

Periodic Report re Holmes Trustees Limited and Holmes Funding Limited

For Period 10 January 2006 to 08 February 2006

All values are in thousands of pounds sterling unless otherwise stated

Mortgage Asset Analysis

Analysis of Mortgage Trust Movements

	Current Period	
	Number	£000's
Brought Forward	395,286	29,807,574
Replenishment	19,760	1,778,616
Repurchased	(7,117)	(634,285)
Redemptions	(10,698)	(974,779)
Losses	(32)	(56)
Capitalised Interest	0	4,395 (* see below)
Other Movements	0	0
Carried Forward	397,199	29,981,465

* Capitalised interest refers to interest due met from amounts standing to the credit of overpayment facilities on flexible loans

	Cumulative	
	Number	£000's
Brought Forward	115,191	6,399,214
Replenishment	1,143,739	89,782,180
Repurchased	(356,935)	(26,764,371)
Redemptions	(503,929)	(39,571,116)
Losses	(867)	(1,683)
Capitalised Interest	0	137,241 (* see above)
Other Movements	0	0
Carried Forward	397,199	29,981,465

	Trust Payment Rate (CPR)	Annualised Trust Payment Rate (CPR)	
1 Month	5.40%	48.62%	(including redemptions and repurchases)
3 Month	15.23%	48.36%	
12 Month	46.93%	46.93%	

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Asset Profiles

Weighted Average Seasoning	37.35	months
Weighted Average Loan size	£75,482.23	
Weighted Average LTV	66.89%	*** (see below)
Weighted Average Indexed LTV	53.36%	using Halifax House Price Index
Weighted Average Indexed LTV	51.85%	using Nationwide House Price Index
Weighted Average Remaining Term	17.86	Years

Product Type Analysis

	£000's	%
Variable Rate	10,220,681	34.09%
Fixed Rate	5,951,321	19.85%
Tracker Rate	13,809,463	46.06%
	29,981,465	100.00%

As at 08 February 2006 approximately 11.90% of the loans were flexible loans

Repayment Method Analysis

	£000's	%
Endowment	5,108,842	17.04%
Interest Only	5,660,501	18.88%
Repayment	19,212,123	64.08%
	29,981,465	100.00%

As at 08 February 2006 approximately 15.46% of the loans were written under Abbey's policy of non-income verification

Loan Purpose Analysis

	£000's	%
Purchase	21,388,777	71.34%
Remortgage	8,592,688	28.66%
	29,981,465	100.00%

Mortgage Standard Variable Rate

<u>Effective Date</u>	<u>Rate</u>
01 September 2005	6.50%
01 September 2004	6.75%
01 July 2004	6.50%
01 June 2004	6.25%

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Geographic Analysis

Region	Number	£000's	%
East Anglia	16,338	1,152,139	3.84%
East Midlands	21,499	1,418,825	4.73%
Greater London	68,353	6,588,010	21.97%
North	17,094	953,268	3.18%
North West	44,949	2,728,118	9.10%
Scotland	26,111	1,486,456	4.96%
South East	102,326	9,110,557	30.39%
South West	30,886	2,319,028	7.73%
Wales	18,378	1,070,820	3.57%
West Midlands	26,405	1,710,459	5.71%
Yorkshire and Humberside	24,512	1,422,516	4.74%
Unknown	348	21,269	0.07%
Total	397,199	29,981,465	100.00%

Original LTV Bands

Range	Number	£000's	%	Average Seasoning
0.00 - 25.00	21,678	911,126	3.04%	28.88
25.01 - 50.00	93,033	5,715,255	19.06%	31.15
50.01 - 75.00	151,846	12,590,560	41.99%	33.68
75.01 - 80.00	18,918	1,660,150	5.54%	39.67
80.01 - 85.00	23,106	2,137,382	7.13%	38.67
85.01 - 90.00	40,022	3,762,244	12.55%	39.06
90.01 - 95.00	48,596	3,204,748	10.69%	57.49
Total	397,199	29,981,465	100.00%	37.35

*** The balance is the current outstanding balance on the account including accrued interest. The LTV is that at origination and excludes any capitalised high loan to value fees, valuation fees or booking fees.

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Arrears

Band	Number	Principal	Overdue	%
Current	386,863	29,146,106	(3,276)	97.25%
1.00 - 1.99 months	5,117	426,996	3,580	1.42%
2.00 - 2.99 months	2,213	166,796	2,608	0.56%
3.00 - 3.99 months	1,116	87,065	1,901	0.29%
4.00 - 4.99 months	582	42,358	1,229	0.14%
5.00 - 5.99 months	327	25,453	890	0.08%
6.00 - 11.99 months	670	52,604	2,611	0.18%
12 months and over	89	7,271	692	0.02%
Properties in Possession	222	15,104	1,477	0.05%
Total	397,199	29,969,753	11,712	100.00%

Definition of Arrears

This arrears multiplier is calculated as the arrears amount (which is the difference between the expected monthly repayments and the amount that has actually been paid, i.e. a total of under and/or over payments) divided by the monthly amount repayable. It is recalculated every time the arrears amount changes, i.e. on the date when a payment is due.

