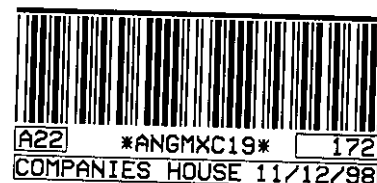


(Company No. 204967)

BIRCHIN LANE NOMINEES, LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 1998



BIRCHIN LANE NOMINEES, LIMITED

DIRECTORS:

Sarah Jane Adams
Lee Alan Betney
Simon Christopher Dare
Philip Arthur Goulds
Alan Roy Hawkins
Simon Nicholas Hughes
John Albert Lea
Antoinette Una Moriarty
John Storey
Linda Mary Wynn

SECRETARY:

John Albert Lea

REGISTERED OFFICE:

Waterhouse Square
138-142 Holborn
London EC1N 2TH

TELEPHONE NUMBER:

0171 427 8000

BIRCHIN LANE NOMINEES, LIMITED

1. REPORT OF THE DIRECTORS

The Directors present their annual report and the financial statements for the year ended 30 September 1998.

2. BUSINESS REVIEW

The Company's business is that of a nominee company only. As the Company has not traded during the accounting period, received no income and incurred no expenditure, a profit and loss account is not presented.

3. DIRECTORS

The names of the present Directors are as listed on page 1. As at 30 September 1998, the members of the Board of Directors were:-

Ms Sarah Jane Adams
Mr Lee Alan Betney
Mr Simon Christopher Dare
Mr Kevin James Davies
Mr Philip Arthur Goulds
Mr Alan Roy Hawkins
Mr Simon Nicholas Hughes
Mr John Albert Lea
Mrs Antoinette Una Moriarty
Mr John Storey

The following were appointed as Directors of the Company on the dates specified.

<u>Name of Director</u>	<u>Date of Appointment</u>
Simon Christopher Dare	1 October 1997
Sarah Jane Adams	8 July 1998
Lee Alan Betney	8 July 1998
Philip Arthur Goulds	8 July 1998

The following were resigned as Directors of the Company on the dates specified.

<u>Name of Director</u>	<u>Date of Resignation</u>
Pamela Jane Layzell	3 February 1998
Jane McCabe	8 May 1998
Elizabeth Jayne Marshall	8 July 1998

BIRCHIN LANE NOMINEES, LIMITED

4. DIRECTORS' INTERESTS

The following Directors were beneficially interested in the 25p ordinary shares of The Royal Bank of Scotland Group plc.

	At 1 October 1997 [or date of appointment if later]	At 30 September 1998
	<u>Shares</u>	<u>Shares</u>
L A Betney	898	543
S C Dare	847	665
P A Goulds	792	797
S N Hughes	146	148
J A Lea	4,322	5,535
J Storey	Nil	325

Options to subscribe for 25p ordinary shares of The Royal Bank of Scotland Group plc granted to and exercised by Directors during the year to 30 September 1998 are included in the table below:-

	At 1 October 1997 [or date of appointment if later]	<u>Options Granted</u>		<u>Options Exercised</u>		At 30 September 1998
		<u>Number</u>	<u>Price £</u>	<u>Number</u>	<u>Price £</u>	
L A Betney	3,484	-	-	-	-	3,484
S C Dare	718	86	7.99	-	-	804
P A Goulds	880	-	-	-	-	880
S N Hughes	3,501	474	7.99	-	-	3,975
J A Lea	8,164	862	7.99	1,366	2.120	7,660
A U Moriarty	Nil	390	7.99	-	-	390
J Storey	998	172	7.99	325	2.120	845

No other Director had an interest in the ordinary shares of The Royal Bank of Scotland Group plc and no Director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30 September 1998.

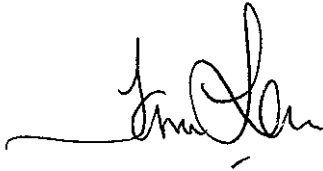
In addition, during that period none of the Directors held a beneficial interest in the loan capital of The Royal Bank of Scotland Group plc or in the share or loan capital of any of the other subsidiaries of The Royal Bank of Scotland Group plc, including the company.

BIRCHIN LANE NOMINEES, LIMITED

5. AUDITORS

At the Annual General Meeting of the Company held on 9 November 1987 a resolution was passed making the Company exempt from the obligation to appoint auditors as otherwise required by Section 384 of the Companies Act 1985.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J A Lea', written over a horizontal line.

J A Lea
Secretary

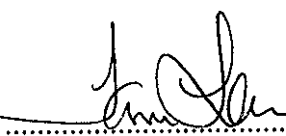
20 November 1998

BIRCHIN LANE NOMINEES, LIMITED
BALANCE SHEET AT 30 SEPTEMBER 1998

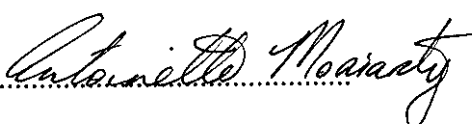
	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Debtors:			
Amounts owed by Group Company - [The Royal Bank of Scotland plc]		<u>100</u>	<u>100</u>
NET ASSETS		<u>100</u>	<u>100</u>
CAPITAL			
Called up share capital	3	<u>100</u>	<u>100</u>
		<u>100</u>	<u>100</u>

DIRECTORS DECLARATION

The Company was dormant (within the meaning of Section 252 of the Companies Act 1985) throughout the accounting period ending at the date of this balance sheet.

Director 

Date: 20 November 1998

Director 

NOTES

1. Accounting Policy

The financial statements have been prepared under the historical cost convention and in compliance with the Companies Act 1985.

2. Ultimate Holding Company

The company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Great Britain.

BIRCHIN LANE NOMINEES, LIMITED

NOTES (Continued)

3. Called up Share Capital

	<u>Authorised</u>	<u>Share capital allotted, called up and fully paid</u>
At 30 September 1998 and 1997		
Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>

4. Profit and Loss Account

The Company has not traded during the accounting period, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss. A profit and loss account is therefore not provided. None of the Directors received any remuneration.

5. Contingent Liabilities

There is a contingent liability to subscribe for uncalled capital in respect of securities registered in the company but the company has recourse to the beneficial owners of these securities should any liability arise.

6. Approval of Financial Statements

The financial statements were approved at a meeting of the Board of Directors on 20 November 1998.