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

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

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PERMANENT MASTER ISSUER PLC
(Incorporated with limited liability in England and Wales with registered number 5922774)
Mortgage Backed Note Programme
2010-2 Issue

Series	Class	Interest rate	Initial principal amount	Issue price	Bullet redemption dates	Final Maturity date
1	A	1.40% over 3 month USD LIBOR	\$750,000,000	100%	15 October 2013	15 July 2042
2	A	1.50% over 3 month USD LIBOR	\$750,000,000	100%	15 July 2015	15 July 2042
3	A	1.50% over 3 month USD LIBOR	\$750,000,000	100%	15 January 2016	15 July 2042
4	A	1.50% over 3 month USD LIBOR	\$750,000,000	100%	15 April 2016	15 July 2042
5	A	1.50% over 3 month Sterling LIBOR	£500,000,000	100%	-	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 24 September 2009, the supplemental prospectus dated 22 January 2010 and the supplemental prospectus dated 5 July 2010 (together, 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 (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 **2010-2 notes**) 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 2010-2 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.

Arranger for the programme



Lead Manager with respect to the Reg S Series 1 Class A Notes, Series 2 Class A Notes, the Series 3 Class A Notes, Series 4 Class A Notes and Series 5 Class A Notes

Lloyds TSB Corporate Markets

Series and Class:		2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 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	U.S. Dollar	Sterling
(3)	Initial Principal Amount:	750,000,000	750,000,000	750,000,000	750,000,000	500,000,000
(4)	(a) Issue Price	100% of the Initial Principal Amount The Series 1 Class A Lead Manager will in turn re-offer the Notes at a discount of the Initial Principal Amount of such Notes (the Re-Offer Price).	100% of the Initial Principal Amount The Series 2 Class A Lead Manager will in turn re-offer the Notes at a discount of the Initial Principal Amount of such Notes (the Re-Offer Price).	100% of the Initial Principal Amount The Series 3 Class A Lead Manager will in turn re-offer the Notes at a discount of the Initial Principal Amount of such Notes (the Re-Offer Price).	100% of the Initial Principal Amount The Series 4 Class A Lead Manager will in turn re-offer the Notes at a discount of the Initial Principal Amount of such Notes (the Re-Offer Price).	100% of the Initial Principal Amount
(b)	Gross Proceeds:	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	£500,000,000
(5)	Funding 2 Reserve Required Amount:	For all notes issued by the Master Issuer, £1,706,900,000				
(6)	Ratings (Standard & Poor's/Moody's/Fitch):	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
(7)	Specified Denominations:	\$100,000 and integral multiples of \$1,000 in excess thereof.	\$100,000 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.	£50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No Notes in definitive form will be issued with a denomination above £99,000.
(8)	(a) Closing Date:	13 July 2010	13 July 2010	13 July 2010	13 July 2010	13 July 2010
	(b) Interest Commencement Date:	13 July 2010	13 July 2010	13 July 2010	13 July 2010	13 July 2010
(9)	Final Maturity Date:	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042	Interest Payment Date falling in July 2042

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(10) Interest Basis:	Three-month USD LIBOR Floating Rate	Three-month USD LIBOR Floating Rate	Three-month USD LIBOR Floating Rate	Three-month USD LIBOR Floating Rate	Three-month Sterling LIBOR Floating Rate
(11) Redemption/Payment Basis:	Bullet Redemption	Bullet Redemption	Bullet Redemption	Bullet Redemption	Pass-Through
(12) Change of Interest Basis or Redemption/Payment 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 2010-2 Notes an aggregate amount of £21,150.00				
(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	5 July 2010	5 July 2010	5 July 2010	5 July 2010	5 July 2010
(15) Method of distribution:	Non-Syndicated	Non-Syndicated	Non-Syndicated	Non-Syndicated	Non-Syndicated
(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

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(a) Interest Payment Dates:	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th October 2010.	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th October 2010.	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th October 2010.	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th October 2010.	15th January, 15th April, 15th July and 15th October in each year up to and including the Final Maturity Date. The first Interest Payment Date will be 15th October 2010.
(b) Business Day Convention:	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention	Following Business Day Convention
(c) Additional Business Centre(s):	New York	New York	New York	New York	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
(f) Screen Rate Determination:					
• Reference Rate:	Three-month USD LIBOR (or, in respect of the first Interest Period the linear interpolation of Three-month USD LIBOR and Four-month USD LIBOR)	Three-month USD LIBOR (or, in respect of the first Interest Period the linear interpolation of Three-month USD Libor and Four-month USD LIBOR)	Three-month USD LIBOR (or, in respect of the first Interest Period the linear interpolation of Three-month USD Libor and Four-month USD LIBOR)	Three-month USD LIBOR (or, in respect of the first Interest Period the linear interpolation of Three-month USD Libor and Four-month USD LIBOR)	Three-month Sterling LIBOR (or, in respect of the first Interest Period the linear interpolation of Three-month Sterling Libor and Four-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 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.

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
• 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):	+ 1.40% per annum	+ 1.50% per annum	+ 1.50% per annum	+ 1.50% per annum	+ 1.50% 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) Step-Up Date	Interest Payment Date occurring in October 2013	Interest Payment Date occurring in July 2015	Interest Payment Date occurring in January 2016	Interest Payment Date occurring in April 2016	Interest Payment Date occurring in July 2016
• Step-Up Margin(s)	0.75% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.75% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.75% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.75% per annum. Investors should note that the Step-up Margin is lower than the Margin	0.40% per annum. Investors should note that the Step-up Margin is lower than the Margin
(l) Day Count Fraction:	Actual/360	Actual/360	Actual/360	Actual/360	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

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(19) Form of Notes:	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg	Registered Notes: Reg S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg
(20) Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	New York	New York	New York	New York	Not Applicable
(21) Details relating to Bullet Redemption Notes:	Applicable	Applicable	Applicable	Applicable	Not Applicable
(a) Redemption Amount:	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	Not Applicable
(b) Bullet Redemption Date:	Interest Payment Date occurring in October 2013	Interest Payment Date occurring in July 2015	Interest Payment Date occurring in January 2016	Interest Payment Date occurring in April 2016	Not Applicable
(22) Details relating to Scheduled Redemption Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(23) Details relating to Pass-Through Notes:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Applicable
(24) Redemption Amount:	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies	Condition 5.6 applies
(25) (a) Interest Payment Date for Regulatory Call:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(b) Call Option Date:	Applicable	Applicable	Applicable	Applicable	Applicable
(26) Issuing Entity Swap Provider(s):	The Royal Bank of Scotland plc	Bank of Scotland plc	The Royal Bank of Scotland plc	NATIXIS	Not Applicable
(27) Specified Currency Exchange Rate	1.5119992	1.5119992	1.5119992	1.5119992	Not Applicable

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(28) Talons for future coupons to be attached to Definitive Notes (and dates on which talons mature):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(29) Redenomination, renominisation and reconventioning provisions applicable:	Redenomination Not Applicable	Redenomination Not Applicable	Redenomination Not Applicable	Redenomination Not Applicable	Redenomination Applicable
(30) U.S. tax treatment:	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)
(31) ERISA eligible:	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)	Not Applicable (These Notes are not being offered or sold in the United States)
(32) Other final terms:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(33) Money Market Notes (2a-7)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(34) Maturity Purchase Notes	Yes	Yes	Yes	Yes	Yes
(a) Scheduled Transfer Date:	13 November 2013	21 August 2015	15 February 2016	16 May 2016	13 August 2016
(b) Loss Calculation Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Bullet Redemption Date	The third Business Day after the Step-up Date
(c) Maturity Purchaser:	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc
(35) Funding 2 Yield Reserve Notes:	Applicable	Applicable	Applicable	Applicable	Applicable
(a) Primary Funding 2 Yield Reserve Required Amount:	£64,100,000	£63,200,000	£74,700,000	£60,100,000	£34,700,000
(b) Secondary Funding 2 Yield Reserve Required Amount:	Nil	Nil	Nil	Nil	Nil
(36) (a) If syndicated, names of Managers:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(b) Stabilising Manager (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(37) If non-syndicated, name of relevant Dealer:	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc	Lloyds TSB Bank plc
(38) Total commission and concession:	In respect of the Series 1 Class A notes, the total commission and concession to be paid to the Series 1 Class A Lead Manager, for acting as Lead Manager, shall be an amount equal to the sum of (a) £750,000 and (b) a fee by the Master Issuer, representing the difference between (i) the Issue Price at which the Lead Manager subscribed for the Notes from the Master Issuer and (ii) the Re-Offer Price	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 the sum of (a) £750,000 and (b) a fee by the Master Issuer, representing the difference between (i) the Issue Price at which the Lead Manager subscribed for the Notes from the Master Issuer and (ii) the Re-Offer Price	In respect of the Series 3 Class A notes, the total commission and concession to be paid to the Series 3 Class A Lead Manager, for acting as Lead Manager, shall be an amount equal to the sum of (a) £750,000 and (b) a fee by the Master Issuer, representing the difference between (i) the Issue Price at which the Lead Manager subscribed for the Notes from the Master Issuer and (ii) the Re-Offer Price	In respect of the Series 4 Class A notes, the total commission and concession to be paid to the Series 4 Class A Lead Manager, for acting as Lead Manager, shall be an amount equal to the sum of (a) £750,000 and (b) a fee by the Master Issuer, representing the difference between (i) the Issue Price at which the Lead Manager subscribed for the Notes from the Master Issuer and (ii) the Re-Offer Price	Not Applicable
(39) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(40) Additional selling restrictions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(41) Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification numbers:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(42) Delivery:	Delivery free of payment	Delivery free of payment	Delivery free of payment	Delivery free of payment	Delivery free of payment

