

Final Terms dated 20 May 2008

PERMANENT MASTER ISSUER PLC

(Incorporated with limited liability in England and Wales with registered number 5922774)

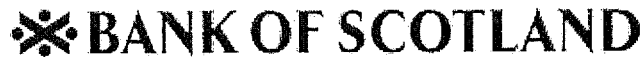
Mortgage Backed Note Programme

2008-2 Issue

Series	Class	Interest rate	Initial principal amount	Issue price	Scheduled redemption	Maturity
Series 1	Class A	0.85% margin over three-month Sterling LIBOR	£500,000,000	100%	January 2012	April 2014

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the base prospectus dated 4 January 2008 (the **Base Prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the final terms (the **Final Terms**) of the series (the **Series**) and each class (each a **Class**) of 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 **2008-2 notes**) to be issued on 28 May 2008 (the **closing date**) and must be read in conjunction with the Base Prospectus. Full information on the Master Issuer (also referred to as the **issuing entity**) and the offer of the 2008-2 notes 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.

Arranger for the programme



Joint Lead Managers		
Bank of Scotland	Citi	UBS Investment Bank

1.	Series and Class:	Series 1 Class A
2.	Master Issuer:	Permanent Master Issuer plc
3.	Specified Currency or Currencies:	Sterling
4.	Initial Principal Amount:	£500,000,000
5.	(a) Issue Price:	100% of the Initial Principal Amount
	(b) Gross Proceeds:	£500,000,000
6.	Funding 2 Reserve Required Amount:	£301,900,000
7.	Ratings (Standard&Poor's/ Moody's/Fitch):	AAA/Aaa/AAA
8.	Specified Denominations:	£50,000 and integral multiples of £1,000 in excess thereof
9.	(a) Closing Date:	28 May 2008
	(b) Interest Commencement Date:	28 May 2008
10.	Final Maturity Date:	Interest Payment Date falling in April 2014
11.	Interest Basis:	Three-month Sterling LIBOR Floating Rate
12.	Redemption/Payment Basis:	Bullet
13.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
14.	(a) Listing:	London Stock Exchange's Regulated Market
	(b) Estimate of total expenses related to admission to trading:	For all Notes, £900,000
15.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:	Not Applicable
	(a) Rate(s) of Interest:	Not Applicable
	(b) Interest Payment Date(s):	Not Applicable
	(c) Fixed Coupon Amount(s):	Not Applicable
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Not Applicable
	(f) Determination Date(s):	Not Applicable
	(g) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions:	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 the 15th day of July 2008
	(b) Business Day Convention:	Following Business Day Convention
	(c) Additional Business Centre(s):	Not Applicable
	(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination

	(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank):	Not Applicable
	(f) Screen Rate Determination:	
	• Reference Rate:	Three-month Sterling LIBOR (or, in respect of the first Interest Period, the linear interpolation of one-month Sterling LIBOR and two-month Sterling LIBOR)
	• Interest Determination Date(s):	The first day of each Interest Period
	• Relevant Screen Page:	Reuters Monitor Money Rates Service at the page designated as LIBOR 01
	(g) ISDA Determination:	
	• Floating Rate Option:	Not Applicable
	• Designated Maturity:	Not Applicable
	• Reset Date:	Not Applicable
	(h) Margin(s):	0.85% per annum
	(i) Minimum Rate of Interest:	Not Applicable
	(j) Maximum Rate of Interest:	Not Applicable
	(k) Step-Up Date:	Not Applicable
	• Step-Up Margin(s):	Not Applicable
	• Step-Up Minimum Rate of Interest:	Not Applicable
	• Step-Up Maximum Rate of Interest:	Not Applicable
	(l) Day Count Fraction:	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
18.	Zero Coupon Note Provisions:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Form of Notes:	Registered Notes: Reg S Global Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
20.	Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	Not Applicable
21.	Details relating to Bullet Redemption Notes:	Applicable
	(a) Redemption Amount:	£500,000,000
	(b) Bullet Redemption Date:	Interest Payment Date occurring in January 2012
22.	Details relating to Scheduled Redemption Notes:	Not Applicable
	(a) Scheduled Redemption Dates:	Not Applicable
	(b) Scheduled Amortisation Instalments:	Not Applicable
23.	Details relating to Pass-Through Notes:	Not Applicable

24.	Redemption Amount:	Condition 5.7 applies
25.	(a) Interest Payment Date for Regulatory Call:	Not Applicable
	(b) Call Option Date:	On the Interest Payment Date occurring in January 2012 and each Interest Payment Date thereafter
26.	Issuing Entity Swap Provider(s):	Not Applicable
27.	Specified currency exchange rate (Sterling/specified currency):	Not Applicable
28.	Redenomination applicable:	Applicable
29.	U.S. tax treatment:	Not Applicable. (These notes are not being offered or sold in the United States)
30.	ERISA eligible:	Not Applicable. (These notes are not being offered or sold in the United States)
31.	Other final terms:	Not Applicable
32.	Money Market Notes (2a-7):	No
	(a) Money Market Note Purchaser (if applicable):	Not Applicable
	(b) 2a-7 Swap Provider (if applicable):	Not Applicable
	(c) Do the Notes have the benefit of Remarketing Arrangements?	Not Applicable

DISTRIBUTION

33.	(a) If syndicated, names of Managers:	Bank of Scotland plc, Treasury Division, Citigroup Global Markets Limited and UBS Limited
	(b) Stabilising Manager (if any):	Citigroup Global Markets Limited
34.	If non-syndicated, name of relevant Dealer:	Not Applicable
35.	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable
36.	Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

37.	Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification numbers:	Not Applicable
38.	Delivery:	Delivery against payment
39.	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
40.	ISIN Code:	XS0365842466
41.	Common Code:	036584246
42.	CUSIP:	Not Applicable

RATED LOAN TRANCHE INFORMATION

43.	Rated Loan Tranche:	AAA (Series 1 Class A) Loan Tranche
44.	Borrower:	Permanent Funding (No. 2) Limited
45.	Designated Rated Loan Tranche	AAA/Aaa/AAA

	rating:	
46.	Designation of Rated Loan Tranche:	Bullet Loan Tranche
47.	Initial Principal Amount:	£500,000,000
	(a) Closing Date:	28 May 2008
	(b) Interest Commencement Date:	28 May 2008
48.	Rated Loan Tranche rate:	Sum of (a) and (b)
	(a) Relevant Screen Rate:	Reuters Screen Page LIBOR01
	(b) Rated Loan Tranche Rate Margin:	0.85%
49.	Step-Up Date (if any):	Not Applicable
50.	Stepped-up Loan Tranche rate:	Not Applicable
51.	Details relating to Bullet Loan Tranches:	Applicable
	(a) Bullet Repayment Date:	The Interest Payment Date in January 2012
	(b) Relevant Accumulation Amount:	£500,000,000
52.	Details relating to Scheduled Amortisation Loan Tranches:	Not Applicable
	(a) Scheduled Repayment Dates:	Not Applicable
	(b) Relevant Accumulation Amounts:	Not Applicable
53.	Details relating to Pass-Through Loan Tranches:	Not Applicable
54.	Final Repayment Date:	The Funding 2 Interest Payment Date falling in April 2014
55.	Loan Payment Dates:	The Bullet Repayment Date set out above and each subsequent Funding 2 Interest Payment Date to the extent not repaid in full
56.	Details relating to Subordinated Loan Tranches:	Not Applicable
	(a) Initial Principal Amount:	Not Applicable
	(b) Rate of Interest:	Not Applicable
57.	Details relating to Start-up Loan Tranches:	Not Applicable

Use of proceeds

The gross proceeds from the issue of the 2008-2 notes equal approximately £500,000,000 and 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.

