HALF YEAR REPORT

01/2019

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Management Report

Introduction to DWS Group

Corporate Profile

We are a leading asset manager with € 719 billion in assets under management (AuM) as at June 30, 2019. We are headquartered in Germany but our employees operate globally, providing a range of traditional and alternative investment capabilities to clients worldwide.

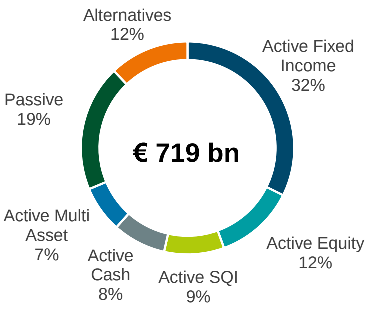
DWS operates a fully integrated global investment group, supported by our Chief Investment Office which supplies the overarching framework that guides our investment decisions. Our offerings span all major asset classes including equity, fixed income, cash and multi asset as well as alternative investments.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

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

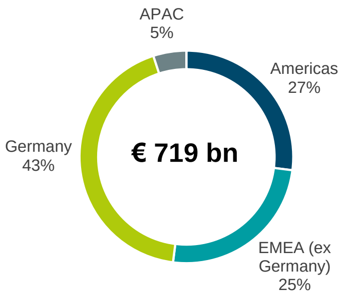
We serve a diverse client base of retail and institutional investors worldwide, with a strong presence in our home market in Germany. These clients include large institutions, governments, corporations and foundations as well as millions of individual investors. As a regulated asset manager, we act as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

Diversified Business with Global Footprint

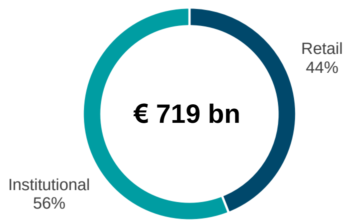
AuM by Asset Class



AuM by Region



AuM by Client Type



Internal Management System

As outlined in our first quarter 2019 financial results, the management of DWS Group has taken careful consideration to refine its medium-term financial targets as part of a broader review of priorities and initiatives.

The adjusted cost-income ratio will become the main priority to enable us to deliver maximum shareholder value in the market environment in which we operate. Assuming revenues remain flat year-on-year, we will target an adjusted cost-income ratio of ~70% by the end of 2019 before achieving our medium-term target of below 65%.

Given the prospect of further market challenges, and the impact that volatility might have on annual flows in any given year, we have decided to target an annual average net flow target of 3 to 5% over the medium-term. More specifically in 2019, we have an ambition to outperform the asset management industry on net flows, which are expected to be 2 to 3%.

Along with these refined targets, we remain committed to achieving a dividend payout ratio of 65 to 75%.

However, we have decided to de-emphasize the management fee margin target of 30 basis points or above as this is also dependent on non-controllable factors. This was evident in 2018, when we saw margin compression due to the equity market sell-off in December. Nevertheless, we will aim to manage a high margin business portfolio.

REFINED TARGETS	2019	Medium-term
Adjusted Cost-income ratio (CIR)	~70% (assuming year-on-year flat revenues)	<65%
Net flows (% of BoP[1] AuM)		3-5% (on average[2])
Dividend pay-out ratio	65-75%	

[1] BoP – Beginning of period for each year
[2] Annual flows could be volatile depending on market circumstances.

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

- Net flows represent assets acquired or withdrawn by clients within a specified period. It is one of the major drivers of changes in AuM.
- Dividend payout ratio is the total amount of dividends paid out to the shareholder relative to the DWS Group annual consolidated net income.

Key Developments in First Half of 2019

DWS achieved a number of significant milestones in the first half of 2019. We published our Annual Report and Sustainability Report for the first time, and in March, we celebrated our one year anniversary as a public listed company. We also hosted our first Annual General Meeting on June 5, 2019, with shareholders voting in favour of all main items on the agenda such as the appropriation of retained earnings including the distribution of a dividend of € 1.37 per share and the authorization to purchase own shares. We also welcomed two new Supervisory Board members.

Cost control continues to be fundamental to execute on our business strategy, and in this respect, we have continued to make meaningful progress. We have accelerated efficiency initiatives with the aim of achieving the full amount of our €150m medium-term gross cost savings objective and an adjusted cost-income ratio of ~70% by the end of 2019. We aim to achieve incremental cost measures through further savings from platform integration and simplification, management of vendor contracts and tight management of external spend including contractors and professional services.

From an operational perspective, we have focused on implementing organisational changes over the past six months, simplifying our sales coverage platform by better aligning our distribution and investment teams. We have also adopted a new client segmentation approach within our sales coverage platform to better combine core investment capabilities with client demand. In June, we announced that we are selling our € 2 billion AuM Hedge Fund UCITS business to Alma Capital Investment as part of our broader strategy to provide scale, efficiency and focus. This deal is due to be completed in the second half of 2019, subject to regulatory approval.

In addition to enhancing distribution, we continuously focus on innovation to help us develop products to meet client needs in the late cycle environment. In the first quarter we rolled out a number of thematic exchange-traded funds (ETFs) and in the U.S. we partnered with one of our European pension insurance clients to launch the largest Environmental, Social and Governance (ESG) equity ETF in the market with € 740 million in seed capital. ESG is and will continue to be an important feature of our portfolio and a growth area. We aim to strengthen our commitment to responsible investing and have already made efforts by partnering with Standard & Poor's to launch an ETF that will provide a sustainable alternative to its U.S. equity benchmark, the S&P 500.

In addition to ESG, we have progressed on our digital strategy in the first half of 2019. We added new partners to our proprietary digital investment platform WISE, marking the first time that DWS has formed such co-operation agreements outside of Germany, and increasing the total number of WISE partners to 17 since its launch in mid-2017.

Our Values

Integrity first

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

Entrepreneurial minds

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

Demanding excellence

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

Inspiring sustainability

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

Operating and Financial Review

Economic Environment

Global Economy

Economic growth (in %)[1]	Jun 30, 2019[2]	Dec 31, 2018	Main driver
Global Economy	3.3[5]	3.8	As global trade continued to weaken in the first half of 2019 industrialized countries and emerging markets experienced a subdued growth. There was a high level of uncertainty about the realignment of the U.S. trade policy. In particular, the currently renegotiated trade relations with China, dampened global trade.
Thereof:			
Industrialized countries	1.7[5]	2.2	The global momentum of industrialized countries was negatively affected by the realignment of global value chains due to the new U.S. trade policy, while domestic demand remained solid.
Emerging markets	4.3[5]	4.9	Emerging markets also experienced negative impacts from the trade disputes. Hence, growth peaked in major Emerging Markets regions except for Latin America.
Eurozone Economy[3]	1.0	1.9	The Eurozone economy expanded at a slower rate, reflecting temporary effects in some member states and a deteriorating external environment. Growth was supported by domestic demand underpinned by a solid income growth and improved financial conditions.
Thereof:			
German economy[3]	0.2	1.4	The German manufacturing industry experienced a rather subdued momentum in the first half of 2019. Idiosyncratic risks in several sectors and slowing world trade led to a soft patch in manufacturing production. By contrast, both the construction sector and private consumption continued to expand on an average basis.
U.S. Economy[3]	2.5	2.9	At the beginning of the year, the U.S. economy was negatively affected by the government shutdown and weather-related effects. Tax cuts, fiscal spending and the pause in the Federal Reserve rate-hiking cycle were a tailwind. These factors together with the tight labour market were the backbone of the domestic economy.
Japanese Economy[3]	0.5	0.8	The Japanese economy slowed due to lower private consumption spending and lower employment growth as well as weaker external demand.
Asian Economy[3,4]	5.4	6.2	Asian economies showed signs of weaker growth due to the recalibration of global trade policy.
Thereof:			
Chinese economy[3]	6.2	6.6	Chinese exports remained relatively resilient despite increasing trade tensions. At the beginning of the year, concerns about an economic slowdown in the Chinese economy intensified.

1 Annual Real GDP Growth (% Year over Year). Sources: National Authorities unless stated otherwise.
2 Sources: Deutsche Bank Research.
3 DB Quarterly Real GDP (% Year over Year) for 2019.
4 Including China, India, Indonesia, Republic of Korea, and Taiwan, ex Japan.
5 Quarterly numbers are not available for various countries of these aggregates, the growth forecasts for the full year are given here.

Asset Management Industry

Despite a promising start, in 2018 global stock markets recorded their worst year since the financial crisis and investors wary of further volatility withdrew from the market. In contrast, global stock markets in 2019 have gained momentum and investor sentiment has improved as a result. Nevertheless ongoing challenges remain including growing inflationary threats, protectionist, anti-trade policies and increased market uncertainty making investors cautious. Flows in the asset management market have rebounded since the downturn at the end of 2018 and passive strategies have continued to report strong inflows.

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

- An ageing population is creating increased demand for retirement products and in particular demand for outcome-oriented products and multi asset strategies. Demand for more sophisticated pension solutions is also being driven by the switch from defined benefit to defined contribution schemes;
- Emerging economies are growing and increasing in wealth, offering new opportunities for managers as local investors expand their investment horizons globally;
- In developed markets, continued low interest rates are causing a shift from unmanaged assets, such as cash and deposit accounts, into managed portfolios;

- New digital technology, such as robo-advisory, is enhancing distribution capabilities giving investors online access, while the wider adoption of artificial intelligence and the use of big data is expanding product choice and enhancing performance;
- Passive funds continue to gain popularity, offering investors cheap and easy access to a diverse range of asset classes;
- Demand for sustainable or environmental, social and governance investments is driving research, enhanced risk management and extensive product development as investors increasingly focus on issues such as climate change;
- Regulatory changes are stimulating demand for greater transparency and choice for the end consumer;
- Asset managers are playing a larger role in providing capital to the economy, taking advantage of bank retrenchment due to regulatory and capital constraints and the diminished ability of national governments to fund infrastructure investment;
- Economic, market and political uncertainty has increased demand for investment solutions and will likely prove to be an advantage for active managers with good performance and those able to offer products across multiple asset classes.

DWS Group

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

- As markets become more challenging, DWS Group is able to offer clients a comprehensive range of investment solutions from its globally integrated investment platform spanning 15 countries and covering all major asset classes and investment styles;
- With a dynamic range of alternative investments including real estate, infrastructure, liquid real assets, private equity and sustainable investments, DWS Group is able to meet client demand for higher returns in the current low-yield environment helping investors meet their long-term investment goals;
- DWS Group is well positioned to take advantage of the shift to passive investments, offering passive mutual funds, mandates and ETFs. Xtrackers, our passive platform, is Europe's second-largest provider of ETFs with 11.0% market share, and the seventh-largest globally[1];
- Growing investor demand for wider adoption of ESG factors, particularly from European institutional investors, has long been recognised by DWS Group, which was among the early signatories of the UN-backed Principles for Responsible Investment (PRI) in 2008. We believe that our expertise and long experience in sustainable investing along with our increased range of products assist us to further protect and grow our clients' assets over the long term;
- As the asset management market continues to be shaped by advances in technology DWS Group has invested in new digital expertise, which is creating new distribution channels, products and services for our clients.

