

Periodic Report re Holmes Trustees Limited and Holmes Funding Limited

For Period 10 October 2006 to 08 November 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	382,138	30,038,046
Replenishment	13,390	1,360,818
Repurchased	(5,133)	(481,352)
Redemptions	(9,958)	(942,268)
Losses	(47)	(123)
Capitalised Interest	0	4,763 (* see below)
Other Movements	0	0
Carried Forward	380,390	29,979,884

* 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	1,268,305	102,554,139
Repurchased	(407,996)	(31,320,882)
Redemptions	(593,916)	(47,824,255)
Losses	(1,194)	(2,886)
Capitalised Interest	0	174,554 (* see above)
Other Movements	0	0
Carried Forward	380,390	29,979,884

	Trust Payment Rate (CPR)	Annualised Trust Payment Rate (CPR)	
1 Month	4.74%	44.16%	(including redemptions and repurchases)
3 Month	13.30%	43.49%	
12 Month	45.29%	45.29%	

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Asset Profiles

Weighted Average Seasoning	39.24	months
Weighted Average Loan size	£78,813.54	
Weighted Average LTV	65.27%	*** (see below)
Weighted Average Indexed LTV	55.50%	using Halifax House Price Index
Weighted Average Indexed LTV	54.23%	using Nationwide House Price Index
Weighted Average Remaining Term	17.63	Years

Product Type Analysis

	£000's	%
Variable Rate	10,274,106	34.27%
Fixed Rate	7,731,812	25.79%
Tracker Rate	11,973,966	39.94%
	29,979,884	100.00%

As at 08 November 2006 approximately 14.24% of the loans were flexible loans

Repayment Method Analysis

	£000's	%
Endowment	4,410,041	14.71%
Interest Only	6,586,581	21.97%
Repayment	18,983,263	63.32%
	29,979,884	100.00%

As at 08 November 2006 approximately 17.77% of the loans were written under Abbey's policy of non-income verification

Loan Purpose Analysis

	£000's	%
Purchase	19,984,591	66.66%
Remortgage	9,995,293	33.34%
	29,979,884	100.00%

Mortgage Standard Variable Rate

<u>Effective Date</u>	<u>Rate</u>
01 September 2006	6.75%
01 September 2005	6.50%
01 September 2004	6.75%
01 July 2004	6.50%

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Geographic Analysis

Region	Number	£000's	%
East Anglia	15,018	1,097,989	3.66%
East Midlands	20,323	1,404,620	4.69%
Greater London	66,501	6,625,112	22.10%
North	15,811	929,228	3.10%
North West	42,651	2,703,883	9.02%
Scotland	24,463	1,430,945	4.77%
South East	100,123	9,259,912	30.89%
South West	29,639	2,324,464	7.75%
Wales	17,353	1,066,590	3.56%
West Midlands	24,760	1,676,157	5.59%
Yorkshire and Humberside	23,484	1,447,354	4.83%
Unknown	264	13,629	0.05%
Total	380,390	29,979,884	100.00%

Original LTV Bands

Range	Number	£000's	%	Average Seasoning
0.00 - 25.00	23,904	1,005,115	3.35%	32.48
25.01 - 50.00	97,909	6,162,924	20.56%	34.60
50.01 - 75.00	149,713	13,235,076	44.15%	35.51
75.01 - 80.00	16,753	1,553,639	5.18%	42.44
80.01 - 85.00	20,609	2,050,692	6.84%	41.07
85.01 - 90.00	34,431	3,457,774	11.53%	40.95
90.01 - 95.00	37,071	2,514,664	8.39%	61.44
Total	380,390	29,979,884	100.00%	38.76

*** 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	369,632	29,106,393	(2,675)	97.13%
1.00 - 1.99 months	5,994	476,517	3,979	1.59%
2.00 - 2.99 months	2,131	170,176	2,767	0.57%
3.00 - 3.99 months	922	76,588	1,721	0.26%
4.00 - 4.99 months	470	37,463	1,101	0.13%
5.00 - 5.99 months	296	25,438	895	0.08%
6.00 - 11.99 months	616	50,920	2,600	0.17%
12 months and over	82	6,840	765	0.02%
Properties in Possession	247	16,488	1,908	0.06%
Total	380,390	29,966,823	13,061	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	12,775,506	17,262,540
Replenishment of Assets	0	1,360,818
Acquisition by Funding	0	0
Distribution of Principal Receipts	(235,167)	(1,188,453)
Allocation of Losses	(52)	(71)
Share of Capitalised Interest	2,018	2,745
Payment Re Capitalised Interest	(2,018)	2,018
Balance Carried Forward	12,540,287	17,439,597

