Prospectus

FOR THE PUBLIC OFFERING

of

40,000,000 ordinary bearer shares (*Inhaberaktien*) with no par value from the holdings of DB Beteiligungs-Holding GmbH in a base deal and up to 4,782,600 ordinary bearer shares (*Inhaberaktien*) with no par value from the holdings of DB Beteiligungs-Holding GmbH subject to the exercise of an upsize option by DB Beteiligungs-Holding GmbH on the date of pricing

and of

up to 5,217,400 ordinary bearer shares (*Inhaberaktien*) with no par value from the holdings of DB Beteiligungs-Holding GmbH to cover potential over-allotments

and at the same time

for the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange

of

200,000,000 ordinary bearer shares (*Inhaberaktien*) with no par value representing the Company's entire share capital, each such Share with a notional interest of €1.00 in the share capital and full dividend rights from January 1, 2018

of

DWS Group GmbH & Co. KGaA

Frankfurt, Germany

Price Range: €30.00 – €36.00

International Securities Identification Number (ISIN): DE000DWS1007
German Securities Code (Wertpapier-Kenn-Nummer, WKN): DWS 100
Common Code: 179193469
Trading Symbol: DWS

Sole Global Coordinator and Bookrunner

Deutsche Bank AG

Joint Bookrunners

Barclays **Citigroup** **Credit Suisse**

BNP PARIBAS ING Morgan Stanley

UBS Investment Bank UniCredit Bank AG

Co-Lead Managers

COMMERZBANK Daiwa Capital Markets Europe Banca IMI

Nordea Santander

The date of this prospectus is March 13, 2018.

Table of Contents

Section | Page

I. Summary of the Prospectus **S-1**
Section A – Introduction and Warnings S-1
Section B – Issuer S-2
Section C – Securities S-12
Section D – Risks S-13
Section E – Offer S-17

II. Zusammenfassung des Prospekts **S-24**
Abschnitt A – Einleitung und Warnhinweise S-24
Abschnitt B – Emittent S-25
Abschnitt C – Wertpapiere S-38
Abschnitt D – Risiken S-39
Abschnitt E – Angebot S-44

Part 1: Risk factors **1**
1.1 Risks related to the asset management sector 1
1.2 Risks related to our activities (borne on our own account and/or managed on behalf of our clients) 4
1.3 Risks related to our relationship with DB Group and our organizational structure 22
1.4 Regulatory and Legal Risks 29
1.5 Risks related to the Shares, the Offering, the Listing and our Shareholder Structure 37

Part 2: General Information **44**
2.1 Responsibility for the Contents of the Prospectus. 44
2.2 Subject Matter of the Prospectus 44
2.3 Forward Looking Statements 45
2.4 Third Party and Market Information 46
2.5 Note Regarding Currency and Financial Information 48
2.6 Alternative Performance Measures 48
2.7 APMs or Non-GAAP Information and Forward-Looking Statements 49
2.8 Financial Year and Statutory Auditors 49
2.9 Release of Information 49
2.10 Documents on Display 49
2.11 Enforcement of Civil Liabilities Outside of Germany 50

Part 3: General Information on the Group and the Carve-Out **52**
3.1 General Information about the Company and DWS 52
3.2 History and Key Milestones 53
3.3 Group Structure and Significant Subsidiaries 54
3.4 Domination Agreement 55
3.5 Corporate Establishment - Reorganization and Carve-Out 55
3.6 Infrastructure, Including Intellectual Property, Information Technology and Real Estate 59
3.7 Consideration, Warranties and Effectiveness 60
3.8 Employees and Pension Liabilities 60
3.9 Services Agreement between Deutsche Bank AG and the Company 60

Part 4: The Offering **62**
4.1 Securities Being Offered 62
4.2 The Offering 62
4.3 Stabilization Measures, Over-Allotments and Greenshoe Option 65
4.4 Additional Information on the Shares 67
4.5 Admission to the Frankfurt Stock Exchange and Commencement of Trading 69
4.6 Designated Sponsors 69
4.7 Underwriting of the Offering 69
4.8 Interests of Parties Participating in the Offering 70
4.9 Investment Agreement with Nippon Life Insurance Company as Investor 71

Part 5: Proceeds of the Offering and Costs of the Offering and Listing **73**

Part 6: Reasons for the Offering and Listing and Use of Proceeds **74**

Part 7: Dividend Payments and Policy **75**
7.1 General Rules on Allocation of Profits and Dividend Payments 75
7.2 Dividend Policy 75

Part 8: Capitalization and Indebtedness, Statement on Working Capital and Significant Changes **77**
8.1 Capitalization 77
8.2 Indebtedness 78
8.3 Statement on Working Capital 78
8.4 Significant Change 78

Part 9: Dilution **79**

Part 10: Selected Financial Information **80**
10.1 Combined Income Statement Information 81
10.2 Combined Balance Sheet Information 82
10.3 Combined Cash Flow Information 83
10.4 Selected Key Performance Measures and Other Additional Financial Information 83

Part 11: Management's Discussion and Analysis of Financial Condition and Results of Operations **88**
11.1 Overview 88
11.2 Preparation of the Combined Financial Statements 89
11.3 Key Factors Affecting Results of Operations 91
11.4 Results of Operations 100
11.5 Development of Assets under Management (AuM) 108
11.6 Development of Financial Position 112
11.7 Liquidity and Capital Resources 115
11.8 Liquidity and Capital Resources - Cash Flows 116
11.9 Liquidity and Capital Resources - Indebtedness 118
11.10 Liquidity and Capital Resources - Contractual Obligations and Commitments 119
11.11 Regulatory Capital 119
11.12 Off-Balance Sheet Arrangements 120
11.13 Quantitative and Qualitative Disclosures about Market Risk 120
11.14 Critical Accounting Policies 123
11.15 Additional information relating to the Audited Standalone Financial Statements of the Company prepared in accordance with HGB (Handelsgesetzbuch) as of and for the financial year ended December 31, 2017 124

Part 12: Markets and Competition **125**
12.1 Overview 125
12.2 Recent trends by product type 127
12.3 Recent trends by region 128
12.4 Outlook 130
12.5 Regulatory changes 131
12.6 Digitization 132
12.7 Competition 132

Part 13: Business **135**
13.1 Overview 135
13.2 Competitive strengths 137
13.3 Strategy 139
13.4 Our Business 141
13.5 Harvest Fund Management (Associate Investment) 163
13.6 Investments (Seed Investments and Co-investments) 164
13.7 Employees 165
13.8 Property, Plants and Equipment 167
13.9 Intellectual Property 167
13.10 Information Technology 167
13.11 Risk Management 168
13.12 Legal and Arbitration Proceedings 178

13.13 Insurance 179
13.14 Material Contracts 180
13.15 Related Party Transactions 185

Part 14: Regulatory and Legal Environment 186
14.1 Overview 186
14.2 DWS Group's key regulators 190
14.3 Laws and Regulations applicable to DWS Group's asset management activities 194
14.4 Laws and Regulations applicable to DWS Group's banking activities 214

Part 15: Shareholder Information 218
15.1 Share Ownership 218
15.2 Controlling Interest 218

Part 16: Description of the Company's Share Capital and Applicable Regulations 219
16.1 Share Capital 219
16.2 General Provisions Governing a Liquidation of the Company 223
16.3 General Provisions Governing a Change in the Share Capital 223
16.4 General Provisions Governing Subscription Rights 224
16.5 Exclusion of Minority Shareholders 225
16.6 Shareholder Notification Requirements; Mandatory Takeover Bids 226
16.7 Directors' Dealings 228

Part 17: Corporate Bodies and Management 229
17.1 Overview 229
17.2 DWS Management GmbH (General Partner) 233
17.3 Shareholders' Resolutions of General Partner 233
17.4 Managing Directors of General Partner 233
17.5 DWS Group GmbH & Co. KGaA – Supervisory Board 239
17.6 Further Information on the Managing Directors and members of the Supervisory Board 244
17.7 Management and Employee Participation Program 245
17.8 Corporate Governance 246

Part 18: Certain Relationships and Related-Parties 248
18.1 Relationships and Transactions with Key Management Personnel 248
18.2 Relationships and Transactions with Affiliates 249
18.3 Relationships and Transactions with Pension Plans 249

Part 19: Underwriting 250
19.1 General 250
19.2 Underwriting Agreement 251
19.3 Commission 251
19.4 Greenshoe Option and Securities Loan 252
19.5 Termination/Indemnification 252
19.6 Selling Restrictions 252
19.7 Target Market (Product Governance) 254
19.8 Other Interests of the Underwriters in the Offering 255

Part 20: Taxation 256
20.1 Taxation in Germany 256
20.2 Taxation in Luxembourg 268

Part 21: Financial information F-1

Part 22: Glossary G-1

Part 23: Recent Developments and Outlook O-1
23.1 Recent Developments O-1
23.2 Outlook O-1

Part 24: Addresses U-1

I. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements (“**Elements**”). These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words „not applicable”.*

Section A – Introduction and Warnings

A.1 Warnings.	This summary should be read as an introduction to this prospectus. The investor should base any decision to invest in the securities at hand on the review of this prospectus as a whole. In case a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area (the “**EEA**”), have to bear the costs of translating this prospectus before the legal proceedings are initiated. Those persons who have assumed responsibility for the summary including any translations thereof, or who have caused its publication (*von denen der Erlass ausgeht*), can be held liable but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or if it does not provide, when read together with the other parts of this prospectus, all necessary key information. DWS Group GmbH & Co. KGaA, Frankfurt, Germany (the “**Company**”), together with Deutsche Bank AG (“**Sole Global Coordinator and Bookrunner**”) and Barclays Bank PLC (“**Barclays**”), Citigroup Global Markets Limited (“**Citigroup**”), Credit Suisse Securities (Europe) Limited (“**Credit Suisse**”), BNP PARIBAS (“**BNP PARIBAS**”), ING Bank N.V. (“**ING**”), Morgan Stanley & Co. International plc (“**Morgan Stanley**”), UBS Limited (“**UBS**”), UniCredit Bank AG (“**UniCredit**” together with Barclays, Citigroup, Credit Suisse, BNP PARIBAS, ING, Morgan Stanley, and UBS, the “**Joint Bookrunners**”), COMMERZBANK Aktiengesellschaft (“**COMMERZBANK**”), Daiwa Capital Markets Europe Limited (“**Daiwa**”), Banca IMI S.p.A. (“**Banca IMI**”), Nordea Bank AB (publ.) (“**Nordea**”) and Banco Santander, S.A. (“**Santander**”, and together with COMMERZBANK, Daiwa, Banca IMI and Nordea, the

		"**Co-Lead Managers**", and the Co-Lead Managers together with the Joint Bookrunners and the Sole Global Coordinator and Bookrunner, the "**Underwriters**"), have assumed responsibility for the content of this summary and its German translation pursuant to Section 5 para. 2b No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).
A.2	**Information regarding the subsequent use of the prospectus.**	Not applicable. Consent to use this prospectus for a subsequent resale has not been granted.
Section B – Issuer		
B.1	**Legal and commercial name.**	The Company's legal and commercial name is *DWS Group GmbH & Co. KGaA*. "**DWS Group**" is defined as the Company, together with (i) the subsidiaries and (ii) the asset management activities of shared entities, each of (i) and (ii) as described in the audited combined financial statements of the Company. Shared entities are consolidated subsidiaries of Deutsche Bank AG where both asset management services and non-asset management services were provided. DWS Group has been using the brand names "Deutsche Asset Management" or "Deutsche AM", but following the registration of its new legal name, has started to primarily use the brand name "DWS" and will phase in the new brand globally by the end of 2018.
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation.**	The Company has its registered seat in Frankfurt am Main, Germany and its business address at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Germany, and is registered with the commercial register (*Handelsregister*) of the local court of Frankfurt am Main, Germany (the "**Commercial Register**"), under number HRB 111128. The Company is a partnership limited by shares (*Kommanditgesellschaft auf Aktien)* incorporated in Germany and governed by German law.
B.3	**Current operations and principal business activities and principal markets in which the issuer competes.**	DWS is a global asset manager with €700 billion of assets under management ("**AuM**"; as at December 31, 2017) and a diverse offering that spans traditional active and passive strategies, as well as alternatives and bespoke solutions. DWS has a global footprint and a scaled presence in key markets. As of December 31, 2017, by region, Germany accounts for 42% of its total AuM; Europe, the Middle East and Africa ("**EMEA**") ex-Germany for 25%; the Americas for 28%; and Asia Pacific ("**APAC**") for 5%. By AuM, approximately 54% of its clients are institutional investors, including pension funds and insurers; and 46% are retail customers, including those who invest through intermediaries and distributors as well as direct individual investors. DWS's digital capabilities are creating new channels to distribute products and services.

Diversified clients and broad distribution

DWS has a diversified and balanced client base, both geographically and across the retail and institutional market segments. In Germany, we have a retail market share of 26.3% as of December 31, 2017 (according to BVI statistics).

Our clients are served by a coverage team of approximately 350 professionals, which extends to 70 countries across EMEA, the Americas, and APAC. Our distribution reach across multiple channels is designed to support growth.

Leading brands like DWS Investments, RREEF (the brand of Rosenberg Real Estate Equity Funds) and Xtrackers, our expanding digital capabilities and solutions, and our relationship with Deutsche Bank AG and its consolidated subsidiaries (the "**DB Group**") support the distribution of our products and services. Following our separation from the DB Group, Deutsche Bank AG will remain a strong distribution partner.

Investment performance and platform

Measured against the relevant benchmarks, DWS has achieved consistent investment outperformance[1] for its clients. This is evidenced by 74% and 79% of its active and alternatives strategies having beaten their benchmarks, as a proportion of total AuM, over three and five years gross of fees, respectively[2].

These results were generated by DWS's globally integrated investment platform, which covers all major asset classes, investment styles, and solutions. The platform spans 17 countries and employs 900 investment professionals, many of whom have been with the business for years; the average tenure of our investment professionals is about a decade. Supported by the Aladdin research and risk management system, which we implemented in 2016, the investment platform employs a global, consistent, and transparent investment process.

Our investment activities are further supported by DWS's global trading capability, which consolidates activity in three regional hubs and provides global access to liquidity across asset classes.

[1] To measure outperformance, each fund or mandate of DWS Group which has a benchmark has its performance (gross of fees) measured against that benchmark. Where a fund or mandate outperforms its benchmark, the AuM held by such fund or mandate is included in the total proportion of our AuM included in outperformance figures. Outperformance is only one factor among many that influences the levels of our AuM, and the levels of our AuM are only one factor that contributes to our results of operations and financial position. Historical outperformance statistics should not be considered a substitute for financial information and trends in outperformance do not correlate with changes in net income.

[2] The outperformance ratio is defined as the AuM of all funds and mandates of DWS Group that outperformed their benchmark over the given period divided by the AuM of all funds and mandates that have a benchmark assigned. Performance data is based on our internal performance review database and measured gross of fees and as of December 2017 and for Alternatives (excluding Liquid Real Assets) as of September 2017.

Operating platform

DWS's operating platform is robust and scalable, and includes digital capabilities that support initiatives across investment, distribution, and cost and operational efficiency. Our separation from DB Group is expected to provide us further opportunities to simplify and automate processes, continue expanding lower cost locations for staff where appropriate, and implement a more efficient infrastructure.

We believe we can leverage technology and intelligent solutions to further enhance our product offering, maintaining an average management fee margin of at least 30 basis points, reduce costs, and deliver shareholder value.

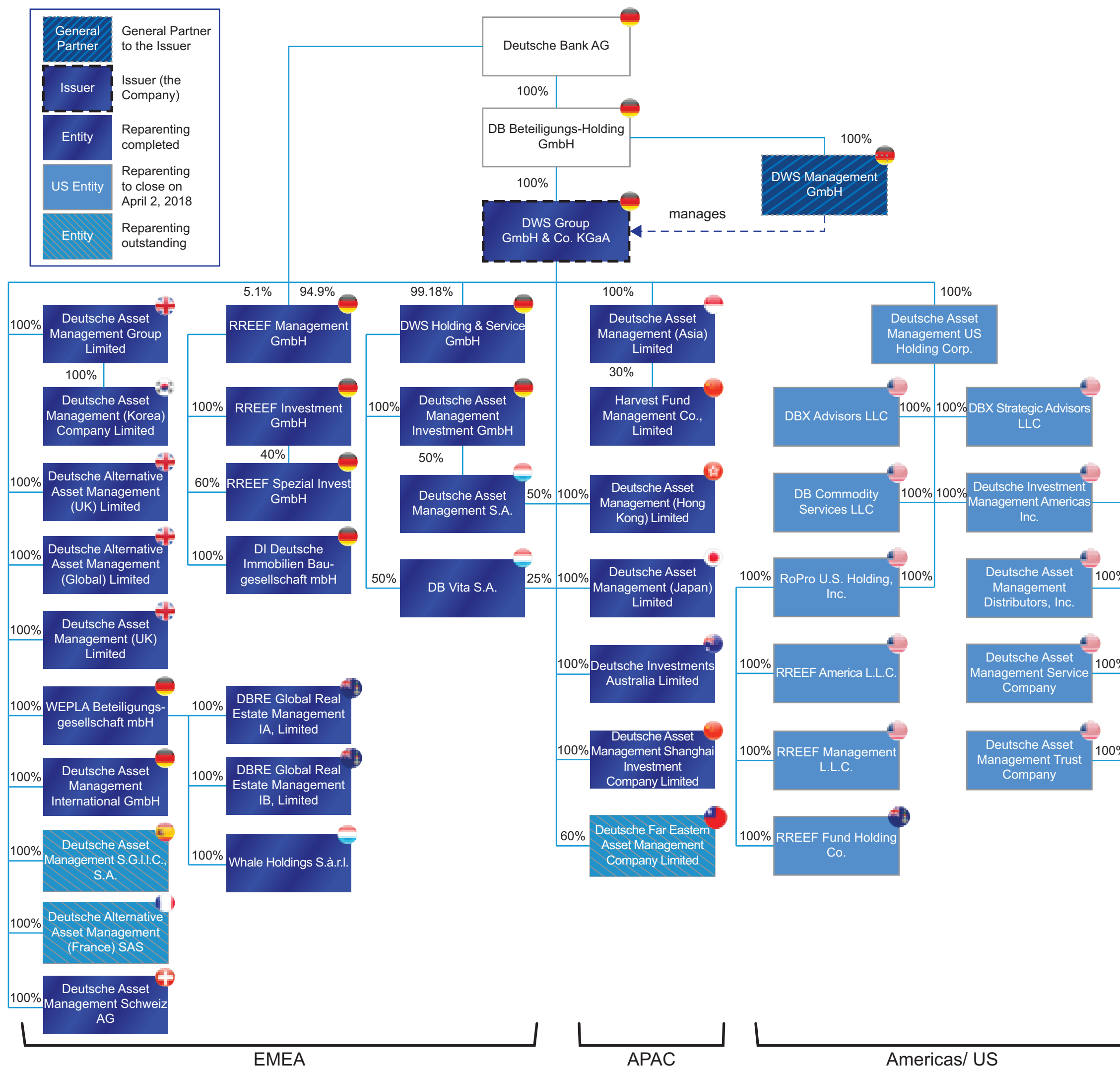
B4a	**Most significant recent trends affecting the issuer and the industry in which it operates.**	DWS's broad capabilities are aligned with global growth opportunities. Industry AuM grew by 7% in 2016 to $69.1 trillion, and the Boston Consulting Group ("**BCG**") expects it to increase to $92 trillion by 2021.[1] In DWS's home market of Germany, AuM has increased at a compound annual growth rate ("**CAGR**") of 7% in the decade since 2007, according to BCG, largely as a result of rising wealth. DWS believes several major developments are currently taking place in the asset management industry: • Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment; • Low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios; • Asset managers are developing new digital distribution capabilities as a way of accessing retail / direct-to-consumer channels, such as robo-advisory, particularly among younger customers; • Strong growth in outcome-oriented products, such as multi asset, is driven by a combination of demographics (the "baby boomer" generation demands increasingly sophisticated retirement solutions) and the shift from "defined benefit" to "defined contribution" pension funding; • An evolving regulatory framework, such as the shift to open architecture which is stimulating demand by improving transparency and choice for end consumer.

[1] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)

B5 **Description of the Group and the issuer's position within the Group.**

The Company is the parent company of the DWS Group. The Company's business is a holding company for the DWS Group and the business conducted by the Company's subsidiaries.

The following diagram provides a simplified overview of the DWS Group structure, including our direct and indirect shareholders and our significant subsidiaries and their relation to the Issuer. The light blue shadings in the diagram signify DWS Group's entire US operations the transfer of which to DWS Group was irrevocably and unconditionally agreed on March 8, 2018 (with closing on April 2, 2018). The light blue shadings with white stripes signify three immaterial subsidiaries (aggregate equity value less than 0.5% of the DWS Group's net asset value) where the transfers have been agreed, but not yet closed:



B.6 **Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital and voting rights.**

As of the date of this prospectus, the following persons, directly or indirectly, have a notifiable interest in the Company's capital and voting rights:

- Deutsche Bank AG (100% indirect)
- DB Beteiligungs-Holding GmbH (100% direct)

Following the Offering (defined below), Deutsche Bank AG will indirectly hold 75%, and DB Beteiligungs-Holding GmbH will directly hold 75%, of the Company's capital assuming the placement of all Offer Shares (as defined below).

	Voting rights.	Each Company share carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights. All shares have identical voting rights; however, DB Beteiligungs-Holding GmbH is not entitled to vote its shares in certain situations, for example, for the election of the supervisory board members of the KGaA.
	Direct or indirect control over the issuer and nature of such control.	Apart from the above mentioned shareholders, the Company is currently not aware of any shareholders that directly or indirectly hold 3% or more of the voting rights in the Company. There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company. The management of the Company is neither under the direction of any other company nor any other person, in particular on the basis of a domination agreement, and is not controlled by another company or person. As of the date of this Prospectus, DB Beteiligungs-Holding GmbH (the "Selling **Shareholder**") directly owns 100% of the issued and outstanding share capital of DWS Group GmbH & Co. KGaA and 100% of the issued and outstanding share capital of DWS Management GmbH (the "**General Partner**"), the general partner (*Komplementär*) of the Company. On or around April 1, 2018 the Company and Deutsche Bank AG expect to enter into a relationship agreement which lays down mutually agreed principles for conduct, conflict resolution and compliance with applicable legal and regulatory requirements. The Company will be obligated, under certain circumstances, to adopt Deutsche Bank AG policies and to provide information or other data to enable Deutsche Bank AG to comply with regulatory obligations.
B.7	**Selected key historical financial information.**	The financial information contained in the following tables is taken or derived from the DWS Group's audited combined financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015 and the Company's internal reporting system. The audited combined financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). KPMG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany ("**KPMG**"), has audited the combined financial statements for the fiscal years ended December 31, 2017, 2016 and 2015 and issued an unqualified auditor's report thereon. The aforementioned audited combined financial statements and the auditor's report thereon are included in this prospectus. Where financial data in the following tables is labeled "audited", this means that it has been taken from the audited

combined financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the audited combined financial statements mentioned above but rather was taken from the Company's internal reporting system, or has been calculated based on financial data from the above mentioned sources. All of the financial data presented in the text and tables below are shown in millions of euro ("**EUR**") (in € million), except as otherwise stated. Certain financial data (including percentages) in the following tables have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in the following tables may not correspond in all cases to the corresponding rounded amounts contained in the following tables. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial data presented in parentheses denotes the negative of such number presented. The Company's historical results are not necessarily indicative of the results that should be expected in the future.

Selected data taken or derived from the combined statement of income

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

Selected data from the combined statement of financial position

(in € million)	As of ended December 31,		
	2017	**2016**	**2015**
	(audited unless otherwise noted)		
Assets			
Cash and interbank balances	3,317	4,017	4,666
Total financial assets at fair value through profit or loss	1,907	4,558	5,594
Goodwill and other intangible assets	3,624	3,914	3,795
Remaining assets[(1)] (unaudited)	2,379	2,875	2,673
Total assets	**11,226**	**15,363**	**16,729**
Liabilities			
Total financial liabilities at fair value through profit or loss	713	791	770
Remaining liabilities[(2)] (unaudited)	4,147	8,080	9,771
Total liabilities	**4,860**	**8,871**	**10,541**
Net asset value	**6,366**	**6,492**	**6,188**
Total liabilities & Net asset value	**11,226**	**15,363**	**16,729**

(1) Sum of financial assets available for sale, equity method investments, loans, property and equipment, other assets, assets for current tax, and deferred tax assets as found in the combined balance sheet in the Audited Combined Financial Statements.

(2) Sum of deposits, other short-term borrowings, other liabilities, provisions, liabilities for current tax, deferred tax liabilities and long-term debt as found in the combined balance sheet in the Audited Combined Financial Statements.

Selected data from the combined statement of cash flow

(in € million)	For the year ended December 31,		
	2017	**2016**	**2015**
		(audited)	
Net cash provided by (used in) operating activities	920	(1,013)	889
Net cash provided by (used in) investing activities	(55)	42	42
Net cash flows from financing activities	(510)	(292)	(89)
Net effect of exchange rate changes on cash and cash equivalents	**40**	**0**	**(11)**
Net increase in cash and cash equivalents	**395**	**(1,262)**	**830**
Cash and cash equivalents at the beginning of the year	2,153	3,415	2,585
Cash and cash equivalents at the end of the year	**2,547**	**2,153**	**3,415**

Selected Key Performance Measures

The financial measures in the following table are not recognized under generally accepted accounting principles (“**GAAP**”). Non-GAAP financial measures, also referred to as alternative performance measures (“**APMs**”) are measures of the DWS Group’s historical or future performance, financial position or cash flows that, unlike the audited figures extracted from the financial statements in the preceding tables, contain adjustments that exclude or include amounts that are included or excluded, as the case may be, from the most directly comparable measure calculated and presented in accordance with IFRS in the DWS Group’s financial statements. Our management uses APMs to provide supplemental information to develop a fuller understanding of our cash generation capacity and the growth of our business and brand, but these should not be considered as alternatives to net income or income before tax as measures of our profitability. Similar APMs are used by our peers within the asset management industry, but these may be

calculated differently and may not be comparable to the APMs we use, even where the names of such APMs and non-GAAP measures might be similar. We provide a definition and, where possible, a reconciliation of APMs to the closest IFRS or GAAP measure, below.

	As of and for the year ended December 31,		
	2017	2016	2015
	(unaudited, unless otherwise noted)		
Assets under Management (AuM) [(1)] (in € billions) (audited)	700	689	714
Net flows[(2)] (in € billions) (audited)	16	(39)	19
Net flows[(2)] excluding cash and insurance (in € billions)	23	(22)	31
Management Fee Margin[(3)] (in basis points, (“**bps**”))	31.5	30.9	31.7
Adjusted Revenues[(4)] (in € millions)	2,456	2,357	2,618
Adjusted Costs[(5)] (in € millions)	(1,710)	(1,647)	(1,887)
Cost-Income Ratio (CIR)[(6)] (in %)	69	73	75
Adjusted Cost-Income Ratio[(7)] (in %)	70	70	72
Adjusted Profit before Tax[(8)] (in € millions)	747	709	731

(1) AuM is defined as (a) assets held on behalf of customers for investment purposes and/or (b) client assets that are managed by DWS 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 at each reporting date. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM does not consider our investment in Harvest, they do include seed capital and any committed capital on which we earn management fees. Any regional cut of AuM reflects the location where the product is sold and distributed (i.e. sales view), which may deviate from the booking center view reflected for the revenues.

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

(3) Management Fee Margin is calculated by taking the sum of management fees and other recurring revenues for a period divided by average AuM for the same period. Annual average AuM are generally calculated using AuM at the beginning of the year and the end of each calendar month (e.g. 13 reference points). The following table presents the calculation of Management Fee Margin reconciled to Management fees for the periods shown:

Calculation of Management Fee Margin	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise stated)		
A. Management fees and other recurring revenues (in € millions) (audited)	2,195	2,140	2,263
B. Average Assets under Management (in € billions)	698	693	718
Management Fee Margin ([A]/[B]) (in bps)	**31.5**	**30.9**	**31.7**

(4) Adjusted Revenues presents revenues excluding non-recurring items, such as disposal gains, revenue from insurance payments, and other non-recurring income items in excess of +/- €10 million and from the former non-core operations unit (“**NCOU**”). We use this metric to show revenues on a continuing operations basis, in order to enhance comparability against other periods. The table below shows the reconciliation of Adjusted Revenues to total net interest and noninterest income as contained in our financial statements:

Calculation of Adjusted Revenues	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise noted)		
Total net interest and noninterest income (audited)	**2,509**	**2,415**	**2,576**
Sale of PowerShares fund [(i)]	0	0	(42)
HETA [(ii)]	0	(58)	86
Insurance Recovery [(iii)]	(52)	0	0
AM NCOU [(iv)]	0	(1)	(2)
Adjusted Revenues	**2,456**	**2,357**	**2,618**

(i) Sale of PowerShares DB fund suite in 2015 resulted in disposal gains of €42 million.

(ii) Adjustment for HETA Asset Resolution AG exposure (“**HETA**”). This adjustment relates to an €86 million valuation adjustment in 2015 as well as a €58 million gain in 2016 from the subsequent disposal of the non-performing portion of the Hypo Alpe Adria bank’s bond, which was guaranteed by the Republic of Austria. This bond was not held directly by DWS but by one of our consolidated guaranteed funds.

(iii) Adjustment related to a litigation case of the NCOU which was settled in 2017 (see footnote (i) to footnote (5) below). The DWS Group received in 2017 an insurance payment via an external party which was booked as income.

(iv) Adjustment for Asset Management business of the NCOU.

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

Calculation of Adjusted Costs	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise noted)		
Total noninterest expenses (audited)	**(1,725)**	**(1,769)**	**(1,943)**
Litigation[i]	(0)	129	1
Restructuring activities (audited)	6	46	(1)
Severance costs	11	24	8
Impairments of goodwill and other intangibles	0	0	0
Insurance Recovery[i].	0	(35)	0
AM NCOU [ii].	0	2	1
Withholding tax refund[iii]	0	(45)	47
Adjusted costs *(in € million)*	**(1,710)**	**(1,647)**	**(1,887)**

(i) Adjustment for a litigation case which was settled in 2017. This resulted in a €129 million provision (shown under the litigation line) which was partially mitigated by the recognition of a €35 million internal insurance recovery in 2016.

(ii) Adjustment for Asset Management business of the NCOU.

(iii) Adjustment for inconsistencies in preparing and processing withholding tax reclaim applications resulted in provisions of approximately €(47) million for 2015. Based on the final fiduciary review in 2016 and the achieved agreement, the Company has compensated the affected funds in an amount of approximately €2 million. The remaining provision of €45 million was released.

(6) Cost-income ratio is the ratio our noninterest expenses bears to our net interest and noninterest income. The table below sets out our net interest and noninterest income and noninterest expenses for each period and the calculation of the cost-income ratio:

Calculation of Cost-Income Ratio	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise noted)		
A. Total net interest and noninterest income (audited)	2,509	2,415	2,576
B. Total noninterest expenses (audited)	(1,725)	(1,769)	(1,943)
Cost-income Ratio (%) ([B]/[A])	**69**	**73**	**75**

(7) Adjusted cost-income ratio is based on adjusted revenues (see footnote 4 above) and adjusted costs (see footnote 5 above). The table below shows the calculation of our adjusted cost-income ratio:

Calculation of adjusted cost-income ratio	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
		(unaudited)	
A. Adjusted revenues	2,456	2,357	2,618
B. Adjusted costs	(1,710)	(1,647)	(1,887)
Adjusted Cost-income ratio (%) ([B]/[A])	**70**	**70**	**72**

(8) Profit Before Tax (PBT) has been calculated based on operating result. Adjusted PBT is calculated by adjusting PBT to account for the impact of the revenue and cost adjustment items as explained under footnotes (4) and (5) above. A reconciliation of Adjusted PBT to the audited financial result is presented in the table below:

Calculation of Adjusted PBT	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless where otherwise noted)		
Profit Before Tax (audited)	783	647	633
Revenue adjustment items			
Sale of PowerShares fund	0	0	(42)
HETA	0	(58)	86
Insurance Recovery	(52)	0	0
AM NCOU	0	(1)	(2)
Cost adjustment items			
Litigation	(0)	129	1
Restructuring activities (audited)	6	46	(1)
Severance costs	11	24	8
Impairments of goodwill and other intangibles	0	0	0
Insurance Recovery	0	(35)	0
AM NCOU	0	2	1
Withholding tax refund	0	(45)	47
Adjusted PBT	**747**	**709**	**731**

Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information.	**Results of Operations** Our total net interest and noninterest income decreased by 6% from €2,576 million in the year ended December 31, 2015 to €2,415 million in the year ended December 31, 2016 before increasing by 4% to €2,509 million in the year ended December 31, 2017. Adjusted revenues decreased by 10% from €2,618 million in the year ended December 31, 2015 to €2,357 million in the year ended December 31, 2016 and increased by 4% to €2,456 million in the year ended December 31, 2017. The movements in net interest and noninterest income are predominantly due to corresponding increases and decreases in AuM which drives increases and decreases in management fees. The decline in AuM in 2016 was driven by challenging market conditions exacerbated by challenges at the Deutsche Bank Group level including negative market perceptions concerning Deutsche Bank, market rumors surrounding the future of the Company and changes in its management. Our AuM levels recovered in 2017, leading to an increase in total net interest and noninterest income. Profit before tax increased from €633 million in the year ended December 31, 2015 by 2% to €647 million in the year ended December 31, 2016 and increased by 21% to €783 million in the year ended December 31, 2017. Net income (loss) decreased from €458 million in the year ended December 31 2015 by 1% to €452 million in the year ended December 31, 2016 and increased by 40% to €634 million in the year ended December 31, 2017. **Significant changes to financial condition and operating results subsequent to the period covered by the historical key financial information.** The irrevocable and unconditional transfer of Deutsche Asset Management US Holding Corporation from Deutsche Asset Management USA Corporation (DB Group's holding company for its US asset management business) to the DWS Group was agreed on March 8, 2018 and will close on April 2, 2018. This transfer will result in a significant increase in assets and equity in the Company's unconsolidated balance sheet (currently estimated to range between 15% and 20% of the Company's aggregated unconsolidated equity). Please note, however, as the transfer was already contemplated as at December 31, 2017, these entities have been included in the combined financial information of the DWS Group included in this Prospectus. Other than that, there have been no significant changes to the financial condition and operating results of the Company since December 31, 2017. **Recent Developments** In December 2017, the Company announced that it will introduce DWS as its new global brand. The rebranding of various legal entities and product lines is in progress and is expected to be completed in 2018.

		In March 2018, the Company changed its legal form to a partnership limited by shares (*Kommanditgesellschaft auf Aktien* – "**KGaA**"). On March 8, 2018, following approval from the Board of Governors of the Federal Reserve System in the United States to designate Deutsche Asset Management US Holding Corporation as an intermediate holding company, the transfer of Deutsche Asset Management US Holding Corporation from DB Group to the DWS Group was irrevocably and unconditionally agreed. The transfer will close on April 2, 2018. The combined financial information contained in this Prospectus presents financial information of the entire business of DWS Group (including the US business held by Deutsche Asset Management US Holding Corporation) as if the entire business was held by DWS Group as of January 1, 2015.
B.8	**Selected key pro forma financial information.**	Not applicable. No pro forma financial information has been prepared by the Company.
B.9	**Profit forecast or estimate.**	Not applicable. No profit forecast or estimate is being presented by the Company.
B.10	**Qualifications in the audit report on the historical financial information.**	Not applicable. The auditor's reports on the historical financial information included in this prospectus have been issued without qualification.
B.11	**Insufficiency of the issuer's working capital for its present requirements.**	Not applicable. The Company is of the opinion that the DWS Group is in a position to meet its payment obligations that become due within at least the next twelve months.
Section C – Securities		
C.1	**Type and class of the securities being offered and/or admitted to trading.**	Ordinary bearer shares (*Inhaberaktien*) (the "**Shares**") with no-par value, each with a notional interest in the share capital of the Company of €1 and full dividend rights from January 1, 2018.
	Security identification number.	International Securities Identification Number (ISIN): DE000DWS1007. German Securities Code (*Wertpapier-Kenn-Nummer*, WKN): DWS 100. Common Code: 179193469. Trading Symbol: DWS.
C.2	**Currency.**	The Company's shares are denominated in EUR. The accounting currency is also EUR.

C.3	**The number of shares issued and fully paid.**	As of the date of this prospectus, the share capital of the Company amounts to €200,000,000.00 and is divided into 200,000,000 ordinary bearer shares with no par value. The share capital has been fully paid up. The Company's shares will be represented by a global share certificate (the "**Global Share Certificate**"), which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
	Notional value.	Each share of the Company represents a notional interest of €1 in the Company's share capital.
C.4	**A description of the rights attached to the securities.**	Each Company's share carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights. The Company's shares carry full dividend rights as from January 1, 2018.
C.5	**A description of any restrictions on the free transferability of the securities.**	Not applicable. The Company's shares as offered and to be transferred to investors are freely transferable in accordance with the legal requirements for ordinary bearer shares.
C.6	**Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded.**	The Company will apply for admission of the Company's shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about March 13, 2018.
C.7	**Dividend policy.**	The Company currently intends to pay a dividend of between 65% and 75% of the Company's annual consolidated net income. Any determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, distributable reserves under the German Commercial Code (*Handelsgesetzbuch* — "**HGB**"), financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities and regulatory requirements.
Section D – Risks		
D.1	**Key risks specific to the issuer and its industry.**	An investment in the Company's shares is subject to a number of risks. Prospective investors should read the entire document and carefully consider the following risks together with all the other information contained in this prospectus prior to making any investment decision regarding the Company's shares. The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem

immaterial, could materially adversely affect the Company's business, financial condition and results of operations. The market price of the Company's shares could fall if any or all of these risks were to materialize, in which case prospective investors could lose all or part of their investment.

The order in which the risks are presented here or in the body of the Prospectus is not an indication of the likelihood of these risks actually materializing, or their likely significance or degree, or the scope of any potential harm to the Company's business, financial condition, or results of operations that might result.

There are multiple risks related to the asset management sector. There can be changes in exchange rates, interest rates and the value of shares, bonds and other financial instruments and these changes can significantly impact our AuM, which serves as the basis for the calculation of management fees, total net interest and noninterest income and equity. The demand for asset management products depends on factors outside our control that impact the asset management sector as a whole and on political and general macroeconomic conditions. In addition, the asset classes we manage may become less attractive to investors, competition, which is already at a high level, may further increase or change, management fees are subject to competitive and market pressure and may decline, failure or negative performance of products offered by competitors may cause AuM in our products to decline irrespective of our performance.

There are also various risks related to our activities, including risks related to our performance, in particular the development of our AuM, net flows, distribution partners and distribution channels, guaranteed funds, and products. We also face reputational, strategic, operational, regulatory and financial risks, not limited to risks associated with capital requirements, liquidity, interest rates, costs and expenses, and with risks arising from competition, including as a result of our failure to keep pace with development, technological and otherwise, or arising from our relationship with clients. Moreover, we are dependent on our employees, management and vendors to act appropriately, to use proper judgment in protecting our business and executing their job functions, to prevent errors and to ensure compliance with laws and client mandates. We may be unable to protect our infrastructure and data, or may be unable to implement effective policies to ensure compliance with laws and regulation, including regulatory capital requirements. Any of these risks could materialize and impact our revenues, financial position and results of operations.

Further, there are multiple risks in connection with our relationship with DB Group as a result of our establishment as a separate group. The transfer of our US operations from DB Group has not yet been completed. As a consequence, there is a risk that we could be unable to operate as a group as currently contemplated, which would have significant negative effects on our revenues, profitability and our prospects, and that our combined financial statements would not reflect that such transfer has not occurred. Our operations and strategy are subject to the influence of the DB Group as Deutsche Bank AG controls our shareholder, DB Beteiligungs-Holding GmbH, which is also parent of our General Partner. In addition, we have significant commercial relationships with DB Group both as a distribution partner and provider of services, and our shareholder is DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG. DB Group will provide us with significant services pursuant to certain service agreements and if or when these agreements terminate, we will need to replace the services, and the economic terms of new arrangements may be less favorable to us. We or our affiliates may not successfully manage actual or potential conflicts of interests, and our separation from DB Group could have a negative impact on our business. Our historical results may not be representative of our future results, we may fail to achieve our business and strategic targets, expectations or objectives and we have limited experience operating as a stand-alone, publicly traded entity and the control and prevention mechanisms of our compliance structure may not have been, or may not be, sufficient to adequately protect us from all legal or financial risks.

The asset management industry is subject to extensive and pervasive regulation which applies to us. These regulations are subject to change and could become even more burdensome in the future, creating unforeseen costs to us. We are subject to the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act, German Criminal Law and other anti-money laundering and anti-corruption laws, as well as export control laws, customs laws, sanctions laws, tax laws and other laws governing our operations and the amount of capital we are required to maintain and if we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, results of operations and financial condition. Guilty pleas by or convictions of us, our affiliates and our employees in criminal proceedings may have consequences that have adverse effects on our business and our ability to operate. Our business involves risks of potential litigation that could harm our business. Data protection laws are becoming increasingly burdensome and could carry enhanced risk of exposure. Regulatory reforms in the EU and internationally expose us and our clients to increasing regulatory burdens. For example, the European Banking Authority has published interpretation guidance on the treatment of guaranteed funds products and following its

		review of the prudential regime for investment firms, the European Commission adopted a proposal for a regulation and a proposal for a directive to amend the current EU prudential rules for investment firms. We face structural changes in the competitive landscape. New tax reporting requirements resulting from the global fight against tax evasion will subject us to additional administrative burdens. New tax legislation could have a material adverse effect on our business. Failure to comply with laws and regulations applicable to us could result in harm to our reputation, regulatory penalties or fines, and a material adverse effect on our results of operations.
D.3	**Key risks specific to the securities.**	There is currently no existing market for the Company's shares and an active or liquid market might not develop. The Company's shares may not be delivered and the transaction not consummated. Deutsche Bank AG will be able to continue to exercise substantial influence over the Company and its business activities as our indirect principal shareholder and parent of the General Partner. The interests of shareholders purchasing securities hereunder could conflict with the interests of Deutsche Bank AG. In the context of the opening of a resolution procedure under an applicable recovery and resolution regime against us or DB Group, our shares could be cancelled or heavily diluted and large sales of shares in the Company or anticipated sales of a substantial number of shares in the Company or similar transactions conducted by DB Group or other groups of shareholders could adversely affect the share price. Future capital-related measures may adversely affect the market price of the shares and could result in a substantial dilution of existing shareholdings in the Company. The price at which the shares will be traded and the trading volume of the shares may be volatile, and investors could lose all or part of their investment. The Company will incur increased costs as a result of operating as a public company, and its management will be required to devote substantial time to new compliance initiatives and to additional legal, regulatory and administrative requirements where failure to comply could possibly damage our reputation and may affect an investment in the Shares, our results of operations, and the Company's ability to pay dividends (which primarily depends on dividends from our subsidiaries and permitted payments to us under intercompany arrangements with subsidiaries). Further, the fact that investors might not be familiar with the German legal form of a KGaA could adversely affect the market price of the Company's shares.

Section E – Offer

E.1	**The total net proceeds.**	The Company will not receive any proceeds of the Offering (as defined below in *E.3*) resulting from the sale of the Offer Shares (as defined below in *E.3*). The Selling Shareholder will receive all the net proceeds from the sale of the Sale Shares in the base deal and from the sale of Additional Sale Shares to the extent the Upsize Option (both as defined below under E.3) is exercised and from a sale of the Over-Allotment Shares (both as defined below in *E.3*), if and to the extent the Greenshoe Option (as defined below in *E.3*) in relation to the Over-Allotment Shares is exercised. Assuming a placement of (i) all of the Sale Shares (40,000,000 shares) (as defined below in *E.3*), (ii) all of the Additional Sale Shares (4,782,600 shares) (as defined below in E.3) and (iii) all of the Over-Allotment Shares (5,217,400 shares) at the mid-point (€33.00) of the Price Range (as defined below in *E.3*) set for the offering of the Offer Shares (as defined below in *E.3*) as well as (iv) full exercise of the Greenshoe Option (as defined below in *E.3*) in relation to the Over-Allotment Shares (as defined below in *E.3*), the Company estimates that the aggregate net proceeds to the Selling Shareholder would amount to approximately €1,598 million assuming Offering costs and expenses of approximately €52 million.
	Estimate of the total expenses of the offering and listing, including estimated expenses charged to the investor by the issuer.	With the exception of certain regulatory fees in an immaterial amount, the costs of the Offering of the Offer Shares and listing of the Company's entire share capital are expected to be borne entirely by the Selling Shareholder. The Company will not pay any costs associated with underwriting commissions (including any discretionary fee) as such costs will be borne exclusively and directly by the Selling Shareholder. The Company and Selling Shareholder estimate the total costs of the Offering, including underwriting commissions, to amount to approximately €52 million (assuming all Offer Shares are placed at the mid-point (€33.00) of the Price Range and the full exercise of the Greenshoe Option). The Selling Shareholder will bear all expenses of the Offering and Listing, including expenses for the Company's financial and legal advisors directly related to the Offering. Such expenses are estimated to be approximately €52 million (including underwriting fees and commissions of approximately €40 million) (assuming all Offer Shares are placed at the mid-point of the Price Range and the full exercise of the Greenshoe Option). Investors will not be charged expenses by the Company or the Underwriters in connection with their role as underwriters. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

E.2a	**Reasons for the offering.**	The Selling Shareholder has informed us that it intends to have the Company's shares admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) to achieve better access for us to the capital markets and to make our equity more attractive as compensation or transaction consideration. The Selling Shareholder will offer the shares to partially divest its shareholding in the Company and provide liquidity in the shares.
	Use of proceeds, estimated net amount of the proceeds.	The Company will not receive any proceeds of this Offering (as defined below in *E.3*).
E.3	**Offer conditions.**	The offering relates to the offer of up to 50,000,000 ordinary bearer shares of the Company (*Inhaberaktien*) with no-par value, each with a notional interest in the share capital of the Company of €1 and full dividend rights from January 1, 2018 (the "**Offering**"), consisting of: • 40,000,000 shares (the "**Sale Shares**") from the holdings of the Selling Shareholder; • up to 4,782,600 shares (the "**Additional Sale Shares**") from the holdings of the Selling Shareholder subject to the exercise of an upsize option upon decision of the Selling Shareholder on the date of pricing (the "**Upsize Option**"); and • up to 5,217,400 shares from the holdings of the Selling Shareholder in connection with potential over-allotments (the "**Over-Allotment Shares**" and, together with the Sale Shares and the Additional Sale Shares, the "**Offer Shares**"). The Offering consists of an initial public offering in the Federal Republic of Germany ("**Germany**") and the Grand Duchy of Luxembourg ("**Luxembourg**") and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States of America (the "**United States**"), the Company's shares will be offered and sold only to qualified institutional buyers as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Company's shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act.
	Offer Period.	The period during which investors may submit purchase orders for the Offer Shares is expected to begin on March 14, 2018 and is expected to end on March 21, 2018 for private investors and March 22, 2018 for institutional investors (the

	"**Offer Period**"). On the respective last day of the Offer Period, offers to purchase may be submitted (i) until 12:00 noon (Central European Time) ("**CET**") by private investors and (ii) until 14:00 (CET) by institutional investors.
Price range and Offer Price.	The price range within which purchase orders may be placed is €30.00 to €36.00 per Offer Share ("**Price Range**"). The placement price (the "**Offer Price**") and the final number of Offer Shares to be placed in the Offering have not yet been fixed as of the date of this prospectus and is expected to be set jointly by the Company and the Selling Shareholder on March 22, 2018 on the basis of the purchase orders submitted by investors that have been collated in the order book prepared during a bookbuilding process. The Offer Price and the final number of Offer Shares placed in the Offering (i.e., the results of the Offering) are expected to be published the same day by means of an ad-hoc release through an electronic information dissemination system and on the Company's website. Particularly if the placement volume proves insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to accept them in part only.
Amendments to the Terms of the Offering.	The Company and the Selling Shareholder reserve the right to increase or decrease the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period. Changes in relation to the number of Offer Shares, changes to the Price Range or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this prospectus, investors who submitted purchase orders before the supplement is published shall have the right, under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), to withdraw these offers to purchase within two business days of the publication of the supplement. Instead of withdrawing the offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days of the publication of the supplement. To the extent that the terms of the Offering are changed, such change will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the German Securities Trading Act (*Wertpapierhandelsgesetz*) or the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as an ad-hoc release via an electronic information system, on the Company's website and as a supplement to this prospectus. Investors who have submitted offers to purchase will not be notified individually. Under certain conditions, the Underwriters may terminate the underwriting agreement

regarding the offer and sale of the Offer Shares in connection with the Offering entered into with the Company and the Selling Shareholder on March 12, 2018 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Preferential Allocation.	Nippon Life Insurance Company (the "**Investor**") has agreed to acquire 5% of the share capital of the Company pursuant to an investment agreement. As part of the Offering, the Investor will be preferentially allocated 10,000,000 Offer Shares at the Offer Price pursuant to the terms of the investment agreement.
Delivery and Payment.	The delivery of the Offer Shares will be made against payment of the Offer Price to the Selling Shareholder and customary security commissions. Delivery of the Offer Shares is expected to take place on or around March 27, 2018. The Offer Shares will be made available to the shareholders as book entry securities pursuant to German law.
Stabilization Measures, Over-Allotment and Greenshoe Option.	In connection with the placement of the Offer Shares, Credit Suisse or its affiliates, acting for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager"**) and may, as Stabilization Manager acting in accordance with legal requirements (Art. 5 para. 4 and 5 of the Market Abuse Regulation (EU) No. 596/2014 in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), make over-allotments and take stabilization measures to support the market price of the Company's shares and thereby counteract any selling pressure. The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken from the date the Company's shares are listed on the regulated market on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than the thirtieth calendar day after such date (the "**Stabilization Period**"). These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level. Under the potential stabilization measures, investors may, in addition to the Sale Shares and Additional Sale Shares, be allocated up to 5,217,400 Over-Allotment Shares as part of

		the allocation of the shares to be placed (the "**Over-Allotment"**). For the purpose of a potential Over-Allotment, the Stabilization Manager in agreement with Barclays and Citigroup, for the account of the Underwriters, will be provided with up to 5,217,400 shares from the holdings of the Selling Shareholder in the form of a securities loan; the number of Over-Allotment Shares will not exceed 15% of the aggregate number of Sale Shares and Additional Sale Shares. In connection with the securities loan, the Selling Shareholder will grant the Underwriters an option to acquire a number of the Company's shares equal to the number of Over-Allotment Shares at the Offer Price less any fees and expenses (the "**Greenshoe Option"**) in lieu of returning the shares provided under the securities loan. The Greenshoe Option will terminate thirty calendar days after the date of allotment of the Offered Shares. The Stabilization Manager is entitled to exercise the Greenshoe Option up to the extent Over-Allotments were initially made. The number of shares for which the Greenshoe Option can be exercised will be reduced by the number of shares held by the Stabilization Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures. Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire EEA as to whether stabilization measures were taken, when price stabilization started and finished, and the price range within which the stabilization measures were taken; the latter will be made known for each occasion on which price stabilization measures were taken. Exercise of the Greenshoe Option, the timing of its exercise and the number and type of Company's shares concerned will also be announced promptly in the same manner.
E.4	**Interests material to the issue/offer including conflicting interests.**	Deutsche Bank AG is both an indirect 100% shareholder of the Company and is acting as Underwriter and Sole Global Coordinator and Bookrunner for the Offering. Deutsche Bank AG, through the Selling Shareholder, will remain an indirect majority shareholder following the Offering and their interests may not align with the interests of other shareholders resulting in a potential conflict of interest. In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have a contractual relationship with the Company and the Selling Shareholder as described in the bullet points below, resulting in potential conflicts of interest. • The Underwriters act for the Company and the Selling Shareholder on the Offering and coordinate the structuring and execution of the Offering. In addition, certain Joint Bookrunners have been appointed to act as designated

sponsors for the Company's shares and Deutsche Bank AG has been appointed to act as paying agent. Upon successful implementation of the Offering, the Underwriters will receive a commission. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering.

- Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for their own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Company. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in this prospectus.

- Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with the DWS Group (including lending activities) or may perform services for the DWS Group in the ordinary course of business. Among other relationships, Deutsche Bank AG is party to service agreements and a distribution agreement with the Company, controls the General Partner and has several representatives on the Company's supervisory board.

- The Selling Shareholder will receive the proceeds of the Sale Shares and Additional Sale Shares sold in the Offering as well as the potential sale of Over-Allotment Shares to the extent that the Greenshoe Option is exercised. Assuming full placement of all Sale Shares, Additional Sale Shares and Over-Allotment Shares at the mid-point of the Price Range and exercise of the Greenshoe Option in full, and after deducting fees and expenses of approximately €52 million to be paid by the Selling Shareholder in connection with the Offering and listing, the net proceeds to the Selling Shareholder from the Offering would amount to approximately €1,598 million and thus the Selling Shareholder and its shareholder, Deutsche Bank AG, have an interest in the consummation of the Offering. Please note that the Selling Shareholder has provided the Company with information (Deutsche Bank Research) on which the Company has made certain estimates or assumptions included in this Prospectus.

The Investor will receive a preferential allocation as part of the Offering. The Investor's interests will conflict with the

		interests of other persons submitting purchase orders who may not receive an allocation, or who will receive a smaller allocation, as a result of the Investor's right to be allocated 10,000,000 Offer Shares. The Investor's preferential allocation creates a conflict of interest with the Underwriters (except for Deutsche Bank AG) because only Deutsche Bank AG will receive a commission on the Offer Shares allocated to the Investor.
E.5	**Name of the person or entity offering to sell the security.**	The Company's shares are being offered for sale by the Underwriters on behalf of the Selling Shareholder.
	Lock-up agreement: the parties involved; and indication of the period of the lock-up.	In the Underwriting Agreement, the Company, Selling Shareholder and Deutsche Bank AG will each agree with the Underwriters that, without the prior written consent of Barclays, Citigroup and Credit Suisse for a period beginning on the date of this prospectus and ending 180 days after the first day of trading, it will not, subject to certain exemptions, offer, pledge, allot, sell, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company held by it or any of its subsidiaries (other than the Company and its subsidiaries). The Investor has agreed to a lock-up on its preferentially allocated shares for the duration of twelve months from settlement of the shares allocated to the Investor, which will occur simultaneously with, and as part of, the closing of the Offering, which is expected for March 27, 2018 or the termination of the strategic alliance (if earlier).
E.6	**Amount and percentage of immediate dilution resulting from the offering.**	As the offering includes only existing shares, there is no dilution to current shareholders of the Company. The Company's net asset value (calculated as total assets less total liabilities) as shown in the audited combined balance sheet as of and for the year ended December 31, 2017 amounted to €6,366 million. The net asset value of the Company was €6,366 million as of December 31, 2017, or €31.83 per Company share (based on 200 million shares). The Company will not receive any proceeds from the Offering, nor will it bear the expenses of the Offering. An Offer Price of €33.00 (the mid-point of the Price Range) would exceed the net asset value of €31.83 per Company share. Therefore, parties acquiring the Offer Shares as part of the Offering would experience an immediate dilution of €1.17, corresponding to 3.5%, per Company share (based on 200 million shares) assuming the net asset value of the Company remains otherwise unchanged from December 31, 2017.
E.7	**Estimated expenses charged to the investor by the issuer.**	Not applicable. Investors will not be charged expenses by the Company or the Underwriters in connection with their role as underwriters. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

II. ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte („**Punkte**“) bezeichnet sind. Die Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art der Wertpapiere und des Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art der Wertpapiere und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „Entfällt“.*

Abschnitt A – Einleitung und Warnhinweise

A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Bei jeder Entscheidung zur Anlage in die vorliegenden Wertpapiere sollte sich der Anleger auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums („**EWR“**) die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt. Die DWS Group GmbH & Co. KGaA, Frankfurt, Deutschland (die „**Gesellschaft**“) zusammen mit der Deutsche Bank AG („**Sole Global Coordinator und Bookrunner**“) und der Barclays Bank PLC („**Barclays**“), der Citigroup Global Markets Limited („**Citigroup**“), der Credit Suisse Securities (Europe) Limited („**Credit Suisse**“), der BNP PARIBAS („**BNP PARIBAS**“), der ING Bank N.V. („**ING**“), der Morgan Stanley & Co. International plc („**Morgan Stanley**“), der UBS Limited („**UBS**“), der UniCredit Bank AG („**UniCredit**“ und zusammen mit Barclays, Citigroup, Credit Suisse, BNP PARIBAS, ING, Morgan Stanley und UBS die „**Joint Bookrunners**“), der COMMERZBANK Aktiengesellschaft

		(„**COMMERZBANK**“), der Daiwa Capital Markets Europe Limited („**Daiwa**“), der Banca IMI S.p.A. („**Banca IMI**“), der Nordea Bank AB (publ.) („**Nordea**“) und der Banco Santander, S.A. („**Santander**“ und zusammen mit COMMERZBANK, Daiwa, Banca IMI und Nordea die „**Co-Lead Manager**“ und die Co-Lead Manager zusammen mit den Joint Bookrunners und dem Sole Global Coordinator und Bookrunner die „**Konsortialbanken**“) haben nach Section 5 Abs. 2b Nr. 4 Wertpapierprospektgesetz die Verantwortung für den Inhalt dieser Zusammenfassung und ihrer Übersetzung ins Deutsche übernommen.
A.2	**Angabe über spätere Verwendung des Prospekts.**	Entfällt. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung wurde nicht erteilt.

Abschnitt B – Emittent

B.1	**Juristische und kommerzielle Bezeichnung.**	Der juristische und kommerzielle Name der Gesellschaft lautet *DWS Group GmbH & Co KGaA*. „**DWS Gruppe**“ ist definiert als die Gesellschaft zusammen mit (i) den Tochtergesellschaften und (ii) dem Vermögensverwaltungsgeschäft der geteilten Gesellschaften, (i) und (ii) so wie jeweils im geprüften kombinierten Abschluss der Gesellschaft dargestellt. Geteilte Gesellschaften sind die konsolidierten Tochtergesellschaften der Deutsche Bank AG, die sowohl vermögensverwaltungsbezogene als auch nicht vermögensverwaltungsbezogene Dienstleistungen erbracht haben. Die DWS Gruppe nutzte bislang den Markennamen „Deutsche Asset Management“ oder „Deutsche AM“, hat jedoch nach Eintragung ihres neuen juristischen Namens begonnen vorrangig den Markennamen „DWS“ zu nutzen. Die neue Marke soll die bisherige Bezeichnung bis Ende 2018 weltweit ersetzen.
B.2	**Sitz und Rechtsform des Emittenten, geltendes Recht, Land der Gründung.**	Die Gesellschaft hat ihren eingetragenen Sitz in Frankfurt am Main, Deutschland, und ihre Geschäftsanschrift lautet Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Deutschland. Sie ist im Handelsregister des Amtsgerichts Frankfurt am Main, Deutschland (das „**Handelsregister**“) unter der Nummer HRB 111128 eingetragen. Die Gesellschaft ist eine Kommanditgesellschaft auf Aktien, die in Deutschland gegründet wurde und deutschem Recht unterliegt.
B.3	**Derzeitige Geschäfts- und Haupttätigkeiten des Emittenten sowie die Hauptmärkte, auf denen der Emittent vertreten ist.**	Die DWS ist ein weltweiter Vermögensverwalter mit verwalteten Vermögenswerten („**verwaltetes Vermögen**“) von € 700 Mrd. zum 31. Dezember 2017 und einem breiten Angebot an traditionellen aktiven und passiven Strategien sowie alternativen und maßgeschneiderten Lösungen.

Die DWS ist weltweit tätig und verfügt über eine starke Präsenz in Schlüsselmärkten. Nach Regionen entfallen zum 31. Dezember 2017 42 % ihres verwalteten Vermögens auf Deutschland, 25 % auf die Region Europa, Naher Osten und Afrika („**EMEA**") ohne Deutschland, 28 % auf Nord-und Südamerika und 5 % auf die Region Asien-Pazifik („**APAC**"). Nach verwaltetem Vermögen sind etwa 54 % ihrer Kunden institutionelle Anleger, u. a. Pensionsfonds und Versicherungsunternehmen, und 46 % Retail-Kunden, u. a. solche die über Intermediäre und Vertriebsstellen investieren, sowie unmittelbar investierende Privatanleger. Durch die digitalen Kapazitäten der DWS entstehen neue Vertriebskanäle für Produkte und Dienstleistungen.

Diversifizierter Kundenstamm und breit aufgestellter Vertrieb

Die DWS verfügt über einen diversifizierten und ausgewogenen Kundenstamm – sowohl in geografischer Hinsicht als auch in Bezug auf die Marktsegmente Retail und Institutionelle Anleger. In Deutschland beträgt unser Anteil am Retail-Markt zum 31. Dezember 2017 26,3 % (laut BVI Statistiken).

Unsere Kunden werden von einem Team aus ca. 350 Experten in 70 Ländern in EMEA sowie Nord- und Südamerika und APAC betreut. Unsere Vertriebsreichweite mit einer Vielzahl von Vertriebskanälen dient der Unterstützung unseres Wachstums.

Der Vertrieb unserer Produkte und Dienstleistungen wird durch führende Marken wie DWS Investments, RREEF (die Marke der Rosenberg Real Estate Equity Funds) und Xtrackers, unsere digitalen Kapazitäten und Lösungen, die wir kontinuierlich ausbauen, und unsere Beziehung zur Deutsche Bank AG und ihren konsolidierten Tochtergesellschaften (die „**DB-Gruppe**") unterstützt. Nach unserer Abspaltung von der DB-Gruppe wird die Deutsche Bank AG weiterhin ein starker Vertriebspartner bleiben.

Anlageperformance und Investmentplattform

Gemessen an den relevanten Benchmarks hat die DWS bisher für ihre Kunden kontinuierlich eine überdurchschnittliche Anlageperformance[1] erzielt. Das wird dadurch belegt, dass

[1] Zur Ermittlung der überdurchschnittlichen Anlageperformance wird bei jedem Fonds oder Mandat der DWS Gruppe das eine Benchmark besitzt, die Performance (ohne Einberechnung von Gebühren) mit der Performance der Benchmark verglichen. Bei einem Fonds oder Mandat, die im Verhältnis zu ihrer Benchmark eine überdurchschnittliche Performance aufweisen, wird das von diesem Fonds oder Mandat gehaltene verwaltete Vermögen in denjenigen gesamten Teil unseres verwalteten Vermögens mit einbezogen, der in den Kennzahlen zur überdurchschnittlichen Anlageperformance enthalten ist. Eine überdurchschnittliche Anlageperformance ist nur einer von mehreren Faktoren, der die Höhe des von uns verwalteten Vermögens beeinflusst. Die Höhe des von uns verwalteten Vermögens ist wiederum nur ein Faktor, der zu unserer Ertrags- und Finanzlage beiträgt. Historische Statistiken einer überdurchschnittlichen Anlageperformance sollten nicht als Ersatz für Finanzinformationen angesehen werden und Trends in der überdurchschnittlichen Anlageperformance stehen nicht im Zusammenhang mit Veränderungen des Konzernergebnisses, des verwalteten Vermögens oder der Managementgebühren.

nach verwaltetem Vermögen 74 % bzw. 79 % der aktiven bzw. alternativen Strategien im Zeitraum von drei und fünf Jahren[1] und vor Gebühren eine bessere Wertentwicklung als ihre jeweilige Benchmark erzielt haben.

Diese Ergebnisse wurden durch die global integrierte Investmentplattform der DWS erzielt, die alle wesentlichen Anlageklassen, Investmentstile und Investmentlösungen abdeckt. Die Plattform erstreckt sich über 17 Länder und beschäftigt 900 Anlageexperten, von denen viele seit Jahren im Geschäft sind; die durchschnittliche bisherige Beschäftigungsdauer unserer Anlageexperten liegt bei etwa 10 Jahren. Mit Unterstützung durch das im Jahr 2016 eingeführte Analyse- und Risikomanagementsystem Aladdin verwendet die Investmentplattform einen globalen, einheitlichen und transparenten Investmentprozess.

Unsere Investmentaktivitäten werden ferner durch den globalen Handelsbereich der DWS unterstützt, der seine Aktivitäten in drei regionalen Zentren konzentriert und weltweiten Zugang zu Liquidität in den verschiedenen Anlageklassen bietet.

Operative Plattform

Die operative Plattform der DWS ist stabil und skalierbar und umfasst digitale Kapazitäten, die Anlageinitiativen, den Vertrieb, die Kosteneffizienz und die operationelle Effizienz unterstützen. Wir erwarten, dass unsere Abspaltung von der DB-Gruppe weitere Möglichkeiten bieten wird, Prozesse zu vereinfachen und zu automatisieren, die Anzahl der Mitarbeiter an kostengünstigeren Standorten weiter zu erhöhen und eine effizientere Infrastruktur aufzubauen.

Wir rechnen damit, technologische und intelligente Lösungen nutzen zu können, um unser Produktangebot weiter zu verbessern, unsere durchschnittliche Gebührenmargen bei etwa 30 Basispunkten zu halten, Kosten einzusparen und Wertsteigerungen für die Aktionäre zu erwirtschaften.

B.4a Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.

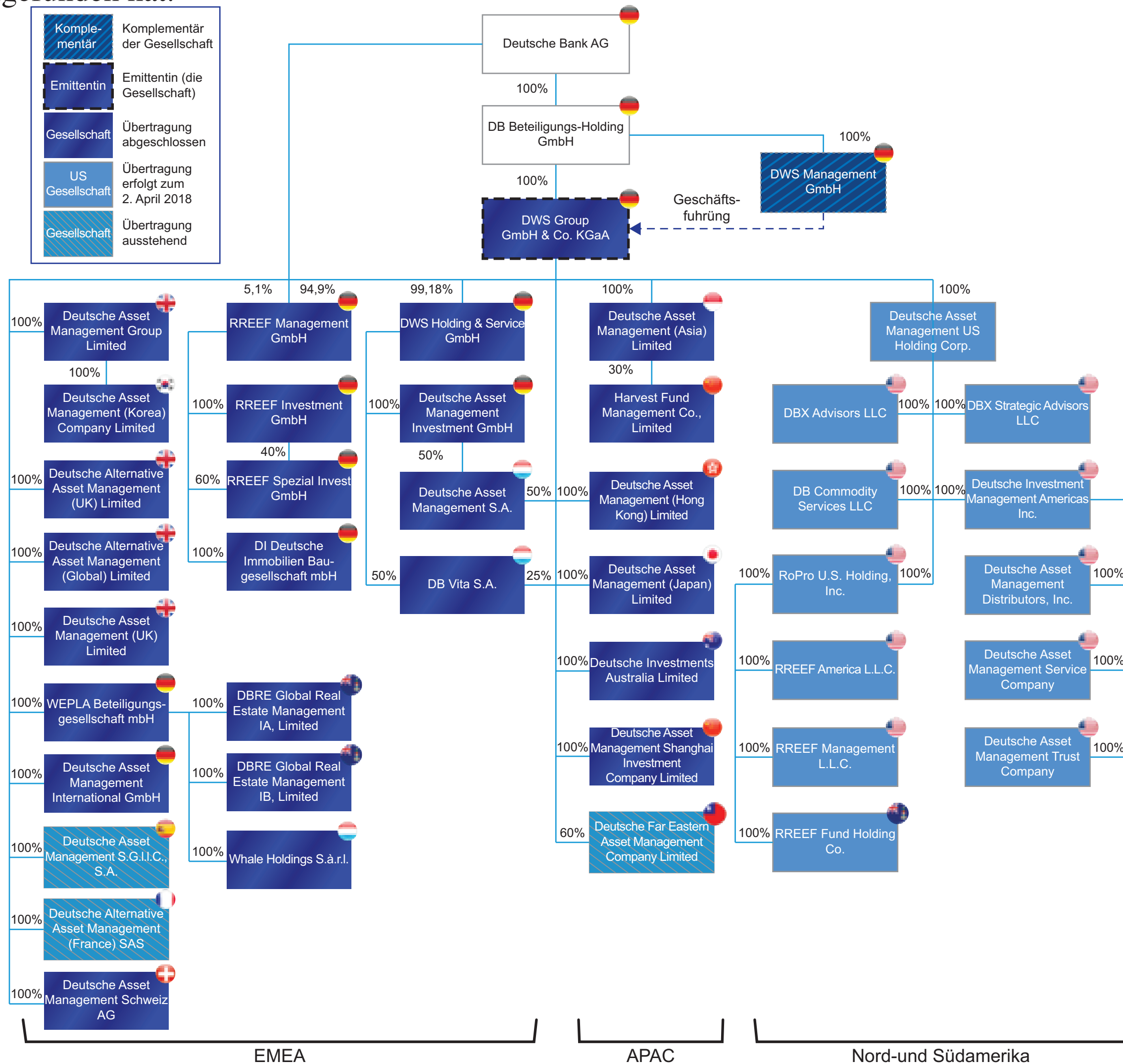
Die breit aufgestellten Kapazitäten der DWS sind auf globale Wachstumsmöglichkeiten ausgerichtet. Das verwaltete Vermögen ist branchenweit im Jahr 2016 um 7 % auf US$ 69,1 Billionen gestiegen und wird laut einer Prognose der Boston Consulting Group („**BCG**") bis 2021 auf US$ 92 Billionen anwachsen.[2] In Deutschland, dem Heimatmarkt der

[1] Das Verhältnis der überduchschnittlichen Anlageperformance als der Referenzwert ist definiert als das verwaltete Vermögen aller Fonds und Mandate der DWS Gruppe, die ihren jeweiligen Benchmark über einen bestimmten Zeitraum übertroffen haben, geteilt durch das verwaltete Vermögen aller Fonds und Mandate, die einen Benchmark zugewiesen haben. Die Daten zur Performance basieren auf unserer internen Datenbank zur Performancebeurteilung und wurden vor Gebühren und zum Stand Dezember 2017 bzw. für Alternative Strategien (ohne Einbeziehung von liquiden Sachwerten) zum Stand September 2017 gemessen.

[2] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (Juli 2017).

		DWS, ist das verwaltete Vermögen laut BCG in den zehn Jahren seit 2007 mit einer durchschnittlichen jährlichen Wachstumsrate (Compound Annual Growth Rate, „**CAGR**“) von 7 % gestiegen, vor allem aufgrund von zunehmendem Wohlstand. Die DWS ist der Ansicht, dass in der Vermögensverwaltungsbranche derzeit folgende wesentliche Entwicklungen stattfinden: • Vermögensverwalter spielen eine immer größere Rolle bei der Kapitalbeschaffung für die Wirtschaft. Sie profitieren von dem Rückzug von Banken aufgrund von regulatorischen Vorschriften und Kapitalauflagen und einem geringeren Spielraum von Regierungen zur Finanzierung von Infrastrukturinvestitionen. • Das Niedrigzinsumfeld führt zu einer Umschichtung von nicht verwalteten Anlagen wie Guthaben- und Einlagenkonten in verwaltete Portfolios. • Vermögensverwalter entwickeln neue digitale Vertriebslösungen, durch die sie Zugang zu Retail-Kanälen bzw. Direktvertrieb an Kunden, insbesondere jüngere Kunden, erhalten, wie z.B. Robo-Beratung. • Die demografische Entwicklung (die „Baby-Boomer“-Generation verlangt nach immer stärker differenzierten Lösungen für die Altersvorsorge) zusammen mit dem Wandel von leistungsorientierten Vorsorgesystemen hin zu beitragsorientierten Modellen führen zu einem starken Wachstum bei ergebnisorientierten Produkten wie z.B. Multi Asset. • Die sich verändernden regulatorischen Rahmenbedingungen, wie z. B. der Wandel hin zu einer offenen Architektur, führen zu einer Stimulierung der Nachfrage durch eine größere Transparenz und Auswahlmöglichkeit für Endkunden.
B.5	**Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe.**	Die Gesellschaft ist die Muttergesellschaft der DWS Gruppe. Die Geschäftstätigkeit der Gesellschaft besteht in ihrer Tätigkeit als Holdinggesellschaft für die DWS Gruppe und in der von den Tochtergesellschaften der Gesellschaft ausgeübten Geschäftstätigkeit.

Das folgende Schaubild enthält eine vereinfachte Übersicht über die Organisation der DWS Gruppe, einschließlich unserer direkten und indirekten Anteilseigner und unsere wesentlichen Tochtergesellschaften sowie ihre Verbindung zur Emittentin. Die hellblauen Farbschattierungen in dem Diagramm zeigen das gesamte US-Geschäft der DWS Gruppe, dessen Übertragung auf die DWS-Gruppe am 8. März 2018 unwiderruflich und unbedingt vereinbart wurde (Vollzug am 2. April 2018). Die hellblauen Farbschattierungen mit weißen Streifen zeigen drei unwesentliche Tochtergesellschaften (mit einem Eigenkapital von weniger als 0,5 % des Nettovermögenswerts der DWS Gruppe) deren Übertragung vereinbart wurde, wo der Vollzug aber noch nicht stattgefunden hat:



B.6	**Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital und den Stimmrechten des Emittenten halten.**	Zum Datum dieses Prospekts halten folgende Personen direkt oder indirekt eine meldepflichtige Beteiligung am Aktienkapital und den Stimmrechten der Gesellschaft: • Deutsche Bank AG (indirekt 100%) • DB Beteiligungs-Holding GmbH (direkt 100%) Nach dem Angebot (wie nachstehend definiert) und unter der Annahme einer Platzierung aller Angebotsaktien (wie nachstehend definiert) werden die Deutsche Bank AG eine indirekte Beteiligung von 75 % und die DB Beteiligungs-Holding GmbH eine direkte Beteiligung von 75 %, am Aktienkapital der Gesellschaft halten.

	Stimmrechte.	Jede Aktie der Gesellschaft gewährt in der Hauptversammlung der Gesellschaft eine Stimme. Beschränkungen des Stimmrechts bestehen nicht. Alle Aktien haben identische Stimmrechte; allerdings beinhalten Aktien, die von der DB Beteiligungs-Holding GmbH gehalten werden, ihr in bestimmten Fällen, z. B. bei der Wahl der Mitglieder des Aufsichtsrats der KGaA, kein Stimmrecht.
	Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.	Der Gesellschaft ist derzeit nicht bekannt, dass andere als die vorgenannten Anteilseigner direkt oder indirekt drei Prozent oder mehr der Stimmrechte der Gesellschaft halten. Der Gesellschaft sind keine Vereinbarungen bekannt, deren Durchführung zu einem späteren Zeitpunkt zu einer Veränderung der Beherrschungsverhältnisse bezüglich der Gesellschaft führen kann. Die Geschäftsführung der Gesellschaft untersteht weder den Weisungen eines anderen Unternehmens noch einer anderen Person, insbesondere nicht im Rahmen eines Beherrschungsvertrages, und sie wird nicht durch ein anderes Unternehmen oder eine andere Person beherrscht. Zum Datum dieses Prospekts hält die DB Beteiligungs-Holding GmbH (der „**Abgebende Aktionär**“) unmittelbar sämtliche ausgegebenen und ausstehenden Aktien der DWS Group GmbH & Co. KGaA und sämtliche ausgegebenen und ausstehenden Anteile der DWS Management GmbH (der „**Komplementär**“), des Komplementärs der Gesellschaft. Am oder um den 1. April 2018 werden die Gesellschaft und die Deutsche Bank AG voraussichtlich eine Vereinbarung (Relationship Agreement) schließen, in der gemeinsam festgelegte Grundsätze für das Verhalten, die Konfliktlösung und die Einhaltung der geltenden gesetzlichen und aufsichtsrechtlichen Anforderungen festlegt werden. Die Gesellschaft wird verpflichtet sein, unter bestimmten Umständen die Richtlinien der Deutsche Bank AG zu befolgen und Informationen oder andere Daten zur Verfügung zu stellen, die es der Deutsche Bank AG ermöglichen, aufsichtsrechtliche Verpflichtungen einzuhalten.
B.7	**Ausgewählte wesentliche historische Finanzinformationen.**	Die in den folgenden Tabellen enthaltenen Finanzinformationen wurden dem geprüften kombinierten Abschluss der DWS Gruppe für die zum 31. Dezember 2017, 2016 und 2015 endenden Geschäftsjahre und dem internen Berichtswesen der Gesellschaft entnommen oder daraus abgeleitet. Der geprüfte kombinierte Abschluss wurde gemäß den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**“), erstellt. Der kombinierte Abschluss für die zum 31. Dezember 2017, 2016 und 2015 endenden Geschäftsjahre wurde von der KPMG Wirtschaftsprüfungsgesellschaft, The Squaire, Am

Flughafen, 60549 Frankfurt am Main, Deutschland, („**KPMG**") geprüft und mit einem uneingeschränkten Bestätigungsvermerk versehen. Der vorgenannte geprüfte kombinierte Abschluss und der dazugehörige Bestätigungsvermerk sind in diesem Prospekt enthalten.

Soweit in den folgenden Tabellen enthaltene Finanzinformationen als „geprüft" bezeichnet sind, wurden sie dem vorgenannten geprüften kombinierten Abschluss entnommen. Die Bezeichnung „ungeprüft" wird in den folgenden Tabellen für Finanzinformationen verwendet, die nicht dem vorgenannten geprüften kombinierten Abschluss, sondern dem internen Berichtswesen der Gesellschaft entnommen oder auf der Grundlage von Finanzinformationen aus den vorgenannten Quellen errechnet wurden. Alle in den folgenden Ausführungen und Tabellen dargestellten Finanzinformationen sind, soweit nicht anders angegeben, in Millionen Euro („**EUR**") (Mio. €) angegeben. Einige Finanzinformationen (darunter auch Prozentangaben) in den folgenden Tabellen wurden kaufmännisch gerundet; Summen (Gesamtsummen, Zwischensummen, Differenzen oder ins Verhältnis gesetzte Beträge) wurden anhand der zugrunde liegenden nicht gerundeten Beträge ermittelt. Es kann daher zu Rundungsdifferenzen zwischen den in den Tabellen angegebenen Einzelangaben und den jeweiligen Gesamtsummen kommen. Darüber hinaus können sich die gerundeten Zahlen in diesen Tabellen nicht immer exakt auf die Summen aufaddieren lassen, die in den Tabellen enthalten sind. Finanzinformationen, die in Klammern dargestellt sind, geben den negativen Wert der angegebenen Zahl an. In der Vergangenheit erzielte Ergebnisse der Gesellschaft sind nicht notwendigerweise ein Indikator für die zu erwartenden zukünftigen Ergebnisse.

Ausgewählte Daten aus oder abgeleitet aus der kombinierten Gewinn- und Verlustrechnung

(in Mio. €)	Für das Geschäftsjahr zum 31. Dezember		
	2017	**2016**	**2015**
		(geprüft)	
Managementgebühren und sonstige wiederkehrende Erträge	2.195	2.140	2.263
Performance- und Transaktionsgebühren und sonstige einmalige Erträge	196	213	248
Provisionsüberschuss aus Vermögensverwaltung	**2.391**	**2.353**	**2.511**
Zinserträge und ähnliche Erträge	55	67	106
Zinsaufwand und ähnlicher Aufwand	(19)	(31)	(13)
Zinsüberschuss	**36**	**36**	**93**
Ergebnis aus zur Veräußerung verfügbaren finanziellen Vermögenswerten	0	1	3
Ergebnis aus zum beizulegenden Zeitwert bewerteten finanziellen Vermögenswerten/Verpflichtungen	46	12	(93)
Ergebnis aus nach der Equitymethode bilanzierten Beteiligungen	42	39	34
Sonstige Erträge (Aufwendungen)	(6)	(26)	27
Summe Zinsüberschuss und zinsunanbhängige Erträge insgesamt	**2.509**	**2.415**	**2.576**
Personalaufwand	(772)	(713)	(860)
Restrukturierungsaufwand	(6)	(46)	1
Sachaufwand und sonstiger Aufwand	(947)	(1.010)	(1.084)
Wertminderung auf Geschäfts- oder Firmenwert und sonstige immaterielle Vermögenswerte	0	0	0
Zinsunabhängige Aufwendungen insgesamt	**(1.725)**	**(1.769)**	**(1.943)**
Ergebnis vor Steuern	**783**	**647**	**633**
Ertragsteueraufwand	(149)	(195)	(175)
Jahresüberschuss/(Jahresfehlbetrag)	**634**	**452**	**458**
Den Anteilen ohne beherrschenden Einfluss zurechenbares Konzernergebnis	1	0	(0)
Den Aktionären der DWS Gruppe zurechenbares Konzernergebnis und zusätzliche Nettovermögenswertbestandteile	**633**	**452**	**459**

Ausgewählte Daten aus der kombinierten Bilanz

(in Mio. €)	Zum 31. Dezember		
	2017	**2016**	**2015**
	(geprüft, soweit nicht anders angegeben)		
Aktiva			
Barreserven und Einlagen bei Kreditinstituten	3.317	4.017	4.666
Zum beizulegenden Zeitwert bewertete finanzielle Vermögenswerte insgesamt	1.907	4.558	5.594
Geschäfts- oder Firmenwert und sonstige immaterielle Vermögenswerte	3.624	3.914	3.795
Verbleibende Aktiva[1] (ungeprüft)	2.379	2.875	2.673
Summe der Aktiva	**11.226**	**15.363**	**16.729**
Verbindlichkeiten			
Zum beizulegenden Zeitwert bewertete finanzielle Verpflichtungen insgesamt	713	791	770
Verbleibende Verbindlichkeiten[2] (ungeprüft)	4.147	8.080	9.771
Summe der Verbindlichkeiten	**4.860**	**8.871**	**10.541**
Nettovermögenswert	**6.366**	**6.492**	**6.188**
Summe der Passiva	**11.226**	**15.363**	**16.729**

Ausgewählte Daten aus der kombinierten Kapitalflussrechnung

(in Mio. €)	Für das Geschäftsjahr zum 31. Dezember		
	2017	**2016**	**2015**
		(geprüft)	
Nettocashflow aus operativer Geschäftstätigkeit	920	(1.013)	889
Nettocashflow aus Investitionstätigkeit	(55)	42	42
Nettocashflow aus Finanzierungstätigkeit	(510)	(292)	(89)
Nettoeffekt aus Wechselkursänderungen der Zahlungsmittel und Zahlungsmitteläquivalente	**40**	**0**	**(11)**
Nettoveränderung der Zahlungsmittel und Zahlungsmitteläquivalente	**395**	**(1.262)**	**830**
Zahlungsmittel und Zahlungsmitteläquivalente zu Beginn des Geschäftsjahres	2.153	3.415	2.585
Zahlungsmittel und Zahlungsmitteläquivalente am Ende des Geschäftsjahres	**2.547**	**2.153**	**3.415**

Ausgewählte Finanzkennzahlen

Die in der folgenden Tabelle angegebenen Finanzkennzahlen sind nicht nach allgemein anerkannten Rechnungslegungsgrundsätzen (Generally Accepted Accounting Principles, „**GAAP**“) anerkannt. Nicht-GAAP-Finanzkennzahlen, die auch als alternative Finanzkennzahlen (Alternative Performance Measures, „**APM**“) bezeichnet werden, sind Kennzahlen des

[1] Summe der zur Veräußerung verfügbaren finanziellen Vermögenswerte, nach der Equity-Methode bilanzierten Finanzinvestitionen, Ausleihungen, Sachanlagen, sonstigen Vermögenswerten, Vermögenswerten für laufende Steuern und latenten Steueransprüchen, wie sie in der kombinierten Bilanz im geprüften kombinierten Abschluss enthalten sind.

[2] Summe der Einlagen, sonstigen kurzfristigen Verbindlichkeiten, sonstigen Verbindlichkeiten, Rückstellungen, Verbindlichkeiten für laufende Steuern, latenten Steuerschulden und langfristigen Schulden, wie sie in der kombinierten Bilanz im geprüften kombinierten Abschluss enthalten sind.

bisherigen oder zukünftigen Erfolgs, der Vermögenslage oder der Cashflows der DWS Gruppe, die – anders als die geprüften Zahlen in den vorstehenden Tabellen, die den Abschlüssen entnommen wurden – Anpassungen durch Eliminierung oder Berücksichtigung bestimmter eingeschlossener oder ausgeschlossener Beträge im Vergleich zu den am ehesten vergleichbaren gemäß IFRS ermittelten und in den Abschlüssen der DWS Gruppe ausgewiesenen Größen enthalten. Unser Management verwendet APM zur Bereitstellung ergänzender Informationen, um ein umfassenderes Verständnis unserer Kapazität zur Cashflow-Generierung und des Wachstums unseres Geschäfts und unserer Marke zu entwickeln. APM sollten jedoch nicht als Alternativen zum Jahresüberschuss oder zum Ergebnis vor Steuern als Messgrößen für unsere Rentabilität verstanden werden. Ähnliche APM werden von unseren Wettbewerbern in der Vermögensverwaltungsbranche verwendet. Diese können jedoch anders berechnet sein und sind unter Umständen nicht mit den von uns verwendeten APM vergleichbar, auch wenn diese APM und Nicht-GAAP-Kennzahlen ähnlich bezeichnet sein können. Wir geben nachstehend eine Definition und, soweit möglich, eine Überleitung von den APM auf die am ehesten damit vergleichbaren IFRS- oder GAAP-Kennzahlen an.

	Für das Geschäftsjahr zum 31. Dezember		
	2017	**2016**	**2015**
	(ungeprüft, soweit nicht anders angegeben)		
Verwaltetes Vermögen[(1)] (in Mrd. €) (geprüft)	700	689	714
Nettomittelaufkommen[(2)] (in Mrd. €) (geprüft)	16	(39)	19
Nettomittelaufkommen[(2)] (ohne Barguthaben und Versicherungen) (in Mrd. €)	23	(22)	31
Managementgebührenmarge[(3)] (in Basispunkten („**bp**“))	31,5	30,9	31,7
Bereinigte Erträge[(4)] (in Mio. €)	2.456	2.357	2.618
Bereinigte Kosten[(5)] (in Mio. €)	(1.710)	(1.647)	(1.887)
Kosten-Ertrag-Relation (CIR)[(6)] (in %)	69	73	75
Bereinigte Kosten-Ertrag-Relation [(7)] (in %)	70	70	72
Bereinigtes Ergebnis vor Steuern[(8)] (in Mio. €)	747	709	731

(1) Das verwaltete Vermögen ist definiert als (a) Vermögenswerte, die für Kunden zu Anlagezwecken gehalten werden und/ oder (b) Kundenvermögenswerte, die von DWS auf der Grundlage eines Mandats zur Vermögensverwaltung mit Ermessensspielraum oder Beratungsmandats verwaltet werden. Das verwaltete Vermögen umfasst sowohl gemeinsame Anlagen (Investmentfonds, börsengehandelte Fonds (ETF) etc.) als auch Einzelmandate von Kunden. Das verwaltete Vermögen wird an jedem Berichtsstichtag zum aktuellen Marktwert bewertet. Messbare Werte sind für die meisten Retail-Produkte täglich verfügbar, werden aber unter Umständen für manche Produkte nur einmal im Monat oder sogar nur einmal im Quartal aktualisiert. Das verwaltete Vermögen berücksichtigt nicht unsere Investition in Harvest. Dagegen enthalten sie Gründungskapital und zugesagtes Kapital, mit dem wir Managementgebühren verdienen. Jede regionale Unterteilung des verwalteten Vermögens bildet das Gebiet ab, in dem das Produkt verkauft und vertrieben wird (d. h. die Vertriebssicht), die sich von der Buchungsstellensicht, die für die Erträge abgebildet wird, unterscheiden kann.

(2) Das Nettomittelaufkommen entspricht den Vermögenswerten, die innerhalb eines festgelegten Zeitraums von Kunden zu- oder abfließen. Es ist einer der wichtigsten Einflussfaktoren für Veränderungen des verwalteten Vermögens.

(3) Die Managementgebührenmarge wird berechnet, indem die Summe der Managementgebühren und anderen wiederkehrenden Erträgen für einen Zeitraum durch das durchschnittliche verwaltete Vermögen desselben Zeitraums geteilt wird. Das jährliche durchschnittliche verwaltete Vermögen wird in der Regel anhand eines Vergleichs des verwalteten Vermögens zu Beginn eines Jahres und zum Ende eines jeden Kalendermonats (z.B. 13 Referenzpunkte) berechnet. Die nachfolgende Tabelle zeigt die Berechnung der Managementgebührenmarge mit einer Überleitung auf die Managementgebühren für die dargestellten Zeiträume:

Berechnung der Managementgebührenmarge	**Für das Geschäftsjahr zum 31. Dezember**		
(in Mio. €)	**2017**	**2016**	**2015**
	(ungeprüft, soweit nicht anders angegeben)		
A. Managementgebühren und andere wiederkehrende Erträge (geprüft, in Mio. €)	2.195	2.140	2.263
B. Durchschnittliches verwaltetes Vermögen (in Mrd. €)	698	693	718
Managementgebührenmarge ([A]/[B]) (in Basispunkten)	**31,5**	**30,9**	**31,7**

(4) Die Bereinigten Erträge weisen die Erträge vor Einmaleffekten aus, wie etwa Veräußerungsgewinnen, Erträgen aus Versicherungsleistungen und anderen nicht wiederkehrenden Erträgen, die +/- € 10 Mio. übersteigen und die von der ehemaligen Einheit Non-Core Operations (Non-Core Operations Unit, „**NCOU**"). Wir verwenden diese Kennzahl, um die Erträge auf Basis fortgeführter Aktivitäten zu zeigen, um die Vergleichbarkeit mit anderen Zeiträumen zu verbessern. Die nachfolgende Tabelle zeigt die Überleitung von Bereinigten Erträgen auf den Zinsüberschuss und zinsunanbhängige Erträge insgesamt aus unserem Jahresabschluss:

Berechnung der Bereinigten Erträge	**Für das Geschäftsjahr zum 31. Dezember**		
(in Mio. €)	**2017**	**2016**	**2015**
	(ungeprüft, soweit nicht anders angegeben)		
Summe Zinsüberschuss und zinsunabhängige Erträge insgesamt (geprüft)	**2.509**	**2.415**	**2.576**
Verkauf PowerShares Fonds (i)	0	0	(42)
HETA (ii)	0	(58)	86
Versicherungsleistungen (iii)	(52)	0	0
AM NCOU (iv)	0	(1)	(2)
Bereinigte Erträge	**2.456**	**2.357**	**2.618**

(i) Der Verkauf der PowerShares DB Fondssparte im Jahr 2015 führte zu Veräußerungsgewinnen in Höhe von € 42 Mio.

(ii) Bereinigung um die Risikoposition hinsichtlich der HETA Asset Resolution AG („**HETA**"). Diese Bereinigung betrifft eine Wertanpassung in Höhe von €86 Mio. im Jahr 2015 sowie einen Ertrag von €58 Mio. im Jahr 2016 aufgrund der anschließenden Veräußerung des notleidenden Teils der von der Republik Österreich garantierten Anleihe der Hypo Alpe Adria Bank. Diese Anleihe wurde nicht direkt von der DWS, sondern von einem unserer konsolidierten Garantiefonds gehalten.

(iii) Bereinigung im Zusammenhang mit einem Rechtsstreit der NCOU, der 2017 beigelegt wurde (siehe Fußnote (i) bis untenstehende Fußnote (5)). Die DWS Gruppe erhielt im Jahr 2017 eine Versicherungszahlung über einen externen Dritten, die als Ertrag verbucht wurde.

(iv) Bereinigung um das Asset Management-Geschäft der NCOU.

(5) Bei Bereinigten Kosten handelt es sich um eine Kostenmessgröße, die wir verwenden, um besser zwischen Gesamtkosten (zinsunabhängige Aufwendungen) und laufenden betrieblichen Aufwendungen unterscheiden zu können. Es findet eine Bereinigung um Aufwendungen für Rechtsstreitigkeiten, Aufwendungen für Restrukturierungen und Abfindungszahlungen sowie um wesentliche Einmalaufwendungen statt, einschließlich operativer Verluste, bei denen es sich um eindeutig erkennbare Einmaleffekte von mehr als +/- € 10 Mio. handelt, die voraussichtlich nicht erneut auftreten werden und solche der NCOU. Die Bereinigten Kosten können wie folgt auf die Summe der zinsunabhängigen Aufwendungen übergeleitet werden:

Berechnung Bereinigte Kosten	**Für das Geschäftsjahr zum 31. Dezember**		
(in Mio. €)	**2017**	**2016**	**2015**
	(ungeprüft, soweit nicht anders angegeben)		
Zinsunabhängige Aufwendungen insgesamt (geprüft)	**(1.725)**	**(1.769)**	**(1.943)**
Aufwendungen für Rechtsstreitigkeiten(i)	(0)	129	1
Aufwendungen für Restrukturierungsaktivitäten (geprüft)	6	46	(1)
Aufwendungen für Abfindungskosten	11	24	8
Wertminderung auf Geschäfts- oder Firmenwert und sonstige immaterielle Vermögenswerte	0	0	0
Versicherungsleistungen(i).	0	(35)	0
AM NCOU (ii).	0	2	1
Quellensteuererstattungen(iii)	0	(45)	47
Bereinigte Kosten *(in Mio. €)*	**(1.710)**	**(1.647)**	**(1.887)**

(i) Bereinigung im Zusammenhang mit einem Rechtsstreit, der im Jahr 2017 beigelegt wurde. Dieser führte zu einer Rückstellung in Höhe von € 129 Mio. (dargestellt unter dem Posten Aufwendungen für Rechtsstreitigkeiten), die durch die Erfassung einer internen Versicherungsleistung im Jahr 2016 in Höhe von € 35 Mio. teilweise gemindert wurde.

(ii) Bereinigung um das Asset Management-Geschäft der NCOU.

(iii) Die Bereinigung um Unstimmigkeiten bei der Erstellung und Bearbeitung von Quellensteuererstattungsanträgen führte zu Rückstellungen in Höhe von rund € 47 Mio. im Jahr 2015. Basierend auf der abschließenden Treuhandprüfung im Jahr 2016 und der erzielten Einigung hat die Gesellschaft einen Betrag von ca. € 2 Mio. an die betroffenen Fonds gezahlt. Die verbleibenden Rückstellungen in Höhe von € 45 Mio. wurden aufgelöst.

(6) Die Kosten-Ertrag-Relation (Cost-Income-Ratio) ist das Verhältnis unserer zinsunabhängigen Aufwendungen zu unseren Nettozinserträgen und zinsunabhängigen Erträgen . Die nachfolgende Tabelle zeigt unsere Nettozinserträge und zinsunabhängigen Erträge sowie unsere zinsunabhängigen Aufwendungen für jeden Zeitraum und die Berechnung der Cost-Income-Ratio:

Berechnung der Cost-Income Ratio	**Für das Geschäftsjahr zum 31. Dezember**		
(in Mio. €)	**2017**	**2016**	**2015**
	(ungeprüft, soweit nicht anders angegeben)		
A. Nettozinserträge und zinsunabhängige Erträge insgesamt (geprüft)	2.509	2.415	2.576
B. Zinsunabhängige Aufwendungen insgesamt (geprüft)	(1.725)	(1.769)	(1.943)
Cost-Income Ratio (%) ([B]/[A])	**69**	**73**	**75**

(7) Die Bereinigte Cost-Income-Ratio basiert auf den Bereinigten Erträgen (siehe Fußnote 4 oben) und den Bereinigten Kosten (siehe Fußnote 5 oben). Die nachstehende Tabelle zeigt die Berechnung unserer Bereinigten Cost-Income-Ratio:

Berechnung der Bereinigten Cost-Income-Ratio	**Für das Geschäftsjahr zum 31. Dezember**		
(in Mio. €)	**2017**	**2016**	**2015**
		(ungeprüft	
A. Bereinigte Erträge	2.456	2.357	2.618
B. Bereinigte Kosten	(1.710)	(1.647)	(1.887)
Bereinigte Cost-Income Ratio (%) ([B]/[A])	**70**	**70**	**72**

(8) Das Ergebnis vor Steuern (Profit before tax, „**PBT**") wurde auf Grundlage des operativen Ergebnisses berechnet. Das Bereinigte PBT wird berechnet, indem das PBT um die Auswirkungen der in den Fußnoten (4) und (5) dargestellten Posten der Ertrags- und Kostenbereinigung bereinigt wird. In der nachfolgenden Tabelle ist eine Überleitung des Bereinigten PBT auf das geprüfte Finanzergebnis dargestellt:

Berechnung des Bereinigten PBT	**Für das Geschäftsjahr zum 31. Dezember**		
(in Mio. €)	**2017**	**2016**	**2015**
	(ungeprüft, soweit nicht anders ausgewiesen)		
Ergebnis vor Steuern (geprüft)	**783**	647	633
Posten der Ertragsbereinigung			
Verkauf PowerShares Fonds	0	0	(42)
HETA	0	(58)	86
Versicherungsleistungen	(52)	0	0
AM NCOU	0	(1)	(2)
Posten der Kostenbereinigung			
Aufwendungen für Rechtsstreitigkeiten	(0)	129	1
Aufwendungen für Restrukturierungsaktivitäten (geprüft)	6	46	(1)
Aufwendungen für Abfindungen	11	24	8
Wertminderung auf Geschäfts- oder Firmenwert und sonstige immaterielle Vermögenswerte	0	0	0
Versicherungsleistungen.	0	(35)	0
AM NCOU	0	2	1
Quellensteuererstattungen	0	(45)	47
Bereinigtes PBT	**747**	**709**	**731**

Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses des Emittenten in dem oder nach dem von den wesentlichen historischen Finanzinformationen abgedeckten Zeitraum.

Ertragslage

Unsere Nettozinserträge und zinsunabhängigen Erträge gingen von € 2.576 Mio. im zum 31. Dezember 2015 endenden Geschäftsjahr um 6 % auf € 2.415 Mio. im zum 31. Dezember 2016 endenden Geschäftsjahr zurück und stiegen dann um 4 % auf € 2.509 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr.

Die bereinigten Erträge gingen von € 2.618 Mio. im zum 31. Dezember 2015 endenden Geschäftsjahr um 10 % auf € 2.357 Mio. im zum 31. Dezember 2016 endenden Geschäftsjahr zurück und stiegen dann um 4 % auf € 2.456 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr.

Die Veränderungen der Nettozinserträge und zinsunanbhängigen Erträge sind hauptsächlich auf entsprechende Zunahmen und Abnahmen des verwalteten Vermögens zurückzuführen, die Zunahmen und Abnahmen der Managementgebühren zur Folge haben. Der Grund für die Abnahme des verwalteten Vermögens im Jahr 2016 war ein schwieriges Marktumfeld, das durch Probleme auf der Ebene der Deutsche Bank-Gruppe, einschließlich einer negativen Marktwahrnehmung der Deutschen Bank, Marktgerüchten bezüglich der Zukunft der Gesellschaft und Veränderungen in ihrer Geschäftsführung noch verschärft wurde. Im Jahr 2017 stieg das verwaltete Vermögen wieder an, was einen Anstieg der Nettozinserträge und zinsunanbhängigen Erträge zur Folge hatte.

Das Ergebnis vor Steuern erhöhte sich von € 633 Mio. im zum 31. Dezember 2015 endenden Geschäftsjahr um 2 % auf € 647 Mio. im zum 31. Dezember 2016 endenden Geschäftsjahr und stieg dann um 21 % auf € 783 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr.

Der Jahresüberschuss/(Jahresfehlbetrag) ging von € 458 Mio. im zum 31. Dezember 2015 endenden Geschäftsjahr um 1 % auf € 452 Mio. im zum 31. Dezember 2016 endenden Geschäftsjahr zurück und stieg dann um 40 % auf € 634 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr.

Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses des Emittenten nach dem von den wesentlichen historischen Finanzinformationen abgedeckten Zeitraum

Die unwiderrufliche und unbedingte Übertragung der Deutsche Asset Management USA Corporation (der Holdinggesellschaft der DB Gruppe für ihr Vermögensverwaltungsgeschäft in den USA) an die DWS Gruppe wurde am 8. März 2018 vereinbart und wird am 2. April 2018 abgeschlossen werden. Diese Übertragung wird mit einer wesentlichen Erhöhung der Aktiva und des Eigenkapitals, in der unkonsolidierten Bilanz der Gesellschaft einhergehen (schätzungsweise 15% bis 20% des gesamten unkonsolidierten Eigenkapitals der Gesellschaft). Da diese Übertragung bereits zum 31. Dezember 2017 vorgesehen war, ist jedoch zu beachten, dass die betreffenden Gesellschaften in den kombinierten Finanzinformationen der DWS Gruppe enthalten sind, die in diesem Prospekt dargestellt sind. Mit Ausnahme von diesen Vorgängen hat es seit dem 31. Dezember 2017 keine wesentlichen Änderungen in der Finanzlage und des Betriebsergebnisses der Gesellschaft gegeben.

Jüngste Entwicklungen

Im Dezember 2017 gab die Gesellschaft bekannt, dass sie DWS als ihre neue weltweite Marke einführen wird. Die

		Umbenennung verschiedener rechtliche Einheiten und Produktlinien ist in Gang und wird voraussichtlich im Jahr 2018 abgeschlossen werden. Im März 2018 hat die Gesellschaft ihre Rechtsform in eine Kommanditgesellschaft auf Aktien („**KGaA**") geändert. Am 8. März 2018 wurde nach der Genehmigung des Board of Governors des Federal Reserve Systems in den USA, die Deutsche Asset Management US Holding Corporation als Zwischenholding zu bestimmen, die die Übertragung der Deutsche Asset Management US Holding Corporation von der DB Gruppe an die DWS Gruppe unwiderruflich und unbedingt vereinbart. Die Übertragung wird am 2. April 2018 vollzogen. Die in diesem Prospekt enthaltenen kombinierten Finanzinformationen sind Finanzinformationen zum gesamten Geschäft der DWS Gruppe (einschließlich des durch die Deutsche Asset Management US Holding Corporation gehaltenen US Geschäfts), unter der Annahme, dass das gesamte Geschäft seit dem 1. Januar 2015 von der DWS Gruppe gehalten wurde.
B.8	**Ausgewählte wesentliche Pro-forma-Finanzinformationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinnprognosen oder -schätzungen.**	Entfällt. Die Gesellschaft hat keine Gewinnprognosen oder -schätzungen abgegeben.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.**	Entfällt. Die Bestätigungsvermerke für die in diesem Prospekt enthaltenen historischen Finanzinformationen wurden jeweils uneingeschränkt erteilt.
B.11	**Mangel an Geschäftskapital des Emittenten zur Erfüllung bestehender Anforderungen.**	Entfällt. Die Gesellschaft ist der Auffassung, dass die DWS Gruppe in der Lage ist, sämtliche Zahlungsverpflichtungen zu erfüllen, die in den nächsten mindestens zwölf Monaten fällig werden.
Abschnitt C – Wertpapiere		
C.1	**Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere.**	Auf den Inhaber lautende Stammaktien (Inhaberaktien) (die „**Aktien**") ohne Nennbetrag, jeweils mit einem anteiligen Betrag am Grundkapital der Gesellschaft von € 1 und mit voller Gewinnanteilsberechtigung ab dem 1. Januar 2018.
	Wertpapierkennung.	International Securities Identification Number (ISIN): DE000DWS1007. Wertpapier-Kenn-Nummer (WKN): DWS 100. Common Code: 179193469. Börsenkürzel: DWS.
C.2	**Währung.**	Die Aktien der Gesellschaft sind in EUR denominiert. Die Rechnungslegungswährung ist ebenfalls EUR.

