
DB Group Services (UK) Limited
Company number: 3077349

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011

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REPORT OF THE DIRECTORS
For the year ended 31 December 2011

The Directors present their annual report and audited financial statements for the year ended 31 December 2011

ACTIVITIES AND REVIEW OF BUSINESS

The principal business is that of an employing company for the Deutsche Bank Group in the UK and its activities are driven by the staffing requirements of the operating subsidiaries of the Group to whom all costs are recharged. As a result of a letter of comfort from Deutsche Holdings No 2 Limited the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The Directors do not envisage that there will be any substantial change for the foreseeable future in the operations of the Company.

The position of the Company as at 31 December 2011 is reflected in the audited balance sheet set out on page 5.

FUTURE OUTLOOK

The outlook for the business is stable, and it is expected that the Company will maintain its historical level of activity.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a wholly owned subsidiary of the Deutsche Bank Group and therefore the risks it is subject to are managed within the risk and control functions of this Group. The Directors acknowledge their responsibility for the overall management of the risks faced by the Company and note that the key business risks and uncertainties affecting the Company are considered to relate to the external interest rate and credit environment, particularly in relation to the Euro zone and the banking sector.

Market Risk refers to the volatility of returns from movements in market prices (for example interest rates, share prices and exchange rates) before the affected positions can be closed or hedged. At present Market Risk arising from the Company's obligation to deliver Deutsche Bank shares through various share based payment awards, is mitigated by purchasing Call Options for a significant proportion of the equity exposure, the cost of which is recharged to the operating subsidiaries.

RESULTS AND DIVIDENDS

The results of the Company for the year ended 31 December 2011, after providing for taxation, is £ nil (2010: £ nil).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010: £ nil).

DIRECTORS

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2011 were as follows:

C. Byne	Appointed 1 March 2011
T. Lee	Appointed 23 May 2011
M. Freedman	
D. Hards	
S. Lytton	
C. Venter	
S. Ward	
S. White	

A. Bartlett and J. Bagshaw were Joint Secretaries of the Company throughout the year. There have been no further changes during the year or subsequent to the year-end.

REPORT OF THE DIRECTORS (continued)
For the year ended 31 December 2011

EMPLOYEES

The Company is committed to ensuring that employees share in the success of the Deutsche Bank Group (the "Group") and are kept informed of matters of concern to them in a variety of ways including a regular corporate news magazine, numerous intranet sites and also regular email communications. The Company established a UK Employee Consultation Forum in 2005 to communicate and share information with employees and this forum meets regularly and includes elected employee representatives. During 2011 employees of the Company together with employees of the Group globally were encouraged to participate in a Corporate Identity Survey with a view to identifying and addressing issues of importance to employees.

All employees of the Company have the opportunity to purchase shares in Deutsche Bank AG through participation in the UK Employee Share Ownership Plan. The Group also has an active and comprehensive Corporate Social Responsibility programme which encompasses employee volunteering, charitable giving and community partnerships.

The Company seeks to recruit and appoint the best available person for a job and to encourage the development of all employees to their full potential. The Company promotes equality of opportunity. The Company is committed to providing support to employees with disabilities and carries out a personal assessment for each disabled employee to assess their needs. The Company operates a workstation assessment programme for all employees which examines the working environment and implements adjustments where necessary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board of Directors this 18 day of SEPTEMBER 2012


JL Bagshaw
Joint Secretary

Registered office
23 Great Winchester Street, London EC2P 2AX
Company number 3077349

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DB Group Services UK Limited**

We have audited the financial statements of DB Group Services UK Limited ("the Company") for the year ended 31 December 2011 set out on pages 4 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its result for the year
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



M. Heath (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

Dated 18 September 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Note	<u>2011</u> £	<u>2010</u> £
Turnover	1	1,837,374,769	1,837,212,300
Administrative expenses	3	(1,643,940,323)	(1,834,529,014)
Other expense	1e	(74,368,613)	(170,241,858)
Other income	1e	74,368,613	170,241,858
OPERATING (LOSS)/PROFIT		(6,565,554)	2,683,286
Interest receivable	4a	631,344	270,589
Financing income	5	13,100,000	200,000
Interest payable	4b	(7,165,790)	(3,153,875)
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on result on ordinary activities		-	-
RESULT FOR THE FINANCIAL YEAR		-	-