Carried Forward Percentage	41.82901%	58.17099%
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Minimum Seller Share	1,590,967	5.31%
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Cash Accumulation Ledger

	£000's
Brought Forward	3,549,613
Additional Amounts Accumulated	235,167
Payment of Notes	(1,379,500)
Carried Forward	2,405,280

Target Balance	1,017,901	payable on 15th December 2006
	1,047,164	payable on 16th January 2007
	339,570	payable on 16th July 2007
	2,404,635	

Excess Spread *

Quarter to 16/10/06	0.4790%
Quarter to 17/07/06	0.4492%
Quarter to 15/04/06	0.2602%
Quarter to 15/01/06	0.5407%

*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 16/10/2006	£272,000,000.00	£0.00	£0.00
Required Amount as at 16/10/2006	£272,000,000.00	£0.00	£0.00
Percentage of Notes	1.82%	0.00%	0.00%
Percentage of Funding Share	2.17%	0.00%	0.00%

Notes Outstanding

	£000's
AAA Notes Outstanding	14,049,781
AA Notes Outstanding	353,165
A Notes Outstanding	101,506
BBB Notes Outstanding	441,167
Total	14,945,619

Properties in Possession

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Stock

	Current Period	
	Number	£000's
Brought Forward	253	19,125
Repossessed in Period	34	7,147
Sold in Period	(40)	(7,876)
Carried Forward	247	18,396

	Cumulative	
	Number	£000's
Repossessed to date	1,428	176,432
Sold to date	(1,181)	(158,036)
Carried Forward	247	18,396

Repossession Sales Information

Average time Possession to Sale	98 Days
Average arrears at time of Sale	£5,265

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.

Note

On 17th July Holmes Financing 3 exercised its option to redeem all of the remaining notes outstanding in accordance with Condition 5(D) of the notes

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

Contact Details

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

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Email : Securitisation@Abbey.com

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, Holmes Financing No 10 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	5.12063%	0.26%
Series 3 Class A2	Holmes Financing No. 1	AAA/Aaa/AAA	€ 320,000,000	3.49400%	0.26%
Series 3 Class B	Holmes Financing No. 1	AA/Aa3/AA	£24,000,000	5.12063%	0.45%
Series 3 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£30,000,000	5.12063%	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	5.12063%	0.62%
Series 4 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£14,000,000	5.12063%	1.75%
Series 4 Class A	Holmes Financing No. 2	AAA/Aaa/AAA	€ 500,000,000	3.49400%	0.27%
Series 4 Class B	Holmes Financing No. 2	AA/Aa3/AA	€ 21,000,000	3.49400%	0.50%
Series 4 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	€ 35,000,000	3.49400%	1.60%
Series 3 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	€ 1,000,000,000	3.49400%	0.24%
Series 3 Class B	Holmes Financing No. 6	AA/Aa3/AA	€ 34,000,000	3.49400%	0.50%
Series 3 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	€ 57,000,000	3.49400%	1.50%
Series 4 Class A 1	Holmes Financing No. 6	AAA/Aaa/AAA	\$1,000,000,000	5.37375%	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	5.37375%	0.52%
Series 4 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	\$69,000,000	5.37375%	1.55%
Series 5 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	£500,000,000	5.12063%	0.24%
Series 5 Class B	Holmes Financing No. 6	AA/Aa3/AA	£17,000,000	5.12063%	0.52%
Series 5 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	£29,000,000	5.12063%	1.55%
Series 3 Class A	Holmes Financing No. 7	AAA/Aaa/AAA	\$500,000,000	5.37375%	0.23%
Series 3 Class B	Holmes Financing No. 7	AA/Aa3/AA	£15,000,000	5.12063%	0.50%
Series 3 Class M	Holmes Financing No. 7	A/A2/A	£20,000,000	5.12063%	0.80%
Series 4 Class A 1	Holmes Financing No. 7	AAA/Aaa/AAA	€ 500,000,000	3.49400%	0.26%
Series 4 Class A 2	Holmes Financing No. 7	AAA/Aaa/AAA	£250,000,000	5.12063%	0.26%
Series 4 Class B	Holmes Financing No. 7	AA/Aa3/AA	€ 41,000,000	3.49400%	0.53%
Series 4 Class M	Holmes Financing No. 7	A/A2/A	€ 56,000,000	3.49400%	0.80%
Series 2 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	\$1,500,000,000	5.37375%	0.08%
Series 2 Class B	Holmes Financing No. 8	AA/Aa3/AA	\$51,000,000	5.37375%	0.17%
Series 2 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	\$87,000,000	5.37375%	0.72%
Series 3 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	€ 990,000,000	3.49400%	0.15%
Series 3 Class B	Holmes Financing No. 8	AA/Aa3/AA	€ 34,000,000	3.49400%	0.27%
Series 3 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	€ 57,500,000	3.49400%	0.85%
Series 4 Class A 1	Holmes Financing No. 8	AAA/Aaa/AAA	£900,000,000	5.12063%	0.15%
Series 4 Class A 2	Holmes Financing No. 8	AAA/Aaa/AAA	\$500,000,000	5.37375%	0.14%
Series 4 Class B	Holmes Financing No. 8	AA/Aa3/AA	£39,900,000	5.12063%	0.30%
Series 4 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	£68,000,000	5.12063%	0.90%
Series 1 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$1,740,000,000	5.32000%	-0.03%
Series 2 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$2,175,000,000	5.37375%	0.06%
Series 3 Class A1	Holmes Financing No. 9	AAA/Aaa/AAA	€ 740,000,000	3.49400%	0.10%
Series 3 Class A2	Holmes Financing No. 9	AAA/Aaa/AAA	£400,000,000	5.12063%	0.09%
Series 4 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	£600,000,000	5.12063%	0.09%

