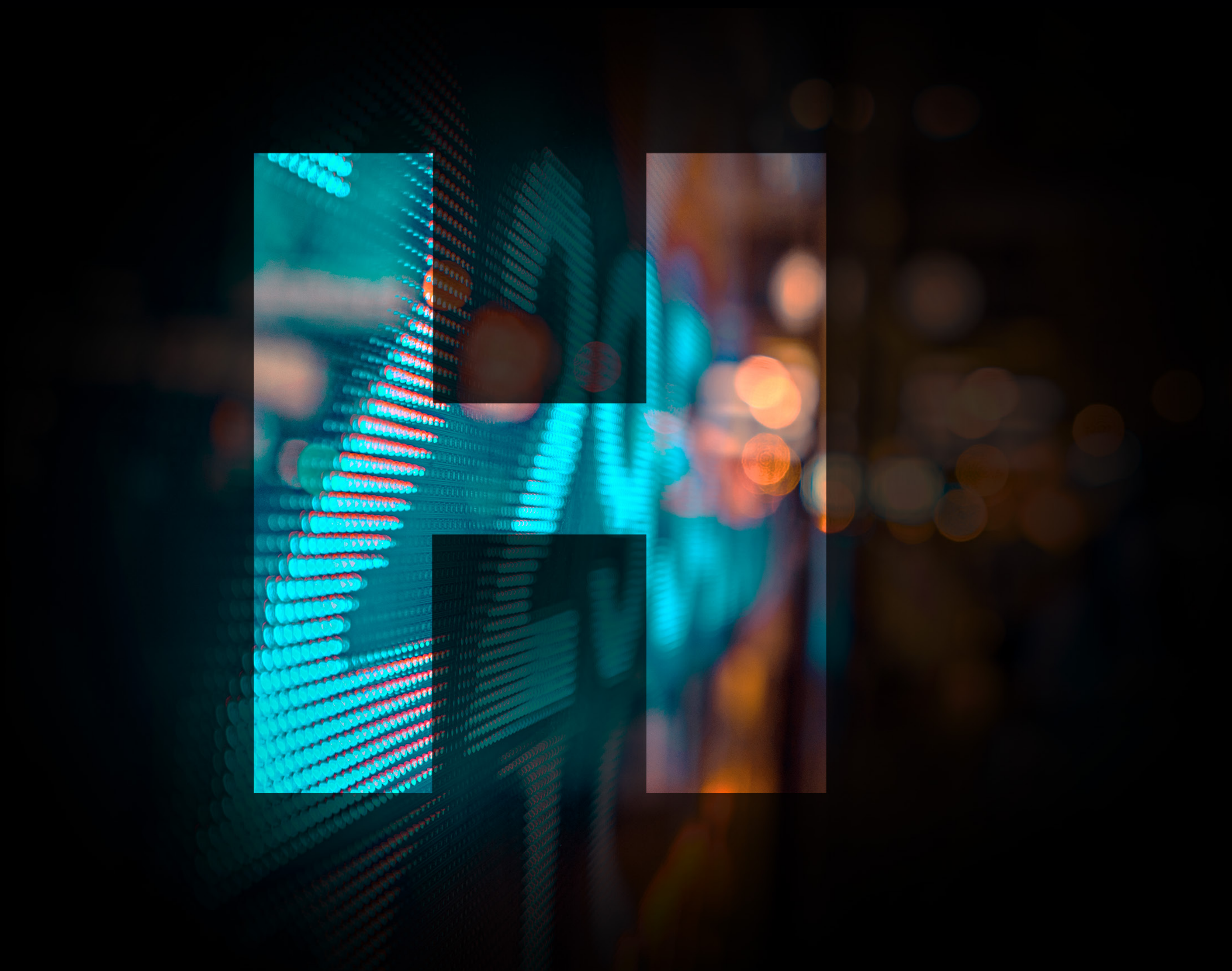

HALF YEAR REPORT

01/18

DWS

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Economic Environment

The Global Economy

Economic growth (%)[1]	Jun 30, 2018	Dec 31, 2017	Main driver
Global Economy	3.9 %	3.8 %	Global and synchronized momentum remained solid, though increasing global political uncertainty started to weigh on sentiment.
Thereof:			
Developed markets	2.4 %	2.2 %	Favourable labour markets supported consumption, but trade tensions caused negative impact on sentiment.
Emerging markets	5.2 %	5.2 %	Domestic demand supported economic activity and looming trade dispute was not a drag, but weighed on sentiment.
ASEAN-5	5.4 %	5.2 %	Vulnerability to external conditions slightly increased, but countries have remained much more resilient than in the past.
U.S. Economy	2.8 %	2.4 %	Growth was supported by solid household position because of fiscal measures and strong labour markets. Financial conditions were favourable despite the FED reducing its balance sheet.
Eurozone Economy	2.2 %	2.0 %	First quarter 2018 was slightly weaker than expected (cold weather, strikes, flu, trade dispute), but domestic demand was robust (especially for consumption because of favourable labour markets). Looming trade dispute and political uncertainty (Brexit, Italy, Germany) weighed on sentiment.
UK Economy	1.4 %	1.3 %	Uncertainty around Brexit and bad weather slowed the economy in the first quarter, and we observed signs of a slight bounce back in line with our forecasts.
Chinese Economy	6.5 %	6.5 %	Deleveraging started to take its toll on infrastructure investment, however consumption and private investments were robust.
Japanese Economy	1.5 %	1.5 %	While the looming trade dispute is weighing on investments, household income and spending increased.

[1] GDP growth forecasts 2018 (in % year-on-year, average). Source: DWS Group forecast as of June 30, 2018.

Asset Management Industry

While the global economic growth outlook in first half of 2018 remained solid, political uncertainty weighed on investor sentiment. A series of challenges including growing inflationary threats, surge in yields, and protectionist and anti-trade policies resulted in global market volatility. As a result, the asset management industry experienced a slowdown in new inflows during the first half of 2018. For example, worldwide inflows into ETFs (funds and products) dropped to $223 billion in the first half of 2018, down more than a third on the same period in 2017 according to ETFGI[1]. Recognising that markets and investor sentiment may continue to fluctuate, DWS Group believes several major trends are currently shaping 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, improved 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;

[1] ETFGI is an independent research and consulting firm providing insights on the entire global industry of ETFs & ETPs listed globally as well as the service providers

- 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.

DWS Performance

Our Shares

DWS Group GmbH & Co. KGaA was publicly listed on the Frankfurt Stock Exchange on March 23, 2018, almost a year after Deutsche Bank announced plans of an IPO (Initial Public Offering). The initial placement price was set at € 32.50. Japanese insurer Nippon Life, an anchor investor and strategic partner of DWS Group (as defined in note 1 to the consolidated financial statements), acquired a 5% stake at the issue price.

The market capitalization of DWS Group totaled € 6.5 billion based on the 200 million outstanding bearer shares and the initial placement price. Deutsche Bank AG is the majority shareholder, receiving approximately € 1.3 billion gross cash proceeds from the placement of ~41.0 million shares (including partly exercised greenshoe option).

From the IPO on March 23 to the end of the first half of the year, the DWS share price posted a negative performance of 21 percent. The benchmark index SDAX, in which DWS shares have been included since June 18, 2018, was almost unchanged with a performance of +0.1 percent in the same period. In recent weeks, investors have been focused on various macroeconomic developments. These include in particular interest rate hikes in the US, the expiry of the ECB's bond buying program and risks for global growth outlook due to the ongoing trade conflict between the United States and other regions (especially China, Mexico, Canada but also the European Union).

The listing marks an important milestone for DWS Group, allowing it to operate with more autonomy and pursue its ambition of becoming a leading asset manager worldwide. DWS Group has taken several steps to gain greater operational autonomy including implementing a new KGaA legal structure (partnership limited by shares), rebranding, forming a new governance structure and setting up a new management team.

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 included or excluded from revenues or costs 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 our ability to generate profit, the development our business and brand. These APMs should not be considered as alternatives to net income or income 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.

	Jan - Jun 2018	Combined Jan - June 2017
Assets under Management (AuM)[(1)] (in € bn)	**687**	**696**
Net flows[(2)] (in € bn)	(13)	11
Management fee margin[(3)] (in basis points, (“bps”))	30.8	32.1
Adjusted revenues[(4)] (in € m)	1,135	1,279
Adjusted costs[(5)] (in € m)	(846)	(830)
Cost-income ratio (CIR)[(6)] (in %)	75	65
Adjusted cost-income ratio[(7)] (in %)	**75**	**65**
Adjusted profit before tax[(8)] (in € m)	**289**	**449**

(1) AuM is defined as (a) assets held on behalf of customers 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. 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) 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 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.

(5) 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. Adjusted Costs is reconcilable to total noninterest expenses as shown below:

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
Noninterest expenses	**(856)**	**(836)**
Litigation	(2)	(1)
Restructuring activities	9	4
Severance costs	2	3
Adjusted costs	**(846)**	**(830)**

(6) Cost-income ratio 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.

Results of Operations

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
Management fees	1,041	1,113
Performance and transaction fees	45	104
Net commissions and fees from asset management	**1,086**	**1,217**
Interest and similar income	7	30
Interest expense	(5)	(12)
Net interest income	**2**	**18**
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	(0)	32
Net income (loss) from equity method investments	22	20
Other income (loss)	26	(9)
Total net interest and noninterest income	**1,135**	**1,279**
Compensation and benefits[1]	(362)	(385)
General and administrative expenses	(494)	(452)
Impairment of goodwill and other intangible assets	0	0
Total noninterest expenses	**(856)**	**(836)**
Profit (loss) before tax (PBT)	**279**	**443**
Income tax expense	(90)	(123)
Net income (loss)	**189**	**319**
Attributable to:		
Noncontrolling interests	0	1
DWS Group shareholders	189	318

[1] Includes restructuring costs of € 9m as of June 30, 2018 (€ 4m as of June 30, 2017).

DWS Group reported significantly lower income before taxes compared to the first half of 2017. After a strong year for equity markets in 2017, the volatility and decline in stock markets had a negative impact on net flows and revenues for the period.

Net revenues in the first six months of 2018 were € 1.1 billion, a decrease of € 144 million, or 11 %. Management fees decreased by € 72 million, or 6 %, driven by Active reflecting negative flows and margin compression partly offset by better performance in Passive products. Performance and transaction fees decreased significantly by € 59 million due to the absence of a performance fee received on a bi-annual basis (subject to meeting performance fee conditions). Other revenues decreased by € 13 million, or 21 % compared to the prior year due to the less favorable movements in fair value of guarantees and a non-recurring investment income included in the first half of 2017.

Noninterest expenses of € 856 million increased by € 20 million, or 2 %, compared to the first six months of 2017, due to higher MiFID II driven external research costs, Passive growth driven banking and transaction charges and a non-recurring tax reimbursement in the first half of 2017.

Income before income taxes was € 279 million, a decrease of € 164 million, or 37 % compared to the first six months of 2017, driven by the aforementioned lower revenues and slightly higher noninterest expenses.

Assets under Management

The AuM development for the first half of 2018 is reflected in the table below:

	Dec 31, 2017			Jan - Jun 2018		Jun 30, 2018
in € bn.	AuM[2]	Net flows	FX impact	Performance	Other	AuM
Product:						
Active Equity	95	(4)	0	(1)	(0)	91
Active Multi Asset	57	(2)	0	(1)	(1)	53
Active SQI[1]	65	1	0	(0)	(0)	65
Active Fixed Income	238	(10)	3	(2)	(0)	229
Active Cash	59	(3)	1	(0)	(0)	57
Passive	115	4	1	(2)	(0)	119
Alternatives	71	0	1	1	(0)	73
Total	**700**	**(13)**	**7**	**(5)**	**(2)**	**687**

[1] Systematic & quantitative investments.
[2] Historical asset class composition changed compared to Prospectus due to a restructuring of Active SQI asset class.