The result for the year has arisen from continuing activities

The notes on pages 7 to 21 form part of these accounts

BALANCE SHEET
As at 31 December 2011

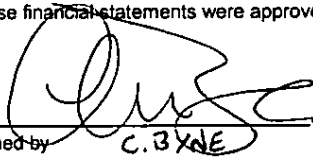
	Note	2011 £	2010 £
FIXED ASSETS			
Investments	7	-	13,315
NON CURRENT ASSETS			
Pension Asset	6	183,600,000	199,900,000
CURRENT ASSETS			
Cash at bank	8	252,815,135	480,798,367
Debtors	9	2,587,943,710	3,263,906,109
Investments	10	29,528,799	-
		2,870,287,644	3,744,704,476
CREDITORS amounts falling due within one year	11	(2,870,287,642)	(3,744,717,789)
NET CURRENT LIABILITIES		2	(13,313)
TOTAL ASSETS LESS CURRENT LIABILITIES		183,600,002	199,900,002
Creditor amounts falling due after more than one year	12	(173,100,000)	(191,900,000)
Pension Liability	6	(10,500,000)	(8,000,000)
NET ASSETS		2	2
CAPITAL AND RESERVES			
Called up share capital	13	2	2
SHAREHOLDERS' FUNDS		2	2

The notes on pages 7 to 21 form part of these accounts

These financial statements were approved by the Board of Directors on

18 SEPTEMBER

2012

Signed by 
for and on behalf of the Board of Directors

Company number: 3077349

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2011

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Result for the year	-	-
Actuanal Loss recognised in relation to pensions	(38,700,000)	(118,000,000)
Gain recognised for recovery of actuanal gain to group undertakings	38 700 000	118,000,000
Total recognised gain relating to the year	-	-

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 December 2011

	<u>Profit & Loss Account</u>	<u>Ordinary Share Capital</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2011	-	2	2
Movement in Pension Reserve	(18,800,000)		(18,800,000)
Other	18,800,000	-	18,800,000
Balance at 31 December 2011	-	2	2

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 December 2010

	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2010	-	2	2
Movement in Pension Reserve	5,300,000		5,300,000
Other	(5 300 000)	-	(5,300,000)
Balance at 31 December 2010	-	2	2

The notes on pages 7 to 21 form part of these accounts

NOTES TO THE ACCOUNTS
For the year ended 31 December 2011

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The company is exempt from the application of FRS 29 "Financial Instrument Disclosures" as it is a subsidiary undertaking, which 100% owned within DB Group

Per Note 13, consolidated financial statements for Deutsche Bank Aktiengesellschaft (DBAG) which comply with IFRS 7 are publicly available

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006, UK applicable Accounting Standards and applicable Statements of Recommended Practice. The particular accounting policies are described below

(a) CONVENTION

These financial statements are prepared in accordance with the historical cost convention, except for derivatives carried at fair value

(b) INCOME RECOGNITION

Interest income and expense is accounted for on an accruals basis by using the effective interest rates

(c) TURNOVER

Turnover represents all DB Group Services (UK) Limited staff and funding costs recharged to other group companies

Staff and funding costs are recognised on an accruals basis

(d) SHARE BASED COMPENSATION

The costs of awards to employees that take the form of shares are recognised over the period of the employees' related performance. The schemes are classified as being equity settled. Share based compensation is accounted for in equity based on the fair value on the grant date with a corresponding charge in profit and loss spread evenly over the vesting period of the award. A corresponding liability to Deutsche Bank AG to settle the charge each year is charged to equity, and is also based on the fair value on grant date, spread evenly over the vesting period. The share awards may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period.

Vesting usually continues after termination of employment in cases such as redundancy or retirement. Vesting will take place in full if the recipient's termination of employment is due to death or disability. In either case, expense recognition is accelerated.

(e) DERIVATIVES

The Company enters into derivatives to economically hedge exposure to share based payment awards. The Company accounts for these contracts at fair value with movements in fair value reflected within the profit and loss (other income/ other expenses). Recharges to other group counterparties for fair value movements on derivatives are also charged to the profit and loss (other income/ other expenses).

