

NEW YORK--( [BUSINESS WIRE](#) )--Fitch Ratings has affirmed Banco Multiple Leon (BML) and its related entity's Valores Leon ratings. The Rating Outlook is Stable. A complete list of ratings actions is provided at the end of this press release.

### KEY RATING DRIVERS BML- IDRs, VRs, SUPPORT AND NATIONAL RATING

Banco Multiple Leon (BML) Issuer Default Ratings (IDRs) reflect the support provided by its shareholder Centro Financiero BHD Leon (CFBHDL). On Jan. 31, 2014, Grupo Financiero Leon (GFL) contributed its financial companies to Centro Financiero BHD (CFBHD), thus BML became one of its core subsidiaries. Hence, the IDRs and National Ratings for BML have been equalized with those of Banco BHD. The operating environment, assets quality and profitability highly influence the bank's Viability Rating (VR) of 'b-'.

CFBHDL will carry out the merger by absorption of BML and BHD, where the latter will be the surviving entity and brand 'Leon' will be integrated to the name of the merged bank 'Banco BHD Leon'. This merger is subject to regulatory and other approvals and is expected to be completed during the first half of 2014. Upon completion, BML's ratings will be withdrawn.

BML's net interest margin is high and resilient. However, provisioning expenses and high overhead costs pressured profitability in 2013. ROAA declined to 0.97% at year-end 2013 (YE13), weaker than the Dominican average and regional peers median (emerging market commercial banks with VRs of 'b-', 'b' and 'b+').

BML's asset quality has consistently improved over the last four years, as a result of enhanced credit risk controls, but still lag the Dominican market average and regional peers. Credit growth is significantly lower than that of its peers, whereas net charge-offs have shown a decreasing trend.

Adequate capitalization is based on moderate cash dividend payouts and prudent growth. At YE13, the Fitch core capital to risk-weighted assets ratio increased to 15.3%,

similar to regional peers median.

The subordinated debt rating reflects the expected support of BML's new shareholder. However, the rating remains one notch below the bank's national IDR given its subordination to all senior creditors.

### KEY RATING DRIVERS VALORES LEON - NATIONAL RATINGS

Valores Leon's ratings reflect the operational and financial support provided by BML. In Fitch's view, the entity is important to GFL, as it is a key and integral part of its business, and provides some financial products to core clients.

### RATING SENSITIVITIES - BML

BML's IDRs, VR, Support Rating and National Ratings will be withdrawn once the merger with Banco BHD occurs. This is expected to be completed during the first half of 2014. A change in the capacity or propensity of CFBHDL to provide support could result in a revision to BML's IDRs.

### RATING SENSITIVITIES - VALORES LEON

Valores Leon's National Ratings will be withdrawn once the actual merger with BHD Valores occurs. This is expected to be completed during the first half of 2014. A change in the capacity or propensity of BML to provide support could result in a revision to Valores Leon's ratings.

### PROFILE

## Fitch Affirms Banco Leon and Related Entity's Ratings; Outlook Stable

Written by Australian Business

---

BML ranked fifth out of 15 commercial banks in the Dominican Republic, with a 5% market share by total assets at December 2013. Since Feb. 1, 2014, GFL is 99.36% owned by CFBHDL.

Fitch has affirmed the following ratings:

Banco Multiple Leon SA:

--Foreign and local currency long-term IDR at 'B'; Outlook Stable;

--Foreign and local currency short-term IDR at 'B';

--Viability Rating at 'b-';

--Support at '4';

--Long-term National rating at 'AA-(dom)'; Outlook Stable;

--Short-term National rating at 'F1+(dom)';

--Long-term National subordinated debt at 'A+(dom)'.

Valores Leon S.A:

## Fitch Affirms Banco Leon and Related Entity's Ratings; Outlook Stable

Written by Australian Business

---

--Long-term National rating at 'AA-(dom)'; Outlook Stable;

--Short-term National rating at 'F1+(dom)';

--Long-term National senior unsecured debt at 'AA-(dom)'.

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com) and [www.fitchdominicana.com](http://www.fitchdominicana.com)

Applicable Criteria and Related Research:

--'Global Financial Institutions Rating Criteria', Jan. 31, 2014;

--'Securities Firms Criteria', Jan. 31, 2014';

--'2014 Outlook: Central America and the Dominican Republic (Dec. 16, 2013)'.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria [http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=732397](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732397)

Securities Firms Criteria [http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=732556](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732556)

2014 Outlook: Central America and the Dominican Republic [http://www.fitchratings.com/cr/editdesk/reports/report\\_frame.cfm?rpt\\_id=725825](http://www.fitchratings.com/cr/editdesk/reports/report_frame.cfm?rpt_id=725825)

Additional Disclosure

Solicitation Status [http://www.fitchratings.com/gws/en/disclosure/solicitation?pr\\_id=830184](http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=830184)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: <HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS>. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE '

<WWW.FITCHRATINGS.COM>

' PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.