Assets under Management were € 687 billion, a decrease of € 13 billion compared to December 31, 2017. The decrease is mainly driven by net outflows of € 13 billion and unfavorable market development of € 5 billion, partly offset by a positive foreign exchange effect, mainly with the US Dollar strengthening against the Euro in the second quarter of 2018.

The level of AuM is a key factor affecting the results of operations because the portion of revenues attributable to 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.

In the first half year of 2018 DWS Group suffered outflows across almost all asset classes with exception of Passive with € 4 billion and Active SQI with € 1 billion net inflows and Alternatives remaining almost flat. Active Equity flows suffered from the redemption of large retail funds throughout the year, led by Dividend Funds and Active Fixed Income recording almost € 10 billion net outflows with losses from some large institutional and insurance clients in Asia, Europe and in the Americas driven by factors such as the US Tax reform where corporations have been repatriating offshore assets and using these for other Corporate purposes.

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.

Especially the US Dollar strengthening against the Euro in the second quarter brought an AuM increase which partly offset the large US outflows in the first half of the year.

Performance

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

Financial Position

The table below shows selected items within our financial position:

in € m.	Jun 30, 2018	Combined Dec 31, 2017
Assets:		
Cash and bank balances	2,852	3,317
Financial assets at fair value through profit or loss	2,326	1,907
Goodwill and other intangible assets	3,702	3,624
Remaining assets[1]	1,926	2,379
Total assets	**10,806**	**11,226**
Liabilities and equity/net asset value:		
Financial liabilities at fair value through profit or loss	649	713
Remaining liabilities[2]	3,860	4,147
Total liabilities	**4,508**	**4,860**
Equity/net asset value	**6,297**	**6,366**
Total liabilities and equity/net asset value	**10,806**	**11,226**

1 Sum of financial assets available for sale, 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

Movements in Assets

As of June 30, 2018, total assets decreased by € 0.4 billion (or 4 %) compared to year-end 2017.

The overall decrease was primarily driven by a € 0.6 billion slightly decrease in cash and bank balances due to settlement of profit pooling agreements with Deutsche Bank Group for 2017 offset by collection of management fees.

Financial assets at fair value through profit or loss increased by € 0.4 billion offset by a decrease in remaining assets in the same amount. 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.

Movements in Liabilities

As of June 30, 2018, total liabilities decreased by € 0.4 billion (or 7 %) compared to year-end 2017.

The overall reduction was primarily driven by a € 0.6 billion decrease in other liabilities due to settlement of profit pooling agreements with Deutsche Bank Group for 2017 partly offset by liabilities from regular business operations.

Liquidity

As of June 30, 2018, our cash and interbank balances amounted to € 2.9 billion. Under our liquidity risk management framework we maintained a positive liquidity position in our stress testing as well as our stressed 12-months cash flow forecast above our risk appetite.

Equity

The net asset value as of Dec 31, 2017 was € 6.4 billion, split into share capital of € 0.2 billion and reserves of € 6.2 billion. Following legal transfer of the US entities to DWS Group as of April 2, 2018, the Group moved from combined financial statements to consolidated financial statements as of June 30, 2018. The total equity as of June 30, 2018 is € 6.3 billion, a decrease of € 0.1 billion compared to December 31, 2017. This is primarily driven by a € 0.3 billion decrease following the change from combined to consolidated financial statements, partially offset by net income after tax for the period January to June 2018 of € 0.2 billion. The change is explained in more detail in the notes to the consolidated changes in equity.

Regulatory Capital

Our Common Equity Tier 1 (CET 1) capital according to CRR/CRD 4 (both periods fully loaded) as of June 30, 2018 increased in the first half of 2018 by € 0.1 billion to € 2.6 billion. Risk-weighted assets (RWA) according to CRR/CRD 4 were € 8.4 billion as of June 30, 2018, compared with € 8.5 billion at the end of 2017. The CRR/CRD 4 CET 1 capital ratio was 31.4 % as of June 30, 2018, compared with 29.9 % at the end of 2017.

At June 30, 2018, as shown in the table below, the total capital ratio was 31.4 %. 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)	Jun 30, 2018 CRR / CRD4	Combined Dec 31, 2017 CRR / CRD4
Common Equity Tier 1 capital (CET 1)	2,634	2,547
Tier 1 capital (CET 1 + AT1)	2,634	2,547
Tier 2 capital	0	0
Total regulatory capital	**2,634**	**2,547**
Risk weighted assets:		
Credit risk	4,491	4,455
Credit Value Adjustment (CVA)[1]	0	78
Market risk	3,893	3,977
Operational risk[2]	0	0
Total risk weighted assets	**8,384**	**8,510**
Overall capital ratio (in %)	**31.4**	**29.9**
CET1 ratio (in %)	**31.4**	**29.9**

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

The table below shows a reconciliation of IFRS equity to regulatory capital as at June 30, 2018:

in € m.	Jun 30, 2018 CRR / CRD4	Combined Dec 31, 2017 CRR / CRD4
Total equity/net asset value, as defined by IFRS, regulatory basis of consolidation	6,227	5,858
Elimination of net income for the first half of 2018 or of the distribution forecast	(222)	0
Goodwill and intangible assets (net of deferred tax)	(3,335)	(3,270)
Deferred tax assets on net operating losses	(13)	(20)
Prudent valuation	(12)	(21)
Defined benefit pension plan assets	(10)	0
Transitional arrangements and other restatements	0	0
Regulatory capital	**2,634**	**2,547**

Management and Supervisory Board

Managing Directors of the General Partner DWS Management GmbH - acting as the Executive Board of DWS Group GmbH & Co. KGaA

The General Partner has eight Managing Directors who serve as the Executive Board of DWS since its conversion to a KGaA effective March 3, 2018. The Managing Directors are appointed by the shareholders' meeting of the General Partner. The Managing Directors are responsible for managing the company´s day-to-day business and for representing the company vis-à-vis third parties.

Pursuant to Section 6 para. 1 of 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 Section 8 para. 1 of the articles of association of the General Partner, vest Managing Directors with the authority to represent the General Partner solely. Furthermore, pursuant to Section 8 para. 2 of the articles of association of the General Partner, 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).

The business allocation plan (Geschäftsverteilungsplan) of the Managing Directors assigns each Managing Director a specific area of responsibility. The Managing Directors are nevertheless jointly responsible for managing DWS.

The following table shows the current Managing Directors, their date of birth, the year in which they were appointed as well as their position:

Name	Date of birth	First appointment	Appointment until	Position
Nicolas Moreau	May 8, 1965	2018	2021	Chief Executive Officer (CEO)
Claire Peel	Oct 24, 1974	2018	2021	Chief Financial Officer (CFO)
Jon Eilbeck	Jun 13, 1967	2018	2021	Chief Operating Officer (COO)
Nikolaus von Tippelskirch	Nov 7, 1971	2018	2021	Chief Control Officer (CCO)
Stefan Kreuzkamp	Jan 3, 1966	2018	2021	Chief Investment Officer (CIO) and Co-Head, Investment Group
Pierre Cherki	Jul 8, 1966	2018	2021	Co-Head, Investment Group
Robert (Bob) Kendall	Jun 18, 1974	2018	2021	Co-Head, Global Coverage Group
Thorsten Michalik	Nov 17, 1972	2018	2021	Co-Head, Global Coverage Group

Nicolas Moreau - Nicolas Moreau serves as CEO of DWS Group and as the chairman of the Managing Directors of the General Partner. Nicolas joined Deutsche Bank Group on October 1, 2016, as the Deutsche Bank AG (DB) management board member responsible for DWS. Before this appointment, he was most recently chairman and CEO of AXA France and was also in charge of overseeing the worldwide operations of AXA Assistance and AXA Global Direct. He joined that company in 1991, after beginning his career with Arthur Andersen. Nicolas is a graduate of the Ecole Polytechnique and has an actuarial degree from the Centre d'Etudes Actuarielles.

Claire Peel - Claire Peel first joined Deutsche Bank Group on the Graduate Program. Since then she has built experience in a variety of roles in Technology and Operations, specifically in business and project management, and spent two years as Financial Controller for a start-up Joint Venture between DB and a software house. In 2005, Claire transferred to the COO and Strategy team in Global Markets, where she was actively involved in the integration of Corporate Finance and GTB. In 2012, Claire joined the Finance division as CB&S Finance Director, consolidating activities across COO and Finance and responsible for planning/forecasting, analytics and balance sheet / risk. Before becoming CFO of DWS Group, her most recent role was as CFO for Deutsche Bank's Equity business. Claire holds a 1st Class Honours BSC. in Business Economics with Computing from University of Surrey, Guildford. She also is an Associate Member of the Chartered Institute of Management Accountants (CIMA).

Jon Eilbeck - Jon Eilbeck joined Deutsche Bank Group in 2007 with 19 years of financial services industry experience. Prior to his current role as COO for DWS Group, Jon served as the Global COO for Deutsche Asset & Wealth Management and a member of the AWM Executive Committee. Before this he served as COO for the Global Rates and Commodities Business at Deutsche Bank, as chairman of the ISDA Rates Steering Committee as well as a board member of MarkitServ. Prior to joining Deutsche Bank, Jon held a number of roles at JPMorgan, most recently as CFO and COO for their fixed income businesses in Asia Pacific. Previously, he worked at a management consulting firm focused on the financial services sector. Jon holds a BEng in Electronic Engineering from Southampton University.

Nikolaus von Tippelskirch - Nikolaus von Tippelskirch, based in Frankfurt, joined Deutsche Bank Group in 1999. As CCO, Nikolaus has functional responsibility for Legal, Compliance, Anti-Financial Crime, Risk, Governance and Legal Entity Management. He most recently served as Global Head of Incident and Investigation Management. Prior to this he was Global Head of Legal Entity Management, and previously Group COO for Europe. Nikolaus holds a Business Administration Diploma from the University of Passau, Germany.

Stefan Kreuzkamp - Stefan Kreuzkamp joined Deutsche Bank Group in 1998 with three years of industry experience. Prior to his current role as CIO, Stefan served as CIO EMEA and Head of Fixed Income & Cash EMEA. Previous positions of his also include Co-Head Fixed Income EMEA, Head of Fixed Income for the retail business in Europe and Head of Money Market for Europe and Asia. Before this, Stefan was a portfolio manager for money market funds and fund of funds in Luxembourg. He started his career as a researcher at DekaBank in Frankfurt. Stefan holds a Master's Degree in Economics ("Diplom-Kaufmann") from the University of Trier.

Pierre Cherki - Pierre Cherki joined Deutsche Bank Group in 1997. Prior to his current role as Co-Head of our Investment Group, Pierre served as Global Head of Alternatives, with responsibility for the Real Estate, Infrastructure, Private Equity, Hedge Funds, Liquid Real Assets and Sustainable Investments businesses. Previous positions also include Global Head of our real estate investment business (formerly RREEF Real Estate), and Head of our European real estate investment business. Pierre holds a BA in Management and Economics from Tel Aviv University and an MBA from Kellogg School of Management, Northwestern University.

