ANNUAL REPORT

2019

DWS

Content

Letter from the Chairman of the Executive Board

Frankfurt/Main, March 2020

Dear shareholders,

2019 was a strong year for DWS. We completed a substantial turnaround, achieved all our targets and returned our firm to a positive trajectory. Net inflows increased four quarters in a row, resulting in impressive full year net new assets of € 26.1 billion. This is the highest annual net inflow number since 2014 and represents a swing of more than € 48 billion of flows between 2018 and 2019. This turnaround was driven by continued inflows into targeted asset classes, made possible by improved investment performance and supported by our diversified business across Active, Passive and Alternatives and our strategic partnerships.

As a result of our efforts, our financial performance improved substantially. Throughout 2019, we accelerated our cost measures so we can operate more efficiently going forward. We achieved the high-end of our medium-term cost savings objective one year early. These cost actions were complemented by a healthy revenue top-line, which was driven by market performance and strong net new assets. Consequently, the adjusted Cost-Income Ratio improved to 67.6 percent for 2019, outperforming our full-year target of approximately 70 percent. Our adjusted profit before tax increased by almost a quarter to € 774 million in 2019 as we recorded higher revenues. After tax, we achieved a net profit of € 512 million, an increase of more than 30 percent from 2018. The Executive Board of DWS has therefore decided to propose to the Annual General Meeting a dividend of € 1.67 per share for the financial year 2019. This is an increase of more than 20 percent from 2018 and in line with our targeted dividend payout ratio.

Strategically, we made important progress in 2019. We strengthened our firm to adapt more flexibly and quickly to the changing asset management industry and the challenges ahead. We further optimized our organizational set-up and improved our global real estate footprint with our new location strategy, helping us to reduce our cost base for the future. Furthermore, we followed through on strengthening our ESG and digital capabilities as committed at our first Annual General Meeting in 2019. We acquired a 24.9 percent stake in Arabesque AI, a company that focuses on Artificial Intelligence (AI) in portfolio management and finance. The associated strategic partnership marks the next step towards the digitalization of DWS as it will strengthen our digital capabilities and, in particular, our AI know-how. In addition, we will jointly develop innovative investment products and services. Earlier in 2019, we invested in a minority stake in Arabesque S-Ray, an ESG data provider, and entered into a strategic partnership for the development of new ESG data products and services.

ESG will be our license to operate in the future, which is why we will embed ESG in our culture, making it core to everything we do. As part of these efforts, we will introduce a Group Sustainability Office for DWS to ensure we have an efficient and holistic approach in meeting both client and regulatory needs and expectations with regards to ESG. Our ambition to be a leader in the ESG market continues to be recognized externally. For the second year in a row, we have been named “Responsible Investor of the Year” at the Insurance Asset Risk Awards and we continued to score well in the UN’s Principles for Responsible Investments (PRI) annual assessment. In 2019, we were able to improve our scores while maintaining the highest possible rating for Strategy & Governance.

In 2019, all of our three core business areas of Active, Passive and Alternatives saw improved performance. In our Active business, we intensified our focus on investment outperformance, which was crucial for the improved flow performance last year. In particular, Multi Asset recorded strong inflows. 73 percent of our Active Retail investment funds outperformed their benchmark on a three year basis, and 89 percent on a five year basis. This led to positive external recognition, reflected in 193 funds now being rated 4 or 5 stars by Morningstar. Passive was a key driver for net new assets in 2019, with € 19.1 billion of net inflows, more than double the flows reported in 2018. Exchange-traded funds and commodities (ETPs) accounted for the majority of inflows, reflecting our number two position in the European ETP market. Last year, institutional mandates also contributed significantly to full year passive inflows. Alternatives have been and will continue to be a key growth area for DWS. Inflows in the asset class reached € 10.2 billion last year, up significantly from 2018. Annual inflows were driven by illiquid alternative products, mainly from real estate and infrastructure funds, which continued to attract investor interest in the low yield environment. Our flagship real estate fund family DWS Grundbesitz also continued to sustain strong demand in 2019.

The strong flow performance of 2019 is a testament to the strength and depth of our global and diversified platform. Overall, we attracted net inflows across all regions, and in Germany, we retained our dominant position in our domestic retail market. Last year, our strategic partnerships were also key contributors to our success, accounting for a quarter of annual inflows. And we are gaining more and more traction with our product innovations and ESG-related products, as we are increasingly being recognized for our capabilities, product quality and performance as a stand-alone fiduciary asset manager. This traction was also reflected in our institutional business, where we saw very good inflows, in particular from insurance clients.

By achieving all our targets and returning DWS back to a positive path, we were able to lay the groundwork for our success in the future. And that is exactly the path we will stay on. With last year's improvement, we are firmly on track to reach our target for the adjusted Cost-Income Ratio of below 65 percent by 2021. This will be supported by an additional € 150 million of gross cost savings we have identified for the next two years. Efficiency will remain critical, we will continue our laser-focused cost control this year.

Of course, as I write this letter, our globalized world is facing an unprecedented and still developing situation caused by the outbreak of the COVID-19 pandemic. While we cannot currently assess the full impact that this crisis may have on the economy and subsequently on financial markets and us, please rest assured that we will do everything in our power to manage our firm and our fiduciary duty responsibly.

DWS' strategy for growth remains unchanged. We want to grow by continuing to concentrate on our targeted product areas and regions. In particular, Asia provides new growth opportunities for asset managers. Our diversified business across Active, Passive and Alternatives, our strategic partnerships and growing demand for ESG gives us confidence that we will continue to be successful in a challenging market environment.

In 2020, we will further build on our operational and investment excellence to stay successful in an environment that is pushing asset managers out of the comfort zone. To do so, we will ensure that we have efficient globally integrated structures, further remove silos, and improve our client-centricity and product management through the entire life-cycle. We will continue to work on creating a leading fiduciary asset manager with a clear performance-driven culture, with entrepreneurship and collaboration across its global platform. We want to and will do everything we can do to deliver long-term shareholder value for you as we fulfil the purpose of DWS: ensuring the best possible foundation for our clients' future.

Finally, I am very pleased to invite you to attend our Annual General Meeting on Thursday, June 18, 2020 in the Congress Center Frankfurt/Main, and I look forward to seeing you there.

Dr Asoka Woehrmann, CEO

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

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

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

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

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

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

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

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

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

Executive Board in the reporting year:

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

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

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

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Chief Financial Officer (since March 1, 2018)

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Chief Control Officer (since March 1, 2018)

Report of the Supervisory Board

Dear shareholders,

Following the establishment and listing of DWS Group GmbH & Co. KGaA (DWS KGaA) in March 2018, the year 2019 again was marked by several events that required the special attention of the Supervisory Board. In the first quarter of 2019, DWS KGaA prepared and published its first Annual Report. In the second quarter, DWS KGaA held its first Annual General Meeting. In the third quarter the Supervisory Board for the first time hosted a two-day strategy meeting with the Managing Directors of DWS Management GmbH (General Partner), the General Partner of DWS KGaA, who are hereafter collectively referred to as the Executive Board. Shortly thereafter, the Executive Board launched its strategic priorities to meet the challenges the asset management industry is facing and position DWS Group for the future. In addition, DWS Group has implemented a rigorous cost discipline program over the year and kicked-off a major organizational transformation process. Against this backdrop, the Supervisory Board continued to deal with fundamental questions of corporate management and organization, compliance and control in 2019 and closely examined and consulted on the governance standards implemented by DWS KGaA.

The Supervisory Board of DWS KGaA performed the tasks assigned to it by law, regulatory requirements, the company's Articles of Association and the Supervisory Board's Terms of Reference. In fulfilling its supervisory tasks, it monitored the General Partner and advised the Executive Board. Besides the monitoring of the ongoing business operations, the Supervisory Board's deliberations primarily centred on the strategic development of DWS KGaA as well as on business transactions and events with significant relevance for the company as well as on HR-related matters.

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

There were a total of 22 meetings of the Supervisory Board and its committees. The average meeting participation rate in 2019 was above 99%. Information on meeting participation for each member on the Supervisory Board is laid out in the following section. When necessary, resolutions were passed by circular procedure between the meetings.

Meetings of the Supervisory Board in Plenum

Beginning in the first full financial year as a listed company, the Supervisory Board held seven meetings in plenum in the course of 2019, where it dealt with all matters of significant relevance to the company.

At its first meeting of the year on January 29, 2019, the Supervisory Board continued to consist of eleven members, a result of the resignation of Dr Asoka Woehrmann as a shareholders' representative on October 25, 2018. The Supervisory Board discussed and agreed to a proposal put forward by the Nomination Committee on the targets for the composition of the Supervisory Board and the competence. As part of this, the Supervisory Board also looked at and agreed on a target quota for the proportion of women on the Supervisory Board, pursuant to Section 111 (5) of the German Stock Corporation Act (AktG). Additionally, the Supervisory Board discussed the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) which it resolved via circular procedure on March 4, 2019. Aside from the financial plan, the Supervisory Board reviewed and discussed the Annual Internal Audit Report. Following initial information provided to the Supervisory Board on January 16, 2019, Mr Mark Cullen laid out further details on the Executive Board's decision to discontinue plans to transfer and outsource fund administration and depositary and custodian services in Germany and Luxembourg to a third-party provider.

At its extraordinary meeting on March 20, 2019, the Supervisory Board reviewed the 2018 Annual Financial Statements and Consolidated Financial Statements as well as the Non-Financial Reporting for 2018 and the Dependency Report presented by the Executive Board. Based on the recommendation of the Audit & Risk Committee, and following an extensive discussion also with representatives of the auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (KPMG), the Supervisory Board unanimously approved ('billigt') the Annual Financial Statements and Consolidated Financial Statements presented by the Executive Board. In addition, the Supervisory Board concurred with the proposal of the Executive Board for the appropriation of distributable profit and resolved the Report of the Supervisory Board. Finally, the Supervisory Board addressed topics for the Annual General Meeting on June 5, 2019, and approved the proposals for its Agenda, including the proposal for the election of Mr Richard I. Morris, Jr. as shareholders' representative on the Supervisory Board. Mr Richard I. Morris, Jr. had been appointed to the Supervisory Board on October 18, 2018 by the responsible court until the end of the next ordinary General Meeting.

On April 15, 2019, the Supervisory Board nominated the twelfth member of the Supervisory Board via circular procedure. As recommended by the Nomination Committee, the shareholders' representatives of the Supervisory Board unanimously approved Ms Annabelle Bexiga as the candidate to be proposed for election to the Annual General Meeting on June 5, 2019 and the Agenda of the Annual General Meeting was completed accordingly.

The Supervisory Board meeting on April 24, 2019 began with an executive session, that is, a session of the Supervisory Board only – followed by a joint session with the Executive Board. In the executive part, the Supervisory Board examined and approved the General Partner reimbursement and remuneration in accordance with Section 8 of the Articles of Association of DWS KGaA. Having been joined by the members of the Executive Board, Dr Asoka Woehrmann detailed strategic considerations which included organizational re-design, portfolio measures, strategic partnerships and responses to major market trends, such as ESG and digitalization. Ms Claire Peel followed up with the financials for the first quarter, the 2019 forecast and the business performance scorecard. On the lines of the requested continuous management updates, the other members of the Executive Board reported on material developments in their respective lines of functional responsibility. Following the decision to discontinue plans to transfer and outsource fund administration services, Mr Mark Cullen informed the Supervisory Board on subsequent negotiations in relation to currently outsourced depositary and custodian services. Mr Nikolaus von Tippelskirch introduced a summary of the Compliance Report, which had previously been reviewed by the Audit and Risk Committee.

At an extraordinary meeting on June 4, 2019 the Supervisory Board discussed all topics of significance for the next day's Annual General Meeting.

On June 5, 2019, the Annual General Meeting of DWS KGaA elected Ms Annabelle Bexiga and Mr Richard I. Morris, Jr. as shareholders' representatives on the Supervisory Board, following the recommendations of the Supervisory Board and the Nomination Committee.

Ms Sylvie Matherat resigned from her position as shareholders' representative on the Supervisory Board, effective per July 10, 2019. She also left Deutsche Bank AG at the end of July 2019.

At its meeting on July 19, 2019, the Supervisory Board started its executive session with a discussion of the overall course of the Annual General Meeting, the general debate, shareholders' main areas of interest and voting behaviour. Further, the shareholders' representatives on the Supervisory Board elected Ms Annabelle Bexiga as a member of the Remuneration Committee. The Supervisory Board dealt with the preparation for a joint strategy offsite with the Executive Board and requested the management to report on the key elements of DWS Group's strategic aspiration. In addition, the Nomination Committee was requested to support the Supervisory Board in performing a review of the efficiency of its work.

Starting off with the management session, Dr Asoka Woehrmann summarized progress made on the executing of cost reduction measures and gave an outlook on growth initiatives considered as part of DWS Group's strategic priorities. Ms Claire Peel took over for the presentation of the second quarter financials and the Interim Report. The Supervisory Board reviewed the Interim Report in its preliminary version as of July, 16 2019, and delegated the authority to perform the final review prior to publication to the Audit and Risk Committee. Another focus item of the meeting were measures taken in the US to revitalize net inflows reported by Mr Robert Kendall. Mr Nikolaus von Tippelskirch presented the result of a value-chain-based risk assessment carried out by the Chief Control Office (CCO) and laid out the target operating model for the CCO organization.

On August 27 and 28, 2019 the Supervisory Board hosted its strategy offsite. In this context, DWS's strategic priorities and the resulting opportunities and challenges were discussed and examined in detail. All members of the Supervisory Board and the full Executive Board attended the two day workshop which resulted in a total of 13 tasks, owned by members of the Executive Board.

On October 24, 2019 the Supervisory Board addressed the takeaways from the strategy offsite. The Executive Board had been requested to report on progress made in two of the key initiatives, the ESG Strategy and the setup of a digital asset manager. The Nomination Committee made a recommendation on the engagement of an outside specialist to support the Supervisory Board's efficiency review; this recommendation was unanimously accepted. The shareholders' representatives unanimously elected Mr Richard I. Morris, Jr. as a new member on the Audit and Risk Committee following Ms Sylvie Matherat's departure. The Supervisory Board received a report on the preparation for the 2020 and 2021 Annual General Meetings.

As part of the management reporting, Mr Dirk Goergen presented considerations on organic and inorganic growth options for the DWS Group investment account business. Mr Nikolaus von Tippelskirch dealt with an analysis on the impact of long-term low interest rates on DWS Group. The Supervisory Board agreed for the Audit and Risk Committee to continue to monitor risks arising from a low interest rate environment. Mr Mark Cullen summarized DWS Group's location strategy, also pointing to optimization potential realized over the last two years. Mr Pierre Cherki and Mr Stefan Kreuzkamp reported on further alignment of the investment platform's operating models and processes with the ESG strategy.

At its meeting on December 13, 2019 the Supervisory Board dealt with the results of the review of the efficiency of its work. Further, the Supervisory Board agreed to a proposal put forward by the Executive Board to issue a Declaration of Conformity with the recommendations made in the German Corporate Governance Code (the "Code") of February 7, 2017, and to change the annual issuance cycle for the Declaration of Conformity to the fourth quarter, as is common in the German market. Subsequently, the Supervisory Board resolved the Declaration of Conformity according to Section 161 of the German Stock Corporation Act (AktG). Further, DWS Group's plans to transform into a more modern work environment with a leaner, less hierarchical organisational structure and a DWS-dedicated role framework were addressed in detail. The Financial Plan for DWS Group, which had earlier been approved by the Executive Board, was reviewed. The Supervisory Board also continued to examine information on the impact of long-term interest rates on DWS Group. In addition it addressed the requirements set out by the German Act Implementing the Second EU Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II) and decided to delegate its approval authority of Related Party Transactions as defined by ARUG II to the Audit and Risk Committee. Mr Dirk Goergen further detailed strategic options for the investment accounts business and Mr Mark Cullen summarized cost achievements realized through an optimization of DWS's location footprint.

Based on the results of its efficiency review, the Supervisory Board discussed and agreed to a proposal put forward by the Nomination Committee to amend the objectives regarding its composition. At its meeting on January 27, 2020, the Supervisory Board resolved to add expert knowledge of "ESG standards and best practices and their implementation to its profile" of requirements.

The Committees of the Supervisory Board

Audit and Risk Committee

The Audit and Risk Committee held six meetings in 2019. It supported the Supervisory Board in monitoring the financial reporting process and intensively addressed the Annual Financial Statements and Consolidated Financial Statements, as well as the interim report and the audit and review reports issued by the auditor, KPMG. In addition it dealt with the routine examination of the 2018 Financial Statements by the German Financial Reporting Enforcement Panel (FREP, Deutsche Prüfstelle für Rechnungslegung (DPR) in accordance with section 342b of the German Commercial Law (HGB).

Within the context of financial reporting and accounting practices, the committee monitored the adoption of the new International Financial Reporting Standard IFRS 16 "Leases", in particular in relation to the interpretation of the incremental borrowing rate according to IFRS 16.26. The Audit and Risk Committee also dealt with new rules governing related party transactions coming into force in January 2020, with the effectiveness of ARUG II. In addition, the Audit and Risk Committee reviewed the valuation of goodwill and other intangible assets and the impairment testing of certain intangible assets. Further, it addressed service fees charged by Deutsche Bank AG and the governance framework set out in the by Master Service Agreement, as well as tax-related topics.

The Audit and Risk Committee monitored the effectiveness of the DWS Group's risk management system in particular in relation to the internal control system and internal audit. This covered, amongst others, the setup of the Divisional Control Office, which coordinates the adoption of critical regulatory change programs and ensures the establishment of related new controls. The committee also dealt with the Annual Internal Audit Report and the Annual Compliance Report. Further, the committee was regularly informed on the work of internal audit, the audit plan and its findings. It also addressed the measures taken by the Executive Board to remediate deficiencies identified by the internal control functions and the auditor and it received regular updates on the status and progress made in this context.

In addition, the committee dealt with the DWS Group risk appetite statement and the overarching risk strategy, embedded in the Risk Management Framework. It regularly examined reports addressing key metrics and risk appetite, investment risk, financial risk and model risk. Further, the committee addressed credit and counterparty risk and examined the processes established by DWS Group to govern co-investments and seed capital investments. Further, the committee received regular reports on the impact of long-term interest rates on DWS Group and discussed related management actions with the Chief Risk Officer.

The Supervisory Board issued the mandate as the independent auditor to KPMG and, with the support of the Audit and Risk Committee, set the amount of the auditor's remuneration. KPMG also reviewed the Dependency Report and performed a review to obtain a limited assurance of the Non-Financial Report. The Audit and Risk Committee dealt with the measures to prepare for the audit of the Annual Financial Statements and Consolidated Financial Statements for 2019, specified its own areas of focus for the audit and approved a list of permissible non-audit services. The Audit and Risk Committee received regular reports on the engagement of accounting firms, including the auditor, for non-audit-related services.

Following the audit tender procedure carried out in 2017/ 2018, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Eschborn/ Frankfurt am Main, was recommended to and later appointed by the Annual General Meeting to perform the limited review of the condensed financial statements and the interim management report as of June 30, 2020 and any other interim financial reports with cut-off dates after December 31, 2019, but prepared prior to the Annual General Meeting in 2020. In this context, the Audit and Risk Committee reviewed the steps taken to prepare for the envisaged auditor transition in 2020.

Representatives of the independent auditor as well as the CEO, the CFO and the CCO of DWS Group and the Head of DWS Audit, the DWS Group Controller and the DWS Chief Risk Officer attended all of the meetings of the Audit and Risk Committee. KPMG only partially attended the committee's examinations of the preparation for the planned auditor transition in 2020.

Remuneration Committee

The Remuneration Committee held four meetings in 2019.

The committee supported the Supervisory Board in monitoring the appropriate structure of the compensation systems for DWS Group's employees and, in particular, the appropriate structure of the compensation for the Head of Compliance and for the employees who have material influence on the overall risk profile of DWS Group, i.e. Material Risk Takers. In this regard, the committee reviewed the DWS Compensation Policy, which had been implemented for the performance year 2018 and is reviewed on an annual basis. The Committee was informed about the transfer of further compensation decision authorities from the Deutsche Bank Group Compensation Governance to DWS Group and, as a consequence, the establishment of DWS Group compensation control bodies. The Remuneration Committee addressed the process applied for the identification of Material Risk Takers and changes made to the DWS Compensation Framework.

The committee members also monitored the preparation for the 2019 year-end process and the governance around pay decisions, including the link to performance. It also reviewed and discussed talent pool definition and talent development as well as female representation and diversity targets. In addition, the committee was informed and advised on the DWS Group's cultural change program and its plans to replace the current corporate title system with a functional role framework to support the transformation into a leaner, less hierarchical organisational structure.

Nomination Committee

The Nomination Committee held five meetings in 2019.

It prepared the Supervisory Board's proposals for the election and appointment of new shareholders' representatives to the Supervisory Board. In this context, the committee took into account statuary and regulatory requirements as well as the objectives for the composition of the Supervisory Board and the required competence profile, which the committee helped to define. Moreover, the Nomination Committee prepared a proposal addressing the determination of a target quota for the proportion of women on the Supervisory Board, pursuant to Section 111 (5) of the German Stock Corporation Act (AktG).

The Nomination Committee intensively supported the Supervisory Board in the review of the efficiency of its work. In this context, the committee made a recommendation on the engagement of an external consultant to help run the self-assessment. It also reviewed results of the review, identified areas of interest and made recommendations on potential action items to the Supervisory Board.

Participation in Meetings

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

Name	Meetings incl. committees	Meetings plenary sessions	Participation plenary sessions	Meetings committees	Participation committees	Participation in % all meetings
Karl von Rohr	12	7	7	5	5	100
Ute Wolf	13	7	7	6	6	100
Stephan Accorsini	13	7	7	6	6	100
Annabelle Bexiga	6	4	4	2	2	100
Aldo Cardoso	17	7	6	10	10	94
Sylvie Matherat	7	4	4	3	3	100
Angela Meurer	7	7	7	–	–	100
Richard I. Morris, Jr.	13	7	7	6	6	100
Hiroshi Ozeki	7	7	7	–	–	100
Erwin Stengele	11	7	7	4	4	100
Margret Suckale	16	7	7	9	9	100
Said Zanjani	12	7	7	5	5	100

Corporate Governance

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

At the meeting of the Supervisory Board, the committee chairpersons reported regularly on the work of the committees. From time to time the representatives of the employees and the representatives of the shareholders conducted separate preliminary discussions before the meetings of the Supervisory Board. At the beginning or end of the meeting of the Supervisory Board or its committees, discussions were regularly held in executive sessions without the participation of the Executive Board. In accordance with the Terms of Reference of the Audit and Risk Committee the Supervisory Board determined that Ms Ute Wolf fulfils the requirements of Section 100 (5) of the German Stock Corporation Act (AktG).

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

The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), was resolved by the Supervisory Board on December 13, 2019. The text of the Declaration of Conformity can be found in Section 3 of the Annual Report.

Training and Further Education Measures

Education measures were conducted with the Supervisory Board in plenum and with its committees to further familiarize them with DWS Group, including its existing and envisaged future organizational design. The members of the Supervisory Board continued to build and enhance required specialized knowledge to foster good corporate governance. In particular, trainings were held on General Meeting rules and procedures in preparation for the first Annual General Meeting. In total, training and education covered more than ten topics, such as new regulatory requirements with material impact on DWS Group (e.g. ARUG II and German Supervisory Requirements for IT in Investment Management Companies (Kapitalverwaltungsaufsichtlichen Anforderungen an die IT, KAIT)), ESG standards and their ways of implementation, artificial intelligence in the investment industry, digital distribution, the asset management value chain and general high risk areas, macroeconomic developments as well as the DWS CIO View. Education measures took place both in form of introductory presentations prior to the deliberations of the Supervisory Board during its ordinary meetings and in separate dedicated training sessions.

Induction courses were held for new Supervisory Board members to facilitate their induction into office.

Conflicts of Interest and Their Handling

In the reporting year, no conflicts of interest were reported or otherwise apparent which would have to be reported to the General Meeting. Mr Hiroshi Ozeki did not participate in the Supervisory Board’s deliberations on the direction of DWS Group’s Insurance Coverage business and on its APAC strategy to prevent possible conflicts of interest.

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

KPMG audited the Annual Financial Statements, including the Accounting and Management Report, as well as the Consolidated Financial Statements with the related Management Report for the 2019 financial year and the Dependency Report and issued in each case an unqualified audit opinion on March 13, 2020. The Auditor’s Reports were signed by the Auditors Mr Kuppler and Mr Lehmann. Mr Kuppler was the Auditor responsible for the engagement.

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

The Audit and Risk Committee examined the documents for the Annual Financial Statements and Consolidated Financial Statements for 2019 as well as the Non-Financial Reporting for 2019 and the Dependency Report at its meeting on March 18, 2020. The representatives of KPMG provided the final report on the audit results. The Chairperson of the Audit and Risk Committee reported on this at the March 18, 2020 meeting of the Supervisory Board. Based on the recommendation and advance handling of the Audit and Risk Committee and after inspecting the Annual Financial Statements and Consolidated Financial Statements documents as well as the documents for the Non-Financial Reporting, the Supervisory Board agreed to the results of the audits following an extensive discussion on the Supervisory Board and with representatives of KPMG. The Supervisory Board determined that, also based on the final results of its inspections, there are no objections to be raised.

On March 18, 2020, the Supervisory Board approved the Annual Financial Statements and Consolidated Financial Statements presented by the Executive Board. The Supervisory Board concurs with the Executive Board’s proposal for the appropriation of distributable profit.

DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG, holds a 79.49% stake in DWS KGaA. As there is no control and / or profit and loss-pooling agreement between these two companies, the Executive Board prepared a report on the company’s relations to affiliates (Dependency Report) for the period from January 1, 2019 to December 31, 2019, in accordance with Section 312 of the German Stock Corporation Act (AktG). The Dependency Report was audited by KPMG, the independent auditor appointed by the company. The independent auditor did not raise any objections and issued the following statement in accordance with Section 313 of the German Stock Corporation Act (AktG): “According to the results of our audit there are no objections to be made pursuant to Section 313 (4) of the German Stock Corporation Act (AktG) against the report of the Executive Board on relations with affiliated companies. We hereby issue the following unqualified audit certification in accordance with Section 313 (3) of the German Stock Corporation Act (AktG) on the report of the Executive Board on relations of DWS Group GmbH & Co. KGaA, Frankfurt am Main, with affiliated companies for the financial year 2019:
To DWS Group GmbH & Co. KGaA, Frankfurt am Main: Based on our dutiful audit and assessment, we confirm that 1) the statements actually made in the report are correct, 2) that the company’s consideration for the legal transactions mentioned in the report was not unduly high or that disadvantages have been compensated, 3) that the measures mentioned in the report do not speak in favour of an assessment that differs from that of the Executive Board.” The dependency report and the audit report of the auditor were made available to the Audit and Risk Committee and the Supervisory Board. The review did not lead to any objections. Likewise, the Supervisory Board did not raise any objections against the declarations of the Executive Board concerning the relations to affiliates.

Personnel Developments

On June 5, 2019, the Annual General Meeting elected Ms Annabelle Bexiga and Mr Richard I. Morris, Jr. as shareholders’ representative on the Supervisory Board for a term of 4 years. Mr Richard I. Morris, Jr. had previously been appointed to the Supervisory Board on October 18, 2018 by the responsible court until the end of the 2019 Annual General Meeting.

Effective July 10, 2019, Ms Sylvie Matherat resigned from her position as shareholders' representative of the Supervisory Board of DWS KGaA. We thank Ms Matherat for her work and for her constructive assistance to the Supervisory Board, including in particular her contribution in the Audit & Risk Committee, during her term of office.

In addition, Mr Ozeki resigned from his office as shareholders' representative on the Supervisory Board, effective with expiry of April 10, 2020.

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

Frankfurt am Main, March 18, 2020

For the Supervisory Board

Karl von Rohr
Chairman

Supervisory Board

Karl von Rohr
- Chairman of the Supervisory Board

since March 3, 2018
Frankfurt am Main

Ute Wolf
- Deputy Chairperson of the Supervisory Board

since March 22, 2018
Düsseldorf

Stephan Accorsini *
since May 29, 2018
Frankfurt am Main

Annabelle Bexiga
since June 5, 2019
Wellesley

Aldo Cardoso
since March 22, 2018
London

Sylvie Matherat
from March 3, 2018 until July 10, 2019
Frankfurt am Main

Angela Meurer *
since May 29, 2018
Frankfurt am Main

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

Hiroshi Ozeki
from March 22, 2018 until April 10, 2020
New York

Erwin Stengele *
since May 29, 2018
Oberursel

Margret Suckale
since March 22, 2018
Hamburg

Said Zanjani *
since May 29, 2018
Langgöns

* Employee representative

Standing Committees of the Supervisory Board

Audit and Risk Committee

Ute Wolf
- Chairperson

Stephan Accorsini *

Aldo Cardoso

Richard I. Morris, Jr.

Nomination Committee

Karl von Rohr
- Chairperson

Richard I. Morris, Jr.

Margret Suckale

Said Zanjani *

Remuneration Committee

Margret Suckale
- Chairperson

Annabelle Bexiga

Aldo Cardoso

Erwin Stengele *

* Employee representative

Report of the Joint Committee

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

For the shareholders' meeting of the General Partner, Mr Karl von Rohr and Mr James von Moltke are delegated to the Joint Committee. Mr Karl von Rohr is also appointed as the Chairman of the Joint Committee. For the shareholders' representatives on the Supervisory Board of DWS Group GmbH & Co. KGaA, two independent members, Ms Ute Wolf and Mr Hiroshi Ozeki, are elected to the Joint Committee.

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

At its first meeting of the year on January 23, 2019, the Joint Committee concurred on the proposal for the variable compensation of the Managing Directors of the General Partner for the fiscal year 2018. The final determination of the variable compensation is subject to the resolution of the shareholders´ meeting. Following a comprehensive evaluation and discussion, the Joint Committee unanimously agreed on the proposal for the variable compensation and conveyed its proposal to the shareholders' meeting of the General Partner where it was subsequently resolved.

Focus topics of the meeting on April 24, 2019 were the compensation structure and objectives 2019 of the Managing Directors of the General Partner. The committee addressed financial and non-financial key performance indicators and the implementation of an industry benchmarking as means to determine target achievement. The structure of the components and its reference sizes remained unchanged. The Joint Committee unanimously agreed on the proposal for the compensation structure 2019 as well as the individual objectives 2019 and conveyed its proposal to the shareholders' meeting of the General Partner. The latter resolved the proposal as presented.

At the meeting on July 19, 2019, the Joint Committee dealt with the treatment of the 2019 DWS Equity Upfront Award, an upfront instrument delivered in March 2019 as part of the deferred variable compensation component. The DWS Equity Upfront Award is subject to a 12 month retention period which straddles the annual dividend window. The Annual General Meeting of DWS KGaA had approved a DWS dividend payment of 1.37 EUR per share and the Joint Committee unanimously agreed on a proposal to uplift the 2019 DWS Equity Upfront Award of the Managing Directors for an amount equivalent to the approved dividend pay-out. The committee conveyed its proposal to the shareholders' meeting of the General Partner. The latter resolved the proposal as presented.

Mr Ozeki resigned from his office as shareholders' representative on the Supervisory Board, effective with expiry of April 10, 2020. At this time, Mr Ozeki will also exit the Joint Committee.

Frankfurt am Main, March 18, 2020

For the Joint Committee of DWS Group GmbH & Co. KGaA

Karl von Rohr
Chairman

Joint Committee

Karl von Rohr
since May 7, 2018

James von Moltke
since May 7, 2018

Ute Wolf
since April 23, 2018

Hiroshi Ozeki
from April 23, 2018 until April 10, 2020

Our Strategy

DWS is a leading asset manager with € 767 billion in assets under management as at December 31, 2019. We are headquartered in Germany and operate globally, serving a range of traditional and alternative investment capabilities to institutional and retail clients worldwide. In 2018, we became a listed asset manager on the Frankfurt Stock Exchange, enabling us to operate more autonomously than prior to our initial public offering.

The asset management industry is evolving, with greater competition, continued margin pressure, and technological disruption amid heightened geopolitical tensions and increased market volatility. As a result, we have implemented a number of strategic initiatives to support our medium-term targets by 2021 and aim to continue delivering shareholder value through net flows, cost discipline and dividend distributions. We believe our diverse range of well-performing products and investment solutions give us a strong basis for growing assets and profitability regardless of the market in which we operate. Our medium-term business targets are as follows:

- The global distribution reach across retail and institutional channels, as well as from strategic partnerships, can support the delivery of an annual average net flow target of 3 to 5 percent over the medium term (as a percentage of beginning of period Assets under Management).

- The strong and scalable operating platform, coupled with cost efficiency initiatives, is designed to support the reduction of our adjusted cost-income ratio to below 65 percent in 2021.

- Through the above, we are positioned to achieve a target dividend pay-out ratio of 65 to 75 percent (as a percentage of annual net income).

We intend to support these medium-term targets by the initiatives outlined below.

Make ESG the core of what we do

Based on more than 20 years of history in sustainable investing, we seek to make Environmental, Social and Governance (ESG) and sustainability a key strategic focus of both our fiduciary and corporate activities. We expect sustainability and sustainable investments to become the driving force behind successful asset management over the coming years. We recognise this not only as responsible managers but also in the investment behaviour of our global client base. Demand for ESG investment products has risen significantly and we are convinced that it will continue to rise. We have already responded to this demand by launching new innovative products and offering ESG-versions of existing funds, resulting in significant inflows in 2019. Our aim is to become a leading ESG-integrated asset manager, which requires ESG to be embedded in everything we do. In 2019, we started laying the foundations for these ambitions. We agreed to implement a Group Sustainability Office in 2020 to drive our ESG activities and ensure a cohesive firm-wide ESG framework. In this context we seek to strengthen the considerations of ESG risks and opportunities by introducing smart integration of ESG criteria into the investment process. Moreover we plan to further integrate ESG standards in our corporate processes.

Further operational efficiency

Cost control continues to be fundamental to execute on our business strategy and ensure high shareholder value creation. In this respect, we have already made meaningful progress but continue to find ways to become increasingly efficient to ensure we reach our adjusted cost-income ratio target of below 65 percent in 2021. Over the next two years, we are aiming to achieve an additional € 150 million of gross cost savings through enhancing our workforce efficiency, reducing our vendor landscape and rationalizing our real estate footprint. Our vision for the future is to shift away from our complex legacy IT infrastructure platform towards a state of the art IT infrastructure that is efficient and fit-for-purpose for asset management needs. Through all of these efforts, we aim to build a standalone operating model that delivers a sustainably low adjusted cost-income ratio, while supporting commercial success and driving agility.

Bolster investment capabilities

A key strategic focus is to continue delivering consistent investment outperformance across strategies which align with the needs of our increasingly sophisticated clients. In light of external factors such as search for yield, the late market cycle environment, digitization, and the shift to passive, we are evolving our innovation process to match our solutions to client demand. We intend to continue improving our capabilities by combining and leveraging our portfolio management platforms, including the alignment of Systematic & Quantitative Investments (SQI) with Passive capabilities for closer cooperation, and combining Multi-Asset and Solutions to help strengthen our advisory capabilities. Across the investment platform we aim to align our product offering to strategic client needs through holistic Product Lifecycle Management over the entire product lifecycle. This will result in a less complex and more innovative product framework. Additionally, we have consolidated our internal research capabilities into our “Research House” to improve performance and reduce external research costs.

Focus on targeted growth

Our strategy will target growth in specific product lines and regions, especially Asia. As part of our regional strategy optimization, we aim to focus on developing and nurturing strategic partnerships, which have been a driver of DWS’s strong market position in Germany and in Europe. In Asia, we are continuing to work closely with our partners Nippon Life and Harvest Fund Management to explore new business opportunities in the region.

We plan to continue to invest in digital capabilities to accelerate our readiness to compete in a rapidly evolving industry. This includes capabilities in Artificial Intelligence (AI), automation, and blockchain which will complement our investment process, client front ends as well as middle and back office processes. Our growth commitment into digitisation and technology is further underlined by our ongoing strategic partnerships with Neo Strategic Holding Limited, a digital investment platform in the Middle East, Israeli-headquartered Skyline AI, which leverages proprietary AI technology to evaluate institutional-grade property investments in the US, and Arabesque AI, a UK-based Artificial Intelligence (AI) company and ESG data provider.

Shift towards performance-driven culture

DWS intends to deploy a functional role framework by mid-2020, which will change the way we work together as a company, replacing corporate titles and hierarchical thinking to foster a clear performance culture. The Executive Board took the decision to make this change in response to employee feedback for a more simplified corporate structure and to make progress changing the culture. The framework will be based on individuals’ capabilities, and designed to empower our employees, encourage innovation, unlock our performance culture, and enable the execution of our overall strategy. We view this initiative as important to our people development as we consider our employees the most valuable asset of DWS.

Progress on strategy implementation

DWS has prioritized execution and delivery in 2019, making significant progress in all areas of its business:

- We have continued to build on our ESG heritage as part of ongoing efforts to become a leading ESG-integrated asset manager. Product innovation has been a key focus, as reflected by the majority of our new ESG-focused product launches this year. We have also taken further steps to integrate ESG criteria into our platform, with our investment in Arabesque S-Ray intended to further enrich the investment process. In 2020, we aim to increase our focus on smart ESG integration across the investment platform, intend to establish a Group Sustainability Office, and to continue to embed ESG into all of our corporate activities.

- In 2019, we maintained our strict cost discipline, helping us to achieve an adjusted cost-income ratio of 67.6% by year-end. This was achieved through our accelerated efficiency initiatives. We focused on making our workforce more efficient through better alignment of internal capabilities, such as the consolidation of technology and operations to create a single function. We also internalized workforce to retain skills and to avoid high-cost external contractors, in addition we increased productivity through flexible working. Further saves have come through strategic vendor management, as we continuously review, re-negotiate and consolidate vendor contracts where possible to ensure we are paying adequate prices for the services we consume. In addition, we continue to review our real estate portfolio in all locations to ensure we are optimizing our office footprint. In 2019, this has resulted in the relocation of our offices in New York, Chicago, and London, and in 2020, we aim to continue to review our footprint in other countries, including our headquarters in Germany.

- As a fiduciary asset manager, we remain committed to delivering high quality product performance and services. This year, we aligned our distribution and investment teams to simplify our sales coverage platform and also adopted a targeted client segmentation approach to better combine core investment capabilities with client demand. Additionally, we have enhanced our investment platform by intensifying our focus on ESG integration and by consolidating and leveraging internal research capabilities.

- Organic growth remains a top priority at DWS. In 2019, we have continued to increase our focus on targeted asset classes of Passive, Active Multi-Asset and Alternatives, as well as strengthening our strategic partnerships. We also started to adopt technology more broadly to help enable our staff as well as create efficiencies on the operating platform. In 2020, we will continue this work further, with a greater focus on bolstering our international profile outside of Germany.

- As an independent listed asset manager our own distinct company culture is important to us. In this respect, we reached a significant milestone this year through our decision to adopt a functional role framework. We aim to have this fully implemented in 2020 to remove hierarchical management layers and shift towards a performance-based culture instead.

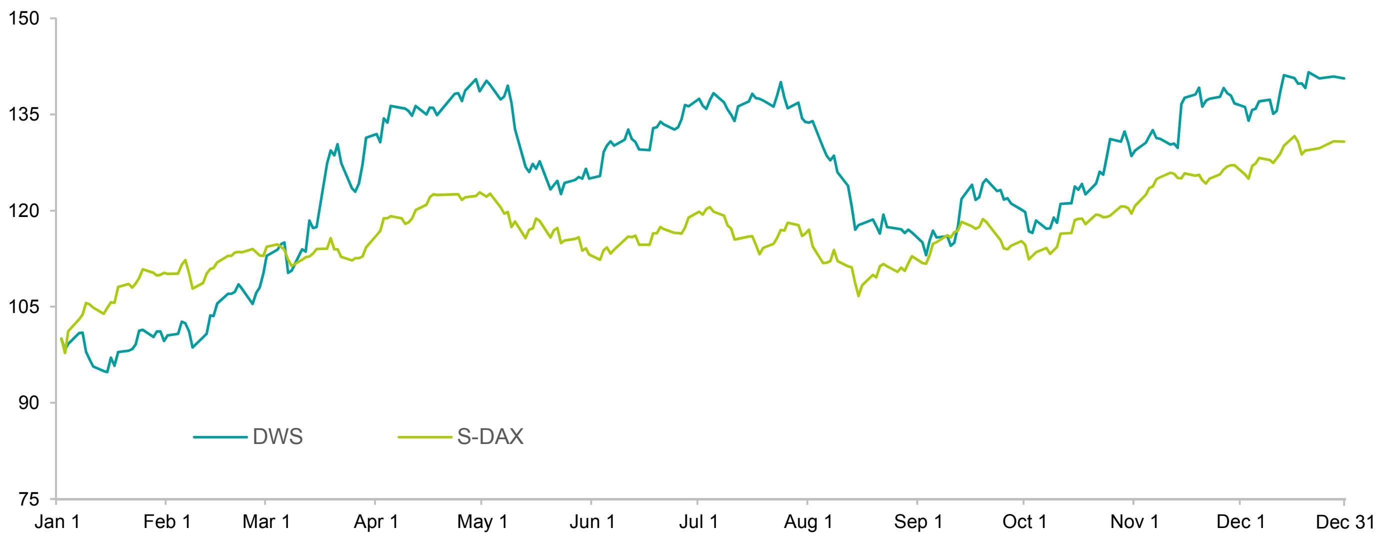
- The current COVID-19 pandemic and its potential impact on the global economy may affect our ability to meet our financial targets. While it is too early for us to predict the impacts on our business or our financial targets that the expanding pandemic, and the governmental responses to it, may have, we may be materially adversely affected by a protracted downturn in local, regional or global economic conditions.

Our Shares

DWS KGaA's shares are listed in the Prime Standard on the Frankfurt Stock Exchange, which has the most stringent transparency and disclosure requirements in Germany. The shares are also a component of the German SDAX, a market index composing of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalisation. The index thus represents the 91st-160th largest publicly traded companies in Germany with regards to order book volume and market capitalisation. With a weighting of 1.7%, DWS KGaA was ranked 21 in the German SDAX at December 31, 2019.

The highest Xetra closing price for DWS shares in 2019 was € 33.14 reached on May 2, 2019, while the lowest closing price was on January 14, 2019 at € 22.37. Over the course of 2019, the share price posted a cumulative shareholder return of 41.95 percent compared to 31.6 percent increase at the SDAX in the same period. This marks a significant improvement from 2018, which was impacted by one of the sharpest market declines on record. Based on the 200 million outstanding bearer shares, the market capitalisation of DWS KGaA totalled € 6.3 billion on December 31, 2019.

Cumulative Shareholder Return in % in 2019



Key Data Share

WKN	**DWS100**
ISIN	DE000DWS1007
Ticker symbol	DWS
Trading segment	Regulated market (Prime Standard)
Indices	SDAX
Class of shares	No par-value ordinary bearer shares
Number of shares as of December 31, 2019	200,000,000
Market capitalisation as of December 31, 2019 (in € bn)	6.3
Initial listing	March 23, 2018
Initial issue price in €	32.50
Share price in € as of December 30, 2019[1]	31.7
Cumulative Shareholder Return (since December 28, 2018) in %	41.95
Period high in €[2]	33.14
Period low in €[2]	22.37

[1] Xetra Closing Price as of last trading day in 2019
[2] Xetra Closing Price

Share Liquidity

The average daily trading volume of DWS shares was approximately 76 thousand daily traded shares in 2019, with the highest level in May at approximately 145 thousand daily traded shares on average.

Average Daily Trading Volume in 2019

January	February	March	April	May	June	July	August	September	October	November	December
72,741	53,706	118,095	86,555	144,772	65,958	49,651	44,772	72,409	85,123	61,764	51,641

Source: Bloomberg, including German stock exchanges Xetra, Frankfurt, Stuttgart, Berlin, Düsseldorf and Munich

Investor Relations Activity

Throughout 2019, the Group has been actively engaged in continuous dialogue with analysts, institutional and private investors to provide the latest developments on the group's business strategy.

The senior management, accompanied by the Investor Relations team, have participated in numerous industry conferences and roadshows across the world meeting investors in Frankfurt, London, Paris and New York. Investor Relations participated in conferences and roadshows in Milan and Amsterdam and also maintained contact with sell-side analysts and shareholders through frequent one-on-one meetings and phone calls.

In these meetings, a range of topics are often covered including business developments, cost efficiencies, financial targets, strategic alliances, regional strategies and asset management industry outlook. This year, there has been broad acknowledgment of the Group's accelerated cost initiatives, as well as the positive turnaround in net inflows. Product innovation, particularly around ESG offerings, has also been a popular topic of discussion.

Every quarter, we host a conference call to present its financial results to analysts, and provides public access to the corresponding documents on our website.

Additionally, an Investor Update took place on December 10, 2019, where senior management presented the company's strategic priorities and financial outlook in 2020 and beyond to a group of public audience. The event was hosted in tandem with Deutsche Bank's Investor Deep Dive on the same day. Materials from the Investor Update, including a replay of the live webcast, can be found on our website.

Research Coverage

At the end of 2019, a total of 20 brokers covered the DWS stock, publishing regular commentary about the company. As of December 30, 2019 thirteen brokers recommend a buy rating for DWS, up from six buy recommendations in 2018, while five brokers recommend holding and two recommend selling. The average target share price is € 34.2 as of December 31, 2019.

