of management. Indications for high probability of a limit breach trigger immediate escalation and mitigation actions.

Counterparty Risk

Counterparty Risk relates to the potential losses arising when a counterparty cannot (or does not) fulfil its obligation in a transaction. In the context of DWS, counterparties are typically 3rd party with direct market access (broker) or derivative counterparties.

Counterparty risks are identified via market signals (e.g. credit spreads, swap rates, ratings, investment grade rating) as well as by the regular review of counterparty limits for approved counterparties. Each counterparty must be rated and each rating has to be reviewed regularly. Monitoring and escalation of limit excesses ensures appropriate oversight. Additionally, ISDA or ISDA like agreements typically include counterparty downgrade triggers, requiring collateralisation or termination, to protect our clients.

Compensation Report

Executive Board Compensation

Compensation Governance

DWS Management GmbH is the General Partner of the DWS KGaA. As such, it is responsible for the management of the business of the DWS KGaA. The Shareholders' Meeting of the General Partner is responsible for the compensation policy of the Executive Board of DWS Management GmbH as well as for determining their level and structure of remuneration. The variable compensation of each Executive Board member is concluded by the Shareholders' Meeting of the General Partner based on a proposal from the Joint Committee of DWS KGaA. The Joint Committee currently consists of two members delegated by the Shareholders' Meeting of the General Partner (two members of the Management Board of Deutsche Bank) and two external members delegated by the shareholder representatives on the Supervisory Board.

Four Executive Board members with responsibility for the Investment and Coverage business have, in addition to their service contracts with DWS Management GmbH, another service contract with a subsidiary of DWS Group. The Shareholders' Meeting of the General partner is solely responsible for the compensation policy and individual compensation relating to the DWS Management GmbH. Accordingly, the Executive Board compensation report focuses on the compensation policy and the system applicable to the Executive Board members in their role as Executive Board members of DWS Management GmbH. However and for reasons of transparency, the total compensation of the Executive Board members include both the compensation received from DWS Management GmbH as well as from subsidiaries of DWS Group consolidated in the Group financial statements.

Compensation Policy

The Executive Board of DWS Management GmbH is responsible for the steering and oversight of the entire DWS Group and contributes to the long-term success of DWS Group. The Executive Board therefore requires an appropriate compensation system to support sustainable corporate development in line with the shareholders interest. The results and successes within the comparative environment are also taken into account.

When structuring the compensation system and determining individual compensation, various factors have been taken into account:

DWS Group Strategy: The strategy of DWS Group forms the basis for the definition of the objectives. The degree of achievement of these objectives determines the level of compensation.

Sustainability: Long-term objectives and performance parameters as well as variable compensation granted on a deferral basis guarantee sustainable work on further success and business development.

Shareholder Value: Clearly defined financial key figures directly linked to the performance of DWS Group are the basis of the defined compensation and therefore ensure a close link between the interest of both the shareholders and the Executive Board members.

Compliance: The structure of the system and the determination of the individual compensation comply with all statutory and regulatory requirements.

Motivation: Ambitious and motivating individual objectives and appropriate consideration of the responsibilities and duties of the individual and of the Executive Board as a whole support a successful and dynamic environment.

Customary and competitiveness: When designing the structure, a compensation package is offered that is competitive and in line with the peer environment which means international Asset Managers as well as listed companies in Germany.

Following the requirements of the German Remuneration Ordinance of Institutions (Institutsvergütungsverordnung - InstVV) the members of the Executive Board have been identified as Deutsche Bank Group Material Risk Takers (InstVV MRTs) and as AIFMD/UCITS V Material Risk Takers (AIFMD/UCITS V MRTs) following their responsibilities for the management companies in DWS Group subject to the EU Directives that undertake Alternative Investment Fund Managers (AIFMs) and Undertakings for Collective Investment in Transferable Securities V (UCITS V). Remuneration provisions stipulated in these regimes have been considered when passing resolutions on the structure and determination of compensation.

Compensation Structure

The compensation system applicable since March 2018 consists of non-performance related (fixed) and performance-related (variable) components.

Non-performance related component

The fixed compensation comprises a base salary, contributions to a pension plan and additional benefits.

The base salary reflects both, the scope of the responsibility of the position as well as the relevant market conditions. It amounts to € 2,400,000 per year for the Chairman of the Executive Board and between € 950,000 and € 1,250,000 per year for the other Executive Board members. It is paid in twelve equal monthly instalments.

Furthermore, all Executive Board Members are entitled to additional benefits. They consist of contributions to insurance policies, participation in medical check-ups and – for Executive Board members based in Germany – a company car option on the basis of the applicable Company Car Policy of Deutsche Bank Group. The availability and individual utilization of these additional benefits may vary by location and individual circumstances.

In addition, the Executive Board members receive an annual contribution to a defined contribution pension plan. Every year and for full-time employment, an amount of € 90,000 – based on a fiscal year – is paid into the Pension Plan (annual contribution). The annual contribution is invested in selected investment funds. Furthermore, an additional risk contribution of € 10,000 is provided annually to cover premature pension cases. The sum of the market values of the investments form the pension amount available to be paid as pension benefit in case of a pension event (age limit, disability or death). Executive Board members outside Germany receive a pension allowance up to a maximum amount of € 90,000 – based on a fiscal year - instead of the pension plan commitment.

Performance-related component

The entire variable compensation is performance-related.

The variable performance-related compensation is linked to previously agreed objectives. The objectives are established at the beginning of a financial year by the Shareholders´ Meeting of the General Partner as starting point of the annual objective setting process. At year end, the level of achievement of each objective is determined based on the assessment of financial figures and/or other assessment criteria.

The following performance parameters play a key role in measuring performance:

- the individual contribution of each Executive Board member,
- the results of the relevant business unit,
- the business development of DWS Group,
- and the business development of Deutsche Bank Group.

To clearly distinguish long-term from short-term as well as collective from individual objectives, the performance-related compensation consists of the following two components:

The Short-Term Award (STA) and the Long-Term Award (LTA).

Short-Term Award (STA)

The performance criteria of the STA consist of short-term collective and individual objectives.

Collective Objectives

Due to regulatory requirements, the overall performance of Deutsche Bank Group must also be taken into account when determining the variable compensation. For this reason, short-term collective objectives are linked to the Deutsche Bank Group strategy and performance. In accordance with this strategy, four performance metrics constituting important indicators for the capital, risk, cost and return profile of Deutsche Bank form the reference value for the Deutsche Bank Group component of the STA:

- **Common Equity Tier 1 (CET 1) capital ratio (fully loaded):** The Common Equity Tier 1 Ratio of Deutsche Bank in relation to risk-weighted assets.

- **Leverage ratio:** Deutsche Bank's Tier 1 capital as a percentage of its total leverage exposure pursuant in line with CRR/CRD 4.
- **Adjusted costs:** Total noninterest expenses, excluding restructuring and severance, litigation, impairment of goodwill and other intangibles of Deutsche Bank.
- **Post-tax return on tangible equity (RoTE):** Net income (or loss) attributable to Deutsche Bank shareholders as a percentage of average intangible shareholder' equity. The latter is the shareholder's equity on Deutsche Bank's balance sheet, excluding goodwill and other intangible assets.

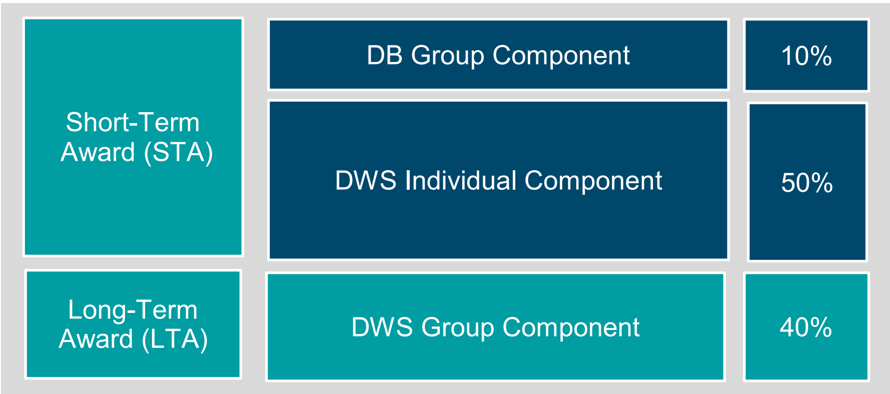
The four objectives above are equally weighted at 25% of the target figure for the Deutsche Bank Group component of the STA. The Deutsche Bank Group component constitutes a portion of 10% of the total variable compensation.

Individual Objectives

In addition, the STA rewards the achievement of individual objectives. These objectives are concluded by the Shareholders' Meeting of the General Partner as part of the annual objective setting process for the respective financial year. The objectives are designed to contribute to the overall strategy of DWS Group but also focus on the respective area of responsibility of each Executive Board member. Financial as well as non-financial aspects are taken into account, e.g. revenue developments, project related objectives or other developments, e.g. employee or client satisfaction.

Corresponding assessment criteria are set for all individual objectives to enable the Joint Committee to prepare proposals and the Shareholders' Meeting of the General Partner to finally resolve the achievement level of each objective. The sum of all individual objectives amounts to 50% of the target figure of the total variable compensation.

Variable Compensation (VC)



Long-Term Award (LTA)

The LTA consists of the DWS Group component linked to the achievement of long-term collective objectives. In accordance with the strategy of the DWS Group, four selected performance measures constituting important indicators for the performance, cash generation capacity and the growth of the business and brand of DWS form the reference value for the DWS Group component:

- Management Fee Margin
- Net flows Assets under Management (AuM)
- Adjusted Cost-Income ratio (CIR)
- "Culture & Client Factor"

as defined under Key Performance Indicator in chapter "Introduction to DWS Group". In the context of "Culture & Client", an objective is set which is linked to corporate culture, client satisfaction and dealing with clients. This objective is linked to the sustainable development of the internal environment or designed to foster the development of the relationship to clients. As for the 2018 financial year, the evaluation of the control environment was set as "Culture & Client" objective for the Executive Board members.

The above four objectives are equally weighted at 25% of the target figure for the DWS Group component. This target figure amounts to 40% of the total variable compensation.

Maximum Compensation

The total compensation of an Executive Board member is subject to additional caps. Due to regulatory requirements, the variable compensation is capped at 200% of the fixed compensation. In addition, the Shareholders' Meeting of the General Partner set a cap of € 9.85 million for the overall total compensation for the 2018 financial year.

The allocation of the objectives to each component and the weighting is set out below.

	Relevant Indicators	Relative Weight
Short-Term Award (STA)	**DB Group component**	
	CET1 ratio	25%
	Leverage ratio	25%
	Adjusted non-interest expenses	25%
	Post-tax return on tangible equity (RoTE)	25%
	DWS Individual component (exemplary)	
	Deliver efficiencies through cost reduction and process improvements	33.34%
	Project-related objectives	33.33%
	Employee Commitment Index	33.33%
Long-Term Award (LTA)	**DWS Group Component**	
	Management fee margins	25%
	Net flows in % of BoP AuM	25%
	Adjusted CIR	25%
	"Culture & Client Factor" (e.g. Control environment grade DWS)	25%

Long-Term Incentive and Sustainability

According to InstVV, the relevant remuneration provision stated in AIFMD/UCITS V and in line with the Deutsche Bank Group policies for InstVV regulated staff, at least 60% of the total variable compensation for the Executive Board members must be granted on a deferred basis. Not less than half of this deferred portion must comprise equity-based compensation components, while the remaining portion might be granted as deferred cash compensation. Both compensation components must be deferred over a multi-year period which, for the equity-based compensation components, must be followed by a retention period. During the period until payments, the compensation portions awarded on a deferred basis may be forfeited. At least half of the non-deferred portion must also consist of equity-based compensation components and only the remaining portion may be paid out directly in cash. Of the total variable compensation, no more than a maximum of 20% may be paid out in cash immediately, while at least 80% are paid at a later date.

Overview on Award Types

Award Type	Description	Deferral Period	Retention Period	Proportion
Cash VC	Upfront cash proportion	N/A	N/A	50 % of the upfront VC
DWS Equity Upfront Award ("DWS EUA")	Upfront equity proportion (cash settled): The value of the EUA is linked to DWS' share price	N/A	12 months	50 % of the upfront VC
DWS Restricted Incentive Award ("DWS RIA")	Non-equity based portion (deferred cash compensation)	Pro rata vesting over five years	N/A	50 % of deferred VC
DWS Restricted Equity Award ("DWS REA")	Deferred equity portion (cash settled): The value of the REA is linked to DWS' share price over the vesting and retention period	Pro rata vesting over five years	12 months	50 % of deferred VC

The DWS Restricted Incentive Awards as well as the DWS Restricted Equity Awards vest in equal tranches over a period of five years. Each tranche of the DWS Equity Award is subject to an additional retention period of one year after vesting. During the deferral and retention period, the value of the Restricted Equity Awards is linked to the DWS' share price and is therefore tied to the sustained performance of the DWS Group. Specific forfeiture provisions apply for DWS Restricted Incentive Awards and DWS Restricted Equity Awards during the deferral and retention period.

Forfeiture Conditions / Clawback Provisions

As some of the compensation components are deferred or spread out over several years (Restricted Incentive Awards and Restricted Equity Awards) certain forfeiture conditions are applicable until vesting or the end of the retention periods, in order to create a long-term incentive. Awards may be fully or partially forfeited, for example, due to individual misconduct (including a breach of regulations) or termination for cause, and also due to a negative DWS Group result or individual negative contributions to results. In addition, the Awards will be forfeited completely if minimum requirements for the core capital ratio or for the capital adequacy ratio of DWS Group are not met during defined periods.

In addition Deutsche Bank Group performance conditions[3] apply to the awards following the InstVV MRT status of the members of the Executive Board. Furthermore based on the InstVV regulation so-called “clawback provisions” are to be agreed with the InstVV MRTs. Contrary to the forfeiture conditions, this clause allows the Shareholders’ Meeting of the General Partner to reclaim already paid out variable compensation components in response to specific individual negative contributions to results made by the Executive Board member. The clawback clauses have been agreed with the Executive Board members in their service contracts and apply for the 2018 performance year.

Other Benefits upon early termination

The Executive Board members are in principle entitled to receive a severance payment upon early termination of their appointment at the initiative of the Shareholders´ Meeting of the General Partner, provided the Shareholders´ Meeting of the General Partner is not entitled to revoke the appointment or give notice under the contractual agreement for cause. The circumstances of the early termination of the appointment and the length of service on the Executive Board are to be taken into account when determining the amount of the severance payment. The severance payment, as a rule, is two annual compensation amounts and is limited to the claims to compensation for the remaining term of the contract. The calculation of the severance payment is based on the annual compensation for the previous financial year and on the expected annual compensation for the current financial year, if applicable. The severance payment is determined in accordance with the statutory and regulatory requirements, in particular with the provisions of the InstVV.

Miscellaneous

Deutsche Bank Group provides a Directors’ and Officer´s Liability Insurance (D&O insurance) to the Executive Board members.

[3] For further information on the DB Group performance conditions please refer to DB Group Annual Report.

Executive Board Compensation for the 2018 Financial Year

Compensation in accordance with the German Corporate Governance Codex

In the 2018 financial year, the compensation for the members of the Executive Board for the performance of their duties for and on behalf of DWS Group and its subsidiaries in accordance with the requirements of section 4.2.5 paragraph 3 of the GCGC is provided below. This comprises the benefits granted for the year under review including the fringe benefits and pension service costs, and including the minimum, target and maximum achievable compensation for variable compensation components. In addition, the disbursals of fixed and variable compensation in the year under review are reported. The compensation is quoted pro rata temporis for the time as a member of the Executive Board in the 2018 financial year.

The following table provides the compensation granted for the 2018 financial year according to GCGC:

	Dr Asoka Woehrmann[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	400,000	400,000	400,000	400,000
Fringe benefits	1,136	1,136	1,136	1,136
Total	**401,136**	**401,136**	**401,136**	**401,136**
Variable compensation	588,000	600,000	0	800,000
thereof:				
Cash	117,600	120,000	0	160,000
Equity Upfront Awards	117,600	120,000	0	160,000
Restricted Incentive Awards	176,400	180,000	0	240,000
Restricted Equity Awards	176,400	180,000	0	240,000
Total	**588,000**	**600,000**	**0**	**800,000**
Pension service costs	16,006	16,006	16,006	16,006
Total compensation (GCGC)	**1,005,142**	**1,017,142**	**417,142**	**1,217,142**
Total compensation[2]	**988,000**	**1,000,000**	**400,000**	**1,200,000**

[1] Member since October 25, 2018.
[2] Without fringe benefits and pension service costs.

	Pierre Cherki[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	416,667	416,667	416,667	416,667
Fringe benefits	61,013	61,013	61,013	61,013
Total	**477,680**	**477,680**	**477,680**	**477,680**
Variable compensation	498,750	583,333	0	916,667
thereof:				
Cash	99,750	116,667	0	183,333
Equity Upfront Awards	99,750	116,667	0	183,333
Restricted Incentive Awards	149,625	175,000	0	275,000
Restricted Equity Awards	149,625	175,000	0	275,000
Total	**498,750**	**583,333**	**0**	**916,667**
Pension service costs	0	0	0	0
Total compensation (GCGC)	**976,430**	**1,061,013**	**477,680**	**1,394,346**
Total compensation[2]	**915,417**	**1,000,000**	**416,667**	**1,333,333**

[1] Member since March 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Cherki received a total compensation (GCGC) of € 1,404,805 (for conversion purposes from EUR into USD the year-end exchange rate of 1.1446 applies).
[2] Without fringe benefits and pension service costs.

	Mark Cullen[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	104,167	104,167	104,167	104,167
Fringe benefits	7,500	7,500	7,500	7,500
Total	**111,667**	**111,667**	**111,667**	**111,667**
Variable compensation	110,438	129,167	0	193,750
thereof:				
Cash	22,088	25,833	0	38,750
Equity Upfront Awards	22,088	25,833	0	38,750
Restricted Incentive Awards	33,131	38,750	0	58,125
Restricted Equity Awards	33,131	38,750	0	58,125
Total	**110,438**	**129,167**	**0**	**193,750**
Pension service costs	0	0	0	0
Total compensation (GCGC)	**222,105**	**240,833**	**111,667**	**305,417**
Total compensation[2]	**214,605**	**233,333**	**104,167**	**297,917**

1 Member since December 1, 2018.
2 Without fringe benefits and pension service costs.

	Jonathan Eilbeck[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	833,333	833,333	833,333	833,333
Fringe benefits	76,951	76,951	76,951	76,951
Total	**910,284**	**910,284**	**910,284**	**910,284**
Variable compensation	625,000	833,333	0	1,250,000
thereof:				
Cash	125,000	166,667	0	250,000
Equity Upfront Awards	125,000	166,667	0	250,000
Restricted Incentive Awards	187,500	250,000	0	375,000
Restricted Equity Awards	187,500	250,000	0	375,000
Total	**625,000**	**833,333**	**0**	**1,250,000**
Pension service costs	0	0	0	0
Total compensation (GCGC)	**1,535,284**	**1,743,618**	**910,284**	**2,160,284**
Total compensation[2]	**1,458,333**	**1,666,667**	**833,333**	**2,083,333**

1 Member from March 1 until November 30, 2018 / contract termination on December 31, 2018.
2 Without fringe benefits and pension service costs.

	Dirk Goergen[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	31,667	31,667	31,667	31,667
Fringe benefits	0	0	0	0
Total	**31,667**	**31,667**	**31,667**	**31,667**
Variable compensation	14,250	16,667	0	26,667
thereof:				
Cash	2,850	3,333	0	5,333
Equity Upfront Awards	2,850	3,333	0	5,333
Restricted Incentive Awards	4,275	5,000	0	8,000
Restricted Equity Awards	4,275	5,000	0	8,000
Total	**14,250**	**16,667**	**0**	**26,667**
Pension service costs	7,060	7,060	7,060	7,060
Total compensation (GCGC)	**52,977**	**55,393**	**38,727**	**65,393**
Total compensation[2]	**45,917**	**48,333**	**31,667**	**58,333**

1 Member since December 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Goergen received a total compensation (GCGC) of € 81,442.
2 Without fringe benefits and pension service costs.

	Robert Kendall[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	333,333	333,333	333,333	333,333
Fringe benefits	62,678	62,678	62,678	62,678
Total	**396,011**	**396,011**	**396,011**	**396,011**
Variable compensation	335,417	416,667	0	583,333
thereof:				
Cash	67,083	83,333	0	116,667
Equity Upfront Awards	67,083	83,333	0	116,667
Restricted Incentive Awards	100,625	125,000	0	175,000
Restricted Equity Awards	100,625	125,000	0	175,000
Total	**335,417**	**416,667**	**0**	**583,333**
Pension service costs	0	0	0	0
Total compensation (GCGC)	**731,428**	**812,678**	**396,011**	**979,345**
Total compensation[2]	**668,750**	**750,000**	**333,333**	**916,667**

[1] Member since March 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Kendall received a total compensation (GCGC) of € 1,040,556 (for conversion purposes from EUR into USD the year-end exchange rate of 1.1446 applies).
[2] Without fringe benefits and pension service costs.

	Stefan Kreuzkamp[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	416,667	416,667	416,667	416,667
Fringe benefits	718	718	718	718
Total	**417,385**	**417,385**	**417,385**	**417,385**
Variable compensation	498,750	583,333	0	916,667
thereof:				
Cash	99,750	116,667	0	183,333
Equity Upfront Awards	99,750	116,667	0	183,333
Restricted Incentive Awards	149,625	175,000	0	275,000
Restricted Equity Awards	149,625	175,000	0	275,000
Total	**498,750**	**583,333**	**0**	**916,667**
Pension service costs	34,289	34,289	34,289	34,289
Total compensation (GCGC)	**950,424**	**1,035,007**	**451,674**	**1,368,340**
Total compensation[2]	**915,417**	**1,000,000**	**416,667**	**1,333,333**

[1] Member since March 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Kreuzkamp received a total compensation (GCGC) of € 1,333,767.
[2] Without fringe benefits and pension service costs.

	Thorsten Michalik[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	333,333	333,333	333,333	333,333
Fringe benefits	146	146	146	146
Total	**333,479**	**333,479**	**333,479**	**333,479**
Variable compensation	250,000	333,333	0	500,000
thereof:				
Cash	50,000	66,667	0	100,000
Equity Upfront Awards	50,000	66,667	0	100,000
Restricted Incentive Awards	75,000	100,000	0	150,000
Restricted Equity Awards	75,000	100,000	0	150,000
Total	**250,000**	**333,333**	**0**	**500,000**
Pension service costs	30,255	30,255	30,255	30,255
Total compensation (GCGC)	**613,734**	**697,068**	**363,734**	**863,734**
Total compensation[2]	**583,333**	**666,667**	**333,333**	**833,333**

[1] Member from March 1 until November 30, 2018 / contract termination on December 31, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Michalik received a total compensation (GCGC) of € 982,639.
[2] Without fringe benefits and pension service costs.

	Nicolas Moreau[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	1,416,667	1,416,667	1,416,667	1,416,667
Fringe benefits	32	32	32	32
Total	**1,416,699**	**1,416,699**	**1,416,699**	**1,416,699**
Variable compensation	1,500,000	2,083,333	0	3,833,333
thereof:				
Cash	300,000	416,667	0	766,667
Equity Upfront Awards	300,000	416,667	0	766,667
Restricted Incentive Awards	450,000	625,000	0	1,150,000
Restricted Equity Awards	450,000	625,000	0	1,150,000
Total	**1,500,000**	**2,083,333**	**0**	**3,833,333**
Pension service costs	607,093	607,093	607,093	607,093
Total compensation (GCGC)	**3,523,792**	**4,107,125**	**2,023,792**	**5,857,125**
Total compensation[2]	**2,916,667**	**3,500,000**	**1,416,667**	**5,250,000**

1 Member from March 1 until October 25, 2018 / contract termination on December 31, 2018. The table above sets out the compensation granted by DWS Management GmbH. The compensation granted for Mr. Moreau´s time as a member of the Management Board of Deutsche Bank Group is disclosed in the annual report of Deutsche Bank Group.
2 Without fringe benefits and pension service costs.

	Claire Peel[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	791,667	791,667	791,667	791,667
Fringe benefits	75,091	75,091	75,091	75,091
Total	**866,758**	**866,758**	**866,758**	**866,758**
Variable compensation	460,417	416,667	0	666,667
thereof:				
Cash	92,083	83,333	0	133,333
Equity Upfront Awards	92,083	83,333	0	133,333
Restricted Incentive Awards	138,125	125,000	0	200,000
Restricted Equity Awards	138,125	125,000	0	200,000
Total	**460,417**	**416,667**	**0**	**666,667**
Pension service costs	0	0	0	0
Total compensation (GCGC)	**1,327,175**	**1,283,424**	**866,758**	**1,533,424**
Total compensation[2]	**1,252,084**	**1,208,333**	**791,667**	**1,458,333**

1 Member since March 1, 2018.
2 Without fringe benefits and pension service costs.

	Nikolaus von Tippelskirch[1]			
	2018			
in €	Determined	Target	Min	Max
Fixed compensation (base salary)	791,667	791,667	791,667	791,667
Fringe benefits	7,493	7,493	7,493	7,493
Total	**799,160**	**799,160**	**799,160**	**799,160**
Variable compensation	356,250	416,667	0	666,667
thereof:				
Cash	71,250	83,333	0	133,333
Equity Upfront Awards	71,250	83,333	0	133,333
Restricted Incentive Awards	106,875	125,000	0	200,000
Restricted Equity Awards	106,875	125,000	0	200,000
Total	**356,250**	**416,667**	**0**	**666,667**
Pension service costs	85,723	85,723	85,723	85,723
Total compensation (GCGC)	**1,241,133**	**1,301,549**	**884,883**	**1,551,549**
Total compensation[2]	**1,147,917**	**1,208,333**	**791,667**	**1,458,333**

1 Member since March 1, 2018.
2 Without fringe benefits and pension service costs.

In summary, within the scope of DWS Management GmbH contracts, the members of the Executive Board were granted compensation including fringe benefits and pension service costs in the amount of € 12,179,623. Within the scope of other service contracts with subsidiaries of DWS Group, the members of the Executive Board were granted compensation including fringe benefits and pension service costs in the amount of € 4,843,209.

The following tables provide the compensation disbursals in the 2018 financial year according to GCGC

	Dr Asoka Woehrmann[1]	Pierre Cherki[2]	Mark Cullen[3]	Jonathan Eilbeck[4]	Dirk Goergen[5]	Robert Kendall[6]
in €	2018	2018	2018	2018	2018	2018
Fixed compensation	400,000	416,667	104,167	833,333	31,667	333,333
Fringe benefits	1,136	61,013	7,500	76,951	0	62,678
Total	**401,136**	**477,680**	**111,667**	**910,284**	**31,667**	**396,011**
Variable compensation	117,600	99,750	22,088	125,000	2,850	67,083
thereof Cash:	117,600	99,750	22,088	125,000	2,850	67,083
Total	**117,600**	**99,750**	**22,088**	**125,000**	**2,850**	**67,083**
Pension service costs	16,006	0	0	0	7,060	0
Total compensation (GCGC)	**534,742**	**577,430**	**133,754**	**1,035,284**	**41,577**	**463,095**

[1] Member since October 25, 2018.
[2] Member since March 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Cherki received a total compensation (GCGC) of € 832,564 (for conversion purposes from EUR into USD the year-end exchange rate of 1.1446 applies).
[3] Member since December 1, 2018.
[4] Member from March 1 until November 30, 2018 / contract termination on December 31, 2018.
[5] Member since December 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Goergen received a total compensation (GCGC) of € 62,832.
[6] Member since March 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Kendall received a total compensation (GCGC) of € 650,341 (for conversion purposes from EUR into USD the year-end exchange rate of 1.1446 applies).

	Stefan Kreuzkamp[7]	Thorsten Michalik[8]	Nicolas Moreau[9]	Claire Peel[10]	Nikolaus von Tippelskirch[11]
in €	2018	2018	2018	2018	2018
Fixed compensation	416,667	333,333	1,416,667	791,667	791,667
Fringe benefits	718	146	32	75,091	7,493
Total	**417,385**	**333,479**	**1,416,699**	**866,758**	**799,160**
Variable compensation	99,750	50,000	300,000	92,083	71,250
thereof Cash:	99,750	50,000	300,000	92,083	71,250
Total	**99,750**	**50,000**	**300,000**	**92,083**	**71,250**
Pension service costs	34,289	30,255	607,093	0	85,723
Total compensation (GCGC)	**551,424**	**413,734**	**2,323,792**	**958,841**	**956,133**

[7] Member since March 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Kreuzkamp received a total compensation (GCGC) of € 808,967.
[8] Member from March 1 until November 30, 2018 / contract termination on December 31, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of DWS Group (60% working time allocation), Mr. Michalik received a total compensation (GCGC) of € 682,639.
[9] Member from March 1 until October 25, 2018 / contract termination on December 31, 2018. The table above sets out compensation disbursals by DWS Management GmbH. The compensation disbursals for Mr. Moreau´s time as a member of the Management Board of Deutsche Bank Group are disclosed in the annual report of Deutsche Bank Group.
[10] Member since March 1, 2018.
[11] Member since March 1, 2018.

In summary, within the scope of DWS Management GmbH contracts, the members of the Executive Board received compensation disbursals in the amount of € 7,989,805. Within the scope of other service contracts with subsidiaries of DWS Group, the members of the Executive Board received compensation disbursals in the amount of € 3,037,343.

Other Benefits upon early termination

In 2018, three Executive Board Members left the Company. Nicolas Moreau left with effect from October 25, 2018. Jonathan Eilbeck and Thorsten Michalik left with effect from November 30, 2018. The respective Executive Board service contracts were terminated by mutual agreement. On the basis of the termination agreements with DWS Management GmbH, severance payments in the amount of € 12,100,000 were agreed. A pension entitlement which was not vested at the time of the termination of the Executive Board membership was paid in the form of a cash compensation.

Compensation in accordance with the German Accounting Standard No. 17 (GAS 17)

In accordance with the requirements of the GAS 17, the members of the Executive Board collectively received in the 2018 financial year compensation totalling € 13,886,618. Of that, € 3,747,303 was for equity-based components.

Compensation for Supervisory Board Members

The compensation for members of the Supervisory Board is set forth in the Articles of Association of DWS KGaA. Any amendment of the Articles of Association requires a resolution of the General Meeting of DWS KGaA.

The members of the Supervisory Board receive a fixed annual compensation ("Supervisory Board Compensation"). The annual base compensation amounts to € 85,000 for each member, the Chairperson of the Supervisory Board receives twice that amount and the Deputy Chairperson one and a half times that amount.

Members and the Chairpersons of the Committees of the Supervisory Board are paid an additional fixed annual compensation as follows:

in €	Chairperson	Member
Audit & Risk Committee	40,000	20,000
Nomination Committee	20,000	15,000
Remuneration Committee	20,000	15,000

The Supervisory Board Compensation is disbursed within the first three months of the following year.

In case of a change in the composition of the Supervisory Board during the year, the compensation for the financial year will be paid on a pro rata basis, rounded up / down to full months.

DWS KGaA reimburses the members of the Supervisory Board for the cash expenses they incur in the performance of their office, including any value added tax (VAT) on their compensation and reimbursements of expenses. Furthermore, any employer contributions to social security schemes that may be applicable under foreign law to the performance of their work on the Supervisory Board shall be paid for each member of the Supervisory Board affected. Finally, the Chairman of the Supervisory Board will be reimbursed appropriately for travel expenses incurred in performing representative tasks due to his role.

In the interest of DWS KGaA, the members of the Supervisory Board will be included in an appropriate amount, with a deductible, in any financial liability insurance policy held by the DWS KGaA. The premiums for this are paid by the company.

Individual members of the Supervisory Board received the following compensation for the financial year 2018 (excluding value added tax):

Name	Compensation for fiscal year 2018 in €
Karl von Rohr[1]	–
Ute Wolf	111,458
Stephan Accorsini	57,917
Aldo Cardoso	90,000
Guido Fuhrmann[1]	–
Philipp Gossow[1]	–
Sylvie Matherat[1]	–
Angela Meurer	49,583
Richard I. Morris, Jr.	16,667
Dr Mathias Otto[1]	–
Hiroshi Ozeki[2]	–
Dr Dirk Reiche[1]	–
Erwin Stengele	55,833
Margret Suckale	85,000
Dr Michael Welker[1]	–
Dr Asoka Woehrmann[1]	–
Said Zanjani	55,833

[1] Deutsche Bank Group shareholder representatives on the Supervisory Board have waived their Supervisory Board Compensation for the financial year 2018 in line with Deutsche Bank Group policies and procedures.
[2] In addition one independent shareholder representative on the Supervisory Board has waived the Supervisory Board Compensation for the financial year 2018 in line with applicable policies and procedures.

DWS KGaA does not provide members of the Supervisory Board with benefits after they have left the Supervisory Board.

Compensation for Joint Committee Members

The compensation for members of the Joint Committee is set forth in the Articles of Association of DWS KGaA. The members of the Joint Committee receive a fixed annual remuneration of € 20,000 and the Chairman of € 40,000.

The compensation is disbursed within the first three months of the following year.

In case of a change in the composition of the Joint Committee during the year, the compensation for the financial year will be paid on a pro rata basis, rounded up / down to full months.

DWS KGaA reimburses the members of the Joint Committee for the cash expenses they incur in the performance of their office, including any value added tax (VAT) on their compensation and reimbursements of expenses. Furthermore, any employer contributions to social security schemes that may be applicable under foreign law to the performance of their work on the Joint Committee shall be paid for each member of the Joint Committee affected. Finally, the Chairman of the Joint Committee will reimbursed appropriately for travel expenses incurred in performing representative tasks due to his role.

In the interest of DWS KGaA, the members of the Joint Committee will be included in an appropriate amount, with a deductible, in any financial liability insurance policy held by the DWS KGaA. The premiums for this are paid by the company.

Individual members of the Joint Committee received the following compensation for the financial year 2018 (excluding value added tax):

Name	Compensation for fiscal year 2018 in €
Karl von Rohr[1]	–
James von Moltke[1]	–
Ute Wolf	13,333
Hiroshi Ozeki[2]	–

[1] Deutsche Bank Group executives, delegated by the shareholders' meeting of the General Partner to the Joint Committee, have waived their compensation for the financial year 2018 in line with Deutsche Bank Group policies and procedures.
[2] In addition, one member of the Joint Committee, delegated by the shareholders' representatives on the Supervisory Board from their midst, has waived the compensation for the financial year 2018 in line with applicable policies and procedures.

Non-Financial Report

We publish a separate non-financial report pursuant to Art. 340a (1a) of the German Commercial Code and Art 340i (5) in conjunction with Art. 315b (3) and Art. 298 (2) of the German Commercial Code. It is embedded in our Sustainability Report, which can be found on https://dws.com/Our-Profile/ir/reports-and-events/sustainability-report/ as PDF.

Internal Control System for the Financial Reporting Process

General

Management of DWS Group is responsible for establishing and maintaining an adequate internal control system to support the consolidated financial reporting process. The system comprises the principles, processes and measures to provide assurance regarding the reliability of financial reporting and the preparation of DWS Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS).

To a large extent the financial reporting control principles recognised by Deutsche Bank Group continue to apply to DWS Group, for example in DWS's ongoing adherence to the Deutsche Bank Sarbanes-Oxley Act framework. In addition, DWS Group has established incremental control governance and frameworks that are specific to DWS Group financial statements and recognise the particular control requirements of a listed Asset Manager.

Internal Control System Objectives

The main risks in financial reporting are that either financial statements do not present a true and fair view due to inadvertent or intentional errors (fraud) or the failure to publish financial statements on a timely basis. These risks may reduce investor confidence or cause reputational damage and may have legal consequences including regulatory interventions. A lack of fair presentation arises when one or more financial statement amounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that a user makes on the basis of the financial statements.

To mitigate these risks the internal control system has been established to provide reasonable but not absolute assurance against material misstatements. In addition, Deutsche Bank Group's use of the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) continues to apply to DWS. COSO recommends the establishment of specific objectives to facilitate the design and evaluate adequacy of a control system. As a result DWS Group has continued to adopt the following financial statement objectives:

- Existence: assets and liabilities exist and transactions have occurred.
- Completeness: all transactions are recorded, account balances are included in the financial statements.
- Valuation: assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- Rights and Obligations and ownership: rights and obligations are appropriately recorded as assets and liabilities.
- Presentation and disclosures: classification, disclosure and presentation of financial reporting is appropriate.
- Safeguarding of assets: unauthorised acquisition, use or disposition of assets is prevented or detected in a timely manner.

The internal control system covers both the financial reporting process of the entities included in the consolidated financial statements and the consolidation process itself. This ensures the consolidated financial statements as a whole are prepared in accordance with applicable rules and provisions.

The internal control system and risk management system as they relate to financial reporting form an integral part of the broader control environment of DWS Group.