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

1 ACCOUNTING POLICIES (Continued)**(f) PENSION SCHEMES**

The Deutsche Bank Group operates four defined benefit schemes in the UK. The assets of the schemes are held separately from those of the Company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at a rate derived from the yield of AA-rated corporate bonds. Any pension scheme deficit is recognised in full. Any surplus as measured on an FRS 17 basis is recognised as long as it is recoverable whereas an irrecoverable surplus is unrecognised. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Total Recognised Gains and Losses, actuarial gains and losses.

The expected costs of pensions payable under the Company funded defined benefit schemes and of other unfunded retirement benefits is recognised in the Profit and Loss Account. Variations from regular costs are spread over the expected remaining service lives of current employees in the schemes. The costs are assessed in accordance with the advice of qualified actuaries. The last formal actuarial valuation was carried out at 31 December 2011 for the pension schemes and 31 December 2010 for the post-retirement medical scheme.

The Company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Profit and Loss Account represents the contributions payable to the scheme in respect of the accounting period.

(g) CASH FLOW STATEMENT

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary undertaking of a company which prepares consolidated financial statements which are publicly available.

(h) GROUP ACCOUNT EXEMPTION

As the Company is a wholly owned subsidiary undertaking of Deutsche Bank AG, which is incorporated in the E.U. and which publishes consolidated financial statements, and as its immediate parent undertaking is also incorporated in the E.U., it is exempt under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

(i) FOREIGN EXCHANGE

Transactions in foreign currencies are translated into Pounds Sterling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

(j) GOING CONCERN

As a result of a letter of comfort from Deutsche Holdings No. 2 Limited the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The Directors do not envisage that there will be any substantial change for the foreseeable future in the operations of the Company.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

2 DIRECTORS' REMUNERATION

The aggregate emoluments paid by the Company of persons who were Directors of the Company during the year ended 31 December 2011, including pension contributions, were £nil (2010: £nil)

3 ADMINISTRATIVE EXPENSES

	2011	2010
	£	£
Wages and benefits	1,378,014,995	1,384,343,135
Social security costs	171,425,328	189,202,847
Compensation expense for share-based payments	-	251,297,336
Other pension costs	94,500,000	9,885,898
	<u>1,643,940,323</u>	<u>1,834,529,014</u>
Audit of these financial statements	40,950	39,375
Auditors' remuneration for services to the Company has been borne by another group undertaking		
Average staff numbers during the year were as follows	7,008	7,036

4a INTEREST RECEIVABLE

Throughout 2011 the Company has received interest on its deposits with other group companies

	2011	2010
	£	£
Interest Income on deposits held	631,344	270,589

4b INTEREST PAYABLE

Throughout 2011 the Company has been charged interest on its borrowings with other group companies

	2011	2010
	£	£
Interest Expense on short term borrowings	(7,165,790)	(3,153,875)

5 FINANCING INCOME

Financing Income is incurred in relation to the Company's defined benefit pension and post retirement healthcare schemes

	2011	2010
	£	£
Interest cost of scheme liabilities	(109,300,000)	(112,200,000)
Expected return on scheme assets	122,400,000	112,400,000
Financing Income	<u>13,100,000</u>	<u>200,000</u>

This is explained in more detail in note 6

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

6 PENSION COSTS

Composition of the schemes

Throughout 2011 DB Group Services (UK) Limited operated four defined benefit post-retirement schemes in the UK - three defined benefit pension schemes (Staff and Senior Group Pension Schemes and Tilney Pension Fund) and a post-retirement medical plan. Full actuarial valuations of the defined benefit pension schemes are carried out every year. As all defined benefit pension schemes are closed to new entrants, under the projected unit method, the current service cost for the schemes will increase as a percentage of pensionable salary as the members of the schemes approach retirement. The post-retirement medical plan the UK Group operates for UK pensioners is unfunded. The scheme is closed to new members.

During 2011 the Group paid pension contributions of £26.2 million to the staff scheme, £1.9 million to the senior group scheme and £1.3 million to the Tilney Pension Fund. Employer contributions during 2011 were at a rate of 47.9% of pensionable salaries for the first three months and 11.6% for the remaining nine months for the Staff Scheme. They were 61.3% of pensionable salaries for the first three months and 11.4% for the remaining nine months for the Senior Group scheme. The contributions paid in the last nine months of the year are based on the results of the 31 December 2009 funding valuation and the Schedule of Contributions that came into effect from 1 April 2011. The regular contributions to the Tilney Pension Fund were paid at 17.4% of pensionable salaries. As part of the total contributions mentioned above the employer made additional deficit funding contributions of £5.9 million, £1.3 million and £1.2 million to the Staff, Senior Group and Tilney schemes, respectively, during the year.

