

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 June 2004 to 08 July 2004**

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	417,772	29,994,331
Replenishment	14,565	1,270,653
Repurchased	(7,881)	(532,906)
Redemptions	(9,267)	(940,209)
Losses	(8)	(16)
Capitalised Interest	0	4,369
Other Movements	0	1
Carried Forward	415,181	29,796,223

	Cumulative	
	Number	£000's
Brought Forward	115,191	6,399,214
Replenishment	828,063	61,592,697
Repurchased	(237,756)	(16,724,777)
Redemptions	(289,855)	(21,513,333)
Losses	(462)	(793)
Capitalised Interest	0	43,215
Other Movements	0	0
Carried Forward	415,181	29,796,223

	Period CPR	Annualised CPR	
1 Month	4.94%	76.51%	**( including redemptions and repurchases )
3 Month	14.08%	70.64%	
12 Month	54.67%	54.67%	

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

Asset Profiles

Weighted Average Seasoning	32.12	months
Weighted Average Loan size	£71,766.83	
Weighted Average LTV	71.22%	*** (see below)
Weighted Average Indexed LTV	54.97%	using Halifax House Price Index
Weighted Average Indexed LTV	54.33%	using Nationwide House Price Index
Weighted Average Remaining Term	18.48	Years

Product Type Analysis

	£000's	%
Variable Rate	8,822,662	29.61%
Fixed Rate	5,911,571	19.84%
Tracker Rate	15,061,991	50.55%
	29,796,223	100.00%

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As at 08 July 2004 approximately 7.5% of the loans were flexible loans

<u>Repayment Method Analysis</u>	£000's	%
Endowment	6,686,272	22.44%
Interest Only	4,281,717	14.37%
Repayment	18,828,233	63.19%
	29,796,223	100.00%

As at 08 July 2004 approximately 14.86% of the loans were written under Abbey's policy of non-income verification

<u>Loan Purpose Analysis</u>	£000's	%
Purchase	22,665,987	76.07%
Remortgage	7,130,236	23.93%
	29,796,223	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	17,043	1,141,474	3.83%
East Midlands	22,746	1,414,925	4.75%
Greater London	67,514	6,284,834	21.09%
North	17,955	948,968	3.18%
North West	47,085	2,682,455	9.00%
Scotland	27,597	1,520,333	5.10%
South East	107,305	9,188,753	30.84%
South West	32,966	2,340,808	7.86%
Wales	20,140	1,081,283	3.63%
West Midlands	28,247	1,739,007	5.84%
Yorkshire and Humberside	25,949	1,412,531	4.74%
Unknown	634	40,852	0.14%
<b>Total</b>	<b>415,181</b>	<b>29,796,223</b>	<b>100.00%</b>

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Original LTV Bands

Range	Number	£000's	%
0.00 - 25.00	13,962	595,000	2.00%
25.01 - 50.00	70,665	4,270,609	14.33%
50.01 - 75.00	146,879	11,593,247	38.91%
75.01 - 80.00	22,348	1,781,828	5.98%
80.01 - 85.00	27,583	2,274,162	7.63%
85.01 - 90.00	51,477	4,238,599	14.23%
90.01 - 95.00	82,267	5,042,778	16.92%
<b>Total</b>	<b>415,181</b>	<b>29,796,223</b>	<b>100.00%</b>

\*\*\* 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	406,563	29,236,674	(2,970)	98.14%
1.00 - 1.99 months	5,175	337,853	3,055	1.13%
2.00 - 2.99 months	1,614	102,603	1,635	0.34%
3.00 - 3.99 months	748	47,515	1,093	0.16%
4.00 - 4.99 months	391	24,298	732	0.08%
5.00 - 5.99 months	223	14,029	515	0.05%
6.00 - 11.99 months	354	21,352	1,107	0.07%
12 months and over	35	1,895	223	0.01%
Properties in Possession	78	4,264	350	0.01%
<b>Total</b>	<b>415,181</b>	<b>29,790,483</b>	<b>5,740</b>	<b>100.00%</b>

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	16,083,915	13,910,416
Replenishment of Assets	0	1,270,653
Acquisition by Funding	0	0
Distribution of Principal Receipts	(947,865)	(525,249)
Allocation of Losses	(8)	(8)
Share of Capitalised Interest	2,343	2,026
Payment Re Capitalised Interest	(2,343)	2,343
<b>Balance Carried Forward</b>	<b>15,136,042</b>	<b>14,660,181</b>
<b>Carried Forward Percentage</b>	<b>50.79853%</b>	<b>49.20147%</b>
<b>Minimum Seller Share</b>	<b>1,275,372</b>	<b>4.28%</b>

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Cash Accumulation Ledger

	£000's
Brought Forward	656,435
Additional Amounts Accumulated	947,865
Payment of Notes	0
Carried Forward	1,604,300

Target Balance	406,070	payable on 15th July 2004
	947,865	payable on 15th October 2004
	250,365	payable on 15th April 2005
	1,604,300	

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 15/04/04	0.3687%
Quarter to 15/01/04	0.4098%
Quarter to 15/10/03 (Restated)**	0.3433%
Quarter to 15/07/03 (Restated)**	0.3852%

\*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 15/04/2004	£338,000,000.00	£7,977,968.00	£67,722,808.72
Required Amount as at 15/04/2004	£338,000,000.00	£7,977,968.00	£70,000,000.00
Percentage of Notes	2.02%	0.05%	0.40%

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Properties in Possession

Stock

	Current Period	
	Number	£000's
Brought Forward	78	4,499
Repossessed in Period	11	1,202
Sold in Period	(11)	(1,437)
Carried Forward	78	4,264

	Cumulative	
	Number	£000's
Repossessed to date	571	37,309
Sold to date	(493)	(33,045)
Carried Forward	78	4,264

Repossession Sales Information

Average time Possession to Sale	82	Days
Average arrears at time of Sale	£3,444	

MIG Claim Status

	Number	£000's
MIG Claims made	195	1,382
MIG Claims outstanding	1	7

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	-

**Outstanding Class A Notes**

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8
04Q2	-	-	-	-	-	-	-	-
04Q3	-	176	-	191	-	-	-	-
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

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