Internal Control System Organisation

DWS Group organisational structure facilitates the operation of the internal controls system with clear division of roles and responsibilities to support the financial reporting process and preparation of consolidated financial statements. The operation of the internal control system primarily involves staff based in the Chief Finance Office with support from the Chief Operations Office and the Chief Control Office. In addition to this DWS Group also utilises Deutsche Bank Group staff to support the financial reporting process. The relationship with Deutsche Bank Group in relation to the services provided is governed by a Master Service Agreement.

Finance is responsible for the periodic preparation of the financial statements and operates as an independent control function. The two key control functions within Finance that contribute to the internal control system are the Group Controller and Finance Control Oversight:

The DWS Group Controller is responsible for DWS Group-wide activities and all DWS legal entity financials. This includes the preparation of DWS Group financial and management information and risk reporting. The Controller function sets the reporting timetables, performs the consolidation and aggregation processes, effects the elimination entries for inter and intra group activities, controls the period end and adjustment processes and compiles the DWS Group financial statements. The Controller function also incorporates DWS Tax, Treasury and Transfer Pricing activities. In addition, Product and Regional Finance teams are responsible for reviewing the quality of financial data by performing validation and control, in close contact with business, infrastructure and legal entity management.

Finance Control Oversight (FCO) is responsible for implementation of the financial reporting control framework to minimise financial reporting risk. FCO also coordinates the evaluation and review of risk and control issues and performs ongoing assessment and monitoring of the effectiveness of the internal control system.

Within Deutsche Bank Group the primary functions that DWS interacts with in support of the preparation of the DWS Group financial statements are Group Finance and the Chief Accounting Office.

Financial Reporting Controls

DWS Group operates a large number of controls in relation to the financial reporting and consolidation processes. These controls are integrated into the operating process and include those with the following characteristics. They:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties,
- operate on a periodic basis such as those which are performed as part of the annual financial statement preparation process,
- are preventative or detective in nature,
- have a direct or indirect impact on the financial statements themselves. Controls which have an indirect effect on the financial statements include IT general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item,
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Some of the key controls that support the production and preparation of the consolidated financial statements include the following:

- Consolidation and other period end reporting controls. At period end, all entities submit their financial data to DWS Group for consolidation. Controls over consolidation include the validation of accounting entries required to eliminate the effect of inter and intra company activities. Period end reporting controls include general ledger month end close processes and the review of late adjustments
- Financial Statement disclosure and presentation. Controls over compilation of the financial statements themselves including preparation of disclosure checklists and compliance with the requirements thereof, and review and sign-off of the financial statements by senior Finance management
- Accounting policy design and implementation. Controls to promote the consistent recording and reporting of business activities in accordance with accounting policies
- Balance Sheet substantiation. Controls relating to the substantiation of balance sheet accounts to promote the integrity of general ledger account balances based on supporting evidence
- Valuation including the independent price verification process (IPV). The results of the IPV processes are assessed by the DB Group Valuation Control Oversight Committee. In addition, the group has established the Completeness Review Board to ensure adequate controls over valuations specifically pertaining to our assets and liabilities.
- Reconciliation controls, both external and internal. Inter-system reconciliations are performed between relevant systems for all trades, transactions, positions or relevant parameters
- New product and transaction approval, capture and confirmation. Controls are intended to ensure the completeness and accuracy of recorded transactions as well as appropriate authorisation such as approvals for new products and transactions
- System access controls. Controls ensure that user access to DWS financial information in the key financial reporting systems is governed by a need-to-know principle

Monitoring and Oversight of Internal Control Effectiveness

The effectiveness of the internal control system relating to the financial reporting process is regularly monitored. This includes monitoring performed by the independent finance control oversight function within the Chief Finance Office and as part of the broader DWS Group and DB Group financial reporting and non-financial risk and control frameworks. This monitoring includes regular forums comprising key control representatives, frequent key control testing procedures to centrally evaluate the operating effectiveness of the control environment and regular reporting of control environment metrics to senior management.

These processes are supported by Internal Audit who evaluate the design and operating effectiveness of the internal control system by performing periodic and ad-hoc risk-based audits. Reports are produced summarising the results from each audit performed which are distributed to the responsible managers for the activities concerned.

Finally the Audit and Risk Committee of the Supervisory Board and the Executive Board provide senior oversight and governance of the financial reporting process including sign off of the consolidated financial statements of DWS Group.

Information pursuant to Sections 315a and 289a of the German Commercial Code and Explanatory Report

Structure of the Share Capital including Authorized and Conditional Capital

For information requirement regarding DWS Group's share capital please refer to Note 16 "Equity" to the Consolidated Financial Statements.

Restriction on Voting Rights or the Transfer of Shares

Under Section 136 of the German Stock Corporation Act (AktG) the voting right of the affected shares is excluded by law. As far as DWS KGaA held own shares as of December 31, 2018 in its portfolio according to Section 71b of the German Stock Corporation Act (AktG) no rights could be exercised.

Pursuant to section 285 (1) Sentence 2 of the German Stock Corporation Act (AktG), the shareholder of the General Partner, DB Beteiligungs-Holding GmbH, is not entitled to vote its shares in certain situations, for example, for the election or removal of the Supervisory Board members, the ratification of acts of management, the appointment of the auditor and the appointment of a special auditor.

We are not aware of any other restrictions on voting rights or the transfer of shares.

Shareholdings which Exceed 10% of the Voting Rights

The German Securities Trading Act (Wertpapierhandelsgesetz) requires that any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, must notify us and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold is 3%.

DWS KGaA has its registered seat in Frankfurt am Main, Germany and its business address is Mainzer Landstrasse 11-17, 60329 Frankfurt am Main. DWS KGaA is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 111128. The company is a partnership limited by shares incorporated in Germany and governed by German law.

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany, and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018, DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. We are not aware of any changes in this ownership as per December 31, 2018.

DB Beteiligungs-Holding GmbH is a wholly-owned subsidiary of Deutsche Bank AG, which has its registered seat in Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 30000. Deutsche Bank AG is the ultimate beneficial owner of those units held by DB Beteiligungs-Holding GmbH.

The remaining shares are held by investors outside of Deutsche Bank Group.

DWS KGaA is not aware of any other shareholder holding directly or indirectly more than 10% or more of the voting rights.

Shares with Special Control Rights

Share which confer special control rights have not been issued.

Rules Governing the Appointment and Replacement of the Managing Directors of the General Partner (Executive Board)

Pursuant to the Articles of Association of DWS KGaA (Section 7) the management of DWS KGaA is the sole responsibility of the General Partner, DWS Management GmbH. Pursuant to Section 6 (1) and (2) of the Articles of Association of the General Partner, the General Partner shall have at least two Managing Directors (Geschäftsführer) who are appointed and dismissed by resolution of the shareholders' meeting of DWS Management GmbH. The Managing Directors manage the business activities of DWS Management GmbH and – with regard to the position of DWS Management GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA. For ease of reference, the Managing Directors are collectively referred to as the "Executive Board". They are also responsible for representing DWS Management GmbH as well as DWS KGaA vis-à-vis third parties. Decisions taken by the Executive Board are in accordance with the law, the Articles of Association of DWS KGaA and the General Partner, the Terms of Reference of the Executive Board and, subject to the statutory and regulatory restrictions, instructions from the shareholders' meeting of the General Partner. For certain material decisions in relation to the business of DWS KGaA the General Partner also requires approval from the Joint Committee (see Section 3 of the Annual Report – Overview of the Governance Bodies of DWS). The Executive Board has a Chairman (Chief Executive Officer), who is appointed by the shareholders' meeting of the General Partner pursuant to the Terms of Reference for the Executive Board.

Pursuant to the German Banking Act (KWG) evidence must be provided to the German Federal Financial Supervisory Authority ("BaFin") and to the Deutsche Bundesbank that any member of the Executive Board has adequate theoretical and practical experience of the businesses of the company as well as managerial experience and sufficient time availability to exercise the respective task before the member is appointed (Section 24 (3a) No.1 of the German Banking Act).

Pursuant to Section 2d (2) of the German Banking Act (KWG), BaFin can demand that members of the Executive Board are dismissed and prohibit them from carrying out their activities if such members are not trustworthy or do not have the professional knowledge, skills and experience necessary to manage the company or do not commit sufficient time to the performance of their functions. In addition, BaFin can require the dismissal of members of the Executive Board and prohibit them from carrying out their activities if such members have intentionally or recklessly contravened the provisions of the German Banking Act, the regulations issued to support its implementation or orders issued by BaFin, and if they persist in such behaviour despite having been duly cautioned by BaFin.

Rules Governing the Amendment of the Articles of Association

Any amendment of the Articles of Association of DWS KGaA requires a resolution of the General Meeting of the company pursuant to Section 179 of the German Stock Corporation Act (AktG). Pursuant to the Articles of Association of DWS KGaA, the resolutions of the General Meeting are taken by a simple majority of votes and, in so far as a majority of capital stock is required, by a simple majority of capital stock, except where law or the Articles of Association determine otherwise (Section 25 (1)). Resolutions passed in the General Meeting require the approval of the General Partner where they involve matters which, in the case of a limited partnership, require the authorization of the personally liable partners. This includes resolutions on the amendment of the Articles of Association. To the extent that the resolutions of the General Meeting are subject to the consent of the General Partner, the General Partner shall declare at the General Meeting whether consent to the resolutions will be given or will be refused (Section 25 (3)). The authority to amend the Articles of Association in so far as such amendments merely relate to the wording has been assigned to the Supervisory Board (Section 25 (4)).

Amendments to the Articles of Association become effective upon their entry in the Commercial Register pursuant to Section 181 (3) of the German Stock Corporation Act (AktG).

Powers of the General Partner to Issue or Buy Back Shares

On March 7, 2018 an extraordinary General Meeting of DWS KGaA approved the creation of two authorized capitals in the total amount of up to € 100 million:

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 40 million – through the issuance of new shares against cash payment or contribution in kind ("Authorized Capital 2018/I"). Shareholders are to be granted pre-emptive rights, but the General Partner is authorized to except broken amounts from shareholders' pre-emptive rights. The General Partner is also authorized to exclude pre-emptive rights if the capital increase against contribution in kind is carried out in order to acquire companies or shareholdings in companies. Finally, the General Partner is authorized – limited to a portion in a nominal amount of up to € 20 million – to exclude the pre-emptive rights if the issue price of the new shares is not significantly lower than the quoted price of the shares already listed at the time of the final determination of the issue price and the total shares issued since the authorization in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10% of the share capital at the time the authorization becomes effective – or if the value is lower – at the time the authorization is utilized. Shares that are issued or sold during the validity of this authorization with the exclusion of pre-emptive rights, in direct or analogues application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG), are to be included in the maximum limit of 10% of the share capital. Also included are shares to be issued to service option and/or conversion rights from convertible bonds, bonds with warrants, convertible participatory rights or participatory rights if these bonds or rights are issued during the validity of the Authorized Capital 2018/I with the exclusion of pre-emptive rights in application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG). Decisions of the General Partner to utilize the Authorized Capital 2018/I and to exclude pre-emptive rights require the approval of the Supervisory Board. The new shares may also be taken up by banks specified by the General Partner with the obligation to offer them to shareholders (indirect pre-emptive right).

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 60 million through the issuance of new shares against cash payment ("Authorized Capital 2018/II"). Shareholders are to be granted pre-emptive rights, but the General Partner is authorized to except broken amounts from shareholders' pre-emptive rights. Decisions of the General Partner to utilize the Authorized Capital 2018/II and to exclude pre-emptive rights require the approval of the Supervisory Board. The new shares may also be taken up by certain banks specified by the General Partner with the obligation to offer them to the shareholders (indirect pre-emptive right).

Also by resolution of the extraordinary General Meeting on March 7, 2018, DWS KGaA is authorized to purchase, on or before January 31, 2023, its own shares in a total volume of up to 5% of the share capital at the time the resolution is taken or – if the value is lower – of the share capital at the time this authorization is exercised. Together with its own shares acquired for other reasons and which are from time to time in the company's possession or attributable to the company pursuant to Section 71a et. seqq. of the German Stock Corporation Act (AktG), the own shares purchased on the basis of this authorization may not at any time exceed 10% of the company's respectively applicable share capital. The own shares may be bought through the stock exchange or by means of a public purchase offer to all shareholders. The authorization provides for certain thresholds by defining a minimum and maximum consideration for the acquisition of a treasury share. The countervalue for the purchase of shares (excluding ancillary purchase costs) through the stock exchange may not be more than 10% higher or lower than the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the obligation to purchase. In the case of a public purchase offer, it may not be more than 10% higher or lower than the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the day of publication of the offer. If the volume of shares offered in a public purchase offer exceeds the planned buyback volume, acceptance must be in proportion to the shares offered in each case. The preferred acceptance of small quantities of up to 50 of the company's shares offered for purchase per shareholder may be provided for.

In addition, the General Partner is authorized to dispose of the purchased shares on the stock exchange or by an offer to all shareholders. The General Partner is also authorized to use shares purchased on the basis of authorizations pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to issue staff shares to employees and retired employees of DWS Group or to use them to service option rights on shares of DWS and/or rights or duties to purchase shares of DWS granted to employees or members of executive or non-executive management bodies of DWS Group.

Furthermore, the General Partner is authorized, with the exclusion of shareholders' pre-emptive rights, to sell such own shares to third parties against cash payment if the purchase price is not substantially lower than the price of the shares on the stock exchange at the time of sale. The General Partner may only use this authorization if it has been ensured that the number of shares sold on the basis of this authorization does not exceed 10% of the company's share capital at the time this authorization becomes effective or – if the amount is lower – at the time this authorization is exercised. Shares that are issued or sold during the validity of this authorization with the exclusion of pre-emptive rights, in direct or analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG), are to be included in the maximum limit of 10% of the share capital. Also to be included are shares that are to be issued to service option and/or conversion rights from convertible bonds, bonds with warrants, convertible participatory rights or participatory rights, if these bonds or participatory rights are issued during the validity of this authorization with the exclusion of pre-emptive rights in corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG).

Finally, the General Partner is also authorized to cancel shares acquired on the basis of the described authorizations or a preceding authorization without the execution of this cancellation process requiring a further resolution by the General Meeting.

The extraordinary General Meeting on March 7, 2018, authorized DWS KGaA pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to execute the purchase of shares under the resolved authorization also with the use of derivatives.

The purchase of shares may be executed, apart from in the ways described under section 16.1.6 above with the use of put and call options or forward purchase contracts. DWS KGaA may sell to third parties put options based on physical delivery and buy call options from third parties if it is ensured by the option conditions that these options are fulfilled only with shares which themselves were acquired subject to compliance with the principle of equal treatment. All share purchases based on put or call options are limited to shares in a maximum volume of 2% of the actual share capital at the time of the resolution by the General Meeting on this authorization. The term of the options must be selected such that the share purchase upon exercising the option is carried out at the latest on January 31, 2023.

The authorization provides for certain thresholds for such transactions. The purchase price to be paid per share upon exercise of the put options or upon the maturity of the forward purchase may not exceed by more than 10% or fall below 10% of the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before conclusion of the respective transaction in each case excluding ancillary purchase costs but taking into account the option premium received. The call options may only be exercised if the purchase price to be paid does not exceed by more than 10% or fall below 10% of the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the acquisition of the shares.

The authorized capitals and the authorization to purchase and sell own shares have not been utilized so far.

Significant Agreements which Take Effect, Alter or Terminate upon a Change of Control of the Company Following a Takeover Bid

Significant agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid have not been entered into.

Agreements for Compensation in Case of a Takeover Bid

If a member of the Executive Board leaves DWS Group within the scope of a change of control, she or he is not entitled to any specific one-off compensation payment. For information on the compensation system, please refer to the Executive Board Compensation Report.

Corporate Governance Statement pursuant to Sections 315d and 289f of the German Commercial Code

For information regarding DWS Group’s Corporate Governance Statement pursuant to Sections 315d and 289f of the German Commercial Code please refer to section 3 “Corporate Governance Statement” of the DWS Annual Report, which can be found on https://dws.com/Our-Profile/ir/reports-and-events/annual-report/ as PDF.

2

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Income

in € m.	Notes	2018	Combined 2017
Management fees	5	2,092	2,195
Performance and transaction fees	5	89	196
Net commissions and fees from asset management[1]	**5**	**2,180**	**2,391**
Interest and similar income		18	55
Interest expense		(14)	(19)
Net interest income		**4**	**36**
Net gains (losses) on financial assets available for sale		N/A	0
Net gains (losses) on financial assets/liabilities at fair value through profit or loss		(44)[2]	46
Net income (loss) from equity method investments		43	42
Other income (loss)		75[2]	(6)
Total net interest and noninterest income		**2,259**	**2,509**
Compensation and benefits[3]		(730)	(778)
General and administrative expenses	6	(946)	(947)
Impairment of goodwill and other intangible assets	12	0	0
Total noninterest expenses		**(1,676)**	**(1,725)**
Profit (loss) before tax		**583**	**783**
Income tax expense	18	(192)	(149)
Net income (loss)		**391**	**634**
Attributable to:			
Noncontrolling interests		(0)	1
DWS shareholders		391	633

[1] Net commissions and fees from asset management are shown net in the consolidated statement of income for 2018 as IFRS 15 was not retrospectively implemented
[2] Net gains (losses) on financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € (55) million on guaranteed funds. Other income (loss) includes € 55 million valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
[3] Includes restructuring costs of € 14 million in 2018 (€ 6 million in 2017).

Consolidated Statement of Comprehensive Income

in € m.	2018	Combined 2017
Net income (loss) recognized in the income statement	**391**	**634**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement gains (losses) related to defined benefit plans, before tax	(22)	4
Total of income tax related to items that will not be reclassified to profit or loss	7	(1)
Items that are or may be reclassified to profit or loss		
Financial assets available for sale		
Unrealized net gains (losses) arising during the period, before tax	N/A	(3)
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	N/A	0
Foreign currency translation		
Unrealized net gains (losses) arising during the period, before tax	214[1]	(20)
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	(0)	0
Equity method investments		
Net gains (losses) arising during the period	(0)	(16)
Total of income tax related to items that are or may be reclassified to profit or loss	0	7
Other comprehensive income (loss), net of tax	**198**	**(30)**
Total comprehensive income (loss), net of tax	**589**	**604**
Attributable to:		
Noncontrolling interests	(0)	1
DWS shareholders	589	603

[1] Includes positive currency translation adjustment from transfer of legal entities into DWS Group in 2018. The negative impact on the transfer is shown in equity (please see Consolidated Changes in Equity)

Earnings per Common Share

	Notes	2018	Combined 2017
Earnings per common share:[1]			
Basic	7	€ 1.95	€ 3.16
Diluted	7	€ 1.95	€ 3.16
Number of common shares (in million):[1]	16	200.0	200.0

[1] For the period prior to the IPO of DWS Group GmbH & Co. KGaA and for 2017, 200.000.000 common shares were used as the basis for calculating earnings per common share.

Consolidated Balance Sheet

in € m.	Notes	Dec 31, 2018	Combined Dec 31, 2017
ASSETS			
Cash and bank balances	10	2,310	3,317
Financial assets at fair value through profit or loss	8,9		
Trading assets		1,226	1,296
Positive market values from derivative financial instruments		5	37
Non-trading financial assets mandatory at fair value through profit or loss		1,131	N/A
Investment contract assets mandatory at fair value through profit or loss		512	N/A
Financial assets designated at fair value through profit or loss		0	574
Total financial assets at fair value through profit or loss	8,9	2,875	1,907
Financial assets available for sale		N/A	362
Equity method investments	11	240	212
Loans at amortized cost	10	2	307
Property and equipment		5	6
Goodwill and other intangible assets	12	3,749	3,624
Other assets	10,13	1,355	1,338
Assets for current tax	18	64	24
Deferred tax assets	18	95	131
Total assets		**10,694**	**11,226**
LIABILITIES AND EQUITY			
Deposits	10	0	3
Financial liabilities at fair value through profit or loss	8,9		
Trading liabilities		9	14
Negative market values from derivative financial instruments		91	125
Investment contract liabilities		512	574
Total financial liabilities at fair value through profit or loss	8,9	613	713
Other short-term borrowings	10	112	107
Other liabilities	10,13	2,945	3,507
Provisions	14	42	85
Liabilities for current tax	18	214	177
Deferred tax liabilities	18	227	264
Long-term debt	10,15	3	3
Total liabilities		**4,155**	**4,860**
Common shares, no par value, nominal value of € 1.00	16	200	N/A
Additional paid-in capital		3,472	N/A
Retained earnings		2,617	N/A
Accumulated other comprehensive income (loss), net of tax		229	N/A
Total shareholders' equity		**6,519**	**N/A**
Net investment attributable to the Deutsche Bank Group		N/A	6,360
Noncontrolling interests		20	6
Total equity/net asset value		**6,539**	**6,366**
Total liabilities and equity/net asset value		**10,694**	**11,226**

Consolidated Changes in Equity

	Shareholders' equity / net asset value									Non-controlling interest	Total equity / net asset value
						Accumulated other comprehensive income, net of tax[4]					
in € m.	Net Investment attributable to Deutsche Bank Group	Common Stock	Additional paid in capital	Share awards	Retained Earnings	Foreign currency translation net of tax	Unrealized net gains (losses) from equity method investments	Total	Total		
Balance as of December 31, 2016	**6,479**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**6,479**	**13**	**6,492**
Total comprehensive income (loss), net of tax	603	N/A	N/A	N/A	N/A	N/A	N/A	N/A	603	1	604
Net funding received from (provided to) Deutsche Bank Group	(722)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(722)	0	(722)
Exchange rate changes/other	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	(7)	(7)
Balance as of December 31, 2017	**6,360**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**6,360**	**6**	**6,366**
Pro-forma beginning balance as of Jan 1, 2018	**333**	**200**	**3,358**	**25**	**2,428**	**(4)**	**19**	**16**	**6,360**	**6**	**6,365**
Impact of the transition from combined to consolidated financial statements[1]	(333)	0	0	0	0	0	0	0	(333)	0	(333)
IFRS 9 introduction impact, net of tax	N/A	0	0	0	(3)	0	0	0	(3)	0	(3)
Total comprehensive income (loss), net of tax	N/A	0	0	0	391	214	0	214	605	0	605
Remeasurement gains (losses) related to defined benefit plans, net of tax	N/A	0	0	0	(15)	0	0	0	(15)	0	(15)
Net change in DB share awards in the reporting period, net of tax[2]	N/A	0	0	89	0	0	0	0	89	0	89
Other[3]	N/A	0	0	0	(183)	0	0	0	(183)	15	(168)
Balance as of December 31, 2018	**N/A**	**200**	**3,358**	**114**	**2,617**	**210**	**19**	**229**	**6,519**	**20**	**6,539**

1 Effect from the scope change of legal entities and assets to be transferred into DWS Group between combination and consolidation approach.
2 Life to date amount reflected first time due to transition from combined to consolidated financial statements.
3 Other mainly comprise of FX and other impacts on transfer of legal entities into DWS Group in 2018. Positive currency translation adjustment as shown in Other Comprehensive Income.
4 Excluding remeasurement gains (losses) related to defined benefit plans, net of tax.

Consolidated Statement of Cash Flows

Cash flows are classified into operating activities, investing activities and financing activities with regard to the asset management activities of the group. The DWS cash flow statement presented below is prepared using the indirect method for cash flows from operating activities.

Operating activities cover mainly the commission and fee cash flows from customers as well as compensation and benefits and general and administrative expenses. In addition, operating activities include cash flows from other operating assets and liabilities on own account, which are excluded from investing and financing activities. Cash flows on tax, interest and dividends received are included within the operating activities.

Investing activities contain cash flows resulting from purchase, sale and maturities of consolidated and non-consolidated investments, non-trading financial assets, tangible and intangible assets.

Financing activities shows transactions related to equity and other borrowings including long term debt and other short-term borrowings.

Cash and cash equivalents comprise cash and bank balances on demand.

As part of the transition from combined to consolidated financial statements and in order to increase transparency the cash flow statement was refined. The combined cash flow statement for the 2017 financial year was prepared in accordance to Deutsche Bank Group. For the 2018 financial year, the cash flow statement was refined with respect to the business model of asset management. The changes contain the reclassification of

- inflows from repayments of loans at amortized cost made to other parties of € 156 million in 2017 from operating activities to investing activities, and
- outflows from repayments of other borrowings of € 209 million in 2017 from operating activities to financing activities.

The outflows from repayments of other borrowings included € 2 million from deposits and € 207 million from other short-term borrowings.

in € m.	2018	Combined 2017
Cash flows from operating activities:		
Net income (loss)	**391**	**634**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Restructuring activities	14	6
Gain (loss) on sale of financial assets from investing activity	0	16
Deferred taxes, net	0	149
Impairment, depreciation and other amortization, and (accretion)	41	35
Share of net loss (income) from equity method investments	(43)	(43)
Other non-cash movements	3	(1)
Income (loss) adjusted for noncash charges, credits and other items	**406**	**796**
Adjustments for net change in operating assets and liabilities:		
Interest-earning time deposits with banks	643	1,098
Financial assets designated at fair value through profit or loss	0	19
Other assets	(134)	421
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(62)	(19)
Other liabilities	184	(3,754)
Trading assets and liabilities, pos. and neg. market values from derivative financial instruments, net	61	2,575
Other, net	(260)[1]	(163)
Net cash provided by (used in) operating activities	**838**	**973**
Thereof: Net cash provided by (used in) operating activities of guaranteed funds	39	(41)
Cash flows from investing activities:		
Proceeds from sale and maturities of:		
Non-trading financial assets mandatory at fair value through profit or loss	443[2]	N/A
Financial assets available for sale	N/A	23
Equity method investments	0	5
Disposals intangible assets	5	0
Purchase of:		
Non-trading financial assets mandatory at fair value through profit or loss	(1,250)[3]	N/A
Financial assets available for sale	N/A	(87)
Equity method investments	0	(1)
Additional Intangible assets	(70)	(68)
Capital Repayment	12	0
Repayment of loans at amortized cost made to other parties	296[4]	156
Other, net	(6)	73
Net cash provided by (used in) investing activities	**(570)**	**101**
Cash flows from financing activities:		
Other borrowings	2	0
Repayment of other borrowings	0	(209)
Net funding from (to) DB Group	(643)[5]	(502)
Net change in noncontrolling interests	15	(8)
Net cash provided by (used in) financing activities	**(626)**	**(719)**
Net effect of exchange rate changes on cash and cash equivalents	**(4)**	**40**
Net increase (decrease) in cash and cash equivalents	**(362)**	**395**
Cash and cash equivalents at beginning of period	2,547	2,153
Net increase (decrease) in cash and cash equivalents	(362)	395
Cash and cash equivalents at end of period	**2,186**	**2,547**

in € m.	2018	Combined 2017
Supplemental cash flow information:		
Net cash provided by (used in) operating activities includes		
Income taxes paid (received), net	201	(2)
Interest paid	14	22
Interest and dividends received	18	62
Cash and cash equivalents comprise		
Cash and bank balances (excluding time deposits)[6]	2,186	2,547
Total cash and cash equivalents	**2,186**	**2,547**

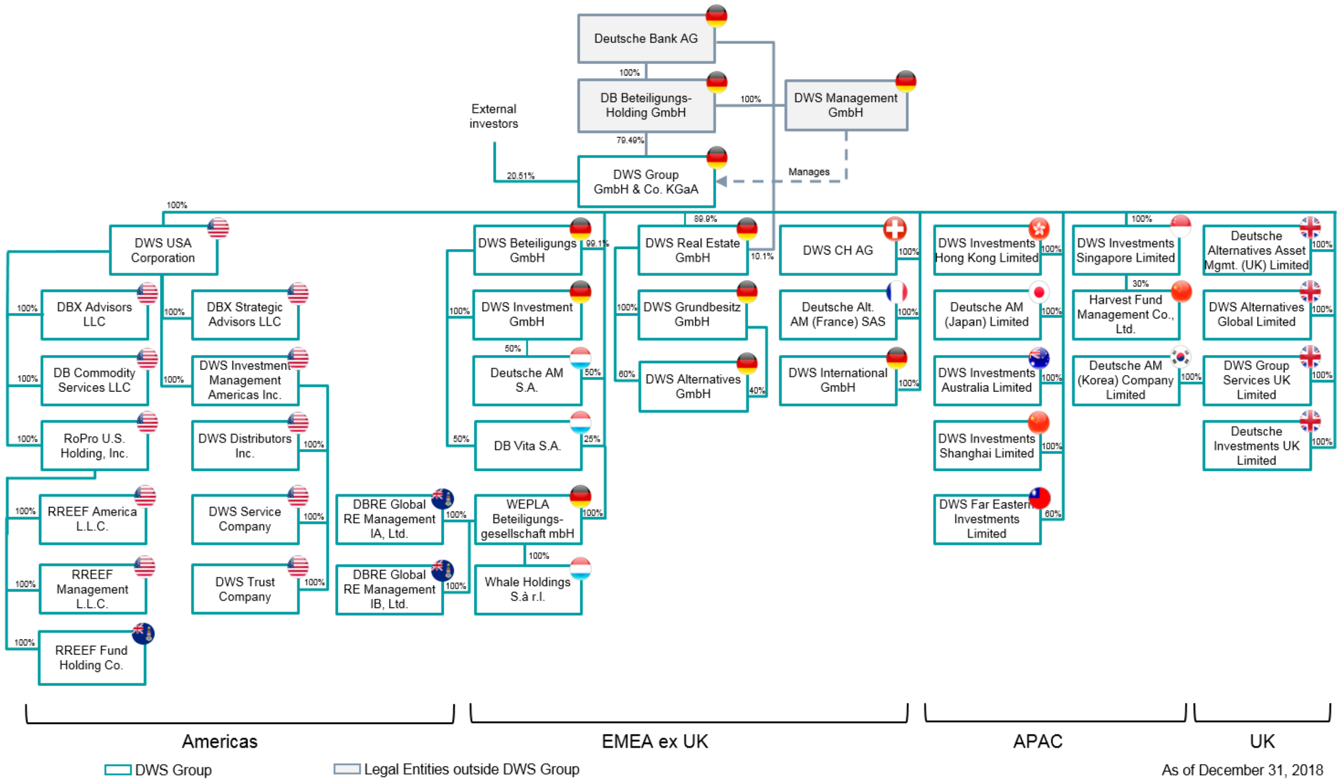
[1] Includes transition impact from combined to consolidated financial statements – refer to Consolidated Changes in Equity footnote 1
[2] The inflows result mainly from maturities of debt securities.
[3] The outflows of € 1,250 million contain mainly an investment in a money market fund of € 400 million and investments in debt securities of € 611 million.
[4] The shown repayment of loans at amortized cost made to other parties of € 296 million is based on a reclassification from loans to bank balances on demand.
[5] The outflow of € 643 million shows the profit pooling settlement for the financial year 2017 to DB Group. This profit pooling agreement was terminated with effect from January 1, 2018.
[6] The balance sheet item "cash and bank balances" of € 2,310 million (2017: € 3,317 million) comprise time deposits of € 124 million (2017: € 770 million), bank balances on demand of € 2,186 million (2017: € 2,547 million) and cash of 0 € (2017: € 0 million). The cash flow statement shows only cash and bank balances on demand.

Notes to the Consolidated Financial Statements

Description of DWS Group

DWS Group GmbH & Co. KGaA ("DWS KGaA" or the "Parent") has its registered seat in Frankfurt am Main, Germany and its business address at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main. DWS KGaA is registered with the commercial register of the local court of Frankfurt am Main, Germany, und HRB 111128. The company is a partnership limited by shares incorporated in Germany and governed by German law (formerly DWS Group SE).

Corporate Structure – DWS Group Operating Legal Entities



DB Beteiligungs-Holding GmbH, has its registered seat in Frankfurt am Main, Germany, is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504 and is the parent company of DWS KGaA holding a 79.49% share of DWS KGaA. The remaining shares are held by external investors. The ultimate parent company of DWS KGaA is Deutsche Bank AG, Frankfurt am Main, Germany, registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 30000.

DWS KGaA together with all entities in which DWS KGaA has a controlling financial interest ("the Group" or "DWS Group") is a global asset manager covering a diverse offering that spans traditional active and passive strategies as well as alternatives and bespoke solutions with a global footprint and a scaled presence in key markets.

The management has a reasonable expectation that DWS KGaA and the Group have adequate resources to continue in operating existence for the foreseeable future. Accordingly, the Group's annual consolidated financial statements has been prepared on a going concern basis.

01 – Significant Accounting Policies and Critical Accounting Estimates

Basis of Accounting

The accompanying consolidated and combined financial statements include DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the “Group/DWS Group”). They are stated in euro, the presentation currency of the Group except when otherwise indicated and are rounded to the nearest million. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. “N/A” is read as “not applicable”.

The consolidated and combined financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). The Group’s application of IFRS results in no differences between IFRS as issued by the IASB and IFRS as endorsed by the EU.

The consolidated financial statements comprise the reporting period from January 1, 2018 to December 31, 2018. The combined financial statements comprise the reporting period from January 1, 2017 to December 31, 2017.

Principles of Combined Financial Statements

As this is the first set of the Group’s annual consolidated financial statement the comparable figures for prior periods are presented on a combined basis.

The International Financial Reporting Standards (IFRS) does not provide guidance for the preparation of financial information on a combined basis nor for business combinations involving entities under common control. As such, IAS 8.10 requires management to use judgment in developing and applying a suitable accounting policy. In making this judgment, IAS 8.12 requires management to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to developing accounting standards, other accounting literature and accepted industry practices.

In preparing the combined financial statements, the principles underlying the consolidation procedures of IFRS 10 ‘Consolidated Financial Statements’ (“IFRS 10”) have been applied with the result that all balances and transactions between the Deutsche Bank (DB) Asset Management (AM) entities have been eliminated within the combined financial statements. Balances and transactions between the Group and the remainder of the Deutsche Bank Group (DB Group) are classified as related party transactions. No subsequent adjustments have been made to these transactions on the basis that they were originally entered into at an arm’s length basis.

The scope of combination for the combined financial statements of the Group for the year ended December 31, 2017, was determined on economic principles considering actual and expected legal transfer of AM dedicated entities and AM related assets and liabilities recorded in shared entities.

The structure of the scope of combination of the Group can be summarized as follows:

- The AM dedicated entities whose legal transfer to the Group had already been completed;
- The AM dedicated entities whose legal transfer to the Group had not been completed;
- The relevant assets and liabilities of the shared entities which have been economically allocated to the Group whose legal transfer had been completed which mainly relates to DB AG Frankfurt and its branches and subsidiaries; and
- The relevant assets and liabilities of the shared entities which have been economically allocated to the Group whose legal transfer had not yet been completed which mainly related to DB AG Frankfurt and its branches and subsidiaries.

Where an AM dedicated entity, or the assets and liabilities of a shared entity which have been economically allocated to the Group, had already legally transferred to Group as at December 31, 2017, they are included in the scope of combination as if the transfer had taken place with effect from January 1, 2015 by applying book value accounting based on rules for business combinations under common control. Where these transfers had yet to take place, they are also included in the scope of combination with effect from January 1, 2015.

Principles of Consolidation and Critical Accounting Estimates

In preparing the accompanying consolidated financial statements, the principles underlying the consolidation procedures of IFRS 10 have been applied.

The financial information in the Consolidated Financial Statements includes the parent company, DWS Group GmbH & Co. KGaA, together with its consolidated subsidiaries, including certain structured entities presented as a single economic unit.

In addition, management has made judgments and estimates that affects the application of the Group's accounting policy and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized prospectively.

The following accounting policies are important to the portrayal of the Group's reported amounts of income, expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date and require the Group's management's most subjective or complex judgments and the use of assumptions, often as a result of the need to estimate the effects of matters that are inherently uncertain and susceptible to change. Management bases its estimates and assumptions on historical experience, where applicable and other factors believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Management cannot offer any assurance that the actual results will be consistent with these estimates and assumptions, and these critical accounting estimates or assumptions could change from period to period, or could involve estimates where management could have reasonably used another estimate in the relevant accounting period. The most critical accounting policies, which reflect significant management estimates to determine amounts in the Consolidated Financial Statements, are as follows:

- the impairment of associates (see "Associates" below)
- the impairment of Financial Assets and Liabilities, Financial Instruments (see "Financial Assets and Liabilities, Financial Instruments" below)
- the determination of fair value (see "Financial Assets and Liabilities, Financial Instruments" below)
- the impairment of goodwill and other intangibles (see "Goodwill and Other Intangible Assets" below)
- the accounting for legal and regulatory contingencies (see "Provisions" below)
- the accounting for revenues under IFRS 15 (see "Net Commissions and Fees from Asset Management" below)

Subsidiaries

The Group's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity.

When assessing whether to consolidate an entity, the Group evaluates a range of control factors, namely:

- the purpose and design of the entity
- the relevant activities and how these are determined
- whether the Group's rights result in the ability to direct the relevant activities
- whether the Group has exposure or rights to variable returns
- whether the Group has the ability to use its power to affect the amount of its returns

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities.

Potential voting rights that are deemed to be substantive are also considered when assessing control. Likewise, the Group also assesses existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities or its exposure to the variability of returns is different from that of other investors.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

The Group reassesses the consolidation status at least at every quarterly reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors, require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation.

