

Fitch Upgrades Turkish Banks; Revises Rating Outlooks

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Fitch Ratings-New York/Istanbul/London-14 January 2005: Fitch Ratings, the international rating agency, has today upgraded the Long-term foreign and local currency ratings of various Turkish banks as indicated on the list below. In addition, the agency has revised the Support ratings of several banks. At the same time, the agency has affirmed the Short-term, Individual and National ratings of the banks listed below. This follows its upgrade yesterday of the Republic of Turkey's Long-term foreign and local currency ratings to 'BB-' (BB minus) from 'B+' and revision of its Outlook to Stable from Positive (see announcement 'Fitch Upgrades Turkey to 'BB-' (BB minus) on www.fitchratings.com).

Banks whose ratings are affected:

T. C. ZIRAAT BANKASI: Long-term foreign currency rating ("LTFC") and Long-term local currency rating ("LTLC") upgraded to 'BB-' (BB minus) from 'B+', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', Short-term foreign currency (STFC) rating and Short-term local currency (STLC) ratings affirmed at 'B', Individual rating affirmed at 'D', and National rating affirmed at 'A-(A minus)(tur)';

TURKIYE HALK BANKASI: LTFC and LTLC ratings upgraded to 'BB-' (BB minus) from 'B+', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D', and National rating affirmed at 'A-(A minus) (tur)';

TURKIYE KALKINMA BANKASI: LTFC and LTLC ratings upgraded to 'BB-'(BB minus) from 'B+', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D', and National rating affirmed at 'A-(A minus)(tur)';

TURKIYE SINAI KALKINMA BANKASI: LTFC and LTLC ratings upgraded to 'BB-'(BB minus) from 'B+', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'C/D', and National rating affirmed at 'A-(A minus)(tur)';

The Long-term ratings of the banks above are upgraded due to the government's improved ability to support state-owned or state-guaranteed institutions following the sovereign upgrade. The Support ratings are revised accordingly to '3' from '4'.

DENIZBANK: LTFC and LTLC ratings affirmed at 'B+', Support rating revised to '4' from '5', and Outlook revised to Positive from Stable; STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D', National rating affirmed at 'A-(A minus)(tur)';

FINANSBANK: LTFC and LTLC ratings affirmed at 'B+', Support rating revised to '4' from '5', Outlook revised to Positive from Stable, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D', and National rating affirmed at 'A-(A minus)(tur)';

DISBANK: LTFC and LTLC ratings affirmed at 'B+', Support rating revised to '4' from '5', Outlook remains Stable, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D', and National rating affirmed at 'A-(A minus)(tur)';

The change in the Support ratings for Denizbank, Finansbank and Disbank reflects the higher-rated sovereign's ability to support these institutions. The change in the Outlook for Denizbank and Finansbank indicates strengthening profitability, improved asset quality and better capitalisation, which may result in a higher Long-term rating over the next 12 to 18 months. The Outlook for Disbank remains Stable to reflect its weaker intrinsic financial strength.

HSBC BANK A S: LTFC rating upgraded to 'BB-(BB minus) from 'B+', Outlook revised to Stable from Positive; LTLC rating upgraded to 'BB+' from 'BB', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', and STFC and STLC ratings affirmed at 'B';

KOC BANK: LTFC rating upgraded to 'BB-' (BB minus) from 'B+', Outlook revised to Stable from Positive; LTLC rating upgraded to 'BB+' from 'BB', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D', and National rating affirmed at 'AA-(AA minus)(tur)';

KUWAIT TURKISH EVKAF FINANCE HOUSE: LTFC rating upgraded to 'BB-(BB minus) from 'B+', Outlook revised to Stable from Positive, LTLC rating upgraded to 'BB' from 'B+', Outlook revised to Stable from Positive, Support rating revised to '3' from '4', STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'D/E', and National rating affirmed at 'BBB+(tur)';

The Long-term ratings are driven by potential support from a highly-rated foreign shareholder bank. Their Support ratings, which are capped by the Country Ceiling, are revised to '3' from '4' in line with the new Country Ceiling.

AKBANK: LTFC upgraded to 'BB-(BB minus) from 'B+'; Outlook revised to Stable from Positive; LTLC rating upgraded to 'BB+' from 'BB', Outlook revised to Stable from Positive, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'C', Support rating affirmed at '4' and National rating affirmed at 'AA-(AA minus)(tur)';

TURK EKONOMI BANKASI: LTFC and LTLC ratings upgraded to 'BB-(BB minus) from 'B+', Outlook revised to Stable from Positive, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'C/D', Support rating affirmed at '5', National rating affirmed at 'A(tur)';

TURKIYE GARANTI BANKASI: LTFC and LTLC ratings upgraded to 'BB-(BB minus) from 'B+', Outlook revised to Stable from Positive, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'C/D', Support rating affirmed at '4' and National rating affirmed at 'A(tur)';

TURKIYE IS BANKASI: LTFC and LTLC ratings upgraded to 'BB-(BB minus) from 'B+', Outlook revised to Stable from Positive, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'C/D', Support rating affirmed at '4' and National rating affirmed at 'A(tur)';

The Long-term ratings of the four banks above, which are driven by intrinsic financial strength, are upgraded to reflect the improved operating environment as a result of the sovereign upgrade.

GARANTI FACTORING: LTFC AND LTLC ratings upgraded to 'BB-'(BB minus) from 'B+', Outlook revised to Stable from Positive; STFC and STLC ratings affirmed at 'B', Support rating affirmed at '4', and National rating affirmed at 'A-(A minus)(tur)'

GARANTI FINANSAL KIRALAMA: LTFC AND LTLC ratings upgraded to 'BB-'(BB minus) from 'B+', Outlook revised to Stable from Positive; STFC and STLC ratings affirmed at 'B', Support rating affirmed at '4', and National rating affirmed at 'A-(A minus)(tur)'

The ratings of the two abovementioned Garanti entities, which reflect their close integration with their parent Turkiye Garanti Bankasi, are upgraded in line with the latter's.

YAPI VE KREDI BANKASI: LTFC and LTLC ratings affirmed at 'B+', Outlook revised to Stable from Positive, STFC and STLC ratings affirmed at 'B', Individual rating affirmed at 'E', Support rating affirmed at '4', and National rating affirmed at 'BBB+(tur)'

When YKB in 2002 sustained financial difficulties associated with significant loans to related parties, the bank regulators established a "deficiency guarantee" whereby they committed to maintaining a minimum regulatory capital ratio of 10%. As Fitch views this ratio as being sufficient only for the current '4' Support rating and Long-term 'B+', the Outlook is revised to Stable from Positive to indicate that the ratings will not be equalised with an upgrade in the sovereign rating.

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Note to Editors: Fitch Ratings' Support and Individual Ratings for Banks
Fitch's Individual ratings assess how a bank would be viewed if it were entirely independent and could not rely on external support. Its Support ratings deal with the question of whether a bank would receive support from its owners or from the state if it were to get into difficulty. These ratings are not debt ratings but rather, respectively, an assessment of the intrinsic strength of a bank and of any level of outside support that may, or may not, be available to it.

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.