

RATING ACTION COMMENTARY

Fitch Reviews Banco La Hipotecaria's Panamanian Transactions After Sovereign Action

Fri 04 Feb, 2022 - 3:40 p. m. ET

Fitch Ratings - Chicago - 04 Feb 2022: Fitch Ratings has affirmed the following ratings at 'A-' and revised the Rating Outlooks to Stable from Negative:

--La Hipotecaria Eight Mortgage Backed Notes Trust Series A Notes;

--La Hipotecaria Tenth Mortgage-Backed Notes Trust Series A and IO Notes;

--La Hipotecaria Panamanian Mortgage Trust 2007-1 Certificate's Long Term (LT) Rating;

--La Hipotecaria Panamanian Mortgage Trust 2010-1 Certificate's Unenhanced Long-Term Rating (ULT).

Fitch has affirmed the following ratings at 'BBB-' and revised the Rating Outlooks to Stable from Negative:

--La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A Notes;

--La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A Notes;

--La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A Notes;

--La Hipotecaria Panamanian Mortgage Trust 2014-1 A-2 Certificates;

--La Hipotecaria Trust 2019-2's Certificates;

--La Hipotecaria Panamanian Mortgage Trust 2021-1 Certificates.

The above rating actions follow the recent revision of Panama's Rating Outlook to Stable from Negative on Jan. 28, 2022. Panama's Long-Term Foreign Currency Issuer Default Rating (IDR) was affirmed at 'BBB-' and its Country Ceiling affirmed at 'A-'. See "Fitch Revises Panama's Outlook to Stable; Affirms IDRs at 'BBB-'" at www.fitchratings.com. In addition, the La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A Notes and La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A Notes are constrained by the rating of Banco General S.A. (BG) as the letter of credit provider. On Feb. 3, 2022, Fitch affirmed BG's ratings at 'BBB-' and revised the Outlooks to Stable from Negative.

Fitch has affirmed the following ratings at 'AAAsf':

--La Hipotecaria Panamanian Mortgage Trust 2010-1;

--La Hipotecaria Panamanian Mortgage Trust 2014-1 A-1.

The Rating Outlook remains Negative for the above issues.

The Negative Outlook of the above certificates reflects the credit quality of the U.S. International Development Finance Corporation (DFC) as guarantee provider given its direct linkage to the U.S. Sovereign Rating (AAA/F1+/Negative).

In addition, Fitch affirmed La Hipotecaria Fourteenth Mortgage-Backed Notes Trust and La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series B and C notes.

RATING ACTIONS

ENTITY / DEBT ◆

RATING ◆

PRIOR ◆

La Hipotecaria Trust
2019-2

Series 2019-2 Certificates	LT	BBB-sf Rating Outlook Stable	BBB-sf Rating Outlook Negative
Affirmed			
La Hipotecaria Tenth Mortgage Trust Series A Notes			
Interest Only	LT	A-sf Rating Outlook Stable	A-sf Rating Outlook Negative
Affirmed			
Series A	LT	A-sf Rating Outlook Stable	A-sf Rating Outlook Negative
Affirmed			
La Hipotecaria Panamanian Mortgage Trust 2021-1			
Series 2021-1 Certificates	LT	BBB-sf Rating Outlook Stable	BBB-sf Rating Outlook Negative
Affirmed			
La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1			
Series A	LT	A-sf Rating Outlook Stable	A-sf Rating Outlook Negative
Affirmed			
La Hipotecaria Panamanian Mortgage Trust 2010-1			