All intercompany transactions, balances and unrealized gains on transactions between the Group companies are eliminated.

Consistent accounting policies are applied throughout the Group for the purposes of consolidation. Issuances of a subsidiary's stock to third parties are treated as non-controlling interests. Profit or loss attributable to non-controlling interests are reported separately in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.

At the date that control of a subsidiary is lost, the Group a) derecognizes the assets (including attributable goodwill) and liabilities of the subsidiary at their carrying amounts, b) derecognizes the carrying amount of any non-controlling interests in the former subsidiary, c) recognizes the fair value of the consideration received and any distribution of the shares of the subsidiary, d) recognizes any investment retained in the former subsidiary at its fair value and e) recognizes any resulting difference of the above items as a gain or loss in the income statement. Any amounts recognized in prior periods in other comprehensive income in relation to that subsidiary would be reclassified to the Consolidated Statement of Income or transferred directly to retained earnings if required by other IFRSs.

Associates

An associate is an entity in which the Group has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence. Among the other factors that are considered in determining whether the Group has significant influence are representation on the board of directors (Supervisory Board in the case of German stock corporations) and material intercompany transactions. The existence of these factors could require the application of the equity method of accounting for a particular investment even though the Group's investment is less than 20% of the voting stock.

Investments in associates are accounted for under the equity method of accounting. The Group's share of the results of associates is adjusted to conform to the accounting policies of the Group. The Group's share in the associate's profits and losses resulting from intercompany sales is eliminated on consolidation.

If the Group previously held an equity interest in an entity (for example, as available for sale) and subsequently gained significant influence, the previously held equity interest is remeasured to fair value and any gain or loss is recognized in the Consolidated Statement of Income. Any amounts previously recognized in other comprehensive income associated with the equity interest would be reclassified to the Consolidated Statement of Income at the date the Group gains significant influence, as if the Group had disposed of the previously held equity interest.

Under the equity method of accounting, the Group's investments in associates and jointly controlled entities are initially recorded at cost including any directly related transaction costs incurred in acquiring the associate, and subsequently increased (or decreased) to reflect both the Group's pro-rata share of the post-acquisition net income (or loss) of the associate or jointly controlled entity and other movements included directly in the equity of the associate or jointly controlled entity. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included in the carrying value of the investment (net of any accumulated impairment loss). As goodwill is not reported separately it is not specifically tested for impairment. Rather, the entire equity method investment is tested for impairment at each balance sheet date.

If there is objective evidence of impairment, an impairment test is performed by comparing the investment's recoverable amount, which is the higher of its value in use and fair value less costs to sell, with its carrying amount. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount.

At the date that the Group ceases to have significant influence over the associate or jointly controlled entity the Group recognizes a gain or loss on the disposal of the equity method investment equal to the difference between the sum of the fair value of any retained investment and the proceeds from disposing of the associate and the carrying amount of the investment. Amounts recognized in prior periods in other comprehensive income in relation to the associate are accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

Critical Accounting Estimates - As the assessment of whether there is objective evidence of impairment may require significant management judgment and the estimates for impairment could change from period to period based on future events that may or may not occur, the Group considers this to be a critical accounting estimate.

Foreign Currency Translation

The consolidated financial statements are prepared in euro, which is the presentation currency of the Group. Various entities within the Group use a different functional currency, being the currency of the primary economic environment in which the entity operates.

An entity records foreign currency income, expenses, gains and losses in its functional currency using the rates prevailing at the dates of recognition.

Monetary assets and liabilities denominated in currencies other than the entity's functional currency are translated at the period end closing rate. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the consolidated statement of income as net gains (losses) on financial assets/liabilities at fair value through profit or loss in order to align the translation amounts with those recognized from foreign currency related transactions (derivatives) which economically hedge these monetary assets and liabilities.

Nonmonetary items that are measured at historical cost are translated using the historical exchange rate at the date of the transaction. Translation differences on nonmonetary items which are held at fair value through profit or loss are recognized in the profit or loss. Translation differences on available for sale nonmonetary items (equity securities) are included in other comprehensive income and recognized in the consolidated statement of income when the nonmonetary item is sold as part of the overall gain or loss on sale of the item.

For purposes of translation into presentation currency, assets, liabilities and equity of foreign operations are translated at the period end closing rate and items of income and expense are translated into euros at the rates prevailing on the dates of the transactions, or average rates of exchange where these approximate actual rates. The exchange differences arising on the translation of a foreign operation are included in other comprehensive income. For foreign operations that are subsidiaries, the amount of exchange differences attributable to any non-controlling interests is recognized in non-controlling interests.

Currency Translation Adjustments (CTA) reflected in equity are the result of legal entities held by parent companies with a different functional currency. Post legal transfer CTA is calculated for entities showing a different local functional currency than DWS KGaA as parent company.

Composition of the Group

There are no material changes in the composition and the expected future revenue streams of the Group compared to the combined period ending December 31, 2017.

On February 28, 2018, DWS Investments Australia Limited was legally transferred to the Group. On April 2, 2018, the following US entities were legally transferred to the Group:

Legally transferred US entities as of April 2, 2018

Name	Domicile of Company
DB Commodity Services LLC	Wilmington
DBRE Global Real Estate Management US IA, L.L.C.	Wilmington
DBRE Global Real Estate Management US IB, L.L.C.	Wilmington
DBX Advisors LLC	Wilmington
DBX Strategic Advisors LCC	Wilmington
DWS Distributors , Inc.	Wilmington
DWS Service Company	Wilmington
DWS Trust Company	Salem
DWS USA Corporation	Wilmington
Deutsche Cayman Ltd.	George Town
DWS Investment Management Americas Inc.	Wilmington
Dynamic Infrastructure Securities Fund LP	Wilmington
G.O. IB-US Management, L.L.C.	Wilmington
RoPro U.S. Holding, Inc.	Wilmington
RREEF America L.L.C.	Wilmington
RREEF Fund Holding Co.	George Town
RREEF Management L.L.C.	Wilmington

On July 31, 2018, DWS Far Eastern Investments Limited was legally transferred to the Group. The Group is holding 60% of the share capital and votes of the subsidiary, the remainder is held by an external company. On November 30, 2018, Deutsche Alternative Asset Management (France) SAS was legally transferred to the Group.

Based on the common control approach and in line with the combined Financial Statements all transfers are included in the consolidated financials with effect of January 1, 2018.

AM dedicated entities previously envisaged to be transferred

Name	Domicile of Company
Deutsche Asset Management S.G.I.I.C., S.A.	Madrid
Deutsche Asset Management USA Corporation	Wilmington
Charitable Luxembourg Two S.à.r.l.	Luxembourg
IVAF (Jersey) Limited	St. Helier
IVAF I Manager Limited	Luxembourg
MEF I Manager Limited	Luxembourg
Leonardo Charitable 1 Limited	George Town

The above entities had been within the scope of combination for the combined financial statements of the Group as of December 31, 2017, but are not expected to contribute to future revenue streams of the Group and therefore will not be transferred into the Group. The effect on the combination of those entities on the total assets and total liabilities as of December 31, 2017 is € 107 million assets and € 32 million liabilities. There is no material impact on future profit and loss figures for the Group.

Specific assets from the above entities and other shared entities within the DB Group have been identified for movement into the Group in 2018. In the first half of 2018 the carve-out of the business activities from Sal. Oppenheim jr. & Cie. AG & Co. KGaA and its transfer to DWS International GmbH Branch in Cologne was completed. The remaining carve-outs related to business activities in Austria, Netherlands, France, Italy and Spain from local Deutsche Bank AG Branches to local DWS International GmbH Branches have been completed in second half of 2018.

The carve-out related to business activities in Sweden from the local Deutsche Bank AG branch to a local DWS International GmbH branch is expected to be completed in first half of 2019 pending regulatory approvals. Therefore, related cost to these business activities are shown under “Charges from DB Group” within general and administrative expenses.

In addition, there are DWS teams within DB Group shared entities mainly in India and the Philippines providing dedicated support to the Group. These staff currently remain within DB Group entities with a related party charge to the Group, also shown as “Charges from DB Group” within general and administrative expenses.

Net Commissions and Fees from Asset Management

Since January 1, 2018, the Group has applied IFRS 15 revenue recognition model to the recognition of commissions and fees, under which income must be recognized when control of goods and services is transferred, hence the contractual performance obligations to the customer has been satisfied.

At the Group, IFRS 15 applies in particular to the fees and charges reported under “Net commissions and fees from asset management” in the Group’s consolidated statement of income. The income arises in connection with services that are directly related to the Group’s ordinary business activities (asset management business) and hence fall within the scope of IFRS 15.

The Group applies the IFRS 15 five-step business model to determine revenue recognition. After a contract with a customer has been identified in the first step, the performance obligation – or a series of distinct performance obligations – to the customer is identified in the second step. The Group must examine whether the service is capable of being distinct and is actually distinct within the context of the contract. A promised service is distinct if the customer can benefit from the service either on its own or together with other resources that are readily available to the customer, and the promise to transfer the service to the customer is separately identifiable from other promises in the contract. The amount of income is measured on the basis of the contractually agreed transaction price for the performance obligation defined in the contract. Income is not recognized in profit and loss until the identified performance obligation has been satisfied.

Management Fees and Performance Fees

The Group is a global asset manager offering traditional active and passive strategies as well as alternative and bespoke solutions for its customers. The Group earns management fees and performance fees with different products carrying different fee rates arising from trust and other fiduciary activities that result in segregated holding or investing of assets on behalf of individuals, trusts, retirements benefit plans, and others.

Management fees are charged as a percentage of AuM and are received on a monthly or quarterly basis. Other recurring fees include ongoing fees for products not captured in an asset class mix such as for example custody fees for client accounts. Performance fees are received primarily for fund management services based on the fund's performance relative to a benchmark / target return or the realized appreciation of the fund's investments. Fees from securities lending transactions as well as variable performance fees based on specific contractual terms are further components of the performance fee position for the Group.

The terms and conditions of management fees and performance fees are governed in the asset management agreement. Asset management services that give rise to the management fee and performance fees constitute a single performance obligation under IFRS 15 and are considered together for revenue recognition purposes. The management and performance fee are variable consideration such that at each reporting date the Group estimates the fee amount to which the entity will be entitled in exchange for transferring the promised services to the customer. This includes consideration of the following constraints in the estimation on the fee amount:

- The AuM in the case of the management fee; and
- The fund's performance relative to a benchmark / target return or the realized appreciation of the fund's investments in the case of the performance fee

Management fees and performance fees are recognized when it is highly probable that a significant reversal in the cumulative amount of the transaction price would not occur. The Group updates its estimate of the transaction price for the management and performance fee at each reporting date. The benefits arising from the asset management services are simultaneously received and consumed by the customer over time. The Group recognizes revenue over time by measuring the progress towards complete satisfaction subject to the removal of any uncertainty whether it is highly probable that a significant reversal in the cumulative amount of revenue recognized would occur or not. For the management fee component including other recurring fees this is the end of the monthly or quarterly service period. For the performance fee and fees from securities lending transactions this is when based on the contractual provisions any uncertainty from the performance-related nature of the fee component has been fully removed.

The asset management fee is often structured as so-called "all-in fee" such that it includes compensation for example for fund related services such as administrative services and fund audit services. The Group remains the primary obligor to provide the services. In this case the revenue and expenses are reported gross as "Commission and fee income" and "General and administrative expenses" respectively.

For expenses incurred in relation to businesses where revenue is driven on a commission basis, and for which income is reported as that commission income in the consolidated financial statements, such expenses are presented on a net basis. For example, net management fees consist of gross management fees and other-related fees, including administrative service fees, net of distribution fees paid. The total level of management fees depends on the client and product mix. Subsequently all expenses that are incurred on a transaction basis and are directly incurred and incremental to the generation of fee income are presented in "Net Commission and Fees from Asset Management" in the Group's consolidated financial statements.

Distribution Fees

Revenue and expenses from the distribution of fund units arise from "Front-end load" fees and "Distribution" fees. The associated revenue and expenses are reported gross as "Commission and fee income" and "Commission and fee expense" respectively. However, in certain distribution agreements the Group does not own the contractual obligation to perform the first time distribution service to the end-investor. Instead, a third party agent enters directly into a contractual agreement with the end-investor to perform the distribution service. In this case, the Group does not report any revenue and associated expense in "Commission and fee income" and "Commission and fee expense" respectively.

The gross management fee and performance fee income and expense are disclosed in "Note 05 – Net Commissions and Fees from Asset Management" in the Group's consolidated financial statements. This includes income and associated expense where the Group contractually owns the performance obligation (Principal) in relation to the service that gives rise to the revenue and associated expense. In contrast, it does not include situations where the Group does not contractually own the performance obligation (Agent).

Net Commissions and Fees from Asset Management (IAS 18)

The Group applied the revenue recognition requirements of IAS 18, “Revenue” (IAS 18). Revenue was recognized when the amount of revenue and associated costs could be reliably measured, it is probable that economic benefits associated with the transaction will be realized and the stage of completion of the transaction could be reliably measured.

Accordingly, if the services was rendered over several periods, income from service transactions (such asset management services) were recognized by reference to the stage of completion of the performance obligation applying to the transaction at the reporting date. Performance-linked fees or fee components were recognized when the performance criteria are fulfilled.

Effects of Changes in Recognition Requirements for Commissions and Fees

DWS has exercised the initial application relief allowed by IFRS 15 and applies the standard to reporting periods beginning on or after January 1, 2018. Fees and commissions in the prior-year period are recognized and measured in accordance with IAS 18 “Revenue”. The initial application of IFRS 15 did not have any effects on the recognition of fees and commissions regarding timing and measurement. As a consequence, Group only applies on changes in presentation of the individual components. This includes the disclosure of Commissions and Fees income from the Group’s asset management activities on a gross basis.

Critical Accounting Estimates - The performance fee has a large number and a broad range of possible outcomes and although DB has entered into similar contracts, that experience is of little predictive value in determining the future performance of the fund. As this may require significant management judgment the Group considers this to be a critical accounting estimate.

Financial Assets and Liabilities, Financial Instruments

IAS 32 defines financial instruments as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, i.e. any contract representing contractual rights or obligations to pay or receive cash or other financial assets.

Derivative instruments are financial assets or liabilities that derive their value from an underlying, which require little or no initial investment and which are settled at a future date. The Group does not apply hedge accounting.

Financial assets and liabilities are recognized in the financial statements in accordance with the provisions of IFRS 9 as adopted by the European Union.

IFRS 9 Classification and Measurement

IFRS 9 sets out requirements for recognizing and measuring financial instruments, this standard replaces IAS 39 Financial Instruments: Recognition and Measurement. A financial instrument is any contract that gives rise to both a financial asset of one entity and financial liability or equity instrument of another entity.

IFRS 9 requires the classification of financial assets to be determined based on both the business model used for managing the financial assets and contractual cash flow characteristics of the financial assets (also known as SPPI). There was no change from IAS 39 to IFRS 9 for the classification and measurement of financial liabilities.

Financial assets and financial liabilities are recognized in the Group’s consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial Assets

Non-derivative financial assets (debt or equity instruments) are classified in accounting categories in the financial statements that determine their accounting treatment and their subsequent measurement method. These financial assets are classified in one of the following three categories:
- Financial assets at fair value through profit or loss
- Financial assets at amortized cost
- Financial assets at fair value through equity

Business Model

There are three business models defined under IFRS 9 for financial assets:

- Hold to Collect – Financial assets held with the objective to collect contractual cash flows.
- Hold to Collect and Sell – Financial assets held with the objective of both collecting contractual cash flows and selling financial assets.
- Other – Financial assets held with trading intent or that do not meet criteria of either “Hold to collect” or “Hold to collect and sell”

The Group’s assessment on the business models used resulted in: “Other business model” for the measurement of the Group’s financial assets as the Group’s business model is neither “Hold to collect” nor “Hold to collect and sell”. These assets mainly comprises of consolidated funds under IFRS 10, co-investments and seed-investments and are measured at Fair Value through profit and loss.

Solely Payments of Principal and Interest (SPPI)

If a financial asset is held in either Hold to collect or a Hold to collect and sell business model, then an assessment to determine whether contractual cash flows are solely payments of principal and interest on the principle amount outstanding at initial recognition is required to determine the classification.

Contractual cash flows, that are SPPI on the principal amount outstanding, are consistent with a basic lending arrangement. Interest is considered for the time value of the money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for the other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding the financial assets for a particular period of time; and a profit margin that is consistent with a basic lending arrangement.

Classification of Financial Assets under IFRS 9

Based on the one business model “Other business model” the Group does not apply for non-derivative financial assets (debt or equity instruments) financial assets at amortized cost under IFRS 9, financial assets at fair value through other comprehensive income under IFRS 9 or financial assets designated at fair value through profit or loss under IFRS 9.

Financial Liabilities

Except for financial liabilities at fair value through profit or loss, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities include long-term and short-term debt issued which are initially measured at fair value, which is the consideration received, net of transaction costs incurred.

Certain financial liabilities are designated at fair value through profit or loss using the fair value option. To be designated at fair value through profit or loss, such financial liabilities and its designation at fair value option must eliminate or significantly reduce a measurement or recognition inconsistency.

The distinction between debt instruments and equity instruments is based on an analysis of the economic substance or contractual arrangements.

A financial liability is a debt instrument if it includes a contractual obligation:

- to return cash, other financial assets or a variable number of equity instruments to an entity; or
- to exchange financial assets and financial liabilities with another entity under potentially unfavourable conditions.

An equity instrument is a non-repayable financial instrument that provides a discretionary return which highlights a residual interest in a company after deduction of all financial liabilities and which is not qualified as debt instrument.

Impairment Implementation

The impairment requirements of IFRS 9 apply to all financial assets and off balance sheet commitments. This contrasts to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts as they were instead covered by IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The determination of impairment losses and allowance moved from an incurred model whereby credit losses are recognized when defined loss event occurs under IAS 39, to an expected credit loss model under IFRS 9, where provisions are taken upon initial recognition of the financial asset, based on expectations of potential credit losses at the time of initial recognition.

IFRS 9 introduces a three stage approach to impairment for financial assets that are performing at the date of origination or purchase. IFRS 9 impairment requirements applies to all financial assets measured at amortized cost and measured at Fair Value through Other Comprehensive Income (FVOCI) not classified and measured at Fair Value through Profit and Loss (FVTPL). The expected credit loss model (ECL) is applicable to DWS Group in a limited manner. The approach is summarized as follows:

- Stage 1: The Group recognizes a credit loss allowance at an amount equal to twelve-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within twelve months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Group recognizes a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of expected credit losses (ECL) based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to twelve months in Stage 1.

- Stage 3: The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a Probability of Default (PD) of 100 %, via the recoverable cash flows for the asset, for those Financial Assets that are credit-impaired. The Group’s definition of default is aligned with the regulatory definition. The treatment of loans in Stage 3 remains substantially the same as the treatment of impaired loans under IAS 39 except for homogeneous portfolios.

Critical Accounting Estimates – Because the assessment of the expectation of potential credit losses including the judgment on significant increase in credit risk since inception require significant management judgment and the estimate of impairment could change from period to period based upon future event that may or may not occur, the Group considers this to be a critical accounting estimate.

IAS 39 Classification and Measurement

Prior to IFRS 9 implementation, the Group classified its financial assets and liabilities into the following categories: financial assets and liabilities at fair value through profit or loss, loans, financial assets available for sale (“AFS”) and other financial liabilities. Appropriate classification of financial assets and liabilities was determined at the time of initial recognition or when reclassified in the Combined Balance Sheet.

Financial instruments classified at fair value through profit or loss and financial assets classified as AFS are recognized or derecognized on trade date, which is the date on which the Group commits to purchase or sell the asset or issue or repurchase the financial liability.

Financial Assets and Liabilities at Fair Value through Profit or Loss

The Group classifies certain financial assets and financial liabilities as either held for trading, if they have been originated, acquired or incurred principally for the purpose of selling or repurchasing in the near term or designated at fair value through profit or loss if they meet the following criteria 1) the designation eliminates or significantly reduces a measurement or recognition inconsistency; 2) a group of financial assets or liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or 3) the instrument contains one or more embedded derivatives. They are carried at fair value and presented as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, respectively. Trading assets include debt and equity securities and derivatives. Related realized and unrealized gains and losses are included in net gains (losses) on financial assets/liabilities at fair value through profit or loss. Interest on interest earning assets such as trading loans and debt securities and dividends on equity instruments are presented in interest and similar income from financial instruments at fair value through profit or loss.

Financial Assets Classified as Available for Sale

Financial assets that are not classified as at fair value through profit or loss or loans are classified as AFS. A financial asset classified as AFS is initially recognized at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortization of premiums and accretion of discount are recorded in net interest income. Financial assets classified as AFS are carried at fair value with the changes in fair value reported in other comprehensive income, unless the asset is subject to a fair value hedge, in which case changes in fair value resulting from the risk being hedged are recorded in other income. For monetary financial assets classified as AFS (debt instruments), changes in carrying amounts relating to changes in foreign exchange rate are recognized in the Combined Statement of Income and other changes in carrying amount are recognized in other comprehensive income as indicated above. For financial assets classified as AFS that are nonmonetary items (equity instruments), the gain or loss that is recognized in other comprehensive income includes any related foreign exchange component. Realized gains and losses are reported in net gains (losses) on financial assets available for sale.

In the case of equity investments classified as AFS, objective evidence of impairment includes a significant or prolonged decline in the fair value of the investment below cost. In the case of debt securities classified as AFS, impairment is assessed based on the same criteria as for loans. Any impairment loss is recognized in net gains (losses) on financial assets available for sale. Reversals of impairment losses are recognized in other comprehensive income.

When an AFS debt security is impaired, any subsequent decreases in fair value are recognized in the Combined Statement of Income as it is considered further impairment. Any subsequent increases are also recognized in the Combined Statement of Income until the asset is no longer considered impaired. When the fair value of the AFS debt security recovers to at least amortized cost it is no longer considered impaired and subsequent changes in fair value are reported in other comprehensive income.

Critical Accounting Estimates – Because the assessment of objective evidence of impairment requires significant management judgment and the estimate of impairment could change from period to period based upon future events that may or may not occur, the Group considered the impairment of Financial Assets classified as Available for Sale to be a critical accounting estimate.

Determination of Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an arm’s length transaction between market participants at the measurement date. The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Critical Accounting Estimates – The Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument’s complexity.

In reaching estimates of fair value management judgment needs to be exercised. The areas requiring significant management judgment are identified, documented and reported to senior management as part of the valuation control process and the standard monthly reporting cycle. The specialist model validation and valuation control groups focus attention on the areas of subjectivity and judgment.

The level of management judgment required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. Similarly, there is little subjectivity or judgment required for instruments valued using valuation models which are standard across the industry and where all parameter inputs are quoted in active markets.

Where no market data is available for a particular instrument then pricing inputs are determined by assessing other relevant sources of information such as historical data, fundamental analysis of the economics of the transaction and proxy information from similar transactions, and making appropriate adjustments to reflect the actual instrument being valued and current market conditions. Where different valuation techniques indicate a range of possible fair values for an instrument then management has to decide what point within the range of estimates appropriately represents the fair value. Further, some valuation adjustments may require the exercise of management judgment to achieve fair value.

Under IFRS, the financial assets and liabilities carried at fair value are required to be disclosed according to the inputs to the valuation method that are used to determine their fair value. Specifically, segmentation is required between those valued using quoted market prices in an active market (level 1), valuation techniques based on observable parameters (level 2) and valuation techniques using significant unobservable parameters (level 3). Management judgment is required in determining the category to which certain instruments should be allocated. This specifically arises when the valuation is determined by a number of parameters, some of which are observable and others are not. Further, the classification of an instrument can change over time to reflect changes in market liquidity and therefore price transparency.

The Group provides a sensitivity analysis of the impact upon the level 3 financial instruments of using a reasonably possible alternative for the unobservable parameter. The determination of reasonably possible alternatives requires significant management judgment.

For financial instruments measured at amortized cost (which includes loans, deposits and short and long term debt) the Group discloses the fair value. Generally there is limited or no trading activity in these instruments and therefore the fair value determination requires significant management judgment.

Goodwill and Other Intangible Assets

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the aggregate of the cost of an acquisition and any noncontrolling interests in the acquiree over the fair value of the identifiable net assets acquired at the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Any noncontrolling interest in the acquiree is measured either at fair value or at the noncontrolling interests' proportionate share of the acquiree's identifiable net assets (this is determined for each business combination).

Goodwill on the acquisition of subsidiaries is capitalized and reviewed for impairment annually or more frequently if there are indications that impairment may have occurred.

If goodwill has been capitalized and an operation is disposed of, the attributable goodwill is included in the carrying amount of the operation when determining the gain or loss on its disposal.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets that have a finite useful life are stated at cost less any accumulated amortization and accumulated impairment losses. Customer-related intangible assets that have a finite useful life are amortized over periods of between 1 and 20 years on a straight-line basis based on their expected useful life. These assets are tested for impairment and their useful lives reaffirmed at least annually.

Certain intangible assets have an indefinite useful life and hence are not amortized, but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that impairment may have occurred.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Capitalized costs are amortized using the straight-line method over the asset's useful life which is deemed to be either three, five or ten years. Eligible costs include external direct costs for materials and services, as well as payroll and payroll-related costs for employees directly associated with an internal-use software project. Overhead costs, as well as costs incurred during the research phase or after software is ready for use, are expensed as incurred. Capitalized software costs are tested for impairment either annually if still under development or when there is an indication of impairment once the software is in use.

Critical Accounting Estimates – The determination of the recoverable amount in the impairment assessment of non-financial assets requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions. Because these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical.

Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted and measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party (for example, because the obligation is covered by an insurance policy), an asset is recognized if it is virtually certain that reimbursement will be received.

Critical Accounting Estimates – The use of estimates is important in determining provisions for potential losses that may arise from litigation and regulatory proceedings. The Group estimates and provides for potential losses that may arise out of litigation and regulatory proceedings to the extent that such losses are probable and can be estimated, in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". Significant judgment is required in making these estimates and the Group's final liabilities may ultimately be materially different.

Contingencies in respect of legal matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group's final liability may ultimately be materially different. The Group's total liability in respect of litigation, arbitration and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case, the Group's experience and the experience of others in similar cases, and the opinions and views of legal counsel. Predicting the outcome of the Group's litigation matters is inherently difficult, particularly in cases in which claimants seek substantial or indeterminate damages.

Income Taxes

The Group recognizes the current and deferred tax consequences of transactions that have been included in the consolidated financial statements using the provisions of the respective jurisdictions' tax laws. Current and deferred taxes are recognized in profit or loss except to the extent that the tax relates to items that are recognized directly in equity or other comprehensive income in which case the related tax is recognized either directly in equity or other comprehensive income accordingly.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset when (1) they arise from the same tax reporting entity or tax group of reporting entities, (2) the legally enforceable right to offset exists and (3) they are intended to be settled net or realized simultaneously.

Deferred tax assets and liabilities are offset when the legally enforceable right to offset current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same tax reporting entity or tax group of reporting entities.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, branches and associates and interests in joint ventures except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future. Deferred income tax assets are provided on deductible temporary differences arising from such investments only to the extent that it is probable that the differences will reverse in the foreseeable future and sufficient taxable income will be available against which those temporary differences can be utilized.

Deferred tax related to fair value re-measurement of financial instruments, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognized in the statement of income once the underlying transaction or event to which the deferred tax relates is recognized in the statement of income.

Noncontrolling Interests

Noncontrolling interests are shown in the consolidated balance sheet as a separate component of equity, which is distinct from the Group's shareholders' equity. The net income attributable to noncontrolling interests is separately disclosed on the face of the consolidated statement of income. Changes in the ownership interest in subsidiaries which do not result in a change of control are treated as transactions between equity holders and are reported in additional paid-in capital ("APIC") within equity.

Employee Benefits

Share-Based Compensation
The Group participates in the DB Equity Plan under the rules established for DB Group. DB Group made grants of share-based compensation under the DB Equity Plan.

Share-based payment transactions where Deutsche Bank AG as parent company grants Deutsche Bank AG Shares to the employees of the Group are classified as equity-settled transactions reflected in the equity in the consolidated financial statements of the Group as Deutsche Bank AG has the obligation to settle the shares.

The substance of the Deutsche Bank's share award programs is that Deutsche Bank AG makes a capital contribution to the Group, and that the Group makes a share-based payment to its employees in exchange for services. Compensation cost related to the grant of parent company awards to employees of the Group are recognized in the consolidated financial statements as compensation expense with a corresponding credit to equity. The compensation expense based on the fair value at grant date of the awards (and adjusted for expected forfeitures) is amortized over the requisite substantial service period of the award.

For share awards, the fair value is the quoted market price of the share reduced by the present value of the expected dividends from Deutsche Bank AG that will not be received by the employee and adjusted for the effect, if any, of restrictions beyond the vesting date. In case an award is modified such that its fair value immediately after modification exceeds its fair value immediately prior to modification, a re-measurement takes place and the resulting increase in fair value is recognized as additional compensation expense in the consolidated financials of the Group.

Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but non-substantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

If there are recharge arrangements in place to compensate Deutsche Bank AG for the cost of acquiring the shares to settle its obligation, the Group recognizes a corresponding liability that is accrued over the respective service/vesting period.

From the perspective of the Group, the recharge forms part of the determination of the net capital contribution received in respect of the share-based payment transaction. As the Group recognizes a capital contribution as part of the accounting for the share-based payment transaction, the Group recognizes its reimbursement of the contribution to DB Group Service (as administrator of DB Group wide award process) as an adjustment of that capital contribution. The Group therefore recognizes a recharge liability with a corresponding debit in equity.

The liabilities incurred are re-measured at the end of each reporting period until settlement with recognizing any gains and losses in equity.

DWS Equity Plan and DWS Stock Appreciation Rights Plan
Following its partial IPO, the Group seeks both to encourage and to reward, the achievement of strategic financial objectives in line with the targets set as part of the IPO.

In September 2018, DB Group made grants of IPO related Awards to selected employees within the Group. Both Awards (DWS Equity Plan and DWS Stock Appreciation Rights (SAR) Plan) are considered as cash settled but equity linked plans.

All employees who are offered DWS Equity Plan Awards are subject to performance condition and forfeiture provision which need to be met for each tranche to be capable of settlement. In case such performance condition is not met, the tranche will lapse.

Employees who are offered DWS SAR Plan Awards are also subject to specific performance and forfeiture provisions, as applicable under the SAR Plan.

Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but non-substantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

The liabilities incurred are re-measured at the end of each reporting period until settlement with recognizing any gains and losses in profit and loss.

Pension Benefits

The Group provides a number of pension plans. In addition to defined contribution plans, there are retirement benefit plans accounted for as defined benefit plans. The assets of all the Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of salary and are expensed based on employee services rendered, generally in the year of contribution.

All retirement benefit plans accounted for as defined benefit plans are valued using the projected unit-credit method to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations which include assumptions about demographics, salary increases and interest and inflation rates. Actuarial gains and losses are recognized in other comprehensive income and presented in equity in the period in which they occur. The majority of the Group's benefit plans is funded.

Other Post-Employment Benefits

In addition, the Group maintains unfunded contributory post-employment medical plans for a number of current and retired employees who are mainly located in the United States. These plans pay stated percentages of eligible medical and dental expenses of retirees after a stated deductible has been met. DB Group funds these plans on a cash basis as benefits are due. Analogous to retirement benefit plans these plans are valued using the projected unit-credit method. The Group pays only for participation in the plan.

Refer to "Note 17 - Employee Benefits" for further information on the accounting for pension benefits and other post-employment benefits.

Termination benefits

Termination benefits arise when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits as a liability and an expense if the Group is demonstrably committed to a detailed formal plan without realistic possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due in more than twelve months after the end of the reporting period are discounted to their present value. The discount rate is determined by reference to market yields on high-quality corporate bonds.

Statement of Cash Flows

The Group's assignment of cash flows to the operating, investing or financing category depends on the business model ("management approach"). For the Group the primary operating activity is to manage Assets under Management (AuM) and to offer asset management activities (traditional active and passive strategies, as well as alternatives and bespoke solutions).

The amounts shown in the consolidated statement of cash flows do not precisely match the movements in the consolidated balance sheet from one period to the next as they exclude non-cash items such as movements due to foreign exchange translation and movements due to changes in the group of consolidated companies.

The movements in balances carried at fair value through profit or loss shown in operating cash flows represent all changes affecting the carrying value. This includes the effects of market movements and cash inflows and outflows.

Investment Contracts

Non-Participating Investment Contracts ("Investment Contracts")

These contracts do not contain significant insurance risk or discretionary participation features and therefore are not considered under IFRS 4. These are measured and reported consistently with other financial liabilities, which are classified as financial liabilities at fair value through profit or loss.

All of the Group's investment contracts are unit-linked. These contract liabilities are determined using current unit prices multiplied by the number of units attributed to the contract holders as of the balance sheet date.

As this amount represents fair value, the liabilities have been classified as financial liabilities at fair value through profit or loss. Deposits collected under investment contracts are accounted for as an adjustment to the investment contract liabilities. Investment income attributable to investment contracts is included in the consolidated statement of income. Investment contract claims reflect the excess of amounts paid over the account balance released.

The financial assets for investment contracts are recorded at fair value with changes in fair value, and changes in the fair value of the corresponding financial liabilities, recorded in profit or loss.

02 – Impact of Changes in Accounting Principles

Recently Adopted Accounting Pronouncements

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Group’s combined financial statements as at and for the year ended December 31, 2017.

The Group has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018.

IFRS 9 Financial Instruments

On January 1, 2018, the Group adopted IFRS 9 “Financial Instruments”, which replaces IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements on how an entity should classify and measure financial assets, replaces the rules for impairment of financial assets and amends the requirements for hedge accounting. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures.

The transition rules of IFRS 9 do not require a retrospective application to prior periods, accordingly the initial adoption effect is reflected in the opening balance of shareholders’ equity for the financial year 2018. Comparative periods in the notes in the following chapters of this report are presented in the structure according to IAS 39.

IFRS 9 requires the classification of financial assets to be determined based on both the business model used for managing the financial assets and the contractual cash flow characteristics of the financial asset (also known as SPPI). The Group’s assessment on the business model used resulted in: “Other business model” for the measurement of the Group’s financial assets as DWS Group’s business model is neither “Hold to collect” nor “Hold to collect and sell”. These assets comprise of consolidated funds under IFRS 10, held as trading assets, co-investments and seed-investments. These assets have no contractual cash-flows characteristics that are SPPI’s.

The impairment implementation to determine impairment losses and allowance moves from an incurred credit loss model under IAS 39 to an expected credit loss model under IFRS 9.

There was no change from IAS 39 to IFRS 9 for the classification and measurement of financial liabilities.

The below table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of DWS Group’s financial assets as at January 1, 2018.

in € m	Notes	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets:					
Debt securities	8,9	Trading assets	Financial Assets at Fair Value through profit or loss	75	75
Equity securities	8,9	Trading assets	Financial Assets at Fair Value through profit or loss	1,221	1,221
Derivatives	8,9	Trading assets	Financial Assets at Fair Value through profit or loss	8	8
Equity securities	8,9	Securities available for sale	Non-trading financial assets at fair value through profit or loss	134	134
Other financial assets	8,9	Securities available for sale	Non-trading financial assets at fair value through profit or loss	169	169
Equity securities	8,9	Financial assets designated at fair value through profit or loss	Investment contracts assets mandatory at fair value through profit or loss	574	574
Cash and bank balances	10	Loans and receivables	Amortized cost	3,317	3,317
Loans	10	Loans and receivables	Amortized cost	307	307
Other financial assets	10	Loans and receivables	Amortized cost	1,115	1,115
Total financial assets				**6,919**	**6,919**

The accumulated other comprehensive income, net of tax on assets available for sale of € 67 million was reclassified to retained earnings as at January 1, 2018.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings.

in € m	Impact of adopting IFRS 9 on opening balance
Recognition of expected credit losses under IFRS 9:	
Cash and interbank balances	(1)
Loans at amortized cost	(0)
Other assets	(3)
Contingent liabilities	(0)
Related taxes	1
Impact as at January 1, 2018	**(3)**

The impact after tax reflects the transition to determine impairment losses from incurred credit loss model under IAS 39 to the expected credit loss model under IFRS 9.

IFRS 15 Revenue from Contracts with Customers

DWS Group adopted IFRS 15 “Revenue from Contracts with Customers” effective January 1, 2018. IFRS 15 is new standard on revenue recognition that brings together the numerous requirements previously contained in various standards and interpretations and provides a single, principle-based five-step-model that applies to all customer contracts. Under IFRS 15, the amount of the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer must be recognized as revenue.

As a general rule, the standard applies to all contracts with customers that agree on the sale of goods and services from the entity’s ordinary business activities. At DWS Group, IFRS 15 applies in particular to the fees and charges reported under “Net Commission and Fees from Asset Management” in the entity’s statement of income. The income arises in connection with services that are directly related to DWS Group’s ordinary business activities (asset management business) and hence fall within the scope of IFRS 15.

