

**Equity Release Funding (No.3) plc**  
**Report for the immediately preceding interest period**

**19-Oct-16**

**Loans**

£

Outstanding Balance of Loans at Closing Date  
 Outstanding Balance of Loans @ start of this Quarter  
 Accrued Interest @ start of Calculation Period

404,247,009
507,211,193
326,026,115

Last Quarter

2,824,300
1,402,808
394,170
911,255
116,027
-

Since Inception

203,297,093
82,733,876
23,804,536
90,791,683
6,239,372
272,374

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation period  
 Principal Balance of Loans redeemed by cause:-  
 Death  
 Borrower enters Long Term Care  
 Voluntary Repayment  
 Move to Lower Value Property  
 Substitutions

89
49
10
30
8
-

4,851
1,984
550
2,319
345
2

Number of Loans redeemed in the immediately preceding Calculation period  
 Number of Loans redeemed by cause:-  
 Death  
 Borrower enters Long Term Care  
 Voluntary Repayment  
 Move to Lower Value Property  
 Substitutions

Redemption monies received

8,582,168
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374,247,212
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**Outstanding Balance of Loans**

Outstanding Accrued Interest  
 Outstanding Gross Balance  
 Outstanding number of loans

330,504,512
508,865,290
4,922

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

N/A
N/A

**Repayment Rate**

3.06%
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The "Repayments 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 repaid 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.

**Substitutions**

Substituted in this Quarter (O/S amount @ Closing Date)  
 Substituted in this Quarter as a % of aggregate Outstanding Balance of the Loans @ Closing Date  
 Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date

-
0.00%
0.91%

**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 - Post Year 10 IPD
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Weighted Averaged GIC Rate

N/A - Post Year 10 IPD
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**Product Breakdown by Loan O/S**

At Closing

At Calculation date for this report

ILCRP %  
 FCRP %

27.5%
72.5%

30.3%
69.7%

Weighted Average Age of Borrowers @ Closing Date  
 Weighted Average Age of borrowers - at Calculation date for this Quarterly report

71
82

**Age of Borrowers:-**

Single Female  
 Single Male  
 Joint Borrowers by Age of Younger

84
82
81

**Properties Sold / repayments (case by case):-**

Time to Sale (days where available - time from death/assessment to repayment)  
 Time from Possession to Sale (days)  
 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	ERF3	Aviva UKER
Total	Original Loan	Additional Loan
253		
-		
110,000		
132,471		
118,731	92,327	26,403
125,501	92,327	33,174
6,770	-	6,770
106%		
N/A		
N/A		
N/A		

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

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

56.7%
14.8%

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

Weighted Average:  
 Time to sale (Days)

239
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**Properties in Possession**

Repossessed  
 Sold  
 Number Carried Forward

11
1
9
2

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

218
11.1%

**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	£103,386
Weighted Average LTV	63.3%
Weighted Average Indexed LTV	35.7%

Weighted Average Interest Rate	4.89% + LPI
ILCRP	7.66%
FCRP	

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

0 - 29.99%	14,696,881
30 - 34.99%	23,473,020
35 - 39.99%	34,986,051
40 - 44.99%	38,025,259
45 - 49.99%	42,216,053
50 - 54.99%	45,848,471
55 - 59.99%	45,474,392
60 - 64.99%	41,673,666
65 - 69.99%	45,160,443
70 - 74.99%	34,464,661
75 - 79.99%	31,761,258
80 - 84.99%	30,760,503
85 - 89.99%	21,663,026
90 - 94.99%	15,108,532
95 - 99.99%	12,658,742
100% +	30,894,333

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

0 - 30%	175,450,168
30 - 35%	86,534,250
35 - 40%	73,729,791
40 - 45%	61,962,598
45 - 50%	47,407,350
50 - 55%	30,445,207
55 - 60%	15,926,365
60 - 65%	8,708,479
65 - 70%	6,499,300
70 - 75%	1,815,358
75 - 80%	178,487
80 - 85%	-
85 - 90%	-
90 - 95%	206,737
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).

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

Under 70	3,673,442
70-74	45,930,035
75-79	149,168,167
80-84	175,767,616
85-89	94,769,973
90-94	30,258,715
95-99	9,158,505
100+	138,836

#### 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%								
30 - 34.99%	2,705,144	23,969,666	71,262,213	51,120,276	20,219,822	5,359,011	676,197	136,936
35 - 39.99%	865,210	10,094,553	39,016,274	22,969,929	10,627,816	2,595,190	406,279	
40 - 44.99%	103,088	10,100,209	9,860,227	42,723,363	8,372,983	2,526,434	43,487	
45 - 49.99%		1,060,066	19,594,991	24,416,283	15,029,351	1,817,628	54,280	
50 - 54.99%		652,114	8,286,959	14,948,289	19,738,853	3,380,827	420,807	
55 - 59.99%		64,425	686,970	16,857,679	5,587,288	7,366,325	82,521	
60 - 64.99%			470,534	1,300,646	9,521,290	2,001,829	2,632,066	
65 - 69.99%				705,739	4,700,330	1,313,006	1,989,404	
70 - 74.99%				926,413	283,601	3,548,616	1,740,671	
75 - 79.99%					689,640	399,849	727,469	
80 - 84.99%							178,487	
85 - 89.99%								
90 - 94.99%							206,737	
95 - 99.99%								
100% +								