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(43) Name and address of initial Paying Agent:	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citibank, N.A, Citigroup Centre Canada Square Canary Wharf London E14 5LB
(44) Names and addresses of additional Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(45) ISIN Code:	XS0520953877	XS0520953950	XS0520954255	XS0520954412	XS0520954768
(46) Common Code:	052095387	052095395	052095425	052095441	052095476
(47) CUSIP:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(48) Rated Loan Tranche:	Series 1 Class A AAA Loan Tranche	Series 2 Class A AAA Loan Tranche	Series 3 Class A AAA Loan Tranche	Series 4 Class A AAA Loan Tranche	Series 5 Class A AAA Loan Tranche
(49) Borrower:	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited	Permanent Funding (No. 2) Limited
(50) Designated Rated Loan Tranche rating:	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
(51) Designation of Rated Loan Tranche:	Bullet Loan Tranche	Bullet Loan Tranche	Bullet Loan Tranche	Bullet Loan Tranche	Pass-Through Loan Tranche
(52) Initial Principal Amount:	£496,032,000	£496,032,000	£496,032,000	£496,032,000	£500,000,000
(a) Closing Date:	13 July 2010	13 July 2010	13 July 2010	13 July 2010	13 July 2010
(b) Interest Commencement Date:	13 July 2010	13 July 2010	13 July 2010	13 July 2010	13 July 2010
(53) Rated Loan Tranche rate:	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):	Sum of (a), (b) and (c):
(a) Reuters Screen Page:	Reuters Monitor Money Rates Service at the page designated as LIBOR01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01	Reuters Monitor Money Rates Service at the page designated as LIBOR 01
(b) Rated Loan Tranche Rate Margin:	+1.13625% prior to the Step-Up Date unless a Trigger Event occurs prior to such Step-Up Date in which case the Rated Loan Tranche Margin will be 1.43625%	+1.22250% prior to the Step-Up Date unless a Trigger Event occurs prior to such Step-Up Date in which case the Rated Loan Tranche Margin will be 1.54250%	+1.24250% prior to the Step-Up Date unless a Trigger Event occurs prior to such Step-Up Date in which case the Rated Loan Tranche Margin will be 1.54250%	+1.17200% prior to the Step-Up Date unless a Trigger Event occurs prior to such Step-Up Date in which case the Rated Loan Tranche Margin will be 1.54250%	+1.10000% prior to the Step-Up Date unless a Trigger Event occurs prior to such Step-Up Date in which case the Rated Loan Tranche Margin will be 1.54250%

Series and Class:	2010-2 Series 1 Class A	2010-2 Series 2 Class A	2010-2 Series 3 Class A	2010-2 Series 4 Class A	2010-2 Series 5 Class A
(c) Funding 2 Yield Reserve Revenue Margin	+ 0.40%	+ 0.40%	+ 0.40%	+ 0.40%	+ 0.40%
(54) Step-Up Date (if any):	Interest Payment Date occurring in October 2013	Interest Payment Date occurring in July 2015	Interest Payment Date occurring in January 2016	Interest Payment Date occurring in April 2016	Interest Payment Date occurring in July 2016
(55) Stepped-up Loan Tranche rate:	1.17640%	1.15000%	1.18120%	1.06100%	0.40000%
(56) Details relating to Bullet Loan Tranches:	Applicable	Applicable	Applicable	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 July 2015	The Funding 2 Interest Payment Date occurring in January 2016	The Funding 2 Interest Payment Date occurring in April 2016	Not Applicable
(b) Relevant Accumulation Amount:	£496,032,000	£496,032,000	£496,032,000	£496,032,000	Not Applicable
(57) Details relating to Scheduled Amortisation Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(58) Details relating to Pass-Through Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Applicable
(59) Final Repayment Date:	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042	The Funding 2 Interest Payment Date falling in July 2042
(60) Loan Payment Dates:	The Bullet Repayment Date	The Bullet Repayment Date	The Bullet Repayment Date	The Bullet Repayment Date	Each Funding 2 Interest Payment Date.
(61) Details relating to Subordinated Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(62) Details relating to Start-up Loan Tranches:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

OTHER INFORMATION

Interests of natural and legal persons involved in the issue:

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

Documents incorporated by reference

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

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

Use of proceeds

The gross proceeds from the issue of the 2010-2 notes equal approximately £2,484,128,000 and (after exchanging, where applicable, the proceeds of the 2010-2 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(s)

RBS Issuing Entity Swap Provider

The Royal Bank of Scotland plc is the issuing entity swap provider (the **RBS Issuing Entity Swap Provider**) for the 2010-2 Series 1 Class A Notes and the 2010-2 Series 3 Class A Notes.

The Royal Bank of Scotland Group plc (the Group) is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc (the Royal Bank) and National Westminster Bank Plc (NatWest). Both the Royal Bank and NatWest are major United Kingdom clearing banks whose origins go back over 275 years. In the United States, the Group's subsidiary Citizens is a large commercial banking organisation. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The Group's operations are conducted principally through the Royal Bank and its subsidiaries (including NatWest) other than ABN AMRO businesses and the general insurance business (primarily Direct Line Group and Churchill Insurance).

HM Treasury currently holds 70.3 per cent. of the issued ordinary share capital of the Group. On 3 November 2009, the Group announced plans to accede to the Asset Protection Scheme and to issue B shares and dividend access shares to the United Kingdom Government. Following the Group's accession to the scheme on 22 December 2009, the HM Treasury ordinary shareholding in the Group remained at 70.3 per cent., although this could rise to 75 per cent. if the B shares are converted to ordinary shares, but the economic interest rose to 84.4 per cent.

The Group had total assets of £1,696.5 billion and owners' equity of £77.7 billion at 31 December 2009. The Group's capital ratios at that date, which included the equity minority interest of the State of the Netherlands and Banco Santander (Santander) in ABN AMRO Holding N.V. (ABN AMRO), were a total capital ratio of 16.1 per cent., a Core Tier 1 capital ratio of 11.0 per cent. and a Tier 1 capital ratio of 14.1 per cent.

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

NATIXIS Issuing Entity Swap Provider

NATIXIS is the issuing entity swap provider (the **NATIXIS Issuing Entity Swap Provider**) for the 2010-2 Series 4 Class A Notes. NATIXIS (formerly known as Natexis Banques Populaires) is a French limited liability company (société anonyme à Conseil d'Administration) registered with the Registre du Commerce et des Sociétés de Paris under No. 542 044 524. It is currently governed by the French commercial company regulations, the provisions of the French Monetary and Financial Code and its bylaws. Its corporate existence is fixed by its bylaws for 99 years, expiring on 9 November 2093.

NATIXIS was formed in 2006 from the combination of Natexis Banques Populaires and various subsidiaries of the Caisse d'Epargne Group, notably Ixis Corporate & Investment Bank (Ixis CIB) and Ixis Asset Management (Ixis AM).