C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien.**	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft € 200.000.000,00, eingeteilt in 200.000.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag. Das Grundkapital ist vollständig eingezahlt. Die Aktien der Gesellschaft werden in einer Globalurkunde (die „**Globalurkunde**") verbrieft, die bei der Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Deutschland, hinterlegt wird.
	Nominal Wert.	Jede Aktie der Gesellschaft repräsentiert einen nominalen Betrag von € 1 am Grundkapital der Gesellschaft.
C.4	**Beschreibung der mit den Wertpapieren verbundenen Rechte.**	Jede Aktie der Gesellschaft gewährt in der Hauptversammlung der Gesellschaft eine Stimme. Beschränkungen des Stimmrechts bestehen nicht. Die Aktien der Gesellschaft sind ab dem 1. Januar 2018 voll gewinnanteilberechtigt.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Die den Anlegern angebotenen und an diese zu übertragenden Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Anforderungen für auf den Inhaber lautende Stammaktien frei übertragbar.
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem geregelten Markt und Nennung der geregelten Märkte, an denen die Wertpapiere gehandelt werden sollen.**	Die Gesellschaft wird die Zulassung der Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) am oder um den 13. März 2018 beantragen.
C.7	**Dividendenpolitik.**	Die Gesellschaft beabsichtigt derzeit, eine Dividende zwischen 65 % und 75 % ihres jährlichen Konzernergebnisses nach Steuern zu zahlen. Jeder künftige Beschluss zur Ausschüttung von Dividenden wird in Übereinstimmung mit geltendem Recht gefasst werden und wird unter anderem von der Ertrags- und Finanzlage der Gesellschaft, von den ausschüttungsfähigen Rücklagen nach dem Handelsgesetzbuch („**HGB**"), von vertraglichen Beschränkungen und vom Kapitalbedarf der Gesellschaft abhängen. Die künftige Fähigkeit der Gesellschaft zur Zahlung von Dividenden kann durch die Bedingungen bestehender und zukünftiger Schuld- oder Vorzugstitel und regulatorische Anforderungen beschränkt sein.
Abschnitt D – Risiken		
D.1	**Zentrale Risiken, die für den Emittenten oder seine Branche spezifisch sind.**	Eine Anlage in die Aktien der Gesellschaft ist mit einer Reihe von Risiken verbunden. Potenzielle Anleger sollten vor der Entscheidung über eine Anlage in Aktien der Gesellschaft die nachfolgend beschriebenen Risiken sowie alle sonstigen in diesem Prospekt enthaltenen Informationen sorgfältig prüfen. Die folgenden Risiken könnten alleine oder zusammen mit zusätzlichen Risiken und Unwägbarkeiten, die der

Gesellschaft derzeit nicht bekannt sind oder die die Gesellschaft derzeit für unwesentlich hält, das Geschäft sowie die Vermögens-, Finanz- und Ertragslage der Gesellschaft wesentlich nachteilig beeinflussen. Im Fall des Eintritts einzelner oder aller dieser Risiken könnte der Marktpreis der Aktien der Gesellschaft sinken und potenzielle Anleger könnten ihre Anlage ganz oder teilweise verlieren.

Die Reihenfolge, in der die Risiken im Folgenden oder im Hauptteil des Prospekts dargestellt sind, stellt keine Aussage über die Wahrscheinlichkeit, mit der diese Risiken tatsächlich eintreten, oder die Bedeutung oder Höhe dieser Risiken dar, und auch nicht darüber, in welchem Maße sich diese Risiken nachteilig auf das Geschäft sowie die Vermögens-, Finanz- und Ertragslage der Gesellschaft auswirken könnten.

Es bestehen mehrere Risiken im Zusammenhang mit der Vermögensverwaltung. Wechselkurse, Zinssätze und der Wert von Aktien, Anleihen und anderen Finanzinstrumenten können sich verändern, und diese Veränderungen können sich erheblich auf unser verwaltetes Vermögen, das als Grundlage für die Berechnung unserer Managementgebühren dient, unsere Nettozinserträge und zinsunanbhängigen Erträge und unser Eigenkapital auswirken. Die Nachfrage nach Vermögensverwaltungsprodukten hängt von Faktoren, auf die wir keinen Einfluss haben und die sich auf den gesamten Vermögensverwaltungssektor auswirken, und von dem politischen und allgemeinen gesamtwirtschaftlichen Umfeld ab. Darüber hinaus könnten die von uns verwalteten Anlageklassen für Anleger weniger attraktiv werden und der bereits jetzt intensive Wettbewerb könnte weiter zunehmen oder sich verändern. Managementgebühren unterliegen einem Wettbewerbs- und Marktdruck und könnten sinken. Das Versagen oder die negative Wertentwicklung von Produkten, die von Wettbewerbern angeboten werden, könnte dazu führen, dass das verwaltete Vermögen in unseren Produkten unabhängig von unserer Leistung zurückgeht.

Des Weiteren bestehen verschiedene Risiken im Zusammenhang mit dem Erfolg unseres Unternehmens, insbesondere im Zusammenhang mit der Entwicklung unseres verwalteten Vermögens und unseres Nettomittelaufkommens, unserer Vertriebspartner und Vertriebskanäle, unserer Garantiefonds und unserer Produkte, Darüber hinaus sind wir Reputationsrisiken, strategischen, operationellen, regulatorischen und finanziellen Risiken ausgesetzt, unter anderem Risiken im Zusammenhang mit Eigenkapitalanforderungen, der Liquidität, dem Zinsumfeld und Kosten und Aufwendungen, sowie wettbewerbsbezogenen Risiken, die unter anderem entstehen können, falls es uns nicht gelingen sollte, mit der

technologischen oder sonstigen Entwicklung Schritt zu halten, und Risiken aus den Beziehungen zu unseren Kunden. Ferner sind wir darauf angewiesen, dass unsere Mitarbeiter, unsere Geschäftsführung und unsere Dienstleister angemessen handeln, sachgerechte Entscheidungen zum Schutz unseres Unternehmens und bei der Wahrnehmung ihrer Aufgaben treffen, Fehler vermeiden und die Einhaltung von Vorschriften und Erfüllung von Kundenaufträgen sicherstellen. Wir sind möglicherweise nicht in der Lage, unsere Infrastruktur und Daten zu schützen, oder sind möglicherweise nicht in der Lage, wirksame Richtlinien zu implementieren, um die Einhaltung von Gesetzen und Vorschriften, einschließlich regulatorischer Eigenkapitalanforderungen, sicherzustellen. Jedes dieser Risiken könnte eintreten und sich auf unsere Einnahmen und unsere Vermögens-, Finanz- und Ertragslage auswirken.

Darüber hinaus bestehen mehrere Risiken im Zusammenhang mit unserer Beziehung zu der DB-Gruppe als Folge unserer Abspaltung als eigene Gruppe. Die Übertragung des US-Geschäfts von der DB Gruppe wurde bislang noch nicht abgeschlossen. In der Folge besteht ein Risiko, dass wir nicht in der Lage sein könnten, unser Geschäft als Gruppe so zu betreiben, wie es derzeit geplant ist, was erhebliche nachteilige Auswirkungen auf unsere Umsätze, Profitabilität und Geschäftsaussichten haben könnte, und dass unser kombinierter Abschluss nicht reflektieren würde, dass die Übertragung nicht stattgefunden hat. Unsere Geschäftstätigkeit und Strategie unterliegen dem Einfluss der DB-Gruppe, da sich unser Anteilseigner, die DB Beteiligungs-Holding GmbH, die gleichzeitig die Muttergesellschaft unseres Komplementärs ist, unter der Kontrolle der Deutsche Bank AG befindet. Des Weiteren unterhalten wir bedeutende Geschäftsbeziehungen zu der DB-Gruppe und unser Anteilseigner ist die DB Beteiligungs-Holding GmbH, eine 100%ige Tochtergesellschaft der Deutsche Bank AG. Die DB-Gruppe wird für uns im Rahmen bestimmter Dienstleistungsverträge sowohl als Vertriebspartner als auch als Dienstleister wesentliche Dienstleistungen erbringen. Sofern oder sobald diese Verträge enden, müssen wir die Dienstleistungen ersetzen, und die wirtschaftlichen Bedingungen der neuen Vereinbarungen könnten für uns weniger vorteilhaft sein. Wir oder unsere verbundenen Unternehmen könnten tatsächliche oder potenzielle Interessenkonflikte unter Umständen nicht immer erfolgreich beilegen, und unsere Abspaltung von der DB-Gruppe könnte sich negativ auf unser Geschäft auswirken. Unsere in der Vergangenheit erzielten Ergebnisse sind möglicherweise nicht repräsentativ für unsere zukünftigen Ergebnisse, und möglicherweise erreichen wir unsere geschäftlichen und strategischen Ziele nicht oder werden unseren Erwartungen nicht gerecht. Wir haben nur

begrenzte Erfahrung als eigenständiges, börsennotiertes Unternehmen, und die Kontroll- und Präventionsmechanismen unserer Compliance-Struktur waren oder sind möglicherweise nicht ausreichend, um uns angemessen vor allen rechtlichen oder finanziellen Risiken zu schützen.

Die Vermögensverwaltungsbranche unterliegt einer umfassenden und weitreichenden Regulierung, die sich auch auf uns erstreckt. Diese Vorschriften können sich ändern und könnten für uns zukünftig mit einem höheren Erfüllungsaufwand verbunden sein, durch den uns unvorhergesehene Kosten entstehen würden. Wir unterliegen dem UK Bribery Act, dem Foreign Corrupt Practices Act der Vereinigten Staaten, dem deutschen Strafrecht und anderen Gesetzen zur Verhinderung von Geldwäsche und Korruption, sowie Exportkontroll-, Zoll-, Sanktions-, Steuer- und anderen Vorschriften, die für unsere Geschäftstätigkeit und die Höhe der Kapitalquote, die wir einhalten müssen, maßgeblich sind. Wenn wir diese Vorschriften nicht einhalten, könnten wir zivilrechtlichen oder strafrechtlichen Sanktionen, anderen Abhilfemaßnahmen und Rechtskosten unterliegen, die unser Geschäft und unsere Vermögens-, Finanz- und Ertragslage beeinträchtigen könnten. Schuldanerkenntnisse oder Verurteilungen von uns, unseren verbundenen Unternehmen und unseren Mitarbeitern in Strafverfahren könnten nachteilige Folgen für unser Geschäft und unsere Fähigkeit zur Fortführung unserer Aktivitäten haben. Unsere Geschäftstätigkeit ist mit Risiken potenzieller Rechtsstreitigkeiten verbunden, die unserem Geschäft schaden könnten. Datenschutzvorschriften sind mit einem zunehmenden Aufwand verbunden und könnten ein erhöhtes Expositionsrisiko bergen. Regulatorische Reformen auf EU- und internationaler Ebene setzen uns und unsere Kunden einer zunehmenden regulatorischen Belastung aus. Beispielsweise hat die Europäische Bankenaufsichtsbehörde Auslegungsleitlinien zur Behandlung von Garantiefondsprodukten veröffentlicht, und die Europäische Kommission hat nach ihrer Überprüfung der Aufsichtsregeln für Wertpapierfirmen einen Vorschlag für eine Verordnung und einen Vorschlag für eine Richtline zur Änderung der bestehenden EU-Aufsichtsregeln für Wertpapierfirmen beschlossen. Wir sind mit strukturellen Veränderungen in der Wettbewerbslandschaft konfrontiert. Neue steuerliche Meldepflichten, die im Zuge der weltweiten Bekämpfung von Steuerumgehung erlassen werden, führen bei uns zu zusätzlichem administrativen Aufwand. Neue Steuervorschriften könnten erhebliche negative Auswirkungen auf unser Geschäft haben. Eine Nichteinhaltung der für uns geltenden Gesetze und

		Vorschriften könnte unseren Ruf schädigen, regulatorische Sanktionen oder Geldbußen nach sich ziehen und erhebliche nachteilige Auswirkungen auf unsere Ertragslage haben.
D.3	**Zentrale Risiken, die den Wertpapieren eigen sind.**	Es gibt bisher keinen bestehenden Markt für die Aktien der Gesellschaft und möglicherweise wird sich kein aktiver und liquider Markt entwickeln. Die Aktien der Gesellschaft werden möglicherweise nicht geliefert und die Transaktion wird möglicherweise nicht vollzogen. Die Deutsche Bank AG als unser indirekter Hauptaktionär und Muttergesellschaft unseres Komplementärs wird weiterhin maßgeblichen Einfluss auf die Gesellschaft und ihre Geschäftstätigkeit ausüben können. Die Interessen von Aktionären, die im Rahmen des Angebots Wertpapiere kaufen, könnten mit den Interessen der Deutsche Bank AG kollidieren. Im Zusammenhang mit der Eröffnung eines Abwicklungsverfahrens nach geltenden Sanierungs- und Abwicklungsvorschriften gegen uns oder die DB-Gruppe könnten unsere Aktien eingezogen oder stark verwässert werden, und umfangreiche Verkäufe von Aktien der Gesellschaft oder erwartete Verkäufe einer beträchtlichen Anzahl von Aktien der Gesellschaft oder ähnliche Geschäfte, die von der DB-Gruppe oder anderen Aktionärsgruppen durchgeführt werden, könnten sich negativ auf den Aktienkurs auswirken. Künftige Kapitalmaßnahmen können sich nachteilig auf den Marktpreis der Aktien auswirken und könnten zu einer erheblichen Verwässerung bestehender Beteiligungen an der Gesellschaft führen. Der Kurs und das Handelsvolumen der Aktien können Schwankungen unterliegen, und Anleger könnten ihren investierten Betrag ganz oder teilweise verlieren. Der Gesellschaft werden durch ihren Betrieb als Publikumsgesellschaft höhere Kosten entstehen, und ihre Geschäftsführung wird erhebliche Zeit für neue Compliance-Initiativen und die Einhaltung zusätzlicher gesetzlicher, aufsichtsrechtlicher und administrativer Vorschriften aufwenden müssen. Die Nichteinhaltung dieser Vorschriften könnte unseren Ruf schädigen und eine Anlage in den Aktien, unsere Ertragslage und die Fähigkeit der Gesellschaft zur Zahlung von Dividenden (die hauptsächlich vom Erhalt von Dividenden von unseren Tochtergesellschaften und zulässigen Zahlungen an uns gemäß Unternehmensverträgen mit Tochtergesellschaften abhängen) beeinträchtigen. Darüber hinaus könnte sich der Umstand, dass Anleger möglicherweise nicht mit der Rechtsform einer KGaA nach deutschem Recht vertraut sind, nachteilig auf den Marktpreis der Aktien der Gesellschaft auswirken.

Abschnitt E – Angebot

E.1	**Gesamtnettoerlöse.**	Die Gesellschaft wird keinen Erlös aus dem Angebot (wie in *E.3* definiert), der sich aus dem Verkauf der Angebotsaktien (wie in *E.3* definiert) ergibt, erhalten. Der Abgebende Aktionär wird sämtliche Nettoerlöse aus dem Verkauf der Abzugebenden Aktien im Ausgangsszenario und einem etwaigen Verkauf von Zusätzlichen Abzugebenden Aktien soweit die Erhöhungsoption (beides wie unter Element E.3 definiert) ausgeübt wird, sowie und einem Verkauf der Mehrzuteilungsaktien (beides wie in *E.3* definiert), falls und soweit die Greenshoe-Option (wie in *E.3* definiert) im Zusammenhang mit den Mehrzuteilungsaktien ausgeübt wird, erhalten. Unter der Annahme, dass (i) alle Abzugebenden Aktien (40.000.000 Aktien) (wie in *E.3* definiert), (ii) alle Zusätzlichen Abzugebenden Aktien (4.782.600 Aktien) (wie untentstehend in E.3 definiert) und (iii) alle Mehrzuteilungsaktien (5.217.400 Aktien) zum Mittelwert (€ 33,00) der für das Angebot der Angebotsaktien (wie in *E.3* definiert) festgesetzten Preisspanne (wie in *E.3* definiert) platziert werden und (iv) die Greenshoe-Option (wie in *E.3* definiert) hinsichtlich der Mehrzuteilungsaktien (wie in *E.3* definiert) vollumfänglich ausgeübt wird, würde sich der Gesamtnettoerlös des Abgebenden Aktionärs nach Schätzung der Gesellschaft auf ca. € 1.598 Mio. belaufen (unter der Annahme von Kosten des Angebots in Höhe von ca. € 52 Mio.).
	Geschätzte Gesamtkosten des Angebots und der Börsenzulassung, einschließlich der geschätzten Kosten, die dem Anleger vom Emittenten in Rechnung gestellt werden.	Der Abgebende Aktionär wird voraussichtlich sämtliche Kosten des Angebots der Angebotsaktien und der Börsenzulassung aller Aktien der Gesellschaft (mit Ausnahme bestimmter Gebühren von Aufsichtsstellen in unwesentlicher Höhe) alleine tragen. Der Gesellschaft werden keine Kosten in Verbindung mit Übernahmeprovisionen (einschließlich einer etwaigen ermessensabhängigen Gebühr) entstehen, da diese Kosten ausschließlich und unmittelbar von dem Abgebenden Aktionär getragen werden. Die Gesellschaft und der Abgebende Aktionär gehen davon aus, dass die Kosten des Angebots insgesamt, einschließlich der Übernahmeprovisionen, ungefähr € 52 Mio. betragen werden (unter der Annahme, dass alle Angebotsaktien zur Mitte (€ 33,00) der Preisspanne platziert werden und die Greenshoe-Option vollständig ausgeübt wird). Der Abgebende Aktionär wird sämtliche Kosten des Angebots und der Börsenzulassung tragen, einschließlich der Kosten von Finanz- und Rechtsberatern der Gesellschaft, die in unmittelbarem Zusammenhang mit dem Angebot stehen. Diese Kosten werden auf ca. € 52 Mio. geschätzt (einschließlich Übernahmegebühren und Provisionen in Höhe von etwa € 40 Mio.) (unter der Annahme, dass alle Angebotsaktien zur Mitte der Preisspanne platziert werden und die Greenshoe-Option vollständig ausgeübt wird).

		Den Anlegern werden von der Gesellschaft oder den Konsortialbanken im Zusammenhang mit deren Rolle als Konsortialbanken keine Kosten in Rechnung gestellt. Anleger müssen jedoch unter Umständen übliche Transaktions- und Abwicklungskosten, die ihnen ihre depotführende Bank in Rechnung stellt, selbst tragen.
E.2a	**Gründe für das Angebot.**	Der Abgebende Aktionär hat uns informiert, dass er beabsichtigt, die Zulassung der Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) zu erhalten, damit die Gesellschaft einen besseren Zugang zu den Kapitalmärkten erhält und unser Eigenkapital als Vergütungsbestandteil oder als Gegenleistung bei einer Transaktion attraktiver wird. Der Abgebende Aktionär wird die Aktien anbieten, um seine Beteiligung an der Gesellschaft teilweise zu veräußern und um Liquidität im Handel mit den Aktien bereitzustellen.
	Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.	Die Gesellschaft wird keine Erlöse aus diesem Angebot (wie in *E.3* definiert) erhalten.
E.3	**Angebots-konditionen.**	Das Angebot bezieht sich auf das Angebot von bis zu 50.000.000 auf den Inhaber lautenden Stammaktien der Gesellschaft ohne Nennbetrag, jeweils mit einem anteiligen Betrag am Grundkapital der Gesellschaft von € 1 und mit voller Gewinnanteilberechtigung ab dem 1. Januar 2018 (das „**Angebot**"), bestehend aus: • 40.000.000 Aktien (die „**Abzugebenden Aktien**") aus der Beteiligung des Abgebenden Aktionärs; • bis zu 4.782.600 Aktien (die „**Zusätzlichen Abzugebenden Aktien**") aus der Beteiligung des Abgebenden Aktionärs die Gegenstand einer Erhöhungsoption sind, über die von dem Abgebenden Aktionär am Tag der Preisfestlegung entschieden wird (die „**Erhöhungsoption**"); und • bis zu 5.217.400 Aktien aus der Beteiligung des Abgebenden Aktionärs im Zusammenhang mit möglichen Mehrzuteilungen (die „**Mehrzuteilungsaktien**" und, zusammen mit den Abzugebenden Aktien und den Zusätzlichen Abzugebenden Aktien, die „**Angebotsaktien**"). Das Angebot besteht aus einem erstmaligen öffentlichen Angebot in der Bundesrepublik Deutschland („**Deutschland**") und im Großherzogtum Luxemburg („**Luxemburg**") und Privatplatzierungen in bestimmten Ländern außerhalb von

	Deutschland und Luxemburg. In den Vereinigten Staaten von Amerika (die „**Vereinigten Staaten**“) werden die Aktien der Gesellschaft nur qualifizierten institutionellen Käufern (Qualified Institutional Buyers), wie in Rule 144A des US-amerikanischen Securities Act von 1933 in der jeweils geltenden Fassung (der „**Securities Act**“) definiert, angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Aktien der Gesellschaft nur im Rahmen von Offshore-Transaktionen nach Maßgabe der Regulation S unter dem Securities Act angeboten und verkauft.
Angebotszeitraum.	Der Zeitraum, in dem Anleger ihre Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 14. März 2018 und endet voraussichtlich am 21. März 2018 für Privatanleger und am 22. März 2018 für institutionelle Investoren (der „**Angebotszeitraum**“). Am jeweiligen letzten Tag des Angebotszeitraums können Kaufangebote (i) von Privatanlegern bis 12:00 Uhr (Mitteleuropäische Zeit) („**MEZ**“) bzw. (ii) von institutionellen Anlegern bis 14:00 Uhr (MEZ) abgegeben werden.
Preisspanne und Angebotspreis.	Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können, liegt zwischen € 30,00 und € 36,00 je Angebotsaktie (die „**Preisspanne**“). Der Platzierungspreis (der „**Angebotspreis**“) und die endgültige Anzahl der im Rahmen des Angebots zu platzierenden Angebotsaktien stehen zum Datum dieses Prospekts noch nicht fest; sie werden von der Gesellschaft und dem Abgebenden Aktionär voraussichtlich am 22. März 2018 auf Grundlage der von Anlegern abgegebenen Kaufangebote, die in einem im Rahmen eines Bookbuilding-Verfahrens erstellten Orderbuch gesammelt werden, gemeinsam festgelegt. Der Angebotspreis und die endgültige Anzahl der im Rahmen des Angebots platzierten Angebotsaktien (d. h. die Ergebnisse des Angebots) werden voraussichtlich am gleichen Tag in einer Ad-hoc-Mitteilung über ein elektronisches Informationssystem und auf der Website der Gesellschaft veröffentlicht. Insbesondere für den Fall, dass das Platzierungsvolumen nicht ausreicht, um sämtliche abgegebenen Kaufangebote zum Angebotspreis zu erfüllen, behalten sich die Konsortialbanken das Recht vor, Kaufangebote abzulehnen oder nur teilweise anzunehmen.
Änderung der Angebotskonditionen	Die Gesellschaft und der Abgebende Aktionär behalten sich das Recht vor, die Gesamtzahl der Angebotsaktien zu erhöhen oder herabzusetzen, die obere und/oder untere Grenze der Preisspanne zu erhöhen oder zu senken und/oder den Angebotszeitraum zu verlängern oder zu verkürzen. Durch Änderungen der Anzahl der Angebotsaktien, Änderungen der Preisspanne oder die Verlängerung oder Verkürzung des

	Angebotszeitraums werden bereits abgegebene Kaufangebote nicht unwirksam. Falls eine solche Änderung die Veröffentlichung eines Nachtrags zu diesem Prospekt erforderlich macht, haben Anleger, die bereits vor der Veröffentlichung des Nachtrags ein Kaufangebot abgegeben haben, gemäß dem Wertpapierprospektgesetz das Recht, dieses Kaufangebot innerhalb von zwei Werktagen nach der Veröffentlichung des Nachtrags zu widerrufen. Anstelle des Widerrufs der vor der Veröffentlichung des Nachtrags abgegebenen Kaufangebote können Anleger innerhalb von zwei Werktagen nach der Veröffentlichung des Nachtrags ihre Kaufangebote abändern oder neue limitierte oder unlimitierte Kaufangebote abgeben. Wenn und soweit die Angebotskonditionen geändert werden, wird die betreffende Änderung über elektronische Medien (wie Reuters oder Bloomberg) und, sofern nach dem Wertpapierhandelsgesetz oder Wertpapierprospektgesetz erforderlich, als Ad-hoc-Mitteilung über ein elektronisches Informationssystem, auf der Website der Gesellschaft und als Nachtrag zu diesem Prospekt veröffentlicht. Anleger, die Kaufangebote abgegeben haben, werden nicht einzeln benachrichtigt. Unter bestimmten Umständen können die Konsortialbanken den Übernahmevertrag in Bezug auf das Angebot und den Verkauf der Angebotsaktien, den die Konsortialbanken, die Gesellschaft und der Abgebende Aktionär im Zusammenhang mit dem Angebot am 12. März 2018 abgeschlossen haben, (der „**Übernahmevertrag**") auch nach Aufnahme des Handels der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse kündigen.
Bevorrechtigte Zuteilung.	Nippon Life Insurance Company (der „**Investor**") hat zugestimmt, aufgrund einer Investitionsvereinbarung 5% des Aktienkapitals der Gesellschaft zu erwerben. Als Teil des Angebots werden dem Investor zum Angebotspreis vorzugsweise 10.000.000 Angebotsaktien gemäß den Bestimmungen der Investitionsvereinbarung zugeteilt.
Lieferung und Zahlung.	Die Lieferung der Angebotsaktien erfolgt voraussichtlich am oder um den 27. März 2018 gegen Zahlung des Angebotspreises an den Abgebenden Aktionär und üblicher Wertpapierprovisionen. Die Angebotsaktien werden den Aktionären in buchmäßiger Form nach deutschem Recht zur Verfügung gestellt.
Stabilisierungsmaß-nahmen, Mehrzuteilung und Greenshoe-Option.	Im Zusammenhang mit der Platzierung der Angebotsaktien fungiert Credit Suisse (oder mit ihr verbundene Unternehmen), für Rechnung der Konsortialbanken, als Stabilisierungsmanager (der „**Stabilisierungsmanager**") und kann als solcher in Übereinstimmung mit den rechtlichen Bestimmungen (Artikel 5 Absätze 4 und 5 der Marktmissbrauchsverordnung (EU) Nr. 596/2014 in

Verbindung mit Artikel 5 bis 8 der Delegierten Verordnung (EU) 2016/1052 der Kommission) Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Börsenkurs der Aktien der Gesellschaft zu stützen und dadurch einem etwaigen Verkaufsdruck entgegenzuwirken.

Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Daher kann auch keine Gewähr dafür übernommen werden, dass Stabilisierungsmaßnahmen ergriffen werden. Soweit Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit ohne Vorankündigung eingestellt werden. Derartige Stabilisierungsmaßnahmen können ab dem Zeitpunkt der Aufnahme der Börsennotierung der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse ergriffen werden und müssen spätestens am dreißigsten Kalendertag nach diesem Zeitpunkt beendet sein (der „**Stabilisierungszeitraum**").

Diese Maßnahmen könnten dazu führen, dass der Börsenkurs der Aktien der Gesellschaft höher ist, als er es ohne diese Maßnahmen wäre. Darüber hinaus kann sich vorübergehend ein Börsenkurs auf einem Niveau ergeben, das nicht von Dauer ist.

Bei möglichen Stabilisierungsmaßnahmen können Anlegern als Teil der Zuteilung der zu platzierenden Aktien zusätzlich zu den Abzugebenden Aktien und den Zusätzlichen Abzugebenden Aktien bis zu 5.217.400 Mehrzuteilungsaktien zugeteilt werden (die „**Mehrzuteilung**"). Zum Zwecke einer möglichen Mehrzuteilung werden dem Stabilisierungsmanager in Vereinbarung mit Barclays und Citigroup, für Rechnung der Konsortialbanken bis zu 5.217.400 Aktien aus der Beteiligung des Abgebenden Aktionärs in Form eines Wertpapierdarlehens zur Verfügung gestellt; die Anzahl der Mehrzuteilungsaktien wird 15 % der Anzahl der Abzugebenden Aktien und den Zusätzlichen Abzugebenden Aktien nicht überschreiten. Im Zusammenhang mit dem Wertpapierdarlehen wird der Abgebende Aktionär den Konsortialbanken eine Option zum Erwerb einer der Anzahl der Mehrzuteilungsaktien entsprechenden Anzahl an Aktien zum Angebotspreis abzüglich aller Gebühren und Kosten einräumen (die „**Greenshoe-Option**") statt die unter dem Wertpapierdarlehen entliehenen Aktien rückzuübertragen. Die Greenshoe-Option endet dreißig Kalendertage nach dem Datum der Zuteilung der Angebotsaktien.

Der Stabilisierungsmanager hat das Recht, die Greenshoe-Option bis zu dem Umfang der ursprünglichen Mehrzuteilungen auszuüben. Dabei ist die Anzahl der Aktien,

		für welche die Greenshoe-Option ausgeübt werden kann, um die Anzahl derjenigen Aktien reduziert, die von dem Stabilisierungsmanager am Datum der Ausübung der Greenshoe-Option gehalten werden und von ihm im Zusammenhang mit Stabilisierungsmaßnahmen erworben wurden. Nach Ende des Stabilisierungszeitraums wird innerhalb einer Woche in verschiedenen Medien mit Verbreitung im gesamten EWR bekannt gemacht, ob Stabilisierungsmaßnahmen ergriffen wurden, wann die Kursstabilisierung begonnen und beendet wurde sowie innerhalb welcher Kursspanne die Stabilisierungsmaßnahmen erfolgten. Letzteres wird für jeden Termin, zu dem Kursstabilisierungsmaßnahmen ergriffen wurden, bekannt gegeben. Die Ausübung der Greenshoe-Option, der Zeitpunkt der Ausübung sowie die Anzahl und Art der betroffenen Aktien der Gesellschaft werden unverzüglich in derselben Weise bekannt gemacht.
E.4	**Wesentliche Interessen an der Emission/dem Angebot, einschließlich kollidierender Interessen.**	Die Deutsche Bank AG hält mittelbar sämtliche Aktien der Gesellschaft und fungiert gleichzeitig als Konsortialbank und Sole Global Coordinator und Bookrunner für das Angebot. Die Deutsche Bank AG wird im Nachgang an das Angebot über den Abgebenden Aktionär weiterhin ein indirekter Mehrheitsaktionär der Gesellschaft bleiben und ihre Interessen können von denjenigen anderer Anteilseigner abweichen, so dass ein potenzieller Interessenkonflikt besteht. Im Zusammenhang mit dem Angebot und der Zulassung der Aktien der Gesellschaft zum Handel sind die Konsortialbanken, wie in den nachfolgenden Gliederungspunkten beschrieben, ein vertragliches Verhältnis mit der Gesellschaft und dem Abgebenden Aktionär eingegangen, aus dem sich potentielle Interessenkonflikte ergeben. • Die Konsortialbanken handeln bei dem Angebot im Auftrag der Gesellschaft und des Abgebenden Aktionärs und koordinieren die Strukturierung und Durchführung des Angebots. Zudem sind bestimmte Joint Bookrunner beauftragt, als Designated Sponsors für die Aktien der Gesellschaft zu handeln, und die Deutsche Bank AG wurde als Zahlstelle bestellt. Bei erfolgreicher Durchführung des Angebots erhalten die Konsortialbanken eine Provision. Aufgrund dieser vertraglichen Vereinbarungen haben die Konsortialbanken ein finanzielles Interesse an einer erfolgreichen Durchführung des Angebots. • Zudem kann im Zusammenhang mit dem Angebot jede der Konsortialbanken bzw. jedes ihrer verbundenen Unternehmen als Anleger für eigene Rechnung Aktien im Rahmen des Angebots erwerben und solche Aktien oder damit verbundene Anlagen in dieser Eigenschaft für eigene

Rechnung halten, kaufen oder verkaufen und solche Aktien oder damit verbundene Anlagen auch außerhalb des Angebots anbieten oder verkaufen. Zudem können bestimmte Konsortialbanken oder ihre verbundenen Unternehmen Finanzierungsvereinbarungen (einschließlich Swaps oder Differenzkontrakten) mit Anlegern abschließen, in Verbindung mit denen solche Konsortialbanken (oder ihre verbundenen Unternehmen) jeweils Aktien der Gesellschaft erwerben, halten oder veräußern könnten. Keine der Konsortialbanken beabsichtigt, solche Anlagen oder Transaktionen in einem weiteren Umfang offenzulegen als demjenigen, zu dem sie aufgrund gesetzlicher oder aufsichtsrechtlicher Vorschriften verpflichtet ist, bzw. in einem weiteren Umfang als sie in diesem Prospekt offengelegt sind.

- Einige der Konsortialbanken oder ihre verbundenen Unternehmen unterhalten derzeit Geschäftsbeziehungen (einschließlich Darlehensgeschäfte) mit der DWS Gruppe oder erbringen im Rahmen des gewöhnlichen Geschäftsbetriebs Leistungen für die DWS Gruppe oder können in Zukunft weiterhin solche Beziehungen unterhalten oder Leistungen erbringen. Neben anderen Geschäftsbeziehungen ist die Deutsche Bank AG Partei von Dienstleistungsverträgen und eines Vertriebsvertrages mit der Gesellschaft, übt Kontrolle über den Komplementär aus und ist mit verschiedenen Vertretern im Aufsichtsrat der Gesellschaft vertreten.

- Der Abgebende Aktionär erhält die Erlöse aus dem Verkauf der Abzugebenden Aktien und der Zusätzlichen Abzugebenden Aktien im Rahmen des Angebots sowie einem möglichen Verkauf von Mehrzuteilungsaktien, soweit die Greenshoe-Option ausgeübt wird. Unter der Annahme einer vollständigen Platzierung aller Abzugebenden Aktien, Zusätzlichen Abzugebenden Aktien und Mehrzuteilungsaktien zum Mittelwert der Preisspanne und einer vollumfänglichen Ausübung der Greenshoe-Option sowie nach Abzug der Gebühren und Provisionen in Höhe von ca. € 52 Mio., die im Zusammenhang mit dem Angebot und der Börsenzulassung vom Abgebenden Aktionär zu zahlen sind, würde sich der Nettoerlös des Abgebenden Aktionärs aus dem Angebot auf ca. € 1.598 Mio. belaufen. Daher haben der Abgebende Aktionär und sein Anteilseigner, die Deutsche Bank AG, ein Interesse an der Durchführung des Angebots. Es sollte beachtet werden, dass der Abgebende Aktionär der Gesellschaft Informationen (Deutsche Bank Research) zur Verfügung gestellt hat, aufgrund derer die Gesellschaft bestimmte Schätzungen oder Annahmen getroffen hat, die in diesem Prospekt enthalten sind.

		Als Teil des Angebots erhält der Investor eine bevorrechtigte Zuteilung. Die Interessen des Investors stehen in Konflikt mit den Interessen anderer Personen, die Kaufangebote abgeben und die möglicherweise keine Zuteilung erhalten oder die aufgrund des Rechts des Investors eine Zuteilung von 10.000.000 Angebotsaktien zu erhalten, eine kleinere Zuteilung erhalten. Die bevorrechtigte Zuteilung an den Investor führt zu einem Interessenkonflikt mit den Konsortialbanken (mit Ausnahme der Deutsche Bank AG), da nur die Deutsche Bank AG eine Provision auf die dem Investor zugeteilten Angebotsaktien erhält.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.**	Die Aktien der Gesellschaft werden von den Konsortialbanken im Auftrag des Abgebenden Aktionärs zum Verkauf angeboten.
	Lock-up-Vereinbarungen, beteiligte Parteien und Lock-up-Frist.	In dem Übernahmevertrag werden sich die Gesellschaft, der Abgebende Aktionär und die Deutsche Bank AG jeweils gegenüber den Konsortialbanken dazu verpflichten, für einen Zeitraum, der zum Datum dieses Prospekts beginnt und 180 Tage nach dem Tag der Aufnahme des Handels endet, Aktien, die von ihnen oder ihren Tochtergesellschaften (mit Ausnahme der Gesellschaft und ihrer Tochtergesellschaften) gehalten werden, vorbehaltlich bestimmter Ausnahmen nicht ohne die vorherige schriftliche Zustimmung von Barclays, Citigroup und Credit Suisse direkt oder indirekt anzubieten, zu verpfänden, zuzuteilen, zu verkaufen oder in sonstiger Weise zu übertragen und zu veräußern. Der Investor hat für die Dauer von zwölf Monaten beginnend mit der Abwicklung der dem Investor zugeteilten Aktien, welche voraussichtlich am 27. März 2018 gleichzeitig mit und als Teil des Vollzugs des Angebots eintreten wird, oder der Beendigung der strategischen Allianz (sofern diese früher eintritt) einer Lock-up-Vereinbarung über die ihm bevorrechtigt zugeteilten Aktien zugestimmt.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.**	Da sich das Angebot nur auf bereits bestehende Aktien der Gesellschaft bezieht, resultiert daraus keine Verwässerung für die bestehenden Aktionäre der Gesellschaft. Der Nettobuchwert der Gesellschaft (berechnet als die Summe der Aktiva abzüglich der Summe der Verbindlichkeiten), wie in der geprüften kombinierten Bilanz für das zum 31. Dezember 2017 endende Geschäftsjahr ausgewiesen, betrug € 6.366 Mio. Der Nettobuchwert der Gesellschaft betrug zum 31. Dezember 2017 € 6.366 Mio. oder € 31,83 je Aktie der Gesellschaft (auf Grundlage von 200 Mio. Aktien). Die Gesellschaft erhält keine Erlöse aus dem Angebot und wird auch nicht die Kosten des

		Angebots tragen. Ein Angebotspreis von € 33,00 (die Mitte der Preisspanne) würde den Nettobuchwert der Gesellschaft von € 31,83 je Aktie der Gesellschaft übersteigen. Personen, die Angebotsaktien im Rahmen des Angebots erwerben, würden daher unter der Annahme, dass der Nettobuchwert der Gesellschaft gegenüber dem 31. Dezember 2017 ansonsten unverändert bleibt, einer unmittelbaren Verwässerung von € 1,17, entsprechend 3,5 %, je Aktie der Gesellschaft unterliegen (auf Grundlage von 200 Mio. Aktien).
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Entfällt. Anlegern werden von der Gesellschaft oder den Konsortialbanken in ihrer Rolle als Konsortialbanken keine Ausgaben in Rechnung gestellt. Anleger müssen jedoch unter Umständen übliche Transaktions- und Abwicklungskosten, die ihnen ihre depotführende Bank in Rechnung stellt, selbst tragen.

PART 1: RISK FACTORS

*An investment in shares of DWS Group GmbH & Co. KGaA is subject to risks. DWS Group GmbH & Co. KGaA (and its predecessor DWS Group SE) is defined in this prospectus as the "**Company**" or the "**Issuer**"). "**DWS Group**" is defined as the Company, together with (i) the subsidiaries and (ii) the asset management activities of shared entities, each of (i) and (ii) as described in the audited combined financial statements of the Company (also "**Deutsche Asset Management**", "**DWS**", the "**Group**", "**we**", "**us**", or "**our**"). Shared entities are consolidated subsidiaries of Deutsche Bank AG where both asset management services and non-asset management services were provided. All shares of the Company outstanding from time to time, together are defined in this prospectus as the "**Shares**" and each share, a "**Share**". References to the "**DB Group**" refer to Deutsche Bank AG and its consolidated subsidiaries, including the Company and the Group.*

Potential investors should carefully consider the following risks together with the other information provided in this prospectus as well as their personal circumstances, prior to making an investment decision with respect to the Shares. The order in which the risks are presented is not an indication of the likelihood of the risks actually occurring or the effects and significance of the individual risks. The following risk factors are based on assumptions which may in hindsight turn out to be incorrect. In addition, other risks and circumstances which we are currently unaware of or that we currently deem to be immaterial, alone or together with the following risks, could have a material adverse effect on our business, results of operations, cash flows and financial position. The occurrence of one or more of these risks, individually or cumulatively, could have a material adverse effect on the business activities of the DWS Group, its financial position, results of operations, cash flows, and prospects. In addition, any of these risks could have a compounding effect when taken together, exacerbating risks that otherwise may have remained dormant or combining to have a material adverse effect when there otherwise would not have been one. The market price of the Shares could fall if any or all of these risks were to materialize, and prospective investors could lose all or part of their invested capital.

1.1 Risks related to the asset management sector

1.1.1 Changes in foreign exchange rates, the value of shares, bonds and other financial instruments can significantly impact our assets under management, total net interest and noninterest income and equity.

We earn revenue (interest and noninterest income) through managing assets which have been sold as products to retail and institutional investors. The large majority of our net interest and noninterest income consists of management fees or commissions calculated as a percentage of our assets under management ("**AuM**"). The level of our AuM depends to a large extent on the value of assets held in funds and portfolios managed by us, particularly bonds, equities, currencies and real estate and the investors' trusts in the financial markets and us as asset manager. Fluctuations in financial markets, in particular changes in interest rates, issuer credit spreads, currencies and the value of equities, can cause the value of our AuM to change significantly. In particular, if the United States Federal Reserve, the European Central Bank or monetary authorities in other jurisdictions were to tighten their monetary policies, interest rates would likely increase (which could reduce the value of fixed income AuM), and stock market values could decline, resulting in a reduction in our AuM. A lack of liquidity in financial markets or in relation to certain types of assets may also impact the value of the assets managed by us. Certain types of securities invested in by our fund or provided as collateral to our funds may be difficult to buy, sell or value, particularly during adverse market conditions. As a result, the ability to calculate net asset value of the fund may be affected

which may, in turn, affect our ability to calculate our management fee. Fluctuations in financial markets can also reduce new investments and prompt investors to withdraw assets from funds and portfolios managed by us, further impacting our AuM and income. Fluctuations in financial markets can also impact the value of our own investments (see section 1.2 for information on risks related to our activities), affecting our net interest and noninterest income and/or shareholders' equity. As a result of the foregoing, significant adverse movements in financial markets could have a material adverse impact on our results of operations, financial condition and prospects.

1.1.2 Demand for asset management products depends on factors outside our control that impact the asset management sector as a whole.

Demand for asset management products and services can be significantly affected by numerous factors beyond management's control. Adverse developments can reduce the amount of new funds invested by our clients, and can cause investors to withdraw assets from the funds and portfolios that we manage. The factors beyond our control that can significantly impact demand for our products and services include the following:

- demographic trends and the macroeconomic climate, globally and, more specifically, in the countries where we market our products, which impacts the capacity of individuals to save money and to invest in asset management products, and which can also affect demand of institutional investors for these products;
- the level of equity markets globally and in the principal regions where our products are distributed, which can impact the attractiveness of asset management products for investors and thus affect the level of investments;
- the level of exchange rates or interest rates in financial markets generally, and yield on products that compete with the asset management products, such as bank savings deposits and bonds, particularly in the countries where our products are distributed;
- tax incentives that favor other investment products (including retirement savings), as well as amendments and proposals to amend tax incentives that are favorable to asset management products; and/or
- regulatory initiatives in the financial markets, which may provide incentives to banks to distribute asset management products or, on the contrary, to seek to increase deposits at the expense of asset management products.

If these or other factors were to adversely affect demand for asset management products, net inflows will be reduced and, as a result, our AuM would be lower, causing a reduction in our net interest and noninterest income and results of operations.

1.1.3 The asset classes we manage may become less attractive to investors.

We manage assets for retail and institutional investors in a broad range of asset classes and across a broad range of assets. Certain of these assets or asset classes may be viewed more or less favorably by potential clients at different times and in different markets with different regulatory and fiscal frameworks. In addition, new asset classes, or product types and investment categories may be developed, some of which might not be among the principal products offered by us. In addition, asset management could become less popular, investors could invest on their own or may stop investing altogether. In the event the assets favored by investors in key markets are not those in which we have strong positions, our competitive position could be adversely affected, which could in turn reduce our AuM as well as our net management fees and results of operations.

1.1.4 We are subject to risks from significant competition.

The asset management industry is highly competitive with moderate barriers to entry. DWS's main competitors are asset management companies, insurance companies and other financial services companies, many of which offer investment products similar to those of DWS. Competition in the industry is based on a number of factors including investment performance, the levels of fees charged, the quality and diversity of services and products provided, name recognition and reputation, the effectiveness of distribution channels, and the ability to develop new investment strategies and products to meet the changing needs of investors. Retail investors have numerous investment choices, which are growing as online investment offers become increasingly available. Institutional investors typically select investment managers by competitive bidding. Increased competition, particularly when it leads to fee reductions on existing or new business, could cause our AuM, net management fees, income and results of operations to decline. In addition, both new domestic and international operators may enter the markets where we operate and thus intensify the competition which could have a material adverse effect on our business, results of operations, financial condition and prospects. Asset management products also compete with other investment categories offered to investors (securities, vanilla and structured bonds, regulated and non-regulated bank deposits, real-estate investments, etc.).

1.1.5 Management fees are subject to competitive and market pressure.

Our management fees, which constitute the fundamental building block of our income, are generally equal to a percentage of AuM, which varies based on product type and geographic market as well as other factors, including regulatory pressure. Fees are subject to significant competitive pressure: as a result of a regulatory focus on greater transparency, fees charged on retail products are required to be disclosed under applicable regulations. Fees charged to institutional investors are generally determined by competitive bidding. Fees in the asset management market have come under significant competitive pressure in recent years, impacted by a general trend towards passive products and away from active products and by new low fee retail structures and products, for example in the US and Japan. In addition, in an environment of historically low interest rates, the fees that we can charge on fixed income products are limited, because a sufficient net return must be provided to clients in order to convince them to invest. Reductions in fees or margins directly and adversely impact our income and could cause us to miss our targets or could have a material adverse effect on our results of operations.

1.1.6 The failure or negative performance of products offered by competitors may cause AuM in similar DWS products to decline irrespective of our performance.

Many competitors offer similar or comparable products to those we offer. The failure or negative performance of competitors' products could lead to a loss of confidence in similar DWS (or other branded) products, irrespective of the performance of such products. Any loss of confidence in a product type could lead to withdrawals, redemptions and liquidity issues in such products, which may cause our AuM, income and results of operations to decline.

1.1.7 We are dependent on political and general macroeconomic conditions.

We are exposed to risks resulting from macroeconomic and political conditions both generally and as they specifically affect financial institutions and asset managers. The last several years have been characterized by increased political uncertainty as Europe in particular has been impacted by its sovereign debt crisis, the outcomes of the referenda in the United Kingdom

("**UK**") on European Union ("**EU**") membership (commonly termed Brexit) and in Italy on contemplated constitutional reform, the refugee crisis and the increasing attractiveness to voters of populist, anti-austerity and separatist movements. The severity of the European sovereign debt crisis appears to have abated somewhat over recent years as actions by the ECB, rescue packages from EU member states and a general economic recovery appear to have stabilized the situation in Europe to some extent; however, political uncertainty has nevertheless continued to be at an elevated level in recent periods and consequences of the 2008 financial crisis are still evident as low interest rates continue to impact our business and AuM.

Negotiations to determine the terms of the UK's exit from the European Union are currently ongoing and, at present, it is not possible to predict the outcome of those negotiations or the future relationship which the UK will have with the European Union. Depending on the outcome of the negotiations, the UK's exit from the European Union may result in changes in operational, regulatory, legal, tax, and data security/privacy aspects of the business which impact DWS Group subsidiaries providing services (i) in the UK, either on a cross-border basis or from a branch located in the UK, and (ii) from the UK to clients in the EU, either on a cross-border basis or from a European branch of a UK entity. For example, UK asset management firms could lose their current level of access to the European Union single market if access to the European Union financial services passport, as described above, is not maintained for UK-incorporated companies. Similarly, European firms could lose their current level of access to the UK market if their financial services passport is not recognized in the UK.

Elevated political uncertainty could trigger the unwinding of certain aspects of European integration that have benefitted our Group; for example, based on the EU principle of single authorization, we may offer certain financial services throughout the EU in reliance on our authorizations in Germany, which is a benefit we could lose as a result of the unwinding described above. The prospects for national structural reform and further integration among EU member states, both viewed as important tools to reduce the Eurozone's vulnerabilities to future crises, appear to have worsened. These factors may materially reduce our business success due to reduced levels of economic activity and output in light of the increased uncertainty.

In addition, tensions between the United States and certain other countries, particularly in Asia, appear to be increasing in recent months. An outbreak or escalation of hostilities between the United States and another nation, or between any two developed nations, could destabilize international markets, reduce investments in our products, or cause our clients to withdraw assets.

Any of these factors, alone or in the aggregate, could result in a material disruption in our business, a reduction in our AuM, income, or profit, and materially and adversely affect our results of operations.

1.2 Risks related to our activities (borne on our own account and/or managed on behalf of our clients)

1.2.1 Our ability to attract and retain assets under management and to generate earnings is dependent on our ability to maintain competitive investment performance, as well as market and other factors. Poor investment performance could lead to a loss of clients and may cause our AuM, income and results of operations to decline.

Our financial performance is largely dependent on our levels of AuM, which are affected by inflows and outflows, market performance of our funds and assets, and foreign currency movements.

We are dependent upon our ability to minimize the risk of outflows through sound relative investment performance over measured periods of time compared to relevant benchmarks and peer performance results. The performance of our investment strategies, which can be impacted by factors within and/or outside our control, including market and economic conditions, is essential to our reputation and the reputation carried by DWS products and solutions, and critical to retaining existing client assets and investors in mutual funds we manage and to attracting new client and investor assets. Our historical performance is not a guarantee of the level of our future performance. In addition, we may not be able to sustain successful performance over time or maintain ratings for our funds received from investment research firms (e.g. MorningStar). Results and performance levels in later periods may differ significantly from prior results and performance for various reasons (such as macroeconomic factors, performance of new funds compared with old funds, market conditions and investment opportunities). Low fund ratings, or a decline in the ratings of funds can accelerate poor performance of a fund, affect our reputation, and reduce demand. Poor performance can be caused by our choices in investing in sectors, industries, companies, collective investment schemes or vehicles or assets that do not perform as well as others, which can be exacerbated if we are not able to find sufficient appropriate investment opportunities for new or net inflows. Additionally, companies or collective investment schemes or vehicles in which we or our affiliates invest may incur negative changes in their financial conditions or suffer other adverse events that could reduce the values of investments in those entities.

Net flows related to our investment strategies can be affected by investment performance relative to other competing investment strategies or to established benchmarks. Investment management strategies are rated, ranked or assessed by independent third parties, distribution partners, and industry periodicals and services. These assessments often influence the investment decisions of our clients and investors in mutual funds we manage or advise. If the performance or assessment of our investment strategies is seen as underperforming relative to peers, it could result in an increase in the withdrawal of assets by existing clients and investors in mutual funds or other products and the inability to attract additional investments from existing and new clients or investors. If a significant portion of clients or investors decide to withdraw their investments or terminate their investment management agreements, our ability to generate earnings would decline and our results of operations and financial condition would be affected. In addition, if any of the above risks occur, we may not meet our net flows targets.

1.2.2 Different types of investments and investment strategies carry different risks that can affect the results of our operations.

Certain types of investments, for example exchange traded funds ("ETFs"), alternative asset classes (real estate, infrastructure, energy, etc.) and private equity or hedge funds are subject to different or additional risks (e.g. in respect of ETFs with regard to reliance on the operations of stock exchanges, market makers, authorized participants and settlement systems, with respect to passives the absence of "active" management and exposure to falling reference indices, and with respect to alternatives with regard to direct investments in real estate, construction risks, personal injury claims, environmental hazards, etc.). Some types of investments, particularly alternative products, may also be more illiquid than other traditional assets. To the extent an increased percentage of our AuM relates to alternative and passive products, we expect that our exposure to underlying risks unique to alternative and passive products will increase. In addition, to the extent we have co-invested or made seed investments in products, these risks can have a disproportionate impact on our results compared with managed assets we do not own. Any of the underlying risks associated with our products and investment strategies could have a material adverse effect on our AuM levels, income, financial condition, and results of operations.

While we offer a wide range of products and solutions, a significant portion of our assets under management are in a limited number of investment strategies or flagship funds. Consequently, our results of operations are dependent upon our abilities to manage these investment strategies to minimize the risk of outflows through relatively strong performance over measured periods of time compared to relevant benchmarks and peer performance results. Also, certain investors may evaluate us on the basis of the asset-weighted performance of our assets under management. A relatively small change in the relative performance of one of our largest strategies/funds could have a significant impact on the asset-weighted performance of our assets under management. Such volatility or poor performance could adversely affect investors' perception of us. This in turn could result in damage to our reputation and in certain cases, to investors withdrawing AuM or other investments they have with us.

Investment trends in the market change over time, and investors may choose to invest with another asset manager if we do not provide attractive investment opportunities or carry products that match investment strategies sought by investors. Demand for such strategies may change (for example due to market conditions), and such changes in demand may have a significant impact notwithstanding good relative performance of our strategies and products. It takes time to develop new offerings and we may be too slow to react to changing market trends, which could impact our AuM levels. In addition, the products we carry may not be appropriately matched to investors seeking certain investment strategies, increasing risks that our products might not be suitable for a particular investor class.

The occurrence of any of the above-mentioned risks could have a material adverse effect on our AuM, income, reputation, ability to attract investors, financial condition and results of operations.

1.2.3 We may be unable to develop new products and services, new products and services may not be successful or the development of new products and services may expose us to additional costs or operational risk.

Our financial performance depends, in part, on our ability to develop, market and manage new investment products and services and on the attractiveness of such new products and services. The development and introduction of new products and services requires continued innovation on our part and may require significant time and resources as well as ongoing support and investment. Substantial risk and uncertainties are associated with the introduction of new products and services, including the implementation of new and appropriate operational controls and procedures, shifting client and market preferences, the introduction of competing products or services and compliance with regulatory requirements. A failure to continue to innovate, to successfully launch new products or to successfully manage the risks associated with new products and services may cause our AuM, income and results of operations to decline.

1.2.4 Performance fees may increase volatility of both income and results of operations.

While our performance fees represent a relatively small share of our overall income and have been fairly stable in recent years, they are potentially subject to more volatility than management fees and other income. We earn performance fees only if the agreement pursuant to which we are managing the relevant assets provides for them, and if returns on the portfolio exceed agreed-upon periodic or cumulative return targets. If these targets are not exceeded, a performance fee for that period will not be earned. If targets are based on cumulative returns, we may not earn performance fees in future periods. On the other hand, to the extent that

performance fees are based on targets that do not decline as market conditions become less favorable, we might fail to achieve the relevant targets for reasons beyond our control. For all of these reasons, performance fees can be volatile and difficult to predict and may be significantly less than anticipated, negatively affecting our business and results of operations.

1.2.5 Our clients may withdraw assets under management on short notice.

Our income is predominantly derived from management fees, which are calculated based on the value of the AuM of funds we manage. Most of the funds that we manage are open-ended, which allow investors to reduce the aggregate amount of their investment without notice, or to withdraw altogether from such funds. Similarly, portfolio management mandates can typically be reduced or cancelled on short notice. If markets are declining and/or the investment performance of our products is seen as unsatisfactory, or if customers are dissatisfied with the quality of our services (for instance, in respect of performance, reporting or compliance with client instructions), the pace of fund redemptions and withdrawals could accelerate. We also face increased risks of impacts from withdrawals from a limited number of clients whose investments make up a notable amount of our AuM. In particular, our top 20 clients held 32% of our AuM as of December 31, 2017. Should one of our largest clients choose to withdraw their assets, we may face reputational harm from the notable reduction in AuM. Although our largest clients typically invest large amounts of AuM in low margin cash and insurance products, accelerated outflows could increase risks we would face from other withdrawals.

In addition, assets could be withdrawn for any number of reasons other than poor absolute or relative investment performance, including macro-economic factors unrelated to investment performance, a decline in our reputation or the reputation of our affiliates, a reduction in market demand for the asset classes, products or strategies offered by us or our affiliates, the loss of key personnel, regulatory or tax changes, price declines in the securities markets generally, a loss in regulatory authorization, price declines in those assets in which client assets are concentrated or changes in investment patterns of clients.

Withdrawals of assets under management would have an immediate impact on management fees and therefore income and, depending on the extent of such withdrawals, could have a material adverse effect on our AuM, income and results of operations.

1.2.6 We may not be able to win new institutional mandates or to renew existing mandates on favorable terms.

The large majority of our institutional mandates and advisory contracts are awarded through competitive bidding. If we fail to offer attractive terms to potential clients or cannot satisfy other criteria, such as performance, we may not win new mandates, despite devoting significant time and resources to the preparation of DWS offers. In order to win mandates and contracts, we may be required to offer terms that result in lower fees and levels of profitability than our existing activities. In addition, when mandates and contracts expire (or if they can be terminated by the clients at will), we might be required to offer even more favorable terms to clients in order to renew the mandates and contracts, or we might lose them to competitors. This may result in a reduction of our AuM, income and results of operations.

1.2.7 Failure to comply with investment guidelines set by clients, including the boards of mutual funds we advise, limitations or obligations imposed by applicable law could result in a loss of assets, potential damage awards or regulatory sanctions.

Either due to regulatory requirements, applicable law or based on mutually agreed-upon client objectives, we may have specific disclosure obligations or be required to follow specified

investment guidelines established by our clients in the management of funds or client accounts. We may also be subject to the fiduciary responsibility provisions of the German Capital Investment Code and similar European regulation, or the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), where we must comply with the requirements of ERISA and regulations of the Department of Labor in our management of plan accounts and investment limitations under the Investment Company Act of 1940, as amended and the regulations thereunder for registered mutual funds in the United States. Additional U.S. legislation requiring compliance includes the Commodity Exchange Act and the Internal Revenue Code of 1986 (the "**IRC**"). A failure to comply with applicable law and/ or fund or client guidelines could result in losses to a client which, depending on the circumstances, could result in an obligation to make the client whole for such losses. If we believe that the circumstances did not justify a reimbursement, or a client believed the reimbursement offered was insufficient, the client could seek to recover damages from us or our affiliates, withdraw assets from management or terminate its investment advisory agreement with us. If we fail to follow investment guidelines or other limitations in the management of a client account, we may be subject to actual and threatened lawsuits, or be subject to investigations and proceedings by governmental and self-regulatory organizations and potential damages, fines or sanctions. We also may become subject of regulatory review and enforcement, client litigation or incur costs associated with remediation efforts if we fail to adequately comply with disclosure obligations or provide inaccurate information to investors. For example, we recently discovered certain discrepancies in how past performance has been presented in certain of the key investor information documents issued by our passive fund platforms. In circumstances where such deficiencies are identified, we cooperate closely with our regulators and inform our investors without delay. Any of these events could harm our reputation and the reputation of our affiliates and adversely impact our and their results of operations and financial condition.

1.2.8 We depend on our management and key personnel.

Our success greatly depends on the skills and expertise of our management team, which we believe has longstanding experience in the industry enabling it to take on a crucial role in our growth and in the continued development of our business. The loss of a key member of our Group's management team, the failure of our plans for succession, especially if a suitable replacement cannot be found in a timely manner, could have a material adverse effect on our business, results of operations and financial condition.

In addition, investment performance of our assets, particularly positive performance, may also depend on the abilities of the individuals working for us and our assets or funds, and hence on correct management decisions. Individuals, team composition and fund management personnel may change, and new decision-makers might not be as successful, we may not be able to recruit good people, or positive performance may not be replicable, any of which could result in loss of AuM, or negative impacts to our financial condition and results of operations.

1.2.9 We rely to a significant extent on a limited number of third parties (including Deutsche Bank AG) to distribute our products.

We rely on a network of distributors, including those affiliated with Deutsche Bank AG, to distribute a limited, but significant, share of our products. While we believe we have a lower concentration risk compared to other asset managers, the loss of significant distributors could have a significant adverse effect on our income, brand reputation and results of operation. AuM generated by the distribution agreement we entered into with Deutsche Bank AG networks represented 12% of our AuM in 2017 and made up almost a quarter of retail AuM in Germany. As a result, factors affecting the competitive position or reputation of our

distributors or their brands could have an adverse effect on our income, reputation and results of operations. Please see section 1.3 below for more detail. As with other third party distributors (see section 1.2.10 below), the distribution agreement may be terminated or may lapse without renewal.

1.2.10 Changes to distribution channels may have a material adverse effect on our business, results of operations and financial condition.

Third-party distributors (which include DB Group) form a significant part of our distribution channels. Relations with third-party distributors are particularly important for the international development of our business. These agreements may be terminated or not renewed. In addition, the distribution of DWS products through third-party distributors is not on an exclusive basis. If a bank or other distributor forming part of this distribution network were to replace our products with those of a competitor, or if it were to decide to reduce the resources dedicated to promoting and distributing our products, or if it were to charge higher fees for the distribution of our products, this could adversely impact our AuM, income and results of operations. Investment platforms and vertically integrated advisors using digitally enabled distribution may also reduce the effectiveness of our distribution channels and require us to revise our distribution and counterparty relationships, sales and servicing approaches.

1.2.11 We may not succeed in strengthening and focusing our platform through selective acquisitions and divestments or managing our development.

Although our organic development constitutes our main source of growth, it may be complemented by selective acquisitions, investments and divestitures, the objectives of which include strengthening our management platform and expertise and extending or focusing our geographical presence. However, we may not be in a position to identify attractive targets or to conclude transactions in a timely manner or under satisfactory conditions. In addition, we may not be in a position, given the competitive landscape, to carry out external growth transactions that meet our investment criteria, which could have a material adverse effect on the implementation of our strategy. Moreover, in order to obtain the required authorizations for acquisitions from the relevant competition authorities in one or more countries, we may be required to accept certain conditions, such as the transfer of certain assets or branches of activity or commitments restricting the conduct of our business.

If we are able to identify and acquire suitable targets, we may be unable to realize the benefits expected from the transactions. If our underlying business plan assumptions prove to be incorrect, we may be unable to achieve expected synergies, and cost savings. In addition, we may not succeed in integrating acquired companies, their technologies, their areas of expertise and their employees; or be in a position to retain certain employees or key clients of the acquired companies. Even if we enter into new or expanded distribution partnerships through such acquisitions, we may not succeed in attracting clients and increasing our net inflows. In order to finance acquisitions we may increase our indebtedness or reduce our level of capitalization vis-a-vis regulatory requirements which could limit our operational flexibility, or issue new shares, which could negatively impact our share price. We may make acquisitions at an untimely moment in the relevant market, which could result in the perception that we have overpaid and exacerbate these effects.

Risks in divestiture transactions include difficulties in the separation of the disposed business, retention or obligation to indemnify certain liabilities, the failure of counterparties to satisfy payment obligations, unfavorable market conditions that may impact any earnout or contingency payment due to us and unexpected difficulties in losing employees of the disposed business. We cannot assure our success in overcoming these risks or any other

problems encountered with acquisitions, investments and divestitures or other strategic transactions. The anticipated benefits from future or achieved acquisitions or divestitures may not materialize in a timely manner or at the expected level and affect our financial condition, results of operations and prospects.

1.2.12 We are not able to exercise control over our joint venture partners and cannot ensure continued maintenance of existing relationships with associated investment partners.

We currently own a 30% stake in Harvest Fund Management Co., Ltd ("**Harvest**"), a joint venture investment in China. We are not the largest shareholder of Harvest, have limited control rights contractually, and thus our ability to control the venture, or the other parties invested in Harvest, is limited. We also own an interest in a joint venture in Taiwan and may enter into other joint ventures or make associated investments in the future. There can be no assurance that we will maintain our relationships with our investment partners or that there will not be any material disputes with them in the future. Our associates and investment partners may have policies and cultures which differ from our own and we may not be able to ensure the same levels of compliance, familiar governance and reporting, or internal cooperation as we enjoy within our wholly-owned subsidiaries. Furthermore, our investment partners may have economic or business interests or goals that are inconsistent with ours; take actions contrary to our policies or objectives; undergo a change of control; experience financial and other difficulties; or be unable or unwilling to fulfill their obligations under the venture agreements, which may affect our financial conditions or results of operations.

1.2.13 The impairment or failure of other financial institutions may cause our AuM, income and results of operations to decline.

Our investment management activities expose the funds and accounts we manage to many different counterparties, including vendors, broker-dealers, commercial and investment banks, clearing organizations, mutual funds, hedge funds, and other institutional clients. Transactions with counterparties expose the funds and accounts we manage to credit risk in the event that the applicable counterparty defaults. A failure of another financial institution could also lead to losses on cash balances or hedges which we have on our own accounts. Although we regularly assess risks posed by our counterparties, such counterparties may be subject to sudden swings in the financial and credit markets that may impair their ability to perform, or they may otherwise fail to meet their obligations. Any such impairment or failure could negatively impact the assets held by our funds and managed accounts and their performance, which could lead to the loss of clients and may cause our AuM, income and results of operations to decline.

1.2.14 Our decision to provide financial support to particular products or in respect of particular services, or to decline to provide such support, may result in significant financial losses.

While we have no legal obligation to compensate losses sustained by our funds (except where we have provided a principal guarantee) or by segregated investment management accounts, if significant losses occur, we may decide to provide support despite the absence of an obligation to do so. We may provide such support, for example, if a particular fund or client experiences losses, in order to ensure that clients do not precipitously withdraw assets. Such support may utilize capital and liquidity that would otherwise be available for other purposes. On the other hand, the decision not to or the failure to provide such support may damage our reputation and cause our AuM, income and results of operations to decline.

1.2.15 Changes in the value of financial assets that we own or in which we co-invest could affect our results of operations and equity and could increase the volatility of our earnings.

We regularly invest in newly created funds in order to provide them with a critical mass of assets necessary to attract investors. Seed investments are used to establish an investment strategy and allow the development of a track record over a short period of time (usually no more than three years depending on the strategy) allowing the manager to demonstrate the viability of the investment strategy. While we seek to manage risk around these "seed money" investments and to withdraw them within a limited period of time after each fund is created, we have sometimes invested significant sums in order to develop new products (such as certain recent USD products).

Our seed money investments are invested in, among others, money market and fixed income products. We seek to hedge certain risks relating to seed money investments (particularly foreign exchange risk), but there can be no assurance that such hedging will be fully effective to address the relevant risks. Moreover, we are subject to counterparty risk with respect to our hedging transactions.

Seed money investments and voluntary placements are recorded in our consolidated balance sheet at fair value, with changes in the fair value between financial statement dates recorded either in the income statement or directly in equity, depending on their accounting classification. Movements in market interest rates, credit spreads or currency markets, or in the value of public or private equity securities or real estate, could lower the value of these investments and adversely impact our results of operations and financial condition.

In addition to seed money investments, we may be required to co-invest with clients. A co-investment is a minority investment in a fund structure made at the request of third party investors to demonstrate alignment of interest between the manager and the investors. The investment is made directly into the fund structure alongside, and on the same terms as, other third party investors. Co-investments are long term in their nature and are typically made in alternative strategies such as real estate and infrastructure, given the specialist nature of those investments.

Unlike seed investments, we may not be able to decide if and when we make co-investments, and we may not be able to hedge the risks relating to such co-investments, exposing us to the same risks as our clients. Co-investments often carry additional risks due to the nature of the assets in which we co-invest. Co-investments can be long term in nature, and the assets in which we invest can be illiquid. A decrease in value of our co-investments could adversely impact our results of operations and financial condition.

1.2.16 We are subject to risks related to our guaranteed products.

We offer, and intend to offer, a range of products with guarantees or loss protection. These products include funds that are partially or fully guaranteed against potential losses and products that promise a certain return of capital (up to 100% money back guarantee in some cases). To the extent a DWS entity provides the guarantees to these funds, our Group will be exposed to potential loss if the guarantees are called and could be subject to increased capital requirements related to these products. Although we structure the funds with assets providing for returns of investments to cover such guarantee obligations (money back guarantee), we are subject to a number of risks relating to these funds.

We are also subject to market risks in connection with co-investment in our funds as well as certain products, primarily from principal guaranteed German retirement savings plans

(according to German Pension law / *Altersvermögensgesetz 06/2001*) and principal guarantee funds. A persistent low or negative interest rate environment will challenge our ability to fulfil principal guarantees.

In general, guaranteed products are structured with assets with a low risk profile, which are anticipated to provide a return to protect the investors against losses. For example, we may (hypothetically) invest 90% in low-risk assets, which offer an aggregate return of 10% over the life of the product, allowing us to invest the remaining 10% of initial capital in higher-risk assets like equities that may or may not provide a return to investors. At the minimum, investors would receive their initial investment back from the investment in, and return from, the low-risk assets. These low-risk assets are generally sovereign assets from European governments. Should the obligors on any of the assets held by the funds we guarantee or any other counterparty default or enter into insolvency or similar proceedings, we could incur substantial costs to replace such assets and to meet our obligations as a guarantor. If we were unable to replace the relevant transactions, the funds would be exposed to significant market risk on the remaining assets, which could potentially result in material losses to us as guarantor. In addition, the composition of assets within products with loss protection is based on modeling methodologies developed on the basis of a number of assumptions, which may prove to be inaccurate. If our assumptions and methodologies are not sufficiently prudent, or if market conditions are different from those on which the development of the relevant methodologies are based, we could suffer significant losses on such products.

Investors in the guaranteed funds have the right to have their shares redeemed by the funds on short notice. While we only provide return of capital guarantees on a certain redemption date, investors are not prohibited from redeeming their shares before such date, in which case they must bear any losses incurred with such an early redemption. In stressed market conditions, under which the value or the liquidity of assets held by guaranteed funds might be significantly impacted, the funds might suffer a loss selling their assets to meet a large volume of redemption requests. In addition, investors may bring claims despite having redeemed shares early, which we would be required to defend. In such events, we as a guarantor could suffer significant financial losses and a strain on our resources.

In addition, we are exposed to operational risks linked to the implementation and management of such funds. Should the assets or off-balance sheet transactions turn out to be inadequately correlated with the guarantee, we as a guarantor could suffer significant financial losses.

1.2.17 We may increase our indebtedness in the future, which may impact our business and may restrict our growth and results of operations.

Following our separation from DB Group, we may increase our indebtedness levels, which could have consequences to investors in our ordinary shares. Should we incur more debt, we would need to use an increasing portion of our cash flow from operations to pay interest and principal on our debt, which would reduce the funds available to us for working capital, capital expenditures and other general corporate purposes and may limit our ability to pay future dividends. Excessive debt may limit our ability to implement our business strategy; heighten our vulnerability to downturns in our business, the financial services industry or in the general economy and limit our flexibility in planning for, or reacting to, changes in our business and the financial services industry; or prevent us from taking advantage of business opportunities as they arise or successfully carrying out our plans to expand our business and our product offerings. Any of these consequences could have a material adverse effect on our financial condition or results of operations.

1.2.18 We are subject to capital adequacy requirements which can limit our operational flexibility.

We are subject to certain capital adequacy requirements in several jurisdictions. We are also required to do stress testing, the results of which may become public. Capital adequacy requirements may change overtime, and an inability to maintain required capital could impact our operations. Our outstanding indebtedness and our ability to generate cash flow affect our ability to absorb negative developments in capital we have on our balance sheet. A reduction in capital in excess of regulatory requirements will also reduce our ability to invest and grow our business, in particular through acquisitions or capital intensive projects.

1.2.19 We may be unable to obtain sufficient capital and liquidity to meet the financing requirements of our business.

Historically, we have relied principally upon DB Group to provide financing to meet our liquidity needs, to facilitate the growth of our business and, in particular, to finance our acquisition strategy and investments in new products. As a publicly traded company, we intend to establish independent financing facilities with third-party lenders. Our future ability to incur debt may be restricted or limited by the regulations that govern DB Group's operations and DB Group's approval rights over our incurrence of indebtedness. We also may be subject to more onerous borrowing terms to the extent we do not have established relationships with third-party lenders. In addition, Deutsche Bank AG in its audited annual financial statements for the recent financial years stated that, subject to political risks, it would assume the obligation to ensure that significant DWS Group entities shall be able to meet contractual liabilities (the "**Declaration of Backing**"). The Declaration of Backing will be terminated with effect as of the Offering. As a consequence, DWS could face less favorable funding conditions in the future. Borrowing from third-party lenders on less favorable terms could result in us having to allocate greater amounts of cash available in the future toward debt repayment and reduce cash available for other business opportunities. Our ability to finance our operations through borrowing from, and to repay maturing obligations to, our lenders will be dependent in large part on our profitability and our future operating performance. Any future inability to obtain financing on reasonable terms and with reasonable restrictions on the operation of our business could impair our liquidity, have a negative impact on our growth and negatively impact our financial condition.

1.2.20 We are subject to risks related to the use of derivatives.

We may cover our exposure to market risk with respect to guaranteed funds by entering into derivative transactions with internationally recognized financial institutions. While such derivative transactions are secured by collateral, we are nonetheless subject to a number of risks in connection with these transactions.

We are subject to counterparty risk in respect of our derivatives despite the collateralization. If one or more financial institutions were to default or to enter into insolvency or similar proceedings, we would have to unwind such transactions and look for other counterparties in order to enter into new transactions. There can be no assurance that we would be able to enter into replacement hedging transactions exactly at the same price or with the same terms, particularly if the default or insolvency were to result in sharp movements in financial markets. In addition, if we were unable to replace our hedging transactions, we would be exposed to significant market risk on the unhedged products, which could potentially result in material losses.

We are also exposed to liquidity risk. We may enter into derivatives transactions with counterparties. If the value of the derivatives significantly changes, we may be required to

provide collateral to counterparties without receiving collateral from funds, exposing us to liquidity risk.

We are also exposed to operational risk in connection with the valuation of the derivatives. Our valuations may not accurately reflect the terms on which it would be able to enter into similar transactions in the market. As a result, the amount of collateral provided by counterparties might not be sufficient to cover our full counterparty exposure.

United States legislation, the Commodity Futures Trading Commission and the Securities and Exchange Commission have issued or proposed rules to implement both broad new regulatory requirements and broad new structural requirements applicable to over-the-counter ("**OTC**") derivatives markets and, to a lesser extent, listed commodity futures (and futures options) markets. Similar changes are in the process of being adopted in the European Union, Japan, and other major financial markets. These changes include, but are not limited to: requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted for clearing; real time public and regulatory reporting of specified information regarding OTC derivative transactions; enhanced documentation requirements, margin requirements for uncleared derivatives; position limits; and recordkeeping requirements.

These changes could significantly increase the costs of utilizing OTC derivatives, reduce the level of exposure we are able to obtain (whether for risk management or investment purposes) through OTC derivatives, and reduce the amounts available to make non-derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing obtained.

1.2.21 We are exposed to fluctuations in exchange rates.

Although our consolidated financial statements are presented in EUR, part of our AuM is invested in funds denominated in other currencies or operating in various non-EUR jurisdictions, and our commissions are generated in the currencies of such jurisdictions. As of December 31, 2017, 57% of total AuM was denominated in EUR and 35% was denominated in USD. Fluctuations in foreign currency exchange rates could negatively impact account values and the investment returns of clients who are invested in these funds, with a corresponding reduction in management fee income. In addition, an increase in the value of EUR relative to non-EUR currencies, such as GBP, USD, or JPY, could result in a decrease in the EUR value of AuM that are denominated in non-EUR currencies. This would in turn result in lower income expressed in EUR. In addition, several DWS entities operating in non-EUR jurisdictions generate costs and expenses in currencies other than EUR, and certain suppliers (such as market data suppliers) invoice us in USD regardless of where the relevant DWS entity is located. We also record translation gains and losses on our balance sheet when currency fluctuations affect the EUR value of our interests in entities in non-EUR jurisdictions. In addition, foreign exchange rate fluctuations may impact our regulatory capital position and hedges that we may decide to put in place may not be efficient or effective in mitigating the risk. For all of the foregoing reasons, significant fluctuations in exchange rates may have a material adverse effect on our business, results of operations and financial condition.

1.2.22 We may face unexpected costs or may not adjust our expenses quickly enough to match significant deterioration in global financial markets

Our profitability is dependent, among other things, on our cost-income ratio. To the extent we incur costs and expenses, our profitability is negatively impacted. We target a cost-income

ratio of under 65% in the medium term. We may face costs that we are not currently able to foresee or for which we have not planned that could make it difficult or impossible to achieve our targets or to be profitable. These costs may be necessary to retain or recruit personnel, to properly manage our operations, litigation, regulatory fines, or having to make investors whole because of poor management of assets or guarantee payments on certain products. Costs may also arise as a result of compliance with new regulation. For example, starting in 2018, we expect to absorb costs for external research of approximately €40 million per year. Other regulatory changes may necessitate similar expenses in the future which we currently cannot predict or foresee.

In addition, we may face a scenario in which global financial markets significantly deteriorate, or where we would otherwise fall under pressure to reduce costs in order to preserve our profitability. Certain of our costs are fixed and not linked to income we generate. If our income should fall or grow at a slower rate than our expenses, and we were not able to decrease our expenses to match the decrease in income, our profitability would decrease and we could generate losses which could impact our business, results of operations, financial condition, and our ability to pay dividends.

1.2.23 Failure to create performing and adequate quantitative models or identify errors in the quantitative models and tools our Group utilizes to manage our business could adversely impact product performance and client relationships.

We employ various quantitative models and tools to support our investment management processes, including those related to portfolio management, risk assessment, trading and hedging activities and product valuations. Some of these tools, together with the judgment of market experts, are used to create our house view which we publish in CIO View. Failure to create performing and adequate quantitative models and tools may have an adverse effect on the development of our business. In addition, the creation of quantitative tools and models may require significant investment to be made. We cannot guarantee that we will be able to recover the costs incurred in connection with the creation of these models and tools. Finally, we cannot guarantee that the quantitative models and tools will be efficient or that the judgment of the experts we employ or consult will be accurate. In addition, any errors in the underlying models, model assumptions or tools, or an erroneous house view could have unanticipated and adverse consequences on our business and results of operations.

1.2.24 The failure of key vendors to acknowledge or fulfill obligations towards us could have a material adverse effect on our reputation or business, which may cause our AuM, income and results of operations to decline.

We depend on vendors, including DB Group, for various fund administration, accounting, custody, fund accounting, risk analytics, market data, market indices, research, provision of software or other operating systems such as Aladdin, and transfer agent roles and other distribution and operational needs. Should such vendors or software providers disclaim or fail to fulfill their obligations for any reason, this could lead to operational and regulatory issues for us, including with respect to certain of our products, which could result in reputational harm and may cause our AuM, income and results of operations to decline. In addition, vendors may have controlled access to our systems and data, transactions and other information which is confidential in nature. Should our controls be inadequate, or should a vendor breach our controls or their confidentiality obligations towards us, we risk violation of regulatory requirements or internal policies that could lead to a material adverse effect on our financial condition or reputation.

1.2.25 Operating in international markets increases our operational, regulatory and legal risks.

As a result of the Group's extensive international operations, the Group faces associated operational, regulatory, legal, tax, reputational, political and foreign exchange rate risks, most of which are outside of the Group's control. Although the Group has established procedures, reporting policies and codes of conduct, the failure of the Group's systems of internal control to mitigate such risks or of its operating infrastructure to support its global activities could result in operational failures and regulatory fines or sanctions, which could cause the Group's AuM, income and results of operations to decline. This risk is heightened with regard to investments in ventures we do not control, such as our investment in Harvest, as we may be unable to obtain information or enforce our standard Group policies within the joint venture due to our limited control.

1.2.26 A failure to keep pace with technological innovation and industry improvements could expose us to competition and negatively impact our operations.

The financial services industry comprises an increasingly diverse mix of participants and the asset management sector is subject to the entry of new competitors, including potentially from outside the traditional financial services industry. In addition, clients and consumers of our products continue to look for increasing returns and new products tailored to their specific requirements. In recent years, the industry has begun a transition to digital, encompassing digital solutions and digital platforms. As part of this transition, we have launched digital marketing campaigns, front end applications, and back-end platforms. For example, our white-label robo platform (WISE) leverages proprietary knowledge and research of fund managers and analysts to offer discretionary portfolio management as a business to business to consumer (B2B2C) solution. Our growth strategy and long-term initiatives depend on our ability to adapt to technological advancements and to bring innovative products and solutions to market. A failure to anticipate shifts in the market, or a failure to adapt our platforms to capitalize on opportunities in the market will negatively impact our ability to develop income, grow or maintain AuM and could result in a material adverse effect on our results of operations. In addition, the appearance of advanced artificial intelligence or comparable technological solutions by competitors could materially impact our ability to compete profitably, resulting in a loss of AuM, and exposing us to comparably greater risks when compared to competitors, each of which could have an adverse effect on our results of operations.

1.2.27 A failure in our operational systems or infrastructure, including business continuity plans, or in those of DB Group on which we rely, could disrupt operations, and damage our reputation.

Our infrastructure, including our technological capacity, IT networks, data centers, data storage, and office space, and the infrastructure of the DB Group is vital to the competitiveness of our business. Moreover a significant portion of our critical business operations are concentrated in a limited number of geographic areas. The failure to maintain infrastructure commensurate with the size and scope of our business, or the occurrence of a business outage or event outside our control, including those that could impact our networks, including a major earthquake, hurricane, fire, lightning strike or energy surge, power outage, terrorist act, pandemic or other catastrophic event in any location at which DB Group or we maintain a major presence, could materially impact operations, result in disruption to the business or impede our growth. Notwithstanding our efforts to ensure business continuity during a disruption, our ability to operate could be adversely impacted, which could cause our

AuM, income and results of operations to decline, or could impact our ability to comply with regulatory obligations leading to reputational harm, regulatory fines and sanctions. In addition, a breakdown or failure of our Group's information systems could affect our capacity to determine the net asset value of the funds we manage, expose us to claims from our clients and affect our reputation. Please see section 1.3.8 for more information on our reliance on DB Group's services for our control and prevention mechanisms.

1.2.28 Portfolio managers' negligence or mistakes may result in failure to maintain the quality of our asset management activities and in liability for us.

Portfolio managers and other operational personnel are responsible for making day-to-day decisions about the management of our funds, and the operations of our business. While we have controls and processes in place intended to prevent/mitigate risks, there can be no assurance that such managers or operational personnel will not commit mistakes or negligent or illegal acts in breach of regulatory provisions or of the funds' investment policies. We may suffer reputational damage, potential regulatory liability or liability to investors if our procedures and risk management systems fail to identify, record and manage such mistakes, or such negligent or illegal acts. Any such failure could have a material adverse effect on our reputation, business, results of operations and financial condition.

1.2.29 We are subject to liability risks arising from relationships with retail clients.

Certain of our subsidiaries provide custody services for units of DWS funds and third party retail funds. Retail clients can open accounts with us or through our distribution partners. DWS employees in Germany may also provide investment advice to relevant retail clients in relation to DWS funds. In certain cases we also have an obligation to identify the target market for our funds and to ensure that our distribution partners are distributing them to investors meeting the target market criteria. If our investment advice is wrong, or our products are unsuitable or inappropriate for our clients, we could face potential liability towards our retail clients.

1.2.30 If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses, including from litigation or fines.

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to operational, legal and reputational risks. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or results of operations or reputation. The potential for some types of operational risks, including, for example, trading errors, may be increased in periods of increased volatility, which can magnify the cost of an error. Such errors could be significant as could the related losses which we could be required to absorb.

Additionally, we could be subject to litigation, particularly from clients and counterparties, and sanctions or fines from regulators. Our techniques for managing operational, legal and reputational risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate.

1.2.31 Fraud, or the circumvention of controls, compliance and risk management policies, could have an adverse effect on our reputation, performance and financial condition.

Although we have adopted a risk management process and regularly review our various controls, procedures, systems and policies (including compliance policies such as the management of conflict of interests that may arise in the context of our operations) to monitor and manage risks, we cannot guarantee that such controls, procedures, policies and systems will successfully identify and manage internal and external risks to our businesses. We are subject to the risk that our employees, contractors or other third parties may deliberately seek to circumvent established controls to commit fraud or act in ways that are inconsistent with our Group's controls, policies and procedures, or with applicable laws and regulations in areas such as money laundering and sanctions. Persistent or repeated attempts involving fraud, conflicts of interests or circumvention of policies and controls could have an adverse effect on our reputation, which could cause costly regulatory inquiries and financial losses.

1.2.32 We may be subject to financial criminal activity which could result in financial loss or damage to our reputation.

Instances and allegations of financial criminal activity, including tax evasion, personal trading violations and other abuses, including misappropriation of assets by internal or external perpetrators, have arisen in the past and may arise in the future despite our internal control policies and procedures. Instances of such criminal activity by financial firms and their personnel, including those in the investment management industry, have led the United States government and regulators to increase enforcement of existing rules relating to such activities, adopt new rules and regulations and enhance oversight of the financial industry. We are subject to the rules of Germany, the UK, the United States and many other jurisdictions that govern and control financial criminal activities. Compliance with new rules and increased regulation may have the effect of increasing our expenses. Further, should any of our personnel be linked to financial criminal activity, in any jurisdiction, we would suffer material damage to our reputation which could result in a corresponding loss of clients and/or client assets and income.

We are vulnerable to reputational harm because we operate in an industry in which personal relationships, integrity and client confidences are of critical importance. For example, if an employee were to engage in illegal or suspicious activities, we could be subject to legal or regulatory sanctions and suffer serious harm to our reputation (as a consequence of the negative perception resulting from such activities), and impairment to client relationships and the ability to attract new clients. In addition, the UK Criminal Finances Act 2017 makes companies liable if they fail to prevent tax evasion by either a member of their staff or an external agent, even where the business was not involved in the act or was unaware of it. Employees engaging in tax evasion or other types of fraud may not only cause reputational harm, but may also ascribe criminal liability to us, particularly if we are found to not have appropriate preventative measures in place, or the preventative measures we have put in place are found to be inadequate.

It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Employee misconduct, or even unsubstantiated allegations of misconduct, could adversely impact our reputation, current and future business relationships and our financial condition.

1.2.33 Failure to implement effective information and cyber security policies, procedures and capabilities could disrupt operations and cause financial losses.

Among the operational risks we face is the risk of breaches of the security of our computer systems due to unauthorized access to networks or resources, the introduction of computer viruses or malware, or other forms of cyber-attack or internet crime. Such breaches could threaten the confidentiality of our clients' data and the integrity of our systems. We devote significant resources toward the protection of our computer systems against such breaches. To address the evolving cyber threat risk, we have expended significant resources to modify and enhance our protective measures and to investigate and remediate any information security vulnerabilities. Nevertheless, such measures may not be effective against all threats, particularly new threats in the future. Given our global footprint and the volume of transactions we process, certain errors or actions may be repeated or compounded before they are discovered and rectified.

We and other asset managers have experienced attacks on computer systems, including attacks aimed at obtaining unauthorized access to confidential company or customer information or damaging or interfering with company data, resources or business activities. The increasing frequency and sophistication of recent cyber-attacks has resulted in an elevated risk profile for many organizations around the world, and significant attention by our management and shareholder has been paid to the overall level of preparedness against such attacks. Cyber security is growing in importance due to factors such as the continued and increasing reliance on our technology environment. Although we have to date not experienced any material loss of data from these attacks, it is possible, given the use of new technologies and increasing reliance on the internet and the varying nature and evolving sophistication of such attacks, that we may not be able to effectively anticipate and prevent all such attacks. A successful attack could have a significant negative impact on us, including as a result of disclosure or misappropriation of client or proprietary information, damage to computer systems, financial losses, additional costs to us (such as for investigation and reestablishing services), reputational damage, customer dissatisfaction and potential regulatory or litigation exposure.

We are subject to the information security policy of DB Group and information security services are currently provided to us by DB Group. We are dependent on the effectiveness of the information and cyber security policies, procedures and capabilities we maintain to protect our computer and telecommunications systems and the data that reside on or are transmitted through them. Evolving regulatory proposals on cybersecurity may also increase risks associated with non-compliance (including the incurrence of monetary penalties or fines), particularly in light of our reliance on DB Group and other third parties for protection capabilities. In addition to an externally caused information security incident, such as a hacker attack, virus or worm, an internally caused issue, such as failure to control access to sensitive systems, could also materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information and could result in material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause our AuM, income and results of operations to decline.

1.2.34 The failure to recruit and retain qualified employees could lead to the loss of clients and may cause our AuM, income and results of operations to decline.

Our success is largely dependent on the talents and efforts of our highly skilled workforce and our ability to plan for the future long-term growth of the business by identifying and developing those employees who can ultimately transition into key roles within our Group.

The market for qualified portfolio managers, investment analysts, product specialists, sales forces and other professionals is competitive, and factors that affect our ability to attract and retain such employees include our reputation, the compensation and benefits we provide, and our commitment to effectively managing executive succession, including the development and training of qualified individuals. There can be no assurance that we will continue to be successful in our efforts to recruit and retain employees and effectively manage the progression of the careers of employees. If we are unable to, or otherwise fail to do so, our ability to compete effectively and retain our existing clients may be significantly impacted.

1.2.35 Reputational harm could result in a loss of AuM, income and results of operations.

The integrity of our brand and reputation is critical to our ability to attract and retain clients, business partners and employees. Our reputation could be damaged by factors such as poor investment performance, litigation, regulatory action, misconduct or breach of applicable laws or regulations by our managers or by distributors of DWS (or other branded) products. In addition, our brand and reputation may be correlated to perception in the brand or reputation of Deutsche Bank AG and other affiliates. For example, fines levied against Deutsche Bank AG in early 2018 and early 2017 gave rise to a series of articles and press reports and decreases in the share price of our largest shareholder. The negative publicity or effects associated with any of these factors could harm our reputation, generate exposure to regulatory sanctions or litigation, make our products less attractive, and adversely impact relationships with existing and potential clients, third-party distributors and other business partners. Damage to the "DWS", "Deutsche Bank", "Deutsche Asset Management" brand or other brands owned by the Group could negatively impact our Group's standing in the industry and result in loss of business in both the short and long terms.

1.2.36 The cost of insuring our business is meaningful and may increase and our insurance coverage may prove to be inadequate.

Our insurance costs are meaningful and can fluctuate significantly from year to year. While we believe our insurance to be in line with that of our peers in the market and sufficient to cover our needs, our insurance coverage may ultimately prove inadequate. In addition, certain insurance coverage may not be available or may only be available at prohibitive costs. As we renew our insurance coverage, we may be subject to additional costs caused by premium increases, higher deductibles, co-insurance liability, changes in the size of our business or nature of our operations, litigation or acquisitions or dispositions. We may also obtain additional forms of coverage resulting from being a public company.

We currently maintain certain insurance arrangements with DB Group and we benefit from the financial leverage DB Group brings to bear in negotiating certain insurance premiums with insurers specific to directors and officers insurance and excess errors and omission insurance. If we were forced to negotiate premiums on our own or in markets in which DB Group is not present, we could lose the benefit of this arrangement and potentially be subject to less financially favorable insurance arrangements. Higher insurance costs and incurred deductibles, as with any expense, would reduce our net income. In addition, as a public company, we may need to obtain additional liability insurance for our directors and officers. There have been historical periods in which directors' and officers' liability insurance and errors and omissions insurance have been available only with limited coverage amounts, less favorable terms or at prohibitive cost, and these conditions could recur.

1.2.37 We may not be able to protect our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Third parties may infringe or misappropriate our intellectual property and we may have to litigate to enforce and protect our rights, which represents a diversion of resources that may be significant in amount and may be unsuccessful. The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could have a material adverse effect on our business, brand and our ability to compete. Likewise, if we are to be found to have infringed or misappropriated a third-party patent or other intellectual property rights, we could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, all of which could have a material adverse effect on our business, results of operations and financial condition.

1.2.38 Our valuation of certain investments may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations.

Certain of our investment assets, for which there is no active trading market or other observable market data, may be valued using models and methodologies that involve estimates, assumptions and significant management and expert judgment. During periods of market disruption, a larger portion of our investment assets may be valued using these models and methodologies as a result of less frequent trading or less observable market data with respect to certain asset classes that were previously actively traded in liquid markets. There can be no assurance that our valuations on the basis of these models and methodologies represent the price for which an asset may ultimately be sold or for which it could be sold at any specific point in time. If our valuations do not reflect the price for which assets can be ultimately sold, our managed funds and portfolios could suffer losses upon the liquidation of such assets, which would adversely impact our AuM, income and results of operations.

1.2.39 The determination of the amount of allowances and impairments taken on the Group's investments requires the use of significant management judgment.

The determination of the amount of allowances and impairments under our accounting principles and policies with respect to investments varies by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Goodwill is subject to impairment testing at least annually. In considering impairments, management considers a wide range of factors and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security or cash-generating unit and the prospects for near-term recovery. For certain asset classes, management's evaluation involves a variety of assumptions and estimates about the operations of the relevant issuer and its future earnings potential. The need for additional impairments and/or allowances may have a material adverse effect on our consolidated results of operations and financial condition.

1.2.40 The carrying value of goodwill and other intangible assets on our balance sheet could become impaired, which would adversely affect our financial condition and results of operations.

We have recorded goodwill and intangible asset impairments in the past and could incur such charges in the future as acquisitions occur and we record more goodwill. We may need to

review the carrying value of goodwill and intangible assets not subject to amortization more frequently if indications exist suggesting that the fair value of our intangible assets may be below their carrying values. We test the values of intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Should such review indicate impairment, an extraordinary write-down of the carrying value of the intangible asset could occur, resulting in a non-cash charge that may, in turn, affect our reported results of operations, financial condition and shareholders' equity.

1.2.41 Liabilities associated with pension obligations may increase.

We have liabilities associated with defined benefit pension plans, and may incur additional pension contributions, particularly in the United States, as a result of reparentings and corporate restructurings to create the DWS Group. The financial obligations we have to our employees, in particular retirement obligations, are calculated based on a number of assumptions, including actuarial assumptions, which may differ from actual circumstances. In addition, declining interest rates could also result in an increase in such obligations, which may lead to solvency risks or require us to contribute substantial sums to fund such obligations. Any increase in liabilities associated with pension obligations or the requirement to contribute additional funding could result in a material adverse effect on our financial position or results of operations.

1.2.42 We may not achieve our targets or expectations for our business.

We set certain targets for our business from time to time, including goals related to AuM growth, margins and cost discipline, and may provide guidance to investors and other market participants in the future. Any guidance or growth targets set by management are of necessity based on our past performance as part of the DB Group and may not accurately predict actual results and milestones following our separation. This includes the Cost-Income Ratio, Management Fee Margin, Net Flows and pay-out-ratio targets set out in this Prospectus. Moreover, anticipated growth or other developments may not occur. Our ability to reach these targets is dependent on a variety of factors including market performance, timely implementation of cost efficiency measures, regulatory developments and interpretation of regulations and rules and continuity of our business and management. In addition, increased competition or a unanticipated change in habits or behavior of market participants could also lead to us requiring longer to achieve these targets or not reaching them at all. A failure to achieve our business and strategic objectives could have a material adverse effect on our reputation, income, AuM, results of operations and financial position and thus could negatively affect our share price.

1.3 Risks related to our relationship with DB Group and our organizational structure

1.3.1 Our operations and strategy are subject to the influence of the DB Group.

The Company is organized as a partnership limited by shares (KGaA). Following the contemplated listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), Deutsche Bank AG will indirectly remain our majority shareholder and will retain control of our Group through its shareholding in DB Beteiligungs-Holding GmbH and its control of DWS Management GmbH (the "**General Partner**"), the general partner of the KGaA responsible for its management. Deutsche Bank AG will control decisions submitted for the approval of shareholders (including DB Beteiligungs-Holding GmbH) at ordinary and extraordinary general meetings. Such decisions are important for us. For example, the

approval of annual financial statements, the distribution of dividends, extraordinary decisions such as those relating to mergers, the changes to our capital and articles of association and certain other major transactions will ultimately be decided by Deutsche Bank AG through such majority shareholding and control of the General Partner (whose approval is required in some cases). Deutsche Bank AG's interest may differ from our interests or those of our other shareholders, particularly where DWS's operations are required to support Deutsche Bank AG's capital requirements. Deutsche Bank AG will continue to be able to exercise significant influence over DWS's operations and nomination of members of management as well as the Group's dividend policy. For example, Nicolas Moreau, a member of Deutsche Bank AG's Management Board is also a member of our management team and decisions of Nicolas Moreau will influence both DB Group as well as DWS.

The Company also intends to have a joint committee in addition to the supervisory board and managing directors of the Company's general partner. Two of the four joint committee members are expected to be delegated by the shareholders' meeting of the general partner, with the other two members delegated by the supervisory board of the Company from among its members. One of the general partner's delegates is expected to be appointed as chairperson of the joint committee, and the chairperson will have a casting vote with regard to decisions taken in the joint committee.

A shareholder generally retains de facto control of a German stock corporation even if its shareholding falls below 50% (depending on attendances at the General Shareholders' Meeting). However, as a consequence of our structure as a partnership limited by shares (KGaA), DB Group will still maintain full control (not just de facto control) of our management as the 100% owner of the General Partner even if its shareholding in the Company falls below 50%. If DB Group's ownership falls below 40%, pursuant to our articles of association, the Company will convert to a German stock corporation, but DB Group will still be likely to retain control or exercise substantial influence on the Company as long as it holds a significant shareholding because it will then be able to vote its shares like any other shareholder.

In addition to its shareholding, we expect to enter into a relationship agreement (the "**Relationship Agreement**") with DB Group on or around April 1, 2018, which will govern our relationship with DB Group and which, subject to limited exceptions, requires us to apply DB policies within DWS. Moreover, certain of our operations and regulatory obligations and commitments are linked to those of the DB Group. For example, Deutsche Bank AG has given certain commitments (with which we have agreed) to the Federal Reserve Board in relation to Deutsche Asset Management US Holding Corporation which will be our intermediate holding company in the United States. Accordingly, we could be dependent on DB Group to uphold their commitments and DB Group may exercise control over Deutsche Asset Management US Holding Corporation through its risk management bodies. While we believe the Relationship Agreement with DB Group will be beneficial to us, good faith compliance with our obligations may limit our ability, in certain situations, to react quickly or to take action that would otherwise be more beneficial to our business, financial condition or results of operations.

1.3.2 We have significant commercial relationships with our principal shareholder and the DB Group.

We have commercial relationships with companies in the DB Group. The DB Group is a distributor of DWS financial products, a lender and borrower, derivative counterparty and also a depositary and calculation agent. In addition, the DB Group makes certain resources available to us, including office space, and provides us with many services which we will

continue to contract for under a master services agreement. We provide asset management services and certain mandates for the DB Group and also provide account management services for the DB Group's employee savings mechanisms.

We have entered into a distribution agreement with non-AM affiliates that are members of the DB Group which will expire approximately ten years after our initial public offering. If any such agreement is terminated or not renewed, or renewed with less advantageous terms, our AuM and fee income could be significantly reduced, our expenses could increase, and our results of operations and financial condition would be materially and adversely affected.

Our interest may not always be aligned with the interests of the DB Group. The Relationship Agreement between Deutsche Bank AG and the Issuer is expected to provide that DWS is intended to be the primary means by which Deutsche Bank AG will engage in asset management activities, but conflicts could still arise. Although the two groups have put in place control procedures to ensure that any conflicts of interest do not have a negative impact on the business or results of either group, we can provide no guarantee that such procedures will be able to anticipate and resolve all conflicts to our satisfaction.

1.3.3 DB Group will provide us with a number of services pursuant to certain services agreements. When these agreements terminate, we will need to replace the services, and the economic terms of the new arrangements may be less favorable to us.

While we have generally created our own corporate and control functions, DB Group provides us with specified support services related to some of those functions such as additional site services, compliance, tax, legal, finance, accounting, software and information technology, and human resources. All services to be provided by DB Group entities for and on behalf of DWS entities will be governed by arm's length terms and conditions. In addition, we may be liable to pay value-added tax on such services in Germany. Moreover, we are part of the group-wide risk management system of Deutsche Bank AG. When the services agreements terminate, we must either enter into new agreements with DB Group or another services provider or perform these functions ourselves. Similarly, if DB Group is unable or unwilling to provide services any longer, we will need to enter into new agreements with another services provider or perform such functions ourselves. The economic terms of the new arrangements may be less favorable than the arrangement with DB Group under the current services agreements and thereby materially adversely affect our business, net assets, financial condition and results of operations. Due to the wide range of services provided by DB Group, in particular at our shared facilities, we are also exposed to concentration and counterparty risk with regard to DB Group.

In addition, we may in the future purchase services from third parties and set up additional internal administrative departments. There is a risk that the move towards greater independence in functions involving administration, finance and other services will not succeed to the extent desired or be more expensive for us than is the case under our current arrangement with DB Group. There is also a risk we will not have at our disposal adequate risk management mechanisms, cash management mechanisms or hedging mechanisms against foreign currency risks during this phase.

We intend to have certain control functions led by our chief control officer implemented internally, including compliance and anti-financial crime ("**AFC**") and legal functions, and our internal audit will be reporting directly to our CEO. However, as of the date of this prospectus, not all of these functions have been fully transitioned to the Company. While we intend to staff and manage these functions by the end of this year, it is possible that delays or

other impediments may result in these functions transitioning later than planned or not at all. To the extent we are not able to manage these services internally, we will need to rely on DB Group or third parties to assist us with these services, potentially at additional material costs, and would be subject to risks of using third parties which we do not control.

Each of these factors could materially adversely affect our business, net assets, financial condition and results of operations.

1.3.4 The transfer of our US operations from DB Group has not yet been completed. As a consequence, there is a risk that we could be unable to operate as a group as currently contemplated, which would have significant negative effects on our revenues, profitability and our prospects, and that our combined financial statements would not reflect that such transfer has not occured.

On March 8, 2018, the transfer of DWS Group's entire US operations from DB Group was irrevocably and unconditionally agreed with closing on April 2, 2018. Therefore, it is theoretically possible that it may be delayed or ultimately not occur. For instance, a regulator could prohibit such transfer prior to completion (e.g. in case the transfer were to jeopardize DB Group's resolvability) or third parties could try to enjoin the consummation of the transfer through legal proceedings or otherwise. Finally, the transfer would also not be completed if Deutsche Bank or the Selling Shareholder willfully violated their respective contractual obligations to transfer and contribute the US business to us. In the event one of them were to occur, we would be unable to operate as a group as currently contemplated. In particular, we would not be able to operate in the US, which we consider an important market for our services, as currently contemplated. In this case we would not generate the revenues and profits that we expect to derive from our US business and which for historical periods are included in our combined financial statements. In this case, our combined financial statements would not adequately reflect our business, because the US business would not have been transferred to us. Therefore, investors who base their investment decision on our combined financial statements are subject to the risk that they rely on financial information that does not reflect that the transfer of the US business has not occurred.

1.3.5 While DWS Group will be primarily responsible for asset management activities within DB Group, we or our affiliates may not always successfully manage actual or potential conflicts of interests that may arise in our businesses.

As a stand-alone business under the majority control of DB Group, we anticipate that we will confront actual, potential and perceived conflicts of interest relating to our activities and the investment activities, distribution activities, and client relationships of our affiliates, including DB Group. DB Group has agreed that DWS is intended to be the primary means of carrying on asset management business within the DB Group, but we anticipate that DB Group will be both our largest distributor and our largest vendor following the listing of our ordinary shares, and conflicts may arise, for example, with respect to services we obtain from the DB Group. The master services agreement under which services are obtained from the DB Group is effective for a period of the longer of ten years or the duration of the Relationship Agreement.

Certain client accounts of ours and our affiliates have similar investment objectives and may engage in transactions in the same types of securities and instruments. These transactions could impact the prices and availability of the securities and instruments in which a client account invests and could have an adverse impact on an account's performance. We may also buy or sell positions in a client account while we, DB Group or another affiliate, on behalf of

other client accounts, is undertaking a similar, differing or opposite strategy, which could disadvantage the other accounts.

Regulators (such as the Securities Exchange Commission in the United States) have increased their scrutiny of conflicts of interest and it is possible that the German Federal Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") will also increase its oversight of conflicts. We and DB Group have implemented policies, procedures and controls to be followed when actual, potential or perceived conflicts of interest are identified, but it is possible that the procedures adopted by us or our affiliates may not be effective in identifying or mitigating all conflicts which could give rise to the dissatisfaction of, or litigation by, investors or which could lead to regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation and the reputations of our affiliates could be damaged if we or they fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny, litigation or reputational risk incurred in connection with conflicts of interest would adversely impact our business in a number of ways, including by making counterparties reluctant to do business with us, impeding our ability to retain or increase our assets under management, subjecting us to potential litigation and adversely impacting our results of operations.

Conflicts of interest also may arise between us and our affiliates where, for example, for competitive business reasons, we and an affiliate may seek the same business opportunity, clients or talent or make other competitive business decisions.

We may make, or seek to make, business decisions which we believe are in the best interests of our Company, but which are not or cannot be implemented because of our relationship with Deutsche Bank AG. We also may be required to make strategic and financial or other resource allocation decisions that may directly benefit one or more affiliates and not others or which may have net positive effects on DB Group, but which may have a negative impact on us.

While we endeavor to assess and resolve any conflicts in a manner that is not disruptive or detrimental to us or our affiliates (including DB Group), there is no assurance that a resolution may be possible or the interests of all parties can be taken into account.

1.3.6 Our separation from DB Group could have a negative impact on our business and results of operations due to DB Group's strong brand and reputation.

As a wholly-owned, indirect subsidiary of Deutsche Bank AG, we have been impacted by the use of the "Deutsche Bank" brand name and logo in the past. We believe the association with DB Group has provided us with preferred status among a variety of service providers, vendors and others due to DB Group's globally recognized brand, perceived high quality products and services and strong capital base and financial strength, but also acknowledge that many negative impacts were felt during 2016 when DB Group was facing negative public sentiment at the bank level. We announced in December 2017 that we would begin operating under the brand "DWS" beginning in the first quarter of 2018. While we believe this to be a positive and necessary step to create our own independent identity as a standalone asset manager, this rebranding campaign has just begun and carries the risk that the DWS brand will not be as popular or recognizable as the "Deutsche Bank" brand name or logo in the past and that we may not receive some of the positive benefits from the "Deutsche" brand that we did in the past.

