

RBS Capital Funding Trust V

(formerly ABN AMRO Capital Funding Trust V)

Management Report and Unaudited
Financial Statements as of June 30, 2010 and
December 31, 2009 and for the
Six Months Ended June 30, 2010 and 2009

RBS CAPITAL FUNDING TRUST V

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MANAGEMENT REPORT

Financial position and performance

RBS Capital Funding Trust V (the “Trust”) (formerly ABN AMRO Capital Funding Trust V) reported an unrealized loss on available for sale securities of \$658,434,000, primarily the result of an unrealized loss on its investment in RBS Capital Funding LLC V (“Funding LLC”) (formerly ABN AMRO Capital Funding LLC V) 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 RBS Holdings N.V. (“Holding”) (formerly ABN AMRO Holding N.V.). The Trust relies on payments made to it by Funding LLC. Funding LLC relies on payments made to it by The Royal Bank of Scotland N.V. (the “Bank” or “RBS N.V.”) 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, 2009 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 Preferred Securities at the redemption price of \$25 per security.

In 2010, the Trust employed no staff.

Outlook

The Trust is a wholly owned subsidiary of RBS Wholesale Holding, Inc., a wholly owned subsidiary of RBS WCS Holding Company (“WCS Holding”). WCS Holding is a wholly owned subsidiary of the Bank which is a wholly owned subsidiary of Holding. Holding is a wholly owned subsidiary of RFS Holdings B.V. (“RFS”). The Trust is economically and financially dependent on WCS Holding, 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 the period ended June 30, 2010 and December 31, 2009. On October 3, 2008, the State of the Netherlands (“Dutch State”) acquired Fortis, including the interest in RFS that represents the acquired activities of ABN AMRO, and effectively became the successor of Fortis in this acquisition.

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. On February 6, 2010, ABN AMRO successfully executed the deed of demerger, thereby demerging the majority of the Dutch State acquired businesses. On this same date, ABN AMRO Bank N.V. was renamed to The Royal Bank of Scotland N.V.

(the “Bank” or “RBS N.V.”). The legal entity from which the Dutch acquired businesses were demerged was also renamed, from ABN AMRO Bank II N.V. to ABN AMRO Bank N.V.

On April 1, 2010, RBS N.V. completed the legal separation of ABN AMRO Bank N.V. RBS N.V. continues to be owned by RBS Holdings N.V., with the Trust remaining within RBS.

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 June 30, 2010 and their state of affairs during 2010; and
3. the report describes the material risks that the Trust is facing.

Michiel van Schaardenburg, President

Jason Hauf, Managing Director

August 31, 2010

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RBS CAPITAL FUNDING TRUST V

STATEMENTS OF FINANCIAL CONDITION

June 30, 2010 and December 31, 2009

(Unaudited, In thousands except for share information)

	2010	2009
ASSETS		
CASH	\$ 1	\$ 1
INVESTMENT SECURITIES		
Available-for-sale (cost \$1,285,000)	626,566	514,000
RECEIVABLE FROM AFFILIATE	-	-
TOTAL ASSETS	\$ 626,567	\$ 514,001
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES:		
Trust securities	\$ 1,285,000	\$ 1,285,000
Total liabilities	1,285,000	1,285,000
STOCKHOLDER'S EQUITY:		
Common stock, \$25 par value — authorized, issued and outstanding 40 shares	1	1
Accumulated other comprehensive income	(658,434)	(771,000)
Total stockholder's equity	(658,433)	(770,999)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 626,567	\$ 514,001

See notes to financial statements.

RBS CAPITAL FUNDING TRUST V

STATEMENTS OF OPERATIONS

SIX MONTHS ENDED June 30, 2010 and 2009

(Unaudited, In thousands)

	2010	2009
INTEREST INCOME	\$ 37,908	\$ 37,908
INTEREST EXPENSE	<u>(37,908)</u>	<u>(37,908)</u>
NET INCOME	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

RBS CAPITAL FUNDING TRUST V

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

June 30, 2010 and December 31, 2009

(Unaudited, In thousands)

	Common Stock	Accumulated Other Comprehensive Income	Total
BALANCE — January 1, 2009	\$ 1	\$ (742,216)	\$ (742,215)
Unrealized loss on available-for-sale securities	<u>-</u>	<u>(28,784)</u>	<u>(28,784)</u>
BALANCE — December 31, 2009	1	(771,000)	(770,999)
Unrealized gain on available-for-sale securities	<u>-</u>	<u>112,566</u>	<u>112,566</u>
BALANCE — June 30, 2010	<u>\$ 1</u>	<u>\$ (658,434)</u>	<u>\$ (658,433)</u>

See notes to financial statements.

RBS CAPITAL FUNDING TRUST V

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 and 2009 (Unaudited, In thousands)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ -	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in receivable from affiliate	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>
CASH — Beginning of year	<u>1</u>	<u>-</u>
CASH — End of year	<u>\$ 1</u>	<u>\$ -</u>
Interest paid	<u>\$ 37,908</u>	<u>\$ 37,908</u>

See notes to financial statements.