The total pension costs for the DB Group Services (UK) Limited were £94.5 million (2010: £9.7 million). Total 2011 pension costs recognised in profit and loss amounted to £22.5 million (in 2010 there was a credit of £51.1 million) related to the UK Group's defined benefit post-retirement schemes for employees based in the UK. Furthermore, £72.0 million (2010: £60.8 million) of contributions were made to defined contribution type of money purchase schemes.

The change in indexation of occupational pensions in deferment from Retail Price Index (RPI) to Consumer Price Index (CPI) due to a UK Government announcement led to a past service credit of £83.2 million and £6.6 million in respect of the staff and senior group defined benefit pension schemes, respectively, recognised in profit and loss in 2010.

The adoption of FRS17 has resulted in a need to recognise a net surplus in respect of the three defined benefit pension schemes. The gross surplus on the scheme is £742.3 million in 2011 (surplus of £442.4 million in 2010) however, this includes unrecognised assets of £558.7 million (2010: £242.5 million). Hence a pension asset of £183.6 million (2010: £199.9 million) was recognised in respect of the pension schemes. A pension liability was recognised on the post-retirement medical plan of £10.5 million (2010: £8.0 million).

Staff, Senior Group and Tilney Pension Schemes31 December 2011

	Senior Group	Staff	Tilney
Rate of increase in salaries	4.40%	4.40%	3.40%
Rate of increase in pensions - deferment	2.50%	2.50%	3.40%
Rate of increase in pensions - payment	3.24%	3.24%	3.40%
Discount rate	5.00%	5.00%	5.00%
Inflation assumption (RPI)	3.40%	3.40%	3.40%
Inflation assumption (CPI)	2.50%	2.50%	n/a

31 December 2010

	Senior Group	Staff	Tilney
Rate of increase in salaries	4.70%	4.70%	3.70%
Rate of increase in pensions - deferment	3.00%	3.00%	3.70%
Rate of increase in pensions - payment	3.47%	3.47%	3.70%
Discount rate	5.60%	5.60%	5.60%
Inflation assumption (RPI)	3.70%	3.70%	3.70%
Inflation assumption (CPI)	3.00%	3.00%	n/a

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

6 PENSION COSTS (continued)

The post-retirement mortality assumption in respect of the staff and senior group schemes is 110% for males (100% for the Senior Scheme) and 100% for females of the SAPS Light tables with an allowance for future improvements in line with the CMI 2011 Core Projections assuming a long-term annual rate of improvement in mortality rates of 1.25% for men and women. The assumptions are such that a member who retires in 2011 at age 60 will live on average for a further 28 years after retirement (29 for the Senior Scheme) if they are male and for a further 30 years after retirement if they are female.

With respect to the Tilney Pension Fund the post-retirement mortality assumption is the "SAPS Light" tables (110% multiple of rates for males, 100% for females), plus an allowance for future improvements in line with the CMI 2011 core projections with an assumed long-term improvement in mortality rates of 1.25% pa. The assumptions are such that a member who retires in 2011 at age 65 will live on average for a further 23.3 years after retirement if they are male and for a further 25.2 years after retirement if they are female.

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, were

	Long term rate of return expected at 31 Dec 2011 %	Value at 31 Dec 2011 £m	Long term rate of return of return expected at 31 Dec 2010 %	Value at 31 Dec 2010 £m
Equities		229.9		251.9
Government bonds		894.4		833.1
Corporate bonds		1,243.6		1,025.6
Property		88.2		61.1
Derivatives		379.0		128.0
Other		102.0		96.5
Total market value of assets	4.6	2,935.1	5.1	2,396.2
Present value of scheme liabilities		2,192.8		1,953.8
Surplus at end of year		742.3		442.4

As at 31 December 2011 the staff and senior group schemes had entered into derivatives where Deutsche Bank was the counter party which had a fair value of £110.8 million (31 December 2010: £54.7 million).