DWS Performance

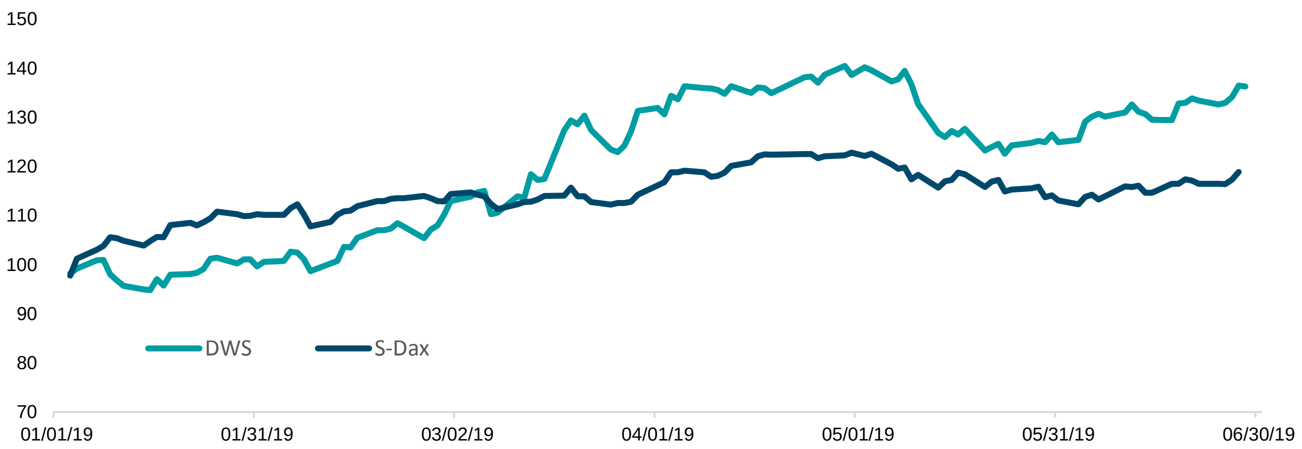
Our Shares

DWS KGaA's shares are listed in the Prime Standard on the Frankfurt Stock Exchange, which has the most stringent transparency and disclosure requirements in Germany and are a component of the German SDAX, a market index composed of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalization. The index thus represents the 91st-160th largest publicly traded companies in Germany with regards to order book volume and market capitalization. With a weighting of 1.7%, DWS KGaA was ranked 24 in the German SDAX at June 28, 2019.

The highest Xetra closing price for DWS shares in the first half of 2019 was € 33.14 reached on May 2, 2019, while the lowest closing price was on January 14, 2019 at € 22.44. Over the first six months of 2019, the share price posted a performance of 36.3%, compared to 18.9% increase at the SDAX in the same period. The market capitalization of DWS KGaA based on the 200 million outstanding bearer shares totalled € 6.2 billion on June 28, 2019.

[1] ETFGI June 2019, Broadridge.

Total Shareholder Return since January 1, 2019 in %



Key Data Share

WKN	**DWS100**
ISIN	DE000DWS1007
Ticker symbol	DWS
Trading segment	Regulated market (Prime Standard)
Indices	SDAX
Class of shares	No par-value ordinary bearer shares
Number of shares as of June 30, 2019	200,000,000
Market capitalization as of June 30, 2019 (in € bn)	6.2
Initial listing	March 23, 2018
Initial issue price in €	32.50
Share price in € as of June 28, 2019[1]	30.78
Percentage change (since January 1, 2019)	36.3
Period high (Jan - Jun 2019) in €[1]	33.14
Period low (Jan - Jun 2019) in €[1]	22.44

[1] Xetra Closing Price

Investor Relations Activity

In the first half of 2019 DWS Group engaged in continuous dialogue with analysts, institutional and private investors to provide the latest developments on the group's business strategy.

The Chief Executive Officer and Chief Financial Officer, accompanied by the Investor Relations (IR) team actively participated in industry conferences and roadshows across the world meeting investors in Frankfurt, London, Milan and New York. IR also maintains contact with sell-side analysts and shareholders through frequent one-on-one meetings and phone calls.

In these meetings, a broad range of topics are often covered including business developments, cost efficiencies, medium-term financial targets, strategic alliances, regional strategies and asset management industry outlook.

Every quarter, DWS Group hosts a conference call to present its financial results to analysts, and provides public access to the corresponding documents on the DWS Group website https://group.dws.com/ir/reports-and-events/financial-results/

Financial Calendar 2019

Date	Event
July 24, 2019	1 HY 2019 Interim Report with Investor & Analyst Conference Call
October 30, 2019	Q3 2019 results with Investor & Analyst Conference Call

Shareholder Structure

DB Beteiligungs-Holding GmbH, which has its registered seat in Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt am Main, Germany, under HRB 87504, is the largest shareholder of DWS KGaA. As per April 20, 2018 DB Beteiligungs-Holding GmbH held 158,981,872 units or a 79.49% share in DWS KGaA. DB Beteiligungs-Holding GmbH is a wholly-owned subsidiary of Deutsche Bank AG. The second largest shareholder is Japanese insurer Nippon Life Insurance Company with a 5% stake as notified to us in the voting rights announcement dated March 22, 2018. These ownerships have been confirmed at the Annual General Meeting on June 5, 2019. We have not been made aware of any changes in this ownership as per June 30, 2019. DWS KGaA's free float amounts to 15.51%.

Financial Performance

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

	Jan - Jun 2019	Jan - Jun 2018
Assets under Management (AuM)(1) (in € bn)	**719**	**687**
Net flows(2) (in € bn)	7	(13)
Net flows(2) excluding cash (in € bn)	8	(10)
Management fee margin(3) (in basis points (bps))	30.2	30.8
Adjusted revenues(4) (in € m)	1,142	1,135
Adjusted costs(5) (in € m)	(804)	(846)
Cost-income ratio (CIR)(6) (in %)	73.3	75.4
Adjusted cost-income ratio(7) (in %)	**70.4**	**74.6**
Adjusted profit before tax(8) (in € m)	**338**	**289**

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

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

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

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

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

in € m.	Jan - Jun 2019	Jan - Jun 2018
Noninterest expenses	**(838)**	**(856)**
Litigation	(1)	(2)
Restructuring activities	29	9
Severance payments	5	2
Adjusted costs	**(804)**	**(846)**

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

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

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

Results of Operations

in € m.	Jan - Jun 2019	Jan - Jun 2018	Absolute Change	Change in %
Management fees income	1,556	1,578	(22)	(1)
Management fees expense	(510)	(537)	27	(5)
Net management fees	**1,046**	**1,041**	**5**	**0**
Performance and transaction fees income	77	48	29	61
Performance and transaction fees expense	(0)	(2)	2	(84)
Net performance and transaction fees	**76**	**45**	**31**	**69**
Net commissions and fees from asset management[1]	**1,122**	**1,086**	**36**	**3**
Interest and similar income	13	7	7	105
Interest expense	(9)[2]	(5)	(4)	77
Net interest income	**5**	**2**	**3**	**198**
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	58[3]	(0)	59	N/M
Net income (loss) from equity method investments	21	22	(1)	(6)
Other income (loss)	(63)[3]	26	(89)	N/M
Total net interest and noninterest income	**1,142**	**1,135**	**7**	**1**
Compensation and benefits[4]	(440)	(362)	(78)	21
General and administrative expenses	(398)[5]	(494)	96	(20)
Impairment of goodwill and other intangible assets	0	0	0	N/M
Total noninterest expenses	**(838)**	**(856)**	**19**	**(2)**
Profit (loss) before tax (PBT)	**305**	**279**	**26**	**9**
Income tax expense	(90)	(90)	(1)	1
Net income (loss)	**214**	**189**	**25**	**13**
Attributable to:				
Noncontrolling interests	1	0	1	N/M
DWS Group shareholders	214	189	24	13

1 Net commissions and fees from asset management are disclosed on a gross basis; whereas disclosed on a net basis in the 2018 reports as IFRS 15 was not implemented retrospectively.
2 Includes interest expenses on lease liabilities of € 2 million after implementation of IFRS 16 as of January 1, 2019.
3 Net gains (losses) in financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € 66 million on guaranteed funds. Other income (loss) includes € (66) million valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
4 Includes restructuring costs of € 29 million for the first half of 2019 (€ 9 million for the first half of 2018).
5 The Group reflects depreciation of right-of-use assets of € 11 million after implementation of IFRS 16 as of January 1, 2019. In 2018 the respective leasing expenses were reflected under occupancy expenses.

For the first half of 2019, we reported a higher profit before tax of € 305 million, an increase of € 26 million, or 9% compared to the first half of 2018. Our revenues are essentially flat, with flat management fees, significantly higher performance fees partly offset by significantly lower other revenues. Noninterest expenses in line with the first half of 2018.

Total net interest and noninterest income was € 1,142 million, an increase of € 7 million. Performance and transaction fees increased significantly by € 31 million, or 69% mainly driven by a non-recurring Alternatives performance fee recognized in the second quarter of 2019. Management fees were essentially flat, as a positive market performance and growth in passive and alternatives is compensating for the unfavourable revenue effect from net outflows in 2018. Remaining revenues were € 20 million, a significant decrease of € 29 million, or 59% compared to the first half year in 2018. This is primarily driven by the negative change in fair value of guarantees for the guaranteed products.

Noninterest expenses of € 838 million are essentially flat compared to the first half of 2018. The increase in compensation and benefits is mainly driven by the internalization of functions from Deutsche Bank Group, higher performance related compensation as well as higher restructuring activities. General and administrative expenses decreased driven by significantly lower charges for services provided by Deutsche Bank Group and lower non-compensation direct costs, largely due to reduced professional service fees.

Assets under Management

The AuM development in the first half of 2019 is reflected in the table below:

	Dec 31, 2018			Jan - Jun 2019		Jun 30, 2019
in € bn.	AuM[2]	Net flows	FX impact	Performance	Other	AuM
Product:						
Active Equity	77	(1)	0	13	0	90
Active Multi Asset	46	1	0	3	0	50
Active SQI[1]	63	(1)	0	6	0	68
Active Fixed Income	227	(5)	1	10	(1)	232
Active Cash	58	(1)	0	0	(0)	57
Passive	112	10	0	14	0	136
Alternatives	79	5	0	3	1	88
Total	**662**	**7**	**2**	**50**	**(1)**	**719**

[1] Systematic & quantitative investments.
[2] Product restatements lead to a shift in the asset class breakdown compared to the disclosed breakdown in our annual report 2018.

Assets under Management were € 719 billion, an increase of € 57 billion compared to December 31, 2018. The increase was mainly driven by favourable market development of € 50 billion, net inflows of € 7 billion and a foreign exchange effect of € 2 billion.

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

Net flows

For the first half of 2019 we generated net flows of € 7 billion mainly due to strong inflows into passive and alternatives products partially offset by fixed income redemptions.

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

FX impact

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

Performance

The performance of the equity markets in the period led to an increase in AuM of € 50 billion particularly in equity, passive, fixed income and equity related products within multi-asset, SQI.

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

Financial Position

Liquidity

Treasury is mandated to manage the overall liquidity and funding position of DWS Group. We principally fund our business through equity and cash generated by our operations. To ensure that DWS Group can fulfil its payment obligations at all times and in all currencies, we established a liquidity risk management framework that includes stress-testing of our current and forecasted liquidity position. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure the plan is in compliance with its risk appetite. As of June 30, 2019 we held cash, bank balances, government bonds and money market funds totalling € 2,778 million. To further diversify our funding capabilities, we have a € 500 million multicurrency revolving credit facility in place, under which there were no drawings as of June 30, 2019.

Capital Management

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

Capital Expenditures

During first half year 2019 DWS Group made no material capital expenditures in intangibles and property and equipment. Contingent liabilities and other obligations increased by € 17 million from € 65 million in 2018 to € 82 million as of June 30, 2019 mainly due to new co-investments.

Net Assets

The table below shows selected items within our financial position:

in € m.	Jun 30, 2019	Dec 31, 2018
Assets:		
Cash and bank balances	1,807	2,310
Financial assets at fair value through profit or loss	3,280	2,875
Goodwill and other intangible assets	3,754	3,749
Remaining assets[1]	1,799	1,760
Total assets	**10,641**	**10,694**
Liabilities and equity/net asset value:		
Financial liabilities at fair value through profit or loss	674	613
Remaining liabilities[2]	3,504	3,543
Total liabilities	**4,178**	**4,155**
Equity	**6,463**	**6,539**
Total liabilities and equity/net asset value	**10,641**	**10,694**

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

As of June 30, 2019, total assets decreased by € 53 million (or 0%) compared to year-end 2018.

