

VALENCIA HIPOTECARIO 2 Fondo de Titulización Hipotecaria

Brief report

Date: 10/31/2006
Currency: EUR

Date of constitution
 12/07/2005

VAT Reg. no.
 G84530526

Management Company
 Europea de Titulización, S.G.F.T

Originator
 Banco de Valencia

Servicer
 Banco de Valencia

Lead Managers
 Bancaja
 Deutsche Bank

Bond Underwriters and Placement Agents
 Bancaja
 Deutsche Bank
 Dexia
 Fortis Bank

Bond Paying Agent
 Bancaja

Market
 AIAF Mercado de Renta Fija

Register of Book Securities
 Iberclear

Treasury Account
 Bancaja

Start-up Loan
 Banco de Valencia

Swap
 Banco de Valencia

Swap Collateral
 Bancaja

Assets Custodian
 Banco de Valencia

Fund Auditors
 Ernst&Young

Issued securities: Mortgage-Backed Bonds

| Bonds issue | | | | | | | | | |
|--------------------------|------------------------|---|------------------------------|--|---|---|--|---------------------------|--------------|
| Series ISIN Code | Issue date Nº bonds | Principal outstanding (Bond Unit / Series Total / %Factor) | | Interest type Reference rate and margin Payment Date | Interest Rate Next coupon | Redemption | | Rating Fitch / Moody's | |
| | | Current | Original | | | Final maturity (legal) | Next | Current | Original |
| Series A ES0382745000 | 12/12/2005 9,095 | 86,870.21 790,084,559.95 86.87% | 100,000.00 909,500,000.00 | Floating 3-M Euribor + 0.140% 24.Jan/Apr/Jul/Oct | 3.6610% 11/24/2006 812.748033 Gross 690.835828 Net | 01/24/2043 Quarterly 24.Jan/Apr/Jul/Oct | 11/24/2006 "Pass-Through" | AAA Aaa | AAA Aaa |
| Series B ES0382745018 | 12/12/2005 212 | 100,000.00 21,200,000.00 100.00% | 100,000.00 21,200,000.00 | Floating 3-M Euribor + 0.320% 24.Jan/Apr/Jul/Oct | 3.8410% 11/24/2006 981.588889 Gross 834.350556 Net | 01/24/2043 Quarterly 24.Jan/Apr/Jul/Oct | To be determined "Pass-Through" Pro rata deferred start / Sequential | A+ A1 | A+ A1 |
| Series C ES0382745026 | 12/12/2005 94 | 100,000.00 9,400,000.00 100.00% | 100,000.00 9,400,000.00 | Floating 3-M Euribor + 0.550% 24.Jan/Apr/Jul/Oct | 4.0710% 11/24/2006 1,040.366667 Gross 884.311667 Net | 01/24/2043 Quarterly 24.Jan/Apr/Jul/Oct | To be determined "Pass-Through" Pro rata deferred start / Sequential | BBB+ Baa3 | BBB+ Baa3 |
| Series D ES0382745034 | 12/12/2005 99 | 100,000.00 9,900,000.00 100.00% | 100,000.00 9,900,000.00 | Floating 3-M Euribor + 3.500% 24.Jan/Apr/Jul/Oct | 7.0210% 11/24/2006 1,794.255556 Gross 1,525.117223 Net | 01/24/2043 Quarterly 24.Jan/Apr/Jul/Oct | To be determined Due to Cash Reserve reduction | CCC- Ca | CCC- Ca |
| Total | | 830,584,559.95 | 950,000,000.00 | | | | | | |

