Corporate Credit & Issue Rating

☐New ☒Update

Sector: Investment Holding
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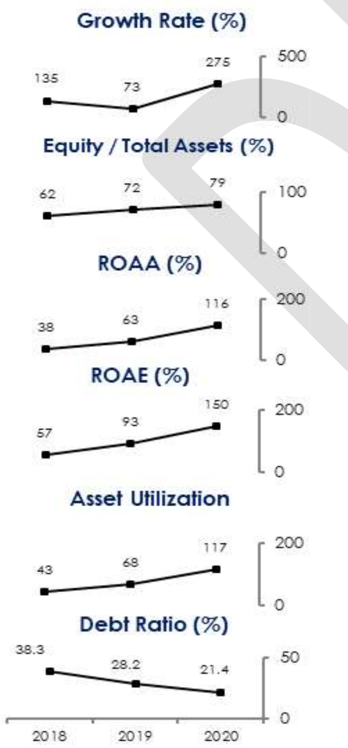
RATINGS

		Long Term	Short Term
National	Local Rating	AA- (Trk)	A-1+ (Trk)
National	Outlook	Stable	Stable
National	Issue Rating	AA- (Trk)	A-1+ (Trk)
International	Foreign Currency	BB+	B
International	Local Currency	BB+	B
International	Outlook FC	Negative	Negative
International	Outlook LC	Negative	Negative
Sponsor Support		2	-
Stand-Alone		AB	-
Sovereign*	Foreign Currency	BB+	-
Sovereign*	Local Currency	BB+	-
Sovereign*	Outlook FC	Negative	-
Sovereign*	Outlook LC	Negative	-

*Assigned by JCR on April 10, 2020



Inveo Yatırım Holding A.Ş.

JCR Eurasia Rating, in its periodic review, has evaluated Inveo Yatırım Holding A.Ş. at investment-level category on the national scales, and upgraded the ratings on the Long Term National Scale to **'AA- (Trk)'** from **'A+ (Trk)'** and the Short Term National Scale to **'A-1+ (Trk)'** from **'A-1 (Trk)'** with **'Stable'** outlooks. The Company's Long Term International Local and Foreign Currency Ratings are affirmed as **'BB+'**, the same as that of the sovereign ratings of the Republic of Turkey.

Inveo Yatırım Holding A.Ş. (hereinafter referred to as **'Inveo Investment Holding'**, **'Inveo Investment'** or **'the Holding'**) was established in 1998 under the name Gedik Yatırım Ortaklığı A.Ş. and transformed into an investment holding company in 2014 under the name Gedik Yatırım Holding A.Ş. In 2020, the Company changed its name to Inveo Yatırım Holding A.Ş. The Holding focuses on private equity investments in innovative companies with the aim of capturing competitive and technological edge and benefiting from these companies' sound growth and profitability prospects. As of 1Q2021, the majority of the Holding's investment portfolio, 95.82%, are comprised of Gedik Yatırım Menkul Değerler A.Ş. (Gedik Yatırım).

The Holding's main investee company have a good track record in Turkey's capital market ecosystem. Gedik Yatırım has operated as a broadly authorized intermediary institution providing comprehensive capital market services for over 30 years. Gedik Yatırım ranked 1st amongst non-bank owned intermediary institutions and 3rd among all intermediary institutions regarding equity trading volume with a 6.12% (FYE2019: 7.31%) market share (together with the share of its subsidiary Marbaş) as of Q3 FYE2020. Gedik Yatırım and its subsidiaries employed a staff force of 447 (FYE2019: 400) and carried out its operations with a total network of 48 branches (including 6 branches of Marbaş) at FYE2020.

Strengths	Constraints
• Noteworthy asset growth in last four consecutive years • Low level of indebtedness • New investment initiatives in various areas • Solid position and sound performance of the main investment, Gedik Yatırım, in financial intermediary market • Immunity against the volatility in the foreign exchange rates • Capital increase on the agenda • Compliance with corporate governance principles	• High concentration on the investment in Gedik Yatırım Menkul Değerler A.Ş. among total assets • The link between the Holding's cash generation capacity and profitability is relatively weak • Pressure on both the financial and non-financial sectors due to macro uncertainties and global recession concerns

Considering the aforementioned points, the Company's Long-Term National Rating has been upgraded to **'AA- (Trk)'** from **'A+ (Trk)'**. The Company's notable increasing profitability performance in the last four consecutive years, remarkable asset growth and supporting market conditions for its main investee Gedik Yatırım have been evaluated as important indicators for **'Stable'** outlooks of long and short-term national ratings. In addition to local and global financial conditions and risk appetite, profitability and internal equity generation capacity and indebtedness level are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

The sponsor support note of Inveo Investment Holding has been affirmed as **(2)** considering the financial strength, capacity and willingness of the shareholders to lend assistance in terms of long-term liquidity and equity when required. The Holding's utmost shareholder is Mr. Erhan Topaç, who has sound experience in the Turkish capital markets. Additionally, listed investee company of the Holding, Gedik Yatırım has significant track record in the market with wide organizational base and operations. We, as JCR Eurasia Rating, believe that Inveo Investment Holding has the sufficient experience and facilities to manage the obligations without any assistance from its shareholders, taking into consideration the Holding's main quoted investee Gedik Yatırım which provides high liquidity, moderate leverage, solid capitalization, prudent risk management and skilled experienced Board. In the light of such remarks, the Stand Alone note of Inveo Investment Holding has been determined as **(AB)** on JCR Eurasia Rating's notation scale, denoting a high level of capacity to honour its financial commitments.