Robert (Bob) Kendall - Bob Kendall joined Deutsche Bank Group in 2009 and has two decades of experience in asset management. Prior to his current role as Co-Head of our Global Coverage Group, he led the retail coverage group in the Americas. Before he joined Deutsche Bank Group, Bob served as the Head of National Sales & Key Account Management at Van Kampen Investments, a division of Morgan Stanley. Bob holds a BA from the University of Iowa and FINRA Series 7, 24, 51 and 63 Licenses.

Thorsten Michalik - Thorsten Michalik joined Deutsche Bank Group in 2000, after starting his career working in sales and trading for UBS in Zurich and Frankfurt. He is currently Co-Head of our Global Coverage Group and is responsible for Coverage of DWS Group across active, passive and alternative investments for EMEA and APAC. He previously served as Head of Passive Investments for the Global Client Group. Before that, he built the warrants business in Europe and Asia and was Head of the db X-trackers ETF and db-X ETC platforms. Thorsten holds a bachelor degree from the polytechnic in Constance in business and management administration.

Supervisory Board

DWS has a supervisory board composed of eight shareholder representatives and four employee representatives pursuant to the applicable employee participation laws. The eight shareholder representatives are appointed by the Shareholders' General Meeting. The current four employee representatives were appointed by the responsible Frankfurt court on May 29, 2018, following an application filed by the General Partner. The employee representatives appointed by court will remain on the supervisory board until general employee elections to the supervisory board in accordance with the German Third Participation Act have been conducted. The employee elections are anticipated to be completed prior to the DWS Annual General Meeting in 2019.

One shareholder representative of supervisory board is serving in an interim capacity and will be replaced by a prospective independent supervisory board member.

The following table shows the current and interim members of the supervisory board, their date of birth, the year in which they were first appointed, the year in which they were replaced or their appointment is scheduled to end and their position on the supervisory board.

		Appointed		
Name	Date of birth	From	Until	Position
Karl von Rohr	Oct 16, 1965	2018	2023	Chairman and shareholder representative
Sylvie Matherat	May 6, 1962	2018	2023	Shareholder representative
Asoka Woehrmann	Jun 6, 1965	2018	2023	Shareholder representative
Aldo Cardoso	Mar 07, 1956	2018	2023	Shareholder representative
Margret Suckale	May 31, 1956	2018	2023	Shareholder representative
Ute Wolf	Mar 25, 1968	2018	2023	Deputy Chairman and shareholder representative
Hiroshi Ozeki	Nov 25, 1964	2018	2023	Shareholder representative
Philipp Gossow[1]	Jun 18, 1974	2018	2023	Shareholder representative
Said Zanjani	Sep 5, 1958	2018	2019	Employee representative appointed by court[3]
Stephan Accorsini	Feb 15, 1969	2018	2019	Employee representative appointed by court[3]
Erwin Stengele	Jun 17, 1969	2018	2019	Employee representative appointed by court[3]
Angela Meurer	Nov 9, 1962	2018	2019	Employee representative appointed by court[3]
Michael Welker[2]	Dec 31, 1967	2018	March 22, 2018	Interim Member
Guido Fuhrmann[2]	Sep 8, 1963	2018	March 22, 2018	Interim Member
Mathias Otto[2]	Sep 26, 1963	2018	March 22, 2018	Interim Member
Dirk Reiche[2]	Jul 22, 1970	2018	March 22, 2018	Interim Member

[1] Temporary board member to be replaced by a procspective independent board member.
[2] Interim supervisory board member replaced by independent supervisory board member.
[3] Employee representative appointed by court until general employee elections to the supervisory board have been conducted, anticipated prior to AGM 2019.

Karl von Rohr - Karl von Rohr joined Deutsche Bank in 1997. In 2015, Mr. von Rohr was appointed as a member of Deutsche Bank AG's management board and currently serves as its Chief Administrative Officer. In 2013, he became Global Chief Operating Officer, Regional Management at Deutsche Bank. Prior to this, he was Head of Human Resources for Deutsche Bank in Germany and a member of the management board of Deutsche Bank PGK AG. Mr. von Rohr studied law at the universities of Bonn (Germany), Kiel (Germany), Lausanne (Switzerland) and at Cornell University (USA).

Sylvie Matherat – Sylvie Matherat joined Deutsche Bank in 2014. In 2015, Ms. Matherat was appointed as a member of Deutsche Bank AG's management board and currently serves as its Chief Regulatory Officer. Before joining Deutsche Bank, she was Deputy Director General of the Banque de France, where she was responsible for regulation and financial stability issues, payment and settlement infrastructures, banking services, and the Target 2 Securities project. Ms. Matherat previously held various positions at the Banking Supervisory Authority and in the private sector. Ms. Matherat studied public law and finance at the Institut d´Etudes Politique de Paris, France, and holds a master degree in law and political sciences. She was awarded the Legion d'Honneur in 2014.

Asoka Woehrmann – Asoka Woehrmann joined Deutsche Bank in 1998. Since 2015, Dr. Woehrmann has served as Head of Retail Banking at Deutsche Bank AG. Previously, he was the CIO of Deutsche Bank's Asset and Wealth Management division. Prior to this, Dr Woehrmann served as Global CIO for Fixed Income, Equity, and Multi Asset, Global Head of Foreign Exchange, Head of Absolute Return Strategies, and Portfolio Manager for International Bonds. Dr. Woehrmann began his career as a Research Fellow at the Technical University of Vienna and at Otto-von-Guericke University of Magdeburg. Dr. Woehrmann received a Ph.D. in Economics from Otto-von-Guericke University of Magdeburg and a M.Sc. in Economics from University of Bielefeld.

Aldo Cardoso – Aldo Cardoso was Chairman and CEO of Andersen Worldwide, the global accounting firm, from 2000 until 2003, having first joined the company in 1979. Since leaving Andersen, Mr. Cardoso has assumed a number of advisory roles, serving on the boards of companies including Engie, Imerys, and Worldline. He also held directorships for companies including Orange, Accor and Axa Investment Managers. Mr. Cardoso studied law at the Panthéon Sorbonne in Paris, France. He is a Certified Public Accountant and holds a master degree in business administration from Ecole Supérieure de Commerce de Paris. He has been awarded the Legion d'Honneur and is an Officier de l'ordre du Mérite.

Margret Suckale – Margret Suckale was a member of the board of directors at BASF SE, a European chemical company, until 2017. At BASF, Ms. Suckale's responsibilities included engineering and maintenance, environmental protection, and human resources. Before her appointment to the board in 2011, she held senior roles in Human Resources. Previously, Ms. Suckale served as a member of the mangagement board (2005-2008) at Deutsche Bahn AG. Earlier in her career, she held various positions in Mobil Corporation. Ms. Suckale studied law at the University of St. Gallen, Switzerland. She holds an Executive Master of Business Administration from WHU, Vallender, and the Kellogg School of Management, USA.

Ute Wolf – Ute Wolf is currently CFO of Evonik Industries AG, where she was appointed to the Executive Board in 2013. Ms. Wolf is responsible for controlling, accounting, tax, finance, procurement, and technology. Previously, she served as Group Finance Director and played a key role in important strategic initiatives, including the 2008 IPO. Ms. Wolf started her career with Deutsche Bank in 1991 and served in a variety of roles at Metro Bank AG and Deutsche Telekom AG before joining Evonik in 2016. Ms. Wolf studied mathematics at the University of Jena, Germany.

Hiroshi Ozeki – Hiroshi Ozeki began his career at Nippon Life Insurance Company in 1987. He is currently the CIO of Nippon Life Insurance Company where he also serves as a member of its board since being appointed in 2014 and he will become a Director and Managing Executive Officer and a regional CEO for Americas and Europe on or after March 25, 2018. From 2011 to 2013, Mr. Ozeki worked at the Aioi Nissay Dowa Insurance Company as a general manager in the Investment Planning Department. He has a degree in physics from the University of Tokyo and is an alumnus of Wharton's Advanced Management Program for Senior Executives.

Philipp Gossow – Philipp Gossow joined Deutsche Bank in 2006. Since 2016 Mr. Gossow has served as the Head of Private & Commercial Clients International. Previously, he was COO for Germany, COO for Private & Business Clients (International), and a member of the Group Strategy department. Before joining Deutsche Bank, Mr. Gossow worked at JPMorgan and Rothschild. Mr. Gossow holds a degree in business administration and mechanical engineering from the University of Darmstadt and has completed the Advanced Management Program at Harvard.

Employee Representatives on the Supervisory Board (starting May 29, 2018)

The following four members of the supervisory baord were appointed as employee representatives by the responsible Frankfurt court on 29 May 2018.

Said Zanjani – Said Zanjani joined DWS Investment Group in 1993 with the Investment-Account-Services and IT Quality Management. He has been working for the workers council of DWS Investment Group since 1998 (Chairman since 2003), and is member of the Group Workers Council as well as of the European Workers Council. Before joining DWS Investment Group, Mr. Zanjani worked in Tehran at Costumsaffairs in the area of customs clearance, and as auditor at the auditing company Moshiran & Co.. Between 1983 and 1993 he served in Frankfurt at the Bank of America (Controlling) and at Den-Danske Bank for the foreign exchange handling. Mr. Zanjani has studied Accounting & Finance at the Faculty of Tehran and economics at the Universities in Mainz and Frankfurt.

Stephan Accorsini – Stephan Accorsini joined Deutsche Bank Group in 1988 and DWS Investment Group in 1997. After working in operations in various functions, he served as a project and process manager for IT Implementations, fund and custodian migrations, business integration projects, optimization projects, process improvements and new control processes. He is currently heading the Strategic Projects Portfolio team. Additionally, he has been a member of the workers council of DWS Investment Group since 1998 and is currently deputy chairman workers council, spokesman of economic committee (Wirtschaftsausschuss) and member of Deutsche Bank Group workers council. Stephan completed an apprenticeship as bank clerk (Bankkaufmann) at Frankfurter Hypothekenbank AG, Frankfurt. He holds the Certified Lean Six Sigma Black Belt Certification and a Banking Economist degree from Bankakademie, Frankfurt.

Erwin Stengele – Erwin Stengele joined DWS Investment Group in 2008. From 2008 to 2014 Mr. Stengele has served as a staff member of the Process and Transition Management Team at the Asset Management Operations department. Since 2010 he has been a member of the workers council of DWS Investment Group, member of the works committee (Betriebsausschuss) and economic committee (Wirtschaftsausschuss). He is also the spokesman of the remuneration and working time committee. Before joining DWS Investment Group, Mr. Stengele worked at Deloitte as an Auditor and for Lidl as a District Manager. Mr. Stengele holds a degree in business Administration (Diplom-Kaufmann) from the University of Hamburg.

Angela Meurer – Angela Meurer started her career at DB Private Banking in 1984 working as an HR consultant, following a banking traineeship with Deutsche Bank Wuppertal. Angela Meurer joined DWS Investment Group in 1993 as an HR consultant. In 1997 she was promoted as Vice President and Deputy Head of HR. After the birth of her daughter and recovering from paraplegia following a traffic accident, she returned to HR in 2002 and has been on the DWS Representative Council of Employees with Disabilities since 2006. Starting 2007 she serves as the Chairman of Representative Council of Employees with Disabilities for the Deutsche Bank Group (since 2012 with a full exemption). Furthermore she is engaged in other organizations e.g. as Chairman of IBW, an industrial community of interest for disabled employees of the DAX companies and has constant contact with the Disability Commissioners of the Federal Government. Since 2018 she has been a member of the workers council DWS Investment Group.

Interim Supervisory Board Members (until March 22, 2018)

The following members of the DWS Supervisory Board were appointed on an interim basis and were replaced effective March 22, 2018 by the designated independent supervisory board members.