2010-1 Certificates	LT	AAAsf Rating Outlook Negative	AAAsf Rating Outlook Negative
		Affirmed	
2010-1 Certificates	ULT	A-sf Rating Outlook Stable	A-sf Rating Outlook Negative
		Affirmed	
La Hipotecaria Fourteenth Mortgage-Backed Notes Trust			
A	LT	BBB-sf Rating Outlook Stable	BBB-sf Rating Outlook Negative
		Affirmed	
B	LT	B+sf Rating Outlook Stable	B+sf Rating Outlook Stable
		Affirmed	
C	LT	CCCsfc	CCCsfc
		Affirmed	
La Hipotecaria Sixteenth Mortgage-Backed Notes Trust			
Series A	LT	BBB-sf Rating Outlook Stable	BBB-sf Rating Outlook Negative
		Affirmed	
Series B	LT	CCCsfc	CCCsfc
		Affirmed	
Series C	LT	CCsf	CCsf
		Affirmed	

La Hipotecaria
Panamanian Mortgage
Trust 2007-1 2007-1

2007-1 Certificates
50346AAA3

LT A-sf Rating Outlook Stable

A-sf Rating
Outlook
Negative

Affirmed

2007-1 Certificates
50346AAA3

ULT A-sf Rating Outlook Stable

A-sf Rating
Outlook
Negative

Affirmed

La Hipotecaria
Panamanian Mortgage
Trust 2014-1

Class A-1
50346EAA5

LT AAAsf Rating Outlook Negative

AAAsf Rating
Outlook
Negative

Affirmed

Class A-2
50346EAB3

LT BBB-sf Rating Outlook Stable

BBB-sf Rating
Outlook
Negative

Affirmed

La Hipotecaria Twelfth
Mortgage-Backed
Notes Trust

Series A
PAL3006961A4

LT BBB-sf Rating Outlook Stable

BBB-sf Rating
Outlook
Negative

Affirmed

[VIEW ADDITIONAL RATING DETAILS](#)

KEY RATING DRIVERS

Higher Stresses Applied Due to Coronavirus Pandemic:

Fitch expects Panama's real GDP growth will reach 9.2% in 2021 after contracting 17.7% in 2020. Measures to limit the spread of the coronavirus are less restrictive than in 2020, but Fitch continues to apply higher stress scenarios as described in "La Hipotecaria RMBS: Criteria Assumptions Updated Due to Pandemic Impacts" for loans originated by La Hipotecaria in Panama.

In the additional stress scenario analysis, the 'Bsf' representative pool weighted average foreclosure frequency (WAFF) for Banco La Hipotecaria (BLH) in Panama increased to 4.11% from 3.67% in the current assumptions. However, the additional stress scenario analysis does not envisage significant changes to the Structured Finance Rating Cap (level defined at 'Asf' for Panama) foreclosure frequency (FF) assumptions as they are sufficiently remote to withstand significant deterioration relative to historical performance and Fitch's expectations. Therefore, Fitch lowered the rating multiples.

Country of Assets Determines Maximum Achievable Ratings:

As of Jan. 28, 2022, Panama's Issuer Default Ratings (IDRs) are 'BBB-/Stable and its Country Ceiling (CC) is 'A-'. The ratings related to the series A notes under La Hipotecaria Twelfth Mortgage-Backed Notes Trust, La Hipotecaria Fourteenth Mortgage-Backed Notes Trust, and La Hipotecaria Sixteenth Mortgage-Backed Notes Trust programs are constrained by Panama's sovereign rating due to the portfolio's exposure to the sovereign. Additionally, the Series A notes under La Hipotecaria Twelfth Mortgage-Backed Notes Trust and La Hipotecaria Fourteenth Mortgage-Backed Notes Trust have exposure to the Letter of Credit provider (Banco General, BBB-/Stable).

For La Hipotecaria Twelfth Mortgage-Backed Notes Trust, about one-third of the residential mortgages are granted to public sector employees and about two-thirds rely on preferential interest rates. For La Hipotecaria Fourteenth Mortgage-Backed Notes Trust, about one-third of the residential mortgages are granted to public sector employees. For La Hipotecaria Sixteenth Mortgage-Backed Notes Trust, about 18.3% of the residential mortgages were granted to employees of the top five public sector employers within the proposed pool of mortgages and 100% of the pool benefits from an interest rate subsidy provided by the Republic of Panama.

