

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the final terms attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the final terms. In accessing the final terms, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT TO PERSONS THAT ARE QUALIFIED INSTITUTIONAL BUYERS (**QIBs**) AS DEFINED IN RULE 144A OF THE SECURITIES ACT (**RULE 144A**). THE FOLLOWING FINAL TERMS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that the final terms has been delivered to you on the basis that you are a person into whose possession the final terms may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the final terms to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the issuing entity in such jurisdiction.

By accessing the final terms, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the final terms by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO.

This final terms has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Permanent Master Issuer PLC, Bank of Scotland plc, Banc of America Securities LLC, J.P.Morgan Securities Inc., Lloyds TSB Bank plc, J.P.Morgan Securities Ltd., Merrill Lynch International, Barclays Bank PLC or Citigroup Global Markets Limited or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the final terms distributed to you in electronic format and the hard copy version available to you on request from Permanent Master Issuer PLC and Bank of Scotland plc, Banc of America Securities LLC, J.P.Morgan Securities Inc., Lloyds TSB Bank plc, J.P.Morgan Securities Ltd., Merrill Lynch International, Barclays Bank PLC or Citigroup Global Markets Limited.

Co-Managers with respect to the Series 1 Class A Notes, the Series 2 Class A1 Notes, the Series 2 Class A2 Notes and the Series 3 Class A Notes

Barclays Capital

Citi

Lead Manager with respect to the Series 4 Class A Notes

Lloyds TSB Corporate Markets

Dealer for the Series 4 Class A Notes

Lloyds TSB Corporate Markets

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(1)	Master Issuer:	Permanent Master Issuer plc	Permanent Master Issuer plc	Permanent Master Issuer plc	Permanent Master Issuer plc	Permanent Master Issuer plc
(2)	Specified Currency or Currencies:	U.S. Dollar	Sterling	Euro	Sterling	Sterling
(3)	Initial Principal Amount:	1,000,000,000	200,000,000	750,000,000	600,000,000	400,000,000
(4)	(a) Issue Price	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount	100% of the Initial Principal Amount
	(b) Gross Proceeds:	\$1,000,000,000	£200,000,000	€750,000,000	£600,000,000	£400,000,000
(5)	Funding 2 Reserve Required Amount:	For all notes issued by the Master Issuer, £1,496,900,000				
(6)	Ratings (Standard & Poor's/Moody's/Fitch):	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
(7)	Specified Denominations:	\$100,000 and integral multiples of \$1,000 in excess thereof.	£50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No Notes in definitive form will be issued with a denomination above £99,000.	€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Notes in definitive form will be issued with a denomination above €99,000.	£50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No Notes in definitive form will be issued with a denomination above £99,000.	£50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No Notes in definitive form will be issued with a denomination above £99,000.
(8)	(a) Closing Date:	4 February 2010	4 February 2010	4 February 2010	4 February 2010	4 February 2010
	(b) Interest Commencement Date:	4 February 2010	4 February 2010	4 February 2010	4 February 2010	4 February 2010
(9)	Final Maturity Date:	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(10)	Interest Basis:	Three-month USD LIBOR Floating Rate	Three-month Sterling LIBOR Floating Rate	Three-month EURIBOR Floating Rate	Fixed rate, up to and including the earlier of (i) the Interest Payment Date falling on the Step-up Date and (ii) the Interest Payment Date immediately following a Pass-Through Trigger Event. Thereafter Three-month Sterling LIBOR Floating Rate.	Three-month Sterling LIBOR Floating Rate
(11)	Redemption/Payment Basis:	Bullet Redemption	Bullet Redemption	Bullet Redemption	Bullet Redemption	Bullet Redemption
(12)	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable	Not Applicable	Not Applicable	Applicable	Not Applicable
(13)	(a) Listing and admission to trading:	Application has been made by the Master Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority.	Application has been made by the Master Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority.	Application has been made by the Master Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority.	Application has been made by the Master Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority.	Application has been made by the Master Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and listed on the Official List of the UK Listing Authority.
	(b) Estimate of total expenses related to admission to trading:	For all 2010-1 notes an aggregate amount of £2,500				
(14)	(a) Status of the Notes	Direct, secured and unconditional obligation of the issuing entity.	Direct, secured and unconditional obligation of the issuing entity.	Direct, secured and unconditional obligation of the issuing entity.	Direct, secured and unconditional obligation of the issuing entity.	Direct, secured and unconditional obligation of the issuing entity.
	(b) Date of Board approval for issuance of the Notes	22 January 2010	22 January 2010	22 January 2010	22 January 2010	22 January 2010

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(15)	Method of distribution:	Syndicated	Syndicated	Syndicated	Syndicated	Non-Syndicated Lloyds TSB Bank plc (or one of its affiliates) intends to purchase £400,000,000 of the Series 4 Class A notes on the Closing Date
(16)	Fixed Rate Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Applicable, until the earlier of (i) the Interest Payment Date falling on the Step-up Date and (ii) the Interest Payment Date immediately following a Pass Through Trigger Event.	Not Applicable
(a)	Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	4.805% per annum payable semi-annually in arrear	Not Applicable
(b)	Interest Payment Dates:	Not Applicable	Not Applicable	Not Applicable	15th January and 15th July in each year up to and including the earlier of (i) the Interest Payment Date falling on the Step-up Date and (ii) the Interest Payment Date immediately following a Pass Through Trigger Event. The first Interest Payment Date will be 15th July 2010	Not Applicable
(c)	Fixed Coupon Amounts:	Not Applicable	Not Applicable	Not Applicable	£1,201.25 per £50,000 in nominal amount payable on each Interest Payment Date	Not Applicable

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(d)	Broken Amounts:	Not Applicable	Not Applicable	Not Applicable	In respect of the first Interest Period, the broken amount payable on the Series 3 Class A Notes will be £1,068.515 per £50,000 in nominal amount	Not Applicable
(e)	Day Count Fraction:	Not Applicable	Not Applicable	Not Applicable	Actual/Actual (ICMA)	Not Applicable
(f)	Determination Date(s):	Not Applicable	Not Applicable	Not Applicable	15th January and 15th July in each year	Not Applicable
(g)	Other terms relating to the method of calculating interest on the Fixed Rate Notes	Not Applicable	Not Applicable	Not Applicable	None	Not Applicable
(17)	Floating Rate Note Provisions:	Applicable	Applicable	Applicable	Applicable, following the earlier of (i) the Interest Payment Date falling on the Step up Date and (ii) the Interest Payment Date immediately following a Pass Through Trigger Event	Applicable
(a)	Interest Payment Dates:	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th April 2010.	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th April 2010.	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th April 2010.	15th January, 15th April, 15th July and 15th October in each year following the earlier of (i) the Interest Payment Date immediately following the Step-up Date and (ii) the Interest Payment Date immediately following a Pass Through Trigger Event	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th April 2010.
(b)	Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
(c)	Additional Business Centre(s):	New York	Not applicable	Not applicable	Not applicable	Not applicable

Series and Class:	2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination	Screen Rate Determination
(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
(f) Screen Rate Determination:					
• Reference Rate:	Three-month USD LIBOR (or, in respect of the first Interest Period the linear interpolation of Two-month USD LIBOR and Three-month USD LIBOR)	Three-month Sterling LIBOR (or, in respect of the first Interest Period the linear interpolation of Two-month and Three-month Sterling LIBOR)	Three-month EURIBOR (or, in respect of the first Interest Period the linear interpolation of Two-month and Three-month EURIBOR)	Three-month Sterling LIBOR	Three-month Sterling LIBOR (or, in respect of the first Interest Period, the linear interpolation of Two-month and Three-month Sterling LIBOR)
• Interest Determination Date(s):	The second business day on which commercial banks are open for general business (including dealings in foreign currency deposits) in London prior to the start of each Interest Period	The first day of each Interest Period	The second business day that the TARGET2 system is open prior to the start of each Interest Period	The first day of each Interest Period.	The first day of each Interest Period.
• Relevant Screen Page:	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as EURIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01
(g) ISDA Determination:					
• Floating Rate Option:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
• Designated Maturity:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
• Reset Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(h) Margin(s):	+ 1.15% per annum	+ 1.30% per annum	+ 1.25% per annum	+ 1.30% per annum	+ 1.30% per annum

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(i)	Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(j)	Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(k)	Step-Up Date	Interest Payment Date occurring in January 2013	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in January 2017	Interest Payment Date occurring in January 2017
	• Step-Up Margin(s)	0.40% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.40% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.40% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.40% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.40% per annum. Investors should note that the Step-up Margin is lower than the Margin
(l)	Day Count Fraction:	Actual/360	Actual/365	Actual/360	Actual/365	Actual/365
(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes if different from those set out in the Conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(18)	Zero Coupon Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(19)	Form of Notes:	Registered Notes: Rule 144A Global Note registered in the name of a nominee for the Depository Trust Company. Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg.	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
(20)	Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	New York	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(21)	Details relating to Bullet Redemption Notes:	Applicable	Applicable	Applicable	Applicable	Applicable
(a)	Redemption Amount:	\$1,000,000,000	£200,000,000	€750,000,000	£600,000,000	£400,000,000

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(b)	Bullet Redemption Date:	Interest Payment Date occurring in January 2013	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in January 2017	Interest Payment Date occurring in January 2017
(22)	Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(23)	Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(24)	Redemption Amount:	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies
(25)	(a) Interest Payment Date for Regulatory Call:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	(b) Call Option Date:	Applicable	Applicable	Applicable	Applicable	Applicable
		Interest Payment Date occurring in January 2013 and each subsequent Interest Payment Date thereafter	Interest Payment Date occurring in April 2015 and each subsequent Interest Payment Date thereafter	Interest Payment Date occurring in April 2015 and each subsequent Interest Payment Date thereafter	Interest Payment Date occurring in January 2017 and each subsequent Interest Payment Date thereafter	Interest Payment Date occurring in January 2017 and each subsequent Interest Payment Date thereafter
(26)	Issuing Entity Swap Provider(s):	Bank of Scotland plc	Not Applicable	Bank of Scotland plc	Bank of Scotland plc	Not Applicable
(27)	Specified Currency Exchange Rate	GBP 1.00/ USD 1.6106	Not Applicable	GBP 1.00/ EUR 1.153269519	Not Applicable	Not Applicable
(28)	Talons for future coupons to be attached to Definitive Notes (and dates on which talons mature):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(29)	Redenomination, renominatisation and reconventioning provisions applicable:	Redenomination Not Applicable	Redenomination Applicable	Redenomination Not Applicable	Redenomination Applicable	Redenomination Applicable
(30)	U.S. tax treatment:	Will be debt for United States federal income tax purposes subject to the considerations in the “ United States federal income taxation ” in the Base Prospectus	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)