In the 2009 second quarter NATIXIS carried out a detailed strategic review of its businesses. Following this review, from summer 2009, a medium-term plan, (out to 2012), called the "New Deal" was launched. It is based around the three core businesses, adapted to the bank's new risk profile and is resolutely customer-focused:

- the corporate and investment bank of Groupe BPCE;
- investment solutions, including asset management, a business with a global outlook, and integrating insurance and private banking; and

- Specialized Financial Services, offering its expertise services to the BPCE networks.
- Coface, as well as the private equity business, become financial investments managed with the aim of value optimization.

As at 31 March 2010 NATIXIS' principal shareholders were as follows:

	% of capital	% of voting rights
BPCE	71.539%	71.635%
Public	27.470%	27.507%
Other	0.992%	0.858%

Changes in the Organisational Structure and in the Identity of the Major Shareholders

About BPCE

NATIXIS is the corporate, investment management and financial services arm of Groupe BPCE, the cooperative bank born out of the merger between Banques Populaires and Caisses d'Epargne.

NATIXIS is affiliated to the group's central body, i.e. BPCE, which directly holds 71.5 % of its capital. As such, NATIXIS benefits from the group's financial solidarity system (see hereafter).

Groupe BPCE totals 37 million customers, 8,200 branches, 7 million cooperative shareholders and 120,000 employees. Its three core businesses provide a full range of banking, financial and real-estate services.

In France, the retail bank is underpinned by the Banques Populaires and Caisses d'Epargne networks with twenty savings banks and seventeen savings banks, respectively, all with deep roots in the territory, and by other more specialized brands. Groupe BPCE is France's second-largest retail bank in terms of market share.

Groupe BPCE is a key player, directly or via its specialized subsidiaries such as Crédit Foncier, Nexity and Foncia, in all aspects of real estate from beginning to end: promotion, social housing, project finance, home loans, guaranties, services and advisory.

NATIXIS handles Corporate and Investment Banking, Investment Solutions and Specialized Financial Services, serving both the group's network and its large corporate and institutional investor client base.

Affiliation of NATIXIS to BPCE and financial solidarity scheme within Group BPCE

With effect as of 31 July 2009 (non inclusive), NATIXIS is affiliated with BPCE, the central body of Group BPCE. This affiliation with BPCE replaces, with effect as of same date, the dual affiliation of NATIXIS with Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE) and Banque Fédérale des Banques Populaires (BFBP), which was governed by a dual affiliation agreement itself revoked as of same date.

Scope:

Pursuant to the Law n° 2009-715 of 18 June 2009 amending the French Monetary and Financial Code (Code monétaire et financier), BPCE is designated as the central body of the new cooperative banking group BPCE, comprised of BPCE and its **Affiliates**, that is:

> the members of the networks of Banques Populaires and Caisses d'Epargne (articles L. 512-11 et L. 512-86 of the French Monetary and Financial Code), that is:

- the Caisses d'Epargne and Banques Populaires,
- the sociétés de caution mutuelle (mutual guarantee companies) related to each of these networks,
- the sociétés locales d'épargne (local savings companies),
- la Fédération Nationale des Caisses d'Epargne et de Prévoyance (National Federation of Savings and Provident Banks), as well as

- Caisses d'Epargne Participations and Banques Populaires Participations (previously named CNCE and BFBP),

> the other institutions affiliated with BPCE (article L. 512-106 al. 2 of the French Monetary and Financial Code), that is:

- the credit institutions that were affiliated with CNCE and BFBP as of 31 July 2009, including:
 - credit institutions contributed to BPCE, notably NATIXIS,
 - credit institutions that remain participations held and managed by Caisses d'Epargne Participations and Banques Populaires Participations (previously named CNCE and BFBP), notably Crédit Foncier de France and Banque Palatine, and
- any French credit institution whose control is directly or indirectly held, solely or jointly, by BPCE or one or more network members, affiliated by decision taken pursuant to article L. 512-106 alinéa 2 1.

(BPCE and the Affiliates being referred to together as the **Beneficiaries**).

Financial Solidarity Scheme:

As central body and pursuant to article L. 511-31 of the French Monetary and Financial Code, BPCE is responsible for coordinating its networks and ensuring the correct functioning of its Affiliates. It takes all necessary measures in particular to guarantee the liquidity and solvency of BPCE, each of the network members and of the other Beneficiaries.

To that purpose, BPCE disposes of a guarantee fund mutual to the two networks, which benefits to all the Beneficiaries (including NATIXIS). It determines the contributions for its appropriation and reconstitution (article L. 512.107 6°). This fund is a complement to the guarantee fund entered in the accounts of Caisses d'Epargne Participations (previously named CNCE) and to the guarantee entered in the accounts of Banques Populaires Participations (previously named BFBP), the reconstitution of which may be decided, in case of use, by calling for the necessary contributions from the members of the relevant network.

In case of default of NATIXIS, BPCE will first dispose of its own funds in compliance with its duties as shareholder; if these are not sufficient, it may dispose of the mutual guarantee fund (*Fonds de Garantie Mutuel*). If the resources of BPCE and the Fonds de Garantie Mutuel are not sufficient, it may dispose (in equal shares) of the guarantee fund of each of the two networks. If the resources of these three funds are not sufficient, additional contributions may be requested from the whole of the Banques Populaires and Caisses d'Epargne. The Fonds de Garantie Mutuel is initially made of 920 millions Euros in total assets, contributed in equal share by the two networks and which will grow over time (unless it is used for purposes of providing support).

The guarantee fund is available only for internal support and third parties will not have access to the guarantee fund, although French banking regulators may require the mechanism to be used if needed.

The information in the foregoing paragraphs regarding the Issuing Entity Swap Provider has been provided by NATIXIS and the Issuer assumes no responsibility therefor.

¹ Article L. 512-106 al. 2 : «There may also be affiliated with it, under the conditions provided for in Article L. 511-31, credit institutions whose control is directly or indirectly held, solely or jointly within the meaning of Article L. 233-16 of the French Commercial Code, by the central body of the *caisses d'épargne* and *banques populaires* or by one or several institutions belonging to these networks.»

BOS Issuing Entity Swap Provider

Bank of Scotland plc is the issuing entity swap provider (the **BOS Issuing Entity Swap Provider**) for the 2010-2 Series 2 Class A 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. The registered office of Bank of Scotland is located at The Mound, Edinburgh EH1 1YZ, Scotland.

As at 12 July 2010, the short term senior unsecured and unguaranteed obligations of Bank of Scotland were rated P-1 by Moody's, A-1 by S&P and F1+ by Fitch and the long-term senior, unsecured and unguaranteed obligations of Bank of Scotland were rated Aa3 by Moody's, A+ by S&P and AA- by Fitch.

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.

Maturity Purchaser

Lloyds TSB Bank plc (**Lloyds TSB Bank**) is the maturity purchaser (the **Maturity Purchaser**) for the issue of the 2010-2 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. Lloyds TSB Bank is authorised and regulated by the Financial Services Authority.

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.

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

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

Pursuant to two placing and open offers which were completed by Lloyds Banking Group plc in January and June 2009 and a rights issue completed in December 2009, the UK Government acquired 43.4 per cent. of the issued ordinary share capital of Lloyds Banking Group plc. Following further issues of ordinary shares in February 2010 and May 2010 as part of certain exchange offers, the UK Government's holding was reduced to approximately 41 per cent.

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

As at 12 July 2010, the short term senior unsecured and unguaranteed obligations of Lloyds TSB Bank were rated P-1 by Moody's, A-1 by S&P and F1+ by Fitch and the long-term senior, unsecured and unguaranteed obligations of Lloyds TSB Bank were rated Aa3 by Moody's, A+ by S&P and AA- by Fitch.

Lloyds Banking Group Capital Restructuring

On 3 November 2009 Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, **Lloyds Banking Group**) announced proposals intended to meet its current and long-term capital requirements including a rights issue (the **Rights Issue**) and two separate exchange offers (the **Exchange Offers**, and together with the Rights Issue, the **Proposals**). The Proposals, which were fully underwritten, were approved by shareholders on 26 November 2009. The Rights Issue, which raised £13.5 billion (£13 billion net of the expenses of the Proposals) was completed on 14 December 2009 with 95.3 per cent. of shares placed with shareholders. The remaining 4.7 per cent. rump was placed with investors and settled on 17 December 2009. The Exchange Offers were substantially completed during December 2009 and generated approximately £ 7.5 billion in nominal value of contingent core tier 1 capital at that time. The remaining elements of the Exchange Offers were completed on 18 February 2010 when Lloyds Banking Group plc issued 3,141 million ordinary shares at a price of £0.486985 per share in exchange for certain existing preference shares and preferred securities. The issue of ordinary shares generated approximately £ 1.5 billion in core tier 1 capital. In accordance with the Group's accounting policy in respect of debt for equity exchanges, a gain of £85 million will be recognised on this exchange transaction in the year ended 31 December 2010.