DWS Group has exercised the initial application relief allowed by IFRS 15 and applies the standard to reporting periods beginning on or after January 1, 2018. Fees and commissions in prior-year period are recognized and measured in accordance with IAS 18 “Revenue”. The initial application of IFRS 15 did not have any effects on the recognition of fees and commissions regarding timing and measurement. As a consequence, Group only applies on changes in presentation of the individual components. This includes the disclosure of Commissions and Fees income from the Group’s asset management activities on a gross basis.

New Accounting Pronouncements

The following accounting pronouncements which are relevant to the Group were not effective as of December 31, 2018 and therefore have not been applied in preparing these consolidated financial statements.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, “Leases”, which introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There will be only minor changes to the current accounting for lessors. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The standard has been endorsed by the EU.

DWS Group participates in the DB Group IFRS 16 implementation project. The majority of DWS Group’s leases are sub-leases where DB Group is the lessee. DB Group has chosen to apply the modified retrospective transition approach, without restatement of comparative figures. Under the modified retrospective approach, the Group can choose on a lease by lease basis to either (i) measure the right-of-use asset at the same amount as the lease liability, or (ii) to measure the right-of-use asset retrospectively using the transition discount rate. For approach (ii), the resulting difference between the right-of-use asset and the lease liability will be recognized as an adjustment to the opening balance of retained earnings on transition. DWS Group applies the same approach in line with DB.

Based on the current status of the implementation project, the potential impact upon adoption may result in an approximately € 93 million (approach (i)) and € 41 million (approach (ii)) increase in the balance sheet related to the recognition of right of use assets and corresponding liabilities, respectively. This will lead to an overall reduction in the Group’s total shareholders’ equity of € 7 million after tax. These estimates may change as the Group finalizes its implementation project in the first quarter of 2019.

Improvements to IFRS 2015-2017 Cycles

In December 2017, the IASB issued amendments to multiple IFRS standards, which resulted from the IASB’s annual improvement project for the 2015-2017 cycles. This comprises amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to IFRS 3 “Business combinations”, IAS 12 “Income taxes” and “IAS 23 Borrowing costs”. The amendments will be effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. DWS Group expects that the amendments will not have a material impact on the Group’s consolidated financial statements. The amendments have yet to be endorsed by the EU.

03 – Acquisitions and Dispositions

Business Combinations

During 2018, DWS Group did not undertake any material acquisition accounted for as business combinations.

Acquisitions

During 2018, DWS Group did not engage in any material acquisition.

Dispositions

During 2018, a 5% share of DWS Real Estate GmbH was sold to Deutsche Bank AG by DWS KGaA, thereby decreasing the DWS KGaA shareholding in DWS Real Estate GmbH to 89.9%.

Derecognition of the net 5% of its participation in DWS Real Estate GmbH is predominantly reflected as an increase in cash as well as minority interest, liabilities and retained earnings.

04 – Business Segment and Related Information

DWS Group's segmental reporting has been prepared in accordance with the "management approach", which requires presentation of segments on the basis of the internal management report of the entity that are regularly reviewed by the chief operating decision maker (CODM), which is the Executive Board.

The Group – based on this "management approach" - operates a single business segment for reporting and controlling purposes.

The term CODM identifies a function, not necessarily a manager with a specific title. Although an entity cannot have more than one CODM, the CODM can be a group of persons. Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the CODM to discuss operating activities, financial results, forecasts, or plans for the segment. The term 'segment manager' also identifies a function, not necessary a single manager with a specific title.

As CODM the Executive Board will be responsible for reviewing and monitoring the results of the Group and making strategic decisions around asset allocation and resources. The segment manager is a combination of the Chief Executive Officer and the Executive Board.

The Group's operating activity is managed using one globally integrated investment group targeting the same client segments, distribution channels and asset classes. There is one centrally managed DWS sales force servicing all of the business units / products and negotiating prices with clients and DWS Group is using largely shared infrastructure and support services (such as marketing, product strategy, product development and finance).

The Executive Board sets strategy for the Group and its individual parts including the one centrally managed sales force and the largely shared infrastructure and support services. Although revenues will be monitored by the different asset classes (i.e. Traditional and Alternatives), all other direct and allocated costs, along with assets and liabilities, but also full-time employee and capital ratios will be analysed and monitored on an aggregate basis.

The following table presents total net interest and noninterest income by geographic area – based on the management approach of DWS Group:

in € m.	2018	Combined 2017
Germany	977	984
Europe (excluding Germany), Middle East and Africa	686	876
Americas	481	528
Asia/Pacific	115	121
Total net interest and noninterest income	**2,259**	**2,509**

Notes to the Consolidated Income Statement

05 – Net Commissions and Fees from Asset Management

Since January 1, 2018 the Group adopted IFRS 15 „ Revenue from Contracts with Customers“ which requires disaggregation of revenues recognized from contracts with customers into categories that reflect the effect of economic factors.

Management fees are recognised as and when the service is performed as a percentage of average AuM and are generally received on a monthly or quarterly basis. They mainly relate to gross funds management fees received and gross expenses mainly relate to distribution fees paid.

Performance fees are recognised based on the fund’s performance relative to a benchmark/target return or the realized appreciation of the fund’s investments. Fees from securities lending transactions as well as variable performance fees based on specific contractual terms are further components of the performance and transaction fees for real estate transactions from Alternative funds.

The split of net commissions and fees from asset management by product and type is as follows:

in € m.	2018
Management fees:	
Management fee income	3,147
Management fee expense	(1,055)
Net management fees	**2,092**
Thereof:	
Active Equity	683
Active Multi Asset	205
Active SQI[1]	160
Active Fixed Income	312
Active Cash	44
Passive	284
Alternatives	384
Other[2]	19
Performance and transaction fees:	
Performance and transaction fee income	93
Performance and transaction fee expense	(4)
Net performance and transaction fees	**89**
Thereof:	
Alternatives	59
Active and Other	30
Total net commissions and fees from asset management	**2,180**

1 SQI stands for Systematic & Quantitative Investments.
2 Other recurring fees include ongoing fees for products not captured in a product mix such as for example custody fees for client accounts.

Prior to the adoption of IFRS 15 the Group disclosed total commissions and fees from asset management on a net basis. Net management fees amounted to € 2,195 million and net performance and transaction fees amounted to € 196 million as for January to December 2017, both based on combined financials.

We have unsatisfied performance obligations from Alternative funds in the amount of € 71 million with a time band of seven years, starting from the year 2023 to 2029.

The split of total net commission and fee income from asset management by geography as booked in regions is as follows:

in € m.	2018
Commission and fee income from asset management:	
Germany	1,314
Europe (excluding Germany), Middle East and Africa	1,258
Americas	600
Asia/Pacific	68
Total commission and fee income from asset management	**3,240**
Commission and fee expense from asset management	**(1,059)**
Net commissions and fees from asset management	**2,180**

06 – General and Administrative Expenses

in € m.	2018	Combined 2017
General and administrative expenses:		
IT costs	104	117
Professional service fees	81	89
Communication and data services	83	57
Occupancy, furniture and equipment expenses	72	69
Banking and transaction charges	216	194
Marketing expenses	33	41
Travel and representation expenses	33	37
Charges from Deutsche Bank Group	233[1]	276
Other expenses	91	68
Total general and administrative expenses	**946**	**947**

[1] Thereof € 139 million related to infrastructure charges from DB Group and € 94 million related to DWS functions in DB entities

07 – Earnings per Common Share

Basic earnings per share amounts are computed by dividing net income (loss) attributable to DWS shareholders by the average number of common shares outstanding during the year. The average number of common shares outstanding is defined as the average number of common shares issued.

Diluted earnings per share assumes the conversion into common shares of outstanding securities or other contracts to issue common stock. DWS Group does not have any dilution impact on earnings per share as of December 31, 2018.

For the period prior to the IPO of DWS GmbH & Co. KGaA and for 2017, 200.000.000 common shares were used as the basis for the calculating earnings per common shares.

Computation of basic and diluted earnings per common share

in € m. (unless stated differently)	2018	Combined 2017
Net income (loss) attributable to DWS shareholders – numerator for basic earnings per common share	391	633
Net income (loss) attributable to DWS shareholders after assumed conversions – numerator for diluted earnings per common share	391	633
Number of common shares (in million)	200	200
Weighted-average shares outstanding - denominator for basic earnings per common share (in million)	200	200
Adjusted weighted-average shares after assumed conversions - denominator for diluted earnings per common share (in million)	200	200

Earnings per common share

	2018	Combined 2017
Basic earnings per common share	€ 1.95	€ 3.16
Diluted earnings per common share	€ 1.95	€ 3.16

Notes to the Consolidated Balance Sheet

08 – Financial Assets/Liabilities at Fair Value through Profit or Loss

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Financial assets classified as held for trading:		
Trading assets:		
Securities	1,226	1,296
Total trading assets	1,226	1,296
Positive market values from derivative financial instruments	5	37
Total financial assets classified as held for trading	**1,231**	**1,333**
Non-trading financial assets mandatory at fair value through profit or loss	1,131	N/A
Investment contract assets mandatory at fair value through profit or loss	512	N/A
Financial assets designated at fair value through profit or loss	0	574
Total financial assets at fair value through profit or loss	**2,875**	**1,907**
Financial liabilities classified as held for trading:		
Trading liabilities:		
Securities	9	14
Total trading liabilities	9	14
Negative market values from derivative financial instruments	91	125
Total financial liabilities classified as held for trading	**101**	**139**
Financial liabilities designated at fair value through profit or loss:		
Investment contract liabilities	512	574
Total financial liabilities designated at fair value through profit or loss	**512**	**574**
Total financial liabilities at fair value through profit or loss	**613**	**713**

Trading assets mainly comprise of the consolidated guaranteed mutual funds of € 1,126 million as of December 31, 2018 (December 31, 2017: € 1,240 million), excluding cash and bank balances. The funds' assets belong to investors and are consolidated under IFRS 10 even though not being an investor. The Group reports the corresponding liabilities (including cash and bank balances) as financial liabilities held at fair value related to payables from guaranteed and other consolidated funds under Financial Instruments carried at Fair Value (see note 9).

The positive market values from derivative financial instruments for the combined financials as of December 31, 2017 included € 29 million relating to assets which were not transferred into the Group.

The non-trading financial assets mandatory at fair value through profit or loss include co-investments and seed investments, a large part of which were reclassified from available for sale in course of this year's adoption of IFRS 9 in the amount of € 302 million (€ 60 million of assets available for sale were not transferred into the Group), € 400 million of corporate cash invested into money market funds and € 328 million of mainly government bonds held for regulatory purposes.

Since adoption of IFRS 9, the Group reports the assets from investment contracts as mandatory at fair value through profit or loss. The investment contract assets are matched by the respective liabilities (€ 512 million in 2018, € 574 million in 2017) at fair value through profit or loss. Any changes in market conditions including the performance of the related investment funds (2018: € 41 million, 2017: € 26 million) impact both, investment contract assets as well as liabilities.

The negative market values from derivative financial instruments mainly include the change in fair value of guaranteed contracts which do not qualify as financial guarantee (€ 79 million as of December 31, 2018, € 89 million as of December 31, 2017). The negative market values from derivative financial instruments for the combined financials as of December 31, 2017 included € 29 million relating to assets which were not transferred into the Group.

Further details of the financial assets/liabilities including a breakdown into classes are shown in note 9 and 10. All classes are reflected at fair value in the consolidated financial statements with comparison to combined financial statements. The carrying amount of these financial assets/liabilities corresponds to their fair value.

09 – Financial Instruments carried at Fair Value

Overview

The Group classifies its financial assets and liabilities carried at fair value into the following categories: Trading assets and trading liabilities, positive market value from derivative financial instruments, non-trading financial assets mandatory at fair value through profit or loss, investment contract assets mandatory at fair value through profit or loss, financial assets available for sale (IAS 39), financial assets designated at fair value through profit or loss, negative market value from derivate financial instruments, investment contract liabilities and payables from guaranteed and other consolidated funds. Appropriate classification of financial assets and liabilities at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

Financial instruments classified at fair value through profit or loss and financial assets classified as available for sale are recognised or derecognised on trade date, which is the date on which the Group commits to purchase or sell the asset or issue or repurchase the financial liability.

Fair Value Hierarchy

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy as follows:

Level 1 - Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's inventory.

These include: debt and equity securities and derivatives traded on active, liquid exchanges.

Level 2 - Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

These include: mainly trading assets in guaranteed funds and Investment contract assets mandatory at fair value through profit or loss.

Level 3 - Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

These include some private equity placements and fund investments.

The following table shows the fair values for each class of financial assets and financial liabilities at fair value, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of its fair value.

			Dec 31, 2018	
			Fair value	
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt securities	7	40	0	47
Equity securities	60	1,119	0	1,179
Total trading assets	**68**	**1,158**	**0**	**1,226**
Positive market values from derivative financial instruments	4	1	0	5
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt securities	321	0	17	338
Equity securities	7	466	241	714
Other financial assets	1	0	79	80
Total non-trading financial assets mandatory at fair value through profit or loss	**329**	**466**	**337**	**1,131**
Investment contract assets mandatory at fair value through profit or loss:				
Equity securities	0	512	0	512
Financial assets designated at fair value through profit or loss:				
Equity securities	0	0	0	0
Financial assets available for sale	N/A	N/A	N/A	N/A
Total financial assets held at fair value	**401**	**2,137**	**337**	**2,875**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt securities	0	0	0	0
Equity securities	9	0	0	9
Total trading liabilities	**9**	**0**	**0**	**9**
Negative market values from derivative financial instruments	4	8	79	91
Investment contract liabilities	0	512	0	512
Payables from guaranteed and other consolidated funds[1]	0	1,177	0	1,177
Other financial liabilities	0	0	0	0
Total financial liabilities held at fair value	**14**	**1,697**	**79**	**1,790**

				Combined Dec 31, 2017
				Fair value
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt securities	41	33	0	75
Equity securities	65	1,140	17	1,221
Total trading assets	**106**	**1,173**	**17**	**1,296**
Positive market values from derivatives	0	37	0	37
Financial assets designated at fair value through profit or loss:				
Equity securities	0	574	0	574
Assets available for sale:				
Debt securities	0	20	16	36
Equity securities	0	58	94	152
Other financial assets	0	6	168	174
Total assets available for sale	**0**	**84**	**278**	**362**
Total financial assets held at fair value	**106**	**1,868**	**294**	**2,268**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt securities	0	0	0	0
Equity securities	14	0	0	14
Total trading liabilities	**14**	**0**	**0**	**14**
Negative market values from derivatives	0	43	81	124
Investment contract liabilities	0	574	0	574
Payables from guaranteed and other consolidated funds[1]	0	1,265	0	1,265
Other financial liabilities	0	0	0	0
Total financial liabilities held at fair value	**14**	**1,882**	**81**	**1,978**

[1] Restatement undertaken represents pure reclassification of Payables from guaranteed and other consolidated funds from Note 10 'Fair Value of Financial Instruments not carried at Fair Value' to Note 9 'Carrying value of the Financial Instruments held at Fair Value' for the same amount carried at fair value of € 1,177 million as of December 31, 2018 (Dec 31, 2017: € 1,265 million).

The Group has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information is not restated. For the reconciliation of classes of financial instruments as of December 31, 2018 compared to December 31, 2017 please refer to Note 2 “Impact of Changes in Accounting Principles”.

Valuation Methods and Controls

The valuation methods and controls of DWS Group are noted below. All valuations are performed on a recurring basis.

Prices quoted in active markets – The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Valuation techniques using observable market data – The Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Valuation techniques used for financial instruments include modelling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

For some financial instruments a rate or other parameter, rather than a price is quoted. Where this is the case then the market rate or parameter is used as an input to a valuation model to determine fair value. For some instruments, modelling techniques follow industry standard models, for example, discounted cash flow analysis and standard option pricing models. These models are dependent upon estimated future cash flows, discount factors and volatility levels.

Frequently, valuation models require multiple parameter inputs. Where possible, parameter inputs are based on observable data or are derived from the prices of relevant instruments traded in active markets. Where observable data is not available for parameter inputs, then other market information is considered. For example, indicative broker quotes and consensus pricing information are used to support parameter inputs where they are available.

Valuation techniques using unobservable market data - Where no observable information is available to support parameter inputs then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

The valuation control group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation control group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Validation and control - The Group has an established valuation control framework which governs internal control standards, methodologies, and procedures over the valuation process. The DWS Completeness Review Board ("CRB") is a key forum for DWS Group to review the completeness control results and ensure that all fair value assets and liabilities have been subject to the appropriate valuation control process. In addition, it serves to ensure review and appropriateness of various detailed aspects of the controls such as Independent Price Verification (IPV) classification, testing thresholds and market data approvals.

DB Group has an independent specialised valuation control group within its Finance function which governs and develops the valuation control framework and manages the valuation control processes which covers the valuation of financial instruments across all levels of the fair value hierarchy. The mandate of this specialist function includes the performance of the independent valuation control process for all businesses including DWS Group, the continued development of valuation control methodologies and techniques, as well as devising and governing the formal valuation control policy framework. Special attention of this independent valuation control group is directed to areas where management judgment forms part of the valuation process. The DWS CRB oversees the valuation control processes performed by DB Group's specialist valuation function on behalf of DWS Group.

Results of the valuation control process are collected and analysed as part of a standard monthly reporting cycle. Variances outside of pre-set and approved tolerance levels are escalated both within the DWS Group Finance function and Senior Business Management for review, resolution and, if required, adjustment. This function is covered by the Valuation Control Report, also reviewed in the CRB forum.

For instruments where fair value is determined from valuation models, the assumptions and techniques used within the models are independently validated by an independent specialist model validation group.

Valuation Techniques

The following are explanations of the valuation techniques used in establishing the fair value of the different classes and types of financial instruments that DWS Group trades.

Trading assets and Payables from guaranteed and other consolidated funds

Guaranteed Funds – the assets are reflected under trading assets and valuation follows the valuation prepared by the consolidated guaranteed fund and includes relevant IFRS adjustments if applicable. The liabilities are reflected under payables from guaranteed and other consolidated funds and the valuation follows the valuation of the respective assets.

Derivatives

Guaranteed Retirement Accounts – DWS Group manages guaranteed retirement accounts which provide a full or partial notional guarantee at maturity. This guarantee is not considered as a financial guarantee but as a derivative. Depending on the account, guarantee level and on the maturity of the account, all accounts are invested in a combination of dedicated government bond funds with fixed duration and dedicated equity and balanced target funds. The valuation of accounts rely therefore on the valuation of the underlying target funds. The fair value for the accounts shortfall is calculated with option pricing models using Monte-Carlo simulations including the behavioural risk of the client.

Non-trading financial assets mandatory at fair value through profit or loss

Equity Securities – Where there are no recent transactions then fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments. Where close proxies are not available then fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow models using current market rates for credit, interest, liquidity and other risks. For equity securities modelling techniques may also include those based on earnings multiples.

Investment contract assets mandatory at fair value through profit or loss and investment contract liabilities

Assets reflected under Financial Assets designated at fair value through profit or loss which are matched to the investment contract liabilities that are owned by the Group. The investment contract obliges the Group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined by the fair value of the underlying assets based on the published fund price.

Reclassifications

Transfers between levels 1 and 2 take place when there is a change in the inputs that is relevant to categorization in the fair value hierarchy.

Where applicable, transfers between levels 1, 2 and 3 are assumed to take place at the beginning of the year.

Transfers into L3

There were no transfers between level 1, 2 and 3 during the 12 months ending December 31, 2018. For 2017, € 28 million was transferred into L3 from L2 relating to Aggregator Solution PLC.

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing Significant Unobservable Parameters (Level 3)

Financial Assets/Liabilities at Fair Value categorised in this level of the fair value hierarchy are valued based on one or more unobservable parameters.

Financial Assets Available for Sale include unlisted equity instruments where there is no close proxy and the market is very illiquid.

Reconciliation of financial instruments classified in Level 3

									Dec 31, 2018
in € m.	Balance, beginning of year	Changes in the group of consoli-dated com-panies	Total gains/ losses	Purchases	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
Financial assets held at fair value:									
Trading securities	17	(17)	0	0	0	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	278	(33)	26	70	(5)	0	0	0	337
Total financial assets held at fair value	**294**	**(50)**	**26**	**70**	**(5)**	**0**	**0**	**0**	**337**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	81	0	(2)	0	0	0	0	0	79
Other financial liabilities at fair value	0	0	(0)	0	0	0	0	0	0
Total financial liabilities held at fair value	**81**	**0**	**(3)**	**0**	**0**	**0**	**0**	**0**	**79**

in € m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains/ losses	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Combined Dec 31, 2017 Balance, end of period
Financial assets held at fair value:									
Trading securities	0	0	(8)	0	0	(3)	28	0	17
Financial assets available for sale	260	0	(28)	53	(7)	0	0	(0)	278
Total financial assets held at fair value	**261**	**0**	**(37)**	**53**	**(7)**	**(3)**	**28**	**(0)**	**294**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	73	0	8	0	0	0	0	0	81
Total financial liabilities held at fair value	**74**	**0**	**8**	**0**	**0**	**0**	**0**	**0**	**81**

Sensitivity Analysis of Unobservable Parameters

Where the value of financial instruments is dependent on unobservable parameter inputs, the precise level for these parameters at the balance sheet date might be drawn from a range of reasonably possible alternatives. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence. Where the Group to have marked the financial instruments concerned using parameter values drawn from the extremes of the ranges of reasonably possible alternatives then as of December 31, 2018 it could have increased fair value by as much as € 2 million or decreased fair value by as much as € 28 million. As of December 31, 2017 it could have increased fair value by as much as € 1 million or decreased fair value by as much as € 32 million.

The changes in sensitive amounts from December 31, 2017 to December 31, 2018 show an increase to the positive fair value movement, and a reduction to the negative fair value movement from using reasonable possible alternatives.

These moves are primarily driven by the reduction in the Level 3 population as expected legal transfer of assets included in the combined financial statements as of December 31, 2017 did not materialised based on management decision.

The sensitivity calculation of unobservable parameters for Level 3 aligns to the approach used to assess valuation uncertainty for Prudent Valuation purposes. Prudent Valuation is a capital requirement for assets held at fair value. It provides a mechanism for quantifying and capitalizing valuation uncertainty in accordance with the European Commission Delegated Regulation (EU) 2016/101, which supplements Article 34 of Regulation (EU) No. 575/2013 (CRR), requiring institutions to apply as a deduction from CET 1 the amount of any additional value adjustments on all assets measured at fair value calculated in accordance with Article 105(14). This utilises exit price analysis performed for the relevant assets and liabilities in the Prudent Valuation assessment. The downside sensitivity may be limited in some cases where the fair value is already measured prudent.

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters.

The Group has no potential impact from the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable parameters as exit price is used in preparing financial statements.

in € m.	Dec 31, 2018 Positive fair value movement from using reasonable possible alternatives	Dec 31, 2018 Negative fair value movement from using reasonable possible alternatives	Combined Dec 31, 2017 Positive fair value movement from using reasonable possible alternatives	Combined Dec 31, 2017 Negative fair value movement from using reasonable possible alternatives
Securities:				
Debt securities:	0	0	0	0
Equity securities	1	27	0	32
Derivatives:				
Credit	0	0	1	0
Interest related	1	1	0	0
Loans:				
Loans	0	0	0	0
Other	**0**	**0**	**0**	**0**
Total	**2**	**28**	**1**	**32**

Quantitative Information about the Sensitivity of Significant Unobservable Inputs

The range of values shown below represents the highest and lowest inputs used to value the exposures within Level 3.

As of December 31, 2018 (December 31, 2017 respectively) the fair value of the non-trading financial assets mandatory through profit or loss under IFRS 9, assets available for sale under IAS 39 and other investments are based on the net asset value of the underlying asset.

For other derivatives, the range for the cancellation rate is mainly driven by the different distribution channels and product types.

Financial instruments classified in Level 3 and quantitative information about unobservable inputs

in € m. (unless stated otherwise)	Dec 31, 2018 Fair value Assets	Fair value Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Debt securities	17	0				
Held for trading	0	0	Market approach	Price per net asset value	100%	100%
Non-trading financial assets mandatory at fair value through profit or loss	17	N/A	Market approach	Price per net asset value	100%	100%
Equity securities	241	0				
Held for trading	0	0	Market approach	Price per net asset value	100%	100%
Non-trading financial assets mandatory at fair value through profit or loss	241	N/A	Market approach	Price per net asset value	90%	100%
Other financial instruments	79	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**337**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	79	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	**0**	**79**				

in € m. (unless stated otherwise)	Fair value Assets	Fair value Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	Combined Dec 31, 2017
Financial instruments held at fair value – held for trading and available for sale:						
Equity securities	245	0				
Held for trading	17	0	Market approach	Price per net asset value	100%	100%
Available-for-sale	228	N/A	Market approach	Price per net asset value	100%	100%
Other financial instruments	49	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**294**	**0**				
Financial instruments held at fair value - Derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	81	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	**0**	**81**				

Unrealised Gains or Losses on Level 3 Instruments held or in Issue at the Reporting Date

The unrealised gains or losses on Level 3 Instruments are not due solely to unobservable parameters. Many of the parameter inputs to the valuation of instruments in this level of the hierarchy are observable and the gain or loss is partly due to movements in these observable parameters over the period.

The unrealised gains and losses on Level 3 instruments of assets available for sale under IAS 39 as shown in the comparison period as of December 31, 2017 are included in other comprehensive income whereas the unrealised gains and losses on financial assets/liabilities at fair value through profit or loss are included in net gains (losses) from financial assets/liabilities held at fair value in profit or loss as shown in the table below.

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Financial assets held at fair value:		
Trading Securities	0	(8)
Non-trading financial assets mandatory at fair value through profit or loss	18	N/A
Financial assets available for sale	N/A	5
Total financial assets held at fair value	**18**	**(3)**
Financial liabilities held at fair value:		
Negative market values from derivative financial instruments	2	8
Total financial liabilities held at fair value	**2**	**8**
Total	**20**	**5**

10 – Fair Value of Financial Instruments not carried at Fair Value

The Group classifies its financial assets and liabilities not carried at fair value into the following categories: cash and bank balances, loans, other financial assets, deposits, other short-term borrowing, long-term debt and other financial liabilities. Appropriate classification of financial assets and liabilities not carried at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

The valuation techniques used to establish fair value for the Group's financial instruments which are not carried at fair value in the balance sheet and their respective IFRS fair value hierarchy categorization are consistent with those outlined in Note 9 “Financial Instruments carried at Fair Value”.

Other financial instruments not carried at fair value are not managed on a fair value basis, for example, loans and deposits. For these instruments fair values are calculated for disclosure purposes only and do not impact the balance sheet or income statement. Additionally, since the instruments generally do not trade there is significant management judgment required to determine these fair values.

Short-term financial instruments – The carrying value represents a reasonable estimate of fair value for the following classes of financial instruments which are predominantly short-term:

Assets	Liabilities
Cash and bank balances	Deposits
Other financial assets	Other short-term borrowings
	Other financial liabilities

Long-term financial instruments – Within these categories, fair value is determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and credit risks such as loans and, in the case of long-term liabilities, rates at which the liabilities with similar remaining maturities could be issued, at the balance sheet date.

Estimated fair value of financial instruments not carried at fair value on the balance sheet

					Dec 31, 2018
in € m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and bank balances	2,310	2,310	0	2,310	0
Loans	2	2	0	0	2
Other financial assets	1,289	1,289	0	1,289	0
Thereof receivables from:					
Brokerage and securities	584	584	0	584	0
Commissions/Fees	204	204	0	204	0
Remaining other financial assets	501	501	0	501	0
Financial liabilities:					
Deposits	0	0	0	0	0
Other short-term borrowings	112	112	0	112	0
Other financial liabilities[1]	1,614	1,614	198	1,416	0
Thereof payables from:					
Brokerage and securities	568	568	0	568	0
Performance related payments	198	198	198	0	0
Commissions/Fees	126	126	0	126	0
Remaining other financial liabilities	723	723	0	723	0
Long-term debt	3	3	0	3	0

					Combined Dec 31, 2017
in € m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and bank balances	3,317	3,317	0	3,317	0
Loans	307	307	0	0	307
Other financial assets	1,115	1,115	0	1,115	0
Financial liabilities:					
Deposits	3	3	0	3	0
Other short-term borrowings	107	107	0	107	0
Other financial liabilities[1]	1,193	1,193	283	910	0
Long-term debt	3	3	0	3	0

[1] Restatement undertaken represents pure reclassification of Payables from guaranteed and other consolidated funds from Note 10 'Fair Value of Financial Instruments not carried at Fair Value' to Note 9 'Carrying value of the Financial Instruments held at Fair Value' for the same amount carried at fair value of € 1,177 million as of December 31, 2018 (Dec 31, 2017: € 1,265 million).

11 – Equity Method Investments

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting.

DWS Group holds interests in five (2017: six) associates and no (2017: one) joint arrangement. One Associate is considered to be significant for DWS Group, based on its net income and total assets.

Significant Investments

Investment	Principal Place of Business	Nature of Relationship	Ownership Percentage
Harvest Fund Management Co., LTD	Shanghai, China	Strategic Investment	30%

Significant influence is defined under IAS 28 by holding percentage and representation on the board of directors.

The 2018 financial information are based on December 2018 unaudited financials of Harvest Fund Management Co., LTD whereas the 2017 financial information are adjusted to be in line with audited financials of Harvest Fund Management Co., LTD.

Summarised financial information on Harvest Fund Management Co., LTD

in € m.	2018	2017
Total net revenues	597	537
Net Income (loss)	162	152
Other comprehensive income	1	(1)
Total comprehensive income	**163**	**150**

in € m.	Dec 31, 2018	Dec 31, 2017
Total assets	1,123	1,448
Total liabilities	398	853
Noncontrollling interest	45	24
Net assets of the equity method investee	**681**	**571**

Reconciliation of total net assets to the Group’s carrying amount

in € m. (unless stated otherwise)	Dec 31, 2018	Dec 31, 2017
Net assets of the equity method investee	681	571
Group's ownership percentage on the investee's equity	30%	30%
Group's share of net assets	204	171
Goodwill	17	16
Intangible assets	14	14
Other adjustments	1	4
Carrying amount	**236**	**205**

Net Income (Loss) from Equity Method Investment

The DWS Group total net income (loss) from equity method investments is € 43 million in 2018 (2017: € 42 million). There is no impairment loss in 2018 (€ 1 million in 2017).

The share in net income from Harvest Fund Management Co., LTD alone was € 43 million in 2018 (2017: € 43 million).

Dividend income from investments is recognised upon the actual receipt of proceeds from the investee company. During the year, DWS Group received cash dividends from Harvest Fund Management Co., LTD amounting to € 12 million in 2018 (2017: € 7 million).

Aggregated financial information on the Group’s share in associate and joint arrangements that are individually immaterial.

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Carrying amount of all associates that are individually immaterial to the Group	4	6
Aggregated amount of the Group's share of profit (loss) from continuing operations	(0)	(1)
Aggregated amount of the Group's share of post-tax profit (loss) from discontinued operations	0	0
Aggregated amount of the Group's share of other comprehensive income	0	0
Aggregated amount of the Group's share of total comprehensive income	**(0)**	**(1)**

12 – Goodwill and Other Intangible Assets

Goodwill

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the period ended December 31, 2018 and 2017, are shown.

in € m.	
Balance as of December 31, 2016	**2,999**
Exchange rate changes	(230)
Balance as of December 31, 2017	**2,768**
Gross amount of goodwill	2,768
Accumulated impairment losses	0
Balance as of December 31, 2017	**2,768**
Exchange rate changes	74
Balance as of December 31, 2018	**2,843**
Gross amount of goodwill	2,843
Accumulated impairment losses	0

As of December 31, 2018, changes relate to foreign exchange rate changes of € 74 million (Dec 31, 2017: € (230) million).

Goodwill Impairment Test 2018

Goodwill and intangible assets are tested for impairment purposes on cash-generating unit (CGU) level. DWS Group has one CGU for the purpose of impairment testing of goodwill and intangible assets as the Group is managed as a single business segment on asset management for controlling and reporting purposes

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU. As business combinations under Common Control are exempt from the scope of IFRS 3, Group chooses to account for the related business combinations under the book value / predecessor method. Thus DWS Group is recording goodwill in its financial statements based on goodwill reported in the Deutsche Asset Management segment on DB Group level. The Deutsche Asset Management CGU goodwill was transferred completely to DWS Group based on relative value of DWS Group business being 100% of value of the Deutsche Asset Management business.

Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of the goodwill with the carrying amount. In addition, in accordance with IAS 36, the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of the Group’s fair value less costs of disposal and its value in use.

The annual goodwill impairment test conducted in 2018 did not result in an impairment loss on the Group’s goodwill as the recoverable amount of the CGU was higher than the respective carrying amount.

A review of the Group’s strategy or certain political or global risks for the Asset Management industry such as a return of the European sovereign debt crisis, uncertainties regarding the implementation of already adopted regulation as well as a slowdown of GDP growth may negatively impact the performance forecasts and, thus, could result in an impairment of goodwill in the future.

Carrying Amount

The carrying amount for the CGU is determined on the basis of the Group's equity.

Recoverable Amount

The Group determines the recoverable amounts on the basis of value in use and employs the discounted cash-flow method (DCF) which reflects the specifics of the Asset Management business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to the shareholders after fulfilling the respective regulatory capital requirements.

The DCF uses earnings projections based on five-year strategic plans, which are discounted to their present value. Estimating future earnings involves judgment and the consideration of past and current performances as well as expected capital retention requirement / contributions in line with the business plan, market expectations and commercial, legal or regulatory requirements.

Earnings projections beyond the initial five-year period are adjusted to derive a sustainable level. In case of a going concern, the cash flow to equity is assumed to increase by or converge towards a constant long-term growth rate of up to 3.1%

Key Assumptions and Sensitivities

Key Assumptions: The DCF value of a CGU is sensitive to the earnings projections, to the discount rate (cost of equity) applied and to the long-term growth rate. The discount rates applied have been determined based on the capital asset pricing model and comprise a risk-free interest rate, a market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factors are determined using external sources of information. CGU-specific beta factors are determined based on a respective group of peer companies. Variations in all of these components might impact the discount rates. DWS Group use 9.7% discount rate (after tax).

Management determined the values for the key assumptions based on a combination of internal and external analysis. Estimates for efficiency and the cost reduction program are based on progress made to date and scheduled future projects and initiatives

Key Management Assumptions are:

- Deliver strong investment product performance
- Expand product suite in growth areas (e.g. alternatives, multi assets, passive, ESG investment schemes) while consolidating non-core strategies
- Consistent net flows leveraging market share leadership in Germany and the rest of Europe, while expanding coverage in Asia Pacific and focused growth in the Americas
- Diversification of intermediary coverage towards high growth channels and deployment of digital solutions to serve new channels
- Further efficiency through improved core operating processes, platform optimization and product rationalization
- Anticipation of further headwinds in the asset management industry as a result of the changing regulatory environment

Uncertainty associated with key assumptions and potential events/circumstances that could have a negative effect:

- Challenging market environment and volatility unfavourable to our investment strategies
- Unfavourable margin development and adverse competition levels in key markets and products beyond expected levels
- Business/execution risks, e.g., under achievement of net flow targets from market uncertainty, loss of high quality client facing employees, unfavourable investment performance, lower than expected efficiency gains
- Uncertainty around regulation and its potential implications not yet anticipated

Sensitivities: In order to test the resilience of the recoverable amount, key assumptions used in the DCF model (for example, the discount rate and the earnings projections) are sensitized. Management believes that no reasonable possible changes in key assumptions could cause an impairment loss.

Goodwill Impairment Test 2017

The Goodwill impairment test for the CGU Deutsche Asset Management is part of the goodwill impairment test of Deutsche Bank Group.

The annual goodwill impairment test conducted in 2017 did not result in an impairment loss on the CGU as the recoverable amount was higher than the respective carrying amount.

Carrying Amount

The carrying amount of a primary CGU within DB Group is derived using a capital allocation model from Deutsche Bank Group. The allocation uses the DB Group's total equity at the date of valuation, including Additional Tier 1 Notes ("AT1 Notes"), which constitute unsecured and subordinated notes of Deutsche Bank group and which are classified as Additional equity components in accordance with IFRS. Total equity is adjusted for an add-on adjustment for goodwill attributable to non-controlling interests.

Within the capital allocation, DB Group shareholder's equity (adjusted for non-integrated investments) is allocated to the primary CGUs of which Deutsche Asset Management is one in a two-step process, which is aligned with both the determination of the recoverable amount and the current equity allocation framework of DB Group. The two step approach works as follows: Allocation of DB Group shareholders' equity using a solvency-based key first, until the target CET 1 ratio (CRR/CRD 4 on a fully loaded basis) is met, and then, if applicable, incremental capital allocation to consider the leverage ratio requirements. The solvency-based allocation contains the assignment of intangible assets in line with its regulatory treatment. Further, it comprises equity allocations based on the CGU's relative share of risk-weighted assets, on capital deduction items as well as on regulatory reconciliation items. In the second step, if applicable, the CGUs receive equity allocations based on their pro-rata leverage ratio exposure measure relative to the Group. Additionally, non-controlling interests (plus the add-on adjustment for goodwill attributable to non-controlling interests) are considered in the carrying amounts of the respective primary CGUs. The AT1 Notes are allocated to the primary CGUs in proportion to their specific leverage ratio shortfall, with leverage ratio shortfall being a function of Deutsche Bank's target leverage ratio, the CGU's leverage ratio exposure measure and the allocated CET 1 capital.