Michael Welker – Michael Welker joined Deutsche Bank in 2000. Since 2016 Dr. Welker has served as the Deputy Head of Global Governance; more recently, he has assumed supervisory board positions for Deutsche Bank subsidiaries in Russia and Luxembourg. Prior to this, Dr. Welker served as Chief Administration Officer for Regional Management and the Global Head of Business Risk & Control for the Asset and Wealth Management division. Before joining Deutsche Bank, Dr. Welker worked with Bertelsmann Marketing Service GmbH and Hucke AG. Dr. Welker began his career as an assistant lecturer at the University of Münster, where he received his Ph.D.

Guido Fuhrmann – Guido Fuhrmann joined Deutsche Bank in 1993. Since 2017, Mr. Fuhrmann has served as the Head of Human Resources, Germany. Previously, he worked in Human Resources with a focus on corporate executive matters and rewards, advising Deutsche Bank's management and supervisory boards. In the early years of Mr. Fuhrmann's career he focused on labor relations and international HR matters. Mr. Fuhrmann studied law at the University of Trier, Germany.

Mathias Otto – Mathias Otto joined Deutsche Bank in 1991. Since 2016 Dr. Otto has served as Co-Deputy General Counsel Germany, with a focus on bank regulatory and capital markets law as well as recovery and resolution planning across the Group. Prior to 2016, he served as Deputy General Counsel for the Corporate Center and Corporate Investments division with the Group's legal department. Dr. Otto received his Ph.D. from Augsburg University, where he studied law.

Dirk Reiche – Dirk Reiche re-joined Deutsche Bank in 2014, having started on the apprenticeship program in 1989. Since 2014 Mr. Reiche has served as the Co-Head of Group Management Consulting. Previously, he served as Head of Products at HSH Nordbank AG and as Head of Allianz4Good at Allianz SE. Mr. Reiche was a partner at McKinsey for three years, spending nine years with the company. Mr. Reiche also served as a research assistant and assistance professor at the European Business School. Mr. Reiche studied business at the Universities of Regensburg and Hamburg.

Strategy

The following are the primary elements of our strategy to be the investment partner of choice for our clients and deliver shareholder value through net flows, revenue growth, cost discipline, and dividend distributions.

These strategic initiatives support our medium-term targets. We believe the broad range of well-performing products and investment solutions gives DWS Group a strong basis for growing assets and revenues. The wide distribution reach across retail and institutional channels, as well as across geographies, can drive flows to support the delivery of annual net flows target of 3% to 5% (as a percentage of beginning of period AuM) in upcoming periods. 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%. Through the above, DWS Group is positioned to deliver shareholder value via a target dividend payout ratio of 65% to 75% (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 incremental hires (approximately 100 FTE) across distribution, the investment platform and our digital capabilities. 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 EMEA, while capitalizing on the significant growth opportunities across the broader region. 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. We also see potential across EMEA and globally for our digital solutions. This includes WISE, our white label robo platform offering discretionary portfolio management.

Target focused growth in the Americas

In the Americas, we are targeting growth as a ‘multi-specialist’ across multiple channels, focusing on a set of products and services that leverage our US and global capabilities. In the institutional channel, we see strong potential to expand our engagement with select client types beyond fixed income and cash. In the retail segment, we have developed focused growth initiatives across each channel, including wealth advisors, investment advisors, professional buyers, and mass affluent investors.

Expand coverage in Asian 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 US funds to APAC, as 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.

Maintain focus on investment performance, while expanding solutions

A key strategic focus is to continue delivering consistent investment outperformance to our clients. We will also 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, ETFs, 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 robo platform.

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 our infrastructure partners 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 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 M&A activity, in addition to meeting strategic objectives and low execution risk, will also be measured against financial criteria such as attractive ROI and earnings accretion.

Progress on strategy implementation

Following the successful IPO of DWS Group in first quarter of 2018, our asset management business has begun to operate as a more 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, DWS Group is executing on growth initiatives, for example 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 two more distributors to the robo product in the quarter and we became the first asset manager to introduce its robo platform to the unit-linked insurance market.

We have seen excellent progress with our ESG strategy, illustrated by the recent launch of an innovative sustainability fund in partnership with Apple Inc. The 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 Apple'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, the Chief Transformation Office was created to oversee the delivery of committed targets and apply changes required to drive operational efficiency. In fact, operational efficiency has been a core focus for DWS Group in the first half of this year; most recently in June we reached an agreement – subject to approvals by the respective governing bodies and regulatory authorities – with BNP Paribas Securities Services to provide DWS Group with certain fund administration services, as well as DWS's retail funds with depositary and custody services, in Germany and Luxembourg. As part of this mandate we will transfer our fund administration unit, including personnel, to BNP. Once fully implemented, we expect this to decrease costs, reduce our application landscape and simplify our operating model as well as benefitting our clients.

Outlook

The Global Economy

For 2018, we expect the global momentum to stay solid, and we even increased our global GDP growth forecast to 3.9% from 3.8% on the back of slightly higher than expected momentum in the Eurozone, stronger growth in the U.S., and EM Asia with ongoing strong dynamic.

For the U.S. we expect the underlying economic momentum to continue, as it is underpinned by solid household balance sheets, an expansionary fiscal policy stance, and still accommodative financial conditions. As the prevailing fiscal stimulus will boost growth in the short term, we increase our forecast for 2018 to 2.8% (from 2.4% in December 2017). Areas of concern remain policy-driven: we see protectionism, restrictions on immigration and trade-related disturbances as risks for our growth outlook. For inflation we judge the recent data as encouraging – temporary restraints are fading (e.g. drag from cell phone prices, labor costs eventually edging up). We expect inflation to be at 2.1% (CPI headline) and see only a little risk of a major overshoot. As the Federal Reserve’s (FED) dual-mandate objectives are in sight (full employment largely achieved, inflation is likely to return to target soon) and the economic outlook is solid, we expect three to four more hikes by the end of Q2 2019.

For the Eurozone, we expect growth to remain above potential and we adjust our growth forecast slightly up to 2.2% (from 2.0%) for 2018. Risk factors to this outlook are predominantly of political nature: NAFTA negotiations & US trade policy, Italian politics (higher spending) and a loss of confidence in the European Union are of main concern. As domestic factors like wages and rents should moderately increase further, inflation is expected to slowly converge towards the European Central Bank’s (ECB) target in the medium term. In addition, we anticipate some upside pressure from higher energy prices. For 2018, we expect headline inflation to be at 1.5%. The ECB announced the end of asset purchases (Quantitative Easing – QE) this year, as expected. Looking ahead, we anticipate a first rate hike in the form of a depo rate increase in the 2nd half of 2019.

For the UK, the major risk to the growth remains Brexit. Here we hold on to our base case of a transitional period in the short term. We slightly adjust our growth forecast to 1.4% based on arithmetical reasons (revisions of official growth data). As currency related factors are fading out of inflation faster than we expected, we lower our forecast to 2.5% from 2.6%. For the Bank of England, we maintain our call of one rate hike of 25bps in 2018.

Japan is expected to grow at 1.5% as we see private domestic demand as the main driver. Risks could emerge from uncertainties around global trade. Inflation is expected to remain below target at 1.0% in 2018 and therefore the Bank of Japan (BoJ) is expected to hold on to its ultra-easy policy as long as possible in order to bring up wages and inflation.

Growth in China was driven by consumption and exports so far. Given the emerging trade conflict with the U.S., the latter might weaken somewhat. However the government and the People’s Bank of China (PBoC) signaled the possibility of some fiscal and monetary easing if growth would be impacted. We hold on to our 6.5% forecast for 2018. As we still see some overcapacity in the economy, we do not anticipate an overshooting and expect inflation to reach 2.0% in 2018. The PBoC is expected to continue with its efforts to deleverage the economy and to regulate new business areas without disturbing investments.

Emerging markets (EM) as a whole are expected to grow at 5.2% in 2018, as robust domestic demand, a strengthening of intra-EM trade in Asia, and rapid structural changes should support.

The Asset Management Industry

DWS Group believes that the global asset management industry will continue to grow in terms of assets under management over the near 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

DWS Group's diverse investment capabilities and greater operational autonomy positions DWS Group well to address industry challenges and capture opportunities. In 2018, DWS Group anticipates broadly positive equity markets based on global synchronous economic growth and stable credit markets. Risks are however increasing through elevated valuations, a moderate reduction in monetary policy stimulus and continued political uncertainties. DWS Group expects growth in developed economies to remain healthy, while emerging markets continue to grow at a faster rate. These trends are expected to impact investor risk appetite and potentially also asset flows. By anticipating and responding to investor needs, DWS Group aspires to be the investment partner of choice for our global client base.

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 capabilities in active and passive products, alternative investments and multi asset solutions, DWS Group is well-positioned to grow market share amid these industry growth trends. While DWS Group's digital capabilities are also creating new channels for it to distribute products and services, bottom line results are expected to be challenged by fee compression, rising costs of regulation and competitive dynamics. 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.

In 2018, DWS Group intends to undertake selective investments to expand client coverage and to improve product and digital capabilities. This is coupled with the anticipated efficiency gains from an operating platform review primarily across the business support organization with the aim of simplifying business operations to enhance client service, business controls and efficiency.

We expect revenues to be lower in 2018 than 2017, largely attributable to significantly lower performance and transaction fees reflecting the periodic nature of fund performance fees recognition and significantly lower other revenues driven by non-recurrence of the insurance recovery. Management fees are expected to be slightly lower compared to 2017 due to net outflows, market performance and margin compression.

In the first half of 2018 DWS Group AuM was negatively impacted by market volatility and net outflows, partially offset by favourable currency movements. Looking ahead for the remainder of 2018, given factors including the volatility of markets and investor sentiment, and US tax reform dynamics, we believe the ability for DWS Group to compensate for the outflows of the first half of 2018 will not be possible, and it will therefore be unlikely that we achieve the annual net flow target for this year.

Given the challenges that our industry faces, we are focusing our growth initiatives on products and services where we can differentiate (e.g. Alternative credit, ETFs, Systematic and Quant Investment) as well as executing on cost saving initiatives from which we expect to see results in the quarters to come. DWS Group is currently on track to achieve 20 % to 30 % of its gross savings target (€ 125-150 million over the medium term) by the end of 2018, which will result in essentially flat year-on-year adjusted costs.

Risks and Opportunities

We have reflected in our Outlook risks and opportunities that we believe are likely to occur. 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

Risks to our Outlook include the pace of global net flows growth, equity market development, currency movement, interest rates, exposure to global macroeconomic growth and the political developments including Brexit, and continued political uncertainty worldwide. In addition, unforeseen regulatory costs and possible delays in the implementation of our efficiency measures due to jurisdictional restrictions could have an adverse impact on our cost base.

Regulators may disagree with our interpretation of specific regulatory requirements when interpretative matters are discussed as part of our ongoing regulatory dialogue or in the context of supervisory exams. Changes in rule interpretations can have a material impact on the treatment of positions for Pillar 1 regulatory purposes. Similarly, the evolving interpretations of the European Banking Authority (EBA) on the Capital Requirements Regulation can also negatively impact our regulatory capital. For example, on October 6, 2017, the EBA published new interpretative guidance on the treatment of guaranteed fund products which, if determined to be applicable to the full range of guaranteed funds and guaranteed fund saving schemes including the main government sponsored private pension scheme in Germany, could have a material impact on our regulatory capital. A proposal for the treatment of guaranteed fund products has been included in the ongoing CRR2 legislative process during the second quarter 2018, which would lead to a materially reduced potential capital ratio impact.

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 strong 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 end consumer.
- We have 20 years of experience of 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 growing interest in impact investing.