Series and Class:		2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(31)	ERISA eligible:	Yes, subject to the considerations in “ERISA considerations” in the Base Prospectus	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)
(32)	Other final terms:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(33)	Money Market Notes (2a-7)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(34)	Maturity Purchase Notes	Yes	Yes	Yes	Yes	Yes
	(a) Scheduled Transfer Date:	13 February 2013	14 May 2015	14 May 2015	14 February 2017	14 February 2017
	(b) Loss Calculation Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date
	(c) Maturity Purchaser:	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc
(35)	Funding 2 Yield Reserve Notes:	Applicable	Applicable	Applicable	Applicable	Applicable
	(a) Primary Funding 2 Yield Reserve Required Amount:	£26,000,000	£9,900,000	£53,700,000	£47,200,000	£26,000,000
	(b) Secondary Funding 2 Yield Reserve Required Amount:	Nil	Nil	Nil	Nil	Nil
(36)	(a) If syndicated, names of Managers:	Rule 144A Notes: Banc of America Securities LLC, Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities Inc. and Lloyds TSB Bank plc Reg S Notes: Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc, Merrill Lynch International	Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc, Merrill Lynch International	Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc, Merrill Lynch International	Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc, Merrill Lynch International	Not Applicable
	(b) Stabilising Manager (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Series and Class:	2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(37) If non-syndicated, name of relevant Dealer:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Lloyds TSB Bank plc
(38) Total commission and concession:	In respect of the Series 1 Class A notes, the total commission and concession to be paid to the Series 1 Class A Lead Managers, for acting as Lead Managers, shall be an amount equal to 0.25% of the Principal Amount Outstanding of the Series 1 Class A notes underwritten by the Series 1 Class A Lead Managers	In respect of the Series 2 Class A1 notes, the total commission and concession to be paid to the Series 2 Class A1 Lead Managers, for acting as Lead Managers, shall be an amount equal to 0.25% of the Principal Amount Outstanding of the Series 2 Class A1 notes underwritten by the Series 2 Class A1 Lead Managers	In respect of the Series 2 Class A2 notes, the total commission and concession to be paid to the Series 2 Class A2 Lead Managers, for acting as Lead Managers, shall be an amount equal to 0.25% of the Principal Amount Outstanding of the Series 2 Class A2 notes underwritten by the Series 2 Class A2 Lead Managers	In respect of the Series 3 Class A notes, the total commission and concession to be paid to the Series 3 Class A Lead Managers, for acting as Lead Managers, shall be an amount equal to 0.25% of the Principal Amount Outstanding of the Series 3 Class A notes underwritten by the Series 3 Class A Lead Managers	Not Applicable
(39) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(40) Additional selling restrictions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(41) Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification numbers:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(42) Delivery:	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery free of payment
(43) Name and address of initial Paying Agent:	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB
(44) Names and addresses of additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(45) ISIN Code:	Rule 144A: US71419GAP54 Reg S: XS0484703789	XS0484703359	XS0484703516	XS0484703433	XS0484703862

Series and Class:	2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(46) Common Code:	Rule 144A: 048470548 Reg S: 048470378	048470335	048470351	048470343	048470386
(47) CUSIP:	71419GAP5	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(48) Rated Loan Tranche:	AAA 2010-1 Series 1 Class A Tranche	AAA 2010-1 Series 2 Class A1 Tranche	AAA 2010-1 Series 2 Class A2 Tranche	AAA 2010-1 Series 3 Class A Tranche	AAA 2010-1 Series 4 Class A Tranche
(49) Borrower:	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited
(50) Designated Rated Loan Tranche rating:	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
(51) Designation of Rated Loan Tranche:	Bullet Loan Tranche	Bullet Loan Tranche	Bullet Loan Tranche	Bullet Loan Tranche	Bullet Loan Tranche
(52) Initial Principal Amount:	£620,886,626.10	£200,000,000	£650,325,000	£600,000,000	£400,000,000
(a) Closing Date:	4 February 2010	4 February 2010	4 February 2010	4 February 2010	4 February 2010
(b) Interest Commencement Date:	4 February 2010	4 February 2010	4 February 2010	4 February 2010	4 February 2010
(53) Rated Loan Tranche rate:	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):
(a) Reuters Screen Page:	Reuters Monitor Money Rates Service at the page designated as LIBOR01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01
(b) Rated Loan Tranche Rate Margin:	+0.801%	+ 0.90%	+ 1.0765%	+ 1.094%	+ 0.90%
(c) Funding 2 Yield Reserve Revenue Margin	+ 0.40%	+ 0.40%	+ 0.40%	+ 0.40%	+ 0.40%
(54) Step-Up Date (if any):	Interest Payment Date occurring in January 2013	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in April 2015	Interest Payment Date occurring in January 2017	Interest Payment Date occurring in January 2017
(55) Stepped-up Loan Tranche rate:	0.565%	0.40%	0.757%	0.40%	0.40%
(56) Details relating to Bullet Loan Tranches:	Applicable	Applicable	Applicable	Applicable	Applicable
(a) Bullet Repayment Date:	The Funding 2 Interest Payment Date occurring in January 2013	The Funding 2 Interest Payment Date occurring in April 2015	The Funding 2 Interest Payment Date occurring in April 2015	The Funding 2 Interest Payment Date occurring in January 2017	The Funding 2 Interest Payment Date occurring in January 2017
(b) Relevant Accumulation Amount:	£620,886,626.10	£200,000,000	£650,325,000	£600,000,000	£400,000,000

Series and Class:	2010-1 Series 1 Class A	2010-1 Series 2 Class A1	2010-1 Series 2 Class A2	2010-1 Series 3 Class A	2010-1 Series 4 Class A
(57) Details relating to Scheduled Amortisation Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(58) Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(59) Final Repayment Date:	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042
(60) Loan Payment Dates:	The Bullet Repayment Date	The Bullet Repayment Date	The Bullet Repayment Date	The Bullet Repayment Date	The Bullet Repayment Date
(61) Details relating to Subordinated Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(62) Details relating to Start-up Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

OTHER INFORMATION

Interests of natural and legal persons involved in the issue:

"Save as discussed in these Final Terms, so far as the issuing entity is aware, no person involved in the offer of the Notes has an interest material to the offer."

Documents incorporated by reference

The audited annual accounts of the issuing entity and Funding 2 for the years ended 31 December 2007 and 31 December 2008 and the auditors reports thereon and the (i) condensed statutory consolidated interim financial statements of Lloyds TSB Bank plc (**Lloyds TSB Bank**) for the six months ended 30 June 2009, together with the independent review report thereon, as set out on pages 4 to 25 and 27 to 28, respectively, of Lloyds TSB Bank's Interim Management Report for the half-year ended 30 June 2009; (ii) audited consolidated annual financial statements of Lloyds TSB Bank for the financial year ended 31 December 2008, together with the audit report thereon, as set out on pages 11 to 107 and 9 to 10, respectively, of Lloyds TSB Bank's Annual Report and Accounts 2008; (iii) audited consolidated annual financial statements of Lloyds TSB Bank for the financial year ended 31 December 2007, together with the audit report thereon, as set out on pages 10 to 100 and 8 to 9, respectively, of Lloyds TSB Bank's Annual Report and Accounts 2007; and (iv) the audited consolidated annual financial statements of Lloyds TSB Bank for the financial year ended 31 December 2006, together with the audit report thereon, as set out on pages 7 to 73 and 6, respectively, of Lloyds TSB Bank's Annual Report and Accounts 2006, in each case, which have previously been published and have been filed with the FSA shall be deemed to be incorporated in, and to form part of, these Final Terms save that any statement contained herein or any of the documents incorporated by reference in, and forming part of, these Final Terms shall be deemed to be modified or superseded for the purpose of these Final Terms to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement (whether expressly, by implication or otherwise), provided that such modifying or superseding statement is made by way of a supplement to the base prospectus pursuant to Article 16 of the Prospectus Directive. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of these Final Terms.

The issuing entity will provide, without charge, to each person to whom a copy of these Final Terms has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the issuing entity at its registered office as set out at the end of the Base Prospectus.

Use of proceeds

The gross proceeds from the issue of the 2010-1 notes equal approximately £2,471,211,626 and (after exchanging, where applicable, the proceeds of the 2010-1 notes for sterling, calculated by reference to the applicable specified currency exchange rate) will be used by the issuing entity to make available rated loan tranches to Funding 2 pursuant to the terms of the master intercompany loan agreement. Funding 2 will use the gross proceeds of each rated loan tranche to pay the purchase price to the seller for the sale of part of its share in the trust property to Funding 2 on the closing date.

Issuing entity swap provider(s)

Bank of Scotland plc (**Bank of Scotland**) is the issuing entity swap provider (the **Issuing Entity Swap Provider**) for the 2010-1 Series 1 Class A Notes, the Series 2 Class A2 Notes, the 2010-1 Series 3 Class A Notes. For information on the Issuing Entity Swap Provider see "**Bank of Scotland plc**" in the Base Prospectus.

Maturity Purchaser

Lloyds TSB Bank plc (**Lloyds TSB Bank**) is the maturity purchaser (the **Maturity Purchaser**) for the issue of the 2010-1 notes, which are maturity purchase notes. Lloyds TSB Bank and its subsidiary undertakings (**Lloyds TSB Bank Group**) is a leading UK-based financial services group providing a wide range of banking and financial services, in the UK and a limited number of locations overseas to personal and corporate customers. Its main business activities are retail, commercial and corporate banking, general insurance, and life, pensions and investment provision.

The history of Lloyds TSB Bank Group can be traced back to the 18th century when the banking partnership of Taylors and Lloyds was established in Birmingham, England. Lloyds Bank Plc was incorporated in 1865 and during the late 19th and early 20th centuries entered into a number of acquisitions and mergers, significantly increasing the number of banking offices in the UK. In 1995, it continued to expand with the acquisition of Cheltenham and Gloucester Building Society (C&G).

TSB Group plc became operational in 1986 when, following UK Government legislation, the operations of four Trustee Savings Banks and other related companies were transferred to TSB Group plc and its new banking subsidiaries. By 1995, the TSB Group had, either through organic growth or acquisition, developed life and general insurance operations, investment management activities, and a motor vehicle hire purchase and leasing operation to supplement its retail banking activities.

In 1995, TSB Group plc merged with Lloyds Bank Plc. Under the terms of the merger, the TSB and Lloyds Bank groups were combined under TSB Group plc, which was renamed Lloyds TSB Group plc with Lloyds Bank Plc, which was subsequently re-named Lloyds TSB Bank plc, the principal subsidiary. In 1999, the businesses, assets and liabilities of TSB Bank plc, the principal banking subsidiary of TSB Group prior to the merger, and its subsidiary Hill Samuel Bank Limited were vested in Lloyds TSB Bank, and in 2000, Lloyds TSB Bank Group acquired Scottish Widows. In addition to already being one of the leading providers of banking services in the UK, this transaction also positioned Lloyds TSB Bank Group as one of the leading providers of long-term savings and protection products in the UK.

On 18 September 2008, with the support of the UK Government, the boards of Lloyds TSB Group plc and HBOS plc announced that they had reached agreement on the terms of a recommended acquisition by Lloyds TSB Group plc of HBOS plc (the **Acquisition**). The shareholders of Lloyds TSB Group plc approved the Acquisition at the company's general meeting on 19 November 2008 and the Acquisition was completed on 16 January 2009. Following the Acquisition, Lloyds TSB Group plc changed its name to Lloyds Banking Group plc.