State Aid Review

As a result of HM Treasury's investment in Lloyds Banking Group in the context of the placing and open offer in November 2008, Lloyds Banking Group was required to work with HM Treasury to submit a restructuring plan to the European Commission in the context of a state aid review. The plan was required to contain measures to limit any competition distortions resulting from the state aid received by Lloyds Banking Group. The College of Commissioners announced its formal approval of Lloyds Banking Group's restructuring plan 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 approximately 19 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 not to make certain acquisitions for approximately three to four years.

The business referred to in (i) above will need to be disposed of within four years 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 is unable at this time to identify with any precision the assets and liabilities that will be divested, and associated income and expenses, until nearer the date of a sale.

Legal Actions

During the ordinary course of business, the Group is periodically subject to threatened or actual legal proceedings and regulatory challenge both in the UK and overseas. For further information, see "*Contingent liabilities and commitments*" in note 49 on page 71 of the Lloyds TSB Bank plc Annual Report and Accounts 2009 as incorporated by reference.

Availability of Public Information

Debt securities issued by the maturity purchaser are listed on the London Stock Exchange. Information relating to the maturity purchaser is available at www.lloydsbankinggroup.com.

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

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

As of the closing date, the aggregate principal amount outstanding of notes issued by the issuing entity (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the issue of the 2010-2 notes described herein, will be as follows:

GBP 15,117,964,626.10

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 15,117,964,626.10

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

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

GBP 10,363,845,000

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

GBP 10,363,845,000

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

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

Funding 2 start-up loan provider:	Bank of Scotland
Initial outstanding principal balance:	GBP 525,630,563
Interest rate:	Three-month sterling LIBOR plus 0.25% per annum

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

Issue	Current outstanding principal balance	Interest Rate
2006-1	GBP 80,178,640.57	Three-month sterling LIBOR plus 0.25% per annum
2007-1	GBP 63,533,045.98	Three-month sterling LIBOR plus 0.25% per annum
2008-1	GBP 141,259,619.05	Three-month sterling LIBOR plus 0.25% per annum
2008-2	GBP 808,430.70	Three-month sterling LIBOR plus 0.25% per annum
2009-1	GBP 249,009,481.10	Three-month sterling LIBOR plus 0.25% per annum
2009-1	GBP 1,351,085,723.18	Three-month sterling LIBOR plus 0.25% per annum
2010-1	GBP 158,544,915.05	Three-month sterling LIBOR plus 0.25% per annum
2010-1	GBP 7,011,017.21	Three-month sterling LIBOR plus 0.25% per annum

Previous Funding 1 start-up loans

No Funding 1 start-up loan will be advanced to the issuing entity on the closing date.

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

Funding 1 issuing entity	Current outstanding principal balance
Permanent Financing (No.1) plc	GBP 27,423,777.68
Permanent Financing (No.2) plc	GBP 27,680,631.43
Permanent Financing (No.3) plc	GBP 11,978,133.16
Permanent Financing (No.4) plc	GBP 24,523,432.34
Permanent Financing (No.5) plc	GBP 14,170,139.82
Permanent Financing (No.6) plc	GBP 2,097,107.22
Permanent Financing (No.7) plc	GBP 29,974,045.84
Permanent Financing (No.8) plc	GBP 13,203,866.62
Permanent Financing (No.9) plc	GBP 2,068,016.50
In connection with the issue of the 2009-1 Notes	GBP 453,057,528.58
In connection with the issuer of the 2010-1 Notes	GBP 164,476,262.99
In connection with the refinancing of excess spread in the Funding 1 General Reserve Fund	GBP 96,275,109.28

Issuing entity start-up loan

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

Issuing entity subordinated loan

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

Mortgages trust and the portfolio

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

In addition:

- the minimum seller share will be approximately £4,300,000,000;
- the Funding 1 share will be approximately £9,866,000,000, representing approximately 24.4 per cent. of the trust property;
- the Funding 2 share will be approximately £15,116,000,000, representing approximately 37.3 per cent. of the trust property; and
- the seller share will be approximately £15,498,000,000, representing approximately 38.3 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 for the period up to (but excluding) the interest

payment date in September 2011 be at least £35,000,000,000 and for the period from (and including) the interest payment date in September 2011 up to (but excluding) the interest payment date in November 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 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 January 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, £1,706,900,000.

Maturity and prepayment considerations

The average lives of any series and class of the 2010-2 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 2010-2 notes can be made based on certain assumptions. The assumptions used to calculate the possible average lives of each series and class of the 2010-2 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 (i) in the period up to (but excluding) the interest payment date in September 2011, such that the aggregate principal amount outstanding of loans in the portfolio at any time is not less than £35,000,000,000 and (ii) during the period from and including the interest payment date falling in September 2011 up to (but excluding) the interest payment date in November 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 (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) (B) or Rule (1) (C) as set out in "Cashflows – Rule (1) – Repayment deferrals" in the base prospectus);
- (7) the annualised CPR as at the closing date is assumed to be the same as the various assumed rates in the table below;
- (8) there is a balance of £0 in the Funding 2 cash accumulation ledger at the closing date and a balance of approximately £0 in the Funding 1 cash accumulation ledger at the closing date;
- (9) the issuing entity exercises its option to redeem the 2010-2 notes on the step-up date, relating to the 2010-2 notes; and
- (10) the closing date is 13 July 2010;

CPR and possible average lives of each series and class of issue 2010-2 notes (in years)

Based upon the foregoing assumptions, the approximate average life in years of each series and class of issue 2010-2 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	series 2 class A notes	series 3 class A notes	series 4 class A notes	series 5 class A notes
5 per cent	3.26	5.01	5.51	5.76	6.01
10 per cent	3.26	5.01	5.51	5.76	6.01
15 per cent	3.26	5.01	5.51	5.76	6.01
20 per cent	3.26	5.01	5.51	5.76	6.01
25 per cent	3.26	5.01	5.51	5.76	6.01
30 per cent	3.26	5.01	5.51	5.76	6.01
35 per cent	3.26	5.01	5.51	5.76	6.01

(1) Includes both scheduled and unscheduled payments.

Assumptions (1), (2), (3), (4), (5), (6), (9) and (10) relate to circumstances which are not predictable. No assurance can be given that the issuing entity will be in a position to redeem the 2010-2 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 2010-2 notes would be extended.

The average lives of the 2010-2 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 currently comprising the mortgages trust.

The statistical and other information contained in these Final Terms has been compiled by reference to the loans in the portfolio as at the cut-off date that, subject as provided, are expected to indirectly secure the 2010-2 notes and all other notes of the issuing entity and the Funding 1 issuing entities as at 24 May 2010 (the **cut-off date**). Columns stating percentage amounts may not add up to 100% due to rounding. The loans in the mortgages trust are selected on the basis of the seller's selection criteria for inclusion in the mortgages trust. The material aspects of the seller's lending criteria are described under "**The loans – Underwriting –**" and "**The loans – Lending criteria**" in the base prospectus. Standardised credit scoring is not used in the UK mortgage market. For an indication of the credit quality of borrowers in respect of the loans, investors may refer to such lending criteria and to the historical performance of the loans in the mortgages trust as set forth in these Final Terms. One significant indicator of obligor credit quality is arrears and losses. The information presented under "**Delinquency and loss experience of the portfolio (including loans which previously formed part of the portfolio)**" on pages 35-39 in these Final Terms reflects the arrears and repossession experience for loans in the expected portfolio as at the cut-off date, including loans that were contained in the portfolio since the inception of the mortgages trust. All of the loans in the table were originated by Halifax or by Bank of Scotland under the "Halifax" brand (the **Halifax loans**), but not all of the loans form part of the portfolio. It is not expected that the characteristics of the portfolio as at the closing date will differ materially from the characteristics of the portfolio as at the cut-off date. Except as otherwise indicated, these tables have been prepared using the current balance as at the cut-off date, which includes all principal and accrued interest for the loans in the portfolio.

The expected portfolio as at the cut-off date consisted of 491,642 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 £41,551,117,523.43 as at that date. The loans in the expected portfolio as at the cut-off date were originated between 1 February 1996 and 31 January 2010.

