



## Fitch Takes Actions on La Hipotecaria's Tenth Mtg Trust & Panamanian Mtg Trust 2010-1

Fitch Ratings-Chicago-14 June 2016: Fitch Ratings has upgraded the ratings for the series A notes on La Hipotecaria's Tenth Mortgage Trust and the unenhanced Long-Term rating on La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates. In addition, Fitch has affirmed the rating for La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates. A full list of rating actions follows at the end of this release.

### KEY RATING DRIVERS

**Performance of the Underlying Assets:** Delinquencies within the underlying portfolio have performed better than Fitch's expectations. Such low delinquency levels can be partly explained by the fact that the vast majority of the securitized loans benefit from a direct deduction payment mechanism, which helps mitigate willingness to pay risk. Cumulative +180-day delinquencies represent 0.66% of the original pool balance.

**Credit Enhancement:** The series A notes continue to benefit from increasing credit enhancement. Credit Enhancement has built up during the last year due to the sequential nature of the structure. As of April 2016, it has increased to 21.7% up from 18.1% observed during the same month last year. Stability on excess spread provides additional enhancement.

**Recoveries:** As of April 2016, 32 loans reached 180+ days. Of these, 14 have been foreclosed showing recoveries of 100%.

**Credit Quality of the Sovereign:** Fitch rates Panama's Long-Term Foreign- and Local-Currency (LC) Issuer Default Ratings (IDRs) 'BBB'/Stable Outlook, and its country ceiling (CC) 'A'. Fitch believes Panama's stable macroeconomic performance has a positive impact on the transactions. The challenge factor (CF) the agency has assigned to Panama is CF3, which allows the transaction to reach a maximum potential rating up to the 'CC' level.

**Credit Quality of Guaranty Provider:** La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates benefit from a payment guarantee by Overseas Private Investment Corporation (OPIC) in the event funds are insufficient to cover the monthly interest and final principal payment of the notes. OPIC is backed by the full faith and credit of the United States of America (U.S.; rated 'AAA'/Stable Outlook).

### RATING SENSITIVITIES

In Fitch's view, future improvement in credit enhancement, stability in delinquencies, prepayment rates, recoveries and excess spread, could lead to an upgrade of the rating of the series A notes on La Hipotecaria's Tenth Mortgage Trust as well as an upgrade of the Unenhanced Long-Term Rating on La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates.

Severe increases in delinquencies and prepayments, as well as reductions in recovery rates, could lead to a downgrade of the series A notes on La Hipotecaria's Tenth Mortgage Trust as well as of the Unenhanced Long-Term Rating on La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates. In addition, these ratings are sensitive to changes in the credit quality of Panama.

The rating of La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates is sensitive to changes in the credit quality of the U.S. sovereign as OPIC is an agency of the U.S.

### DUE DILIGENCE USAGE

No third party due diligence was provided or reviewed in relation to this rating action

Fitch takes the following actions:

La Hipotecaria Tenth Mortgage Trust

--\$86.4 million series A notes upgraded to 'A-sf' from 'BBBsf'; Outlook Positive.

La Hipotecaria Panamanian Mortgage Trust 2010-1

--\$72.0 million 2010-1 certificates affirmed at 'AAAsf'; Outlook Stable;

--Unenhancement long-term rating upgraded to 'A-sf' from 'BBBsf'; Outlook Positive.

Contacts:

Primary Analyst

Juan Pablo Gil

Senior Director

+1-312-606-2301

Fitch Ratings, Inc.

70 W. Madison Street

Chicago, IL 60602

Committee Chairperson

Greg Kabance

Managing Director

+1-312-368-2052

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email: [elizabeth.fogerty@fitchratings.com](mailto:elizabeth.fogerty@fitchratings.com).

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

Sources of Information:

Fitch has checked the consistency and plausibility of the information published by La Hipotecaria and no material discrepancies were noted that would impact Fitch's rating analysis.

### Applicable Criteria

Criteria for Rating Securitizations in Emerging Markets (pub. 06 Nov 2014)

([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=809588&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiE0NjczNDQyNzIsInNlc3Npb25LZXkiOiJLSFpWQldKRzZaTkQ1WWhMWE1NUDM5REpTTFVGMIFRNEJSUE1QUUkyln0.A3_u_7vsR5ecyCDzpYnsiTILS1EgjTivYxiCdHrWuT4)

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Exposure Draft: Counterparty Criteria for Structured Finance and Covered Bonds (pub. 14 Apr 2016)

([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=878412&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiE0NjczNDQyNzIsInNlc3Npb25LZXkiOiJLSFpWQldKRzZaTkQ1WWhMWE1NUDM5REpTTFVGMIFRNEJSUE1QUUkyln0.A3_u_7vsR5ecyCDzpYnsiTILS1EgjTivYxiCdHrWuT4)

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Global Structured Finance Rating Criteria (pub. 06 Jul 2015)

([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=867952&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiE0NjczNDQyNzIsInNlc3Npb25LZXkiOiJLSFpWQldKRzZaTkQ1WWhMWE1NUDM5REpTTFVGMIFRNEJSUE1QUUkyln0.A3_u_7vsR5ecyCDzpYnsiTILS1EgjTivYxiCdHrWuT4)

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Latin America RMBS Rating Criteria (pub. 17 Dec 2015)

([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=874906&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiE0NjczNDQyNzIsInNlc3Npb25LZXkiOi)

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S1EgjTivYxiCdHrWuT4)

### **Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form

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