Changes to the present value of the Defined Benefit Obligation during the year

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Opening defined benefit obligation	1,953.8	1,860.1
Tilney pension fund	-	31.5
Current service cost	23.0	38.5
Interest Cost	108.9	111.6
Actuarial (gains)/losses on liabilities	160.4	59.4
Net benefits paid out	(53.6)	(58.1)
Contributions by employees	0.1	-
Past service cost	0.2	(89.2)
Closing Defined Benefit Obligation	2,192.8	1,953.8

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

6 PENSION COSTS (continued)**Changes to the fair value of the Scheme assets during the year**

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Opening fair value of Scheme assets	2,396.2	2,064.4
Tilney pension fund	-	25.2
Expected return on Scheme assets	122.4	112.4
Actuarial gain on Scheme assets	440.6	174.3
Contributions by the employer	29.4	78.0
Contributions by employees	0.1	-
Net benefits paid out	(53.6)	(58.1)
Closing fair value of Scheme assets	2,935.1	2,396.2

Deutsche Bank employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class.

Actual return on Scheme assets

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Expected return on Scheme assets	122.4	112.4
Actuarial (losses)/gain on Scheme assets	440.6	174.3
Actual return on Scheme assets	563.0	286.7

Analysis of pension costs charged in arriving at operating profit/(loss)

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Current Service Cost	23.0	38.5
Past Service Cost	(0.5)	(89.6)
Charge/(credit) to Operating profit	22.5	(51.1)

Analysis of amounts included in other financing income / (costs)

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Interest cost of scheme liabilities	(108.9)	(111.6)
Expected return on scheme assets	122.4	112.4
Credit/(charge) to financing cost	13.5	0.8

NOTES TO THE ACCOUNTS
For the year ended 31 December 2011

6 PENSION COSTS (continued)

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Actual return less expected return on Scheme assets	440.6	174.3
Experience (losses)/gains arising on the scheme liabilities	(13.5)	50.7
Changes in assumptions underlying the PV of the scheme liabilities	(146.9)	(110.1)
Change in irrecoverable surplus, effect of Unrecognised asset	(316.1)	(235.0)
Actuarial (loss)/gain recognised in Statement of Total Recognised Gains and Losses	(35.9)	(120.1)
Cumulative amount of losses recognised in the STRGL	(477.2)	(441.3)

Reconciliation of funded status to Balance Sheet

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Fair value of Scheme assets	2,935.1	2,396.2
Present value of funded defined benefit obligations	2,192.8	1,953.8
	742.3	442.4
Unrecognised asset	(558.7)	(242.5)
Asset recognised on the balance sheet	183.6	199.9

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

6 PENSION COSTS (continued)

History of asset values, DBO and surplus/deficit in Scheme

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Fair value of Scheme assets	2,935.1	2,396.2
Defined benefit obligation	2,192.8	1,953.8
Surplus in the Scheme	<u>742.3</u>	<u>442.4</u>

	Senior & Staff Scheme 2009 £m	Senior & Staff Scheme 2008 £m
Fair value of Scheme assets	2,064.4	2,021.2
Defined benefit obligation	1,860.1	1,572.8
Surplus in the Scheme	<u>204.3</u>	<u>448.4</u>

	Senior & Staff Scheme 2007 £m
Fair value of Scheme assets	1,776.0
Defined benefit obligation	1,547.5
Surplus in the Scheme	<u>228.5</u>

History of experience gains and losses

	Senior, Staff & Tilney Schemes 2011 £m	Senior, Staff & Tilney Schemes 2010 £m
Experience gains on Scheme assets	440.6	174.3
Experience (losses)/gains on Scheme liabilities	(13.5)	50.7
Changes in assumptions underlying the PV of the Scheme liabilities	(146.9)	(110.1)

	Senior & Staff Scheme 2009 £m	Senior & Staff Scheme 2008 £m
Experience gains on Scheme assets	(77.7)	60.7
Experience gains on Scheme liabilities	2.7	11.2
Changes in assumptions underlying the PV of the Scheme liabilities	n/a	n/a

NOTES TO THE ACCOUNTS
For the year ended 31 December 2011

6 PENSION COSTS (continued)

	Senior & Staff Scheme 2007 £m
Experience losses on Scheme assets	23.3
Experience losses on Scheme liabilities	14.1
Changes in assumptions underlying the PV of the Scheme liabilities	n/a

The expected Company contributions for the year commencing 1 January 2012 in respect of the Staff Scheme are £20.6 million and in respect of the Senior scheme are £0.5 million. The Company contributions expected to be made to the Tilney Pension Fund in the year commencing 1 January 2012 are £1.3 million.

