

FITCH: POSITIVE ASSET PERFORMANCE FOR PANAMA & EL SALVADOR RMBS; LA HIPOTECARIA DEALS AFFIRMED

Fitch Ratings-Chicago-18 June 2009: Fitch Ratings has affirmed the national long-term ratings and assigned Rating Outlooks to five RMBS transactions issued by La Hipotecaria S.A. (La Hipotecaria) as follows:

Segundo Fideicomiso de Bonos de Prestamos Hipotecarios (II-FBPH)
--US\$7.5 million series A notes at 'AA(pan)'; Outlook Positive.

Tercer Fideicomiso de Bonos de Prestamos Hipotecarios (III - FBPH)
--US\$7.5 million series A notes at 'AA(pan)'; Outlook Positive.

Cuarto Fideicomiso de Bonos de Prestamos Hipotecarios (IV - FBPH)
--US\$7.5 million series A notes at 'AA(pan)'; Outlook Positive.

Sexto Fideicomiso de Bonos de Prestamos Hipotecarios (VI - FBPH)
--US\$7.5 million series A notes at 'AA(pan)'; Outlook Positive.

Noveno Fideicomiso de Bonos de Prestamos Hipotecarios (NFBPH)
--US\$9.4 million series A notes at 'AA+(pan)'; Outlook Stable.

In addition, Fitch has affirmed the long-term ratings and assigned Rating Outlooks to the following La Hipotecaria transactions:

La Hipotecaria Eight Mortgage Backed Notes Trust
--US\$76.5 million series A notes at 'BBB'; Outlook Stable.

La Hipotecaria Panamanian Mortgage Trust 2007-1
--US\$73.1 million 2007-1 notes at 'BBB'; Outlook Stable.

The assignment of Rating Outlooks is part of Fitch's greater effort to increase transparency in ratings and to provide more forward looking information to the market.

The notes issued by II-FBPH, III-FBPH, IV-FBPH, VI-FBPH, and La Hipotecaria Eight Mortgage Backed Notes Trust are backed by mortgages originated in Panama, with a significant portion of the pool benefiting from fiscal credits related to government interest rate subsidies and direct deduction from borrower wages. La Hipotecaria Panamanian Mortgage Trust 2007-1 is backed by series A notes issued by La Hipotecaria Eight Mortgage Backed Notes Trust. Panama is currently rated 'BB+' in both Foreign and Local Currency Scales (Country Ceiling: 'BBB+') with a Positive Outlook.

The portfolios backing II-FBPH, III-FBPH, IV-FBPH, and VI-FBPH are seasoned between 260 and 80 months. The original issues date back to 2001 through 2005 and have shown a strong track record of low delinquencies and losses. Portfolio performance is positively above Fitch's initial expectations, with current loss rates averaging 1% of the outstanding collateral balance. The rating affirmations and Positive Outlook assignments reflect each transaction's current credit enhancement levels and ultimate loss expectations.

The portfolio backing the notes issued by La Hipotecaria Eight Mortgage Backed Notes Trust to date is also performing better than Fitch's original expectations, with cumulative +180 delinquencies reaching 0.55% of the pool cut-off balance as of May 2009. While Fitch expects credit enhancement to continue increasing as the transaction seasons, Fitch does not anticipate rating movements within the short- to near-term given the relatively short seasoned nature of the loans.

Fitch expects the recent changes to legislation governing the subsidy fiscal credits to mildly benefit credit enhancement building and transaction capital structures in the near to longer terms. The initiatives seeking to automate the fiscal credit claim process and the change from annual to quarterly fiscal credit grants alleviate the negative spread resulting from delayed receipt of cash. The shorter window decreases overall interest expense and ultimately helps build credit enhancement at a faster pace.

The notes issued by NFBPH are backed by mortgages originated in El Salvador. Despite presenting delinquency and loss rates below Fitch's original estimates, these mortgages are less seasoned. The rating affirmation and Outlook assignment reflect the current capital structure of the transaction within the context of the 'AA+(pan)' rating and the economic environment in El Salvador, currently rated 'BB+' in both Foreign and Local Currency Scales (Country Ceiling: 'BBB-') with a Negative Outlook.

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