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Permanent Master Issuer PLC, Bank of Scotland plc, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc, Barclays Bank PLC, Morgan Stanley & Co. International plc or Lloyds Securities Inc.

Final Terms dated 31 October 2011

PERMANENT MASTER ISSUER PLC

(Incorporated with limited liability in England and Wales with registered number 05922774)

Mortgage Backed Note Programme

2011-2 Issue

Series	Class	Interest rate	Initial principal amount	Issue price	Redemption dates	Final Maturity date
1	A1	1.5000% over 3 month USD LIBOR	\$900,000,000	100%	15 October 2013	15 July 2042
1	A2	1.5500% over 3 month USD LIBOR	\$1,000,000,000	100%	15 October 2014	15 July 2042
1	A3	1.6000% over 3 month USD LIBOR	\$1,050,000,000	100%	15 October 2015	15 July 2042
2	A	1.6500% over 3 month Sterling LIBOR	£750,000,000	100%	15 July 2016 and 15 October 2016	15 July 2042
3	A	1.9500% over 3 month Sterling LIBOR	£500,000,000	100%	15 July 2021 and 15 October 2021	15 July 2042

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 26 October 2011 (the **Base Prospectus**) which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). This document constitutes the final terms (the **Final Terms**) of the series (each a **Series**) and classes (each a **Class**) of notes (the **Notes**) of Permanent Master Issuer PLC (the **Master Issuer**) described herein for the purposes of Article 5.4 of the Prospectus Directive (together, the Notes or the **2011-2 notes**) and must be read in conjunction with the Base Prospectus. This document is not a prospectus for the purposes of Section 12(a)(2) or any other provision or rule under the Securities Act. Full information on the Master Issuer (also referred to as the **issuing entity**) and the offer of the 2011-2 notes the subject thereof is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the offices of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and copies may be obtained from the registered office of the Master Issuer at 35 Great St. Helen's, London, EC3A 6AP.

To be eligible to read this document you either must (i) be a "Qualified Institutional Buyer" within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or (ii) be located outside the United States and not be a "U.S. Person" within the meaning of Regulation S under the Securities Act.

Arranger for the programme



**Lead Managers with respect to the Series 1 Class A1 Notes, Series 1 Class A2 Notes
and the Series 1 Class A3 Notes**

Barclays Capital, J.P. Morgan, Lloyds TSB Bank plc and Morgan Stanley

Co-Manager with respect to the Rule 144A Series 1 Class A1 Notes

Lloyds Securities Inc.

Lead Manager with respect to the Series 2 Class A Notes and the Series 3 Class A Notes

Lloyds TSB Bank plc

	Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 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	U.S. Dollar	U.S. Dollar	Sterling	Sterling
(3)	Initial Principal Amount:	\$900,000,000	\$1,000,000,000	\$1,050,000,000	£750,000,000	£500,000,000
(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:	\$900,000,000	\$1,000,000,000	\$1,050,000,000	£750,000,000	£500,000,000
(5)	Funding 2 Reserve Required Amount ¹	For all notes issued by the Master Issuer, £405,000,000				
(6)	Expected Ratings (Standard & Poor's/ Moody's/ Fitch):	AAA (sf)/Aaa (sf)/AAA sf	AAA (sf)/Aaa (sf)/AAA sf	AAA (sf)/Aaa (sf)/AAA sf	AAA (sf)/Aaa (sf)/AAA sf	AAA (sf)/Aaa (sf)/AAA sf
<p>Each such credit rating agency is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009 (the CRA Regulation), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.</p>						
(7)	Specified Denominations:	\$250,000 and integral multiples of \$1,000 in excess thereof.	\$250,000 and integral multiples of \$1,000 in excess thereof.	\$250,000 and integral multiples of \$1,000 in excess thereof.	£100,000 and integral multiples of £1,000 in excess thereof.	£100,000 and integral multiples of £1,000 in excess thereof.
(8)	(a) Closing Date:	01 November 2011	01 November 2011	01 November 2011	01 November 2011	01 November 2011
	(b) Interest	01 November 2011	01 November 2011	01 November 2011	01 November 2011	01 November 2011

¹ As set out in the Base Prospectus, this figure may be further adjusted in final terms subsequent to the final terms in relation to the Series 2011-2 notes.

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
Commen- cement Date:					
(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
(10) Interest Basis:	Three-month USD LIBOR Floating Rate	Three-month USD LIBOR Floating Rate	Three-month USD LIBOR Floating Rate	Three-month Sterling LIBOR Floating Rate	Three-month Sterling LIBOR Floating Rate
(11) Redemption/ Payment Basis:	Bullet Redemption	Bullet Redemption	Bullet Redemption	Scheduled Redemption	Scheduled Redemption
(12) Change of Interest Basis or Redemption/Pay ment Basis:	Not Applicable	Not Applicable	Not Applicable	Not 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 2011-2 Notes an aggregate amount of £21.900				
(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:	26 October 2011	26 October 2011	26 October 2011	26 October 2011	26 October 2011
(15) Method of distribution:	Syndicated	Syndicated	Syndicated	Syndicated Lloyds TSB Bank plc (or one	Syndicated Lloyds TSB Bank plc (or one

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
				of its affiliates) intends to purchase £485,000,000 of the Series 2 Class A Notes on the Closing Date.	of its affiliates) intends to purchase £500,000,000 of the Series 3 Class A Notes on the Closing Date.
(16) Fixed Rate Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(17) Floating Rate Note Provisions:	Applicable	Applicable	Applicable	Applicable	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 17 January 2012.	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 17 January 2012.	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 17 January 2012.	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 17 January 2012.	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 17 January 2012.
(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):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(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

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
(f) Screen Rate Determination:					
Reference Rate:	Three-month USD LIBOR (or, in respect of the first Interest Period, the linear interpolation of 2-month USD LIBOR and 3-month USD LIBOR)	Three-month USD LIBOR (or, in respect of the first Interest Period, the linear interpolation of 2-month USD LIBOR and 3-month USD LIBOR)	Three-month USD LIBOR (or, in respect of the first Interest Period, the linear interpolation of 2-month USD LIBOR and 3-month USD LIBOR)	Three-month Sterling LIBOR (or, in respect of the first Interest Period, the linear interpolation of 2-month Sterling LIBOR and 3-month Sterling LIBOR)	Three-month Sterling LIBOR (or, in respect of the first Interest Period, the linear interpolation of 2-month Sterling LIBOR and 3-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 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 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 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 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
(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):	+ 1.5000% per annum	+ 1.5500% per annum	+ 1.6000% per annum	+ 1.6500% per annum	+ 1.9500% per annum
(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)	Interest Payment Date	Interest Payment Date	Interest Payment Date	Interest Payment Date	Interest Payment Date

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
Step-Up Date:	occurring in October 2013	occurring in October 2014	occurring in October 2015	occurring in October 2016	occurring in October 2021
• Step-Up Margin(s)	1.20% per annum. Investors should note that the Step-up Margin is lower than the Margin.	1.20% per annum. Investors should note that the Step-up Margin is lower than the Margin.	1.20% per annum. Investors should note that the Step-up Margin is lower than the Margin.	1.20% per annum. Investors should note that the Step-up Margin is lower than the Margin.	1.20% per annum. Investors should note that the Step-up Margin is lower than the Margin.
(l) Day Count Fraction:	Actual/360	Actual/360	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 DTC. Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Rule 144A Global Note registered in the name of a nominee for DTC. Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Rule 144A Global Note registered in the name of a nominee for DTC. 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) Other special provisions relating to Interest	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

	Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
	Payment Dates:					
(21)	Details relating to Bullet Redemption Notes:	Applicable	Applicable	Applicable	Not Applicable	Not Applicable
	(a) Redemption Amount:	\$900,000,000	\$1,000,000,000	\$1,050,000,000	Not Applicable	Not Applicable
	(b) Bullet Redemption Date:	Interest Payment Date occurring in October 2013	Interest Payment Date occurring in October 2014	Interest Payment Date occurring in October 2015	Not Applicable	Not Applicable
(22)	Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Applicable	Applicable
	(a) Scheduled Redemption Dates:	Not Applicable	Not Applicable	Not Applicable	Interest Payment Date occurring in July 2016 and October 2016	Interest Payment Date occurring in July 2021 and October 2021
	(b) Scheduled Amortisation Instalments:	Not Applicable	Not Applicable	Not Applicable	£375,000,000/ £375,000,000	£250,000,000/ £250,000,000
(23)	Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(24)	Early redemption amount per Specified Denomination ² :	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(25)	Redemption Amount:	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies
(26)	(a) Interest Payment	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

² Payable on redemption for taxation reasons or an event of default or other early redemption and/or method of calculating the same (if required or if different from that set out in the Conditions)

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
Date for Regulatory Call:					
(b) Call Option Date:	Applicable Interest Payment Date occurring in October 2013 and each subsequent Interest Payment Date thereafter	Applicable Interest Payment Date occurring in October 2014 and each subsequent Interest Payment Date thereafter	Applicable Interest Payment Date occurring in October 2015 and each subsequent Interest Payment Date thereafter	Applicable Interest Payment Date occurring in October 2016 and each subsequent Interest Payment Date thereafter	Applicable Interest Payment Date occurring in October 2021 and each subsequent Interest Payment Date thereafter
(27) Issuing Entity Swap Providers:	Bank of Scotland plc	Bank of Scotland plc	Bank of Scotland plc	Not Applicable	Not Applicable
(28) Specified Currency Exchange Rate	GBP 1.00 / USD 1.5958	GBP 1.00 / USD 1.5958	GBP 1.00 / USD 1.5958	Not Applicable	Not Applicable
(29) 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
(30) Redenomination, renomin-alisation and reconventioning provisions applicable:	Redenomination Not Applicable	Redenomination Not Applicable	Redenomination Not Applicable	Redenomination Applicable	Redenomination Applicable
(31) U.S. tax treatment:	Rule 144A Notes will be debt for United States federal income tax purposes subject to the considerations in " United States federal income taxation " in the Base Prospectus	Rule 144A Notes will be debt for United States federal income tax purposes subject to the considerations in " United States federal income taxation " in the Base Prospectus	Rule 144A Notes will be debt for United States federal income tax purposes subject to the considerations in " 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)
(32) ERISA eligible:	Yes, subject to the considerations in " ERISA "	Yes, subject to the considerations in " ERISA "	Yes, subject to the considerations in " ERISA "	Not Applicable (These Notes are not being offered or sold)	Not Applicable (These Notes are not being offered)