Post Retirement Medical Benefit

The UK Group operates an unfunded post-retirement medical benefits scheme for UK pensioners. The scheme is closed to new members. The liability is valued by a qualified actuary. The last formal review of the scheme was at 31 December 2010 by Mercer Limited. The principal actuarial assumptions used in the 2011 valuation were a liability discount rate of 5.0% per annum and medical inflation of 4.0% per annum increasing to 6.5% over the next four years. The principal actuarial assumptions used in the 2010 valuation were a liability discount rate of 5.6% per annum and medical inflation of 4.0% per annum. The principal actuarial assumptions used in the 2009 valuation were a liability discount rate of 5.8% per annum and medical inflation of 7.5% per annum for one year, reducing to 4.5% over the next four years and 4.5% per annum thereafter.

The effect of a change of one percent point in the medical inflation rates would result in the following:

1% Increase Medical Trend	£m
The accumulated retirement healthcare obligation	1.1
The aggregate of current service cost and interest cost	0.1
1% Decrease Medical Trend	£m
The accumulated retirement healthcare obligation	(0.9)
The aggregate of current service cost and interest cost	(0.1)

At 31 December 2011, the date of valuation, the liability was £10.5m.

Movement in surplus / (deficit) during the year

	Medical Scheme 2011 £m	Medical Scheme 2010 £m
Deficit at start of year	(8.0)	(10.2)
Company contributions	0.7	0.7
Other financing charge	(0.4)	(0.6)
Actuarial gain/(losses)	(2.8)	2.1
(Deficit) at end of year	(10.5)	(8.0)

The year end pension deficit for the 3 preceding years was as follows:

	£m
Year Ended 31 December 2009	(10.2)
Year Ended 31 December 2008	(11.9)
Year Ended 31 December 2007	(10.0)

Analysis of other pension costs charged in arriving at operating profit/(loss)

There are no disclosable costs associated with the Post Retirement Medical Benefit within Operating Profit.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

6 PENSION COSTS (continued)**Analysis of amounts included in other Financing income / (costs)**

	Medical Scheme 2011 £m	Medical Scheme 2010 £m
Interest cost on scheme liabilities	(0.4)	(0.6)
Expected return on scheme assets	0.0	0.0
Charge to Financing cost	(0.4)	(0.6)

The expected charge for the year ending 31 December 2012 is £0.5m

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses

	Medical Scheme 2011 £m	Medical Scheme 2010 £m
Actual return less expected return on scheme assets	-	-
Experience gains and losses arising on scheme liabilities	-	0.2
Changes in assumptions underlying the PV of the Scheme liabilities	(2.8)	1.9
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	(2.8)	2.1

	Medical Scheme 2009 £m	Medical Scheme 2008 £m
Actual return less expected return on scheme assets	-	-
Experience gains and losses arising on scheme liabilities	0.9	(0.4)
Changes in assumptions underlying the PV of the Scheme liabilities	0.8	(1.6)
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	1.7	(2.0)

	Medical Scheme 2007 £m
Actual return less expected return on scheme assets	-
Experience gains and losses arising on scheme liabilities	0.1
Changes in assumptions underlying the PV of the Scheme liabilities	(0.3)
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	(0.2)

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

7 INVESTMENTS

Incorporated subsidiary undertakings

<u>Name of Company</u>	<u>Number & Class of Shares Owned</u>	<u>%</u>	<u>Country of Incorporation/Operation</u>	<u>Nature of Business</u>
Dark Blue Investments Limited	38,042 Ordinary shares of £0.35 each	100%	Cayman Islands	Staff Compensation

Dark Blue Investments Limited was dissolved on 15th November 2011. Liquidation proceeds of £13,315 have not yet been received and so a debtor balance has been recorded. There is no profit or loss on disposal.

