

ABN AMRO Capital Funding Trust VII

*Management's Report and
Financial Statements as of and for the
Years Ended December 31, 2008 and 2007, and
Independent Auditors' Report*

ABN AMRO CAPITAL FUNDING TRUST VII

TABLE OF CONTENTS

	Page
MANAGEMENT REPORT	1-2
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007	
Statements of Financial Condition	4
Statements of Operations	5
Statements of Changes in Stockholder's Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	8-12

MANAGEMENT REPORT

Financial position and performance

ABN AMRO Capital Funding Trust LLC VII (the “Trust”) reported an unrealized loss on available for sale securities of \$1,081,440,000, primarily the result of an unrealized loss on its investment in ABN AMRO Capital Funding VII LLC (“Funding LLC”) preferred securities (“LLC Securities”). Net income of the Trust is nil.

In the ordinary course of business, the Trust has transactions with affiliates. The material risks of the Trust are the risk of non-payment of the quarterly distributions and principal upon redemption of the LLC Securities from Funding LLC or the non-payment on the guarantee from ABN AMRO Holding N.V. (“Holding”). The Trust relies on payments made to it by Funding LLC. Funding LLC relies on payments made to it by ABN AMRO Bank N.V. (the “Bank”) under the initial intercompany securities and Holding’s ability to pay its obligations under the guarantee. Holding’s obligations under the guarantee and the ability of the Funding LLC’s board of directors to declare distributions with respect to the LLC Securities will be junior in right of payment to all of the existing and future senior debt. Holding has disclosed their principal risks as part of their December 31, 2008 published annual report.

Upon the redemption of the LLC Securities, the proceeds from such repayment will simultaneously be applied to redeem a corresponding number of Trust Securities at the redemption price of \$25 per security.

In 2008, the Trust employs no staff.

Outlook

The Trust is a wholly owned subsidiary of ABN AMRO Wholesale Holdings Company, a wholly owned subsidiary of ABN AMRO WCS Holdings Company (“WCS Holdings”). WCS Holdings is a wholly owned subsidiary of ABN AMRO Bank N.V. (the “Bank”), which is a wholly owned subsidiary of ABN AMRO Holding N.V. (“Holding”). Holding is a wholly owned subsidiary of RFS Holdings B.V. (“RFS”). The Trust is economically and financially dependent on WCS Holdings, the Bank and Holding.

In October 2007, Holding was acquired by RFS. RFS was formed by Fortis Bank Nederland N.V. (“Fortis”), The Royal Bank of Scotland Group plc (“RBS”) and an affiliate of Banco Santander, S.A. (“Santander”) to acquire all of the issued and outstanding ordinary shares and all of the issued and outstanding American depository shares of Holding. RFS is a subsidiary of RBS and was consolidated by RBS for year ended December 31, 2008. Once all customary regulatory approvals have been granted, including regulatory approval for the reorganization of the Holding post-acquisition, Holding will be split between the three banks pursuant to a written Transition Plan, with the Trust remaining within RBS.

On October 3, 2008, the State of the Netherlands acquired Fortis. On December 1, 2008, the United Kingdom (“UK”) Government through its Treasury Department became the ultimate majority shareholder of RBS. The UK Government’s shareholding is managed by UK Financial Investment Limited, a company wholly owned by the UK Government.

The management of the Trust will not issue any statements regarding expected future results.

Management Disclosure

Recently the European Transparency Directive has been implemented in the Netherlands as part of the Act on Financial Supervision (Wet op het financieel toezicht (“Wft”)). In accordance with the Wft, we declare that, to the best of our knowledge:

1. the financial statements give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit and loss of the Trust;
2. the report gives a true and fair view, in all material respects, of the Trust and its related entities as per December 31, 2008 and their state of affairs during 2008; and
3. the report describes the material risks that the Trust is facing.

Michiel van Schaardenburg, President

Jeffrey Kenyon, Treasurer

April 28, 2009

* * * * *

INDEPENDENT AUDITORS' REPORT

To the Officers of
ABN AMRO Capital Funding Trust VII:

We have audited the accompanying statements of financial condition of ABN AMRO Capital Funding Trust VII (the "Trust"), as of December 31, 2008 and 2007 and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of ABN AMRO Capital Funding Trust VII at December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 28, 2009

ABN AMRO CAPITAL FUNDING TRUST VII

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2008 AND 2007

(In thousands except for share information)

	2008	2007
ASSETS		
INVESTMENT SECURITIES		
Available-for-sale (cost \$1,800,000)	\$ 718,560	\$ 1,337,760
RECEIVABLE FROM AFFILIATE	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 718,561</u>	<u>\$ 1,337,761</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES:		
Trust securities	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Total liabilities	1,800,000	1,800,000
STOCKHOLDER'S EQUITY:		
Common stock, \$25 par value — authorized, issued and outstanding 40 shares	<u>1</u>	<u>1</u>
Accumulated other comprehensive income	<u>(1,081,440)</u>	<u>(462,240)</u>
Total stockholder's equity	<u>(1,081,439)</u>	<u>(462,239)</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 718,561</u>	<u>\$ 1,337,761</u>

See notes to financial statements.

