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Sixteenth Mortgage-Backed Notes Trust/La Hipotecaria Panamanian Mortgage Trust 2021-1 Assigned Ratings

Overview

- We assigned our ratings to Sixteenth Mortgage-Backed Notes Trust's series A, B, and C notes and La Hipotecaria Panamanian Mortgage Trust 2021-1's series 2021-1 certificates.
- Sixteenth Mortgage-Backed Notes Trust is an RMBS transaction with three series (A, B, and C notes) issued in Panama and La Hipotecaria Panamanian Mortgage Trust 2021-1 is a retransching structure of the series A notes.
- The ratings reflect our view on the transaction's credit support available for each of the series of notes and certificates, the deal's legal structure, counterparty risk, payment structure, and operational risks.

MEXICO CITY (S&P Global Ratings) Oct. 21, 2021--S&P Global Ratings today assigned its long-term global scale ratings to Sixteenth Mortgage-Backed Notes Trust's series A, B, and C notes, a Panamanian RMBS transaction backed by mortgage loans originated and serviced by Banco La Hipotecaria S.A. At the same time, we assigned our long-term global scale rating to La Hipotecaria Panamanian Mortgage Trust 2021-1's series 2021-1 certificates, a retransched security of series A notes (see list).

The ratings reflect:

- The availability of approximately 11.1% and 2.2% credit support in form of subordination for classes A and B;
- The timely interest and principal payments made under stressed cash flow modeling scenarios consistent with the assigned ratings;
- Our opinion of the operational and servicing capabilities of Banco La Hipotecaria S.A. as the sub-servicer of the securitized pool, which after applying our criteria, resulted in a maximum potential rating consistent with the assigned ratings;
- The transaction's legal structure, which constitutes a true sale of the securitized assets to an entity that we consider unlikely to be subject to a bankruptcy procedure under our criteria;
- The transaction's counterparty risk, which provides for minimum rating requirements that are consistent with the assigned ratings;
- Our expectation that under a moderate ('BBB') stress scenario, all else being equal, our assigned ratings on the series A notes and series 2021-1 certificates, respectively, are consistent with the tolerances outlined in our rating definitions (see "[S&P Global Ratings Definitions](#)," published Jan. 5, 2021); and
- The payment structure of the series of notes and certificates, which, through a targeted amortization payment (for series A notes only) as well as several triggers that could lead into rapid amortization events, allocate the collections proceeds to the repayment: first, the series A notes and the series 2021-1 certificates, and afterwards, the series B and C notes considering its subordination as per the transaction's structure.

Since we published our presale report on Oct. 18, 2021, the final maturity dates were updated, and the series' coupons have been defined:

La Hipotecaria Panamanian Mortgage Trust 2021-1

- Series 2021-1 certificates: PNMR – 1.40%; July 14, 2052

Sixteenth Mortgage-Backed Notes Trust

- Series A notes: PNMR – 1.35%; July 14, 2052
- Series B notes: PNMR – 0.25%; July 14, 2052
- Series C notes: PNMR + 1.00%; July 14, 2052

PNMR--Panamanian mortgage market reference rate.

To assign the rating on the series 2021-1 certificates, we used our "[Global Methodology For Rating Retrenchings Of ABS, CMBS, And RMBS](#)," published Aug. 1, 2016. Based on these criteria, we assigned a 'BBB (sf)' rating to the series 2021-1 certificates, as, in our view, the repayment on the certificates will depend entirely on the repayment on the series A notes; its structure contemplates several features, as previously mentioned, that in case of being activated, will aim to ensure the rapid amortization on the certificates. Also, in our view, the operational and counterparty risks of the series A notes are materially the same to those of the series 2021-1 certificates.

The series B and C notes were not able to withstand the stresses applied at a 'B' rating level. Therefore, we used our "[Criteria For Assigning 'CCC+', 'CCC', 'CCC-', and 'CC' Ratings](#)," published Oct. 1, 2012. Based on historical performance information on the mortgage loans originated and serviced by La Hipotecaria we have determined that the series B notes would be capable to withstand a steady-state scenario with no additional stress, which is consistent with the assigned 'B- (sf)' rating. As for the series C notes, we are assigning a 'CCC+ (sf)' rating, which considers the structural subordination, the absence of hard credit enhancement, as well as our view that repayment would depend upon favorable conditions.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities](#), Dec. 22, 2020
- [Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance](#), Oct. 18, 2019
- [Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions](#), March 8, 2019

- [Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans](#), Jan. 25, 2019
- [Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology](#), March 29, 2017
- [Criteria | Structured Finance | General: Global Methodology For Rating Retranchnings Of ABS, CMBS, And RMBS](#), Aug. 1, 2016
- [Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions](#), Oct. 9, 2014
- [General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), Oct. 1, 2012
- [General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts](#), May 31, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Presale: Sixteenth Mortgage-Backed Notes Trust/La Hipotecaria Panamanian Mortgage Trust 2021-1](#), Oct. 18, 2021
- [Credit Conditions Emerging Markets Q4 2021: Pandemic Scars Will Linger As New Risks Emerge](#), Sept. 28, 2021
- [Economic Outlook Latin America Q4 2021: Settling Into The New Post-Pandemic Normal Of Slow Growth](#), Sept. 27, 2021
- [Panama Outlook Revised To Negative On Risk Of Weaker Fiscal And Economic Performance; 'BBB/A-2' Ratings Affirmed](#), Aug. 4, 2021
- [Latin America Structured Finance Outlook 2021: New issuance Should Increase Amid The Challenging Environment](#), Feb. 25, 2021
- [S&P Global Ratings Definitions](#), Jan. 5, 2021
- General Description Of The Credit Rating Process, March 1, 2019
- [Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors](#), Dec. 16, 2016

- [Latin American Structured Finance Scenario and Sensitivity Analysis 2015: The Effects of Regional Market Variables](#), Oct. 28, 2015

Ratings Assigned

Sixteenth Mortgage-Backed Notes Trust

- Series A notes: USD \$100 million: 'BBB (sf)'
- Series B notes: USD \$10 million: 'B- (sf)'
- Series C notes: USD \$2.5 million: 'CCC+ (sf)'

La Hipotecaria Panamanian Mortgage Trust 2021-1

- Series 2021-1 certificates, USD \$100 million: 'BBB (sf)'

European Endorsement Status

Global-scale credit rating(s) have been endorsed in Europe in accordance with the relevant CRA regulations. Note: Endorsements for U.S. Public Finance global-scale credit ratings are done per request. To review the endorsement status by credit rating, visit the spglobal.com/ratings website and search for the rated entity.

'sf' Identifier

The 'sf' identifier is assigned to ratings on structured finance or securitization instruments when required to comply with an applicable law or regulatory requirement or when S&P Global Ratings believes it appropriate. The addition of the 'sf' identifier to a rating does not change that rating's definition or our opinion about the issue's creditworthiness. For detailed information on the instruments assigned the 'sf' identifier, please see the appendix to ["S&P Global Ratings Definitions"](#) for the types of instruments that carry the 'sf' identifier. To see if a credit rating has a 'sf' identifier, visit the spglobal.com/ratings website and search for the rated entity.

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