

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

19-May-06

Loans

£

Outstanding Balance of Loans at Closing Date	276,369,747
Outstanding Balance of Loans @ start of immediately preceding calculation period	295,951,376
Accrued Interest @ start of Calculation Period	87,565,708

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period	2,146,500	Since Inception	50,346,743
Principal Balance of Loans redeemed by cause:-			
Death	1,062,578		13,127,139
Borrower enters Long Term Care	392,800		2,845,383
Voluntary Repayment	2,243,935		38,055,986
Move to Lower Value Property	2,544		162,189
Substitutions	1,555,357		3,843,954
	-		-
Number of Loans redeemed in the immediately preceding Calculation period	80		1,460
Number of Loans redeemed by cause:-			
Death	25		331
Borrower enters Long Term Care	10		71
Voluntary Repayment	62		1,118
Move to Lower Value Property	2		44
Substitutions	17		60
	-		-
Redemption monies received	5,334,739		71,172,466

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

PASS
PASS

Substitution

Substituted in the immediately preceding Calculation Period (O/S amount @ Closing Date)	2,043,285
Substituted in the immediately preceding Calculation Period as a % of aggregate Outstanding Balance of the Loans @ Closing Date	0.74%
Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date	2.27%

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 Balance as at the Loan Entry date)

N/A as A1 notes outstanding

Weighted Averaged GIC Rate

N/A as A1 notes outstanding

Outstanding Balance of Loans

Outstanding Accrued Interest	90,756,720
Outstanding Gross Balance	296,995,888
Outstanding number of loans	6,612

Product Breakdown by Loan O/S

At Closing

FIRP %	2.7%
FCRP %	97.3%

At Calculation date
for this report

2.6%
97.4%

Weighted Average Age of Borrowers @ Closing Date

72
75

Weighted Average Age of borrowers - at Calculation date for this Quarterly report

Age of Borrowers:-

Single Female	79
Single Male	78
Joint Borrowers by Age of Younger	74

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)	256
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

£44,918

Weighted Average LTV

36.5%

Weighted Average Indexed LTV

20.6%

Weighted Average Interest Rate

FIRP	8.29%
FCRP	8.14%

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

0 - 29.99%	77,774,770
30 - 34.99%	74,321,649
35 - 39.99%	55,821,881
40 - 44.99%	29,126,865
45 - 49.99%	24,459,792
50 - 54.99%	17,300,994

55 - 59.99%	9,773,425
60 - 64.99%	8,416,512
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%	274,810,975
30 - 35%	16,861,997
35 - 40%	4,573,012
40 - 45%	263,697
45 - 50%	160,312
50 - 55%	325,896
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	£227,278
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£21,618,278
Amount to be drawn at next IPD	£227,278
Closing balance	£21,541,000

Deficiency Ledger

Opening Balance	£541
Losses this Quarter	£300
Closing Balance	£841

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

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

3.60%

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

	A1 Aaa AAA	A2 Aaa AAA
Moody's Current Rating		
S&P Current Rating		
Initial Note Balance	45,000,000.00	255,000,000.00
Note Principal @ start of period	33,214,500.00	255,000,000.00
Note Redemptions @ IPD	1,638,000.00	-
Outstanding Note Principal	31,576,500.00	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	29-Aug-2006	
Pool Factor	0.701700	