ABN AMRO CAPITAL FUNDING TRUST VII

STATEMENTS OF OPERATIONS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In thousands)

	2008	2007
INTEREST INCOME	\$ 109,440	\$ 109,440
INTEREST EXPENSE	<u>(109,440)</u>	<u>(109,440)</u>
NET INCOME	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

ABN AMRO CAPITAL FUNDING TRUST VII

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY YEARS ENDED DECEMBER 31, 2008 AND 2007 (In thousands)

	Common Stock	Accumulated Other Comprehensive Income	Total
BALANCE — January 1, 2007	\$ 1	\$ -	\$ 1
Unrealized loss on available-for-sale securities	_____	_____ (462,240)	_____ (462,240)
BALANCE — December 31, 2007	1	(462,240)	(462,239)
Unrealized loss on available-for-sale securities	_____	_____ (619,200)	_____ (619,200)
BALANCE — December 31, 2008	<u>\$ 1</u>	<u>\$ (1,081,440)</u>	<u>\$ (1,081,439)</u>

See notes to financial statements.

ABN AMRO CAPITAL FUNDING TRUST VII

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In thousands)

	2008	2007
INCREASE IN CASH	\$ -	\$ -
CASH — Beginning of year	<u>-</u>	<u>-</u>
CASH — End of year	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 109,440</u>	<u>\$ 109,440</u>

See notes to financial statements.

ABN AMRO CAPITAL FUNDING TRUST VII

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(Amounts in thousands unless otherwise noted)

1. ORGANIZATION AND NATURE OF OPERATIONS

ABN AMRO Capital Funding Trust VII (the “Trust”) is a wholly owned subsidiary of ABN AMRO Wholesale Holdings Company (the “Parent”). The Parent owns 100% of the outstanding common shares of the Trust. The Parent is a wholly owned subsidiary of ABN AMRO WCS Holdings Company (“WCS Holdings”). WCS Holdings is a wholly owned subsidiary of ABN AMRO Bank N.V. (the “Bank”), which is a wholly owned subsidiary of ABN AMRO Holding N.V. (“Holding”). Holding is a wholly owned subsidiary of RFS Holdings B.V. (“RFS”). The Trust is economically and financially dependent on WCS Holdings, the Bank and Holding.

In October 2007, Holding was acquired by RFS. RFS was formed by Fortis Bank Nederland N.V. (“Fortis”), The Royal Bank of Scotland Group plc (“RBS”) and an affiliate of Banco Santander, S.A. (“Santander”) to acquire all of the issued and outstanding ordinary shares and all of the issued and outstanding American depository shares of Holding. RFS is a subsidiary of RBS and was consolidated by RBS for year ended December 31, 2008. Once all customary regulatory approvals have been granted, including regulatory approval for the reorganization of the Holding post-acquisition, Holding will be split between the three banks pursuant to a written Transition Plan, with the Trust remaining within RBS.

On October 3, 2008, the State of the Netherlands acquired Fortis. On December 1, 2008, the United Kingdom (“UK”) Government through its Treasury Department became the ultimate majority shareholder of RBS. The UK Government’s shareholding is managed by UK Financial Investment Limited, a company wholly owned by the UK Government.

The Trust, a statutory trust, was formed under the Statutory Trust Act pursuant to the Amended and Restated Trust Agreement dated as of February 18, 2004 (the “Trust Agreement”), and as amended on September 27, 2007, and a Certificate of Trust filed with the Secretary of State of the State of Delaware on April 1, 2003 for the sole purpose of issuing and selling its preferred securities (the “Trust Securities”), which represent an undivided beneficial interest in assets of the Trust and investing the proceeds thereof in the ABN AMRO Capital Funding LLC VII (“Funding LLC”) preferred securities (the “LLC Securities”). Funding LLC used the proceeds from the issuance of the LLC Securities to invest in “Initial Intercompany Securities” issued by the Bank. Distributions, redemption and liquidation payments paid by the Funding LLC on the LLC Securities will pass through the Trust to pay distributions, redemption and liquidation payments on the Trust Securities. The Trust Securities are listed and traded on the NYSE Euronext Amsterdam. The Bank of New York Mellon Trust Company, N.A., a Delaware Trustee, (“Trustee”) is the Trustee, Registrar, Property Trustee, and Paying Agent.

