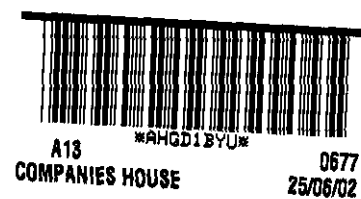


RBS TRADE SERVICES LIMITED

Directors' Report and Financial Statements

31 December 2001

**Deloitte & Touche
39 George Street
Edinburgh
EH2 2HZ**



RBS TRADE SERVICES LIMITED

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Statement of directors' responsibilities

4

Auditors' report

5

Profit and loss account

6

Balance sheet

7

Notes to the accounts

8

RBS TRADE SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Alan Collard
Alan Peter Dickinson
John Anthony Smith

SECRETARY

John Albert Lea

REGISTERED OFFICE

Waterhouse Square
138-142 Holborn
London
EC1N 2TH

AUDITORS

Deloitte & Touche
39 George Street
Edinburgh
EH2 2HZ

Registered in England and Wales.

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

ACTIVITIES AND BUSINESS REVIEW

The Company makes loans for the purpose of trade finance and undertakes confirming house business.

The retained profit for the period was £67,130 (2000: £1,297) and this was transferred to reserves. The directors do not recommend the payment of a final dividend and recommend that the retained profit of £67,130 is transferred to reserves.

The directors expect that the company will wind down operations and cease to trade in the forthcoming year.

DIRECTORS

The names of the present directors are as listed on page 1.

During the year to 31 December 2001 there were no changes in the composition of the Board.

SECRETARY

On 30 March 2001 John Albert Lea was appointed secretary of the company and Carolyn Smith resigned as secretary of the company.

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:

	As at 1 January 2001	As at 31 December 2001
A Collard	7,045	7,925
A P Dickinson	15,447	10,387
J A Smith	4,487	4,504

RBS TRADE SERVICES 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 are:

	As at 1 January 2001	Granted during the period		Exercised During the Period		As at 31 December 2001
		Options	Price	Options	Price	
A Collard	2,046	247	13.64	621	3.88	1,822
		150	15.63			
A P Dickinson	63,019	14,600	17.18	32,363	9.33	44,958
		173	13.64	621	3.88	
		150	15.63			
J A Smith	10,322	5,400	17.18	977	3.88	15,167
		272	13.64			
		150	15.63			

No director had an interest in any of the preference shares during the year to 31 December 2001.

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

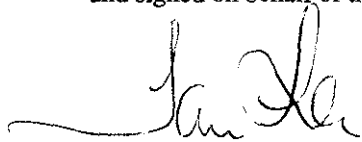
	As at 1 January 2001	As at 31 December 2001
A Collard	6,531	6,531
A P Dickinson	19,567	9,905
J A Smith	3,632	3,632

None of the directors in office at 31 December 2001 held any interest in the share or loan capital of the company or any other group company.

ELECTIVE RESOLUTIONS

On 14 February 2002, the company passed elective resolutions pursuant to Section 379A of the Companies Act 1985, dispensing with the holding of annual general meetings, the laying of annual reports and accounts before the shareholders in general meeting, and the obligation to re-appoint auditors annually.

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



J A Lea

Secretary

17 June 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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 the profit or loss of the company for that period. In preparing those 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;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RBS TRADE SERVICES LIMITED

We have audited the financial statements of RBS Trade Services Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

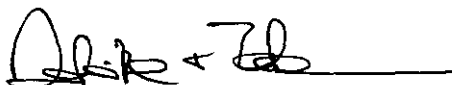
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and
Registered Auditors

21 June 2002

RBS TRADE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2001

	Note	Year ended 31 December 2001 £	15 month period ended 31 December 2000 £
Interest receivable and similar income		33,615	51,900
Interest payable to parent company		(643)	(23,355)
		<u>32,972</u>	<u>28,545</u>
Administrative expenses		(13,153)	(33,969)
Release of provision for bad and doubtful debts	3	47,641	-
Other operating income		-	12,169
		<u>-</u>	<u>12,169</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	67,460	6,745
Tax on profit on ordinary activities	4	(20,238)	(5,448)
		<u>(20,238)</u>	<u>(5,448)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>47,222</u>	<u>1,297</u>

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial year and accordingly no Statement of Total Recognised Gains and Losses is shown. All transactions are derived from continuing activities.