Cash and bank balances decreased by € 503 million. The decrease is mainly related to dividend paid of € 274 million as agreed in the Annual General Meeting on June 5, 2019, net taxes paid of € 190 million and net new investments in money market funds, government bonds and seed investments of € 305 million, partly offset by remaining net cash movements of € 266 million. The increase in financial assets at fair value through profit and loss of € 406 million mainly relates to new net investments in money market funds, government bonds and seed investments of € 305 million and mark to market increase in guaranteed funds and investment contract assets of € 101 million. Remaining assets increased by € 39 million mainly driven by the implementation of

IFRS 16 with an increase in right-of-use assets of € 192 million, increase in equity method investments of € 25 million and a decrease in other receivables of € 189 million.

As of June 30, 2019, total liabilities increased by € 23 million (or 1%) compared to year-end 2018. The overall increase was primarily driven by the implementation of IFRS 16 with an increase in remaining liabilities of € 205 million and guaranteed funds and investment contract liabilities of € 101 million offset by decrease in tax liabilities of € 141 million and decrease in payables of € 183 million.

Equity

The total equity as of June 30, 2019 was € 6,463 million compared to € 6,539 million as of December 31, 2018. The decrease of € 76 million is mainly driven by the dividend paid of € 274 million as agreed in the Annual General Meeting on June 5, 2019 and the net income after tax for the period January to June 2019 of € 214 million.

Regulatory Capital

Our fully loaded Common Equity Tier 1 (CET 1) capital according to CRR/CRD 4 as of June 30, 2019 increased by € 40 million to € 2,724 million, largely due to second half 2018 profit recognition excluding the dividend we paid to our shareholders. Risk-weighted assets (RWA) according to CRR/CRD 4 were € 9,174 million as of June 30, 2019, decreased by € 68 million compared with € 9,242 million at the end of 2018. The CRR/CRD 4 CET 1 capital ratio was 29.7% as of June 30, 2019, compared with 29.0% at the end of 2018, as shown in the table below. With that we comply with the overall regulatory capital requirements.

in € m. (unless stated otherwise)	Jun 30, 2019 CRR / CRD4	Dec 31, 2018 CRR / CRD4
Regulatory capital:		
Common Equity Tier 1 capital (CET1)	2,724	2,684
Tier 1 capital (CET1 + AT1)	2,724	2,684
Tier 2 capital	0	0
Total regulatory capital	**2,724**	**2,684**
Risk weighted assets:		
Credit risk	5,109	5,283
Credit Value Adjustment (CVA)	0	1
Market risk	4,065	3,958
Operational risk[1]	0	0
Total risk weighted assets	**9,174**	**9,242**
Overall capital ratio (in %)[2]	**29.7**	**29.0**
CET1 ratio (in %)[2]	**29.7**	**29.0**

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

The table below shows a reconciliation of IFRS equity to regulatory capital as at June 30, 2019:

in € m.	Jun 30, 2019 CRR / CRD4	Dec 31, 2018 CRR / CRD4
Shareholders‘ equity, as defined by IFRS, regulatory basis of consolidation	6,360	6,446
Elimination of net income, net of profit recognition	(226)	(367)
Goodwill and intangible assets (net of related deferred tax liabilities)	(3,383)	(3,367)
Deferred tax assets on unused tax losses	(6)	(5)
Prudent valuation	(10)	(14)
Defined benefit pension plan assets	(11)	(11)
Regulatory capital	**2,724**	**2,684**

Executive Board and Supervisory Board

Managing Directors of the General Partner (Executive Board)

There were no changes in the management of the General Partner in the first half of 2019 compared to December 31, 2018.

Supervisory Board

The Annual General Meeting on June 5, 2019 elected the following members to the Supervisory Board for a term of 4 years:

- Annabelle Bexiga, Founder and Principal, self-employed, at Bay Harbour Consulting;
- Richard I. Morris, Jr.[1], Non-executive director and advisor of companies including Merian Global Investors and Söderberg & Partners AB or TA Associates and Jupiter Fund Management plc.

In addition, Ms Sylvie Matherat resigned from her position as shareholders' representative on the Supervisory Board, effective July 10, 2019.

[1] Richard I. Morris, Jr., had already been appointed as member of the Supervisory Board by the responsible court of Frankfurt am Main on October 18, 2018 until the end of the Annual General Meeting on June 5, 2019.

Our Strategy

At DWS, we aim to create sustainable value for our clients globally, by delivering the best investment solutions across the full spectrum of asset classes based on in-depth research, state-of-the-art risk management and innovative technologies.

In March 2018, we became a listed asset manager on the Frankfurt Stock Exchange, enabling us to operate more autonomously. We are using the newly gained autonomy to review our strategic agenda and set clear priorities. In doing so, we aim to maintain and future proof our diversified business model, based on the three strong pillars: Active, Passive and Alternative Investments.

We have set distinct growth priorities to leverage our competitive positioning and generate organic growth:

- Innovation and investment excellence: We will focus on innovative products and services across the entire platform that set us apart in competitive markets:
  - Active: we aim to focus in particular on systematic and quantitative strategies as well as our multi asset and solutions offering
  - Passive: we seek to broaden our offering of specialized ETFs (e.g. thematic ETFs)
  - Alternative Investments: we intend to broaden our Alternatives offering (e.g. alternative credit, real asset debt)
  - Moreover, we want to continuously focus on improving fund performance

- Sustainability: We expect sustainability and sustainable investments to become the driving force behind successful asset management over the coming years. We recognise this not only as responsible managers – but we also clearly see this in the investment behaviour in our global client base. Demand for ESG investment products has risen significantly and we are convinced that it will continue to rise. Based on more than 20 years of history in sustainable investing, we seek to make sustainability a core component of our fiduciary activities.

- Digitalisation: New technologies provide new opportunities for asset managers both to revolutionize investment management and enable higher automation levels. DWS aims to accelerate its activities in enhancing digital capabilities. In particular, we seek to invest into digital technologies and build out our Robo Advisor Platform for enhanced client reach.

- Strategic Alliances: We intend to enhance our distribution capabilities by further strengthening and broadening our strategic alliances.

At the same time, we are focusing on improving efficiency with a strict focus on cost reduction and investment in platform consolidation, data management and process digitisation.

Financial Targets

Our strategic priorities translate into our refined, medium-term financial targets:

- 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% in the medium term.

- The wide distribution reach across retail and institutional channels, as well as across geographies, is expected to support the delivery of our annual average net flow target of 3 to 5% over the medium-term.

- Through the above, we aim to be positioned to deliver shareholder value via a target dividend payout ratio of 65 to 75% (as a percentage of annual IFRS net income).

Progress on Strategy Implementation

In the first half of this year, we have been able to achieve significant progress towards our strategic growth priorities:

We have made changes to our organisational structure to optimize our positioning and strengthen our regional management structure.
- We have succeeded in achieving further net inflows for a second quarter in a row. The main cause for this was the continued momentum in our targeted growth areas of Passive and Alternatives. ETPs (exchange-traded funds and commodities)

contributed strongly to the overall Passive business and achieved a market share of 18 percent in European flows during the second quarter

- Our platform for exchange-traded index funds, Xtrackers, launched the largest ever ESG equity ETF in the U.S. as well as two new thematic equity ETFs providing exposure to companies closely related to the themes of future mobility and artificial intelligence.

- We are partnering with Postbank for the first major sustainability fund sales campaign and launched a new ESG Global Emerging Markets Equities fund.

- We successfully agreed on a Joint Venture with the digital asset manager Neo.

Furthermore, we have continued a strict focus on cost efficiency in the first half and accelerated our cost initiatives by identifying incremental cost measures of ~ € 85 million in the first half of 2019. Renegotiation of 3rd party spend and further workforce efficiencies have been key cost reduction catalysts. Moreover, we made progress in providing efficiency and focus on our core business following the agreement with Alma Capital to acquire DWS's Hedge Fund UCITS business.

Outlook

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

Global Economy

Global Economy Outlook

Economic growth (in %)[1]	2019[2]	2018	Main driver
Global Economy			Global economic activity is still set to expand in 2019 but at a slower pace than in 2018, mainly due to a flattening of growth in the US and a slower growth in China as well as in Europe. While economic fundamentals are still solid in most countries, there are a several obstacles to growth, in particular the slowing of global trade. Major central banks are set to ease policy measures in response which should help to avoid a further deceleration of global growth.
GDP	3.2	3.8	
Inflation	3.0	3.3	
Thereof:			
Industrialized countries			In 2019, the industrialized countries will present a mixed picture. While the U.S. should continue to grow above potential, Europe is losing momentum. There is a risk that the weakness in exports is spreading over to the domestic economy despite supportive monetary and fiscal policies. The uncertainties caused by continued trade tensions are likely to place an increasing burden on the integrated value chains of many industrial countries. Moreover, the structural weakness in growth in several euro area countries could lead to further political tensions.
GDP	1.7	2.2	
Inflation	1.4	2.0	
Emerging markets			The Emerging market economies should continue to grow firmly. A softer monetary stance across central banks aimed at sustaining growth, bodes well for growth in 2019.
GDP	4.3	4.9	
Inflation	4.0	4.1	
Eurozone Economy			Economic growth in the Eurozone gets an additional impetus from the fiscal side in certain large member states including Italy and France. These positive benefits could be partly offset by one-off factors, for example the uncertainties caused by the Brexit negotiations, the economic weakness of Italy and the slowdown of the German industry. External headwinds could further dampen the economic outlook on the Eurozone
GDP	1.1	1.9	
Inflation	1.2	1.8	
Thereof:			
German economy			The German economy continues to be negatively affected by the slowdown in world trade. This effect would be reinforced by a slowdown in global demand for cars or potential tariffs on European car exports to the US given the dominance of the automotive industry in German exports. The strong labour market, solid wage increases and a structural demand overhang in the housing market combined with still extremely low interest rates suggest that the domestic part of the economy will continue to expand.
GDP	0.7	1.4	
Inflation	1.6	1.9	
U.S. Economy			The U.S. economy is expected to decelerate but should grow at above-trend pace. Economic growth should be supported by strong domestic consumption and capital expenditures. Tax cuts and fiscal spending should act as a tailwind but might fade over the course of the year. Escalation of trade disputes leading to higher tariffs still provide a material downside risk. Due to these less positive outlook, we expect the Federal Reserve to cut its policy rate in 2019.
GDP	2.4	2.9	
Inflation	1.5	2.4	
Japanese Economy			The Japanese economy is likely to be negatively impacted by still slower capital expenditure and decelerating investment growth as well as the impact of the increase in consumption taxes. These negative effects should be partly offset by higher public spending.
GDP	0.5	0.8	
Inflation	0.4	1.0	
Asian Economy[3]			Asian economies are also expected to lose growth momentum but still remain the power-house of economic growth. If the U.S.-China trade negotiations will be successful the region might regain strength.
GDP	5.6	6.2	
Inflation	2.4	2.6	
Thereof:			
Chinese economy			The Chinese economy is negatively affected by the slower growth in the property market, the introduction of U.S.-customs as well as the overall trade tensions. The negative impacts should be partly offset by expected tax cuts, easing of property regulations and an increase in the credit supply.
GDP	6.2	6.6	
Inflation	2.4	2.1	

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

The uncertainty in our global forecasts remains relatively high. Brexit, Italian political and economic developments, protests in France and a further escalation of the trade war, in particular between China and the U.S., remain as key risks. The extension of the Brexit deadline pushes the uncertainty into the second half of 2019. A disorderly Brexit has become more likely and would exacerbate the already uncertain economic outlook in the UK and Europe and hamper growth. In Continental Europe, the confrontation between Italy and the European Commission or a new escalation of the "Yellow Vest" movement in France could heighten volatility and harm Eurozone growth. A failure to secure a trade deal between the U.S. and China, the imposition of additional tariffs in the automobile sector as well as on remaining China imports, or an escalation of conflicts beyond trade, could further reduce growth.