The net asset value shown in the combined balance sheet of DWS Group supports the carrying value of DB Group not resulting in an impairment loss in 2017.

Recoverable Amount

DB Group determines the recoverable amounts of its primary CGUs like Deutsche Asset Management on the basis of fair value less costs of disposal (Level 3 of the fair value hierarchy) and employs a discounted cash flow (DCF) model, which reflects the specifics of the banking business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to shareholders after fulfilling the respective regulatory capital requirements. The recoverable amounts also include the fair value of the AT1 Notes, allocated to the primary CGUs consistent to their treatment in the carrying amount.

The DCF model uses earnings projections and respective capitalization assumptions (with capital ratios increasing from current levels to a Common Equity Tier 1 capital ratio being comfortably above 13% and a leverage ratio of 4.5% in the medium term, both under fully loaded definitions) based on five-year financial plans, which are discounted to their present value. Estimating future earnings and capital requirements involves judgment and the consideration of past and current performances as well as expected developments in the respective markets, and in the overall macroeconomic and regulatory environments. Earnings projections beyond the initial five-year period are, where applicable, adjusted to derive a sustainable level. In case of a going concern, the cash flow to equity is assumed to increase by or converge towards a constant long-term growth rate of up to 3.2%. This is based on projected revenue forecasts of the CGUs as well as expectations for the development of gross domestic product and inflation, and is captured in the terminal value.

Key Assumptions

The DCF value of a CGU is sensitive to the earnings projections, to the discount rate (cost of equity) applied and, to a much lesser extent, to the long-term growth rate. The discount rates applied had been determined based on the capital asset pricing model and comprise a risk-free interest rate, a market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factors are determined using external sources of information. CGU-specific beta factors are determined based on a respective group of peer companies. Variations in all of these components might impact the discount rates. For DWS Group 10% was used.

Other Intangibles

Changes in Other Intangibles

								Internally generated intangible assets	Total other intangible assets
					Purchased intangible assets				
	Unamortized			Amortized				Amortized	
in € m.	Retail Investment Management Agreements	Other	Total unamortized purchased intangible assets	Customer-related intangible assets	Contract-based intangible assets	Software and other	Total amortized purchased intangible assets	Software	
Cost of acquisition/manufacture:									
Balance as of December 31, 2017	**963**	**0**	**963**	**106**	**20**	**101**	**227**	**162**	**1,353**
Additions	0	0	0	0	0	0	0	70	70
Disposals	0	0	0	0	0	(13)	(13)	(34)	(46)
Exchange rate changes	47	0	47	5	0	0	5	1	53
Balance as of December 31, 2018	**1,010**	**0**	**1,010**	**111**	**20**	**88**	**220**	**200**	**1,430**
Accumulated amortization and impairment:									
Balance as of December 31, 2017	**243**	**0**	**243**	**98**	**19**	**101**	**217**	**37**	**498**
Amortization for the year	0	0	0	6	1	0	7	30	37
Disposals	0	0	0	0	0	(13)	(13)	(16)	(29)
Impairment losses	0	0	0	0	0	0	0	2	2
Exchange rate changes	12	0	12	5	0	0	5	0	17
Balance as of December 31, 2018	**255**	**0**	**255**	**108**	**20**	**88**	**216**	**53**	**524**
Carrying amount:									
As of December 31, 2017	**719**	**0**	**720**	**9**	**1**	**0**	**10**	**125**	**855**
As of December 31, 2018	**755**	**0**	**755**	**3**	**0**	**0**	**4**	**147**	**906**

As of December 31, 2018, there was an impairment loss on internally generated software amounting to € 2 million (December 31, 2017 no impairment indication on the carrying value of other intangible assets) reflected under general and administrative expenses in the consolidated statement of income.

Definite life intangibles are reviewed annually for indicators of impairment. If any indicators exists, further assessment is made of whether the carrying value may be impaired.

Amortizing Intangible Assets

In 2018, amortizing other intangible assets increased by a net € 16 million. Main components of this development included net increases in internally generated intangible assets of € 22 million, which represent the capitalization of expenses incurred in conjunction with the development of self-developed own-used software.

The total amortization of intangibles amounting to € 37 million is reflected under general and administrative expenses in the consolidated Statement of Income.

Other intangible assets with finite useful lives are generally amortized over their useful lives based on the straight-line method.

Useful life of other amortized intangible assets by asset class

	Useful life in years
Internally generated intangible assets:	
Software	up to 10
Purchased intangible assets:	
Customer-related intangible assets	up to 20
Contract-based intangible assets	up to 8
Other	up to 80

Unamortized Intangible Assets

Within this asset class, the Group recognizes certain contract-based intangible assets, which are deemed to have an indefinite useful life.

In particular, the asset class comprises the below detailed investment management agreements related to retail mutual funds. Due to the specific nature of these intangible assets, market prices are ordinarily not observable and, therefore, the Group values such assets based on the income approach, using a post-tax DCF methodology.

Indefinite life intangibles are reviewed for impairment annually in the fourth quarter or more frequently if there are indications that the carrying value may be impaired. If any indicators exists, further assessment is made of whether the carrying value may be impaired

Retail investment management agreements – These assets, amounting to € 755 million, relate to the Group's U.S. retail mutual fund business. Retail investment management agreements are contracts that give DWS Group investments the exclusive right to manage a variety of mutual funds for a specified period. Since these contracts are easily renewable, the cost of renewal is minimal, and they have a long history of renewal, these agreements are not expected to have a foreseeable limit on the contract period. Therefore, the rights to manage the associated assets under management are expected to generate cash flows for an indefinite period of time. This intangible asset was recorded at fair value based upon a valuation provided by a third party at the date of acquisition of Zurich Scudder Investments, Inc. in 2002.

The recoverable amount of the asset of € 755 million (2017: € 719 million) was calculated as fair value less costs of disposal using the multi-period excess earnings method and the fair value measurement was categorized as Level 3 in the fair value hierarchy. The key assumptions in determining the fair value less costs of disposal include the asset mix, the flows forecast, the effective fee rate and discount rate as well as the terminal value growth rate. The discount rates (cost of equity) applied in the calculation were 10.2% in 2018 and 10.5% in 2017. The terminal value growth rate applied for 2018 is up to 4.1% compared to 4.2% in 2017. The reviews of the valuation for the years 2018 and 2017 neither resulted in any impairment nor a reversal of prior impairments.

13 – Other Assets and Other Liabilities

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Other assets:		
Brokerage and securities related receivables:		
Cash/margin receivables	8	4
Receivables from unsettled regular way trades	576	464
Total brokerage and securities related receivables	**584**	**468**
Accrued interest receivable	5	4
Other[1]	766	866
Total other assets	**1,355**	**1,338**
Other liabilities:		
Brokerage and securities related payables:		
Cash/margin payables	0	0
Payables from unsettled regular way trades	568	481
Total brokerage and securities related payables	**568**	**481**
Accrued interest payable	0	0
Other[1]	2,377	3,026
Total other liabilities	**2,945**	**3,507**

[1] Other includes other financial assets and liabilities not carried at fair value (please refer to Note 10 "Fair Value on Financial Instruments not carried at Fair Value").

Reduction in other liabilities was primarily driven by a € 643 million decrease in other due to the settlement of profit pooling agreements with DB Group for 2017, partially offset by payables from regular way trades of € 87 million and increased payables to DB AG due to Infrastructure allocations, FX sell-off and various transfer pricing expenses.

Other within other liabilities include the liabilities of the consolidated guaranteed funds and other consolidated funds of € 1,177 million as of December 31, 2018 and € 1,265 million as of December 31, 2017.

As of December 31, 2018, the Group's balance of receivables from commission and fee income was € 204 million. As of December 31, 2018, the Group's balance of contract liabilities associated to commission and fee income was € 126 million. Contract liabilities arise from the Group's obligation to provide future services to a customer for which it has received consideration from the customer prior to completion of the services. The balances of receivables and contract liabilities do not vary significantly from period to period reflecting the fact that they predominately relate to recurring service contracts with service periods of less than one year such as monthly current account services and quarterly asset management services. Customer payment in exchange for services provided are generally subject to performance by the Group over the specific service period such that the Group's right to payment arises at the end of the service period when its performance obligations are fully completed. Therefore, no material balance of contract asset is reported.

14 – Provisions

Movements by Class of Provision

in € m.	Operational Risk	Civil Litigations	Restructuring - Staff Related	Other	Total
Balance as of December 31, 2017	**5**	**3**	**9**	**67**	**85**
New provisions	3	8	15	9	34
Amounts used	0	3	15	44	62
Unused amounts reversed	0	3	7	4	15
Effects from exchange rate fluctuations/Unwind of discount	0	(0)	(1)	(0)	(1)
Balance as of December 31, 2018	**7**	**5**	**2**	**28**	**42**

Classes of Provisions

Operational provisions arise out of operational risk and exclude civil litigation provisions, which is presented as separate class of provisions and regulatory enforcement which is included in "Other".

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The definition used for the purposes of determining operational provisions differs from the risk management definition, as it excludes risk of loss resulting from civil litigations or regulatory enforcement matters. For risk management purposes, operational risk includes legal risk, as payments to customers, counterparties and regulatory bodies in civil litigations or regulatory enforcement matters constitute loss events for operational shortcomings, but excludes business and reputational risk.

Civil Litigation provisions arise out of current or potential claims or proceedings alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may result in demands from customers, counterparties or other parties in civil litigations.

Restructuring provisions arise out of restructuring activities. The Group aims to enhance its long-term competitiveness through reductions in costs, duplication and complexity in the years ahead.

Other provisions include several specific items arising from a variety of different circumstances, including a provision for a right to tender on a closed-end fund and provisions for regulatory enforcement.

Provisions and Contingent Liabilities

The Group recognizes a provision for potential loss only when there is a present obligation arising from a past event that is probable to result in an economic outflow that can be reliably estimated. Where a reliable estimate cannot be made for such an obligation, no provision is recognized and the obligation is deemed a contingent liability. Contingent liabilities also include possible obligations for which the possibility of future economic outflow is more than remote but less than probable. Where a provision has been taken for a particular claim, no contingent liability is recorded; for matters or sets of matters consisting of more than one claim, however, provisions may be recorded for some claims, and contingent liabilities (or neither a provision nor a contingent liability) may be recorded for others.

The Group operates in a legal and regulatory environment that exposes it to risk of litigation and regulatory enforcement. As a result, the Group is involved in litigation, arbitration and regulatory proceedings and investigations. In determining for which of these matters the possibility of a loss is probable, or less than probable but more than remote, and then estimating the possible loss for those claims, the Group takes into consideration a number of factors, including but not limited to the nature of the claim and its underlying facts, the procedural posture and litigation history of each case, rulings by the courts or tribunals, the Group's experience and the experience of others in similar cases (to the extent this is known to the Group), prior settlement discussions, settlements by others in similar cases (to the extent this is known to the Group), available indemnities and the opinions and views of legal counsel and other experts.

The provisions the Group has recognized for civil litigation as of December 31, 2018 are set forth in the table above. For some matters for which the Group believes an outflow of funds is probable, no provisions were recognized as the Group could not reliably estimate the amount of the potential outflow.

For the matters for which a reliable estimate can be made, the Group currently estimates that, as of December 31, 2018, there were no material contingent liabilities (i.e., the aggregate future loss of which the possibility is more than remote but less than probable) in relation to litigation, arbitration, regulatory proceedings and investigations in which the Group is involved.

This estimated possible loss, as well as any provisions taken, is based upon currently available information and is subject to significant judgment and a variety of assumptions, variables and known and unknown uncertainties. These uncertainties may include inaccuracies in or incompleteness of the information available to the Group, particularly at the preliminary stages of matters, and assumptions by the Group as to future rulings of courts or other tribunals or the likely actions or positions taken by regulators or adversaries may prove incorrect. Moreover, estimates of possible loss for these matters are often not amenable to the use of statistical or other quantitative analytical tools frequently used in making judgments and estimates, and are subject to even greater degrees of uncertainty than in many other areas where the Group must exercise judgment and make estimates. The estimated possible loss, as well as any provisions taken, can be and often are substantially less than the amount initially requested by regulators or adversaries or the maximum potential loss that could be incurred were the matters to result in a final adjudication adverse to the Group. Moreover, in several regions in which the Group operates, an adversary often is not required to set forth the amount it is seeking, and where it is, the amount may not be subject to the same requirements that generally apply to pleading factual allegations or legal claims.

The matters for which the Group determines that the possibility of a future loss is more than remote will change from time to time, as will the matters as to which a reliable estimate can be made and the estimated possible loss for such matters. Actual results may prove to be significantly higher or lower than the estimate of possible loss in those matters where such an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the likelihood of loss was remote. In particular, the estimated aggregate possible loss does not represent the Group's potential maximum loss exposure for those matters.

The Group may settle litigation or regulatory proceedings or investigations prior to a final judgment or determination of liability. It may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes it has valid defences to liability. It may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where it does not believe that it is legally compelled to do so.

Current Individual Proceedings

By the nature of our business, the Group is involved in litigation, arbitration and regulatory proceedings and investigations, but none is currently expected to have a significant impact on the Group's financials.

15 – Contractual Obligations and Commitments

The contractual obligations are split by in long-term debt obligations, operating lease obligations and purchase obligations. Long-term debt obligations contain senior long-term debt with external parties. Operating lease obligations mainly comprise the lease contracts for buildings. Purchase obligations include future payments mainly for technology services and asset management services.

Contingent receivables relate to guarantees received from DB Group for management fees. Contingent liabilities mainly relate to unfunded commitments given to funds, for which DWS Group acts as an investor.

					Dec 31, 2018
					Payment due by period
in € m.	< 1 year	1–3 years	3–5 years	> 5 years	Total
Long-term debt obligations	0	2	0	0	3
Operating lease obligations	22	4	2	0	29
Purchase obligations	25	61	60	49	196
Total Contractual Obligations	**48**	**68**	**63**	**49**	**228**
Contingent Receivables	0	0	0	0	0
Contingent Liabilities	65	0	0	0	65

					Combined Dec 31, 2017
					Payment due by period
in € m.	< 1 year	1–3 years	3–5 years	> 5 years	Total
Long-term debt obligations	1	4	1	0	6
Operating lease obligations	21	20	1	0	42
Purchase obligations	26	60	23	4	113
Total Contractual Obligations	**48**	**84**	**25**	**4**	**161**
Contingent Receivables	35	0	0	0	35
Contingent Liabilities	46	0	0	0	46

DWS Group leases the majority of its offices and branches under short- or mid-term agreements. The lease contracts are made under usual terms and conditions, which means they include options to extend the lease by a defined amount of time, price adjustment clauses and escalation clauses in line with general office rental market conditions. However, the lease agreements do not include any clauses that impose any restriction on DWS´s ability to pay dividends, engage in debt financing transactions or enter into further lease agreements. The contractual obligations from operating leases decreased by € 13 million compared to December 31, 2017.

The purchase obligations increased by € 83 million compared to December 31, 2017 primarily caused by the adjustment and extension of the contract for using an asset management service platform.

The contingent receivables reflected as of December 31, 2017 with € 35 million related to guarantees received from DB Group for management fee receivables. This guarantee matured in 2018 and therefore contingent receivables amounted to zero as of December 31, 2018.

The contingent liabilities increased by € 19 million from € 46 million in 2017 to € 65 million in 2018 due to investments in Co-Investments.

16 – Equity

Common Shares

The company’s share capital consists of common shares issued in registered form without par value. As of December 31, 2018 the share capital of the company amounts to € 200 million and is divided into up to 200,000,000 ordinary bearer shares. Under German law, each share represents an equal stake in the subscribed capital. Therefore, each share has a nominal value of € 1.00, derived by dividing the total amount of share capital by the number of shares.

Number of shares	
Issued common shares at December 31, 2017	**200,000,000**
Changes	-
Common shares, December 31, 2018	**200,000,000**

There are no issued ordinary shares that have not been fully paid.

Authorized Capital

On March 7, 2018 an extraordinary shareholders' meeting approved the creation of a new authorized capital in the amount of up to € 100 million.

Authorized capital	General Description	Expiration date
€ 40,000,000	Authorized Capital 2018 / I	January 31, 2023
€ 60,000,000	Authorized Capital 2018 / II	January 31, 2023

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once repeatedly, by up to a total of € 40 million – through the issuance of new shares against cash payment or contribution in kind ("Authorized Capital 2018/I"). Shareholders are to be granted pre-emptive rights. However, the General Partner is authorized to exclude fractional amounts from the shareholders' subscription right. The General Partner is also authorized to exclude rights if the capital increase against contribution in kind is carried out in order to acquire companies or shareholdings in companies and – limited to a portion in a nominal amount of up to € 20 million – to exclude the pre-emptive rights in full if the issue price of the new shares is not significantly lower than the quoted price of the shares already listed at the time of the final determination of the issue price and the shares issued in accordance with Section 186 (3) sentence 4 Stock Corporation Act do not exceed in total 10% of the share capital at the time the authorization becomes effective – or if the value is lower – at the time the authorization is utilized. Shares that are issued or sold during the validity of this authorization with the exclusion of pre-emptive rights, in direct or analogues application of Section 186 (3) sentence 4 Stock Corporation Act (AktG), are to be included in the maximum limit of 10% of the share capital. General Partner resolutions to utilize the Authorized Capital 2018/I and to exclude pre-emptive rights require the approval of the Supervisory Board. The new shares may also be taken up by banks specified by the General Partner with the obligation to offer them to shareholders (indirect pre-emptive right).

Pursuant to Section 4 para. 5 of the Articles of Association, the General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or repeatedly, by up to a total of € 60 million through the issuance of new shares against cash payment ("Authorized Capital 2018/II"). Shareholders are to be granted pre-emptive rights, but the General Partner is authorized to except broken amounts from shareholders' pre-emptive rights. General Partner resolutions to utilize the Authorized Capital 2018/II and to exclude pre-emptive rights require the Supervisory Board's approval. The new shares may also be taken up by certain banks specified by the General Partner with the obligation to offer them to the shareholders (indirect pre-emptive right).

The authorized capital has not been utilized so far.

Dividends

The following table presents the amount of dividend proposed for the year ended December 31, 2018:

	2018 (proposed)
Cash dividend (in € m., based on the number of shares issued as of December 31,2018)	274
Cash dividend per common share (in €)	1.37

The DWS Executive and Supervisory Boards will recommend a dividend payment of € 1.37 per share for the financial year 2018 at the Annual General Meeting.

Additional Notes

17 – Employee Benefits

Share-Based Compensation Plans

In DWS Group there are three categories of share-based compensation plans, which are described below: DWS Share-Based Plans (cash-settled plans), the DB Equity Plan (equity settled), and the Global Share Purchase Plan (GSPP, employee benefit plan).

DWS Share-Based Plans (cash-settled)

In September 2018 one-off IPO related awards under the **DWS Stock Appreciation Rights (SAR) Plan** was granted to all DWS Group staff and in addition there were awards for a limited number of DWS senior managers under the **DWS Equity (PSU) Plan.**

The DWS SAR Plan represents a contingent right to receive a cash payment equal to any appreciation (or gain) in the value of a set number of notional DWS Shares over a fixed period of time. This award does not provide any entitlement to receive DWS Shares, voting rights or dividends associated with them.

The DWS Equity Plan is a phantom share plan representing a contingent right to receive a cash payment by referencing to the value of DWS Shares during a specified period of time.

The award recipient for any share-based compensation plan is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of any share-based compensation plan are forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

The following table set forth the basic terms of the DWS share-based plans:

Grant year(s)	Award Type	Vesting schedule	Eligibility
2018 DWS Equity Plan	Retention/New Hire	Individual Specification	Select employees to attract and retain the best talent
	PSU Award (one-off IPO related award)[1]	For MRTs:[3] 1/3: March 2022 1/3: March 2023 1/3: March 2024	Select Senior Managers
2018 DWS SAR Plan	SAR Award (one-off IPO related award)[2]	For non-MRTs: June 1, 2021[5] For MRTs: March 1, 2023[3]	all DWS employees[4]

[1] The award and the number of units is subject to the achievement of pre-defined targets (Average Net flows (NNA)2019-2020 and FY 2020 Adjusted CIR (Cost Income Ratio) measured December 2020.
[2] The award is subject to a positive IBIT of DWS Group December 2019.
[3] Depending on their individual regulatory status, a 6 months retention period (AIFMD/UCITS MRTs) or a 12-months retention period (InstVV MRTs) applies after vesting.
[4] Unless the employee received PSU Award.
[5] Following vesting / retention period a 4-year exercise period applies.

As of December 31, 2018, the grant volume of outstanding share-based awards was approximately € 23 million. Thereof, € 4 million has been recognized as compensation expense in the reporting year since the award date. Hence, compensation expense for deferred share-based compensation not yet recognized is approximately € 19 million which is dependent on future share price development.

The fair value of the awards have been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date and measurement date of the awards were as follows:

	Grant date September 15, 2018	Measurement date December 31, 2018	Grant date September 15, 2018	Measurement date December 31, 2018
	PSU	PSU	SAR	SAR
Units	1,272	1,248	2,224	2,192
Fair value	€ 14.56	€ 14.18	€ 3.95	€ 3.35
Share price	€ 23.75	€ 23.37	€ 23.75	€ 23.37
Exercise price	N/A	N/A	€ 24.65	€ 24.65
Expected volatility (weighted-average) in %	36	35	36	35
Expected life (weighted-average) in years	5	5	6	6
Expected dividends (% of income)	65	65	65	65

Given the short timeframe since the IPO of DWS Group, the expected volatility of the DWS share price has been based on an evaluation of the historical volatility for a comparable peer group over the preceding 5-year period. The expected dividend level is linked to the latest DWS Group communication.

In addition, the DWS Equity Plan has performance conditions which will determine the nominal amount which can ultimately vest under the award. These performance conditions are linked to the DWS Group strategy, specifically with regards to the target for net inflows and the adjusted cost income ratio, which will be tested prior to vesting in March 2021.

DB Equity Plan (equity-settled)

Furthermore, DWS Group participates in the DB Equity Plan under the rules established for Deutsche Bank Group (DB Group).

DB Group made grants of share-based compensation under the DB Equity Plan. This plan represents a contingent right to receive Deutsche Bank AG common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the DB Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

The following table sets forth the basic terms of these share plans of DB Group.

Grant year(s)	Deutsche Bank Equity Plan	Vesting schedule	Eligibility
2018	Annual Award (CIB)[1]	1/4: 12 months[2] 1/4: 24 months[2] 1/4: 36 months[2] 1/4: 48 months[2]	Select employees as annual performance-based compensation
	Annual Award (non-CIB)[1]	1/3: 12 months[2] 1/3: 24 months[2] 1/3: 36 months[2]	Select employees as annual performance-based compensation
	Annual Award[1] Senior Management	1/5: 12 months[2] 1/5: 24 months[2] 1/5: 36 months[2] 1/5: 48 months[2] 1/5: 60 months[2]	Members of Management Board or of Senior Management
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
2017	Annual Award[1]	1/4: 12 months[4] 1/4: 24 months[4] 1/4: 36 months[4] 1/4: 48 months[4]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[4]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
	Key Retention Plan (KRP)[5]	1/2: 50 months[6] 1/2: 62 months[6]	Material Risk Takers (MRTs)
		Cliff vesting after 43 months	Non-Material Risk Takers (non-MRTs)
2016	Annual Award	1/4: 12 months[4] 1/4: 24 months[4] 1/4: 36 months[4] 1/4: 48 months[4]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[4]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
	Key Position Award (KPA)[7]	Cliff-vesting after 4 years[3]	Select employees as annual retention
2015/ 2014	Annual Award	1/3: 12 months[4] 1/3: 24 months[4] 1/3: 36 months[4]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[4]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[8]	Regulated employees

1 For employees of certain legal entities, deferred equity is replaced with restricted shares due to local regulatory requirements.
2 For members of the Management Board or the Senior Management and all other InstVV-regulated employees a further retention period of twelve months applies.
3 For all regulated employees share delivery takes place after a further retention period of twelve months. For awards granted in 2018 this is only applicable to InstVV MRTs.
4 For members of the Management Board or of the Senior Leadership Cadre and all other regulated employees a further retention period of six months applies.
5 The Key Retention Plan (KRP) is referenced as the “Retention Award Program” in the Bank’s Compensation Report. Equity-based awards granted under this program in January 2017 are subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank’s share price reaches a certain share target price prior to vesting.
6 For Material Risk Takers (MRTs) share delivery takes place after a further retention period of twelve months.
7 A predefined proportion of the individual’s KPA is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank’s share price reaches a certain share target price prior to vesting.
8 For members of the Management Board share delivery takes place after a retention period of three years. For all other regulated employees share delivery takes place after a retention period of six months.

Global Share Purchase Plan (equity-settled)

In addition, DWS Group participates in a broad-based employee share ownership plan offered by DB Group and known as the Global Share Purchase Plan (“GSPP”). The rules are the same as those established for DB Group. The GSPP offers employees in specific countries the opportunity to purchase Deutsche Bank shares in monthly instalments over one year. At the end of the purchase cycle, the bank matches the acquired stock in a ratio of one to one up to a maximum of ten free shares, provided that the employee remains at Deutsche Bank Group for another year. In total, about 650 DWS Group staff from 11 countries enrolled in the tenth cycle that began in November 2018.

The following table shows the outstanding share award units as of the respective dates for DWS Group, which represent a contingent right to receive Deutsche Bank common shares after a specified period of time. It also includes the grants under the cash plan variant of the DB Equity Plan.

Activity for Share Plans

	Share Units (in thousands)	Weighted-average grant date fair value per unit
Balance as of December 31, 2017	8,987	€ 11.82
Balance as of December 31, 2018	**11,376**	**€ 10.29**

As of December 31, 2018, the grant volume of outstanding share awards was approximately € 117 million (December 31, 2017: € 106 million). Thereof, € 79 million (December 31, 2017: € 60 million) had been recognized as compensation expense in the reporting year or prior to that. Hence, compensation expense for deferred share-based compensation not yet recognized amounted to € 38 million as of December 31, 2018 (December 31, 2017: € 46 million).

In addition to the amounts shown in the table above, approximately 0.4 and 1.3 million shares were issued to plan participants in February and March 2019, respectively, resulting from the vesting of DB Equity Plan awards granted in prior years.

Post-employment Benefit Plans

Nature of Plans

DWS Group participates in a number of post-employment benefit plans on behalf of its employees. These plans are sponsored either by DWS Group directly or by other entities of DB Group and include both defined contribution plans and defined benefit plans. The Group's plans are accounted for based on the nature and substance of the plan. Generally, for defined benefit plans the value of a participant's accrued benefit is based on each employee's remuneration and length of service; contributions to defined contribution plans are typically based on a percentage of each employee's remuneration. The rest of this note focuses predominantly on DB Group's defined benefit plans in which DWS Group participates.

The defined benefit plans which are applicable for DWS Group are primarily described on a geographical basis, reflecting differences in the nature and risks of benefits, as well as in the respective regulatory environments. In particular, the requirements set by local regulators can vary significantly and determine the design and financing of the benefit plans to a certain extent. Key information is also shown based on participant status, which provides a broad indication of the maturity of DWS Group's obligations.

				Dec 31, 2018
in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	223	22	5	250
Participants in deferred status	99	3	0	102
Participants in payment status	75	2	0	77
Total defined benefit obligation	**397**	**27**	**5**	**429**
Fair value of plan assets	**331**	**25**	**1**	**357**
Funding ratio (in %)	**83**	**93**	**20**	**83**

in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Combined Dec 31, 2017 Total
Defined benefit obligation related to				
Active plan participants	209	19	4	233
Participants in deferred status	93	2	0	95
Participants in payment status	68	0	0	68
Total defined benefit obligation	**371**	**21**	**4**	**397**
Fair value of plan assets	**312**	**20**	**1**	**333**
Funding ratio (in %)	**84**	**97**	**23**	**84**

The majority of DWS Group's defined benefit plan obligations relate to Germany. Within the other countries, the largest obligations relate to Switzerland and Luxembourg. In Germany, post-employment benefits are usually agreed on a collective basis with respective employee works councils. The Group's main pension plans are governed by boards of trustees, fiduciaries or their equivalent.

Post-employment benefits can form an important part of an employee's total remuneration. DWS Group follows the approach adopted by DB Group in that their design shall be attractive to employees in the respective market, but sustainable over the longer term. At the same time, DB Group tries to limit its risks related to provision of such benefits. Consequently DB Group including DWS Group has moved to offer defined contribution plans in many locations over recent years.

In the past pension plans were typically based on final pay prior to retirement. These types of benefits still form a significant part of the pension obligations for participants in deferred and payment status. Currently, in Germany, Switzerland and Luxembourg, the main defined benefit pension plans for active staff are cash account type plans where DWS Group credits an annual amount to individuals' accounts based on an employee's current salary. Dependent on the plan rules, the accounts increase either at a fixed interest rate or participate in market movements of certain underlying investments to limit the associated investment risk. Sometimes, in particular in Germany, there is a guaranteed benefit amount within the plan rules, e.g. payment of at least the amounts contributed. Upon retirement, beneficiaries may usually opt for a lump sum or for conversion of the accumulated account balance into an annuity. This conversion is often based on market conditions and mortality assumptions at retirement.

The following amounts of expected benefit payments by DWS Group in respect of defined benefit plans include benefits attributable to employees' past and estimated future service, and include both amounts paid from external pension trusts and paid directly by DWS Group in respect of unfunded plans.

in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Actual benefit payments 2018	6	0	1	7
Benefits expected to be paid 2019	7	1	1	9
Benefits expected to be paid 2020	8	1	1	10
Benefits expected to be paid 2021	9	1	1	11
Benefits expected to be paid 2022	10	1	1	12
Benefits expected to be paid 2023	11	1	1	13
Benefits expected to be paid 2024-2028	67	3	3	73
Weighted average duration of defined benefit obligation (in years)	14	14	8	14

Multi-employer Plans

Mainly in the United Kingdom and the U.S., some employees participate in defined benefit plans sponsored by another entity within the wider Deutsche Bank Group, such as retirement benefit plans in the UK as well as post-employment medical plans in the U.S. Generally the risk affiliated to the plan is within the sponsoring entity while the employing DWS Group entities are just obliged to pay for costs incurred for the respective employees within the sponsoring entity.

In Germany, DWS Group is a member of the BVV together with other financial institutions. The BVV, pension provider for Germany's financial industry, offers retirement benefits to eligible employees in Germany as a complement to post-employment benefit promises of the Group. Both employers and employees contribute on a regular basis to the BVV. The BVV provides annuities of a fixed amount to individuals on retirement and increases these fixed amounts if surplus assets arise within the plan. According to legislation in Germany, the employer is ultimately liable for providing the benefits to its employees. An increase in benefits may also arise due to additional obligations to retirees for the effects of inflation. BVV is a multi-employer defined benefit plan. However, in line with industry practice, the Group accounts for it as a defined contribution plan since insufficient information is available to identify assets and liabilities relating to the Group’s current and former employees, primarily because the BVV does not fully allocate plan assets to beneficiaries nor to member companies. According to the BVV’s most recent disclosures, there is no current deficit in the plan that may affect the amount of future Group contributions. Furthermore, any plan surplus emerging in the future will be distributed to the plan members, hence it cannot reduce future Group contributions.

Governance and Risk

Oversight for DWS Group’s pension plans is performed by the Pensions Risk Committee, a Deutsche Bank Group body which exists to oversee its pension and related risks on a global basis. This Committee meets quarterly, reports directly to the Senior Executive Compensation Committee of DB Group and is supported by the Pensions Operating Committee. These committees oversee the pensions and related risks for DWS Group as well.

Within this context, DWS Group benefits from the governance and risk management framework that DB Group maintains, including guidelines for funding, asset allocation and actuarial assumption setting. In this regard, risk management means the management and control of risks for DWS Group by DB Group related to market developments (e.g. interest rate, credit spread, price inflation), asset investment, regulatory or legislative requirements, as well as monitoring demographic changes (e.g. longevity). Especially during and after acquisitions or changes in the external environment (e.g. legislation, taxation), topics such as the general plan design or potential plan amendments are considered. Any plan changes follow a process requiring approval by DB Group Human Resources. To the extent that pension plans are funded, the assets held mitigate some of the liability risks, but introduce investment risk.

In key pension countries, DWS Group’s largest post-employment benefit plan risk exposures relate to potential changes in credit spreads, interest rates, price inflation and longevity, although these have been partially mitigated through the investment strategy adopted.

Overall, DB Group acts on behalf of DWS Group when seeking to minimize the impact of pensions on its financial position from market movements, subject to balancing the trade-offs involved in financing post-employment benefits, regulatory capital and constraints from local funding or accounting requirements. DB Group measures pension risk exposures on a regular basis using specific metrics developed for this purpose. This process covers DB Group overall, which includes DWS Group exposures.

Funding

DWS Group is covered by DB Group’s funding policy. Various external pension trusts are maintained to fund the majority of DWS Group’s defined benefit plan obligations. DB Group’s funding policy, is to maintain coverage of the defined benefit obligation by plan assets within a range of 90% to 100% of the obligation, subject to meeting any local statutory requirements. DWS Group has also determined that certain plans should remain unfunded, although their funding approach is subject to periodic review, e.g. when local regulations or practices change. Obligations for any unfunded plans are accrued on the balance sheet as necessary by DWS Group.

For most of the externally funded defined benefit plans there are local minimum funding requirements. DWS Group can decide on any additional plan contributions, with reference to DB Group’s funding policy. In most countries DWS Group expects to receive an economic benefit from any plan surpluses of plan assets compared to defined benefit obligations, typically by way of reduced future contributions. Given the broadly fully funded position and the investment strategy adopted in DWS Group’s key funded defined benefit plans, any minimum funding requirements that may apply are not expected to place DWS Group under any material adverse cash strain in the short term. With reference to DB Group’s funding policy, DWS Group considers not re-claiming benefits paid from DWS Group’s assets as an equivalent to making cash contributions into the external pension trusts during the year.

Actuarial Methodology and Assumptions

December 31 is the measurement date for all plans. All plans are valued by independent qualified actuaries using the projected unit credit method. DWS Group has adopted the DB Group policy which provides guidance to local actuaries to ensure consistency globally on setting actuarial assumptions which are finally determined by DB Group’s Pensions Operating Committee.

The key actuarial assumptions applied in determining the defined benefit obligations at December 31 are presented below in the form of weighted averages.

			Dec 31, 2018			Combined Dec 31, 2017
	Germany	EMEA (excl. Germany & UK)	APAC	Germany	EMEA (excl. Germany & UK)	APAC
Discount rate (in %)	1.7	1.2	1.1	1.7	1.3	1.4
Rate of price inflation (in %)	1.6	1.4	1.6	1.8	1.5	1.6
Rate of nominal increase in future compensation levels (in %)	2.1	1.9	3.7	2.3	2.1	3.8
Rate of nominal increase for pensions in payment (in %)	1.5	0.6	N/A	1.7	1.7	N/A
Assumed life expectancy at age 65:						
For a male aged 65 at measurement date	20.0	21.1	N/A	19.3	20.1	N/A
For a female aged 65 at measurement date	23.6	23.7	N/A	23.3	23.5	N/A
For a male aged 45 at measurement date	22.8	23.3	N/A	21.9	22.5	N/A
For a female aged 45 at measurement date	25.8	25.7	N/A	25.8	25.7	N/A
Mortality tables applied	Richttafeln Heubeck 2018G	Country specific tables	N/A	Richttafeln Heubeck 2005G	Country specific tables	N/A

For DWS Group’s most significant plans in the key countries, the discount rate used at each measurement date is set based on a high quality corporate bond yield curve – derived based on bond universe information sourced from reputable third-party index and data providers and rating agencies – reflecting the timing, amount and currency of the future expected benefit payments for the respective plan. For longer durations where limited bond information is available, reasonable yield curve extrapolation methods are applied using respective actual swap rates and credit spread assumptions. Consistent discount rates are used across all plans in each currency zone, based on the assumption applicable for DB Group’s largest plan(s) in that zone. For plans in the other countries, the discount rate is based on high quality corporate or government bond yields applicable in the respective currency, as appropriate at each measurement date with a duration broadly consistent with the respective plan’s obligations. The same is applicable for DWS Group.

The price inflation assumptions in the Eurozone are set with reference to market measures of inflation based on inflation swap rates in those markets at each measurement date. For other countries, the price inflation assumptions are typically based on long term forecasts by Consensus Economics Inc.

The assumptions for the increases in future compensation levels and for increases to pension payments are developed separately for each plan, where relevant. Each is set based on the price inflation assumption and reflecting DWS Group’s reward structure or policies in each market, as well as relevant local statutory and plan-specific requirements.

