

Combined Financial Statements
of DWS Group SE
(prepared in accordance with IFRS)

as of and for the fiscal years ended
December 31, 2015, 2016 and 2017
(audited)

Combined Financial Statements

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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Combined Statement of Income

in €m.	Notes	2017	2016	2015
Management fees and other recurring fees		2,195	2,140	2,263
Performance and transaction fees and other non recurring fees		196	213	248
Net commissions and fees from asset management		2,391	2,353	2,511
Interest and similar income		55	67	106
Interest and similar expense		(19)	(31)	(13)
Net interest income		36	36	93
Net gains (losses) from assets available for sale		0	1	3
Net gains (losses) on financial assets/liabilities at fair value through profit or loss		46	12	(93)
Net income (loss) from equity method investments		42	39	34
Other Income (loss)		(6)	(26)	27
Total net interest and noninterest income	3	2,509	2,415	2,576
Compensation and benefits		(772)	(713)	(860)
Restructuring activities	5	(6)	(46)	1
General and administrative expenses	4	(947)	(1,010)	(1,084)
Impairment of goodwill and other intangible assets		0	0	0
Total noninterest expenses		(1,725)	(1,769)	(1,943)
Profit (loss) before tax		783	647	633
Income tax expense		(149)	(195)	(175)
Net income (loss)		634	452	458
Net income (loss) attributable to noncontrolling interests		1	0	(0)
Net income (loss) attributable to DWS Group shareholders and additional net asset value components		633	452	459

Combined Statement of Comprehensive Income

in €m.	2017	2016	2015
Net income recognized in the income statement	634	452	458
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gains (losses) related to defined benefit plans, before tax	4	45	(5)
Total of income tax related to items that will not be reclassified to profit or loss	(1)	(8)	1
Items that are or may be reclassified to profit or loss			
Financial assets available for sale			
Unrealized net gains (losses) arising during the period, before tax	(3)	0	(21)
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	1	3
Derivatives hedging variability of cash flows			
Unrealized net gains (losses) arising during the period, before tax	0	0	0
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0	0
Assets classified as held for sale			
Unrealized net gains (losses) arising during the period, before tax	0	0	0
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0	0
Foreign currency translation			
Unrealized net gains (losses) arising during the period, before tax	(20)	(0)	(11)
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0	0
Equity method investments			
Net gains (losses) arising during the period	(16)	16	2
Total of income tax related to items that are or may be reclassified to profit or loss	7	2	5
Other comprehensive income (loss), net of tax	(30)	55	(26)
Total comprehensive income (loss), net of tax	604	507	432
Attributable to :			
Noncontrolling interests	1	0	(0)
DWS Group shareholders and additional net asset value components	603	507	432

Combined Balance Sheet

in €m.	Notes	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Jan 01, 2015
Assets:					
Cash and interbank balances	8	3,317	4,017	4,666	3,666
Financial assets at fair value through profit or loss					
Trading assets	6,7	1,296	3,885	4,918	5,549
Positive market values from derivative financial instruments	6,7	37	80	11	79
Financial assets designated at fair value through profit or loss	6,7	574	592	665	665
Total financial assets at fair value through profit or loss	6	1,907	4,558	5,594	6,293
Financial assets available for sale	9	362	316	307	307
Equity method investments	10	212	205	183	165
Loans	8	307	446	294	88
Property and equipment		6	10	18	20
Goodwill and other intangible assets	12	3,624	3,914	3,795	3,481
Other assets	8,13	1,338	1,724	1,690	2,324
Assets for current tax	16	24	51	35	13
Deferred tax assets	16	131	124	145	165
Total assets		11,226	15,363	16,729	16,522
Liabilities and Net asset value:					
Deposits		3	6	0	281
Financial liabilities at fair value through profit or loss					
Trading liabilities	6,7	14	16	42	37
Negative market values from derivative financial instruments	6,7	125	182	63	131
Investment contract liabilities	6,7	574	592	665	665
Total financial liabilities at fair value through profit or loss	6	713	791	770	832
Other short-term borrowings	8	107	313	323	351
Other liabilities	8,13	3,507	7,095	8,820	8,756
Provisions	14	85	189	102	55
Liabilities for current tax	16	177	59	100	32
Deferred tax liabilities	16	264	416	402	457
Long-term debt	8	3	3	25	36
Total liabilities		4,860	8,871	10,541	10,801
Net investment attributable to the Deutsche Bank Group		6,360	6,479	6,180	5,710
Noncontrolling interests		6	13	8	12
Net asset value		6,366	6,492	6,188	5,721
Total liabilities and Net asset value		11,226	15,363	16,729	16,522

Combined Statement of Changes in Net Asset Value

in €m.	Net investment attributable to Deutsche Bank Group	Noncontrolling interests	Net Asset Value
Balance as of January 1, 2015	5,710	12	5,721
Total comprehensive income, net of tax	432	(0)	432
Net funding received from / (provided to) Deutsche Bank Group	38	0	38
Exchange rate changes/other	0	(3)	(3)
Balance as of December 31, 2015	6,180	8	6,188
Total comprehensive income, net of tax	507	0	507
Net funding received from / (provided to) Deutsche Bank Group	(208)	0	(208)
Exchange rate changes/other	0	5	5
Balance as of December 31, 2016	6,479	13	6,492
Total comprehensive income, net of tax	603	1	604
Net funding received from / (provided to) Deutsche Bank Group	(722)	0	(722)
Exchange rate changes/other	0	(7)	(7)
Balance as of December 31, 2017	6,360	6	6,366

Combined Statement of Cash Flows

in €m.	2017	2016	2015
Net income / (loss)	634	452	458
Cash flows from operating activities:			
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Restructuring activities	6	46	(1)
Gain on sale of financial assets available for sale, equity method investments, and other	16	8	(6)
Income taxes, net	149	195	175
Impairment, depreciation and other amortization and accretion	35	27	29
Share of net income from equity method investments	(43)	(39)	(39)
Income adjusted for noncash charges, credits and other items	796	690	616
Adjustments for net change in operating assets and liabilities:			
Interest-earning time deposits with central banks and with banks w/o central banks	1,098	(622)	(174)
Financial assets designated at fair value through profit or loss	19	72	0
Loans	156	(159)	(209)
Other assets	421	(95)	593
Deposits	(2)	12	(287)
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(19)	(72)	(0)
Other short term borrowings	(207)	(27)	(21)
Other liabilities	(3,754)	(1,906)	25
Senior long-term debt	(0)	(21)	(12)
Trading assets and liabilities, pos. and neg. market values from derivative financial instruments, net	2,575	1,045	627
Other, net	(163)	71	(269)
Net cash provided by (used in) operating activities	920	(1,013)	889
Cash flows from investing activities:			
Proceeds from:			
Sale of financial assets available for sale	23	59	89
Sale of equity method investments	5	-	-
Purchase of:			
Financial assets available for sale	(87)	(41)	(62)
Equity method investments	(1)	(2)	(1)
Property and equipment	(1)	(2)	(4)
Other, net	6	29	19
Net cash provided by (used in) investing activities	(55)	42	42
Cash flows from financing activities:			
Cash dividends paid to DWS shareholders	-	-	-
Net change in noncontrolling interests	(8)	5	(3)
Net funding from/(to) DB Group	(502)	(297)	(86)
Net cash provided by (used in) financing activities	(510)	(292)	(89)
Net effects of exchange rate changes on cash and cash equivalents	40	0	(11)
Net (decrease)/increase in cash and cash equivalents	395	(1,262)	830
Cash and cash equivalents at beginning of period	2,153	3,415	2,585
Cash and cash equivalents at end of period	2,547	2,153	3,415
Net cash provided by (used in) operating activities including			
Income taxes paid (received), net	(2)	89	84
Interest paid	22	29	13
Interest and dividends received	62	72	115
Cash and cash equivalents comprise ⁽¹⁾			
Interbank balances (w/o central banks)	2,547	2,153	3,415
Total	2,547	2,153	3,415

1) The total cash and interbank balances as shown in the combined balance sheet of € 3,3 billion as of December 31, 2017 (2016: € 4,0 billion and 2015: € 4,7 billion) include € 27 million as of December 31, 2017 (2016: € 681 million and 2015: € 1,376 million) from guaranteed funds held fiduciary. Time deposits of € 770million as of December 31, 2017, € 1.864 million as of December 31, 2016 and € 1,251 million as of December 31, 2015 are not considered in the cash and cash equivalents.

Notes to the Combined Financial Statements

01 – Significant Accounting Policies and Critical Accounting Estimates

General information

Background

In 2017, Deutsche Bank Group announced its plan to separate its asset management division into a new subsidiary and list the shares of this subsidiary on the stock exchange.

DWS Group SE, Frankfurt am Main, Germany (the “Company”) was created to act as the parent company of the separated Deutsche Bank Asset Management business (hereafter referred to as the “DWS Group”).

To enact the separation, the individual legal entities that comprise the Deutsche Bank Asset Management business (“the Deutsche Bank Asset Management entities”) were identified. These comprise both DWS Group specific legal entities (“Asset Management dedicated entities”; “AM dedicated entities”) and Deutsche Bank Group legal entities where both asset management services and non-asset management services are provided (“shared entities”). The separation consists of the transfer of the share capital of the AM dedicated entities to the Company (via share deal), as well as the transfer to the Company of the relevant assets and liabilities that relate to the asset management services of the shared entities (via asset sale). These transfers have been completed in stages, however a number of AM dedicated entities and shared entities were not able to be legally transferred to the DWS Group until after the start of 2018.

Given that the transfer of the Deutsche Bank Asset Management business to the DWS Group was not completed as at December 31, 2017, the Directors prepared the financial statements of DWS Group on a combined basis.

DWS is expected to be regulated as a CRR investment firm, as outlined in Art. 95 & 98 of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation (CRR)), during the first quarter 2018.

Pursuant to E.U. Prospectus Regulation No. 809/2004, an issuer’s listing prospectus must include historical financial information covering the previous three fiscal years. At the time of issuance, the DWS Group has a “complex financial history” as defined in E.U. Prospectus Regulation No. 211/2007.

Description of DWS Group

The Company is the parent company of the DWS Group. As of December 31, 2017, the DWS Group comprised 89 AM dedicated entities and funds and the assets and liabilities from 39 shared entities which have been economically allocated to the DWS Group. DWS Group primarily operates under the commercial name DWS (please refer to “Legal entities and structured entities considered in the combined financial statements and notes”). DWS is a global asset manager with €700 billion of assets under management as at December 31, 2017 and a diverse product offering that spans traditional active and passive strategies, as well as alternatives and bespoke solutions. DWS Group has a global footprint and a scaled presence in key markets across the world.

Basis of Preparation

Combined financial statements of the DWS Group as of and for the year ended December 31, 2017 (with comparative information as of and for the years ended December 31, 2016 and 2015, including opening balances as of January 1, 2015) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as endorsed by the European Union (“EU”). All IFRS standards whose application was mandatory for the year ended December 31, 2017 have been applied consistently for each of the years ended December 31, 2017, 2016 and 2015. All Deutsche Bank Group Asset Management related operations will be transferred to DWS Group SE. Given that DWS Group SE is an entity that controls or will control the other entities within DWS Group, first time combined financial statements have been prepared for the DWS Group in accordance with IFRS 1 ‘First-Time Adoption of International Financial Reporting Standards (“IFRS 1”).

In particular, DWS Group has applied the simplification provisions set out in IFRS 1.D16(a). As such, the combined financial statements of the DWS Group reflect the results of the Deutsche Bank Asset Management entities as was historically included in the consolidated financial statements of the Deutsche Bank Group. The same accounting policies and measurement principles as were applied by the individual Deutsche Bank Asset Management entities and operations in preparing their financial information for inclusion in the IFRS consolidated financial statements of the Deutsche Bank Group have been used for the preparation of the DWS Group combined financial statements.

DWS Group SE - Combined Financial Statements

As of and for the fiscal years ended December 31, 2015, 2016 and 2017

As consolidated financial statements previously were not required to be prepared for DWS Group, the reconciliations envisaged in principle pursuant to IFRS 1.24 are not required.

The combined financial statements comprises combined statement of income, combined statement of comprehensive income, combined balance sheet, combined statement of change in net asset value, combined statement of cash flows and notes to the combined financial statements for each of the periods presented.

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 Asset Management entities have been eliminated within the combined financial statements. Balances and transactions between the DWS Group and the remainder of the Deutsche Bank 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 euros ("€") 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.

Principles of Combined Financial Statements

The scope of combination for the combined financial statements of DWS Group for the years ended December 31, 2017, 2016 and 2015 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 has already been completed;
- The AM dedicated entities whose legal transfer to the DWS Group has not yet been completed;
- The relevant assets and liabilities of the shared entities which have been economically allocated to the DWS Group whose legal transfer has 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 has yet to be completed which mainly relates 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, have 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 have yet to take place, they are included in the scope of combination with effect from January 1, 2015.

Regarding the scope of legal entities included in the combined financial statements please refer to "Legal entities and structured entities considered in the combined financial statements and notes".

Treatment of AM dedicated entities in the combined financial statements

The separate financial results of each AM dedicated entity (comprising their assets, liabilities, income and expenses) are included in the combined financial statements.

Treatment of shared entities in the combined financial statements

For the purposes of the combined financial statements, the relevant assets, liabilities, income and expenses of the shared entities were economically allocated to the DWS Group, based upon whether they had been economically allocated to the Asset Management division within the Deutsche Bank Group. As a result, the combined financial statements only include the assets, liabilities and expenses of the shared entities to the extent that they have been concluded to be economically necessary to run the asset management business, together with the related revenue. The assets and liabilities of the shared entities that have been, or are expected to be, transferred to the DWS Group prior to IPO, have been identified on the same basis. To the extent that the shared entities include separately identifiable economic activities that either have not been, or are not expected to be, transferred to the DWS Group, the results of these activities have been excluded from the combined financial statements.

Foreign currency translation

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

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

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

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

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

Currency Translation Adjustments (CTA) reflected in net asset value are the result of legal entities held by parent companies with a different functional currency. Post legal transfer CTA will be calculated for entities showing a different local functional currency than DWS Group SE as parent company.

Pensions and other post-employment benefits

The combined financial statements reflect the pension obligations and corresponding plan assets which are allocated to the DWS Group. The obligations and plan assets have been valued on the basis of expert actuarial opinions. Depending on the legal jurisdiction of the legal entity, operations to be transferred to the DWS-Group include a combination of only active employees and both active employees and retirees. The liabilities were calculated on an individual member basis.

Taxation

Tax balances included within the combined financial statements are recognized in accordance with IAS 12 (Income Taxes). Income taxes were determined using the separate tax return approach, under the assumption that the entities comprising the DWS Group were separate tax payers. This implies that both current and deferred taxes for both AM dedicated and shared entities within the group are calculated separately, and the recoverability of deferred tax assets is assessed on this basis.

If in previous periods a current tax expense (benefit) arising from the separate tax return approach did not result in current tax liabilities (assets) at the level of the DWS Group, but was paid by Deutsche Bank Group as the responsible taxpayer, the respective amounts are presented as funding received from (provided to) Deutsche Bank Group in the Combined Statement of changes in Net Asset Value.

The income taxes actually paid by DWS Group are presented in the Combined Statement of Cash Flows.

Capital structure

For the purposes of the combined financial statements, the net assets value of the DWS Group consists of the net investment attributable to the Deutsche Bank Group. For all periods presented, any payments to or amounts received from the Deutsche Bank Group have been treated as withdrawals from or contributions to the net investment attributable to the Deutsche Bank Group. As such, where payments have been made or are being made by the DWS Group to the Deutsche Bank Group in the course of the legal transfer of AM dedicated entities and the assets and liabilities of the AM dedicated entities that have been economically allocated to the DWS Group, such payments are presented as withdrawals from the net investment attributable to the Deutsche Bank Group.

The capital structure of the DWS Group at the time of the initial public offering will differ from that shown in the combined financial statements.

Legal entities and structured entities considered in the combined financial statements and notes:

AM dedicated entities whose legal transfer to the DWS Group has already been completed

Serial No.	Name	First time combination	Period of divestiture	Country, City
1	Active Asset Allocation Growth 80 Protect EUR	12/2016		Luxembourg, Luxembourg
2	Active Asset Allocation Growth 80 Protect USD	12/2016		Luxembourg, Luxembourg
3	DB Immobilienfonds 4 GmbH & Co. KG i.L.	01/2015		Germany, Frankfurt
4	DB Immobilienfonds 5 Wieland KG	01/2015		Germany, Frankfurt
5	DB Vita S.A.	01/2015		Luxembourg, Luxembourg
6	DBRE Global Real Estate Management IA, Ltd.	01/2015		Cayman Islands, George Town
7	DBRE Global Real Estate Management IB, Ltd.	01/2015		Cayman Islands, George Town
8	DeAM Capital Protect 2014	01/2015		Germany, Frankfurt
9	DeAM Capital Protect 2019	01/2015		Germany, Frankfurt
10	DeAM Capital Protect 2024	01/2015		Germany, Frankfurt
11	DeAM Capital Protect 2029	01/2015		Germany, Frankfurt
12	DeAM Capital Protect 2034	01/2015		Germany, Frankfurt
13	DeAM Capital Protect 2039	01/2015		Germany, Frankfurt
14	DeAM Capital Protect 2044	01/2015		Germany, Frankfurt
15	DeAM Capital Protect 2049	01/2015		Germany, Frankfurt
16	Deutsche Alternative Asset Management (Global) Limited	01/2015		United Kingdom, London
17	Deutsche Alternative Asset Management (UK) Limited	01/2015		United Kingdom, London
18	Deutsche Asset Management (Asia) Limited	01/2015		Singapore, Singapore
19	Deutsche Asset Management (Hong Kong) Limited	01/2015		Hong Kong, Hong Kong
20	Deutsche Asset Management (Japan) Limited	01/2015		Japan, Tokyo
21	Deutsche Asset Management (Korea) Company Limited	01/2015		South Korea, Seoul
22	Deutsche Asset Management (UK) Limited	01/2015		United Kingdom, London
23	Deutsche Asset Management Group Limited	01/2015		United Kingdom, London
24	Deutsche Asset Management International GmbH	01/2015		Germany, Frankfurt
25	Deutsche Asset Management Investment GmbH	01/2015		Germany, Frankfurt
26	Deutsche Asset Management S.A.	01/2015		Luxembourg, Luxembourg
27	Deutsche Asset Management Schweiz AG	04/2017		Switzerland, Zurich
28	Deutsche Asset Management Shanghai Investment Company Limited	01/2015		China (PRC), Shanghai
29	Deutsche Bank Best Allocation - Protect 80	12/2015		Luxembourg, Luxembourg
30	Deutsche Bank Best Allocation - Protect 90	05/2016		Luxembourg, Luxembourg
31	Deutsche Grundbesitz-Anlagegesellschaft mit beschränkter Haftung	01/2015		Germany, Frankfurt
32	Deutsche Institutional Money plus	01/2015	12/2017	Luxembourg, Luxembourg
33	Deutsche Institutional USD Money plus	01/2015	12/2017	Luxembourg, Luxembourg
34	Deutsche Invest I CROCI Flexible Allocation	01/2016	01/2017	Luxembourg, Luxembourg
35	Deutsche Invest I Real Assets Income	01/2016	12/2017	Luxembourg, Luxembourg
36	DI Deutsche Immobilien Baugesellschaft mbH (merged per 09/2017 with No. 66 RREEF Management GmbH)	01/2015		Germany, Frankfurt
37	DI Deutsche Immobilien Treuhandgesellschaft mbH	01/2015		Germany, Frankfurt
38	DWS (CH) - Pension Garant 2017	01/2015		Switzerland, Zurich
39	DWS Dividende Garant 2016	01/2015	09/2016	Luxembourg, Luxembourg
40	DWS Garant 80 ETF-Portfolio	04/2016		Luxembourg, Luxembourg
41	DWS Garant 80 FPI	01/2015		Luxembourg, Luxembourg
42	DWS Garant Top Dividende 2018	01/2015		Luxembourg, Luxembourg
43	DWS Global Protect 80 II	01/2015	09/2015	Luxembourg, Luxembourg
44	DWS Group SE	05/2017		Germany, Frankfurt
45	DWS Holding & Service GmbH	01/2015		Germany, Frankfurt
46	DWS Institutional Rendite 2017	01/2015	12/2015	Luxembourg, Luxembourg
47	DWS Life Cycle Balance II	01/2016	06/2017	Luxembourg, Luxembourg
48	DWS Megatrend Performance 2016	01/2015	10/2016	Luxembourg, Luxembourg
49	DWS Performance Rainbow 2015	01/2015	08/2016	Luxembourg, Luxembourg
50	DWS Rendite Garant 2015	01/2015	10/2015	Luxembourg, Luxembourg
51	DWS SachwertStrategie Protekt Plus	01/2015	01/2015	Luxembourg, Luxembourg
52	DWS Rendite Garant 2015 II	01/2015	07/2015	Luxembourg, Luxembourg
53	DWS Vorsorge Premium Balance Plus	01/2016	06/2017	Luxembourg, Luxembourg
54	DWS World Protect 90	08/2016		Luxembourg, Luxembourg
55	DWS Zeitwert Protect	01/2015		Luxembourg, Luxembourg
56	European Value Added I (Alternate G.P.) LLP	02/2015		United Kingdom, London
57	Leonardo Secondary Opportunities Fund III (Alternate GP of GP), LP	12/2016		United States of America, Wilmington
58	Leonardo Secondary Opportunities Fund III (Alternate GP), LP	12/2016		United States of America, Wilmington
59	Leonardo Secondary Opportunities Fund III (GP) Limited	12/2016		Cayman Islands, George Town
60	Leonardo Secondary Opportunities Fund III (Limited Partner) Limited	12/2016		Cayman Islands, George Town
61	Leonardo Secondary Opportunities III (SLP GP) Limited	12/2016		United Kingdom, Edinburgh
62	Leonardo Secondary Opportunities III SLP, LP	12/2016		United Kingdom, Edinburgh
63	PEIF II SLP Feeder, L.P.	12/2016		United Kingdom, Edinburgh
64	RREEF European Value Added I (G.P.) Limited	01/2015		United Kingdom, London
65	RREEF Investment GmbH	01/2015		Germany, Frankfurt
66	RREEF Management GmbH	01/2015		Germany, Frankfurt
67	RREEF Spezial Invest GmbH	01/2015		Germany, Frankfurt
68	Vermögensfondmandat Flexible (80% teilgeschützt)	01/2015		Luxembourg, Luxembourg
69	WEPLA Beteiligungsgesellschaft mbH	01/2015		Germany, Frankfurt
70	Whale Holdings S.à r.l.	01/2015		Luxembourg, Luxembourg

