

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
Periodic Report re Holmes Trustees Limited and Holmes Funding Limited
For Period 09 December 2004 to 10 January 2005

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Mortgage Asset Analysis

Analysis of Mortgage Trust Movements

	Current Period		
	Number	£000's	
Brought Forward	404,685	29,917,003	
Replenishment	11,372	1,007,139	
Repurchased	(2,324)	(217,937)	
Redemptions	(9,994)	(788,292)	
Losses	(3)	0	
Capitalised Interest	0	5,295	(* see below)
Other Movements	0	(1)	
Carried Forward	403,736	29,923,207	

* 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	924,607	70,115,796	
Repurchased	(273,113)	(19,531,385)	
Redemptions	(362,384)	(27,140,807)	
Losses	(565)	(828)	
Capitalised Interest	0	81,218	(* see above)
Other Movements	0	(1)	
Carried Forward	403,736	29,923,207	

	Period CPR	Annualised CPR	
1 Month	3.36%	47.61%	**(including redemptions and repurchases)
3 Month	13.10%	64.76%	
12 Month	58.09%	58.09%	

** The annualised CPR's are expressed as a percentage of the outstanding balance at the end of the period

Asset Profiles

Weighted Average Seasoning	32.73	months
Weighted Average Loan size	£74,115.78	
Weighted Average LTV	69.60%	*** (see below)
Weighted Average Indexed LTV	53.52%	using Halifax House Price Index
Weighted Average Indexed LTV	52.48%	using Nationwide House Price Index
Weighted Average Remaining Term	18.36	Years

Product Type Analysis

	£000's	%
Variable Rate	8,300,698	27.74%
Fixed Rate	6,328,758	21.15%
Tracker Rate	15,293,751	51.11%
	29,923,207	100.00%

As at 10 January 2005 approximately 8.51% of the loans were flexible loans

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<u>Repayment Method Analysis</u>	£000's	%
Endowment	5,960,703	19.92%
Interest Only	4,784,721	15.99%
Repayment	19,177,783	64.09%
	29,923,207	100.00%

As at 10 January 2005 approximately 16.63% of the loans were written under Abbey's policy of non-income verification

<u>Loan Purpose Analysis</u>	£000's	%
Purchase	21,861,895	73.06%
Remortgage	8,061,312	26.94%
	29,923,207	100.00%

Mortgage Standard Variable Rate

<u>Effective Date</u>	<u>Rate</u>
01 September 2004	6.75%
01 July 2004	6.50%
01 June 2004	6.25%
01 March 2004	6.00%

Geographic Analysis

<u>Region</u>	<u>Number</u>	<u>£000's</u>	<u>%</u>
East Anglia	16,580	1,144,554	3.82%
East Midlands	22,238	1,435,862	4.80%
Greater London	66,458	6,353,250	21.23%
North	17,601	961,773	3.21%
North West	45,698	2,714,674	9.07%
Scotland	26,732	1,512,734	5.06%
South East	103,682	9,142,319	30.55%
South West	32,234	2,382,930	7.96%
Wales	19,391	1,087,560	3.63%
West Midlands	27,286	1,736,716	5.80%
Yorkshire and Humberside	25,337	1,431,371	4.78%
Unknown	499	19,464	0.07%
Total	403,736	29,923,207	100.00%

Original LTV Bands

<u>Range</u>	<u>Number</u>	<u>£000's</u>	<u>%</u>
0.00 - 25.00	16,420	696,904	2.33%
25.01 - 50.00	77,414	4,746,500	15.86%
50.01 - 75.00	149,961	12,238,233	40.90%
75.01 - 80.00	21,134	1,763,265	5.89%
80.01 - 85.00	25,731	2,238,095	7.48%
85.01 - 90.00	46,062	4,006,367	13.39%
90.01 - 95.00	67,014	4,233,843	14.15%
Total	403,736	29,923,207	100.00%

*** 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	391,930	29,011,382	(4,134)	96.98%
1.00 - 1.99 months	6,689	549,805	4,392	1.84%
2.00 - 2.99 months	2,360	167,462	2,564	0.56%
3.00 - 3.99 months	1,179	81,940	1,827	0.27%
4.00 - 4.99 months	622	41,520	1,210	0.14%
5.00 - 5.99 months	330	21,631	775	0.07%
6.00 -11.99 months	484	32,483	1,626	0.11%
12 months and over	28	1,615	231	0.01%
Properties in Possession	114	6,275	603	0.02%
Total	403,736	29,914,113	9,094	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	13,948,215	15,968,777	***
Replenishment of Assets	0	1,007,139	
Acquisition by Funding	0	0	
Distribution of Principal Receipts	(1,013,174)	6,944	
Allocation of Losses	0	0	
Share of Capitalised Interest	2,469	2,826	
Payment Re Capitalised Interest	(2,469)	2,469	
Balance Carried Forward	12,935,041	16,988,155	
Carried Forward Percentage	43.22747%	56.77253%	
Minimum Seller Share	1,324,708	4.43%	