Asset Management Industry

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

DWS Group

We expect AuM at the end of 2019 to be higher compared to the end of 2018. Net flows are expected to be positive, expedited by passive products, alternative investments and enhanced distribution partnerships. Together, these will also support our ambition to outperform industry flows in 2019, which are expected to be 2 to 3%.

While we are cautiously optimistic on equity markets, we also want to insulate our business from the prospect of continued volatility and potential market challenges. For this reason, we will prioritise our adjusted cost-income ratio target to ensure we are able to generate maximum shareholder value regardless of the environment in which we operate.

We expect 2019 adjusted revenues to be in line with 2018. Management fees are assumed to be essentially flat year-over-year as we anticipate 2019 AuM growth to be offset by margin compression and lower AuM at the start of the year following 2018 net outflows and the market downturn during the fourth quarter. Performance and transaction fees are now expected to be significantly higher than in 2018, driven by a non-recurring Alternative Investment performance fee recognised in the second quarter of 2019. However this fee also generates related carried interest expenses, which has an effect on our overall cost base. As a result, 2019 adjusted costs are expected to remain in line with 2018 and will subsequently differ from the outlook in our 2018 Annual Report.

Despite this, we remain on track to deliver all of our € 150 million in medium term gross cost savings by the end of 2019. This will help reduce the adjusted cost-income ratio to below that of 2018 and achieve the target of ~70% by year end 2019. The adjusted profit before tax 2019 is also expected to be higher compared to 2018.

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

Risks and Opportunities

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

Risks

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

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

Adverse market conditions, unfavourable prices and volatility as well as cautious investor and client sentiment may in the future materially and adversely affect our revenues and profits as well as the timely and complete achievement of our strategic aspirations. In addition, changes in the interest rate environment may have an impact on our Fixed Income strategies as well as on the fair value of the guarantees we have sold. These changes in the fair value of the guarantees will be reflected in Other Revenues.

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

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

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

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

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

Opportunities

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

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

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

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

Overall Assessment

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

Risk Report

Risk in DWS Group

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

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

Overall Risk Assessment

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

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

In 2019 our risk governance structure, framework, risk appetite and capacity remained unchanged. Please refer to the risk report in the 2018 full year accounts for details.

In the first half of 2019, no material incidents have been identified and the key drivers for our risk profile have not changed in terms of themes and inherent risk exposure.

Update on Risk and Capital Overview

Key Risk Metrics

DWS is required to adhere to the capital requirements applicable to Capital Requirements Regulation (CRR) investment firms, as outlined in Art. 95 and 98 of EU Regulation 575/2013 CRR.

Additionally, we manage our capital so as to satisfy the levels of regulatory capital defined in the EU Directive 2013/36 (CRD 4) and CRR and required by the relevant authority, BaFin, to cover risk weighted assets (RWA) for credit risks and market risks. As the rules for CRR investment firms are applicable to us, RWA for operational risks are not required to be covered.

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

Common Equity Tier 1 ratio	
June 30, 2019	29.7%
December 31, 2018	29.0%

Total Risk Weighted Assets	
June 30, 2019	€ 9,174 million
December 31, 2018	€ 9,242 million

As of June 30, 2019, our Common Tier 1 capital amounted to € 2,724 million which was € 40 million or 1% above the € 2,684 million Common Tier 1 capital as of December 31, 2018.

Update on Risk Management and Key Risk Drivers

Non-Financial Risk

Non-financial risk is comprised of operational risk and reputational risk.

In the first half of 2019, there have been no material changes to the governance structure, risk appetite, risk drivers or capacity in relation to our non-financial risks.

Financial Risk

Market Risk

In the first half of 2019, there have been no changes to the processes governing the identification, measurement, mitigation, reporting and monitoring of our market risk exposure. The primary objective in the management of our market risk remains to ensure that our risk exposure is within the approved appetite commensurate with its defined strategy.

Over the same period, there have been no material changes to the fair value of the main market risk related portfolios other than as described below.

Co-Investments: The fair value of the co-investment portfolio increased by € 28 million in the first half of 2019 driven by net new capital investments of € 15 million with the balance of the change largely comprising mark to market and foreign exchange movements. As of June 30, 2019, the portfolio also included € 82 million of unfunded commitments.

Guaranteed Products: The guarantee shortfall is particularly sensitive to movements in long-term interest rates. Consequently, the reduction in long term rates during the first half of 2019 resulted in € 21 million increase in the level of the shortfall (albeit remaining within the bounds of the sensitivities outlined in the full year report).

Credit Risk

The key driver of our credit risk is the credit quality of the third party institutions in which overnight deposits and, potentially, term deposits (up to one year) are placed. During the half year, the rating quality of our counterparty banks are monitored and where necessary, adjustments to limits are implemented. In addition, and recognising the current interest rate environment, alternatives to the use of banks were sought out. This has resulted in investments in US Treasuries/European Sovereign Bonds (€ 421 million) and money market funds (€ 550 million) thus reducing the credit risk of counterparty banks.

Consolidated Financial Statements

Consolidated Statement of Income (unaudited)

in € m.	Notes	Jan - Jun 2019	Jan - Jun 2018
Management fees income		1,556	1,578
Management fees expense		(510)	(537)
Net management fees	**4**	**1,046**	**1,041**
Performance and transaction fee income		77	48
Performance and transaction fee expense		(0)	(2)
Net performance and transaction fees	**4**	**76**	**45**
Net commissions and fees from asset management[1]	**4**	**1,122**	**1,086**
Interest and similar income		13	7
Interest expense		(9)[2]	(5)
Net interest income		**5**	**2**
Net gains (losses) on financial assets/liabilities at fair value through profit or loss		58[3]	(0)
Net income (loss) from equity method investments		21	22
Other income (loss)		(63)[3]	26
Total net interest and noninterest income		**1,142**	**1,135**
Compensation and benefits[4]		(440)	(362)
General and administrative expenses	5	(398)[5]	(494)
Impairment of goodwill and other intangible assets	9	0	0
Total noninterest expenses		**(838)**	**(856)**
Profit (loss) before tax		**305**	**279**
Income tax expense	13	(90)	(90)
Net income (loss)		**214**	**189**
Attributable to:			
Noncontrolling interests		1	0
DWS shareholders		214	189

[1] Net commissions and fees from asset management are now shown gross; were shown net in the 2018 reports as IFRS 15 was not implemented retrospectively.
[2] Includes interest expenses on lease liabilities of € 2 million after implementation of IFRS 16 as of January 1, 2019.
[3] Net gains (losses) in financial assets/liabilities at fair value through profit or loss are impacted by valuation adjustments of € 66 million on guaranteed funds. Other income (loss) includes € (66) million valuation adjustments on liabilities of guaranteed funds. DWS Group has no stake in these funds.
[4] Includes restructuring costs of € 29 million for the first half of 2019 (€ 9 million for the first half of 2018).
[5] The Group reflects depreciation of right-of-use assets of € 11 million after implementation of IFRS 16 as of January 1, 2019. In 2018 the respective leasing expenses have been reflected under occupancy expenses.

Consolidated Statement of Comprehensive Income (unaudited)

in € m.	Jan - Jun 2019	Jan - Jun 2018
Net income (loss) recognised in the income statement	**214**	**189**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement gains (losses) related to defined benefit plans, before tax	(30)	(5)
Total of income tax related to items that will not be reclassified to profit or loss	10	15
Items that are or may be reclassified to profit or loss		
Foreign currency translation		
Unrealized net gains (losses) arising during the period, before tax	18	164[1]
Realized net (gains) losses arising during the period (reclassified to profit or loss), before tax	0	0
Equity method investments		
Net gains (losses) arising during the period	0	2
Total of income tax related to items that are or may be reclassified to profit or loss	0	0
Other comprehensive income (loss), net of tax	**(2)**	**176**
Total comprehensive income (loss), net of tax	**212**	**365**
Attributable to:		
Noncontrolling interests	1	0
DWS shareholders	212	365

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

Earnings per Common Share (unaudited)

	Jan - Jun 2019	Jan - Jun 2018
Earnings per common share:		
Basic	€ 1.07	€ 0.95
Diluted	€ 1.07	€ 0.95
Number of common shares (in million)	200	200

Consolidated Balance Sheet (unaudited)

in € m.	Notes	Jun 30, 2019	Dec 31, 2018
ASSETS			
Cash and bank balances	8	1,807	2,310
Financial assets at fair value through profit or loss	6, 7		
Trading assets		1,327	1,226
Positive market values from derivative financial instruments		0	5
Non-trading financial assets mandatory at fair value through profit or loss		1,396	1,131
Investment contract assets mandatory at fair value through profit or loss		557	512
Total financial assets at fair value through profit or loss	6, 7	3,280	2,875
Equity method investments		265	240
Loans at amortized cost	8	7	2
Property and equipment		4	5
Right-of-use assets		192	N/A
Goodwill and other intangible assets	9	3,754	3,749
Other assets	8, 10	1,202	1,355
Assets for current tax	13	12	64
Deferred tax assets	13	118	95
Total assets		**10,641**	**10,694**
LIABILITIES AND EQUITY			
Deposits	8	0	0
Financial liabilities at fair value through profit or loss	6, 7		
Trading liabilities		9	9
Negative market values from derivative financial instruments		108	91
Investment contract liabilities		557	512
Total financial liabilities at fair value through profit or loss	6, 7	674	613
Other short-term borrowings	8	86	112
Lease liabilities	8	205	N/A
Other liabilities	8, 10	2,862	2,945
Provisions	11	49	42
Liabilities for current tax	13	75	214
Deferred tax liabilities	13	225	227
Long-term debt	8	3	3
Total liabilities		**4,178**	**4,155**
Common shares, no par value, nominal value of € 1.00	12	200	200
Additional paid-in capital		3,465	3,472
Retained earnings		2,532	2,617
Accumulated other comprehensive income (loss), net of tax		248	229
Total shareholders' equity		**6,444**	**6,519**
Noncontrolling interests		19	20
Total equity		**6,463**	**6,539**
Total liabilities and equity		**10,641**	**10,694**

Consolidated Changes in Equity (unaudited)

	Shareholders' equity / net asset value									Non-controlling interest	Total equity / net asset value
						Accumulated other comprehensive income, net of tax[1]					
in € m.	Net Investment attributable to Deutsche Bank Group	Common Stock	Additional paid in capital	Share awards	Retained Earnings	Foreign currency translation net of tax	Unrealized net gains (losses) from equity method investments	Total	Total		
Pro-forma beginning balance as of January 1, 2018	**333**	**200**	**3,358**	**25**	**2,428**	**(4)**	**19**	**16**	**6,360**	**6**	**6,366**
Impact of the transition from combined to consolidated financial statements[2]	(333)	0	0	0	0	0	0	0	(333)	0	(333)
IFRS 9 introduction impact, net of tax	0	0	0	0	(2)	0	0	0	(2)	0	(2)
Total comprehensive income (loss), net of tax	0	0	0	0	189	164	2	166	355	0	355
Remeasurement gains (losses) related to defined benefit plans, net of tax	0	0	0	0	10	0	0	0	10	0	10
Net change in DB share awards in the reporting period, net of tax[3]	0	0	0	78	0	0	0	0	78	0	78
Other[4]	0	0	0	0	(182)	0	0	0	(182)	6	(177)
Balance as of June 30, 2018	**0**	**200**	**3,358**	**103**	**2,444**	**160**	**21**	**181**	**6,286**	**12**	**6,297**
Balance as of December 31, 2018	**0**	**200**	**3,358**	**114**	**2,617**	**210**	**19**	**229**	**6,519**	**20**	**6,539**
IFRS 16 introduction impact, net of tax	0	0	0	0	(5)	0	0	0	(5)	0	(5)
Balance as of January 1, 2019	**0**	**200**	**3,358**	**114**	**2,612**	**210**	**19**	**229**	**6,514**	**20**	**6,534**
Total comprehensive income (loss), net of tax	0	0	0	0	214	18	0	18	232	0	233
Remeasurement gains (losses) related to defined benefit plans, net of tax	0	0	0	0	(20)	0	0	0	(20)	0	(20)
Common shares issued	0	0	0	0	0	0	0	0	0	0	0
Cash dividends paid	0	0	0	0	(274)	0	0	0	(274)	0	(274)
Net change in DB share awards in the reporting period, net of tax	0	0	0	(7)	0	0	0	0	(7)	0	(7)
Other	0	0	0	0	0	0	0	0	0	(1)	(2)
Balance as of June 30, 2019	**0**	**200**	**3,358**	**107**	**2,532**	**228**	**19**	**248**	**6,444**	**19**	**6,463**

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

Consolidated Statement of Cash Flows (unaudited)

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

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

Investing activities contain cash flows resulting from purchase, sale and maturities of consolidated and non-consolidated investments, non-trading financial assets, tangible and intangible assets. Activities in co- and seed investments are shown under the investing activities.