DWS Group SE - Combined Financial Statements
As of and for the fiscal years ended December 31, 2015, 2016 and 2017

AM dedicated entities whose legal transfer to the DWS Group has not yet been completed

Serial No.	Name	First time combination	Period of divestiture	Country, City
71	Charitable Luxembourg Two S.à r.l.	01/2015		Luxembourg, Luxembourg
72	DB Commodity Services LLC	01/2015		United States of America, Wilmington
73	DBRE Global Real Estate Management US IA, L.L.C.	02/2017		United States of America, Wilmington
74	DBRE Global Real Estate Management US IB, L.L.C.	02/2017		United States of America, Wilmington
75	DBX Advisors LLC	01/2015		United States of America, Wilmington
76	DBX Strategic Advisors LLC	01/2015		United States of America, Wilmington
77	Deutsche Alternative Asset Management (France) SAS	01/2015		France, Paris
78	Deutsche AM Distributors, Inc.	01/2015		United States of America, Wilmington
79	Deutsche AM Service Company	01/2015		United States of America, Wilmington
80	Deutsche AM Trust Company	01/2015		United States of America, Salem
81	Deutsche Asset Management S.G.I.L.C., S.A.	01/2015		Spain, Madrid
82	Deutsche Asset Management US Holding Corporation	08/2017		United States of America, Wilmington
83	Deutsche Asset Management USA Corporation	10/2016		United States of America, Wilmington
84	Deutsche Cayman Ltd.	01/2015		Cayman Islands, George Town
85	Deutsche CROCI U.S. Fund	04/2015	12/2016	United States of America, Boston
86	Deutsche Emerging Markets Frontier Fund	01/2015	07/2017	United States of America, Baltimore
87	Deutsche European Equity Fund	01/2015	09/2015	United States of America, Baltimore
88	Deutsche Far Eastern Asset Management Company Limited	01/2015		Republic of China Taiwan, Taipei
89	Deutsche Investment Management Americas Inc.	01/2015		United States of America, Wilmington
90	Deutsche Investments Australia Limited	01/2015		Australia, Sydney
91	Deutsche Limited Maturity Quality Income Fund	10/2015	11/2017	United States of America, Boston
92	Deutsche MLP & Energy Infrastructure Fund	03/2015	12/2015	United States of America, Boston
93	Deutsche Short Duration High Income Fund	12/2017		United States of America, Boston
94	Deutsche Ultra-Short Investment Grade Fund	10/2015		United States of America, Boston
95	Deutsche X-trackers Dow Jones Hedged International Real Estate ETF	04/2015	05/2017	United States of America, Wilmington
96	Deutsche X-trackers Japan JPX-Nikkei 400 Hedged Equity ETF	08/2015	05/2017	United States of America, Wilmington
97	Deutsche X-trackers MSCI Australia Hedged Equity ETF	08/2015	05/2017	United States of America, Wilmington
98	Deutsche X-trackers MSCI Spain Hedged Equity ETF	08/2015	05/2017	United States of America, Wilmington
99	Deutsche X-trackers Regulated Utilities ETF	01/2015	09/2015	United States of America, Wilmington
100	Deutsche X-trackers S&P Hedged Global Infrastructure ETF	04/2015	05/2017	United States of America, Wilmington
101	Dynamic Infrastructure Securities Fund LP	10/2016		United States of America, Wilmington
102	G.O. IB-US Management, L.L.C.	05/2017		United States of America, Wilmington
103	IVAF (Jersey) Limited	01/2015		Jersey, St. Helier
104	IVAF I Manager, S.à r.l.	01/2015		Luxembourg, Luxembourg
105	Leonardo Charitable 1 Limited	01/2015		Cayman Islands, George Town
106	MEF I Manager, S. à r.l.	01/2015		Luxembourg, Luxembourg
107	RoPro U.S. Holding, Inc.	01/2015		United States of America, Wilmington
108	RREEF America L.L.C.	01/2015		United States of America, Wilmington
109	RREEF Fund Holding Co.	02/2017		Cayman Islands, George Town
110	RREEF Management L.L.C.	01/2015		United States of America, Wilmington
111	Xtrackers Barclays International Corporate Bond Hedged ETF	10/2016		United States of America, Wilmington
112	Xtrackers Barclays International Treasury Bond Hedged ETF	10/2016	09/2017	United States of America, Wilmington
113	Xtrackers Emerging Markets Bond - Interest Rate Hedged ETF	03/2015	06/2017	United States of America, Wilmington
114	Xtrackers Eurozone Equity ETF	08/2015		United States of America, Wilmington
115	Xtrackers FTSE Developed Ex US Comprehensive Factor ETF	11/2015	09/2017	United States of America, Wilmington
116	Xtrackers FTSE Emerging Comprehensive Factor ETF	04/2016	12/2017	United States of America, Wilmington
117	Xtrackers Germany Equity ETF	08/2015		United States of America, Wilmington
118	Xtrackers High Yield Corporate Bond - Interest Rate Hedged ETF	03/2015		United States of America, Wilmington
119	Xtrackers Investment Grade Bond - Interest Rate Hedged ETF	03/2015	04/2016	United States of America, Wilmington
120	Xtrackers Japan JPX-Nikkei 400 Equity ETF	06/2015	09/2015	United States of America, Wilmington
121	Xtrackers MSCI All World ex US Hedged Equity ETF	01/2015	01/2015	United States of America, Wilmington
122	Xtrackers MSCI All World ex US High Dividend Yield Equity ETF	08/2015	05/2017	United States of America, Wilmington
123	Xtrackers MSCI Asia Pacific ex Japan Hedged Equity ETF	01/2015	01/2015	United States of America, Wilmington
124	Xtrackers MSCI EAFE High Dividend Yield Equity ETF	08/2015	04/2017	United States of America, Wilmington
125	Xtrackers MSCI EAFE Small Cap Hedged Equity ETF	08/2015		United States of America, Wilmington
126	Xtrackers MSCI Emerging Markets High Dividend Yield Hedged Equity ETF	08/2015	10/2017	United States of America, Wilmington
127	Xtrackers MSCI Eurozone Hedged Equity ETF	01/2015	02/2015	United States of America, Wilmington
128	Xtrackers MSCI Eurozone High Dividend Yield Hedged Equity ETF	08/2015	12/2017	United States of America, Wilmington
129	Xtrackers MSCI Mexico Hedged Equity ETF	01/2015	05/2015	United States of America, Wilmington
130	Xtrackers MSCI South Korea Hedged Equity ETF	01/2015	02/2015	United States of America, Wilmington
131	Xtrackers MSCI United Kingdom Hedged Equity ETF	01/2015	02/2015	United States of America, Wilmington
132	Xtrackers Russell 1000 Comprehensive Factor ETF	11/2015	05/2016	United States of America, Wilmington
133	Xtrackers Russell 2000 Comprehensive Factor ETF	06/2016	12/2016	United States of America, Wilmington
134	Xtrackers Solactive Investment Grade Subordinated Debt ETF	01/2015	09/2015	United States of America, Wilmington

DWS Group SE - Combined Financial Statements
As of and for the fiscal years ended December 31, 2015, 2016 and 2017

Relevant shared entities where assets and liabilities have been economically allocated to the DWS Group

Serial No.	Name	first time combination	Country, City
135	DB Beteiligungs-Holding GmbH	12/2016	Germany, Frankfurt
136	DB CAPAM GmbH (merged per 08/2016 with No. 25 Deutsche Asset Management International GmbH)	01/2015	Germany, Cologne
137	DB Finanz-Holding GmbH (merged per 04/2017 with No. 135 DB Beteiligungs-Holding GmbH)	01/2015	Germany, Frankfurt
138	DB Global Technology Inc.	01/2015	United States of America, Wilmington
139	DB Investment Partners Inc.	01/2015	United States of America, Wilmington
140	DB Overseas Holdings Limited	01/2015	United Kingdom, London
141	DB USA Core Corporation	01/2015	United States of America, West Trenton
142	DB USA Corporation	01/2015	United States of America, Wilmington
143	DBAH Capital LLC	01/2015	United States of America, Wilmington
144	DBOI Global Services (UK) Limited	01/2015	United Kingdom, London
145	DBOI Global Services Private Limited	01/2015	India, Mumbai
146	DBR Investments Co. Limited	01/2015	Cayman Island, George Town
147	DEBEKO Immobilien GmbH & Co Grundbesitz OHG	01/2015	Germany, Eschborn
148	Deutsche Australia Limited	01/2015	Australia, Sydney
149	Deutsche Bank (Suisse) SA	01/2015	Switzerland, Geneva
150	Deutsche Bank Aktiengesellschaft	01/2015	Germany, Frankfurt
151	Deutsche Bank Aktiengesellschaft Filiale Amsterdam	01/2015	Netherlands, Amsterdam
152	Deutsche Bank Aktiengesellschaft Filiale Cayman Islands	01/2015	Cayman Island, George Town
153	Deutsche Bank Aktiengesellschaft Filiale Dubai (DIFC)	01/2015	United Arab Emirates, Dubai
154	Deutsche Bank Aktiengesellschaft Filiale Hongkong	01/2015	Hong Kong, Hong Kong
155	Deutsche Bank Aktiengesellschaft Filiale London	01/2015	United Kingdom, London
156	Deutsche Bank Aktiengesellschaft Filiale Mailand	01/2015	Italy, Milan
157	Deutsche Bank Aktiengesellschaft Filiale New York	01/2015	United States of America, New York
158	Deutsche Bank Aktiengesellschaft Filiale Paris	01/2015	France, Paris
159	Deutsche Bank Aktiengesellschaft Filiale Singapur	01/2015	Singapore, Singapore
160	Deutsche Bank Aktiengesellschaft Filiale Stockholm	01/2015	Sweden, Stockholm
161	Deutsche Bank Aktiengesellschaft Filiale Wien	01/2015	Austria, Vienna
162	Deutsche Bank Luxembourg S.A.	01/2015	Luxembourg, Luxembourg
163	Deutsche Bank S.A. - Banco Alemão	01/2015	Brazil, Sao Paulo
164	Deutsche Bank Securities Inc.	01/2015	United States of America, Wilmington
165	Deutsche Bank Sociedad Anonima Espanola	01/2015	Spain, Madrid
166	Deutsche Bank Società per Azioni	01/2015	Italy, Milan
167	Deutsche Bank Trust Company Americas	01/2015	United States of America, New York
168	Deutsche CIB Centre Private Limited	01/2015	India, Mumbai
169	Deutsche Group Services Pty Limited	01/2015	Australia, Sydney
170	Deutsche Knowledge Services Pte. Ltd. Manila Branch	01/2015	Philippines, Taguig City
171	Deutsche Securities Inc.	01/2015	Japan, Tokyo
172	Greenwood Properties Corp.	01/2015	United States of America, New York
173	Merlin XI	01/2015	Cayman Island, George Town
174	OAM Köln GmbH (merged per 09/2016 with No. 176 Sal. Oppenheim jr. & Cie. AG & Co. KGaA)	01/2015	Germany, Cologne
175	Oppenheim Fonds Trust GmbH	01/2015	Germany, Cologne
176	Sal. Oppenheim jr. & Cie. AG & Co. KGaA	01/2015	Germany, Cologne

Critical Accounting Estimates

As noted within the ‘Principles of combined financial statements’ section above, in preparing the combined financial information that is included within the combined financial statements, management has exercised judgment in determining the separately identifiable economic activities that have not been, or are not expected to be, transferred to the DWS Group.

Management has also exercised judgment in determining the relevant pension and tax balances that relate to the DWS Group in each of the years ended 31 December 2017, 2016 and 2015 which are considered in further detail below.

As such, the combined financial information does not necessarily reflect the financial position and results of the DWS Group that would have occurred if the DWS Group had existed as a separate legal group in each of the reporting periods presented.

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

- the impairment of associates (see “Associates”)
- the impairment of financial assets available for sale (see “Financial Assets and Liabilities”)
- the determination of fair value (see “Financial Assets and Liabilities”)

- the impairment of goodwill and other intangibles (see “Goodwill and Other Intangible Assets”)
- the recognition and measurement of deferred tax assets (see “Income Taxes”)
- the accounting for legal and regulatory contingencies and uncertain tax positions (see “Provisions”)

Significant Accounting Policies

The following is a description of the significant accounting policies adopted by DWS Group. These policies have been consistently applied for 2017, 2016 and 2015 to the combined financial statements. 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 Asset Management entities have been eliminated within the combined financial statements. Balances and transactions between the DWS Group and the remainder of the Deutsche Bank 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. Hence, when referring to “consolidation or consolidated” for significant accounting policies this refers to combination rather than consolidation.

Subsidiaries

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

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

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

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

Potential voting rights that are deemed to be substantive are also considered when assessing control.

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

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

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

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

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

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

Associates

An associate is an entity in which the Group has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in

assessing whether the Group has significant influence. Among the other factors that are considered in determining whether the Group has significant influence are representation on the board of directors (supervisory board in the case of German stock corporations) and material intercompany transactions. The existence of these factors could require the application of the equity method of accounting for a particular investment even though the Group's investment is less than 20% of the voting stock.

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

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

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

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

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

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

Net Commissions and Fees from Asset Management

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

Management Fees and other recurring items

Management fees are recognized as and when the service is performed mainly as a percentage of AuM and are generally received on a monthly or quarterly basis. Net management fees consist of gross management fees and other cost-related fees, including administrative service fees, net of distribution fees paid. The total level of management fees depends on the client and product mix.

Performance and transaction fees and other non-recurring fees

Performance fees are paid to DWS Group 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 fees position for DWS Group. Performance fees will not be recognized in the combined income statement until it is highly probable that a significant reversal in the amount of cumulated revenue will not occur.

For expenses incurred in relation to businesses where revenue is driven on a commission basis and for which income is reported as commission income in the combined financial statements, such expenses are to be presented on a net basis. Subsequently all expenses that incurred on a per transaction basis and are directly related and incremental to the generation of fee income are presented net in net commissions and fee income from Asset Management in the combined financial statements.

Financial Assets and Liabilities

The Group classifies its financial assets and liabilities into the following categories: financial assets and liabilities at fair value through profit or loss, loans, financial assets available for sale ("AFS") and other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the Combined Balance Sheet.

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

Financial Assets and Liabilities at Fair Value through Profit or Loss

The Group classifies certain financial assets and financial liabilities as either held for trading or designated at fair value through profit or loss. They are carried at fair value and presented as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, respectively. Related realized and unrealized gains and losses are included in net gains (losses) on financial assets/liabilities at fair value through profit or loss. Interest on interest earning assets such as trading loans and debt securities and dividends on equity instruments are presented in interest and similar income from financial instruments at fair value through profit or loss.

Trading Assets and Liabilities – Financial instruments are classified as held for trading if they have been originated, acquired or incurred principally for the purpose of selling or repurchasing them in the near term, or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Trading assets include debt and equity securities and derivatives held for trading purposes. Trading liabilities consist primarily of derivative liabilities and short positions.

Financial Instruments Designated at Fair Value through Profit or Loss – Certain financial assets and liabilities that do not meet the definition of trading assets and liabilities are designated at fair value through profit or loss using the fair value option. To be designated at fair value through profit or loss, financial assets and liabilities must meet one of the following criteria: (1) the designation eliminates or significantly reduces a measurement or recognition inconsistency; (2) a group of financial assets or liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or (3) the instrument contains one or more embedded derivatives unless: (a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or (b) it is clear with little or no analysis that separation is prohibited. In addition, the Group allows the fair value option to be designated only for those financial instruments for which a reliable estimate of fair value can be obtained.

Financial Assets Classified as Available for Sale

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

Realized gains and losses are reported in net gains (losses) on financial assets available for sale. Generally, the weighted-average cost method is used to determine the cost of financial assets. Unrealized gains and losses recorded in other comprehensive income are transferred to the Statement of Income on disposal of AFS asset and reported in net gains (losses) on financial assets available for sale.

Impairment Test of Financial Assets classified as Available for Sale

In the case of equity investments classified as AFS, objective evidence of impairment includes a significant or prolonged decline in the fair value of the investment below cost. In the case of debt securities classified as AFS, impairment is assessed based on the same criteria as for loans.

