

## FITCH AFFIRMS TURKEY'S DENIZBANK AT 'BBB-'

Fitch Ratings-Istanbul/Moscow/London-13 October 2011: 13 October 2011: Fitch Ratings has affirmed Turkey-based Denizbank A.S.'s and its Russian subsidiary CJSC Dexia Bank's (DR) Long-term foreign currency Issuer Default Ratings (IDRs) at 'BBB-'. A full list of rating actions is at the end of this release.

Denizbank is a 100%-owned subsidiary of Belgian-based Dexia ('A+/'Stable). On 12 October 2011, Denizbank announced that Dexia has started exploring potential strategic steps regarding its shares in Denizbank. Fitch's base case scenario is that Dexia will ultimately sell Denizbank. This view is based on the apparently now non-core nature of the Turkish operations to the Dexia group, Dexia's ongoing restructuring and the announcement by Denizbank. At the same time, Fitch believes that Dexia would likely continue to provide support to Denizbank as long as the latter remains a part of the group.

Denizbank's 'BBB-' foreign currency IDR continues to reflect the bank's stand-alone strength, which Fitch does not expect to be materially impacted by developments at the parent bank level.

Denizbank's Long-term IDRs could be impacted by the bank's sale and/or any actions on the Turkish sovereign ratings ('BB+/'Positive). If the bank is sold to a highly-rated new owner, and the Turkish sovereign, and hence Country Ceiling ('BBB-'), are upgraded, then Denizbank's Long-term foreign currency IDR could be upgraded to 'BBB' from 'BBB-', and its Long-term local currency IDR to 'BBB+' from 'BBB', reflecting the increased potential for external support. However, if the bank is sold to a lowly-rated owner, the bank's Long-term IDRs would likely be equalised with its Viability Rating, at 'BBB-'. These potential rating movements are reflected in the Positive Outlook on the Long-term foreign currency IDR and the Rating Watch Evolving (RWE) on the Long-term local currency IDR.

Fitch's base case expectation is that Denizbank will be sold to a highly-rated new owner, resulting in an affirmation of its Support Rating of '2'. However, the rating has been placed on Rating Watch Negative (RWN) to reflect the material possibility that the bank will be sold to a lowly-rated new owner, resulting in a reduced likelihood of external support.

DR's ratings continue to reflect potential support from Denizbank.

The full list of the rating actions are as follows:

Denizbank A.S.:

Long-term foreign currency IDR: affirmed at 'BBB-' Outlook Positive

Short-term foreign currency IDR: affirmed at 'F3'

Long-term local currency IDR: 'BBB', placed on RWE

Short-term local currency IDR: affirmed at 'F3'

Support Rating: '2', placed on RWN

National Rating: affirmed at 'AAA(tur)', Outlook Stable

Viability Rating: 'bbb-' not affected

Individual Rating: 'C' not affected

DR:

Long-term foreign and local currency IDRs: affirmed at 'BBB-', Outlook Stable

Short-term foreign and local currency IDRs: affirmed at 'F3'

National Rating: affirmed at 'AA+(rus)', Outlook Stable

Support Rating: affirmed at '2'

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

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings

Applicable criteria, 'Global Financial Institutions Rating Criteria' dated 16 August 2011, 'Short-term Ratings for Corporate Finance' dated 2 November 2010, 'National Ratings Criteria' dated 19 January 2011 and 'Rating Financial Institutions Above the Local Currency Sovereign Rating', dated 23 December 2010 are available on [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=649171](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649171)

Short-Term Ratings Criteria for Corporate Finance

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=568726](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=568726)

National Ratings Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=595885](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=595885)

Rating Financial Institutions Above the Local Currency Sovereign Rating

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=591665](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=591665)

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