Movement in Shares of Trust

	Funding	Seller
	£000's	£000's
Balance Brought Forward	14,712,015	15,095,559
Replenishment of Assets	0	1,778,616
Acquisition by Funding	0	0
Distribution of Principal Receipts	(444,371)	(1,164,693)
Allocation of Losses	(27)	(29)
Share of Capitalised Interest	2,133	2,262
Payment Re Capitalised Interest	(2,133)	2,133
Balance Carried Forward	14,267,617	15,713,848

Carried Forward Percentage	47.58813%	52.41187%
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Minimum Seller Share	1,466,772	4.89%
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Cash Accumulation Ledger

	£000's
Brought Forward	1,182,611
Additional Amounts Accumulated	190,014
Payment of Notes	(928,254)
Carried Forward	444,371

Target Balance	190,014	payable on 18th April 2006
	254,357	payable on 15th December 2006
	444,371	

Excess Spread *

Quarter to 15/01/06	0.5407%
Quarter to 15/10/05	0.4882%
Quarter to 15/07/05	0.2536%
Quarter to 15/04/05	0.2725%

*Excess spread is calculated by reference to deferred consideration (determined according to relevant accounting policies) for the period, adjusted for non-cash related items and items relating to amounts falling due after transfers to the first and second reserve funds in the Funding Revenue Priority of Payments, expressed as a percentage of the average note balance over that period.

Reserve Funds

	First Reserve	Second Reserve	Funding Reserve
Balance as at 17/01/2006	£264,000,000.00	£0.00	£0.00
Required Amount as at 17/01/2006	£264,000,000.00	£0.00	£0.00
Percentage of Notes	1.79%	0.00%	0.00%

Properties in Possession

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Stock

	Current Period	
	Number	£000's
Brought Forward	197	14,330
Reposessed in Period	52	7,351
Sold in Period	(27)	(5,100)
Carried Forward	222	16,581

	Cumulative	
	Number	£000's
Reposessed to date	1,086	107,862
Sold to date	(864)	(91,281)
Carried Forward	222	16,581

Repossession Sales Information

Average time Possession to Sale	94 Days
Average arrears at time of Sale	£4,486

MIG Claim Status **

	Number	£000's
MIG Claims made	199	1,396

**On the 14th October 2005, Abbey exercised its right to cancel all relevant MIG policies and therefore, none of the mortgage loans in the portfolio are currently covered by a MIG policy.

Trigger Events

There has been no debit to the AAA Principal Deficiency Ledger

The Seller has not suffered an Insolvency Event

The Seller is still the Servicer

The Outstanding Principal balance is in excess of £25 billion

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Changes implemented on closing of Holmes Financing No.9 PLC

On the closing of Holmes Financing No 9 plc on 8th December, the following changes were made:

- a) First Reserve Fund Required Amount was reduced to £264,000,000
- b) Funding Reserve Fund Required Amount was reduced to £Nil
- c) In accordance with the transaction documents all amounts in excess of the new First Reserve Fund Required Amount and Funding Reserve Fund Required Amount were paid to the Seller as deferred consideration
- d) Notices for the cancellation of all liquidity facilities, no longer required by the Rating Agencies, were issued
- e) Previously proposed changes to the Bank Account trigger events were implemented, whereby the minimum required Fitch short term rating of Abbey as sterling account bank / GIC provider is changed to F1 from F1+ and in the event that Abbey is downgraded below F1 then Abbey's obligations will either need to be guaranteed by a third party rated at least F1 or transferred to a counterparty rated at least F1, within 30 days of the downgrade.
- f) The Minimum Seller Share has been increased to mitigate the set-off risks of certain new "cash back" loans

Contact Details

If you have any queries regarding this report please contact the Securitisation Team via

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Holmes Financing No 1 plc, Holmes Financing No 2 plc, Holmes Financing No 3 plc, Holmes Financing No 4 plc, Holmes Financing No 5 plc, Holmes Financing No 6 plc, Holmes Financing No 7 plc, Holmes Financing No 8 plc, Holmes Financing No 9 plc