If there is evidence of impairment, any amounts previously recognized in other comprehensive income are recognized in the combined statement of income for the period, reported in net gains (losses) on financial assets available for sale. This impairment loss for the period is determined as the difference between the acquisition cost (net of any principal repayments and amortization) and current fair value of the asset less any impairment loss on that investment previously recognized in the Combined Statement of Income.

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

Reversals of impairment losses on equity investments classified as AFS are not reversed through the Combined Statement of Income; increases in their fair value after impairment are recognized in other comprehensive income.

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

Loans

Loans include originated and purchased non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets AFS. On a regular basis the Group assesses whether there is objective evidence of impairment. If the loans are determined to be impaired then a loan loss allowance is recognized with a corresponding charge to the provision for credit losses line. Releases of such loan loss allowances established after their initial recognition are included in the provision for credit losses line. Subsequent improvements in the credit quality of such loans for which no loss allowance had been recorded are recognized immediately through an adjustment to the current carrying value and a corresponding gain is recognized in interest income.

Financial Liabilities

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

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

Determination of Fair Value

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

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

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

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

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

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

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

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

For further discussion of the valuation methods and controls and quantitative disclosures with respect to the determination of fair value, please refer to Note 8 "Financial Instruments carried at Fair Value" and Note 9 "Fair Value of Financial Instruments not carried at Fair Value".

Derivatives

Derivatives are generally used to manage exposures to interest rate, foreign currency, credit and other market price risks, including exposures arising from forecast transactions. All freestanding contracts that are considered derivatives for accounting purposes are carried at fair value on the Combined Balance Sheet regardless of whether they are held for trading or non-trading purposes.

Derivatives are also used for guarantee contracts which do not qualify as a financial guarantee. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The changes in fair value on derivatives held for trading are included in net gains (losses) on financial assets/liabilities at fair value through profit or loss.

Derecognition of Financial Assets and Liabilities

Financial Asset Derecognition

A financial asset is considered for derecognition when the contractual rights to the cash flows from the financial asset expire, or the Group has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

The Group derecognizes a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

In transactions in which substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Group derecognizes the transferred asset if control over that asset is not retained, i.e., if the transferee has the practical ability to sell the transferred asset. The rights and obligations retained in the transfer are recognized separately as assets and liabilities, as appropriate. If control over the asset is retained, the Group continues to recognize the asset to the extent of its continuing involvement, which is determined by the extent to which it remains exposed to changes in the value of the transferred asset.

The derecognition criteria are also applied to the transfer of part of an asset, rather than the asset as a whole, or to a group of similar financial assets in their entirety, when applicable. If transferring a part of an asset, such part must be a specifically identified cash flow, a fully proportionate share of the asset, or a fully proportionate share of a specifically identified cash flow.

If an existing financial asset is replaced by another asset from the same counterparty on substantially different terms, or if the terms of the financial asset are substantially modified (due to forbearance measures or otherwise), the existing financial asset is derecognized and a new asset is recognized. Any difference between the respective carrying amounts is recognized in the Combined Statement of Income.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Combined Statement of Income.

Goodwill and Other Intangible Assets

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

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

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

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

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets that have a finite useful life are stated at cost less any accumulated

amortization and accumulated impairment losses. Customer-related intangible assets that have a finite useful life are amortized over periods of between 1 and 20 years on a straight-line basis based on their expected useful life. These assets are tested for impairment and their useful lives reaffirmed at least annually.

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

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

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

The quantitative disclosures are provided in Note 12 “Goodwill and Other Intangible Assets”.

Provisions

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

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

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

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

Critical Accounting Estimates – The use of estimates is important in determining provisions for potential losses that may arise from litigation, regulatory proceedings and uncertain income tax positions. The Group estimates and provides for potential losses that may arise out of litigation, regulatory proceedings and uncertain income tax positions to the extent that such losses are probable and can be estimated, in accordance with IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” or IAS 12, “Income Taxes”, respectively. Significant judgment is required in making these estimates and the Group's final liabilities may ultimately be materially different.

Contingencies in respect of legal matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group's final liability may ultimately be materially different. The Group's total liability in respect of litigation, arbitration and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case, the Group's experience and the experience of others in similar cases, and the opinions and views of legal counsel. Predicting the outcome of the Group's litigation matters is inherently difficult, particularly in cases in which claimants seek substantial or indeterminate damages. See Note 15 “Provisions” for information on the Group's judicial, regulatory and arbitration proceedings.

Income Taxes

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

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

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

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

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

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

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

Critical Accounting Estimates – In determining the amount of deferred tax assets, the Group uses historical tax capacity and profitability information and, if relevant, forecasted operating results based upon approved business plans, including a review of the eligible carry-forward periods, available tax planning opportunities and other relevant considerations. The Group re-evaluates regularly its estimate related to deferred tax assets about future profitability.

The Group believes that the accounting estimate related to the deferred tax assets is a critical accounting estimate because the underlying assumptions can change from period to period and requires significant management judgment. For example, tax law changes or variances in future projected operating performance could result in a change of the deferred tax asset. If the Group was not able to realize all or part of its net deferred tax assets in the future, an adjustment to its deferred tax assets would be charged to income tax expense or directly to equity in the period such determination was made. If the Group was to recognize previously unrecognized deferred tax assets in the future, an adjustment to its deferred tax asset would be credited to income tax expense or directly to equity in the period such determination was made.

For further information on the Group's deferred taxes (including quantitative disclosures on recognized deferred tax assets) see Note 16 "Income Taxes".

Noncontrolling Interests

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

Property and Equipment

Property and equipment includes own-use properties, leasehold improvements, furniture and equipment and software (operating systems only). Own-use properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is generally recognized using the straight-line method over the estimated useful lives of the assets. The range of estimated useful lives is 25 to 50 years for property and 3 to 10 years for furniture and equipment (including initial improvements to purchased buildings). Leasehold improvements are capitalized and subsequently depreciated on a straight-line basis over the shorter of the term of the lease and the estimated useful life of the improvement, which generally ranges from 3 to 18 years. Depreciation of property and equipment is included in general and administrative expenses. Maintenance and repairs are also charged to general and administrative expenses. Gains and losses on disposals are included in other income.

Property and equipment are assessed for any indication of impairment at each quarterly reporting date. If such indication exists, the recoverable amount, which is the higher of fair value less costs to sell and value in use, must be estimated and an impairment charge

is recorded to the extent the recoverable amount is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset. After the recognition of impairment of an asset, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the depreciation charge is adjusted prospectively.

Properties leased under a finance lease are capitalized as assets in property and equipment and depreciated over the terms of the leases.

Leasing Transactions

The DWS Group enters into lease contracts, predominantly for offices and branches under short- or mid-term agreements. The terms and conditions of these contracts are assessed and the leases are classified as operating leases or finance leases according to their economic substance at inception of the lease.

Assets held under finance leases are initially recognized on the balance sheet at an amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is either the interest rate implicit in the lease, if it is practicable to determine, or the incremental borrowing rate. Contingent rentals are recognized as an expense in the periods in which they are incurred.

Operating lease rentals payable are recognized as an expense on a straight-line basis over the lease term, which commences when the lessee controls the physical use of the property. Lease incentives are treated as a reduction of rental expense and are also recognized over the lease term on a straight-line basis. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Employee Benefits

Share-Based Compensation

Deutsche Bank Group made grants of share-based compensation under DB Equity Plan. DWS Group participates in the DB Equity Plan under the rules established for Deutsche Bank Group.

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

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

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

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

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

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

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

Pension Benefits

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

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

Other Post-Employment Benefits

In addition, the Group maintains unfunded contributory post-employment medical plans for a number of current and retired employees who are mainly located in the United States. These plans pay stated percentages of eligible medical and dental expenses of retirees after a stated deductible has been met. The Group funds these plans on a cash basis as benefits are due. Analogous to retirement benefit plans these plans are valued using the projected unit-credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income and presented in equity.

Refer to Note 15 "Employee Benefits" for further information on the accounting for pension benefits and other post-employment benefits.

Termination benefits

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

Combined Statement of Cash Flows

For purposes of the combined statement of cash flows, the Group's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investments include cash and balances at demand deposits with banks (including those from guaranteed funds which are consolidated under IFRS even though the underlying assets belong to the investors).

The Group's assignment of cash flows to the operating, investing or financing category depends on the business model ("management approach"). For the Group the primary operating activity is to manage financial assets and financial liabilities.

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

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

Investment Contracts

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

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

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

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

02 – New Accounting Pronouncements

New Accounting Pronouncements

The following accounting pronouncements were not effective as of December 31, 2017 and therefore have not been applied in preparing these financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB issued 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 current 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The standard has been endorsed by the EU. Due to the fiduciary nature of the business the standard does not have a material impact on the Group’s combined statements.

Classification and Measurement of Financial Assets and Liabilities

IFRS 9 requires that an entity’s business model and a financial instrument’s contractual cash flows will determine its classification and measurement in the financial statements. Upon initial recognition each financial asset will be classified as either fair value through profit or loss (‘FVTPL’), amortized cost, or fair value through other comprehensive income (‘FVOCI’). As the requirements under IFRS 9 are different than the assessments under the existing IAS 39 rules, some differences to the classification and measurement of financial assets under IAS 39 are expected, including whether to elect the fair value option on certain assets. The classification and measurement of financial liabilities remain largely unchanged under IFRS 9 from current requirements.

In 2016, the Deutsche Bank Group made an initial determination of business models and assessed the contractual cash flow characteristics of the financial assets to determine the potential classification and measurement changes as a result of IFRS 9. As a result of the analysis performed thus far by DB Group, DWS Group has identified that mainly available for sale assets are expected to be measured at fair value through P&L. Most of the financial assets are already reflected under Financial Assets through profit and loss and therefore no change in classification is expected. However, as per current interpretation most of the financial assets available for sale are expected to be reclassified in 1st quarter 2018 to fair value through P&L (€ 316 million) with an expected movement of the related other comprehensive income to retained earnings (€ 39 million) within the net asset value of the combined financial statements.

Impairment of Financial Assets

The impairment requirements of IFRS 9 apply to financial assets that are measured at amortized cost or FVOCI, and off balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to in this note as financial assets).

The determination of impairment losses and allowance will move from an incurred credit loss model, whereby credit losses are recognized when a defined loss event occurs under IAS 39, to an expected loss model under IFRS 9, where provisions are taken upon initial recognition of the financial asset (or the date that the Group becomes a party to the loan commitment or financial guarantee), based on expectations of potential credit losses at that time under IFRS 9. Currently, the DWS Group does not expect a significant impact.

Hedge accounting

IFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. Generally, some restrictions under current rules have been removed and a greater variety of hedging instruments and hedged items become available for hedge accounting. IFRS 9 includes an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting. DWS Group, in line with DB Group has decided to exercise this accounting policy choice and therefore will not adopt IFRS 9 hedge accounting as of the effective date of IFRS 9.

Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

In October 2017, the IASB issued an amendment to IFRS 9 “Financial Instruments”, which allows to measure particular pre-payable financial assets with so-called negative compensation (also known as two way break clauses) at amortised cost or at fair value through other comprehensive income if the prepayment amount substantially represents unpaid principal and interest and reasonable compensation. Reasonable compensation may be positive or negative. Prior to this amendment financial assets with this negative compensation feature would have failed the solely payments of principal and interest test and be mandatorily measured at fair value through profit or loss. The amendment will be effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The amendment will not have a material impact on the Group’s combined financial statements. The amendments have yet to be endorsed by the EU.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued 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 IAS 39/IFRS 9. IFRS 15 replaces several other IFRS standards and interpretations that currently govern 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 is effective for annual periods beginning on or after January 1, 2018. The standard has been endorsed by the EU.

The Group will apply IFRS 15 starting January 1, 2018 using the cumulative effect method. Based on the assessment performed for IFRS 15 the Group estimates that the current accounting practice for net commissions and fees from asset management is already compliant to IFRS 15 regarding timing and measurement. In line with the Group's current accounting practice performance-based fees will only be recognized once it is highly probable that no significant reversal in the amount of cumulative revenue will occur.

The presentation of the individual components of net commission 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 change accordingly.

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. DB Group including DWS Group is currently assessing the impact of IFRS 16. The standard has been endorsed by the EU.

03 – Business Segments and Related Information

Business Segments

The Group operates a single business segment on asset management for reporting and controlling purposes.

The DWS Executive Board sets the strategy for DWS Group and its individual parts. DWS Group manages its business across different client segments, distribution channels and products with a centrally driven sales force servicing all of the business units / products and negotiating prices with clients. Due to the largely shared infrastructure and support services (such as marketing, product strategy, product development, finance), there is limited ability to differentiate pricing based on these costs.

DWS therefore has only one single business segment within the meaning of IFRS 8 as this is how the DWS Executive Board and the "Chief Operating Decision Maker" (CODM) will review the results of AM and make strategic management decisions over investments and resource allocation for DWS Group.

The term "Chief Operating Decision Maker" (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. [IFRS 8.7]

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 [IFRS 8.9].

The operating model of an operating segment needs to show a certain degree of autonomy. This means that the segment manager and the staff of the segment need to have sufficient expertise in the products and the business of the operating segment in order to take informed decisions.

The following table presents total net interest and noninterest income by geographic area for the years ended December 31, 2017, 2016 and 2015, respectively.

in €m.	2017	2016	2015
Germany	984	862	955
EMEA excluding Germany	876	796	729
Americas	528	604	727
APAC	121	153	165
Combined interest and noninterest income	2,509	2,415	2,576

Notes to the Combined Income Statement

04 – General and Administrative Expenses

in €m.	2017	2016	2015
General and administrative expenses:			
IT costs	(117)	(155)	(136)
Professional service fees	(89)	(97)	(89)
Communication and data services	(57)	(61)	(52)
Occupancy, furniture and equipment expenses	(69)	(79)	(80)
Banking and transaction charges	(194)	(197)	(193)
Marketing expenses	(41)	(28)	(36)
Travel and representation expenses	(37)	(40)	(39)
Service relationships	(276)	(219)	(283)
Other expenses	(68)	(134)	(176)
Total general and administrative expenses	(947)	(1,010)	(1,084)

05 – Restructuring

in €m.	2017	2016	2015
Restructuring – Staff related	(6)	(46)	6
thereof:			
Termination Benefits	(4)	(36)	6
Retention Acceleration	(2)	(9)	(0)
Social Security	(0)	(1)	(0)
Restructuring – Non Staff related	0	0	(4)
Total Net Restructuring Charges	(6)	(46)	1

Provisions for restructuring amounted to € 9 million as of December 31, 2017, € 12 million and € 1 million as of December 31, 2016 and December 31, 2015, respectively. The majority of the current provisions for restructuring are expected to be utilized in the next two years (please refer to note 14 “Provisions”).

Notes to the Combined Balance Sheet

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

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Financial assets classified as held for trading:			
Trading assets:			
Trading securities	1,296	3,885	4,918
Total trading assets	1,296	3,885	4,918
Positive market values from derivative financial instruments	37	80	11
Total financial assets classified as held for trading	1,333	3,965	4,930
Financial assets designated at fair value through profit or loss:			
Other financial assets designated at fair value through profit or loss	574	592	665
Total financial assets designated at fair value through profit or loss	574	592	665
Total financial assets at fair value through profit or loss	1,907	4,558	5,594

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Financial liabilities classified as held for trading:			
Trading liabilities:			
Trading securities	14	16	42
Total trading liabilities	14	16	42
Negative market values from derivative financial instruments	125	182	63
Total financial liabilities classified as held for trading:	139	199	105
Financial liabilities designated at fair value through profit or loss:			
Investment contract liabilities	574	592	665
Total financial liabilities designated at fair value through profit or loss	574	592	665
Total financial liabilities at fair value through profit or loss	713	791	770

All financial asset/liabilities classes shown in note 6 and in note 7 are reflected at fair value in the combined financial statements.

The Group reports the assets excluding cash and interbank balances of the consolidated guaranteed mutual funds of € 1.2 billion as of December 31, 2017 (€ 3.8 billion as of December 31, 2016 and € 4.9 billion as of December 31, 2015) 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 are shown under negative market values from derivatives (€ 89 million in 2017, € 103 million in 2016 and € 49 million in 2015). It includes guarantee contracts which do not qualify as financial guarantee (please refer to “Derivatives” under “Significant Accounting Policies”).

DWS Group has designated the assets from the investment contracts and the respective investment contract liabilities (€ 574 million in 2017, € 592 million in 2016, € 665 million in 2015) under the fair value option to avoid accounting mismatch. Changes in market conditions include performance of the related investment funds (2017: €26 million, 2016: € 21 million, 2015: € 29 million) and are fully attributable to the change in the corresponding investment contracts.

07 – Financial Instruments carried at Fair Value

Valuation Methods and Control

The Valuation Methods and Controls of DWS Group follows the control framework of Deutsche Bank Group.

The Group has an established valuation control framework which governs internal control standards, methodologies, and procedures over the valuation process.

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 – 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. 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.

Validation and Control – 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. The mandate of this specialist function includes the performance of the independent valuation control process for all businesses, including DWS Group, the continued development of valuation control methodologies and techniques, as well as devising and governing the formal valuation control policy framework. Special attention of this independent valuation control group is directed to areas where management judgment forms part of the valuation process.

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

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 that is part of the Deutsche Bank Group's Risk Management function.

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 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: many less-liquid debt and equity securities

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.

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Carrying value of the financial instruments held at fair value

in €m.	Dec 31, 2017			Dec 31, 2016			Dec 31, 2015		
	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	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	106	1,173	17	542	3,343	0	948	3,936	34
Trading securities	106	1,173	17	542	3,343	0	948	3,936	34
Positive market values from derivative financial instruments	0	37	0	0	80	0	0	11	0
Financial assets designated at fair value through profit or loss	0	574	0	0	592	0	0	665	0
Financial assets available for sale	0	84	278	0	56	260	0	54	253
Total financial assets held at fair value	106	1,868	294	543	4,071	261	948	4,666	287
Financial liabilities held at fair value:									
Trading liabilities	0	0	0	16	0	0	42	0	0
Trading securities	14	0	0	16	0	0	42	0	0
Negative market values from derivative financial instruments	0	43	81	0	109	73	0	47	15
Investment contract liabilities	0	574	0	0	592	0	0	665	0
Total financial liabilities held at fair value	14	617	81	17	701	74	42	712	15

Valuation Techniques

The following is an explanation of the valuation techniques used in establishing the fair value of the different types of financial instruments that DWS Group trades.

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.

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 (please refer to “Derivatives” under “Significant Accounting Policies”). Depending on the account and 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 onto 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 starting 2016. For 2015 a corresponding present value model including the behavioural risk of the client had been applied.

Equity Securities – Where there are no recent transactions then fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments. Where close proxies are not available then fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow models using current market rates for credit, interest, liquidity and other risks. For equity securities modelling techniques may also include those based on earnings multiples.

Investment Contract 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.

