



Fitch Affirms Denizbank at 'BBB-'; Maintains Russian Subsidiary on

RWE Ratings Endorsement Policy
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Fitch Ratings-Istanbul/ London-02 October 2012: Fitch Ratings has affirmed Denizbank A.S.'s Long-term foreign currency Issuer Default Rating (IDR) at 'BBB-'. At the same time, the agency has downgraded Denizbank's Long-term local currency IDR to 'BBB-' from 'BBB'. The ratings have Stable Outlooks. Fitch has also maintained Denizbank's Russian subsidiary, CJSC Denizbank Moscow's (DM) Long-term IDR of 'BBB-' on Rating Watch Evolving (RWE). The rating actions follow the announcement on 28 September 2012 by Belgian-based bank Dexia ('A+/Negative) that it has completed the sale of a 99.85% stake in Denizbank to Russia's Sberbank ('BBB'/Stable). A full list of rating actions is at the end of this commentary.

RATING ACTION RATIONALE AND DRIVERS: DENIZBANK

Denizbank's Long-term foreign currency IDR is driven by the bank's stand-alone profile, as reflected in its 'bbb-' Viability Rating (VR), and is now underpinned by potential support from Sberbank.

The Long-term local currency IDR has been downgraded by one notch to bring this into line with the Long-term foreign currency IDR. Previously, the Long-term local currency IDR had been one notch higher to reflect the slightly greater potential support from Dexia, given the latter's higher rating.

Fitch classifies Denizbank as a 'strategically important' subsidiary for Sberbank, given the latter's focus on expansion in eastern Europe, and believes Sberbank would have a high propensity to provide support in case of need.

RATING SENSITIVITIES: DENIZBANK

An upgrade of Denizbank's Long-term IDRs would require (1) an upgrade of Turkey's Country Ceiling ('BBB-'), and hence probably also of Turkey's sovereign ratings ('BB+'/Stable), and (2) either an upgrade of Denizbank's VR, or an upgrade of Sberbank's Long-term IDRs (the latter indicating Sberbank's greater ability to provide support to its subsidiary).

Denizbank's IDRs could be downgraded if there was a lowering of the Country Ceiling. The ratings could also be downgraded if both Denizbank's VR is downgraded, and the probability of support from Sberbank weakens.

Denizbank is mainly a retail and SME oriented commercial bank, providing a broad range of both banking and other financial services, including leasing and factoring. It is among the second-tier group of banks in Turkey, ranking tenth with a 3.1% share in total assets as of H112.

RATING ACTION RATIONALE, DRIVERS AND SENSITIVITIES: CJSC DENIZBANK MOSCOW

DM's Long-term IDRs have been maintained on RWE to reflect the continued uncertainty about the bank's role in the broader Sberbank group. The ratings could be downgraded, potentially by several notches, if Sberbank decides to sell the bank. Conversely, the Long-term IDRs could be upgraded by one notch, to the level of Sberbank, in case of a merger, or closer integration, with the latter. Fitch expects to resolve the RWE when the new shareholder clarifies its intentions regarding DM.

DM is a small 100%-owned Russian subsidiary of Denizbank, with total assets comprising slightly more than 1% of the Turkish parent's balance sheet. Being closely integrated with Denizbank, DM focuses on servicing Turkish businesses in Russia, and most borrowers are also clients of Denizbank.

The rating actions are as follows:

Denizbank A.S.:

Long-term foreign currency IDR affirmed at 'BBB-'; Outlook Stable

Long-term local currency IDR removed from Rating Watch Negative (RWN), downgraded to 'BBB-' from 'BBB'; Outlook Stable

Short-term foreign currency IDR affirmed at 'F3'

Short-term local currency IDR affirmed at 'F3'
National Long-term rating affirmed at 'AAA(tur)'; Outlook Stable
Viability Rating: 'bbb-', unaffected
Support Rating removed from RWN, affirmed at '2'

CJSC Denizbank Moscow:
Long-term foreign and local currency IDRs: 'BBB-'; maintained on RWE
Short-term foreign and local currency IDRs: 'F3'; maintained on RWN
National Long-term rating: 'AA+(rus)'; maintained on RWE
Support Rating: '2'; maintained on RWN

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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 15 August 2012; 'Rating FI Subsidiaries and Holding Companies', dated 10 August 2012; 'National Ratings Criteria' dated 19 January 2011; 'Country Ceilings', dated 13 August 2012; 'Rating Financial Institutions Above the Local Currency Sovereign Rating', dated 20 December 2011 are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria
Rating FI Subsidiaries and Holding Companies
National Ratings Criteria
Country Ceilings
Rating Financial Institutions Above the Local Currency Sovereign Rating

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