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 2008-2 notes described herein, will be as follows:

Class A notes	£17,096,620,000
Class B notes	£582,530,000
Class C notes	£582,530,000

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:

AAA	£17,096,620,000
AA.....	£582,530,000
BBB	£582,530,000

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:

AAA	£20,564,818,000
AA.....	£724,595,000
A.....	£95,308,000
BBB	£667,765,000

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:

AAA	£20,564,818,000
AA.....	£724,595,000
A.....	£95,308,000
BBB	£667,765,000

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 2008-2 notes will have the following terms:

Funding 2 start-up loan provider:	Bank of Scotland plc
Initial outstanding principal balance:	£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 Bank of Scotland plc in connection with the 2008-1 issue of notes and by Halifax plc (then in its capacity as the Funding 2 start-up loan provider) in connection with the 2006-1 and 2007-1 issues of notes for the stated current outstanding principal balance and interest rate. Halifax plc's rights under in the start-up loans were transferred to Bank of Scotland plc on 17 September 2007 pursuant to the HBOS Group Reorganisation Act 2006.

Issue	Current outstanding principal balance	Interest Rate
2006-1	£88,580,589.59	Three-month sterling LIBOR plus 0.25% per annum and from, and including, the Funding 2 interest payment date occurring in April 2013 0.50% per annum
2007-1	£70,190,697.06	Three-month sterling LIBOR plus 0.25% per annum and from, and including, the Funding 2 interest payment date occurring in January 2013 0.50% per annum
2008-1	£156,300,000	Three-month sterling LIBOR plus 0.25% per annum and from, and including, the Funding 2 interest payment date occurring in April 2010 0.50% per annum

Previous Funding 1 start-up loans

The following start-up loans have been 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 set out below, for the stated current outstanding principal balance and interest rate. Halifax's rights under the start-up loans were transferred to Bank of Scotland plc on 17 September 2007 pursuant to the HBOS Group Reorganisation Act 2006.

Funding 1 issuing entity	Current outstanding principal balance
Permanent Financing (No.1) plc	£43,270,312.16
Permanent Financing (No.2) plc	£43,756,667.00
Permanent Financing (No.3) plc	£19,005,417.49
Permanent Financing (No.4) plc	£38,910,743.67
Permanent Financing (No.5) plc	£22,483,422.00
Permanent Financing (No.6) plc	£3,327,429.84
Permanent Financing (No.7) plc	£47,559,101.78
Permanent Financing (No.8) plc	£20,950,259.25
Permanent Financing (No.9) plc	£3,281,272.34

Issuing entity start-up loan

No issuing entity start-up loan has been advanced to the issuing entity as at the date hereof and no issuing entity start-up loan will be made available to the issuing entity on the closing date in connection with the 2008-2 notes.

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 in connection with the 2008-2 notes.

Mortgages trust and the portfolio

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

- the minimum seller share will be approximately £3,435,000,000;
- the Funding 1 share will be approximately £20,508,000,000, representing approximately 45.37 per cent. of the trust property;
- the Funding 2 share will be approximately £16,352,000,000, representing approximately 36.18 per cent. of the trust property; and
- the seller share will be approximately £8,340,000,000, representing approximately 18.45 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 2008 be at least £36,000,000,000 and during the period from (and including) the interest payment date falling in December 2008 to (but excluding) the interest payment date in January 2011 the aggregate outstanding balance of loans comprising the trust property must be at least £35,000,000,000. See "**The mortgages trust – Cash management of trust property – distribution of principal receipts to Funding 2**" in the base prospectus.

For the purposes of paragraph (c) of the definition of **product switch** (See "**Sale of loans and their related security – Product switches**" in the base prospectus) any variation to the maturity date of a loan must not extend beyond 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 January 2008;
- the final maturity date of each loan is no later than June 2040;

Funding 2 General Reserve Fund

At the closing date, the Funding 2 reserve required amount will be £301,900,000. However, the Funding 2 general reserve fund has been funded to an amount of £320,000,000 as Funding 2 is expected to draw on this reserve on the Funding 2 interest payment date immediately following the closing date. The expected drawing will be solely for liquidity purposes to cover a shortfall between Funding 2's share of mortgages trust available revenue receipts and the interest payable on the 2008-

2 loan tranches. The shortfall will arise due to a technical mismatch between the mortgages trust calculation periods and the interest period on the 2008-2 loan tranches.

Maturity and prepayment considerations

The average lives of any class of the 2008-2 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 class of the 2008-2 notes can be made based on certain assumptions. The assumptions used to calculate the possible average lives of each class of the 2008-2 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 loans are assumed to amortise in accordance with the assumed constant payment rate indicated in the table below (subject to assumption 4 below);
4. the seller sells to the mortgages trustee sufficient new loans and their related security (i) in the period up to (but excluding) the interest payment date in December 2008, such that the aggregate principal amount outstanding of loans in the portfolio at any time is not less than £36,000,000,000 and (ii) during the period from and including the interest payment date falling in October 2008 to (but-excluding) the interest payment date in April 2011, such that the aggregate principal amount outstanding of the loans in the portfolio at any time is not less than £35,000,000,000 or (in each case) 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) (C) or Rule (1) (D) as set out in "**Cashflows – Rule (1) – Repayment deferrals**" in the base prospectus);
7. the annualised CPR as at the closing date is assumed to be the same as the various assumed rates in the table below;
8. there is a balance of £0.00 in the Funding 2 cash accumulation ledger at the closing date and a balance of £761,700,000 in the Funding 1 cash accumulation ledger at the closing date; and
9. the closing date is 28 May 2008.

CPR and possible average lives of each class of 2008-2 notes (in years)

Based upon the foregoing assumptions, the approximate average life in years of each class of 2008-2 notes, at various assumed rates of repayment of the loans, would be as follows:

Constant payment rate(1) (per annum)	series 1 class A notes
5 per cent.....	3.64
10 per cent.....	3.64
15 per cent.....	3.64
20 per cent.....	3.64
25 per cent.....	3.64
30 per cent.....	3.64
35 per cent.....	3.64

(1) Includes both scheduled and unscheduled payments.