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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 1 Class A	Holmes Financing No. 10	AAA/Aaa/AAA	\$1,260,000,000	5.32000%	-0.03%
Series 1 Class B	Holmes Financing No. 10	AA/Aa3/AA	\$47,000,000	5.37375%	0.08%
Series 1 Class C	Holmes Financing No. 10	BBB/Baa2/BBB	\$47,000,000	5.37375%	0.27%
Series 2 Class A	Holmes Financing No. 10	AAA/Aaa/AAA	\$1,440,000,000	5.37375%	0.03%
Series 2 Class B	Holmes Financing No. 10	AA/Aa3/AA	\$55,000,000	5.37375%	0.09%
Series 2 Class C	Holmes Financing No. 10	BBB/Baa2/BBB	\$55,000,000	5.37375%	0.35%
Series 3 Class A	Holmes Financing No. 10	AAA/Aaa/AAA	€ 1,000,000,000	3.49400%	0.07%
Series 3 Class B1	Holmes Financing No. 10	AA/Aa3/AA	€ 37,000,000	3.49400%	0.12%
Series 3 Class B2	Holmes Financing No. 10	AA/Aa3/AA	£27,500,000	5.12063%	0.12%
Series 3 Class M1	Holmes Financing No. 10	A/A2/A	€ 34,000,000	3.49400%	0.20%
Series 3 Class M2	Holmes Financing No. 10	A/A2/A	£20,000,000	5.12063%	0.20%
Series 3 Class C1	Holmes Financing No. 10	BBB/Baa2/BBB	€ 52,500,000	3.49400%	0.40%
Series 3 Class C2	Holmes Financing No. 10	BBB/Baa2/BBB	£22,000,000	5.12063%	0.40%
Series 4 Class A1	Holmes Financing No. 10	AAA/Aaa/AAA	\$1,440,000,000	5.37375%	0.08%
Series 4 Class A2	Holmes Financing No. 10	AAA/Aaa/AAA	£750,000,000	5.12063%	0.09%

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, Holmes Financing No 10 plc

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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	Holmes 10
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	-	-	-
06Q2	-	125	-	-	-	-	-	-	-	-
06Q3	-	125	546	1,456	-	-	-	-	-	-
06Q4	-	-	-	350	875	-	-	-	-	-

Outstanding Class A Notes

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8	Holmes 9	Holmes 10
06Q4	-	-	-	-	-	-	-	-	-	-
07Q1	-	-	-	-	-	-	161	812	1,018	-
07Q2	-	-	-	-	-	634	161	-	-	-
07Q3	575	-	-	-	-	-	-	-	-	679
07Q4	-	300	-	-	-	770	-	-	-	-
08Q1	-	-	-	-	-	-	-	-	-	-
08Q2	-	-	-	-	-	500	592	221	-	388
08Q3	-	-	-	-	-	-	-	221	1,272	388
08Q4	-	-	-	-	-	-	-	221	-	-
09Q1	-	-	-	-	-	-	-	1,171	-	-
09Q2	-	-	-	-	-	-	-	-	-	342
09Q3	-	-	-	-	-	-	-	-	-	342
09Q4	-	-	-	-	-	-	-	-	-	-
10Q1	-	-	-	-	-	-	-	-	453	-
10Q2	-	-	-	-	-	-	-	-	453	-
10Q3	250	-	-	-	-	-	-	-	600	-
10Q4	-	-	-	-	-	-	-	-	-	1,526
11Q1	-	-	-	-	-	-	-	-	-	-

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