#### Equity Release Funding (No.3) plc Report for the immediately preceding interest period

19-Oct-16

#### Liquidity Facility Ledger

Initial Balance	Barclays
Last Quarter Closing Outstanding	£0
Available @ next Interest Payment Date	£140,000,000
Amount to be drawn at next Interest Payment Date	£0

Citibank	£0
	£0
	£45,000,000
	£0

#### Liquidity Reserve Fund Ledger

Initial Balance on Closing Date	£35,000,000
Outstanding as at the date of this Quarterly Report	£150,000
Accrued Interest to immediately succeeding interest payment date	£118
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£118
Amount to be drawn at next IPD	£118
Closing balance	£150,000

#### Deficiency Ledger

Opening Balance	-£535,780
Losses this Quarter	£0
Closing Balance	-£535,780

#### Optional Guarantee Ledger

Opening Balance on Closing Date	£0
Claims Submitted as at the 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

#### Surplus after payment of all payments set out paragraphs (a) to (k) of the Pre-Enforcement Priority of Payments (Excess Available Receipts)

£312,232
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**Replenishment Amount as recorded in Replenishment Ledger****Excess Available Receipts**

N/A - Swap Payments Remaining

**Years 2003 to 2028**

The greater of :-

N/A - Swap Payments Remaining

10% of Principal Amount O/S of Class A Notes @ IPD (net of redemptions @ Interest Payment Date) 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 Notes (net of redemptions @ Interest Payment Date).

**Years 2028 onwards**

The greater of:-

N/A

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

aggregate of all scheduled payments of interest and principal on the Notes which are 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 Notes (net of redemptions @ Interest Payment Date).**Voluntary Repayment Rate (Replenishment Amount)**

1.64%

Annualised value of the ratio expressed as a percentage calculated by dividing :-

(x) the aggregate of the Outstanding Balance as at the Closing Date of all Loans prepaid up to the relevant Calculation Date by  
(v) the aggregate Outstanding Balance of all Loans on the Closing Date.**Class B Notes Payment Test**

Asset / Liability Ratio @ next IPD

0.99

Class B Notes Required Ratio @ next IPD

1.11

Pass / Fail

FAIL

**Subordinated Loan Ledger**

Opening Balance on Closing Date

£14,000,000

Opening Balance at start of Quarter

£24,545,580

Payments this Quarter

£0

Interest Accrued this Quarter

£139,890

Closing Balance

£24,685,470

**Indexation Ledger (April and Oct only)**

Class A3 Note Interest Amount / principal due on next IPD (prior to adjustment)

£465,500

Limited Index Factor to be applied on next IPD

1.01

Class A3 Note Interest Amount / principal post adjustment due on next IPD

£677,000

**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 Quarter

£0

Total Deferred Consideration paid to Originator.

£0

**Equity Release Funding (No.3) plc**

Name of Issuer

Equity Release Funding (No.3) plc

Date of Issue

27-Jun-2003

Moody's Current Rating

A1

N/A

S&amp;P Current Rating

N/A

A2

Aaa

A-

A3

Aaa

A-

B

Aa3

BBB

Initial Note Balance

60,000,000.00

310,000,000.00

50,000,000.00

42,000,000.00

Note Principal @ start of period

-

310,000,000.00

38,000,000.00

42,000,000.00

Note Redemptions @ IPD

-

-

2,000,000.00

-

Outstanding Note Principal

-

310,000,000.00

36,000,000.00

42,000,000.00

Note Interest Margins

LIBOR + 0.52%

Fixed Rate (5.05%)

Fixed Rate (2.45%)

LIBOR + 1.4%

Step Up Dates

N/A

N/A

N/A

IPD Apr 2010

Step Up Rate

N/A

N/A

N/A

LIBOR + 3.5%

Interest Payment Cycle

N/A

Quarterly  
26th Jan, Apr, Jul & Oct or NextSemi Annually  
26th Apr & Oct or Next Business  
26-Apr-2017Quarterly  
26th Jan, Apr, Jul &  
26-Jan-2017

Next Interest Payment Date

N/A

26-Jan-2017

26-Apr-2017

26-Jan-2017

Pool Factor

-

Interest Amount paid this quarter

-

3,942,828.00

677,000.00

Deferred Amount at start of quarter

-

Interest Amount deferred / (paid) this quarter

-

Interest on Deferred amount this quarter

-

Deferred Amount at end of quarter

-

B note swap deferred payments

-

Brought Forward balance

-

Net coupon deferred

-

Interest

-

Amount paid

-

Carried forward balance

-

Present value of Swap Scheduled Fixed Payments

-

Brought Forward balance

-

Paid this quarter

-

Carried forward balance

-

-

9,310,089

424,620

94,127

9,828,836

6,265,715

451,915

8,072

6,725,703

20,143,679

20,143,679