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 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 & Aquisition 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.

Risk Report

Risk Management Introduction

We face a variety of risks as a result of our business activities; these risks include credit risk, non-traded market risk, strategic risk, liquidity risk, operational risk and reputational risk. In addition, DWS Group faces specific investment risks in line with our business activities as an asset manager, following our fiduciary obligations and specific regulatory requirements for investment management companies.

Our risk identification and assessment processes utilize an operating model where the business lines and service providing areas identify the key risks and the independent risk and control functions complement and aggregate identified risks into our global risk type taxonomy and assess identified risks for their materiality. Operating processes are in place across the organization to capture relevant measures and indicators. The core aim of all processes is to provide adequate transparency and understanding of existing and emerging risk issues, and to ensure an holistic cross-risk perspective. We update the risk inventory at least once a year or at other times if needed, by running a risk identification and materiality assessment process.

We categorize our material risks into financial risks and non-financial risks. Financial risks comprise credit risk, non-traded market risk, liquidity risk and strategic risk. Non-financial risks (NFR) comprise operational risks and reputational risks including key risk types: compliance risk, legal risk, model risk, information security risk and vendor risk captured in our operational risk framework.

For all material risks common risk management standards apply. DWS Group has a dedicated risk management function, defining a risk type specific risk appetite and then deciding on the amount of capital to be held.

The non-financial risk profile is monitored via NFR metrics, risk assessments, risk remediation and control enhancement actions and incidents against DWS Group's defined risk appetite to alert the organization to impending problems in a timely fashion. Key Risk Indicators and risk assessments enable the monitoring of DWS Group's major risks, its control effectiveness and overall business environment and trigger risk mitigating actions. They facilitate the forward-looking management of operational risks, based on early warning signals. For Financial Risk (FR) monitoring purposes, we regularly review limit utilization pertaining to co-investments and seed capital usage as well as 6% tracking error tolerance for seed hedging.

Credit risk and non-traded market risk attract regulatory capital. As part of our internal capital adequacy assessment process, we calculate the amount of economic capital for credit, non-traded market, operational and strategic risk to cover risks generated from our business activities taking into account diversification effects across those risk types. Furthermore, our economic capital framework embeds additional risks, such as reputational risk for which no dedicated economic capital models exist. Liquidity risk does not attract economic capital, but it is managed through the risk appetite settings.

Additionally, we monitor investment risks – in our capacity as fiduciary - relating to investments on behalf of third parties which are borne by clients. The main risks for DWS Group regarding those activities are operational and reputational risks.

Update on Risk Management

This report should be read in conjunction with Note 21 of the audited combined financial statements of DWS Group for 2017. In addition to the information described in the financial statements as of December 31, 2017 we disclose the following information.

DWS Group Risk and Control Committee

On May 2, 2018 the Executive Board established a DWS Group Risk and Control Committee ("RCC").

The RCC is the central forum for review and decision on material risk topics. The RCC is supported by two sub-committees: the Reputational Risk Committee, responsible for the oversight, governance and coordination of reputational risk management and the Capital Investment Committee which has the mandate to oversee all aspects of risk associated with the portfolios of co-investments and seed capital commitments.

The RCC has various duties and delegated authority, including:

- approval of key risk management principles or recommendation thereof to the Executive Board;

- recommendation of overarching risk appetite parameters;
- setting of risk limits for risk resources available to the business; and
- supporting the Executive Board during the Risk and Capital planning processes.

Further duties include review of high-level risk exposure developments, review of internal and regulatory stress testing results and making recommendations of required actions and monitoring of the development of risk culture across DWS Group.

Non-Financial Risk

DWS Group´s non-financial risk is comprised of

- Operational Risk and
- Reputational Risk

Operational Risk

Operational Risk (OR) means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes Legal Risk. Operational Risk excludes Business and Reputational Risk.

OR exposure measured by the economic capital usage:

	Jun 30, 2018	Jun 30, 2017
OR Economic Capital for DWS Group/AM division	€ 475 million	€ 635 million

As of June 30, 2018, the OR Economic Capital (EC) has been calculated for DWS on a stand-alone basis under consideration of the DWS Group specific risk inputs and exposures. In comparison, the OR EC as of June 30, 2017, represented the allocated capital from DB Group, based on a previous methodology and considering the diversification effects within DB Group.

Reputational Risk Definition

Reputational Risk means the risk of possible damage to DWS's 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 DWS` values and beliefs.

The governance of our non-financial risks follows a "Three Lines of Defense approach" ("3 LoD"), in which risk, control and reporting responsibilities are defined, to protect DWS Group, its customers and shareholders against risk losses and resulting reputational risk 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 that risks are taken on and managed in the best and long term interest of DWS Group. The management of non-financial risks is the responsibility of all employees.

We manage non-financial risks by employing the tools and processes provided by the Deutsche Bank`s Operational Risk Management Framework (ORMF) which is also applied for risk management in DWS Group, which enables us to determine our non-financial risk profile in comparison to our risk appetite for non-financial risk, to systematically identify non-financial risk themes and concentrations, and to define risk mitigating measures and priorities. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and in consideration of DWS Group's reputation.

DWS Group´s operational risk appetite sets out the amount of operational risk we are willing to accept as a consequence of doing business. We take on operational risks consciously, both strategically as well as in day-to-day business. While DWS Group may have no appetite for certain types of operational risk failures (such as violations of laws or regulations), in other cases a certain amount of operational risk must be accepted if DWS Group is to achieve its business objectives. However, operational risk has to be remediated and mitigated as far as economically reasonable in consideration of the "ALARP" – as low as reasonable possible – principle.

In case a residual risk is assessed to be outside our risk appetite, further risk reducing actions must be taken including risk mitigation, insuring risks or ceasing business activities.

Other material risk types

There is no material change in the assessment of risks arising from financial risks (non-traded market risk, liquidity risk as well as credit risk) compared to December 31, 2017 as described in Note 21 of the audited combined financial statements of DWS Group for 2017.

Consolidated Financial Statements

Consolidated Statement of Income (unaudited)

in € m.	Notes	Jan - Jun 2018	Combined Jan - Jun 2017
Management fees	4	1,041	1,113
Performance and transaction fees	4	45	104
Net commissions and fees from asset management	**4**	**1,086**	**1,217**
Interest and similar income		7	30
Interest expense		(5)	(12)
Net interest income		**2**	**18**
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		(0)	32
Net income (loss) from equity method investments		22	20
Other income (loss)		26	(9)
Total net interest and noninterest income		**1,135**	**1,279**
Compensation and benefits[1]		(362)	(385)
General and administrative expenses	5	(494)	(452)
Impairment of goodwill and other intangible assets		0	0
Total noninterest expenses		**(856)**	**(836)**
Profit (loss) before tax		**279**	**443**
Income tax expense	14	(90)	(123)
Net income (loss)		**189**	**319**
Attributable to:			
Noncontrolling interests		0	1
DWS Group shareholders		189	318

[1] Includes restructuring costs of € 9 million for the first half of 2018 (€ 4 million for the first half of 2017).

Earnings per Common Share (unaudited)

	Jan - Jun 2018	Combined Jan - Jun 2017
Earnings per common share:		
Basic	€ 0.95	N/A
Diluted	€ 0.95	N/A
Number of shares in million:	**200**	

Consolidated Statement of Comprehensive Income (unaudited)

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
Net income (loss) recognized in the income statement	**189**	**319**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement gains (losses) related to defined benefit plans, before tax	(5)	2
Total of income tax related to items that will not be reclassified to profit or loss	15	13
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	(2)
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	N/A	0
Derivatives hedging variability of cash flows		
Unrealized net gains (losses) arising during the period, before tax	0	0
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0
Assets classified as held for sale		
Unrealized net gains (losses) arising during the period, before tax	0	0
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0
Foreign currency translation		
Unrealized net gains (losses) arising during the period, before tax	164[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	2	(16)
Total of income tax related to items that are or may be reclassified to profit or loss	0	(16)
Other comprehensive income (loss), net of tax	**176**	**(39)**
Total comprehensive income (loss), net of tax	**365**	**280**
Attributable to:		
Noncontrolling interests	0	1
DWS Group shareholders	365	279

[1] Includes positive currency translation adjustment partly offset with other equity effects (please see Consolidated Changes in Equity) on transfer of legal entities into the subgroup in 2018

Consolidated Balance Sheet (unaudited)

in € m.	Notes	Jun 30, 2018	Combined Dec 31, 2017
ASSETS			
Cash and bank balances	8	2,852	3,317
Financial assets at fair value through profit or loss	6,7		
Trading assets		1,232	1,296
Positive market values from derivative financial instruments		1	37
Non-trading financial assets mandatory at fair value through profit and loss		534	N/A
Financial assets designated at fair value through profit or loss		560	574
Total financial assets at fair value through profit or loss	6,7	2,326	1,907
Financial assets available for sale	6,7	N/A	362
Equity method investments		222	212
Loans at amortized cost	8	3	307
Property and equipment		5	6
Goodwill and other intangible assets	9	3,702	3,624
Other assets	8,10	1,552	1,338
Assets for current tax		52	24
Deferred tax assets		92	131
Total assets		**10,806**	**11,226**
LIABILITIES AND EQUITY			
Deposits	8	1	3
Financial liabilities at fair value through profit or loss	6,7		
Trading liabilities		9	14
Negative market values from derivative financial instruments		80	125
Investment contract liabilities		560	574
Total financial liabilities at fair value through profit or loss	6,7	649	713
Other short-term borrowings	8	85	107
Other liabilities	8,10	3,223	3,507
Provisions	11	48	85
Liabilities for current tax		235	177
Deferred tax liabilities		264	264
Long-term debt		3	3
Total liabilities		**4,508**	**4,860**
Common shares, no par value, nominal value of € 1.00		200	N/A
Additional paid-in capital		3,461	N/A
Retained earnings		2,444	N/A
Accumulated other comprehensive income (loss), net of tax		181	N/A
Total shareholders' equity		**6,286**	**N/A**
Net investment attributable to the Deutsche Bank Group		N/A	6,360
Noncontrolling interests		12	6
Total equity/net asset value	**12**	**6,297**	**6,366**
Total liabilities and equity/net asset value		**10,806**	**11,226**

Consolidated Changes in Equity (unaudited)

in € m.	Net Investment attributable to Deutsche Bank Group	Total shareholders' equity	Noncontrolling interest	Total equity/ net asset value
Balance as of December 31, 2016	**6,479**	**N/A**	**13**	**6,492**
Total comprehensive income (loss), net of tax	280	N/A	0	280
Net funding received from (provided to) Deutsche Bank Group	(404)	N/A	0	(404)
Exchange rate changes/other	0	N/A	(6)	(6)
Balance as of June 30, 2017	**6,355**	**N/A**	**7**	**6,362**
Balance as of December 31, 2017	**6,360**	**N/A**	**6**	**6,366**
Impact of the transition from combined to consolidated financial statements[1]	(333)	0	0	(333)
IFRS 9 Introduction impact	N/A	(2)	0	(2)
Total comprehensive income (loss), net of tax	N/A	365	0	365
Common shares issued	N/A	0	0	0
Cash dividends paid	N/A	0	0	0
Life to date impact of DB share awards[2]	N/A	99	0	99
Tax benefits related to DB share-based compensation plans	N/A	4	0	4
Other[3]	N/A	(208)	6	(202)
Balance as of June 30, 2018	**0**	**6,286**	**12**	**6,297**

[1] The Combined Financial Statements of DWS Group for the year ended December 31, 2017 were prepared on a combined basis as disclosed in the IPO prospectus. This approach was determined on the basis of economic principles considering actual and expected transfers of Asset Management dedicated legal entities and Asset Management related assets and liabilities recorded in Deutsche Bank Group shared entities. At the time of the prospectus submission there were adjustments made to disclosed CET1 and excess capital amounting to € (194) million to reflect the best estimate for the impact from these outstanding entity and net asset transfers. On moving to a consolidation approach the net asset impact was calculated as € (333) million, representing a difference of € (139) million from the original estimate. At the same time linked adjustments to the CET1 calculation were concluded with a positive impact to capital of € 220 million. Including other effects there was a positive impact of € 87 million on DWS Group CET1 after considering € (222) million as "elimination of net income for the first half of 2018 or of the distribution forecast" as at June 30, 2018 compared to the disclosed amounts in the IPO prospectus. The equity of the consolidated Financial Statements of DWS Group for the period ended June 30, 2018 includes the parent company, DWS Group GmbH & Co. KGaA, together with its legally consolidated subsidiaries, including certain structured entities presented as a single economic unit. The consolidated equity balance as of reporting date does not include the assets and liabilities not transferred or no longer planned to be transferred to DWS Group as these assets and liabilities are not expected to contribute to future DWS revenue streams.