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing 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

Reconciliation of financial instruments classified in Level 3

Dec 31, 2017								
in €m.	Balance, beginning of year	Total gains/ losses ⁽¹⁾	Purchases	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of year
Financial assets held at fair value:								
Trading securities	0	(8)	0	0	(3)	28	0	17
Financial assets available for sale	260	(28)	53	(7)	0	0	(0)	278
Total financial assets held at fair value	261	(37)	53	(7)	(3)	28	(0)	294
Financial liabilities held at fair value:								
Negative market values from derivative financial instruments	73	8	0	0	0	0	0	81
Total financial liabilities held at fair value	74	8	0	0	0	0	0	81

Dec 31, 2016								
in €m.	Balance, beginning of year	Total gains/ losses ⁽¹⁾	Purchases	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of year
Financial assets held at fair value:								
Trading securities	34	59	0	(93)	0	0	0	0
Financial assets available for sale	253	22	23	(36)	(1)	0	(0)	260
Total financial assets held at fair value	287	81	23	(129)	(1)	0	(0)	261
Financial liabilities held at fair value:								
Negative market values from derivative financial instruments	15	59	0	0	0	0	(1)	73
Total financial liabilities held at fair value	15	59	0	0	0	0	(1)	74

Dec 31, 2015								
in €m.	Balance, beginning of year	Total gains/ losses ⁽¹⁾	Purchases	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of year
Financial assets held at fair value:								
Trading securities	139	(106)	4	(4)	0	0	0	34
Financial assets available for sale	234	20	12	(25)	0	11	0	253
Total financial assets held at fair value	373	(85)	16	(28)	0	11	0	287
Financial liabilities held at fair value:								
Negative market values from derivative financial instruments	0	0	0	0	0	15	0	15
Total financial liabilities held at fair value	0	0	0	0	0	15	0	15

- (1) The total gains and losses on available for sale include a unrealized gain (loss) of € (20) million as of December 31, 2017 (2016: € 20 million and 2015: € 24 million) recognized in other comprehensive income/net asset value, before tax and a gain of € (8) million as of December 31, 2017 (2016: € 1 million and 2015: (4) million) recognized in the income statement presented in net gains (losses) on financial assets available for sale.

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 December 31, 2017 (December 31, 2016 and December 31, 2015 respectively) the fair value of the assets available for sale 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.

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Financial instruments classified in Level 3 and quantitative information about unobservable inputs

Dec 31, 2017						
in €m. (unless stated otherwise)	Fair value		Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
	Assets	Liabilities				
Financial instruments held at fair value – held for trading, designated at fair value and available-for-sale:						
Equity securities	245	0				
Held for trading	17	0	Market approach	Price per net asset value	100%	100%
Available-for-sale	228		Market approach	Price per net asset value	100%	100%
Other financial instruments	49	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	294	0				
Financial instruments held at fair value:						
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				
Dec 31, 2016						
in €m. (unless stated otherwise)	Fair value		Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
	Assets	Liabilities				
Financial instruments held at fair value – held for trading, designated at fair value and available-for-sale:						
Equity securities	225	0				
Available-for-sale	225		Market approach	Price per net asset value	100%	100%
Other financial instruments	35	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	261	0				
Financial instruments held at fair value:						
Market values from derivative financial instruments:						
Other derivatives	0	73	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	0	74				
Dec 31, 2015						
in €m. (unless stated otherwise)	Fair value		Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
	Assets	Liabilities				
Financial instruments held at fair value – held for trading, designated at fair value and available-for-sale:						
Debt securities and other debt obligations	34	0				
Held for trading	34	0	Price based	Price	100%	100%
Equity securities	234	0				
Available-for-sale	234		Market approach	Price per net asset value	100%	100%
Other financial instruments	19	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	287	0				
Financial instruments held at fair value:						
Market values from derivative financial instruments:						
Other derivatives	0	15	Present Value Model	Cancellation rate	4%	21%
Total market values from derivative financial instruments	0	15				

Unrealized Gains or Losses on Level 3 Instruments held 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 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.	2017	2016	2015
Financial assets held at fair value:			
Trading securities	(8)	0	(106)
Financial assets available for sale	5	5	6
Total financial assets held at fair value	(3)	6	(100)
Financial liabilities held at fair value:			
Negative market values from derivative financial instruments	8	59	0
Total financial liabilities held at fair value	8	59	0
Total	5	65	(100)

08 – Fair Value of Financial Instruments not carried at Fair Value

Fair Value of Financial Instruments not carried at Fair Value

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 Interbank balances (w/o central banks)	Deposits
Other Assets	Other short-term borrowings
	Other liabilities

For longer-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 and, in the case of liabilities, rates at which the liabilities with similar remaining maturities could be issued, at the balance sheet date.

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Dec 31, 2017					
in €m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and Interbank balances	3,317	3,317	0	3,317	0
Loans	307	307	0	0	307
Other financial assets	1,115	1,115	0	1,115	0
Financial liabilities:					
Deposits	3	3	0	3	0
Other short-term borrowings	107	107	0	107	0
Other financial liabilities	2,459	2,459	283	2,175	0
Long-term debt	3	3	0	3	0
Dec 31, 2016					
in €m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and Interbank balances	4,017	4,017	0	4,016	0
Loans	446	446	0	0	446
Other financial assets	1,154	1,154	0	1,154	0
Financial liabilities:					
Deposits	6	6	0	6	0
Other short-term borrowings	313	313	0	313	0
Other financial liabilities	5,922	5,922	151	5,771	0
Long-term debt	3	3	0	3	0
Dec 31, 2015					
in €m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and Interbank balances	4,666	4,666	0	4,666	0
Loans	294	294	0	0	294
Other financial assets	1,152	1,152	0	1,152	0
Financial liabilities:					
Deposits	0	0	0	0	0
Other short-term borrowings	323	323	0	323	0
Other financial liabilities	7,537	7,537	214	7,324	0
Long-term debt	25	25	0	25	0

Other financial liabilities include liabilities from guaranteed funds of € 1.3 billion as of December 31, 2017 (2016: € 4.7 billion and € 6.6 billion as of Dec 31, 2015) which belong to the investors and the Group consolidates though not being an investor.

The loans are mainly to DB Group with short term maturities. The loans shown in 2015 and 2016 include in addition a loan to an unconsolidated structured entity (2016: € 257 million and 2015: € 181 million) to invest in US debt which has been repaid in October 2017.

09 – Financial Assets Available for Sale

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Debt securities:			
Total debt securities	36	23	22
Equity securities:			
Equity shares	68	68	82
Investment certificates and mutual funds	83	56	54
Total equity securities	152	124	137
Other equity interests	174	170	149
Total financial assets available for sale	362	316	307

The net gains (losses) on financial assets available for sale are € 0.2 million for the year ending December 31, 2017 (€ 0.8 million for the year ending December 31, 2016 and € 3.2 million for the year ending December 31, 2015). Impairment losses included in net gains (losses) on financial assets available for sale are € 1.2 million for the year ending December 31, 2017, € 0.2 million for the year ending December 31, 2016 and € 1.5 million for the year ending December 31, 2015.

10 – Equity Method Investments

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting.

DWS Group holds interests in 6 (2016: 6, 2015: 7) associates and 1 (2016: 1, 2015: 1) joint arrangement. One Associate is considered to be material for DWS Group, based on Group's income from the investee.

Significant investments

Investment	Principal place of business	Nature of Relationship	Ownership percentage
Harvest Fund Management Co., LTD	Shanghai, China	Strategic Investment	30%

Significant influence is derived by holding percentage and 2 out of 9 representatives on the board of directors.

Summarized financial information on Harvest Fund Management Co., LTD

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net revenues	496	514	534
Net income	141	120	138
Other comprehensive income	0	2	4
Total comprehensive income	141	122	142
Total assets	1,030	1,285	1,370
Total liabilities	429	721	861
Net assets of the equity method investee	601	564	509

Reconciliation of total net assets to the Group's carrying amount

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Net assets of the equity method investee	601	564	509
Groups ownership percentage on the investee's equity	30%	30%	30%
Groups share of net assets	180	169	153
Goodwill	16	17	17
Intangible Assets	6	6	5
Other adjustments	3	4	2
Carrying amount	205	196	175

The share in net income from Harvest Fund was € 43 million in 2017 (2016: € 40 million and 2015: € 39 million).

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Aggregated financial information on the Group's share in associates and joint arrangements that are individually immaterial

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Carrying amount of all associates that are individually immaterial to the Group	6	9	8
Aggregated amount of the Group's share of profit (loss) from continuing operations	(0)	(0)	(0)
Aggregated amount of the Group's share of total comprehensive income	(0)	(0)	(0)

The net income (loss) from equity method investments include an impairment loss of € 1 million in 2017 (€ 0 million in 2016 and € 5 million in 2015).

11 – Contractual Obligations and Commitments

Cash payment requirements outstanding as of

	Dec 31, 2017				
Contractual obligations and Commitments	Payment due by period				
in €m.	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Long-term debt obligations	6	1	4	1	0
Operating lease obligations	42	21	20	1	0
Purchase obligations	113	26	60	23	4
Total Contractual Obligations	161	48	83	25	4
Contingent Receivables	35				
Contingent Liabilities	46				

	Dec 31, 2016				
Contractual obligations and Commitments	Payment due by period				
in €m.	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Long-term debt obligations	12	1	2	4	6
Operating lease obligations	75	25	44	6	0
Purchase obligations	153	37	55	62	0
Total Contractual Obligations	241	63	101	71	6
Contingent Receivables	36				
Contingent Liabilities	43				

	Dec 31, 2015				
Contractual obligations and Commitments	Payment due by period				
in €m.	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Long-term debt obligations	34	22	2	4	6
Operating lease obligations	70	18	35	17	0
Purchase obligations	110	30	23	57	0
Total Contractual Obligations	215	71	60	78	6
Contingent Receivables	49				
Contingent Liabilities	49				

Purchase Obligations include future payments mainly for technology services and asset management services.

DWS Group leases the majority of its offices and branches under short- or mid-term agreements. Most of the lease contracts are made under usual terms and conditions, which means they include options to extend the lease by a defined amount of time, price adjustment clauses and escalation clauses in line with general office rental market conditions. However, the lease agreements do not include any clauses that impose any restriction on the DWS's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements.

In 2017, the rental payments for lease and sublease agreements amounted to € 19 million (2016: €18 million and 2015: € 17 million). This included charges of € 16 million (2016: € 16 million and 2015: € 15 million) for minimum lease payments and of € 3 million (2016: € 3 million and 2015: € 3 million) for contingent rents as well as € 0 million (2016: € 0 million and 2015: € 0 million) related to sublease rentals received.

Contingent receivables relate to guarantees given by DB Group for management fee receivables. Contingent liabilities mainly relate to unfunded commitments for the Group being investor in a fund.

12 – Goodwill and Other Intangible Assets

Goodwill

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the years ended December 31, 2017, 2016 and 2015, are shown below.

in €m.	Total
Balance as of January 1, 2015	2,735
Exchange rate changes/other	202
Balance as of December 31, 2015	2,937
Gross amount of goodwill	2,937
Accumulated impairment losses	0
Balance as of January 1, 2016	2,937
Exchange rate changes/other	62
Balance as of December 31, 2016	2,999
Gross amount of goodwill	2,999
Accumulated impairment losses	0
Balance as of January 1, 2017	2,999
Exchange rate changes/other	(230)
Balance as of December 31, 2017	2,768
Gross amount of goodwill	2,768
Accumulated impairment losses	0

In 2017, changes in goodwill mainly relate to Foreign Exchange rate changes of € (230) million (2016 € 62 million, 2015 € 202 million).

Goodwill Impairment Test

The Goodwill impairment test for the CGU Deutsche Asset Management is part of the goodwill impairment test of Deutsche Bank Group.

Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of the CGU with its carrying amount. In addition, in accordance with IAS 36, the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use.

The annual goodwill impairment test conducted in 2017 did not result in an impairment loss on the CGU as the recoverable amounts was higher than the respective carrying amounts (2016 nil, 2015 nil)

Certain political or global risks for the Asset Management industry such as a return of the European sovereign debt crisis, uncertainties regarding the implementation of already adopted regulation as well as a slowdown of GDP growth may negatively impact the performance forecast and, thus, could result in an impairment of goodwill in the future.

Carrying Amount

The carrying amount of a primary CGU within Deutsche Bank Group is derived using a capital allocation model from Deutsche Bank Group. The allocation uses the Deutsche Bank Group's total equity at the date of valuation, including Additional Tier 1 Notes ("AT1 Notes"), which constitute unsecured and subordinated notes of Deutsche Bank group and which are classified as Additional equity components in accordance with IFRS. Total equity is adjusted for an add-on adjustment for goodwill attributable to non-controlling interests.

Within the capital allocation, Deutsche Bank Group shareholder's equity (adjusted for nonintegrated investments) is allocated to the primary CGUs of which Deutsche Asset Management is one in a two-step process, which is aligned with both the determination of the recoverable amount and the current equity allocation framework of Deutsche Bank Group. The two step approach works as follows: Allocation of Deutsche Bank Group shareholders' equity using a solvency-based key first, until the target CET 1 ratio (CRR/CRD 4 on a fully loaded basis) is met, and then, if applicable, incremental capital allocation to consider the leverage ratio requirements. The solvency-based allocation contains the assignment of intangible assets in line with its regulatory treatment. Further, it comprises equity allocations based on the CGU's relative share of risk-weighted assets, on capital deduction items as well as on regulatory reconciliation items. In the second step, if applicable, the CGUs receive equity allocations based on their pro-rata leverage ratio exposure measure relative to the Group. Additionally, non-controlling interests (plus the add-on adjustment for goodwill attributable to non-controlling interests) are considered in the carrying amounts of the respective primary CGUs. The AT1 Notes are allocated to the primary CGUs in proportion to their specific leverage ratio shortfall, with leverage ratio shortfall being a function of Deutsche Bank's target leverage ratio, the CGU's leverage ratio exposure measure and the allocated CET 1 capital.

The net asset value shown in the combined balance sheet of DWS Group supports the carrying value of the Group not resulting to an impairment loss in 2017 (2016 and 2015 respectively).

Recoverable Amount

Deutsche Bank Group determines the recoverable amounts of its primary CGUs like Deutsche Asset Management on the basis of fair value less costs of disposal (Level 3 of the fair value hierarchy) and employs a discounted cash flow (DCF) model, which reflects the specifics of the banking business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to shareholders after fulfilling the respective regulatory capital requirements. The recoverable amounts also include the fair value of the AT1 Notes, allocated to the primary CGUs consistent to their treatment in the carrying amount.

The DCF model uses earnings projections and respective capitalization assumptions (with capital ratios increasing from current levels to a Common Equity Tier 1 capital ratio being comfortably above 13 % and a leverage ratio of 4.5 % in the medium term, both under fully loaded definitions) based on five-year financial plans, which are discounted to their present value. Estimating future earnings and capital requirements involves judgment and the consideration of past and current performances as well as expected developments in the respective markets, and in the overall macroeconomic and regulatory environments. Earnings projections beyond the initial five-year period are, where applicable, adjusted to derive a sustainable level. In case of a going concern, the cash flow to equity is assumed to increase by or converge towards a constant long-term growth rate of up to 3.2% (2016: 2.8%, 2015: 3.2 %). This is based on projected revenue forecasts of the CGUs as well as expectations for the development of gross domestic product and inflation, and is captured in the terminal value.

Key Assumptions

The DCF value of a CGU is sensitive to the earnings projections, to the discount rate (cost of equity) applied and, to a much lesser extent, to the long-term growth rate. The discount rates applied had been determined based on the capital asset pricing model and comprise a risk-free interest rate, a market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factors are determined using external sources of information. CGU-specific beta factors are determined based on a respective group of peer companies. Variations in all of these components might impact the discount rates. For DWS Group SE 10 % (2016: 9.9%, 2015: not available due to structural changes in Deutsche Bank Group) was used.

Management determined the values for the key assumptions in the following table based on a combination of internal and external analysis. Estimates for efficiency and the cost reduction program are based on progress made to date and scheduled future projects and initiatives.

	Description of key assumptions	Uncertainty associated with key assumptions and potential events/circumstances that could have a negative effect
Deutsche Asset Management	- Deliver strong investment product performance - Expand product suite in growth areas (e.g., alternatives, multi-asset, passive, ESG investment schemes) while rationalizing non-core strategies - Consistent net flows leveraging market share leadership in Germany and the rest of Europe and continued growth in Asia/Pacific and Americas - Diversification of intermediary coverage towards high growth channels and deployment of digital solutions to serve new channels - Further efficiency through improved core operating processes, platform optimization and product rationalization - Anticipated margin compression from regulation (MIFID II)	- Challenging market environment and volatility unfavorable to our investment strategies - Unfavorable margin development and adverse competition levels in key markets and products beyond expected levels - Business/execution risks, e.g., under achievement of net flow targets from market uncertainty, loss of high quality client facing employees, lower than expected efficiency gains - Uncertainty around regulation and its potential implications not yet anticipated

Other Intangible Assets

Changes of other intangible assets by asset classes for the years ended December 31, 2017, 2016 and 2015

in €m.	Unamortized					Purchased intangible assets		Internally generated intangible assets	Total other intangible assets
	Retail investment management agreements	Other	Total unamortized purchased intangible assets	Customer-related intangible assets	Contract-based intangible assets	Software and other	Amortized Total amortized purchased intangible assets	Amortized Software	
Cost of acquisition/manufacture:									
Balance as of January 1, 2015	951	1	952	105	20	114	239	18	1,209
Additions	0	0	0	0	0	0	0	27	27
Exchange rate changes	110	0	110	12	0	1	14	0	124
Balance as of December 31, 2015	1,061	1	1,062	117	20	115	253	45	1,360
Additions	0	0	0	0	0	0	0	49	49
Disposals	0	0	0	0	0	(10)	(10)	0	(10)
Transfers	0	0	0	0	0	0	0	0	1
Exchange rate changes	33	0	33	4	0	0	4	0	37
Balance as of December 31, 2016	1,094	1	1,095	121	20	106	247	95	1,436
Additions	0	0	0	0	0	0	0	68	68
Changes in the group of consolidated companies	0	0	0	0	0	(5)	(5)	0	(5)
Exchange rate changes	(131)	(0)	(131)	(14)	0	(0)	(15)	(0)	(147)
Balance as of December 31, 2017	963	0	963	106	20	101	227	162	1,353
Accumulated amortization and impairment:									
Balance as of January 1, 2015	240	0	240	80	11	114	205	7	452
Amortization for the year	0	0	0	6	2	0	8	3	12
Exchange rate changes	28	0	28	9	0	1	11	0	39
Balance as of December 31, 2015	268	0	268	96	13	115	224	10	502
Amortization for the year	0	0	0	6	2	0	8	9	17
Disposals	0	0	0	0	0	(10)	(10)	0	(10)
Exchange rate changes	8	0	8	3	0	0	4	0	12
Balance as of December 31, 2016	276	0	276	105	15	106	226	19	521
Amortization for the year	0	0	0	6	4	0	9	18	27
Changes in the group of consolidated companies	0	0	0	0	0	(5)	(5)	0	(5)
Exchange rate changes	(33)	0	(33)	(13)	0	(0)	(13)	(0)	(47)
Balance as of December 31, 2017	243	0	243	98	19	101	217	37	498
Carrying amount:									
As of December 31, 2015	793	1	794	22	7	0	29	35	858
As of December 31, 2016	818	1	818	16	5	0	21	75	915
As of December 31, 2017	719	0	720	9	1	0	10	125	855

Amortizing Intangible Assets

In 2017, amortizing other intangible assets increased by a net € 38 million. Main components of this development included net increases in internally generated intangible assets of € 50 million, which represent the capitalization of expenses incurred in conjunction with the development of self-developed own-used software. These were offset by amortization expenses of € 9 million, related to the scheduled asset consumption of customer related and contract based intangible assets.