Among other assumptions, mortality assumptions can be significant in measuring DWS Group’s obligations under its defined benefit plans. These assumptions have been set in accordance with current best practice in the respective countries. Future potential improvements in longevity have been considered and included where appropriate.

The valuation of the defined benefit obligation for the German plans as of December 31, 2018 are based for the first time on the Heubeck 2018G mortality tables. The tables reflect the latest statistics of the statutory German social security pension system and of the Federal Statistical Office.

Reconciliation in Movement of Liabilities and Assets – Impact on Financial Statements

				2018
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total
Change in the present value of the defined benefit obligation:				
Balance, beginning of year	**371**	**21**	**4**	**397**
Defined benefit cost recognized in profit or loss				
Current service cost	12	1	1	14
Interest cost	6	0	0	6
Past service cost and gain or loss arising from settlements	1	0	0	1
Defined benefit cost recognized in other comprehensive income				
Actuarial gain or loss arising from changes in financial assumptions	(2)	0	0	(2)
Actuarial gain or loss arising from changes in demographic assumptions	2	0	0	2
Actuarial gain or loss arising from experience	10	2	0	12
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Benefits paid	(6)	0	(1)	(7)
Payments in respect to settlements	0	0	0	0
Acquisitions/divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	3	1	1	4
Balance, end of year	**397**	**27**	**5**	**429**
thereof:				
Unfunded	0	1	4	5
Funded	397	26	1	424
Change in fair value of plan assets:				
Balance, beginning of year	**312**	**20**	**1**	**333**
Defined benefit cost recognized in profit or loss				
Interest income	5	0	0	5
Defined benefit cost recognized in other comprehensive income				
Return from plan assets less interest income	(13)	0	0	(13)
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Contributions by the employer	30	3	0	33
Benefits paid[2]	(6)	0	0	(6)
Payments in respect to settlements	0	0	0	0
Acquisitions/divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	3	0	0	3
Plan administration costs	0	0	0	0
Balance, end of year	**331**	**25**	**1**	**357**
Funded status, end of year	**(66)**	**(2)**	**(4)**	**(72)**
Change in irrecoverable surplus (asset ceiling):				
Balance, beginning of year	**0**	**(2)**	**0**	**(2)**
Interest cost	0	0	0	0
Changes in irrecoverable surplus	0	1	0	1
Exchange rate changes	0	0	0	0
Balance, end of year	**0**	**(1)**	**0**	**(1)**
Net asset (liability) recognized	**(66)**	**(3)**	**(4)**	**(73)[3]**

1 Transfers between other subsidiaries of DB Group
2 For funded plans only
3 Completely recognised in other liabilities

in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Combined 2017 Total
Change in the present value of the defined benefit obligation:				
Balance, beginning of year	**355**	**8**	**5**	**369**
Defined benefit cost recognized in profit or loss				
Current service cost	9	1	1	11
Interest cost	6	0	0	6
Past Service Cost and gain or loss arising from settlements	0	(0)	0	0
Defined benefit cost recognized in other comprehensive income				
Actuarial gain or loss arising from changes in financial assumptions	1	0	(0)	1
Actuarial gain or loss arising from changes in demographic assumptions	0	(0)	(0)	(0)
Actuarial gain or loss arising from experience	(7)	1	(0)	(6)
Cash flow and other changes				
Contributions by plan participants	1	0	0	1
Benefits paid	(6)	0	(1)	(7)
Payments in respect to settlements	0	(1)	0	(1)
Acquisitions/Divestitures	0	0	0	0
Exchange rate changes	0	0	(0)	(0)
Other[1]	12	12	(0)	23
Balance, end of year	**371**	**21**	**4**	**397**
thereof:				
Unfunded	0	0	3	3
Funded	371	21	1	393
Change in fair value of plan assets:				
Balance, beginning of year	**295**	**7**	**1**	**303**
Defined benefit cost recognized in profit or loss				
Interest income	5	0	0	5
Defined benefit cost recognized in other comprehensive income				
Return from plan assets less interest income	(3)	5	(0)	2
Cash flow and other changes				
Contribution by plan participants	0	0	0	0
Contributions by the employer	8	1	0	9
Benefits paid[2]	(6)	0	0	(6)
Payments in respect to settlements	0	(1)	0	(1)
Acquisitions/Divestitures	0	0	0	0
Exchange rate changes	0	(1)	0	(1)
Other[1]	13	8	(0)	20
Plan Administrative Cost	0	0	0	0
Balance, end of year	**312**	**20**	**1**	**333**
Funded status, end of year	**(59)**	**(1)**	**(3)**	**(63)**
Change in irrecoverable surplus (asset ceiling):				
Balance, beginning of year	**0**	**0**	**0**	**0**
Interest cost	0	0	0	0
Changes in irrecoverable surplus	0	(2)	0	(2)
Exchange rate changes	0	0	0	0
Balance, end of year	**0**	**(2)**	**0**	**(2)**
Net asset (liability) recognized	**(59)**	**(2)**	**(3)**	**(65)**[3]

[1] Transfers between other subsidiaries of DB Group
[2] For funded plans only
[3] Thereof € 11 million recognised in other assets and € 76 million in other liabilities

Investment Strategy

DWS Group participates in DB Group's overall investment strategy. The investment objective employed for DWS Group is to protect against adverse impacts of changes in the funding position of its defined benefit pension plans on key financial metrics, with a primary focus on immunizing the plans' IFRS funded status, while taking into account the plans' impact on other metrics, such as regulatory capital and local profit & loss accounts. Investment managers manage pension assets in line with investment mandates or guidelines as agreed with the pension plans' trustees and investment committees.

To achieve the primary objective of immunizing the IFRS funded status of key defined benefit plans, a liability driven investment (LDI) approach is applied for DWS Group. Risks from mismatches between fluctuations in the present value of the defined benefit obligations and plan assets due to capital market movements are minimized, subject to balancing relevant trade-offs. This is achieved by allocating plan assets closely to the market risk factor exposures of the pension liability to interest rates, credit spreads and inflation. Thereby, plan assets broadly reflect the underlying risk profile and currency of the pension obligations. For pension plans where a full LDI approach may impact adversely other key financial metrics important to DWS Group's overall financial position, DWS Group may deviate from this primary investment strategy. DWS Group is included in the DB Group oversight process which closely monitors this divergence from the primary investment strategy and has put in place governance mechanisms to ensure a regular review of the deviation from the LDI approach.

Where the desired hedging level for these risks cannot be achieved with physical instruments (i.e. corporate and government bonds), derivatives are employed. Derivative overlays mainly include interest rate, inflation swaps and credit default swaps. Other instruments are also used, such as interest rate futures and options. In practice, a completely hedged approach is impractical, for instance because of insufficient market depth for ultra-long-term corporate bonds, as well as liquidity and cost considerations. Therefore, plan assets contain further asset categories to create long-term return enhancement and diversification benefits such as equity, real estate, high yield bonds or emerging markets bonds.

Plan Asset Allocation to Key Asset Classes

The following table shows the asset allocation of DWS Group's funded defined benefit plans to key asset classes, i.e. exposures include physical securities in discretely managed portfolios and underlying asset allocations of any commingled funds used to invest plan assets.

Asset amounts in the following table include both "quoted" (i.e. Level 1 assets in accordance with IFRS 13 – amounts invested in markets where the fair value can be determined directly from prices which are quoted in active, liquid markets) and "other" (i.e. Level 2 and 3 assets in accordance with IFRS 13) assets.

in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Dec 31, 2018 Total	Germany	EMEA (excl. Germany & UK)	APAC	Combined Dec 31, 2017 Total
Cash and cash equivalents	42	2	1	45	43	2	1	46
Equity instruments	44	2	0	46	42	2	0	44
Investment-grade bonds								
Government	66	4	0	70	59	4	0	63
Non-government bonds	133	5	0	138	6	0	0	7
Non-investment-grade bonds								
Government	7	0	0	7	131	3	0	134
Non-government bonds	7	0	0	7	0	0	0	0
Structured products	0	0	0	0	0	0	0	0
Alternatives								
Real estate	10	3	0	13	8	2	0	10
Commodities	2	0	0	2	1	0	0	1
Private equity	0	1	0	1	0	0	0	0
Other	54	9	0	63	55	8	0	62
Derivatives (Market Value)								
Interest rate	(11)	(0)	0	(11)	(8)[1]	(0)	0	(8)
Credit	0	0	0	0	(6)	(0)	0	(6)
Inflation	(23)	(1)	0	(24)	(19)[1]	(1)	0	(20)
Foreign exchange	0	0	0	0	0	0	0	1
Other	0	0	0	0	0	0	0	0
Total fair value of plan assets	**331**	**25**	**1**	**357**	**312**	**20**	**1**	**333**

[1] Comparative 2017 figures have been changed retrospectively to be in line with the current assignment of assets to the derivative categories.

The following table sets out DWS Group's funded defined benefit plan assets only invested in "quoted" assets, i.e. Level 1 assets in accordance with IFRS 13.

in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Dec 31, 2018 Total	Germany	EMEA (excl. Germany & UK)	APAC	Combined Dec 31, 2017 Total
Cash and cash equivalents	42	2	0	44	43	2	0	45
Equity instruments	40	2	0	42	42	2	0	43
Investment-grade bonds								
Government	32	2	0	34	27	2	0	29
Non-government bonds	0	0	0	0	0	0	0	0
Non-investment-grade bonds								
Government	0	0	0	0	0	0	0	0
Non-government bonds	0	0	0	0	0	0	0	0
Structured products	0	0	0	0	0	0	0	0
Alternatives								
Real estate	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Derivatives (Market Value)								
Interest rate	0	0	0	0	0	0	0	0
Inflation	0	0	0	0	0	0	0	0
Total fair value of quoted plan assets	**114**	**6**	**0**	**120**	**112**	**5**	**0**	**117**

The following tables show the asset allocation of the "quoted" and other defined benefit plan assets by key geography in which they are invested.

in € m. (unless stated otherwise)	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Dec 31, 2018 Total
Cash and cash equivalents	6	0	2	35	1	1	45
Equity instruments	9	2	11	11	12	1	46
Government bonds (investment-grade and above)	26	0	2	21	6	15	70
Government bonds (non-investment-grade)	0	0	0	0	1	6	7
Non-government bonds (investment-grade and above)	11	10	44	61	10	2	138
Non-government bonds (non-investment-grade)	0	0	0	7	0	0	7
Structured products	0	0	0	0	0	0	0
Subtotal	**52**	**12**	**59**	**135**	**30**	**25**	**313**
Share (in %)	17	4	19	43	9	8	100
Other asset categories							44
Fair value of plan assets							**357**

in € m. (unless stated otherwise)	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Combined Dec 31, 2017 Total
Cash and cash equivalents	1	0	1	42	1	1	46
Equity instruments	12	2	14	5	10	2	43
Government bonds (investment-grade and above)	22	0	1	18	6	16	63
Government bonds (non-investment-grade)	0	0	0	0	1	6	7
Non-government bonds (investment-grade and above)	8	11	50	55	9	2	135
Non-government bonds (non-investment-grade)	0	0	0	0	0	0	0
Structured products	0	0	0	0	0	0	0
Subtotal	**43**	**13**	**66**	**121**	**26**	**26**	**295**
Share (in %)	15	4	22	41	9	9	100
Other asset categories							39
Fair value of plan assets							**333**

Plan assets include derivative transactions with other DB Group entities with a negative market value of around € 30 million and € 27 million at December 31, 2018 and December 31, 2017, respectively. There is neither a material amount of securities issued by DWS Group nor other claims against DWS Group assets included in the fair value of plan assets. The plan assets do not include any real estate which is used by DWS Group.

In addition, DWS Group estimates and allows for uncertain income tax positions which may have an impact on DWS Group's plan assets. Significant judgment is required in making these estimates and DWS Group's final liabilities may ultimately be materially different.

Key Risk Sensitivities

DWS Group's defined benefit obligations are sensitive to changes in capital market conditions and actuarial assumptions. Sensitivities to capital market movements and key assumption changes are presented in the following table. Each market risk factor or assumption is changed in isolation. Sensitivities of the defined benefit obligations are approximated using geometric extrapolation methods based on plan durations for the respective assumption. Duration is a risk measure that indicates the broad sensitivity of the obligations to a change in an underlying assumption and provides a reasonable approximation for small to moderate changes in those assumptions.

For example, the discount rate duration is derived from the change in the defined benefit obligation to a change in the discount rate based on information provided by the local actuaries of the respective plans. The resulting duration is used to estimate the remeasurement liability loss or gain from changes in the discount rate. For other assumptions, a similar approach is used to derive the respective sensitivity results.

For defined benefit pension plans, changes in capital market conditions will impact the plan obligations via actuarial assumptions – mainly discount rate and price inflation rate – as well as the plan assets. Where DWS Group applies a LDI approach, the overall exposure to changes is reduced. Consequently, to aid understanding of DWS Group's risk exposures related to key capital market movements, the net impact of the change in the defined benefit obligations and plan assets due to a change of the related market risk factor or underlying actuarial assumption is shown; for sensitivities to changes in actuarial assumptions that do not impact the plan assets, only the impact on the defined benefit obligations is shown.

Asset-related sensitivities are derived for major plans which are applicable to DWS Group by using risk sensitivity factors determined by DB Group's Market Risk Management function. These sensitivities are calculated based on information provided by the plans' investment managers and extrapolated linearly to reflect the approximate change of the plan assets' market value in case of a change in the underlying risk factor.

The sensitivities illustrate plausible variations over time in capital market movements and key actuarial assumptions. DWS Group is not in a position to provide a view on the likelihood of these capital market or assumption changes. While these sensitivities illustrate the overall impact on the funded status of the changes shown, the significance of the impact and the range of reasonable possible alternative assumptions may differ between the different plans that comprise the aggregated results. Even though plan assets and plan obligations are sensitive to similar risk factors, actual changes in plan assets and obligations may not fully offset each other due to imperfect correlations between market risk factors and actuarial assumptions. Caution should be used when extrapolating these sensitivities due to non-linear effects that changes in capital market conditions and key actuarial assumptions may have on the overall funded status. Any management actions that may be taken to mitigate the inherent risks in the post-employment defined benefit plans are not reflected in these sensitivities.

			Dec 31, 2018			Combined Dec 31, 2017
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Germany	EMEA (excl. Germany & UK)	APAC
Discount rate (–50 bp):						
(Increase) in DBO	(29)	(2)	0	(26)	(1)	0
Discount rate (+50 bp):						
Decrease in DBO	27	2	0	24	1	0
Rate of price inflation (–50 bp):[1]						
Decrease in DBO	6	0	0	5	0	0
Rate of price inflation (+50 bp):[1]						
(Increase) in DBO	(6)	0	0	(5)	0	0
Rate of real increase in future compensation levels (–50 bp):						
Decrease in DBO, net impact on funded status	1	0	0	1	0	0
Rate of real increase in future compensation levels (+50 bp):						
(Increase) in DBO, net impact on funded status	(1)	0	0	(1)	0	0
Longevity improvements by 10%:[2]						
(Increase) in DBO, net impact on funded status	(6)	0	0	(5)	0	0

[1] Incorporates sensitivity to changes in nominal increase for pensions in payment to the extent linked to the price inflation assumption.
[2] Estimated to be equivalent to an increase of around 1 year in overall life expectancy.

Expected Cash Flows

The following table shows expected cash flows for post-employment benefits in 2019, including contributions to DWS Group's external pension trusts in respect of funded plans, direct payment to beneficiaries in respect of unfunded plans, as well as contributions to defined contribution plans.

in € m.	2019 Total
Expected contributions to	
Group internal defined benefit plan assets	16
Defined benefit plan assets sponsored by another company of Deutsche Bank Group	4
BVV	3
Other defined contribution plans	15
Expected benefit payments for unfunded defined benefit plans	0
Expected total cash flow related to post-employment benefits	**38**

Expense of Employee Benefits

The following table presents a breakdown of specific expenses according to the requirements of IAS 19 and IFRS 2 respectively.

in € m.	2018	Combined 2017
Expenses for defined benefit plans:		
Service cost	15	10
Net interest cost (income)	1	1
Total expenses defined benefit plans	**16**	**11**
Expenses for defined contribution plans:		
BVV	3	3
Other defined contribution plans	15	11
Total expenses for defined contribution plans	**18**	**14**
Total expenses for post-employment benefit plans	**34**	**25**
Employer contributions to mandatory German social security pension plan	12	11
Expenses for share-based payments, equity settled	38	14
Expenses for share-based payments, cash settled	4	0
Expenses for cash retention plans	34	12
Expenses for severance payments	6	4

18 – Income Taxes

Income tax expense in 2018 was € 192 million (2017: € 149 million). The effective tax rate of 33% was mainly impacted by non-deductible expenses, trade tax add-ons for reimbursement of expenses incurred by the general partner and tax effects related to share-based payments. The prior year's effective tax rate of 19% was primarily driven by a one-time benefit resulting from the U.S. tax reform.

in € m.	2018	Combined 2017
Current tax expense (benefit):		
Tax expense (benefit) for current year	190	259
Adjustments for prior years	2	0
Total current tax expense (benefit)	**192**	**259**
Deferred tax expense (benefit):		
Origination and reversal of temporary differences, unused tax losses and tax credits	0	(36)
Effect of changes in tax law and/or tax rate	(2)	(69)
Adjustments for prior years	2	(5)
Total deferred tax expense (benefit)	**0**	**(110)**
Total income tax expense (benefit)	**192**	**149**

Total current tax expense in 2018 was not impacted by benefits from previously unrecognized tax losses, tax credits and deductible temporary differences. In 2017 these effects reduced the current tax expense by € 1 million.

Total deferred tax expense includes benefits from previously unrecognized tax losses tax credits and deductible temporary differences and the reversal of previous write-downs of deferred tax assets and expenses arising from write-downs of deferred tax assets, which increased the deferred tax expense by € 5 million in 2018. In 2017 these effects reduced the deferred tax benefit by € 4 million.

Difference between applying German statutory (domestic) income tax rate and actual income tax expense/(benefit)

in € m.	2018	Combined 2017
Expected tax expense (benefit) at domestic income tax rate of 31.9% (31.0% for 2017)	**186**	**243**
Foreign rate differential	(18)	(23)
Tax-exempt gains on securities and other income	(2)	(4)
Loss (income) on equity method investments	(7)	(5)
Non-deductible expenses	13	12
Changes in recognition and measurement of deferred tax assets[1]	5	3
Effect of changes in tax law and/or tax rate	(2)	(69)
Effect related to share-based payments	6	0
Other[1]	11	(8)
Actual income tax expense (benefit)	**192**	**149**

[1] Current and deferred tax expense/(benefit) relating to prior years are mainly reflected in the line items “Changes in recognition and measurement of deferred tax assets” and “Other”.

The domestic income tax rate, including corporate tax, solidarity surcharge, and trade tax, used for calculating deferred tax assets and liabilities was 31.9% for 2018 and 31.0% for 2017.

Income taxes charged or credited to equity (Other comprehensive income/Additional paid-in capital)

in € m.	2018	Combined 2017
Actuarial gains/losses related to defined benefit plans	7	(1)
Financial assets available for sale:		
Unrealized net gains/losses arising during the period	N/A	7
Realized net gains/losses arising during the period (reclassified to profit or loss)	N/A	0
Other equity movement:		
Unrealized net gains/losses arising during the period	0	0
Realized net gains/losses arising during the period (reclassified to profit or loss)	0	0
Income taxes (charged) credited to other comprehensive income	**7**	**6**
Other income taxes (charged) credited to equity	**0**	**0**

Major components of the Group's gross deferred tax assets and liabilities[1]

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Deferred tax assets:		
Unused tax losses	5	20
Unused tax credits	0	0
Deductible temporary differences:		
Trading activities, including derivatives	30	52
Employee benefits, including equity settled share based payments	78	71
Loans and borrowings, including allowance for loans	1	0
Fair value OCI (IFRS 9)	0	0
Intangible assets	7	4
Other assets	25	26
Other provisions	0	0
Other liabilities	0	0
Total deferred tax assets pre offsetting	**146**	**173**
Deferred tax liabilities:		
Taxable temporary differences:		
Trading activities, including derivatives	56	82
Employee benefits, including equity settled share based payments	1	11
Loans and borrowings, including allowance for loans	0	0
Fair value OCI (IFRS 9)	0	0
Intangible assets	205	186
Other assets	16	27
Other provisions	0	0
Other liabilities	0	0
Total deferred tax liabilities pre offsetting	**278**	**306**

[1] The presentation in the table was changed and a more granular breakdown related to the type of temporary differences is provided. Comparatives were adjusted accordingly.

Deferred tax assets and liabilities, after offsetting

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Presented as deferred tax assets	95	131
Presented as deferred tax liabilities	227	264
Net deferred tax liabilities	**132**	**133**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense/(benefit). This is due to (1) deferred taxes that are booked directly to equity, (2) the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro, (3) the acquisition and disposal of entities as part of ordinary activities and (4) the reclassification of deferred tax assets and liabilities which are presented on the face of the balance sheet as components of other assets and liabilities.

Items for which no deferred tax assets were recognized[1]

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Not expiring	(165)	(155)
Expiring in subsequent period	(2)	0
Expiring after subsequent period	(6)	(5)
Unused tax losses	**(173)**	**(160)**

[1] Amounts in the table refer to unused tax losses for federal income tax purposes.

Deferred tax assets were not recognized on these items because it is not probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

As of December 31, 2018 DWS Group recognized deferred tax assets of € 1 million (2017: € 1 million), that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period. This is based on management's assessment that it is probable that the respective entities will have taxable profits against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Generally, in determining the amounts of deferred tax assets to be recognized, management uses historical profitability information and, if relevant, forecasted operating results, based upon approved business plans, including a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

As of December 31, 2018, DWS Group had temporary differences associated with the Group's parent company's investments in subsidiaries, branches and associates and interests in joint ventures of € 115 million, in respect of which no deferred tax liabilities were recognized.

19 – Related Party Transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members,
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post-employment benefit plans for the benefit of DWS Group employees.

Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of DWS Group, directly or indirectly. DWS Group considers the members of the Executive Board and of the Supervisory Board to constitute key management personnel for purposes of IAS 24.

Among the Group's transactions with key management personnel as of December 31, 2018 were loans and commitments of € 9 million and deposits of € 4 million, both with Deutsche Bank Group. As of December 31, 2017, the Group's transactions with key management personnel were loans and commitments of € 0 million and deposits of € 3 million.

in € m.	2018	Combined 2017
Short-term employee benefits	12	1
Post-employment benefits	1	0
Other long-term benefits	3	0
Termination benefits	14	0
Share-based payment	5	1
Total key management compensation expense	**35**	**3**

Transactions with Subsidiaries

Transactions between DWS Group and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between DWS Group and Deutsche Bank AG and Deutsche Bank Group entities, its associated companies and joint ventures and their respective subsidiaries also qualify as related party transactions.

DWS Group has no transactions as of December 31, 2018 and December 31, 2017 respectively with joint ventures and associates.

Transactions with Deutsche Bank AG and other Deutsche Bank Group companies are presented combined in the below table:

				2018
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(103)	(79)	340	56
Other DB Companies	(198)	(240)	485	452

				Combined 2017
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(60)	(80)	1,381	101
Other DB Companies	(183)	(208)	1,898	966

Due to transition from combined to consolidated statements in 2018 the DWS Group related transactions with Deutsche Bank Group shared entities are considered as DWS Group external and included in the table above. In 2017 these transactions were considered as DWS Group internal and eliminated on consolidation.

The reduction in assets with related parties is driven by movement of bank balances from Deutsche Bank Group to third party banks, also due to cash management initiatives.

Transactions with Pension Plans

Under IFRS, certain post-employment benefit plans are considered related parties. The Group has business relationships with a number of its pension plans pursuant to which it provides financial services to these plans, including investment management services. The Group's pension funds may hold or trade Deutsche Bank shares or securities.

in €	Dec 31, 2018	Combined Dec 31, 2017
Other assets	0	0
Fees paid from plan assets to asset managers of the Group	1	1
Market value of derivatives with a counterparty of the Group	(30)	(27)
Notional amount of derivatives with a counterparty of the Group	252	333

20 – Information on Subsidiaries and Shareholdings

Composition of the Group

DWS Group GmbH & Co. KGaA is the direct or indirect holding company for the Group's subsidiaries.

The Group consists of 79 consolidated entities, thereof 28 consolidated structured entities. 49 of the entities controlled by the Group are directly or indirectly held by the Group at 100% of the ownership interests (share of capital). Third parties also hold ownership interest in 30 of the consolidated entities (noncontrolling interest). As of December 31, 2018 the noncontrolling interest are neither individually nor cumulatively material to the Group.

Shareholdings

The following tables show the shareholdings of DWS Group pursuant to Section 313 (2) of the German Commercial Code (HGB).

Footnotes:
1 Status as shareholder with unlimited liability pursuant to Section 313 (2) Number 6 HGB.
2 Controlled insignificant subsidiary.
3 Only specified assets and related liabilities (silos) of this entity were consolidated.
4 Not consolidated or accounted for at equity as classified as non-trading financial assets mandatory at fair value through profit or loss.

Subsidiaries

Serial No.	Name of Company	Domicile of Company	Footnote	Share of Capital in %
1	DWS Group GmbH & Co. KGaA	Frankfurt		
2	DB Commodity Services LLC	Wilmington		100.0
3	DB Vita S.A.	Luxembourg		75.0
4	DBRE Global Real Estate Management IA, Ltd.	George Town		100.0
5	DBRE Global Real Estate Management IB, Ltd.	George Town		100.0
6	DBX Advisors LLC	Wilmington		100.0
7	DBX Strategic Advisors LLC	Wilmington		100.0
8	Deutsche Alternative Asset Management (France) SAS	Paris		100.0
9	Deutsche Alternative Asset Management (UK) Limited	London		100.0
10	Deutsche Asset Management (Japan) Limited	Tokyo		100.0
11	Deutsche Asset Management (Korea) Company Limited	Seoul		100.0
12	Deutsche Asset Management S.A.	Luxembourg		100.0
13	Deutsche Capital Partners China Limited	George Town		100.0
14	Deutsche Cayman Ltd.	George Town		100.0
15	Deutsche Grundbesitz Beteiligungsgesellschaft mbH	Eschborn		100.0
16	Deutsche Grundbesitz-Anlagegesellschaft mit beschränkter Haftung	Frankfurt		99.8
17	DG China Clean Tech Partners	Tianjin	1,2	49.9
18	DI Deutsche Immobilien Treuhandgesellschaft mbH	Frankfurt		100.0
19	DWS Alternatives Global Limited	London		100.0
20	DWS Alternatives GmbH	Frankfurt		100.0
21	DWS Beteiligungs GmbH	Frankfurt		99.1
22	DWS CH AG	Zurich		100.0
23	DWS Distributors, Inc.	Wilmington		100.0
24	DWS Far Eastern Investments Limited	Taipei		60.0
25	DWS Group Services UK Limited	London		100.0
26	DWS Grundbesitz GmbH	Frankfurt		99.9
27	DWS International GmbH	Frankfurt		100.0
28	DWS Investment GmbH	Frankfurt		100.0
29	DWS Investment Management Americas, Inc.	Wilmington		100.0
30	DWS Investments Hong Kong Limited	Hong Kong		100.0
31	DWS Investments Australia Limited	Sydney		100.0
32	DWS Investments Shanghai Limited	Shanghai		100.0
33	DWS Investments Singapore Limited	Singapore		100.0
34	DWS Investments UK Limited	London		100.0
35	DWS Real Estate GmbH	Frankfurt		89.9
36	DWS Service Company	Wilmington		100.0
37	DWS Trust Company	Salem		100.0
38	DWS USA Corporation	Wilmington		100.0
39	Elizabethan Holdings Limited	George Town		100.0
40	Elizabethan Management Limited	George Town		100.0
41	European Value Added I (Alternate G.P.) LLP	London		100.0
42	Leonardo III Initial GP Limited	London		100.0
43	RoPro U.S. Holding, Inc.	Wilmington		100.0
44	RREEF America L.L.C.	Wilmington		100.0
45	RREEF European Value Added I (G.P.) Limited	London		100.0
46	RREEF Fund Holding Co.	George Town		100.0
47	RREEF Management L.L.C.	Wilmington		100.0
48	Tianjin Deutsche AM Fund Management Co., Ltd.	Tianjin		100.0
49	Treuinvest Service GmbH	Frankfurt		100.0
50	WEPLA Beteiligungsgesellschaft mbH	Frankfurt		100.0
51	Whale Holdings S.à r.l.	Luxembourg		100.0

Consolidated Structured Entities

Serial No.	Name of Company	Domicile of Company	Footnote	Share of Capital in %
52	DB Immobilienfonds 2 GmbH & Co. KG i.L.	Frankfurt		74.0
53	DB Immobilienfonds 4 GmbH & Co. KG i.L.	Frankfurt		0.2
54	DB Immobilienfonds 5 Wieland KG	Frankfurt		
55	DB Impact Investment (GP) Limited	London		100.0
56	DB PWM	Luxembourg	3	
57	DB Real Estate Canadainvest 1 Inc.	Toronto		100.0
58	DBRE Global Real Estate Management US IB, L.L.C.	Wilmington		100.0
59	DBX ETF Trust	Wilmington	3	
60	DeAM Capital Protect 2019	Frankfurt		
61	Deutsche Bank Best Allocation - Protect 80	Luxembourg		
62	Deutsche Bank Best Allocation - Protect 90	Luxembourg		
63	Deutsche DWS Income Trust - DWS Short Duration High Income Fund	Boston		100.0
64	Deutsche Strategic	Luxembourg	3	
65	DWS Access S.A.	Luxembourg	3	
66	DWS Garant 80 FPI	Luxembourg		
67	DWS Invest	Luxembourg	3	
68	DWS World Protect 90	Luxembourg		
69	DWS Zeitwert Protect	Luxembourg		
70	Dynamic Infrastructure Securities Fund LP	Wilmington		
71	G.O. IB-US Management, L.L.C.	Wilmington		100.0
72	Leonardo Secondary Opportunities Fund III (Alternate GP of GP), LP	Wilmington		
73	Leonardo Secondary Opportunities Fund III (GP) Limited	George Town		
74	Leonardo Secondary Opportunities Fund III (Limited Partner) Limited	George Town		
75	PEIF II SLP Feeder, L.P.	Edinburgh		0.7
76	PES Carry and Employee Co-Investment Feeder SCSp	Munsbach		1.3
77	Private Equity Solutions SCSp	Munsbach		99.1
78	RREEF DCH, L.L.C.	Wilmington		100.0
79	Vermögensfondmandat Flexible (80% teilgeschützt)	Luxembourg		

Companies Accounted for at Equity

Serial No.	Name of Company	Domicile of Company	Footnote	Share of Capital in %
80	DB Real Estate Global Opportunities IB (Offshore), L.P.	Camana Bay		34.3
81	Deutscher Pensionsfonds Aktiengesellschaft	Bonn		25.1
82	G.O. IB-SIV Feeder, L.L.C.	Wilmington		15.7
83	Harvest Fund Management Co., Ltd.	Shanghai		30.0
84	P.F.A.B. Passage Frankfurter Allee Betriebsgesellschaft mbH	Berlin		22.2

Other Companies where the Holding Exceeds 20%

Serial No.	Name of Company	Domicile of Company	Footnote	Share of Capital in %
85	Deutsches Institut für Altersvorsorge GmbH	Frankfurt	4	22.0
86	Asia Core Real Estate Fund SCA SICAV-RAIF	Luxembourg	4	24.0

Other Companies with status as shareholder with unlimited liability pursuant to Section 313 (2) Number 6 HGB

Serial No.	Name of Company	Domicile of Company	Footnote	Share of Capital in %
87	DEBEKO Immobilien GmbH & Co Grundbesitz OHG	Eschborn	1	0.1
88	RREEF European Value Added Fund I L.P.	London	1	0.0

Significant Restrictions to Access or Use the Group's Assets

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group.

The following restrictions impact the Group's ability to use assets:

- The assets of consolidated structured entities, which mainly consist of guaranteed funds, are held for the benefit of the parties that have bought the shares issued by these entities.
- Investment contract related financial assets held to back unit linked contracts offered by DB Vita S.A. (the Group's specialist for unit-linked products).

	Dec 31, 2018		Combined Dec 31, 2017	
in € m.	Total assets	Restricted assets	Total assets	Restricted assets
Interest earning deposits with banks	1,876	79	3,004	142
Financial assets at fair value through profit or loss	2,875	1,765	1,907	1,882
Financial assets available for sale	N/A	N/A	362	22
Loans at amortized cost	2	0	307	0
Other	5,942	38	5,647	46
Total	**10,694**	**1,882**	**11,226**	**2,093**

The table above excludes assets that are not encumbered at an individual entity level but which may be subject to restrictions in terms of their transferability within the Group. Regulatory and central bank requirements or corporate laws may restrict the Group's ability to transfer assets to or from other entities within the Group in certain jurisdictions. Referring to this the US Federal Reserve Board required certain commitments with respect to the DWS Group operations in the US that are grouped under DWS USA Corporation (DWS IHC) in accordance with Regulation YY. That includes restrictions on capital distributions that could arise from non-compliance by DWS IHC with applicable regulatory requirements. Capital distribution restrictions would also be imposed on DWS IHC in an event that Deutsche Bank's IHC (DB IHC) became subject to such restrictions.

21 – Structured Entities

Nature, Purpose and Extent of the Group's Interests in Structured Entities

DWS Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentration of credit or other risks (tranches)

As part of its business, DWS Group is responsible for the set up and management of various entities that are used to manage portfolios of assets on behalf of its clients. These entities are classified as structured entities. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt or equity securities that are collateralised by and/or indexed to the assets held by the structured entities.

Guaranteed Funds

DWS Group manages guaranteed funds, which provide a full or partial notional guarantee at a date specific in the respective guaranteed contract (guarantee date). These funds are consolidated by DWS Group under IFRS 10 due to the fact it has power (being the asset manager), is exposed to variable returns (especially via the guarantee) and can use its power to affect those returns. DWS Group has no stake in these funds. Since investors can return their fund shares on a daily basis and receive back the market value of their shares, the interests of the investors do not qualify as equity and DWS Group recognizes a liability measured at fair value. The assets held by the consolidated structured entity are classified as trading assets in the balance sheet.

DWS Group is exposed to a fall in value of the underlying fund or account below the guaranteed amount at the respective guarantee date. The guaranteed product portfolios are managed using Constant Proportion Portfolio Insurance (CPPI) strategies and techniques, which use a rule based exposure allocation mechanism into highly rated assets and riskier assets, depending on market levels. The risk for DWS Group as guarantor is that it has to compensate the funds if the market values of such products at their respective guarantee dates are lower than the guaranteed levels (please refer to the Risk Report, “Risk Management – Market Risk”).

Seed Investments

Seed investments are deployed to build marketable track records for new products initiated by DWS Group. Seed investments are made to establish necessary funding for a new fund. Over time, seed investments are withdrawn as the funds grow and/or clients make investments in the funds. Seeded products typically comprise shares of mutual funds, exchange traded funds (ETFs) or equity interests in other types of commingled vehicles. The underlying exposure is comprised of varying asset types (typically fixed income or equity securities with active primary and secondary markets). The duration of deployed seed capital is typically up to three years. DWS Group consolidates these structured entities typically when setting up as the DWS Group has the ability to exercise its power in order to affect any variable returns. DWS Group deconsolidate those funds when losing the power to control in order to affect any variable returns that the Group is exposed to through its involvement with the entity (please refer Note 1 Significant Accounting Policies and Critical Accounting Estimates).

DWS Group executes an economic risk position offset program to minimize the profit/loss volatility of the seed investment portfolio (please refer to the Risk Report, “Risk Management – Market Risk”).

Co-Investments

DWS Group has direct equity co-investments primarily in structured entities that invest in a variety of asset classes, including (but not limited to), equities, fixed income, commodities and other alternative asset classes which may include real estate, infrastructure, private equity and hedge funds. Investments are made to ensure an alignment of interest with the management of the respective funds. Co-investment capital is subject to investment market movements. The diversity of the investment portfolio across investment classes (real estate, infrastructure and private equity) and geographies, plus the long term nature of these investments (five to ten years in most cases) provides portfolio diversification against material negative fair value (please refer to “Risk Management – Market Risk” within this report).

DWS Group does not hold any investment in associates or joint venture which meet the definition of a structured entity.

Consolidated Structured Entities

Structured entities are consolidated when the substance of the relationship between DWS Group and the structured entities indicates that the structured entities are controlled by DWS Group, as discussed in Note 1 “Significant Accounting Policies and Critical Accounting Estimates”. The most significant judgment in assessing whether DWS Group has control of a structured entity is the determination whether DWS Group exercises its power as an agent rather than as a principal in respect of the fund it manages. The fund manager typically has power through investment management and other agreements. In assessing whether DWS Group is an agent or a principal, it considers a number of factors, including the scope of its decision-making activities, rights held by the investors and others and its exposure to variable returns including remuneration. DWS Group does not consolidate funds where it is deemed to be an agent or when a third party investor has the ability to direct the activities of the fund.

