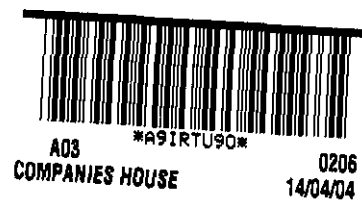


Company Registration No: 1850376

NATWEST ASSET MANAGERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2003



Group Secretary's Department
The Royal Bank of Scotland Group plc
2nd Floor
1 Princes Street
London
EC2R 8PB
England

NATWEST ASSET MANAGERS LIMITED

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NATWEST ASSET MANAGERS LIMITED

OFFICERS

DIRECTORS:

**John Albert Lea
Antoinette Una Moriarty**

SECRETARY:

John Albert Lea

REGISTERED OFFICE:

**Waterhouse Square
138-142 Holborn
London
EC1N 2TH
England**

Registered in England and Wales.

NATWEST ASSET MANAGERS LIMITED

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2003.

ACTIVITIES AND BUSINESS REVIEW

As the company was not active during the account period, received no income and incurred no expenditure, a profit and loss account is not presented.

DIRECTORS

The names of the present directors, who served throughout the year, are shown on page 1.

From 1 January 2003 to date the following changes have taken place:

	Appointed	Resigned
Directors		
William Kenneth Enderby		04 July 2003

DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with the aforementioned requirements.

DIRECTORS' INTERESTS

No director had an interest in the shares of the company.

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc, the company's ultimate holding company:

	As at 1 January 2003*	As at 31 December 2003
J A Lea	11,073	12,263
A U Moriarty	643	1,286
* or date of appointment, if later		

NATWEST ASSET MANAGERS LIMITED

DIRECTORS' INTERESTS (continued)

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the period by the following directors of the company and members of their immediate family are:

	As at 1 January 2003*	Granted during the period		Exercised during the period		As at 31 December 2003
		Options	Price £	Options	Price £	
J A Lea	3,912	486	13.07	928	7.41	3,470
A U Moriarty	1,172	-	-	150	12.40	550
				472	9.85	

* or date of appointment, if later

No director had an interest in any of the preference shares during the year to 31 December 2003.

The following directors were beneficially interested in the Additional Value Shares of The Royal Bank of Scotland Group plc:

	As at 1 January 2003*	As at 31 December 2003
J A Lea	6,424	0
A U Moriarty	361	0

* or date of appointment, if later

On 31 December 2003, the Additional Value Shares were de-listed from The London Stock Exchange, converted to Non-Voting Deferred Shares and transferred to RBS NVDS Nominees Limited. None of the directors has an interest in the Non-Voting Deferred Shares.

None of the directors in office at 31 December 2003 held any interest in the share or loan capital of the company or any other group company.

ELECTIVE RESOLUTION

The company has passed an elective resolution, pursuant to Section 379A of the Companies Act 1985, dispensing with the holding of annual general meetings and the laying of accounts and reports before general meetings.

Approved by the Board of Directors
and signed on behalf of the Board



John A Lea
Company Secretary

Date: 8 April 2004

NATWEST ASSET MANAGERS LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	2003 £	2002 £
CURRENT ASSETS		
Debtors - amounts owed by group undertakings	2	2
	-----	-----
	2	2
	-----	-----
CAPITAL AND RESERVES		
Called up share capital	2	2
	-----	-----
	2	2
	-----	-----

The Notes on page 5 form part of these accounts.

DIRECTORS DECLARATION

- (a) For the period ended 31 December 2003 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- i ensuring the company keeps accounting records which comply with section 221; and
 - ii preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period, and of its profit or loss for the financial period, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Approved by the Board of Directors on 8 April 2004
and signed on their behalf by



John Albert Lea
Director

NATWEST ASSET MANAGERS LIMITED

NOTES

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

2. BASIS OF ACCOUNTING

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

3. IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is National Westminster Bank Plc.

The company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the company is consolidated is The Royal Bank of Scotland Group plc that is incorporated in Great Britain and registered in Scotland. Financial Statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, 42 St Andrew Square, Edinburgh, EH2 2YE.

The smallest subgroup into which the company is consolidated has as its parent company National Westminster Bank Plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, 42 St Andrew Square, Edinburgh, EH2 2YE.

4. SHARE CAPITAL

	Authorised £	Issued, Fully Paid £
At 31 December 2003 and 2002		
Ordinary shares of £1 each	100	2

5. PROFIT AND LOSS ACCOUNT

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