DB Group Services (UK) Limited
Company number 3077349

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2012

REPORT OF THE DIRECTORS
For the year ended 31 December 2012

The Directors present their annual report and audited financial statement for the year ended 31 December 2012

ACTIVITIES AND REVIEW OF BUSINESS

The principal business is that of an employing company for the Deutsche Bank Group (the "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 2012 is reflected in the audited balance sheet set out on page 7

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 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

CONTINGENT LIABILITIES

On 4th December 2013 Deutsche Bank AG announced that, as part of a collective settlement, it had reached agreement with the European Commission on a resolution of its investigations into the submission of interbank offered rates The settlement covers investigations into the trading of Euro interest rate derivatives (EIRD) and Yen interest rate derivatives (YIRD) As part of the settlement Deutsche Bank AG has agreed to pay EUR 466 million for EIRD and EUR 259 million for YIRD or EUR 725 million in total

The Company was identified by the European Commission as one of the group companies held jointly and severally liable for the settlement of the EUR 466 million fine imposed in respect of the European Commission's EIRD investigations The Company is not under any obligation for the settlement of the fine imposed in respect of the European Commission's YIRD investigations

The Company has received confirmation from the Group Management Board of Deutsche Bank AG that Deutsche Bank AG will pay or procure the payment of the total settlement without recourse to the assets of the Company This confirmation also extends to any potential civil claims against the Company as a result of its involvement in the settlement

FRS12 states that ' Where an entity is jointly and severally liable for an obligation the part of the obligation that is expected to be met by other parties is treated as a contingent liability As the Company does not expect to meet the cost of the settlement it is not required to provide for the settlement in these financial statements This expectation would have existed at 31 December 2012 based on the past practice of the Company whereby all liabilities of the Company are recovered from other group companies

RESULTS AND DIVIDENDS

The results of the Company for the year ended 31 December 2012 after providing for taxation is £ nil (2011 £ nil)

The Directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011 £ nil)

DIRECTORS

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2012 were as follows

C Byne	
T Lee	
M Freedman	
D Hards	
S Lytton	Resigned 16 September 2013
C Venter	Resigned 16 April 2013
S Ward	
S White	Resigned 31 October 2013

Directors have confirmed that during the year they spent time appropriate to their responsibilities on the affairs of the Company

EMPLOYEES

The Company is committed to ensuring that employees share in the success of 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 2012 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 examine the working environment and implements adjustments where necessary

STATEMENT OF DIRECTORS' RESPONSIBILITES 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 required to

- 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 financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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 17 day of DECEMBER 2013

JBagshaw

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 2012 set out on pages 6 to 27 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 4, 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 Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

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 2012 and of its result for the year then ended
- 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

Mike Heath

Mike Heath (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
Dated 17 December 2013

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2012

	Note	2012 £m	2011 £m
Turnover	1	1,944 4	1 934 9
Administrative expenses	3	(1,963 6)	(1,941 5)
Other expense	1e	(1 8)	(74 4)
Other income	1e	1 8	74 4
OPERATING (LOSS)/PROFIT		(19 2)	(6 6)
Interest receivable	4a	0 1	0 6
Financing income	5	20 6	13 1
Interest payable	4b	(1 5)	(7 1)
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 10 to 29 form part of these accounts

BALANCE SHEET

As at 31 December 2012

	Note	2012 £m	2011 £m
NON CURRENT ASSETS			
Pension Asset	6	196 8	183 6
CURRENT ASSETS			
Loans	7	1 2	-
Cash at bank	8	174 3	252 9
Debtors	9	2,374 3	2,587 9
Investments	10	7 3	29 5
		2 557 1	2,870 3
CREDITORS amounts falling due within one year	11	(2 557 1)	(2,870 3)
NET CURRENT ASSETS		-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		196 8	183 6
Creditor amounts falling due after more than one year	12	(176 6)	(173 1)
Pension Liability	6	(20 2)	(10 5)
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital	13	-	-
SHAREHOLDERS' FUNDS		-	-