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
	considerations" in the Base Prospectus	considerations" in the Base Prospectus	considerations" in the Base Prospectus	in the United States)	or sold in the United States)
(33) Other final terms:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(34) Money Market Notes (2a-7):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(35) Maturity Purchase Notes:	Yes	Yes	Yes	Yes	Yes
(a) Scheduled Transfer Date:	13 November 2013	13 November 2014	13 November 2015	14 November 2016	15 November 2021
(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 final Scheduled Redemption Date	The third Business Day after the final Scheduled 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
(36) Funding 2 Yield Reserve Notes:	Applicable	Applicable	Applicable	Applicable	Applicable
(37) Funding 2 Yield Reserve Required Amount ³ :			£187,000,000		
(a) Funding 2 Yield Reserve Reduction Amount ⁴ :	£0	£0	£0	£0	£0
(b) Funding 2 Yield Reserve Reduction Date:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

³ As set out in the Base Prospectus, this figure may be further adjusted in final terms subsequent to the final terms in relation to the Series 2011-2 notes.

⁴ As set out in the Base Prospectus, this figure may be further adjusted in final terms subsequent to the final terms in relation to the Series 2011-2 notes.

	Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
(38)	Funding 2 Z Loan Required Amount ⁵ :			£2,978,000,000		
(39)	Minimum Trust Property Yield Margin ⁶ :			+1.50%		
(40)	Post-Enforcement Call Option/ Limited Recourse:					
(a)	Condition 10.2 (Post-Enforcement Call Option):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(b)	Condition 10.3 (Limited Recourse):	Applicable	Applicable	Applicable	Applicable	Applicable
(41)	(a) If syndicated, names of Managers:	Rule 144A Notes: Barclays Bank PLC, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc, Morgan Stanley & Co. International plc and Lloyds Securities Inc. Reg S Notes: Barclays Bank PLC, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc and Morgan Stanley & Co. International plc.	Rule 144A Notes: Barclays Bank PLC, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc and Morgan Stanley & Co. International plc. Reg S Notes: Barclays Bank PLC, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc and Morgan Stanley & Co. International plc.	Rule 144A Notes: Barclays Bank PLC, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc and Morgan Stanley & Co. International plc. Reg S Notes: Barclays Bank PLC, J.P. Morgan Securities Ltd., Lloyds TSB Bank plc and Morgan Stanley & Co. International plc.	Reg S Notes: Lloyds TSB Bank plc.	Reg S Notes: Lloyds TSB Bank plc.
	(b) Stabilising Manager (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(42)	If non-syndicated, name of relevant	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

⁵ As set out in the Base Prospectus, this figure may be further adjusted in final terms subsequent to the final terms in relation to the Series 2011-2 notes.

⁶ As set out in the Base Prospectus, this figure may be further adjusted in final terms subsequent to the final terms in relation to the Series 2011-2 notes.

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
Dealer:					
(43) Total commission and concession:	In respect of the Series 1 Class A1 notes, the total commission and concession to be paid to the Series 1 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 1 Class A1 notes underwritten by the Series 1 Class A1 Lead Managers	In respect of the Series 1 Class A2 notes, the total commission and concession to be paid to the Series 1 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 1 Class A2 notes underwritten by the Series 1 Class A2 Lead Managers	In respect of the Series 1 Class A3 notes, the total commission and concession to be paid to the Series 1 Class A3 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 A3 notes underwritten by the Series 1 Class A3 Lead Managers	In respect of the Series 2 Class A notes, the total commission and concession to be paid to the Series 2 Class A Lead Manager, for acting as Lead Manager, shall be an amount equal to 0.25% of the Principal Amount Outstanding of the Series 2 Class A notes underwritten but not retained by the Series 2 Class A Lead Manager and which are not purchased by an affiliate of Lloyds TSB Bank plc	Not Applicable
(44) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(45) Additional selling restrictions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(46) 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
(47) Delivery:	Rule 144A: Delivery free of payment Reg S: Delivery against payment	Rule 144A: Delivery free of payment Reg S: Delivery against payment	Rule 144A: Delivery free of payment Reg S: Delivery against payment	Delivery against payment	Delivery against payment
(48) Name and	Citibank, N.A.,	Citibank, N.A.,	Citibank, N.A.,	Citibank, N.A.,	Citibank, N.A.,

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
address of initial Paying Agent:	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citigroup Centre Canada Square Canary Wharf London E14 5LB
(49) Names and addresses of additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(50) ISIN Code:	Rule 144A Global Note registered in the name of a nominee for DTC: US71419GAS93 Reg S Notes: XS0700165672	Rule 144A Global Note registered in the name of a nominee for DTC: US71419GAT76 Reg S Notes: XS0700166134	Rule 144A Global Note registered in the name of a nominee for DTC: US71419GAU40 Reg S Notes: XS0700166720	Reg S Notes: XS0700016750	Reg S Notes: XS0700016834
(51) Common Code:	Rule 144A Global Note registered in the name of a nominee for DTC: 070017199 Reg S Notes: 070016567	Rule 144A Global Note registered in the name of a nominee for DTC: 070017253 Reg S Notes: 070016613	Rule 144A Global Note registered in the name of a nominee for DTC: 070017300 Reg S Notes: 070016672	Reg S Notes: 070001675	Reg S Notes: 070001683
(52) CUSIP:	71419GAS9	71419GAT7	71419GAU4	Not Applicable	Not Applicable
(53) Intended to be held in a manner which would allow Eurosystem eligibility:	No	No	No	No	No
(54) Rated Loan Tranche:	Series 1 Class A1 AAA Loan Tranche	Series 1 Class A2 AAA Loan Tranche	Series 1 Class A3 AAA Loan Tranche	Series 2 Class A AAA Loan Tranche	Series 3 Class A AAA Loan Tranche
(55) 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
(56) Designated Rated Loan Tranche rating:	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
(57) Designation of	Bullet Loan Tranche	Bullet Loan Tranche	Bullet Loan Tranche	Scheduled Amortisation	Scheduled Amortisation

	Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
	Rated Loan Tranche:				Loan Tranche	Loan Tranche
(58)	Initial Principal Amount:	£563,980,448.68	£626,644,942.98	£657,977,190.12	£750,000,000	£500,000,000
	(a) Closing Date:	01 November 2011	01 November 2011	01 November 2011	01 November 2011	01 November 2011
	(b) Closing Date:	01 November 2011	01 November 2011	01 November 2011	01 November 2011	01 November 2011
	Interest Commencement Date:					
(59)	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:	+0.3130%	+0.4500%	+0.5130%	+0.2000%	+0.5000%
	(c) Funding 2 Yield Reserve Primary Revenue Margin:	+ 1.4500%	+1.4500%	+1.4500%	+1.4500%	+1.4500%
(60)	Step-Up Date (if any):	Funding 2 Interest Payment Date occurring in October 2013	Funding 2 Interest Payment Date occurring in October 2014	Funding 2 Interest Payment Date occurring in October 2015	Funding 2 Interest Payment Date occurring in October 2016	Funding 2 Interest Payment Date occurring in October 2021
(61)	Stepped-up Loan Tranche rate: <i>Investors should note that the Stepped-up Loan Tranche rate will be</i>	+ 1.7570%	+ 1.8420%	+ 1.8540%	+ 1.2000%	+ 1.2000%

Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
<i>lower than the Rated Loan Tranche rate.</i>					
(62) Details relating to Bullet Loan Tranches:	Applicable	Applicable	Applicable	Not Applicable	Not Applicable
(a) Bullet Repayment Date:	The Funding 2 Interest Payment Date occurring in October 2013	The Funding 2 Interest Payment Date occurring in October 2014	The Funding 2 Interest Payment Date occurring in October 2015	Not Applicable	Not Applicable
(b) Relevant Accumulation Amount:	£563,980,448.68	£626,644,942.98	£657,977,190.12	Not Applicable	Not Applicable
(63) Details relating to Scheduled Amortisation Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Applicable	Applicable
(a) Scheduled Redemption Date:	Not Applicable	Not Applicable	Not Applicable	Interest Payment Date occurring in July 2016 and October 2016	Interest Payment Date occurring in July 2021 and October 2021
(b) Relevant Accumulation Amounts:	Not Applicable	Not Applicable	Not Applicable	£375,000,000/ £375,000,000	£250,000,000/ £250,000,000
(64) Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(65) 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
(66) Loan Payment Dates:	The Bullet Repayment Date	The Bullet Repayment Date	The Bullet Repayment Date	The Scheduled Redemption Dates	The Scheduled Redemption Dates
(67) Details relating to Subordinated Loan	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

	Series and Class:	2011-2 Series 1 Class A1	2011-2 Series 1 Class A2	2011-2 Series 1 Class A3	2011-2 Series 2 Class A	2011-2 Series 3 Class A
	Tranches:					
(68)	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 2008, 31 December 2009 and 31 December 2010 and the auditors reports thereon and (i) the audited consolidated annual financial statements of Lloyds TSB Bank plc for the financial year ended 31 December 2010, together with the audit report thereon, as set out on pages 12 to 129 and 10 to 11, respectively, of Lloyds TSB Bank plc's Annual Report and Accounts 2010, (ii) the audited consolidated annual financial statements of Lloyds TSB Bank plc for the financial year ended 31 December 2009, together with the audit report thereon, as set out on pages 10 to 106 and 9, respectively, of Lloyds TSB Bank plc's Annual Report and Accounts 2009; and (iii) the audited consolidated annual financial statements of Lloyds TSB Bank plc 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 plc's Annual Report and Accounts 2008, 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. Any documents themselves incorporated by reference in the documents incorporated by reference in these Final Terms shall not form part of these Final Terms. The information contained in those parts of Lloyds TSB Bank plc's Annual Report and Accounts 2008, Lloyds TSB Bank plc's Annual Report and Accounts 2009 and Lloyds TSB Bank plc's Annual Report and Accounts 2010 which are not incorporated by reference in these Final Terms is not considered by Lloyds TSB Bank plc or the issuing entity to be relevant to prospective investors in the Notes to be issued under the programme.