As at 1 June 2010, HVR 1 was 3.50% per annum, HVR 2 was 3.40% per annum and the Halifax flexible variable rate was 3.40% per annum.

Approximately 1.80% 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	£ 1,117,888,756.96	2.69%	86,007	17.49%
£25,000 – £49,999.99	£ 3,712,303,693.74	8.93%	100,032	20.35%
£50,000 – £74,999.99	£ 5,253,331,423.28	12.64%	84,525	17.19%
£75,000 – £99,999.99	£ 5,808,008,988.33	13.98%	66,852	13.60%
£100,000 – £124,999.99	£ 5,515,523,408.48	13.27%	49,367	10.04%
£125,000 – £149,999.99	£ 4,654,074,420.99	11.20%	34,062	6.93%
£150,000 – £174,999.99	£ 3,710,423,924.75	8.93%	23,002	4.68%
£175,000 – £199,999.99	£ 2,742,692,385.86	6.60%	14,706	2.99%
£200,000 – £224,999.99	£ 2,109,926,732.15	5.08%	9,985	2.03%
£225,000 – £249,999.99	£ 1,530,437,242.51	3.68%	6,469	1.32%
£250,000 – £299,999.99	£ 2,058,774,151.27	4.95%	7,574	1.54%
£300,000 – £349,999.99	£ 1,329,594,533.96	3.20%	4,138	0.84%
£350,000 – £399,999.99	£ 863,367,887.38	2.08%	2,324	0.47%
£400,000 – £449,999.99	£ 669,301,495.19	1.61%	1,589	0.32%
£450,000 – £499,999.99	£ 474,968,306.67	1.14%	1,009	0.21%
£500,000+	£ 500,171.91	0.00%	1	0.00%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	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 £500,171.90 and the smallest mortgage account had an outstanding current balance as at the cut-off date of £0.00. The average current balance (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the cut-off date was approximately £144,299.43.

LTV ratios at origination

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

Range of LTV Ratios at origination*	Aggregate outstanding balance as at origination (£)	% of total	Number of mortgage accounts	% of total
0% – 24.99%	£ 2,130,625,419.00	4.61%	54,723	11.13%
25% – 49.99%	£ 10,847,862,339.48	23.47%	160,046	32.55%
50% – 74.99%	£ 17,412,684,264.00	37.68%	154,654	31.46%
75% – 79.99%	£ 3,928,185,389.00	8.50%	29,186	5.94%
80% – 84.99%	£ 3,234,783,566.00	7.00%	23,808	4.84%
85% – 89.99%	£ 3,555,461,836.00	7.69%	26,175	5.32%
90% – 94.99%	£ 3,092,483,578.00	6.69%	24,487	4.98%
95% – 96.99%	£ 949,979,015.00	2.06%	10,076	2.05%
97%	£ 410,487,025.00	0.89%	4,645	0.94%
97%+	£ 651,401,475.00	1.41%	3,842	0.78%
Totals.....	£ 46,213,953,906.48	100.00%	491,642	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 63.31%. The highest LTV ratio of any mortgage account (excluding any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) at origination was 129.60% and the lowest was 0.04%.

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% – 24.99%	£ 2,990,188,716.36	7.20%	119,334	24.27%
25% – 49.99%	£ 9,204,868,791.73	22.15%	141,432	28.77%
50% – 74.99%	£ 13,942,253,378.84	33.55%	121,544	24.72%
75% – 79.99%	£ 3,199,650,317.83	7.70%	23,519	4.78%
80% – 84.99%	£ 3,035,975,652.02	7.31%	21,647	4.40%
85% – 89.99%	£ 2,959,649,766.94	7.12%	21,058	4.28%
90% – 94.99%	£ 2,437,845,810.52	5.87%	17,376	3.53%
95% – 99.99%	£ 1,836,365,730.66	4.42%	12,462	2.53%
100% – 104.99%	£ 937,864,843.91	2.26%	6,424	1.31%
105% – 109.99%	£ 658,144,029.42	1.58%	4,322	0.88%
110% – 114.99%	£ 253,470,029.13	0.61%	1,808	0.37%
115% – 119.99%	£ 75,450,982.59	0.18%	578	0.12%
120% – 124.99%	£ 15,242,286.87	0.04%	111	0.02%
125%+	£ 4,147,186.60	0.01%	27	0.01%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	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 64.01%. The highest LTV ratio of any mortgage account (including any capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees) was 213.54% and the lowest was 0.00%.

Geographical distribution

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

Regions	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
London & South East	£ 12,414,926,325.42	29.88%	98,481	20.03%
Midlands & East Anglia	£ 8,850,501,633.89	21.30%	105,463	21.45%
North.....	£ 5,546,020,592.21	13.35%	87,420	17.78%
North West	£ 4,720,520,536.70	11.36%	70,760	14.39%
Scotland	£ 4,145,612,177.16	9.98%	61,824	12.58%
South Wales & West	£ 5,837,517,430.29	14.05%	67,388	13.71%
Unknown*	£ 36,018,827.77	0.09%	306	0.06%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%

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

Seasoning of loans

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

Age of loans in months as at the cut-off date	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
<6	£ 657,740,734.72	1.58%	5,773	1.17%
6 to <12	£ 1,313,756,318.49	3.16%	12,460	2.53%
12 to <18	£ 2,445,816,372.36	5.89%	21,270	4.33%
18 to <24	£ 4,122,438,675.29	9.92%	32,069	6.52%
24 to <30	£ 1,492,238,701.88	3.59%	10,959	2.23%
30 to <36	£ 3,893,221,805.11	9.37%	28,525	5.80%
36 to <42	£ 4,191,103,145.09	10.09%	34,043	6.92%
42 to <48	£ 2,841,075,880.91	6.84%	26,941	5.48%
48 to <54	£ 2,443,723,665.69	5.88%	26,251	5.34%
54 to <60	£ 2,236,822,709.57	5.38%	24,285	4.94%
60 to <66	£ 2,026,721,718.23	4.88%	24,876	5.06%
66 to <72	£ 2,756,110,893.03	6.63%	33,734	6.86%
72+	£ 11,130,346,903.06	26.79%	210,456	42.81%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%

The maximum, minimum and weighted average seasoning of loans as at the cut-off date was 171.20, 3.74 and 54.84 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	£ 1,632,393,503.57	3.93%	50,948	10.36%
5 to <10	£ 4,097,654,732.23	9.86%	75,534	15.36%
10 to <15	£ 7,013,548,837.52	16.88%	98,884	20.11%
15 to <20	£ 13,227,140,044.49	31.83%	140,163	28.51%
20 to <25	£ 11,790,996,148.64	28.38%	92,511	18.82%
25 to <30	£ 3,761,385,320.97	9.05%	33,361	6.79%
30+	£ 27,998,936.01	0.07%	241	0.05%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%

The maximum, minimum and weighted average remaining term of the loans as at the cut-off date was 40.08, 0.00 and 17.47 years, respectively.

Purpose of loan

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

Use of proceeds	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Purchase	£ 25,886,636,509.61	62.30%	318,429	64.77%
Remortgage	£ 15,664,481,013.82	37.70%	173,213	35.23%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%

As at the cut-off date, the weighted average balance of loans used to finance the purchase of a new property was £139,035.63 and the weighted average balance of loans used to remortgage a property already owned by the borrower was £152,998.23.

Property type

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

Property type	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Detached	£ 11,977,459,473.46	28.83%	112,294	22.84%
Semi-detached	£ 12,385,668,567.78	29.81%	162,868	33.13%
Terraced	£ 11,766,340,245.18	28.32%	157,592	32.05%
Other*	£ 5,421,649,237.01	13.05%	58,888	11.98%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	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 properties was £182,166.05, £125,376.46 and £123,747.48, 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	£ 17,048,619,932.93	41.03%	243,780	49.58%
Intermediaries	£ 24,445,009,203.98	58.83%	246,371	50.11%
Other channels	£ 57,488,386.52	0.14%	1,491	0.30%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	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 £118,838.19, £162,213.52 and £77,658.22, respectively.

Repayment terms

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

Repayment terms	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Repayment	£ 23,578,986,506.50	56.75%	334,820	68.10%
Interest-only	£ 17,972,131,016.93	43.25%	156,822	31.90%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%

As at the cut-off date, the weighted average balance of repayment loans and interest-only loans was £115,396.27 and £182,219.65, respectively.