Pursuant to two placing and open offers which were completed by Lloyds Banking Group plc in January and May 2009 and the Acquisition, the UK Government acquired 43.4 per cent. of the issued ordinary share capital of Lloyds Banking Group plc.

On 1 January 2010, Lloyds Banking Group plc transferred its holding in HBOS plc to Lloyds TSB Bank (the **Group Reorganisation**). As a result of the Group Reorganisation, Lloyds TSB Bank has become the immediate parent of HBOS plc. Lloyds Banking Group plc will continue to own Lloyds TSB Bank directly but, as a result of the Group Reorganisation, will own HBOS plc indirectly, as Lloyds TSB Bank will be the immediate parent of HBOS plc. The capital ratios of Lloyds Banking Group will not change as a result of the Group Reorganisation. The Group Reorganisation has been approved by the Financial Services Authority.

Lloyds TSB Bank Group now operates through a number of significant brands including Lloyds TSB, Halifax, Bank of Scotland, Scottish Widows, Clerical Medical and C&G.

Lloyds TSB Bank's registered office is at 25 Gresham Street, London EC2V 7HN. Lloyds TSB Bank, together with HBOS plc and Bank of Scotland are wholly owned subsidiaries of Lloyds Banking Group plc.

The short term senior unsecured and unguaranteed obligations of Lloyds TSB Bank are currently rated P-1 by Moody's, A-1 by S&P and F1+ by Fitch and the long-term senior, unsecured and unguaranteed obligations of Lloyds TSB Bank are currently rated Aa3 by Moody's, A+ by S&P and AA- by Fitch.

Recent Developments

Capital Restructuring

On 3 November 2009 Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, **Lloyds Banking Group**) announced proposals intended to meet its current and long-term capital requirements including a rights issue (the **Rights Issue**) and two separate exchange offers (the **Exchange Offers**, and together with the Rights Issue, the **Proposals**). The Proposals, which were fully underwritten, were approved by shareholders on 26 November 2009. The Rights Issue, which raised £13.5 billion (£13 billion net of the expenses of the Proposals) was completed on 14 December 2009 with 95.3 per cent. of shares placed with shareholders. The remaining 4.7 per cent. rump was placed with investors and settled on 17 December 2009. The Exchange Offers were substantially completed on 23 November 2009 and 8 December 2009 and generated £7.5 billion in core tier 1 and/or nominal value of contingent core tier 1 capital. The remaining elements of the Exchange Offers are expected to be completed in February 2010 and are expected to generate approximately £1.5 billion in core tier 1, and/or nominal value of contingent core tier 1, capital.

GAPS Payment

Alongside the Proposals, Lloyds Banking Group has paid to HM Treasury, with shareholder approval (excluding HM Treasury), a fee of £2.5 billion for the benefit to Lloyds Banking Group's trading operations arising as a result of HM Treasury proposing to make the Government Asset Protection Scheme available to Lloyds Banking Group and a commission, being a commission of up to £143.7 million in consideration, inter alia, of HM Treasury's pre-launch commitment to participate in full in respect of its entitlements under the Rights Issue. Payment of a fee in relation to the benefit to Lloyds Banking Group's trading operations as described above was also required by the European Commission as part of the state aid remedies. Lloyds Banking Group has also agreed to reaffirm the lending commitments that it gave to HM Treasury in March 2009 and to maintain in the 12 months commencing 1 March 2010 similar overall levels of lending as in the 12 months commencing 1 March 2009.

State Aid Review

As a result of HM Treasury's investment in Lloyds Banking Group in the context of the placing and open offer in November 2008 and Lloyds Banking Group's participation in HM Treasury's Credit Guarantee Scheme, Lloyds Banking Group was required to work with HM Treasury to submit a restructuring plan to the European Commission in the context of a state aid review. The plan was required to contain measures to limit any competition distortions resulting from the state aid received by Lloyds Banking Group. On 18 November 2009 the European Commission approved Lloyds Banking Group's restructuring plan.

Debt securities issued by the maturity purchaser are listed on the London Stock Exchange. Information relating to the maturity purchaser is available at www.lloydsbankinggroup.com. See "**Documents incorporated by reference**" above.

Hard copies of the audited financial statements and accompanying notes of the maturity purchaser will be sent to those investors who have requested them. Such requests can be made by contacting Investor Relations, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

Notes issued by issuing entity and rated loan tranches advanced to Funding 2 in connection therewith

As of the closing date, the aggregate principal amount outstanding of notes issued by the issuing entity (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the issue of the 2010-1 notes described herein, will be as follows:

GBP 16,766,436,626

As of the closing date, the aggregate outstanding principal balance of rated loan tranches advanced by the issuing entity to Funding 2 under the master intercompany loan agreement, including the rated loan tranches described herein, will be as follows:

GBP 16,766,436,626

Notes issued by Funding 1 issuing entities and term advances made by Funding 1 issuing entities in connection therewith

As of the closing date, the aggregate principal amount outstanding of notes previously issued by the Funding 1 issuing entities (converted, where applicable, into sterling at the applicable currency exchange rate), will be as follows:

GBP 12,371,484,000

As of the closing date, the aggregate outstanding balance of the advances previously made by the Funding 1 issuing entities to Funding 1 will be as follows:

GBP 12,371,484,000

Funding 2 start-up loan and previous Funding 2 start-up loans

The Funding 2 start-up loan to be made available to Funding 2 on the closing date in connection with the 2010-1 notes will have the following terms.

Funding 2 start-up loan provider:	Bank of Scotland
Initial outstanding principal balance:	GBP169,800,000
Interest rate:	Three-month sterling LIBOR plus 0.25% per annum

The following start-up loans have been made available to Funding 2 by Halifax (then in its capacity as the Funding 2 start-up loan provider) or Bank of Scotland in connection with the issues of notes set out below for the stated current outstanding principal balance and interest rate. Halifax's rights under the start-up loans were transferred to Bank of Scotland on 17 September 2007 pursuant to the HBOS Group Reorganisation Act 2006.

Issue	Current outstanding principal balance	Interest Rate
2006-1	GBP 80,008,977.70	Three-month sterling LIBOR plus 0.25% per annum
2007-1	GBP 63,398,606.20	Three-month sterling LIBOR plus 0.25% per annum
2008-1	GBP 140,960,705.12	Three-month sterling LIBOR plus 0.25% per annum
2008-2	GBP 806,720.01	Three-month sterling LIBOR plus 0.25% per annum
2009-1	GBP 255,553,005.18	Three-month sterling LIBOR plus 0.25% per annum
2009-1	GBP 1,348,226,743.73	Three-month sterling LIBOR plus 0.25% per annum

Funding 1 start-up loan and Previous Funding 1 start-up loans

The Funding 1 start-up loan to be made available to Funding 1 on the closing date in connection with the 2010-1 notes will have the following terms.

Funding 1 start-up loan provider:	Bank of Scotland
Initial outstanding principal balance:	£190,000,000
Interest rate:	Three-month sterling LIBOR plus 0.25% per annum

The following start-up loans have been made available to Funding 1 by Halifax (then in its capacity as the start-up loan provider) or Bank of Scotland in connection with the notes of the Funding 1 issuing entities set out below, for the stated current outstanding principal balance and interest rate. Halifax's rights under the start-up loans were transferred to Bank of Scotland on 17 September 2007 pursuant to the HBOS Group Reorganisation Act 2006.

Funding 1 issuing entity	Current outstanding principal balance
Permanent Financing (No.1) plc	GBP 31,596,334.04
Permanent Financing (No.2) plc	GBP 31,892,268.35
Permanent Financing (No.3) plc	GBP 13,817,790.02
Permanent Financing (No.4) plc	GBP 28,289,854.01
Permanent Financing (No.5) plc	GBP 16,346,455.14
Permanent Financing (No.6) plc	GBP 2,419,190.60
Permanent Financing (No.7) plc	GBP 34,577,597.83
Permanent Financing (No.8) plc	GBP 15,231,777.14
Permanent Financing (No.9) plc	GBP 2,385,632.00
In connection with the issue of the 2009-1 Notes	GBP 522,640,190.08

Issuing entity start-up loan

No issuing entity start-up loan has been advanced to the issuing entity as at the date hereof and no issuing entity start-up loan will be advanced to the issuing entity on the closing date.

Issuing entity subordinated loan

No issuing entity subordinated loan has been advanced to the issuing entity as at the date hereof and no issuing entity subordinated loan will be advanced to the issuing entity on the closing date.

Mortgages trust and the portfolio

Material information with respect to the loans expected to be in the mortgages trust at the closing date is set out in "**Statistical information on the portfolio**" below.

In addition:

- the minimum seller share will be approximately £4,082,000,000;
- the Funding 1 share will be approximately £11,731,000,000, representing approximately 30.5 per cent. of the trust property;
- the Funding 2 share will be approximately £16,766,000,000, representing approximately 43.7 per cent. of the trust property; and
- the seller share will be approximately £9,903,000,000, representing approximately 25.8 per cent. of the trust property.

The actual amounts of the Funding 1 share, the Funding 2 share and the seller share of the trust property as at the closing date will not be determined until the closing date, which will be after the date of these Final Terms.

For the purposes of paragraph (d) of the definition of **non-asset trigger event**, the aggregate outstanding balance of loans comprising the trust property must from the period up to (but excluding) the interest payment date in April 2011 be at least £35,000,000,000. See "**The mortgages trust – Cash management of trust property – distribution of principal receipts to Funding 2**" in the base prospectus.

For the purposes of paragraph (c) of the definition of **product switch** (See "**Sale of loans and their related security – Product switches**" in the base prospectus) any variation to the maturity date of a loan must

not extend beyond 30 June 2040 while any rated loan tranche under the master intercompany loan is outstanding.

For the purposes of the representations and warranties of the seller under the mortgage sale agreement:

- each loan in the portfolio was made no earlier than 1 January 2003 and no later than 31 March 2009; and
- the final maturity date of each loan is no later than 30 June 2040.

The Funding 2 reserve required amount will be, as at the closing date, £1,496,900,000.