We have entered into a license agreement with DB Group covering intellectual property while our new DWS brand is being rolled out. Pursuant to the agreement, DB Group has granted us a non-exclusive, royalty-free, non-transferable, worldwide license to use certain trademarks,

servicemarks, names and logos, including the name "Deutsche," and the slash logo with respect to our business and in connection with this offering, worldwide, subject to certain exceptions. The license term shall not end before six months after the date on which DB Group ceases to directly or indirectly own a majority of our outstanding ordinary shares. After this license expires, we could be required to cease using the licensed intellectual property and any benefits that we derived from the use of the "Deutsche" brand name and logo will likely be diminished or eliminated. In addition, we are subject to the risk that we may not be able to preserve such intellectual property ("**IP**") rights, be subject to infringement claims on our own IP or the IP we obtained as part of the separation.

The carve-out and Offering could adversely impact our relationships with certain of our current or potential business partners as we may no longer be viewed as a part of DB Group's group of companies. If we no longer are entitled to benefit from the relationship with DB Group as a result of this Offering, we may not be able to obtain certain services at the same level or obtain the same benefit through new, independent relationships with third-party vendors. Likewise, we may not be able to replace the service and arrangement in a timely manner or on terms and conditions, including cost, as favorable as those we previously have received as a subsidiary of DB Group. Some third parties may re-price, modify or terminate their vendor relationships with us after we are no longer a wholly-owned subsidiary of DB Group.

The risks relating to our separation from our Parent could materialize or evolve at any time, including immediately upon the completion of this Offering, when DB Group's beneficial ownership in our ordinary shares (assuming the sale of all shares being offered) will decrease to approximately 75%, and at a later date if DB Group were to decide to decrease its ownership of our ordinary shares.

We cannot accurately predict the impact that our separation from DB Group will have on our business and the businesses of our affiliates, distribution partners, service providers, vendors and other business partners.

1.3.7 Our historical results may not be representative of our future results, and we may fail to achieve our business and strategic objectives. We have limited experience operating as a stand-alone, publicly traded company.

We have no history of operating as a stand-alone company. The historical financial information included in this Prospectus does not necessarily indicate what our Group's results of operations, financial position, cash flows or costs and expenses will be in the future and is not comparable with information DB Group has provided on its asset management segment in the past. Accounting policies and methods, fundamental to how we record and report our financial condition and results of operations, require use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain. If the assumptions, estimates or judgments of the Company's management do not align with those of DB Group historically, future financial statements will be even less comparable to prior results. In addition, regulators or accounting boards may, from time to time, change the financial accounting and reporting standards governing the preparation of our financial statements. These changes are difficult to predict, and could impose additional governance, internal control and disclosure demands. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements. It is possible that the changes could have a material adverse effect on our financial condition and results of operations.

It is uncertain how we will perform as a stand-alone publicly-traded entity. Significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a stand-alone publicly-traded entity separate from the DB Group, which could have a material adverse effect on our business, financial position, results of operation and prospects.

Our management has limited experience in operating our business as a stand-alone (and following the listing of the Company's shares, as a publicly-listed) company and partnership limited by shares. Following the Offering, we will be responsible for arranging our own funding, managing our own administrative and employee arrangements, including variable compensation schemes, and supervising our own legal and financial affairs, including financial reporting and disclosure requirements, and we will incur additional legal, accounting and other expenses that we did not incur when we were integrated within the DB Group. There is no guarantee that our accounting, controlling and legal or other corporate administrative functions will be capable of responding to these additional requirements without difficulties and inefficiencies that cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. Furthermore, DWS's regular communications with shareholders and potential investors will entail substantially greater allocations of human capital and company expenses. We anticipate that our success in these endeavors will substantially depend on the ability of DWS's management. Our management will need to devote time to these additional requirements that it could have otherwise devoted to other aspects of our operations, and these additional requirements could also entail substantially increased time commitments for other departments.

1.3.8 The control and prevention mechanisms of our compliance structure may not have been, or may not be, sufficient to adequately protect us from all legal or financial risks. Cases of irregularities could lead to official investigations or third-party claims against us.

We have appointed a chief control officer and a general counsel and have appointed or intend to appoint several key control officers who fulfill primary control functions within our operating structure. These key personnel are an integral part of our compliance and control functions, but also report to DB Group.

We source a variety of services, including data protection, litigation support, and investigations support from DB Group. We also follow Deutsche Bank's group-wide code of conduct to protect us against legal risks and other potential harm. These binding policies address law-abiding conduct, corruption prevention, conflicts of interest, information and data protection, diversity and discrimination, sustainability and protection of company property. They apply to all employees, our management and the supervisory board. Legal and compliance risks are addressed by our risk management.

Although we believe that the aforementioned compliance arrangements will offer a degree of protection, the organizational structure and reporting lines for our company are new this year and these arrangements may not be sufficient to completely eliminate all operational failures, unauthorized practices, legal infringements or corruption within our Group. In addition, DB Group has identified the need to strengthen its internal control environment and its initiatives to accomplish this may not be successful or may be delayed. Furthermore, we may expand the services we can perform internally, limiting our reliance on DB Group or other external parties. We may not have the same level of experience as our current service providers. Any failure in compliance or our controls could materially adversely affect our business, net assets, financial condition and results of operations.

1.4 Regulatory and Legal Risks

1.4.1 We are subject to extensive and pervasive regulation

A variety of regulatory and supervisory regimes apply to the Group in each of the jurisdictions in which it operates. These regulations subject the Group's business activities to a pervasive array of increasingly detailed operational requirements, compliance with which is costly, time-consuming and complex.

Moreover, the DWS Group is part of DB Group, and therefore subject to regulatory requirements that apply to Deutsche Bank AG as credit institution (*Kreditinstitut*) and global systematically important bank on a consolidated basis. Certain regulatory requirements apply at the level of the Company qualifies as a financial holding company under Regulation (EU) No. 575/2013 (Capital Requirements Regulation, "**CRR**") on a sub-consolidated basis since Deutsche Asset Management International GmbH ("**DeAM Intl. GmbH**") has obtained a placement business license. DeAM Intl. GmbH is regulated as a financial services institution (*Finanzdienstleistungsinstitut*) under the German Banking Act (*Kreditwesengesetz*, "**KWG**") and as an investment firm under CRR since being granted a placement business license. DeAM Intl. GmbH is also registered with the SEC as an investment adviser pursuant to the Advisers Act. Moreover, other entities belonging to the DWS Group are subject to different regulatory regimes in connection with asset management activities and investment services and products. In Europe, for its subsidiaries conducting asset management activities, these comprise, but are not limited to, regulatory regimes for the management of retail mutual funds (known as "**UCITS**"), the management of alternative investment funds ("**AIF**s") and portfolio management and investment advisory services (known as MiFID services and activities), as well as additional regulations relating to money market funds, securities lending and derivatives. DWS Group is subject to similar regulatory regimes in other jurisdictions in which it does business (for example ERISA; DOL, and the Investment Advisers Act of 1940 in the United States).

While the regulations applicable to the Company and its subsidiaries vary depending on the jurisdiction, as a general matter, the regulatory requirements to which the Company and its subsidiaries are subject include the following:

- requirements to obtain licenses in order to provide fund management, investment advisory, portfolio management services and insurance products;
- minimum regulatory capital and other prudential and organizational requirements;
- conduct of business, anti-money laundering, cybersecurity, Know Your Customer (KYC) rules and other anti-financial crime requirements;
- disclosure obligations relating to, among other things, fund assets and investment policies, and the fees charged by DWS Group;
- an obligation to ensure that fund assets are held in custody by independent depositaries;
- determination of asset values by independent parties;
- restrictions on employee compensation; and
- extensive reporting requirements.

DWS Group may be adversely affected by any failure to obtain or maintain any license, comply with current laws and regulations or by changes in the interpretation or enforcement of

existing laws and regulations. Challenges associated with interpreting regulations may add to such risks, particularly if a regulator has a view inconsistent with that we take or provides only limited regulatory guidance. Such challenges increase where laws and regulations may apply extra-territorially and lawmakers or regulators have inconsistent views as to their application or interpretation. In particular, violation of applicable laws or regulations could result in fines, the temporary or permanent prohibition of certain activities, reputational harm and related client losses, suspensions of employees or revocation of their licenses or the licenses of DWS Group, or other sanctions, which could have a material adverse effect on DWS Group's reputation or business and thereby a material adverse effect on its AuM, income and results of operations.

1.4.2 We are subject to the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act, German Criminal Law and other anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, results of operations and financial condition.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010 (the "**Bribery Act**"), the U.S. Foreign Corrupt Practices Act (the "**FCPA**"), and other anti-corruption laws that apply in countries where we do business. The Bribery Act, FCPA and these other laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We and our commercial partners operate in a number of jurisdictions that may pose a risk of potential Bribery Act or FCPA violations, and we participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under the Bribery Act, FCPA or local anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our internal operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom, the United States and Germany and authorities in the European Union, including applicable export control regulations, economic sanctions on countries or persons, customs requirements and currency exchange regulations, or trade control laws.

Some of our funds have had or have investments in jurisdictions that have been or are currently the subject of economic sanctions imposed by various authorities. There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the Bribery Act, the FCPA or other legal requirements, including trade control laws. If we are not in compliance with the Bribery Act, the FCPA and other anti-corruption laws or trade control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the Bribery Act, the FCPA, other anti-corruption laws or trade control laws by German, U.K., U.S. or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

1.4.3 Guilty pleas by or convictions of us, our affiliates or our employees in criminal proceedings may have consequences that have adverse effects on our business.

Deutsche Bank AG and its affiliates have been and are subjects of criminal proceedings or investigations. In particular, in connection with the investigation of the United States Department of Justice ("**DOJ**") into misconduct relating to interbank offered rates, Deutsche Bank AG's subsidiary, DB Group Services (UK) Ltd., was convicted on one count of wire fraud. Also, in connection with the KOSPI Index unwind matters, Deutsche Bank AG's subsidiary Deutsche Securities Korea Co. was convicted of vicarious corporate criminal liability in respect of spot/futures linked market manipulation by its employees. Deutsche Bank AG and its subsidiaries are also subjects of other criminal proceedings or investigations.

Guilty pleas by us, our affiliates or our employees, or convictions of us, our affiliates or our employees may have consequences that have adverse effects on our business. Such consequences can include reputational damage, loss of employees or an inability to recruit qualified employees, monetary fines or penalties, litigation expenses for proceedings with third parties, loss of management time and internal resources to investigate causes and prevent repeat offenses, investigations by regulators or government agencies, and loss of licenses or our ability to operate in one or more jurisdictions or to deal with one or more types of products.

Criminal convictions against us or our affiliates (including Deutsche Bank AG) could lead to our ineligibility to use an important trading exemption under ERISA, and could result in additional regulatory requirements should we receive only limited relief. When providing discretionary investment management services to certain U.S. retirement plans, DWS in the U.S., has relied on a so-called Qualified Professional Asset Manager ("**QPAM**") exemption from the prohibited transaction rules under ERISA. However, because of Deutsche Bank's criminal convictions in the KOSPI and IBOR matters, Deutsche Bank and its affiliates have been disqualified for ten years from relying on the general QPAM exemption. Consequently, DB Group sought a special individual exemption from the U.S. Department of Labor ("**DOL**"), the U.S. government arm charged with administering ERISA and its exemptions. Deutsche Bank AG has previously obtained such an individual exemption on a temporary basis and is currently operating under a temporary QPAM individual exemption which will expire on April 17, 2018. On December 29, 2017 the DOL granted Deutsche Bank AG an individual QPAM exemption for a term of three years. This three-year exemption includes conditions and will become effective on April 18, 2018 and will last until April 17, 2021. Consequently, Deutsche Bank intends to reapply to the DOL in 2020 to extend this exemption until April 2027 (ten years from the conviction and sentencing in the IBOR matter).

Loss of QPAM status could cause customers who rely on such status (whether because they are legally required to do so or because we have agreed contractually with them to maintain such status) to cease to do business or refrain from doing business with us, as an affiliate of Deutsche Bank AG, and could negatively impact our reputation more generally. In addition, other clients may mistakenly see the loss of QPAM status as a signal that we are somehow no longer approved by the DOL, and cease to do business or refrain from doing business with us for that reason. This could have a material adverse effect on our results of operations, particularly those of our asset management business in the United States.

1.4.4 Our business involves risks of potential litigation that could harm our business.

We and our affiliates, and the funds we manage or have invested in, may be named as defendants or co-defendants in lawsuits, or may be involved in disputes that include the threat

of lawsuits seeking substantial damages. Any such legal action, whether threatened or actual, could result in reputational damage, loss of clients and assets, increased costs and expenses in resolving a claim, diversion of employee resources and resulting financial losses.

Our Group makes investment decisions on behalf of our clients that could result in substantial losses to those clients. If our clients suffer significant losses or otherwise are dissatisfied with the service they receive, we could be subject to the risk of legal liability or actions alleging deliberate or negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks often are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur substantial legal expenses in defending against litigation commenced by a client or enforcement by a regulatory authority. Substantial legal judgments or fines levied on us could have a material adverse effect on our business, financial condition, or results of operations and could cause significant reputational harm.

1.4.5 Data protection laws are becoming increasingly burdensome and could carry enhanced risk of exposure.

Laws and regulations directly applicable to electronic communications and digital data storage are becoming more prevalent. For instance, the European Union has enacted a data protection and privacy directive requiring all member states to implement laws relating to the processing and transmission of personal data which has increased our regulatory burden, particularly in Germany. We must comply with these regulations in the European Union, as well as with other regulations in other countries where we do business. In addition, the growth and development of online banking and digital currencies may prompt calls for more stringent consumer protection laws around financial transactions, both in the European Union and abroad. In addition, we cannot rule out that any personal data is not handled in compliance with all applicable laws by us or third parties.

We are increasingly subject to more frequent and evolving attempts by hackers and malicious software attacks that may try to obtain information from our systems. Such information may include private information of our clients, employees or counterparties. We may need to publicize particularly aggressive or successful attempts to steal information which in turn could harm our brand or result in a reduction in our AuM. Inadvertent disclosure of private information could also result in regulatory enforcement, fines, or other litigation resulting in a material adverse effect on our business and results of operations.

1.4.6 Regulatory reforms in the EU and internationally expose us and our clients to increasing regulatory burdens.

In recent years, a number of regulatory reforms have been adopted or proposed, and it is expected that the level of regulatory scrutiny to which the Group is subject will continue to increase. Such reforms may require the Group to alter its business or operating activities, which could be time-consuming and costly and may impede the Group’s growth. Regulatory reform may also impact the Group’s banking, insurance company and pension fund clients, e.g. by modifying the solvency or liquidity treatment of the Group’s products on their balance sheet, which could cause them to change their investment strategies or allocations in manners that may be adverse to the Group. Some of the new measures are proposals that are under discussion and that are subject to revision and interpretation and will need adapting to each country’s framework by national regulators. Key regulatory reforms that may impact the Group include:

- transparency requirements that will limit the ability of parties providing investment advice to accept payments (including sharing of commissions) and non-monetary benefits from portfolio managers such as ourselves;

- independence requirements that will restrict the ability of parties providing independent investment advice from paying for or receiving research from third parties;
- new money market fund requirements that include rules relating to asset diversification, liquidity and transparency, as well as stress testing procedures and reporting; and
- increased reporting requirements that will require us to invest in new and enhanced information technology and reporting tools and that are likely to increase our costs.

Moreover, the Financial Stability Board ("**FSB**") and the International Organization of Securities Commissions ("**IOSCO**") launched a consultation on the systemic risk inherent to asset management business lines. In January 2017 the FSB published policy recommendations to address structural vulnerabilities from asset management activities that could potentially present financial stability risks. Some of the recommendations will be operationalized by IOSCO. IOSCO has been asked to complete its work on the liquidity related recommendations by the end of 2017 and on the leverage measures by the end of 2018. Although these recommendations constitute mere soft law at this stage, it is very likely that they will translate into binding legislative measures that increase the regulatory burden of the Group.

Changes in the regulatory and legal environment are not limited to regulatory reforms, but can also arise from the evolving interpretations of the Capital Requirements Regulation by regulators such as the European Banking Authority ("**EBA**") or supervisory authorities such as the European Central Bank ("**ECB**") and the German Federal Financial Supervisory Authority ("**BaFin**"). The evolving interpretation can change the way how regulatory requirements are applied which can have negative effects on our capital ratio. For example, the EBA has published new interpretative guidance on the treatment of guaranteed fund products in October 2017 (EBA Q&A Question ID: 2016_2971) which, if determined to be applicable to the full range of guaranteed funds and guaranteed fund saving schemes including the main government sponsored private pension scheme in Germany, could significantly increase our risk weighted assets ("**RWAs**") and therefore negatively impact our regulatory capital ratio.

Following the EBA review of the prudential regime for investment firms, including a first report in December 2015, a discussion paper in November 2016 and a second opinion in September 2017, the European Commission in December 2017 adopted a proposal for a regulation and a proposal for a directive to amend the current EU prudential rules for investment firms including the CRR and the Directive 2013/36/EU ("**CRD IV**") ("**Commission Proposal for Investment Firms**"). The aim of the Commission Proposal for Investment Firms is to introduce more proportionate and risk-sensitive rules for investment firms. It aims at better capturing the risks for investment firms that are not deemed to be systemic and bank-like (so called class 2 firms and class 3 firms). At the same time, systemic and bank-like investment firms should be subject to the same regime as European credit institution (so called class 1 firms). For that purpose, the European Commission envisages the introduction of a new capital regime that places particular focus on the risks that investment firms pose to customers and to market liquidity and integrity. Therefore, the ongoing capital requirements shall be calculated based on capital factors (K-Factors) that are attributed to one of these two broad types of risks, which are then amplified by a measure of the risk to which firms themselves are exposed. In addition to capital requirements, the European Commission proposes further parts of an overall framework, which includes, but is not limited to, a revised liquidity requirement as well as requirements addressing concentration risks and reporting requirements. DWS Group cannot guarantee that it will benefit from the facilitations linked to the categorization as a class 2 or a class 3 firm. While the final impact of the Commission

Proposal for Investment Firms is not yet foreseeable, it will probably lead to a significant overhaul of the prudential framework for investment firms which will likely increase the regulatory burden on the Group.

In addition, banking regulations are constantly evolving and regulatory reforms may reduce the interest of DWS products for our clients that are banks or insurance companies, and modify the solvency and liquidity treatment of such products on their balance sheet.

Any new regulation or changes in the implementation and enforcement of existing laws and regulations or the inability to understand the implications of new regulations and to adjust business models quickly may have a material adverse effect on the Group's AuM, income, results of operations and financial condition.

1.4.7 We face structural changes in the competitive landscape.

The wave of new regulations promulgated in the aftermath of the global financial crisis, including MiFID II, MIFIR, FATCA, UCITS V, AIFMD, PRIIPSR, MMFR, SFTR and EMIR, has resulted in greater regulatory cost and has forced asset managers to redefine their business and/or operational models. For instance, increased regulation of products and investment techniques has resulted in increased operational complexity, which increases costs and poses strategic challenges to existing processes and product innovation. In addition, we will fully absorb external research costs under MiFID II, and thus will be expecting to face higher costs for the foreseeable future.

Furthermore, tightening regulations affect asset managers as well as clients and distributors, requiring managers to continually adapt to new rules in multiple markets. Specifically, these regulations have brought on the transformation of distribution models and fee structures, including in cross-border settings, and have spurred the development of passive and other low-cost products. Finally, increasing regulations mean that asset managers must be able to build, evolve, and scale new functionalities in an accelerated way, typically within months – not years, as in the past. Any failure on our part to comply or adapt could result in a material adverse effect on our business, results of operation, or financial condition.

1.4.8 We may be subject to tax risks.

As an international group operating in a number of countries, we have structured our commercial and financial activities in light of diverse regulatory requirements and our commercial and financial objectives. Since tax laws and practices in these countries may not always provide clear-cut or definitive guidelines with respect to our activities (past or future), our tax positions may be based on our interpretation of such laws and practices, which may be questioned by relevant tax authorities, for example in connection with local tax examinations. Furthermore, tax laws and practices may change (including in the context of initiatives from international and European bodies such as the OECD, G20 and EU), and there may be changes in their interpretation and application by tax authorities. More generally, any failure to comply with tax laws may result in reassessments, late payment interest, fines and penalties.

On December 22, 2017, President Trump signed into law new legislation, known as the "Tax Cuts and Jobs Act," ("**TCJA**") making significant changes to the U.S. tax code. The TCJA contains a provision referred to as the Base Erosion Anti-Abuse Tax ("**BEAT**"). The BEAT is a special tax intended to disallow deductible payments to foreign (that is, non-US) related parties. It operates in a fashion similar to a minimum tax. We have interpreted the requirements of the new legislation in consultation with advisors and industry groups and, based on information currently available in general, and specifically as it relates to the BEAT.

As with any legislation, we expect a significant number of technical corrections, treasury regulations and administrative guidance to be issued over the coming months and years. Our interpretation of the legislation and the resulting impact contained in this prospectus may change in response to technical corrections, regulations or guidance when they are issued.

At December 31, 2017, Deutsche Asset Management US Holding Corporation and its subsidiaries had federal net operating loss carryforwards which are available to offset future taxable income and which begin to expire in 2028. Utilization of the net operating loss may be subject to an annual limitation under Section 382 of the IRC due to ownership change limitations that have occurred previously, or that could occur in the future both in shares of the Company and in shares of Deutsche Bank AG. These ownership changes may limit the amount of net operating loss that can be utilized in the future.

In addition, we may be involved in tax examinations and litigation in Germany and a number of jurisdictions outside Germany. Such matters are subject to many uncertainties. For example, DB Group sponsors a number of pension plans on behalf of our employees. DB Group is currently involved in a legal dispute with the German tax authorities in relation to the tax treatment of certain income received with respect to its pension plan assets The proceeding is pending in front of the German supreme fiscal court. Should the courts ultimately rule in favor of the German tax authorities, the outcome could have a material effect on our comprehensive income.

The occurrence of any of the preceding factors may result in an increase in our tax burden and may have a material adverse effect on our business, results of operations or financial condition.

1.4.9 New client tax reporting requirements resulting from the global fight against tax evasion will subject us to additional administrative burdens.

We are required to comply with recently adopted reporting requirements, and will in the future be required to comply with new requirements, which are part of the global fight against tax evasion. For example, FATCA has introduced expansive new investor withholding and reporting rules aimed at ensuring that U.S. persons with financial assets outside of the United States pay appropriate taxes. More generally, the OECD has released a standard for automatic exchange of financial account information in tax matters (the "**Common Reporting Standard**"), which provides for annual automatic exchange between governments of financial account information, including balances, interest, dividends and sales proceeds from financial assets. It covers accounts held by individuals and entities, including trusts and foundations. To date, more than 94 jurisdictions have committed to implement this standard, with the first automatic information exchanges launching last year. More than 60 of these jurisdictions have already adhered to an agreement that implements the Common Reporting Standard.

These new reporting requirements, and more generally any mechanisms adopted in order to enhance cooperation between tax administrations in the fight against tax evasion, will impact our funds worldwide, and subject us to extensive additional administrative burdens and to costly reporting obligations.

1.4.10 New tax legislation could create uncertainties and have a material adverse effect on our business.

Our businesses may be affected by new tax legislation or regulations, or the modification of existing tax laws and regulations, by German or other jurisdictions' tax authorities, or EU or other supra-national authorities.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. The Commission's Proposal is under review, but there is no published timetable for the release of a revised proposal.

The FTT, if eventually introduced, could affect the Company's profitability if and to the extent the burden arising from the FTT cannot be passed on to the customers, and/or AuM are withdrawn from the Company as a result of the FTT.

We may be exposed to other unknown, unmeasurable, or unforeseen risks related to changes in tax legislation. For example, tax authorities in the United Kingdom and the EU may issue revised tax laws or change their interpretation of existing tax laws as a result of the United Kingdom's exit from the EU.

New tax legislation or regulations, or the modification of existing tax laws and regulations, including the interpretation of such laws, could impact our tax assets and tax liabilities or otherwise have a material adverse effect on our financial condition and results of operations.

1.4.11 Failure to comply with laws and regulations applicable to us could result in harm to our reputation and a material adverse effect on our results of operations.

Our business is highly dependent on our ability to maintain a robust and effective internal control environment to process and monitor, on a daily basis, a wide variety of transactions – many of which are highly complex and occur at high speeds, volumes and frequencies, across numerous and diverse markets and currencies. However, the infrastructure (comprising people, policies and procedures, controls testing and IT systems) that underlies our internal control environment may not be sufficiently comprehensive or well integrated across our platforms. For example, we are subject to extensive and increasingly stringent regulatory reporting requirements that necessitate the monitoring and reporting of ownership thresholds across our accounts and the holdings of managed funds and accounts. The specific triggers and the reporting methods that these threshold filings entail vary significantly by regulator and across jurisdictions. We must invest in technology and in training our employees to enhance our monitoring and reporting functions and improve the timeliness and accuracy of our disclosures. Despite these investments, the complexity of the various thresholds of reporting requirements combined with the breadth of the assets we manage have led to errors and omissions in the past and may continue to do so in the future. Any such errors may expose us to fines and monetary penalties or a loss of voting rights, and have an adverse effect on our reputation.

The infrastructure of our control system requires the use of numerous platforms that are fragmented across our business or which are maintained within the DB Group and out of our direct control. Therefore our business processes often require manual procedures and actions that make information available for management more prone to human error than would be the case with more seamlessly integrated systems. These processes span processing and settling transactions, valuation of our assets, identifying risks, escalating reviews and mitigation and remediating actions, as well as the regulatory reporting mentioned above or other data processing and compliance activities. As a result, it is often difficult and labor intensive for us to obtain information of a consistently high quality and on a timely basis to manage our risk levels and to comply with regulatory reporting and other compliance requirements. Furthermore, it takes intensive efforts to identify, when possible, inappropriate behavior by

our staff and attempts by third parties to misuse our services as a conduit for prohibited activities, including those relating to anti-financial crime laws and regulation.

A failure to comply with regulations may prompt regulators to impose fines or capital surcharges, requiring capital buffers in addition to those directly required under the regulatory capital rules applicable to us, to reflect the additional risks posed by deficiencies in our control environment. In extreme cases, regulators can suspend our permission to operate our business in the regions within their jurisdictions. Furthermore, implementation of enhanced controls may result in higher than expected costs of regulatory compliance that could offset or exceed efficiency gains. Any or a combination of these factors could result in a material adverse effect on our results of operations.

1.5 Risks related to the Shares, the Offering, the Listing and our Shareholder Structure

1.5.1 There is no existing market for the Shares and an active or liquid market might not develop.

This prospectus is for the initial public offering of up to 50,000,000 Shares (the "**Offering**"). There can be no assurance that an active, liquid trading market for the Shares will develop or be sustained following the Offering and the listing of the Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Listing**"). The offer price of the Shares in the Offering will be determined and established following a book-building procedure. The offer price determined and established in this manner may not correspond to the price at which the Shares will be traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) after the Offering. Active trading in the Shares might not develop or continue after the Offering. If fewer than all Shares offered hereunder are sold, the free float and thus the liquidity of the Shares after the Listing will be lower than investors may anticipate, which may have an additional adverse effect on investors' ability to trade the Shares. Investors may not be in a position to sell their Shares quickly or at the market price if there is no active trading in the Shares. If an active market for the Shares does not develop after the Listing, the liquidity and market price of the Shares may be adversely affected which could adversely affect our prospects.

1.5.2 The Shares may not be delivered and the transaction not consummated.

The underwriting agreement entered into by the Company, DB Beteiligungs-Holding GmbH (the "**Selling Shareholder**") and the underwriters (the "**Underwriting Agreement**") provides for the obligations of the underwriters to be subject to various conditions, including, among other things, the conclusion of a pricing agreement and termination of the Underwriting Agreement under certain circumstances. In the event of a non-occurrence of conditions or a termination of the Underwriting Agreement, the transaction will not be completed. Allotments to shareholders already effected will become void. In such a case, investors have no claim to receive Shares of the Company and no such Shares will be required to be delivered. Claims for securities commissions already paid and other costs incurred by investors in connection with their purchase are solely subject to the legal relationship between the respective investor and the institution where the purchase order was placed. Short sellers bear the risk of not being able to meet their share delivery obligations. This could adversely affect our reputation and our ability to have a successful offering of our Shares in the future, impacting our prospects, business and potentially our financial condition and results of operations.

1.5.3 Deutsche Bank AG will be able to continue to exercise substantial influence over the Company and its business activities. The interests of Deutsche Bank AG could conflict with the interests of our other shareholders.

Upon completion of the Offering, the Selling Shareholder, a wholly-owned subsidiary of Deutsche Bank AG, will directly hold at least 75% of the issued shares and the Selling Shareholder will have 100% ownership of the General Partner. The Selling Shareholder will have full control of the General Partner who is responsible for the Company's management and will be in a position to exert substantial influence at the Company's general shareholders' meeting (the "**General Shareholders' Meeting**") and, consequently, on matters decided by the General Shareholders' Meeting, including the distribution of dividends, and any proposed capital increases. The Selling Shareholder will also appoint two of the four representatives of a joint committee which has the power to make certain material decisions or recommendations in relation to the business of the Company. The Selling Shareholder's stake in the Company and its control of the General Partner, even if its stake declines to 40%, will endow it, depending on attendances at the General Shareholders' Meeting, with the ability to block certain corporate measures that require the approval of the Company's General Shareholders' Meeting and/or the General Partner. In addition, the interests of the Selling Shareholder may substantially deviate from, or conflict with, the Company's interests or the interests of the Company's other shareholders. There is no assurance that the Selling Shareholder will exercise its influence over the Company in a way that serves the interests of the Company's other shareholders. This could adversely affect our business, financial condition, prospects and results of operations.

In addition, once the Company's shares are listed on the Frankfurt Stock Exchange, DB Group's indirect shareholding in the Company will become more liquid. Should DB Group need additional capital or funds, for example as recovery measures, it is possible that the Selling Shareholder would elect to sell or trade parts or the entirety of its shareholding in the Company. Such a sale could potentially put downward pressure on our share price and could adversely affect our business, prospects and our relationship with DB Group.

1.5.4 Our shares could be cancelled or heavily diluted before or in the context of the opening of a resolution procedure against us.

It cannot be excluded that we may be found subject to the European Bank Recovery and Resolution Directive, which was transposed into German law pursuant to BRRD-Umsetzungsgesetz of December 10, 2014 (BGBl. I, S. 2091). This directive provides resolution authorities with a number of powers in connection with the resolution of inter alia credit institutions, investment firms and financial holding companies. There is a risk that resolution authorities could exercise these powers if the Company is found to be regulated under the directive and were to be at the point at which resolution proceedings could be opened.

The resolution authority can open resolution proceedings against a financial holding company when the following conditions are met with regard to both the financial holding company and one or more subsidiaries which are credit institutions or investment firms:

- the institution is failing or likely to fail;
- there is no reasonable prospect that another action will prevent the failure within a reasonable time, and
- a resolution measure is required, and a liquidation procedure would fail to achieve the objectives of the resolution: (i) to ensure the continuity of critical functions, (ii) to

avoid significant adverse effects on the financial system, (iii) to protect the state's resources by minimizing reliance on extraordinary public financial support and (iv) to protect client funds and assets, and, in particular, those of depositors.

An institution is considered failing or likely to fail if it does not respect requirements for continuing authorization, it is unable to pay its debts or other liabilities as they fall due, it requires extraordinary public financial support (subject to limited exceptions), or the value of its liabilities exceeds the value of its assets.

After resolution proceedings are commenced, the resolution authority may use one or more of several resolution tools with a view to recapitalizing or restoring the viability of the institution, as described below. The resolution authority may use the bail-in tool to reduce the par value of equity securities or to convert into category 1 equity securities, other capital instruments or certain debt obligations of the institution.

Even if the conditions for placement in resolution are not met, the resolution authority will write down or convert capital instruments to the extent of the losses if certain conditions are met (and in particular if the viability of the institution depends thereupon). A valuation is also carried out by an independent expert. Capital instruments may be written down, transferred to creditors or, if the institution enters resolution and its net assets are positive, significantly diluted by the conversion of other capital instruments and eligible liabilities.

As a result of the foregoing and assuming the Company fell under the directive, if the Company (as a financial holding company) and DeAM Intl. GmbH (as an investment firm) were to face financial difficulties likely to justify the opening of a resolution proceeding, or if the viability of the Company were to depend on it, the outstanding shares of the Company could be cancelled, diluted by the conversion of other capital or debt instruments or transferred, depriving shareholders of their rights. Even before the Company's resolution, if its financial condition was to deteriorate significantly, the risk of a potential cancellation or dilution of its shares could have a material adverse effect on the market value of such shares.

In addition to the bail-in tool, the resolution authority has been granted broad powers to implement other resolution measures with respect to failing institutions (or the group to which they belong), including: the total or partial sale of the institution's business to a third-party or bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), the dismissal of managers, the appointment of a temporary administrator and the issuance of new equity securities or other common equity instruments.

To ensure that the bail-in tool will be effective if it is ever needed, institutions are required to maintain a minimum level of own funds and eligible liabilities, calculated as a percentage of their total liabilities and own funds. The percentage is determined for each institution by the resolution authority.

Resolution proceedings could also be opened against DeAM Intl. GmbH when the conditions set out above are met on an individual basis. After resolution proceedings are commenced, the resolution authority could use one or more of the resolution tools described above, in particular the bail-in tool. The Company as a shareholder of DeAM Intl. GmbH may thus suffer significant losses from inter alia the cancellation or dilution of its shares in DeAM Intl. GmbH which could have a material adverse impact on its own financial condition.

1.5.5 Future sales of Shares or anticipated sales of a substantial number of Shares in the Company or similar transactions conducted by the Selling Shareholder or other groups of shareholders could adversely affect the Share price.

Future sales of Shares by the Selling Shareholder may have a material adverse effect on the price of the Shares. The Selling Shareholder has undertaken to Barclays, Citigroup and Credit Suisse that during a period of 180 days following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) it will not without the prior written consent by Barclays, Citigroup and Credit Suisse directly or indirectly sell additional Shares or enter into similar transactions. Such sales may put downward pressure on the price of the Company's shares, and should the market come to the conclusion that such sales could happen imminently, this could have a material adverse effect on the price of the Shares, even if the Selling Shareholder does not actually reduce its shareholding. The same applies if other groups of large shareholders make sales or similar transactions of a substantial number of shares in the market, or if the market believes that such sales or similar transactions might occur (which could be the case, for example, in a resolution proceeding of Deutsche Bank AG). Such sales or similar transactions could also make it more difficult for the Company to issue new shares in the future at a time and price that the Company deems appropriate. This could adversely affect our business, financial condition, prospects and results of operations.

1.5.6 Future capital-related measures may adversely affect the market price of the Shares and could result in a substantial dilution of existing shareholdings in the Company.

The Company may require further capital in the future to finance its business operations, growth, or to provide regulatory capital (either to meet its current requirements or due to changes in law, interpretations of applicable laws and rules, or circumstances, in any case that require the Group to maintain a greater amount of regulatory capital). Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities), additional equity securities or to implement possible future stock option or employee stock matching programs. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, or the exercise of a stock option or employee stock matching program could adversely affect the market price of the Shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions may not be able to acquire or exercise any subscription rights due to local laws. Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as a potential exercise of stock options and the issuance to our employees in the context of possible future stock option or employee stock matching programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the General Shareholders' Meeting to take any of the abovementioned measures, with dilutive effects on existing shareholders, or any other announcement of such proposal, could adversely affect the market price of the Shares. Until the expiration of a period of 180 days (and subject to certain exceptions) following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company has undertaken not to offer or sell its Shares directly or indirectly, or announce such sale or take any other measures equivalent to a sale in economic terms. Nevertheless, it cannot be guaranteed that during these 180 days and beyond, the Company will not take such actions or propose such actions to the

general shareholders' meeting or that the market will not come to the conclusion that this will occur. This could have a material adverse effect on the price of the Shares and thus adversely affect our business, financial condition, prospects and results of operations.

1.5.7 The price at which the Shares will be traded and the trading volume of the Shares may be volatile, and investors could lose all or part of their investment.

Following the Listing of the Shares, the price of the Shares will be affected primarily by supply and demand for such Shares and could fluctuate significantly due to changes and fluctuations in trading volumes in the Shares, a changing number of Shares in the free float and other factors such as fluctuations in our actual or projected operating results or those of our competitors, changes or failure to meet earnings projections and expectations of investors and analysts, changes in market valuation of similar companies, changes in investor and analyst perceptions of us and our industry, publications of research reports about us or our industry, the failure of analysts to cover the Shares after the Listing, changes in general economic conditions, changes in the shareholder structure and other factors, such as departure of key personnel, the activities of competitors and suppliers, litigation and governmental investigations or changes in the statutory framework in which we operate affecting us or the markets in which we operate. In addition, general fluctuations in share prices and trading volumes, especially those of companies in the same industry in which we operate, or general market conditions or a general downturn in worldwide or local stock markets, may put pressure on the price of the Shares without there being a specific reason for this relating to our business, actual results, financial condition or earnings outlook. In addition, the comparatively small free float in terms of absolute number of Shares may intensify these share price fluctuations. Fluctuations in the price of the Shares could themselves have a material adverse effect on the overall price of the Shares. Fluctuations could also make it more difficult for the Company to issue new Shares in the future at a time and price that the Company deems appropriate. This could adversely affect our business, financial condition, prospects and results of operations.

1.5.8 The Company will incur increased costs as a result of operating as a public company, and its management will be required to devote substantial time to new compliance initiatives and to additional legal, regulatory and administrative requirements. If the Company fails to comply with these requirements, it will possibly damage its reputation and may affect an investment in the Shares.

As a public company, the Company will incur significant accounting, legal and other expenses that it did not incur as a business unit of Deutsche Bank AG. In particular, the Company will be required to issue half-year interim financial statements for the Group as well as quarterly statements (*Quartalsmitteilungen*) for the first time and coordinate its reporting with DB Group. The Company will also incur other significant costs associated with its compliance with the public company reporting requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz*) (which have been partly replaced as of July 3, 2016 by the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive No. 2003/6/EC of the European Parliament and of the Council and Commission Directives No. 2003/124/EC, No. 2003/125/EC and No. 2004/72/EC ("**Market Abuse Regulation**"), the German Stock Exchange Act (*Börsengesetz*) and the Stock Exchange Regulation of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*). Compliance with these rules and regulations will increase the Company's legal and financial compliance costs, introduce new costs (including stock exchange listing fees and costs related to investor relations and

shareholder reporting), and make certain activities more time-consuming and costly. They also might make it more difficult for the Company to obtain directors and officers insurance at reasonable costs and the Company may incur substantial costs to maintain sufficient coverage.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies generally, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and the market norms and views from market participants develop over time. Impacts of these changes may be exacerbated for the Company because compliance and regulatory issues were partially handled by its parent company prior to the Offering. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. The Company must invest substantial resources to comply with evolving laws, regulations and standards, and this investment may expose the Company to risk of fines for non-compliance or result in increased general and administrative expenses and a diversion of management's time and attention from income-generating activities to compliance activities or other unexpected costs. If the Company's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us which could have an adverse effect. We cannot predict or estimate the amount or timing of additional costs we may incur in the future to respond to these continually evolving requirements. The impact of these requirements could also make it more difficult for the Company to attract and retain qualified persons to serve as management on its executive board or in other senior management positions.

Furthermore, the Company might fail to establish and maintain effective systems of internal control over financial reporting or other obligations related to the Listing. The Company has leveraged the existing Deutsche Bank AG processes, DB Group staff and external advisors and intends to continue to leverage these processes, know-how and human capital as well as using existing Deutsche Bank AG systems to cover such obligations in future, including the obligation to publish interim financial statements and quarterly interim reports. In addition, the Company has heavily relied on Deutsche Bank AG and external advisors in preparation for the Offering, and will also need to invest in external and internal resources going forward in order to comply with ongoing disclosure requirements. If the Company fails to provide the necessary data or violates any other applicable rules and regulations, it might be faced with administrative proceedings which could, among other things, result in fines being imposed on the Company and even the revocation of the listing order by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Furthermore, such non-compliance with the applicable rules and regulations would possibly damage the Company's reputation and may affect an investment in the Shares. This could adversely affect our business, financial condition, prospects and results of operations.

1.5.9 The fact that investors might not be familiar with the German legal form of a partnership limited by shares (*Kommanditgesellschaft auf Aktien, KGaA*) could adversely affect the market price of the Company's shares.

As of the date of this prospectus, only a small number of the listed companies in Germany have the legal form of a partnership limited by shares (*Kommanditgesellschaft auf Aktien, KGaA*). Many investors may be unfamiliar with the German legal form of a partnership limited by shares, even where they may have comparable structures in their home countries. The lack of familiarity of capital markets investors with the German legal form of a

partnership limited by shares (*KGaA*) or other aspects of our corporate structure could adversely affect trading in the Company's shares.

1.5.10 The Company's ability to pay dividends and make other capital distributions depends, among other things, on its financial condition and results of operations.

The Company has targeted a dividend pay-out ratio of between 65% and 75% of its annual consolidated net income. As a holding company for the Group, dividends from the Company's subsidiaries and permitted payments to us under intercompany arrangements with subsidiaries are the Company's principal sources of cash to pay shareholder dividends and to meet its other financial obligations. If the cash the Company receives from its subsidiaries pursuant to dividend payments and intercompany arrangements is insufficient to fund any of these obligations, we may not be able to pay dividends and may be required to raise cash through the incurrence of additional debt, the issuance of additional equity or the sale of assets. If any of this happens, it could adversely impact our financial condition and results of operations.

Any potential future determination by the Company to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, our results of operations, our financial condition, our investment policy, market developments and capital requirements based on the unconsolidated financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as well as shareholders' consent. There can be no assurances that the Company's or its subsidiaries' performance will allow the Company to pay dividends following the Offering. In particular, the ability to pay dividends may be negatively impacted by the HGB impairment review to be conducted for each subsidiary of the company individually or impaired if any of the risks described in Part 1 were to materialize, including an increase in our regulatory capital requirements.

In addition, our U.S. operations are subject to limitations on capital distributions under the capital regulations and capital plan rules of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"). Specifically, as a condition to the Federal Reserve Board's approval for the establishment of a second U.S. intermediate holding company under Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd Frank Act**"), both intermediate holding companies of the DB Group in the U.S. will be subject to limitations on capital distributions if either one of them becomes subject to such limitations under the Federal Reserve Board's regulatory capital rule or capital plan rules, including the comprehensive capital analysis and review ("**CCAR**") process or "stress test rules". For example, if DB Group's other U.S. intermediate holding company were to become subject to limitations on capital distributions as the result of the CCAR review process, those limitations on capital distributions would also apply to the Company's U.S. intermediate holding company. While the Federal Reserve Board has the authority to approve capital distributions notwithstanding this restriction, if a capital distribution were not approved or were otherwise limited, this would limit the amount of capital distributions the Company's U.S. subsidiary could make to the Company, impacting the amount available for distribution to shareholders of the Company.

Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends and could cause the price of the Shares to fall, in which case investors could lose some or all of their investment. This could adversely affect our business, financial condition, prospects and results of operations.

PART 2: GENERAL INFORMATION

2.1 Responsibility for the Contents of the Prospectus.

DWS Group GmbH & Co. KGaA, Frankfurt, Germany (the "**Company**" or the "**Issuer**"), together with Deutsche Bank AG, Frankfurt am Main, Germany ("**Sole Global Coordinator and Bookrunner**") and Barclays Bank PLC, London, United Kingdom ("**Barclays**"), Citigroup Global Markets Limited, London, United Kingdom ("**Citigroup**"), Credit Suisse Securities (Europe) Limited, London, United Kingdom ("**Credit Suisse**"), BNP PARIBAS, Paris, France ("**BNP PARIBAS**"), ING Bank N.V., Amsterdam, the Netherlands ("**ING**"), Morgan Stanley & Co. International plc, London, United Kingdom ("**Morgan Stanley**"), UBS Limited, London, United Kingdom ("**UBS**"), UniCredit Bank AG, Munich, Germany ("**UniCredit**" together with Barclays, Citigroup, Credit Suisse, BNP PARIBAS, ING, Morgan Stanley, and UBS, the "**Joint Bookrunners**"), COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany ("**COMMERZBANK**"), Daiwa Capital Markets Europe Limited, London, United Kingdom ("**Daiwa**"), Banca IMI S.p.A.. Milan, Italy ("**Banca IMI**"), Nordea Bank AB (publ.), Stockholm, Sweden ("**Nordea**") and Banco Santander, S.A., Santander, Spain ("**Santander**", and together with COMMERZBANK, Daiwa, Banca IMI and Nordea, the "**Co-Lead Managers**", and the Co-Lead Managers together with the Joint Bookrunners and the Sole Global Coordinator and Bookrunner, the "**Underwriters**") have assumed responsibility for the contents of this prospectus pursuant to Section 5(4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), and declare that the information contained in this prospectus is, to the best of their knowledge, correct and contains no material omissions.

If any claims are asserted before a court of law based on the information contained in this prospectus, the investor appearing as plaintiff may have to bear the costs of translating this prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the Member States of the European Economic Area (the "**EEA**").

The information in this prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this prospectus but before the completion of the public offering or admission of the securities to trading, whichever is later. These updates must be disclosed in a prospectus supplement in accordance with Section 16(1) sentence 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

2.2 Subject Matter of the Prospectus

This prospectus relates to the Offering of up to 50,000,000 ordinary bearer shares with no par value, each such Share with a notional interest of €1.00 in the share capital and with full dividend rights from January 1, 2018, consisting of:

- 40,000,000 existing ordinary bearer shares with no par value (the "**Sale Shares**") from the holdings of the Selling Shareholder);
- up to 4,782,600 existing ordinary bearer shares with no par value (the "**Additional Sale Shares**") from the holdings of the Selling Shareholder subject to the exercise of an upsize option upon decision of the Selling Shareholder on the date of pricing (the "**Upsize Option**"); and

- up to 5,217,400 existing ordinary bearer shares with no par value from the holdings of the Selling Shareholder for purposes of a potential over-allotment (the "**Over-Allotment Shares**" and, together with the Sale Shares and the Additional Sale Shares, the "**Offer Shares**").

Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this prospectus relates to 200,000,000 ordinary bearer shares of the Company (entire share capital of the Company).

2.3 Forward Looking Statements

This prospectus contains certain forward-looking statements. In this prospectus, forward-looking statements include, among others, statements relating to:

- the potential development and impact on DWS of economic and business conditions and the legal and regulatory environment to which DWS is subject;
- the implementation of DWS's strategic initiatives and other responses there to;
- the development of aspects of DWS's results of operations;
- DWS's expectations of the impact of risks that affect its business, including the risks of losses on DWS's trading processes and credit exposures;
- the progress and timing of transfers to form the Group and related staff and resource transfers from DB Group; and
- other statements relating to DWS's future business development and economic performance.

Forward-looking statements are statements that do not relate to historical facts or events and contain forward-looking expressions. Expressions such as "will", "anticipates", "aims", "expects", "foresees", "projects", "intends", "plans", "targets" may indicate forward-looking statements. The information in this Prospectus regarding intentions, beliefs, or current expectations of the Company regarding its future financial condition and results of operation, plans, liquidity, business outlooks, growth, strategy and profitability, as well as the economic conditions in which the Company operates constitute forward-looking statements.

By their very nature, forward-looking statements involve risks and uncertainties, both general and specific. The Company bases these statements on its current plans, estimates, projections and expectations and they relate to events and are based on current assumptions, which may not occur in the future. These forward-looking statements may not be indicative of future performance; the actual outcome of the Company's or the Group's financial condition and results of operations, and the development of economic conditions, may differ materially from, in particular, be more negative than, those conditions expressly or implicitly assumed or described in such statements. Even if the actual results of the Company or, as applicable, the Group, including the financial condition, results of operations and economic conditions, develop in line with the forward-looking statements contained in this prospectus, there can be no assurance that this will be the case in the future. Accordingly, prospective investors are strongly advised to read the following sections of this prospectus: Summary, Part 1:, Part 11:, Part 13:, and Part 23:. These sections include more detailed descriptions of factors that might have an impact on our business and the markets in which we operate.

Neither the Company nor the Underwriters assume any obligation to update such forward-looking statements or to adapt them to future events or developments to the extent that it is not legally required to do so.

2.4 Third Party and Market Information

This prospectus contains industry and customer-related data as well as calculations sourced from industry reports published by third parties, market research reports, publicly available information and commercial publications of third parties. These publications generally state that the information they contain has originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on assumptions. Such information has not been independently verified by the Company and the Company assumes no responsibility for the accuracy of any such information.

In particular, third party data was used to define the markets described in this Prospectus and to determine their size. In this process, the categories applied by the respective sources were also used as a basis. These categories generally do not correspond to the categories used by us in determining our financial and other data. As a result, the ability to compare external data with our financial and other data is limited, including with respect to the statements relating to our market shares. Many of our customers maintain customer relationships with several banks. For this reason, persons whom we count as our customers may also be included in other financial institutions' market share calculations. Calculations of market shares or other similar data on the basis of customer numbers may therefore result in multiple institutions' including the same customer in their respective data.

In this prospectus, the following sources of third party information are cited:

- Insurance Asset Outsourcing Exchange and Insurance AUM, "Investment Outsourcing Report 2017" (2017, "**Investment Outsourcing Report 2017**");
- ANREV/INREV/NCREIF, "Fund Manager Survey 2017" ("**ANREV/INREV/NCREIF**");
- Broadridge, Market data (excluding FoFs) as of August and November 2017 ("**Broadridge**");
- Bundesverband Investment, "BVI Institutional Market Analysis – December" (February 2017);
- Bundesverband Investment, "BVI Investmenstatistik" (data as of December 31, 2017);
- Bundesverband Investment, "BVI Market Analysis – December 2016" (February 2017);
- Bundesverband Investment, "BVI: German fund industry remains on course" (December 2017);
- Bundesverband Investment, "Germany: Funds recorded inflows to the tune of EUR 9 billion in July" (2017);
- CaseyQuirk by Deloitte, "Survival of the Fittest: Defining Future Leaders in Asset Management" (December 2016);
- CaseyQuirk by Deloitte, Skill through scale? The role of M&A in a consolidating industry – Investment Management 2017 M&A Outlook" (May 2017);

- CREATE-Research and Dassault Systèmes, “Digitalization of asset and wealth management: promise and pitfalls” (2017);
- Deloitte, “Ahead of the Curve – Forward-looking solutions for tomorrow’s leading asset management firms” (2017);
- Deutsche Bundesbank, “Geldvermögensbildung und Außenfinanzierung in Deutschland im dritten Quartal 2017“ (Jan 17, 2018);
- Deutsche Bank Finance, “Global AM Competitor Rankings 2017” (June 2017);
- Etfgi.com, “ETFGI Global ETF and ETP industry insights”, (December 2016, “**ETFGI**”);
- eVestment, Infrastructure rankings (2017, “**eVestment: Sep-17**”);
- Greenwich Associates, “Asset Managers Benefit as Asian Institutions Diversify Portfolios, 3Q 2017” (2017, “**Greenwich Associates**”);
- IPE Research, “The top 400 asset managers” (2016, “**IPE**”);
- McKinsey, “The Best of Times the Worst of Times” (2017);
- Moody’s Investor Service, “Asset Management – Global: The second wave of disruption will be digital” (November 2017);
- Oliver Wyman, “Ignites Europe, Incumbents ‘to dominate’ German robo-advice market (June 2016)
- Pricewaterhouse Coopers and UBS, “New value creators gain momentum – Billionaires insights 2017” (October 2017, “**PwC / UBS Billionaires Report 2017**”);
- Pricewaterhouse Coopers, “Asset & Wealth Management Insights – Asset Management 2020: Taking stock” (June 2017);
- Pricewaterhouse Coopers, “Asset & Wealth Management Revolution: Embracing Exponential Change” (October 2017);
- Pricewaterhouse Coopers, “Defined ambition – the future of pensions?”, (December 2017);
- The Boston Consulting Group, Global Asset Management survey, “The Innovator’s Advantage” (July 2017);
- Z-Ben Advisors, “AuM ranking as of Sep 30, 2017” (2017).

Where information in this prospectus has been sourced from a third party (including Deutsche Bank Research from the Selling Shareholder[(1)]), the Company confirms that this information has been accurately reproduced and that, to the extent the Company is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors should nevertheless consider this information carefully.

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(1) https://www.dbresearch.com/PROD/RPS_EN-PROD/Latest_publications_studies_and_analysis_english_only/LATEST_PUBLICAT_EN.alias

This prospectus also contains estimates of economic, financial, market and other data and information that is based on the analyses of the DB Group's research department ("**Deutsche Bank Research**"), which is responsible for macroeconomic analysis within the DB Group. Deutsche Bank Research has analyzed relevant trends for the Company in financial markets, the economy and society based on its many years experience in providing similar such analyses and its research on structural and long-term economic issues. The economic, market and other data and information that are based on the analysis of Deutsche Bank Research contained in this prospectus have not been checked or verified externally. The Company and Selling Shareholder nevertheless believe that such data and information are reliable. The Company and the Underwriters give no warranty for the accuracy of Deutsche Bank Research estimates and the information derived therefrom. They may differ from estimates made by our competitors or from future studies conducted by economic research institutes or other independent sources.

Information contained on any internet website mentioned in the prospectus is not incorporated by reference in the prospectus and is therefore not part of the prospectus.

2.5 Note Regarding Currency and Financial Information

The amounts in this prospectus stated in "€" or "EUR" refer to the legal currency of Germany since January 1, 1999.

The amounts in this prospectus stated in "$", "U.S. $" or "USD" refer to the legal currency of the United States of America, the amounts in "GBP" refer to the legal currency of the United Kingdom, the amounts in "CHF" refer to the legal currency of Switzerland, the amounts in "RMB" refer to the legal currency of the People's Republic of China, the amounts in "Yen" or "JPY" refer to the legal currency of Japan and the amounts in "CAD" or "Canadian dollar" refer to the legal currency of Canada.

If not otherwise stated, the financial data contained in this prospectus is taken from the audited combined financial statements of the Company prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) as adopted by the EU (hereinafter referred to as "**IFRS**") as of and for the fiscal years ended December 31, 2017, 2016 and 2015, and the audited standalone financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch* — "**HGB**") as of and for the fiscal years ended December 31, 2017 and 2016, together with the respective auditor's reports. The financial data and the auditor's reports have been included in Part 21 of this prospectus.

Financial data labelled "audited" in this prospectus were taken from the audited financial statements described above. Any financial data referred to as "unaudited" in this prospectus means that the financial data was not "audited" and has been taken or derived from the Company's accounting records.

Individual figures (including percentages) stated in this prospectus have been rounded using the common commercial method (*kaufmannische Rundung*). The sum totals or interim totals contained in the tables may possibly differ from the non-rounded figures contained elsewhere in this prospectus due to this rounding. Furthermore, figures that have been rounded may possibly not exactly add up to the interim totals or sum totals contained in the tables or stated elsewhere in this prospectus.

2.6 Alternative Performance Measures

This prospectus contains certain financial measures that are not recognized under generally accepted accounting principles ("**GAAP**"). Non-GAAP financial measures, also referred to as

alternative performance measures ("**APMs**") are measures of the DWS Group's historical or future performance, financial position or cash flows that contain adjustments that exclude or include amounts that are included or excluded, as the case may be, from the most directly comparable measure calculated and presented in accordance with IFRS in the Group's financial statements. Our management uses APMs to provide supplemental information to develop a fuller understanding of our cash generation capacity and the growth of our business and brand, but these should not be considered as alternatives to net income or income before tax as measures of our profitability. Similar APMs are used by our peers within the asset management industry, but these may be calculated differently and may not be comparable to the APMs we use, even where the names of such APMs and non-GAAP measures might be similar. We provide a reconciliation of APMs to the closest IFRS or GAAP measure where a reconciliation is possible. A list of the APMs we use and their reconciliations can be found within the section Part 10:.

2.7 APMs or Non-GAAP Information and Forward-Looking Statements

When used with respect to future periods, APMs are also forward-looking statements. We cannot predict or quantify the levels of the most directly comparable financial measures under IFRS that would correspond to these non-GAAP financial measures for future periods. This is because neither the magnitude of such IFRS financial measures, nor the magnitude of the adjustments to be used to calculate the related APM or non-GAAP financial measures from such IFRS financial measures, can be predicted. Such adjustments, if any, will relate to specific, currently unknown, events and in most cases can be positive or negative, so that it is not possible to predict whether, for a future period, the APM or non-GAAP financial measure will be greater than or less than the related IFRS financial measure.

2.8 Financial Year and Statutory Auditors

The independent auditors of the Company are KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**KPMG**"), The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany. KPMG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*).

The unconsolidated financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch)* as of and for the fiscal year ended December 31, 2017 (with comparable information for 2016) and the combined financial statements prepared in accordance with IFRS as of and for the fiscal years ended December 31, 2017, 2016 and 2015 have both been audited by KPMG, and an unqualified auditor's report (*Bestätigungsvermerk*) has been issued thereon.

The Company's fiscal year is the calendar year.

2.9 Release of Information

Financial information, as well as information related to material developments in the Company following the Offering will be made available on the investor relations website of the Company (www.dws.com/ir/).

2.10 Documents on Display

For the period during which this prospectus remains valid, printed copies of the following documents are available for inspection during regular business hours at the Company's offices at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Germany:

- the articles of association of the Company ("**Articles of Association**");

- the audited HGB unconsolidated financial statements of the Company as of and for the fiscal year ended December 31, 2017; and
- the audited IFRS combined financial statements of the Company as of and for the fiscal years ended December 31, 2017, 2016 and 2015.

In addition, these documents are available on the investor relations website of the Company (www.dws.com/ir/).

2.11 Enforcement of Civil Liabilities Outside of Germany

The Company is a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung*) as a general partner, organized under the laws of Germany and governed by German law, and as a holding company, its assets are located in several countries. Certain members of the Supervisory Board and management may be resident in Germany and may have assets located in Germany or other jurisdictions. As a result, it may not be possible for investors to effect service of process upon the Company or the Selling Shareholder or such persons outside of Germany or in the particular jurisdiction where an investor resides or would prefer to bring a claim or enforce judgments of jurisdictions outside of Germany against them or the Company (for example, judgments of courts of the United States, whether predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof).

Some countries, including the United States, currently do not have a treaty with Germany providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by certain jurisdictions, including any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Germany. Such a final extraterritorial judgment, for example by a U.S. federal or state court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. The recognition and enforcement of the U.S. judgment by a German court is conditional upon a number of factors, including the following:

(i) the judgment being final under U.S. law;

(ii) the U.S. court having had jurisdiction over the original proceeding under German law;

(iii) the defendant having had the chance to defend itself against an unduly or untimely served complaint;

(iv) the judgment of the U.S. court being consistent with — should one of the following judgments exist — (i) the judgment of a German court or (ii) a recognized judgment of a foreign court handed down before the judgment of the U.S. court;

(v) the procedure on which the judgment of the U.S. court is based being consistent with — should a matter have been pending before a German court before — the procedure of that pending matter in Germany;

(vi) the recognition of the judgment by the U.S. court being compatible with German public policy, including the fundamental principles of German law and, in particular,

the civil liberties (*Grundrechte*) guaranteed by virtue of the German Constitution (*Grundgesetz*); and

(vii) generally, the guarantee of reciprocity.

Subject to the foregoing, holders of the Offer Shares may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Germany. However, there can be no assurance that attempts to enforce judgments in Germany will be successful. In addition, the recognition and enforcement of punitive damages are usually denied by German courts as incompatible with the substantial foundations of German law. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Consequently, judgments awarding monetary damages under civil liabilities provisions of the U.S. federal securities laws may not be enforceable to the extent they provide for a compensation that would qualify as being of a penal or punitive nature, i.e. where such compensation exceeds the actual losses and the compensation for pain and suffering.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on the common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

PART 3: GENERAL INFORMATION ON THE GROUP AND THE CARVE-OUT

3.1 General Information about the Company and DWS

3.1.1 Incorporation of the Company, Corporate Purpose, Duration

The Company is a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung*) as a general partner founded in Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main (the "**Commercial Register**") under docket number HRB 111128 with its registered seat in Frankfurt am Main, Germany. The Company's legal entity identifier ("**LEI**") is 529900VM3464806ERS69.

The Company (then Atrium 99. Europäische VV SE) was first founded on June 30, 2016 as a European Company (*Societas Europea – SE*) organized under German and European law, with its registered seat in Frankfurt am Main and initial share capital of EUR 120,000.00. The initial purpose of the Company was the management of its own assets. The formation was registered with the Commercial Register on July 21, 2016. On March 29, 2017, the general shareholders' meeting of the Company decided to change the corporate purpose and the name of the Company to Deutsche Asset Management Holding SE.

On January 25, 2018, the general shareholders' meeting of the Company resolved to change the articles of association and the legal name of the Company to DWS Group SE.

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

The term of the Company is unlimited. However, except in case of insolvency, the Company can be dissolved, in particular, by a resolution of a shareholders' meeting which requires a majority of not less than three-fourths of the share capital represented at the passing of the resolution.

According to Section 2 of the Company's articles of association, the Company's corporate purpose is the holding of participations in as well as the management and support of a group of financial services providers, including at least one institute according to Art. 4 para. 1 No. 3 of Regulation (EU) No. 575/2013 ("***CRR Institute***"), engaged especially in the area of individual and collective asset management. The Company performs the function of a financial holding company according to Art. 4 para. 1 No. 20 of Regulation (EU) No. 575/2013. To the extent permitted by law, the Company is entitled to transact all business and take all steps which appear suitable to promote the object of the Company, in particular the formation of other companies and the establishment of branch offices both in Germany and abroad, the acquisition, administration and divestment of participations in undertakings and the conclusion of intercompany agreements.

The Company is incorporated in Germany and subject to the laws of Germany.

3.1.2 Legal Name, Registered Office, Telephone Number

The Company's legal and commercial name is *DWS Group GmbH & Co. KGaA*.

DWS Group has been using the brand names "Deutsche Asset Management" or "Deutsche AM", but following the change of its legal name on March 3, 2018, has started to primarily use the brand name "DWS" and will phase in the new brand globally by the end of 2018.

The Company's registered office is in Frankfurt am Main and its business address is at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Germany (tel. +49 (0) 69 910 14700).

3.1.3 Announcements, Paying Agent

In accordance with the Articles of Association, the announcements of the Company are published in the German Federal Gazette (*Bundesanzeiger*), unless otherwise required by law.

In accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), announcements in connection with the approval of this prospectus or any supplements thereto will be published in the form of publication provided for in this prospectus, in particular through publication on the Company's website (www.dws.com/ir/).

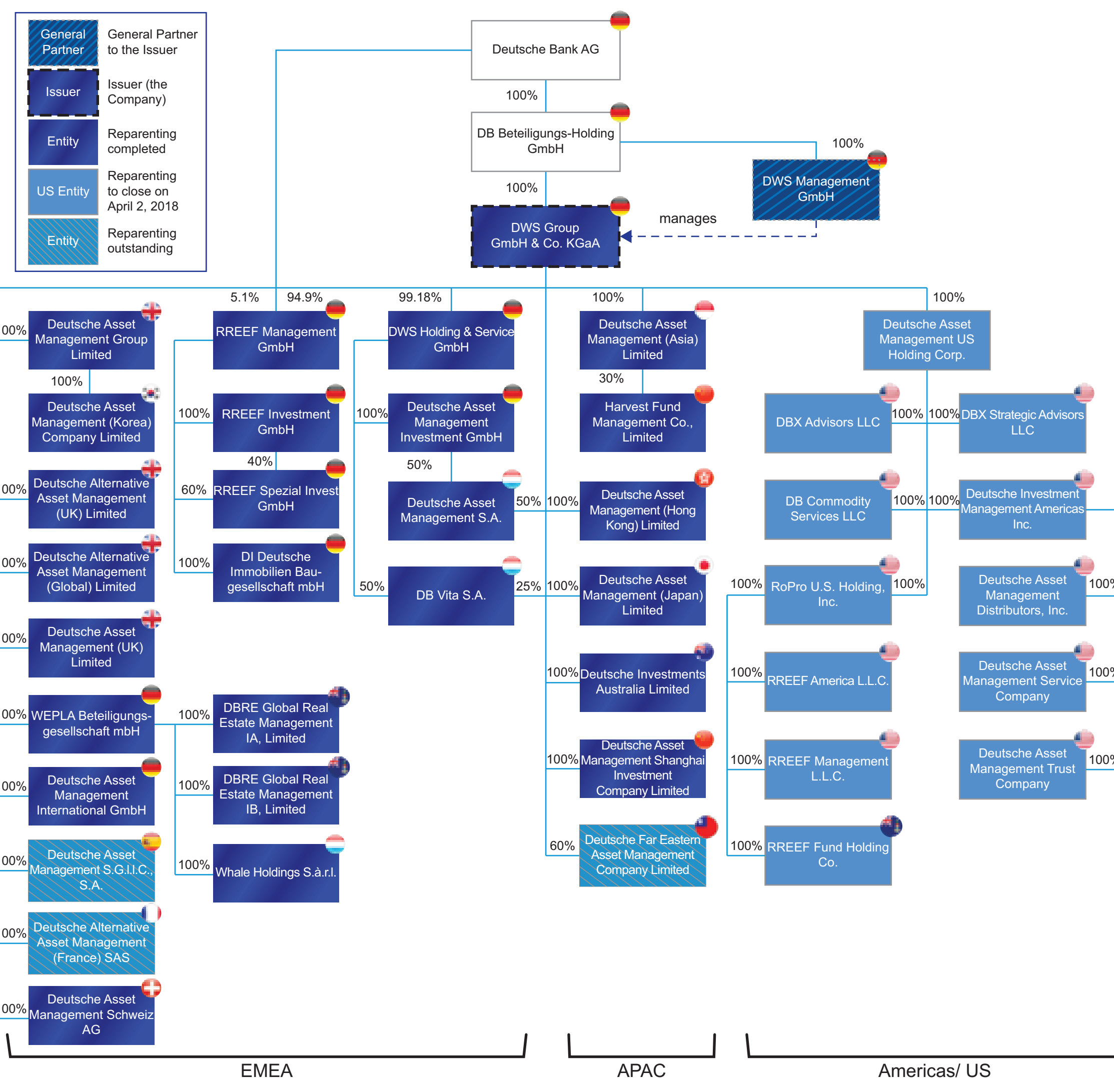
The paying agent is Deutsche Bank AG. The mailing address of the paying agent is: Taunusanlage 12, 60325 Frankfurt am Main, Germany.

3.2 History and Key Milestones

1956	Deutsche Gesellschaft für Wertpapiersparen mbH (DWS), known as DWS Investments, was founded in Hamburg, Germany.
2000	For the new millenium, DWS, which stood for "Deutsche Gesellschaft für Wertpapiersparen" was rebranded as "Die Wertpapier Spezialisten", which translated means "The Fund Specialists".
2002	Scudder Investments was acquired by Deutsche Bank AG and subsequently renamed DWS Scudder. The real-estate fund group Rosenberg Real Estate Equity Funds ("**RREEF**") was also acquired.
2008	In 2008, DWS Scudder was renamed DWS Investments. This completed the brand name alignment to DB Group's global asset management platform. The DWS Investments brand marked as the leading fund manager in Germany with a strong presence in Europe, Asia and the Middle East. Launch of our ETF platform.
2012	Deutsche Bank announced the combination of its asset management and wealth management businesses.
2013	DWS Investments became a part of Deutsche Asset & Wealth Management. The newly established division combined all wealth and asset management capabilities of the DB Group to offer a comprehensive selection of world-class products and solutions.
2014	As an extension of the Deutsche Asset & Wealth Management brand, the DWS funds in the US were renamed Deutsche funds in August 2014. Service providers DWS Investments Distributors, Inc., DWS Trust Company and DWS Investments Service Company were renamed DeAWM Distributors, Inc. (now Deutsche AM Distributors, Inc.), DeAWM Trust Company (now Deutsche AM Trust Company) and DeAWM Service Company (now Deutsche AM Service Company), respectively.
2016	In 2016, we took a number of steps to become a more focused asset manager: separating from Deutsche Bank's wealth management business, including the first carve-outs of asset management activities and employees in Germany, transferring trading and balance sheet-reliant businesses to the Global Markets division of Deutsche Bank, and exiting non-strategic businesses, including the Abbey Life business.
2017	The majority of DWS was legally separated from the DB Group, preparatory to becoming its own business ahead of a potential listing on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
2018	We announced our intention to begin rolling out our brand "DWS" worldwide and operating under the new commercial name. In preparation for the listing of the Company's shares we changed our legal form to a GmbH & Co. KGaA (partnership limited by shares with a German limited liability company as a general partner).

3.3 Group Structure and Significant Subsidiaries

The Issuer is the parent company of DWS. The Group comprises the Issuer and its consolidated subsidiaries after the finalization of all transfers described below in 3.5 and elsewhere in this prospectus. The Issuer has been organized as a partnership limited by shares *(KGaA)*. Please see Part 17 for more information on our corporate structure and governing bodies. The simplified organizational chart below shows the Issuer and our Group's structure, including our direct and indirect shareholders and our significant subsidiaries and their relation to the Issuer. The light blue shadings in the diagram signify DWS Group's entire US operations the transfer of which to DWS Group was irrevocably and unconditionally agreed on March 8, 2018 (with closing on April 2, 2018). The light blue shadings with white stripes signify three immaterial subsidiaries (aggregate equity value less than 0.5% of the DWS Group's net asset value) where transfers have been agreed, but not yet closed:



Our most significant subsidiaries are (or after the contemplated transfer will be): DWS Holding & Service GmbH, Germany; Deutsche Asset Management Investment GmbH, Germany; Deutsche Asset Management International GmbH, Germany; RREEF Management GmbH, Germany; Deutsche Asset Managment US Holding Corporation, United States; Deutsche Investment Management Americas Inc., United States; RoPro U.S. Holding, Inc., United States; Deutsche Asset Management S.A., Luxembourg; Deutsche Alternatives Asset Management (Global) Limited, United Kingdom; Deutsche Asset Management (UK) Limited, United Kingdom; Deutsche Asset Management (Asia) Limited, Singapore; and Deutsche Asset Management (Japan) Limited, Japan.

For a list of all subsidiaries within the Group, please refer to Note 1 of the Audited Combined Financial Statements.

3.4 Domination Agreement

On March 29, 2017, the Company (controlled entity) and DB Beteiligungs-Holding GmbH (controlling entity) entered into a domination agreement ("**Domination Agreement**"), which was approved by the General Shareholders' Meeting held on the same day. Notice of termination under the Domination Agreement will be provided prior to the end of the Offer Period and termination will be effected as of the end of March, 2018, prior to signing of the Relationship Agreement.

3.5 Corporate Establishment – Reorganization and Carve-Out

Prior to the separation of Deutsche Bank AG's asset management division into a separate holding company, the majority of the asset management business was, primarily for regulatory reasons, segregated into distinct asset management entities within the DB Group. These entities are referred to throughout this prospectus as "**AM-dedicated entities**". In addition to these AM-dedicated entities, some asset management activities and employees were part of other Deutsche Bank entities that were not solely dedicated to asset management, but, typically, were used primarily for other functions of Deutsche Bank. These entities are referred to throughout this prospectus as "shared entities". The reorganization and carve-out measures resulting in Deutsche Bank AG's asset management division being held by the Company in preparation for the Offering is referred to throughout this prospectus as a "separation", even though the Company remains a consolidated subsidiary of Deutsche Bank AG.

As part of the separation, the assets and liabilities attributed to the asset management business were carved-out from the shared entities and transferred to one of the AM-dedicated entities, or to newly created companies within the new asset management holding structure. As a result, all asset management activities were brought within the Group, of which the Company is the parent company.

The following paragraphs describe the steps of the AM-dedicated entities' reorganization, the carve-out by region of the asset management assets and liabilities from the shared entities, and the creation of the new holding companies. Furthermore, while the transfer of all assets required for operating the business has been completed, there are still some minor steps of the separation that are not yet completed. We have also described these outstanding measures below.

The combined financial statements included elsewhere in this Prospectus present combined financial information for asset management activities from all shared entities and AM-dedicated entities that have been or will be transferred into the Group as part of the separation described below.

Most business activities and assets pertaining to DB Group's asset management division were already contained within and held by AM-dedicated entities. These legal entities were mainly transferred by way of a share transfer to the Company, but were also transferred by means of a contribution against issuance of shares or into free capital reserves, either directly or indirectly (the "**Reparenting**").

As part of the Reparenting, dedicated asset management legal entities were grouped under a common German asset management holding company (DWS Group SE (formerly Deutsche Asset Management Holding SE)) before the Company was subsequently transformed into a partnership limited by shares (*KGaA*).

The process of Reparenting began near the end of 2016. On April 30, 2017, the first set of entities was transferred under the holding company, followed by various entities in Germany, continental Europe, UK, and APAC via a series of Reparenting exercises in 2017 and some, including the U.S. holding company, remaining to be finalized within the first half of 2018.

In addition to the Reparenting, asset management business activities and employees were transferred from shared entities to AM-dedicated entities (the "**carve-outs**").

The carve-outs were initiated within the second quarter of 2016 and executed in parallel to the Reparenting.

3.5.1 Germany

The first carve-outs covered the move of the asset management front office activities and employees from Deutsche Bank AG Frankfurt into AM-dedicated entities, followed by transfers of the asset management infrastructure functions including parts of the Deutsche Bank AG Berlin Risk Center between December 2016 and February 2018.

Following the first carve-outs, the first Reparenting under the Company became effective with the transfer of 100% of the shares of Deutsche Asset Management International GmbH ("**DeAM Intl. GmbH**" from DB Capital Markets GmbH at the end of April and beginning of May 2017.

At the end of October, beginning of November 2017, a 94.897% stake in RREEF Management GmbH (REM) was reparented from Deutsche Bank AG to the Company including its holdings in RREEF Investment GmbH, RREEF Spezial Invest GmbH (directly and indirectly via RREEF Investment GmbH) and DI Deutsche Immobilien Baugesellschaft mbH. A 5.100% stake in REM is still held by Deutsche Bank AG and a 0.003% stake in REM was reparented from Deutsche Bank AG to Bestra Gesellschaft für Vermögensberatung mbH (Bestra).

Additionally, 100% of the shares in WEPLA Beteiligungsgesellschaft mbH (WEPLA) were transferred from Deutsche Bank AG to the Company in November 2017, including 100% stakes in DBRE Global RE Management IA, Ltd., DBRE Global RE Management IB, Ltd and Whale Holdings S.à r.l.

Also in November 2017, 99.177% of the shares in DWS Holding & Service GmbH were transferred from DB Beteiligungs-Holding GmbH to the Company. The Reparenting indirectly included 100% of the shares of Deutsche Asset Management Investment GmbH, 50% of Deutsche Asset Management S.A. (Luxembourg) and 50% of DB Vita S.A. The remaining 0.823% stake in DWS Holding & Service GmbH is held externally by Deutsche Vermögensberatung AG.

The carve-out of the asset management team of Sal. Oppenheim jr. & Cie. AG & Co. KGaA to a dedicated asset management branch of DeAM Intl. GmbH in Cologne is planned to complete and be effected at the beginning of the second quarter of 2018.

3.5.2 Continental Europe excluding Germany

Switzerland

In Switzerland, the Swiss asset management activities and employees were transferred by carve-out from Deutsche Bank (Suisse) SA into a newly established Deutsche Asset Management Schweiz AG in June 2017.

The 100% stake in Deutsche Asset Management Schweiz AG was reparented from Deutsche Holdings (Luxembourg) S.à r.l. to the Company in November 2017.

Luxembourg

In Luxembourg, a 50% stake in Deutsche Asset Management S.A. (Luxembourg) was reparented directly from Deutsche Bank Luxembourg S.A. to the Company in April and May 2017. As mentioned above, the other 50% stake in Deutsche Asset Management S.A. (Luxembourg) was moved indirectly as part of the DWS Holding & Service GmbH transfer.

Additionally, 25% of the stake in DB Vita was reparented from DB Luxembourg S.A. to the Company in November 2017. A further 50% of the stake was reparented indirectly as part of the DWS Holding & Service GmbH transaction. The remaining 25% is held externally by Deutscher Herold AG.

Rest of Continental Europe

In Italy, the Netherlands, Austria, France and Sweden, branches of DeAM Intl. GmbH will be set up via European passport, with the asset management activities and employees then transferred by carve-out from local Deutsche Bank AG branches into the respective new local DWS branches. This is planned to complete in 2018 in the months following the Offering.

Further Reparentings in France and Spain, which are not material to the Group, are yet to be finalized. They are planned to complete within the first half of 2018.

3.5.3 UK

The largest carve-out took place in the UK in September 2017. This included the UK asset management activities, primarily relating to the passive platform in the UK and other related activities. These were carved out from Deutsche Bank AG, London branch in the UK and transferred into Deutsche Asset Management (UK) Limited. The employees remain seconded from DB Group Services (UK) Limited.

In December 2017, the Reparenting of 100% of Deutsche Asset Management (UK) Ltd, Deutsche Alternative Asset Management (Global) Ltd. and Deutsche Alternative Asset Management (UK) Ltd. from Deutsche Asset Management Group Ltd. to the Company were conducted in a first step. In a second step, 100% of Deutsche Asset Management Group Ltd.'s shares, including its 100% stake in Deutsche Asset Management (Korea) Company Ltd., were reparented from DB UK PCAM Holdings Ltd. to the Company.

3.5.4 Asia Pacific Region (APAC)

Within APAC, activities related to asset management were transferred by way of carve-out from shared entities in Singapore, Japan, Hong Kong and Australia into already existing AM-dedicated entities in each of the respective countries between January 2017 and February 2018, as described in the following paragraphs. Approximately 100 employees in Hong Kong and Singapore remain employed by DB Group services companies and are seconded to DWS.

The Reparenting of 100% stakes in Deutsche Asset Management (Hong Kong) Ltd. and Deutsche Asset Management Shanghai Investment Company Ltd. from Deutsche Asia Pacific Holding Pte Ltd. to the Company were effected in November 2017.

In December 2017, the Reparenting of a 100% stake in Deutsche Asset Management (Asia) Ltd. including its 30% stake in Harvest Fund Management Co., Ltd., and a 100% stake in Deutsche Asset Management (Japan) Ltd. from Deutsche Asia Pacific Holdings Pte Ltd. to the Company were completed.

The Reparenting of the 100% stake of Deutsche Investments Australia Limited from Deutsche Australia Limited to the Company was conducted in February 2018.

Lastly, the Reparenting of the 60% stake of Deutsche Far Eastern Asset Management Company Limited in Taiwan from Deutsche Bank AG to the Company is planned to complete in the course of 2018, subject to regulatory approval.

3.5.5 Americas / US

In the United States, we conducted a number of preparatory transactions and measures between the end of 2016 and early 2018 to be able to reparent the U.S. asset management companies to the Company.

First, a new holding company, Deutsche Asset Management US Holding Corporation, was established within DB Group's Intermediate Holding Company Group ("**IHC-Group**"). Second, all U.S. asset management companies were transferred underneath Deutsche Asset Management US Holding Corporation. Third, investment management mandates related to AuM worth around $8 billion and around 115 employees were carved-out from shared entities within the IHC-Group and transferred to the U.S. asset management companies underneath Deutsche Asset Management US Holding Corporation.

On March 8, 2018, unconditional and irrevocable legal agreements were signed to transfer Deutsche Asset Management US Holding Corporation to the DWS Group in three steps. First, Deutsche Asset Management US Holding Corporation was sold by its current shareholder, Deutsche Asset Management USA Corporation to Deutsche Bank AG. Deutsche Bank AG agreed to transfer all shares in Deutsche Asset Management US Holding Corporation to the Selling Shareholder into the free capital reserves of the Selling Shareholder (i.e. without subscription of new shares). The Selling Shareholder will then contribute all shares in Deutsche Asset Management US Holding Corporation to the Company and into the free capital reserves of the Company. Under the terms of the agreements, the Deutsche Asset Management US Holding Corporation transfer will close on April 2, 2018.

The transfer of Deutsche Asset Management US Holding Corporation to the DWS Group as outlined above required the Federal Reserve Board's approval for the establishment of a second U.S. intermediate holding company under Section 165 of the Dodd-Frank Act, which was obtained on February 14, 2018. See section 14.3.4.6 for more details.

In parallel, the binding legal agreements were signed to transfer the 100% stake of RREEF Fund Holding Co. from DBR Investments Co. Ltd. to RoPro U.S. Holding, Inc., a direct subsidiary of Deutsche Asset Management US Holding Corporation. In line with the above, the transfer of RREEF Fund Holding Co. will close on April 2, 1018.

3.5.6 New AM-dedicated Entities and Outstanding Transfers

In addition to the Company and the General Partner, we were required to establish several new asset management entities or branches of asset management entities as part of the reorganization. These include a new holding company in the United States, a new dedicated asset management company in Switzerland as well as new branches of DeAM Intl. GmbH in Germany (Berlin and Cologne) and its new branches that are to be established in Italy, the Netherlands, Austria, France and Sweden using the European passport.

The new asset management company in Switzerland was established because the previous dedicated asset management entity had been merged into Deutsche Bank (Suisse) SA several years ago and no dedicated Deutsche Bank asset management entity existed in Switzerland.

While the reorganization of all assets required for operating the business has been completed, some steps of the separation that will be completed following the Offering remain outstanding. In addition to the Reparenting of Deutsche Asset Management US Holding Corporation as outlined above, these include the Reparenting of three immaterial subsidiaries (aggregate equity value less than 0.5% of the DWS Group's net asset value): the Spanish (Deutsche Asset Management S.G.I.I.C., S.A.), French (Deutsche Alternative Asset Management (France) SAS) and Taiwanese (Deutsche Far Eastern Asset Management Company Limited) AM-dedicated entities, all of which we expect to complete in the first half of 2018.

The carve-out of the asset management business of Sal. Oppenheim jr. & Cie. AG & Co. KGaA and its transfer to a dedicated asset management branch of DeAM Intl. GmbH in Cologne is planned to complete at the beginning of the second quarter of 2018.

In addition, the carve-out from local Deutsche Bank AG branches into the planned asset management branches of DeAM Intl. GmbH in Italy, the Netherlands, Austria, France and Sweden using the European passport are expected to be completed in 2018 pending regulatory approval in the months following the Offering.

3.6 Infrastructure, Including Intellectual Property, Information Technology and Real Estate

3.6.1 Intellectual Property

Intellectual property ("**IP**") used within DWS has been licensed or transferred to entities within the DWS Group. DWS believes that, following the separation, it owns or has rights to use all material intellectual property necessary for operating its business. Various IP rights were transferred by means of sale and purchase agreements. See section 3.7 below. In addition, as part of the Relationship Agreement, Deutsche Bank AG has undertaken to grant the Company and DWS Group companies non-exclusive licenses to use DB Group brands including corresponding intellectual property rights on the terms and conditions of a separate license agreement to be entered into by Deutsche Bank AG and the Company (see section 13.14.1.3).

3.6.2 Information Technology

Prior to the separation, DWS used DB Group's computer, database, network and security infrastructure for all internally-hosted applications. As part of the separation, we took ownership of all AM-dedicated software assets, but we will be dependent upon DB Group for the aforementioned services, which we will contract for under the master services agreement described in 3.9 below, as well as authentication, file transfer and messaging services. We are also increasing our adoption of DB Group's platform and infrastructure as a service to gain access to shareable development components and products such as Linux and Windows servers in order to optimize our computing capability and reduce our legacy infrastructure estate.

3.6.3 Real Estate Leases

Office space is generally shared with DB Group. For the foreseeable future (and assuming DB Group remains a majority shareholder), where DWS is not already sub-leasing spaces directly from landlords outside of DB Group, DWS will either sub-lease spaces from DB Group or continue occupying spaces with DB Group (subject to appropriate segregation) on the basis of internal agreements that provide for security of tenure and will pay a proportionate occupancy cost for the shared spaces allocated to DWS operations.

3.7 Consideration, Warranties and Effectiveness

Certain business assets were purchased by means of sale and purchase agreements. Pursuant to such agreements, Group entities purchased asset management assets from Deutsche Bank AG for cash consideration. Deutsche Bank provided customary warranties on the assets and IP and an indemnity as part of the sale and purchase agreements. The sale and purchase agreements are effective shortly after signing. For example, the agreement between Deutsche Bank AG and Deutsche Asset Management (UK) Limited was signed on August 30, 2017 and became effective on September 1, 2017.

In addition, to effect the Reparenting of certain other entities, DWS has provided indemnification or a declaration of backing to certain subsidiary directors and officers and subsidiaries being transferred to replace similar indemnities or declarations of backing that such subsidiaries benefited from under their previous parenting.

3.8 Employees and Pension Liabilities

In connection with the separation and Offering, we have made plans to amend the pension scheme for our employees in the United States. This amendment will affect approximately 264 employees who were employed prior to 2005 and would have received benefits under a defined benefit plan prior to the amendment. The amendment will go into effect no later than a point in time in which Deutsche Bank AG holds less than 80% of the Company's share capital. To compensate our employees in the United States who were beneficiaries of the defined benefit pension scheme prior to the amendment, DWS will provide a larger annual payment into the scheme on each affected employee's behalf. We anticipate the additional contributions to the defined contribution scheme will amount to an aggregate of approximately €3 million per year. In addition, effective January 1 of the year following the sale, asset management employees will be eligible to enroll in asset management health and insurance plans that mirror their current plans held under Deutsche Bank Americas Holding Corp.

Our pension arrangements for our employees in Germany and the United Kingdom were unaffected by the transfer, despite a large number of employees who had previously provided infrastructure functions to DB Group being transferred within DWS to provide dedicated infrastructure functions for the Company. Please see Note 15 to our financial statements for more information on our pension obligations in connection with these pension arrangements.

3.9 Services Agreement between Deutsche Bank AG and the Company

As part of the separation, Deutsche Bank AG and the Company prepared a master services agreement (the "**MSA**") (first executed on September 29, 2017) in connection with the separation from DB Group pursuant to which "arm's length" terms and conditions will govern all the services to be provided by DB Group entities for and on behalf of DWS Group entities transferred as part of the separation (and vice versa). Under the MSA, additional service agreements have been or will be executed which will incorporate the terms and conditions of the MSA. Costs are only incurred if services are used. Examples of services covered by the agreement include:

• **Finance**	Accounting, reporting, insurance services and taxation support
• **Technology**	Data center, infrastructure services, cyber and information security, disaster recovery sites, and application management and support
• **Risk Support**	Risk management systems

• **Human Resources**	Payroll, reward, and analytics services and related platforms/tools
• **Legal Support**	Litigation, regulatory, enforcement, internal investigations support, antitrust, employment, M&A services, outside counsel management and legal business, risk and project management.
• **Compliance Support**	Business line compliance, compliance controls testing, compliance framework, compliance management, compliance policies, corporate compliance, control room, employee compliance, global regulatory risk management, global rules and regulations, infrastructure compliance, position reporting, regulatory management and surveillance support
• **Anti Financial Crime**	Transaction monitoring, embargo filtering, technology, and training
• **Internal Audit**	Audit methodology, staff development, data, analytics and support, investigations, audit applications, and quality assurance

The term of the MSA is the longer of ten years or the term of the Relationship Agreement between Deutsche Bank AG and the Issuer. Notwithstanding the term, the MSA may be terminated by either party on three months' notice after termination of the Relationship Agreement.

Services under the MSA may only be used for the benefit of the DWS business (or a Deutsche Bank AG business if received by or on behalf of DB Group) and must be in accordance with applicable regulatory requirements, law and DB Group policies. In addition, the services shall be provided and used in a way which does not violate any third party rights. Individual services may, subject to conditions, be terminated by both service providers and recipients with periods of advance notice as outlined in the MSA.

The MSA, and the services provided thereunder includes, subject to limited exceptions, confidentiality, data protection and monitoring provisions and contains certain customary warranty and indemnification provisions.

In addition to executing the MSA, we also entered into an amended distribution agreement with DB Group affiliates (and other distributors) as part of the separation. Please see section 13.14.3 for more details.

PART 4: THE OFFERING

4.1 Securities Being Offered

This prospectus relates to the Offering of up to 50,000,000 ordinary shares of the Issuer in bearer form with no-par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018 consisting of:

- 40,000,000 Sale Shares;
- up to 4,782,600 Additional Sale Shares; and
- up to 5,217,400 Over-Allotment Shares.

The currency of the Shares is EUR. The share capital of the Issuer represented by the Offer Shares that are the subject of the Offering (including potential over-allotments) amounts to up to €50,000,000.00 of €200,000,000.00 total share capital of the Issuer. Thus, up to 25% of the Issuer's shares will be offered.

The Selling Shareholder will receive the proceeds (after deduction of fees and commissions) from the sale of the Sale Shares, the Additional Sale Shares (to the extent the Upsize Option is exercised) and Over-Allotment Shares (to the extent the Greenshoe Option is exercised). The Issuer will not receive any proceeds from the sale of the Offer Shares from the holdings of the Selling Shareholder.

4.2 The Offering

The Offering consists of an initial public offering in Germany and Luxembourg and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States, the Offer Shares will be offered and sold only to QIBs as defined in Rule 144A. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S.

The Selling Shareholder will grant the Stabilization Manager in agreement with Barclays and Citigroup an option, exercisable for 30 calendar days after the date of allotment of the Offered Shares, to purchase up to 5,217,400 existing shares of the Issuer from the holdings of the Selling Shareholder for the account of the Underwriters at the price of the Issuer's shares in the Offering (the "**Offer Price**"), less any fees and expenses payable by the Selling Shareholder to the Underwriters, solely to cover over-allotments, if any, in connection with the Offering (for more information, see section 4.3).

The Underwriters are acting in the following capacities: Deutsche Bank as Sole Global Coordinator and Bookrunner, Barclays, Citigroup, Credit Suisse, BNP PARIBAS, ING, Morgan Stanley, UBS and UniCredit are acting as the Joint Bookrunners and COMMERZBANK, Daiwa, Banca IMI, Nordea and Santander are acting as Co-Lead Managers.

4.2.1 Price Range, Offer Period, Offer Price and Allotment / Allotment Criteria

The price range set for the Offering (the "**Price Range**") within which purchase orders may be placed is €30.00 to €36.00 per Offer Share. The mid-point of the Price Range is €33.00.

The period during which investors may submit purchase orders for the Offer Shares is expected to begin on March 14, 2018 and to end on March 21, 2018 for private investors and March 22, 2018 for institutional investors (the "**Offer Period**"). On the last day of the Offer

Period, offers to purchase may be submitted (i) until 12:00 noon (Central European Time) ("**CET**") on March 21, 2018 by private investors and (ii) until 14:00 (CET) on March 22, 2018 by institutional investors. Retail investors (natural persons) may submit purchase orders for the public offering in Germany and Luxembourg during the Offer Period at the branch offices of the Underwriters. Purchase orders must be denominated in full EUR amounts or EUR cent figures of 25, 50, or 75 cents. Multiple purchase orders are permitted. The minimum purchase order amount is one Share. There is no maximum amount for purchase orders.

Subject to the publication of a supplement to this prospectus, if required, the Issuer, the Selling Shareholder and the Joint Bookrunners reserve the right to decrease the total number of Offer Shares (including the total number of Sale Shares or Additional Sale Shares), to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period. Reductions in the number of Offer Shares, changes to the Price Range or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this prospectus, investors who submitted purchase orders before the supplement is published shall have the right, under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), to withdraw these offers to purchase within two business days of the publication of the supplement. Instead of withdrawing the offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days of the publication of the supplement. To the extent that the terms of the Offering are changed, such change will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the German Securities Trading Act (*Wertpapierhandelsgesetz*) or the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as an ad hoc release via an electronic information dissemination system, on the Issuer's website and as a supplement to this prospectus. In such case, investors who have submitted offers to purchase will not be notified individually. Under certain conditions, Barclays, Citigroup and Credit Suisse, on behalf of the Underwriters, may together terminate the Underwriting Agreement, dated on or about March 12, 2018 even after commencement of trading of the Issuer's shares on the regulated market segment (*regulierter Markt*) with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Offer Price and the final number of Offer Shares placed in the Offering will be set by the Company and the Selling Shareholder. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a book building process. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of shares that will be placed at the Offer Price is, in principle, aimed at maximizing proceeds. Consideration will also be given to whether the Offer Price and the number of shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Issuer's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Issuer that would result at a given price, and anticipated investor behavior. The Issuer and the Selling Shareholder will not specifically charge any expenses and taxes related to the Offering to investors.

The Selling Shareholder will decide whether to exercise the Upsize Option depending on market demand and using the order book prepared during the bookbuilding process. The Selling Shareholder may sell up to 4,782,600 Additional Secondary Shares.

No agreement exists between the Company, Deutsche Bank, the Selling Shareholder and the Underwriters as to the allotment procedure. The allotment of Offer Shares to private investors and institutional investors will be decided by Deutsche Bank (in consultation with the Company) after consultation with Barclays, Citigroup and Credit Suisse. The decision ultimately rests with Deutsche Bank. Allotments will be made on the basis of the quality of the individual investors, such as the expected investment horizon and expected trading behavior of the investor, and individual orders and other important allotment criteria to be determined by Deutsche Bank (in consultation with the Company) after consultation with Barclays, Citigroup and Credit Suisse. The allocation to private investors will be compatible with the "Principles for the Allotment of Share Issues to Private Investors" (Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger) issued on June 7, 2000, by the German Commission of Stock Exchange Experts published by the Stock Exchange Expert Committee (Börsensachverständigenkommission) of the German Federal Ministry of Finance (Bundesministerium der Finanzen). "Qualified investors" (qualifizierte Anleger) pursuant to the German Securities Prospectus Act (Wertpapierprospektgesetz) as well as "professional clients" (professionelle Kunden) and "suitable counterparties" (geeignete Gegenparteien) under the German Securities Prospectus Act (Wertpapierprospektgesetz) are not viewed as "private investors" within the meaning of the allocation rules. The details of the allotment procedure will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles.

Notwithstanding the preceding paragraph, an order will be placed by or on behalf of Nippon Life Insurance Company (the **"Investor"**) during the Offer Period and 10,000,000 Offer Shares will be preferentially allocated to the Investor at the Offer Price, all pursuant to an investment agreement in accordance with section 4.9 below. Although not envisaged by the investment agreement, the Investor may, in its sole discretion, submit additional purchase orders and may, pursuant to those additional orders, be allocated Offer Shares in excess of 10,000,000 (in the aggregate) on a non-preferential basis.

The Offer Price and the final number of Offer Shares placed in the Offering (i.e., the result of the Offering) are expected to be set on March 22, 2018. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the offers to purchase then available on the basis of the criteria set out in the preceding paragraph. The Offer Price and the final number of Offer Shares (that is, the result of the Offering) are expected to be published on or about March 22, 2018 by means of an ad hoc release on an electronic information dissemination system and on the Issuer's website. Investors who have placed orders to purchase Offer Shares with one of the Underwriters can obtain information from that Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. As commencement of trading of the Issuer's shares on the regulated market segment (*regulierter Markt*) with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place on the business day following the setting of the Offer Price, investors may not have obtained information about the number of Offer Shares allotted to them at the time of commencement of trading. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of stock exchange trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to accept them in part only.

4.2.2 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

March 13, 2018	Approval of this prospectus by Bundesanstalt für Finanzdienstleistungsaufsicht (“**BaFin**”)
	Publication of the approved prospectus on the Issuer’s website (www.dws.com/ir/)
March 13, 2018	Notification of the approved prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*)
	Application for admission of the Issuer’s shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard)
March 14, 2018	Commencement of the Offer Period
March 21, 2018	Close of the Offer Period for private investors (12:00 noon CET)
March 22, 2018	Expected close of the Offer Period for institutional investors (14:00 CET)
	Determination of the Offer Price and final number of shares allocated
	Publication of the results of the Offering in the form of an ad-hoc release on an electronic information dissemination system and on the Issuer’s website (www.dws.com/ir/)
	Admission decision to be issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
March 23, 2018	Commencement of trading in the Issuer’s shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
March 27, 2018	Issue Date and book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

The prospectus will be published on the investor relations section of the Issuer’s website (www.dws.com/ir/). Printed copies of this prospectus and any supplements thereto are available at the Issuer’s office at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Germany (tel. +49 (0) 69 910 14700).

Information on the Issuer’s website (www.dws.com) and information accessible via the Issuer’s website is neither part of nor incorporated by reference into this prospectus.

4.3 Stabilization Measures, Over-Allotments and Greenshoe Option

4.3.1 Stabilization Measures

In connection with the placement of the Offer Shares, Credit Suisse or its affiliates, acting for the account of the Underwriters, will act as the stabilization manager and may, as stabilization manager, make overallotments and take stabilization measures in accordance with legal requirements (Art. 5 para. 4 and 5 of the Market Abuse Regulation (EU) No 596/2014 in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU)

2016/1052), to support the market price of the Issuer's shares and thereby counteract any selling pressure.

The stabilization manager is under no obligation to take any stabilization measures. Therefore, stabilization may not necessarily occur and may cease at any time. Such measures may be taken on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) from the date when trading in the shares of the Issuer is commenced on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date (the "**Stabilization Period**").

Stabilization transactions aim at supporting the market price of the Issuer's shares during the Stabilization Period. These measures may result in the market price of the Issuer's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

Public announcements regarding the stabilization measures will be made (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date of any stabilization measures taken, and (iii) within one week after the Stabilization Period.

Within one week of the end of the Stabilization Period, the stabilization manager will ensure adequate public disclosure as to whether stabilization was undertaken, the date on which stabilization started and last occurred, and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out and the trading venue(s) on which the stabilization transactions were carried out, where applicable.

4.3.2 Over-Allotments and Greenshoe Option

To facilitate stabilization measures, investors may, in addition to the Sale Shares and potentially Additional Sale Shares, be allocated up to 5,217,400 Over-Allotment Shares as part of the allocation of the shares to be placed ("**Over-Allotment**"). For the purpose of a possible Over-Allotment, the stabilization manager, for the account of the Underwriters, will be provided with up to 5,217,400 Over-Allotment Shares in the form of a securities loan; this number of Over-Allotment Shares will not exceed 15% of the final aggregate number of placed Sale Shares and Additional Sale Shares to the extent the Upsize Option is exercised. In addition, the lending shareholder will grant the Underwriters an option to acquire all or a portion of the shares borrowed under the securities loan at the offer price less agreed fees and commissions (the "**Greenshoe Option**"). The Greenshoe Option may be exercised only during the Stabilization Period, which will end 30 days after the commencement of trading in the Shares.

The stabilization manager, for the account of the Underwriters, is entitled to exercise the Greenshoe Option to the extent Over-Allotments were initially made; the number of shares is to be reduced by the number of shares held by the stabilization manager as of the date on which the Greenshoe Option is exercised and that were acquired by the stabilization manager in the context of stabilization measures.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise of the Greenshoe Option and the number and nature of securities involved in accordance with Art. 8 of the Commission Delegated Regulation (EU) 2016/1052. There is no guarantee that stabilization measures will be undertaken. In addition, stabilization measures may cause an artificial increase in the price of the securities and such price may not be sustainable. Stabilization measures may cease at any time.

4.4 Additional Information on the Shares

4.4.1 Certification of the Shares

The Issuer's shares will be represented by a global share certificate (the "**Global Share Certificate**"), which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream Banking AG**").

The Offer Shares will be made available to shareholders as co-ownership interests in the Global Share Certificate. The Offer Shares will be delivered to investors against payment of the Offer Price by book-entry. The Offer Shares purchased in the Offering are expected to be credited on or about March 27, 2018 to either, at the shareholder's option, 1) a securities deposit account maintained by a German bank with Clearstream Banking AG or 2) a securities account of a participant in Euroclear Bank S.A./N.V., 1, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**"), as the operator of the Euroclear system, or to Clearstream Banking S.A., 42, Avenue John F. Kennedy, L-1855 Luxembourg-Kirchberg, Luxembourg.

4.4.2 Voting Rights

Each share in the Issuer carries one vote at the General Shareholders' Meeting. There are no restrictions on voting rights and the Issuer's existing shareholders do not have different voting rights.

Notwithstanding the previous sentence, under section 285 para. 1 sent. 2 no. 1 of the German Stock Corporation Act (*Aktiengesetz*), DB Beteiligungs-Holding GmbH will not be entitled to vote its shares in certain situations, for example, for the election or removal of the supervisory board members of the KGaA, following the closing of the Offering.

4.4.3 Dividend and Liquidation Rights

The Offer Shares carry full dividend rights from January 1, 2018. In the event of the Issuer's liquidation, any proceeds will be distributed to the holders of the Issuer's shares in proportion to their interest in the Issuer's share capital.

4.4.4 ISIN/WKN/Common Code/Ticker Symbol

International Securities Identification Number (ISIN)	DE000DWS1007
German Securities Code (*Wertpapierkennnummer*, WKN)	DWS 100
Common Code	179193469
Trading Symbol	DWS

4.4.5 Transferability of the Shares

The Issuer's shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. Except for the restrictions set forth in "*4.4.6 Lock-up and Limitations on Disposal*" and "*19.6 Selling Restrictions*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Issuer's shares.

4.4.6 Lock-up and Limitations on Disposal

The Company has agreed that, without the prior written consent of Barclays, Citigroup and Credit Suisse, until 180 days after the first day of trading of the Shares on the Frankfurt Stock Exchange, it will not, and will not agree to:

(a) announce or effect an increase of the share capital of the Company out of authorized capital or contingent capital, if any; or

(b) submit a proposal for a capital increase to any meeting of the shareholders for resolution (*Direktkapitalerhöhungsbeschluss*); or

(c) announce, effect or propose the issuance of securities with conversion or option rights on Shares; or

(d) offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital; or

(e) enter into a transaction or perform any action economically similar to those described in (a) through (d) above.

The Company may, however, (i) issue or sell Shares or other securities to directors or employees of the Company or any of its subsidiaries under a customary directors' and/or employees' stock option plan, (ii) issue or sell treasury shares (or derivative transactions related thereto) in a manner consistent with the Company's normal treasury activity, and (iii) issue or sell Shares or securities with conversion or option rights on Shares against contributions in kind where the transferee agrees to not dispose of those Shares or securities prior to the date 180 days after the first day of trading. The restrictions described above shall also not apply to transactions required to assure compliance by the Company with regulatory requirements or transactions ordered by a competent regulatory authority, such as recovery measures. For the avoidance of doubt, these restrictions shall also not apply to any transactions that are described in this prospectus.

Each of the Selling Shareholder and Deutsche Bank AG, severally and not jointly, have agreed that, without the prior written consent of Barclays, Citigroup and Credit Suisse, until 180 days after the first day of trading of the Shares on the Frankfurt Stock Exchange, it will not, and will not agree to:

(a) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company held by it or any of its subsidiaries (other than the Company and its subsidiaries) (such Shares held by the Selling Shareholder or its affiliated companies being the "**Lock-up Shares**");

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Lock-up Shares, whether any such transaction described in clause (a) above or this clause (b) is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise;

(c) make any demand for, or exercise any right with respect to, the registration under U.S. securities laws of any Shares of the Company or any security convertible into or exercisable or exchangeable for Shares of the Company;

(d) propose any increase in the share capital of the Company (including by requesting the General Partner's management directors (*Geschäftsführer*) to convene a general shareholders' meeting or otherwise), vote in favor of any proposed increase of the share capital or otherwise make, support or vote in favor of any proposal for the

issuance of any securities convertible into shares of the Company, with option rights for shares of the Company; or

(e) enter into a transaction or perform any action economically similar to those described in (a) through (e) above.

These restrictions shall not apply to sales made to persons or entities who themselves agree to the lock-up period and shall also not apply to transactions required to assure compliance by the Selling Shareholder or Deutsche Bank AG with regulatory requirements or transactions ordered by a competent regulatory authority, such as recovery measures. Further, for the avoidance of doubt, the restrictions shall not apply to the Offered Shares or to any transactions that are described in this prospectus.

The Investor has also agreed to a lock-up and limitations on the disposal and encumbrance of the Offer Shares preferentially allocated to it as well as the transfer of the economic risk attached to such shares for a period ending on the earlier of twelve months from settlement of the shares allocated to the Investor, which will occur simultaneously with, and as part of, the closing of the Offering, which is expected to be March 27, 2018 or the termination of its strategic alliance with the Company. See section 4.9 and 13.14.5 below for more information on the investor agreement and strategic alliance.