During 2016, the main changes in amortizing other intangible assets included disposal of intangible assets of € 10 million and the net increase of self-developed own-used software of € 40 million net of amortization.

In 2015, the main changes in amortizing other intangible assets includes the net increase in internally generated own-used software of € 24 million net of amortization.

The amortization of intangibles is reflected under general and administrative expenses in the combined Statement of Income.

Other intangible assets with finite useful lives are generally amortized over their useful lives based on the straight-line method.

Useful lives of other amortized intangible assets by asset class

	Useful lives in years
Internally generated intangible assets:	
Software	up to 10
Purchased intangible assets:	
Customer-related intangible assets	up to 20
Contract-based intangible assets	up to 8
Other	up to 80

Unamortized Intangible Assets

Within this asset class, the Group recognizes certain contract-based intangible assets, which are deemed to have an indefinite useful life.

In particular, the asset class comprises the below detailed investment management agreements related to retail mutual funds. Due to the specific nature of these intangible assets, market prices are ordinarily not observable and, therefore, the Group values such assets based on the income approach, using a post-tax DCF methodology.

Retail investment management agreements – These assets, amounting to € 719 million, relate to the Group's U.S. retail mutual fund business. Retail investment management agreements are contracts that give DWS Investments the exclusive right to manage a variety of mutual funds for a specified period. Since these contracts are easily renewable, the cost of renewal is minimal, and they have a long history of renewal, these agreements are not expected to have a foreseeable limit on the contract period. Therefore, the rights to manage the associated assets under management are expected to generate cash flows for an indefinite period of time. This intangible asset was recorded at fair value based upon a valuation provided by a third party at the date of acquisition of Zurich Scudder Investments, Inc. in 2002.

The recoverable amount of the asset of € 719 million (2016: € 818 million) was calculated as fair value less costs of disposal using the multi-period excess earnings method and the fair value measurement was categorized as Level 3 in the fair value hierarchy. The key assumptions in determining the fair value less costs of disposal include the asset mix, the flows forecast and the effective fee rate. The discount rates (cost of equity) applied in the calculation were 10.5 % in 2017, 10.7 % in 2016 and 11.0 % in 2015. The reviews of the valuation for the years 2017, 2016 and 2015 neither resulted in any impairment nor a reversal of prior impairments.

13 – Other Assets and Other Liabilities

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Other assets:			
Brokerage and securities related receivables			
Cash/margin receivables	4	6	1
Receivables from unsettled regular way trades	464	419	274
Total brokerage and securities related receivables	468	425	275
Accrued interest receivable	4	9	11
Other	866	1,289	1,404
Total other assets	1,338	1,724	1,690
Other liabilities:			
Brokerage and securities related payables			
Cash/margin payables	0	(0)	0
Payables from unsettled regular way trades	481	398	280
Total brokerage and securities related payables	481	398	280
Accrued interest payable	0	1	(0)
Other	3,026	6,696	8,540
Total other liabilities	3,507	7,095	8,820

For further details on other liabilities please refer to Note 8 "Fair Value on Financial Instruments not carried at Fair Value".

Other Liabilities include the liabilities of the consolidated guaranteed funds of € 1.3 billion as of December 31, 2017, € 4.7 billion as of December 31, 2016 and € 6.6 billion as of December 31, 2015.

14 – Provisions

Movement by Class of Provision

in €m.	Operational Risk	Civil Litigations	Regulatory Enforcement	Restructuring-Staff Related	Other	Total
Balance as of January 1, 2015	1	0	0	6	48	56
New provisions	49	2	0	2	25	78
Amounts used	(0)	(2)	0	(2)	(13)	(18)
Unused amounts reversed	0	0	0	(4)	(10)	(14)
Balance as of December 31, 2015	50	0	0	1	50	102
New provisions	1	131	4	25	17	178
Amounts used	(4)	(0)	0	(9)	(19)	(32)
Unused amounts reversed	(45)	(1)	0	(5)	(9)	(60)
Balance as of December 31, 2016	3	130	4	12	39	189
New provisions	4	3	0	4	40	52
Amounts used	(2)	(126)	0	(6)	(11)	(145)
Unused amounts reversed	(1)	0	(2)	(0)	(4)	(7)
Effects from exchange rate fluctuations/Unwind of discount	0	(3)	0	(0)	(0)	(4)
Balance as of December 31, 2017	5	3	1	9	67	85

Classes of Provisions

Operational provisions arise out of operational risk and exclude civil litigation and regulatory enforcement provisions, which are presented as separate classes of provisions.

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.

Regulatory Enforcement provisions arise out of current or potential claims or proceedings alleging non-compliance with legal or regulatory responsibilities, which have resulted or may result in an assessment of fines or penalties by governmental regulatory agencies, self-regulatory organizations or other enforcement authorities.

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. For details see Note 5 “Restructuring”.

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.

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.

In determining for which of the claims 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 and regulatory enforcement matters as of December 31, 2017, December 31, 2016 and December 31, 2015 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.

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

Set forth below is a description of civil litigation for which the Group has taken a material provision in 2016.

European Value Added Fund (EVAF) Litigation – It refers to a legal matter related to the EVAF fund brought against the Manager by the General Partner (GP) which was settled by virtue of a binding settlement deed on 2 January 2017. A further costs payment may be required if the GP is not able to recover VAT on the costs element of the settlement but total costs have been capped at € 8 million.

The Group has 52 ongoing/anticipated defendant litigation or regulatory matters which are not expected to have a significant impact on the Group's financials.

Additional Notes

15 – Employee Benefits

Share-Based Compensation Plans

Deutsche Bank 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.

DWS Group participates in the DB Equity Plan under the rules established for DB Group.

The following table sets forth the basic terms of these share plan of DB Group.

Grant year(s)	Deutsch Bank Equity Plan	Vesting schedule	Early retirement provisions	Eligibility
2017	Annual Award	1/4: 12 months	1	Select employees as annual performance-based compensation
		1/4: 24 months	1	
		1/4: 36 months	1	
		1/4: 48 months	1	
		Or cliff vesting after 54 months	1	
	Retention/New Hire Annual Award – Upfront	Individual specification Vesting immediately at grant	Yes	Members of DB Management Board or of Senior Management Group
			No	
	Retention Award	1/2: 48 months	5	Material Risk Takers (MRTs)
		1/2: 60 months	5	
		Cliff vesting after 36 months	Yes	
2016	Annual Award	1/4: 12 months	1	Select employees as annual performance-based compensation
		1/4: 24 months	1	
		1/4: 36 months	1	
		1/4: 48 months	1	
		Or cliff vesting after 54 months	1	
	Retention/New Hire Annual Award – Upfront	Individual specification Vesting immediately at grant	Yes	Select employees to attract and retain the best talent
			No	
	Key Position Award (KPA)	Cliff-vesting after 4 years	3	Select employees as annual retention
			Yes	
			No	
2015/ 2014/ 2013	Annual Award	1/3: 12 months	1	Select employees as annual performance-based compensation
		1/3: 24 months	1	
		1/3: 36 months	1	
		Or cliff vesting after 54 months	1	
	Retention/New Hire Annual Award – Upfront	Individual specification Vesting immediately at grant	Yes	Select employees to attract and retain the best talent
			No	
			7	

1 For members of DB Management Board or of the Senior Management Group and all other regulated employees a further retention period of six months applies.

2 Early retirement provisions do not apply to members of DB Management Board.

3 For all regulated employees share delivery after a further retention period of twelve months.

4. Retention Award is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank's share price reaches a certain share target price prior to vesting.

5. For MRTs share delivery after a retention period of 12 months.

6. A predefined proportion of the individual's KPA is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank's share price reaches a certain share target price prior to vesting.

7. For members of DB Management Board share delivery after a retention period of three years. For all other regulated employees share delivery 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 662 DWS Group staff from 5 countries enrolled in the eighth cycle that began in November 2016.

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 combined 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, 2015	982	€30.16
Balance as of December 31, 2016	2,199	€24.36
Balance as of December 31, 2017	2,887	€19.57

As of December 31, 2017, the grant volume of outstanding share awards was approximately € 93 million (2016: € 70 million and 2015: € 77 million). Thereof, € 47 million (2016: € 46 million and 2015: € 60 million) had been recognized as compensation expense in the reporting year or prior to that. Hence, compensation expense for deferred share-based compensation not yet recognized amounted to € 46 million as of December 31, 2017 (€ 24 million as of December 31, 2016 and € 17 million as of December 31, 2015).

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.

Post-employment Benefit Plans

Nature of Plans

DB Group sponsors a number of post-employment benefit plans on behalf of its employees, both defined contribution plans and defined benefit plans. The Group's plans are accounted for based on the nature and substance of the plan. Generally, for defined benefit plans the value of a participant's accrued benefit is based on each employee's remuneration and length of service; contributions to defined contribution plans are typically based on a percentage of each employee's remuneration. The rest of this note focuses predominantly on DB Group's defined benefit plans in which DWS Group participates.

DB Group's defined benefit plans which are applicable for DWS Group are primarily described on a geographical basis, reflecting differences in the nature and risks of benefits, as well as in the respective regulatory environments. In particular, the requirements set by local regulators can vary significantly and determine the design and financing of the benefit plans to a certain extent. Key information is also shown based on participant status, which provides a broad indication of the maturity of DWS Group's obligations.

in €m.	Dec 31, 2017			
	Germany	EM EA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	209	19	4	233
Participants in deferred status	93	2	0	95
Participants in payment status	68	0	0	68
Total defined benefit obligation	371	21	4	397
Fair value of plan assets	311	20	1	332
Funding ratio (in %)	84	97	23	84

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	Dec 31, 2016			
in €m.	Germany	EM EA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	196	6	5	208
Participants in deferred status	88	2	0	90
Participants in payment status	71	1	0	71
Total defined benefit obligation	355	8	5	369
Fair value of plan assets	294	7	1	302
Funding ratio (in %)	83	85	15	82

	Dec 31, 2015			
in €m.	Germany	EM EA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	157	6	5	168
Participants in deferred status	71	1	0	72
Participants in payment status	60	0	0	60
Total defined benefit obligation	288	7	5	300
Fair value of plan assets	257	7	1	265
Funding ratio (in %)	89	100	20	88

The majority of DWS Group's defined benefit plan obligations relate to Germany. Within the other countries, the largest obligations relate to Luxembourg. In Germany and some continental European countries, post-employment benefits are usually agreed on a collective basis with respective employee works councils or their equivalent. The Group's main pension plans are governed by boards of trustees, fiduciaries or their equivalent.

Post-employment benefits can form an important part of an employee's total remuneration. DB Group's approach is that their design shall be attractive to employees in the respective market, but sustainable for DB Group to provide over the longer term. At the same time, DB Group tries to limit its risks related to provision of such benefits. Consequently DB Group including DWS Group has moved to offer defined contribution plans in many locations over recent years.

In the past DB Group typically offered pension plans based on final pay prior to retirement. These types of benefits still form a significant part of the pension obligations for participants in deferred and payment status. Currently, in Germany and Luxembourg, the main defined benefit pension plans for active staff are cash account type plans where DB Group credits an annual amount to individuals' accounts based on an employee's current salary. Dependent on the plan rules, the accounts increase either at a fixed interest rate or participate in market movements of certain underlying investments to limit the investment risk for DB Group. Sometimes, in particular in Germany, there is a guaranteed benefit amount within the plan rules, e.g. payment of at least the amounts contributed. Upon retirement, beneficiaries may usually opt for a lump sum or for conversion of the accumulated account balance into an annuity. This conversion is often based on market conditions and mortality assumptions at retirement. Same is applicable for DWS Group.

The following amounts of expected benefit payments from DWS Group's defined benefit plans include benefits attributable to employees' past and estimated future service, and include both amounts paid from DB Group's external pension trusts and paid directly by DWS Group in respect of unfunded plans.

in €m.	Germany	EM EA (excl. Germany & UK)	APAC	Total
Actual benefit payments 2017				
Benefits expected to be paid 2018	6	1	1	8
Benefits expected to be paid 2019	7	1	1	9
Benefits expected to be paid 2020	8	1	1	10
Benefits expected to be paid 2021	9	1	1	11
Benefits expected to be paid 2022	10	1	1	12
Benefits expected to be paid 2023 – 2027	64	2	3	69
Weighted average duration of defined benefit obligation (in years)	14	14	14	14

Multi-employer Plans

In the United Kingdom and the U.S., some employees participate in a defined benefit plan sponsored by another entity of Deutsche Bank Group, such as retirement benefit plans as well as post-employment medical plans. Generally the risk affiliated to the plan is within the sponsoring entity while the employing entities are just obliged to pay for costs incurred for the respective employees within the sponsoring entity.

In Germany, DWS Group is a member of the BVV together with other financial institutions. The BVV offers retirement benefits to eligible employees in Germany as a complement to post-employment benefit promises of the Group. Both employers and employees contribute on a regular basis to the BVV. The BVV provides annuities of a fixed amount to individuals on retirement and increases these fixed amounts if surplus assets arise within the plan. According to legislation in Germany, the employer is ultimately liable for providing the benefits to its employees. An increase in benefits may also arise due to additional obligations to retirees for the effects of inflation. BVV is a multi-employer defined benefit plan. However, in line with industry practice, the Group accounts for it as a defined contribution plan since insufficient information is available to identify assets and liabilities relating to the Group's current and former employees, primarily because the BVV does not fully allocate plan assets to beneficiaries nor to member companies. According to the BVV's most recent disclosures, there is no current deficit in the plan that may affect the amount of future Group contributions. Furthermore, any plan surplus emerging in the future will be distributed to the plan members, hence it cannot reduce future Group contributions. In June 2016, the BVV's Annual General Meeting approved a reduction in benefits from future contributions for certain groups of employees. Similar to other participating companies, the Group committed to make up for reduced benefit levels by increasing contributions to the BVV from January 1, 2017. A corresponding labor agreement has been signed with the German works council.

Governance and Risk

Deutsche Bank Group maintains a Pensions Risk Committee to oversee its pension and related risks on a global basis. This Committee meets quarterly, reports directly to the Senior Executive Compensation Committee and is supported by the Pensions Operating Committee. These committees oversee the pensions and related risks for DWS Group as well.

Within this context, DB Group develops and maintains guidelines for governance and risk management, including funding, asset allocation and actuarial assumption setting. In this regard, risk management means the management and control of risks for DB Group related to market developments (e.g., interest rate, credit spread, price inflation), asset investment, regulatory or legislative requirements, as well as monitoring demographic changes (e.g., longevity). Especially during and after acquisitions or changes in the external environment (e.g., legislation, taxation), topics such as the general plan design or potential plan amendments are considered. Any plan changes follow a process requiring approval by DB Group Human Resources. To the extent that pension plans are funded, the assets held mitigate some of the liability risks, but introduce investment risk.

In key pension countries, DB Group's largest post-employment benefit plan risk exposures relate to potential changes in credit spreads, interest rates, price inflation and longevity, although these have been partially mitigated through the investment strategy adopted.

Overall, DB Group seeks to minimize the impact of pensions on DB Group's financial position from market movements, subject to balancing the trade-offs involved in financing post-employment benefits, regulatory capital and constraints from local funding or accounting requirements. DB Group measures its pension risk exposures on a regular basis using specific metrics developed by DB Group for this purpose.

Funding

DB Group including DWS Group maintains various external pension trusts to fund the majority of its defined benefit plan obligations. DB Group's funding policy is to maintain coverage of the defined benefit obligation by plan assets within a range of 90 % to 100 % of the obligation, subject to meeting any local statutory requirements. DB Group has also determined that certain plans should remain unfunded, although their funding approach is subject to periodic review, e.g. when local regulations or practices change. Obligations for DB Group's unfunded plans are accrued on the balance sheet.

For most of the externally funded defined benefit plans there are local minimum funding requirements. DB Group can decide on any additional plan contributions, with reference to DB Group's funding policy. In most countries DB Group expects to receive an economic benefit from any plan surpluses of plan assets compared to defined benefit obligations, typically by way of reduced future contributions. Given the broadly fully funded position and the investment strategy adopted in DB Group's key funded defined benefit plans, any minimum funding requirements that may apply are not expected to place DB Group under any material adverse cash strain in the short term. With reference to DB Group's funding policy, DB Group considers not re-claiming benefits paid from DB Group's assets as an equivalent to making cash contributions into the external pension trusts during the year. DWS Group applied DB Group's funding policy.

Actuarial Methodology and Assumptions

December 31 is the measurement date for all plans. All plans are valued by independent qualified actuaries using the projected unit credit method. A Group policy provides guidance to local actuaries to ensure consistency globally on setting actuarial assumptions which are finally determined by DB Group's Pensions Operating Committee.

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The key actuarial assumptions applied in determining the defined benefit obligations at December 31 are presented below in the form of weighted averages

	Dec 31, 2017			Dec 31, 2016			Dec 31, 2015		
	Germany	EM EA (excl. Germany & UK)	APAC	Germany	EM EA (excl. Germany & UK)	APAC	Germany	EM EA (excl. Germany & UK)	APAC
Discount rate (in %)	1.7	1.3	1.4	1.7	1.7	2.6	1.7	2.6	3.3
Rate of price inflation (in %)	1.8	1.6	1.6	1.7	1.7	1.6	1.7	3.6	5.1
Rate of nominal increase in future compensation levels (in %)	2.3	2.1	3.8	2.2	2.2	5.8	2.1	4.6	5.8
Rate of nominal increase for pensions in payment (in %)	1.7	1.7	0	1.5	1.6	0	1.6	3.5	0
Assumed life expectancy at age 65									
For a male aged 65 at measurement date	19.3	20.1	0	19.1	19.1	0	19.1	23.4	0
For a female aged 65 at measurement date	23.3	23.5	0	23.2	23.2	0	23.2	25.5	0
For a male aged 45 at measurement date	21.9	22.5	0	21.8	21.8	0	21.8	25.1	0
For a female aged 45 at measurement date	25.8	25.7	0	25.7	25.7	0	25.7	27.4	0
Mortality tables applied									
	Richttafeln Heubeck 2005G	Richttafeln Heubeck 2005G	Country specific tables	Richttafeln Heubeck 2005G	Richttafeln Heubeck 2005G	Country specific tables	Richttafeln Heubeck 2005G	Richttafeln Heubeck 2005G	Country specific tables

For DB Group's most significant plans in the key countries, the discount rate used at each measurement date is set based on a high quality corporate bond yield curve – derived based on bond universe information sourced from reputable third-party index and data providers and rating agencies – reflecting the timing, amount and currency of the future expected benefit payments for the respective plan. For longer durations where limited bond information is available, reasonable yield curve extrapolation methods are applied using respective actual swap rates and credit spread assumptions. Consistent discount rates are used across all plans in each currency zone, based on the assumption applicable for DB Group's largest plan(s) in that zone. For plans in the other countries, the discount rate is based on high quality corporate or government bond yields applicable in the respective currency, as appropriate at each measurement date with a duration broadly consistent with the respective plan's obligations. Same is applicable for DWS Group.

In 2017 DB Group including DWS group moved to a more standardized, simpler approach to set its discount rate used to value its defined benefit plans in the Eurozone; similar approaches are generally accepted and are already used for DB Group's other major pension plans in the United Kingdom and the United States. The refinement resulted in no change in the discount rate and so no effect on DWS Group's Combined Statement of Comprehensive Income in 2017.