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

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

As part of the transition from combined to consolidated financial statements and in order to increase transparency the cash flow statement was refined as at year end 2018 with respect to the business model of the asset management industry. The changes contain the reclassification of:

- inflows from repayments of loans at amortized cost made to other parties of € 295 million as for January to June 2018 from operating activities to investing activities,
- outflows from non-trading financial assets mandatory at fair value through profit or loss of € 177 million as for January to June 2018 from operating activities to investing activities, and
- outflows from repayments of other borrowings of € 24 million as for January to June 2018 from operating activities to financing activities.

The outflows from repayments of other borrowings included € 3 million from deposits and € 22 million from other short-term borrowings.

in € m.	Jan - Jun 2019	Jan - Jun 2018
Cash flows from operating activities:		
Net income (loss)	**214**	**189**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Restructuring activities	29	9
Gain (loss) on sale of financial assets from investing activity	(9)	0
Deferred taxes, net	(10)	90
Impairment, depreciation and other amortization, and (accretion)	35	18
Share of net loss (income) from equity method investments	(21)	(22)
Other non-cash movements	8	(2)
Income (loss) adjusted for noncash charges, credits and other items	**248**	**282**
Adjustments for net change in operating assets and liabilities:		
Interest-earning time deposits with banks	19	584[1]
Financial assets designated at fair value through profit or loss	0	14
Other assets	225	(225)
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	45	(14)
Other liabilities	(208)	370
Trading assets and liabilities, pos. and neg. market values from derivative financial instruments, net	(80)	47
Other, net	(169)	(370)[2]
Net cash provided by (used in) operating activities	**82[3]**	**689**
Thereof: Net cash provided by (used in) operating activities of guaranteed funds	(31)	(2)
Cash flows from investing activities:		
Proceeds from sale and maturities of:		
Non-trading financial assets mandatory at fair value through profit or loss	437	0
Purchase of:		
Non-trading financial assets mandatory at fair value through profit or loss	(696)	(177)
Equity method investments	(3)	0
Additional Intangible assets	(15)	(28)
Repayment of loans at amortized cost made to other parties	1	295[4]
Other, net	(0)	12
Net cash provided by (used in) investing activities	**(276)**	**103**
Cash flows from financing activities:		
Cash dividends paid to DWS shareholders	(274)	0
Other borrowings	0	0
Repayment of other borrowings	(21)	(24)
Repayment of lease liabilities (Principal)	(8)	N/A
Net funding from (to) DB Group	N/A	(643)[5]
Net change in noncontrolling interests	(1)	6
Net cash provided by (used in) financing activities	**(304)**	**(661)**
Net effect of exchange rate changes on cash and cash equivalents	**14**	**(10)**
Net increase (decrease) in cash and cash equivalents	**(484)**	**121**
Cash and cash equivalents at beginning of period	2,186	2,547
Net increase (decrease) in cash and cash equivalents	(484)	121
Cash and cash equivalents at end of period	**1,701**	**2,668**

in € m.	Jan - Jun 2019	Jan - Jun 2018
Supplemental cash flow information:		
Net cash provided by (used in) operating activities includes		
Income taxes paid (received), net	190	(4)
Interest paid	9[6]	5
Interest and dividends received	14	26
Cash and cash equivalents comprise		
Cash and bank balances (excluding time deposits)[7]	1,701	2,668
Total cash and cash equivalents	**1,701**	**2,668**

1 In the first half of 2018 € 584 million time deposits have been terminated leading to a significantly increased cash provided by operating activities.
2 Includes transition impact from combined to consolidated financial statements – refer to Consolidated Changes in Equity footnote 1.
3 The net cash provided by (used in) operating activities was impacted by net income taxes paid of € 190 million. In the first half of 2018, € 4 million net income tax reimbursements were received.
4 The shown repayment of loans at amortized costs made to other parties of € 295 million is based on a reclassification from loans to bank balances on demand.
5 The outflow of € 643 million shows the profit pooling settlement for the financial year 2017 to DB Group. This profit pooling agreement was terminated with effect from January 1, 2018.
6 The interest paid of € 9 million also includes the interest paid on lease liabilities.
7 The balance sheet item “Cash and bank balances” of € 1,807 million (June 30, 2018: € 2,852 million) comprises time deposits of € 106 million (June 30, 2018: € 184 million), bank balances on demand of € 1,701 million (June 30, 2018: € 2,668 million) and cash of € 0 million (June 30, 2018: € 0 million). The cash flow statement shows only cash and bank balances on demand.

Notes to the Consolidated Financial Statements (unaudited)

01 – Basis of Preparation

The accompanying half-yearly consolidated financial statements include DWS Group GmbH & Co. KGaA (DWS KGaA) and its subsidiaries (collectively the “Group” or “DWS Group”).

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

The half-yearly consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). The Group’s application of IFRS results in no differences between IFRS as issued by the IASB and IFRS as endorsed by the EU. They comprise the reporting period from January 1, 2019 to June 30, 2019 with comparison period from January 1, 2018 to June 30, 2018 and as per December 31, 2018 where applicable.

Some IFRS disclosures incorporated in the Management Report are an integral part of the half-yearly consolidated financial statements. These include the Results of Operations which is presented in the Operating and Financial Review. The presentation of this information is in compliance with IAS 34, “Interim Financial Reporting” and IFRS 8, “Operating Segments”.

The Group’s half-yearly consolidated financial statements are unaudited and include supplementary disclosures on income statement, balance sheet and other financial information. They should be read in conjunction with the audited consolidated financial statements of DWS Group for 2018, for which the same accounting policies and critical accounting estimates have been applied with the exception of the newly adopted accounting pronouncements outlined in section “Impact of Changes in Accounting Principles”.

There are no material changes in the composition of the Group compared to the period ending December 31, 2018.

The preparation of financial statements under IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s estimates and the results reported should not be regarded as necessarily indicative of results that may be expected for the entire year.

02 – Impact of Changes in Accounting Principles

Recently Adopted Accounting Pronouncements

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

The Group has initially adopted IFRS 16 leases from January 1, 2019.

IFRS 16 Leases

On January 1, 2019, the Group adopted IFRS 16, “Leases”, which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use (RoU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There will be only minor changes to the current accounting for lessors. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 16 was effective for the 2019 annual period. The regulations have been adopted into EU law.

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

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

In the consolidated balance sheet, the Group is RoU assets and lease liabilities. DWS Group has no contracts with variable lease payments included in the measurement of lease liabilities.

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

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

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

When measuring the lease liabilities, the Group discounted future lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 2.4%.

The following table provides a reconciliation of the operating lease commitments disclosed at December 31, 2018 applying IAS 17 (see Annual Report 2018, Note 15 – Contractual Obligations and Commitments), discounted using the incremental borrowing rate described above, and the lease liabilities recognised at the date of initial application of IFRS 16 (January 1, 2019):

in € m	Properties	Other	Total
Operating lease commitments as at December 31, 2018	**25**	**4**	**29**
Short-term leases	(3)	0	(3)
Discounting	(1)	(0)	(2)
Discounted using the lessees incremental borrowing rate as at date of initial application	**21**	**4**	**25**
Adjustment as a result of using extension options	1	0	1
Contract reassessment under IFRS 16	113	(3)	110
Lease liabilities as at January 1, 2019	**135**	**0**	**136**

New Accounting Pronouncements

The following accounting pronouncement was not effective as of June 30, 2019 and therefore has not been applied in the first half year of 2019.

IFRS 3 Business combinations

In October 2018, the IASB issued amendments to IFRS 3 “Business combinations”. These amendments clarify the determination of whether an acquisition made is of a business or a group of assets. The amended definition of a business emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business. The amendments will be effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendments will not have a material impact on the Group’s consolidated financial statements. These amendments have yet to be endorsed by the EU.

03 – Business Segment and Related Information

DWS Group's segmental reporting has been prepared in accordance with the "management approach", which requires presentation of segments on the basis of the internal management report of the entity that are regularly reviewed by the chief operating decision maker (CODM), which is the Executive Board.

The Group – based on this "management approach" - operates a single business segment for reporting and controlling purposes.

The term CODM identifies a function, not necessarily a manager with a specific title. Although an entity cannot have more than one CODM, the CODM can be a group of persons. Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the CODM to discuss operating activities, financial results, forecasts, or plans for the segment. The term 'segment manager' also identifies a function, not necessary a single manager with a specific title.

As CODM the Executive Board will be responsible for reviewing and monitoring the results of the Group and making strategic decisions around asset allocation and resources. The segment manager is the Executive Board.

The Group's operating activity is managed using one globally integrated investment group targeting the same client segments, distribution channels and asset classes. There is one centrally managed DWS sales force servicing all of the business units / products and negotiating prices with clients and DWS Group is using largely shared infrastructure and support services (such as marketing, product strategy, product development and finance).

The Executive Board sets strategy for the Group and its individual parts including the one centrally managed sales force and the largely shared infrastructure and support services. Although revenues will be monitored by the different asset classes (i.e. Traditional (Active/Passive) and Alternatives), all other direct and allocated costs, along with assets and liabilities, but also full-time employee and capital ratios will be analysed and monitored on an aggregate basis.

The following table presents total net interest and noninterest income by geographic area – based on the management approach of DWS Group:

in € m.	Jan - Jun 2019	Jan - Jun 2018
Germany	452	486
Europe (excluding Germany), Middle East and Africa	383	350
Americas	254	239
Asia/Pacific	54	60
Total net interest and noninterest income	**1,142**	**1,135**

Notes to the Consolidated Income Statement (unaudited)

04 – Net Commissions and Fees from Asset Management

Management fees are recognised as and when the service is performed as a percentage of average AuM and are generally received on a monthly or quarterly basis. They mainly relate to gross fund management fees received and gross expenses mainly relate to distribution fees paid.

Performance fees are recognised based on the fund's performance relative to a benchmark/target return or the realized appreciation of the fund's investments. Variable performance fees based on specific contractual terms and fees from transaction related contracts (such as for real estate transactions for Alternative funds) are further components of the performance and transaction fees.

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

in € m.	Jan - Jun 2019	Jan - Jun 2018
Management fees:		
Management fee income	1,556	1,578
Management fee expense	(510)	(537)
Net management fees	**1,046**	**1,041**
Thereof:		
Active Equity	325	343
Active Multi Asset	87	104
Active SQI[1]	91	75
Active Fixed Income	144	158
Active Cash	12	22
Passive	145	142
Alternatives	232	186
Other[2]	10	11
Performance and transaction fees:		
Performance and transaction fee income	77	48
Performance and transaction fee expense	(0)	(2)
Net performance and transaction fees	**76**	**45**
Thereof:		
Alternatives	67	32
Active and Other	9	13
Total net commissions and fees from asset management	**1,122**	**1,086**

[1] SQI stands for Systematic & Quantitative Investments.
[2] Other recurring fees include ongoing fees for products not captured in a product mix such as for example custody fees for client accounts.