Assumptions (1), (2), (3), (4), (5) and (6) relate to circumstances which are not predictable.

The average lives of the 2008-2 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 the notes may be adversely affected by prepayments or redemptions on the loans"** in the base prospectus.

Statistical information on the portfolio

The cut-off date mortgage portfolio

For the purposes of this section entitled “**Statistical information on the portfolio**”, all references to “portfolio”, unless the context otherwise requires, include the loans and their related security comprising the mortgages trust together with the loans that were expected to be sold to the mortgages trustee on 11 April 2008. The statistical and other information contained in these final terms has been compiled by reference to the loans in the portfolio as at 19 March 2008 (the **cut-off date**). Columns stating percentage amounts may not add up to 100% due to rounding. The loans in the mortgages trust will secure the 2008-2 notes and currently secure 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 24 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 mortgages trust. In particular, loans comprising the portfolio which have been redeemed, repurchased or were not sold to the mortgages trustee on 11 April 2008 because they did not satisfy the representations to be given by the seller on such date do not form part of the mortgages trust. However, it is not expected that the characteristics of the mortgages trust 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 portfolio as at the cut-off date consisted of 576,473 mortgage accounts, comprising loans originated by Halifax and secured over properties located in England, Wales and Scotland and having an aggregate outstanding principal balance of £48,415,889,791.17 as at that date. The loans in the portfolio as at the cut-off date were originated between 1 February 1996 and 31 January 2008.

As at 1 May 2008, HVR 1 was 7.00% per annum, HVR 2 was 6.40% per annum and the Halifax flexible variable rate was 6.40% per annum.

Approximately 1.88% of the aggregate outstanding principal balance of the loans in the portfolio as at the cut-off date were extended to the relevant borrowers in connection with the purchase by those borrowers of properties from local authorities or certain other landlords under the **right-to-buy** schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001).

Outstanding balances as at the cut-off date

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

Range of outstanding balances as at the cut-off date*	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
£0 – £24,999.99	£ 1,279,580,838.64	2.64%	93,569	16.23%
£25,000 – £49,999.99.....	£ 4,640,225,340.81	9.58%	124,771	21.64%
£50,000 – £74,999.99.....	£ 6,347,070,778.47	13.11%	102,209	17.73%
£75,000 – £99,999.99.....	£ 6,961,100,434.63	14.38%	80,137	13.90%
£100,000 – £124,999.99.....	£ 6,422,717,478.36	13.27%	57,418	9.96%
£125,000 – £149,999.99.....	£ 5,354,383,105.20	11.06%	39,187	6.80%
£150,000 – £174,999.99.....	£ 4,097,936,290.25	8.46%	25,403	4.41%
£175,000 – £199,999.99.....	£ 3,070,278,606.00	6.34%	16,450	2.85%
£200,000 – £224,999.99.....	£ 2,346,718,977.22	4.85%	11,093	1.92%
£225,000 – £249,999.99.....	£ 1,737,631,404.98	3.59%	7,337	1.27%
£250,000 – £299,999.99.....	£ 2,291,934,202.25	4.73%	8,424	1.46%
£300,000 – £349,999.99.....	£ 1,531,425,297.61	3.16%	4,757	0.83%
£350,000 – £399,999.99.....	£ 1,022,167,671.44	2.11%	2,746	0.48%
£400,000 – £449,999.99.....	£ 771,141,941.16	1.59%	1,827	0.32%
£450,000 – £500,000.....	£ 541,577,424.15	1.12%	1,145	0.20%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	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 £499,992.80 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 approximately £142,383.38.

LTV ratios at origination

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

Range of LTV ratios at origination	Aggregate outstanding balance at origination (£)	% of total	Number of mortgage accounts	% of total
0% – 24.99%.....	£ 2,701,659,597.00	5.17%	69,706	12.09%
25% – 49.99%.....	£ 13,706,574,559.33	26.24%	198,274	34.39%
50% – 74.99%.....	£ 20,375,839,450.05	39.00%	183,043	31.75%
75% – 79.99%.....	£ 3,600,219,882.00	6.89%	27,497	4.77%
80% – 84.99%.....	£ 3,093,438,726.00	5.92%	23,509	4.08%
85% – 89.99%.....	£ 3,448,833,965.00	6.60%	26,045	4.52%
90% – 94.99%.....	£ 3,423,987,033.00	6.55%	27,534	4.78%
95% – 96.99%.....	£ 1,220,653,420.00	2.34%	13,505	2.34%
97%.....	£ 669,010,455.00	1.28%	7,340	1.27%
97%+.....	£ 4,012,395.00	0.01%	20	0.00%
Totals.....	£ 52,244,229,482.38	100.00%	576,473	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 61.11%. 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 115.20% and the lowest was 0.17%.

Cut-off date LTV ratios

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

Range of LTV ratios as at the cut-off date*	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0% – 24.99%.....	£ 4,985,625,746.94	10.30%	162,161	28.13%
25% – 49.99%.....	£ 15,149,387,535.33	31.29%	201,536	34.96%
50% – 74.99%.....	£ 18,210,110,920.10	37.61%	145,091	25.17%
75% – 79.99%.....	£ 3,371,987,291.99	6.96%	22,892	3.97%
80% – 84.99%.....	£ 2,797,592,977.79	5.78%	19,099	3.31%
85% – 89.99%.....	£ 2,105,318,440.59	4.35%	13,886	2.41%
90% – 94.99%.....	£ 1,360,019,649.44	2.81%	8,680	1.51%
95% – 96.99%.....	£ 233,282,079.69	0.48%	1,609	0.28%
97% – 99.99%.....	£ 174,035,001.50	0.36%	1,320	0.23%
100%+.....	£ 28,530,147.80	0.06%	199	0.03%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	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 54.66%. The highest LTV ratio of any mortgage account (including any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) was 120.33% 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 as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
London & South East.....	£ 14,749,623,462.13	30.46%	116,935	20.28%
Midlands & East Anglia.....	£ 10,429,411,996.86	21.54%	124,578	21.61%
North.....	£ 6,382,161,549.65	13.18%	102,344	17.75%
North West.....	£ 5,569,719,265.13	11.50%	83,757	14.53%
Scotland.....	£ 4,426,189,955.92	9.14%	68,383	11.86%
South Wales & West.....	£ 6,807,072,589.47	14.06%	80,079	13.89%
Other*	£ 51,710,972.01	0.11%	397	0.07%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	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. The ages (but not the balances) of the loans in this table have been forecast forward from the cut-off date to 23 April 2008 for the purpose of calculating the seasoning.