Funding 2 will provide or cause to be provided without charge to each person to whom these Final Terms has been delivered, on written or oral request of that person, a copy of any or all reports incorporated in these Final Terms by reference, in each case to the extent the reports relate to one or more of the classes of the related series of notes, other than the exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents. Requests should be directed either by telephone to +44 (0)20 7398 6300 or in writing to Permanent Funding (No. 2) Limited, 35 Great St. Helen's, London, EC3 6AP, United Kingdom, Attention: The Directors.

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 2011-2 notes equal approximately £3,098,602,581.78 and (after exchanging, where applicable, the proceeds of the 2011-2 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

Bank of Scotland plc is the issuing entity swap provider (the **Issuing Entity Swap Provider**) for the Series 1 Class A1 Notes, the Series 1 Class A2 Notes and the Series 1 Class A3 Notes.

Bank of Scotland plc (**Bank of Scotland**) (incorporated in Scotland with limited liability, registration number SC327000) is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to personal and corporate customers. Bank of Scotland's registered office is at The Mound, Edinburgh EH1 1YZ, Scotland.

We refer you to the description of Bank of Scotland plc within the "Overview" and "History and Development of Bank of Scotland" paragraphs of the "Bank of Scotland plc" section of the Base Prospectus.

Further information on Bank of Scotland, including its credit ratings, certain audited financial statements and the accompanying notes thereto, may be accessed through <http://www.lloydsbankinggroup.com/investors.asp>. The material contained on this website does not form part of these Final Terms.

None of Lloyds TSB Bank plc, Barclays Bank PLC, J.P. Morgan Securities Ltd., Morgan Stanley & Co. International plc or Lloyds Securities Inc. makes any representation as to the accuracy or completeness of the information regarding the Issuing Entity Swap Provider set out above and none of Lloyds TSB Bank plc, Barclays Bank PLC, J.P. Morgan Securities Ltd., Morgan Stanley & Co. International plc or Lloyds Securities Inc. accepts responsibility for such information including, without limitation, the audited financial statements and the accompanying notes thereto available at the website described in the preceding paragraph.

Maturity Purchaser

Lloyds TSB Bank plc (**Lloyds TSB Bank**) is the maturity purchaser (the **Maturity Purchaser**) for the issue of the 2011-2 notes, which are maturity purchase notes.

Lloyds TSB Bank was incorporated in England and Wales on 20 April 1865 (registration number 2065). Lloyds TSB Bank's registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom. Lloyds TSB Bank is authorised and regulated by the Financial Services Authority. Lloyds TSB Bank is a wholly owned subsidiary of Lloyds Banking Group plc (the "**Company**", and together with its subsidiary undertakings from time to time, "**Lloyds Banking Group**").

Overview

The businesses of Lloyds Banking Group are in or owned by Lloyds TSB Bank. Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to personal and corporate customers.

History and development of Lloyds Banking Group

Lloyds Bank plc was incorporated in 1865 and has undertaken a number of mergers and acquisitions, including the merger with TSB Group plc in 1995, the acquisition of Cheltenham & Gloucester Building Society ("**C&G**") in 1995, and the acquisition of Scottish Widows in 2000.

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. On 16 January 2009, this acquisition was completed and Lloyds TSB Group plc changed its name to Lloyds Banking Group plc.

On 1 January 2010, the Company transferred its holding in HBOS plc to Lloyds TSB Bank (the "**Group Reorganisation**"). As a result of the Group Reorganisation, Lloyds Banking Group plc owns Lloyds TSB Bank directly and owns HBOS plc indirectly as Lloyds TSB Bank is the immediate parent of HBOS plc.

As at 1 October 2011, the UK Government's holding of the issued ordinary share capital of Lloyds Banking Group plc amounted to approximately 40.2 per cent.

Business and activities

Lloyds Banking Group's activities are organised into five segments: Retail; Wholesale; Commercial; Wealth and International; and Insurance.

Retail

Retail operates the largest retail bank in the UK and is a leading provider of current accounts, savings, personal loans, credit cards and mortgages. It has a strong stable of brands including Lloyds TSB, Halifax, Bank of Scotland, Birmingham Midshires and C&G and one of the largest branch and fee free ATM networks in the UK.

Wholesale

The division comprises Wholesale Banking and Markets along with our Asset Finance business. The Wholesale Banking and Markets business serves corporates with turnover above £15 million with a range of relationship focused propositions, segmented according to customer need.

Commercial

Commercial serves in excess of a million small and medium-sized enterprises and community organisations with a turnover of up to £15 million. Customers range from start-up enterprises to established corporations, with a range of propositions aligned to customer needs. Commercial comprises Commercial Banking and Commercial Finance, the invoice discounting and factoring business.

Wealth and International

The Wealth business comprises private banking, wealth and asset management businesses in the UK and overseas. The International business comprises Lloyds Banking Group's international banking businesses

outside the UK, with the exception of corporate business in North America which is managed through Lloyds Banking Group's Wholesale division. These largely comprise corporate, commercial and asset finance businesses in Australia and Continental Europe and retail businesses in Germany and the Netherlands.

Insurance

The Insurance division offers life assurance, pensions, investment products and general insurance.

State Funding and State Aid

Lloyds Banking Group has made a number of undertakings to HM Treasury arising from the capital and funding support, including the provision of additional lending to certain mortgage and business sectors until 28 February 2011, and other matters relating to corporate governance and colleague remuneration. The second year of commitments in respect of lending were subject to normal prudent commercial lending criteria and pricing, the availability of funding to support such lending and the availability of sufficient demand from creditworthy customers and potential customers, and were delivered in full. The subsequent agreement between five major UK banks (including Lloyds Banking Group) and the Government in relation to gross business lending capacity in the 2011 calendar year is subject to a similar set of criteria.

As part of the European Commission's decision approving state aid to Lloyds Banking Group, Lloyds Banking Group was required 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 and to restore Lloyds Banking Group's viability. The College of Commissioners announced its formal approval of the state aid on 18 November 2009.

The restructuring plan consists of the following principal elements: (i) the disposal of a retail banking business with at least 600 branches, a 4.6 per cent. share of the personal current accounts market in the UK and up to 19.2 per cent. of Lloyds Banking Group's mortgage assets; (ii) an asset reduction programme to achieve £181 billion reduction in a specified pool of assets by 31 December 2014; and (iii) behavioural commitments, including commitments which restrict Lloyds Banking Group's ability to make certain acquisitions for approximately three to four years and not to make discretionary payments of coupons or to exercise voluntary call options on hybrid securities from 31 January 2010 until 31 January 2012, which prevents Lloyds Banking Group from paying dividends on its ordinary shares for the same duration.

The retail banking business referred to in (i) above is to be disposed of before the end of November 2013 and consists of the TSB brand, the branches, savings accounts and branch-based mortgages of Cheltenham & Gloucester, the branches and branch-based customers of Lloyds TSB Scotland and a related banking licence, additional Lloyds TSB branches in England and Wales, with branch-based customers and Intelligent Finance. Lloyds Banking Group has now commenced the formal sales process (thereby meeting the requirement to do so no later than November 2011) and is working closely with the European Commission, HM Treasury and the Monitoring Trustee appointed by the European Commission to ensure the implementation of the Restructuring Plan. The Independent Commission on Banking published its final report (the "**Final Report**") on 12 September 2011. The Bank is currently assessing the full implications of the Final Report.

Legal Actions

Interchange Fees

The European Commission has adopted a formal decision finding that an infringement of European Commission competition laws has arisen from arrangements whereby MasterCard issuers charged a uniform fallback interchange fee in respect of cross-border transactions in relation to the use of a MasterCard or Maestro branded payment card. The European Commission has required that the fee be reduced to zero for relevant cross-border transactions within the European Economic Area. This decision has been appealed to the General Court of the European Union (the "**General Court**"). Lloyds TSB Bank plc and Bank of Scotland plc (along with certain other MasterCard issuers) have successfully applied to intervene in the appeal in support of MasterCard's position that the arrangements for the charging of a uniform fallback interchange fee are compatible with European Union competition laws. The OFT has also intervened in the General Court appeal supporting the European Commission position. An oral hearing took place on 8 July 2011 but judgment is not expected for six to twelve months. MasterCard has reached an understanding with the European Commission

on a new methodology for calculating intra-European Economic Area multi-lateral interchange fees on an interim basis pending the outcome of the appeal.

Meanwhile, the European Commission is pursuing an investigation with a view to deciding whether arrangements adopted by Visa for the levying of uniform fallback interchange fees in respect of cross-border payment transactions also infringe European Union competition laws. In this regard Visa reached an agreement with the European Commission to reduce the level of interchange for cross-border debit card transactions to the interim levels agreed by MasterCard. The UK's OFT has also commenced similar investigations relating to the interchange fees in respect of domestic transactions in relation to both the MasterCard and Visa payment schemes. The ultimate impact of the investigations on Lloyds Banking Group can only be known at the conclusion of these investigations and any relevant appeal proceedings.