RBS CAPITAL FUNDING TRUST V

NOTES TO FINANCIAL STATEMENTS

**AS OF JUNE 30, 2010 AND DECEMBER 31, 2009 AND FOR THE SIX MONTHS ENDED
JUNE 30, 2010 AND 2009**

(Amounts in thousands unless otherwise noted)

1. ORGANIZATION AND NATURE OF OPERATIONS

RBS Capital Funding Trust V (the “Trust”) (formerly ABN AMRO Capital Funding Trust V) is a wholly owned subsidiary of RBS Wholesale Holding, Inc. (the “Parent”) (formerly ABN AMRO Wholesale Holding, Inc.). The Parent owns 100% of the outstanding common shares of the Trust. The Parent is a wholly owned subsidiary of RBS WCS Holding Company (“WCS Holding”) (formerly ABN AMRO WCS Holding Company). WCS Holding is a wholly owned subsidiary of The Royal Bank of Scotland N.V. (the “Bank” or “RBS N.V.”) (formerly ABN AMRO Bank N.V.), which is a wholly owned subsidiary of RBS Holdings N.V. (“Holding”) (formerly ABN AMRO Holding N.V.). Holding is a wholly owned subsidiary of RFS Holdings B.V. (“RFS”). The Trust is economically and financially dependent on WCS Holding, 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 the period ended June 30, 2010 and December 31, 2009. On October 3, 2008, the State of the Netherlands (“Dutch State”) acquired Fortis, including the interest in RFS that represents the acquired activities of ABN AMRO, and effectively became the successor of Fortis in this acquisition.

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. On February 6, 2010, ABN AMRO successfully executed the deed of demerger, thereby demerging the majority of the Dutch State acquired businesses. On this same date, ABN AMRO Bank N.V. was renamed to The Royal Bank of Scotland N.V. The legal entity from which the Dutch acquired businesses were demerged was also renamed, from ABN AMRO Bank II N.V. to ABN AMRO Bank N.V.

On April 1, 2010, RBS N.V. completed the legal separation of ABN AMRO Bank N.V. RBS N.V. continues to be owned by RBS Holdings N.V., with the Trust remaining within RBS.

The Trust, a statutory trust, was formed under the Statutory Trust Act pursuant to the Amended and Restated Trust Agreement dated as of July 3, 2003 (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 RBS Capital Funding LLC V (“Funding LLC”) (formerly ABN AMRO Capital Funding LLC V) 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 exchange. 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 Trust 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. However, the Trust has determined that it was not the primary beneficiary of any variable interest entity, 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. 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.

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 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 classified as Level 2 at June 30, 2010 and December 31, 2009. 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 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 the last day of March, June, September and December.

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

ASU No. 2010-06

In January 2010, the FASB issued ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements", which increases disclosure regarding the fair value of assets. The key provisions of this guidance include the requirement to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 including a description of the reason for the transfers. Previously this was only required of transfers between Level 2 and Level 3 assets. Further, reporting entities are required to provide fair value measurement disclosures for each class of assets and liabilities; a class is potentially a subset of the assets or liabilities within a line item in the statement of financial condition. Additionally, disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements are required for either Level 2 or Level 3 assets. This portion of the guidance is effective for annual reporting periods beginning after December 15, 2009. The guidance also requires that the disclosure on any Level 3 assets presents separately information about purchases, sales, issuances and settlements. However, this last portion of the guidance is effective for fiscal years beginning after December 15, 2010. The Trust's adoption of ASU No. 2010-06 resulted in enhanced disclosures, and did not materially impact the Trust's financial condition, results of operations, or cash flows.

4. INVESTMENT SECURITIES

A comparison of the cost and fair value of the available-for-sale securities at June 30, 2010 and December 31, 2009, respectively, is as follows:

June 30, 2010	Available-for-Sale		
	Cost	Cumulative Unrealized Losses	Fair Value
Investment Securities	<u>\$ 1,285,000</u>	<u>\$ (658,434)</u>	<u>\$ 626,566</u>

December 31, 2009	Available-for-Sale		
	Cost	Cumulative Unrealized Losses	Fair Value
Investment Securities	<u>\$ 1,285,000</u>	<u>\$ (771,000)</u>	<u>\$ 514,000</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 5.90%. As of June 30, 2010 and December 31, 2009, 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 July 3, 2008 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 51.4 million Trust Securities were issued and are outstanding at June 30, 2010 and December 31, 2009, with an initial price of \$25 per security (the liquidation preference), representing a total value of \$1.285 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 5.90%. 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 are 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 exchange and have readily determinable fair values. The cost and fair value of the Trust Securities as of June 30, 2010 and December 31, 2009 are as follows:

June 30, 2010	Cost	Fair Value
Trust Securities	<u>\$ 1,285,000</u>	<u>\$ 626,566</u>

December 31, 2009	Cost	Fair Value
Trust Securities	<u>\$ 1,285,000</u>	<u>\$ 514,000</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 of 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 July 3, 2003 (and further amended on September 27, 2007), WCS Holding, 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 Holding nor are such servicing costs allocated to the Trust or the holders of the Trust Securities.

8. SUBSEQUENT EVENTS

As of June 30, 2010, management has evaluated the possibility of subsequent events existing in the Trust’s financial statements through August 31, 2010, the date which the financial statements were available for issuance. Management has determined that there are no material events that would require disclosure in the Trust’s financial statements through this date.

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