Forecasted age of loans in months as at 23 April 2008	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
< 6	£ 1,693,573,069.67	3.50%	12,531	2.17%
6 to < 12.....	£ 6,068,932,803.86	12.54%	43,237	7.50%
12 to < 18.....	£ 5,202,019,970.45	10.74%	40,697	7.06%
18 to < 24.....	£ 5,753,123,001.39	11.88%	50,798	8.81%
24 to < 30.....	£ 4,434,996,222.04	9.16%	43,010	7.46%
30 to < 36.....	£ 2,916,993,321.55	6.02%	31,098	5.39%
36 to < 42.....	£ 3,080,158,460.20	6.36%	36,318	6.30%
42 to < 48.....	£ 3,762,216,395.71	7.77%	44,088	7.65%
48 to < 54.....	£ 2,881,288,696.91	5.95%	36,289	6.30%
54 to < 60.....	£ 2,815,616,171.97	5.82%	36,641	6.36%
60 to < 66.....	£ 1,827,080,935.33	3.77%	27,852	4.83%
66 to < 72.....	£ 1,620,157,948.84	3.35%	26,773	4.64%
72+	£ 6,359,732,793.25	13.14%	147,141	25.52%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	100.00%

The forecasted maximum, minimum and weighted average seasoning of loans as at 23 April 2008 will be 146.56, 2.73 and 39.99 months, respectively.

Years to maturity of loans

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

Years to maturity	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
<5	£ 1,205,358,881.91	2.49%	42,685	7.40%
5 to < 10.....	£ 4,090,412,522.22	8.45%	82,668	14.34%
10 to < 15.....	£ 6,823,575,894.52	14.09%	101,894	17.68%
15 to < 20.....	£ 12,272,342,848.34	25.35%	144,599	25.08%
20 to < 25.....	£ 19,444,115,358.19	40.16%	163,632	28.39%
25 to < 30.....	£ 4,143,396,360.04	8.56%	35,396	6.14%
30+	£ 436,687,925.95	0.90%	5,599	0.97%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	100.00%

The maximum, minimum and weighted average remaining term of the loans as at the cut-off date was 32.33, 0.00 and 18.74 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 as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Purchase.....	£ 30,984,694,582.91	64.00%	375,931	65.21%
Remortgage	£ 17,431,195,208.26	36.00%	200,542	34.79%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	100.00%

As at the cut-off date, the weighted average balance of loans used to finance the purchase of a new property was £140,786.70 and the weighted average balance of loans used to remortgage a property already owned by the borrower was £145,221.54.

Property type

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

Property type	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Detached.....	£ 14,318,313,215.15	29.57%	136,091	23.61%
Semi-detached.....	£ 14,255,804,969.31	29.44%	190,642	33.07%
Terraced.....	£ 13,534,790,027.24	27.96%	182,196	31.61%
Other*.....	£ 6,306,981,579.47	13.03%	67,544	11.72%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	100.00%

* Primarily flats or maisonettes.

As at the cut-off date, the weighted average balance of loans secured by detached, semi-detached and terraced was £176,541.95, £121,343.88 and £124,061.58, respectively.

Origination channel

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

Origination channel	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Direct origination.....	£ 19,779,428,312.53	40.85%	283,915	49.25%
Intermediaries.....	£ 28,547,962,791.34	58.96%	290,540	50.40%
Other channels.....	£ 88,498,687.30	0.18%	2,018	0.35%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	100.00%

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

As at the cut-off date, the weighted average balance of loans originated through direct origination, intermediaries and other channels was £116,722.59, £160,338.44 and £85,608.18, 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 as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Repayment.....	£ 29,233,740,050.07	60.38%	398,498	69.13%
Interest-only	£ 19,182,149,741.10	39.62%	177,975	30.87%
Totals	£ 48,415,889,791.17	100.00%	576,473	100.00%

As at the cut-off date, the weighted average balance of repayment loans and interest-only loans was £119,492.44 and £177,269.35, respectively.

Special rate and flexible loans

The following table shows the special rate and flexible loans as at the cut-off date.

Unlike the other tables in this section, the figures in this table have been calculated on the basis of loan product holdings rather than mortgage accounts and using the accounts' interest bearing balances rather than actual outstanding balances. A mortgage account may have more than one active product holding.

Type of loan	Aggregate outstanding interest bearing balance as at the cut-off date (£)	% of total	Number of product Holdings	% of total
Capped rate loans	£ -	0.00%	-	0.00%
Discounted variable rate loans	£ -	0.00%	-	0.00%
Fixed rate loans	£ 29,681,218,654.12	68.92%	334,807	64.32%
Tracker rate loans	£ 13,240,605,982.94	30.75%	184,272	35.40%
Total special rate loans	£ 42,921,824,637.06	99.67%	519,079	99.72%
Flexible Loans	£ 141,531,076.54	0.33%	1,463	0.28%
Total special rate and flexible	£ 43,063,355,713.60	100.00%	520,542	100.00%

Payment methods

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

Payment method	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Halifax payment plan.....	£ 10,643,024,709.19	21.98%	149,443	25.92%
Direct debit.....	£ 35,823,024,594.26	73.99%	393,224	68.21%
Other*.....	£ 1,949,840,487.72	4.03%	33,806	5.86%
Totals.....	£ 48,415,889,791.17	100.00%	576,473	100.00%

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

Distribution of fixed rate loans

As at the cut-off date, approximately 61.42% of the loans in the portfolio were 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. Unlike the prior tables in this section, the figures in these tables have been calculated on the basis of loan product holdings rather than mortgage accounts. A mortgage account may have more than one active loan product.

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 interest bearing balance as at the cut-off date (£)	% of total	Number of product holdings	% of total fixed rate holdings
0 – 3.99.....	£ 204,136,584.80	0.69%	8,237	2.46%
4.00 – 4.99.....	£ 10,179,193,247.71	34.30%	86,786	25.92%
5.00 – 5.99.....	£ 16,509,386,093.50	55.62%	190,996	57.05%
6.00 – 6.99.....	£ 2,627,781,864.67	8.85%	43,456	12.98%
7.00 – 7.99.....	£ 160,720,863.44	0.54%	5,332	1.59%
Totals.....	£ 29,681,218,654.12	100.00%	334,807	100.00%

Year in which current fixed rate period ends	Aggregate outstanding interest bearing balance as at the cut-off date (£)	% of total	Number of product holdings	% of total fixed rate holdings
2008.....	£ 10,462,499,548.09	35.25%	105,147	31.41%
2009.....	£ 11,325,135,308.26	38.16%	106,724	31.88%
2010.....	£ 2,776,074,982.01	9.35%	37,600	11.23%
2011.....	£ 2,311,495,078.03	7.79%	35,740	10.67%
2012.....	£ 1,757,723,709.85	5.92%	26,521	7.92%
2013.....	£ 171,734,851.78	0.58%	2,491	0.74%
2014.....	£ 282,464,246.21	0.95%	3,833	1.14%
2015.....	£ 143,130,600.16	0.48%	3,309	0.99%
2016.....	£ 129,006,169.35	0.43%	2,063	0.62%
2017.....	£ 297,706,837.32	1.00%	4,689	1.40%
2018+.....	£ 24,247,323.06	0.08%	6,690	2.00%
Totals.....	£ 29,681,218,654.12	100.00%	334,807	100.00%

MIG policies

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

	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
MIG policy.....	£633,211,240.60	1.31%	13,299	2.31%

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
April 2008	36.84%	31.94%	31.14%

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 £9,636,184.38 as at the cut-off date.