Maturity and prepayment considerations

The average lives of any series and class of the 2010-1 notes cannot be stated, as the actual rate of repayment of the loans and redemption of the mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of each series and class of the 2010-1 notes can be made based on certain assumptions. The assumptions used to calculate the possible average lives of each series and class of the 2010-1 notes in the following table include that:

- (1) neither the issuing entity security nor the Funding 2 security has been enforced;
- (2) the seller is not in breach of the terms of the mortgage sale agreement;
- (3) the seller sells no new loans to the mortgages trustee after the closing date and the loans are assumed to amortise in accordance with the assumed constant payment rate indicated in the table below (subject to assumption (4) below);
- (4) the seller sells to the mortgages trustee sufficient new loans and their related security (i) in the period up to (but excluding) the interest payment date in April 2011, such that the aggregate principal amount outstanding of loans in the portfolio at any time is not less than £35,000,000,000 or such higher amount as may be required to be maintained as a result of any new Funding 1 issuing entities providing new term advances to Funding 1 and/or the issuing entity advancing new rated loan tranches or subordinated loan tranches to Funding 2 which Funding 1 and/or Funding 2, as the case may be, uses to pay to the seller and/or Funding 1 or Funding 2, as the case may be, for an increase in its share of the trust property and/or to pay the seller for the sale of new loans to the mortgages trustee;
- (5) neither an asset trigger event nor a non-asset trigger event occurs;
- (6) no event occurs that would cause payments on scheduled amortisation loan tranches or pass-through loan tranches to be deferred (unless such advances are deferred in accordance with Rule (1) (B) or Rule (1) (C) as set out in “Cashflows – Rule (1) – Repayment deferrals” in the base prospectus);
- (7) the annualised CPR as at the closing date is assumed to be the same as the various assumed rates in the table below;
- (8) there is a balance of £0 in the Funding 2 cash accumulation ledger at the closing date and a balance of approximately £700,000,000 in the Funding 1 cash accumulation ledger at the closing date;
- (9) the issuing entity exercises its option to redeem the 2010-1 notes on the step-up date, relating to the 2010-1 notes; and
- (10) the closing date is 4 February 2010;

CPR and possible average lives of each series and class of issue 2010-1 notes (in years)

Based upon the foregoing assumptions, the approximate average life in years of each series and class of issue 2010-1 notes, at various assumed rates of repayment of the loans, would be as follows:

Constant payment rate ⁽¹⁾ (per annum)	series 1 class A notes	series 2 class A1 notes	series 2 class A2 notes	series 3 class A notes	series 4 class A notes
5 per cent	2.95	5.19	5.19	6.95	6.95
10 per cent.....	2.95	5.19	5.19	6.95	6.95
15 per cent.....	2.95	5.19	5.19	6.95	6.95
20 per cent.....	2.95	5.19	5.19	6.95	6.95
25 per cent.....	2.95	5.19	5.19	6.95	6.95
30 per cent.....	2.95	5.19	5.19	6.95	6.95
35 per cent.....	2.95	5.19	5.19	6.95	6.95

(1) Includes both scheduled and unscheduled payments.

Assumptions (1), (2), (3), (4), (5), (6), (9) and (10) relate to circumstances which are not predictable. No assurance can be given that the issuing entity will be in a position to redeem the 2010-1 notes on the step-up date. If the issuing entity does not so exercise its option to redeem, then the average lives of the then outstanding 2010-1 notes would be extended.

The average lives of the 2010-1 notes are subject to factors largely outside the control of the issuing entity and consequently no assurance can be given that these assumptions and estimates will prove in any way to be realistic and they must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of these estimated average lives, see “**Risk factors – The yield to maturity of the notes may be adversely affected by prepayments or redemptions on the loans**” in the base prospectus.

Statistical information on the portfolio

The cut-off date mortgage portfolio

For the purposes of this section entitled “**Statistical information on the portfolio**”, all references to “portfolio”, unless the context otherwise requires, include the loans and their related security currently comprising the mortgages trust.

The statistical and other information contained in these Final Terms has been compiled by reference to the loans in the portfolio as at the cut-off date that, subject as provided, are expected to indirectly secure the 2010-1 notes and all other notes of the issuing entity and the Funding 1 issuing entities as at 21 October 2009 (the **cut-off date**). Columns stating percentage amounts may not add up to 100% due to rounding. The loans in the mortgages trust are selected on the basis of the seller's selection criteria for inclusion in the mortgages trust. The material aspects of the seller's lending criteria are described under “**The loans – Underwriting –**” and “**The loans – Lending criteria**” in the base prospectus. Standardised credit scoring is not used in the UK mortgage market. For an indication of the credit quality of borrowers in respect of the loans, investors may refer to such lending criteria and to the historical performance of the loans in the mortgages trust as set forth in these Final Terms. One significant indicator of obligor credit quality is arrears and losses. The information presented under “**Delinquency and loss experience of the portfolio (including loans which previously formed part of the portfolio)**” on pages 34-37 in these Final Terms reflects the arrears and repossession experience for loans in the expected portfolio as at the cut-off date, including loans that were contained in the portfolio since the inception of the mortgages trust. All of the loans in the table were originated by Halifax or by Bank of Scotland under the “Halifax” brand (the **Halifax loans**), but not all of the loans form part of the portfolio. It is not expected that the characteristics of the portfolio as at the closing date will differ materially from the characteristics of the portfolio as at the cut-off date. Except as otherwise indicated, these tables have been prepared using the current balance as at the cut-off date, which includes all principal and accrued interest for the loans in the portfolio.

The expected portfolio as at the cut-off date consisted of 484,205 mortgage accounts, comprising loans originated by Halifax or by Bank of Scotland under the “Halifax” brand and secured over properties located in England, Wales and Scotland and having an aggregate outstanding principal balance of £40,340,202,442.58 as at that date. The loans in the expected portfolio as at the cut-off date were originated between 1 February 1996 and 31 March 2009.

As at 1 December 2009, HVR 1 was 3.50% per annum, HVR 2 was 3.40% per annum and the Halifax flexible variable rate was 3.40% per annum.

Approximately 1.87% of the aggregate outstanding principal balance of the loans in the portfolio as at the cut-off date were extended to the relevant borrowers in connection with the purchase by those borrowers of properties from local authorities or certain other landlords under the **right-to-buy** schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001).

Outstanding balances as at the cut-off date

The following table shows the range of outstanding mortgage account balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date.

Range of outstanding balances as at the cut-off date*	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
£0 – £24,999.99	£ 1,134,468,569.93	2.81%	86,289	17.82%
£25,000 – £49,999.99	£ 3,768,862,055.94	9.34%	101,711	21.01%
£50,000 – £74,999.99	£ 5,150,689,237.29	12.77%	82,939	17.13%
£75,000 – £99,999.99	£ 5,654,364,540.82	14.02%	65,104	13.45%
£100,000 – £124,999.99	£ 5,328,172,047.54	13.21%	47,690	9.85%
£125,000 – £149,999.99	£ 4,495,501,308.94	11.14%	32,898	6.79%
£150,000 – £174,999.99	£ 3,536,426,386.80	8.77%	21,917	4.53%
£175,000 – £199,999.99	£ 2,612,284,543.62	6.48%	13,997	2.89%
£200,000 – £224,999.99	£ 1,992,351,239.99	4.94%	9,426	1.95%
£225,000 – £249,999.99	£ 1,480,733,980.90	3.67%	6,260	1.29%
£250,000 – £299,999.99	£ 1,956,249,804.95	4.85%	7,193	1.49%
£300,000 – £349,999.99	£ 1,296,697,301.14	3.21%	4,036	0.83%
£350,000 – £399,999.99	£ 848,105,646.95	2.10%	2,282	0.47%
£400,000 – £449,999.99	£ 636,156,762.11	1.58%	1,510	0.31%
£450,000 – £499,999.99	£ 447,041,020.53	1.11%	949	0.20%
£500,000+	£ 2,097,995.13	0.01%	4	0.00%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The largest mortgage account (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) had an outstanding current balance as at the cut-off date of £573,239.52 and the smallest mortgage account had an outstanding current balance as at the cut-off date of £0.01. The average current balance (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date was approximately £143,198.51.

LTV ratios at origination

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of loans in a mortgage account (excluding capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the date of the initial loan origination divided by the value of the property securing the loans in that mortgage account at the same date. The seller has not revalued any of the mortgaged properties since the date of the origination of the related loan other than where an additional lending has been applied for or advanced on an account since origination, in which case the original valuation may have been updated with a more recent valuation. Where this is the case, this revised valuation has been used in formulating this data.

Range of LTV Ratios at origination*	Aggregate outstanding balance as at origination (£)	% of total	Number of mortgage accounts	% of total
0% – 24.99%	£ 2,197,101,498.00	4.91%	56,287	11.62%
25% – 49.99%	£ 11,042,925,829.48	24.66%	162,271	33.51%
50% – 74.99%	£ 17,057,620,622.00	38.10%	151,808	31.35%
75% – 79.99%	£ 3,541,973,872.00	7.91%	26,441	5.46%
80% – 84.99%	£ 3,044,521,931.00	6.80%	22,538	4.65%
85% – 89.99%	£ 3,115,000,151.00	6.96%	23,447	4.84%
90% – 94.99%	£ 2,788,455,913.00	6.23%	22,624	4.67%
95% – 96.99%	£ 956,541,145.00	2.14%	10,363	2.14%
97%	£ 431,460,850.00	0.96%	4,909	1.01%
97%+	£ 597,504,530.00	1.33%	3,517	0.73%
Totals	£ 44,773,106,341.48	100.00%	484,205	100.00%

* Excluding capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The weighted average LTV ratio of the mortgage accounts (excluding any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) at origination was 62.42%. The highest LTV ratio of any mortgage account (excluding any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) at origination was 129.60% and the lowest was 0.17%.

Cut-off date LTV ratios

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of loans in a mortgage account (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date divided by the indexed valuation of the property securing the loans in that mortgage account at the same date.

Range of LTV Ratios as at the cut-off date	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0% – 24.99%	£ 2,850,130,982.66	7.07%	116,155	23.99%
25% – 49.99%	£ 8,846,740,837.63	21.93%	141,350	29.19%
50% – 74.99%	£ 12,189,698,198.02	30.22%	111,801	23.09%
75% – 79.99%	£ 2,902,896,345.14	7.20%	21,506	4.44%
80% – 84.99%	£ 2,749,767,860.31	6.82%	19,757	4.08%
85% – 89.99%	£ 2,788,361,926.02	6.91%	19,533	4.03%
90% – 94.99%	£ 2,708,433,415.02	6.71%	18,815	3.89%
95% – 99.99%	£ 2,087,025,882.67	5.17%	14,475	2.99%
100% – 104.99%	£ 1,372,581,602.78	3.40%	9,197	1.90%
105% – 109.99%	£ 1,010,702,017.50	2.51%	6,459	1.33%
110% – 114.99%	£ 498,718,811.10	1.24%	3,234	0.67%
115% – 119.99%	£ 286,157,644.20	0.71%	1,627	0.34%
120% – 124.99%	£ 32,749,578.11	0.08%	209	0.04%
125%+	£ 16,237,349.41	0.04%	87	0.02%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The weighted average LTV ratio of the mortgage accounts (including any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date was 65.78%. The highest LTV ratio of any mortgage account (including any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) was 157.16% and the lowest was 0.00%.

Geographical distribution

The following table shows the distribution of properties securing the loans throughout England, Wales and Scotland as at the cut-off date. No such properties are situated outside England, Wales or Scotland. The seller's lending criteria and current credit scoring tests do not take into account the geographical location of the property securing a loan.

