



Fitch Affirms La Hipotecaria's Panamanian Cross-Border Transactions Ratings

Endorsement Policy
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Fitch Ratings-Chicago-30 June 2014: Fitch Ratings has affirmed the following ratings:

La Hipotecaria Panamanian Mortgage Trust 2007-1

--2007-1 certificates at 'BBB+sf'; Outlook Stable;
--Unenhanced long-term rating at 'BBB+sf'; Outlook Stable.

La Hipotecaria Eight Mortgage-Backed Notes Trust

--Series A notes at 'BBB+sf'; Outlook Stable.

La Hipotecaria Panamanian Mortgage Trust 2010-1

--2010-1 certificates at 'AAAsf'; Outlook Stable;
--Unenhanced long-term rating at 'BBBs'; Outlook Positive.

La Hipotecaria Tenth Mortgage-Backed Notes Trust

--Series A notes at 'BBBs'; Outlook Positive;
--Interest only notes at 'BBBs'; Outlook Positive.

KEY RATING DRIVERS

The affirmations of the ratings reflect (i) the low level of delinquencies, (ii) increasing credit enhancement (CE), and (iii) the affirmation of Panama's sovereign ratings. In addition, the rating of the 2010-1 certificates reflects the credit quality of the guaranty provider, Overseas Private Investment Corporation (OPIC), which is backed by the full faith and credit of the United States of America (U.S.).

La Hipotecaria Eight Mortgage-Backed Notes' cumulative +180 day delinquencies equaled 1.46% of the original pool balance as of May 2014 (May 2013: 1.34%). La Hipotecaria Tenth Mortgage-Backed Notes' cumulative +180 day delinquencies totaled 0.34% as of May 2014 of the original pool balance (May 2013: 0.31%). Delinquency levels for both transactions are in line with Fitch's expectations; excellent performance of the underlying portfolios is partly attributed to the direct deduction payment mechanism benefitting the majority of the securitized loans.

La Hipotecaria Eight Mortgage-Backed Notes and Tenth Mortgage-Backed Notes continue to benefit from increasing CE. Current CE for Eight Mortgage-Backed Notes equals 26.42% (May 2013: 23.6%); current CE for Tenth Mortgage-Backed Notes is 16.12% (May 2013: 13.3%).

On March 7, 2014, Fitch affirmed Panama's foreign currency (FC) and local currency (LC) Issuer Default Ratings (IDRs) at 'BBB'; Outlook Stable. In the agency's view, Panama's stable macroeconomic performance positively impacts the transactions.

La Hipotecaria Panamanian Mortgage Trust 2010-1 certificates benefit from a payment guarantee by 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 U.S. (rated 'AAA' with a Stable Outlook by Fitch).

RATING SENSITIVITIES

In Fitch's view, further stable improvement of CE, prepayment rates, recoveries and excess spread, could lead to an upgrade of the rating of La Hipotecaria Tenth Mortgage-Backed Notes which would also lead to an

upgrade of the unenhanced long-term rating assigned to 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 of both La Hipotecaria's Eight and Tenth Mortgage-Backed Notes. In addition, the notes are sensitive to changes in the credit quality of Panama.

The rating of the series 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.

TRANSACTION SUMMARY

La Hipotecaria's Eight and Tenth Mortgage Trusts are backed by portfolios of residential mortgages originated by Banco La Hipotecaria S.A. (formerly La Hipotecaria S.A.) to low-mid income individuals in the Republic of Panama. A high percentage of the portfolios benefits from the direct deduction of mortgage installments from the borrower's wages, significantly mitigating exposure to willingness-to-pay and contributing to lower default levels. Both the 2007-01 certificates and the 2010-1 certificates are backed by a portion of the series A notes issued by each trust, respectively. The series 2010-1 trust certificates benefit from an irrevocable and unconditional guaranty of monthly interest and the final principal, granted by OPIC, an agency of the United States of America.

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Applicable Criteria and Related Research:

--'Rating Criteria for RMBS in Latin America' (Feb. 13, 2014);

--'Criteria for Rating Securitizations in Emerging Markets' (June 18, 2014);

--'Global Structured Finance Rating Criteria' (June 2, 2014).

--'Counterparty Criteria for Structured Finance and Covered Bonds' (May 14, 2014)

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Counterparty Criteria for Structured Finance and Covered Bonds

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