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)

	31 Jan 2004	31 Jan 2005	31 Jan 2006	31 Jan 2007	31 Jan 2008
	(£)	(£)	(£)	(£)	(£)
Outstanding balance (£)	20,016,266,444.43	31,658,407,545.67	39,919,117,191.99	48,140,522,448.47	50,832,835,716.71
Number of loans outstanding	356,381	493,360	566,395	626,121	600,052
Outstanding balance of loans in arrears (£)					
1 – <2 months	184,358,998.07	359,234,168.39	500,011,066.32	525,695,928.06	534,160,717.59
2 – <3 months	32,945,713.82	85,739,581.90	160,602,804.38	159,702,225.47	181,969,958.99
3 – <6 months	25,447,456.10	74,072,196.91	199,265,992.13	230,212,461.16	242,026,886.11
6 – <12 months	6,671,122.80	29,170,750.21	103,989,220.11	144,587,684.14	161,591,846.41
12+ months	667,022.15	3,721,425.63	19,020,469.78	58,765,634.36	76,107,143.75
Total outstanding balance of loans in arrears	250,090,312.94	551,938,123.04	982,889,552.72	1,118,963,933.19	1,195,856,552.85
Total outstanding balance of loans in arrears as % of the outstanding balance	1.2494%	1.7434%	2.4622%	2.3244%	2.3525%
Outstanding balance of loans relating to properties in possession	32,271.54	1,669,763.45	6,387,795.62	20,433,920.36	31,467,372.39
Outstanding balance of loans relating to properties sold during the period ⁽¹⁾	60,781.61	1,254,308.92	6,442,615.46	41,257,721.73	69,393,383.85
Net loss on sales of all repossessed properties ⁽²⁾	0.00	18,611.89	420,037.43	3,549,112.14	5,230,967.80
Ratio of aggregate net losses to average aggregate outstanding balance of loans	0	0.00006	0.00105	0.00737	0.01029
Average net loss on all properties sold	0.00	886.28	6,000.53	10,287.28	9,832.65
Number of loans outstanding in arrears					
1 – <2 months	2,872	4,740	5,810	5,731	5,425
2 – <3 months	514	1,126	1,853	1,705	1,816
3 – <6 months	459	1,080	2,234	2,389	2,533
6 – <12 months	138	437	1,123	1,498	1,644
12+ months	11	71	244	543	686
Total number of loans outstanding in arrears	3,994	7,454	11,264	11,866	12,104
Total number of loans outstanding in arrears as % of the number of loans outstanding	1.1207	1.5109	1.9887	1.8952	2.0172
Number of properties in possession	1	20	74	174	253
Number of properties sold during the period	2	21	70	345	532

(1) Properties sold may relate to properties taken into possession in prior periods.

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

There can be no assurance that the arrears experience with respect to the loans comprising the portfolio in the future will correspond to the experience of the portfolio as set forth in the foregoing table. If the property market experiences an overall decline in property values so that the value of the properties in the portfolio falls below the principal balances of the loans, the actual rates of arrears and losses could be significantly higher than those previously experienced. 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.

The level of mortgage arrears on the Halifax loans has reduced since the recession in the United Kingdom in the early 1990s. The introduction of the scorecard in judging applications – and thus reducing discretion – has helped to keep the arrears level low, as have a healthy economic climate and historically 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. 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.

During 2007 and early 2008 the rate of house price inflation fell as a consequence of housing demand being constrained by a combination of subdued earnings growth, greater pressure on household finances, higher interest rates and the effect of the continuing global market volatility that began in the summer of 2007. The continuing market volatility and associated liquidity constraints may have a negative impact on the availability of mortgage loans, housing demand and consequently house price inflation. This could lead to rises in the rates of arrears and losses, as the availability of refinancing to borrowers is limited, particularly if house prices are falling.

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 internal procedures are reviewed and amended if necessary.

Characteristics of the United Kingdom residential mortgage market

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

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

Industry CPR rates

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

Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 1985	10.02	11.61	June 1985	11.67	11.49
September 1985	13.46	11.76	December 1985	13.68	12.21
March 1986	11.06	12.47	June 1986	15.53	13.43
September 1986	17.52	14.45	December 1986	15.60	14.92
March 1987	10.57	14.80	June 1987	14.89	14.64
September 1987	16.79	14.46	December 1987	16.18	14.61
March 1988	13.55	15.35	June 1988	16.03	15.64
September 1988	18.23	16.00	December 1988	12.60	15.10
March 1989	8.85	13.93	June 1989	13.04	13.18
September 1989	11.53	11.51	December 1989	10.38	10.95
March 1990	8.91	10.96	June 1990	9.37	10.05
September 1990	9.66	9.58	December 1990	10.58	9.63
March 1991	9.07	9.67	June 1991	10.69	10.00
September 1991	11.57	10.48	December 1991	10.24	10.39
March 1992	9.14	10.41	June 1992	9.12	10.02
September 1992	9.75	9.56	December 1992	7.96	8.99
March 1993	8.53	8.84	June 1993	9.97	9.05
September 1993	10.65	9.28	December 1993	10.01	9.79
March 1994	8.97	9.90	June 1994	10.48	10.03
September 1994	11.05	10.13	December 1994	10.68	10.29
March 1995	9.15	10.34	June 1995	10.51	10.35
September 1995	11.76	10.53	December 1995	11.61	10.76
March 1996	10.14	11.00	June 1996	11.32	11.21
September 1996	13.20	11.57	December 1996	12.58	11.81
March 1997	9.75	11.71	June 1997	15.05	12.65
September 1997	12.18	12.39	December 1997	11.17	12.04
March 1998	10.16	12.14	June 1998	12.05	11.39
September 1998	13.79	11.79	December 1998	13.44	12.36
March 1999	11.14	12.60	June 1999	14.39	13.19
September 1999	15.59	13.64	December 1999	14.94	14.02
March 2000	13.82	14.69	June 2000	13.86	14.55
September 2000	14.89	14.38	December 2000	15.55	14.53
March 2001	15.47	14.94	June 2001	17.36	15.81
September 2001	19.12	16.87	December 2001	19.01	17.74
March 2002	18.68	18.54	June 2002	19.88	19.17
September 2002	22.40	19.99	December 2002	22.16	20.78
March 2003	19.51	20.99	June 2003	20.18	21.06
September 2003	21.65	20.88	December 2003	21.33	20.67
March 2004	19.90	20.77	June 2004	21.42	21.07
September 2004	21.41	21.01	December 2004	18.71	20.36
March 2005	17.76	19.83	June 2005	17.75	18.91
September 2005	20.24	18.62	December 2005	20.36	19.03
March 2006	19.65	19.50	June 2006	19.37	19.90
September 2006	21.25	20.16	December 2006	21.07	20.34
March 2007	19.57	20.32	June 2007	19.25	20.29
September 2007	21.22	20.28	December 2007	18.63	19.67