In the ordinary course of business, the Trust has transactions with affiliates. The Trust defines affiliates as wholly owned subsidiaries or branches of the Bank and Holding unless otherwise indicated in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions regarding the fair value of the investment securities that affect the amounts reported in the financial statements and accompanying disclosures. These estimates and assumptions are based on management’s judgment and available information. Actual results could differ from those estimates.

The Trust’s policy is to consolidate all entities in which it owns more than 50% of the outstanding voting stock unless it does not control the entity. However, the Company did not have a controlling financial interest in any entity in the periods presented in the accompanying financial statements. Further, the Trust consolidates any variable interest entity for which the Trust is the primary beneficiary, as required by Financial Accounting Standards Board (“FASB”) Interpretation No. 46R, *Consolidation of Variable Interest Entities (revised December 2003)*—an interpretation of ARB No. 51 (“FIN 46R”). However, the Trust has determined that it was not the primary beneficiary of any variable interest entity within the scope of FIN 46R in the periods presented in the accompanying financial statements.

Investment Securities —The securities are classified as debt securities as they represent a preferred ownership interest in Funding LLC and by their terms must be redeemed by Funding LLC. The LLC Securities are classified as available-for-sale securities and reported at fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income included in stockholder’s equity. The Trust evaluates its unrealized loss positions for other-than-temporary impairment in accordance with FASB Staff Position No. 115-1, *The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments*. An impairment is deemed other-than-temporary unless management has the ability and intent to hold an investment for a reasonable period of time sufficient for a forecasted recovery of the securities’ fair value up to or beyond the cost of the security.

Interest income is accrued daily based on the fixed and stated coupon rate on the investment securities.

Fair Value Measurement — The Trust’s available-for-sale investment securities are recorded at fair value on the Trust’s statements of financial condition.

The Trust adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, (“Statement No. 157”) for the years ended December 31, 2008. Statement No. 157 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by Statement No. 157, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access at the measurement date.
- Level 2 inputs (other than quoted prices included within Level 1) are observable for the asset or liability, either directly or indirectly.

- Level 3 are unobservable inputs for the asset or liability. Unobservable inputs reflect managements' own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Trust's investment securities are subject to Statement No. 157 and are classified as Level 2 at December 31, 2008. The fair value of the investment securities was derived from the quoted price of a similar exchange-traded security.

Trust Securities — The Trust Securities are classified as a liability in accordance with Statement of Financial Accounting Standards No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, ("Statement No. 150") as the Trust Securities are mandatorily redeemable financial instruments with a redemption price equal to \$25 per security.

Interest expense is accrued daily based on the fixed and stated coupon rate on the Trust Securities and paid quarterly on March, June, September and December 30th.

Federal Income Taxes — The Trust is a grantor trust for United States federal income tax purposes. As such, the Trust is considered a pass through entity and is not subject to federal or state income taxes.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2009, the FASB issued FASB Staff Position FAS No. 115-2 and No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP FAS 115-2 and 124-2"). FSP FAS 115-2 and 124-2 amends the other-than-temporary impairment guidance and improves the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP FAS 115-2 and 124-2 is effective for interim reporting periods ending after June 15, 2009. The application of FSP FAS 115-2 and 124-2 is not expected to have a significant impact on the Trust's financial statements.

In April 2009, the FASB issued FASB Staff Position FAS No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as defined by APB Opinion No. 28, *Interim Financial Reporting*. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009. The application of FSP FAS 107-1 and APB 28-1 is not expected to have a significant impact on the Trust's financial statements.

In September 2008, the FASB issued FASB Staff Position FAS No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for the Asset is Not Active* ("FSP FAS 157-3"). FSP FAS 157-3 clarifies the application of Statement No. 157 in a market that is not active and provides an example that illustrates the key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP FAS 157-3 was effective upon issuance. The Trust's adoption of FSP FAS 157-3 did not have a material impact on the Trust's financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115* ("Statement No. 159"). Statement No. 159 provides entities the option to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. Statement No. 159 permits the fair value option election on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. Statement

No. 159 was effective for the Trust as of January 1, 2008. As of December 31, 2008, the Trust has not elected to apply the fair value option to any of its assets or liabilities.