For La Hipotecaria Tenth Mortgage-Backed Notes Trust and La Hipotecaria Eight Mortgage Backed Notes Trust programs, while the series A notes (including the Interest Only note) have sufficient credit enhancement to be rated above the country's IDR, the transfer and convertibility (T&C) risk is not mitigated, so the ratings remain constrained by the CC and ultimately linked to the ratings of Panama.

Frequency of Foreclosure Assumptions Affected by the Coronavirus Pandemic:

La Hipotecaria Eight Mortgage Backed Notes Trust: To gauge the impact of the pandemic Fitch reviewed its FF parameter. Under Fitch's updated assumptions in an 'A-sf' scenario, the A note would need to support a WAFF of 35.3% and a weighted average recovery rate (WARR) of 98.5%. These assumptions consider the main characteristics of the assets, where OLTV is 92.9%, the seasoning average 190 months and remaining term 178 months, WA current loan-to-value is 55.6% and the majority of performing borrowers (49.6%) pay through payroll deduction mechanism. The assumptions also consider a Performance Adjustment Factor (PAF) of 0.7x considering the historical performance of the portfolio.

La Hipotecaria Tenth Mortgage-Backed Notes Trust: To gauge the impact of the pandemic, Fitch reviewed its FF parameter. Under Fitch's updated assumptions in an 'A-sf' scenario, the A note and the Interest Only note would need to support a WAFF of 33.5% and a WARR of 90.8%. These assumptions consider the main characteristics of the assets, where OLTV is 94.2%, the seasoning average 166 months and remaining term 204 months, WA current loan-to-value is 60.3% and the majority of performing borrowers (53.4%) pay through payroll deduction mechanism. The assumptions also consider a PAF of 0.7x considering the historical performance of the portfolio.

La Hipotecaria Twelfth Mortgage-Backed Notes Trust: To gauge the impact of the pandemic, Fitch reviewed its FF parameter. Under Fitch's updated assumptions in an 'BBB-sf' scenario, the A note would need to support a WAFF of 19.5% and a WARR of 89.8%. These assumptions consider the main characteristics of the assets, where OLTV is 91.3%, the seasoning average 125 months and remaining term 243 months, WA current loan-to-value is 65% and the majority of performing borrowers (64.1%) pay through payroll deduction mechanism. The assumptions also consider a PAF of 0.7x considering the historical performance of the portfolio.

La Hipotecaria Fourteenth Mortgage-Backed Notes Trust: To gauge the impact of the pandemic, Fitch reviewed its FF parameter. Under Fitch's updated assumptions in an 'BBB-sf' scenario, the A note would need to support a WAFF of 17.7% and a WARR of 88.0%. Under a 'B+sf' scenario, the Series B notes would need to support a WAFF of 10.4% and a WARR of 89.6% and in the expected scenario, the Series C notes would need to support a WAFF of 7.4% and a WARR of 92.8%. These assumptions consider the main characteristics of the assets, where OLTV is 83.4%, the seasoning average 113 months and remaining term 243 months, WA current loan-to-value is 66.5% and the majority of performing borrowers (69.0%) pay through payroll deduction mechanism. The assumptions also consider a PAF of 0.7x considering the historical performance of the portfolio.

La Hipotecaria Sixteenth Mortgage-Backed Notes Trust: Fitch has defined a weighted average foreclosure frequency (WAFF) of 14.5% and a WA recovery rate (WARR) of 56.4% for the 'BBB-sf' stress scenario and a WAFF of 5.6% and a WARR of 73.6% for the expected scenario. These assumptions consider the main characteristics of the assets: seasoning averages 49 months, the remaining term is 312 months, the WA original loan-to-value ratio is 90.2%, the WA current loan-to-value ratio is 79.1%, the WA payment-to-income ratio is 26.4%, and the vast majority of borrowers (88.5%) pay through payroll deduction mechanism.

