

Fitch Downgrades Is Faktoring following Sovereign Downgrade

Fitch Ratings, London, 01 February 2017: Fitch Ratings has downgraded Is Faktoring A.S.'s (Is Faktoring) Long-term Issuer Default Ratings (IDRs) to 'BB+' from 'BBB-'. The Outlooks on the Long-term IDRs have been revised to Stable from Negative.

The rating actions follow the downgrade of Turkey's Long-term foreign currency IDR to 'BB+' from 'BBB-' Stable (see 'Fitch Downgrades Turkey's LTFC IDR to 'BB+'; Outlook Stable' dated 27 January 2016 at www.fitchratings.com).

KEY RATING DRIVERS

IDRS, NATIONAL RATING, SUPPORT RATING

The IDRs of Is Faktoring A.S. (Is Faktoring) are equalised with those of their respective parents reflecting their strategic importance to and integration with their respective groups. Consequently, their ratings have been downgraded due to the weaker ability of their respective parents to provide support. Consequently, their Support Ratings have been downgraded to '3' from '2'. The outlooks on the subsidiaries' IDRs have been revised to Stable from Negative in line with their parents.

KEY RATING DRIVER - NATIONAL RATINGS

The affirmation of Is Faktoring's National Rating with a Stable Outlook reflects Fitch's view that their creditworthiness relative to other Turkish financial institutions has not changed as a result of the sovereign rating action.

RATING SENSITIVITIES SUBSIDIARIES

The subsidiaries' ratings are sensitive to any changes in (i) the parents' ratings; and (ii) Fitch's view of the ability and propensity of the parents to provide support in case of need.

A full list of rating actions is available at the end of this commentary.

The rating actions are as follows:

Is Faktoring A.S.

Long-Term Foreign and Local Currency IDRs downgraded to 'BB+' from 'BBB-';

Outlook revised to Stable from Negative

Short-Term Foreign and Local Currency IDRs downgraded to 'B' from 'F3'

Support Rating downgraded to '3' from '2'

National Long-Term Rating affirmed at 'AA+(tur)'; Outlook Stable

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