Payment Protection Insurance

There has been extensive scrutiny of the Payment Protection Insurance (“PPI”) market in recent years.

In October 2010, the UK Competition Commission (the “**Competition Commission**”) confirmed its decision to prohibit the active sale of PPI by a distributor to a customer within seven days of a sale of credit. This followed the completion of its formal investigation into the supply of PPI services (other than store card PPI) to non-business customers in the UK in January 2009 and a referral of the proposed prohibition to the Competition Appeal Tribunal. The Competition Commission consulted on the wording of a draft Order to implement its findings from October 2010, and published the final Order on 24 March 2011 which became effective on 6 April 2011. Following an earlier decision to stop selling single premium PPI products, Lloyds Banking Group ceased to offer PPI products to its customers in July 2010.

On 29 September 2009 the FSA announced that several firms had agreed to carry out reviews of past sales of single premium loan protection insurance. Lloyds Banking Group agreed in principle that it would undertake a review in relation to sales of single premium loan protection insurance made through its branch network since 1 July 2007. That review will now form part of the ongoing PPI work referred to below.

On 1 July 2008, the Financial Ombudsman Service (the “**FOS**”) referred concerns regarding the handling of PPI complaints to the FSA as an issue of wider implication. On 29 September 2009 and 9 March 2010, the FSA issued consultation papers on PPI complaints handling. The FSA published its Policy Statement on 10 August 2010, setting out evidential provisions and guidance on the fair assessment of a complaint and the calculation of redress, as well as a requirement for firms to reassess historically rejected complaints which had to be implemented by 1 December 2010.

On 8 October 2010, the British Bankers' Association (the “**BBA**”), the principal trade association for the UK banking and financial services sector, filed an application for permission to seek judicial review against the FSA and the FOS. The BBA sought an order quashing the FSA Policy Statement and an order quashing the decision of the FOS to determine PPI sales in accordance with the guidance published on its website in November 2008.

The Judicial Review hearing was held in late January 2011 and, on 20 April 2011 judgment was handed down by the High Court dismissing the BBA's application. On 9 May 2011, the BBA confirmed that the banks and the BBA did not intend to appeal the judgment.

Since publication of the judgment, Lloyds Banking Group has been in discussions with the FSA with a view to seeking clarity around the detailed implementation of the Policy Statement. As a result, and given the initial analysis that Lloyds Banking Group has conducted of compliance with applicable sales standards, which is continuing, Lloyds Banking Group has concluded that there are certain circumstances where customer contact and/or redress will be appropriate. Accordingly Lloyds Banking Group has made a provision in its income statement for the half-year to 30 June 2011 of £3,200 million in respect of the anticipated costs of such contact and/or redress, including administration expenses. There are still a number of uncertainties as to the eventual costs from any such contact and/or redress given the inherent difficulties of assessing the impact of detailed implementation of the Policy Statement for all PPI complaints, uncertainties around the ultimate emergence period for complaints, the availability of supporting evidence and the activities of claims management companies, all of which will significantly affect complaints volumes, uphold rates and redress costs.

Litigation in relation to insurance branch business in Germany

Clerical Medical Investment Group Limited is subject to claims in the German courts, relating to a number of aspects of with-profits policies issued by Clerical Medical but sold by independent intermediaries in Germany, principally during the late 1990s and early 2000s. Where appropriate Lloyds Banking Group is defending the claims and any subsequent appeals, including appeals to the Federal Court of Justice. It is not currently practicable to reliably estimate the potential financial effects, which could be significant, as these can only be known after the final determination of the proceedings, the timing of which remains uncertain.

Interbank Offered Rate Setting Investigations

Several government agencies in the UK, US and overseas, including the US Commodity Futures Trading Commission, the US SEC, the US Department of Justice and the FSA as well as the European Commission, are conducting investigations into submissions made by panel members to the bodies that set various interbank offered rates. Lloyds Banking Group, and/or its subsidiaries, were (at the relevant time) and remain members of various panels that submit data to these bodies. Lloyds Banking Group has received requests from some government agencies for information and is co-operating with their investigations. In addition, recently Lloyds Banking Group has been named in private purported class action suits in the US with regard to the setting of London interbank offered rates (“**LIBOR**”) by members of the LIBOR setting panel. It is currently not possible to predict the scope and ultimate outcome of the various regulatory investigations or purported private class action suits, including the timing and scale of the potential impact of any investigations and class action suits on Lloyds Banking Group.

FSA investigation into Bank of Scotland

As previously disclosed, in 2009 the FSA commenced a supervisory review into HBOS. The supervisory review has now been superseded as the FSA has commenced enforcement proceedings against Bank of Scotland plc in relation to its Corporate division pre 2009. The proceedings are ongoing and Lloyds Banking Group is co-operating fully. It is too early to predict the outcome or estimate reliably any potential financial effects of the enforcement proceedings but they are not currently expected to be material.

Other Legal Actions And Regulatory Matters

In the course of its business, Lloyds Banking Group is engaged in discussions with the FSA in relation to a range of conduct of business matters including complaints handling, packaged bank accounts, product terms and sales processes. Lloyds Banking Group is keen to ensure that any regulatory concerns regarding Lloyds Banking Group’s processes, product governance, sales processes or contract terms are understood and addressed. The ultimate impact on Lloyds Banking Group of these discussions can only be known at the conclusion of such discussions.

In addition, during the ordinary course of business Lloyds Banking Group is subject to other threatened and actual legal proceedings (which may include class action lawsuits brought on behalf of customers, shareholders or other third parties, arising out of regulatory investigations or otherwise), regulatory investigations, regulatory challenges and enforcement actions, both in the UK and overseas. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of Lloyds Banking Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management’s best estimate of the amount required to settle the obligation at the relevant balance sheet date. In some cases it will not be possible to form a view, either because the facts are unclear or because further time is needed properly to assess the merits of the case and no provisions are held against such matters. However Lloyds Banking Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position.

Availability of Public Information

Additional information, including copies of the most recent publicly available annual audited financial statements and half-year results of Lloyds TSB Bank and Lloyds Banking Group plc, is available from Investor Relations, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN or from the following internet website

address: <http://www.lloydsbankinggroup.com>. The material contained on this website does not form part of these Final Terms.

The maturity purchaser is also one of the dealers for the notes.

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 2011-2 notes described herein, will be as follows:

GBP 19,678,212,207.88

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 19,678,212,207.88

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:

£2,200,000,000

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:

£2,200,000,000

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 2011-2 notes will have the following terms.

Funding 2 start-up loan provider:	Bank of Scotland
Initial outstanding principal balance:	£133,900,000
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 as the Funding 2 start-up loan provider 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 made available by it 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	£49,346,449.61	Three-month sterling LIBOR plus 0.25% per annum
2007-1	£39,101,813.54	Three-month sterling LIBOR plus 0.25% per annum
2008-1	£87,266,318.10	Three-month sterling LIBOR plus 0.50% per annum
2008-2	£497,553.77	Three-month sterling LIBOR plus 0.25% per annum
2009-1	£0.00	Three-month sterling LIBOR plus 0.25% per annum
2010-1	£4,314,974.72	Three-month sterling LIBOR plus 0.25% per annum
2010-2	£140,525,741.53	Three-month sterling LIBOR plus 0.25% per annum
2011-1	£296,770,279.74	Three-month sterling LIBOR plus 0.25% per annum

Funding 2 Z loans and previous Funding 2 Z loans

The Funding 2 Z loan to be made available to Funding 2 on 1 November 2011 in connection with the 2011-2 notes will have the following terms:

Funding 2 Z loan provider:	Bank of Scotland
Outstanding principal balance:	£1,157,100,000
Interest rate:	Three month sterling LIBOR plus 0.90% per annum

The Funding 2 Z loan made available to Funding 2 by Bank of Scotland as the Funding 2 Z loan provider on the restructuring date had the following terms:

Funding 2 Z loan provider:	Bank of Scotland
Outstanding principal balance:	£1,820,900,000.00
Interest rate:	Three-month sterling LIBOR plus 0.90% per annum

Previous Funding 1 Z loans

The Funding 1 Z loans made available to Funding 1 by Bank of Scotland as the Funding 1 Z loan provider on the restructuring date had the following terms:

Funding 1 Z loan provider:	Bank of Scotland
Outstanding principal balance:	£1,081,100,000.00
Interest rate:	Three-month sterling LIBOR plus 0.90% per annum

Previous Funding 1 start-up loans

All previous start-up loans made available to Funding 1 by Halifax (then in its capacity as the start-up loan provider) in connection with the notes of the Funding 1 issuing entities have been repaid.

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 subordinated 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 under the heading "**Statistical information on the portfolio**" below.

In addition:

- the minimum seller share will be approximately £3,689,000,000;;
- the Funding 1 share will be approximately £2,739,000,000, representing approximately 7.9 per cent. of the trust property;
- the Funding 2 share will be approximately £21,386,000,000, representing approximately 61.6 per cent. of the trust property; and
- the seller share will be approximately £10,595,000,000, representing approximately 30.5 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 December 2012 be at least £25,000,000,000. 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 the 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 February 1996 and no later than 31 October 2010; 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, £405,000,000.

Fitch Portfolio Test Values

For the purposes of the Fitch portfolio tests:

- (a) the margin by which the original weighted average LTV ratio may exceed that at the Closing Date shall be 2 per cent.⁷;
- (b) the percentage limit that the Outstanding Principal Balance of any Loans in the Portfolio with an original weighted average LTV ratio in excess of 80 per cent. represents of the Outstanding Principal Balance of the Loans in the Portfolio shall be 40 per cent.⁸;
- (c) the margin by which the current weighted average LTV ratio may exceed that at the Closing Date shall be 2 per cent.⁹;
- (d) the margin by which the weighted average debt to income multiple may exceed that at the Closing Date shall be 0.35¹⁰; and
- (e) the percentage limit that the Outstanding Principal Balance of any Loans in the Portfolio with an interest only part represents of the Outstanding Principal Balance of the Loans in the Portfolio shall be 50 per cent.¹¹.