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

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

Repossession rate

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

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985.....	0.25	1993.....	0.58	2001.....	0.16
1986.....	0.30	1994.....	0.47	2002.....	0.11
1987.....	0.32	1995.....	0.47	2003.....	0.07
1988.....	0.22	1996.....	0.40	2004.....	0.07
1989.....	0.17	1997.....	0.31	2005.....	0.13
1990.....	0.47	1998.....	0.31	2006.....	0.19
1991.....	0.77	1999.....	0.27	2007.....	0.23
1992.....	0.69	2000.....	0.20		

Source: Council of Mortgage Lenders

House price to earnings ratio

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

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994.....	3.86	2001.....	5.09
1995.....	3.80	2002.....	5.74
1996.....	3.84	2003.....	6.35
1997.....	4.08	2004.....	6.77
1998.....	4.35	2005.....	6.92
1999.....	4.60	2006.....	6.96
2000.....	5.00	2007.....	7.44

Source: Council of Mortgage Lenders

House prices and incomes vary throughout England, Wales and Scotland. The table below summarises the average house price and the average income for each region for the year ended 31 December 2007 in order to produce a house price to earnings ratio for each region.

Regions	Average earnings (£ per annum)*	House price (£)**	Price/Earnings
North.....	£41,232	£154,761	3.75
North West.....	£44,445	£170,477	3.84
Yorkshire & Humberside.....	£43,436	£170,203	3.92
East Midlands.....	£44,476	£176,255	3.96
West Midlands.....	£45,033	£185,048	4.11
East Anglia.....	£48,690	£206,745	4.25
London.....	£81,480	£342,122	4.20
South East.....	£61,297	£271,981	4.44
South West.....	£52,182	£230,885	4.42
Wales.....	£43,607	£169,848	3.89
Scotland.....	£42,781	£158,798	3.71

* Average recorded income of borrowers.

** Simple average house price.

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

House price index

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

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

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	%	Index	%	Index	%
		annual change		annual change		annual change
March 1985.....	92.0	5.4	66.2	11.2	113.5	8.6
June 1985.....	95.1	6.8	68.2	10.3	115.4	8.5
September 1985	95.4	6.1	69.2	10.5	116.8	7.5
December 1985	95.9	5.4	70.7	8.6	120.6	8.3
March 1986.....	96.5	4.8	71.1	7.1	124.0	8.8
June 1986.....	97.8	2.8	73.8	7.9	128.1	10.4
September 1986	97.9	2.6	76.3	9.8	132.2	12.4
December 1986	99.1	3.3	79.0	11.1	136.8	12.6
March 1987.....	100.3	3.8	81.6	13.8	142.3	13.8
June 1987.....	101.9	4.1	85.8	15.1	146.7	13.6
September 1987	102.1	4.2	88.6	14.9	151.5	13.6
December 1987	103.2	4.0	88.5	11.4	158.0	14.4
March 1988.....	103.7	3.3	90.0	9.8	167.0	16.0
June 1988.....	106.2	4.1	97.6	12.9	179.4	20.1
September 1988	107.7	5.3	108.4	20.2	197.4	26.5
December 1988	109.9	6.3	114.2	25.5	211.8	29.3
March 1989.....	111.7	7.4	118.8	27.8	220.7	27.9
June 1989.....	114.9	7.9	124.2	24.1	226.1	23.1
September 1989	116.0	7.4	125.2	14.4	225.5	13.3
December 1989	118.3	7.4	122.7	7.2	222.5	4.9
March 1990.....	120.4	7.5	118.9	0.1	223.7	1.4
June 1990.....	126.0	9.2	117.7	(5.4)	223.3	(1.2)
September 1990	128.1	9.9	114.2	(9.2)	222.7	(1.2)
December 1990	130.1	9.5	109.6	(11.3)	223.0	0.2
March 1991.....	130.8	8.3	108.8	(8.9)	223.1	(0.3)
June 1991.....	133.6	5.9	110.6	(6.3)	221.9	(0.6)
September 1991	134.2	4.7	109.5	(4.2)	219.5	(1.4)
December 1991	135.5	4.1	107.0	(2.4)	217.7	(2.4)
March 1992.....	136.2	4.0	104.1	(4.4)	213.2	(4.5)
June 1992.....	139.1	4.0	105.1	(5.1)	208.8	(6.1)
September 1992	139.0	3.5	104.2	(5.0)	206.9	(5.9)
December 1992	139.6	3.0	100.1	(6.7)	199.5	(8.7)
March 1993.....	138.7	1.8	100.0	(4.0)	199.6	(6.6)
June 1993.....	140.9	1.3	103.6	(1.4)	201.7	(3.5)
September 1993	141.3	1.6	103.2	(1.0)	202.6	(2.1)
December 1993	141.8	1.6	101.8	1.7	203.5	2.0
March 1994.....	142.0	2.4	102.4	2.4	204.6	2.5
June 1994.....	144.5	2.5	102.5	(1.1)	202.9	0.6
September 1994	144.6	2.3	103.2	0.0	202.7	0.0
December 1994	145.5	2.6	104.0	2.1	201.9	(0.8)
March 1995.....	146.8	3.3	101.9	(0.5)	201.8	(1.4)
June 1995.....	149.5	3.4	103.0	0.5	199.3	(1.8)
September 1995	149.9	3.6	102.4	(0.8)	197.8	(2.4)
December 1995	150.1	3.1	101.6	(2.3)	199.2	(1.3)
March 1996.....	150.9	2.8	102.5	0.6	202.1	0.1
June 1996.....	152.8	2.2	105.8	2.7	206.7	3.6
September 1996	153.1	2.1	107.7	5.1	208.8	5.4
December 1996	154.0	2.6	110.1	8.0	213.9	7.1
March 1997.....	154.9	2.6	111.3	8.3	216.7	7.0
June 1997.....	156.9	2.6	116.5	9.6	220.2	6.3
September 1997	158.4	3.4	121.2	11.8	222.6	6.4
December 1997	159.7	3.6	123.3	11.4	225.4	5.2
March 1998.....	160.2	3.4	125.5	12.0	228.4	5.3
June 1998.....	163.2	3.9	130.1	11.0	232.1	5.3
September 1998	163.7	3.3	132.4	8.8	234.8	5.3
December 1998	164.4	2.9	132.3	7.0	237.2	5.1
March 1999.....	163.7	2.2	134.6	7.0	238.6	4.4
June 1999.....	165.5	1.4	139.7	7.1	245.5	5.6
September 1999	165.6	1.2	144.4	8.6	255.5	8.4
December 1999	166.8	1.4	148.9	11.8	264.1	10.7
March 2000.....	167.5	2.3	155.0	14.1	273.1	13.5
June 2000.....	170.6	3.0	162.0	14.8	272.8	10.5