Target Price and Rating as of December 31, 2019

Rank	Broker	Target Price (in €)	Rating
1	Exane BNP Paribas	40.0	Buy
2	Morgan Stanley	39.5	Buy
3	Commerzbank	37.0	Buy
4	UBS	37.0	Buy
5	Bank of America ML	36.0	Buy
6	JP Morgan	36.0	Buy
7	Goldman Sachs	36.0	Buy
8	Kepler Cheuvreux	35.2	Buy
9	AlphaValue	35.2	Buy
10	Pareto Securities AS	35.0	Buy
11	Citi	35.0	Buy
12	ING	34.5	Buy
	Average	**34.2**	
13	Barclays	34.0	Buy
14	Autonomous	32.4	Sell
15	Independent Research	32.0	Hold
16	Santander	31.4	Hold
17	Nordea	31.2	Hold
18	Oddo BHF	31.0	Hold
19	Credit Suisse	31.0	Hold
20	DZ Bank	25.0	Sell

Annual General Meeting

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

The DWS Executive and Supervisory Board will recommend a dividend payment of € 1.67 per share for the financial year 2019 in the Annual General Meeting 2020, which takes place on June 18, 2020 at the Congress Center in Frankfurt am Main in Germany.

Financial Calendar 2020

Date	Event
January 30, 2020	Preliminary Q4 & FY 2019 results with Investor & Analyst Conference Call
March 20, 2020	Annual Report 2019 & Sustainability Report 2019
April 29, 2020	Q1 2020 results with Investor & Analyst Conference Call
June 18, 2020	Annual General Meeting
July 29, 2020	Interim Report Q2 2020 with Investor & Analyst Conference Call
October 28, 2020	Q3 2020 results with Investor & Analyst Conference Call

Shareholder Structure

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018 DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. DB Beteiligungs-Holding GmbH is a wholly-owned subsidiary of Deutsche Bank AG. The second largest shareholder is Nippon Life Insurance Company with a 5% stake as notified to us in the voting rights announcement dated March 22, 2018. These ownerships have been confirmed at the Annual General Meeting on June 5, 2019. We have not been made aware of any changes in this ownership as per December 31, 2019. DWS KGaA's free float amounts to 15.51%.

1

Summarized Management Report

Summarized Management Report

Introduction to DWS Group

Corporate Profile

We are a leading asset manager with € 767 billion in assets under management (AuM) as at December 31, 2019. We are headquartered in Germany but our approximately 3,360 employees operate globally, providing a range of traditional and alternative investment capabilities to clients worldwide.

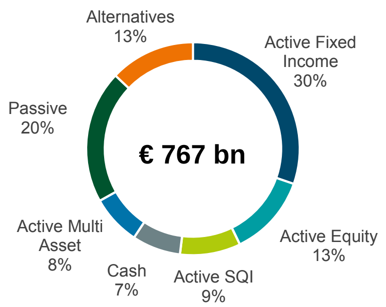
We have a fully integrated global investment group, supported by our Chief Investment Office which supplies the overarching framework that guides our investment decisions. Our offerings span all major asset classes including equity, fixed income, cash and multi asset as well as alternative investments.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

Our product offerings are distributed across EMEA (Europe, Middle East and Africa), the Americas and Asia/Pacific (APAC) through our single global distribution network. We also leverage third-party distribution channels, including our largest shareholder Deutsche Bank Group. While we aim to grow organically, we will continue to monitor the market for selective bolt-on opportunities to grow in priority areas, for example to complement our product range and our platform capabilities. We may consider consolidation opportunities prevailing in the industry, to establish our market positions in key growth areas, or for distribution access. Any merger and acquisition activity, in addition to meeting strategic objectives and low execution risk, will also be measured against financial criteria such as attractive return on investment (ROI) and earnings accretion.

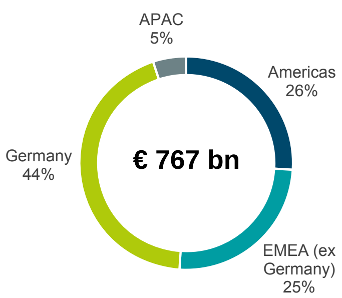
We serve a diverse client base of retail and institutional investors worldwide, with a strong presence in our home market in Germany. These clients include large institutions to governments, corporations and foundations as well as millions of individual investors. As a regulated asset manager, we act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

Diversified Business with Global Footprint

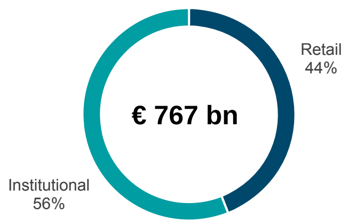
AuM by Asset Class



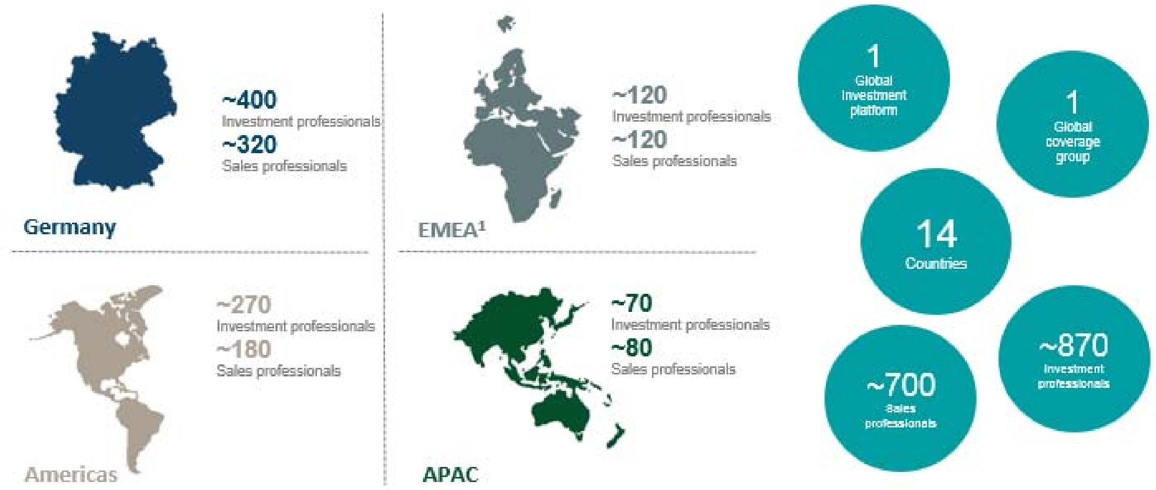
AuM by Region



AuM by Client Type



European Origin with a Global Perspective



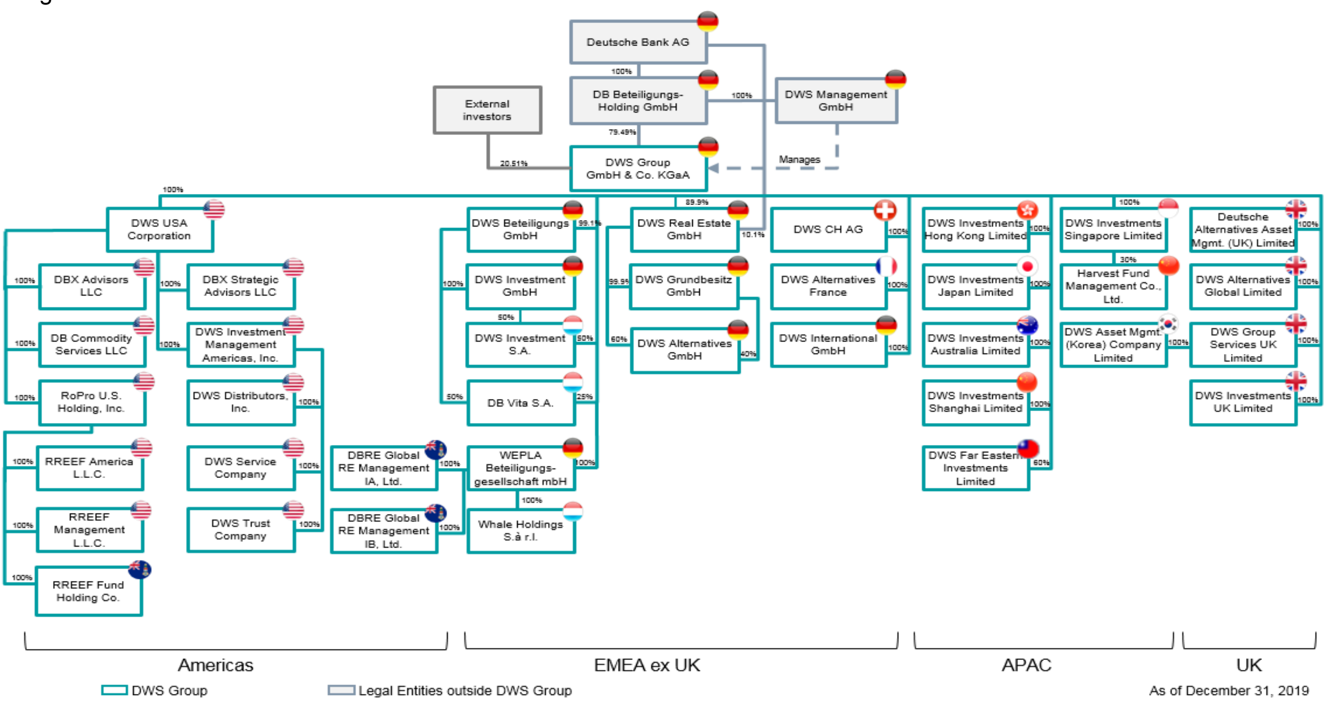
Note: Investment professionals are defined as employees whose primary role contributes to the performance of DWS; sales professionals are defined as employees that are aligned to client facing roles within the distribution structure (as of December 30, 2019).
[1] EMEA excl. Germany

DWS Group Structure

We are organized as a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with a German limited liability company (Gesellschaft mit beschränkter Haftung) as our general partner (Komplementär). DWS Group GmbH & Co. KGaA (DWS KGaA) is the direct or indirect financial holding company for the Group's subsidiaries. As at December 31, 2019, DWS Group consists of 73 consolidated entities, comprising of 49 subsidiaries and 24 consolidated structured entities.

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

The following diagram provides a simplified overview of our operating structure including our direct and indirect shareholders and our significant subsidiaries.



Branches of Subsidiaries

DWS KGaA does not have any branches of its own but has established 23 active branches within five of its subsidiaries. The table below provides the split of branches by subsidiary as at December 31, 2019.

Number of Branches by Region

Name of subsidiary	EMEA	Americas	Asia/Pacific
DWS Alternatives GmbH	3	0	0
DWS Distributors, Inc.	0	7	0
DWS Grundbesitz GmbH	5	0	1
DWS International GmbH	5	0	0
DWS Investment Management Americas, Inc.	0	2	0
Total	**13**	**9**	**1**

The majority of these branches have been operational for a number of years and are considered an extension of our investment management activities performed in specific locations where it is important to have a local presence in our key markets. These branches were set up to house mainly distribution activities and supporting services.

Recently, a new branch for DWS International GmbH has also been created in Stockholm and is expected to start business activity in 2020 that was previously carried out by the local Deutsche Bank AG branch on behalf of DWS.

Research and Activities

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

As the asset management industry evolves, we also continue to modernize and digitize our platforms to improve and enhance internal research and development for our products and services. We expect our proprietary research to become increasingly important following the implementation of MiFID II.

In 2019, we consolidated our research capabilities as part of a broader strategy to establish the DWS Research House. The aim is to increase our focus on leveraging data and information and improve the quality of our content. As a result, we have organized the Research House in five pillars: Framework, Micro, Macro, House of Data and Research Institute.

Notably, the Research House is designed to empower our clients with thought leadership content, including a focus on sustainability and themes that will affect investments in the next decade. The House is staffed with experts from across DWS as well as academic and industry working groups. The research reports are accessible to clients, employees and the general public via the DWS website.

CIO View

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

Internal Management System

At the start of 2019, the management of DWS Group refined its medium-term financial targets as part of a broader review of priorities and initiatives.

As a result, the adjusted cost-income ratio was identified as the main priority to enable long term growth and create maximum shareholder value in the current and anticipated market environment. In particular, we announced that we target an adjusted cost-income ratio of ~70% by the end of 2019 on the assumption of flat revenues year-on-year. In 2019, we were able to outperform this target, driven by accelerated efficiency initiatives to deliver the full amount of our € 150 million in gross cost savings, and higher revenues as a result of significant performance fees recognized in the second and fourth quarters. A further ~€ 150 million of gross cost savings have also been identified to ensure we remain on track to achieve our targeted adjusted cost-income ratio of below 65% by 2021.

Given the prospect of further market challenges, and the impact that volatility might have on annual flows in any given year, we also decided to target 3 to 5 percent average net flows by 2021. More specifically in 2019, we set ourselves an ambition to outperform the asset management industry on net flows, which we were able to do, driven by inflows into targeted growth areas of Passive, Alternatives and Active Multi-Asset.

In addition, we realise that non-controllable factors in the asset management industry such as equity market moves and continued fee pressure also impacts our average management fee margin. As a result, we no longer see our management fee margin as a target, but rather focus on performance and net flows.

Along with these refined targets, we remain committed to a dividend payout ratio of 65% to 75%. For 2019, the Executive Board has decided to propose a dividend of € 1.67 per share, subject to approval at the Annual General Meeting.

Our management uses the following Key Performance Indicators (KPIs). For detail on our ESG-focused KPIs, please refer to the DWS Sustainability Report 2019.

	2019 RESULTS	2019 TARGET	2021 TARGET
Adjusted CIR	67.6%	~70% (assuming year-on-year flat revenues)	<65%
Net flows (% of BoP[1] AuM)	3.9%	3-5% (on average[2])	
Dividend payout ratio[3]	65%	65% to 75%	

[1] BoP – Beginning of period for each year
[2] Annual flows could be volatile depending on market circumstances.
[3] Dividend payout ratio is subject to approval at the next DWS Annual General Meeting.

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

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

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

Overview of 2019

Achievements

We focused on executing and delivering our strategic priorities in 2019, resulting in significant annual net inflows, a lower adjusted cost-income ratio and higher revenues in spite of the challenging market environment.

Over the year, we accelerated efficiency measures to achieve the full amount of our € 150 million gross cost savings objective ahead of schedule. The full-year adjusted cost-income ratio also improved to 67.6%, beating our 2019 target of approximately 70%, driven by incremental cost measures through workforce efficiency, strategic vendor management and real estate rationalization, together with higher revenues from significant investment performance fees in the second and fourth quarters. Going forward, cost control will remain fundamental to execute on our business strategy. We have therefore identified further cost measures for 2020 and beyond to ensure we remain firmly on our glide path towards an adjusted cost-income ratio of below 65% by 2021.

In 2019, we advanced our transition from being a bank-owned division to a distinct listed asset manager. We continued our efforts to insource services into DWS entities from Deutsche Bank for Compliance, Risk, Human Resources and Finance. We also continued to simplify our sales coverage platform to create efficiency and intensify our client focus by making changes to our distribution and investment teams as well as adopting a focused client segmentation approach to better combine core investment capabilities with client demand. In addition, we completed the sale of our € 2 billion AuM Hedge Fund UCITS business to Alma Capital Investment in January 2020.

While becoming more efficient, we have also enhanced our focus on organic business growth to overcome the flow headwinds from 2018. In 2019 we reported strong inflows from our strategic partnerships and supported by ESG offerings, while our efforts to target growth areas of Passive, Alternatives and Active Multi-Asset have been successful as reflected by significant inflows and double-digit AuM growth in all of these asset classes. Notably, our global passive Exchange Traded Product assets exceeded €100 billion over the year, while our Passive inflows more than doubled from full year 2018 inflows.

We have worked hard to improve investment performance in our active retail funds, helping to drive inflows into a number of our flagship offerings including multi-asset products Concept Kaldemorgen and Dynamic Opportunities Fund, with the latter exceeding € 1 billion of AuM already in the second quarter of 2019. We also saw inflows to other active retail flagship funds Top Dividende (equity) and Invest Asia Bond (fixed income) over the year. Alternative inflows increased substantially from 2018, driven by real estate and infrastructure investments.

Product innovation is fundamental for us to meet the requirements of our diversified client base. This year we have seen growing demand for products that can generate positive performance in a declining interest rate environment, leading to a renewed interest in multi-asset funds, including the launch of the DWS Invest Conservative Opportunities Fund in Q3 2019. Environmental, Social and Governance (ESG) themed products also remain a key feature of our portfolio as reflected by the majority of our new product launches in 2019, a trend continued from 2018. This includes the largest ESG equity ETF in the market with € 740 million in seed capital, a product launched in partnership with one of our European pension insurance clients. We have also continued to expand our Alternative investments, reflecting the growing investor demand we see for such offerings. Throughout the year, we have also collaborated with alternative investment specialists to develop and launch new real estate and infrastructure funds.

ESG has become a greater strategic focus across all aspects of our business, spanning the investment platform, client coverage, supporting infrastructure functions and more broadly within our company culture. We believe ESG will be an essential part of the license to operate for every asset manager in the future, which is why we have taken bigger steps to build on our ESG experience and ensure we have the right foundation in place to adapt to an asset management industry, oriented around sustainability and responsible investing. Among the numerous efforts made, we announced the establishment of our Group Sustainability Office to ensure we have a holistic and efficient framework to meet growing investor demand and regulatory needs with regards to ESG, we committed to a 50% carbon footprint reduction in our European real estate portfolio by 2030 and we became a member of the UN-backed Coalition for Climate Resilient Investments initiative. In 2019, we also continued to score highly in the annual Principles for Responsible Investments (PRI) assessment, in which we improved our score in three out of nine modules, while maintaining an A+ rating for Strategy & Governance.

Another key development in our ESG strategy was the acquisition of a minority stake in Arabesque S-Ray, a digital ESG-scoring provider based in Frankfurt. We are aiming to use S-Ray's data as an additional source for our ESG Engine, a tool we have created internally to consolidate and produce ESG data to enable ESG analysis as part our investment process. This acquisition further enhances DWS's leading ESG capabilities to deliver innovative tailor-made solutions to its clients.

The Arabesque S-Ray deal also forms part of a broader strategy to progress towards the digitalization of asset management and in 2019, we took further steps to enhance our artificial intelligence (AI) capabilities in particular. We completed the purchase of a 24.9% stake in Arabesque AI, a UK-based company that predicts stock price developments via its proprietary AI engine combining big data, machine learning and high-performance computing. We have also formed a strategic partnership with Arabesque AI to support continued collaboration and create innovative solutions to help DWS gain a competitive edge.

In an increasingly digitized asset management industry, we are increasing our use of technology and artificial intelligence to enhance our investment platform and to improve processes and create efficiencies. This is reflected in our operating platform, where we have started to implement robotic process automation, helping to create value in manual processes such as cash reconciliation. We will continue to leverage technology in 2020 and beyond to transform our operating platform so that our infrastructure is efficient and fit for purpose for an asset manager.

We also achieved a significant cultural milestone in 2019 by announcing our decision to remove typical banking industry corporate titles in favour of a functional role framework. The purpose is to change the way in which we work as an organization by removing hierarchical layers and further enhancing operational efficiency by reducing attrition, focusing on developing employees' skill sets and ensuring we have the right skills in the right place. We are targeting to implement the new functional role framework by mid-2020.

In summary, 2019 has marked a significant year of progress for DWS in its efforts to position itself for sustainable long-term growth. Cost efficiencies have been a key focus to create shareholder value, and we have continued to develop our diversified product mix to support net inflows, increase AuM and ensure stable revenue growth. ESG and digital have become increasingly important features of our overall business strategy, and with more developments to come in 2020 and beyond.

Challenges

After a challenging year for the global asset management industry in 2018, we saw more favourable market conditions in 2019, although with continued geopolitical tensions.

Notably, there was a marked divide between equity and bond markets, which was particularly prominent in the third quarter. Equities have generally traded at higher levels in 2019, but with elevated volatility, while bond yields deteriorated over the year, resulting in the US yield curve inverting in 3rd quarter 2019, and fixed income interest rates have declined.

Collectively, all of these developments had diverse effects at DWS. Overall, equity market performance was positive, helping to contribute to significant AuM growth at DWS over the year. However, declining interest rates had a negative impact on fair value of guarantees, impacting our other revenues, as well as retail fixed income flows, mainly in short duration products.

Continued margin compression was an ongoing challenge, impacting DWS and the broader asset management industry. This was reflected in our overall management fee margin in 2019, together with market and flow effects. As margin pressure is expected to continue, we expect the revenue environment to remain challenging in 2020 but with our well diversified portfolio providing some mitigation against this.

Our Brand

The company brand 'DWS' draws on our roots in the German market, going back over 60 years, and uses a name that is distinct in our industry globally. It stands for stability, a strong track record and for values that we attribute to the DWS brand and continuously aim to live up to: integrity, entrepreneurship, excellence, and sustainability. These are values that will remain central to our future success.

Our Values

Integrity first

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

Entrepreneurial minds

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

Demanding excellence

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

Inspiring sustainability

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

Operating and Financial Review

Economic Environment

Global Economy

Economic growth (in %)[1]	2019[2]	2018	Main driver
Global Economy	3.1	3.8	Due to trade-related and geopolitical uncertainty, international trade and global industrial production weakened noticeably. Although trade policy and Brexit issues moved towards resolution by year-end, in the course of the year trade policy in particular undoubtedly slowed economic growth in both industrialised countries and emerging markets.
Thereof:			
Industrialized countries	1.6	2.2	Slowing momentum of global trade adversely affected industrialised countries. The realignment of global value chains weighed on economic activity, while domestic demand remained a solid pillar of growth.
Emerging markets	4.0	4.9	Emerging markets were also negatively affected by trade tensions and the related slowdown of world trade. As a result, economic growth decelerated markedly in major emerging market regions.
Eurozone Economy	1.2	1.9	Trade tensions and the lingering Brexit as well as regional political uncertainties weighed on Eurozone economic activity. Domestic demand was the mainstay of growth. Nevertheless, there were initial signs of negative spillovers from the externally driven weakness of the industrial sector. The European Central Bank (ECB) reinitiated net asset purchases and lowered the deposit rate, thereby further easing monetary conditions.
Thereof:			
German economy	0.6	1.5	The German manufacturing industry has fallen into recession. The slowing world trade, and idiosyncratic factors, e.g. auto sector, led to a slowdown in production and order intake. In contrast, the construction and the more domestic oriented services industries continued to expand. Private consumption was supported by a strong labour market.
US Economy	2.3	2.9	The US economy was supported by robust private consumption and easy financial conditions. Nevertheless, trade uncertainty weighed on manufacturing output and thus reduced capex investments. The labour market remaind strong, with the unemployment rate reaching a fifty-year low. The Federal Reserve Bank (Fed) supported economic activity by lowering its policy rate three times in 2019.
Japanese Economy	0.8	0.3	Economic activity in the manufacturing industry has weakened due to the slowdown in overseas economies. Non-manufacturering branches remained more stable. Consumption has been firm, despite an increase in the consumption tax rate by 2 percentage points in October 2019.
Asian Economy[3]	5.2	6.2	Growth in the region has clearly been hit by the trade conflict, especially the smaller, more open economies, where investments growth declined as well.
Thereof:			
Chinese economy	6.1	6.7	In China, growth slowed due to adverse impacts of US tariffs and weaker world trade in general, but tax cuts and infrastructure spending supported economic activity. Domestic demand growth has bottomed during the year.

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

Asset Management Industry

In 2019, global stock markets showed signs of recovery after one of the worst years of performance in 2018, while asset management inflows improved year-on-year, reflecting continued growing demand for passive and alternative investments. Despite markets gaining positive traction, investor sentiment has remained cautious this year, particularly in retail, amid ongoing concerns over growing inflationary threats, protectionist, anti-trade policies and increased market uncertainty.

Recognising that markets and investor sentiment may continue to fluctuate, we believe several major trends will continue to challenge the asset management industry:

- **Secular stagnation:** with the low interest rate environment starting to turn negative, there is a possibility that the asset management industry could be impacted by secular stagnation, creating significant consequences for investors and asset managers

- **Margin erosion:** continued pressure on fees and costs will persist, driven by heightened competition, particularly in passive products and as a result of growing regulatory and compliance requirements such as MiFID II

- **Geographic wealth shift:** emerging countries, primarily in Asia, will continue to be key drivers of future industry growth, offering new opportunities for asset managers as local investors expand their investment horizons globally

- **ESG as a license to operate:** demand for sustainable or environmental, social and governance investments is driving research, enhanced risk management and extensive product development as investors increasingly focus on issues such as climate change

- **Investor sophistication:** investors are becoming increasingly sophisticated in their investment requests, demanding higher standards in product quality, performance and service. Demand for more sophisticated pension solutions is continuing to grow, driven by the shift from defined benefit to defined contribution schemes

- **Tech revolution:** the rapid advancement in technology is enabling asset managers to improve the value chain, as well as create operational efficiencies. Wider adoption of artificial intelligence and big data is expanding product choice and enhancing performance and distribution, while increased use of intelligent automation is helping simplify processes

- **Margin Compression:** scale and diversified capabilities are becoming increasingly important attributes for asset managers to continue growing in a more challenging revenue environment and amid heightened competition

DWS Group

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

- As markets become more challenging, we are able to offer clients a comprehensive range of investment solutions from our globally integrated investment platform spanning 15 countries and covering all major asset classes and investment styles;
- With a dynamic range of alternative investments including real estate, infrastructure, liquid real assets, private equity and sustainable investments, we are able to meet client demand for higher returns in the current low-yield environment helping investors meet their long-term investment goals;
- We are well positioned to take advantage of the shift to passive investments, offering passive mutual funds, mandates and ETFs. Xtrackers, our passive platform, is Europe's second-largest provider of ETFs with 10.4% market share, and the seventh-largest globally[1];
- Growing investor demand for wider adoption of ESG factors, particularly from European institutional investors, has long been recognised by DWS, which was among the early signatories of the UN-backed Principles for Responsible Investment (PRI) in 2008. We believe that our expertise and long experience in sustainable investing along with our increased range of products assist us to further protect and grow our clients' assets over the long term;
- As the asset management market continues to be shaped by advances in technology DWS has invested in new digital expertise, which is creating new distribution channels, products and services for our clients.

DWS Performance

Our 2019 performance reflects management's commitment and diligence in executing and delivering our priorities, returning the firm back to a positive trajectory.

Net inflows increased for the fourth quarter in a row, resulting in strong full year net flows, driven by continued inflows into targeted asset classes. This turnaround was supported by improved investment performance, our diversified business across Active, Passive and Alternatives and our strategic partnerships.

As a result of the firm's efforts, the adjusted Cost-Income Ratio (CIR) for 2019 improved to 67.6% and outperformed the full-year target 2019 of approximately 70%.

[1] ETFGI YE 2019.

Total revenues increased by 6% to € 2,389 million in 2019 (2018: € 2,259 million). While management fees and other recurring revenues increased slightly by 2% supported by the positive market development and net flows, performance and transaction fees more than doubled due to significantly higher performance fees.

Adjusted profit before tax increased by 24% to € 774 million in 2019 (2018: € 625 million) as we recorded higher revenues.

The Executive Board will propose an increased dividend of € 1.67 per share for the 2019 financial year (2018: € 1.37), in line with our commitment to a 65 to 75% dividend payout ratio, subject to Annual General Meeting approval on June 18, 2020.

The management fee margin stood at 29.6 basis points for 2019 (2018: 30.6 basis points) slightly lower as compared to the full year target 2019 mainly due to non-controllable factors in the asset management industry such as equity market moves and continued fee pressure.

Assets under Management (AuM) rose by € 105 billion to € 767 billion. Starting with AuM of € 662 billion at the beginning of 2019, the annual increase was driven by a combination of positive market development and strong net inflows, supported by favourable exchange rate movements. We generated in 2019 € 26 billion of net flows (2018: €(22) billion) resulting in 4% net flows for FY 2019, in line with our 3-5% medium term target range.

Financial Performance

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

	2019	2018
Assets under management (AuM)[1] (in € bn)	**767**	**662**
Net flows[2] (in € bn)	26	(22)
Net flows[2] excluding cash (in € bn)	29	(19)
Management fee margin[3] (in basis points (bps))	29.6	30.6
Adjusted revenues[4] (in € m)	2,389	2,259
Adjusted costs[5] (in € m)	(1,615)	(1,633)
Cost-income ratio (CIR)[6] (in %)	69.4	74.2
Adjusted cost-income ratio[7] (in %)	**67.6**	**72.3**
Adjusted profit before tax[8] (in € m)	**774**	**625**

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

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

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

(4) Adjusted revenues present net interest and noninterest income excluding non-recurring items, such as disposal gains and other material non-recurring income items. We use this metric to show revenues on a continuing operating basis, in order to enhance comparability against other periods. There were no revenue adjustment items within the reporting periods.

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

in € m.	2019	2018
Noninterest expenses	**(1,657)**	**(1,676)**
Litigation	(0)	4
Restructuring activities	29	14
Severance payments	14	24
Adjusted costs	**(1,615)**	**(1,633)**

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

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

(8) Adjusted profit before tax is calculated by adjusting the profit before tax to account for the impact of the revenue and cost adjustment items as explained under footnotes (4) and (5) above.

Non-Financial Performance

For more information on sustainability please visit the consolidated Non-Financial Report 2019 for DWS Group. The Non-Financial Report 2019 is embedded in our Sustainability Report and published on our Investor Relations website under the following link https://dws.com/Our-Profile/ir/reports-and-events/sustainability-report/.

Results of Operations

in € m. (unless stated otherwise)	2019	2018	Change from 2018 in € m.	Change from 2018 in %
Management fees income	3,189	3,147	42	1
Management fees expense	(1,053)	(1,055)	2	(0)
Net management fees	**2,136**	**2,092**	**45**	**2**
Performance and transaction fees income	213	93	120	129
Performance and transaction fees expense	(8)	(4)	(4)	82
Net performance and transaction fees	**205**	**89**	**116**	**131**
Net commissions and fees from asset management	**2,341**	**2,180**	**161**	**7**
Interest and similar income	31	18	14	78
Interest expense	(19)	(14)	(6)	41
Net interest income	**12**	**4**	**8**	**195**
Net gains (losses) on financial assets/liabilities at fair value through profit or loss[1]	128	(44)	172	N/M
Net income (loss) from equity method investments	42	43	(0)	(1)
Provision for credit losses	(0)	2	(3)	N/M
Other income (loss)[1]	(134)	73	(208)	N/M
Total net interest and noninterest income	**2,389**	**2,259**	**130**	**6**
Compensation and benefits[2]	(826)	(730)	(97)	13
General and administrative expenses	(831)	(946)	115	(12)
Impairment of goodwill and other intangible assets	0	0	0	N/M
Total noninterest expenses	**(1,657)**	**(1,676)**	**18**	**(1)**
Profit (loss) before tax (PBT)	**732**	**583**	**149**	**26**
Income tax expense	(219)	(192)	(27)	14
Net income (loss)	**512**	**391**	**122**	**31**
Attributable to:				
Noncontrolling interests	1	(0)	1	N/M
DWS Group shareholders	511	391	120	31

[1] Net gains (losses) in financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € 141 million for 2019 (€ (55) million for 2018) on guaranteed funds and other income (loss) includes € (141) million for 2019 (€ 55 million for 2018) valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
[2] Includes restructuring costs of € 29 million for 2019 (€ 14 million for 2018).

For 2019, we reported a higher profit before tax of € 732 million, an increase of € 149 million, or 26% compared to 2018. Our net interest and noninterest income was slightly higher, with flat management fees, significantly higher performance fees partly offset by significantly lower remaining revenues. Noninterest expenses were in line with prior year.

Total net interest and noninterest income was € 2,389 million, an increase of € 130 million, or 6% compared to 2018. Net performance and transaction fees increased significantly by € 116 million, or 131% mainly driven by alternatives and multi asset performance fees recognized in 2019. Management fees were essentially flat, as a positive market performance and growth in passive and alternatives is compensating for the unfavourable effect from declining management fee margin. Remaining revenues were € 48 million, a significant decrease of € 30 million, or 39% compared to 2018, primarily driven by the negative change in fair value of guarantees for the guaranteed products.

Noninterest expenses of € 1,657 million are flat compared to 2018. The increase in compensation and benefits is mainly driven by higher performance related compensation as well as higher restructuring activities. General and administrative expenses decreased driven by lower charges for services provided by Deutsche Bank Group and lower non-compensation direct costs, largely due to reduced professional service fees and lower marketing spend.

Assets under Management

The AuM development in 2019 is reflected in the table below:

	Dec 31, 2018				2019	Dec 31, 2019
in € bn.	AuM[2]	Net flows	FX impact	Performance	Other	AuM
Product:						
Active Equity	77	(2)	0	20	(1)	96
Active Multi Asset	46	7	0	5	(0)	58
Active SQI[1]	63	2	0	8	(2)	71
Active Fixed Income	227	(8)	3	13	(1)	234
Active Cash	58	(2)	1	1	(0)	57
Passive	112	19	1	23	1	156
Alternatives	79	10	1	5	1	96
Total	**662**	**26**	**7**	**75**	**(3)**	**767**

1 Systematic & quantitative investments.
2 Product restatements led to a shift in the asset class breakdown compared to the disclosed breakdown in our Annual Report 2018.

Assets under Management were € 767 billion, an increase of € 105 billion compared to December 31, 2018. The increase was mainly driven by favourable market performance of € 75 billion, net inflows of € 26 billion and a foreign exchange effect of € 7 billion.

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

Net flows

In 2019 we generated net flows of € 26 billion mainly due to strong inflows into the targeted growth areas passive, alternatives as well as multi asset products. This is partially offset by fixed income net outflows.

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

FX impact

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

Performance

The market performance in the period led to an increase in AuM of € 75 billion particularly in equity, passive and fixed income.

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

Financial Position

Liquidity

Treasury is mandated to manage the overall liquidity and funding position of DWS Group. We principally fund our business through equity and cash generated by our operations. To ensure that DWS Group can fulfil its payment obligations at all times and in all currencies, we established a liquidity risk management framework that includes stress-testing of our current and forecasted liquidity position. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with our risk appetite. As of December 31, 2019 we held cash, bank balances, government bonds and money market funds totalling € 3,047 million. To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of December 31, 2019.

Capital Management

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

Capital Expenditures

During 2019 DWS Group made capital expenditures in leasehold improvements in the US reflected within property and equipment in the amount of € 27 million. Contingent liabilities and other obligations increased by € 54 million from € 65 million in 2018 to € 119 million as of December 31, 2019 mainly due to new strategic and co-investments.

Net Assets

The table below shows selected items within our financial position:

			Change from 2018	
in € m. (unless stated otherwise)	Dec 31, 2019	Dec 31, 2018	in € m.	in %
Assets:				
Cash and bank balances	2,086	2,310	(224)	(10)
Financial assets at fair value through profit or loss	3,419	2,875	544	19
Goodwill and other intangible assets	3,781	3,749	32	1
Remaining assets[1]	1,666	1,760	(94)	(5)
Total assets	**10,952**	**10,694**	**258**	**2**
Liabilities and equity:				
Financial liabilities at fair value through profit or loss	663	613	51	8
Remaining liabilities[2]	3,436	3,543	(106)	(3)
Total liabilities	**4,100**	**4,155**	**(55)**	**(1)**
Equity	**6,852**	**6,539**	**313**	**5**
Total liabilities and equity	**10,952**	**10,694**	**258**	**2**

[1] Sum of equity method investments, loans, property and equipment, right-of-use assets, assets held for sale, other assets, assets for current tax, and deferred tax assets.
[2] Sum of deposits, other short-term borrowings, lease liabilities, liabilities held for sale, other liabilities, provisions, liabilities for current tax, deferred tax liabilities and long-term debt.

As of December 31, 2019, total assets increased by € 258 million (or 2%) compared to year-end 2018.

Cash and bank balances decreased by € 224 million. The decrease is mainly related to the dividend payment of € 274 million as agreed in the Annual General Meeting on June 5, 2019, net tax payments of € 313 million and net new investments mainly in money market funds, government bonds and seed investments of € 322 million, partly offset by remaining net cash movements of € 676 million. The increase in financial assets at fair value through profit and loss of € 544 million mainly relates to new net investments in money market funds, government bonds and seed investments of € 322 million and increase in guaranteed funds and investment contract assets of € 210 million. Remaining assets decreased by € 94 million mainly driven by the implementation of IFRS 16 "Leases" with an increase in right-of-use assets of € 130 million, increase in equity method investments of € 36 million, increase in property and equipment of € 24 million and a decrease in other receivables of € 283 million.

As of December 31, 2019, total liabilities decreased by € 55 million (or 1%) compared to year-end 2018. The overall decrease was primarily driven by an increase in remaining liabilities of € 140 million from the implementation of IFRS 16 and guaranteed funds and investment contract liabilities of € 198 million offset by a decrease in tax liabilities of € 106 million and a decrease in other payables of € 290 million.

Equity

The total equity as of December 31, 2019 was € 6,852 million compared to € 6,539 million as of December 31, 2018. The increase of € 313 million is mainly driven by the net income after tax for the period January to December 2019 of € 512 million and positive impact from foreign exchange rate movements on capital denominated in currencies other than the Euro of € 98 million partially offset by the dividend payment of € 274 million as agreed in the Annual General Meeting on June 5, 2019 and other effects of € 21 million.

Regulatory Capital

Our fully loaded Common Equity Tier 1 (CET 1) capital according to CRR/CRD IV as of December 31, 2019 increased during 2019 by € 144 million to € 2,828 million. Risk-weighted assets (RWA) according to CRR/CRD IV were € 9,187 million as of December 31, 2019, decreased by € 55 million compared with € 9,242 million at the end of 2018. The CRR/CRD IV CET 1 capital ratio was 30.8% as of December 31, 2019, compared with 29.0% at the end of 2018, as shown in the table below. With that we comply with the overall regulatory capital requirements.

in € m. (unless stated otherwise)	Dec 31, 2019 CRR/CRD IV	Dec 31, 2018 CRR/CRD IV
Regulatory capital:		
Common Equity Tier 1 capital (CET1)	2,828	2,684
Tier 1 capital (CET1 + AT1)	2,828	2,684
Tier 2 capital	0	0
Total regulatory capital	**2,828**	**2,684**
Risk weighted assets:		
Credit risk	5,108	5,283
Credit Value Adjustment (CVA)	0	1
Market risk	4,080	3,958
Operational risk[1]	0	0
Total risk weighted assets	**9,187**	**9,242**
Overall capital ratio (in %)[2]	**30.8**	**29.0**
CET1 ratio (in %)[2]	**30.8**	**29.0**

[1] As the rules for CRR investment firms are applicable, DWS Group does not have to cover risk-weighted assets for operational risks.
[2] DWS Group currently has only CET1 capital.

The table below shows a reconciliation of IFRS equity to regulatory capital:

in € m.	Dec 31, 2019 CRR/CRD IV	Dec 31, 2018 CRR/CRD IV
Shareholders' equity, as defined by IFRS, regulatory basis of consolidation	6,717	6,446
Elimination of net income, net of profit recognition	(454)	(367)
Goodwill and intangible assets (net of related deferred tax liabilities)	(3,405)	(3,367)
Deferred tax assets on unused tax losses	(3)	(5)
Prudent valuation	(16)	(14)
Defined benefit pension plan assets	(12)	(11)
Regulatory capital	**2,828**	**2,684**

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

For financial year 2019 we utilized the option of publishing a summarized management report in accordance with Section 315 (5) in conjunction with Section 298 (2) of the German Commercial Code (HGB). Supplementary to our Group reporting, this section provides details on the performance of DWS Group GmbH & Co. KGaA (DWS KGaA).

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

Corporate and Legal Structure of DWS KGaA

DWS KGaA is a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with a German-law limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) as its general partner. A KGaA is a hybrid legal form under German corporate law, which has elements of both a limited partnership and a stock corporation (Aktiengesellschaft – AG). Like a stock corporation, the share capital of a KGaA is held by its shareholders. Like a limited partnership, the KGaA is managed by a general partner which is subject to unlimited liability vis-à-vis third parties. DWS KGaA's sole general partner, DWS Management GmbH, is a wholly-owned subsidiary of DB Beteiligungs-Holding GmbH, which is 100% owned by Deutsche Bank AG.

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

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

Operational Activity of DWS KGaA

DWS KGaA was established to act as the parent company of the separated Deutsche Bank Asset Management business. The business purpose of the company is the holding of participations in as well as the management and support of a group of financial services providers. The company acts as a BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht, the Federal Financial Supervisory Authority) and Bundesbank supervised Financial Holding Company and is designated as super-ordinated undertaking of DWS Group pursuant to Section 10a (2) sentence 2 of the German Banking Act (KWG). The company itself is not active in the operating asset management business, but rather holds a large number of major shareholdings.

Results of Operations of DWS KGaA

			Change from 2018	
in € m. (unless stated otherwise)	2019	2018	in € m.	in %
Income from profit pooling agreements	605	363	242	67
Income from participating interests	70	141	(71)	(50)
Impairment on financial assets	(107)	(59)	(48)	80
Other Income	6	4	2	45
Staff expenses	(16)	(9)	(7)	76
Other operating expenses	(57)	(54)	(3)	5
Other interest and similar income	0	(1)	1	N/M
Interest and similar expenses	(0)	(0)	(0)	N/M
Income taxes	(136)	(82)	(54)	67
Net income	**365**	**303**	**62**	**20**
Profit carried forward from the previous year	32	3	29	N/M
Distributable profit	**397**	**306**	**91**	**30**

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

Income from profit pooling agreements from German subsidiaries increased by € 242 million to € 605 million in 2019. 2019 figures included the 2018 dividend payment of € 150 million from DWS Investment S.A. which is recognised by DWS Investment GmbH. Income from participating interests decreased by € 71 million to € 70 million in 2019. In 2018, income from participating interests included the remittance of a significant cash balance of € 50 million from Deutsche Alternative Asset Management (UK) Limited, following the receipt of a one-time exceptional item.

Impairment on financial assets amounted to € 107 million compared to € 59 million in the previous year and primarily related to our investments in DWS Investments Japan Limited (impairment of € 83.8 million), DWS CH AG (impairment of € 20.8 million) and DWS Far Eastern Investments Limited (impairment of € 2.5 million). These impairments were driven by an adverse development of management fees followed by a reassessment of the planned business mix.

Staff expenses increased by € 7 million to € 16 million mainly due to a higher average number of employees.

Other operating expenses which mainly reflect DB Group charges including DWS Management GmbH charges were essentially in line compared to previous year.

Income tax expense of € 136 million consists of € 164 million current tax expense less a deferred tax benefit of € 28 million. Income tax expense increased by € 54 million mainly driven by higher income. In addition, 2018 income tax expense included a one-off deferred tax benefit due to first-time adoption of HGB provisions for deferred taxes.

Net income increased by € 62 million to € 365 million in 2019.

Proposed Appropriation of Profit

The distributable profit amounted to € 397 million as of December 31, 2019. The company will propose to the Annual General Meeting to appropriate this distributable profit for a dividend payment of € 1.67 per share. It will also be proposed to carry forward the remaining distributable profit.

Financial Position of DWS KGaA

The table below shows selected items within our financial position:

in € m. (unless stated otherwise)	Dec 31, 2019	Dec 31, 2018	Change from 2018 in € m.	Change from 2018 in %
Assets:				
Tangible assets - office furniture and equipment	0	0	0	N/M
Financial assets - investments in affiliated companies	7,540	7,649	(109)	(1)
Financial assets - participating interests	14	0	14	N/M
Financial assets - long-term investment securities	1	0	1	N/M
Total fixed assets	**7,555**	**7,649**	**(94)**	**(1)**
Receivables from affiliated companies	813	507	306	60
Other assets	51	43	8	19
Securities	51	0	51	N/M
Bank balances	33	211	(178)	(84)
Total current assets	**948**	**762**	**186**	**24**
Prepaid expenses	**0**	**0**	**0**	**N/M**
Deferred tax assets	**56**	**28**	**28**	**103**
Excess of plan assets over pension liabilities	**6**	**1**	**5**	**N/M**
Total assets	**8,566**	**8,439**	**126**	**1**
Liabilities and shareholder's equity:				
Subscribed capital	200	200	0	0
Capital reserve	7,458	7,458	0	0
Revenue reserves	20	20	0	0
Distributable profit	397	306	91	30
Total capital and reserves	**8,074**	**7,983**	**91**	**1**
Provisions for taxes	57	2	55	N/M
Other provisions	22	34	(12)	(35)
Total provisions	**79**	**36**	**43**	**119**
Accounts payable for goods and services	1	0	1	N/M
Liabilities to affiliated companies	404	406	(2)	(0)
Other liabilities	8	15	(7)	(45)
Total liabilities	**413**	**420**	**(8)**	**(2)**
Total liabilities and shareholder's equity	**8,566**	**8,439**	**126**	**1**

Movements in Assets

As of December 31, 2019, total assets increased by € 126 million compared to year-end 2018.

Financial assets decreased by € 94 million mainly due to the aforementioned impairments of € 107 million, while newly acquired participating interests of € 14 million in Arabesque AI Ltd, Arabesque S-Ray GmbH and Neo Strategic Holding Limited had a contrary impact.

Receivables from affiliated companies increased by € 306 million to € 813 million mainly due to increased receivables from profit pooling agreements with German entities and a subordinated loan to DWS Investment GmbH.

Securities increased by € 51 million due to new investments in money market funds.

Bank balances decreased by € 178 million. The decrease mainly related to dividend payments of € 274 million, net tax payments of € 78 million, Group internal financing activities of net € 61 million, new investments in money market funds and participations of € 65 million and net cash outflows from operating activities of € 85 million, partly offset by cash received from the settlement of profit poolings for 2018 and dividends received totalling to € 385 million.

Equity

The capital and reserves of DWS KGaA as of December 31, 2019 were € 8,074 million, split into subscribed capital of € 200 million, reserves of € 7,478 million and a distributable profit of € 397 million. The increase by € 91 million compared to

December 31, 2018 related to the net income of the current year partially offset by the dividend paid.

Movements in Provisions and Liabilities

Total provisions increased by € 43 million to € 79 million as of December 31, 2019. The increase is driven by increased provisions for taxes of € 55 million, partly offset by decreased other provisions of € 12 million.

Total liabilities were € 413 million, essentially flat compared to year-end 2018.

Liquidity

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

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

As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with its risk appetite. As of December 31, 2019 we held bank balances of € 33 million and liquid money market funds of € 51 million. To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of December 31, 2019.