Transaction Performance Supports Assigned Ratings:

La Hipotecaria Eight Mortgage Backed Notes Trust: Credit Enhancement (CE) has increased during the last year due to the sequential nature of the structure. As of Sept. 30, 2021, CE has increased to approximately 61.2% up from 55.3% observed in September 2020. A few factors including stability in the excess spread, good asset performance, and servicer advances made by BLH on the amounts due from debtors on payment holidays has also helped to improve this metric. The transaction also benefits from a reserve account equivalent to three times the series A notes next interest payment.

La Hipotecaria Tenth Mortgage-Backed Notes Trust: CE has increased during the last year due to the sequential nature of the structure. As of Sept. 30, 2021, CE has increased to approximately 52.9% up from 47% observed in September 2020. A few factors including stability in the excess spread, good asset performance, and servicer advances made by BLH on the amounts due from debtors on payment holidays has also helped to improve this metric. The transaction also benefits from a reserve account of 1% of the outstanding balance of the series A notes, which is sufficient to cover almost three months of senior expenses and interest payment on series A and Interest Only notes.

La Hipotecaria Twelfth Mortgage-Backed Notes Trust: CE has increased during the last year due to the sequential nature of the structure. As of Sept. 30, 2021, CE has increased to approximately 21.3% up from 18.5% observed in September 2020. A few factors including stability in the excess spread, good asset performance, and servicer advances made by BLH on the amounts due from debtors on payment holidays has also helped to improve this metric. The transaction also benefits from a reserve account of 1% of the outstanding balance of the series A notes in the form of a letter of credit, which is sufficient to cover almost three months of senior expenses and interest payment on the Series A notes.

La Hipotecaria Fourteenth Mortgage-Backed Notes Trust: CE has increased during the last year due to the sequential nature of the structure. As of Sept. 30, 2021, CE has increased to approximately 10.4% up from 9.5% observed in September 2020 for the Series A notes, to 3.1% from 2.7% for the Series B notes, and to 0.7% from 0.4% for the Series C notes. A few factors including stability in the excess spread, good asset performance, and servicer advances made by BLH on the amounts due from debtors on payment holidays has also improved this metric.

La Hipotecaria Sixteenth Mortgage-Backed Notes Trust: The Series A notes benefit from a sequential-pay structure wherein target amortization payments for this series are senior to interest and principal payments on the Series B and C notes. The series A notes also benefit from credit enhancement (CE) of 11.1%, an interest reserve account equivalent to 3.0x its next interest payment and excess spread, which allow them to pass the 'BBB-sf' stresses. The series B notes benefit from CE of 2.2% and excess spread, while the series C notes benefit from excess spread, although none of them are able to surpass the expected WAFF and WARR defined by Fitch.

Banco La Hipotecaria S.A. Experience Mitigate Operational Risk:

Pursuant to the servicer agreement, Grupo ASSA, S.A. (the primary servicer), which is rated 'BBB-/Outlook Negative by Fitch, has hired BLH (the sub-servicer) to be the servicer for the mortgages. Fitch has reviewed BLH's systems and procedures and is satisfied with its servicing capabilities. Additionally, Banco General S.A., which is rated 'BBB-/Stable by Fitch, has been designated as back-up servicer in order to mitigate the exposure to operational risk, and will replace the defaulting servicer within five days of a servicer disruption event.

Credit Quality of the DFC and Underlying Notes Support Ratings:

La Hipotecaria Panamanian Mortgage Trust 2007-1 Certificates: The rating assigned to the 2007-1 certificates relies on the timely payment of interest and ultimate payment of principal on the series A notes of La Hipotecaria Eight Mortgage-Backed Notes Trust.

La Hipotecaria Panamanian Mortgage Trust 2014-1 A-2 Certificates: The rating assigned to the 2014-1 A-2 certificates relies on the timely payment of interest and ultimate payment of principal on the series A notes of La Hipotecaria's Twelfth Mortgage-Backed Notes Trust.