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
September 2000	170.9	3.2	161.5	11.2	275.9	7.7
December 2000	172.0	3.1	162.8	9.0	278.6	5.3
March 2001	171.8	2.5	167.5	7.8	281.7	3.1
June 2001	173.9	1.9	174.8	7.6	293.2	7.2
September 2001	174.0	1.8	181.6	11.8	302.4	9.2
December 2001	173.8	1.0	184.6	12.5	311.8	11.3
March 2002	173.9	1.2	190.2	12.7	327.3	15.0
June 2002	176.0	1.2	206.5	16.6	343.7	15.9
September 2002	176.6	1.5	221.1	19.7	366.1	19.1
December 2002	178.2	2.5	231.3	22.6	392.1	22.9
March 2003	179.2	3.0	239.3	22.9	403.8	21.0
June 2003	181.3	3.0	250.1	19.2	419.0	19.8
September 2003	181.8	2.9	258.9	15.8	434.5	17.1
December 2003	182.9	2.6	267.1	14.4	455.3	14.9
March 2004	183.8	2.5	277.3	14.8	480.3	17.3
June 2004	186.3	2.7	296.2	16.9	508.4	19.3
September 2004	187.4	3.0	306.2	16.8	522.0	18.3
December 2004	189.2	3.4	304.1	13.0	523.5	14.0
March 2005	189.7	3.2	304.8	9.4	526.9	9.3
June 2005	191.9	3.0	314.2	5.9	526.8	3.6
September 2005	192.6	2.7	314.4	2.7	537.7	3.0
December 2005	193.7	2.4	314.0	3.2	550.3	5.0
March 2006	194.2	2.3	319.8	4.8	560.4	6.2
June 2006	197.6	2.9	329.2	4.7	574.9	8.7
September 2006	199.3	3.4	336.1	6.6	581.7	7.9
December 2006	201.4	3.9	343.2	8.9	606.0	9.6
March 2007	203.0	4.4	350.2	9.1	623.5	10.7
June 2007	206.3	4.3	362.7	9.7	637.8	10.4
September 2007	207.1	3.8	367.3	8.9	643.0	10.0
December 2007	209.8	4.1	367.0	6.7	636.9	5.0
March 2008	211.1	3.9	357.8	2.1	630.8	1.2

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

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

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

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Static Pool Data

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

The issuing entity has not included static pool information in this annex on prepayments because changes in prepayment and payment rates historically have not affected repayment of the notes, and are not anticipated to have a significant effect on future payments on the notes for a number of reasons including the following: the mechanics of the mortgages trust require an extended cash accumulation period when prepayment rates fall below certain minima dictated by the rating agencies, serving to limit the extent to which slow prepayments would cause the average lives of the notes to extend. Conversely, rapid prepayments should not cause the average lives of the notes to shorten so long as the seller maintains the minimum required mortgages trust size. Furthermore, only a limited amount of note principal in relation to the very large mortgages trust size is actually due to be repaid on any particular interest payment date.

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

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 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 2003.

**Loans originated in 2003
as at each specified date**

	31-Dec-03			31-Dec-04			31-Dec-05		
	Number	Principal Balance	% by number	Number	Principal Balance	% by number	Number	Principal Balance	% by number
< 1 month.....	12,597	£1,053,542,109.87	98.78%	108,700	£9,227,540,592.24	98.48%	108,801	£8,700,882,418.00	97.11%
1 - < 2 months.....	105	£10,192,062.89	0.82%	1,196	£115,817,389.19	1.08%	1,737	£173,884,749.53	1.55%
2 - < 3 months.....	27	£2,231,878.38	0.21%	240	£22,249,037.02	0.22%	536	£53,514,449.90	0.48%
3 - < 6 months.....	22	£1,653,973.03	0.17%	179	£15,944,468.84	0.16%	612	£60,450,194.41	0.55%
6 - < 12 months.....	1	£153,196.12	0.01%	59	£5,947,263.53	0.05%	303	£32,151,785.67	0.27%
12+ months.....				5	£843,952.10	0.00%	45	£4,890,377.80	0.04%
Total.....	12,752	£1,067,773,220.09	100.00%	110,379	£9,386,342,702.92	100.00%	112,034	£9,025,713,975.36	100.00%

	31-Dec-06			31-Dec-07		
	Number	Principal Balance	% by number	Number	Principal Balance	% by number
< 1 month.....	83,370	£6,354,172,280.20	96.98%	67,083	£4,886,733,124.15	96.68%
1 - < 2 months.....	1,063	£101,914,896.04	1.26%	960	£91,863,884.62	1.38%
2 - < 3 months.....	390	£34,762,255.14	0.45%	343	£33,115,421.50	0.49%
3 - < 6 months.....	533	£54,915,033.70	0.62%	457	£43,434,194.92	0.66%
6 - < 12 months.....	437	£46,893,951.08	0.51%	377	£37,903,202.25	0.54%
12+ months.....	149	£18,568,582.08	0.17%	165	£18,270,018.65	0.24%
Total.....	85,962	£6,611,226,998.24	100.00%	69,385	£5,211,319,846.09	100.00%

**Loans originated in 2004
as at each specified date**

	31-Dec-03			31-Dec-04			31-Dec-05		
	Number	Principal Balance	% by number	Number	Principal Balance	% by number	Number	Principal Balance	% by number
< 1 month.....				47,273	£4,349,384,125.53	98.86%	144,025	£13,394,350,935.59	97.88%
1 - < 2 months.....				415	£41,574,042.02	0.87%	1,613	£166,716,327.95	1.22%
2 - < 3 months.....				50	£5,904,471.66	0.13%	520	£53,715,820.69	0.39%
3 - < 6 months.....				25	£2,323,075.30	0.05%	467	£49,782,391.43	0.36%
6 - < 12 months.....				3	£385,070.08	0.01%	161	£18,535,619.02	0.14%
12+ months.....				1	£5,645.80	0.00%	11	£1,389,217.86	0.01%
Total				47,767	£4,399,576,430.39	100.00%	146,797	£13,684,450,312.54	100.00%