The notes on pages 10 to 29 form part of these accounts

These financial statements were approved by the Board of Directors on 17 DECEMBER 2013

Signed by M. FREEDMAN
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 2012

	2012 £m	2011 £m
Result for the year	-	-
Actuarial Loss recognised in relation to retirement benefits	(15 4)	(38 7)
Gain recognised for recovery of actuarial gain to group undertakings	15 4	38 7
Total recognised gain relating to the year	-	-

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the year ended 31 December 2012

	Profit & Loss Account £m	Ordinary Share Capital £m	Total £m
Balance at 1 January 2012	-	-	-
Balance at 31 December 2012	-	-	-

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

	£m	£m	£m
Balance at 1 January 2011	-	-	-
Balance at 31 December 2011	-	-	-

The notes on pages 10 to 29 form part of these accounts

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

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 is 100% owned within DB Group

Per Note 14, consolidated financial statements for 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

(c) TURNOVER
Turnover represents all the Company's 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 is accelerated if the recipient's termination of employment is due to death or disability

(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 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 2012

1 **ACCOUNTING POLICIES (Continued)**

(f) RETIREMENT BENEFITS
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 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

(k) KEY ESTIMATES

Retirement Benefits

Retirement benefits are long-term liabilities whose value can only be estimated using assumptions about developments over a long period The economic and demographic assumptions used for the purpose of compliance with FRS 17 are selected by the Company by applying the best estimate and ongoing plan principles The Company has employed actuarial advice in arriving at the figures presented in note 6 of the financial statements Any assumptions that are affected by economic conditions (financial assumptions) are based on market expectations, at the balance sheet date, for the period over which the obligations are settled

2 DIRECTORS' REMUNERATION

The aggregate emoluments paid by the Company of persons who were Directors of the Company during the year ended 31 December 2012, including pension contributions, were £nil (2011 £nil)

3 ADMINISTRATIVE EXPENSES

	2012	2011
	£m	£m
Wages and benefits	1,377 0	1,378 0
Social security costs	205 8	171 4
Compensation expense for share-based payments (Note 16)	221 3	297 6
Other pension costs (Note 6)	101 7	94 5
Restructuring activities	57 8	-
	1,963 6	**1,941.5**
	£	£
Audit of these financial statements	37,265	40,950

Auditors' remuneration for services to the Company has been borne by another group undertaking

Average staff numbers during the year were as follows	7,372	7,008

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

4a INTEREST RECEIVABLE

Throughout 2012 the Company has received interest on its deposits with other group companies

	2012	2011
	£m	£m
Interest Income on deposits held	0 1	0 6
	0 1	0 6

4b INTEREST PAYABLE

Throughout 2012 the Company has been charged on its borrowings with other group companies

	2012	2011
	£m	£m
Interest Expense on short term borrowings	(1 5)	(7 1)
	(1 5)	(7 1)

5 FINANCING INCOME

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

	2012	2011
	£m	£m
Interest cost of scheme liabilities	(109 6)	(109 3)
Expected return on scheme assets	130 2	122 4
Financing Income	**20 6**	**13 1**

£109 1m of the interest cost relates to the three defined benefit pension plans and £0 5m to the post retirement medical scheme This is explained in more detail in note 6

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS

Composition of the schemes

Throughout 2012 the Company operated four defined benefit post-retirement schemes in the UK - three defined benefit pension schemes (DB (UK) Pension Scheme, also referred to as Staff Scheme, DB (UK) Senior Group Pension Scheme, also referred to as Senior Scheme, and the Tilney Pension Fund) and a smaller post-retirement medical benefit plan In addition, the Company operates a defined contribution section within the DB (UK) Pension Scheme

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 benefit plan is unfunded The scheme is closed to new members

