

LONDON (Standard & Poor's) Nov. 17, 2008--Standard & Poor's Ratings Services said today that it revised its outlooks on seven Turkish financial institutions and one operating holding company. The outlooks on the following entities were revised to negative from stable:

- T.C. Ziraat Bankasi A.S. (Ziraat),
- Türkiye Is Bankasi A.S. (Isbank),
- Türkiye Garanti Bankasi A.S. (Garanti),
- Garanti Finansal Kiralama A.S. (Garanti Leasing),
- Yapi ve Kredi Bankasi A.S. (YapiKredi),
- Türkiye Vakiflar Bankasi T.A.O. (VakifBank),
- HSBC Bank A.S., and
- Dogus Holding A.S.

At the same time, the 'BB-/B' long- and short-term counterparty credit ratings on Ziraat, Isbank, Garanti Leasing, YapiKredi, VakifBank, and Dogus Holding were affirmed. Furthermore, the 'BB-' long-term counterparty credit rating on Garanti and the 'BB/B' long- and short-term counterparty credit ratings on HSBC Bank A.S. were affirmed. Additionally, the Turkish long-term national scale ratings on Isbank, VakifBank, YapiKredi, and Ziraat were lowered to 'trA' from 'trA+', and the Turkish long-term national scale ratings on HSBC Bank A.S. were lowered to 'trAA' from 'trAA+'. Furthermore the 'trA-1' short-term national scale ratings on Isbank, VakifBank, YapiKredi, Ziraat, and HSBC Bank A.S. were affirmed.

The outlook revision follows that on the sovereign, Republic of Turkey (foreign currency, BB-/Negative/B; local currency, BB/Negative/B), following a shift in the balance of risks to the downside as external financing conditions remain difficult. (For more information, see "Republic of Turkey Outlook Revised To Negative; Ratings Affirmed," published on Nov. 13, 2007, on RatingsDirect.)

The deteriorating economic prospects are expected to hamper Turkish banks' loan growth and financial performance, due to higher provisioning needs and more difficult refinancing conditions on international markets. Furthermore, domestic banks' performance and fundamentals are highly correlated with sovereign creditworthiness through, among other things, their significant holdings of government securities.

However, the positive momentum of seven successive years of growth and modernization put Turkish banks in a relatively robust position compared with regional peers, particularly in the Commonwealth of Independent States countries, to withstand the current economic downturn and repercussions from the global financial turmoil. Banks in Turkey boast relatively low loan leverage and diversified funding, which translate into stronger liquidity profiles. While current asset quality and capitalization indicators remain good, Turkey is considered a risky country, which has just started to feel the repercussions of the global financial turmoil. Hence we expect some deterioration in banks' financial profile over the medium term. In this respect, we take some comfort from the successful track record of Turkey's leading private sector banks in confronting the country's recurring financial and political crises.

The negative outlook mirrors that on the Republic of Turkey. If confidence and economic growth prospects deteriorate, domestic banks will have to operate in a difficult and volatile financial environment, which will exert pressure on profitability, asset quality, and capitalization. Furthermore, the constrained refinancing prospects in the medium term, although manageable, will negatively affect growth prospects and liquidity. Hence, ratings on banks will remain highly correlated with sovereign creditworthiness. The outlooks on banks are likely to be revised to stable if the same action is made on the sovereign.

RATINGS LIST

	To	From
T.C. Ziraat Bankasi A.S.		
Counterparty credit rating	BB-/Negative/B	BB-/Stable/B
Certificates of deposit	BB-/B	BB-/B
Long-term Turkish national scale rating	trA	trA+
Short-term Turkish national scale rating	trA-1	trA-1
Türkiye Is Bankasi A.S.		
Counterparty credit rating	BB-/Negative/B	BB-/Stable/B
Certificates of deposit	BB-/B	BB-/B
Long-term Turkish national scale rating	trA	trA+
Short-term Turkish national scale rating	trA-1	trA-1
Türkiye Garanti Bankasi A.S.		
Counterparty credit rating	BB-/Negative/--	BB-/Stable/--
Certificates of deposit	BB-	BB-
Garanti Finansal Kiralama A.S.		
Counterparty credit rating	BB-/Negative/B	BB-/Stable/B
Yapi ve Kredi Bankasi A.S.		
Counterparty credit rating	BB-/Negative/B	BB-/Stable/B
Certificates of deposit	BB-/B	BB-/B
Long-term Turkish national scale rating	trA	trA+
Short-term Turkish national scale rating	trA-1	trA-1
Türkiye Vakiflar Bankasi T.A.O.		
Counterparty credit rating	BB-/Negative/B	BB-/Stable/B
Certificates of deposit	BB-/B	BB-/B
Long-term Turkish national scale rating	trA	trA+
Short-term Turkish national scale rating	trA-1	trA-1
HSBC Bank A.S.		
Counterparty credit rating	BB/Negative/B	BB/Stable/B
Certificates of deposit	BB/B	BB/B
Long-term Turkish national scale rating	trAA	trAA+
Short-term Turkish national scale rating	trA-1	trA-1

Dogus Holding A.S.

Counterparty credit rating

BB-/Negative/B

BB-/Stable/B

NB: This list does not include all ratings affected.

Ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. It can also be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44)20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017.

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