	31-Dec-06			31-Dec-07		
	Number	Principal Balance	% by number	Number	Principal Balance	% by number
< 1 month.....	115,054	£9,985,105,548.39	97.38%	81,120	£6,695,420,593.31	96.57%
1 - < 2 months.....	1,414	£144,016,474.42	1.20%	1,156	£121,264,915.31	1.38%
2 - < 3 months.....	498	£51,344,871.66	0.42%	466	£50,120,667.10	0.55%
3 - < 6 months.....	675	£75,627,301.02	0.57%	626	£66,783,120.37	0.75%
6 - < 12 months.....	418	£47,464,625.75	0.35%	432	£49,160,319.50	0.51%
12+ months.....	94	£14,012,620.43	0.08%	203	£26,900,590.08	0.24%
Total	118,153	£10,317,771,441.67	100.00%	84,003	£7,008,650,165.67	100.00%

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

	31-Dec-03		31-Dec-04		31-Dec-05			
	Number	Principal Balance	% by number	% by balance	Number	Principal Balance	% by number	% by balance
< 1 month.....					41,324	£3,853,289,928.89	96.95%	96.73%
1 - < 2 months.....					333	£36,743,353.97	0.80%	0.94%
2 - < 3 months.....					65	£6,592,397.35	0.16%	0.17%
3 - < 6 months.....					45	£5,764,591.80	0.11%	0.15%
6 - < 12 months.....					6	£549,023.66	0.01%	0.01%
12+ months.....								
Total.....					41,773	£3,902,949,295.67	100.00%	100.00%

	31-Dec-06		31-Dec-07					
	Number	Principal Balance	% by number	% by balance	Number	Principal Balance	% by number	% by balance
< 1 month.....	117,402	£11,777,951,985.89	98.79%	98.67%	71,349	£6,743,950,599.09	97.23%	96.70%
1 - < 2 months.....	767	£84,525,416.88	0.65%	0.71%	892	£100,267,637.68	1.22%	1.44%
2 - < 3 months.....	231	£23,576,928.73	0.19%	0.20%	354	£39,171,084.11	0.48%	0.56%
3 - < 6 months.....	277	£30,603,318.38	0.23%	0.26%	415	£46,175,852.00	0.57%	0.66%
6 - < 12 months.....	139	£16,491,054.25	0.12%	0.14%	288	£33,976,110.71	0.39%	0.49%
12+ months.....	27	£3,886,124.87	0.02%	0.03%	82	£10,607,617.36	0.11%	0.15%
Total.....	118,843	£11,936,984,829.00	100.00%	100.00%	73,380	£5,974,148,900.95	100.00%	100.00%

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

	31-Dec-03			31-Dec-04			31-Dec-05					
	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-Dec-06			31-Dec-07								
	Number	Principal Balance	% by number	% by balance	Number	Principal Balance	% by number	% by balance				
< 1 month.....	73,306	£8,195,375,388.54	99.66%	99.67%	95,117	£10,733,351,277.61	99.12%	99.07%				
1 - < 2 months.....	208	£22,849,034.08	0.28%	0.28%	502	£60,500,157.75	0.52%	0.56%				
2 - < 3 months.....	25	£2,816,012.64	0.03%	0.03%	128	£15,580,802.96	0.13%	0.14%				
3 - < 6 months.....	15	£1,413,844.40	0.02%	0.02%	150	£16,529,281.60	0.16%	0.15%				
6 - < 12 months.....					58	£6,940,263.24	0.06%	0.06%				
12+ months.....					5	£1,114,643.27	0.01%	0.01%				
Total.....	73,554	£8,222,454,279.66	100.00%	100.00%	95,960	£10,834,016,426.43	100.00%	100.00%				

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

	31-Dec-03				31-Dec-04				31-Dec-05			
	Number	Principal Balance	% by number	% by balance	Number	Principal Balance	% by number	% by balance	Number	Principal Balance	% by number	% by balance
< 1 month.....	322,871	£17,373,787,780.46	98.95%	98.81%	488,649	£31,368,892,016.92	98.59%	98.37%	557,766	£39,181,203,470.58	97.98%	97.46%
1 - < 2 months.....	2,395	£152,165,189.03	0.73%	0.87%	4,652	£360,290,493.80	0.94%	1.13%	6,287	£558,426,731.49	1.10%	1.39%
2 - < 3 months.....	498	£29,716,578.74	0.15%	0.17%	965	£70,122,158.39	0.19%	0.22%	1,896	£169,271,228.32	0.33%	0.42%
3 - < 6 months.....	409	£22,536,994.60	0.13%	0.13%	942	£62,444,502.74	0.19%	0.20%	2,109	£185,240,926.43	0.37%	0.46%
6 - < 12 months.....	116	£5,298,954.00	0.04%	0.03%	368	£24,281,457.21	0.07%	0.08%	1,018	£92,804,452.17	0.18%	0.23%
12+ months.....	7	£327,452.54	0.00%	0.00%	58	£3,091,608.81	0.01%	0.01%	214	£15,933,376.31	0.04%	0.04%
Total.....	326,296	£17,583,632,949.37	100.00%	100.00%	495,634	£31,889,122,237.87	100.00%	100.00%	569,310	£40,202,880,185.30	100.00%	100.00%

	31-Dec-06				31-Dec-07			
	Number	Principal Balance	% by number	% by balance	Number	Principal Balance	% by number	% by balance
< 1 month.....	618,063	£47,445,892,789.31	98.24%	97.86%	551,598	£44,556,244,768.94	97.90%	97.50%
1 - < 2 months.....	5,138	£463,210,363.13	0.82%	0.96%	5,278	£505,757,502.62	0.94%	1.11%
2 - < 3 months.....	1,678	£151,249,768.79	0.27%	0.31%	1,902	£183,445,192.91	0.34%	0.40%
3 - < 6 months.....	2,256	£217,181,379.81	0.36%	0.45%	2,335	£218,802,589.38	0.41%	0.48%
6 - < 12 months.....	1,521	£149,064,273.65	0.24%	0.31%	1,647	£162,713,477.08	0.29%	0.36%
12+ months.....	511	£56,123,962.66	0.08%	0.12%	663	£72,830,463.34	0.12%	0.16%
Total.....	629,187	£48,482,722,537.35	100.00%	100.00%	563,423	£45,699,793,994.27	100.00%	100.00%


Listing and admission to trading application

These final terms comprise the final terms required for the notes described herein to be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market pursuant to the Mortgage Backed Note Programme of Permanent Master Issuer plc.

Responsibility

The issuing entity accepts responsibility for the information contained in these final terms.

Signed on behalf of the issuing entity:

By: 
_____ per ~~pro~~ ~~CTA~~ Directors Limited
as Director

Duly authorised