During 2012 the entity paid pension contributions of £19 4 million to the staff scheme, £0 5 million to the senior group scheme and £1 3 million to the Tilney Pension Fund Employer contributions during 2012 were at a rate of 20 7% of pensionable salaries for the Staff Scheme They were 23 9% of pensionable salaries for the Senior Scheme The contributions paid over 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 employer contributions mentioned above the entity made deficit funding contributions of £1 2 million to the Tilney scheme during 2012 There were no deficit contributions paid or required to the Staff or Senior Scheme during 2012

The total retirement benefit costs for the entity were £101 7 million (2011 £94 5 million) Total 2012 pension costs recognised in operating profit and loss amounted to £23 6 million (2011 £22 5 million) related to the UK Group's defined benefit post-retirement schemes for employees based in the UK Furthermore, £78 1 million (2011 £72 0 million) of contributions were made to defined contribution type of money purchase schemes

Under FRS17 the surplus in respect of the three defined benefit pension schemes of £590 4 million in 2012 (surplus of £742 3 million in 2011) has been reduced by the effect of unrecognised assets of £402 4 million (2011 £558 7 million) Hence, a net pension asset of £188 0 million (2011 £183 6 million) was recognised in respect of the pension schemes, thereof a pension asset of £196 8 million in respect of the staff and senior group schemes and a pension liability of £8 8 million in respect of the Tilney Pension Fund
A pension liability was recognised on the post-retirement medical plan of £11 4 million (2011 £10 5 million)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

Senior Scheme, Staff Scheme and Tilney Pension Fund – key actuarial assumptions

31 December 2012

	Senior	Staff	Tilney
Rate of increase in salaries	4 30%	4 30%	3 30%
Rate of increase in pensions - deferment	2 40%	2 40%	3 30%
Rate of increase in pensions - payment	3 16%	3 16%	3 30%
Discount rate	4 60%	4 60%	4 60%
Inflation assumption (RPI)	3 30%	3 30%	3 30%
Inflation assumption (CPI)	2 40%	2 40%	n/a

31 December 2011

	Senior	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

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

The post-retirement mortality assumption in respect of the Staff and Senior Schemes are 110% for males and 100% respectively 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 2012 at age 60 will live on average for a further 28 years (29 years for the Senior Scheme) after retirement 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 are the SAPS Light tables with 110% rating for males and no rating for females, plus an allowance for future improvement 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 2012 at age 65 will live on average for a further 23 4 years after retirement if they are male and for a further 25 3 years after retirement if they are female

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

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 2012 %	Value at 31 Dec 2012 £m	Long term rate of return expected at 31 Dec 2011 %	Value at 31 Dec 2011 £m
Equities		312 4		229 9
Government bonds (including cash and cash equivalents)		946 6		995 4
Corporate bonds		1,519 8		1,243 6
Property		75 8		86 2
Structured Products		154 5		110 6
Derivatives / Alternatives		13 9		269 4
Total market value of assets	4 4	**3,023 0**	4 5	**2,935 1**
Present value of scheme liabilities		2,432 6		2,192 8
Surplus at end of year		590 4		742 3

As at 31 December 2012 the Staff and Senior Schemes had entered into derivatives where Deutsche Bank was the counter party which had a positive net fair value of £23 9 million (31 December 2011 £110 8 million)

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

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Opening defined benefit obligation	**2,192 8**	**1,953 8**
Current service cost	23 6	23 0
Interest Cost	109 1	108 9
Actuarial (gains)/losses on liabilities	151 4	160 4
Net benefits paid out	(46 2)	(53 6)
Contributions by employees	-	0 1
Past service cost	1 9	0 2
Closing Defined Benefit Obligation	**2,432 6**	**2,192 8**

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

Changes to the fair value of the Scheme assets during the year

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Opening fair value of Scheme assets	2,935 1	2,396 2
Expected return on Scheme assets	130 2	122 4
Actuarial (losses) / gains on Scheme assets	(17 3)	440 6
Contributions by the employer	21 2	29 4
Contributions by employees	-	0 1
Net benefits paid out	(46 2)	(53 6)
Closing fair value of Scheme assets	**3,023 0**	**2,935 1**