La Hipotecaria Trust 2019-2 Certificates: The 2019-2 certificates rely on the timely payment of interest and ultimate payment of principal on the Series A Notes of La Hipotecaria's Fourteenth Mortgage-Backed Notes Trust.

La Hipotecaria Panamanian Mortgage Trust 2021-1 Certificates: The rating assigned to the 2021-1 certificates relies on the timely payment of interest and ultimate payment of principal on the series A notes of La Hipotecaria Sixteenth Mortgage-Backed Notes Trust.

Guarantor Credit Quality Supports Ratings: The ratings assigned to the La Hipotecaria Panamanian Mortgage Trust 2010-1, and La Hipotecaria Panamanian Mortgage Trust 2014-1 A-1 certificates are commensurate with the credit quality of the guarantee provider. The credit quality of DFC is directly linked to the U.S. sovereign rating (AAA/F1+/Negative), as guarantees issued by, and obligations of, DFC are backed by the full faith and credit of the U.S. government, pursuant to the Foreign Assistance Act of 1969.

The unenhanced rating assigned to the 2010-1 certificates is commensurate with the credit quality of the series A notes of La Hipotecaria's Tenth Mortgage-Backed Notes Trust.

Reliance on DFC Guaranty: Fitch assumes the payment on the La Hipotecaria Panamanian Mortgage Trust 2010-1 and La Hipotecaria Panamanian Mortgage Trust 2014-1 A-1 certificates will rely on the DFC guaranty. Through this guaranty, DFC will unconditionally and irrevocably guarantee the receipt of proceeds from the underlying notes in an amount sufficient to cover timely scheduled monthly interest amounts and the ultimate principal amount on the certificates.

Ample Liquidity in Place: The La Hipotecaria Panamanian Mortgage Trust 2010-1 and La Hipotecaria Panamanian Mortgage Trust 2014-1 A-1, certificates benefit from liquidity in the form of a five-day buffer between payment dates on the underlying notes and payment dates on the certificates. Additionally, the certificates benefit from liquidity in the form of an interest reserve account or a letter of credit at the underlying note level. Fitch considers this sufficient to keep debt service current on the guaranteed certificates until funds under a claim of DFC are received.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

The ratings of the La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1 Series A Notes, La Hipotecaria Tenth Mortgage Trust Series A Notes & IO Notes, and La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A are sensitive to changes in the credit quality of Panama. A downgrade of Panama's ratings and/or its CC, could lead to a downgrade on the notes. In addition, severe increases in foreclosure frequency as well as reductions in recovery rates could lead to a downgrade of the notes.

The rating of the La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A notes and the La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A Notes are sensitive to changes in the credit quality of Panama and Banco General as a letter of credit provider; a downgrade of Panama's ratings and Banco General's ratings, could lead to a downgrade on the notes.

In the case of La Hipotecaria Panamanian Mortgage Trust 2010-1 and La Hipotecaria Panamanian Mortgage Trust 2014-1 - A-1 Tranche the Rating Outlook could be downgraded in the case of a downgrade on the U.S. sovereign rating.

The ULT rating of the La Hipotecaria Panamanian Mortgage Trust 2010-1 is sensitive to changes in the credit quality of the series A notes, hence, a negative rating action of the series A notes would trigger a negative rating action of the ULT on the notes in the same proportion.

The La Hipotecaria Panamanian Mortgage Trust 2007-1 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1 series A notes. If La Hipotecaria Eight Mortgage-Backed Notes Trust Series A notes are downgraded, that could lead to a downgrade of the certificates.

The La Hipotecaria Panamanian Mortgage Trust 2014-1 A-2 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A notes. If La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A notes are downgraded, that could lead to a downgrade of the certificates.

The Hipotecaria Trust 2019-2 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A notes. If La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A notes are downgraded, that could lead to a downgrade on the certificates.

