



Fitch Rates QNB Finans Faktoring A.S. 'BB'; Outlook Negative

Fitch Ratings-London-13 August 2018: Fitch Ratings has assigned QNB Finans Faktoring A.S. (QNBFF) a Long-Term Issuer Default Rating (IDR) of 'BB' and a National Long-Term Rating of 'AAA(tur)'. The Outlook on the IDR is Negative while the Outlook on the National Rating is Stable. A full list of rating actions is at the end of this rating action commentary.

KEY RATING DRIVERS

QNBFF's Long and Short-Term Foreign and Local Currency IDRs are equalised with those of the institution's sole owner, QNB Finansbank A.S. (QNBFB, BB/Negative). This reflects Fitch's view that QNBFF is a small highly integrated subsidiary of QNBFB and the parent's high propensity to support it as QNBFF's default would significantly damage QNBFB's reputation. The Negative Outlook on QNBFF's Long-Term IDRs reflects that of the parent bank.

QNBFF shares its parent's branding, key risk assessment systems and customers. QNBFF's board members are mainly drawn from senior executives at QNBFB. QNBFF uses its parent's client acquisition channels and its strong franchise to distribute products.

QNBFF's National Long-Term Rating of 'AAA(tur)' reflects our view that due to our assessment of the available institutional support from its parent, QNBFF is among the strongest credits in Turkey. The Stable Outlook reflects our view that we do not expect changes to its creditworthiness relative to other Turkish issuers.

QNBFB is a well-established mid-sized bank in Turkey, and its IDRs are driven by potential support from its 99.9% shareholder, Qatar National Bank S.A.Q. (QNB, A+/Stable). QNBFB's IDRs are at the level of the Turkish sovereign IDRs.

RATING SENSITIVITIES

QNBFF's ratings are sensitive to changes in the ratings of QNBFB as well as to changes in Fitch's view of the propensity of QNBFB to provide support to the subsidiary in case of need.

The rating actions are as follows:

Long-Term Foreign-Currency IDR assigned at 'BB'; Outlook Negative

Short-Term Foreign-Currency IDR assigned at 'B'
Long-Term Local-Currency IDR assigned at 'BB+'; Outlook Negative
Short-Term Local-Currency IDR assigned at 'B'
Support Rating assigned at '3'
National Long-Term Rating assigned at 'AAA(tur)'; Outlook Stable

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Additional information is available on www.fitchratings.com

Applicable Criteria

Country Ceilings Criteria (pub. 19 Jul 2018)

(<https://www.fitchratings.com/site/re/10037793>)

National Scale Ratings Criteria (pub. 18 Jul 2018)

(<https://www.fitchratings.com/site/re/10038626>)

Non-Bank Financial Institutions Rating Criteria (pub. 22 Jun 2018)

(<https://www.fitchratings.com/site/re/10034715>)

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(<https://www.fitchratings.com/site/dodd-frank-disclosure/10041263>)

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