Regions	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
London & South East	£ 12,089,710,294.56	29.97%	97,111	20.06%
Midlands & East Anglia	£ 8,653,749,722.90	21.45%	104,306	21.54%
North	£ 5,386,497,464.27	13.35%	86,361	17.84%
North West.....	£ 4,591,207,129.59	11.38%	69,857	14.43%
Scotland	£ 3,911,707,173.01	9.70%	59,656	12.32%
South Wales & West.....	£ 5,667,128,178.01	14.05%	66,573	13.75%
Unknown*	£ 40,202,480.25	0.10%	341	0.07%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

* Where the postal code for the relevant property has not yet been allocated or is not shown in the seller's records.

Seasoning of loans

The following table shows the number of months since the date of origination of the initial loan in a mortgage account.

Age of loans in months as at the cut-off date	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
<6.....	£ 0.00	0.00%	0	0.00%
6 to <12	£ 2,516,473,274.90	6.24%	21,030	4.34%
12 to <18	£ 3,043,062,973.81	7.54%	23,760	4.91%
18 to <24	£ 1,698,456,486.63	4.21%	12,672	2.62%
24 to <30	£ 4,967,152,635.00	12.31%	36,166	7.47%
30 to <36	£ 3,727,319,516.06	9.24%	30,874	6.38%
36 to <42	£ 3,133,546,770.24	7.77%	30,226	6.24%
42 to <48	£ 2,462,451,666.33	6.10%	25,943	5.36%
48 to <54	£ 2,271,404,731.48	5.63%	24,905	5.14%
54 to <60	£ 2,340,317,856.71	5.80%	28,625	5.91%
60 to <66	£ 2,852,139,082.80	7.07%	34,750	7.18%
66 to <72	£ 2,086,091,453.80	5.17%	27,775	5.74%
72+	£ 9,241,785,994.82	22.91%	187,479	38.72%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

The maximum, minimum and weighted average seasoning of loans as at the cut-off date was be 164.43, 51.71 and 6.70 months, respectively.

Years to maturity of loans

The following table shows the number of remaining years of the term of the initial loan in a mortgage account as at the cut-off date.

Years to maturity	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
<5.....	£ 1,463,442,205.07	3.63%	48,461	10.01%
5 to <10.....	£ 3,890,078,378.65	9.64%	74,245	15.33%
10 to <15.....	£ 6,608,373,811.30	16.38%	95,451	19.71%
15 to <20.....	£ 12,443,663,234.74	30.85%	135,801	28.05%
20 to <25.....	£ 12,250,701,952.44	30.37%	97,253	20.09%
25 to <30.....	£ 3,566,950,816.64	8.84%	31,650	6.54%
30+.....	£ 116,992,043.75	0.29%	1,344	0.28%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

The maximum, minimum and weighted average remaining term of the loans as at the cut-off date was 40.08, 0.00 and 17.71 years, respectively.

Purpose of loan

The following table shows whether the purpose of the initial loan in a mortgage account on origination was to finance the purchase of a new property or to remortgage a property already owned by the borrower.

Use of proceeds	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Purchase.....	£ 25,009,278,558.36	62.00%	312,979	64.64%
Remortgage.....	£ 15,330,923,884.22	38.00%	171,226	35.36%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

As at the cut-off date, the weighted average balance of loans used to finance the purchase of a new property was £137,724.62 and the weighted average balance of loans used to remortgage a property already owned by the borrower was £152,128.06.

Property type

The following table shows the types of properties to which the mortgage accounts relate.

Property type	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Detached.....	£ 11,660,889,202.66	28.91%	111,313	22.99%
Semi-detached.....	£ 11,978,769,860.12	29.69%	160,381	33.12%
Terraced.....	£ 11,402,211,377.47	28.27%	154,699	31.95%
Other*.....	£ 5,298,332,002.33	13.13%	57,812	11.94%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

* Primarily flats or maisonettes.

As at the cut-off date, the weighted average balance of loans secured by detached, semi-detached and terraced was £179,904.58, £124,026.45 and £123,308.61, respectively.

Origination channel

The following table shows the origination channel for the initial loan in a mortgage account.

Origination channel	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Direct origination by Halifax and Bank of Scotland.....	£ 16,507,315,565.18	40.92%	240,812	49.73%
Intermediaries.....	£ 23,769,185,777.54	58.92%	241,817	49.94%
Other channels	£ 63,701,099.86	0.16%	1,576	0.33%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

The direct origination includes Halifax estate agency branches, direct internet applications and telephone sales.

As at the cut-off date, the weighted average balance of loans originated through direct origination, intermediaries and other channels was £116,599.11, £161,835.66 and £81,893.85, respectively.

Repayment terms

The following table shows the repayment terms for the loans in the mortgage accounts as at the cut-off date. Where any loan in a mortgage account is interest-only, then that entire mortgage account is classified as interest-only.

Repayment terms	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Repayment.....	£ 23,177,942,957.81	57.46%	330,900	68.34%
Interest-only.....	£ 17,162,259,484.77	42.54%	153,305	31.66%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

As at the cut-off date, the weighted average balance of repayment loans and interest-only loans was £115,640.98 and £180,415.47, respectively.

The following table shows the payment methods for the mortgage accounts as at the cut-off date.

Payment methods	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Halifax payment plan	£ 9,103,770,342.97	22.57%	128,251	26.49%
Direct debit	£ 28,920,808,088.75	71.69%	319,716	66.03%
Other*	£ 2,315,624,010.86	5.74%	36,238	7.48%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%

* External standing orders, internal standing orders and payments made at Halifax branches.

The following three tables have been calculated on the basis of the type of loan applicable to each mortgage account's primary product holding. In addition to the primary product holding, a mortgage account may have other active product holdings, which may or may not be of the same type as the primary product holding.

Distribution of types of loans

The following table shows the distribution of types of loans as at the cut-off date.

Type of loan	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Discounted variable rate loans	£ 332,718,616.29	0.82%	2,718	0.56%
Fixed rate loans	£ 15,991,149,119.98	39.64%	177,053	36.57%
Tracker rate loans	£ 9,243,182,470.56	22.91%	105,885	21.87%
Standard variable rate loans	£ 14,773,152,235.75	36.62%	198,549	41.01%
Totals	£ 40,340,202,442.58	100.00%	484,205	100.00%
<i>Of which</i> Flexible loans	£ 216,623,096.83	0.54%	2,017	0.42%

Distribution of fixed rate loans

The following tables show the distribution of fixed rate loans by their fixed rate of interest as at such date and the year in which the loans cease to bear a fixed rate of interest and instead bear a floating rate of interest.

Fixed rate loans remain at the relevant fixed rate for a period of time as specified in the offer conditions, after which they move to a variable base rate or some other rate as specified in the offer conditions.

Fixed rate %	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 – 3.99	£ 135,121,011.62	0.84%	6,874	3.88%
4.00 – 4.99.....	£ 2,563,703,680.19	16.03%	23,276	13.15%
5.00 – 5.99.....	£ 9,263,933,308.56	57.93%	98,220	55.47%
6.00 – 6.99.....	£ 3,806,885,654.87	23.81%	45,080	25.46%
7.00+	£ 221,505,464.75	1.39%	3,603	2.03%
Totals	£ 15,991,149,119.98	100.00%	177,053	100.00%

Year in which current fixed rate period ends	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
2009	£ 1,095,920,072.17	6.85%	11,778	6.65%
2010	£ 3,421,359,414.96	21.40%	37,343	21.09%
2011	£ 6,050,140,458.75	37.83%	61,394	34.68%
2012	£ 2,461,000,050.19	15.39%	28,229	15.94%
2013	£ 1,317,830,313.21	8.24%	13,030	7.36%
2014	£ 955,544,675.76	5.98%	9,751	5.51%
2015	£ 117,965,025.99	0.74%	2,211	1.25%
2016	£ 106,112,417.89	0.66%	1,464	0.83%
2017	£ 246,084,471.28	1.54%	3,540	2.00%
2018	£ 175,218,577.94	1.10%	2,140	1.21%
2019+	£ 43,973,641.85	0.27%	6,173	3.49%
Totals	£ 15,991,149,119.98	100.00%	177,053	100.00%

MIG policies

The following table shows the percentage of mortgage accounts as at the cut-off date the initial loans under which were subject to MIG policies arranged at the time the loan was originated.

	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
MIG policy	£ 50,923,745.56	0.13%	1,108	0.23%

Payment rate analysis

The following table shows the annualised payment rate for the most recent one-month, three-month and 12-month period for the mortgage accounts in the portfolio.

As of month-end	one-month annualised	three-month annualised	12-month annualised
December 2009	18.35%	18.73%	17.71%

In the table above,

- one-month annualised CPR is calculated as $1 - ((1 - R) ^ 12)$,
- three-month annualised CPR is calculated as the average of the one-month annualised CPR for the most recent three months, and
- 12-month annualised CPR is calculated as the average of the one-month annualised CPR for the most recent 12 months,

where in each case R is (i) total principal receipts received plus the principal balance of loans repurchased by the seller (primarily due to further advances) during the relevant period, divided by (ii) the aggregate outstanding principal balance of the loans in the portfolio as at the start of that period.

Delinquency and loss experience of the portfolio (including loans which previously formed part of the portfolio)

Since the establishment of the mortgages trust, total losses on loans in the portfolio (including loans which previously formed part of the portfolio) were £62,080,527.54 as at 31 December 2009.

The following table summarises loans in arrears and repossession experience for loans in the portfolio (including loans which previously formed part of the portfolio) as at the cut-off date. All of the loans in the table were originated by Halifax or by Bank of Scotland under the "Halifax" brand. Bank of Scotland services all of the Halifax loans.

Bank of Scotland identifies a loan as being in arrears where an amount equal to or greater than a full month's contractual payment is past its due date. Bank of Scotland does not define a loan as defaulted at any particular delinquency level, but rather at the time it takes the related property into possession. Bank of Scotland does not write off a loan as uncollectible until it disposes of the property relating to that loan following default.