The La Hipotecaria Panamanian Mortgage Trust 2021-1 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A notes. If La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A Notes are downgraded, that could lead to a downgrade of the certificates.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The ratings of the La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1 Series A Notes, La Hipotecaria Tenth Mortgage-Backed Notes Trust Series A Notes & IO Notes, and La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A Notes are

sensitive to changes in the credit quality of Panama. An upgrade of Panama's ratings and/or its CC, could lead to an upgrade on the notes.

The rating of the La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A notes and the La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A Notes are sensitive to changes in the credit quality of Panama and Banco General as a letter of credit provider; an upgrade of Panama's ratings and Banco General's ratings, could lead to an upgrade on the notes.

DFC Guaranteed: In the case of La Hipotecaria Panamanian Mortgage Trust 2010-1 and La Hipotecaria Panamanian Mortgage Trust 2014-1 - A-1 Tranche the Rating Outlook could be revised to Stable if the U.S. sovereign ratings Outlook is revised to Stable from Negative.

The ULT rating of the La Hipotecaria Panamanian Mortgage Trust 2010-1 is sensitive to changes in the credit quality of La Hipotecaria Tenth Mortgage-Backed Notes Trust Series A notes, hence, a positive rating action of the series A notes would trigger a positive rating action of the ULT on the notes in the same proportion.

The La Hipotecaria Panamanian Mortgage Trust 2007-1 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1 series A notes. If La Hipotecaria Eight Mortgage-Backed Notes Trust Series A notes are upgraded, that could lead to an upgrade of the certificates.

The La Hipotecaria Panamanian Mortgage Trust 2014-1 A-2 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A notes. If La Hipotecaria Twelfth Mortgage-Backed Notes Trust Series A Notes are upgraded, that could lead to an upgrade of the certificates.

The Hipotecaria Trust 2019-2 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A notes. If La Hipotecaria Fourteenth Mortgage-Backed Notes Trust Series A notes are upgraded, that could lead to an upgrade on the certificates.

The La Hipotecaria Panamanian Mortgage Trust 2021-1 certificates' ratings are sensitive to changes in the credit quality of the La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A notes. If La Hipotecaria Sixteenth Mortgage-Backed Notes Trust Series A Notes are upgraded, that could lead to an upgrade of the certificates.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

USE OF THIRD PARTY DUE DILIGENCE PURSUANT TO SEC RULE 17G -10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

-- The LT and ULT rating of the 2007-1 certificates issued by La Hipotecaria Panamanian Mortgage Trust 2007-1 is directly linked to the rating of the Series A notes issued by La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1.

--The ULT rating of the 2010-1 certificates issued by La Hipotecaria Panamanian Mortgage Trust 2010-1 is directly linked to the rating of the Series A notes issued by La Hipotecaria Tenth Mortgage Trust

--The rating of the A-2 certificates issued by La Hipotecaria Panamanian Mortgage Trust 2014-1 is directly linked to the rating of the Series A notes issued by La Hipotecaria Twelfth Mortgage-Backed Notes Trust.

--The rating of the 2019-2 certificates issued by La Hipotecaria Trust 2019-2 is directly linked to the rating of the Series A notes issued by La Hipotecaria Fourteenth Mortgage-Backed Notes Trust.

-- The credit quality of the 2021-1 certificates is directly linked to the credit quality of the Series A notes issued by La Hipotecaria Sixteenth Mortgage-Backed Notes Trust.

-- The ratings of the La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1 - A Notes and La Hipotecaria Tenth Mortgage Trust Series A are driven by Panama's credit quality as measured by its Country Ceiling.

-- The ratings of the La Hipotecaria Fourteenth Mortgage-Backed Notes Trust A Notes and La Hipotecaria Twelfth Mortgage-Backed Notes Trust A Notes are driven by both BG's and Panama's credit quality as measured by their LT FC IDR.

-- The rating of the La Hipotecaria Sixteenth Mortgage-Backed Notes Trust A Notes is driven by Panama's credit quality as measured by its LT FC IDR.