4.5 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Issuer will apply for admission of the Issuer's shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about March 13, 2018. The listing approval (admission decision) for the Issuer's shares is expected to be granted on March 22, 2018. Trading in the Issuer's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is planned to commence on March 23, 2018.

4.6 Designated Sponsors

Deutsche Bank AG and Kepler Cheuvreux S.A. have been mandated as designated sponsors of the Issuer's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreements between the designated sponsors and the Issuer, the designated sponsors will, among other things, place limited buy and sell orders for the Issuer's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Issuer's shares.

4.7 Underwriting of the Offering

The following institutions have agreed to underwrite the Offering:

As Sole Global Coordinator and Bookrunner: Deutsche Bank AG.

As Joint Bookrunners: Barclays, Citigroup, Credit Suisse, BNP PARIBAS, ING, Morgan Stanley, UBS, and UniCredit.

As Co-Lead Managers: COMMERZBANK, Daiwa, Banca IMI, Nordea, and Banco Santander.

For more information on the underwriting arrangements, please see Part 19.

4.8 Interests of Parties Participating in the Offering

The Underwriters act for the Issuer and the Selling Shareholder on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Underwriters (which includes the Sole Global Coordinator and Bookrunner, who will receive an additional separate fee of €5 million) will receive a base commission of 1.5% of the gross proceeds and a potential discretionary fee of up to 1.0% of the gross proceeds, provided that, in relation to the Investment Shares (as defined in section 4.9 below), the base commission and the potential discretionary fee will only be paid to the Sole Global Coordinator and Bookrunner and only in relation to 19% of such Investment Shares.

Assuming placement of all Offer Shares at €33.00 (corresponding to the mid-point of the Price Range) and full exercise of the Greenshoe Option, the aggregate base commission would amount to approximately €21 million (thereof €0.94 million in relation to the Investment Shares) and the aggregate potential discretionary fee to approximately €14 million (thereof €0.63 million in relation to the Investment Shares).

Assuming placement of all Offer Shares at €33.00 (corresponding to the mid-point of the Price Range) and full exercise of the Greenshoe Option, the aggregate base commission of €21 million plus the additional separate fee of €5 million for the Sole Global Coordinator and Bookrunner would amount to approximately €26 million (approximately €10 million of which would be received by the Sole Global Coordinator and Bookrunner) and the aggregate potential discretionary fee could be as high as approximately €14 million (approximately €3 million of which would be received by the Sole Global Coordinator and Bookrunner).

As a result of these contractual relationships and the other matters described in the following paragraphs of this section 4.8, the Underwriters have an interest in the result of the offering, resulting in potential conflicts of interest.

Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for their own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Issuer. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in this prospectus.

Some of the Underwriters or their affiliates may have business relations with our Group (including lending activities) or may perform services for our Group in the ordinary course of business. Consequently, they have an interest in the completion of the Offering at the best possible terms. Among other relationships, Deutsche Bank AG is party to service agreements and a distribution agreement with the Company, controls the General Partner and has several representatives on the Company's supervisory board.

The Selling Shareholder will receive the entire proceeds from the sale of the Offer Shares (after deduction of fees and commissions). Accordingly, the Selling Shareholder has an interest in the success of the offering at the best possible terms. Assuming full placement of all Offer Shares at the mid-point of the Price Range and exercise of the Greenshoe Option in full, and after deducting fees and expenses of approximately €52 million to be paid by the Selling Shareholder in connection with the Offering and listing, the net proceeds to the Selling

Shareholder from the Offering would amount to approximately €1,598 million and thus the Selling Shareholder and its shareholder, Deutsche Bank AG, have an interest in the consummation of the Offering. Please note that the Selling Shareholder has provided the Company with information (Deutsche Bank Research) on which the Company has made certain estimates or assumptions included in this Prospectus.

Deutsche Bank AG is both an indirect 100% shareholder of the Company and is acting as Underwriter and Sole Global Coordinator and Bookrunner for the Offering. Deutsche Bank AG will, through the Selling Shareholder, remain an indirect majority shareholder following the Offering and their interests may not align with the interests of other shareholders resulting in a potential conflict of interest.

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have a contractual relationship with the Company and the Selling Shareholder.

The Investor will receive a preferential allocation as part of the Offering. The Investor's interests will conflict with the interests of other persons submitting purchase orders who may not receive an allocation, or who will receive a smaller allocation, as a result of the Investor's right to be allocated 10,000,000 Offer Shares. The Investor's preferential allocation creates a conflict of interest with the Underwriters (except for Deutsche Bank AG) because only Deutsche Bank AG will receive a commission on the Offer Shares allocated to the Investor.

Other than the interests described above, there are no material interests or other potential conflicts of interest with respect to the Offering.

4.9 Investment Agreement with Nippon Life Insurance Company as Investor

In March 2018, the Company, the Selling Shareholder, Deutsche Bank AG and the Investor entered into an investment agreement (the **"Investment Agreement"**), whereby, subject to the terms of the Investment Agreement, (i) the Investor has agreed to acquire 10,000,000 Offer Shares that represent a holding of 5% of the share capital of the Company as part of the Offering (the **"Investment Shares"**), (ii) the Selling Shareholder has agreed to ensure allocation of the Investment Shares to the Investor and (iii) we entered into a strategic alliance with the Investor (which is described in further detail under Section 13.14.5).

The Investment Shares will be sold to the Investor at the Offer Price, being determined as the final EUR price per Offer Share at which the Offer Shares will be sold in the Offering. The obligation of the Investor to acquire and the obligation of the Selling Shareholder to procure allocation of the Investment Shares is conditional upon, among others, (i) the closing of the Offering (other than in relation to the sale and transfer of the Investment Shares), and (ii) the Offer Price not exceeding the maximum price of the price range (a condition which may be waived at the option of the Investor if the Price Range of €30.00 to €36.00 is amended). If the conditions have not been met by December 31, 2018 at the latest, and no Investment Shares have been acquired by the Investor, the Investment Agreement will terminate in relation to the acquisition of the Investment Shares unless the parties agree otherwise.

The parties to the Investment Agreement are in agreement that for as long as the Investor remains to be a shareholder of the Company, holding in aggregate at least the number of Investment Shares acquired under the Investment Agreement, the Investor shall be entitled to have one of its representatives appointed as a member of the Supervisory Board (and such representative to be one of the Supervisory Board's representatives on the Joint Committee), it being understood that neither the Selling Shareholder nor Deutsche Bank AG will be in a position to procure (i) the Supervisory Board appointment after the closing of the Global Offering (and the resulting limitations of the Selling Shareholder's voting rights; see

section 17.1.3) or (ii) the Joint Committee appointment (as the members of the Joint Committee are appointed independently by the Supervisory Board). It is currently envisaged that Hiroshi Ozeki is appointed as a member of the Supervisory Board between pricing and closing of the Offering (e.g. between March 22, 2018 and March 27, 2018 under the envisaged timetable, see section 4.2.2 above) and shortly thereafter as a member of the Joint Committee; see section 17.1.5).

The Investment Agreement provides for customary covenants for the Investor including limitations on the disposal and encumbrance of the Investment Shares as well as the transfer of the economic risk attached to the Investment Shares for a period ending on the earlier of twelve months from the closing of the acquisition of the Investment Shares or the termination of the strategic alliance agreed between us and the Investor.

Prior to the consummation of the transfer of the Investment Shares, the Investor may terminate the Investment Agreement in relation to the acquisition of the Investm Shares in circumstances that can be reasonably expected to constitute a material adverse development with regard to the Company or its consolidated subsidiaries, within short time limitations.

PART 5: PROCEEDS OF THE OFFERING AND COSTS OF THE OFFERING AND LISTING

The Issuer will not receive any proceeds from the sale of the Sale Shares, the Additional Sale Shares or Over-Allotment Shares from the holdings of the Selling Shareholder.

With the exception of certain regulatory fees in an immaterial amount, the costs of the Offering of the Offer Shares and listing of the Issuer's entire share capital are expected to be borne entirely by the Selling Shareholder. The Issuer will not pay any costs associated with underwriting commissions (including any discretionary fee) as such costs will be borne directly by the Selling Shareholder.

Investors will not be charged expenses by the Issuer, the Selling Shareholder or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

Assuming full placement of all Offer Shares at the mid-point of the Price Range and exercise of the Greenshoe Option in full, gross proceeds of the Offering are expected to be €1,650 million, and after deducting fees and expenses of approximately €52 million to be paid by the Selling Shareholder in connection with the Offering and listing (including approximately €40 million for underwriting and placement commissions assuming full payment of the discretionary fee), the net proceeds to the Selling Shareholder from the Offering would amount to approximately €1,598 million.

PART 6: REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS

The Issuer intends to list its shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (Prime Standard) to achieve better access to the capital markets and to further support the evolution of the Company.

The Issuer and the Selling Shareholder believe the listing will provide a number of benefits to the Group, including an enhanced external profile and improved brand recognition, more attractive and liquid shares that can be used for incentive models to attract and retain talent and provide share compensation, and increased flexibility and ability to further support and develop the asset management business through organic growth and selected bolt-on acquisitions.

The Selling Shareholder is also offering shares to facilitate stabilization measures, and to ensure sufficient free float and trading liquidity in the Issuer's shares.

The Issuer will not receive any proceeds from the Offering.

PART 7: DIVIDEND PAYMENTS AND POLICY

7.1 General Rules on Allocation of Profits and Dividend Payments

The shareholders' share of the Company's profit is determined based on their respective interests in the Company's share capital. The participation of new shares in the profit may be determined in a different manner.

The amounts and distribution of dividends on shares for a given fiscal year are generally determined by a process in which the general partner of the Company and the supervisory board of the Company submit a joint proposal for the distribution of dividends. With regard to a German partnership limited by shares, dividends for a given fiscal year are adopted by a resolution of the shareholders who participate in the company's share capital (*Grundkapital*), who are excluded from the management of the company and not personally liable for the company's debts (*Kommanditaktionäre*), in the annual general shareholders' meeting held within the first eight months of the subsequent fiscal year. Due to the majority interest they will hold in the Company, certain shareholders will be in a position to influence the Company's dividend policy.

Under German law, dividends can only be resolved upon and paid if the unconsolidated financial statements of the Company, which are prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) show distributable profits (*Bilanzgewinn*). The unconsolidated financial statements of the Company are approved by the General Shareholders' Meeting with the consent of the general partner of the Company. The accounting regulations under German Commercial Code differ from IFRS in material respects. When determining the distributable profit, net income or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carried forward (*Gewinn-/ Verlustvorträge*) from the prior fiscal year and releases of or allocation to reserves. Certain reserves are required to be set up by law, and amounts mandatorily allocated to these reserves in the given financial year must be deducted when calculating the distributable profits. Subject to certain statutory restrictions, the General Shareholders' Meeting is entitled to transfer additional amounts to the reserves or carry them forward.

Dividends resolved by the General Shareholders' Meeting are due and payable on the third business day after the resolution of the relevant General Shareholders' Meeting, unless provided otherwise in the dividend resolution, in compliance with the rules of the respective clearing system. Clearstream Banking Aktiengesellschaft will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the general shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with the German Commercial Code (*Handelsgesetzbuch*) and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends.

Any dividends not claimed within the past three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends. Generally, withholding tax (*Kapitalertragsteuer*) is withheld from the dividends paid. For more information on the taxation of dividends, see Part 20:.

7.2 Dividend Policy

The Company currently intends to pay a dividend of between 65% and 75% of the Company's annual consolidated net income.

As referenced in 7.1 above, any determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, distributable reserves under HGB, financial condition, contractual restrictions and capital requirements. Please see 1.5.10 for risks relating to the Company's ability to pay dividends.

The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities and regulatory requirements.

PART 8: CAPITALIZATION AND INDEBTEDNESS, STATEMENT ON WORKING CAPITAL AND SIGNIFICANT CHANGES

The following tables set forth the DWS Group's capitalization and indebtedness derived from the Group's audited combined financial statements as of and for the year ended December 31, 2017. As opposed to consolidated financial information, combined financial information does not itemize share capital or reserves and therefore, where indicated, line items in the table below refer to unconsolidated financial information.

Investors should read these tables in conjunction with Part 10, Part 11, and the audited combined financial statements as of and for the year ended December 31, 2017, including the notes thereto, which are included in this prospectus, beginning on page F-2.

8.1 Capitalization

(in € million)	**As of December 31, 2017**
	(unaudited)
Total current debt[1]	**4,593**
of which guaranteed	-
of which secured	-
of which unguaranteed/unsecured[1]	**4,593**
Total non-current debt (excluding current portion of long-term debt)[2]	3
of which guaranteed	-
of which secured	-
of which unguaranteed/unsecured	3
Shareholders' equity[3]	**6,366**
of which share capital[4]	200
of which legal reserve[5]	10
of which other reserves[6]	6,156
Total	**10,962**

(1) Reflects the sum of line items deposits, total financial liabilities at fair value through profit or loss, other short-term borrowings, other liabilities, provisions and liabilities for current tax. These items include €1.2 billion in liabilities of consolidated funds which belong to investors, but which are consolidated under IFRS 10, €0.6 billion DB Vita liabilities and €0.5 billion related to short-term settlement balances driven by investments for institutional clients and deposits representing €3 million in current bank debt related to consolidated funds which belong to investors, but which are consolidated under IFRS 10.

(2) Reflects line item long-term debt as found in combined balance sheet.

(3) Equity positions for the Group, including share capital, legal reserve and other reserves are not included in the combined balance sheet. This figure reflects the net asset value of the Group as found in the combined balance sheet.

(4) The combined financial statements do not include amounts for share capital. Reflects line item subscribed capital as found in the unconsolidated balance sheet as of December 31, 2017.

(5) The combined financial statements do not include amounts for legal reserve. Reflects line item statutory reserve as found in the unconsolidated balance sheet as of December 31, 2017.

(6) The combined financial statements do not include amounts for other reserves. The figure provided reflects the difference between the net asset value of the Group as found in the combined balance sheet and the sum of line items capital reserve and distributable profit as found in the unconsolidated balance sheet.

8.2 Indebtedness

(in € million)	As of December 31, 2017
	(unaudited)
A. Cash[1]	3,317
B. Cash equivalents	-
C. Trading securities[2]	1,907
D. Liquidity (A) + (B) + (C)[3]	**5,224**
E. Current financial receivable[4]	**1,362**
F. Current bank debt[5]	3
G. Current portion of non-current debt	-
H. Other current financial debt[6]	4,589
I. Current financial debt (F) + (G) + (H)[3]	**4,592**
J. Net current financial indebtedness (I) - (E) - (D)[3]	**(1,994)**
K. Non-current bank loans	-
L. Bonds issued	-
M. Other non-current loans[7]	3.0
N. Non-current financial indebtedness (K) + (L) + (M)[3]	**3.0**
O. Net financial indebtedness (J) + (N)	**(1,991)**

(1) Reflects line item cash and interbank balances as found in the combined balance sheet which includes €27 million related to consolidated funds which belong to investors, but which are consolidated under IFRS 10.

(2) Reflects line item total financial assets at fair value through profit or loss as found in the combined balance sheet which is comprised of financial assets at fair value through profit or loss in the amount of €0.6 billion related to DB Vita assets held for unit-linked contracts and €1.2 billion in trading securities related to consolidated funds which belong to investors, but which are consolidated under IFRS 10.

(3) Reflects the sum of the indicated rounded figures within the table.

(4) Reflects the sum of line items other assets and assets for current tax as found in the combined balance sheet which includes €0.5 billion related to short-term settlement balances driven by investments for institutional clients.

(5) Reflects line item deposits as founds in the combined balance sheet representing €3 million in current bank debt related to consolidated funds which belong to investors, but which are consolidated under IFRS 10.

(6) Reflects the sum of line items total financial liabilities at fair value through profit or loss, other short-term borrowings, other liabilities, provisions and liabilities for current tax. These items include €1.2 billion in liabilities of consolidated funds which belong to investors, but which are consolidated under IFRS 10, €0.6 billion DB Vita liabilities and €0.5 billion related to short-term settlement balances driven by investments for institutional clients.

(7) Reflects long-term debt as found in the combined balance sheet.

As per December 31, 2017, the Group had contingent liabilities in an amount of €46 million mainly relating to non-revolving, unutilized, open commitments for the Group as investor in a fund.

As per December 31, 2017, the Group had indirect liabilities represented by contractual obligations and commitments including long-term debt obligations, operating lease obligations and purchase obligations in a total aggregate amount of €161 million.

8.3 Statement on Working Capital

The Issuer is of the opinion that DWS Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this prospectus.

8.4 Significant Change

The irrevocable and unconditional transfer of Deutsche Asset Management US Holding Corporation from Deutsche Asset Management USA Corporation (DB Group's holding company for its US asset management business) to the DWS Group was agreed on March 8, 2018 and will close on April 2, 2018. This transfer will result in a significant increase in assets and equity in the Company's unconsolidated balance sheet (currently estimated to range between 15% and 20% of the Company's aggregated unconsolidated equity). Please note, however, as the transfer was already contemplated as at December 31, 2017, these entities have been included in the combined financial information of the DWS Group included in this Prospectus. Other than that, there have been no significant changes to the financial condition and operating results of the Company since December 31, 2017.

PART 9: DILUTION

As the offering includes only existing shares, there is no dilution to current shareholders of the Company.

According to its combined statement of financial position, the DWS Group's net asset value (calculated as total assets less total liabilities) amounted to €6,366 million as of December 31, 2017, and would amount to €31.83 per Issuer's share immediately prior to the Offering assuming the net asset value of the Company (calculated as total assets less total liabilities) remains unchanged from December 31, 2017 (based on 200 million outstanding Issuer's shares).

The dilutive effect of the Offering on new shareholders is illustrated in the table below demonstrating the amount by which the Offer Price at the mid-point of the Price Range would exceed the net asset value per share after completion of the Offering assuming the Offering had taken place on December 31, 2017. The Company will not receive any proceeds from the Offering, nor will it bear the expenses of the Offering.

	As of December 31, 2017
Offer price[1] per share (in €)	33.00
Net asset value per share as of December 31, 2017 (200 million outstanding shares) (in €)	31.83
Amount by which the net asset value per share is below the Offer Price[1] per share (immediate dilution to the new shareholders of the Company per share) (in €)	1.17
Percentage by which the net asset value per share is below the Offer Price[1] per share (in %)	3.5

(1) Corresponds to the mid-point of the Price Range of €30.00 and €36.00.

PART 10: SELECTED FINANCIAL INFORMATION

This section should be read together with the information contained in Part 2, Part 8, Part 11, and the Audited Combined Financial Statements and the respective notes thereto included elsewhere in this Prospectus.

The following tables set forth combined income statement, balance sheet and cash flow information for the periods indicated. The combined financial information presented as of and for the years ended December 31, 2017, 2016 and 2015 set forth below has been extracted or derived from the Audited Combined Financial Statements, except where otherwise disclosed. KPMG has audited and issued an unqualified auditor's report with respect to the Audited Combined Financial Statements. The Audited Combined Financial Statements and the related auditor's reports are included in this Prospectus beginning on page F-2.

Where financial data in the following tables is labeled "audited", this means that it has been extracted from the audited financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the audited financial statements mentioned above, but was taken either from our accounting or controlling records or is based on calculations of these figures. All of the financial data presented in the text and tables below are shown in millions of EUR (in € million), except as otherwise stated. In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. The stated percentage changes have been commercially rounded to one decimal point unless stated otherwise. Financial data presented in parentheses denotes the negative of such number presented.

10.1 Combined Income Statement Information

The table below sets forth the combined income statement information for the years ended December 31, 2017, 2016 and 2015, respectively:

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

10.2 Combined Balance Sheet Information

The table below sets forth our combined balance sheet information as of December 31, 2017, 2016 and 2015 derived from the Audited Combined Financial Statements:

(in € million)	**As of December 31,**		
	2017	**2016**	**2015**
		(audited)	
Assets			
Cash and interbank balances	3,317	4,017	4,666
Financial assets at fair value through profit or loss			
Trading assets	1,296	3,885	4,918
Positive market values from derivative financial instruments	37	80	11
Financial assets designated at fair value through profit or loss	574	592	665
Total financial assets at fair value through profit or loss	**1,907**	**4,558**	**5,594**
Financial assets available for sale	362	316	307
Equity method investments	212	205	183
Loans	307	446	294
Property and equipment	6	10	18
Goodwill and other intangible assets	3,624	3,914	3,795
Other Assets	1,338	1,724	1,690
Assets for current tax	24	51	35
Deferred tax assets	131	124	145
Total assets	**11,226**	**15,363**	**16,729**
Liabilities & Net asset value			
Deposits	3	6	0
Financial liabilities at fair value through profit and loss			
Trading liabilities	14	16	42
Negative market values from derivative financial instruments	125	182	63
Investment contract liabilities	574	592	665
Total financial liabilities at fair value through profit or loss	**713**	**791**	**770**
Other short-term borrowings	107	313	323
Other liabilities	3,507	7,095	8,820
Provisions	85	189	102
Liabilities for current tax	177	59	100
Deferred tax liabilities	264	416	402
Long-term debt	3	3	25
Total liabilities	**4,860**	**8,871**	**10,541**
Net investment attributable to DB Group	6,360	6,479	6,180
Noncontrolling interests	6	13	8
Net asset value	**6,366**	**6,492**	**6,188**
Total liabilities & Net asset value	**11,226**	**15,363**	**16,729**

10.3 Combined Cash Flow Information

The table below sets forth combined cash flow information for the years ended December 31, 2017, 2016 and 2015 derived from our Audited Combined Financial Statements:

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
		(audited)	
Net cash provided by (used in) operating activities	920	(1,013)	889
Net cash provided by (used in) investing activities	(55)	42	42
Net cash flows from financing activities	(510)	(292)	(89)
Net effect of exchange rate changes on cash and cash equivalents	**40**	**0**	**(11)**
Net increase in cash and cash equivalents	**395**	**(1,262)**	**830**
Cash and cash equivalents at the beginning of the year	2,153	3,415	2,585
Cash and cash equivalents at the end of the year	**2,547**	**2,153**	**3,415**

10.4 Selected Key Performance Measures and Other Additional Financial Information

We manage our business in aggregate based on a single reportable segment, reflecting how our management assesses the performance of our business. Within our organizational framework, the same operational resources support multiple products and performance is evaluated at a combined level.

In measuring and monitoring the key components of our earnings, our management uses some non-IFRS financial measures, or alternative performance measures ("**APM**s"), to evaluate the financial performance of, and to make operational decisions for, our business and to make resource allocation decisions, determine appropriate levels of investment or dividend payout, manage balance sheet leverage, determine variable compensation and equity distributions, and incentivize management. They are important to evaluating our financial performance because we believe they most accurately represent our operating performance and cash generation capability.

This Prospectus includes key performance indicators like Assets under Management (AuM), Net Flows, Management Fee Margin, Adjusted Revenues, Adjusted Cost-Income Ratio, and Adjusted Profit Before Tax ("**PBT**") which are not measures of financial performance under IFRS. These key performance measures and APMs should not be considered in isolation or as an alternative to results from operating activities, cash flow from operating, investing or financing activities or other financial measures of our results of operations or liquidity derived in accordance with IFRS. We include these performance measures and APMs in this Prospectus because we believe that they are useful measures of our revenues, cost base and profitability and to evaluate performance on an ongoing basis. Other companies, including those in our industry, may calculate similarly titled performance or financial measures differently than we do. Because all companies do not calculate these performance or financial measures in the same manner, our presentation of such performance and financial measures may not be comparable to other similarly titled measures of other companies. These non-IFRS measures are not audited.

10.4.1 Overview of Key Performance Measures

	As of and for the year ended December 31,		
	2017	2016	2015
	(unaudited, unless otherwise stated)		
Assets under Management (AuM) (in € billions) (audited)	700	689	714
Net flows (in € billions) (audited)	16	(39)	19
Net flows excluding Cash and Insurance (in € billions)	23	(22)	31
Management Fee Margin (in basis points "**bps**")	31.5	30.9	31.7
Adjusted Revenues (in € millions)	2,456	2,357	2,618
Adjusted Costs (in € millions)	(1,710)	(1,647)	(1,887)
Cost-Income Ratio (CIR) (in %)	69	73	75
Adjusted Cost-Income Ratio (in %)	70	70	72
Adjusted Profit before Tax (in € millions)	747	709	731

10.4.2 Assets under Management (AuM)

AuM is defined as (a) assets held on behalf of customers for investment purposes and/or (b) client assets that are managed by DWS 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 at each reporting date. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM financials do not consider our investment in Harvest, 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.

10.4.3 Net Flows

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

10.4.4 Management Fee Margin

Management Fee Margin is calculated by taking the sum of management fees and other recurring revenues for a period divided by average AuM for the same period. Annual average AuM is generally calculated using AuM at the beginning of the year and the end of each calendar month (e.g. 13 reference points). The following table presents the calculation of Management Fee Margin reconciled to Management fees for the periods shown:

Calculation of Management Fee Margin	For the year ended December 31,		
(in € million)	2017	2016	2015
	(unaudited, unless otherwise stated)		
A. Management fees and other recurring revenues (in € millions) (audited)	2,195	2,140	2,263
B. Average Assets under Management (in € billions)	698	693	718
Management Fee Margin ([A]/[B]) (in bps)	**31.5**	**30.9**	**31.7**

10.4.5 Adjusted Revenues

Adjusted Revenues represent revenues excluding non-recurring items, such as disposal gains, revenue from insurance payments, and other non-recurring income items in excess of +/- €10 million and from the former non-core operations unit ("**NCOU**"). We use this metric to show revenues on a continuing operations basis, in order to enhance comparability against

other periods. The table below shows the reconciliation of Adjusted Revenues to total net interest and noninterest income as contained in our financial statements:

Calculation of Adjusted Revenues	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Total net interest and noninterest income (audited)	**2,509**	**2,415**	**2,576**
Sale of PowerShares fund (1)	0	0	(42)
HETA (2)	0	(58)	86
Insurance Recovery (3)	(52)	0	0
AM NCOU (4)	0	(1)	(2)
Adjusted Revenues	**2,456**	**2,357**	**2,618**

(1) Sale of PowerShares DB fund suite in 2015 resulted in disposal gains of €42 million.
(2) Adjustment for HETA Asset Resolution AG exposure ("HETA"). This adjustment relates to an €86 million valuation adjustment in 2015 as well as a €58 million gain in 2016 from the subsequent disposal of the non-performing portion of the Hypo Alpe Adria bank's bond, which was guaranteed by the Republic of Austria. This bond was not held directly by DWS but by one of our consolidated guaranteed funds.
(3) Adjustment related to a litigation case of the NCOU which was settled in 2017 (see footnote (1) to 10.4.6 below). The Group received in 2017 an insurance payment via an external party which was booked as income.
(4) Adjustment for Asset Management business of the NCOU.

10.4.6 Adjusted Costs

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 other material non-recurring expenses, including operational losses that are clearly identifiable one-off items in excess of +/- €10 million which are not expected to recur and from the NCOU. Adjustments in future periods may also be made for impairment of goodwill and intangible assets, although no such impairment existed in the years 2015, 2016 and 2017. Adjusted Costs is reconcilable to total noninterest expenses as shown below:

Calculation of Adjusted Costs	**For the year ended December 31,**		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Total noninterest expenses (audited)	**(1,725)**	**(1,769)**	**(1,943)**
Litigation(1)	(0)	129	1
Restructuring activities (audited)	6	46	(1)
Severance costs	11	24	8
Insurance Recovery(1)	0	(35)	0
AM NCOU (2)	0	2	1
Withholding tax refund(3)	0	(45)	47
Adjusted costs *(in € million)*	**(1,710)**	**(1,647)**	**(1,887)**

(1) Adjustment for a litigation case which was settled in 2017. This resulted in a €129 million provision (shown under the litigation line) which was partially mitigated by the recognition of a €35 million internal insurance recovery in 2016 booked in the NCOU. See also footnote 3 to the table in section 10.4.5 above.
(2) Adjustment for Asset Management business of the NCOU.
(3) Adjustment for inconsistencies in preparing and processing withholding tax reclaim applications resulted in provisions of approximately €(47) million for 2015. Based on the final fiduciary review in 2016, DWS has compensated the affected funds in an amount of approximately €2 million. The remaining provision of €45 million was released.

10.4.7 Cost-Income Ratio

Cost-income ratio is the ratio our noninterest expenses bears to our net interest and noninterest income (before loan loss provisions). The table below sets out our net interest and noninterest income and noninterest expenses for each period and the calculation of the cost-income ratio:

Calculation of Cost-Income Ratio	For the year ended December 31,		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless noted otherwise)		
A. Total net interest and noninterest income (audited)	2,509	2,415	2,576
B. Total noninterest expenses (audited)	(1,725)	(1,769)	(1,943)
Cost-income Ratio (%) ([B]/[A])	**69**	**73**	**75**

10.4.8 Adjusted Cost-Income Ratio

Adjusted cost-income ratio is based on adjusted revenues (see 10.4.5 above) and adjusted costs (see 10.4.6 above). The calculation of the adjusted cost-income ratio is presented below:

Calculation of adjusted cost-income ratio	For the year ended December 31,		
(in € million)	**2017**	**2016**	**2015**
		(unaudited)	
A. Adjusted revenues	2,456	2,357	2,618
B. Adjusted costs	(1,710)	(1,647)	(1,887)
Adjusted Cost-income ratio (%) ([B]/[A])	**70**	**70**	**72**

10.4.9 Adjusted Profit Before Tax (Adjusted PBT)

Profit Before Tax (PBT) has been calculated based on operating result. Adjusted PBT is calculated by adjusting PBT to account for the impact of the revenue and cost adjustment items as explained under 10.4.5 and 10.4.6. A reconciliation of Adjusted PBT to the audited financial result is presented in the table below:

Calculation of Adjusted PBT	For the year ended December 31,		
(in € million)	**2017**	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Profit Before Tax (audited)	783	647	633
Revenue adjustment items			
Sale of PowerShares fund	0	0	(42)
HETA	0	(58)	86
Insurance Recovery	(52)	0	0
AM NCOU	0	(1)	(2)
Cost adjustment items			
Litigation	(0)	129	1
Restructuring activities (audited)	6	46	(1)
Severance costs	11	24	8
Impairments of goodwill and other intangibles	0	0	0
Insurance Recovery	0	(35)	0
AM NCOU	0	2	1
Withholding tax refund	0	(45)	47
Adjusted PBT	**747**	**709**	**731**

10.4.10 Revenue split by product

The split of total net interest and noninterest income by product and type is as follows:

(in € million)	For the year ended December 31,		
	2017	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Management fees and other recurring revenues (audited)	2,195	2,140	2,263
Active Equity	*711*	*650*	*661*
Active Multi Asset	*224*	*192*	*150*
Active SQI	*151*	*149*	*172*
Active Fixed Income	*353*	*388*	*442*
Active Cash	*50*	*49*	*62*
Passive	*257*	*265*	*305*
Alternatives	*425*	*411*	*434*
Other[(1)]	*23*	*35*	*37*
Performance and transaction fees and other non-recurring revenues (audited)	196	213	248
Real Estate	*38*	*83*	*79*
Infrastructure[(2)]	*66*	*15*	*42*
Private Equity	*24*	*17*	*19*
Active & other	*68*	*99*	*108*
Other revenues[(3)] *(audited)*	118	62	65
Harvest equity pick-up	*43*	*40*	*39*
Change in fair value of guarantees	*10*	*(59)*	*5*
Other[(4)]	*65*	*81*	*21*
Total net interest and noninterest income (audited)	**2,509**	**2,415**	**2,576**

(1) Other management fees include fees for products not captured in the above asset class split for reporting purposes.

(2) 2017 Infrastructure figure reflects a performance fee from one flagship fund that is recognized every 2 years.

(3) Other revenues represent the sum of all net interest and noninterest income positions presented in the Income Statement apart from management fees and other recurring fees as well as performance and transaction fees and other non-recurring fees.

(4) Other includes valuation adjustments and one-time impacts related to the HETA exposure, CROCI franchise fees and Alternatives Principal Revenues. The 2017 balance also includes the insurance receipt of €52 million.

10.4.11 Revenue split by geography

The split of combined interest and noninterest income by geography as booked in regions is as follows:

(in € million)	For the year ended December 31,		
	2017	**2016**	**2015**
Geographical area		*(audited)*	
Germany	984	862	955
EMEA excluding Germany	876	796	729
Americas	528	604	727
APAC	121	153	165
Combined interest and noninterest income	**2,509**	**2,415**	**2,576**

The comparison of interest and noninterest income as booked in the regions to the sales view presented for the AuMs needs to be regarded with caution mainly as a result of transfer pricing impacts.

PART 11: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the results of operations and financial condition of the DWS Group for the years ended December 31, 2017, 2016 and 2015. KPMG has audited and issued an unqualified auditor's report with respect to the combined financial statements for the years ended December 31, 2017, 2016 and 2015. The aforementioned annual combined financial statements of the DWS Group and the related auditor's reports are included in this Prospectus beginning on page F-2.

The following discussion and analysis should be read in conjunction with the Audited Combined Financial Statements included elsewhere in this Prospectus, including the notes thereto, the information relating to our business set out in "Business" and "Risk Factors" and other information about us included elsewhere in this Prospectus.

This discussion and analysis contains forward-looking statements about future revenue, operating results and expectations that have not been audited and involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, the risks discussed in "Risk Factors" and in "General Information—Forward-Looking Statements".

11.1 Overview

DWS is a global asset manager with €700 billion of assets under management ("**AuM**"; as at December 31, 2017) and a diverse offering that spans traditional active and passive strategies, as well as alternatives and bespoke solutions. We believe the business is positioned to deliver shareholder value through revenue growth, cost discipline, and dividend distributions. For a more detailed overview on the key competitive strengths that we believe set us apart from our competitors, see 13.2.

We believe DWS's broad capabilities are aligned with global growth opportunities. Industry AuM grew by 7% in 2016 to $69.1 trillion, and BCG expects it to increase to $92 trillion by the end of 2021. In DWS's home market of Germany, AuM has increased at a compound annual growth rate ("**CAGR**") of 7% in the decade since 2007, according to BCG, largely as a result of rising wealth.

Low interest rates are expected to drive further increases in industry AuM, as investors shift money from cash and deposit accounts into managed portfolios. McKinsey forecasts asset growth in the four years to 2021 will be fastest in the passive, alternatives, and multi asset market segments, all of which are well represented in DWS's broad range of products and solutions.

DWS has achieved consistent investment outperformance for its clients. As a proportion of total AuM, 74% and 79% of active and alternatives strategies have outperformed their benchmarks over three and five years, respectively[1].

[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of December 31, 2017, Alternatives as of September 30, 2017)

DWS is led by an experienced and stable management team. Total net interest and noninterest income in 2017 was €2,509 million. The adjusted cost-income ratio was 70%, and net income amounted to €634 million. Adjusted PBT was €747 million in 2017. Compared to 2016, this represented growth in net interest and noninterest income of 4%, an increase in net income of 40% and an increase in Adjusted PBT of 5%. The table below presents a summary of the development in these GAAP figures and other key APMs used by DWS:

	As of and for the year ended December 31,		
	2017	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Total net interest and noninterest income (audited)	2,509	2,415	2,576
Net income (audited)	634	452	458
Adjusted PBT	747	709	731
Adjusted Revenues (in € millions)	2,456	2,357	2,618
Adjusted Costs (in € millions)	(1,710)	(1,647)	(1,887)
Cost-Income Ratio (CIR) (in %)	69	73	75
Adjusted Cost-Income Ratio (in %)	70	70	72

Net flows in 2017 were positive with a 2.3% net flow rate of total AuM, driven by Passive and Multi Asset product increases. Excluding Cash and Insurance, the net flow rate was 4.9%. The German home market achieved the strongest net flows with €13.5 billion of total €15.8 billion, with an expanding APAC region contributing €2.3 billion of net flows. This further supports progress toward our goal of growing net flows by 3%-5% of opening AuM annually over the medium term with insurance flows expected to stabilize over time. The improvements in 2017 followed significant outflows resulting from the 2016 headwinds in the markets following the negative market perception concerning Deutsche Bank. DWS aims to use this positive momentum to further increase AuM and improve revenues in the future.

11.2 Preparation of the Combined Financial Statements

11.2.1 *Separation from Deutsche Bank AG*

In March 2017, Deutsche Bank AG announced its plan to transfer its asset management division into a new subsidiary and list the shares of this subsidiary on the stock exchange. The Company was created to act as the parent company of the separated Deutsche Bank Asset Management business (hereafter referred to as "**DWS**").

To effect the separation, the individual legal entities that comprise DWS were identified. These comprise both DWS specific legal entities ("**AM-dedicated entities**") and Deutsche Bank Group legal entities where both asset management services and non-asset management services are provided ("**shared entities**"). The separation consists of the transfer of the share capital of the AM-dedicated entities to the Company, as well as the transfer to the Company of relevant assets and liabilities that relate to the asset management services of the shared entities. As of the date of this Prospectus, not all transfers have been completed, in particular, the Reparenting of Deutsche Asset Management US Holding Corporation into the DWS Group will only be completed on April 2, 2018 pursuant to an agreement signed with Deutsche Bank AG. See Part 3 for more information on the separation and section 3.5.5 for more details on the transfer of the asset management business in the United States. The financial statements presented in this Prospectus are combined financial statements and present financial information of the entire business of DWS Group (including the US business, the transfer of which will only close on April 2, 2018) as if the entire business was held by DWS Group as of January 1, 2015.

11.2.2 *Scope of combination*

The scope of combination for the combined financial statements of DWS Group for the fiscal years ended December 31, 2017, 2016 and 2015 was determined on economic principles using the legal reorganization approach.

The entities, assets and liabilities that have been combined to form DWS Group include:

- The AM-dedicated entities to be transferred to the DWS Group as part of the separation; and
- The relevant assets and liabilities of the shared entities which are economically allocated to the DWS Group as part of the separation.

As of December 31, 2017, the DWS Group comprised 89 AM-dedicated entities, out of which 41 are operating entities and the remainder are SPVs and entities required for financial reporting purposes. Additionally, the DWS Group includes the assets and liabilities that relate to the asset management services of 39 shared entities. The AM-dedicated entities and the assets and liabilities of the shared entities that relate to the asset management services are included in the scope of combination with effect from January 1, 2015 (see also Note 1 to the Audited Combined Financial Statements for the list of legal entities and structured entities considered therein).

Treatment of AM-dedicated entities in the combined financial statements.

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

Treatment of shared entities in the combined financial statements

For the purposes of the combined financial statements, the relevant assets, liabilities, income and expenses of the shared entities that had been economically allocated to the Asset Management division within the Deutsche Bank Group have been reflected within the DWS Group. As a result, the combined financial statements only include the assets, liabilities and expenses of the shared entities (and the revenue associated there with) to the extent that they have been concluded to be economically necessary to run the asset management business. To the extent that the shared entities include separately identifiable economic activities that are not expected to be transferred to the DWS Group, the results of these activities have been excluded from the combined financial statements.

11.2.3 *Reconciliation from Deutsche Bank AM segment to DWS standalone*

DB Group reports results for its Asset Management segment each quarter. The scope of these results is not identical and not directly comparable to the DWS standalone view presented in this Prospectus as a result of the completed and ongoing transfers of asset management activities of the shared entities into the DWS Group as part of the separation process. Furthermore, the legal entity perimeter has been adjusted for sold and discontinued businesses, including cases where the sale or the discontinuation has been announced but not yet completed for the year ended December 31, 2017. In addition, these perimeter adjustments include IPO expenses, separation costs and DB Group treasury allocations which are not included in the DWS standalone view. As a result, there are differences between the Deutsche Bank Asset Management segment view and the DWS standalone view, on a reported basis.

11.3 Key Factors Affecting Results of Operations

The performance and results of operations have been, and continue to be, affected by a variety of factors including the level and composition of the average AuM, fee rates charged on AuM, the expense structure and other drivers as described in this section (see also Part 1).

11.3.1 *Assets under Management (AuM)*

The level of AuM is a key factor affecting the results of operations because the portion of revenues attributable to management fees is predominantly charged as a proportion of AuM. Assuming management fee margins remain unchanged, an increase in the level of average AuM will generally lead to an increase in revenues, mainly management fees. For example during 2017, there was an increase in AuM of approximately €11 billion and an average net margin of 31.5 basis points. Assuming an AuM change reflects the asset class composition as of 2017, a similar €11 billion increase of AuM would result in a positive annualized revenue impact of approximately €35 million. If AuM were to increase on a linear basis over the year, the income statement effect for 2017 would be half of the annualized amount.

Generally, we expect a movement of approximately +/- €2 billion in AuM levels in case of a +/- 1% change in equity markets, and a similar -/+ €2 billion AuM movement for a +/- 10 basis points change in interest rates. Appreciation or depreciation of the USD against EUR by +/- 1% is expected to impact total AuM by a change of approximately +/- €3 billion in AuM levels. The below table summarizes the estimated impact of key economic drivers on the Company's AuM and management fee base.

Exposure	Market change	AuM impact	Annualized management fee impact from change in AuM
Equities[(1)]	+/- 1% change in equity markets	~ +/- € 2bn	~ +/- € 10m
Fixed income[(2)]	+/- 10 bps change of interest rate curves	~ -/+ € 2bn	~ -/+ € 3m
FX[(3)]	1% USD appreciation/ 1% USD depreciation against the EUR	~ +/- € 3bn	~ +/- € 8m

AuM is defined as (a) assets held on behalf of customers for investment purposes and/or (b) client assets that are managed by DWS 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 at each reporting date. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM financials do not consider our investment in Harvest, 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.

Changes in AuM from one period to another are predominantly driven by three major components: net flows, foreign exchange impacts, and performance. The table below breaks down the changes in AuM for the years ended December 31, 2017, 2016 and 2015 by net flows, foreign currency impact, performance, and other. Other includes mainly acquisitions and disposals.

(in € billion)	For the year ended December 31,		
	2017	**2016**	**2015**
		(audited)	
Assets under Management (AuM) as at January 1	**689**	**714**	**658**
Net flows	16	(39)	19
FX impact	(36)	5	34
Performance	29	15	3
Other[(1)]	1	(5)	0
Assets under Management (AuM) as at December 31	**700**	**689**	**714**

(1) Other includes acquisitions and disposals.

Net Flows

The annual net flows of AuM by region and by asset and product class for the years 2015 to 2017 is summarized in the tables below:

Region

(in € billion)	For the year ended December 31, 2017				
	Q1	**Q2**	**Q3**	**Q4**	**Total**
Region		*(unaudited)*			*(audited)*
Americas	2	(4)	2	0	**0**
APAC	2	0	0	(0)	**2**
EMEA excluding Germany	1	1	(1)	(1)	**(0)**
Germany	(0)	9	2	3	**14**
Total net inflow/(outflow)	**5**	**6**	**4**	**1**	**16**

(in € billion)	For the year ended December 31, 2016				
	Q1	**Q2**	**Q3**	**Q4**	**Total**
Region		*(unaudited)*			*(audited)*
Americas	(11)	(5)	(8)	(7)	(31)
APAC	0	0	1	(0)	2
EMEA excluding Germany	(3)	(4)	(1)	(4)	(12)
Germany	2	1	(0)	(0)	2
Total net inflow/(outflow)	**(12)**	**(8)**	**(8)**	**(12)**	**(39)**

(in € billion)	For the year ended December 31, 2015				
	Q1	**Q2**	**Q3**	**Q4**	**Total**
Region		*(unaudited)*			*(audited)*
Americas	2	5	(3)	(3)	**0**
APAC	1	(0)	0	1	**1**
EMEA excluding Germany	9	0	(3)	2	**9**
Germany	3	4	3	(2)	**8**
Total net inflow/(outflow)	**15**	**9**	**(3)**	**(2)**	**19**

Asset class

(in € billion)	For the year ended December 31, 2017				
	Q1	Q2	Q3	Q4	Total
Product		*(unaudited)*			*(audited)*
Active Equity	(0)	(1)	(0)	(1)	**(2)**
Active Multi Asset	2	9	0	0	**11**
Active SQI	(1)	(0)	(1)	(0)	**(2)**
Active Fixed Income	2	(0)	1	(5)	**(3)**
Active Cash	1	(5)	4	1	**1**
Passive	1	4	1	6	**11**
Alternatives	2	0	(1)	(0)	**0**
Total net inflow/(outflow)	**5**	**6**	**4**	**1**	**16**
Total net inflow/(outflow) excluding cash and insurance	**5**	**12**	**0**	**6**	**23**

(in € billion)	For the year ended December 31, 2016				
	Q1	Q2	Q3	Q4	Total
Product		*(unaudited)*			*(audited)*
Active Equity	0	(1)	0	(2)	(2)
Active Multi Asset	(0)	(0)	(0)	1	0
Active SQI	(1)	(0)	(0)	(2)	(4)
Active Fixed Income	(4)	(3)	(4)	(6)	(16)
Active Cash	(7)	(4)	2	(0)	(9)
Passive	1	(1)	(6)	(3)	(9)
Alternatives	(0)	0	1	(0)	0
Total net inflow/(outflow)	**(12)**	**(8)**	**(8)**	**(12)**	**(39)**
Total net inflow/(outflow) excluding cash and insurance	**(3)**	**(3)**	**(8)**	**(9)**	**(22)**

(in € billion)	For the year ended December 31, 2015				
	Q1	Q2	Q3	Q4	Total
Product		*(unaudited)*			*(audited)*
Active Equity	(0)	(1)	(1)	1	**(1)**
Active Multi Asset	4	4	2	2	**13**
Active SQI	2	2	0	0	**4**
Active Fixed Income	(2)	0	(4)	(10)	**(16)**
Active Cash	2	(2)	(5)	4	**(2)**
Passive	10	8	6	2	**26**
Alternatives	(0)	(0)	(3)	(1)	**(5)**
Total net inflow/(outflow)	**15**	**9**	**(3)**	**(2)**	**19**
Total net inflow/(outflow) excluding cash and insurance	**17**	**14**	**3**	**(3)**	**31**

Net flows represent the net impact of assets invested or withdrawn by investors within a specific reporting period.

As shown in the tables above, net flows have varied in the last three years, with positive net flows in 2015 and 2017, and significant outflows in 2016. The outflows in 2016 arose mainly from the headwinds in the markets following the negative market perception concerning Deutsche Bank, market rumors about the future of its asset management business, as well as a result of the US Money Market Reform, but net flows recovered in 2017. Revenues were impacted as a result of the decrease in overall AuM, with the revenues reflecting the decrease in AuM in 2016 and the increase in AuM in 2017 as a result of positive net flows. In the medium-term, we aim for steady net flows of 3% to 5% in terms of AuM by leveraging our product and distribution strength.

FX Impact

FX impact represents the currency movement of products denominated in local currencies against the EUR. It is calculated by applying the change in FX rate to the ending period assets and is calculated on a monthly basis. As of December 31, 2017, 57% of total AuM was denominated in EUR, 35% was denominated in USD, 2% was denominated in each of CHF, GBP and JPY and the remaining 2% was denominated in other currencies. The FX exposure is broadly unchanged over the past periods.

Performance

Performance primarily represents the underlying performance of the assets, which is driven by market effects (equity indices, interest rates, foreign exchange rates) and fund manager performance. We have an impressive track record of performance, with 74% and 79% of our AuM outperforming against three-year and five-year benchmarks, respectively[1], and this is reflected in the positive impact our performance has had on AuM in the financial years ended 2017, 2016 and 2015.

In addition, the performance of guaranteed products could have a disproportionate impact on the results related to changes in interest rates, model enhancements as well as product portfolio and portfolio management measures. In 2016, for example, a change in the accounting model (namely the alignment to DB Group standards for Derivative Models, i.e. with the introduction of Monte Carlo Simulation), resulted in a shortfall of €43 million for guaranteed retirement accounts (Riester products) within Other Revenues. Riester Products provide a full or partial notional guarantee at maturity and are voluntary private pension schemes in Germany that are government subsidized. Please see 1.2.16 for more information on risks related to guaranteed products.

11.3.2 *Fees and Margins*

We generally earn management fees based on average AuM, with different products carrying different fee rates. We may also earn performance fees when certain funds add value in relation to relevant benchmarks or exceed required returns. Fees and margins are a key factor affecting the results of operations because as margins increase, potential revenues increase as well.

Management fee margins

The fundamental building block of the Group's revenue is volume-dependent commission income from the management of investment funds and portfolios. Management fees are recognized as and when the service is performed as a percentage of average AuM and are generally received on a monthly or quarterly basis. Net management fees consist of gross management fees and other cost-related fees, including administrative service fees, net of distribution fees paid. The total level of management fees depends on the client and product mix.

[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of December 31, 2017, Alternatives as of September 30, 2017)

Overall management fees are concentrated in the EMEA region making up on average 70% across the years 2017 to 2015 including Germany, while Americas and APAC have average shares of 25% and 4% respectively. These figures are in line with the geographical distribution of total reported revenues as presented in section 10.4.1. The regional breakdown of management fees on a booking view level is summarized in the below table:

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
Geographical area	*(unaudited, unless otherwise stated)*		
Germany	948	862	871
EMEA excluding Germany	665	628	664
Americas	505	556	617
APAC	78	94	112
Total management fees (audited)	**2,195**	**2,140**	**2,263**

The comparison of revenues as booked in the regions to the sales view presented for the AuMs needs to be regarded with caution mainly as a result of transfer pricing impacts.

The split of management fee margins across products and asset classes is as follows:

(in bps)	**For the year ended December 31,**		
	2017	**2016**	**2015**
Product		*(unaudited)*	
Active Equity	75.8	75.6	75.8
Active Multi Asset	42.0	44.4	40.7[(1)]
Active SQI	29.0	27.7	31.3
Active Fixed Income	14.2	15.0	16.9
Active Cash	8.6	7.8	8.3
Passive	24.3	26.8	29.5
Alternatives	58.2	55.9	58.4
Average management fee margin	**31.5**	**30.9**	**31.7**

(1) Multi Asset management fee margin in 2015 adjusted for product re-mappings

The average management fee margin returned to 31.5 basis points in 2017 after declining to 30.9 basis points in 2016. The increase was a result of growth in higher margin products like Multi Asset, Equity and Passive. While Passive inflows are at margins below the overall average, these replaced the share of outflows in even lower margin asset classes like Cash and Fixed Income and thus contributed to an improved asset mix 2017 versus 2016. This margin increase is important given the overall pressure on management fee margins across the asset management industry. DWS believes maintaining or improving its margins will positively impact the results compared to its peers and has set a target to maintain a fee margin at or above 30 basis points over the medium term. An increase of 1 basis point in average management fee margin for 2017 from 31.5 basis points to 32.5 basis points would have resulted in a positive revenue impact of about €70 million attributable to management fees, on the basis of a 2017 annual average AuM of €698 billion.

Performance Fees

Performance fees are paid to asset management companies primarily for fund management services based on the fund's performance relative to a benchmark / target return or the realized appreciation of the fund's investments. Fees from securities lending transactions as well as variable performance fees based on specific contractual terms are further components of the performance fees position for DWS. Performance-based fees will only be recognized once it is probable that there will be no significant reversal in the amount of the prospective cumulative revenue, and the contractually agreed performance criteria have been satisfied. The Pan

European Infrastructure Fund I, for example, pays performance fees only every two years, the last time in 2017. Performance and transaction fees contributed less than 10% in each of the last three years (8% in 2017) and, we expect 3-5% of annual adjusted revenues from performance and transaction fees in the medium-term. Future infrastructure funds' performance fees will be weighted to the end of the fund life, which is more in line with market standard.

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
Product	*(unaudited, unless otherwise stated)*		
Alternatives	128	115	140
Therein Real Estate	*38*	*83*	*79*
Therein Infrastructure	*66*	*15*	*42*
Therein Private Equity	*24*	*17*	*19*
Active and Other	68	99	108
Therein Securities Lending	*25*	*24*	*28*
Total performance and transaction fees (audited)	**196**	**213**	**248**

11.3.3 *Other revenues*

Other revenues include the equity pick-up booked in revenues from an equity participation in a joint venture in China named Harvest Fund Management Co., Limited, the change in fair value of certain guarantees, franchise fees for our systematic value equity strategy called CROCI, which stands for "cash return on capital invested", alternatives principal revenue and certain other valuation adjustments and one-time impacts. The Harvest equity pick-up, CROCI franchise fees and alternatives principal revenue are generally positive, whereas change in the fair value of guarantees and other revenues attributable to valuation adjustments and one-time impacts can be positive or negative and can differ significantly from year to year.

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Harvest equity pick-up	43	40	39
Change in fair value of guarantees	10	(59)	5
Other[(1)]	65	81	21
Other revenue (audited)	**118**	**62**	**65**

(1) Other includes valuation adjustments and one-time impacts related to the HETA exposure, CROCI franchise fees and Alternatives Principal Revenues. The 2017 balance also includes the insurance receipt of €52 million.

11.3.4 *Expenses*

Total noninterest expenses are split into two main components, namely compensation and benefits as well as general and administrative expenses with the latter including both direct costs and costs for services provided by DB Group. Compensation and employee related costs overall increased versus the prior year as a result of normal variable compensation levels. Year-over-year full-time equivalent ("**FTE**") development is stable over the past three years. The FTE figures refer to employees in our investment and distribution platforms as well as our infrastructure functions. These figures include expected transfers of a majority of FTE from Legal and Compliance and may thus deviate from year-end figures stated in Note 20 of the F-Pages. Not included in the below figures due to uncertainty are transfers from DB Group into DWS relating mainly to the Anti-Financial Crime, Compliance, Internal Audit, and Legal departments. No other material transfers are anticipated.

As illustrated in the below table, approximately 71% of the general and administrative expenses as per year-end 2017 is related to banking and transaction charges, professional services, IT, communications, occupancy, marketing, travel, and other direct costs. The remaining 29% are driven by expenses for services provided by DB Group, amongst others for data center, accounting and reporting as well as payroll services. Regarding DB Group charges, we target reductions in the future, as we optimize services under the MSA.

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
	(audited, unless otherwise stated)		
Total compensation & benefits	**(772)**	**(713)**	**(860)**
Restructuring activities	**(6)**	**(46)**	**1**
Banking and transaction charges	(194)	(197)	(193)
IT costs	(117)	(155)	(136)
Professional service fees	(89)	(97)	(89)
Occupancy, furniture and equipment expenses	(69)	(79)	(80)
Communication and data services	(57)	(61)	(52)
Marketing, travel and representation expenses	(78)	(68)	(75)
Service provider costs[(1)]	(276)	(219)	(283)
Other expenses [(2)]	(68)	(134)	(176)
Total general and administrative expenses	**(947)**	**(1,010)**	**(1,084)**
Impairment of goodwill and other intangible assets	0	0	0
Total noninterest expenses	**(1,725)**	**(1,769)**	**(1,943)**
Cost-Income ratio (%) (unaudited)	69	73	75
Adjusted Cost-Income ratio (%)[(3)] (unaudited)	70	70	72
FTE (#)	3,901	3,860	3,877

(1) Service provider costs relate to DB Group charges to DWS standalone.

(2) Other expenses mainly refer to operational losses, regulatory, tax and insurance as well as remaining sundry expenses.

(3) Defined as total noninterest expenses less litigation, restructuring activities, severance costs and impairments of goodwill and other intangibles, adjusted for other one-off items in excess of +/- €10 million and from the NCOU.

Cost-Income Ratio

The Cost-Income Ratio has gradually improved from 75% in the year ended December 31, 2015, to 73% and 69% in the years ended December 31, 2016 and 2017, respectively, primarily due to a higher reduction in the total reported noninterest expenses compared to the reduction observed in the total reported net interest and noninterest income between 2015 and 2017. The improvement in Cost-Income Ratio in 2017 is mainly due to a decrease in variable compensation costs, operational losses as well as reduced occupancy and regulatory expenses achieved despite an increase in total net interest and noninterest income. On an adjusted basis, the cost discipline is more visible with a fall in adjusted Cost-Income Ratio ("**CIR**") from 72% for year-end 2015, to 70% and 70% as per year-ends 2016 and 2017, respectively. Future cost efficiency initiatives, together with improvements from our scalable platform, are expected to help achieve our target of an adjusted CIR of less than 65% over the medium-term.

Cost discipline and strategic initiatives

The expense structure is key for the future profitability and we believe that there is potential for further efficiency improvements, supporting future investment in growth initiatives. A number of cost efficiency initiatives have been deployed, aiming to create operational leverage from synergies and various measures related to our target operating platform, including organizational review, technology internalization, market data and vendor review, and global real estate review as well as other measures related to product platform integration

efforts. Due to the organizational and location strategy, as well as the consumption and pricing of services, we expect annual gross cost savings of approximately €125 million to €150 million in the medium-term, with anywhere between 20% and 30% of those savings in 2018. We expect reductions in the level of charges for DB Group as we optimize services through identification and elimination of duplication of functions and a pricing review. We believe charges from DB could fall below 25% of adjusted general and administrative expenses in 2018 with the potential for further optimization thereafter.

We also aim to make incremental investments to fuel our growth in the future years, including investing in our investment capabilities, strengthening our client coverage organization and advancing our digital platform. The growth initiatives are expected to lead to an additional amount of approximately €90 million of incremental costs related to investments in the medium term (with about 50% of that amount being spent in 2018), as well as approximately 100 incremental hires. See also section 1.2.22.

Overall, the adjusted cost base (defined as total noninterest expenses less litigation, restructuring activities, severance costs and impairments of goodwill and other intangibles, adjusted for other one-off items in excess of +/- €10 million) for the medium term is expected to remain broadly flat as incremental investment into growth and further costs related to research as a result of our decision to absorb external research costs under MiFID II (see section 11.3.5) in an amount of approximately €40 million per year beginning in 2018, and dis-synergies for operating as a standalone company (expected to amount to about €40 million, with approximately 60%-70% incurred in 2018 and the remainder in 2019) are expected to be offset by lower expenses from service agreements with DB Group and by further savings we aim to achieve in the medium term through our initiatives. Due to the separation process, certain one-off related costs are expected to occur in 2018.

Income Taxes

The effective tax rate in 2017, 2016, and 2015 was 19%, 30% and 28%. We anticipate the effective tax rate in the medium term will be around 28%. The lower 19% effective tax rate in 2017 was primarily driven by a one-time benefit from the U.S. tax reform.

11.3.5 *Regulation*

Our business is subject to extensive regulation. These regulations, are subject to modification and interpretation by the regulatory bodies in the jurisdictions in which we operate. Regulatory reforms affect the results due to the costs involved in compliance. For example, MiFID II (see *14.3*), which came into force on January 3, 2018, will require us to incur research costs that we did not have to account for in previous periods. We announced in 2017 that we will fully absorb external research costs under MiFID II, amounting to approximately about €40 million per year beginning in 2018. As part of the cost strategy, we are planning cost saving measures to offset these increased costs in the medium term, by setting up our own research factory and thus internalizing our research services, with the target of maintaining a stable cost base.

In addition to compliance costs, failure to comply with regulation could impact the results should we receive fines or become unable to operate due to a revocation of a license.

11.3.6 *Foreign Currency Fluctuations*

We are subject to both translational and transactional foreign currency risks.

The reporting currency is EUR. A significant portion of revenues is generated in currencies other than EUR. Yet, the overall revenue exposure of our portfolio to non-EUR currencies

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

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

- Seed investments are fully hedged against market risk (including FX risk)
- All remaining FX risk is hedged on a legal entity basis according to the residual FX risk policy which limits FX risk to a maximum of €1 million equivalent exposure in foreign currencies per each currency. This is reconciled, reviewed and tracked on a monthly basis during the month-end closing process
- DWS may selectively hedge its structural foreign exchange risks arising from local capital (including retained earnings) held in its consolidated subsidiaries and from investments accounted for at equity. Changes in foreign exchange rates of the underlying functional currencies result in revaluation of capital and retained earnings and are recognized in other comprehensive income booked as Currency Translation Adjustments ("**CTA**").

In addition, many of our Active, Passive and Liquid Real Assets funds are invested in USD holdings (in the US but also in globally investing portfolios). The hedging within the funds or mandates is driven by and dependent on the portfolio strategy. Generally, if the USD appreciates / depreciates against EUR by +/- 1%, the AuM basis changes by approximately +/- €3 billion and the annualized management fees are affected by +/- €8 million.

11.4 Results of Operations

The following table provides an overview of operations for the periods presented:

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

11.4.1 *Comparison of the results of operations for the years ended December 31, 2017 and 2016*

11.4.1.1 *Total net interest and noninterest income*

Total net interest and noninterest income comprises of management fees, performance and transaction fees, and other revenues. Management fees are a function of the fee rates we charge our clients, which are typically expressed in basis points, and the levels of AuM. Performance and transaction fees are a function of the returns we generate from AuM.

Total net interest and noninterest income increased by 4% from €2,415 million in the year ended December 31, 2016 to €2,509 million in the year ended December 31, 2017.

Adjusted revenues, i.e. excluding non-recurring items, such as disposal gains, and other non-recurring items, increased by 4% from €2,357 million in the year ended December 31, 2016 to €2,456 million in the year ended December 31, 2017, predominantly due to a favorable change in fair value of guaranteed funds of €58 million related to a one-time recalibration in the previous year, and an increase in the average level of AuM.

The AuM development for the year 2017 is reflected in the table below summarizing an increase of €11 billion compared to January 1, 2017.

(in € billion)	1/1/2017	For the year ended December 31, 2017				12/31/2017
	AuM	**Net flows**	**FX impact**	**Performance**	**Other**	**AuM**
Product			*(audited)*			
Active Equity	92	(2)	(3)	9	0	96
Active Multi Asset	48	11	(1)	1	1	60
Active SQI	53	(2)	(0)	2	0	52
Active Fixed Income	263	(3)	(17)	5	(1)	247
Active Cash	63	1	(3)	(1)	0	59
Passive	98	11	(7)	11	1	115
Alternatives	74	0	(5)	3	(0)	71
Total	**689**	16	(36)	29	1	**700**

The increase in AuM was driven by strong performance of active products and positive net flows, particularly from passive. The increase was partially offset by a negative FX impact.

- Management fees and other recurring revenues

Management fees and other recurring revenues increased by 3% from €2,140 million in the year ended December 31, 2016 to €2,195 million in the year ended December 31, 2017 primarily from positive markets and flows.

The table below presents management fee margin across asset classes for the years ended December 31, 2017 and 2016.

(in bps)	For the year ended	
	2017	**2016**
Product	*(unaudited)*	
Active Equity	75.8	75.6
Active Multi Asset	42.0	44.4
Active SQI	29.0	27.7
Active Fixed Income	14.2	15.0
Active Cash	8.6	7.8
Passive	24.3	26.8
Alternatives	58.2	55.9
Total management fee margin	**31.5**	**30.9**

- Performance and transaction fees and other non-recurring revenues

Performance and transaction fees and other non-recurring revenues decreased by 8% from €213 million in the year ended December 31, 2016 to €196 million in the year ended December 31, 2017. As per the table below, Real Estate and Infrastructure funds account for approximately 53% of the total. Infrastructure had a strong performance in 2015 and 2017, reflecting the 2-year payment frequency of one flagship fund, with its next and final payment in 2019, subject to meeting performance fee conditions.

Active and other fees make up the remainder non-alternatives fees, with the fourth quarter being the most significant recognition period. Active performance fees were higher in both 2016 and 2015, which are not expected to continue at this level, following the de-risking of the guaranteed fund range. A breakdown of performance and transaction fee revenue is provided below:

(in € million)	For the year ended	
	2017	2016
Product	(*unaudited, unless otherwise noted)*	
Alternatives	128	115
Therein Real Estate	38	*83*
Therein Infrastructure	66	*15*
Therein Private Equity	24	*17*
Active and Other	68	99
Therein Securities Lending	25	*24*
Total performance and transaction fees (audited)	**196**	**213**

- Other revenues

Other revenues increased by 90% from €62 million in the year ended December 31, 2016 to €118 million in the year ended December 31, 2017 primarily driven by the €69 million increase in the fair value of guarantees ("**FVoG**"). The negative FVoG revenue in 2016 represents a €(43) million one-time recalibration of the shortfall model for our individualized constant proportion portfolio insurance ("**iCPPI**") products resulting in an increase in the shortfall through P&L, offset by a reduced risk weighted asset ("**RWA**") requirement. The minority interest in Harvest, accounting for €43 million in 2017, remained stable year-over-year. The 2017 remaining other position is mainly driven by a €52 million one-off insurance receipt related to an earlier litigation case, while the prior year saw one-off impacts from the HETA exposure of €58 million.

(in € million)	For the year ended December 31,	
	2017	2016
	(unaudited, unless otherwise noted)	
Harvest equity pick-up	43	40
Change in fair value of guarantees	10	(59)
Other[(1)]	65	81
Other revenues (audited)	**118**	**62**

(1) Other includes valuation adjustments and one-time impacts related to the HETA exposure, CROCI franchise fees and Alternatives Principal Revenues. The 2017 balance also includes the insurance receipt of €52 million

11.4.1.2 *Noninterest expenses*

Noninterest expenses comprise compensation and benefits and general and administrative expenses as well as impairment of goodwill and other intangible assets and expenses related to restructuring activities.

Noninterest expenses decreased by 2% from €1,769 million in the year ended December 31, 2016 to €1,725 million in the year ended December 31, 2017 primarily due to lower non-recurring expenses while the adjusted cost base increased from €1,647 million in the year ended December 31, 2016 to €1,710 million in the year ended December 31, 2017 mainly as a result of variable compensation returning to a normal level.

- Compensation and Benefits

Compensation and benefits increased by 8% from €713 million in the year ended December 31, 2016 to €772 million in the year ended December 31, 2017 primarily due to a €105 million increase in variable compensation, following management's decision to return to normal variable compensation levels. On an adjusted level, i.e. excluding severances, compensation and benefit expenses increased by 11% from €690 million as per year ended December 31, 2016 to €763 million in the year ended December 31, 2017 mainly as a result to return to normal variable compensation levels. As of the end of 2017, DWS had 3,901 FTE which reflects a marginal increase versus prior year level of 3,860 FTE driven by incremental dis-synergy hires to build the standalone company capability, technology hires and hires in coverage and investment teams.

- General and Administrative Expenses

General and administrative expenses decreased by 6% from €1,010 million in the year ended December 31, 2016 to €947 million in the year ended December 31, 2017 primarily due to lower litigation costs. In 2016, DWS incurred multiple cost one-off events, most notable is a €(129) million litigation charge plus a €35 million related insurance recovery as well as the €45 million provision release for inconsistencies in preparing and processing withholding tax reclaim applications. Please refer to section 10.4.6 for additional information on the non-operating cost items. On an adjusted level, the decrease in general and administrative expenses is less pronounced with costs decreasing from €958 million in the year ended December 31, 2016 to €947 million in the year ended December 31, 2017 reflecting a 1% decrease. Lower expenses from regulatory and tax, occupancy as well as professional service fees were largely offset by an increase in marketing expenses as a result of rebranding and higher service provider costs. The table below provides a breakdown of the components within general and administrative expenses for 2016 and 2017.

(in € million)	**For the year ended December 31,**	
	2017	**2016**
General and administrative expenses	*(audited, unless otherwise noted)*	
Banking and transaction charges	(194)	(197)
IT costs	(117)	(155)
Professional service fees	(89)	(97)
Occupancy, furniture and equipment expenses	(69)	(79)
Communication and data services	(57)	(61)
Marketing, travel and representation expenses	(78)	(68)
Service provider costs [1]	(276)	(219)
Other expenses[2]	*(68)*	*(134)*
Total general & administrative expenses	**(947)**	**(1,010)**

(1) Service provider costs relate to DB Group charges to DWS standalone.

(2) Other expenses mainly refer to operational losses, regulatory, tax and insurance as well as remaining sundry expenses.

- Impairment of Goodwill and Other Intangible Assets

There was no impairment of goodwill and other intangible assets in 2017 and 2016.

- Restructuring Activities

Restructuring activities decreased by 88% from €46 million in the year ended December 31, 2016 to €6 million in the year ended December 31, 2017 returning to a normal level after increased restructuring activities in Germany in the previous year.

11.4.1.3 *Profit (loss) before Taxes*

Profit (loss) before income taxes increased by 21% from €647 million in the year ended December 31, 2016 to €783 million in the year ended December 31, 2017 driven by an increase in revenues while expenses declined.

On an adjusted level, profit before tax increased by 5% from €709 million in the year ended December 31, 2016 to €747 million in the year ended December 31, 2017, due primarily to an increase in revenues offset in part by lower litigation adjustments in 2017.

11.4.1.4 *Income Tax Expense*

Income tax expense decreased by 23% from €195 million in the year ended December 31, 2016 to €149 million in the year ended December 31, 2017. The effective tax rate for 2017 was 19% compared to 30% in 2016. The decrease was primarily driven by the one-time benefit from the U.S. tax reform.

11.4.1.5 *Net Income (loss)*

As a result of the factors outlined above, net income increased by 40% from €452 million in the year ended December 31, 2016 to €634 million in the year ended December 31, 2017.

11.4.2 *Comparison of the results of operations for years ended December 31, 2016 and 2015*

11.4.2.1 *Total net interest and noninterest income*

Total net interest and noninterest income decreased by 6% from €2,576 million in the year ended December 31, 2015 to €2,415 million in the year ended December 31, 2016.

On an adjusted level, i.e. excluding non-recurring items, such as disposal gains, and other non-recurring items, revenues decreased by 10% from €2,618 million in the year ended December 31, 2015 to €2,357 million in the year ended December 31, 2016. The major adjustment items refer to HETA valuation impacts and the sale of the PowerShares fund in 2015 which yielded a one-off gain on sale of €42 million. For HETA, the company incurred in 2015 a €(86) million valuation adjustment before the position was sold in 2016 realizing a €58 million gain on sale.

The decrease in total net interest and noninterest income was in large part due to a decrease in AuM, which amounted to €689 billion as of December 31, 2016, a decrease of €25 billion compared to January 1, 2016. This decrease in annual average AuM resulted in a €123 million decrease of management fees, based on an average management fee margin of 30.9 basis points in 2016. The decline in AuM was driven by challenging market conditions exacerbated by challenges at the Deutsche Bank Group level including negative market perceptions concerning Deutsche Bank and market rumors surrounding the future of Deutsche Bank's asset management business. Net asset outflows of €39 billion were driven by the Americas region, where outflows in cash were the main source of the results, driven by money market reforms which became effective in October 2016. Exchange-traded funds (ETFs) were another area with sizeable outflows as the currency-hedged category experienced outflows across the industry. Partly offsetting the outflows was the effect from a favorable market development of €15 billion led by Fixed Income, and favorable foreign exchange rate movements of €5 billion.

The following table provides a development of assets under management for the year 2016, broken down by product type:

(in € billion)	**1/1/2016**	**For the year ended December 31, 2016**				**12/31/2016**
	AuM	**Net flows**	**FX impact**	**Performance**	**Other**	**AuM**
Product			*(audited)*			
Active Equity	90	(2)	1	3	(0)	92
Active Multi Asset	47	0	0	1	0	48
Active SQI	54	(4)	0	2	(0)	53
Active Fixed Income	271	(16)	2	6	0	263
Active Cash	75	(9)	1	(1)	(2)	63
Passive	104	(9)	1	3	0	98
Alternatives	74	0	1	2	(3)	74
Total	**714**	**(39)**	**5**	**15**	**(5)**	**689**

- Management fees and other recurring revenues

Management fees and other recurring revenues decreased by 5% from €2,263 million in the year ended December 31, 2015 to €2,140 million in the year ended December 31, 2016 primarily due to lower AuM and unfavorable market conditions impacting the management fee margins of both Passive and Active products.

The table below presents management fee margin across asset classes for the years ended December 31, 2016 and 2015.

(in bps)	**For the year ended**	
	2016	**2015**
Product	*(unaudited)*	
Active Equity	75.6	75.8
Active Multi Asset	44.4	40.7[(1)]
Active SQI	27.7	31.3
Active Fixed Income	15.0	16.9
Active Cash	7.8	8.3
Passive	26.8	29.5
Alternatives	55.9	58.4
Total management fee margin	**30.9**	**31.7**

(1) Multi asset management fee margin in 2015 adjusted for product re-mappings.

- Performance and transaction fees and other non-recurring revenues

Performance and transaction fees and other non-recurring revenues decreased by 14% from €248 million in the year ended December 31, 2015 to €213 million in the year ended December 31, 2016 primarily due to a strong prior year in Alternatives Infrastructure products with contractual Performance Fees only every second year and a decline in Active products. A breakdown of performance and transaction fee revenue is provided below:

(in € million)	**For the year ended December 31,**	
	2016	**2015**
Product	*(unaudited, unless otherwise stated)*	
Alternatives	115	140
Therein Real Estate	*83*	*79*
Therein Infrastructure	*15*	*42*
Therein Private Equity	*17*	*19*
Active and Other	99	108
Therein Securities Lending	*24*	*28*
Total performance and transaction fees (audited)	**213**	**248**

- Other revenues

Other revenues decreased by 6% from €65 million in the year ended December 31, 2015 to €62 million in the year ended December 31, 2016 primarily due a large year-over-year swing in the fair value of guarantees which was largely offset by lower dividend income for Alternatives products. The below table summarizes the development of the main components of other revenue. The remaining other position is driven by adjustment items, most notably to mention €(86) million HETA write-off as well as €42 million sales gain on the PowerShares fund.

(in € million)	**For the year ended December 31,**	
	2016	**2015**
	(unaudited, unless otherwise noted)	
Harvest equity pick-up	40	39
Change in fair value of guarantees (excluding HETA)	(59)	5
Other[(1)]	81	21
Other revenue (audited)	**62**	**65**

(1) Other includes valuation adjustments and one-time impacts related to the HETA exposure. CROCI franchise fees and Alternatives Principal Revenues. The 2017 balance also includes the insurance receipt of €52 million.

11.4.2.2 *Noninterest Expenses*

Noninterest expenses decreased by 9% from €1,943 million in the year ended December 31, 2015 to €1,769 million in the year ended December 31, 2016 primarily driven by a lower adjusted cost base, which decreased from €1,887 million in the year ended December 31, 2015 to €1,647 million in the year ended December 31, 2016, despite increased non-operating costs from Litigation. The most significant decrease was attributable to a lower variable compensation expense (cash and deferred) of €191 million. Year-over year movements for cost adjustment items mainly relate to €(129) million litigation costs, €(46) million restructuring activities, €(24) million severance costs as well as a €35 million insurance recovery in 2016 which largely did not occur the year before.

- Compensation and Benefits

Compensation and benefits decreased by 17% from €860 million in the year ended December 31, 2015 to €713 million in the year ended December 31, 2016 primarily due to substantially lower variable compensation expense in 2016.

- General and Administrative Expenses

General and administrative expenses decreased by 7% from €1,084 million in the year ended December 31, 2015 to €1,010 million in the year ended December 31, 2016 primarily due to lower service provider charges from Deutsche Bank Group as shown in the table below:

(in € million)	For the year ended December 31,	
	2016	2015
General and administrative expenses	*(audited, unless otherwise noted)*	
Banking and transaction charges	(197)	(193)
IT costs	(155)	(136)
Professional service fees	(97)	(89)
Occupancy, furniture and equipment expenses	(79)	(80)
Communication and data services	(61)	(52)
Marketing, travel and representation expenses	(68)	(75)
Service provider costs[1]	(219)	(283)
Other expenses [2]	(134)	(176)
Total general & administrative expenses	**(1,010)**	**(1,084)**

(1) Service provider costs relate to DB Group charges to DWS standalone.

(2) Other expenses mainly refer to operational losses, regulatory, tax and insurance as well as remaining sundry expenses.

- Impairment of Goodwill and Other Intangible Assets

There was no impairment of goodwill and other intangible assets in the years ended December 31, 2015 and 2016.

- Restructuring Activities

Restructuring activities resulted in income of €1 million in the year ended December 31, 2015 and an expense of €(46) million in the year ended December 31, 2016 primarily driven by restructuring activities in Germany.

11.4.2.3 *Profit (loss) Before Tax*

Profit before taxes increased by 2% from €633 million in the year ended December 31, 2015 to €647 million in the year ended December 31, 2016.

On an adjusted level, profit before tax decreased by 3% from €731 million in the year ended December 31, 2015 to €709 million in the year ended December 31, 2016, after taking into consideration all the one-off non-recurring items, but primarily relating to restructuring, severance and litigation. The decrease in revenues from overall lower AuM levels was largely offset by lower noninterest expenses as a result of a reduction in variable compensation and lower cost allocations from Deutsche Bank Group.

11.4.2.4 *Income Tax Expense*

Income tax expense increased by 12% from €175 million in the year ended December 31, 2015 to €195 million in the year ended December 31, 2016. The effective tax rate for 2016 was 30% compared to 28% in 2015.

11.4.2.5 *Net Income (loss)*

Net income decreased by 1% from €458 million in the year ended December 31 2015 to €452 million in the year ended December 31, 2016. The increase in profit before tax was more than offset by the increase in income tax expenses.

11.5 Development of Assets under Management (AuM)

11.5.1 Total AuM

The table below shows trends in total AuM as of and for the years ended December 31, 2015, 2016 and 2017, broken down by net flows, foreign exchange and performance impacts.

(in € billion)	As of and for the year ended December 31,		
	2017	**2016**	**2015**
		(audited)	
Opening Assets under Management (AuM)	**689**	**714**	**658**
Net flows	16	(39)	19
FX impact	(36)	5	34
Performance	29	15	3
Other[(1)]	1	(5)	0
Closing Assets under Management (AuM)	**700**	**689**	**714**

(1) Other includes acquisitions and disposals.

11.5.1.1 *Comparison between January 1, 2017 and December 31, 2017*

Total AuM increased by 1% from €689 billion opening AuM as of January 1, 2017 to €700 billion as of December 31, 2017 primarily driven by strong performance and positive net flows, in particular inflows in passive and multi asset products. The increase was partially offset by a negative FX impact.

11.5.1.2 *Comparison between January 1, 2016 and December 31, 2016*

Total AuM decreased by 3% from €714 billion opening AuM as of January 1, 2016 to €689 billion as of December 31, 2016 primarily due to outflows across all asset classes following negative sentiment at the Deutsche Bank Group level in 2016. These outflows were partially offset by favorable performance and foreign currency movements.

11.5.1.3 *Comparison between January 1, 2015 and December 31, 2015*

Total AuM increased by 9% from €658 billion opening AuM as of January 1, 2015 to €714 billion as of December 31, 2015 primarily due favorable foreign currency movement in addition to strong inflows, particularly in Passive business, which more than offset minor outflows in Active and Alternatives.

11.5.2 *AuM by asset class*

(in € billion)	1/1/2017	For the year ended December 31, 2017				12/31/2017
	Opening AuM	**Net flows**	**FX impact**	**Perfor-mance**	**Other**	**Closing AuM**
Product			*(audited)*			
Active Equity	92	(2)	(3)	9	0	96
Active Multi Asset	48	11	(1)	1	1	60
Active SQI	53	(2)	(0)	2	0	52
Active Fixed Income	263	(3)	(17)	5	(1)	247
Active Cash	63	1	(3)	(1)	0	59
Passive	98	11	(7)	11	1	115
Alternatives	74	0	(5)	3	(0)	71
Total	**689**	**16**	**(36)**	**29**	**1**	**700**

(in € billion)	1/1/2016	For the year ended December 31, 2016				12/31/2016
	Opening AuM	**Net flows**	**FX impact**	**Performance**	**Other**	**Closing AuM**
Product			*(audited)*			
Active Equity	90	(2)	1	3	(0)	92
Active Multi Asset	47	0	0	1	0	48
Active SQI	54	(4)	0	2	(0)	53
Active Fixed Income	271	(16)	2	6	0	263
Active Cash	75	(9)	1	(1)	(2)	63
Passive	104	(9)	1	3	0	98
Alternatives	74	0	1	2	(3)	74
Total	**714**	**(39)**	**5**	**15**	**(5)**	**689**

(in € billion)	1/1/2015	For the year ended December 31, 2015				12/31/2015
	Opening AuM	**Net flows**	**FX impact**	**Performance**	**Other**	**Closing AuM**
Product			*(audited)*			
Active Equity	82	(1)	3	7	0	90
Active Multi Asset	34	13	0	(0)	(0)	47
Active SQI	50	4	0	(0)	0	54
Active Fixed Income	270	(16)	18	(1)	0	271
Active Cash	70	(2)	4	2	(0)	75
Passive	76	26	4	(3)	(0)	104
Alternatives	76	(5)	5	(1)	0	74
Total	**658**	**19**	**34**	**3**	**0**	**714**

11.5.2.1 *Comparison between January 1, 2017 and December 31, 2017*

The asset classes within Active decreased by 1% from €518 billion as of January 1, 2017 to €513 billion as of December 31, 2017, despite a positive performance of €15 billion and net inflows of €4 billion, which was offset by an exceeding negative currency effect of USD against EUR. Flows in cash are €1 billion, where large inflows of €5 billion in the Americas were offset by equivalent outflows in the EMEA region. AuMs in Active Equity increased from €92 billion to €96 billion, mainly due to a positive performance and were partly offset by outflows in the Americas' retail business. The Fixed Income suffered from negative FX effects, amounting to €(17) billion, which contributed to the AuM decrease from €263 billion in 2016 to €247 billion in 2017. Another driver for this were the redemptions from some UK Insurance clients. The Multi Asset class AuM level increased from €48 billion to €60 billion largely due to inflows from a German Institutional client in the second quarter, and inflows in certain significant German retail funds.

Total Passive AuM increased by 18%, from €98 billion opening AuM as of January, 1, 2017 to €115 billion closing AuM as of December 31, 2017. The increase was driven by both

positive performance of €11 billion and strong net inflows of €11 billion, particularly in the EMEA region. The increase was partly offset by a negative FX impact of EUR strengthening against USD of €(7) billion..

Total Alternatives AuM decreased by 3% from €74 billion opening AuM as of January 1, 2017 to €71 billion as of December 31, 2017 mainly due to a negative foreign exchange impact of EUR strengthening against USD of €(5) billion which was partially offset by a positive performance of €3 billion. From a flow perspective, Alternative net new assets are close to zero in 2017 with outflows in Liquid Real Assets (€(2) billion) offset by inflows in Real Estate (€3 billion).

11.5.2.2 *Comparison between January 1, 2016 and December 31, 2016*

Total Active AuM decreased by 3% from €536 billion opening AuM as of January 1, 2016 to €518 billion as of December 31, 2016. The decrease was mainly attributable to outflows of Fixed Income and Cash products, but also outflows in other Active assets, partially offset by gains from performance and foreign currency movements.

Total Passive AuM decreased by 6% from €104 billion opening AuM as of January 1, 2016 to €98 billion as of December 31, 2016 primarily driven by market concerns regarding Deutsche Bank Group and by the general market trend to move out of USD-denominated hedged products. The decrease was partially offset by increases from performance.

Total Alternatives AuM remained stable at €74 billion opening AuM as of January 1, 2016 and December 31, 2016 due to a decline attributable to the disposal of an Australian infrastructure business within Alternatives being offset by positive foreign exchange movements and performance.

11.5.3 *AuM by geography*

(in € billion)	**For the year ended December 31,**		
	2017	**2016**	**2015**
Region		*(audited)*	
Americas	193	208	231
EMEA	470	444	444
EMEA excluding Germany	*173*	*171*	*179*
Germany	*296*	*273*	*266*
Asia-Pacific	38	38	39
Total Assets under Management (AuM)	**700**	**689**	**714**

The regional AuM split reflects the location where the products are sold and distributed (sales view) and may deviate from the booking center view shown for revenues.

11.5.3.1 *Comparison between January 1, 2017 and December 31, 2017*

Total Americas decreased by 7% from €208 billion as of January 1, 2017 to €193 billion as of December 31, 2017 primarily driven by a negative foreign exchange impact of EUR strengthening against USD. From an overall perspective America's 2017 netflows are close to zero. Within the asset classes, America's Institutional Cash business recorded €6 billion in 2017 but lost the same amount on the retail side. The asset classes with larger outflows include Fixed Income of €(3) billion, Multi Asset of €(2) billion and Alternatives €(1) billion (primarily Liquid Real Asset).

Total EMEA increased by 6% from €444 billion as of January 1, 2017 to €470 billion as of December 31, 2017 driven by both favorable performance and higher net inflows. Inflows in

2017 relate primarily to the retail business but partly offset by institutional outflows. Particularly in UK, insurance clients redeemed large amounts in Fixed Income. In total, Institutional business is negative with €(3) billion, whereas the EMEA retail business recorded €17 billion inflows with the main contributor being Germany (€6 billion) with multi asset, fixed income and equity. Rest of Europe recorded large inflows particularly within Passive products.

Total Asia Pacific remained stable at €38 billion as of December 31, 2017 primarily driven by higher institutional inflows, which were offset by the negative foreign exchange impact of EUR strengthening against USD, in particular impacting the U.S. Fixed Income strategy and Alternative products sold in Asia.

11.5.3.2 *Comparison between January 1, 2016 and December 31, 2016*

Total Americas decreased by 10% from €231 billion as of January 1, 2016 to €208 billion as of December 31, 2016 primarily driven by significant net outflows in the Cash, Fixed Income, and Passive products, partly offset by performance and favorable foreign exchange differences.

Total EMEA remained stable with €444 billion as of December 31, 2016. EMEA excluding Germany decreased from €179 billion as of January 1, 2016 to €171 billion as of December 31, 2016 due to net outflows across almost all asset classes, although the decrease was partially offset by positive performance. The AuM decrease in EMEA excluding. Germany was offset by an AuM increase in Germany, which was driven by Equity inflows and positive performance.

Total Asia Pacific decreased by 3% from €39 billion as of January 1, 2016 to €38 billion as of December 31, 2016 primarily driven by the closure of the Australian Infrastructure business, which was partially offset by positive inflows, particularly in Active Fixed Income.

11.5.4 *AuM by client segment and distribution channel*

(in € billion)	**For the year ended December 31,**		
	2017	**2016**	**2015**
	(unaudited, unless otherwise noted)		
DB network	*69*	*71*	*73*
Direct	*15*	*16*	*17*
Intermediaries	*236*	*214*	*227*
Total Retail	**319**	**301**	**316**
DB distribution	*12*	*15*	*18*
Insurance	*149*	*163*	*165*
Other Institutional	*220*	*210*	*215*
Total Institutional	**381**	**388**	**398**
Total Assets under Management (AuM) (audited)	**700**	**689**	**714**

11.5.4.1 *Comparison between January 1, 2017 and December 31, 2017*

Total Retail AuM increased by 6% from €301 billion as of January 1, 2017 to €319 billion as of December 31, 2017 mainly attributable to third party distribution channels in the Europe region.

Total Institutional AuM decreased by 2% from €388 billion as of January 1, 2017 to €381 billion as of December 31, 2017 with losses in insurance fixed income business in Europe, partly offset with net inflows in corporate mandates (primarily multi asset).

11.5.4.2 *Comparison between January 1, 2016 and December 31, 2016*

Total Retail AuM decreased by 5% from €316 billion as of January 1, 2016 to €301 billion as of December 31, 2016 primarily driven by Americas and EMEA excluding Germany with large outflows across all asset classes, particularly in Passive, which was partially offset by positive performance.

Total Institutional AuM decreased by 3% from €398 billion as of January 1, 2016 to €388 billion as of December 31, 2016 mainly as a result of outflows in Americas particularly in Cash and Insurance as well as Corporate Fixed Income, which was partially offset by favorable performance and foreign exchange effect.

11.6 Development of Financial Position

The table below shows selected items within our financial position:

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
	(audited, unless otherwise noted)		
Assets			
Cash and interbank balances	3,317	4,017	4,666
Total financial assets at fair value through profit or loss	1,907	4,558	5,594
Goodwill and other intangible assets	3,624	3,914	3,795
Remaining assets[(1)] (unaudited)	2,379	2,875	2,673
Total assets	**11,226**	**15,363**	**16,729**
Liabilities and Net asset value			
Total financial liabilities at fair value through profit or loss	713	791	770
Remaining liabilities[(2)] (unaudited)	4,147	8,080	9,771
Total liabilities	**4,860**	**8,871**	**10,541**
Net asset value	**6,366**	**6,492**	**6,188**
Total liabilities and Net asset value	**11,226**	**15,363**	**16,729**

(1) Sum of financial assets available for sale, equity method investments, loans, property and equipment, other assets, assets for current tax, and deferred tax assets as found in the combined balance sheet in the Audited Combined Financial Statements.

(2) Sum of deposits, other short-term borrowings, other liabilities, provisions, liabilities for current tax, deferred tax liabilities and long-term debt as found in the combined balance sheet in the Audited Combined Financial Statements.

11.6.1 *Comparison as of December 31, 2017 and as of December 31, 2016*

11.6.1.1 *Cash and bank balances*

Cash and bank balances as of December 31, 2017 were €3,317 million, which represents a €699 million, or 17%, decrease, compared to €4,017 million for the year ended December 31, 2016. The decrease was mainly the result of net cash used in operating activities and the termination of Guaranteed Funds (€0.6 billion), which belong to investors, but are consolidated under IFRS 10.

11.6.1.2 *Total financial assets at fair value through profit or loss*

Total financial assets at fair value through profit or loss as of December 31, 2017 were €1,907 million, which represents a €2,651 million, or 58%, decrease, compared to €4,558 million for the year ended December 31, 2016. The decrease was mainly related to the termination of guaranteed funds in 2017 (€2.6 billion) which belong to investors, but are consolidated under IFRS 10.

11.6.1.3 *Goodwill and other intangible assets*

Total goodwill and other intangible assets as of December 31, 2017 were €3,624 million, which represents a €290 million, or 7%, decrease, compared to €3,914 million for the year ended December 31, 2016 mainly driven by FX-effects of €(329) million and net increase in amortization of self-developed software of €50 million partly offset by other depreciation of intangibles of €(9) million.

11.6.1.4 *Remaining assets*

Remaining assets as of December 31, 2017 were €2,379 million, which represents a €496 million, or 17%, decrease, compared to €2,875 million for the year ended December 31, 2016. The decrease was mainly related to the termination of guaranteed funds in 2017 (€0.3 billion) which belong to investors, but are consolidated under IFRS 10 and the termination of a rated infrastructure note as per the fourth quarter of 2017.

11.6.1.5 *Total financial liabilities at fair value through profit or loss*

Total financial liabilities at fair value through profit or loss as of December 31, 2017 were €713 million, which represents a €78 million, or 10%, decrease, compared to €791 million for the year ended December 31, 2016 mainly driven by volume and valuation of FX derivatives related to consolidated funds in the US which changed in volume and nature.

11.6.1.6 *Remaining liabilities*

Remaining liabilities as of December 31, 2017 were €4,147 million, which represents a €3,933 million, or 49%, decrease, compared to €8,080 million for the year ended December 31, 2016. The decrease was mainly related to the termination of guaranteed funds in 2017 (€3.5 billion) which belong to investors, but are consolidated under IFRS 10.

11.6.1.7 *Net asset value*

Net asset value as of December 31, 2017 was €6,366 million, which represents a €126 million, or 2%, decrease, compared to €6,492 million for the year ended December 31, 2016.

11.6.2 Comparison as of December 31, 2016 and as of December 31, 2015

11.6.2.1 *Cash and bank balances*

Cash and bank balances as of December 31, 2016 were €4,017 million, which represents a €649 million, or 14%, decrease, compared to €4,666 million for the year ended December 31, 2015. The decrease was mainly the result of net cash used in operating activities and termination of Guaranteed Funds (€0.7 billion), which belong to investors, but are consolidated under IFRS 10.

11.6.2.2 *Total financial assets at fair value through profit or loss*

Total financial assets at fair value through profit or loss as of December 31, 2016 were €4,558 million, which represents a €1,037 million, or 19%, decrease, compared to €5,594 million for the year ended December 31, 2015. The decrease was mainly related to the valuation and termination of guaranteed funds (€1.1 billion) in 2016 which belong to investors, but are consolidated under IFRS 10.

11.6.2.3 *Goodwill and other intangible assets*

Goodwill and other intangible assets as of December 31, 2016 were €3,914 million, which represents a €118 million, or 3%, increase, compared to €3,795 million for the year ended

December 31, 2015 driven by an increase in self-developed software of € 40 million, partially offset by depreciation of other intangibles of €(8) million and FX impact of €86 million.

11.6.2.4 *Remaining assets*

Remaining assets as of December 31, 2016 were €2,875 million, which represents a €202 million, or 8%, increase, compared to €2,673 million for the year ended December 31, 2015. The increase was mainly related to cash pooling positions in the US shown under other assets.

11.6.2.5 *Total financial liabilities at fair value through profit or loss*

Total financial liabilities at fair value through profit or loss as of December 31, 2016 were €791 million, which represents a €21 million, or 3%, increase, compared to €770 million for the year ended December 31, 2015.

11.6.2.6 *Remaining liabilities*

Remaining liabilities as of December 31, 2016 were €8,080 million, which represents a €1,691 million, or 17%, decrease, compared to €9,771 million for the year ended December 31, 2015 mainly related to termination of guaranteed funds in 2016 (€1.9 billion) which belong to investors but, are consolidated under IFRS 10.

11.6.2.7 *Net asset value*

Net asset value as of December 31, 2016 was €6,492 million, which represents a €304 million, or 5%, increase, compared to €6,188 million for the year ended December 31, 2015.

11.6.3 Economic View of Financial Position

The accounting balance sheet of an asset management group does not reflect its main business as third party portfolio manager. The economic balance sheet below principally shows proprietary investing activities, which comprise investments of equity capital in financial instruments and investment in other assets or products.

In order to analyze the Group's financial position from an economic point of view, we have prepared a condensed statement of financial position aggregating certain items to show the effects of netting. This economic presentation of the statement of financial position results in total assets of €8.9 billion as at December 31, 2017, after aggregation and netting. The following table shows the economic balance sheet figures:

(in € million)	**As of December 31,**		
	2017	**2016**	**2015**
	(unaudited, unless otherwise stated)		
Assets			
Reported Financial Position (audited)	11,226	15,363	16,729
Consolidated funds[(1)]	(1,266)	(4,730)	(6,611)
DB Vita[(2)]	(574)	(592)	(665)
Pending items[(3)]	(471)	(436)	(277)
Total economic assets	**8,914**	**9,605**	**9,175**
Liabilities and Net asset value			
Reported Financial Position (audited)	4,860	8,871	10,541
Consolidated funds[(1)]	(1,266)	(4,730)	(6,611)
DB Vita[(2)]	(574)	(592)	(665)
Pending items[(3)]	(489)	(415)	(283)
Total economic liabilities	**2,532**	**3,134**	**2,981**
Adjustment to net asset value[(3)]	17	(21)	6
Economic Net asset value	**6,383**	**6,471**	**6,194**
Total economic liabilities and Net asset value	**8,914**	**9,605**	**9,175**

(1) Adjustment for Guaranteed Funds, which belong to investors, but are consolidated under IFRS 10.

(2) Adjustment for DB Vita for assets held to back unit-linked contracts. The reverse adjustment offsets the Liability balance, as investors hold the unit-linked insurance contracts.

(3) Includes short-term settlement balances driven by investments for institutional clients which are deducted because netting is not allowed under IFRS 10.

11.7 Liquidity and Capital Resources

We principally fund our business through equity and cash generated by our operations. In line with our targeted dividend payout ratio we intend to use undistributed earnings to fund organic business growth, increase seed capital investments and for potential bolt-on acquisitions. We may raise debt funding to address specific funding demands that may arise as part of growing the business. To further diversify our funding, we have recently put in place an undrawn multicurrency revolving credit facility in the amount of €500 million. For more information on the new facility, see section 11.9.2 below.

11.8 Liquidity and Capital Resources - Cash Flows

The statement of cash flows was determined using the indirect method and provides information on the cash flows from the result of main activities (operating, investing and financing activities) in the income statement and from changes in the items of the statement of the financial position from the Group. The following table sets out the cash flows for the periods indicated:

(in € million)	**For the year ended December 31,**		
	2017	**2016**	**2015**
		(audited)	
Net income/(loss)	**634**	**452**	**458**
Cash flows from operating activities			
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Restructuring activities	6	46	(1)
Gain on sale of financial assets available for sale, equity method investments, and other	16	8	(6)
Income taxes, net	149	195	175
Impairment, depreciation and other amortization, and accretion	35	27	29
Share of net income from equity method investments	(43)	(39)	(39)
Income adjusted for noncash charges, credits and other items[(1)]	**796**	**690**	**616**
Adjustments for net change in operating assets and liabilities:			
Interest-earning time deposits with central banks and with banks w/o central banks[(2)]	1,098	(622)	(174)
Financial assets designated at fair value through profit or loss	19	72	0
Loans	156	(159)	(209)
Other assets	421	(95)	593
Deposits	(2)	12	(287)
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(19)	(72)	(0)
Other short-term borrowings	(207)	(27)	(21)
Other liabilities	(3,754)	(1,906)	25
Senior long-term debt	(0)	(21)	(12)
Trading assets and liabilities, positive and negative market values from derivative financial instruments, net	2,575	1,045	627
Other, net	(163)	71	(269)
Net cash provided by (used in) operating activities	**920**	**(1,013)**	**889**
Cash flows from investing activities			
Proceeds from:			
Sale of financial assets available for sale	23	59	89
Sale of equity method investments	5	0	0
Purchase of:			
Financial assets available for sale	(87)	(41)	(62)
Equity method investments	(1)	(2)	(1)
Property and equipment	(1)	(2)	(4)
Other, net	6	29	19
Net cash provided by (used in) investing activities	**(55)**	**42**	**42**
Cash flows from financing activities			
Net change in noncontrolling interests	(8)	5	(3)
Net funding from/(to) Deutsche Bank Group	(502)	(297)	(86)
Net cash flows from financing activities	**(510)**	**(292)**	**(89)**
Net effect of exchange rate changes on cash and cash equivalents	**40**	**0**	**(11)**
Net increase in cash and cash equivalents	**395**	**(1,262)**	**830**
Cash and cash equivalents at the beginning of the year	2,153	3,415	2,585
Cash and cash equivalents at the end of the year	**2,547**	**2,153**	**3,415**

(1) Referred to below as "adjusted income"

(2) Time deposits in the amount of €770 million as of December 31, 2017, €1,864 million as of December 31, 2016 and €1,251 million as of December 31, 2015 are not considered in the cash flow statement

11.8.1 *Cash flows for year ended December 31, 2017*

11.8.1.1 *Net cash flows from operating activities*

Net cash flows from operating activities for the year ended December 31, 2017 were €920 million. The net cash inflow is mainly driven by adjusted income of €796 million. Net changes in assets and liabilities from operating business activities amount to €165 million. Assets and liabilities from guaranteed funds contribute a net amount of €(41) million, which is mainly split into changes in interest earning deposits of €587 million, other assets of €269 million and trading assets and liabilities of €2,557 million, offset by a change in other liabilities of €(3,453) million. These guaranteed funds belong to investors, but are consolidated under IFRS 10 guidelines.

11.8.1.2 *Net cash flows from investing activities*

Net cash flows from investing activities for the year ended December 31, 2017 were €(55) million. This relates to sales and purchases of financial assets available for sale.

11.8.1.3 *Net cash flows from financing activities*

Net cash flows from financing activities for the year ended December 31, 2017 were €(510) million. This was principally the result of a reduction in net investment attributable to DB Group.

11.8.2 *Cash flows for year ended December 31, 2016*

11.8.2.1 *Net cash flows from operating activities*

Net cash flows from operating activities for the year ended December 31, 2016 were €(1,013) million. Despite adjusted income of €690 million, there was a net cash outflow, driven primarily by the valuation and termination of guaranteed funds which belong to investors, but which are consolidated under the IFRS 10 guidelines. A net impact of €(1,358) million is mainly split into changes in cash of €(582) million and other liabilities of €(1,880) million, partially offset by changes in trading assets and liabilities of €1,060 million. Net changes in assets and liabilities from operating business activities amount to €(345) million.

11.8.2.2 *Net cash flows from investing activities*

Net cash flows from investing activities for the year ended December 31, 2016 were €42 million. This relates to sales and purchases of financial assets available for sale.

11.8.2.3 *Net cash flows from financing activities*

Net cash flows from financing activities for the year ended December 31, 2016 were €(292) million. This was principally the result of a reduction in the net investment attributable to DB Group.

11.8.3 *Cash flows for year ended December 31, 2015*

11.8.3.1 *Net cash flows from operating activities*

Net cash flows from operating activities for the year ended December 31, 2015 were €889 million. An adjusted income of €616 million contributed to the net cash inflow. Assets and liabilities from guaranteed funds which belong to investors, but which are consolidated under the IFRS 10 guidelines, contributed to a net change of €628 million that can be split mainly into cash of €71 million, other assets of €143 million and trading assets and liabilities of €644 million, partially offset by a change of other liabilities of €229 million. Net changes in assets and liabilities from operating business activities amount to €(355)million.

11.8.3.2 *Net cash flows from investing activities*

Net cash flows from investing activities for the year ended December 31, 2015 were €42 million. This relates to sales and purchases of financial assets available for sale.

11.8.3.3 *Net cash flows from financing activities*

Net cash flows from financing activities for the year ended December 31, 2015 were €(89) million. This was principally the result of a reduction in net investment attributable to DB Group.

11.9 Liquidity and Capital Resources - Indebtedness

Below is a description of our borrowings and undrawn facilities.

11.9.1 Borrowings as of December 31, 2017

As at December 31, 2017, outstanding borrowings, deposits and long-term debt were €113 million, including €107 million in short-term borrowings.

11.9.2 New Facility Agreement

A new German law governed facility agreement between, among others, the Company as borrower and guarantor, certain financial institutions as mandated lead arrangers and lenders and BNP PARIBAS as agent for general corporate purposes (the "**New Facility Agreement**") will be signed prior to the closing of the Offering. The New Facility Agreement will include a multicurrency revolving credit facility in an amount of up to €500,000,000 (the "**RCF**"). The RCF is intended to initially remain unutilized.

The new RCF will be available for utilization by way of loans with an original final maturity date falling five years after the date of signing of the New Facility Agreement (the "**Signing Date**") which can be extended two times by one year on request of the Company to the date falling six, or as the case may be, seven years after the Signing Date. Such extension requests can be exercised prior to the first and second anniversary of the RCF. It is in the sole discretion of each lender under the RCF whether it accepts such extension requests.

Interest will be payable on the last day of each interest period. Interest periods can be one month, three months or six months or any other period agreed with the agent and all of the lenders. Interest will be payable at a rate per annum on the outstanding borrowing amounting to the aggregate of (i) a certain margin per annum and (ii) EURIBOR or LIBOR (as the case may be) for the relevant period:

The New Facility Agreement includes information undertakings, in particular reporting obligations as well as a number of customary affirmative and negative undertakings and other restrictions, in particular, with regard to mergers, disposals and granting of security, however, at the same time providing for a number of important exceptions and baskets.

In case of a change of control (occurring when a person or a group of persons (other than Deutsche Bank AG or a Subsidiary of Deutsche Bank AG) (i) becomes a general partner (*Komplementär*) of the Company with the right to conduct the business of the Company (*Geschäftsführungsbefugnis*); or (ii) gains direct or indirect power to (A) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a shareholders' meeting of a general partner (*Komplementär*) of the Company; or (B) otherwise control a general partner (*Komplementär*) of the Company within the meaning of section 17 of the German Stock Corporation Act (*Aktiengesetz*); and/or (C) directly or indirectly holds more than 50% of the issued limited partnership shares (*Kommanditaktien*) of the Company) each

lender will not be obliged to fund a loan (except for a rollover loan) and upon the expiry of a negotiation period each lender will be entitled to demand prepayment of its participation in the RCF and cancellation of its commitment.

The New Facility Agreement includes customary events of default including non-payment, breach of other obligations, misrepresentation, cross-default, insolvency or insolvency proceedings against material companies.

11.10 Liquidity and Capital Resources - Contractual Obligations and Commitments

The table below sets forth the amount of contractual obligations and commitments, as at December 31, 2017, based on contractual undiscounted payments:

	Within 1 Year	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
(in € million)	*(audited)*			
Long-term debt obligations	1	4	1	0
Operating lease obligations	21	20	1	0
Purchase obligations	26	60	23	4
Total	**48**	**83**	**25**	**4**

As per December 31, 2017, the Group has Contingent Receivables in the amount of €35 million related to guarantees given by DB Group for management fees receivables and Contingent Liabilities in an amount of €46 million mainly relating to non-revolving, unutilized, open commitments for the Group as investor in a fund.

