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Fitch Upgrades Turkish Banks Following Sovereign Upgrade Ratings

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Fitch Ratings-Istanbul/Paris/London-11 December 2009: Fitch Ratings has today upgraded 19 Turkish banks' and financial institutions' Long- and Short-term foreign and local currency Issuer Default Ratings (IDRs) and Support Ratings and revised their Support Rating Floors. A full rating breakdown is provided below.

The rating actions reflect Fitch's upgrade of the Republic of Turkey's Long-term foreign currency IDR to 'BB+' from 'BB-' and the Long-term local currency IDR to 'BB+' from 'BB' on 3 December 2009. The sovereign's Long-term IDRs were removed from Rating Watch Positive and assigned a Stable Outlook. Turkey's Short-term IDR was affirmed at 'B' and its Country Ceiling was upgraded to 'BBB-' from 'BB'. (For further information, please see the 3 December 2009 comment, entitled 'Fitch Upgrades Turkey's Sovereign Rating Two Notches to 'BB+', which is available at www.fitchratings.com.)

The IDRs of the Turkish banks referenced in the group below move in tandem with the sovereign's IDRs. These banks are state-owned or state-controlled and their IDRs are thus equalised with those of the Turkish sovereign. The upgrade of the Support Ratings and the revision of Support Rating Floors of these banks reflect the improved capacity of the sovereign to provide such support.

T. C. ZIRAAT BANKASI A.S.:

Long-term foreign currency (LTFC) IDR: upgraded to 'BB+' from 'BB-'; removed from Rating Watch Positive (RWP); assigned Stable Outlook
 Long-term local currency (LTLC) IDR: upgraded to 'BB+' from 'BB'; removed from RWP; assigned Stable Outlook
 Short-term foreign currency (STFC) IDR: affirmed at 'B'
 Short-term local currency (STLC) IDR: affirmed at 'B'
 National Long-term Rating: affirmed at 'AA+(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C/D'
 Support Rating: affirmed at '3'
 Support Rating Floor: revised to 'BB+' from 'BB-'; removed from RWP

TURKIYE HALK BANKASI A.S.:

LTFC IDR: upgraded to 'BB+' from 'BB-'; removed from RWP; assigned Stable Outlook
 LTLC IDR: upgraded to 'BB+' from 'BB'; removed from RWP; assigned Stable Outlook
 STFC IDR: affirmed at 'B'
 STLC IDR: affirmed at 'B'
 National Long-term Rating: affirmed at 'AA+(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C/D'
 Support Rating: affirmed at '3'
 Support Rating Floor: revised to 'BB+' from 'BB-'; removed from RWP

TURKIYE VAKIFLAR BANKASI T.A.O.

LTFC IDR: upgraded to 'BB+' from 'BB-'; removed from RWP; assigned Stable Outlook
 LTLC IDR: upgraded to 'BB+' from 'BB'; removed from RWP; assigned Stable Outlook
 STFC IDR: affirmed at 'B'
 STLC IDR: affirmed at 'B'
 National Long-term Rating: affirmed at 'AA+(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C/D'
 Support Rating: affirmed at '3'
 Support Rating Floor: revised to 'BB+' from 'BB-'; removed from RWP

TURKIYE KALKINMA BANKASI A.S.:

LTFC IDR: upgraded to 'BB+' from 'BB-'; removed from RWP; assigned Stable Outlook
 LTLC IDR: upgraded to 'BB+' from 'BB'; removed from RWP; assigned Stable Outlook
 STFC IDR: affirmed at 'B'
 STLC IDR: affirmed at 'B'
 National Long-term Rating: affirmed at 'AA+(tur)'; Stable Outlook
 Individual Rating: affirmed at 'D'
 Support Rating: affirmed at '3'
 Support Rating Floor: revised to 'BB+' from 'BB-'; removed RWP

The Long- and Short-term IDRs, National Long-term and Support ratings of the following group of banks are driven by potential support from highly-rated foreign shareholders. The banks' LTLC IDRs are capped two notches above the sovereign's LTLC IDR. The LTFC IDRs of these banks are constrained by Turkey's Country Ceiling of 'BBB-'. The upgrade of the banks' Support ratings, as referenced in the group below, to '2' reflects the upgrade of their LTFC IDRs to the Country Ceiling of 'BBB-'.