DWS Group has the following consolidated structured entities.

in € m.	Dec 31, 2018	Combined Dec 31, 2017
Assets:		
Guaranteed Funds	1,187	1,280
Seed Investments	207	47
Total assets	**1,394**	**1,328**
Liabilities:		
Guaranteed Funds	1,184	1,278
Seed Investments	10	8
Total liabilities	**1,194**	**1,286**
Profit (loss) before tax:		
Guaranteed Funds	0	0
Seed Investments	(4)	3
Total profit (loss) before tax	**(4)**	**3**

Unconsolidated Structured Entities

These are structured entities which are not consolidated because DWS Group does not control them through voting rights, contract, funding agreements, or other means.

Interests in Unconsolidated Structured Entities

DWS Group's interests in unconsolidated structured entities refer to contractual involvement that exposes DWS Group to variability of returns from the performance of the structured entities. Examples of interests in unconsolidated structured entities include debt or equity investments (seed capital and co-investments), receivables from asset management fees (shown in other assets) and certain derivative instruments in which DWS Group is absorbing variability of returns from the structured entities.

Below is a description of DWS Group's interest in unconsolidated structured entities by type

Securitization
DWS Group set up structured note vehicles with the primary objective to realize investment returns by investing in US debt of economic infrastructure companies. The debt securitization assets held are classified as non-trading financial assets mandatory at fair value through profit or loss.

Mandates and Funds
DWS Group sets up and manages various structured entities to accommodate client requirements to hold investments in specific assets. Those assets including Seed and Co-Investments are classified as non-trading financial assets mandatory at fair value through profit and loss as DWS Group business model assessment under IFRS 9 resulted in "Other business model".

Where we have an institutional mandate which is structured as a fund (e.g. German "Spezialfonds") these have been considered as structured entities.

The "Other mandates" as described below are considered as non-structured entities as those mandates don't have the features or attributes of a structured entity. In 2017 DWS Group considered all mandates as structured entities in the combined statements. In the table "AuM of structured entities and reference to total AuM" numbers for 2017 were restated. No restatement required for the maximum exposure shown in 2017.

"Other mandates" are portfolios of assets held by third party custodians and owned by the client. The mandate gives DWS Group the right to enter into trades on behalf of the client but the assets remain part of the client books and records. Additionally DWS Group does have advisory mandates where the Group does not have full discretion including model portfolios.

Income Derived from Involvement with Structured Entities

The Group earns management fees and, occasionally, performance-based fees for its investment management service in relation to funds. The majority of the net commission and fees from asset management activities and most of the net gains (losses) on financial assets/liabilities at fair value through profit or loss relates to structured entities.

Maximum Exposure to unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entities. The maximum exposure for financial assets designated at fair value through profit and loss, financials assets available for sale (until year ended Dec 31, 2017), loans and other assets is reflected by their carrying value in the consolidated balance sheet. The maximum exposure for derivatives under IFRS 12, as interpreted by the Group, is reflected by the notional amounts of € 7,441 million as of December 31, 2018 (December 31, 2017 € 7,788 million). Such amounts or their development do not reflect the economic risks faced by DWS Group because they do not take into account the effects of collateral or economic hedges nor the probability of such losses being incurred. Off balance sheet commitments (unfunded commitments to funds) are reflected with their outstanding committed amount at reporting date. The total maximum exposure is calculated by adding total assets, total off-balance sheet exposure and notional amounts of derivatives.

The following table shows, by type of structured entity the carrying amounts of the Group’s interests recognized in the consolidated financial statement and the maximum exposure.

Carrying amounts and maximum exposure relating to DWS Group’s interests

			Dec 31, 2018
in € m.	Securitizations	Mandates and Funds	Total
Assets:			
Cash and bank balances	0	18	18
Financial assets at fair value through profit or loss:			
Trading assets	0	0	0
Positive market values (derivative financial instruments)	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	0	820	820
Financial assets designated at fair value through profit or loss	0	0	0
Total financial assets at fair value through profit or loss:	0	820	820
Financial assets available for sale	N/A	N/A	N/A
Loans	0	0	0
Other assets	0	212	212
Total assets	**0**	**1,050**	**1,050**
Liabilities:			
Financial liabilities at fair value through profit or loss:			
Negative market values (derivative financial instruments)	0	7	7
Total financial liabilities at fair value through profit or loss	0	7	7
Total liabilities	**0**	**7**	**7**
Notional amount of derivatives	**0**	**7,441**	**7,441**
Off-balance sheet exposure	**0**	**65**	**65**
Maximum Exposure	**0**	**8,556**	**8,556**

in € m.	Securitizations	Mandates and Funds	Combined Dec 31, 2017 Total
Assets:			
Cash and bank balances	0	0	0
Total financial assets at fair value through profit or loss:			
Trading assets	0	17	17
Positive market values (derivative financial instruments)	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	N/A	N/A	N/A
Financial assets designated at fair value through profit or loss	0	574	574
Total financial assets at fair value through profit or loss	0	591	591
Financial assets available for sale	0	346	346
Loans	16	0	16
Other assets	0	669	669
Total assets	**16**	**1,606**	**1,622**
Liabilities:			
Financial liabilities at fair value through profit or loss:			
Negative market values (derivative financial instruments)	0	81	81
Total financial liabilities at fair value through profit or loss	0	81	81
Total liabilities	**0**	**81**	**81**
Notional amount of derivatives	**0**	**7,788**	**7,788**
Off-balance sheet exposure	**0**	**46**	**46**
Maximum Exposure	**16**	**9,439**	**9,455**

Size of and Risk Related to Structured Entities

The primary source of income is from management fees which is mainly based on AuM, therefore, any change in the AuM will impact the revenue capacity of the Group and will expose DWS Group to a risk if the AuM declines assuming no change in margin.

AuM of structured entities and reference to total AuM

in € bn	Dec 31, 2018	Combined Dec 31, 2017
Mutual Funds	253	283
ETFs	78	79
Other structured entities	143	141
Total structured entities	**474**	**503**
Non structured entities	188	197
Total Assets under Management	**662**	**700**

DWS Group manages the total volume of € 662 billion Assets under Management (AuM) as of December 31, 2018 (€ 700 billion as of December 31, 2017). Asset under Management (AuM) is defined as (a) assets we hold on behalf of the customer for investment purposes and/or (b) client assets that are managed by DWS Group on a discretionary or advisory basis. AuM represents both collective investments (Mutual Funds, Exchange-Traded Funds, etc.) and separate client mandates which are not structured entities.

AuM is measured at current market value based on the local regulatory rules for asset managers for the calculation of the total AuM in their funds and mandates which might differ from the fair value rules applicable under IFRS. Measurable levels are available daily for most retail products but may only be updated monthly or even quarterly for some products. While AuM do not consider the assets in the holding in Harvest, they do include seed capital and any committed capital on which the Group earn management fees (please refer to Financial Performance section 1 within this report).

Financial Support

During 2018 and 2017 respectively, DWS Group did not provide non-contractual support to unconsolidated structured entities.

Sponsored Unconsolidated Structured Entities where the Group has no interest as of December 31, 2018 and December 31, 2017

DWS Group considers itself a sponsor of a structured entity when it is exposed to litigation and reputation risks from its involvement with a structured entity in which DWS Group does not have an interest. During the year, DWS Group did not sponsor any unconsolidated structured entity.

22 – Events after the Reporting Period

After December 31, 2018, there were no reportable events of particular significance for the net assets, financial position and results of operations of the Group.

23 – Supplementary Information

Staff Costs

in € m.	2018	Combined 2017
Staff costs:		
Wages and salaries	613	669
Social security costs	103	104
thereof: those relating to pensions	32	25
Total staff costs	**716**	**772**

Staff

As of December 31, 2018 the effective staff employed was 3,443 (December 31, 2017: 3,901). Part-time staff is included in these figures proportionately.

The average number of effective staff employed in 2018 was 3,357 (2017: 3,808). An average 1,803 (2017: 2,345) staff members worked outside Germany.

Executive Board and Supervisory Board Remuneration

The total compensation of the Executive Board (in accordance with the German Accounting Standard No. 17) was € 13,886,618 for the year ended December 31, 2018, thereof € 3,747,303 for equity-based components.

The members of the Supervisory Board receive fixed annual compensation according to the provisions of the Articles of Association. The annual base compensation amounts to € 85,000 for each Supervisory Board member. The Supervisory Board Chairman receives twice that amount and the Deputy Chairperson one and a half times that amount. Members and chairs of the committees of the Supervisory Board are paid additional fixed annual compensation. The compensation determined is disbursed to each Supervisory Board member within the first three month of the following year. In case of a change in Supervisory Board membership during the year, compensation for the financial year will be paid on a pro rata basis, rounded up/down to full months. The members of the Supervisory Board received for the financial year 2018 a total remuneration of € 522,292 (excluding value added tax), which will be paid out in the first quarter of 2019. Deutsche Bank Group shareholder representatives and one independent shareholder representative on the Supervisory Board have waived their Supervisory Board Compensation for the financial year 2018 in line with applicable policies and procedures.

Principal Accountant Fees and Services

Breakdown of the fees charged by the Group's auditor:

Fee category in € m	2018	Combined 2017
Audit fees	4	2
thereof to KPMG AG	2	1
Audit-related fees	1	0
thereof to KPMG AG	1	0
Tax-related fees	1	1
thereof to KPMG AG	1	0
All other fees	0	(0)
thereof to KPMG AG	0	(0)
Total fees	**7**	**3**

The audit fees include fees for auditing the annual financial statements and the consolidated financial statements of DWS KGaA and various audits of the annual financial statements of subsidiaries. The fees for audit-related services include fees for other certification services required by law or statutory regulations, in particular for the review of interim financial statements, as well as fees for voluntary certification services, such as voluntary audits for internal management purposes and the issue of audit certificates. The fees for tax consultancy services include fees for support services in connection with the preparation and review of tax returns and for tax consultancy services to assess and comply with tax regulations.

Confirmations

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the summarized management report includes a fair review of the development and performance of the business and the position of the Group and DWS Group GmbH & Co. KGaA, together with a description of the principal opportunities and risks associated with the expected development of the Group and DWS Group GmbH & Co. KGaA.

Frankfurt am Main, March 15, 2019

Dr Asoka Woehrmann	Claire Peel	Mark Cullen
Nikolaus von Tippelskirch	Stefan Kreuzkamp	Pierre Cherki
Robert Kendall	Dirk Goergen	

Independent Auditor's Report

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditors' Report

To the DWS Group GmbH & Co. KGaA, Frankfurt am Main

Report on the audit of the consolidated financial statements and the combined management report

Opinions

We have audited the consolidated financial statements of DWS Group GmbH & Co. KGaA (unitl 2, March 2018: DWS Group SE) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2018, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1, 2018 to December 31, 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of the DWS Group GmbH & Co. KGaA for the fiscal year from January 1, 2018 to December 31, 2018.

In our opinion, on the basis of knowledge obtained in the audit,

– the accompanying consolidated financial statements comply in all material respects with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January 2018 to 31 December 2018, and

– the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles is further described in the "Auditor`s Responsibilities for the Audit of the Consolidated Financial Statements and the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under to Article 5 (1) of the EU Audit

Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2018 to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of Goodwill

Please refer to section 01 of the notes to the consolidated financial statements for information on the accounting and valuation principles applied and the assumptions used. Information on the amount of goodwill can be found in section 12 of the notes to the consolidated financial statements and information on the economic development of the asset management industry in the combined management report in the section "Overview of the financial position and results of operations".

THE FINANCIAL STATEMENT RISK

As at December 31, 2018, goodwill amounted to EUR 2,843 million and, at 27% of total assets, accounted for a substantial share of assets.

Goodwill is tested for impairment annually at the level of the single operating segment. For this purpose, the carrying amount is compared with the recoverable amount of the business segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the business segment. The effective date for the impairment test is October 1, 2018.

The impairment test for goodwill is complex and is based on a number of discretionary assumptions. These include the expected business and earnings development of the business segment for the next five years, the assumed long-term growth rates and the discount rate used.

Competition in the asset management industry intensified in the financial year 2018. As a result, future business prospects have deteriorated significantly. The carrying amount of equity at the balance sheet date is higher than the market value of the company. Nevertheless, DWS Group GmbH & Co. KGaA did not identify any need for impairment as a result of the impairment test carried out.

There is a risk for the financial statements that an impairment existing on the balance sheet date will not be recognized. This includes the risk that improper application of the factors used to identify a single business segment an existing impairment need will not be discovered. In addition, there is a risk that the related disclosures in the notes may not be appropriate.

OUR AUDIT APPROACH

We have assessed the proper application of the factors used to identify the business segment. We have also assessed, with the help of our valuation specialists, the appropriateness of the significant assumptions used and the calculation method used by the company. To this end, we discussed the expected development of business and earnings as well as the assumed long-term growth rates with those responsible for planning. In addition, we coordinated with other internally available forecasts, e.g. the budget prepared by the Executive Board and approved by the Supervisory Board. In addition, we assessed the consistency of the assumptions with external market assessments.

We also satisfied ourselves of the quality of the company's forecasts to date by comparing forecasts from previous financial years with actual results and analysing deviations. Since even minor changes in the discount rate can have a material effect on the results of the impairment test, we have compared the assumptions and parameters underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To ensure the arithmetical correctness of the valuation model used, we have reconstructed the calculations of the company.

In order to take account of the existing forecast uncertainty, we have examined the effects of possible changes in the discount rate and the earnings trend or long-term growth rate on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing them with the values of the company.

In addition, we critically examined the company's reasoning as to why the sum of the recoverable amounts exceeds the market value of the company.

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill are appropriate.

OUR OBSERVATIONS

The calculation method used to test goodwill for impairment is appropriate and consistent with the applicable valuation principles. The assumptions and parameters of the company on which the valuation is based lie within acceptable ranges and are generally appropriate. The related disclosures in the notes are appropriate.

Valuation of the intangible asset „Scudder“

Please refer to section 01 of the notes to the consolidated financial statements for information on the accounting and valuation principles applied and the assumptions used. Information on the amount of other intangible assets can be found in section 12 of the notes to the consolidated financial statements and information on the economic development of the asset management industry in the combined management report in the section "Overview of the financial position and results of operations".

THE FINANCIAL STATEMENT RISK

As of December 31, 2018, other intangible assets of EUR 755 million consist of contractual agreements granting temporary exclusive rights to manage American public investment assets. As part of the acquisition of Zurich Scudder Investments, Inc. completed in 2002, this intangible asset was recognized for the first time in the consolidated financial statements of Deutsche Bank AG.

These contractual arrangements are renewable without significant costs and have a long history of renewals. The parent therefore recognized an intangible asset with an indefinite useful life.

The recoverability of the intangible asset "Scudder" is reviewed annually. For this purpose, the carrying amount is compared with the recoverable amount of the contractually agreed exclusive rights. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the contractually agreed exclusive rights. The effective date for the impairment test is 30 November 2018.

The impairment test of the intangible asset "Scudder" is complex and is based on a number of discretionary assumptions. These include the asset mix, the expected net changes in the net assets under management, the effective fee rate, the assumed long-term growth rates and the discount rate used.

As a result of the impairment test performed, the company did not identify any impairment. However, the sensitivity calculations of the company showed that, among other things, a negative development of the expected net changes in the net assets under management of the public investment funds or the effective fee rate deemed possible would result in a write-down to the resulting recoverable amount.

There is a risk for the consolidated financial statements that an impairment existing at the balance sheet date will not be recognized. There is also a risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

We have obtained an understanding of the company's process for deriving judgmental assumptions, identifying indications of impairment and determining recoverable amounts through explanations given by accounting personnel.

With the help of our valuation specialists, we assessed, among other things, the appropriateness of the company's calculation method. To this end, we discussed the assumed long-term growth rates with those responsible for planning and assessed the consistency of the assumptions with external market assessments.

We also satisfied ourselves of the quality of the company's forecasts to date by comparing forecasts from previous financial years with the results actually achieved and analysing deviations. We compared the assumptions and parameters underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take into account the existing forecasting uncertainty and the earlier date for the impairment test, we have examined the effects of possible changes in expected net changes in the net assets under management, the effective fee rate and the assumed long-term growth rates, or the discount rate used, on the recoverable amount by calculating alternative scenarios and comparing them with the values of the company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on the recoverability of the intangible assets "Scudder" are appropriate.

OUR OBSERVATIONS

The calculation method underlying the impairment test of the intangible assets "Scudder" is appropriate and consistent with the applicable valuation principles. The assumptions and parameters of the company on which the valuation is based lie within acceptable ranges and are generally appropriate. The related disclosures in the notes are appropriate.

Other Information

The Executive Board is responsible for the other information. The other information comprises the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the combined management report and our auditor’s report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibility of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the t assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined management report, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and per-form audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

– Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.

– Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

– Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor of the consolidated financial statements by the Annual General Meeting on 20 February 2018 and subsequently appointed orally by the Supervisory Board. The audit engagement was documented in a letter dated November 9, 2018. We have audited DWS Group GmbH & Co. KGaA as a capital market-oriented company since its IPO in financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

The services we have provided in addition to the consolidated financial statement audit are listed in the notes to the consolidated financial statements under Note 23 - "Supplementary information".

German Public Auditor Responsible for the Engagement Responsible Auditor

The German Public Auditor responsible for the engagement is Ulrich Kuppler.

Frankfurt am Main, March 15, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

gez. Kuppler
Wirtschaftsprüfer
[German Public Auditor]

gez. Lehmann
Wirtschaftsprüfer
[German Public Auditor]

3

Corporate Governance Statement / Corporate Governance Report

Corporate Governance Statement / Corporate Governance Report

All information presented in this Corporate Governance Statement pursuant to §§ 289f, 315d of the German Commercial Code / Corporate Governance Report pursuant to the German Corporate Governance Code is shown as of March 12, 2019.

Corporate Bodies

Overview of the Corporate Bodies of DWS

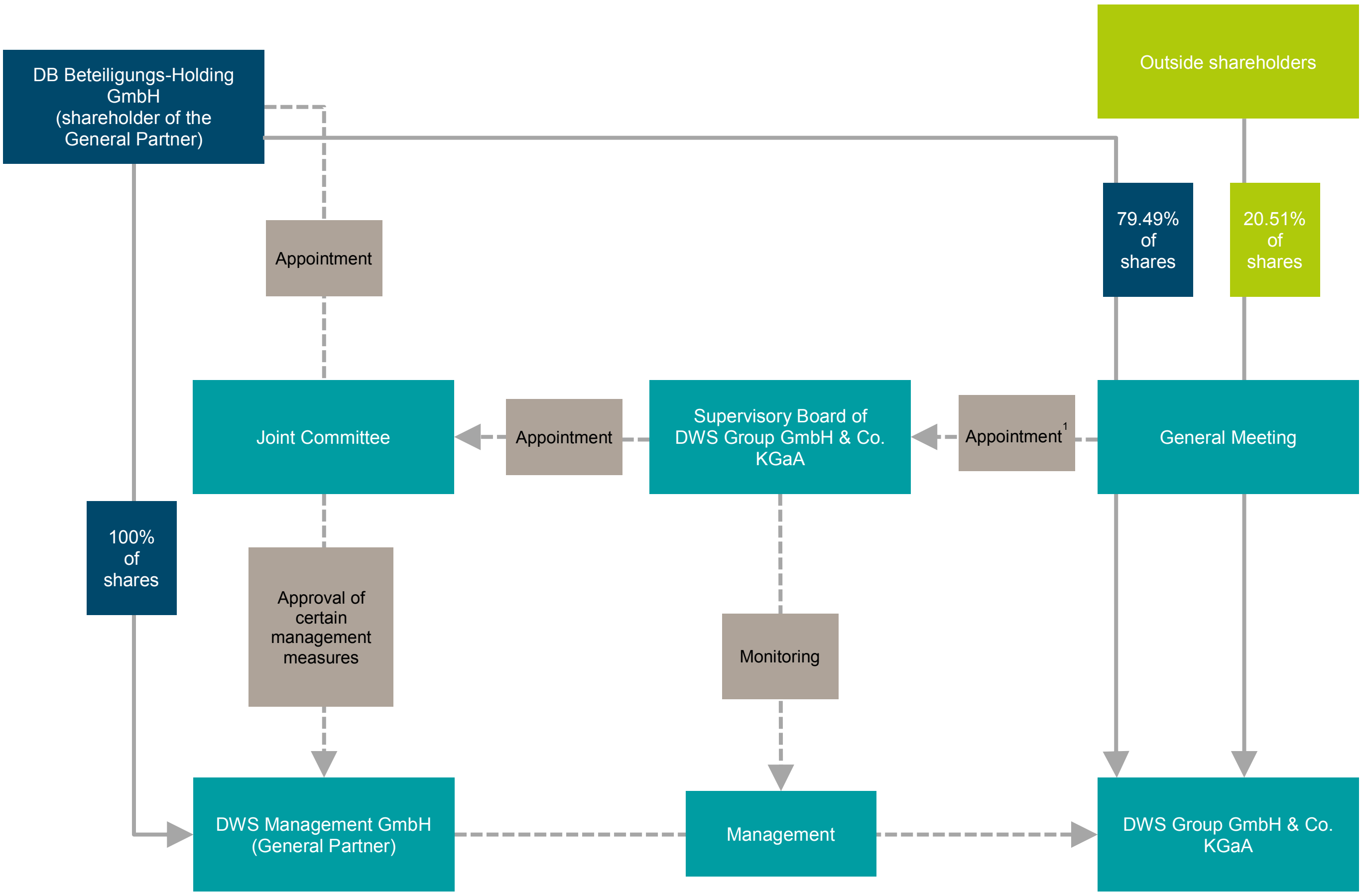
DWS KGaA is a partnership limited by shares (Kommanditgesellschaft auf Aktien, or “KGaA”) with a German-law limited liability company (Gesellschaft mit beschränkter Haftung, or “GmbH”) as its general partner. The company is governed by its Articles of Association and the general provisions of German corporate law, particularly the German Stock Corporation Act (AktG) and the German Commercial Code (HGB).

A KGaA is a hybrid legal form under German corporate law, which has elements of both a limited partnership and a stock corporation (Aktiengesellschaft or “AG”). Like a stock corporation, the share capital of a KGaA is held by its shareholders. Like a limited partnership, the KGaA is managed by a general partner which is subject to unlimited liability vis-à-vis third parties.

DWS KGaA’s sole general partner, DWS Management GmbH (the “General Partner”), is a wholly-owned subsidiary of DB Beteiligungs-Holding GmbH, which is 100% owned by Deutsche Bank AG.

DWS KGaA’s corporate bodies are its General Partner, acting through its Managing Directors (Geschäftsführer) who collectively are referred to as the Executive Board of DWS KGaA, its Supervisory Board, and the General Meeting of DWS KGaA’s shareholders. In addition, DWS KGaA has a Joint Committee that consists of members of the Supervisory Board as well as delegates appointed by the shareholders’ meeting of the General Partner.

The Corporate Bodies of DWS are illustrated as follows:



[1] Right of outside shareholders to appoint supervisory board members does not extend to employee representatives.

General Partner

The General Partner has the sole responsibility for the management of DWS KGaA, including all management measures. The General Partner is acting through its Managing Directors (Geschäftsführer), who collectively are referred to as the Executive Board of DWS KGaA. The Executive Board manages the day-to-day business and represents DWS KGaA vis-à-vis third parties. Any reference to Executive Board in this report refers to the collective Managing Directors of the General Partner.

The Managing Directors of the General Partner are appointed and dismissed by resolution of the shareholders' meeting of General Partner, which also has the authority to appoint one of them as the chairman, i.e. the CEO.

Certain measures by the General Partner, acting through the Executive Board, require approval from the shareholders' meeting of the General Partner (e.g. the preparation of the annual financial plan of DWS Group, group reorganizations and related contracts, joint ventures, the acquisition and disposal of participations if the transaction value exceeds a certain threshold).

In addition, certain measures undertaken by the General Partner in the course of its management of DWS KGaA require the prior approval of the Joint Committee.

Supervisory Board

The Supervisory Board advises and monitors the General Partner, acting through the Executive Board, in its management of the company. Except for the employee representatives, the members of the Supervisory Board are elected by the shareholders of DWS KGaA at the General Meeting. Following the IPO of DWS KGaA, shares held by the General Partner or its affiliated companies are not entitled to vote for the election or removal of the members of the Supervisory Board.

In general, the authority and scope for influence of the Supervisory Board of a KGaA is limited as compared to a Supervisory Board of a stock corporation. In particular, the Supervisory Board is not entitled to appoint and dismiss the Managing Directors of the general partner, nor may the Supervisory Board subject the management measures of the general partner to its consent, or issue rules of procedure for the general partner.

Joint Committee

Besides the Supervisory Board and the General Partner (acting through the Executive Board), DWS KGaA has established a Joint Committee as an additional corporate body. The Joint Committee consists of two members delegated by the shareholders' meeting of the General Partner and two members delegated by the shareholders' representatives on the Supervisory Board. The shareholders' meeting of the General Partner appoints one of its delegates as the Chairman of the Joint Committee; the Chairman has a casting vote with regard to decisions taken by the Joint Committee.

The Joint Committee has approval rights with regard to certain measures undertaken by the General Partner (e.g. group reorganizations and related contracts; the acquisition and disposal of real estate or participations if the transaction value exceeds a certain threshold). The Joint Committee also possesses a right of proposal with respect to the ratification of acts of management of the General Partner and with respect to the determination of the variable compensation of the Managing Directors of the General Partner. Nonetheless, these matters are legally subject to decisions of the shareholders' meeting of the General Partner. Therefore, the proposals of the Joint Committee are not legally binding and the shareholders' meeting of the General Partner remains independent in its right to decide on these matters. The Joint Committee reports in text form to the General Meeting on its activities. The report for the reporting year can be found under "Report of the Joint Committee".

General Meeting

The General Meeting is the resolution body of the shareholders of DWS KGaA. Shareholders can exercise their voting rights at the General Meeting themselves, by proxy via a representative of their choice, or by a company-nominated proxy acting on their instructions. Among other matters, the General Meeting approves the annual financial statements of the company. The internal procedure of the General Meeting of a KGaA corresponds to that of the general meeting of a stock corporation.

Certain material matters requiring a resolution of the General Meeting also require the consent of the General Partner (which does not have a voting right in the General Meeting as it does not hold shares in DWS KGaA), such as amendments to the Articles of Association, dissolution of the company, mergers, a change in the legal form of DWS KGaA, enterprise agreements (*Unternehmensverträge*, such as domination agreements or profit and loss transfer agreements) and other fundamental changes as well as the approval of the annual financial statements. The General Partner therefore has a de facto veto right on these matters.

The members of the Supervisory Board – with the exception of the employee representatives – are elected by the General Meeting.

Managing Directors of the General Partner (Executive Board)

The General Partner fulfils its task of managing DWS KGaA through its eight Managing Directors (Geschäftsführer), who are collectively referred to as the Executive Board. The Managing Directors are appointed and dismissed by resolution of the shareholders' meeting of the General Partner. Pursuant to the Articles of Association of the General Partner, the General Partner shall have at least two Managing Directors. The General Partner shall be represented either jointly by two Managing Directors or by a Managing Director acting jointly with an authorized representative (Prokurist). The shareholders' meeting may, pursuant to the Articles of Association of the General Partner, vest Managing Directors with the authority to represent the General Partner solely. Furthermore, Managing Directors are exempted from the restrictions of entering into a legal transaction in the name of the principal with himself in his own name or as an agent of a third party pursuant to Section 181 2nd alternative German Civil Code (Bürgerliches Gesetzbuch (2. Alternative)).

The Managing Directors, i.e. the members of the Executive Board, manage the business activities of DWS Management GmbH and – with regard to the position of DWS Management GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA in accordance with the law, the respective Articles of Association, the Terms of Reference and, subject to statutory and regulatory restrictions, the instructions of the shareholders' meeting. The business activities are managed with the objective of creating sustainable value in the interests of the company, thus taking into account the needs and requirements of the shareholders, the employees, and the other groups affiliated with the company (stakeholders). The business allocation plan

(Geschäftsverteilungsplan) of the Executive Board assigns each member specific areas of functional responsibility. The Executive Board is nevertheless jointly responsible for managing the General Partner and DWS KGaA.

The Executive Board steers DWS KGaA and its subsidiaries based on uniform policies and generally controls the entities of DWS Group within the limits of applicable laws. The Executive Board is responsible for ensuring the proper business organisation of the DWS Group, which includes appropriate and efficient risk management as well as compliance with legal regulations and internal policies (Compliance), and takes the necessary measures to ensure that the adequate internal guidelines are developed and implemented. The full Executive Board resolves on appointments of first-level executives, in particular on the appointment of the global key function holders employed by DWS KGaA, and of Management Board members of its subsidiaries as well as their branch offices. In appointing people to management functions in DWS Group, the Executive Board takes diversity into account and strives, in particular, to achieve an appropriate representation of women.

The Executive Board works closely together with the Supervisory Board in a cooperative relationship of trust and for the benefit of the company. The Executive Board reports to the Supervisory Board at a minimum within the scope prescribed by law or administrative guidelines, in particular on all issues with relevance for DWS Group concerning strategy, the intended business policy, planning, business development, risk situation, risk management, staff development, reputation and compliance.

The following table shows the Managing Directors in 2018. The table includes their year of birth, the date on which they were appointed, the date of their departure or the year their appointment is scheduled to end as well as their position on the Executive Board.

Name	Year of birth	First appointment	Appointment until	Position
Dr Asoka Woehrmann	1965	Oct 25, 2018	2021	Chief Executive Officer (CEO)
Claire Peel[1]	1974	Mar 1, 2018	2021	Chief Financial Officer (CFO)
Mark Cullen	1955	Dec 1, 2018	2021	Chief Operating Officer (COO)
Nikolaus von Tippelskirch[1]	1971	Mar 1, 2018	2021	Chief Control Officer (CCO)
Stefan Kreuzkamp[1]	1966	Mar 1, 2018	2021	Chief Investment Officer (CIO) and Co-Head, Investment Group
Pierre Cherki[1]	1966	Mar 1, 2018	2021	Co-Head, Investment Group
Robert Kendall[1]	1974	Mar 1, 2018	2021	Co-Head, Global Coverage Group
Dirk Goergen	1981	Dec 1, 2018	2021	Co-Head, Global Coverage Group
Nicolas Moreau[1]	1965	Mar 1, 2018	Oct 25, 2018	Chief Executive Officer (CEO)
Jonathan Eilbeck[1]	1967	Mar 1, 2018	Nov 30, 2018	Chief Operating Officer (COO)
Thorsten Michalik[1]	1972	Mar 1, 2018	Nov 30, 2018	Co-Head, Global Coverage Group

[1] Appointed as Managing Director of the General Partner on March 1, 2018, responsible for the management of DWS KGaA since its conversion on March 3, 2018.

Current Members of the Executive Board

Dr Asoka Woehrmann – Dr Asoka Woehrmann was appointed as the CEO and Chairman of the Executive Board on October 25, 2018. The Head of Audit, the Head of Human Resources, the Head of Communcations, the Head of Corporate Strategy & Transformation and the Regional Heads for EMEA and APAC report into Dr Woehrmann.

Since December 13, 2018, Dr Woehrmann is member of the Supervisoy Board of DWS Group entity DWS Investment GmbH and on December 19, 2018, he was elected as the Chairman of this body.

Dr Woehrmann stepped down from his positions on the Supervisory Boards of norisbank GmbH, where he served as Chairman, and of SCHUFA Holding AG, effective December 31, 2018. Since then, he did not have any external directorships subject to disclosure.

Claire Peel – Claire Peel is the Chief Financial Officer and in this function she is responsible for, among other things, Finance, including Financial Accounting and Financial Planning, Tax, Treasury and Investor Relations.

Ms Peel also serves as Supervisory Board member of DWS Group entities DWS Investment GmbH and DWS Investment S.A., Luxembourg.

Ms Peel does not have any external directorships subject to disclosure.

Mark Cullen – Mark Cullen is the Chief Operating Officer and his key areas of responsibility include Information Technology and Operations, Trading Oversight, Product Management and Corporate Services.

Mr Cullen does not have any internal and external directorships subject to disclosure.

Nikolaus von Tippelskirch – Nikolaus von Tippelskirch is the Chief Control Officer and has functional responsibility for Legal, Compliance, Anti-Financial Crime, Risk and Data Security.

Mr von Tippelskirch is also non-executive member of the Board of Directors of DWS USA Corporation and member of the Supervisory Board of DWS Investment S.A., Luxembourg.

Mr von Tippelskirch stepped down from his external directorships as member of the Management Board and Chief Executive Officer of Deutsche Bank Europe GmbH effective April 30, 2018 and as member of the Board of Directors (Verwaltungsrat) of Deutsche Bank Suisse S.A. effective September 19, 2018. As at December 31, 2018, he did not have any external directorships subject to disclosure.

Stefan Kreuzkamp – Stefan Kreuzkamp is the Chief Investment Officer and Co-Head of the Investment Group. In this role he runs the Chief Investment Office and is responsible for all Active and Passive portfolio management activities.

Mr Kreuzkamp also serves as Management Board member of DWS Group entities DWS Investment GmbH and DWS Beteiliungs GmbH. In addition, he is member of the Supervisory Board of DWS Investment S.A., Luxembourg.

Mr Kreuzkamp does not have any external directorships subject to disclosure.

Pierre Cherki – Pierre Cherki is Co-Head of the Investment Group with responsibility for the Alternatives Business, including Real Estate and Infrastructure portfolio management activities.

Mr Cherki serves as member of the Board of Directors and as manager of the following DWS Group entities: DWS USA Corporation, RREEF America LLC, RREEF Management LLC and RREEF Fund Holding Co. Additionally, he chairs the Supervisory Boards of DWS Grundbesitz GmbH and DWS Alternatives GmbH.

Outside of DWS Group, Mr Cherki serves as non-executive member on the Board of Directors of Greenwood Properties Corp.

Robert Kendall – Robert Kendall is Co-Head of the Global Coverage Group and his responsibilities include sales management and sales oversight for the Americas. He is also Regional Head of the Americas.

Mr Kendall is the Chief Executive Officer of DWS USA Corporation.

Mr Kendall does not have any external directorships subject to disclosure.

Dirk Goergen – Dirk Goergen is Co-Head of the Global Coverage Group, responsible for Sales Management and Sales oversight for EMEA as well as for branding and marketing.

On December 01, 2018, Mr Goergen was appointed as member of the Management Board of DWS Investment GmbH and on December 18, 2018 he was appointed as member of the Management Board of DWS Beteiligungs GmbH.

Mr Goergen is also the Chairman of the Supervisory Board of DB Direkt GmbH, a company outside of DWS Group.

Former Members of the Executive Board

Nicolas Moreau - Nicolas Moreau stepped down as Managing Director of the General Partner and as the Chief Executive Officer of DWS KGaA effective October 25, 2018.

Mr Moreau also served as member of the Management Board of Deutsche Bank AG until December 31, 2018. He was also the Chairman of the Supervisory Board of DWS Investment GmbH until October 25, 2018.

Jonathan Eilbeck - Jonathan Eilbeck stepped down as Managing Director of the General Partner and as Chief Operating Officer for DWS KGaA effective as of November 30, 2018.

Mr Eilbeck was also member of the Management Board of Harvest Fund Management Co. Limited, China, until November 29, 2018; DWS KGaA holds an indirect 30% stake in the company.

Thorsten Michalik - Thorsten Michalik stepped down as Managing Director of the General Partner and as Co-Head of the Global Coverage Group of DWS KGaA effective as of November 30, 2018.

Mr Michalik did not have any external directorships subject to disclosure.

Supervisory Board of DWS

The Supervisory Board monitors and advises the General Partner in its task of managing DWS KGaA and its subsidiaries. Between meetings, the Chairman of the Supervisory Board, and, to the extent relating to the responsibilities of the respective Supervisory Board committees, the chairpersons of the Supervisory Board committees, maintain contact with the General Partner on a regular basis as far as this is necessary for the proper performance of their supervisory duties. The Chairman of the Supervisory Board, and – within their respective functional responsibility – the chairpersons of the Supervisory Board committees, are informed without delay by the General Partner about important events of material significance for the assessment of the situation and the development as well as for the management of DWS Group. The Chairman of the Supervisory Board then notifies the Supervisory Board in the appropriate way and, if necessary, convenes an extraordinary Supervisory Board meeting; this applies respectively to the Chairpersons of the Supervisory Board committees with regard to the respective committees.

The Chairman of the Supervisory Board plays a crucial role in the proper functioning of the Supervisory Board and has a leadership role in this. He shall ensure the Supervisory Board's effective overall functioning and a cooperative relationship of trust between the members of the Supervisory Board and the General Partner's Executive Board.

In 2018, a total of eleven meetings of the Supervisory Board and its committees took place.

Members of the Supervisory Board

The Supervisory Board is composed of eight shareholder representatives and four employee representatives, as it is currently subject to the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz), which requires that one third of the Supervisory Board members are employee representatives. The eight members representing the shareholders are appointed by the General Meeting of DWS KGaA, the four employee representatives are to be elected by the employees pursuant to the provisions of the One-Third Employee Participation Act (Drittelbeteiligungsgesetz). Since Dr Asoka Woehrmann stepped down from his position as member of the Supervisory Board prior to his appointment as the CEO of DWS KGaA, one seat of the shareholder representatives is currently vacant. A successor is planned to be proposed for election as shareholder representative to the Annual General Meeting of DWS KGaA in 2019.