⁷ As set out in the base prospectus, this figure may be further adjusted in subsequent final terms.

⁸ As set out in the base prospectus, this figure may be further adjusted in subsequent final terms.

⁹ As set out in the base prospectus, this figure may be further adjusted in subsequent final terms.

¹⁰ As set out in the base prospectus, this figure may be further adjusted in subsequent final terms.

¹¹ As set out in the base prospectus, this figure may be further adjusted in subsequent final terms.

Maturity and prepayment considerations

The average lives of any series and class of the 2011-2 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 2011-2 notes can be made based on certain assumptions. The assumptions used to calculate the possible average lives of each series and class of the 2011-2 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 in the period up to (but excluding) the interest payment date in December 2012, such that the aggregate principal amount outstanding of loans in the portfolio at any time is not less than £25,000,000,000 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 – Distribution of Funding 2 available principal receipts - 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 £0 in the Funding 1 cash accumulation ledger at the closing date;
- (9) the issuing entity exercises its option to redeem the 2011-2 notes on the step-up date, relating to the 2011-2 notes; and
- (10) the closing date is 1 November 2011.

CPR and possible average lives of each series and class of issue 2011-2 notes (in years)

Based upon the foregoing assumptions, the approximate average life in years of each series and class of issue 2011-2 notes, at various assumed rates of repayment of the loans, would be as follows:

Constant payment rate ⁽¹⁾ (per annum)	series 1 class A1 notes	series 1 class A2 notes	series 1 class A3 notes	series 2 class A notes	series 3 class A notes
5 per cent	1.96	2.96	3.96	4.83	9.84
10 per cent	1.96	2.96	3.96	4.83	9.84
15 per cent	1.96	2.96	3.96	4.83	9.84
20 per cent	1.96	2.96	3.96	4.83	9.84
25 per cent	1.96	2.96	3.96	4.83	9.84
30 per cent	1.96	2.96	3.96	4.83	9.84
35 per cent	1.96	2.96	3.96	4.83	9.84

(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 2011–2 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 2011–2 notes would be extended.

The average lives of the 2011–2 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 your 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. For the avoidance of doubt, no further loans and their related security will be sold to the mortgages trustee on the closing date.

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 2011-2 notes and all other notes of the issuing entity and the Funding 1 issuing entities as at 14 September 2011 (the **cut-off date**). Columns stating percentage amounts may not add up to 100% due to rounding. A loan will be removed from any new portfolio if, in the period up to (and including) the assignment date relating to such new portfolio, the loan is repaid in full or if the loan does not comply with the terms of the mortgage sale agreement on or about the applicable assignment date. Once such loans are removed, the seller will then randomly select from the loans remaining in the new portfolio those loans to be assigned on the applicable assignment date once the determination has been made as to the anticipated principal balances of the notes to be issued and the corresponding size of the trust that would be required ultimately to support payments on the notes and all other notes of the issuing entity and the Funding 1 issuing entities. 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 page 46 in these Final Terms reflects the arrears and repossession experience for loans in the 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 432,856 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 £35,502,384,513.96 as at that date. The loans in the expected portfolio as at the cut-off date were originated between 1 February 1996 and 31 October 2010.

As at 1 October 2011, HVR 1 was 3.50% per annum, HVR 2 was 3.40% per annum, HHVR was 3.99% per annum and the Halifax flexible variable rate was 3.40% per annum.

Approximately 1.82% 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 – <£25,000	£1,041,969,331.76	2.93%	82,138	18.98%
£25,000 – <£50,000	£3,229,263,699.91	9.10%	87,106	20.12%
£50,000 – <£75,000	£4,621,520,187.94	13.02%	74,377	17.18%
£75,000 – <£100,000	£5,095,939,641.42	14.35%	58,628	13.54%
£100,000 – <£125,000	£4,749,523,500.81	13.38%	42,492	9.82%
£125,000 – <£150,000	£3,996,803,272.35	11.26%	29,235	6.75%
£150,000 – <£175,000	£3,140,082,711.27	8.84%	19,462	4.50%
£175,000 – <£200,000	£2,337,831,648.18	6.58%	12,532	2.90%
£200,000 – <£225,000	£1,762,720,094.25	4.97%	8,340	1.93%
£225,000 – <£250,000	£1,249,661,449.63	3.52%	5,284	1.22%
£250,000 – <£300,000	£1,704,572,523.13	4.80%	6,266	1.45%
£300,000 – <£350,000	£1,034,637,331.32	2.91%	3,216	0.74%
£350,000 – <£400,000	£688,668,045.26	1.94%	1,849	0.43%
£400,000 – <£450,000	£519,695,402.07	1.46%	1,231	0.28%
£450,000 – <£500,000	£329,495,674.66	0.93%	700	0.16%
>=£500,000	-	0.00%	-	0.00%
Total.....	£ 35,502,384,513.96	100.00%	432,856	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 £499,846.94 and the smallest mortgage account had an outstanding current balance as at the cut-off date of £0.01. The weighted average current balance (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date was £140,952.84.

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 or certain product transfer has been applied for or granted 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% – <25%.....	£ 1,742,011,119.00	4.25%	44,877	10.37%
25% – <50%.....	£ 9,032,838,222.48	22.04%	135,094	31.21%
50% – <75%.....	£ 15,007,541,416.00	36.62%	134,920	31.17%
75% – <80%.....	£ 3,624,706,544.00	8.85%	27,386	6.33%
80% – <85%.....	£ 3,134,845,346.00	7.65%	23,294	5.38%
85% – <90%.....	£ 3,505,700,661.00	8.55%	26,028	6.01%
90% – <95%.....	£ 2,997,123,714.00	7.31%	23,722	5.48%
95% – <=97%.....	£ 1,239,614,655.00	3.02%	13,174	3.04%
>97%.....	£ 695,728,705.00	1.70%	4,361	1.01%
Total.....	£ 40,980,110,382.48	100.00%	432,856	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 64.58%. 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 137.73% and the lowest was 0.04%.

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% – <25%.....	£ 2,524,617,120.43	7.11%	107,891	24.93%
25% – <50%.....	£ 7,356,397,398.07	20.72%	117,227	27.08%
50% – <75%.....	£ 11,442,715,748.89	32.23%	103,478	23.91%
75% – <80%.....	£ 2,863,802,608.05	8.07%	21,962	5.07%
80% – <85%.....	£ 2,812,187,416.30	7.92%	20,830	4.81%
85% – <90%.....	£ 2,710,544,445.14	7.63%	20,226	4.67%
90% – <95%.....	£ 2,192,639,566.21	6.18%	16,113	3.72%
95% – <100%.....	£ 1,563,276,726.54	4.40%	11,056	2.55%
100% – <105%.....	£ 1,002,208,172.04	2.82%	6,932	1.60%
105% – <110%.....	£ 609,215,697.72	1.72%	4,095	0.95%
110% – <115%.....	£ 268,926,494.39	0.76%	1,899	0.44%
115% – <120%.....	£ 117,452,787.92	0.33%	874	0.20%
120% – <125%.....	£ 27,888,605.33	0.08%	206	0.05%
>=125%.....	£ 10,511,726.94	0.03%	67	0.02%
Total.....	£ 35,502,384,513.96	100.00%	432,856	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 65.25%. The highest LTV ratio of any mortgage account (including any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) was 144.93% 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.....	£ 10,376,039,810.56	29.23%	84,783	19.59%
Midlands & East Anglia.....	£ 7,606,200,816.25	21.42%	93,461	21.59%
North.....	£ 4,854,694,153.25	13.67%	78,151	18.05%
North West.....	£ 4,131,058,827.90	11.64%	63,271	14.62%
Scotland.....	£ 3,572,486,737.17	10.06%	54,452	12.58%
South Wales & West.....	£ 4,933,160,357.48	13.90%	58,471	13.51%
Unknown*.....	£ 28,743,811.34	0.08%	267	0.06%
Total.....	£ 35,502,384,513.96	100.00%	432,856	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 as at the cut-off date.

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%
6 to <12	£ 311,707,092.77	0.88%	2,893	0.67%
12 to <18	£ 662,901,221.30	1.87%	6,233	1.44%
18 to <24	£ 1,565,499,767.79	4.41%	14,791	3.42%
24 to <30	£ 1,268,274,891.61	3.57%	12,586	2.91%
30 to <36	£ 3,117,656,151.56	8.78%	26,314	6.08%
36 to <42	£ 2,103,563,966.01	5.93%	16,548	3.82%
42 to <48	£ 1,714,361,618.32	4.83%	13,177	3.04%
48 to <54	£ 4,291,203,062.74	12.09%	33,751	7.80%
54 to <60	£ 2,328,433,813.89	6.56%	21,271	4.91%
60 to <66	£ 2,522,129,711.01	7.10%	26,256	6.07%
66 to <72	£ 1,931,564,243.64	5.44%	21,175	4.89%
>=72	£ 13,685,088,973.32	38.55%	237,861	54.95%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%

The maximum, minimum and weighted average seasoning of loans as at the cut-off date is 186.91, 10.51 and 67.46 months, respectively.