11.11 Regulatory Capital

DWS is expected to be required to adhere to the capital requirements applicable to CRR investment firms, as outlined in Art. 95 and 98 of the Capital Requirements Regulation (CRR), as of first quarter 2018. Based on this current regulation 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%.

We will manage our capital so as to satisfy the levels of regulatory capital defined in the European Directive 2013/36 (CRD IV) and European Regulation 575/2013 (CRR) and required by the relevant authority, BaFin, to cover risk-weighted assets for credit risks and market risks. The new regulation is expected to come into effect as of the first quarter of 2018.

As the rules for CRR investment firms are applicable to us, we do not have to cover risk-weighted assets for operational risks.

The regulatory capital presented below is the Net Asset Value, as defined by IFRS, based on the combined Financial Statements, and will be considered as Common Equity Tier 1 capital ("**CET1**").

The adjustments to the IFRS shareholders' equity mostly involve deducting goodwill and intangible assets (net of deferred taxes). We have also considered the impact of outstanding entity transfers that will take place in 2018 (see 3.5.6 above).

At December 31, 2017, as shown in the table below, the total capital ratio was 29.9%. On this basis, we comply with the regulatory requirements:

(in € million)	**As at December 31, 2017**
	Basel III
Common Equity Tier 1 capital (CET 1)	2,547
Tier 1 capital (CET 1 + AT1)	2,547
Tier 2 capital	0
Total regulatory capital	**2,547**
Total risk weighted assets	**8,510**[(1)]
o/w credit risk (exc. threshold allowances and CVA)	4,455
o/w effect of threshold allowances	0
o/w Credit Value Adjustment (CVA) effect	78
o/w market risk	3,977
o/w operational risk	0
Overall Capital Ratio	**29.9%**
CET1 Ratio	**29.9%**

(1) DB Group structural FX hedges were in place as at December 31, 2017 which will have reduced the Market Risk RWA from €4.0 billion to €3.7 billion on a pro-forma basis. These hedges are expected to be moved to the DWS Group during Q1 2018 and hence will reduce total RWA from €8.5 billion to €8.2 billion during Q1 2018, other factors remaining constant, and consequently increase the CET1 ratio from 29.9% to 31.1%.

The table below shows a reconciliation of IFRS equity and regulatory capital as at December 31, 2017:

(in € million)	**As at December 31, 2017**
	Basel III
Net Asset Value, as defined by IFRS, regulatory basis of consolidation	5,858
Elimination of net income for the year or of the distribution forecast	0
Goodwill and intangible assets (net of deferred tax)	(3,270)
Deferred tax assets on net operating losses	(20)
Prudent Valuation	(21)
Transitional arrangements and other restatements	0
Regulatory Capital	**2,547**

While we manage our capital so as to satisfy the levels of regulatory capital described above and as required by BaFin, the level of capital we maintain is also driven by the application of internal models including risks not captured in RWA (including operational risk) under an adverse (stress) scenario. Under these conditions, however, we still expect to have excess capital in an amount of approximately €0.2 billion. Excess capital might be used for select bolt-on acquisitions, organic growth (including funding seed capital investments) or for dividend payments to shareholders.

11.12 Off-Balance Sheet Arrangements

The Group has no material off-balance sheet arrangements as per December 31, 2017. See sections 11.10 and 11.13.1.4 for information on open commitments and unfunded liabilities, including anticipated, but non-binding commitments related to our seed and co-investments.

11.13 Quantitative and Qualitative Disclosures about Market Risk

DWS manages risk via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with our activities.

All material risk types, including credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk, are managed via risk management processes. Modelling

and measurement approaches for quantifying risk and capital demand are implemented across the material risk types and limits available to the Businesses are established and approved. Refer to section 13.11 and to Note 21 of the Audited Combined Financial Statements for further information on how DWS manages all its material risk types.

In the normal course of its business, DWS is primarily exposed to market risk in the form of AuM market price risk, and equity market price risk, interest rate/credit spread risk and foreign exchange rate risk associated with its guaranteed products and investment portfolio.

11.13.1 AuM Market Price and Flow Risk

DWS's investment management and advisory revenues are comprised of fees based on a percentage of the value of AuM and in some cases, performance fees expressed as a percentage of the returns realized on AuM. The level of AuM depends to a large extent on the value of assets held in funds and portfolios managed by us, particularly bonds, equities, currencies and real assets. Fluctuations in financial markets, in particular changes in interest rates, issuer credit spreads, currencies and the value of equities, can cause the value of AuM to change significantly. Please refer to section 11.3.1 Assets under Management (AuM) for an analysis of the expected movements on the AuM under a theoretical change in the equity markets, interest rate levels and FX.

Adverse movements in financial markets can also reduce new investment flow and prompt investors to withdraw assets from funds and portfolios managed by us, further impacting AuM and revenues.

11.13.1.1 Guaranteed Products

The Group manages guaranteed retirement accounts ("**Riester Products**") and guaranteed funds, which provide a full or partial notional guarantee at a date specified in the relative guaranteed contract ("**guarantee date**"). Riester guaranteed retirement accounts are voluntary private pension schemes in Germany that are government subsidized.

The Group is exposed to a fall in the value of the underlying fund or account below the guaranteed amount at the respective guarantee date. As of December 31, 2017, guaranteed products amount to €21 billion, of which the Riester Products account for €11 billion and the other guaranteed products for €10 billion respectively.

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. A daily allocation mechanism between the two components limits the downside risk. Guaranteed products may invest into a wide range of equity and fixed income securities as well as other instruments outlined in the product documentation.

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. This exposure is continuously monitored under different stress scenarios and portfolio contribution and cancelation simulations.

Guaranteed funds are particularly sensitive to persistent low interest rates over the long term. Short-term volatility in interest rates has limited (i.e. immaterial) effect.

11.13.1.2 Co-Investments

The Group has direct equity co-investments primarily in structured entities that invest in a variety of asset classes, including (but not limited to), equities, fixed income, commodities and

other alternative asset classes which may include real estate, infrastructure, private equity and hedge funds. Investments are made to ensure an alignment of interest with the management of the respective funds. To a much lesser extent, the Group also has direct investments in debt securities.

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

Co-Investment capital is subject to investment market movements. The diversity of the investment portfolio across investment classes (real estate, infrastructure and private equity) and geographies, plus the long term nature of these investments (5 to 10 years in most cases) provides portfolio diversification against material corrections.

11.13.1.3 Seed Investments

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

Seed investments are broadly hedged to minimize market risk and a threshold limit structure is in place which is regularly monitored by the Group to ensure the portfolio remains within risk tolerance levels.

11.13.1.4 Seed and Co-Investments as at December 31, 2017

At December 31, 2017, DWS had a total seed and co-investments market value of approximately €471 million (including unfunded commitments of €46 million, but excluding anticipated, non-binding commitments of €96 million).

11.13.2 Foreign Currency Risk

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

The Group is subject to both translational and transactional foreign currency risks.

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

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

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

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

11.14 Critical Accounting Policies

The preparation of combined financial statements under IFRS requires assumptions and estimates that have an impact on the recognition of balance sheet assets and liabilities, income and expense in the income statement and on disclosures concerning contingent liabilities. Actual results could differ from our estimates. We have identified the accounting policies outlined below as critical to our business and results of operations. A full description of these estimates and policies can be found in Note 1 to the financial statements beginning on page F-2 under the headings “Critical Accounting Estimates” and “Significant Accounting Policies”.

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

- the impairment of associates
- the impairment of financial assets available for sale
- the determination of fair value
- the impairment of provisions for off-balance sheet positions
- the impairment of goodwill and other intangibles
- the recognition and measurement of deferred tax assets
- the accounting for legal and regulatory contingencies and uncertain tax positions

Although these estimates and assumptions are made using all available facts and circumstances, it is possible that future events may require management to amend such

estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the income statement of the year in which the change occurs. Each of the Group's significant accounting policies referenced above are more fully described in Note 1 to the Audited Combined Financial Statements. See Note 2 to the Audited Combined Financial Statements for a discussion of new accounting pronouncements that were not applicable as of December 31, 2017.

11.15 Additional information relating to the Audited Standalone Financial Statements of the Company prepared in accordance with HGB (*Handelsgesetzbuch*) as of and for the financial year ended December 31, 2017

The Audited Standalone Financial Statements of DWS Group SE have been prepared in accordance with HGB (*Handelsgesetzbuch*) and an English-language translation of the Audited Standalone Financial Statements is included in this Prospectus beginning on page F-84. These financial statements are used to calculate the Company's distributable profit (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such distributable profit. The accounting principles set forth under HGB may differ from IFRS in material respects.

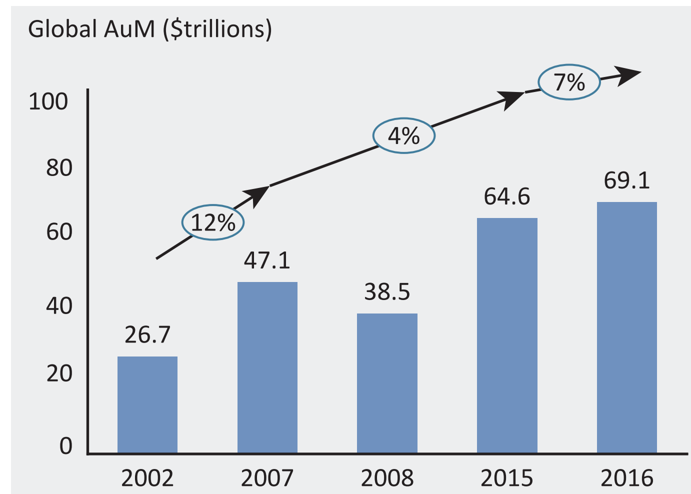
In the financial year ended December 31, 2017, the Company reported a distributable profit (*Bilanzgewinn*) of €13 million. As of December 31, 2017, the total assets of the Company amounted to €6,511 million, the total provisions and liabilities of the Company amounted to €11 million, and the equity of the Company amounted to €6,500 million. It is anticipated that the Reparenting and carve-out measures implemented in 2018 will impact the unconsolidated financial and equity position of the Company increasing assets and equity (estimated to range between 15% and 20% of the Company's unconsolidated equity). See section 3.5 above for a description of the transfers which have been completed or which are intended to be completed in 2018.

PART 12: MARKETS AND COMPETITION

12.1 Overview

DWS offers traditional (active and passive) and alternative products to both retail and institutional clients globally.

According to The Boston Consulting Group ("**BCG**"), the global asset management industry had $69.1 trillion of assets under management (AuM) at the end of 2016.



Global AuM grew by 7% in 2016, and by an average annualized rate of 5% from 2008 through 2016.[1] Having bounced back from the global financial crisis in 2008, the industry is expected to continue to grow.[1] According to BCG, most of the growth in 2016 came from market appreciation, rather than net inflows, which have been stable for the last few years, averaging 1.5% of opening AuM. BCG does however anticipate higher net inflows rates of 4%-6% in China and a number of other high-growth markets. The potential for higher growth also exists in other markets like Germany, where the volume of assets held in cash or non-managed deposit accounts is particularly high.[2]

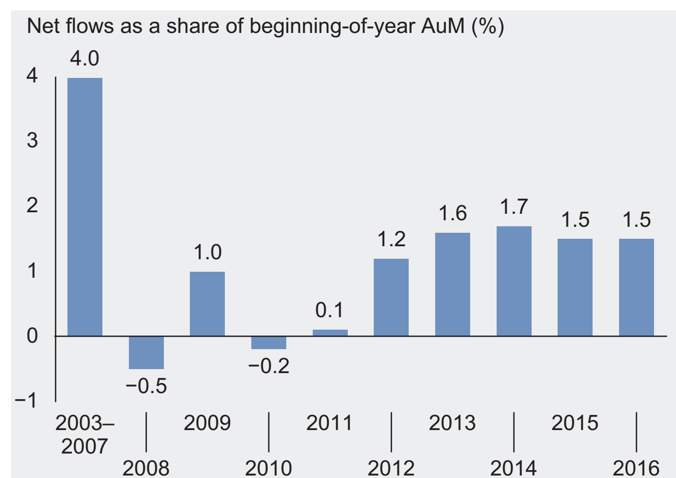
Going forward, BCG (which defines AuM as assets professionally managed in exchange for management fees) expects sustained momentum, with global AuM to increase from $69.1 trillion in 2016 to $92 trillion by 2021, with passive investments and solutions achieving the highest compound annual growth rate ("**CAGR**") of 9% over this period, followed by alternative investments with a CAGR of 7%. Pricewaterhouse Coopers ("**PwC**"), which unlike BCG also includes wealth management and assets managed in-house in its definition of AuM, expects comparable asset growth from $84.9 trillion in 2016 to $111.1 trillion in 2020 and $145.3 trillion by 2025, driven by investors seeking greater returns on currently unmanaged assets, such as cash and deposits, and by the need to meet the high costs of funding retirement.[3]

[1] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)

[2] Deutsche Bundesbank, "Geldvermögensbildung und Außenfinanzierung in Deutschland im dritten Quartal 2017" (January 17, 2018)

[3] PwC, AWM Revolution: Embracing Exponential Change, October 2017

The following chart shows the impact of the financial crisis and subsequent recovery of net flows.



The asset management industry is structurally profitable, with the average Western European asset manager having an operating margin of 38%, according to BCG.[1] However, despite increases in AuM, a growing investor preference for low-fee products has led to a decline in total net revenues. In particular, there is an ongoing shift from active to passive management, especially with respect to equities.[2] In addition to the impact of the shift in product mix, fees are declining on most products for both institutional and retail clients. For institutional clients, the decline is driven by competition among suppliers. Within retail, it is a consequence of regulatory pressure for fee transparency, large distributors reducing the number of relationships they maintain, the introduction of ultra-low-fee products, and, in some markets, a ban on distribution fees. Although net revenues as a share of AuM have declined, operating profits as a share of AuM have declined more slowly as a result of cost discipline.

Global industry revenues are expected to increase by 20% from $250 billion in 2016 to $300 billion in 2021, according to BCG. For comparison, from 2007 to 2016, revenues increased by 12%. Again, passive and solutions are likely to see the highest revenue growth rates followed by alternatives, although alternatives will account for more than 40% of total revenues.

The following table shows BCG's view on the expected shift in AuM and revenues by product for the periods indicated.[1]

Global assets under management (AuM) and global asset management revenues (% market share)

	2003		2008		2015		2016		2021E	
Product split	AuM $ trillions	Revenues $ billions	AuM $ trillions	Revenues $ billions	AuM $ trillions	Revenues $ billions	AuM $ trillions	Revenues $ billions	AuM $ trillions	Revenues $ billions
Alternatives[1]	$3 (9%)	$31 (28%)	$6 (14%)	$66 (39%)	$9 (14%)	$100 (40%)	$10 (15%)	$104 (42%)	$14 (16%)	$130 (43%)
Active specialities[2]	$6 (20%)	$28 (26%)	$7 (19%)	$41 (24%)	$13 (20%)	$55 (22%)	$13 (19%)	$54 (21%)	$18 (20%)	$63 (21%)
Solutions [3]	$2 (6%)	$4 (4%)	$3 (9%)	$8 (5%)	$9 (13%)	$21 (8%)	$9 (13%)	$21 (8%)	$14 (15%)	$31 (10%)
Active core[4]	$17 (57%)	$43 (39%)	$18 (47%)	$48 (28%)	$23 (36%)	$58 (23%)	$24 (35%)	$58 (23%)	$26 (29%)	$57 (19%)
Passive	$3 (9%)	$3 (3%)	$4 (11%)	$6 (3%)	$11 (17%)	$14 (6%)	$12 (18%)	$14 (6%)	$19 (20%)	$20 (7%)
Market Total	$31 (100%)	$110 (100%)	$38 (100%)	$168 (100%)	$65 (100%)	$248 (100%)	$69 (100%)	$250 (100%)	$92 (100%)	300 (100%)

1) Includes hedge funds, private equity, real estate, infrastructure and commodity funds and liquid alternatives (absolute return, long and short, market neutral, volatility); private equity and hedge fund revenues do not include performance fees.
2) Includes equity specialties (foreign, global emerging markets, small and mid-caps) and fixed income specialties (emerging markets, global, high yield, convertibles).
3) Includes target date, global asset allocation, flexible, income, liability-driven and traditional balanced investments.
4) Includes actively managed domestic large-cap equity, domestic government and corporate debt, money market and structured products.

[1] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)
[2] McKinsey, The Best of Times the Worst of Times, 2017

12.1.1 Overview of asset classes and investments

Asset managers have traditionally divided investment strategies between active and passive management. Another category of investments, alternative investments, are becoming increasingly popular.

Active - Active management refers to a portfolio management strategy where the manager aims to outperform an investment benchmark or achieve a specific investment outcome. Active management typically involves investments in equities, bonds, cash or solutions and multi asset products (a mixture of equities, bonds, and/or cash).

Passive - Passive management is an investing strategy that typically tracks a market-weighted index or portfolio. These strategies include index mutual funds, exchange-traded funds ("**ETF**s"), and passive mandates.

Alternatives - Alternative investments are assets outside traditional asset classes (such as equities, bonds, and cash) and include private equity, hedge funds, and real assets.

12.2 Recent trends by product type

In recent years, there has been significant growth in demand for the integration of environmental, social, and governance ("**ESG**") criteria into investment funds and mandates across all product types. Examples of such criteria include resource intensity and efficiency; human capital management (including employee composition and remuneration); and external stakeholders (including supply chain management, community relations, and operational controls); among others. Worldwide AuM in strategies focusing on ESG factors almost doubled between 2012 and 2016, from $13 trillion to $23 trillion.[1]

12.2.1 Active

The market has seen a decade-long migration from active management to passive, alternative, active specialties, and solutions.[2] Although active core products accounted for 35% of global AuM in 2016 and remained the largest product category, they contributed only 23% of revenues, continuing downward trend from 39% of revenues in 2003 and 28% in 2008. According to BCG, growth in active core assets is expected to lag behind the overall market, losing share of AuM and revenue to alternatives and active specialties. Alternatives, solutions, and active specialties are expected to persist in generating strong fees and, together with passive products, are expected to dominate the growth of AuM. Despite generally lower net inflows, some active core categories continue to record strong growth, such as active fixed-income in 2016, confirming that traditional active products are unlikely to disappear.

In Europe, in the first half of 2017 active mutual fund sales rebounded—in contrast to the US market—driven by sales of fixed income and multi asset strategies, to capture 71% of net new assets, or €256 billion.

12.2.2 Solutions/multi asset

Following the financial crisis in 2008, the industry has generally moved from being product-focused to being more solutions-oriented, with multi asset and outcome-oriented strategies benefiting from this trend. PwC expects multi asset solutions to be a key driver of future industry growth, as investors worldwide increasingly seek outcome-focused strategies; it claims that while passive investments will form the foundation of multi asset solutions, active and alternative strategies will be used to deliver alpha and bolster performance. Multi asset

[1] Global Sustainable Investment Alliance, 2016 Global Sustainable Investment Review, March 2017

[2] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)

mutual funds have seen asset growth accelerate since the financial crisis. This trend has been particularly prominent in Europe, where multi asset funds attracted €626 billion of cumulative net inflows between the first quarter of 2012 and the second quarter of 2017, while their AuM have more than doubled to €1.3 trillion over the same period[1]—a shift driven in part by the migration of cash and low-yielding deposits into other investments. Demand for solutions is being fueled by factors including institutional investors' desire to reduce risks and costs. For example, facing growing liabilities, defined benefit pension plan sponsors are turning to liability-driven investments ("**LDI**") and other de-risking strategies. Additionally, growing market complexity is leading some asset owners, including endowments and foundations, to adopt fiduciary or outsourced CIO ("**OCIO**") solutions (i.e., outsourcing management to third-parties).

Given the challenges facing institutions, asset managers with strong solutions capabilities should be well positioned, particularly in light of the trend for institutional investors to consolidate their relationships with fewer asset managers, potentially giving rise to more cross-selling opportunities.

12.2.3 Passive

Since the financial crisis, passive investments have enjoyed the highest growth rate of any investment product and are expected to continue to dominate growth in AuM, according to BCG. In 2016, total passive AuM hit $12 trillion, or 18% of total global AuM, up from 11% in 2008. The growth of passive is particularly marked in the funds market (mutual funds and ETFs) where passive assets now make up 22% of total AuM, up from 15% in 2012. According to Broadridge, between 2012 and the first half of 2017, passive funds (ETFs and mutual funds) accounted for almost 50% of global flows; the US funds market, where passive assets now account for 30% of AuM, has been a significant driver of this trend.

In 2017, the global ETF market passed $4 trillion of AuM and had record inflows, according to ETFGI/Broadridge. Specifically, in the first nine months of 2017 ETFs globally had net inflows of $478 billion, with equity ETFs accounting for about 70% of the total. In Europe, which represents 17% of global ETF AuM, net inflows were €75 billion in the first nine months of 2017.

12.2.4 Alternatives

In the current low-yield environment, certain investors have in particular turned to alternatives in search of returns, including private equity, private debt, and real assets.[2] Alternatives account for only 15% of AuM, according to BCG, but contribute 42% of total revenues, even excluding performance fees. Alternative revenues grew from $66 billion in 2008 to $104 billion in 2016.[3]

Global real estate assets increased to $2.4 trillion in 2016, up from $2.0 trillion in 2015, according to ANREV/INREV/NCREIF; the US is the largest region for such assets, accounting for 50% of the market, followed by Europe (17%).

12.3 Recent trends by region

Global AuM grew by 7% in 2016 to reach $69.1 trillion, according to BCG. North America remained the largest market with $33.0 trillion of AuM, followed by Europe $18.4 trillion, Asia $12.6 trillion and the rest of the world $5.1 trillion. AuM increased in all regions in 2016 except for the Middle East and Africa where they remained flat year-on-year.

[1] Broadridge, August 2017.

[2] PwC AWM Revolution: Embracing Exponential Change, October 2017

[3] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)

12.3.1 Market developments in Europe

According to BCG, the European market saw AuM increase by 7% to reach $18.4 trillion in 2016, the strongest year-on-year growth among developed regions.[1] The largest markets in Europe by AuM is the UK, followed by France, Germany, Switzerland and the Netherlands. Combined, these five markets account for 76% of European AuM.[2] Net flows in Europe were positive over the year, with particularly strong net inflows in Germany, Italy, and Spain due to a shift from low-interest deposit accounts to managed products[1]; the UK also reported a modest net inflow despite the vote to leave the European Union ("**Brexit**"), according to BCG.

At the end of June 2017, the German asset management industry had €2.9 trillion of AuM, an increase of 4.0% since 2016 (BVI data). It has expanded at a CAGR of 7.0% since 2007, largely as a result of rising wealth.[1] According to BVI, open-ended funds exclusively for institutional investors (*Spezialfonds*) account for 53% of this total, followed by open-ended retail funds (33%) and discretionary mandates (14%). In the five years to 2017, the German market has grown by a CAGR of almost 12.0%, while retail funds and discretionary mandates both had CAGRs of 7.0%.[3] An estimated €2 trillion[4] in assets in Germany are currently held in cash or non-managed deposit accounts, providing opportunities for movement into managed assets as investors seek better returns in the low-interest environment. Additionally, over the last decade and a half most EU member states have implemented substantial pension-system reforms aimed at improving fiscal sustainability by shifting the responsibility for retirement provision away from the state and employer and towards the individual by way of defined contribution or "defined ambition" schemes - the latter sitting between defined benefit and defined contribution, with the employer and employee sharing pension risk.[5]

Other notable trends include the shift to open architecture, away from captive channels, driven largely by new regulation including MiFID II and the wider adoption of digital technology, which is reshaping distribution by changing the way managers engage with investors via digital platforms and robo-advisors (firms offering financial advice or investment management online based on mathematical rules with mimimal human intervention). Millennial investors, those aged between 18 and 35, are key adopters of this new technology, and it is this group that is expected to inherit $12 trillion in the next 15 to 20 years as cash moves from one generation to the next.[6] Across Europe numerous robo-advisors have been launched and in Germany alone Oliver Wyman predicts that robo-advisor assets could reach €30 billion by 2020.[7]

12.3.2 Market developments in the Americas

With 48% of global AuM, according to BCG, the North American asset management market is the world's largest.

BCG data indicates that in 2016 US AuM grew by 5%, despite the industry suffering net outflows of 0.3%, due to solid gains in domestic equity prices. The performance of the institutional segment (6% AuM growth) was slightly better than retail (5%). We believe substantial market opportunities in retail will exist with wealth advisors and private banks as they shift away from proprietary strategies. Likewise, we believe opportunities will exist for

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[1] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)
[2] EFAMA, Asset Management in Europe: Facts and Figures, May 2017
[3] BVI Market Analysis – December 2016 (February 2017)
[4] Deutsche Bundesbank (January 17, 2018)
[5] PwC, Defined Ambition – The Future of Pensions?
[6] CREATE-Research, Digitisation of Asset and Wealth Management: Promise and Pitfalls, 2017
[7] Ignites Europe, Incumbents 'to dominate' German robo-advice market, June 2016

asset managers arising from the continued shift towards defined contribution pension plans and away from defined benefit.

While North America is the largest market in the western hemisphere, in South America, AuM in Brazil increased by 17% in 2016.[1]

12.3.3 Market developments in Asia Pacific

AuM in Asia Pacific ("**APAC**") increased by approximately 10% in 2016 to reach $12.6 trillion, according to BCG. AuM in China grew by 21% in the year, driven by strong net inflows from both retail investors, due to high household savings, and institutions, as insurers and pension funds expanded.[1] Institutional wealth is quite concentrated in APAC, with approximately 20% of institutional investors holding around three-quarters of AuM.[2]

Asia is home to many first-generation billionaires. Approximately 120 such billionaires will hand over $400 billion to their heirs.[3] This presents a significant opportunity for asset managers.

BCG believes that growth in China's asset management market will be one of the main drivers of global industry AuM in the future. This expansion will result from the Chinese market and its investors becoming more sophisticated, an aging population, and rising wealth, which will increase demand for dedicated products such as target-date funds and ETFs. Additionally, foreign players are now able to obtain onshore licenses and new regulation is likely to increase outsourcing opportunities.

12.4 Outlook

Changing market conditions and investor needs have created significant opportunities for 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.

BCG expects sustained momentum, with global AuM to increase from $69.1 trillion in 2016 to $92.0 trillion by 2021. PwC, using its broader definition of AuM expects comparable global asset growth from $84.9 trillion in 2016 to $111.1 trillion in 2020 and $145.4 trillion by 2025.

PwC, based on its broad definition of AuM, predicts European AuM will grow by a CAGR of 8.4% from 2016 to 2020, as European economies recover from the Eurozone crisis in 2011, reflecting stronger GDP growth and long-term wealth accumulation. Further out, market growth is expected to slow, to a CAGR of 3.4% from 2020 to 2025.[4]

PwC expects Americas AuM to grow at a CAGR of 5.7% from 2016 to 2020, from $46.9 trillion of AuM to $58.6 trillion (based on its relatively broad definition of AuM). Between 2020 and 2025, growth is expected to slow to a CAGR of 4%.[4]

AuM in APAC are expected to grow at a CAGR of 8.7% from 2016 to 2020; between 2020 and 2025, growth is forecast to accelerate to a CAGR of 11.8%, taking AuM (as calculated by PwC, using its broad definition) to an estimated $29.6 trillion.[4] This growth is supported by changes in regulatory requirements for pension schemes and shifts to defined contribution plans from defined benefit.

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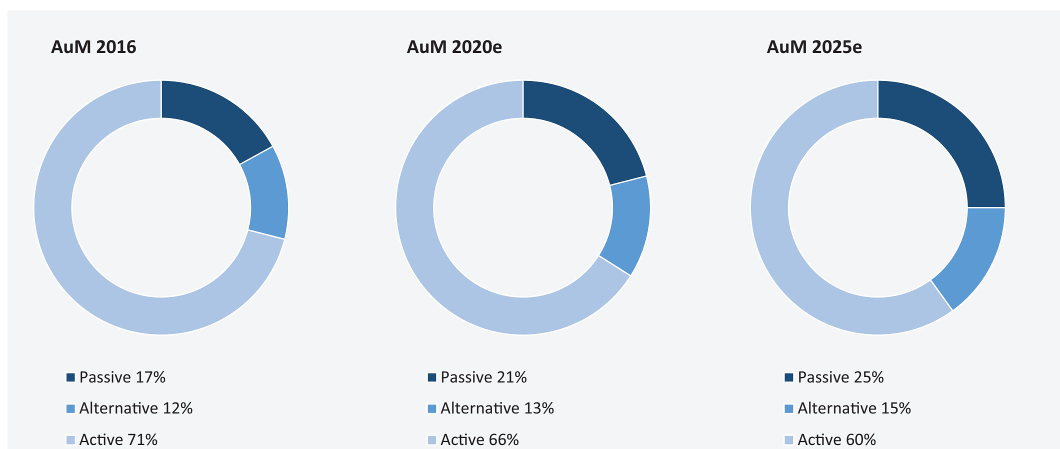
[1] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)

[2] Greenwich Associates, Asset Managers Benefit as Asian Institutions Diversify Portfolios, 3Q 2017

[3] PwC / UBS Billionaires Report 2017

[4] PwC AWM Revolution: Embracing Exponential Change, October 2017.

The following chart shows PwC's AuM predictions (again based on its broad definition of AuM) illustrating the expected continuing shift from active to passive.[1]



BCG product forecasts are again broadly in line with those from PwC and suggest that active specialties, which includes equity specialties (emerging market, foreign, global, small and mid-cap) and bond specialties (emerging market, global, high yield and convertibles) sectors will gain market share and see assets increase by a CAGR of 6% from $13 trillion in 2016 to $18 trillion in 2021. In contrast, traditional active core strategies will lose market share but are still expected to see assets increase by $2 trillion between 2016 and 2021. Solutions, which include LDI and multi asset strategies, are forecast to grow by a CAGR of 9% between 2016 and 2021, when they will reach $14 trillion in AuM and represent 15% of global assets. Growth is expected to be driven in part by multi asset strategies gaining further traction in Asia, particularly in China and Japan. By 2021 BCG expects passive assets to reach $19 trillion and make up 20% of global assets with wider adoption of ETFs contributing to growth. Alternative assets will grow at a CAGR of 7% to reach $14 trillion in 2021, according to BCG, and will account for 16% of global AuM. Alternative revenues in 2021 are forecast to increase to $130 billion, 43% of total market revenues.

12.5 Regulatory changes

Governments worldwide are strengthening investor protections. If fully enacted, implementation of two regulatory programs – the Fiduciary Rule of the US Department of Labor (for more information, see 14.3.4.8 below) and the European Union's Markets in Financial Instruments Directive ("**MiFID**") (for more information, see 14.3.1.2 below) – is estimated to triple the assets in individual portfolios worldwide that will be subject to stricter fiduciary and regulatory standards[2].

Changes in regulation tend to have negative repercussions for asset managers, primarily due to rising costs of regulatory compliance and a growing risk of regulatory sanction or litigation. Regulation may cause other changes within the industry, including consolidation to increase balance sheets, a decrease in the number of fund vendors and funds provided by intermediaries to encourage simplicity and transparency for advisors, outsourcing of heavily regulated portfolio advice by smaller advisors and intermediaries, and new pricing schemes to align industry economics more closely with regulator expectations.[3] Asset managers will need to be innovative to offset the potential decline of revenues from inducement restrictions and from declining fees as a consequence of regulatory pressure or a ban on distribution fees in

[1] PwC AWM Revolution: Embracing Exponential Change, October 2017.
[2] Deloitte, Ahead of the Curve, 2017
[3] CaseyQuirk by Deloitte ("Survival of the Fittest: Defining Future Leaders in Asset Management"), 2016

some markets.[1] However, innovative market leaders and those well positioned to adapt to regulatory change have opportunities to increase market share and AuM, and to manage costs better than their less well-positioned peers.

12.6 Digitization

Digitization is expected to broaden access to new markets and investors, as well as create operational efficiencies and cost savings for asset managers.

Opimas predicts that increased use of artificial intelligence could help financial institutions lower their cost-income ratios by 28% by 2025, through reduced headcount, increased revenues, improved risk allocation, and a higher return on IT investment. Greater use of technology is expected to help asset managers improve their business operations, particularly in terms of investment processes, product development, and trading. Robo-advisor capabilities, which provide investment management services online with minimal human intervention required, are also likely to become a core business component. Some asset managers have already rolled out their own robo platforms, while others are forming strategic partnerships to offer such services. Globally, robo-advisor growth is predicted in all regions, including in Germany where such assets are forecast to reach €30 billion by 2020.[2]

Despite the positive potential, asset managers will face challenges with regards to digitization. In particular, cybersecurity and data governance will be hurdles that will need to be overcome to implement digital strategies. In addition, increased regulatory scrutiny, competition from tech firms, the challenge of meeting consumer expectations formed from other online user experiences, and managing human capital while streamlining internal processes all have the potential to offset the positive benefits of digitization.

12.7 Competition

12.7.1 Globalization and increasing competition

In addition to the challenges of the post-crisis economy, a number of significant structural changes have affected the asset management industry. These include an environment of heightened global competition, rapidly changing demand for increasingly specialized asset classes, and the advent of more onerous regulations.

BCG argues that the asset management firms best positioned for success in a challenging market are those that combine a number of the following characteristics: scale and operational efficiency, a strong passive offering, differentiated and well-performing products (especially in multi asset, solutions and active specialties), and strong relationships with institutional investors and distributors, often across multiple markets.[3] Furthermore, access to distribution is expected to remain a key driver of sales volumes.[3] Diversification across asset classes and geographies can also lead to reduced volatility in AuM, revenues, and profitability.

As investors increasingly seek diversification through exposure outside their home markets, competition has intensified on a global scale, with net inflows increasingly becoming concentrated among a limited number of industry stalwarts and specialized asset managers, while small and mid-sized generalist players struggle. Both end-investors and major distributors are reducing the number of relationships they maintain with asset managers - creating potential further cross-selling opportunities for managers that gain assets as a result.

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[1] The Boston Consulting Group, Global Asset Management Survey, “The Innovator’s Advantage” (July 2017)
[2] Ignites Europe, Incumbents ‘to dominate’ German robo-advice market, June 2016
[3] The Boston Consulting Group, Global Asset Management Survey, “The Innovator’s Advantage” (July 2017)

According to BCG, the market continues to polarize between very large players with passive or diversified offerings and specialist niche players – while the middle is getting squeezed.[1]

Regulation, which varies by jurisdiction, has added another layer to the competitive landscape. To the extent regulations change or an asset manager seeks to enter a new market, investment and operational platforms need to evolve. Artificial intelligence and digital trends are allowing some asset managers to adapt to regulatory changes more effectively than others.

12.7.2 Competitors

The global asset management market is highly fragmented. Of the 400 asset managers ranked by IPE as of December 31, 2016, only 25 (including DWS) held more than 1% of global AuM, and only two, Blackrock and Vanguard, held more than 5% (with 7.7% and 5.9%, respectively).[2] Competitors tend to have a strong focus within certain markets and products. For example, DWS has a strong presence in Germany, where it enjoys a 26.3% market share of the retail market, according to the BVI as of December 31, 2017.[3] The business also has a strong insurance offering, ranking second in the world with 10% of global outsourced insurance AuM.[4]

Within the asset management sector, DWS faces competition from independent competitors and from competitors that can be roughly split into three categories: publicly traded asset managers, bank-owned asset managers, and insurance-linked asset managers. Globally, DWS competes with firms such as BlackRock, Vanguard, SSgA, Fidelity, BNY Mellon, JP Morgan AM, and AGI/PIMCO, but also competes on a regional and product level with other managers including Union Investment and Deka in the German retail market and Lyxor, UBS AM, and Amundi in the European ETF space.

[1] The Boston Consulting Group, Global Asset Management Survey, "The Innovator's Advantage" (July 2017)

[2] IPE, data as of December 31, 2016.

[3] BVI Investmentstatistik: Open-ended retail funds excluding real asset funds (as of December 31, 2017).

[4] Investment Outsourcing Report 2017

The following charts present selected industry rankings in detail:

Retail AM Germany

		AuM €bn
1	DWS	246
2	Union	144
3	AGI	142
4	Deka	126
5	BlackRock	47
6	Universal Inv't	27
7	Flossbach v Storch	23
8	Franklin Templeton	20
9	Fidelity	14
10	Amundi	13

BVI Investmentstatistik: Dec-17

Retail AM Europe

		AuM €bn
1	BlackRock	749
2	Amundi	499
3	JP Morgan	315
4	AGI/PIMCO	312
5	DWS	302
6	UBS	272
7	BNP Pariba	205
8	Intesa	201
9	Standard Aberdeen	183
10	AXA	179

Broadridge: Nov-17

Institutional AM Europe

		AuM €bn
1	BlackRock	912
2	Legal & General IM	793
3	Insight	538
4	APG	443
5	Amundi	309
6	State Street	305
7	Aberdeen AM	272
8	DWS	231
9	GSAM	223
10	Credit Suisse	215

IPE: Dec-16

ETFs Europe

		AuM $bn
1	BlackRock	358
2	DWS	85
3	Lyxor	76
4	UBS	50
5	Amundi	45
6	Vanguard	36
7	Invesco	31
8	SSGA	27
9	ETF Securities	21
10	Deka	11

ETFGI: Dec-17

Infrastructure Securities Global

		AuM $bn
1	Lazard AM	13.2
2	First State Inv.	8.9
3	DWS	6.1
4	Cohen & Steers	5.3
5	RARE Infra.	3.5
6	Morgan Stanley IM	3.1
7	Nuveen	2.9
8	Macquarie	2.8
9	Brookfield	2.0
10	Russell	0.4

eVestment: Sep-17

Insurance AM Global

		AuM $bn
1	BlackRock	273
2	DWS	190
3	GSAM	170
4	Amundi	120
5	Wellington	120
6	Guggenheim	100
7	PIMCO	86
8	JP Morgan	85
9	Macquarie	74
10	Conning	66

EDH: Dec-16

PART 13: BUSINESS

13.1 Overview

DWS is a global asset manager with €700 billion of assets under management ("**AuM**"; as of December 31, 2017) and a diverse offering that spans traditional active and passive strategies, as well as alternatives and bespoke solutions. We believe the business is positioned to deliver shareholder value through revenue growth, cost discipline, and dividend distributions.

Market opportunities

We believe DWS's broad capabilities are aligned with global growth opportunities. Industry AuM grew by 7% in 2016 to $69.1 trillion, and BCG expects it to increase to $92 trillion by the end of 2021. In DWS's home market of Germany, AuM has increased at a compound annual growth rate ("**CAGR**") of 7% in the decade since 2007, according to BCG, largely as a result of rising wealth. DWS's strategy is shaped by several major developments taking place in the asset management industry, all of which contribute, directly and indirectly, to this strong anticipated growth rate:

- Asset managers are playing a progressively larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and diminished ability of national governments to fund infrastructure investment;
- Low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios;
- Asset managers are developing new digital distribution capabilities as a way of accessing retail / direct-to-consumer channel, such as robo-advisory, particularly among younger customers;
- Strong growth in outcome-oriented products, such as multi asset, is driven by a combination of demographics (the "baby boomer" generation demands increasingly sophisticated retirement solutions) and the shift from "defined benefit" to "defined contribution" pension funding;
- An evolving regulatory framework, such as the shift to open architecture which is stimulating demand by improving transparency and choice for end consumer.

Investment performance and platform

DWS has achieved consistent investment outperformance for its clients. As a proportion of total AuM, 74% and 79% of Active and Alternatives strategies have outperformed their benchmarks over the past three and five years, respectively.[1]

These results were generated by DWS's globally integrated investment platform, which covers all major asset classes, investment styles, and solutions. The platform spans 17 countries and employs approximately 900 investment professionals, many of whom have been with the business for years; the average tenure of our investment professionals is about a decade, increasing to 14 years for senior portfolio managers (i.e. portfolio managers with the title Director or Managing Director). Supported by the Aladdin research and risk management system, which we implemented in 2016, the investment platform employs a global, consistent, and transparent investment process.

[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of December 31, 2017, Alternatives as of September 30, 2017)

Our investment activities are further supported by DWS's global trading capability, which consolidates activities into three regional hubs and provides global access to liquidity across asset classes.

Diversified clients and broad distribution

DWS has a diversified and balanced client base, both geographically and across the retail and institutional market segments (see 13.2 for AuM by region and client type). In Germany, we have a retail market share of 26.3%, according to BVI data[1].

Our clients are served by a coverage team of approximately 350 professionals[2], which extends to 70 countries across Europe, the Middle East and Africa ("**EMEA**"), the Americas, and Asia Pacific ("**APAC**"). Our distribution reach across multiple channels is designed to support growth.

Leading brands like DWS Investments, RREEF and Xtrackers, our expanding digital capabilities and solutions, and our relationship with DB Group support the distribution of our products and services. Following our separation from the DB Group, we will remain a preferred distribution partner for Deutsche Bank.

Operating platform

DWS believes its operating platform is robust and scalable, and includes digital capabilities that support initiatives across investment and distribution as well as cost and operational efficiency measures. Our separation from DB Group is expected to provide us with opportunities to further simplify and automate processes, continue expanding lower cost locations for staff where appropriate, and implement more efficient infrastructure.

We believe that we can leverage technology and intelligent solutions to further enhance our product offering, grow our AuM while maintaining fee margins at or around 30 basis points, reduce costs, and deliver shareholder value.

Management team and business results

DWS is led by an experienced and stable management team. Each member of the team has at least 18 years of relevant experience, and most have been with the DB Group for many years. Total net interest and noninterest income in 2017 was €2,509 million. The adjusted cost-income ratio was 70%, and net income amounted to €634 million. Adjusted PBT was €747 in 2017. Compared to 2016, this represented growth in net interest and noninterest income of 4%, an increase in net income of 40% and an increase in Adjusted PBT of 5%.

Net flows in 2017 were positive with a 2.3% net flow rate of total AuM, driven by Passive and Multi Asset product increases. Excluding Cash and Insurance, the net flow rate was 4.9%. The German home market achieved the strongest net flows with €13.5 billion of total €15.8 billion, with an expanding APAC region contributing €2.3 billion of net flows. This further supports progress toward our goal of growing net flows by 3% to 5% of opening AuM annually over the medium term with insurance flows expected to stabilize over time. The improvements in 2017 followed significant outflows, which were the result of the 2016 market headwinds caused by the negative market perception concerning Deutsche Bank. DWS aims to use this positive momentum to further increase AuM and improve revenues in the future.

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[1] BVI Investmentstatistik: Open-ended retail funds excluding real asset funds (as of December 31, 2017)

[2] Employees aligned to client-facing roles within distribution structure (as of December 31, 2017)

13.2 Competitive strengths

We believe DWS is well positioned to capture market opportunities and address asset management industry challenges. In our view, the combination of the following key competitive strengths set us apart from our competitors:

- ***DWS is a leading, global market player in asset management with strong positions and brands across markets.***

  With more than 60 years of investment experience and €700 billion of assets under management (as of December 31, 2017), DWS is one of the top five European asset managers[1] by AuM and a leading global manager across a number of products.[2]

  Already known to many as Deutsche Asset Management, the Company will operate under the DWS brand following the Offering. With a 60 year heritage, DWS is the dominant retail brand in Germany and enjoys high recognition across Europe. DWS will distribute its passive products under the Xtrackers brand globally and maintain RREEF for its alternative investments.

  By AuM, DWS ranks first for retail asset management in Germany, with a 26.3% share of the retail market[3], and fifth in Europe overall[4]. We rank second globally by AuM for outsourced insurance asset management[5]. Xtrackers, our passive platform, is Europe's second-largest provider of ETFs with 10.6% market share, and the sixth-largest globally[6]. RREEF has a track record of more than 45 years in the alternatives space and ranks eleventh among global real estate platforms[7].

- ***Excellent products and investment solutions are designed to meet current and future client needs and superior investment track record of outperformance.***

  DWS has a broad and diversified product offering ranging from active and passive investment products to alternatives and multi asset strategies. This positions us well in the context of industry growth forecasts, which predict the highest concentration of flows to core beta and high-value alpha, the so-called "barbell" (Part 12).

  DWS has generated consistent investment returns for its clients, which is core to our abiliy to attract inflows. Approximately three-quarters of our aggregated active and alternative assets under management are in strategies that have beaten their benchmarks over three and five years. Performance has been especially strong in alternatives: 87% of our alternative assets are in strategies that have outperformed over three years.[8]

  DWS has long recognized the importance for investors of environmental, social, and governance (ESG) factors, and 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 provide us with valuable insights that assist us to further protect and grow our clients' assets over the long term.

[1] Ranking based on the European headquartered asset managers in the IPE Top 400 Ranking 2017; data as at FY-2016.

[2] See section 12.7.2 for a sample of DWS's rankings among competitors across regions and asset classes.

[3] BVI Investmentstatistik: Open-ended retail funds excluding real asset funds (as of December 31, 2017)

[4] Broadridge by AuM (as of November 30, 2017)

[5] Eager, Davies & Holmes – outsourced non-affiliate general account insurance assets (December 31, 2016)

[6] ETFGI (December 31, 2017)

[7] P&I Survey (June 30, 2017)

[8] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of December 31, 2017, Alternatives as of September 30, 2017)

- ***DWS has a well-balanced mix of institutional and retail clients across multiple channels and geographies.***

  DWS has a global footprint and a scaled presence in key markets. By region, Germany accounts for 42% of our total AuM; EMEA excluding Germany for 25%; the Americas for 28%; and Asia Pacific for 5%. About 54% of our clients are institutional investors, including pension funds and insurers; and 46% are retail customers, including intermediaries, distributors, and individual investors.

  In addition to the breadth of our investment capabilities, our outperformance track record and our diversification across geographies and clients provide us with both a unique access to future growth opportunities as well as a reduced reliance on a single market or investor type. While the DB relationship represents an important pillar of our distribution reach, it only represents approximately 12% of our assets under management. We have developed distribution capabilities that cater to a range of investor preferences, including our robo platform. Moreover, DWS's geographic footprint and operational platform ideally positions us to extract synergies through global delivery of our products from regional centers of excellence (see section 13.4.5 for further details).

- ***DWS's scalable operating platform leverages technology to accelerate innovation and drive growth and efficiency.***

  Following significant investments in recent years, we have built a robust and scalable operating platform. Achieved through a combination of insourcing and outsourcing, this has resulted in an enhanced and strengthened platform and in parallel delivered a number of operational and cost efficiencies with significant future scale.

  DWS leverages technology to drive growth and performance across the value chain. For example, technology investments in our operations platform have helped us to achieve efficiencies by automating processes from the front-office to the back-office. The Aladdin system we implemented in 2016 has enabled us to globally integrate our investment platform and has enhanced decision-making, trading, and risk management. From a strategic standpoint, we are increasingly using analytics, including 'big data', to predict client trends and target distribution initiatives.

  Our digital capabilities are also creating new channels for us to distribute products and services. For example, our white-label robo platform, called WISE, enables our distribution partners to offer digital discretionary portfolio management services to their clients. We have also developed a new digital 'front-end' for our IKS fund platform, which has approximately €100 billion of assets under administration. Called EDISON, it will transform how we interact with clients and distribution partners.

  DWS benefits, and will continue to benefit, from a strong relationship with DB Group. DB Group is a leading distribution partner, particularly in Germany. It is also provides operational resources covering finance, risk management, technology, legal and compliance, and human resources.

- ***DWS has an experienced management team.***

  DWS's management team is experienced in running an asset management business and has a history of consistent profit and cash generation. Each member of the team has at least 18 years of relevant experience, and most have been with the DB Group for many years. The management team is committed to delivering on our growth strategy and

leading our performance culture across four pillars: excellence, entrepreneurship, sustainability and integrity.

- ***DWS is positioned to deliver shareholder value through revenue growth, cost discipline and dividend distribution.***

  We believe DWS's alignment with industry trends and planned strategic initiatives will support our growth ambitions. Moreover, we have particular strengths in higher margin products such as multi asset and alternative strategies. We expect that growing positive flows with solid margins will deliver significant revenue growth opportunities.

  We have a track record of maintaining cost discipline, as demonstrated in recent years. The management team has reduced DWS's adjusted cost-income ratio from 72% in 2015 to 70% in 2017. This discipline has improved the business' bottom line, with adjusted profits before taxes increasing from €709 million in 2016 to €747 million in 2017.

  DWS is a highly cash generative business with a strong balance sheet and capital position that is expected to support our ability to achieve our target dividend payout ratio of 65-75% as a percentage of net income.

13.3 Strategy

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

These strategic initiatives support our medium-term targets. We believe the broad range of well-performing products and investment solutions gives DWS a strong basis for growing assets and revenues. The wide distribution reach across retail and institutional channels, as well as across geographies, can drive flows to support the delivery of annual net flows target of 3% to 5% (as a percentage of beginning of period AuM). Our diversified asset base with a bias to higher margin products positions us well for margin resilience, maintaining an average management fee margin of at least 30 basis points. The strong and scalable operating platform, coupled with cost efficiency initiatives, is designed to support the reduction of our adjusted cost-income ratio to below 65%. Through the above, DWS is positioned to deliver shareholder value via a target dividend payout ratio of 65% to 75% (as a percentage of annual net income).

The business-growth goals outlined below will be supported by a planned medium-term investment of €90 million in incremental hires (approximately 100 FTE) across distribution, the investment platform and our digital capabilities. Through cost efficiency initiatives, we are targeting medium-term annual gross savings in our cost base of €125 million to €150 million, relative to 2017.

- ***Build on European leadership position.***

  A key strategic focus is to maintain our leadership positions in Germany and EMEA, while capitalizing on the significant growth opportunities across the broader region. Our focus areas include seeking to mobilize the substantial volume of non-invested retail assets in Germany and the rest of Europe, and providing innovative solutions aimed at addressing retirement needs and old-age provisioning. We also see potential across EMEA and globally for our digital solutions. This includes WISE, our white label robo platform offering discretionary portfolio management.

- ***Target focused growth in the Americas.***

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

- ***Expand coverage in APAC.***

  In APAC, our targeted coverage approach reflects the concentration of wealth within a relatively small number of regional institutions. We aim to leverage DWS's comprehensive suite of products and solutions to capture the ongoing trend in the region to outsource institutional mandates. We also see growth potential by exporting select European and US funds to APAC, as well as to expand partnerships with larger regional asset managers and distribution partners. Furthermore, our collaboration with Harvest Fund Management focuses on a range of distribution and product initiatives.

- ***Maintain focus on investment performance, while expanding solutions.***

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

- ***Enhance digital capabilities in response to client demand.***

  We will continue to invest in DWS's digital capabilities. Select examples include our front-end application, EDISON – which is designed to enhance the client experience for retail investors and our distribution partners on our IKS funds platform – and WISE, our white-label robo platform.

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

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

- ***Deploy growth capital in a disciplined way.***

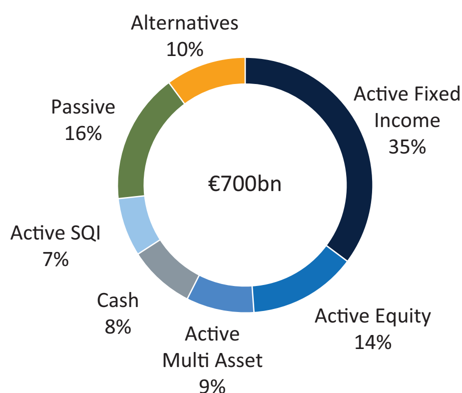
  The disciplined allocation of capital is expected to fund a range of growth initiatives, as well as significant shareholder distributions. Our medium-term business plan includes an increase in our seeding and co-investments budget to better align our interest with clients. While we believe there is room for consolidation in the asset management industry, we believe we are already fully diversified in terms of product capabilities

and geographic reach and only intend to deploy growth capital for M&A in a disciplined way. Accordingly, we will continue to monitor the market for selective bolt-on opportunities to grow in priority areas, for example to complement our product range and our platform capabilities. We may consider consolidation opportunities prevailing in the industry, to establish our market positions in key growth areas, or for distribution access. Any M&A activity, in addition to meeting strategic objectives and low execution risk, will also be measured against financial criteria such as attractive ROI and earnings accretion.

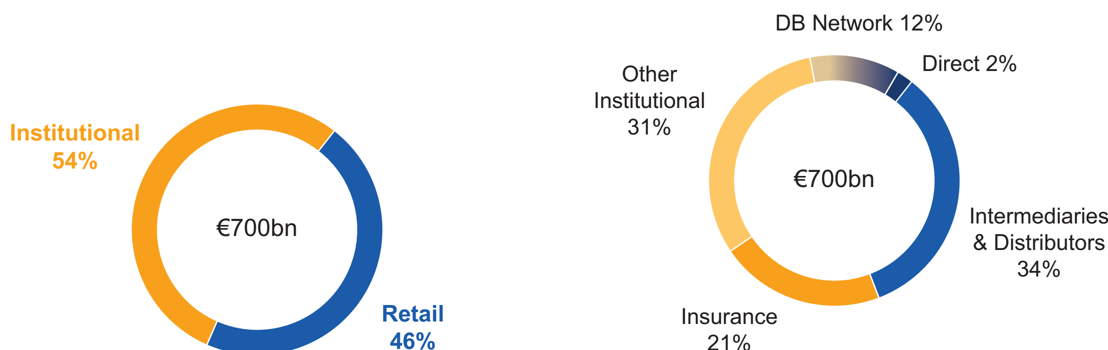
13.4 Our Business

We operate DWS as one business segment. Our investment platform covers all major asset classes, styles, and solutions, including active and passive strategies. We believe DWS's operating platform is scalable and efficient. The strong risk management and controls it provides support our commitment to maintaining a culture of compliance and adherence to regulatory standards, as well as to improving client services.

Our products and solutions span equities, fixed income, cash, real estate, infrastructure, and private equity, as well as a range of sustainable investments. The following chart shows the split of our AuM by product types as of December 31, 2017:

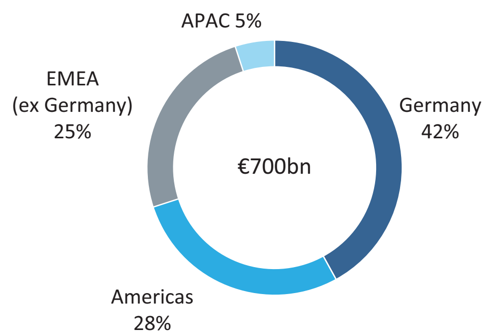


DWS's distribution network covers countries across EMEA, the Americas, and APAC. The distribution team comprises approximately 350 client-facing professionals[1], who serve a diverse and balanced client base — which includes more than 2,300 institutional and retail clients with more than €1 million in AuM each. The following charts show the split of our AuM by client type and distribution channel, each as of December 31, 2017:

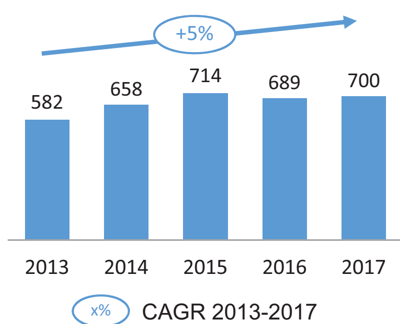


[1] Employees aligned to client-facing roles within distribution structure (as of December 31, 2017)

DWS's AuM base is diversified by geography without any significant concentration. The following graph shows the corresponding split of our AuM as of December 31, 2017 and excludes Harvest's €111 billion of AuM:



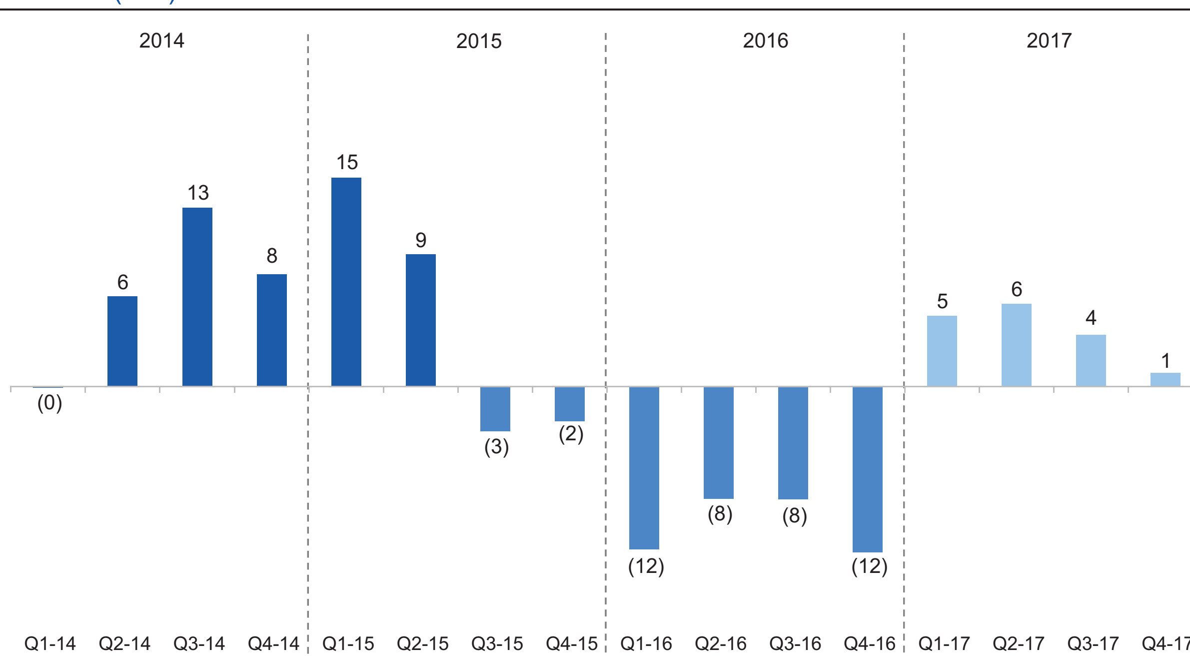
We measure business success using a variety of financial metrics, such as AuM, net flows and profits before tax. The chart and table below show the development of our AuM, which has grown at a CAGR of 5% from 2013 up to and including 2017. This period includes 2016, a particularly challenging year for the DB Group when adverse sentiment at the group level led to asset outflows of €39 billion.



(in € billion)	As of and for the year ended December 31,		
	2017	**2016**	**2015**
		(audited)	
Opening AuM as at January 1	**689**	**714**	**658**
Net flows	16	(39)	19
FX impact	(36)	5	34
Performance	29	15	3
Other[1]	1	(5)	0
Closing AuM as at December 31	**700**	**689**	**714**

[1] Other includes acquisitions and disposals.

The chart below highlights historical quarterly net flows from January 1, 2014 to December 31, 2017. It depicts the outflows that began in the second half of 2015 when DB Group's challenges began; negative flows increased in 2016 before turning positive again in 2017.



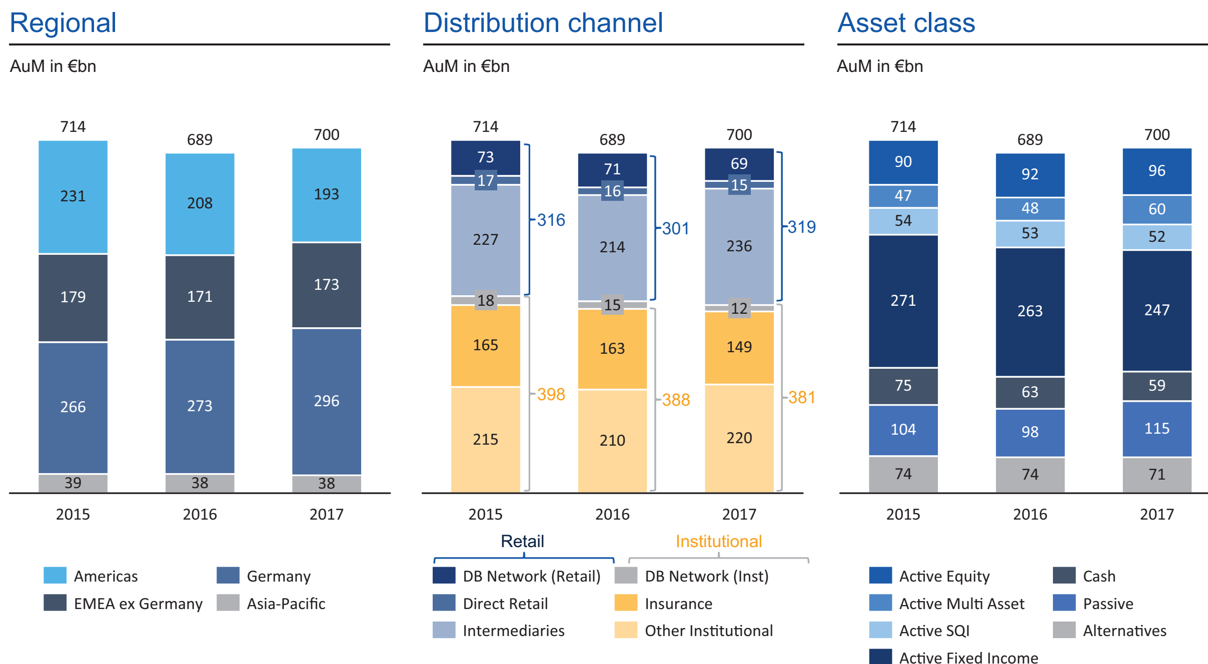
Net flows by product area

By product area, DWS's net flows in recent years have been strongest in passive and multi asset. As noted above, in 2017 net flows improved across all asset classes and resumed their earlier positive trend, following the challenges at the DB Group level that impacted sentiment and consequently flows in the latter part of 2015 and in 2016 in particular.

Flows since 2014 are highlighted in the chart above. In 2017, net flows overall were strongly positive, with net inflows in multi asset, passive, alternatives, and cash more than offsetting net outflows in active fixed income, active equity and systematic and quantitative investments (SQI).

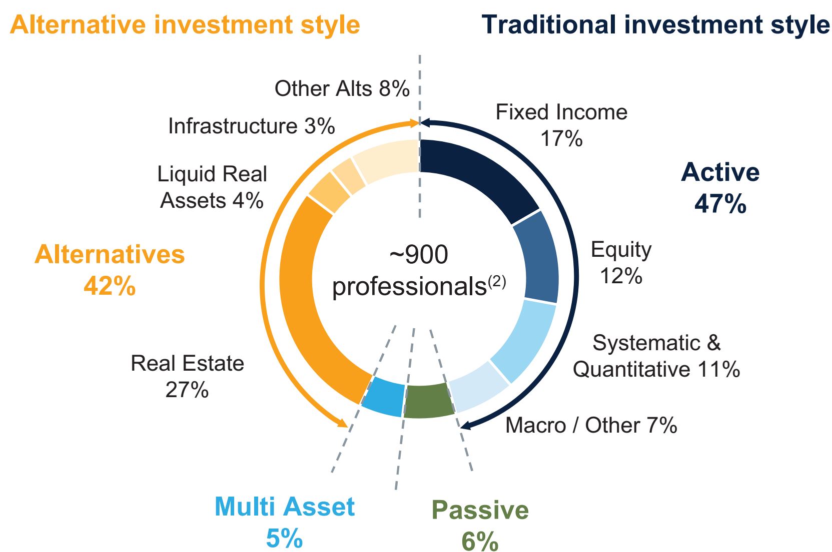
Perhaps unsurprisingly given the size, breadth, and global reach of DWS's asset base, the business' flows in the period shown are broadly reflective of the industry trends highlighted earlier (see section Part 12 above), with a general shift in investor preferences toward higher allocations to alternatives, passive, multi asset and solutions, and lower allocations to active equity.

The following charts show the split of our AuM by geography, distribution channel and asset class for years 2015 – 2017:



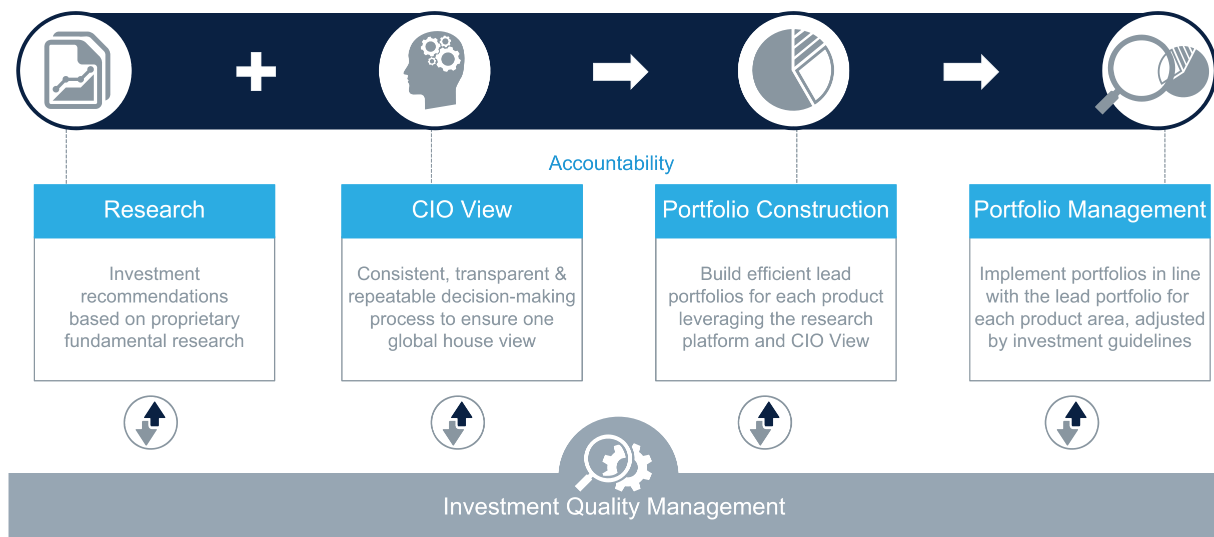
13.4.1 Investment platform

The investment platform employs approximately 900 investment professionals (excluding product specialists), with headcount allocated as follows: Active (47%), Passive (6%), Alternatives (42%), and Multi Asset (5%).



1) Excluding product specialists

Our investment process is global, consistent, and transparent. The following graphic provides a visual representation of each step, beginning with proprietary research and our CIO View (house view):



Ensure, evaluate and confirm or improve quality in terms of performance, risk and skill

13.4.1.1 Research

DWS's investment activities are underpinned by a substantial global research capability, which itself is supported by the Aladdin research platform implemented worldwide in 2016. Our research covers macroeconomics, fixed income, equities, and alternatives. In aggregate, our research platform generates more than 500 top-down recommendations and over 3,000 bottom-up recommendations.

13.4.1.2 CIO View

Building on our proprietary research, DWS publishes the CIO View, which contains our house view on macroeconomic topics, our financial market forecasts, our outlooks for individual asset classes, our model multi asset allocations, and our views on market risks. The CIO View is used internally by portfolio managers to inform their investment decisions, and externally to share our investment expertise with clients.

13.4.1.3 Portfolio construction

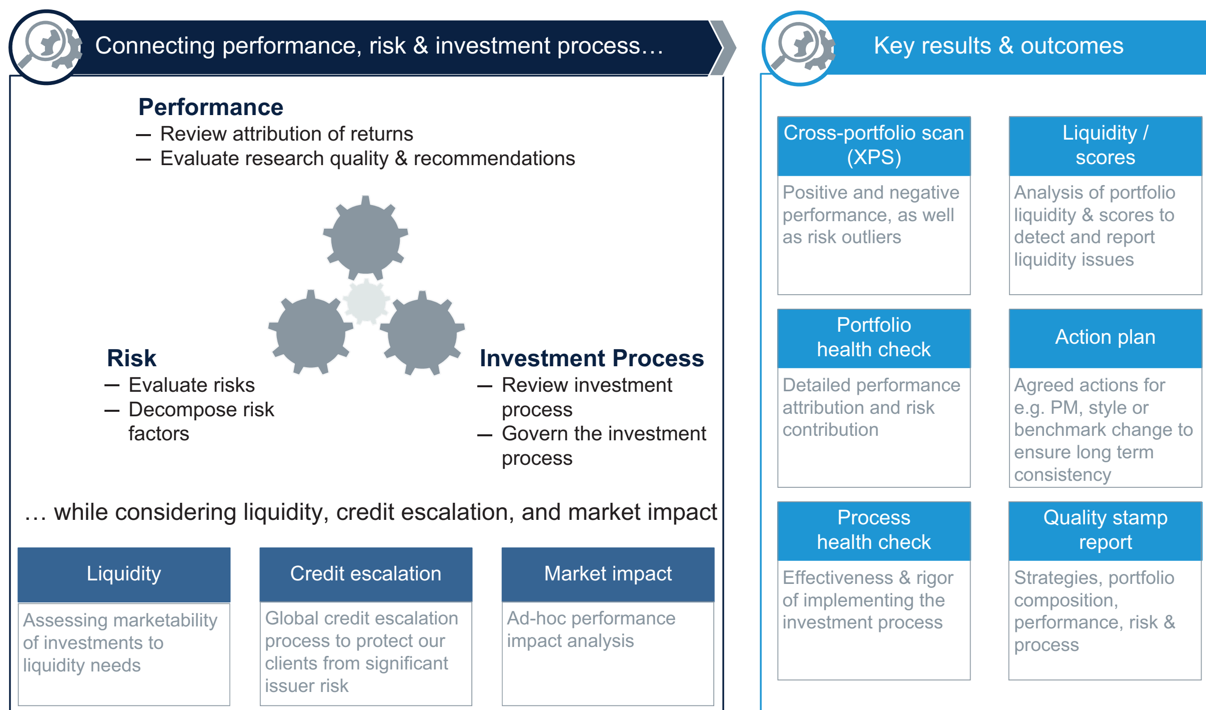
Proprietary research and the CIO View provide the foundation for the construction of efficient lead portfolios for each major asset class. Research may be supplemented with company visits and management interviews, quantitative screening, and consideration of ESG (environmental, social, and governance) factors. Portfolio construction is an intellectually rigorous process in which views and assumptions are challenged and debated, and that includes an in-depth focus on diversification and risk management.

13.4.1.4 Portfolio management

The lead portfolios serve as guides to develop individual funds and client mandates. Lead portfolio allocations are tailored according to product- or client-specific objectives, guidelines, and restrictions. At this stage in the process, we also factor in portfolio correlations and regulatory limits, as well as liquidity requirements and implementation considerations.

Overlaying each step of the investment process is a quality management process, which seeks to identify sources of risk, skill, and performance. This involves the analysis and evaluation of

research quality, return attributions, risks, performance, and the investment process itself. Quality management provides a multi-dimensional health check on portfolios and processes, and is designed to help us maintain our consistent performance track record. The following graphic illustrates the primary inputs and outputs of the quality management process.

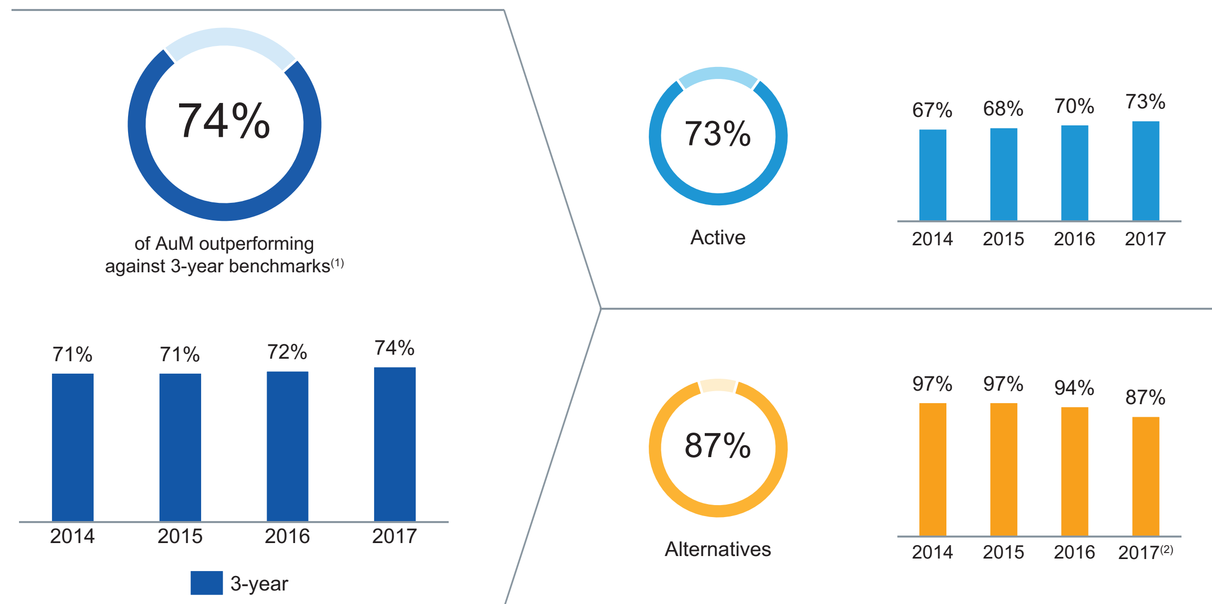


As the following discussion of our product areas is intended to highlight, we believe our investment platform is well-positioned to address market trends. Notably persistently low interest rates, which will demand a broad range of innovative investment solutions; demographic shifts, as baby-boomers retire and millennials with different buying habits (especially a preference for digital solutions) become an increasingly important client group; and regulatory changes, which will likely heighten asset managers' reliance on internal research resources, and increase transparency and reporting requirements.

DWS has historically generated strong investment outperformance with 74% of AuM outperforming against three-year benchmarks, or 73% of Active AuM and 87% of Alternatives AuM in 2017.

Investment outperformance

Historical rolling % of total Active and Alternatives AuM outperforming benchmarks for the period(1)



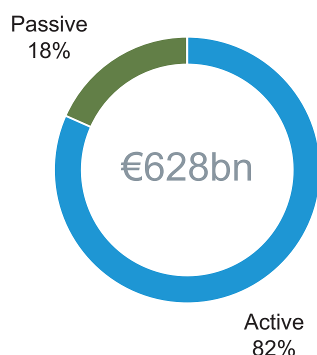
(1) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of Dec 31, 2017, Alternatives as of Sep 30, 2017)

(2) Alternatives as of Sep 30, 2017

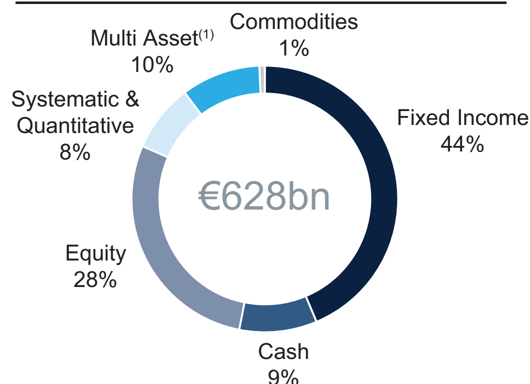
13.4.2 Traditional: Active and Passive capabilities

As of December 31, 2017, DWS had approximately €628 billion of AuM in traditional strategies, of which approximately 18% were in passive strategies and 82% were in active strategies. By asset class, these assets were split as follows: fixed income (44%), equities (28%), multi asset (10%), cash (9%), systematic and quantitative strategies (8%), and commodities (1%). The following charts show our traditional AuM by investment style and asset class as of December 31, 2017.

AuM by style



AuM by asset class



1) Therein €60 billion multi asset AuM (10%) that are covered in distinctive section multi asset and solutions capabilities

We offer a comprehensive range of investments, from cost-efficient 'core beta' passive products to 'pure alpha' active strategies. This enables us to provide our clients with investments designed to address their individual needs in different market environments. We describe our passive and active offerings, and related growth opportunities, below. Please

refer to the later section on multi asset and solutions for more information on these product areas.

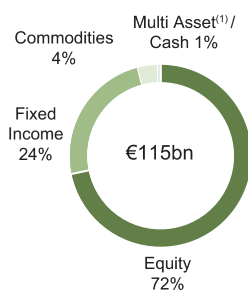
Active (excluding Multi Asset)	For the year ended December 31		
	2017	2016	2015
		(audited)	
Assets under Management (AuM) (€ billion)	453	470	490
Net flows (€ billion)	(7)	(31)	(15)

Passive	For the year ended December 31		
	2017	2016	2015
		(audited)	
Assets under Management (AuM) (€ billion)	115	98	104
Net flows (€ billion)	11	(9)	26

Passive

Our passive platform offers easy access to a wide range of markets in a liquid and cost-efficient way. Our offering includes Core Beta, Beta Plus, Strategic Beta, and Specialty products (described below). AuM data and other information relating to our passive business are shown in the graphs and graphics below.

AuM by asset class



AuM by product type

Key highlights

Note: All AuM figures as of Dec 31, 2017

(1) Multi Asset capabilities covered in distinctive section *Multi Asset & Solutions capabilities*,

(2) ETFGI (as of Dec 31, 2017),

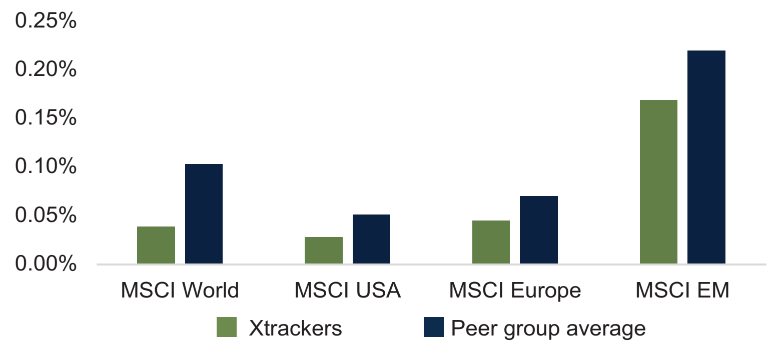
(3) Morningstar (as of Dec 31, 2017),

(4) Combined weighted physical replication of 74% for Equity and 85% for Fixed Income targeted at Dec 31, 2017

We believe our broad passive offering positions us well in light of key industry trends: in particular, the increasing use of passive strategies (including by active managers) to achieve efficient exposure to diverse markets; as well as growing demand for products that offer exposure to risk factors and other alternative construction methodologies beyond the traditional approach of weighting by market capitalization.

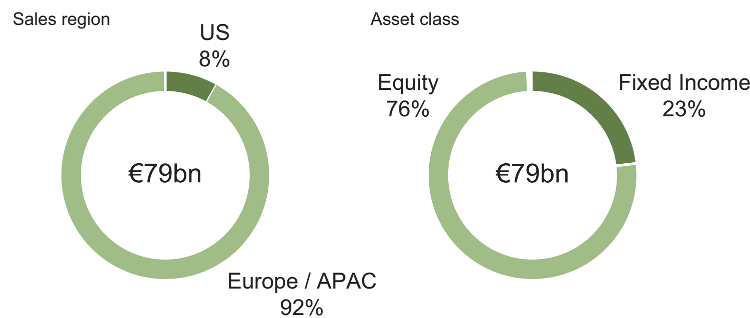
We believe that a distinction of our passive range is the accuracy with which our products track their underlying benchmarks. The following chart shows the average tracking error of Xtrackers products relative to a peer-group average (the peer group comprises HSBC, BlackRock, and UBS[1]).

[1] DWS analysis: Xtrackers ex-post tracking error vs. average peers' tracking error 10M-17 in equity (peer group that offers all four products: HSBC, BlackRock, UBS)



13.4.2.1 Core Beta

Our Core Beta products physically replicate major equity and bond indices (approximately 250 benchmarks are accessible via our ETFs). We also offer customized passive mandates, including by adding ESG overlays, currency hedges, or factor weightings to underlying benchmarks. The charts below show our Core Beta AuM split by sales region and asset class as of December 31, 2017.

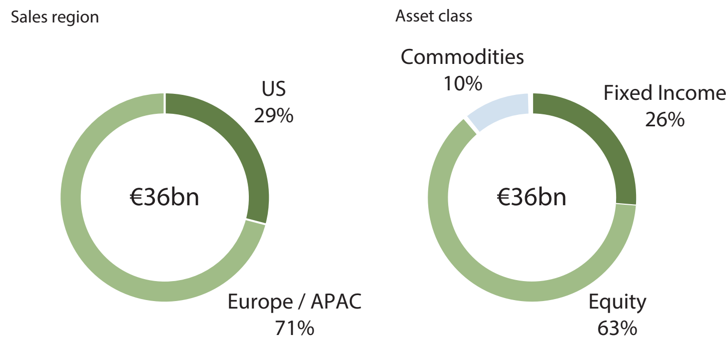


Our Core Beta growth strategy includes using our scalable platform to participate in expanding markets outside the mature regions, as well as completing our offering with select products such as those focused on higher-yielding US corporate bonds and emerging market debt. In addition, ETFs and ETPs are well suited to the new online robo-advice digital services. We intend to continue to invest in automation to improve straight-through-processing rates.

13.4.2.2 Beta Plus, Strategic Beta, and Specialty Products

Beta Plus products seek to enhance index returns by making small deviations from their underlying benchmarks. Strategic Beta products weight their constituents by risk factors, quality metrics, or other systematic processes, rather than by using the traditional market-capitalization approach. Our Specialty Products range includes products that provide: exposure to commodities; currency hedges; ESG overlays; and short and leveraged exposures to the products' underlyings.

The charts below show the combined AuM in Beta Plus, Strategic Beta, and Specialty Products split by region and asset class as of December 31, 2017.



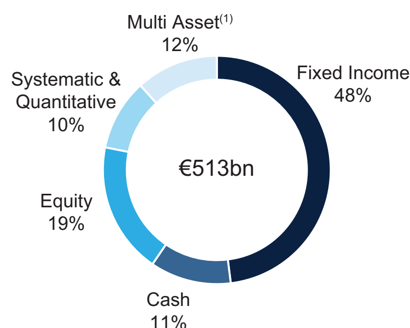
Growth initiatives in this area include capitalizing on growing demand for multi-factor, smart beta, multi asset, and ESG products. We also aim to leverage joint venture relationships and our local presence to expand in China, Hong Kong, Japan, and Australia. Finally, we see potential to increase penetration of key institutional client segments such as pension plans, insurance companies, and banks.

Active

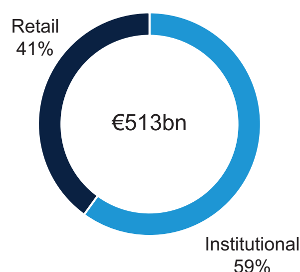
Our active offering spans fixed income, cash, equities, systematic and quantitative, and multi asset strategies. Our active AuM comprises 59% institutional assets and 41% retail assets.

We believe that the performance of our active suite has been consistently strong. Some 103 of our active funds are rated four or five stars by Morningstar, and close to three-quarters of our active AuM are in strategies that have outperformed their benchmarks over three years. AuM data and other information relating to our active business are shown in the graphs and graphics below as of December 31, 2017.

AuM by asset class



AuM by distribution channel



Key highlights

73%
Active AuM outperforming[2]

103
Funds with 4&5 MS stars[3]

Note: All AuM figures as of Dec 31, 2017

(1) Therein €60bn Active Multi Asset that are covered in distinctive section *Multi Asset & Solutions capabilities,* (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of Dec 31, 2017), (3) Morningstar (as of Dec 31, 2017), including Multi Asset funds

Despite industry-wide pressures on active management fees, we have been able to maintain margins by increasing AuM in higher-margin multi asset, systematic and quantitative strategies. We believe our focus on these areas positions us well to address industry trends, in particular the broad shift in investor preferences toward lower-cost passive investments.

13.4.2.3 Fixed Income

As of December 31, 2017, our active fixed income AuM was approximately €247 billion, diversified across the Americas (39%), Germany (31%), the rest of EMEA (22%), and APAC (9%). Notable strengths of this business area include: EUR government bonds; covered bonds; US municipal bonds; China bonds; and corporate credit.

Our fixed income strategies are supported by extensive research resources: the global fixed income team includes more than 200 research and investment professionals, who cover over 1,750 issuers and more than 1,400 structured finance transactions. Some 25 of our fixed income funds are ranked four or five stars by Morningstar and the aggregate asset-weight outperformance ratio of products over a 5-year period is 73%.

Fixed income growth initiatives include offering enhanced money-market solutions in response to the rising interest-rate environment, such as short-duration credit and floating rate notes. We also plan to expand our range of illiquid fixed income strategies, which offer the potential to capture illiquidity and complexity premiums. We are also developing an ESG-compliant corporate credit offering for institutional clients.

13.4.2.4 Cash

Cash is comparatively low fee, but highly scalable. As of December 31, 2017, we managed approximately €58 billion in cash assets across EMEA ex-Germany (39% of assets), the Americas (51%), Germany (9%), and APAC (1%).We offer money market funds and segregated accounts in multiple currencies. A team of more than 20 research and investment professionals are dedicated to liquidity management. 98% of our cash assets are in strategies that have outperformed their benchmarks over five years.[1]

Among other focus areas in this asset class, we see particular potential to grow our segregated account cash mandates, as well as to expand our business providing liquidity management services to multinational companies.

13.4.2.5 Equity

Active equity AuM was approximately €96 billion as of December 31, 2017, split across Germany (61%), the Americas (20%), the rest of EMEA (17%), and APAC (2%). Our leading equity products include DWS Top Dividende, which alone has close to €20 billion in assets under management, DWS Deutschland, and the Deutsche Core Equity Fund (US). Some 32 of our active equity funds are rated four or five stars by Morningstar, and 85% of our active equity assets are in strategies that have outperformed their benchmarks over five years.[2]

We see growth potential for ESG equity strategies globally, in both the institutional and retail spaces — in the latter by adding ESG overlays to some of our flagship funds. We also intend to focus on growing our regional equity income-product suite, adding US and Japanese dividend strategies, and to optimize our US equity offering with model driven investment strategies.

13.4.2.6 Systematic and Quantitative

Over 60 research and investment professionals are dedicated to providing our clients with a broad suite of systematic and quantitative investments (SQI). We operate three distinctive

[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over period (as of December 31, 2017)

[2] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over period (as of December 31, 2017)

quantitative investment processes, which underpin a broad range of products that includes 30 funds ranked four or five stars by Morningstar. As of December 31, 2017, we had €52 billion of systematic and quantitative AuM across Germany (89%), the Americas (6%), and EMEA ex-Germany (5%). Of our systematic and quantitative investments, 68% are in strategies that have outperformed their benchmarks over five years.[1]

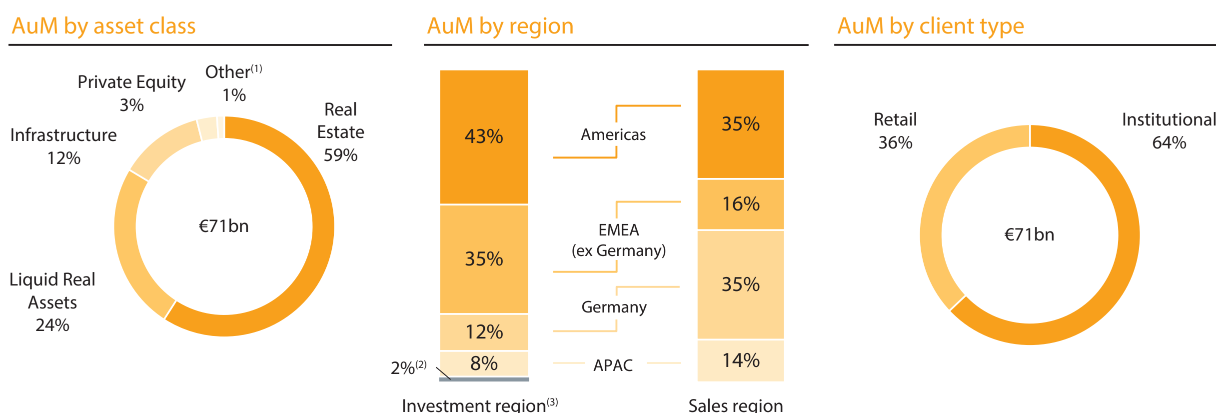
Our capabilities in this area include CROCI (which stands for "cash return on capital invested"), a systematic value equity strategy; the SOP Quant dynamic multi-factor equity approach; and individualized pension products.

We believe growth opportunities include broadening our CROCI research universe to include financials; expanding our quant offering with additional strategies, particularly fixed income products; and leveraging our expertise in individualizing pension products to develop the next generation of retirement solutions.

13.4.3 Alternatives capabilities

With a heritage in alternative investing stretching back over 45 years, we have a long track record of delivering solid investment performance to our clients and enjoy top rankings in global real estate (eleventh) and infrastructure securities (third).[2] Approximately 87% of our alternatives strategies by AuM have outperformed their benchmarks over three years; 100% of our direct real estate and direct infrastructure assets have outperformed their benchmarks.[3]

As of December 31, 2017, our alternatives platform had approximately €71 billion in AuM, up from €59 billion at the end of 2013, split as follows: direct real estate (59)%; liquid real assets (24)%; direct infrastructure (12%); private equity (3%); and hedge funds, sustainable investments and other alternatives (1%). Our largest geographical focus for both investments and sales is EMEA, followed by the Americas and APAC, as shown in the table below.



Note: All AuM figures as of Dec 31, 2017 unless otherwise noted

(1) P&I Survey (as of Jun 30, 2017), (2) Includes Hedge Funds and Sustainable Investments, (3) Includes swaps and fee earning committed capital with no investment geography (~2% of AuM), (4) 3-year aggregate asset-weighted gross outperformance of products that have benchmark spreads available as of Sep 30, 2017, (5) Investment region breakdown as of Sep 30, 2017

The alternatives team includes approximately 95 senior portfolio managers (i.e. portfolio managers with the title Director or Managing Director), with an average tenure of more than 12 years, as well as 25 dedicated research professionals.

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[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (as of December 31, 2017)

[2] P&I Survey (June 30, 2017); eVestment (September 30, 2017)

[3] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (as of September 30, 2017)

We are particularly strong in real estate and infrastructure investment. We expect these asset classes to continue generating significant growth in the near future as investors seek yield in a low interest rate environment. Direct real estate and infrastructure also generate a more stable revenue stream, with less reliance on performance fees.

We offer clients access to alternative asset classes via separate accounts, open- and closed-end commingled funds, 40-Act mutual funds in the US, and collective investment trusts.

Alternatives	**For the year ended December 31**		
	2017	**2016**	**2015**
		(audited)	
Assets under Management (AuM) (€ billion)	71	74	74
Net flows (€ billion)	1	0	(5)

13.4.3.1 Direct real estate

As of December 31, 2017, we managed approximately €42 billion of direct real estate assets. This included debt and equity investments in over 1,000 properties, including office, retail, multi-family, and industrial buildings. Approximately 43% of our direct real estate investments are in the Americas; 30% are in EMEA ex-Germany; 20% are in Germany; and the remainder are in APAC. RREEF America REIT II is our flagship US core real estate fund, with over €10 billion in AuM. All of our direct real estate strategies by AuM have outperformed their benchmarks over both three and five years.[1]

Our development initiatives include launching an Asian core real estate fund, that will complete our lineup of regional core real estate open ended funds; growing our recently launched US Core Plus Industrial Fund; broadening our real estate debt offering through funds and separately managed accounts; and bringing new hybrid private/public real estate vehicles to market to access the fast-growing defined contribution segment.

13.4.3.2 Direct infrastructure

As of December 31, 2017, we managed approximately €9 billion of direct infrastructure assets. On behalf of our clients, we currently hold positions in 44 infrastructure assets, primarily in the transportation, energy, and utilities sectors. Equity investments comprise the majority of our direct infrastructure holdings, with debt investments constituting approximately 8% of AuM in this area. Our direct infrastructure funds include the Pan European Infrastructure Fund and the recently launched Pan European Infrastructure Fund II. 100% of our direct infrastructure strategies by AuM have outperformed their benchmarks over both three and five year periods.

Growth initiatives include broadening our equities offering to the USA; selectively raising separately managed accounts in the core infrastructure space; and growing our infrastructure debt offering through funds and separately managed accounts.

13.4.3.3 Liquid real assets

We managed approximately €17 billion of liquid real assets as of December 31, 2017, primarily real estate securities (41% of AuM), and infrastructure securities (52%). By AuM, we rank as the third-largest infrastructure securities manager globally and the eighth-largest

[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (as of September 30, 2017)

manager of real estate securities. The remainder of our liquid real assets comprise commodities (3% of AuM) and real asset securities (4% of AuM). Approximately 89% of our liquid real estate strategies by AuM have outperformed their benchmarks over five years.[1]

Growth initiatives in this area include broadening our global real asset securities offering; developing competitively priced liquid real assets vehicles for US-based defined contribution plans; and further expanding our multi asset and income solutions.

13.4.3.4 Sustainable investments, hedge funds, and private equity

As of December 31, 2017, we managed approximately €2.9 billion of assets in other alternatives. The majority of these assets were in primary and secondary private equity investments; the remainder comprised our hedge fund business (advisory and secondaries), and sustainable investments.

We have 20 years of experience of sustainable investing. The sustainable opportunities we provide clients include private debt and equity investments, with an emphasis on social and environmental impact. With global expertise in this area and a dedicated team, we see an opportunity to capitalize on growing interest in impact investing.

13.4.4 Multi Asset and Solutions

Our multi asset and solutions offering leverages the breadth of our global investment platform.

We manage approximately €60 billion in multi asset strategies, primarily for clients in Germany (67% of AuM) and the rest of EMEA(24%). Our leading multi asset products include Deutsche Concept Kaldemorgen, which has over €7 billion in assets, and Deutsche Multi Opportunities. We see potential to grow in this area by leveraging our strength in total return investing to expand our range of multi asset solutions; globalizing successful European strategies, such as Deutsche Concept Kaldemorgen or Multi Opportunities; and using our CIO platform to develop multi asset allocation advisory services delivered through digital channels. Approximately 67% of our multi asset strategies by AuM have outperformed their benchmarks over five years.

Multi-Asset	**For the year ended December 31**		
	2017	**2016**	**2015**
		(audited)	
Assets under Management (AuM) (€ billion)	60	48	47
Net flows (€ billion)	11	0	13

Our solutions business draws on expertise across the DWS platform and spans: insurance and pensions solutions (e.g. accumulation and decumulation strategies, and book-yield management); asset-liability management (e.g. risk budgeting, asset allocation advice, and actuarial expertise); portfolio management solutions/asset allocation advisory (e.g. portfolio optimization and factor analysis); structuring (e.g. bespoke savings and retirement solutions, and capital-protected/structured products); and overlays (e.g. to enhance yield, protect against downside risks, or adjust portfolios based on ESG criteria). Our solutions advisory team addresses clients' needs by coordinating solutions across DWS's product areas.

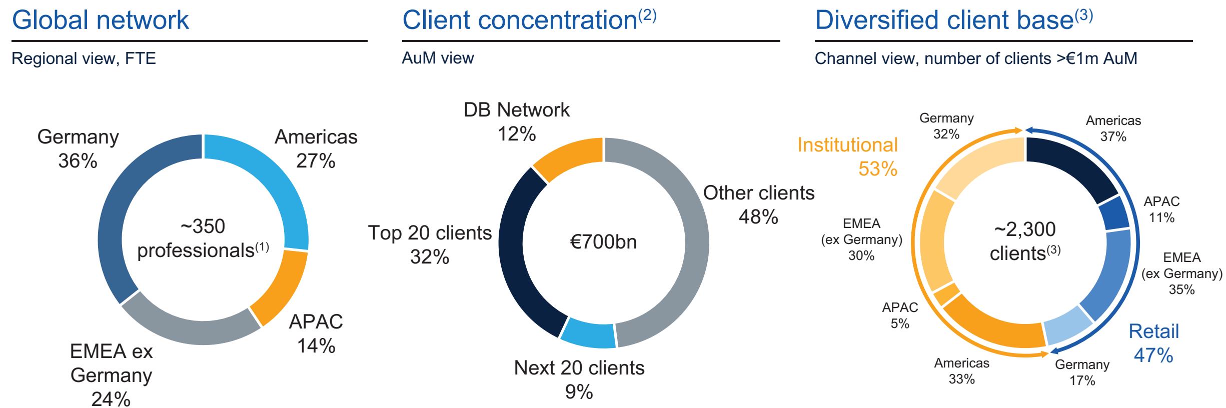
We manage approximately €21 billion of assets in guaranteed products. This includes our 'Riester' / iCPPI (individualized constant proportion portfolio insurance) solutions (€11 billion of AuM), for which DWS guarantees the contributions made by the investor at maturity. These pension-savings contracts - part of a German-government-backed private pension system - have an average remaining tenor of 25 years and generate steady inflows and

[1] Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over period (as of September 30, 2017)

management fees. Our guaranteed product offering also includes €10 billion of guaranteed retail/pension fund assets, most of which are managed according to the iCPPI strategy; the guarantees on these investments are typically rolled over at maturity.

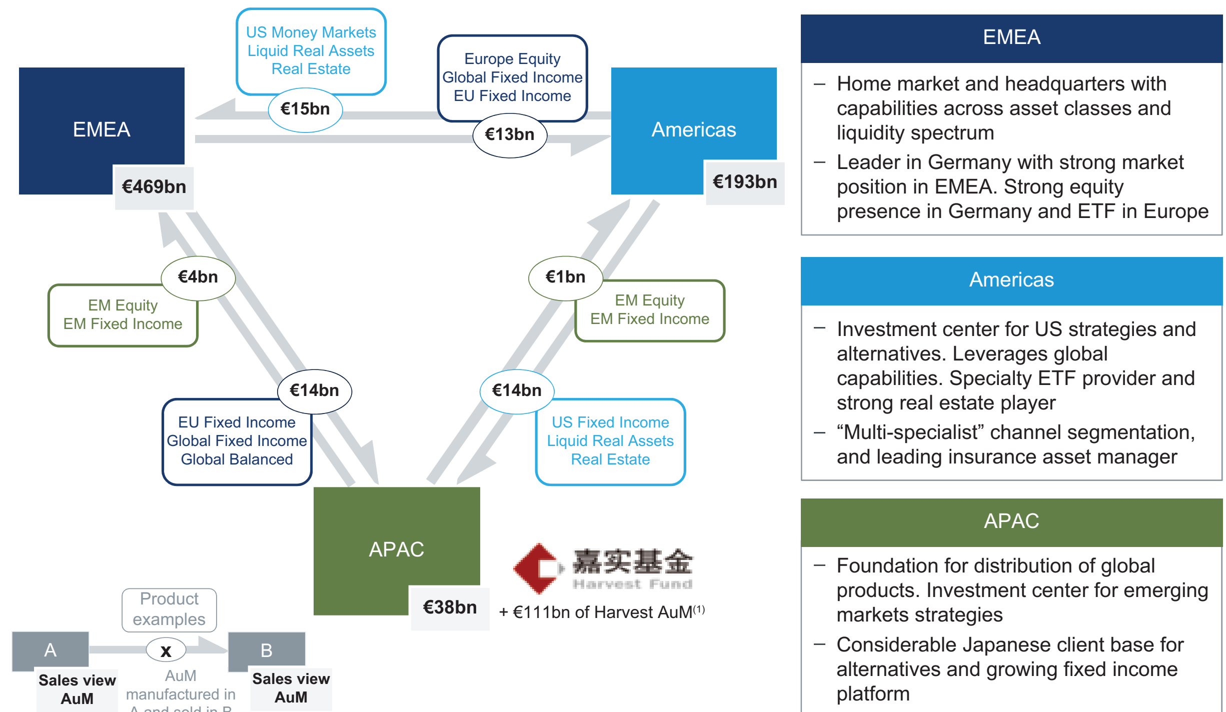
13.4.5 Distribution

DWS's balanced mix of retail and institutional clients are served by our global distribution team, which comprises approximately 350 client-facing professionals[1]. The team is located worldwide (see charts below), giving DWS a local presence where our clients are. Diversified by region and client type, our distribution platform is designed to enable us to penetrate multiple client channels and support our growth aspirations. The following charts provide details on our global distribution capabilities by region and client type.



(1) All employees aligned to client facing roles within distribution structure (as of Dec 31, 2017), (2) Retail intermediary partner relationships counted as one client (as Dec 31, 2017), (3) Retail clients defined as intermediary partners; some ETF clients excluded from count (as of Sep 30, 2017)

The following graphic illustrates DWS's global distribution capabilities, depicting sales of products and solutions manufactured in different regions into other parts of the world.



Note: All AuM figures as of Dec 31, 2017
(1) Reflects 100% of Harvest AuM (as of Dec 31, 2017); DWS stake is 30%

[1] Employees aligned to client-facing roles within distribution structure (as of December 31, 2017)

We believe the foundation for DWS's distribution success is our strong brand and marketing approach in Germany, where the DWS/Deutsche AM brands rank first for marketing quality and brand awareness among financial advisors and private investors, respectively.[1] Among institutional investors, our Xtrackers passive brand ranks first for brand recognition and service quality.[2] Building on our home-market strength, our distribution platform is truly global: well over half of our total assets under management are outside Germany.

Increasingly, digital innovations are driving our marketing approach and opening up new ways for us to distribute our services and interact with clients and prospects. Our websites generate over 1 million page impressions globally each month, and our CIO View videos have been watched more than 6 million times. Our footprint in new and social media continues to grow (in Germany alone we have some 45,000 Facebook followers), and we are developing new applications and technologies to engage creatively with clients. Marketing concepts in development include using artificial intelligence to redefine customer engagement, as well as using virtual/augmented reality to interact with diverse audiences.

Among key digital initiatives, a 'front-end' application called EDISON is transforming the access and service offered to institutional investors, private clients, distribution partners, and financial advisors. This upgrade to our fund platform will allow us to cater for the long-term shift towards platform and technology solutions.

Our white label robo-platform, called WISE, has on-boarded its first distribution partner and signed agreements with four additional partners. Through WISE, our distribution partners can offer end-users an open architecture discretionary portfolio management service with fee revenues shared between DWS and the distributor. DWS will also earn additional fees to the extent its products are included in the underlying funds model.

13.4.5.1 Retail distribution

Most of our retail products are distributed to end-investors via a diversified intermediary network. Sales via Deutsche Bank's network account for 23% (€69 billion) of retail AuM via intermediaries (i.e., retail AuM excluding direct sales), with other distribution partners generating the remaining 77%.

Alongside Deutsche Bank — with which we have a 10-year distribution agreement as preferred or primary provider (depending on product type) — the rest of our top 10 retail distribution partners include a diverse group of German, Swiss, French, Italian, UK, and Japanese organizations, primarily banks but also an insurance company and a large advisory firm. Many of these relationships are longstanding, notably with the leading German financial advisory firm, which has been a distribution partner since 2002. Together, these 10 largest retail partners (including Deutsche Bank) account for approximately 19% of DWS's total assets under management, in our view highlighting the diversity of our distribution model.

Following the Offering, DB Group will remain a key distribution partner. We expect to continue benefiting from its retail banking network of more than 2,500 branches (of which more than 1,750 are in Germany). For more information on our relationship with DB Group, see section 1.3, and the summaries of our material contracts with DB Group, including our relationship agreement, MSA (master services agreement) and distribution agreement, which can be found below in sections 13.14.1, 13.14.2 and 13.14.3). Finally, the EDISON application referenced above will transform the front-end of our IKS fund platform, supporting the growth of our retail business by assisting distribution partners and independent financial advisers to better serve their clients.

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[1] Fund Buyer Focus Survey, 2017; Finanzen.net

[2] IPE Institutional Investment, "Bedürfnisse institutioneller Investoren 2017".

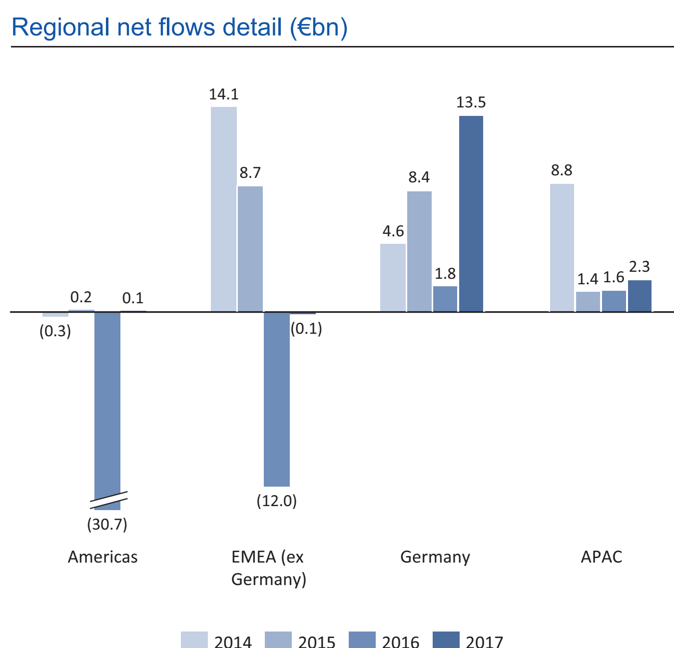
13.4.5.2 Institutional distribution

Our institutional distribution platform spans regions and client types. We manage assets for over 190 insurance clients worldwide, ranking as the second-largest manager of insurance assets globally, as well as corporate pension assets for close to three-quarters of the DAX blue-chip equity index. We also have long-standing relationships with a sizeable number of public and corporate US pension plans. In APAC, our diverse client base includes some of the region's larger asset managers. Globally, we manage assets for a broad range of governmental and quasi-governmental entities, including central banks and sovereign wealth funds.