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

in € m.	Jan - Jun 2019	Jan - Jun 2018
Commission and fee income from asset management:		
Germany	642	654
Europe (excluding Germany), Middle East and Africa	653	637
Americas	312	301
Asia/Pacific	27	35
Total commission and fee income from asset management	**1,633**	**1,626**
Commission and fee expense from asset management	**(511)**	**(540)**
Net commissions and fees from asset management	**1,122**	**1,086**

05 – General and Administrative Expenses

in € m.	Jan - Jun 2019	Jan - Jun 2018
General and administrative expenses:		
IT costs	58	52
Professional service fees	23	41
Communication and data services	39	40
Occupancy, furniture and equipment expenses	31	36
Banking and transaction charges	98	107
Marketing expenses	12	18
Travel and representation expenses	15	16
Charges from Deutsche Bank Group[1]	82	150
Other expenses	41	34
Total general and administrative expenses	**398**	**494**

[1] Thereof € 63 million related to infrastructure charges from DB Group for the first half year 2019 (€ 97 million for the first half year 2018) and € 19 million related to DWS functions in DB entities for the first half year 2019 (€ 53 million for the first half year 2018).

Notes to the Consolidated Balance Sheet (unaudited)

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

in € m.	Jun 30, 2019	Dec 31, 2018
Financial assets classified as held for trading:		
Trading assets:		
Securities	1,327	1,226
Total trading assets	1,327	1,226
Positive market values from derivative financial instruments	0	5
Total financial assets classified as held for trading	**1,328**	**1,231**
Non-trading financial assets mandatory at fair value through profit or loss	1,396	1,131
Investment contract assets mandatory at fair value through profit or loss	557	512
Financial assets designated at fair value through profit or loss	0	0
Total financial assets at fair value through profit or loss	**3,280**	**2,875**
Financial liabilities classified as held for trading:		
Trading liabilities:		
Securities	9	9
Total trading liabilities	9	9
Negative market values from derivative financial instruments	108	91
Total financial liabilities classified as held for trading	**117**	**101**
Financial liabilities designated at fair value through profit or loss:		
Investment contract liabilities	557	512
Total financial liabilities designated at fair value through profit or loss	**557**	**512**
Total financial liabilities at fair value through profit or loss	**674**	**613**

Trading assets mainly comprise the consolidated guaranteed mutual funds of € 1,202 million as of June 30, 2019 (December 31, 2018: € 1,126 million), excluding cash and bank balances. The funds' assets belong to investors and are consolidated under IFRS 10 even though DWS is not an investor. The Group reports the corresponding liabilities (including cash and bank balances) as financial liabilities held at fair value related to payables from guaranteed and other consolidated funds under Financial Instruments carried at Fair Value (see note 7).

The non-trading financial assets mandatory at fair value through profit or loss include co-investments and seed investments, € 550 million corporate cash invested into money market funds and € 421 million mainly government bonds held for regulatory purposes.

The investment contract assets are matched by the respective liabilities (€ 557 million as of June 30, 2019, € 512 million as of December 31, 2018) at fair value through profit or loss. Any changes in market conditions including the performance of the related investment funds (for the first half year 2019: € 42 million, for the first half year 2018: € 41 million) impact both, investment contract assets as well as liabilities.

The negative market values from derivative financial instruments mainly include the change in fair value of guaranteed contracts which do not qualify as financial guarantee (€ 100 million as of June 30, 2019, € 79 million as of December 31, 2018).

Further details of the financial assets/liabilities including a breakdown into classes are shown in note 7. All classes are reflected at fair value in the consolidated financial statements.

07 – Financial Instruments carried at Fair Value

Overview

The Group classifies its financial assets and liabilities carried at fair value into the following categories:

- trading assets and trading liabilities,

- positive market value from derivative financial instruments,
- non-trading financial assets mandatory at fair value through profit or loss,
- investment contract assets mandatory at fair value through profit or loss,
- financial assets designated at fair value through profit or loss,
- negative market value from derivative financial instruments,
- investment contract liabilities, and
- payables from guaranteed and other consolidated funds.

Appropriate classification of financial assets and liabilities at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

Financial instruments classified at fair value through profit or loss are recognised or derecognised on trade date, which is the date on which the Group commits to purchase or sell the asset or issue or repurchase the financial liability.

Fair Value Hierarchy

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy as follows:

Level 1 - Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's inventory.

These include: government bonds and equity securities and derivatives traded on active, liquid exchanges.

Level 2 - Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

These include: mainly trading assets in guaranteed funds and investment contract assets mandatory at fair value through profit or loss.

Level 3 - Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

These include some co-investments and fund investments.

The following table shows the fair values for each class of financial assets and financial liabilities at fair value, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of its fair value.

				Jun 30, 2019
				Fair value
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt securities	6	69	0	75
Equity securities	91	1,162	0	1,253
Total trading assets	**97**	**1,230**	**0**	**1,327**
Positive market values from derivative financial instruments	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt securities	421	0	29	450
Equity securities	5	600	236	841
Other financial assets	1	0	103	104
Total non-trading financial assets mandatory at fair value through profit or loss	**428**	**600**	**368**	**1,396**
Investment contract assets mandatory at fair value through profit or loss:				
Equity securities	0	557	0	557
Financial assets designated at fair value through profit or loss:				
Equity securities	0	0	0	0
Total financial assets held at fair value	**525**	**2,388**	**368**	**3,280**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt securities	0	0	0	0
Equity securities	9	0	0	9
Total trading liabilities	**9**	**0**	**0**	**9**
Negative market values from derivative financial instruments	0	8	100	108
Investment contract liabilities	0	557	0	557
Payables from guaranteed and other consolidated funds	0	1,235	0	1,235
Other financial liabilities	0	0	0	0
Total financial liabilities held at fair value	**9**	**1,799**	**100**	**1,909**

				Dec 31, 2018
				Fair value
in € m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Total
Financial assets held at fair value:				
Trading assets:				
Debt securities	7	40	0	47
Equity securities	60	1,119	0	1,179
Total trading assets	**68**	**1,158**	**0**	**1,226**
Positive market values from derivatives	4	1	0	5
Non-trading financial assets mandatory at fair value through profit or loss:				
Debt securities	321	0	17	338
Equity securities	7	466	241	714
Other financial assets	1	0	79	80
Total non-trading financial assets mandatory at fair value through profit or loss	**329**	**466**	**337**	**1,131**
Investment contract assets mandatory at fair value through profit or loss:				
Equity securities	0	512	0	512
Financial assets designated at fair value through profit or loss:				
Equity securities	0	0	0	0
Total financial assets held at fair value	**401**	**2,137**	**337**	**2,875**
Financial liabilities held at fair value:				
Trading liabilities:				
Debt securities	0	0	0	0
Equity securities	9	0	0	9
Total trading liabilities	**9**	**0**	**0**	**9**
Negative market values from derivative financial instruments	4	8	79	91
Investment contract liabilities	0	512	0	512
Payables from guaranteed and other consolidated funds	0	1,177	0	1,177
Other financial liabilities	0	0	0	0
Total financial liabilities held at fair value	**14**	**1,697**	**79**	**1,790**

Valuation Methods and Controls

The valuation methods and controls of DWS Group are noted below. All valuations are performed on a recurring basis.

Prices quoted in active markets – The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Valuation techniques using observable market data – The Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Valuation techniques used for financial instruments include modelling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

For some financial instruments a rate or other parameter, rather than a price is quoted. Where this is the case then the market rate or parameter is used as an input to a valuation model to determine fair value. For some instruments, modelling techniques follow industry standard models, for example, discounted cash flow analysis and standard option pricing models. These models are dependent upon estimated future cash flows, discount factors and volatility levels.

Frequently, valuation models require multiple parameter inputs. Where possible, parameter inputs are based on observable data or are derived from the prices of relevant instruments traded in active markets. Where observable data is not available for parameter inputs, then other market information is considered. For example, indicative broker quotes and consensus pricing information are used to support parameter inputs where they are available.

Valuation techniques using unobservable market data - Where no observable information is available to support parameter inputs then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

The valuation control group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation control group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Validation and control - The Group has an established valuation control framework which governs internal control standards, methodologies, and procedures over the valuation process. The DWS Completeness Review Board (CRB) is a key forum for DWS Group to review the completeness control results and ensure that all fair value assets and liabilities have been subject to the appropriate valuation control process. In addition, it serves to ensure review and appropriateness of various detailed aspects of the controls such as Independent Price Verification (IPV) classification, testing thresholds and market data approvals.

DB Group has an independent specialised valuation control group within its Finance function which governs and develops the valuation control framework and manages the valuation control processes which covers the valuation of financial instruments across all levels of the fair value hierarchy. The mandate of this specialist function includes the performance of the independent valuation control process for all businesses including DWS Group, the continued development of valuation control methodologies and techniques, as well as devising and governing the formal valuation control policy framework. Special attention of this independent valuation control group is directed to areas where management judgment forms part of the valuation process. The DWS CRB oversees the valuation control processes performed by DB Group's specialist valuation function on behalf of DWS Group.

Results of the valuation control process are collected and analysed as part of a standard monthly reporting cycle. Variances outside of pre-set and approved tolerance levels are escalated both within the DWS Group Finance function and Senior Business Management for review, resolution and, if required, adjustment. This function is covered by the Valuation Control Report, also reviewed in the CRB forum.

For instruments where fair value is determined from valuation models, the assumptions and techniques used within the models are independently validated by an independent specialist model validation group.

Valuation Techniques

The following are explanations of the valuation techniques used in establishing the fair value of the different classes and types of financial instruments that DWS Group trades.

Trading assets and Payables from guaranteed and other consolidated funds

Guaranteed Funds – the assets are reflected under trading assets and valuation follows the valuation prepared by the consolidated guaranteed fund and includes relevant IFRS adjustments if applicable. The liabilities are reflected under payables from guaranteed and other consolidated funds and the valuation follows the valuation of the respective assets.

Derivatives

Guaranteed Retirement Accounts – DWS Group manages guaranteed retirement accounts which provide a full or partial notional guarantee at maturity. This guarantee is not considered as a financial guarantee but as a derivative. Depending on the account, guarantee level and on the maturity of the account, all accounts are invested in a combination of dedicated government bond funds with fixed duration and dedicated equity and balanced target funds. The valuation of accounts rely therefore on the valuation of the underlying target funds. The fair value for the accounts shortfall is calculated with option pricing models using Monte-Carlo simulations including the behavioural risk of the client.

Non-trading financial assets mandatory at fair value through profit or loss

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

Investment contract assets mandatory at fair value through profit or loss and investment contract liabilities

Assets reflected under Financial Assets designated at fair value through profit or loss which are matched to the investment contract liabilities that are owned by the Group. The investment contract obliges the Group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined by the fair value of the underlying assets based on the published fund price.

Reclassifications

Transfers between levels 1 and 2 take place when there is a change in the inputs that is relevant to categorization in the fair value hierarchy.

Where applicable, transfers between levels 1, 2 and 3 are assumed to take place at the beginning of the year.

Transfers into L3

There were no transfers between level 1, 2 and 3 during the 6 months ending June 30, 2019.

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing Significant Unobservable Parameters (Level 3)

Financial Assets/Liabilities at Fair Value categorised in this level of the fair value hierarchy are valued based on one or more unobservable parameters.

Non-trading financial assets mandatory at fair value through profit or loss include unlisted equity instruments where there is no close proxy and the market is very illiquid.

