

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

20-Feb-04

Loans

£

Outstanding Balance of Loans at Closing Date	276,369,747
Outstanding Balance of Loans @ start of immediately preceding calculation period	287,145,193
Accrued Interest @ start of Calculation Period	47,896,290

Redemptions

Since Inception

Principal Balance of Loans redeemed in the immediately preceding Calculation period	3,958,610	22,279,011
<u>Principal Balance of Loans redeemed by cause:-</u>		
Death	851,084	4,828,828
Borrower enters Long Term Care	315,240	625,040
Voluntary Repayment	2,694,085	16,591,701
Move to Lower Value Property	98,201	233,441
Number of Loans redeemed in the immediately preceding Calculation period	119	664
<u>Number of Loans redeemed by cause:-</u>		
Death	24	120
Borrower enters Long Term Care	10	21
Voluntary Repayment	77	496
Move to Lower Value Property	8	27
Redemption monies received	4,901,093	26,381,467

Equivalent Value Test this Calculation Period :-

PASS

S&P model this Calculation Period :-

PASS

Substitution

Substituted in the immediately preceding Calculation Period (O/S amount @ Closing	370,393
Substituted in the immediately preceding Calculation Period as a % of aggregate	
Outstanding Balance of the Loans @ Closing Date	0.13%
Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing	0.55%

Early Amortisation Test

Aggregate Loan Amount (in respect of all Outstanding Loans, the Outstanding Balance as at the Closing Date and in respect of substitute Loans, the Outstanding

N/A as prior to Feb 05

Weighted Averaged GIC Rate

N/A as prior to Feb 05

Outstanding Balance of Loans

Outstanding Accrued Interest	52,646,317
Outstanding Gross Balance	288,024,001
Outstanding number of loans	7,437

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 Quarterly report

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) (Days)	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) (Days)	206
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	£38,729
Weighted Average Indexed LTV	31.3%
	20.8%

Weighted Average Interest Rate

FIRP	8.29%
FCRP	8.14%

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

0 - 29.99%	151,830,112
30 - 34.99%	67,501,312
35 - 39.99%	12,556,121
40 - 44.99%	33,361,139
45 - 49.99%	12,101,054
50 - 54.99%	10,674,262
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

0 - 30%
30 - 35%
35 - 40%
40 - 45%
45 - 50%
50 - 55%
55 - 60%
60 - 65%
65 - 70%
70 - 75%
75 - 80%
80 - 85%
85 - 90%
90 - 95%
95 - 100%
100% +

264,860,554
17,297,942
5,610,902
223,923
-
30,681
-
-
-
-
-
-
-
-
-
-
-
-

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Liquidity Facility Ledger

Initial Balance
Last Calculation Period Closing Outstanding
Available @ next IPD
Amount to be drawn at next IPD

£0
£0
£70,000,000
£0

Liquidity Reserve Fund Ledger

Initial Balance on Closing
Outstanding as at the date of this Quarterly Report
Accrued Interest to immediately succeeding interest payment date

£25,000,000
£21,541,000
£205,168

Less Mortgage Registration Reserve

£150,000

Available Liquidity Reserve Fund
Amount to be drawn at next IPD
Closing balance

£21,596,168
£205,168
£21,541,000

Deficiency Ledger

Opening Balance
Losses this Quarter
Closing Balance

£612
£36
£648

Optional Guarantee Ledger

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

£500,000
£0
£0
£0
£0

CCA Reserve

£500,000

Surplus after payment of all payments due in the Waterfall (a) to (h)

£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

3.95%

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 Quarterly Report date
Deferred Consideration paid to Originator during the calculation period
Total Deferred Consideration paid to Originator.

£0
£0
£0

Equity Release Funding (No.2) plc

Name of Issuer
Date of Issue

Equity Release Funding (No.2) plc
11-Jun-2002

Moody's Current Rating
S&P Current Rating

A1	A2
Aaa	Aaa
AAA	AAA

Initial Note Balance
Note Principal @ start of period
Note Redemptions @ IPD
Outstanding Note Principal

45,000,000.00	255,000,000.00
43,177,500.00	255,000,000.00
1,084,500.00	-
42,093,000.00	255,000,000.00

Note Interest Margins
Step Up Dates
Step Up Margins

LIBOR + 0.44%	Fixed Rate (5.88%)
IPD May 2012	N/A
LIBOR + 1.50%	N/A

Interest Payment Cycle
Interest Payment Date
Next Interest Payment Date

Quarterly
26th or Next Business Day
26-May-2004

Pool Factor

0.935400