



COMENTARIO DE ACCIÓN DE CALIFICACIÓN

Fitch Afirma Grupo ASSA en 'BBB-'; Perspectiva estable

Martes, 10 de octubre de 2023 - 5:45 p.m. ET

Fitch Ratings - Monterrey - 10 Oct 2023: Fitch Ratings afirmó la calificación de incumplimiento de emisor (IDR) de largo plazo (LT) de Grupo ASSA, SA en 'BBB-' y la IDR de corto plazo (ST) en 'F3'. La Perspectiva de Calificación de la IDR de Largo Plazo es Estable luego de la revisión por parte de Fitch de la Perspectiva de Calificación Soberana de Panamá a Negativa desde Estable.

Fitch también afirmó las IDR LT y ST de Banco La Hipotecaria, SA (BLH) en 'BBB-' y 'F3', respectivamente, y su Calificación de Apoyo al Accionista (SSR) en 'bbb-'. La Perspectiva de Calificación para las calificaciones de largo plazo es Estable.

La calificación de viabilidad (VR) de BLH y las calificaciones nacionales no se ven afectadas por la reciente acción de calificación soberana, ya que el entorno operativo de los bancos de Panamá se confirmó en 'bb+' / Perspectiva Estable.

IMPULSORES CLAVE DE CALIFICACIÓN

La Perspectiva de Calificación Estable refleja el potencial de las IDR de Grupo ASSA de permanecer por encima de la IDR de Panamá en caso de una rebaja de la calificación soberana, dado su sólido perfil comercial y financiero y sus inversiones diversificadas con exposición moderada a los bonos soberanos de Panamá. Sin embargo, en opinión de Fitch, el potencial aumento por encima del soberano se limitaría a un nivel, según los criterios de Fitch. Las IDR de Grupo ASSA se basan en su perfil crediticio independiente (SCP).

Entorno Operativo de Riesgo Sectorial Multijurisdiccional Estable: La evaluación de Fitch del entorno operativo de riesgo sectorial (SROE) de Grupo ASSA de 'bb+' con tendencia estable refleja el promedio ponderado de los entornos operativos implícitos de las jurisdicciones donde tiene operaciones. Según los criterios de Fitch, la evaluación SROE para las empresas de inversión no está limitada por una Evaluación de Riesgo Sectorial (SRA). Grupo ASSA es un grupo internacional domiciliado en Panamá con operaciones financieras directas en ocho países diferentes de Centroamérica, el Caribe y

Colombia; y varias jurisdicciones adicionales a través de otros activos productivos. A junio de 2023, las mayores operaciones y exposición de activos provinieron de Panamá, con el 55,6% de los activos de ganancias totales del grupo, seguido de Nicaragua con el 18%. Fitch también considera en su evaluación que cerca del 10% de los activos del Grupo ASSA, relacionados con inversiones y depósitos, se encuentran en países con OE más fuerte.

Recognized Franchise and Stable Business Model: Grupo ASSA's IDRs are influenced by the business profile which reflects its competitive position within the region and its business model specialized in the insurance sector, investment and retail lending. The insurance business is the most relevant in terms of revenue generation and has a leader position in Panama and recognized franchises in the rest of Central America. The business profile of Group ASSA is also benefited by the investment portfolio, mainly in shares of Banco General (BBB-/Stable) and its holding company, which represents the main source of dividend income. The lending operations of La Hipotecaria Holding and Grupo BDF provide a smaller but steady income generation for the group.

Stable Assets Performance: Asset performance is defined by the credit profile of the three main subsidiaries and Grupo ASSA's own investment portfolio. ASSA Tenedora is the largest subsidiary with 41.4% of consolidated assets before eliminations. In Fitch's opinion, the insurance arm has a strong credit profile despite the unrealized losses regarding the valuation of the investment portfolio, during 2022. Nonetheless, the credit profile of the subsidiary is underpinned by the strong business profile, ample capital levels and good financial performance comparing favorably to peers. La Hipotecaria holding, whose main subsidiary is Banco La Hipotecaria in Panama has a niche business model and modest franchise in the countries of operation. However, credit quality of the loan's portfolio has been reasonable in recent years.