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 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Expected return on Scheme assets	130 2	122 4
Actuarial (losses)/gains on Scheme assets	(17 3)	440 6
Actual return on Scheme assets	**112 9**	**563 0**

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

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Current Service Cost	23 6	23 0
Past Service Cost	-	(0 5)
Charge/(credit) to Operating profit	**23 6**	**22 5**

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

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

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Interest cost of scheme liabilities	(109 1)	(108 9)
Expected return on scheme assets	130 2	122 4
Credit/(charge) to financing cost	**21 1**	**13 5**

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

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Actual return less expected return on Scheme assets	(17 3)	440 6
Experience (losses)/gains arising on the scheme liabilities	3 0	(13 5)
Changes in assumptions underlying the PV of the scheme liabilities	(154 4)	(146 9)
Change in irrecoverable surplus, effect of Unrecognised asset	154 5	(316 1)
Actuarial (loss)/gain recognised in Statement of Total Recognised Gains and Losses	**(14 2)**	**(35 9)**
Cumulative amount of losses recognised in the STRGL	(491 4)	(477 2)

Reconciliation of funded status to Balance Sheet

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Fair value of Scheme assets	3,023 0	2,935 1
Present value of funded defined benefit	2,432 6	2,192 8
Funded Status	590 4	742 3
Unrecognised asset	(402 4)	(558 7)
Asset recognised on the balance sheet	**196 8**	**183 6**
Liability recognised on the balance sheet	**(8 8)**	

Total liability on the balance sheet of £20 2m is comprised of £8 8m on pension schemes and £11 4m on the post retirement medical plan

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

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

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Fair value of Scheme assets	3,023 0	2,935 1
Defined benefit obligation	2 432 6	2,192 8
Surplus in the Scheme	590 4	742.3

	Senior & Staff Scheme 2010 £m	Senior & Staff Scheme 2009 £m
Fair value of Scheme assets	2,396 2	2,064 4
Defined benefit obligation	1,953 8	1,860 1
Surplus in the Scheme	442 4	204.3

	Senior & Staff Scheme 2008 £m
Fair value of Scheme assets	2,021 2
Defined benefit obligation	1,572 8
Surplus in the Scheme	448 4

History of experience gains and losses

	Senior, Staff & Tilney Schemes 2012 £m	Senior, Staff & Tilney Schemes 2011 £m
Experience gains on Scheme assets	(17 3)	440 6
Experience (losses)/gains on Scheme liabilities	3 0	(13 5)
Changes in assumptions underlying the PV of the Scheme liabilities	(154 4)	(146 9)

	Senior, Staff & Tilney Schemes 2010 £m	Senior & Staff Scheme 2009 £m
Experience gains on Scheme assets	174 3	(77 7)
Experience gains on Scheme liabilities	50 7	2 7
Changes in assumptions underlying the PV of the Scheme liabilities	(110 1)	n a

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

	Senior & Staff Scheme 2008 £m
Experience losses on Scheme assets	60 7
Experience losses on Scheme liabilities	11 2
Changes in assumptions underlying the PV of the Scheme liabilities	n a

Regular employer contributions to the Staff Scheme and the Senior Scheme in 2013 are estimated to be £19 2 million and £0 3 million, respectively In respect of the Tilney Pension Fund the entity is expected to make contributions of £1 3 million over 2013

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

Post Retirement Medical Benefit Plan

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 2012 valuation were a liability discount rate of 4 6% per annum and medical inflation (i e healthcare trend) of 6 6% per annum 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 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	1 4
The aggregate of current service cost and interest cost	-

1% Decrease Medical Trend	**£m**
The accumulated retirement healthcare obligation	(1 2)
The aggregate of current service cost and interest cost	(0 1)

At 31 December 2012, the date of valuation, the liability was £11 4m

Movement in surplus / (deficit) during the year

	Medical Scheme 2012 £m	Medical Scheme 2011 £m
Deficit at start of year	(10 5)	(8 0)
Total operating charge	-	-
Company contributions	0 8	0 7
Other financing charge	(0 5)	(0 4)
Actuarial gain/(losses)	(1 2)	(2 8)
(Deficit) at end of year	**(11 4)**	**(10 5)**

