

Company Registration No: 80244

ROYAL BANK GROUP SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2000

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

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 2YB
Scotland

AUDITORS: Deloitte & Touche
39 George Street
Edinburgh
EH2 2HZ

Registered in Scotland.

DIRECTORS' REPORT

The directors present their report and audited financial statements for the fifteen month period to 31 December 2000.

ACTIVITIES AND BUSINESS REVIEW

The company has not traded during the accounting period.

DIRECTORS

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

SECRETARY

On 19 December 2000 Shirley Margaret MacGillivray resigned as Secretary of the company and Deborah Susan Esslemont was appointed as Secretary of the company.

DIRECTORS' RESPONSIBILITIES

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;
- 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.

ROYAL BANK GROUP SERVICES LIMITED

DIRECTORS' INTERESTS

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

On 29 November 1999 The Royal Bank of Scotland Group plc ('RBSG'), the company's ultimate holding company, announced an offer ('the Offer') to acquire the entire issued ordinary share capital of National Westminster Bank Plc ('NatWest'), the terms of which were increased on 31 January 2000. On 14 February 2000 RBSG announced that the Offer had become unconditional as to acceptances and on 6 March 2000 the Offer was declared unconditional in all respects at which time RBSG acquired control of NatWest.

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc

	As at 1 October 1999*	As at 31 December 2000
H Campbell	2956	6982
G R Mathewson	70650	243843
M R McLean	123207	155617

*(or date of appointment, if later)

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 October 1999*	Post AVS adjust ment	Granted during the period		Exercised During the Period		As at 31 December 2000
			Options	Price	Options	Price	
H Campbell	3112	3352	10000	12.87	422	4.61	
			150	12.40			
			196	9.85			13276
G R Mathewson	495161	681084	^136499	8.42	72174	2.46	
			150	12.40	46349	3.98	
					30194	3.70	
					2114	4.61	530403
M R McLean	165325	203310	^23276	8.42	16168	3.98	
			150	12.40	10783	3.70	176509

*(or date of appointment, if later)

^(exercised or granted prior to AVS adjustment)

No director had an interest in any of the preference shares during the period to 31 December 2000.

As at 31 December 2000 H Campbell held 2974, G R Mathewson held 173674 and M R McLean held 141545 Additional Value Shares ('AVS')

ROYAL BANK GROUP SERVICES LIMITED

None of the directors in office at 31 December 2000 held any interest in the share or loan capital of the company or any other group company.

AUDITORS

PricewaterhouseCoopers resigned as auditors on 21 March 2000 and the directors appointed Deloitte & Touche in their place. 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

A handwritten signature in black ink, appearing to be 'D S Esslemont', with a long horizontal line extending to the right.

D S Esslemont
Secretary

Date: 29 June 2001

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 8, which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

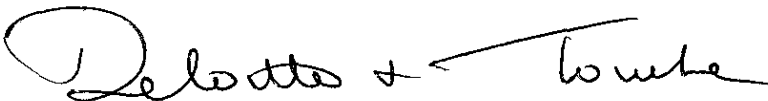
Basis of opinion

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 the company's affairs as at 31 December 2000 and of its result for the fifteen month period ended 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
39 George Street
Edinburgh
EH2 2HZ

Date: 6th September 2001

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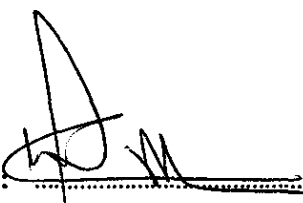
BALANCE SHEET AS AT 31 December 2000

	Note	2000 £	1999 £
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	4	<u>100</u>	<u>100</u>

The Notes on pages 7 and 8 form part of these accounts.

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: 
Hew Campbell

Date: 29 June 2001

- 1 For the period ended 31 December 2000 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.

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 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.

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.

4. Called Up Share Capital

	Authorised	Share capital allotted, called up and fully paid
At 31 December 2000 and 30 September 1999:		
Ordinary Shares of £1 each	<u>£1,000,000</u>	<u>£100</u>

5. **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.

6. **Approval of Accounts**

The accounts were approved at a meeting of the board of directors on 29 June 2001.