

**Equity Release Funding (No. 2) plc**

**Report for the immediately preceding interest period**

**20-Aug-18**

**Loans**

£

|  |             |
|--|-------------|
| Outstanding Balance of Loans at Closing Date                                     | 276,369,747 |
| Outstanding Balance of Loans @ start of immediately preceding calculation period | 288,022,854 |
| Accrued Interest @ start of Calculation Period                                   | 209,211,091 |

**In Quarter**

|   |           |
|---|-----------|
| <b>Redemptions</b>  |           |
| Principal Balance of Loans redeemed in the immediately preceding Calculation period | 2,440,207 |
| Principal Balance of Loans redeemed by cause:-                                      |           |
| Death   | 1,628,174 |
| Borrower enters Long Term Care  | 436,092   |
| Voluntary Repayment   | 375,940   |
| Move to Lower Value Property  | -         |
| Substitutions   | -         |
| Number of Loans redeemed in the immediately preceding Calculation period            | 79        |
| Number of Loans redeemed by cause:-   |           |
| Death   | 53        |
| Borrower enters Long Term Care  | 11        |
| Voluntary Repayment   | 15        |
| Move to Lower Value Property  | -         |
| Substitutions   | -         |
| Redemption monies received  | 9,073,835 |

**Since Inception**

|  |             |
|--|-------------|
|  | 181,082,604 |
|  |             |
|  | 73,581,930  |
|  | 22,630,494  |
|  | 86,441,793  |
|  | 2,133,150   |
|  | 3,704,763   |
|  |             |
|  | 5,296       |
|  |             |
|  | 2,159       |
|  | 631         |
|  | 2,566       |
|  | 190         |
|  | 60          |
|  |             |
|  | 380,473,284 |

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

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 | 208,197,137 |
| Outstanding Gross Balance    | 284,568,693 |
| Outstanding number of loans  | 2,776       |

**Product Breakdown by Loan O/S**

**At Closing**

|   |       |
|---|-------|
| FIRP %  | 2.7%  |
| FCRP %  | 97.3% |
| Weighted Average Age of Borrowers @ Closing Date                                  | 72    |
| Weighted Average Age of borrowers - at Calculation date for this Quarterly report | 85    |

**At Calculation date for this report**

|  |       |
|--|-------|
|  | 2.4%  |
|  | 97.6% |

**Age of Borrowers:-**

|                                   |    |
|-----------------------------------|----|
| Single Female                     | 87 |
| Single Male                       | 87 |
| Joint Borrowers by Age of Younger | 85 |

Properties Sold / repayments (case by case):-

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

| Case 1<br>Total | ERF2<br>Original Loan | Aviva UKER<br>Additional Loan |
|-----------------|-----------------------|-------------------------------|
| 1,065           |                       |                               |
| 59,000          |                       |                               |
| 131,505         |                       |                               |
| 54,297          | 53,827                | 469                           |
| 85,046          | 53,827                | 31,219                        |
| 30,750          | -                     | 30,750                        |
| 157%            |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |

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

| Case 2<br>Total | ERF2<br>Original Loan | Aviva UKER<br>Additional Loan |
|-----------------|-----------------------|-------------------------------|
| 608             |                       |                               |
| -               |                       |                               |
| 110,000         |                       |                               |
| 294,268         |                       |                               |
| 177,016         | 174,303               | 2,713                         |
| 216,208         | 174,303               | 41,905                        |
| 39,192          | -                     | 39,192                        |
| 122%            |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |

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

| Case 3<br>Total | ERF2<br>Original Loan | Aviva UKER<br>Additional Loan |
|-----------------|-----------------------|-------------------------------|
| 109             |                       |                               |
| -               |                       |                               |
| 165,000         |                       |                               |
| 231,550         |                       |                               |
| 128,636         | 125,297               | 3,339                         |
| 161,993         | 125,297               | 36,696                        |
| 33,357          | -                     | 33,357                        |
| 126%            |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |

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

| Case 4<br>Total | ERF2<br>Original Loan | Aviva UKER<br>Additional Loan |
|-----------------|-----------------------|-------------------------------|
| 2,022           |                       |                               |
| 173             |                       |                               |
| 215,000         |                       |                               |
| 576,608         |                       |                               |
| 374,567         | 374,567               | -                             |
| 305,066         | 305,066               | -                             |
| -               | -                     | -                             |
| 81%             |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |
| N/A             |                       |                               |

For all Mortgages repaid to the Calculation Date (NNEG or repossession)

Weighted Average:

Sale price as %age of indexed valuation.  
Shortfall as % of Mortgage o/s

|       |
|-------|
| 49.3% |
| 21.4% |

For all Mortgages repaid to the Calculation Date (all redemptions other than voluntary)

Weighted Average:

Time to sale (Days)

|     |
|-----|
| 204 |
|-----|

Properties in Possession (Total to Calculation date)