*** Restated due to error for Distribution of Principal Receipts in period to 8th December 2004

Cash Accumulation Ledger

	£000's	
Brought Forward	1,562,095	***
Additional Amounts Accumulated	1,013,174	
Payment of Notes	0	
Carried Forward	2,575,269	

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Target Balance	811,000	payable on 18th January 2005
	1,764,269	payable on 15th April 2005
	2,575,269	

<u>Liquidity Facilities</u>	Drawn £000's	Undrawn £000's
Holmes Funding	£0	£25,000
Holmes Financing 1	£0	£25,000
Holmes Financing 2	£0	£25,000
Holmes Financing 3	£0	£25,000
Holmes Financing 4	£0	£25,000
Holmes Financing 5	£0	£25,000
Holmes Financing 6	£0	£25,000

<u>Excess Spread *</u>	
Quarter to 15/10/04	0.5449%
Quarter to 15/07/04	0.3214%
Quarter to 15/04/04	0.3687%
Quarter to 15/01/04	0.4098%

*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.

<u>Reserve Funds</u>	First Reserve	Second Reserve	Funding Reserve
Balance as at 15/10/2004	£338,000,000.00	£0.00	£70,000,000.00
Required Amount as at 15/10/2004	£338,000,000.00	£0.00	£70,000,000.00
Percentage of Notes	2.18%	0.00%	0.45%

Properties in Possession

Stock

	Current Period	
	Number	£000's
Brought Forward	113	6,751
Repossessed in Period	7	1,020
Sold in Period	(6)	(893)
Carried Forward	114	6,878

	Cumulative	
	Number	£000's
Repossessed to date	679	49,943
Sold to date	(565)	(43,065)
Carried Forward	114	6,878

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Repossession Sales Information

Average time Possession to Sale

85

 Days
 Average arrears at time of Sale

£3,582

MIG Claim Status

	Number	£000's
MIG Claims made	195	1,382
MIG Claims outstanding	0	0

Average time claim to payment

36

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

Proposed Changes

Abbey has requested Fitch Ratings to confirm the impact on the rating of the issued securities if the minimum required short term rating of Abbey as sterling account bank / GIC provider is changed to F1 from F1+. Once Fitch has completed its review of the appropriate documentation amendments, it expects to confirm that this change will have no effect on the rating of any of the securities issued by any of the Issuers. In addition, it has indicated that 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, to prevent a downgrade by Fitch of any of the issued securities

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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
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	-	-	-

Outstanding Class A Notes

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8
04Q4	-	-	-	-	-	-	-	-
05Q1	-	-	750	-	-	-	-	-
05Q2	-	-	-	-	-	801	-	1,001
05Q3	650	-	-	-	-	-	-	-
05Q4	-	125	-	-	-	-	-	-
06Q1	-	125	-	-	-	-	803	-
06Q2	-	125	-	-	-	-	-	-
06Q3	-	125	500	1,340	-	-	-	-
06Q4	-	-	-	350	875	-	-	-
07Q1	-	-	-	-	-	-	161	812
07Q2	-	-	-	-	-	634	161	-
07Q3	575	-	-	-	-	-	-	-
07Q4	-	300	-	-	-	770	-	-
08Q1	-	-	-	-	-	-	-	-
08Q2	-	-	-	-	-	500	592	221
08Q3	-	-	-	-	-	-	-	221
08Q4	-	-	-	-	-	-	-	221
09Q1	-	-	-	-	-	-	-	1,171
09Q2	-	-	-	-	-	-	-	-
09Q3	-	-	-	-	-	-	-	-
09Q4	-	-	-	-	-	-	-	-
10Q1	-	-	-	-	-	-	-	-
10Q2	-	-	-	-	-	-	-	-
10Q3	250	-	-	-	-	-	-	-
10Q4	-	-	-	-	-	-	-	-

Expected Redemption of Class A Notes

■ Holmes 1
 ■ Holmes 2
 ■ Holmes 3
 ■ Holmes 4
 ■ Holmes 5
 ■ Holmes 6
 ■ Holmes 7
 ■ Holmes 8

£ millions