LOANS IN THE PORTFOLIO (INCLUDING LOANS WHICH PREVIOUSLY FORMED PART OF THE PORTFOLIO)

	<u>31 Jan 05</u>	<u>31 Jan 06</u>	<u>31 Jan 07</u>	<u>31 Jan 08</u>	<u>31 Jan 09</u>	<u>31 Jul 09</u>
	(£)	(£)	(£)	(£)	(£)	(£)
Outstanding balance (£)	31,850,058,274.67	40,048,224,252.99	48,395,599,111.47	46,475,869,694.71	45,030,299,026.03	42,183,109,122.97
Number of loans outstanding	496,443	569,055	630,102	573,077	533,170	503,565
Outstanding balance of loans in arrears (£)						
1 – <2 months	357,138,578.39	494,121,561.32	519,037,081.06	541,375,411.59	535,613,850.36	543,922,409.31
2 – <3 months	84,206,819.90	159,312,581.38	158,413,504.47	182,524,692.99	228,658,600.11	197,338,728.61
3 – <6 months	72,328,766.91	196,956,850.13	231,220,993.16	242,225,444.11	319,513,832.20	326,082,007.26
6 – <12 months	29,193,505.21	102,968,188.11	144,298,454.14	162,100,363.41	234,689,488.58	288,643,633.59
12+ months	<u>3,684,230.63</u>	<u>19,162,342.78</u>	<u>59,017,199.36</u>	<u>76,107,143.75</u>	<u>96,011,377.42</u>	<u>120,749,493.94</u>
Total outstanding balance of loans in arrears	<u>546,551,901.04</u>	<u>972,521,523.72</u>	<u>1,111,987,232.19</u>	<u>1,204,333,055.85</u>	<u>1,414,487,148.67</u>	<u>1,476,736,272.71</u>
Total outstanding balance of loans in arrears as % of the outstanding balance ...	<u>1.7160%</u>	<u>2.4284%</u>	<u>2.2977%</u>	<u>2.5913%</u>	<u>3.1412%</u>	<u>3.5008%%</u>
Outstanding balance of loans relating to properties in Possession.....	<u>1,669,763.45</u>	<u>6,387,795.62</u>	<u>20,433,920.36</u>	<u>31,467,372.39</u>	<u>54,268,966.80</u>	<u>37,610,047.68</u>
Outstanding balance of loans relating to properties sold during the period ⁽¹⁾	<u>1,254,308.92</u>	<u>6,442,615.46</u>	<u>41,257,721.73</u>	<u>69,393,383.85</u>	<u>116,376,778.98</u>	<u>81,711,406.56</u>

	<u>31 Jan 05</u>	<u>31 Jan 06</u>	<u>31 Jan 07</u>	<u>31 Jan 08</u>	<u>31 Jan 09</u>	<u>31 Jul 09</u>
	(£)	(£)	(£)	(£)	(£)	(£)
Net loss on sales of all repossessed properties ⁽²⁾	18,611.89	420,037.43	3,549,112.14	5,230,967.80	23,429,456.02	18,967,091.13
Ratio of aggregate net losses to aggregate outstanding Balance of loans	0.00006	0.00105	0.00733	0.01126	0.05203	0.04496
Average net loss on all properties sold	886.28	6,000.53	10,287.28	9,832.65	27,531.68	31,247.27
Number of loans outstanding in arrears						
1 – <2 months	4,718	5,757	5,665	5,507	5,308	5,333
2 – <3 months	1,115	1,842	1,700	1,823	2,257	1,972
3 – <6 months	1,061	2,214	2,396	2,536	3,040	3,106
6 – <12 months	438	1,113	1,497	1,649	2,208	2,649
12+ months	70	243	544	686	858	1,084
Total number of loans outstanding in arrears	7,402	11,169	11,802	12,201	13,671	14,144
Total number of loans outstanding in arrears as % of the number of loans Outstanding.....	1.4910	1.9627	1.8730	2.1290	2.5641	2.8088
Number of properties in	20	74	174	253	415	302

	<u>31 Jan 05</u>	<u>31 Jan 06</u>	<u>31 Jan 07</u>	<u>31 Jan 08</u>	<u>31 Jan 09</u>	<u>31 Jul 09</u>
	(£)	(£)	(£)	(£)	(£)	(£)
Possession.....						
Number of						
properties sold						
during the period	<u>21</u>	<u>70</u>	<u>345</u>	<u>532</u>	<u>851</u>	<u>607</u>

- 1 Properties sold may relate to properties taken into possession in prior periods.
- 2 Net loss is net of recoveries in the current period on properties sold in prior periods.

There can be no assurance that the arrears experience with respect to the loans comprising the portfolio in the future will correspond to the experience of the portfolio as set forth in the foregoing table. If the property market experiences a further decline in property values so that the value of the properties in the portfolio falls or (in the case of properties which are currently below the principal balance of the relevant loan) remains, below the principal balances of the loans, the actual rates of arrears and losses could be significantly higher than those previously experienced, as borrowers may no longer be able to refinance their loans or sell their properties and move to more affordable properties. In addition, other adverse economic conditions, whether or not they affect property values, may nonetheless affect the timely payment by borrowers of principal and interest and, accordingly, the rates of arrears and losses with respect to the loans in the portfolio. Noteholders should observe that the United Kingdom experienced relatively low and stable interest rates during the periods covered in the preceding table. If interest rates were to rise, it is likely that the rate of arrears would rise.

In the late 1980s house prices rose substantially faster than inflation as housing turnover increased to record levels. This was at a time when the economy grew rapidly, which led to falling unemployment and relatively high rates of real income growth. These fed into higher demand for housing, and house prices rose rapidly. Demand was further increased by changes in taxation legislation with regard to tax relief on mortgage payments in 1988. When monetary policy was subsequently tightened (in terms of both “locking in” sterling to the European Exchange Rate Mechanism and higher interest rates), the pace of economic activity first slowed and then turned into recession. Rising unemployment combined with high interest rates led to a fall in housing demand and increased default rates and repossessions. The ability of borrowers to refinance was limited as house prices began to fall and many were in a position of negative equity (borrowings greater than the resale value of the property) in relation to their mortgages.

The level of mortgage arrears on the Halifax loans reduced following the recession in the United Kingdom in the early nineties. The introduction of the scorecard in judging applications – and thus reducing discretion – helped to keep the arrears level low, as did a healthy economic climate and low interest rates.

House price inflation has indirectly contributed to the improved arrears situation by enabling borrowers to sell at a profit if they encounter financial hardship.

The dislocation of financial markets in 2007 led to supply issues in the housing finance market while falling house prices and consumer confidence reduced demand for property. This has resulted in a reduced volume of gross and net lending in 2008 and 2009 compared to more recent previous years. Whilst the economy has slowed and unemployment has risen, interest rates have fallen to historically low levels, easing mortgage affordability. This easing of mortgage affordability combined with the use of the scorecard, referred to above, has meant that current arrears levels have not risen to the levels experienced in the early nineties.

Bank of Scotland regularly reviews its lending policies in the light of prevailing market conditions and reviews actions so as to mitigate possible problems. The performance of new business and the arrears profiles are continuously monitored in monthly reports. Any deterioration of the arrears level is investigated and the internal procedures are reviewed if necessary.

Characteristics of the United Kingdom residential mortgage market

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market.

Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by building societies in a quarter by the quarterly balance of mortgages outstanding for building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry CPR rate for the quarter (%)	12- month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 1988.....	13.55	15.35	June 1988.....	16.03	15.64
September 1988.....	18.23	16.00	December 1988.....	12.60	15.10
March 1989.....	8.85	13.93	June 1989.....	13.04	13.18
September 1989.....	11.53	11.51	December 1989.....	10.38	10.95
March 1990.....	8.91	10.96	June 1990.....	9.37	10.05
September 1990.....	9.66	9.58	December 1990.....	10.58	9.63
March 1991.....	9.07	9.67	June 1991.....	10.69	10.00
September 1991.....	11.57	10.48	December 1991.....	10.24	10.39
March 1992.....	9.14	10.41	June 1992.....	9.12	10.02
September 1992.....	9.75	9.56	December 1992.....	7.96	8.99
March 1993.....	8.53	8.84	June 1993.....	9.97	9.05
September 1993.....	10.65	9.28	December 1993.....	10.01	9.79
March 1994.....	8.97	9.90	June 1994.....	10.48	10.03
September 1994.....	11.05	10.13	December 1994.....	10.68	10.29
March 1995.....	9.15	10.34	June 1995.....	10.51	10.35
September 1995.....	11.76	10.53	December 1995.....	11.61	10.76
March 1996.....	10.14	11.00	June 1996.....	11.32	11.21
September 1996.....	13.20	11.57	December 1996.....	12.58	11.81
March 1997.....	9.75	11.71	June 1997.....	15.05	12.65
September 1997.....	12.18	12.39	December 1997.....	11.17	12.04
March 1998.....	10.16	12.14	June 1998.....	12.05	11.39
September 1998.....	13.79	11.79	December 1998.....	13.44	12.36
March 1999.....	11.14	12.60	June 1999.....	14.39	13.19
September 1999.....	15.59	13.64	December 1999.....	14.94	14.02
March 2000.....	13.82	14.69	June 2000.....	13.86	14.55
September 2000.....	14.89	14.38	December 2000.....	15.55	14.53
March 2001.....	15.47	14.94	June 2001.....	17.36	15.81
September 2001.....	19.12	16.87	December 2001.....	19.01	17.74
March 2002.....	18.68	18.54	June 2002.....	19.88	19.17
September 2002.....	22.40	19.99	December 2002.....	22.16	20.78
March 2003.....	19.51	20.99	June 2003.....	20.18	21.06
September 2003.....	21.65	20.88	December 2003.....	21.33	20.67

Quarter	Industry CPR rate for the quarter (%)	12- month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 2004.....	19.90	20.77	June 2004	21.42	21.07
September 2004	21.41	21.01	December 2004.....	18.71	20.36
March 2005.....	17.76	19.83	June 2005	17.75	18.91
September 2005	20.24	18.62	December 2005.....	20.36	19.03
March 2006.....	19.65	19.50	June 2006	19.37	19.90
September 2006	21.25	20.16	December 2006.....	21.07	20.34
March 2007.....	19.57	20.32	June 2007	19.25	20.29
September 2007	21.22	20.28	December 2007.....	18.63	19.67
March 2008.....	14.68	18.45	June 2008	16.61	17.78
September 2008	15.95	16.47	December 2008.....	12.85	15.02
March 2009.....	12.19	14.40	June 2009	12.61	13.40
September 2009	13.81	12.87			

Source of repayment and outstanding mortgage information: Council of Mortgage Lenders and Bank of England

You should note that the CPR table above presents the historical CPR experience only of building societies in the United Kingdom. During the late 1990s, a number of former building societies (including the seller) converted stock to form UK banks and the CPR experience of these banks is therefore not included in the foregoing building society CPR data.

Repossession rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985	0.25	1994	0.47	2003.....	0.07
1986	0.30	1995	0.47	2004.....	0.07
1987	0.32	1996	0.40	2005.....	0.12
1988	0.22	1997	0.31	2006.....	0.18
1989	0.17	1998	0.31	2007.....	0.22
1990	0.47	1999	0.27	2008.....	0.34
1991	0.77	2000	0.20		
1992	0.69	2001	0.16		
1993	0.58	2002	0.11		

Source: Council of Mortgage Lenders

House price to earnings ratio

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the Annual Survey of Hours and Earnings referring to median gross weekly earnings in April of each year for those male employees whose earnings were not affected by their absence from work. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994	4.52	2002	6.72
1995	4.45	2003	7.40
1996	4.49	2004	7.88
1997	4.75	2005	8.05
1998	5.08	2006	8.11
1999	5.34	2007	8.69
2000	5.81	2008	8.32
2001	5.96		

Source: Council of Mortgage Lenders

House prices and incomes vary throughout England, Wales and Scotland. The table below summarises the average house price and the average income for each region for the year ended 31 December 2008 in order to produce a house price to earnings ratio for each region.