YAPI VE KREDI BANKASI A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: upgraded to 'BBB' from 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C/D'
 Support Rating: upgraded to '2' from '3'

DENIZBANK A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: upgraded to 'BBB' from 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'

National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C'
 Support Rating: upgraded to '2' from '3'

TURK EKONOMI BANKASI A.S:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: upgraded to 'BBB-' from 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C/D'
 Support Rating: upgraded to '2' from '3'
 Subordinated debt: upgraded to 'BBB-' from 'BB'; removed from RWP

The Long- and Short-term IDRs, National Long-term and Support ratings of Finansbank A.S. (Finansbank) are driven by potential support from its foreign shareholder, National Bank of Greece (NBG, rated 'BBB+/Stable'). While potential support from NBG is considered strong, NBG's ability to provide such support, in case of need, is considered by the agency to be not as strong as for the banks referenced in the group above whose foreign shareholders are more highly rated than NBG. As such, Finansbank's LTLC IDR is rated one notch above the sovereign's LTLC IDR. The banks' LTFC IDR is not constrained by Turkey's Country Ceiling. The upgrade of the bank's Support rating to '2' reflects the upgrade of the LTFC IDR to the Country Ceiling of 'BBB-'.

FINANSBANK A.S:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C'
 Support Rating: upgraded to '2' from '3'

The Long- and Short-term IDRs, National Long-term and Support ratings of the following bank, Kuveyt Turk Katilim Bankasi A.S, reflects Fitch's view of the probability of support from its 62.2% owner, Kuwait Finance House (KFH, rated 'A+/Stable/Individual Rating 'C/D'/Rating Watch Negative/'F1'). KFH's Long-term IDR is in turn driven by support from the Kuwaiti sovereign (rated 'AA'/Stable), and Fitch believes this support would, to an extent, also flow to the strategically important Turkish subsidiary, if required. Kuveyt Turk Katilim Bankasi A.S's LTLC IDR has been affirmed at one notch above Turkey's sovereign LTLC IDR. The bank's LTFC IDR has been upgraded to the Country Ceiling level and is not constrained. The upgrade of the bank's Support rating reflects the upgrade of its LTFC IDR to the Country Ceiling of 'BBB-'.

KUVEYT TURK KATILIM BANKASI A.S:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'D'
 Support Rating: upgraded to '2' from '3'

The Long-term IDRs, Support rating and National Long-term rating of the following bank, Alternatifbank A.S. (ABank), are driven by potential support from ABank's majority shareholder, Anadolu Group, in case of need. Fitch does not rate Anadolu Group. However, the agency rates the group's main operating subsidiary, Anadolu Efes Biracilik ve Malt Sanayi A.S. (Anadolu Efes, rated 'BB+/Negative') and bases its opinion on potential support for ABank on this rating. As Anadolu Efes's LTFC IDR has been upgraded to 'BB+' following the sovereign upgrade, ABank's LTFC IDR has been upgraded to 'BB'. The Negative Outlook for the LTFC IDR of ABank reflects a similar Outlook for Anadolu Efes' LT IDRs.

ALTERNATIFBANK A.S.

LTFC IDR: upgraded to 'BB' from 'BB-'; Outlook Negative
 LTLC IDR: affirmed at 'BB'; Outlook changed to Negative from Stable
 STFC IDR: affirmed at 'B'
 STLC IDR: affirmed at 'B'
 National Long-term rating: affirmed at 'AA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'D'
 Support Rating: affirmed at '3'

The Long-term IDRs of the following bank, Bankpozitif Kredi Ve Kalkinma Bankasi A.S. (Bankpozitif), are driven by potential support from its highly-rated foreign shareholder, Bank Hapoalim B.M. (rated 'A-/Stable) which controls 69.83% of the bank. Bank Hapoalim's LTFC IDR is driven by support from the Israeli sovereign (rated 'A/Stable). Bankpozitif's LTLC IDR has been affirmed one notch above the Turkish sovereign's LTLC IDR. Bankpozitif's LTFC IDR has been upgraded to the Country Ceiling and is not constrained. The upgrade of the bank's Support rating reflects the upgrade of bank's LTFC IDR to the Country Ceiling of 'BBB-'.