[2] Llife to date amount reflected first time due to transistion from combined to consolidated financial statements.

[3] Other mainly comprise of FX and other impacts on transfer of legal entities into the subgroup in 2018 partly offset by positive currency translation adjustment as shown in Other Comprehensive Income.

Consolidated Statement of Cash Flows (unaudited)

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
Net income (loss)	**189**	**319**
Cash flows from operating activities:		
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for credit losses	(2)	(0)
Restructuring activities	9	4
Income taxes, net	90	123
Impairment, depreciation and other amortization, and accretion	18	18
Share of net loss (income) from equity method investments	(22)	(22)
Income (loss) adjusted for noncash charges, credits and other items	**282**	**443**
Adjustments for net change in operating assets and liabilities:		
Interest-earning time deposits with banks	584	603
Non-trading financial assets mandatory at fair value through profit and loss	(177)	N/A
Financial assets designated at fair value through profit or loss	14	(8)
Loans at amortized cost	295	(30)
Other assets	(225)	122
Deposits	(3)	(2)
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(14)	8
Other short-term borrowings	(22)	182
Other liabilities[1]	(273)	(1,267)
Trading assets and liabilities, pos. and neg. market values from derivative financial instruments, net	47	(15)
Other, net	(370)[2]	(50)
Net cash provided by (used in) operating activities	**141**	**(14)**
Thereof: Net cash provided by (used in) operating activities of guaranteed funds	(2)	150
Cash flows from investing activities:		
Proceeds from sale of:		
Financial assets available for sale	N/A	9
Equity method investments	0	1
Purchase of:		
Financial assets available for sale	N/A	(18)
Equity method investments	0	0
Intangible assets	(28)	0
Other, net	12	7
Net cash provided by (used in) investing activities	**(15)**	**(3)**
Cash flows from financing activities:		
Cash dividends paid to DWS Group shareholders	0	0
Net funding from (to) DB Group	0	(201)
Net change in noncontrolling interests	6	(7)
Net cash provided by (used in) financing activities	**6**	**(208)**
Net effect of exchange rate changes on cash and cash equivalents	**(10)**	**35**
Net increase (decrease) in cash and cash equivalents	121	(190)
Cash and cash equivalents at beginning of period	2,547	2,153
Cash and cash equivalents at end of period	2,668	1,964
Net cash provided by (used in) operating activities including		
Income taxes paid (received), net	(4)	(2)
Interest paid	5	12
Interest and dividends received	26	25
Cash and cash equivalents comprise		
Cash and bank balances (excluding time deposits)	2,668	1,964
Total	**2,668**	**1,964**

[1] The change is driven by profit pooling settlements to DB Group of € (0.6) billion partially offset by various new liabilities in 2018. The change for 2017 is mainly driven by profit pooling settlements of € (0.8) billion to DB Group and tax liability settlements of € (0.4) billion.
[2] Includes transition impact from combined to consolidated financial statements - refer to Consolidated Changes in Equity footnote 1

Notes to the Consolidated Financial Statements (unaudited)

01 – Basis of Preparation

Basis of Accounting for Consolidated Financial Statements

The accompanying consolidated interim financial statements, which include DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the "Group/DWS Group"), are stated in millions of euro (€ million), the presentation currency of the Group except when otherwise indicated. Due to roundings, 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".

They are presented in accordance with the requirements of IAS 34, "Interim Financial Reporting", and 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.

Principles of Consolidation

In preparing the 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.

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

The Group reassesses the consolidation status on a regular basis. Therefore, any changes in the structure leading to a change in one or more of the control factors, require reassessment when they occur.

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

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 noncontrolling interests. Profit or loss attributable to noncontrolling interests are reported separately in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.

DWS Group's consolidated interim financial statements are unaudited and include supplementary disclosures on segment information, income statement, balance sheet and other financial information. They should be read in conjunction with the audited combined financial statements of DWS Group for 2017, for which the same accounting policies and critical accounting estimates have been applied with the exception of the newly adopted accounting pronouncements outlined in section "Impact of Changes in Accounting Principles".The interim financial statements do not include all of the information required for a complete set of IFRS financial statements as required at year end. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The preparation of financial statements under IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities.

These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates and the results reported should not be regarded as necessarily indicative of results that may be expected for the entire year.

Principles of Combined Financial Statements

The combined financial statements of DWS Group serve as the comparative information as of June 30, 2017 (unaudited) as well as December 31, 2017 (audited) within this interim report.

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 DWS 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 combined financial statements are presented in millions of euro ("€ million") except when otherwise indicated and on a historical cost basis as modified by the revaluation of financial assets and financial liabilities, including derivative instruments at fair value through profit or loss.

The scope of combination for the combined financial statements of DWS 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 DWS Group can be summarized as follows:

- The AM dedicated entities whose legal transfer to the DWS Group had already been completed;
- The AM dedicated entities whose legal transfer to the DWS Group had not been completed;
- The relevant assets and liabilities of the shared entities which have been economically allocated to the DWS 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 DWS 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 DWS Group, had already legally transferred to DWS 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.

Composition of the Group

There are no material changes in the composition of the Group compared to the period ending December 31, 2017.

As stated above, all of the following described legal entity transfers have already been considered in the scope of the combined financial statements of DWS Group for the year ended December 31, 2017, which serve as the comparative information within this financial statements as of June 30, 2018.

On February 28, 2018, Deutsche Investment Australia Limited was legally transferred to the DWS Group.

On April 2, 2018, the following US entities were legally transferred to the DWS Group:

Legally transferred US entities within 1H 2018 as of April 2, 2018

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

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

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 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.

Furthermore, the following entities are expected to be transferred in second half of 2018 but are not transferred as of June 30, 2018.

AM dedicated entities expected to be transferred in 2H18

Name	Country, City
Deutsche Alternative Asset Management (France) SAS	France, Paris
Deutsche Far Eastern Asset Management Company Limited	Republic of China Taiwan, Taipei

As the above entities had been within the scope of combination for the combined financial statements of DWS Group as of December 31, 2017, the effect of the combination of those entities on the total assets and total liabilities as of December 31, 2017 is € 11 million assets and € 1 million liabilities. Both entities will be transferred at fair value during second half of 2018.

AM dedicated entities previously envisaged to be transferred

Name	Country, City
Deutsche Asset Management S.G.I.I.C., S.A.	Spain, Madrid
Deutsche Asset Management USA Corporation	United States of America, Wilmington
Charitable Luxembourg Two S.à.r.l.	Luxembourg, Luxembourg
IVAF (Jersey) Limited	Jersey, St. Helier
IVAF I Manager Limited	Luxembourg, Luxembourg
MEF I Manager Limited	Luxembourg, Luxembourg
Leonardo Charitable 1 Limited	Cayman Islands, George Town

The above entities had been within the scope of combination for the combined financial statements of DWS Group as of December 31, 2017, but are not expected to contribute to future revenue streams of DWS Group and therefore will not be transferred into DWS 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 DWS Group.

Specific assets from the above entities and other shared entities within the Deutsche Bank have been identified for movement into DWS Group in second half of 2018.

On April 1, 2018 the carve-out of the business activities from Sal. Oppenheim jr. & Cie. AG & Co. KGaA and its transfer to DeAM International GmbH Branch in Cologne was completed.

The remaining carve-outs related to business activities in Austria, Netherlands, France and Italy from local Deutsche Bank AG Branches to local DeAM International GmbH Branches is expected to be completed in second half of 2018 and the carve-outs related to business activities in Spain and Sweden from local Deutsche Bank AG Branches to local DeAM International GmbH Branches 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 Deutsche Bank Group” within general and administrative expenses.

In addition, there are teams comprising approximately 513 full time employees within Deutsche Bank Group shared entities in India and Manila who provide dedicated support to DWS Group. These staff currently remain within Deutsche Bank Group entities with a related party charge to DWS Group, shown as “Charges from Deutsche Bank Group” within general and administrative expenses.

02 – Impact of Changes in Accounting Principles

Recently Adopted Accounting Pronouncements

Except as described below, the accounting policies applied in these interim 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. The impact on the transition to shareholders’ equity is € (2) million reflecting the transition to determine impairment losses from incurred credit loss model under IAS 39 to the expected credit loss model under IFRS 9.

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). There was no change from IAS 39 to IFRS 9 for the classification and measurement of financial liabilities. 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 “Held to collect” nor “Held to collect and sell”. These assets comprises 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. At transition, the assets available for sale (co-investments and seed-investments) in the amount of € 362 million as of December 31, 2017 were reclassified to non-trading financial assets mandatory at fair value through profit and loss.

IFRS 9 incorporates new hedge accounting rules together with an accounting policy choice to defer the adoption of these rules and to continue with IAS 39 hedge accounting. DWS Group has decided to exercise this choice and therefore will not adopt the hedge accounting rules as of January 1, 2018. However, DWS Group has implemented the revised disclosures required by IFRS 9 related amendments to IFRS 7 regarding hedge accounting

The financial assets reported under financial assets at fair value through profit or loss using the fair value option under IAS 39 to avoid accounting mismatch are classified as financial assets at fair value through profit or loss using the fair value option under IFRS 9 as the reason to avoid accounting mismatch remain.

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 had an immaterial impact on the Group's condensed consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

On January 1, 2018, the Group adopted IFRS 15, "Revenue from Contracts with Customers", which specifies how and when revenue is recognized, but does not impact income recognition related to financial instruments in scope of IFRS 9. The new requirements replace several other IFRS standards and interpretations that governed revenue recognition under IFRS and provides a single, principles-based five-step model to be applied to all contracts with customers. The Standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 15 does not require a retrospective application to prior periods and the Group did not apply IFRS 15 retrospectively. DWS Group as subsidiary of Deutsche Bank was involved in the group-wide project assessing the impact of IFRS 15. The outcome of the assessment confirmed the present accounting treatment and therefore led to the adoption of new disclosure requirements for DWS Group only.

The presentation of the individual components of net commissions and fees from asset management might change depending on the final interpretation of IFRS 15. In case the final interpretation requires a change in presentation of the individual components, Group will applying such changes accordingly.

New Accounting Pronouncements

The following accounting pronouncements which are relevant to the Group were not effective as of June 30, 2018 and therefore have not been applied in preparing these consolidated interim 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. DWS Group is currently assessing the impact of IFRS 16 . The standard has been endorsed by the EU.