Risks and Opportunities of DWS KGaA

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

DWS KGaA generally participates in the risks of its shareholdings and subsidiaries in accordance with its respective percentage interest held. DWS KGaA is integrated in the risk management system and internal control system of the Group. Further information is provided in the ‘Risk Report’ and in the ‘Risk and Opportunities’ section of this report.

Outlook of DWS KGaA

The outlook for DWS KGaA on the future development of its business is essentially subject to the same influences as the outlook of DWS Group presented in the ‘Outlook’ section of this report.

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

As DWS KGaA and its subsidiaries are part of Deutsche Bank Group, the Executive Board of DWS KGaA is obliged to prepare a dependency report pursuant to section 312 AktG.

Our company, in principle, received appropriate consideration for each legal transaction listed in the report on relations with affiliated companies from January 1 to December 31, 2019, in the circumstances known to us at the time the legal transactions were made. We were granted the right before the end of the fiscal year 2019, to receive an appropriate compensation in the event a legal transaction was determined to be disadvantageous.

Our company did not suffer any disadvantages as a consequence of each measure listed in the report on relations with affiliated companies from January 1 to December 31, 2019, in the circumstances known to us at the time the measures were taken or refrained from.

Outlook

The DWS Group financial plans are developed using the economic outlook provided by DB Research, which is outlined in greater detail below. The statements in our Outlook including the potential impact related to COVID-19 reflect the status as of March 12, 2020.

Global Economy

Global Economy Outlook

Economic growth (in %)[1]	2020	2019	Main driver
Global Economy			In the first half of 2020, global economic growth is expected to be negatively impacted by the spread of the COVID-19 and the resulting disruption of economic activity. If the outbreak can be quickly brought under control the global economic activity is expected to recover in the second half of 2020 due to a moderation of global trade tensions, higher monetary stimulus and an easing of financial conditions. Important trade negotiations should remain key in 2020 with the US-China trade talks moving on to Phase Two.
GDP	2.4	3.1	
Inflation	3.1	3.0	
Thereof:			
Industrialized countries			Industrialized countries are expected to be negatively impacted by the global spread of COVID-19 and the associated uncertainty. In particular, the impending collapse of global value chain is weighing on the economic outlook. While the US is still expected to show positive growth, the Eurozone is likely to achieve only a slight positive expansion in 2020. Structural economic weaknesses in the Eurozone remain prevailing due to reform fatigue. The Japanese economy is expected to shrink in 2020.
GDP	0.5	1.7	
Inflation	1.1	1.4	
Emerging markets			The spread of the COVID-19 has started to directly impact consumption and production activity in certain Emerging markets. If containment is successful, recovering global growth momentum in the second half of 2020 and the resumption of trade negotiations between the US and China should provide a relatively favourable background for a recovery in Emerging markets growth.
GDP	3.6	4.0	
Inflation	4.4	4.0	
Eurozone Economy			In the Eurozone, GDP in 2020 is expected to weaken due to moderately negative growth in the first half of 2020. With the COVID-19 outbreak, the expected reduction of economic uncertainty that impacted 2019 failed to reverse. The European Central Bank (ECB) is expected to implement further targeted easing measures.
GDP	(0.1)	1.2	
Inflation	0.4	1.2	
Thereof:			
German economy			The export-oriented German economy will be negatively affected by the global consequences of the spreading COVID-19. GDP growth is likely to decline in year over year terms, particularly due to shrinking of economic activity in the first half of 2020. Private consumption and construction should remain sources of a positive impetus in 2020. Exports and investments should gradually gain traction in the second half of 2020, if further trade tensions can be avoided.
GDP	(0.2)	0.6	
Inflation	0.6	1.3	
US Economy			US economy growth is expected to weaken due to a marked slowdown in the first half of 2020 associated with the COVID-19 outbreak. Supported by solid private consumption and the Federal Reserve's monetary stimuli, the economy should regain momentum in the second half of the year. Capital investments could be impacted by a further spread of COVID-19, trade restrictions and uncertainties from the upcoming election.
GDP	1.4	2.3	
Inflation	1.6	1.8	
Japanese Economy			The Japanese economy is expected to shrink in 2020 due to a moderately negative growth in the first half of 2020. In addition to the shock associated with COVID-19, growth should also be negatively impacted by the consumption tax hike introduced in October 2019 as well as adverse effects due to a depleting labour pool and other external headwinds in the first half of 2020.
GDP	(1.5)	0.7	
Inflation	0.4	0.5	
Asian Economy[3]			Asian economies, mainly China and export oriented economies such as Singapore are expected to markedly lose growth momentum in the first half of 2020 but are likely to remain the drivers of growth of world trade in the second half of the year, if the global spread of COVID-19 could be contained. Although a US-China trade deal would improve their growth prospects, the sudden imposition of auto tariffs by the US would contradict positive effects. We expect India to continue its positive economic progress.
GDP	4.2	5.3	
Inflation	3.6	2.8	
Thereof:			
Chinese economy			In first months of 2020 economic activity in China is heavily impacted by the COVID-19 outbreak. Economic policy will be supportive, especially to counteract these negative economic effects. The easing of trade disputes following the 'Phase One' trade agreement and possibly constructive further negotiations should lead to a recovery in industrial production and global trade overall by removing uncertainty.
GDP	4.6	6.1	
Inflation	3.6	2.9	

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

There are a number of risks to our global economic outlook. Challenges in containing the COVID-19 virus globally could considerably dampen economic momentum further. Despite the signing of the ‘Phase One’ trade agreement between the US and China in January 2020, further trade conflicts including upcoming trade negotiations between the US and the European Union (EU) could negatively impact the global economic outlook. The introduction of car duties on EU exports to the US would have a negative impact on the EU industrial production, especially in Germany. Following Brexit, the UK has entered into a transition period with the EU that is expected to expire at the end of 2020. During 2020, the focus will be on the UK’s future trading relationship with the EU with the risk that both parties are unable to reach a trade deal before the end of the transition period. A resurgence of the refugee crisis could lead to increased political tensions between EU member states. In the Eurozone, the government debt burden in some countries, especially in Italy, is a risk due to the fragile political situation. We expect fiscal stimulus proposals from the upcoming US elections, the extent of which, however, will depend on the Congressional composition. Additionally, rising geopolitical tensions, particularly in the Middle East could create further uncertainty.

Asset Management Industry

Across the asset management industry immediate impacts from the COVID-19 pandemic could lead to lower assets under management, lower commissions and fees from asset management, a shift towards lower risk asset classes and lower transaction volumes which may materially adversely impact revenues.

However, we still believe that the global asset management industry will continue to grow in terms of AuM over the medium-term. Developing economies are growing and increasing in wealth, offering new opportunities for managers as local investors expand their investment horizons globally. In developed markets, declining interest rates have caused a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios. New digital technology is enhancing distribution capabilities giving investors online access, while the wider adoption of artificial intelligence is expanding product choice and enhancing investment performance. Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment. Additionally, growing mainstream interest in ESG topics will create new opportunities for asset managers to develop new products and services that help mitigate ESG risks, such as carbon transition risk, support innovation to combat climate change, and to generally make more socially responsible and sustainability-focused investment portfolios. We believe that the license to operate for asset managers in the future will include ESG on a fundamental level.

DWS Group

Given the current uncertainty around the extent, duration and market spillover of COVID-19, our forward looking assumptions do not currently consider any of its potential impacts. While COVID-19 could affect the drivers of our key performance indicators, its impact cannot be quantified yet, neither by trend nor by intensity given the uncertainties associated with the impact of the pandemic. Therefore, while it is too early for us to predict the impacts on our business or our financial targets that the expanding COVID-19 pandemic, and the governmental responses to it, may have, we may be materially adversely affected by a protracted downturn in local, regional or global economic conditions. The following sections should be read in conjunction with the aforementioned and with the sections on Global Economy and the Asset Management Industry.

We expect AuM at the end of 2020 to be slightly higher compared to the end of 2019, as net inflows are partly compensated by current market expectations. In 2020, we expect sustained net inflows into targeted growth areas of passive, alternative investments and active multi-asset, further enhanced by strategic partnerships and product innovations. Together, we expect these to help us achieve our medium-term target of 3%-5% p.a. net flow growth on average.

Given the current economic climate, and the trends we have observed in recent quarters, we expect the revenue environment to remain challenging in 2020 amid ongoing margin pressure together with the low interest rate environment. These effects are likely to impact the broader asset management industry, as well as DWS.

As a result, 2020 adjusted revenues are expected to remain in line with 2019. Management fees are assumed to be slightly higher year-over-year as we expect that positive effects from net inflows and market development in 2019, partly offset by continued margin compression. However, performance and transaction fees will be significantly lower compared to last year, as we expect it to reach 3%-5% of total adjusted revenues after 8.6% in 2019.

To ensure our business is well protected against potential revenue headwinds, we remain committed to further reducing our cost base in 2020. We have identified additional efficiency measures, which we expect to slightly lower adjusted costs and reduce our adjusted cost-income-ratio to support the glide path towards our target of below 65% in 2021. The 2020 adjusted profit before tax is expected to be higher versus 2019.

Over the medium-term, global asset management industry AuM are expected to increase, driven by strong net flows in passive strategies, alternatives and multi asset solutions, as clients increasingly demand value-for-money, transparency and outcome oriented products, especially in the continued low interest rate environment. Due to our diverse range of investments and solutions, DWS Group is well-positioned to grow market share amid these industry growth trends, further supported by our broad distribution reach, global footprint and competitive investment performance. However, wider industry challenges such as margin compression, rising costs of regulation and competitive dynamics are also likely to remain. In the face of this challenge, the Group intends to focus on innovative and sustainable products and services where we can differentiate and best serve clients in a late cycle market environment, while also maintaining a disciplined cost base.

Risks and Opportunities

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

Risks

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

The economic disruption caused by the rapid spread of the COVID-19 pandemic is likely to result in a sharp slowdown in global GDP growth, at least temporarily. If the pandemic is prolonged this could amplify the current negative demand and supply chain effects as well as the negative impact on global growth and global financial markets. Despite the business continuity and crisis management policies currently in place, travel restrictions or potential impacts on personnel may disrupt our business. In addition, the related economic slowdown could negatively impact our revenues, assets and liabilities.

The current COVID-19 pandemic and its potential impact on the global economy may affect our ability to meet our financial targets. While it is too early for us to predict the impacts on our business or our financial targets that the expanding pandemic, and the governmental responses to it, may have, we may be materially adversely affected by a protracted downturn in local, regional or global economic conditions.

Continued elevated levels of political uncertainties worldwide, protectionist and anti-trade policies, and the ongoing transition period negotiations following the United Kingdom's departure from the European Union could have unpredictable consequences on the economy, market volatility and investors' confidence, which may lead to declines in business and could affect our revenues and profits as well as the execution of our strategic plans.

Brexit:

As a result of Brexit and the transition period negotiations, some of our UK counterparties may lose their MiFID passport, and UK-based trading platforms, exchanges, and clearing venues may become third-country venues vis-à-vis the EU, and vice versa. In particular, UK-based brokers are establishing EU entities, or extending the scope of existing EU entities to ensure they can continue to service their EU clients, and this may entail operational changes and repapering of certain trading documentation. In such an eventuality, we have already taken actions to ensure we can continue to trade in accordance with regulatory requirements and fulfil client obligations by actively engaging with our key counterparties, platforms and venues. As the Group is headquartered in Frankfurt and operates with a significant European footprint, our operating model positions us well to continue our current business and operations even in the event of a "No-Deal" or partial "No-Deal" scenario. This risk may adversely impact our medium-term target for net flows and cost-income ratio.

Economic environment:

Unfavourable market conditions, increasing volatility, as well as cautious investor and client sentiment may materially and adversely affect our financial performance as well as the timely achievement of our strategic aspirations. At the beginning of 2020, global growth was dampened by the outbreak of the COVID-19 virus in China and the related negative impact across many countries which is now impacting on global economic activity. In addition, changes in the interest rate environment may have an impact on our Fixed Income strategies as well as on the fair value of the guarantees we have sold. These changes in the fair value of the guarantees will be reflected in Other Revenues. This risk may adversely impact our medium-term target for net flows, and cost-income ratio.

Digitalisation:

Digitisation offers new competitors market entry opportunities and we expect our businesses to have an increased need for investment in digital product and process resources to mitigate the risk of a potential loss of market share. This risk may adversely impact our medium-term target for net flows.

In addition, with increasing levels of digitisation, cyber-attacks could lead to data loss or technology failures, security breaches, unauthorised access, loss or destruction of data or unavailability of services. Any of these events could involve us in litigation or cause us to suffer financial loss, disruption of our business activities, liability to our customers, government intervention or damage to our reputation. This risk may adversely impact our medium-term target for net flows and cost-income ratio.

Regulation:

The regulatory reforms enacted and proposed in response to weaknesses in the financial sector together with the increased regulatory scrutiny will impose material costs on us, create significant uncertainty for us and may adversely affect our business plans as well as our ability to execute our strategic plans. Those changes that require us to maintain increased capital may significantly affect our business model, financial condition and results of operation as well as the competitive environment generally. In addition, investigations which may be conducted by regulatory agencies can negatively impact our financial performance. This risk may adversely impact our medium-term target for net flows and cost-income ratio.

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

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

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

Opportunities

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

Our strategy has evolved through several major developments taking place in the asset management industry, all of which contribute, directly and indirectly, to anticipated growth rates:

- Demand for ESG investments is driving research, enhanced risk management and extensive product development, contributing favourably to our medium-term net flows target;
- Asset managers are developing new digital distribution capabilities as a way of accessing retail / direct-to-consumer channel, such as robo-advisory, particularly among younger customers, contributing favourably to our medium-term net flows target;
- Strong growth in outcome-oriented products, such as multi asset, is driven by a combination of demographics (the "baby boomer" generation demands increasingly sophisticated retirement solutions) and the shift from "defined benefit" to "defined contribution" pension funding, contributing favourably to our medium-term net flows target;
- Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment, contributing favourably to our medium-term net flows target;
- Low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios, contributing favourably to our medium-term net flows target;
- Regulatory changes are stimulating demand for greater transparency and choice for the end consumer, contributing favourably to our medium-term net flows target.

Our strategy includes the deployment of capital to achieve both organic and inorganic growth. Our medium-term business plan includes an increase in our seed and co-investments to grow our business organically while continuing to align our interests with clients'. We also believe the trend of consolidation in the asset management industry will continue. We intend to deploy growth capital for mergers and acquisitions in a disciplined way by considering consolidation opportunities prevailing in the industry that enhance our market position in key growth areas, and/or for distribution access. Any merger and acquisition activity, in addition to meeting strategic objectives, would envisage prioritization of shareholder value creation and be measured against financial criteria such as attractive return on investment (ROI) and earnings accretion. Depending on the particular merger and acquisition opportunity pursued, its impact will contribute to our medium-term targets for net flows, cost-income ratio, and/or dividend pay-out ratio.

Overall Assessment

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

Risk Report

Risk Management Introduction

Disclosures in line with IFRS 7 “Financial Instruments: disclosures” and IAS 1 “Presentation of Financial Statements”

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

Risk in DWS Group

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

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

Risk and Capital Overview

Key Risk Metrics

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

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

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

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

Common Equity Tier 1 ratio	
December 31, 2019	30.8%
December 31, 2018	29.0%

Risk weighted assets	
December 31, 2019	€ 9,187 million
December 31, 2018	€ 9,242 million

Stressed net liquidity position	
December 31, 2019	€ 2,018 million
December 31, 2018	€ 1,906 million

As of December 31, 2019, our Common Tier 1 capital amounted to € 2,828 million, which was € 144 million or 5% above the € 2,684 million Common Tier 1 capital as of December 31, 2018.

Overall Risk Assessment

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

External factors outside the control of the Group can have a significant effect. The continued elevated levels of political uncertainty worldwide, protectionism and increased tensions regarding trade and tariff negotiations, coupled with the spread of COVID-19, uncertainty about Brexit and the continuation of the current low interest environment could have unpredictable consequences on the global economy, markets and investor confidence, which could lead to a decline in business levels and could affect our revenues and profits as well as the execution of our strategic plans.

The assessment of the potential impacts of these risks is integrated into our stress test which assesses our ability to absorb these events should they occur. The results of these calculations show that the currently available capital, in combination with available mitigation measures, would allow us to absorb the impact of these risks if they were to materialize in line with the stress test parameters.

Risk Profile

The main risk driver of our fiduciary and commission generating business is non-financial risk. Additionally, we are exposed to market risk in the form of AuM market price and flow risk, which we report internally under strategic risk; equity market price risk, interest rate/credit spread risk and foreign exchange rate risk associated with our guaranteed products and investment portfolio and credit risk from the investment of excess liquidity. Of particular note in 2019 was the volatility of Euro long term interest rates where the falls experienced in the second half of the year impacted the fair value of guarantees of our guaranteed products and the associated level of the shortfall provision in this period. This risk may become more pronounced as a consequence of the impact of the COVID-19 pandemic on financial markets generally.

DWS Risk Governance and Framework

Risk Management Principles

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

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

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

- Core risk management is the responsibility of the Executive Board which delegates to senior risk managers and the Risk and Control Committee (and its delegates) for execution and oversight.
- We operate a distinct risk management model. The business and service providing areas are the "owners" of the risks, hence they retain ultimate accountability for all risks. Oversight responsibility, including risk control, challenge and advice, is with the independent risk and control functions. Internal Audit provides independent assurance on the control environment and its effectiveness. This approach is underpinned by clear segregation of duties across the organisation reinforcing a sound control environment:
- The DWS Group risk appetite and the risk strategy are approved annually by the Executive Board. In addition, Deutsche Bank Group sets the risk appetite for its Asset Management division, primarily DWS Group, and we are required to comply.

- The Strategic Capital Plan (jointly carried out by Risk and Treasury) provides the basis for aligning risk, capital and performance targets for regular risk capital profile monitoring.
- Cross-risk analysis reviews are conducted by Risk across the firm to validate the existence of appropriate risk management practices and an awareness of risk.
- All material risk in non-financial risk, market risk, credit risk, strategic risk and liquidity risk, are managed via dedicated risk management processes. Modelling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Furthermore, we have set up a dedicated reputational risk governance framework including a committee to assess and manage reputational risk matters.
- Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.
- Systems, processes and policies are critical components of our risk management capability to facilitate a comprehensive view and articulate the underlying roles and responsibilities.

DWS Risk Governance and Committee Structure

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

Several layers of management provide cohesive risk governance:

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

Risk Management Governance Structure of DWS Group

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

- The Risk and Control Committee (RCC) is the key committee dealing with review of and decision on material risk topics. The RCC has various duties and delegated authority, including:
  - Approval of key risk management principles or recommendation thereof to the Executive Board;
  - Recommendation of overarching risk appetite parameters;
  - Setting of risk limits for risk resources available to the business;
  - Supporting the Executive Board during Risk and Capital planning processes;
  - Overseeing the resolution of Audit points;

- Receiving regular updates from key control functions such as Risk, Legal, Compliance, Anti Financial Crime (AFC), Finance and Treasury; and
- Overseeing and managing all control function related risks via integrated approach.

The Risk and Control Committee is supported by two sub-committees:
- The Reputational Risk Committee (RRC), is responsible for the oversight, governance and coordination of reputational risk management; and
- The Capital Investment Committee (CIC), is responsible for overseeing all aspects of risk associated with portfolios of co-investments and seed capital investments

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

- The One Voice Committee supports the Executive Board in ensuring compliance with all disclosure obligations regarding material, in particular inside information subject to potential ad-hoc notification, or forward looking information, and ensures consistency of the communication of material or forward looking information by the Company and its representatives relating to DWS Group.

- The DWS Compensation Committee (DCC) develops and designs sustainable compensation frameworks and operating principles and prepares recommendations on total compensation levels. It ensures appropriate compensation and benefits governance and oversight for the Group.

  - The DCC has delegated authority to the DWS Compensation Operating Committee to review and approve proposals for compensation plans as well as for equity and fund based, not pension scheme related benefit plans, pursuant to DWS Group policies. The Operating Committee ensures regulatory compliance, reviews the technical validity and operation of the compensation plans, reviews the current and future liabilities related to compensation plans and monitors risk reporting packages with respect to hedge ratios, stress test limits and forfeiture expectations. It makes recommendations to the RCC in respect of any hedging required in respect of compensation plans.

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

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

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

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

- DWS risk committees are independent of DB Group;
- We must adhere to existing DB Group policies, unless otherwise agreed (comply or explain);
- We leverage DB Group for specific services based on cost efficiency criteria and expertise; and
- All such services are provided on an arm’s length basis.
- The Group control model has been designed to balance the need for alignment with our business, while maintaining independence and strong relationships with DB Group key control functions.

Risk Appetite and Capacity

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

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

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

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

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

Risk and Capital Plan

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

Stress Testing

Stress testing is performed on a regular basis in order to assess the impact of a severe economic downturn or other shocks on our capital profile and financial position. This exercise complements traditional risk measures and leverages DB Group's stress testing process with enhancements tailored to our risk profile. All material risk types – which consume capital - are included in the stress testing exercise. The time-horizon of internal stress tests is generally one year and can be extended to multi-year, if required by the scenario assumptions.

Risk Measurement and Monitoring

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

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

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

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

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

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

Model Risk

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

Model risk covers all fiduciary and non-fiduciary models with the management responsibility organised across “Pricing” models, “Risk and Capital” models and “Other” models:

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

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

Model Risk Governance

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

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

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

Non-Financial Risk

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

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

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

Key Drivers for Non-Financial Risk

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

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

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

- **Information Security:** We face the risk that our business is not sufficiently protected against Information Security Risk i.e., cyber security attacks. The Group's operational systems are subject to an increasing risk of cyber attacks and other internet crime, which may compromise our ability to conduct business and service our clients in a resilient way, or could result in material losses of client or investor information, damage our reputation and lead to regulatory penalties and financial losses.

- **Technology**: We face the risk of loss events due to instability, malfunction or outage of our IT infrastructure. Such losses could materially affect our ability to conduct business. IT related errors may also result in the mishandling of confidential information, damage to our IT systems, financial losses, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure.

- **Transaction Processing:** Our business is highly dependent on the ability to process, both manually and through automation, a large number of transactions on a daily basis, across numerous and diverse markets in many currencies. If any of these processes or systems do not operate properly, or are subject to intentional or unintentional human error, this may result in financial losses, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure.

- **Vendors:** We utilize a variety of vendors in support of our business and operations. We do so in order to focus on our core competencies and to seek improvements in costs, efficiency and effectiveness in our operations. Services provided by vendors pose risks to us comparable to those we bear when we perform the services ourselves. We remain ultimately responsible for the services our vendors provide. Therefore we closely monitor vendors to ensure that they conduct their delivery of services in compliance with applicable laws, regulations and generally accepted business standards and in accordance with the contractual terms and service levels they have agreed with us.

- **Model:** We face the potential for adverse consequences from incorrect or misused model outputs. Model risk can lead to losses, inappropriate business or strategic decision making, and damage to our reputation.

Management of Non-Financial Risk

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

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

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

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

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

The following four principles form the foundation of the ORMF:

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

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

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

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

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

Additional framework tools such as loss data collection, lessons learned and risk and control assessments and processes are implemented and utilized to complement the framework and to address specific risks.

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

Dedicated Product Lifecycle Process

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

Dedicated Reputational Risk Management Process

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

Financial Risk

Market Risk

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

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

Risk Identification

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

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

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

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

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

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

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

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

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

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

Risk Measurement

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

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

Established capital models, specific to us, are used to calculate the capital consumption of the co-investment portfolio.

Risk Mitigation

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

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

Risk Reporting and Monitoring

A limit structure for the Group investments is in place which is regularly monitored to ensure the portfolio remains within risk tolerance levels.

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

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

Key Drivers and Sensitivities for Market Risk

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

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

Market Risk specific quantitative disclosures

in € m.	Dec 31, 2019	Dec 31, 2018
Assets:		
Financial assets at fair value through profit or loss	3,419	2,875
Trading assets	1,422	1,226
Thereof:		
Seed investments	117	39
Non-trading financial assets mandatory at fair value through profit or loss	1,452	1,131
Thereof:		
Co-investments	403	326
Seed investments	62	28
Positive market values from derivative financial instruments (incl. offsetting risk positions for seed)	2	5
Equity method investments (primarily strategic investments)	276	240
Liabilities and equity:		
Financial liabilities at fair value through profit or loss	663	613
Thereof:		
Negative market values from derivative financial instruments (incl. guarantee shortfall)	110	91
Other financial liabilities	2,826	2,791
Thereof:		
Staff related provisions (incl. pension and equity compensation liabilities)	410	334
Accumulated other comprehensive income (loss), net of tax (incl. CTA)	327	229

Seed Capital

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

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

Co-Investments

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

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

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

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

Sensitivity

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

The other key assumption relates to leverage within the fund(s). The level of leverage varies by fund and depends on the risk profile of the individual funds. Since the last financial crisis, the leverage levels have reduced as investors are seeking sustainable performance.

Methodology

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

Co-investment sensitivity for potential changes in real estate values

Estimated P&L Impact

in € m.	Dec 31, 2019	Dec 31, 2018
Reduction in real estate value:		
20%	(53)	(60)
40%	(107)	(119)
Increase in real estate value:		
20%	53	60
40%	107	119

Guaranteed Products

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

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

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

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

Sensitivity

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

All other shortfall influencing factors are assumed to remain static.

Methodology

The shortfall is calculated using a Monte-Carlo based simulation using stochastic interest rates and equities for a CPPI strategy. The CPPI mechanism rebalances the asset allocation individually for each client account. The model allows simulation of future contributions, cancellation rates and management/distribution/account fees. Current implementation calculates risk based on a representative sample of accounts and scales sample risk to the population size.

Guarantee shortfall sensitivity for potential changes in long term interest rate

Estimated P&L Impact

in € m.	Dec 31, 2019	Dec 31, 2018
Reduction in long term interest rate:		
50 bp	(14)	(15)
100 bp	(34)	(47)
Increase in long term interest rate:		
50 bp	10	9
100 bp	18	16

The guarantee shortfall's sensitivity to long term interest rates is not linear, with reductions in the long term interest rate having a far greater impact on the underlying value of the funds subject to the guarantee than increases of a similar magnitude. The resulting shortfall is shown in the balance sheet as a derivative, included in negative market values from derivative financial instruments. Changes of the estimated P&L impact between December 31, 2019 and December 31, 2018, primarily resulted from changes of the portfolio composition, liquidation of guaranteed FlexPension funds and model assumptions.

Pension & Equity Compensation Risk

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

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

More details on the risks inherent in staff benefits is provided in note 22 'Employee Benefits' which includes a detailed sensitivity analysis.

Structural Foreign Exchange Risk

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

Sensitivity

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

Methodology

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

Structural FX risk sensitivity for potential specific FX moves

Estimated Balance Sheet Impact

in € m.	Dec 31, 2019	Dec 31, 2018
USD weakens relative to EUR by:		
10%	(288)	(278)
20%	(528)	(509)
GBP weakens relative to EUR by:		
10%	(40)	(40)
20%	(73)	(73)
USD strengthens relative to EUR by:		
10%	352	278
20%	792	509
GBP strengthens relative to EUR by:		
10%	49	40
20%	109	73

The changes in the foreign exchange rates of the underlying functional currencies, resulting in the impacts illustrated in the table above, are shown in the Group's balance sheet as a revaluation of capital and retained earnings, recognized in other comprehensive income and booked as currency translation adjustments (CTA).

Credit Risk

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

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

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

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

Key Drivers for Credit Risk

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

Overnight Deposits by Rating of Institution

in € m.	Dec 31, 2019	Dec 31, 2018
S&P A1	618	419
S&P A2	1,157	1,643
Other	311	248

Overnight Deposits and Concentration

in € m.	Dec 31, 2019	Dec 31, 2018
Cash and bank balances	2,086	2,310
Max concentration (%) - limit 35%[1]	24%	22%

[1] Liquidity concentration calculation includes € 961 million (2018: € 708 million) of liquidity held in US and European Government Bonds and Money Market Funds

Expected Credit Loss Model

The Group applied the IFRS 9 "Financial Instruments" requirement to recognize a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost and off-balance sheet commitments.

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

- Stage 1: The Group recognizes a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.
- State 2: The Group recognizes a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of expected credit losses (ECL) based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the financial asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to twelve months in Stage 1.
- Stage 3: The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100%, via the recoverable cash flows for the asset, for those financial assets that are credit-impaired. The Group's definition of default is aligned with the regulatory definition. The treatment of loans in stage 3 remains substantially the same as the treatment of impaired loans under IAS 39 except for homogeneous portfolios.

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

As of December 31, 2019 the financial assets at amortized cost include cash and bank balances in the amount of € 2,086 million with pre-tax ECL stage 1 of € (0.1) million (December 31, 2018: € 2,310 million with pre-tax ECL stage 1 of € (0.2) million), other financial assets at amortized cost of € 1,331 million with pre-tax ECL stage 1 of € (0.7) million and pre-tax ECL stage 2 of € (0.6) million (December 31, 2018: € 1,289 million with pre-tax ECL stage 1 of € (0.4) million and pre-tax ECL stage 2 of € (0.7) million) as well as loans at amortized cost of € 3 million with pre-tax ECL of € (0) million (December 31, 2018: € 2 million with pre-tax ECL of € (0) million). For the off-balance sheet commitments of € 119 million pre-tax ECL stage 1 of € (1.1) million (December 31, 2018: € 65 million reflect pre-tax ECL stage 1 of € (0.3) million) is reflected.

Strategic Risk

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

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

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 the Group's liquidity risk management framework is to ensure that it can fulfil its payment obligations at all times and can manage liquidity and funding risks within the agreed risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet as well as expected future cash flows.

Treasury is mandated to manage the overall liquidity and funding position of the Group as well as the liquidity risk profile. Risk oversees the application of the liquidity risk framework and adherence to the risk appetite as approved by the Executive Board.

The Group proactively manages liquidity risks by:

- Maintaining a liquid balance sheet with a prudent cash buffer and limited leverage
- Assessing and monitoring liquidity and liquidity risks on a monthly basis and presenting the results to the RCC
- Stress testing of liquidity by applying a combined, market and idiosyncratic stress event in which the Group needs to remain solvent over a prolonged period of stress (up to eight weeks)

- Performing a rolling 12-month cash flow forecast, which is also stressed as part of the monthly stress testing
- Maintaining a funding plan to assess upcoming funding demands and sources
- Maintaining contingency funding procedures to enable swift and coordinated action and decision making in a liquidity crisis event

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

In line with the defined liquidity risk appetite, we aim to maintain a global level of available liquidity of € 600 million at all times. At December 31, 2019, available liquidity both within the stressed 8-week horizon and after a stressed 12-month period were significantly above the threshold.

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

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

To diversify our funding and access to liquidity, we have put in place a multicurrency revolving credit facility (RCF) in the amount of € 500 million for general corporate purposes under which there were no drawings as of December 31, 2019.

The following tables present an analysis of our contractual undiscounted cash flows of liabilities based upon earliest legally exercisable maturity as of December 31, 2019. The positions are largely stable compared to December 31, 2018.

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

						Dec 31, 2019
in € m.	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Trading liabilities	9	0	0	0	0	9
Negative market values from derivatives financial instruments	110	0	0	0	0	110
Investment contract liabilities	0	0	544	0	0	544
Other short-term borrowings	3	0	0	0	0	3
Long-term debt	0	0	0	0	0	0
Lease liabilities	0	4	16	64	80	164
Other financial liabilities	2,505	0	3	0	0	2,508
Off-balance sheet commitments	110	0	9	0	0	119
Total	**2,736**	**4**	**573**	**64**	**80**	**3,457**

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

Of the € 3,457 million liabilities, € 2,166 million comprise consolidated funds and brokerage and securities related payables. These are linked to offsetting assets or receivables with identical maturity. The remainder of € 1,291 million covers payables resulting from operational business activities and a provision for guaranteed funds shortfall. These positions are monitored and accounted for in our liquidity risk framework. The above table focuses on the maturity of liabilities. Receivables from operating business activity are not reflected.

Risk Diversification and Concentration

Risk Concentrations

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

Risk Type Diversification Benefit

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

Fiduciary Investment Risk

While non-financial, market, credit, strategic and liquidity risk management are focusing on risk management for the firm, the scope of fiduciary investment risk is the management of investment portfolios in accordance with our fiduciary and regulatory obligation.

The investment funds risk framework, which covers regulatory, client specific and internal requirements is embedded in the firm's control framework.

Fiduciary Investment Risk in Traditional Asset Classes

Market Risk Management

The market risk management process identifies, measures, monitors and reports the market risks of the investment portfolios. Both the specific risks on position level and the overall risk of the portfolio are considered – aiming at protecting investor assets and interests.

Risk Identification and Measurement: The risk identification process is done on a quantitative and on a qualitative basis. The most relevant quantitative metrics are based on movements in credit spreads, equity prices, implied volatilities, commodity prices, foreign exchange rate, interest rates and inflation rates.

Risk Monitoring and Escalation: The Group monitors market risks on a global basis with dedicated escalation procedures. Appropriate thresholds are defined and consumption of the capacity within the limits is reported to portfolio management. Indications for a high probability of a limit breach trigger immediate escalation and mitigation actions.

Liquidity Risk Management

Liquidity risk is defined as the risk arising from potential inability to meet investor redemptions or at significant cost to redeeming and remaining investors. The liquidity risk management framework includes processes to identify, measure, monitor, assess, manage and report liquidity risk over the complete life-cycle of a portfolio. Processes are executed by multiple Front-Office and control functions (Investment Guidelines, Risk, Legal, and Compliance) and governed by policies, procedures, and oversight bodies (committees and regional/global management boards).

Identification and Assessment: The investment portfolio liquidity risk management identification and assessment process considers a wide array of liquidity risk factors. Among them are the portfolio's strategy, the portfolio's asset liquidity, and different liquidity demand scenarios such as investor redemptions and margin/collateral calls. Each portfolio's liquidity risk is measured across multiple dimensions, such as the time to liquidate portfolio holdings, the cost attributed to such liquidation, and the effect the liquidation would have on portfolio's future liquidity composition.

The portfolio's asset liquidity is measured by taking into account asset and market specific factors such as securities' listing status, trading platform, and settlement period, as well as ongoing trading observables, e.g. quotes and observable trades. Liquidity demand scenarios are estimated applying a historical Redemption-at-Risk approach if applicable or elsewise default scenarios. In addition, liquidity stress tests are run to simulate the impact of stress conditions, e.g. market depth decline, increasing liquidation cost and/or atypical redemption requests on portfolio's liquidity risk.

Metrics are calculated and refreshed - where applicable – with updated trading and market data at least weekly through the enterprise wide system, Aladdin. The system is supplemented by additional Group Trading and Valuation Control data. The metrics are available to Control as well as Front-office functions via reports and direct system access.

For efficient communication, a Liquidity Score is assigned to each portfolio based on a liquidity metrics weighted aggregation scheme which is supplemented by a qualitative assessment performed by risk managers. In addition, each portfolio's liquidity risk relative to investment strategy and redemption obligations is reviewed through a formal annual risk review process.

Monitoring and Mitigation: Risk performs monitoring on limit utilization on liquidity metrics on a weekly/monthly basis. The limit structure consists of regulatory/internal limits and warning thresholds. Escalation chains and contingency planning are clearly defined within the liquidity governance framework. Limit breaches of weekly monitored statistics are escalated at once while the others are discussed with Portfolio Management as part of the monthly portfolio risk and performance review process.

Fiduciary Investment Risk in Alternative Asset Classes

Whereas market prices are available on a daily basis for traditional assets, alternative assets are in most cases much more illiquid, or prices are not directly observable. In these cases, regular valuations take place reflecting the illiquidity of alternative assets. Measurement and control processes are undertaken on a monthly or quarterly basis rather than daily.

Investment Risk Management

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

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

Identification of Risk in Alternatives

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

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

Internal warning thresholds are implemented for the relevant criteria at level of the individual asset (or contract) and at level of the entire portfolio. Levels close to the warning threshold of the portfolio are being regularly discussed and flagged to the respective Alternatives Investment Committees or Boards of the Management Companies, whereas individual assets are being monitored separately. The monitoring of individual assets may be triggered by reaching internal warning thresholds or by violation of contractually defined limits. If such case occurs, an asset is included in a watch list jointly overseen by Portfolio Management and

Risk Management, which triggers regular monitoring, and decision on mitigating action with regard to the items on the watch list. If investments further deteriorate, specialists for work-out or other stress scenarios will be involved.

Liquidity Risk Management

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

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

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

Counterparty Risk

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

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

Compensation Report

Executive Board Compensation

Compensation Governance

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

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

Compensation System

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

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

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

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

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

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

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

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

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

Compensation Structure

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

Non-performance related component

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

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

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

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

Performance-related component

The entire variable compensation (VC) is performance-related.

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

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

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

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

Short-Term Award (STA)
The performance criteria of the STA consist of short-term collective and individual objectives.

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

- **Common Equity Tier 1 (CET 1) capital ratio (fully loaded):** The Common Equity Tier 1 Ratio of Deutsche Bank in relation to risk-weighted assets.
- **Leverage ratio:** Deutsche Bank’s Tier 1 capital as a percentage of its total leverage exposure pursuant in line with CRR/CRD IV.
- **Adjusted costs:** Total noninterest expenses, excluding restructuring and severance, litigation, impairment of goodwill and other intangibles of Deutsche Bank.

- **Post-tax return on tangible equity (RoTE):** Net income (or loss) attributable to Deutsche Bank shareholders as a percentage of average intangible shareholders' equity. The latter is the shareholders' equity on Deutsche Bank's balance sheet, excluding goodwill and other intangible assets.

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

Individual Objectives

In addition, the STA rewards the achievement of individual objectives. These objectives are concluded by the Shareholders' Meeting of the General Partner as part of the annual objective setting process for the respective financial year. The objectives are designed to contribute to the overall strategy of the Group but also focus on the respective area of responsibility of each Executive Board member. Corresponding assessment criteria are set for all individual objectives to enable the Joint Committee to prepare proposals and the Shareholders' Meeting of the General Partner to finally resolve the achievement level of each objective.

Furthermore in 2019, the Balanced Scorecard was integrated in the compensation system of the individual component of the STA by determining the achievement level for a portion of the individual component of the STA taking into account the results of specified key performance indicators. The Balanced Scorecard allows for the operationalization of strategic objectives by transforming the latter into measurable targets, while simultaneously creating an overview of priorities across the Group. The Balanced Scorecard contains key financial metrics as well as (non-financial) key performance indicators. In order to link the Balanced Scorecard to the compensation of the Executive Board members, the Shareholders' Meeting of the General Partner resolved that the individual component of the STA comprising the key performance indicator will be accounted for in the performance evaluation of the Executive Board members with a ratio of 60%.

The sum of the individual objectives and the Balanced Scorecard amounts to 50% of the target figure of the total variable compensation.

Long-Term Award (LTA)

The LTA consists of the DWS Group component linked to the achievement of long-term collective objectives. In accordance with the strategy and refinement of priorities of the Group, four selected performance measures constituting important indicators for the performance, cash generation capacity and the growth of the business and brand of DWS form the reference value for the DWS Group component for the financial year 2019:

- Adjusted Cost-Income ratio (CIR)
- Net flows Assets under Management (AuM)
- Dividend payout ratio
- Environment Social and Governance (ESG) footprint

as defined under Key Performance Indicator in chapter 'Introduction to DWS Group-Internal Management System'. The previous reference value "Management Fee Margin" was replaced as a central reference by the "Dividend payout ratio" in line with externally communicated targets. Objectives in the context of the previous "Culture & Client Factor" linked to the sustainable development of corporate culture and client satisfaction are now evaluated and fostered as part of the Balanced Scorecards and by the new reference value Environment Social and Governance footprint.

Each of the above four objectives is weighted at a fixed percentage of the target figure for the Group component. This target figure amounts to 40% of the total variable compensation.

Maximum Compensation

The total compensation of an Executive Board member is subject to additional caps. Due to regulatory requirements, the variable compensation is capped at 200% of the fixed compensation. In addition, the Shareholders' Meeting of the General Partner set a cap of € 9.85 million for the overall total compensation for the 2019 financial year.

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

Components & Reference Sizes			Objectives & Weighting	
Short-Term Award (STA)	DB Group Component	10%	CET1 ratio	25%
			Leverage ratio	25%
			Adjusted non-interest expenses	25%
			Post-tax return on tangible equity (RoTE)	25%
	DWS Individual Component	50%	Balanced Scorecard	60%
			Individual objectives in line with overarching objectives for DWS	40%
Long-Term Award (LTA)	DWS Group Component	40%	Adjusted Cost-Income-Ratio	50%
			Net flows Assets under Management	30%
			Dividend payout ratio	10%
			Environment Social and Governance (ESG) footprint	10%

Long-Term Incentive and Sustainability

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

Overview on Award Types

Award Type	Description	Deferral Period	Retention Period	Proportion
Cash VC	Upfront cash proportion	N/A	N/A	50% of the upfront VC
DWS Equity Upfront Award (DWS EUA)	Upfront equity proportion (cash settled): The value of the EUA is linked to DWS' share price	N/A	12 months	50% of the upfront VC
DWS Restricted Incentive Award (DWS RIA)	Non-equity based portion (deferred cash compensation) *Individual can also elect to link all or part of the value of the RIA to selected DWS investment fund(s), in which case the Awards will be granted under the "DWS Employee Investment Plan - Elected EIP Award"*	Pro rata vesting over five years	N/A	50% of deferred VC
DWS Restricted Equity Award (DWS REA)	Deferred equity portion (cash settled): The value of the REA is linked to DWS' share price over the vesting and retention period	Pro rata vesting over five years	12 months	50% of deferred VC

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

In January 2019, one-off IPO related awards under the DWS Equity Plan - DWS Performance Share Units (PSUs) were granted to each Executive Board member in the amount of € 1,000,000 (for full-time employment). The DWS Equity Plan is a phantom share plan representing a contingent right to receive a cash payment by referencing to the value of DWS Shares during a specified period of time. The award and the number of units are subject to the achievement of pre-defined targets (Average Net flows and Adjusted CIR (Cost Income Ratio). The Awards vest in equal tranches over a determined period of time and each Tranche is subject to an additional retention period of one year after vesting.

Forfeiture Conditions / Clawback Provisions

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

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

Other Benefits upon Early Termination

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

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

requirements, in particular with the provisions of the InstVV.

Miscellaneous

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

Executive Board Compensation for the 2019 Financial Year

Compensation in accordance with the German Corporate Governance Codex

In the 2019 financial year, the compensation for the members of the Executive Board for the performance of their duties for and on behalf of the Group and its subsidiaries in accordance with the requirements of section 4.2.5 paragraph 3 of the GCGC is provided below. This comprises the benefits granted for the year under review including the fringe benefits and pension service costs, and including the minimum, target and maximum achievable compensation for variable compensation components. Compensation granted in the additional service contracts as well as the one-off IPO related awards under the DWS Equity Plan (PSUs) are shown in the respective footnotes of the members of the Executive Board. In addition, the disbursals of fixed and variable compensation in the year under review are reported. Disbursals in the additional service contracts are shown in the respective footnotes of the members of the Executive Board.

The following table provides the compensation granted for the 2019 and 2018 financial years according to GCGC:

	Dr Asoka Woehrmann[1]					
	2019				2018	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	2,400,000	2,400,000	2,400,000	2,400,000	400,000	400,000
Fringe benefits	9,237	9,237	9,237	9,237	1,136	1,136
Total	**2,409,237**	**2,409,237**	**2,409,237**	**2,409,237**	**401,136**	**401,136**
Variable compensation	4,122,000	3,600,000	0	4,800,000	588,000	600,000
Thereof:						
Cash	618,300	720,000	0	960,000	117,600	120,000
Equity Upfront Awards	618,300	720,000	0	960,000	117,600	120,000
Restricted Incentive Awards	1,442,700	1,080,000	0	1,440,000	176,400	180,000
Restricted Equity Awards	1,442,700	1,080,000	0	1,440,000	176,400	180,000
Total	**4,122,000**	**3,600,000**	**0**	**4,800,000**	**588,000**	**600,000**
Pension service costs	100,510	100,510	100,510	100,510	16,006	16,006
Total compensation (GCGC)	**6,631,747**	**6,109,747**	**2,509,747**	**7,309,747**	**1,005,142**	**1,017,142**
Total compensation[2]	**6,522,000**	**6,000,000**	**2,400,000**	**7,200,000**	**988,000**	**1,000,000**

[1] Member since October 25, 2018. In addition to the compensation shown in the table above, Dr Woehrmann was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).
[2] Without fringe benefits and pension service costs.

	Pierre Cherki[1]					
	2019				2018	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	500,000	500,000	500,000	500,000	416,667	416,667
Fringe benefits	75,632	75,632	75,632	75,632	61,013	61,013
Total	**575,632**	**575,632**	**575,632**	**575,632**	**477,680**	**477,680**
Variable compensation	747,511	700,000	0	1,100,000	498,750	583,333
Thereof:						
Cash	149,502	140,000	0	220,000	99,750	116,667
Equity Upfront Awards	149,502	140,000	0	220,000	99,750	116,667
Restricted Incentive Awards	224,253	210,000	0	330,000	149,625	175,000
Restricted Equity Awards	224,253	210,000	0	330,000	149,625	175,000
Total	**747,511**	**700,000**	**0**	**1,100,000**	**498,750**	**583,333**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**1,323,143**	**1,275,632**	**575,632**	**1,675,632**	**976,430**	**1,061,013**
Total compensation[2]	**1,247,511**	**1,200,000**	**500,000**	**1,600,000**	**915,417**	**1,000,000**

[1] Member since March 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD.
In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Cherki received a total compensation (GCGC) of € 1,822,442 (for conversion purposes from EUR

into USD the year-end exchange rate of 1,1219 applies) (2018: € 1,404,805 by applying the year-end exchange rate for 2018 of 1,1446). In addition to the compensation shown in both service contracts, Mr Cherki was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).