The year end plan deficit for the three preceding years was as follows

	£m
Year Ended 31 December 2010	(8 0)
Year Ended 31 December 2009	(10 2)
Year Ended 31 December 2008	(11 9)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

6 RETIREMENT BENEFITS (Continued)

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

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

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

	Medical Scheme 2012 £m	Medical Scheme 2011 £m
Interest cost on scheme liabilities	(0 5)	(0 4)
Expected return on scheme assets	-	-
Charge to Financing cost	(0 5)	(0 4)

The expected charge for the year ending 31 December 2013 is £0 5m

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

	Medical Scheme 2012 £m	Medical Scheme 2011 £m
Actual return less expected return on scheme assets	-	-
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the PV of the Scheme liabilities	(1 2)	(2 8)
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	**(1 2)**	**(2 8)**

	Medical Scheme 2010 £m	Medical Scheme 2009 £m
Actual return less expected return on scheme assets	-	-
Experience gains and losses arising on scheme liabilities	0 2	0 9
Changes in assumptions underlying the PV of the Scheme liabilities	1 9	0 8
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	**2 1**	**1 7**

	Medical Scheme 2008 £m
Actual return less expected return on scheme assets	-
Experience gains and losses arising on scheme liabilities	(0 4)
Changes in assumptions underlying the PV of the Scheme liabilities	(1 6)
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	**(2 0)**

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

7 LOANS

	2012 £m	2011 £m
Loans to selected employees in UK	1 2	-
	1 2	-

8 CASH AT BANK AND IN HAND

	2012 £m	2011 £m
Cash at bank held with Deutsche Bank AG	174 3	252 9
	174 3	252 9

9 DEBTORS

	2012 £m	2011 £m
Trade Debtors	53 7	54 0
Other Trading Assets	106 0	93 6
Amounts owed by group undertakings	2,213 9	2,439 1
Prepayments and accrued income	0 7	1 2
	2,374 3	2,587 9

As at 31 December 2012 the Company had 31,100,000 call options (2011 32,520,070 call options) in place with one share per option and an average strike price of €33 54 (2011 €40 08) The fair value of the options was £106 0m (2011 £93 6m)

10 Investments (held as current assets)

	2012 £m	2011 £m
Other Investments	7 3	29 5
	7 3	29 5

The Investment related exclusively to Deutsche Bank AG shares The shares held are scheduled to be delivered to participants of share-based compensation plans at future vesting dates

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

11 CREDITORS Amounts falling due within one year

	2012 £m	2011 £m
Amounts owed to group undertakings	214 3	521 5
Other creditors including taxation and social security	146 6	91 3
Accruals and deferred income	1 156 6	1,359 7
Bank overdraft	1,039 6	897 8
	2 557 1	2 870 3

12 CREDITORS: Amounts falling due after one year

	2012 £m	2011 £m
Amounts owed to group undertakings	176 6	173 1
	176 6	173 1

The balance represents the net asset in respect of the four defined benefit post-retirement schemes that is recharged to the operating subsidiaries of the Group

13 SHARE CAPITAL

	2012 Number	2011 Number
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

	2012 £	2011 £
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

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

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

16 SHARE BASED COMPENSATION

The Company made grants of share-based compensation under the Deutsche Bank (DB) Equity Plan and the broad-based employee share ownership plan entitled UK Employee Share Ownership Plan (UK ESOP)