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

Payment methods	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Halifax payment plan	£ 9,501,108,171.53	22.87%	131,074	26.66%
Direct debit	£ 29,621,776,948.22	71.29%	323,513	65.80%
Other*	£ 2,428,232,403.68	5.84%	37,055	7.54%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%

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

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

Distribution of types of loans

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

Type of loan	Aggregate outstanding balance at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
Discounted variable rate loans	£ 504,654,147.93	1.21%	3,700	0.75%
Fixed rate loans	£ 15,967,957,279.05	38.43%	176,950	35.99%
Tracker rate loans	£ 8,772,283,667.85	21.11%	99,430	20.22%
Standard variable rate loans	£ 16,306,222,428.60	39.24%	211,562	43.03%
Totals.....	£ 41,551,117,523.43	100.00%	491,642	100.00%
Of which Flexible loans	£ 216,746,422.24	0.52%	2,029	0.41%

Distribution of fixed rate loans

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

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

Fixed rate %	Aggregate outstanding balance as at the cut-off date (£)	% of total	Number of mortgage accounts	% of total
0 – 3.99	£ 254,081,706.31	1.59%	7,689	4.35%
4.00 – 4.99	£ 3,711,516,367.83	23.24%	36,095	20.40%
5.00 – 5.99	£ 8,029,378,517.12	50.28%	87,079	49.21%
6.00 – 6.99	£ 3,680,586,784.33	23.05%	42,017	23.75%
7.00+	£ 292,393,903.46	1.83%	4,070	2.30%
Totals.....	£ 15,967,957,279.05	100.00%	176,950	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
2010	£ 2,502,080,182.45	15.67%	28,085	15.87%
2011	£ 6,704,949,205.65	41.99%	68,197	38.54%
2012	£ 3,175,395,691.97	19.89%	35,606	20.12%
2013	£ 1,527,510,476.20	9.57%	15,381	8.69%
2014	£ 1,323,672,625.86	8.29%	13,648	7.71%
2015	£ 133,334,361.57	0.84%	2,534	1.43%
2016	£ 106,938,281.34	0.67%	1,492	0.84%
2017	£ 239,414,265.88	1.50%	3,472	1.96%
2018	£ 183,568,945.28	1.15%	2,225	1.26%
2019+	£ 71,093,242.85	0.45%	6,310	3.57%
Totals.....	£ 15,967,957,279.05	100.00%	176,950	100.00%

MIG policies

There are no loans in the portfolio that have the benefit of a MIG policy.

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
May 2010	14.84%	15.31%	16.16%

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 £70,906,806.18 as at 31 May 2010.

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

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

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

	31 Jan 06 (£)	31 Jan 07 (£)	31 Jan 08 (£)	31 Jan 09 (£)	31 Jan 10 (£)
Outstanding balance					
(£)	46,282,077,085.55	52,530,960,699.69	50,176,821,421.19	46,648,007,868.14	43,471,649,875.89
Number of loans					
outstanding.....	639,015	667,217	596,656	544,242	511,411
Outstanding					
balance of loans in					
arrears (£)					
1 – <2 months.....	555,739,297.54	527,922,153.31	539,006,428.67	736,891,610.46	488,453,290.67
2 – <3 months.....	169,939,149.47	161,323,919.13	183,683,469.02	230,754,153.74	197,340,835.72
3 – <6 months.....	207,896,875.52	232,240,228.11	243,970,563.76	321,274,592.25	296,546,648.58
6 – <12 months	107,162,993.26	146,118,614.31	164,231,001.83	236,257,139.37	260,469,450.96
12+ months.....	19,056,545.61	59,266,337.08	76,308,547.58	96,589,829.27	151,625,281.72
Total outstanding					
balance of loans in					
arrears	1,059,794,861.40	1,126,871,251.94	1,207,200,010.86	1,621,767,325.09	1,394,435,507.65
Total outstanding					
balance of loans in					
arrears as % of the					
outstanding balance ...	2.2899%	2.1452%	2.4059%	3.4766%	3.2077%
Outstanding balance					
of loans relating to					
properties in					
Possession	6,387,795.62	20,433,920.36	31,467,372.39	54,268,966.80	34,621,127.26
Outstanding balance					
of loans relating to					
properties sold					
during the period ⁽¹⁾	6,442,615.46	41,257,721.73	69,393,383.85	116,632,378.98	144,103,491.05
Net loss on sales of					
all repossessed	420,037.43	3,549,112.14	5,230,967.80	23,429,456.02	31,171,538.40

	31 Jan 06 (£)	31 Jan 07 (£)	31 Jan 08 (£)	31 Jan 09 (£)	31 Jan 10 (£)
properties ⁽²⁾					
Ratio of aggregate net losses to aggregate outstanding Balance of loans	0.00091	0.00676	0.01043	0.05023	0.07171
Average net loss on all properties sold	6,000.53	10,287.28	9,832.65	27,531.68	29,214.19
Number of loans outstanding in arrears					
1 – <2 months.....	6,393	5,742	5,475	5,388	4,774
2 – <3 months.....	1,958	1,726	1,834	2,271	1,940
3 – <6 months.....	2,334	2,414	2,556	3,060	2,876
6 – <12 months	1,164	1,508	1,667	2,222	2,401
12+ months.....	246	548	690	864	1,339
Total number of loans outstanding in arrears	12,095	11,938	12,222	13,805	13,330
Total number of loans outstanding in arrears as % of the number of loans Outstanding	1.8928	1.7892	2.0484	2.5366	2.6065
Number of properties in Possession	74	174	253	415	297
Number of properties sold during the period	70	345	532	851	1,067

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

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

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

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

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

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

The dislocation of financial markets in 2007 led to supply issues in the housing finance market while falling house prices and consumer confidence reduced demand for property. This has resulted in 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 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 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 CPR rate for the quarter (%)	12- month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 1988	13.55	15.35	June 1988	16.03	15.64
September 1988.....	18.23	16.00	December 1988	12.60	15.10
March 1989	8.85	13.93	June 1989	13.04	13.18
September 1989.....	11.53	11.51	December 1989	10.38	10.95
March 1990	8.91	10.96	June 1990	9.37	10.05
September 1990.....	9.66	9.58	December 1990	10.58	9.63
March 1991	9.07	9.67	June 1991	10.69	10.00
September 1991.....	11.57	10.48	December 1991	10.24	10.39
March 1992	9.14	10.41	June 1992	9.12	10.02
September 1992.....	9.75	9.56	December 1992	7.96	8.99
March 1993	8.53	8.84	June 1993	9.97	9.05
September 1993.....	10.65	9.28	December 1993	10.01	9.79
March 1994	8.97	9.90	June 1994	10.48	10.03
September 1994.....	11.05	10.13	December 1994	10.68	10.29
March 1995	9.15	10.34	June 1995	10.51	10.35
September 1995.....	11.76	10.53	December 1995	11.61	10.76
March 1996	10.14	11.00	June 1996	11.32	11.21
September 1996.....	13.20	11.57	December 1996	12.58	11.81
March 1997	9.75	11.71	June 1997	15.05	12.65
September 1997.....	12.18	12.39	December 1997	11.17	12.04
March 1998	10.16	12.14	June 1998	12.05	11.39
September 1998.....	13.79	11.79	December 1998	13.44	12.36
March 1999	12.32	12.90	June 1999	15.96	13.88
September 1999.....	17.55	14.82	December 1999	16.47	15.57
March 2000	13.62	15.90	June 2000	15.31	15.73
September 2000.....	15.97	15.34	December 2000	15.67	15.14
March 2001	15.38	15.58	June 2001	18.23	16.31
September 2001.....	20.25	17.39	December 2001	20.06	18.48
March 2002	18.75	19.32	June 2002	21.10	20.04
September 2002.....	23.63	20.89	December 2002	22.89	21.59
March 2003	21.24	22.22	June 2003	22.43	22.55
September 2003.....	24.03	22.65	December 2003	24.87	23.14

Quarter	Industry CPR rate for the quarter (%)	12- month rolling average (%)	Quarter	Industry CPR rate for the quarter (%)	12-month rolling average (%)
March 2004	21.22	23.14	June 2004	22.93	23.26
September 2004	24.27	23.32	December 2004	20.85	22.32
March 2005	17.96	21.50	June 2005	21.32	21.10
September 2005	24.29	21.10	December 2005	24.61	22.04
March 2006	22.27	23.12	June 2006	23.37	23.64
September 2006	24.95	23.80	December 2006	24.87	23.87
March 2007	23.80	24.25	June 2007	24.84	24.61
September 2007	25.48	24.74	December 2007	23.55	24.42
March 2008	19.56	23.36	June 2008	20.88	22.37
September 2008	20.15	21.03	December 2008	15.33	18.98
March 2009	12.91	17.32	June 2009	11.39	14.95
September 2009	12.77	13.10	December 2009	11.99	12.27
March 2010	9.60	11.44			

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

You should note that the data for the period to and including December 1998 in 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 for this period. The data for the period from and including March 1999 presents the historical CPR experience of both banks and building societies in the United Kingdom.