[2] Without fringe benefits and pension service costs.

	Mark Cullen[1]					
	2019				2018	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	1,250,000	1,250,000	1,250,000	1,250,000	104,167	104,167
Fringe benefits	93,239	93,239	93,239	93,239	7,500	7,500
Total	**1,343,239**	**1,343,239**	**1,343,239**	**1,343,239**	**111,667**	**111,667**
Variable compensation	1,767,000	1,550,000	0	2,325,000	110,438	129,167
Thereof:						
Cash	353,400	310,000	0	465,000	22,088	25,833
Equity Upfront Awards	353,400	310,000	0	465,000	22,088	25,833
Restricted Incentive Awards	530,100	465,000	0	697,500	33,131	38,750
Restricted Equity Awards	530,100	465,000	0	697,500	33,131	38,750
Total	**1,767,000**	**1,550,000**	**0**	**2,325,000**	**110,438**	**129,167**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**3,110,239**	**2,893,239**	**1,343,239**	**3,668,239**	**222,105**	**240,833**
Total compensation[2]	**3,017,000**	**2,800,000**	**1,250,000**	**3,575,000**	**214,605**	**233,333**

[1] Member since December 1, 2018. In addition to the compensation shown in the table above, Mr Cullen was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).

[2] Without fringe benefits and pension service costs.

	Dirk Goergen[1]					
	2019				2018	
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	380,000	380,000	380,000	380,000	31,667	31,667
Fringe benefits	48	48	48	48	0	0
Total	**380,048**	**380,048**	**380,048**	**380,048**	**31,667**	**31,667**
Variable compensation	257,000	200,000	0	320,000	14,250	16,667
Thereof:						
Cash	51,400	40,000	0	64,000	2,850	3,333
Equity Upfront Awards	51,400	40,000	0	64,000	2,850	3,333
Restricted Incentive Awards	77,100	60,000	0	96,000	4,275	5,000
Restricted Equity Awards	77,100	60,000	0	96,000	4,275	5,000
Total	**257,000**	**200,000**	**0**	**320,000**	**14,250**	**16,667**
Pension service costs	40,204	40,204	40,204	40,204	7,060	7,060
Total compensation (GCGC)	**677,252**	**620,252**	**420,252**	**740,252**	**52,977**	**55,393**
Total compensation[2]	**637,000**	**580,000**	**380,000**	**700,000**	**45,917**	**48,333**

[1] Member since December 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Goergen received a total compensation (GCGC) of € 1,011,260 (2018: € 81,442). In addition to the compensation shown in both service contracts, Mr Goergen was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).

[2] Without fringe benefits and pension service costs.

	Robert Kendall[1]					
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	400,000	400,000	400,000	400,000	333,333	333,333
Fringe benefits	76,976	76,976	76,976	76,976	62,678	62,678
Total	**476,976**	**476,976**	**476,976**	**476,976**	**396,011**	**396,011**
Variable compensation	520,175	500,000	0	700,000	335,417	416,667
Thereof:						
Cash	104,035	100,000	0	140,000	67,083	83,333
Equity Upfront Awards	104,035	100,000	0	140,000	67,083	83,333
Restricted Incentive Awards	156,053	150,000	0	210,000	100,625	125,000
Restricted Equity Awards	156,053	150,000	0	210,000	100,625	125,000
Total	**520,175**	**500,000**	**0**	**700,000**	**335,417**	**416,667**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**997,151**	**976,976**	**476,976**	**1,176,976**	**731,428**	**812,678**
Total compensation[2]	**920,175**	**900,000**	**400,000**	**1,100,000**	**668,750**	**750,000**

[1] Member since March 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD.
In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kendall received a total compensation (GCGC) of € 1,340,100 (for conversion purposes from EUR into USD the year-end exchange rate of 1,1219 applies) (2018: € 1,040,556 by applying the year-end exchange rate for 2018 of 1,1446). In addition to the compensation shown in both service contracts, Mr Kendall was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).
[2] Without fringe benefits and pension service costs.

	Stefan Kreuzkamp[1]					
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	500,000	500,000	500,000	500,000	416,667	416,667
Fringe benefits	2,675	2,675	2,675	2,675	718	718
Total	**502,675**	**502,675**	**502,675**	**502,675**	**417,385**	**417,385**
Variable compensation	752,500	700,000	0	1,100,000	498,750	583,333
Thereof:						
Cash	150,500	140,000	0	220,000	99,750	116,667
Equity Upfront Awards	150,500	140,000	0	220,000	99,750	116,667
Restricted Incentive Awards	225,750	210,000	0	330,000	149,625	175,000
Restricted Equity Awards	225,750	210,000	0	330,000	149,625	175,000
Total	**752,500**	**700,000**	**0**	**1,100,000**	**498,750**	**583,333**
Pension service costs	40,204	40,204	40,204	40,204	34,289	34,289
Total compensation (GCGC)	**1,295,379**	**1,242,879**	**542,879**	**1,642,879**	**950,424**	**1,035,007**
Total compensation[2]	**1,252,500**	**1,200,000**	**500,000**	**1,600,000**	**915,417**	**1,000,000**

[1] Member since March 1, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kreuzkamp received a total compensation (GCGC) of € 1,886,173 (2018: € 1,333,767). In addition to the compensation shown in both service contracts, Mr Kreuzkamp was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).
[2] Without fringe benefits and pension service costs.

						Claire Peel[1]
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	950,000	950,000	950,000	950,000	791,667	791,667
Fringe benefits	92,874	92,874	92,874	92,874	75,091	75,091
Total	**1,042,874**	**1,042,874**	**1,042,874**	**1,042,874**	**866,758**	**866,758**
Variable compensation	675,000	500,000	0	800,000	460,417	416,667
Thereof:						
Cash	135,000	100,000	0	160,000	92,083	83,333
DWS Equity Upfront Awards	135,000	100,000	0	160,000	92,083	83,333
DWS Restricted Incentive Awards	202,500	150,000	0	240,000	138,125	125,000
DWS Restricted Equity Awards	202,500	150,000	0	240,000	138,125	125,000
Total	**675,000**	**500,000**	**0**	**800,000**	**460,417**	**416,667**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**1,717,874**	**1,542,874**	**1,042,874**	**1,842,874**	**1,327,175**	**1,283,424**
Total compensation[2]	**1,625,000**	**1,450,000**	**950,000**	**1,750,000**	**1,252,084**	**1,208,333**

[1] Member since March 1, 2018. In addition to the compensation shown in the table above, Ms Peel was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).
[2] Without fringe benefits and pension service costs.

						Nikolaus von Tippelskirch[1]
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	950,000	950,000	950,000	950,000	791,667	791,667
Fringe benefits	11,956	11,956	11,956	11,956	7,493	7,493
Total	**961,956**	**961,956**	**961,956**	**961,956**	**799,160**	**799,160**
Variable compensation	540,000	500,000	0	800,000	356,250	416,667
Thereof:						
Cash	108,000	100,000	0	160,000	71,250	83,333
DWS Equity Upfront Awards	108,000	100,000	0	160,000	71,250	83,333
DWS Restricted Incentive Awards	162,000	150,000	0	240,000	106,875	125,000
DWS Restricted Equity Awards	162,000	150,000	0	240,000	106,875	125,000
Total	**540,000**	**500,000**	**0**	**800,000**	**356,250**	**416,667**
Pension service costs	100,510	100,510	100,510	100,510	85,723	85,723
Total compensation (GCGC)	**1,602,466**	**1,562,466**	**1,062,466**	**1,862,466**	**1,241,133**	**1,301,549**
Total compensation[2]	**1,490,000**	**1,450,000**	**950,000**	**1,750,000**	**1,147,917**	**1,208,333**

[1] Member since March 1, 2018. In addition to the compensation shown in the table above, Mr von Tippelskirch was granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described under 'Long-Term Incentive and Sustainability' in the amount of € 1,000,000 (within this chapter).
[2] Without fringe benefits and pension service costs.

						Jonathan Eilbeck[1]
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	0	0	0	0	833,333	833,333
Fringe benefits	0	0	0	0	76,951	76,951
Total	**0**	**0**	**0**	**0**	**910,284**	**910,284**
Variable compensation	0	0	0	0	625,000	833,333
Thereof:						
Cash	0	0	0	0	125,000	166,667
DWS Equity Upfront Awards	0	0	0	0	125,000	166,667
DWS Restricted Incentive Awards	0	0	0	0	187,500	250,000
DWS Restricted Equity Awards	0	0	0	0	187,500	250,000
Total	**0**	**0**	**0**	**0**	**625,000**	**833,333**
Pension service costs	0	0	0	0	0	0
Total compensation (GCGC)	**0**	**0**	**0**	**0**	**1,535,284**	**1,743,618**
Total compensation[2]	**0**	**0**	**0**	**0**	**1,458,333**	**1,666,667**

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

					Thorsten Michalik[1]	
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	0	0	0	0	333,333	333,333
Fringe benefits	0	0	0	0	146	146
Total	**0**	**0**	**0**	**0**	**333,479**	**333,479**
Variable compensation	0	0	0	0	250,000	333,333
Thereof:						
Cash	0	0	0	0	50,000	66,667
DWS Equity Upfront Awards	0	0	0	0	50,000	66,667
DWS Restricted Incentive Awards	0	0	0	0	75,000	100,000
DWS Restricted Equity Awards	0	0	0	0	75,000	100,000
Total	**0**	**0**	**0**	**0**	**250,000**	**333,333**
Pension service costs	0	0	0	0	30,255	30,255
Total compensation (GCGC)	**0**	**0**	**0**	**0**	**613,734**	**697,068**
Total compensation[2]	**0**	**0**	**0**	**0**	**583,333**	**666,667**

[1] Member from March 1 until November 30, 2018 / contract termination on December 31, 2018. The table above sets out the compensation granted by DWS Management GmbH (40% working time allocation).
[2] Without fringe benefits and pension service costs.

					Nicolas Moreau[1]	
				2019		2018
in €	Determined	Target	Min	Max	Determined	Target
Fixed compensation (base salary)	0	0	0	0	1,416,667	1,416,667
Fringe benefits	0	0	0	0	32	32
Total	**0**	**0**	**0**	**0**	**1,416,699**	**1,416,699**
Variable compensation	0	0	0	0	1,500,000	2,083,333
Thereof:						
Cash	0	0	0	0	300,000	416,667
DWS Equity Upfront Awards	0	0	0	0	300,000	416,667
DWS Restricted Incentive Awards	0	0	0	0	450,000	625,000
DWS Restricted Equity Awards	0	0	0	0	450,000	625,000
Total	**0**	**0**	**0**	**0**	**1,500,000**	**2,083,333**
Pension service costs	0	0	0	0	607,093	607,093
Total compensation (GCGC)	**0**	**0**	**0**	**0**	**3,523,792**	**4,107,125**
Total compensation[2]	**0**	**0**	**0**	**0**	**2,916,667**	**3,500,000**

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

In summary, within the scope of DWS Management GmbH contracts, the members of the Executive Board were granted compensation including fringe benefits and pension service costs in the amount of € 17,355,251 (2018: € 12,179,623). Within the scope of other service contracts with subsidiaries of the Group, the members of the Executive Board were granted compensation including fringe benefits and pension service costs in the amount of € 6,059,975 (2018: € 4,843,209). Furthermore, the members of the Executive Board were granted the one-off IPO related award under the DWS Equity Plan (PSUs) as described in this chapter under ‘Long-Term Incentive and Sustainability’ in the amount of totalling € 8,000,000.

The following tables provide the compensation disbursals in the 2019 and 2018 financial years according to GCGC

	Dr Asoka Woehrmann[1]		Pierre Cherki[2]		Mark Cullen [3]		Dirk Goergen [4]	
in €	2019	2018	2019	2018	2019	2018	2019	2018
Fixed compensation	2,400,000	400,000	500,000	416,667	1,250,000	104,167	380,000	31,667
Fringe benefits	9,237	1,136	75,632	61,013	93,239	7,500	48	0
Total	**2,409,237**	**401,136**	**575,632**	**477,680**	**1,343,239**	**111,667**	**380,048**	**31,667**
Variable compensation	618,300	117,600	149,502	99,750	353,400	22,088	51,400	2,850
thereof Cash:	618,300	117,600	149,502	99,750	353,400	22,088	51,400	2,850
Total	**618,300**	**117,600**	**149,502**	**99,750**	**353,400**	**22,088**	**51,400**	**2,850**
Pension service costs	100,510	16,006	0	0	0	0	40,204	7,060
Total compensation (GCGC)	**3,128,047**	**534,742**	**725,134**	**577,430**	**1,696,639**	**133,754**	**471,652**	**41,577**

[1] Member since October 25, 2018.
[2] Member since March 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD. In his second service contract with a

subsidiary of the Group (60% working time allocation), Mr Cherki received a total compensation (GCGC) of € 1,037,645 (for conversion purposes from EUR into USD the year-end exchange rate of 1,1219 applies) (2018: € 832,564 by applying the year-end exchange rate for 2018 of 1,1446).
[3] Member since December 1, 2018.
[4] Member since December 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Goergen received a total compensation (GCGC) of € 708,788 (2018: € 62,832).

	Robert Kendall[5]		Stefan Kreuzkamp [6]		Claire Peel [7]		Nikolaus von Tippelskirch [8]	
in €	2019	2018	2019	2018	2019	2018	2019	2018
Fixed compensation	400,000	333,333	500,000	416,667	950,000	791,667	950,000	791,667
Fringe benefits	76,976	62,678	2,675	718	92,874	75,091	11,956	7,493
Total	**476,976**	**396,011**	**502,675**	**417,385**	**1,042,874**	**866,758**	**961,956**	**799,160**
Variable compensation	104,035	67,083	150,500	99,750	135,000	92,083	108,000	71,250
thereof Cash:	104,035	67,083	150,500	99,750	135,000	92,083	108,000	71,250
Total	**104,035**	**67,083**	**150,500**	**99,750**	**135,000**	**92,083**	**108,000**	**71,250**
Pension service costs	0	0	40,204	34,289	0	0	100,510	85,723
Total compensation (GCGC)	**581,011**	**463,095**	**693,379**	**551,424**	**1,177,874**	**958,841**	**1,170,466**	**956,133**

[5] Member since March 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). The variable compensation amount includes a contractually agreed compensation payment due to calculated depreciation in value resulting from exchange rate fluctuations from EUR into USD. In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kendall received a total compensation (GCGC) of € 808,573 (for conversion purposes from EUR into USD the year-end exchange rate of 1,1219 applies) (2018: € 650,341 by applying the year-end exchange rate for 2018 of 1,1446).
[6] Member since March 1, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation). In his second service contract with a subsidiary of the Group (60% working time allocation), Mr Kreuzkamp received a total compensation (GCGC) of € 1,027,213 (2018: € 808,967).
[7] Member since March 1, 2018.
[8] Member since March 1, 2018.

	Jonathan Eilbeck [9]		Thorsten Michalik [10]		Nicolas Moreau [11]	
in €	2019	2018	2019	2018	2019	2018
Fixed compensation	0	833,333	0	333,333	0	1,416,667
Fringe benefits	0	76,951	0	146	0	32
Total	**0**	**910,284**	**0**	**333,479**	**0**	**1,416,699**
Variable compensation	0	125,000	0	50,000	0	300,000
thereof Cash:	0	125,000	0	50,000	0	300,000
Total	**0**	**125,000**	**0**	**50,000**	**0**	**300,000**
Pension service costs	0	0	0	30,255	0	607,093
Total compensation (GCGC)	**0**	**1,035,284**	**0**	**413,734**	**0**	**2,323,792**

[9] Member from March 1 until November 30, 2018 / contract termination on December 31, 2018.
[10] Member from March 1 until November 30, 2018 / contract termination on December 31, 2018. The table above sets out the compensation disbursals by DWS Management GmbH (40% working time allocation).
[11] Member from March 1 until October 25, 2018 / contract termination on December 31, 2018. The 2018 table above sets out compensation disbursals by DWS Management GmbH. The compensation disbursals for Mr Moreau´s time as a member of the Management Board of Deutsche Bank Group are disclosed in the Annual Report of Deutsche Bank Group.

In summary, within the scope of DWS Management GmbH contracts, the members of the Executive Board received compensation disbursals in the amount of € 9,644,202 (2018: € 7,989,805). Within the scope of other service contracts with subsidiaries of the Group, the members of the Executive Board received compensation disbursals in the amount of € 3,582,219 (2018: € 3,037,343).

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

In accordance with the requirements of the GAS 17, the members of the Executive Board collectively received in the 2019 financial year compensation totalling € 27,063,572 (2018: € 13,886,618). Of that, € 14,239,191 (2018: € 3,747,303) was for equity-based components.

Compensation for Supervisory Board Members

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

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

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

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

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

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

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

In the interest of DWS KGaA, the members of the Supervisory Board will be included in an appropriate amount, with a deductible, in any financial liability insurance policy held by the company. In the financial year 2019, Deutsche Bank Group provided a Directors' and Officer´s Liability Insurance (D&O insurance) to the members of the Supervisory Board.

Individual members of the Supervisory Board received the following compensation for the financial year 2019 (excluding value added tax):

Name	Compensation for fiscal year 2019 in €	Compensation for fiscal year 2018 in €[3]
Karl von Rohr[1]	–	–
Ute Wolf	167,500	111,458
Stephan Accorsini	105,000	57,917
Annabelle Bexiga	55,833	–
Aldo Cardoso	120,000	90,000
Sylvie Matherat[1]	–	–
Angela Meurer	85,000	49,583
Richard I. Morris, Jr.	103,333	16,667
Hiroshi Ozeki[2]	–	–
Erwin Stengele	100,000	55,833
Margret Suckale	120,000	85,000
Said Zanjani	100,000	55,833

[1] Deutsche Bank Group shareholder representatives on the Supervisory Board have waived their Supervisory Board Compensation in line with Deutsche Bank Group policies and procedures.
[2] In addition, one independent shareholder representative on the Supervisory Board has waived the Supervisory Board Compensation in line with applicable policies and procedures.
[3] Compensation for the financial year 2018 does not reflect full-year figures. The Supervisory Board was first established in March 2018 and its composition was completed over the year.

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

Compensation for Joint Committee Members

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

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

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

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

In the interest of DWS KGaA, the members of the Joint Committee will be included in an appropriate amount, with a deductible, in any financial liability insurance policy held by the company. In the financial year 2019, Deutsche Bank Group provided a Directors' and Officer´s Liability Insurance (D&O insurance) to the members of the Joint Committee.

Individual members of the Joint Committee received the following compensation for the financial year 2019 (excluding value added tax):

Name	Compensation for fiscal year 2019 in €	Compensation for fiscal year 2018 in €[3]
Karl von Rohr[1]	–	–
James von Moltke[1]	–	–
Ute Wolf	20,000	13,333
Hiroshi Ozeki[2]	–	–

[1] Deutsche Bank Group executives, delegated by the shareholders' meeting of the General Partner to the Joint Committee, have waived their compensation in line with Deutsche Bank Group policies and procedures.
[2] In addition, one member of the Joint Committee, delegated by the shareholders' representatives on the Supervisory Board from their midst, has waived the compensation in line with applicable policies and procedures.
[3] Compensation for the financial year 2018 does not reflect full-year figures. The Joint Committee was first established in March 2018 and its composition was completed over the year.

Non-Financial Report

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

Internal Control System for the Financial Reporting Process

General

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

Internal Control System Objectives

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

To mitigate these risks the internal control system has been established to provide reasonable but not absolute assurance against material misstatements. To support this the Group adopts the following financial statement objectives:

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

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

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

Internal Control System Organisation

The Group organisational structure facilitates the operation of the internal controls system with clear division of roles and responsibilities to support the financial reporting process and preparation of consolidated financial statements. The operation of the internal control system primarily involves staff based in the Chief Financial Office (CFO) with support from the Chief Operations Office (COO) and the Chief Control Office (CCO).

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

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

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

Financial Reporting Controls

The Group operates a large number of controls in relation to the financial reporting and consolidation processes. Some of the key controls that support these processes include the following:

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

Monitoring and Oversight of Internal Control Effectiveness

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

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

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

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

Structure of the Share Capital including Authorized and Conditional Capital

For information regarding DWS Group's share capital please refer to note 21 'Equity' to the Consolidated Financial Statements.

Restriction on Voting Rights or the Transfer of Shares

Under Section 136 of the German Stock Corporation Act (AktG) the voting right of the affected shares is excluded by law. As far as DWS KGaA held own shares as of December 31, 2019 in its portfolio according to Section 71b of the German Stock Corporation Act (AktG) no rights could be exercised.

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

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

Shareholdings which Exceed 10% of the Voting Rights

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

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

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany, and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018, DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. We are not aware of any changes in this ownership as per December 31, 2019.

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

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

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

Shares with Special Control Rights

Shares which confer special control rights have not been issued.

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

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

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

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

Rules Governing the Amendment of the Articles of Association

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

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

Powers of the General Partner to Issue or Buy Back Shares

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

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

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 60 million through the issuance of new shares against cash payment (“Authorized Capital 2018/II”). Shareholders are to be granted pre-emptive rights, but the General Partner is authorized to except broken amounts from shareholders’ pre-emptive rights. Decisions of the General Partner to utilize the Authorized Capital 2018/II and to exclude pre-emptive rights require the approval of the Supervisory Board. The new shares may also be taken up by certain banks specified by the General Partner with the obligation to offer them to the shareholders (indirect pre-emptive right). Further details are governed by Section 4 of the Articles of Association.

The Annual General Meeting of June 5, 2019 authorized the creation of conditional capital in the total amount of up to € 20 million. The General Partner is authorized to issue, once or more than once, on or before May 31, 2024 bonds with warrants and/or convertible bonds with a fixed maturity not exceeding 20 years or with a perpetual maturity, and to grant option rights to the holders of bonds with warrants and conversion rights (in conjunction with a conversion obligation if applicable) to the holders of convertible bonds in respect of new shares in the company, subject to the terms and conditions governing the bonds with warrants or convertible bonds. The total nominal amount of the bonds with warrants and convertible bonds may not exceed a total value of € 600 million. Option and conversion rights may only be issued in respect of company shares nominally representing up to € 20 million of the share capital. For this purpose share capital may be increased by up to € 20 million by issuing up to 20,000,000 new no par value bearer shares (conditional capital). Further details are governed by Section 4 of the Articles of Association.

By resolution of the Annual General Meeting of June 5, 2019 the General Partner is authorized to purchase, on or before May 31, 2024, its own shares in a total volume of up to 5% of the share capital at the time the resolution is taken or – if the value is lower – of the share capital at the time this authorization is exercised. Together with its own shares acquired for other reasons and which are from time to time in the company’s possession or attributable to the company pursuant to Section 71a et. seq. of the German Stock Corporation Act (AktG), the own shares purchased on the basis of this authorization may not at any time exceed 10% of the company’s respectively applicable share capital. The own shares may be bought through the stock exchange or by means of a public purchase offer to all shareholders. The authorization provides for certain thresholds by defining a minimum and maximum consideration for the acquisition of a treasury share. The countervalue for the purchase of shares (excluding ancillary purchase costs) through the stock exchange may not be more than 10% higher or lower than the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the obligation to purchase. In the case of a public purchase offer, it may not be more than 20% higher or lower than the average of the share prices (closing auction prices of the DWS share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the day of publication of the offer. If the volume of shares offered in a public purchase offer exceeds the planned buyback volume, acceptance must be in proportion to the shares offered in each case. The preferred acceptance of small quantities of up to 100 of the company’s shares offered for purchase per shareholder may be provided for.

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

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

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

By resolution of the Annual General Meeting of June 5, 2019 the General Partner is authorized pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to execute the purchase of shares under the resolved authorization also with the use of derivatives. The purchase of shares may be executed, apart from in the ways described above with the use of put and call options or forward purchase contracts. DWS KGaA may sell to third parties put options based on physical delivery and buy call options from third parties if it is ensured by the option conditions that these options are fulfilled only with shares which themselves were acquired subject to compliance with the principle of equal treatment. All share purchases based on put or call options are limited to shares in a maximum volume of 5% of the actual share capital at the time of the resolution by the General Meeting on this authorization. The term of the options must be selected such that the share purchase upon exercising the option is carried out at the latest on May 31, 2024.

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

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

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

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

Agreements for Compensation in Case of a Takeover Bid

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

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

The entire Group's Corporate Governance Statement according to sections 289f and 315d of the German Commercial Code is available in section 3 'Corporate Governance Statement' of the DWS Annual Report, which is available on https://dws.com/Our-Profile/ir/reports-and-events/annual-report/ as PDF.

2

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Income

in € m.	Notes	2019	2018
Management fees income		3,189	3,147
Management fees expense		(1,053)	(1,055)
Net management fees	6	**2,136**	**2,092**
Performance and transaction fee income		213	93
Performance and transaction fee expense		(8)	(4)
Net performance and transaction fees	6	**205**	**89**
Net commissions and fees from asset management	6	**2,341**	**2,180**
Interest and similar income		31	18
Interest expense		(19)	(14)
Net interest income		**12**	**4**
Net gains (losses) on financial assets/liabilities at fair value through profit or loss[1]		128	(44)
Net income (loss) from equity method investments	13	42	43
Provision for credit losses		(0)	2
Other income (loss)[1]		(134)	73
Total net interest and noninterest income		**2,389**	**2,259**
Compensation and benefits[2]	8, 22	(826)	(730)
General and administrative expenses	7, 16	(831)	(946)
Impairment of goodwill and other intangible assets	14	0	0
Total noninterest expenses		**(1,657)**	**(1,676)**
Profit (loss) before tax		**732**	**583**
Income tax expense	23	(219)	(192)
Net income (loss)		**512**	**391**
Attributable to:			
Noncontrolling interests		1	(0)
DWS shareholders		511	391

[1] Net gains (losses) in financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € 141 million for 2019 (€ (55) million for 2018) on guaranteed funds and other income (loss) includes € (141) million for 2019 (€ 55 million for 2018) valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
[2] Includes restructuring costs of € 29 million for 2019 (€ 14 million for 2018).

Consolidated Statement of Comprehensive Income

in € m.	2019	2018
Net income (loss) recognised in the income statement	**512**	**391**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement gains (losses) related to defined benefit plans, before tax	(41)	(22)
Total of income tax related to items that will not be reclassified to profit or loss	14	7
Items that are or may be reclassified to profit or loss		
Foreign currency translation		
Unrealized net gains (losses) arising during the period, before tax	98	214[1]
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	(0)
Equity method investments		
Net gains (losses) arising during the period	0	(0)
Total of income tax related to items that are or may be reclassified to profit or loss	0	0
Other comprehensive income (loss), net of tax	**71**	**198**
Total comprehensive income (loss), net of tax	**583**	**589**
Attributable to:		
Noncontrolling interests	1	(0)
DWS shareholders	582	589

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

Earnings per Common Share

	Notes	2019	2018
Earnings per common share:			
Basic	7	€ 2.56	€ 1.95
Diluted	7	€ 2.56	€ 1.95
Number of common shares (in million)	16	200	200

Consolidated Balance Sheet

in € m.	Notes	Dec 31, 2019	Dec 31, 2018
ASSETS			
Cash and bank balances	12	2,086	2,310
Financial assets at fair value through profit or loss	10,11		
Trading assets		1,422	1,226
Positive market values from derivative financial instruments		2	5
Non-trading financial assets mandatory at fair value through profit or loss		1,452	1,131
Investment contract assets mandatory at fair value through profit or loss		544	512
Total financial assets at fair value through profit or loss	10,11	3,419	2,875
Equity method investments	13	276	240
Loans at amortized cost	12	3	2
Property and equipment	15	28	5
Right-of-use assets	16	130	N/A
Goodwill and other intangible assets	14	3,781	3,749
Assets held for sale	12,17	8	0
Other assets	11,12,18	1,079	1,355
Assets for current tax	23	18	64
Deferred tax assets	23	124	95
Total assets		**10,952**	**10,694**
LIABILITIES AND EQUITY			
Deposits	12	0	0
Financial liabilities at fair value through profit or loss	10,11		
Trading liabilities		9	9
Negative market values from derivative financial instruments		110	91
Investment contract liabilities designated at fair value through profit or loss		544	512
Total financial liabilities at fair value through profit or loss	10,11	663	613
Other short-term borrowings	12	83	112
Lease liabilities	12	140	N/A
Liabilities held for sale	12,17	2	0
Other liabilities	12,18	2,874	2,945
Provisions	19	15	42
Liabilities for current tax	23	102	214
Deferred tax liabilities	23	220	227
Long-term debt	12	0	3
Total liabilities		**4,100**	**4,155**
Common shares, no par value, nominal value of € 1.00	21	200	200
Additional paid-in capital		3,480	3,472
Retained earnings		2,823	2,617
Accumulated other comprehensive income (loss), net of tax		327	229
Total shareholders’ equity		**6,830**	**6,519**
Noncontrolling interests		23	20
Total equity		**6,852**	**6,539**
Total liabilities and equity		**10,952**	**10,694**

Consolidated Changes in Equity

	Shareholders' equity / net asset value									Non-controlling interest	Total equity / net asset value
						Accumulated other comprehensive income, net of tax[1]					
in € m.	Net Investment attributable to Deutsche Bank Group	Common Stock	Additional paid in capital	Share awards	Retained Earnings	Foreign currency translation net of tax	Unrealized net gains (losses) from equity method investments	Total	Total		
Pro-forma beginning balance as of January 1, 2018	**333**	**200**	**3,358**	**25**	**2,428**	**(4)**	**19**	**16**	**6,360**	**6**	**6,365**
Impact of the transition from combined to consolidated financial statements[2]	(333)	0	0	0	0	0	0	0	(333)	0	(333)
IFRS 9 introduction impact, net of tax	N/A	0	0	0	(3)	0	0	0	(3)	0	(3)
Total comprehensive income (loss), net of tax	N/A	0	0	0	391	214	0	214	605	0	605
Remeasurement gains (losses) related to defined benefit plans, net of tax	N/A	0	0	0	(15)	0	0	0	(15)	0	(15)
Net change in DB share awards in the reporting period, net of tax[3]	N/A	0	0	89	0	0	0	0	89	0	89
Other[4]	N/A	0	0	0	(183)	0	0	0	(183)	15	(168)
Balance as of December 31, 2018	**N/A**	**200**	**3,358**	**114**	**2,617**	**210**	**19**	**229**	**6,519**	**20**	**6,539**
	N/A										
Balance as of December 31, 2018	**N/A**	**200**	**3,358**	**114**	**2,617**	**210**	**19**	**229**	**6,519**	**20**	**6,539**
IFRS 16 introduction impact, net of tax	N/A	0	0	0	(5)	0	0	0	(5)	0	(5)
Balance as of January 1, 2019	**N/A**	**200**	**3,358**	**114**	**2,612**	**210**	**19**	**229**	**6,514**	**20**	**6,534**
Total comprehensive income (loss), net of tax	N/A	0	0	0	511	97	0	98	609	1	610
Remeasurement gains (losses) related to defined benefit plans, net of tax	N/A	0	0	0	(27)	0	0	0	(27)	(0)	(27)
Cash dividends paid	N/A	0	0	0	(274)	0	0	0	(274)	0	(274)
Net change in DB share awards in the reporting period, net of tax	N/A	0	0	8	0	0	0	0	8	0	8
Other	N/A	0	0	0	0	0	0	0	0	2	2
Balance as of December 31, 2019	**N/A**	**200**	**3,358**	**122**	**2,823**	**308**	**19**	**327**	**6,830**	**23**	**6,852**

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

Consolidated Statement of Cash Flows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

Investing activities contain cash flows resulting from purchase, sale and maturities of non-trading financial assets, tangible and intangible assets. Non-trading financial assets include mainly treasury bonds, investments in money market funds and activities in co- and seed investments. In addition, cash flows related to equity method investments are shown under the investing activities.

Cash Flows from Financing Activities

Financing activities show cash flows from transactions related to equity and other borrowings including long term debt and other short-term borrowings.

Cash and Cash Equivalents

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

in € m.	2019	2018
Cash flows from operating activities:		
Net income (loss)	**512**	**391**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Restructuring activities	29	14
(Gain) loss on sale of financial assets from investing activity	(17)	0
Deferred taxes, net	(25)	0
Impairment, depreciation, other amortization and (accretion)	73	41
Share of net loss (income) from equity method investments	(42)	(43)
Other non-cash movements	(3)	3
Income (loss) adjusted for noncash charges, credits and other items	**527**	**406**
Adjustments for net change in operating assets and liabilities:		
Interest-earning time deposits with banks	25	643
Other assets	302	(134)
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	32	(62)
Other liabilities	(275)	184
Trading assets and liabilities, pos. and neg. market values from derivative financial instruments, net	(173)	61
Other, net	(3)	(260)[1]
Net cash provided by (used in) operating activities	**436**	**838**
Thereof: Net cash provided by (used in) operating activities of guaranteed funds	(20)	39
Cash flows from investing activities:		
Proceeds from sale and maturities of:		
Non-trading financial assets mandatory at fair value through profit or loss	1,239[2]	443[2]
Property and equipment	2	0
Disposals intangible assets	0	5
Purchase of:		
Non-trading financial assets mandatory at fair value through profit or loss	(1,485)[3]	(1,250)[4]
Equity method investments	(12)	0
Property and equipment	(27)	0
Additional intangible assets	(23)	(70)
Capital repayment	21	12
Loans at amortized cost made to other parties	(1)	0
Repayment of loans at amortized cost made to other parties	0	296[5]
Other, net	0	(6)
Net cash provided by (used in) investing activities	**(285)**	**(570)**
Cash flows from financing activities:		
Cash dividends paid to DWS shareholders	(274)	0
Other borrowings	0	2
Repayment of other borrowings	(34)	0
Repayment of lease liabilities (principal)	(27)	N/A
Net funding from (to) DB Group	N/A	(643)[6]
Net change in noncontrolling interests	2	15
Net cash provided by (used in) financing activities	**(333)**	**(626)**
Net effect of exchange rate changes on cash and cash equivalents	**(18)**	**(4)**
Net increase (decrease) in cash and cash equivalents	**(201)**	**(362)**
Cash and cash equivalents at beginning of period	2,186	2,547
Net increase (decrease) in cash and cash equivalents	(201)	(362)
Cash and cash equivalents at end of period	**1,987**	**2,186**

1 Includes transition impact from combined to consolidated financial statements.
2 The inflows result mainly from maturities of debt securities.
3 The outflows of € 1,485 million contain investments in debt securities of € 1,022 million and in money market funds of € 150 million.
4 The outflows of € 1,250 million contain mainly investments in money market funds of € 400 million and in debt securities of € 611 million.
5 The shown repayment of loans at amortized cost made to other parties of € 296 million is based on a reclassification from loans to bank balances on demand.
6 The outflow of € 643 million shows the profit pooling settlement for the financial year 2017 to DB Group. This profit pooling agreement was terminated with effect from April 1, 2018.

in € m.	2019	2018
Supplemental cash flow information:		
Net cash provided by (used in) operating activities includes		
Income taxes paid (received), net	313	201
Interest paid	19	14
Interest and dividends received	32	18
Cash and cash equivalents comprise		
Cash and bank balances (excluding time deposits)[1]	1,987	2,186
Total cash and cash equivalents	**1,987**	**2,186**

[1] The balance sheet item cash and bank balances of € 2,086 million (2018: € 2,310 million) comprises time deposits of € 99 million (2018: € 124 million), bank balances on demand of € 1,987 million (2018: € 2,186 million) and cash of € 0 million (2018: € 0 million). The cash flow statement shows only cash and bank balances on demand.

Notes to the Consolidated Financial Statements

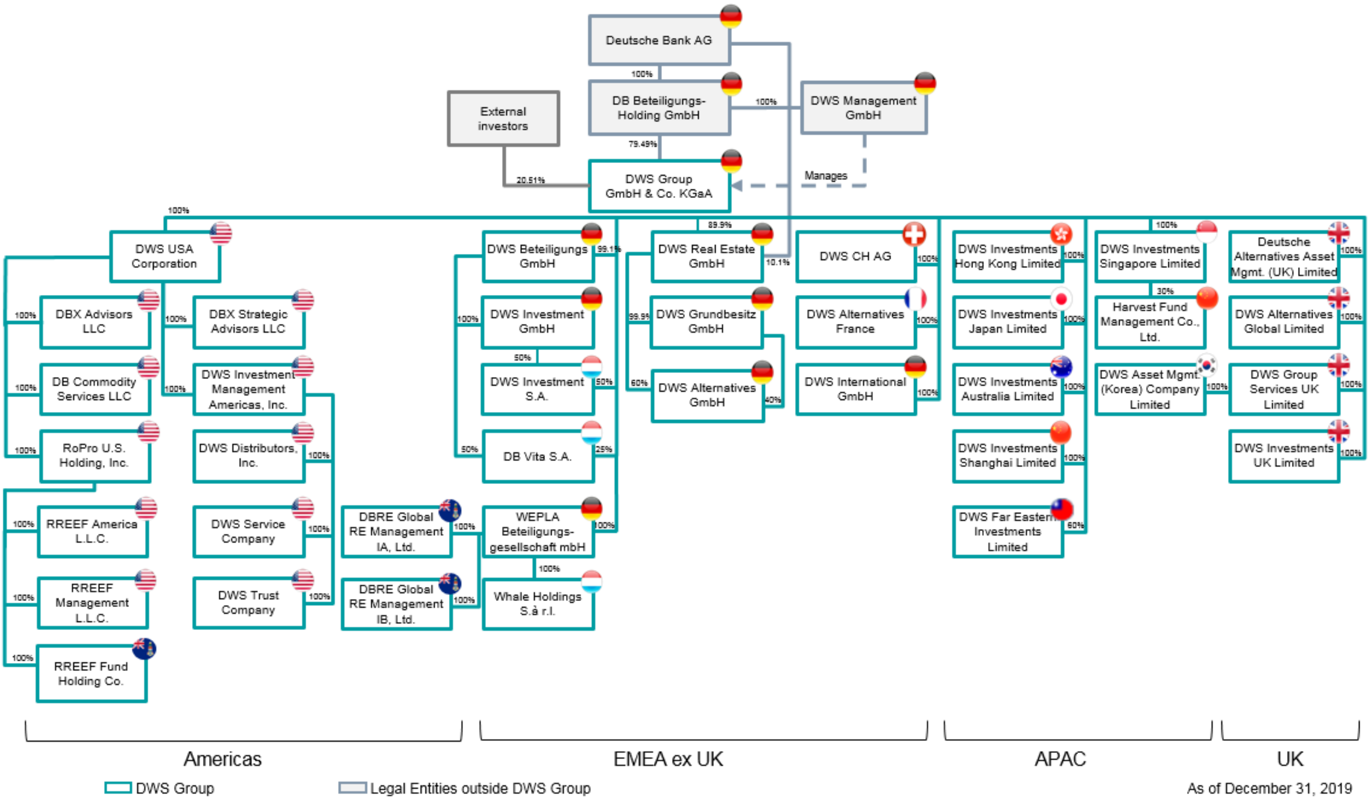
01 – Description of DWS Group

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

DB Beteiligungs-Holding GmbH, has its registered seat in Frankfurt am Main, Germany, is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504 and is the parent company of DWS KGaA holding a 79.49% share of DWS KGaA. The remaining shares are held by external investors. The ultimate parent company of DWS KGaA is Deutsche Bank AG, Frankfurt am Main, Germany, registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 30000. The consolidated financial statements of Deutsche Bank AG in accordance with IFRS can be viewed on the Investor Relations website of Deutsche Bank AG (https://www.db.com/ir).

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

The following diagram provides a simplified overview of the DWS Group structure including our direct and indirect shareholders and our significant subsidiaries.



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

02 – Significant Accounting Policies and Critical Accounting Estimates

Basis of Accounting

The accompanying consolidated financial statements of DWS Group GmbH & Co. KGaA, Frankfurt (Frankfurt Regional Court, HRB 111128), as of December 31, 2019, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and in compliance with Section 315a German Commercial Code. They include DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the “Group/DWS Group”).

They are stated in euro, the presentation currency of the Group except when otherwise indicated and are rounded to the nearest million. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. “N/A” is read as not applicable.

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

Disclosures about the nature and the extent of risks arising from financial instruments as required by IFRS 7 “Financial Instruments: disclosures” are set forth in the Risk Report section of the Summarized Management Report and are an integrated part of the consolidated financial statements. These audited disclosures are identified by bracketing in the margins of the Risk Report.

Principles of Consolidation and Critical Accounting Estimates

In preparing the accompanying consolidated financial statements, the principles underlying the consolidation procedures of IFRS 10 “Consolidated Financial Statements” have been applied.

The financial information in the Consolidated Financial Statements includes the parent company, DWS Group GmbH & Co. KGaA, together with its consolidated subsidiaries, including certain structured entities presented as a single economic unit. The individual financial statements of the companies included in the consolidation are drawn up on the same accounting date, December 31, 2019, as that of DWS Group GmbH & Co. KGaA.

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

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

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

- the impairment of associates (see ‘Associates’ below)
- the determination of fair value (see ‘Financial Assets and Liabilities, Financial Instruments’ below)
- the impairment of goodwill and other intangibles (see ‘Goodwill and Other Intangible Assets’ below)
- the accounting for legal and regulatory contingencies (see ‘Provisions’ below)
- the accounting for revenues under IFRS 15 “Revenue from Contracts with Customers” (see ‘Net Commissions and Fees from Asset Management’ below)
- the accounting for leases under IFRS 16 “Leases” (see ‘Leases’ below)

Subsidiaries

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

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

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

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

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

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

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

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

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

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

Associates

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

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

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

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

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

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

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

Foreign Currency Translation

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

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

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

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

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

Currency Translation Adjustments (CTA) reflected in equity are the result of legal entities held by parent companies with a different functional currency.

Composition of the Group

There are no material changes in the composition and the expected future revenue streams of the Group compared to the period ending December 31, 2018. For the composition of structured entities please refer to note 26 'Structured Entities'.

Net Commissions and Fees from Asset Management

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

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

Management Fees and Performance Fees

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

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

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

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

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

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

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

Distribution Fees

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

The gross management fee and performance fee income and expense are disclosed in note 6 'Net Commissions and Fees from Asset Management' to the Group's consolidated financial statements. This includes income and associated expense where the Group contractually owns the performance obligation (principal) in relation to the service that gives rise to the revenue and associated expense. In contrast, it does not include situations where the Group does not contractually own the performance obligation (agent).

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

Financial Assets and Liabilities, Financial Instruments

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

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

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

IFRS 9 Classification and Measurement

IFRS 9 "Financial Instruments" sets out requirements for recognizing and measuring financial instruments. A financial instrument is any contract that gives rise to both a financial asset of one entity and financial liability or equity instrument of another entity.

IFRS 9 requires the classification of financial assets to be determined based on both the business model used for managing the financial assets and contractual cash flow characteristics of the financial assets (also known as SPPI). The classification and measurement of financial liabilities will continue to follow IAS 39 "Financial Instruments: recognition and measurement".

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

Financial Assets

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

Business Model

There are three business models defined under IFRS 9 for financial assets:
- Hold to collect – Financial assets held with the objective to collect contractual cash flows.
- Hold to collect and sell – Financial assets held with the objective of both collecting contractual cash flows and selling financial assets.
- Other – Financial assets held with trading intent or that do not meet criteria of either “hold to collect” or “hold to collect and sell”

The Group’s assessment on the business models used resulted in: “hold to collect” and “other business model” for the measurement of the Group’s financial assets under IFRS 9. For “hold to collect” instruments the primary objective is to collect the nominal value of the receivable and any interest payable on these instruments, they are measured at amortized cost. The remaining Group’s assets under IFRS 9 mainly comprises of consolidated funds under IFRS 10, co-investments and seed investments, they are considered as “other business model” measured at fair value through profit and loss.

Solely Payments of Principal and Interest (SPPI)

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

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

Financial Liabilities

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

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

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

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

A financial liability is a debt instrument if it includes a contractual obligation:
- to return cash, other financial assets or a variable number of equity instruments to an entity; or
- to exchange financial assets and financial liabilities with another entity under potentially unfavourable conditions.

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

Impairment

The impairment requirements of IFRS 9 apply to all financial assets and off balance sheet commitments.

The determination of impairment losses and allowance are based on an expected credit loss model, where provisions are taken upon initial recognition of the financial asset, based on expectations of potential credit losses at the time of initial recognition.

IFRS 9 introduces a three stage approach to impairment for financial assets that are performing at the date of origination or purchase. IFRS 9 impairment requirements applies to all financial assets measured at amortized cost and measured at fair value through other comprehensive income (FVOCI) not classified and measured at fair value through profit and loss (FVTPL). The expected credit loss model (ECL) is applicable to DWS Group. The approach is summarized as follows:

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

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

- Stage 3: The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100 %, via the recoverable cash flows for the asset, for those financial assets that are credit-impaired. The Group's definition of default is aligned with the regulatory definition.

Determination of Fair Value

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

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

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

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

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

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

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

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

Goodwill and Other Intangible Assets

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

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

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

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

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

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

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

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

Provisions

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

Noncontrolling Interests

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

Leases

IFRS 16 replaces IAS 17 "Leases" and becomes effective for reporting periods beginning on or after January 1, 2019. It provides a single accounting method for lessees, requiring the recognition of an asset and a lease liability representing the right of use of the underlying asset over the term of a lease. Exceptions are provided for short-term leases and leases relating to low-value assets. The accounting requirements for lessors are similar to the current standard, i.e. lessors must continue to distinguish between finance and operating leases.

The Group will recognize new assets and liabilities relating to its operating leases. These will mainly relate to office buildings and other leases for vehicles.

In addition, the nature of expenses associated with these leases will change, as IFRS 16 replaces the linear recognition of expenses for operating leases with linear depreciation of right of-use assets and declining interest expenses for liabilities arising from the lease. The expenses incurred in connection with the application of IFRS 16 are therefore no longer exclusively a component of the operating profit.

Critical Accounting Estimates – The determination of the right-of-use assets requires estimates on the interest rate implicit in the lease, and if this rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate, 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.