Regions	Average earnings (£ per annum)*	House Price (£)**	Price/earnings ratio
North	43,304	161,325	3.73
North West	46,030	175,054	3.80
Yorkshire & Humberside	45,051	173,158	3.84
East Midlands	45,610	177,025	3.88
West Midlands	46,125	185,260	4.02
East Anglia	49,845	210,971	4.23
London	81,681	351,494	4.30
South East	62,238	279,730	4.49
South West	52,201	230,085	4.41
Wales	44,385	169,948	3.83
Scotland	45,088	168,593	3.74

* Average recorded income of borrowers.

** Simple average house price.

Source: www.communities.gov.uk/documents/housing/xls/141281.xls

House price index

UK residential property prices, as measured by the Nationwide House Price Index and Halifax House Price Index (collectively the **Housing Indices**), have generally followed the UK Retail Price Index over an extended period. (Nationwide is a UK building society and "Halifax" is a brand name of Bank of Scotland plc, a UK bank.)

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Indices occurring in the late 1980s and the mid 1990s through to mid-2007 and decreases occurring in the early 1990s and from mid-2007 through to the date of these Final Terms.

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
March 1988.....	103.7	3.3	90.0	9.8	167.0	16.0
June 1988.....	106.2	4.1	97.6	12.9	179.4	20.1
September 1988	107.7	5.3	108.4	20.2	197.4	26.5
December 1988	109.9	6.3	114.2	25.5	211.8	29.3
March 1989.....	111.7	7.4	118.8	27.8	220.7	27.9
June 1989.....	114.9	7.9	124.2	24.1	226.1	23.1
September 1989	116.0	7.4	125.2	14.4	225.5	13.3
December 1989	118.3	7.4	122.7	7.2	222.5	4.9
March 1990.....	120.4	7.5	118.9	0.1	223.7	1.4
June 1990.....	126.0	9.2	117.7	(5.4)	223.3	(1.2)
September 1990	128.1	9.9	114.2	(9.2)	222.7	(1.2)
December 1990	130.1	9.5	109.6	(11.3)	223.0	0.2
March 1991.....	130.8	8.3	108.8	(8.9)	223.1	(0.3)
June 1991.....	133.6	5.9	110.6	(6.3)	221.9	(0.6)
September 1991	134.2	4.7	109.5	(4.2)	219.5	(1.4)
December 1991	135.5	4.1	107.0	(2.4)	217.7	(2.4)
March 1992.....	136.2	4.0	104.1	(4.4)	213.2	(4.5)
June 1992.....	139.1	4.0	105.1	(5.1)	208.8	(6.1)
September 1992	139.0	3.5	104.2	(5.0)	206.9	(5.9)
December 1992	139.6	3.0	100.1	(6.7)	199.5	(8.7)
March 1993.....	138.7	1.8	100.0	(4.0)	199.6	(6.6)
June 1993.....	140.9	1.3	103.6	(1.4)	201.7	(3.5)
September 1993	141.3	1.6	103.2	(1.0)	202.6	(2.1)
December 1993	141.8	1.6	101.8	1.7	203.5	2.0
March 1994.....	142.0	2.4	102.4	2.4	204.6	2.5
June 1994.....	144.5	2.5	102.5	(1.1)	202.9	0.6
September 1994	144.6	2.3	103.2	0.0	202.7	0.0
December 1994	145.5	2.6	104.0	2.1	201.9	(0.8)
March 1995.....	146.8	3.3	101.9	(0.5)	201.8	(1.4)
June 1995.....	149.5	3.4	103.0	0.5	199.3	(1.8)
September 1995	149.9	3.6	102.4	(0.8)	197.8	(2.4)
December 1995	150.1	3.1	101.6	(2.3)	199.2	(1.3)
March 1996.....	150.9	2.8	102.5	0.6	202.1	0.1
June 1996.....	152.8	2.2	105.8	2.7	206.7	3.6
September 1996	153.1	2.1	107.7	5.1	208.8	5.4
December 1996	154.0	2.6	110.1	8.0	213.9	7.1
March 1997.....	154.9	2.6	111.3	8.3	216.7	7.0
June 1997.....	156.9	2.6	116.5	9.6	220.2	6.3

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
September 1997	158.4	3.4	121.2	11.8	222.6	6.4
December 1997	159.7	3.6	123.3	11.4	225.4	5.2
March 1998.....	160.2	3.4	125.5	12.0	228.4	5.3
June 1998.....	163.2	3.9	130.1	11.0	232.1	5.3
September 1998	163.7	3.3	132.4	8.8	234.8	5.3
December 1998	164.4	2.9	132.3	7.0	237.2	5.1
March 1999.....	163.7	2.2	134.6	7.0	238.6	4.4
June 1999.....	165.5	1.4	139.7	7.1	245.5	5.6
September 1999	165.6	1.2	144.4	8.6	255.5	8.4
December 1999	166.8	1.4	148.9	11.8	264.1	10.7
March 2000.....	167.5	2.3	155.0	14.1	273.1	13.5
June 2000.....	170.6	3.0	162.0	14.8	272.8	10.5
September 2000	170.9	3.2	161.5	11.2	275.9	7.7
December 2000	172.0	3.1	162.8	9.0	278.6	5.3
March 2001.....	171.8	2.5	167.5	7.8	281.7	3.1
June 2001.....	173.9	1.9	174.8	7.6	293.2	7.2
September 2001	174.0	1.8	181.6	11.8	302.4	9.2
December 2001	173.8	1.0	184.6	12.5	311.8	11.3
March 2002.....	173.9	1.2	190.2	12.7	327.3	15.0
June 2002.....	176.0	1.2	206.5	16.6	343.7	15.9
September 2002	176.6	1.5	221.1	19.7	366.1	19.1
December 2002	178.2	2.5	231.3	22.6	392.1	22.9
March 2003.....	179.2	3.0	239.3	22.9	403.8	21.0
June 2003.....	181.3	3.0	250.1	19.2	419.0	19.8
September 2003	181.8	2.9	258.9	15.8	434.5	17.1
December 2003	182.9	2.6	267.1	14.4	455.3	14.9
March 2004.....	183.8	2.5	277.3	14.8	480.3	17.3
June 2004.....	186.3	2.7	296.2	16.9	508.4	19.3
September 2004	187.4	3.0	306.2	16.8	522.0	18.3
December 2004	189.2	3.4	304.1	13.0	523.5	14.0
March 2005.....	189.7	3.2	304.8	9.4	526.9	9.3
June 2005.....	191.9	3.0	314.2	5.9	526.8	3.6
September 2005	192.6	2.7	314.4	2.7	537.7	3.0
December 2005	193.7	2.4	314.0	3.2	550.3	5.0
March 2006.....	194.2	2.3	319.8	4.8	560.4	6.2
June 2006.....	197.6	2.9	329.2	4.7	574.9	8.7
September 2006	199.3	3.4	336.1	6.6	581.7	7.9
December 2006	201.4	3.9	343.2	8.9	606.0	9.6
March 2007.....	203.0	4.4	350.2	9.1	623.5	10.7
June 2007.....	206.3	4.3	362.7	9.7	639.4	10.6
September 2007.....	207.1	3.8	367.3	8.9	646.5	10.6
December 2007	209.8	4.1	367.0	6.7	638.8	5.3
March 2008.....	211.1	3.9	357.8	2.1	630.0	1.0
June 2008.....	215.3	4.3	348.1	(4.1)	597.6	(6.8)
September 2008	217.4	4.9	329.5	(10.9)	564.6	(13.5)
December 2008	215.5	2.7	312.9	(16.0)	534.3	(17.9)
March 2009.....	210.9	(0.1)	298.7	(18.1)	517.9	(19.6)
June 2009.....	212.6	(1.3)	307.3	(12.5)	507.9	(16.3)
September 2009	214.4	(1.4)	319.5	(3.1)	522.0	(7.8)

Source: Office for National Statistics, Nationwide Building Society and HBOS plc, respectively.

The percentage annual change in the table above is calculated in accordance with the following formula:

$\text{LN}(x/y)$ where x is equal to the current quarter's index value and y is equal to the index value of the previous year's corresponding quarter.

All information contained in these Final Terms in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society. All information contained in these Final Terms in respect of the Halifax House Price Index has been reproduced from information published by HBOS plc. The issuing entity confirms that all information in these Final Terms in respect of the Nationwide House Price Index and the Halifax House Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society and HBOS plc, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the issuing entity has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the issuing entity nor Nationwide Building Society nor HBOS plc makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

Static Pool Data

This annex sets out, to the extent material, certain static pool information with respect to the loans in the mortgages trust.

The issuing entity has not included static pool information in this annex in respect of prepayments, as this information is not separately identified by the servicer. However, prepayment rates in respect of the mortgage loans in the mortgages trust are set out in the monthly reports to investors that are prepared pursuant to the servicing agreement. To date, prepayment rates in respect of the mortgage loans in the mortgages trust have broadly been in line with the industry CPR data set out on pages 39-40 above.

One of the characteristics of the mortgages trust is that the seller is able to sell more loans to the mortgages trustee over time, whether in connection with an issuance of notes by the issuing entity, any new Funding 2 issuing entity or any Funding 1 issuing entity or in order to maintain the minimum seller share. To aid in understanding changes to the mortgages trust over time, the following table sets out information relating to each sale of loans by the seller to the mortgages trustee pursuant to the mortgage sale agreement.

Date	Balance of loans substituted or sold	Number of loans substituted or sold	In connection with previous issue by
June 2002.....	£10,117,255,819	173,505	Permanent Financing (No. 1) PLC (dissolved)
November 2002	£898,016,408	16,209	N/A
January 2003.....	£894,475,758	16,835	N/A
March 2003.....	£10,538,839,220	186,140	Permanent Financing (No. 2) PLC
June 2003.....	£1,576,963,369	25,652	N/A
September 2003	£1,688,468,552	23,426	N/A
October 2003.....	£2,735,667,398	37,770	N/A
January 2004.....	£2,670,143,154	35,418	N/A
March 2004.....	£9,376,972,811	134,716	Permanent Financing (No. 4) PLC
July 2004.....	£3,698,396,657	48,652	N/A
November 2004	£9,582,315,930	104,569	Permanent Financing (No. 6) PLC
March 2005.....	£6,625,343,617	70,542	Permanent Financing (No. 7) PLC
June 2005.....	£9,483,670,772	101,317	Permanent Financing (No. 8) PLC
December 2005	£5,786,749,656	65,460	N/A
March 2006.....	£9,637,574,095	101,599	Permanent Financing (No. 9) PLC
October 2006.....	£8,838,288,141	86,769	Permanent Master Issuer 2006-1 Notes
December 2006	£6,373,073,080	60,773	N/A
July 2007	£5,691,369,649	51,310	N/A
November 2007	£8,686,106,961	70,107	N/A
April 2008	£5,919,444,424	45,479	N/A
January 2009.....	£2,997,445,751	23,102	N/A
September 2009	£5,004,406,381	43,970	N/A

The sale of new loans by the seller to the mortgages trustee is subject to conditions, including ones required by the rating agencies, designed to maintain certain credit-related and other characteristics of the mortgages trust. These include limits on loans in arrears in the mortgages trust at the time of sale, limits on the aggregate balance of loans sold, limits on changes in the weighted average foreclosure frequency (**WAFF**) and the weighted average loss severity (**WALS**), minimum yield for the loans in the mortgages trust after the sale, the Fitch portfolio tests and maximum LTV for the loans in the mortgages trust after the sale. See a description of these conditions in "**Sale of the loans and their related security — Sale of loans and their related security to the mortgages trustee on the sale dates**" in the base prospectus.