The breadth and diversity of our institutional relationships, combined with our comprehensive offering, provide cross-selling opportunities — for example, to extend our relationships with insurers into passives, alternatives, innovative active products, and solutions. Other potential drivers of demand for our services include: the switch by pensions from defined benefit to defined contribution in a number of markets; and changes in the regulatory environment for corporate pension plans, which are likely to fuel demand for digital solutions in particular, including robo-advice. Finally, we expect increasing demand from sovereign wealth funds and central banks with large foreign-exchange reserves for mandates beyond traditional fixed income, such as passive investments and alternatives.

13.4.5.3 Distribution: regional view

Below, we describe our distribution capabilities and initiatives by region. Regional net flows since 2014 are outlined in the following chart, which shows flows were positive in 2017 in Germany and APAC, and neutral in EMEA (excluding Germany) and the Americas. As discussed above, flows have resumed the earlier positive trend following the challenges experienced at the DB Group level in the latter part of 2015 and in 2016 in particular.



13.4.5.4 EMEA

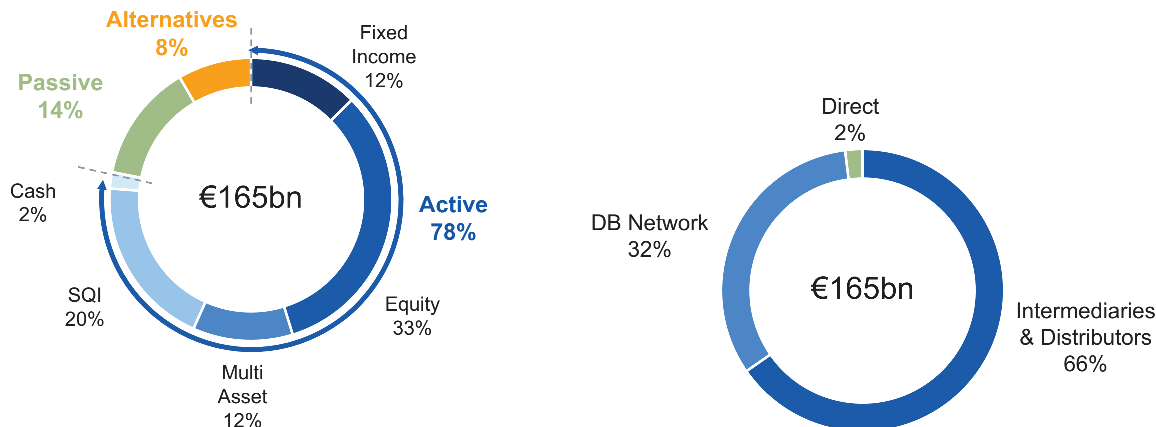
Retail Germany

DWS has consistently led the market[1] for the retail sector in Germany, where we enjoy high levels of brand awareness due in part to the strong quality and coverage of our marketing

[1] BVI Investmentstatistik: Open-ended retail funds excluding real asset funds (as of December 31, 2017).

strategy. DWS benefits from its exclusive, preferred, and strategic partnerships with key retail distributors, with 84 sales professionals managing 187 intermediary relationships.

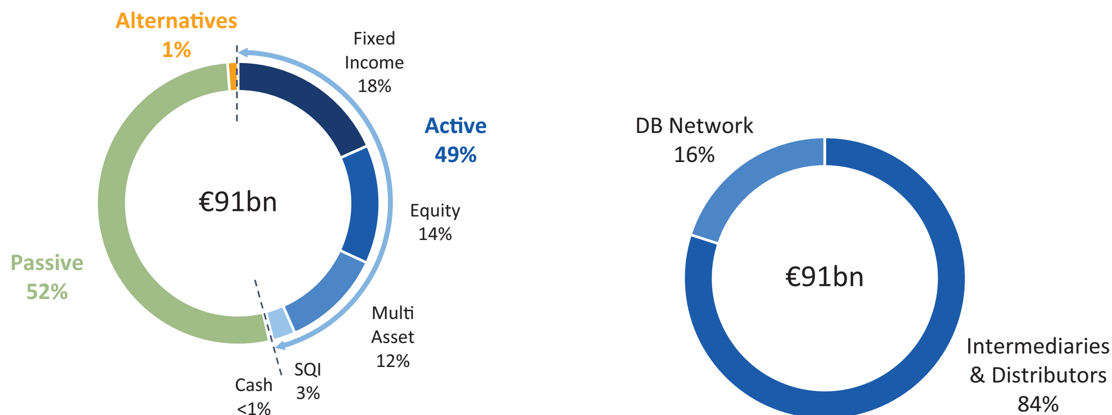
DWS currently benefits from steady flows due to its unit-linked business and strong position as an ETF saving plans provider. Large amounts sitting in saving accounts and cash deposits, as well as the shift to open architecture at savings and local cooperative banks, provide an opportunity to sell our broad product offering. Further, we expect our digital distribution capabilities to attract a range of new partners within the next five years. The following charts show EMEA retail AuM by asset class and distribution channel as of December 31, 2017:



Retail EMEA excluding Germany

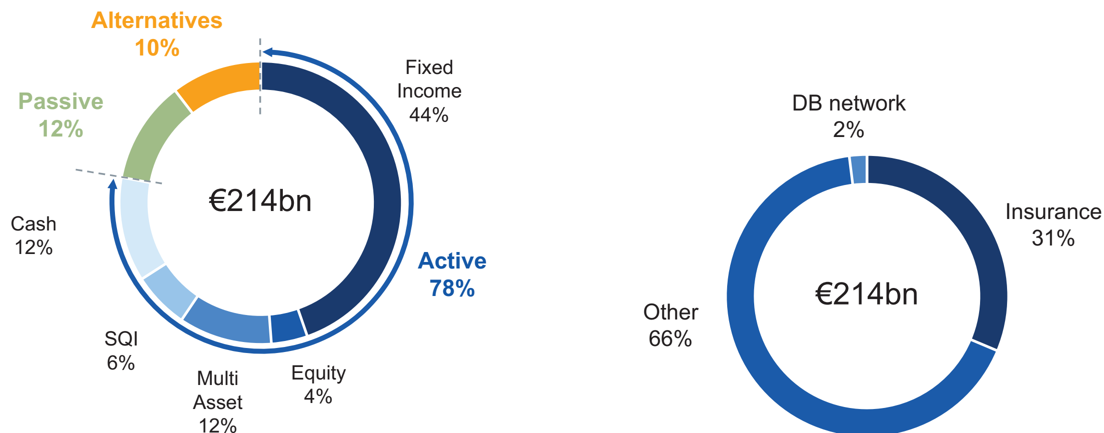
Notwithstanding our leadership position in Germany and sizeable presence in the rest of Europe, we continue to see significant potential for growth in EMEA, where our distribution team comprises 43 professionals. Retail distribution initiatives include targeted marketing campaigns to tap un-invested assets held on deposit; expanding our digital capabilities and services in response to changes in investor buying behavior; and broadening and deepening relationships with a wide range of distribution partners.

We see particular opportunities for growth in our core EMEA retail markets of Switzerland, Spain and Italy. For example, in Spain and Italy, DWS is well positioned in strongly growing cross border fund distribution, while Swiss private banks are an untapped market for ETFs. We also expect to benefit from increased demand for digital distribution across the region given the strength of our robo-advisory platform. The following charts show EMEA retail AuM by asset class and distribution channel as of December 31, 2017:



Institutional

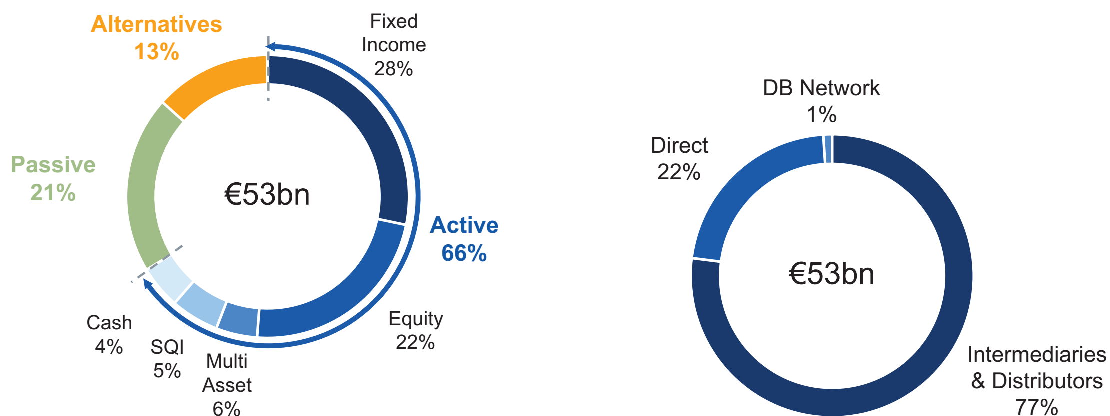
Institutional clients in EMEA, including Germany, are served by 78 sales professionals in 11 countries. Institutional distribution initiatives are focused around specific client types. For example, as noted above, we see potential to extend our relationships with insurers beyond traditional asset classes, particularly with respect to passive, alternatives and new active products and solutions. The trend for EMEA-based pensions to switch from defined benefit to defined contribution also presents a significant opportunity, particularly for our digital solutions. We also intend to leverage our ESG engine to provide dedicated ESG products and solutions, tapping growing institutional demand for sustainable investments. The following charts show EMEA institutional AuM by asset class and distribution channel as of December 31, 2017.



13.4.5.5 Americas

Retail

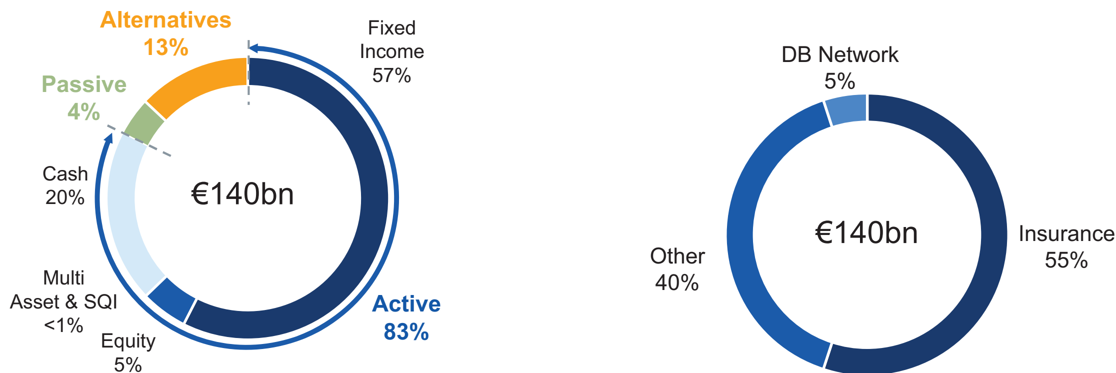
Approximately 66 sales professionals across four offices[1] serve the retail segment in the Americas. We are targeting specific growth opportunities with professional buyers, wealth advisors, registered investment advisors, and private banks. For example, as many US private banks shift away from proprietary strategies, we see particular opportunities for our ETF and alternatives businesses. We also see potential to serve mass-affluent advisors by leveraging our scalable solutions and technology. Among wealth advisors more generally, our focus is on those that operate on an 'advisor as portfolio manager' basis. Our Americas retail assets and distribution network comprise the following as of December 31, 2017:



[1] Excluding field sales professionals working outside of DWS premises.

Institutional

Approximately 28 sales professionals in eight offices serve our institutional clients in the Americas. Notable distribution opportunities include broadening our business with insurers and pension plan providers / managers beyond fixed income and/or other traditional asset classes, potentially improving our margin mix; recapturing corporate cash assets following money market fund reform and expanding these relationships into other asset classes; and deepening our coverage of consultants and defined contribution plans. Americas institutional AuM is split as follows by asset class and distribution channel as of December 31, 2017.

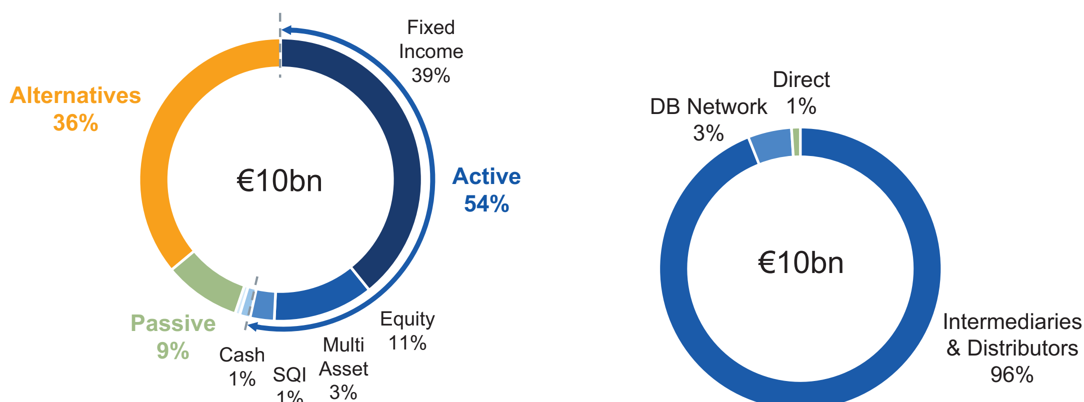


13.4.5.6 Asia Pacific

Some 47 sales professionals serve our diverse APAC client base, and we work closely with a number of regional intermediaries to distribute our products. Our partners include Harvest Fund Management, a Chinese asset manager in which we own a 30% stake and with which we collaborate on a number of distribution initiatives (see later section; please note that Harvest's assets under management are not included in DWS's total AuM).

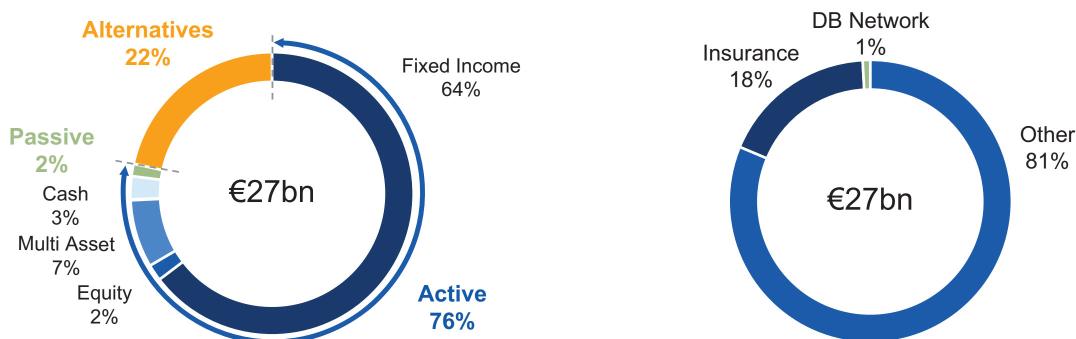
Retail

In the retail space, we see opportunities to grow the distribution of our products and services: to private banks serving ultra-high-net-worth individuals; to asset managers, including by bringing select European and US active funds into APAC as underlyings for master-feeder structures (particularly in Japan, Thailand, and Malaysia); through regional joint ventures; by providing our ETF platform as a white label solution; and via our digital offering. The following chart shows the breakdown of our retail AuM in APAC by product type and distribution channel as of December 31, 2017.



Institutional

We manage €27 billion of institutional AuM in APAC, depicted in the charts below. Among other distribution initiatives, we see strong potential in the institutional channel to cross-sell passive, alternatives and select active products into the insurance client segment; provide ESG and factor overlays to large pension funds in select APAC markets; extend our relationships with government institutions beyond fixed income; and assist corporates to navigate changes in the regulatory environment and the shift of their pension plans to defined contribution. The following charts show our institutional AuM in APAC by asset class and distribution channel as of December 31, 2017.



13.4.6 Operating platform

Following significant investments in our infrastructure and systems in recent years, we have built what we believe to be a robust and scalable operating platform. Achieved through a combination of insourcing and outsourcing, this enhanced platform has strengthened controls and risk management, generated efficiencies, and standardized many processes across research, investment, distribution and trading. Key developments include implementing Aladdin to support a unified global investment and risk management platform and strengthening its accounting capabilities; using Salesforce to standardize and enhance customer relationship management and regulatory controls; and building out a global trading platform.

Our operational model has been designed to provide future optionality and to protect our license to operate by: enhancing risk management and controls; helping us navigate changing regulations; increasing the operating leverage of the business; and leveraging technology to innovate across the value chain.

We believe separation from DB Group will provide further opportunities to increase efficiency through simplifying and automating processes, improving global standards, further expanding lower cost staff locations, where appropriate, implementing a more efficient infrastructure and internalizing certain technology contractors and optimizing use of DB Group services.

Some of the key features of our operating model are described below.

- **Aladdin**

  We unified our investment and risk management platform globally by licensing Aladdin, a popular software operating system for investment managers. Aladdin has enabled us to increase automation of transactions, reduce operational risk, consolidate activity, and decrease headcount — even as transaction activity increased. There is an ongoing initiative to move accounting to the Aladdin platform.

- **Salesforce**

  Salesforce is a standardized CRM (customer relationship management) platform. As well as coordinating sales activity, it facilitates timely adherence to regulatory requirements and KYC (know-your-client) processes. We have established an in-house development capability to create additional functionality, as required.

- **Trading model**

  We have centralized trading activity by consolidating it in three regional hubs (Frankfurt, New York, and Hong Kong), which provide global access to liquidity. This has increased the scalability of our trading platform and aims to ensure regulatory compliance, for example with best-execution requirements.

Cost discipline is an important focus of our operational model. There are three key levers to achieve further optimization. First, we intend to optimize the front to back process by condolidating data stores, centralizing reporting functions and standardizing accounting processes. Second, we have more than 670 FTEs in lower cost locations and expect this number to increase. We have operations in both offshore (Bangalore, Jaipur, Manila, Mumbai and Pune) and nearshore (Berlin, Birmingham, Jacksonville) locations, and plan to further consolidate these locations to realize additional efficiencies. Moreover, we also intend to simplify our vendor landscape (rationalizing the number of vendors and redesigning the vendor management model and process) and have identified opportunities to outsource to specialized providers where cost-efficient suitable solutions exist. After the Offering, we intend to optimize our use of Deutsche Bank Group services and continue to automate manual processes to improve implementation and reduce error risk.

Compliance with regulation and reporting standards is essential to our business. A key purpose of our re-engineered operating platform is to protect our business by addressing the challenges we face in our daily operations. We have a strong track record of regulatory implementation (e.g. MiFID II, EMIR, and Common Reporting Standards) and have significant regulatory expertise within DWS, which can be supplemented as needed by Deutsche Bank Group's regulatory team. In total, we have approximately 330 legal, risk, anti-financial crime, internal audit and compliance staff.

Our operating platform includes an investment quality management process for analyzing and evaluating sources of risk and return, as well as the investment process itself. We have significant experience in valuation and risk management with respect to both liquid and illiquid assets. We continue to review our platform to seek to ensure robust product management processes are in place. Another operational priority is cybersecurity, where we benefit from Deutsche Bank Group's significant expertise to help us protect our clients' assets and data.

Technological innovation continues to drive the development of our operating platform. In addition to helping us achieve efficiencies and reduce operational risk, advanced systems and 'big data' analytical approaches are playing an increasing role in shaping our strategy, by providing unprecedented insights into market dynamics and customer preferences.

13.4.6.1 Risk and control framework

DWS has a robust risk and control organization designed to protect the business, its clients, and its shareholders. The integrated model clearly defines responsibilities across the business, second line risk and control function, and internal audit. The Managing Directors' Risk Committee is the principal body through which oversight is exercised across financial, non-financial, and investment risk.

We believe DWS is well-positioned to navigate the significant regulatory changes taking place in the asset management industry. In addition to our own dedicated legal and compliance capabilities, we are supported by the substantial regulatory resources and expertise of the DB Group. Further, we believe our open architecture platform positions us ahead of competitors that will need to adapt closed systems. Moreover, our strong regional capabilities and on-the-ground presence worldwide assist us to operate successfully and adapt to change in local markets.

13.5 Harvest Fund Management (Associate Investment)

We currently own a 30% stake in Harvest Fund Management Co. Ltd ("**Harvest**"), a China-based asset manager. The other shareholders are China Credit Trust and Lixin, which own 40% and 30%, respectively. We collaborate with Harvest on a range of distribution and product development initiatives.

Harvest is the ninth-largest mutual fund manager in China, and the fourth-largest long-term assets and management fee income, according to Z-Ben Advisors.[1] It has capabilities across active, passive, and alternatives, with a focus on Chinese assets. Its extensive onshore retail distribution network includes electronic and mobile platforms. Harvest also has extensive onshore institutional relationships.

Examples of joint initiatives currently include co-branded A-share and sovereign debt ETFs listed in the US and Europe. We also plan to co-host institutional client conferences, make client referrals, and set up offshore distribution arrangements for selected funds.

13.5.1 Harvest AuM

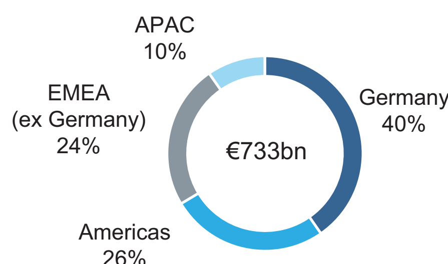
Harvest's AuM have increased significantly over the last few years, growing at a CAGR of 26% in local currency from the end of 2013 to the end of 2017. At the end of 2017, Harvest had AuM of €111 billion. This increase was primarily driven by net inflows and strong investment performance.

In 2017, Harvest's AuM declined compared to 2016 primarily due to the disposal of unregulated business, based on recent regulatory guidelines. However, Harvest's higher margin mutual fund business remains strong, ranked 3rd, 4th and 9th by Chinese mutual fund raising in the first, second and third quarters of 2017 respectively[2].

The following chart shows DWS's AuM if Harvest's assets are included (proportional to DWS's stake in the business). This is shown for illustrative purposes; please note that Harvest's assets are generally not included in DWS's total AuM figures.

DWS AuM by geography (including pro rata Harvest AuM)

DWS AuM adding 30% of Harvest AuM



[1] Z-Ben Advisors – AuM ranking as of Sep 30, 2017

[2] Z-Ben Advisors – China Mutual Fund Series

13.5.2 Harvest ESOP

As part of its compensation arrangements, Harvest is intending to implement an employee stock option program ("**ESOP**"). Subject to regulatory and board approvals, our shareholding in Harvest could decrease to 24% in the future as a result of the issuance of new equity or the sale of existing shares to Harvest employees. The shareholdings of China Credit Trust and Lixin could be reduced to 32% and 24%, respectively.

13.6 Investments (Seed Investments and Co-investments)

We make investments in our products (seed investments and co-investments) as well as in our infrastructure through capital expenditures and research and development.

13.6.1 Seed Investments and Co-investments

Management makes decisions on the level of seed investments and co-investments we make into our funds, as well as the amount of level of investment in our business infrastructure.

Seed investments are made to establish a critical mass of funding for a new fund. Overtime, seed investments are withdrawn as the funds grow and/or clients make investments in the funds. Capital for seed investments is financed out of cash flows and excess capital deployed within DWS to allow portfolio managers to build successful and marketable track records for manufactured products with the specific aim of attracting third party investors. Seeded products typically comprise shares of mutual funds, ETFs or equity interests in other types of commingled vehicles. Underlying exposures are 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 between six months and (up to) three years.

Co-investments involve the provision of DWS's own capital to Alternatives investment funds – either closed or open ended – alongside third party investors and for the full life of the fund. Co-investing alongside clients demonstrates conviction in our investment strategy and more closely aligns manager and client interests; this is especially important to investors given the long term, illiquid nature of alternatives products. Underlying exposures are typically alternative asset classes, such as real estate, infrastructure and private equity. Unlike seed investments, which are hedged, we carry the risk and rewards that come with co-investments.

At December 31, 2015, DWS had a total seed and co-investments market value of approximately €422 million (including unfunded commitments of €49 million).

At December 31, 2016, DWS had a total seed and co-investments market value of approximately €506 million (including unfunded commitments of €43 million).

At December 31, 2017, DWS had a total seed and co-investments market value of approximately €471 million (including unfunded commitments of €46 million, but excluding anticipated, non-binding commitments of €96 million).

As of the date of this Prospectus, seed investments amount to approximately €92 million, all outside Germany and mainly in Active investments (65%) and Passive investments (28%). Co-investments amount to approximately €394 million, invested in Alternatives, split between Europe (about €205 million), the Americas (about €189 million), and APAC (less than €1 million). Our investments are financed by our cash flows from operations.

Management has not made any firm commitments for future investments as of the date of this prospectus.

13.6.2 Investments in infrastructure and assets

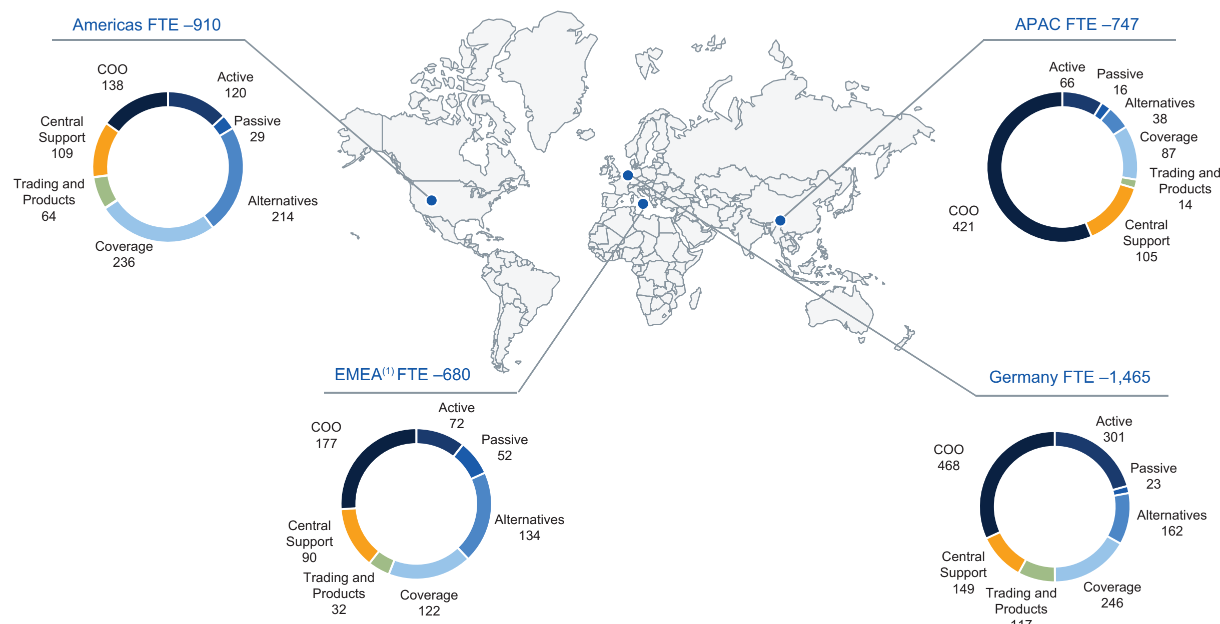
In addition to these seed investments and co-investments, we spend roughly €200 million annually on technology across our data and networks for cybersecurity, desktop and infrastructure, application development and maintenance, amortization, and key transformational projects. Of these, approximately €40 million were invested in cost-efficiency improvements and digitization in 2017.

13.6.3 Research and Development

We do not have specific targets for internal research and development to improve our products and platforms, but we continue to modernize and digitize our platforms. In 2015, 2016, and 2017, we recorded expenditures of €12.0 million, €12.2 million, and €16.2 million, respectively, on internal IT-related research and development projects to improve our operating platform, including investments in harmonizing our data and improving our cyber security capabilities.

13.7 Employees

The following graphic shows the breakdown of our employees by region and role as of December 31, 2017:



Note: Business line and legal entity view as of December 31, 2017. Active, Passive and Alternatives include investment professionals and support. Coverage includes marketing. Central support includes CFO, CCO, Risk, Legal Compliance, HR and Graduates. COO includes Tech, Ops and Corporate Services. Workforce scope currently excludes Internal Audit and Anti-Financial Crime and Communications.

(1) EMEA excluding Germany.

Further employees are anticipated to transfer from DB Group into DWS during the first half of 2018. Other functions to transfer from DB Group not included above are Internal Audit, Legal and Compliance, Anti-Financial Crime and Communications. No other material transfers are anticipated.

The number of employees as of the date of this prospectus has not changed materially since December 31, 2017.

The following graphic presents details of staff in our investment platform, by region.

Note: Investment professionals are defined as employees (FTE) whose primary role contributes to the performance of DWS' investments (as of Dec 31, 2017)
(1) EMEA ex Germany

13.7.1 Historical breakdown by Region

The following table sets forth the breakdown of our employees by region:

	For the year ended December 31,		
	2017	**2016**	**2015**
	FTE (unaudited, unless otherwise noted)		
Germany	1,500	1,475	1,430
EMEA excluding Germany	675	645	668
Americas	929	974	1,067
APAC	798	766	713
Total (audited)	**3,901**	**3,860**	**3,877**

13.7.2 Historical breakdown of Employees by Type

The following table sets forth the breakdown of our employees by type:

	For the year ended December 31,		
	2017	**2016**	**2015**
	FTE (unaudited, unless otherwise noted)		
Investment Platform	1,325	1,308	1,277
thereof Active	*577*	*581*	*587*
thereof Passive	*119*	*108*	*78*
thereof Alternatives	*562*	*559*	*559*
Distribution and Product Development	882	860	905
Business Support	1,694	1,692	1,695
thereof COO	*1,215*	*1,229*	*1,148*
thereof CFO	*179*	*163*	*207*
thereof CCO	*228*	*239*	*249*
Total (audited)	**3,901**	**3,860**	**3,877**

13.8 Property, Plants and Equipment

Our office space is generally shared with DB Group, which leases or owns the properties in which our offices are located. DWS's share of the office spaces ranges from 1% to 87% in the buildings we share. We have entered into internal agreements with DB Group to obtain security of tenure and proportionate cost allocation for spaces used by us where these are shared with DB Group and not leased or owned by us.

We do not own any material real estate. The material properties we currently lease or share with DB Group entities include office space in Germany (Frankfurt), the US (New York and Chicago) and the United Kingdom (London).

Individual property leases and internal agreements vary as to their term, cost provisions and expiration dates. The terms of our internal agreements with DB Group generally reflect the term, cost provisions and expiration dates of the leases entered into by DB Group.

Location	Building	Property Type / Use	Size (net useable area) (in m²)	Leased/Shared
Frankfurt, Germany	Weserstraße 54 /Mainzer Landstrasse 11-17	Office Space	7,838	Shared
Frankfurt, Germany	Wilhelm-Fay-Straße 31-37	Office Space	7,488	Shared
New York, United States	345 Park Avenue	Office Space	4,926	Leased
Chicago, United States	222 South Riverside Plaza	Office Space	3,744	Leased
London, United Kingdom	Zig Zag Building	Office space	4,504	Shared

13.9 Intellectual Property

DWS owns the rights to, among others, DWS, Xtrackers, RREEF and CROCI, which are some of the Group's most important trademarks and which DWS has registered (in word, and in some instances, graphical form) with the appropriate authorities worldwide. DWS uses the "Deutsche AM" and "DWS" name as trade names, as trademarks in connection with various products and as a service marks. DWS has also registered or applied to register numerous registrable designs in connection with its products.

DWS owns an internally invented patent to Book Yield Attribution (filed with US Patent Office as "Dynamic Book Yield Analysis"). It is an analytical framework designed to analyze and explain how the book yield of an investment portfolio changes over time. The patent has particular value in asset management for bond portfolio management and analysis and can be used by all DWS's US clients.

DWS also uses various domain names, particularly www.deutscheassetmanagement.com, www.deutscheam.com, www.dws.com and www.dws.de. DWS regards its trademarks and other intellectual property rights as valuable assets and takes appropriate action to protect and will, when necessary, enforce them.

DWS also produces its own software as well as add-ins for third party programs. This intellectual property is proprietary and protected by copyright.

13.10 Information Technology

We outsource IT needs to specialized providers where an industry standard solution exists (for example, Aladdin or Salesforce) and develop in-house solutions where we can create a competitive edge. Our current focus for in-house developments are in digital and big data solutions.

We have both proprietary and third-party licensed software. We have fewer proprietary applications, but a number of our critical digital and big data applications are proprietary. About two-thirds of our almost 200 applications are provided by third parties (either internally hosted or contracted as a service). These applications include the strategic investment platform, Aladdin, as well as the CRM application, Salesforce.

13.11 Risk Management

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

- Core risk management responsibilities are with the Managing Directors of the General Partner and delegated to senior risk managers and senior risk management committees responsible for execution and oversight.

- We operate a distinct risk management model. The business lines and service providing areas are the "owners" of the risks. Oversight responsibility and policy framework are with the independent risk and control functions. Audit provides assurances on the control environment and its effectiveness.

- The risk strategy is approved by the Managing Directors on an annual basis and is defined based on the Risk Appetite and the Strategic and Capital Plan in order to align risk, capital and performance targets.

- Cross-risk analysis reviews are conducted across the Group to validate that sound risk management practices and a holistic awareness of risk exist.

- All material risk types, including credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk, are managed via 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.

- 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.

13.11.1 Risk management Governance

Our operations throughout the world are regulated and supervised by relevant competent authorities in each of the jurisdictions in which we conduct business. Such regulation focuses on licensing, capital adequacy, liquidity, risk concentration, and conduct of business as well as organizational and reporting requirements.

Several layers of management are designed to provide cohesive risk governance:

- The Supervisory Board of the KGaA is informed regularly on our risk situation, risk management and risk controlling, as well as on our reputation and material litigation cases. It intends to form an Audit and Risk Committee to handle risk related tasks.

At the meetings of the Audit and Risk Committee of the Supervisory Board, the Managing Directors are expected to report on key risk portfolios, on risk strategy and on matters of special importance due to the risks they entail. The Audit and Risk Committee of the

Supervisory Board is expected to deliberate with the Managing Directors on issues of the aggregate risk position and the risk strategy, and will support the Supervisory Board in monitoring the implementation of this strategy.

- The General Partner (which is managed by the Managing Directors) is responsible for managing DWS in accordance with the law, the Articles of Association and its Terms of Reference with the objective of creating sustainable value in the interest of the Company, thus taking into consideration the interests of the shareholders, employees and other stakeholders. The Managing Directors are responsible for establishing a proper business organization, encompassing appropriate and effective risk management. The Managing Directors established the Managing Directors' Risk Committee as the central forum for review and decision on material risk topics. The Managing Directors' Risk Committee is supported by three sub-committees: the Reputational Risk Committee, the Capital Investment Committee and the Credit Committee.

- The Managing Directors' Risk Committee has various duties and delegated authority, including approval of key risk management principles or recommendation thereof to the Managing Directors for approval, recommendation of overarching risk appetite parameters triggers to the Managing Directors for approval, setting of risk limits for risk resources available to the Business, and supporting the Managing Directors during Risk and Capital planning processes. Further duties include review of high-level risk exposure developments, review of internal and regulatory group-wide stress testing results and making recommendations of required actions and monitoring of the development of risk culture across the Group.

Our Chief Risk Officer ("**CRO**") has Group-wide responsibility for the management of all credit, market and operational risks as well as for the comprehensive control of risk, including investment market risk, and continuing development of methods for risk measurement. In addition, the CRO is responsible for monitoring, analyzing 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 set by the Managing Directors' Risk Committee within a framework established by the Managing Directors and applied to the Business;

- Determine and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses in alignment with Deutsche Bank Group;

- Establish and approve risk limits;

- Conduct periodic portfolio reviews to keep the portfolio of risks within acceptable parameters; and

- Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

In addition to the specialized risk management functions, our Enterprise Risk Management (ERM) function covers overarching aspects of risk management. Its mandate is to provide an increased focus on holistic risk management and cross-risk oversight to further enhance our risk portfolio steering. Key objectives are to:

- Drive key strategic cross-risk initiatives and establish greater cohesion between defining portfolio strategy and governing execution;
- Provide a strategic and forward-looking perspective on the key risk issues for discussion at senior levels within DWS (risk appetite, stress testing framework);
- Strengthen risk culture in the firm; and
- Foster the implementation of consistent risk management standards.

ERM also develops the DWS-wide risk management framework aimed at identifying and controlling risks across the institution within the agreed risk appetite. The specialized risk management functions and ERM have a reporting line to the CRO.

13.11.2 Risk Culture

We seek to promote a strong risk culture throughout our organization. Our aim is to help reinforce our resilience by encouraging 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 risk culture within our group:

- 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 compensated; and
- Risk should be continuously monitored and managed.

Employees at all levels are responsible for the management and escalation of risks. We expect employees to exhibit behaviors that support a strong risk culture. To promote this, our policies require that behavior assessment is incorporated into our performance assessment and compensation processes. We have communicated the following risk culture behaviors through various communication vehicles:

- Being fully responsible for our risks;
- Being rigorous, forward looking and comprehensive in the assessment of risk;
- Inviting, providing and respecting challenges;
- Trouble shooting collectively; and
- Placing DWS, its clients and its reputation at the heart of all decisions.

To reinforce these expected behaviors and strengthen our risk culture, we conduct a number of group-wide activities. Our management and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top. Consequence management allows us to monitor adherence to certain risk-related policies and processes, and where breaches occur, the results are considered in promotion, compensation and performance management decisions. We have continued to develop our training curriculum to raise risk awareness.

13.11.3 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, as defined by a set of minimum quantitative metrics and qualitative statements. Risk capacity is defined as the maximum level of risk we can assume before breaching regulatory constraints and our obligations to stakeholders. Risk appetite is an integral element in our business planning processes via our Risk Plan and Strategy, to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and non-financial risks. Compliance of the plan with our risk appetite and capacity is also tested under stressed market conditions. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions. The Managing Directors review and approve our risk appetite and capacity on an annual basis, or more frequently in the event of unexpected changes to the risk environment, with the aim of ensuring that they are consistent with DWS's strategy, business and regulatory environment and stakeholders' requirements. In order to determine our risk appetite and capacity, we set different group level triggers and thresholds on a forward looking basis and define the escalation requirements for further action. We assign risk metrics that are sensitive to the material risks to which we are exposed and which are able to function as key indicators of our overall performance.

We have included qualitative and quantitative risk disclosures with regards to AuM market price and flow risk for Guaranteed Funds, Co-Investments and Seed Investments, as well as disclosures around equity market price risk, interest-rate and credit spread risk and foreign exchange risk. These disclosures are found in section 11.13 of the management's discussion and analysis of financial condition and results of operations above.

13.11.4 Risk and Capital Plan

13.11.4.1 Strategic and Capital Plan

We conduct annually an integrated strategic planning process which lays out the development of our future strategic direction for our business. The strategic plan aims to create a holistic perspective on capital, liquidity and risk under risk-return considerations. This process is designed to translate 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.

Our Finance, Compliance, AFC, Risk, Governance and Legal Entity functions report to the Chief Control Office and the Audit function reports to the CEO of the Company and all operate independently of our Business Divisions. It is the responsibility of the Finance and Risk departments to quantify and verify the risk that we assume. Internal Audit independently examines, evaluates and reports on the adequacy of the design, effectiveness and efficiency of the risk management systems and the systems of internal control. The combination of these functions enables DWS to deliver a comprehensive risk and control management framework that contributes to the achievement of the business objectives within the risk appetite and capacity.

13.11.4.2 Internal Capital Adequacy Assessment Process

The lnternal Capital Adequacy Assessment Process ("**ICAAP**") requires Investment Firms to identify and assess risks, maintain sufficient capital to face these risks and apply appropriate

risk-management techniques to maintain adequate capitalization on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand. At a Group level, we comply with ICAAP as required under Pillar 2 of Basel 3 and its local implementation in Germany, the Minimum Requirements for Risk Management (MaRisk), through a wide risk management and governance framework, methodologies, processes and infrastructure.

13.11.5 Stress Testing

We have a strong commitment to stress testing performed on a regular basis in order to assess the impact of a severe economic downturn on our risk profile and financial position. These exercises complement traditional risk measures and represent an integral part of our strategic and capital planning process. Our stress testing framework comprises regular stress tests based on internally defined benchmark and more severe macroeconomic global down-turn scenarios. We include all material risk types in our stress testing exercises. The time-horizon of internal stress tests is generally one year and can be extended to multi-year, if required by the scenario assumptions. These analyses are complemented by any additional stress tests requested by our regulators on group or legal entity level. Moreover, capital plan stress testing is performed to assess the viability of our capital plan in adverse circumstances and to demonstrate a clear link between risk appetite, business strategy, capital plan, and stress testing.

13.11.6 Risk Reporting and Measuring Systems

Our risk data systems support regulatory reporting and external disclosures, as well as internal management reporting for credit, market, operational (including legal risk), business, reputational, liquidity risk, model risk and compliance risk. The risk infrastructure incorporates the relevant legal entities and business divisions 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. Established units within Finance and Risk assume responsibility for measurement, analysis and reporting of risk while promoting sufficient quality and integrity of risk-related data. Our risk management systems are reviewed by Audit following a risk-based audit approach.

The main report on risk and capital management that is used to provide the central governance bodies with information relating to risk profile is the Risk and Capital Profile, which is presented to the Managing Directors' Risk Committee and the Managing Directors and is subsequently submitted to the Audit and Risk Committee of the Supervisory Board for information.

The Risk and Capital Profile is complemented by a suite of other standard and ad-hoc management reports of Risk and Finance, which are presented to the Managing Directors' Risk Committee and/or its sub-committees.

13.11.7 Risk Identification and Assessment

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

We categorize our material risks into financial risks and nonfinancial risks. Financial risks comprise credit risk, non-trading market risk, liquidity risk and business (strategic) risk. Nonfinancial risks comprise operational risks and reputational risks with compliance risk, legal risk, model risk and information security risk captured in our operational risk framework. For all material risks common risk management standards apply including having a dedicated risk management function, defining a risk type specific risk appetite and the decision on the amount of capital to be held.

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

Additionally, we manage the risks relating to investments on behalf of third parties which are borne by clients. The main risks for DWS regarding those activities are reputational and operational risk.

13.11.8 Operational Risk Management

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

Non Financial Risk Management is part of the DWS Risk function which is headed by the Chief Risk Officer. The Chief Risk Officer appoints the Head of Non Financial Risk Management, who is accountable for the design, implementation and maintenance of an effective and efficient Operational Risk Management Framework ("ORMF"), including the operational risk capital model.

We manage operational risk using the Operational Risk Management Framework which enables us to determine our operational risk profile in comparison to our risk appetite, to systematically identify operational risk themes and concentrations, and to define risk mitigating measures and priorities.

In order to cover the broad range of risk types underlying operational risk, our framework contains a number of operational risk management techniques. These aim to efficiently manage the operational risk in our business and are used to identify, assess and mitigate operational risks:

- loss data collection
- lessons learned process is triggered for events, including near misses
- scenario analyses, we complete our risk profile using a set of scenarios including relevant external cases provided by a public database and additional internal scenarios.
- emerging risk identification,
- read-across analysis
- risk mitigation
- top risk analyses, in which the results of the aforementioned activities are considered.

- key risk indicators are used to monitor the operational risk profile and alert the organization to impending problems in a timely fashion.
- bottom-up self-assessment process areas with high risk potential are highlighted, and risk mitigating measures to resolve issues are identified.

Additional functions, methodologies and tools implemented by the responsible Risk Type Controllers are utilized to complement the ORMF and address specific risk types. These include:

- Compliance Risk is the current or prospective risk to earnings and capital arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards and can lead to fines, damages and can diminish an institution's reputation. Compliance Risk is managed by the Compliance department through identification of the adherence to material rules and regulations where non-compliance could lead to endangerment of DWS or client's assets as well as acting to implement effective procedures for compliance and the setup of the corresponding controls. The Compliance department further provides advisory services on the above and performs monitoring activities in relation to the coverage of new or changed material rules and regulations and assesses the corresponding control environment;
- Financial Crime risks are managed by our Anti-Financial Crime ("AFC") function via maintenance and development of a dedicated program. The AFC program is based on regulatory and supervisory requirements. AFC has defined roles and responsibilities and established dedicated functions for the identification and management of financial crime risks resulting from money laundering, terrorism financing, non-compliance with sanctions & embargoes as well as other criminal activities including fraud, corruption and other crimes. AFC assures further update of its strategy on financial crime prevention via regular development of internal policies and procedures, institution-specific risk analysis and staff training.
- The Legal Department, is committed to the management of DWS's legal risk.

13.11.9 Credit Risk Management

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.

For DWS the credit exposure raises mainly for cash and cash equivalent positions, and short-term receivables from asset management business activities and short-term pending items (security spot transactions, settled with value date within 5 days after the transaction).

Financial Risk Management performs the credit risk management functions, which is part of the DWS Risk function headed by the Chief Risk Officer. The Chief Risk Officer appoints the Head of Financial Risk Management, who is accountable for the definition and implementation of credit decision standards, processes and principles and ensuring that they are consistently applied.

Credit risk is measured by credit rating, regulatory and internal capital demand and key credit metrics. The credit rating is an essential part of the credit process and builds the basis for risk appetite determination on a counterparty and portfolio level, credit decision and transaction pricing as well the determination of credit risk regulatory capital. Each counterparty must be rated and each rating has to be reviewed at least annually.

Ongoing monitoring of counterparties maintains ratings up-to-date. There must be no credit limit without a credit rating. Besides the credit rating the key credit risk metric we apply for managing our credit portfolio, including transaction approval and the setting of risk appetite, is the establishment of internal limits and credit exposures under these limits. Credit limits set forth maximum credit exposures we are willing to assume over specified periods. In determining the credit limit for a counterparty, we consider the counterparty's credit quality by reference to our internal credit rating.

13.11.10 Market Risk Management

Market risk is defined as the potential for change in the market value of financial instruments due to changes in market prices. DWS is exposed to nontrading market risk, which includes interest rate risk, credit as well as credit spread risk, and investment risk mainly on its seed investments, co-investments and strategic investments, as well as market risk arising from guaranteed products, which provide a full or partial notional guarantee at maturity.

Financial Risk Management performs the market risk management functions, which is part of the DWS Risk function headed by the Chief Risk Officer. The Chief Risk Officer appoints the Head of Financial Risk Management. One of the primary objectives of Market Risk Management, a part of our independent Risk function, is to ensure that our business units' risk exposure is within the approved appetite commensurate with its defined strategy. To achieve this objective, Market Risk Management works closely together with risk takers ("the business units") and other control and support groups.

13.11.10.1 Guaranteed Products Risk

DWS manages guaranteed retirement accounts ("Riester Products") and guaranteed funds, which provide a full or partial notional guarantee at maturity. Riester guaranteed retirement accounts are voluntary private pension schemes in Germany that are government subsidized.

The 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. A daily allocation mechanism between the two components limits the downside risk. Guaranteed products may invest into a wide range of equity and fixed income securities as well as other instruments outlined in the product documentation.

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. This exposure is continuously monitored under different stress scenarios and portfolio contribution and cancelation simulations.

13.11.10.2 Investment Risk

DWS has direct equity co-investments primarily in structured entities that invest in a variety of asset classes, including (but not limited to), equities, 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. To a much lesser extent, DWS also has direct investments in debt securities.

Seed investment is deployed to build marketable track records for new products initiated by DWS. DWS executes an economic hedging program to minimize the profit/loss volatility of the seed investments portfolio. Seed investments are broadly hedged to minimize market risk.

A threshold limit structure to DWS investments is in place which is regularly monitored by Financial Risk Management to ensure the portfolio remains within risk tolerance levels.

13.11.10.3 Pension 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 materializes due to a potential decline in the market value of the assets or an increase in the liability of each of the pension plans. Financial Risk Management monitors and reports all market risks.

13.11.10.4 Foreign Exchange Risk

Foreign exchange risk arises from our nontrading asset and liability positions, denominated in currencies other than the functional currency of the respective entity. Yet, the overall revenue exposure of our portfolio to non-EUR currencies other than USD is not material. The reporting currency of the Group is the Euro. A significant portion of revenues is generated in currencies other than the Euro. Where revenues in non-Euro currencies do not increase or decrease in line with increases or decreases in the level of expenses, we are subject to transactional foreign currency risk and may experience changes in cost to income ratios and profitability that are larger than we otherwise would if all revenues and expenses were generated or incurred in Euro. DWS monitors its structural foreign exchange risks on an ongoing basis and may selectively hedge its exposures with the primary objective to stabilize consolidated capital and internal capital adequacy ratios.

13.11.11 Liquidity Risk Management

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

DWS Treasury is mandated to manage the overall liquidity and funding position of DWS responsible for reviewing the liquidity risk framework, proposing the risk appetite to Risk Committee and measuring and managing DWS's liquidity risk profile.

As part of the annual strategic planning process, DWS projects the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with its risk appetite.

13.11.12 Model Risk Management

Model risk is the potential for adverse consequences from incorrect or misused model outputs and reports using these outputs. Model risk can lead to financial loss, poor business or strategic decision making, or damage our reputation. In this context, the term 'model' refers to a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates.

Model risk is managed across Pricing models, Risk & Capital models, and other models:

- Pricing models are used to generate asset and liability fair value measurements reported in official books and records and/or risk sensitivities;

- Risk & Capital models are related to risks used for regulatory or internal capital requirements;
- Other models used to generate asset and liability fair value measurements on the positions held in our funds and behalf of our clients and/or risk sensitivities;

Model risk appetite is aligned to the DWS's qualitative statements, ensuring that model risk management is embedded in a strong risk culture and that risks are minimized to the extent possible.

The management of Model risk includes:

- Performing robust independent model validation that provides 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;
- Establishing a strong model risk management and governance framework, including senior forums for monitoring and escalation of model risk related topics;
- Creating DWS-wide model risk related policies, aligned to regulatory requirements with clear roles and responsibilities for key stakeholders across the model life cycle; and
- Assessing the model control environment and reporting on a periodic basis

13.11.13 Business (Strategic) Risk Management

Strategic risk is the risk of suffering operating income shortfall due to a decrease in revenues which cannot be compensated by cost reduction. It is a material risk type that may arise from our failure to execute our strategy, our failure to position DWS strategically, or our ineffective response to material negative plan deviations caused by external or internal factors.

The management of strategic risk involves minimizing potential operating income shortfall that can have an adverse impact on DWS capital. This is accomplished using risk controls at the DWS level and at our different business units.

13.11.14 Reputational Risk Management

Within our risk management process, we define reputational risk as the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate or unethical.

Our reputational risk is governed by the Reputational Risk Framework. The Framework was established to provide consistent standards for the identification, assessment and management of reputational risk issues.

While every employee has a responsibility to protect our reputation, the primary responsibility for the identification, assessment, management, monitoring and, if necessary, referring or reporting, of reputational risk matters lies with our Business Divisions. Each employee is under an obligation, within the scope of his or her activities, to be alert to any potential causes of reputational risk and to address them according to the Framework.

The modeling and quantitative measurement of reputational risk internal capital is implicitly covered in our economic capital framework primarily within operational and strategic risk.

13.11.15 Investment Risk Management

Our core business is the management of client assets, which by its nature comes with investment risk. We manage this risk by:

- prior to the launch of a new fund or mandate, analysis all relevant documents; review any issues specific to the underlying asset classes or products used; review of the investment policy and compliance with relevant regulations; consideration of the target investors and therefore the risk profile; confirmation of the independent or third party valuation; review of the brokers and counterparties that would be used, using the DWS level policy on agreeing counterparties; support and perform if needed a new product approval or new instrument on-boarding process; and defining and setting the risk limits in line with the risk profile.

- ongoing risk management supervision of compliance with these rules, performed by Investment Risk Management Function organized in a similar way to the fund management teams. This supervision involves automated controls such as checks on regulatory or contractual investment guidelines, checks on market risk levels, counterparty exposure reviews, compliance with the risk limits, VaR utilization or commitment utilization; manual controls and regular discussions between risk and fund management teams, intended to understand the main investment decisions and assess their compliance with the rules.

Investment Risk Management is part of the DWS Risk function headed by the Chief Risk Officer. The Chief Risk Officer appoints the Head of Investment Risk Management, who is accountable for the following activities:

- Ensuring adequate and effective risk management of the investment portfolios managed by the businesses and legal entities including the monitoring of compliance with risk management regulations and investment management agreements/fund documentation;

- Reporting to fund boards and management companies on the risk profiles for each managed portfolio and identifying issues that require attention;

- Maintaining global fiduciary asset valuation policy/framework and ensuring appropriate valuation process governance;

- Conducting process assessments ensuring adequate and consistent valuation process and controls;

- Providing in-depth quantitative and qualitative analysis of portfolios with a focus on performance, portfolio risk and investment processes; and

- Evaluating level, sources and diversification of market risks, address excessive, unintended or insufficient risk.

13.12 Legal and Arbitration Proceedings

We are party to claims from time to time in the ordinary course of our business which we do not believe to be significant.

Other than as described below, there are no governmental, legal, or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) during the twelve months preceding the date of this document which may have, or have had significant effects on the Company's and/or DWS's financial position or profitability.

13.12.1 Yorkville Litigation

In October 2017, a claim was filed in the District Court of New Jersey by two funds domiciled in the Cayman Islands, YA Offshore Global Investments, Ltd (the "**Offshore Feeder**") and YA Global Investments, LP (the "**Master Fund**", together with the Offshore Feeder, the "**YA Funds**"); Yorkville Advisors GP, LLC (being the general partner to the Master Fund) (the "**YA GP**"); and Yorkville Advisors, LLC (being the investment advisor to the YA Funds) ("**Yorkville Advisors**", referred to together with the YA Funds, the YA GP and Yorkville Advisors as "**Yorkville**"), against amongst others, Deutsche Alternative Asset Management (UK) Limited ("**DeAAM UK**") and two former employees previously working for DeAAM UK (the "**Employees**"). The court proceedings issued against DeAAM UK and the Employees are for an unspecified sum. Pre-action correspondence indicates that Yorkville values the claim at USD 50 million.

DeAAM UK is the investment manager to Aggregator Solutions plc, in respect of three of its sub-funds ("**Aggregator**"). Aggregator has previously acquired interests in the Offshore Feeder. The Employees formed part of DeAAM UK's investment management team. The Yorkville allegations against DeAAM UK and the Employees include fraud, misrepresentation and improper exploitation of confidential information and Yorkville allege that the defendants engaged in a conspiracy to invest in the Offshore Feeder not for proper investment purposes but in pursuit of a strategy to take over a particular sub-investment of the YA Funds to the detriment of other investors.

DeAAM UK is defending the claim. As of today, DWS has not made any provisions for this claim.

13.12.2 DB Group Tax Litigation

The DB Group sponsors a number of post-employment benefit plans on behalf of its employees, including employees of DWS. In Germany, the pension assets that fund the obligations under these pension plans are held by Benefit Trust GmbH. The German tax authorities are challenging the tax treatment of certain income received by Benefit Trust GmbH in the years 2010 to 2013 with respect to its pension plan assets. The amount of tax and interest under dispute as it relates to the pension plan assets attributable to employees of DWS amounts to approximately €20 million. In March 2017, the lower fiscal court ruled in favor of Benefit Trust GmbH and in September 2017 the tax authorities appealed the decision to the German supreme fiscal court (*Bundesfinanzhof*). A decision by the supreme fiscal court is not expected for a number of years.

13.13 Insurance

DWS directly and, through DB Group, indirectly maintains insurance policies on its buildings and equipment covering property damage and business interruption including terrorism (from the losses that flow from the loss of otherwise insured property) and primary and excess general liability coverage. In addition, DWS also maintains insurance policies covering directors' and officers' liability, employer's liability, professional indemnity, crime and cyber. The company believes DWS´s insurance coverage is in accordance with Germany´s asset management and banking industry custom and practice, its policies are subject to deductibles, exclusions and limitations that could affect its ability to make a claim. In addition, its business may be affected by certain risks for which full insurance cover is either not available or not available on commercially reasonable terms. DWS is not insured against war-related events at its premises and radioactive contamination. DWS´s insurance policies are provided by a number of major international insurance companies, such as Allianz Insurance and Lloyds syndicates.

13.14 Material Contracts

13.14.1 Relationship Agreement

On or around April 1, 2018, the Company and Deutsche Bank AG (each an "**RA Party**") expect to enter into a relationship agreement (the "**Relationship Agreement**") which lays down mutually agreed principles on business conduct and coordination as well as conflict resolution.

13.14.1.1 Background and purpose

The Company intends to enter into the Relationship Agreement because it has a strong interest in Deutsche Bank AG as an anchor investor and in being a core part of the DB Group. The Company expects to thereby benefit from the organizational platform of the DB Group and from having access to Deutsche Bank AG's brands and customer base. Furthermore, the Company is interested in receiving services from Deutsche Bank AG (e.g., support with the distribution of its products). The Company also expects to benefit from Deutsche Bank AG's expertise in certain key functions and from cost efficiencies.

The Company recognizes that Deutsche Bank AG is responsible for the coordination of the application of uniform standards within DB Group to ensure and preserve the strength of the business platform of DB Group as a whole (including its compliance with laws and regulations), which will serve, in the Company's view, the benefit of each company of DB Group. According to the Relationship Agreement, the RA Parties understand that both DB Group and DWS Group operate highly regulated businesses and both RA Parties have the duty to consolidate (or, in the case of DWS, sub-consolidate) their respective affiliates for regulatory purposes in accordance with applicable law. The RA Parties further understand that such regulatory requirements trigger organizational and risk management obligations applying on a group-wide and/or sub-group-wide basis. The RA Parties agree that, because DWS Group is part of DB Group from a regulatory perspective, Deutsche Bank AG is responsible for the implementation of certain group-wide strategies, processes, procedures, functions and frameworks (in particular a group-wide business strategy and a group-wide risk strategy) applying to DB Group as a whole including DWS Group.

At the same time, Deutsche Bank AG acknowledges in the Relationship Agreement that the Company is an autonomous subsidiary with its own entrepreneurial freedom to evolve and to pursue its own commercial objectives as an asset management business. The Relationship Agreement stipulates that Deutsche Bank AG supports a stable, long-term business arrangement between the RA Parties and is prepared to grant the Company access to Deutsche Bank AG's brands, to provide the Company with services and to distribute the Company's products according to the terms of separate agreements. Deutsche Bank AG is to exercise any uniform group management (*einheitliche Konzernleitung*) only in accordance with mandatory law and regulations (including the law on groups of companies (*Konzernrecht*) and mandatory regulatory requirements for groups of financial institutions).

Against this background, the purpose of the Relationship Agreement is to coordinate the relationship between the RA Parties, among others, to ensure (i) compliance with laws and regulations, particularly regulatory requirements applying to DB Group and (ii) a proper business organisation of DB Group, in each case for the benefit of DB Group as a whole including DWS Group companies. To this end, the Relationship Agreement covers a number of organizational, regulatory and business matters which shall be coordinated between the RA Parties in accordance with the decision making, escalation and dispute resolution processes set out in the Relationship Agreement.

13.14.1.2 Implementation of group-wide policies

As a key area of coordination the Relationship Agreement provides for processes concerning the adoption of Deutsche Bank AG's policies, charters, frameworks and management board decisions which are intended to apply on a group-wide basis throughout DB Group as a whole (each a "**DB Governance Rule**"). DB Governance Rules may concern, for instance, group-wide business and monitoring matters such as risk management, audit, accounting, tax filings, key performance indicators, forecast assumptions as well as workforce management and compensation strategy and policy.

The Relationship Agreement distinguishes three different types of adoption processes depending on the context in which a DB Governance Rule may be implemented by the Company: First of all, in the Relationship Agreement the Company agrees, in its own interest and for its own business purpose, to incorporate any DB Governance Rule that is existing and in force at the time of signing of the Relationship Agreement (if applicable, in the form as amended for the purposes of its application to the Company and/or DWS Group).

Secondly, the Company acknowledges in the Relationship Agreement that in certain circumstances Deutsche Bank AG in its capacity as ultimate parent company of DB Group including DWS Group may be required under applicable law and/or decisions of regulatory authorities to amend existing DB Governance Rules and/or implement new DB Governance Rules. In that case, any such amended existing and/or new DB Governance Rule shall be made available to the Company which shall consult with Deutsche Bank AG as to its relevance and applicability to the Company. In principle, the Company undertakes to adopt and apply any such legally required amended or new DB Governance Rule. However, if the Company is of the opinion that such adoption and/or application is (i) legally not required from Deutsche Bank AG's perspective, and/or (ii) legally not permissible from the Company's perspective, the Company is not obliged to adopt and/or apply it. In such case, the Company shall (i) notify Deutsche Bank AG, and (ii) explain the Company's concerns and the reasons why it decided not to implement the relevant DB Governance Rule.

Finally, the Relationship Agreement covers situations in which Deutsche Bank AG amends existing DB Governance Rules and/or implements additional DB Governance Rules for whatever purpose without being legally required to do so. In such case, again, the relevant DB Governance Rule shall be made available to the Company to consult with Deutsche Bank AG as to its relevance and applicability to the Company. The Company shall decide on its adoption and application in accordance with the following general coordination process (the "**RA Decision-Making Process**"):

In any case, the Company shall take the decision in its own discretion. However, given the Company's own business interest in being and staying a member of a strong DB Group, in case there is more than one equivalent, legally viable course of action available to the Company according to its own assessment, the Company shall favorably consider the option that Deutsche Bank AG indicates as being best aligned with the interest of the DB Group as a whole. If the Company nonetheless decides that it will not implement such option, the Company must notify Deutsche Bank AG, and explain the Company's concerns and the reasons why it decided not to implement such option.

The Relationship Agreement also allows the Company to implement its own policies, charters, and frameworks (each a "**DWS Governance Rule**"), provided that such DWS Governance Rules (i) comply with applicable law and regulatory requirements, and (ii) are consistent with the relevant DB Governance Rules applying to the Company in accordance with the coordination principles described above. Prior to the adoption and application of a DWS Governance Rule, the Company shall make the envisaged DWS Governance Rule available to

Deutsche Bank AG. Then the RA Parties shall consult to (i) explore whether the envisaged DWS Governance Rule is reasonable and appropriate, and (ii) ensure its consistency with DB Governance Rules which apply to the Company pursuant to the principles agreed in the Relationship Agreement. Finally, the Company shall decide on the adoption and application of the DWS Governance Rule in accordance with the RA Decision-Making Process (i.e. in its own discretion but, if applicable, favourably considering the option indicated as being best aligned with the interest of DB Group as whole).

13.14.1.3 Further areas of business and risk coordination

The Relationship Agreement also deals with the organization of certain key infrastructure functions which comprise the audit, compliance, risk, legal, finance (including tax and treasury), anti-financial crime, and human resources functions. In relation to them, the Relationship Agreement includes general principles on the establishment, resourcing and key staff selection, oversight and performance review as well as the provision of data and information and the implementation of functional reporting lines from the function heads of the Company to the corresponding functions heads of Deutsche Bank AG. Material personnel decisions relating to senior key infrastructure staff members of the Company are subject to prior consultation with Deutsche Bank AG; the Company will then decide in accordance with the RA Decision-Making Process.

Moreover, the Relationship Agreement contains general provisions on the alignment of the Company's business and risk strategies with those of Deutsche Bank AG. It further stipulates a consultation process between the RA Parties (i) on the preparation and adoption of the Company's business planning and (ii) on material corporate investment decisions on the level of DWS Group. The Company shall decide on each of these business matters in its own discretion in accordance with the RA Decision-Making Process following a consultation process with Deutsche Bank AG.

Furthermore, the Company agrees to provide Deutsche Bank AG in a timely, complete, precise and consistent manner, with all data and information as is (i) required by Deutsche Bank AG to comply with applicable law and regulatory requirements including group accounting, tax and group audit matters or (ii) otherwise reasonably requested by Deutsche Bank AG.

The RA Parties acknowledge (i) that the Company and DWS Group companies will require a range of services provided by Deutsche Bank AG and DB Group companies for the continued operation of the asset management business, and (ii) that Deutsche Bank AG and the DB Group companies will require a range of services provided by the Company and the DWS Group companies for the continued operation of their remaining businesses. The Relationship Agreement stipulates that such services will be provided in the basis of separate service agreements to be concluded within the framework of the MSA (see section 3.9 above). In case the Company wishes to terminate a service agreement under its terms, the Relationship Agreement provides that Company shall consult with Deutsche Bank AG whether such termination would interfere with (i) Deutsche Bank AG's regulatory obligations as superordinated undertaking (*übergeordnetes Unternehmen*) or (ii) another important group interest of DB Group. In case a termination interfered with regulatory obligations, the Company commits not to terminate, unless such non-termination would be legally not permissible from the Company's perspective (in which case the Company would have to notify Deutsche Bank and give reasons for its decision to terminate). If the envisaged termination does not jeopardize the fulfillment of Deutsche Bank AG's regulatory duties but interferes an import DB Group interest, the Company shall decide on the termination in accordance with the RA Decision-Making Process (see 13.14.1.2, above).

Finally, the Relationship Agreement contains provisions relating to (i) the sub-leasing or occupation of DB Group spaces by the Company and/or DWS Group companies (see 13.8 for more information on material properties leased by DWS Group or shared with DB Group), (ii) Deutsche Bank AG's distribution of units in the investment funds managed by Deutsche Asset Management in accordance with the existing global non-exclusive distribution co-operation agreement (see 13.14.3 below), and (iii) Deutsche Bank AG's undertaking to grant the Company and DWS Group companies non-exclusive licenses to use Deutsche Bank's brands including corresponding intellectual property rights on the terms and conditions of a separate license agreement to be entered into by Deutsche Bank AG and the Company.

13.14.1.4 Dispute Resolution; term and termination

Each RA Party shall appoint a person (an authorized representative) responsible for different tasks and/or areas of coordination referred to in the Relationship Agreement. Such persons shall be the primary contacts between the RA Parties with respect to the activities in the specific areas for which they are appointed. Any dispute arising between the RA Parties in connection with the Relationship Agreement (including, for instance, any disagreement in the context of the coordination processes described above) shall be referred to the relevant authorized representatives first. If they are not able to resolve the issue, each RA Party may refer the dispute to a joint committee consisting of two senior representatives of Deutsche Bank AG and two senior representatives of the Company. If this committee is not able to resolve the dispute, each RA Party may escalate the dispute to the relevant Managing Director of the Company's General Partner and the relevant member of Deutsche Bank AG's Management Board. If they cannot resolve the dispute, each RA Party may pursue legal action.

The Relationship Agreement clarifies that Deutsche Bank AG's shareholder rights as indirect sole shareholder of the General Partner remain unaffected by the provisions of the Relationship Agreement. Accordingly, Deutsche Bank may, within the limits of applicable law, issue instructions to the Managing Directors.

The Relationship Agreement is intended to enter into force on April 1, 2018. The Relationship Agreement shall have a fixed term of five years and shall automatically be renewed for a further fixed term of two years, unless one RA Party terminates it no later than twelve months prior to the expiration of the term. The Relationship Agreement shall automatically terminate in total six months after the date on which Deutsche Bank AG ceases to hold, directly or indirectly, at least forty per cent of the shares in the Company. Within this period, the RA Parties shall negotiate in good faith a substituting agreement with reduced scope the terms of which will be designed to enable Deutsche Bank AG to fulfil its remaining governance and reporting requirements which are dependent on the level of its remaining shareholding in the Company. If the continuation of the Relationship Agreement would violate applicable law, either RA Party may terminate the Relationship Agreement by giving the other RA Party three months' (or, in case of urgency, within a reasonably shorter period) notice.

13.14.2 MSA (Master Services Agreement)

Please see section 3.9 for a description of the MSA (master services agreement) between the Company and Deutsche Bank AG.

13.14.3 DB Distribution Agreement

On October 7, 2016 we entered into a global non-exclusive distribution co-operation agreement among Deutsche Bank AG, Deutsche Bank Privat- und Geschäftskunden AG (Deutsche Bank), Deutsche Asset Management Investment GmbH, Deutsche Asset

Management S.A., RREEF Investment GmbH (together "**Deutsche AM**"), Oppenheim Asset Management S.à r.l. and PHARMA/wHEALTH Management Company S.A. governing Deutsche Bank AG's distribution of units in the investment funds managed by Deutsche Asset Management. PHARMA/wHEALTH Management Company S.A. has been liquidated with effect as of November 30, 2016 and has thus ceased to be a party to the agreement as of this date. Oppenheim Asset Management S.à r.l. has withdrawn from the distribution co-operation agreement with effect as of December 1, 2017. Among other customary provisions, the agreement sets out a list of the funds, the fees for the distribution of units and the applicable commission rates. The agreement may be terminated by any party with three months' notice to the end of a given month. The agreement was subsequently ratified or acceded by Deutsche Bank AG's Branches Brussels, Singapore, Hong Kong, Portugal and the DB Group entities Sal. Oppenheim jr. & Cie. AG & Co. KGaA, Deutsche Bank Luxembourg S.A., Deutsche Bank, Sociedad Anónima Española, Deutsche Bank Österreich AG and Deutsche Postbank AG.

On December 1, 2017, Deutsche AM and the division Private & Commercial Clients Germany of Deutsche Bank (PCC Germany) and Deutsche Postbank AG respectively each entered into an amendment agreement to the distribution co-operation agreement with a ten-year minimum term. On December 19, 2017, Deutsche AM and Deutsche Bank for its business Wealth Management Germany entered into an amendment agreement to the co-operation agreement with the same minimum term. Deutsche AM, PCC Germany, Deutsche Postbank AG and Wealth Management Germany may each terminate the distribution co-operation agreement with 24 months' notice to the end of a calendar year, however at the earliest with effect as of December 31, 2017. For PCC Germany only, the December 2017 amendment agreement stipulates that Deutsche AM will always be included in PCC Germany's requests for proposals for its advisory business' product universe. Moreover, the December 2017 amendment agreement determines that for the White Label Funds and Tailor Made Solutions section of PCC Germany's advisory business' product universe, Deutsche AM's investment funds will be chosen if according to PCC Germany's assessment they are at least comparable to the offerings of third party fund providers, taking into account the interests of customers, qualitative and quantitative analyses and the requirements of the advisory product portfolio.

13.14.4 New Facilities Agreement

Please see section 11.9.2 for a description of the new facilities agreement related to an undrawn €500 million multicurrency revolving credit facility for which the Company has received binding commitments and which will be entered into prior to closing of the Offering.

13.14.5 Investment Agreement with Strategic Investor

Please see section 4.9, for a description of the Investment Agreement. In addition to the terms described in section 4.9, the Investment Agreement also contains provisions for a strategic alliance to facilitate collaboration in the area of asset management and to explore certain further areas of possible collaboration (the **"Strategic Alliance"**) as described below.

The fixed initial term of the Strategic Alliance is five years, which will be extended automatically by one year on any anniversary of the commencement, unless the Strategic Alliance is terminated by the Investor or the Company with six months prior notice. Both parties are entitled to terminate the Strategic Alliance for cause at any time following a material non-performance of obligations by the other party or in case a shareholder (solely or as a group) acquires more than 50% of the share capital in the Company. Additionally the Investor is granted a termination right for cause in certain cases, such as in case of a change of the legal form of the Company (other than permissible conversions), of a change of control in the Company or in case of a competitor of the Investor gaining significant influence in the Company.

In the context of the Strategic Alliance the Investor shall, subject to customary conditions, contribute assets under management to the Company and the Investor and the Company have also agreed to consider further collaboration, including, but not limited to cross-using their respective distribution channels, seeking opportunities for specific products offered by the Company as well as to identify further areas of collaboration between the Investor and the Company. In order to monitor and further develop the Strategic Alliance the Investor and the Company will set up a joint steering committee and various working committees.

13.15 Related Party Transactions

Please see Part 18 for more information on related party transactions.

PART 14: REGULATORY AND LEGAL ENVIRONMENT

14.1 Overview

14.1.1 Current Regulatory and Legal Environment

As a global asset management firm, a variety of regulatory and supervisory regimes apply to DWS Group in each of the jurisdictions in which it operates, be it through regulated entities or by providing cross-border services. These regulations subject DWS Group's business activities to a pervasive array of increasingly detailed operational requirements, compliance with which is costly, time-consuming and complex.

DWS Group is part of DB Group, and therefore subject to regulatory requirements that apply to Deutsche Bank AG as credit institution (*Kreditinstitut*) and global systematically important bank on a consolidated basis. Certain regulatory requirements apply at the level of the Company as consequence of its qualification as a financial holding company (*Finanzholdinggesellschaft*) under Regulation (EU) No. 575/2013 ("**CRR**") on a sub-consolidated basis since Deutsche Asset Management International GmbH has obtained a placement business license.

14.1.1.1 Key regulated entities

DWS Group's key regulated subsidiaries comprise, but are not limited to:

- DeAM Intl. GmbH

  DeAM Intl. GmbH is regulated as a financial services institution (*Finanzdienstleistungsinstitut*) under KWG. It offers various types of investment services and ancillary services in accordance with MiFID II. These services comprise investment advice, discretionary portfolio management and execution services under the appropriateness test (non-advised business) or under the execution-only regime including contract brokering and investment brokering. In addition, DeAM Intl. GmbH has obtained a placement business license and is therefore also regulated as an investment firm under CRR. This allows DeAM Intl. GmbH to engage in the placement of financial instruments. It also leads to the qualification of the Company as a financial holding company under the CRR and to sub-consolidation, because the Company has subsidiary financial institutions in third countries. As a consequence of such qualification under CRR, we believe DB Group will be allowed to include the minority interests in the Company in DB Group's regulatory capital. DeAM Intl. GmbH has also applied to establish branches in Austria, Italy, The Netherlands and France under the MiFID passporting regime and it will do so in Sweden and Spain in due course. DeAM Intl. GmbH is also registered as an investment adviser with the SEC, which allows DeAM Intl. GmbH to provide investment management and advisory services to US-registered investment companies, private funds with US investors and other US-based clients.

- Deutsche Asset Management Investment GmbH ("**DeAM Inv. GmbH**")

  DeAM Inv. GmbH is a German regulated UCITS ManCo as well as a German regulated AIFM in accordance with the German Capital Investment Act ("**KAGB"**). It has the license to provide collective portfolio management with regard to UCITS, certain types of mutual open-ended AIFs as well as certain types of open-ended Special AIFs, the latter only available for institutional investors. Under the UCITS and AIFM license in accordance with KAGB, DeAM Inv. GmbH is also licensed to provide certain MiFID II relevant investment services as, for instance, discretionary portfolio management, investment advice and custody services concerning investment units.

- RREEF Investment GmbH (“**REI**”)

  REI is a German regulated AIFM in accordance with KAGB. It has the license to provide collective portfolio management for mutual open-ended and closed-ended real estate funds. It has no license to provide any MiFID II relevant investment services.

- RREEF Spezial Invest GmbH (“**RESI”**)

  RESI is a German regulated AIFM in accordance with KAGB. It has the license to provide collective portfolio management for mutual open-ended and closed-ended real estate funds as well as certain types of open-ended and closed-ended Special AIFs, the latter only available for institutional investors. It has no license to provide any MiFID II relevant investment services.

- Deutsche Asset Management S.A. (“**DeAM S.A.**”)

  DeAM S.A. is a Luxembourg regulated UCITS Management Company in accordance with the Luxembourg Law as of Decemeber 17, 2010 concerning undertaking for collective investment in transferable securities as well as a regulated AIFM in accordance with the Luxembourg Law of July 12, 2013 on alternative investment fund managers. It has the license to provide collective portfolio management with regard to UCITS, certain types of mutual open-ended AIFs as well as certain types of open-ended special AIFs. Under the UCITS and AIFM license DeAM S.A. is also licensed to provide certain MiFID II relevant investment services as, for instance, discretionary portfolio management, investment advice and custody services concerning investment units.

- DB Vita S.A.

  DB Vita S.A. is a Luxembourg based insurance company. It has the license to conduct insurance business and exclusively offers fund-based life insurances with Germany being its target market.

- Deutsche Investment Management Americas Inc. (“**DIMA**”)

  DIMA is domiciled in the United States and registered as an investment adviser with the SEC, which allows DIMA to provide investment management and advisory services to US-registered investment companies, private funds with US investors and other US-based clients. It provides investment advisory services on a discretionary and non-discretionary basis and advises both open-end and closed-end funds.

- RREEF America L.L.C. (“**RREEFA**”)

  RREEFA is domiciled in the United States and registered as an investment adviser with the SEC, which allows RREEFA to provide investment management and advisory services to US-registered investment companies, private funds with US investors and other US-based clients. It provides investment advisory services on a discretionary and non-discretionary basis and advises both open-end and closed-end funds.

- Deutsche Asset Management (Asia) Limited (**“DeAM Asia”**)

  DeAM Asia holds a CMS license for fund management and dealing in securities. It is also an exempt financial adviser for advising on investment products, issuing or promulgating analyses and reports on investment products and marketing of collective investment schemes.

- Deutsche Alternative Asset Management (Global) Limited (**"Deutsche Alternative AM"**)

  Deutsche Alternative AM is a company incorporated under the laws of England and Wales. It offers various types of investment services and is regulated by the UK Financial Conduct Authority. It is also registered as an investment adviser with the SEC, which allows Deutsche Alternative AM to provide investment management and advisory services to US-registered investment companies, private funds with US investors and other US-based clients.

- Deutsche Asset Management (Japan) Limited **("DeAM Japan"**)

  DeAM Japan is registered with the Financial Services Authority of Japan ("JFSA") as (i) Investment Management Operator, (ii) Investment Advisory and Agency Business Operator, and (iii) Type I and (iv) Type II Financial Instruments Business Operator. In its investment management business, DeAM Japan acts as an investment manager in respect of Japan domiciled registered investment trusts.

- Deutsche Asset Management US Holding Corporation ("**IHC II**")

  As described in more detail in section 14.3.4.6, on February 14, 2018 the Federal Reserve Board approved Deutsche Bank AG's request to establish Deutsche Asset Management US Holding Corporation as DB Group's second intermediate holding company, in order to hold 100% of the equity of the Company's US subsidiaries. We refer to Deutsche Asset Management US Holding Corporation as "**IHC II**" in this prospectus in order to distinguish it from DB Group's principal US intermediate holding company, DB USA Corporation, which was designated as such in July 2016 and is referred to in this prospectus as "**IHC I**".

14.1.1.2 Regulatory Regimes

The Company and its subsidiaries are subject to different regulatory regimes in connection with their asset management activities, investment services and products and insurance services. While the regulations applicable to the Company and its subsidiaries vary depending on the jurisdiction, as a general matter, the regulatory regimes to which the Company and its subsidiaries are subject include the following:

- requirements to obtain licenses in order to provide fund management, investment advisory, discretionary and non-discretionary portfolio management services and insurance products,

- minimum regulatory capital, liquidity requirements and other prudential and organizational requirements,

- conduct of business, anti-money laundering, cybersecurity, Know Your Customer (KYC) rules and other anti-financial crime requirements,

- disclosure obligations relating to, among other things, fund assets and investment policies, and the fees charged by the DWS Group,

- obligation to ensure that fund assets are held in custody by independent depositaries and that asset values are determined by independent parties,

- restrictions on employee compensation, and

- extensive reporting requirements.

DWS Group may be adversely affected by any failure to comply with current laws and regulations or by changes in the interpretation or enforcement of existing laws and regulations. Challenges associated with interpreting regulations issued in numerous jurisdictions in a globally consistent manner may add to such risks, particularly if regulators in different jurisdictions have inconsistent views or provide only limited regulatory guidance. In particular, violation of applicable laws or regulations could result in fines, the temporary or permanent prohibition of certain activities, reputational harm and related client losses, suspensions of employees or revocation of their licenses or the licenses of DWS Group, or other sanctions, which could have a material adverse effect on DWS Group's reputation or business and thereby a material adverse effect on its AuM, revenues and results of operations.

Over the past several years, U.S. regulatory agencies have increased their focus on the asset management, mutual fund and broker-dealer industries. Regulatory reforms adopted or currently considered are likely to continue to increase the extent of regulation of the mutual fund, investment adviser and broker-dealer industries and impose additional compliance obligations and costs on the DWS Group entities involved with those industries. Under provisions of the U.S. federal securities laws applicable to broker-dealers, investment advisers and registered investment companies and their service providers, a determination by a court or regulatory agency that certain violations have occurred at a company or its affiliates can result in fines, restitution, a limitation on permitted activities, disqualification to continue to conduct certain activities and an inability to rely on certain favorable exemptions. Certain types of infractions and violations also can affect the DWS Group's ability to expeditiously issue new securities into the capital markets.

14.1.2 Changes in the Regulatory and Legal Environment

It is expected that the level of regulatory scrutiny to which DWS Group is subject will continue to increase. A number of regulatory reforms that have been proposed may require DWS Group to alter its business or operating activities, which could be time-consuming and costly and may impede the Group's growth. Regulatory reform may also impact the Group's banking, insurance company and pension fund clients, e.g. by modifying the solvency or liquidity treatment of the Group's products on their balance sheet, which could cause them to change their investment strategies or allocations in manners that may be adverse to the Group. Some of the new measures are proposals that are under discussion and that are subject to revision and interpretation and will need adapting to each country's framework by national regulators.

In January 2017, FSB published policy recommendations to address structural vulnerabilities from asset management activities that could potentially present financial stability risks. Some of the recommendations will be operationalized by IOSCO. IOSCO issued its recommendations and good practices to improve liquidity risk management for investment funds in February 2018 and has asked to complete its work on the leverage measures by the end of 2018. Although these recommendations constitute mere soft law at this stage, it is very likely that they will translate into binding legislative measures that increase the regulatory burden of the Group.

Changes in the Regulatory and Legal Environment are not limited to regulatory reforms, but can also arise from the evolving interpretations of the regulatory laws by regulators and supervisory authorities. For example, the CRR is interpreted by regulators such as the European Banking Authority ("**EBA**") or supervisory authorities such as the European Central Bank ("**ECB**") and the German Federal Financial Supervisory Authority ("**BaFin**"). The evolving interpretation can change the way how regulatory requirements are applied which can have negative effects on our capital ratio. For example, the EBA has published new

interpretative guidance on the treatment of guaranteed fund products in October 2017 (EBA Q&A Question ID: 2016_2971) which, if determined to be applicable to the full range of guaranteed funds and guaranteed fund saving schemes including the main government sponsored private pension scheme in Germany, could significantly increase our risk weighted assets ("**RWAs**") and therefore negatively impact our regulatory capital ratio. Another example of such change concerns money market funds ("**MMFs**"). The European Commission noted in a letter to ESMA dated January 19, 2018, that the practice of share cancellation, also known as reverse distribution or share destruction, which the Company adopts in its management of MMFs is not compatible with the Money Market Funds Regulation (EU) 2017/1131 relating to funds invested mainly in money market instruments ("**MMF Regulation**"). ESMA is currently assessing the consequences of the letter and considering possible next steps which may require the Company to significantly alter its MMFs management techniques. The latter could negatively impact clients' demand for the Company's services and thus its AuM.

Following the EBA review of the prudential regime for investment firms, including a first report in December 2015, a discussion paper in November 2016 and a second opinion in September 2017, the European Commission in December 2017 adopted a proposal for a regulation and a proposal for a directive to amend the current EU prudential rules for investment firms including the CRR and the Directive 2013/36/EU ("**CRD IV**") ("**Commission Proposal for Investment Firms**"). The aim of the Commission Proposal for Investment Firms is to introduce more proportionate and risk-sensitive rules for investment firms. It aims at better capturing the risks for investment firms that are not deemed to be systemic and bank-like (so called class 2 firms and class 3 firms). At the same time, systemic and bank-like investment firms should be subject to the same regime as European credit institutions (so called class 1 firms). For that purpose, the European Commission envisages introducing a new capital regime that places particular focus on the risks that investment firms pose to customers and to market liquidity and integrity. Therefore, the ongoing capital requirements shall be calculated based on capital factors (K-Factors) that are attributed to one of these two broad types of risks, which are then amplified by a measure of the risk to which firms themselves are exposed. In addition to capital requirements, the European Commission proposes further parts of an overall framework, which includes, but is not limited to, a revised liquidity requirement as well as requirements addressing concentration risks and reporting requirements. At this stage, it is unknown whether DWS Group will benefit from the facilitations linked to the categorization as a class 2 or a class 3 firm.

14.2 DWS Group's key regulators

14.2.1 Eurozone

On October 15, 2013, the EU adopted the regulation (EU) No. 1024/2013 (SSM Regulation) establishing a Single Supervisory Mechanism for credit institutions of the Eurozone and opt-in countries, which has conferred specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions. The SSM Regulation has given to the ECB, in conjunction with the relevant national regulatory authorities, in Germany BaFin and Deutsche Bundesbank (each of BaFin, Deutsche Bundesbank and the ECB is hereinafter referred to as a **"Banking Supervisory Authority"**), direct supervisory authority over the most significant credit institutions located in the Eurozone and opt-in countries, including solo and consolidated supervision of Deutsche Bank AG. As part of DB Group, the Company and DWS Group will be subject to supervision on a consolidated basis through the ECB. On a sub-consolidated basis, DWS Group will be supervised by BaFin. BaFin will also be responsible for supervision of the Company on a solo basis.

The relevant Banking Supervisory Authority makes individual decisions, decides upon institutions' licenses, grants specific exemptions as provided in applicable banking regulations, supervises the enforcement of laws and regulations applicable to institutions and monitors their financial standing.

The relevant Banking Supervisory Authority may order institutions to comply with applicable regulations and to cease conducting activities that may adversely affect the interests of clients. The relevant Banking Supervisory Authority may also require an institution to take measures to strengthen or restore its financial situation, improve its management methods and/or adjust its organization and activities to its development goals. When an institution's solvency or liquidity, or the interests of its clients are or could be threatened, the relevant Banking Supervisory Authority is entitled to take certain provisional measures including: submitting the institution to special monitoring and restricting or prohibiting the conduct of certain activities (including deposit-taking), the making of certain payments, the disposal of assets, the distribution of dividends to its shareholders, and/or the payment of variable compensation. The relevant Banking Supervisory Authority may also require institutions to maintain regulatory capital and/or liquidity ratios higher than required under applicable law and submit to specific liquidity requirements, including in terms of asset/liability maturities mismatch.

Where regulations have been violated, the relevant Banking Supervisory Authority may impose administrative sanctions, which may include warnings, fines, suspension or dismissal of managers and withdrawal of the license of the bank, leading to its winding up. The relevant Banking Supervisory Authority also has the power to appoint a temporary administrator to provisionally manage a bank that it deems to be mismanaged. Insolvency proceedings may be initiated against institutions only after prior approval of the relevant Banking Supervisory Authority.

Moreover, since January 1, 2016, a single resolution board established by Regulation (EU) No. 806/2014 of 15 July 2014 (the **"SRM Regulation"**), together with national authorities, is in charge of resolution planning and preparation of resolution decisions for cross-border credit institutions as well as credit institutions directly supervised by the ECB.

14.2.2 Germany

Save for the ECB's supervisory authority set out in the previous section, BaFin regulates German banking, insurance and securities markets, including the implementation of measures for the prevention and resolution of banking crises. It publishes regulations that set forth regulatory duties of financial markets operators, investment services providers and issuers of financial instruments offered to the public in Germany. BaFin is also in charge of supervising asset management companies (*Kapitalverwaltungsgesellschaften*). It monitors compliance by asset management companies with applicable laws and regulations and the conditions of their licenses and may impose sanctions against any person violating its regulations. Investment firms (*Wertpapierfirmen*) pursuant to the CRR and financial services institutions (*Finanzdienstleistungsinstitute*) pursuant to the KWG on a solo basis, and sub-groups not including credit institution, are jointly supervised by BaFin and Deutsche Bundesbank.

14.2.3 UK

The Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority ("**PRA**") regulate the UK banking, insurance and securities markets. The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The FCA regulates the conduct of financial services firms and financial markets in the UK and is the prudential regulator of financial services firms which

are not prudentially regulated by the PRA. In the UK, asset management companies must be authorized by the PRA and/or FCA under the Financial Services and Markets Act 2000 ("**FSMA**") in order to conduct asset management activities. The scope of a firms' authorization is linked to the nature of its asset management activities and its financial and organizational abilities. Generally, the FCA expects asset managers to obtain authorization in respect of any regulated activity carried out, e.g. (i) managing investments; (ii) managing an authorized AIF; (iii) managing an unauthorized AIF; (iv) managing a UCITS; and/or (v) establishing, operating or winding up a collective investment scheme.

The FCA authorizes and regulates certain DWS Group subsidiaries and the products and services they offer in the UK (principally Deutsche Asset Management UK Limited and Deutsche Alternative Asset Management (Global) Limited).

The FCA's rules and guidance made under FSMA govern an authorized firm's capital resources requirements, senior management arrangements, systems and controls, conduct of business and interaction with clients and the markets, subject to any requirements that may be applicable to such firms as a result of their membership of a wider group subject to consolidated supervision by another regulator. The FCA also regulates the design and manufacture of investment funds intended for public distribution and, on a more limited basis, those that are for investment by professional investors.

The FCA monitors compliance by asset management companies with applicable laws, regulations and any conditions associated with their authorization and may impose sanctions against any person in violation of these.

14.2.4 US

Deutsche Bank AG and certain of its affiliates, including the Company and many of its subsidiaries, are subject to extensive federal and state banking, securities and derivatives regulation and supervision in the United States.

By virtue of its U.S. banking presence, Deutsche Bank AG is a bank holding company ("**BHC**") for purposes of the U.S. Bank Holding Company Act of 1956, as amended (the "**BHC Act**"), as well as a "financial holding company" ("**FHC**") within the meaning of that act. As a result, Deutsche Bank's global activities and investments are subject to the BHC Act, and its U.S. operations, including the U.S. operations of the Company, are subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**") as Deutsche Bank's U.S. 'umbrella supervisor.'

A number of entities within the DWS Group are also subject to functional regulation in the United States by other federal and state regulators and self-regulatory organizations. These include any subsidiary of the Company that is: registered with the Securities and Exchange Commission (the "**SEC**") as a registered investment adviser (an "**RIA**") under the Investment Advisers Act of 1940 (the "**Advisers Act**"); registered with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator (a "**CPO**") and/or commodity trading advisor (a "**CTA**") under the Commodity Exchange Act (the "**Commodity Exchange Act**"), and also a member of the National Futures Association (the "**NFA**"), a self-regulatory organization for the U.S. derivatives industry; registered with the SEC as a broker-dealer, and also subject to the rulemaking and examination authority of the Financial Industry Regulatory Authority ("**FINRA**"), a self-regulatory organization overseen by the SEC, as well as the securities authorities in the states in which it operates; a transfer agent registered as such with the SEC; or a limited purpose trust company regulated by a state banking regulator. Certain entities within the DWS Group are also subject to the disclosure and regulatory requirements

of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as administered by the SEC, and registration, compliance and examination under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the regulations thereunder.

These federal and state regulatory agencies and self-regulatory organizations are authorized to examine and enforce certain legal, regulatory and compliance requirements with respect to DWS Group entities within their respective jurisdictions.

14.2.5 APAC

14.2.5.1 Singapore

Fund management activities in Singapore are regulated by the Monetary Authority of Singapore ("**MAS"**) under the Securities and Futures Act (Cap. 289) ("**SFA"**). The MAS is the central bank of Singapore and is the main regulatory body for asset managers.

Persons engaged in fund management must be registered with the MAS as a Registered Fund Management Company, hold a Capital Markets Services ("**CMS**") license for fund management or be expressly exempted from holding a CMS license.

DeAM Asia holds a CMS license for fund management and dealing in securities. It is also an exempt financial adviser for advising on investment products, issuing or promulgating analyses and reports on investment products and marketing of collective investment schemes.

A CMS licensee must comply with all applicable laws, regulations, license conditions as well as such other MAS guidance. A CMS licensee must ensure that its officers, representatives, and substantial shareholders remain fit and proper at all times. A CMS licensee is also subject to ongoing business conduct and capital requirements.

14.2.5.2 Hong Kong

The Securities and Futures Commission of Hong Kong ("**SFC**") regulates Hong Kong's securities and futures markets. The SFC sets standards for securities and futures market operators, investment services providers, and issuers of financial products offered to the public in Hong Kong. It monitors compliance by licensees, substantial shareholders of licensed corporations, their directors and the Hong Kong Exchange and Clearing Limited with applicable laws and regulations and activities in the securities and futures markets. It also investigates and takes actions against market misconduct and misconduct of licensees.

In Hong Kong, asset management companies are required to be licensed by the SFC in order to conduct asset management activities.

When licensed by the SFC, asset management companies must remain fit and proper at all times, comply with all applicable regulations, license conditions as well as codes and guidelines issued by the SFC.

14.2.5.3 China

Harvest Fund Management Co., Ltd. (**"Harvest"**) is registered as a public securities investment fund management company (**"Public FMC"**), a type of asset management companies in China. The China Securities Regulatory Committee (**"CSRC"**) is the regulatory body for Public FMCs in China.

The CSRC is a ministry-level government body under the State Council that regulates China's securities and futures markets. Amongst others, the CSRC formulates plans and draft laws,

regulations and other rules for the securities and futures markets, supervises the issuance, listing, trading, custody and settlement of stocks and bonds, supervises market behavior of listed companies and shareholders with applicable laws and regulations and activities in the securities and futures markets, supervises companies such as securities and futures companies, fund management companies, investment consultants and credit-rating institutions, and also investigates and takes actions against market misconducts that are in violation of securities and futures laws.

Public FMCs are required to be licensed by the CSRC. When licensed by the CSRC, a Public FMC must meet certain qualifications requirements such as shareholder qualifications, minimum capital and employee qualifications. A Public FMC must remain compliant with the CSRC qualification requirements at all times. Any material changes will have to be reported to and approved by the CSRC. Upon approval by CSRC, a Public FMC can launch publicly raised funds and invest in publicly traded securities and other assets permitted by laws.

In addition to the above, Harvest has a number of subsidiaries which are engaged in other types of asset management business and hold the corresponding licenses, amongst others:

- license for fund sales business, licensed by CSRC, and held by Harvest Wealth Management Co., Ltd.; and
- license for providing asset management service to specific clients, licensed by CSRC, and held by Harvest Capital Management Co., Ltd.

14.2.5.4 Japan

The JFSA is the primary regulatory body for DeAM Japan. The Securities Exchange and Surveillance Commission of Japan also has the authority to inspect DeAM Japan as a registered financial instruments business operator. To a certain extent, JFSA and the Securities Exchange and Surveillance Commission of Japan delegate their authority to local finance bureaus.

14.3 Laws and Regulations applicable to DWS Group's asset management activities

14.3.1 EU

14.3.1.1 General overview

European regulators have increased their focus on the financial services industry. They have issued and are expected to continue issuing significant directives and regulations and other sources of law relevant to the asset management industry, aimed at protecting investors and safeguarding financial stability. The asset management activities of the Group can be divided into two broad types of activities:

- Management of individual portfolios and related advisory services, which are regulated by the Markets in Financial Instruments Directive 2014/65/EU of 15 May 2014 ("**MiFID II**") and the Markets in Financial Instruments Regulation (EU) No 600/2014 of 15 May 2014 ("**MIFIR**"); and
- Management of funds and other collective investment vehicles, including Undertakings for Collective Investment in Transferable Securities ("**UCITS"**) and Alternative Investment Funds ("**AIF"**), which are regulated by the UCITS Directive 2009/65/EC of 13 July 2009 ("**UCITS Directive**") and the AIFM Directive 2011/61/EU of 8 June 2011 ("**AIFMD**") respectively.

In addition to this major legislation, asset management activities are affected by other EU legislative frameworks and proposals, such as the European Market Infrastructure Regulation (**"EMIR"**) framework, which regulates clearing, reporting and risk mitigation with respect to OTC derivatives transactions, and the so-called "shadow banking" framework, which includes laws that aim at reinforcing the transparency, and diminishing risks associated with securities financing transactions and money-market funds.

The laws and regulations that implement EU legislation into each EU Member State's legal system are to a large extent uniform across all EU jurisdictions in which the DWS Group operates, although national law and regulations vary across jurisdictions. Many of the regulations are recent and some are still being enacted. The timing of implementation of this legislation is subject to changes depending on the progress of European lawmakers and on implementation through directives, regulations and technical standards or guidelines.

EU asset management companies must receive an authorization in order to conduct asset management activities. The scope of this authorization is linked to the nature of management activities and the financial and organizational ability of the companies that request such authorization. Asset management companies may request an authorization regarding three different activities for (i) collective portfolio management of UCITS, as defined under UCITS V, (ii) collective portfolio management of AIF, as defined under AIFMD and, in addition to either (i) or (ii) or (i) and (ii), for (iii) individual portfolio management for third parties, as defined under MiFID II. Depending on the authorization granted, asset management companies may offer investment services as defined under MiFID II such as discretionary portfolio management mandates, investment advice or reception and transmission of orders. When authorized to manage both UCITS and AIFs, asset management companies must comply with the regulations applicable to these two activities cumulatively, unless provided otherwise.

One objective of the European regulatory framework is to facilitate cross-border distribution of investment products across EU Member States. The European passport allows an asset management company that has been authorized by the authority of its home country to conduct its activities throughout the EU or in states that are parties to the EEA agreement. European passport rights may be exercised under the freedom to provide services and under the freedom of establishment. Under the freedom to provide services, the asset management company may conduct its activities in another EU Member State or in a state that is a party to the EEA agreement other than that in which its registered office is located. Under the freedom of establishment, the asset management company may set up branches in another EU Member State or in a state that is a party to the EEA agreement (both "**Member States**").

An asset management company wishing to pursue the activities for which it has been authorized in its home Member State in another Member State must notify the competent authorities of its home Member State accordingly. In the host Member State, the asset management company may only conduct those activities covered by the authorization issued in its home Member State.

A passport may be granted for the three types of asset management activities: (i) collective portfolio management of UCITS, (ii) collective portfolio management of AIFs and (iii) individual portfolio management for third parties. Passports may also apply to other investment services, such as reception/transmission of orders and execution of orders on behalf of third parties. The passport regime allows the DWS Group's entities to conduct cross-border distribution of the said activities across the EU. Conversely, it also allows other EU asset managers to conduct cross-border distribution in Germany and other EU markets where the Group operates.

14.3.1.2 Regulations applicable to the provisions of investment services and activities

The DWS Group's regulated entities are required to comply with the regulatory framework resulting from MiFID II and MiFIR. MiFID II, as a successor of Markets in the Financial Instruments Directive 2004/39/EC, applies since 3 January 2018 and regulates investment services such as the management of individual portfolios (discretionary portfolio management), also referred to as "discretionary management", investment advice, receipt and transmission of orders, execution of orders on behalf of clients and also placing of financial instruments without a firm commitment.

MiFID II more generally regulates the provision of investment services and activities throughout the EU by establishing (i) conduct of business obligations when providing investment services to clients, (ii) an obligation to execute orders on terms most favorable to the client, (iii) client order handling rules, (iv) market transparency, integrity and organizational requirements as well as (v) rules regarding the acceptance and right to retain fees, commissions or benefits. The specific regulations applicable depend on the category of the client, with retail clients receiving the greatest degree of protection and more flexibility being afforded to relations with professional investors and eligible counterparties. MiFID II is further detailed through delegated acts and regulatory technical standards prepared by the European Securities and Markets Authority (**"ESMA"**) and adopted by the European Commission. In addition, ESMA issues guidelines and Q&A that provide further detail on the interpretation of the rules included in MiFID II. Insofar as MiFID II requires implementation in EU Member States, the latter may impose stricter or complementary requirements than those set out here.

MiFID II has significant and wide-ranging impacts on investment firms with asset management activities, in particular (i) enhanced organizational requirements, (ii) additional provisions to ensure investor protection with strengthened information obligations, assessment of suitability and appropriateness and reporting to clients, obligations to execute orders on terms most favorable to the client, client order handling rules, (iii) prescriptive rules on portfolio management firms' ability to receive and pay for investment research relating to all asset classes, (iv) extension of pre- and post-trading transparency requirements to cover additional financial instruments and (v) increasing powers given to the competent authorities for the supervision of securities and financial markets.

MiFID II legislation requires investment firms to supply enhanced information to investors in connection with the provision of investment services, including investment advice. Regulated entities must provide appropriate and clear guidance and warnings of the risks associated with financial instruments. Regulated entities must in particular disclose to investors whether the range of instruments proposed to the client is issued or provided by other entities with links and relations to the entity offering the investment advice. In addition, MiFID II introduces additional disclosure requirements with respect to pricing components. The aggregated amount of all costs and charges relating to both investment services and ancillary services must be provided to the client.

MiFID II enhances investor protections with respect to the type of payments from third parties (or "inducements") a firm can receive or pay when providing investment services. Firms providing investment advice on an independent basis or discretionary portfolio management activities will generally be prohibited from retaining any fees, commissions, monetary or non-monetary benefits received from third parties. Certain minor non-monetary benefits are excluded from the ban, but must be clearly disclosed to the client.

As for firms providing investment services other than discretionary portfolio management or independent investment advice, inducements will be able to be received as long as these

payments are designed to enhance the quality of the relevant service to the client and do not impair compliance with the provider's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.

The existence, nature and amount of such payment or benefit will need to be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment service or ancillary service.

These provisions are further specified through Chapter IV of Commission Delegated Directive (EU) 2017/593 that, inter alia, defines the conditions to be met in order to consider a commission or non-monetary benefit to enhance the quality of the relevant service, sets out which benefits qualify as acceptable minor non-monetary benefits and stipulates under which conditions research will not be considered as an inducement. This enhanced regulation of inducements may impact the relations between DWS Group's entities and distributors of funds, including distribution models and fee structures. Inter alia, it entails that DWS Group will pay for research out of its own resources without charging clients for it.

14.3.1.3 Requirements applicable to UCITS

Certain entities of the DWS Group manage and market UCITS in the EU and as a result are subject to the organizational requirements and conduct of business rules of the UCITS Directive.

Under the UCITS framework, entities managing UCITS must comply with strict organizational rules, including requirements regarding risk management and conflicts of interest, and conduct of business rules such as rules regarding information provided to customers and fees. The assets of a common fund or an asset management company must be held in safe custody by a depositary that is a distinct entity from the fund and the asset management company. In addition, UCITS are subject to asset allocation and diversification rules.

The asset management company must prepare a short document containing key information for investors for all the UCITS it manages. This key investor information document must provide information on essential elements in respect of the UCITS concerned, including the identification of the UCITS, a short description of its investment objectives and investment policy, a presentation of past performance, costs and associated charges, and the risk/reward profile of the investment. The asset management company also must publish a prospectus including the information necessary for investors to be able to make an informed judgment on the investment proposed to them and, in particular, on the risks related thereto. Furthermore, rules on remuneration policies must be applied to key members of the UCITS managerial staff.

Moreover, the UCITS Directive stipulates minimum administrative sanctions that are available to supervisors in case of key violations of the UCITS rules.

14.3.1.4 Regulations applicable to the managers of AIFs

Certain entities of the DWS Group manage and market AIF's in the EU and as a result the DWS Group's business is impacted by the AIFMD. The AIFMD imposes strict regulatory requirements on managers of AIFs, defined as entities (other than UCITS) that raise capital from a number of investors, with a view to investing it for the benefit of those investors in accordance with a defined investment policy. The AIFMD imposes additional organizational, governance, disclosure and asset allocation requirements and requires AIF assets to be held by depositaries independent from the manager of the AIF ("**AIFM**") and the AIF.

AIFMs must report regularly to the competent authorities of their home Member State on the principal markets and instruments in which they trade on behalf of the AIFs they manage. In particular, AIFMs must provide information on the main instruments in which each AIF is trading, on markets of which it is a member or where it actively trades, and on the principal exposures and most important concentrations of each of the AIFs it manages. In addition, AIFMs must comply with enhanced disclosure obligations to the investors. An AIFM must, for each of the EU AIFs it manages and for each of the AIFs it markets in the EU, establish an annual report no later than 6 months following the end of the financial year. AIFMs must in most cases also make available to AIF investors, before they invest in the AIF, a list of information including in particular a description of the investment strategy and objectives of the AIF, a description of the procedures by which the AIF may change its investment strategy or investment policy, a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, a description of the AIF's liquidity risk management and a description of all fees, charges and expenses (including the maximum amounts thereof) which are directly or indirectly borne by investors.