Employee Benefits

Share-Based Compensation Plans

In DWS Group there are two main categories of share-based compensation plans, which are described below:

DWS Share-Based Plans (cash-settled)

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

In September 2018, IPO related Awards were granted to selected employees within the Group. Both Awards (DWS Equity Plan and DWS Stock Appreciation Rights (SAR) Plan) are considered as share-based cash-settled awards.

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

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

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

The principal inputs for the fair value of the awards are the market value on reporting date, discounted for any dividends foregone over the holding periods of the award, and adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and number of employees eligible for early retirement.

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

DB Equity Plan (equity-settled)

The Group employees continue to participate in the DB Equity Plan under the rules established for Deutsche Bank Group as applicable.

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

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

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

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

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

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

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

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.

In 2019, the Group has implemented enhancements to its processes being used for the financial reporting of its pension plans. As part of this project, DB Group’s actuarial assumptions on discount rate and rate of price inflation were revisited to better account for DWS specifics. Overall, the aforementioned changes resulted in an immaterial effect and were applied on a prospective basis in 2019.

Other Post-Employment Benefits

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

Refer to note 22 ‘Employee Benefits’ for further information on the accounting for pension benefits and other post-employment benefits.

Termination Benefits

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

Statement of Cash Flows

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

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

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

Non-Participating Investment Contracts

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

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

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

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

03 – Impact of Changes in Accounting Principles

Recently Adopted Accounting Pronouncements

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2018.

The Group has initially adopted IFRS 16 "Leases" from January 1, 2019, the Amendment to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: recognition and measurement" and IFRS 7 "Financial Instruments: disclosures" interest rate benchmark reform from October 1, 2019 and IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments". The improvements to IFRS 2015-2017 cycles, prepayment features with negative compensation (Amendment to IFRS 9), long-term interests in associates and joint ventures (Amendment to IAS 28 "Investments in Associates and Joint Ventures") and plan amendment, curtailment or settlement (Amendment to IAS 19 "Employee Benefits") are effective January 1, 2019 and have been applied but they did not have a material effect on the Group's consolidated financial statements.

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments"

On June 7, 2017, IFRIC Interpretation 23 was published. This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. In October 2018, IFRIC Interpretation 23 was endorsed by the EU and has to be applied to annual reporting periods beginning on or after January 1, 2019, while earlier adoption is permitted. There were no impacts on the Group's consolidated financial statements.

Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)

In September 2019, the IASB issued "Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7", which provides relief for specific hedge accounting requirements to address uncertainties in the period arising from the phase out of interest rate benchmarks (e.g. interbank offered rates – IBORs), and provides specific disclosure requirements for the affected hedge accounting relationships. The amendments are effective for annual periods beginning on or after January 1, 2020, with early application permitted. The EU endorsed the amendments in January 2020 and the endorsement means that early adoption of the standard is possible for the Group. The Group adopted the amendments from 1 January 2019 onwards.

The Group has established a Group wide assessment which has been focused on identifying and quantifying the Group's exposures to various interest rate benchmarks, providing the capability to transact products referencing alternative risk free rates (RFRs) and evaluating the Group's existing contracts. The Group's approach is to ensure that systems, processes and strategy provide for a smooth transition from the use of legacy rates and support alternative risk free rates (RFRs).

IFRS 16 "Leases"

On January 1, 2019, the Group adopted IFRS 16, which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Low value is defined by the Group to be below € 5,000. A lessee is required to recognise a right-of-use (RoU) 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 was effective for the 2019 annual period. The regulations have been adopted into European law by the EU.

The Group implemented IFRS 16 through a Group wide assessment using contracts that were identified as leases applying IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement contains a Lease" in a first step and reassessed other contracts under IFRS 16 on transition. The majority of leases are for buildings.

The Group elected to apply the modified retrospective transition approach without restatement of comparative figures. Under the modified retrospective transition approach, the Group was able to choose on a lease by lease basis to either (i) measure the RoU asset at the same amount as the lease liability, or (ii) to measure the RoU assets retrospectively using the transition discount rate. For approach (ii), the resulting difference between the RoU asset and the lease liability was recognised as an adjustment to the opening balance of retained earnings on transition.

The Group decided to account for short-term leases by applying the recognition exemption under IFRS 16. The Group has no low-value assets where the exemption under IFRS 16 can be applied.

In the consolidated balance sheet, the Group reflects RoU assets and lease liabilities as a separate line item. The Group has no contracts with variable lease payments linked to future performance or usage.

In the consolidated statement of income, interest expenses on the lease liabilities are recorded separately from depreciation charges for the RoU assets and are included in net interest income and general and administrative expenses, respectively (see note 16 'Leases').

In the consolidated statement of cash flows, cash payments made for the principal portion of lease liabilities are included within financing activities, cash payments for the interest portion within operating activities. Payments made for leases which are not reflected on the balance sheet (short-term leases not included in the measurement of the lease liability), are also shown within operating activities.

On transition to IFRS 16, the Group recognised an amount of € 119 million for RoU assets, € 10 million net investment in finance lease (recognised in loans at amortised cost) and € 136 million for lease liabilities. Choosing approach (ii) for selected properties resulted in a net impact after taxes of € (5) million in the opening balance of retained earnings.

When measuring the lease liabilities, the Group discounted future lease payments using its incremental borrowing rate at January 1, 2019. The Group use an unsecured rate which is the rate for a senior preferred note issuance where consideration will be given on the currency and maturity of each lease. The weighted average rate applied is 2.4%.

The following table provides a reconciliation of the operating lease commitments disclosed at December 31, 2018 applying IAS 17 (see Annual Report 2018, note 15 'Contractual Obligations and Commitments'), discounted using the incremental borrowing rate described above, and the lease liabilities recognised at the date of initial application of IFRS 16 (January 1, 2019):

in € m	Properties	Other	Total
Operating lease commitments as at December 31, 2018	**25**	**4**	**29**
Short-term leases	(3)	0	(3)
Discounting	(1)	(0)	(1)
Discounted using the lessees incremental borrowing rate as at date of initial application	21	4	25
Adjustment as a result of using extension options	1	0	1
Contract reassessment under IFRS 16	113	(3)	110
Lease liabilities as at January 1, 2019	**135**	**0**	**136**

New Accounting Pronouncements

The following accounting pronouncements were not effective as of December 31, 2019 and therefore have not been applied in the year 2019.

IFRS 3 "Business combinations"

In October 2018, the IASB issued amendments to IFRS 3 "Business combinations". These amendments clarify the determination of whether an acquisition made is of a business or a group of assets. The amended definition of a business emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business. The amendments will be effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendments will not have a material impact on the Group's consolidated financial statements. These amendments have yet to be endorsed by the EU.

Amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors" (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after January 1, 2020. The amendments must be applied prospectively and earlier application is permitted. The amendments will not have a material impact on the Group's consolidated financial statements. These amendments have been endorsed by the EU.

04 – Acquisitions and Dispositions

Business Combinations

In the period January 1, 2019 to December 31, 2019 there were no acquisition accounted for as business combinations.

Acquisitions

In 2019 DWS Group acquired an equity stake of 15 percent in Neo Strategic Holding Limited (NSHL). NSHL is a financial technology company and a first mover in digital asset management solutions in Dubai International Financial Centre (DIFC). The Group also acquired a 24.9 percent equity stake in Arabesque AI Ltd – a UK based company focuses on Artificial Intelligence (AI) to predict stock price developments via its proprietary AI engine.

Dispositions

In the period January 1, 2019 to December 31, 2019 DWS Group did not disposed any affiliates or business. For further information please refer to note 17 'Non-Current Assets and Disposal Groups Held for Sale'.

05 – Business Segment and Related Information

The Group's segmental reporting has been prepared in accordance with the "management approach", which requires presentation of segments on the basis of the internal management report of the entity that are regularly reviewed by the Chief Operating Decision Maker (CODM).

The term CODM identifies a function, not necessarily a manager with a specific title. Although an entity cannot have more than one CODM, the CODM can be a group of persons. Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the CODM to discuss operating activities, financial results, forecasts, or plans for the segment. The term 'segment manager' also identifies a function, not necessary a single manager with a specific title.

The Group – based on this "management approach" - operates a single business segment for reporting and controlling purposes.

The Executive Board will be responsible as CODM for reviewing and monitoring the results of the Group and making strategic decisions around asset allocation and resources. The segment manager is the Executive Board.

The Group's operating activity is managed using one globally integrated investment group targeting the same client segments, distribution channels and asset classes. There is one centrally managed sales force servicing all of the business units / products and negotiating prices with clients and the Group is using largely shared infrastructure and support services (such as marketing, product strategy, product development and finance).

The management of the Executive Board extends to the steering and oversight of the entire Group such as strategy, planning, major personnel decisions, organisation, risk management and compliance system.

Subsequently, the Executive Board sets strategy for the Group and its individual parts including the one centrally managed sales force and the largely shared infrastructure and support services. Although revenues will be monitored by the different asset classes (i.e. Traditional (Active/Passive) and Alternatives), all other direct and allocated costs, along with assets and liabilities, but also full-time employee and capital ratios will be analysed and monitored on an aggregated basis.

The following table presents total net interest and noninterest income by geographic area – based on the management approach of the Group:

in € m.	2019	2018
Germany	1,045	977
Europe (excluding Germany), Middle East and Africa	725	686
Americas	504	481
Asia/Pacific	115	115
Total net interest and noninterest income	**2,389**	**2,259**

Notes to the Consolidated Income Statement

06 – Net Commissions and Fees from Asset Management

Management fees are recognised as and when the service is performed and are charged largely as a percentage of AuM and are generally received on a monthly or quarterly basis. They mainly relate to gross fund management fees received and gross expenses mainly relate to distribution fees paid.

Performance fees are recognised based on the fund's performance relative to a benchmark/target return or the realized appreciation of the fund's investments. Variable performance fees based on specific contractual terms and fees from transaction related contracts (such as for real estate transactions for alternative funds) are further components of the performance and transaction fees.

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

in € m.	2019	2018
Management fees:		
Management fee income	3,189	3,147
Management fee expense	(1,053)	(1,055)
Net management fees	**2,136**	**2,092**
Thereof:[1]		
Active Equity	676	679
Active Multi Asset	182	181
Active SQI[2]	183	192
Active Fixed Income	290	311
Active Cash	25	36
Passive	287	268
Alternatives	475	405
Other[3]	17	19
Performance and transaction fees:		
Performance and transaction fee income	213	93
Performance and transaction fee expense	(8)	(4)
Net performance and transaction fees	**205**	**89**
Thereof:		
Alternatives	94	59
Active and Other	110	30
Total net commissions and fees from asset management	**2,341**	**2,180**

[1] Product restatements led to a shift in the asset class breakdown compared to the disclosed breakdown in our Annual Report 2018.
[2] SQI stands for Systematic & Quantitative Investments.
[3] Other recurring fees include ongoing fees for products not captured in a product mix such as for example custody fees for client accounts.

As of December 31, 2019, there were unsatisfied performance obligations with an expected original maturity of more than one year of € 75 million with a time band of seven years from 2021 to 2027 from alternative funds. The change in the expected timing of the unsatisfied performance obligations compared to December 31, 2018 (€ 71 million with a time band of seven years from

2023 to 2029) was mainly driven by a planned recapitalisation of an alternative fund which will bring forward the disposal of the underlying assets and result in an earlier repayment to investors.

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

in € m.	2019	2018
Commission and fee income from asset management:		
Germany	1,364	1,314
Europe (excluding Germany), Middle East and Africa	1,361	1,258
Americas	621	600
Asia/Pacific	56	68
Total commission and fee income from asset management	**3,401**	**3,240**
Commission and fee expense from asset management	**(1,060)**	**(1,059)**
Net commissions and fees from asset management	**2,341**	**2,180**

07 – General and Administrative Expenses

in € m.	2019	2018
General and administrative expenses:		
IT costs	(119)	(104)
Professional service fees	(47)	(81)
Communication and data services	(83)	(83)
Occupancy, furniture and equipment expenses	(66)	(72)
Banking and transaction charges	(212)	(216)
Marketing expenses	(28)	(33)
Travel expenses	(24)	(33)
Charges from Deutsche Bank Group[1]	(173)	(233)
Other expenses	(80)	(91)
Total general and administrative expenses	**(831)**	**(946)**

[1] Thereof € (123) million related to infrastructure charges from DB Group for the year 2019 (€ (139) million for the year 2018) and € (50) million related to DWS functions in DB entities for the year 2019 (€ (94) million for the year 2018).

08 – Restructuring

Throughout 2019, the Group has defined and implemented further measures as part of our cost efficiency plan and thereby aim to transform DWS into a leaner and more agile organization.

Restructuring expense is comprised of termination benefits, additional expenses covering the acceleration of deferred compensation awards not yet amortized due to the discontinuation of employment and contract termination costs related to real estate.

in € m.	2019	2018
Restructuring – staff related	29	14
Thereof:		
Termination benefits	23	9
Retention acceleration	6	5
Social security	0	0
Restructuring – non staff related	0	0
Total net restructuring charges	**29**	**14**

09 – Earnings per Common Share

Basic earnings per common share are computed by dividing net income (loss) attributable to DWS shareholders by the average number of common shares outstanding during the year. The average number of common shares outstanding is defined as the average number of common shares issued.

Diluted earnings per common share assumes the conversion into common shares of outstanding securities or other contracts to issue common stock. The Group does not have any dilution impact on earnings per common share as of December 31, 2019 and December 31, 2018 respectively.

Computation of basic and diluted earnings per common share

in € m. (unless stated differently)	2019	2018
Net income (loss) attributable to DWS shareholders – numerator for basic earnings per common share	511	391
Net income (loss) attributable to DWS shareholders after assumed conversions – numerator for diluted earnings per common share	511	391
Number of common shares (in million)	200	200
Weighted-average shares outstanding - denominator for basic earnings per common share (in million)	200	200
Adjusted weighted-average shares after assumed conversions - denominator for diluted earnings per common share (in million)	200	200

Earnings per common share

	2019	2018
Basic earnings per common share	€ 2.56	€ 1.95
Diluted earnings per common share	€ 2.56	€ 1.95

Notes to the Consolidated Balance Sheet

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

in € m.	Dec 31, 2019	Dec 31, 2018
Financial assets classified as held for trading:		
Trading assets	1,422	1,226
Thereof:		
Guaranteed Funds	1,305	1,126
Positive market values from derivative financial instruments	2	5
Total financial assets classified as held for trading	**1,423**	**1,231**
Non-trading financial assets mandatory at fair value through profit or loss	1,452	1,131
Investment contract assets mandatory at fair value through profit or loss	544	512
Total financial assets at fair value through profit or loss	**3,419**	**2,875**
Financial liabilities classified as held for trading:		
Trading liabilities	9	9
Negative market values from derivative financial instruments	110	91
Total financial liabilities classified as held for trading	**119**	**101**
Financial liabilities designated at fair value through profit or loss:		
Investment contract liabilities designated at fair value through profit or loss	544	512
Total financial liabilities designated at fair value through profit or loss	**544**	**512**
Total financial liabilities at fair value through profit or loss	**663**	**613**

Trading assets mainly comprise the consolidated guaranteed mutual funds excluding cash and bank balances. The increase in guaranteed mutual funds is mainly driven by net inflows. The funds' assets belong to investors and are consolidated under IFRS 10 even though DWS is not an investor. The Group reports the corresponding liabilities (including cash and bank balances) as financial liabilities held at fair value in the position 'Payables from guaranteed and other consolidated funds' under financial instruments carried at fair value (see note 11 'Financial Instruments carried at Fair Value').

The non-trading financial assets mandatory at fair value through profit or loss include co-investments and seed investments, corporate cash invested into money market funds, and mainly government bonds held for regulatory purposes. The non-trading financial assets mandatory at fair value through profit or loss increased by € 320 million primarily driven by corporate cash invested into money market funds (€ 518 million as of December 31, 2019, € 399 million as of December 31, 2018), purchase of government bonds (€ 443 million as of December 31, 2019, € 321 million as of December 31, 2018), and additional co-investments.

The investment contract assets are matched by the respective liabilities at fair value through profit or loss (€ 544 million as of December 31, 2019, € 512 million as of December 31, 2018). The increase is mainly driven by positive performance of € 77 million within the related investment funds, partly offset by net redemptions. This net movement for the year is reflected in both investment contract assets and liabilities.

The negative market values from derivative financial instruments mainly include the change in fair value of guaranteed contracts which do not qualify as a financial guarantee (€ 108 million as of December 31, 2019, € 79 million as of December 31, 2018).

Further details of the financial assets/liabilities including a breakdown into classes of financial instruments are shown in note 12 'Fair Value of Financial Instruments not carried at Fair Value'. All classes are reflected at fair value in the consolidated financial statements.

11 – Financial Instruments carried at Fair Value

Overview

The Group classifies its financial assets and liabilities carried at fair value into the following categories:

- trading assets and trading liabilities, measured at fair value through profit or loss
- positive market value from derivative financial instruments, measured at fair value through profit or loss
- non-trading financial assets mandatory at fair value through profit or loss,
- investment contract assets mandatory at fair value through profit or loss,
- negative market value from derivative financial instruments, measured at fair value through profit or loss
- investment contract liabilities, designated at fair value through profit or loss, and
- payables from guaranteed and other consolidated funds, measured at amortized cost

Appropriate classification of financial assets and liabilities at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

Financial instruments classified at fair value through profit or loss are recognised or derecognised on trade date, which is the date on which the Group commits to purchase or sell the asset or issue or repurchase the financial liability.

Payables from guaranteed and other consolidated funds are shown in other liabilities in the balance sheet. The valuation basis of the other liabilities reflected at amortized cost is the fair value of the respective assets. The Group reflects these liabilities with their implied fair value.

Fair Value Hierarchy

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy as follows:

Level 1 - Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's inventory.

These include: government bonds and equity securities and derivatives traded on active, liquid exchanges.

Level 2 - Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

These include: mainly trading assets in guaranteed funds and their corresponding payables from guaranteed and other consolidated funds, investment contract assets mandatory at fair value through profit or loss and the investment contract liabilities designated at fair value through profit or loss.

Level 3 - Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

These mainly include co-investments.

The following table shows the fair values for each class of financial assets and financial liabilities at fair value, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of its fair value.

				Dec 31, 2019
				Fair value
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt instruments	8	58	0	67
Investment funds	0	1,251	0	1,252
Equity instruments	103	0	0	103
Total trading assets	**112**	**1,310**	**0**	**1,422**
Positive market values from derivative financial instruments	0	2	0	2
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt instruments	443	0	16	459
Investment funds	2	580	403	984
Equity instruments	0	0	8	8
Total non-trading financial assets mandatory at fair value through profit or loss	**446**	**580**	**427**	**1,452**
Investment contract assets mandatory at fair value through profit or loss:				
Investment funds	0	544	0	544
Total financial assets held at fair value	**557**	**2,435**	**427**	**3,419**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt instruments	0	0	0	0
Equity instruments	9	0	0	9
Total trading liabilities	**9**	**0**	**0**	**9**
Negative market values from derivative financial instruments	1	2	108	110
Investment contract liabilities designated at fair value through profit or loss	0	544	0	544
Payables from guaranteed and other consolidated funds	0	1,356	0	1,356
Total financial liabilities held at fair value	**10**	**1,901**	**108**	**2,019**

in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
				Dec 31, 2018
				Fair value
Financial assets held at fair value:				
Trading assets:				
Debt instruments	7	40	0	47
Investment funds[1]	0	1,119	0	1,119
Equity instruments	60	0	0	60
Total trading assets	**68**	**1,158**	**0**	**1,226**
Positive market values from derivatives	4	1	0	5
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt instruments	321	0	7	327
Investment funds[1]	8	466	312	786
Equity instruments	0	0	19	19
Total non-trading financial assets mandatory at fair value through profit or loss	**329**	**466**	**337**	**1,131**
Investment contract assets mandatory at fair value through profit or loss:				
Investment funds[1]	0	512	0	512
Total financial assets held at fair value	**401**	**2,137**	**337**	**2,875**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt instruments	0	0	0	0
Equity instruments	9	0	0	9
Total trading liabilities	**9**	**0**	**0**	**9**
Negative market values from derivative financial instruments	4	8	79	91
Investment contract liabilities designated at fair value through profit or loss	0	512	0	512
Payables from guaranteed and other consolidated funds	0	1,177	0	1,177
Total financial liabilities held at fair value	**14**	**1,697**	**79**	**1,790**

[1] 2018 table was updated to include investment funds category for financial assets for comparative purposes.

Valuation Methods and Controls

The valuation methods and controls of the Group are noted below. All valuations are performed on a recurring basis.

Prices quoted in active markets – The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Valuation techniques using observable market data – The Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Valuation techniques used for financial instruments include modelling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

For some financial instruments a rate or other parameter, rather than a price is quoted. Where this is the case then the market rate or parameter is used as an input to a valuation model to determine fair value. For some instruments, modelling techniques follow industry standard models, for example, discounted cash flow analysis and standard option pricing models. These models are dependent upon estimated future cash flows, discount factors and volatility levels.

Frequently, valuation models require multiple parameter inputs. Where possible, parameter inputs are based on observable data or are derived from the prices of relevant instruments traded in active markets. Where observable data is not available for parameter inputs, then other market information is considered. For example, indicative broker quotes and consensus pricing information are used to support parameter inputs where they are available.

Valuation techniques using unobservable market data - Where no observable information is available to support parameter inputs then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

The valuation control group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation control group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Validation and control - The Group has an established valuation control framework which governs internal control standards, methodologies, and procedures over the valuation process. The DWS Principal Valuation Control Council (PVCC) is a key forum for the Group to review the completeness control results and ensure that all fair value assets and liabilities have been subject to the appropriate valuation control process. In addition, it serves to ensure review and appropriateness of various detailed aspects of the controls such as Independent Price Verification (IPV) classification, testing thresholds and market data approvals.

DB Group has an independent specialised valuation control group within its Finance function which governs and develops the valuation control framework and manages the valuation control processes which covers the valuation of financial instruments across all levels of the fair value hierarchy. The mandate of this specialist function includes the performance of the independent valuation control process for all businesses including DWS Group, the continued development of valuation control methodologies and techniques, as well as devising and governing the formal valuation control policy framework. Special attention of this independent valuation control group is directed to areas where management judgment forms part of the valuation process. The DWS PVCC oversees the valuation control processes performed by DB Group’s specialist valuation function on behalf of the Group.

Results of the valuation control process are collected and analysed as part of a standard monthly reporting cycle. Variances outside of pre-set and approved tolerance levels are escalated both within the Group Finance function and Senior Business Management for review, resolution and, if required, adjustment. This function is covered by the Valuation Control Report, also reviewed in the PVCC forum.

For instruments where fair value is determined from valuation models, the assumptions and techniques used within the models are independently validated by an independent specialist model validation group.

Valuation Techniques

The following are explanations of the valuation techniques used in establishing the fair value of the different classes and types of financial instruments that the Group trades.

Trading assets and Payables from guaranteed and other consolidated funds

Guaranteed Funds – the assets are reflected under trading assets and valuation follows the valuation prepared by the consolidated guaranteed fund and includes relevant IFRS adjustments if applicable. The liabilities are reflected under payables from guaranteed and other consolidated funds and the valuation of the implied fair value is based on the valuation of the respective assets.

Derivatives

Guaranteed Retirement Accounts – The Group manages guaranteed retirement accounts which provide a full or partial notional guarantee at maturity. This guarantee is not considered as a financial guarantee but as a derivative. Depending on the account, guarantee level and on the maturity of the account, all accounts are invested in a combination of dedicated government bond funds with fixed duration and dedicated equity and balanced target funds. The valuation of accounts rely therefore on the valuation of the underlying target funds. The fair value for the accounts shortfall is calculated with option pricing models using Monte-Carlo simulations including the behavioural risk of the client.

Non-trading financial assets mandatory at fair value through profit or loss

Equity Instruments and Investment Funds– 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 instruments and investment funds modelling techniques may also include those based on earnings multiples.

Investment contract assets mandatory at fair value through profit or loss and investment contract liabilities designated at fair value through profit or loss

Assets reflected under Financial Assets mandatory at fair value through profit or loss which are matched to the investment contract liabilities designated at fair value through profit or loss 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.

Transfers

Transfers between levels 1 and 2 take place when there is a change in the inputs that is relevant to categorization in the fair value hierarchy.

Where applicable, transfers between levels 1, 2 and 3 are assumed to take place at the beginning of the year.

Level 3 Transfers

There were no transfers into and/or out of level 3 during the year ending December 31, 2019.

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing Significant Unobservable Parameters (Level 3)

Financial assets/liabilities at fair value categorised in this level of the fair value hierarchy are valued based on one or more unobservable parameters.

Non-trading financial assets mandatory at fair value through profit or loss include unlisted equity instruments where there is no close proxy and the market is very illiquid.

Reconciliation of financial instruments classified in Level 3

									Dec 31, 2019
in € m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains/ losses	Purchases	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
Financial assets held at fair value:									
Trading instruments	0	0	0	0	0	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	337	(11)	22	98	(20)	0	0	0	427
Total financial assets held at fair value	**337**	**(11)**	**22**	**98**	**(20)**	**0**	**0**	**0**	**427**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	79	0	29	0	0	0	0	0	108
Other financial liabilities at fair value	0	0	0	0	0	0	0	0	0
Total financial liabilities held at fair value	**79**	**0**	**29**	**0**	**0**	**0**	**0**	**0**	**108**

									Dec 31, 2018
in € m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains/ losses	Purchases	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
Financial assets held at fair value:									
Trading instruments	17	(17)	0	0	0	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	278	(33)	26	70	(5)	0	0	0	337
Total financial assets held at fair value	**294**	**(50)**	**26**	**70**	**(5)**	**0**	**0**	**0**	**337**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	81	0	(2)	0	0	0	0	0	79
Other financial liabilities at fair value	0	0	(0)	0	0	0	0	0	0
Total financial liabilities held at fair value	**81**	**0**	**(3)**	**0**	**0**	**0**	**0**	**0**	**79**

Sensitivity Analysis of Unobservable Parameters

The value of level 3 financial instruments is dependent on unobservable parameter inputs from a range of reasonably possible alternatives. Appropriate levels for these unobservable input parameters are selected to ensure consistency with prevailing market evidence. Where Group has marked the financial instruments using parameter values drawn from the extremes of the range of reasonably possible alternatives, then as of December 31, 2019 it could have increased fair value by as much as € 2 million or decreased fair value by as much as € 35 million. As of December 31, 2018 it could have increased fair value by as much as € 2 million or decreased fair value by as much as € 28 million.

The changes in sensitive amounts from December 31, 2018 to December 31, 2019 show an increase to the negative fair value movement from using reasonable possible alternatives by € 7 million mainly driven by the increase in level 3 financial assets and by public market trends.

The sensitivity calculation aligns to the approach used to assess valuation uncertainty for prudent valuation purposes. Prudent valuation is a mechanism for quantifying valuation uncertainty and assessing an exit price with a 90% certainty. Under EU regulation, the additional valuation adjustments (AVAs) would be applied as a deduction from Tier 1 capital (CET1).

The Group has limited potential impact from the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable parameters.

	Dec 31, 2019		Dec 31, 2018	
in € m.	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt instruments	0	0	0	1
Investment funds	1	33	1	26
Equity instruments	0	1	0	1
Negative market values from derivative financial instruments:				
Credit related	0	0	0	0
Interest related	1	1	1	1
Total	**2**	**35**	**2**	**28**

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, 2019 (December 31, 2018 respectively) the fair value of the non-trading financial assets mandatory through profit or loss under IFRS 9 “Financial Instruments” are based on the net asset value of the underlying asset.

For other derivatives, the range for the cancellation rate is mainly driven by the different distribution channels and product types.

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

						Dec 31, 2019
	Fair value					
in € m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Non-trading financial assets mandatory at fair value through profit or loss:	427	0				
Debt instruments	16	0	Intex model	Credit Spread	1%	8%
				Recovery rate	60%	60%
				Default rate	3%	3%
				Pre-payment rate	24%	24%
Investment funds	398	0	Market approach	Price per net asset value	100%	100%
	5	0	Intex model	Credit Spread	13%	13%
				Recovery rate	60%	60%
				Default rate	1%	1%
				Pre-payment rate	24%	24%
Equity instruments	8	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**427**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	108	Option pricing model	Cancellation rate	0%	15%
Total market values from derivative financial instruments	**0**	**108**				

						Dec 31, 2018
	Fair value					
in € m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Non-trading financial assets mandatory at fair value through profit or loss:	337	0				
Debt instruments	7	0	Market approach	Price per net asset value	100%	100%
Investment funds	311	0	Market approach	Price per net asset value	90%	100%
Equity instruments	20	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**337**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	79	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	**0**	**79**				

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

The unrealised gains or losses on level 3 instruments are not due solely to unobservable parameters. Many of the parameter inputs to the valuation of instruments in this level of the hierarchy are observable and the gain or loss is partly due to movements in these observable parameters over the period.

in € m.	2019	2018
Financial assets held at fair value:		
Trading securities	0	0
Positive market values from derivative financial instruments	0	0
Non-trading financial assets mandatory at fair value through profit or loss	15	18
Total financial assets held at fair value	**15**	**18**
Financial liabilities held at fair value:		
Negative market values from derivative financial instruments	(29)	2
Total financial liabilities held at fair value	**(29)**	**2**
Total	**(14)**	**20**

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

The Group classifies its financial assets and liabilities not carried at fair value into the following categories: cash and bank balances, loans, assets held for sale, other financial assets, deposits, other short-term borrowing, liabilities held for sale, long-term debt, lease liabilities and other financial liabilities. Appropriate classification of financial assets and liabilities not carried at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

The valuation techniques used to establish fair value for the Group’s financial instruments which are not carried at fair value in the balance sheet and their respective IFRS fair value hierarchy categorization are consistent with those outlined in note 11 ‘Financial Instruments carried at Fair Value’.

Other financial instruments not carried at fair value are not managed on a fair value basis, for example, loans and deposits. For these instruments, fair values are calculated for disclosure purposes only and do not impact the balance sheet or income statement. Additionally, since the instruments generally do not trade, there is significant management judgment required to determine these fair values.

Short-term financial instruments – The carrying value represents a reasonable estimate of fair value for the following classes of financial instruments which are predominantly short-term:

Assets	Liabilities
Cash and bank balances	Deposits
Assets held for sale	Other short-term borrowings
Other financial assets	Liabilities held for sale
	Other financial liabilities

Long-term financial instruments – Within these categories, fair value is determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and credit risks such as loans and lease liabilities and, in the case of long-term liabilities, rates at which the liabilities with similar remaining maturities could be issued, at the balance sheet date.

Loans – The difference between the carrying value and fair value is due to market risk or credit risk that is dependent on the terms of the loan including interest rates, that has insignificant impact on the current positions.

Estimated fair value of financial instruments not carried at fair value on the balance sheet

					Dec 31, 2019
in € m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and bank balances	2,086	2,086	0	2,086	0
Loans	3	3	0	0	3
Assets held for sale	8	8	0	8	0
Other financial assets	1,020	1,020	0	1,020	0
Thereof receivables from:					
Brokerage and securities	307	307	0	307	0
Commissions/Fees	217	217	0	217	0
Remaining other financial assets	496	496	0	496	0
Financial liabilities:					
Other short-term borrowings	83	83	0	83	0
Liabilities held for sale	2	2	0	2	0
Other financial liabilities	1,333	1,333	258	1,076	0
Thereof payables from:					
Brokerage and securities	266	266	0	266	0
Performance related payments	258	258	258	0	0
Commissions/Fees	179	179	0	179	0
Remaining other financial liabilities	631	631	0	631	0
Lease liabilities	140	140	0	140	0
Long-term debt	0	0	0	0	0

					Dec 31, 2018
in € m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and bank balances	2,310	2,310	0	2,310	0
Loans	2	2	0	0	2
Other financial assets	1,289	1,289	0	1,289	0
Thereof receivables from:					
Brokerage and securities	584	584	0	584	0
Commissions/Fees	204	204	0	204	0
Remaining other financial assets	501	501	0	501	0
Financial liabilities:					
Other short-term borrowings	112	112	0	112	0
Other financial liabilities	1,614	1,614	198	1,416	0
Thereof payables from:					
Brokerage and securities	568	568	0	568	0
Performance related payments	198	198	198	0	0
Commissions/Fees	126	126	0	126	0
Remaining other financial liabilities	723	723	0	723	0
Long-term debt	3	3	0	3	0

As of December 31, 2019, the Group’s balance of receivables from commission and fee income was € 217 million (€ 204 million as of December 31, 2018). As of December 31, 2019, the Group’s balance of liabilities associated with commission and fee income was € 179 million (€ 126 million as of December 31, 2018). The Group has no contract liabilities as of December 31, 2019 and as of December 31, 2018 respectively which arise from the Group’s obligation to provide future services to a customer for which it has received consideration from the customer prior to completion of the services. The balances of receivables and liabilities do not vary significantly from period to period reflecting the fact that they predominately relate to recurring service contracts with service periods of less than one year such as monthly and quarterly asset management services. Customer payment in exchange for services provided are generally subject to performance by the Group over the specific service period such that the Group's right to payment arises at the end of the service period when its performance obligations are fully completed.

13 – Equity Method Investments

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

The Group holds interests in six (2018: five) associates and no (2018: none) joint arrangement. One associate is considered to be significant for DWS Group, based on its net income and total assets.

Significant Investments

Investment	Principal place of business	Nature of relationship	Ownership percentage
Harvest Fund Management Co., Ltd.	Shanghai, China	Strategic investment	30%

Significant influence is defined under IAS 28 “Investments in Associates and Joint Ventures” by holding percentage and representation on the board of directors.

The 2019 financial information is based on 2019 IFRS unaudited financial statements of Harvest Fund Management Co., Ltd., the 2018 financial information has been updated with the 2018 audited IFRS financial statements as provided by Harvest Fund Management Co., Ltd.

Summarised financial information on Harvest Fund Management Co., Ltd.

in € m.	2019	2018
Total net revenues	590	564
Net Income (loss)	144	148
Other comprehensive income	0	4
Total comprehensive income	**144**	**152**

in € m.	Dec 31, 2019	Dec 31, 2018
Total assets	1,651	1,319
Total liabilities	863	612
Noncontrollling interest	19	21
Net assets of the equity method investee	**770**	**685**

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

in € m. (unless stated otherwise)	Dec 31, 2019	Dec 31, 2018
Net assets of the equity method investee	770	685
Group's ownership percentage on the investee's equity	30%	30%
Group's share of net assets	231	206
Goodwill	17	17
Intangible assets	14	14
Other adjustments	(1)	(1)
Carrying amount	**261**	**236**

Net Income (Loss) from Equity Method Investment

The Group's total net income (loss) from equity method investments is € 42 million in 2019 (2018: € 43 million). There is no impairment loss in 2019 and 2018.

The share in net income from Harvest Fund Management Co., Ltd. alone was € 43 million in 2019 (2018: € 43 million).

Dividend income from investments is recognised upon the actual receipt of proceeds from the investee company. During the year, the Group received cash dividends from Harvest Fund Management Co., Ltd. amounting to € 21 million in 2019 (2018: € 12 million).

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

in € m.	Dec 31, 2019	Dec 31, 2018
Carrying amount of all associates that are individually immaterial to the Group	15	4
Aggregated amount of the Group's share of profit (loss) from continuing operations	(0)	(0)
Aggregated amount of the Group's share of post-tax profit (loss) from discontinued operations	0	0
Aggregated amount of the Group's share of other comprehensive income	0	0
Aggregated amount of the Group's share of total comprehensive income	**(0)**	**(0)**

14 – Goodwill and Other Intangible Assets

Goodwill

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the period ended December 31, 2019 and December 31, 2018, are shown.

in € m.	
Balance as of January 1, 2018	**2,768**
Exchange rate changes	74
Balance as of December 31, 2018	**2,843**
Gross amount of goodwill	2,843
Accumulated impairment losses	0
Balance as of January 1, 2019	**2,843**
Exchange rate changes	38
Balance as of December 31, 2019	**2,881**
Gross amount of goodwill	2,881
Accumulated impairment losses	0

As of December 31, 2019, changes relate to foreign exchange rate changes of € 38 million (December 31, 2018: € 74 million).

Goodwill Impairment Test

Goodwill and intangible assets are tested for impairment purposes on cash-generating unit (CGU) level. The Group has one CGU for the purpose of impairment testing of goodwill and intangible assets as the Group is managed as a single business segment on asset management for controlling and reporting purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU. As business combinations under Common Control are exempt from the scope of IFRS 3 "Business combinations", the Group had chosen to account for the related business combinations under the book value / predecessor method in 2018. During 2019 the Group did not acquire goodwill in a business combination.

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

The annual goodwill impairment test conducted in 2019 and 2018 respectively, did not result in an impairment loss on the Group's goodwill since the recoverable amount of the CGU was higher than the respective carrying amount.

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

Carrying Amount

The carrying amount for the CGU is determined on the basis of the Group's equity.

Recoverable Amount

The Group determines the recoverable amount on the basis of value in use and employs the discounted cash-flow method (DCF) which reflects the specifics of the Asset Management business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to the shareholders after fulfilling the respective regulatory capital requirements.

The DCF uses earnings projections based on five-year strategic plans, which are discounted to their present value. Estimating future earnings involves judgment and the consideration of past and current performance as well as expected capital retention requirements / contributions in line with the business plan, market expectations and commercial, legal or regulatory requirements.

Earnings projections beyond the initial five-year period are adjusted to derive a sustainable level. In case of a going concern, the cash flow to equity is assumed to increase by or converge towards a constant long-term growth rate of up to 1.3% in 2019 and 3.1% in 2018. This is based on the revenue forecast as well as expectations for the development of gross domestic product and inflation, and is captured in the terminal value. The rate was reduced by 1.5% for 2019 and is comparably low compared to analysts' views and reflects a conservative approach.

Key Assumptions and Sensitivities

Key Assumptions: The DCF value of a CGU is sensitive to the earnings projections, to the discount rate (cost of equity) applied and to the long-term growth rate. The discount rates applied have been determined based on the capital asset pricing model and comprise a risk-free interest rate, a market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factors are determined using external sources of information. CGU-specific beta factors are determined based on a respective group of peer companies. Variations in all of these components might impact the discount rates. The Group use a discount rate (after tax) of 9.6% in 2019 (2018: 9.7%).

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

Key Management Assumptions are:

- Deliver strong investment product performance
- Expand product suite in growth areas (e.g. alternatives, multi assets, passive, ESG investment schemes) while consolidating non-core strategies
- Consistent net flows leveraging market share leadership in Germany and the rest of Europe, while expanding coverage in Asia-Pacific and focused growth in the Americas
- Diversification of intermediary coverage towards high growth channels and deployment of digital solutions to serve new channels
- Further efficiency through improved core operating processes, platform optimization and product rationalization
- Anticipation of further headwinds in the asset management industry as a result of the changing regulatory environment

Uncertainty associated with key assumptions and potential events/circumstances that could have a negative effect:

- Challenging market environment and volatility unfavourable to our investment strategies
- Unfavourable margin development and adverse competition levels in key markets and products beyond expected levels
- Business/execution risks, e.g., under achievement of net flow targets from market uncertainty, loss of high quality client facing employees, unfavourable investment performance, lower than expected efficiency gains
- Uncertainty around regulation and its potential implications not yet anticipated

Sensitivities: In order to test the resilience of the recoverable amount, key assumptions used in the DCF model (for example, the discount rate and the earnings projections) are sensitized. Management believes that no reasonable changes in key assumptions could cause an impairment loss.

Other Intangible Assets

Changes in Other Intangible Assets

	Purchased intangible assets							Internally generated intangible assets	Total other intangible assets
	Unamortized			Amortized				Amortized	
in € m.	Retail Investment Management Agreements	Other	Total unamortized purchased intangible assets	Customer-related intangible assets	Contract-based intangible assets	Software and other	Total amortized purchased intangible assets	Software	
Cost of acquisition/manufacture:									
Balance as of January 1, 2018	**963**	**0**	**963**	**106**	**20**	**101**	**227**	**162**	**1,353**
Additions	0	0	0	0	0	0	0	70	70
Disposals	0	0	0	0	0	(13)	(13)	(34)	(46)
Exchange rate changes	47	0	47	5	0	0	5	1	53
Balance as of December 31, 2018	**1,010**	**0**	**1,010**	**111**	**20**	**88**	**220**	**200**	**1,430**
Additions	0	0	0	0	0	0	0	23	23
Exchange rate changes	20	0	20	2	0	0	2	4	26
Balance as of December 31, 2019	**1,030**	**0**	**1,031**	**114**	**20**	**88**	**222**	**226**	**1,479**
Accumulated amortization and impairment:									
Balance as of January 1, 2018	**243**	**0**	**243**	**98**	**19**	**101**	**217**	**37**	**498**
Amortization for the year	0	0	0	6	1	0	7	30	37
Disposals	0	0	0	0	0	(13)	(13)	(16)	(29)
Impairment losses	0	0	0	0	0	0	0	2	2
Exchange rate changes	12	0	12	5	0	0	5	0	17
Balance as of December 31, 2018	**255**	**0**	**255**	**108**	**20**	**88**	**216**	**53**	**524**
Amortization for the year	0	0	0	3	0	0	3	40	44
Impairment losses	0	0	0	0	0	0	0	3	3
Exchange rate changes	5	0	5	2	0	0	2	1	8
Balance as of December 31, 2019	**260**	**0**	**260**	**113**	**20**	**88**	**222**	**97**	**579**
Carrying amount:									
As of January 1, 2018	**719**	**0**	**720**	**9**	**1**	**0**	**10**	**125**	**855**
As of December 31, 2018	**755**	**0**	**755**	**3**	**0**	**0**	**4**	**147**	**906**
As of December 31, 2019	**770**	**0**	**771**	**0**	**0**	**0**	**0**	**129**	**900**

As of December 31, 2019, there was an impairment loss on internally generated software amounting to € 3 million (December 31, 2018: impairment loss of € 2 million) reflected under general and administrative expenses in the consolidated statement of income.

Definite life intangibles are reviewed annually for indicators of impairment. If any indicators exists, further assessment is made of whether the carrying value may be impaired.

Amortizing Intangible Assets

In 2019, amortizing other intangible assets decreased by a net € 22 million. The main decrease was in internally generated intangible assets, amounting to € 18 million.

The total amortization of intangibles amounting to € 44 million is reflected under general and administrative expenses in the consolidated Statement of Income.

Other intangible assets with finite useful lives are generally amortized over their useful lives on a straight-line basis.

Useful life of other amortized intangible assets by asset class

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

Unamortized Intangible Assets

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

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.

The Group reviews the useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for these assets. If they do not, the change in the useful life assessment from indefinite to finite life will be accounted for as a change in an accounting estimate in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors”.

Indefinite life intangibles are reviewed for impairment annually in the fourth quarter or more frequently if there are indications that the carrying value may be impaired. If any indicators exists, further assessment is made to determine if the carrying value may be impaired.

Retail investment management agreements – These assets, amounting to € 770 million, relate to the Group’s US retail mutual fund business. Retail investment management agreements are contracts that give DWS Group 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 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 and is essentially flat compared to the carrying amount. The key assumptions in determining the fair value less costs of disposal include the asset mix, the flows forecast, the effective fee rate and discount rate as well as the terminal value growth rate. The discount rate (cost of equity) applied in the calculation were 9.8% in 2019 (10.2% in 2018). The terminal value growth rate applied for 2019 is 4.1% (for 2018 4.1%). The review of valuation for the years 2019 and 2018 neither resulted in any impairment nor a reversal of prior impairments.

15 – Property and Equipment

in € m.	Properties	Furniture and equipment	Leasehold improvements	Construction in progress	Total
Cost of acquisition:					
Balance as of January 1, 2018	**0**	**17**	**49**	**0**	**65**
Additions	0	1	0	0	1
Disposals	0	(1)	0	0	(1)
Exchange rate changes	0	0	0	0	0
Balance as of December 31, 2018	**0**	**17**	**49**	**0**	**66**
Additions	8	0	0	26	35
Disposals	0	(0)	(2)	0	(2)
Transfers	(8)	0	27	(27)	(8)
Exchange rate changes	0	0	1	0	1
Balance as of December 31, 2019	**0**	**17**	**74**	**0**	**92**
Accumulated depreciation and impairment:					
Balance as of January 1, 2018	**0**	**13**	**47**	**0**	**60**
Depreciation	0	1	1	0	2
Disposals	0	(1)	0	0	(1)
Exchange rate changes	0	0	0	0	0
Balance as of December 31, 2018	**0**	**14**	**48**	**0**	**61**
Depreciation	0	1	1	0	3
Disposals	0	(0)	(2)	0	(2)
Transfers	0	0	0	0	0
Exchange rate changes	0	0	1	0	1
Balance as of December 31, 2019	**0**	**15**	**48**	**0**	**63**
Carrying amount:					
As of December 31, 2018	**0**	**3**	**1**	**0**	**5**
As of December 31, 2019	**0**	**2**	**26**	**0**	**28**

Properties consist of one building in Germany coming on the balance sheet following the exercise of a put option by third party investors. This was subsequently transferred to assets held for sale in 2019 (please refer to note 17 ‘Non-Current Assets and Disposal Groups Held for Sale’).

Furniture and equipment will consist primarily of IT equipment and furniture within the Group premises.

Leasehold improvements consist primarily of fixtures and fittings and the cost of any structural improvements to leased properties.

Construction in progress will represent expenditure incurred during the course of an asset’s construction which has been capitalised. These will then be transferred to the respective asset class once construction has been completed.

There are no items of property and equipment subject to restrictions on title or which have been pledged as security against liabilities. There are no commitments for the acquisition of property and equipment as at December 31, 2019 and December 31, 2018.

All classes of property, plant and equipment are initially recognised on the balance sheet at cost. Subsequent measurement follows as cost less depreciation and any accumulated impairment losses. Depreciation occurs on a straight line basis over the asset’s useful economic life.