The price inflation assumptions in the eurozone are set with reference to market measures of inflation based on inflation swap rates in those markets at each measurement date. For other countries, the price inflation assumptions are typically based on long term forecasts by Consensus Economics Inc.

The assumptions for the increases in future compensation levels and for increases to pensions in payment are developed separately for each plan, where relevant. Each is set based on the price inflation assumption and reflecting DB Group's reward structure or policies in each market, as well as relevant local statutory and plan-specific requirements.

Among other assumptions, mortality assumptions can be significant in measuring DWS Group's obligations under its defined benefit plans. These assumptions have been set in accordance with current best practice in the respective countries. Future potential improvements in longevity have been considered and included where appropriate.

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Reconciliation in Movement of Liabilities and Assets – Impact on Financial Statements

						2017
in €m.	Germany	UK	EM EA (excl. Germany & UK)	Americas	APAC	Total
Change in the present value of the defined benefit obligation:						
Balance, beginning of year	355	0	8	0	5	369
Defined benefit cost recognized in Profit & Loss						
Current service cost	9	0	1	0	1	11
Interest cost	6	0	0	0	0	6
Defined benefit cost recognized in Other Comprehensive Income						
Actuarial gain or loss arising from changes in financial assumptions	1	0	0	0	(0)	1
Actuarial gain or loss arising from changes in demographic assumptions	0	0	(0)	0	(0)	(0)
Actuarial gain or loss arising from experience	(7)	0	1	0	(0)	(6)
Cash flow and other changes						
Contributions by plan participants	1	0	0	0	0	1
Benefits paid	(6)	0	0	0	(1)	(7)
Payments in respect to settlements	0	0	(1)	0	0	(1)
Exchange rate changes	0	0	0	0	(0)	(0)
Other ¹	12	0	12	0	(0)	23
Balance, end of year	371	0	21	0	4	397
thereof:						
Unfunded	0	0	0	0	3	3
Funded	371	0	21	0	1	393
Change in fair value of plan assets:						
Balance, beginning of year	295	0	7	0	1	303
Defined benefit cost recognized in Profit & Loss						
Interest income	5	0	0	0	0	5
Defined benefit cost recognized in Other Comprehensive Income						
Return from plan assets less interest income	(3)	0	5	0	(0)	2
Cash flow and other changes						
Contributions by the employer	8	0	1	0	0	9
Benefits Paid	(6)	0	0	0	(0)	(6)
Payments in respect to settlements	0	0	(1)	0	0	(1)
Other	13	0	8	0	(0)	20
Balance, end of year	312	0	20	0	1	333
Funded status, end of year	(59)	0	(1)	0	(3)	(63)
Change in irrecoverable surplus (asset ceiling)						
Balance, beginning of year	0	0	0	0	0	0
Changes in irrecoverable surplus	0	0	(2)	0	0	(2)
Balance, end of year	0	0	(2)	0	0	(2)
Net asset (liability) recognized	(59)	0	(2)	0	(3)	(65)

¹ Transfers between subsidiaries

² Thereof €11 million recognised in Other assets and €76 million in Other liabilities

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	2016					
in €m.	Germany	UK	EM EA (excl. Germany & UK)	Americas	APAC	Total
Change in the present value of the defined benefit obligation:						
Balance, beginning of year	288	0	7	0	5	301
Defined benefit cost recognized in Profit & Loss						
Current service cost	10	0	0	0	0	10
Interest cost	7	0	0	0	0	7
Defined benefit cost recognized in Other Comprehensive Income						
Actuarial gain or loss arising from changes in financial assumptions	32	0	1	0	0	33
Actuarial gain or loss arising from experience	2	0	(0)	0	0	2
Cash flow and other changes						
Contributions by plan participants						
Benefits paid	(6)	0	(0)	0	0	(6)
Acquisitions/Divestitures	8	0	0	0	0	8
Other	13	0	(0)	0	(1)	10
Balance, end of year	354	0	8	0	5	368
thereof:						
Unfunded	0	0	0	0	5	5
Funded	354	0	8	0	1	364
Change in fair value of plan assets:						
Balance, beginning of year	257	0	7	0	1	264
Defined benefit cost recognized in Profit & Loss						
Interest income	6	0	0	0	0	7
Defined benefit cost recognized in Other Comprehensive Income						
Return from plan assets less interest income	12	0	1	0	(0)	12
Cash flow and other changes						
Contributions by the employer	6	0	0	0	0	6
Benefits Paid 1	(6)	0	(0)	0	0	(6)
Acquisitions/Divestitures	7	0	0	0	0	7
Exchange rate changes	0	0	0	0	(0)	(0)
Other	13	0	(0)	0	0	13
Balance, end of year	294	0	7	0	1	302
Funded status, end of year	(60)	0	(1)	0	(5)	(66)
Change in irrecoverable surplus (asset ceiling)						
Balance, beginning of year	0	0	0	0	0	0
Exchange rate changes	0	0	0	0	(0)	(0)
Balance, end of year	0	0	0	0	0	0
Net asset (liability) recognized	(60)	0	(1)	0	(5)	(66)

1 For funded plans only

2 Thereof €10 million recognised in Other assets and €76 million in Other liabilities

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						2015
in €m.	Germany	UK	EM EA (excl. Germany & UK)	Americas	APAC	Total
Change in the present value of the defined benefit obligation:						
Balance, beginning of year	294	0	7	0	5	305
Defined benefit cost recognized in Profit & Loss						
Current service cost	10	0	0	0	0	11
Interest cost	6	0	0	0	0	6
Past service cost and gain or loss arising from settlements	(0)	0	(0)	0	0	(0)
Defined benefit cost recognized in Other Comprehensive Income						
Actuarial gain or loss arising from changes in financial assumptions	(16)	0	(1)	0	(0)	(16)
Cash flow and other changes						
Contributions by plan participants						
Benefits paid	(6)	0	(0)	0	(0)	(6)
Acquisitions/Divestitures	1	0	0	0	0	1
Other	(0)	0	1	0	0	1
Balance, end of year	288	0	7	0	5	301
thereof:						
Unfunded	0	0	0	0	4	4
Funded	288	0	7	0	1	296
Change in fair value of plan assets:						
Balance, beginning of year	264	0	6	0	1	271
Defined benefit cost recognized in Profit & Loss						
Interest income	5	0	0	0	0	5
Defined benefit cost recognized in Other Comprehensive Income						
Return from plan assets less interest income	(12)	0	(0)	0	(0)	(12)
Cash flow and other changes						
Contributions by the employer	6	0	0	0	0	7
Benefits paid	(6)	0	(0)	0	(0)	(6)
Acquisitions/Divestitures	1	0	0	0	0	1
Exchange rate changes	0	0	0	0	(0)	(0)
Other	(0)	0	1	0	0	1
Balance, end of year	258	0	7	0	1	265
Funded status, end of year	(32)	0	(1)	0	(4)	(38)
Change in irrecoverable surplus (asset ceiling)						
Balance, beginning of year	0	0	0	0	0	0
Exchange rate changes	0	0	0	0	(0)	(0)
Balance, end of year	0	0	0	0	0	0

Investment Strategy

DB Group's investment objective is to protect DB Group from adverse impacts of changes in the funding position of its defined benefit pension plans on key financial metrics, with a primary focus on immunizing the plans' IFRS funded status, while taking into account the plans' impact on other metrics, such as regulatory capital and local profit & loss accounts. Investment managers manage pension assets in line with investment mandates or guidelines as agreed with the pension plans' trustees and investment committees.

To achieve the primary objective of immunizing the IFRS funded status of key defined benefit plans, DB Group applies a liability driven investment (LDI) approach. Risks from mismatches between fluctuations in the present value of the defined benefit obligations and plan assets due to capital market movements are minimized, subject to balancing relevant trade-offs. This is achieved by allocating plan assets closely to the market risk factor exposures of the pension liability to interest rates, credit spreads and inflation. Thereby, plan assets broadly reflect the underlying risk profile and currency of the pension obligations. For pension plans where a full LDI approach may impact adversely other key financial metrics important to DB Group's overall financial position, DB Group may deviate from this primary investment strategy. In 2015, DB Group decided to adjust temporarily the investment strategy for the German main pension plan assets by reducing the interest rate and credit spread hedges. DB Group closely monitors this divergence from the primary investment strategy and has put in place governance mechanisms to ensure a regular review of the deviation from the LDI approach.

Where the desired hedging level for these risks cannot be achieved with physical instruments (i.e. corporate and government bonds), derivatives are employed. Derivative overlays mainly include interest rate, inflation swaps and credit default swaps. Other

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instruments are also used, such as interest rate futures and options. In practice, a completely hedged approach is impractical, for instance because of insufficient market depth for ultra-long-term corporate bonds, as well as liquidity and cost considerations. Therefore, plan assets contain further asset categories to create long-term return enhancement and diversification benefits such as equity, real estate, high yield bonds or emerging markets bonds.

Plan asset allocation to key asset classes

The following table shows the asset allocation of DWS Group's funded defined benefit plans to key asset classes, i.e. exposures include physical securities in discretely managed portfolios and underlying asset allocations of any commingled funds used to invest plan assets.

Asset amounts in the following table include both "quoted" (i.e. Level 1 assets in accordance with IFRS 13 – amounts invested in markets where the fair value can be determined directly from prices which are quoted in active, liquid markets) and "other" (i.e. Level 2 and 3 assets in accordance with IFRS 13) assets.

in €m.	Dec 31, 2017				Dec 31, 2016				Dec 31, 2015			
	Germany	EM EA (excl. Germany & UK)	APAC	Total	Germany	EM EA (excl. Germany & UK)	APAC	Total	Germany	EM EA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	43	2	1	46	21	1	0	22	21	1	0	22
Equity instruments	42	2	0	44	31	1	0	32	28	1	0	29
Investment-grade bonds												
Government	59	4	0	63	75	2	0	77	91	2	0	93
Non-government bonds	6	0	0	7	136	3	1	140	106	3	1	110
Non-investment-grade bonds												
Government	131	3	0	134	3	0	0	3	2	0	0	2
Non-government bonds	0	0	0	0	7	0	0	7	5	0	0	5
Structured products	0	0	0	0	6	0	0	6	5	0	0	5
Alternatives												
Real estate	8	2	0	10	6	0	0	6	5	0	0	5
Commodities	1	0	0	1	0	0	0	0	0	0	0	0
Private equity	0	0	0	0	1	0	0	1	1	0	0	1
Other	55	8	0	62	16	0	0	16	7	0	0	7
Derivatives (Market Value)												
Interest rate	(29)	(1)	0	(29)	(7)	0	0	(7)	(11)	0	0	(11)
Credit	(6)	(0)	0	(6)	1	0	0	1	0	0	0	0
Inflation	0	0	0	0	(3)	0	0	(3)	(4)	0	0	(4)
Foreign exchange	0	0	0	1	(1)	0	0	(1)	1	0	0	1
Other	0	0	0	0	0	0	0	0	(1)	0	0	(1)
Total fair value of plan assets	312	20	1	333	294	7	1	302	256	7	1	265

The following table sets out DWS Group's funded defined benefit plan assets only invested in "quoted" assets, i.e. Level 1 assets in accordance with IFRS 13.

in €m.	31-Dec-17				Dec 31, 2016				31-Dec-15			
	Germany	EM EA (excl. Germany & UK)	APAC	Total	Germany	EM EA (excl. Germany & UK)	APAC	Total	Germany	EM EA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	43	2	0	45	7	0	0	7	10	0	0	10
Equity instruments	42	2	0	43	11	0	0	11	13	1	0	14
Investment-grade bonds												
Government	27	2	0	29	26	1	0	27	42	1	0	43
Non-government bonds	0	0	0	0	47	1	0	48	49	1	0	50
Non-investment-grade bonds												
Government	0	0	0	0	1	0	0	1	1	0	0	1
Non-government bonds	0	0	0	0	2	0	0	2	3	0	0	3
Structured products	0	0	0	0	2	0	0	2	2	0	0	2
Alternatives												
Real estate	0	0	0	0	2	0	0	2	3	0	0	3
Other	0	0	0	0	6	0	0	6	3	0	0	3
Derivatives (Market Value)												
Interest rate	0	0	0	0	(2)	0	0	(2)	(5)	0	0	(5)
Inflation	0	0	0	0	(1)	0	0	(1)	(2)	0	0	(2)
Total fair value of quoted plan assets	112	5	0	117	101	2	0	103	119	3	0	122

All the remaining assets are invested in "other" assets, the majority of which are invested in Level 2 assets in accordance with IFRS 13, being primarily investment-grade corporate bonds. A relatively small element overall is in Level 3 assets in accordance with IFRS 13, being primarily real estate, insurance policies and derivative contracts.

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The following tables show the asset allocation of the “quoted” and other defined benefit plan assets by key geography in which they are invested.

Dec 31, 2017							
in €m.	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	1	0	1	42	1	1	46
Equity instruments	12	2	14	5	10	2	43
Government bonds (investment-grade and above)	22	0	1	18	6	16	63
Government bonds (non-investment-grade)	0	0	0	0	1	6	7
Non-government bonds (investment-grade and above)	8	11	50	55	9	2	135
Subtotal	43	13	66	121	26	26	295
Share (in %)	15	4	22	41	9	9	100
Other asset categories	0	0	0	0	0	0	39
Fair value of plan assets	43	13	66	121	26	26	333

Dec 31, 2016							
in €m.	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	(1)	2	2	17	0	1	21
Equity instruments	5	2	14	5	5	2	32
Government bonds (investment-grade and above)	12	30	7	16	3	9	77
Government bonds (non-investment-grade)	0	0	0	0	0	3	3
Non-government bonds (investment-grade and above)	8	30	40	48	12	2	140
Non-government bonds (non-investment-grade)	0	1	3	2	0	0	7
Structured products	1	3	1	0	0	1	6
Subtotal	24	68	68	88	22	17	287
Share (in %)	8	24	24	31	8	6	100
Other asset categories	0	0	0	0	0	0	15
Fair value of plan assets	24	68	68	88	22	17	302

Dec 31, 2015							
in €m.	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	0	2	1	17	0	0	22
Equity instruments	4	2	13	3	5	2	29
Government bonds (investment-grade and above)	27	28	8	21	3	7	93
Government bonds (non-investment-grade)	0	0	0	0	0	2	2
Non-government bonds (investment-grade and above)	6	27	32	30	13	1	109
Non-government bonds (non-investment-grade)	0	1	2	2	0	0	6
Structured products	0	3	1	1	0	0	5
Subtotal	38	63	56	74	22	12	266
Share (in %)	14	24	21	28	8	5	100
Other asset categories	0	0	0	0	0	0	(1)
Fair value of plan assets	38	63	56	74	22	12	265

Plan assets at December 31, 2017 include derivative transactions with DB Group entities with a negative market value of around € 27 million. There is neither a material amount of securities issued by DWS Group nor other claims DWS Group assets included in the fair value of plan assets. The plan assets do not include any real estate which is used by DWS Group.

In addition, DWS Group estimates and allows for uncertain income tax positions which may have an impact on DWS Group’s plan assets. Significant judgment is required in making these estimates and DWS Group’s final liabilities may ultimately be materially different.

Key Risk Sensitivities

DWS Group’s defined benefit obligations are sensitive to changes in capital market conditions and actuarial assumptions. Sensitivities to capital market movements and key assumption changes are presented in the following table. Each market risk factor or assumption is changed in isolation. Sensitivities of the defined benefit obligations are approximated using geometric extrapolation

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methods based on plan durations for the respective assumption. Duration is a risk measure that indicates the broad sensitivity of the obligations to a change in an underlying assumption and provides a reasonable approximation for small to moderate changes in those assumptions.

For example, the discount rate duration is derived from the change in the defined benefit obligation to a change in the discount rate based on information provided by the local actuaries of the respective plans. The resulting duration is used to estimate the remeasurement liability loss or gain from changes in the discount rate. For other assumptions, a similar approach is used to derive the respective sensitivity results.

For defined benefit pension plans, changes in capital market conditions will impact the plan obligations via actuarial assumptions – mainly discount rate and price inflation rate – as well as the plan assets. Where DWS Group applies a LDI approach, the overall exposure to changes is reduced. Consequently, to aid understanding of DWS Group's risk exposures related to key capital market movements, the net impact of the change in the defined benefit obligations and plan assets due to a change of the related market risk factor or underlying actuarial assumption is shown; for sensitivities to changes in actuarial assumptions that do not impact the plan assets, only the impact on the defined benefit obligations is shown.

Asset-related sensitivities are derived for DB Group's major plans which are applicable to DWS Group by using risk sensitivity factors determined by DB Group's Market Risk Management function. These sensitivities are calculated based on information provided by the plans' investment managers and extrapolated linearly to reflect the approximate change of the plan assets' market value in case of a change in the underlying risk factor.

The sensitivities illustrate plausible variations over time in capital market movements and key actuarial assumptions. DWS Group is not in a position to provide a view on the likelihood of these capital market or assumption changes. While these sensitivities illustrate the overall impact on the funded status of the changes shown, the significance of the impact and the range of reasonable possible alternative assumptions may differ between the different plans that comprise the aggregated results. Even though plan assets and plan obligations are sensitive to similar risk factors, actual changes in plan assets and obligations may not fully offset each other due to imperfect correlations between market risk factors and actuarial assumptions. Caution should be used when extrapolating these sensitivities due to non-linear effects that changes in capital market conditions and key actuarial assumptions may have on the overall funded status. Any management actions that may be taken to mitigate the inherent risks in the post-employment defined benefit plans are not reflected in these sensitivities.

Sensitivity analyses have been refined for discount rates and credits spreads to 50 basis points to reflect the low level of several key financial assumptions. For consistency, sensitivities shown for December 31, 2015 have been adjusted accordingly.

in €m.	Dec 31, 2017		Dec 31, 2016		Dec 31, 2015	
	Germany	APAC	Germany	APAC	Germany	APAC
Discount rate (-50 bp):						
(Increase) in DBO	(26)	(1)	(26)	(1)	(22)	(1)
Discount rate (+50 bp):						
Decrease in DBO	24	1	24	1	20	1
Rate of price inflation (-50 bp): ¹						
Decrease in DBO	5	0	5	0	4	0
Rate of price inflation (+50 bp): ¹						
(Increase) in DBO	(5)	0	(5)	0	(4)	0
Rate of real increase in future compensation levels (-50 bp):						
Decrease in DBO, net impact on funded status	1	0	2	0	1	0
Rate of real increase in future compensation levels (+50 bp):						
(Increase) in DBO, net impact on funded status	(1)	0	(2)	0	(1)	0
Longevity improvements by 10 %: ²						
(Increase) in DBO, net impact on funded status	(5)	0	(5)	0	(4)	0

¹ Incorporates sensitivity to changes in nominal increase for pensions in payment to the extent linked to the price inflation assumption

² Estimated to be equivalent to an increase of around 1 year in overall life expectancy

Expected cash flows

The following table shows expected cash flows for post-employment benefits in 2018, including contributions to DWS Group's external pension trusts in respect of funded plans, direct payment to beneficiaries in respect of unfunded plans, as well as contributions to defined contribution plans.