The following table sets forth the basic terms of the DB Equity Plan

Grant year(s)	DB Equity Plan	Vesting schedule	Early retirement provisions	Eligibility
2012 and 2011	Annual Award	1/3 12 months [1] 1/3 24 months [1] 1/3 36 months [1]	Yes	Select employees as annual retention
	Retention/New Hire	Individual specification	Yes	Select employees to attract or retain key staff
	Annual Award - Upfront	Vesting immediately at grant [2]	No	Regulated employees
2010	Annual Award	Graded vesting in nine equal tranches between 12 months and 45 months	Yes	Select employees as annual retention
		Or cliff vesting after 45 months	Yes	Select employees as annual retention
	Retention/New Hire	Individual specification	No	Select employees to attract or retain key staff
2009	Annual Award	50 % 24 months 25 % 36 months 25 % 48 months	No	Select employees as annual retention
	Retention/New Hire	Individual specification	No	Select employees to attract or retain key staff

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

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

16 SHARE BASED COMPENSATION (continued)

DB Equity Plan

Awards granted under the terms and conditions of the DB Equity 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 were 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 2012 290,669 (31st December 2011 227,338) 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 non substantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

16 SHARE BASED COMPENSATION (continued)

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

	2012	2011
	£m	£m
DB Equity Plan	216 2	293 0
UK ESOP	5 1	4 6
Total	221 3	297 6

As of 31 December 2012, unrecognised compensation costs related to non-vested share-based compensation was £97 9 million (2011 £139 0 million), which is expected to be recognised over an average period of approximately 1 65 years (2011 1 40 years)

Recognised Amortisation expense for Unvested Stock Compensation Awards

As at 31st December 2012, the company's life to date recognised amortisation expense in respect of unvested share based compensation awards totalled £290 0 million (31st December 2011 £423 0 million) 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 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
Granted	11,912	€ 30 82
Issued	(14,878)	€ 34 22
Transferred/Forfeited	(594)	€ 41 83
Balance at 31 December 2012	19,043	€ 35 79

In addition to the amounts shown in the table above, in February 2013 the Company granted awards of approximately 7 8 million units under the DB Equity Plan with an average grant date fair value of €34 48 per unit

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

16 SHARE BASED COMPENSATION (continued)

The following is a summary of the activity in the UK ESOP involving option awards for the years ended December 31, 2012 and 2011

Award Related Activities (continued)

UK ESOP		
	Units ("000s")	Weighted-average grant date fair value per unit
Balance at Dec 31, 2010	426	**€ 59 11**
Granted	-	-
Exercised	-[1]	-
Forfeited	(60)	€ 65 10
Balance at Dec 31, 2011	366	**€ 50.67**
Granted	-	-
Exercised	(18)	€ 24 17
Forfeited	(57)	€ 70 87
Balance at Dec 31 2012	291	**€ 45 43**
Weighted-Average remaining contractual life at		
December 31, 2011	2 95 years	
December 31, 2012	2 76 years	

[1] negligible number of options traded

The tax expense realised, in other Deutsche Bank UK Group companies, in 2012 from delivery of shares under the UK ESOP Option plans was £nil

17 CONTINGENT LIABILITY

On 4th December 2013, Deutsche Bank AG announced that, as part of a collective settlement, it had reached agreement with the European Commission on a resolution of its investigations into the submission of interbank offered rates The settlement covers investigations into the trading of Euro interest rate derivatives (EIRD) and Yen interest rate derivatives (YIRD) As part of the settlement, Deutsche Bank AG has agreed to pay EUR 466 million for EIRD and EUR 259 million for YIRD, or EUR 725 million in total

The Company was identified by the European Commission as one of the group companies held jointly and severally liable for the settlement of the EUR 466 million fine imposed in respect of the European Commission's EIRD investigations The Company is not under any obligation for the settlement of the fine imposed in respect of the European Commission's YIRD investigations

The Company has received confirmation from the Group Management Board of Deutsche Bank AG that Deutsche Bank AG will pay or procure the payment of the total settlement without recourse to the assets of the Company This confirmation also extends to any potential civil claims against the Company as a result of its involvement in the settlement

FRS12 states that "Where an entity is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability" As the Company does not expect to meet the cost of the settlement it is not required to provide for the settlement in these financial statements This expectation would have existed at 31 December 2012, based on the past practice of the Company whereby all liabilities of the Company are recovered from other group companies