	<u>Shares in Group undertakings and participating interests</u>	<u>Total</u>
	£	£
Cost		
At 1 January 2011	13,315	13,315
Disposal	(13,315)	(13,315)
At 31 December 2011	-	-

8 CASH AT BANK AND IN HAND	<u>2011</u>	<u>2010</u>
	£	£
Cash at bank held with Deutsche Bank AG	252,815,135	480,798,367
	<u>252,815,135</u>	<u>480,798,367</u>

9 DEBTORS	<u>2011</u>	<u>2010</u>
	£	£
Trade Debtors	53,981,759	-
Other Trading Assets	93,591,191	59,587,130
Amounts owed by group undertakings	2,439,213,017	3,202,104,519
Prepayments and accrued income	1,157,743	2,214,460
	<u>2,587,943,710</u>	<u>3,263,906,109</u>

As at 31 December 2011, the Company had 32,520,070 call options (2010: 30,529,970 call options) in place, with one share per option and an average strike price of €40.08 (2010: €52.69). The fair value of the options was £83,591,191 (2010: £59,587,130) which was €111,796,062 (2010: €89,048,901).

10 Investments (held as current assets)	<u>2011</u>	<u>2010</u>
	£	£
Other Investments	29,528,799	-
	<u>29,528,799</u>	<u>-</u>
The investment related exclusively to Deutsche Bank shares		

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

11 CREDITORS	Amounts falling due within one year	2011	2010
		£	£
	Amounts owed to group undertakings	521,517,471	775,080,553
	Other creditors, including taxation and social security	91,273,484	203,083,598
	Accruals and deferred income	1,359,704,552	1,618,292,530
	Bank overdraft	897,792,135	1 148,261,108
		2,870,287,642	3,744,717,789
12 CREDITORS	Amounts falling due after one year	2011	2010
		£	£
	Amounts owed to group undertakings	173,100,000	191,900,000
		173,100,000	191,900,000
13 SHARE CAPITAL		2011	2010
		No	No
	Authorised		
	Ordinary shares of £1 each	1,000	1 000
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	2	2
		2	2
		2011	2010
		£	£
	Authorised		
	Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	2	2
		2	2
14 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS			
	DB UK Holdings Limited, a company incorporated in the UK, is the Company's immediate controlling entity		
	Deutsche Bank AG a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest and smallest group for which group financial statements are drawn up		
	Copies of the group financial statements prepared in respect of Deutsche Bank AG may be obtained from the Company Secretariat, Deutsche Bank AG, London branch, Winchester House, 1 Great Winchester Street London EC2N 2DB		
15 RELATED PARTY TRANSACTIONS			
	As permitted by paragraph 3(c) of FRS 8, no disclosure is made of transactions with members or associates of the Deutsche Bank Group		

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

16 SHARE BASED COMPENSATION

In 2011, the Group granted share-based compensation under the DB Equity Plan. The awards made were granted in accordance with German compensation regulation for financial institutions entitled *Instituts-Vergütungsverordnung (InstitutsVergV)*. For all employees 50 % of their deferred awards were granted in equity. For all regulated employees according to *InstitutsVergV* regulation, a further holding period applies upon vesting before employees are permitted to sell their shares.

The following table summarises the main features of this plan

Plan name	Vesting schedule	Early retirement provisions	Eligibility
DB Equity Plan	33 34 % 12 months ¹	Yes	Select employees as annual retention
	33 33 % 24 months ¹		
	33 33 % 36 months ¹		
Retention / New Hire	Individual Specification ²	Yes	Select Employees to attract or to retain key staff
Annual Award - Upfront	Vesting immediately at grant ³	No	Regulated employees

¹ For regulated employees share delivery after a further retention period of six months

² Weighted average relevant service period: 23 months

³ For regulated employees share delivery after a retention period of six months

Prior to 2011, the Group granted share-based compensation under the DB Equity Plan and under the Restricted Units Equity Plan. The following table summarises the main features of these plans

Plan name	Vesting Schedule	Early retirement provisions	Eligibility	Last grant in
DB Equity Plan	Annual Award	Yes	Select employees as annual retention	2010 (under this vesting schedule)
	Graded vesting in nine equal tranches between 12 months and 45 months or cliff vesting after 45 months			
Retention / New Hire	Individual Specification	No	Select Employees to attract or to retain key staff	
DB Equity Plan	Annual Award	No	Select employees as annual retention	2009 (under this vesting schedule)
	50 % 24 months 25 % 36 months 25 % 48 months			
Retention / New Hire	Individual specification	No	Select Employees to attract or to retain key staff	
Restricted Equity Units Plan	Annual Award	Yes	Select employees as annual retention	2006
	80 % 48 months ¹ 20 % 54 months			

¹ With delivery after further 6 months

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

16 SHARE BASED COMPENSATION (continued)DB Equity Plan and Restricted Equity Units Plan

Awards granted under the terms and conditions of the DB Equity Plan and the Restricted Equity Units Plan represent a contingent right to receive Deutsche Bank common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award. An award, or portion of it, may be forfeited if the recipient voluntarily terminates employment before the end of the relevant vesting period. Early retirement provisions, however, allow continued vesting after voluntary termination of employment when certain conditions regarding age or tenure are fulfilled. Vesting usually continues after termination of employment in certain cases, such as redundancy or retirement. Vesting is accelerated if the recipient's termination of employment is due to death or disability.