Years to maturity of loans

The following table shows the number of remaining years of the term of the 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	£ 1,657,469,700.57	4.67%	51,235	11.84%
5 to <10	£ 3,728,163,799.75	10.50%	69,075	15.96%
10 to <15	£ 6,606,829,039.61	18.61%	93,785	21.67%
15 to <20	£ 12,146,966,531.67	34.21%	124,410	28.74%
20 to <25	£ 8,679,934,122.81	24.45%	70,077	16.19%
25 to <30	£ 2,683,021,319.55	7.56%	24,274	5.61%
>=30	-	0.00%	-	0.00%
Total.....	£ 35,502,384,513.95	100.00%	432,856	100.00%

The maximum, minimum and weighted average remaining term of the loans as at the cut-off date was 28.83, 16.64 and 0 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	£ 22,527,089,756.65	63.45%	284,668	65.77%
Remortgage	£ 12,975,294,757.31	36.55%	148,188	34.23%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%

As at the cut-off date, the weighted average balance of loans used to finance the purchase of a new property was £135,607.46 and the weighted average balance of loans used to remortgage a property already owned by the borrower was £150,233.24.

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 house	£ 5,952,143,498.20	16.77%	41,263	9.53%
Semi-detached house ...	£ 6,890,665,098.42	19.41%	69,170	15.98%
Terraced house	£ 6,795,612,189.92	19.14%	71,760	16.58%
House – detachment type unknown ¹	£ 53,773,759.51	0.15%	472	0.11%
Flat or maisonette	£ 4,092,811,331.27	11.53%	39,720	9.18%
Bungalow	£ 1,203,858,079.58	3.39%	12,693	2.93%
Unknown ²	£ 10,513,520,557.07	29.61%	197,778	45.69%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%

Detachment type of Unknown property type	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Detached.....	£ 3,107,318,443.11	8.75%	46,236	10.68%
Semi-detached	£ 3,372,556,762.99	9.50%	69,675	16.10%
Terraced	£ 3,180,259,104.79	8.96%	66,433	15.35%
Other ³	£ 853,386,246.17	2.40%	15,434	3.57%
Total Unknown	£ 10,513,520,557.07	29.61%	197,778	45.69%

1 Where the detachment type of the house is not shown in the seller's records.

2 Where the property type is not shown in the seller's records.

3 Primarily flats or maisonettes.

As at the cut-off date, the weighted average balance of loans secured by detached houses, semi-detached houses, terraced houses and flats was £204,884.37, £140,782.80, £134,699.45 and £152,526.98 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.....	£ 14,532,512,756.60	40.93%	213,890	49.41%
Intermediaries	£ 20,928,648,993.30	58.95%	217,773	50.31%
Other channels.....	£ 41,222,764.06	0.12%	1,193	0.28%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%

The direct origination includes former 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 £116,641.80, £157,965.66 and £74,125.10, 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.....	£ 19,789,511,493.15	55.74%	290,610	67.14%
Interest-only	£ 15,712,873,020.80	44.26%	142,246	32.86%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%

As at the cut-off date, the weighted average balance of repayment loans and interest-only loans was £112,004.42 and £177,411.82, respectively.

Payment methods

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
Direct debit	£ 33,012,141,609.61	92.99%	396,763	91.66%
Other	£ 2,490,242,904.35	7.01%	36,093	8.34%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%

* External standing orders, internal standing orders and payments made over the counter at a branch.

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
Added variable rate loans	£ 89,511,475.86	0.25%	913	0.21%
Discounted variable rate loans....	£ 342,063,097.93	0.96%	2,494	0.58%
Fixed rate loans.....	£ 10,325,681,507.12	29.08%	119,999	27.72%
Tracker rate loans	£ 6,715,069,193.63	18.91%	77,838	17.98%
Standard variable rate loans	£ 18,030,059,239.41	50.79%	231,612	53.51%
Total.....	£ 35,502,384,513.96	100.00%	432,856	100.00%
<i>Of which</i> Flexible loans	£ 187,373,473.97	0.53%	1,878	0.43%

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 – <4.00	£ 506,324,325.67	4.90%	9,179	7.65%
4.00 – <5.00	£ 2,921,683,418.28	28.30%	33,098	27.58%
5.00 – <6.00	£ 4,404,830,719.38	42.66%	47,369	39.47%
6.00 – <7.00	£ 2,214,599,099.19	21.45%	26,629	22.19%
>=7.00	£ 278,243,944.60	2.69%	3,724	3.10%
Total.....	£ 10,325,681,507.12	100.00%	119,999	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
2011	£ 2,444,678,853.33	23.68%	24,577	20.48%
2012	£ 3,504,326,721.13	33.94%	39,493	32.91%
2013	£ 1,911,386,644.02	18.51%	19,648	16.37%
2014	£ 1,595,708,212.50	15.45%	18,133	15.11%
2015	£ 217,691,938.18	2.11%	3,832	3.19%
2016	£ 217,523,084.11	2.11%	3,276	2.73%
2017	£ 204,615,429.12	1.98%	3,113	2.59%
2018	£ 162,258,334.38	1.57%	2,035	1.70%
>=2019	£ 67,492,290.37	0.65%	5,892	4.91%
Total.....	£ 10,325,681,507.12	100.00%	119,999	100.00%

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
September 2011	16.76%	17.09%	16.29%

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 £92,587,775.44 as at 30 September 2011.

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. The seller will represent and warrant on the closing date that no loan to be transferred to the mortgages trust on the closing date will have experienced any arrears in the prior 12 months. 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) as at the cut-off date

	<u>31 Jan 07</u>	<u>31 Jan 08</u>	<u>31 Jan 09</u>	<u>31 Jan 10</u>	<u>31 Jan 11</u>
Outstanding balance	£50,544,127,165.60	£48,978,380,003.21	£44,198,875,848.08	£43,531,836,546.10	39,697,817,767.99
Number of loans outstanding	646,390	586,431	523,150	511,647	474,117
Outstanding balance of loans in arrears					
1 – <2 months	£527,083,941.21	£539,139,333.78	£544,634,751.01	£491,379,008.79	£503,612,578.36
2 – <3 months	£161,577,871.04	£184,891,774.32	£230,757,585.77	£197,385,684.74	£213,257,390.01
3 – <6 months	£233,271,908.07	£245,462,870.67	£323,418,620.36	£296,546,648.58	£344,757,983.24
6 – <12 months	£146,426,692.91	£165,568,536.56	£238,136,946.34	£260,469,450.96	£254,520,548.20
12+ months	£59,345,435.89	£76,743,514.90	£97,752,143.36	£151,721,522.67	£168,424,680.95
Total outstanding balance of loans in arrears	<u>£1,127,705,849.12</u>	<u>£1,211,806,030.23</u>	<u>£1,434,700,046.84</u>	<u>£1,397,502,315.74</u>	<u>£1,484,573,180.76</u>
Total outstanding balance of loans in arrears as % of the outstanding balance	<u>2.23%</u>	<u>2.47%</u>	<u>3.25%</u>	<u>3.21%</u>	<u>3.74%</u>
Outstanding balance of loans relating to properties in possession	<u>£20,433,920.36</u>	<u>£31,467,372.39</u>	<u>£54,268,966.80</u>	<u>£34,621,127.26</u>	<u>£28,162,007.73</u>
Outstanding balance of loans relating to properties sold during the period ¹²	<u>£41,221,611.73</u>	<u>£69,396,097.76</u>	<u>£115,919,921.24</u>	<u>£144,095,606.05</u>	<u>£86,264,900.25</u>
Net loss on sales of all repossessed properties ¹³	<u>£3,549,112.14</u>	<u>£5,230,967.80</u>	<u>£23,429,456.02</u>	<u>£31,171,538.40</u>	<u>£17,416,577.06</u>
Ratio of aggregate net losses to aggregate outstanding balance of loans	<u>0.00702</u>	<u>0.01068</u>	<u>0.05301</u>	<u>0.07161</u>	<u>0.04387</u>
Average net loss on all properties sold	<u>£10,287.28</u>	<u>£9,832.65</u>	<u>£27,531.68</u>	<u>£29,214.19</u>	<u>£24,987.92</u>
Number of loans outstanding in arrears					
1 – <2 months	5,741	5,479	5,370	4,803	4,975
2 – <3 months	1,728	1,847	2,271	1,942	2,061
3 – <6 months	2,427	2,572	3,086	2,876	3,269
6 – <12 months	1,518	1,686	2,246	2,401	2,393
12+ months	549	694	876	1,340	1,520

¹² Properties sold may relate to properties taken into possession in prior periods.

¹³ Net loss is net of recoveries in the current period on properties sold in prior periods.

	<u>31 Jan 07</u>	<u>31 Jan 08</u>	<u>31 Jan 09</u>	<u>31 Jan 10</u>	<u>31 Jan 11</u>
Total number of loans outstanding in arrears	<u>11,963</u>	<u>12,278</u>	<u>13,849</u>	<u>13,362</u>	<u>14,218</u>
Total number of loans outstanding in arrears as % of the number of loans Outstanding	<u>1.85%</u>	<u>2.09%</u>	<u>2.65%</u>	<u>2.61%</u>	<u>3.00%</u>
Number of properties in possession.....	<u>174</u>	<u>253</u>	<u>415</u>	<u>297</u>	<u>247</u>
Number of properties sold during the period.....	<u>345</u>	<u>532</u>	<u>851</u>	<u>1,067</u>	<u>697</u>

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 some borrowers being unable to sell their property or to refinance their loans due to either a lack of equity, in some instances negative equity, or the lack of available housing finance.