Reclaciliation of financial instruments classified in Level 3

									Jun 30, 2019
in € m.	Balance, beginning of year	Changes in the group of consoli-dated com-panies	Total gains/ losses	Purchases	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
Financial assets held at fair value:									
Trading securities	0	0	0	0	0	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	337	0	14	57	(40)	0	0	0	368
Total financial assets held at fair value	**337**	**0**	**14**	**57**	**(40)**	**0**	**0**	**0**	**368**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	79	0	21	0	0	0	0	0	100
Other financial liabilities at fair value	0	0	0	0	0	0	0	0	0
Total financial liabilities held at fair value	**79**	**0**	**21**	**0**	**0**	**0**	**0**	**0**	**100**

									Jun 30, 2018
in € m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains/ losses	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance, end of period
Financial assets held at fair value:									
Trading securities	17	(17)	0	0	0	0	0	0	0
Non-trading financial assets mandatory at fair value through profit or loss	278	(25)	7	15	(1)	0	0	0	274
Total financial assets held at fair value	**294**	**(41)**	**7**	**15**	**(1)**	**0**	**0**	**0**	**274**
Financial liabilities held at fair value:									
Negative market values from derivative financial instruments	81	0	(10)	0	0	0	0	0	72
Other financial liabilities at fair value	0	0	0	0	0	0	0	0	0
Total financial liabilities held at fair value	**81**	**0**	**(10)**	**0**	**0**	**0**	**0**	**0**	**72**

Sensitivity Analysis of Unobservable Parameters

Where the value of financial instruments is dependent on unobservable parameter inputs, the precise level for these parameters at the balance sheet date might be drawn from a range of reasonably possible alternatives. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence. Where the Group have marked the financial instruments concerned using parameter values drawn from the extremes of the ranges of reasonably possible alternatives then as of June 30, 2019 it could have increased fair value by as much as € 1 million or decreased fair value by as much as € 31 million. As of December 31, 2018 it could have increased fair value by as much as € 2 million or decreased fair value by as much as € 28 million.

The changes in sensitive amounts from December 31, 2018 to June 30, 2019 show an increase to the negative fair value movement from using reasonable possible alternatives by € 2 million mainly driven by public market trends.

The sensitivity calculation of unobservable parameters for Level 3 aligns to the approach used to assess valuation uncertainty for Prudent Valuation purposes. Prudent Valuation is a capital requirement for assets held at fair value. It provides a mechanism for quantifying and capitalizing valuation uncertainty in accordance with the European Commission Delegated Regulation (EU) 2016/101, which supplements Article 34 of Regulation (EU) No. 575/2013 (CRR), requiring institutions to apply as a deduction from CET 1 the amount of any additional value adjustments on all assets measured at fair value calculated in accordance with Article 105(14). This utilises exit price analysis performed for the relevant assets and liabilities in the Prudent Valuation assessment. The downside sensitivity may be limited in some cases where the fair value is already measured prudent.

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters.

The Group has limited 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 most cases when preparing the financial statements.

		Jun 30, 2019		Dec 31, 2018
in € m.	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives
Securities:				
Debt securities	0	0	0	0
Equity securities	0	30	1	27
Derivatives:				
Credit	0	0	0	0
Interest related	1	1	1	1
Loans:				
Loans	0	0	0	0
Other	**0**	**0**	**0**	**0**
Total	**1**	**31**	**2**	**28**

Quantitative Information about the Sensitivity of Significant Unobservable Inputs

The range of values shown below represents the highest and lowest inputs used to value the exposures within Level 3.

As of June 30, 2019 (December 31, 2018 respectively) the fair value of the non-trading financial assets mandatory through profit or loss under IFRS 9 and other investments are based on the net asset value of the underlying asset.

For other derivatives, the range for the cancellation rate is mainly driven by the different distribution channels and product types.

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

						Jun 30, 2019
	Fair value					
in € m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Debt securities	29	0				
Held for trading	0	0	Market approach	Price per net asset value	100%	100%
Non-trading financial assets mandatory at fair value through profit or loss	29	0	Market approach	Price per net asset value	100%	100%
Equity securities	236	0				
Held for trading	0	0	Market approach	Price per net asset value	100%	100%
Non-trading financial assets mandatory at fair value through profit or loss	236	0	Market approach	Price per net asset value	90%	100%
Other financial instruments	103	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**368**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	100	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	**0**	**100**				

						Dec 31, 2018
	Fair value					
in € m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	
Financial instruments held at fair value – held for trading and mandatory at fair value through profit or loss:						
Debt securities	17	0				
Held for trading	0	0	Market approach	Price per net asset value	100%	100%
Non-trading financial assets mandatory at fair value through profit or loss	17	0	Market approach	Price per net asset value	100%	100%
Equity securities	241	0				
Held for trading	0	0	Market approach	Price per net asset value	100%	100%
Non-trading financial assets mandatory at fair value through profit or loss	241	0	Market approach	Price per net asset value	90%	100%
Other financial instruments	79	0	Market approach	Price per net asset value	100%	100%
Total non-derivative financial instruments held at fair value	**337**	**0**				
Financial instruments held at fair value - derivative financial instruments:						
Market values from derivative financial instruments:						
Other derivatives	0	79	Option pricing model	Cancellation rate	0%	14%
Total market values from derivative financial instruments	**0**	**79**				

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

The unrealised gains or losses on Level 3 Instruments are not due solely to unobservable parameters. Many of the parameter inputs to the valuation of instruments in this level of the hierarchy are observable and the gain or loss is partly due to movements in these observable parameters over the period.

in € m.	Jan - Jun 2019	Jan - Jun 2018
Financial assets held at fair value:		
Trading Securities	0	0
Non-trading financial assets mandatory at fair value through profit or loss	13	9
Total financial assets held at fair value	**13**	**9**
Financial liabilities held at fair value:		
Negative market values from derivative financial instruments	(21)	10
Total financial liabilities held at fair value	**(21)**	**10**
Total	**(9)**	**18**

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

The Group classifies its financial assets and liabilities not carried at fair value into the following categories: cash and bank balances, loans, other financial assets, deposits, other short-term borrowing, long-term debt, lease liabilities and other financial liabilities. Appropriate classification of financial assets and liabilities not carried at fair value is determined at the time of initial recognition or when reclassified in the balance sheet.

The valuation techniques used to establish fair value for the Group's financial instruments which are not carried at fair value in the balance sheet and their respective IFRS fair value hierarchy categorization are consistent with those outlined in Note 07 – Financial Instruments carried at Fair Value.

Other financial instruments not carried at fair value are not managed on a fair value basis, for example, loans and deposits. For these instruments, fair values are calculated for disclosure purposes only and do not impact the balance sheet or income statement. Additionally, since the instruments generally do not trade, there is significant management judgment required to determine these fair values.

Short-term financial instruments – The carrying value represents a reasonable estimate of fair value for the following classes of financial instruments which are predominantly short-term:

Assets	Liabilities
Cash and bank balances	Deposits
Other financial assets	Other short-term borrowings
	Other financial liabilities

Long-term financial instruments – Within these categories, fair value is determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and credit risks such as loans and lease liabilities and, in the case of long-term liabilities, rates at which the liabilities with similar remaining maturities could be issued, at the balance sheet date.

Estimated fair value of financial instruments not carried at fair value on the balance sheet

	Jun 30, 2019		Dec 31, 2018	
in € m.	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and bank balances	1,807	1,807	2,310	2,310
Loans	7	7	2	2
Other financial assets	1,121	1,121	1,289	1,289
Thereof receivables from:				
Brokerage and securities	423	423	584	584
Commissions/Fees	209	209	204	204
Remaining other financial assets	489	489	501	501
Financial liabilities:				
Other short-term borrowings	86	86	112	112
Other financial liabilities	1,415	1,415	1,614	1,614
Thereof payables from:				
Brokerage and securities	423	423	568	568
Performance related payments	166	166	198	198
Commissions/Fees	126	126	126	126
Remaining other financial liabilities	701	701	723	723
Lease liabilities	205	205	N/A	N/A
Long-term debt	3	3	3	3

09 – Goodwill and Other Intangible Assets

Goodwill and intangible assets are tested for impairment purposes on cash-generating unit (CGU) level. DWS Group has one CGU for the purpose of impairment testing of goodwill and intangible assets as the Group is managed as a single business segment on asset management for controlling and reporting purposes.

Goodwill and indefinite life intangibles are tested for impairment annually in the fourth quarter or more frequently if there are indications that the carrying value may be impaired. Definite life intangibles are reviewed annually for indicators of impairment. If any indicators exists, further assessment is made of whether the carrying value may be impaired.

As of June 30, 2019, there are no indications that the carrying value of goodwill and other intangible assets may be impaired. For the retail investment management agreement shown under unamortized intangible assets the qualitative assessment performed as of June 30, 2019 showed three out of four impairment valuation indicators developing better as compared to the original plan and supporting the current carrying value.

Goodwill

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the period ended June 30, 2019 and June 30, 2018, are shown.

in € m.	
Balance as of December 31, 2017	**2,768**
Exchange rate changes	45
Balance as of June 30, 2018	**2,813**
Gross amount of goodwill	2,813
Accumulated impairment losses	0
Balance as of December 31, 2018	**2,843**
Exchange rate changes	10
Balance as of June 30, 2019	**2,853**
Gross amount of goodwill	2,853
Accumulated impairment losses	0

As of June 30, 2019, changes relate to foreign exchange rate changes of € 10 million (June 30, 2018: € 45 million).

Other Intangible Assets

Changes in Other Intangible Assets

	Purchased intangible assets							Internally generated intangible assets	Total other intangible assets
	Unamortized			Amortized				Amortized	
in € m.	Retail Investment Management Agreements	Other	Total unamortized purchased intangible assets	Customer-related intangible assets	Contract-based intangible assets	Software and other	Total amortized purchased intangible assets	Software	
Cost of acquisition/manufacture:									
Balance as of December 31, 2018	**1,010**	**0**	**1,010**	**111**	**20**	**88**	**220**	**200**	**1,430**
Additions	0	0	0	0	0	0	0	15	15
Exchange rate changes	5	0	5	1	0	0	1	0	6
Balance as of June 30, 2019	**1,015**	**0**	**1,016**	**112**	**20**	**88**	**221**	**215**	**1,451**
Accumulated amortization and impairment:									
Balance as of December 31, 2018	**255**	**0**	**255**	**108**	**20**	**88**	**216**	**53**	**524**
Amortization for the year	0	0	0	2	0	0	2	20	22
Impairment losses	0	0	0	0	0	0	0	1	1
Exchange rate changes	1	0	1	0	0	0	0	0	2
Balance as of June 30, 2019	**256**	**0**	**256**	**110**	**20**	**88**	**219**	**74**	**549**
Carrying amount:									
As of December 31, 2018	**755**	**0**	**755**	**3**	**0**	**0**	**4**	**147**	**906**
As of June 30, 2019	**759**	**0**	**759**	**2**	**0**	**0**	**2**	**141**	**902**

As of June 30, 2019, there was an impairment loss on internally generated software amounting to € 1 million (December 31, 2018: impairment loss of € 2 million) reflected under general and administrative expenses in the consolidated statement of income.

10 – Other Assets and Other Liabilities

in € m.	Jun 30, 2019	Dec 31, 2018
Other assets:		
Brokerage and securities related receivables:		
Cash/margin receivables	7	8
Receivables from unsettled regular way trades	416	576
Total brokerage and securities related receivables	**423**	**584**
Accrued interest receivable	4	5
Other[1]	775	766
Total other assets	**1,202**	**1,355**
Other liabilities:		
Brokerage and securities related payables:		
Cash/margin payables	0	0
Payables from unsettled regular way trades	422	568
Total brokerage and securities related payables	**423**	**568**
Accrued interest payable	0	0
Other[1]	2,439	2,377
Total other liabilities	**2,862**	**2,945**

[1] Other includes other financial assets and liabilities not carried at fair value (please refer to Note 08 – Fair Value on Financial Instruments not carried at Fair Value).

Other within other liabilities include the liabilities of the consolidated guaranteed funds and other consolidated funds of € 1,235 million as of June 30, 2019 and € 1,177 million as of December 31, 2018.

