

Equity Release Funding (No. 2) plc
Report for the immediately preceding interest period

20-Aug-04

Loans

£

Outstanding Balance of Loans at Closing Date	276,369,747
Outstanding Balance of Loans @ start of immediately preceding calculation period	288,905,457
Accrued Interest @ start of Calculation Period	57,125,199

Redemptions

Since Inception

Principal Balance of Loans redeemed in the immediately preceding calculation period	4,059,172	30,206,818
Principal Balance of Loans redeemed by cause:-		
Death	816,275	6,762,205
Borrower enters Long Term Care	233,260	923,200
Voluntary Repayment	3,003,031	22,253,735
Move to Lower Value Property	6,606	267,678
Number of Loans redeemed in the immediately preceding Calculation Period	120	897
Number of Loans redeemed by cause:-		
Death	20	167
Borrower enters Long Term Care	6	29
Voluntary Repayment	93	670
Move to Lower Value Property	1	31
Redemption monies received	4,901,434.99	36,108,531

Equivalent Value Test this Calculation Period :-
S&P model this Calculation Period :-

PASS
PASS

Substitution

Substituted in the immediately preceding Calculation Period (O/S)	481,548
Substituted in the immediately preceding Calculation Period as a % of aggregate Outstanding Balance of the Loans @ Closing Date	0.17%
Substituted to date as a % of aggregate Outstanding Balance of	0.89%

Early Amortisation Test

Aggregate Loan Amount (in respect of all Outstanding Loans, the Outstanding Balance as at the Closing Date and in respect of	N/A as prior to Feb 05
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Weighted Averaged GIC Rate	N/A as prior to Feb 05
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Outstanding Balance of Loans

Outstanding Accrued Interest	61,657,212
Outstanding Gross Balance	289,578,287
Outstanding number of loans	7,225

At Calculation
date for this
report

Product Breakdown by Loan O/S

At Closing

FIRP %	2.7%	2.8%
FCRP %	97.3%	97.2%

Weighted Average Age of Borrowers @ Closing Date	72
Weighted Average Age of borrowers - at Calculation date for this Quarter	74

Age of Borrowers:-

Single Female	77
Single Male	76
Joint Borrowers by Age of Younger	72

Properties Sold / repayments (case by case):-

Time to Sale (where available - time from death/assessment to repayment)	N/A
Initial Valuation	N/A
Indexed Valuation (Initial Valuation + Hpi)	N/A
Sale Price (where available)	N/A
Gross Mortgage Outstandings	N/A
Shortfall	N/A
Loan Outstandings as a % of Sale Price	N/A
Claim Submitted to No Negative Equity	N/A
Claim Paid	N/A
Claim O/S	N/A

For all Mortgages repaid to date:-**Weighted Average:-**

Time to Sale (where available - time from death/assessment to repayment)	233
Sale Price as % of Indexed Valuation (Initial Valuation + Hpi) (where available)	N/A
Shortfall as % of Mortgage Outstandings	N/A

Properties in Possession	-
Reposessed	-
Sold	-
Number Carried Forward	-

Average Time from Possession to Sale	N/A
Average Shortfall at Sale	N/A

Insurance

No Negative Equity Claims made total	-
Claims Paid	-
Claims O/S	-
Claims not settled in full by number	-
Claims not settled in full by amount of shortfall	-
Average Time from Claim to Payment	N/A

Local Search Claims made (number)	-
Claims Paid	-
Claims O/S	-
Claims not settled in full by number	-
Claims not settled in full by amount of shortfall	-
Average Time from Claim to Payment	N/A

Contingent Building Insurance claims made (number)	-
Claims Paid	-
Claims O/S	-
Claims not settled in full by number	-
Claims not settled in full by amount of shortfall	-
Average Time from Claim to Payment	N/A

Average Loan Outstanding**Weighted Average LTV****Weighted Average Indexed LTV**

£40,080
32.5%
18.9%

Weighted Average Interest Rate

FIRP	8.29%
FCRP	8.13%

LTV Levels Breakdown (based on original valuation using P+I at date of report)

0 - 29.99%	131,707,298
30 - 34.99%	68,500,183
35 - 39.99%	26,309,466
40 - 44.99%	34,012,771
45 - 49.99%	12,493,828
50 - 54.99%	16,554,742
55 - 59.99%	-
60 - 64.99%	-

