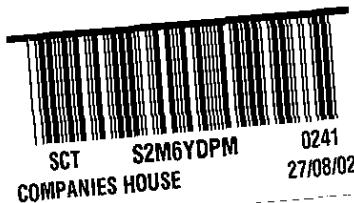


Company Registration No: 80244

ROYAL BANK GROUP SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2001



Group Secretary's Department
The Royal Bank of Scotland Group plc
42 St Andrew Square
Edinburgh EH2 2YE

Royal Bank Group Services Limited

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Royal Bank Group Services Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: Sir George Ross Mathewson
Miller Roy McLean
Hew Campbell

SECRETARY: Deborah Susan Esslemont

REGISTERED OFFICE: 36 St Andrew Square
Edinburgh
EH2 2YE
Scotland

Registered in Scotland.

Royal Bank Group Services Limited

DIRECTORS' REPORT

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

ACTIVITIES AND BUSINESS REVIEW

The company has not traded during the accounting period.

OFFICERS

The names of the directors and secretary as at year-end are as listed on page 1.

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
H Campbell	6982	8646
M R McLean	155617	157734
Sir George Mathewson	242843	247075

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the year are:

	As at 1 January 2001*	Granted during the period		Exercised During the Period		As at 31 December 2001
		Options	Price	Options	Price	
H Campbell	13276	150	15.630	263	7.410	
		6500	17.180	2667	3.880	
		568	13.640			17564
M R McLean	176509	150	15.630	1539	3.190	
		19000	17.180			
		339	13.640			194459
Sir George Mathewson	530403	223276	4.960	20100	17.180	
		90473	5.580	1347	13.640	238101

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

* or date of appointment, if later

Royal Bank Group Services Limited

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
H Campbell	2974	2974
M R McLean	141545	141545
Sir George Mathewson	173674	173674

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.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



D S Esslemont
Secretary

Date: 25 July 2002

* or date of appointment, if later

Royal Bank Group Services Limited

BALANCE SHEET AS AT 31 December 2001

	Note	2001 £	2000 £
Current Assets			
Debtors:		<u>100</u>	<u>100</u>
Amounts owed by Group Company - (The Royal Bank of Scotland plc)			
Net Assets		<u>100</u>	<u>100</u>
Capital			
Called up share capital	5	<u>100</u>	<u>100</u>

The Notes on pages 5 and 6 form part of these accounts.

DIRECTORS DECLARATION

- 1 For the period ended 31 December 2001 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- 2 No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 249B(2).
- 3 The directors acknowledge their responsibility for:
 - a) ensuring the company keeps accounting records which comply with section 221; and
 - b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Director: 

Date: 25 July 2002

Royal Bank Group Services 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 Ultimate Holding Company

The company's ultimate holding company 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 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.

4 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.

5 Called Up Share Capital

	Authorised	Share capital allotted, called up and fully paid
At 31 December 2000 and 31 December 2001:		
Ordinary Shares of £1 each	<u>£1,000,000</u>	<u>£100</u>

6 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 presented. None of the directors received any remuneration.

7 Approval of Accounts

The accounts were approved at a meeting of the board of directors on 25 July 2002.