

Corporate Credit Rating

☐ New ☒ Update

Sector: Banking

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

TERA YATIRIM BANKASI A.Ş.

JCR Eurasia Rating has evaluated "Tera Yatırım Bankası A.Ş." in the investment level category with high credit quality, revised the Long-Term National Issuer Credit Rating to 'A- (tr)' from 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating to 'J1 (tr)' from 'J2 (tr)' with 'Stable' outlooks. The Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were also determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of the Republic of Türkiye.

Tera Yatırım Bankası A.Ş. (hereinafter referred to as "Tera Yatırım" or "the Company" or "the Bank") was founded with an initial capital investment of TRY 300.00mn. The Bank's establishment was formalized through registration with the Istanbul Trade Registry on July 7, 2022, following the decision by the Banking Regulation and Supervision Agency (BRSA) on October 27, 2021. Subsequently, the capital was increased to TRY 500.00mn, as announced on February 24, 2023. On April 7, 2023, the Bank received its operating license through a resolution by the BRSA Board, and it officially commenced operations on October 2, 2023. As of FYE2024, the Bank employed a workforce of 54 individuals and did not maintain any subsidiaries or affiliated entities.

The ownership structure of Tera Yatırım reflects a concentrated shareholding pattern, with 95.00% of shares held by Emre Tezmen, 4.97% by Tera Finans Faktoring A.Ş., and minor holdings of 0.01% each by Oğuz Tezmen, Gül Ayşe Çolak, and Fatma Nurcan Taşdelenler. The Bank operates as a part of Tera Group, a conglomerate with diversified financial services offerings. Among the Group's key entities is Tera Yatırım Menkul Değerler A.Ş., which specializes in securities trading, including order execution, transmission, proprietary trading, underwriting, limited custody services, and derivatives trading. Another significant member, Tera Finans Faktoring A.Ş., provides factoring services, including receivables management, collections, and advisory support for transactions involving invoices or other commercial sales documentation in both domestic and international markets.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Net interest margin standing above sector averages in FY2024,
- Diversified funding structure supporting financial flexibility,
- Improvement expected in 2025 financials in the Bank's capital adequacy ratio which is below the sector average in FY2024,
- Leveraging the management team's vast experience and strong track record, combined with Tera Group's established position in the financial sector and capital markets,
- Compliance with corporate governance practices and well-established risk management organization,
- Country-specific advantages encouraging investment which contributes to the investment banks' operations.

Constraints

- Lack of customer and product diversification,
- Short-term weighted borrowing profile of the sector,
- Sensitivity of operating environment in Turkish Banking Sector considering macroeconomic and geopolitical risks.

Considering the aforementioned points, the Bank's Long-Term National Issuer Credit has been revised to 'A- (tr)' from 'BBB+ (tr)'. The Bank's profitability indicators, accessibility to various funding options, experience and synergy of Tera Group as well as gradual process of acquiring customer base and sectoral limitations have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings has been determined as 'Stable'. The Bank's attainability of the indebtedness indicators, cash flow metrics, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