	2018
in €m.	Total
Expected contributions to	
Group internal defined benefit plan assets	9
Defined benefit plan assets sponsored by another company of Deutsche Bank Group	0
BVV	3
Other defined contribution plans	11
Expected benefit payments for unfunded defined benefit plans	1
Expected total cash flow related to post-employment benefits	24

Expense of employee benefits

The following table presents a breakdown of specific expenses according to the requirements of IAS 19 and IFRS 2 respectively.

in €m.	2017	2016	2015
Expenses for defined benefit plans:			
Service cost	10	18	12
Net interest cost (income)	1	1	1
Total expenses defined benefit plans	11	19	13
Expenses for defined contribution plans:			
BVV	3	2	2
Other defined contribution plans	11	10	10
Total expenses for defined contribution plans	14	12	12
Total expenses for post-employment benefit plans	25	31	25
Employer contributions to mandatory German social security pension plan	11	10	10
Expenses for share-based payments:			
Expenses for share-based payments, equity settled	14	14	9
Expenses for share-based payments, cash settled	0	0	1
Expenses for cash retention plans	12	9	10
Expenses for severance payments	4	5	2

16 – Income Taxes

in € m.	2017	2016	2015
Current tax expense (benefit):			
Tax expense (benefit) for current year	259	197	205
Adjustments for prior years	0	1	0
Total current tax expense (benefit)	259	198	205
Deferred tax expense (benefit):			
Origination and reversal of temporary difference, unused tax losses and tax credits	(36)	7	(15)
Effect of changes in tax law and/or tax rate	(69)	(8)	1
Adjustments for prior years	(5)	(2)	(16)
Total deferred tax expense (benefit)	(110)	(3)	(30)
Total income tax expense (benefit)	149	195	175

Total current tax expense includes benefits from previously unrecognized tax losses, tax credits and deductible temporary differences, which reduced the current tax expense by € 1 million in 2017. In 2016 and 2015 these effects reduced the current tax expense by € 1 million and by € 2 million respectively.

Total deferred tax benefit includes benefits from previously unrecognized tax losses (tax credits/deductible temporary differences) and the reversal of previous write-downs of deferred tax assets and expenses arising from write-downs of deferred tax assets, which reduced the deferred tax benefit by € 4 million in 2017. In 2016 these effects reduced the deferred tax benefit by € 14 million and increased the deferred tax benefit by € 9 million in 2015.

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On December 22, 2017, the US President signed into law the new tax law, known as the "Tax Cuts and Jobs Act" (TCJA). Effect of changes in tax law and/or tax rate" mainly reflects the beneficial impact of the reduction in the federal tax rate from 35% to 21% and amounts to € 66 million.

Difference between applying German statutory (domestic) income tax rate and actual income tax expense/(benefit)

in € m.	2017	2016	2015
Expected tax expense (benefit) at domestic income tax rate of 31 %	243	200	198
Foreign rate differential	(23)	9	5
Tax-exempt gains on securities and other income	(4)	(25)	(8)
Loss (income) on equity method investments	(5)	(5)	(5)
Nondeductible expenses	12	8	4
Changes in recognition and measurement of deferred tax assets ¹	3	12	(12)
Effect of changes in tax law and/or tax rate	(69)	(7)	1
Other ¹	(8)	3	(8)
Actual income tax expense (benefit)	149	195	175

¹ Current and deferred tax expense/(benefit) relating to prior years are mainly reflected in the line items "Changes in recognition and measurement of deferred tax assets" and "Other".

The domestic income tax rate, including corporate tax, solidarity surcharge, and trade tax, used for calculating deferred tax assets and liabilities was 31 % for 2017, 2016 and 2015.

Income taxes charged or credited to equity (other comprehensive income/additional paid in capital)

in € m.	2017	2016	2015
Actuarial gains/losses related to defined benefit plans	(1)	(9)	1
Financial assets available for sale:			
Unrealized net gains/losses arising during the period	7	2	4
Net gains/losses reclassified to profit or loss	0	0	1
Income taxes (charged) credited to other comprehensive income	6	(7)	6
Other income taxes (charged) credited to equity	0	1	1

Major components of the Group's gross deferred tax assets and liabilities

in € m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Deferred tax assets:			
Unused tax losses	20	34	42
Deductible temporary differences:			
Trading activities	42	52	68
Property and equipment	0	0	4
Other assets	5	7	7
Securities valuation	14	8	11
Allowance for loan losses	0	0	2
Other provisions	39	41	48
Other liabilities	53	51	43
Total deferred tax assets pre offsetting	173	193	225
Deferred tax liabilities:			
Taxable temporary differences:			
Trading activities	4	6	13
Other assets	191	332	328
Securities valuation	7	2	11
Other provisions	90	127	126
Other liabilities	14	19	4
Total deferred tax liabilities pre offsetting	306	486	482

Deferred tax assets and liabilities, after offsetting

in € m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Presented as deferred tax assets	131	124	145
Presented as deferred tax liabilities	264	416	402
Net deferred tax liabilities	133	292	257

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense/(benefit). This is due to (1) deferred taxes that are booked directly to equity, (2) the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro, (3) the acquisition and disposal of entities as part of ordinary activities and (4) the reclassification of deferred tax assets and liabilities which are presented on the face of the balance sheet as components of other assets and liabilities.

Items for which no deferred tax assets were recognized

in € m.	Dec 31, 2017 ¹	Dec 31, 2016 ¹	Dec 31, 2015 ¹
Not expiring	(155)	(130)	(167)
Expiring in subsequent period	0	0	0
Expiring after subsequent period	(5)	(14)	(10)
Unused tax losses	(160)	(144)	(177)

¹ Amounts in the table refer to unused tax losses for federal income tax purposes.

Deferred tax assets were not recognized on these items because it is not probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

As of December 31, 2017 the Group recognized deferred tax assets of € 1 million (2016: € 1 million; 2015: € 2 million) respectively, that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period. This is based on management's assessment that it is probable that the respective entities will have taxable profits against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Generally, in determining the amounts of deferred tax assets to be recognized, management uses historical profitability information and, if relevant, forecasted operating results, based upon approved business plans, including a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

17 – Related Party Transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members,
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post-employment benefit plans for the benefit of DWS Group employees.

Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Deutsche Bank, directly or indirectly. The 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.

Compensation of Key Management Personnel

in €m.	2017	2016
Short-term employee benefits	1	1
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payment	1	0
Total key management compensation	3	1

Among the Group's transactions with key management personnel as of December 31, 2017 were loans and commitments of € 0 million and deposits of € 3 million. As of December 31, 2016, the Group's transactions with key management personnel were loans and commitments of € 0 million and deposits of € 2 million.

DB Group has taken over compensation expense for Board members for 2017 and 2016 respectively.

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.

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DWS Group has no transactions in 2017, 2016 and 2015 respectively with joint ventures and associates.

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

in €m.	2017			
	Sales ¹	Purchases	Receivables	Liabilities
DB A G	(60)	(80)	1,381	101
Other DB companies	(183)	(208)	1,898	966

in €m.	2016			
	Sales ¹	Purchases	Receivables	Liabilities
DB A G	(127)	(54)	1,244	59
Other DB companies	(157)	(137)	2,272	1,418

in €m.	2015			
	Sales ¹	Purchases	Receivables	Liabilities
DB A G	(130)	(140)	1,146	42
Other DB companies	(190)	(206)	2,104	1,493

¹ include expenses following the netting method to be distributed to related parties (please refer to: "Net commissions and fees from asset management")

Transactions with Pension Plans

Under IFRS, certain post-employment benefit plans are considered related parties. The Group has business relationships with a number of its pension plans pursuant to which it provides financial services to these plans, including investment management services. The Group's pension funds may hold or trade Deutsche Bank shares or securities.

in €m.	2017	2016	2015
Other assets	0	0	0
Fees paid from plan assets to asset managers of the Group	1	1	1
Market value of derivatives with a counterparty of the Group	(27)	(23)	(26)
Notional amount of derivatives with a counterparty of the Group	333	237	294

18 – Information on Subsidiaries

Composition of the Group

Please refer to Note 1 Principles of Combined Financial Statements

Significant restrictions to access or use the Group's assets

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group.

The following restrictions impact the Group's ability to use assets:

- The assets of consolidated structured entities are held for the benefit of the parties that have bought the notes issued by these entities, the consolidated structured entities mainly consist of guaranteed funds.
- Regulatory and central bank requirements or local corporate laws may restrict the Group's ability to transfer assets to or from other entities within the Group in certain jurisdictions.

Restricted assets

in €m.	Dec 31, 2017		Dec 31, 2016		Dec 31, 2015	
	Total assets	Restricted assets	Total assets	Restricted assets	Total assets	Restricted assets
Interest-earning deposits with banks	3,004	142	3,638	718	4,204	1,470
Financial assets at fair value through profit or loss	1,907	1,882	4,558	4,547	5,594	5,534
Financial assets available for sale	362	22	316	17	307	27
Loans	307	0	446	0	294	0
Other	5,647	46	6,406	354	6,328	378
Total	11,226	2,093	15,363	5,636	16,729	7,408

19 – Structured Entities

Nature, purpose and extent of the Group's interests in structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and liquidity. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group, as discussed in Note 1 "Significant Accounting Policies and Critical Accounting Estimates". The most significant judgment in determining if the group has control of a structured entity is the determination that the Group exercise its power as agent rather than a principal in respect of fund it manages. The fund manager typically has the power over the funds through investment management and other agreements. However, the Group determines as to whether the fund manager is acting primarily as a principal or as an agent. In assessing whether the Group is an agent or a principal, it considers a number of factors, including the scope of its decision-making activities, rights held by investor and others, remuneration it is entitled to and its exposure to variable returns. The Group does not consolidate funds when it deemed to be an agent or when another third party investor has the ability to direct the activities of the fund.

Consolidated structured entities

The Group has contractual arrangements to the following consolidated structured entities.

Guaranteed Funds

The Group provide guarantees to funds consolidated by the Group under IFRS 10 due to the fact it has power (being the asset manager) and it is exposed to variable returns (especially via the guarantee). As of December 31, 2017 the notional value of the guarantee provided by the group to such funds was € 1.2 billion (2016: € 4.4 billion and 2015: € 6.4 billion).

Unconsolidated structured entities

These are structured entities which are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

Interests in unconsolidated structured entities

The Group's interests in unconsolidated structured entities refer to contractual involvement that exposes the Group to variability of returns from the performance of the structured entities. Examples of interests in unconsolidated structured entities include debt or equity investments (seed capital and co-investments), receivables from asset management fees (shown in other assets) guarantees and certain derivative instruments in which the Group is absorbing variability of returns from the structured entities.

Below is a description of the Group's interest in unconsolidated structured entities by type.

Securitization

The Group set up a structured note vehicle with the primary objective to realize investment returns by investing in US debt of economic infrastructure companies. The note was fully repaid in Oct 2017. In 2017 the Group only invested in a debt securitization classified as assets available for sale.

Mandates and Funds

The Group receives the mandate to establish structured entities to accommodate client requirements to hold investments in specific assets. In addition, a group entity may act as fund manager or some other capacity and provide seed capital or act as co-investor to group sponsored funds. This category mainly includes open-ended funds and closed-end funds.

The Group does not hold any investment in associates or joint venture which meet the definition of a structured entity.

Income derived from involvement with structured entities

The Group earns management fees and, occasionally, performance-based fees for its investment management service in relation to funds and mandates. Any trading revenue as a result of derivatives with structured entities is recognized in 'Net gains/losses on financial assets/liabilities held at fair value through profit and loss'. The majority of the net commission and fees from asset management and the entire Net gains (losses) from assets available for sale and net gains (losses) on financial assets/liabilities at fair value through profit or loss relates to structured entities.

Maximum Exposure to unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for financial assets designated at fair value through profit and loss, financial assets available for sale, loans and other assets is reflected by their carrying value in the combined balance sheet. The maximum exposure for derivatives under IFRS 12, as interpreted by the Group, is reflected by the notional amounts of € 7.8 billion as of December 31, 2017 (December 31, 2016 € 7.6 billion and December 31, 2015 € 12.1 billion). Such amounts or their development do not reflect the economic risks faced by the Group because they do not take into account the effects of collateral or economic hedges nor the probability of such losses being incurred. Off balance sheet commitments (unfunded commitments to funds) are reflected with their outstanding committed amount at reporting date. The total maximum exposure is calculated by adding total assets, total off-balance sheet exposure and notional amounts of derivatives.

The following table shows, by type of structured entity (mandates and funds are combined in the combined financials, separate view is not available), the carrying amounts of the Group's interests recognized in the combined financial statement and the maximum exposure.

Carrying amounts and maximum exposure relating to DWS Group's interests

	Dec 31, 2017		
in €m.	Securiti- zations	Mandates and Funds	Total
Assets			
Cash and central bank balances	0	0	0
Interbank balances (w/o central banks)	0	0	0
Total financial assets at fair value through profit or loss	0	591	591
Trading assets	0	17	17
Financial assets designated at fair value through profit or loss	0	574	574
Financial assets available for sale	16	346	362
Loans	0	0	0
Other assets	0	669	669
Total assets	16	1,606	1,622
Liabilities			
Total financial liabilities at fair value through profit or loss	0	81	81
Negative market values (derivative financial instruments)	0	81	81
<i>Notional amount of derivatives</i>	<i>0</i>	<i>7,788</i>	<i>7,788</i>
Total liabilities	0	81	81
Off-balance sheet exposure	0	6	6
Maximum Exposure	16	9,439	9,455

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	Dec 31, 2016		
in €m.	Securiti- zations	Mandates and Funds	Total
Assets			
Cash and central bank balances	0	0	0
Interbank balances (w/o central banks)	0	0	0
Total financial assets at fair value through profit or loss	0	620	620
Trading assets	0	28	28
Financial assets designated at fair value through profit or loss	0	592	592
Financial assets available for sale	0	316	316
Loans	257	0	257
Other assets	0	629	629
Total assets	257	1,565	1,822
Liabilities			
Total financial liabilities at fair value through profit or loss	0	73	73
Negative market values (derivative financial instruments)	0	73	73
<i>Notional amount of derivatives</i>	<i>0</i>	<i>7,592</i>	<i>7,592</i>
Total liabilities	0	73	73
Off-balance sheet exposure	0	43	43
Maximum Exposure	257	9,200	9,457

	Dec 31, 2015		
in €m.	Securiti- zations	Mandates and Funds	Total
Assets			
Cash and central bank balances	0	0	0
Interbank balances (w/o central banks)	0	0	0
Total financial assets at fair value through profit or loss	0	665	665
Trading assets	0	0	(0)
Positive market values (derivative financial instruments)	0	0	0
Financial assets designated at fair value through profit or loss	0	665	665
Financial assets available for sale	0	307	307
Loans	181	0	181
Other assets	0	555	555
Total assets	181	1,527	1,707
Liabilities			
Total financial liabilities at fair value through profit or loss	0	15	15
Negative market values (derivative financial instruments)	0	15	15
<i>Notional amount of derivatives</i>	<i>0</i>	<i>12,056</i>	<i>12,056</i>
Total liabilities	0	15	15
Off-balance sheet exposure	0	49	49
Maximum Exposure	181	13,632	13,812

Size of and risk related to structured entities (Mandates and Funds)

The primary source of income is from management fees which is mainly based on AuM, therefore, any change in the AuM will impact the revenue capacity of the Group and will expose the Group to a risk if the AuM declines assuming no change in margin.

The Group manages the total volume of € 700 billion Assets under Management (AuM) as of December 31, 2017. Asset under Management (AuM) is defined as (a) assets we hold on behalf of customer for investment purposes and/or (b) client assets that are

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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 for the calculation of the total AuM in their funds and mandates which might differ from the fair value rules applicable under IFRS. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM do not consider the assets in the holding in Harvest, they do include seed capital and any committed capital on which the Group earn management fees.

Changes in AuM from one period to another are predominantly driven by three major components: net flows, foreign exchange impacts, and performance.

Net flows represent the net impact of cash invested or withdrawn by investors within a specific reporting period. This can be broken down into gross inflows (cash invested) and gross outflows (cash withdrawn).

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. As of December 31, 2017, 57% of total AuM was denominated in Euro, 35% was denominated in U.S. dollars, 2% was denominated in Swiss Francs, GBP and JPY respectively and the remaining 2% was denominated in other currencies. The FX exposure is broadly unchanged over the past periods.

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

The table below breaks down the changes in AuM for the years ended December 31, 2017, 2016 and 2015 by net flows, foreign currency impact, performance, and other.

in €bn.								
Balance as of Dec 31, 2017	Active Equity	Active FI	Active Multi Asset	Active SQI	Active Cash	Passive	Alternatives	Total AuM
Opening AuM	92	263	48	53	63	98	74	689
Net flows	(2)	(3)	11	(2)	1	11	0	16
FX impact	(3)	(17)	(1)	(0)	(3)	(7)	(5)	(36)
Performance	9	5	1	2	(1)	11	3	29
Other	0	(1)	1	0	0	1	(0)	1
Closing AuM	96	247	60	52	59	115	71	700

Balance as of Dec 31, 2016	Active Equity	Active FI	Active Multi Asset	Active SQI	Active Cash	Passive	Alternatives	Total AuM
Opening AuM	90	271	47	54	75	104	74	714
Net flows	(2)	(16)	0	(4)	(9)	(9)	0	(39)
FX impact	1	2	0	0	1	1	1	5
Performance	3	6	1	2	(1)	3	2	15
Other	(0)	0	0	(0)	(2)	0	(3)	(5)
Closing AuM	92	263	48	53	63	98	74	689

Balance as of Dec 31, 2015	Active Equity	Active FI	Active Multi Asset	Active SQI	Active Cash	Passive	Alternatives	Total AuM
Opening AuM	82	270	34	50	70	76	76	658
Net flows	(1)	(16)	13	4	(2)	26	(5)	19
FX impact	3	18	0	0	4	4	5	34
Performance	7	(1)	(0)	(0)	2	(3)	(1)	3
Other	0	0	(0)	0	(0)	(0)	0	0
Closing AuM	90	271	47	54	75	104	74	714

Financial Support

DWS Group did not provide non-contractual support during the year to unconsolidated structured entities.

Sponsored Unconsolidated Structured Entities

The Group consider itself a sponsor of a structured entity when it is exposed to litigation and reputation risks from its involvement with a structured entity in which the Group does not have an interest. During the year, the Group did not sponsor any of the unconsolidated structured entities.

20 – Supplementary Information to the Combined Financial Statements

Staff Costs

in €m.	2017	2016	2015
Staff costs:			
Wages and salaries	(669)	(601)	(748)
Social security costs	(104)	(111)	(112)
thereof: those relating to pensions	(20)	(25)	(21)
Total	(772)	(713)	(860)

Staff

As of December 31, 2017 the effective staff employed was 3,901 (December 31, 2016: 3,860 and December 31, 2015 3,877). Part-time staff is included in these figures proportionately.

The average number of effective staff employed in 2017 was 3,808 (2016: 3,863 and 2015: 3,590). An average of 2,345 (2016: 2,425 and 2015: 2,248) staff members worked outside Germany.

21 – Financial risk management

Overview

This note describes the Asset Management objectives, policies and processes for measuring and managing risk, including the management of capital. The risk management function as of December 31, 2017 was performed by Deutsche Bank Group for the whole Deutsche Bank Group of which Asset Management was a business division. The disclosures included in this note refer to the Deutsche Bank Group risk management framework, governance and processes. Where there is a reference to Asset Management, this refers to the Asset Management business division of the Deutsche Bank Group. As of December 31, 2017 DWS Group formed part of the Asset Management division.

