

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 July 2004 to 09 August 2004

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Mortgage Asset Analysis

Analysis of Mortgage Trust Movements

	Current Period		
	Number	£000's	
Brought Forward	415,181	29,796,223	
Replenishment	17,090	1,493,148	
Repurchased	(8,167)	(617,393)	
Redemptions	(11,837)	(909,151)	
Losses	(8)	11	
Capitalised Interest	0	5,255	(* see below)
Other Movements	0	0	
Carried Forward	412,259	29,768,093	

* 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	845,153	63,085,845	
Repurchased	(245,923)	(17,342,170)	
Redemptions	(301,692)	(22,422,484)	
Losses	(470)	(782)	
Capitalised Interest	0	48,470	(* see above)
Other Movements	0	0	
Carried Forward	412,259	29,768,093	

	Period CPR	Annualised CPR	
1 Month	5.13%	80.19%	**(including redemptions and repurchases)
3 Month	14.38%	72.45%	
12 Month	56.02%	56.02%	

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

Asset Profiles

Weighted Average Seasoning	31.95	months
Weighted Average Loan size	£72,207.26	
Weighted Average LTV	70.82%	*** (see below)
Weighted Average Indexed LTV	55.47%	using Halifax House Price Index
Weighted Average Indexed LTV	54.88%	using Nationwide House Price Index
Weighted Average Remaining Term	18.46	Years

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<u>Product Type Analysis</u>	£000's	%
Variable Rate	8,501,767	28.56%
Fixed Rate	5,861,338	19.69%
Tracker Rate	15,404,988	51.75%
	29,768,093	100.00%

As at 09 August 2004 approximately 7.6% of the loans were flexible loans

<u>Repayment Method Analysis</u>	£000's	%
Endowment	6,679,960	22.44%
Interest Only	4,277,675	14.37%
Repayment	18,810,458	63.19%
	29,768,093	100.00%

As at 09 August 2004 approximately 15.4% of the loans were written under Abbey's policy of non-income verification

<u>Loan Purpose Analysis</u>	£000's	%
Purchase	22,337,977	75.04%
Remortgage	7,430,116	24.96%
	29,768,093	100.00%

Mortgage Standard Variable Rate

<u>Effective Date</u>	<u>Rate</u>
01 July 2004	6.50%
01 June 2004	6.25%
01 March 2004	6.00%
01 December 2003	5.75%

Geographic Analysis

<u>Region</u>	<u>Number</u>	<u>£000's</u>	<u>%</u>
East Anglia	16,983	1,146,004	3.85%
East Midlands	22,628	1,417,987	4.76%
Greater London	67,112	6,289,190	21.13%
North	17,855	950,980	3.19%
North West	46,532	2,677,855	9.00%
Scotland	27,449	1,518,745	5.10%
South East	106,535	9,146,512	30.73%
South West	32,803	2,355,624	7.91%
Wales	19,863	1,079,456	3.63%
West Midlands	27,994	1,736,737	5.83%
Yorkshire and Humberside	25,890	1,412,531	4.75%
Unknown	615	36,472	0.12%
Total	412,259	29,768,093	100.00%

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Original LTV Bands

Range	Number	£000's	%
0.00 - 25.00	14,493	618,825	2.08%
25.01 - 50.00	72,234	4,381,141	14.72%
50.01 - 75.00	147,784	11,709,791	39.34%
75.01 - 80.00	22,015	1,776,638	5.97%
80.01 - 85.00	27,046	2,259,841	7.59%
85.01 - 90.00	50,199	4,178,372	14.04%
90.01 - 95.00	78,488	4,843,485	16.27%
Total	412,259	29,768,093	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.

Arrears

Band	Number	Principal	Overdue	%
Current	401,634	29,065,272	(3,223)	97.66%
1.00 - 1.99 months	6,838	455,520	3,905	1.53%
2.00 - 2.99 months	1,801	117,900	1,889	0.40%
3.00 - 3.99 months	836	51,773	1,190	0.17%
4.00 - 4.99 months	446	28,123	829	0.09%
5.00 - 5.99 months	224	14,243	514	0.05%
6.00 - 11.99 months	367	22,419	1,159	0.08%
12 months and over	39	2,261	244	0.01%
Properties in Possession	74	3,724	351	0.01%
Total	412,259	29,761,235	6,858	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 £000's	Seller £000's
Balance Brought Forward	15,136,042	14,660,181
Replenishment of Assets	0	1,493,148
Acquisition by Funding	0	0
Distribution of Principal Receipts	(947,865)	(578,679)
Allocation of Losses	(8)	19
Share of Capitalised Interest	2,669	2,586
Payment Re Capitalised Interest	(2,669)	2,669
Balance Carried Forward	14,188,169	15,579,924
Carried Forward Percentage	47.66234%	52.33766%
Minimum Seller Share	1,279,313	4.30%

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Cash Accumulation Ledger

	£000's
Brought Forward	1,604,300
Additional Amounts Accumulated	126,458
Payment of Notes	(406,070)
Carried Forward	1,324,688

Target Balance	1,074,323	payable on 15th October 2004
	250,365	payable on 15th April 2005
	1,324,688	

Liquidity Facilities

	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

Excess Spread *

Quarter to 15/07/04	0.3214%
Quarter to 15/04/04	0.3687%
Quarter to 15/01/04	0.4098%
Quarter to 15/10/03 (Restated)**	0.3433%

*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.

**The figures for excess spread in prior periods have been restated to incorporate the cumulative effects of accounting adjustments. This restatement does not affect the past or current cash value of amounts standing to the credit of either the first or the second reserve funds.

Reserve Funds

	First Reserve	Second Reserve	Funding Reserve
Balance as at 15/07/2004	£338,000,000.00	£0.00	£70,000,000.00
Required Amount as at 15/07/2004	£338,000,000.00	£0.00	£70,000,000.00
Percentage of Notes	2.18%	0.00%	0.45%

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Properties in Possession

Stock

	Current Period	
	Number	£000's
Brought Forward	78	4,264
Repossessed in Period	18	2,883
Sold in Period	(22)	(3,072)
Carried Forward	74	4,075

	Cumulative	
	Number	£000's
Repossessed to date	589	40,192
Sold to date	(515)	(36,117)
Carried Forward	74	4,075

Repossession Sales Information

Average time Possession to Sale	82	Days
Average arrears at time of Sale	£3,497	

MIG Claim Status

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

Average time claim to payment	36
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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	-	-	-	-

Outstanding Class A Notes

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8
04Q3	-	-	-	-	-	-	-	-
04Q4	-	-	-	-	698	-	-	-
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

Legend: Holmes 1 (light blue), Holmes 2 (maroon), Holmes 3 (yellow), Holmes 4 (cyan), Holmes 5 (purple), Holmes 6 (pink), Holmes 7 (dark blue), Holmes 8 (green)