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<u>Notes</u>	<u>Deal</u>	<u>Rating (S&P/Moody's/Fitch)</u>	<u>Outstanding</u>	<u>Reference Rate</u>	<u>Margin</u>
Series 3 Class A1	Holmes Financing No. 1	AAA/Aaa/AAA	£375,000,000	4.59625%	0.26%
Series 3 Class A2	Holmes Financing No. 1	AAA/Aaa/AAA	€ 320,000,000	2.50700%	0.26%
Series 3 Class B	Holmes Financing No. 1	AA/Aa3/AA	£24,000,000	4.59625%	0.45%
Series 3 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£30,000,000	4.59625%	1.60%
Series 4 Class A	Holmes Financing No. 1	AAA/Aaa/AAA	£250,000,000		6.62%
Series 4 Class B	Holmes Financing No. 1	AA/Aa3/AA	£11,000,000	4.59625%	0.62%
Series 4 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£14,000,000	4.59625%	1.75%
Series 3 Class A	Holmes Financing No. 2	AAA/Aaa/AAA	£250,000,000	4.59625%	0.24%
Series 3 Class B	Holmes Financing No. 2	AA/Aa3/AA	£19,000,000	4.59625%	0.45%
Series 3 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	£25,000,000	4.59625%	1.50%
Series 4 Class A	Holmes Financing No. 2	AAA/Aaa/AAA	€ 500,000,000	2.50700%	0.27%
Series 4 Class B	Holmes Financing No. 2	AA/Aa3/AA	€ 21,000,000	2.50700%	0.50%
Series 4 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	€ 35,000,000	2.50700%	1.60%
Series 3 Class A	Holmes Financing No. 3	AAA/Aaa/AAA	€ 805,000,000	2.50700%	0.24%
Series 3 Class B	Holmes Financing No. 3	AA/Aa3/AA	€ 24,000,000	2.50700%	0.40%
Series 3 Class C	Holmes Financing No. 3	BBB/Baa2/BBB	€ 50,000,000	2.50700%	1.50%
Series 2 Class A	Holmes Financing No. 4	AAA/Aaa/AAA	€ 800,000,000		5.05%
Series 2 Class B	Holmes Financing No. 4	AA/Aa3/AA	€ 35,800,000	2.50700%	0.40%
Series 2 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	€ 53,800,000	2.50700%	1.45%
Series 3 Class A1	Holmes Financing No. 4	AAA/Aaa/AAA	£550,000,000	4.59625%	0.23%
Series 3 Class A2	Holmes Financing No. 4	AAA/Aaa/AAA	\$410,000,000	4.60000%	0.23%
Series 3 Class B	Holmes Financing No. 4	AA/Aa3/AA	\$34,500,000	4.60000%	0.44%
Series 3 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	\$49,500,000	4.60000%	1.30%
Series 4 Class A	Holmes Financing No. 4	AAA/Aaa/AAA	CHF 850,000,000		3.50%
Series 4 Class B	Holmes Financing No. 4	AA/Aa3/AA	£11,000,000	4.59625%	0.43%
Series 4 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	£19,000,000	4.59625%	1.50%
Series 3 Class A 1	Holmes Financing No. 5	AAA/Aaa/AAA	€ 600,000,000		4.25%
Series 3 Class A 2	Holmes Financing No. 5	AAA/Aaa/AAA	£500,000,000	4.59625%	0.23%
Series 3 Class B	Holmes Financing No. 5	AA/Aa3/AA	€ 53,000,000	2.50700%	0.40%
Series 3 Class C	Holmes Financing No. 5	BBB/Baa2/BBB	€ 76,000,000	2.50700%	1.47%
Series 3 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	€ 1,000,000,000	2.50700%	0.24%
Series 3 Class B	Holmes Financing No. 6	AA/Aa3/AA	€ 34,000,000	2.50700%	0.50%
Series 3 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	€ 57,000,000	2.50700%	1.50%
Series 4 Class A 1	Holmes Financing No. 6	AAA/Aaa/AAA	\$1,000,000,000	4.60000%	0.24%
Series 4 Class A 2	Holmes Financing No. 6	AAA/Aaa/AAA	CHF 300,000,000		2.50%
Series 4 Class B	Holmes Financing No. 6	AA/Aa3/AA	\$40,000,000	4.60000%	0.52%
Series 4 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	\$69,000,000	4.60000%	1.55%
Series 5 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	£500,000,000	4.59625%	0.24%
Series 5 Class B	Holmes Financing No. 6	AA/Aa3/AA	£17,000,000	4.59625%	0.52%
Series 5 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	£29,000,000	4.59625%	1.55%
Series 2 Class B	Holmes Financing No. 7	AA/Aa3/AA	\$37,500,000	4.60000%	0.35%
Series 2 Class C	Holmes Financing No. 7	BBB/Baa2/BBB	\$63,750,000	4.60000%	0.80%
Series 3 Class A	Holmes Financing No. 7	AAA/Aaa/AAA	\$500,000,000	4.60000%	0.23%
Series 3 Class B	Holmes Financing No. 7	AA/Aa3/AA	£15,000,000	4.59625%	0.50%

