

“COMUNICADO DE HECHO DE IMPORTANCIA”

BANCO LA HIPOTECARIA, S.A. (como “Emisor”) (en adelante “La Hipotecaria”), por este medio comunica a los inversionistas y al público en general, que el día 26 de septiembre de 2018, Fitch Ratings le asignó una Calificación Internacional de: “BB+” a Largo Plazo y de “B” a Corto Plazo con Perspectiva Estable.

La Hipotecaria cuenta también con una Calificación Nacional de “AA-(pan)” a largo plazo y “F1+(pan)” a corto plazo con Perspectiva Estable.

La Hipotecaria es un Emisor activo en el mercado de capitales de Panamá a través de cinco programas de Valores Comerciales Negociables de Corto Plazo de hasta US\$200,000,000 y tres programas de Notas Comerciales Negociables de Mediano y Largo Plazo de hasta US\$190,000,000. A título Fiduciario ha realizado trece Titularizaciones de Préstamos Hipotecarios Residenciales por un total de US\$438,500,000 y una titularización de préstamos personales por un total de US\$8,000,000.00.

Con estas Calificaciones en escala Nacional e Internacional otorgadas por Fitch Ratings se reafirma la alta calidad crediticia de La Hipotecaria.

Panamá, 27 de Septiembre de 2018.

BANCO LA HIPOTECARIA, S.A.
(como Emisor)



Giselle de Tejeira
Cédula N°.3-87-1846
Apoderada Especial

FITCH PUBLISHES 'BB+' L-T IDR FOR BANCO LA HIPOTECARIA; OUTLOOK STABLE

Fitch Ratings-Monterrey-26 September 2018: Fitch Ratings has published a Long-Term Issuer Default Rating (IDR) of 'BB+' and a Viability Rating (VR) of 'b+' for Banco La Hipotecaria, S.A. Fitch has also assigned La Hipotecaria a Short-Term IDR of 'B' and a Support Rating of '3'. The Rating Outlook for the Long-Term IDR is Stable. A full list of rating actions follows at the end of this release.

KEY RATING DRIVERS

IDRS

La Hipotecaria's IDRs, National Ratings and senior debt reflect the probability of support from its ultimate shareholder, Grupo ASSA, S.A. (Grupo ASSA), if required. Grupo ASSA is a regional financial conglomerate that mainly operates in the insurance and banking services while maintaining some non-controlling interest in other industries with a presence in Panama, Nicaragua, Costa Rica, El Salvador, Honduras, Guatemala and Colombia. Grupo ASSA currently has a 'BBB-' IDR with a Stable Outlook, which reflects its ability to support La Hipotecaria.

In Fitch's opinion, Grupo Assa's propensity to support La Hipotecaria if needed reflects the bank's significant strategic importance to the group's operations. La Hipotecaria shares strong synergies with its main shareholder given its role in complementary market segments for many of its subsidiaries. This allows cross sales among products and services such as the signing of insurance policies that accompany the mortgage credit.

Fitch believes there is notable reputational risk for Grupo ASSA and that a default by one of its subsidiaries could have a significant impact on its business. In addition, La Hipotecaria counts on guarantees of its funding instruments from Grupo ASSA, which further demonstrates the group's commitment to its subsidiaries' performance. However, La Hipotecaria has significant independence from its ultimate shareholder, and there is a relatively low level of integration in terms of management and the bank's strategic decisions. Nonetheless, Grupo ASSA does have a presence at the bank and actively participates in its committees and Board of Directors.

VR

Banco La Hipotecaria specializes in the underwriting, administration and securitization of mortgage loans. Its VR is highly influenced by its niche approach, which solely focuses on the mortgage market and so causes the bank's franchise to be limited. This puts La Hipotecaria at a disadvantage compared to other banks in Panama with higher diversification and larger market shares. In spite of its small size, the bank's business model proves to be efficient enough to compete against larger commercial banks and display adequate financial ratios that compare favorably with the rest of the banking system.

The bank is characterized by its low NPL ratios that consistently display levels around 1%, well below the industry's average. La Hipotecaria's profitability ratios are modest but stable, reflecting its relatively risk averse approach business model. The bank's main income stream comes mainly from the origination of mortgage loans but also generates recurring income from its loan portfolio administration fees. Its net interest margin is modest but stable, while its operating efficiency is relatively high and compares unfavorably with many of its peers.

La Hipotecaria's funding structure is adequate and well diversified. The bank's funding is balanced between deposits, debt issuances and credit lines. Funding has been ample enough to sustain the

company's growth rate and expansions. The predictability of its debt obligations deadlines allows the bank to mitigate any refinancing risk through a precise schedule of its payment obligations.

As for the issues of fixed income securities, the classifications of the unsecured tranches and series issued by La Hipotecaria are equal to its national ratings.

SUPPORT RATING

The bank's Support Rating is based on Fitch's view of Grupo ASSA's ability and propensity to provide support to La Hipotecaria if required. According to Fitch's criteria, La Hipotecaria's 'BB+' IDR results in a support rating of '3'.

RATING SENSITIVITIES

IDRS

Changes in Banco La Hipotecaria's IDRs would reflect modifications in its shareholder's risk profile or changes in the assessment of its ability, or willingness, to provide support to its subsidiary.

VR

Banco La Hipotecaria's VR could increase given a significant improvement its competitive position and expansion of its market share. Conversely, its VR could be negatively affected by a noticeable reduction of its profitability metrics as well as deterioration of its funding stability or capitalization metrics.

The rating actions are as follows:

Fitch has published the following ratings for Banco La Hipotecaria, S.A:

- Long-Term Issuer Default Rating (IDR) 'BB+', Outlook Stable;
- Viability Rating 'b+'.

Fitch has assigned the following ratings to Banco La Hipotecaria, S.A:

- Short-Term IDR 'B';
- Support Rating '3'.

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Adjustment to Financial Statements: Intangibles, deferred tax assets and other deferred assets were deducted from the Fitch Core Capital, as Fitch believes those are non-loss absorbing assets.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Bank Rating Criteria (pub. 22 Jun 2018)

<https://www.fitchratings.com/site/re/10034713>

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