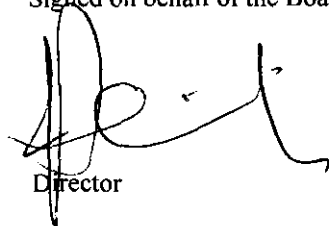
RBS TRADE SERVICES LIMITED

BALANCE SHEET 31 December 2001

	Note	31 December 2001 £	31 December 2000 £
CURRENT ASSETS			
Advances to customers	5	52,621	308,391
Amounts due by parent company		437,379	135,374
Other debtors		6,440	11,600
		<u>496,440</u>	<u>455,365</u>
CREDITORS: amounts falling due within one year			
Amounts due to parent company		-	23,490
Corporation tax due		17,343	-
		<u>-</u>	<u>23,490</u>
NET CURRENT ASSETS		<u>479,097</u>	<u>431,875</u>
CAPITAL AND RESERVES			
Called up share capital	6	250,000	250,000
Profit and loss account	7	229,097	181,875
TOTAL EQUITY SHAREHOLDERS' FUNDS	8	<u>479,097</u>	<u>431,875</u>

These financial statements were approved by the Board of Directors on 17 June 2002

Signed on behalf of the Board of Directors


Director

NOTES TO THE ACCOUNTS

Period ended 31 December 2001

1. ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention. The order of the profit and loss account has been varied from the standard requirements set out in Schedule 4 to the Companies Act 1985. In the opinion of the directors this is necessary in order to show a more appropriate view of the company's results.

Provision for bad and doubtful debts

Provision is made against advances to the extent that they may be irrecoverable, after taking into account the value of any related security.

Foreign currencies

Foreign currency translates or translated at the rate prevailing at the date of the transactions.

Foreign currency balances are expressed in sterling at the rates of exchange ruling at the balance sheet date. All exchange differences relating to trade are taken to the profit and loss account.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 2001 £	15 month period ended 31 December 2000 £
Directors' remuneration		
Emoluments (including pension contributions and benefits in kind)	-	-

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2001 £	15 month period ended 31 December 2000 £
Profit on ordinary activities before taxation is after charging:		
Interest payable to group companies	644	23,355
Management charge	-	20,000
Profit on ordinary activities before taxation is after crediting:		
Release of provision for bad and doubtful debts	47,641	-

NOTES TO THE ACCOUNTS
Period ended 31 December 2001

4. TAXATION

	Year ended 31 December 2001 £	15 month period ended 31 December 2000 £
UK Corporation Tax		-
Current tax on income for period at 30% (2000: 30%)	20,238	2,336
Double taxation relief	(2,895)	(2,336)
	<u>17,343</u>	<u>-</u>
Overseas taxation	2,895	5,448
	<u>20,238</u>	<u>5,448</u>

5. ADVANCES TO CUSTOMERS

	31 December 2001 £	31 December 2000 £
Amounts falling due within one year	<u>124,033</u>	<u>436,619</u>
Provisions for bad and doubtful debts and movements in the year were:		
At 1 January 2001	128,228	139,458
Amounts written off	(9,175)	(11,230)
Amounts no longer required and released to profit and loss account	<u>(47,641)</u>	<u>-</u>
At 31 December 2001	<u>71,412</u>	<u>128,228</u>
Net Advances	<u>52,621</u>	<u>309,391</u>

6. SHARE CAPITAL

	31 December 2001 £	31 December 2000 £
Authorised, allotted, called up and full paid		
250,000 Ordinary share of £1 each	<u>250,000</u>	<u>250,000</u>

NOTES TO THE ACCOUNTS

Period ended 31 December 2001

7. PROFIT AND LOSS ACCOUNT

	31 December 2001 £	31 December 2000 £
At 1 January 2001	181,875	180,578
Profit for the financial year	47,222	1,297
At 31 December 2001	<u>229,097</u>	<u>181,875</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2001 £	31 December 2000 £
Opening shareholders' funds	431,875	430,578
Profit for the financial year	47,222	1,297
Closing shareholders' funds	<u>479,097</u>	<u>431,875</u>

9. ULTIMATE PARENT COMPANY

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

10. CASH FLOW STATEMENT

The company is exempt from the requirements of Financial Reporting Standard No.1, Cash Flow Statements. The company's ultimate parent company prepares consolidated financial statements which include a consolidated cash flow statement for the group.

11. RELATED PARTY TRANSACTIONS

The company is exempt from the requirement of Financial Reporting Standard 8 'Related Party Disclosures' to disclose transactions and balances with other subsidiaries or investees of the group as its results are included in the Consolidated Financial Statements of The Royal Bank of Scotland Group plc.