65 - 69.99%	-
70 - 74.99%	-
75 - 79.99%	-
80 - 84.99%	-
85 - 89.99%	-
90 - 94.99%	-
95 - 99.99%	-
100% +	-

LTV Levels Breakdown (based on HPI adjusted valuation @ Calculation date)

0 - 30%	282,712,861
30 - 35%	6,551,254
35 - 40%	228,477
40 - 45%	53,768
45 - 50%	31,927
50 - 55%	
55 - 60%	-
60 - 65%	-
65 - 70%	-
70 - 75%	-
75 - 80%	-
80 - 85%	-
85 - 90%	-
90 - 95%	-
95 - 100%	-
100% +	-

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Liquidity Facility Ledger

Initial Balance	£0
Last Calculation Period Closing Outstanding	£0
Available @ next IPD	£70,000,000
Amount to be drawn at next IPD	£0

Liquidity Reserve Fund Ledger

Initial Balance on Closing	£25,000,000
Outstanding as at the date of this Quarterly Report	£21,541,000
Accrued Interest to immediately succeeding interest payment date	£240,324
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£21,631,324
Amount to be drawn at next IPD	£240,324
Closing balance	£21,541,000

Deficiency Ledger

Opening Balance	£654
Losses this Quarter	-£11
Closing Balance	£642

Optional Guarantee Ledger

Opening Balance on Closing Date	£500,000
Claims Submitted as at date of this Quarterly Report	£0
Claims Paid as at date of this Quarterly Report	£0
Claims Not recovered from NULAP this calculation period	£0
Total Claims not recovered from NULAP as at date of this Quarterly Report	£0

CCA Reserve	£500,000
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Surplus after payment of all payments due in the Waterfall (£0)

**Replenishment Amount as recorded in Replenishment Ledger
Years 2002 to 2026**

The greater of :-

10% of Principal Amount O/S of Class A Notes @ IPD (net of redemptions @ IPD)
and

the amount (if any) necessary to maintain the Required Ratio of

(a) the sum of the Aggregate Portfolio Amount and Adjusted Cash, and

(b) the Principal Amount Outstanding of the Class A Notes

(net of redemptions @ IPD)

N/A - A1 Notes O/S

Years 2027 to 2031

The greater of:-

10% of Principal Amount O/S of Class A Notes @ IPD (net of redemptions @ IPD),

aggregate of all scheduled payments of interest and principal on the Class A Notes payable on the 4 immediately succeeding IPD's, and

the amount (if any) necessary to maintain the Required Ratio of

(a) the sum of the Aggregate Portfolio Amount and Adjusted Cash, and

(b) the Principal Amount Outstanding of the Class A Notes

(net of redemptions @ IPD).

N/A

Voluntary Repayment Rate

4.05%

The "Voluntary Prepayments Rate" is the [annualised value of the ratio expressed as a percentage] calculated by dividing:-

(x) the aggregate of the initial outstanding balances of the Loans prepaid up to the relevant Calculation Date by

(y) the aggregate of the initial outstanding balances of all Loans in the Portfolio on the Closing Date.

Deferred Consideration released to Originator

Deferred Consideration paid to Originator prior to the date of this Qual

£0

Deferred Consideration paid to Originator during the calculation period

£0

Total Deferred Consideration paid to Originator.

£0

Equity Release Funding (No.2) plc

Name of Issuer

Equity Release Funding (No.2) plc

Date of Issue

11-Jun-2002

Moody's Current Rating

A1

Aaa

A2

Aaa

S&P Current Rating

AAA

AAA

Initial Note Balance

45,000,000.00

255,000,000.00

Note Principal @ start of period

41,107,500.00

255,000,000.00

Note Redemptions @ IPD

1,012,500.00

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Outstanding Note Principal

40,095,000.00

255,000,000.00

Note Interest Margins

LIBOR + 0.44%

Fixed Rate (5.88%)

Step Up Dates

IPD May 2012

N/A

Step Up Margins

LIBOR + 1.50%

N/A

Interest Payment Cycle

Quarterly

Interest Payment Date

26th or Next Business Day

Next Interest Payment Date

26-Nov-2004

Pool Factor

0.891000