UK Employee Share Ownership Plan

The UK ESOP Plan is a UK Revenue and Customs approved scheme whereby employees voluntarily elect to purchase DB Group shares. The company makes a matching contribution which is recognised as an expense on an accruals basis. In addition, eligible employees are granted options at the end of each year up to and including 2009, equivalent to the number of shares their contributions have purchased based on the average share price for the last 10 trading days in December. This resulted in options being issued at prices between €26.49 and €101.25 per option. The fair value at grant date of the option is expensed on a straight line basis over the period from grant to vest (3 years).

As at 31st December 2011 227,338 (31st December 2010 165,042) of outstanding options were exercisable.

Compensation Expense

Compensation expense for awards classified as equity instruments is measured at the grant date based on the fair value of the share-based award. For share awards, the fair value is the quoted market price of the share reduced by the present value of the expected dividends that will not be received by the employee and adjusted for the effect, if any, of restrictions beyond the vesting date. Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but nonsubstantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

The entity recognised compensation expense related to its significant share-based compensation plans, described above, as follows:

In £	<u>2011</u>	<u>2010</u>
DB Global Share Plan	-	3,278
DB Equity Plan / Restricted Equity Units Plan	293,010,565	247,747,274
UK ESOP	4,558,946	3,546,784
Total	<u>297,569,511</u>	<u>251,297,336</u>

As of 31 December 2011, unrecognised compensation costs related to non-vested share-based compensation was £138,985,262 (2010 £282,942,957), which is expected to be recognised over an average period of approximately 1.40 years (2010 1.87 years).

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

16 SHARE BASED COMPENSATION (continued)

Recognised Amortisation expense for Unvested Stock Compensation Awards

As at 31st December 2011 the company's life to date recognised amortisation expense in respect of unvested share based compensation awards totalled £422,563,221 (31st December 2010 £525,022,590). This balance is based on the grant date value and is therefore at fixed values and represents that part of the ultimate commitment to its employee that has already been amortised.

Award Related Activities

The following table summarises the activity in plans involving share awards, which are those plans granting a contingent right to receive Deutsche Bank common shares after a specified period of time. It also includes the grants under the cash plan variant of the DB Equity Plan.

in thousands of units (except per share data)	share units	Weighted-average grant date fair value per unit
Balance at 31 December 2009	12,871	€ 52.30
Granted	19,151	€ 48.68
Issued	(7,592)	€ 77.71
Transferred/Forfeited	(1,821)	€ 43.45
Balance at 31 December 2010	22,609	€ 41.41
Granted	8,035	€ 40.31
Issued	(7,767)	€ 52.89
Transferred/Forfeited	(274)	€ 41.53
Balance at 31 December 2011	22,603	€ 40.05

In addition to the amounts shown in the table above, in February 2012 the Group granted awards of approx 11,600,000 units under the DB Equity Plan with an average grant date fair value of €32.59 per unit.

The following is a summary of the activity in the UK ESOP involving option awards for the years ended December 31, 2011 and 2010.

UK ESOP		
In Units of 000's (except per share data)	Units	Weighted-average grant date fair value per unit
Balance at Dec 31, 2009	515	€ 59.25
Granted	-	€ 0.00
Exercised	(1)	€ 29.47
Forfeited	(88)	€ 60.18
Balance at Dec 31, 2010	426	€ 59.11
Granted	-	€ 0.00
Exercised	-	€ 0.00
Forfeited	(60)	€ 65.10
Balance at Dec 31, 2011	366	€ 50.67
Weighted-Average remaining contractual life at		
December 31, 2010	3.6 years	
December 31, 2011	2.95 years	

The tax expense realised, in other Deutsche Bank UK Group companies, in 2011 from delivery of shares under the UK ESOP Option plans was approximately £1,561.