

Corporate Credit Rating

New Update

Sector: Banking

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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 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

Hayat Finans Katılım Bankası A.Ş.

JCR Eurasia Rating, has evaluated "Hayat Finans Katılım Bankası A.Ş." in investment grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as 'A- (tr)' and the Short-Term National Issuer Credit Rating as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Hayat Finans Katılım Bankası A.Ş. (hereinafter referred to as 'Hayat Finans' or 'the Bank'), with its paid-in capital of TRY 1.50bn, was established on August 10, 2022, by taking the first step within the scope of the regulation on the 'Activity Principles of Digital Banks and Service Model Banking' with the decision numbered 10165 dated April 21, 2022 of the Banking Regulation and Supervision Agency (BRSA). Hayat Finans became the first digital participation bank to receive an operating permit in Türkiye with the BRSA decision numbered 10543 dated March 23, 2023. Hayat Finans serves its customers via the Hayat Finans Mobile application and internet banking. On the other hand, the Bank offers new generation banking services as well as basic banking services such as commercial banking, SME banking, individual banking, treasury transactions, investment banking and private banking. Hayat Finans employed a total workforce of 365 as of FYE2024 (FYE2023: 256).

The largest shareholder in the Bank's partnership structure, with a 55% share, is Hayat Kimya, which operates under Hayat Holding. Founded in 1937, Hayat Holding is a global player with 67 companies operating in different sectors, primarily Hayat Kimya in the fast-moving consumer goods sector, Kastamonu Entegre in the wood-based panel sector, and Limaş in the port management sector, and over 20,000 employees. Under the roof of the Holding, it delivers 49 Turkish brands produced with advanced technologies in 44 production facilities in 17 countries to millions of consumers worldwide.

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

Strengths

- Majority of the balance sheet items being composed of earning assets expected to contribute to revenue generation
- Sizeable cash injection supporting the equity level as of FYE2024 and expected to continue in FY2025 in line with growth expectations as well as capital adequacy requirements
- Digital banking business model supporting operational performance
- Experienced management team with a proven background and strong shareholder structure with deep-rooted history in different sectors
- Compliance with corporate governance practices and well-established risk management framework

Constraints

- Limited trend analysis due to being a newly established bank
- Narrow product portfolio which is expected to be expanded through completion of new projects and segmentation process going forward
- 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 Rating has been assigned as 'A- (tr)'. The Bank's experienced management with strong shareholders, adequate capitalization structure through cash injections, balance sheet structure, development process of product portfolio have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Bank's growth strategy, profitability indicators, leverage structure and asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