03 – Business Segment and Related Information

The 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 DWS 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 DWS Executive Board will be responsible for reviewing and monitoring the results of DWS Group and making strategic decisions around asset allocation and resources. The segment manager is a combination of chief executive officer and the DWS Executive Board.

DWS Group's operating activity is managed using one globally integrated investment group across client segments, distribution channels and asset classes, in addition there is one centrally managed 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, finance).

Although revenues will be monitored by the different asset classes (i.e. Active, Passive and Alternatives), all other direct and allocated costs, along with assets and liabilities, but also FTE 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.

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
Germany	486	485
Europe (excluding Germany), Middle East and Africa	350	448
Americas	239	276
Asia/Pacific	60	70
Total net interest and noninterest income	**1,135**	**1,279**

Notes to the Consolidated Income Statement (unaudited)

04 – Net Commissions and Fees from Asset Management

On January 1, 2018 the Group adopted IFRS 15, “Revenue from Contracts with Customers” which requires disaggregation of revenues prior to the deduction of associated expenses.

Management fees are recognized 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 funds management fees received and gross expenses mainly relate to distribution fees paid.

Performance fees are paid to asset management companies 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 and transaction fees.

The split of net commissions and fees from asset management by product and type is as follows:

in € m.	Jan - Jun 2018
Management fees:	
Management fee income	1,578
Management fee expense	(537)
Net management fees	**1,041**
Thereof:	
Active Equity	343
Active Multi Asset	104
Active SQI[1]	75
Active Fixed Income	158
Active Cash	22
Passive	142
Alternatives	186
Other[2]	11
Performance and transaction fees:	
Performance and transaction fee income	48
Performance and transaction fee expense	(2)
Net performance and transaction fees	**45**
Thereof:	
Alternatives	32
Active and Other	13
Total net commissions and fees from asset management	**1,086**

[1] SQI stands for Systematic & Quantitative Investments.
[2] Other management fees include fees for products not captured in the above asset class split for reporting purposes.

Prior to adoption of IFRS 15 the Group disclosed total commissions and fees from asset management on a net basis. Net management fees amounted to € 1,113 million and net performance and transaction fees amounted to € 104 million as for January to June 2017.

The decrease in net performance and transaction fees of around € 60 million compared to January to June 2017 is driven by one flagship fund where performance fees are recognized every two years.

The split of commission and fee income from asset management by geography as booked in regions is as follows:

in € m.	Jan - Jun 2018
Commission and fee income from asset management:	
Germany	654
Europe (excluding Germany), Middle East and Africa	637
Americas	301
Asia/Pacific	35
Total commission and fee income from asset management	**1,626**
Commission and fee expense from asset management	**(540)**
Net commissions and fees from asset management	**1,086**

05 – General and Administrative Expenses

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
IT costs	52	55
Professional service fees	41	38
Communication and data services	40	29
Occupancy, furniture and equipment expenses	36	35
Banking and transaction charges	107	94
Marketing expenses	18	14
Travel and representation expenses	16	20
Charges from Deutsche Bank Group	150[1]	136
Other expenses	34	32
Total general and administrative expenses	**494**	**452**

[1] Thereof € 97 million related to infrastructure charges from DB Group and € 53 million related to DWS functions in DB entities

Notes to the Consolidated Balance Sheet (unaudited)

06 – Financial Assets/Liabilities at Fair Value through Profit or Loss

in € m.	Jun 30, 2018	Combined Dec 31, 2017
Financial assets classified as held for trading:		
Trading assets:		
Trading securities	1,232	1,296
Total trading assets	1,232	1,296
Positive market values from derivative financial instruments	1	37
Total financial assets classified as held for trading	**1,233**	**1,333**
Non-trading financial assets mandatory at fair value through profit or loss	534	N/A
Financial assets designated at fair value through profit or loss	560	574
Total financial assets at fair value through profit or loss	**2,326**	**1,907**
Financial liabilities classified as held for trading:		
Trading liabilities:		
Trading securities	9	14
Total trading liabilities	9	14
Negative market values from derivative financial instruments	80	125
Total financial liabilities classified as held for trading	**89**	**139**
Financial liabilities designated at fair value through profit or loss:		
Investment contract liabilities	560	574
Total financial liabilities designated at fair value through profit or loss	**560**	**574**
Total financial liabilities at fair value through profit or loss	**649**	**713**

All financial asset/liabilities classes shown in note 7 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.

The Group reports the assets excluding cash and bank balances of the consolidated guaranteed mutual funds of € 1.2 billion as of Jun 30, 2018 (Dec 31, 2017: € 1.2 billion) as trading assets. The fund assets belong to investors and the Group consolidates under IFRS 10 even though not being an investor. The change in fair value of the guaranteed contracts is shown under negative market values from derivatives (€ 79 million as of Jun 30, 2018, € 89 million as of Dec 31, 2017). It includes guarantee contracts which do not qualify as financial guarantee.

DWS Group has designated the assets from the investment contracts and the respective investment contract liabilities (€ 560 million in 2018, € 574 million in 2017) under the fair value option to avoid accounting mismatch. Changes in market conditions include performance of the related investment funds (2018: €9 million, 2017: € 26 million) and are fully attributable to the change in the corresponding investment contracts.

07 – 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 and loss, financial assets available for sale (IAS 39), financial assets designated at fair value through profit and loss, negative market value from derivate financial instruments, and investment contract liabilities. 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 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.

Fair Value Hierarchy

The financial instruments carried at fair value have been categorized 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 DB Vita.

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 carrying amounts and 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.

											Jun 30, 2018
	Carrying amount								Fair value		
in € m.	Trading Assets	Positive market values from derivative financial instruments	Non-trading financial assets mandatory at fair value through profit and loss	Financial assets designated at fair value through profit and loss	Financial assets available for sale	Trading liabilities	Negative market values from derivative financial instruments	Investment contract liabilities	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets held at fair value:											
Trading assets - Debt securities	42								6	35	0
Trading assets - Equity securities	1,191								48	1,143	0
Positive market values from derivatives		1							0	1	0
Debt securities mandatory at FVTPL IFRS 9			161						161	0	0
Equity securities mandatory at FVTPL IFRS 9			316						28	69	219
Other remaining financial assets mandatory at FVTPL IFRS 9			57						1	0	56
Equity securities available for sale IAS 39					N/A				N/A	N/A	N/A
Debt securities available for sale IAS 39					N/A				N/A	N/A	N/A
Other financial assets available for sale IAS 39					N/A				N/A	N/A	N/A
Financial assets designated at FVTPL IFRS 9				560					0	560	0
Total financial assets held at fair value	**1,232**	**1**	**534**	**560**	**N/A**				**245**	**1,807**	**274**
Financial liabilities held at fair value:											
Trading securities - Debt securities						0			0	0	0
Trading securities - Equity securities						9			9	0	0
Negative market values from derivatives							80		0	8	72
Investment contract liabilities								560	0	560	0
Total financial liabilities held at fair value						**9**	**80**	**560**	**9**	**568**	**72**

											Combined Dec 31, 2017
	Carrying amount								Fair value		
in € m.	Trading Assets	Positive market values from derivative financial instruments	Non-trading financial assets mandatory at fair value through profit and loss	Financial assets designated at fair value through profit and loss	Financial assets available for sale	Trading liabilities	Negative market values from derivative financial instruments	Investment contract liabilities	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets held at fair value:											
Trading assets - Debt securities	74								41	33	0
Trading assets - Equity securities	1,222								65	1,140	17
Positive market values from derivatives		37							0	37	0
Debt securities mandatory at FVTPL IFRS 9			N/A						N/A	N/A	N/A
Equity securities mandatory at FVTPL IFRS 9			N/A						N/A	N/A	N/A
Other remaining financial assets mandatory at FVTPL IFRS 9			N/A						N/A	N/A	N/A
Equity securities available for sale IAS 39					152				0	58	94
Debt securities available for sale IAS 39					36				0	20	16
Other financial assets available for sale IAS 39					174				0	6	168
Financial assets designated at FVTPL IFRS 9				574					0	574	0
Total financial assets measured at fair value	**1,296**	**37**	**N/A**	**574**	**362**				**106**	**1,868**	**294**
Financial liabilities held at fair value:											
Trading securities - Debt securities						0			0	0	0
Trading securities - Equity securities						14			14	0	0
Negative market values from derivatives							125		0	43	81
Investment contract liabilities								574	0	574	0
Total financial liabilities held at fair value						**14**	**125**	**574**	**14**	**617**	**81**

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 June 30, 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.

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 modeling 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, modeling 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 team 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 team 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, market data approvals etc.

Deutsche Bank Group has an independent specialized valuation control group within the 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 and 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 Deutsche Bank Group's specialist valuation function on behalf of DWS Group.

Results of the valuation control process are collected and analyzed as part of a standard monthly reporting cycle. Variances between the outside of preset 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

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.

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 financial guarantee but as derivative. Depending on the account, guarantee level and on the maturity of the account, all accounts are invested in dedicated government bond funds with fixed duration or in one equity target fund. 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 and 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.

Financial assets designated at fair value through profit and loss and investment contracts liabilities

Assets reflected under Financial Assets designated at fair value through profit and loss which are linked 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 categorisation 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.

There were no transfers between level 1, 2 and 3 during the six months ending June 30, 2018. For 2017, EUR 28m 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 categorized 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

									Jun 30, 2018
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	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 FVTPL	278	(25)	7	15	(1)	0	0	0	274
Total financial assets held at fair value	**294**	**(41)**	**7**	**15**	**(1)**	**-**	**0**	**-**	**274**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	81	0	(10)	0	0	0	0	0	72
Total financial liabilities held at fair value	**81**	**0**	**(10)**	**0**	**0**	**0**	**0**	**0**	**72**

[1]

									Combined Jun 30, 2017
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	Balance, end of period
Financial assets held at fair value:									
Trading securities	0	0	(2)	0	0	(1)	28	0	24
Financial assets available for sale	262	0	(9)	9	(9)	0	0	(1)	252
Total financial assets held at fair value	**262**	**0**	**(12)**	**9**	**(9)**	**(1)**	**28**	**(1)**	**276**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	73	0	(1)	0	0	0	0	0	73
Total financial liabilities held at fair value	**74**	**0**	**(1)**	**0**	**0**	**0**	**0**	**0**	**73**

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.

Our sensitivity calculation of unobservable parameters for Level 3 aligns to the approach used to assess valuation uncertainty for Prudent Valuation purposes. This utilizes exit price analysis for the relevant assets and liabilities.

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.