Useful life of property and equipment by asset class

	Useful life in years
Furniture and equipment	7 to 10 years
Leasehold improvements	shorter of 10 years or the remaining lease term

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If any such indication exists, the asset’s recoverable amount is estimated. Impairment losses are recognised in the Consolidated Statement of Income.

16 – Leases

Leases as Lessee

Right-of-use assets

in € m.	Properties	Other	Total right-of-use assets
Cost value:			
Balance as of January 1, 2019	**118**	**0**	**119**
Additions	83	0	83
Disposals	(56)	(0)	(56)
Exchange rate changes	3	0	3
Balance as of December 31, 2019	**148**	**1**	**149**
Accumulated depreciation and impairment:			
Balance as of January 1, 2019	**0**	**0**	**0**
Depreciation	23	0	23
Disposals	(4)	0	(4)
Impairment losses	0	0	0
Exchange rate changes	(0)	0	(0)
Balance as of December 31, 2019	**19**	**0**	**19**
Carrying amount:			
Balance as of January 1, 2019	**118**	**0**	**119**
Balance as of December 31, 2019	**130**	**0**	**130**

The Group's right-of-use assets consist primarily of premises leased under long-term rental agreements. Some lease contracts 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. The lease agreements do not include any clauses that impose any restriction on Group's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements and do not include any residual value guarantees.

The right-of-use assets are depreciated on a straight-line basis until the end of the useful life of the asset or the end of the lease term and are reviewed at the end of each reporting period to determine if there is any impairment. As of December 31, 2019 there are no indications of impairment.

The additions and disposals during the year mainly reflect office movements in United Kingdom and Americas as part of the Group's location strategy.

Amounts recognised in profit or loss

Leases under IFRS 16

in € m.	2019
Interest on lease liabilities	(5)
Income from sub-leasing right-of-use assets presented in other income	0
Expenses relating to short-term leases	(3)

Operating leases under IAS 17

in € m.	2018
Lease expenses	(20)

The Group accounts for expenses relating to short-term leases under the recognition exemption for the time January 1, 2019 to December 31, 2019 in the amount of € 3 million as shown within general and administrative expenses. These contracts have expired as of December 31, 2019 and will not be extended. The Group has no low-value assets where the exemption under IFRS 16 can be applied.

Amounts recognised in statement of cash flows

The total cash outflow for leases was € 35 million for 2019 and represented mainly expenditures made for real estate rentals. Of the total amount, payments of € 27 million were made for the principal portion of lease liabilities, payments of € 5 million were made for the interest portion. In addition, payments of € 3 million were made for leases not reflected on the balance sheet (short term leases).

Extension options and leases not yet commenced but committed

Most property leases contain extension options exercisable by the Group by providing prior written notice to the landlord before the end of the lease. This notice period ranges from 18 months to 90 days before the end of the non-cancellable contract period. In certain rare instances, leases will renew automatically unless prior written notice is provided.

Where practical, the Group will seek to include extension options in its leases for operational flexibility.

All options are exercisable by the Group and not the lessors. At commencement date, the Group assess whether it is reasonably certain to exercise any extension options. If so, these are included in the initial measurement of associated lease liabilities.

The following table shows the future cash outflows to which the Group as a lessee is potentially exposed that are not reflected in the measurement of the lease liabilities.

in € m.	Dec 31, 2019
Future cash outflows not reflected in lease liabilities:	
Not later than one year	1
Later than one year and not later than five years	12
Later than five years	150
Total future cash outflows not reflected in lease liabilities	**163**

Leases as Lessor

Finance lease

The Group reflects finance lease contracts within loans at amortized costs. These contracts relate to one building in the US with zero net investment as of December 31, 2019. The contracts expired as of December 31, 2019 and will not be extended. For the time January 1, 2019 to December 31, 2019 the Group reflected rental income in the amount of € 11 million shown within general and administrative expenses.

17 – Non-Current Assets and Disposal Groups Held for Sale

The Group had reached an agreement to sell its Hedge Fund UCITS business, by way of an asset sale, to an external buyer, pursuant to an asset purchase agreement signed on June 13, 2019. The business in scope of the transaction relates to two Luxembourg domiciled SICAV vehicles (DB Platinum and DB Platinum IV) with six hedge fund UCITS sub-funds and approximately € 2 billion of AuM. Upon completion of the sale of this business, the management company (DWS Investment S.A.) ceased to be responsible for managing the DB Platinum and DB Platinum IV SICAV's but continues to carry out all its other activities. The transaction has received regulatory approval on November 19, 2019 and was completed on January 11, 2020. The valuation of the business did not result in the recognition of a loss.

The Group entered into an agreement to sell a building in Germany included in a consolidated fund. On January 3, 2020 a shareholder resolution has been provided to the new owner and signing is effective as per February 6, 2020. Closing will take place in the first half of 2020. The valuation of the property did not result in the recognition of a loss.

in € m.	Dec 31, 2019
Property and equipment, net	8
Total assets held for sale	**8**
Long-term debt	2
Total liabilities held for sale	**2**

18 – Other Assets and Other Liabilities

in € m.	Dec 31, 2019	Dec 31, 2018
Other assets:		
Brokerage and securities related receivables:		
Cash/margin receivables	9	8
Receivables from unsettled regular way trades	297	576
Total brokerage and securities related receivables	**307**	**584**
Accrued interest receivable	3	5
Other[1]	769	766
Total other assets	**1,079**	**1,355**
Other liabilities:		
Brokerage and securities related payables:		
Cash/margin payables	2	0
Payables from unsettled regular way trades	264	568
Total brokerage and securities related payables	**266**	**568**
Accrued interest payable	0	0
Other[1]	2,607	2,377
Total other liabilities	**2,874**	**2,945**

[1] Other includes other financial assets and liabilities not carried at fair value (please refer to note 12 'Fair Value of Financial Instruments not carried at Fair Value').

Other within other liabilities include the liabilities of the consolidated guaranteed funds and other consolidated funds of € 1,356 million as of December 31, 2019 and € 1,177 million as of December 31, 2018 carried at amortized cost and reflected with their implied fair value of the respective trading assets carried at fair value through P&L. The increase by € 179 million is mainly driven by market movements in the underlying funds.

19 – Provisions

Movements by class of provision

in € m.	Operational risk	Civil litigations	Restructuring - staff related	Other	Total
Balance as of January 1, 2018	**5**	**3**	**9**	**67**	**85**
New provisions	3	8	15	9	34
Amounts used	0	3	15	44	62
Unused amounts reversed	0	3	7	4	15
Effects from exchange rate fluctuations/unwind of discount	0	(0)	(1)	(0)	(1)
Balance as of December 31, 2018	**7**	**5**	**2**	**28**	**42**
New provisions	2	1	33	5	40
Amounts used	1	3	20	22	46
Unused amounts reversed	4	2	10	4	20
Effects from exchange rate fluctuations/unwind of discount	0	0	(2)	0	(1)
Balance as of December 31, 2019	**4**	**1**	**3**	**6**	**15**

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.

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 8 ‘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 and provisions for regulatory enforcement. The provision for the right to tender on a closed-end fund in the amount of € 19 million was partly used and released in December 2019.

Provisions and Contingent Liabilities

The Group recognises 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 recognised and the obligation is deemed a contingent liability. Contingent liabilities also include possible obligations for which the possibility of future economic outflow is more than remote but less than probable. Where a provision has been taken for a particular claim, no contingent liability is recorded; for matters or sets of matters consisting of more than one claim, however, provisions may be recorded for some claims, and contingent liabilities (or neither a provision nor a contingent liability) may be recorded for others.

The Group operates in a legal and regulatory environment that exposes it to risk of litigation and regulatory enforcement. As a result, the Group may be involved in litigation, arbitration and regulatory proceedings and investigations. Where that is the case, in determining for which of these matters the possibility of a loss is probable, or less than probable but more than remote, and then estimating the possible loss for those claims, the Group takes into consideration a number of factors, including but not limited to the nature of the claim and its underlying facts, the procedural posture and litigation history of each case, rulings by the courts or tribunals, the Group’s experience and the experience of others in similar cases (to the extent this is known to the Group), prior settlement discussions, settlements by others in similar cases (to the extent this is known to the Group), available indemnities and the opinions and views of legal counsel and other experts.

The provisions the Group has recognised for civil litigation as of December 31, 2019 are set forth in the table above. For some matters for which the Group believes an outflow of funds is probable, no provisions were recognised as the Group could not reliably estimate the amount of the potential outflow.

For the matters for which a reliable estimate can be made, the Group currently estimates that, as of December 31, 2019, there were no material contingent liabilities (i.e., the aggregate future loss of which the possibility is more than remote but less than probable) in relation to litigation or arbitration proceedings, or regulatory investigations in which the Group is involved.

This estimated possible loss, as well as any provisions taken, is based upon currently available information and is subject to significant judgment and a variety of assumptions, variables and known and unknown uncertainties. These uncertainties may include inaccuracies in or incompleteness of the information available to the Group, particularly at the preliminary stages of matters, and assumptions by the Group as to future rulings of courts or other tribunals or the likely actions or positions taken by regulators or adversaries may prove incorrect. Moreover, estimates of possible loss for these matters are often not amenable to the use of statistical or other quantitative analytical tools frequently used in making judgments and estimates, and are subject to even greater degrees of uncertainty than in many other areas where the Group must exercise judgment and make estimates. The estimated possible loss, as well as any provisions taken, can be and often are substantially less than the amount initially requested by regulators or adversaries or the maximum potential loss that could be incurred were the matters to result in a final adjudication adverse to the Group. Moreover, in certain regions in which the Group operates, an adversary may not be required to set forth the amount it is seeking, and where it is, the amount may not be subject to the same requirements that generally apply to pleading factual allegations or legal claims.

The matters for which the Group determines that the possibility of a future loss is more than remote will change from time to time, as will the matters as to which a reliable estimate can be made and the estimated possible loss for such matters. Actual results may prove to be significantly higher or lower than the estimate of possible loss in those matters where such an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the likelihood of loss was remote. In particular, the estimated aggregate possible loss does not represent the Group's potential maximum loss exposure for those matters.

The Group may settle litigation or regulatory proceedings or investigations prior to a final judgment or determination of liability. It may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes it has valid defences to liability. It may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where it does not believe that it is legally compelled to do so.

Current Individual Proceedings

By the nature of our business, the Group is involved in litigation and arbitration proceedings and regulatory investigations, but none of such proceedings is currently expected to have a significant impact on the Group's financials.

20 – Contractual Obligations and Commitments

Contractual obligations are split into long-term debt obligations, operating lease obligations and purchase obligations. Long-term debt obligations contain senior long-term debt with external parties. Operating lease obligations mainly comprise the lease contracts for buildings. With the implementation of IFRS 16 "Leases", these operating lease obligations are no longer shown as contractual obligations. Purchase obligations include future payments mainly for technology services and asset management services.

Commitments cover contingent receivables and contingent liabilities. The Group had no contingent receivables to report as at December 31, 2019, and December 31, 2018. Contingent liabilities mainly relate to unfunded commitments given to funds, for which the Group acts as an investor.

The following table presents the contractual obligations and commitments by maturity buckets:

					Dec 31, 2019
					Payment due by period
in € m.	< 1 year	1–3 years	3–5 years	> 5 years	Total
Long-term debt obligations	0	0	0	0	0
Operating lease obligations	N/A	N/A	N/A	N/A	N/A
Purchase obligations	23	48	67	45	182
Total Contractual Obligations	**23**	**48**	**67**	**45**	**182**
Contingent Liabilities	119	0	0	0	119

					Dec 31, 2018
					Payment due by period
in € m.	< 1 year	1–3 years	3–5 years	> 5 years	Total
Long-term debt obligations	0	2	0	0	3
Operating lease obligations	22	4	2	0	29
Purchase obligations	25	61	60	49	196
Total Contractual Obligations	**48**	**68**	**63**	**49**	**228**
Contingent Liabilities	65	0	0	0	65

The operating lease obligations totalling € 29 million in 2018 are mainly related to rental agreements. The Group leases the majority of its offices under short- or mid-term agreements. Some lease contracts 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 Group´s ability to pay dividends, engage in debt financing transactions or enter into further lease agreements. For information on lease liabilities under IFRS 16, refer to note 16 'Leases'.

Purchase obligations decreased by € 11 million compared to December 31, 2018 primarily due to the renegotiation of a contract extension for using an asset management service platform. The total purchase obligations mainly result from this contract.

Contingent liabilities increased by € 54 million to € 119 million in 2019 due to unfunded commitments for strategic investments and co-investments.

21 – Equity

Common Shares

The company's share capital consists of common shares issued in registered form without par value. As of December 31, 2019 the share capital of the company amounts to € 200 million and is divided into up to 200,000,000 ordinary bearer shares. Under German law, each share represents an equal stake in the subscribed capital. Therefore, each share has a nominal value of € 1.00, derived by dividing the total amount of share capital by the number of shares.

Number of shares	
Common shares as at December 31, 2018	**200,000,000**
Changes	-
Common shares as at December 31, 2019	**200,000,000**

There are no issued ordinary shares that have not been fully paid.

Authorized Capital

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 40 million through the issue of new shares against cash payment or contribution in kind ("Authorized Capital 2018/I"). The General Partner is further authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 60 million through the issue of new shares against cash payment ("Authorized Capital 2018/II"). Further details are governed by Section 4 of the Articles of Association.

Authorized capital	General Description	Expiration date
€ 40,000,000	Authorized Capital 2018 / I	January 31, 2023
€ 60,000,000	Authorized Capital 2018 / II	January 31, 2023

Conditional Capital

The General Partner is authorized to issue, once or more than once, on or before May 31, 2024 bonds with warrants and/or convertible bonds with a fixed maturity not exceeding 20 years or with a perpetual maturity, and to grant option rights to the holders of bonds with warrants and conversion rights (in conjunction with a conversion obligation if applicable) to the holders of convertible bonds in respect of new shares in the company, subject to the terms and conditions governing the bonds with warrants or convertible bonds. The total nominal amount of the bonds with warrants and convertible bonds may not exceed a total value of € 600 million. Option and conversion rights may only be issued in respect of company shares nominally representing up to € 20 million of the share capital. For this purpose share capital may be increased by up to € 20 million by issuing up to 20,000,000 new no par value bearer shares (conditional capital). Further details are governed by Section 4 of the Articles of Association.

Conditional capital	General Description	Expiration date
€ 20,000,000	Conditional Capital 2019 / I	May 31, 2024

Dividends

The following table presents the amount of dividend declared for the year ended December 31, 2018 and the dividend proposed for the year ended December 31, 2019:

	2019 (proposed)	2018
Cash dividend (in € m.)	334	274
Cash dividend per common share (in €)	1.67	1.37

The Executive Board and Supervisory Board will recommend a dividend payment of € 1.67 per share for the financial year 2019 at the Annual General Meeting.

Additional Notes

22 – Employee Benefits

Share-Based Compensation Plans

There are two categories of share-based compensation plans, which are described below: DWS Share-Based Plans (cash-settled) and the DB Equity Plan (equity settled).

DWS Share-Based Plans (cash-settled)

The Group made grants of share-based compensation under the DWS Equity Plan. This plan represents a contingent right to receive a cash payment by referencing to the value of DWS shares during a specified time period.

In September 2018 one-off IPO related awards under the **DWS Stock Appreciation Rights (SAR) Plan** were granted to all DWS employees. A limited number of DWS senior managers were granted a one-off IPO related Performance Share Unit (PSU) under the **DWS Equity Plan** instead. For members of the Executive Board, one-off IPO related awards under the DWS Equity Plan were granted in January 2019.

The DWS SAR Plan represents a contingent right to receive a cash payment equal to any appreciation (or gain) in the value of a set number of notional DWS shares over a fixed period of time. This award does not provide any entitlement to receive DWS shares, voting rights or associated dividends.

The DWS Equity Plan is a phantom share plan representing a contingent right to receive a cash payment by referencing to the value of DWS shares during a specified period of time.

The award recipient for any share-based compensation plan is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of any share-based compensation plan are forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

The following table sets forth the basic terms of the DWS share-based plans:

Grant year(s)	Award Type	Vesting schedule	Eligibility
2019 DWS Equity Plan	Annual Awards	1/3: 12 months[3] 1/3: 24 months[3] 1/3: 36 months[3]	Select employees as annual performance-based compensation
	Annual Awards (Senior Management)	1/5: 12 months[3] 1/5: 24 months[3] 1/5: 36 months[3] 1/5: 48 months[3] 1/5: 60 months[3]	Members of the Executive Board
	Annual Award - Upfront	Vesting immediately at grant[3]	Regulated employees
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Performance Share Unit (PSU) Award (one-off IPO related award)[1]	1/3: March 2022[3] 1/3: March 2023[3] 1/3: March 2024[3]	Members of the Executive Board
2018 DWS Equity Plan	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Performance Share Unit (PSU) Award (one-off IPO related award)[1]	1/3: March 2022[3] 1/3: March 2023[3] 1/3: March 2024[3]	Select Senior Managers
2018 DWS SAR Plan	SAR Award (one-off IPO related award)[2]	For non-MRTs: June 1, 2021[5] For MRTs: March 1, 2023[3]	all DWS employees[4]

1 The award and the number of units is subject to the achievement of pre-defined targets (Average Net flows (NNA)2019-2020 and FY 2020 Adjusted CIR (Cost Income Ratio) measured December 2020
2 The award is subject to a positive IBIT of the Group December 2019
3 Depending on their individual regulatory status, a 6 months retention period (AIFMD/UCITS MRTs) or a 12-months retention period (InstVV MRTs) applies after vesting
4 Unless the employee received PSU Award
5 Following vesting / retention period a 4-year exercise period applies

As of December 31, 2019, the fair value of share-based awards made in 2018 and 2019 was approximately € 59 million (as of December 31, 2018: € 23 million for awards made in 2018). Of the awards granted in 2018 and 2019, € 32 million has been recognised in 2019 or prior to that in the income statement (December 31, 2018: € 4 million recognised in 2018). Total unrecognised expense related to share-based plans is approximately € 27 million (December 31, 2018: € 19 million), dependent on future share price development.

The fair value of the awards have been measured using the Black-Scholes formula. The liabilities incurred are re-measured at the end of each reporting period until settlement. The principal inputs being the market value on reporting date, discounted for any dividends foregone over the holding periods of the award, and adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and number of employees eligible for early retirement. The inputs used in the measurement of the fair values at grant date and measurement date of the awards were as follows:

	Measurement date Dec 31, 2019	Measurement date Dec 31, 2018	Measurement date Dec 31, 2019	Measurement date Dec 31, 2018
	PSU	PSU	SAR	SAR
Units (in thousands)	1,421	1,248	2,041	2,192
Fair value	€ 24.30	€ 14.18	€ 8.19	€ 3.35
Share price	€ 31.70	€ 23.37	€ 31.70	€ 23.37
Exercise price	N/A	N/A	€ 24.65	€ 24.65
Expected volatility (weighted-average) in %	34	35	34	35
Expected life (weighted-average) in years	4	5	6	6
Expected dividends (% of income)	65	65	65	65

Given the short timeframe since the IPO, the expected volatility of the DWS share price has been based on an evaluation of the historical volatility for a comparable peer group over the preceding 5-year period. The expected dividend level is linked to the latest Group communication.

In addition, the PSU Award has performance conditions which will determine the nominal amount which can ultimately vest under the award. These performance conditions are linked to the Group strategy, specifically with regards to the target for net inflows and the adjusted cost income ratio, which will be tested prior to vesting in March 2021.

DB Equity Plan (equity-settled)

The Group employees continue to participate in the DB Equity Plan under the rules established for Deutsche Bank Group as applicable.

DB Group made grants of share-based compensation under the DB Equity Plan. This plan represents a contingent right to receive Deutsche Bank AG common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the DB Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

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

Grant year(s)	Deutsche Bank Equity Plan	Vesting schedule	Eligibility
2018-2019	Annual Award (CB/IB/CRU)[1]	1/4: 12 months[2] 1/4: 24 months[2] 1/4: 36 months[2] 1/4: 48 months[2]	Select employees as annual performance-based compensation
	Annual Award (non-CB/IB/CRU)[1]	1/3: 12 months[2] 1/3: 24 months[2] 1/3: 36 months[2]	Select employees as annual performance-based compensation
	Annual Award (Senior Management)[1]	1/5: 12 months[2] 1/5: 24 months[2] 1/5: 36 months[2] 1/5: 48 months[2] 1/5: 60 months[2]	Members of Management Board or of Senior Management
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
2017	Annual Award[1]	1/4: 12 months[4] 1/4: 24 months[4] 1/4: 36 months[4] 1/4: 48 months[4]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[4]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
	Key Retention Plan (KRP)[5]	1/2: 50 months[6] 1/2: 62 months[6]	Material Risk Takers (MRTs)
		Cliff vesting after 43 months	Non-Material Risk Takers (non-MRTs)
2016	Annual Award	1/4: 12 months[4] 1/4: 24 months[4] 1/4: 36 months[4] 1/4: 48 months[4]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[4]	Members of DB Management Board or of Senior Leadership Cadre
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
	Key Position Award (KPA)[7]	Cliff-vesting after 4 years[3]	Select employees as annual retention

[1] For employees of certain legal entities, deferred equity is replaced with restricted shares due to local regulatory requirements
For grant date 2019 valid for divisions CB/IB/CRU; for grant date 2018 divisions were called CIB. For further details please refer to Deutsche Bank AG's annual report
[2] For members of the Management Board or the Senior Management and all other InstVV-regulated employees a further retention period of twelve months applies (six months for awards granted in 2018)
[3] For all regulated employees share delivery takes place after a further retention period of twelve months. For awards granted in 2018 onwards this is only applicable to InstVV MRTs
[4] For members of the Management Board or of the Senior Leadership Cadre and all other regulated employees a further retention period of six months applies
[5] Equity-based awards granted under this plan in January 2017 are subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank’s share price reaches a certain share target price prior to vesting
[6] For Material Risk Takers (MRTs) share delivery takes place after a further retention period of twelve months
[7] A predefined proportion of the individual’s KPA is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank’s share price reaches a certain share target price prior to vesting

In addition, the Group participates in a broad-based employee share ownership plan offered by DB Group and known as the Global Share Purchase Plan (GSPP). The rules are the same as those established for DB Group. The GSPP offers employees in specific countries the opportunity to purchase Deutsche Bank shares in monthly instalments over one year. At the end of the purchase cycle, the acquired stock is matched 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, 495 Group staff from 10 countries enrolled in the eleventh cycle that began in November 2019.

The following table shows the outstanding share award units as of the respective dates for the 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 DB Share Plans

	Share Units (in thousands)	Weighted-average grant date fair value per unit
Balance as of December 31, 2018	11,376	€ 10.29
Balance as of December 31, 2019	**9,231**	**€ 10.64**

As of December 31, 2019, the grant volume of outstanding share awards was approximately € 96 million (December 31, 2018: € 117 million). Thereof, approximately € 82 million (December 31, 2018: € 79 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 approximately € 14 million as of December 31, 2019 (December 31, 2018: € 38 million).

In addition, approximately 0.2 million shares were issued to plan participants in March 2020 following the vesting of DB Equity Plan awards granted in prior years.

Post-Employment Benefit Plans

Nature of Plans

The Group participates in a number of post-employment benefit plans on behalf of its employees. These plans are sponsored either by the Group directly or by other entities of DB Group and include both defined contribution plans and defined benefit plans. These 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 remainder of this note focuses predominantly on the Group’s defined benefit plans.

The defined benefit plans are 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 broadly determine the design and financing of the benefit plans. Key information is also shown based on participant status, which provides an indication of the maturity of the Group’s obligations.

				Dec 31, 2019
in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Defined benefit obligation related to				
Active plan participants	247	26	5	278
Participants in deferred status	119	3	0	122
Participants in payment status	87	3	0	90
Total defined benefit obligation	**453**	**32**	**5**	**490**
Fair value of plan assets	**369**	**33**	**1**	**403**
Funding ratio (in %)	**81**	**103**	**20**	**82**

in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Dec 31, 2018 Total
Defined benefit obligation related to				
Active plan participants	223	22	5	250
Participants in deferred status	99	3	0	102
Participants in payment status	75	2	0	77
Total defined benefit obligation	**397**	**27**	**5**	**429**
Fair value of plan assets	**331**	**25**	**1**	**357**
Funding ratio (in %)	**83**	**93**	**20**	**83**

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

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

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

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

in € m. (unless stated otherwise)	Germany	EMEA (excl. Germany & UK)	APAC	Total
Actual benefit payments 2019	7	0	1	8
Benefits expected to be paid 2020	8	2	0	10
Benefits expected to be paid 2021	9	2	1	12
Benefits expected to be paid 2022	10	2	0	12
Benefits expected to be paid 2023	11	2	0	13
Benefits expected to be paid 2024	11	2	0	13
Benefits expected to be paid 2025-2029	65	8	3	76
Weighted average duration of defined benefit obligation (in years)	15	15	8	14

Multi-Employer Plans

Mainly in the United Kingdom (UK) and the US, some employees participate in defined benefit plans sponsored by another entity within the wider Deutsche Bank Group, for example, retirement benefit plans in the UK as well as post-employment medical plans in the US. Generally the risk associated to the plan is within the sponsoring entity while the Group entities are obliged to pay for costs incurred for their respective employees within the sponsoring entity.

In Germany, the Group is a member of the BVV Versicherungsverein des Bankgewerbes a.G. (BVV) together with other financial institutions. The BVV, pension provider for Germany's financial industry, offers retirement benefits to eligible employees in Germany as a complement to post-employment benefit commitments 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. Under 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. In line with industry practice, the Group accounts for these benefits as a defined contribution plan since insufficient information is available to identify assets and liabilities relating to the Group's current and former employees because the BVV does not fully allocate plan assets to beneficiaries or to member companies. According to the BVV's most recent disclosures, there is no current deficit in the plan that may affect the amount of future Group contributions. Furthermore, any plan surplus emerging in the future will be distributed to the plan members, hence it cannot reduce future Group contributions.

Governance and Risk

Oversight for the Group's pension plans is performed by the Risk and Control Committee (RCC), as mandated by the Executive Board in November 2019 to oversee its pension and related risks on a global basis. This committee meets monthly and is supported by a Pension Working Group which was established in the 4th quarter of 2019. The RCC is mandated to take oversight with regards to guidelines for funding, asset allocation, actuarial assumption setting and risk management. In this regard, risk management includes the management and control of risks for the 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). While exercising this oversight the Group leverages DB Group's pension oversight and operative control mechanism implemented, in particular 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. 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, the 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, the Group is seeking to minimize the impact of pensions on its financial position from market movements, subject to balancing the trade-offs involved in financing post-employment benefits, regulatory capital and constraints from local funding or accounting requirements. DB Group measures pension risk exposures on a regular basis using specific metrics developed for this purpose. This process covers DB Group overall, which includes the Group's exposures. The Group has reviewed the annual plan obligations for 2019 and will implement a quarterly review process in 2020.

Funding

In 2019 the Group has reviewed DB Group's funding principle and introduced updated funding principles. Various external pension trusts are maintained to fund the majority of the Group's defined benefit plan obligations. The Group's funding principle, is to maintain coverage of the defined benefit obligation by plan assets within a range of 80% to 100% of the obligation, subject to meeting any local statutory requirements. The Group has also determined that certain plans should remain unfunded, although their funding approach is subject to periodic review, e.g. when local regulations or practices change. Obligations for any unfunded plans are accrued on the balance sheet as necessary.

For most of the externally funded defined benefit plans there are local minimum funding requirements, however, the Group can decide on any additional plan contributions based on Group's funding principles noted earlier. In most countries the 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 the Group's key funded defined benefit plans, any minimum funding requirements that may apply are not expected to place the Group under any material adverse cash strain in the short term. With reference to DB Group's funding principle, the Group considers not re-claiming benefits paid from the Group's assets as an equivalent to making cash contributions into the external pension trusts during the year.

Actuarial Methodology and Assumptions

December 31 is the measurement date for all plans. All plans are valued by independent qualified actuaries using the projected unit credit method. DWS Group has reviewed DB Group policy which provides guidance to local actuaries to ensure consistency globally on setting actuarial assumptions and considers these assumptions to be appropriate.

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, 2019			Dec 31, 2018		
	Germany	EMEA (excl. Germany & UK)	APAC	Germany	EMEA (excl. Germany & UK)	APAC
Discount rate (in %)	1.02	0.54	0.91	1.70	1.20	1.10
Rate of price inflation (in %)	1.35	1.14	1.60	1.60	1.40	1.60
Rate of nominal increase in future compensation levels (in %)	1.85	1.58	3.63	2.10	1.90	3.70
Rate of nominal increase for pensions in payment (in %)	1.25	0.47	0.0	1.50	0.60	0.0
Assumed life expectancy at age 65:						
For a male aged 65 at measurement date	21.1	21.6	N/A	20.0	21.1	N/A
For a female aged 65 at measurement date	23.4	23.7	N/A	23.6	23.7	N/A
For a male aged 45 at measurement date	22.4	23.3	N/A	22.8	23.3	N/A
For a female aged 45 at measurement date	24.5	25.3	N/A	25.8	25.7	N/A
Mortality tables applied	modified Richttafeln Heubeck 2018G	Country specific tables	N/A	Richttafeln Heubeck 2018G	Country specific tables	N/A

In 2019, DWS Group changed its rounding principles such that for all significant financial assumptions, the derived annual rate will be rounded up or down to the nearest 0.01%.

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

The 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.

To reflect DWS Group’s specific cashflows, the discount rate and inflation rate for the Eurozone deviate from DB Group’s assumptions for the first time in 2019.

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

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

In 2019 the Group decided to apply Deutsche Bank specific mortality assumptions used to determine the defined benefit obligation for its defined benefit pension plans in Germany. In this context -based on actuarial calculations for the DB specific population- the bank adjusted the mortality expectations from the so far used “Richttafeln Heubeck 2018G” to the DB specific mortality experience of employees and pensioners. This change in actuarial assumptions led to an actuarial loss of € 2,7 million before taxes as of December 31, 2019 and is reported in the Consolidated Statement of Comprehensive Income in the line item remeasurement gains (losses).

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

in € m.	Germany	EMEA (excl. Germany & UK)	APAC	2019 Total
Change in the present value of the defined benefit obligation:				
Balance, beginning of year	**397**	**27**	**5**	**429**
Defined benefit cost recognized in profit or loss				
Current service cost	13	1	1	15
Interest cost	6	0	0	6
Past service cost and gain or loss arising from settlements	1	0	0	1
Defined benefit cost recognized in other comprehensive income				
Actuarial gain or loss arising from changes in financial assumptions	36	2	0	38
Actuarial gain or loss arising from changes in demographic assumptions	3	0	0	3
Actuarial gain or loss arising from experience	1	0	0	1
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Benefits paid	(7)	0	(1)	(8)
Payments in respect to settlements	0	0	0	0
Acquisitions/divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	3	0	0	3
Balance, end of year	**453**	**32**	**5**	**490**
thereof:				
Unfunded	0	1	4	5
Funded	453	31	1	**485**
Change in fair value of plan assets:				
Balance, beginning of year	**331**	**25**	**1**	**357**
Defined benefit cost recognized in profit or loss				
Interest income	5	0	0	5
Defined benefit cost recognized in other comprehensive income				
Return from plan assets less interest income	0	2	0	2
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Contributions by the employer	36	5	0	41
Benefits paid[2]	(7)	(1)	0	(8)
Payments in respect to settlements	0	0	0	0
Acquisitions/divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	4	0	0	4
Plan administration costs	0	0	0	0
Balance, end of year	**369**	**33**	**1**	**403**
Funded status, end of year	**(84)**	**1**	**(4)**	**(87)**
Change in irrecoverable surplus (asset ceiling):				
Balance, beginning of year	**0**	**(1)**	**0**	**(1)**
Interest cost	0	0	0	0
Changes in irrecoverable surplus	0	(1)	0	(1)
Exchange rate changes	0	0	0	0
Balance, end of year	**0**	**(2)**	**0**	**(2)**
Net asset (liability) recognized	**(84)**	**(1)**	**(4)**	**(89)[3]**

1 Transfers between other subsidiaries of DB Group
2 For funded plans only
3 Thereof € 2 million recognized in other assets and € 91 million in other liabilities

in € m.	Germany	EMEA (excl. Germany & UK)	APAC	2018 Total
Change in the present value of the defined benefit obligation:				
Balance, beginning of year	**371**	**21**	**4**	**397**
Defined benefit cost recognized in profit or loss				
Current service cost	12	1	1	14
Interest cost	6	0	0	6
Past Service Cost and gain or loss arising from settlements	1	0	0	1
Defined benefit cost recognized in other comprehensive income				
Actuarial gain or loss arising from changes in financial assumptions	(2)	0	0	(2)
Actuarial gain or loss arising from changes in demographic assumptions	2	0	0	2
Actuarial gain or loss arising from experience	10	2	0	12
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Benefits paid	(6)	0	(1)	(7)
Payments in respect to settlements	0	0	0	0
Acquisitions/Divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	3	1	1	4
Balance, end of year	**397**	**27**	**5**	**429**
thereof:				
Unfunded	0	1	4	5
Funded	397	26	1	424
Change in fair value of plan assets:				
Balance, beginning of year	**312**	**20**	**1**	**333**
Defined benefit cost recognized in profit or loss				
Interest income	5	0	0	5
Defined benefit cost recognized in other comprehensive income				
Return from plan assets less interest income	(13)	0	0	(13)
Cash flow and other changes				
Contributions by plan participants	0	1	0	1
Contributions by the employer	30	3	0	33
Benefits paid[2]	(6)	0	0	(6)
Payments in respect to settlements	0	0	0	0
Acquisitions/Divestitures	0	0	0	0
Exchange rate changes	0	1	0	1
Other[1]	3	0	0	3
Plan administration costs	0	0	0	0
Balance, end of year	**331**	**25**	**1**	**357**
Funded status, end of year	**(66)**	**(2)**	**(4)**	**(72)**
Change in irrecoverable surplus (asset ceiling):				
Balance, beginning of year	**0**	**(2)**	**0**	**(2)**
Interest cost	0	0	0	0
Changes in irrecoverable surplus	0	1	0	1
Exchange rate changes	0	0	0	0
Balance, end of year	**0**	**(1)**	**0**	**(1)**
Net asset (liability) recognized	**(66)**	**(3)**	**(4)**	**(73)[3]**

[1] Transfers between other subsidiaries of DB Group
[2] For funded plans only
[3] Completely recognised in other liabilities

Investment Strategy

DWS Group participates in DB Group's overall investment strategy. The investment objective is to protect against adverse impacts of changes in the funding position of its defined benefit pension plans on key financial metrics, with a primary focus on immunizing the plans' IFRS funded status, while taking into account the plans' impact on other metrics, such as regulatory capital and local profit or loss accounts. The Group reverted to the IFRS driven investment strategy in 2019. Investment managers manage pension assets in line with investment mandates or guidelines as agreed with the pension plans' trustees and investment committees.

To achieve the primary objective of immunizing the IFRS funded status of key defined benefit plans, a liability driven investment (LDI) approach is applied. 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.

Where the desired hedging level for these risks cannot be achieved with physical instruments (i.e. corporate and government bonds), derivatives are employed. Derivative overlays mainly include interest rate, inflation swaps and credit default swaps. Other instruments are also used, such as interest rate futures and options. In practice, a completely hedged approach is impractical 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 "Fair Value Measurement" – 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.

				Dec 31, 2019				Dec 31, 2018
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total	Germany	EMEA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	11	1	1	13	42	2	1	45
Equity instruments[1]	35	1	0	36	44	2	0	46
Investment-grade bonds[2]								
Government	81	5	0	86	66	4	0	70
Non-government bonds	155	8	0	163	133	5	0	138
Non-investment-grade bonds								
Government	5	0	0	5	7	0	0	7
Non-government bonds	11	0	0	11	7	0	0	7
Structured products	0	0	0	0	0	0	0	0
Alternatives								
Real estate	13	3	0	16	10	3	0	13
Commodities	0	0	0	0	2	0	0	2
Private equity	0	1	0	1	0	1	0	1
Other[3]	62	14	0	76	54	9	0	63
Derivatives (market value)								
Interest rate	(9)	0	0	(9)	(11)	(0)	0	(11)
Credit	4	0	0	4	0	0	0	0
Inflation	1	0	0	1	(23)	(1)	0	(24)
Foreign exchange	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total fair value of plan assets	**369**	**33**	**1**	**403**	**331**	**25**	**1**	**357**

[1] Allocation of equity exposure is broadly in line with the typical index in the respective market, e.g. the equity portfolio's benchmark of the UK retirement benefit plans is the MSCI All Countries World index
[2] Investment-grade means BBB and above. Average credit rating exposure for DWS Group's main plans is around A
[3] Amongst others this position contains commingled funds which could not be segregated into the other asset categories. In particular the increase from 2018 to 2019 is caused by such positions

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.

				Dec 31, 2019				Dec 31, 2018
in € m.	Germany	EMEA (excl. Germany & UK)	APAC	Total	Germany	EMEA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	11	1	0	12	42	2	0	44
Equity instruments[1]	30	1	0	31	40	2	0	42
Investment-grade bonds[2]								
Government	37	2	0	39	32	2	0	34
Non-government bonds	0	0	0	0	0	0	0	0
Non-investment-grade bonds								
Government	0	0	0	0	0	0	0	0
Non-government bonds	0	0	0	0	0	0	0	0
Structured products	0	0	0	0	0	0	0	0
Alternatives								
Real estate	0	0	0	0	0	0	0	0
Other[3]	0	0	0	0	0	0	0	0
Derivatives (market value)								
Interest rate	0	0	0	0	0	0	0	0
Inflation	0	0	0	0	0	0	0	0
Total fair value of quoted plan assets	**78**	**4**	**0**	**82**	**114**	**6**	**0**	**120**

[1] Allocation of equity exposure is broadly in line with the typical index in the respective market, e.g. the equity portfolio's benchmark of the UK retirement benefit plans is the MSCI All Countries World Index
[2] Investment-grade means BBB and above. Average credit rating exposure for the DWS Group's main plans is around A

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, 2019
in € m. (unless stated otherwise)	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	0	0	2	9	1	1	13
Equity instruments	7	1	10	8	8	2	36
Government bonds (investment-grade and above)	26	0	4	28	9	19	86
Government bonds (non-investment-grade)	0	0	0	0	0	5	5
Non-government bonds (investment-grade and above)	14	11	52	79	7	0	163
Non-government bonds (non-investment-grade)	0	0	0	11	0	0	11
Structured products	0	0	0	0	0	0	0
Subtotal	**47**	**12**	**68**	**135**	**25**	**27**	**314**
Share (in %)	15	4	22	43	8	9	100
Other asset categories							89
Fair value of plan assets							**403**

							Dec 31, 2018
in € m. (unless stated otherwise)	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	6	0	2	35	1	1	45
Equity instruments	9	2	11	11	12	1	46
Government bonds (investment-grade and above)	26	0	2	21	6	15	70
Government bonds (non-investment-grade)	0	0	0	0	1	6	7
Non-government bonds (investment-grade and above)	11	10	44	61	10	2	138
Subtotal	**52**	**12**	**59**	**135**	**30**	**25**	**313**
Share (in %)	17	4	19	43	9	8	100
Other asset categories							44
Fair value of plan assets							**357**

Plan assets include derivative transactions with other DB Group entities with a negative market value of around € 9 million and € 30 million at December 31, 2019 and December 31, 2018, respectively. There is neither a material amount of securities issued by DWS Group nor other claims against DWS Group assets included in the fair value of plan assets. The plan assets do not include any real estate which is used by DWS Group.

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

Key Risk Sensitivities

DWS Group's defined benefit obligations are sensitive to changes in capital market conditions and actuarial assumptions. Sensitivities to capital market movements and key assumption changes are presented in the following table. Each market risk factor or assumption is changed in isolation. Sensitivities of the defined benefit obligations are approximated using geometric extrapolation methods based on plan durations for the respective assumption. Duration is a risk measure that indicates the broad sensitivity of the obligations to a change in an underlying assumption and provides a reasonable approximation for small to moderate changes in those assumptions.

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

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

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

in € m.	Dec 31, 2019 Germany	EMEA (excl. Germany & UK)	APAC	Dec 31, 2018 Germany	EMEA (excl. Germany & UK)	APAC
Interest rate (–50 bp):						
(Increase) in DBO	(34)	(2)	0	(29)	(2)	0
Interest rate (+50 bp):						
Decrease in DBO	31	2	0	27	2	0
Rate of price inflation (–50 bp):[1]						
Decrease in DBO	4	0	0	6	0	0
Rate of price inflation (+50 bp):[1]						
(Increase) in DBO	(4)	0	0	(6)	0	0
Rate of real increase in future compensation levels (–50 bp):						
Decrease in DBO, net impact on funded status	0	0	0	1	0	0
Rate of real increase in future compensation levels (+50 bp):						
(Increase) in DBO, net impact on funded status	0	0	0	(1)	0	0
Longevity improvements by 10%:[2]						
(Increase) in DBO, net impact on funded status	(6)	0	0	(6)	0	0

[1] Incorporates sensitivity to changes in nominal increase for pensions in payment to the extent linked to the price inflation assumption
[2] Estimated to be equivalent to an increase of around 1 year in overall life expectancy

Expected Cash Flows

The following table shows expected cash flows for post-employment benefits in 2020, including contributions to DWS Group's external pension trusts in respect of funded plans, direct payment to beneficiaries in respect of unfunded plans, as well as contributions to defined contribution plans.

in € m.	2020 Total
Expected contributions to	
Group internal defined benefit plan assets	16
Defined benefit plan assets sponsored by another company of Deutsche Bank Group	1
BVV	4
Other defined contribution plans	18
Expected benefit payments for unfunded defined benefit plans	0
Expected total cash flow related to post-employment benefits	**39**

Expense of Employee Benefits

The following table presents a breakdown of specific expenses according to the requirements of IAS 19 "Employee Benefits" and IFRS 2 "Share-based payment" respectively.

in € m.	2019	2018
Expenses for defined benefit plans:		
Service cost	16	15
Net interest cost (income)	1	1
Total expenses defined benefit plans	**17**	**16**
Expenses for defined contribution plans:		
BVV	4	3
Other defined contribution plans	17	15
Total expenses for defined contribution plans	**21**	**18**
Total expenses for post-employment benefit plans	**38**	**34**
Employer contributions to mandatory German social security pension plan	14	12
Expenses for share-based payments, equity settled	16	38
Expenses for share-based payments, cash settled	43	4
Expenses for cash retention plans	42	34
Expenses for severance payments	12	6

23 – Income Taxes

Income tax expense in 2019 was € 219 million (2018: € 192 million). The effective tax rate of 30% (2018: 33%) was mainly impacted by non-deductible expenses and tax effects related to share-based payments.

in € m.	2019	2018
Current tax expense (benefit):		
Tax expense (benefit) for current year	230	190
Adjustments for prior years	14	2
Total current tax expense (benefit)	**244**	**192**
Deferred tax expense (benefit):		
Origination and reversal of temporary differences, unused tax losses and tax credits	(9)	0
Effect of changes in tax law and/or tax rate	(3)	(2)
Adjustments for prior years	(13)	2
Total deferred tax expense (benefit)	**(25)**	**0**
Total income tax expense (benefit)	**219**	**192**

In 2019 the total deferred tax benefit was reduced by € 6 million due to expenses arising from write-downs of deferred tax assets partially offset by benefits from previously unrecognized tax losses, deductible temporary differences and the reversal of previous impaired deferred tax assets. In 2018 these effects increased the deferred tax expense by € 5 million.

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

in € m.	2019	2018
Expected tax expense (benefit) at domestic income tax rate of 31.9% (31.9% for 2018)	**234**	**186**
Foreign rate differential	(26)	(18)
Tax-exempt gains on securities and other income	(4)	(2)
Loss (income) on equity method investments	(8)	(7)
Non-deductible expenses	6	13
Changes in recognition and measurement of deferred tax assets[1]	6	5
Effect of changes in tax law and/or tax rate	(3)	(2)
Effect related to share-based payments	6	6
Other[1]	8	11
Actual income tax expense (benefit)	**219**	**192**

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

The domestic income tax rate including corporate tax, solidarity surcharge, and trade tax used for calculating deferred tax assets and liabilities was 31.9% for 2019 and 2018.

Income taxes charged or credited to equity (Other comprehensive income/Additional paid-in capital)

in € m.	2019	2018
Actuarial gains/losses related to defined benefit plans	14	7
Other equity movement:		
Unrealized net gains/losses arising during the period	0	0
Realized net gains/losses arising during the period (reclassified to profit or loss)	0	0
Income taxes (charged) credited to other comprehensive income	**14**	**7**
Other income taxes (charged) credited to equity	**2**	**0**

Major components of the Group's gross deferred tax assets and liabilities[1]

in € m.	Dec 31, 2019	Dec 31, 2018
Deferred tax assets:		
Unused tax losses	3	5
Deductible temporary differences:		
Employee benefits, including equity settled share based payments	104	78
Trading activities, including derivatives	50	30
Leases	37	0
Intangible assets	6	7
Accrued interest expense	4	12
Loans and borrowings, including allowance for loans	0	1
Other assets	7	13
Total deferred tax assets pre offsetting	**211**	**146**
Deferred tax liabilities:		
Taxable temporary differences:		
Employee benefits, including equity settled share based payments	5	1
Trading activities, including derivatives	59	56
Leases	35	0
Intangible assets	195	205
Loans and borrowings, including allowance for loans	0	0
Other assets	13	16
Total deferred tax liabilities pre offsetting	**307**	**278**

[1] The presentation in the table was slightly amended. Comparatives were adjusted accordingly.

Deferred tax assets and liabilities, after offsetting

in € m.	Dec 31, 2019	Dec 31, 2018
Presented as deferred tax assets	124	95
Presented as deferred tax liabilities	220	227
Net deferred tax liabilities	**96**	**132**

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 deferred taxes that are booked directly to equity and the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro.