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		
1993	0.58	2002	0.11		

Source: Council of Mortgage Lenders

House price to earnings ratio

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

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994.....	4.53	2002.....	6.73
1995.....	4.46	2003.....	7.40
1996.....	4.49	2004.....	7.88
1997.....	4.75	2005.....	8.05
1998.....	5.09	2006.....	8.11
1999.....	5.35	2007.....	8.69
2000.....	5.82	2008.....	8.32
2001.....	5.97	2009.....	7.56

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 2009 in order to produce a house price to earnings ratio for each region.

Regions	Average earnings (£ per annum)*	House Price(£)**	Price/earnings ratio
North.....	44,286	159,790	3.61
North West.....	46,816	174,626	3.73
Yorkshire & Humberside.....	45,849	176,040	3.84
East Midlands.....	45,133	172,415	3.82
West Midlands.....	46,633	184,900	3.97
East Anglia.....	48,439	198,177	4.09
London.....	75,119	338,120	4.50
South East.....	60,200	269,320	4.47
South West.....	50,557	220,404	4.36
Wales.....	43,404	165,659	3.82
Scotland.....	47,955	174,433	3.64

* Average recorded income of borrowers.

** Simple average house price.

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

House price index

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

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Indices occurring in the late 1980s and the mid 1990s through to mid-2007 and decreases occurring in the early 1990s and from mid-2007 through to late 2009.

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

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
September 1997.....	158.4	3.4	121.2	11.8	222.6	6.4
December 1997.....	159.7	3.6	123.3	11.4	225.4	5.2
March 1998.....	160.2	3.4	125.5	12.0	228.4	5.3
June 1998.....	163.2	3.9	130.1	11.0	232.1	5.3
September 1998.....	163.7	3.3	132.4	8.8	234.8	5.3
December 1998.....	164.4	2.9	132.3	7.0	237.2	5.1
March 1999.....	163.7	2.2	134.6	7.0	238.6	4.4
June 1999.....	165.5	1.4	139.7	7.1	245.5	5.6
September 1999.....	165.6	1.2	144.4	8.6	255.5	8.4
December 1999.....	166.8	1.4	148.9	11.8	264.1	10.7
March 2000.....	167.5	2.3	155.0	14.1	273.1	13.5
June 2000.....	170.6	3.0	162.0	14.8	272.8	10.5
September 2000.....	170.9	3.2	161.5	11.2	275.9	7.7
December 2000.....	172.0	3.1	162.8	9.0	278.6	5.3
March 2001.....	171.8	2.5	167.5	7.8	281.7	3.1
June 2001.....	173.9	1.9	174.8	7.6	293.2	7.2
September 2001.....	174.0	1.8	181.6	11.8	302.4	9.2
December 2001.....	173.8	1.0	184.6	12.5	311.8	11.3
March 2002.....	173.9	1.2	190.2	12.7	327.3	15.0
June 2002.....	176.0	1.2	206.5	16.6	343.7	15.9
September 2002.....	176.6	1.5	221.1	19.7	366.1	19.1
December 2002.....	178.2	2.5	231.3	22.6	392.1	22.9
March 2003.....	179.2	3.0	239.3	22.9	403.8	21.0
June 2003.....	181.3	3.0	250.1	19.2	419.0	19.8
September 2003.....	181.8	2.9	258.9	15.8	434.5	17.1
December 2003.....	182.9	2.6	267.1	14.4	455.3	14.9
March 2004.....	183.8	2.5	277.3	14.8	480.3	17.3
June 2004.....	186.3	2.7	296.2	16.9	508.4	19.3
September 2004.....	187.4	3.0	306.2	16.8	522.0	18.3
December 2004.....	189.2	3.4	304.1	13.0	523.5	14.0
March 2005.....	189.7	3.2	304.8	9.4	526.9	9.3
June 2005.....	191.9	3.0	314.2	5.9	526.8	3.6
September 2005.....	192.6	2.7	314.4	2.7	537.7	3.0
December 2005.....	193.7	2.4	314.0	3.2	550.3	5.0
March 2006.....	194.2	2.3	319.8	4.8	560.4	6.2
June 2006.....	197.6	2.9	329.2	4.7	574.9	8.7
September 2006.....	199.3	3.4	336.1	6.6	581.7	7.9
December 2006.....	201.4	3.9	343.2	8.9	606.0	9.6
March 2007.....	203.0	4.4	350.2	9.1	623.5	10.7
June 2007.....	206.3	4.3	362.7	9.7	639.4	10.6
September 2007.....	207.1	3.8	367.3	8.9	646.5	10.6
December 2007.....	209.8	4.1	367.0	6.7	638.8	5.3
March 2008.....	211.1	3.9	357.8	2.1	630.0	1.0
June 2008.....	215.3	4.3	348.1	(4.1)	597.6	(6.8)
September 2008.....	217.4	4.9	329.5	(10.9)	564.0	(13.7)
December 2008.....	215.5	2.7	312.9	(16.0)	534.6	(17.8)
March 2009.....	210.9	(0.1)	298.7	(18.1)	517.7	(19.6)
June 2009.....	212.6	(1.3)	307.3	(12.5)	507.9	(16.3)
September 2009.....	214.4	(1.4)	319.5	(3.1)	522.5	(7.6)

Quarter	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
December 2009	216.9	0.6	323.4	3.3	540.6	1.1
March 2010	219.3	3.9	324.9	8.4	544.1	5.0

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

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

<u>Date</u>	<u>Balance of loans substituted or sold</u>	<u>Number of loans substituted or sold</u>	<u>In connection with previous issue by</u>
June 2002.....	£10,117,255,819	173,505	Permanent Financing (No. 1) PLC (dissolved)
November 2002.....	£898,016,408	16,209	N/A
January 2003	£894,475,758	16,835	N/A
March 2003	£10,538,839,220	186,140	Permanent Financing (No. 2) PLC
June 2003.....	£1,576,963,369	25,652	N/A
September 2003.....	£1,688,468,552	23,426	N/A
October 2003	£2,735,667,398	37,770	N/A
January 2004	£2,670,143,154	35,418	N/A
March 2004	£9,376,972,811	134,716	Permanent Financing (No. 4) PLC
July 2004.....	£3,698,396,657	48,652	N/A
November 2004.....	£9,582,315,930	104,569	Permanent Financing (No. 6) PLC
March 2005	£6,625,343,617	70,542	Permanent Financing (No. 7) PLC
June 2005.....	£9,483,670,772	101,317	Permanent Financing (No. 8) PLC
December 2005.....	£5,786,749,656	65,460	N/A
March 2006	£9,637,574,095	101,599	Permanent Financing (No. 9) PLC
October 2006	£8,838,288,141	86,769	Permanent Master Issuer 2006-1 Notes
December 2006.....	£6,373,073,080	60,773	N/A
July 2007.....	£5,691,369,649	51,310	N/A
November 2007.....	£8,686,106,961	70,107	N/A
April 2008	£5,919,444,424	45,479	N/A
January 2009	£2,997,445,751	23,102	N/A
September 2009	£5,004,406,381	43,970	N/A
May 2010	£4,975,100,475	44,756	N/A

