Fitch Downgrades Akbank AG following Sovereign Downgrade

Fitch Ratings, London, 01 February 2017: Fitch Ratings has downgraded Akbank AG’s Long-term Issuer Default Rating (IDR) to ‘BB+’ from ‘BBB-‘. The Outlook of the company has been revised to Stable from Negative.

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

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

KEY RATING DRIVERS
Akbank AG
IDRS, SUPPORT, RATING
The IDR of Akbank AG is equalised with its parent reflecting its strategic importance to and integration with its parent. Consequently, its ratings have been downgraded due to the weaker ability of its parent to provide support. Consequently, its Support Rating has been downgraded to ‘3’ from ‘2’. The outlooks on the company’s IDR has been revised to Stable from Negative in line with its parent.

Deposit Rating

Akbank AG's deposit rating is driven by institutional support that Fitch expects to feed through from its parent, as is also reflected in the bank's foreign currency IDRs. Consequently it's deposit rating has been downgraded in line with its parent's foreign currency IDR. Deposit Ratings are primarily sensitive to changes in the respective banks' IDRs.

RATING SENSITIVITIES

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

The rating actions are as follows:

Akbank AG
Long-Term Foreign Currency IDR downgraded to 'BB+' from 'BBB-'; Outlook revised to Stable from Negative
Short-Term Foreign Currency IDR downgraded to 'B' from 'F3'
Support Rating downgraded to '3' from '2'
Long-Term deposit rating downgraded to ‘BB+’ from ‘BBB-‘
Short-Term deposit rating downgraded to ‘B’ from ‘F3’
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Additional information is available on www.fitchratings.com