Risk management

The Asset Management division is exposed to the following risks from its use of financial instruments:

- credit risk;
- market risk;
- foreign exchange risk; and
- liquidity risk.

Deutsche Bank Group operates a distinct risk management model. The business lines, including Asset Management, and service providing infrastructure areas are the “owners” of the risks. Oversight responsibility and policy framework are with the independent risk and control infrastructure functions of Deutsche Bank Group. Group Audit provides assurance on the control environment and its effectiveness.

Core risk management responsibilities are with the Management Board of Deutsche Bank Group and delegated to senior risk managers and senior risk management committees responsible for execution and oversight.

The risk strategy is approved by the Management Board on an annual basis and is defined based on the Risk Appetite and the Strategic and Capital Plan in order to align risk, capital and performance targets. Group defines Asset Management’s risk appetite, setting up regulatory capital limits, which are monitored at the Asset Management Risk Council on a monthly basis. Cross-risk analysis reviews are conducted across the Deutsche Bank Group to validate that sound risk management practices and a holistic awareness of risk exist.

Reputational risk is implicitly covered in our economic capital framework, primarily within operational and strategic risk. Monitoring, stress testing tools and escalation processes are in place for key capital thresholds and metrics. Systems, processes and policies are critical components of our risk management capability.

Deutsche Bank Group's operations throughout the world are regulated and supervised by relevant authorities in each of the jurisdictions in which Deutsche Bank conducts business. Such regulation focuses on licensing, capital adequacy, liquidity, risk concentration, conduct of business as well as organizational and reporting requirements. The European Central Bank (the "ECB") in connection with the competent authorities of EU countries which joined the Single Supervisory Mechanism via the Joint Supervisory Team act in cooperation as Deutsche Bank's primary supervisors to monitor Deutsche Bank's compliance with the German Banking Act and other applicable laws and regulations as well as the CRR/CRD 4 framework and respective implementations into German law.

Several layers of management at the Deutsche Bank Group provide cohesive risk governance between the business lines, where Asset Management sits:

- The Supervisory Board is informed regularly on Deutsche Bank's risk situation, risk management and risk controlling, as well as on our reputation and material litigation cases. It has formed various committees to handle specific tasks.
- At the meetings of the Risk Committee, the Management Board reports on key risk portfolios, on risk strategy and on matters of special importance due to the risks they entail. It also reports on loans requiring a Supervisory Board resolution pursuant to law or the Articles of Association. The Risk Committee deliberates with the Management Board on issues of the aggregate risk position and the risk strategy and supports the Supervisory Board in monitoring the implementation of this strategy.
- The Integrity Committee, among other matters, monitors the Management Board's measures that promote the company's compliance with legal requirements, authorities' regulations and the company's own in-house policies. It also reviews the Bank's Code of Business Conduct and Ethics, and, upon request, supports the Risk Committee in monitoring and analyzing the Bank's legal and reputational risks.
- The Audit Committee, among other matters, monitors the effectiveness of the risk management system, particularly the internal control system and the internal audit system.
- The Management Board is responsible for managing Deutsche Bank Group in accordance with the law, the Articles of Association and its Terms of Reference with the objective of creating sustainable value in the interest of the company, thus taking into consideration the interests of the shareholders, employees and other stakeholders. The Management Board is responsible for establishing a proper business organization, encompassing appropriate and effective risk management. The Management Board established the Group Risk Committee ("GRC") in April, 2016 as the central forum for review and decision on material risk topics, by merging the Capital and Risk Committee ("CaR") and the Risk Executive Committee ("Risk ExCo"). Asset Management is represented in the GRC in the quarterly extended GRC meetings. The GRC is supported by four sub-committees: the Group Reputational Risk Committee ("GRRC"), the Non-Financial Risk Committee ("NFRC"), the Enterprise Risk Committee ("ERC"), and the Liquidity Management Committee ("LMC"), the roles of which are described in more detail below.

Risk Management Governance Structure of the Deutsche Bank Group



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

- The GRC has various duties and dedicated authority, including approval of key risk management principles or recommendation thereof to the Management Board for approval, recommendation of the Group Recovery Plan and the Contingency Funding Plan to the Management Board for approval, recommendation of overarching risk appetite parameters and recovery triggers to the Management Board for approval, setting of risk limits for risk resources available to the Business Divisions, including Asset Management, and supporting the Management Board during group-wide Risk and Capital planning processes. Those limits for Asset Management are on regulatory capital (RWA and capital deductions) and on the exposure of Asset Management Seed Capital and Co-Investments. Further duties include review of high-level risk portfolios and risk exposure developments, review of internal and regulatory group-wide stress testing results and making recommendations of required actions and monitoring of the development of risk culture across the Group.
- The NFRC oversees, governs and coordinates the management of non-financial risks in Deutsche Bank Group and establishes a cross-risk and holistic perspective of the key non-financial risks of the Group. It is tasked to define the non-financial risk appetite framework, to monitor and control the non-financial risk operating model, including the so called three lines of defense (“3LoD”) principles and interdependencies between business divisions and control functions and within control functions. Asset Management is a non-voting member the NFRC represented by the Divisional Control Officer.
- The GRRC is responsible for the oversight, governance and coordination of reputational risk management and provides for an appropriate look-back and a lessons learnt process. It reviews and decides all reputational risk issues escalated by the Regional Reputational Risk Committees (“RRRCs”) and RRRC decisions which have been appealed by the Business Units. On that matter Asset Management has a Reputational Risk Committee, which escalate unresolved matter to the respective RRRC. It provides guidance on Group-wide reputational risk matters, including communication of sensitive topics, to the appropriate levels of Deutsche Bank Group. The RRRCs which are sub-committees of the GRRC, are responsible for the oversight, governance and coordination of the management of reputational risk in the respective regions on behalf of the Management Board.
- The ERC has been established as a successor of the Portfolio Risk Committee (“PRC”) with a mandate to focus on enterprise-wide risk trends, events and cross-risk portfolios, bringing together risk experts from various risk disciplines. The ERC approves the annual country risk portfolio overviews, establishes product limits, reviews risk portfolio concentrations across the Group, monitors group-wide stress tests used for managing the Group’s risk appetite, and reviews topics with enterprise-wide risk implications like risk culture.
- The LMC decides upon mitigation actions to be taken during periods of anticipated or actual liquidity stress or any relevant event. In that capacity, the committee is responsible for making a detailed assessment of the liquidity position of the Bank, including the ability to fulfil all payment obligations under market related stress, idiosyncratic stress, or a combination of both. The LMC is also responsible for overseeing the execution of liquidity countermeasures in a timely manner and monitoring the liquidity position of the Bank on an ongoing basis, during the stress period.

Capital Management

Deutsche Bank Group Treasury function manages solvency, capital adequacy and leverage ratios at Group level and locally in each region. Treasury implements Deutsche Bank Group’s capital strategy, which itself is developed by the Group Risk Committee and approved by the Management Board, including issuance and repurchase of shares and capital instruments, hedging of capital ratios against foreign exchange swings, limit setting for key financial resources, design of book equity allocation, and regional capital planning. Deutsche Bank Group is fully committed to maintaining its sound capitalization both from an economic and regulatory perspective. Deutsche Bank Group continuously monitors and adjusts its overall capital demand and supply in an effort to achieve an appropriate balance of the economic and regulatory considerations at all times and from all perspectives.

Throughout 2017, Asset Management was fully integrated into the DB Group Capital Management process which inter alia included divisional limit setting and regional capital planning as further described in the next section. Asset Management established a dedicated AM Treasury function as part of its CFO organization. AM Treasury will going forward assume certain responsibilities for Capital Management in the DWS Group.

Resource Limit Setting

Usage of key financial resources is influenced through the following governance processes and incentives. Target resource capacities are reviewed in our annual strategic plan in line with our CET 1 and Leverage Ratio ambitions. In a quarterly process, the Group Risk Committee approves divisional resource limits for Total Capital Demand and leverage exposure, including for Asset Management that are based on the strategic plan but adjusted for market conditions and the short-term outlook. Limits are enforced through a close monitoring process and an excess charging mechanism. Asset Management monitors and manages the exposure on a monthly basis in the Asset Management Risk Council.

Overall regulatory capital requirements are driven by the higher of Deutsche Bank Group’s CET 1 ratio (solvency) and leverage ratio (leverage) requirements. In terms of order for the internal capital allocation, solvency-based allocation comes first, then an incremental leverage-driven allocation, if required. The allocation methodology utilizes a two-step approach: Allocation of

Shareholders Equity is solvency-based first until the externally communicated target of a 12.5 % CET 1 solvency ratio is met, and then incremental leverage capital is allocated based on pro-rata leverage exposure of divisions to satisfy the externally communicated target of a 4.5 % leverage ratio, if required. The allocation thresholds are reviewed as and when externally communicated targets for the CET 1 or leverage ratio are adjusted. In our performance measurement, our methodology also applies different rates for the cost of equity for each of the business segments, reflecting in a more differentiated way the earnings volatility of the individual business models. This enables improved performance management and investment decisions.

Regional capital plans covering the capital needs of Deutsche Bank Group branches and subsidiaries across the globe are prepared on an annual basis and presented to the Group Investment Committee. Most of the subsidiaries are subject to legal and regulatory capital requirements, including the Asset Management regulated entities. In developing, implementing and testing Deutsche Bank Group capital and liquidity, such legal and regulatory requirements are fully taken into account.

Further, Treasury is represented on the Investment Committee of the largest Deutsche Bank pension fund which sets the investment guidelines. This representation is intended to ensure that pension assets are aligned with pension liabilities, thus protecting the Groups capital base.

Credit Risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which we refer to collectively as “counterparties”) exist, including those claims that the Group plan to distribute. Asset Management maximum exposure to credit risk is represented by the carrying amount of its financial assets.

For Asset Management the credit exposure raises mainly for cash and cash equivalent positions, which are mainly cash deposits placed with Deutsche Bank (current external rating of Deutsche Bank as provided by Moody's is P-2).

A breakdown of the total cash and bank balances by receiving entity is shown below:

in € bn.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Cash and bank balances	3.3	4.0	4.7
thereof:			
DB AG and other DB companies	2.9	2.9	2.7
Non DB Group companies	0.4	1.2	1.9

Loans mainly consist of short-term cash pool held at DB Group by receiving entity as shown below:

in € bn.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Loans	0.3	0.4	0.3
thereof:			
DB AG and other DB companies	0.3	0.2	0.1
Non DB Group companies	0.0	0.2	0.2

Other Assets amount to €1.3 billion as per December 31, 2017, €1.7 billion as per December, 2016 and €1.7 billion as per December 2015. Main components are short-term receivables from asset management business activities and short-term pending items (security spot transactions, settled with value date within 5 days after the transaction). There are no concerns over the credit quality of these assets and no significant level of default is expected.

The majority of the derivatives are predominately settled with Deutsche Bank and no significant level of default is expected.

Asset Management has no collateral held as security and only limited other credit enhancement via derivative margins.

Market Risk

Market risk is defined as the potential for change in the market value of financial instruments due to changes in market prices. Asset Management is exposed to nontrading market risk, which includes interest rate risk, credit as well as credit spread risk, and investment risk mainly on its seed investments, co-investments and strategic investments, as well as market risk arising from derivatives guaranteeing certain levels of the net asset value to be returned to investors at certain dates.

Asset Management manages guaranteed retirement accounts (“Riester Products”) and guaranteed funds, which provide a full or partial notional guarantee at maturity. Riester guaranteed retirement accounts are voluntary private pension schemes in Germany that are government subsidized. The Group is exposed to a fall in the value of the underlying fund or account below the guaranteed amount at the maturity date.

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

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The risk for the Group as guarantor is that we have to compensate the funds if the market values of such products at their respective guarantee dates are lower than the guaranteed levels. This exposure is continuously monitored under different stress scenarios and portfolio contribution and cancellation simulations and is shown as a derivative.

Asset Management has direct equity co-investments primarily in structured entities that invest in a variety of asset classes, including (but not limited to), equities, fixed income, commodities and other alternative asset classes which may include real estate, infrastructure, private equity and hedge funds. To a lesser extent, Group has direct investments in debt securities.

Co-investments are made to ensure an alignment of interest with the management of the respective funds, frequently a market requirement, regulatory requirement or contractually required for risk retention purposes ("risk retention"). Main investments subject to market price risk include private equity and real assets investments, hedge funds and funds of funds as well as mutual funds.

Seed investment is deployed to build marketable track records for new products initiated by the Group. It executes an economical hedging program to minimize the profit/loss volatility of the seed investments portfolio. Hedges are typically comprised of exchange traded futures or Exchange Traded Funds ("ETFs"), and other hedging instruments such as OTC derivatives. The economical hedging activity seeks to materially reduce market risks including (but not limited to) equity, interest rate, credit spread, currency and commodity risk associated with seed investments, however cannot fully eliminate these risks.

The following financial assets are mainly exposed to market risk:

in € bn.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Trading assets	1.3	3.9	4.9
Financial assets of consolidated funds	1.2	3.8	4.9
Seed/Co-investments	0.1	0.1	0.0
Financial Assets available for sale	0.4	0.3	0.3
Seed/Co-investments	0.4	0.3	0.3
Unfunded Commitments to structured entities*	0.0	0.0	0.0

*relates to committed Co-investments as reflected in note 11

The following financial liabilities are mainly exposed to market risk:

in € bn.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Negative Market Value for Derivatives mainly for Guaranteed funds	0.1	0.2	0.1

- Co-Investment capital is subject to investment market movements. The diversity of the investment portfolio across investment classes (real estate, infrastructure and private equity) and geographies, plus the long term nature of these investments (5 to 10 years in most cases) provides portfolio diversification against material corrections.
- Seed investments are broadly hedged to minimize market risk and a threshold limit structure is in place which is regularly monitored by the Group to ensure the portfolio remains within risk tolerance levels.
- Guaranteed funds, on the other hand, are particularly sensitive to persistent low interest rates over the long term. Short-term volatility in interest rates has limited (i.e. immaterial) effect.

The expected sensitivity for profit (loss) before tax is €33m and is principally driven by the interest rate effect on guaranteed funds and insignificant sensitivities on Seed investments and Co-investment driven by historical analyzes of the movement in asset value.

Foreign currency risk

Foreign exchange risk arises from our nontrading asset and liability positions, denominated in currencies other than the functional currency of the respective entity. The majority of this foreign exchange risk is economically hedged and managed via the value-at-risk figures in the trading books. The remaining foreign exchange risks that have not been transferred are mitigated through match funding the investment in the same currency, therefore only residual risk remains in the portfolios. Small exceptions to above approach follow the general monitoring and reporting process, as outlined for the trading portfolio.

Asset Management is subject to both translational and transactional foreign currency risks.

The reporting currency of the Group is the Euro. A significant portion of revenues is generated in currencies other than the Euro. Where revenues in non-Euro currencies do not increase or decrease in line with increases or decreases in the level of expenses, we are subject to transactional foreign currency risk and may experience changes in cost to income ratios and profitability that are larger than we otherwise would if all revenues and expenses were generated or incurred in Euro.

These foreign exchange exposures are continuously monitored, and managed as follows:

- Co-investments are funded in the base currency of the particular investment and are reported at legal entity level in the local functional currency.
- Seed investments are broadly hedged against FX risk (as well as other market risks).
- All remaining FX risk is hedged on a legal entity basis according to the residual FX risk policy which limits FX risk to a maximum of €1 million equivalent exposure in foreign currencies per each currency. This is reconciled, reviewed and tracked on a monthly basis during the month-end closing process.

Based on the sensitivity analyzes of the cash position at December 31, 2017, two thirds of the 3.3 Euro billion cash and interbank balances were held in Euro currency, followed by positions held in British Sterling (17%) and US Dollar (14%). A 10% simultaneous weakening or strengthening of all currencies held against the Euro would reduce or increase our cash and interbank balances by 0.1bn with a corresponding effect in profit (loss) before tax.

Liquidity Risk

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

Deutsche Bank Group Treasury is mandated to manage the overall liquidity and funding position of Deutsche Bank Group, with Deutsche Bank Group Liquidity Risk Control acting as an independent control function, responsible for reviewing the liquidity risk framework, proposing the risk appetite to GRC and the validation of Liquidity Risk models which are developed by Deutsche Bank Group Treasury, to measure and manage the Deutsche Bank Group's liquidity risk profile.

Deutsche Bank Group Treasury manages liquidity and funding, in accordance with the Management Board-approved risk appetite across a range of relevant metrics, and implements a number of tools to monitor these and ensure compliance. In addition, Deutsche Bank Group Treasury works closely in conjunction with Liquidity Risk Control ("LRC"), and the business, including Asset Management, to analyze and understand the underlying liquidity characteristics of the business portfolios. These parties are engaged in regular and frequent dialogue to understand changes in the Bank's position arising from business activities and market circumstances.

Dedicated business targets are allocated to ensure the Deutsche Bank Group meets its overall liquidity and funding appetite. The Management Board is informed of performance against the risk appetite metrics, via a weekly Liquidity Scorecard. As part of the annual strategic planning process, Deutsche Bank projects the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with its risk appetite. Asset Management established a dedicated AM Treasury function as part of its CFO organization. AM Treasury will going forward assume certain responsibilities for Liquidity Risk Management in the DWS Group.

Asset management has cash and bank balances (excluding consolidated funds and other offsetting items) of €3.3bn as per December 31, 2017 (€3.3 billion as per December 31, 2016 and €3.3 billion as per December 31, 2015). These cash and bank balances are mainly within Deutsche Bank Group and provide Asset Management with adequate liquidity.

The other liabilities in the DWS Group (excluding consolidated funds and other offsetting items) amount to €1.8 billion as per December 31, 2017 (€2.1 billion as per December 31, 2016 and €2.1 billion as per December 31, 2015) are mainly repayable within one year or on demand and are fully covered by cash and bank balances

Auditor's Report

To DWS Group SE, Frankfurt am Main

We have audited the accompanying combined financial statements prepared by DWS Group SE, Frankfurt/Main, (the "Company") for the Asset Management division of Deutsche Bank Group (the "DB Group") as described in Note 1 of the notes to the combined financial statements, comprising the combined income statement, the combined statement of comprehensive income, the combined balance sheet, the combined statement of cashflow, the combined statement of change in net asset value and the notes to the combined financial statements for the business years from 1 January to 31 December 2017, 1 January to 31 December 2016 and 1 January to 31 December 2015. The preparation of the combined financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, is the responsibility of the Company's management, in particular the basis of preparation setting out the basis for determining the entities to be included in the combined financial statements. Our responsibility is to express an opinion on the combined financial statements based on our audit.

We conducted our audit of the combined financial statements in accordance with Section 317 HGB ("Handelsgesetzbuch: German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the combined financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Asset Management division of DB Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the combined financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the combined financial statements, the determination of entities to be included in the combined financial statements, the accounting and combination principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the combined financial statements give a true and fair view of the net assets, financial position and the results of operations of the Asset Management division of DB Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Without modifying our opinion, we draw attention to the fact that, as described in Note 1 the Asset Management division of DB Group has not operated as a separate group of entities. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the Asset Management division of DB Group had been a separate stand-alone group of entities during the years presented or of future results of the Asset Management division of DB Group.

Frankfurt/Main, 22 February 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kuppler
Wirtschaftsprüfer
German Public Auditor

Hommel
Wirtschaftsprüfer
German Public Auditor