As of June 30, 2019, the Group's balance of receivables from commission and fee income was € 209 million (€ 204 million as of December 31, 2018). As of June 30, 2019, the Group's balance of contract liabilities associated with commission and fee income was € 126 million (€ 126 million as of December 31, 2018). Contract liabilities arise from the Group's obligation to provide future services to a customer for which it has received consideration from the customer prior to completion of the services. The balances of receivables and contract liabilities do not vary significantly from period to period reflecting the fact that they predominately relate to recurring service contracts with service periods of less than one year such as monthly and quarterly asset management services. Customer payment in exchange for services provided are generally subject to performance by the Group over the specific service period such that the Group's right to payment arises at the end of the service period when its performance obligations are fully completed. Therefore, no material balance of contract asset is reported.

11 – Provisions

Movements by Class of Provision

in € m.	Operational Risk	Civil Litigations	Restructuring - Staff Related	Other	Total
Balance as of December 31, 2018	**7**	**5**	**2**	**28**	**42**
New provisions	1	1	27	1	29
Amounts used	0	3	8	8	18
Unused amounts reversed	0	2	0	2	4
Effects from exchange rate fluctuations/Unwind of discount	0	0	(0)	0	(0)
Balance as of June 30, 2019	**8**	**1**	**21**	**19**	**49**

Classes of Provisions

Operational Risk provisions arise out of operational risk and exclude civil litigation provisions, which is presented as separate class of provisions and regulatory enforcement which is included in "Other".

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The definition used for the purposes of determining operational provisions differs from the risk management definition, as it excludes risk of loss resulting from civil litigations or regulatory enforcement matters. For risk management purposes, operational risk includes legal risk, as payments to customers, counterparties and regulatory bodies in civil litigations or regulatory enforcement matters constitute loss events for operational shortcomings, but excludes business and reputational risk.

Civil Litigation provisions arise out of current or potential claims or proceedings alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may result in demands from customers, counterparties or other parties in civil litigations.

Restructuring provisions arise out of restructuring activities. The Group aims to enhance its long-term competitiveness through reductions in costs, duplication and complexity in the years ahead.

Other provisions include several specific items arising from a variety of different circumstances, including a provision for a right to tender on a closed-end fund and provisions for regulatory enforcement.

Provisions and Contingent Liabilities

The Group recognises a provision for potential loss only when there is a present obligation arising from a past event that is probable to result in an economic outflow that can be reliably estimated. Where a reliable estimate cannot be made for such an obligation, no provision is recognised and the obligation is deemed a contingent liability. Contingent liabilities also include possible obligations for which the possibility of future economic outflow is more than remote but less than probable. Where a provision has been taken for a particular claim, no contingent liability is recorded; for matters or sets of matters consisting of more than one claim, however, provisions may be recorded for some claims, and contingent liabilities (or neither a provision nor a contingent liability) may be recorded for others.

The Group operates in a legal and regulatory environment that exposes it to risk of litigation and regulatory enforcement. As a result, the Group may be involved in litigation, arbitration and regulatory proceedings and investigations. Where that is the case, in determining for which of these matters the possibility of a loss is probable, or less than probable but more than remote, and then estimating the possible loss for those claims, the Group takes into consideration a number of factors, including but not limited to the nature of the claim and its underlying facts, the procedural posture and litigation history of each case, rulings by the courts or tribunals, the Group’s experience and the experience of others in similar cases (to the extent this is known to the Group), prior settlement discussions, settlements by others in similar cases (to the extent this is known to the Group), available indemnities and the opinions and views of legal counsel and other experts.

The provisions the Group has recognised for civil litigation as of June 30, 2019 are set forth in the table above. For some matters for which the Group believes an outflow of funds is probable, no provisions were recognised as the Group could not reliably estimate the amount of the potential outflow.

For the matters for which a reliable estimate can be made, the Group currently estimates that, as of June 30, 2019, there were no material contingent liabilities (i.e., the aggregate future loss of which the possibility is more than remote but less than probable) in relation to litigation or arbitration proceedings, or regulatory investigations in which the Group is involved.

This estimated possible loss, as well as any provisions taken, is based upon currently available information and is subject to significant judgment and a variety of assumptions, variables and known and unknown uncertainties. These uncertainties may include inaccuracies in or incompleteness of the information available to the Group, particularly at the preliminary stages of matters, and assumptions by the Group as to future rulings of courts or other tribunals or the likely actions or positions taken by regulators or adversaries may prove incorrect. Moreover, estimates of possible loss for these matters are often not amenable to the use of statistical or other quantitative analytical tools frequently used in making judgments and estimates, and are subject to even greater degrees of uncertainty than in many other areas where the Group must exercise judgment and make estimates. The estimated possible loss, as well as any provisions taken, can be and often are substantially less than the amount initially requested by regulators or adversaries or the maximum potential loss that could be incurred were the matters to result in a final adjudication adverse to the Group. Moreover, in certain regions in which the Group operates, an adversary may not be required to set forth the amount it is seeking, and where it is, the amount may not be subject to the same requirements that generally apply to pleading factual allegations or legal claims.

The matters for which the Group determines that the possibility of a future loss is more than remote will change from time to time, as will the matters as to which a reliable estimate can be made and the estimated possible loss for such matters. Actual results may prove to be significantly higher or lower than the estimate of possible loss in those matters where such an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the likelihood of loss was remote. In particular, the estimated aggregate possible loss does not represent the Group’s potential maximum loss exposure for those matters.

The Group may settle litigation or regulatory proceedings or investigations prior to a final judgment or determination of liability. It may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes it has valid defences to liability. It may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where it does not believe that it is legally compelled to do so.

Current Individual Proceedings

By the nature of our business, the Group is involved in litigation and arbitration proceedings and regulatory investigations, but none of such proceedings is currently expected to have a significant impact on the Group's financials.

12 – Equity

Common Shares

The company's share capital consists of common shares issued in registered form without par value. As of June 30, 2019 the share capital of the company amounts to € 200 million and is divided into up to 200,000,000 ordinary bearer shares. Under German law, each share represents an equal stake in the subscribed capital. Therefore, each share has a nominal value of € 1.00, derived by dividing the total amount of share capital by the number of shares.

Number of shares	
Common shares as at December 31, 2018	**200,000,000**
Changes	-
Common shares as at June 30, 2019	**200,000,000**

There are no issued ordinary shares that have not been fully paid.

Authorized Capital

The General Partner is authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 40 million through the issue of new shares against cash payment or contribution in kind ("Authorized Capital 2018/I"). The General Partner is further authorized to increase the share capital of the company on or before January 31, 2023 once or more than once, by up to a total of € 60 million through the issue of new shares against cash payment ("Authorized Capital 2018/II"). Further details are governed by Section 4 of the Articles of Association.

Authorized capital	General Description	Expiration date
€ 40,000,000	Authorized Capital 2018 / I	January 31, 2023
€ 60,000,000	Authorized Capital 2018 / II	January 31, 2023

Conditional Capital

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

Conditional capital	General Description	Expiration date
€ 20,000,000	Conditional Capital 2019 / I	May 31, 2024

Dividends

The following table presents the amount of dividend declared for the year ended December 31, 2018:

	2018
Cash dividend (in € m.)	274
Cash dividend per common share (in €)	1.37

The DWS Annual General Meeting on June 5, 2019 agreed to the dividend proposal as recommended by the General Partner and the Supervisory Board.

Additional Notes (unaudited)

13 – Income Taxes

Income tax expense in the first half of 2019 was € 90 million (first half of 2018: € 90 million). The effective tax rate of 29.7% (first half of 2018: 32.1%) was mainly impacted by non-deductible expenses, partly offset by tax exempt income and a tax rate reduction in Luxembourg.

14 – Related Party Transactions

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

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

Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of DWS Group, directly or indirectly. DWS Group considers the members of the Executive Board and of the Supervisory Board to constitute key management personnel for purposes of IAS 24.

Among the Group's transactions with key management personnel as of June 30, 2019 were loans and commitments of € 9 million and deposits of € 2 million, both with Deutsche Bank Group. As of December 31, 2018, the Group's transactions with key management personnel were loans and commitments of € 9 million and deposits of € 4 million.

Transactions with Subsidiaries

Transactions between DWS Group and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between DWS Group and Deutsche Bank AG and Deutsche Bank Group entities, its associated companies and joint ventures and their respective subsidiaries also qualify as related party transactions.

DWS Group has no transactions as of June 30, 2019 and June 30, 2018 respectively with joint ventures and associates.

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

				Jan - Jun 2019
in € m.	Net interest and noninterest income	Noninterest expenses	Assets	Liabilities
DB AG	(47)	(34)	269	91
Other DB Companies	(93)	(65)	599	562

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

The reduction in assets with related parties is mainly driven by cash management initiatives and changes in other receivables from DB AG and other DB companies.

On June 10, 2019, DWS KGaA paid a dividend of € 218 million for the fiscal year 2018 to DB Beteiligungs-Holding GmbH, a wholly-owned subsidiary of Deutsche Bank AG.

15 – Events after the Reporting Period

After June 30, 2019, there were no reportable events of particular significance for the net assets, financial position and results of operations of the Group.

Confirmations

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the half-yearly consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt am Main, July 22, 2019

Dr. Asoka Wöhrmann

Claire Peel

Mark Cullen

Nikolaus von Tippelskirch

Stefan Kreuzkamp

Pierre Cherki

Robert Kendall

Dirk Görgen

Independent Auditor's Review Report

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

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

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated changes in equity, the consolidated statement of cash flows and the notes to the condensed interim consolidated financial statements – together with the interim group management report of the DWS Group GmbH & Co. KGaA, Frankfurt am Main, for the period from January 1 to June 30, 2019 that are part of the semi annual financial report according to § 115 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

Based on our review, no matters have come to o

ur attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, July 22, 2019

KPMG AG Wirtschaftsprüfungsgesellschaft

Kuppler	Lehmann
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Glossary

Term	Meaning
APAC	Asia-Pacific
APMs	Alternative Performance Measures
AuM	Assets under Management
BaFin	The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BoP	Beginning of period
CET 1	Common Equity Tier 1
CGU	Cash Generating Unit
CIR	Cost-Income Ratio
CODM	Chief Operating Decision Maker
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien)
CRB	Completeness Review Board
CRR	Capital Requirements Regulation
CRR/CRD 4	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirement Directive 4 - CRD 4)
CVA	Credit Value Adjustment
DB Group	Deutsche Bank AG and its subsidiaries
DWS Group	DWS Group GmbH & Co. KGaA and its subsidiaries (collectively the "Group / DWS Group")
DWS KGaA	DWS Group GmbH & Co. KGaA
EMEA	Europe, Middle East and Africa
ESG investments	environmental, social and governance (ESG) investments
ETF	Exchange-traded funds
ETP	Exchange-traded funds and commodities
EU	European Union
FX	Foreign Exchange
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
HRB	Number in the German Commercial Register in section B; incorporated companies are covered in section B of the register
IAS	International Accounting Standard
ICA	Internal Equity Adequacy Ratio
IFRS	International Financial Reporting Standards of the International Accounting Standards Board (IASB)
IPV	Independent Price Verification
IR	Investor Relations
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft
M&A	Mergers & Acquisitions
N/A	Not applicable
NFR	Non-Financial Risk
PBT	Profit Before Tax
PRI	Principles for Responsible Investment
RI	Responsible Investment
ROI	Return on Investment
RoU	Right-of-use
RWA	Risk Weighted Assets
SDAX	The German SDAX is a stock market index composed of 70 small and medium-sized companies in Germany in terms of order book volume and market capitalization
SNLP	Stressed Net Liquidity Position
SQI	Systematic & Quantitative Investments
U.S.	United States of America
UCITS	Undertakings for Collective Investments in Transferable Securities
UK	United Kingdom
UN	United Nations
WPHG	German Securities Trading Act (Wertpapierhandelsgesetz)
Xetra	Xetra is an all-electronic trading system operated by Frankfurter Wertpapierbörse

Imprint

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Cautionary statement regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.
By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks as described in this report.

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