BANKPOZITIF KREDI VE KALKINMA BANKASI A.S:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'D'
 Support Rating: upgraded to '2' from '3'

Senior unsecured debt: upgraded to 'BBB-' from 'BB'; removed from RWP

Subordinated debt: upgraded to 'BB+' from 'BB-'; removed from RWP

The LT IDRs of the following bank, Turkland Bank A.S., (Turkland), are also driven by potential support from its highly-rated foreign shareholder, Arab Bank plc which is ultimately owned by Arab Bank group (rated 'A-/Stable) which controls 50% of the bank. Lebanon-based Bank Med Sal holds a 41%

stake in Turkland. While Arab Bank group and Bank Med Sal are partners in several joint ventures, Bank Med Sal is not rated by Fitch and thus the agency is not able to form a clear opinion of its ability to support Turkland, alongside Arab Bank group, in case of need. Turkland's LTLC IDR has been affirmed one notch above the sovereign's LTLC IDR. The bank's LTFC IDR is not constrained by Turkey's Country Ceiling. The upgrade of the Support rating reflects the upgrade of the bank's LTFC IDR to the Country Ceiling of 'BBB-'.

TURKLAND BANK A.S.

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'D'
 Support Rating: upgraded to '2' from '3'

The Long-term IDRs of the following systemically important banks are driven by their intrinsic financial strength which is reflected in their Individual ratings of 'C'. Their LTLC IDRs are rated one notch above the sovereign's LTLC IDR, and the LTFC IDRs are rated at the Country Ceiling level and are not constrained. Fitch considers that, in case of need, they would receive support from the Turkish state and the Turkish sovereign's improving capacity to provide such support has resulted in an upgrade of their Support ratings and a revision of their Support Rating Floors.

TURKIYE IS BANKASI A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C'
 Support Rating: upgraded to '3' from '4'; removed from RWP
 Support Rating Floor: revised to 'BB' from 'B+'; removed from RWP

TURKIYE GARANTI BANKASI A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C'
 Support Rating: upgraded to '3' from '4'; removed from RWP
 Support Rating Floor: revised to 'BB' from 'B+'; removed from RWP

AKBANK T.A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR: affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term rating: affirmed at 'AAA(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C'
 Support Rating: upgraded to '3' from '4'; removed from RWP
 Support Rating Floor: revised to 'BB' from 'B+'; removed from RWP

The upgrade of the following bank's LTFC IDR reflects the similar rating action taken on its parent's (Turkiye Is Bankasi A.S.) rating. The parent's improved ability to support its subsidiary has resulted in the upgrade of the bank's LTFC IDR.

TURKIYE SINAI KALKINMA BANKASI A.S.:

LTFC IDR: upgraded to 'BB+' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR affirmed at 'BB+'; removed from RWP; assigned Stable Outlook
 STFC IDR: affirmed at 'B'
 STLC IDR: affirmed at 'B'; removed from RWP
 National Long-term rating: affirmed at 'AA+(tur)'; Stable Outlook
 Individual Rating: affirmed at 'C/D'
 Support Rating: affirmed at '3'

The IDRs of the entities below are equalised with those of their parents, reflecting integration and committed support, and therefore move in tandem with the rating action taken on their parents' ratings.

GARANTI FINANSAL KIRALAMA A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term Rating: affirmed at 'AAA(tur)'; Stable Outlook
 Support rating: affirmed at '3'

IS FINANSAL KIRALAMA A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook
 LTLC IDR affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
 STFC IDR: upgraded to 'F3' from 'B'
 STLC IDR: affirmed at 'F3'
 National Long-term Rating: affirmed at 'AAA(tur)'; Stable Outlook
 Support rating: affirmed at '3'

GARANTI FAKTORING HIZMETLERI A.S.:

LTFC IDR: upgraded to 'BBB-' from 'BB'; removed from RWP; assigned Stable Outlook

LTLC IDR affirmed at 'BBB-'; removed from RWP; assigned Stable Outlook
STFC IDR: upgraded to 'F3' from 'B'
STLC IDR: affirmed at 'F3'
National Long-term Rating: affirmed at 'AAA(tur)'; Stable Outlook
Support rating: affirmed at '3'

In Fitch's rating criteria, a bank's standalone risk is reflected in Fitch's Individual ratings and the prospect of external support is reflected in Fitch's Support ratings. Collectively these ratings drive Fitch's Long- and Short-term IDRs.

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Note to Editors: Fitch's National Ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(tur)' for National Ratings in Turkey. Specific letter grades are not therefore internationally comparable.

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