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Series 3 Class M	Holmes Financing No. 7	A/A2/A	£20,000,000	4.59625%	0.80%
Series 4 Class A 1	Holmes Financing No. 7	AAA/Aaa/AAA	€ 500,000,000	2.50700%	0.26%
Series 4 Class A 2	Holmes Financing No. 7	AAA/Aaa/AAA	£250,000,000	4.59625%	0.26%
Series 4 Class B	Holmes Financing No. 7	AA/Aa3/AA	€ 41,000,000	2.50700%	0.53%
Series 4 Class M	Holmes Financing No. 7	A/A2/A	€ 56,000,000	2.50700%	0.80%
Series 2 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	\$1,500,000,000	4.60000%	0.08%
Series 2 Class B	Holmes Financing No. 8	AA/Aa3/AA	\$51,000,000	4.60000%	0.17%
Series 2 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	\$87,000,000	4.60000%	0.72%
Series 3 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	€ 990,000,000	2.50700%	0.15%
Series 3 Class B	Holmes Financing No. 8	AA/Aa3/AA	€ 34,000,000	2.50700%	0.27%
Series 3 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	€ 57,500,000	2.50700%	0.85%
Series 4 Class A 1	Holmes Financing No. 8	AAA/Aaa/AAA	£900,000,000	4.59625%	0.15%
Series 4 Class A 2	Holmes Financing No. 8	AAA/Aaa/AAA	\$500,000,000	4.60000%	0.14%
Series 4 Class B	Holmes Financing No. 8	AA/Aa3/AA	£39,900,000	4.59625%	0.30%
Series 4 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	£68,000,000	4.59625%	0.90%
Series 1 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$1,740,000,000	4.53599%	-0.03%
Series 2 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$2,175,000,000	4.53599%	0.06%
Series 3 Class A1	Holmes Financing No. 9	AAA/Aaa/AAA	€ 740,000,000	2.50100%	0.10%
Series 3 Class A2	Holmes Financing No. 9	AAA/Aaa/AAA	£400,000,000	4.64000%	0.09%
Series 4 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	£600,000,000	4.64000%	0.09%

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Retired Class A Notes

Date Retired	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8	Holmes 9
02Q3	-	703	-	-	352	-	-	-	-
02Q4	-	-	-	-	352	-	-	-	-
03Q1	-	-	750	-	-	-	-	-	-
03Q2	-	-	-	-	-	-	-	-	-
03Q3 ⁶⁰⁰	-	-	-	-	-	481	-	-	-
03Q4	-	176	-	191	-	481	-	-	-
04Q1	-	176	-	191	-	-	241	-	-
04Q2	-	176	-	191	-	-	241	-	-
04Q3	-	176	-	191	-	-	-	-	-
04Q4	-	-	-	-	698	-	-	-	-
05Q1	-	-	750	-	-	-	-	-	-
05Q2	-	-	-	-	-	801	-	1,001	-
05Q3 ⁶⁵⁰	-	-	-	-	-	-	-	-	-
05Q4	-	125	-	-	-	-	-	-	-
06Q1	-	125	-	-	-	-	803	-	-

Outstanding Class A Notes

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8	Holmes 9
06Q1	-	-	-	-	-	-	-	-	-
06Q2	-	125	-	-	-	-	-	-	-
06Q3	-	125	500	1,340	-	-	-	-	-
06Q4	-	-	-	350	875	-	-	-	-
07Q1	-	-	-	-	-	-	161	812	1,018
07Q2	-	-	-	-	-	634	161	-	-
07Q3 ⁵⁷⁵	-	-	-	-	-	-	-	-	-
07Q4	-	300	-	-	-	770	-	-	-
08Q1	-	-	-	-	-	-	-	-	-
08Q2	-	-	-	-	-	500	592	221	-
08Q3	-	-	-	-	-	-	-	221	1,272
08Q4	-	-	-	-	-	-	-	221	-
09Q1	-	-	-	-	-	-	-	1,171	-
09Q2	-	-	-	-	-	-	-	-	-
09Q3	-	-	-	-	-	-	-	-	-
09Q4	-	-	-	-	-	-	-	-	-
10Q1	-	-	-	-	-	-	-	-	453
10Q2	-	-	-	-	-	-	-	-	453
10Q3 ²⁵⁰	-	-	-	-	-	-	-	-	600
10Q4	-	-	-	-	-	-	-	-	-

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