Items for which no deferred tax assets were recognized[1]

in € m.	Dec 31, 2019	Dec 31, 2018
Not expiring	(172)	(165)
Expiring in subsequent period	(1)	(2)
Expiring after subsequent period	(14)	(6)
Unused tax losses	**(187)**	**(173)**

[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, 2019 DWS Group recognized deferred tax assets of € 7 million (2018: € 1 million), that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period. This is based on management's assessment that it is probable that the respective entities will have taxable profits against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Generally, in determining the amounts of deferred tax assets to be recognized, management uses historical profitability information and, if relevant, forecasted operating results, based upon approved business plans, including a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

As of December 31, 2019, DWS Group had temporary differences associated with the Group's parent company's investments in subsidiaries, branches and associates and interests in joint ventures of € 121 million (2018: € 115 million), in respect of which no deferred tax liabilities were recognized.

24 – Related Party Transactions

Related parties are considered as a person or entity who 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,
- DB Group´s subsidiaries, joint ventures and associates and their respective subsidiaries, and
- Post-employment benefit plans for the benefit of DWS KGaA and its related party entities employees.

Transactions with Related Party Persons

Related party persons are key management personnel who have directly or indirectly authority and responsibility for planning, directing and controlling the activities of DWS Group as well as their close family members. DWS Group considers the members of the Executive Board and of the Supervisory Board to constitute key management personnel for the purposes of IAS 24 "Related Party Disclosures".

As of December 31, 2019, transactions with key management personnel were loans and commitments of € 6 million and deposits of € 3 million. As of December 31, 2018, transactions with key management personnel were loans and commitments of € 9 million and deposits of € 4 million.

The following table shows the key management personnel compensation paid by DWS KGaA.

in € m.	2019	2018
Short-term employee benefits	15	12
Post-employment benefits	0	1
Other long-term benefits	6	3
Termination benefits	0	14
Share-based payment	13	5
Total key management compensation expense	**34**	**35**

Transactions with Related Party Entities

Transactions between DWS KGaA 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 Group entities, including its associates and joint ventures and their respective subsidiaries also qualify as related party transactions.

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

				2019
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(97)	(72)	429	98
Other DB Group entities	(188)	(143)	463	421

				2018
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(103)	(79)	340	56
Other DB Group entities	(198)	(240)	485	452

The increase in assets with related parties is mainly driven by cash management initiatives and changes in other receivables from DB AG and other DB Group entities.

On June 10, 2019, DWS KGaA paid a dividend of € 218 million for the fiscal year 2018 to DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG.

DWS Group has no transactions as of December 31, 2019 and December 31, 2018 respectively with joint ventures and associates of DB Group.

Transactions with Related Party 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 and its related parties' shares or securities.

in € m	Dec 31, 2019	Dec 31, 2018
Other assets	0	0
Fees paid from plan assets to asset managers of the Group	1	1
Market value of derivatives with a counterparty of the Group	(9)	(30)
Notional amount of derivatives with a counterparty of the Group	358	252

25 – Information on Subsidiaries and Shareholdings

Composition of the Group

DWS Group GmbH & Co. KGaA is the direct or indirect holding company for the Group's subsidiaries.

The Group consists of 73 consolidated entities, thereof 49 subsidiaries and 24 consolidated structured entities.

46 of the entities controlled by the Group are directly or indirectly held by the Group at 100% of the ownership interests (share of capital). Third parties also hold ownership interest in 27 of the consolidated entities (noncontrolling interest). As of December 31, 2019 the noncontrolling interests are neither individually nor cumulatively material to the Group.

Shareholdings

The following tables show the shareholdings of DWS Group pursuant to Section 313 (2) of the German Commercial Code (HGB).

Subsidiaries

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
1	DWS Group GmbH & Co. KGaA	Frankfurt		
2	DB Commodity Services LLC	Wilmington		100.0
3	DB Vita S.A.	Luxembourg		75.0
4	DBRE Global Real Estate Management IA, Ltd.	George Town		100.0
5	DBRE Global Real Estate Management IB, Ltd.	George Town		100.0
6	DBX Advisors LLC	Wilmington		100.0
7	DBX Strategic Advisors LLC	Wilmington		100.0
8	Deutsche Alternative Asset Management (UK) Limited	London		100.0

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
9	Deutsche Capital Partners China Limited	George Town		100.0
10	Deutsche Cayman Ltd.	George Town		100.0
11	Deutsche Grundbesitz Beteiligungsgesellschaft mbH i.L.	Eschborn		100.0
12	Deutsche Grundbesitz-Anlagegesellschaft mit beschränkter Haftung	Frankfurt		99.8
13	DI Deutsche Immobilien Treuhandgesellschaft mbH	Frankfurt		100.0
14	DWS Alternatives France	Paris		100.0
15	DWS Alternatives Global Limited	London		100.0
16	DWS Alternatives GmbH	Frankfurt		100.0
17	DWS Asset Management (Korea) Company Limited	Seoul		100.0
18	DWS Beteiligungs GmbH	Frankfurt		99.0
19	DWS CH AG	Zurich		100.0
20	DWS Distributors, Inc.	Wilmington		100.0
21	DWS Far Eastern Investments Limited	Taipei		60.0
22	DWS Group Services UK Limited	London		100.0
23	DWS Grundbesitz GmbH	Frankfurt		99.9
24	DWS International GmbH	Frankfurt		100.0
25	DWS Investment GmbH	Frankfurt		100.0
26	DWS Investment Management Americas, Inc.	Wilmington		100.0
27	DWS Investment S.A.	Luxembourg		100.0
28	DWS Investments Australia Limited	Sydney		100.0
29	DWS Investments Hong Kong Limited	Hong Kong		100.0
30	DWS Investments Japan Limited	Tokyo		100.0
31	DWS Investments Shanghai Limited	Shanghai		100.0
32	DWS Investments Singapore Limited	Singapore		100.0
33	DWS Investments UK Limited	London		100.0
34	DWS Real Estate GmbH	Frankfurt		89.9
35	DWS Service Company	Wilmington		100.0
36	DWS Trust Company	Salem		100.0
37	DWS USA Corporation	Wilmington		100.0
38	Elizabethan Holdings Limited	George Town		100.0
39	Elizabethan Management Limited	George Town		100.0
40	European Value Added I (Alternate G.P.) LLP	London		100.0
41	Leonardo III Initial GP Limited	London		100.0
42	RoPro U.S. Holding, Inc.	Wilmington		100.0
43	RREEF America L.L.C.	Wilmington		100.0
44	RREEF European Value Added I (G.P.) Limited	London		100.0
45	RREEF Fund Holding Co.	George Town		100.0
46	RREEF Management L.L.C.	Wilmington		100.0
47	Treuinvest Service GmbH	Frankfurt		100.0
48	WEPLA Beteiligungsgesellschaft mbH	Frankfurt		100.0
49	Whale Holdings S.à r.l.	Luxembourg		100.0

Consolidated Structured Entities

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
50	DB Immobilienfonds 2 KG i.L.	Frankfurt		74.0
51	DB Immobilienfonds 4 KG i.L.	Frankfurt		0.2
52	DB Immobilienfonds 5 Wieland KG	Frankfurt		92.0
53	DB Impact Investment (GP) Limited	London		100.0
54	db PBC	Luxembourg	1	
55	DB PWM	Luxembourg	1	
56	DBRE Global Real Estate Management US IB, L.L.C.	Wilmington		100.0
57	DBX ETF Trust	Wilmington	1	
58	Deutsche DWS Income Trust - DWS Short Duration High Income Fund	Boston		95.4
59	DWS Access S.A.	Luxembourg	1	
60	DWS FlexPension	Luxembourg	1	
61	DWS Garant	Luxembourg	1	
62	DWS Invest	Luxembourg	1	
63	DWS World Protect 90	Luxembourg		
64	DWS Zeitwert Protect	Luxembourg		
65	Dynamic Infrastructure Securities Fund LP	Wilmington		
66	G.O. IB-US Management, L.L.C.	Wilmington		100.0
67	PEIF II SLP Feeder, L.P.	Edinburgh		0.7
68	PEIF III SLP Feeder GP, S.à r.l.	Senningerberg		
69	PEIF III SLP Feeder, SCSp	Senningerberg	2	58.5
70	PES Carry and Employee Co-Investment Feeder SCSp	Munsbach	2	1.3
71	PES Carry and Employee Co-Investment GP S.à r.l.	Munsbach		
72	RREEF DCH, L.L.C.	Wilmington		100.0
73	Vermögensfondmandat Flexible (80% teilgeschützt)	Luxembourg		

Companies Accounted for at Equity

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
74	Arabesque AI Ltd	London		24.9
75	Deutscher Pensionsfonds Aktiengesellschaft	Bonn		25.1
76	G.O. IB-SIV Feeder, L.L.C.	Wilmington		15.7
77	Harvest Fund Management Co., Ltd.	Shanghai		30.0
78	Neo Strategic Holding Limited	Abu Dhabi		15.0
79	P.F.A.B. Passage Frankfurter Allee Betriebsgesellschaft mbH	Berlin		22.2

Other Companies where the Holding Exceeds 20%

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
80	Asia Core Real Estate Fund SCA SICAV-RAIF	Luxembourg	3	30.0
81	DB Real Estate Global Opportunities IB (Offshore), L.P.	Camana Bay	3	34.3
82	Deutsches Institut für Altersvorsorge GmbH	Frankfurt	4	22.0

Other Companies with status as shareholder with unlimited liability pursuant to Section 313 (2) Number 6 HGB

Serial No.	Name of company	Domicile of company	Footnote	Share of capital in %
83	DEBEKO Immobilien GmbH & Co Grundbesitz OHG	Eschborn	2	0.1
84	RREEF European Value Added Fund I L.P.	London	2	0.0

Footnotes:
1 Only specified assets and related liabilities (silos) of this entity were consolidated.
2 Status as shareholder with unlimited liability pursuant to Section 313 (2) Number 6 HGB.
3 Classified as structured entity not to be accounted for at equity under IFRS (please refer to note 26 ‘Structured Entities’).
4 No significant influence; classified as non-trading financial assets mandatory at fair value through profit or loss.

Significant Restrictions to Access or Use the Group’s Assets

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

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

- The assets of consolidated structured entities, which mainly consist of guaranteed funds, are held for the benefit of the parties that have bought the shares issued by these entities.
- Investment contract related financial assets held to back unit linked contracts offered by DB Vita S.A. (the Group’s specialist for unit-linked products).

	Dec 31, 2019		Dec 31, 2018	
in € m.	Total assets	Restricted assets	Total assets	Restricted assets
Interest earning deposits with banks	1,901	62	1,876	79
Financial assets at fair value through profit or loss	3,419	1,984	2,875	1,765
Loans at amortized cost	3	0	2	0
Other	5,629	38	5,942	38
Total	**10,952**	**2,084**	**10,694**	**1,882**

The table above excludes assets that are not encumbered at an individual entity level but which may be subject to restrictions in terms of their transferability within the Group. Regulatory and central bank requirements or corporate laws may restrict the Group's ability to transfer assets to or from other entities within the Group in certain jurisdictions. Referring to this the US Federal Reserve Board required certain commitments with respect to the DWS Group operations in the US that are grouped under DWS USA Corporation (DWS IHC) in accordance with Regulation YY. That includes restrictions on capital distributions that could arise from non-compliance by DWS IHC with applicable regulatory requirements. Capital distribution restrictions would also be imposed on DWS IHC in an event that Deutsche Bank's IHC (DB IHC) became subject to such restrictions.

26 – 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;
- Financing in the form of multiple contractually linked instruments to investors that create concentration of credit or other risks (tranches).

As part of its business, the Group is responsible for the set up and management of various entities that are used to manage portfolios of assets on behalf of its clients. These entities are classified as structured entities. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt or equity securities that are collateralised by and/or indexed to the assets held by the structured entities.

Guaranteed Funds

The Group manages guaranteed funds, which provide a full or partial notional guarantee at a date specific in the respective guaranteed contract (guarantee date). These funds are consolidated by the Group under IFRS 10 “Consolidated Financial Statements” due to the fact it has power (being the asset manager), is exposed to variable returns (specifically via the guarantee) and can use its power to affect those returns. In general, the Group has no stake in these funds. Since investors can return their fund shares on a daily basis and receive back the market value of their shares, the interests of the investors do not qualify as equity and the Group recognizes a liability at amortized cost within other liabilities which reflects the implied fair value based on the assets held as trading assets measured at fair value through profit or loss. The assets held by the consolidated structured entity are classified as trading assets in the balance sheet.

The Group is exposed to a fall in value of the underlying fund or account below the guaranteed amount at the respective guarantee date. The guaranteed product portfolios are managed using constant proportion portfolio insurance (CPPI) strategies and techniques, which use a rule based exposure allocation mechanism into highly rated assets and riskier assets, depending on market levels. The risk for the Group as guarantor is that it has to compensate the funds if the market values of such products at their respective guarantee dates are lower than the guaranteed levels (please refer to the ‘Risk Report – Financial Risk’).

Seed Investments

Seed investments are deployed to build marketable track records for new products initiated by the Group. Seed investments are made to establish necessary funding for a new fund. Over time, seed investments are withdrawn as the funds grow and/or clients make investments in the funds. Seeded products typically comprise shares of mutual funds, exchange traded funds (ETFs) or equity interests in other types of commingled vehicles. The underlying exposure is comprised of varying asset types (typically fixed income or equity securities with active primary and secondary markets). The duration of deployed seed capital is typically up to three years. The Group consolidates these structured entities typically when setting up as the Group has the ability to exercise its power in order to affect any variable returns. The Group deconsolidate those funds when losing the power to control in order to affect any variable returns that the Group is exposed to through its involvement with the entity (please refer note 2 ‘Significant Accounting Policies and Critical Accounting Estimates’).

The Group executes an economic risk position offset program to minimize the profit/loss volatility of the seed investment portfolio (please refer to the ‘Risk Report – Financial Risk’).

Co-Investments

The Group has direct investments in co-investments primarily in structured entities that invest in a variety of asset classes, including (but not limited to), equities, fixed income, commodities and other alternative asset classes which may include real estate, infrastructure, private equity and hedge funds. Investments are made to ensure an alignment of interest with the management of the respective funds. Co-investment capital is subject to investment market movements. The diversity of the investment portfolio across investment classes (real estate, infrastructure and private equity) and geographies, plus the long term nature of these investments (five to ten years in most cases) provides portfolio diversification against material negative fair value (please refer to ‘Risk Report – Financial Risk’ within this report).

Consolidated Structured Entities

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that the structured entities are controlled by the Group, as discussed in note 2 ‘Significant Accounting Policies and Critical Accounting Estimates’. The most significant judgment in assessing whether the Group has control of a structured entity is the determination whether the Group exercises its power as a principal rather than as an agent in respect of the fund it manages. The fund manager typically has power through investment management and other agreements. 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 the investors and others and its exposure to variable returns including remuneration. The Group does not consolidate funds where it is deemed to be an agent or when a third party investor has the ability to direct the activities of the fund.

The Group has the following consolidated structured entities.

in € m.	Dec 31, 2019	Dec 31, 2018
Assets:		
Guaranteed funds	1,354	1,187
Seed investments	146	207
Co-investments	2	0
Total assets	**1,502**	**1,394**
Liabilities:		
Guaranteed funds	1,345	1,184
Seed investments	19	10
Co-investments	0	0
Total liabilities	**1,364**	**1,194**
Net income (loss) attributable to DWS shareholders:		
Guaranteed funds	0	0
Seed investments	7	(4)
Co-investments	0	0
Total net income (loss) attributable to DWS shareholders	**7**	**(4)**

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, investment funds or equity investments (seed capital, co-investments and cash invested in money market funds), receivables from asset management fees (shown in other assets) 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 structured note vehicles with the primary objective to realize investment returns by investing in the debt of US infrastructure companies. The debt securitization assets held are classified as non-trading financial assets mandatory at fair value through profit or loss.

Mandates and Funds

The Group sets up and manages various structured entities to accommodate client requirements to hold investments in specific assets. Those assets including seed and co-investments are classified as non-trading financial assets mandatory at fair value through profit and loss as the Group's business model assessment under IFRS 9 "Financial Instruments" resulted in "other business model".

Where we have an institutional mandate which is structured as a fund (e.g. German "Spezialfonds") these have been considered as structured entities.

The Group does not consolidate mandates and funds when the Group is deemed agent or when another third party investor has the ability to direct the activities of the fund.

The other mandates as described below are considered as non-structured entities as those mandates do not have the features or attributes of a structured entity.

Other mandates are portfolios of assets held by third party custodians and owned by the client. The mandate gives the Group the right to enter into trades on behalf of the client but the assets remain part of the client books and records. Additionally, the Group does have advisory mandates where the Group does not have full discretion including model portfolios.

Income Derived from Involvement with Structured Entities

The Group earns management fees and, occasionally, performance-based fees for its investment management service in relation to funds. The majority of the net commission and fees from asset management activities and most of the net gains (losses) on financial assets/liabilities at fair value through profit or loss relates to structured entities.

Maximum Exposure to Unconsolidated Structured Entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entities. The maximum exposure for financial assets designated at fair value through profit and loss, loans and other assets is reflected by their carrying value in the consolidated balance sheet. The maximum exposure for derivatives under IFRS 12 "Disclosure of Interests in Other Entities", as interpreted by the Group, is reflected by the notional amounts of € 6,664 million as of December 31, 2019 (December 31, 2018 € 7,441 million). Such amounts or their development do not reflect the economic risks faced by DWS Group because they do not take into account the effects of collateral or economic hedges nor the probability of such losses being incurred. Off-balance sheet commitments (unfunded commitments to funds) are reflected with their outstanding committed amount at reporting date. The total maximum exposure is calculated by adding total assets, total off-balance sheet exposure and notional amounts of derivatives.

The following table shows, by type of structured entity, the carrying amounts of the Group's interests recognized in the consolidated financial statement and the maximum exposure. The increase in non-trading financial assets mandatory at fair value through profit or loss is mainly driven by cash invested in money market funds and new investments in seed and co-investments.

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

			Dec 31, 2019
in € m.	Securitizations	Mandates and funds	Total
Assets:			
Cash and bank balances	0	14	14
Financial assets at fair value through profit or loss:			
Non-trading financial assets mandatory at fair value through profit or loss	24	922	946
Investment contract assets mandatory at fair value through profit or loss	0	544	544
Total financial assets at fair value through profit or loss	24	1,466	1,490
Other assets	0	238	238
Total assets	**24**	**1,718**	**1,742**
Liabilities:			
Financial liabilities at fair value through profit or loss:			
Negative market values from derivative financial instruments	0	1	1
Total financial liabilities at fair value through profit or loss	0	1	1
Total liabilities	**0**	**1**	**1**
Notional amount of derivatives	**0**	**6,664**	**6,664**
Off-balance sheet exposure	**0**	**119**	**119**
Maximum exposure	**24**	**8,500**	**8,525**

in € m.	Securitizations	Mandates and funds	Dec 31, 2018 Total
Assets:			
Cash and bank balances	0	18	18
Total financial assets at fair value through profit or loss:			
Non-trading financial assets mandatory at fair value through profit or loss	0	308	308
Investment contract assets mandatory at fair value through profit or loss	0	512	512
Total financial assets at fair value through profit or loss	0	820	820
Other assets	0	212	212
Total assets	**0**	**1,050**	**1,050**
Liabilities:			
Financial liabilities at fair value through profit or loss:			
Negative market values from derivative financial instruments	0	7	7
Total financial liabilities at fair value through profit or loss	0	7	7
Total liabilities	**0**	**7**	**7**
Notional amount of derivatives	**0**	**7,441**	**7,441**
Off-balance sheet exposure	**0**	**65**	**65**
Maximum exposure	**0**	**8,556**	**8,556**

Size of and Risk Related to Structured Entities

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

AuM of structured entities and reference to total AuM

in € bn	Dec 31, 2019	Dec 31, 2018
Mutual Funds	270	253
ETFs	106	78
Other structured entities	169	143
Total structured entities	**544**	**474**
Non structured entities	223	188
Total assets under management (AuM)	**767**	**662**

The Group manages the total volume of € 767 billion assets under management (AuM) as of December 31, 2019 (€ 662 billion as of December 31, 2018). Asset under management (AuM) is defined as (a) assets we hold on behalf of the customer for investment purposes and/or (b) client assets that are managed by the Group on a discretionary or advisory basis. AuM represents both collective investments (mutual funds, exchange-traded funds, etc.) and separate client mandates which are not structured entities.

AuM is measured at current market value based on the local regulatory rules for asset managers for the calculation of the total AuM in their funds and mandates which might differ from the fair value rules applicable under IFRS. Measurable levels are available daily for most retail products but may only be updated monthly or even quarterly for some products. While AuM does not include the assets in the holding in Harvest Fund Management Co., Ltd., they do include seed capital and any committed capital on which the Group earn management fees (please refer to ‘Operating and Financial Review – DWS Performance’ within this report).

Financial Support

During 2019 and 2018 respectively, the Group did not provide non-contractual support to unconsolidated structured entities.

Sponsored Unconsolidated Structured Entities where the Group has no Interest as of December 31, 2019 and December 31, 2018

The Group considers itself a sponsor of a structured entity when it is exposed to litigation risk 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 unconsolidated structured entity.

27 – Events after the Reporting Period

The economic disruption caused by the rapid spread of the COVID-19 virus is likely to result in a sharp slowdown in global GDP growth, at least temporarily. If the pandemic is prolonged this could amplify the current negative demand and supply chain effects as well as the negative impact on global growth, global financial markets and interest rates. For example, as stated in the Risk Report, the fair value of guarantees of our guaranteed products and the associated level of the shortfall provision may be adversely impacted. Despite the business continuity and crisis management policies currently in place, travel restrictions or potential impacts on personnel may disrupt our business. In addition, the related economic slowdown could negatively impact our revenues, assets and liabilities. The current COVID-19 pandemic and its potential impact on the global economy may affect our ability to meet our financial targets. While it is too early for us to predict the impacts on our business or our financial targets that the expanding pandemic, and the governmental responses to it, may have, we may be materially adversely affected by a protracted downturn in local, regional or global economic conditions. Given the current uncertainty it is not possible to quantify the foregoing financial impact.

28 – Supplementary Information

Staff Costs

in € m.	2019	2018
Staff costs:		
Wages and salaries	687	613
Social security costs	110	103
thereof: those relating to pensions	37	32
Total staff costs	**797**	**716**

Staff

As of December 31, 2019 the effective staff employed (full-time equivalent) was 3,361 (December 31, 2018: 3,443). Part-time staff is included in these figures proportionately.

The average number of effective staff employed (full-time equivalent) in 2019 was 3,437 (2018: 3,357). An average 1,825 (2018: 1,803) staff members worked outside Germany.

Executive Board and Supervisory Board Remuneration

The total compensation of the Executive Board (in accordance with the German Accounting Standard No. 17) was € 27,063,572 for the year ended December 31, 2019 (2018: € 13,886,618), thereof € 14,239,191 (2018: € 3,747,303) for equity-based components.

Provisions for pension obligations to former members of the Executive Board amounted to € 488,005 at December 31, 2019 (2018: € 0).

The members of the Supervisory Board receive fixed annual compensation according to the provisions of the Articles of Association. The annual base compensation amounts to € 85,000 for each Supervisory Board member. The Supervisory Board Chairman receives twice that amount and the Deputy Chairperson one and a half times that amount. Members and chairs of the committees of the Supervisory Board are paid additional fixed annual compensation. The compensation determined is disbursed to each Supervisory Board member within the first three months of the following year. In case of a change in Supervisory Board membership during the year, compensation for the financial year will be paid on a pro rata basis, rounded up/down to full months. The members of the Supervisory Board received for the financial year 2019 a total remuneration of € 956,666 (excluding value added tax; 2018: € 522,292), which will be paid out in the first quarter of 2020. Deutsche Bank Group shareholder representatives and one independent shareholder representative on the Supervisory Board have waived their Supervisory Board Compensation in line with applicable policies and procedures.

Principal Accountant Fees and Services

Breakdown of the fees charged by the Group's auditor:

Fee category in € m	2019	2018
Audit fees	4	4
thereof to KPMG AG	2	2
Audit-related fees	1	1
thereof to KPMG AG	1	1
Tax-related fees	1	1
thereof to KPMG AG	1	1
All other fees	0	0
thereof to KPMG AG	0	0
Total fees	**6**	**7**

The audit fees include fees for auditing the annual financial statements and the consolidated financial statements of DWS KGaA and various audits of the annual financial statements of subsidiaries. The fees for audit-related services include fees for other certification services required by law or statutory regulations, in particular for the review of interim financial statements, as well as fees for voluntary certification services, such as voluntary audits for internal management purposes and the issue of audit certificates. The fees for tax consultancy services include fees for support services in connection with the preparation and review of tax returns and for tax consultancy services to assess and comply with tax regulations.

Confirmations

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the summarized management report includes a fair review of the development and performance of the business and the position of the Group and DWS Group GmbH & Co. KGaA, together with a description of the principal opportunities and risks associated with the expected development of the Group and DWS Group GmbH & Co. KGaA.

Frankfurt am Main, March 13, 2020

Dr Asoka Woehrmann

Claire Peel

Mark Cullen

Nikolaus von Tippelskirch

Stefan Kreuzkamp

Pierre Cherki

Robert Kendall

Dirk Goergen

Independent Auditor's Report

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of DWS Group GmbH & Co. KGaA and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2019, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2019, to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of DWS Group GmbH & Co. KGaA for the financial year from January 1, 2019, to December 31, 2019. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2019, and of its financial performance for the financial year from January 1, 2019, to December 31, 2019, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management

Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2019, to December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Please refer to note 2 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of goodwill can be found under note 14 and information on the economic development of the asset management industry is presented in the section "Operating and Financial Review" in the combined management report.

THE FINANCIAL STATEMENT RISK

As of December 31, 2019, goodwill amounted to EUR 2,881 million and, at 26% of total assets, accounts for a substantial share of assets.

Goodwill is tested for impairment annually at the level of the single operating segment. For this purpose, the carrying amount is compared with the recoverable amount of the business segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and the value in use of the business segment. The effective date for the impairment test is October 1, 2019.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. These include the expected business and earnings development of the business segment for the next five years, the assumed long-term growth rates and the discount rate used.

Competition in the asset management industry continued to intensify in financial year 2019. Future business prospects continue to be negatively affected in particular by the continued compression of margins globally and rising costs of market entry. Nevertheless, DWS Group GmbH & Co. KGaA did not identify any need for impairment as a result of the impairment test carried out.

There is the risk for the consolidated financial statements that impairment existing as of the reporting date was not identified due to improper determination of the parameters relevant for the evaluation. This includes the risk that improper application of the factors used to identify a single business segment led to an existing need to recognize impairment losses not being identified. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

We assessed the proper application of the factors used to identify the individual business segment, in particular with regard to the management and reporting structures of the Group, the structure of the variable remuneration components of all the members of the Executive Board as well as a peer group analysis of other listed asset managers. We also assessed, with the help of our valuation specialists, the appropriateness of the significant assumptions and the calculation method used by the Company. To this end, we discussed the expected development of business and earnings as well as the assumed long-term growth rates with those responsible for planning. In addition, we reconciled this information with other internally available forecasts, e.g. the budget prepared by the Executive Board and approved by the Supervisory Board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

Further, we satisfied ourselves of the quality of the Company's forecasts to date by comparing the budgets from previous financial years with the results actually achieved and by analyzing deviations. Since even minor changes to the discount rate can have a material effect on the results of the impairment test, we compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

We verified the computational accuracy of the valuation model used by the Company.

In order to take account of the existing forecast uncertainty and the earlier deadline selected for impairment testing, we examined the effects of possible changes in the discount rate, the earnings trend and the long-term growth rate on the recoverable amount (sensitivity analysis), by calculating alternative scenarios and comparing them with the values stated by the Company.

Furthermore, we scrutinized the final analysis of the measurement results made by the Company, including the assessment of the relation between the recoverable amount and the carrying amount of equity and the market capitalization.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate.

OUR OBSERVATIONS

The calculation method used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied. The Company's assumptions and parameters used for measurement are appropriately derived overall. The factors used to identify a single business segment were applied appropriately. The related disclosures in the notes are appropriate.

Impairment testing of the "Scudder" intangible asset

Please refer to note 2 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of other intangible assets can be found under note 14 and information on the economic development of the asset management industry is presented in the section "Operating and Financial Review" in the combined management report.

THE FINANCIAL STATEMENT RISK

As of December 31, 2019, other intangible assets of EUR 770 million consist of contractual agreements granting temporary exclusive rights to manage American mutual funds. In the course of the acquisition of Zurich Scudder Investments, Inc. concluded in 2002, this intangible asset was first recognized in the consolidated financial statements of Deutsche Bank AG. These contractual arrangements can be extended without significant costs and, moreover, have a long history of extensions. The Company therefore recognized an intangible asset with an indefinite useful life.

The "Scudder" intangible asset is tested for impairment annually. For this purpose, the carrying amount is compared with the recoverable amount of the contractually agreed exclusive rights. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the contractually agreed exclusive rights. Goodwill was tested for impairment as of September 30, 2019.

The impairment test of the "Scudder" intangible asset is complex and is based on a number of assumptions that require judgment. These include the asset mix, the expected net changes in cash flows of the managed mutual funds, the effective fee rate, the assumed long-term growth rates and the discount rate used.

As a result of the impairment test performed, the Company did not identify any impairment. However, the Company's sensitivity calculations showed that, among other things, a reasonably possible negative development in the expected net changes in cash flows of the managed mutual funds or the effective fee rate would result in a write-down to the resulting recoverable amount

There is the risk for the consolidated financial statements that impairment existing as at the reporting date was not identified. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

We obtained an understanding of the Company's process for deriving assumptions requiring judgment, identifying indications of impairment and determining recoverable amounts based on explanations provided by accounting staff.

With the help of our valuation specialists, we assessed, among other things, the appropriateness of the Company's calculation method. To this end, we discussed the assumed long-term growth rates with those responsible for planning and assessed the consistency of the assumptions with external market assessments.

Further, we satisfied ourselves of the quality of the Company's forecasts to date by comparing the budgets from previous financial years with the results actually achieved and by analyzing deviations. We compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take into account the existing forecasting uncertainty and the earlier date for the impairment test, we examined the effects of possible changes in expected net changes in cash flows of the managed mutual funds, the effective fee rate and the assumed long-term growth rates, or the discount rate used, on the recoverable amount by calculating alternative scenarios and comparing them with the Company's figures (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on the recoverability of the "Scudder" intangible assets are appropriate.

OUR OBSERVATIONS

The calculation method underlying the impairment test of the "Scudder" intangible assets is appropriate and consistent with the accounting policies to be applied. The Company's assumptions and parameters on which the valuation is based are generally appropriate. The related disclosures in the notes are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group's corporate governance statement referred to in the combined management report, and
- the Group's separate non-financial statement, which is referred to in the combined management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the audited consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the Group's assets, liabilities, financial position and financial performance. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on June 5, 2019, and subsequently engaged orally by the chairperson of the Audit Committee. The audit engagement was documented in writing by letter dated October 9, 2019. We have audited DWS Group GmbH & Co. KGaA since its initial public offering in financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Services performed by us in addition to the group audit are listed in the notes to the consolidated financial statements under Note 28 – Additional information.

German Public Auditor Responsible for the Engagement Responsible Auditor

The German Public Auditor responsible for the engagement is Ulrich Kuppler.

Frankfurt am Main, March 13, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

gez. Kuppler Wirtschaftsprüfer [German Public Auditor]	gez. Lehmann Wirtschaftsprüfer [German Public Auditor]

3

Corporate Governance Statement / Corporate Governance Report

Corporate Governance Statement / Corporate Governance Report

All information presented in this Corporate Governance Statement pursuant to Sections 289f, 315d of the German Commercial Code / Corporate Governance Report pursuant to the German Corporate Governance Code is shown as of March 10, 2020.

Corporate Bodies

Overview of the Corporate Bodies of DWS

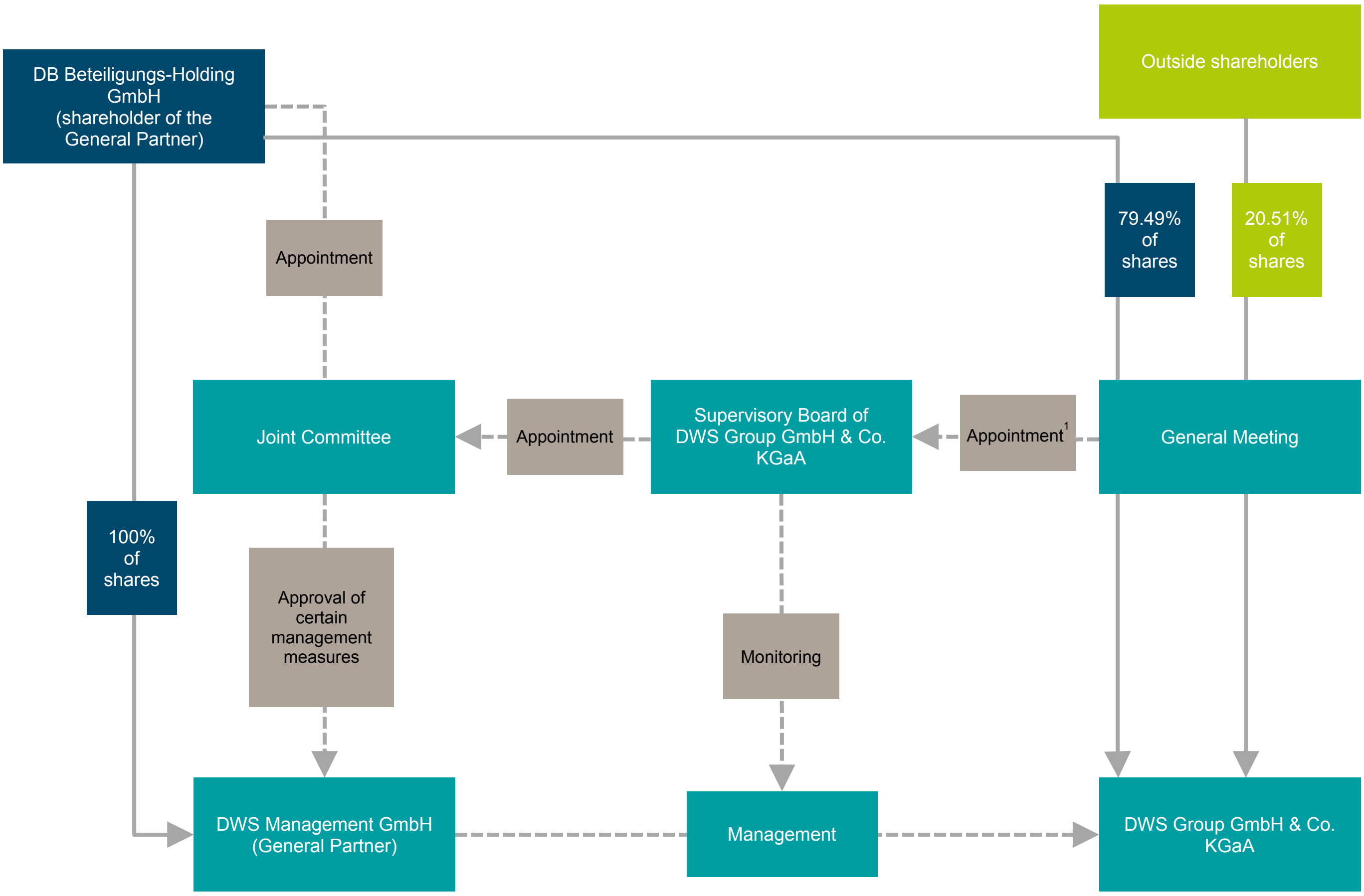
DWS KGaA is a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with a German-law limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) as its general partner. The company is governed by its Articles of Association and the general provisions of German corporate law, particularly the German Stock Corporation Act (AktG) and the German Commercial Code (HGB).

A KGaA is a hybrid legal form under German corporate law, which has elements of both a limited partnership and a stock corporation (Aktiengesellschaft, AG). Like a stock corporation, the share capital of a KGaA is held by its shareholders. Like a limited partnership, the KGaA is managed by a general partner which is subject to unlimited liability vis-à-vis third parties.

DWS KGaA's sole general partner, DWS Management GmbH (General Partner), is a wholly-owned subsidiary of DB Beteiligungs-Holding GmbH, which is 100% owned by Deutsche Bank AG.

DWS KGaA's corporate bodies are its General Partner, acting through its Managing Directors (Geschäftsführer) who collectively are referred to as the Executive Board of DWS KGaA, its Supervisory Board, and the General Meeting of DWS KGaA's shareholders. In addition, DWS KGaA has a Joint Committee that consists of members of the Supervisory Board as well as delegates appointed by the shareholders' meeting of the General Partner.

The Corporate Bodies of DWS are illustrated as follows:



[1] Right of outside shareholders to appoint supervisory board members does not extend to employee representatives.

General Partner

The General Partner has the sole responsibility for the management of DWS KGaA, including all management measures. The General Partner is acting through its Managing Directors (Geschäftsführer), who collectively are referred to as the Executive Board of DWS KGaA. The Executive Board manages the day-to-day business and represents DWS KGaA vis-à-vis third parties. Any reference to Executive Board in this report refers to the collective Managing Directors of the General Partner.

The Managing Directors of the General Partner are appointed and dismissed by resolution of the shareholders’ meeting of the General Partner, which also has the authority to appoint one of them as the chairman, i.e. the CEO.

Certain measures by the General Partner, acting through the Executive Board, require approval from the shareholders’ meeting of the General Partner (e.g. the preparation of the annual financial plan of DWS Group, group reorganizations and related contracts, joint ventures, the acquisition and disposal of participations if the transaction value exceeds a certain threshold).

In addition, certain measures undertaken by the General Partner in the course of its management of DWS KGaA require the prior approval of the Joint Committee.

Supervisory Board

The Supervisory Board advises and monitors the General Partner, acting through the Executive Board, in its management of the company. Except for the employee representatives, the members of the Supervisory Board are elected by the shareholders of DWS KGaA at the General Meeting. Shares held by the General Partner or its affiliated companies are not entitled to vote for the election or removal of the members of the Supervisory Board.

In general, the authority and scope for influence of the Supervisory Board of a KGaA is limited as compared to a Supervisory Board of a stock corporation. In particular, the Supervisory Board is not entitled to appoint and dismiss the Managing Directors of the general partner, nor may the Supervisory Board subject the management measures of the general partner to its consent, or issue rules of procedure for the general partner.

Joint Committee

Besides the Supervisory Board and the General Partner (acting through the Executive Board), DWS KGaA has established a Joint Committee as an additional corporate body. The Joint Committee consists of two members delegated by the shareholders' meeting of the General Partner and two members delegated by the shareholders' representatives on the Supervisory Board. The shareholders' meeting of the General Partner appoints one of its delegates as the Chairman of the Joint Committee; the Chairman has a casting vote with regard to decisions taken by the Joint Committee.

The Joint Committee has approval rights with regard to certain measures undertaken by the General Partner (e.g. group reorganizations and related contracts; the acquisition and disposal of real estate or participations if the transaction value exceeds a certain threshold). The Joint Committee also possesses a right of proposal with respect to the ratification of acts of management of the General Partner and with respect to the determination of the variable compensation of the Managing Directors of the General Partner. Nonetheless, these matters are legally subject to decisions of the shareholders' meeting of the General Partner. Therefore, the proposals of the Joint Committee are not legally binding and the shareholders' meeting of the General Partner remains independent in its right to decide on these matters. The Joint Committee reports in text form to the General Meeting on its activities. The report for the reporting year can be found under 'Report of the Joint Committee'.

General Meeting

The General Meeting is the resolution body of the shareholders of DWS KGaA. Shareholders can exercise their voting rights at the General Meeting themselves, by proxy via a representative of their choice, or by a company-nominated proxy acting on their instructions. Among other matters, the General Meeting approves the annual financial statements of the company. The internal procedure of the General Meeting of a KGaA corresponds to that of the general meeting of a stock corporation.

Certain material matters requiring a resolution of the General Meeting also require the consent of the General Partner (which does not have a voting right in the General Meeting as it does not hold shares in DWS KGaA), such as amendments to the Articles of Association, dissolution of the company, mergers, a change in the legal form of DWS KGaA, enterprise agreements (*Unternehmensverträge*, such as domination agreements or profit and loss transfer agreements) and other fundamental changes as well as the approval of the annual financial statements. The General Partner therefore has a de facto veto right on these matters.

The members of the Supervisory Board – with the exception of the employee representatives – are elected by the General Meeting.

Managing Directors of the General Partner (Executive Board)

The General Partner fulfils its task of managing DWS KGaA through its eight Managing Directors (Geschäftsführer), who are collectively referred to as the Executive Board. The Managing Directors are appointed and dismissed by resolution of the shareholders' meeting of the General Partner. Pursuant to the Articles of Association of the General Partner, the General Partner shall have at least two Managing Directors. The General Partner shall be represented either jointly by two Managing Directors or by a Managing Director acting jointly with an authorized representative (Prokurist). The shareholders' meeting may, pursuant to the Articles of Association of the General Partner, vest Managing Directors with the authority to represent the General Partner solely. Furthermore, Managing Directors are exempted from the restrictions of entering into a legal transaction in the name of the principal with himself in his own name or as an agent of a third party pursuant to Section 181 2nd alternative German Civil Code (BGB).

The Managing Directors, i.e. the members of the Executive Board, manage the business activities of DWS Management GmbH and – with regard to the position of DWS Management GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA in accordance with the law, the respective Articles of Association, the Terms of Reference and, subject to statutory and regulatory restrictions, the instructions of the shareholders' meeting. The business activities are managed with the objective of creating sustainable value in the interests of the company, thus taking into account the needs and requirements of the shareholders, the employees, and the other groups affiliated with the company (stakeholders). The business allocation plan

(Geschäftsverteilungsplan) of the Executive Board assigns each member specific areas of functional responsibility. The Executive Board is nevertheless jointly responsible for managing the General Partner and DWS KGaA.

The Executive Board steers DWS KGaA and its subsidiaries based on uniform policies and generally controls the entities of DWS Group within the limits of applicable laws. The Executive Board is responsible for ensuring the proper business organisation of the DWS Group, which includes appropriate and efficient risk management as well as compliance with legal regulations and internal policies (Compliance), and takes the necessary measures to ensure that the adequate internal guidelines are developed and implemented. The full Executive Board resolves on appointments of first-level executives, in particular on the appointment of the global key function holders employed by DWS KGaA, and of Management Board members of its subsidiaries as well as their branch offices. In appointing employees to management functions in DWS Group, the Executive Board takes diversity into account. It strives, in particular, to achieve an appropriate representation of women and ensures that the employees in management functions have the knowledge and skills required for the proper performance of tasks and the necessary experience. Furthermore, in the context of succession management, the Executive Board has implemented a series of sophisticated leadership and board readiness assessments to identify and develop management talent for enhanced leadership responsibilities. The discipline applied to succession management in line with best practices has resulted in long-term succession plans.

The Executive Board works closely together with the Supervisory Board in a cooperative relationship of trust and for the benefit of the company. The Executive Board reports to the Supervisory Board at a minimum within the scope prescribed by law or administrative guidelines, in particular on all issues with relevance for DWS Group concerning strategy, the intended business policy, planning, business development, risk situation, risk management, staff and leadership team developments, reputation and compliance.

For the members of the Executive Board, the age limit is reached, in general, when a member reaches the retirement age according to the rules of the German statutory pension insurance scheme. The standard retirement age is regularly reached at the age of 67.

The following table shows the Managing Directors in 2019. The table includes their year of birth, the date on which they were appointed, the date of their departure or the year their appointment is scheduled to end as well as their position on the Executive Board.

Name	Year of birth	First appointment	Appointment until	Position
Dr Asoka Woehrmann	1965	2018	2021	Chief Executive Officer (CEO)
Claire Peel	1974	2018	2021	Chief Financial Officer (CFO)
Mark Cullen	1955	2018	2021	Chief Operating Officer (COO)
Nikolaus von Tippelskirch	1971	2018	2021	Chief Control Officer (CCO)
Stefan Kreuzkamp	1966	2018	2021	Chief Investment Officer (CIO) and Co-Head, Investment Group
Pierre Cherki	1966	2018	2021	Co-Head, Investment Group
Robert Kendall	1974	2018	2021	Co-Head, Global Coverage Group
Dirk Goergen	1981	2018	2021	Co-Head, Global Coverage Group

In the following, information is provided on the current members of the Executive Board. The information includes the current positions and area of responsibility according to the current Business Allocation Plan for the Executive Board. Also specified are the other board mandates or directorships outside of DWS Group as well as all memberships in legally prescribed supervisory boards or other comparable domestic of foreign supervisory bodies of commercial enterprises. The members of the Executive Board have generally undertaken not to assume chairmanships of supervisory boards of companies outside DWS Group.

Current Members of the Executive Board

Dr Asoka Woehrmann – Dr Asoka Woehrmann is the CEO and Chairman of the Executive Board. The Head of Audit, the Head of Human Resources, the Head of Communications, the Head of Corporate Strategy & Transformation and the Regional Heads for EMEA and APAC report to Dr Woehrmann. Dr Woehrmann has also assumed the responsibility for setting the overall DWS Group ESG and Sustainability strategy.

Dr Woehrmann is the Chairman of the Supervisory Board of DWS Group entity DWS Investment GmbH.

Dr Woehrmann does not have any external directorships subject to disclosure.

Claire Peel – Claire Peel is the Chief Financial Officer and her key areas of responsibility include Finance, including Financial Accounting and Financial Planning, Tax, Treasury and Investor Relations.

Ms Peel also serves as Supervisory Board member of DWS Group entity DWS Investment S.A., Luxembourg. Ms Peel stepped down from her position on the Supervisory Board of DWS Investment GmbH, effective as at expiration of September 9, 2019.

Ms Peel does not have any external directorships subject to disclosure.

Mark Cullen – Mark Cullen is the Chief Operating Officer and his key areas of responsibility include Information Technology and Operations, Product Management and Corporate Services.