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

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

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

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

	31 December 2005			31 December 2006			31 December 2007		
	Number	Principal balance	% by balance	Number	Principal balance	% by balance	Number	Principal balance	% by balance
< 1 month	41,324	£3,853,299,928.89	98.93%	117,402	£11,777,961,985.89	98.79%	71,349	£6,743,950,599.09	97.23%
1 - < 2 months	333	£56,743,353.97	0.80%	767	£84,525,416.88	0.65%	892	£100,267,637.68	1.22%
2 - < 3 months	65	£6,592,397.35	0.16%	231	£93,516,928.73	0.19%	354	£39,171,084.11	0.48%
3 - < 6 months	45	£5,764,591.80	0.11%	277	£30,603,318.38	0.23%	415	£46,175,552.00	0.57%
6 - < 12 months	6	£549,023.66	0.01%	139	£16,491,034.25	0.12%	288	£33,976,110.71	0.39%
12+ months				27	£3,886,124.87	0.02%	82	£10,607,617.36	0.11%
Total	41,773	£3,902,949,295.67	100.00%	118,843	£11,936,984,829.00	100.00%	73,380	£6,974,148,900.95	100.00%

	31 December 2008			31 December 2009		
	Number	Principal balance	% by balance	Number	Principal balance	% by balance
< 1 month	54,037	£4,840,302,563.35	96.04%	47,524	£4,170,379,076.81	95.99%
1 - < 2 months	783	£88,596,465.96	1.39%	605	£63,147,606.84	1.22%
2 - < 3 months	338	£39,076,709.13	0.60%	270	£38,951,694.17	0.55%
3 - < 6 months	510	£60,226,760.13	0.91%	449	£50,898,304.63	0.91%
6 - < 12 months	438	£51,847,367.15	0.78%	420	£49,142,695.69	0.85%
12+ months	159	£20,441,642.37	0.28%	243	£29,719,530.48	0.49%
Total	56,265	£5,097,791,308.09	100.00%	49,511	£4,392,238,908.62	100.00%

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

	31 December 2005			31 December 2006			31 December 2007		
	Number	Principal balance	% by number	Number	Principal balance	% by number	Number	Principal balance	% by number
< 1 month	73,306	£8,195,375,388.54	99.66%	95,117	£10,753,351,277.61	99.12%	99,076	£60,500,157.75	0.52%
1 - < 2 months	208	£22,849,034.08	0.28%	502	£15,580,802.96	0.13%	128	£16,529,281.60	0.15%
2 - < 3 months	25	£2,816,012.64	0.03%	150	£6,940,263.24	0.06%	5	£1,114,643.27	0.01%
3 - < 6 months	15	£1,413,844.40	0.02%	5	£1,114,643.27	0.01%	5	£1,114,643.27	0.01%
6 - < 12 months									
12+ months									
Total	73,554	£8,222,454,279.66	100.00%	95,960	£10,834,016,406.43	100.00%	99,960	£68,154,045.83	100.00%

	31 December 2008			31 December 2009		
	Number	Principal balance	% by number	Number	Principal balance	% by number
< 1 month	59,552	£6,271,601,231.58	97.49%	53,423	£5,455,104,940.79	97.02%
1 - < 2 months	706	£84,204,495.45	1.16%	593	£70,398,740.78	1.08%
2 - < 3 months	258	£31,101,645.89	0.42%	240	£26,311,377.09	0.44%
3 - < 6 months	299	£35,602,585.18	0.49%	352	£42,008,881.65	0.64%
6 - < 12 months	224	£26,689,319.08	0.37%	323	£40,155,708.37	0.59%
12+ months	49	£5,781,581.03	0.08%	134	£16,097,014.00	0.24%
Total	61,088	£6,454,981,058.21	100.00%	55,065	£5,650,074,662.66	100.00%

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

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

	31 December 2008		31 December 2009	
	Number	% by number	Principal balance	% by balance
< 1 month	69,932	98.54%	£9,426,481,992.77	98.48%
1 - < 2 months	580	0.83%	£51,680,656.44	0.85%
2 - < 3 months	166	0.23%	£22,367,569.93	0.25%
3 - < 6 months	189	0.27%	£28,091,104.81	0.29%
6 - < 12 months	93	0.13%	£11,933,498.47	0.12%
12+ months	9	0.01%	£1,848,278.96	0.02%
Total	70,969	100.00%	£9,572,403,101.38	100.00%

	31 December 2008		31 December 2009	
	Number	% by number	Principal balance	% by balance
< 1 month	59,893	97.55%	£7,866,095,706.53	97.41%
1 - < 2 months	568	0.93%	£77,251,222.46	0.98%
2 - < 3 months	229	0.37%	£32,755,519.85	0.41%
3 - < 6 months	333	0.54%	£43,217,294.28	0.54%
6 - < 12 months	295	0.48%	£42,507,847.76	0.53%
12+ months	79	0.13%	£12,801,631.61	0.16%
Total	61,397	100.00%	£8,075,029,222.49	100.00%

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

	31 December 2005			31 December 2006			31 December 2007		
	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance
< 1 month									
1 - < 2 months									
2 - < 3 months									
3 - < 6 months									
6 - < 12 months									
12+ months									
Total									
	31 December 2008			31 December 2009					
	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance			
3,982	£537,263,387.00	98.39%	98.18%	£4,885,733,478.37	98.24%	98.05%			
42	£6,773,637.63	1.04%	1.24%	£51,704,674.64	0.95%	1.04%			
9	£1,213,738.64	0.22%	0.22%	£16,671,648.84	0.30%	0.33%			
12	£1,724,138.00	0.30%	0.32%	£18,760,144.21	0.34%	0.38%			
2	£234,712.46	0.05%	0.04%	£9,537,270.96	0.19%	0.19%			
4,047	£547,209,613.73	100.00%	100.00%	£4,983,120,198.06	100.00%	100.00%			
Total									

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

	31 December 2005			31 December 2006			31 December 2007		
	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance
< 1 month									
1 - < 2 months									
2 - < 3 months									
3 - < 6 months									
6 - < 12 months									
12+ months									
Total									
	31 December 2008			31 December 2009					
	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance	Principal balance	% by number	% by balance
< 1 month									
1 - < 2 months									
2 - < 3 months									
3 - < 6 months									
6 - < 12 months									
12+ months									
Total									

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

	31 December 2005			31 December 2006			31 December 2007		
	Number	Principal balance	% by number	Number	Principal balance	% by number	Number	Principal balance	% by number
< 1 month	557,786	£39,181,203,470.58	97.98%	618,083	£47,445,892,789.31	98.24%	551,598	£44,556,244,768.94	97.00%
1 - < 2 months	6,287	£558,426,731.49	1.10%	5,138	£463,210,363.13	0.82%	5,278	£505,757,502.62	0.94%
2 - < 3 months	1,896	£169,271,228.32	0.33%	1,678	£151,249,768.79	0.27%	1,902	£183,445,192.91	0.34%
3 - < 6 months	2,109	£185,240,926.45	0.37%	2,256	£217,181,379.81	0.36%	2,335	£218,802,589.38	0.41%
6 - < 12 months	1,018	£92,804,452.17	0.18%	1,521	£149,064,273.65	0.24%	1,647	£162,713,477.08	0.29%
12+ months	214	£15,933,376.31	0.04%	511	£56,123,962.66	0.08%	663	£72,830,463.34	0.12%
Total	569,310	£40,202,880,185.30	100.00%	629,187	£48,482,722,537.35	100.00%	563,423	£45,699,793,994.27	100.00%

	31 December 2008			31 December 2009		
	Number	Principal balance	% by number	Number	Principal balance	% by number
< 1 month	466,416	£37,224,032,569.02	97.19%	457,351	£37,311,510,083.03	97.14%
1 - < 2 months	5,559	£549,662,047.43	1.16%	4,854	£487,448,366.26	1.03%
2 - < 3 months	2,151	£220,796,709.79	0.45%	1,938	£201,693,493.30	0.41%
3 - < 6 months	2,833	£294,194,575.89	0.59%	2,885	£297,428,785.56	0.61%
6 - < 12 months	2,137	£227,390,850.24	0.45%	2,496	£273,295,872.35	0.53%
12+ months	803	£89,083,851.36	0.17%	1,300	£145,836,974.49	0.28%
Total	479,899	£38,605,162,603.73	100.00%	470,824	£38,917,213,559.99	100.00%

Listing and admission to trading application

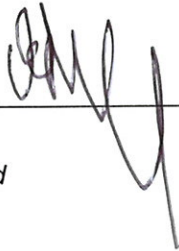
These Final Terms comprise the Final Terms required for issue and admission to listing on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange's Regulated Market pursuant to the Mortgage Backed Note Programme of Permanent Master Issuer plc.

Responsibility

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

Signed on behalf of the issuing entity:

By:



per pro SFM Directors Limited
as Director

Duly authorised