| Estimated average life (in years) and maturity according to different hypothesis of constant prepayment rates (CPR) | | | | | | | | | | | | | |
|---|-------------------------------|-----------------------|------------------------|-------------------------|------------|------------|------------|------------|------------|------------|-------|--|--|
| Series | Option | Average life Years | Final Maturity Date | % Monthly CPR (SMM) | | | | | | | | | |
| | | | | 0.00 | 0.34 | 0.51 | 0.69 | 0.87 | 1.06 | 1.25 | 1.44 | | |
| | | | | % Annual equivalent CPR | | | | | | | | | |
| | | | | 0.00 | 4.00 | 6.00 | 8.00 | 10.00 | 12.00 | 14.00 | 16.00 | | |
| Series A | With optional redemption * | Average life | Years | 10.33 | 7.67 | 6.71 | 5.91 | 5.23 | 4.70 | 4.24 | 3.84 | | |
| | Final Maturity | Years | 03/28/2017 | 08/01/2014 | 08/14/2013 | 10/24/2012 | 02/19/2012 | 08/10/2011 | 02/24/2011 | 10/10/2010 | | | |
| Series B | Without optional redemption * | Average life | Years | 10.66 | 8.06 | 7.11 | 6.32 | 5.66 | 5.10 | 4.63 | 4.23 | | |
| | Final Maturity | Years | 07/25/2017 | 12/19/2014 | 01/05/2014 | 03/23/2013 | 07/26/2012 | 01/05/2012 | 07/17/2011 | 02/19/2011 | | | |
| Series C | With optional redemption * | Average life | Years | 15.13 | 11.65 | 10.28 | 9.09 | 8.06 | 7.26 | 6.56 | 5.94 | | |
| | Final Maturity | Years | 01/13/2022 | 07/23/2018 | 03/08/2017 | 12/30/2015 | 12/20/2014 | 03/01/2014 | 06/20/2013 | 11/05/2012 | | | |
| Series D | Without optional redemption * | Average life | Years | 15.72 | 12.35 | 10.99 | 9.83 | 8.84 | 7.99 | 7.26 | 6.64 | | |
| | Final Maturity | Years | 08/15/2022 | 04/02/2019 | 11/24/2017 | 09/25/2016 | 09/29/2015 | 11/23/2014 | 03/03/2014 | 07/17/2013 | | | |

* Optional clean up call when the amount of the outstanding balance of the securitised assets is less than 10 per 100 of the initial outstanding balance.
 Hypothesis of delinquency and default assumptions of the securitised assets: 0%

Credit enhancement and financial operations

| Credit enhancement (CE) | | | | | | |
|-------------------------|---------|----------------|-------|---------------|----------------|-------|
| | Current | | | At issue date | | |
| | % CE | | | % CE | | |
| Series A | 95.12% | 790,084,559.95 | 4.93% | 95.74% | 909,500,000.00 | 4.31% |
| Series B | 2.55% | 21,200,000.00 | 2.35% | 2.23% | 21,200,000.00 | 2.05% |
| Series C | 1.13% | 9,400,000.00 | 1.21% | 0.99% | 9,400,000.00 | 1.05% |
| Series D | 1.19% | 9,900,000.00 | | 1.04% | 9,900,000.00 | |
| Issue of Bonds | | 830,584,559.95 | | | 950,000,000.00 | |
| Reserve Fund | 1.21% | 9,900,000.00 | | 1.05% | 9,900,000.00 | |

| Other financial operations (current) | | | |
|--|------------------|----------------|-----------------|
| Assets | Balance | Interest | |
| Treasury Account | 14,818,474.69 | 3.481% | |
| Servicer ppal collect not yet credited | 3,248,902.91 | | |
| Servicer ints collect not yet credited | 457,617.01 | | |
| Liabilities | Available | Balance | Interest |
| Start-up Loan | 799,210.84 | 5.521% | |

Collateral: Residential mortgage loans

| General | | | |
|--|----------------|----------------------|--|
| | Current | At constitution date | |
| Count | 11,030 | 12,241 | |
| Principal | | | |
| Principal outstanding | 813,049,847.74 | 940,242,690.85 | |
| Average loan | 73,712.59 | 76,810.94 | |
| Minimum | 105.63 | 3,356.13 | |
| Maximum | 484,723.57 | 496,461.58 | |
| Interest rate | | | |
| Weighted average (wac) | 3.85% | 3.11% | |
| Minimum | 2.72% | 1.00% | |
| Maximum | 5.87% | 5.25% | |
| Final maturity | | | |
| Weighted average (WARM) (months) | 231 | 239 | |
| Minimum | 11/01/2005 | 01/04/2007 | |
| Maximum | 12/05/2035 | 11/05/2035 | |
| Index (principal outstanding distribution) | | | |
| 3-month EURIBOR/MIBOR | 0.01% | 0.01% | |
| 1-year EURIBOR/MIBOR | 2.41% | 2.19% | |
| 1-year EURIBOR/MIBOR (Mortgage Market) | 97.55% | 97.78% | |
| Mortgage Market: Banks | 0.01% | 0.01% | |
| Mortgage Market: All Institutions | 0.02% | 0.02% | |