REPRESENTATIONS, WARRANTIES AND ENFORCEMENT MECHANISMS

A description of the transaction's representations, warranties and enforcement mechanisms (RW&Es) that are disclosed in the offering document and which relate to the underlying asset pool is available by clicking the link to the Appendix. The appendix also contains a comparison of these RW&Es to those Fitch considers typical for the asset class as detailed in the Special Report titled 'Representations, Warranties and Enforcement Mechanisms in Global Structured Finance Transactions'.

ESG CONSIDERATIONS

La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1 has a Human Rights, Community Relations, Access & Affordability score of '4' for its exposure to accessibility to affordable housing, which in combination with other factors, affects the rating.

La Hipotecaria Fourteenth Mortgage-Backed Notes Trust has a Human Rights, Community Relations, Access & Affordability score of '4' for its exposure to accessibility to affordable housing, which in combination with other factors, affects the rating.

La Hipotecaria Tenth Mortgage-Backed Notes Trust Series A Notes has a Human Rights, Community Relations, Access & Affordability of '4' for its exposure to accessibility to affordable housing, which in combination with other factors, affects the rating.

La Hipotecaria Twelfth Mortgage-Backed Notes Trust has a Human Rights, Community Relations, Access & Affordability score of '4' for its exposure to accessibility to affordable housing, which in combination with other factors, affects the rating.

La Hipotecaria Sixteenth Mortgage-Backed Notes Trust has an ESG Relevance Score of '4' for Human Rights, Community Relations, Access & Affordability due to its Exposure to Accessibility to Affordable Housing, which in combination with other factors, affects the rating.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[Single- and Multi-Name Credit-Linked Notes Rating Criteria \(pub. 12 Feb 2021\)](#)
(including rating assumption sensitivity)

[Global Structured Finance Rating Criteria \(pub. 26 Oct 2021\)](#) (including rating assumption sensitivity)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 28 Oct 2021\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 04 Nov 2021\)](#)

[Latin America RMBS Rating Criteria \(pub. 17 Dec 2021\) \(including rating assumption sensitivity\)](#)

READ MORE ON THIS TOPIC

[La Hipotecaria Fourteenth Mortgage-Backed Notes Trust - Appendix](#)

[La Hipotecaria Panamanian Mortgage Trust 2014-1 - Appendix](#)

[La Hipotecaria Sixteenth Mortgage-Backed Notes Trust -- Appendix](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

La Hipotecaria Eight Mortgage Backed Notes Trust 2007-1	EU Endorsed, UK Endorsed
La Hipotecaria Fourteenth Mortgage-Backed Notes Trust	EU Endorsed, UK Endorsed
La Hipotecaria Panamanian Mortgage Trust 2007-1 2007-1	EU Endorsed, UK Endorsed
La Hipotecaria Panamanian Mortgage Trust 2010-1	EU Endorsed, UK Endorsed
La Hipotecaria Panamanian Mortgage Trust 2014-1	EU Endorsed, UK Endorsed
La Hipotecaria Panamanian Mortgage Trust 2021-1	EU Endorsed, UK Endorsed
La Hipotecaria Sixteenth Mortgage-Backed Notes Trust	EU Endorsed, UK Endorsed
La Hipotecaria Tenth Mortgage Trust Series A Notes	EU Endorsed, UK Endorsed
La Hipotecaria Trust 2019-2	EU Endorsed, UK Endorsed
La Hipotecaria Twelfth Mortgage-Backed Notes Trust	EU Endorsed, UK Endorsed

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ADDITION, THE FOLLOWING [HTTPS://WWW.FITCHRATINGS.COM/RATING-](https://www.fitchratings.com/rating-definitions-document)

[DEFINITIONS-DOCUMENT](https://www.fitchratings.com/rating-definitions-document) DETAILS FITCH'S RATING DEFINITIONS FOR EACH

RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING

TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE

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