Mr Cullen is a member of the Management Board of Harvest Fund Management Co. Limited, in which DWS KGaA holds an indirect 30% stake through its subsidiary DWS Investments Singapore Limited.

Nikolaus von Tippelskirch – Nikolaus von Tippelskirch is the Chief Control Officer and has functional responsibility for Legal, Compliance, Anti-Financial Crime, Risk and Data Protection.

Mr von Tippelskirch is also non-executive member of the Board of Directors of DWS USA Corporation and Chairperson of the Supervisory Board of DWS Investment S.A., Luxembourg.

Mr von Tippelskirch does not have any external directorships subject to disclosure.

Stefan Kreuzkamp – Stefan Kreuzkamp is the Chief Investment Officer and Co-Head of the Investment Group. In this role he runs the Chief Investment Office and is responsible for all Active and Passive portfolio management activities. This also includes trading oversight.

Mr Kreuzkamp also serves as Management Board member of DWS Group entities DWS Investment GmbH and DWS Beteiligungs GmbH. In addition, he is member of the Supervisory Board of DWS Investment S.A., Luxembourg.

Mr Kreuzkamp does not have any external directorships subject to disclosure.

Pierre Cherki – Pierre Cherki is Co-Head of the Investment Group with responsibility for the Alternatives Business, including Real Estate and Infrastructure portfolio management activities.

Mr Cherki also serves in executive and management roles on several DWS Group entities: He is an executive member of the Board of Directors of DWS USA Corporation. Further, he is a manager of RREEF America LLC and RREEF Management LLC and a director at RREEF Fund Holding Co. Additionally, he chairs the Supervisory Boards of DWS Grundbesitz GmbH and DWS Alternatives GmbH.

Outside of DWS Group, but within the Asset Management segment of Deutsche Bank Group, Mr Cherki serves as non-executive member on the Board of Directors of Greenwood Properties Corp.

Robert Kendall – Robert Kendall is Co-Head of the Global Coverage Group and his responsibilities include sales management and sales oversight for the Americas. He is also Regional Head of the Americas.

Mr Kendall is the Chief Executive Officer of DWS USA Corporation.

Mr Kendall does not have any external directorships subject to disclosure.

Dirk Goergen – Dirk Goergen is Co-Head of the Global Coverage Group, responsible for Sales Management and Sales oversight for EMEA as well as for branding and marketing.

Mr Goergen is a member of the Management Board of DWS Investment GmbH and is a member of the Management Board of DWS Beteiligungs GmbH.

Mr Goergen stepped down from his position on the Supervisory Board of DB Direkt GmbH, a Deutsche Bank Group company outside of DWS Group, as at January 31, 2019.

Mr Goergen was appointed as a member of the Board of Directors of Neo Strategic Holding Limited, Abu Dhabi, United Arab Emirates, effective April 17, 2019. DWS Group GmbH & Co. KGaA owns a 15% stake in Neo Strategic Holding Limited.

Supervisory Board of DWS

The Supervisory Board monitors and advises the General Partner in its task of managing DWS KGaA and its subsidiaries. Between meetings, the Chairman of the Supervisory Board, and, to the extent relating to the responsibilities of the respective Supervisory Board committees, the chairpersons of the Supervisory Board committees, maintain contact with the General Partner on a regular basis as far as this is necessary for the proper performance of their supervisory duties. The Chairman of the Supervisory Board, and – within their respective functional responsibility – the chairpersons of the Supervisory Board committees, are informed without delay by the General Partner about important events of material significance for the assessment of the situation and the development as well as for the management of DWS Group. The Chairman of the Supervisory Board then notifies the Supervisory Board in the appropriate way and, if necessary, convenes an extraordinary Supervisory Board meeting; this applies respectively to the Chairpersons of the Supervisory Board committees with regard to the respective committees.

The Chairman of the Supervisory Board plays a crucial role in the proper functioning of the Supervisory Board and has a leadership role in this. He shall ensure the Supervisory Board's effective overall functioning and a cooperative relationship of trust between the members of the Supervisory Board and the General Partner's Executive Board.

In 2019, a total of 22 meetings of the Supervisory Board and its committees took place. The Supervisory Board meets regularly without the Executive Board.

The Supervisory Board performed a review of the efficiency of its activities in 2019. This was supported by an external advisor who conducted individual interviews with all current members of the Supervisory Board complemented by the views of the CEO, using a previously agreed interview guide. The review included an assessment of the knowledge, skills and experience of the individual members of the Supervisory Board as well as of the Supervisory Board as a whole. The feedback provided was consolidated in a report, which was submitted – along with action items recommended by the Nomination Committee – to the Supervisory Board for its discussion and the adoption of measures.

Members of the Supervisory Board

The Supervisory Board is composed of eight shareholder representatives and four employee representatives, as it is currently subject to the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz), which requires that one third of the Supervisory Board members are employee representatives. The eight members representing the shareholders are appointed by the General Meeting of DWS KGaA, the four employee representatives are to be elected by the employees pursuant to the provisions of the One-Third Employee Participation Act (Drittelbeteiligungsgesetz).

The current four employee representatives were appointed by the responsible court on May 29, 2018. The employee representatives appointed by the court will remain on the Supervisory Board until employee elections to the Supervisory Board in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz) have been conducted.

Richard I. Morris, Jr. - initially appointed by the responsible court on October 18, 2018 - and Annabelle Bexiga were proposed for election as shareholders' representatives to the Annual General Meeting. The Annual General Meeting approved both proposals on June 5, 2019.

Since Sylvie Matherat stepped down from her position as member of the Supervisory Board effective July 10, 2019, one seat of the shareholders' representatives is currently vacant. In addition Mr Ozeki timely resigned from his office, effective with expiry of April 10, 2020. Successors for both positions are planned to be proposed for election as shareholders' representative at the Annual General Meeting of DWS KGaA in 2020.

The following table shows the members of the Supervisory Board through 2019, their year of birth, the date on which they were first elected or appointed, the date on which they departed or the year in which their term is scheduled to end, their position on the Supervisory Board, their principal occupation and supervisory board positions as well as directorships at other companies.

		Appointed				
Name	Year of birth	From	Until	Position on the Supervisory Board	Principal occupation[2]	Other supervisory board positions and directorships[2]
Karl von Rohr	1965	2018	2023	Chairman and shareholder representative	Deputy Chairman of the Management Board of Deutsche Bank AG	Deputy Chairman of the Management Board of Deutsche Bank AG, Chairman of the Supervisory Board of DB Privat- und Firmenkundenbank AG (since August 1, 2019)
Ute Wolf	1968	2018	2023	Deputy Chairperson and shareholder representative	Chief Financial Officer of Evonik Industries AG	Member of the Management Board of Evonik Industries AG; Member of the Supervisory Board of Evonik Nutrition & Care GmbH; Member of the Supervisory Board of Evonik Performance Materials GmbH; Member of the Supervisory Board of Evonik Resource Efficiency GmbH; Member of the Supervisory Board of Klöckner & Co. SE; Member of the Supervisory Board of Pensionskasse Degussa VVaG
Stephan Accorsini	1969	2018		Employee representative appointed by court[1]	First Deputy Chairman of the Workers' Council of DWS Investment Group	None
Annabelle Bexiga	1962	Jun 5, 2019	2023	Shareholders' representative	Founder and Principal, self-employed at Bay Harbour Consulting	Non-Executive Director of INTL FCStone Inc. (since February 27, 2020)
Aldo Cardoso	1956	2018	2023	Shareholders' representative	Chairman of the Board of Bureau Veritas	Chairman of the Board of Bureau Veritas; Director of Engie SA (until May 17, 2019); Director of Imerys SA; Director of Worldline SA; Director of Ontex Group NV (since May 24, 2019)
Angela Meurer	1962	2018		Employee representative appointed by court[1]	Chairwoman of the representative body for disabled employees of Deutsche Bank AG	None
Richard I. Morris, Jr.	1949	2018	2023	Shareholders' representative	Advisor to TA Associates Management LP, and advisor and director to asset management companies including Merian Global Investors Limited, Söderberg & Partners AB	Non-Executive Director of Merian Global Investors Limited; Non-Executive Director of Söderberg & Partners AB (until September 16, 2019)
Hiroshi Ozeki	1964	2018	April 10, 2020	Shareholders' representative	Managing Executive Officer, Regional CEO for the Americas and Europe, Adviser (Global Business Planning Department and Global Insurance Business Department) of Nippon Life Insurance Company	Managing Executive Officer of Nippon Life Insurance Company; Director of Nippon Life Schroders Asset Management Europe Limited; Director of Nippon Life Insurance Company of America; Director of Nippon Life Global Investors Americas, Inc.; Non-Executive Director of Nippon Life Global Investors Europe Plc
Erwin Stengele	1969	2018		Employee representative appointed by court[1]	Second Deputy Chairman of the Workers' Council of DWS Investment Group	None
Margret Suckale	1956	2018	2023	Shareholders' representative	Former member of the Management Board of BASF SE	Member of the Supervisory Board of Deutsche Telekom AG; Member of the Supervisory Board of HeidelbergCement AG; Member of the Supervisory Board of Infineon Technologies AG (since February 20, 2020)
Said Zanjani	1958	2018		Employee representative appointed by court[1]	Chairman of the Workers' Council of DWS Investment Group	None
Former members:						
Sylvie Matherat	1962	2018	Jul 10, 2019	Shareholders' representative	Member of the Management Board of Deutsche Bank AG and Chief Regulatory Officer (until July 31, 2019)	Member of the Management Board of Deutsche Bank AG (until July 31, 2019); Member of the Board of Directors of DB USA Corporation (until July 9, 2019)

[1] Appointed by the court until the end of the next elections of employee representatives to the Supervisory Board in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz).
[2] For Supervisory Board members departed in 2019, information is based on the date of election or appointment, for all other members on the Supervisory Board information is as at December 31, 2019.

Objectives for the composition of the Supervisory Board, profile of requirements and status of implementation

Objectives for the composition of the Supervisory Board

In accordance with German law, the members of the Supervisory Board must be reliable, must have the expertise required to perform their control function and to assess and monitor the businesses the company operates, and must commit sufficient time to the performance of their tasks. The Supervisory Board established objectives for its composition and adopted a profile of requirements for the Supervisory Board collectively as described below in its meeting on January 29, 2019. At its meeting on January 27. 2020, the Supervisory Board resolved to add expert knowledge of ESG standards and best practices and their implementation as one new dimension to its profile of requirements.

The Supervisory Board shall be composed in such a way that its members as a whole possess the knowledge, abilities and expert experience to properly complete its tasks. The members of the Supervisory Board collectively and the members of its Audit and Risk Committee must be familiar with the financial industry in general and more specifically with the asset management industry. The composition of the Supervisory Board shall ensure the Board's qualified control of and advice to the Executive Board taking into account that DWS is an internationally operating, broadly positioned asset manager. The members of the Supervisory Board should preserve the reputation of DWS among the public. In this regard, in particular, attention should be placed on the integrity, personality, willingness to perform, professionalism and independence of the individuals proposed for election. The objective is for the Supervisory Board collectively to have all of the knowledge and experience considered to be essential while taking into account the business activities of DWS. The current members of the Supervisory Board fulfil these objectives.

In addition, the Supervisory Board shall have what it considers to be an adequate number of independent members. Under the premise that the performance of the Supervisory Board mandate in itself by the representatives of the employees cannot be reason to doubt fulfilment of the independence criteria, the Supervisory Board shall have in total nine members that are independent. In any event, at least five of the shareholders' representatives shall be independent. Currently, the Supervisory Board has six independent shareholders' representatives: Ms Annabelle Bexiga, Mr Aldo Cardoso, Mr Richard I. Morris, Jr., Mr Hiroshi Ozeki, Ms Margret Suckale and Ms Ute Wolf.

The members of the Supervisory Board may not exercise functions on a management body of or perform advisory duties at major competitors. Important and not just temporary conflicts of interest with respect to a member of the Supervisory Board shall lead to a termination of the mandate. As described in the Report of the Supervisory Board, none of the Supervisory Board members had any conflicts of interests in the reporting year.

There is a regular maximum age limit of 75. In exceptional cases, a Supervisory Board member can be elected or appointed for a period that extends no longer than until the end of the fourth Ordinary General Meeting that takes place after he/she has turned the age of 75. The regular length of each individual Supervisory Board membership is not to exceed 15 years. The age limit and the limit on the length of Supervisory Board membership are met by all current Supervisory Board members.

The Supervisory Board shall not comprise more than two former Managing Directors of the General Partner. Currently, there is no former Managing Director of the General Partner on the Supervisory Board.

The Supervisory Board respects diversity when proposing members for appointment to the Supervisory Board. In light of the international operations of DWS Group, care should be taken that the Supervisory Board has an appropriate number of members with long-term international experience. As per today, the professional careers or private lives of four members of the Supervisory Board are centred outside Germany. Furthermore, all of the shareholders' representatives on the Supervisory Board have several years of international experience from their current or former activities as management board members or a comparable executive function of corporations or organizations with international operations. In these two ways, the Supervisory Board believes the international activities of DWS are sufficiently taken into account. The objective is to retain the currently existing international profile.

For the election proposals of shareholders' representatives to the General Meeting of DWS KGaA, the Supervisory Board takes into account the recommendations of the Nomination Committee. In reviewing potential candidates for a new election or subsequent appointments to Supervisory Board positions, qualified women shall be included in the selection process and shall be appropriately considered in the election proposals. Special importance was given to an appropriate consideration of women in the selection process for the Supervisory Board in 2019. In accordance with Section 111 (5) of the German Stock Corporation Act, the Supervisory Board determined a target for the percentage of female members on the Supervisory Board of at least 30 percent of the members by January 29, 2024. Currently, four Supervisory Board members are women. Taking into account one vacant position in the Supervisory Board, this reflects a share of 36% of all members and more than 30% of the shareholder representatives. It should be taken into account that the Supervisory Board can only influence the composition of the Supervisory Board through its election proposals to the General Meeting.

The Supervisory Board profile of requirements includes, in particular, the knowledge, skills and professional expertise that are collectively required to perform the tasks of the Supervisory Board of DWS, taking into account the suitability and properness requirements of the European Banking Authority and the standards which are required under applicable laws (collective qualifications). The Supervisory Board as a whole shall have an understanding of the fields of expertise specified below that is appropriate for the size and complexity of DWS. This does not mean that each Supervisory Board member must have expertise in each of the fields listed below. Rather, the expertise contributed individually by each of the Supervisory Board members combined shall ensure that all fields of expertise are covered by the Supervisory Board as a whole.

The fields of expertise include, in particular:

- Supervisory Experience: Preferably, experience as a member in a supervisory capacity on dual-tiered board structures, and as such, performing a monitoring role over the management body.
- Asset Management: Clear understanding of fiduciary responsibilities, fund management and prudent investment processes of a bank-owned asset manager.
- Experience with client handling, financial markets and jurisdictional expertise with due consideration to be given to US representation.
- Technology, digitalisation, artificial intelligence and operational excellence.
- Financial expertise: At least one member of the Supervisory Board must have experience in the field of accounting or audit pursuant to Section 100 para. 5 of the German Stock Corporation Act (AktG). It would be advantageous to have that experience gained within asset management with some knowledge of credit and liquidity management. At least one independent member, who can serve as the chairperson of the audit and risk committee, shall have specific knowledge and experience in applying accounting principles and internal control procedures.
- Risk management and controls which includes promoting a culture of individual accountability, knowledge and experience of risk governance and applicable control environment.
- Compensation and compensation systems as well as succession management.
- Corporate and social responsibility, including reporting.
- Strategic planning, business and risk strategies as well as their implementation.
- Governance and corporate culture.
- ESG and Sustainability: Expert knowledge of ESG standards and best practices and their implementation.

In addition, each member of the Supervisory Board should be able to weigh the short- and long-term benefits and risks of financial decisions (business judgement). He/ she should act in accordance with stated values and principles and should encourage an environment of openness and challenge. Each member of the Supervisory Board should be able to build productive partnerships with key constituents including fellow Supervisory and Executive Board members. Furthermore, each member of the Supervisory Board should be free from structural conflict of interests and should not engage in any business activities that conflict, directly or indirectly, with regulated activities of DWS. The members of the Supervisory Board shall also have sufficient time to carry out their respective responsibilities taking into account of all personal and professional commitments. Members of the Supervisory Board may not hold more than the allowed number of Supervisory Board mandates. The current members of the Supervisory Board fulfil these requirements.

Standing Committees of the Supervisory Board

The Supervisory Board has established the following three standing committees. The committees work closely together and, to the extent required, coordinate their activities with each other and with the Chairman of the Supervisory Board and consult each other on an ad-hoc basis. To increase efficiency and enhance the exchange of information, committees can also hold joint meetings.

The committee chairpersons report regularly to the Supervisory Board on the work of the committees. The Report of the Supervisory Board in the Annual Report 2019 provides information on the work of the committees over the reporting year.

Audit and Risk Committee

The Audit and Risk Committee consists of three members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees. The committee is chaired by a representative of the shareholders. The Chairperson of the committee is elected by the Supervisory Board.

The Audit and Risk Committee generally supports the Supervisory Board in its monitoring activities, in particular, in monitoring the effectiveness of the risk management system, the auditing of the financial statements, especially with regard to the auditor's independence and the additional services provided by the auditor as well as the Executive Board's prompt remediation – through suitable measures – of any deficiencies that might be identified by the auditor and internal control functions based on internal and external audits, in particular any such deficiencies that might relate to any weaknesses that might be found in risk controls, non-compliance with policies, laws and regulatory requirements.

The committee is entitled to inspect all business documentation of DWS KGaA. The committee is also entitled to obtain, through its Chairperson, information in connection with its tasks from the auditor, the Executive Board, the Head of Group Audit and – with the prior consent of the Executive Board – senior managers reporting directly to the Executive Board.

The committee pre-reviews the annual and consolidated financial statements and management reports as well as the separate consolidated non-financial report, as they are prepared. The committee discusses the audit reports with the auditor. The committee also prepares the decisions of the Supervisory Board on the proposal for a resolution to be submitted to the General Meeting with regard to the establishment of the annual financial statements and the approval of the consolidated financial statements as well as the resolution proposal on the appropriation of distributable profit and submits corresponding recommendations to the Supervisory Board. It discusses important changes to the audit and accounting methods.

The committee discusses the half-year financial reports and the report on the limited review of the quarterly financial statements with the Executive Board and the auditor. The committee also supports the Supervisory Board in monitoring the financial reporting process and can submit recommendations or suggestions to the Supervisory Board on ensuring the integrity of the financial reporting process.

The committee submits proposals to the Supervisory Board for the appointment of the auditor, which shall include at least two candidates when tendering the auditor mandate and complies with the requirements of Article 16 (2) Regulation (EU) No. 537/2014 to the extent applicable and it prepares the proposal of the Supervisory Board to the General Meeting for the election of the auditor. The committee advises the Supervisory Board on issuing, terminating and continuing the audit mandate to the auditor and submits proposals to the Supervisory Board for the auditor's remuneration. The committee supports the Supervisory Board in monitoring the independence, quality, qualification and efficiency of the auditor as well as the rotation of the members of the audit team. Mandates for non-audit-related services given to the auditor or to companies to which the auditor is related in legal, economic or personnel terms need the prior consent of the Audit and Risk Committee.

The committee arranges to be informed regularly about the work done by Internal Audit, the effectiveness of the internal audit system and in particular about the focal areas of its auditing activity and on the results of its audits. It is responsible, in particular, for receiving and handling the quarterly, annual and ad-hoc reports provided by Internal Audit. The Executive Board informs the committee about special audits, substantial complaints and other exceptional measures at DWS KGaA and its subsidiaries on the part of German and foreign regulatory authorities.

The committee regularly obtains reports on the receipt and handling of complaints from employees and its subsidiaries, from shareholders of DWS KGaA and from third parties. In particular complaints concerning accounting, internal accounting controls, auditing and other financial reporting matters must be submitted to the committee without undue delay.

Reports concerning compliance matters are presented in the meetings of the committee on a regular basis. The committee Chairperson is entitled, in addition to the Chairperson of the Supervisory Board, to obtain information directly from the Head of Compliance. The committee is responsible for taking receipt of and handling the report by the Head of Compliance on the appropriateness and effectiveness of the principles, methods and procedures in accordance with Article 22 (2) lit. c) of Delegated Regulation (EU) No. 2017/565 (Compliance Report). The Compliance Report is issued at least once a year, i.e. within a 12 months period.

The committee advises the Supervisory Board in addition on the overall risk appetite and risk strategy on a consolidated basis, and monitors the implementation of the stated risk appetite and risk strategy on a consolidated basis by senior management. The committee monitors material aspects of the rating and valuation processes. The committee receives reports from the Executive Board, which are appropriate to monitor whether the conditions in the client business are in line with the business model and risk structure of DWS KGaA. If this is not the case, the committee requests proposals from the Executive Board on how the conditions in the client business could be structured to align them with the business model and risk structure of DWS KGaA. The committee also monitors the implementation of such proposals. In addition the committee reviews whether the incentives set by the compensation system take into account the risk, capital and liquidity structure of DWS KGaA as well as the likelihood and maturity of earnings. This is without prejudice to the tasks of the Remuneration Committee. The committee determines the nature, scope, format and frequency of the information which the General Partner is required to submit on strategy and risks.

The Audit and Risk Committee held six meetings in 2019.

The current members of the Audit and Risk Committee are Ms Ute Wolf (Chairperson), Mr Stephan Accorsini, Mr Aldo Cardoso, and Mr Richard I. Morris, Jr.

Nomination Committee

The Nomination Committee consists of the Chairman of the Supervisory Board as well as two further members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees. The committee is chaired by a member of the Supervisory Board representing shareholders.

The shareholder representatives on the Nomination Committee prepare the Supervisory Board's proposals for the election or appointment of new shareholder representatives to the Supervisory Board. In this context, they take into account the statutory requirements, guidelines from supervisory authorities and criteria specified by the Supervisory Board for its composition as well as the balance and diversity of the knowledge, skills and experience of all members of the Supervisory Board, prepare a job description with a candidate profile, and state the time commitment associated with the tasks.

The committee is responsible for drawing up an objective to promote the representation of the under-represented gender on the Supervisory Board as well as a strategy for achieving this and the regular assessment of the structure, size, composition and performance of the Supervisory Board and making recommendations to the Supervisory Board regarding this. The Nomination Committee supports the Supervisory Board in the regular assessment of the knowledge, skills and experience of the individual members of the Supervisory Board as well as of the body collectively, and in reviewing the principles of the Executive Board for selecting and appointing persons to the upper management levels and the recommendations made to the Executive Board in this respect.

The Nomination Committee held five meetings in 2019.

The current members of the Nomination Committee are Mr Karl von Rohr (Chairperson), Mr Richard I. Morris, Jr., Ms Margret Suckale and Mr Said Zanjani.

Remuneration Committee

The Remuneration Committee consists of three members of the Supervisory Board representing shareholders and one member of the Supervisory Board representing employees.

The committee should include a sufficient number of independent Supervisory Board members. At least one member of the committee must have sufficient expertise and professional experience in the field of risk management and risk controlling, in particular with regard to mechanisms used to align the compensation systems to DWS KGaA's overall risk propensity and strategy and its capital base. The committee is chaired by a Chairperson who shall be a member of the Supervisory Board representing shareholders.

The Remuneration Committee monitors the appropriate structure of the compensation systems for the employees and, in particular, the appropriate structure of the compensation for the Head of Compliance and for the employees who have a material influence on the overall risk profile of DWS KGaA and its subsidiaries (DWS Group). The committee also supports the Supervisory Board in monitoring the appropriate structure of the compensation systems for employees. The effects of the compensation systems on risk, capital and liquidity management shall be assessed and it shall be ensured that the compensation systems and the group-wide compensation strategy – in consideration of the corporate culture – are aligned to achieving the objectives set out in the business and risk strategies of DWS Group.

In addition, the committee checks, as part of its support to the Supervisory Board in monitoring the process to identify Group Risk Takers in accordance with Section 27 (2) sentence 1 of the Regulation on Remuneration in Financial Institutions (InstVV) and the appropriate structure of the compensation systems for employees.

The committee supports the Supervisory Board in monitoring whether the internal controls and other relevant areas are properly implemented in the structuring of the compensation systems. It also supports the Supervisory Board in producing the proposals for resolutions on the structuring of variable and fixed compensation in accordance with Section 25a (5) sentence 6 of the German Banking Act (KWG) and for the potential approval of the remuneration system pursuant to Section 120 (4) of the German Stock Corporation Act (AktG).

The committee coordinates its work with the Audit and Risk Committee and works closely with it as required in order to properly perform its tasks. The committee Chairperson reports regularly on the work of the committee at the meetings of the Audit and Risk Committee.

The committee is authorized to obtain, via its Chairperson, information relating to the committee tasks from the head of the internal audit department and from the heads of the organizational units responsible for structuring the compensation systems. The Executive Board must be informed of this. In addition, the Committee Chairperson is kept up-to-date by the Compensation Officer on his work and ensures close coordination of the monitoring activities as well as the submission of the Compensation Officer's informative reports on the appropriateness and structure of the compensation system.

The Remuneration Committee held four meetings in 2019.

The current members of the Remuneration Committee are Ms Margret Suckale (Chairperson), Ms Annabelle Bexiga, Mr Aldo Cardoso and Mr Erwin Stengele.

Joint Committee of DWS

DWS KGaA has a Joint Committee as an additional corporate body. If the Joint Committee has met, it shall report to the General Meeting on its activities. The Joint Committee consists of two members delegated by the shareholders' meeting of the General Partner, and of two members delegated by the shareholders' representatives on the Supervisory Board from their midst. The shareholders' meeting of the General Partner appoints one of its delegates as Chairperson of the Joint Committee. The Chairperson has a casting vote with regard to decisions taken in the Joint Committee.

The shareholders' meeting of the General Partner and the Supervisory Board may at any time dismiss and replace the members they delegated. The period of office of the members of the Joint Committee is limited to a maximum of five years; for the members delegated by the Supervisory Board it ends no later than their respective term of office as a member of the Supervisory Board.

The following table shows the members of the Joint Committee through 2019, their year of birth, the date when they were first delegated to the Joint Committee and the year in which their term is scheduled to end, their position on the Joint Committee, their principal occupation and supervisory board positions as well as directorships at other companies.

Name	Year of birth	Appointed		Position on the Joint Committee	Principal occupation	Supervisory board positions and directorships
		From	Until			
Karl von Rohr	1965	May 7, 2018	2023	Chairman; delegated by the shareholders' meeting of the General Partner	Deputy Chairman of the Management Board of Deutsche Bank AG	Deputy Chairman of the Management Board of Deutsche Bank AG; Chairman of the Supervisory Board of DB Privat- und Firmenkundenbank AG (since August 1, 2019)
James von Moltke	1969	May 7, 2018	2023	Delegated by the shareholders' meeting of the General Partner	Member of the Management Board of Deutsche Bank AG and Chief Financial Officer	Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G. (from July 2018), Member of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V. (from July 2018)
Ute Wolf	1968	Apr 23, 2018	2023	Delegated by the shareholders' representatives on the Supervisory Board	Chief Financial Officer of Evonik Industries AG	Member of the Executive Board of Evonik Industries AG; Member of the Supervisory Board of Evonik Nutrition & Care GmbH; Member of the Supervisory Board of Evonik Performance Materials GmbH; Member of the Supervisory Board of Evonik Resource Efficiency GmbH; Member of the Supervisory Board of Klöckner & Co. SE; Member of the Supervisory Board of Pensionskasse Degussa VVaG
Hiroshi Ozeki	1964	Apr 23, 2018	April 10, 2020	Delegated by the shareholders' representatives on the Supervisory Board	Managing Executive Officer, Regional CEO for the Americas and Europe, Adviser (Global Business Planning Dept. and Global Insurance Business Dept.) of Nippon Life Insurance Company	Managing Executive Officer of Nippon Life Insurance Company; Director of Nippon Life Schroders Asset Management Europe Limited; Director of Nippon Life Insurance Company of America; Director of Nippon Life Global Investors Americas, Inc.; Non-Executive Director of Nippon Life Global Investors Europe Plc

Share Plans

For information on our employee share programs, please refer to the additional note 22 'Employee Benefits' to the Consolidated Financial Statements.

Related Party Transactions

For information requirement regarding Related Party Transactions please refer to note 24 'Related Party Transactions' to the Consolidated Financial Statements.

Audit Committee Financial Expert

The Supervisory Board has elected Ms Ute Wolf as the Chairperson of its Audit and Risk Committee. Ms Ute Wolf has the required expert knowledge in financial accounting and auditing pursuant to Sections 107 (4), 100 (5) of the German Stock Corporation Act (AktG) as well as Section 25d (9) of the German Banking Act (KWG).

Values and Leadership Principles of DWS Group

Code of Conduct

DWS Group adheres to a Code of Conduct which describes the values and minimum standards for ethical business conduct that we expect all of our employees to follow. These values and standards govern employee interactions with our clients, competitors, business partners, government and regulatory authorities, and shareholders, as well as with other employees. The Code of Conduct is established by Deutsche Bank Group. Our Executive Board has adopted these DB Group values and beliefs and implemented DWS Group values in supplement. In addition, the Code of Business Conduct forms the cornerstone of DWS Group policies, which provide guidance on compliance with applicable laws and regulations.

The current versions of the Code of Conduct is available from Deutsche Bank's website:
https://www.db.com/ir/en/download/Code_of_Conduct_August_2018.pdf

Principle Accountant Fees and Services

For information regarding DWS Group's principle accountant fees and services please refer to note 28 'Supplementary Information' to the Consolidated Financial Statements.

Compliance with the German Corporate Governance Code

Declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) (Declaration of Conformity 2019)

The Managing Directors of DWS Management GmbH, representing the general partner of DWS Group GmbH & Co. KGaA, and the Supervisory Board of DWS Group GmbH & Co. KGaA submit the following declaration pursuant to section 161 of the German Stock Corporation Act (AktG):

The last Declaration of Conformity was issued on March 4, 2019. Since then and under consideration of the specific characteristics of a partnership limited by shares as outlined in Section I below, DWS Group GmbH & Co. KGaA (DWS KGaA) has complied and will continue to comply with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated February 7, 2017, as published in the Federal Gazette on April 24, 2017, subject to the deviations as disclosed in Section II.

Section I: Specific characteristics of the legal form of a partnership limited by shares

- Taking into account the specific features of the legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktien or KGaA) several recommendations of the German Corporate Governance Code (GCGC) can only be applied in a modified way. The GCGC is geared towards the governance structure typical for a German stock corporation (Aktiengesellschaft or AG) and does not consider specific characteristics of a KGaA.

- In the legal form of a KGaA, the tasks and duties performed by the management board of an AG are undertaken by the general partners, who are determined in the articles of association of the KGaA and not by the supervisory board. The sole general partner of DWS KGaA is DWS Management GmbH (DWSM GmbH), which has the sole responsibility for the management of DWS KGaA, including all day-to-day management measures and representation of the company vis-à-vis third parties. The Managing Directors of DWSM GmbH jointly manage the business activities of DWSM GmbH and – with regard to the position of DWSM GmbH as the General Partner of DWS KGaA – the business activities of DWS KGaA.

- The Supervisory Board of DWS KGaA has no authority to appoint and dismiss the Managing Directors of the General Partner or to preside over associated contractual arrangements, including the fixed and variable compensation of the Managing Directors. Such decisions are taken by the shareholders' meeting of the General Partner. Certain management measures by the General Partner require prior approval from the shareholders' meeting of the General Partner.

- In addition to the corporate bodies regulated by German law, the legal form of the KGaA allows for the establishment of additional governance bodies. DWS KGaA has put this in use and has set up the Joint Committee as an additional corporate body. Certain management measures, require the approval from the Joint Committee as set forth in the Articles of Association of DWS KGaA. Accordingly, DWSM GmbH may only take such measures with the consent of the Joint Committee. The Joint Committee also possesses a right of proposal with respect to the ratification of acts of management of the Managing Directors of DWSM GmbH and with respect to the determination of their variable compensation. Nonetheless, these proposals are legally not binding for the shareholders' meeting of DWSM GmbH. The Joint Committee reports to the general meeting of DWS KGaA on its activities.

- The authority and scope for influence of the supervisory board of a KGaA is limited as compared to the supervisory board of a stock corporation. In addition to the specifics above, the supervisory board of DWS KGaA as a mere supervisory body is not entitled to subject the management measures to its consent, or issue rules of procedure for DWSM GmbH. Such rights are reserved to the shareholders' meeting of DWSM GmbH which can take these measures for the Managing Directors of DWSM GmbH.

- The general meeting of the shareholders of a KGaA has in principle the same rights and responsibilities as the general meeting of a German stock corporation. In particular this includes the ratification of the acts of management of the general partner and the supervisory board, the election of shareholders' representatives to the supervisory board, the voting on the appropriation of profits and the appointment of the external financial auditor. As defined by German law, the general meeting of a KGaA also approves the annual financial statements, which in the case of an AG is typically performed by the supervisory board and only subject to approval of the general meeting in exceptional cases if the management board and supervisory board decide that the general meeting shall approve, or the supervisory board refuses its approval. Certain material matters requiring a resolution of the general meeting, such as the approval of the annual financial statements but also measures aiming at structural changes such as mergers, a change in the legal for of the company or the conclusion of enterprise agreements, also require the consent of the general partner.

Section II: Deviations

- Relating to No. 5.3.3, according to which the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives. Section 25 (d) para. 11 of the German Banking Act (KWG) stipulates that the Nomination Committee of the Supervisory Board must take on additional tasks that should be performed not solely by the shareholder representatives on the Supervisory Board. Against this background, the Nomination Committee of the Supervisory Board of DWS KGaA also comprises employee representatives. However, it will be ensured that the candidate recommendations for the election proposals to the general meeting will be prepared exclusively by the committee's shareholder representatives.

- Relating to No. 4.2.3 (2) sentence 6, according to which the amount of compensation for management board members shall be capped, both overall and with regard to variable compensation components. The existing employment contracts (in conjunction with equity plan conditions) of the members of the Managing Directors of DWSM GmbH do provide for a limit (cap) in the awarding of total compensation and their variable compensation components. In this context, however, some hold the view that such limits would have to apply not only to the granting and awarding of the compensation components but also to their later payout. Although DWS KGaA does not consider this view to be convincing, we state merely as a precautionary measure that a limit (cap) has not been set for the payout amount of deferred equity-based compensation and that therefore DWS KGaA deviates from the recommendation in No. 4.2.3 (2) sentence 6 according to this interpretation.

Frankfurt am Main, December 12, 2019

The Managing Directors
of DWS Management GmbH

The Supervisory Board
of DWS Group GmbH & Co. KGaA

Statement on the Suggestions of the German Corporate Governance Code

DWS KGaA complies with the suggestions of the Code in the version dated February 7, 2017, with the following exceptions:

- The representatives appointed by DWS KGaA to exercise shareholders’ voting rights at its Annual General Meeting are reachable by those attending the General Meeting until just before voting commences. The representatives are reachable by those not attending until 12 noon on the day of the General Meeting (Code No. 2.3.2). In this manner, the risk of any technical disruptions directly before voting takes place can basically be excluded. The broadcast of the General Meeting via Internet also ends at the latest at this time, which means information useful for forming an opinion can no longer be expected after this point by shareholders who only participate through proxies.
- The broadcast of the General Meeting via Internet (Code No. 2.3.3) starts with the opening of the General Meeting by the Chairman and covers the report of the Supervisory Board and the report of the Executive Board. The shareholders then have the opportunity to hold their discussions with the management. These take place without a public broadcast via Internet.
- Whistleblowing arrangements are not external facing to all third parties (although the arrangements are available to contractors). For instance we do not include on the DWS Group website the details of how to access the Integrity Hotline. However, if we receive a Whistleblowing report from an external third party, we will log this as a whistleblowing matter if it contains an allegation of misconduct against a DWS Group staff member.

Targets for the Proportion of Women in Management Positions / Gender Quota

As of the date of this Corporate Governance Statement, the percentage of women on our Supervisory Board is 36%. On January 29, 2019, the Supervisory Board set a target for the percentage of women on our Supervisory Board of at least 30% of the members by January 29, 2024.

Our Executive Board includes one woman as of the date of this Corporate Governance Statement. A target for the percentage of women on the Executive Board of our General Partner is legally not required and has not been set so far.

On January 31, 2019, the Executive Board set targets for the percentage of women at 26% for the first management level and 29% for the second management level, to be reached December 31, 2021. When the decision was made, the percentage of women at the first management level was 23% and 26% at the second management level.

The population of the first management level comprises of Managing Directors and Directors who report directly to the Executive Board and managers with comparable responsibilities. The population of the second management level comprises Managing Directors and Directors who report to the first management level.

Implementing German Gender Quota Legislation at DWS Group

In %, unless stated otherwise	Status as of Dec 31, 2019	Target for Dec 31, 2021
Women on the Supervisory Board of DWS KGaA	36%	30%[1]
First management level below the Executive Board	22%	26%
Second level below the Executive Board	27%	29%

[1] Supervisory Board set the target for January 29, 2024.

In accordance with our fundamental diversity concept, we also take into account the knowledge and skills required for the proper performance of tasks and the necessary experience of the employees in the composition of the two levels below management.

Diversity Concept

As a global company, the DWS Group is committed to creating a culture that embraces the diversity of its employees, customers and partners. Since diversity and appreciation of differences are essential components of our corporate culture, we continue to focus on

- creating competent and diverse teams to achieve the desired business results
- creating a respectful and inclusive working environment where employees can develop
- strengthening our relationships with customers, partners, regulators, other companies, and employees and future employees.

We strive to develop and retain our best talents regardless of culture, country, ethnicity, gender, sexual orientation, ability, belief, background and experience.

We are convinced that diversity and inclusion, for example, stimulate innovation and help to make more balanced decisions, and thus play a decisive role in the success of the DWS Group.

The Supervisory Board and Executive Board want to and should also serve as a role model for the DWS Group with regard to diversity and inclusion. In line with our above-mentioned conviction, a diverse composition of the committees also helps the Supervisory Board and the Executive Board to be able to properly perform the tasks and duties incumbent upon them under the law, the Articles of Association and the rules of procedure.

Diversity Concept for the Supervisory Board

The Supervisory Board is to be composed in such a way that its members, as a whole, possess the expertise, skills and professional experience required to effectively monitor and advise the Executive Board in its management and observance of the relevant supervisory regulations.

In light of the international operations of DWS, care shall be taken, in particular, that the Supervisory Board has an appropriate number of members with many years of international experience.

Also in light of the legal requirements to be observed, the Supervisory Board shall be composed of at least 30 % women (by January 29, 2024).

There is an age limit of 75, in principle, for members of the Supervisory Board and the maximum length of each individual Supervisory Board membership shall generally not exceed 15 years.

Implementation

It should be taken into account that the Supervisory Board can only influence the composition of the Supervisory Board through its proposals to the General Meeting for the election of the shareholder representatives.

Based on a proposal of the Nomination Committee, a profile of requirements was issued for the Supervisory Board. The profiles summarize the knowledge, abilities and experience required to properly complete the tasks of the Supervisory Board (collective suitability).

For the election proposals to the General Meeting, the Supervisory Board takes into account the objective to which the Supervisory Board shall be composed of at least 30 % women (by January 29, 2024).

Results achieved in the 2019 financial year

At the end of the financial year, seven men and four women (36%) were members of the Supervisory Board.

The age structure is diverse, ranging from 51 to 71 years of age at the end of the financial year.

At the end of the financial year, the length of experience as member of the Supervisory Board of DWS Group GmbH & Co. KGaA, which was constituted first in 2018, ranged from under one year to around 2 years. One of the 11 members joined the Supervisory Board in the 2019 financial year. The length of experience in comparable governance bodies was between two and sixteen years.

In accordance with our objectives specified above, all of the shareholder representatives on the Supervisory Board have several years of international experience from their current or former activities as management board members or a comparable executive function of corporations or organizations with international operations.

The diverse range of the members' educational and professional backgrounds includes banking, business administration, science, law, and information technology.

DWS transparently reports on Supervisory Board diversity, in addition to the information presented above, in this Corporate Governance Statement / Corporate Governance Report in the section 'Corporate Bodies - Supervisory Board of DWS'.

Diversity Concept for the Executive Board

Through the composition of the Executive Board, it is to be ensured that its members have, at all times, the required knowledge, skills and experience necessary to properly perform their tasks. Accordingly, when selecting members for the Executive Board, care is to be taken that they collectively have sufficient expertise and diversity within the meaning of our objectives specified above.

As a rule, a member of the Executive Board should not have exceeded the age limit of 67 years, applicable in Germany, for the regular retirement pension on the expiry date of their appointment.

Implementation

The implementation of the Diversity Concept takes places in the course of selecting new members for the Executive Board of DWS Management GmbH which are appointed by the sole shareholder.

As part of the succession management, a series of sophisticated leadership and board readiness assessments to identify and develop management talent for enhanced leadership responsibilities have been implemented. The discipline applied to succession management in line with best practices has resulted in long-term succession plans.

Results achieved in the 2019 financial year

At the end of the financial year, the Executive Board was composed of seven men and one woman.

The age structure is diverse, ranging from 39 to 64 years of age at the end of the financial year.

The length of experience as member of the Executive Board of DWS, which was first established in March 2018 ranged from one to below two years. The length of experience in comparable management bodies ranged between four and around twelve years.

Also with our strategy in mind of being a leading Asset Manager with headquarter in Germany and operating globally, four of the eight Executive Board members, as of the end of the financial year, have a German background. Other members come from Australia, England, France and the USA.

However, the ethnic diversity of the Executive Board does not currently reflect the full diversity of the markets where we do business or the diversity of our employees.

The diverse range of the members' educational and professional backgrounds includes banking, business administration, social sciences.

DWS transparently reports on Executive Board diversity, in addition to the information presented above, in this Corporate Governance Statement / Corporate Governance Report in the section ‘Corporate Bodies – Managing Directors of the General Partner (Executive Board)’.

Glossary

Term	Meaning
AFC	Anti-Financial Crime
AI	Artificial Intelligence
AIFMD	Alternative Investment Fund Managers Directive
AktG	German Stock Corporation Act (Aktiengesetz)
APAC	Asia-Pacific
APIC	Additional paid-in capital
APMs	Alternative Performance Measures
ARUG II	Second EU Shareholder Rights Directive (ARUG II - Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie)
AuM	Assets under management
BaFin	The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BoP	Beginning of period
CCO	Chief Control Officer
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIC	Capital Investment Committee
CIO	Chief Investment Officer
CIR	Cost-income ratio
CLO	Collateralized loan obligation
CODM	Chief Operating Decision Maker
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien)
COO	Chief Operating Officer
COVID-19	Corona Virus Disease 2019
CPPI	Constant Proportion Portfolio Insurance
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CRR/CRD IV	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirement Directive IV - CRD IV)
CTA	Currency translation adjustment
DB Group	Deutsche Bank AG and its subsidiaries
DCC	DWS Compensation Committee
DCF	Discounted cash flow
DWS Group	DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the Group / DWS Group)
DWS KGaA	DWS Group GmbH & Co. KGaA
DWSM GmbH	DWS Management GmbH
ECL	Expected credit losses
EMEA	Europe, Middle East and Africa
ESG	Environment, social and governance
ETF	Exchange traded funds
EU	European Union
EUR	Euro
FCO	Financial Control Oversight
FX	Foreign exchange
GAAP	Generally Accepted Accounting Principles
GAS	German Accounting Standard
GBP	Great Britain Pound
GCGC	German Corporate Governance Codex
GDP	Gross Domestic Product
GSPP	Global Share Purchase Plan
Harvest	Harvest Fund Management Co., Ltd.
HGB	German Commercial Code (Handelsgesetzbuch)
HRB	Number in the German Commercial Register in section B; incorporated companies are covered in section B of the register
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBIT	Income before income taxes
IFRIC	International Financial Reporting Interpretations Committee

Term	Meaning
IFRS	International Financial Reporting Standards of the International Accounting Standards Board (IASB)
IHC	Intermediate Holding Company
InstVV	German Remuneration Ordiance of Institutions (Institutsvergütungsverordnung)
IPO	Initial public offering
IPV	Independent price verification
IR	Investor Relations
ISIN	International Securities Identification Number
IT	Information Technology
KPA	Key Position Award
KPIs	Key Performance Indicators
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft
KWG	German Banking Act (Kreditwesengesetz)
LDI	Liability driven investment
LoD	Line(s) of defence
LTA	Long-term awards
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
MRT	Material Risk Taker(s)
N/M	Not meaningful (in the summarized management report)
NAV	Net asset value
NFR	Non-financial risk
ORMF	Operational Risk Management Framework
P&L	Profit or loss
PBT	Profit before tax
PDF	Portable Document Format (PDF), a file format
PRI	Principles for responsible investment
PSU	Performance share unit
PVCC	Principal Valuation Control Council
RCC	Risk and Control Committee
RCF	Revolving credit facility
RCP	Risk and capital profile
RI	Responsible investment
ROI	Return on investment
RoU	Right-of-use
RRC	Reputational Risk Committee
RWA	Risk weighted assets
S&P	Standard & Poor's
SAR	Stock appreciations rights
SDAX	The German SDAX is a stock market index composed of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalization
SE	Societas Europaea, the European company is a type of public limited-liability company regulated under EU law
SIC	Strategic Investment Committee
SICAV	Société d'investissement à Capital Variable (Investment company with variable share capital)
SNLP	Stressed net liquidity position
SPPI	Solely payments of principal and interest
SQI	Systematic & quantitative investments
STA	Short-term awards
UCITS	Undertakings for Collective Investments in Transferable Securities
UK	United Kingdom
UN	United Nations
US	United States of America
USD	US Dollar
VAT	Value added tax
VC	Variable compensation
WKN	Securities identification number (Wertpapierkennnummer)
Xetra	Xetra is an all-electronic trading system operated by Frankfurter Wertpapierbörse.

Imprint

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Cautionary statement regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.
By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks as described in this report.

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