AIFMs may market units or shares of EU and non-EU AIFs they manage to professional investors in the European Union with a passport. Non-EU AIFMs may also, subject to becoming authorized in an EU Member State, market EU and non-EU AIFs throughout the EU.

14.3.1.5 Regulations applicable to Money Market Funds

On May 16, 2017, the Council of the EU adopted the MMF Regulation. The MMF Regulation applies from July 21, 2018 and is designed to ensure increased protection of investors and to limit the risk that MMFs may impair the integrity and stability of the financial markets. The regulation applies to collective investment undertakings that require an authorization to be managed and marketed, such as UCITS or AIFs. The new rules on MMFs supplement the provisions of UCITS V and the AIFMD and must be applied in addition to the rules laid down in both directives.

The MMF Regulation introduces new requirements, such as the diversification of the MMFs' asset portfolios, liquidity and concentration requirements, and the implementation of sound stress testing processes. A manager of an MMF must also implement a "know your customer" policy to anticipate the effect of concurrent redemptions by several investors as well as internal assessment procedures for determining the credit quality of money market instruments, taking into account the issuer of the instrument and the characteristics of the instrument itself. The regulation increases the transparency requirements for MMFs. The assets of an MMF will have to be valued on a daily basis, and the result of the valuation will have to be published daily on the website of the MMF. MMFs also have weekly reporting obligations with respect to the liquidity profile, the credit profile and portfolio composition, the weighted average maturity and weighted average life of the portfolio and concentration.

ESMA is currently reviewing the proper implementation of the MMF Regulation. In that context, the European Commission noted in a letter to ESMA dated January 19, 2018, that the practice of share cancellation, also known as reverse distribution or share destruction, which the Company adopts in its MMFs management is not compatible with the MMF Regulation. ESMA is currently assessing the consequnces of the letter and is considering possible next steps which may require the Company to significantly alter its MMFs management techniques. The latter could negatively impact clients' demand for the Company's services and thus its AuM.

14.3.1.6 Regulations applicable to Securities Financing Transactions

Regulation (EU) 2015/2365 on transparency of securities financing transactions ("**SFT**") and of reuse ("**SFT Regulation**"), which is fully applicable since July 31, 2017, aims at improving the transparency of SFTs and limiting the risks associated with SFTs. The SFT Regulation provides in particular that all SFTs must be reported to trade repositories and that asset management companies of UCITS, investment firms and AIFMs must provide disclosure to their investors of their use of SFTs and their reuse of underlying financial instruments on an annual and half-yearly basis and, in the case of UCITS and AIFMs, in pre-investment documentation.

14.3.1.7 Regulations applicable to PRIIPS

The DWS Group's business is impacted by the EU Regulation (EU) 1286/2014 on key information documents for packaged retail and insurance-based investment products ("**PRIIPS Regulation**"). All investment products and contracts in which consumers' money is invested indirectly, rather than directly, in the capital market or where its repayment is otherwise linked to the performance of certain securities or reference values are classed as packaged within the meaning of the PRIIPs Regulation. These essentially include structured financial products (certificates and structured deposits), financial products whose value is derived from reference values such as shares (derivatives), investment funds – with the exception of UCITS funds, endowment (including unit-linked and hybrid) life insurance products as well as German private pension insurance schemes. Potential investors must be provided with a key information document ("**KID**") on PRIIPs before they sign the contract by the person advising on, or selling, a PRIIP while PRIIP manufacturers are responsible for drawing up the KID. The precise content, layout and order of the KID have been further specified by Commission Delegated Regulation (EU) 2017/653.

14.3.1.8 European Market Infrastructure Regulation

The Group's derivatives activities are subject to the EMIR framework on OTC derivatives, central counterparties and trade repositories. EMIR requires (i) the central clearing of certain classes of standardized OTC derivative contracts, (ii) reporting requirements with respect to all derivatives transactions and (iii) the application of risk mitigation techniques (such as collateralization) to non-centrally cleared OTC derivatives.

14.3.1.9 Regulations applicable to compensation policies

AIFMD, UCITS Directive, MIFID II, and CRD IV place restrictions on the compensation policies of credit institutions, investment firms, AIF and UCITS managers to ensure that compensation is compatible with sound risk management principles.

A significant portion of the compensation of employees whose activities may have a significant impact on the risk exposure of a regulated entity must be performance-based, and a significant fraction of this performance-based compensation must be non-cash. A significant part of the variable remuneration must be deferred over a period of at least three years. The variable compensation, including the deferred components, may be paid or vested only if it is sustainable according to the financial situation of the regulated entity.

Only material risk takers are subject to compensation requirements, i.e., senior management, risk takers and staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the regulated entity.

The regulated entities must, among other things, disclose information about the remuneration policy, principles and practices in their management or annual report. There are additional compensation requirements for credit institutions and investment firms. Under CRD IV, the aggregate amount of variable compensation of the relevant employees cannot exceed the aggregate amount of their fixed salary. However, the shareholders' meeting may decide to increase this cap to two times the fixed compensation.

Furthermore, DB Group is required to define a group wide remuneration policy according to the German Institutsvergütungsverordnung (**"IVV"**) which applies as a rule to all group companies except for those subject to a special asset management regulatory framework; similarly, the superordinate undertaking of DWS Group will establish DWS Group wide remuneration strategy. DeAM Intl. GmbH is subject to the IVV on an individual basis.

14.3.1.10 Capital Requirements

Under the various regulatory regimes applicable to asset management activities, various entities in the DWS Group are subject to minimum capital requirements, generally equal to the greater of 25% of one year's operating expenses, or 0.02% of AuM (plus an additional 0.01% for entities regulated under AIFMD). These capital requirements are significantly more limited than those applicable under banking regulations to DeAM Intl. GmbH on a solo basis, to the DWS Group on a sub-consolidated basis or to those applicable to the DB Group on a solo and consolidated basis. As discussed in more detail below in section 14.3.4.6, the DWS Group's U.S. intermediate holding company subsidiary, IHC II, is subject to the risk-based and leverage capital requirements for IHCs.

14.3.2 Germany

The German legal framework applicable to DWS Group's asset management activities reflects the European framework described above. It will be significantly impacted by legislative reforms adopted at the EU level, which are also described above.

14.3.3 UK

The UK legal framework applicable to DWS Group's asset management activities currently reflects the European framework described above. It will be significantly impacted by legislative reforms adopted at the EU level, which are also described above.

14.3.3.1 Brexit

In June 2016, the UK government held an "in-or-out" referendum on the UK's membership of the EU. The UK electorate voted in favor of exiting the European Union, which we refer to as "Brexit". Negotiations to determine the terms of the UK's exit from the European Union are currently ongoing and, at present, it is not possible to predict the outcome of those negotiations or the future relationship which the UK will have with the European Union. Depending on the outcome of the negotiations, the UK's exit from the European Union may result in regulatory changes which impact DWS Group subsidiaries providing services now, or in the future, (i) in the UK, either on a cross-border basis or from a branch located in the UK, and (ii) from the UK to clients in the EU, either on a cross-border basis or from a European branch of a UK entity. For example, UK asset management firms could lose their current level of access to the European Union single market if access to the European Union financial services passport, as described above, is not maintained for UK-incorporated companies. Similarly, European firms could lose their current level of access to the UK market if their financial services passport is not recognized in the UK. UK firms which currently manage EU funds on a delegated basis in the UK may be restricted in their ability to continue to do so or may have to establish or enhance operations in the EU to manage such funds.

The current position of the UK government is that, after the UK's exit, the UK will seek to develop a financial services regulatory framework which is distinct from that of the European Union. This may result in reduced harmonization of the regulatory regimes in the UK and European Union. In addition, the UK may no longer benefit from global trade deals negotiated by the EU on behalf of its members. A decline in trade could affect the attractiveness of the UK as a global investment center and, as a result, could have a detrimental impact on UK growth. Reduced growth and greater volatility in GBP and the UK economy could also affect firms doing business in or from the UK. There could also be changes to UK immigration policy as a result of Brexit, which could lead to operations gravitating towards EU member states. Taken together, these factors could lead to a decline in London's role as a global financial center, particularly if financial institutions move their operations to the EU as a result of the EU financial services passport having not been maintained. This could have a material adverse effect on DWS Group's business conducted in or from the UK.

14.3.3.2 FCA Asset Management Market Study

The FCA Asset Management Market Study ("**AMMS**") was a significant review into the asset management sector to assess if competition is working effectively and whether investors get value for money when they purchase asset management services. The FCA published its final report in June 2017 proposing a package of remedies aimed at improving competition in the sector and protecting those clients who are least able to actively engage with their asset manager.

Proposed measures include:

- strengthening the duty on managers to act in the best interests of investors by clarifying a minimum expectation on managers regarding value for money, increasing accountability through the proposed extension of the UK Senior Managers and Certification Regime and introducing a minimum level of independence in governance structures;
- a requirement for managers to return any risk-free box profits to the fund and to disclose box management practices to investors;
- consideration of an introduction of a sunset clause on trail commissions on a phased basis;
- disclosure of a single all-in fee to investors, building upon the additional disclosure requirements under MiFID II and the PRIIPs regulation;
- standardized disclosures of costs and charges to institutional investors; and
- improvements to objectives, benchmark and performance reporting.

Implementation of the remedies will take place in a number of stages. Some do not require further consultation by the FCA and are being taken forward. Others do require consultation and a consultation on the proposals closed on September 28, 2017. The FCA is currently considering feedback received prior to publication of any final changes to the relevant rules. Remedies that require further work with legislative initiatives will be consulted on in due course. Other remedies are dependent on the outcome of proposed working groups.

14.3.4 US

Virtually all aspects of DWS Group's business conducted in the United States or otherwise involving a sufficient U.S. nexus are subject to federal and state laws and regulations.

14.3.4.1 Regulations relating to RIAs, CPOs and CTAs

Each of DIMA, DBX Advisors LLC ("**DBXA**"), DBX Strategic Advisors LLC ("**DBXSA**"), RREEFA, DeAM Intl. GmbH, DeAM Hongkong, Deutsche Investments Australia Limited and Deutsche Alternative AM is registered as an investment adviser with the SEC. DeAM Asia files with the SEC as an exempt reporting adviser. Both registered investment advisers and exempt reporting advisers are subject to regulation, compliance and examination and potential SEC examinations under the Advisers Act., but exempt reporting advisers are exempt from some, but not all, requirements of the Advisers Act that apply to registered investment advisers, such as certain compliance requirements. The Advisers Act requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, advertising and solicitation, conflicts of interest, recordkeeping and reporting, disclosure to clients and investors in clients that are collective investment vehicles, limitations on transactions between an adviser and its affiliates and advisory clients, and general anti-fraud prohibitions.[1]

The SEC has substantial enforcement power with respect to violations of the laws over which it has jurisdiction, including anti-fraud provisions. Among other things, the SEC may censure or suspend or revoke registration of a person who fails to comply, prohibit such a person from doing business with registered entities, impose civil money penalties, require restitution and work with enforcement agencies that may seek fines or imprisonment for related criminal violations. Only a limited private right of action exists against those who violate the Advisers Act under the Advisers Act itself, and so private litigation involving violations of the Advisers Act are in some cases contractual.

Each of DIMA and Deutsche Bank Commodity Services is required to be registered as a CPO and a CTA with the CFTC, RREEFA is registered as a CTA and claims an exemption from CPO registration, and other DWS Group affiliates claim exemptions from CPO and/or CTA registration. Registered CPOs and CTAs are each subject to the requirements and regulations of the Commodity Exchange Act. These requirements relate to, among other things, maintaining an effective compliance program, recordkeeping and reporting, disclosure, business conduct, and general anti-fraud prohibitions.

The CFTC has substantial enforcement power with respect to violations of the laws over which it has jurisdiction, including their anti-fraud and anti-manipulation provisions. Among other things, the CFTC may suspend or revoke registration of a person who fails to comply, prohibit such a person from trading or doing business with registered entities, impose civil money penalties, require restitution and work with enforcement agencies that may seek fines or imprisonment for criminal violations. Additionally, a private right of action exists in certain cases against those who violate the laws over which the CFTC has jurisdiction or who willfully aid, abet, counsel, induce or procure a violation of those laws. In addition, CPOs and CTAs are required to be members of the NFA, which promulgates and enforces rules governing the conduct of, and examines the activities of, its member firms. The NFA and CFTC also administer a comprehensive regulatory system covering futures contracts and various other financial instruments, including swaps in which certain alternative investment funds may invest.

Certain of DWS Group's registered investment advisers act as "fiduciaries" under the Employee Retirement Income Security Act of 1974 ("**ERISA**") with respect to benefit plan clients. As such, the advisers, and certain of the alternative investment funds they advise, may be subject to ERISA and to regulations promulgated thereunder. ERISA and applicable

[1] DB entities which currently have an inactive registration with the SEC, such as DeAM UK Limited, DeAM (Japan) Limited and DeAM (Korea) Company Limited are not subject to these requirements.

provisions of the IRC impose duties on persons who are fiduciaries under ERISA, prohibit specified transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions.

Deutsche Bank AG and its affiliates have been and are subjects of criminal proceedings or investigations. In particular, as part of the resolution of the investigation of the United States Department of Justice ("**DOJ**") into misconduct relating to interbank offered rates, Deutsche Bank AG's subsidiary, DB Group Services (UK) Ltd., entered into a plea agreement with the United States Department of Justice, pursuant to which it pled guilty to one count of wire fraud (the "**IBOR matter**"). Also, in connection with the KOSPI Index unwind matters, Deutsche Bank AG's subsidiary Deutsche Securities Korea Co. was convicted of vicarious corporate criminal liability in respect of spot/futures linked market manipulation by its employees.

Guilty pleas or convictions against us or our affiliates (including Deutsche Bank AG) could lead to our ineligibility to use an important trading exemption under ERISA, and could result in additional regulatory requirements should we receive only limited relief. When providing discretionary investment management services to certain U.S. retirement plans, DWS Group in the U.S., has relied on a so-called Qualified Professional Asset Manager ("**QPAM**") exemption from the prohibited transaction rules under ERISA. However, because of Deutsche Bank's criminal convictions in the KOSPI and IBOR matters, Deutsche Bank and its affiliates have been disqualified for ten years from relying on the general QPAM exemption. Consequently, DB Group sought a special individual exemption from the U.S. Department of Labor ("**DOL**"), the U.S. government arm charged with administering ERISA and its exemptions. We have previously obtained such an individual exemption on a temporary basis and are currently operating under a temporary QPAM individual exemption which will expire on April 17, 2018. On December 27, 2017 the DOL granted Deutsche Bank AG a "permanent" individual QPAM exemption for a term of three years. This three-year exemption will become effective on April 18, 2018 and will last until April 17, 2021. Consequently, Deutsche Bank will need to reapply to the DOL sometime in 2020 to extend this exemption until at least April 2027 (ten years from the conviction and sentencing in the IBOR matter). Although originally the DOL proposed to grant a five-year QPAM exemption, the DOL had reconsidered the term and in the final exemption reduced it to three years and included certain conditions. The DOL noted in its preamble to the three-year exemption it granted Deutsche Bank AG that in light of Deutsche Bank's two criminal convictions, future review by the DOL of the relief provided under our exemption should occur within a shorter timeframe than the five years that was originally contemplated.

Loss of QPAM status could cause customers who rely on such status (whether because they are legally required to do so or because we have agreed contractually with them to maintain such status) to cease to do business or refrain from doing business with us, as an affiliate of Deutsche Bank AG, and could negatively impact our reputation more generally. In addition, other clients may mistakenly see the loss of QPAM status as a signal that we are somehow no longer approved by the DOL, and cease to do business or refrain from doing business with us for that reason. This could have a material adverse effect on our results of operations, particularly those of our asset management business in the United States.

14.3.4.2 Regulations related to registered investment companies and exchange-traded fund advisers

Certain of the registered investment advisers discussed above advise and/or sub-advise investment companies registered under the Investment Company Act that are diversified under subchapter M of the IRC ("**RICs**"), and as such are subject to the rules and regulations

applicable to investment companies under the Investment Company Act. These advisers are required to invest any RIC in accordance with limitations under the Investment Company Act, the Commodity Exchange Act and applicable provisions of the IRC. In addition, such advisers (such as DIMA) are required to file periodic and annual reports on behalf of the RICs with the SEC. Furthermore, such advisers have a fiduciary duty under the Investment Company Act not to charge excessive fees, and the Investment Company Act grants shareholders of RICs a direct private right of action against investment advisers to seek redress for alleged violations of this fiduciary duty.

DBXA, as an exchange-traded fund ("**ETF**") adviser, is also subject to the rules and regulations applicable to investment companies under the Investment Company Act. ETFs are open-end investment companies or unit investment trusts which operate within a regulatory structure designed to provide investor protection within a pooled investment product. Because ETFs do not fit into the regulatory provisions governing mutual funds, ETF-advisers need to obtain "exemptive relief" from the SEC from certain provisions of the Investment Company Act in order to operate ETFs. This exemptive relief allows the ETF-adviser to bring to market the specific products or structures for which the relief was requested and obtained. While ETFs have received orders from the staff of the SEC which exempt them from certain provisions of the Investment Company Act, ETFs generally operate under regulations that prohibit affiliated transactions, are subject to standard pricing and valuation rules and have mandated compliance programs. The SEC has issued to DBXA and DBXSA, and/or certain DBXA-advised ETFs, a series of exemptive orders with regard to DBXA's ETF business.

14.3.4.3 Regulations related to broker-dealers

Deutsche AM Distributors, Inc. is registered as a broker-dealer with the SEC and in all 50 states, the District of Columbia, the U.S. Virgin Islands and Puerto Rico, and is a member of FINRA. As a registered broker-dealer, this subsidiary is subject to comprehensive regulation and oversight by the SEC, FINRA and state securities regulators. As a registered broker-dealer, Deutsche AM Distributors, Inc. is subject to, among other rules applicable to registered broker-dealers, Exchange Act Rule 15c3-1, the SEC's uniform net capital rule. Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer's assets be kept in relatively liquid form. Rule 15c3-1 requires a registered broker-dealer to maintain the greater of a specified minimum USD amount, depending on the business activities of the broker-dealer, or a specified percentage of net capital in relation to either aggregate indebtedness or customer-related receivables as computed by the reserve requirements of Exchange Act Rule 15c3-3. The SEC and FINRA impose rules that require notification when net capital falls below certain predefined thresholds, and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, Rule 15c3-1 may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital. Although other subsidiaries of DWS Group are not currently registered with the SEC as broker-dealers under the Exchange Act, nor are member firms of FINRA, certain employees within DWS Group, including salespersons, may be licensed with FINRA and, in connection with activities required to be conducted by a registered broker-dealer or associated persons thereof, are subject to supervision by Deutsche AM Distributors, Inc., and the regulations of FINRA that relate to licensing, continuing education and sales practices. FINRA also regulates the content review and approval of marketing and sales materials.

14.3.4.4 Regulations relating to transfer agents

Deutsche AM Service Company is a SEC-registered transfer agent with the SEC and is subject to applicable SEC rules and regulations which generally grant the SEC and other supervisory

bodies broad administrative powers to address non-compliance with regulatory requirements. The rules include a requirement that any information reported on the transfer agent's application that becomes inaccurate, misleading or incomplete, must be corrected by the transfer agent within 60 calendar days following the date on which such information becomes inaccurate, misleading or incomplete. Deutsche AM Service Company utilizes a third-party vendor to perform its transfer agency functions. The services agreement between our transfer agent and the third-party vendor establishes minimum standards of performance for the vendor.

14.3.4.5 The Dodd-Frank Act

In 2010, the United States Congress enacted the Dodd-Frank Act, which provides a broad framework for significant regulatory changes extending to almost every area of U.S. financial regulation. The Dodd-Frank Act has led to the adoption of numerous regulations by the SEC, the CFTC, the Federal Reserve Board and other U.S. regulatory agencies, and additional rulemakings and associated agency interpretive guidance are anticipated in the future. Although most of the Dodd-Frank Act's rulemaking requirements have been met via adoption of final rules by the relevant agencies, continuing review of the impact of the Dodd-Frank Act's statutory requirements, implementing regulations and agency interpretive guidance on the business, financial condition and results of operations of asset management firms operating in the U.S remains imperative. In addition, the substance and impact of the Dodd-Frank Act, its implementing regulations and agency interpretive guidance may be affected by changes in the U.S. political landscape.

While certain of the entities within the DWS Group are already registered with the SEC as investment advisers and broker-dealers and subject to SEC and/or FINRA examinations, compliance with any additional legal or regulatory requirements, including the need to register other subsidiaries as investment advisers, could make compliance more difficult and expensive and affect the manner in which DWS Group may conduct business.

The Dodd-Frank Act enacted, and the CFTC and SEC have issued or proposed rules to implement, both broad new regulatory requirements and broad new structural requirements applicable to OTC derivatives markets and, to a lesser extent, listed commodity futures (and futures options) markets. Similar changes have been or are in the process of being adopted in the European Union, Japan, and other major financial markets. These changes include, but are not limited to: requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted for clearing; real time public and regulatory reporting of specified information regarding OTC derivative transactions; enhanced documentation requirements, margin requirements for uncleared derivatives; position limits; and recordkeeping requirements.

While the CFTC and other regulators intend these changes to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, the impact of these changes is not known at this time. For instance, cleared OTC derivatives are subject to margin requirements established by regulated clearinghouses, including daily exchanges of cash variation (or mark to market) margin and an upfront posting of cash or securities initial margin to cover the clearinghouse's potential future exposure to the default of a party to a particular OTC derivative transaction. Furthermore, "financial end users," such as most of the funds and other accounts we manage, that enter into OTC derivatives that are not cleared are generally required to exchange margin to collateralize such derivatives. Under the new rules, the level of margin that will be required to be exchanged in connection with uncleared OTC

derivatives will in many cases be substantially greater than the level currently required by market participants or clearinghouses.

These changes could significantly increase the costs of utilizing OTC derivatives, reduce the level of exposure we are able to obtain (whether for risk management or investment purposes) through OTC derivatives, and reduce the amounts available to make non-derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing obtained.

Section 13 of the BHC Act, added to that statute by the Dodd-Frank Act (together with its implementing regulations, the "**Volcker Rule**") generally restricts a "banking entity"—such as Deutsche Bank AG and substantially all of its affiliates, including the Company and its subsidiaries generally—from (i) engaging as principal in "proprietary trading" or (ii) acquiring or retaining as principal an equity, partnership or other similar interest in, or sponsoring, a broad universe of private funds ("**covered funds**"), subject in each case to a number of exclusions and exemptions. For example, the non-U.S. affiliates of a foreign banking organization (an "**FBO**") such as Deutsche Bank AG (each, a "**foreign banking entity**"), may engage in certain otherwise prohibited trading and covered fund activities outside the United States in compliance with a number of conditions. The Volcker Rule also exempts certain asset management activities involving covered funds offered or sold in the United States or otherwise to U.S. persons; underwriting and market-making in covered funds; and hedging activities involving covered funds, in each case subject to a number of conditions. The Volcker Rule limits the ability of a banking entity or its affiliates to enter into certain transactions with covered funds with which the banking entity or its affiliates have certain management, advisory or other relationships. Banking entities were required to have established an effective compliance program by July 21, 2015, other than certain covered fund activities for which the Federal Reserve Board granted an extension of the Volcker Rule's general conformance period until July 21, 2017. This conformance timeline is subject to two exceptions. First, upon approval of an application to the Federal Reserve Board, banking entities may retain certain legacy interests in and associated relationships with a narrowly defined type of illiquid fund; Deutsche Bank AG's illiquid fund extension application was approved in June 2017. Second, pursuant to a statement issued July 21, 2017 by staff of the Federal Reserve Board and other banking agencies charged with implementing and enforcing the Volcker Rule, during the period ending July 21, 2018, the agencies will not take action against a foreign banking entity such as Deutsche Bank AG based on attribution to the banking entity of the activities and investments of certain qualifying foreign funds that are "controlled" for BHC Act purposes by the banking entity while agency staff consider appropriate action to address potential unintended consequences of the existing Volcker Rule regulations on such funds.

Implementation of the Dodd-Frank Act, its implementing regulations and agency interpretive guidance has resulted and may continue to result in additional costs and could limit or restrict the way we conduct our business. Although uncertainty remains about the details, impact and timing of these reforms and any potential changes to the Dodd-Frank Act or new regulations, we expect to incur significant costs and potentially significant limitations on our business resulting from these regulatory initiatives.

14.3.4.6 U.S. Enhanced Prudential Standards for Large Foreign Banking Organizations

Regulation YY Intermediate Holding Company and Other Requirements

Section 165 of the Dodd-Frank Act provided regulators with tools to impose enhanced capital, leverage and liquidity requirements and other prudential standards on large banking

organizations deemed systemically important that maintain a U.S. banking presence, such as Deutsche Bank AG.

Implementing Section 165 of the Dodd-Frank Act, the Federal Reserve Board's Regulation YY imposed enhanced prudential standards on such large banking organizations. Among other things, Regulation YY required each foreign banking organization with consolidated U.S. non-branch assets of $50 billion or more, such as Deutsche Bank AG, to establish or designate a separately capitalized top-tier U.S. intermediate holding company to hold its U.S. subsidiaries. Regulation YY provides that if such a foreign banking organization is permitted to form a second intermediate holding company, that intermediate holding company shall be required to comply with Regulation YY as if it met the $50 billion threshold.

Regulation YY also requires that covered IHCs comply with the rule's enhanced prudential standards, including meeting regulatory capital requirements under the U.S. implementation of the Basel III capital framework on a consolidated basis (including U.S. leverage ratio and supplementary leverage ratio requirements); capital planning and capital stress testing requirements (including both the Dodd-Frank Act company-run ("**DFAST**") and supervisory (CCAR) stress tests); liquidity risk management standards, including standalone liquidity calculations, reporting, liquidity stress testing and liquidity buffer requirements; other risk management requirements; and other enhanced prudential standards.

Regulation YY requires that a covered IHC:

- Be governed by a board of directors or managers; establish a risk committee of the IHC board, consistent with certain risk expertise and independence membership requirements; and appoint a chief risk officer that reports to the risk committee;

- Comply with U.S. risk-based and leverage capital requirements, including Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios; the U.S. leverage ratio (ratio of Tier 1 capital to average consolidated assets) and supplementary leverage ratio (ratio of Tier 1 capital to total leverage exposure);

- Submit an annual capital plan based on a nine quarter planning horizon, with related stress test requirements; participate in the annual CCAR supervisory stress test conducted by the Federal Reserve Board, and the semi-annual DFAST company-run stress test; and establish, monitor and comply with various related provisions addressing model development, governance and validation, and scenario creation;

- Conduct monthly internal liquidity stress tests that include overnight, 30-day, 90-day and one-year planning horizons; maintain a liquidity buffer of unencumbered highly liquid assets based on the results of internal liquidity stress testing; produce cash flow projections over short and long-term time horizons; monitor sources of liquidity risk and establish liquidity risk limits; and establish a contingency funding plan that sets out the IHC's strategies for addressing liquidity needs during liquidity stress events.

In September 2014, the Federal Reserve Board and other U.S. regulators approved a final rule implementing liquidity coverage ratio ("**LCR**") requirements for large U.S. BHCs and certain of their subsidiary depository institutions that are generally consistent with the Basel Committee's revised Basel III liquidity standards. The LCR requirement is meant to ensure that an organization maintains sufficient high-quality liquid assets to withstand a 30-day stress scenario. IHCs that are also bank holding companies, such as IHC I, the DB Group's principal IHC, are subject to the LCR requirements.

*Total Loss Absorbing Capacity ("**TLAC**")*

On December 15, 2016, the Federal Reserve Board adopted final rules that implement the FSB's TLAC standard in the United States. TLAC requirements are specifically designed to require banks to maintain a sufficient amount of instruments eligible to absorb losses in resolution, with the aim of ensuring that failing banks can be resolved without recourse to taxpayers' money. The Federal Reserve Board's final TLAC rules, which apply beginning on January 1, 2019, require, among other things, that a U.S. IHC of a non-U.S. G-SIB, such as Deutsche Bank AG, meet certain internal TLAC requirements, including maintaining minimum levels of Tier 1 capital and long-term debt satisfying certain eligibility criteria, and a related TLAC buffer, without the benefit of a phase-in period. The TLAC rules also include 'clean holding company requirements' that prohibit a G-SIB's IHC from issuing short-term debt, creating setoff rights against subsidiaries, entering into qualified financial contracts with third parties, issuing guarantees with certain prohibited cross-defaults or entering into or beginning to benefit from an arrangement that provides for upstream guarantees.

IHC I

On July 1, 2016, the DB Group designated DB USA Corporation as the separately capitalized top-tier U.S. intermediate holding company for its U.S. subsidiaries, in compliance with Regulation YY's IHC requirement. Because DB USA Corporation was the DB Group's first, and remains its principal, intermediate holding company, we refer to it as "**IHC I**" in this prospectus.

IHC II

On February 14, 2018, the Federal Reserve Board approved Deutsche Bank AG's request to designate Deutsche Asset Management US Holding Corporation as the Company's separately capitalized top-tier U.S. intermediate holding company for its U.S. subsidiaries. As Deutsche Asset Management US Holding Corporation is the second US intermediate holding company within the DB Group, we refer to it as "**IHC II**" in this prospectus. The Federal Reserve Board noted that IHC II will be treated as though it meets or exceeds the $50 billion threshold for Purposes of Regulation YY.

The Federal Reserve Board also required Deutsche Bank AG to make certain commitments with respect to IHC II, including that: IHC II's activities will be limited to owning the Company's U.S. subsidiaries, which will engage only in asset-management activities in the United States; IHC II will be subject to certain requirements, including associated reporting and disclosure obligations, relating to LCR, TLAC and certain of those related to being deemed an advanced approaches institution for the purposes of Regulation Q (e.g., the supplementary leverage ratio and countercyclical capital buffer); the DB Group's U.S. risk committee and U.S. chief risk officer will exercise effective risk management oversight over IHC II as part of the DB Group's combined U.S. operations; IHC II will submit a separate capital plan beginning in 2019, and will file certain capital-related Federal Reserve Board reporting forms on a phased-in basis; and, in addition to restrictions on capital distributions by IHC II that could arise from non-compliance by IHC II with applicable regulatory capital and stress testing requirements, capital distribution restrictions would also be imposed on IHC II in the event that IHC I became subject to such restrictions under the Federal Reserve Board's capital adequacy rule (Regulation Q, 12 C.F.R. Part 217), capital-planning and stress-testing requirements for large BHCs (12 C.F.R. Section 225.8), or TLAC requirements under Regulation YY (12 C.F.R. Section 252.165). For example, if IHC I's capital levels were to fall below applicable capital conservation buffer thresholds (including any applicable capital buffer), thereby triggering restrictions on capital distributions by IHC I, both IHC I and IHC II

would be subject to those restrictions. Similarly, if IHC I were to become subject to capital distribution restrictions as a result of the supervisory capital planning and stress testing CCAR review process, those restrictions would also apply to IHC II.

14.3.4.7 Regulations relating to bank holding companies and financial holding companies

As direct and indirect subsidiaries of Deutsche Bank AG, DWS Group entities, particularly in the United States, will be subject to BHC Act restrictions on acquisitions, investments and activities conducted in or from the United States.

Under the BHC Act, a BHC that qualifies as an FHC, such as Deutsche Bank AG, may engage in a broader range of nonbanking activities than a BHC that has not elected FHC status.

Deutsche Bank AG's status as an FHC, and its resulting ability to engage in a broader range of nonbanking activities, are dependent on Deutsche Bank AG and Deutsche Bank's U.S. depository institutions meeting certain requirements to be "well capitalized" and "well managed" under applicable regulations, and upon Deutsche Bank's two insured U.S. depository institutions meeting certain requirements under the U.S. Community Reinvestment Act. The Federal Reserve Board's and other U.S. regulators' "well capitalized" standards are generally based on specified quantitative thresholds set at levels above the minimum requirements to be considered "adequately capitalized." If any FHC, or any U.S. depository institution controlled by an FHC, ceases to meet these requirements, the Federal Reserve Board may impose corrective capital and/or managerial requirements on the FHC and place limitations on its ability to conduct the broader financial activities permissible for FHCs. Such limitations could restrict the DWS Group, including its U.S. operations, from expanding activities in the United States or engaging in acquisitions.

There are various qualitative and quantitative restrictions on the extent to which Deutsche Bank AG and its nonbank affiliates, including the Company and its subsidiaries, can borrow or otherwise obtain credit from DB Group's U.S. insured depository institution subsidiaries, or engage in certain other transactions involving those bank subsidiaries. In general, these transactions must be secured by designated amounts of specified collateral and are subject to volume limitations. Certain transactions giving rise to credit exposure, for example certain derivative transactions, securities borrowing and lending transactions, and repurchase/reverse repurchase agreements, are subject to these collateral and volume limitations. In general, these transactions must also be on terms that would ordinarily be offered to unaffiliated entities These restrictions also apply to certain transactions of Deutsche Bank AG's New York branch with certain U.S. broker-dealer subsidiaries and other affiliates engaged in the expanded activities permissible only for an FHC.

14.3.4.8 The DOL Fiduciary Rule

On April 8, 2016, the Department of Labor ("**DOL**") published a final regulation (the "**DOL Fiduciary Rule**"), which more broadly defines the circumstances under which a person or entity may be considered a fiduciary by reason of providing investment advice for purposes of the prohibited transaction rules of ERISA and the IRC Section 4975. ERISA and IRC Section 4975 prohibit certain types of compensation paid by third parties with respect to transactions involving assets in qualified pension accounts, including individual retirement accounts ("**IRAs**"). In connection with the DOL Fiduciary Rule, the DOL also issued new exemptions and amended several existing exemptions. On February 3, 2017, the President of the United States issued a memorandum directing the DOL to review the DOL Fiduciary Rule and the exemptions to determine, based on certain factors, whether they should be revised or

rescinded. The DOL Fiduciary Rule and transitional exemptions became applicable on June 9, 2017, with the final exemptions currently scheduled to go into effect on July 1, 2019. The DOL has stated that it aims to conduct the review and make the determinations directed by the President during the transition period.

If the DOL Fiduciary Rule and the final exemptions were to become applicable without revisions, it will have a limited impact to DWS Group as it does not provide fiduciary investment advice as defined in the DOL Rule and activities are limited to sophisticated fiduciaries.

14.3.4.9 Anti-money laundering and terrorist financing regulations

A major focus of U.S. governmental policy relating to financial institutions is aimed at preventing money laundering and terrorist financing and compliance with economic sanctions in respect of designated countries or activities. Failure of an institution to have policies and procedures and controls in place to prevent, detect and report money laundering and terrorist financing could in some cases have serious legal, financial and reputational consequences for the institution.

The effort to combat money laundering and terrorist financing is a priority in governmental policy with respect to financial institutions. The Bank Secrecy Act ("**BSA**"), as amended by Title III of the USA PATRIOT Act of 2001 (the "**Patriot Act**"), and its implementing regulations, require broker-dealers and other financial services companies to maintain an anti-money laundering ("**AML**") compliance program that includes written policies and procedures, designated compliance officer(s), appropriate training, independent review of the program, standards for verifying client identity at account opening and obligations to report suspicious activities and certain other financial transactions. Through these and other provisions, the BSA and Patriot Act seek to promote the identification of parties that may be involved in financing terrorism or money laundering. Financial institutions must also comply with sanctions programs administered by the U.S. Department of Treasury's Office of Foreign Asset Control ("**OFAC**"), which may include prohibitions on transactions with designated individuals and entities and with individuals and entities from certain countries.

The obligation of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, has required the implementation and maintenance of internal practices, procedures and controls that have increased, and may continue to increase, costs. Any failure with respect to such programs in this area could result in serious regulatory consequences, including substantial fines, and potentially other liabilities.

The Patriot Act contains significant record keeping and customer identity requirements, expands the government's powers to freeze or confiscate assets and increases the available penalties that may be assessed against financial institutions for violation of the requirements of the Patriot Act intended to detect and deter money laundering. The U.S. Treasury Secretary delegated authority to implement, administer, and enforce compliance with the provisions of the BSA (including as amended by the Patriot Act) to a bureau of the U.S. Treasury Department known as the Financial Crimes Enforcement Network ("**FinCEN**"). The U.S. Treasury Secretary and FinCEN have developed and implemented regulations with regard to the AML compliance obligations of financial institutions (a term which includes insured U.S. depository institutions, U.S. branches and agencies of foreign banks, U.S. broker-dealers and numerous other entities). These include requirements to adopt and implement an AML program, report suspicious transactions and implement due diligence procedures for certain

correspondent and private banking accounts. The Patriot Act and other recent events have also resulted in heightened scrutiny of BSA and AML compliance programs by banking regulators.

14.3.4.10 Cybersecurity regulatory proposals

Among the key operational risks that Deutsche Bank and its affiliates, including the Company and its subsidiaries, face is the risk of breaches of the security of computer systems due to unauthorized access to networks or resources, the introduction of computer viruses or malware, or other forms of cyber-attack or internet crime. Such breaches could threaten the confidentiality of clients' data and system integrity. Deutsche Bank devotes significant resources toward the protection of its computer systems against such breaches. To address the evolving cyber threat risk, Deutsche Bank has expended significant resources to modify and enhance protective measures and to investigate and remediate any information security vulnerabilities. Nevertheless, a residual risk remains that such measures may not be effective against all threats. Given the global footprint of Deutsche Bank, including DWS Group, certain errors or actions may be repeated or compounded before they are discovered and rectified. Deutsche Bank and other financial institutions have experienced attacks on computer systems, including attacks aimed at obtaining unauthorized access to confidential company or customer information or damaging or interfering with company data, resources or business activities. The increasing frequency and sophistication of recent cyber-attacks has resulted in an elevated risk profile for many organizations around the world, and significant attention by Deutsche Bank's management has been paid to the overall level of preparedness against such attacks. Cyber security is growing in importance due to factors such as the continued and increasing reliance on Deutsche Bank's technology environment. Although Deutsche Bank and its affiliates have not to date experienced any material loss of data from these attacks, given the use of new technologies and increasing reliance on the Internet and the varying nature and evolving sophistication of such attacks, it may not be possible to effectively anticipate and prevent all such attacks. A successful attack could have a significant negative impact on Deutsche Bank and/or its affiliates, including the Company and its subsidiaries, including as a result of disclosure or misappropriation of client or proprietary information, damage to computer systems, financial losses, additional costs to us (such as for investigation and reestablishing services), reputational damage, customer dissatisfaction and potential regulatory or litigation exposure.

In October 2016, the FRB, FDIC, and OCC issued a joint advance notice of proposed rulemaking that would impose enhanced cyber risk management standards on banking organizations with $50 billion or more in total consolidated assets and certain of their service providers. The standards address five categories: (i) cyber risk governance; (ii) cyber risk management; (iii) internal dependency management; (iv) external dependency management; and (v) incident response, cyber resilience, and situational awareness. The agencies are also considering proposing more stringent "sector critical standards" that would apply to systems deemed "critical to the financial sector." The advanced notice of proposed rulemaking leaves open the precise form the enhanced standards would take, and instead lays out possibilities ranging from policy guidance on best practices to specific regulations.

Federal and state regulators, including FINRA and the New York Department of Financial Services ("**DFS**"), have increasingly focused on cybersecurity risks and responses for regulated entities. For example, on March 1, 2017, the revised DFS cybersecurity regulation became effective. The regulation applies to any licensed person, including DFS-licensed branches of non-US banks, and requires each company to assess its specific risk profile periodically and design a program that addresses its risks "in a robust fashion", including addressing risks posed by third-party service providers, training and retention of specialized staff to address cybersecurity risks, maintaining systems designed to reconstruct material

financial transactions and complying with security requirements for non-public information. Each covered entity must implement and maintain a written cyber security policy and designate a Chief Information Security Officer. Each covered entity must monitor its systems and networks and notify the superintendent of the DFS within 72 hours after it is determined that a material cybersecurity event has occurred. Senior management of the branch is required to file an annual certification confirming compliance with the DFS regulations beginning February 15, 2018. Similarly, FINRA has identified cybersecurity as a significant risk and will assess firms' programs to mitigate those risks.

In September 2017, the SEC announced the creation of a cyber unit (the "**Cyber Unit**") to build on its Enforcement Division's ongoing efforts to address cyber-based threats. The Cyber Unit focuses on targeting cyber-related misconduct, such as: (i) market manipulation schemes involving false information spread through electronic and social media, (ii) hacking to obtain material nonpublic information, (iii) violations involving distributed ledger technology and initial coin offerings, (iv) misconduct perpetrated using the dark web, (v) intrusions into retail brokerage accounts and (vi) cyber-related threats to trading platforms and other critical market infrastructure.

14.3.5 APAC

14.3.5.1 Singapore

On February 16, 2017, Singapore's Securities and Futures (Amendment) Act 2017 was gazetted, but is not yet in force. When it comes into force, it will bring into effect certain changes. One of the changes relates to reforms in OTC derivatives regulation. The amendments will also widen the definition of collective investment schemes which must be authorized or recognized by MAS for public offers made to retail investors. Currently, for a scheme to be regarded as a collective investment scheme, both profits and contributions from investors must be pooled. The amended definition will no longer require investors' contributions and profits to be pooled for a scheme to be regarded as a collective investment scheme. A scheme will fall within the definition of collective investment scheme as long as the scheme property is managed as a whole. In addition, the changes will cater for an opt-in regime for the "accredited investor" class. An "accredited investor" would be one that meets a specified income or net asset threshold, depending on the type of investor. So even if an investor qualifies as an accredited investor, he will need to be informed of the trade-offs involved and his agreement to be treated as an accredited investor will need to be obtained. The investor can choose not to opt-in and remain as a retail investor with greater regulatory safeguards.

There are various proposals proposed in Consultation Papers issued by the MAS that could impact on fund managers. These requirements are not finalized and not in force. Some of the proposals are described below:

- It is proposed that retail investors be provided access to local collective investment schemes that invest solely in gold, silver and platinum, and to amend the Code on Collective Investment Schemes to *inter alia* enhance transparency and market discipline.

- It is proposed that ethics and skills be introduced to the current examination requirements applicable to appointed representatives, including fund management representatives.

- A legislative framework is being proposed for a new corporate structure that is tailored for collective investment schemes, which is proposed to be known as the Singapore

Variable Capital Company or S-VACC. The S-VACC seeks to complement existing structures with one that is tailored for collective investment schemes, providing greater operational flexibility and permitting co-locating fund domiciliation with fund management activities in Singapore.

- Fund managers that manage open-ended collective investment schemes are proposed to be subjected to certain guidance on sound practices in liquidity risk management, to address the risks to investors from potential liquidity mismatches between the collective investment scheme's portfolio liquidity and redemption terms. Additional portfolio requirements for money market funds are also being proposed due to their systemic relevance in the event of a crisis.

14.3.5.2 Hong Kong

There are no relevant material regulatory developments applicable to DWS Group's asset management activities in Hong Kong.

14.3.5.3 China

In November 2017, CSRC and a few other Chinese financial regulators released sweeping new rules ("**Draft Rules**") on the Chinese asset management industry introducing a unified regulatory regime and imposing various new requirements to further tighten regulations in this sector. The Draft Rules were jointly rolled out by the People's Bank of China, along with top regulatory bodies overseeing banking, securities, insurance sectors and foreign exchange. The rules cover a wide range of aspects for asset management products issued by all relevant financial institutions, and set out various new requirements, amongst others, the following:

- a financial institution must not guarantee returns on investment when marketing asset management products;
- 10% of the management fee for a particular asset management product must be set aside as risk reserve funds;
- there must be 140% maximum leverage ratio for publicly offered products; 200% maximum leverage ratio for privately offered products;
- there must be separate accounts for each asset management product; funds that are raised must be held in custody by a qualified independent third party; financial institutions are not allowed to roll over and pool funds together;
- if one financial institution issues several asset management products that have the same underlying asset, the total amount invested in that asset cannot exceed RMB 30 billion (approximately USD 4.54 billion); and
- financial institutions must not provide "channeling" services for asset management products offered by peer institutions in order to circumvent regulatory requirements.

It is anticipated that the Draft Rules will have significant and wide-ranging impacts on asset management companies. The Draft Rules were open to public consultation until December 16, 2017 and are subject to further changes. After the rules become effective, a grace period will be granted until June 30, 2019 for companies to comply with the new regulations.

14.3.5.4 Japan

DeAM Japan is subject to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, "**FIEA**") and the Act on Investment Trusts and Investment Corporations (Act

No. 198 of 1951, as amended, "**ITIC**"). FIEA is a comprehensive and cross-sectorial law for dealing in financial instruments. In order to operate the sale of securities and solicitation business, investment advisory and agency business, and investment management business, business operators like DeAM Japan are required to register with the JFSA and obtain certain types of license. Business operators registered with JFSA also have to comply with a number of code of conducts under the FIEA. ITIC regulations applying to the businesses conducted by DeAM Japan mainly concern the execution, performance, and termination of the investment trust agreement.

The JFSA recently published "the Principles for Customer-Oriented Business Conduct" (the "**Principles**") to help Japanese private investors build up their assets. One of the principles requires financial service operators to formulate a clear policy on how to realize customer-oriented business including disclosure of policies and current status; another principle requires financial service operators to understand customer assets, experience, knowledge, purpose of transaction, and needs in order to arrange, sell or solicit financial instruments or services tailored for such customers. The Principles are not legally binding but financial service operators are expected to comply on a practical level.

In order to encourage household investment, the second pillar is the establishment of instalment-type, tax-free investment programs for individuals (*tsumitate-NISA*) as new type of NISA (a Nippon Individual Savings Accounts). The new NISA was introduced in January 2018 and will allow individuals to invest up to JPY 400,000 per year in funds whose stocks are either included in the list of investment targets or the investment is linked to market indices. These investments will not incur capital gains tax or tax on dividends for up to 20 years.

Coupled with demand from newly defined contribution pension plans, the establishment of Principles and the introduction of the NISA are expected to drive changes in asset management, leading to increased competition from Japanese asset managers and a switch to low margin products for individual, small scale investors.

14.4 Laws and Regulations applicable to DWS Group's banking activities

Banking regulations may apply to DeAM Intl. GmbH and at the level of DWS Group on a sub-consolidated basis as well as to DB Group on a solo and consolidated basis. In Germany, credit institutions and investment firms (hereinafter jointly referred to as "institutions") must comply, among many other rules, with CRR and legislation that transposes CRD IV into German law.

Institutions must comply with minimum capital requirements. In addition to these requirements, institutions inter alia have to observe large exposure limits, liquidity, disclosure and reporting requirements.

In particular, institutions are required to maintain minimum capital to cover their credit, market, counterparty and operational risks. Since January 1, 2014, pursuant to CRR, institutions are required to maintain a minimum total capital ratio of 8%, a minimum tier 1 capital ratio of 6% and a minimum common equity tier 1 ratio of 4.5%, each to be obtained by dividing the institution's relevant eligible regulatory capital by its risk-weighted assets. In addition, they will have to comply with certain common equity tier 1 buffer requirements, including a capital conservation buffer of 2.5% (once fully phased in) that is applicable to all institutions as well as other common equity tier 1 buffers to cover countercyclical and systemic risks. The capital conservation buffer will be phased-in progressively until 2019. For the period from January 1, 2018 to December 31, 2018, the buffer amounts to 1,875 % of the

total of the risk-weighted exposure amounts of the institution. Currently, in Germany no countercyclical capital buffer applies as BaFin has set the value of 0% for the domestic countercyclical capital buffer. Similarly, for 2017 the institution specific systemic risk buffer has been set at 1.32% for Deutsche Bank AG in 2018 and 2% as of 2019. In addition, the BaFin may impose capital requirements on individual institutions which are more stringent than the statutory minimum requirements set forth in the CRR, the German Banking Act or the related regulations. The BaFin may take a range of measures in response to shortcomings in an institution's governance and risk management processes as well as its capital or liquidity position, such as prohibiting dividend payments to shareholders or distributions to holders of regulatory capital instruments.

Institutions must satisfy certain restrictions relating to concentration of risks. The aggregate of an institution's loans and a portion of certain other exposure to a single customer (and related entities) may generally not exceed 25% of the institution's eligible regulatory capital or in case of exposure to certain financial institutions, the greater of 25% of the institution's eligible regulatory capital and €150 million, with some individual risks being subject to specific regulatory requirements.

CRD IV and the Commission Delegated Regulation (EU) 2015/61 require credit institutions to hold liquid assets, the total value of which is sufficient to cover the net liquidity outflows that might be experienced under gravely stressed conditions over a period of 30 calendar days. The LCR does fully apply at 100% since 2018.

CRR and CRD IV impose disclosure obligations on institutions relating to risk management objectives and policies, governance arrangements, capital adequacy requirements and remuneration policies that have a material impact on the risk profile and leverage.

Furthermore, credit institutions, investment firms and financial holding companies must comply with the European Bank Recovery and Resolution Directive (**"BRRD"**). The BRRD provides resolution authorities with a number of powers in connection with these firms. Because the Company is regulated as financial holding company, resolution authorities could exercise these powers if the Company were to be at the point at which resolution proceedings could be opened. The resolution authority can open resolution proceedings against a financial holding company when the following conditions are met with regard to both the financial holding company and one or more subsidiaries which are credit institutions or investment firms:

- the institution is failing or likely to fail;
- there is no reasonable prospect that another action will prevent the failure within a reasonable time, and
- a resolution measure is required, and a liquidation procedure would fail to achieve the objectives of the resolution.

After resolution proceedings are commenced, the resolution authority may use one or more of several resolution tools with a view to recapitalizing or restoring the viability of the entire institution or parts of its business, as described below. Resolution measures that could be imposed upon a failing institution may include a range of measures including the transfer of shares, assets or liabilities of the institution to another legal entity, the reduction, including to zero, of the nominal value of shares, the dilution of shareholders of a failing institution or the cancellation of shares outright, or the amendment, modification or variation of the terms of the institution's outstanding debt instruments, for example by way of deferral of payments or a reduction of the applicable interest rate. Furthermore, certain eligible unsecured liabilities may

be written down, including to zero, or converted into equity (commonly referred to as "bail-in") after the institution's regulatory capital has been exhausted. Even if the conditions for placement in resolution are not met, the resolution authority will write down or convert capital instruments (such as the shares in the Company) to the extent of the losses if certain conditions are met (and in particular if the viability of the institution depends thereupon).

As a result of the foregoing, if the Company as a financial holding company and DeAM Intl. GmbH as an investment firm were to face financial difficulties likely to justify the opening of a resolution proceeding, or if the viability of the Company were to depend on it, the outstanding shares of the Company could be cancelled, diluted by the conversion of other capital or debt instruments or transferred, depriving shareholders of their rights. Even before the Company's resolution, if its financial condition were to deteriorate significantly, the risk of a potential cancellation or dilution of its shares could have a material adverse effect on the market value of such shares.

To ensure that the bail-in tool will be effective if it is ever needed, institutions, such as DeAM Intl. GmbH, and the Company on a consolidated basis are required to maintain a minimum level of own funds and eligible liabilities, calculated as a percentage of their total liabilities and own funds. The percentage is determined for each institution by the resolution authority.

Resolution proceedings could also be opened against DeAM Intl. GmbH when the conditions set out above are met on an individual basis. After resolution proceedings are commenced, the resolution authority could use one or more of the resolution tools at its disposal, in particular the bail-in tool. The Company as the sole shareholder of DeAM Intl. GmbH may thus suffer significant losses from inter alia the cancellation or dilution of its shares in DeAM Intl. GmbH which could have a material adverse impact on its own financial condition.

In November 2016, the Commission published a banking reform package aiming at a comprehensive review of inter alia CRR, CRD IV and BRRD ("**Banking Reform Package**"). In November 2017, the Council of the European Union has published a presidency compromise proposal regarding the Banking Reform Package. Among other things, it aims at introducing risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk, and for exposure to central counterparties ("**CCPs"**). Furthermore, the Banking Reform Package proposes the introduction of a binding leverage ratio and a binding NSFR and includes tighter regulation of large exposures. It also suggests the transposition of the FSB's recommendations on minimum levels of capital and other instruments which bear losses in resolution, known as TLAC for global systemically important institutions ("**G-SIIs**") into EU law.

On 7 December 2017, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision ("**GHOS**"), endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms endorsed by the GHOS include, but are not limited to the following elements:

- a revised standardized approach for credit risk,
- revisions to the internal ratings-based approach for credit risk, where the use of the most advanced internally modelled approaches for low-default portfolios will be limited;
- revisions to the measurement of the leverage ratio and the introduction of a leverage ratio buffer for G-SIIs, which will take the form of a Tier 1 capital buffer set at 50% of a G-SII's risk-weighted capital buffer; and

an aggregate output floor, which will ensure that banks' RWAs generated by internal models are no lower than 72.5% of RWAs as calculated by the Basel III framework's standardized approaches. Banks will also be required to disclose their RWAs based on these standardized approaches.

PART 15: SHAREHOLDER INFORMATION

15.1 Share Ownership

As of the date of this prospectus, our sole shareholder is DB Beteiligungs-Holding GmbH (defined above as the Selling Shareholder), a wholly-owned subsidiary of Deutsche Bank AG. The Selling Shareholder is a company with limited liability (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany and registered under docket number HRB 87504 with the commercial register maintained by the local court (*Amtsgericht*) of Frankfurt, Germany. The Selling Shareholder's LEI is 5299003RMY6TOGE8F046.

Deutsche Bank AG's and the Selling Shareholder's principal executive offices are both located at Taunusanlage 12, 60325 Frankfurt am Main. Deutsche Bank AG has a 100 percent indirect ownership interest in the Issuer. The shareholders' percentage ownership before this Offering is based on 200,000,000 ordinary shares (with a notional value of €1.00 each).

The Selling Shareholder has granted the Underwriters an option to purchase up to 5,217,400 additional ordinary shares to cover over-allotments, if any.

After giving effect to this Offering (assuming the sale of all Sale Shares), the Selling Shareholder will directly own 80.00% of our ordinary shares assuming no exercise of the Upsize Option and no exercise of the Underwriters' option to purchase additional ordinary shares (Deutsche Bank AG will own zero percent directly and 80.00% indirectly) and will directly own 75% of our ordinary shares assuming full exercise of the Upsize Option and the Underwriters' option to purchase additional ordinary shares (in which case Deutsche Bank AG will own zero percent directly and 75% indirectly). In addition, the Investor is expected to hold 5% of the share capital of the Company following the Offering as a result of a preferential allocation of Offer Shares as outlined in section 4.9.

15.2 Controlling Interest

Deutsche Bank AG and the Selling Shareholder, directly and indirectly, each own more than 30 percent of the voting rights in the Company and are, therefore, both considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Assuming a placement and sale of (i) 40,000,000 Sale Shares, (ii) 4,782,600 Additional Sale Shares pursuant to the Upsize Option and (iii) 5,217,400 Over-Allotment Shares, Deutsche Bank AG will continue to hold indirectly, and the Selling Shareholder continue to hold directly 75% of the Issuer's share capital (assuming full exercise of the Greenshoe Option). As a result, Deutsche Bank AG and the Selling Shareholder will each continue to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

PART 16: DESCRIPTION OF THE COMPANY'S SHARE CAPITAL AND APPLICABLE REGULATIONS

16.1 Share Capital

16.1.1 Current and Future Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €200,000,000.00 and is divided into up to 200,000,000 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). The share capital has been fully paid up. The Company's shares were created pursuant to the laws of the Federal Republic of Germany and initially European law.

16.1.2 Development of the Share Capital

The Company was originally incorporated in the legal form of a European Company (*Societas Europaea – SE*) on July 21, 2016 under the laws of the Federal Republic of Germany and European law with a share capital of €120,000.00. Its legal name was Atrium 99. Europäische VV SE.

By resolution of the Company's shareholders' meeting dated March 29, 2017, the articles of association were revised and its legal name was changed to Deutsche Asset Management Holding SE.

By decision of the Company's shareholders' meeting dated January 25, 2018, the articles of association were revised its legal name changed to DWS Group SE.

The following table sets out the increase in the Company's share capital by way of contribution in kind from the founding of the Company until the date of the prospectus:

Date of shareholder resolution to increase share capital	Nominal amount of capital increase	Resulting share capital	Date of registration in commercial register
October 17, 2017	€199,880,000.00	€200,000,000.00	November 17, 2017

On October 17, 2017, the extraordinary shareholder's meeting resolved to increase the Company's share capital by way of a contribution in kind by the Selling Shareholder in the amount of €199,880,000.00 from €120,000.00 to €200,000,000.00. The Selling Shareholder contributed all its shares in DWS Holding & Service GmbH (registered with the Commercial Register under docket number HRB 38933) in a nominal amount of €99,176,584.00, representing 99.18% of the share capital of DWS Holding & Service GmbH. This capital increase was registered with the Commercial Register on November 17, 2017.

On February 20, 2018, the extraordinary shareholders' meeting approved a resolution to change the Company's legal form to a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with a German limited liability company (*Gesellschaft mit beschränkter Haftung*) as general partner. In the course of the conversion, DWS Group SE's share capital in the amount of €200,000,000.-, divided into 200,000,000 no par value registered shares (*Namensaktien*), became the share capital of the Company in the same amount, with the registered shares being converted into bearer shares (*Inhaberaktien*). Consequently, the subscribed capital of the Company remained unchanged in the course of the change of the Company's legal form. The change of legal form was registered with the Commercial Register on March 3, 2018.

16.1.3 Authorized Capital

On March 7, 2018 an extraordinary shareholders' meeting of the Company resolved, among other things, on the creation of authorized capital and on amending the Company's articles of

association (as amended, the "**Articles of Association**") pursuant to Section 202 of the German Stock Corporation Act (*Aktiengesetz*) accordingly. The relevant change to the Articles of Association was registered with the Commercial Register on March 9, 2018.

Pursuant to Section 4 para. 4 of the Articles of Association, the general partner of the Company is authorized to increase the share capital of the Company on or before January 31, 2023 once or repeatedly, by up to a total of €40,000,000.- through the issuance of new shares against cash payment or contributions in kind. (the "**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 the pre-emptive rights if the capital increase against contributions in kind is carried out in order to acquire companies or shareholdings in companies and – limited to a portion in a nominal amount of up to €20,000,000 – to exclude the pre-emptive rights in full if the issue price of the new shares is not significantly lower than the quoted price of the shares already listed at the time of the final determination of the issue price and the shares issued in accordance with Section 186 para. 3 sentence 4 Stock Corporation Act do not exceed in total 10% of the share capital at the time the authorization becomes effective – or if the value is lower – at the time the authorization is utilized. Shares that are issued or sold during the validity of this authorization with the exclusion of pre-emptive rights, in direct or analogous application of Section 186 para. 3 sentence 4 Stock Corporation Act (*Aktiengesetz*), are to be included in the maximum limit of 10% of the share capital. 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 Stock Corporation Act (*Aktiengesetz).* General partner resolutions to utilize the Authorized Capital 2018/I and to exclude pre-emptive rights require the approval of the Company's supervisory board. The new shares may also be taken up by banks specified by the general partner with the obligation to offer them to shareholders (indirect pre-emptive right).

Pursuant to Section 4 para. 5 of the Articles of Association, the general partner is authorized to increase the share capital of the Company on or before January 31, 2023 once or repeatedly, by up to a total of €60,000,000.- through the issuance of new shares against cash payment (the "**Authorized Capital 2018/II**"). Shareholders are to be granted pre-emptive rights, but the general partner is authorized to except broken amounts from shareholders' pre-emptive rights. General partner resolutions to utilize the Authorized Capital 2018/II and to exclude pre-emptive rights require the supervisory board's approval. The new shares may also be taken up by certain banks specified by the general partner with the obligation to offer them to the shareholders (indirect pre-emptive right).

16.1.4 Authorization to Issue Participatory Notes and Other Hybrid Debt Securities that fulfill the requirements to qualify as Additional Tier 1 Capital (AT1 Capital)

By resolution of the extraordinary shareholders' meeting on March 7, 2018, the general partner of the Issuer is authorized to issue bearer or registered participatory notes, once or more than once, on or before January 31, 2023. The participatory notes must meet the requirements of European law, which calls for capital paid up to grant participatory rights to be attributable to the company's Additional Tier 1 Capital. The general partner is also authorized to issue, instead of or besides participatory notes, on or before January 31, 2023, once or more than once, other hybrid financial instruments with a perpetual maturity that fulfill the requirements specified above but that are possibly not classified by law as participatory rights if their issue requires the approval of the general meeting pursuant to

Section 221 Stock Corporation Act (*Aktiengesetz*) due to, for example, their dividend-dependent return or other reasons ("**Hybrid Debt Securities**"). The total nominal amount of all participatory notes and/or Hybrid Debt Securities to be issued under this authorization shall not exceed a total value of €500 million. The participatory notes and Hybrid Debt Securities may be issued in EUR or in the official currency of an OECD member country, as long as the corresponding EUR equivalent is not exceeded. Besides cash, consideration for the issue of the participatory notes and/or Hybrid Debt Securities may also be provided as contributions in kind that carry value and that are specified by the company, in particular, also in the form of existing bonds or participatory rights that are to be replaced by the new instruments.

Additionally, participatory notes and Hybrid Debt Securities that correspond to the abovementioned conditions may also be issued indirectly by the Company's affiliated companies in Germany or abroad. In this case, the general partner is authorized to assume in a regulatory approved manner on behalf of the Company a guarantee for repayment of the participatory notes or Hybrid Debt Securities and to grant to the affiliated company non-transferable, equivalent participatory rights or Hybrid Debt Securities up to the amount of the issue. When utilizing this possibility, only the volume of the participatory notes or Hybrid Debt Securities issued by the affiliated company is offset from the highest amount specified under the aforementioned paragraph. Shareholders' pre-emptive rights to the participatory notes and/or Hybrid Debt Securities issued to the affiliated company are excluded.

Furthermore, in the case of the issue of participatory rights or Hybrid Debt Securities by the Company or by an affiliated company, shareholders are in principle entitled to the statutory pre-emptive right. The general partner is, however, authorized, with the consent of the supervisory board, to exclude shareholders' pre-emptive rights insofar as the issue price is not substantially lower than the theoretical market value of the participatory notes or Hybrid Debt Securities established using recognized actuarial methods. To the extent the general partner makes no use of the preceding possibility to exclude pre-emptive rights, it is authorized, with the consent of the supervisory board, to except broken amounts arising as a result of the subscription ratio from shareholders' pre-emptive rights and also to exclude pre-emptive rights to the extent necessary to grant to the holders of option or conversion rights and/or the holders of convertible bonds and/or convertible participatory notes with a conversion obligation pre-emptive rights on the scale to which they would be entitled after exercise of the option or conversion rights and/or after fulfilling the conversion obligation. The general partner will carefully check whether the exclusion of shareholders' pre-emptive rights is also in the Company's interests and thus also in the interests of shareholders. The supervisory board will also only grant its required consent if, in its opinion, these prerequisites are met. In the event the general partner utilizes the preceding authorization, the general partner will report on this at the next general meeting. The participatory notes and/or Hybrid Debt Securities may also be taken up by banks specified by the general partner with the obligation to offer them to the shareholders (indirect pre-emptive right). The general partner is authorized to determine, with the consent of the supervisory board, further details concerning the issuance and features of the issue, in particular the volume, timing, interest rate and issue price, or to do so in consultation with the executive and non-executive management bodies of the company in which the bank has a shareholding floating the issue.

16.1.5 Authorization to Purchase and Sell Treasury Shares

The Company currently does not hold any of its own shares, nor does a third party on behalf of the Company. However, by resolution of the extraordinary shareholders' meeting on March 7, 2018, the Company is authorized to purchase, on or before January 31, 2023, its own shares in a total volume of up to 5% of the share capital at the time the resolution is taken or – if the value is lower – of the share capital at the time this authorization is exercised. Together

with its own shares acquired for other reasons and which are from time to time in the Company's possession or attributable to the Company pursuant to Section 71a et. seqq. Stock Corporation Act (*Aktiengesetz*), 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 Group GmbH & Co. KGaA share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the obligation to purchase. In the case of a public purchase offer, it may not be more than 10% higher or lower than the average of the share prices (closing auction prices of the DWS Group GmbH & Co. KGaA share in Xetra trading and/or in a comparable successor system on the Frankfurt Stock Exchange) on the last three stock exchange trading days before the day of publication of the offer. If the volume of shares offered in a public purchase offer exceeds the planned buyback volume, acceptance must be in proportion to the shares offered in each case. The preferred acceptance of small quantities of up to 50 of the Company's shares offered for purchase per shareholder may be provided for.

In addition, the general partner of the Company 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 para. 1 No. 8 Stock Corporation Act (*Aktiengesetz*) to issue staff shares to employees and retired employees of the Company and its affiliated companies or to use them to service option rights on shares of the Company and/or rights or duties to purchase shares of the Company granted to employees or members of executive or non-executive management bodies of the Company and of affiliated companies.

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 para. 3 sentence 4 Stock Corporation Act(*Aktiengesetz*), 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 para. 3 sentence 4 Stock Corporation Act (*Aktiengesetz*).

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.

16.1.6 Authorization to use Derivatives within the Framework of the Purchase of Treasury Shares

In addition to the authorization to acquire own shares pursuant to Section 71 para. 1 No. 8 Stock Corporation Act (*Aktiengesetz*), the Company is also authorized to acquire own shares with the use of derivatives. The purchase of shares may be executed, apart from in the ways described under section 16.1.6 above with the use of put and call options or forward purchase contracts. The Company may sell to third parties put options based on physical delivery and buy call options from third parties if it is ensured by the option conditions that these options are fulfilled only with shares which themselves were acquired subject to compliance with the principle of equal treatment. All share purchases based on put or call options are limited to shares in a maximum volume of 2% of the actual share capital at the time of the resolution by the general meeting on this authorization. The term of the options must be selected such that the share purchase upon exercising the option is carried out at the latest on January 31, 2023.

The authorization provides for certain thresholds for such transactions. The purchase price to be paid per share upon exercise of the put options or upon the maturity of the forward purchase may not exceed by more than 10% or fall below 10% of the average of the share prices (closing auction prices of the DWS Group GmbH & Co. KGaA 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 Group GmbH & Co. KGaA 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 rules specified under section 16.1.6 above also apply to the sale and cancellation of shares acquired with the use of derivatives.

16.2 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated by a resolution of the general shareholders' meeting that is passed by a majority of the votes cast, provided that those votes represent 75% or more of the share capital represented at the general shareholders' meeting at which such vote is taken. The dissolution of the Company requires the consent of the general partner.

The dissolution is carried out by the general partner, or one or more persons that are appointed as liquidators of the Company by a resolution of the general shareholders' meeting. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will be distributed among the shareholders in proportion to their shareholdings. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors that must be observed in the event of liquidation.

16.3 General Provisions Governing a Change in the Share Capital

Pursuant to the German Stock Corporation Act (*Aktiengesetz*) in conjunction with the Articles of Association (Section 25 para. 1), a resolution of the general shareholders' meeting is necessary to increase its share capital. Under the German Stock Corporation Act (*Aktiengesetz*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) requires a

simple majority of the share capital if no preference shares without voting rights are issued and subscription rights are not excluded, or at least 75% of the share capital represented if preference shares without voting rights are issued or if subscription rights are excluded, to pass such a resolution. Resolutions to increase authorized and conditional capital require at least 75% of the represented share capital in any case.

Shareholders can also create authorized capital. This requires a resolution of the general shareholders' meeting to be passed with a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, authorizing the general partner to issue a specific quantity of shares within a period not exceeding five years, with the consent of the Supervisory Board. The nominal amount may not exceed half of the share capital existing at the time the authorization is granted.

In addition, shareholders may create conditional capital. The creation of conditional capital requires a resolution of the general shareholders' meeting to be passed by with a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, for the purposes of (i) issuing shares to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) issuing shares as consideration in a merger with another company; or (iii) issuing shares offered to managers and employees of the Company or a group company. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to issue shares to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce share capital require a simple majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed.

In accordance with the German Stock Corporation Act (*Aktiengesetz*) and the German Commercial Code (*Handelsgesetzbuch*) and pursuant to Section 25 para. 3 of the Articles of Association, any increase or reduction of the Company's share capital requires the consent of the General Partner. Furthermore, any increase or reduction of the share capital involves an amendment of the Company's Articles of Association. Pursuant to Section 25 para. 4 of the Articles of Association, the supervisory board is authorized to make amendments to the Articles of Association that only relate to its wording

16.4 General Provisions Governing Subscription Rights

In principle, Section 186 of the German Stock Corporation Act (*Aktiengesetz*) grants to all shareholders the right to subscribe for new shares issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have a right to request admission to trading for subscription rights. The general shareholders' meeting may, subject to a majority of at least 75% of the share capital represented at the vote, resolve to exclude subscription rights. Exclusion of shareholders' subscription rights, wholly or in part, requires a report from the General Partner that justifies and demonstrates that the company's interest in excluding subscription rights outweighs the interest of the shareholders being granted subscription rights. Excluding shareholders' subscription rights when new shares are issued is specifically permissible where:

- the company is increasing share capital against cash contributions;
- the amount of the capital increase does not exceed 10% of the share capital at issue; both at authorization and the time when the authorization takes effect, and

- the price at which the new shares are being issued is not materially lower than the stock exchange price of the Company's shares.

16.5 Exclusion of Minority Shareholders

Under Sections 327a et seq. of the German Stock Corporation Act (*Aktiengesetz*), which govern the so called "squeeze out under stock corporation law", upon the request of a shareholder holding 95% of the share capital (***Majority Shareholder***), the general shareholders' meeting of a partnership limited by shares may resolve to transfer the shares of minority shareholders to the Majority Shareholder against the payment of adequate compensation in cash. The amount of the cash payment that must be offered to minority shareholders has to reflect "the circumstances of the company" at the time the general shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the company, which is generally determined using the capitalized earnings method. The minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), in the course of which the fairness (*Angemessenheit*) of the cash payment is reviewed.

Under Sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), in the case of a so called "squeeze out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) after a takeover bid or mandatory offer, may, within three months of the expiry of the deadline for acceptance of the offer, petition the Regional Court (*Landgericht*) of Frankfurt am Main for a court order transferring the remaining voting shares to itself against the payment of adequate compensation. A resolution passed by the general shareholders' meeting is not required. The consideration paid in connection with the takeover or mandatory bid is considered adequate if the offeror has obtained at least 90% of the share capital subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover bid or mandatory offer; a cash alternative must be offered in any event. In addition, after a takeover bid or mandatory offer, shareholders in a target company who have not accepted the offer may do so up to three months after the deadline for acceptances has expired pursuant to Section 39c of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*). The provisions for a squeeze out under stock corporation law cease to apply once an offeror has petitioned for a squeeze out under takeover law, and only apply again when these proceedings have been definitively completed.

In addition, under Section 62 para. 5 of the German Transformation Act (*Umwandlungsgesetz*), a majority shareholder holding at least 90% of the share capital of a partnership limited by shares can require the general shareholders' meeting to resolve that the minority shareholders must transfer their stock to the majority shareholder against the payment of adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation, a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*), or a European stock corporation (*Societas Europaea*, SE) having its seat in Germany; and (ii) the squeeze out is performed to facilitate a merger under the German Transformation Act (*Umwandlungsgesetz*) between the majority shareholder (as absorbing entity) and the partnership limited by shares (as transferring entity). The general shareholders' meeting approving the squeeze out must take place within three months of the conclusion of the merger agreement. The procedure for the squeeze out is essentially identical to the "squeeze

out under stock corporation law" described above, including the minority shareholders' right to have the appropriateness of the cash compensation reviewed.

16.6 Shareholder Notification Requirements; Mandatory Takeover Bids

After the Company's shares have been admitted to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company, as a listed company, will be subject to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) governing disclosure requirements for significant shareholdings and the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) and mandatory offers, as well as the provisions of the Market Abuse Regulation (MAR) governing, inter alia, director's obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

Pursuant to Section 33 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), anyone who acquires, sells or whose shareholding in any other way reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, as an issuer whose country of origin (*Herkunftsstaat*) is Germany, is required to notify the Company and the BaFin at the same time. Notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances, should have had knowledge of his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The German Securities Trading Act (*Wertpapierhandelsgesetz*) contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares pursuant to Section 33 para. 3 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In the case that a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Further, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting in concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company. Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting in concert. Coordination in individual cases, however, is not considered as acting in concert.

Similar obligations to notify the Company and the BaFin apply pursuant to Section 38 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) to anyone who reaches, exceeds or falls below the aforementioned thresholds, except for the 3% threshold, by directly or indirectly holding instruments either (i) giving their holder the unconditional right or discretion to acquire already issued shares of the Company to which voting rights are attached,

or (ii) relating to such shares and having a similar economic effect, whether or not conferring a right to a physical settlement. Pursuant to Section 38 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), such instruments include, in particular, transferable securities, options, futures, swaps, forward rate agreements and contracts for difference.

In addition, anyone whose aggregate number of voting rights and instruments pursuant to Sections 33 para. 1 and 38 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) reaches, exceeds or falls below the aforementioned thresholds, except for the 3% threshold, has to notify the Company and the BaFin pursuant to Section 39 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

If any of the aforementioned reporting obligations are triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice can be submitted either in German or English, in writing or via fax. The notice must include, irrespective of the event triggering the notification, (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by or attributed to the notifying person or entity. In addition, the notice must include certain attribution details, among other things, the first name and surname of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and, if voting rights or instruments are attributed.

As a domestic issuer, the Company must publish such notices without undue delay, but no later than three trading days following receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire EU and in the non-EU member states that are parties to the agreement in the EEA. The Company must also transmit the publication to the BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

There are certain exceptions to the notice requirements. For example, a company is exempt from its notification obligation if its parent company, or if its parent company is itself a subsidiary, the parent's parent company, has filed a group notification pursuant to Section 37 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the EU or in a non-EU member state that is a party to the Agreement in the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) they are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the voting shares, do not grant the right to acquire more than 5% of the voting shares, or do not have a similar economic effect and (iii) it is ensured that the voting rights held by them are not exercised or otherwise made use of.

If a shareholder fails to file a notice or provides false information with regard to shareholdings pursuant to Sections 33 and 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), the rights attached to shares held by or attributed to such shareholder, particularly voting and dividend rights, do not exist for the duration of the failure. This does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been made. If the shareholder fails to disclose the correct proportion of voting rights held and the shareholder acted willfully or was grossly negligent, the rights attached to shares held by or attributed to such shareholder do not exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the

variation in the proportion of the voting rights notified in the preceding incorrect notification was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, pursuant to Section 33 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) was omitted. The same rules apply to shares held by a shareholder, if such shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares and instruments pursuant to Sections 38 para. 1, 39 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In addition, a fine may be imposed for failure to comply with notification obligations.

A shareholder who reaches or exceeds the threshold of 10% of the voting rights, or a higher threshold, is obligated to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of voting rights, as well as regarding the source of the funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10% threshold has been reached or exceeded, the attribution rules mentioned above apply.

Furthermore, pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), every person whose share of voting rights reaches or exceeds 30% of the voting shares of the Company is obligated to publish this fact on the internet and by means of an electronically operated system for disseminating financial information, unless an exemption from this obligation has been granted by the BaFin. If no exemption has been granted, this publication has to be made within seven calendar days and include the total amount of voting rights held by and attributed to such person and, subsequently, such person is further required to submit a mandatory public tender offer to all holders of shares in the Company. The German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to the shares, comparable to the attribution rules described above for shareholdings pursuant to Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). If a bidder fails to give notice of reaching or exceeding the 30% threshold or fails to submit the mandatory tender offer, the bidder is barred from exercising the rights associated with these shares, including voting rights, for the duration of the delinquency. In case of willful failure to publish the notice of acquisition of control over another company or submission of a mandatory tender offer or willful failure to subsequently send those notices in a timely fashion, the bidder is also not entitled to dividends. A fine may also be imposed in case of non-compliance with the notification obligations described above.

16.7 Directors' Dealings

Persons discharging managerial responsibilities at the Company within the meaning of the Market Abuse Regulation (MAR), such as the Managing Directors (as defined below) and the members of the Supervisory Board, have to notify the Company and the BaFin promptly and no later than three business days following transactions in the Company's shares, debt instruments, or in related financial instruments undertaken for their own account (so-called managers' transactions). For persons other than Managing Directors (as defined below) this only applies to transactions exceeding a total of €5,000 per annum. This also applies to persons or entities that are closely associated with such executives within the meaning of the Market Abuse Regulation (MAR). The Company shall ensure that such managers' transactions notifications are made public promptly and no later than three business days after the transaction.

PART 17: CORPORATE BODIES AND MANAGEMENT

17.1 Overview

The Company, a partnership limited by shares (*Kommanditgesellschaft auf Aktien,* or "**KGaA**") with a German company with limited liability (*Gesellschaft mit beschränkter Haftung*, or "**GmbH**") as its general partner, is the holding company of DWS. The Company is governed by its Articles of Association (*Satzung*) and the general provisions of German corporate law, particularly the German Stock Corporation Act (*Aktiengesetz*) and the German Commercial Code (*Handelsgesetzbuch*).

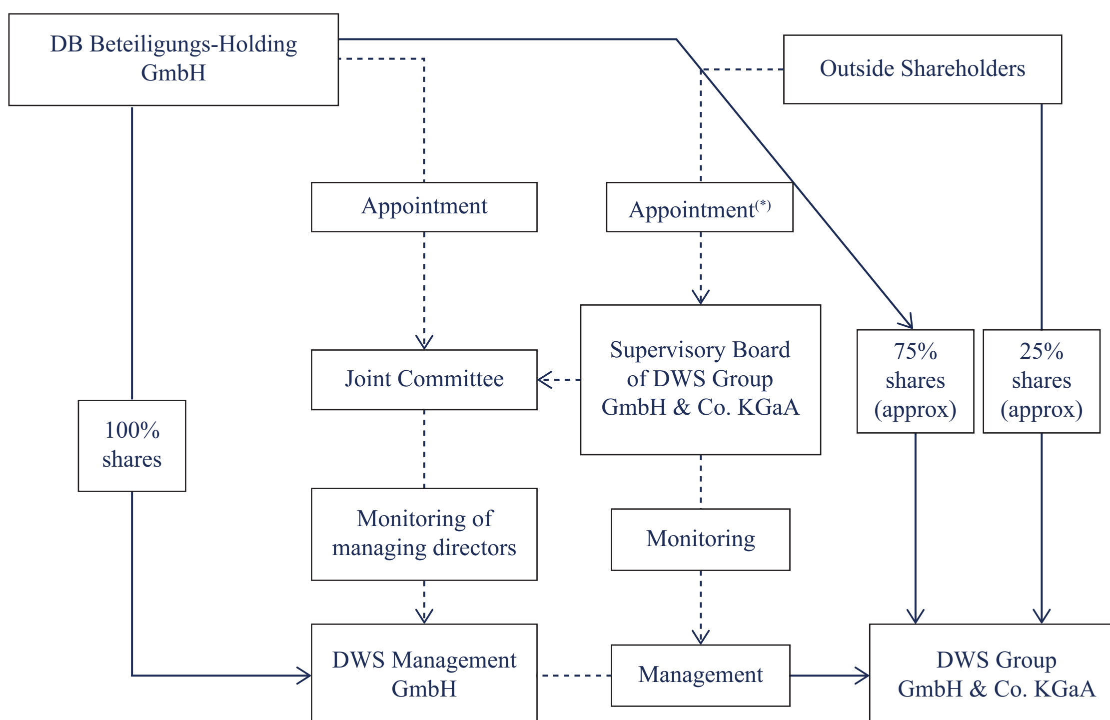
KGaAs, AGs and SEs are the only legal forms provided by German law for entities whose shares trade on a German stock exchange. A KGaA is a hybrid legal form under German corporate law, which has elements of both a limited partnership and a stock corporation (*Aktiengesellschaft*, or "**AG**"). Like a stock corporation, the share capital of a KGaA is held by its shareholders. Like a limited partnership, the KGaA is managed by a general partner which is subject to unlimited liability vis-à-vis third parties. Our sole general partner, DWS Management GmbH (the "**General Partner**"), with address at Mainzer Landstrasse 11-17, 60329 Frankfurt am Main, Germany, is a wholly-owned subsidiary of DB Beteiligungs-Holding GmbH.

A KGaA's corporate bodies are its general partner, its supervisory board and the general meeting of shareholders. Unlike an AG, in which the supervisory board appoints the management board, the supervisory board of a KGaA has no influence on the appointment of the managing body of the general partner pursuant to statutory law. In addition to its supervisory board, our Company will have a Joint Committee that consists of members of the Supervisory Board as well as delegates appointed by the shareholders' meeting of the General Partner. We currently have one general partner, but a KGaA may have one or more general partners who conduct the business of the KGaA. The removal of a general partner from office is subject to very strict conditions and does, under statutory law, not fall within the competences of the supervisory board. General partners may, but are not required to, purchase shares of the KGaA or to make a capital contribution. General partners are personally liable for the liabilities of the KGaA in relations with third parties (subject, in the case of corporate general partners, to applicable limits on liability of corporations generally).

The Company is intended to exist as a KGaA only so long as DB Group holds more than 40% of the share capital of the Company. If DB Group ceases to hold more than 40% of the share capital of the Company while DB Group still holds all or part of the shares in the General Partner, the General Partner will be excluded from the KGaA under the Company's Articles of Association. The General Partner will also be excluded if DB Group's shareholding remains above 40%, but DB Group ceases to hold all the shares in the General Partner. Pursuant to Section 9 of the KGaA's Articles of Association, if the General Partner is excluded (or the exclusion is foreseeable), the Company may continue in a unified structure or be continued without a general partner for an interim period until the next annual general meeting or extraordinary general meeting which shall resolve, by a simple majority of votes cast, on the conversion of the KGaA into an AG (*Aktiengesellschaft*).

17.1.1 Management and Oversight

The management structure of the Company following the Offering can be illustrated as follows:



(*) Following the Offering. Right of outside shareholders to appoint supervisory board members does not extend to employee representatives.

17.1.2 General Partner

The General Partner, a company with limited liability (GmbH) and a wholly owned subsidiary of DB Beteiligungs-Holding GmbH, is the sole general partner of the Company and will conduct its business and represent it in external relations. The registered share capital of the General Partner is €500,000.

The General Partner has not made a capital contribution to the Company, does not hold any shares in the Company and, therefore, will not participate in its assets or its profits and losses (see Section 6 para 2 of the Company's Articles of Association). However, the General Partner will be reimbursed for any out-of-pocket expenses incurred in connection with its duties, including the remuneration of the general partner's managing directors (see Section 8 para. 1 of the Company's Articles of Association). The General Partner will devote itself exclusively to the management of the Company. The General Partner will receive annual compensation of 4% of its registered share capital and its capital reserves for assuming the liability (see Section 8 para. 2 of the Company's Articles of Association). In case of a capital increase of the General Partner during the year the annual compensation must be calculated pro rata subject to the registration of such capital increase. This payment of the annual compensation constitutes a guaranteed compensation for undertaking liability and an indirect return on DB Beteiligungs-Holding GmbH's investment in the share capital of the General Partner. This payment is also required for tax reasons, to avoid a constructive dividend by the General Partner to DB Beteiligungs-Holding GmbH in the amount of reasonable compensation for undertaking liability for the obligations of the Company.

The position of the general partners in a KGaA is different and in part stronger than that of the shareholders based on: (i) the management powers of the general partners, (ii) the existing de facto veto rights regarding material resolutions adopted by the KGaA's general meeting of shareholders and (iii) the independence of general partners from the influence of the KGaA's general shareholders' meeting as a collective body (see section 17.1.4 below). Because DB Beteiligungs-Holding GmbH is the sole shareholder of the General Partner, DB Beteiligungs-Holding GmbH – via the General Partner's shareholders' meeting – has the sole power to appoint the managing directors of the General Partner, who act on behalf of the General Partner in the conduct of the Company's business and in relations with third parties.

The statutory provisions governing a limited partnership and that also apply to a KGaA (see Section 278 para. 2 German Stock Corporation Act), provide that the consent of the KGaA shareholders at a general meeting is required for transactions that are not in the ordinary course of business. However, as permitted by statute, our Articles of Association permit such decisions to be made by the General Partner without the consent of the shareholders of the Company. This does not affect the general meeting's right of approval with regard to measures of unusual significance, such as a spin-off of a substantial part of a company's assets, as developed in German Federal Supreme Court (*Bundesgerichtshof*) decisions.

17.1.3 Supervisory Board

The supervisory board of a KGaA is similar in certain respects to the supervisory board of an AG. Like the supervisory board of an AG, the supervisory board of a KGaA is under an obligation to oversee the management of the business of the company. Except for employee representatives, the members of the supervisory board are elected by the KGaA shareholders at the general meeting. Shares in the KGaA held by the general partner or its affiliated companies following the Offering are not entitled to vote for the election or removal of the supervisory board members of the KGaA. Accordingly, DB Beteiligungs-Holding may not exercise its voting rights in the election or removal of members of the Supervisory Board of the Company following the settlement of the Offering.

The Supervisory Board of the Company has less power and scope for influence than a supervisory board of an AG. The Supervisory Board is not entitled to appoint 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. The management of the Company will be conducted by the managing directors of the General Partner. While the Joint Committee will have a (non-binding) right of proposal with respect to the ratification of management acts of the managing directors and their variable remuneration (see the last paragraph of this section), only the shareholder of the General Partner has the authority to appoint or remove the managing directors.

The Company's annual financial statements are submitted to the Company's shareholders for approval at the annual general meeting. Except for making a recommendation to the general meeting regarding such approval, this matter is not within the competence of the Supervisory Board.

As the Company and its subsidiaries will have more than 500 employees in Germany, it is envisaged that it will be subject to the German One-Third Co-Determination Act (*Drittelbeteiligungsgesetz*), and therefore include both shareholder representatives and a one third of employee representatives, referred to as "co-determination." The chairman of the Supervisory Board, who will be elected by all supervisory board members from among their midst, is envisaged to be a representative of the shareholders; in case of a tie vote, he will have the casting vote (see Section 12 para. 4 of the Company's Articles of Association).

In recent history, there has been a trend towards selecting shareholder representatives for supervisory boards from a wider spectrum of candidates, including representatives from non-German companies, in an effort to introduce a broader range of experience and expertise and a larger degree of independence. German regulations also have several rules applicable to supervisory board members which are designed to ensure that the supervisory board members as a group possess the knowledge, ability and expert experience to properly complete their tasks as well as to ensure a certain degree of independence of the board's members. In addition to prohibiting members of the management board (or, in case of a KGaA, the general partner) from simultaneously serving on the supervisory board, German law requires members of a supervisory board to act in the best interest of the company. They do not have to follow direction or instruction from third parties. Any service, consulting or similar agreements between a company and any of its supervisory board members must be approved by the supervisory board.

17.1.4 General Meeting

The general meeting is the resolution body of the KGaA shareholders. 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 annual general meeting ("**AGM**") of a KGaA approves its annual financial statements. The internal procedure of the general meeting of a KGaA corresponds to that of the general meeting of an AG. The agenda for the general meeting, including proposals for resolutions, is fixed by the general partner and the KGaA's supervisory board except that the general partner cannot propose nominees for election as members of the KGaA's supervisory board or proposals for the Company auditors.

KGaA shareholders exercise influence in the general meeting through their voting rights but, in contrast to an AG, the general partner of a KGaA has a de facto veto right with regard to material resolutions (see the following paragraph). As in an AG, the members of the supervisory board of a KGaA – with the exception of the employee representatives pursuant to the applicable German One-Third Co-Determination Act (*Drittelbeteiligungsgesetz*) – are elected by the general meeting.

Certain matters requiring a resolution at the general meeting will also require the consent of the General Partner, such as amendments to the Articles of Association, dissolution of the Company, mergers, a change in the legal form of the Company, 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 of the Company. The General Partner therefore has a de facto veto right on these matters.

17.1.5 Joint Committee

In addition to the Supervisory Board, the General Partner and the General Meeting, the Company intends to have a Joint Committee as a further corporate body. The Joint Committee shall consist 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 (see Section 15 para. 1 of the Company's Articles of Association). The shareholders' meeting of the General Partner will appoint one of its delegates as Chairman of the Joint Committee; he will have a casting vote with regard to decisions taken in the Joint Committee.

The Joint Committee will have approval rights with regard to certain measures by the General Partner (e.g. group reorganisations and related contracts; the acquisition and disposal of real

estate or participations if the transaction value exceeds a certain threshold, etc.) (see Section 17 para. 1 of the Company's Articles of Association). The Joint Committee also 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 managing directors of the General Partner. Despite that, such proposals are not binding and the right of the shareholders' meeting of the General Partner to independently decide on the aforementioned subjects remains unaffected (see Section 17 para. 3 of the Company's Articles of Association).

17.2 DWS Management GmbH (General Partner)

The General Partner is solely responsible for the management of the Company, including all exceptional management measures. When acting in its capacity as general partner for the Company, the General Partner is always acting through its managing directors, who manage and represent the General Partner vis-à-vis third parties (including the KGaA). Therefore, any reference to "**Managing Directors**" below refers to the managing directors of General Partner. The General Partner does not have a supervisory board.

17.3 Shareholders' Resolutions of General Partner

Pursuant to Section 9 para. 1 of the articles of association of the General Partner, shareholders' resolutions shall be passed in shareholders' meetings. Additionally, resolutions can be passed outside of shareholders' meetings if each shareholder has agreed to the decision in written form, electronic form, or text form pursuant to Sections 126 et. seq. of the German Civil Code (*Bürgerliches Gesetzbuch*) or if each shareholder has, in the aforementioned form or otherwise, agreed that the votes shall be cast via written form, electronic form, or text form (see Section 9 para. 1 of the articles of association of the General Partner). Immediately following shareholders'resolutions passed outside of the shareholders' meeting that are not kept in the form of notarial minutes, minutes shall be prepared and sent to each shareholder. The minutes serve evidence purposes and shall contain date, form, content of the resolution, and the votes cast (see Section 9 para. 2 of the articles of association of the General Partner). Pursuant to Section 9 para. 3 of the articles of association of the General Partner, shareholders' resolutions shall be passed by a majority of votes cast (and each Share shall grant one vote) unless a larger majority is stipulated by law or the articles of association of the General Partner.

17.4 Managing Directors of General Partner

17.4.1 Overview

As of the date of this Prospectus, the General Partner has eight Managing Directors which serve as the senior management for the Company since its conversion to a KGaA. The Managing Directors are appointed by the shareholders' meeting of General Partner. The Managing Directors are responsible for the managing of the General Partner's day-to-day business and for representing the General Partner vis-à-vis third parties.

Pursuant to Section 6 para. 1 of the articles of association of the General Partner, the General Partner shall have at least two Managing Directors. The General Partner shall be represented either jointly by two Managing Directors or by a Managing Director acting jointly with an authorized representative (*Prokurist*). The shareholders' meeting may, pursuant to Section 8 para. 1 of the articles of association of the General Partner, vest Managing Directors with the authority to represent General Partner solely. Furthermore, pursuant to Section 8 para. 2 of the articles of association of the General Partner, Managing Directors are exempted from the restrictions of entering into a legal transaction in the name of the principal with himself in his own name or as an agent of a third party pursuant to Section 181 2nd alternative German Civil Code (*Bürgerliches Gesetzbuch*).

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

17.4.2 Current Managing Directors (Senior Management)

The following table shows the current Managing Directors, their date of birth, the year in which they were appointed, their position as well as the positions they have held as members of a management, administrative or supervisory body in companies or as partners in partnerships outside of DWS Group in the last five years:

Name	Date of birth	First appoint-ment	Appointed until	Position	Other management, administrative or supervisory board positions outside DB Group in the previous five years
Nicolas Moreau	May 8, 1965	2018	2021	CEO	CEO of Axa France and member of the Axa Group Management Committee
Claire Peel	Oct 24, 1974	2018	2021	Chief Financial Officer	None
Jon Eilbeck	Jun 13, 1967	2018	2021	Chief Operating Officer	Harvest Fund Management Co. Ltd. (Director)
Nikolaus von Tippelskirch	Nov 7, 1971	2018	2021	Chief Control Officer	None
Stefan Kreuzkamp	Jan 3, 1966	2018	2021	Chief Investment Officer and Co-Head, Investment Group	None
Pierre Cherki	Jul 8, 1966	2018	2021	Co-Head, Investment Group	Greenwood Properties Corp. (member of the management board)
Bob Kendall	Jun 18, 1974	2018	2021	Co-Head, Global Coverage Group	None
Thorsten Michalik	Nov 17, 1972	2018	2021	Co-Head, Global Coverage Group	None

The expiration dates of the service agreements for the Managing Directors correspond with their respective terms of office (initially three years). The Managing Directors may be contacted at the General Partner's business address.

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

Claire Peel - Claire Peel first joined DB Group on the Graduate Program. Since then she has built experience in a variety of roles in Technology and Operations, specifically in business and project management, and spent two years as Financial Controller for a start-up Joint

Venture between DB and a software house. In 2005, Claire transferred to the COO and Strategy team in Global Markets, where she was actively involved in the integration of Corporate Finance and GTB. In 2012, Claire joined the Finance division as CB&S Finance FD, consolidating activities across COO and Finance and responsible for planning/forecasting, analytics and BS/risk. Before becoming CFO of DWS, her most recent role was as CFO for the Equity business.

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

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

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

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

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

Thorsten Michalik - Thorsten Michalik joined DB Group in 2000, after starting his career working in sales and trading for UBS in Zurich and Frankfurt. He is currently Co-Head of our Global Coverage Group and is responsible for Coverage of DWS across active, passive and alternative investments for EMEA and APAC. He previously served as Head of Passive

Investments for the Global Client Group. Before that, he built the warrants business in Europe and Asia and was Head of the db X-trackers ETF and db-X ETC platforms. Thorsten holds a Bachelor degree from the polytechnic in Constance in business and management administration.

17.4.3 Compensation of the Managing Directors; Ownership of Shares

Before its transformation to a KGaA, the Company was a European company (SE), and was managed by members of its management board with oversight of the management board by the supervisory board. Total compensation of these members of its management board and supervisory board in 2017 amounted to €3 million, including €1 million in short-term employee benefits, €1 million in share-based payment (shares in Deutsche Bank AG) and less than €1 million for each of post-employment benefits, long-term benefits and termination benefits.

Following its conversion to a KGaA in March of 2018, DWS Group is managed by the Managing Directors of the General Partner.

In 2017, DWS Group paid an aggregate amount of €7.9 million[1] in compensation, including €0.4 million[1] in fringe benefits and €0.4 million[1] set aside by the DWS Group in provision of pension and retirement related benefits to these persons who are now serving as its senior management (e.g. the Managing Directors) of the General Partner national. Fringe benefits included capital forming benefits, vehicle allowance, long term service award, medical insurance, long term disability contribution and expat benefits. The €7.9 million in Compensation for 2017 also included variable compensation amounts related to 2016 that were paid out in March 2017 and other releases of deferred compensation during 2017.

The compensation to be paid to the Managing Directors following the Offering comprises a fixed component and a variable component. The fixed component comprises the base salary and 'other benefits' (including pension contributions). The determination of the variable compensation is based on Group and individual objectives. DWS intends to review the compensation structure to introduce a new compensation system which would include a short-term and long-term component. Whilst the short-term component will remain subject to Group and individual objectives, the long-term component will be based on collective long term objectives.

17.4.3.1 Non-Performance-Related Components (Fixed Compensation): base salary, fringe benefits and pension installments

The fixed compensation is not linked to performance and consists of the base salary and 'other benefits'.

- **Base salary**

  The Managing Directors' base salary is paid in twelve monthly installments per year. Various factors were considered when determining the appropriate level of the base salary. It reflects the assumption of the office of Managing Directors and the related overall responsibility of the individual Managing Director.

- **Other benefits**

  Additional non-performance-related components include 'other benefits'. They comprise pension contributions as well as the monetary value of non-cash benefits such as company car (only for Managing Directors based in Germany), insurance premiums,

[1] Calculated using an exchange rate of GBP 1=EUR 1.12 and USD 1=EUR 0.89.

expenses for company-related social functions as well as taxable reimbursements of expenses.

17.4.3.2 Performance-related components (Variable Compensation)

Variable compensation is currently discretionary, and based on performance and behavior. Currently, the determination of the variable compensation is based on Group metrics, set at DB Group level and individual objectives. DWS intends to review the structure of the variable component of the compensation to introduce a new compensation system which would include a short-term and a long-term component. The short-term component will still be subject to corporate and individual objectives. The corporate objectives would however be set at DWS level rather than DB Group. The long-term component will be based on collective long term objectives. The new compensation system will be more strongly linked to the performance of the individuals with pre-defined objectives.

- **Group Component**

  Currently the group component of the variable compensation is linked to the overall performance of Deutsche Bank AG, and assessed against four Key Performance Indicators. In accordance with the practice of Deutsche Bank AG for the last two years, the four performance metrics are as follows:
  - Common Equity Tier 1 (CET 1) capital ratio (fully loaded) – i.e. the Common Equity Tier-1 Ratio of Deutsche Bank in relation to their risk-weighted assets;
  - Leverage ratio – i.e. Deutsche Bank's Tier 1 capital as a percentage of its total leverage exposure pursuant in line with CRR/CRD 4;
  - Adjusted cost base – i.e. total noninterest expenses, excluding restructuring and severance, litigation, impairment of goodwill and other intangibles and policyholder benefits and claims;
  - Post-tax return on tangible equity (RoTE) – i.e. net income (or loss) attributable to Deutsche Bank AG shareholders as a percentage of average intangible shareholder' equity. The latter is the shareholder's equity on Deutsche Bank AG's consolidated balance sheet, excluding goodwill and other intangible assets.

- **Individual Component**

  The individual component of the variable compensation rewards the achievement of short and medium-term individual and front office-related objectives. Under the new compensation system, the objectives will be established by the shareholders meeting of DWS Management GmBH as part of the objective setting agreement for the financial year's performance evaluation. The key objectives will be designed to contribute to the applicable business policy and strategic objectives of DWS, in line with each Managing Directors's area of responsibility.

- **Regulatory compliance**

  All Managing Directors will continue to be considered as Material Risk Takers under CRD 4 and, as such, will be subject to its requirements as translated into German national law in the German Banking Act and Institutsvergutungsverordnung (InstVV). See 14.3.1.9 for more information on these regulations. Pursuant to CRD 4 and InstVV requirement, the variable compensation (deferred and non-deferred) will be capped at 200% of the fixed compensation. Deutsche Bank AG shareholders indeed approved the ratio of 1:1 to be increased to 1:2 at the Annual General Meeting on May 22, 2014.

  In line with the regulatory requirements, at least 40%-60% of the variable compensation will be deferred over a three to five-year period. Not less than half of the deferred portion may comprise equity-based compensation components, with the

balance being granted as deferred cash compensation. The equity-based component will be subject to an additional 12 month retention period.

Of the non-deferred portion of variable compensation, at least half will consist of equity-based compensation. The balance will be paid in cash immediately. The awards will be immediately vested, but will remain subject to a 12 month retention period.

The variable compensation will be subject to forfeiture and clawback provisions as required.

- **Other benefits upon premature termination**

  The Managing Directors are in principle entitled to receive a severance payment upon early termination of their appointment at the Company's initiative, provided the Company 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 as Managing Director are to be taken into account when determining the amount of the severance payment. The severance payment, as a rule, will not exceed two annual compensation amounts and is limited to the claims to compensation for the remaining term of the contract. The severance payment is determined in accordance with the statutory and regulatory requirements, in particular with the provisions of the InstVV.

- **Other agreements**

  Some of the Managing Directors have, in addition to their service agreements with the Company, either an employment contract or a service agreement with a subsidiary of the Company. Nicolas Moreau also has a service agreement with Deutsche Bank AG.

17.4.3.3 Expected remuneration of the Managing Directors

The following table provides an overview of the annual compensation components (with respect to 2018 only to be paid pro rata temporis) which have been agreed for all eight Managing Directors of the Company to take effect following the Offering. For the Managing Directors who have another employment contract with a subsidiary of the Company (or service agreement with Deutsche Bank AG as relevant), the figures below reflect their overall compensation, inclusive of any compensation to be paid in respect of their other employment contract or service agreement.

	Fixed Component[(1)]	Variable Component (including amounts to be deferred)		Total Annual Compensation[(1)]	
Name	Salary	Target[(2)] Variable Compensation	Max[(2)] Variable Compensation	Total Target[(3)] Compensation	Total Maximum[(4)] Compensation
			(all figures in € thousand)		
Nicolas Moreau	2,660	4,340	7,840	7,000	10,500
Claire Peel	950	300	800	1,250	1,750
Jon Eilbeck	1,000	1,000	1,500	2,000	2,500
Nikolaus von Tippelskirch	950	300	800	1,250	1,750
Stefan Kreuzkamp	1,250	1,750	2,750	3,000	4,000
Pierre Cherki	1,250	1,750	2,750	3,000	4,000
Bob Kendall	1,000	1,250	1,750	2,250	2,750
Thorsten Michalik	1,000	1,000	1,500	2,000	2,500

(1) Amounts for fixed compensation and total annual compensation do not include amounts for fringe benefits (including individual benefits in kind) or pension installments as these items are not provided for in advance. We intend to disclose compensation amounts that have been paid and which are relating to fringe benefits and pension installments annually as part of our annual report.
(2) Total Target compensation provides a reference value for total annual Fixed Pay and Variable Compensation that could be expected where all company and individual performance objectives are satisfied, subject to affordability. The individual targets do not represent a minimum promise or guarantee to pay any particular level of Variable Compensation or Total Compensation and actual individual compensation may be paid at, above or below the respective target levels based on performance and other factors. Where performance objectives are exceeded, the total annual compensation of each Managing Director is subject to a cap in line with the Total Maximum shown, irrespective of the level of achievement.
(3) Represents salary and target variable compensation.
(4) Represents salary and maximum variable compensation.

17.4.3.4 Share ownership

As of the date of this Prospectus, the Managing Directors neither directly or indirectly hold any shares in the Company nor do hold any rights to acquire shares in the Company. Please see 17.6 below regarding an expected share compensation plan.

17.5 DWS Group GmbH & Co. KGaA – Supervisory Board

DWS Group GmbH & Co. KGaA has a supervisory board composed of eight shareholder representatives (five of which in the final composition after replacement of the current interim members shall be independent) and four employee representatives. The eight members who represent the shareholders are appointed by the Shareholders' General Meeting. Four employee representatives are to be elected by the employees of the Company and its subsidiaries pursuant to the applicable employee participation laws.

Five current members of the current supervisory board are serving in an interim capacity, four of whom will be replaced by prospective supervisory board members prior to completion of the Offering. There are currently no employee representatives on the supervisory board. Please see 17.5.2 for more information on employee representatives.

The members of the supervisory board of the Company may be contacted at the business address of the Company.

Unless other majorities are required by mandatory law, the supervisory board passes its resolutions by a simple majority of the votes submitted in the voting. If a vote is tied, the chairman has a casting vote or, if he does not take part in the voting, the matter is decided by the vote of the deputy chairman in case the deputy chairman is a shareholder representative (see Section 12 para. 4 of the Company's Articles of Association).