Recovered Profitability: As of June 2023, Grupo ASSA's net income to average assets was 2.2%, close to the last four-year average of 2.3%, after the unrealized losses in the valuation of the investment portfolio of the insurance subsidiaries that affected its 2022 profitability; as a result of higher interest rates. As expected, this was a temporary effect that has been stabilized during 2023.

Good Capital Buffer: Grupo ASSA's capitalization is a rating strength as reflected in the metric of tangible equity to tangible assets of 31.1% as of June 2023, while the metric of consolidated gross debt to tangible equity remain modest at 1.2x, including customer deposits. At the holding level, the company has no leverage and the good consolidated capital metrics come mostly from the insurance arm, expected to continue in the long term.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A weaker assessment of Grupo ASSA's multijurisdictional SROE, although this is not Fitch's baseline scenario;

--Significant and consistent weakening of its business profile;

--A deterioration of the credit profile of its main subsidiaries or core investments.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Grupo ASSA's IDRs could be upgraded by the confluence of an improvement of the multijurisdictional SROE and the Panamanian sovereign rating, and the financial profile of the issuer; however, this is unlikely given the sovereign's Negative Outlook.

SUBSIDIARY AND AFFILIATE RATINGS: KEY RATING DRIVERS

Subsidiary's Support Driven Ratings: BLH's IDRs and SSR are based on Fitch's assessment on the support the bank would receive from its ultimate shareholder, Grupo ASSA, if required. In Fitch's view, Grupo ASSA's strong ability and propensity to support BLH remains high, given its importance to the group and the strong integration. Furthermore, Fitch believes that the group's commitment to its subsidiary is sufficiently strong for BLH's ratings to remain equalized to those of its parent company even if the sovereign rating is downgraded.

SUBSIDIARY AND AFFILIATE RATINGS: RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--BLH's IDR and SSR would be downgraded if Grupo ASSA's IDRs are downgraded, or if Fitch perceives a decrease in its parent's ability and/or willingness to support its subsidiary, although this is not expected at present.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--BLH's IDRs and SSR could be upgraded if the parent's IDR is upgraded.

SUMMARY OF FINANCIAL ADJUSTMENTS

BLH: Prepaid expenses were reclassified as intangibles and deducted from total equity to reflect their low absorption capacity.

Sources of Information

The principal sources of information used in the analysis are described in the Applicable Criteria.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

BLH's ratings are based on the potential support they would receive from their parent, Grupo ASSA, S.A., if needed.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Grupo ASSA, S.A.	LT IDR	BBB- Rating Outlook Stable		BBB- Rating Outlook Stable
	Affirmed			
	ST IDR	F3	Affirmed	F3
Banco La Hipotecaria, S.A.	LT IDR	BBB- Rating Outlook Stable		BBB- Rating Outlook Stable
	Affirmed			

ST IDR F3 Affirmed F3

Shareholder Support bbb- Affirmed bbb-

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Metodología de Calificación de Bancos – Efectiva del 28 de marzo de 2022 al 27 de septiembre de 2023 \(pub. 28 Mar 2022\)](#)

[Future Flow Securitization Rating Criteria \(pub. 14 Apr 2023\) \(including rating assumption sensitivity\)](#)

[Non-Bank Financial Institutions Rating Criteria - Effective from 5 May 2023 to 17 January 2024 \(pub. 05 May 2023\) \(including rating assumption sensitivity\)](#)

[Bank Rating Criteria - Effective from 1 September 2023 to 15 March 2024 \(pub. 01 Sep 2023\) \(including rating assumption sensitivity\)](#)

DIVULGACIONES ADICIONALES

[Formulario de divulgación de información de calificación de Dodd-Frank](#)

[Estado de la solicitud](#)

[Política de respaldo](#)

ESTADO DE RESPALDO

Grupo ASSA, S.A.

Respaldado por la UE, respaldado por el Reino Unido

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at <https://www.fitchratings.com/site/re/10238496>

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