Reposessed this Quarter  
Properties sold (Total to Calculation date)  
Number Carried Forward

|    |
|----|
| 10 |
| 1  |
| 7  |
| 3  |

Average Time from Possession to Sale  
Possession cases average Shortfall at Sale (%)

|       |
|-------|
| 180   |
| 12.9% |

|   |     |
|---|-----|
| <b>Insurance</b>                                  |     |
| 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 |

|                                     |          |
|-------------------------------------|----------|
| <b>Average Loan Outstanding</b>     | £102,510 |
| <b>Weighted Average LTV</b>         | 84.6%    |
| <b>Weighted Average Indexed LTV</b> | 36.5%    |

|                                       |       |
|---------------------------------------|-------|
| <b>Weighted Average Interest Rate</b> |       |
| FIRP                                  | 8.29% |
| FCRP                                  | 8.09% |

|   |            |
|---|------------|
| <b>LTV Levels Breakdown (based on original valuation using P+I at date of report)</b> |            |
| 0 - 29.99%  | 1,524,515  |
| 30 - 34.99%   | 1,490,469  |
| 35 - 39.99%   | 2,840,732  |
| 40 - 44.99%   | 6,716,958  |
| 45 - 49.99%   | 5,545,942  |
| 50 - 54.99%   | 7,399,779  |
| 55 - 59.99%   | 6,742,827  |
| 60 - 64.99%   | 20,441,342 |
| 65 - 69.99%   | 25,487,766 |
| 70 - 74.99%   | 24,475,537 |
| 75 - 79.99%   | 14,724,558 |
| 80 - 84.99%   | 16,095,440 |
| 85 - 89.99%   | 39,768,191 |
| 90 - 94.99%   | 42,042,823 |
| 95 - 99.99%   | 2,592,674  |
| 100% +  | 66,678,142 |

|  |            |
|--|------------|
| <b>LTV Levels Breakdown (based on HPI adjusted valuation @ Calculation date)</b> |            |
| 0 - 30%  | 75,836,520 |
| 30 - 35%   | 49,666,107 |
| 35 - 40%   | 69,744,912 |
| 40 - 45%   | 55,281,572 |
| 45 - 50%   | 6,921,893  |
| 50 - 55%   | 16,998,821 |
| 55 - 60%   | 4,700,249  |
| 60 - 65%   | 3,182,577  |
| 65 - 70%   | 1,212,730  |
| 70 - 75%   | 1,023,312  |
| 75 - 80%   | -          |
| 80 - 85%   | -          |
| 85 - 90%   | -          |
| 90 - 95%   | -          |
| 95 - 100%  | -          |
| 100% +   | -          |

Depersonalised information on the pool, as at each Calculation Date, may be obtained electronically by Noteholders from the Administrator upon delivery of a signed confidentiality undertaking (the form of which can be obtained from the Administrator)

|   |              |
|---|--------------|
| <b>Age Band Breakdown (based on youngest policyholder @ Calculation date)</b> | <b>Loans</b> |
| Under 70  | -            |
| 70-74   | -            |
| 75-79   | 38,009,680   |
| 80-84   | 101,138,264  |
| 85-89   | 95,572,550   |
| 90-94   | 39,612,928   |
| 95-99   | 9,212,588    |
| 100+  | 1,022,683    |

| LTV Levels Breakdown (HPI adjusted) vs Age Band Breakdown @ Calculation date |          |       |            |            |            |            |           |         |
|--|----------|-------|------------|------------|------------|------------|-----------|---------|
|  | Under 70 | 70-74 | 75-79      | 80-84      | 85-89      | 90-94      | 95-99     | 100+    |
| 0 - 29.99%   |          |       | 31,852,538 | 29,818,379 | 8,887,129  | 3,662,386  | 1,429,067 | 187,021 |
| 30 - 34.99%  |          |       | 2,585,315  | 27,129,888 | 16,592,728 | 2,729,227  | 628,950   |         |
| 35 - 39.99%  |          |       | 1,920,789  | 34,349,540 | 27,404,121 | 5,313,268  | 757,194   |         |
| 40 - 44.99%  |          |       | 1,274,838  | 6,119,623  | 34,924,846 | 12,806,382 | 155,882   |         |
| 45 - 49.99%  |          |       | 291,145    | 2,038,671  | 1,801,455  | 2,497,945  | 292,677   |         |
| 50 - 54.99%  |          |       |            | 854,567    | 2,767,556  | 9,923,150  | 3,453,549 |         |
| 55 - 59.99%  |          |       | 85,055     | 387,119    | 1,984,568  | 801,376    | 1,442,130 |         |
| 60 - 64.99%  |          |       |            | 176,439    | 586,424    | 1,230,960  | 548,343   | 640,411 |
| 65 - 69.99%  |          |       |            |            | 348,664    | 271,602    | 397,214   | 195,250 |
| 70 - 74.99%  |          |       |            | 264,039    | 275,060    | 376,632    | 107,580   |         |
| 75 - 79.99%  |          |       |            |            |            |            |           |         |
| 80 - 84.99%  |          |       |            |            |            |            |           |         |
| 85 - 89.99%  |          |       |            |            |            |            |           |         |
| 90 - 94.99%  |          |       |            |            |            |            |           |         |
| 95 - 99.99%  |          |       |            |            |            |            |           |         |
| 100% +   |          |       |            |            |            |            |           |         |

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

20-Aug-18

**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 | £153        |
| Less Mortgage Registration Reserve                               | £150,000    |
| Available Liquidity Reserve Fund                                 | £153        |
| Amount to be drawn at next IPD                                   | £153        |
| Closing balance  | £150,000    |

**Deficiency Ledger**

|                     |          |
|---------------------|----------|
| Opening Balance     | -£12,584 |
| Losses this Quarter | £0       |
| Closing Balance     | -£12,584 |

**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)**

|             |
|-------------|
| £31,092,401 |
|-------------|

**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)

|             |
|-------------|
| £29,200,000 |
|-------------|

**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**

|       |
|-------|
| 1.43% |
|-------|

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  
(v) 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         |
| £1,800,000 |
| £1,800,000 |

**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  
N/A  
N/A

A2  
Aa1  
A

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

|               |                |
|---------------|----------------|
| 45,000,000.00 | 255,000,000.00 |
| -             | 238,186,728.00 |
| -             | 3,502,756.50   |
| -             | 234,683,971.50 |

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-2018               |

Pool Factor

|   |
|---|
| - |
|---|