4. INVESTMENT SECURITIES

A comparison of the cost and fair value of the available-for-sale securities at December 31, 2008 and 2007, respectively, is as follows:

	Available-for-Sale		
	Cost	Cumulative Unrealized Losses	Fair Value
December 31, 2008			
Investment Securities	<u>\$ 1,800,000</u>	<u>\$ (1,081,440)</u>	<u>\$ 718,560</u>
	Available-for-Sale		
	Cost	Cumulative Unrealized Losses	Fair Value
December 31, 2007			
Investment Securities	<u>\$ 1,800,000</u>	<u>\$ (462,240)</u>	<u>\$ 1,337,760</u>

The cumulative unrealized losses for the investment securities have been in a continuous unrealized loss position for greater than twelve months. The unrealized losses on the Trust's investments securities are considered to be temporary as the Trust has the ability and intent to hold these investments until a recovery of fair value occurs, which may be upon redemption, and the redemption of such investment securities, at cost, is guaranteed by Holding.

The investment securities are LLC Securities, issued by Funding LLC, that receive quarterly interest payments in arrears, when deemed declared by the Funding LLC's board of directors, at an annual rate of 6.08%. As of December 31, 2008 and 2007, interest payments have been received at each quarter-end. The LLC Securities will be redeemable, at the option of the Funding LLC and with prior approval of Holding and the Dutch Central Bank, in whole or in part, on February 18, 2009 and at any time thereafter at the redemption price of \$25 per security. The LLC Securities are also redeemable at the redemption price of \$25 per security if a LLC Special Redemption Event occurs. A LLC Special Redemption Event would occur when the Dutch Central Bank notifies Holdings that the LLC Securities may not be included in the Tier 1 Capital of Holding, if there is insubstantial risk that the LLC would be considered an "investment company" under the 1940 Act, or there is insubstantial risk that the Funding LLC will be subject to taxes due to a change in tax law.

5. TRUST SECURITIES

A total of 72 million Trust Securities were issued and are outstanding at December 31, 2008 and 2007, with an initial price of \$25 per security (the liquidation preference), representing a total value of \$1.8 billion. The Trust Securities are non-cumulative and pay interest quarterly on the last day of March, June, September and December of each year, commencing in September 2003, at an annual rate of 6.08%. Interest payments on the Trust Securities will be made to the extent that the Trust has funds available for the payment of interest. Interest is paid through the property trustee who holds the interest received in respect to the LLC Securities for the benefit of the holders of the Trust Securities. Amounts available to the Trust for payment to the holders of the Trust Securities is limited to payments received by the Trust from LLC Funding or from Holding. Upon the redemption of the LLC Securities, the

proceeds from such repayment will simultaneously be applied to redeem a corresponding number of Trust Securities at the redemption price of \$25 per security.

The Trust Securities are traded on the NYSE Euronext Amsterdam and have readily determinable fair values. The cost and fair value of the Trust Securities as of December 31, 2008 and 2007 is as follows:

December 31, 2008	Cost	Fair Value
Trust Securities	<u>\$ 1,800,000</u>	<u>\$ 718,560</u>

December 31, 2007	Cost	Fair Value
Trust Securities	<u>\$ 1,800,000</u>	<u>\$ 1,337,760</u>

Upon the occurrence of a Regulatory Event, the Trust Securities will be exchanged for perpetual, non-cumulative “Capital Securities” of the Bank, having equivalent liquidation preference, rights and restrictions in all material respects to the rights and restrictions of the Trust Securities. A Regulatory Event is when the Bank is notified by the Dutch Central Bank that the Bank’s capital adequacy ratio would, after payment the interest payment on the Initial Intercompany Securities, be less than the minimum capital adequacy requirements.

6. GUARANTEES

Holding irrevocably and unconditionally guarantees, on a subordinated basis, the distribution, redemption and liquidation payment obligations under the LLC Securities, the Trust Securities and the Capital Securities.

7. SERVICING AGREEMENT

Pursuant to the Services Agreement, dated February 18, 2004 (and further amended on September 27, 2007), WCS Holdings, in its capacity as “Advisor”, renders various services to the Trust. Under the Services Agreement, the Advisor pays all of the Operating Expenses of the Trust. The services that are provided, but not limited to, are to administer the day-to-day operations and provide administrative, accounting and security holder relations. The Trust does not pay a service fee to WCS Holdings nor are such servicing costs allocated to the Trust or the holders of the Trust Securities.

* * * * *