The following table shows the current and prospective members of the supervisory board, their date of birth, the year in which they were first appointed (or, for interim board members, they are expected to be appointed), the year in which their current appointment is scheduled to end, their position on the supervisory board as well as the positions they have held as members of a management, administrative or supervisory body in companies or as partners in partnerships outside of DB Group in the last five years:

Name	Date of birth	Appointed		Position	Other management, administrative or supervisory board positions outside DB Group in the last 5 years
		From	Until		
Karl von Rohr	Oct 16, 1965	2018	2023	Chairman and shareholder representative	Member of the Supervisory Board of Barmenia Krankenversicherung AG Member of the Advisory Board of Barmenia Lebensversicherung AG Member of the Advisory Board of Barmenia Allgemeine Versicherungs-AG

Name	Date of birth	Appointed From	Appointed Until	Position	Other management, administrative or supervisory board positions outside DB Group in the last 5 years
Sylvie Matherat	May 6, 1962	2018	2023	Shareholder representative	Deputy Director General of the Banque de France
Asoka Woehrmann	Jun 6, 1965	2018	2023	Shareholder representative	None
Philipp Gossow*	Jul 30, 1974	2018	2018	Shareholder representative	None
Aldo Cardoso**	Mar 7, 1956	2018	2023	Prospective member	Director of BeringPoint BV Chairman of the Board of Bureau Veritas Director of Engie Director of Imerys Director of Worldline Director of AXA Investment Managers Director of General Electric Corporate Finance Bank Director of Mobistar
Ute Wolf**	Mar 25, 1968	2018	2023	Prospective member	Chief Financial Officer 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 WaG
Margret Suckale**	May 31, 1956	2018	2023	Prospective member	Member of the Supervisory Board of Deutsche Telekom AG Member of the Supervisory Board of HeidelbergCement AG Member of the Management Board of BASF SE
Hiroshi Ozeki**	Nov 25, 1964	2018	2023	Prospective member	Director and Executive Officer of Nippon Life Insurance Member of the Professional Ethics Committee of The Securities Analysts Association of Japan Auditor of The Japan Net Bank, Limited Member of the Market Operations Committee, Tokyo Stock Exchange, Inc. Director of Nissay Asset Management Corporation Director of Nissay Capital Co., Ltd. Director of Nissay Credit Guarantee Co., Ltd. Director of NLI Research Institute
Michael Welker***	Dec 31, 1967	2018	2018	Interim member	None
Guido Fuhrmann***	Sep 8, 1963	2018	2018	Interim member	None
Mathias Otto***	Sep 26, 1963	2018	2018	Interim member	None
Dirk Reiche***	Jul 22, 1970	2018	2018	Interim member	None

* Temporary board member to be replaced following the Offering.

** Prospective supervisory board member to be appointed to replace an interim member of the supervisory board after the date of this prospectus, but expected prior to the settlement of the Offering.

*** Interim supervisory board member to be replaced by prospective supervisory board member prior to the settlement of the Offering.

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

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

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

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

17.5.1 Prospective Supervisory Board Members

The following prospective members of the DWS Supervisory Board are expected to replace the interim members later in 2018 once all regulatory approvals are obtained.

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

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

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

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

17.5.2 Employee Representative Supervisory Board Members

An additional four employee representatives will be appointed following either a court process, which would take place until June 2018, or an election, which would take place in September 2018.

It is expected that a temporary appointment will be initiated by the courts after conversion to the KGaA structure; this typically takes place after a period of three months, although in some instances the courts have recognized the urgency and initiated the appointment earlier.

The employee election process is expected to start once all relevant employees have been transferred to the KGaA or its subsidiaries.

17.5.3 Interim Supervisory Board Members

The following members of the DWS Supervisory Board have been appointed on an interim basis and are expected to be replaced by prospective board members named above.

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

Guido Fuhrmann – Guido Fuhrmann joined Deutsche Bank in 1993. Since 2017, Mr. Fuhrmann has served as the Head of Human Resources, Germany. Previously, he worked

in Human Resources with a focus on corporate executive matters and rewards, advising Deutsche Bank's management and supervisory boards. In the early years of Mr. Fuhrmann's career he focused on labor relations and international HR matters. Mr. Fuhrmann studied law at the University of Trier, Germany.

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

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

17.5.4 Compensation of Supervisory Board; Ownership of Shares

The Articles of Association provide that members of the Supervisory Board receive a base fee of €85,000 per annum, paid in cash plus value added tax. The chairman of the Supervisory Board will receive twice that amount and a deputy chairman one and a half times that amount. There will be no incremental attendance fees.

Those Supervisory Board members that also assume committee responsibilities will receive additional compensation in relation to these duties: €20,000 for membership of the Joint Committee or the Audit and / or Risk Committee(s) (€40,000 for the respective committee chair) and €15,000 for membership of other committees (€20,000 for the committee chair).

As of the date of this Prospectus, the members of the supervisory board of the Company do not own any shares in the Issuer. In 2017, the Company did not pay any compensation to the members of the Supervisory Board and has not set aside or accrued any amounts to provide pension, retirement or similar benefits for them.

17.5.5 Supervisory Board Committees

As of the date of this Prospectus, the supervisory board has not established any committees. The law and the Articles of Association allow the supervisory board to establish committees established from among its members in accordance with the law and to delegate duties and (with some exceptions), decision making powers to such committees. The terms of reference for the supervisory board are expected to suggest the establishment of three committees: an audit and risk committee (the "**Audit and Risk Committee**"), a nomination committee (the "**Nomination Committee"**) and a remuneration committee (the "**Remuneration Committee**"). Each of the committees comprises of a minimum of three members who are members of the supervisory board. It is anticipated that these committees will be established and filled following the appointment of the prospective board members to the supervisory board.

17.5.5.1 Audit and Risk Committee

The Audit and Risk Committee shall, *inter alia*, advise the supervisory board on DWS Group's current and future overall risk tolerance and strategy and support the supervisory board in monitoring the implementation of this strategy by the Company's management. Additionally, the Audit and Risk Committee shall monitor whether conditions in customer

business are in line with DWS Group's business model and risk structure and it shall support the supervisory board in monitoring the effectiveness of the risk management system, the internal control system, and the internal audit function. It also supervises the budget and mid-term planning as well as the financial performance of the Company.

The Audit and Risk Committee is expected to consist of four members and to initially be chaired by Ute Wolf.

17.5.5.2 Nomination Committee

The Nomination Committee, which is expected to have four members, shall prepare proposals for the selection of members of the supervisory board. It shall also support the supervisory board in deciding on a target to encourage the representation of the underrepresented gender on the supervisory board. Furthermore, the Nomination Committee shall periodically assess the structure, size, composition, and performance of the supervisory board and make recommendations to the supervisory board in this regard. It shall further periodically assess the knowledge and experience of the individual supervisory board members as well as of the supervisory board collectively.

17.5.5.3 Remuneration Committee

The Remuneration Committee shall, inter alia, monitor the adequate structure of the remuneration systems for certain senior employees of the Company, in particular for the key employees of the risk control function and the compliance function and for those employees with material impact on the overall risk profile of the institution. It shall also assess the remuneration system's impact on the management of risk, capital, and liquidity. Given the structure of the KGaA, the Remuneration Committee has no responsibilities with respect to the remuneration of the General Partner's executive board.

The Remuneration Committee is expected to consist of four members and will likely be chaired by Margret Suckale.

17.6 Further Information on the Managing Directors and members of the Supervisory Board

In the last five years no Managing Directors or members of the supervisory board of the Company has been convicted of any fraudulent offences, nor has been associated with any bankruptcies, receiverships or liquidations, except that Aldo Cardoso was director of General Electric Corporate Finance Bank which was liquidated following General Electric's decision to dispose of GE Capital.

No official public incriminations by statutory or regulatory authorities (including designated professional bodies) have been made and/or sanctions have been imposed against a Managing Director or a member of the supervisory board of the Company during this period.

No Managing Director or a member of the supervisory board of the Company has been disqualified by a court from acting as a member of an administrative management, or supervisory board of any issuer or from conducting the management or the affairs of any issuer in the last five years.

17.6.1 Conflicts of Interest

There may be potential conflicts of interest between the duties of the Managing Directors and duties of the currently sitting members of the supervisory board vis-á-vis the Company and their other dutie.

17.6.1.1 Senior Management (Managing Directors)

The following conflicts of interest or potential conflicts of interest exist:

Nicolas Moreau, is both a Managing Director serving as Chief Executive Officer of the Group and is a member of the management board of Deutsche Bank AG. Due to DB Group's retention of a majority stake in the Company, it is not envisaged that Nicolas Moreau will resign from his position on the management board of Deutsche Bank AG.

17.6.1.2 Supervisory Board

The following conflicts of interest or potential conflicts of interest exist:

Karl von Rohr is a member of the management board of Deutsche Bank AG. He also serves as DB Group's Chief Administrative Officer.

Sylvie Matherat is a member of the management board of Deutsche Bank AG. She also serves as DB Group's Chief Regulatory Officer.

Asoka Woehrmann is Head of Retail Banking at Deutsche Bank AG. He may be involved in investment decisions taken by Deutsche Bank.

Ute Wolf sits on the supervisory board of Degussa Pensionskasse which may provide AuM to the Group or to other asset managers with whom the Group competes.

Michael Welker, Guido Fuhrmann, Philipp Gossow, Mathias Otto and Dirk Reiche are employed by the DB Group or its affiliates.

Due to DB Group's retention of a majority stake in the Company, it is not envisaged that any of Nicolas Moreau, Karl von Rohr, Sylvie Matherat, Asoka Woehrmann, Michael Welker, Guido Fuhrmann, Philipp Gossow, Mathias Otto or Dirk Reiche will resign from their respective positions in the boards of Deutsche Bank AG or from their employment with the DB Group.

The interests of Deutsche Bank AG and the Company are not necessarily the same, although the Company does not believe any conflicts of interest currently exist.

17.7 Management and Employee Participation Program

Following the admission of the Shares to trading, DWS intends to implement an event related performance share unit (PSU) plan (the "**2018 Plan**") for the Managing Directors and some key executives, both in Germany and abroad, to incentivize them to the success of DWS. The principles of the 2018 Plan have been approved by the Deutsche Bank AG management board on February 20, 2018. As of the date of this Prospectus, no awards have been issued or granted under the 2018 Plan. The intention is that awards under the 2018 Plan will be subject to both performance and employment conditions. The performance conditions will be aligned with the business strategy set out in this Prospectus. The awards will vest in tranches over a total period of six years, with shares in the Company being delivered at the Group's expense to participants following an additional six or twelve months retention period, in line with regulatory requirements.

In addition to the 2018 Plan, DWS intends to offer some cash-settled Stock Appreciation Rights ("**SARs**") to all its permanent employees to allow them to benefit from growth in value of the Company. Awards will be subject to eligibility criteria and agreement with local works councils where appropriate. For the avoidance of doubt, individuals will only take part in one

of the arrangements above. SARs will exclusively be settled in cash, at the Group's expense, upon exercise by the individuals. It is currently intended that SARs will vest, subject to continued employment, on the third anniversary of the offer for participants who are not material risk takers and in the fifth year of the offer for material risk takers (therefore providing a three year deferral in line with the applicable requirements under AIFMD/UCITS and CRD 4 regulations). An appropriate retention period will apply to material risk takers. Following vesting (and retention period as applicable), all participants will have four years to exercise their SARs. All unexercised SARs will lapse at the end of the exercise window.

17.7.1 Additional information related to share compensation

It is not currently intended to make any further awards beyond 2018 under the 2018 Plan and SARs above. Where deferral of variable compensation is required by the regulations, it is however intended that part or all of the deferrals in equity are made in DWS shares, where possible.

All historic deferrals will continue to be delivered in Deutsche Bank AG shares and investment funds, as relevant. There will not be any automatic conversion of unvested historic Deutsche Bank AG equity deferrals into DWS shares.

17.8 Corporate Governance

The German Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) established by the German Federal Ministry of Justice (*Bundesjustizministerium*) in September 2001, approved the German Corporate Governance Code on February 26, 2002 (the "**Code**"), and recently adopted various amendments to the Code on February 7, 2017. The Code provides for recommendations and suggestions for the management and supervision of German listed companies. It is based on internationally and nationally recognized standards of good responsible corporate management. The Code includes recommendations (so-called "shall provisions") and suggestions (so-called "should or can provisions") on corporate governance in relation to shareholders and the General Shareholders' Meetings, the management and the supervisory board, transparency, accounting and auditing of financial statements. It is based on the governance of a stock corporation subject to German law with a management board and a supervisory board, but applies accordingly – and possibly with modifications due to the differences in the governance structure – to KGaA and German-domiciled SE. The Code is available at: www.corporate-governance-code.de.

Compliance with recommendations or suggestions of the Code is not obligatory. The German Stock Corporation Act (*Aktiengesetz*) only requires the management and the supervisory board of a listed company to state annually that the recommendations in the Code have been complied with or to explain why the recommendations have not been complied with and are not being applied and the reasons behind non-compliance. This declaration must be publicly available on the Company's website at all time. There is no requirement to disclose any deviations from the suggestions of the Code.

Prior to the Listing of the Company's Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is not subject to the obligation to render a declaration as to the compliance with the Code. As of the date of this prospectus, the Company complies, and following the Listing in the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) intends to comply with the recommendations of the Code subject to the differences between the KGaA governance and the governance of an AG and with the following exceptions:

- Sec. 4.2.3, second paragraph, sentence 6 of the Code – Determination of maximum limits for the amount of compensation for the Managing Directors, both overall and with regard

to variable compensation components: The existing employment contracts (in conjunction with equity plan conditions) of the Managing Directors of the Company 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 the Company 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 the Company deviates from the recommendation in sec. 4.2.3, second paragraph, sentence 6 of the Code according to this interpretation.

- Sec. 5.3.3 of the Code – Composition of the Supervisory Board's nomination committee of shareholders' representatives only: Section 25d para. 11 KWG stipulates that the nomination committee of the supervisory board shall take on additional tasks that should be performed not solely by the shareholders' representatives on the supervisory board. Even though the provisions of the KWG on supervisory board committees are, according to our assessment, not mandatory for the Company, it is envisaged to use them as a guideline. For this reason, employee representatives shall not generally be excluded from membership on the nomination committee. 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 shareholders' representatives.

- Sec. 5.4.1, second paragraph of the Code – Determination of objectives regarding the composition and preparation of a profile of skills and expertise for the supervisory board: As of the date of this prospectus, the Supervisory Board has not determined objectives regarding its composition and it has not prepared a profile of skills and expertise for the entire supervisory board. The reason for this is that the current Supervisory Board members have only recently entered into office and the employees' representatives have not yet been appointed.

- Sec. 3.8, last sentence of the Code – deductible in D&O policy for the Supervisory Board: Until the IPO, the D&O policy for the Supervisory Board does not provide for a deductible. It will provide for a deductible following the IPO.

It is envisaged that the Company will, in the future, comply with all recommendations of the Code, subject to the differences between the KGaA governance and the governance of an AG and subject to the deviations from sections 4.2.3 and 5.3.3 of the Code as stated above.

PART 18: CERTAIN RELATIONSHIPS AND RELATED-PARTIES

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Issuer or that are in control of or controlled by the Issuer must be disclosed unless they are already included as consolidated companies in the Issuer's audited consolidated financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Issuer or, by virtue of an agreement, has the power to control the financial and operating policies of the Issuer's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Issuer's financial and operating policies, including close family members and intermediate entities. This includes the key management personnel and close members of their families, as well as those entities over which the key management personnel or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is information on all related party transactions that the Issuer has entered into for the years ended December 31, 2017, 2016 and 2015, and up to and including the date of this prospectus.

18.1 Relationships and Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of DWS Group SE´s Management Board and Supervisory Board as of December 31, 2017 to constitute key management personnel for purposes of IAS 24. See section 17 for information on the Managing Directors and members of the supervisory board whom we expect to fall under the definition of key management personnel following the Offering and the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

For the years 2016 and 2017, the Group has taken over compensation for key management personnel in the amount of €4 million. DB Group has taken over additional compensation expense for board members of the Company since 2016.

Among the related party transactions with key management personnel as of December 31, 2017 were loans and commitments of €0 million and deposits of €3 million. As of December 31, 2016, the Group's transactions with key management personnel were loans and commitments of €0 million and deposits of €2 million. These transactions are related to Deutsche Bank AG, their branches and subsidiaries. These figures remain unchanged as of the date of this Prospectus.

18.2 Relationships and Transactions with Affiliates

Transactions between DWS Group and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between DWS Group and Deutsche Bank AG and Deutsche Bank Group entities, its associated companies and joint ventures and their respective subsidiaries also qualify as related party transactions.

(in € millions)	**As of and for the year ended December 31,**		
	2017	**2016**	**2015**
		(audited)	
Deutsche Bank AG			
Sales	(60)	(127)	(130)
Purchases	(80)	(54)	(140)
Receivables	1,381	1,244	1,146
Liabilities	101	59	42
Other Deutsche Bank Group Companies			
Sales	(183)	(157)	(190)
Purchases	(208)	(137)	(206)
Receivables	1,898	2,272	2,104
Liabilities	966	1,418	1,493

Since the end of 2017, we have continued to engage in related party transactions with DB Group under the MSA (master services agreement). As of the date of this prospectus, the amount of the related party transactions with DB Group do not vary materially from transactions in comparable prior periods.

18.3 Relationships and Transactions with Pension Plans

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

(in € millions)	**As of and for the year ended December 31,**		
	2017	**2016**	**2015**
		(audited)	
Other assets	0	0	0
Fees paid from plan assets to asset managers of the Group	1	1	1
Market value of derivatives with a counterparty of the Group	(27)	(23)	(26)
Notional amount of derivatives with a counterparty of the Group	333	237	294

Since the end of 2017, we have continued to provide financial services to these plans, including investment management services. As of the date of this prospectus, the amount of such related party transactions with pension plans are unknown, but we believe they do not vary materially from transactions in comparable prior periods.

PART 19: UNDERWRITING

19.1 General

On March 12, 2018, the Issuer, the Selling Shareholder, the Underwriters, and Deutsche Bank AG entered into an Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions and only after execution of the pricing agreement, each Underwriter will be obliged to acquire such number of Offer Shares as will be specified in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below opposite the Underwriter's name:

Name	Adress	Maximum Number of Offer Shares to be underwritten(1)	Maximum Percentage of Shares underwritten (in %)
Deutsche Bank Aktiengesellschaft	Taunusanlage 12, 60325 Frankfurt am Main, Germany	9,500,000	19.00
Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB, United Kingdom	6,100,000	12.20
Citigroup Global Markets Limited	Citigroup Centre, Canada Square, London E14 5LB, United Kingdom	6,100,000	12.20
Credit Suisse Securities (Europe) Limited	One Cabot Square, London E14 4QJ, United Kingdom	6,100,000	12.20
BNP PARIBAS	16 Boulevard des Italiens, 75009 Paris, France	2,850,000	5.70
ING Bank N.V.	Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands	2,850,000	5.70
Morgan Stanley & Co. International plc	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom	3,250,000	6.50
UBS Limited	5 Broadgate, London EC2M 2QS, United Kingdom	3,250,000	6.50
UniCredit Bank AG	Arabellastraße 12, 81925 Munich, Germany	2,850,000	5.70
COMMERZBANK Aktiengesellschaft	Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany	1,430,000	2.86
Daiwa Capital Markets Europe Limited	5 King William Street, London EC4N 7DA, United Kingdom	1,430,000	2.86
Banca IMI S.p.A.	Largo Mattioli 3, 20121 Milan, Italy	1,430,000	2.86
Nordea Bank AB (publ)	Smålandsgatan 17, SE-105 71, Stockholm, Sweden	1,430,000	2.86
Banco Santander, S.A.	Paseo de Pereda 9-12, 39004 Santander, Spain	1,430,000	2.86
Total		**50,000,000**	**100.0**

(1) Assuming full exercise of the Upsize Option and full exercise of the Greenshoe Option.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that

capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps with investors) in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

19.2 Underwriting Agreement

In the Underwriting Agreement, the Underwriters will agree, severally and not jointly, to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering. The Underwriters will agree to acquire the Sale Shares and, to the extent the Upsize Option is exercised, the Additional Sale Shares from the holdings of the Selling Shareholder and to sell such shares as part of the Offering. The Underwriters will agree to remit the purchase price (less agreed upon commissions and expenses) of the placed Sale Shares and Additional Sale Shares to the Selling Shareholder on the date of closing, expected to take place two business days after the first day of trading of the Shares. For the purpose of a potential Over-Allotment, the Stabilization Manager, for the account of the Underwriters, will be provided with up to 5,217,400 shares from the holdings of the Selling Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the aggregate number of Sale Shares and Additional Sale Shares. The Selling Shareholder has granted the Underwriters an option to acquire a number of Offer Shares equal to the number of Over-Allotment Shares at the Offer Price less agreed commissions. The Underwriters will agree to remit the purchase price (less agreed upon commissions and expenses) of the shares from the exercise of the Greenshoe Option, if any, to the Selling Shareholder on the second business day following the exercise of the Greenshoe Option. The Greenshoe Option will terminate on April 20, 2018. Deutsche Bank AG will act as settlement agent.

The obligations of the Underwriters are subject to various conditions, including, among other things, (i) the agreement of the Underwriters, the Issuer, and the Selling Shareholder on the Offer Price, (ii) the absence of a material adverse event, (iii) receipt of customary certificates, legal opinions and auditor letters, and (iv) the introduction of the Issuer's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with further postadmission obligations (Prime Standard). The Underwriters have provided and may in the future provide services to the Issuer in the ordinary course of business and may extend credit to, and have regular business dealings with the Issuer in their capacity as financial institutions. For a more detailed description of the interests of the Underwriters in the Offering, see section 4.8.

19.3 Commission

The Underwriters will offer the Offer Shares at the Offer Price. The Selling Shareholder will pay the Underwriters a base fee of 1.5% of the gross proceeds from the Offering (the "**Underwriting Commission**"). With the exception of Deutsche Bank AG, the Underwriters will not receive a commission on the placement of the Investment Shares. The Underwriting Commission may be deducted from the gross proceeds of the Offering before payment to the Selling Shareholder. In addition to the Underwriting Commission, the Selling Shareholder may, after consultation with Deutsche Bank AG, in its absolute and full discretion, pay the

other Underwriters based on its assessment of the Offering's success an additional potential discretionary fee of up to 1%. Any discretionary fee will be decided on by the Selling Shareholder after expiration of a 35-days period starting with the commencement of the trading of the Shares on the Frankfurt Stock Exchange. The Selling Shareholder also agreed to reimburse Barclays, Citigroup and Credit Suisse for certain expenses incurred by them in connection with the Offering. Assuming placement of all Offer Shares at the mid-point of the Price Range and full exercise of the Greenshoe Option, the aggregate base fee would amount to approximately €21 million and the aggregate potential discretionary fee could be as high as approximately €14 million. Deutsche Bank AG will also receive a separate fee of €5 million in its role as Sole Global Coordinator and Bookrunner.

19.4 Greenshoe Option and Securities Loan

To cover potential Over-Allotments, the Selling Shareholder will make available up to 5,217,400 bearer shares with no par value free of charge in the form of a securities loan to Credit Suisse for the account of the Underwriters. In addition, the Selling Shareholder will further grant the Underwriters the option to acquire up to an equal number of shares against payment of the Offer Price ("**Greenshoe Option**") in order to satisfy the retransfer obligation under the securities loan. The Greenshoe Option may be exercised at maximum to the extent that shares have been placed by way of Over-Allotments. The Greenshoe Option shall be exercisable by Credit Suisse as stabilization manager in agreement with Barclays and Citigroup on behalf of the Underwriters within 30 calendar days after the date of allotment of the Offered Shares.

19.5 Termination/Indemnification

The Underwriting Agreement provides that Barclays, Citigroup and Credit Suisse on behalf of the Underwriters may, under certain customary circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to delivery and settlement.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Issuer, the Selling Shareholder and Deutsche Bank AG have agreed in the Underwriting Agreement to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

19.6 Selling Restrictions

The distribution of this prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Issuer, the Selling Shareholder or the Underwriters to permit a public offering of the Offer Shares anywhere other than in Germany and Luxembourg or the possession or distribution of this Prospectus in any other jurisdiction, where action for that purpose may be required.

The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States

except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal regulations. The Offer Shares may be sold in or into the United States only to persons who are QIBs within the meaning of Rule 144A or another exemption from the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other U.S. legal regulations, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Issuer does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States.

Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than Germany and Luxembourg except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this prospectus is only addressed to and directed to qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2(a) through (d) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this prospectus or any of its contents.

In relation to each member state of the EEA which has implemented Directive 2003/71/EC as amended (the "**Prospectus Directive**") from the date of the implementation of the Prospectus Directive (each a "**Relevant Member State**") no offer to the public of any Offer Shares which are the subject of this Offering have been and will be made in that Relevant Member State, other than the offers contemplated in this prospectus in Germany (and Luxembourg once the prospectus has been approved by the BaFin, notified to the Commission de Surveillance du Secteur Financier ("**CSSF**")) and published in accordance with the Prospectus Directive as implemented in Germany, except that it may make an offer to the public in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Directive;

- to fewer than 150 natural or legal persons per EEA Member State (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this prospectus, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each person in a Relevant Member State other than, in the case of paragraph (ii), persons receiving offers to the public contemplated in the German and Luxembourg public offerings, who receive any communication in respect of, or who acquires any shares which are the subject of the Offering contemplated by this prospectus under the offers contemplated in this prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter that:

1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2 para. 1 lit. (e) of the Prospectus Directive; and
2. in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3 para. 2 of the Prospectus Directive, (i) the shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than to "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

19.7 Target Market (Product Governance)

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target

Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the IPO.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares and determining appropriate distribution channels.

19.8 Other Interests of the Underwriters in the Offering

Some of the Underwriters have provided the Issuer with financial services, including a credit facility (currently undrawn) in the amount of €500 million.

In addition, Deutsche Bank AG and its wholly-owned subsidiary are shareholders of the Issuer. The net proceeds from the Offering will accrue to the benefit Deutsche Bank AG and DB Beteiligungs-Holding GmbH.

PART 20: TAXATION

20.1 Taxation in Germany

The following sections describe a number of key German taxation principles that may be relevant to purchasing, holding or transferring the Shares. The information provided does not constitute a comprehensive or exhaustive explanation of all possible aspects of taxation in this area. This summary is based on applicable German tax law as of the date hereof, including the double taxation treaties that are currently in force between Germany and other countries. It should be noted that the legal situation may change, including, in certain cases, with retroactive effect.

Persons interested in purchasing Shares should seek advice from their own tax counsel regarding the tax implications of purchasing, holding, disposing, donating and bequeathing Shares, and the regulations on reclaiming previously withheld withholding tax (*Kapitalertragsteuer*). Due consideration to a shareholder's specific tax-related circumstances can only be given within the scope of an individual tax consultation.

20.1.1 Taxation of the Company

The Company, established in the legal form of a *GmbH & Co. KGaA* (partnership limited by shares) with the General Partner as the sole general partner, qualifies as a legal entity subject to unlimited tax liability under the Corporation Tax Act (*Körperschaftsteuergesetz*), and the Company's taxable income is determined in accordance with the rules of the Corporation Tax Act. The General Partner, established in the legal form of a *GmbH* (German limited liability company), is also subject to unlimited tax liability under the German Corporation Tax Act. The General Partner does not hold a participation in the Company's share capital, but is entitled to a remuneration, *inter alia*, for management services rendered towards the Company.

The remuneration received by the General Partner is deductible from the Company's taxable income. The remaining taxable income of the Company, whether distributed or retained, is generally subject to German corporate income tax at a uniform rate of 15% plus the current solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 15.825%.

Dividends and other shares in profits which the Company receives from domestic and foreign corporations are generally not subject to corporate income tax; however, 5% of this type of income are deemed to be a non-deductible business expense and are thus taxable. The same applies generally to profits earned by the Company from the sale of shares in another domestic or foreign corporation. Losses incurred from the sale of such shares are not deductible for tax purposes, regardless of the percentage of shares held. Different rules apply to free-floating dividends, i.e., dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year ("**Portfolio Dividends**"). Portfolio Dividends are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% is deemed to have occurred at the beginning of the calendar year. Capital gains arising from the disposal of shares held by the Company are effectively 95% tax exempt.

Participations in the share capital of other corporations which the Company holds through partnerships, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to the Company only on a pro rata basis at the ratio of the interest share of the Company in the assets of the relevant partnership.

In addition, the Company is subject to trade tax with respect to its taxable trade profits from its permanent establishments in Germany. The local trade tax rate is set forth by the municipalities in which the Company maintains its domestic permanent establishments. The average trade tax rate in Germany amounts to approx. 15% (with a statutory minimum rate of 7%) but the (blended) trade tax rate applying to the Company might be lower or higher.

For trade tax purposes, dividends received from domestic and foreign corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner as for corporate income tax purposes. However, shares in profits received from domestic and foreign corporations are effectively 95% exempt from trade tax only if, among other things, the company that is receiving the dividends has held or holds a stake of at least 15% in the share capital of the company making the distribution at the beginning or – in the case of foreign corporations – since the beginning of the assessment period. In the case of distributing companies domiciled in another member state of the EU, a stake of 10% at the beginning of the assessment period is sufficient. Additional limitations apply with respect to shares in profits received from foreign non-EU corporations.

The provisions of the interest barrier (*Zinsschranke*) restrict the extent to which interest expenses are tax deductible. Under these rules, net interest expense (the interest expense minus the interest income in a fiscal year) is generally only deductible up to 30% of the taxable EBITDA (taxable earnings particularly adjusted for interest costs, interest income, and certain depreciation and amortization), although there are certain exceptions to this rule (*inter alia* and subject to specific requirements, e.g.: annual net interest expense below €3 million or if the respective entity is not or only partially part of a consolidated group). Interest expense that is not deductible in a given year may be carried forward to subsequent fiscal years of the Company (interest carryforward) and will increase the interest expense in those subsequent years. Under certain conditions, non-offsettable EBITDA can also be carried forward to subsequent years (EBITDA carryforward). For the purpose of trade tax, however, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds €100,000, since in such cases 25% of the interest expenses, to the extent they were deducted for corporate income tax purposes, are added back for purposes of the trade tax base.

Losses of the Company can be carried forward in subsequent years and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of €1 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this threshold, only up to 60% of the amount exceeding the threshold may be offset by tax loss carryforwards. The remaining 40% are subject to tax (minimum taxation). The rules also provide for a tax loss carryback of an amount up to €1 million to the previous year with regards to corporate income tax. Unused tax loss carryforwards can generally continue to be carried forward without time limitation.

If more than 50% of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer or a group of acquirers with aligned interests) within five years directly or indirectly or a comparable acquisition occurs, all tax loss carryforwards and interest carryforwards are forfeited. In addition, any current year losses incurred prior to the acquisition will not be deductible. If more than 25% up to and including 50% of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer or a group of acquirers with aligned interests) or a comparable acquisition occurs, a proportional amount of tax loss carryforwards, the unused current losses and interest carryforwards is forfeited. There are certain exceptions to this rule. Subject to specific requirements it does not apply to certain reorganizations within corporate groups. Furthermore, tax loss carryforwards, unused current losses and interest carryforwards

taxable in Germany will not expire to the extent that they are covered by built in gains taxable in Germany at the time of such acquisition. With effect as of 1 January 2016 a new rule was introduced into the German Corporate Income Tax Act pursuant to which any share transfer that would otherwise be subject to the rules above does not result upon application in forfeiture of tax loss carryforwards and interest carryforwards resulting from current business operations (*Geschäftsbetrieb*) of the Company, if the current business operations of the Company remained the same (i) from the time of its establishment; or (ii) during the last three business years prior to the share transfer and such business operations are maintained after the transfer (*fortführungsgebundener Verlustvortrag*, "**Going Concern Tax Loss Carry Forward**"). However, the tax loss carryforwards and interest carryforwards will be forfeited in any circumstance if, after the share transfer, the business operations of the Company become dormant, are amended, the Company becomes a partner in an operating partnership (*Mitunternehmerschaft*), the Company becomes a fiscal unity parent, or assets are transferred from the Company and recognized at a value lower than the fair market value.

On 29 March 2017 the German Federal Constitutional Court (*Bundesverfassungsgericht*) held that the above loss expiry rules in their versions applicable from 2008 until 2015 are inconsistent with the principle of equality (*Gleichheitsgrundsatz*) under the German Constitution (*Grundgesetz*) to the extent they relate to a transfer of more than 25% up to and including 50% of the subscribed capital or voting rights of a company. The German legislator is obliged to revise by 31 December 2018 at the latest the law in line with the German Constitution (*Grundgesetz*) with retroactive effect as from 1 January 2008.

The ruling of the Federal Constitutional Court remains silent on the legal situation after 2016 since the enactment of the Going Concern Tax Loss Carry Forward and whether or not the loss expiry rules are compliant with the German Constitution to the extent more than 50% of the subscribed capital or voting rights are transferred. The latter question is dealt with in cases still pending with the Federal Fiscal Court (*Bundesfinanzhof*). Therefore, it is currently unclear if and to what extent the pertinent loss expiry rules will be further amended by the German legislator.

20.1.2 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

20.1.2.1 Taxation of Shareholders in relation to Dividend Income

In the future, the Company may pay dividends out of a tax-recognized contribution account (*steuerliches Einlagenkonto*). To the extent that the Company pays dividends from the tax-recognized contribution account (*steuerliches Einlagenkonto*), the dividends are not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if any) or corporate income tax, as the case may be. However, dividends paid out of a tax-recognized contribution account lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gain upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

German Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagenkonto*) are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge (currently 5.5%) on the amount of withholding tax

(amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's general meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the Company is generally not responsible for withholding the withholding tax; rather, it is, for the account of the shareholders, the responsibility of one of the following entities in Germany authorized to collect withholding tax to do so and to remit it to the relevant tax authority: (i) a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks or financial service institutes) that holds the shares in custody or that manages them and that pays out or credits the shareholders' investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository holding the collective deposit shares in custody if it pays the investment income to a foreign entity. However, if and to the extent shares held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as stock being held separately (so-called "*abgesetzte Bestände*"), the Company itself is responsible for withholding tax.

The Company assumes responsibility for the withholding of taxes on distributions at source, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligently.

Where dividends are distributed to a company resident in another member state of the EU within the meaning of Article 2 of the EC Directive 2011/96/EU of November 30, 2011, as amended (the "**Parent-Subsidiary Directive**"), the withholding of the dividend withholding tax may not be required, upon application, provided that additional requirements are met (withholding tax exemption). This also applies to dividends distributed to a permanent establishment located in another EU member state of such a parent company or of a parent company that is tax resident in Germany if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at source under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, with its registered office in Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany) has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to other shareholders without a tax residence in Germany will be reduced in accordance with the applicable double taxation treaty, if any, between Germany and the shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*,

with its registered office in Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany) for a refund of the difference between the dividend withholding tax withheld, including the current solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which is usually 5-15%. A reduced withholding tax rate (according to the applicable double taxation treaty) may be applicable, if the shareholder applied for an exemption at the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). A full exemption from German dividend withholding tax may also be possible under the applicable double taxation treaty, if the shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure may be obtained from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, http://www.bzst.bund.de), as well as German embassies and consulates.

Corporations that are not tax residents in Germany will receive upon application a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided under the Parent Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from or (partial) refund of German dividend withholding tax.

Pursuant to a special rule on the restriction of withholding tax credit, the above mentioned relief in accordance with the applicable double taxation treaty as well as the credit of withholding tax described in the subsection "*Taxation of Dividends of Shareholders with a Tax Residence in Germany*" below for shares held as private and as business assets is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. Should one of the three prerequisites not be fulfilled, the following applies:

1. As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the withholding tax deduction which was omitted. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

2. As regards the taxation of dividends of shareholders without a tax residence in Germany who applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that holds directly at least 10% of the shares in the Company and that is subject to (corporate) income tax in the country of its tax residence without any

exemptions, (ii) or that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

Taxation of Dividends of Shareholders with a Tax Residence in Germany

Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold shares as private assets, the withholding tax of 25% plus current solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) will generally serve as a final tax. In other words, once deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his or her annual tax return (the "**Flat Tax**").

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned; in other words, taxation that is irrespective of the individual's personal income tax rate. Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this would result in a lower tax burden. In this case, the base for taxation would be the gross dividend income less the savers' allowance of €801 (€1,602 for jointly filing individuals). Any tax and solidarity surcharge already withheld would be credited against the income tax and solidarity surcharge so determined and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only deduction that may be made is the savers' allowance of €801 (€1,602 for jointly filing individuals) on all private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and is able to exercise, by virtue of professional activity (*berufliche Tätigkeit*) for the Company, a significant entrepreneurial influence on the business activity of the Company or (ii) at least 25% of the shares, the tax authorities may approve upon application that the dividends are taxed under the partial-income method (see below, "*Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax (unless the shareholder objects in writing). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to report his or her dividends in his or her income tax return. The church tax on the dividends will then be imposed during the assessment.

As an exemption, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do – contrary to the above – not form part of the shareholder's taxable income. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the shareholder's acquisition costs, negative acquisition costs will arise which can result in a higher capital gain in case of the shares' disposal (cf. below). This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have

been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In such a case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in section 20.1.2.2 made with regard to shareholders maintaining a Qualified Participation.

Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares held as business assets of shareholders who are tax resident in Germany. In this case, the taxation is based on whether the shareholder is a corporation, an individual or a partnership. The withholding tax withheld and paid to the tax authorities, including the solidarity surcharge, is credited against the income or corporate income tax and the solidarity surcharge of the shareholder and any overpayment will be refunded as discussed in the section on withholding tax above (see above "*German Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and are paid to shareholders who are tax resident in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in section 20.1.2.2 made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

1. **Corporations**: Dividends received by corporations tax resident in Germany are generally exempt from corporate income tax and solidarity surcharge; however 5% of the dividends are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the current solidarity surcharge) with a total tax rate of 15.825%. Portfolio Dividends (on a shareholding of less than 10% of the share capital) are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership. Business expenses actually incurred and having a direct business relationship to the dividends may be fully deducted. The amount of any dividends (after deducting business expenses related to the dividends) is fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In the latter case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes.

2. **Sole Proprietors (Individuals)**: If the shares are held as part of the business assets of a sole proprietor (individual) with his or her tax residence in Germany, 40% of

any dividend is tax exempt (so called partial income method). Only 60% of the expenses economically related to the dividends are tax deductible. The partial income method will also apply when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the taxpayer held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. However, trade tax is generally credited – fully or in part – as a lump sum against the shareholder's personal income tax liability.

3. **Commercial Partnerships**: If the shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, then the dividend is generally 95% tax exempt; however, dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are fully subject to taxation (see above, "*Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax; in this case the partial-income method does not apply as regards church tax (if applicable) (see above, "*Sole Proprietors (Individuals)*"). Additionally, if the shares are held as business assets of a domestic permanent establishment of a commercial or deemed to be commercial partnership, the full amount of the dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on his or her proportion of the partnership's income is generally credited as a lump sum – fully or in part – against the individual's personal income tax liability. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax.

Special rules apply to companies operating in the financial and insurance sector (see section 20.1.2.3 below).

Taxation of Dividends of Shareholders without a Tax Residence in Germany

The dividends paid to shareholders (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. The withholding tax

(including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed in the section on dividend withholding tax above (see above "*German Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

20.1.2.2 Taxation of Shareholders in relation to Capital Gains

Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

Shares Held as Private Assets

Gains on the sale of shares that are held as private assets by shareholders with a tax residence in Germany are generally taxable regardless of the length of time held. The tax rate is (generally) a uniform 25% plus the current 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable (Flat Tax; see section 20.1.2.1 subsection "*Individuals who hold the Shares an Private Assets*" above).

The taxable capital gains are the difference between (a) the proceeds from the disposal of shares after deducting the direct sales costs and (b) the acquisition cost of the shares. The tax base is reduced by the savers' allowance of €801 (€1,602 for jointly filing individuals). Under certain conditions, prior payments from the tax-recognized contribution account (*steuerliches Einlagekonto*) may lead to reduced acquisition costs of the shares held as private assets and, as a consequence, increase the taxable capital gain. Losses on the sale of shares can only be used to offset gains made on the sale of shares during the same year or in subsequent years.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes), or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), said Domestic Paying Agent withholds a withholding tax of 25% plus the current 5.5% solidarity surcharge thereon and any church tax (if applicable) and remits this to the tax authority; in such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% plus the current 5.5% solidarity surcharge thereon and any church tax (if applicable), will be applied to 30% of the gross sales proceeds if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the shares in his or her annual tax return.

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax for shareholders who pay church taxes (unless the shareholder objects in writing). If church tax is withheld and remitted to the tax authority as

part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld.

A shareholder may request that all his or her items of capital investment income, along with his or her other taxable income, be subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his or her tax burden. The base for taxation would be the gross income less the savers' allowance of €801 (€1,602 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would be credited against the income tax so determined and any overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial-income method and not the Flat Tax. Consequently, 60% of the proceeds from the sale of shares are subject to the individual income tax rate, if the shareholder, or his or her legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the previous five years (i.e. held a Qualified Participation). 60% of the expenses economically related to the proceeds of the sale of shares are tax-deductible.

In the case of a Qualified Participation, withholding tax (including the solidarity surcharge) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his or her income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability in the tax assessment, and any overpayment will be refunded.

Shares Held as Business Assets

The Flat Tax does not apply to proceeds from the sale of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs. In case of a sale of shares, a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

1. **Corporations**: In general, capital gains earned on the sale of shares by corporations domiciled in Germany are exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held; however, 5% of the capital gains are treated as a non-deductible business expense and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax.

2. **Sole proprietors (individuals)**: If the shares were acquired after December 31, 2008 and form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses

economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability.

3. **Commercial Partnerships**: If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined in subsection 1 apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in subsection 2 apply. Upon application and provided that additional prerequisites are met, an individual who is a partner can obtain a reduction of his or her personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale of shares attributable to a permanent establishment maintained in Germany by a commercial partnership, or deemed to be commercial partnership are subject to trade tax at the level of the partnership. As a general rule, only 60% of the gains in this case are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and shares are sold. Under the principles discussed above, losses on sales and other reductions in profit related to the shares sold are generally not deductible or only partially deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his or her share of the partnership's income is generally credited as a lump sum – fully or in part – against his or her personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the taxpayer.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors, as well as pension funds (see section 20.1.2.3 below).

If a Domestic Paying Agent is involved, the proceeds from the sale of shares held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see section 20.1.2.1 subsection "*Individuals who hold the Shares as Private Assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded.

Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realized by a shareholder with no tax residence in Germany are subject to German income tax only if the selling shareholder holds a Qualified Participation (also see above "*Shares held as Private Assets*") or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

Most double taxation treaties provide for an exemption from German taxes and assign the right of taxation to the shareholder's country of tax residence in the former case.

20.1.2.3 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

Dividends paid to and capital gains realized by certain companies in the financial and insurance sector are, as an exception to the aforementioned rules, fully taxable.

This applies to dividends from as well as gains from the disposal of shares in the trading portfolio within the meaning of Section 340e (3) German Commercial Code of credit institutions and financial services institutions, and shares that are, upon acquisition of the shares, allocable to the current assets of a financial enterprise within the meaning of the German Banking Act that is directly or indirectly held by a credit institution or financial services institution to more than 50%. The same applies to shares held as investments by life insurers, health insurers and pension funds. If the stake held at the beginning of the relevant assessment period is 15% or higher, subject to certain conditions, the dividends can be fully exempted from trade tax. However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

20.1.2.4 Inheritance or Gift Tax

The transfer of shares to another person by inheritance or gift is generally subject to German inheritance or gift tax only if

- the decedent, donor, heir, beneficiary or other transferee maintained his or her domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with U.S. residence) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or
- the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or
- the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The fair value represents the tax assessment base. In general that is the stock exchange price. Dependent on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of (1) above, and also with certain restrictions in case of (2) above. Special provisions apply to certain German nationals living outside of Germany and former German nationals.

20.1.3 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares. Provided that certain requirements are met, an

entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

20.2 Taxation in Luxembourg

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this prospectus. It does not purport to be a comprehensive description of all the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the listing and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. This information is based on the laws in force in Luxembourg on the date of this prospectus and is subject to any change in law that may take effect after such date even with retroactive or retrospective effect. Prospective shareholders (the "**Shareholders**") should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that, generally, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Corporate Shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, the solidarity surcharge and the net wealth tax invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

20.2.1 Luxembourg Taxation of the Shareholders

Taxation of income derived from shares, and capital gains realized on shares by Luxembourg residents.

20.2.1.1 Taxation of Dividend Income

Under certain conditions, a corresponding tax credit may be granted to the Shareholders for foreign withholding taxes against Luxembourg income tax due on these dividends, without exceeding in any case Luxembourg tax on such income.

Luxembourg Resident Shareholders

Dividends and other payments derived from the shares held by resident individual Shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates with a current top effective marginal tax rate of 42% (45.78% including the current maximum 9% solidarity surcharge) depending on the annual level of income of the shareholders.

Furthermore, actual income related expenses (e.g. bank fees) are deducted, provided that they are supported by documents or a lump sum deduction of €25.00 applies (doubled for individual taxpayers who are jointly taxable).

Under current Luxembourg tax laws, 50% of the gross amount of dividends received by resident individuals from the Issuer may however exempt from income tax, since the distributing Issuer is a EU company covered by Article 2 of the Parent-Subsidiary Directive. In addition, a total lump-sum exemption of €1,500 (doubled for individual taxpayers who are jointly taxable) is applies to the total investment income (dividends and interest) received during the tax year.

Dividends derived from the shares by Luxembourg resident fully taxable companies are subject to income taxes, unless the conditions of the participation exemption regime are satisfied.

Subject to the anti-abuse provisions of Art 166 (2bis) Luxembourg income tax law, the participation exemption regime provides that dividends derived from the shares may be exempt from income tax at the level of the Shareholder if cumulatively (a) the Shareholder receiving the dividends is either (i) a fully taxable Luxembourg resident company, (ii) a domestic permanent establishment of an EU resident company falling under article 2 of the Parent-Subsidiary Directive, (iii) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) that is resident in a State with which Luxembourg has concluded a double tax treaty, or (iv) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) or of a cooperative company which is a resident of a EEA Member State (other than a EU Member State) ("**Eligible Parent**"); and (b) the distributing company is a qualified subsidiary ("**Qualified Subsidiary**"), and (c) at the date on which the income is made available the Shareholder holds or commits to hold directly for an uninterrupted period of at least twelve months a qualified shareholding ("**Qualified Shareholding**"). A Qualified Subsidiary means (a) a Luxembourg resident fully-taxable joint-stock company limited by shares (*société de capitaux*), (b) a company covered by Article 2 of the Parent-Subsidiary Directive or (c) a non-resident joint-stock company limited by shares (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax at a rate of a minimum of 9% (as from 2018). A Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary of an acquisition price of at least €1.2 million (or an equivalent amount in another currency).

Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity. To the extent that business expenses incurred during the year of receipt of the dividend are in an economic relation with the participation in the Issuer these expenses (during the year of receipt of the dividend) will not be deductible up to the amount of exempt dividends/ liquidation proceeds derived from the shareholding in the Company.

If the participation exemption does not apply, dividends may benefit from the 50% exemption under the relevant conditions set out above.

Any Shareholder which is a Luxembourg resident entity governed by the law of December 17, 2010 on undertakings for collective investment, as amended, by the law of February 13, 2007 on specialized investment funds, as amended, by the law of May 11, 2007 on the family wealth management company, as amended, or by the law of July 23, 2016 on reserved alternative investment funds (without having opted for the application of the venture capital regime), is exempt from Luxembourg income taxes and profits derived from the shares are thus not subject to Luxembourg income taxes.

Non-Resident Shareholders

Non-resident Shareholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed place of business or a permanent representative in Luxembourg to which or whom the shares are attributable are not liable to any Luxembourg income tax on dividends received from the Issuer.

Subject to the provisions of double taxation treaties, dividends on the shares received by non-resident Shareholders holding the shares through a Luxembourg permanent establishment or through a Luxembourg permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above apply. If the conditions of the participation exemption are not fulfilled, 50% of the gross dividends received by a Luxembourg permanent establishment or permanent representative from the Issuer may however be exempt from income tax since the Company is a company based in the European Union and covered by Article 2 of the Parent Subsidiary Directive.

20.2.1.2 Taxation of Capital Gains

Luxembourg Resident Shareholders

Capital gains realized on the disposal of the shares by resident individual Shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation ("**Substantial Participation**"). Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual Shareholder holds, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Issuer. A Shareholder is also deemed to transfer a Substantial Participation if he acquired free of charge, within the five years preceding the transfer, a participation that constituted a Substantial Participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation more than 6 months after the acquisition thereof are subject to Luxembourg income tax according to the half-global rate method (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on a Substantial Participation) and may benefit from an allowance of up to €50,000 granted for a ten-year period (doubled for individual taxpayers who are jointly taxable). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shares. Capital gains realized on the disposal of the shares by resident individual Shareholders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates.

Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

Capital gains realized on the shares of the Issuer by (a) a Luxembourg fully-taxable resident company or (b) the Luxembourg permanent establishment or permanent representative of a non-resident foreign company to which or whom the shares are attributable are subject to Luxembourg income tax at the maximum global rate of 26.01% (in Luxembourg-City in 2018), unless the conditions of the participation exemption regime, as described above, are satisfied except that the acquisition price must be of at least €6 million for capital gain

exemption purposes. Shares held through a tax transparent entity are considered as a direct participation holding proportionally to the percentage held in the assets of the transparent entity. To the extent that expenses related to the (exempt) shareholding or write-downs deducted in relation to the participation have reduced the Shareholder's taxable profits (during the year of the sale or in prior years), the exempt amount of the capital gain will be reduced by the sum of the excess expenses and capital write-downs which are in direct economic connection with the participation and were deducted over current and previous years.

Any expenses in excess of the capital gains remain fully tax deductible.

Taxable gains are determined to be the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

The Shareholder which is a Luxembourg resident entity governed by the law of December 17, 2010 on undertakings for collective investment, as amended, by the law of February 13, 2007 on specialized investment funds, as amended, by the law of May 11, 2007 on the family estate management company, as amended by the law of July 23, 2016 on reserved alternative investment funds (without having opted for the application of the venture capital regime), is not subject to any Luxembourg income taxes in respect of capital gains realized upon disposal of its shares.

Non-Resident Shareholders

Non-resident shareholders, who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the shares are attributable, are not liable for any Luxembourg income tax on capital gains upon the disposal of shares of the Issuer, except capital gains realised on a Substantial Participation before the acquisition or within the first 6 months of the acquisition thereof, in which case, capital gains are subject to income tax in Luxembourg at ordinary rates (subject to the provisions of a relevant double tax treaty).

Under Luxembourg tax laws currently in force (subject to the provisions of double taxation treaties), capital gains realized on the disposal of the shares by a non-resident Shareholder holding the shares through a Luxembourg permanent establishment or through a Luxembourg permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above are satisfied. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

20.2.2 Net Wealth Tax

Luxembourg resident Shareholders, as well as non-resident Shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable, are subject to Luxembourg net wealth tax on its net assets as determined for net wealth tax purposes on the net wealth tax assessment date (January 1 of each year), except if the Shareholder is (i) a resident or non-resident individual, (ii) or governed by the amended law of May 11, 2007 on family estate management companies, (iii) by the amended law of December 17, 2010 on undertakings for collective investment, (iv) by the law of February 13, 2007 on specialized investment funds, as amended, (v) a securitization company governed by the law of March 22, 2004 on securitization, as amended, (vi) a venture capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended, (vii) a professional pension institution governed by the amended law of July 13, 2005 or (viii) a reserved alternative investment fund vehicle governed by the law of July 23, 2016.

Please note, however, that securitization companies governed by the law of March, 22, 2004 on securitization, as amended, venture capital companies governed by the law of June 15, 2004 on venture capital vehicles, as amended, professional pension institutions governed by the amended law of July 13, 2005 or reserved alternative investment funds (opting to be treated as a venture capital vehicle for Luxembourg tax purposes) governed by the law of July 23, 2016 remain subject to minimum net wealth tax.

Furthermore, any shareholder of the Issuer who is an Eligible Parent may be exempt from net wealth tax on the shares of the Issuer for a given year, if the shares represent at the net wealth tax assessment date a participation of at least 10% in the share capital of the Issuer or a participation of an acquisition price of at least €1.2 million. However, if the holder of the shares is a vehicle not listed under the exceptions (i) to (iv) listed above, it might be subject (a) to a minimum net wealth tax of €4,815 if it holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90% of its total balance sheet value and if the total balance sheet value exceeds €350,000 or (b) to a minimum net wealth tax between €535 and €32,100 based on the total amount of its assets.

20.2.3 Value Added Tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the subscription of the shares or in respect of the payment of dividends or the transfer of the shares.

20.2.4 Other Taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by the Shareholder upon the acquisition, holding or disposal of the shares. However, a fixed registration duty of €12 may be due upon registration of the shares in Luxembourg on a voluntary basis.

A fixed registration duty of €75 is due upon incorporation of and any subsequent increase in capital of a Luxembourg company.

Under current Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the shares are included in his or her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the shares if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

PART 21: FINANCIAL INFORMATION

Combined Financial Statements of DWS Group SE (prepared in accordance with IFRS) as of and for the fiscal years ended December 31, 2015, 2016 and 2017	F- 2
Combined statement of income	F- 4
Combined statement of comprehensive income	F- 5
Combined balance sheet	F- 6
Combined statement of changes in net asset value	F- 7
Combined statement cash flows	F- 8
Notes to the combined financial statements	F- 9
Auditor’s Report	F-67

Unconsolidated Financial Statements of DWS Group SE as of and for the year ended December 31, 2017 (German-GAAP)	F-68
Balance sheet	F-69
Income statement	F-70
Notes to the accounts	F-71
Auditor’s Report	F-75

Combined Financial Statements

of DWS Group SE

(prepared in accordance with IFRS)

as of and for the fiscal years ended

December 31, 2015, 2016 and 2017

(audited)

Combined Financial Statements

Combined Statement of Income – F-4
Combined Statement of Comprehensive Income – F-5
Combined Balance Sheet – F-6
Combined Statement of Change in Net Asset Value – F-7
Combined Statement of Cash Flows – F-8

Notes to the Combined Financial Statements – F-9
1- Significant Accounting Policies and Critical Accounting Estimates – F-9
2- New Accounting Pronouncements – F-24
3- Business Segment and Related Information – F-25

Notes to the Combined Income Statement – F-26
4- General and Administrative Expenses – F-26
5- Restructuring – F-26

Notes to the Combined Balance Sheet – F-27
6- Financial Assets/Liabilities at Fair Value through Profit or Loss – F-27
7- Financial Instruments carried at Fair Value – F-27
8- Fair Value of Financial Instruments not carried at Fair Value – F-32
9- Financial Assets Available for Sale – F-34
10- Equity Method Investments – F-34
11- Contractual Obligations and Commitments – F-35
12- Goodwill and Other Intangible Assets – F-36
13- Other Assets and Other Liabilities – F-39
14- Provisions – F-40

Additional Notes – F-42
15- Employee Benefits – F-42
16- Income Taxes – F-53
17- Related Party Transactions – F-55
18- Information on Subsidiaries – F-56
19- Structured Entities – F-57
20- Supplementary Information to the Combined Financial Statements – F-61
21- Financial Risk Management – F-61

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

Combined Statement of Income

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

Combined Statement of Comprehensive Income

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

Combined Balance Sheet

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

Combined Statement of Changes in Net Asset Value

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

Combined Statement of Cash Flows

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

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

Notes to the Combined Financial Statements

01 – Significant Accounting Policies and Critical Accounting Estimates

General information

Background

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

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

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

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

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

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

Description of DWS Group

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

Basis of Preparation

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

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

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

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

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

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

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

Principles of Combined Financial Statements

The scope of combination for the combined financial statements of DWS Group for the years ended December 31, 2017, 2016 and 2015 was determined on economic principles considering actual and expected legal transfer of AM dedicated entities and AM related assets and liabilities recorded in shared entities.

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

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

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

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

Treatment of AM dedicated entities in the combined financial statements

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

Treatment of shared entities in the combined financial statements

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

Foreign currency translation

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

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

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

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

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

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

Pensions and other post-employment benefits

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

Taxation

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

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

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

Capital structure

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

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

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

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

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

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

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

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

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

Critical Accounting Estimates

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

Management has also exercised judgment in determining the relevant pension and tax balances that relate to the DWS Group in each of the years ended 31 December 2017, 2016 and 2015 which are considered in further detail below.
As such, the combined financial information does not necessarily reflect the financial position and results of the DWS Group that would have occurred if the DWS Group had existed as a separate legal group in each of the reporting periods presented.

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

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

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

Significant Accounting Policies

The following is a description of the significant accounting policies adopted by DWS Group. These policies have been consistently applied for 2017, 2016 and 2015 to the combined financial statements. In preparing the combined financial statements, the principles underlying the consolidation procedures of IFRS 10 ‘Consolidated Financial Statements’ (“IFRS 10”) have been applied with the result that all balances and transactions between the Deutsche Bank Asset Management entities have been eliminated within the combined financial statements. Balances and transactions between the DWS Group and the remainder of the Deutsche Bank Group are classified as related party transactions. No subsequent adjustments have been made to these transactions on the basis that they were originally entered into at an arm’s length basis. Hence, when referring to “consolidation or consolidated” for significant accounting policies this refers to combination rather than consolidation.

Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

Associates

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

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

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

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

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

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

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

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

Net Commissions and Fees from Asset Management

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

Management Fees and other recurring items

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

Performance and transaction fees and other non-recurring fees

Performance fees are paid to DWS Group companies primarily for fund management services based on the fund's performance relative to a benchmark / target return or the realized appreciation of the fund's investments. Fees from securities lending transactions as well as variable performance fees based on specific contractual terms are further components of the performance fees position for DWS Group. Performance fees will not be recognized in the combined income statement until it is highly probable that a significant reversal in the amount of cumulated revenue will not occur.
For expenses incurred in relation to businesses where revenue is driven on a commission basis and for which income is reported as commission income in the combined financial statements, such expenses are to be presented on a net basis. Subsequently all expenses that incurred on a per transaction basis and are directly related and incremental to the generation of fee income are presented net in net commissions and fee income from Asset Management in the combined financial statements.

Financial Assets and Liabilities

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

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

Financial Assets and Liabilities at Fair Value through Profit or Loss

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

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

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

Financial Assets Classified as Available for Sale

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

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

Impairment Test of Financial Assets classified as Available for Sale

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

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

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

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

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

Loans

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

Financial Liabilities

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

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

Determination of Fair Value

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

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

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

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

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

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

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

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

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

Derivatives

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

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

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

Derecognition of Financial Assets and Liabilities

Financial Asset Derecognition

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

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

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

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

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

Derecognition of Financial Liabilities

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

Goodwill and Other Intangible Assets

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

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

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

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

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

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

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

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

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

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

Provisions

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

Noncontrolling Interests

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

Property and Equipment

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

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

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

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

Leasing Transactions

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

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

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

Employee Benefits

Share-Based Compensation

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

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

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

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

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

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

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

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

Pension Benefits

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

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

Other Post-Employment Benefits

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

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

Termination benefits

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

Combined Statement of Cash Flows

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

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

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

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

Investment Contracts

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

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

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

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

02 – New Accounting Pronouncements

New Accounting Pronouncements

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 “Financial Instruments”, which replaces IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements on how an entity should classify and measure financial assets, replaces the current rules for impairment of financial assets and amends the requirements for hedge accounting. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The standard has been endorsed by the EU. Due to the fiduciary nature of the business the standard does not have a material impact on the Group’s combined statements.

Classification and Measurement of Financial Assets and Liabilities

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

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

Impairment of Financial Assets

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

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

Hedge accounting

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

Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

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

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", which specifies how and when revenue is recognized, but does not impact income recognition related to financial instruments in scope of IAS 39/IFRS 9. IFRS 15 replaces several other IFRS standards and interpretations that currently govern revenue recognition under IFRS and provides a single, principles-based five-step model to be applied to all contracts with customers. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The standard has been endorsed by the EU.

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

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

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, "Leases", which introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There will be only minor changes to the current accounting for lessors. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. DB Group including DWS Group is currently assessing the impact of IFRS 16. The standard has been endorsed by the EU.

03 – Business Segments and Related Information

Business Segments

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

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

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

The term "Chief Operating Decision Maker" (CODM) identifies a function, not necessarily a manager with a specific title. Although an entity cannot have more than one CODM, the CODM can be a group of persons. [IFRS 8.7]

Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the CODM to discuss operating activities, financial results, forecasts, or plans for the segment. The term 'segment manager' also identifies a function, not necessary a single manager with a specific title [IFRS 8.9].

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

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

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

Notes to the Combined Income Statement

04 – General and Administrative Expenses

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

05 – Restructuring

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

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

Notes to the Combined Balance Sheet

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

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

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

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

The Group reports the assets excluding cash and interbank balances of the consolidated guaranteed mutual funds of € 1.2 billion as of December 31, 2017 (€ 3.8 billion as of December 31, 2016 and € 4.9 billion as of December 31, 2015) as trading assets. The fund assets belong to investors and the Group consolidates under IFRS 10 even though not being an investor. The change in fair value of the guaranteed contracts are shown under negative market values from derivatives (€ 89 million in 2017, € 103 million in 2016 and € 49 million in 2015). It includes guarantee contracts which do not qualify as financial guarantee (please refer to “Derivatives” under “Significant Accounting Policies”).

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

07 – Financial Instruments carried at Fair Value

Valuation Methods and Control

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

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

Prices Quoted in Active Markets – The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Valuation Techniques – The Group uses valuation techniques to establish the fair value of instruments where prices, quoted in active markets, are not available. Valuation techniques used for financial instruments include modeling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

For some financial instruments a rate or other parameter, rather than a price, is quoted. Where this is the case then the market rate or parameter is used as an input to a valuation model to determine fair value. For some instruments, modeling techniques follow industry standard models, for example, discounted cash flow analysis and standard option pricing models. These models are dependent upon estimated future cash flows, discount factors and volatility levels.

Frequently, valuation models require multiple parameter inputs. Where possible, parameter inputs are based on observable data or are derived from the prices of relevant instruments traded in active markets. Where observable data is not available for parameter inputs, then other market information is considered. For example, indicative broker quotes and consensus pricing information are used to support parameter inputs where they are available. Where no observable information is available to support parameter inputs then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

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

Results of the valuation control process are collected and analyzed as part of a standard monthly reporting cycle. Variances of differences outside of preset and approved tolerance levels are escalated both within the DWS Group Finance function and Senior Business Management for review, resolution and, if required, adjustment.

For instruments where fair value is determined from valuation models, the assumptions and techniques used within the models are independently validated by an independent specialist model validation group that is part of the Deutsche Bank Group’s Risk Management function.

Fair Value Hierarchy

The financial instruments carried at fair value have been categorized under the three levels of the IFRS fair value hierarchy as follows:

Level 1 – Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group’s inventory.

These include: debt and equity securities traded on active, liquid exchanges.

Level 2 – Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

These include: many less-liquid debt and equity securities

Level 3 – Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

These include some private equity placements and fund investments.

Carrying value of the financial instruments held at fair value

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

Valuation Techniques

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

Guaranteed Funds – the assets are reflected under trading assets and valuation follows the valuation prepared by the consolidated guaranteed fund and includes relevant IFRS adjustments if applicable.

Guaranteed Retirement Accounts – DWS Group manages guaranteed retirement accounts which provide a full or partial notional guarantee at maturity. This guarantee is not considered as financial guarantee but as derivative (please refer to “Derivatives” under “Significant Accounting Policies”). Depending on the account and guarantee level and on the maturity of the account, all accounts are invested in dedicated government bond funds with fixed duration or in one equity target fund. The valuation of accounts rely therefore onto the valuation of the underlying target funds. The fair value for the accounts shortfall is calculated with option pricing models using Monte-Carlo simulations including the behavioural risk of the client starting 2016. For 2015 a corresponding present value model including the behavioural risk of the client had been applied.

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

Investment Contract Liabilities – Assets reflected under Financial Assets designated at fair value through profit and loss which are linked to the investment contract liabilities that are owned by the Group. The investment contract obliges the Group to use these assets (to settle these liabilities). Therefore, the fair value of investment contract liabilities is determined by the fair value of the underlying assets based on the published fund price.

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing Unobservable Parameters (Level 3)

Financial Assets/Liabilities at Fair Value categorized in this level of the fair value hierarchy are valued based on one or more unobservable parameters.

Financial Assets Available for Sale include unlisted equity instruments where there is no close proxy and the market is very illiquid.

Reconciliation of financial instruments classified in Level 3

Reconciliation of financial instruments classified in Level 3

Dec 31, 2017

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

Dec 31, 2016

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

Dec 31, 2015

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

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

Sensitivity Analysis of Unobservable Parameters

Where the value of financial instruments is dependent on unobservable parameter inputs, the precise level for these parameters at the balance sheet date might be drawn from a range of reasonably possible alternatives. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence.

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

The Group has no potential impact from the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable parameters as exit price is used in preparing financial statements.

Quantitative Information about the Sensitivity of Significant Unobservable Inputs

The range of values shown below represents the highest and lowest inputs used to value the exposures within Level 3.

As of December 31, 2017 (December 31, 2016 and December 31, 2015 respectively) the fair value of the assets available for sale and other investments are based on the net asset value of the underlying asset.

For other derivatives, the range for the cancellation rate is mainly driven by the different distribution channels and product types.

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

Dec 31, 2017

in €m. (unless stated otherwise)	Fair value Assets	Fair value Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading, designated at fair value and available-for-sale:						
Equity securities	245	0				
Held for trading	17	0	Market approach	Price per net asset value	100%	100%
Available-for-sale	228		Market approach	Price per net asset value	100%	100%
Other financial instruments	49	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	294	0				
Financial instruments held at fair value:						
Market values from derivative financial instruments:						
Other derivatives	0	81	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	0	81				

Dec 31, 2016

in €m. (unless stated otherwise)	Fair value Assets	Fair value Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading, designated at fair value and available-for-sale:						
Equity securities	225	0				
Available-for-sale	225		Market approach	Price per net asset value	100%	100%
Other financial instruments	35	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	261	0				
Financial instruments held at fair value:						
Market values from derivative financial instruments:						
Other derivatives	0	73	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	0	74				

Dec 31, 2015

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

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

The unrealized gains or losses on Level 3 Instruments are not due solely to unobservable parameters. Many of the parameter inputs to the valuation of instruments in this level of the hierarchy are observable and the gain or loss is partly due to movements in these observable parameters over the period. The unrealized gains and losses on Level 3 instruments of assets available for sale are included in other comprehensive income whereas the unrealized gains and losses on financial assets/liabilities at fair value through profit and loss are included in net gains (losses) from financial assets/liabilities held at fair value in profit and loss as shown in the table below.

in €m.	2017	2016	2015
Financial assets held at fair value:			
Trading securities	(8)	0	(106)
Financial assets available for sale	5	5	6
Total financial assets held at fair value	(3)	6	(100)
Financial liabilities held at fair value:			
Negative market values from derivative financial instruments	8	59	0
Total financial liabilities held at fair value	8	59	0
Total	5	65	(100)

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

Fair Value of Financial Instruments not carried at Fair Value

The valuation techniques used to establish fair value for the Group’s financial instruments which are not carried at fair value in the balance sheet and their respective IFRS fair value hierarchy categorization are consistent with those outlined in Note 7 “Financial Instruments carried at Fair Value”.

Other financial instruments not carried at fair value are not managed on a fair value basis, for example, loans and deposits. For these instruments fair values are calculated for disclosure purposes only and do not impact the balance sheet or income statement. Additionally, since the instruments generally do not trade there is significant management judgment required to determine these fair values.

Short-term financial instruments – The carrying value represents a reasonable estimate of fair value for the following classes of financial instruments which are predominantly short-term:

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

For longer-term financial instruments within these categories, fair value is determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and credit risks and, in the case of liabilities, rates at which the liabilities with similar remaining maturities could be issued, at the balance sheet date.

					Dec 31, 2017
in €m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and Interbank balances	3,317	3,317	0	3,317	0
Loans	307	307	0	0	307
Other financial assets	1,115	1,115	0	1,115	0
Financial liabilities:					
Deposits	3	3	0	3	0
Other short-term borrowings	107	107	0	107	0
Other financial liabilities	2,459	2,459	283	2,175	0
Long-term debt	3	3	0	3	0

					Dec 31, 2016
in €m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuat ion technique unobservable parameters (Level 3)
Financial assets:					
Cash and Interbank balances	4,017	4,017	0	4,016	0
Loans	446	446	0	0	446
Other financial assets	1,154	1,154	0	1,154	0
Financial liabilities:					
Deposits	6	6	0	6	0
Other short-term borrowings	313	313	0	313	0
Other financial liabilities	5,922	5,922	151	5,771	0
Long-term debt	3	3	0	3	0

					Dec 31, 2015
in €m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and Interbank balances	4,666	4,666	0	4,666	0
Loans	294	294	0	0	294
Other financial assets	1,152	1,152	0	1,152	0
Financial liabilities:					
Deposits	0	0	0	0	0
Other short-term borrowings	323	323	0	323	0
Other financial liabilities	7,537	7,537	214	7,324	0
Long-term debt	25	25	0	25	0

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

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

09 – Financial Assets Available for Sale

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

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

10 – Equity Method Investments

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

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

Significant investments

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

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

Summarized financial information on Harvest Fund Management Co., LTD

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

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

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

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

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

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

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

11 – Contractual Obligations and Commitments

Cash payment requirements outstanding as of

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

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

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

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

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

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

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

12 – Goodwill and Other Intangible Assets

Goodwill

Changes in Goodwill

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

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

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

Goodwill Impairment Test

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

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

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

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

Carrying Amount

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

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

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

Recoverable Amount

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

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

Key Assumptions

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

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

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

Other Intangible Assets

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

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

Amortizing Intangible Assets

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

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

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

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

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

Useful lives of other amortized intangible assets by asset class

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

Unamortized Intangible Assets

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

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

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

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

13 – Other Assets and Other Liabilities

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Other assets:			
Brokerage and securities related receivables			
Cash/margin receivables	4	6	1
Receivables from unsettled regular way trades	464	419	274
Total brokerage and securities related receivables	468	425	275
Accrued interest receivable	4	9	11
Other	866	1,289	1,404
Total other assets	**1,338**	1,724	1,690

in €m.	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Other liabilities:			
Brokerage and securities related payables			
Cash/margin payables	0	(0)	0
Payables from unsettled regular way trades	481	398	280
Total brokerage and securities related payables	481	398	280
Accrued interest payable	0	1	(0)
Other	3,026	6,696	8,540
Total other liabilities	**3,507**	7,095	8,820

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

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

14 – Provisions

Movement by Class of Provision

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

Classes of Provisions

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

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The definition used for the purposes of determining operational provisions differs from the risk management definition, as it excludes risk of loss resulting from civil litigations or regulatory enforcement matters. For risk management purposes, operational risk includes legal risk, as payments to customers, counterparties and regulatory bodies in civil litigations or regulatory enforcement matters constitute loss events for operational shortcomings, but excludes business and reputational risk.

Civil Litigation provisions arise out of current or potential claims or proceedings alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may result in demands from customers, counterparties or other parties in civil litigations.

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

Restructuring provisions arise out of restructuring activities. The Group aims to enhance its long-term competitiveness through reductions in costs, duplication and complexity in the years ahead. For details see Note 5 “Restructuring”.

Other provisions include several specific items arising from a variety of different circumstances, including a provision for a right to tender on a closed-end fund.

Provisions and Contingent Liabilities

The Group recognizes a provision for potential loss only when there is a present obligation arising from a past event that is probable to result in an economic outflow that can be reliably estimated. Where a reliable estimate cannot be made for such an obligation, no provision is recognized and the obligation is deemed a contingent liability. Contingent liabilities also include possible obligations for which the possibility of future economic outflow is more than remote but less than probable. Where a provision has been taken for a particular claim, no contingent liability is recorded; for matters or sets of matters consisting of more than one claim, however, provisions may be recorded for some claims, and contingent liabilities (or neither a provision nor a contingent liability) may be recorded for others.

In determining for which of the claims the possibility of a loss is probable, or less than probable but more than remote, and then estimating the possible loss for those claims, the Group takes into consideration a number of factors, including but not limited to the nature of the claim and its underlying facts, the procedural posture and litigation history of each case, rulings by the courts or tribunals, the Group's experience and the experience of others in similar cases (to the extent this is known to the Group), prior settlement discussions, settlements by others in similar cases (to the extent this is known to the Group), available indemnities and the opinions and views of legal counsel and other experts.

The provisions the Group has recognized for civil litigation and regulatory enforcement matters as of December 31, 2017, December 31, 2016 and December 31, 2015 are set forth in the table above. For some matters for which the Group believes an outflow of funds is probable, no provisions were recognized as the Group could not reliably estimate the amount of the potential outflow.

The Group may settle litigation or regulatory proceedings or investigations prior to a final judgment or determination of liability. It may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes it has valid defenses to liability. It may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where it does not believe that it is legally compelled to do so.

Current Individual Proceedings

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

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

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

Additional Notes

15 – Employee Benefits

Share-Based Compensation Plans

Deutsche Bank Group (DB Group) made grants of share-based compensation under the DB Equity Plan. This plan represents a contingent right to receive Deutsche Bank common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the DB Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

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

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

Grant year(s)	Deutsch Bank Equity Plan	Vesting schedule	Early retirement provisions	Eligibility
2017	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Yes	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[1]	Yes[2]	Members of DB Management Board or of Senior Management Group
	Retention/New Hire Annual Award –Upfront	Individual specification Vesting immediately at grant[3]	Yes No	Select employees to attract and retain the best talent Regulated employees
	Retention Award[4]	1/2: 48 months[5] 1/2: 60 months[5]	Yes	Material Risk Takers (MRTs)
		Cliff vesting after 36 months	Yes	Non-Material Risk Takers (non-MRTs)
2016	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Yes	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[1]	Yes[2]	Members of DB Management Board or of Senior Management Group
	Retention/New Hire Annual Award – Upfront	Individual specification Vesting immediately at grant[3]	Yes No	Select employees to attract and retain the best talent Regulated employees
	Key Position Award (KPA)[6]	Cliff-vesting after 4 years[3]	Yes	Select employees as annual retention
2015/ 2014/ 2013	Annual Award	1/3: 12 months[1] 1/3: 24 months[1] 1/3: 36 months[1]	Yes	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[1]	Yes[2]	Members of DB Management Board or of Senior Management Group
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award – Upfront	Vesting immediately at grant[7]	No	Regulated employees

1 For members of DB Management Board or of the Senior Management Group and all other regulated employees a further retention period of six months applies.
2 Early retirement provisions do not apply to members of DB Management Board.
3 For all regulated employees share delivery after a further retention period of twelve months.
4. Retention Award is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank's share price reaches a certain share target price prior to vesting.
5. For MRTs share delivery after a retention period of 12 months.
6. A predefined proportion of the individual's KPA is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank's share price reaches a certain share target price prior to vesting.
7. For members of DB Management Board share delivery after a retention period of three years. For all other regulated employees share delivery after a retention period of six months.

Furthermore, DB Group offers a broad-based employee share ownership plan entitled Global Share Purchase Plan ("GSPP"). The GSPP offers employees in specific countries the opportunity to purchase Deutsche Bank shares in monthly installments over one

year. At the end of the purchase cycle, the bank matches the acquired stock in a ratio of one to one up to a maximum of ten free shares, provided that the employee remains at Deutsche Bank Group for another year. In total, about 662 DWS Group staff from 5 countries enrolled in the eighth cycle that began in November 2016.

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

The following table shows the outstanding share award units as of the respective dates for DWS Group, which represent a contingent right to receive Deutsche Bank common shares after a specified period of time. It also includes the grants under the cash plan variant of the DB Equity Plan.

Activity for Share Plans

	Share units (in thousands)	Weighted-average grant date fair value per unit
Balance as of December 31, 2015	982	€30.16
Balance as of December 31, 2016	2,199	€24.36
Balance as of December 31, 2017	2,887	€19.57

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

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

Post-employment Benefit Plans

Nature of Plans

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

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

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

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

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

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

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

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

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

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

Multi-employer Plans

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

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

Governance and Risk

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

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

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

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

Funding

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

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

Actuarial Methodology and Assumptions

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

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

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

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

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

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

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

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

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

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

[1] Transfers between subsidiaries

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

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

1 For funded plans only
2 Thereof €10 million recognised in Other assets and €76 million in Other liabilities

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

Investment Strategy

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

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

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

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

Plan asset allocation to key asset classes

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

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

				Dec 31, 2017				Dec 31, 2016				Dec31, 2015
in €m.	Germany	EM EA (excl. Germany & UK)	APAC	Total	Germany	EM EA (excl. Germany & UK)	APAC	Total	Germany	EMEA (excl. Germany & UK)	APAC	Total
Cash and cash equivalents	43	2	1	46	21	1	0	22	21	1	0	22
Equity instruments	42	2	0	44	31	1	0	32	28	1	0	29
Investment-grade bonds								0				
Government	59	4	0	63	75	2	0	77	91	2	0	93
Non-government bonds	6	0	0	7	136	3	1	140	106	3	1	110
Non-investment-grade bonds				0				0				
Government	131	3	0	134	3	0	0	3	2	0	0	2
Non-government bonds	0	0	0	0	7	0	0	7	5	0	0	5
Structured products	0	0	0	0	6	0	0	6	5	0	0	5
Alternatives				0				0				
Real estate	8	2	0	10	6	0	0	6	5	0	0	5
Commodities	1	0	0	1	0	0	0	0	0	0	0	0
Private equity	0	0	0	0	1	0	0	1	1	0	0	1
Other	55	8	0	62	16	0	0	16	7	0	0	7
Derivatives (Market Value)				0				0				
Interest rate	(29)	(1)	0	(29)	(7)	0	0	(7)	(11)	0	0	(11)
Credit	(6)	(0)	0	(6)	1	0	0	1	0	0	0	0
Inflation	0	0	0	0	(3)	0	0	(3)	(4)	0	0	(4)
Foreign exchange	0	0	0	1	(1)	0	0	(1)	1	0	0	1
Other	0	0	0	0	0	0	0	0	(1)	0	0	(1)
Total fair value of plan assets	312	20	1	333	294	7	1	302	256	7	1	265

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

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

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

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

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

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

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

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

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

Key Risk Sensitivities

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

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

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

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

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

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

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

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

[1] Incorporates sensitivity to changes in nominal increase for pensions in payment to the extent linked to the price inflation assumption
[2] Estimated to be equivalent to an increase of around 1year in overall life expectancy

Expected cash flows

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

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

Expense of employee benefits

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

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

16 – Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities, after offsetting

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

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

Items for which no deferred tax assets were recognized

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

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

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

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

17 – Related Party Transactions

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

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

Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Deutsche Bank, directly or indirectly. The Group considers the members of the Management Board and of the Supervisory Board of the parent company to constitute key management personnel for purposes of IAS 24.

Compensation of Key Management Personnel

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

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

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

Transactions with Subsidiaries

Transactions between DWS Group and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between DWS Group and Deutsche Bank AG and Deutsche Bank Group entities, its associated companies and joint ventures and their respective subsidiaries also qualify as related party transactions.

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

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

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

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

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

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

Transactions with Pension Plans

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

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

18 – Information on Subsidiaries

Composition of the Group

Please refer to Note 1 Principles of Combined Financial Statements

Significant restrictions to access or use the Group's assets

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

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

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

Restricted assets

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

19 – Structured Entities

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

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

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

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

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

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

Consolidated structured entities

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

Guaranteed Funds

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

Unconsolidated structured entities

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

Interests in unconsolidated structured entities

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

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

Securitization

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

Mandates and Funds

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

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

Income derived from involvement with structured entities

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

Maximum Exposure to unconsolidated structured entities

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

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

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

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

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

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

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

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

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

managed by DWS Group on a discretionary or advisory basis. AuM represents both collective investments (Mutual Funds, Exchange-Traded Funds, etc) and separate client mandates.

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

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

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

FX impact represents the currency movement of products denominated in local currencies against the Euro. It is calculated by applying the change in FX rate to the ending period assets and is calculated on a monthly basis. As of December 31, 2017, 57% of total AuM was denominated in Euro, 35% was denominated in U.S. dollars, 2% was denominated in Swiss Francs, GBP and JPY respectively and the remaining 2% was denominated in other currencies. The FX exposure is broadly unchanged over the past periods.

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

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

in €bn.

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

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

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

Financial Support

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

Sponsored Unconsolidated Structured Entities

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

20 – Supplementary Information to the Combined Financial Statements

Staff Costs

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

Staff

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

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

21 – Financial risk management

Overview

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

Risk management

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

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

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

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

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

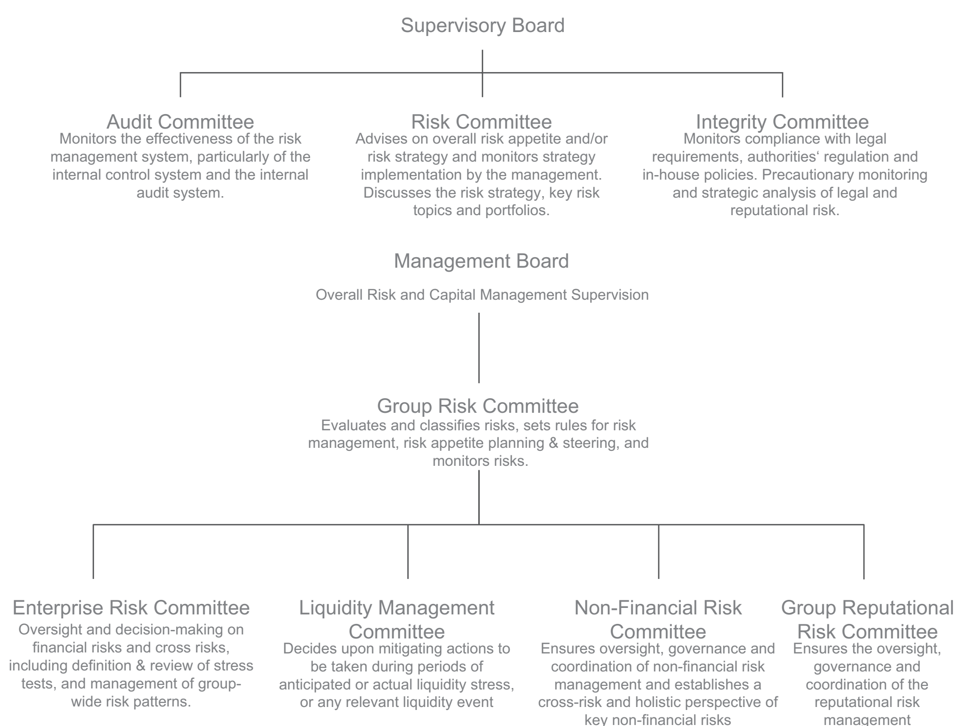
Reputational risk is implicitly covered in our economic capital framework, primarily within operational and strategic risk. Monitoring, stress testing tools and escalation processes are in place for key capital thresholds and metrics. Systems, processes and policies are critical components of our risk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

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

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

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

Risk Management Governance Structure of the Deutsche Bank Group



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

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

Capital Management

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

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

Resource Limit Setting

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

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

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

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

Market Risk

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

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

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

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

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

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

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

The following financial assets are mainly exposed to market risk:

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

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

The following financial liabilities are mainly exposed to market risk:

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

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

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

Foreign currency risk

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

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

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

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

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

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

Liquidity Risk

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

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

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

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

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

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

Auditor's Report

To DWS Group SE, Frankfurt am Main

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

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

Our audit has not led to any reservations.

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

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

Frankfurt/Main, 22 February 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kuppler Wirtschaftsprüfer German Public Auditor	Hommel Wirtschaftsprüfer German Public Auditor

Unconsolidated Financial Statements of DWS Group SE

as of and for the year ended December 31, 2017

(German GAAP)

This is a translation into English of the unconsolidated financial statements of DWS Group SE prepared in accordance with the German Commercial Code (Handelsgesetzbuch) as of and for the year ended December 31, 2017, including the German statutory auditors' report thereon.

The auditor's report was issued in the German language and the translation thereof is provided solely for use in this English language prospectus.

The auditor's report on the unconsolidated financial statements should be read in conjunction with, and construed in accordance with, German law and professional auditing standards applicable in Germany.

DWS Group SE, Frankfurt am Main (formerly: Deutsche Asset Management Holding SE)

Balance Sheet as of December 31, 2017

Assets

	Euro	Previous year TEUR
A. Fixed assets		
I. Financial assets		
1. Investments in affiliated companies	6,436,029,799.60	0
	6,436,029,799.60	0
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies thereof with term of more than one year Euro 0.00 (previous year TEUR 0)	33,617,748.21	0
II. Bank balances	41,529,354.59	120
	75,147,102.80	
	6,511,176,902.40	120
Assets held in trust	3,067,751.29	0

Liabilities and Shareholders' Equity

	Euro	Euro	Previous year TEUR
A. Capital and Reserves			
I. Subscribed capital	200,000,000.00		120
II. Capital reserve	6,277,906,804.93		0
III. Revenue reserves			
1.Statutory reserve	10,000,000.00		0
IV. Distributable profit	12,546,021.67	6,500,452,826.60	0
B. Provisions			
1. Provisions for taxes	9,667,250.00		0
2. Other provisions	865,533.00	10,532,783.00	0
C. Liabilities			
1. Accounts payable for goods and services thereof with term of up to one year Euro 20,991.30 (previous year TEUR 0) thereof with term of more than one year Euro 0.00 (previous year TEUR 0)		20,991.30	0
2. Liabilities to affiliated companies thereof with term of up to one year Euro 170,301.50 (previous year TEUR 0) thereof with term of more than one year Euro 0.00 (previous year TEUR 0)		170,301.50	0
		191,292.80	
		6,511,176,902.40	120
Liabilities held in trust		3,067,751.29	0

DWS Group SE, Frankfurt am Main

(formerly: Deutsche Asset Management Holding SE)

Income Statement
for the period from January 1 to December 31, 2017

		2017	Previous year
	Euro	Euro	TEUR
1. Income from profit-pooling agreements thereof from affiliated companies Euro 33,617,748.21 (TEUR 0 in previous year)		33,447,446.71	0
2. Other operating expenses		905,993.59	0
3. Other interest and similar income			0
a) Current positive interest income	0.00		
b) Current negative interest income	-328,174.15	-328,174.15	
thereof from affiliated companies Euro -328,174.15 (TEUR 0 in previous year)			
4. Income taxes		9,667,250.00	0
5. Net income		22,546,028.97	0
6. Transfer to the statutory reserve		10,000,000.00	0
7. Loss carried forward from the previous year		-7.30	0
8. Distributable profit		12,546,021.67	0

DWS Group SE

(formerly: Deutsche Asset Management Holding SE)

Frankfurt am Main

Notes to the Accounts
for the Financial Year 2017

General Information
The domicile of DWS Group SE (DWS SE) is Frankfurt am Main. It is registered in the Commercial Register of the District Court Frankfurt am Main under registration number 105926 in section B. The company entered into a domination agreement with its sole shareholder DB Beteiligungs-Holding GmbH, Frankfurt am Main. There are domination and profit-pooling agreements with its subsidiaries Deutsche Asset Management International GmbH, Frankfurt am Main and RREEF Management GmbH, Frankfurt am Main in place.

Basis of Presentation
The annual financial statements of DWS SE for the financial year 2017 have been prepared in accordance with the German Commercial Code (HGB) as well as supplementary regulations of the German Stock Corporation Act (AktG).

The company is a micro entity according to section 267a HGB.

The balance sheet has been structured according to the requirements for large corporations. The income statement has been prepared in accordance with the nature of expense method. Wherever possible, required "thereof" positions have been reported within the balance sheet or income statement, respectively. Size-related exemptions according to sections 274a and 288 HGB have partially been applied.

In accordance with section 264 (1) sentence 4 HGB no management discussion has been prepared.

Accounting and Valuation Principles
Figures are reported in Euro.

Offsetting
In accordance with section 246 (2) sentence 1 HGB financial assets and liabilities as well as income and expenses are generally not offset. As an exception, compensation payments to minority interests in connection with one domination and profit-pooling agreement have been offset with income from profit-pooling agreements.

Financial assets
Investments in affiliated companies are carried at acquisition cost. Acquisitions have been executed at fair value based on external valuations in accordance with IDW S1. The investments are accounted for using the moderate lower-of-cost-or-market rule according to section 253 (3) HGB. This means that write-downs are only recognized if the impairment is considered other than temporary.

Receivables and other assets and Bank balances
Receivables and other assets as well as bank balances reported as current assets are reported at their nominal amount.

Provisions
Provisions for taxes and other provisions are recognized at their expected settlement amount applying the principles of prudent commercial judgment.

Liabilities
Liabilities are recognized at their settlement amount.

Income and expenses
Income and expenses are defined on an accrual basis.

Notes to the Balance Sheet

Investments in affiliated companies
In accordance with its business purpose DWS SE acquired investments in financial services sector companies from other companies of Deutsche Bank Group in 2017. The book value of these investments in affiliated companies amounts to thousand Euros (TEUR) 6,436,030 (previous year TEUR 0).

Receivables from affiliated companies
Receivables from affiliated companies include receivables from profit-pooling agreements from RREEF Management GmbH of TEUR 29,000 (previous year TEUR 0) and from Deutsche Asset Management International GmbH of TEUR 4,617 (previous year TEUR 0) for the financial year 2017.

Bank balances
Bank balances are held with a subsidiary of Deutsche Bank Group and are repayable on demand.

Capital and reserves
Capital and reserves as of December 31, 2017 amount to TEUR 6,500,453 (previous year TEUR 120) and consist of subscribed capital of TEUR 200,000 (previous year TEUR 120), a capital reserve of TEUR 6,277,907 (previous year TEUR 0), a statutory reserve of TEUR 10,000 (transfer from net income according to section 152 (3) No. 2 AktG, previous year TEUR 0) and the distributable profit of TEUR 12,546 (previous year TEUR 0). Capital reserves of TEUR 4,346,969 relate to reserves according to section 272 (2) No 1 HGB and TEUR 1,930,938 relate to reserves according to section 272 (2) No 4 HGB.
DB Finanz-Holding GmbH, which has been merged with DB Beteiligungs-Holding GmbH effective January 1, 2017, has announced by letter dated December 22, 2016 that it holds more than one-fourth and the majority of shares of DWS SE.

Provisions for taxes
Provisions for taxes amount to TEUR 9,667 (previous year TEUR 0) covering income tax expenses for the financial year 2017.

Other provisions
Other provisions materially relate to audit fees.

Foreign currency denominated assets and liabilities
Investments in affiliated companies denominated in foreign currency amount to TEUR 1,186,222 as of December 31, 2017. The company does not have any liabilities denominated in foreign currencies.

Forward transactions
There are no outstanding forward transactions to hedge assets or liabilities as at December 31, 2017. In future, it is envisaged to economically hedge foreign currency risk for certain financial assets.

Notes to the Income Statement

The income statement has been prepared in accordance with the nature of expense method.

Income from profit-pooling agreements includes profit-poolings from RREEF Management GmbH of TEUR 29,000 (previous year TEUR 0) and from Deutsche Asset Management International GmbH of TEUR 4,617 (previous year TEUR 0). Compensation payments to minority interests of RREEF Management GmbH of TEUR 170 (previous year TEUR 0) have been deducted.

Other operating expenses mainly contain other administrative expenses of TEUR 906 (previous year TEUR 0).

Income taxes
Income tax expense includes federal income taxes (including solidary surcharge) of TEUR 4,789 and state tax of TEUR 4,878 for the financial year 2017.

Other Information

Compensation to Management Board and Supervisory Board
In the financial year 2017 the company has not paid any remuneration to the Management Board or the Supervisory Board.

Employees
In the financial year 2017 the company has not employed any own staff.

Members of the Supervisory Board

Holger Naumann (Chairman)
Managing Director in Deutsche Asset Management, Deutsche Asset Management Investment GmbH, Frankfurt am Main
Speaker of the Management Board, Deutsche Asset Management Investment GmbH, Frankfurt am Main
Member of the Management Board, DWS Holding & Service GmbH, Frankfurt am Main Member of the Supervisory Board, Deutsche Asset Management S.A., Luxemburg
Member of the Supervisory Board, Sal. Oppenheim jr. & Cie. AG & Co. KGaA, Köln
Member of the Supervisory Board, Sal. Oppenheim jr. & Cie. Komplementär AG, Köln
Member of the Management Board, Sal. Oppenheim jr. & Cie. Luxembourg S.A., Luxemburg (until November 30, 2017)

Frank Grunwald
Managing Director in Deutsche Asset Management, Deutsche Asset Management Investment GmbH, Frankfurt am Main

Jörg Hupertz
Managing Director in Finance, DWS Holding & Service GmbH, Frankfurt am Main

Members of the Management Board

Dr. Herbert Schäffner (since March 29, 2017)
Managing Director in Corporate Investments, Deutsche Bank AG, Frankfurt am Main Deputy Chairman of the Supervisory Board BHS tabletop AG, Selb

Dr. Jörn Matthias Häuser
Member of the Management Board, Deutsche Oppenheim Family Office AG, Grasbrunn

Group Membership
As at December 31, 2017 DWS SE is fully owned by DB Beteiligungs-Holding GmbH, Frankfurt am Main, a subsidiary of Deutsche Bank Group. DWS SE is an affiliated company of Deutsche Bank Group and is exempt from the obligation to prepare consolidated financial statements based on section 340i HGB in conjunction with requirements according to article 57 sentence 1 No 2 EGHGB and Regulation (EC) No 1606/2002 article 4 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (AB1. EG No. L 243 S.1) because DWS SE is accounted for in the Consolidated Financial Statements of Deutsche Bank Group. Financial Statements of Deutsche Bank Group are published in the German Federal Gazette.

Proposed appropriation of profit
The distributable profit amounts to TEUR 12,546. Management Board and Supervisory Board will propose to the Annual General Meeting to transfer TEUR 10,000 to the statutory reserve and to carry forward the remaining distributable profit of TEUR 2,546.

Frankfurt am Main, February 12, 2018

The Management Board

(Dr. Schäffner) (Dr. Häuser)

Auditor’s Report

To the **DWS Group SE, Frankfurt am Main**

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the **DWS Group SE (formerly known as: Deutsche Asset Management Holding SE), Frankfurt am Main**, for the business year from January 1 to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law (and supplementary provisions of the shareholder agreement/articles of incorporation) are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting

Frankfurt am Main, February 13, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kuppler	Hommel
Wirtschaftsprüfer	Wirtschaftsprüfer

PART 22: GLOSSARY

Term	Meaning
Active	Active is often used herein to refer to asset classes or products within our investment platform. While cash is an asset class that is often categorized as active, the most common active asset classes are equity, fixed income, multi asset and SQI.
AIF	Alternative investment fund.
AIFMD	Directive 2011/61/EU of the European Parliament and of the council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.
Aladdin	Asset, Liability, and Debt and Derivative Investment Network, an electronic system by BlackRock Solutions.
AML	Anti-money laundering
AMMS	Asset Management Market Study of the United Kingdom's FCA. The FCA's final report was published in June 2017.
Amundi	Amundi Asset Management.
ANREV	Asian Association for Investors in non-listed real estate vehicles, Hong Kong.
APAC	Asia-Pacific which refers to the near Western Pacific Ocean region.
APM	Alternative performance measure.
AuM	Assets under management
BaFin	The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht).
BCG	Boston Consulting Group.
Blackrock	Blackrock Inc.
BNY Mellon	The Bank of New York Mellon.
Brexit	The United K's referendum on 23 June 2016 to formally withdraw its EU membership.
Bribery Act	The U.K. Bribery Act 2010
Broadridge	Broadridge Financial Solutions, Inc.
BRRD	Bank Recovery and Resolution Directive
BSA	Bank Secrecy Act
BVI	Bundesverband Investment und Asset Management e.V., Frankfurt a.M.
CAGR	Compound annual growth rate.
China Credit Trust	China Credit Trust Co., Ltd.
CIO	Chief Investment Office.
CMS	Capital Markets Services when used to refer to a Singaporean capital markets services license for fund management.
Co-investments	A minority investment in a fund structure made at the request of third party investors to demonstrate alignment of interest between the manager and the investors. The investment is made directly into the fund structure alongside, and on the same terms as, other third party investors.

Term	Meaning
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*). Before its conversion, the Company was known as Deutsche Asset Management Holding SE and as DWS Group SE.
CRO	Chief Risk Officer.
CROCI	Cash return on capital invested.
CRR	Capital Requirements Regulation.
CSRS	China Securities Regulatory Committee.
DAX	German stock exchange.
DB Group	Deutsche Bank AG and its consolidated subsidiaries.
DeAM	DeAM refers to the business of the Company and its subsidiaries, particularly in the period prior to the Company being renamed and converted to DWS Group GmbH & Co. KGaA.
DeAM Group	The Company, collectively with its subsidiaries, particularly in the period prior to the Company being renamed and converted to DWS Group GmbH & Co. KGaA.
DeAM Intl. GmbH	Deutsche Asset Management International GmbH.
Deka	Deka Investments, Frankfurt a.M.
Deutsche Asset Management	Deutsche Asset Management refers to the business of the Company and its subsidiaries.
Deutsche Bank Research	Estimates of economic, financial, market and other data and information that is based on analysis of the Selling Shareholder's research department.
DFS	Department of Financial Services
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	The U.S. Department of Justice.
DOL	The U.S. Department of Labor.
Domination Agreement	Agreement entered into by the Company and DB Beteiligungs-Holding GmbH on March 29, 2017.
Draft Rules	Various new requirements to further tighten regulations in the Chinese asset management industry imposed by CSRC and a few other Chinese financial regulators in November 2017.
DWS	DWS refers to the business of the Company and the DWS Group.
DWS Group	The Company, collectively with the subsidiaries and asset management activities of shared entities described in Note 1 to the Audited Combined Financial Statements.
EBA	European Banking Authority
ECB	European Central Bank.
EEA	European Economic Area.
EMEA	Europe, the Middle East and Africa. Where used in this Prospectus, EMEA excludes Germany unless otherwise noted.
EMIR	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

Term	Meaning
EPT	Exchange Traded Product.
ERISA	Employee retirement Income Security Act of 1974.
ERM	Enterprise Risk Management.
ESG	Environmental, social, and governance.
ESMA	European Securities and Markets Authority
ESOP	Employee stock ownership plan.
ETF	Exchange Traded Fund
ETFGI	ETFGI LLP.
EU	European Union as defined in the Treaty on European Union, as subsequently amended.
European Bank Recovery and Resolution Directive	Directive 2014/59/EU of the European Parliament and of the Council of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.
FATCA	United States Foreign Account Tax Compliance Act.
FCA	United Kingdom Financial Conduct Authority.
FCPA	United States Foreign Corrupt Practices Act.
Fidelity	Fidelity Management and Research Limited Liability Company
FIEA	Financial Instruments and Exchange Act
FSB	Financial Stability Board.
FTE	Full-time employees.
GAAP	Generally accepted accounting principles.
GDP	Gross Domestic Product.
General Partner	DWS Management GmbH
Group	The Issuer, together with its subsidiaries.
GSIB	Global systemically important banks.
Harvest	Harvest Fund Management Co. Ltd.
HF	Hedge Funds.
HSBC	Hong-Kong Shanghai Bank of China, Holdings PLC.
ICAAP	Internal Capital Adequacy Assessment Process.
iCPPI	Individualized constant proportion portfolio insurance.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
IKS	Investment-Konto-Service, DWS's securities account management technology
INREV	European Association for Investors in Non-listed Real Estate Vehicles, Amsterdam.
Investment Company Act	United States Investment Company Act of 1940.
IOSCO	International Organization of Securities Commissions.
IPE	IPE International Publishers Ltd.
Issuer	Deutsche Asset Management Holding GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien).

Term	Meaning
ITIC	Act on Investment Trusts and Investment Corporations
InstVV	The German Institutsvergütungsverordnung.
JP Morgan	JPMorgan Chase & Co.
KAGB	The German Capital Investment Act
KGaA	A German partnership limited by shares (*Kommanditgesellschaft auf Aktien)*
KID	Key information document.
KOSPI Index	Korea Composite Stock Price Index
KPMG	KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, independent auditors of the Company.
LCR	Liquidity Coverage Ratio.
LDI	Liability-driven investment.
Managing Directors	The managing directors of the General Partner.
MaRisk	Minimum Requirements for Risk Management.
Market Abuse Regulation	Directive 2003/6/EC of the European Parliament and of the Council of January 28, 2003 on insider dealing and market manipulation (market abuse) and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
MAS	The Monetary Authority of Singapore.
McKinsey	McKinsey & Company Inc.
Member State	Any Member State of the EEA or any state that is a party to the EEA agreement
MiFID	Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, also referred to as the Markets in Financial Instruments Directive.
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.
MIFIR	Regulation (EU) No 648/2012 of the European Parliament and of the Council of July 4, 2012 on OTC derivatives, central counterparties and trade repositories.
MMF	Money Market Fund.
MMFR	Regulation adopted by the Council of the European Union on May 16, 2017 relating to funds invested mainly in money market instruments.
Morningstar	Morningstar Inc.
MSCI	MSCI Inc.
NCREIF	National Council of Real Estate Investment Fiduciaries, Chicago.
NFA	National Futures Association
NSFR	Net Stable Funding Ratio
OCIO	Outsourced CIO.

Term	Meaning
OECD	Organization for Economic Cooperation and Development.
OFAC	Office of Foreign Asset Control (United States)
Opimas	Opimas LLC.
OTC derivatives	Over-the-counter derivatives.
PRA	The Prudential Regulation Authority
PRI	Principles for Responsible Investment.
PRIIPSR	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).
Public FMC	A public securities investment fund management company
PwC	Pricewaterhouse Coopers.
QIBs	Qualified Institutional Buyer as defined in the Securities Act.
QPAM	Qualified professional asset manager.
RREEF	Rosenberg Real Estate Equity Funds, a business that DB Group acquired in 2002 and which has become the main brand of the DWS alternatives business in the United States as well as for some United States real estate products.
Regulation S	Regulation S under the Securities Act.
Rule 144A	Rule 144A of the Securities Act.
Salesforce	Salesforce.com, Inc.
Securities Act	The United States Securities Act of 1933, as amended.
Seed investments	Seed investments are used to establish an investment strategy and allow the development of a track record over a short period of time (usually no more than three years depending on the strategy) allowing the manager to demonstrate the viability of the investment strategy.
SFA	The Singaporean Securities and Futures Act (Cap. 289).
SFC	The Securities and Futures Commission of Hong Kong
SFTR	Regulation (EU) 2015/2365 of the European Parliament and of the Council of November 25, 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
SQI	Systematic and quantitative investments
SRM Regulation	Regulation (EU) No 806/2014 of the European Parliament and of the Council of July 15, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.
SSgA	State Street Global Advisors.
SSM Regulation	Council Regulation (EU) No 1024/2013 of October 15, 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.
UBS	Union Bank of Switzerland Group AG.
UCITS	Undertakings for Collective Investments in Transferable Securities, a regulatory regime for the management of retail funds in the European Union.

Term	Meaning
UCITS V	Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions.
Vanguard	The Vanguard Group.
XPS	Cross-portfolio scan.
Z-Ben Advisors	Z-Ben Advisors Ltd.

PART 23: RECENT DEVELOPMENTS AND OUTLOOK

23.1 Recent Developments

In December 2017, the Company announced that it will introduce DWS as its new global brand. The rebranding of all legal entities and product lines is in progress and is expected to be completed in 2018.

In March 2018, the Company changed its legal form from an SE (European company) to a KGaA (partnership limited by shares). For more information, see Part 16 and Part 17.

On March 8, 2018, following approval from the Federal Reserve Board for the Deutsche Asset Management US Holding Corporation to be designated as an intermediate holding company, Deutsche Asset Management US Holding Corporation the transfer of which to DWS Group was irrevocably and unconditionally agreed on March 8, 2018 (with closing on April 2, 2018). The combined financial information contained in this Prospectus presents financial information of the entire business of the DWS Group (including the US business held by Deutsche Asset Management US Holding Corporation) as if the entire business was held by DWS Group as of January 1, 2015.

23.2 Outlook

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

Over the medium term, the industry's global AuM are expected to substantially increase, driven by strong net flows in passive strategies, alternatives and multi asset solutions, as clients increasingly demand value-for-money, transparency and outcome oriented products. Due to its capabilities in active and passive products, alternative investments and multi asset solutions, DWS is well-positioned to grow market share amid these industry growth trends. While DWS's digital capabilities are also creating new channels for it to distribute products and services, bottom line results are expected to be challenged by fee compression, rising costs of regulation and competitive dynamics. In the face of this challenge, DWS intends to focus its growth initiatives on products and services where it can differentiate, while also maintaining a disciplined cost base.

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

In 2018, we expect revenues to be slightly lower than 2017, largely attributable to significantly lower performance and transaction fees reflecting the periodic nature of fund performance fees recognition and significantly lower other revenues driven by non-recurrence of the insurance recovery. For the full year 2018, DWS expects slightly higher AuM, driven by net inflows and favorable market outlook. Management fees are expected to be essentially flat driven by net inflows and stronger market outlook partly offset by margin compression.

Within 2018, DWS expects net flows, especially for cash and insurance related products, to remain volatile. In addition, we anticipate net outflows driven by the recently implemented US tax reform. DWS intends to carefully manage its cost base with efficiency measures offsetting growth initiatives, expected to result in broadly flat year-on-year adjusted costs.

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

PART 24: ADDRESSES

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