The current four employee representatives were appointed by the responsible court on May 29, 2018. The employee representatives appointed by the court will remain on the Supervisory Board until employee elections to the Supervisory Board in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz) have been conducted.

Richard I. Morris, Jr. was appointed as member to the Supervisory Board by the responsible court on October 18, 2018, following an application filed by the General Partner. He will be proposed for election as shareholder representative at the Annual General Meeting in 2019.

The following table shows the members of the Supervisory Board through 2018, their year of birth, the date on which they were first elected or appointed, the date on which they departed or the year in which their term is scheduled to end, their position on the Supervisory Board, their principal occupation and supervisory board positions as well as directorships at other companies.

Name	Year of birth	Appointed From	Appointed Until	Position on the Supervisory Board	Principal occupation[5]	Other supervisory board positions and directorships[5]
Karl von Rohr	1965	2018	2023	Chairman and shareholder representative	Deputy Chairman of the Management Board of Deutsche Bank AG and Chief Administrative Officer	Deputy Chairman of the Management Board of Deutsche Bank AG; Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G. (until July 2018); Member of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V. (until July 2018); Member of the Supervisory Board of Postbank AG (until May 2018)
Ute Wolf	1968	2018	2023	Deputy Chairperson and shareholder representative	Chief Financial Officer of Evonik Industries AG	Member of the Management Board of Evonik Industries AG; Member of the Supervisory Board of Evonik Nutrition & Care GmbH; Member of the Supervisory Board of Evonik Performance Materials GmbH; Member of the Supervisory Board of Evonik Resource Efficiency GmbH; Member of the Supervisory Board of Klöckner & Co. SE; Member of the Supervisory Board of Pensionskasse Degussa VVaG
Stephan Accorsini	1969	2018		Employee representative appointed by court[3]	First Deputy Chairman of the Workers' Council of DWS Investment Group	None
Aldo Cardoso	1956	2018	2023	Shareholder representative	Chairman of the Board of Bureau Veritas	Chairman of the Board of Bureau Veritas; Director of Engie; Director of Imerys; Director of Worldline
Sylvie Matherat	1962	2018	2023	Shareholder representative	Member of the Management Board of Deutsche Bank AG and Chief Regulatory Officer	Member of the Management Board of Deutsche Bank AG; Member of the Board of Directors of DB USA Corporation
Angela Meurer	1962	2018		Shareholder representative, appointed by court[3]	Chairwoman of the representative body for disabled employees of Deutsche Bank AG	None
Richard I. Morris, Jr.	1949	2018	2019	Shareholder representative, appointed by court[6]	Director and advisor of companies including Jupiter Fund Management plc., Merian Global Investors, Söderberg & Partners AB	Non-Executive Director of Merian Global Investors; Non-Executive Director of Söderberg & Partners AB
Hiroshi Ozeki	1964	2018	2023	Shareholder representative	Managing Executive Officer, Regional CEO for the Americas and Europe, Adviser (Global Business Planning Department and Global Insurance Business Department) of Nippon Life Insurance Company	Managing Executive Officer of Nippon Life Insurance Company; Director of Nippon Life Schroders Asset Management Europe Limited; Director of Nippon Life Insurance Company of America; Director of Nippon Life Global Investors Americas, Inc.; Non-Executive Director of Nippon Life Global Investors Europe Plc
Erwin Stengele	1969	2018		Employee representative appointed by court[3]	Second Deputy Chairman of the Workers' Council of DWS Investment Group	None
Margret Suckale	1956	2018	2023	Shareholder representative	Former member of the Management Board of BASF SE	Member of the Supervisory Board of Deutsche Telekom AG; Member of the Supervisory Board of HeidelbergCement AG
Said Zanjani	1958	2018		Employee representative appointed by court[3]	Chairman of the Workers' Council of DWS Investment Group	None
Former members:						
Dr Asoka Woehrmann[4]	1965	2018	Oct 25, 2018	Shareholder representative	Head of the Private Client Business in Germany of the Private & Commercial Bank of Deutsche Bank Group	Chairman of the Supervisory Board of norisbank GmbH (until December 2018); Member of the Supervisory Board of SCHUFA Holding AG (until December 2018)
Philipp Gossow[1]	1974	2018	Jul 17, 2018	Shareholder representative	Head of Private & Commercial Clients International of Deutsche Bank Group	Non-Executive Member of the Board of Directors of Deutsche Bank S.A.E.; Member of the Supervisory Board of Deutsche Bank Polska S.A.
Dr Michael Welker[2]	1967	2018	Mar 22, 2018	Shareholder representative	Deputy Head of Global Governance of Deutsche Bank Group	None

		Appointed				
Name	Year of birth	From	Until	Position on the Supervisory Board	Principal occupation[5]	Other supervisory board positions and directorships[5]
Guido Fuhrmann[2]	1963	2018	Mar 22, 2018	Shareholder representative	Head of Human Resources, Germany of Deutsche Bank Group	None
Dr Mathias Otto[2]	1963	2018	Mar 22, 2018	Shareholder representative	Co-Deputy General Counsel Germany of Deutsche Bank Group	None
Dr Dirk Reiche[2]	1970	2018	Mar 22, 2018	Shareholder representative	Co-Head of Group Management Consulting of Deutsche Bank Group	None

1 Temporary Supervisory Board member replaced by an independent Supervisory Board member.
2 Interim Supervisory Board member replaced by an independent Supervisory Board member.
3 Appointed by the court until the end of the next elections of employee representatives to the Supervisory Board in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz)
4 Shareholder representative until October 25, 2018.
5 For Supervisory Board members departed in 2018, information is based on the date of election or appointment, for all other members on the Supervisory Board information is as at December 31, 2018.
6 Appointed by the court until the end of the next ordinary General Meeting.

Objectives for the composition of the Supervisory Board, profile of requirements and status of implementation

Objectives for the composition of the Supervisory Board

In accordance with German law, the members of the Supervisory Board must be reliable, must have the expertise required to perform their control function and to assess and monitor the businesses the company operates, and must commit sufficient time to the performance of their tasks. According to Section 5.4.1 (2) sentence 1 of the German Corporate Governance Code of February 7, 2017 (the "Code"), the Supervisory Board established objectives for its composition and adopted a profile of requirements for the Supervisory Board as a whole as described below in its meeting on January 29, 2019.

The Supervisory Board shall be composed in such a way that its members as a whole possess the knowledge, abilities and expert experience to properly complete its tasks. The members of the Supervisory Board collectively and the members of its Audit and Risk Committee must be familiar with the financial industry in general and more specifically with the asset management industry. The composition of the Supervisory Board shall ensure the Board's qualified control of and advice to the Executive Board taking into account that DWS is an internationally operating, broadly positioned asset manager. The members of the Supervisory Board should preserve the reputation of DWS among the public. In this regard, in particular, attention should be placed on the integrity, personality, willingness to perform, professionalism and independence of the individuals proposed for election. The objective is for the Supervisory Board collectively to have all of the knowledge and experience considered to be essential while taking into account the business activities of DWS.

In addition, the Supervisory Board shall have an adequate number of independent members.

Based on these criteria and taking into account that employee representatives are not considered non-independent within the meaning of the Code because of their employment with the company (or a subsidiary), the Supervisory Board shall in total (i.e. including the employee representatives, based on the assumption that all employee representatives are considered to be independent) have nine members that are independent. In any event, at least five of the shareholder representatives shall be independent.

The members of the Supervisory Board may not exercise functions on a management body of or perform advisory duties at major competitors. Important and not just temporary conflicts of interest with respect to a member of the Supervisory Board shall lead to a termination of the mandate.

There is a regular maximum age limit of 75. In exceptional cases, a Supervisory Board member can be elected or appointed for a period that extends no longer than until the end of the fourth Ordinary General Meeting that takes place after he has turned the age of 75. The regular length of each individual Supervisory Board membership is not to exceed 15 years.

The Supervisory Board shall not comprise more than two former members of the Executive Board of the General Partner.

The Supervisory Board respects diversity when proposing members for appointment to the Supervisory Board. In light of the international operations of DWS Group, care should be taken that the Supervisory Board has an appropriate number of members with long-term international experience. In accordance with Section 111 para. 5 of the German Stock Corporation Act, the Supervisory Board determined a target for the percentage of female members on the Supervisory Board of at least 30 per cent of the members by January 29, 2024.

For the election proposals of shareholder representatives to the General Meeting of DWS KGaA, the Supervisory Board takes into account the recommendations of the Nomination Committee. Special importance was given to an appropriate consideration of women in the initial selection process for the Supervisory Board in 2018. In reviewing potential candidates for a new election or subsequent appointments to Supervisory Board positions, qualified women shall be included in the selection process and shall be appropriately considered in the election proposals. In the current composition more than 30 % of the Supervisory Board members are women and more than 30% of the shareholder representatives are women. It should be taken into account that the Supervisory Board can only influence the composition of the Supervisory Board through its election proposals to the General Meeting.

The Supervisory Board profile of requirements includes, in particular, the knowledge, skills and professional expertise that are collectively required to perform the tasks of the Supervisory Board of DWS, taking into account the suitability and properness requirements of the European Banking Authority and the standards which are required under applicable laws (collective qualifications). The Supervisory Board as a whole shall have an understanding of the fields of expertise specified below that is appropriate for the size and complexity of DWS. This does not mean that each Supervisory Board member must have expertise in each of the fields listed below. Rather, the expertise contributed individually by each of the Supervisory Board members combined shall ensure that all fields of expertise are covered by the Supervisory Board as a whole.

The fields of expertise include, in particular:

- Supervisory Experience: Preferably, experience as a member in a supervisory capacity on dual-tiered board structures, and as such, performing a monitoring role over the management body.
- Asset Management: Clear understanding of fiduciary responsibilities, fund management and prudent investment processes of a bank-owned asset manager.
- Experience with client handling, financial markets and jurisdictional expertise with due consideration to be given to US representation.
- Technology, artificial intelligence and operational excellence.
- Financial expertise: At least one member of the Supervisory Board must have experience in the field of accounting or audit pursuant to Section 100 para. 5 of the German Stock Corporation Act (AktG). It would be advantageous to have that experience gained within asset management with some knowledge of credit and liquidity management. At least one independent member, who can serve as the chairperson of the audit and risk committee, shall have specific knowledge and experience in applying accounting principles and internal control procedures.
- Risk management and controls which includes promoting a culture of individual accountability, knowledge and experience of risk governance and applicable control environment.
- Compensation and compensation systems as well as succession management.
- Corporate and social responsibility, including reporting.
- Strategic planning, business and risk strategies as well as their implementation.
- Governance and corporate culture.

In addition, each member of the Supervisory Board should be able to weigh the short- and long-term benefits and risks of financial decisions (business judgement). He/she should act in accordance with stated values and principles and should encourage an environment of openness and challenge. Each member of the Supervisory Board should be able to build productive partnerships with key constituents including fellow Supervisory and Management Board members. Furthermore, each member of the Supervisory Board should be free from structural conflict of interests and should not engage in any business activities that conflict, directly or indirectly, with regulated activities of DWS. The members of the Supervisory Board shall also have sufficient time to carry out their respective responsibilities taking account of all personal and professional commitments. Members of the Supervisory Board may not hold more than the allowed number of Supervisory Board mandates.

The Supervisory Board believes that it complies with the specified objectives regarding its composition and the profile of requirements. The members of the Supervisory Board collectively possess the knowledge, ability and expert experience to properly perform their tasks. Diversity is appropriately taken into account. Currently, the professional careers or private lives of four members of the Supervisory Board are centred outside Germany. Furthermore, all of the shareholder representatives on the Supervisory Board have several years of international experience from their current or former activities as management board members or a comparable executive function of corporations or organizations with international operations. In these two ways, the Supervisory Board believes the international activities of DWS are sufficiently taken into account. The objective is to retain the currently existing international profile. With regards to gender diversity, four Supervisory Board members are women. Taking into account one vacant position in the Supervisory Board, this reflects a share of 36% of all members. The Supervisory Board strives to maintain this number.

In accordance with Section 5.4.2 of the code, the Supervisory Board determined to have a sufficient number of independent shareholder representatives. The five independent shareholder representatives are: Mr Aldo Cardoso, and Mr Richard I. Morris, Jr., Mr Hiroshi Ozeki, Ms Margret Suckale and Ms Ute Wolf.

Standing Committees of the Supervisory Board

The Supervisory Board has established the following three standing committees. The committees work closely together and, to the extent required, coordinate their activities with each other and with the Chairman of the Supervisory Board and consult each other on an ad-hoc basis. To increase efficiency and enhance the exchange of information, committees can also hold joint meetings.

The committee chairpersons report regularly to the Supervisory Board on the work of the committees. The Report of the Supervisory Board in the Annual Report 2018 provides information on the work of the committees over the reporting year.

Audit and Risk Committee

The Audit and Risk Committee consists of three members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees. The committee is chaired by a representative of the shareholders. The Chairperson of the committee is elected by the Supervisory Board.

The Audit and Risk Committee generally supports the Supervisory Board in its monitoring activities, in particular, in monitoring the effectiveness of the risk management system, the auditing of the financial statements, especially with regard to the auditor's independence and the additional services provided by the auditor as well as the Executive Board's prompt remediation – through suitable measures – of any deficiencies that might be identified by the auditor and internal control functions based on internal and external audits, in particular any such deficiencies that might relate to any weaknesses that might be found in risk controls, non-compliance with policies, laws and regulatory requirements.

The committee is entitled to inspect all business documentation of DWS KGaA. The committee is also entitled to obtain, through its Chairperson, information in connection with its tasks from the auditor, the Executive Board, the Head of Group Audit and – with the prior consent of the Executive Board – senior managers reporting directly to the Executive Board.

The committee pre-reviews the annual and consolidated financial statements and management reports as well as the separate consolidated non-financial report, as they are prepared. The committee discusses the audit reports with the auditor. The committee also prepares the decisions of the Supervisory Board on the proposal for a resolution to be submitted to the General Meeting with regard to the establishment of the annual financial statements and the approval of the consolidated financial statements as well as the resolution proposal on the appropriation of distributable profit and submits corresponding recommendations to the Supervisory Board. It discusses important changes to the audit and accounting methods.

The committee discusses the half-year financial reports and the report on the limited review of the quarterly financial statements with the Executive Board and the auditor. The committee also supports the Supervisory Board in monitoring the financial reporting process and can submit recommendations or suggestions to the Supervisory Board on ensuring the integrity of the financial reporting process.

The committee submits proposals to the Supervisory Board for the appointment of the auditor, which shall include at least two candidates when tendering the auditor mandate and complies with the requirements of Art. 16 (2) Regulation (EU) No. 537/2014 to the extent applicable and it prepares the proposal of the Supervisory Board to the General Meeting for the election of the auditor. The committee advises the Supervisory Board on issuing, terminating and continuing the audit mandate to the auditor and submits proposals to the Supervisory Board for the auditor's remuneration. The committee supports the Supervisory Board in monitoring the independence, qualification and efficiency of the auditor as well as the rotation of the members of the audit team. Mandates for non-audit-related services given to the auditor or to companies to which the auditor is related in legal, economic or personnel terms need the prior consent of the Audit and Risk Committee.

The committee arranges to be informed regularly about the work done by Internal Audit, the effectiveness of the internal audit system and in particular about the focal areas of its auditing activity and on the results of its audits. It is responsible, in particular, for receiving and handling the quarterly, annual and ad-hoc reports provided by Internal Audit. The Executive Board informs the committee about special audits, substantial complaints and other exceptional measures at DWS KGaA and its subsidiaries on the part of German and foreign regulatory authorities.

The committee regularly obtains reports on the receipt and handling of complaints from employees and its subsidiaries, from shareholders of DWS KGaA and from third parties. In particular complaints concerning accounting, internal accounting controls, auditing and other financial reporting matters must be submitted to the committee without undue delay.

Reports concerning compliance matters are presented in the meetings of the committee on a regular basis. The committee Chairperson is entitled, in addition to the Chairperson of the Supervisory Board, to obtain information directly from the Head of Compliance. The committee is responsible for taking receipt of and handling the report by the Head of Compliance on the appropriateness and effectiveness of the principles, methods and procedures in accordance with Article 22 (2) lit. c) of Delegated Regulation (EU) No. 2017/565 (Compliance Report). The Compliance Report is issued at least once a year, i.e. within a 12 months period.

The committee advises the Supervisory Board in addition on the overall risk appetite and risk strategy on a consolidated basis, and monitors the implementation of the stated risk appetite and risk strategy on a consolidated basis by senior management. The committee monitors material aspects of the rating and valuation processes. The committee receives reports from the Executive Board, which are appropriate to monitor whether the conditions in the client business are in line with the business model and risk structure of DWS KGaA. If this is not the case, the committee requests proposals from the Executive Board on how the conditions in the client business could be structured to align them with the business model and risk structure of DWS KGaA. The committee also monitors the implementation of such proposals. In addition the committee reviews whether the incentives set by the compensation system take into account the risk, capital and liquidity structure of DWS KGaA as well as the likelihood and maturity of earnings. This is without prejudice to the tasks of the Remuneration Committee. The committee determines the nature, scope, format and frequency of the information which the General Partner is required to submit on strategy and risks.

The Audit and Risk Committee held two meetings in 2018.

The current members of the Audit and Risk Committee are Ms Ute Wolf (Chairperson), Mr Stephan Accorsini, Mr Aldo Cardoso, and Ms Sylvie Matherat.

Nomination Committee

The Nomination Committee consists of the Chairman of the Supervisory Board as well as two further member of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees. The committee is chaired by a member of the Supervisory Board representing shareholders.

The shareholder representatives on the Nomination Committee prepare the Supervisory Board's proposals for the election or appointment of new shareholder representatives to the Supervisory Board. In this context, they take into account the statutory requirements, guidelines from supervisory authorities and criteria specified by the Supervisory Board for its composition as well as the balance and diversity of the knowledge, skills and experience of all members of the Supervisory Board, prepare a job description with a candidate profile, and state the time commitment associated with the tasks.

The committee is responsible for drawing up an objective to promote the representation of the under-represented gender on the Supervisory Board as well as a strategy for achieving this and the regular assessment, to be performed at least once a year, i.e. within a 12 months period, of the structure, size, composition and performance of the Supervisory Board and making recommendations to the Supervisory Board regarding this. The Nomination Committee supports the Supervisory Board in the regular assessment, to be performed at least once a year, of the knowledge, skills and experience of the individual members of the Supervisory Board as well as of the body collectively, and in reviewing the principles of the Executive Board for selecting and appointing persons to the upper management levels and the recommendations made to the Executive Board in this respect.

The Nomination Committee held no meetings in 2018.

The current members of the Nomination Committee are Mr Karl von Rohr (Chairperson), Mr Richard I. Morris, Jr., Ms Margret Suckale and Mr Said Zanjani.

Remuneration Committee

The Remuneration Committee consists of three members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees.

The committee should include a sufficient number of independent Supervisory Board members. At least one member of the committee must have sufficient expertise and professional experience in the field of risk management and risk controlling, in particular with regard to mechanisms used to align the compensation systems to DWS KGaA's overall risk propensity and strategy and its capital base. The committee is chaired by a Chairperson who shall be a member of the Supervisory Board representing shareholders.

The Remuneration Committee monitors the appropriate structure of the compensation systems for the employees and, in particular, the appropriate structure of the compensation for the Head of Compliance and for the employees who have a material influence on the overall risk profile of DWS KGaA and its subsidiaries ("DWS Group"). The committee also supports the Supervisory Board in monitoring the appropriate structure of the compensation systems for employees. The effects of the compensation systems on risk, capital and liquidity management shall be assessed and it shall be ensured that the compensation systems and the group-wide compensation strategy – in consideration of the corporate culture – are aligned to achieving the objectives set out in the business and risk strategies of DWS Group.

In addition, the committee checks, as part of its support to the Supervisory Board in monitoring the process to identify Group Risk Takers in accordance with Section 27 (2) sentence 1 of the Regulation on Remuneration in Financial Institutions (InstVV) and the appropriate structure of the compensation systems for employees.

The committee supports the Supervisory Board in monitoring whether the internal controls and other relevant areas are properly implemented in the structuring of the compensation systems. It also supports the Supervisory Board in producing the proposals for resolutions on the structuring of variable and fixed compensation in accordance with Section 25a (5) sentence 6 of the German Banking Act (KWG) and for the potential approval of the remuneration system pursuant to Section 120 (4) of the German Stock Corporation Act (AktG).

The committee coordinates its work with the Audit and Risk Committee and works closely with it as required in order to properly perform its tasks. The committee Chairperson reports regularly on the work of the committee at the meetings of the Audit and Risk Committee.

The committee is authorized to obtain, via its Chairperson, information relating to the committee tasks from the head of the internal audit department and from the heads of the organizational units responsible for structuring the compensation systems. The Executive Board must be informed of this. In addition, the Committee Chairperson is kept up-to-date by the Compensation Officer on his work and ensures close coordination of the monitoring activities as well as the submission of the Compensation Officer's informative reports on the appropriateness and structure of the compensation system.

The Remuneration Committee held one meeting in 2018.

The current members of the Remuneration Committee are Ms Margret Suckale (Chairperson), Mr Aldo Cardoso and Mr Erwin Stengele.

Joint Committee of DWS

DWS KGaA has a Joint Committee as an additional corporate body. If the Joint Committee has met, it shall report to the General Meeting on its activities. The Joint Committee consists of two members delegated by the shareholders' meeting of the General Partner, and of two members delegated by the shareholders' representatives on the Supervisory Board from their midst. The shareholders' meeting of the General Partner appoints one of its delegates as Chairperson of the Joint Committee. The Chairperson has a casting vote with regard to decisions taken in the Joint Committee.

The shareholders' meeting of the General Partner and the Supervisory Board may at any time dismiss and replace the members they delegated. The period of office of the members of the Joint Committee is limited to a maximum of five years; for the members delegated by the Supervisory Board it ends no later than their respective term of office as a member of the Supervisory Board.

The following table shows the members of the Joint Committee through 2018, their year of birth, the date when they were first delegated to the Joint Committee and the year in which their term is scheduled to end, their position on the Joint Committee, their principal occupation and supervisory board positions as well as directorships at other companies.

		Appointed				
Name	Year of birth	From	Until	Position on the Joint Committee	Principal occupation	Supervisory board positions and directorships
Karl von Rohr	1965	May 7, 2018	2023	Chairman; delegated by the shareholders' meeting of the General Partner	Deputy Chairman of the Management Board of Deutsche Bank AG and Chief Administrative Officer	Deputy Chairman of the Management Board of Deutsche Bank AG; Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G. (until July 2018); Member of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V. (until July 2018); Member of the Supervisory Board of Postbank AG (until May 2018)
James von Moltke	1969	May 7, 2018	2023	Delegated by the shareholders' meeting of the General Partner	Member of the Management Board of Deutsche Bank AG and Chief Financial Officer	Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G. (from July 2018), Member of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V. (from July 2018)
Ute Wolf	1968	Apr 23, 2018	2023	Delegated by the shareholders' representatives on the Supervisory Board	Chief Financial Officer of Evonik Industries AG	Member of the Executive Board of Evonik Industries AG; Member of the Supervisory Board of Evonik Nutrition & Care GmbH; Member of the Supervisory Board of Evonik Performance Materials GmbH; Member of the Supervisory Board of Evonik Resource Efficiency GmbH; Member of the Supervisory Board of Klöckner & Co. SE; Member of the Supervisory Board of Pensionskasse Degussa VVaG
Hiroshi Ozeki	1964	Apr 23, 2018	2023	Delegated by the shareholders' representatives on the Supervisory Board	Managing Executive Officer, Regional CEO for the Americas and Europe, Adviser (Global Business Planning Dept. and Global Insurance Business Dept.) of Nippon Life Insurance Company	Managing Executive Officer of Nippon Life Insurance Company; Director of Nippon Life Schroders Asset Management Europe Limited; Director of Nippon Life Insurance Company of America; Director of Nippon Life Global Investors Americas, Inc.; Non-Executive Director of Nippon Life Global Investors Europe Plc

Share Plans

For information on our employee share programs, please refer to the additional Note 17 "Employee Benefits" to the Consolidated Financial Statements.

Related Party Transactions

For information requirement regarding Related Party Transactions please refer to Note 19 “Related Party Transaction” to the Consolidated Financial Statements.

Audit Committee Financial Expert

The Supervisory Board has elected Ms Ute Wolf as the Chairperson of its Audit and Risk Committee. Ms Ute Wolf has the required expert knowledge in financial accounting and auditing pursuant to Sections 107 (4), 100 (5) of the German Stock Corporation Act (AktG) as well as Section 25d (9) of the German Banking Act (KWG).

Values and Leadership Principles of DWS Group

Code of Conduct

DWS Group adheres to a Code of Conduct which describes the values and minimum standards for ethical business conduct that we expect all of our employees to follow. These values and standards govern employee interactions with our clients, competitors, business partners, government and regulatory authorities, and shareholders, as well as with other employees. The Code of Conduct is established by Deutsche Bank Group. Our Executive Board has adopted these DB Group values and beliefs and implemented DWS Group values in supplement. In addition, the Code of Business Conduct forms the cornerstone of DWS Group policies, which provide guidance on compliance with applicable laws and regulations.

The current versions of the Code of Conduct is available from Deutsche Bank’s website:
https://www.db.com/ir/en/download/Code_of_Conduct_August_2018.pdf

Principle Accountant Fees and Services

For information regarding DWS Group’s principle accountant fees and services please refer to Note 23 “Supplementary Information” to the Consolidated Financial Statements.

Compliance with the German Corporate Governance Code

Declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) (Declaration of Conformity 2019)

The Managing Directors of DWS Management GmbH, representing the general partner of DWS Group GmbH & Co. KGaA, and the Supervisory Board of DWS Group GmbH & Co. KGaA submit the following declaration pursuant to section 161 of the German Stock Corporation Act (AktG):

Since its first admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the sub-segment thereof with additional post-admission obligations (Prime Standard) on March 23, 2018 and under consideration of the specific characteristics of a partnership limited by shares as outlined in Section I below, DWS Group GmbH & Co. KGaA ("DWS KGaA") has complied and will continue to comply with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated February 7, 2017, as published in the Federal Gazette on April 24, 2017, subject to the deviations as disclosed in Section II.

Section I: Specific characteristics of the legal form of a partnership limited by shares

– Taking into account the specific features of the legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktien or "KGaA") several recommendations of the German Corporate Governance Code ("GCGC") can only be applied in a modified way. The GCGC is geared towards the governance structure typical for a German stock corporation (Aktiengesellschaft or "AG") and does not consider specific characteristics of a KGaA.

– In the legal form of a KGaA, the tasks and duties performed by the management board of an AG are undertaken by the general partners, who are determined in the articles of association of the KGaA and not by the supervisory board. The sole general partner of DWS KGaA is DWS Management GmbH ("DWSM GmbH"), who has the sole responsibility for the management of DWS KGaA, including all day-to-day management measures and representation of the company vis-à-vis third parties. The Managing Directors of DWSM GmbH jointly manage the business activities of DWSM GmbH and – with regard to the position of DWSM GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA.

  The Supervisory Board of DWS KGaA has no authority to appoint and dismiss the Managing Directors of the General Partner or to preside over associated contractual arrangements, including the fixed and variable compensation of the Managing Directors. Such decisions are taken by the shareholders' meeting of the General Partner. Certain management measures by the General Partner require prior approval from the shareholders' meeting of the General Partner.

– In addition to the corporate bodies regulated by German law, the legal form of the KGaA allows for the establishment of additional governance bodies. DWS KGaA has put this in use and has set up the Joint Committee as an additional corporate body. Certain management measures, require the approval from the Joint Committee as set forth in the Articles of Association of DWS KGaA. Accordingly, DWSM GmbH may only take such measures with the consent of the Joint Committee. The Joint Committee also possesses a right of proposal with respect to the ratification of acts of management of the Managing Directors of DWSM GmbH and with respect to the determination of their variable compensation. Nonetheless, these proposals are legally not binding for the shareholders' meeting of DWSM GmbH. The Joint Committee reports to the general meeting of DWS KGaA on its activities.

– The authority and scope for influence of the supervisory board of a KGaA is limited as compared to the supervisory board of a stock corporation. In addition to the specifics above, the supervisory board of DWS KGaA as a mere supervisory body is not entitled to subject the management measures to its consent, or issue rules of procedure for DWSM GmbH. Such rights are reserved to the shareholders' meeting of DWSM GmbH which can take these measures for the Managing Directors of DWSM GmbH.

– The general meeting of the shareholders of a KGaA has in principle the same rights and responsibilities as the general meeting of a German stock corporation. In particular this includes the ratification of the acts of management of the general partner and the supervisory board, the election of shareholders' representatives to the supervisory board, the voting on the appropriation of profits and the appointment of the external financial auditor. As defined by German law, the general meeting of a KGaA also approves the annual financial statements, which in the case of an AG is typically performed by the supervisory board and only subject to approval of the general meeting in exceptional cases if the management board and supervisory board decide that the general meeting shall approve, or the supervisory board refuses its approval. Certain material matters requiring a resolution of the general meeting, such as the approval of the annual financial statements but also measures aiming at structural changes such as mergers, a change in the legal for of the company or the conclusion of enterprise agreements, also require the consent of the general partner.

Section II: Deviations

– Relating to No. 5.3.3, according to which the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives. Section 25 (d) para. 11 of the German Banking Act stipulates that the Nomination Committee of the Supervisory Board must take on additional tasks that should be performed not solely by the shareholder representatives on the Supervisory Board. Against this background, the Nomination Committee of the Supervisory Board of DWS KGaA also comprises employee representatives. However, it will be ensured that the candidate recommendations for the election proposals to the general meeting will be prepared exclusively by the committee's shareholder representatives.

- Relating to No. 4.2.3 (2) sentence 6, according to which the amount of compensation for management board members shall be capped, both overall and with regard to variable compensation components. The existing employment contracts (in conjunction with equity plan conditions) of the members of the Managing Directors of DWSM GmbH do provide for a limit (cap) in the awarding of total compensation and their variable compensation components. In this context, however, some hold the view that such limits would have to apply not only to the granting and awarding of the compensation components but also to their later payout. Although DWS KGaA does not consider this view to be convincing, we state merely as a precautionary measure that a limit (cap) has not been set for the payout amount of deferred equity-based compensation and that therefore DWS KGaA deviates from the recommendation in No. 4.2.3 (2) sentence 6 according to this interpretation.

Frankfurt am Main, March 4, 2019

The Managing Directors
of DWS Management GmbH

The Supervisory Board
of DWS Group GmbH & Co. KGaA

Statement on the Suggestions of the German Corporate Governance Code

DWS KGaA complies with the suggestions of the Code in the version dated February 7, 2017, with the following exceptions:

- The representatives appointed by DWS KGaA to exercise shareholders' voting rights at its Annual General Meeting in June 2019 are planned to be reachable to those attending the Annual General Meeting until just before voting commences. The representatives are planned to be reachable to those not attending until 12 noon on the day of the Annual General Meeting using the instruction tool on the internet (Code No. 2.3.2). In this manner, the risk of any technical disruptions directly before voting takes place can basically be excluded. The broadcast of the Annual General Meeting via Internet is also planned to end at the latest at this time, which means information useful for forming an opinion can no longer be expected after this point by shareholders who only participate through proxies.
- The broadcast of DWS KGaA's Annual General Meeting in June 2019 via Internet (Code No. 2.3.3) is planned to start with the opening of the Annual General Meeting by the Chairman and covers the report of the Supervisory Board and the report of the Executive Board. The shareholders are then planned to have the opportunity to hold their discussions with the management. These are planned to take place without a public broadcast via Internet.

Targets for the Proportion of Women in Management Positions / Gender Quota

As of the date of this Corporate Governance Statement, the percentage of women on our Supervisory Board is 36%. On January 29, 2019, the Supervisory Board set a target for the percentage of women on our Supervisory Board of at least 30% of the members by January 29, 2024.

Our Executive Board includes one woman as of the date of this Corporate Governance Statement. A target for the percentage of women on the Executive Board of our General Partner is legally not required and has not been set so far.

On January 31, 2019, the Executive Board set targets for the percentage of women at 26% for the first management level and 29% for the second management level, to be reached December 31, 2021 (when the decision was made the percentage of women on the first management level was 23%, and 26% on the second management level).

The population of the first management level comprises Managing Directors and Directors who report directly to the Executive Board and managers with comparable responsibilities and the population of the second management level comprises Managing Directors and Directors who report to the first management level.

Implementing German Gender Quota Legislation at DWS Group

In %, unless stated otherwise	Status as of Dec 31, 2018	Target for Dec 31, 2021
Women on the Supervisory Board of DWS KGaA	36%	30%[1]
First management level below the Executive Board	23%	26%
Second level below the Executive Board	26%	29%

[1] Supervisory Board set the target for January 29, 2024.

Glossary

Term	Meaning
AI	Artificial Intelligence
AFC	Anti-Financial Crime
AIFMD	Alternative Investment Fund Managers Directive
AktG	German Stock Corporation Act (Aktiengesetz)
APAC	Asia-Pacific
APMs	Alternative performance measures
AuM	Assets under Management
BaFin	The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
CCO	Chief Control Officer
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIC	Capital Investment Committee
CIO	Chief Investment Officer
CIR	Cost-income ratio
CLO	Collateralized loan obligation
CODM	Chief Operating Decision Maker
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien)
COO	Chief Operating Officer
CPPI	Constant Proportion Portfolio Insurance
CRB	Completeness Review Board
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CTA	Currency Translation Adjustment
DAX	German Stock Index (Deutscher Aktienindex), is a blue chip stock market index consisting of the 30 major German companies traded on the Frankfurt Stock Exchange
DB Group	Deutsche Bank AG and its subsidiaries
DCF	Discounted Cash Flow
DDM	Dividend Discount Method
DWS Group	DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the "Group / DWS Group")
DWS KGaA	DWS Group GmbH & Co. KGaA
ECL	Expected credit losses
EMEA	Europe, Middle East and Africa
ESG investments	environmental, social and governance (ESG) investments
EU	European Union
ETF	Exchange Traded Funds
ETP	Exchange Traded Product
FCO	Financial Control Oversight
FTE	Full Time Equivalent
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
FX	Foreign Exchange
GAAP	Generally accepted accounting principles
GCGC	German Corporate Governance Codex
GDP	Gross Domestic Product
GSPP	Global Share Purchase Plan
Harvest	Harvest Fund Management Co.LTD
HGB	German Commercial Code (Handelsgesetzbuch)
HRB	Number in the German Commercial Register in section B; incorporated companies are covered in section B of the register
IAS	International Accounting Standard
ICA	Internal Equity Adequacy Ratio
IFRS	International Financial Reporting Standards of the International Accounting Standards Board

Term	Meaning
IHC	Intermediate Holding Company
IKS	DWS funds platform (Investmentkontoservice)
InstVV	German Remuneration Ordiance of Institutions (Institutsvergütungsverordnung)
IPO	Initial Public Offering
IPV	Independent Price Verification
ISDA	International Swaps and Derivatives Association
IT	Information Technology
KPA	Key Position Award
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft
KWG	German Banking Act (Kreditwesengesetz)
KYC	Know-Your-Client
LDI	Liability Driven Investment
LoD	Line of defence
LTA	Long-Term Awards
LTPD	Lifetime probability of default
M&A	Mergers & Acquisitions
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
MRT	Material Risk Taker(s)
NAV	Net Asset Value
NFR	Non-Financial Risk
NF Report	Non-Financial Report
NPA	New Product Approval
ORMF	Operational Risk Management Framework
P&L	Profit or loss
PBT	Profit before tax
PD	Probability of default
PDF	Portable Document Format (PDF), a file format
PSU	Performance Share Unit
Q&A	Questions & Answers
RCC	Risk and Control Committee
RCF	Revolving Credit Facility
RCP	Risk and Capital Profile
RI	Responsible Investment
ROI	Return on Investment
RRC	Reputational Risk Committee
RWA	Risk weighted assets
SAR	Stock Appreciations Rights
SDAX	The German SDAX is a stock market index composed on 70 small and medium-sized companies in Germany in terms of order book volume and market capitalization
SE	Societas Europaea, the European company is a type of public limited-liability company regulated under EU law
SIC	Strategic Investment Committee
SNLP	Stressed Net Liquidity Position
SPR	Systematic Product Review
SQI	Systematic & Quantitative Investments
STA	Short-Term Awards
UCITS V	Undertakings for Collective Investment in Transferable Securities V
UK	United Kingdom
U.S.	United States of America
VAT	Value Added Tax
WPHG	German Securities Trading Act (Wertpapierhandelsgesetz)
Xetra	Xetra is an all-electronic trading system operated by Frankfurter Wertpapierbörse

Imprint

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Publication
Published on March 22, 2019

Cautionary statement regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.
By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks as described in this report.

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