The following tables show, for each of the last five years of origination, the distribution of loans in the mortgages trust originated in that year by delinquency category as at each year-end starting in 2005.

Static pool information set out in these Final Terms is not deemed part of these Final Terms to the extent that the static pool information relates to loans originated by Halifax prior to 1 January 2006

**Loans originated in 2005
as at each specified date**

	31 December 2005				31 December 2006				31 December 2007			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month.....	41,324	£3,853,299,928.89	98.93%	98.73%	117,402	£11,777,961,985.89	98.79%	98.67%	71,349	£6,743,950,599.09	97.23%	96.70%
1 - < 2 months.....	333	£36,743,353.97	0.80%	0.94%	767	£84,525,416.88	0.65%	0.71%	892	£100,267,637.68	1.22%	1.44%
2 - < 3 months.....	65	£6,592,397.35	0.16%	0.17%	231	£23,516,928.73	0.19%	0.20%	354	£39,171,084.11	0.48%	0.56%
3 - < 6 months.....	45	£5,764,591.80	0.11%	0.15%	277	£30,603,318.38	0.23%	0.26%	415	£46,175,852.00	0.57%	0.66%
6 - < 12 months.....	6	£549,023.66	0.01%	0.01%	139	£16,491,054.25	0.12%	0.14%	288	£33,976,110.71	0.39%	0.49%
12+ months.....					27	£3,886,124.87	0.02%	0.03%	82	£10,607,617.36	0.11%	0.15%
Total.....	41,773	£3,902,949,295.67	100.00%	100.00%	118,843	£11,936,984,829.00	100.00%	100.00%	73,380	£6,974,148,900.95	100.00%	100.00%

	31 December 2008				31 December 2009			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month.....	54,037	£4,840,202,563.35	96.04%	94.95%	47,524	£4,170,379,076.81	95.99%	94.95%
1 - < 2 months.....	783	£85,996,465.96	1.39%	1.69%	605	£63,147,606.84	1.22%	1.44%
2 - < 3 months.....	338	£39,076,709.13	0.60%	0.77%	270	£28,951,694.17	0.55%	0.66%
3 - < 6 months.....	510	£60,226,760.13	0.91%	1.18%	449	£50,898,304.63	0.91%	1.16%
6 - < 12 months.....	438	£51,847,367.15	0.78%	1.02%	420	£49,142,695.69	0.85%	1.12%
12+ months.....	159	£20,441,642.37	0.28%	0.40%	243	£29,719,530.48	0.49%	0.68%
Total.....	56,265	£5,097,791,508.09	100.00%	100.00%	49,511	£4,392,238,908.62	100.00%	100.00%

**Loans originated in 2006
as at each specified date**

	31 December 2005				31 December 2006				31 December 2007			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month					73,306	£8,195,375,388.54	99.66%	99.67%	95,117	£10,733,351,277.61	99.12%	99.07%
1 – < 2 months					208	£22,849,034.08	0.28%	0.28%	502	£60,500,157.75	0.52%	0.56%
2 – < 3 months					25	£2,816,012.64	0.03%	0.03%	128	£15,580,802.96	0.13%	0.14%
3 – < 6 months					15	£1,413,844.40	0.02%	0.02%	150	£16,529,281.60	0.16%	0.15%
6 – < 12 months									58	£6,940,263.24	0.06%	0.06%
12+ months									5	£1,114,643.27	0.01%	0.01%
Total					73,554	£8,222,454,279.66	100.00%	100.00%	95,960	£10,834,016,426.43	100.00%	100.00%

	31 December 2008				31 December 2009			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	59,552	£6,271,601,231.58	97.49%	97.16%	53,423	£5,455,104,940.79	97.02%	96.55%
1 – < 2 months	706	£84,204,495.45	1.16%	1.30%	593	£70,398,740.78	1.08%	1.25%
2 – < 3 months	258	£31,101,645.89	0.42%	0.48%	240	£26,311,377.09	0.44%	0.47%
3 – < 6 months	299	£35,602,585.18	0.49%	0.55%	352	£42,008,881.63	0.64%	0.74%
6 – < 12 months	224	£26,689,519.08	0.37%	0.41%	323	£40,153,708.37	0.59%	0.71%
12+ months	49	£5,781,581.03	0.08%	0.09%	134	£16,097,014.00	0.24%	0.28%
Total	61,088	£6,454,981,058.21	100.00%	100.00%	55,065	£5,650,074,662.66	100.00%	100.00%

**Loans originated in 2007
as at each specified date**

	31 December 2005				31 December 2006				31 December 2007			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month									49,637	£6,671,230,039.34	99.46%	99.47%
1 - < 2 months									204	£28,036,008.72	0.41%	0.42%
2 - < 3 months									46	£5,857,038.49	0.09%	0.09%
3 - < 6 months									19	£1,826,236.28	0.04%	0.03%
6 - < 12 months									1	£51,545.27	0.00%	0.00%
12+ months												
Total									49,907	£6,707,000,868.10	100.00%	100.00%

	31 December 2008				31 December 2009			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	69,932	£9,426,481,992.77	98.54%	98.48%	59,893	£7,866,095,706.53	97.55%	97.41%
1 - < 2 months	580	£81,680,656.44	0.82%	0.85%	568	£77,251,222.46	0.93%	0.96%
2 - < 3 months	166	£22,367,569.93	0.23%	0.23%	229	£32,755,519.85	0.37%	0.41%
3 - < 6 months	189	£28,091,104.81	0.27%	0.29%	333	£43,217,294.28	0.54%	0.54%
6 - < 12 months	93	£11,933,498.47	0.13%	0.12%	295	£42,907,847.76	0.48%	0.53%
12+ months	9	£1,848,278.96	0.01%	0.02%	79	£12,801,631.61	0.13%	0.16%
Total	70,969	£9,572,403,101.38	100.00%	100.00%	61,397	£8,075,029,222.49	100.00%	100.00%

**Loans originated in 2008
as at each specified date**

	31 December 2005				31 December 2006				31 December 2007			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month												
1 - < 2 months												
2 - < 3 months												
3 - < 6 months												
6 - < 12 months												
12+ months												
Total												

	31 December 2008				31 December 2009			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	3,982	£537,263,387.00	98.39%	98.18%	38,333	£4,885,733,478.37	98.24%	98.05%
1 - < 2 months	42	£6,773,637.63	1.04%	1.24%	372	£51,704,674.64	0.95%	1.04%
2 - < 3 months	9	£1,213,738.64	0.22%	0.22%	117	£16,671,648.84	0.30%	0.33%
3 - < 6 months	12	£1,724,138.00	0.30%	0.32%	131	£18,760,144.21	0.34%	0.38%
6 - < 12 months	2	£234,712.46	0.05%	0.04%	59	£9,537,270.96	0.15%	0.19%
12+ months					6	£712,981.04	0.02%	0.01%
Total	4,047	£547,209,613.73	100.00%	100.00%	39,018	£4,983,120,198.06	100.00%	100.00%

**Loans originated in 2009
as at each specified date**

	31 December 2005				31 December 2006				31 December 2007			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month												
1 - < 2 months												
2 - < 3 months												
3 - < 6 months												
6 - < 12 months												
12+ months												
Total												

	31 December 2008				31 December 2009			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month					9,750	£1,109,892,049.08	98.57%	98.41%
1 - < 2 months					100	£13,227,830.01	1.01%	1.17%
2 - < 3 months					20	£2,270,373.22	0.20%	0.20%
3 - < 6 months					20	2,374,551.54	0.20%	0.21%
6 - < 12 months					1	£52,129.69	0.01%	0.00%
12+ months								
Total					9,891	£1,127,816,933.54	100.00%	100.00%

**All loans in the mortgages trust
as at each specified date**

	31 December 2005				31 December 2006				31 December 2007			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	557,786	£39,181,203,470.58	97.98%	97.46%	618,083	£47,445,892,789.31	98.24%	97.86%	551,598	£44,556,244,768.94	97.90%	97.50%
1 – < 2 months	6,287	£558,426,731.49	1.10%	1.39%	5,138	£463,210,363.13	0.82%	0.96%	5,278	£505,757,502.62	0.94%	1.11%
2 – < 3 months	1,896	£169,271,228.32	0.33%	0.42%	1,678	£151,249,768.79	0.27%	0.31%	1,902	£183,445,192.91	0.34%	0.40%
3 – < 6 months	2,109	£185,240,926.43	0.37%	0.46%	2,256	£217,181,379.81	0.36%	0.45%	2,335	£218,802,589.38	0.41%	0.48%
6 – < 12 months	1,018	£92,804,452.17	0.18%	0.23%	1,521	£149,064,273.65	0.24%	0.31%	1,647	£162,713,477.08	0.29%	0.36%
12+ months	214	£15,933,376.31	0.04%	0.04%	511	£56,123,962.66	0.08%	0.12%	663	£72,830,463.34	0.12%	0.16%
Total	569,310	£40,202,880,185.30	100.00%	100.00%	629,187	£48,482,722,537.35	100.00%	100.00%	563,423	£45,699,793,994.27	100.00%	100.00%

	31 December 2008				31 December 2009			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	466,416	£37,224,032,569.02	97.19%	96.42%	457,351	£37,511,510,068.03	97.14%	96.39%
1 – < 2 months	5,559	£549,662,047.43	1.16%	1.42%	4,854	£487,448,366.26	1.03%	1.25%
2 – < 3 months	2,151	£220,796,709.79	0.45%	0.57%	1,938	£201,693,493.30	0.41%	0.52%
3 – < 6 months	2,833	£294,194,575.89	0.59%	0.76%	2,885	£297,428,785.56	0.61%	0.76%
6 – < 12 months	2,137	£227,390,850.24	0.45%	0.59%	2,496	£273,295,872.35	0.53%	0.70%
12+ months	803	£89,085,851.36	0.17%	0.23%	1,300	£145,836,974.49	0.28%	0.37%
Total	479,899	£38,605,162,603.73	100.00%	100.00%	470,824	£38,917,213,559.99	100.00%	100.00%

Listing and admission to trading application

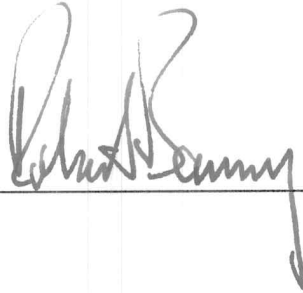
These Final Terms comprise the Final Terms required for issue and admission to listing on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange's Regulated Market pursuant to the Mortgage Backed Note Programme of Permanent Master Issuer plc.

Responsibility

The issuing entity accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the issuing entity:

By:



per pro SFM Directors Limited
as Director

Duly authorised