Whilst the economy slowed during 2008 and was in recession for the majority of 2009, during which time unemployment rose, interest rates fell 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 United Kingdom 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 PPR rates

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

Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)
December 1998	15.00	14.24	June 2005.....	21.32	21.10
March 1999	12.32	14.41	September 2005	24.29	21.10
June 1999	15.96	14.85	December 2005	24.61	22.04
September 1999	17.55	15.21	March 2006	22.27	23.12
December 1999	16.47	15.57	June 2006	23.37	23.64
March 2000	13.62	15.90	September 2006.....	24.95	23.80
June 2000	15.31	15.73	December 2006.....	24.87	23.87
September 2000	15.97	15.34	March 2007	23.80	24.25
December 2000	15.67	15.14	June 2007.....	24.84	24.61
March 2001	15.38	15.58	September 2007.....	25.48	24.74
June 2001	18.23	16.31	December 2007.....	23.55	24.42
September 2001	20.25	17.39	March 2008	19.56	23.36
December 2001	20.06	18.48	June 2008.....	20.88	22.37
March 2002	18.75	19.32	September 2008.....	20.15	21.03
June 2002	21.10	20.04	December 2008.....	15.33	18.98
September 2002	23.63	20.89	March 2009	12.91	17.32
December 2002	22.89	21.59	June 2009.....	11.39	14.95
March 2003	21.24	22.22	September 2009.....	12.77	13.10
June 2003	22.43	22.55	December 2009.....	11.99	12.27
September 2003	24.03	22.65	March 2010	9.60	11.44
December 2003	24.87	23.14	June 2010.....	10.60	11.24
March 2004	21.22	23.14	September 2010.....	11.30	10.87
June 2004	22.93	23.26	December 2010.....	10.96	10.62
September 2004	24.27	23.32	March 2011	10.03	10.73
December 2004	20.85	22.32	June 2011	10.59	10.73
March 2005	17.96	21.50			

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

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	2009.....	0.42
1992	0.69	2001.....	0.16	2010.....	0.32
1993	0.58	2002.....	0.11		

Source: Council of Mortgage Lenders

All information contained in these Final Terms in respect of industry PPR rates and repossession rates has been reproduced from information published by the Council of Mortgage Lenders. The issuing entity confirms that all information in these Final Terms in respect of industry PPR rates and repossession rates has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Council of Mortgage Lenders, no facts have been omitted which would render the reproduced information inaccurate or misleading.

House price to earnings ratio

The following table shows the ratio for each year since 1994 of the average house price compared to the average annual income of borrowers in the United Kingdom.

Year	Average annual earnings (£)	Average house price (£)	House price to earnings ratio
1994	22,288	64,787	2.91
1995	23,114	65,644	2.84
1996	24,740	70,626	2.85
1997	26,086	76,103	2.92
1998	27,317	81,774	2.99
1999	29,864	92,521	3.10
2000	31,193	101,550	3.26
2001	33,967	112,835	3.32
2002	36,277	128,265	3.54
2003	38,538	155,627	4.04
2004	39,873	180,248	4.52
2005	43,690	190,760	4.37
2006	50,789	204,813	4.03
2007	53,617	223,405	4.17
2008	54,527	227,765	4.18
2009	53,975	226,064	4.19
2010	57,996	251,634	4.34

Source: Department for Communities and Local Government

House prices and incomes vary throughout England, Wales and Scotland. The table below summarises the average house price and the average income of borrowers for each region for the year ended 31 December 2010 in order to produce a house price to earnings ratio for each region.

Regions	Average annual earnings (£)	Average house price (£)	House price to earnings ratio
North	44,994	164,861	3.66
North West	47,347	181,073	3.82
Yorkshire & Humberside	46,738	182,383	3.90
East Midlands.....	47,165	184,958	3.92
West Midlands	49,358	201,498	4.08
East Anglia.....	51,722	219,984	4.25
London	82,811	385,180	4.65
South East.....	62,261	287,167	4.61
South West.....	53,605	240,245	4.48
Wales	45,162	171,784	3.80
Scotland	49,749	185,715	3.73

Source: Department for Communities and Local Government

All information contained in these Final Terms in respect of average house prices and average earnings has been reproduced from information published by the Department for Communities and Local Government. The issuing entity confirms that all information in these Final Terms in respect of average house prices and average earnings has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Department for Communities and Local Government, no facts have been omitted which would render the reproduced information inaccurate or misleading.

House price index

United Kingdom residential property prices, as measured by the Nationwide House Price Index and the Halifax House Price Index (collectively the **Housing Indices**), have generally outperformed the United Kingdom Retail Price Index in the recent past. (Nationwide is a United Kingdom building society and Halifax is a brand name of Bank of Scotland, a United Kingdom bank.)

The United Kingdom 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 mid 2007 through late 2009.

Year	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
1988	106.9	4.9	.	.	184.8	23.3
1989	115.2	7.8	.	.	223.1	20.7
1990	126.1	9.5	.	.	223.2	0.0
1991	133.5	5.9	107.1	.	220.5	(1.2)
1992	138.5	3.7	103.0	(3.8)	208.1	(5.6)
1993	140.7	1.6	102.1	(0.8)	202.1	(2.9)
1994	144.1	2.4	103.5	1.3	203.1	0.5
1995	149.1	3.5	102.3	(1.2)	199.6	(1.7)
1996	152.7	2.4	106.3	4.0	208.6	4.5
1997	157.5	3.1	117.9	10.9	221.7	6.3
1998	162.9	3.4	129.8	10.1	233.7	5.4
1999	165.4	1.5	141.7	9.2	250.5	7.2
2000	170.3	3.0	160.0	12.9	275.1	9.8
2001	173.3	1.8	177.0	10.6	298.6	8.5
2002	176.2	1.7	211.8	19.7	350.6	17.4
2003	181.3	2.9	253.0	19.5	429.1	22.4
2004	186.7	3.0	296.3	17.1	507.6	18.3
2005	192.0	2.8	311.4	5.1	536.6	5.7
2006	198.1	3.2	331.4	6.4	581.3	8.3
2007	206.6	4.3	361.7	9.1	635.9	9.4
2008	214.8	4.0	337.4	(6.7)	585.9	(7.9)
2009	213.7	(0.5)	312.4	(7.4)	524.6	(10.5)
2010	223.6	4.6	330.6	5.8	539.6	2.9

Source: Office for National Statistics, Nationwide Building Society and Lloyds Banking Group.

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

$(X-Y)/Y$ where **X** is equal to the current year's index value and **Y** is equal to the index value of the previous year.

The figures for the Nationwide House Price Index are the average of the published monthly indices for that year (monthly indices not available for the period prior to 1991).

Quarterly house price index

Quarter	Retail Price Index		Nationwide House Price Index (SA)*		Halifax House Price Index (SA)*	
	Index	% annual change	Index	% annual change	Index	% annual change
March 2007	203.0	4.5	353.9	9.5	623.5	11.3
June 2007	206.3	4.4	360.2	10.2	639.4	11.2
September 2007	207.1	3.9	365.0	9.3	646.5	11.1
December 2007	209.8	4.2	367.8	6.8	638.8	5.4
March 2008	211.1	4.0	361.9	2.3	630.0	1.0
June 2008	215.3	4.4	345.7	(4.0)	597.6	(6.5)
September 2008	217.4	5.0	327.3	(10.3)	564.0	(12.8)
December 2008	215.5	2.7	313.4	(14.8)	534.6	(16.3)
March 2009	210.9	(0.1)	302.5	(16.4)	517.7	(17.8)
June 2009	212.6	(1.3)	305.1	(11.8)	510.6	(14.6)
September 2009	214.4	(1.4)	317.0	(3.1)	523.6	(7.2)
December 2009	216.9	0.6	324.0	3.4	540.4	1.1
March 2010	219.3	4.0	329.6	9.0	543.6	5.0
June 2010	223.5	5.1	333.9	9.4	543.6	6.5
September 2010	224.5	4.7	330.9	4.4	536.8	2.5
December 2010	227.0	4.7	326.0	0.6	531.1	(1.7)
March 2011	230.9	5.3	328.8	(0.2)	527.2	(3.0)
June 2011	234.9	5.1	329.7	(1.2)	524.7	(3.5)

Source: Office for National Statistics, Nationwide Building Society and Lloyds Banking Group. *Seasonally adjusted.

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

$(X-Y)/Y$ 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 Retail Price Index has been reproduced from information published by the Office for National Statistics. 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 Lloyds Banking Group. The issuing entity confirms that all information in these Final Terms in respect of the Retail Price Index, 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 the Office for National Statistics, Nationwide Building Society and Lloyds Banking Group, 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 Lloyds Banking Group 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 section 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 section 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 PPR data set out on page 50 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 (dissolved)
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
May 2010	£4,975,100,475	44,756	N/A
March 2011	£2,606,665,774	26,244	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 this base prospectus is not deemed part of this base prospectus to the extent that the static pool information relates to loans originated by Halifax prior to 1 January 2006.

Portfolio arrears by year of origination

Loans originated in 2005 as at each specified date

	31 December 2006				31 December 2007				31 December 2008			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month.....	117,402	£11,777,961,985.89	98.79%	98.67%	71,349	£6,743,950,599.09	97.23%	96.70%	54,037	£4,840,202,563.35	96.04%	94.95%
1 – < 2 months.....	767	£84,525,416.88	0.65%	0.71%	892	£100,267,637.68	1.22%	1.44%	783	£85,996,465.96	1.39%	1.69%
2 – < 3 months.....	231	£23,516,928.73	0.19%	0.20%	354	£39,171,084.11	0.48%	0.56%	338	£39,076,709.13	0.60%	0.77%
3 – < 6 months.....	277	£30,603,318.38	0.23%	0.26%	415	£46,175,852.00	0.57%	0.66%	510	£60,226,760.13	0.91%	1.18%
6 – < 12 months.....	139	£16,491,054.25	0.12%	0.14%	288	£33,976,110.71	0.39%	0.49%	438	£51,847,367.15	0.78%	1.02%
12+ months.....	27	£3,886,124.87	0.02%	0.03%	82	£10,607,617.36	0.11%	0.15%	159	£20,441,642.37	0.28%	0.40%
Total.....	118,843	£11,936,984,829.00	100.00%	100.00%	73,380	£6,974,148,900.95	100.00%	100.00%	56,265	£5,097,791,508.09	100.00%	100.00%

