

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

19-Aug-13

Loans

£

| | |
|--|-------------|
| Outstanding Balance of Loans at Closing Date | 276,369,747 |
| Outstanding Balance of Loans @ start of immediately preceding calculation period | 315,091,272 |
| Accrued Interest @ start of Calculation Period | 187,888,780 |

In Quarter

Since Inception

| | | |
|---|-----------|-------------|
| Redemptions | | |
| Principal Balance of Loans redeemed in the immediately preceding Calculation period | 3,207,207 | 133,458,837 |
| <u>Principal Balance of Loans redeemed by cause:-</u> | | |
| Death | 2,060,329 | 48,590,361 |
| Borrower enters Long Term Care | 374,403 | 12,871,165 |
| Voluntary Repayment | 700,655 | 74,167,898 |
| Move to Lower Value Property | 71,820 | 1,534,176 |
| Substitutions | - | - 3,704,763 |
| Number of Loans redeemed in the immediately preceding Calculation period | 100 | 3,758 |
| <u>Number of Loans redeemed by cause:-</u> | | |
| Death | 59 | 1,320 |
| Borrower enters Long Term Care | 15 | 339 |
| Voluntary Repayment | 26 | 2,159 |
| Move to Lower Value Property | 5 | 146 |
| Substitutions | - | - 60 |
| Redemption monies received | 8,240,906 | 228,742,074 |

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

| |
|-----|
| N/A |
| N/A |

Substitution

| | |
|---|-------|
| Substituted in the immediately preceding Calculation Period (O/S amount @ Closing Date) | - |
| Substituted in the immediately preceding Calculation Period as a % of aggregate Outstanding Balance of the Loans @ Closing Date | 0.00% |
| Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date | 2.88% |

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 after Year 10 IPD |
|---|--------------------------|

Weighted Averaged GIC Rate

| |
|--------------------------|
| N/A as after Year 10 IPD |
|--------------------------|

Outstanding Balance of Loans

| | |
|------------------------------|-------------|
| Outstanding Accrued Interest | 189,204,737 |
| Outstanding Gross Balance | 313,200,021 |
| Outstanding number of loans | 4,314 |

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

| |
|----|
| 72 |
| 81 |

Age of Borrowers:-

| | |
|-----------------------------------|----|
| Single Female | 83 |
| Single Male | 84 |
| Joint Borrowers by Age of Younger | 81 |

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)
Sale Price as % of Indexed Valuation (Initial Valuation + Hpi) (where available)
Shortfall as % of Mortgage Outstandings

| | |
|-----|-----|
| N/A | 198 |
| N/A | |

Properties in Possession
Repossessed
Sold
Number Carried Forward

| |
|---|
| 2 |
| - |
| 2 |
| - |

Average Time from Possession to Sale
Average Shortfall at Sale

| |
|-----|
| 107 |
| - |

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

| |
|---------|
| 1 |
| 1 |
| - |
| - |
| - |
| 32 Days |

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**

| |
|---------|
| £72,601 |
| 52.2% |
| 30.3% |

Weighted Average Interest Rate

FIRP
FCRP

| |
|-------|
| 8.30% |
| 8.09% |

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

0 - 29.99%
30 - 34.99%
35 - 39.99%
40 - 44.99%
45 - 49.99%
50 - 54.99%
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% +

| |
|------------|
| 44,468,960 |
| 30,444,003 |
| 29,377,544 |
| 27,639,717 |
| 27,731,820 |
| 17,009,086 |
| 28,019,162 |
| 30,711,672 |
| 15,743,210 |
| 26,729,949 |
| 1,864,725 |
| 7,510,050 |
| 10,273,668 |
| 8,563,143 |
| 891,408 |
| 6,221,905 |

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

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% +

| |
|-------------|
| 148,926,315 |
| 58,154,852 |
| 54,905,729 |
| 8,110,372 |
| 29,215,580 |
| 6,003,108 |
| 5,199,017 |
| 1,616,393 |
| 709,104 |
| 114,711 |
| 179,661 |
| - |
| 65,179 |
| - |
| - |
| - |

Age Band Breakdown (based on youngest policyholder @ Calculation date)

Under 70
70-74
75-79
80-84
85-89
90-94
95-99
100+

| |
|--------------|
| Loans |
| - |
| 33,303,385 |
| 95,452,009 |
| 101,975,904 |
| 58,950,723 |
| 20,661,776 |
| 2,633,870 |
| 222,354 |

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

19-Aug-13

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 | £150,000 |
| Accrued Interest to immediately succeeding interest payment date | £114 |
| | £0 |
| | £0 |
| Less Mortgage Registration Reserve | £150,000 |
| | £0 |
| Available Liquidity Reserve Fund | £114 |
| Amount to be drawn at next IPD | £114 |
| Closing balance | £150,000 |

| | |
|-------------------|-------|
| Deficiency Ledger | |
| Opening Balance | -£336 |
| | £0 |
| Closing Balance | -£336 |

Optional Guarantee Ledger

| | |
|---|----------|
| Opening Balance on Closing Date | £0 |
| 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) | £4,369,062 |
|--|-------------------|

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 as Swap Scheduled Payments are outstanding

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

1.87%

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 | £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
Date of Issue

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

Moody's Current Rating
S&P Current Rating

A1
Aaa
AAA

A2
Aaa
A

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

| | |
|---------------|----------------|
| 45,000,000.00 | 255,000,000.00 |
| - | 255,000,000.00 |
| - | |
| - | 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-Nov-2013

Pool Factor

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