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 June 30, 2018 (June 30, 2017 respectively) the fair value of the non-trading financial assets mandatory through profit and 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

						Jun 30, 2018
	Fair value					
in € m. (unless stated otherwise)	Assets	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 and loss:						
Equity securities	219	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 and loss IFRS 9	219	N/A	Market approach	Price per net asset value	90 %	100 %
Other financial instruments	56	0	Market approach	Price per net asset value	100 %	100 %
Total non-derivative financial instruments held at fair value	**274**	**0**				
Financial instruments held at fair value - Derivtive financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	72	Option pricing model	Cancellation rate	0 %	14 %
Total market values from derivative financial instruments	**0**	**72**				

						Combined Dec 31, 2017
	Fair value					
in € m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)		Range
Financial instruments held at fair value – held for trading and available for sale:						
Equity securities	110	0				
Held for trading	17	0	Market approach	Price per net asset value	100 %	100 %
Available-for-sale	94	N/A	Market approach	Price per net asset value	100 %	100 %
Debt securities	16	0	Market approach	Price per net asset value	100 %	100 %
Other financial instruments	168	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 - Derivtive 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**				

Unrealized Gains or Losses on Level 3 Instruments held or in Issue at the Reporting Date

The unrealized 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 unrealized gains and losses on Level 3 instruments of assets available for sale under IAS 39 as shown in the comparison period as of June 30, 2017 are included in other comprehensive income whereas the unrealized gains and losses on financial assets/liabilities at fair value through profit and loss are included in net gains (losses) from financial assets/liabilities held at fair value in profit and loss as shown in the table below.

in € m.	Jan - Jun 2018	Combined Jan - Jun 2017
Financial assets held at fair value:		
Trading Securities	0	(2)
Non-trading financial assets mandatory at fair value through profit or loss	9	N/A
Financial assets available for sale	N/A	11
Total financial assets held at fair value	**9**	**9**
Financial liabilities held at fair value:		
Negative market values from derivative financial instruments	10	(1)
Total financial liabilities held at fair value	**10**	**(1)**
Total	**18**	**8**

08 – 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 7 "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 liabilties

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

	Jun 30, 2018		Combined Dec 31, 2017	
in € m.	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and bank balances	2,852	2,852	3,317	3,317
Loans	3	3	307	307
Other financial assets	1,377	1,377	1,115	1,115
Financial liabilities:				
Deposits	1	1	3	3
Other short-term borrowings	85	85	107	107
Other financial liabilities	2,633	2,633	2,458	2,458
Long-term debt	3	3	3	3

09 – Goodwill and Other Intangible Assets

The Group has one cash generating unit (CGU) for the purpose of assessing the carrying value of goodwill and intangible assets as the Group is managed as a single business segment on asset management.

Goodwill and 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. 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.

As of June 30, 2018 there are no indications that the carrying value of the goodwill and the intangibles may be impaired.

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the interim period ended June 30, 2018 and 2017, are shown.

in € m.	
Balance as of December 31, 2016	**2,999**
Exchange rate changes/other	(138)
Balance as of June 30, 2017	**2,861**
Gross amount of goodwill	2,861
Accumulated impairment losses	0
Balance as of December 31, 2017	**2,768**
Exchange rate changes/other	45
Balance as of Jun 30, 2018	**2,813**
Gross amount of goodwill	2,813
Accumulated impairment losses	0

As of June 30, 2018, changes mainly relate to foreign exchange rate changes/other of € 45 million (Jun 30, 2017: € (138) million).

Changes in Other Intangibles

	Purchased intangible assets							Internally generated intangible assets	Total other 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**	**1,352**
Additions	0	0	0	0	0	0	0	27	27
Disposals	0	0	0	0	0	(12)	(12)	(8)	(20)
Exchange rate changes	28	0	28	3	0	(0)	3	(4)	27
Balance as of June 30, 2018	**991**	**0**	**991**	**109**	**20**	**89**	**218**	**177**	**1,387**
Accumulated amortization and impairment:									
Balance as of December 31, 2017	**243**	**0**	**243**	**98**	**19**	**101**	**217**	**37**	**497**
Amortization for the year	0	0	0	3	1	0	3	16	19
Disposals	0	0	0	0	0	(12)	(12)	(10)	(22)
Exchange rate changes	7	0	7	2	0	0	3	(5)	5
Balance as of June 30, 2018	**250**	**0**	**250**	**103**	**19**	**89**	**211**	**37**	**498**
Carrying amount:									
As of December 31, 2017	**719**	**0**	**720**	**9**	**1**	**0**	**10**	**125**	**855**
As of June 30, 2018	**741**	**0**	**741**	**7**	**1**	**0**	**7**	**141**	**889**

10 – Other Assets and Other Liabilities

in € m.	Jun 30, 2018	Combined Dec 31, 2017
Other assets:		
Brokerage and securities related receivables:		
Cash/margin receivables	8	4
Receivables from unsettled regular way trades	774	464
Total brokerage and securities related receivables	**782**	**468**
Accrued interest receivable	16	4
Other[1]	754	866
Total other assets	**1,552**	**1,338**
Other liabilities:		
Brokerage and securities related payables:		
Cash/margin payables	0	0
Payables from unsettled regular way trades	700	481
Total brokerage and securities related payables	**700**	**481**
Accrued interest payable	0	0
Other[1]	2,523	3,026
Total other liabilities	**3,223**	**3,507**

[1] Other includes other financial assets and liabilities not carried at fair value (please refer to Note 8 “Fair Value on Financial Instruments not carried at Fair Value”).

Increase in Other assets is mostly from unsettled regular way trades, offset by a decreased gross management fee receivables.

Reduction in Other liabilities was primarily driven by a € 0.6 billion decrease due to settlement of profit pooling agreements with Deutsche Bank Group for 2017 and partially offset by payables from regular way trades.

Other within other liabilities include the liabilities of the consolidated guaranteed funds of € 1.3 billion as of June 30, 2018 and € 1.3 billion as of December 31, 2017.

11 – 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	0	0	9	8	17
Amounts used	0	0	8	38	46
Unused amounts reversed	0	2	5	0	7
Effects from exchange rate fluctuations/Unwind of discount	0	0	(1)	0	(1)
Balance as of June 30, 2018	**5**	**2**	**4**	**37**	**48**

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 June 30, 2018 and December 31, 2017 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 June 30, 2018, contingent liabilities (i.e., the aggregate future loss of which the possibility is more than remote but less than probable) is approximately € 12 million in relation to all litigation, arbitration, regulatory proceedings and investigations in which it 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 defenses 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.

12 – Equity

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.

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, but the General Partner is authorized to except broken amounts from shareholder's pre-emptive rights. 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 para. 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 para. 3 sentence 4 Stock Corporation Act (Aktiengesetz), 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 DWS's 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).

Persuant 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.

Additional Notes (unaudited)

13 – Employee Benefits

Share-Based Compensation Plans

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 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	Early retirement provisions	Eligibility
2017	Annual Award[1]	1/4: 12 months[2] 1/4: 24 months[2] 1/4: 36 months[2] 1/4: 48 months[2]	Yes	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[2]	Yes[3]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[4]	No	Regulated employees
	Key Retention Plan (KRP)[5]	1/2: 50 months[6] 1/2: 62 months[6]	Yes	Material Risk Takers (MRTs)
		Cliff vesting after 43 months	Yes	Non-Material Risk Takers (non-MRTs)
2016	Annual Award	1/4: 12 months[2] 1/4: 24 months[2] 1/4: 36 months[2] 1/4: 48 months[2]	Yes	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[2]	Yes[3]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[4]	No	Regulated employees
	Key Position Award (KPA)[7]	Cliff-vesting after 4 years[4]	Yes	Select employees as annual retention
2015/ 2014/ 2013	Annual Award	1/3: 12 months[2] 1/3: 24 months[2] 1/3: 36 months[2]	Yes	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[2]	Yes[3]	Members of DB Management Board or of Senior Management Group
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[8]	No	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 DB Management Board or of the Senior Leadership Cadre and all other regulated employees a further retention period of six months applies.
[3] Early retirement provisions do not apply to members of DB Management Board.
[4] For all regulated employees share delivery takes place after a further retention period of twelve months.
[5] Equity-based awards under this program in January 2017 are subject to an additional share price hurdle, meaning this award proportion only vests in the event that Deutsche 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 Deutsche Bank's share price reaches a certain share target price prior to vesting.
[8] For members of DB 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.

Furthermore, DB Group offers a broad-based employee share ownership plan entitled Global Share Purchase Plan ("GSPP"). The GSPP offers employees in specific countries the opportunity to purchase Deutsche Bank shares in monthly installments 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 628 DWS Group staff from 5 countries enrolled in the ninth cycle that began in November 2017.

DB Group has other local share-based compensation plans where DWS Group participate, none of which, individually or in the aggregate, are material to the interim financial statements.

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	2,887	€ 19.57
Balance as of June 30, 2018	**4,034**	**€ 19.64**

As of June 30, 2018, the grant volume of outstanding share awards was approximately € 114 million (December 31, 2017: € 93 million). Thereof, € 59 million (December 31, 2017: € 47 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 € 55 million as of June 30, 2018 (December 31, 2017: € 46 million).

In addition to the amounts shown in the table above, approximately 0.1 and 0.8 million shares were issued to plan participants in February and March 2017 and 0.3 million shares in February 2016, resulting from the vesting of DB Equity Plan awards granted in prior years.

14 – Income Taxes

Income tax expense in the first half of 2018 was € 90 million (first half of 2017: € 123 million). The effective tax rate of 32 % (first half of 2017: 28 %) was mainly impacted by non-deductible expenses and an adjustment of the state tax rate in the US.

15 – Related Party Transactions

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 GmbH & Co KGaA, directly or indirectly. DWS Group considers the members of the Management Board and of the Supervisory Board of the parent company to constitute key management personnel for purposes of IAS 24.

Among the Group's transactions with key management personnel as of June 30, 2018 were loans and commitments of € 10 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.	Jan - Jun 2018	Combined Jan - Jun 2017[1]
Short-term employee benefits	4	1
Post-employment benefits	0	0
Other long-term benefits	1	0
Termination benefits	0	0
Share-based payment	1	0
Total key management compensation expense	**5**	**1**

[1] 50% of the 2017 full-year key management personnel compensation expense

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 June 30, 2018 and June 30, 2017 respectively with joint ventures and associates.

Transactions with Deutsche Bank AG and Deutsche Bank Group companies are presented combined in the below table:

	Jan - Jun 2018			
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(54)	(57)	467	93
Other DB Companies	(118)	(131)	670	555

	Combined Jan - Jun 2017			
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(27)	(47)	844	40
Other DB Companies	(87)	(108)	2,141	950

Due to transition from combined to consolidated statements in June 2018 the DWS related transactions with Deutsche Bank Group shared entities are considered as external. In 2017 these transactions were considered as internal DWS Group.

The reduction in assets with related parties is driven by movement of bank balances from Deutsche Bank Group to third party banks.

16 – Events after the Reporting Period

Mortality assumptions for the Defined Benefit Obligation (DBO) accrued for defined benefit post-employment plans for German employees have been derived using Heubeck tables in the version of 2005G. The defined benefit obligation related to Germany as of December 31, 2017 (based on Combined Financial Statements of DWS Group) was about € 371 million. On July 20, 2018 Heubeck AG published updated mortality tables. These tables include new mortality rates which form a critical input factor into the calculation of the Group's defined benefit obligations under post-employment employee benefit plans. It has yet to be determined if and how the mortality tables published on July 20 2018 are generally applicable for. Heubeck AG has expressed together with the publication of the mortality tables an expected range for the increase of DBO by 1.5% to 2.5%.

If and by how much the general applicability of the tables is appropriate for our company is subject to an individual assessment. A potential increase of the defined benefit obligation caused by updated mortality rates would reduce other comprehensive income reflecting actuarial losses. The amount of changes of DBO as of year end 2018 will also be affected by regular updates to other parameters such as discount rate, salary developments and other input factors.

Confirmations

Review Report

To DWS Group GmbH & Co. KGaA, Frankfurt am Main:

We have reviewed the condensed interim consolidated financial statements of the DWS Group GmbH & Co. KGaA, Frankfurt am Main – comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated changes in equity, the consolidated statement of cashflows and the notes to the consolidated financial statements – together with the interim group management report of the DWS Group GmbH & Co. KGaA, Frankfurt am Main, for the period from January 1 to June 30, 2018 that are part of the semi annual financial report according to § 115 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, July 24, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kuppler Wirtschaftsprüfer [German Public Auditor]	Hommel Wirtschaftsprüfer [German Public Auditor]

Responsibility Statement by the Management 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 Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, July 24, 2018

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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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