	31 December 2009				31 December 2010			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month.....	47,524	£4,170,379,076.81	95.99%	94.95%	42,046	£3,593,620,115.90	95.66%	94.40%
1 – < 2 months.....	605	£63,147,606.84	1.22%	1.44%	648	£68,026,338.40	1.47%	1.79%
2 – < 3 months.....	270	£28,951,694.17	0.55%	0.66%	240	£27,990,383.73	0.55%	0.74%
3 – < 6 months.....	449	£50,898,304.63	0.91%	1.16%	427	£46,991,200.80	0.97%	1.23%
6 – < 12 months.....	420	£49,142,695.69	0.85%	1.12%	350	£40,020,335.35	0.80%	1.05%
12+ months.....	243	£29,719,530.48	0.49%	0.68%	244	£29,979,795.08	0.56%	0.79%
Total.....	49,511	£4,392,238,908.62	100.00%	100.00%	43,955	£3,806,628,169.26	100.00%	100.00%

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

	31 December 2006				31 December 2007				31 December 2008			
	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%	59,552	£6,271,601,231.58	97.49%	97.16%
1 – < 2 months.....	208	£22,849,034.08	0.28%	0.28%	502	£60,500,157.75	0.52%	0.56%	706	£84,204,495.45	1.16%	1.30%
2 – < 3 months.....	25	£2,816,012.64	0.03%	0.03%	128	£15,580,802.96	0.13%	0.14%	258	£31,101,645.89	0.42%	0.48%
3 – < 6 months.....	15	£1,413,844.40	0.02%	0.02%	150	£16,529,281.60	0.16%	0.15%	299	£35,602,585.18	0.49%	0.55%
6 – < 12 months.....					58	£6,940,263.24	0.06%	0.06%	224	£26,689,519.08	0.37%	0.41%
12+ months.....					5	£1,114,643.27	0.01%	0.01%	49	£5,781,581.03	0.08%	0.09%
Total.....	73,554	£8,222,454,279.66	100.00%	100.00%	95,960	£10,834,016,426.43	100.00%	100.00%	61,088	£6,454,981,058.21	100.00%	100.00%

	31 December 2009				31 December 2010			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	53,423	£5,455,104,940.79	97.02%	96.55%	48,097	£4,801,382,083.80	96.59%	96.04%
1 – < 2 months.....	593	£70,398,740.78	1.08%	1.25%	633	£74,337,986.25	1.27%	1.49%
2 – < 3 months.....	240	£26,311,377.09	0.44%	0.47%	258	£29,476,589.11	0.52%	0.59%
3 – < 6 months.....	352	£42,008,881.63	0.64%	0.74%	377	£42,889,719.97	0.76%	0.86%
6 – < 12 months.....	323	£40,153,708.37	0.59%	0.71%	271	£32,393,246.92	0.54%	0.65%
12+ months.....	134	£16,097,014.00	0.24%	0.28%	158	£18,623,044.90	0.32%	0.37%
Total.....	55,065	£5,650,074,662.66	100.00%	100.00%	49,794	£4,999,102,670.95	100.00%	100.00%

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

	31 December 2006				31 December 2007				31 December 2008			
	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%	69,932	£9,426,481,992.77	98.54%	98.48%
1 - < 2 months					204	£28,036,008.72	0.41%	0.42%	580	£81,680,656.44	0.82%	0.85%
2 - < 3 months					46	£5,857,038.49	0.09%	0.09%	166	£22,367,569.93	0.23%	0.23%
3 - < 6 months					19	£1,826,236.28	0.04%	0.03%	189	£28,091,104.81	0.27%	0.29%
6 - < 12 months					1	£51,545.27	0.00%	0.00%	93	£11,933,498.47	0.13%	0.12%
12+ months									9	£1,848,278.96	0.01%	0.02%
Total					49,907	£6,707,000,868.10	100.00%	100.00%	70,969	£9,572,403,101.38	100.00%	100.00%

	31 December 2009				31 December 2010			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	59,893	£7,866,095,706.53	97.55%	97.41%	54,267	£6,959,257,092.04	97.17%	96.95%
1 - < 2 months	568	£77,251,222.46	0.93%	0.96%	622	£86,076,627.66	1.11%	1.20%
2 - < 3 months	229	£32,755,519.85	0.37%	0.41%	212	£28,048,284.04	0.38%	0.39%
3 - < 6 months	333	£43,217,294.28	0.54%	0.54%	353	£48,452,250.93	0.63%	0.67%
6 - < 12 months	295	£42,907,847.76	0.48%	0.53%	242	£32,614,155.20	0.43%	0.45%
12+ months	79	£12,801,631.61	0.13%	0.16%	151	£23,685,852.17	0.27%	0.33%
Total	61,397	£8,075,029,222.49	100.00%	100.00%	55,847	£7,178,134,262.04	100.00%	100.00%

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

	31 December 2006				31 December 2007				31 December 2008			
	Number	Principal balance	% by number	% by balance	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%
1 – < 2 months									42	£6,773,637.63	1.04%	1.24%
2 – < 3 months									9	£1,213,738.64	0.22%	0.22%
3 – < 6 months									12	£1,724,138.00	0.30%	0.32%
6 – < 12 months									2	£234,712.46	0.05%	0.04%
12+ months												
Total									4,047	£547,209,613.73	100.00%	100.00%

	31 December 2009				31 December 2010			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	38,333	£4,885,733,478.37	98.24%	98.05%	40,076	£5,099,605,444.31	97.14%	96.89%
1 – < 2 months	372	£51,704,674.64	0.95%	1.04%	522	£69,532,774.29	1.27%	1.32%
2 – < 3 months	117	£16,671,648.84	0.30%	0.33%	183	£25,432,815.15	0.44%	0.48%
3 – < 6 months	131	£18,760,144.21	0.34%	0.38%	277	£37,875,767.06	0.67%	0.72%
6 – < 12 months	59	£9,537,270.96	0.15%	0.19%	163	£25,315,418.59	0.40%	0.48%
12+ months	6	£712,981.04	0.02%	0.01%	36	£5,365,010.58	0.09%	0.10%
Total	39,018	£4,983,120,198.06	100.00%	100.00%	41,257	£5,263,127,229.98	100.00%	100.00%

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

	31 December 2006				31 December 2007				31 December 2008			
	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 2009				31 December 2010			
	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%	28,997	£3,135,358,466.62	98.13%	97.94%
1 - < 2 months	100	£13,227,830.01	1.01%	1.17%	300	£34,097,549.04	1.02%	1.07%
2 - < 3 months	20	£2,270,373.22	0.20%	0.20%	82	£9,832,808.16	0.28%	0.31%
3 - < 6 months	20	2,374,551.54	0.20%	0.21%	117	£15,308,606.02	0.40%	0.48%
6 - < 12 months	1	£52,129.69	0.01%	0.00%	46	£5,698,343.73	0.16%	0.18%
12+ months					7	£862,333.40	0.02%	0.03%
Total	9,891	£1,127,816,933.54	100.00%	100.00%	29,549	£3,201,158,106.97	100.00%	100.00%

**Loans originated in 2010
as at each specified date**

	31 December 2006				31 December 2007				31 December 2008			
	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 2009				31 December 2010			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month					1,680	£193,974,121.48	98.36%	98.42%
1 - < 2 months					19	£1,991,605.01	1.11%	1.01%
2 - < 3 months					5	£584,896.39	0.29%	0.30%
3 - < 6 months					3	£488,863.82	0.18%	0.25%
6 - < 12 months					1	£41,817.60	0.06%	0.02%
12+ months								
Total					1,708	£197,081,304.30	100.00%	100.00%

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

	31 December 2006				31 December 2007				31 December 2008			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	618,083	£47,445,892,789.31	98.24%	97.86%	551,598	£44,556,244,768.94	97.90%	97.50%	466,416	£37,224,032,569.02	97.19%	96.42%
1 - < 2 months	5,138	£463,210,363.13	0.82%	0.96%	5,278	£505,757,502.62	0.94%	1.11%	5,559	£549,662,047.43	1.16%	1.42%
2 - < 3 months	1,678	£151,249,768.79	0.27%	0.31%	1,902	£183,445,192.91	0.34%	0.40%	2,151	£220,796,709.79	0.45%	0.57%
3 - < 6 months	2,256	£217,181,379.81	0.36%	0.45%	2,335	£218,802,589.38	0.41%	0.48%	2,833	£294,194,575.89	0.59%	0.76%
6 - < 12 months	1,521	£149,064,273.65	0.24%	0.31%	1,647	£162,713,477.08	0.29%	0.36%	2,137	£227,390,850.24	0.45%	0.59%
12+ months	511	£56,123,962.66	0.08%	0.12%	663	£72,830,463.34	0.12%	0.16%	803	£89,085,851.36	0.17%	0.23%
Total	629,187	£48,482,722,537.35	100.00%	100.00%	563,423	£45,699,793,994.27	100.00%	100.00%	479,899	£38,605,162,603.73	100.00%	100.00%

	31 December 2009				31 December 2010			
	Number	Principal balance	% by number	% by balance	Number	Principal balance	% by number	% by balance
< 1 month	457,351	£37,511,510,068.03	97.14%	96.39%	437,569	£36,008,557,141.42	96.79%	95.97%
1 - < 2 months	4,854	£487,448,366.26	1.03%	1.25%	5,476	£556,692,649.37	1.21%	1.48%
2 - < 3 months	1,938	£201,693,493.30	0.41%	0.52%	2,055	£212,511,936.17	0.45%	0.57%
3 - < 6 months	2,885	£297,428,785.56	0.61%	0.76%	3,188	£333,617,923.56	0.71%	0.89%
6 - < 12 months	2,496	£273,295,872.35	0.53%	0.70%	2,311	£247,674,942.07	0.51%	0.66%
12+ months	1,300	£145,836,974.49	0.28%	0.37%	1,472	£162,063,629.54	0.33%	0.43%
Total	470,824	£38,917,213,559.99	100.00%	100.00%	452,071	£37,521,118,222.13	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:

Duly authorised