| LTV Distribution | | | | |
|--------------------------|---------|-------|----------------------|-------|
| | Current | | At constitution date | |
| | % Pool | % LTV | % Pool | % LTV |
| 0.01 - 10% | 0.45 | 7.29 | 0.29 | 7.77 |
| 10.01 - 20% | 2.53 | 15.84 | 1.93 | 15.83 |
| 20.01 - 30% | 4.72 | 25.62 | 3.82 | 25.38 |
| 30.01 - 40% | 9.10 | 35.33 | 6.58 | 35.62 |
| 40.01 - 50% | 12.21 | 45.43 | 10.97 | 45.35 |
| 50.01 - 60% | 16.61 | 55.33 | 15.89 | 55.36 |
| 60.01 - 70% | 24.26 | 65.42 | 22.49 | 65.47 |
| 70.01 - 80% | 30.01 | 74.12 | 38.04 | 75.26 |
| 80.01 - 90% | 0.10 | 85.71 | | |
| 90.01 - 100% | 0.02 | 98.66 | | |
| Weighted average (WALTV) | 57.81 | | 60.76 | |
| Minimum | 0.14 | | 2.08 | |
| Maximum | 98.66 | | 80.00 | |

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Additional information

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Ernst&Young

Prepayments

| | Current month | Last 3 months | Last 6 months | Last 12 months | Historical |
|------------------------------|---------------|---------------|---------------|----------------|------------|
| Single month. mort. (SMM) | 1.07% | 0.82% | 0.86% | | 0.91% |
| Annual Percentage Rate (CPR) | 12.11% | 9.37% | 9.87% | | 10.38% |

Geographic distribution

| | Current | At constitution date |
|--------------------|---------|----------------------|
| Andalucia | 4.70% | 4.64% |
| Aragon | 6.26% | 6.24% |
| Asturias | 0.00% | 0.00% |
| Balearic Islands | 0.40% | 0.41% |
| Basque Country | 0.01% | 0.04% |
| Canary Islands | 0.01% | 0.01% |
| Castilla-La Mancha | 0.34% | 0.36% |
| Castilla-Leon | 0.04% | 0.03% |
| Catalonia | 0.76% | 0.77% |
| Ceuta | 0.03% | 0.03% |
| Extremadura | 0.01% | 0.01% |
| Galicia | 0.02% | 0.01% |
| La Rioja | 0.79% | 0.83% |
| Madrid | 7.38% | 7.40% |
| Murcia | 13.16% | 13.14% |
| Navarra | 0.44% | 0.43% |
| Valencia | 65.68% | 65.64% |

Current delinquency

| Aging | Assets | Overdue debt | | | | | Outstanding debt | Total debt | % Total debt / Appraisal Value | |
|----------------|------------|-------------------|-------------------|-------------|-------------------|-------|----------------------|----------------------|--------------------------------|--------------|
| | | Principal | Interest | Other | Total | % | | | | |
| Up to 1 month | 456 | 117,199.49 | 97,378.36 | 0.00 | 214,577.85 | 43.86 | 33,871,989.56 | 34,086,567.41 | 68.00 | 52.18 |
| 1 to 2 months | 128 | 63,697.13 | 51,707.58 | 0.00 | 115,404.71 | 23.59 | 8,739,390.38 | 8,854,795.09 | 17.67 | 46.75 |
| 2 to 3 months | 85 | 68,413.50 | 56,348.10 | 0.00 | 124,761.60 | 25.50 | 6,285,550.86 | 6,410,312.46 | 12.79 | 51.29 |
| 3 to 6 months | 6 | 4,033.46 | 3,696.24 | 0.00 | 7,729.70 | 1.58 | 285,972.39 | 293,702.09 | 0.59 | 38.25 |
| 6 to 12 months | 4 | 14,911.19 | 11,826.92 | 0.00 | 26,738.11 | 5.47 | 453,816.36 | 480,554.47 | 0.96 | 49.41 |
| Total | 679 | 268,254.77 | 220,957.20 | 0.00 | 489,211.97 | | 49,636,719.55 | 50,125,931.52 | | 50.89 |

Additional information